

PROPERTY **E**CONOMICS



WATERLOO TRANSPORT

ORIENTATED DEVELOPMENT

ECONOMIC OVERVIEW

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CONTACT DETAILS

s7(2)(a)

Mob: s7(2)(a)

Email: s7(2)(a)

Web: www.propertyeconomics.co.nz

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1. INTRODUCTION

Property Economics has been engaged by Willis Bond to undertake a high-level economic assessment of the potential land use and development opportunities surrounding the precinct upgrade of Waterloo Station in Hutt City.

The current train station has a leaky roof requiring significant repair which has prompted the need for the station to be rebuilt. This status was a timely trigger for investigating the development opportunities available in the market as part of the consideration for a larger scale transit-oriented project and wider redevelopment of the station's land holding. This would go beyond a simple rebuild of the existing station with the intention of establishing a central hub for the community with a mix of residential, commercial, educational and medical facilities to revitalise the urban environment, improve market and transport efficiencies, and provide a catalyst for increased use of Waterloo Station.

This report provides a high-level market assessment of the residential, commercial (retail and office), medical and education sectors and the local opportunities for growth in these sectors. This economic assessment will form an important contribution into determining the potential 'next steps' for the consideration of a transit-oriented development ('TOD') in respect of opportunities, land uses, scale and mix.

Each research component is designed to identify future opportunities and determine the size of the respective market sectors in the foreseeable future at a high level initially, and identify any specific sectors or activity types that Willis Bond may want to investigate further in any master planning exercise.

1.1. RESEARCH OBJECTIVES

The core objectives of this economic assessment are to:

- Provide an overview of Waterloo Station in the context of the wider Lower Hutt market and existing urban environment and amenities.
- Identify the primary market any commercial activities within Waterloo Station is designed to service.
- **Population and Household Growth** Utilise the latest Sense Partners population and household projection series to determine the size of the current and future residential base of the catchment out to 2053. This includes an assessment of the likely dwelling demand by typology.
- **Commercial / Office / Retail:** Assess the existing commercial and retail market. Assess the total supportable commercial and retail floorspace (GFA) and land area requirements.
- **Medical / Service sectors:** Assess the existing supply of medical facilities in the localised market and the expected demand for additional medical facilities.
- **Education:** Assess the demand for both schools and specialised education (such as adult vocational and language courses).

1.2. DATA SOURCES

Information has been obtained from a variety of reputable data sources and publications available to Property Economics, including:

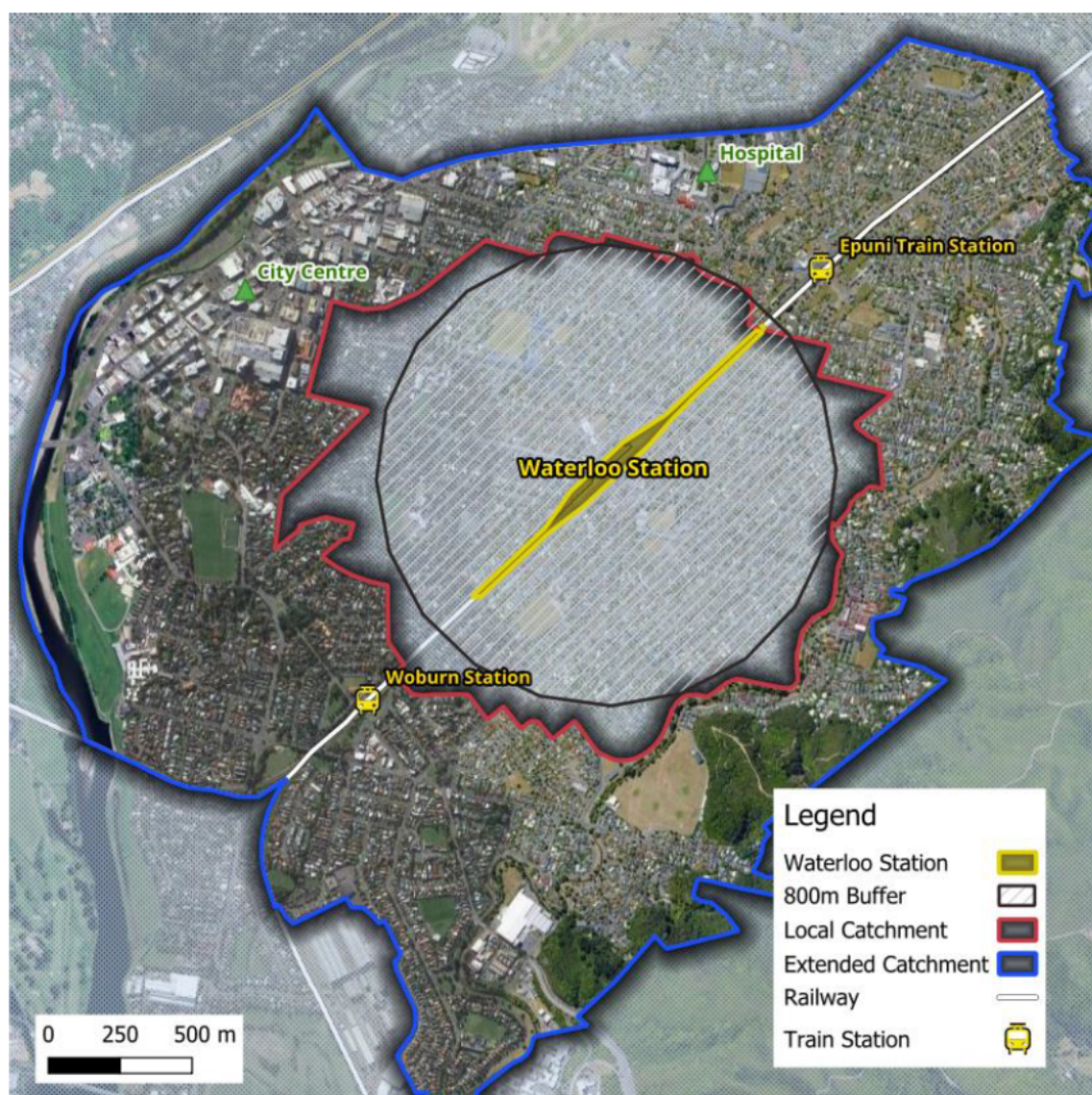
- District Plan Zones & Provisions – Lower Hutt City
- New Zealand Census (2013 & 2018) – Stats NZ
- Population and Household Projections – Sense Partners
- Site and Catchment Maps – Google Maps, LINZ
- Business Demography – StatsNZ
- Retail Model – Property Economics
- Dwelling Consents – StatsNZ
- Education Statistics – Education Counts

2. WATERLOO STATION

Figure 1 shows the location of Waterloo Station and two catchments representing the focus areas for this report. The core catchment is based on an 800m radius from the centre of Waterloo Station and is generated using Statistical Areas 1 (SA1). Due to the nature of how these SA1's are defined by Stats NZ, this catchment extends just beyond the 800m area.

This core catchment / localised market represents the area for which demand for activities at Waterloo is most likely to compete, where Waterloo Station activities would have a competitive locational advantage and where the majority of Waterloo Station's most frequent patrons (current and future) are likely to be derived.

FIGURE 1: WATERLOO STATION AND 800M CATCHMENT



Source: Google Maps, Property Economics

Also shown on Figure 1 is an extended catchment (area defined by the blue border). This wider area represents where most of the competition for commercial and medical activities in Waterloo would be located. Notably, this area includes the City Centre which is the primary commercial centre of Hutt City and is where most higher order commercial activities and community facilities are located. There are also two other train stations approximately 1km either side of Waterloo Station (Woburn Station to the south and Epuni Station to the north).

3. POPULATION, HOUSEHOLD AND DWELLING GROWTH

3.1. CATCHMENT GROWTH

The following figure shows the recent, current, and projected growth of the identified catchment on the latest Sense Partners Population and Households projections. The Medium Projections represent Sense Partners 50th percentile projections while the High Projections represent their 75th percentile projections. Sense Partners projections have been utilised in this report as they are the projections relied upon by Hutt City Council.

It is estimated that the identified core catchment has a current (2022) total population of around 9,410 residents which represents only a small growth over the 2018 population base. The future growth projections however suggest that future growth in this area is likely to be much higher with the potential to reach 13,925 residents by 2053 under the higher 75th percentile.

This is likely because up until now, most of the growth in the Wellington Region has been focused on greenfield locations and areas outside the existing urban core. However, Hutt City Council is currently undergoing Plan Change 56 to implement the Medium Density Residential Standards and High-Density Residential Zones as required by The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act.

This Plan Change will significantly increase the level of permitted development that is possible and building envelope within the existing urban area.

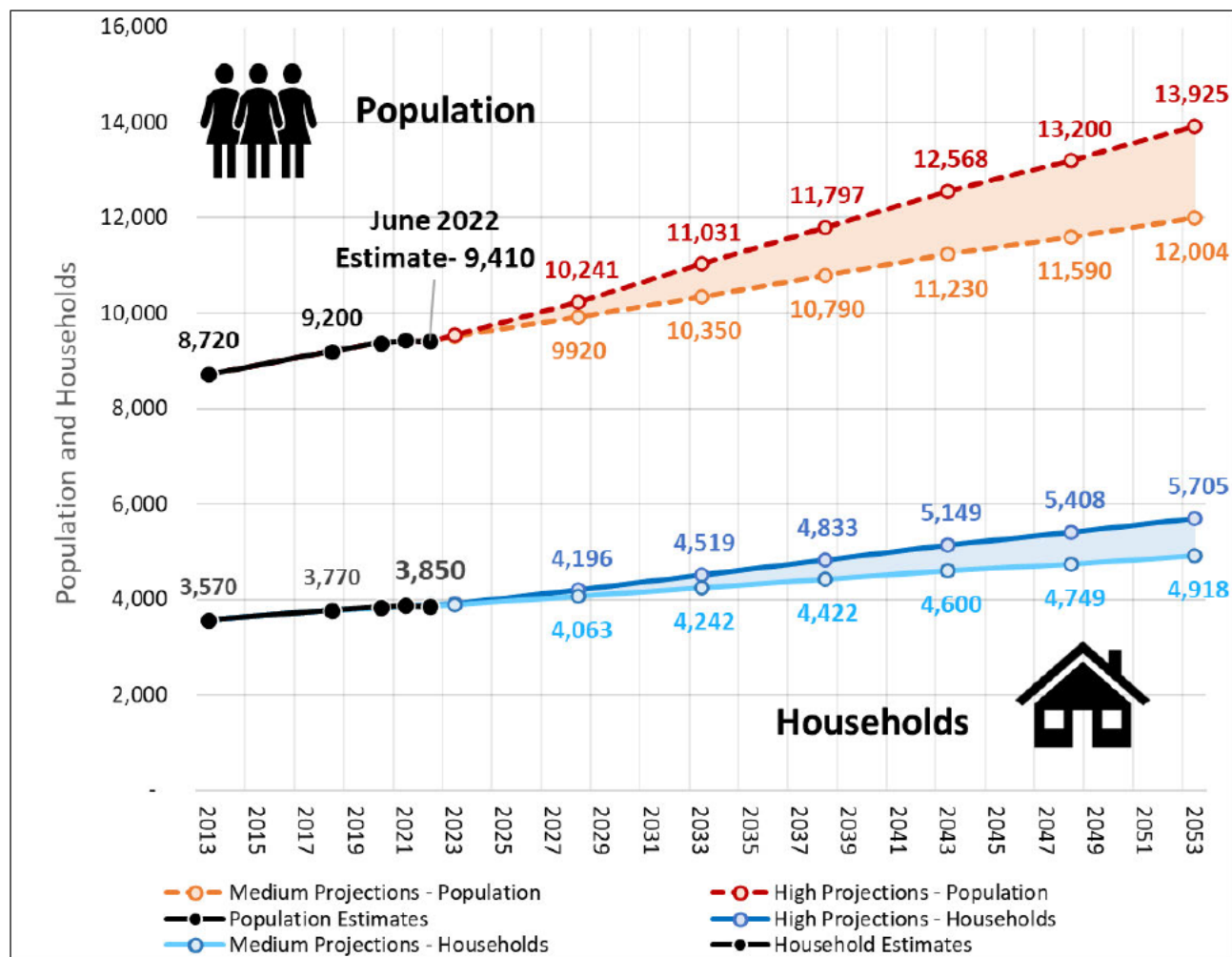
Consequently, Property Economics does not consider that the recent current slow growth trends in the surrounding area is a reliable indicator of its potential for future growth, but rather the growth aspirations anticipated by Sense Partners Projections will more likely be achievable under Plan Change 56.

Under Sense Partners Household Projections¹ the core catchment is anticipated to grow by around 1,020 households between 2023-2053 under the Medium projections and almost 1,800 households under the High growth. It is important to note these are just projections based on current knowledge. Growth ultimately occurs where supply is delivered and increasingly efficient locations and higher density typologies are coming more to the fore as house prices increases and serviceability issues force people into rethinking their housing choices.

As such, a successful Waterloo Station TOD would catalyse growth in the core catchment and has the potential to drive demand beyond current projection levels.

¹ It should be noted that Property Economics does not have access to Sense Partner's projected household numbers at an SA1 level. Rather, we have applied Sense Partners' average population-to-household ratio for the corresponding SA2s to translate the population projections into an estimated number of households.

FIGURE 2: CORE CATCHMENT POPULATION AND HOUSEHOLD PROJECTIONS



Source: Stats NZ, Property Economics

3.2. Demographic Profiling

An economic and social demographic profile for the core Waterloo catchment and the wider catchment has been compiled in comparison to the wider Lower Hutt territorial authority. This is to determine where each market sits relative to each other in terms of key economic and social demographic characteristics.

A more detailed breakdown of the demographic profiles has been attached in Appendix 1 to this report.

Some of the salient findings from the demographic profiling include:

- The Waterloo Catchments have a slightly older population base than the rest of the district. Around 22% of the population in both catchments are over 60 years compared to only 19% for the district.

- In the Waterloo catchments, there is a much larger percentage of Asian residents (22%) compared to the wider district (13%). Conversely, the proportion of Māori and Pacifica residents is lower with 13% for the Core Catchment and 26% across the district.
- The Waterloo area is a comparatively affluent area in Lower Hutt with a higher Median Household Income of \$91,000 compared to \$82,000 for the district. There is a significantly higher proportion of households whose annual income exceed \$150,000 at 26% in the Waterloo Core Catchment compared to 19% of the district's households. Notably, the catchment also a higher level of average level qualification attainment with a greater proportion of the catchment having a Bachelor degree or higher than the district average.
- Neither the rates of dwelling ownership nor the average dwelling size (in regard to the number of bedrooms) differs significantly between the three comparison areas. However, the rents in the Waterloo Core Catchment are higher on average than the district with 13% of rents exceeding \$500 per week in the Catchment compared to 9% of homes in the Wider Catchment and 6% in the district.

3.3. Dwelling Growth

Sense Partners also provides projections on the number of dwellings they expect to be required over the next few years. This includes accounting for the number of vacant dwellings and the expected split between Attached and Standalone Dwellings.

These projections are shown in Table 1 following. As there is an anticipated decrease in the number of vacant dwellings, the projected dwelling growth is smaller than the total household growth by about 15% for the medium projections and 8% for the high. This results in a total projected increase of 919 dwellings under the Medium projection and 1,733 dwellings under the High.

TABLE 1: SENSE PARTNERS DWELLING PROJECTIONS BETWEEN 2023 AND 2048

		2023	2028	2033	2048	2053	Total Growth
Medium	Total Dwellings	4,187	4,348	4,503	4,951	5,107	+ 919
	Standalone	3,136	3,271	3,419	3,837	3,979	+ 843
	Attached	986	1,010	1,017	1,049	1,063	+ 77
High	Total Dwellings	4,202	4,490	4,798	5,638	5,934	+ 1,733
	Standalone	3,146	3,377	3,643	4,369	4,623	+ 1,477
	Attached	989	1,043	1,084	1,195	1,235	+ 245

Source: Sense Partners Property Economics

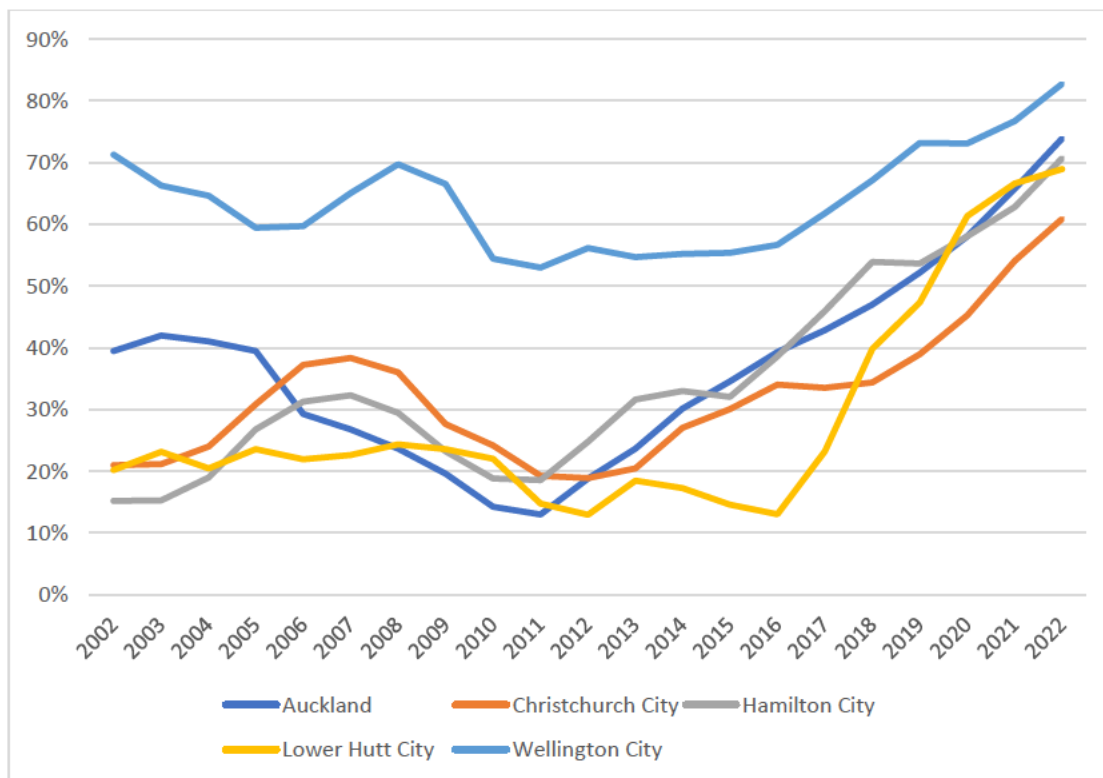
Based on the 2018 Census, around 81% of the existing dwellings in the catchment were standalone while Sense Partners projections anticipate around 85% of the future dwelling growth to be in Standalone dwellings. However, Property Economics would suggest that while this projection is likely an accurate reflection of the current revealed market preferences, the

housing affordability issues across the country and changes to the planning provisions have resulted in a clear shift across the country.

Figure 3 shows how the attached (Terraces and Apartments) proportion of new dwelling consents has changed across cities in New Zealand. Wellington City has had a significantly higher proportion of attached dwelling consent than the other cities due to the significant land area constraints. In all other cases, Figure 3 shows there has been a steady increase in the proportion of attached dwellings over the past decade.

Lower Hutt City itself has almost reached 70% of dwellings consent being attached, which is a substantial increase compared to the roughly 20% proportion over the 2002-2016 period.

FIGURE 3: PROPORTION OF TOTAL CONSENTS THAT ARE FOR ATTACHED DWELLINGS (3 YEAR ROLLING AVERAGE)



Source: StatsNZ, Property Economics

This trend shift towards higher density dwellings is likely to be also reflected in the development trends of the identified catchment. This is because the new planning standards applied through Plan Change 56 are enabling of a higher density residential product.

Earlier this year Property Economics undertook modelling of the Feasible and Realisable Capacity within Lower Hutt City in preparation for their Housing and Business Capacity Assessment. This involved assessing multiple development options on every property within the Lower Hutt District, testing for profitability and modelling the total number of dwellings that could feasibly and realistically be developed within Lower Hutt based on the market conditions at a point of time.

Table 2 below shows the results of that modelling for the identified core catchment. Theoretical Yield shows the number of dwellings that could be built under the district provisions. The total Theoretical Capacity of 30,039 dwellings represents the sum of the maximum number of dwellings that could be on each site.

For the purposes of the modelling, development is deemed to be feasible if its profit margin exceeds 20%. The Feasible Capacity shown on Table 2 represents the most profitable outcome on each site while the Realisable Capacity takes into account the relative risk profile of the different development options. For example, apartments are significantly riskier to build than standalone dwellings and therefore require a higher profit margin to be 'realisable'.

Table 2 shows that there is the Feasible Capacity for 2,833 dwellings, over half of which are apartments. This is reduced considerably once the expected realisation rates are taken into account to just under 1,300 dwellings. This capacity exceeds the dwelling demand under the Medium Projection but not the High.

TABLE 2: REALISABLE CAPACITY WITHIN THE CATCHMENT

Typology	Theoretical	Feasible	Realisable
Apartment	30,039	1,573	618
Standalone		119	153
Terraced		1,141	527
Total		2,833	1,298

Source: Property Economics

Notably, only 153 of the Realisable Capacity based on the most profitable / realisable outcome are standalone dwellings. The rest is either Terraces or Apartments. Furthermore, reconciling the assessed capacity results against the projected demand showed that the Central Catchment (in which Waterloo is located) is unable to meet Sense Partners projected demand for Standalone Dwellings. Consequently, there is a need for a shift in the demand preferences relative to what currently exists in order for the demand projections of this area to be met.

Based on the trends shown in Figure 3 and the results shown on Table 2, Property Economics believes it is highly likely that most of the homes delivered within the Waterloo Catchment will be either Terraces or Apartments. However, applying a more balanced and conservative assumption for the purposes of this assessment, Property Economics has employed a 40:60 split between Standalone and Attached typologies.

Based on the projected household structure and this likely split, Table 3 below shows the anticipated demand by typology and size. This suggests that there will be demand for around 431 Apartments, most around the two-bedroom size.

TABLE 3: HIGH GROWTH DWELLING DEMAND BASED ON A 40:60 SPLIT OF STANDALONE TO ATTACHED DWELLINGS

	Standalone	Terraced	Apartment	Total
Small	171	234	174	579
Medium	217	143	171	531
Large	187	54	86	328
Total	575	431	431	1,437

Source: Property Economics

The total above is based on the Sense Partner projection. As mentioned earlier, Property Economics think these could be light if additional supply is developed in Waterloo which would catalyse growth and increase demand in the area. Ultimately demand typically goes where supply is delivered, and with residential being substitutable demand, Waterloo would have the potential to draw demand away from other area in Lower Hutt, which would increase the 1,437 total in Table 3.

3.4. Wider District Growth

In addition, to the population growth for the Core Catchment, Table 4 shows the population growth for the Wider Catchment and the District.

Based on the 50th percentile growth projection, the Lower Hutt District is expected to increase by 32%, which equates to approximately 36,228 new residents. Out of this growth, 17% is predicted to occur in the Wider Catchment area. Alternatively, under the High Projection, it is estimated that there will be an increase of 57,505 residents over the next 30 years, which represents a growth rate of just over 51%.

Notably, the identified Wider Catchment is forecast to grow at a proportionally slower rate than the wider district under both the Medium and High projections at 26% and 46% respectively.

TABLE 4: POPULATION GROWTH FOR THE WIDER CATCHMENT AND LOWER HUTT DISTRICT BETWEEN 2023-2053

		2023	2028	2033	2043	2053	Total Growth	Growth %
Wider Catchment	Medium (50th)	23,303	24,220	25,263	27,417	29,471	+ 6,168	26%
	High (75th)	23,380	24,929	26,858	30,670	34,249	+ 10,869	46%
District	Medium (50th)	113,026	118,785	124,842	137,098	149,254	+ 36,228	32%
	High (75th)	113,217	121,517	131,421	151,604	170,722	+ 57,505	51%

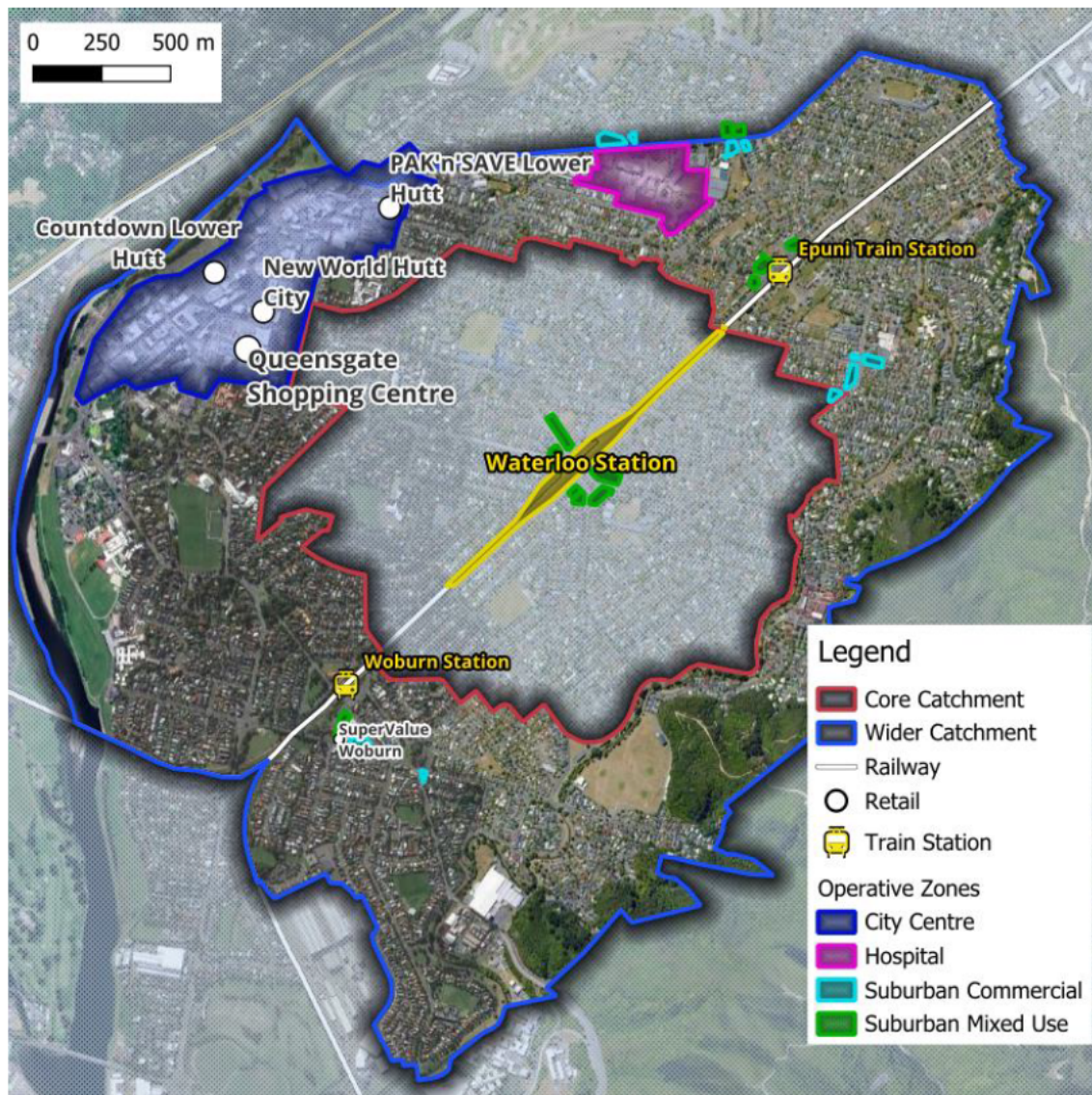
Source: Property Economics, Sense Partners

4. EXISTING RETAIL MARKET

Figure 4 below shows the commercial zones and centres near the Waterloo Station. The existing Suburb Mixed Use Zone surrounding Waterloo Station represent the largest commercial area in the vicinity, save for the City Centre to the west. It is also the only commercial activity within the 800m walkable catchment.

There are a number of smaller commercial areas within the wider study area, similar in size and scope to what would be classified as Neighbourhood Centres. This includes the commercial centre located on the northern side of the Lower Hutt Hospital, the area of which is shown on Figure 4.

FIGURE 4: COMMERCIAL ZONES IN CLOSE PROXIMITY TO WATERLOO STATION



Source: Property Economics

Notably, Lower Hutt's supermarkets are primarily concentrated in the City Centre and Petone (to the south). The only supermarkets outside of these areas are in Wainuiomata and Stokes Valley, but these areas lie outside Lower Hutt's core urban extent. There are four supermarkets in the City Centre (including a second Countdown inside the Queensgate Shopping Centre) and two in Petone.

These two centres (City Centre and Petone) act as the main centres of commercial and retail activity in the city, with all other areas acting as smaller neighbourhood or local centres.

Based on the surrounding the retail market, Property Economics considers that there is potential for Waterloo Station to act as a Local Centre with the inclusion of a supermarket, without generating significant adverse impacts on the existing commercial network. This is supported by the more detailed analysis in the following sections.

5. RETAIL GROWTH FORECAST

This section sets out the projected retail expenditure and sustainable GFA forecasts for the identified Waterloo Catchment. These forecasts have been based on the Sense Partners Medium growth population and household projections, business spend and retail shopping patterns, and prepared using Property Economics' Retail Model.

1.1. RETAIL EXPENDITURE MODEL

The following flow chart provides a graphic representing the Property Economics Retail Model to assist Willis Bond in better understanding the methodology and key inputs utilised.



GROWTH IN REAL RETAIL EXPENDITURE

For the purposes of projecting retail expenditure, growth in real retail spend has been incorporated into the model at an average rate of 1% per annum over the forecast period. This 1% rate is based on the level of debt retail spending, interest rates and changes in disposable income levels, and is the average inflation adjusted increase in spend per household over the assessed period.

LAYERED RETAIL CATCHMENTS

It is important to note that the retail expenditure generated in the identified market does not necessarily equate to the sales within that particular area. Residents can freely travel in and out of the area, and they will typically choose the centres with their preferred range of stores, products, brands, proximity, accessibility, and price points. A good quality offering will attract customers from beyond its core market, whereas a low-quality offering is likely to experience retail expenditure leakage out of its core market.

For that reason, it is appropriate for modern retail markets to be assessed on the basis of “layered catchments”. This is where consumers spread their retail spending across a wider spectrum of centres, with the majority of their “higher order” spend going to “higher order” centres (predominantly large scale regional or main metropolitan shopping destinations). Meanwhile, convenience spend tends to remain more localised, triggering a layering of centre catchments across the city. In other words, a consumer could be in the primary catchment of numerous centres, not just one.

Therefore, the retail expenditure generated in an area represents the sales centres or retail stores within that area could potentially achieve and is the key influence on what the market can potentially sustain. This should not be interpreted as a negative, but simply represents normal commercial market mechanisms (competition) and is a consideration that needs to be appropriately accounted for in any retail analysis.

EXCLUDED ACTIVITIES

The retail expenditure figures below are in 2023 NZ dollars and exclude the following retail activities, as categorised under the ANZSIC categorisation system:

- Accommodation (hotels, motels, backpackers, etc.)
- Vehicle and marine sales & services (petrol stations, car yards, boat shops, caravan sales, and stores such as Repco, Super Cheap Autos, tyre stores, panel beating, auto electrical and mechanical repairs, etc.)
- Hardware, home improvement, building and garden supplies retailing (e.g., Mitre 10, Hammer Hardware, Bunnings, PlaceMakers, ITM, Kings Plant Barn, Palmers Garden Centres, etc.)

The above activities classified as retail by ANZSIC have been excluded because they are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, viability or functionality. Modern retail centres do not rely on these types of stores to be viable or retain their role and function in the market as such stores have the potential to generate only consequential trade competition effects rather than flow-on retail distribution effects. Therefore, the retail centre network’s economic wellbeing and social amenity cannot be unduly compromised.

The latter two bullet points contain activity types that generally have difficulty establishing new stores in centres for land economic and site constraint reasons, i.e. the commercial reality is that for most of these activity types it would be unviable to establish new stores in centres given their modern store footprint requirements and untenable to remain located within them for an extended period of time (beyond an initial lease term) in successful centres due to property economic considerations such as rent, operating expenses, land value and site sizes.

Trade orientated activities such as kitchen showrooms, plumbing stores, electrical stores, tile warehouses and paint stores are also excluded from the model for similar reasons. As such, demand for these store types is additional to the retail demand assessed in this analysis.

However, in the future, it is increasingly difficult from a retail economic perspective to see these store types establishing in centres (new or redeveloped), albeit they likely have equal planning opportunity to do so. As such, demand for these store types is additional to the retail demand assessed in this analysis.

SUSTAINABLE GFA

This analysis uses a sustainable footprint approach to assess retail demand. Sustainable floorspace in this context refers to the level of floor space proportionate to an area's retainable retail expenditure that is likely to result in an appropriate quality and offer in the retail environment. This does not necessarily represent the 'break even' point, but a level of sales productivity (\$/sqm) that allows retail stores to trade profitably and provide a good quality retail environment, and thus economic wellbeing and amenity.

It is necessary to separate the Gross Floor Area into:

- Net retail floorspace (Sustainable Floorspace); and
- Back office floorspace that does not generate any retail spend.

A store's net retail floor area only includes the area which displays the goods and services sold and represents the area to which the general public has access. By contrast, the Gross Floor Area typically represents the total area leased by a retailer. Back Office Floorspace in a retail store is the area used for storage, warehousing, staff facilities, admin functions or toilets and other 'back office' uses.

These activities typically occupy around 25-30% of a store's GFA. It is important to separate out such back office floorspace from sustainable floorspace because back office floorspace does not generate any retail spend. For the purposes of this analysis a 30% ratio has been applied and included in the figures outlined in the following analysis.

Furthermore, retail stores in general can be split into Specialty and Large Format Retailing (LFR). Specialty retailing generally consists of smaller, boutique more specialised stores typically operating within, and offering products from, a specific retail sector. These are typically stores for items such as clothing, footwear, pharmaceuticals, and food and beverages, with the vast majority of store sizes for this type of retailing under 500sqm GFA.

LFR activity is typically identified as stores with a larger store footprint, generally over 500sqm GFA, and includes store types such as supermarkets, furniture, appliances, hardware and department stores. It is important to note that these store type examples are not mutually exclusive and can include a range of products across a number of retail sectors.

LFR stores, while large in floorspace terms comparatively, typically represent only a small proportion of physical stores nominally. These LFR store types, with the exception of supermarkets, generally trade at lower productivities on a per sqm basis relative to smaller Specialty stores but are able to remain profitable by selling more in terms of volume, having superior 'purchasing power' (i.e., LFR stores can typically purchase goods at lower wholesale costs on a per unit basis due to the larger volumes bought, particularly for national retail chains), and typically lower per square metre rental rates.

1.2. WATERLOO CATCHMENT RETAIL FORECAST

The following table forecasts and disaggregates the total annual retail expenditure by ANZSIC retail sector category over the 2023 – 2053 period generated by the Waterloo catchment based on the Medium Growth projection. All figures are in 2023-dollar terms.

The Waterloo Core Catchment is currently (2023) estimated to generate approximately \$82m in annual retail expenditure. This is broadly representative of the 'pool' of retail spend that the catchment area would generate annually.

TABLE 5: WATERLOO CATCHMENT ANNUALISED RETAIL SPEND (\$M) FORECAST

	2023	2033	2043	2053	Net Growth (2023 - 2053)
Food retailing	\$42	\$49	\$59	\$70	+ \$28
Clothing, footwear and personal accessories retailing	\$4	\$5	\$6	\$7	+ \$3
Furniture, floor coverings, houseware and textile goods retailing	\$3	\$3	\$4	\$5	+ \$2
Electrical and electronic goods retailing	\$3	\$4	\$5	\$6	+ \$3
Pharmaceutical and personal care goods retailing	\$6	\$7	\$9	\$10	+ \$4
Department stores	\$6	\$7	\$8	\$10	+ \$4
Recreational goods retailing	\$3	\$3	\$4	\$5	+ \$2
Food and beverage services	\$15	\$18	\$21	\$25	+ \$10
Total Retail Expenditure	\$82	\$96	\$116	\$138	+ \$56

Source: Property Economics

Under the Medium Growth this total annual retail expenditure is expected to grow by approximately \$56m annually (or 68%) to around \$138m per annum by 2053. Under the higher 75th growth projection, this rises to a total of \$159m by 2053.

The largest sector is Food Retailing², which includes supermarket shopping. This sector accounts for just over half of all retail expenditure generated within the catchment area and currently totals around \$42m in annual expenditure generated. It is estimated that Food Retailing would grow by \$28m to approximately \$70m annually by 2053.

Food and Beverage Services³ is the second-largest sector with a current estimated annualised expenditure of \$15m. It is anticipated that Food and Beverage Services will grow by \$10m or to around \$25m annually by 2053.

The balance of the retail sectors is comparatively smaller market (in nominal figures) and many of these sectors such as Clothing and Furniture are activities that primarily is located in higher order centres (such as the City Centre). This is particularly the case for the more competitive LFR store types including Department Stores. However, a Waterloo Commercial Centre with enough appeal could attract niche specialty stores and customers from a wider area, but these would be the exception rather than the norm.

The following table illustrates the level of sustainable retail GFA (sqm) within each retail sector that can be supported by the generated total retail spend within the Waterloo catchment area.

The total sustainable GFA based on the Waterloo's catchment's total generated retail spend equates to 15,400 sqm (rounded) in 2023 and is expected to grow further to around 25,400sqm by 2053. This equates to an additional growth in sustainable GFA of around 9,900sqm between 2023 and 2053 across all assessed retail sectors.

It is important to note that this is not the total retail GFA currently being supplied by the market, but rather the amount of GFA that can be sustained by the catchment's generated retail spend irrespective of where retail supply is located, or if this total generated retail expenditure was internalised within the area. A large portion of Waterloo's current spend is captured outside of the identified Waterloo Catchment.

Despite comprising over half of the retail expenditure, Food Retailing encompasses just 35% of 2053 sustainable GFA. This is a reflection simultaneously of higher productivity rates (sales/sqm) of supermarkets and the scale of which supermarkets are built / demanded.

In contrast, Department Stores which have relatively lower floorspace productivity rates, represents 7% of retail expenditure but around 14% of total sustainable GFA. For the Fashion and Department Store sectors, cumulatively, the generated spend in the catchment could sustain around 5,000sqm GFA, around 20% of the area's sustainable GFA by 2053.

² Includes supermarkets, fruit & vege stores, bakeries, butchers, dairies, fish shops, cake shops, etc.

³ Includes cafes, bars, restaurants and takeaway food services.

TABLE 6: WATERLOO CATCHMENT SUSTAINABLE GFA (SQM) FORECAST

	2023	2033	2043	2053	Net Growth (2023 - 2053)
Food retailing - Supermarkets	3,600	4,200	5,000	6,000	+ 2,400
Food Retailing - Specialty	1,800	2,100	2,500	2,900	+ 1,100
Clothing, footwear and personal accessories retailing	900	1,000	1,200	1,400	+ 500
Furniture, floor coverings, houseware and textile goods retailing	1,000	1,100	1,300	1,600	+ 600
Electrical and electronic goods retailing	1,000	1,100	1,300	1,600	+ 600
Pharmaceutical and personal care goods retailing	1,500	1,800	2,100	2,500	+ 1,000
Department stores	2,200	2,600	2,900	3,600	+ 1,400
Recreational goods retailing	800	900	1,000	1,300	+ 500
Food and beverage services	2,700	3,200	3,800	4,500	+ 1,800
Total Sustainable Floorspace (sqm)	15,400	18,100	21,200	25,400	+ 9,900

Source: Property Economics

The above estimates contextualise the forecast retail demand implications of the growth scenarios for the total retail market but do not reflect the GFA Willis Bond should consider accommodating in the Waterloo Station commercial centre. As mentioned, a significant portion of this spend is drawn to the City Centre, which lowers the sustainable GFA provision appropriate to accommodate in Waterloo.

Nevertheless, as Lower Hutt grows, there will be demand for additional retailing and commercial activities and although invariably some of that growth will be directed into the key commercial centres, there is the opportunity for some of those activities to be located elsewhere. The Waterloo Train Station represents an efficient and attractive option for convenience related store types, an approach that would better service local residents' retail requirements and improve the spend internalisation of the identified catchment.

LOWER HUTT SUPERMARKET SPEND AND SUSTAINABLE GFA

Table 6 shows that there is demand for around 3,600 sqm of supermarket GFA and a projected growth of another 3,300 sqm over the next 30 years. This means that the identified core catchment has sufficient spend to sustain a medium-sized supermarket, with the growth potential to sustain a second one within the long term.

However, the supermarket demand in this market is currently supported by the three supermarkets located in the City Centre and therefore any new supermarkets in the catchment would attract spending away from the City Centre.

Due to the dispersal of supermarkets in Lower Hutt, or lack thereof, these central supermarkets service a large portion of the district. Consequently, in order to assess the potential impacts of a

new supermarket at Waterloo, the following analysis, assesses the ability for the wider Lower Hutt Market to sustain the growth in the supermarket sector.

The following table presents the projected supermarket retail spend (\$m) and sustainable GFA (sqm) within Lower Hutt City. As of 2023, \$420m of annualised supermarket spend is generated within the Lower Hutt District. This is broadly representative of the 'pool' of supermarket retail spend that the supermarket provision would be competing for within the Lower Hutt market.

Under the Medium Growth scenario, the annualised supermarket retail spend is anticipated to grow by around 75% or \$312m by 2053 and represents a total pool in the order of \$732m in annualised supermarket retail spend. This is translated into a net additional supermarket retail GFA requirement of around 35,600sqm between 2023 and 2053 within the district.

TABLE 7: LOWER HUTT DISTRICT ANNUALISED SUPERMARKET SPEND & SUSTAINABLE GFA

	2023	2033	2043	2053	Net Growth (2023 - 2053)
Retail Spend	\$420	\$506	\$605	\$732	+ \$312
Sustainable GFA	48,000	57,800	69,100	83,600	+ 35,600

Source: Property Economics

It is of importance to note that not all this net increase in sustainable GFA will be delivered in new floorspace but delivered through a combination of new GFA and increased store productivities. Nevertheless, this highlights that the projected population growth will result in a significant increase in the sustainable floorspace of Lower Hutt that will likely require additional supermarkets to meet their future requirements.

Based on a desktop study of the existing supermarkets, Property Economics estimate the total supermarket floorspace in Lower Hutt to be around 35,000 sqm, which is just under three-quarters of the sustainable floorspace levels. This suggests that the current supermarkets are likely trading at levels well above their required sustainability. This indicates a current shortfall in supermarket GFA and additional supermarket GFA could be sustained by the market without any growth. This differential between supply and demand will only increase in the future as the district grows if no more supermarkets are built.

This means that not only is a supermarket sustainable at Waterloo Station, but there is market potential such that the risk of undermining the supermarkets in the City Centre is negligible, particularly over the medium to long term.

Most of the Wellington districts have supermarket retailing floorspace below the potential sustainable level due to the limited opportunity / availability of sufficiently sized sites. Waterloo Station represents a central location that is well located to accommodate the growing market demand for the Central Eastern area of Lower Hutt, an area devoid of a supermarket at present.

Waterloo itself is a comparatively affluent area of Lower Hutt and as such may also be attractive as an opportunity for some of the more boutique food retailers like Farro Fresh or Moore Willson's.

5.1. SUSTAINABLE CONVENIENCE FLOORSPEACE POTENTIAL

Table 8 following illustrates the total floorspace potential of a Waterloo Local Centre with a 3,500 sqm supermarket and convenience-focused retail activities. It excludes land for urban parks, roads, reserves, playgrounds, community and education facilities that Willis Bond may want to incorporate in the development. Land for these land uses would be additional to the land areas identified in Table 8.

Additionally, for this localised convenience centre:

- Non-Retail Commercial Service land requirement is assumed to be 50% of the retail land requirement, and;
- It has been assumed that Waterloo Station would capture 50% of the total convenience spend with the remaining spend leaving the market.
- Commercial service GFA is assumed to have a 2-storey average (which halves its ground-level land requirement).

TABLE 8: SUSTAINABLE CONVENIENCE LAND REQUIREMENTS

Waterloo Station	2033	2053
Supermarket Store Demand (\$m)	\$30.6	\$30.6
Supermarket Floorspace	3,500	3,500
Convenience Retail Demand (\$m)	\$5.4	\$7.5
Convenience Retail GFA (sqm)	1,021	1,434
Non-Retail Commercial Service (sqm)	2,260	2,470
Total Retail / Commercial Service Requirement (sqm)	6,781	7,404
Retail Land (sqm)	10,050	10,960
Non-Retail Commercial Service Land (sqm)	2,510	2,740
Total Retail / Commercial Service Requirement (sqm)	12,560	13,700
Likely Land Requirement (ha)	1.26	1.37
Likely Land Requirement (ha) + NPS Buffer	1.44	1.64

Source: Property Economics

Based on the size of the market and the assumed spend capture rate, the local catchment is projected to be able to sustain around 1,000 sqm of Convenience Retail by 2033 in addition to a 3,500 sqm Supermarket. Based on a retail centre of this size, the Commercial Service demand

is expected to be 2,260sqm resulting in a total floorspace of 6,780sqm. This increases to 7,400 sqm by 2053.

5.2. APPROPRIATE CONVENIENCE OPTIONS

The potential range of tenancy types considered appropriate and sustainable for a Waterloo Station commercial centre, given its convenience role and function in the market, is highlighted in the following list.

Note this is not intended to represent an exhaustive list, simply an indication of the types of convenience retail and commercial & professional services businesses that could fit seamlessly into such a centre that would meet the local community's convenience and frequently required commercial needs.

EXAMPLES OF CONVENIENCE RETAIL STORE TYPES

- Supermarket/grocery store
- Superette / Dairy / Mini mart
- Fish shop
- Butcher
- Bakery
- Post Shop / Stationery
- Fruit & Vege Shop
- Delicatessen
- Cake Shop
- Ice Cream Parlour
- Liquor / Wine Shop
- Takeaways (Fish & Chips, Pizza, Chinese, Thai, Turkish, Indian, etc.)
- Cafés & Restaurants
- Newsagent
- Pub / Bar / Tavern
- Florist
- Gift Shops
- Pharmacy

EXAMPLES OF CONVENIENCE COMMERCIAL / PROFESSIONAL SERVICE ACTIVITIES

- Optometrist
- Locksmith
- Hairdresser
- Drycleaners
- Doctors
- Accountants

- Physiotherapists
- Medical practitioners
- Dentists
- Travel agency
- Childcare facilities
- Banks
- Financial Advisors
- Gym
- Lawyers

6. EMPLOYMENT TRENDS

6.1. Lower Hutt District

Table 9 shows the temporal changes in employment within the Lower Hutt District over the last 22 years by ANZSIC⁴ Level 1 industries.

TABLE 9: LOWER HUTT EMPLOYMENT BY ANZSIC LEVEL 1 INDUSTRIES 2000 - 2022

ANZSIC	2000	2005	2010	2015	2020	2022	# Growth (2000 - 2022)	% Growth (2000 - 2022)
A - Agriculture, Forestry and Fishing	61	131	36	48	74	86	+ 25	+ 41%
B - Mining	24	12	24	21	28	28	+ 4	+ 17%
C - Manufacturing	6,711	6,992	4,986	4,752	4,607	4,522	- 2,189	- 33%
D - Electricity, Gas, Water and Waste Services	429	321	629	456	561	636	+ 207	+ 48%
E - Construction	2,665	3,380	3,900	3,905	5,084	5,758	+ 3,093	+ 116%
F - Wholesale Trade	3,307	3,105	3,074	2,693	2,760	2,718	- 589	- 18%
G - Retail Trade	4,153	4,588	4,772	4,624	5,197	4,914	+ 761	+ 18%
H - Accommodation and Food Services	1,592	1,935	2,179	2,728	2,812	2,845	+ 1,253	+ 79%
I - Transport, Postal and Warehousing	3,115	2,609	2,125	1,747	1,432	1,354	- 1,761	- 57%
J - Information Media and Telecommunications	1,399	973	517	550	418	303	- 1,096	- 78%
K - Financial and Insurance Services	507	615	579	687	951	801	+ 294	+ 58%
L - Rental, Hiring and Real Estate Services	457	531	535	521	782	688	+ 231	+ 51%
M - Professional, Scientific and Technical Services	2,624	3,278	3,225	3,354	3,411	3,424	+ 800	+ 30%
N - Administrative and Support Services	2,627	2,525	3,524	2,024	3,270	3,196	+ 569	+ 22%
O - Public Administration and Safety	1,446	1,728	1,864	1,802	1,962	2,351	+ 905	+ 63%
P - Education and Training	2,869	3,637	3,880	3,733	4,092	4,454	+ 1,585	+ 55%
Q - Health Care and Social Assistance	3,773	4,613	5,533	5,937	6,439	6,955	+ 3,182	+ 84%
R - Arts and Recreation Services	1,016	713	875	812	941	910	- 106	- 10%
S - Other Services	1,379	1,614	1,579	1,638	1,619	2,174	+ 795	+ 58%
Total All Industries	40,154	43,300	43,836	42,032	46,440	48,117	+ 7,963	+ 20%

Source: Property Economics, Statistics New Zealand

Within the Lower Hutt District, all but five of the ANZSIC classified industries saw growth between 2000 – 2022. The largest nominal growth was in the Health Care and Social Assistance industry (Q) which almost doubled in size from 3,773 employees to 6,955 in 2022.

There has been a significant decline in Manufacturing and Transport, Postal and Warehousing Sectors that has resulted in an overall decrease in the Industrial activities. The manufacturing

⁴ Australia New Zealand Standard Industrial Classification

sector in particular saw a massive decline following the 2008 Global Financial Crisis (GFC), and although it saw some immediate recovery, has been slowly declining since 2012.

Commercial activity overall has experienced moderate growth over the past 22 years. Specifically, there has been a large drop in the Information Media and Telecommunications sector which decreased by almost 1,100 employees over the period. Other office activities experienced reasonable growth including Professional, Scientific and Technical Services (+30%) and Financial and Insurance Services (+58%).

6.2. COMMERCIAL OFFICE PROJECTIONS

Table 10 following outlines the projected Commercial office employment to 2053 for the Lower Hutt District. Growth is primarily driven by both population growth estimates and a 'top down' assessment of the expected national and Lower Hutt production growth within each sector. Additional factors include local economic development strategies and significant and realisable infrastructure changes.

The sector projected employment for the following areas is based on a variety of factors including:

- National and Regional GDP and employment projections
- Population and Household projections – these are key to both to labour force projections and population-based employment.
- Labour Force projections (skilled / unskilled)
- Regional ability to accommodate growth.
- Lower Hutt's sub-region's relative business land supply and prices
- Trended growth
- Economic development directions
- Locational criteria by sector
- National / Regional and local supply of inputted goods and location of market
- Business sector analysis
- Increasing working age

Table 11 shows that the employment is projected to grow from 13,623 employees estimated for 2023 to 20,155 employees by 2053.

TABLE 10: LOWER HUTT DISTRICT EMPLOYMENT PROJECTIONS

Year	2023	2053	Growth
Commercial (ECs)	13,623	20,155	+ 6,532

Source: Property Economics, Statistics New Zealand

Table 11 following translates the employment growth to anticipated office floorspace demand. The ratios utilised are based on 2nd level ANZSIC categories assessed against both the floorspace and land requirement for each sector.

Based on the projected growth, Property Economics anticipates there will be demand for an additional 182,890 sqm of Commercial Office Floorspace within the district over the next 30 years. Of that 30,480sqm is generated by the population within the Wider Catchment. This is not to suggest that the City Centre's office growth is limited to 30,000sqm as it draws businesses from the entire district. Rather, this is an estimate of the localised office growth.

Based on the current proportions and Property Economics expectations of its potential, Property Economics anticipates Waterloo could capture around 10% of this localised growth or around 3,000sqm. This represents additional office demand over and above the 2,470sqm of non-retail Commercial Service.

TABLE 11: PROJECTED COMMERCIAL OFFICE FLOORSPACE Growth

Area	Floorspace (sqm)
District	+ 182,890
Wider Catchment	+ 30,480
Waterloo	+ 3,000

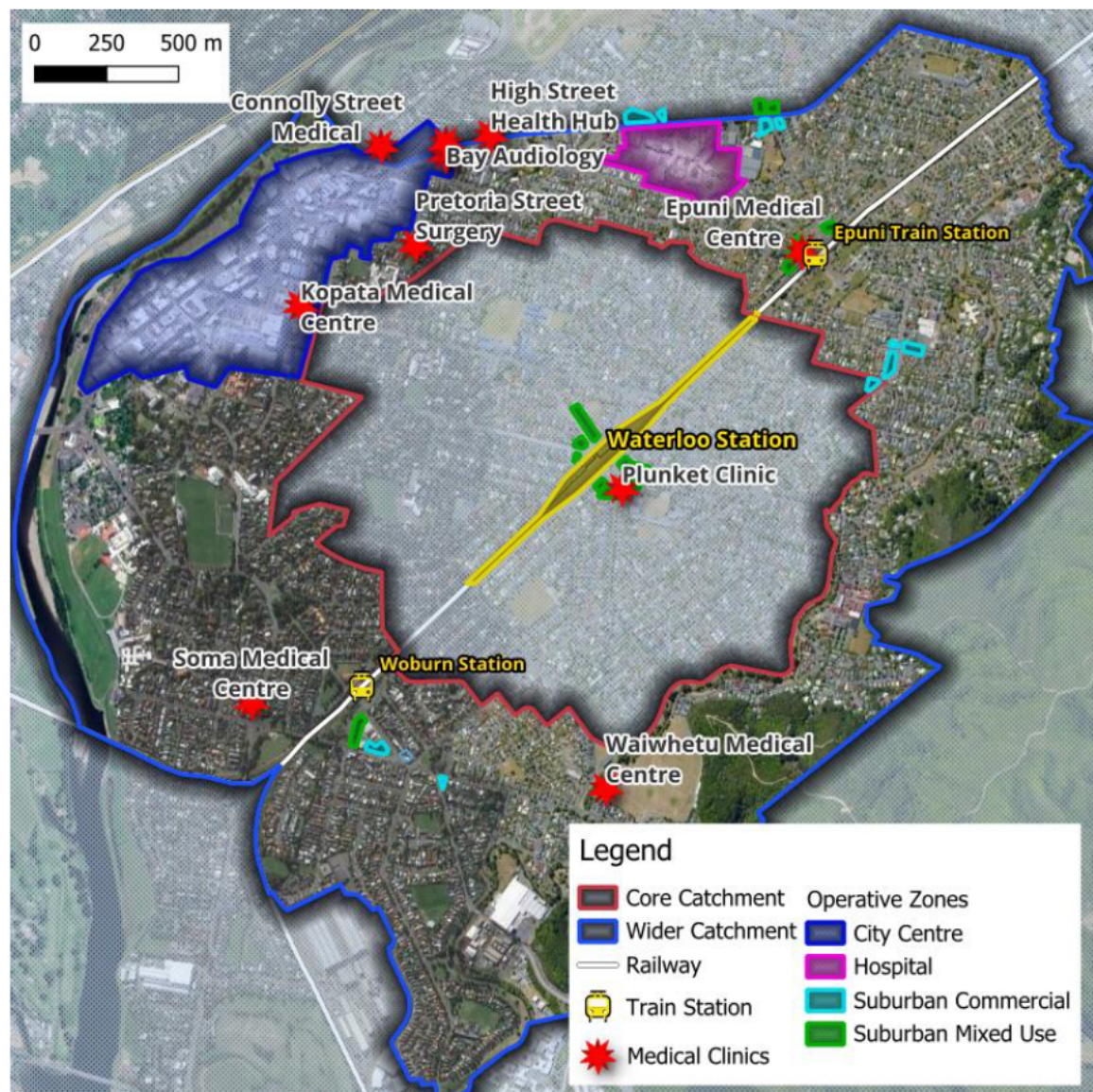
Source: Property Economics, Statistics New Zealand

7. MEDICAL SECTOR ANALYSIS

7.1. Waterloo Medical Facilities

Figure 5 below shows the existing medical facilities near Waterloo Station. The medical services employment within both catchments is shown on Table 12 following.

FIGURE 5: NEARBY MEDICAL FACILITIES / SERVICES GEOSPATIALLY



Source: Property Economics, Google Maps, StatsNZ

Table 12 shows the Employment within different ANZSIC Categories. The two rows in a darker blue are the ANZSIC Level 2 categories Q84 and A85. The rows in lighter blue (Q851, Q852, Q853 and Q859) represent the ANZSIC Level 3 categories that make up Q85.

Medical Services (Q851) includes General Practitioners and Specialist Clinics (i.e., Cardiologist Clinic) while Allied Health Services (Q853) refers to activities such as Dental Services, Optometry and Physiotherapy.

As is evident in Figure 5 and in Table 12 there are several medical services in the Wider Catchment but currently only the one Plunket Clinic next to the Waterloo Station.

TABLE 12: WATERLOO AND LOWER HUTT MEDICAL SECTOR 2012-2022

ANZSIC	Waterloo		Wider Catchment		Lower Hutt	
	2012	2022	2012	2022	2012	2022
Q84 Hospitals	0	0	1,900	2,575	2,650	650
Q851 Medical Services	0	0	126	171	280	310
Q852 Pathology and Diagnostic Imaging Services	0	0	55	51	55	50
Q853 Allied Health Services	18	0	952	715	1,250	1,450
Q859 Other Health Care Services	0	12	35	27	60	40
Q85 Medical and Other Health Care Services	<u>18</u>	<u>12</u>	<u>1,168</u>	<u>964</u>	<u>1,645</u>	<u>1,850</u>

Source: StatsNZ Property Economics

The 964 medical services employees within the wider SA2 area represent just over 52% of the employment in these sectors for the district. Several of these clinics are located just between the City Centre and the hospital on High Street. This includes the more specialised health services and private specialist clinics.

Specifically, the Connolly Street Medical Centre at the northern edge of the City Centre has at least six different medical services including a Birthing Centre and an Orthodontist. In contrast, many of the general practitioner clinics are dispersed in the residential areas such as the Soma Medical Centre.

Table 12 also shows the employment in 2012 allowing a comparison to be made as to how employment in these sectors have changed over the past decade. This shows that within the district, there has been significant growth in the Allied Health Services sector of 16% (200 employees) over the last decade, but only 10% (+30 employee) growth in Medical Services and negative growth in the other services.

Conversely, employment in Medical and Other Health Care Services (Q85) has dropped within the Wider Catchment over the last decade. Where it previously contained over 70% of the employment in this sector (Q85) in 2012, the employment in Allied Health Services (Q853) has dropped by almost 240 employees. While this is offset by the growth in the Medical Services (Q851), overall employment for this group of sectors has dropped within the Wider Catchment.

Specifically, there has been a large drop in the employment of this sector (Q853) in the Epuni West SA2 (area around the hospital) and a commensurate growth of employment in Petone Central, suggesting a potential relocation of certain businesses.

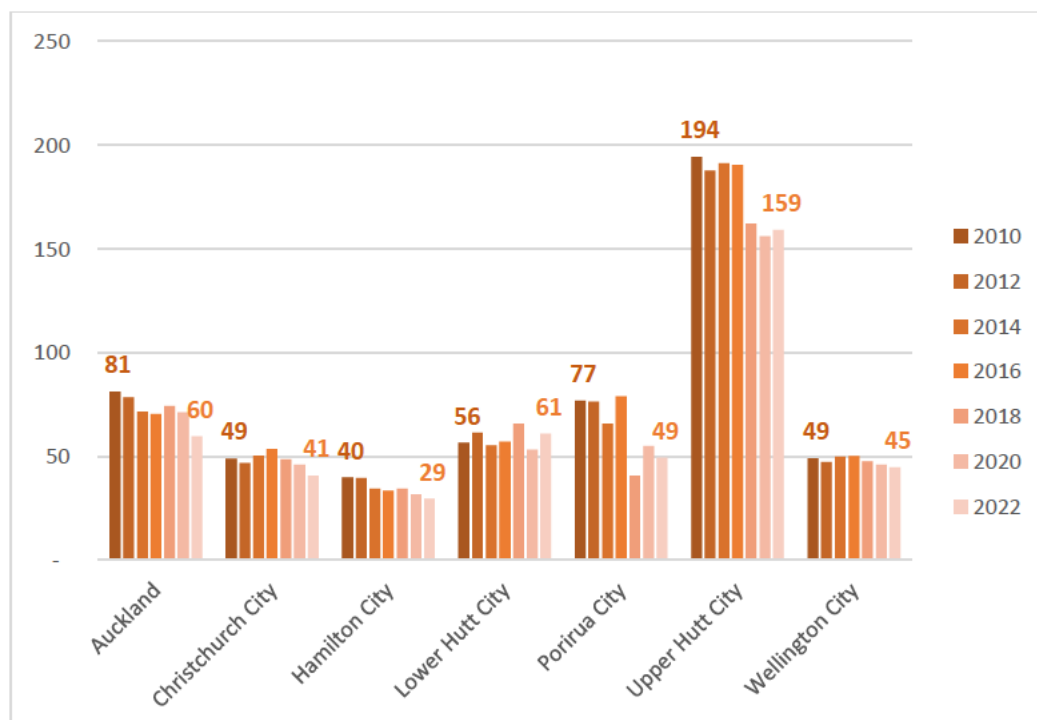
Waterloo itself has seen a change in the medical business activity in the past decade but no significant shift in its position in the market. In and of itself, the Waterloo Station Core Catchment represents a significant gap in the distribution of medical facilities. Consequently, the addition of new medical services at Waterloo Station represents not just an opportunity from a market perspective but could also provide better access to health care for the local community.

7.1. Employment to Population Ratios

Figure 6 following shows the average number of residents per employee over the last decade across a section of New Zealand Cities in Non-Hospital Medical Care. Note that if a city has a high population per employee ratio, this means that there are fewer employees in that city relative to the number of residents.

The average population-to-employee ratio is around 54 excluding Upper Hutt, which is a notable outlier. Unlike the other cities in this list, Upper Hutt does not have its own hospital, with Lower Hutt Hospital servicing this population. Consequently, the city is likely missing many of the non-hospital allied services such as radiology services that make up some of the medical services employment in other cities.

FIGURE 6: POPULATION TO EMPLOYMENT RATIO FOR MEDICAL AND OTHER HEALTH CARE SERVICES



Source: Property Economics

In Auckland and Hamilton City, the population per employee ratio of Medical Services has declined over the past decade, indicating that the growth of the medical services sector has grown faster than the population growth.

Based on this and the comparative ratios in the other cities, the 59 residents per employee ratio that is currently exhibited by Lower Hutt City appears to be an appropriate average to carry forward in projecting the additional demand.

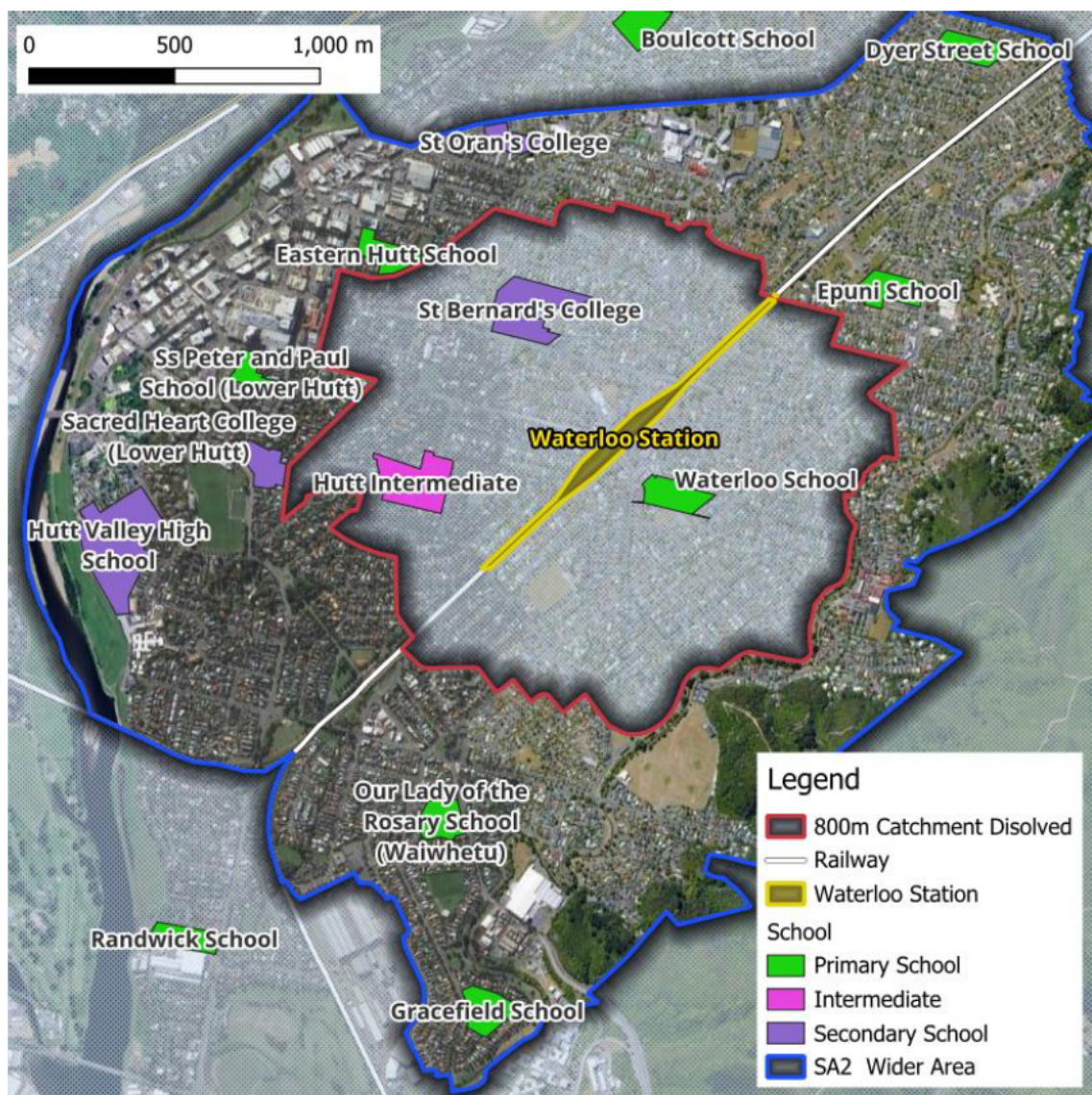
Based on this ratio, Lower Hutt District would require 200 non-hospital medical employees within the next decade and just over 600 over the long term. This translates to demand for an additional 4,000 sqm of floorspace available for medical services under the medium projection over the next 10 years and around 12,000 sqm over the long term. Under the High projection, the projected employment demands increase to 310 and 980 respectively with a commensurate increase in floorspace requirements as a result. This suggests that there may be the market potential for a new Medical Centre within the next decade.

Although the demand generated by the catchment itself is considerably smaller than this (the core catchment represents 7% of Lower Hutt's projected population growth), the wider catchment has a considerably greater proportion of Lower Hutt's non-hospital medical activities. Any Medical facilities at Waterloo Station would be well positioned to be accessible to both the local community and the wider Lower Hutt district, particularly those within walking distance of another train station. Therefore, there is the potential for a small medical centre at Waterloo Station, one that services both the local and wider district markets.

8. EDUCATION

Schools and Education facilities are a core part of growing the future generation of any city's population. Figure 7 shows the local schools surrounding the Waterloo Station including both public and private schools. This shows that there are three current schools in the core catchment covering the full age spectrum of schooling.

FIGURE 7: SCHOOLS NEAR WATERLOO STATION



Source: Property Economics

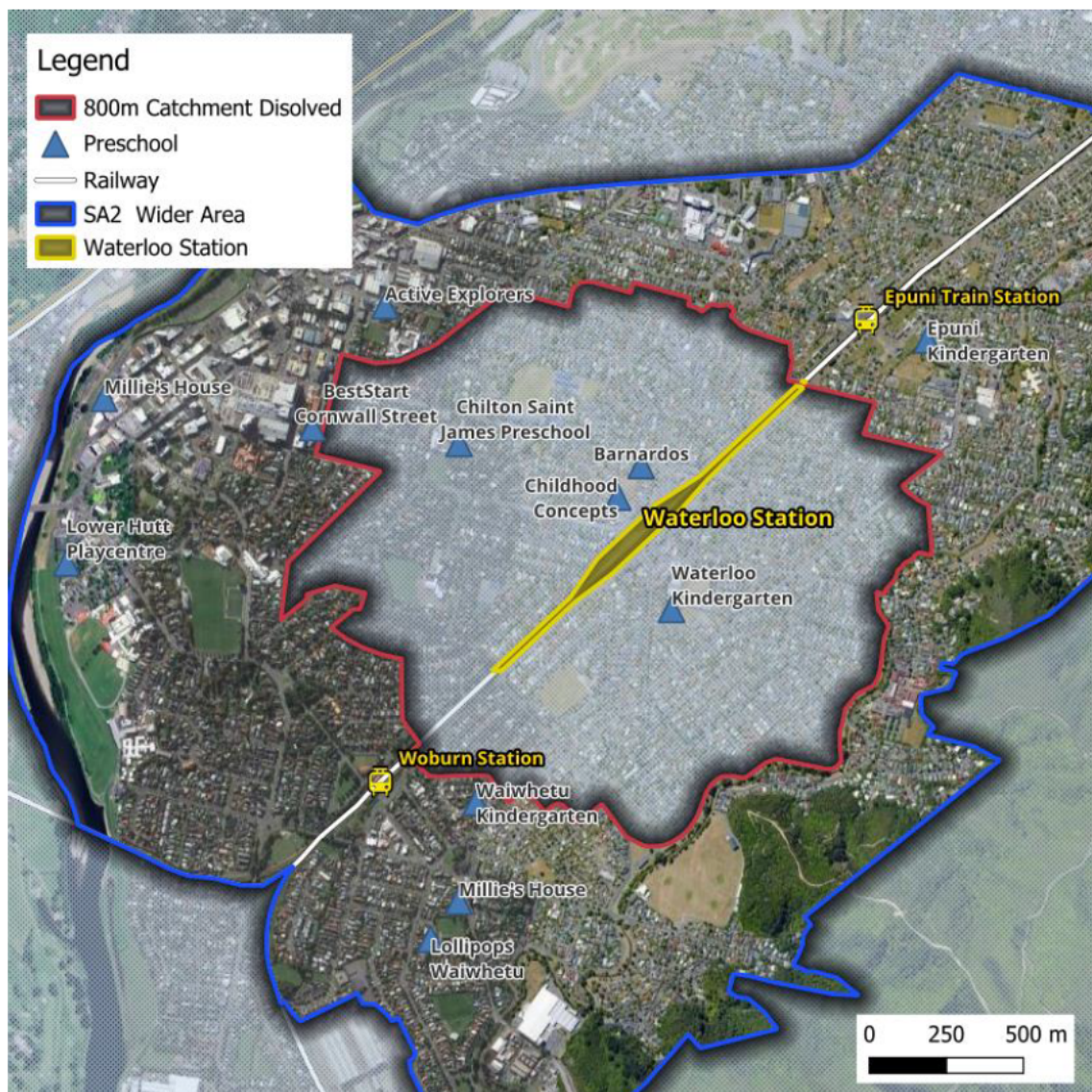
Land available for new schools is limited and, in most cases, the Ministry of Education will expand a school by building more classrooms on the existing school property or if needs be, buy a few adjacent properties to expand the area. The construction of a completely new public

school would require extensive land holdings that are incompatible with the type of development at Waterloo Station.

The primary focus / greatest opportunity for education activities within or around Waterloo Station appear to be those that are less land intensive. Specifically, daycare centres, afterschool tutoring and / or adult vocational courses.

Figure 8 shows a map of the local preschools that currently exist in the market. Within the core catchment, there is one Kindergarten attached to Waterloo School and two right next to Waterloo Station on the western Side.

FIGURE 8: MAP OF THE LOCAL PRESCHOOL AND EARLY EDUCATION FACILITIES



Source: Property Economics, Google Maps

The proximity of the three schools within walking distance of Waterloo Station makes afterschool programs and learning facilities an attractive proposition. Combined these three schools are home to over 1,700 students⁵.

Another area of opportunity is in preschools. Demand for early education facilities is high, with the government funding the first 20 hours of pre-school education for kids aged between 3-4 years old. According to Establish NZ⁶ (Early Learning Centres Consultants), 96.6% of children are enrolled in ECE and there has been an increase in the average hour's kids spend in ECE from 13.5 hours a week in 2000 to 21.7 hours. Staffing requirements and the size of the daycare vary depending on the age of the kids. For kids under 2 years, daycares are required to have around 1 staff member for every 5 kids. For kids over 2 years, this rises to one staff per 15 kids.

Sense Partners does not provide age-specific projections below the district level. We therefore apply a top-down approach by assessing the growth of children at a district level and then proportioning that demand to the local core catchment.

The resulting projected growth in preschool and school aged students for the Core Catchment is shown in Table 13. This shows that the catchment is currently home to an estimated 1,975 children and this is projected to grow to 2,736 under the medium growth projection by 2053. Under the High projection, this is projected to grow to 3,226 children.

TABLE 13: CORE CATCHMENT CHILDREN POPULATION PROJECTIONS

Catchment Population Estimates	Pre- School (Ages 2- 4)	Primary / Intermediate (Ages 5 -12)	High School (Ages 13 - 17)	<u>Total Children</u>
Population 2023	290	1,037	648	<u>1,975</u>
Population 2053 Medium	389	1,420	927	<u>2,736</u>
Medium Growth (2023- 53)	+ 99	+ 383	+ 279	<u>+ 760</u>
Population 2053 High	469	1,680	1,077	<u>3,226</u>
High Growth (2023 - 53)	+ 179	+ 643	+ 429	<u>+ 1,251</u>

Source: Property Economics, Sense Partners Projections

* Based on a fixed proportion of the school population living in the Core Catchment

Of this, the projected growth for preschool-aged kids (Ages 2-4) is 99 under the Medium Growth projection and 179 under the High Growth.

According to Education Counts (a Ministry of Education's website), the Kindergarten and Education and Care Centres in Hutt South have an 85% occupancy rate, a ratio that has not significantly changed over the past couple of decades.

⁵ [Waterloo School: Student Population - Year Level | Education Counts](#)

Hutt Intermediate has 587 students, St Bernard's 657 and Waterloo School 494.

⁶ [file_5a1b7c11ba760-1.pdf \(establish.co.nz\)](#)

Although Pre-Schools can be licensed for up to 150 kids, most are significantly smaller with Barnardos for example being licenced for 60 and Childhood Concepts being licenced for 36. This is to say that the medium projected growth of 99 kids, would translate to anywhere between one and three new childcare centres in the Core Catchment over the next thirty years depending on their size.

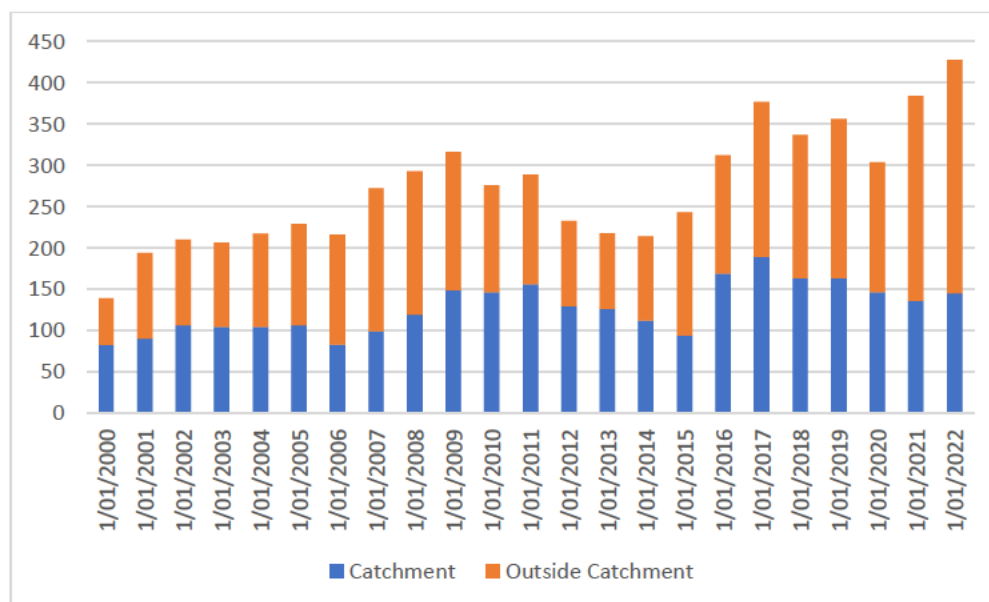
8.1. ADULT VOCATIONAL AND LANGUAGE COURSES

Less restrictive in its locational constraints are non-school related education facilities including after-school tutoring and adult vocational training. These sorts of activities typically locate within commercial centres and do not have specific building requirements, i.e., they can be located within commercial offices. The demand for these sorts of activities is included within the commercial services activities indicated in Table 8.

Currently, there are only about 9 employees in Adult, Community and Other Education within the Core Catchment. Instead, almost all the employment in this sector within the wider focus area is in the City Centre.

Figure 9 highlights the growth and changes in Adult Education employment over the past couple of decades.

FIGURE 9: ADULT, COMMUNITY AND OTHER EDUCATION EMPLOYMENT



Source: Stats NZ, Property Economics

The total market size in 2022 was 428 employees, 145 of which are inside the Wider Catchment and 283 of which are located elsewhere in the district. Historically, the balance has been more even, with a roughly 50/50 split (in 2017 the employment was 189 in the catchment and 188 outside it).

This sector is primarily driven by changes in the population. The population stayed roughly the same between 2006 and 2013 and interestingly the employment in this sector grew significantly between 2006 and 2009 before quickly dropping back down to the 2006 level. Over the last 22 years however, the long-term trend is upwards, with the sector doubling in size over the 20-year period between 2002 and 2022.

Notably, this means that the sector has grown faster than the district's population. In 2001, the population per employee in this sector was 510 but by 2022 it had dropped to 264 residents per employee. Although Property Economics does not expect this sector to keep doubling in size, the overall trends suggest that growth exceeding the population can be expected. Projecting the growth in this market relative to the population growth for the district, there is expected to be demand for approximately 230 employees in the Adult, Community and Other Education Employment over the next thirty years.

The question is raised as to the ability of Waterloo Station to attract the demand for these education activities over the City Centre. Unlike other more wide-spread activities, Adult Education Services are not convenience-based activity with most potential students willing to commute to reach a particular relevant course. Nevertheless, there is an opportunity for these activities to locate in the revitalized Waterloo Station.

Environment will be key in attracting such tenants and the reopening of the international borders and strong recent influx on international migrants will likely improve demand for such educational services in the foreseeable future.

9. SUMMARY

Waterloo Station is a centrally located train station around which the surrounding area is likely to be zoned for High-Density Residential under Plan Change 56. This plan change will provide for considerable growth in the local market, resulting in increased patronage and demand for commercial and retail activities within the local market. Consequently, the Waterloo Station rebuild represents an opportunity to capitalise on future growth and expand the range and extent of activities in and around the station.

According to the Sense Partners Projections, the population of the local catchment is currently 9,410 and this is projected to grow to just over 12,000 residents by 2053. This growth translates to a demand for over 1,400 homes, of which there is anticipated to be demand for around 430 apartments. There is opportunity to increase the demand profile for the local catchment with the market shifting to higher density typologies.

There is considerable opportunity in the retail and commercial markets for additional activities. At present, there is a small provision of commercial activities surrounding the Waterloo Station and this is likely to grow as the population grows. However, analysis suggests that there is a shortfall in the supply of supermarkets, with the location of supermarkets currently relegated to Petone and the City Centre. A supermarket next to the Waterloo Station would elevate its presence and provide greater degree of amenity to the location population. This would also improve market efficiencies.

There is a large quantum of medical facilities surrounding the Core Catchment, particularly in and around the City Centre. However, there is a gap in the market for medical services around Waterloo Station, creating a "donut-like" pattern of supply. It is also well located near the hospital for the medical services to support the needs of the wider district, not just the local catchment.

Finally, there is strong demand and growth in the preschool market, partially driven by the free 20 hours for every child aged 3-4 that is funded by the government. Based on the projected growth in the under 5 year population, there is anticipated to be demand for anywhere between 1-3 new preschools depending on their size.

APPENDIX 1. – DEMOGRAPHIC PROFILE

		Waterloo Core Catchment	Wider Catchment	Lower Hutt
GENERAL	Population	10,090	23,290	112,510
	Households	3,940	9,150	42,790
	Person Per Household Ratio	2.56	2.55	2.63
	Intercensal Population Growth (Total % p	442 0.9%	1,258 1.2%	7,331 1.4%
AGE PROFILE	0 - 9 Years	12%	12%	14%
	10 - 19 Years	13%	13%	13%
	20 - 29 Years	12%	13%	13%
	30 - 39 Years	12%	13%	14%
	40 - 49 Years	14%	14%	14%
	50 - 59 Years	15%	14%	13%
	60 - 69 Years	11%	11%	10%
	70 - 79 Years	7%	7%	6%
	80 Years and Over	3%	4%	3%
	Median Age	40.9	39.5	36.8
Household Income	\$20,000 or less	9%	9%	9%
	\$20,001-\$30,000	10%	10%	9%
	\$30,001-\$50,000	11%	12%	13%
	\$50,001-\$70,000	11%	11%	13%
	\$70,001-\$100,000	14%	14%	16%
	\$100,001-\$150,000	20%	20%	21%
	\$150,001 or more	26%	24%	19%
	Median Income	\$91,000	\$88,000	\$82,000
ETHNICITY	Asian	22%	20%	13%
	European	61%	58%	58%
	Maori	9%	11%	16%
	Middle Eastern Latin American African	1%	2%	1%
	New Zealander	1%	1%	1%
	Other Ethnicity	1%	1%	1%
	Pacific Peoples	4%	6%	10%
QUALIFICATION ATTAINMENT	No qualification	14%	15%	18%
	Overseas secondary school qualification	6%	6%	5%
	Level 1 certificate	9%	9%	11%
	Level 2 certificate	10%	10%	10%
	Level 3 certificate	10%	11%	11%
	Level 4 certificate	6%	7%	9%
	Level 5 diploma	4%	5%	5%
	Level 6 diploma	5%	5%	5%
	Bachelor degree and Level 7 qualification	20%	19%	15%
	Post graduate and honours degrees	7%	7%	6%
	Masters degree	6%	6%	4%
	Doctorate degree	1%	1%	1%
LOCATION 5 YEARS AGO	Elsewhere in New Zealand	36%	38%	40%
	No fixed abode five years ago	0%	0%	0%
	Not born five years ago	6%	6%	8%
	Overseas	7%	8%	6%
	Same as usual residence	51%	47%	47%

		Waterloo Core Catchment	Wider Catchment	Lower Hutt
EMPLOYMENT	Employed Full time	52%	50%	52%
	Employed Part time	14%	14%	14%
	Not in the Labour Force	30%	31%	29%
	Unemployed	4%	4%	5%
		0	0	0
EMPLOYMENT CLASSIFICATION	Clerical and Administrative Workers	15%	14%	13%
	Community and Personal Service Workers	9%	9%	9%
	Labourers	6%	6%	8%
	Machinery Operators and Drivers	3%	4%	5%
	Managers	18%	17%	16%
	Professionals	33%	31%	27%
	Sales Workers	9%	9%	9%
	Technicians and Trades Workers	9%	10%	12%
PERSONAL INCOME SOURCES	Wages, Salary, Commissions, Bonuses etc paid by my employer	62%	61%	63%
	Interest, Dividends, Rent, Other Investments	26%	23%	17%
	Jobseeker Support	5%	6%	8%
	New Zealand Superannuation or Veterans Pension	18%	17%	16%
	Other government benefits, Payments or Pension	3%	3%	4%
	Other Sources of Income	2%	1%	1%
	Other Superannuation, Pensions or Annuities	4%	4%	3%
	Regular payments from ACC or a Private Work Accident Insurer	1%	1%	1%
	Self Employment or Business I own and work in	14%	13%	12%
	Sole Parent Support	1%	1%	2%
	Student Allowance	2%	2%	2%
	Supported Living Payment	2%	2%	2%
	No source of income during that time	7%	6%	6%
INDUSTRY OF EMPLOYMENT	Accommodation and Food Services	5%	6%	6%
	Administrative and Support Services	3%	4%	5%
	Agriculture Forestry and Fishing	0%	0%	0%
	Arts and Recreation Services	2%	2%	2%
	Construction	7%	7%	9%
	Education and Training	9%	9%	8%
	Electricity Gas Water and Waste Services	1%	1%	1%
	Financial and Insurance Services	6%	5%	4%
	Health Care and Social Assistance	9%	9%	10%
	Information Media and Telecommunications	2%	2%	2%
	Manufacturing	6%	6%	7%
	Mining	0%	0%	0%
	Other Services	4%	4%	4%
	Professional Scientific and Technical Services	16%	14%	12%
	Public Administration and Safety	13%	12%	11%
	Rental Hiring and Real Estate Services	1%	1%	1%
	Retail Trade	9%	9%	9%
	Transport Postal and Warehousing	4%	4%	4%
	Wholesale Trade	3%	4%	4%

		Waterloo Core Catchment	Wider Catchment	Lower Hutt
WEEKLY RENT PAID	Under \$100	16%	17%	16%
	\$100 - 149	9%	9%	12%
	\$150 - 199	4%	5%	6%
	\$200 - 299	10%	18%	18%
	\$300 - 399	32%	26%	30%
	\$400 - 499	17%	16%	12%
	\$500 - 599	8%	6%	4%
	\$600 and over	4%	3%	2%
DWELLING OWNERSHIP	Dwelling held in a family trust	19%	17%	12%
	Dwelling not owned and not held in a family trust	32%	36%	34%
	Dwelling owned or partly owned	49%	47%	54%
DWELLING TYPE	Joined dwelling	19%	23%	18%
	Other private dwelling	0%	0%	0%
	Private dwelling not further defined	0%	0%	0%
	Separate house	81%	77%	81%
DWELLING OCCUPANCY	Dwelling Under Construction	0%	0%	0%
	Empty Dwelling	2%	2%	2%
	Occupied Dwelling	95%	94%	94%
	Residents Away	3%	3%	3%
NUMBER OF BEDROOMS	One bedroom	4%	8%	7%
	Two bedrooms	28%	28%	22%
	Three bedrooms	39%	38%	46%
	Four bedrooms	22%	21%	20%
	Five or more bedrooms	6%	6%	5%