

Commercial Land Needs – Queenstown Lakes District

Final Report

August 2006

Project Name: QLDC Business land needs analysis
Document Reference: Y:\HYC Active Projects\QLDC 1399 Business land needs\report\draft report2.doc
Date of this version: August 2006
Status of Report: Final
This Report was prepared by: David Mead, HYC

Hill Young Cooper Limited
PO Box 99847
Newmarket, Auckland
p: 09 529 2684
f: 09 520 4685
e: d.mead@hyc.co.nz

Table of Contents

1	SUMMARY	1
2	INTRODUCTION.....	4
2.1	Purpose of Report	4
2.2	Process and Structure	5
3	CURRENT STATE.....	7
3.1	Employment Areas	11
3.2	Future employment areas.....	15
3.3	Historical Floorspace Growth.....	17
3.3.1	Land Values.....	21
3.4	Employment.....	23
3.4.1	Employment density	25
3.5	Land use mix within employment centres	26
3.5.1	True Industrial activities	31
4	FUTURE NEEDS	34
4.1	Demand Trends.....	34
4.2	Business Land Supply Approach	36
4.3	Floor space approach	38
4.4	Employment Demands	41
4.4.1	Queenstown / Wakatipu.....	42
4.4.2	Wanaka	47
5	IMPLICATIONS AND RECOMMENDED APPROACH.....	51
5.1	Queenstown / Wakatipu.....	51
5.1.1	Town Centres	51
5.1.2	“True Industrial” land needs.....	53
5.1.3	Mixed Uses.....	54
5.2	Wanaka	55
6	DEFINITIONS AND LOCATIONAL ISSUES	57
6.1	Yard and transport-based areas	57
6.2	Retail in business areas.....	59

6.3	Mixed Use.....	61
6.4	Locational Issues	62
6.4.1	New area(s) for yard and transport-related activities	62
6.4.2	New mixed business areas.....	63
6.4.3	Mixed use areas	63
6.4.4	Smaller Settlements.....	63

1 Summary

Queenstown Lakes District Council has requested advice on the amount of commercial land (land included within Town Centre, Business and Industrial Zones) that is needed to sustain the growth of the local economy to 2026.

The District's supply of commercial land is likely to be exhausted in the near future. Various rezoning proposals being considered in relation to land in the Frankton and Wanaka areas could provide additional land for commercial activities. To help shape these decisions, information is needed on how much land is required for what type of activities.

This report has considered the current make of the district's economy, current land supply and rates of floor space and employment growth over the recent past. Land value information has also been reviewed, along with recent development trends in both QLDC and the neighbouring Central Otago District.

Important features of the local economy, in terms of the demand for commercial land include:

- The importance of the retail, café / food, accommodation, recreational and cultural services sector, which combined make up 52% of the district's employment, compared to 22% nationally
- The recent growth of the construction and business services sector
- The relatively small size of the manufacturing and wholesale sectors, which make up only 6% of local employment, compared to 22% nationally.

It is apparent that the District does not have an industrial base, and that most activities seek a town centre or mixed business location. The District Plan reflects this, with the Business and Industrial zones being very similar in nature. Within this overall picture, there are a range of transport and yard-based activities that service the local economy and which are likely to be "squeezed out" over time by rising land values should the current approach continue. While these activities could be located in Cromwell, their absence from the district is likely to harm the functioning of the local economy.

Assuming continued high rates of population and employment growth, and some diversification of the economy, it is estimated that in the Queenstown / Wakatipu area, there will be demand for up to 16,000 jobs to be located in commercial areas by 2026, and 4,500 jobs in commercial areas in the Wanaka area. Some employment growth in the secondary settlements can also be expected as they grow and develop.

Taking into account existing and planned developments in the Queenstown / Wakatipu area (including the further expansion of Remarkables Park, the Five Mile Village and Jacks Point), it is estimated that 10,000 jobs could be accommodated in town centre locations.

For the remaining 6,000 jobs, it is recommended that:

- An area (or areas totalling) of up to 30 ha is set aside for yard and transport-based activities. This area will provide a location for approximately 10% of employment that is likely to fall into these categories by 2026.
- A new mixed business area or areas (i.e. Business Zoned area) of a total of 28 to 30 ha be identified, and the Glenda Drive area be rezoned as Business (rather than industrial, once the new yard and transport-related area has been identified). Together, these three areas (Gorge Road, Glenda Drive, and the new business area or areas) should be able to accommodate 4,000 jobs.
- The balance of 1,500 jobs will be able to be accommodated in proposed mixed use areas (residential and small business areas).

For the Wanaka area, a further 20ha of commercial zoned land is needed, over and above the proposed 3 Parks retail centre. 10ha could be set aside as a yard and transport-based area within the expanded Ballantyne Road area, and in particular at the Ballantyne Ponds site as identified in the Wanaka Structure Plan. An additional 10 ha mixed business area is also required, perhaps associated with the new retail centre. Anderson Heights should be retained as a business area.

To support the proposed approach, District Plan changes would be needed to:

- Introduce the new zonings, and rezone existing areas
- Limit the spread of retail activities out of town centres into existing and new Business zones. This is to help ensure town centre land is used efficiently and that employment land is not used up by consumption-based activities

- Support retention of the new yard and transport-based areas for these activities through limits on building coverage and minimum site sizes
- Ensure mixed use development occurs in the appropriate areas.

2 Introduction

2.1 Purpose of Report

Queenstown Lakes District Council (QLDC) has requested advice on the amount of commercial land that is likely to be needed to meet employment-related demands out to 2026. The Council wishes to have a good understanding of current and future needs upon which to base various zoning decisions that it has to make in relation to Wanaka and Queenstown (Frankton).

The 2004 Growth Options report noted that there were significant constraints on light industrial land in the Queenstown / Wakatipu area. Looking out to 2021, the study noted that:

For light industrial areas, 2,500 to 3,000 more people are likely to work there. There is space for about another 900 jobs in existing light industrial areas, leaving an unmet demand for about 50 to 60 ha of land for light industrial and service activities.

In relation to the Wanaka area, the Growth Options Study concluded that the projected growth of employment will generate demand for another 25 to 30 ha of land for light industrial, service and retail jobs, as current commercial and industrial land was almost fully occupied.

As anticipated, the District is now facing imminent constraints on the supply of land zoned for commercial uses, particularly for non-town centre based employment activities (business and industrial activities). The current stock of vacant commercial zoned land in the District is likely to be fully developed soon. While new commercial areas are being planned, and there are opportunities for redevelopment of some existing employment areas for more intensive use, it will be necessary to identify additional land for town centre, mixed use, business and industrial activities. Opportunities to achieve this are available at Frankton and Wanaka, but information is needed on how much land should be identified, and for what purpose.

In terms of the District Plan, commercial land is taken to mean land that provides space for:

- Town centres zones – such as Queenstown and Wanaka town centres
- Business zones – Gorge Road and Anderson Road
- Industrial zones – Glenda Drive and Ballantyne Road.

In reality, there is little to distinguish business zones from industrial zones, as land use controls under the District Plan allow for virtually the same set of activities in both zones. This is an issue that we return to later when discussing future needs.

2.2 Process and Structure

The report has been prepared by Hill Young Cooper Ltd, with the assistance of Mac Properties, Queenstown-based property valuers.

The study has involved:

- Reviewing historical floor space growth in employment centres
- Reviewing current market trends
- Gathering data on current land values, market rentals and returns
- Analysing current patterns of activities and densities of floor space and people employed
- Estimating future demand.

A selected number of landowners and developers were also interviewed in relation to their views as to what they saw as the main demands for commercial land. Two workshops with QLDC councillors have been held.

The report is structured as follows:

- Section 1 sets out the current state in terms of land supply, floor space and employment in each centre
- Section 2 estimates future demands, based on a range of assumptions
- Section 3 discusses the implications of these forecasts and recommends a direction in terms of commercial land supply.

- Section 4 discusses associated changes to planning controls that may be needed to support the direction set out in Section 3.

3 Current State

This section of the report briefly reviews the structure of the local economy, and its historical demands for land, floorspace and employment.

As of June 2005, Statistics New Zealand Business Demography data recorded 13,560 people employed in the District (this includes all full time and part timers). This was a growth of 4,200 jobs since 2001.

The QLDC economy has grown quickly over the last five years. Between 2001 and 2005, the number of people employed in the District grew by 47% (an annual rate of growth of 10%). During the same period, the number of residents grew by around 30%, or an annual rate of 7.5%.

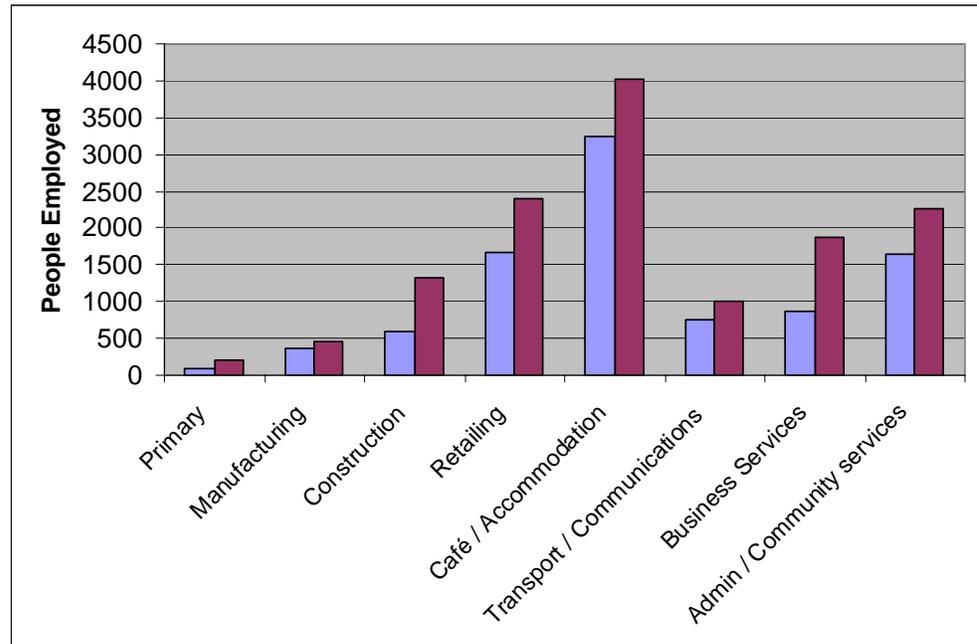
In 2001, for every 100 permanent residents in the District there were 52 jobs. By 2005, there were 58 jobs per 100 people. In 2005, the New Zealand average was 42 people employed for every 100 residents.

The number of business enterprises has grown even faster than the number of jobs, at a rate of 11.5% per annum.

The average business size in QLDC in 2001 was 3.75 employees per enterprise. In 2005 it was 3.17.

Over the 2001 to 2005 period, the structure of the local economy has changed (see Figure 1).

Figure 1 People employed by industry sector – QLDC – 2001 and 2005



While the traditional sectors of visitor accommodation, retailing and café/ restaurants have continued to grow, particularly noticeable has been the growth of the business services and construction sectors. This can be related to the present growth phase of the District, where there has been considerable investment in buildings and development serving the visitor and residential markets. Table 1 sets out annual rates of growth for the District's employment sectors.

Table 1 Annual rate of growth by employment sector for QLDC, 2001 to 2005.

ANSIC Employment Category	Number of employees 2001	Number of employees 2005	Annual Growth Rate
A Agriculture, Forestry and Fishing	85	170	18.9%
B Mining	15	20	7.5%
C Manufacturing	330	450	8.1%
D Electricity, Gas and Water Supply	6	15	25.7%
E Construction	610	1340	21.7%
F Wholesale Trade	200	360	15.8%
G Retail Trade	1480	2060	8.6%
H Accommodation, Cafes and Restaurants	3250	4020	5.5%
I Transport and Storage	720	960	7.5%
J Communication Services	45	50	2.7%
K Finance and Insurance	130	220	14.1%
L Property and Business Services	740	1660	22.4%
M Government Administration and Defence	40	130	34.3%
N Education	330	340	0.7%
O Health and Community Services	240	350	9.9%
P Cultural and Recreational	810	1020	5.9%

ANSIC Employment Category	Number of employees 2001	Number of employees 2005	Annual Growth Rate
Services			
Q Personal and Other Services	240	400	13.6%
Total	9271	13565	10.0%

Table 2 below is also based on Statistics New Zealand data. It shows the share of employment in the main employment categories, for QLDC and New Zealand. It can be seen that the manufacturing and wholesale sectors (traditional users of industrial land) represents only a small proportion of the local economy, much smaller than the NZ average. On the other hand the construction, accommodation and cultural and recreational services are much bigger.

Table 2 Employment by employment sector - 2005

ANSIC Sector	QLDC	NZ
A Agriculture, Forestry and Fishing	1.3%	2.0%
B Mining	0.1%	0.3%
C Manufacturing	3.3%	14.9%
D Electricity, Gas and Water Supply	0.1%	0.4%
E Construction	9.9%	6.2%
F Wholesale Trade	2.7%	6.6%
G Retail Trade	15.2%	13.1%
H Accommodation, Cafes and Restaurants	29.6%	6.4%
I Transport and Storage	7.1%	4.3%
J Communication Services	0.4%	1.6%

ANSIC Sector	QLDC	NZ
K Finance and Insurance	1.6%	3.0%
L Property and Business Services	12.2%	13.0%
M Government Administration and Defence	1.0%	4.0%
N Education	2.5%	7.5%
O Health and Community Services	2.6%	10.3%
P Cultural and Recreational Services	7.5%	2.7%
Q Personal and Other Services	2.9%	3.6%
Total	100.0%	100.0%

3.1 Employment Areas

The District currently has 10 main employment areas.

Table 3 sets out the total employment in the District and the amount of employment accommodated in employment areas.

Table 3 Employment in QLDC employment centres

	2001	2005
Total employment in centres	5,303	8,274
Total District employment	9,280	13,560
Proportion in centres	57.1%	61.0%

The total zoned land area involved in these centres is 177ha (as sourced from the council's GIS system), of which around 120 ha is considered to be "developable". The difference between the two figures accounts for land that is zoned for commercial development, but

devoted to other uses, as well as land that is zoned but not yet subdivided, and where future subdivision will require roads to be provided, reducing the area available for use by employment-related activities.

It is estimated that there is 29 ha of vacant land, based on Council's vacant land database. Table 4 set outs relevant data.

Table 4 Zoned, developable and vacant land by employment centre

Centre	Total Area zoned area (ha)	Net "developable" Area (ha)	Vacant (ha)	Currently developed (ha)	Notes
QTC	16.19	12.96	0.7044	12.25	Zoned area includes foreshore area
Gorge Rd	18.75	13.75	0.9057	12.85	Zoned area, less 5 ha which is likely to be converted to residential / mixed use and/or is not available for development
Glenda Drive	29.87	26.88	6.2 318	20.65	Zoned area - most of which is developed
Frankton Corner	0.93	0.93	0.0	0.93	Zoned area
Airport Mixed Use	46.78	10.00			Assumed "developable area" covers the fringes of the mixed use zone where there are a range of employment activities.
Frankton Flats Special Zone	7.5ha	2.5ha (est.)	2.2500	0.0	Subject to land swaps with council
Remarkables Park (est.)	20.00	16.00	12.000	4.00	Assumed developable area allows future roads and other activities in the 20 ha area
Arrowtown	4.94	4.94	0.9953	3.95	Zoned area - includes town centre and industrial area

Centre	Total Area zoned area (ha)	Net "developable" Area (ha)	Vacant (ha)	Currently developed (ha)	Notes
WTC	10.95	11.25	0.8559	10.39	Zoned area
Ballantyne Rd	11.53	13.44	3.6975	9.75	Zoned area - some of which is yet to be developed, plus adjacent industrial development
Anderson Heights	9.60	9.60	2.2354	7.36	Zoned area
Total	177	120	30	90	

The above table does not include the proposed expansion of the Five Mile Village development, or Jacks Point. These new commercial areas are discussed below.

The Arrowtown Town Centre and Industrial zones have been grouped together due to the likelihood that the industrial area will develop as an off-shoot of the town centre. Resource consent has recently been granted for a retail activity in the industrial area.

On the gross figure of 177.05 ha, there is 79m² of commercially zoned land per resident. This figure includes the large Queenstown Airport Mixed Use zone, only part of which is likely to be available for general employment use.

36% (or 60 ha of the zoned area) of employment land is within town centre environments. The rest is in industrial and business zones.

As a comparison, the Auckland Region has 70m² of employment land per resident (gross area), of which 25% is in town centre environments (See Table 5).

Table 5 Comparison of commercial land provision – Auckland Region and QLDC

Type of Commercial Land	Auckland Region	QLDC
Town centres (ha)	2,300	60
Business areas (ha)	6,970	117
Total area (ha)	9,270	177
% town centre	25%	34%
Current Density (employees per ha) - town centres	84	109
Current Density (employees per ha) - business areas	25	21
Total Commercial land area per resident (m ²)	70.4	79.0

3.2 Future employment areas

In both the Queenstown / Frankton and Wanaka areas, additional commercial areas are being planned. These initiatives will add more supply to the stock of commercial land in the District, with final decisions about how much land should be provided and where, being partly dependent upon the outcomes of this review.

Planned developments include:

- Jacks Point
- Five Mile
- Remarkables Park
- Three Parks (Wanaka)
- Additional business and industrial land at Wanaka.

These developments are briefly discussed:

- Jacks Point. This development is intended to have a mixed use village centre, with up to 15ha of land available for village centre activities, however it has been assumed for the purposes of this study that only approximately 4 ha of this area is likely to be developed to accommodate intensive commercial activities. Final floor space figures are not known but, given the location and surrounding development, it can be anticipated that a village centre of perhaps 10,000 square metres will develop, employing perhaps 100 to 200 people.
- Five Mile: A new large town centre and associated mixed use area is anticipated. A number of land swaps are underway with the council to provide for a new primary school and expanded events centre. These land swaps will reduce the area of the existing Special Zone (which has consent for retail development) from 7.5 ha to 2.5ha. Land to the east is proposed to be used for the new town centre. Land adjacent to the runway will have to be used for non-residential activities; while there will also be a graduation of activities towards the Glenda Drive area.
- Remarkables Park. A significant extension of the centre is accounted for in the above figures on existing centres. Other land in the Remarkables Park area, especially that close to the run way, could possibly be used for business purposes.
- Three Parks. This centre was proposed through the Wanaka 2020 workshop and subsequently the Wanaka Structure Plan. A new town centre is proposed (which is likely to be of equal size to that of the existing town centre – 10 ha), as a well as a mixed use and residential area.
- Additional business and industrial land at Wanaka. The Wanaka Structure Plan indicates an extension of the Ballantyne Road industrial area, with the eventual conversion of the oxidation ponds

to land for business purposes. This would effectively double the land area available. A mixed use area is also identified in the same area.

The Queenstown Airport Masterplan also identifies an aviation park / business area of around 18ha to the north of the current runway, at the north-east corner of the airport, outside of the current airport designation.

3.3 Historical Floorspace Growth

Data on historical floor space growth has been obtained from Quotable Value New Zealand, and this data is attached as Appendix One.

Table 6 below provides an overview of floor space growth by employment area for the whole District.

Table 6 Floor space added (m²) per decade, QLDC

Decade	Town centres	Mixed Business areas	Industrial areas
1900	267	0	0
1910	7,416	0	0
1920	1,724	0	0
1930	1,500	0	190
1940	850	0	0
1950	3,558	0	60
1960	13,274	600	0
1970	8680	6886	0
1980	69,674	28,289	12,464
1990	27,736	5,183	7,507
2000	84,353	36,330	34,220
Total	219,032	77,288	54,441

Currently (2005), around 62% of total floor space is within the town centres, 22% is in mixed business areas, and the remaining 15% is in industrial areas.

The recent decades have seen a typical development cycle pattern, with the 1980s seeing a substantial investment in floor space, followed by slower growth in the 1990s. This decade has seen faster growth once again.

Table 7 sets out the floor space added by centre, for this decade.

Table 7 Floor space added since 2000

Centre	Floor space (m ²) added since 2000
Queenstown CBD	45,706
Wanaka Town Centre	18,285
Frankton commercial centres	18,488
Arrowtown Town Centre	1,874
Gorge Rd	14,689
Anderson Rd	21,641
Glenda Drive	27,907
Ballantyne Rd	3,428
Arrowtown industrial	4,759

Over the last 25 years, growth of floor space in the business and industrial areas has been faster than that of floor space in the town centres. During the 1980s, 63% of new floor space was built in the town centres, but during this decade this proportion has fallen to 55%. See Table 8.

Table 8 Proportion of floor space added per decade by type of employment area for QLDC

	Town centre	Mixed Business areas	Industrial areas	Total
1980	63%	26%	11%	100.0%
1990	67%	13%	19%	100.0%
2000	55%	23%	22%	100.0%

In terms of the distribution of floor space, the Queenstown CBD dominates, accounting for 37% of total floor space in the District. Gorge Rd in Queenstown and the Wanaka CBD are the next most important locations (see Table 9).

Table 9 Distribution of floor space by centre

Area	Total floor space (m ²)	% of total
Queenstown CBD	131595	37.5%
Wanaka CBD	55153	15.7%
Frankton	23568	6.7%
Arrowtown	8716	2.5%
Gorge Rd	49035	14.0%
Anderson Rd	28253	8.1%
Glenda Drive	37280	10.6%
Ballantyne Rd	12318	3.5%
Arrowtown	4843	1.4%
Total	350761	100.0%

The above floor areas can be related to the land area zoned in each of the existing commercial zones. This provides a measure of the intensity of development, as calculated by a floor area to land area ratio (FAR). FARs can be used to gauge the capacity of the employment centres, given various assumptions about planning controls (such as height limits, building coverage, car parking requirements).

The current FARs for business and industrial zones are fairly typical of these sorts of areas, ranging from 0.20 to 0.40. Generally FARs above 0.5 are associated with town centre environments, with FARs above 1.0 mostly involving centres with multi-storey development, buildings that are joined together and limited at-grade car parking.

Table 10 Current FARs by employment centre, 2005

Centre	Developed Area (ha)	Total Floor Area m ²	Floor to area ratio
Queenstown CBD	12.25	131,595	1.07
Queenstown Business (Gorge Rd)	12.85	49,035	0.38
Queenstown Industrial (Glenda Drive)	20.65	37,280	0.18
Frankton Corner	0.93	4,350	0.47
Remarkables Park (est)	4.00	18,488	0.46
Arrowtown town centre	1.29	8,716	0.68
Arrowtown Industrial	2.46	4,843	0.20
Wanaka CBD	8.14	55,153	0.68
Wanaka Industrial (Ballantyne Rd)	9.75	12,318	0.13
Wanaka Business (Anderson Heights)	7.36	28,253	0.38

Building permit data (as recorded by Statistics New Zealand) provides a breakdown of new floor space, by type of buildings constructed between 2001 and 2005. As set out in Table 11, retail-related development is the single largest sector in the Queenstown / Wakatipu area, followed by office and administration buildings. The other sizeable sector is industrial and workshop- type buildings.

Table 11 Floor space added (m²) by type of building – 2001 to 2006

Type of building	Wanaka	Queenstown
Warehouse	3,934	1,981
Other storage building	2,035	9,511
Factory	89	4,139
Industrial	3,763	7,131
Workshop, e.g. electrical or vehicle repairs	5,458	9,965
Retail outlet – e.g. shop, hairdresser, travel agent, real estate agent, TAB, showroom	8,461	20,990
Restaurant, bar, tavern and cafeteria	2,076	3,021
Office and administration	3,197	19,511
Other commercial building		1,013
Total	29,013	77,262

Source: Statistics NZ

It should be noted that the above building permit data does not describe the use to which buildings are put, merely the intended purposes as described on the Building Permit application.

3.3.1 Land Values

An analysis of land values conducted by Mac Properties indicates that in Queenstown in particular, values are at a point where many industrial type activities can no longer afford to establish in the area. Table 12 sets

out estimated values for average (not prime) sites. Further detail is set out in Appendix 2.

Table 12 Land Values (\$ per m²), 2006

	Town Centre	Mixed Business	Industrial
Queenstown	\$8,000	\$1,000	\$ 600
Wanaka	\$2500	\$550	\$200
Cromwell	\$250	\$150	\$125

As a comparison, recent data from the Auckland Region suggests industrial land values in the range of \$250 to \$450 per square metre.

The high land values in the Queenstown area (and increasingly in Wanaka) have resulted in traditional industrial zoned areas being developed for mixed business activities. Whilst part of the problem is a lack of supply of suitably zoned land, simply rezoning more land will not alleviate the problem of high land values if current District Plan distinctions between business and industrial zones remain blurred.

The high land values are likely to affect activities that are essential to the continued growth of the Queenstown and Wanaka areas, such as activities like transport depots, storage areas and construction preparation areas that require reasonably sized land areas, but not necessarily large building foot prints. These activities service the local economy, and cannot easily be substituted through importing goods and services. To provide for these types of activities, additional land may need to be zoned, with zoning controls that impose more restrictions on the type and size of land areas for subdivision and building footprints, thus impacting on the underlying land values and making the land more affordable for land extensive activities.

In the long run, some demand for land may be best catered for in Cromwell and Alexandra. In particular would be the wholesale sector

(distribution of consumer-based goods and services), and larger manufacturing businesses. Wanaka has the option of providing for more employment at locations like the airport and at Luggate, in the long term.

3.4 Employment

This part of the report looks at employment trends in the various employment centres in the district, between 2001 and 2005.

The data presented is sourced from Statistics New Zealand Business Demography data base. The number of employees covers all full time and part time workers. Table 13 sets out the number of employees in each of the main employment areas.

Table 13 Number of employees 2001 and 2005

Centre	Employees 2001	Employees 2005	Change	% Change
Queenstown CBD	3030	4000	970	32.0%
Gorge Rd	692	1071	379	54.8%
Glenda Drive	194	588	394	203.1%
Frankton Corner	39	60	21	53.8%
Airport	206	283	77	37.4%
Remarkables Park	54	218	164	303.7%
Arrowtown	254	304	50	19.7%
Wanaka Town Centre	711	1214	503	70.7%
Ballantyne Rd	72	163	91	126.4%
Anderson	51	373	322	631.4%

Centre	Employees 2001	Employees 2005	Change	% Change
Heights				
Total	5303	8274	2971	56.0%

Mirroring the growth in floor space identified above, employment in business and industrial areas has recorded the fastest rates of growth.

In the Queenstown / Wakatipu area, employment in the Gorge Road, Glenda Drive and Airport areas has increased from 1,092 to 1,942 jobs and these areas now account for 30% of employment in employment centres.

Table 14 Employment in the Queenstown / Wakatipu area

	Employees 2001	Employees 2005
Town centres	3377	4582
Business areas	1092	1942
Total employment in centres	4469	6524
% Town centres	75.6%	70.2%
% Business areas	24.4%	29.8%

In Wanaka, a similar picture is presented with the rapid growth of Anderson Heights.

Table 15 Employment in Wanaka employment centres, 2001 and 2005.

Employment area	Employees 2001	Employees 2005
Town Centre	711	1,214
Business areas	123	536
Total employment in centres	834	1750
% Town centre	85.3%	69.4%
% Business areas	14.7%	30.6%

3.4.1 Employment density

In terms of employment density (number of employees per ha of land), all centres have recorded a rise in density, based on the current developed area estimates set out in Table 4 and the employees numbers outlined in Table 13. Table 16 sets out the details.

Table 16 Employment density (employees per ha)

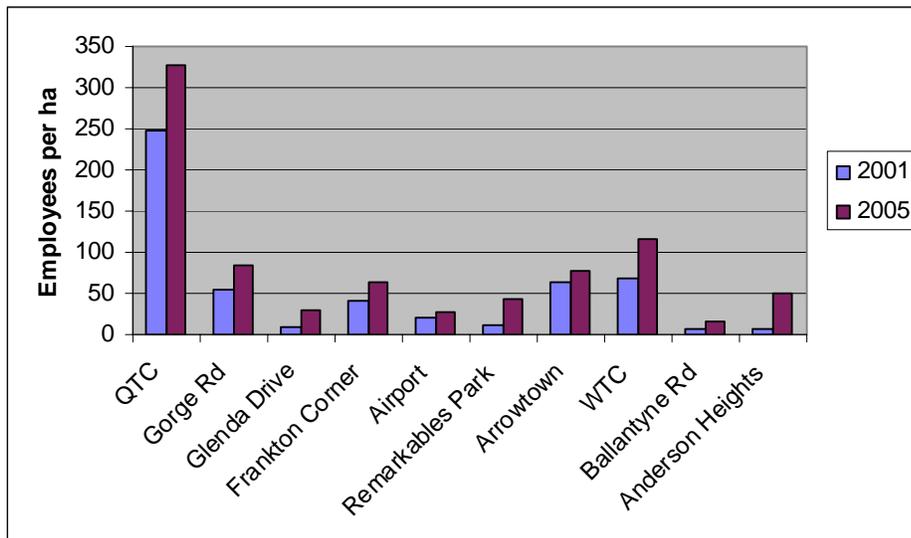
Centre	Employee Density 2001	Employee Density 2005
Queenstown CBD	247	326
Gorge Rd	54	83
Glenda Drive	9	28
Frankton Corner	42	65
Airport	21	28
Remarkables Park	11	44

Arrowtown	64	77
Wanaka Town Centre	68	117
Ballantyne Rd	7	17
Anderson Heights	7	51

The mixed business areas of Gorge Road and Anderson Road record densities in the order of 50 to 80 employees per ha, with the industrial areas seeing densities of around 20 to 30 employees per ha.

Figure 2 provides a graphical picture of densities. The intense development associated with the Queenstown CBD is evident.

Figure 2 Employee density by centre, 2001 and 2005



3.5 Land use mix within employment centres.

This section of the report reviews the types of land uses present in employment centres. To help as best as possible with subsequent sections looking at future demands, the standard employment categories used by Statistics New Zealand have been reviewed and

reordered to gain a better understanding of the demand for activities that typically locate in industrial areas, compared to town centres.

In particular, yard-based and transport-related activities have been distinguished from other activities to help determine the size of these sectors, relative to others. These sectors are defined as:

- Yard-based activities cover activities that usually involve the outside storage of goods, vehicles or materials. This includes car sales yards, truck depots, timber sales etc.
- Transport-related activities cover the repair and maintenance of cars and vehicles, and often involve activities that are not always compatible with office, retail or community type activities.

Appendix 4 sets out further details in the classification system used.

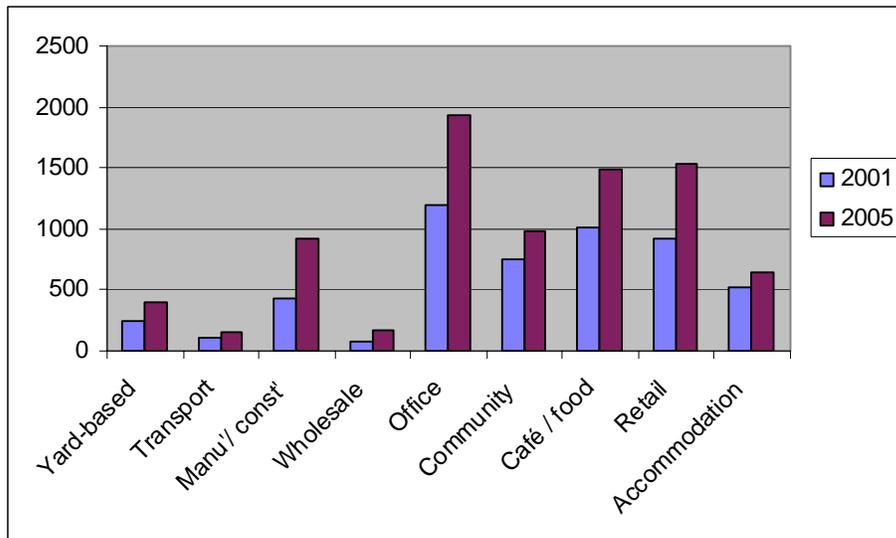
The ability to break down main employment categories into smaller units is constrained by the way the data is gathered and presented. The yard-based and transport based categories cover a range of activities, some of which are more office-based, rather than industrial base. For example, rental car operations are included, yet employment in these operations can cover both front of office operations and repair and storage operations.

Figure 3 shows the number of people employed in each category in 2001 and 2005 for the whole of the QLDC area.

Figure 3 Employment by sector – QLDC – 2001 and 2005

It can be seen that the big growth areas have been office-based activities, manufacturing and construction, as well as the café / food and retail sectors. Employment in the manufacturing and construction sector is mostly concentrated in activities related to building and development.

Figure 4 breaks the above categories down, for employment located in commercial areas. It can be seen that office-based activities through to



accommodation related activities are mostly located in town centres, while yard-based, transport and manufacturing and construction activities are spread between the mixed business and industrial zones. The main difference between the mixed business and industrial zones is related to the density of activities, rather than the range of activities present

Figure 4 Employment break down by employment area, 2005

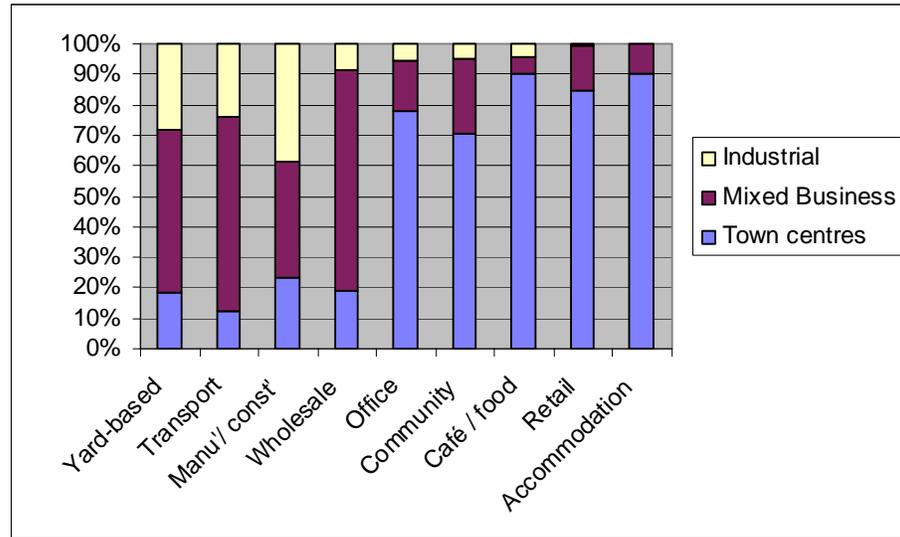


Table 17 on the next page presents a more detailed break down of employment figures by employment area in the Queenstown / Wakatipu area.

Table 17 Employees in main employment centres, by activity, 2005

Centre	Yard-based	Transport	Manu/const'	Wholesale	Office	Community	Café / food	Retail	Accommodation	Total
Queenstown CBD	32	12	104	15	1225	535	937	673	467	4000
Gorge	144	57	262	80	115	143	26	150	64	1041
Glenda Drive	77	33	306	12	92	9	50	9	0	588
Frankton Cnr	6	0	3	0	18	3	6	18	6	60
Airport	12	3	27	0	152	89	15	0	0	298
Remarkables Park	3	0	35	0	12	0	0	156	0	206
Arrowtown	9	3	46	0	27	30	107	56	23	301
Total	283	108	783	107	1641	809	1141	1062	560	6494
% of total	4.4%	1.7%	12.1%	1.6%	25.3%	12.5%	17.6%	16.4%	8.6%	100.0%

Employment in the Queenstown CBD is spread across a number of categories, with employment in retail services making up 17% of total employment. The office-based and community sectors comprise around 44% of employment. This mix of activities helps to create a more viable town centre.

3.5.1 True Industrial activities

As discussed in Section 3.3.1, a particular issue is the extent to which specific provision should be made for activities that need cheaper land to remain viable in the District.

For Queenstown and Wakatipu employment centres as a whole, 4.4% of employment is in the yard-based category, with a further 1.7% in the transport-related field and 12% in the manufacturing and construction area.

Based on the yard-based category set out above, 220 people are employed in this sector in business and industrial areas, accounting for just over 13.5% of total employment in the Gorge Road and Glenda Drive areas. Combined with the transport-related sector, 19% of people employed in these business areas are in these two categories.

These numbers are based on the Statistics New Zealand data which cover a range of businesses that will fall into the general category of being transport or yard-based. Some of the employment will be in activities that are focused on the retail and visitor market, while others will be more “industrial” in nature.

To help refine the amount of land and employment involved in land hungry activities that are likely to need an industrial location, and which will be important to the functioning of the local economy, on-the-ground surveys of land uses in the Gorge Road and Glenda Drive areas were undertaken to identify the following activities that could be classified as “yard-based” or “transport-related”. See Table 18.

Table 18 Yard and transport-based activities in Gorge Road and Glenda Drive

Use	Land Area (ha)
LPG Storage & heavy Vehicle workshop	0.9206
Transport	0.9515
Concrete batching plant	0.1963
Concrete coal bunker	0.3038
Timber yard	0.5119
Pellet storage	0.1952
Recycling depot	0.0541
Wreckers yard	0.0676
Concrete batching	0.5938
Transfer station	1.4527
Fulton Hogan Storage Yard	0.3847
Landscaping supplies	0.0878
Scaffolding storage	0.0636
Timber yard	0.0663
Scaffolding storage	0.1234
Rental car parking (looks like a temporary use)	0.1134 & 0.1115
Transport – bus parking	0.1189
Pallet storage	0.2817
Building materials storage	0.1100
Scaffolding/building materials	0.1408

Use	Land Area (ha)
Engineering materials	0.1266

6.79ha of land is taken up by these activities, out of a total zoned and developed land area of just under 35 ha. This represents about 20% of zoned and developed business and industrial land area.

In terms of the number and density of employees involved in these activities, a telephone survey of the businesses involved that was undertaken as part of this study suggests an average density of 25 employees per ha. The number of people employed represents around 10% of employment in the two business areas, and perhaps 3% of total centre-based employment.

For the Wanaka area, a survey of the Ballantyne Road area indicates that around 1.79ha of land is occupied by similar activities, or around 30% of developed land area. A similar density of employees can be expected.

4 Future Needs

Future commercial land needs can be estimated through consideration of:

- Maintaining current land supply ratios into the future
- Projecting forward current rates of floor space growth, and from this land needed to accommodate growth
- Estimating future employment trends, and from this, working out land needs.

Each of these approaches is used to help forecast future land needs for both Queenstown/Wakatipu and Wanaka. Based on the outputs of all three approaches, future needs are then discussed and identified for each centre.

Before looking at these approaches in detail, the next section provides an overview of comments from key informants on future business needs.

4.1 Demand Trends

To help provide a context for determining future needs, a selected number of people active in the development and business sectors of Queenstown and Wanaka were approached to provide their views on land needs. Market commentaries were also reviewed. Mac Properties have also compiled a summary of existing trends, and this is appended.

The following is a synopsis of these discussions and analysis:

- Neither Queenstown nor Wanaka have an industrial base to the economy. Most demand for non-residential space is related to the construction and service sectors.
- In both centres, there are constraints on land supply that need to be addressed, and these constraints are beginning to affect the performance of the local economy.
- High land prices and restricted opportunities are meaning that many businesses are shifting to, or looking at Cromwell or other locations in Central Otago.

- While Cromwell may be an appropriate base for many distribution and wholesale services, the growth of the local economy and increasing transport costs are meaning that many regional and national businesses are looking for a base on the QLDC area.
- There is high demand for small workplaces / show rooms. These are often related to the construction sector, with suppliers wishing to have a base to store and display product that cannot quickly be trucked in.
- There are also a range of service type activities (like commercial cleaners, laundries, visitor service operators) that are related to the visitor industry and also are of a size where they need premises that cannot be found in residential areas or town centres.
- There is also demand for larger format retailers to establish in the area or upgrade their premises, including those associated with the construction and home sectors (e.g. Mitre 10. Placemakers, other hardware and construction suppliers).
- Yard-type activities like trucking depots, concrete products, and storage areas for construction supplies / materials are also in demand, but high land prices are making it difficult for these types of activities to relocate / establish.
- There has been a noticeable trend of some retail and service-type activities shifting out of town centres to areas like Gorge Road and Anderson Heights, then to areas like Glenda Drive or in the future to the proposed new business areas in Wanaka. These shifts are driven by a desire to find larger premises, with more parking, as well as prompted by businesses realising increased land values. Appropriate provision should be made for some of these types of movements if the more efficient use of town centre land is to be encouraged.
- On the other hand, a significant movement of retail and office activities to out-of-centre locations has implications to the vitality of the town centres, and the extent to which they function as community (not just visitor) hubs.
- If new areas are to be provided for yard-type activities, then zoning provisions need to reserve these areas for these activities, and not let other higher value activities come in and push up land values, reducing the feasibility of land hungry activities to locate in them.

- Some of the demand for showrooms / small workplaces should be able to be provided for in the mixed use areas proposed as part of the new centres in Frankton and Wanaka.
- Any new business areas need to be of a high quality in terms of building design, layout, landscaping. In Frankton this is because of the proximity to the air port and State Highway (which are the main gateways for the town) and in Wanaka because of the future proximity to residential areas.

4.2 Land Supply Approach

This approach to land forecasting is the simplest. It involves the following steps:

1. Determining current amount of commercial land per resident population, split between town centre and other commercial land
2. Making a judgement as to what the future split between town centre and other commercial land should be for 2026
3. Based on estimates of the population for 2026, determining commercial land needs, based on current land to resident ratios.

The advantages of this approach are its relative simplicity, and that it relates commercial land needs to a future population. Its disadvantage is that it does not allow for any changes in the economic structure of the District to be taken into account. Neither does it consider whether there is any underutilisation of existing developed commercial land.

As discussed in Section 2.1, the current supply of commercial land equates to 79m² per resident. If only part of the Queenstown Airport Mixed Use Zone is included, this figure falls to 60 m² per resident. This level of provision could be carried forward, given that it appears to roughly meet current needs (in that demand and supply are at equal levels for most activities).

For the purposes of the estimates, it is assumed that a third of the land area should be devoted to town centre needs (25 m² per resident), with the balance available for business uses. The current district-wide rate is 27 m² of commercial land per resident.

This approach provides the gross area required, and allows for the fact that actual developable area will always be somewhat less than the

gross area due to a variety of site specific constraints. However the figures do not address the point as to whether more efficient use could be made of existing land, or whether adjustments are needed to accommodate possible changes to the structure of the economy.

Table 19 Future land demands

Element	QT / Wakatipu	Wanaka
Town centre land 2006 (ha)*	44.57	10.95
Business land area 2006 (ha)*	58.62	21.13
Residents (2006)	16,002	8580
Town Centre land per resident 2006 (m ²)	27.8	12.8
Business land per resident 2006 (m ²)	36.6	24.6
Residents 2026 (est)	35,885	12720
Town Centre land per resident m ²	25	25
Business land per resident m ²	35	35
Town Centre area (ha)	89.7	31.8
Business area (ha)	125.6	44.5
Additional Town Centre land area needed (ha)	45.13	20.8
Additional Business land area needed (ha)	67.0	23.4
Total additional land area (ha)	112.13	44.2

* Only includes 10ha of Airport Mixed Use land, and 2.5ha of Frankton Flats Special Area.

In Wanaka, around 45ha of additional commercial land is estimated through this approach. The analysis also suggests that Wanaka is under supplied in terms of commercial (town centre) land, and that an extension of supply is warranted, although the above figures would appear to over state that need.

For the Queenstown / Frankton area, the above analysis would support the need for the proposed Five Mile development. In terms of all commercial land, a further 100 ha is indicated.

4.3 Floor space approach

An alternative method is to project forward current rates of floor space development. This approach looks at recent floor space development trends and then projects these forward. Its advantages include that it is based on current, observed development trends. Its disadvantage is that it cannot relate future demands to factors like the size of the population or the economy.

Taking into account visitor accommodation needs in the town centres (which are included in the Quotable Value figures), and based on recent patterns of growth and their knowledge of the local market, Mac Properties have estimated the following floor space demands for the period to 2011 (see Table 21).

Table 20 Estimated floor space demands to 2011

Centre	Future floor space demand to 2011
Queenstown CBD	10,000m ² /pa
Wanaka CBD	4,000m ² /pa
Frankton Commercial	5,000m ² /pa
Arrowtown town centre	5,00m ² /pa
Gorge Rd	4,000m ² /pa
Anderson Rd	4,000m ² /pa

Centre	Future floor space demand to 2011
Glenda Drive	6,000m ² /pa
Ballantyne Rd	2,000m ² /pa
Arrowtown industrial	6,00m ² /pa

Table 21 takes these figures, extends them out to 2016, and estimates land area needs, based on current FARs. See Table 22 below for the estimate of capacity used in this analysis.

Table 21 Estimated land demands

Element	QT / Wakatipu	Wanaka
Estimated floor space demand per annum (m ²)		
Town Centres	15,500	4,000
Business areas	4,000	4,000
Industrial areas	6,600	2,000
10 year demand		
Town Centres	155,000	40,000
Business areas	40,000	40,000
Industrial areas	66,000	20,000
Total floor area demand by 2016 (m ²) – current plus growth		
Town Centres	318,879	95,153
Business areas	89,035	68,253
Industrial areas	108,123	32,318
Current capacity based on total developable land and current FARs (see Table		

Element	QT / Wakatipu	Wanaka
20)		
Town Centres	339,900	142,500
Business areas	81,400	38,400
Industrial areas	51,000	33,600
Estimated floor space that cannot be accommodated in existing and planned areas and land area needed		
Town Centres (surplus)	(21,021)	(47,347)
Business areas – deficit	7,635	19,853
Industrial areas – deficit	57,123	1,282
Area of land required to 2016 (ha) – business and industrial areas	33.64	5.17

The above analysis suggests the need for a further 34 ha of business land in Queenstown / Frankton and 5 ha in Wanaka in the next 10 years.

In both areas, there is likely to be a surplus of commercial land up to 2011, given proposed developments (which include the Three Parks centre in Wanaka and the Five Mile development in Frankton).

Looking out a further 10 years to 2026, if the same demand patterns apply (which is a very uncertain assumption), and floor space demands are increased by a factor of 1.2 to account for a larger economy, then a further 60ha of business land in Queenstown / Frankton and 21 ha in Wanaka is needed.

Table 22 Assumed floor space supply

Centre	Current FAR	Possible FAR	Total Floor Area (m ²)
Queenstown CBD	1.07	1.50	183800
Queenstown Business (Gorge Rd)	0.38	0.40	51400

Centre	Current FAR	Possible FAR	Total Floor Area (m ²)
Queenstown Industrial (Glenda Drive)	0.18	0.20	41300
Frankton Corner	0.47	0.50	4600
Remarkables Park (est)	0.46	0.75	105000
Five Mile	0.00	1.50	112500
Jacks Point	0.00	0.40	16000
Arrowtown	0.68	0.70	9000
Arrowtown Industrial	0.20	0.25	9700
Airport (part)	0.30	0.30	30000
Wanaka TC	0.68	0.75	67500
Wanaka Business (Anderson Heights)	0.38	0.40	38400
Wanaka Industrial (Ballantyne Rd)	0.13	0.25	33600
3 Parks	0	0.75	75000

4.4 Employment Demands

The third approach is to make some assumptions about the make up of the economy in 2026, and from this derive land needs for different types of activities. This approach allows for changes to the structure of economy to be taken into account, but like all projection methods, is dependent upon the assumptions made about often uncertain future conditions.

This approach requires the following steps to be followed:

1. Estimate future total employment in 2026
2. Make a judgement as to how much of this employment will be in centres

3. Make judgements as to the structure of employment in centres in 2026
4. Determine land needs, based on the proposed economic structure and their land needs.

The following sections describe each of these steps for the Queenstown / Frankton and Wanaka areas.

4.4.1 Queenstown / Wakatipu

For the purposes of this work, the following growth forecasts have been adopted. They are based on the Growth Options work of 2004, extended to the period 2026. They assume a continuation of fast growth, fuelled principally by additional visitor numbers, but allowing for some expansion of the employment base. Table 23 sets out these assumptions.

Table 23 Estimated population and employment

	2006	2011	2016	2021	2026
Population	16,002	20,982	26,131	31,305	35,885
Employees	9,980	13,217	16,797	20,746	24,771
Employees per resident	0.62	0.63	0.64	0.66	0.69

The next set of assumptions involves determining how much of the above employment is likely to be located in employment centres. While currently the trend is towards more employment being located in centres, it is possible that as the visitor sector expands and becomes more widely located across the area in new settlements, and mixed in with residential areas, then the proportion of jobs in employment areas could drop back somewhat. Despite this possibility, the following analysis assumes that 65% of employment continues to be located in employment centres to provide an upper estimate of demand.

Table 24 Amount of employment in commercial centres

	Total Employment	% in Centres	Employment in centres
2006	9,980	65%	6,490
2026	24,770	65%	16,100

Based on the above figure, assumptions then need to be made about how that employment is spread across the various employment categories. Table 25 sets out the percentage of employment in each category in 2001 and 2005, and provides two scenarios for 2026. One scenario is based on the 2005 share being maintained, while the other provides for some growth of activities in the yard-based, transport, manufacturing and office-based sectors, and a countervailing reduction in the share of employment in the visitor, retail and café / food sectors. In other words, the scenario assumes some further diversification of the economy.

Table 25 Current and assumed employment break down, 2005 and 2026

	Yard-based	Trans Port	Manu/const'	Whole sale	Office	Com munity	Café / food	Retail	Accom- modation
Share 2001	4.4%	2.0%	8.6%	1.5%	23.3%	15.0%	19.6%	15.1%	10.4%
Share 2005	4.4%	1.7%	12.1%	1.6%	25.3%	12.5%	17.6%	16.4%	8.6%
Estimated Share 2026 - adjusted	4.5%	2.0%	14.0%	2.0%	26.5%	13.0%	16.0%	15.0%	7.0%

In support of allowing for some diversification of the local economy, the following figures are for employment in the same categories, at a district

wide level, for Taupo, Rotorua and Queenstown Lakes District areas for 2005. Note these are figures for the whole of the Districts, not for employment within commercial zoned areas and therefore the proportions are different to those above.

While it could be said that the Taupo and Rotorua figures reflect an economy more dependent upon rural activities (including forestry) and greater land supply opportunities than QLDC, nevertheless they do demonstrate that as economies get bigger, relevant shares of employment in different categories will alter.

Table 26 Employment make up – different economies

Activity	Taupo	Rotorua	QLDC
Yard based	12.8%	11.1%	5.0%
Transport	2.0%	2.1%	1.1%
Manu	14.5%	20.0%	14.6%
Wholesale	1.7%	3.0%	1.6%
Office	12.6%	12.4%	21.2%
Community	23.0%	29.6%	12.9%
Food	10.8%	6.7%	13.8%
Retail	12.1%	9.1%	12.1%
Accommodation	10.4%	6.1%	17.7%
Total	100.0%	100.0%	100.0%

Based on the assumptions in Table 26, the amount of employment in the main commercial areas can then be computed. The scenario takes the adjusted 2026 employment break down and assumes that the current trend of a dispersal of office and retail employment out of town centres, into business areas continues. As a result, the proportion of employment in the non-town centre areas increases, and with it land needs. While a distinction is retained between business and industrial areas, in reality these areas have a very similar mix of activities, with the main difference being the density of development.

The employment demands generated by these assumptions can then be compared with the capacity available under current zonings and known developments / additions. Table 27 sets out the assumptions related to employment capacities.

Table 27 Estimated capacity of employment areas

Centre	Total Developable Area (ha)	Existing density	Capacity density (assumed)	Employees 2005	Capacity Employees	Additional Employees
QTC	12.96	326	350	4230	4500	270
Gorge Rd	13.75	83	85	1146	1200	54
Glenda Drive	26.88	28	35	765	900	135
Frankton Corner	0.93	65	100	60	100	40
Airport	10.00	28	55	283	600	317
Remarkables Park	14.00	44	150	610	2100	1490
Five Mile (town centre)	7.50	0	350	0	2600	2600
Jacks Point	4.00	0	80	0	300	300
Arrowtown	4.94	77	80	381	400	19

Table 28 then sets out the assumed distribution of employment across the main employment categories. Table 29 then applies these assumptions to the various employment areas. Any of the assumptions could be manipulated. The scenario provides just one snap shot of a continuum of possibilities. Table 30 on the following page presents the outputs of this analysis.

Table 28 Assumed make up of employment - 2026

	Yard-based	Transport	Manu'/const'	Wholesale	Office	Community	Café / food	Retail	Accommodation
Share 2001	4.4%	2.0%	8.6%	1.5%	23.3%	15.0%	19.6%	15.1%	10.4%
Share 2005	4.4%	1.7%	12.1%	1.6%	25.3%	12.5%	17.6%	16.4%	8.6%
Share 2026	4.5%	2.0%	14.0%	2.0%	26.5%	13.0%	16.0%	15.0%	7.0%

Table 29 Assumed location of employment - 2026

	Yard-based	Transport	Manu'/const'	Wholesale	Office	Community	Café / food	Retail	Accommodation
Town Centres	5.0%	10.0%	10.0%	10.0%	70.0%	60.0%	80.0%	60.0%	85.0%
Mixed Business	40.0%	40.0%	40.0%	60.0%	20.0%	30.0%	15.0%	30.0%	15.0%
Industrial	55.0%	50.0%	50.0%	30.0%	10.0%	10.0%	5.0%	10.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 30 Land demands - trends scenario

	Demand	Supply	% of supply	Excess demand	Density	Additional land (ha)-net
Town Centres	9037	10000	90%	-963	150	-6
Mixed Business	4275	1800	237%	2475	55	45
Industrial	2790	900	310%	1890	35	54
Total						99

Based on the assumptions listed, the Queenstown / Wakatipu area needs a further 99ha of business and industrial land. The analysis suggests a surplus of town centre land.

4.4.2 Wanaka

For Wanaka, the following population and employment estimates have been generated. These figures cover the Wanaka and Hawea areas. They draw on the Stats NZ projections for the area (see Table 31).

Table 31 Employment projections – Wanaka and Hawea areas

	2006	2011	2016	2021	2026
Population	7,120	8580	10,000	11380	12720
Employees	3100	4109	5268	6295	7036
Employees per resident	0.44	0.48	0.53	0.55	0.55

The following assumptions are made in relation to the amount of employment to be located in town centres:

Table 32 Demand for employment centres

Key Assumptions	Total Employees	% in Centres	Employment in centres
2006	3100	56%	1744
2026	7036	65%	4574

Table 33 on the next page sets out the assumptions about how the structure of the economy will change over the next 20 years. Table 35 distributes employment to town centres and business areas based on the current and assumed pattern. The current pattern is unlikely to be sustained, given that it has a significant emphasis on the existing town centre. The modified distribution assumes (as with the Queenstown area) that there will be a continuation of the demand for activities in business (non-town centre) areas.

Table 33 Assumed employment make up for Wanaka area - 2026

	Yard-based	Transport	Manu'/const'	Wholesale	Office	Community	Café / food	Retail	Accommodation
Share 2005	6.5%	2.4%	7.2%	3.7%	16.8%	11.1%	20.0%	27.2%	5.0%
Assumed Share 2026	5.0%	2.0%	10.0%	3.0%	20.0%	14.0%	18.0%	22.0%	6.0%

Table 34 Assumed location of employment for Wanaka area – 2026

	Yard-based	Transport	Manu'/const'	Wholesale	Office	Community	Café / food	Retail	Accommodation
Town Centres	5.0%	5.0%	10.0%	10.0%	70.0%	70.0%	85.0%	70.0%	100.0%
Mixed Business	40.0%	40.0%	40.0%	70.0%	20.0%	28.0%	10.0%	25.0%	0.0%
Industrial	55.0%	55.0%	50.0%	20.0%	10.0%	2.0%	4.0%	5.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

As a final step, the employment figures implied by the modified distribution are then compared to existing and proposed supply (which includes the new 3 Parks retail centre, but not the proposed mixed use and industrial area at Ballantyne Road). See Table 35 and 36.

Table 35 Assumed capacity

Centre	Total Developable Area (ha)	Existing density (2005)	Capacity density (assumed)	Employees 2005	Capacity Employees	Additional Employees
WTC	10.95	149	160	1505	1800	295
3 Parks	9.00	0	160	0	1440	1440
Ballantyne Rd	13.44	17	35	131	500	369
Anderson Heights	9.60	51	55	373	500	127

Table 36 Land demands

Area	Demand	Supply	% of supply	Excess demand	Density	Additional land (ha)
Town Centres	2842	3288	86%	-445	150	-3
Mixed Business	1103	500	221%	603	55	11
Industrial	620	500	124%	120	35	3
Total						14

This analysis suggests that 15 ha of additional business land is needed, mostly in the mixed use category.

5 Implications and Recommended Approach

This Section of the report reviews the above forecasts for commercial land in Queenstown / Wakatipu and Wanaka, discusses the implications of the forecasts and recommends a proposed direction.

5.1 Queenstown / Wakatipu

In summary the following land demands have been identified for employment-related activities in the Queenstown / Wakatipu areas, to 2026:

- Land supply approach = 100 ha
- Floor space approach = 93 ha
- Employment approach = 100 ha.

It should be noted, that given current and proposed land supply associated with commercial (town centre) areas, the need for additional supply lies in the mixed business and industrial end of the employment spectrum.

While one option open to the council is to zone this amount of land for additional employment-related activities, there are a number of implications which need to be considered first. These are:

- Inefficient use of town centre land
- Provision for “true” industrial uses
- Mixed use areas.

These issues are addressed in turn.

5.1.1 Town Centres

In relation to town centre land, the projections indicate that provided the proposed Five Mile town centre proceeds (and is able to accommodate

around at least 2,500 jobs), then there should be an adequate supply of town centre land.

However there is a question mark as to whether the town centre land to be provided by new developments as well as existing town centres will be used efficiently in the longer-term, especially if the stock of business and industrial zoned land is expanded considerably. As has been discussed, an important trend has been the dispersal of activities out of town centres into the business areas of Gorge Road and Glenda Drive. These trends, if they continue, have the potential to undermine the role of town centres as important community and employment hubs, while fuelling demands for additional business land. There are also significant transport implications associated with a dispersed pattern of activities. Moving towards a larger role for public transport will be much more difficult if employment activities become more scattered.

There needs to be some restraint placed on the current dispersal of activities out of town centres. It is anticipated that this can be achieved through:

- The new Five Mile centre and the further development of Remarkables Park providing a desirable location for retail, office and service-related activities, through high standards of design.
- Council investing in the CBD, especially amenity and public spaces.
- Development of public transport links between the CBD and the new centres in Frankton
- District Plan controls on the spread of retail development.

In relation to retail activities, these should be excluded, or at least heavily restricted in any new industrial area.

To preserve employment opportunities in business areas and to make best use of town centre resources, retail in business areas should be limited to:

- Retail associated with manufactured items
- Retail associated with building, construction, hardware and similar.

Retailing associated with food, clothing, footwear and other consumables should be confined to the town centres.

The issues associated with this approach are discussed below.

It should be possible to accommodate at least 10,000 jobs in the various town centres across the Queenstown / Wakatipu area by 2026, rather than the 9,000 jobs suggested by the above forecasts. This leaves a demand for 6,000 jobs to be accommodated in the business and industrial zones.

5.1.2 “True Industrial” land needs

A key issue is how to apportion future land between business uses and what may be called “true” industrial uses to avoid the current problems arising from a mixed approach. In particular is the issue of high land values “forcing out” land hungry activities. As discussed in Section 3.5.1, around 20% of currently developed land area, and perhaps 10 % of current employment in business and industrial areas is involved in yard-based and transport related activities that occupy a considerable amount of land, and are important to the functioning of the local economy.

An option open to the Council is to identify a new industrial area which is large enough to accommodate the majority of existing yard-based activities, as well as future anticipated activities in this category. Such an approach would recognise the likelihood that over time, there will be pressure for the current yard-based activities to relocate from both the Gorge Road and Glenda Drive areas. A new area that allowed for this to occur, as well as catering for future demand would be beneficial, in that the sites released by the current yard-based activities shifting from Gorge Rd and Glenda Drive would allow for them to be used more intensively for mixed business activities.

Two approaches can be used to determine how much land is needed. Both assume that the demand for yard and transport-based activities will grow in-line with the growth of the economy in general:

- Based on a land area approach (say 20% of business land), then of the 100ha of additional business land, 20 ha could be set aside for new yard-based and related activities. Added to this would be the 7ha of existing land occupied by yard and transport-based activities, providing a total of around 32 ha gross.
- Taking an employment based approach, 24 ha net (say 28ha gross) would need to be set aside for yard-based and transport related employment, based on the assumptions set out in Table 37.

Table 37 Area required for yard and transport-based activities

Total employment demand for non-town centre land – 2026	6094
% yard + transport based	10.0%
Employment demand	609
Assumed density (employees per ha)	25
Area of land required (ha), net.	24

Both these approaches suggest that at around 30 ha of land be identified for yard-based and transport-related activities. This is based on both the land-area and employment-based approaches, with a factor to account for a gross, rather than net area (that is a larger land area is required to take account of future roads that will reduce the developable area).

However this recommendation is based on the ability of the District Plan to provide a suitable “protection” mechanism. As is discussed below, the District Plan can only indirectly influence the land values and uses to which such an area will be put.

In the longer-term, it is possible that as the local economy matures, and the area becomes less dominated by the construction sector, land demands will change, and all or part of the proposed yard and transport-based area could be devoted to other employment activities. In this way the area could act as a land bank to provide for future changes.

5.1.3 Mixed Uses

The above estimates provide an indication of land needs, should business needs continue to be provided through the provision of separate “business” and “industrial” zones.

Proposals are on the table for mixed use areas which could provide for some of the employment that is currently being located in the districts business zones. At least 30 to 50% of the employment in the mixed business area category is likely to be compatible with residential development, and could exist in an appropriately zoned environment.

This could cover employment in the office, community and accommodation sectors, as well as some of the smaller activities in the manufacturing and construction sectors.

Under the modified trend approach around 45% of employment in the business areas is in the yard-based, transport and manufacturing and construction sector – activities that could be said to be, in a general way, not compatible with residential development. On top of that will be various other activities that will seek a business, rather than mixed use environment.

If it assumed that a around 25% of business land area-related employment needs will located in mixed use areas, then total business zoned land area needs to be able to accommodate around 3,900 jobs, after allowing for the new yard and transport-based business area, as well as mixed use areas.

Assuming that the existing business areas of Glenda Drive, Gorge Road and the Airport Mixed Use area can accommodate a total of 2,500 jobs, then an area of 25 ha (net) is needed to accommodate the balance of 1,400 jobs. This is equal to a gross figure of 28ha.

5.2 Wanaka

The above analysis suggests that for the Wanaka area, additional commercial land demands will range from 14 to 40 ha for the next 20 years.

- Land area approach = 40ha
- Floor area approach = 26ha
- Employment approach = 14ha.

The land area approach does not include the proposed 3 Parks retail centre, while the other two approaches do. This explains part of the difference between the two sets of projections.

There is more variability in the estimates for Wanaka than for the Queenstown / Wakatipu area because the local economy is much smaller, it could develop in a number of ways and there is less certainty at what rate it will grow.

It is recommended that an additional 20ha of business land be provided, over and above the assumed 10ha that is likely to be involved the 3 Parks retail centre.

The majority of this land could be identified for mixed business activities, and as a result, the need for a separate “industrial” area as defined in the Wanaka Structure Plan for the Ballantyne Road area could be reconsidered, with a Business zoning applied to all the land in the area.

However, as with the Queenstown / Wakatipu area, there is a need to consider the transport and storage sectors, and whether additional land is needed for this sector. A separate yard-based and transport area would need to be 8 to 10ha in area.

The analysis supports the need for the new Three Parks centre, but indicates that in the short to medium term, there is likely to be a considerable over supply of commercial floor space. It is possible that this over supply will undermine the vitality of the existing centre, and that the supply of floor space in the new centre, especially retail floor space, should be staged in some way.

6 Definitions and Locational Issues

This section of the report looks at changes to the District Plan that are likely to be needed to provide for the approach outlined. There are three definitional issues that need to be addressed. These relate to:

- Limiting uses in any new yard and transport-related areas
- Managing retail activities in business areas
- Ensuring mixed uses occur.

The relevant issues are briefly discussed in turn, before a number of options are presented as to how the above issues could be translated into District Plan provisions.

There are also a range of locational issues that need to be addressed.

6.1 Yard and transport-based areas

As has been discussed an important aspect of this work has been considering the need for a separate “industrial” area for both Queenstown and Wanaka. While termed an industrial area, the purpose of such an area would be to provide a stable location for yard and transport-based activities. The analysis indicates that such an area is needed to support the local economy.

The above analysis has suggested the land area needed out to 2026. An equally important issue is how to secure the area for the long term, through appropriate zoning provisions. As noted, the current industrial zone provisions allow for a wide range of activities to occur in the zone, thereby pushing up land values and making it hard for yard-based activities to locate in the district.

The District Plan does not take an activity-based approach to development in the business and industrial zones. Main controls are by way of building design, coverage, set back and other effects-based rules. The question therefore arises as to how a “yard-based” zone would be defined and “protected”.

This issue could be addressed through an activity list-type approach, or through appropriate development controls.

- An activity list approach would limit any new “industrial” area to a certain range of activities, defined within the Plan. Such approaches were common under the Town and Country Planning Act, and are still used in a variety of Plans, but all suffer from concerns that they do not describe the type of environmental qualities sought in the zone. Under a permitted base line approach, it is easy to argue that other activities will have similar or less effects than the listed activities.
- The Waitakere District Plan seeks to partly address this issue by creating a definition of yard-based activities (which in the case of that plan is used to control retail activities, but the concept could be extended to cover the situation faced in QLDC). Yard-based activities could be defined as an activity where no less than 70% of the total area used by and in conjunction with the particular activity is utilised for outdoor activities, such as for storage, construction and related purposes.
- A standards-based approach could build on this, limiting building coverage in any new industrial area to less than 30% of a site and requiring a minimum site area of 2000 m², for example, with no ability to subdivide the sites into smaller units. Appropriate policies would be needed to support this approach.
- An extension of this approach would be limit total floor space on a site to an FAR (floor to land area ratio) of no more than 0.3. That is, on a 2000 m² site, floor area could not exceed 600 m². This would stop developments that wished to occupy 30% of the site, but build a 2 or 3 storey development.

Equally important is the consideration of the amenity impacts of such an area, and what steps could be taken to ensure that a high standard of amenity is provided. By definition yard-based and transport related activities are likely to be fairly utilitarian in nature, and only indirect steps can be taken to ensure high quality presentation of sites. Standard techniques relate to:

- Landscaping. For example requiring 10% of sites to be landscaped
- Screening. Requiring any outdoor storage areas to be screened from road sides and/or adjacent residential or open space areas.

In summary, the District Plan will be able to only indirectly control the use to which any new industrial area can be put to. In other words, there is no certainty that the new area will only be used by yard and transport-related activities, and the speculative pressures that have been felt in the Glenda Drive area, will not also be felt in the new yard and transport-based area.

Despite this limitation, it is considered important that the Plan provide for these activities due to their importance to the local economy. Through appropriate policies and rules, the District Plan will influence the uses to which the land can be made.

6.2 Retail in business areas

There is considerable demand for retail type activities to locate in business areas. With the planned expansion of retail centres in both urban areas, and growing concern about related transport and town centre amenity outcomes (that is the amenity of town centres being reduced through limited new investment), there is a need to confine core retail to the existing and new town centres. However there is a role for show room type retail, or retail associated with the trades and construction sector in business areas. Recent decisions on resource consents for retail in industrial areas indicate that the current objectives and policies for the industrial zones do not adequately support the rules restricting retail activities in these areas.

In the existing business zones, retail activities that are in excess of 500 square metres in area are a discretionary activity, unless they involve the sale of goods permanently stored outside, or are goods manufactured on site, provided that the retail floor area does not exceed 20% of total floor area. In industrial zones, retail is limited to manufacturing enterprises (factory show rooms).

Managing the spread of retail activities into business and industrial areas is an area that has consumed a considerable amount of energy over the past decade, and no fool proof method has been developed. Most plans have always provided for show room type retailing and retailing providing convenience goods for workers in business areas.

To control general retailing in business areas, many Plans adopt an activity-based approach, limiting retail in business (non-town centre areas) to certain activities, some times linked to a minimum floor area.

Plans may state what types of retailing cannot occur, such as retailing associated with clothing, footwear, appliances etc. Other plans state what types of retailing can occur, such as that associated with hardware, garden supplies, construction etc. Problems of interpretation always arise.

Floor space minimums and maximums often apply, such as retail units under or over 500 or 800 square metres as a way of trying to distinguish between smaller main street type shops and larger format, stand alone shops. The difficulty this presents is that the market place is increasingly favouring the larger format stores over smaller store formats.

Other plans have attempted to address the issue through looking at effects like traffic intensity, or intensity of use (such as employment per square metre), but generally these approaches have run into difficulties. Auckland City uses a threshold approach. A certain amount of floor space is allowed in an area. When total retail floor space exceeds the limit, discretionary provisions apply.

It is not uncommon for plans to create discretionary categories for retailing activities that exceed certain thresholds.

It is suggested that the QLDC District Plan's current approach to retailing in any new "industrial" zones be on the basis of an enhanced industrial zone provision – that there is a presumption that retailing will be restricted to manufacturing type activities, with stronger objectives and policies to support this.

In terms of mixed business areas, it is suggested that the Plan will need to move to more of an activity-based approach if it wishes to restrict the use of scarce employment land for activities that are more appropriately located in town centres. To this end it is suggested that retailing be confined to:

- Goods manufactured on site
- Goods stored outside
- Retailing associated with:
 - Takeaway food
 - Dairies / convenience stores
 - Service stations
 - Automotive and marine products, parts and accessories

- Hardware and building supplies, construction supplies and garden supplies.

Retailing associated with department stores, footwear, clothing, appliances and other household goods, books and similar should not be located in business and industrial areas.

For the sake of clarity, the plan should state, at the policy level, what types of effects are being managed, and that retailing associated with household and personal goods and services should be located in town centres. For example, the plan should state that due to constricted land supply, business land needs to be protected for employment-related activities that cannot be accommodated in town centres.

6.3 Mixed Use

Mixed use zones are likely to be proposed for the new development areas at Frankton and Wanaka and will provide one means by which part of the demand for land for business activities can be met.

Mixed use zones are emerging concepts that have been used in some places in the country. Experience suggests that while such zones provide significant flexibility for activities, there is a risk that during a development boom market forces will favour one form of development over another, and rather than end up with a mix of activities, mixed use zones can see only one or two types of activities dominate. This type of process can be the result of simple demand factors, it can also be a result of development controls that tilt the field towards certain types of activities, often unwittingly.

To address these concerns, a number of potential performance standards are used, or being considered for mixed use areas, including:

- Limiting the amount of residential development allowed so that employment related activities are not crowded out by higher value residential developments, by way of floor space limits / caps, or by location, such as not allowing residential on the ground or first floors of development in mixed use areas.
- Ensuring the residential units are designed to minimise exposure to the effects of adjacent non-residential activities for example through acoustic insulation requirements. This is so that there is less chance for reverse sensitivity issues to arise and creating a disincentive for business activities to locate in the zone.

- Ensuring that buildings are designed in way that encourages a variety of workplaces on ground floors, such as minimum stud heights of at least 3m.

6.4 Locational Issues

6.4.1 New area(s) for yard and transport-related activities

In the Queenstown / Wakatipu area, options exist for the new yard and transport-based area to be identified in the Frankton area, either in one area, or perhaps split into two areas, with land release staged over the 20 year period.

An obvious location for such yard-based area (or areas) is either side of the airport runway, within the high noise contour area. Height limits that apply in this area would also need to be acknowledged. There are however, a number of visual and amenity issues associated with this approach, especially what the implications are for the initial view of the Queenstown area, as gained from an aeroplane about to land.

The other alternative would be a smaller area, closer to Glenda Drive, similar to that envisaged by the Airport Master Plan. Such a location would have the benefit of limiting visual impacts by clustering together current and future industrial uses, provided that views from the State Highway are addressed.

While both areas may be smaller than the total predicted demand, at least some additional area could be provided for yard-based and transport-related activities.

The feasibility of accommodating a portion of the yard or transport based industrial land needs close to the existing Victoria Flats landfill area near the Kawarau Gorge could also be assessed, however this would need to be undertaken in a manner which would ensure that the current and future operations of the landfill are not compromised.

In Wanaka, the most efficient option would be an extension of the Ballantyne Road area, as proposed by the Wanaka Structure Plan. The option of locating a new industrial area outside of the Wanaka township, such as at Luggate or the airport raises a number of adverse growth management, transport and amenity issues.

The District Plan issues associated with setting aside an area for transport and yard-based activities have been discussed, including the

difficulty of limiting the new zone to the activities for which it is designed, and the issues associated with amenity values.

In all cases, direct access to the main road network would be needed (given the transport-orientation of the area). It would be important to ensure that heavy vehicles accessing the area would not have to transit through town centres or residential areas.

6.4.2 New mixed business areas

In the Frankton area, the new business zone area could be an extension to the existing Glenda Drive area, or be located in a strip alongside the airport area, within the high noise area.

The new area could be on one side or both sides of the airport. The later alternative may provide the best arrangement, provided access between the two areas can be provided. A new business area on the south side of the air port would require a renegotiation of the current zoning, with this option providing for longer term growth.

In Wanaka, the location of the additional land for mixed business activities should be considered as part of the proposed review of the Wanaka Structure Plan. Such an area may be best located beside the proposed new retail centre, helping to provide some support for this centre, as well as some variety in terms of activities.

6.4.3 Mixed use areas

Mixed use areas are proposed as part of the Five Mile Village development. In the Remarkables Park area, a mix of activities is already possible under current zoning provisions. Such mixed use areas could form a suitable transition between any residential areas and neighbouring areas zoned for business activities.

6.4.4 Smaller Settlements

As the population of the District grows, and the smaller settlements expand, it is likely that some employment will wish to locate in these areas. This may be to serve the local community, or because a business owner wishes to locate a business near to home and / or a labour force.

In planning for the smaller settlements it would therefore be prudent to provide a location for smaller workplaces, and in this regard Hawea and Luggate may have a particular role in meeting some of the demands in the wider Wanaka area. However overall, it is likely that the employment

role of these smaller centres will be limited within the context of the District as a whole.

Appendix One – Quotable Value Floor Space Figures

Wanaka CBD

Decade	Commercial Office	Retail	Total (including Visitor Accommodation)
1900	0	190	190
1910	0	0	0
1920	0	760	910
1930	80	270	570
1940	0	630	850
1950	0	0	100
1960	335	1620	7854
1970	456	1980	4146
1980	260	10668	13588
1990	0	7170	8660
2000	1504 (300m ² /pa)	8708 (1742m ² /pa)	18285 (3657m ² /pa)
Projections 2006-2010	300m ² /pa	2000m ² /pa	4000m ² /pa
Total Now	2635	31996	55153
Total 2010	4135	41996	75153

Wanaka Business & Industrial Zones

Decade	Business Zone (Anderson Heights)	Industrial Zone (Ballantyne Rd)	Total
1900	0	0	0
1910	0	0	0
1920	0	0	0
1930	0	0	0
1940	0	0	0
1950	0	0	0
1960	0	0	0
1970	0	0	0
1980	6502	5656	12158
1990	110	3234	3344
2000	21641 (4328m ² /pa)	3428 (686m ² /pa)	25069 (5013m ² /pa)
Projections 2006-2010	4000m ² /pa	2000m ² /pa	6000m ² /pa
Total Now	28253	12318	40571
Total 2010	48253	22318	70571

Queenstown CBD

Decade	Commercial Only	Office	Retail/Office	Total (including Visitor Accommodation)
1900	0		77	77
1910	920		3090	5270
1920	0		260	814
1930	0		0	0
1940	0		0	0
1950	1000		908	3458
1960	500		2200	2880
1970	0		3464	4454
1980	10140		24071	50360
1990	7453		11123	18576
2000	3380 (676m ² /pa)		24861 (4972m ² /pa)	45706 (9141m ² /pa)
Projections 2006-2010	700m ² /pa		5000m ² /pa	10000m ² /pa
Total Now	23393		70054	131595
Total 2010	26893		95054	181595

Queenstown Business Zone / Frankton Industrial & Commercial

Decade	Commercial Frankton	Industrial (Glenda Drive)	Business Zone (Gorge Road)	Totals
1900	0	0	0	0
1910	0	0	0	0
1920	0	0	0	0
1930	0	0	0	0
1940	0	0	0	0
1950	0	0	0	0
1960	2540	0	600	3140
1970	80	0	6886	6966
1980	2250	5360	21787	29397
1990	210	4013	5073	9296
2000	18488 (3697m ² /pa)	27907 (5581m ² /pa)	14689 (2938m ² /pa)	61084 (12217 m ² /pa))
Projections 2006-2010	5000m ² /pa	6000m ² /pa	4000m ² /pa	15000 m ² /pa
Total Now	23568	37280	49035	109883
Total 2010	43568	67280	69035	184883

Arrowtown

Decade	Commercial	Industrial	Total
1900	0	0	0
1910	2146	0	2146
1920	0	0	0
1930	930	190	1120
1940	0	0	0
1950	0	60	60
1960	0	0	0
1970	0	0	0
1980	3476	1448	4924
1990	290	260	550
2000	1874 (375m ² /pa)	2885 (577m ² /pa)	4759 (952m ² /pa)
Projections 2006-2010	500m ² /pa	600m ² /pa	1100m ² /pa
Total Now	8716	4843	13559
Total 2010	11216	7843	19059

WANAKA, ARROWTOWN & QUEENSTOWN TOTALS

Decade	Business	Commercial Office Only	Commercial Retail/Office	Total	% Change
1900	0	0	267	267	0%
1910	0	920	5236	6156	1153%
1920	0	0	1020	1020	9%
1930	190	80	1200	1470	11%
1940	0	0	630	630	4%
1950	60	1000	908	1968	11%
1960	600	835	6360	7795	37%
1970	6886	456	5524	12866	37%
1980	40753	10400	40465	91618	172%
1990	12690	7453	18793	38936	21%
2000	70550	4884	53931	129365	53%
Projected 2006 to 2010	83000	5000	62500	150500	52%
Total Now	131729	26028	134334	292091	NA
Total 2010	214729	31028	199834	442591	NA

Appendix Two – Land Value Information

SCHEDULE OF VALUES / RETURNS - CENTRAL OTAGO COMMERCIAL / INDUSTRIAL / BUSINESS ZONES

<u>AREA</u>	<u>Land \$/m²</u>	<u>Build Cost \$/m²</u>	<u>Rentals Ground Floor\$/m²</u>	<u>Rentals 1st - 2nd Floor \$/m²</u>	<u>Sale Price Yields%</u>
Queenstown CBD					
Prime	12,000	2,500	1,200	300	6.00%
Average	8,000	2,500	850	250	6.25%
Secondary	4,000	2,500	550	250	6.50%
Queenstown Gorge Rd - Business Zone					
prime - smaller sites	1,500	2,000	250	200	6.25%
average - larger sites	1,000	2,000	200	180	6.75%
Queenstown Industrial Place - Business Zone					
average sites - 700 - 1200m ²	600	1,800	150	120	6.50%

<u>AREA</u>	Land \$/m ²	Build Cost \$/m ²	Rentals Ground Floor\$/m ²	Rentals 1st - 2nd Floor \$/m ²	Sale Price Yields%
Frankton Industrial					
average sites - 700 - 1200m ²	600	1,500	150	130	6.50%
Frankton Village Commercial					
average sites - 700 - 900m ²	1,800	2,000	400	200	6.50%
Frankton - Remarkables Park					
smaller sites - 700m ²	2,500	2,500	500	220	6.50%
larger sites - 2000m ²	1,500	2,000	275	200	6.50%
Arrowtown Commercial					
prime	3,000	2,500	450	225	6.25%
Arrowtown Industrial					
smaller sites - 1000m ²	400	1,500	100	n/a	6.75%
<u>CROMWELL AREA</u>					
Business Zone - Hwy Entrance					
larger sites - 3000m ²	150	1,500	80	n/a	8.00%
smaller sites - 500 - 800m ²	225	1,500	90	n/a	7.50%

<u>AREA</u>	Land \$/m²	Build Cost \$/m²	Rentals Ground Floor\$/m²	Rentals 1st - 2nd Floor \$/m²	Sale Price Yields%
Industrial Zone					
larger sites - 3000m ²	125	1,000	80	n/a	8.00%
smaller sites - 700 - 1000m ²	175	1,250	100	n/a	7.75%
Mall - Town Centre					
smaller sites - 100m ² - 150m ²	200	1,500	120	n/a	7.50%
<u>ALEXANDRA</u>					
Industrial Zone					
larger sites - 1500 - 3000m ²	100	1,000	70	n/a	8.50%
Commercial Zone					
average sites - 500m ²	275	1,500	150	100	8.00%
<u>WANAKA</u>					
Commercial Town Centre					
prime	5000	2750	400	250	5.00%
average	2500	2750	300	200	5.50%
secondary	1500	2500	200	150	5.50%

AREA	Land \$/m²	Build Cost \$/m²	Rentals Ground Floor\$/m²	Rentals 1st - 2nd Floor \$/m²	Sale Price Yields%
Anderson Road - Business Zone					
larger sites - 2000	450	1500	150	120	6.50%
smaller sites - 500 - 1000	550	1500	175	140	6.00%
Ballantyne Road - Industrial Zone					
smaller sites - 700m ²	300	1200	125	100	6.50%
larger sites - 2000m ²	200	1200	90	na	6.75%

Appendix Three: Commercial market summary – Central Otago areas – Mac Properties

Queenstown CBD

- Substantial increase in land values in last 10 years
- Developments with existing rents lucky to achieve 6 – 6.5%
- Significant new commercial developments proposed & underway
- Town centre evolving as prime tourist retail for national & international brands, ‘affordability’ of rents moving ‘domestic’ orientated retail towards fringe areas & locations such as Gorge Rd & Frankton
- Surplus of secondary office space which will overtime be converted to apartments, i.e. for every level of retail developed there is 1 – 2 floors above for office use, for which there is not the same demand
- Still some key money payments for prime locations
- Carparking / accessibility issues will move office users and ‘domestic’ based retail to Frankton
- CBD will develop into tourist shopping, bars, restaurants with limited offices and upper floors converted to apartment use
- Frankton will eventually overtake Queenstown as the commercial business district – 15 – 20 year timeframe.

Queenstown Gorge Rd – Business Zone

- Developing up as a secondary retail area of Queenstown’s CBD for ‘domestic’ orientated retail.
- Potential redevelopment plans for larger land holdings along Gorge Rd into ‘mixed use’ of retail, office & residential development.
- High School site good potential for mixed use re-development, as well as some larger sites on the east side of Gorge Road – potential to have relatively high accommodation blocks against the hillside.

Queenstown Industrial Place

- Originally the primary industrial area for Queenstown developed during the 1970s – 1980s
- Catering primarily for a mix of automotive, trades with some additional mixed use
- Effectively fully developed, carparking / access a real problem
- Caters for those businesses that primarily need to be close to the CBD
- Significant movement of larger business relocating to Frankton over recent years

Frankton Industrial

- Substantial development over the 1990s – 2005
- Land values have increased from \$80/m² - \$600/m²
- What started as an industrial area has now developed into a business park
- High land values pushing up rentals, resulting in smaller tenancies with a mix of retail, some residential on upper floors
- Larger more industrial uses being pushed out due to high land values / rentals
- Parking / transport problems.

Frankton Commercial

- Has traditionally been a suburban corner shopping centre
- Several newer developments will change this
- Significant area of new commercial will develop in the immediate location
- Convenience retail location
- Significant increase in rental levels for new developments.

Frankton – Remarkables Park

- Has been relatively slow to develop, but picking up momentum with the 5 Mile commercial development eminent
- Substantial area zoned for future commercial expansion
- Well designed and planned
- Well anchored with the supermarket, The Warehouse and other national retailers
- This has been is a large format bulk retail location, which will see 'infill' with smaller 'niche' retailers located around anchor tenants as the development progresses
- Future 'high street' commercial precinct running from the main retail area that exists down to the River
- Recent success with leasing of office space for first floor at rates not much less than Queenstown's CBD
- Tenants relocating site accessibility, carparking, larger floor areas and more affordable rents as prime reasons for relocating
- Between Remarkables Park and 5 Mile, Frankton has potential to replace Queenstown as the CBD for the Wakatipu and surrounding area.

Arrowtown Commercial

- Limited room for expansion
- Increased office and retail will come from redevelopment of older buildings
- Relatively good demand for office space in new developments
- Commercial retail business a lot quieter than Queenstown or Frankton
- Community wish to keep the town centre small scale & historic
- Relatively affordable rents for new start up businesses

Arrowtown Industrial

- Limited development of this area over recent years
- Mixed use with residential
- Backs onto residential development either side, limited room for further expansion

Cromwell Area

- A significant amount of Industrial Zoned & Business zoned land available for development
- Over the last 7 years land values for Industrial have risen from \$40/m² - \$140/m²
- There has been a significant amount of 'speculative' buying of land for capital gain which has forced prices up
- We see Cromwell developing as a distribution centre for Central Otago, there will be some relocation business out of Cromwell and new business establishing.
- A viable option for businesses that don't need to be based in Queenstown
- The Cromwell Mall continues to 'under-perform', the business zone runs the risk of further competition for The Mall.

Alexandra Area

- Traditionally a rural servicing town that has benefited over recent years from Central Otago's increasing development and growth.
- Potential for Alex to cater for more heavy industrial type of uses that require lower land values and larger land areas
- There has been a significant 'take up' of industrial land over recent years that has seen a significant growth in land values, now not that far behind Cromwell

Wanaka Town Centre

- Not intensively developed yet, significant capacity to expand floor area by redeveloping older property and infill, i.e. a lot of single level buildings and vacant land available to redevelop
- Existing rentals are comparatively low, market is factoring in higher future rentals by lower cap rates
- Significant amount of new building in the CBD over the last 5 years
- Relative to the population base it appears that there is a generous amount of land zoned commercial
- Retail mix is more domestic orientated than Queenstown, lack of national & international brands

Wanaka Anderson Rd Business Zone

- This has seen substantial growth in building area and land values over the last five years
- What started as an industrial area has developed into a 'business park' for large format retail, wholesalers and trade retail, with some more traditional light industrial uses still evident, i.e. automotive etc
- Land values are at a level that makes traditional industrial type of uses unrealistic

Wanaka Ballantyne Rd – Industrial

- Significant area of land rezoned and developed over the last 5 years
- Land values have lifted considerably but still viable for industrial style of uses
- Still significant area of vacant sections, but potential shortage of land will lift land values / rentals higher as Wanaka continues to grow

SUMMARY

High land values in Queenstown and to a lesser extent Wanaka have resulted in traditional industrial zoned areas being developed for mixed use business activities. Whilst part of the problem is a lack of supply of suitably zoned industrial land, we do not believe that simply rezoning more land will alleviate the problem of high land values.

Whilst there has to be some land suitably zoned for industrial uses such as concrete batching plants, transport and contracting depots, the reality is that

some of the demand may be best suited being catered for in Cromwell and Alexandra.

To cater for the industrial activities that are essential to Queenstown and Wanaka, additional land needs to be zoned that imposes more restriction on the type and size of land & building areas for subdivision, thus impacting on the underlying land values and making the land more affordable for Industrial activities.

Appendix Four: Employment definitions

Type	Includes	General characteristics / locational preferences
Yard-based	<p>Activities that involve substantial areas of outdoor storage / display areas such as timber yards, garden centres, car yards truck and bus depots, cement manufacturing, includes:</p> <ul style="list-style-type: none"> • I612200 Short Distance Bus Transport (including Tramway) • I612100 Long Distance Bus Transport • G532100 Automotive Fuel Retailing • F453900 Building Supplies Wholesaling nec • F453100 Timber Wholesaling • I611000 Road Freight Transport • C263300 Concrete Slurry Manufacturing • L774300 Plant Hiring or Leasing • L774100 Motor Vehicle Hiring • G525300 Garden Supplies Retailing • I670900 Storage nec • Q963400 Waste Disposal Services. 	Large, flat areas, lower \$\$ per sqm
Transport-related	<p>Activities related to motor vehicle servicing and repair such as garages, panel beaters, including:</p> <p>F462300 Motor Vehicle New Part Dealing</p> <p>F462400 Motor Vehicle Dismantling and Used Part Dealing</p> <p>G532200 Automotive Electrical Services</p>	Some noxious effects – need to separate from other activities

Type	Includes	General characteristics / locational preferences
	<p>G532300 Smash Repairing</p> <p>G532400 Tyre Retailing</p> <p>G532900 Automotive Repair and Services nec</p>	
Manu'/ const'	Activities that involve the manufacturing of items, and activities related to construction, such as contractors yards, but not included as yard or transport related.	Generally associated with industrial areas due to effects and need for lower \$\$\$ cost premises
Wholesale	Wholesale of goods and services, distribution activities	Larger floor plate buildings, areas for truck services etc, but can be compatible with other activities
Office	Activities that are mainly carried out from office environments – business and professional services, banking, finance	Proximity to complementary activities (like retail café,), but also parking and average \$\$ rentals,
Community	Activities that provide services to the community, including government, medical and personal services	Accessibility to community / population important, but can also seek out cheaper sites with ample parking.
Café / food	Activities involving the sale of food, including cafes, restaurants, takeaways, bakeries and dairies	High pedestrian activity for cafes / restaurants. Convenience for other types of food related activities
Retail	The retail of goods and services	Clustering into

Type	Includes	General characteristics / locational preferences
		centres – either mainstreet or larger format. National-level trends suggest up to 70% of new retail floor space could be in large format style.
Accommodation	Employment associated with visitor accommodation – hotels, hostels, motels, short stay apartments	Proximity to key attractions, cafes and restaurants, public transport.