

MOTUEKA AND ENVIRONS  
Industrial and Commercial Land Assessment

Tasman District Council

PROPERTY ECONOMICS

January 2008

**SCHEDULE**

Code	Date	Information / Comments	Project Leader
004	January 2008	Report	Phil Osborne / Tim Heath

**DISCLAIMER**

Property Economics has taken every care to ensure the correctness of all the information contained in this report. All information has been obtained by what are considered to be reliable sources, and Property Economics has no reason to doubt its accuracy. It is however the responsibility of all parties acting on information contained in this report to make their own enquiries to verify correctness.

This document has been prepared for the use of Tasman District Council only. Copyright © 2008 by Property Economics Ltd.

## TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	<b>4</b>
2. INTRODUCTION	<b>5</b>
2.1 OBJECTIVES	5
3. ECONOMIC CATCHMENTS	<b>6</b>
4. DEMOGRAPHIC PROFILING	<b>7</b>
5. EMPLOYMENT	<b>10</b>
6. POPULATION AND HOUSEHOLD PROJECTIONS	<b>11</b>
7. EMPLOYEE PROJECTIONS	<b>12</b>
8. EMPLOYEE DISTRIBUTION	<b>14</b>
9. BUSINESS ACTIVITY IN DOLLAR TERMS	<b>18</b>
10. PROJECTED LAND DEMAND	<b>19</b>
10.1 COMMERCIAL LAND DEMAND	19
10.2 INDUSTRIAL LAND DEMAND	21
11. BUILDING CONSENT TRENDS	<b>22</b>
12. INDUSTRIAL LAND SUPPLY	<b>24</b>
13. COMMERCIAL LAND SUPPLY	<b>25</b>
13.1 RETAIL LAND DEMAND	25
14. BUSINESS INTERVIEWS	<b>28</b>
15. INTERNATIONAL & NATIONAL TRENDS	<b>32</b>
15.1 MANUFACTURING TRENDS	32
15.2 EMERGENCE OF LOGISTICS	33
15.3 CHANGING ORGANISATION & TECHNOLOGY	33
15.4 INDUSTRIAL LOCATIONAL CRITERIA	35
15.5 COMMERCIAL LOCATIONAL CRITERIA	37
16. OPTIMAL ACTIVITY AND BUSINESS MIX IN WEST MOTUEKA	<b>38</b>
17. APPENDIX 1 - INTERVIEWEES	<b>41</b>
18. APPENDIX 2 – INFORMATION SOURCES	<b>42</b>

## LIST OF TABLES

TABLE 1: DEMOGRAPHIC PROFILE 2007	7
TABLE 2: DEMOGRAPHIC PROFILE 2	8
TABLE 3: EMPLOYEE COUNT BY SECTOR 2006	10
TABLE 4: MOTUEKA PROJECTIONS	11
TABLE 5: GOLDEN BAY PROJECTIONS	11
TABLE 6: TOTAL STUDY AREA PROJECTIONS	11
TABLE 7: EMPLOYMENT COUNT (EC) FORECASTS FOR MOTUEKA	13
TABLE 8: EMPLOYMENT COUNT FORECASTS FOR GOLDEN BAY	13
TABLE 9: ESTIMATED BUSINESS ACTIVITY FOR THE STUDY AREA	18
TABLE 10: PROJECTED BUSINESS ACTIVITY FOR THE STUDY AREA OUT TO 2056	18
TABLE 11: FORECAST DEMAND FOR COMMERCIAL LAND IN MOTUEKA	19
TABLE 12: FORECAST DEMAND FOR COMMERCIAL LAND IN GOLDEN BAY	20
TABLE 13: FORECAST DEMAND FOR INDUSTRIAL LAND IN MOTUEKA	21
TABLE 14: FORECAST DEMAND FOR INDUSTRIAL LAND IN GOLDEN BAY	21
TABLE 15: COMMERCIAL BUILDING CONSENTS (1996-2006)	22
TABLE 16: INDUSTRIAL BUILDING CONSENTS (1996-2006)	23
TABLE 17: MOTUEKA INDUSTRIAL LAND SUPPLY	24
TABLE 18: MOTUEKA COMMERCIAL LAND SUPPLY	25
TABLE 19: GOLDEN BAY SUSTAINABLE NET RETAIL FLOORSPACE 2006-2056 (M <sup>2</sup> )	26
TABLE 20: MOTUEKA SUSTAINABLE NET RETAIL FLOORSPACE 2006-2056 (M <sup>2</sup> )	26
TABLE 21: SUSTAINABLE GFA AND RETAIL LAND DEMAND 2006-2056	27
TABLE 22: ESTIMATED LAND ACTIVITY MIX	40

## LIST OF FIGURES

FIGURE 1: IDENTIFIED CATCHMENTS	6
FIGURE 2: INDUSTRIAL EC DISTRIBUTION 2006	14
FIGURE 3: COMMERCIAL EC DISTRIBUTION 2006	15
FIGURE 4: CHANGE IN INDUSTRIAL EC 2001-2006	16
FIGURE 5: CHANGE IN COMMERCIAL EC 2001-2006	17

# MOTUEKA AND ENVIRONS

## Industrial and Commercial Land Assessment

### 1. EXECUTIVE SUMMARY

The study area used for the purpose of this report encompasses the areas of Motueka (including Mapua), Golden Bay and their surrounding environs.

Over the next 50 years the population in the study area is forecast to experience a net increase of 4,300 residents. Of this the majority (84%) will be located in Motueka. Population growth is forecast to be low nominally due to the aging population across New Zealand which is expected to be more pronounced in the study area. As a result of the aging population, workforce participation rates are also expected to be lower than the national average. Employment in the catchment is expected to increase by 4000 new jobs over the next 50 years

From forecasted employment numbers and land utilisation rates the demand for industrial, commercial and retail land in the study area is expected to be 31 hectares, 20 hectares, and 6 hectares respectively by 2056. This is the required amount of land to satisfy the future growth in population and business activity based on the past performance of the study area.

TelferYoung have assessed the current supply of industrial and commercially zoned land in Motueka at 34 hectares of industrial and 15 hectares of commercial land. The amount of this land that is vacant is 10 percent and 2 percent respectively. High Street South has the only vacant lot of any significant size at 1.22 hectares. This is zoned industrial.

The conclusion drawn from the TelferYoung report and from the business interviews is that industrial and commercial activity is utilising existing zoned land at capacity. If further expansion of existing business is to occur or new opportunities are to be brought to the area, more land of an appropriate size and zoning should be created.

The forecasted additional land requirements for Motueka by 2056 are:

- 24 hectares of industrial land
- 15 hectares of commercial land
- 5 hectares of retail land

In terms of the West Motueka site, an appropriate mix by 2056 would be approximately:

- 5% Retail
- 15-20% Commercial
- 30-35% Industrial
- 40-50% Residential

Making available appropriately zoned land helps to attract business but is not enough on its own to attract business to Motueka. According to the business people interviewed Motueka has everything for business apart from available land. It has:

- A large port well connected and only 45 minutes away
- A good supply of well skilled labour
- A close source to a variety of raw materials, including horticultural, forestry, and fishing resources
- A good supply of water
- All the necessary services are in town. Not much need to travel out of town.
- Great lifestyle
- The Abel Tasman National Park
- Good population growth

Businesses in Motueka are well connected to a distribution network with a good supply of raw materials and labour and a great lifestyle. There is therefore good reason to believe that in today's environment of very mobile businesses Motueka has a good chance of attracting more business through the provision of more commercial, industrial and retail land.

## 2. INTRODUCTION

Property Economics has been engaged by Tasman District Council (TDC) to undertake an industrial and commercial land assessment for Motueka, Golden Bay, and Environs.

### 2.1 Objectives

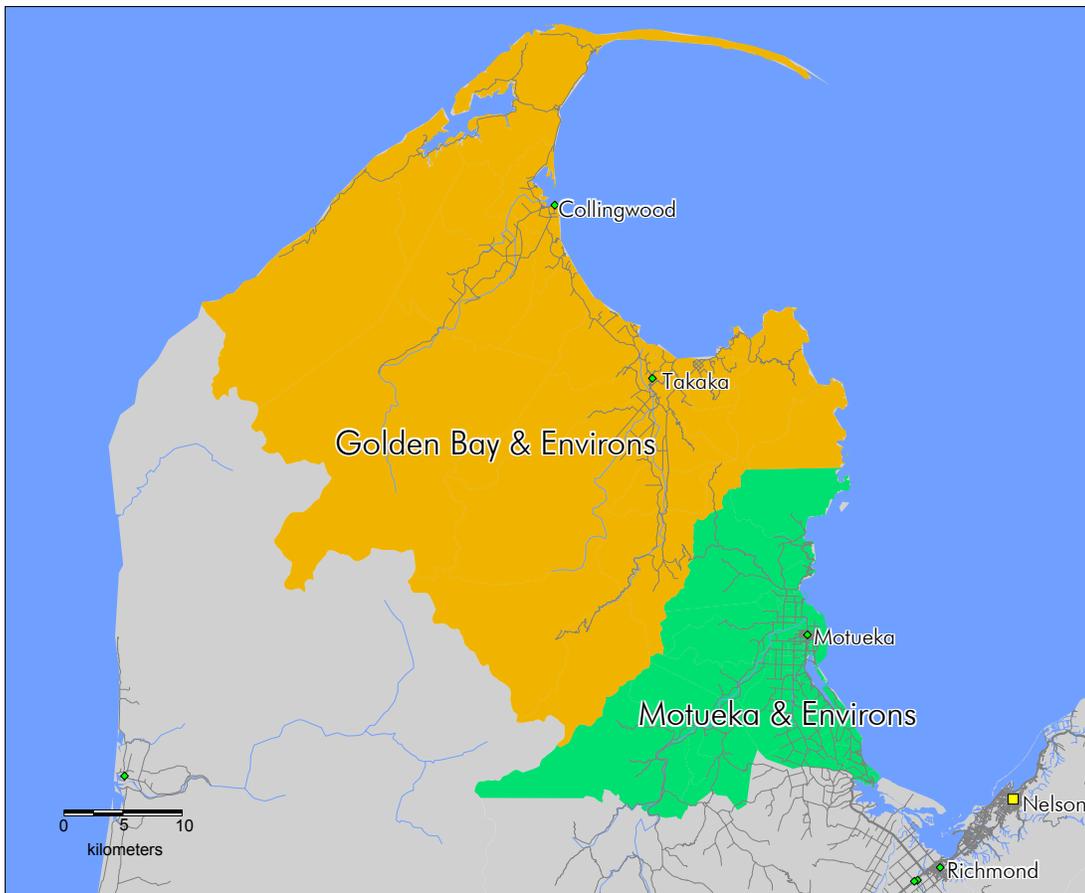
The main objectives of this report are to:

- Forecast the appropriate amount of land to be set aside for industrial and commercial use over the next 50 years
- Determine an appropriate mix of land use between industrial and commercial activity for the West Motueka development
- Assess the net economic benefit to Motueka of the previously identified mix of use for West Motueka
- Outline the costs and benefits associated with incorporating residential activity into the West Motueka development

### 3. ECONOMIC CATCHMENTS

Figure 1 illustrates the extent of the geographic area that forms the basis of the analysis in this report. It comprises Motueka and Environs (referred to as Motueka for the rest of the report), and Golden Bay and Environs (referred to as Golden Bay for the rest of the report). This catchment has been defined for TDC in previous reports. To maintain consistency this catchment has also been used for this report, with the exception that the Mapua area unit has been included in Motueka. This is because there is residential activity in this area which is an integral contributor to the Motueka business sector.

FIGURE 1: IDENTIFIED CATCHMENTS



Source: Property Economics

#### 4. DEMOGRAPHIC PROFILING

Tables 1 and 2 show the detailed demographic and economic statistics for the identified catchments compared with the Tasman and Nelson Region combined.

TABLE 1: DEMOGRAPHIC PROFILE 2007

	Golden Bay	Motueka	Tasman & Nelson Region
<b>General</b>			
Population	4,939	14,693	89,674
Households	2,002	5,744	34,832
Person Per Dwelling Ratio	2.5	2.6	2.6
<b>Age Profile</b>			
Average Age	42	42	40
0-9 years	14%	13%	13%
10-19 years	12%	13%	14%
20-29 years	8%	9%	9%
30-39 years	12%	13%	14%
40-49 years	17%	16%	16%
50-64 years	24%	21%	20%
65 plus years	14%	15%	14%
<b>Household Income Profile</b>			
Average (pa)	\$35,821	\$39,540	\$45,535
\$0-\$30,000 (pa)	45%	39%	35%
\$30,001-\$50,000 (pa)	22%	25%	22%
\$50,001-\$70,000 (pa)	15%	16%	17%
\$70,001-\$100,000 (pa)	11%	11%	14%
\$100,001 plus (pa)	7%	9%	12%
<b>Employment</b>			
Total Employed	2,478	7,509	45,894
Total Employed (%)	50%	51%	51%
Total Unemployed	51	198	1,596
Total Unemployed (%)	1%	1%	2%
<b>Years at Residence</b>			
Less Than 5 Years	49%	55%	55%
5 - 14 Years	29%	28%	29%
15 Plus Years	22%	17%	16%
<b>Immigration</b>			
NZ Born	88%	87%	87%
Immigrated 0-9 Years Ago	5%	5%	5%
Immigrated 10-19 Years Ago	2%	2%	2%
Immigrated 20 Plus Years Ago	5%	6%	5%
<b>Ethnicity</b>			
European Ethnic Groups	80%	75%	76%
Māori Ethnic Group	7%	9%	7%
Pacific Peoples' Ethnic Groups	0%	1%	1%
Asian Ethnic Groups	1%	1%	2%
MELAA Ethnic Groups	0%	0%	0%
Other Ethnic Groups	12%	13%	13%

Source: Property Economics, Statistics NZ

TABLE 2: DEMOGRAPHIC PROFILE 2

	Golden Bay	Motueka	Tasman & Nelson Region
<b>Qualification Attainment</b>			
No Qualification	21%	25%	24%
Secondary School	35%	34%	35%
Trade / Vocational	20%	20%	21%
Bachelor Degree	7%	7%	8%
Higher Degree	4%	3%	3%
Other	12%	11%	9%
<b>Industry of Employment</b>			
White Collar	66%	56%	63%
Blue Collar	34%	44%	37%
<b>Student Proportions</b>			
Full Time	4%	5%	7%
Part Time	5%	4%	5%
Not Studying	91%	91%	88%
<b>Source of Income</b>			
Unemployment Benefit	2%	3%	2%
Self Employed/Own Business	21%	14%	13%
Wages/Salary	32%	37%	39%
Other Income	44%	44%	44%
No Income	2%	2%	3%
<b>Weekly Hours Worked</b>			
1 hr - 19 hrs	18%	14%	15%
20 hrs - 39 hrs	24%	23%	24%
40 hrs - 59 hrs	38%	51%	51%
60 plus hrs	20%	12%	10%
<b>Number of Residents</b>			
1 Residents	29%	25%	25%
2 Residents	39%	40%	37%
3 Residents	14%	15%	16%
4 Residents	11%	13%	14%
5 Residents	5%	5%	6%
6 Residents	2%	2%	2%
7 Residents	0%	0%	0%
8 Plus Residents	0%	0%	0%
<b>Household Structure</b>			
Single	29%	24%	24%
Couple	35%	35%	32%
Single Parent With Children	8%	11%	11%
Two Parent Family	25%	26%	28%
Other Multi-person	2%	4%	4%
<b>Home Ownership</b>			
Residents Own / Mortgage	70%	73%	72%
Rent	30%	27%	28%

Source: Property Economics, Statistics NZ

Key points to note from Table 1 and 2 include:

- Golden Bay is made up of 2,000 households, containing 4,900 residents and Motueka is made up of 5,700 households with 14,700 residents. The average household size for the study area is 2.5 and 2.6 respectively, which is inline with the regional average.
- The average age of 42 years for both catchments is marginally higher than the regional average age of 40 years. This is due to the high proportion of residents aged over 50 years in the catchments. As a note the regional average age is 4 years older than the national average due to the region's increasing attractiveness to retirees.
- The average household income of Golden Bay and Motueka (\$36,000pa and \$40,000pa respectively) is significantly lower than the regional average of \$45,500pa. The large proportion of elderly people lowers the average income as well as the high proportion of blue collar workers and the small size of households.
- Golden Bay has a higher proportion of European ethnic population compared to the region and a higher proportion of single resident households.
- The student proportions for both catchments (9%) are lower than the regional statistics (12%). This, along with the small household structure and the high average age, indicates an under-representation of young families with children and a lack of tertiary training facilities.
- The proportion of owner operators in Golden Bay (21%) is significantly higher than the regional average (13%). This could explain the fact that there is a large number of workers in this catchment who work more than 60 hours a week (20% compared to 10% regional). This is typical of a rural catchment.

## 5. EMPLOYMENT

This section provides a summary of the current employment distribution within the Motueka and Golden Bay catchments for the employment sectors by ANZSIC category (Australia New Zealand Standard Industrial Classification). An important note is that the category of Agriculture, Forestry and Fishing only includes services to Agriculture, and not all employment in this sector. Also not included in EC figures are people that are working but not paying themselves a wage.

TABLE 3: EMPLOYEE COUNT BY SECTOR 2006

Catchment	Motueka		Golden Bay		Tasman/Nelson	
	EC	Composition	EC	Composition	EC	Composition
<b>ANZSIC Categories</b>						
Agriculture Forestry and Fishing	469	11%	48	4%	2,240	6%
Mining	38	1%	9	1%	53	0%
Manufacturing	659	15%	195	15%	5,650	16%
Electricity Gas and Water Supply	0	0%	3	0%	65	0%
Construction	276	6%	30	2%	2,560	7%
Wholesale Trade	147	3%	21	2%	1,750	5%
Retail Trade	841	19%	185	14%	5,520	15%
Accommodation Cafes and Restaurants	513	12%	246	19%	2,940	8%
Transport and Storage	130	3%	102	8%	1,770	5%
Communication Services	15	0%	15	1%	295	1%
Finance and Insurance	56	1%	21	2%	540	1%
Property and Business Services	303	7%	56	4%	3,210	9%
Government Administration and Defence	24	1%	12	1%	670	2%
Education	297	7%	106	8%	2,140	6%
Health and Community Services	284	6%	166	13%	4,700	13%
Cultural and Recreational Services	224	5%	74	6%	960	3%
Personal and Other Services	129	3%	18	1%	1,320	4%
<b>Total All Industries</b>	<b>4,405</b>	<b>100%</b>	<b>1,307</b>	<b>100%</b>	<b>36,383</b>	<b>100%</b>

Source: Statistics NZ, Property Economics

Motueka's largest employment sector is Retail Trade with 841 employees, or 19% of the catchment's employment market. Manufacturing is the next largest sector in employment with 15%, followed by Accommodation, Cafes and Restaurants (12%). Compared to Tasman/Nelson Motueka has a far higher proportion of Agriculture, Forestry and Fishing employees and Accommodation, Cafes and Restaurants employees. This highlights the importance Motueka has as a tourist destination and the strength of its primary industries.

Accommodation, Cafes and Restaurants is the largest employment sector in Golden Bay and Environs with 246 employees, equivalent to 19% of the catchment's total employment market. This is followed by Manufacturing (15%) and Retail Trade (14%). Compared to Tasman/Nelson, Golden Bay relies heavily on the tourist industry as demonstrated by the very high proportion of employees in the Accommodation, Cafes and Restaurant sector. Primary industry related employment in Golden Bay makes up a very small proportion of total employment compared to Tasman/Nelson or Motueka. This is surprising given it is a rural area, however much of the services to primary production for Golden Bay may be located in Motueka.

The majority (77%) of the employees within the study area are located in the Motueka catchment emphasizing the important role Motueka has in the area as a sub-regional centre. In relation to the Tasman/Nelson it only makes up 12 percent of employment.

## 6. POPULATION AND HOUSEHOLD PROJECTIONS

Tables 4 to 6 display the population and household growth projections for the study areas. These projections are derived from the Property Economics' growth model with the key inputs being the 2006 Census population and household counts, Statistics NZ medium series projections and recent building consent data (1996-2006). These projections have been assessed at the meshblock level which is the most detailed level possible. Projections from 2026 to 2056 are based on regional and national long term growth rates.

TABLE 4: MOTUEKA PROJECTIONS

	<b>2006 actual</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2056</b>
Population	14,598	15,079	15,483	15,818	16,158	18,213
Households	5,679	6,014	6,394	6,697	6,995	8,241
Household Size	2.57	2.51	2.42	2.36	2.31	2.21
Population Growth (p.a.)		0.65%	0.53%	0.43%	0.43%	0.40%
Household Growth (p.a.)		1.15%	1.23%	0.93%	0.87%	0.55%

Source: Statistics NZ, Property Economics

These projections indicate the population of Motueka is forecast to grow by 3,600 over the next 50 years, while the number of households is forecast to increase by 2,600 over the same period.

TABLE 5: GOLDEN BAY PROJECTIONS

	<b>2006 actual</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2056</b>
Population	4,923	5,004	5,057	5,083	5,113	5,594
Households	1,986	2,070	2,167	2,234	2,283	2,543
Household Size	2.48	2.42	2.33	2.28	2.24	2.20
Population Growth (p.a.)		0.33%	0.21%	0.10%	0.12%	0.30%
Household Growth (p.a.)		0.83%	0.92%	0.61%	0.44%	0.36%

Source: Statistics NZ, Property Economics

These projections indicate the population of Golden Bay is forecast to grow by 670 over the next 50 years, while the number of households is forecast to increase by 560 over the same period.

TABLE 6: TOTAL STUDY AREA PROJECTIONS

	<b>2006 actual</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2056</b>
Population	19,521	20,083	20,540	20,901	21,271	23,807
Households	7,665	8,084	8,561	8,931	9,277	10,784
Household Size	2.55	2.48	2.40	2.34	2.29	2.21
Population Growth (p.a.)		0.57%	0.45%	0.35%	0.35%	0.38%
Household Growth (p.a.)		1.07%	1.16%	0.85%	0.76%	0.50%

Source: Statistics NZ, Property Economics

On average, population and household numbers in the total study area are projected to increase by 0.4%pa and 0.7%pa respectively over the next 50 years. The population growth rates are at the low end of Statistics New Zealand growth rates. This is predicated on the urban drift of people from rural areas to the cities, particularly the younger generation looking for more opportunities. The current demographics indicate that this may be occurring. Further, the demographics show that this migration may be replaced by an inflow of elderly or retired people relocating for lifestyle reasons. Combined, this has the effect of lowering the projected growth rates for the study area and reducing household size. It is important to note that these projections are based on the 'status quo', an increase in business land and subsequent employment growth will lead to greater retention of the younger age groups.

The number of households is increasing at a faster rate than the population due to a projected fall in the person per dwelling ratio over the forecast period. This is not isolated to the study areas, but a trend projected to occur across the whole country due to an aging population and smaller families.

## 7. EMPLOYEE PROJECTIONS

In order to forecast employment numbers the following assumptions have been made:

- The existing composition of employment is held constant;
- Population growth will converge on long-term medium projection growth rates from Statistics New Zealand over the 50 years covered in this report;
- Workforce participation rates increase at a decreasing rate as they converge on current national rates. This is predicated on the assumption that the national rate is currently close to the maximum achievable participation rate, and that the study area will continue to have an older population and therefore a lower workforce participation rate than the nation;
- Employment numbers will increase to meet the needs of a growing population.

TABLE 7: EMPLOYMENT COUNT (EC) FORECASTS FOR MOTUEKA

ANZSIC Categories	Existing	Forecast				
	2006	2011	2016	2021	2026	2056
Agriculture Forestry and Fishing	469	551	620	670	703	838
Mining	38	45	50	54	57	68
Manufacturing	659	774	871	941	988	1,178
Electricity Gas and Water Supply	0	0	0	0	0	0
Construction	276	324	365	394	414	493
Wholesale Trade	147	173	194	210	220	263
Retail Trade	841	988	1,111	1,201	1,261	1,503
Accommodation Cafes and Restaurants	513	603	678	733	769	917
Transport and Storage	130	153	172	186	195	232
Communication Services	15	18	20	21	22	27
Finance and Insurance	56	66	74	80	84	100
Property and Business Services	303	356	400	433	454	542
Government Administration and Defence	24	28	32	34	36	43
Education	297	300	302	303	304	306
Health and Community Services	284	334	375	406	426	508
Cultural and Recreational Services	224	263	296	320	336	400
Personal and Other Services	129	152	170	184	193	231
<b>Total All Industries</b>	<b>4,405</b>	<b>5,127</b>	<b>5,729</b>	<b>6,169</b>	<b>6,463</b>	<b>7,650</b>

Source: Statistics NZ, Property Economics

Table 7 shows the existing and forecast employment numbers for the Motueka catchment. Over the next 50 years 3,250 extra jobs will be created which is an average growth rate of 1.1%pa.

TABLE 8: EMPLOYMENT COUNT FORECASTS FOR GOLDEN BAY

ANZSIC Categories	Existing	Forecast				
	2006	2011	2016	2021	2026	2056
Agriculture Forestry and Fishing	48	56	60	63	65	78
Mining	9	10	11	12	12	15
Manufacturing	195	226	245	255	265	318
Electricity Gas and Water Supply	3	3	4	4	4	5
Construction	30	35	38	39	41	49
Wholesale Trade	21	24	26	27	29	34
Retail Trade	185	215	233	242	251	302
Accommodation Cafes and Restaurants	246	286	309	321	334	402
Transport and Storage	102	118	128	133	138	167
Communication Services	15	17	19	20	20	24
Finance and Insurance	21	24	26	27	29	34
Property and Business Services	56	65	70	73	76	91
Government Administration and Defence	12	14	15	16	16	20
Education	106	107	108	108	108	109
Health and Community Services	166	193	209	217	225	271
Cultural and Recreational Services	74	86	93	97	100	121
Personal and Other Services	18	21	23	24	24	29
<b>Total All Industries</b>	<b>1,307</b>	<b>1,501</b>	<b>1,618</b>	<b>1,677</b>	<b>1,739</b>	<b>2,070</b>

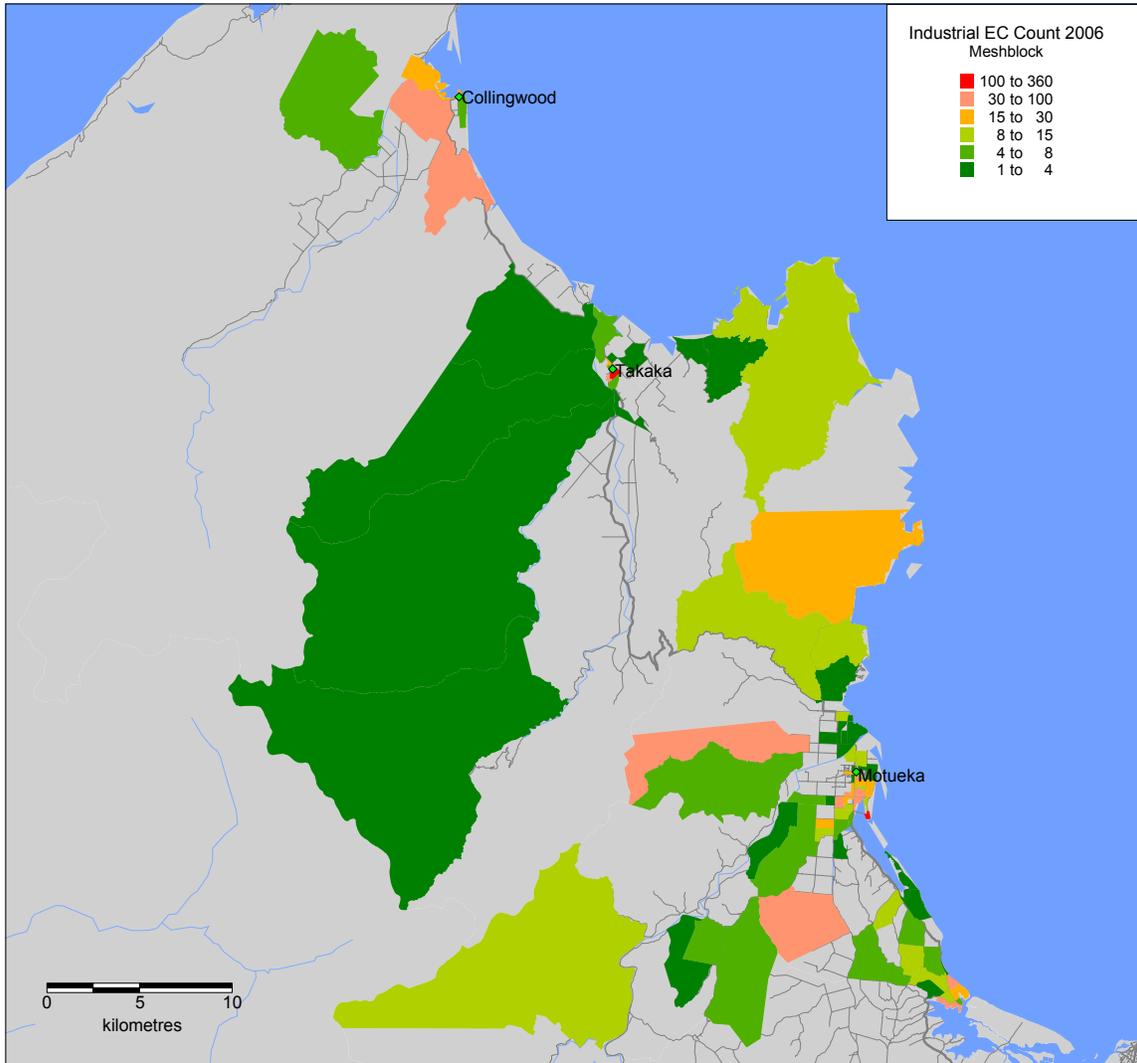
Source: Statistics NZ, Property Economics

Table 8 shows the existing and forecast employment numbers for the Golden Bay catchment. Over the next 50 years 765 extra jobs will be created which is an average growth rate of 0.9%pa.

## 8. EMPLOYEE DISTRIBUTION

Figure 2 presents the industrial EC (Employee Count) distribution in the Motueka and Golden Bay catchments. Industrial employees include those who are employed in Manufacturing, Electricity, Gas & Water Supply, Construction, Wholesale Trade, Transport & Storage, and part of Agricultural, Forestry & Fishing and Mining.

FIGURE 2: INDUSTRIAL EC DISTRIBUTION 2006

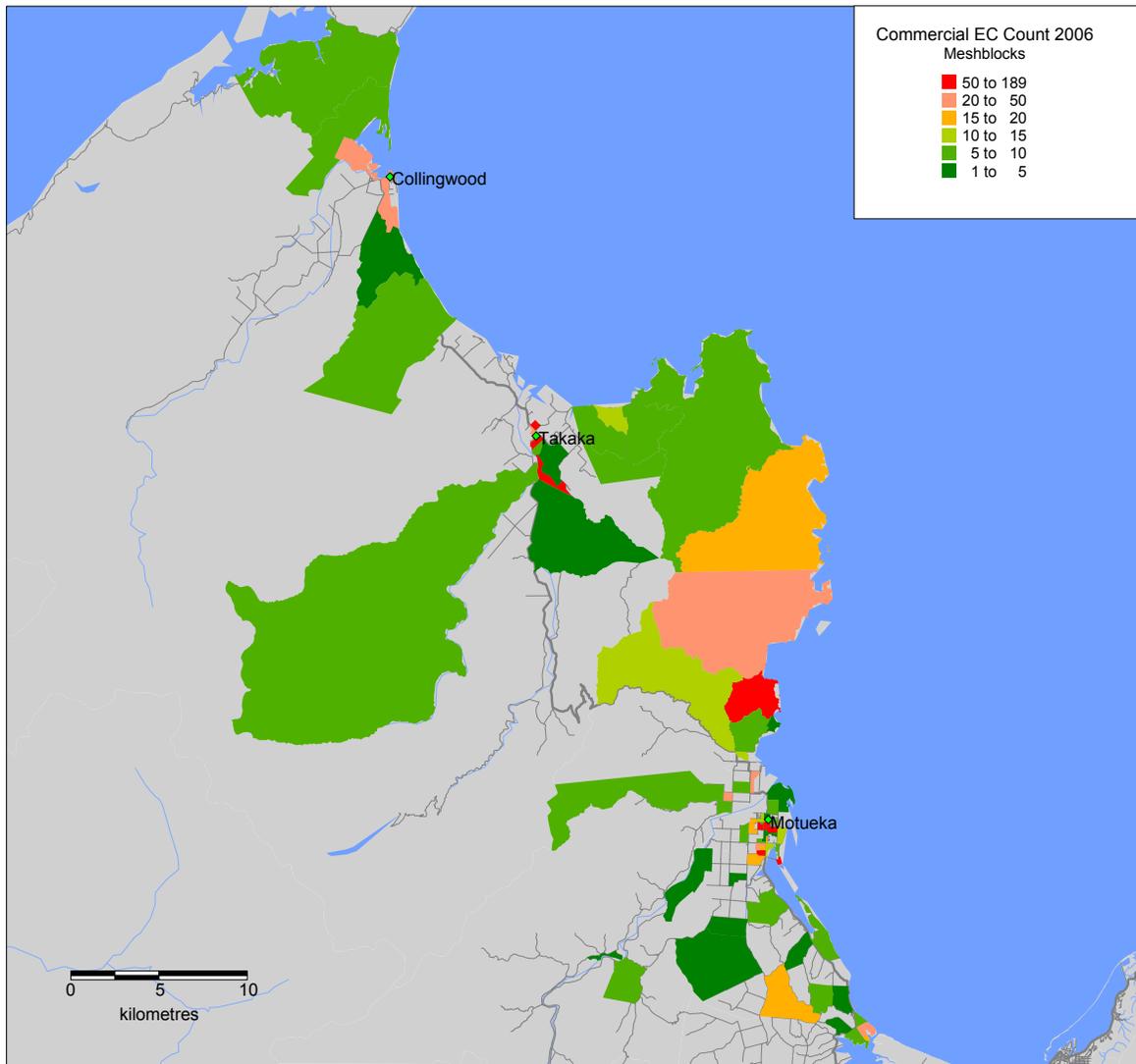


Source: Property Economics

Figure 2 indicates that most industrial EC's are located around major town centres, namely Motueka, Takaka, and Collingwood.

Figure 3 presents the commercial EC distribution in the Motueka and Golden Bay catchments. Commercial employees include those who employed in Communication Services, Property & Business Services, Finance & Insurance, Government Administration & Defence, Education, Health & Community Services, Cultural & Recreational Services, and part of Accommodation, Cafes & Restaurants.

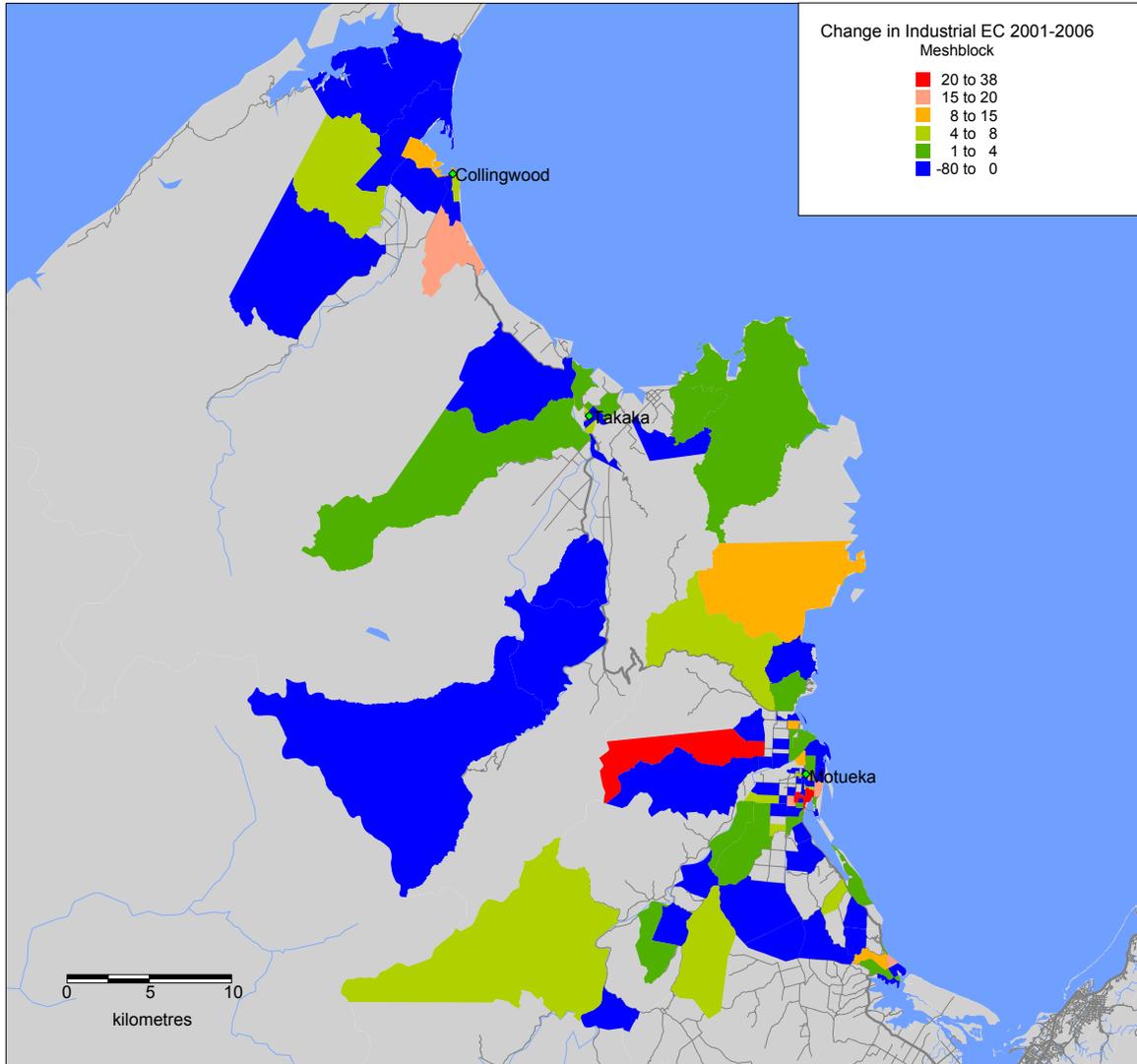
FIGURE 3: COMMERCIAL EC DISTRIBUTION 2006



Source: Property Economics

As with industrial EC's, most commercial EC's are located around the main town centres of Motueka, Takaka, and Collingwood. The exception in this case is the large number of commercial EC's at Kaiteriteri and other settlements servicing Abel Tasman National Park.

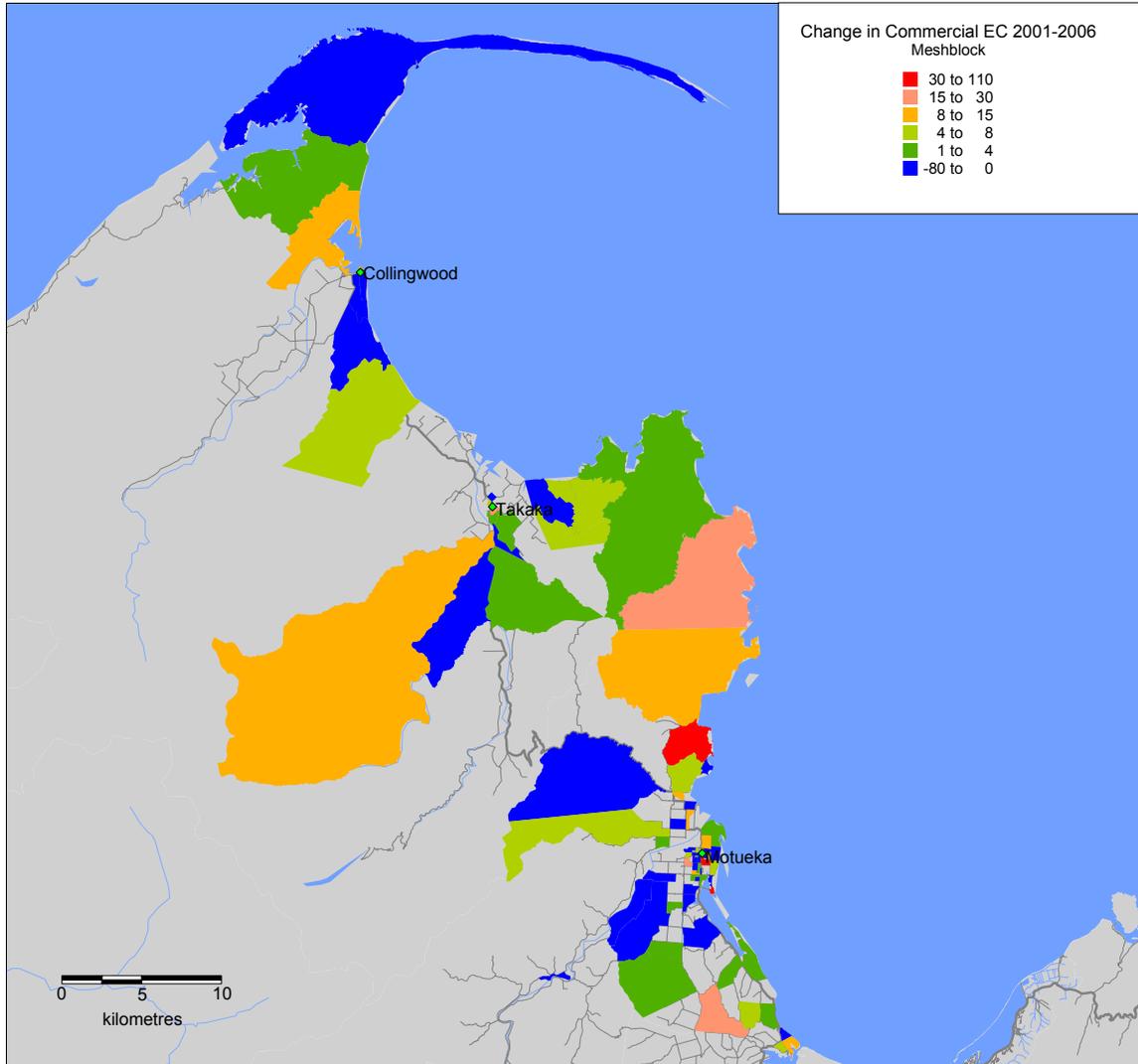
FIGURE 4: CHANGE IN INDUSTRIAL EC 2001-2006



Source: Property Economics

The Golden Bay and Motueka catchments have experienced a marginal fall in industrial EC's between 2001 and 2006. Figure 4 indicates that there has been a centralisation of industrial activity into the Motueka urban areas.

FIGURE 5: CHANGE IN COMMERCIAL EC 2001-2006



Source: Property Economics

Figure 5 above shows the change in commercial EC's in the associated catchments and indicates a relatively static employment distribution but with some growth associated with Abel Tasman National Park.

## 9. BUSINESS ACTIVITY IN DOLLAR TERMS

Business activity has been estimated based on regional productivities which have been adjusted for the difference between employment composition and household income between the region and the study area. It is also important to note that the following table calculates business activity that pertains only to the sectors which have been assessed in this report.

The business activity forecast is based on this reports forecasted employment numbers (EC) and assumes productivities remain constant in 2006 dollars.

TABLE 9: ESTIMATED BUSINESS ACTIVITY FOR THE STUDY AREA

<b>ANZSIC</b>	<b>EC</b>	<b>\$/EC</b>	<b>\$m</b>
Agriculture, Fishing, Forestry and Mining	564	\$106,004	\$59.786
Manufacturing	854	\$55,812	\$47.663
Electricity, Gas and Water	3	\$227,921	\$0.684
Construction	306	\$44,345	\$13.570
Wholesale Trade	168	\$68,846	\$11.566
Retail, Accommodation and Restaurants	1,785	\$24,352	\$43.469
Transport and Communication	262	\$93,576	\$24.517
Finance, Insurance and Business Services	436	\$82,849	\$36.122
Govt Admin and Defence	36	\$60,760	\$2.187
Personal and Community Services	1,298	\$32,493	\$42.175
<b>TOTAL INDUSTRY</b>	<b>5,712</b>	<b>\$49,324</b>	<b>\$281.739</b>

Source: Property Economics, Statistics NZ

Table 9 breaks down the estimated production per employee for each of the 10 aggregated ANZSIC categories. A key factor in these labour productivities is the associated capital and land intensities prevalent in each category.

TABLE 10: PROJECTED BUSINESS ACTIVITY FOR THE STUDY AREA OUT TO 2056

	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2056</b>
Business Activity (06\$m)	\$281.739	\$326.929	\$362.384	\$387.025	\$404.535	\$479.401

Source: Property Economics, Statistics NZ

Table 10 estimates the total business activity likely to be generated in the future by the categories assessed in this report. Based on constant productivities it shows a real increase of some 70% to \$480million by 2056. Given, however, a change in capital and other technologies and techniques it is expected that these productivities will be considerably higher in the future and so to the relative business activity in dollar terms.

## 10. PROJECTED LAND DEMAND

The following forecasts for land demand assume that the existing ratio of land area per EC remains constant at existing land utilisation rates, and that no large exogenous change (positive or negative) occurs over this time. The figures represent a gradual increase in commercial and industrial employment and land requirements to service a growing population and a growing business sector. The figures quoted for land requirements also assume that all floorspace is at grade, i.e. all industrial and commercial activity is at ground level.

### 10.1 Commercial Land Demand

In the commercial land demand tables the “Other” category includes the following ANZSIC categories:

- Education,
- Cultural and Recreational Services, and
- 35 percent of Accommodation, Cafes and Restaurants.

TABLE 11: FORECAST DEMAND FOR COMMERCIAL LAND IN MOTUEKA

Employee Growth	Property, Business Services &					Total
	Communication	Finance	Health	Government	Other	
2006-2011	3	63	50	4	73	193
2011-2016	2	52	41	3	60	160
2016-2021	2	38	30	3	44	117
2021-2026	1	25	20	2	29	77
2026-2056	4	103	82	7	118	314
<b>2006-2056</b>	<b>12</b>	<b>282</b>	<b>223</b>	<b>19</b>	<b>325</b>	<b>861</b>
<b>Floorspace Growth (sqm)</b>						
2006-2011	84	1,471	2,883	171	5,622	10,230
2011-2016	70	1,223	2,397	142	4,627	8,458
2016-2021	51	898	1,762	104	3,389	6,205
2021-2026	34	594	1,164	69	2,223	4,083
2026-2056	137	2,414	4,733	280	9,030	16,594
<b>2006-2056</b>	<b>376</b>	<b>6,599</b>	<b>12,939</b>	<b>765</b>	<b>24,891</b>	<b>45,570</b>
<b>Land Requirements (ha)</b>						
2006-2011	0.03	0.33	0.99	0.06	1.25	2.66
2011-2016	0.02	0.27	0.83	0.05	1.03	2.20
2016-2021	0.02	0.20	0.61	0.04	0.75	1.61
2021-2026	0.01	0.13	0.40	0.02	0.49	1.06
2026-2056	0.05	0.54	1.63	0.10	2.01	4.32
<b>2006-2056</b>	<b>0.13</b>	<b>1.47</b>	<b>4.46</b>	<b>0.26</b>	<b>5.53</b>	<b>11.85</b>

Source: Statistics New Zealand, Property Economics

Table 11 shows that Motueka can expect demand for an additional 12 hectares of commercial land by 2056. Added to this should be 10%. Given the current low vacancy rate of 2 % in Motueka for commercial land total additional supply should be 15 hectares by 2056. This allows for shifts in existing businesses and have available land for new business opportunities.

TABLE 12: FORECAST DEMAND FOR COMMERCIAL LAND IN GOLDEN BAY

Employee Growth	Property, Business Services &						Total
	Communication	Finance	Health	Government	Other		
2006-2011	2	12	27	2	27	70	
2011-2016	1	7	16	1	16	42	
2016-2021	1	4	8	1	8	21	
2021-2026	1	4	8	1	8	22	
2026-2056	4	21	46	3	45	119	
<b>2006-2056</b>	<b>9</b>	<b>49</b>	<b>105</b>	<b>8</b>	<b>105</b>	<b>275</b>	
<b>Floorspace Growth (sqm)</b>							
2006-2011	77	290	1,548	78	2,055	4,048	
2011-2016	46	175	935	47	1,232	2,435	
2016-2021	23	88	472	24	619	1,226	
2021-2026	24	91	488	25	639	1,268	
2026-2056	132	495	2,647	134	3,451	6,859	
<b>2006-2056</b>	<b>303</b>	<b>1,140</b>	<b>6,090</b>	<b>308</b>	<b>7,996</b>	<b>15,836</b>	
<b>Land Requirements (ha)</b>							
2006-2011	0.03	0.06	0.53	0.03	0.46	1.11	
2011-2016	0.02	0.04	0.32	0.02	0.27	0.67	
2016-2021	0.01	0.02	0.16	0.01	0.14	0.34	
2021-2026	0.01	0.02	0.17	0.01	0.14	0.35	
2026-2056	0.05	0.11	0.91	0.05	0.77	1.88	
<b>2006-2056</b>	<b>0.10</b>	<b>0.25</b>	<b>2.10</b>	<b>0.11</b>	<b>1.78</b>	<b>4.34</b>	

Source: Statistics New Zealand, Property Economics

Table 12 shows that Golden Bay can expect demand for an additional 4 hectares of commercial land by 2056. As with Motueka much of this demand is due to the expected growth in tourism. 5 hectares of additional commercial land would allow for shifts in existing businesses and have available land for new business opportunities

Most of the forecast demand for commercial land in both Motueka and Golden Bay is driven by the increase in employment in Accommodation, Cafes and Restaurants and Health. This can be attributed to the expected growth in tourism, the increase in household numbers, and the growing demands of an aging population in relation to health services. Whilst Property, Business Services and Finance have increased strongly in employment numbers, they use little land per employee and therefore will not require much land.

## 10.2 Industrial Land Demand

In the industrial land demand tables the “Other” category includes the following ANZSIC categories:

- Electricity, Water and Gas
- 10 percent of Agriculture, Forestry, Fishing and Mining

TABLE 13: FORECAST DEMAND FOR INDUSTRIAL LAND IN MOTUEKA

Employee Growth	Transport &			Wholesale		Total
	Manufacturing	Storage	Construction	Trade	Other	
2006-2011	115	23	48	26	9	221
2011-2016	96	19	40	21	9	186
2016-2021	70	14	30	16	5	135
2021-2026	47	9	20	10	7	92
2026-2056	189	37	79	42	19	367
<b>2006-2056</b>	<b>518</b>	<b>102</b>	<b>217</b>	<b>115</b>	<b>49</b>	<b>1,001</b>
<b>Floorspace Growth (sgm)</b>						
2006-2011	7,025	2,640	1,401	1,866	1,055	13,987
2011-2016	5,841	2,195	1,165	1,551	1,119	11,871
2016-2021	4,292	1,613	856	1,140	646	8,546
2021-2026	2,836	1,066	566	753	791	6,011
2026-2056	11,531	4,333	2,300	3,062	2,225	23,450
<b>2006-2056</b>	<b>31,525</b>	<b>11,846</b>	<b>6,287</b>	<b>8,372</b>	<b>5,836</b>	<b>63,865</b>
<b>Land Requirements (ha)</b>						
2006-2011	2.42	0.91	0.48	0.64	0.36	4.82
2011-2016	2.01	0.76	0.40	0.53	0.39	4.09
2016-2021	1.48	0.56	0.30	0.39	0.22	2.95
2021-2026	0.98	0.37	0.20	0.26	0.27	2.07
2026-2056	3.98	1.49	0.79	1.06	0.77	8.09
<b>2006-2056</b>	<b>10.87</b>	<b>4.08</b>	<b>2.17</b>	<b>2.89</b>	<b>2.01</b>	<b>22.02</b>

Source: Statistics New Zealand, Property Economics

Table 13 shows that Motueka can expect demand for an additional 22 hectares of industrial land by 2056. Existing vacancy rates for industrial land are at 10%. Therefore 24 additional hectares should be sufficient to allow for shifts in existing businesses and have available land for new business opportunities

TABLE 14: FORECAST DEMAND FOR INDUSTRIAL LAND IN GOLDEN BAY

Employee Growth	Transport &			Wholesale		Total
	Manufacturing	Storage	Construction	Trade	Other	
2006-2011	31	16	5	3	1	57
2011-2016	19	10	3	2	1	35
2016-2021	10	5	1	1	0	17
2021-2026	10	5	2	1	0	18
2026-2056	54	28	8	6	2	98
<b>2006-2056</b>	<b>123</b>	<b>65</b>	<b>19</b>	<b>13</b>	<b>6</b>	<b>226</b>
<b>Floorspace Growth (sgm)</b>						
2006-2011	1,909	1,902	140	245	166	4,362
2011-2016	1,153	1,149	84	148	100	2,635
2016-2021	582	580	43	75	51	1,329
2021-2026	602	600	44	77	52	1,375
2026-2056	3,265	3,253	239	419	284	7,461
<b>2006-2056</b>	<b>7,511</b>	<b>7,483</b>	<b>550</b>	<b>963</b>	<b>654</b>	<b>17,162</b>
<b>Land Requirements (ha)</b>						
2006-2011	0.66	0.66	0.05	0.08	0.06	1.50
2011-2016	0.40	0.40	0.03	0.05	0.03	0.91
2016-2021	0.20	0.20	0.01	0.03	0.02	0.46
2021-2026	0.21	0.21	0.02	0.03	0.02	0.47
2026-2056	1.13	1.12	0.08	0.14	0.10	2.57
<b>2006-2056</b>	<b>2.59</b>	<b>2.58</b>	<b>0.19</b>	<b>0.33</b>	<b>0.23</b>	<b>5.92</b>

Source: Statistics New Zealand, Property Economics

Table 14 shows that Golden Bay can expect demand for an additional 6 hectares of industrial land by 2056. 7 hectares of additional industrial land would allow for shifts in existing businesses and have land available for new business opportunities.

Over half of the industrial land demand for both Motueka and Golden Bay comes from the Manufacturing sector followed by Transport and Storage. Most industrial land demand will come from the Manufacturing sector as businesses take advantage of the available land, and the proximity to raw materials, labour and the port. It is not so important for manufacturers to be close to their market. The Transport and Storage sector are large users of land and therefore usually shift further away from large centres where land becomes expensive. As Motueka and Golden Bay become more connected to Nelson with improved transport routes, more of this type of business will shift to these areas.

## 11. BUILDING CONSENT TRENDS

Table 15 and 16 display the commercial and industrial building consent trends in Golden Bay and Motueka over the past 10 years. It is important to note that the figures listed below are for new buildings only and do not include alterations or additions to existing buildings.

TABLE 15: COMMERCIAL BUILDING CONSENTS (1996-2006)

Commercial	Golden Bay		Motueka	
	Floor Area (sqm)	Value (\$m)	Floor Area (sqm)	Value (\$m)
July 1996-1997	304	0.23	926	0.69
July 1997-1998	228	0.10	4,153	2.44
July 1998-1999	354	0.20	3,834	7.02
July 1999-2000	506	0.45	1,535	0.88
July 2000-2001	1,306	1.20	1,702	1.30
July 2001-2002	297	0.33	6,229	5.00
July 2002-2003	1,362	1.10	2,149	2.00
July 2003-2004	341	0.33	2,737	1.98
July 2004-2005	2,365	1.20	3,333	3.14
July 2005-2006	2,904	3.68	3,235	3.10
<b>Average</b>	<b>997</b>	<b>0.88</b>	<b>2,983</b>	<b>2.76</b>

Source: Property Economics, Statistics NZ

The commercial building consents issued in Motueka have been approximately three times that of Golden Bay in terms of floor area and value over the past ten years, indicating the per square meter values of commercial floor area are roughly the same in the two catchments.

The average value of commercial buildings consented in Golden Bay and Motueka is between \$500 and \$1,200 per sqm. However, In July 1998 and 1999, the value jumped up to \$1,800 per sqm in Motueka due to a consented tourist lodge development.

There is no obvious trend in the commercial building consents issued in Golden Bay and Motueka over the past ten years.

TABLE 16: INDUSTRIAL BUILDING CONSENTS (1996-2006)

Industrial	Golden Bay		Motueka	
	Floor Area (sqm)	Value (\$m)	Floor Area (sqm)	Value (\$m)
July 1996-1997	1,626	0.23	7,206	1.22
July 1997-1998	839	0.10	5,230	0.84
July 1998-1999	5,007	0.55	4,145	0.94
July 1999-2000	1,833	0.42	10,361	2.47
July 2000-2001	2,367	0.63	12,556	2.91
July 2001-2002	2,656	0.80	11,018	2.57
July 2002-2003	4,293	1.11	7,879	2.25
July 2003-2004	2,336	0.45	14,333	3.47
July 2004-2005	2,881	0.49	5,978	1.72
July 2005-2006	6,393	7.48	9,957	2.05
Average	3,023	1.23	8,866	2.04

Source: Property Economics, Statistics NZ

Table 16 presents the industrial building consent data in Golden Bay and Motueka over the past ten years.

The per square meter value of consented industrial floorspace in Motueka is nearly half that of Golden Bay. This is due in large part to an expensive dairy factory building consented in 2005/2006 in Golden Bay worth nearly \$6.5 million.

## 12. INDUSTRIAL LAND SUPPLY

Table 17 displays the amount of industrial zoned land that is currently available in Motueka.

TABLE 17: MOTUEKA INDUSTRIAL LAND SUPPLY

Location	Industrial Land	Vacant Industrial Land			Total
		Subdivided	Prime Potential	Restricted Potential	
Batchelor Ford Road	0.2	0	0	0	0
Port	5.2	0.42	0	0	0.42
High Street South	6.3	0.08	1.22	0	1.30
Hau Road	2.3	0	0	0	0
King Edward Street West	2.5	0	0	0	0
King Edward/Huffam/Old Wharf Road	17.3	0.20	0.40	1.07	1.67
<b>Total</b>	<b>33.8</b>	<b>0.7</b>	<b>1.62</b>	<b>1.07</b>	<b>3.39</b>

Source: TelferYoung

Most of the industrial land in Motueka is zoned light industrial, except the 2.9 ha at the Port and 2.7 ha on Old Wharf Road, which are zoned rural industrial and heavy industrial respectively.

Table 17 indicates that there are 3.4 ha of vacant industrial zoned land available in Motueka which is 10 percent of the total supply of industrial land. Furthermore, 0.9 ha of industrial zoned land in Motueka is currently used for residential purposes. It can also be expected that some industrial activity, particularly related to the agricultural sector would be occurring on rural land. A vacancy rate of 10 percent is considered just enough to cope with the movement and expansion of existing businesses only.

### 13. COMMERCIAL LAND SUPPLY

Table 18 displays the commercial land availability in Motueka.

TABLE 18: MOTUEKA COMMERCIAL LAND SUPPLY

Location	Commercial Land	Vacant Commercial Land			Total
		Subdivided	Prime Potential	Restricted Potential	
High Street South	5.66	0	0	0	0
High Street North	2.65	0.29	0	0	0.29
High Street Central	6.63	0	0	0	0
<b>Total</b>	<b>14.94</b>	<b>0.29</b>	<b>0</b>	<b>0</b>	<b>0.29</b>

Source: TelferYoung

There is in total 14.9 ha of Commercial and Central Business zoned land in Motueka, of which 1.6 ha is used for residential purposes currently.

There is only 0.3 ha of vacant Commercial land in Motueka located in High Street North, and it has been subdivided. This is approximately 2 percent of the total supply of commercial land. 2 percent is very low and allows for little expansion or movement of existing businesses. This low rate also means new businesses would have to operate from a residential location or have land rezoned. This is a significant deterrent for new businesses wishing to locate in Motueka.

#### 13.1 Retail Land Demand

Tables 19 to 20 estimate how much retail floorspace can be sustained by the study areas by retail category. These figures are calculated using retail spend and floorspace productivities for each retail sector. It is noteworthy that not all the retail spend generated can be retained in the catchment, due to the unique offer and experience available in larger urban centres outside the catchment, such as Nelson and Richmond.

Retail spend is assessed by determining the average household spend, business employee spend, and tourist spend. This is then adjusted for each catchment's household number, size and average income level, employment count, tourist visits, and the likely amount of this total spend captured by the relevant catchment.

Growth in real (inflation adjusted) retail spend has also been incorporated at a rate of 1% per annum over the forecast period. The 1% rate is an estimate based on the level of debt retail spending, interest rates and changes in disposable and discretionary income levels.

Note the retail spend excludes accommodation (hotels, motels, backpackers, etc) and vehicle and marine sales & services (car yards, boat shops, caravan sales, Repco, Super Cheap Auto, tyre stores, panel beating, mechanical repairs), as these sectors are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, or viability. It also excludes trade based activities such as Resene, ITM, Mico Bathrooms, Plumbing World, etc.

TABLE 19: GOLDEN BAY SUSTAINABLE NET RETAIL FLOORSPACE 2006-2056 (M<sup>2</sup>)

	2006	2011	2016	2021	2026	2056
Food Retailing	573	637	707	773	830	1,161
Footwear	0	0	0	0	0	0
Clothing and Softgoods	132	147	163	178	191	268
Furniture and Floorcoverings	98	109	121	132	142	199
Appliance Retailing	158	176	195	213	229	321
Hardware	259	288	320	350	376	525
Chemist	95	106	117	128	137	192
Department Stores	173	192	213	233	251	351
Recreational Goods	127	142	157	172	185	258
Cafes, Restaurants and Takeaways	303	337	374	409	439	614
Personal and Household Services	187	208	231	252	271	379
Other Stores	256	285	316	346	371	519
<b>Total</b>	<b>2,361</b>	<b>2,628</b>	<b>2,913</b>	<b>3,187</b>	<b>3,422</b>	<b>4,788</b>

Source: Property Economics, Statistics NZ

The total net retail trading floorspace that can be sustained by localised retail in Golden Bay is approximately 2,400 sqm in 2006. This figure is anticipated to grow to around 4,800 sqm by 2056.

TABLE 20: MOTUEKA SUSTAINABLE NET RETAIL FLOORSPACE 2006-2056 (M<sup>2</sup>)

	2006	2011	2016	2021	2026	2056
Food Retailing	3,040	3,439	3,858	4,278	4,676	7,415
Footwear	74	84	94	104	114	181
Clothing and Softgoods	515	583	654	725	793	1,257
Furniture and Floorcoverings	595	673	755	837	915	1,451
Appliance Retailing	959	1,085	1,218	1,350	1,476	2,340
Hardware	786	889	998	1,106	1,209	1,917
Chemist	345	390	438	486	531	842
Department Stores	1,049	1,187	1,332	1,476	1,614	2,559
Recreational Goods	773	875	981	1,088	1,190	1,886
Cafes, Restaurants and Takeaways	1,050	1,188	1,333	1,478	1,615	2,561
Personal and Household Services	708	801	899	997	1,090	1,728
Other Stores	777	879	986	1,094	1,196	1,896
<b>Total</b>	<b>10,672</b>	<b>12,074</b>	<b>13,547</b>	<b>15,019</b>	<b>16,418</b>	<b>26,032</b>

Source: Property Economics, Statistics NZ

The total net retail trading floorspace that can be sustained by localised retail in Motueka is approximately 11,000 sqm in 2006. This figure is anticipated to grow to around 26,000 sqm by 2056. 15,360 sqm of additional net retail floorspace is needed for Motueka by 2056.

There is a need to translate net retail trading floorspace into Gross Floor Area (GFA) as net retail trading floorspace excludes floor area in a retail store used for storage, warehousing, staff room, office, toilets, etc. These activities typically occupy around 30% of a retail store's GFA.

TABLE 21: SUSTAINABLE GFA AND RETAIL LAND DEMAND 2006-2056

<b>Sustainable GFA (sqm)</b>						
	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2056</b>
Golden Bay	3,373	3,754	4,162	4,553	4,888	6,839
Motueka	15,245	17,249	19,352	21,456	23,455	37,188
<b>Total Study Area</b>	<b>18,618</b>	<b>21,003</b>	<b>23,514</b>	<b>26,010</b>	<b>28,343</b>	<b>44,028</b>
<b>Retail Land Demand (ha)</b>						
	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2056</b>
Golden Bay	0.75	0.83	0.92	1.01	1.09	1.52
Motueka	3.39	3.83	4.30	4.77	5.21	8.26
<b>Total Study Area</b>	<b>4.14</b>	<b>4.67</b>	<b>5.23</b>	<b>5.78</b>	<b>6.30</b>	<b>9.78</b>

Source: Property Economics, Statistics NZ

In terms of GFA, 19,000 sqm is currently sustainable by the total study area, and it is predicted to increase to around 44,000 sqm by 2056, representing growth in GFA of 25,000 sqm.

This study's GFA projection out to 2021 is for an additional 7,400 sqm. This amount falls within the projections outlined in paragraph 7.3.3 of the "Report on Motueka" prepared for Wakatu Incorporated in March 2007.

From the GFA projections the total amount of retail land is estimated (in hectares) for both catchments. These figures include carparking and other facilities and are based on a total retail average across comparison, convenience, and large format retailing. It is assumed that all retail floorspace will be at ground level.

Table 21 indicates that Golden Bay will require a further 0.8 hectares of retail land over the next 50 years. Motueka is estimated to need a further 5.6 hectares of retail land in order to accommodate its future growth.

## 14. BUSINESS INTERVIEWS

11 businesses were interviewed within the Motueka catchment in order to determine their future demand for industrial and commercial land. They were also asked to identify the likely requirements which emerging businesses will have for industrial and commercial land based on identified attributes unique to Motueka. Appendix 1 lists the people Property Economics interviewed.

This section reflects the sentiments and opinions of the interviewees and may not represent the views of Property Economics.

Much of the information provided by the interviews reflected the needs of all businesses in general.

A key concern for businesses is access to customers, labour and raw materials. Commercial businesses are primarily focussed on access to customers, as their businesses are largely service businesses with little need for raw materials. Their main requirements are for office space, exposure, and accessibility to their customers. This means a fairly central location with large pedestrian flows and good parking.

Industrial businesses are more focussed on accessibility to raw materials and labour, and to a lesser extent customer accessibility. Most important is land and labour, and access to a distribution network.

For both commercial and industrial businesses land availability was perceived to be very low in Motueka. This is born out by the Telfer Young Survey which showed only 10% of industrial zoned land and 2% of commercial zoned land is vacant. These vacancy rates are considered low. 10% is considered only enough to cope with the movement and expansion of existing businesses and is unlikely to allow the market to efficiently operate. The low supply will also be inflating the price of industrial and commercial land, a further deterrent to expansion and new business.

Despite the tight market in land only a few of the businesses surveyed felt constrained in any way by the lack of appropriately zoned land. They were commercial businesses located centrally who would like to remain central but have larger and more professional looking premises. The remaining businesses have space on their existing sites or no plans for further expansion. However, nearly all respondents expressed concern about the ability of new businesses to set up in Motueka due to land constraints. This would inherently restrict growth opportunities.

Of particular concern to businesses in Motueka was the process of obtaining resource consent if the need was to arise for further land, or if new businesses wanted to establish in Motueka. The respondents indicated they did not want to endure the RMA process with a perception of time delays, costs, etc putting them off. This concern is by no means unique to Motueka or the Tasman District.

Three respondents gave examples of businesses choosing to locate elsewhere due to land constraints and the resource consent process. In one instance the business relocated to Ashburton taking eight workers with them because an appropriately sized and located site in Motueka was not available. Another agricultural service business shifted 10 kilometres out of town, on to agricultural land, which now means 30 workers have to commute daily from Motueka. This creates significant inefficiencies.

One agricultural sector business found it too “difficult to get going and develop, so decided to leave”. The other business chose to expand in Southland because the Council had available land that was zoned appropriately so the business did not need to get any resource consents. This highlights an important factor in that the perceived expense, time and hassle to obtain resource consent is so high that businesses will choose a location which avoids this process. The general perception from respondents is that the resource consent process is difficult in the Tasman District and the Council could do more to assist business.

All respondents had a positive outlook for their own business and for the prospects of businesses in general in Motueka. They believe Motueka has great potential for further growth. This belief is driven by the following factors:

- Proximity to the Port of Nelson
- Surrounded by raw materials, i.e. horticultural products, forestry, fishing-“here (in Motueka) for the resource”
- Good access to a skilled labour force
- Proximity to the National Park, and the through traffic this generates
- Abundant water supply
- Potentially plenty of land
- An expectation of strong population growth, driven by the great lifestyle-“180 residential sections are currently being developed”
- Population of the area is enabling a more self-sufficient economy, i.e. there is less need to travel to Nelson or Richmond.

All respondents stated their commitment to staying in Motueka and no one indicated that they would shift their business, at least in the short-term. All businesses were in Motueka either from an historical association or because the owner had shifted there for the lifestyle. All believed Motueka was a great place to live. Some said the cost of relocating in or out of Motueka was too high to warrant shifting. Overall it appears that Motueka has a well established and stable industrial and commercial base.

Overwhelmingly, the main constraint for growth given was the lack of appropriately zoned, sized and located land, for business. The “CBD is running out of room” The reason this situation currently exists was attributed in part to poor planning, the difficulty in using Maori lease land (“should sell and buy somewhere else”), the rising price of land to comparable levels in Richmond, and as mentioned earlier the perceived difficulty in obtaining resource consents to change the activity on existing land to commercial or industrial activity. The perception also was that there was more available commercial and industrial land in Richmond.

Concern was also voiced about the future of the labour force. Some respondents believed that Richmond had a larger available workforce and were finding the labour market was getting tighter in Motueka, but realised this was a nationwide problem. However, they were worried that the rising price of land and the seasonal nature of employment may limit the growth particularly in young families, where much of the labour force would need to come from in the future. This was particularly so for heavy industry where shortages in labour were highlighted as a concern already.

The combination of low wages, high property prices and seasonal work has resulted in low decile schools and a transient population. There was a belief that a more stable non-seasonal industry was needed to stabilise the population base and attract more permanent workers and possibly raise wages. The implication was that permanent workers who would live in Motueka full-time would add more to the community, both socially and economically.

Respondents also mentioned the continuing strength of the New Zealand dollar as a potential threat to the growth of export industry in Motueka. This is adversely affecting commodity crops, particularly pipfruit. As a result alternative crops are being planted such as grapes, some kiwifruit and niche varieties of apples. Whilst Motueka does not produce the quality of grapes that Marlborough produces, higher yields are attained in Motueka. These grapes are then used in combination with the Marlborough grapes to produce a lower cost wine. Most of the value added work to grapes is done in Marlborough so may offer only limited possibilities to Motueka beyond growing the grapes. Niche apples are a way to beat the commodity price of apples, and one respondent has invested extensively in niche varieties. ENZA has been planting locally in these varieties also. This diversification of crops puts the agricultural sector on a robust footing for the future, but may not result in increased employment unless value added uses are pursued.

The key areas of growth identified by the respondents were:

- Value added to primary products, i.e. agriculture, forestry, and fishing
- Timber based operations
- Niche horticulture-“Motueka is the fruit bowl of the district”, “Productivity is much higher in Motueka”
- Engineering
- Tourism-“Motueka is the gateway to the Abel Tasman National Park”, “Visitors are getting richer with more disposable income”
- Service industry related to population growth

One respondent identified a number of businesses wanting to move to Motueka. These were mainly light industrial businesses associated with the agricultural sector currently operating in other parts of Tasman District and Nelson. They are looking to cluster their operations in Motueka. Another respondent also identified the amalgamation of agricultural service businesses such as Pack Houses and Cool Stores as a trend likely to continue in the future. These larger businesses are looking at capturing economies of scale and moving their operations to 24/7. These types of operations will generate a large amount of truck and general traffic movements and need large sites which are close to their labour force due to the 24/7 operation. Currently, much of this activity is happening on agricultural land, and with the lack of available industrial land is likely to continue operating out of town. It would be ideal to locate these larger operations in one site close to town to reduce the infrastructure costs on council, traffic movements through the rural area and travel times for workers.

Talley's representative indicated that much of the regional fishing fleet would relocate to Motueka if the port was regularly dredged so that the port could be accessed in all tides.

Large franchises are also looking at setting up in Motueka as population and tourist numbers reach critical mass for the viability of a new store in the area. A central and visible location with parking is important for the viability of these types of operations.

The fear of respondents is that if no land is made available, then commercial and industrial activity will become fragmented. Motueka may lose industries and the chance to create synergies by locating Commercial and Industrial business activity centrally. Locating Commercial activity in the central area was seen as particularly important. One respondent believed that a satellite area would "wreck the town".

In summary existing businesses are positive about their own business in Motueka and for businesses in general in Motueka. However they have the following concerns:

- Lack of appropriately zoned land for expansion and/or amalgamation of existing businesses or new businesses wanting to come to Motueka. "Complications with leasehold land are a deterrent for national franchises looking at setting up in Motueka"
- Increasing cost of land. Limited supply is artificially raising prices.
- Increasing cost and time to get resource consent
- Dwindling labour supply
- Future inability of existing infrastructure to cope with growth
- Fragmentation of business activity in Motueka
- Lack of non-seasonal industries
- The local economic reliance on the agriculture, forestry and fishing sectors
- Loss of new business to Richmond. "300 to 400 commute out of Motueka for work"

Given Motueka's many unique attributes many of the respondents believed that industrial land appropriately zoned and located by council, which circumvents the need for interested businesses to go through the resource consent process, would attract more new business to Motueka and provide opportunities for existing businesses to expand and follow new business trends. Respondents, particularly in the commercial area felt that a well planned, well publicised, centrally located and more professional looking centre would also attract more business and commercial spending into Motueka.

## 15. INTERNATIONAL & NATIONAL TRENDS

This section identifies some of the major likely impacts on Tasman of evolving global and, more importantly, national trading patterns. It focuses on long-term shifts in the composition of trade, changing global demand, new and evolving structures of production, and the structural suitability of the study area's economy for sustained prosperity and growth. It also discusses operational and technological advances, and the impact this will have on the industrial market.

Due to New Zealand's position in the global market it is susceptible to changes in the international arena. This ultimately influences the competitive nature of the Tasman and Motueka markets, markets that they currently or potentially exhibit a comparative advantage in.

### 15.1 Manufacturing Trends

Trends in the international industrial market can be broken down into two categories, export industries and those demanded for national production and supply.

The trends in world demand for production are important in determining the direction of the region's industrial future and therefore, in part, that of Motueka (in terms of larger businesses likely to locate here. Suppliers to the international market are looking for areas that are compatible with their industry in terms of access to skilled workers, and other factors of production.

The current international trends show a continued growth in manufacturing for export, not only in developing countries but also some of the wealthiest OECD countries. In 1997 manufactured products accounted for 61% of world trade by value, while in 2002 that figure reached over 68%. Of this the valued added by 'niche' or specialised manufacturers is estimated to be over 10% and climbing. These are key areas of growth and retention for Tasman and Motueka

Continually improving international communications and logistics mean that businesses supplying any markets can be operated from geographically distant locations.

## 15.2 Emergence of Logistics

The NZIER national employment projections forecast more warehousing and logistics based industry, which will redistribute employment proportions more evenly across the industrial sectors. Manufacturing employment, as a percentage of total industrial employment, is projected to drop from 45% to 42%, while Wholesale Trade is projected to increase.

Whether it is measured by the value it will add to the local economy or the employment it generates, logistic businesses are likely to be an important component of Tasman's industrial economy in the future.

This trend is not unique to this region, with many economies around the world undergoing the same transition at present, especially in larger cities where it is becoming increasingly difficult for large manufacturers to find large sites at economic prices, and hence are getting pushed further out of the city or to neighbouring areas. This in itself is of potential to Motueka where although land is not overly cheap it is still plentiful.

Just about everything that happens in a major centre is dependent on the movement of materials. Industries such as manufacturing, construction and retail are particularly dependent on efficient logistics, as are many of the professional service businesses in the heart of financial districts.

Also, an efficient logistics sector provides the foundation for achieving wider spatial, economic development and transport objectives for Tasman.

Logistic businesses provide a range of employment opportunities for a wide variety of skill bases, but generally the warehousing associated with many logistical operations rely on areas of lower socio-economic status, creating employment opportunities in areas of economic need.

Logistics also has the potential to contribute to the sustainable development of Tasman/Motueka, through the recycling of 'brownfield' sites for warehousing, and the wider use of 'sustainable distribution', e.g. use of cleaner vehicles.

## 15.3 Changing Organisation & Technology

Over the past two decades, the way in which industrial companies have operated has changed. This is primarily due to technological developments and the emergence of logistics businesses, and is a result of industrial activities coming under increasing pressure to reduce costs and improve service.

From an organisations perspective, some of the key changes have included:

- The consolidation of inventory
- Greater 'just in time' logistics
- Increasing use of cross-docking
- The outsourcing of warehousing and transport services
- The growth of home deliveries in certain markets

Consolidation of inventory refers to the way in which many operators are now consolidating their inventory into a smaller number of larger warehouses. One of the main benefits associated with consolidation is the reduction in the total amount of stock businesses hold, thereby reduce holding costs. A flow-on benefit of this is that total property and employee costs are often reduced. These cost savings and increases in efficiency generally outweigh any increase in transport costs that may occur by having fewer distribution points. This trend has been one of the key drivers behind the demand for larger warehouses, and this looks set to continue well into the future.

Just-in-time logistics is where the flow of goods is 'pulled' by customer demand rather than being 'pushed' out by producers or suppliers. For warehousing, this has been a key factor in transforming the roles of warehouses from storage, to movement and information. This can generate increased transport with more frequent deliveries of smaller consignments. This trend is likely to continue to be refined as companies seek to eliminate 'waste' from the movement of their goods.

Cross-docking often works in conjunction with just-in-time logistics and is a way of managing the flow of goods without putting them into storage. This is usually done in a dedicated facility where the warehouse still exists, but its 'stockless', as the goods go straight through rapid unloading, get re-consigned and reloaded again before onward dispatch. This trend has seen significant growth overseas, and generated increased demand for large land intensive warehouses with loading docks on both sides. This is likely to remain a growing trend as industrial businesses become increasingly focused on the speed of flow through the supply chain.

Outsourcing refers to the way industrial activity contract out their logistic operations, typically their transport operations and/or warehousing generally to specialist logistic businesses. This keeps industrial businesses focused on their core competencies and out sources non-core requirements. This has fuelled growth in the logistics market and has been an important driver in demand for large warehousing and distribution facilities. As the logistic market grows and the large players get bigger, they will become more competitive which may further drive growth in this market. In this regard, this organisational shift looks set to continue.

The home delivery market received significant impetus with the development of on-line retailing. This sector involves the delivery of goods supplied by direct selling manufacturers and non-store retailers (such as Amazon).

This sector also includes delivery of goods which are purchased in person at retail stores. The home delivery market also generates demand for large warehouses and growth in this market is likely to lead to an increase in demand for warehouse/distribution facilities. The impact of this on Tasman/Motueka may be small for non perishable goods, but with supermarkets now offering on-line shopping, this sector will require more local warehousing.

Despite all the advances in technology and trends this is bringing to the industrial market, ultimately demand for industrial building space and land will be driven by local economic growth. This creates demand for more inventory, which requires more manufacturing, more distribution, more jobs, more warehousing, etc. In this regard, economic growth will be a good benchmark for future increases in industrial land and buildings.

## 15.4 Industrial Locational Criteria

The location decision process of industrial companies is often complex and is specific to each business and its operational requirements. However, in general the broad industrial land requirements are mirrored throughout the industrial categories. There is a set of key locational criteria that give an understanding of the factors affecting business location. These are outlined below.

- **Undisrupted water and electricity supply.** Note for some businesses the escalating price of electricity translates into lower profit margins, especially in power intensive industries. Black-outs and power surges are costly occurrences for businesses, especially if generators need to be hired.
- **Digital capability** – especially access to broadband. Many businesses now require uninterrupted broadband access. This also helps future-proof the business location.
- **Close proximity / good access to transportation hubs,** such as ports and airports. This is particularly important for logistics and warehousing/distribution businesses. This can clearly be seen by the new businesses establishing in or around the business parks close to the major airports around the country, such as Auckland and Christchurch, which are heavily dominated by logistics and freight forwarding companies.
- **Proximity to an appropriate labour supply.** This varied between sectors based on the skill level of the workers required. For example manufacturing businesses required lower skilled workers compared to businesses in the professional services sectors, so the location requirements were slightly different. For many industrial businesses access to labour is an important consideration in their location decision making processes, especially for manufacturing businesses where access to semi-skilled labour is vital. In general, business locations in areas that have a lower level of access to the workforce are seen as problematic.
- **Location of customers / target markets (domestic and international).** This has a strong influence on location depending on whether the business is servicing a localised market, a regional market or the national or international market. For those businesses servicing the localised market a central location was preferable to reduce travel costs. For those servicing the national and international markets, those businesses that had large transport costs sought locations in closest proximity to State Highways.

Those businesses that had relatively low transport costs were more flexible in terms of their location, and would often see the benefit of low priced land and premises to outweigh a strategic location for transport.

- **Access to major road corridors.** This is important for staff getting to work, clients/ reps visiting premises, and the efficient distribution of goods. Sites (or locations) adjacent to major arterial roads were preferred and often received a premium in the market. The Motueka West site is seen as ideal for satisfying this criterion.

All activities that have a distribution/logistical focus prefer these locations. As part of this criterion, improved transportation in industrial areas was mentioned by numerous businesses as a future requirement, particularly in regard to better roading networks, traffic management, and close to public transport services.

- **Location of suppliers.** This can be especially important for businesses that have significant raw material inputs and freight costs.
- **A company's existing network and infrastructure.** This can have a major influence on location, especially for national franchises to avoid inefficiencies.
- **Room for potential expansion and growth on the site.** For most businesses relocating is a very expensive exercise, and for businesses with significant investment costs into plant and machinery, they like to have a level of certainty that they will be able to operate from the site for a long period of time to ensure they achieve a return on their investment. Thus having the ability to expand their operation to allow for business growth onsite is important. It's an important consideration for businesses who want to mitigate long term risks.
- **Land and property costs.** This is a key criterion in the location decision of almost all businesses, particularly those that operate on low margins.
- **Potential to secure resource consent.** Often if the resource consent process is going to be long and drawn out, most businesses will not enter the process at all as time delays can have significant effects to their bottom line and business operations. As such certainty is seen as a big benefit to business locations who can offer it. A master planned development with Council approval removes this risk.
- **Level of congestion in peak times.** This is becoming increasingly important, as it can have a significant influence on delivery businesses. In many main centres for example, this is now a major consideration where time delays and trucks getting caught in traffic is having significant flow-on implications for company logistics and their ability to service clients to the level required.
- **Owner's home address.** This is predominantly for smaller businesses that have a greater level of flexibility on where they can locate.
- **Exposure / Profile.** Most businesses seek locations that offer some level of exposure and profile. This is a cost effective method of marketing and is able to elevate the brand of a business significantly.

## 15.5 Commercial Locational Criteria

In terms of key parameters for commercial office location, price is not typically a key factor in location decisions. It is often the case that factors such as access to clients, access to support services, car parking, quality of environment, building quality and profile and costs dominate the decision process. However, the office sector typically exhibits more mobility than the industrial sector.

As such, key criteria for office (commercial) businesses when looking for a location (in no particular order) can be summarised as follows:

- Good car parking – for clients and workers
- Easy access for clients and workers – primarily roading
- Profile / exposure
- OPEX (Operational Expenses) – rent, body corporate, rates, lighting, power, car park costs, etc
- Building quality (many tenants require purpose-built buildings)
- Space flexibility (many tenants require larger floorplates)
- Access to broadband – and interconnectivity between areas in the region, and to other centres in New Zealand and offshore.
- Good quality infrastructure
- Environment – worker and client amenity
- Owner's/CEO's home suburb (is often sited as a key factor in the decision process)

Some sectors have limited scope on where they can locate as they have to have direct access to other services and facilities. For example, many legal firms like to be within close proximity to the courts. In this situation, a business will identify the area they need to be located, and then the aforementioned criteria are applied.

## 16. OPTIMAL ACTIVITY AND BUSINESS MIX IN WEST MOTUEKA

It is one of Tasman District Council's objectives to consolidate the urban form of Motueka to create efficiencies that co-location and clustering bring to both business activity and residential environments. Property Economics has assessed the likely activity mix of a site approximately 100 hectares in size situated in West Motueka in the general vicinity of Queen Victoria and High Streets.

A key assumption involved in the assessment of this mix is that, based on this report's level of demand, capacity will not be reached before 2056. It is also assumed that not all demand for land will be met by the West Motueka Site. Some activity will by necessity be better sited elsewhere.

Important considerations with regards to an appropriate mix include:

- Accessibility to site
- Reverse sensitivity issues
- Productivity of alternative land options
- Relative price levels

**Retail:** Based on the projections in this report it is expected that Motueka will require some 8.3 hectares of retail land situated within the catchment by 2056. Given the capacity and location of the existing centre and the desirability to sustain the existing retail centre, it is anticipated that approximately 3 hectares of retail demand will be accommodated within the proposed location. One of the key benefits in locating this level of retail here is the profile afforded to the associated commercial activity and the ability therefore to go above ground level. This level also reduces any costs attributable to the existing town centre. A key consideration here may be for Large Format Retail.

From a retail perspective, convenience and personal service type activities (i.e. banks, post office, hairdresser, etc) would be better located in and around the existing Motueka CBD, focusing trade toward the main road through the township (SH60). These activities rely on strong access, vehicle linkages and profile which, from a comparative advantage point of view, is better served in the existing Motueka CBD rather than the proposed west Motueka development.

The west Motueka site is better positioned in regard to locational characteristics to provide more destination oriented retail such as large format retailing (LFR), for the 'big box' / national banner retailers who absorb significantly more commercial land than the traditional town centre retailers. There is comparative advantage for west Motueka in this instance as a result of the more efficient use of land that can be achieved through clustering LFR activity on the west Motueka land. Only limited ad hoc, dispersed LFR activity will likely be able to be developed in the Motueka CBD. As such, there is likely to be a greater net economic benefit to the community in locating LFR activity on the west Motueka land.

The two retail precincts are within 200m at their closest points, and therefore walkable and able to work together from a retail perspective, albeit in a limited capacity. However, the west Motueka land is considered the best opportunity within Motueka for the two types of centres to build a positive symbiotic relationship over the long term.

**Commercial:** It is anticipated that demand for additional commercial land in Motueka will reach 11 hectares by 2056. It is expected that given movements within the catchment 'net out', 11 hectares will be required within this site possibly prior to 2056. The clustering of this activity is important in terms of support services for industrial businesses.

In terms of the locations' comparative advantage for commercial activity it will largely depend on the commercial feasibility of commercial activity. For example doctors, lawyers, dentists, medical practitioners, accountants, etc, need highly accessible locations and often form crucial components of town centres. These types of activities would therefore be better suited to the Motueka CBD.

Other commercial activities, i.e. printing shops, panel beaters, etc, have trouble making the economics of a CBD location 'stack up', and are typically not found in main retail centre locations. These types of activities are likely to provide greater economic benefit and efficiency to the wider community located on the west Motueka land, as these types of activities and support services can cluster together and reduce the potential for these activities to occupy other land uses. It needs to be recognised that these types of activities are fundamental to communities and need to be planned for as they are important community employers, which bring another set of economic benefits with them.

The west Motueka land, being in very close proximity to the Motueka CBD, will contain a large proportion of support businesses for the CBD. This close proximity increases efficiencies through reduced travel time, costs and environmental effects. This shows that both nodes will be able to co-exist successfully as they (if the planning conditions are appropriate) should result in a symbiotic relationship rather than a competitive one.

**Industrial:** Given the west Motueka land's proximity to Port Motueka a larger proportion of business zoned land will be required for industrial activity. Approximately 30% of the usable site should be required for industrial activity to 2056, around 21 hectares. There is currently a dearth of large industrial sites close to the Motueka CBD and port.

The greatest community benefit is likely to be achieved having the highest proportion of the west Motueka business land accommodating industrial activity. There is currently latent demand for this type of land, with this growing into the future, exacerbating this fact the opportunity for industrial development in the Motueka CBD is virtually non-existent. Given the growing demand for retail and commercial activities in Motueka, any available land in the CBD is better used for these activities rather than industrial activity.

Apart from the economics for industrial activity, which would not 'stack up', another consideration is the potential for significant reverse sensitivity if industrial activity did locate in the Motueka CBD. As such, the west Motueka land is likely to offer significant community benefits if zoned for industrial activity.

On top of this, industrial activity expansion in Motueka will grow the local economy, particularly employment, which has significant flow-on effects for other local businesses.

**Residential:** Given the projected level of residential growth over the next 50 years in Motueka the expected land demand is in the vicinity of 130 hectares. It is assumed that approximately 25% of this demand can be catered for within the identified site. This would give a composition similar to that in Table 22 below.

TABLE 22: ESTIMATED LAND ACTIVITY MIX

	2026 (ha)	2056 (ha)
Retail	2	3
Commercial	6	11
Industrial	13	21
Residential	18	34
<b>Total</b>	<b>39</b>	<b>69</b>

Source: Property Economics

West Motueka provides an opportunity for significant residential development in an area within close proximity to the Motueka CBD. This will have the affect of reducing leakage, as will the local employment growth (provided on other parts of the land). This also provides the rare opportunity of being able to provide labour supply in an area where significant job growth will occur. Growth in employment and growth in local economic output have a symbiotic relationship as long as productivity remains at least constant. This again would provide significant economic benefit to Motueka as a result of building a larger economic base.

**17. APPENDIX 1 - INTERVIEWEES**

1. Mark Chapman
2. Andrew Talley
3. Lincoln McGaveston
4. David Ogilvie
5. David Beatson
6. Eric Ingrisch
7. Peter Assaf
8. Mark Hewetson
9. Barry Dowler
10. Kevin McLean
11. D & C Packaging

## 18. APPENDIX 2 – INFORMATION SOURCES

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

- Census of Population and Dwellings 2001 and 2006 (extrapolated to 2007)- Statistics NZ
- Household Economic Survey - Statistics NZ
- Retail Trade Survey - Statistics NZ
- Household and Population Projections - Statistics NZ, Property Economics
- Non-residential Building Consents - Statistics NZ
- Business Frame Data - Statistics NZ
- Retail Projection Model - Property Economics
- Motueka Commercial and Industrial Land Supply 2007 - TelferYoung