

Ladies Mile Commercial Advice

February 2022



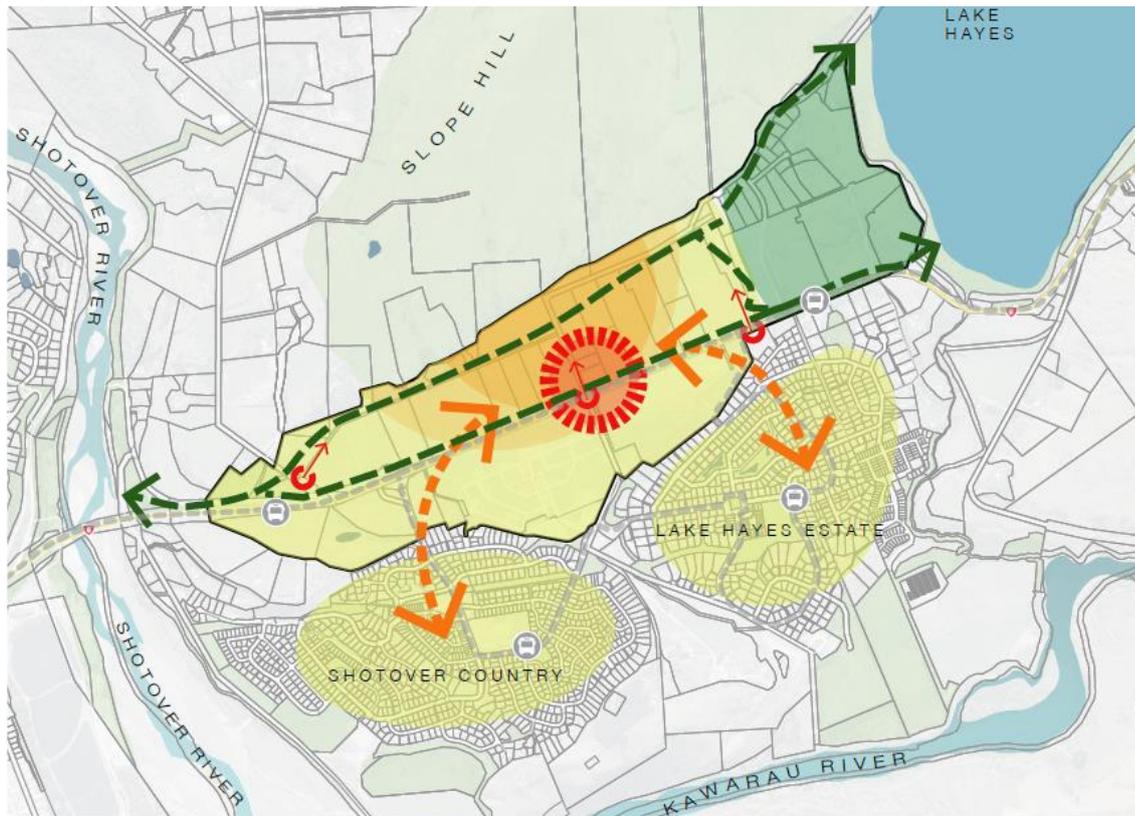
Prepared for Candor3 Limited

1 Introduction

Queenstown Lakes District Council (QLDC) has appointed a consortium consisting of Candor3 and other firms to prepare a council-initiated plan change for Ladies Mile. RCG has been subcontracted by Candor3 to provide advice on retail and commercial matters, relating to a proposed “town centre” within Ladies Mile.

The Ladies Mile area is shown below, together with existing developments (Lake Hayes Estate and Shotover Country). The various areas are jointly referred to as the ‘eastern corridor’ and are accessed off State Highway 6, east of the Shotover river bridge:

Figure 1.1: Ladies Mile town centre location



Source: “Concept Diagram – Community” from the QLDC Draft Masterplan report April 2021

Figure 1.2: Ladies Mile Masterplan Diagram A



Source: “Illustrative Masterplan” from the QLDC Draft Masterplan report April 2021

NB: School locations are indicative only and subject to confirmation

Figure 1.3: Ladies Mile Masterplan Diagram B



Source: “Site Overview” from the QLDC Draft Masterplan report April 2021

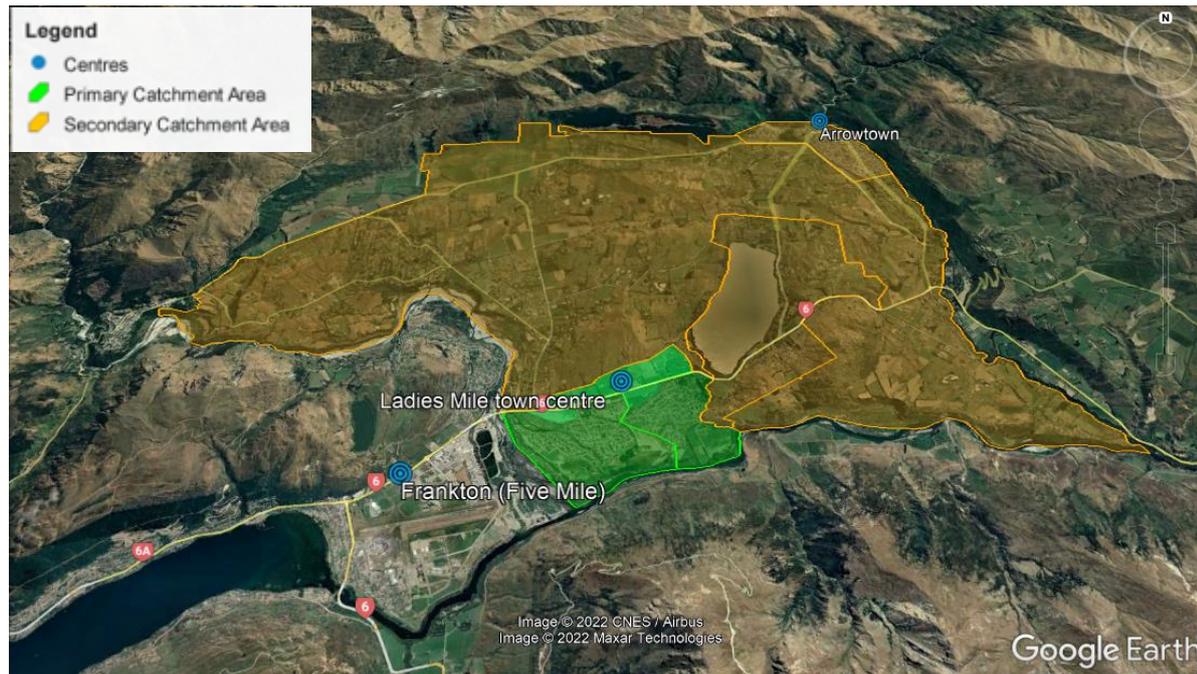
NB: School locations are indicative only and subject to confirmation

2 The Local Centre Catchment

The “catchments” for a town centre (or any retail centre) are the areas that most customers are likely to come from. Key factors include the size and attractiveness of the retail offering, the other complementary services available, road and public transport connections, locations of competing centres and so on.

The map below highlights the Ladies Mile town centre, with competing centres also shown. The town centre’s primary catchment area (PCA) is shaded in green and its secondary catchment area (SCA) in yellow:

Figure 2.1: Ladies Mile Primary and Secondary Catchments



Source: RCG

Effectively, the PCA is what we have called the ‘eastern corridor’ earlier: Ladies Mile itself, plus the already-developed areas of Lake Hayes Estate, Shotover Country and Bridesdale Farm.

The town centre is within a 1.5 km radius for most PCA residents, although the indirect roading connections in the south mean that the distance by road will be up to 3 km for some residents in Shotover Country and Bridesdale Farm. A more regular road pattern is likely in Ladies Mile itself, so most residents will be within a 1.5 km walk or drive.

The town centre is likely to be ‘walkable’ from most parts of Ladies Mile, whereas it is likely to be outside a walkable distance from most parts of Lake Hayes Estate, Shotover Country and Bridesdale Farm. Opinions vary as to what a walkable distance is – and more walking connections could be added in future – but we can say that almost all of these residents are over a 500 metre walk away at present (except for the Queenstown Country Club retirement village), and many are likely to be over a 1,000 metre walk even with improved connections.

Even so, the town centre will be the closest significant centre for all PCA residents, and this means that it is well positioned to capture some of their shopping and service activity – especially for convenience/ everyday needs. PCA residents will still need to travel across the Shotover bridge to access most jobs and services, or for a wider retail offering.

The town centre will be the closest significant centre for many SCA residents as well, including people living around Lake Hayes or along Lower Shotover Road. However, people in these areas will be choosing between a drive of (say) 5 km to the Local Centre and 8 km to Frankton with its much wider retail offering. Frankton will usually be seen as the better option. We expect the town centre to 'capture' a lower share of spending from these areas.

It is also worth noting that different centres can have overlapping catchments. Frankton's catchments cover the entire Wakatipu Basin and beyond, and the Frankton developments along SH6 would probably consider the eastern corridor to be part of their 'primary catchment'.

Catchment Definitions

Our catchment definitions are based on Statistical Area 2 (SA2) boundaries created by Stats NZ. The PCA consists of the Lake Hayes Estate and Shotover Country SA2s, as well as a customised area which we call 'Ladies Mile' and comes out of the Wakatipu Basin SA2.

The SCA consists of the Lake Hayes and Arrowtown SA2s, plus the remainder of the Wakatipu Basin SA2.

3 Other Retail and Town Centres

The main consideration for the Ladies Mile town centre – and the main ‘competitor’ – is Frankton, 3 km to the west along State Highway 6. We have also looked briefly at Arrowtown, and the small number of shops and services in the eastern corridor.

Retail in Frankton

Frankton is Queenstown’s largest retail hub, with a number of major developments either along State Highway 6 or south of the airport. These include three major centres (Queenstown Central, Five Mile and Remarkables Park) and a number of large standalone stores (Pak n’ Save, Mitre 10 Mega, and Bunnings Warehouse opening in 2021). In total, these account for at least 75,000 sqm of retail space and most of NZ’s national retail brands. There is still potential for further retail development beyond this.

Development in the area has now shifted to a mixed-use tack, with a range of accommodation, office and residential projects either completed or underway. Industrial development has always been a feature in Frankton as well, and this is continuing too, mainly south of the airport.

Retail in Arrowtown

Arrowtown is a small town (circa 3,000 people in the town itself, although it is growing and also services some outlying areas like Millbrook, parts of Lake Hayes etc) and has a limited ‘convenience’ retail offering. This includes a 400 sqm Four Square, smaller than most South Island Four Squares, and a few shops, F&B and service providers along the main street. Generally, the Arrowtown main street caters to tourists more than locals.

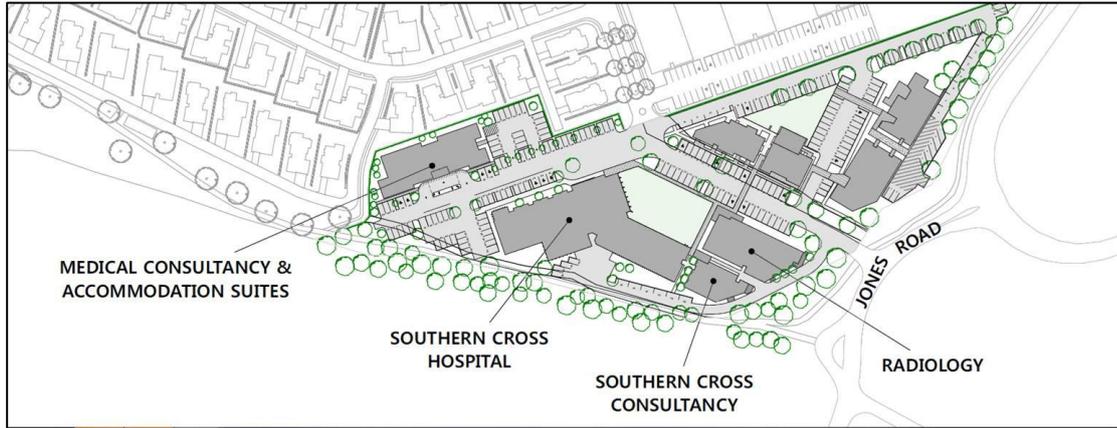
Retail in the Eastern Corridor

There is only a very limited amount of retail in the ‘eastern corridor’ at present, and none of it has highway frontage which means it only serves a small catchment (e.g. the subdivision where it is located). There are also some sites planned or consented for future development.

Relevant sites include:

- The Shotover Country developer still owns a site at the SH6 intersection, but was getting consent for a small retail hub at 1-7 Cheltenham Rd. There is also a childcare centre next to the primary school;
- Lake Hayes Estate has about 250 sqm retail and 100 sqm office around the central square, which opened in late 2014. There is also a childcare centre nearby;
- Bridesdale Farm was intended to have a café in a refurbished heritage cottage, but this still hasn’t happened yet;
- A number of commercial buildings were approved under the Special Housing Area application in the Queenstown Country Club. These included a medical centre, a childcare centre and a café/bar which are all operating. There are a few more vacancies which may be taken up by retail and office use.
- Southern Cross Central Lakes Hospital also opened in December 2021 at Kawarau Park, Lake Hayes Estate. The hospital was a joint venture between the Central Lakes Trust and Southern Cross Healthcare to offer better access to elective surgeries in Queenstown alongside services the Lakes District Hospital already offers, such as A&E.

Figure 3.1: Southern Cross Hospital Plan



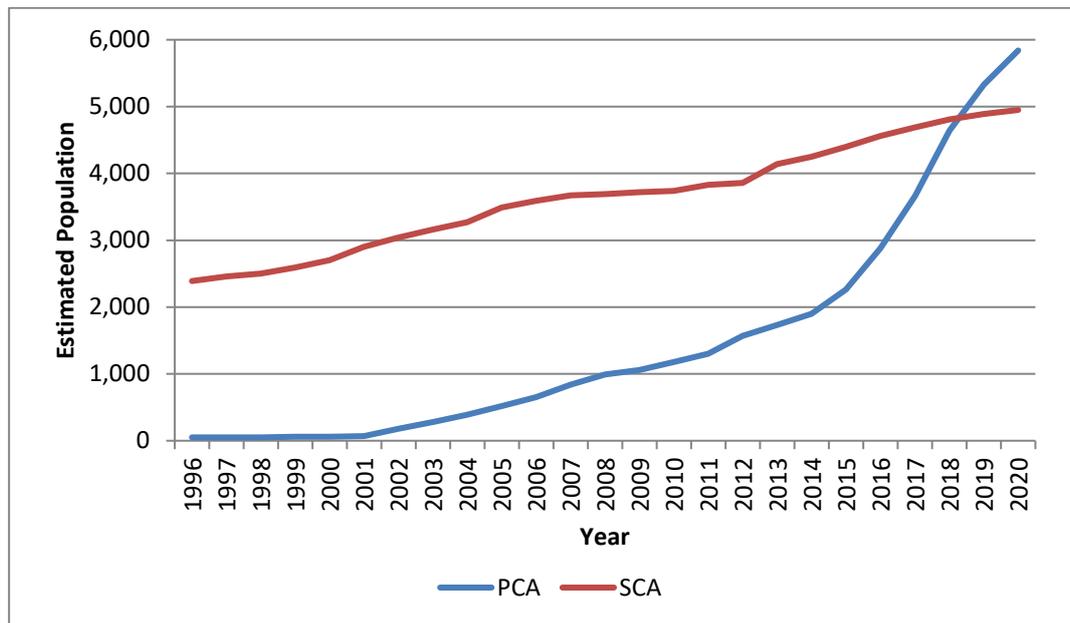
4 Population and Projections

The Story So Far: Population Counts and Estimates

According to the 2018 census, the PCA had a usually resident population of 4,326, with the SCA slightly larger at 4,524. However, the census does not count all residents, and the population has also kept growing since March 2018.¹

The latest population estimates from Stats NZ suggest that the PCA has a population of 5,840 as at June 2020, with the SCA having 4,950 people. The PCA especially has seen strong growth, up an estimated 1,200 people in two years (versus 140 for the SCA).

Figure 4.1: Population Estimates for the PCA and SCA, 1996-2020

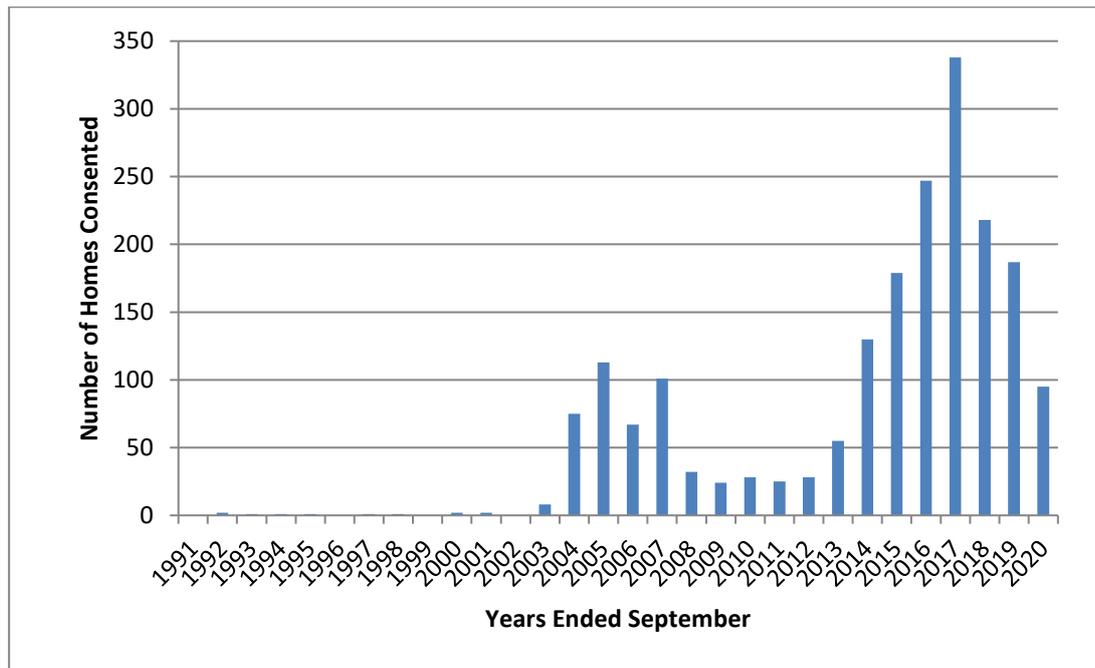


Source: Stats NZ

This continued growth seems quite plausible based on building consent figures – although consenting has tailed off with the major subdivisions in the PCA now almost built out, there have still been several hundred homes which would have been consented or completed since 2018:

¹ These numbers, and the other ones quoted from Stats NZ, are for their defined SA2s only. We have not separated out Ladies Mile – effectively we assume that any population it does have so far (up to 2020) is included in the SCA rather than the PCA.

Figure 4.2: Homes Consented in the PCA, 1991-2020



Source: Stats NZ

2018 Census Demographics

Shotover Country and Lake Hayes Estate are both relatively affluent areas by NZ standards, with an NZDep 2018 index rating of 1 (=least deprived, on a scale of 1 to 10) and high median household incomes at \$121,700 and \$129,000 respectively (the New Zealand median is \$75,700). These households are likely to have high 'retail spending power'.

The figures for the SCA (Wakatipu Basin, Arrowtown, Lake Hayes) are very similar.

Future Growth: Population Projections

QLDC also creates their own population projections, with the latest versions released in September 2020 and based on SA2 areas but with some areas broken out in more detail – notably Ladies Mile and Millbrook. We include Ladies Mile in our PCA, and Millbrook in our SCA. The projections show 4,660 people in the PCA in 2021 (growing to 8,080 people in 2051) and 4,470 people in the SCA in 2021 (growing to 4,970 people in 2051).

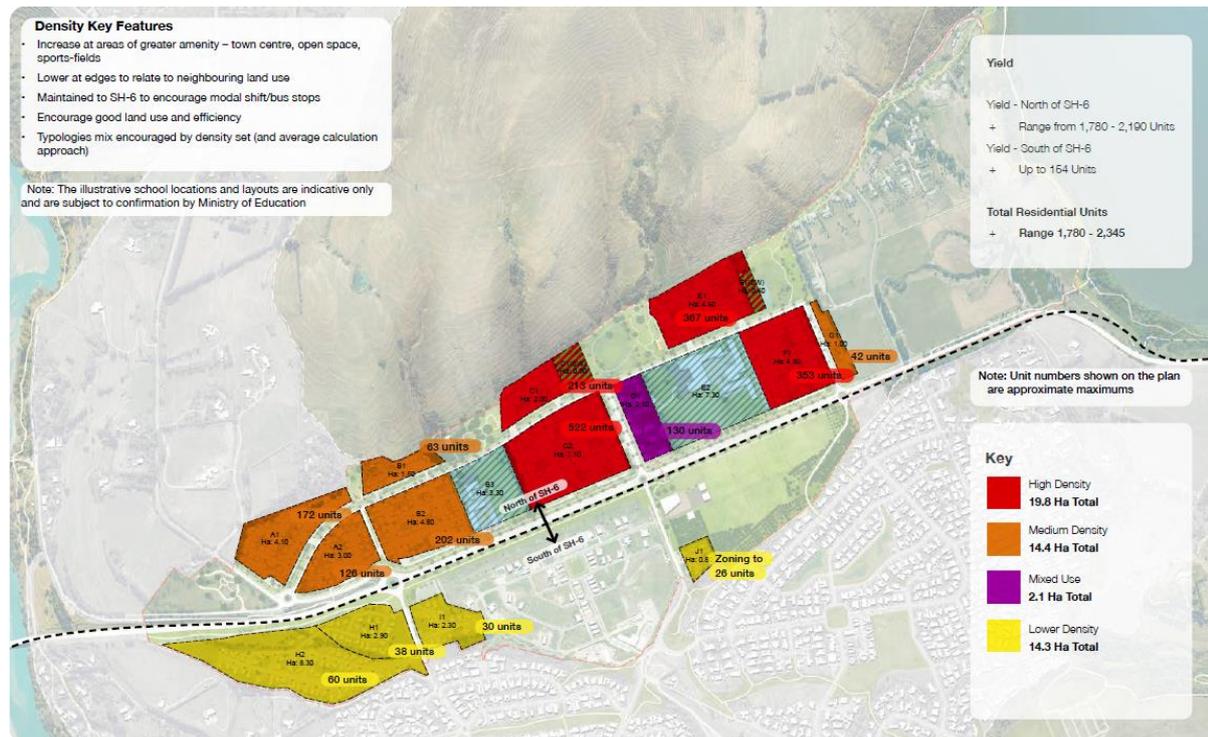
Based on QLDC's population projections, almost all the growth in the PCA will be in Ladies Mile, which grows from just 130 people in 2021 to 3,490 in 2051.

However, comparison with the latest Stats NZ population estimates suggests that the QLDC population projections already understate the current population in the PCA. They also imply that either Ladies Mile isn't fully built out by 2051, or that the yield is relatively low at 1,670 homes.

Ladies Mile's April 2021's draft Masterplan report provide a range of residential densities allowing for 1,780 to 2,345 residential units.

High density, medium density and mixed use units (range of 1,780 to 2,190 units) are planned for the north side of SH-6 while lower density of up to 164 units are planned for the south of SH-6

Figure 4.3: Density Diagram



Source: Te Putahi Ladies Mile Draft Masterplan Report, QLDC

Further assumptions could be made around what share of homes are used for ‘residents’ rather than ‘visitors’ (which include holiday homes where the owners only live there for part of the year), and around the number of people per household.

Split of Residents vs Visitors

Information from the 2018 census suggests that 8%-12% of homes in the Lake Hayes Estate and Shotover Country SA2s were unoccupied on census night. We assume 10% of homes in Ladies Mile would be used by visitors rather than residents.

We also note that in QLDC’s 2031 projections for the area, the PCA is projected to have 5,850 residents and 910 visitors on an average day, i.e. visitors are around 13% of the total. The 2041 and 2051 projections are also similar. The overall picture is of a residential-focused area.

People per Household

Results from the last three censuses (2006-2018) all indicate that the average household in the Lake Hayes Estate and Shotover Country SA2s has at least 3 people, large by New Zealand standards.² Note that household sizes in the SCA are smaller, at 2.7-2.8 people.

For Ladies Mile, we assume a level of 2.7 people per household for the medium density areas and 2.1 people per household for the high density areas.

As such, for modelling purposes we have assumed the following:

² The 2018 census had data issues which meant not all individuals could be assigned to a household, but dividing the ‘usually resident population count’ by the number of ‘households’ suggests an average household size of 3.45 in Shotover Country and 3.66 in Lake Hayes Estate. This is likely to reduce over time with an ageing population and progress on addressing Queenstown’s housing shortage, but given a few more homes still to come, we assume a flat population in these areas.

- We use Stats NZ 2020 population estimates as a 'base', with 5,840 people in the PCA and 4,950 in the SCA;
- We ignore further growth in the SCA since it is likely to be reasonably modest and the Local Centre will only capture a small share of the SCA's spending;
- We ignore further growth in the PCA except for Ladies Mile. There are fewer than 100 undeveloped sections left south of the highway, although Queenstown Country Club has another 100+ units still to develop. However, retirement village residents are typically in their 80s and aren't big contributors to retail demand;
- We test several scenarios for Ladies Mile's long-term population, ranging from 3,490 people (QLDC projections) to 9,000 people (with 2,200 homes, 90% occupied by residents and 2.7 people per household for the medium density areas and 2.1 people per household for the high density areas). Added to the existing PCA population, this suggests up to 16,000 people in the PCA.

We also use QLDC's visitor number projections for our modelling. These show that, on an average day in 2021, there will be 270 visitors in the PCA but (as numbers return to 'normal' post-Covid) the numbers will reach 970 in 2031, climbing to 1,040 in 2041 and 1,180 in 2051. We exclude visitors in the SCA.

Based on the above, we show the following population projections for the PCA:

Figure 4.3: Population Projections for the PCA

	Population	Visitors
"Baseline" Stats NZ 2020 Estimate	5,840	n/a
Baseline + 2,200 homes	10,378	n/a
2021 QLDC Projection	4,660	270
2031 QLDC Projection	5,850	910
2041 QLDC Projection	7,100	1,040
2051 QLDC Projection	8,080	1,180

Source: RCG, Stats NZ, QLDC

Given the large difference between the population assumed in the QLDC projections, and the potential yields added to our 'baseline', these figures should be used with caution. It's possible that not all of the growth will eventuate, or that it could take many years (i.e. 30+ years) for Ladies Mile to reach its maximum size.

The eastern corridor will have a fairly substantial population – almost 6,000 people currently, and potentially more than 10,000 in the long term. By comparison, Alexandra plus its nearby areas (including Clyde but not Cromwell) has 10,000 people. However, a key difference is that the eastern corridor is not an independent town away from other shops and services. It is a suburb of Queenstown, and very close to the major retail/ service/ employment offering in Frankton. This means that it will sustain a smaller retail offering than an independent town of the same size.

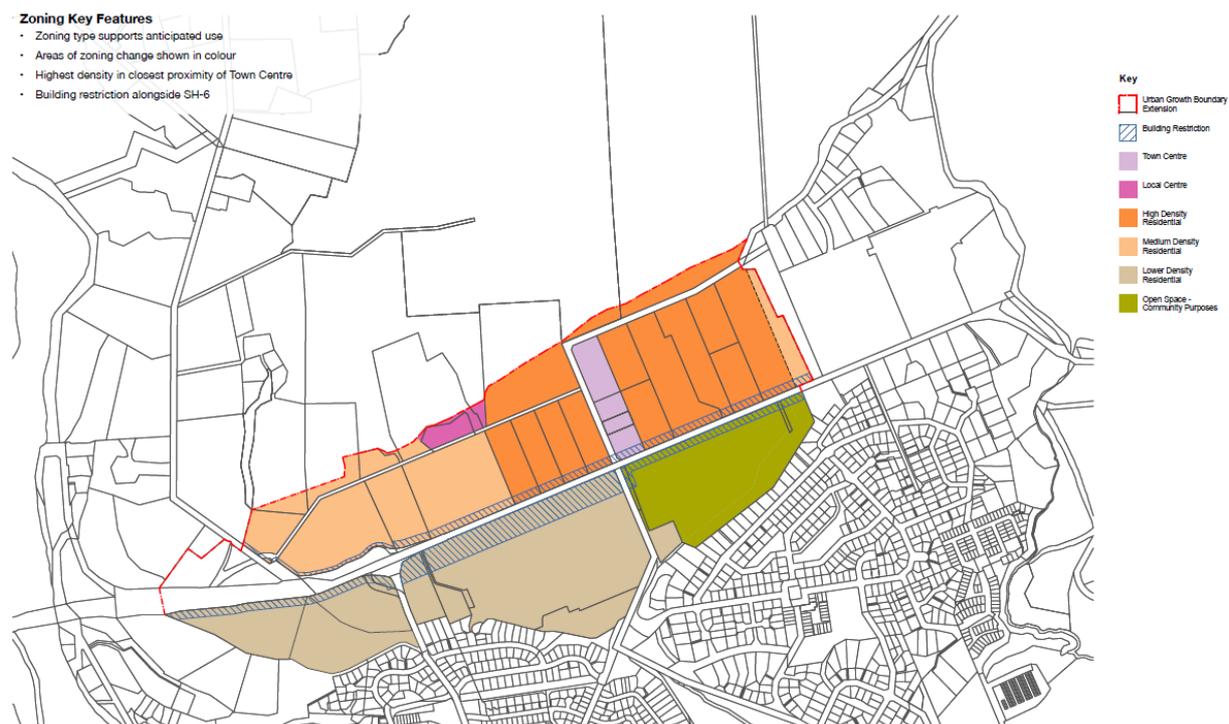
There aren't many comparable suburbs in Queenstown, but examples could include places like Te Atatu Peninsula in Auckland (14,000 people), or Wigram or Halswell in Christchurch.

5 Strategic Planning Context

The zoning provisions for the Ladies Mile town centre have been determined and provide for a range of residential densities and land use activities across the following identified precinct:

- **Low Density Residential Precinct** – on south side of SH-6.
- **Medium Density Residential Precinct** – on north side of SH-6. Provides range of housing typologies to a density of approximately 40 units per hectare.
- **High Density Residential Precinct** – on north side of SH-6. Provides for multi-unit accommodation to a density of approximately 70 units per hectare.
- **Commercial Precinct** – middle of the development area and provides focal point for community activities and amenities. Supports commercial and residential uses.
- **Glenpanel Precinct** – provides for commercial activities where these are compatible with the heritage values of the Glenpanel Homestead.
- **Open Space Precinct** – covers the council-owned land on the south side of SH-6

Figure 6.1: Zoning Plan



Source: *Te Putahi Ladies Mile Draft Masterplan Report, QLDC*

The draft provisions of the Te Putahi Ladies Mile Zone report outlined the Commercial precinct's objectives. One of these objectives is to provide for a range of retail, office and other commercial activities that meet the needs of the local residents, including one medium-sized supermarket.

Non-residential activities that are permitted in the Commercial precinct:

- Commercial activity including one large format retail tenancy retailing grocery products within the Commercial precinct.
- Office activity
- Retail activity

- Education activities
- Community activities

Rules for permitted activities:

- Maximum retail floor area of a single retail tenancy is 300m²
- Maximum retail floor area of single retail retailing grocery products is 2,000m².
- Maximum gross floor area of a single office tenancy is 200m², in exception to tenancies operating as a commercial co-working space.
- Commercial tenancies are typically restricted to ground floor with opportunity for office spaces above. Commercial tenancies' heights must not exceed 4 metres.
- Residential activities are permitted in the Commercial precinct but restricted to first floor level and above. Any breach of this rule would be a Restricted Discretionary activity.

One aim of the Ladies Mile town centre is to provide local employment and reduce the need for residents to travel across the Shotover bridge, which is already at capacity. We note the potential for tension between this aim and the PDP direction to consolidate most retail and employment activities in the larger centres like Frankton and the Queenstown town centre. The Queenstown town centre is too far away to be an issue economically, but Frankton's role as "the key service centre for the Wakatipu Basin" will certainly need to be considered.

6 Retail Modelling

We have carried out a simple retail modelling exercise, using our RCG Retail Sales Model. This model estimates the ‘retail spending power’ of residents and workers in the catchments, with visitors also considered separately. All dollar values are “real”, i.e. they are shown in today’s dollars rather than inflated dollars, and they exclude GST.

A key point to note is that retail modelling only covers “retailers” – businesses which sell physical goods, as well as food & beverage (F&B) providers like cafes, takeaways, restaurants and bars. It does not cover service businesses like real estate, accountants, bike hire, tourism activities etc. These add to the demand for retail space, beyond what we have modelled. However, we do consider them in the ‘conclusions’ to this section.

Retail Spending Power for Residents and Workers

For this analysis, we’ve taken 2019 retail sales figures from the Stats NZ Retail Trade Survey, and apportioned them between residents, workers and tourists based on various other data sources. We have simply taken the PCA’s share of New Zealand’s population and employment and applied them to the retail figures.

A more detailed modelling exercise would also consider the PCA’s relatively high incomes and allow for retail spending power growth over time (due to rising incomes), but we have used a simpler scenario-based model for the time being. The results are as follows, all based on 2019 spending patterns:

Figure 6.1: Expected Retail Spending Power, for the PCA (in \$000 000)

Store Type	"Baseline" Stats NZ 2020 Estimate	Baseline + 2,200 homes	2021 QLDC Projection	2031 QLDC Projection	2041 QLDC Projection	2051 QLDC Projection
Food Retailing	\$20.1	\$55.9	\$16.1	\$20.2	\$24.5	\$27.9
Department stores	\$3.3	\$9.2	\$2.7	\$3.3	\$4.0	\$4.6
Furniture, floors, houseware, textiles	\$1.4	\$3.8	\$1.1	\$1.4	\$1.7	\$1.9
Hardware, building and garden supplies	\$3.1	\$8.7	\$2.5	\$3.1	\$3.8	\$4.3
Recreational goods	\$1.5	\$4.1	\$1.2	\$1.5	\$1.8	\$2.0
Clothing, footwear and accessories	\$2.3	\$6.4	\$1.8	\$2.3	\$2.8	\$3.2
Electrical and electronic goods	\$1.7	\$4.7	\$1.4	\$1.7	\$2.1	\$2.3
Pharmaceutical and other stores	\$2.8	\$7.8	\$2.3	\$2.8	\$3.4	\$3.9
Food & beverage services	\$6.5	\$18.1	\$5.2	\$6.5	\$7.9	\$9.0
Total	\$42.8	\$118.9	\$34.2	\$42.9	\$52.1	\$59.2

Source: RCG. Note: figures are in “constant 2019 dollars” and exclude GST

This suggests that PCA residents and employees are likely to have spent \$40.3 million in 2019 (or a little less, given that we are using 2020 population figures and the population was a little smaller last year).

With a variety of growth scenarios for Ladies Mile itself, retail spending power could grow to between \$55.8 and \$102.4 million in the long term.

However, the Ladies Mile town centre will only capture some of this spending. Many of the store types shown above aren’t likely to be represented at all: residents will go to Frankton for hardware, furniture,

electronic goods etc. A small supermarket will probably be viable (as we discuss below), but even so the town centre will only capture part of the available food spending.

Floor Space Demand for Residents and Workers

We can also use our model to estimate 'floor space demand', based on assumptions around the sales per square metre achieved by retailers. Again, though, this 'demand' will not necessarily be satisfied in Ladies Mile – some of it will be satisfied in Frankton instead.

We estimate 'floor space demand' for the PCA as follows:

Figure 6.2: Floor Space Demand for the PCA (in m²)

Store Type	"Baseline" Stats NZ 2020 Estimate	Baseline + 2,200 homes	2021 QLDC Projection	2031 QLDC Projection	2041 QLDC Projection	2051 QLDC Projection
Food Retailing	1,650	4,582	1,317	1,653	2,006	2,283
Department stores	951	2,641	759	953	1,156	1,316
Furniture, floors, houseware, textiles	405	1,124	323	405	492	560
Hardware, building and garden supplies	1,296	3,599	1,034	1,298	1,576	1,793
Recreational goods	359	998	287	360	437	497
Clothing, footwear and accessories	471	1,307	376	472	572	651
Electrical and electronic goods	233	648	186	234	284	323
Pharmaceutical and other stores	513	1,426	410	514	624	710
Food & beverage services	815	2,264	651	817	991	1,128
Total	6,694	18,589	5,341	6,705	8,138	9,261

Source: RCG

And lastly, we remove spending in large format stores (other than supermarkets):

Figure 6.3: Small Format and Supermarket Floor Space Demand for the PCA (in m²)

Store Type	"Baseline" Stats NZ 2020 Estimate	Baseline + 2,200 homes	2021 QLDC Projection	2031 QLDC Projection	2041 QLDC Projection	2051 QLDC Projection
Food Retailing (supermarkets)	1,074	2,984	857	1,076	1,306	1,486
Food Retailing (small format)	576	1,598	459	577	700	796
Department stores	0	0	0	0	0	0
Furniture, floors, houseware, textiles	62	173	50	62	76	86
Hardware, building and garden supplies	225	624	179	225	273	311
Recreational goods	162	449	129	162	197	224
Clothing, footwear and accessories	327	907	261	327	397	452
Electrical and electronic goods	64	177	51	64	77	88
Pharmaceutical and other stores	513	1,426	410	514	624	710
Food & beverage services	815	2,264	651	817	991	1,128
Total	3,817	10,601	3,046	3,824	4,641	5,282

Source: RCG

Even after these adjustments, the town centre won't capture all this demand – it might not have any small-format electrical stores, for example, with these shops (cellphone stores etc) probably staying in Frankton instead.

We have also modelled the SCA (households and employees) using a similar process as the PCA above. We have just a single scenario for the SCA, based on 2020 population estimates and ignoring any future growth. We summarise the results below:

Figure 6.4: Modelling Summary for the SCA

Store Type	Retail Spending Power (\$m)	Floor Space Demand (m ²)	
		Total	Small Format/ Supermarket
Food Retailing (supermarkets)	\$20.3	1,660	1,081
Food Retailing (small format)			579
Department stores	\$3.8	1,073	0
Furniture, floors, houseware, textiles	\$1.8	522	80
Hardware, building and garden supplies	\$5.5	2,280	395
Recreational goods	\$1.8	433	195
Clothing, footwear and accessories	\$2.7	549	381
Electrical and electronic goods	\$2.5	338	92
Pharmaceutical and other stores	\$3.9	703	703
Food & beverage services	\$6.7	835	835
Total	\$48.8	8,394	4,342

The SCA covers a large area and the town of Arrowtown, so the Ladies Mile town centre will only capture a small share of SCA demand.

Tourism Spending

Queenstown has its own Regional Tourism Organisation, separate to the Wanaka one and effectively covering the Wakatipu ward. As such, we have excellent data on tourism spending in the ward, through MBIE's Monthly Regional Tourism Estimates.

Tourists spent \$2.5 billion in the Wakatipu ward in 2019, as broken down in the table below:

Figure 6.5: 2019 Tourism Spending in the Wakatipu Ward

Spend Category	International	Domestic	Total
Accommodation services	\$285.8	\$85.6	\$371.4
Cultural, recreation, and gambling services	\$134.4	\$65.3	\$199.7
Food and beverage serving services	\$460.1	\$110.8	\$570.9
Other passenger transport	\$240.0	\$277.1	\$517.1
Other tourism products	\$107.9	\$43.8	\$151.8
Retail sales - alcohol, food, and beverages	\$44.8	\$73.1	\$117.9
Retail sales - fuel and other automotive products	\$51.9	\$28.5	\$80.3
Retail sales - other	\$332.2	\$160.0	\$492.2
Total	\$1,657.1	\$844.4	\$2,501.5

Source: MBIE Monthly Regional Tourism Estimates

Spending has of course decreased in 2020, due to the impact of Covid-19. The long-term outlook for tourism is now uncertain, although the QLDC visitor projections imply a return to ‘normal’ over the next decade.

Pre-Covid, normal tourism forecasting practise would have been to assume an annual growth rate for tourism spending. Post-Covid and for this study, we’ve chosen to dispense with this, and instead just look at retail demand arising from 2019 spending – that is, we assume that spending returns to (real) 2019 levels in the future but doesn’t grow further beyond that.

QLDC projections show that the PCA will have around 4% of the Wakatipu ward’s ‘average visitor’ numbers in 2031-2051. Taking this as a very simple assumption, the potential tourism spending in the Ladies Mile town centre could be 4% of the numbers above:

Figure 6.6: Potential Tourism Spending in the Ladies Mile Local Centre

Spend Category	International	Domestic	Total
Accommodation services	\$11.4	\$3.4	\$14.9
Cultural, recreation, and gambling services	\$5.4	\$2.6	\$8.0
Food and beverage serving services	\$18.4	\$4.4	\$22.8
Other passenger transport	\$9.6	\$11.1	\$20.7
Other tourism products	\$4.3	\$1.8	\$6.1
Retail sales - alcohol, food, and beverages	\$1.8	\$2.9	\$4.7
Retail sales - fuel and other automotive products	\$2.1	\$1.1	\$3.2
Retail sales - other	\$13.3	\$6.4	\$19.7
Total	\$66.3	\$33.8	\$100.1

Source: RCG

This suggests potential spending of \$100 million which the Ladies Mile town centre could capture. However, actual tourism sales could be quite different: the Queenstown town centre could capture much of the spending even if the visitors are spending most of their time around Ladies Mile; the amount of tourism/ accommodation activity at Ladies Mile could be bigger and smaller than the 4% suggests; and the split of international/ domestic visitors could vary.

We’ve focused on just two of the spend categories above: “Food and beverage serving services” (\$22.8 million) and “Retail sales - alcohol, food, and beverages” (\$4.7 million). With our typical assumptions around sales per square metre, this could support 2,850 sqm of F&B space and 350 sqm of food retailing space.

In our view, it is reasonable to expect substantial capture of the ‘food retailing’ spend (which could help support a small supermarket in the town centre) but only a smaller share of the F&B spend. Tourism could still support say 1,000 sqm of F&B space in the Local Centre.

In-store vs Online shopping

Although online shopping may be more convenient, shoppers still prefer to make their purchases inside an actual store.

Nearly 40 percent of consumers make purchases inside a physical store at least once a week, compared to just 27 percent who do the same online, according to PwC’s annual consumer survey. This percentage relates to

individuals rather than households. We can assume that almost all households would send someone to the supermarket at least once a week.

Even though online shopping may be easier than going to a store, many different factors are driving shoppers' decisions to make the trek out to a store. The research found that 65 percent of consumers said they shop in-store to avoid delivery fees, while more than 60 percent said it allows them to have the item immediately. Additionally, 61 percent said they like trying on the item or seeing it in person before buying it.

Other reasons shoppers prefer brick-and-mortar shopping include that they like to support local businesses and it makes returns easier. Despite their preference for buying things in-store, consumers are still using online outlets as part of their shopping process. Nearly three-quarters of those surveyed spend time browsing products online before buying them at a physical store.

We believe online shopping habits will not deter residents to visit the Ladies Mile town centre. Having a mix of retail and non-retail tenancies will give residents the options to stay put and shop local.

Modelling Conclusions

Our modelling exercise has been broad-brush and looks at a range of different scenarios for retail demand, depending on the housing yield at Ladies Mile. We also note that the town centre will have several different customer groups: households and employees in the PCA; households and employees in the SCA (to a smaller extent); and visitors to the PCA. The ideal amount of retail floor space in the town centre depends on weighing up these different groups, and how much demand can or should be captured from each group.

Regardless of the scenario, the catchment will be large enough to support a small supermarket. We suggest planning for a 1,000-2,000 sqm supermarket, depending on the likely housing yield. The planning should also reflect the catchment's growth over time, so the supermarket could start out at or below 1,000 sqm, and be expanded in the future.

The supermarket, the local catchment, and the tourism market will also help support an offering of other retail and F&B, with a convenience/ dining focus. This could be an equivalent size to the supermarket or a little larger, say 1,500-2,500 sqm. This should give sufficient space for some non-retail uses, ones which we haven't modelled but which will occupy retail space.

In addition to the main 'retail centre', it's possible that some hotels or other accommodation providers will include some F&B space. This could be additional to the above.

We consider office, entertainment and other potential uses in the next section.

The Importance of a Grocery 'Anchor Tenant'

Grocery shopping is by far the most frequent purchase for households (at least weekly), so it is the best activity for bringing custom and supporting other retailers/ tenants. It is also the retail use that will make the biggest difference to reducing traffic movements across the bridge. In our view, the size of the Ladies Mile market means that a small supermarket is the most appropriate 'anchor tenant' for the Local Centre.

In turn, having a small supermarket (rather than a 'grocery store' of less than 1,000 sqm) will help sustain a larger range of other retail activity.

By comparison, Frankton has all three major supermarket brands: Pak n' Save (which serves a very large catchment) and Countdown, which are both quite close and convenient for PCA households; and New World, which is less convenient and further away. All three supermarkets are over 4,000 sqm in size.

The plan change should include a clear exception to any retail tenancy caps, to allow for one supermarket/ grocery store tenant of an appropriate size (1,000-2,000 sqm).

7 Non-Retail Uses and Land Requirements

As noted in the previous section, there will be some ‘non-retail uses’ that can be accommodated within the 1,500-2,500 sqm of small format retail space we suggest. This could include real estate, bike hire, tourism activities etc, to the extent they occupy ground floor retail space.

There will also be demand for other uses that occupy non-retail space – e.g. above-ground offices and other businesses, or purpose-built spaces like cinemas or childcare centres. There are also uses that blur the lines between retail and non-retail, e.g. live/ work developments or small commercial spaces/ studios – although the ‘retail’ component of these would need to be restricted.

As with everywhere in the district, **visitor accommodation** is likely to be part of the mix. It will help to achieve greater density around the Local Centre, and hotels and the like (probably apartment typology) should be located alongside or even above the shops and services.

Childcare is another likely use. There are three Gems-branded childcare centres south of SH6, with the most recent having opened in early 2020. With an estimated 420 children under 5 as at 2020, and more to come as Ladies Mile develops, there could be potential for at least one more childcare centre, which doesn’t necessarily need to be located in the Local Centre but should at least be close by. As a standalone use, a large childcare centre (100+ children) can need 2,000-3,000 sqm of land, but this could reduce if the centre is part of a larger development, as it can go on an upper floor.

Healthcare is a likely use, especially if a general practise is not being included in the Southern Cross development. This could potentially utilise 1,000 sqm of floor space, with 2,000+ sqm of land as a standalone use. Again, this could reduce as the centre is likely to be partially (or entirely) on an upper floor in the Local Centre.

Entertainment, specifically a boutique cinema, could form part of the mix and complement the F&B offering. This might take 500-800 sqm of space as an upper floor use.

Gyms/ Fitness could take 300-500 sqm of space for a small gym (Jetts, Snap Fitness etc). These can go upstairs subject to weight considerations, or in an edge-of-centre location.

Offices and other commercial spaces are possible, and anecdotally there seems to be some demand for workspaces in the area. Up to 1,000 sqm of floor space could be viable; a larger office area might be out of step with the PDP direction to focus offices in the Queenstown town centre and Frankton. Co-working would be a suitable and attractive contributor to office space, and any ‘tenancy caps’ for office should be worded so as to allow for a co-working facility to be larger than the cap, as long as the businesses who use the facility don’t exceed the cap.

These uses (including all the retail) suggest a total land requirement of say 1.2-2 hectares, for commercial-focused development with some above-ground activity. Any civic or community uses, public space etc could add to this. We also expect that there could be some accommodation within the town centre but also some surrounding it.

8 Implications for Employment

Current Employment Patterns

Business demography statistics from Stats NZ give the best indication as to where employment is located. The entire Wakatipu ward had an 'employee count' of 21,520 as at February 2020 (just before Covid began to have an impact). Of these, 18,000 employees were based west of the Shotover bridge (in central Queenstown or Frankton, Jacks Point, Glenorchy etc) and just 3,520 were east of the bridge (in the PCA, SCA or outer Wakatipu area).

Similarly, 2018 census 'journey to work' data suggests that the vast majority of PCA residents commuted to jobs in Queenstown itself, Frankton or other areas where they would have to cross the bridge to get to work.

Drilling into the 2020 business demography statistics, there were 400 employees based in the Lake Hayes Estate SA2 and 260 in Shotover Country. These figures include (respectively) 210 and 45 employees in the construction sector. Construction-based employment is likely to shift around with construction activity, so it may well reduce now that these subdivisions are largely built out. However, in the future Ladies Mile will provide jobs for a sizeable number of construction employees over many years.

Schools are also important employers, with an estimated 100 'education and training' employees in Shotover Country which includes a primary school and childcare centre. Once it opens, the Southern Cross Hospital and its associated facilities will create significant employment too.

Potential Employment in Ladies Mile

As an indication, the town centre could provide local employment for:

- 60-80 jobs in the supermarket
- 60-100 jobs in other retail tenancies
- Up to 50 or 60 jobs in offices (with a ratio of at least 1 job: 20 sqm GFA)
- Up to 50 jobs in other tenancies (health, childcare etc)

Overall, this could account for 200-300 jobs in the town centre itself, with some of those being part time (especially the retail/ F&B jobs). Within the wider Ladies Mile area, accommodation and education could be important employers too.

Implications

The town centre will assist local employment, but a more important function will be to reduce the need for residents to travel across the Shotover bridge for everyday goods and services.

A town centre will only ever be able to employ a small proportion of the eastern corridor population: 200-300 jobs is small compared with 5,000-9,000 people in Ladies Mile, or 11,000-15,000 in the wider eastern corridor area. At least half of the resident population is likely to be employed, which means a large number of commutes.

This means that most Ladies Mile residents will still need to commute across the bridge to access most jobs. It suggests that Ladies Mile should be planned with excellent transit access, to avoid the need for more driving on a constrained highway.

9 Conclusions

The Ladies Mile town centre will serve a primary catchment area (PCA) that already has nearly 6,000 people and could eventually grow to 11,000-15,000. This growth could take many years, and there is still uncertainty over its quantum, so we have looked at a range of scenarios.

The town centre would probably have the largest grocery store east of the Shotover bridge (i.e. a small supermarket), and this plus its highway location means that it will serve a 'secondary catchment' to some extent, including Arrowtown. However, Frankton is only a little further, and has a very significant retail offering including all three supermarket brands, department stores, fashion retailers etc – one which serves a regional-sized catchment.

Ladies Mile is not a 'new town', it is more of a new suburb adjoining Queenstown. However, it does have the potential to achieve higher density, good amenity, and provide more local services than previous developments have done (including helping to serve Shotover Country and Lake Hayes Estate).

The centre size and activity mix will depend on how much housing can be delivered in Ladies Mile. We recommend that the centre allow for a supermarket of 2,000 sqm, other retail of 1,500-2,500 sqm, and some other non-retail/ upper-floor activities as well. This could include offices of up to 1,000 sqm say. The likely land requirement is 1.2-2.0 hectares.