Appendix L – Economic Assessment prepared by Market Economics Ltd

Matamata Industrial Land Economic Assessment for PPC

4 November 2021 – final draft

m.e consulting

Matamata Industrial Land Economic Assessment for PPC

Prepared for

Calcutta Farms No. 2 Limited

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1 Introduction

Market Economics Ltd (M.E) has been commissioned by Calcutta Farms No. 2 Ltd to assess the economic impacts and implications of a proposed plan change (PPC) to rezone approximately 41.4 ha of rural zoned land in Matamata, off Tauranga Rd (State Highway 24) to industrial. This assessment will form part of the Section 32 assessment that accompanies the PPC.

1.1 Proposed Plan Change

This stage of the proposed plan change involves a 41.4 ha block of land on the south east edge of Matamata, currently zoned Rural. The proposed plan change is to rezone the area to Industrial Zone. The block of land and its planned roading, stormwater and landscaping configuration are shown in Figure 1. Once the planned infrastructure and setback requirements are removed, the proposed plan change will add around 32.34 ha of industrial zoned land capacity to Matamata.

Figure 1: Proposed Plan Change Area

The industrial area is part of a wider master plan from a proposed plan change by Calcutta Farms No. 2 Ltd.

A photographic view of the proposed plan change area is shown in Figure 2. It shows the existing rural land uses of the area and the adjacent industrial area.

Figure 2: Land Use Context of the Proposed Plan Change

1.2 Objectives

The overall objective of this report is to understand the likely economic effects of the proposed plan change as set out in the above key issues. The following are the specific assessment objectives that will inform the key issues:

- Establish the key economic aspects of the plan change with respect to its geographic context.
- Assess industrial land capacity across Matamata and the wider district.
- Estimate the demand for industrial land within Matamata and the wider district.
- Understand the likely impact of additional industrial development capacity on the current and projected future supply-demand balance of industrial space.
- Assess the likely economic effects of the proposed plan change as a result of its location within Matamata's spatial economic structure and within the Matamata-Piako District.

- Assess the economic impacts on the central commercial area of Matamata, including the mainstreet retail area.
- Assess the suitability of the proposed location for industrial zoning within the wider district and the consistency with Matamata's spatial structure.
- Consider the location of industrial supply within the district relative to related activity and exogenous demand from the surrounding larger urban economies.

1.3 Structure

The first part of the report (Section 2) discusses the economic aspects of the geographic and planning context of the proposed plan change. These are important aspects that inform the identification of the key economic issues in Section 3.

The remainder of the report contains the assessment of the identified key economic issues from the proposed plan change. The first part of the assessment analyses the effect of the proposal on the balance of industrial land supply and demand within the district[1].

Section 2 estimates the existing level of industrial land supply across the district. It identifies the capacity on existing areas of Industrial Zone to accommodate further development within each area. This section combines a GIS-based spatial analysis with further field-based and planning information on the local characteristics of potential supply to provide estimates of the areas that may be viable for future industrial development. A quantitative assessment is followed by further localised information on each area.

Section 5 then estimates the projected future demand for industrial land uses across the district. Industrial demand is projected by location by the three time periods, 2021-2031, 2021-2041 and 2021-2051. The balance between industrial supply and projected future demand is analysed in Section 6. It brings together the current supply estimated in Section 2 with the demand projected in Section 5. It assesses the balance together with the potential contribution to supply from the proposed plan change.

The effects on Matamata's existing commercial central area are discussed in Section 7. This section considers whether the proposed plan change is likely to support or undermine the core central commercial area of Matamata. It also assesses the consistency of the proposed plan change with the current and future spatial economic structure of Matamata.

Concluding remarks are contained in Section 8.

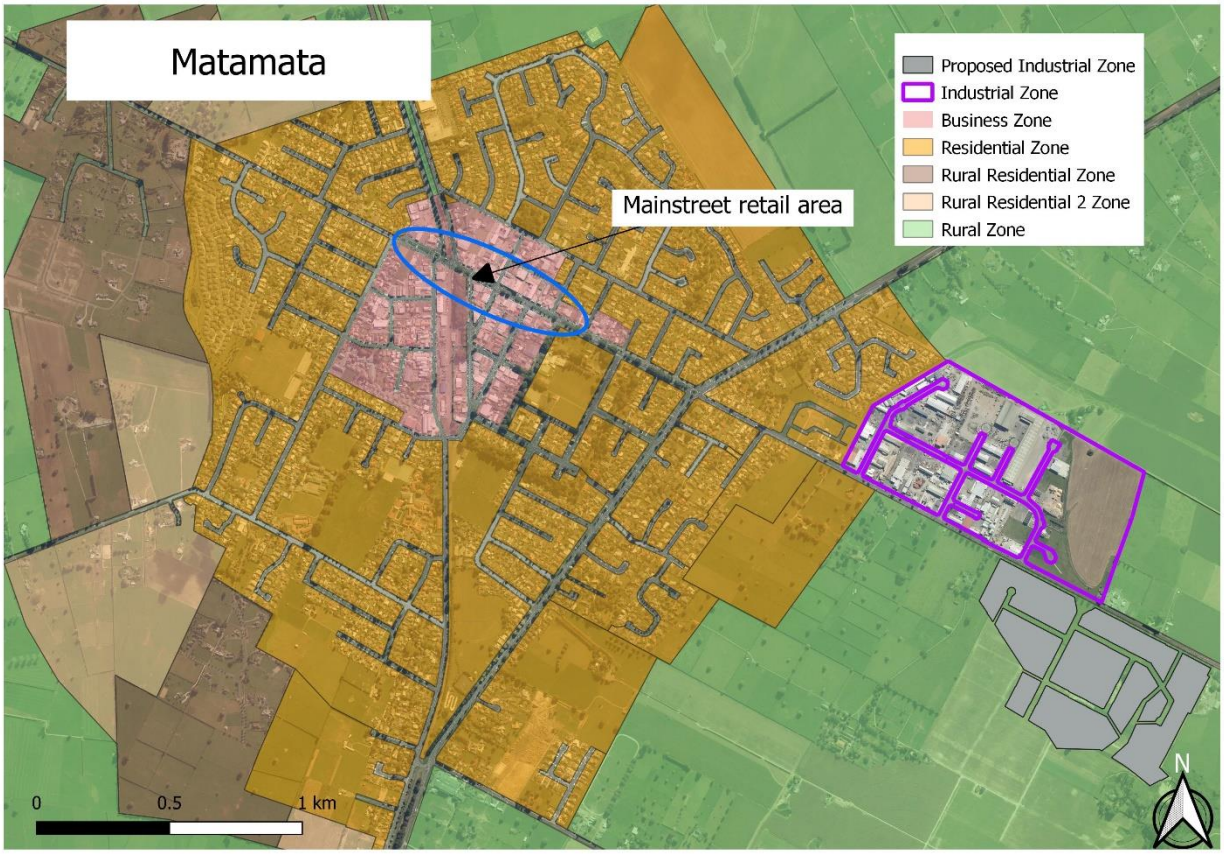
[1] Unless specified otherwise, 'district' refers to the Matamata-Piako District area. This is the area within the jurisdiction of Matamata-Piako District Council.

2 Geographic and Planning Context

2.1 Geographic Context

The proposed plan change would expand the size of Matamata's urban area and would increase the industrial land supply within Matamata and the wider district. The block of land and its location within Matamata's spatial economic structure is shown Figure 3 below.

Figure 3: Geographic Context of the Proposed Plan Change



The site is located on State Highway 24 on the south eastern edge of Matamata township. It is positioned immediately opposite the existing industrial area of Matamata – being a 48ha industrial zoned area with frontage to State Highway 24 and access from Rockfield and Waihou Streets. On two of the other three sides the site abuts rural land. To the immediate west of the site is land recently subdivided for large lot residential with residential development closer to the urban edge.

The site is well located with respect to road connections through to Port of Tauranga and existing industrial land. State Highway 24 forms the quickest highway connection between Matamata and Tauranga.

Matamata forms one of three key nodes of industrial activity within the district, with the other two nodes – Morrinsville and Te Aroha – in the north. Industrial growth within Matamata would form a natural expansion area to cater for the district's industrial growth future. Growth in the southern part of the district would have the closest connection to the industrial hub and port in Tauranga. It would be located within proximity to the main freight connection between Tauranga and Hamilton.

2.2 Planning Context within Matamata

Figure 3 also shows the District Plan zone structure of Matamata. The current industrial area of Matamata and proposed plan change area are located approximately 2-3km southeast of the township's commercial central area. This area is Business Zone and is approximately 65 ha in size. It contains a central mainstreet area, centred on Broadway, consisting of mainly retail, hospitality and household services; and is surrounded largely by light industrial and larger format uses in the balance of the zone. Some outer parts of the Business Zone cover areas that are currently in lower density residential uses.

The Industrial Zone primarily provides for industrial land uses, with some provision, on a discretionary basis, for retail and commercial uses. The Matamata Piako District Plan aims to locate heavy industrial activities within the Industrial Zone and manage the effects of these activities through their location within these areas. The types of activities that have tended to locate within Matamata's industrial zone include a range of industrial uses such as machinery/equipment/transport yards, automotive industrial activity, manufacturing/processing, storage areas, engineering, and agricultural support services. Many of these are land-intensive industrial operations that have a high share of their land use in yard-based activities.

There is a level of overlap between the Industrial Zone and Business Zone, which forms the central commercial area of Matamata. In addition to containing the main household sector (retail, hospitality and services) and commercial activities, the Business Zone also provides for light industrial activity. In Matamata, these area typically characterised by automotive services, light manufacturing and distribution, and are interspersed with other activities that also seek a light industrial location or are not suited to the mainstreet area.

Within the Business Zone, an objective of the District Plan is to support and enhance the mainstreet area. This includes supporting the central retail area character and amenity values and its role as the township's main area of shopping and recreation.

3 Key Issues

There are several key economic issues related to the industrial area of the proposed plan change. These relate to the additional supply of industrial land and the effects of the location of the proposed supply.

The proposal would add approximately 32.34 ha (net) of industrial land supply to Matamata and the wider district. It is important to understand the existing and projected future balances of supply and demand for industrial land across the district, and in particular, within the southern part of the district. This includes determining the current volume and nature of capacity on existing industrial zoned areas and whether these are currently sufficient to meet future demand.

The location of additional industrial supply is a key issue at both the local (Matamata) and wider district scales. At the local level, it is critical to understand how the proposal is likely to function in relation to the existing spatial structure of Matamata. It is important to consider whether providing for additional activity on the edge of Matamata is likely to undermine the central commercial area of the township, as well as how it would function in relation to other industrial activities within the area.

At the district level, it is important to consider the potential changes to the overall spatial structure of industrial capacity. Matamata-Piako District is largely rural and contains several small towns – Matamata, Morrinsville and Te Aroha. These serve their surrounding local catchments, but are also situated within a wider context of economic activity within the surrounding region. Importantly, the district is located within the upper north island "golden triangle" of economic activity (the area bounded by Auckland, Hamilton and Tauranga). Within this, Matamata is positioned in the south of the district, close to the main route connecting these centres. It is therefore important to also understand how capacity in Matamata may serve a wider industrial land demand from activities in the surrounding regional area.

The above key issues form the basis for assessment in the following sections.

4 Industrial Land Supply

This section provides an estimation of the current level of industrial land supply across the district. It assesses the level of development and land use within each of the district's industrial areas and estimates their capacity to meet future industrial activity demand. A multi-staged assessment of industrial land supply has been undertaken to verify estimations of industrial capacity.

The section begins by outlining the key stages of our approach. It then summarises the findings of the estimated industrial capacity by location across the district. Further detail is then provided on the estimated industrial land areas within each location, including the identification of constraints to land use within each area.

4.1 Approach

4.1.1 Spatial Framework

An initial stage of our assessment established a spatial framework for analysis. The key industrial zoned locations and nodes of economic activity were identified across the district. These correspond to the key catchment areas of industrial land demand and form the framework for assessment.

The district has three key economic townships – Te Aroha and Morrinsville (including Morrinsville South) in the north, and Matamata in the south. Each township contains areas of industrial zoning to meet the local industrial demand of each area. Industrial zoned areas are generally located on the edges of these townships, with the Business Zone forming the central commercial areas of the townships.

In addition, the district contains large overall quantities of localised industrial spot zoning away from the main townships within the rural areas[2]. These are spot zonings of individual land holdings to meet the current and future on-site needs to individual businesses, and are covered by individual Development Concept Plans (DCPs). The businesses are predominantly agricultural processing or manufacturing operations, which often have large land area requirements to manage the effects of their operations (e.g. stock effluent disposal or wastewater treatment).

Although extensive, these individual operation spot zoned areas are very unlikely to provide capacity for other industrial activities that are not associated with the operations of the individual business. Industrial zoned areas within the main centres are more likely to be available to the general market, and, in most cases, contain the necessary supporting infrastructure. Consequently, the assessment focuses these main township areas, together with the industrial area in Waharoa.

4.1.2 GIS-Based Assessment

A GIS-based assessment was undertaken on the main township industrial zoned areas identified within the spatial framework to identify areas of undeveloped potential industrial land capacity. District Plan zoning

[2] Within the north, these areas include Tatuanui, the Waitoa Fonterra plant, the Waitoa Inghams factory, and the Waitoa Silver Ferns factory. The Te Poi dairy factory is included within the south.

files were used to identify the extent of the industrial areas. The assessment was undertaken at the parcel level within these zoned areas.

A range of spatial data layers were combined to generate an initial estimate of the vacant or undeveloped industrial sites. Portions of sites that were not yet developed, that may provide capacity to accommodate future industrial demand, were also identified as part of this process. These included areas that were not covered by buildings and were not used for industrial yard-based activity[3].

The outputs of this assessment included maps of each industrial area within the parcels identified as undeveloped or currently being utilised. The maps also identified the vacant portions of partly developed industrial parcels.

4.1.3 Verification of GIS-Based Assessment

A verification and ground-truthing process was undertaken[4] on the outputs (undeveloped and partly developed industrial land parcels) of the GIS-based assessment. This process firstly identified whether the sites were vacant or had subsequently become occupied. It then identified any constraints on these sites that would limit their future potential development ability to meet industrial land demand. These mainly included areas of sites where development is limited due to stream flooding, District Plan required setbacks from adjacent non-industrial land uses, and other designated uses (e.g. roads, reserves, etc).

The above information was incorporated into the parcel level assessment to calculate the final undeveloped useable land area on each parcel. This formed the final industrial land capacity output for each location.

4.2 Undeveloped Industrial Land Capacity

The estimated industrial land capacity by location across the district is shown in Table 4-1. This covers the industrial areas within each of the main township areas. Industrial capacity on individual spot zoned areas away from the main townships has not been included as undeveloped capacity as this would not be available to meet industrial land demand within the district beyond that of those existing business operations.

Table 4-1 shows that there is 491.4 ha of Industrial Zoned land in the Matamata-Piako District. Around 40% of this land is contained within the main townships, while 60% of the land is within the spot zoned industrial areas away from the main townships. Morrinsville is the largest location of industrial land, containing one-fifth of the district's zoned land, and over half (51%; 100.1ha) of the industrial zoned land within the main townships.

Matamata forms the largest location of economic activity within the southern part of the district. There is currently 48.3ha of industrial zoned land within the township, which amounts to 10% of the district's total

[3] Substantial shares of the industrial zoned areas do not contain buildings, but are utilised for industrial yard-based activities. The share of industrial land used in yard-based activities is typically higher within largely rural districts than within main urban centres. This reflects the specific nature of industrial activities within these areas where a higher proportion involve the processing of primary products and activities supporting agricultural production.

[4] Undertaken by Veros.

industrial land supply, and 25% of the supply within the main townships. There is a further 7.7ha of zoned industrial land around 6-7km north of Matamata in Waharoa.

In total, there is an estimated 34.6ha of undeveloped industrial land across the district's main townships. Once undevelopable areas are removed from this total, the district total of undeveloped land becomes 29.5ha. In total, the district currently has an estimated 37.0ha of undeveloped industrial zoned land within the main townships (with the inclusion of 7.5ha of undeveloped portions of partly developed sites).

The largest share (17.9ha) is located in the north of the district in Morrinsville[5], with over half (10.1ha) occurring on a single large site. This is a newer area of industrial expansion on the northern edge of Morrinsville, with some development activity already occurring on a number of the sites, including the large 10ha parcel.

There is a further estimated 5.2ha of undeveloped space within partly developed sites in the industrial area 2-3 kilometres south of the main Morrinsville urban area[6]. This partly developed land occurs in two main contiguous blocks, and is interspersed with some residential lifestyle properties on adjacent parcels.

Just under one-third (31%; 14.8ha) of Matamata's zoned industrial area is currently undeveloped. However, the amount of undeveloped land decreases to around 11.0ha once allowances have been made for planned roads and required setbacks on the currently undeveloped parcels. This accounts for 37% of the district's existing capacity on undeveloped sites and around 30% of the capacity on sites overall once partly undeveloped areas are included.

There is also a minor amount of undeveloped industrial land (2.4ha) located within Waharoa. This includes two small undeveloped sites (0.5ha combined), and an estimated 1.9ha of undeveloped area on partly developed sites.

[5] This is the area on the south western side of Ave Road North in Morrinsville.

[6] This is within the Industrial Zone area bounded by Morrinsville-Walton Road, Bolton Road and Kereone Road.

Table 4-1: Matamata-Piako District Estimated Industrial Land Supply and Development Capacity by Location, 2021

Industrial Area	Industrial Zoned Area (ha)	Floorspace (m2)	Land Area by Development Status (Ha)				Potential Capacity (Land Ha)		
			Undeveloped	Partly Vacant	Developed /Yard Space	TOTAL	Undeveloped	Part Vacant	TOTAL
Main Townships									
Matamata	48.3	97,400	14.8	-	33.2	**47.9**	11.0	-	**11.0**
Morrinsville	48.6	73,800	19.2	0.7	28.6	**48.5**	17.9	0.4	**18.3**
Morrinsville South	51.5	64,400	-	8.7	41.3	**50.0**	-	5.2	**5.2**
Te Aroha	7.7	9,700	-	-	7.7	**7.7**	-	-	**-**
Waharoa	39.7	87,500	0.6	4.1	35.4	**40.2**	0.5	1.9	**2.4**
Total Main Townships	**195.8**	**332,800**	**34.6**	**13.5**	**146.2**	**194.3**	29.5	7.5	**37.0**
Industrial Spot Zone Areas									
Tatuanui	6.2	20,900	-	-	6.2	6.2	-	-	-
Te Poi	4.4	12,300	-	-	4.3	4.3	-	-	-
Waitoa Fonterra	92.7	67,300	-	-	93.5	93.5	-	-	-
Waitoa Inghams	63.6	18,700	-	-	63.6	63.6	-	-	-
Waitoa Silver Ferns	128.8	21,400	-	-	131.0	131.0	-	-	-
Total Spot Zone Areas	**295.7**	**140,700**	**-**	**-**	**298.5**	**298.5**	**-**	**-**	**-**
DISTRICT TOTAL	**491.4**	**473,500**	**34.6**	**13.5**	**444.7**	**492.8**	**29.5**	**7.5**	**37.0**

Source: M.E Matamata Industrial Land Model, 2021 and Matamata-Piako District Plan.

Table 4-2 shows the distribution of parcel land areas of undeveloped industrial land by location across the district. Around one-third (32%; 11.9ha) of the undeveloped area is on parcels smaller than 1ha, and 50% (18.5ha) on parcels smaller than 5ha.

Within Matamata, around four-fifths of the undeveloped capacity is on the large parcel on the eastern most edge of the existing industrial area. A share of the capacity on this parcel will be removed for road access. The remaining fifth (2.3ha) of the undeveloped area is on 9 sites that are located around the edges of the large eastern parcel.

Table 4-2: Matamata-Piako District Estimated Undeveloped Industrial Land Supply by Parcel Size and Location, 2021

Industrial Area	Site Area					Total
	Up to 0.5ha	0.5 to 1ha	1ha to 5ha	5ha to 10ha	10+ha	
	Zoned Land Area (Ha)					
Matamata	2.3	-	-	8.7	-	**11.0**
Morrinsville	1.1	0.9	6.6	9.8	-	**18.3**
Morrinsville South	0.6	4.6	-	-	-	**5.2**
Te Aroha	-	-	-	-	-	**-**
Waharoa	0.5	1.9	-	-	-	**2.4**
Total Main Townships	**4.5**	**7.4**	**6.6**	**18.5**	**-**	**37.0**
	Share of Zoned Land Area					
Matamata	21%	0%	0%	79%	0%	**100%**
Morrinsville	6%	5%	36%	53%	0%	**100%**
Morrinsville South	11%	89%	0%	0%	0%	**100%**
Te Aroha	0%	0%	0%	0%	0%	**0%**
Waharoa	22%	78%	0%	0%	0%	**100%**
Total Main Townships	**12%**	**20%**	**18%**	**50%**	**0%**	**100%**

Source: M.E Matamata Industrial Land Model, 2021 and Matamata-Piako District Plan.

The following section provides detail on the industrial land within each of the main urban townships in the district.

4.3 Industrial Land by Urban Township

This section provides detail on the industrial land supply within each of the district's urban townships. It identifies the location and configuration of estimated vacant capacity within each area. It discusses the local characteristics of the supply and identifies a number of constraints to development of particular industrial zoned areas within the townships or reasons why the land is not likely to be available to the market.

4.3.1 Matamata

Matamata is the main industrial node within the southern part of the Matamata-Piako District. There is an existing 48 ha area of Industrial Zone on State Highway 24 on the south eastern urban edge of Matamata.

The existing industrial area contains a range of uses, including machinery/equipment/transport yards, automotive industrial activity, manufacturing/processing, storage areas, engineering, and agricultural support services. A sizeable proportion of the land area is occupied by yard-based uses, with some

operations containing only minor amounts of floorspace. Industrial operations occupy a range of different site sizes, with most sites in between 0.5 and 1ha, and a couple of larger sites over 5ha.

Figure 4 contains a map of the existing industrial area of Matamata. It shows the development status of the area and identifies the local characteristics that may affect the development potential of the land for industrial uses.

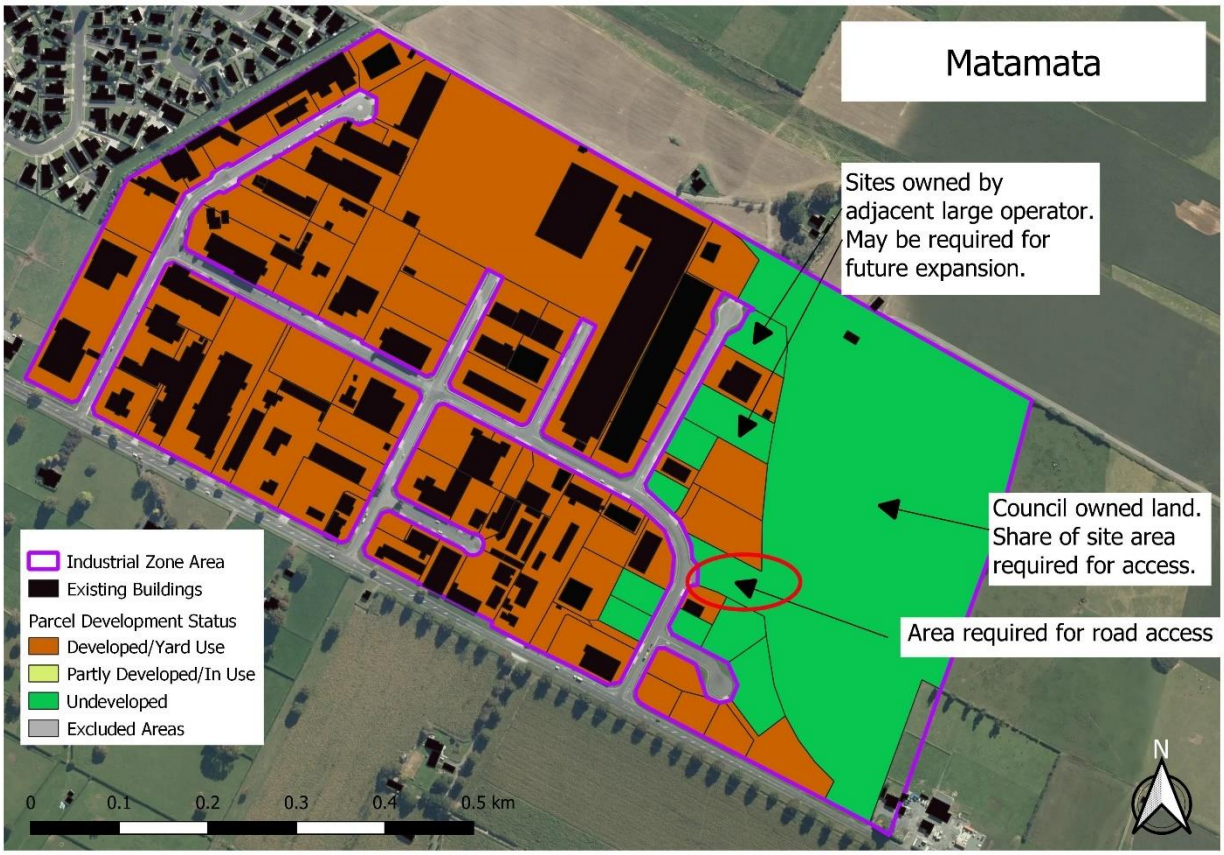
The development potential of the zone is on ten sites concentrated toward the eastern end of the zone. In total, the analysis has estimated that these have a combined net development area of 11.0ha once constraints have been applied and areas removed for access.

The largest of these sites is 12.5 ha, however, a share of the development potential is removed due to the planned road intersecting the site and further areas required to access the remainder the of the site. It is likely that access to the rest of this site will need to occur through the planned road connection to Rockford Street rather than directly onto Tauranga Road (State Highway 24). This site is also partly limited by the required setbacks from adjacent non-industrial land uses. These constraints have been incorporated within our estimate of the potential capacity on this site.

This site has remained undeveloped as it has previously been retained as vacant land by Council due to a designation for a roading bypass alignment. The designation has recently lapsed, meaning the site is now available for development. The proposed plan change would provide an alternative access point to the site.

The remainder of the undeveloped sites (9 sites) range in size from 0.13 ha to 0.45 ha. Two of these sites (marked A and B on Figure 4) are owned by the same landowner with existing operations within the already developed area. These sites have a combined area of 0.77ha, but have been included in the capacity estimates as they are not yet developed and development from this operator will form a share of the future demand.

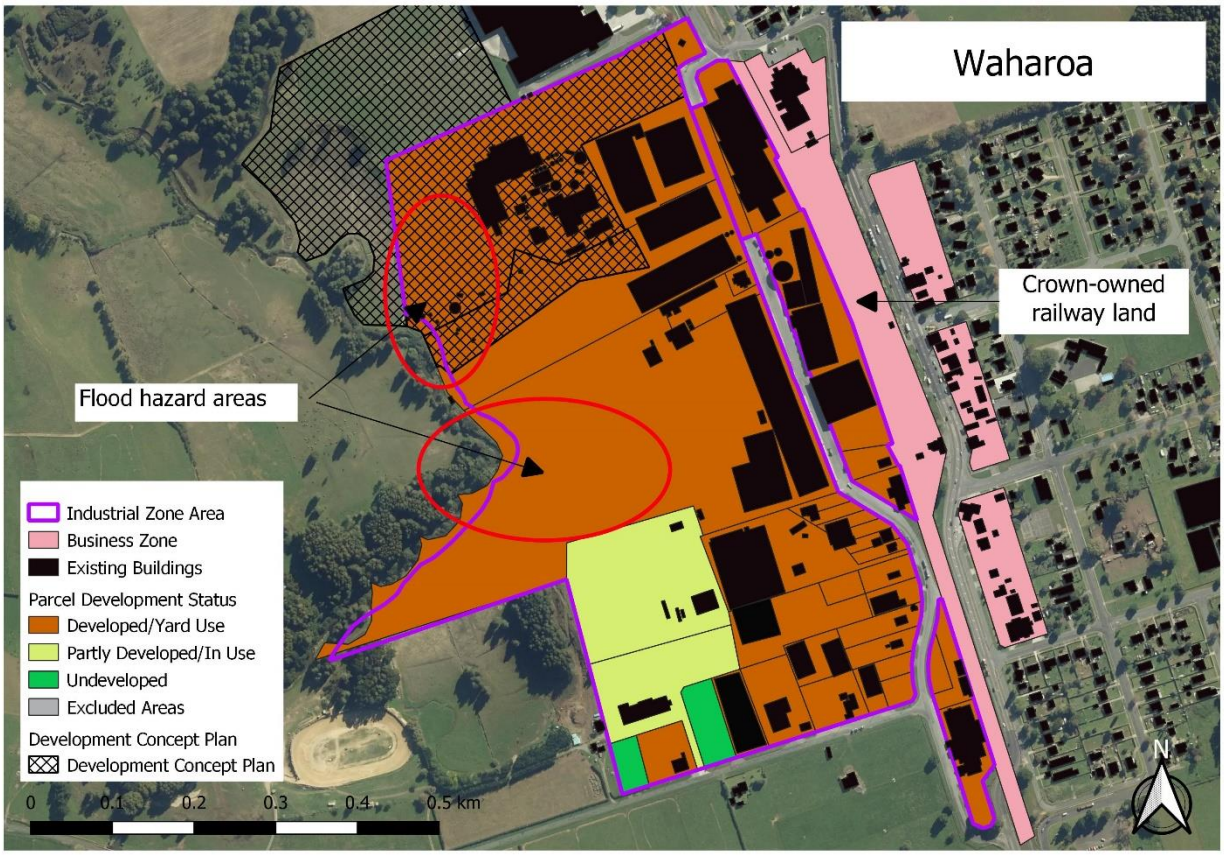
Figure 4: Matamata Existing Industrial Zone Area and Development Status



4.3.2 Waharoa

Waharoa is a smaller settlement located approximately 6 kilometres north of Matamata. It contains a similar sized area (40 ha) of industrial zoning to Matamata adjacent to the railway line. The configuration of the area, including developed areas and potential areas of further development capacity is shown in Figure 5.

Figure 5: Waharoa Existing Industrial Zone Area and Development Status



Most of the industrial area is occupied by large operations in the northern part of the area. These are agricultural processing and manufacturing firms that require large land areas with the ability to manage some of the effects of the production process on site. The northern most operation (Open Country Dairy) is subject to a Development Concept Plan (DCP) which sets out the consented use for the site.

Although the plant investment does not cover the full extent of these larger sites, further development is constrained on these sites. The rear portion of these sites (western edge) fall within the flood hazard overlay from the adjacent stream, limiting any further development. Further development is also limited on these sites due to the retention of these areas for the onsite management of industrial processes from the existing operations.

The southern portion of the industrial area is made up of smaller industrial parcels ranging from 0.1 ha to 2.6 ha. Large shares of this area are occupied by yard-based activities with limited investment in built floorspace. A high proportion of the built floorspace on these parcels is lower value and quality.

The analysis shows that there is currently very limited development capacity within Waharoa, with an estimated 2.4 ha of industrial land capacity for further development. This is located within the southern portion of the industrial area where the land contains smaller land parcels. Most (78%; 1.9 ha) of the estimated development capacity occurs as the undeveloped portions of partly developed sites. The remaining 0.5 ha occurs on two smaller currently undeveloped sites. A share of the capacity on these sites has been removed to take account of the required setbacks from adjacent non-industrial uses.

In addition to the floodplain constraints, industrial development within Waharoa is significantly limited by infrastructure constraints. Many of the parcels are not connected to reticulated water supply, affecting the viability of development on these sites. Stormwater and wastewater need to be managed on site for industrial parcels within Waharoa.

There is also currently no gas connection to Waharoa, which is required for many manufacturing operations. Council are currently in the early stages of investigating funding options to extend a gas pipeline out to Waharoa to facilitate further industrial development and the potential establishment of an employment training centre.

4.3.3 Morrinsville

Morrinsville is the key industrial area in the north of the district. It has a total zoned industrial area of 48.6 ha split across two areas. The location and development status of Morrinsville's Industrial Zone areas are shown in Figure 6.

Around one-fifth (21%; 10.3 ha) of the industrial zoned land is within DCP areas on the eastern side of the township that accommodate the large agricultural manufacturing and processing plants (Fonterra and Greenlea Meats). There is no further estimated industrial land development capacity within these areas as they are covered by DCPs, meaning they are not available to the general market for development.

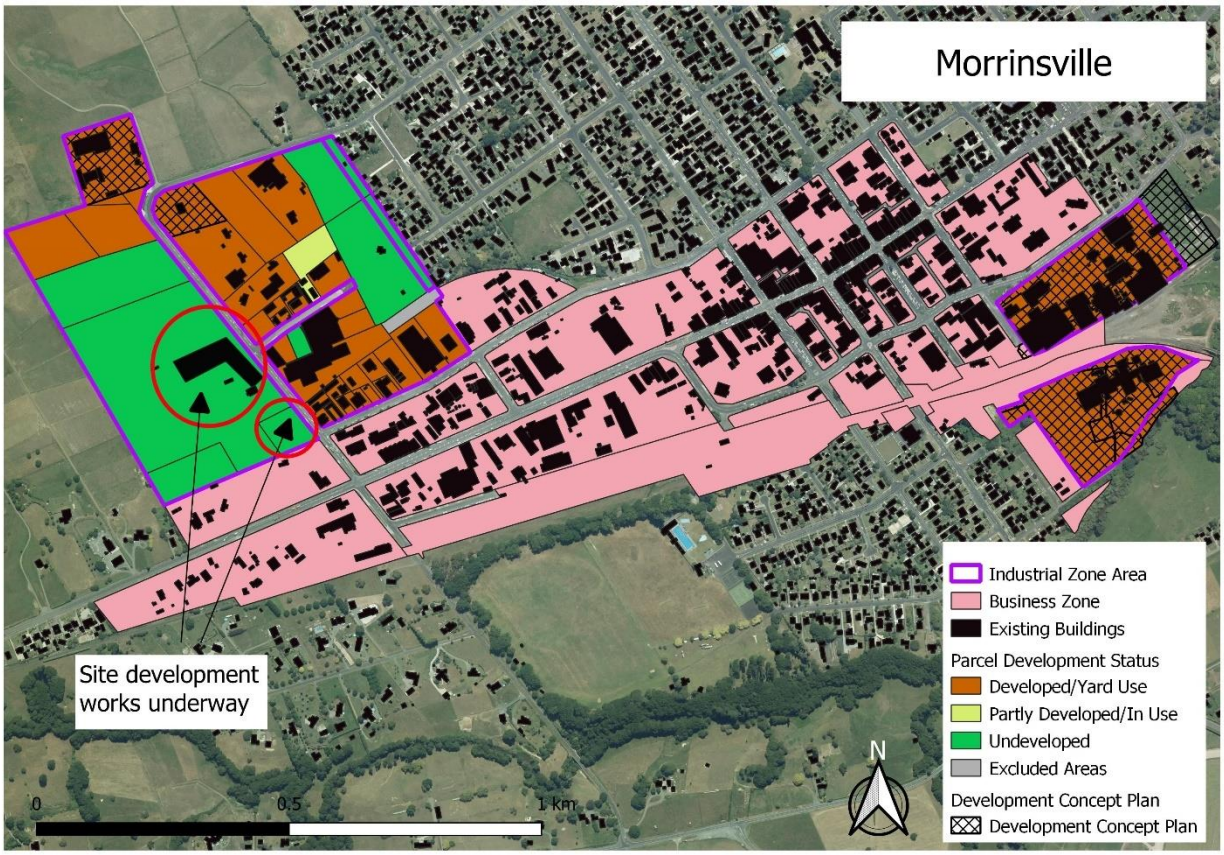
The remaining 38 ha of industrial land is located on the north-western edge of the township and contains a range of industrial uses. A large proportion of the industrial land use within this area occurs as yard-based activity, with some sites containing only a minor amount of built floorspace. This is an area of industrial greenfield urban expansion with gradual development of rural land for industrial land uses.

There is an estimated (net) 18.3 ha of industrial land development capacity within this north-western area (taking into account the required setback areas from adjacent non-industrial uses). Almost all of this capacity occurs on wholly undeveloped sites, with a minor portion on partly developed sites. Figure 6 shows that the capacity predominantly occurs in two large contiguous blocks of land.

Most of the western section of the industrial area is undeveloped, representing an area of urban expansion. The field survey found that early stages of land development are occurring on part of this large block of land. However, it has been included within the capacity estimate as it will be able to accommodate a share of the future projected demand.

Around one-fifth (21%; 3.9 ha) of Morrinsville's industrial development capacity is contained within the eastern parcels of the north-western Industrial Zone area. Although included within the estimated capacity, development of this land may be partly constrained due to the presence of a stream along the western site boundary.

Figure 6: Morrinsville Existing Industrial Zone Area and Development Status



4.3.4 Morrinsville South

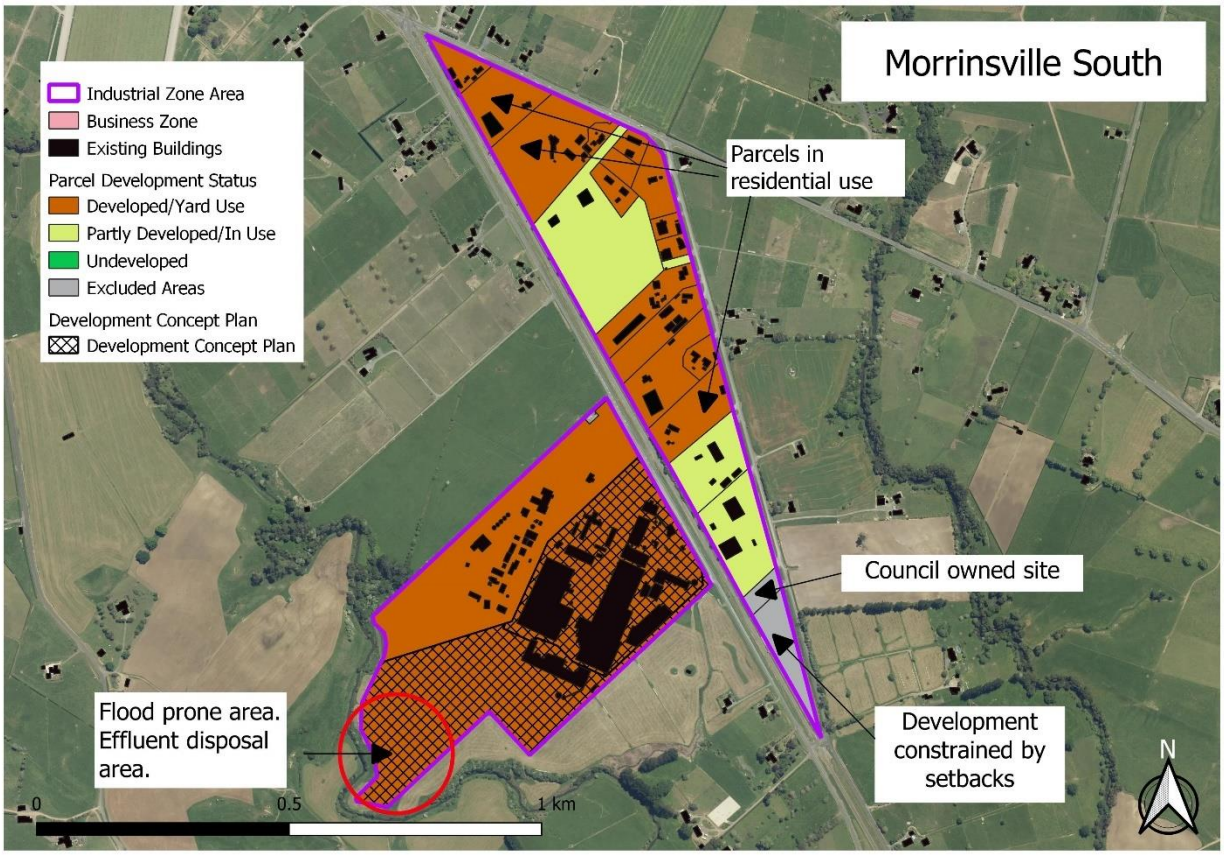
There is a further 51.5 ha of Industrial Zone land approximately 2-3 kilometres south of Morrinsville's urban area on Morrinsville-Walton Road. The location and development status of this Industrial Zone area is shown in Figure 7.

Over half of this land, is located on the western side of the road and is contained within a DCP. This area contains large agricultural and related manufacturing/processing and chemical manufacturing operations (Ballance Agri-Nutrients, Evonik Industries and Ixom Morrinsville) and does not contain any further development potential available to the general market. The rear (western) portions of these sites are also flood prone, with some areas used for effluent disposal.

The capacity assessment estimates that there is potentially capacity for an additional 5.2 ha of industrial land use on the remainder of this industrial area on the eastern side of the road. This capacity occurs on the undeveloped areas of already partly developed sites. Development of this area may potentially be constrained by the presence of several residential lifestyle properties within this industrial area.

The small undeveloped area (1.4 ha) at the southern end of this area is not likely to represent capacity for industrial development and has not been included within the estimate. One parcel is Council owned and the other parcel is undevelopable due to site setback requirements in relation to the site shape.

Figure 7: Morrinsville South Existing Industrial Zone Area and Development Status



4.3.5 Te Aroha

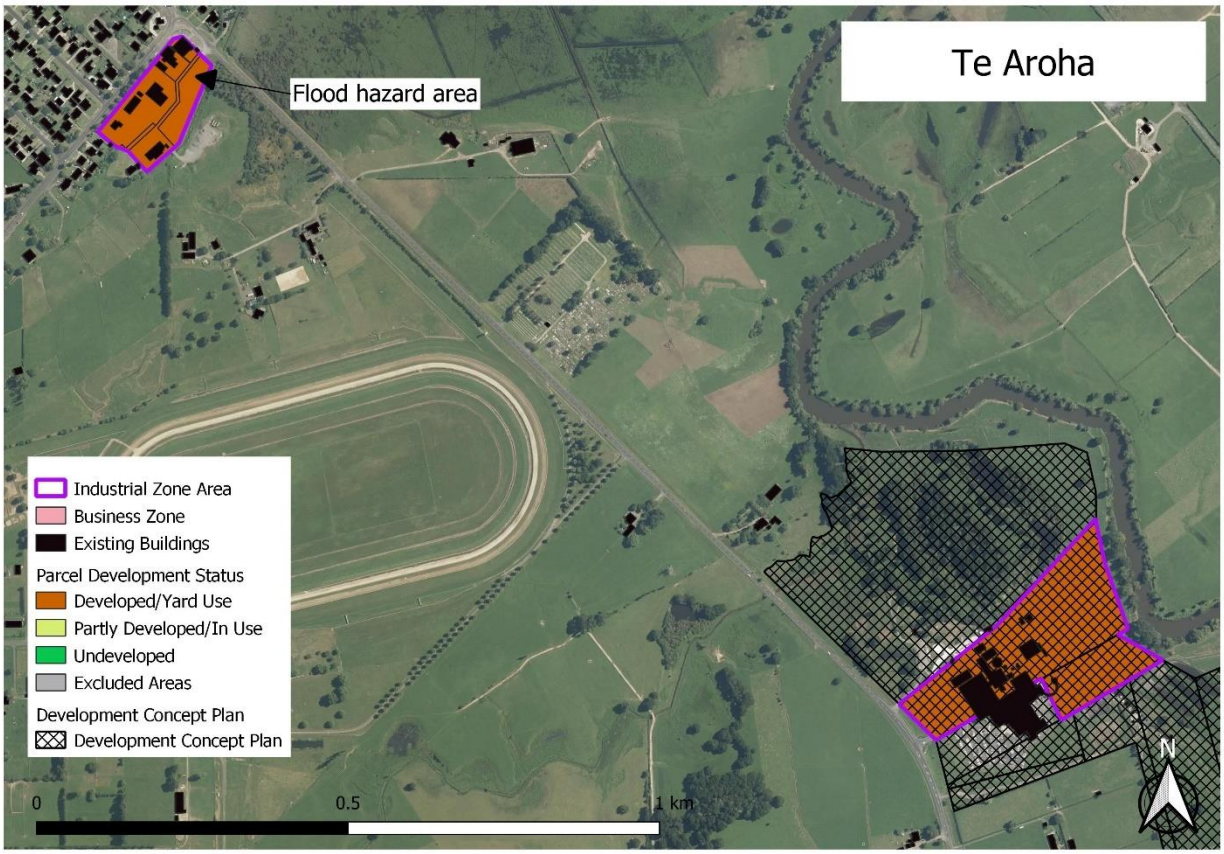
Te Aroha is one the main townships located within the north of the district. It contains a significant residential and Business Zone area, but only a minor area of Industrial Zone. The location and development status of the Industrial Zone area in Te Aroha is shown in Figure 8.

In total, Te Aroha contains 7.7 ha of industrial zone area and is not estimated to contain and undeveloped capacity for further industrial development.

Three-quarters (75%; 5.7 ha) of the Industrial Zone area is located around 1.7 kilometres south east of Te Aroha's urban edge on Stanley Road South. It is an area of zoning covered by a DCP for an agricultural manufacturing/processing operation (Silver Fern Farms), and therefore is not available to the general market for development. The rear portion of this site also falls within the flood hazard overlay area and is therefore unsuitable for development.

The remaining 1.9 ha of industrial land is currently fully occupied by existing industrial uses. There are no undeveloped areas for future development. The northern portion of this site is also within the flood hazard overlay area.

Figure 8: Te Aroha Existing Industrial Zone Area and Development Status



5 Industrial Land Demand

This section estimates the current and projected future demand for industrial land in Matamata and the district. Understanding the likely future industrial land demand is a key component in assessing the sufficiency of the identified industrial capacity in meeting the future industrial growth needs of Matamata and the district. This is important in understanding how the proposed plan change may affect the area's ability to meet future demand.

The section begins with an overview of the current picture of industrial activity within Matamata and the district. It also shows how this has changed through time, specifically looking at industrial growth across the district. The remainder of the section contains our assessment of the future industrial land demand. It firstly outlines our approach to assessing future industrial land demand, then sets out our estimates of future industrial land demand for Matamata and the district.

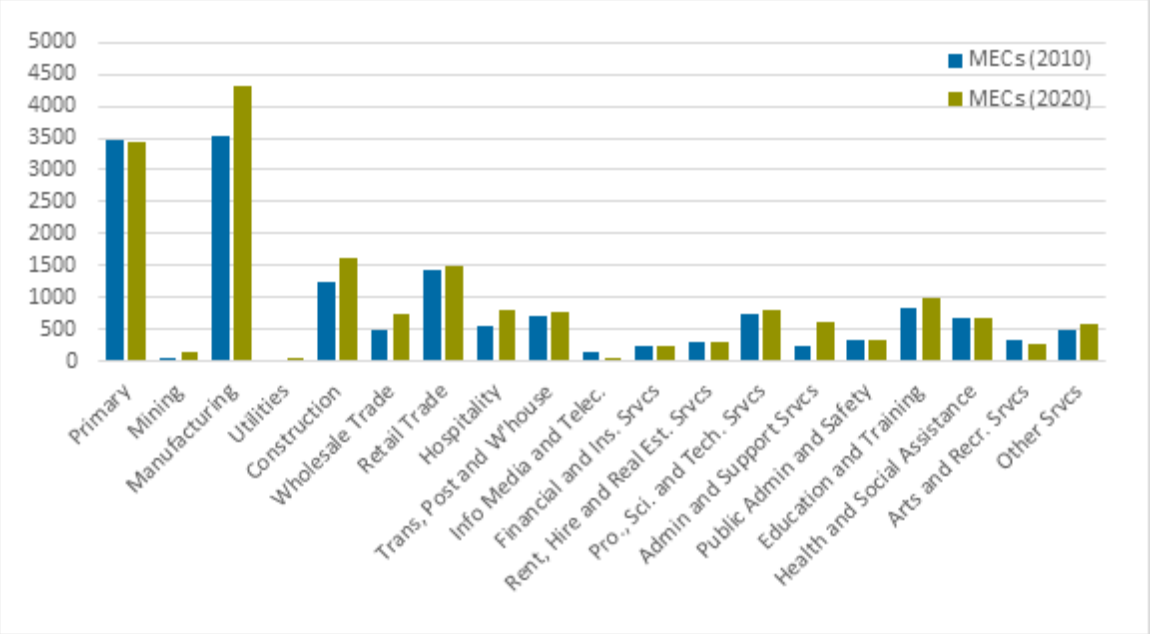
5.1 Current and Past Industrial Activity

This section provides an overview of the current employment structure of the Matamata-Piako District. The figures are presented using 1-Digit ANZSIC level sectors (19 sectors).

There are currently around 18,300 employees within Matamata-Piako District (Figure 9). The district has a large focus on primary and industrial activities, with over half (60%) of its employment within these sectors in 2020. Manufacturing is the largest industrial activity (23.6% of total employment), with a significant number of employees also within the Construction sector, which typically generates demand for industrial land. These sectors, in particular the construction sector, have experienced faster growth than the district overall. The primary sector is the next largest sector, containing nearly one-fifth of the district's employment (19%).

The district's employment has grown from around 15,800 employees in 2010 – an increase of 15.8% across the district. The structure of employment has changed slightly since 2010, with a gradual shift further toward activities that are likely to seek an industrial location.

Figure 9: Industry Structure of Employment in the Matamata-Piako District, 2010 and 2020



The 2020 employment profile by industrial sector for Matamata township compared to the district is shown in Figure 10. In total, there are around 4,200 employees within the Matamata township area, accounting for over one-fifth (22%) of the total district's employment.

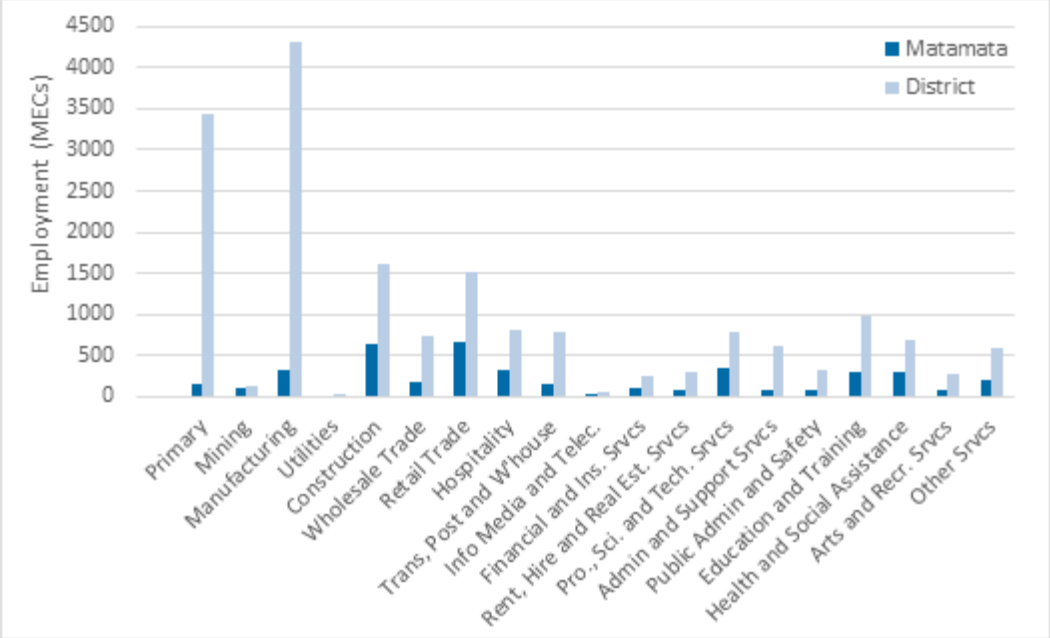
Nearly half (46%; 1,900 employees) of the township's employment is within the household sector[7], reflecting an important function of the township as a key commercial service centre for households in the surrounding district. Matamata contains 39% of the district's employment within the household sectors. The township also contains a significant amount of commercial activity serving business demand.

Approximately one-third (32%; 1,300 employees[8]) of Matamata's employment is within sectors that typically locate within industrial areas. These include the manufacturing, construction, wholesaling, and transport and logistics sector, and are likely to be concentrated within the existing wider Business Zone and Industrial Zone areas.

[7] The household sectors include sectors that primarily serve household demand. These include retail, hospitality, household services, recreation, education and healthcare.

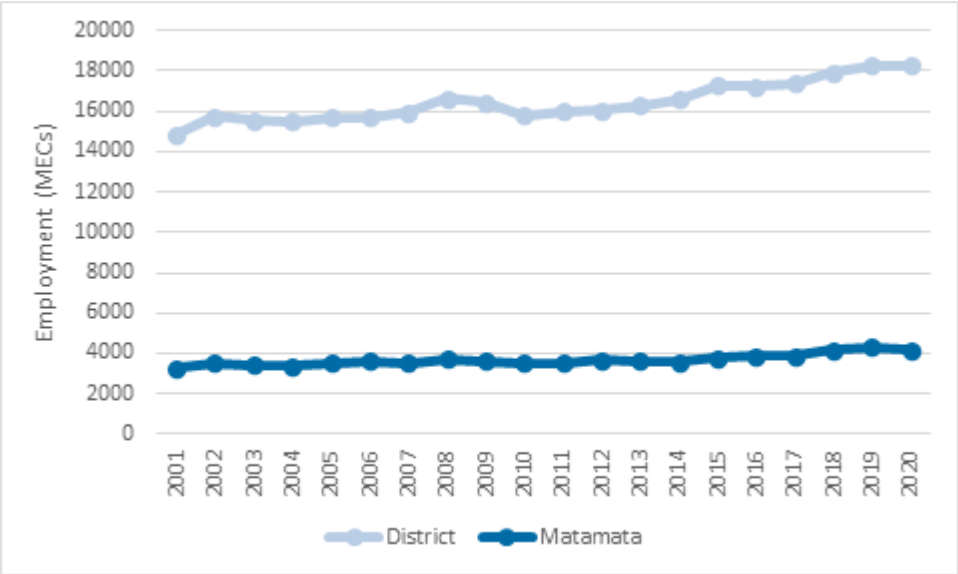
[8] The estimate of industrial employment at the 1-digit ANZSIC level differs to that in Section 5.2 where further analysis is undertaken to estimate the share of employees within other sectors that would also typically occupy an industrial location.

Figure 10: Industry Structure of Employment in Matamata vs. the Matamata-Piako District, 2020



The Matamata-Piako District has experienced a net increase in employment over the last two decades (2000-2020), with a slight decrease in employment (-20 employees) within the last year. Figure 11 shows that during this time, employment has generally increased, but has decreased during the global financial crisis from 2008 to 2010. Employment has also increased within Matamata over the last two decades, and at a faster rate than the district overall. Matamata's employment increased by 27% (2001-2020), compared to 23% across the district in total.

Figure 11: Change in employment in Matamata and the District, from 2000 to 2020 (MECs)



Growth in sectors that typically seek an industrial location has dominated the overall growth in employment across the district in both the last 10 years and the previous two decades (2001-2020). Within the last ten years (2010-2020), 59% of the district's employment growth was in industrial focused sectors. This has

resulted in an increase in the share of employment in these sectors from 33% in 2001 to 41% in 2020. Growth within Matamata township has been more dispersed over a range of sectors, with the largest share of growth (30%) in the last decade occurring within the household sector.

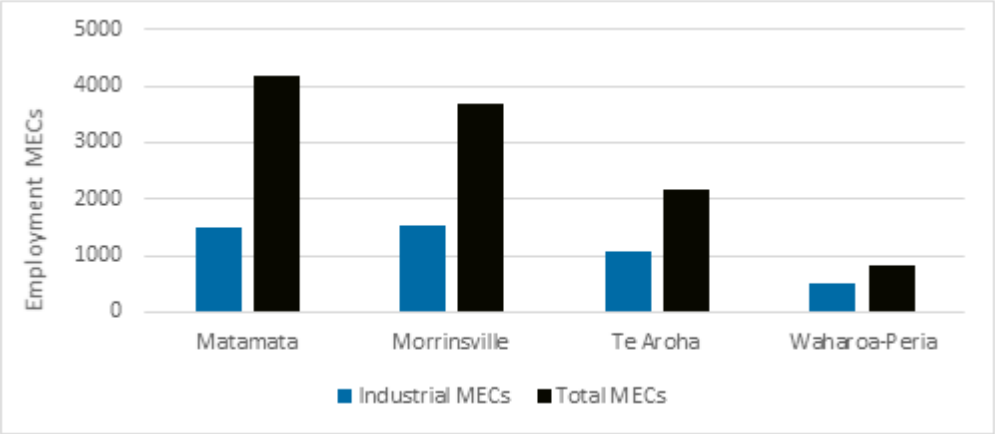
Figure 12 contains a closer analysis of the share of employment within each industry sector that may seek an industrial location[9]. It shows the estimated employees across all sectors that may seek an industrial location within each of the district's main urban townships.

In total, nearly half (48%) of the district's employees may seek an industrial location, with over half (53%) of these located within the main townships. Matamata and Morrinsville are the largest of these locations, each containing around 1,500 employees that may seek an industrial location. Together, these townships contain over one-third (35%) of the districts total employees that may seek an industrial location. Te Aroha and Waharoa are the other main industrial locations within the district.

Construction accounts for the largest number of industrial employees within Matamata, while a higher share of the industrial employees within the other main townships (Morrinsville, Te Aroha and Waharoa) are in manufacturing. A significant share of this activity is likely to occur within the larger agricultural produce manufacturing and processing plants.

The district also contains a large number of industrial employees outside of these township areas. A large share of this activity occurs within the large agricultural manufacturing and processing plants located away from townships within the rural area.

Figure 12: Employment Industrial Share of Total by Main Town



[9] A share of employees within predominantly non-industrial sectors are also likely to seek an industrial location; and a share of industrial-sector employees are likely to seek a non-industrial location. This analysis provides an estimation of these shares as set out in the approach in Section 5.2.1.

5.2 Future Industrial Land Demand

5.2.1 Approach

M.E have used the Waikato Regional Economic Futures Model[10] (EFM) to construct projections of future industrial employment demand across the district. These have then been converted to projections of demand for industrial land. Importantly, projections have been developed for different locations within the district to understand how demand arises spatially and how this may align with the geographical patterns of supply. The key stages to our assessment are summarised below.

Obtain Employment Projections by Location and Industry Sector

The Waikato EFM has been developed for the Waikato Region and provides projections of employment by industry sector out to 2051. As such, the Matamata-Piako District projections are structured into their wider regional and national context. This is important because economic activity within the district occurs within the context of the surrounding regional economy and upper north island patterns of activity.

The employment projections are provided by local area[11] across the district for each industry sector. M.E have analysed the projections across the same spatial framework of key locations as the capacity assessment. It is important to understand industrial demand from not only within the immediate Matamata local area, but also the lower part of the district and the district overall. This is because supply in Matamata is likely to meet demand that arises at a range of spatial scales. As the main economic hub within the southern part of the district, industrial capacity within Matamata is likely to serve demand generated across this wider southern district area.

It is also important to identify the district industrial land demand to assess the role of Matamata industrial supply in meeting wider district demand. Assessment of these spatial scales is undertaken in the following sub-sections.

Identify Share of Employment by Sector Likely to Seek an Industrial Location

The share of employment within each sector seeking an industrial location was then estimated. Initial estimates were obtained from M.E's industrial land use models[12]. These were then adjusted (based on the distribution of activity across different sub-sectors within each industry sector) to reflect the local market and District Plan activity structure.

The outputs from this stage were geographic projections of employment that would be likely to locate in an industrial area.

[10] The Waikato EFM was created by Market Economics Ltd for Environment Waikato.

[11] These are provided by Statistical Area 2 (SA2) boundaries. There are 17 SA2s within the Matamata-Piako District. Groups of SA2s generally define the urban extent of the main townships within the district, with the remainder of the wider rural area covered by a number of larger SA2s.

[12] The share of activity seeking an industrial location within each sector in these models is based off detailed analysis of the structure of employment by occupations within each sector. This assessment was undertaken at a more detailed level within each industry sub-sector.

Convert Industrial Employment Projections to Industrial Land Demand

The final stage involved the conversion of industrial employment projections into land demand. Ratios were established of the average land use per employee. These were applied to the projections to calculate total future industrial land by location.

M.E's assessment applies a range of land ratios to test different land demand outcomes. Ranges of land per employee can vary substantially across different areas and types of location. They depend on the nature and overall structure of industrial activity. Areas containing more intensive manufacturing and distribution activities generally have lower ratios of land per employee. These operations often occur within larger urban economies where land is also used more intensively due to differences in the underlying land value.

Conversely, the land used per employee is often greater in smaller urban areas and economies that have higher proportions of their activity more closely related to primary sector production and processing. Some of those activities are often more land intensive as they have larger yard-based requirements and lower levels of plant capital investment.

Land-intensive activities also often seek out locations in less central areas due to the lower land costs and greater land availability within these areas. In this way, the industrial areas within these smaller, less central, urban areas can serve demand arising from the ambit of surrounding larger urban economies.

The capacity assessment found that a high share of the industrial land use within Matamata, and across the district's main township areas generally, occurs as yard-based activities. A significant proportion of these are activities that are related to the primary production function of the surrounding rural environment (e.g. processing/distribution of production or the supply of inputs, such as machinery, to support production). A number of activities are also involved in the construction sector, with large space requirements, and are likely to be serving demand from the surrounding regions. An example includes the extensive yard space requirements of the large J.Swap operation, spanning several sites within Matamata's industrial area, that serves demand from a wide range of business in the surrounding area.

M.E have undertaken a range of industrial land demand assessments across different economies within New Zealand. These have used ranges up to 350-1,000m2 land per employee for outdoor yard-based activities (maximum values), and ranges of up to 500-600m2 land per employee for warehouses and factories. In comparison, an assessment of the currently used land per employee within the main industrial areas of Matamata, Waharoa and Morrinsville South[13] yielded ratios of around 900m2, 1,200m2 and 1,500m2 per employee respectively.

The above factors have been used to guide the development of land use per employee ratios for the assessment. The assessment uses a range of 500m2 to 800m2 land area per employee to convert industrial employment to land demand. This is below the current ratios, however, lower ranges were applied to ensure the assessment of demand remained conservative[14]. Furthermore, the lower ratios reflect that a

[13] Ratios were able to be estimated for these areas as they contained industrial zoned areas within unique statistical areas without the presence of other business zoned area.

[14] The application of lower ranges also allows for a proportion of the future employment growth to be met through employment growth within existing businesses.

share of the industrial employment demand is likely to be met within the Business Zone area within each township due to the overlap in activity types anticipated within these zones.

The projected future industrial land demand is outlined in the following sub-section.

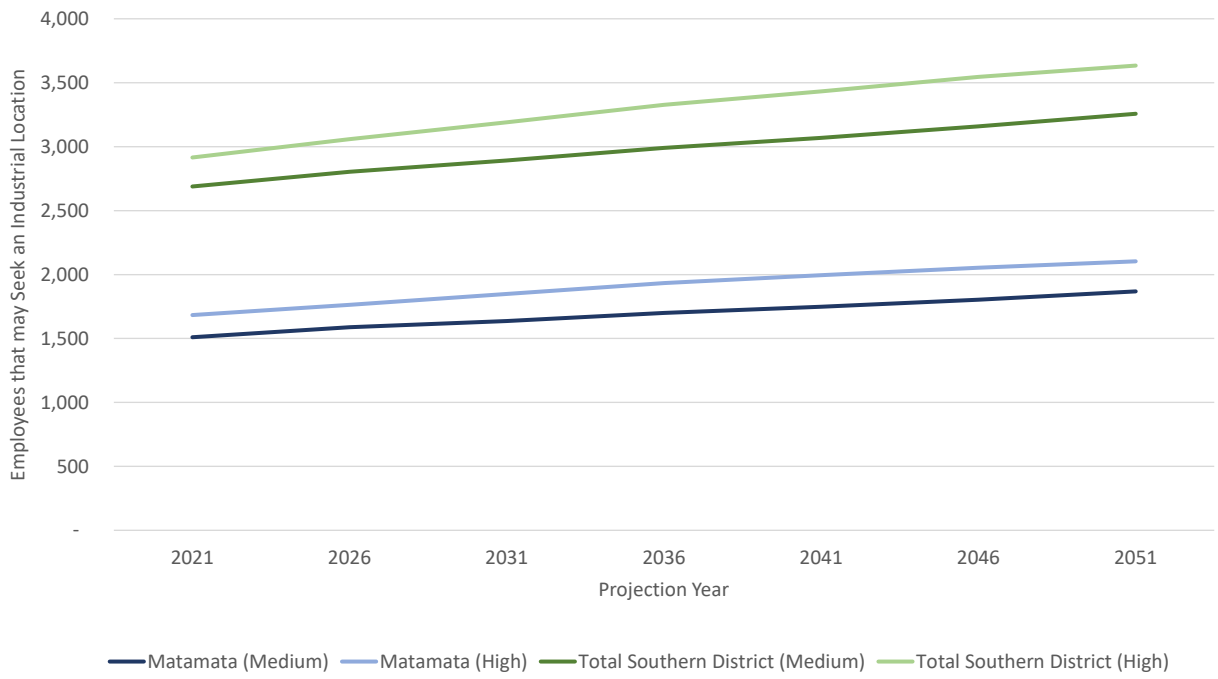
5.2.2 Results – Future Industrial Land Demand

Projected Industrial Employment

Figure 13 shows the projected industrial employment in Matamata and the southern part of the Matamata-Piako District (including Matamata) over the next 30 years. It shows the projected industrial employment under a medium and high growth projection series.

Overall, there is a projected increase of around 360 industrial employees within Matamata over the long-term (2021-2051) under a medium growth series, and an additional 420 employees under the high growth projection series. Across the wider southern district, there is a projected increase of 570 to 720 employees across the same time period.

Figure 13: Projected Industrial Employees in Matamata and the Southern Matamata-Piako District, 2021-2051



Source: M.E Waikato EFM and Matamata Industrial Land Model.

The structure of industrial employment across the district and how this is projected to change through time is shown in Table 5-1. Together with Morrinsville, Matamata is currently one of the largest industrial employment areas within the district, with each area containing nearly one-fifth of the district's industrial employment. These townships are projected to have the largest net increases in industrial employment in the district, with the larger increase in Morrinsville, slightly increasing their projected share of the district's future industrial employment.

Overall, there is a projected net increase of 850 industrial employees across the district over the long-term. This is made up of a net increase of 900 employees within the main townships, a further net increase of 210 employees across the areas away from the townships, and a net decrease of 250 employees across the areas containing the industrial spot zone areas. This shows that industrial employment is projected to grow faster within the

These patterns show that industrial employment is projected to grow faster within the main townships, with Matamata and Morrinsville slightly increasing their relative role in the district's industrial sector through time. The increase is projected to occur gradually through time, with the bulk of the district's industrial employment growth occurring in these main centres.

Table 5-1: Projected Industrial Employment by Location in Matamata-Piako District, 2021-2051

	Projected Industrial Employment				Net Change in Employment			Share of Employment	
Industrial Area	**2021**	**2031**	**2041**	**2051**	**2021-2031**	**2021-2041**	**2021-2051**	**2021**	**2051**
Main Townships									
Matamata	1,510	1,640	1,750	1,870	130	240	360	18%	19%
Morrinsville	1,510	1,780	1,950	1,980	260	430	470	18%	20%
Morrinsville South	260	260	280	290	10	30	40	3%	3%
Te Aroha	1,020	1,000	990	980	- 20	- 30	- 40	12%	11%
Waharoa	450	480	500	530	30	50	80	5%	5%
Total Main Townships	**4,750**	**5,150**	**5,460**	**5,650**	**410**	**720**	**900**	**57%**	**58%**
Other - North	320	350	370	400	30	50	70	4%	4%
Other - South	730	780	820	860	50	90	130	9%	9%
Total Other	**1,050**	**1,130**	**1,200**	**1,260**	**80**	**140**	**210**	**13%**	**13%**
Industrial Spot Zone Areas	2,570	2,530	2,410	2,310	- 40	- 150	- 250	31%	29%
Total District	**8,370**	**8,810**	**9,070**	**9,220**	**450**	**710**	**850**	**100%**	**100%**

Source: M.E Matamata Industrial Land Model, 2021.

Projected Industrial Land Demand

The projected additional industrial land demand by location across the Matamata-Piako District is shown in Table 5-2. This is the demand for additional industrial land use beyond the area of land that is already developed, with currently undeveloped/partly developed land able to contribute to meeting the demand[15]. The lower ranges of the estimates are calculated using a lower ratio of land per employee (500m2 per employee), with the higher end of the ranges calculated using a higher rate (800m2 per employee).

The assessment shows that, under a medium-series growth projection, that there is demand for an additional 6.3ha to 10.1ha of demand for industrial land within Matamata by 2031. In comparison, analysis of aerial photography suggests that around 6.9ha of industrial land was taken up over the last 10 years (2010-2020), and around 15ha over the last 15 years (2005-2020) within Matamata's industrial area. Relatively high building coverage of the industrial area within Matamata's Business Zone may result in a share of the future industrial demand for this area instead being met within the Industrial Zone.

In the long-term, there is demand for an additional 17.9ha to 28.7ha of industrial land within Matamata. If demand is included across the southern part of the district, there is projected demand for an additional 10.2ha to 16.2ha by 2031 and an additional 28.4ha to 45.5ha in the long-term. At the district level, there is

[15] i.e. the additional land demand is additional to the land area currently developed and is not additional to the total zoned land area.

a projected demand for an additional 24.2ha to 38.7ha of industrial land by 2031, and an additional 55.3ha to 88.5ha by 2051.

The analysis indicates a faster growth rate in the amount of total utilised industrial land than industrial employment growth. This is due to the distribution of the current employment base across the Business Zone and Industrial Zone areas and the corresponding differences in employment density across the different types of economic activity within these areas. It is likely that growth will occur at a faster rate across the Industrial Zone area, as much of the Business Zone areas are already built out.

The projected demand is assessed in relation to the current industrial land supply identified in Section 2. This is assessment is undertaken in Section 6 to identify whether the current zoned provision is likely to meet the future industrial growth needs of the district.

Table 5-2: Projected Additional Industrial Land Demand (Ha) by Location in Matamata-Piako District, 2021-2051: Medium Projection Series

	Low Ratio (500m2 per Employee)			High Ratio (800m2 per Employee)		
Industrial Area	**2021-2031**	**2021-2041**	**2021-2051**	**2021-2031**	**2021-2041**	**2021-2051**
Main Townships						
Matamata	6.3	11.9	17.9	10.1	19.1	28.7
Morrinsville	13.2	21.7	23.5	21.1	34.8	37.6
Morrinsville South	0.4	1.3	1.9	0.6	2.1	3.1
Te Aroha	- 0.8	- 1.6	- 2.2	- 1.4	- 2.6	- 3.5
Waharoa	1.3	2.6	3.8	2.1	4.1	6.1
Total Main Townships	**20.3**	**35.9**	**45.0**	**32.4**	**57.4**	**72.0**
Other - North	1.4	2.5	3.6	2.2	4.0	5.8
Other - South	2.6	4.6	6.7	4.1	7.3	10.7
Total Other	**3.9**	**7.1**	**10.3**	**6.3**	**11.4**	**16.5**
Total Southern District	**10.2**	**19.1**	**28.4**	**16.2**	**30.5**	**45.5**
Total District	**24.2**	**43.0**	**55.3**	**38.7**	**68.7**	**88.5**

Source: M.E Matamata Industrial Land Model, 2021.

5.3 Industrial Location Demand from Surrounding Areas

Industrial growth in Matamata may be able to meet exogenous demand from nearby areas. It is likely to be a cheaper location for land-intensive yard-based activities that are less able to locate within the higher value adjacent urban economies. It is located between Hamilton and Tauranga, which are key high growth urban economies within the upper North Island. A location within this broad regional area is likely to have some effect on the growth potential across this area and it is useful to understand the context of industrial supply in the adjacent Tauranga urban area.

Industrial growth in Matamata may have the potential to serve Tauranga demand for industrial land, given the strategic location in the southern part of the district and on freight route of the Golden Triangle. However, there are alternative locations, including Katikati, outside and proximate to Tauranga that would also form potential locations to meet demand from Tauranga. This sub-section provides a summary of the recent industrial land assessments for Tauranga.

The Housing and Business Capacity completed for Tauranga Area (SmartGrowth, 2017), as part of the NPS-UDC requirements, identified that industrial land provision was sufficient in the short, medium and long term. For the short term (2018-2020), the forecast industrial growth was provided for primarily at Tauriko Business Estate and Rangiuru. For the medium term (2020-2027), the projections indicate that Tauriko Business Estate in the western corridor and the Rangiuru Business Estate in the eastern corridor will cater for a large proportion of the forecast industrial growth in the sub-region. Other areas for industrial activity of smaller but still significant scale will become available in the eastern corridor at Te Tumu, and in the northern corridor at Te Puna and Omokoroa during the medium term. Overall, the results did not indicate a shortfall in capacity for the Western Bay of Plenty sub-region and Tauranga City over the short, medium or long term.

From the Industrial Land Survey (2018), that monitors the status of industrial zoned land in Tauranga City, it is estimated that vacant industrial land provision will fall from 304.3 hectares to 207.5 hectares as new areas are developed for industrial activity. There are approximately 21 years of industrial land supply remaining in Tauranga City and 7 years of ready to go industrial land (earth-worked and serviced), based on the three-year average uptake rate of 10 hectares per annum. Also, this investigation pointed out that there is significantly less land available to the market currently, and less in the longer term than indicated in previous reports. Along with that, there are other factors that can further reduce industrial land supply in the future for Tauranga region. Among those, a faster uptake of industrial land than estimated and the considerable lead in time to rezone land for industrial purposes. Therefore, careful monitoring of the availability and uptake of industrial zoned land in the medium term and long term is required.

The SmartGrowth technical report (2020) identified that the recent high uptake rates of industrial land, if sustained, can negatively impact the sufficiency of the medium-term industrial land capacity to meet future demand. It remarked the importance of timely identification and assessment of future industrial land to maintain supply, considering the time required to rezone land, and to deliver support infrastructure. In February 2020, the industrial zoned land in Tauranga City was around 830.71 hectares, of which around 32% (267 hectares) was vacant, with the majority located at Tauriko industrial area. It is estimated that these 267 hectares of vacant industrial land will decrease significantly as new areas are developed for industrial activity, such as road corridors and stormwater reserves. Only 4% (7.3 hectares) of the Port Industry zoned land was vacant.

6 Industrial Land Demand and Supply Balance

Understanding the current and projected future balance between industrial land supply and demand is a core part of determining the likely economic effect of the proposal. This will show how the proposal is likely to contribute to the supply-demand balance of industrial space within the district. This section draws together the current industrial capacity estimated in Section 2 with the projected demand in Section 5 to calculate the projected future supply-demand balance of industrial capacity across the district.

6.1 Current Supply and Projected Demand

The calculated balance between supply and demand is contained in Table 6-1 for the two modelled scenarios of future demand. The table shows the projected net difference in hectares between the estimated developable industrial land areas (contained in Table 4-1) and the projected future demand (contained in Table 5-2). The balances are shown for the next three decades – 2021-2031, 2021-2041, and 2021-2051[16]. A positive value suggests that there is currently sufficient developable land capacity to meet the projected demand across the period, with the size of the value (in hectares) indicating the scale of the additional land capacity beyond that projected to be demanded. A negative value indicates a shortfall in capacity, with the value showing the shortfall (in hectares) in capacity to meet the projected demand.

Table 6-1: Projected Balance Between Current Industrial Capacity and Projected Future Demand (ha) in Matamata-Piako District

	Low Ratio (500m2 per Employee) Time Period			High Ratio (800m2 per Employee) Time Period		
Area	**2021-2031**	**2021-2041**	**2021-2051**	**2021-2031**	**2021-2041**	**2021-2051**
Main Townships						
Matamata	4.8	-0.9	-6.9	1.0	-8.0	-17.7
Morrinsville	5.2	-3.4	-5.1	-2.7	-16.4	-19.2
Morrinsville South	4.9	3.9	3.3	4.6	3.1	2.1
Te Aroha	0.8	1.6	2.2	1.4	2.6	3.5
Waharoa	1.1	-0.1	-1.4	0.3	-1.7	-3.7
Total Main Townships	**16.8**	**1.2**	**-8.0**	**4.6**	**-20.4**	**-35.0**
Other - North	-1.4	-2.5	-3.6	-2.2	-4.0	-5.8
Other - South	-2.6	-4.6	-6.7	-4.1	-7.3	-10.7
Total Other	**-3.9**	**-7.1**	**-10.3**	**-6.3**	**-11.4**	**-16.5**
Total Southern District	**3.3**	**-5.6**	**-15.0**	**-2.8**	**-17.0**	**-32.0**
Total District	**12.8**	**-5.9**	**-18.3**	**-1.7**	**-31.7**	**-51.5**

Source: M.E Matamata Industrial Land Model, 2021.

Table 6-1 shows that the current supply in Matamata is likely to be sufficient to meet the projected demand arising from within Matamata over the next decade. The estimated existing capacity of 11ha compares to

[16] This is based off the current industrial zoned provisions and does not include any additional future zoned areas.

a projected demand of between 6.3ha to 10.1ha, resulting in a projected surplus of 1.0ha to 4.8ha. Over the long-term (2021-2051), there is a projected shortfall in capacity within Matamata of between 6.9ha and 17.7ha.

The analysis has shown that the supply-demand balance should also be analysed at the southern district level. Matamata forms the key industrial node in the southern part of the district. Waharoa, the other southern district industrial area, has identified constraints to industrial development. As such, Matamata is likely to meet industrial demand from the surrounding area.

When the supply-demand balance is considered across the southern district (Matamata, Waharoa and 'Other – South'), then current supply within the southern district is likely to be sufficient over the next decade if lower rates of demand occur and if supply is included from Waharoa. However, if higher rates of uptake occur, then there is a projected net shortfall of 2.8 ha. Over the long-term (2021-2051), there is a projected shortfall of between 15.0 ha and 32.0 ha of industrial land over the southern part of the district.

At the district level, there is a projected shortfall of between 18.3 ha and 51.5 ha in the long-term. However, a share of this shortfall could potentially be met through development of the industrial areas of the Business Zone in other parts of the district. An assessment of the capacity of the Business Zone is outside of the scope of this assessment.

6.2 Current and Proposed Supply and Projected Demand

The balance between industrial supply and demand, with the inclusion of the proposed plan change industrial area, is assessed in Table 6-2. The table follows the same format as in Table 6-1, with the inclusion of an additional 32.34 ha of industrial land in Matamata. The additional supply reflects the net developable industrial area of the proposed plan change. This has been included together with the current capacity and has been included within all three evaluation periods (i.e. 2021-2031, 2021-2041 and 2021-2051).

With the inclusion of the plan change area, there is an estimated projected surplus of between 14.7 ha and 25.4 ha of industrial land area within Matamata in the long-term. If demand is considered across the southern part of the district, then the projected long-term supply-demand balance ranges from a surplus of 0.3 ha up to 17.4 ha. At the district level, the long-term balance is projected to range from a 19.2 ha deficit to a 14.0 ha surplus.

The analysis suggests that the additional industrial land supply within the proposed plan change is likely to contribute to mitigating projected shortfalls in capacity that are likely to emerge within the next two decades across the southern part of the district. The additional capacity may also contribute to mitigating projected long-term shortfalls in capacity across the district generally, although it is unclear to what extent this demand could be met within the existing Business Zone.

Table 6-2: Projected Balance Between Current and Proposed Future Industrial Capacity and Projected Future Demand (ha) in Matamata-Piako District

Area	Low Ratio (500m2 per Employee) Time Period			High Ratio (800m2 per Employee) Time Period		
	2021-2031	2021-2041	2021-2051	2021-2031	2021-2041	2021-2051
Main Townships						
Matamata	37.1	31.5	25.4	33.3	24.3	14.7
Morrinsville	5.2	-3.4	-5.1	-2.7	-16.4	-19.2
Morrinsville South	4.9	3.9	3.3	4.6	3.1	2.1
Te Aroha	0.8	1.6	2.2	1.4	2.6	3.5
Waharoa	1.1	-0.1	-1.4	0.3	-1.7	-3.7
Total Main Townships	**49.1**	**33.5**	**24.3**	**36.9**	**12.0**	**-2.7**
Other - North	-1.4	-2.5	-3.6	-2.2	-4.0	-5.8
Other - South	-2.6	-4.6	-6.7	-4.1	-7.3	-10.7
Total Other	**-3.9**	**-7.1**	**-10.3**	**-6.3**	**-11.4**	**-16.5**
Total Southern District	**35.6**	**26.7**	**17.4**	**29.6**	**15.3**	**0.3**
Total District	**45.2**	**26.4**	**14.0**	**30.6**	**0.6**	**-19.2**

Source: M.E Matamata Industrial Land Model, 2021.

7 Effects on Matamata Commercial Area and Spatial Structure

The location of additional industrial supply in Matamata and the wider district is important in determining its likely economic effects. The positioning within Matamata's existing and future spatial economic structure, and the function of the existing structure, will influence the local effect of this proposal. It is important to understand how the industrial growth on the south eastern edge of Matamata may impact the function of the central commercial area, and its consistency with the future spatial structure of the township.

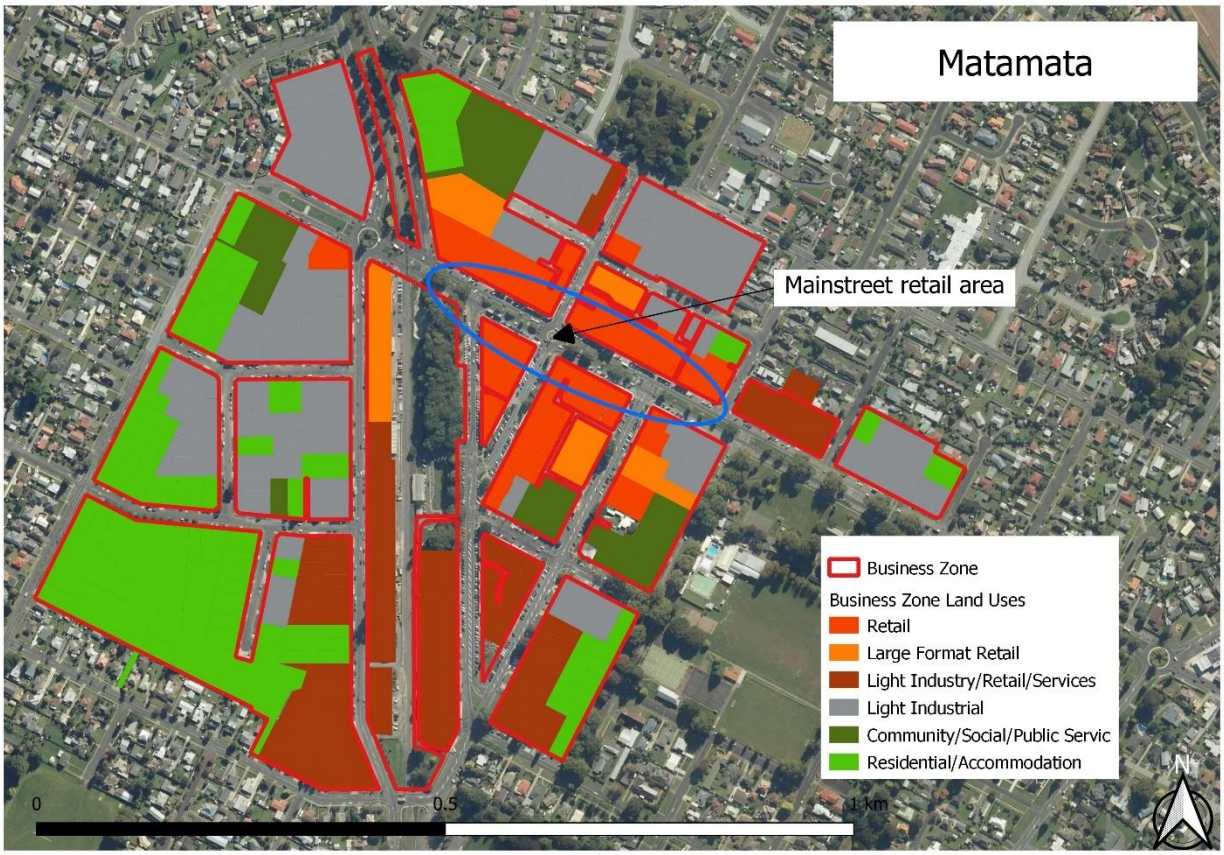
It is also valuable to understand the effects of additional supply of industrial space in Matamata on the distribution of industrial space across the district. Location is not neutral. The location of additional supply within the district will influence the overall geographic distribution of industrial capacity within the district. This will affect the efficiency of the industrial capacity to serve demand across the district as well as exogenous demand from the surrounding area.

This section considers the likely economic effects arising from the location of the proposed supply. It firstly considers the local effects within Matamata, then discusses the effects of its location within the wider district-level distribution of supply.

7.1 Effects on the Central Commercial Area of Matamata

The overall zoning spatial structure of Matamata is shown in Figure 3 (Section 2.1), with a more detailed map of the main commercial area shown in Figure 14. Matamata township contains a central commercial area defined by the Business Zone. There is a concentric residential area surrounding the central commercial area. It contains general suburban density residential development, with some areas of lifestyle residential density development on the outer edges of the suburban area. There is a sizeable area of industrial activity on the south eastern edge of Matamata, adjacent to the proposal area of industrial zoning.

Figure 14: Land Use Spatial Economic Structure of Matamata Business Zone Area



The Business Zone contains a central mainstreet area centred around the Broadway road. This largely consists of household sector activity (e.g. retail, hospitality and household services) that serves household demand from the surrounding catchment. It is the main commercial centre for the surrounding catchment[17], likely to be meeting a high share of the local household demand.

The core household sector area is centrally positioned to effectively service the surrounding catchment. It is supported by social infrastructure (e.g. public space and services) that provide important social amenity to households when they access commercial activity within the centre and supports the efficient centralised delivery of local services. The agglomeration and density of the household sector activity in this area enables households to efficiently meet their needs in the centre and achieve multipurpose trips.

Consequently, it is important to consider whether the proposed industrial zone is likely to support or undermine the role and function of the core commercial area of Matamata. The propensity of the proposal to undermine the centre depends upon whether it is likely to attract activities that overlap with the commercial function of the centre or whether they complement the core area.

Analysis of the District Plan zoning provisions across the Business and Industrial zones shows there is some overlap in the activities provided for within each zone. However, the overlap largely occurs within the light industrial activities, with little overlap in the core household sector activities of the main commercial central

[17] The catchment includes Matamata's general suburban area, lifestyle properties, and is likely to extend out into the surrounding rural area to serve rural household demand as the closest urban centre.

area. It is therefore unlikely that the proposal would attract activity that would otherwise locate within the mainstreet area. As such, it is unlikely to dilute the local household demand function of the centre.

The household demand focussed main commercial central area is currently performing well within its local catchment. It is a successful centre that supports a sizeable range and scale of local businesses. Additional development within its catchment may support the centre through the additional demand generated for local goods and services.

The overlap between the Business and Industrial zones occurs largely within the light industrial activities. It is likely that there will be some overlap between the light industrial activities that would locate within each zone. The wider area of Matamata's Business Zone, beyond the mainstreet commercial area, currently contains a range of light industrial activities. These are a mixture of household demand-oriented activities that would not viably locate within a mainstreet retail area (e.g. automotive services) and small to medium-scale businesses with a light industrial focus. There are fewer larger, land-intensive, light industrial businesses within this zone

Although there is overlap in the potential activity profile of the zones, it is unlikely that the proposal would undermine the existing light industrial component of the Business Zone. Many of these businesses require smaller premises that are less likely to be provided in the Industrial Zone. Many also have a share of their demand generated by households, where the Business Zone is more accessible to this demand.

In addition, the existing Business Zone is largely already developed. There is some capacity to redevelopment of sections of the zone currently occupied by residential uses. However, much of the zoned land is likely to have limited further capacity. There are also limited opportunities for largely, land-intensive businesses to locate within this area.

7.2 Consistency with Matamata's Spatial Structure

The proposal is likely to be consistent with the current and future spatial economic structure of Matamata. It is adjacent to existing industrial development, which is located immediately opposite the proposed plan change site, off SH24.

If further industrial land is supplied within Matamata, then it is efficient to locate it together with existing industrial activity. This helps to contain some of the externalities of industrial uses to one location, rather than distribute them across different locations in the township. It also may facilitate agglomeration benefits with other industrial activities. These may include economic linkages (e.g. supplier, distribution, inputs, etc) with other industrial businesses.

7.3 Distribution of Industrial Activity within Matamata-Piako District

Additional industrial land supply in Matamata will alter the spatial structure of industrial activity across the district. It is important to consider the efficiency of this spatial structure in meeting demand around the likely effects of the proposal on the efficiency.

Industrial activity is currently distributed across different key nodes within the district, as described in Section 5.1. Morrinsville forms the main node in the north, and Matamata in the south of the district. Projected demand for additional industrial land use is distributed relatively evenly across the north and south of the district. There is currently greater capacity within the northern part of the district in Morrinsville with the newer areas of industrial expansion on the northern edge of the township.

Section 6.1 has shown demand for additional industrial land is likely to exceed current supply, particularly within the southern part of the district. This suggests that the proposal is likely to contribute toward a spatial structure of supply that is more appropriately aligned with the district's demand for industrial land uses. This is due to its location of additional supply within the southern part of the district.

Assessment of the nature of supply within each area (Section 4.3) also suggests that Matamata is the more appropriate place to locate additional supply within the southern part of the district. Waharoa is constrained by infrastructure limitations. Industrial development would be less feasible and less efficient in this location due to the additional inputs required for stormwater/wastewater management and the absence of a gas connection.

Industrial activity in the southern part of the district could potentially serve non-local demand. The southern part of the district is more accessible to Tauranga City, the closest seaport. It is the closest township to the shortest highway connection between the larger urban economies of Tauranga and Hamilton.

It is likely that a share of industrial capacity across the district will serve demand generated by urban growth in the surrounding parts of the Waikato Region. Significant urbanisation is projected to occur within the Waikato District, which is likely to generate demand for industrial space to support construction activities. Morrinsville is likely to be better located to serve this demand. However, there is still likely to be demand arising from construction activities in areas of the Waikato Region that are further south and accessible to Matamata.

8 Conclusion

This assessment has modelled the likely economic effects of the proposed plan change to provide an additional 32.34 ha (net) of industrial land on Matamata's south-eastern urban edge. It has analysed the existing balance between current industrial development capacity and projected future demand for industrial land. It has assessed how the proposed plan change may affect this balance at the local and wider southern district scales. The report has also considered the effects of the *location* of the proposed plan change. It has considered its alignment with Matamata's spatial economic structure and how this may impact the functioning of the existing Business Zone core commercial area of Matamata.

The assessment has found that there is likely to be a shortfall of industrial land within the southern Matamata-Piako District area based on estimates of existing industrial capacity and projected demand. The analysis suggests that the shortfall is likely to occur beyond the current decade.

The modelling suggests that the addition of capacity through the proposed plan change is likely to meet medium to long-term demand within the southern district. Lower rates of projected uptake are likely to result in a long-term projected surplus in supply (with the additional of the proposed plan change), with a small surplus still likely to occur if uptake rates are higher.

Matamata is a strategic location for additional industrial land supply to meet the southern district's future industrial needs. It is well located within the existing spatial structure of industrial activity across the lower part of the district and is the district's closest industrial node to the main highway connection between the adjacent larger urban economies of Tauranga and Hamilton. Matamata is a favourable southern-district location in comparison to Waharoa, which has less supporting activity, infrastructure constraints and is less well connected with the adjacent urban economies. The provision of industrial space within Matamata may provide a viable location for land-intensive lower value (largely, yard-based) activities to locate that are unable to locate within the more expensive industrial areas of larger urban economies.

Expansion of Matamata's Industrial Zone capacity is unlikely to undermine activity within the central Business Zone area. There is no overlap with the household sector activity within the mainstreet area, and very limited potential overlap with household sector activity in the wider Business Zone area. There is some overlap in light industrial activity within the wider Business Zone area, although the businesses seeking smaller locations and with a share of their demand generated by households are likely to remain within the existing Business Zone area.

The location of the proposed additional Industrial Zone area is consistent with Matamata's current and future spatial economic structure. It is consistent with the District Plan objectives to manage the externalities of industrial activities through their location as the proposed plan change area would form an agglomeration with the existing industrial location.