BEFORE THE INDEPENDENT HEARINGS PANEL

UNDER	the Resource Management Act 1991 (RMA)
IN THE MATTER	of the Far North District Council Proposed District Plan Hearing 15D: Rezoning Kerikeri-Waipapa

---

STATEMENT OF EVIDENCE OF FRASER COLEGRAVE ON BEHALF OF TURNSTONE CAPITAL

ECONOMICS

June 30, 2025

INTRODUCTION

1 My full name is Fraser James Colegrave.

2 I have been engaged by Turnstone Capital (**Turnstone**) to provide independent expert advice on the Proposed Far North District Plan (**PDP**).

3 This brief of evidence summarises the findings of a comprehensive economic assessment prepared by Insight Economics in support of Turnstone's submission. A copy of that report is attached.

4 Turnstone's submission seeks to extend the Kerikeri Town Centre (**KTC**) Mixed Use Zone (**MUZ**) onto its land at 126A and 126B Kerikeri Road, along with adjoining landholdings (together referred to as the subject site), and to rezone the KTC to Town Centre Zone (**TCZ**) (the **proposal**).

QUALIFICATIONS AND EXPERIENCE

5 I am the Founder and Managing Director of Insight Economics. Prior to that, I was a founding director of another economics consultancy – Covec Limited – for 12 years.

6 I hold a first-class honours degree in economics from the University of Auckland (1996), where I received numerous prizes and scholarships for academic excellence.

7 I have over 28 years' commercial experience, the last 25 of which I have worked as an economics consultant. During that time, I have successfully led and completed more than 600 consulting projects. My main areas of expertise are property development, land-use, and retail economics. I have worked extensively in these areas for many of the largest public and private sector organisations in New Zealand. In addition, I regularly advise local and central Government on related policy matters, and therefore understand the issues from multiple perspectives.

8 Over the last 15 years, I have helped clients secure planning approval for projects yielding more than 50,000 dwellings and hundreds of hectares of business land, including both major brownfield and greenfield projects.

9 I also have extensive experience in the design and development of new or expanded town centres to keep pace with retail demand growth. This includes helping to gain consent for several new town centres in emerging or new growth areas, such as:

(a) The future suburban centre at Ruakura;

(b) The retail hub at Hamilton Airport's future northern precinct;

(c) The Halswell key activity centre in Christchurch;

(d) The Ravenswood key activity centre in Waimakariri;

(e) A bespoke retail and visitor accommodation precinct at the recently rezoned Paeroa racecourse;

(f) The main street/town centre within Mangawhai Central; and

(g) The network of emerging centres within Milldale, Auckland.

10 More generally, I have provided expert evidence on various economic matters at more than 120 hearings before Councils, Boards of Inquiry, Independent Hearing Panels, the Land Valuation Tribunal, the Environmental Protection Agency, the Environment Court, the Family Court, and the High Court.

CODE OF CONDUCT

11 Although this is not a hearing before the Environment Court, I record that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and agree to comply with it.

12 I confirm that the issues addressed in this brief of evidence are within my area of expertise, except where I state that I have relied on the evidence of other persons. I have not omitted to consider material facts known to me that might alter or detract from the opinions I have expressed.

SCOPE OF REPORT

13 This brief of evidence summarises an economic assessment prepared by my firm in support of Turnstone's submission on the PDP. It focuses on the two following key elements of that submission:

(a) Extension of the MUZ north-west onto the subject site; and

(b) Rezoning of the KTC from MUZ to TCZ.

14 To that end, the report provides:

(a) An assessment of business land capacity under the PDP, based on site-specific analysis of all MUZ-zoned parcels in Kerikeri;

(b) Modelling of future retail demand across the Bay of Islands-Whangaroa Ward using my firm's Integrated Retail Model (**IRM**);

(c) Evaluation of the proposal's alignment with Te Pātukurea (the **Spatial Plan**) and the National Policy Statement on Urban Development (**NPS-UD**);

(d) The adequacy of business-zoned land under the PDP relative to projected retail demand;

(e) Testing of potential retail distribution effects under both medium and high-growth scenarios; and

(f) Broader economic impacts including employment potential, retail self-sufficiency, and urban form outcomes.

SUMMARY OF REPORT AND KEY FINDINGS

15 The PDP proposes 16.4 hectares of additional MUZ land, but a detailed site-by-site analysis revealed that over 90% of this land is already developed or otherwise constrained. Only six parcels, totalling 1.4 hectares, are realistically available for development. In addition, most existing buildings within the developed MUZ were constructed after 1990, limiting redevelopment potential, at least over the near term.

16 In contrast, the proposal would enable approximately 7.7 hectares of contiguous, undeveloped land that is immediately suitable for commercial development. The greenfield nature of the site supports greater flexibility for built form and enables a wider range of commercial activities than other PDP MUZ sites, many of which are embedded within residential environments or lack development flexibility due to their size, shape, or surrounding uses.

17 Using our in-house retail model, I project retail expenditure in the Bay of Islands-Whangaroa Ward to grow by more than $350 million from 2023 to 2048, requiring an additional 43,000 m² of core retail floorspace. Without additional capacity, this demand risks going unmet or being displaced to other centres.

18 The Spatial Plan allocates 70-80% of future commercial growth to Kerikeri and identifies a 30-year growth corridor overlapping the subject site. The proposal supports this vision and contributes to a compact urban form. The site also aligns with a proposed roading connection between Augusta Place and the Heritage Bypass.

19 In addition, the proposal supports the intent of the NPS-UD, which requires councils to provide sufficient development capacity for housing and business land “at all times” over short-, medium-, and long-term horizons. The PDP does not currently meet this requirement in respect of business land in Kerikeri. The proposal offers a targeted, feasible, and well-located intervention to address that shortfall, without the need for additional infrastructure upgrades or town centre expansion beyond the existing urban footprint.

20 Retail effects were tested under three scenarios, ranging from 8,675 m² to 26,025 m² of new floorspace. In all cases, trade diversion from the existing KTC remained within acceptable thresholds. Scenario 3, the most intensive, showed a 14% overall retail impact, which is expected to be mitigated over time through natural demand growth and is not considered likely to generate significant adverse effects.

21 Depending on the eventual mix of commercial uses, the proposal could support up to 1,120 new jobs, with an average estimate of 600 jobs. This would improve employment self-sufficiency and reduce the need for residents to commute to other areas. The district currently has 47 core retail jobs per 1,000 residents - well below the national average of 66 - suggesting room for improvement in local service provision.

22 While primarily a business proposal, the zoning would also enable residential development above ground-floor retail, consistent with existing planning rules. This supports compact, mixed-use urban form by consolidating town centre growth and better aligning housing and employment.

23 Finally, the subject site connects logically to existing and planned infrastructure and enables integrated centre-based growth in line with the Spatial Plan. By avoiding fragmented development, the proposal supports a coherent and efficient urban structure. It reinforces Kerikeri’s role as the district’s primary service and employment centre

while allowing for a finer-grained mix of uses that strengthen both economic and housing outcomes.

CONCLUSION

24 In my view, the proposal provides the most efficient and effective means of accommodating commercial growth in Kerikeri. Specifically, it:

(a) Unlocks materially more developable land than the PDP;

(b) Reinforces Kerikeri's role as the primary commercial and civic centre in the district;

(c) Aligns with the direction of the Spatial Plan and gives effect to the NPS-UD; and

(d) Delivers local economic benefits without undermining the existing centres.

25 I therefore consider the relief sought in Turnstone's submission to be the most appropriate way to achieve the purpose of the Resource Management Act 1991 and to support the district's future growth needs.

……..

Fraser Colegrave

30/06/2025

INSIGHT ECONOMICS

Draft Report: 30 June 2025

Economic Assessment of PDP Submission to Extend the Kerikeri Town Centre

Prepared for:
Turnstone Capital

Authorship

This document was written by Fraser Colegrave, Danielle Chaumeil, and Nic Keith.

Contact Details

For further information about this document, please contact us at the details below:

Fraser

Phone: +64 21 346 553

Email: fraser@ieco.co.nz

Disclaimer

Although every effort has been made to ensure the accuracy and integrity of the information and opinions presented herein, Insight Economics Limited and the authors of this report accept no liability for any actions, or inactions, taken based on its contents

Cover Photo Credit

NZ Herald

Copyright

Contents

1. Executive Summary

This economic assessment supports Turnstone Capital's submission to extend the Kerikeri Town Centre (**KTC**) Mixed Use Zone (**MUZ**) onto its land at 126A and 126B Kerikeri Road, along with adjoining land holdings (together referred to as the **subject site**), and to rezone the KTC to Town Centre Zone (**TCZ**). It demonstrates that the submitter's proposal will deliver a materially superior economic outcome compared to the zoning provisions currently in the Proposed District Plan (**PDP**).

Key findings in support of this conclusion include:

- **Insufficient PDP Capacity**: The PDP's MUZ extension adds only 1.4 hectares of realistically developable land. Over 90% of the PDP extension is already developed or constrained, rendering it largely ineffective at meeting future commercial needs. In contrast, the subject site is greenfield, offering greater flexibility for future building scale, layout, and design - and therefore choice in commercial activity.

- **Significant Developable Capacity**: The submitter's proposal adds 7.7 hectares of truly developable land in a contiguous location directly northwest of the current KTC. As this land is largely undeveloped, it is immediately suitable for commercial intensification.

- **Alignment with Growth Strategy**: The Spatial Plan (Te Pātukurea) allocates 70-80% of future commercial growth to Kerikeri. The proposal directly supports this strategy by enabling growth within the town's catchment and reinforcing its primacy in the centre's hierarchy.

- **Demand Justification**: Retail demand in the Bay of Islands-Whangaroa Ward is projected to grow by $350 million (48%) by 2048, requiring an additional 43,000m² of core retail gross floor area. Without rezoning, this growth risks displacement to Waipapa or other centres, undermining Kerikeri's role and function atop the centre's hierarchy.

- **Minimal Adverse Effects**: Retail distribution effects modelling across multiple development scenarios (up to 26,000m² GFA) found that trade impacts on the KTC would be below thresholds for concern. Existing stores are unlikely to relocate or close, and the centre's diverse functions - including civic, health, and cultural services - remain unaffected.

- **Enhanced Local Employment**: The site could support up to 1,120 new jobs, contributing to Kerikeri's employment base, reducing outbound commuting, and improving economic self-sufficiency.

- **NPS-UD Compliance**: Kerikeri-Waipapa is an urban environment under the National Policy Statement on Urban Development. As such, FNDC must ensure "at least sufficient" business capacity at all times. The PDP fails this test; the proposal satisfies it.

In summary, the submitter's proposal provides a future-proofed, policy-aligned, and economically efficient pathway for accommodating growth in Kerikeri, ensuring that its town centre remains vibrant, functional, and commercially sustainable in the decades ahead.

2. Introduction

2.1. Context & Purpose of Report

Far North District Council's (**FNDC**) is currently revising its District Plan. Amongst other things, the Proposed District Plan (**PDP**) rezones the Kerikeri Town Centre (**KTC**) to Mixed-Use Zone (**MUZ**) and extends it (mostly) northward. Turnstone Capital (the **submitter**) proposes an alternative extension pattern for the new Mixed-Use zone onto its land at 126A and 126B Kerikeri Road, along with adjoining landholdings (together referred to as the **subject site**), to help meet ongoing growth over time. In addition, the submitter proposes that the KTC instead be rezoned to the Town Centre Zone (**TCZ**) to better reflect Kerikeri's primacy within the district's centres network and to foster higher quality urban function and design outcomes over time. To assist, this report assesses the likely economic effects of the proposal relative to the Council's proposed zone extension.

2.2. Structure of Report

The remainder of this report is structured as follows:

- **Section 3** identifies the KTC's current zoning and compares the PDP's future zoning vision with that of the submitter.
- **Section 4** delineates a study area equal to the Ward in which Kerikeri falls, profiles projected population growth, summarises relevant parts of the Spatial Plan, and comments on the applicability of the NPS-UD from an economic perspective.
- **Section 5** describes the respective roles, functions, constraints, and opportunities of Kerikeri and Waipapa within the district's commercial network.
- **Section 6** quantifies current and projected retail demand across the study area, then translates demand into floor area requirements by retail type through to 2048.
- **Section 7** assesses the risk of adverse retail distribution effects arising from the proposal.
- **Section 8** evaluates the broader economic impacts of the proposal, including its capacity to accommodate growth, alignment with government and local policy, and its support for employment and retail self-sufficiency.
- **Section 9** provides an overall summary and conclusion.
- **Section 10** provides an overview of the retail modelling methodology used in the assessment, including its structure, assumptions, and data sources.

3. Zoning Options

This section shows the current zoning of th`e KTC and identifies two potential future zoning options.

3.1. Current Zoning

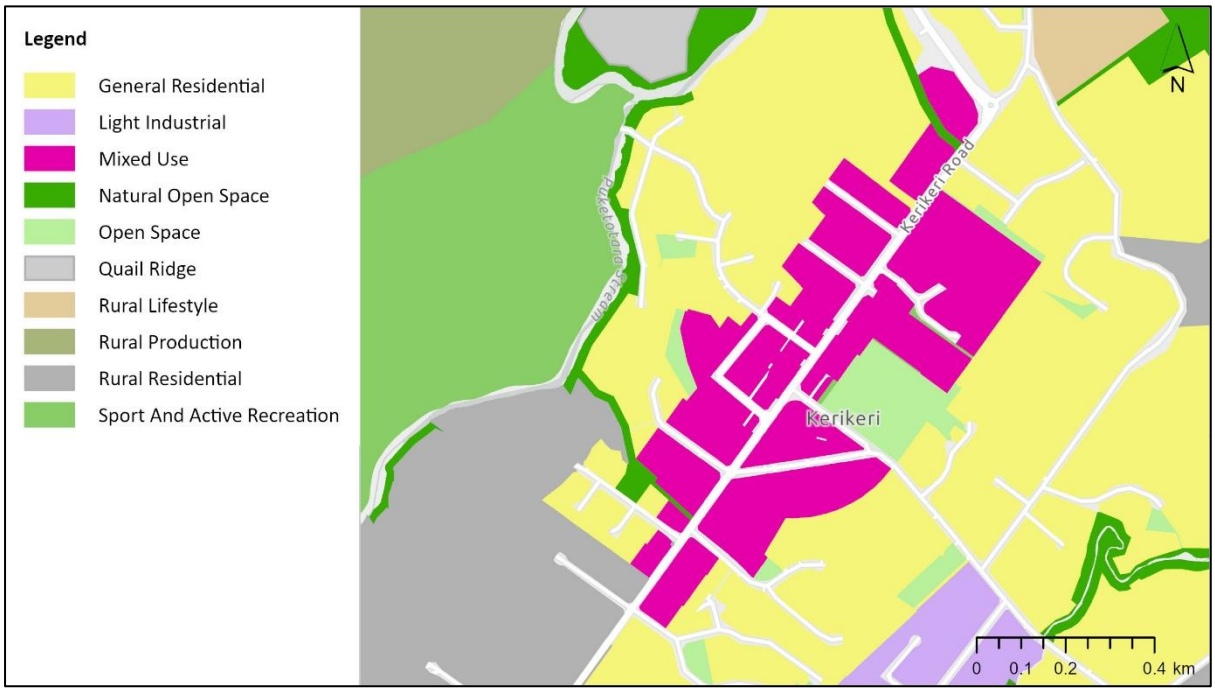
The KTC is currently zoned Commercial under the Operative District Plan (**ODP**), as per Figure 1 below.

Figure 1: Operative District Plan Zoning of the KTC and its Surrounds

3.2. Option 1: Proposed District Plan (PDP)

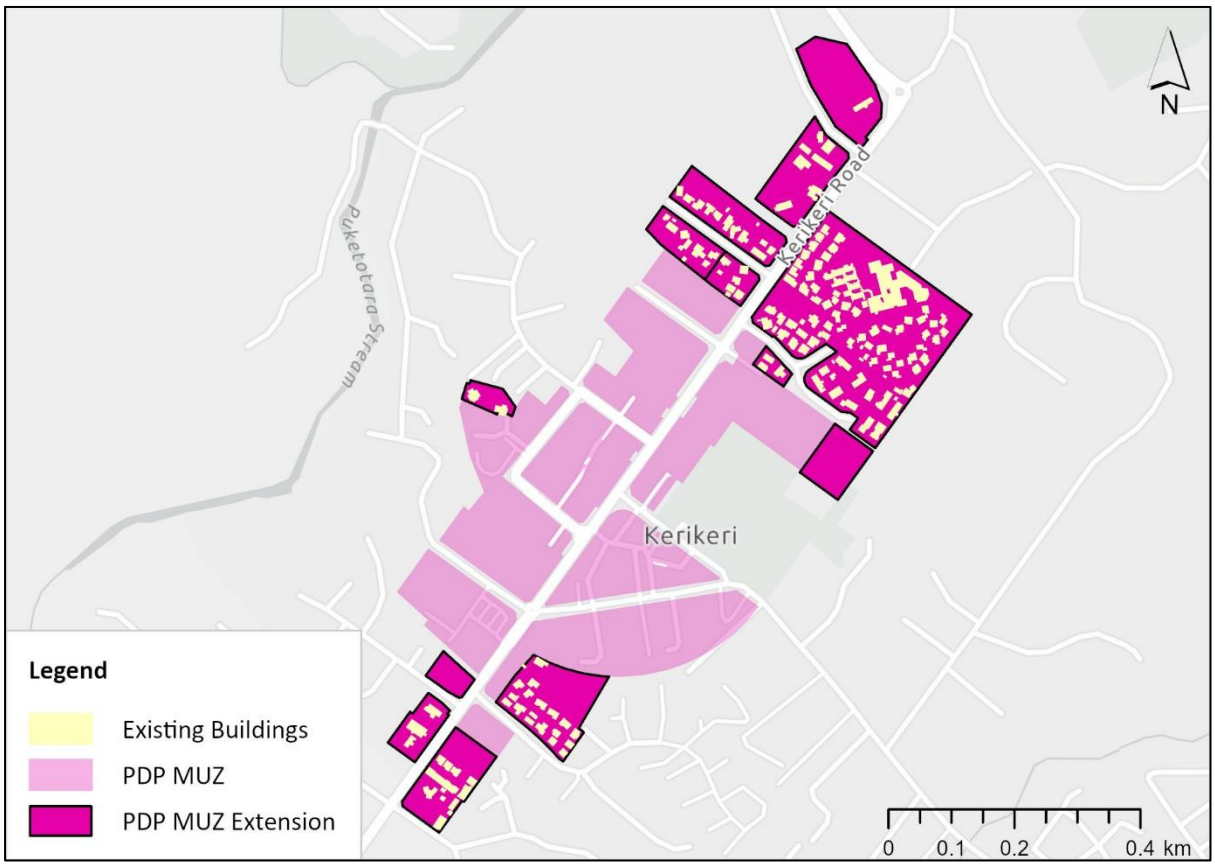
Under this option, the KTC is zoned in accordance with the PDP, as notified by FNDC. It rezones the KTC to Mixed Use Zone (**MUZ**) and extends it (mostly) northward. The magenta-shaded area in Figure 2 shows the extent of the MUZ under the PDP.

Figure 2: Future Zoning under the Proposed District Plan (PDP)



Overall, the PDP zones an additional 16.4 hectares of MUZ land over and above the extent of the existing ODP Commercial Zone. However, most of this additional land is already developed. This is illustrated in Figure 3, which shows the existing buildings located on the PDP MUZ extension land.

Figure 3: Existing Buildings Located on PDP MUZ Extension Land



For further context, the table below summarises existing land uses on the land identified for the extended MUZ area in the PDP, which include established residential areas, the Union Church, and Cornerstone Community Facility,[1] and a scattering of commercial activities. More than half the total GFA within the proposed MUZ extension is associated with the Kerikeri Retirement Village.

Table 1: PDP MUZ Extension Land Property Summary

Commercial Land Uses	**No. of Parcels**	**GFA (m²)**	**Share of GFA**
Educational Uses	1	695	2%
Elderly	3	23,000	53%
Multiple/Unknown	1	505	1%
Office	1	85	0%
Other	3	1,145	3%
Retail Use	4	680	2%
Accommodation	2	1,910	4%
Commercial Sub-Total	**15**	**28,020**	**64%**
Other Land Uses			
Residential	93	12,550	29%
Other	2	2,915	7%
Other Land Uses Sub-Total	**95**	**15,465**	**36%**
Kerikeri MUZ Extension Totals	**110**	**43,485**	**100%**

To elaborate, as shown in Table 2 below, only six parcels within the proposed MUZ extension area - totalling about 1.44 hectares - are currently vacant and realistically available for development.[2] This means less than 10% of the additional capacity enabled under the PDP is likely to be readily usable in practice.

Table 2: PDP MUZ Extension Vacant Parcels

Address	**Land Area (m²)**
1 Ranui Avenue	1,480
4 King Street	1,043
126 Kerikeri Road	994
138A Kerikeri Road	3,017
138C Kerikeri Road	809
48 Hone Heke Road (Kerikeri High School Field)	7,084
Vacant Total	**14,427**

Moreover, redevelopment potential across the non-vacant parcels is limited. Property data shows that two-thirds of developed sites were constructed in the past 30 years or so (i.e., since 1990), accounting for 85% of the total existing gross floor area. These sites are unlikely to be redeveloped in the foreseeable future, meaning the practical development capacity of the PDP MUZ extension is considerably lower than the nominal zoning suggests.

[1] Classified as 'Other'.

[2] Two of the sites in **Error! Reference source not found.** may appear underutilised due to the amount of open or undeveloped land they contain. However, 115 Kerikeri Road is owned by Kāinga Ora and is presumed to be used for housing, and 27 Kerikeri Road is poorly located for commercial development due to its limited visibility from Kerikeri Road and its residential surroundings.

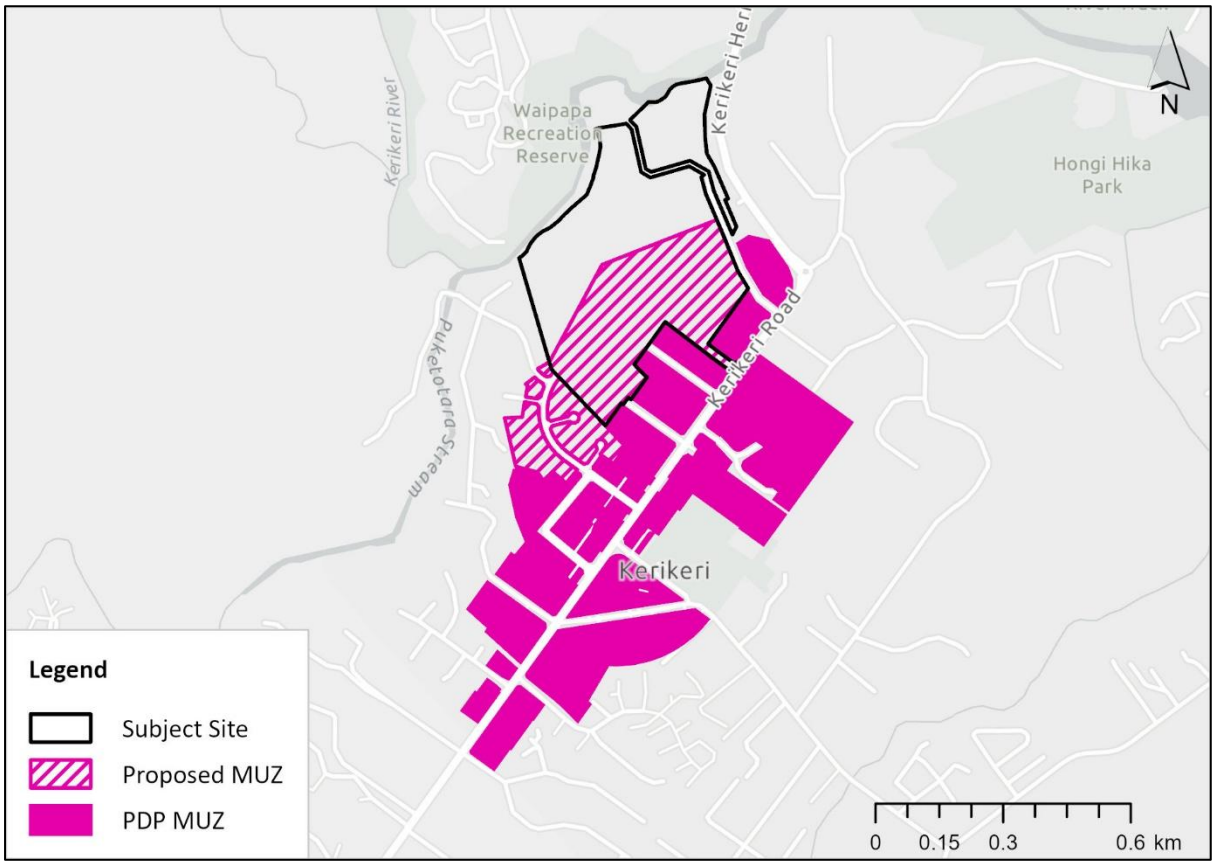
Table 3: Age Profile of Developed Parcels within PDP MUZ Extension Area

Decade Built	No. of Parcels	Share of Parcels	GFA (m^2)	Share of GFA
1930 - 1939	1	1%	223	1%
1940 - 1949	1	1%	180	0%
1960 - 1969	15	14%	1,957	5%
1970 - 1979	18	16%	3,171	7%
1980 - 1989	6	5%	860	2%
1990 - 1999	34	31%	31,388	72%
2000 - 2009	5	5%	607	1%
2010 - 2019	13	12%	2,492	6%
2020 - 2029	17	15%	2,607	6%
Total	**110**	**100%**	**43,485**	**100%**

3.3. Option 2: Proposal

In response to the seemingly limited additional development capacity provided by the PDP, the proposal seeks to extend the MUZ further to the northwest. This alternative extension is illustrated by the hatched area in Figure 4 below, with the subject site delineated in black. The solid-coloured area represents the PDP Mixed Use extent for comparison.

Figure 4: Extent of MUZ Sought by Submission



To summarise: Option 2 enables approximately 14 hectares of extra MUZ land over and above the PDP, around 11 hectares of which is on the subject site, and 3 hectares of which is to the south. While the additional MUZ land to the south of the subject site will contribute to a more coherent and legible zone extent, it is already developed. In contrast, the subject site remains largely undeveloped and therefore represents the primary opportunity for future growth enabled by this option.

Importantly, because the site is currently greenfield, it offers greater flexibility in terms of future built form, site layout, and design. This will enable a wider range of activity types and configurations to establish over time, responding to evolving market needs.

Assuming 30% of land area is used for roads, reserves, and other infrastructure, the proposal provides approximately 7.7 hectares of developable MUZ land on the subject site.

In addition to the changes just described, the submitter also seeks consideration of a Town Centre Zone (**TCZ**) for the KTC rather than the MUZ as per the PDP. This is intended to better reflect the centre's primacy within the district's centres network and to support better urban function and design outcomes as this generates more optimal economic outcomes now and into the future.

3.4. Option Comparison and Key Impacts Arising

In summary, both options increase the total amount of business-zoned land in Kerikeri compared to the Operative District Plan (**ODP**). However, Option 2 (the proposal) enables an additional 7.7 hectares of developable business land on the subject site, while Option 1 provides only about 1.4 hectares of developable land (as summarised above).

The key economic impact of the proposal is therefore an increase in business land supply. This forms the core focus of the remainder of this assessment. We also comment on the appropriateness of applying a Town Centre Zone from an economic perspective. First, we provide important context on the local commercial land market to inform the analysis that follows.

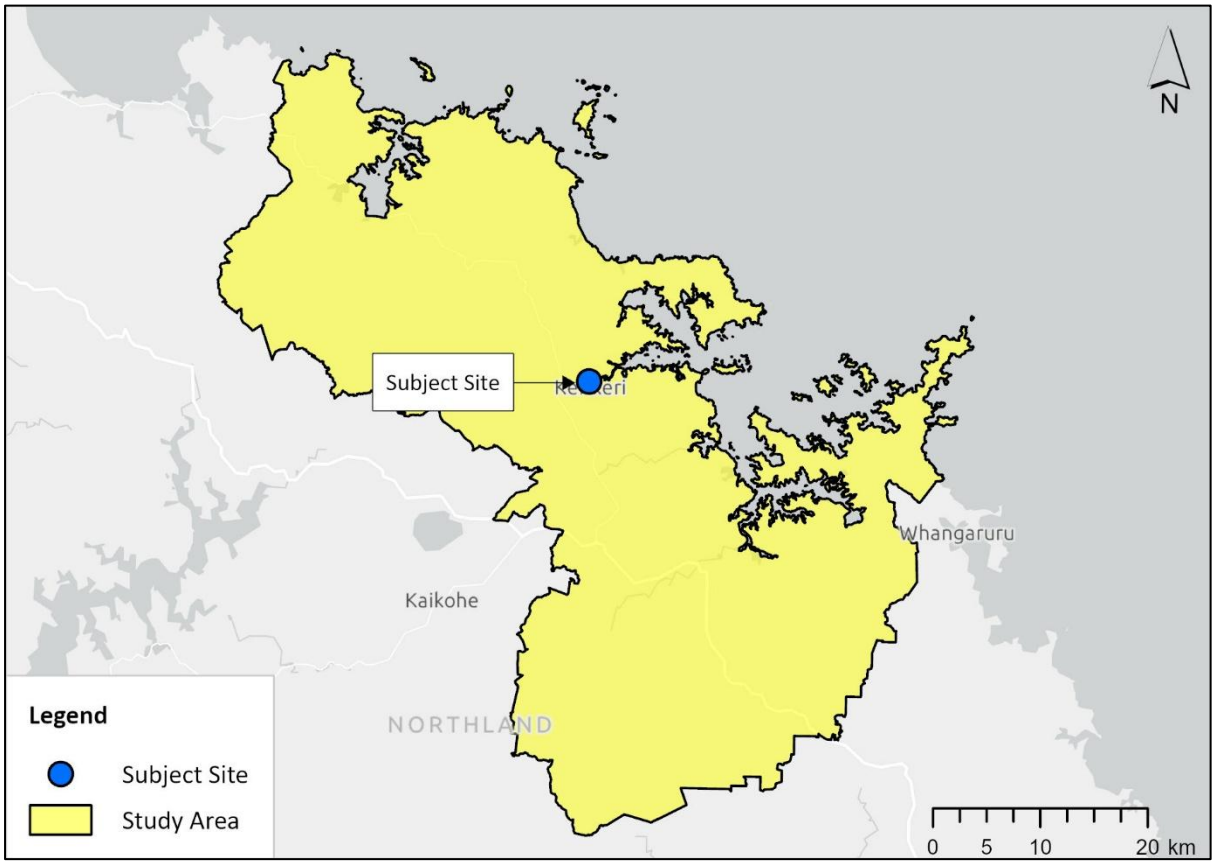
4. Growth & Strategic Context

This section briefly summarises the proposal's growth and strategic context.

4.1. Study Area

Most of this assessment adopts the Bay of Islands-Whangaroa General Ward as its study area. The physical extent of this is shown in Figure 5, where Kerikeri is centrally located and therefore naturally serves as the main commercial and civic hub for the Ward in which it falls.

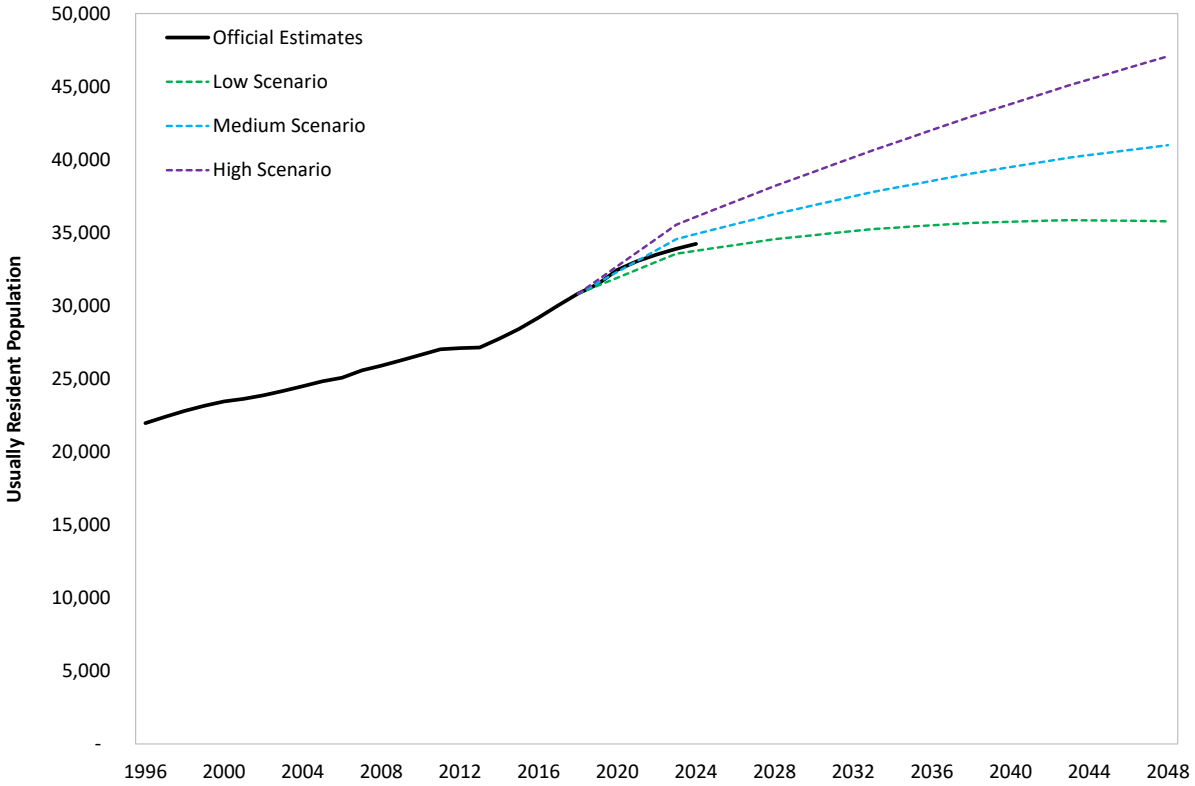
Figure 5: Study Area = Bay of Islands-Whangaroa General Ward



4.2. Population Growth

The study area has experienced rapid growth over the past decade or so, with the population climbing from just over 27,100 residents in 2013 to more than 34,200 in 2024 (an increase of 26%). Growth has levelled-off slightly in recent years, likely reflecting changes in internal migration patterns following the Covid-19 pandemic. As shown in in Figure 5, official Stats NZ population estimates now sit between the low and medium growth population scenarios.

Figure 6: Official Population Estimates to 30 June 2024 vs Official Projections



While we acknowledge the recent tempering of growth illustrated above, this assessment takes a long-term view that considers how ongoing population growth will translate into increased demand for business land over time. The spatial plan provides useful context in this regard (see below).

It is also important to note that official population figures reflect only the usually resident population and do not capture part-time residents or short-stay visitors. To illustrate this, the latest Census shows that nearly 20% of dwellings in the study area are unoccupied - almost twice the national average of 11%. This suggests a high prevalence of holiday homes, meaning the effective population at peak periods is likely well above official counts, reinforcing the need to plan for growth that is not fully captured in official statistics.

4.3. Spatial Plan

Te Pātukurea (the **spatial plan** or **SP**) is the 30-year spatial plan for Kerikeri-Waipapa, developed by FNDC to guide future housing, business, and infrastructure growth. It reflects an aspirational "blue sky" growth scenario where population growth exceeds official projections, with that growth directed into compact, well-serviced urban areas that promote well-functioning urban environments (**WFUE**). The final plan adopts a hybrid of growth scenarios D (Kerikeri South expansion) and E (Waipapa-focused expansion), with Scenario F held as a contingency option.

The spatial plan sets out a clear hierarchy between Kerikeri and Waipapa, identifying Kerikeri as the district's primary centre for retail, business, and civic activity. The plan allocates 70-80% of future commercial growth to Kerikeri, reinforcing its role as the focus for urban change, while directing most industrial growth (65-75%) to Waipapa. It supports concentrated commercial and mixed-use

development in and around the existing KTC, with upgrades to pedestrian, cycling, and transport infrastructure intended to reinforce its role as a compact, accessible centre.

Te Pātukurea plans for 18.5 hectares of additional business land under its "blue sky" growth scenario - an uplift from the 10.5 hectares identified in the Housing and Business Capacity Assessment (**HBA**) baseline. This land is predominantly intended to support Kerikeri's continued function as the economic and service hub of the Far North, contributing to an estimated 1,276 new jobs by 2054 and over $150 million in GDP.

The spatial plan also recognises Waipapa's complementary role, enabling further commercial and industrial growth suited to large-format and vehicle-oriented uses. However, it explicitly seeks to preserve "the economic vitality of Kerikeri" by directing small-format retail, professional services, and civic functions to the Kerikeri town centre.

By planning for more ambitious business growth and spatially reinforcing Kerikeri's primacy, the SP provides strong strategic support for proposals that extend and consolidate commercial land within Kerikeri itself.

4.4. NPS-UD Applicability

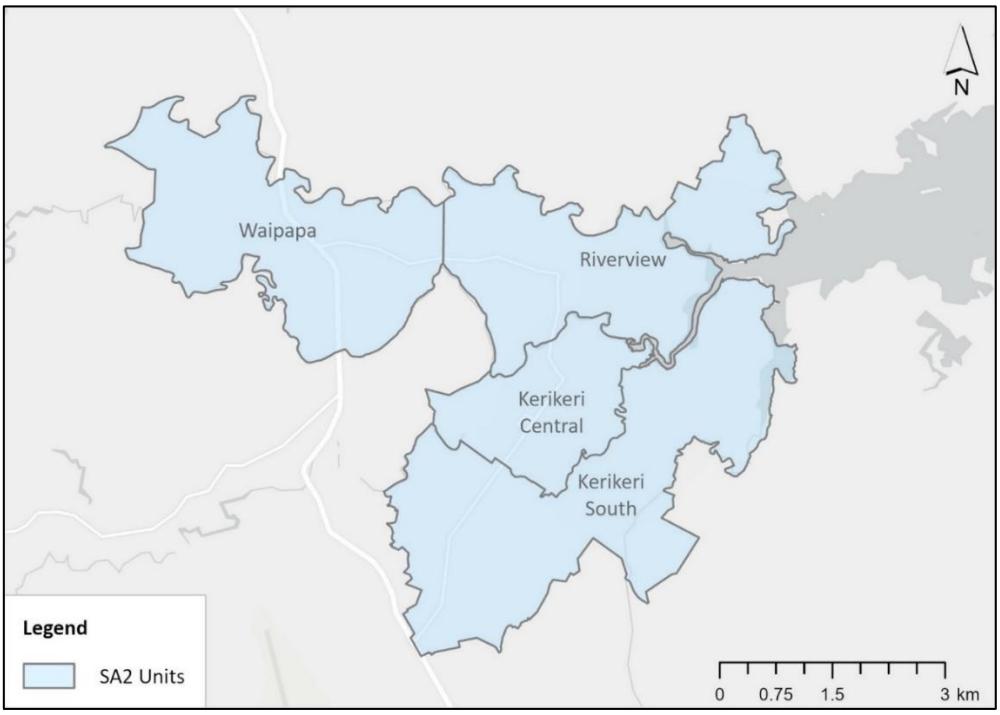
We understand that there is some uncertainty about whether Kerikeri is an urban environment for the purposes of the National Policy Statement on Urban Development (**NPS-UD**), and therefore whether that policy statement applies. Clause 1.4 of the NPS-UD defines an urban environment as any area that is, or is intended to be:

- predominantly urban in character; **and**
- part of a housing and labour market of at least 10,000 people.

To examine this, we first note that Kerikeri and Waipapa appear to function as an integrated housing and labour market. Next, we delineated the area shown below using SA2 boundaries to examine the current size of the joint Kerikeri-Waipapa housing and labour market. This is effectively a subset of the spatial plan area currently under consideration through the SP, and is also much smaller than the study area delineated above for the balance of this assessment.[3]

[3] In practice, the Kerikeri-Waipapa commercial areas will draw labour from further afield, but we ignore that here to keep our analysis as confined and thus conservative as possible.

Figure 7: Area Considered for Urban Environment Classification



According to Statistics New Zealand's official population projections, 9,320 people lived in this area as at June 2024 (i.e., 12 months ago). Under Stats NZ's low growth projection, the population will exceed 10,000 by 2031, with that milestone reached sooner under the medium or high scenarios. When local employment (of more than 3,000 in Kerikeri alone) is also accounted for, we consider the relevant threshold to have been surpassed already. We therefore consider Kerikeri-Waipapa to be an urban environment under the NPS-UD.

On that basis, FNDC is classified as a Tier 3 local authority and is subject to NPS-UD requirements. These include the need to ensure that there is "at least" sufficient development capacity "at all times" for business land over the short, medium, and long terms.

5. Existing Commercial Areas

This section describes the roles and functions of the two main commercial nodes in our study area.

5.1. Kerikeri

5.1.1. Role Within District Economy

Kerikeri is the largest and most established urban centre in the Far North District. It functions as a key commercial, civic, and cultural hub, providing a broad range of services to the local population and surrounding areas. Along with Waipapa, Kerikeri accounts for around a third of the district's total employment and GDP.

The town's role in the district economy reflects its historic growth around horticulture, tourism, and services. Today, Kerikeri continues to anchor key sectors including healthcare, professional services, real estate, and retail. It is also a major visitor destination within the Bay of Islands, with historic and cultural attractions that reinforce its identity as a tourism centre.

Kerikeri also contains critical regional infrastructure, including the Bay of Islands Airport, which connects the far-north to the rest of the country and supports both business and visitor flows.

The spatial plan identifies Kerikeri as the district's primary town centre, with a strategic focus on enhancing its function as a compact, walkable centre for small-format retail, business services, and civic and cultural activity. While some industrial expansion is planned, growth will be contained to ensure that Kerikeri retains this core role and character.

5.1.2. Centre Roles and Functions

To better understand Kerikeri's role and function within the district economy, we analysed 2023 Census data on industry of employment by workplace address at the most fine-grained spatial level available (which are known as SA1s). Table 4 presents the results.

Table 4: Kerikeri Town Centre Employment (2023 Census)

ANZSIC Level 1 Industries	Employees	Shares
A Agriculture, Forestry and Fishing	18	1%
B Mining	0	0%
C Manufacturing	24	1%
D Electricity, Gas, Water and Waste Services	78	4%
E Construction	27	1%
F Wholesale Trade	42	2%
G Retail Trade	444	24%
H Accommodation and Food Services	213	11%
I Transport, Postal and Warehousing	3	0%
J Information Media and Telecommunications	15	1%
K Financial and Insurance Services	57	3%
L Rental, Hiring and Real Estate Services	84	4%
M Professional, Scientific and Technical Services	201	11%
N Administrative and Support Services	24	1%

ANZSIC Level 1 Industries	Employees	Shares
O Public Administration and Safety	168	9%
P Education and Training	30	2%
Q Health Care and Social Assistance	330	18%
R Arts and Recreation Services	18	1%
S Other Services	99	5%
Totals	**1,875**	**100%**

As shown in Table 4, employment in the Kerikeri town centre is relatively diverse, with healthcare and social assistance, professional services, and public administration and safety making up more than a third of local jobs. Retail trade is the largest individual industry at 24%, but it is not dominant, indicating a wide mix of uses. This reflects Kerikeri's broader function as the district's primary commercial centre, supporting a range of civic, cultural, health, and visitor services in addition to retail and business activity. For example, within and around the town centre are several prominent non-retail activities, including:

- Kerikeri Library;
- Kerikeri Mission Station Museum;
- Far North District Council;
- Te Ahurea Māori Cultural Centre
- Kerikeri Theatre Company;
- Kerikeri Citizens Advice Bureau; and
- Various art galleries and studios.

Accordingly, retail is only one element of a wider mix that defines Kerikeri's role and function. To further examine the types of activities operating within the KTC, we used CoreLogic's Property Guru to identify all properties within the operative Commercial Zone. Table 4 below shows the results, and confirms the broad mix of commercial and other activities currently occurring there.

Table 5: Kerikeri Commercial Zone Property Summary

Commercial Land Uses	No. of Parcels	GFA (m^2)	Share of GFA
Accommodation	1	830	1%
Cinema/halls	1	660	1%
Educational uses	1	140	0%
Liquor outlets	2	880	1%
Multiple/unknown	18	12,580	16%
Offices	24	7,010	9%
Other	10	3,120	4%
Parking	2	0	0%
Retail use	93	40,540	52%
Service stations	2	950	1%
Small health operations	2	770	1%
Commercial Sub-Total	**156**	**67,480**	**86%**
Other Land Uses			
Industrial	3	920	1%
Residential	56	7,350	9%
Other	9	2,740	3%
Other Uses Sub-Total	**68**	**11,010**	**13%**
Kerikeri Totals	**224**	**78,490**	**100%**

5.1.3. Constraints and Opportunities for Growth

Kerikeri is expected to accommodate a significant share of future growth in the Far North, with the spatial plan identifying it as the primary location for "*small to medium-sized businesses, retail, cultural, business, and tourism activity*." Urban change will be directed toward "*intensifying activities in and around the town centre and increasing residential density in key locations*," supporting a compact, walkable environment that leverages existing infrastructure.

The plan presents several opportunities. Investment in new streets and public spaces, along with upgrades to pedestrian and cycling connections, will improve the functionality of the town centre and reinforce its civic and commercial roles. Growth will largely be accommodated within or adjacent to the existing footprint, enabling cost-effective infrastructure servicing and limiting the impacts of sprawl. The planned extension of blue-green networks and open space amenities will also improve environmental outcomes and strengthen the area's identity.

However, several constraints will require careful management. Natural features such as rivers and floodplains create physical limits to expansion and require buffers and setbacks to reduce flood risk and protect water quality. Infill opportunities are also constrained by heritage character and fragmented landownership, and the spatial plan notes the need to "*strengthen the small-town character and identity*" through sensitive design and redevelopment.[4] In addition, continued rural lifestyle growth around the urban fringe risks undermining town centre vitality and increasing infrastructure costs if development remains dispersed.

5.2. Waipapa

5.2.1. Role Within District Economy

Waipapa has evolved from a rural service centre into a key industrial and business hub. Its location along State Highway 10 (**SH10**) and ability to accommodate larger-format development have supported this transition, allowing Waipapa to take on a complementary role to nearby Kerikeri.

The area now functions as a centre for industrial activity, trade services, and large-format retail. These land uses are space-intensive and less suited to the fine-grained retail, boutique hospitality, and heritage character of Kerikeri. Waipapa provides an outlet for these activities, serving a broad catchment across the region.

The spatial plan identifies Waipapa as a focus for ongoing commercial and industrial growth. It is expected to continue expanding as a service centre for the wider region, with more land enabled for light industrial use and large-format retail. This includes a deliberate effort to attract investment and development from outside the area, support employment growth, and diversify the local economy.

5.2.2. Centre Roles and Functions

To better understand Waipapa's current roles and functions, we analysed fine-grained (SA1) employment data. As shown in the figure below, this area captures the full extent of Waipapa's

[4] We note, however, that the plan also identifies opportunities for medium-density dwellings such as walk-up apartments and three storey terraces via amalgamation of lots in key locations in and around the town centre.

commercial and industrial footprint, including activities located along State Highway 10 and within the Waipapa business precinct.

Figure 8: Waipapa Commercial and Industrial Zones (as per ODP)

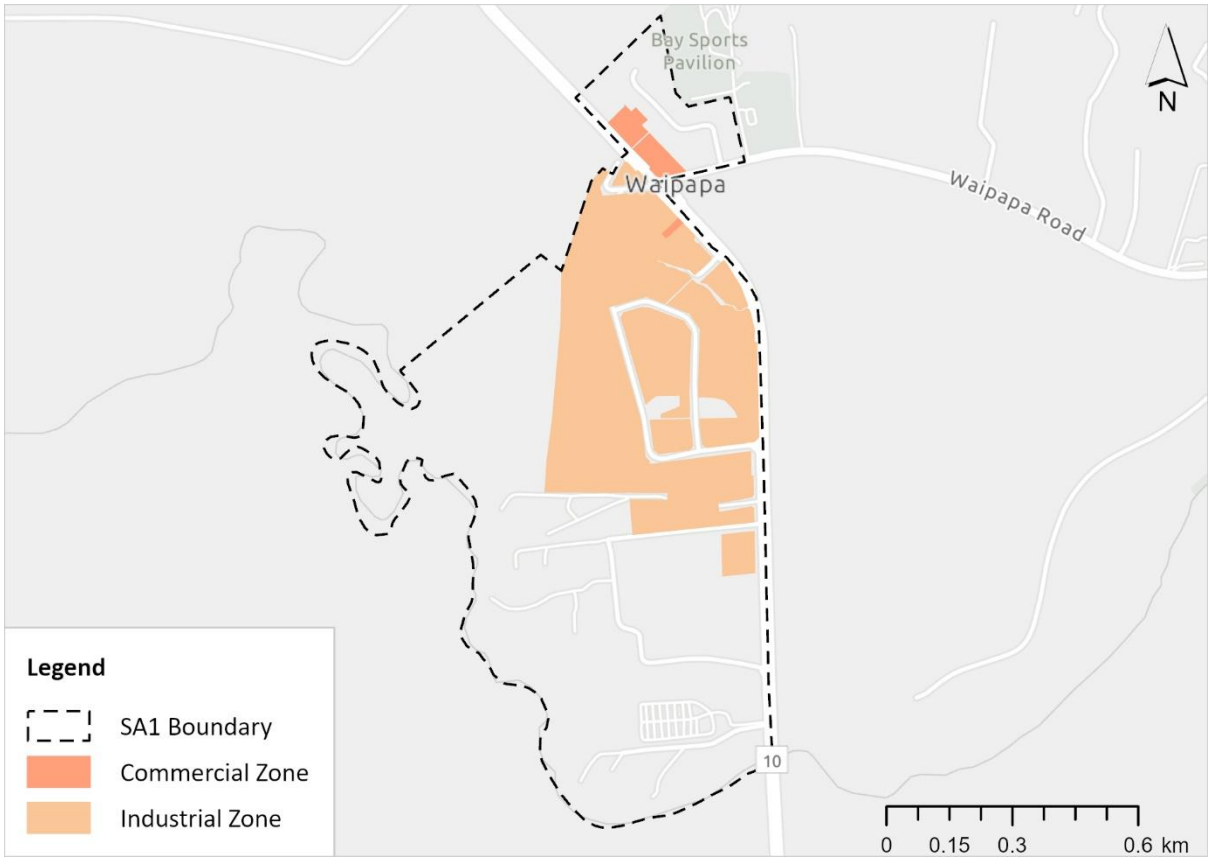


Table 6 shows Waipapa's employment base is concentrated in trade and production-oriented sectors. Retail trade accounts for 34% of all jobs, followed by manufacturing (15%), construction (10%), and wholesale trade (9%). The predominance of these land-intensive and operational sectors reflects Waipapa's role as a service and logistics hub for the wider district.

In contrast to Kerikeri, employment in civic, health, and professional services is minimal. This supports the view that Waipapa serves a complementary function - focused on industrial activity, large-format retail, and services that are less suited to the compact, walkable character of the Kerikeri town centre.

Table 6: Waipapa Employment (2023 Census)

ANZSIC Level 1 Industries	Employees	Shares
A Agriculture, Forestry and Fishing	18	3%
B Mining	0	0%
C Manufacturing	99	15%
D Electricity, Gas, Water and Waste Services	18	3%
E Construction	69	10%
F Wholesale Trade	60	9%
G Retail Trade	234	34%
H Accommodation and Food Services	21	3%
I Transport, Postal and Warehousing	24	4%
J Information Media and Telecommunications	0	0%
K Financial and Insurance Services	6	1%

ANZSIC Level 1 Industries	Employees	Shares
L Rental, Hiring and Real Estate Services	12	2%
M Professional, Scientific and Technical Services	21	3%
N Administrative and Support Services	18	3%
O Public Administration and Safety	15	2%
P Education and Training	12	2%
Q Health Care and Social Assistance	21	3%
R Arts and Recreation Services	0	0%
S Other Services	33	5%
Totals	**681**	**100%**

5.2.3. Constraints and Opportunities for Growth

The spatial plan describes Waipapa as a "*growing commercial hub that complements Kerikeri*," with a clear focus on large-format retail, industrial activity, and residential expansion. The existing centre already hosts several high-throughput businesses and is expected to evolve further as a vehicle-oriented service centre.

The plan highlights several opportunities. It supports expanding the industrial zones to provide more land for industrial uses, which will help meet business land demand and enable job creation. Upgrades to local roads and new connections are intended to reduce reliance on SH10 and support better access within and beyond Waipapa. A reinvigorated centre layout is also envisaged, with the integration of new shops, parks, and walkable housing improving local amenity and functionality.

Constraints relate primarily to land use integration, flood risks, and infrastructure. The plan acknowledges the need to "*ensure industrial developments are sensitive to surrounding land uses*," particularly where residential growth is planned nearby. Large-format and vehicle-dependent development patterns may also limit walkability and reduce flexibility in future land use. Moreover, Waipapa's physical separation from Kerikeri - due to floodplains and natural features - creates challenges for coordinated urban form and infrastructure provision between the two nodes

5.3. Summary

Kerikeri and Waipapa play complementary roles within the Far North's commercial landscape. Kerikeri functions as the district's civic, cultural, and professional hub, with a diverse employment base and a town centre that supports a broad mix of retail, health, education, and public services. Its compact, walkable centre includes fine-grained, specialist retail that contributes to a vibrant atmosphere and draws visitors for leisure as well as day-to-day needs. In contrast, Waipapa serves as a trade-focused and industrial centre, characterised by large-format retail, construction services, and land-intensive activities. These functional differences are reflected in both employment patterns and built form, with Waipapa evolving as a vehicle-oriented service node.

6. Retail Demand

This section estimates current and projected future retail demand for study area using our Integrated Retail Model (IRM), which has been continually refined over the last 15 years to provide a robust and reliable method for estimating retail demand across all regions of New Zealand. Please see the appendix for further information about the model and its workings.

6.1. Current (2023) Demand by Store Type

Table 7 presents our estimates of study area retail demand by store and customer type in 2023, the closest 'base year' available. These exclude spending outside the region by study area households and businesses to focus on the addressable market for current and prospective future local retailers.[5]

Table 7: Current (2023) Bay of Islands Ward Retail Demand by Customer Type & RTS Store Type

Core Retail Stores	**Households**	**Businesses**	**Visitors**	**Total**
Supermarket and grocery stores	$138.4	$6.1	$30.6	$175.1
Specialised food	$7.2	$0.4	$2.0	$9.6
Liquor	$8.0	$0.4	$8.9	$17.3
Department stores	$29.9	$1.5	$5.8	$37.2
Furniture, floor coverings, housewares	$8.8	$1.2	$1.7	$11.7
Hardware, building, and garden supplies	$48.5	$9.4	$20.5	$78.4
Recreational goods	$16.1	$0.7	$2.8	$19.6
Clothing, footwear, and accessories	$10.0	$0.8	$8.3	$19.2
Electrical and electronic goods	$11.3	$1.4	$1.9	$14.7
Pharmaceutical & other store-based retailing	$31.5	$3.3	$3.5	$38.3
Food and beverage services	$28.4	$6.6	$52.3	$87.2
Core Retail Sub-total	**$338.0**	**$31.9**	**$138.3**	**$508.2**
Non-Core Retail Stores				
Motor vehicles	$45.9	$10.2	$17.5	$73.5
Fuel	$49.9	$7.0	$26.3	$83.1
Accommodation	$10.5	$3.2	$48.3	$62.1
Non-store and commission-based retailing	$3.3	$0.0	$1.7	$5.0
Non-Core Sub-total	**$109.6**	**$20.3**	**$93.8**	**$223.7**
All Retail Stores	**$447.6**	**$52.2**	**$232.1**	**$731.9**

Table 7 shows that Ward retail sales exceeded $730 million in 2023, more than $500 million of which was core retail. i.e. the type of retail commonly found in town centres. Supermarket and grocery store spending dominates, accounting for just under a quarter of total retail demand within the Ward, followed by food & beverages (12%), fuel (11%), and hardware, building, and garden retailing (11%). Households account for two-thirds of core retail but only half of core retail, while businesses account for just over a quarter of core retail but more than 40% of non-core. Tourists account for less than 10% of both core and non-core retail.

[5] While the development may reduce the share of study area spending leaking out of the region, we ignore that possibility to ensure that our analysis remains as conservative as possible.

6.2. Current GFA Supported

Table 8 translates the demand estimates above into corresponding estimates of the total gross floor area (**GFA**) supported by core retail store type. Non-core retail store types are excluded. Overall, we estimate that current demand for about 90,000m^2 of core retail GFA, led by hardware, building and garden supplies (30%), food & beverages (18%), and supermarket and grocery stores (16%).

Table 8: Bay of Islands Ward Core Retail GFA Supported by Demand as at February 2023

Core Retail Stores	**Demand $m**	**$/m²**	**GFA m²**
Supermarket and grocery stores	$175.1	$11,950	14,650
Specialised food (including liquor)	$26.9	$9,750	2,760
Department stores	$37.2	$4,100	9,070
Furniture, floor coverings, housewares	$11.7	$3,650	3,200
Hardware, building, & garden supplies	$78.4	$2,950	26,580
Recreational goods	$19.6	$4,250	4,620
Clothing, footwear, and accessories	$19.2	$4,700	4,080
Electrical and electronic goods	$14.7	$6,200	2,360
Pharmaceutical & other retailing	$38.3	$6,200	6,170
Food and beverage services	$87.2	$5,450	16,010
Core Retail Total	**$508.2**	**$5,680**	**89,500**

6.3. Projected Demand

Next, Table 9 projects five-yearly retail demand to 2048 assuming that:

- Population growth follows the Stats NZ medium scenario;
- Household inflation-adjusted spending increases by 1% per annum; and
- Business and visitor spending grow pro-rata to maintain their 2023 shares by store type.

To summarise: The medium projection demonstrates steady growth across all store types, with overall retail expenditure increasing by more than $350 million (48%) to 2048. This includes $246 million of core retail spending growth, plus $105 million of non-core retail growth.

Table 9: Bay of Islands Ward Retail Demand Projections ($ millions)

Core Retail Stores	**2023**	**2048**	**Change**
Supermarket and grocery stores	$175	$262	$87
Specialised food	$10	$14	$5
Liquor	$17	$25	$8
Department stores	$37	$56	$19
Furniture, floor coverings, housewares	$12	$18	$6
Hardware, building, and garden supplies	$78	$117	$38
Recreational goods	$20	$29	$10
Clothing, footwear, and accessories	$19	$28	$9
Electrical and electronic goods	$15	$22	$7
Pharmaceutical & other store-based retailing	$38	$58	$19
Food and beverage services	$87	$126	$39
Core Retail Sub-total	**$508**	**$755**	**$246**
Non-Core Retail Stores			
Motor vehicles	$73	$110	$36
Fuel	$83	$123	$40
Accommodation	$62	$88	$26
Non-store and commission-based retailing	$5	$7	$2
Non-Core Sub-total	**$224**	**$328**	**$105**
All Retail Stores	**$732**	**$1,083**	**$351**

Table 10 translates the core retail demand projections above into the quantum of extra floorspace supportable, which is expected to increase from just under 90,000m^2 today to nearly 133,000m^2 by 2048 - an increase of more than 43,000m^2. Hardware, building, and garden supplies account for 30% of this projected floorspace growth, with significant increases also expected in supermarkets/grocery stores, plus food and beverages, although growth is spread across all core retail categories.

Table 10: Bay of Islands Ward GFA Supported by Projected Demand (m^2)

Core Retail Stores	**2023**	**2048**	**Change**
Supermarket and grocery stores	14,650	21,910	7,260
Specialised food (including liquor)	2,760	4,050	1,290
Department stores	9,070	13,610	4,540
Furniture, floor coverings, housewares	3,200	4,820	1,620
Hardware, building, and garden supplies	26,580	39,610	13,030
Recreational goods	4,620	6,930	2,310
Clothing, footwear, and accessories	4,080	5,980	1,900
Electrical and electronic goods	2,360	3,570	1,210
Pharmaceutical & other store-based retailing	6,170	9,300	3,130
Food and beverage services	16,010	23,100	7,090
Core Retail Sub-total	**89,500**	**132,880**	**43,380**

7. Retail Distribution Effects

This section briefly considers the risk of retail distribution effects occurring due to the proposal.

7.1. Steps in the Analysis

Following are the key steps in this part of our assessment:

1. Define retail distribution effects and distinguish them from trade competition effects;
2. Identify centres at greatest risk of experiencing potential retail distribution effects;
3. Summarise the current role and function of each at-risk centre;
4. Assess the materiality of potential trade impacts on at-risk centres; then
5. Consider the overall likelihood of retail distribution effects arising.

7.2. Definition of Retail Distribution Effects

Under the Resource Management Act 1991 (**RMA**), decision makers must ignore effects ordinarily associated with trade competition when evaluating proposed developments. Instead, they may only consider possible flow-on effects. i.e. retail distribution effects. These *may* occur if a development reduces the patronage and turnover of existing retail stores so acutely that some close, causing the overall amenity provided by the centre to decline so much that community wellbeing is undermined.

Case law confirms that trade impacts must be very high to go beyond effects ordinarily associated with trade competition, and that effects on individual stores are irrelevant. In addition, as alluded to above, any flow-on effects must be significant to reach the threshold at which intervention is justified.

7.3. Identification of At-Risk Centres

Given its proximity to the subject site and its primacy within the district's centres network, Kerikeri Town Centre (**KTC**) is the only commercial area that we consider faces any material risk of flow-on effects due to the proposal. While Waipapa is also close and will therefore also shoulder trade impacts, it does not fulfil the same broad roles and functions as the town centre, nor have the same primacy. Instead, Waipapa is mainly just a large format retail destination, with little scope for adverse effects to flow beyond pure trade competition. Accordingly, the rest of this section considers only potential retail distribution effects on the KTC.

7.4. Current Roles, Functions, Health & Vitality

As shown in section 5.1 above, the KTC performs several roles and functions as the district's primary commercial area. While retail is a key feature of the town centre, it is also a focal point for a wide range of other commercial, civic, recreational, and community activities.

To assess the KTC's current health and vitality, we reviewed a wide range of information, including the Spatial Plan and other relevant documents, but none provided a point-in-time indicator of its current health and vitality. However, one simple but effective measure of a centre's overall health and vitality is its vacancy rate, with low vacancy rates interpreted as an indicator of good health, and vice versa.

According to a brief scan of property websites, we found only three retail tenancies available for lease in the town centre, namely:

- 93 Kerikeri Road (73m^2 GFA) - a small tenancy formerly housing a realtor and shed builder
- 7 Fairway Drive (2,030m^2 GFA) - the former bunnings is being subdivided into 10 tenancies.
- 68b Kerikeri Road (130m^2 GFA) - a narrow but deep tenancy on the main road.

These three properties account for less than 2% of the total number in the KTC (of 200+), and their GFA accounts for less than 3% of the centre total. Thus, while some parts of the KTC may be performing better than others, as is usually the case, the centre appears to be relatively healthy and vital overall.

7.5. Materiality of Potential Trade Impacts

An important consideration in this assessment of retail distribution effects is the materiality of trade impacts, and hence their potential to trigger flow-on effects. Put simply: the greater the trade impacts of the proposal on KTC's retailers, the greater the risk of retail distribution effects, and vice versa.

To estimate potential trade impacts, we ran three indicative retail development scenarios through our model - as described in the appendix - to estimate the effects on the KTC. The scenarios were:

- **Scenario 1** assumes that the subject site accommodates 20% of Ward core retail growth from 2023 to 2048 (which equals 8,675m^2 GFA);

- **Scenario 2** attributes 40% of growth over that period to the subject site (17,350m^2 GFA); and

- **Scenario 3** attributes 60% of growth over the period to 2025 (26,025m^2).

Below are the estimated initial impacts on town centre retail sales by store type, which range from 0% (for non-core retail stores) to 22% for food and beverage services under scenario 3. The overall retail impacts range from 5% for scenario 1 to 14% for scenario 3.

Table 11: Estimated Initial Trade Impacts of Each Scenario on KTC Retailers

Store Types	Scenario 1	Scenario 2	Scenario 3
Accommodation	0%	0%	0%
Clothing, footwear, and accessories	-5%	-10%	-15%
Department stores	-8%	-15%	-20%
Electrical and electronic goods	-5%	-10%	-15%
Food and beverage services	-9%	-16%	-22%
Fuel	0%	0%	0%
Furniture, floor coverings, houseware, textiles	-4%	-8%	-12%
Hardware, building, and garden supplies	-7%	-14%	-19%
Motor vehicles	0%	0%	0%
Non-store and commission-based retailing	0%	0%	0%
Pharmaceutical and other store-based retailing	-8%	-14%	-20%
Recreational goods	-7%	-13%	-18%
Specialised food	-8%	-15%	-21%
Supermarket and grocery stores	-6%	-12%	-17%
Grand Total	**-5%**	**-10%**	**-14%**

While we acknowledge that scenario 3's impacts are quite acute for stores assumed to compete most directly with future retailers on the subject site, that level of retail development would take several years to accrue, not occur all in one go as assumed in the modelling. At the same time, KTC retailers will be benefitting from increased catchment spending over time, which will help to offset these trade impacts. In fact, under the status quo, the town centre's demand is projected to grow 10% from 2023 to 2028, and then a further 10% during the following five years to 2033.

Thus, while some planning provisions, such as GFA caps or activity-specific thresholds, may be required to ensure that future development on the site is not disproportionately large relative to the KTC and catchment spending growth, the estimated trade impacts above are unlikely to cause significant retail distribution effects overall.

7.6. Potential for Store Relocations

In addition to the trade impacts just discussed, another important consideration is the possibility of existing KTC retailers relocating to the new or emerging commercial area(s) modelled, which would exacerbate trade impacts and elevate the risk of retail distribution effects occurring.

Put simply, an existing KTC retailer may seek relocation to a new or emerging commercial area nearby if doing so is expected to be commercially beneficial. This, in turn, requires either costs to fall and/or revenues to grow. Let us now consider each side of the equation.

However, relocation incurs significant one-off costs, including those associated with "making good" on the premises being vacated, moving to the new premises, fitting them out, then refreshing all marketing and advertising materials to reflect the change. At the same time, there is the opportunity cost of foregone sales/market share during relocation itself.

On the other side of the ledger, turnover increases - if any - are likely to be relatively modest. While stores may enjoy a temporary uplift during the early days of relocation, this will likely subside once the novelty of the new location wears-off and patronage for that retailer returns to steady-state levels. Over the long term, store turnover for any retailer is capped by catchment spending power and store size. Thus, higher revenues may be sustained at the new location only if the retailer occupies a bigger space. But this would lead to further rent increases, so the overall effect on profitability is unclear.

As a result, we do not expect a significant relocation of existing retailers to the subject site if or when space became available. That said, we accept that a small number of relocations may occur.

7.7. Overall Likelihood of Significant Flow-on Effects

After carefully examining the likely impacts of the various scenarios modelled on the role, function, health and vitality of the KTC, we consider them unlikely to cause *significant* adverse retail distribution effects because:

- Although the KTC is the closest and largest centre, the proposal's trade impacts will be spread across a diverse network of centres and retailers, not shouldered just by the KTC.

- The proposal's relatively accessible location (amongst some of the fastest growing parts of the district) will help draw customers from a wide geographic catchment, which further helps to diffuse trade impacts.

- Moreover, because local retail demand is forecast to continue growing over time, any initial trade impacts experienced by KTC stores will not be permanent, with turnovers recovering gradually due to ongoing increases in district spending.

- As a result, it seems unlikely that many (if any) KTC stores would close, which significantly curtails the scope for retail distribution effects to occur.

- The town centre also fulfils a wide range of non-retail roles and functions, none of which will be affected by the retail development scenarios modelled.

- In addition, people who previously shopped at specific specialty stores in the town centre will still return to those stores even if they frequent new stores elsewhere, because those KTC specialty shops will remain the best way to meet those specific retail needs.

- Existing KTC retailers are unlikely to relocate *en masse* due to the long-term nature of leases, and the significant one-off costs of moving. Further, even if some relocations did occur, the resulting vacancies would likely soon be backfilled by another tenancy.

For these reasons, we do not consider the retail development scenarios modelled above to pose a risk of significant retail distribution effects on the town centre.

8. Economic Impacts of Proposal

This section describes the economic impacts of the proposal relative to the PDP zoning provisions.

8.1. Capacity to Accommodate Growth

The PDP enables only limited additional business capacity in Kerikeri beyond the current zoning, as most of the newly zoned land is already developed (refer Section 3.2). This appears to be at odds with the aspirational growth targets outlined in the Spatial Plan, as well as our modelling results, which indicate that substantial additional demand for business land is likely to emerge over time.

That growth will need to be accommodated somewhere. While Waipapa will naturally absorb some of this - particularly large format retail and other car-oriented activities - most should be directed to Kerikeri, which is intended to function as the district's primary commercial and civic centre. The SP reflects this strategic direction, allocating approximately 70-80% of future commercial growth to Kerikeri.

If Kerikeri lacks the capacity to absorb this growth, there is a risk that commercial activity will be displaced to other locations such as Waipapa - or beyond the district altogether. Over time, this could erode Kerikeri's role as the primary centre, undermine district-wide planning objectives, and contribute to less efficient urban outcomes. It may also reduce the district's self-sufficiency by diverting activities elsewhere.

In contrast, the submitter's site is directly contiguous with the existing town centre and provides genuine, developable capacity to accommodate future commercial growth. Rezoning this land would help give effect to the SP's vision by consolidating Kerikeri's role as the district's commercial and civic hub and enabling a logical extension of business activity across both sides of the proposed Kerikeri Bypass through to the Heritage Bypass. This supports a more coherent and connected urban form, aligned with the strategic direction outlined in the SP.

8.2. Alignment with Government Policies and Plans

As highlighted above, the proposal aligns with the overarching intent of the SP. In addition, there is a degree of spatial alignment between the proposal and the long-term strategic planning, with the SP identifying an area of potential future business land on the western side of the Heritage Bypass, broadly overlapping with the subject site.

At the national level, the proposal aligns with central government's "Going for Growth" urban growth agenda, which prioritises enabling development and removing barriers to housing and business supply.

Most importantly it also responds directly to the statutory intent of the NPS-UD, which requires all local authorities - including Tier 3 councils like FNDC - to provide "at least sufficient development capacity" for both housing and business land over the short, medium, and long term.

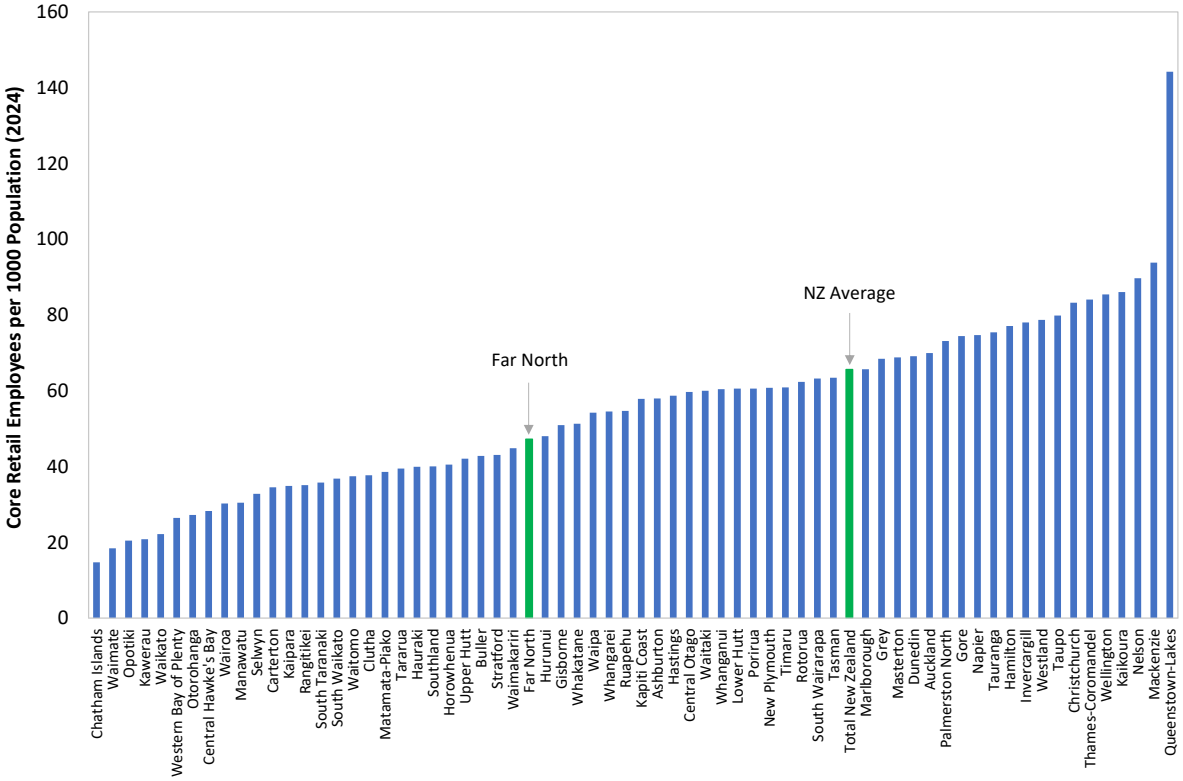
While Tier 3 authorities are not subject to mandatory intensification policies or bottom lines, they are still required under section 75(3) of the RMA to give effect to all national policy statements, including

the NPS-UD. In this context, the proposal supports the obligation to ensure "at least sufficient development capacity" exists for business land over all timeframes. It provides additional zoned capacity within an identified urban environment, in a location supported by long-term planning documents, and in a manner that aligns with the principles of well-functioning urban environments under the NPS-UD.

8.3. Improved District Retail Self-Sufficiency

Retail self-sufficiency provides a useful indication of the extent to which residents are able to access everyday goods and services locally, without needing to travel to other territorial authorities (**TA**s). It is commonly measured as the number of core retail employees per 1,000 residents. Figure 10 presents this metric for all New Zealand TAs, based on 2024 population and employment data.

Figure 9: Core Retail Employees per 1,000 Residents



As shown, Far North District had just 47 core retail employees per 1,000 residents in 2024 - well below the national average of 66, and also below the national median of 55. This suggests that many residents may currently need to travel outside the district to access basic retail goods and services.

By enabling more commercial activity to establish in Kerikeri over time, the proposal will support improved retail self-sufficiency across the district. It will create greater opportunities for local service provision and reduce the need for residents to travel elsewhere for shopping and other commercial needs.

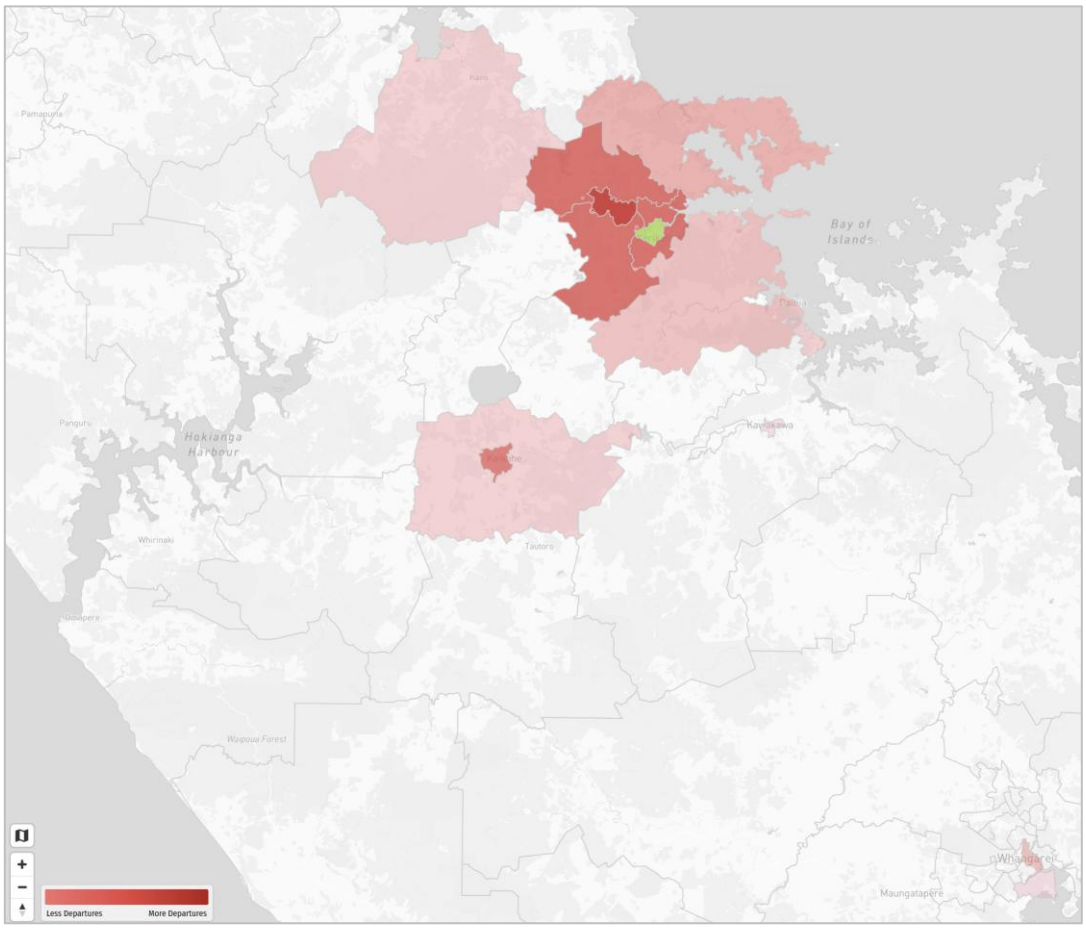
8.4. Enhanced Local Employment Opportunities

In addition, the proposal provides an opportunity to gradually expand local employment options within Kerikeri. This would help reduce reliance on commuting and support more residents to work closer to home.

Commuter Waka data[6] shows that around 360 people (40% of daily departures) leave the Kerikeri Central SA2 for work, with destinations spread across at least 15 different areas. While Waipapa is the largest single destination (69 commuters or 8% of total departures), others travel much further, including to Kaikohe and Whangārei. This pattern highlights a clear opportunity to enable more local job growth within Kerikeri itself. Figure 10 below shows the areas that Kerikeri Central residents travel to for work. The Kerikeri Central SA2 is highlighted in green, while darker red shades represent higher numbers of outbound commuters to those areas.

[6] Available here: https://commuter.waka.app/

Figure 10: Commuting for Work Destinations from Kerikeri Central SA2 (2023)



As previously discussed, the proposal includes approximately 7.7 hectares of likely developable land, which could accommodate a mix of commercial, office, and retail activities. Assuming a floor area ratio (**FAR**) of 0.45, this equates to around 34,650 m² of floorspace.

To estimate employment potential, we applied average floorspace-per-worker ratios from the latest HBA[7] for select centre-based land uses. These include offices, shops, and accommodation uses typically found in or around town centres. Table 11 presents the results.

[7] Table 6-1: Employment to land area ratios (sqm per employee per space type). Pg. 58

Table 12: Employment Scenarios Based on HBA Land Use

Use Type	GFA per Worker (m^2)	Potential Jobs
Shops - Commercial	31	1,120
Office - Commercial	38	910
Office - Retail	69	500
Shops - Retail	101	345
Accommodation	275	125
Average	**n/a**	**600**

Depending on the eventual mix of uses, the site could support between 125 and 1,120 local jobs, with an average of approximately 600 jobs. These roles would contribute directly to Kerikeri's employment base, reduce outward commuting, and support the spatial plan's goal of reinforcing the town's function as the Far North's primary commercial centre.

8.5. Potential for Integrated Housing Outcomes

In line with current planning provisions, parts of the site could also accommodate residential units above ground-floor commercial uses. This supports a finer-grained, mixed-use environment, enabling more compact urban form and contributing to both housing supply and local employment.

Commuter Waka data shows that in 2023, 2,265 people - or 80% of Kerikeri Central's workforce - commuted in from outside the area, compared to just 549 people who both lived and worked locally. Commuters arrived from at least 31 different areas, including nearby locations like Kerikeri South, Riverview, Puketotara, and Lake Manuwai-Kapiro, as well as more distant places such as Rangaunu Harbour in the far north.

Enabling residential activity as part of a mixed-use development can help improve the spatial match between homes and jobs. While the proposal is primarily focused on expanding business capacity, it also provides an opportunity to support modest housing growth in a location with good access to services, amenities, and employment.

8.6. Highest and Best Use of Land

Finally, the proposal will also enable the land to be put to its highest and best use, which is a precondition for economic efficiency to hold in the underlying land market. It will also support high-quality urban design outcomes by integrating with the Council's proposed road connection between Augusta Place and the Heritage Bypass, reinforcing permeability and site connectivity.

9. Summary and Conclusion

This assessment concludes that Turnstone Capital's proposal to extend the MUZ onto the subject site and adopt a Town Centre Zone for the KTC is more appropriate and provides a materially superior outcome for the Far North District. This is because it:

- **Unlocks 7.7 hectares of truly developable land**, a more than fivefold increase compared to the PDP.
- **Aligns directly with the Spatial Plan**, which prioritises Kerikeri as the core commercial and civic hub of the district.
- **Satisfies NPS-UD requirements** for business land sufficiency in an urban environment, unlike the PDP, which largely rezones already-developed land.
- **Supports improved retail self-sufficiency**, reducing the need for residents to shop outside the district.
- **Enables up to 1,600 new local jobs**, helping meet employment needs and reducing commuter outflow.
- **Avoids significant retail distribution effects**, preserving the health and vitality of the existing town centre.

For these reasons, the submitter's proposal offers the most economically efficient, strategically aligned, and future-focused approach to zoning in Kerikeri. Accordingly, we support the submission on economic grounds and see no reason to deny it on that basis.

10. Appendix: Retail Model Overview

10.1. Purpose of Model

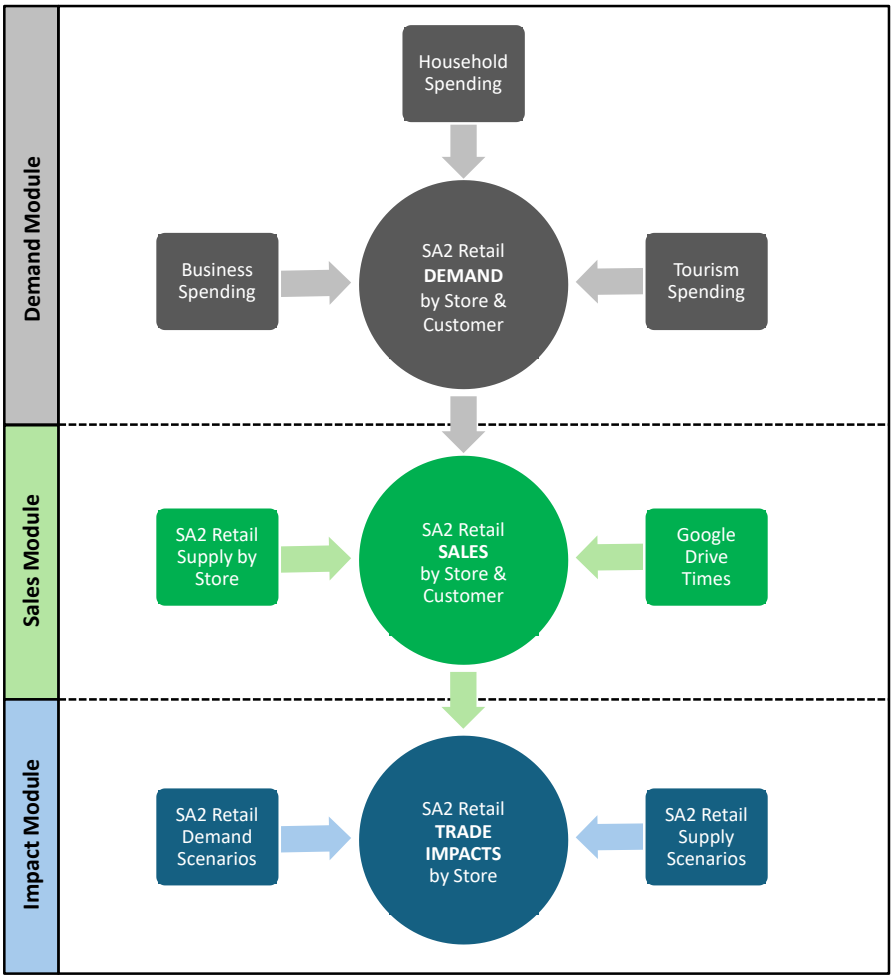
The purpose of the model is to estimate the following by store type on a region-by-region basis:

1. Retail **demand** by suburb (as defined by Statistical Area 2s or **SA2**s) for 3 customer types;
2. Retail **sales** by SA2s and centres; and
3. Trade **impacts** by SA2s and centres for user-defined scenarios.

10.2. Structure

The model comprises three interrelated modules, as illustrated below. First, retail demand by SA2 is estimated based on a wide range of (mainly public) information. Those demand estimates are then fed into the sales module, which traces the flows of retail demand from each SA2 to each store within the region using principles based on Newton's law of gravity. Finally, the third module allows users to test the impacts of changes in retail supply and/or demand on retail sales across the region.

Figure 11: IRM Structure Comprising 3 Interrelated Modules



10.3. Store Types

The model covers the 15 store types in Statistics NZ's Retail Trade Survey (**RTS**), as listed below. 11 of these are defined as core retail stores, while four are defined as non-core retail.[8]

- **Core Retail**
  - Supermarket & grocery stores
  - Specialised food (e.g. butcher, fruit & veg shop, bakery etc)
  - Liquor stores
  - Department stores
  - Furniture, floor coverings, houseware, textiles
  - Hardware, building, & garden supplies
  - Recreational goods
  - Clothing, footwear, & accessories
  - Electrical & electronic goods
  - Pharmaceutical & other store-based retailing
  - Food & beverage services
- **Non-Core Retail**
  - Accommodation
  - Non-store & commission-based retailing
  - Motor vehicles
  - Fuel

10.4. Demand Module Description

Below is a high-level summary of the process used to derive the model's demand estimates.

Step 1: Allocate National Sales to Customers & Transactions

The first step is to allocate national RTS sales by store type to three customer types:

1. New Zealand households;
2. New Zealand businesses; and
3. International visitors.

Step 2: Estimate Household Spending by Store Type & SA2

Household spending by store type, as estimated above, is next translated into two demand functions, one relating to household incomes, and another to household size. These functions are then applied to the number of households in each SA2 by income and size to estimate total household retail demand by store type in 2023. Finally, domestic tourism data is used to subtract a share of each SA2's retail demand that leaks out of the region due to online shopping or domestic tourism. This results in SA2-level estimates of household retail demand within their home regions by RTS store type for 2023, which are then projected to 2048 at five-year intervals based on Statistics New Zealand's official population projections, and assuming inflation-adjusted spending growth of 1% per annum.

[8] This differs from the RTS, which treats accommodation and non-store and commission-based retailing as core retail stores.

Step 3: Estimate Business/Govt Spending by Store Type & SA2

Business/Govt spending by store type is mapped to high-level industries and divided by the number of employees in each to yield Business/Govt retail demand by store type & SA2. Adjustments are made to remove out-of-region spending during (for example) business trips to derive Business/Government retail demand per employee within their workplace region by RTS store type in 2023. These values are then overlaid with the number of employees in each industry by SA2 to estimate Business/Govt retail demand within the workplace region by RTS store type. This is assumed to grow pro-rata with SA2 household demand so that it remains a constant share of demand by store type and by SA2 over time.

Step 4: Estimate Tourism Spending by Store Type & SA2

Finally, tourism spending by product/store type and territorial authority (**TA**) is mapped to RTS store types and allocated to each TA's SA2s based on their shares of:

- TA Commercial accommodation employment, and
- TA Households.

While it varies by store type, 90% of the weight is typically placed on each SA2's shares of commercial accommodation employment, and 10% on its share of dwellings. The latter captures spending by visitors that stay with friends or relatives (i.e. VFR tourists) or renting peer-to-peer accommodation like AirBnB. The spatial distribution of both is highly correlated with dwelling counts. Like business/Govt spending, this is assumed to grow pro-rata with SA2 household retail demand so that it remains a constant share of demand by store type and by SA2 over time.

Step 5: Aggregate Demand & Reconcile with Regional Sales

The SA2 demand estimates derived via the bottom-up processes just described are then aggregated by store type and region for reconciliation with regional retail sales in 2023. Of the 225 unique store type-region combinations, the model estimated demand within 1% or 2% of the corresponding sales figure, but a handful of anomalies required minor adjustments to properly capture spending flows.

Step 6: Finalise Demand Estimates

Once minor adjustments were made to balance supply and demand by store type for all regions, the demand estimates were finalized for future analysis and reporting. They show SA2 retail demand by population projection scenario, store type, and customer at five-year intervals from 2023 to 2048 for three customer types, which are defined as follows:

- **Household** = spending by households within their home regions. *i.e.* excluding in-store or online spending at stores located in other regions.

- **Business** = spending by businesses and other organisations within their home regions. *i.e.* excluding in-store or online spending at stores located in other regions.

- **Visitor** = spending by domestic and international visitors in each region.

Together, these three sources of demand equal regional retail sales for each store type in the RTS.

10.5.Sales Module Description

Below is a high-level summary of the process used to derive the model's retail sales estimates.

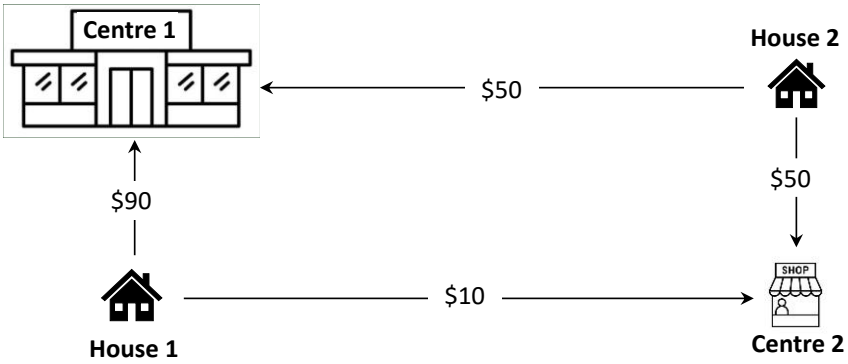
Introduction

The model contains a spatial interaction module that traces the flows of retail demand from each SA2 to each store using principles based on Newton's law of gravity. These mimic the predictable nature of shopping, wherein people are naturally attracted to stores that are large and/or nearby. As a result, most shoppers tend to visit the closest store that meets their needs, but they may sometimes travel further to visit other, larger stores with greater choice and/or better prices than nearby stores.

Example

Consider an example with two houses spending $100 each across two centres: one large & one small.

Figure 12: Simplified Illustration of the Gravity Model Concept



In this example, because House 1 lives much closer to Centre 1, and because Centre 1 is much larger, House 1 does most (say 90%) of their shopping there. They only visit centre 2 relatively rarely, perhaps "for a change of scenery", to meet friends, or to visit a specific store. The situation for House 2 is different. Although centre 2 is closer, centre 1 is bigger, so the offsetting forces of store size and distance cancel out. So, House 2 spends a similar amount at both centres.

Table 13 shows how these demand flows translate into estimates of retailer/centre sales in our model. In this example, Centre 1's sales are $140, comprised of $90 from House 1 and $50 from House 2. Centre 2's sales are $60, with $10 from House 1, and $50 from House 2.

Table 13: Calculation of Centre Sales Using Gravity Model Example

Spend Origin	**Spend Destination**		
	Centre 1	Centre 2	Total Spend
House 1	$90	$10	$100
House 2	$50	$50	$100
Total Sales	**$140**	**$60**	**$200**

Type of Gravity Model Used

The earliest retail gravity models date back to 1931, when they were first used to study retail competition between cities. Since then, they have been gradually refined and now focus largely on competition within cities. In 1953, the so-called Huff model was introduced and has remained popular. Not only did Huff rework the earlier retail gravity models to focus on intra-city competition, but he

also made it probability based. Whereas earlier models allocated the full value of each customer's expenditure to only one store or centre, the Huff model assigns each a share.

These shares are derived via the following two-step procedure for each origin/store type combination. First, each retail store is assigned a score based on its relative size/attractiveness and proximity using the following formula:

$$Huff\ score\ = \frac{Retail\ Employment^{\alpha}}{Google\ Driving\ Time^{\beta}}$$

Second, each store's Huff score is divided by the sum of all Huff scores for the same origin-store type combination to derive its market share. These are overlaid with the demand originating in each SA2 by store type and aggregated to derive each store's estimated sales, as per the example above.

The model also includes two parameters per store type - alpha $\boldsymbol{\alpha}$ and beta $\boldsymbol{\beta}$. They allow the impacts of store size and proximity/distance to vary by store type. This, in turn, reflects the varying willingness of shoppers to travel for different types of goods/stores.

10.6. Impact Module Explanation

Below is a high-level summary of the process used to derive the model's retail impact estimates.

Introduction

The third module has been specifically designed to estimate and compare the potential trade impacts of user-defined retail development scenarios. To estimate trade impacts for each scenario, the model is run twice. First, the proposed development(s) is excluded to estimate the baseline turnovers of existing stores absent it. Then, the model is run again including the proposed development. By holding total sales constant between model runs, every dollar turned over at new stores represents a dollar diverted from elsewhere, which provides direct estimates of trade impacts by store type and location.

Example

Let us return to the stylized example above with two households and two centres and imagine that a third centre opens about halfway between the two households, as per the illustration below. Because each household is still spending only $100 each, every dollar spent at the new centre represents a dollar no longer spent at the original two centres.

Figure 13: Recalculation of Sales Including an Extra Centre as an Impact Scenario

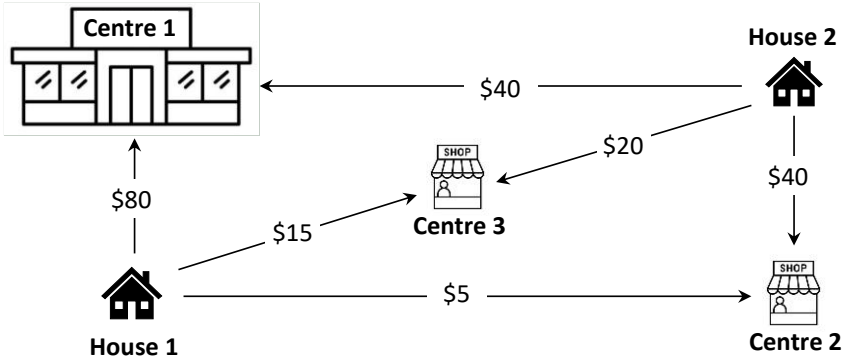


Table 2 shows how these revised spending flows affect the sales of each centre. In short, the new centre is estimated to turnover $35, $20 of which is diverted from Centre 1, and $15 from centre 2. These dollar impacts are then usually expressed as percentages of the baseline turnover figures to inform a subsequent assessment of retail distribution effects.

Table 14: Recalculation of Centre Sales Using Gravity Model Example

BASELINE SALES	**Spend Destination**			
	Centre 1	Centre 2	Centre 3	Total Spend
House 1	$90	$10	n/a	$100
House 2	$50	$50	n/a	$100
Total Sales	**$140**	**$60**	**n/a**	**$200**
SCENARIO SALES	**Spend Destination**			
	Centre 1	Centre 2	Centre 3	Total Spend
House 1	$80	$5	$15	$100
House 2	$40	$40	$20	$100
Total Sales	**$120**	**$45**	**$35**	**$200**
SALES IMPACTS	**Spend Destination**			
	Centre 1	Centre 2	Centre 3	Total Spend
House 1	-$10	-$5	$15	$0
House 2	-$10	-$10	$20	$0
Total Sales	**-$20**	**-$15**	**$35**	**$0**

Finally, the model also allows users to define retail demand scenarios, where there are increases or decreases in retail demand by SA2. These might capture, for example, the impacts of a new residential subdivision on the sales of existing retailers.

10.7. Information Sources

The model was derived using numerous interrelated datasets, including:

1. Retail Trade Survey - national sales by store type
2. Retail Trade Survey - regional core & non-core sales
3. REAWT - TA total retail sales
4. Annual Enterprise Survey - main dataset
5. Annual Enterprise Survey - supplementary/detailed data
6. Input output tables - transactions table
7. MRTE - domestic and international tourism spending by product
8. Business Demography - GUs and employees by SA2 & store type (Feb 2023)
9. Stats NZ Population estimates - by SA2 to 2024
10. Stats NZ Population projections - by SA2 & scenario from 2023 to 2048
11. Tourism Satellite Account - tourism product ratios and tourism industry ratios
12. Household Expenditure Statistics (HES) - weekly spend by household income & size
13. Household Expenditure Statistics - retail spend by store type & HES item
14. Census 2023 - number of households by income band and by household size.
15. Core Logic Property Guru tool - retail and services GFA by TA.
16. Marketview data - various snapshots over space and time since 2013.