

**Before the Hearings Commissioner appointed by  
the Selwyn District Council**

**Under**

the Resource Management Act  
1991 (**Act**)

**And**

**In the Matter of**

an application under section 88 of  
the Act (RC245088) for resource  
consent to establish and operate a  
supermarket and small-scale  
ancillary retail tenancies, including  
associated earthworks, access,  
carparking, signage and  
landscaping

**Statement of Evidence of  
Timothy James Heath  
for Woolworths New Zealand Limited**

Dated: 2 September 2024

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**Lane Neave**  
141 Cambridge Terrace  
PO Box 2331  
Christchurch 8140  
Solicitors Acting: Joshua Leckie / Sarah  
Anderton  
Email: [joshua.leckie@laneneave.co.nz](mailto:joshua.leckie@laneneave.co.nz) /  
[sarah.anderton@laneneave.co.nz](mailto:sarah.anderton@laneneave.co.nz)  
Phone: 03 409 0321

**lane neave.**

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## INTRODUCTION

### Qualifications and Experience

1. My name is Timothy James Heath.
2. I am a property consultant, market analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning research services to both the private and public sectors throughout New Zealand.
3. I hold a Bachelor of Arts and a Bachelor of Planning from the University of Auckland. I have undertaken property research for 28 years, and regularly appear before Council, Environment Court, and Board of Inquiry hearings on economic, property development and strategic planning matters.
4. I advise district and regional councils throughout New Zealand in relation to residential, retail, industrial and business land use issues as well as undertaking economic research for strategic planning, plan changes, District Plan development and National Policy Statement on Urban Development 2020 (**NPS-UD**), National Policy Statement on Highly Productive Land 2022 (**NPS-HPL**), and Medium Density Residential Standards 2022 (**MDRS**) capacity modelling and implementation.
5. I also provide consultancy services to Government ministries and a large number of private sector clients in respect of a wide range of property issues, including economic impact assessments, market demand / supply analyses, development feasibilities, market growth forecasting, capacity modelling and economic cost benefit analysis.

### Background and Involvement

6. I have been engaged by Woolworths New Zealand Limited (**Applicant**) since February 2024 to undertake an economic assessment on the retail and economic implications of its resource consent application to establish a new supermarket (3,528sqm GFA), an online 'click n collect' facility (324sqm GFA) and ancillary small scale retail tenancies (totalling 374sqm GFA), on Goulds Road, Rolleston South.
7. My report titled "Faringdon Woolworths Economic Assessment (dated February 2024)" (**Economic Assessment**), addressed the relevant areas of economic analysis required to inform the application and assist the Applicant and Selwyn District Council (**SDC**) in understanding the potential economic effects relevant to the assessment in the context of the Resource Management Act 1991 (**RMA**).

8. I have undertaken a site and centre visit in January 2024 and am familiar with the site and the surrounding environment.

### **Code of Conduct for Expert Witnesses**

9. Although this is not an Environment Court hearing I have read and agree to comply with the Code of Conduct for Expert Witnesses in the Environment Court Practice Note 2023. This evidence is within my area of expertise, except where I state that I am relying on material produced by another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

### **SCOPE OF EVIDENCE**

10. This evidence summarises the key findings from my Economic Assessment concerning the following economic matters:
- (a) core economic catchment and market growth;
  - (b) food retailing growth forecasts;
  - (c) existing supermarket and commercial centre network;
  - (d) sustainable convenience retail provision;
  - (e) economic impact on the Rolleston Town Centre (**RTC**); and
  - (f) economic benefits of the proposal.
11. I have read the Section 42A Report prepared by Mr Tim Hegarty and other relevant evidence prepared by the Applicant. I explain in my evidence where I refer to or rely on that evidence for the purposes of my statement.

### **EXECUTIVE SUMMARY**

12. Overall, having undertaken the requisite economic assessment, I consider that the proposed Woolworths supermarket, click n collect area and small-scale convenience retail provision at the site are sustainable by the identified core catchment, both currently and over the forecast period (2023 – 2038).
13. While the introduction of the Woolworths supermarket may lead to a temporary and minor decline in retail sales for existing Countdown and New World supermarkets in the RTC, given the absence of an existing supermarket in Faringdon and the continuing growth of the core catchment, this potential impact is likely to remain at the trade competition level only and not flow over to a threshold that would cause

material retail distribution effects. Importantly, any such impact is likely to be spread across all existing supermarkets within the wider secondary market and would not result in the closure of any individual store.

14. After assessing employment trends and established business activities within the RTC, I consider that the centre boasts a significant employment base, diverse role and function, strong growth and high performance (measured by vacancy rate) that would not be adversely affected by the proposed Woolworths supermarket and the convenience retail provisions at the site.
15. In my view, the proposed site is strategically positioned in Faringdon, located on the main street (Goulds Road), making it highly accessible for the community and attractive for the proposed supermarket and retail activities due to its profile and flexibility. Enabling this development would therefore have a positive impact on the local retail market, support overall business growth, and enhance the liveability of the surrounding residential areas.

## **THE PROPOSAL**

16. The Applicant proposes to establish a new convenience centre containing a 3,528sqm GFA supermarket (which includes a 200sqm GFA staff amenities), plus a 324sqm GFA online shopping click'n collect area and ancillary small convenience retail areas with a cumulative GFA of 374sqm at the subject site.
17. Upon its completion, Faringdon Oval is anticipated to serve as an extension of the current Faringdon community in Rolleston. It will provide a diverse range of residential densities and typologies, along with a high level of green scaping and a comprehensively connected network of transport links. Given this, the proposed Woolworths development, situated at the northeastern corner of Faringdon Oval, would become an integral and integrated component of the Rolleston future urban environment. It is strategically positioned to efficiently meet demand generated and improve the wellbeing of future communities within the South Rolleston catchment.

## **CORE ECONOMIC CATCHMENT AND MARKET GROWTH**

18. Given the existing and consented supermarkets in and around the RTC, and existing and anticipated residential catchment, the proposed development is well-positioned to attract its localised market rather than be a destination supermarket for the wider Rolleston or district community.
19. Based on the latest available (June 2023) Statistics New Zealand High scenario population growth projections for the proposed development's core catchment, it can be anticipated that the core catchment will undergo substantial expansion with

an increase of approximately +80% in population over the next 15 years (by 2038) and +130% over the next 25 years (by 2048). This would result in a future population of nearly 15,000 people by 2038 and approximately 19,000 people by 2048.

20. This anticipated population growth underscores significant residential development potential in the area and escalating requirement for additional food retailing activities within the catchment. It also indicates any adverse retail impacts on an individual store's sales is likely to be quickly offset by expenditure growth in the market.

## FOOD RETAILING GROWTH FORECAST

21. I estimated that the identified core catchment currently (2023) generates a total 'pool' of around \$36m per annum of Supermarket and Convenience Food Retailing spend from which food retail stores can draw sales. This spend represents the spend typically done within the localised catchment area, and consumers are less willing to travel for or it is less efficient to do so, thereby giving the proposed supermarket at the site a competitive advantage.
22. With the growth that is anticipated within the catchment, the Supermarket and Convenience Retailing spend is estimated to grow to around \$65m per annum under the Medium growth scenario and around \$73m annually under the High growth scenario by 2038, equivalent to a growth of \$29m-\$37m annually respectively (or 81%-103% increase), in real terms, of generated retail expenditure.
23. Based on the generated food retailing spend, I estimate that the core catchment is able to sustain around 4,600sqm of food retailing GFA in 2023, of which around 3,100sqm and 1,500sqm are attributed to Supermarkets and Convenience Food Retailing store types respectively. Over the next 15 years, the total food retail expenditure in the core catchment is projected to reach approximately 8,300sqm in 2038 under the Medium growth scenario and 9,400sqm in 2038 under the High growth scenario.
24. Based on these estimates, I forecast that by 2026 (the estimated completion year of the development given planning, earthworks, infrastructure and construction lead times), the sustainable food retailing GFA within the core catchment would be around 5,300sqm under the Medium growth scenario and approximately 5,700sqm under the High growth scenario.
25. Considering the above projections, I consider that the proposed Woolworths supermarket is an appropriate and well-positioned proposal to fulfil a portion of the growing demand within the identified catchment. Additionally, given the foreseen growth in both food retail spending and sustainable food retailing GFA over the next 15 years, the core catchment has sufficient capacity to absorb the impacts of the

proposed Woolworths supermarket, which covers only around 3,700sqm of GFA for retail, storage, and preparation space, and increase supply to satisfy projected demand over the forecast period.

## **EXISTING SUPERMARKET AND COMMERCIAL CENTRE NETWORK**

26. The identified core catchment currently is devoid of an existing supermarket and residents have to travel into the RTC for their supermarket shopping. Considering the expected growth of the core catchment, the projected sustainable future supermarket GFA, and the absence of a supermarket supply within the catchment, there exists significant development potential to introduce an additional supermarket in the catchment. This would effectively meet the demand generated by the expanding local communities, both present and future, throughout the forecast period (2023 – 2038).
27. Considering the market size south of State Highway 1 in Selwyn alone is over 60,000 people currently, typically a population base of around 12,000 people is required to sustain a supermarket. Given that market size is growing to over 92,000 people in the foreseeable future, there is market demand and growth to support all these supermarkets. This includes the New World supermarket in Lincoln and its recently consented expansion.
28. The Selwyn market north of State Highway 1 adds additional market size and growth to these metrics further supporting the requirement for additional supermarket GFA. With a current market size over 60,000 people (excluding the market north of State Highway 1) and robust market growth, none of the existing supermarkets would be adversely affected to the point where their operation / performance would be jeopardised to the point where they are likely to experience significant impacts. Their contribution to the economic vitality of the area will remain.
29. In my view, the loss of market share would be unpalatable to either Woolworths or Foodstuffs. The sale impact effects would be spread across all these supermarkets meaning the sales '*hit*' on any one individual supermarket would not be fatal.
30. In terms of the existing convenience centre network, I calculated that the total existing and anticipated convenience retail provision within the catchment is approximately 3,000sqm GFA. This comprises 1,480sqm GFA at South Point and an estimated 1,500sqm GFA at Acland Park.
31. In my view, the obvious gap in the Rolleston commercial centre network is provision for a local centre. The burgeoning residential base in south Rolleston is now at a level where a local centre can be sustained and would enable the local community

to access a lot more day-to-day convenience retail and commercial services requirements at a local level.

32. Currently, there are no zoned or identified Local Centre Zones (**LCZ**) in Rolleston. The ongoing zoning of Neighbourhood Centre Zones (**NCZ**) is not the most economically efficient way to deliver convenience retail to south Rolleston moving forward. They are limited in their scope of offer and will still require every household in Rolleston to travel into RTC to access a supermarket.
33. In this regard the Woolworths proposal addresses the LCZ shortfall in a practical way and improves the convenience provision and the commercial network of Rolleston. In essence the proposal plugs an obvious gap in the market which without the proposed supermarket would lead to significant issues for the efficiency of Rolleston's network in the future.

## **SUSTAINABLE CONVENIENCE RETAIL PROVISION**

34. Based on a 15% convenience spend ratio, I estimated that the total convenience-based retail expenditure generated by the catchment is estimated to be around \$19m - \$21m annually. This can be translated into a convenience retail GFA requirement of 4,100sqm – 4,600sqm. Given that the total existing and anticipated convenience retail GFA within the catchment is approximately 3,000sqm, the core catchment has the potential to support an additional 1,100sqm to 1,600sqm of convenience retail GFA by the year 2038.
35. Considering that the proposed development is set to provide only 374sqm of small retail provision, there is no propensity that the convenience retail component of the broader Woolworths development would compromise the role, function, and performance of the existing and expected convenience centres.
36. Moreover, given the co-location of the proposed Woolworths supermarket, I consider there is potential for the development to offer a convenience retail provision greater than 375sqm of GFA at the subject site to create a broader local centre for the community.
37. The Woolworths supermarket itself will draw a significant level of the local market to the subject site. It would be more economically efficient if other smaller scale convenience needs could be satisfied at the same site, rather than dispersed across a number of distributed NCZ's. If shoppers are coming to the site anyway for their supermarket requirements, it is more efficient if they can access other convenience store types on the same trip.



## ECONOMIC IMPACT ON ROLLESTON TOWN CENTRE

38. Based on my desktop assessment and ground truthing undertaken in January 2024, the RTC boasts a diverse and rapidly expanding employment base, reinforcing its pivotal role as the primary economic hub in the broader district. Specifically, with a growth of additional +1,000 employees, the current (2023) employment base of the RTC is three times larger as it was in 2010 (1,500 persons in 2023 vs. 500 persons in 2010). This robust growth signifies that the centre continues to expand rapidly to support the growing population, accommodating new business activities and, consequently, offering additional employment opportunities and amenities to the township and the broader district.
39. Notably, the growth in both the Retail Trade and Accommodation and Food Services industry solidifies the RTC's position as the predominant retail destination for the wider district. At present, these two sectors together account for approximately half of the total employment base, equivalent to just over 700 persons in 2023.
40. Given this material retail employment base within the RTC and its robust growth, in conjunction with fast growing market demand, it can be expected that the potential retail impact of the proposed development would be less than minor as the primary impacts would be on the high performing supermarket stores only.
41. Additionally, the Commercial and Other Services sector cumulatively account for the other half of the RTC's overall employment base, further supporting the RTC's diverse role and function in the wider district. This means that the RTC, despite having a substantial retail employment base, is not merely functioning as a retail hub. Indeed, the RTC accommodates a range of commercial, community, recreational, and residential activities that cater to the needs of the Rolleston township and the wider Selwyn District.
42. Moreover, based on my ground truthing, the RTC currently accommodates a total ground level tenancy count of 106 tenancies. Notably, retail tenancies constitute slightly over 60% of the overall composition, with the majority of retailers falling under Food and Beverage Services (25 tenancies) and Food Retailing (13 tenancies).
43. In addition, the RTC provides a robust array of commercial and professional services, encompassing 37 diverse offerings such as medical services, banks, real estate agencies, beauty related stores. This distribution underscores the RTC's broad commercial and professional services offering, reflecting a notable level of diversity.

44. Based on my centre business audit, I calculated that the RTC has a current vacancy rate of around 5%, which is considered to be healthy for a centre of this size, particularly when it appeared a few of the vacant tenancies had only just become available in the new developments.
45. In summary, the RTC serves as a crucial hub for the broader community, catering to a growing district catchment. With its current healthy vacancy rate of 5%, the centre effectively fulfils its envisaged role and function. Emerging investments are poised to enhance the business environment and vitality of the RTC. Consequently, there is no likelihood that its role and function would be undermined by the proposed development, including both the Woolworths supermarket and the small-scale convenience activities.

## ECONOMIC BENEFITS OF PROPOSAL

46. I consider that the proposed development would generate net positive economic benefits for the community, which are summarised below and include:
- (a) **Creation of employment opportunities:** The proposal will not only provide employment opportunities during the construction phase of the development but also sustained ongoing employment, positively impacting the local economy and the economic and social wellbeing of the localised community. The increased employment, amenity and community wellbeing will likely catalyse further economic activity and growth in the area.
  - (b) **Greater retail spend internalisation:** The proposed development will provide the opportunity for the local community to satisfy their frequently required food and grocery shopping requirements within the local area. This internalises retail spend within that community and increases local economic activity and income.
  - (c) **Reduced travel distance / cost to access supermarket:** The establishment of a new full-service supermarket at the subject site will offer a more convenient and proximate option (relative to alternatives) for local residents to purchase everyday essentials. This convenience enhances the overall efficiency and wellbeing of the community while also producing positive environmental benefits of reducing CO<sup>2</sup> emissions due to shorter travel distances.
  - (d) **Increased competition:** The introduction of a new supermarket in the local market increases competition among retailers, driving them to offer more competitive pricing to attract and retain customers. Additionally, the increased competition may encourage supermarkets to improve the quality

of their offerings, enhance customer service, and introduce more diverse product ranges, all of which contribute to improving amenity and choice for the community.

## RESPONSE TO SECTION 42A REPORT

47. I have reviewed the Section 42A report and note that on aspects relating to economic matters there is a high level of agreement with my economic analysis and conclusions reached in relation to market growth, economic benefits and effects. The Section 42A report does not raise any other pertinent queries regarding economic matters that require an additional response.

## RESPONSE TO SUBMISSIONS

48. I have reviewed the summary of decisions requested. Based on the above analysis I can confirm with regard to the submission from the Canterbury Regional Council that there will not be any material distribution effects on the centres network, including the role and function played by the Rolleston Town Centre as a Key Activity Centre within the Canterbury Regional Policy Statement (2013). I do not consider that the submissions raise any other matters requiring an economic response.

## CONCLUSION

49. Based on my economic analysis, the proposed Woolworths development would have no material impact on the role, function, viability, vibrancy, and performance of any existing centre and supermarket in the network and would provide positive economic benefits for the market and community. Therefore, I support the proposed Woolworths development from an economic perspective, under the context of the RMA.



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**Timothy James Heath**

2 September 2024