te kaunihera ā-rohe o
matamata-piako
district council

Kaunihera | Council

Ngā Tāpiritanga – Pūrongo | Attachments – Reports

ATTACHMENTS UNDER SEPARATE COVER

Notice is hereby given that an ordinary meeting of Matamata-Piako District Council will be held on:

Ko te rā | Date:	**Wednesday 13 December 2023**
Wā | Time:	**9.00am**
Meeting Room:	**Council Chambers**
Wāhi | Venue:	**35 Kenrick Street TE AROHA**

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Business Development Capacity and Demand Assessment 2023:Update

Matamata-Piako District

16 October 2023 – Final

m.e consulting

Business Development Capacity and Demand Assessment: Update

Matamata-Piako District

Prepared for

Matamata-Piako District Council

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Executive Summary

Introduction: NPS-UD Business Demand and Capacity Assessment

Matamata-Piako District Council (MPDC) has joined the Future Proof Partnership (FPP). The original FPP area has been identified as a Tier 1 urban environment, with the addition of Matamata and Morrinsville (within Matamata-Piako District) identified as Tier 3 urban environments. In accordance with the National Policy Statement – Urban Development[1] (NPS-UD or NPS), Tier 1 urban environments must complete an assessment of both Business Development and Residential Development Capacities at least every three years, with Tier 3 urban environments encouraged to do the same. Tier 1, 2 and 3 local authorities must provide at least sufficient development capacity to meet the expected demand form business land in the short, medium and long-terms for different business sectors.

Market Economics Limited (M.E) have completed the 2021 assessment for the original FPP area. The assessment analyses both the existing capacity and demand for business activity location across the district's urban areas. It then draws these demand and supply side analyses together to assess the sufficiency of capacity for business activity. This report, prepared by M.E, extends the business demand and capacity assessment (BDCA) across the Matamata-Piako District and is an update of the 2022 Matamata-Piako BDCA. The purpose of this Updated Assessment is to refresh and update information in light of the NERA report[2], the National Policy Statement for Highly Productive Land (NPS-HPL) and other updates post the original assessement.

The BDCA assessment has analysed the current and past patterns of economic activity across Matamata-Piako District and the consequent demands for space within the district's main urban townships. It has then calculated the likely future demands for space based on the WISE High Series projections and patterns of land use by sector and location. These have been compared to a detailed assessment of the potential capacity within the urban areas to estimate the adequacy of provision for anticipated future growth.

The assessment has been undertaken in accordance with the requirements of the NPS-UD business capacity and demand assessment for Tier 1 urban environments. Although the district is a Tier 3 urban environment, a consistent approach has been applied to align with the assessment for the Tier 1 original FPP area.

Geographic Growth Context

Matamata-Piako District is located within a generally high growth area within the North Island, bounded by the fast growth urban economies of Auckland, Hamilton and Tauranga. Although growth has been slower than the Waikato Regional overall, the district has experienced a reasonable level of employment growth in the last 5 years, with faster growth across the main urban townships.

Growth across the district is likely to have occurred as a combination of endogenous and exogenous factors. Recent residential growth in northern parts of the district has partly occurred from commuter demand to

[1] http://www.mfe.govt.nz/sites/default/files/media/Towns%20and%20cities/National_Policy_Statement_on_Urban_Development_Capacity_2016-final.pdf

[2] Economic Analysis of Plan Change 58 in Morrinsville, 6 October 2022: prepared by NERA Economic Consulting.

the larger adjacent urban economy of Hamilton. Higher residential growth is likely to increase growth in demand for household sector-driven business activities within the main urban townships.

The existing patterns of development across the district suggest that are share of business activity is also likely to meet demand arising from outside of the district, particularly within the industrial sector. Cheaper land within the district forms a more viable location to accommodate lower value land-extensive activities. This is seen in the higher proportions of business land used for yard-based purposes, which needs to be taken into account in future business land demand projections.

Projected Demand

Based on the underlying WISE High Series employment projections, there is a projected demand for an additional 1.1 ha (1.4 ha with a margin) of Business Zone space and 8.8 ha to 14.1 ha (10.6 ha to 16.9 ha with a margin) of Industrial Zone space across the district's main urban townships in the short-term. In the long-term, this is projected to increase to 11.0 ha (13.0 ha with a margin) of Business Zone space and 68.6 ha to 109.8 ha (80.3 ha to 128.4 ha with a margin) of Industrial Zone space.

Faster growth is projected to continue to occur within the urban townships, with the largest net growth in the main urban townships of Morrinsville and Matamata. Together with Te Aroha, these form the key urban nodes in the north and south of the district. The analysis has taken a conservative approach to assessing the sufficiency of capacity through assuming an increased share of future activity occurring within the main urban townships.

There is a projected change in the structure of economic activity across the district through time that is likely to affect the nature of future land use demand. In the short-term, growth is projected to continue to be dominated by industrial activity. In the long-term, the commercial sector is projected to have the largest share of employment growth.

Over the long-term, there is a reduction in growth within the retail sector, with a higher proportion of growth instead occurring in other commercial sectors. This translates into changes in the space demands within the Business Zone, which forms the primary location for these types of activity. The projections show that a greater share of the activity will be in commercial services, which the assessment estimates to have lower space demands (per employee) than retail activity.

Estimated Capacity

In total, there is an estimated 51.3 ha of undeveloped Industrial Zone land across the district's main townships. Once undevelopable areas are removed from this total, the district total of undeveloped land becomes 41.2 ha. If undeveloped portions of partly developed sites are included (7.5 ha), then the total becomes 48.7 ha of undeveloped Industrial zoned land within the main townships.

Morrinsville contains the largest shares of undeveloped Industrial Zone land at 17.9 ha. Just under one-third (31%; 14.8 ha) of Matamata's zoned industrial area is currently undeveloped. However, the amount of undeveloped land decreases to around 11.0 ha once allowances have been made for planned roads and required setbacks on the currently undeveloped parcels. Around half of the district's undeveloped industrial land is on sites smaller than 5 ha.

The assessment has identified a total vacant area of 15.7 ha within the Business Zone across the district. This includes 3.1 ha of fully vacant parcels and 12.7 ha of vacant portions of parcels (excluding areas used as yards) that already contain some development. Over half of the Business Zone vacant area is in Morrinsville, and around one-quarter in Matamata.

In addition to the vacant areas, there is a further 13.9 ha of Business Zone land area that is currently occupied by residential uses. This may represent capacity for potential future expansion of business uses within the zone. Although, the feasibility may be limited across many sectors and restricted to higher value commercial uses.

Large shares of the Business Zone capacity within Te Aroha are excluded due to flood hazards.

Sufficiency Assessment

Business Zone

The sufficiency of capacity within the Business Zone of each urban township is shown in Table A for the short, medium and long-term. The left hand side of the table contains the estimated capacity, with the demand and sufficiency assessment on the right hand side. The sufficiency of capacity is expressed in land area (ha) as the difference between the estimated capacity and the projected demand for each time period. Values greater than 0 indicate a surplus of capacity, while values below zero indicating a shortfall, with the size of the values (ha) showing the scale of the surplus or shortfall.

Table A: Sufficiency of Business Zone Capacity by Urban Township

Location	Infrastructure-Served Capacity (Ha)		No Margin			Including Margin		
	Total Vacant Area	Vacant Area and Residential Redevelopment Potential	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054
			NET CHANGE IN DEMAND (Ha)					
Matamata	4.3	10.6	0.4	1.4	2.9	0.4	1.7	3.5
Morrinsville[1]	8.9	12.8	0.6	1.9	6.2	0.8	2.3	7.2
Te Aroha	0.7	3.7	-0.0	0.1	0.8	-0.0	0.1	0.9
Waharoa	-	-	0.1	0.4	1.2	0.2	0.5	1.4
Total Townships	**13.9**	**27.1**	**1.1**	**3.9**	**11.0**	**1.4**	**4.7**	**13.0**
			SUFFICIENCY (net Ha) - Total Vacant Area					
Matamata	4.3		3.9	2.9	1.5	3.9	2.6	0.9
Morrinsville[1]	8.9		8.3	7.0	2.7	8.1	6.6	1.7
Te Aroha	0.7		0.7	0.6	-0.0	0.7	0.6	-0.2
Waharoa	-		-0.1	-0.4	-1.2	-0.2	-0.5	-1.4
Total Townships	**13.9**		**12.8**	**10.1**	**2.9**	**12.6**	**9.3**	**0.9**
			SUFFICIENCY (net Ha) - Total Vacant Area + Residential Redevelopment Potential					
Matamata		10.55	10.2	9.2	7.7	10.1	8.9	7.1
Morrinsville[1]		12.84	12.2	10.9	6.6	12.1	10.5	5.6
Te Aroha		3.68	3.7	3.6	2.9	3.7	3.5	2.8
Waharoa		-	-0.1	-0.4	-1.2	-0.2	-0.5	-1.4
Total Townships		**27.07**	**26.0**	**23.2**	**16.1**	**25.7**	**22.4**	**14.1**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023 and Matamata-Piako District Council Land Use Survey, 2022.

Overall, the assessment has found that there is sufficient capacity to meet the projected future activity needs within the Business Zone at the district level. There is likely to be sufficient capacity within the zone to meet the projected long-term demand across the urban townships of Matamata and Morrinsville, and Te Aroha if the capacity is taken up within the zoned area currently occupied by residential uses. The exception occurs in Waharoa, where there is a projected shortfall of around 1.2 ha (1.4 ha with a margin) in the long-term under both capacity scenarios.

Within the Business Zone, there is a surplus across all time periods at the district level, taking into account vacant areas. Beyond this there is significant additional capacity within the zone in the main townships through the potential to expand into areas of the zone that are currently occupied by residential uses. There are likely to be some challenges to the feasibility of this expansion due to the existing residential uses and smaller parcel sizes, particularly in areas with recent residential development.

Industrial Zone

The sufficiency of capacity within the Industrial Zone of each urban township is shown in Table B for the short, medium and long-term. The left hand side of the table contains the estimated capacity, with the demand and sufficiency assessment on the right hand side.

The sufficiency of capacity is expressed in land area (ha) as the difference between the estimated capacity and the projected demand for each time period. Values greater than 0 indicate a surplus of capacity, while values below zero indicating a shortfall, with the size of the values (ha) showing the scale of the surplus or shortfall.

The assessment has found that Industrial Zone capacity is likely to be a key issue for the district in the medium and long-term, particularly within the northern parts of the district, and within the southern parts of the district.

In the short-term, there is a projected surplus of 32.2 ha to 37.4 ha (29.3 ha to 35.7 ha with a margin) of Industrial zoned land across the main urban townships. Within this, there is likely to be sufficient capacity across the district's two largest urban townships of Morrinsville and Matamata, which could meet demand arising generally within the northern and southern parts of the district.

Under the current capacity scenario, significant shortfalls in capacity are projected to emerge in the medium-term across some locations. Across the townships combined in the medium-term, there is a projected surplus of 3.2 ha to 19.3 ha (13.9 ha surplus and 5.5 ha shortfall with a margin). The projected shortfalls increase to 22.4 ha to 63.5 ha (34.0 ha to 82.2 ha with a margin) in the long-term with the growth in industrial demand.

Existing patterns of activity within the zone across the district show high levels of demand for yard space, which form the basis for potentially higher rates of land uptake from industrial activities. The shortfalls of Industrial Zone capacity are projected to worsen in the long-term across the northern parts of the district as demand increases through time.

Under the High Series projection there is a projected shortfall within the northern and southern parts of the district when the higher uptake rate scenario is applied. Addressing future industrial supply is likely to form a key issue for MPDC in the medium to long-term.

Table B: Sufficiency of Industrial Zone Capacity by Urban Township

Location	ODP Capacity (Infrastructure Served)	No Margin						Including Margin					
		Low Ratio (500m2 per employee)			High Ratio (800m2 per employee)			Low Ratio (500m2 per employee)			High Ratio (800m2 per employee)		
		Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054
		Net Change in Land Demand (Ha) (No Margin)						Net Change in Land Demand (Ha) (incl. Margin)					
Matamata	11.0	3.5	11.4	28.6	5.6	18.3	45.7	4.2	13.7	33.4	6.7	22.0	53.5
Morrinsville[1]	23.6	4.0	11.8	27.2	6.4	19.0	43.6	4.8	14.2	31.9	7.7	22.7	51.0
Te Aroha	-	0.6	1.8	8.2	1.0	2.9	13.1	0.7	2.2	9.5	1.2	3.4	15.2
Waharoa	11.7	0.7	1.9	4.6	1.1	3.0	7.4	0.8	2.2	5.4	1.3	3.6	8.7
Total Townships	**46.3**	**8.8**	**26.9**	**68.6**	**14.1**	**43.1**	**109.8**	**10.6**	**32.3**	**80.3**	**16.9**	**51.7**	**128.4**
		SUFFICIENCY (net Ha) (No Margin)						SUFFICIENCY (net Ha) (Incl. Margin)					
Matamata		7.5	-0.4	-17.6	5.4	-7.3	-34.7	6.8	-2.7	-22.4	4.3	-10.9	-42.5
Morrinsville[1]		19.5	11.7	-3.7	17.1	4.6	-20.0	18.7	9.3	-8.3	15.8	0.8	-27.5
Te Aroha		-0.6	-1.8	-8.2	-1.0	-2.9	-13.1	-0.7	-2.2	-9.5	-1.2	-3.4	-15.2
Waharoa		11.0	9.8	7.0	10.6	8.7	4.2	10.9	9.4	6.2	10.4	8.1	3.0
Total Northern Townships		*18.9*	*9.9*	*-11.8*	*16.1*	*1.7*	*-33.1*	*18.0*	*7.2*	*-17.8*	*14.6*	*-2.6*	*-42.7*
Total Southern Townships		*18.5*	*9.4*	*-10.5*	*16.0*	*1.4*	*-30.5*	*17.7*	*6.7*	*-16.2*	*14.7*	*-2.8*	*-39.5*
Total Townships		**37.4**	**19.3**	**-22.4**	**32.2**	**3.2**	**-63.5**	**35.7**	**13.9**	**-34.0**	**29.3**	**-5.5**	**-82.2**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023 and Matamata-Piako District Council Land Use Survey, 2022.

[1] Morrinsville includes Morrinsville and Morrinsville South.

Suitability of Capacity

It is important to consider the suitability of capacity to meet future business needs. Business Zone capacity has been analysed by township and location within the township relative to the needs of different activity types. Structural changes in future employment composition to a greater share of commercial services and slower growth in retail are likely to reduce the degree of concentration of demand into the core central areas of the zone.

The assessment is underpinned by the growth futures scenarios in the WISE Model. If more retail growth were to instead occur, then it is likely to increase demand for inner parts of the Business Zone. There is potential to intensify retail uses within this part of the zone, including in the areas surrounding the mainstreet area. This may result in other commercial or light industrial activities concentrating more into outer parts of the zone as they are less reliant on a location within the core pedestrian precinct areas.

The potential expansion of commercial activity into the residential areas of the Business Zone is likely to be more viable than for industrial uses. Commercial activities are typically higher value and have a greater potential to occupy existing residential dwellings. The feasibility of redeveloping contiguous residential sites for industrial uses is less likely to be feasible.

It is important to also consider the suitability of capacity to meet the district's future industrial needs. Industrial activities tend to require larger, flatter sites with access to main highways. The existing patterns of activity suggest a significant proportion of the district's industrial base require cheaper industrial sites to accommodate lower value uses and land extensive activities that have large yard-based components.

While there is generally some substitutability of location within the industrial sector, a general balance of industrial supply and demand within the northern and southern parts of the district is likely to be required.

There may be some potential for expansion of business activities across existing residential areas within the Business Zone to accommodate a share of industrial demand in the medium to long-term, although this is less likely to represent a feasible development option. There is some overlap in the provision for light industrial activities between the zones. This is likely to be limited by the additional costs of redevelopment (which are less likely to be overcome by the generally lower value of industrial uses) and the larger site size requirements of many of the activities that would typically locate within the Industrial Zone. Reverse sensitivity issues may also emerge with the adjacent residential land uses.

1 Introduction

Matamata-Piako District Council (MPDC) has joined the Future Proof Partnership (FPP). The original FPP area has been identified as a Tier 1 urban environment, with the addition of Matamata and Morrinsville (within Matamata-Piako District) identified as Tier 3 urban environments. In accordance with the National Policy Statement – Urban Development[3] (NPS-UD or NPS), Tier 1 urban environments must complete an assessment of both Business Development and Residential Development Capacities at least every three years, with Tier 3 urban environments encouraged to do the same. Tier 1, 2 and 3 local authorities must provide at least sufficient development capacity to meet the expected demand form business land in the short, medium and long-terms for different business sectors.

Market Economics Limited (M.E) have completed the 2021 assessment for the original FPP area. This report, prepared by M.E, extends the business demand and capacity assessment (BDCA) across the Matamata-Piako District.

This assessment is an update of the 2022 Matamata-Piako District BDCA. The purpose of this Updated Assessment is to refresh and update information in light of the NERA report[4], the National Policy Statement for Highly Productive Land (NPS-HPL) and other updates post the original assessement.

This assessment analyses both the existing capacity and demand for business activity location across the district's urban areas. It then draws these demand and supply side analyses together to assess the sufficiency of capacity for business activity provided by the Matamata-Piako District Plan.

1.1 Purpose of the NPS-UD

In summary, the NPS-UD requires local authorities to ensure there is sufficient housing and business land to meet expected demands. To do so, it establishes a comprehensive staged assessment process to ensure local authorities gain a more fine-grained understanding of the economic influences on capacity and demand in order to better plan for growth.

The NPS identifies that urban environments are areas where population and economic activities are in close proximity and that they are often growing at significantly higher rates than in rural or provincial settings. This dynamism leads to unique and challenging conditions that require particular policy responses to manage the effects and to ensure that growth is managed in a manner that is both efficient and ensures that communities continue to be able to provide for their social, cultural, environmental, and economic wellbeing.

[3] http://www.mfe.govt.nz/sites/default/files/media/Towns%20and%20cities/National_Policy_Statement_on_Urban_Development_Capacity_2016-final.pdf

[4] Economic analysis of Plan Change 58 in Morrinsville, 6 October 2022: prepared by NERA Economic Consulting.

In order to effectively manage growth, it is important to understand growth within the urban environment, both population and economic. Local authorities are able to make well informed decisions if they have access to consistent and robust estimates of economic growth. Understanding the key drivers of growth and the land use implications of change will assist authorities when assessing the effects of alternative policy options. In the context of business land, it will also support thriving town centres, efficient transport and infrastructure planning, and enable change that fosters the sustainable growth of the district. This information will also provide greater understanding of industries that may change over time and enable the management of possible negative effects of business activities, such as reverse sensitivity or high vacancy rates.

A key outcome of the NPS-UD is the integration of land use and infrastructure planning. This recognises that development is dependent on the availability of infrastructure, and decisions about infrastructure can shape the location and form of urban development. There are obvious benefits, particularly in terms of efficiencies, more predictable outcomes and cost savings to the wider community from ensuring consistency between all of these processes. Accordingly, the NPS-UD requires that development capacity considered in these assessments is either serviced or identified in a Future Development Strategies.

1.2 Objectives and Policies

As Tier 1 local authorities, the original FPP areas are subject to the full suite of objectives and policies under the NPS-UD. Tier 3 areas have lesser requirements under the NPS-UD, but are encouraged to align with Tier 1 urban areas. The Tier 1 authority requirements have been undertaken in this assessment to align with the rest of the FPP area. The objectives and policies are structured into four key themes, summarised below:

Outcomes for planning decisions – these provisions establish the requirement to ensure sufficient housing and business capacity to meet demand, provide for choices, and urban environments that develop and change over time.
Evidence and monitoring to support planning decisions - these provisions specify the reporting requirements, the need to monitor market indicators, and consider influences on capacity such as rate of take-up and feasibility.
Responsive planning – requires a response to be initiated if the evidence base suggests there is insufficient development capacity, establishes the requirement for Tier 1 and 2 Councils to prepare a 'Future Development Strategy' and the setting of 'minimum targets' in regional and district plans.
Coordinated planning evidence and decision-making – encourages collaboration between authorities that share jurisdiction over an urban area, and between regional and local councils.

1.3 The Business Demand and Capacity Assessment (BDCA)

The NPS-UD specifies the overall requirement for the BDCA (Subpart 3 clause 3.10, Subpart 5 clause 3.19), together with a range of requirements in the Policies[5]. Each Policy assessment needs a sound analytical/technical base and good supporting information, and most need quantification to demonstrate compliance. There are many inter-linkages and inter-dependencies among the policies, which make it

[5] Available for download from https://environment.govt.nz/assets/Publications/Files/AA-Gazetted-NPSUD-17.07.2020-pdf.pdf

important to understand the NPS both holistically, and as to the specific requirements for each Policy. The individual policies cannot be satisfied if treated in isolation.

Within this wide suite of policies, the major part of the technical analysis and monitoring is set out in policies clauses 3.28 to 3.30, which contribute most directly to the BDCA (and HDCA[6]). These are addressed throughout this report.

The two assessments should help local authorities to quantify in broad terms how much development capacity should be provided in resource management plans and supported with development infrastructure, to enable the supply of business (and housing) space that meets demand. Policy PB3 requires that this assessment include how much capacity is "feasible" to develop in the current market and expected to be taken up over time.

In Tier 1 urban environments, the calculation of total feasible capacity required needs to include margins over and above projected demand, to inform policies PC1 and PC2.4. As a Tier 3 territorial authority, margins are not required for the Matamata-Piako District assessment. However, MPDC have requested a set of results containing the assessment with margins applied are also included to provide a range of potential outcomes to inform understanding of demand growth futures in the district.

The assessments should also include information about the interactions between housing and business activities, such as whether the location of activities provides for accessibility and the efficient use of land and infrastructure and how urban environments are developing and changing over time.

1.4 Approach Overview

This report focuses on economic growth and how it translates into land and space requirements within the district's urban environment. Economic growth is a key driver of development markets and is important to understand in terms of absolute scale, composition and timing. With this information, MPDC can make more informed decisions that:

- provide sufficient capacity and choices for all business uses, in appropriate locations, and an efficient allocation of capacity between them;
- support thriving town centres, efficient transport, and management of the negative effects of business activities and reverse sensitivity;
- enable constant spatial change to support economic growth and change, particularly, a greater understanding of how the role and function of the district's centres may change over time;
- understand the influences of business growth on associated demands and locations for visitor accommodation, housing and social and development infrastructure.

These outcomes would contribute to effective and efficient urban environments that enable people and communities and future generations to provide for their social, economic, cultural and environmental well-being. This information also supports informed investment and funding decisions.

[6] The HDCA is currently being undertaken by Matamata-Piako District Council.

The BDCA has the following main stages or components of analysis for both demand and supply:

- Establish the spatial framework and urban structure for analysis.
- Examine current and past patterns of activity within the district's economy.
- Project the future demand for business activity within the urban area.
- Translate the future business activity projections into space requirements within the urban business and industrial zones.
- Spatially integrate required datasets and geographic information into the GIS.
- Estimate the potential capacity within the urban zones.
- Assess the sufficiency of business space to meet projected future demand.

The following sections contain a narrative that addresses each stage in detail.

1.5 Alignment with Other Assessments

The BDCA has important linkages to other assessments undertaken across the Matamata-Piako District and Waikato Region. These include the FPP HBA and BDCA assessments undertaken by M.E in 2021, the industrial analysis undertaken by M.E to inform the proposed plan change to rezone rural land in Matamata to Industrial (PPC 57) in 2021[7] and the capacity and land use surveys undertaken by MPDC in 2022.

M.E have undertaken the HBA and BDCA assessments for the FPP area. Where appropriate, a consistent approach has been applied within this BDCA. Importantly, the assessments all use the WISE High Series projection[8] to estimate future economic growth generating alignment between the assessments.

MPDC have requested that the industrial capacity and demand assessment undertaken by M.E to inform the proposed Matamata Industrial PPC is used within this BDCA. The capacity estimations from the PPC assessment have been applied here, and have been configured to reflect the spatial framework of the BDCA.

MPDC have undertaken the land use survey across the district's Business Zone that forms a core input to the capacity assessment within the BDCA.

The residential component of the overall NPS-UD assessment was undertaken by MPDC. Importantly, both assessments are consistent through their use of the WISE Model High Series projections. There is no provision for residential activities within the Business Zone or Industrial Zone. Therefore, the consistency of underlying residential growth projections (as provided in the WISE Model) forms the core area of alignment between the assessments.

[7] Recently updated in April 2023

[8] MPDC have also requested the use of the High Series projection is it forms the agreed growth assumption of the FPP area.

1.6 Data Sources

The BDCA modelling uses a range of different core datasets to estimate the business capacity and demand. Most of these are spatially integrated within the GIS to establish an apporpriate spatial framework and undertake a detailed assessment of the capacity at a parcel level. The key database sets include:

- Land Use Survey Information undertaken by Matamata-Piako District Council. A detailed site survey was undertaken by Council for the BDCA that identified the existing land use on each site (including areas used productively as yard space), existing building coverage and hazard exclusions.
- Rating databases – containing information relating to existing land uses, development patterns (e.g. floorspace), and value (CV, IV, LV). This has been combined with the MPDC land use survey information.
- Published District Plans – contain information relating to activity status of development types and development rules (site coverages, heights, floor-area ratios, etc).
- District Plan Zoning – provided by Matamata-Piako District Council, including overlays, subzones, and hazards.
- Building Footprints – derived from aerial photography, used to help cross-check Rating Database information
- Greenfield and other Structure Plans – spatial layers detailing the land earmarked for future development, including any information on development type and capacity.

The BDCA modelling also incorporates several other datasets, including:

- WISE Model Outputs – detailing population and employment projections at the local level
- Business Directory – determines the number of employees and businesses within a geographic area based on census information.

1.7 Terminology and Definitions

There are some key terms used in this report that are defined here:

- **Base year**: the base year of this assessment is 2023. Capacity estimates have been based on 2023 valuation information and structure plans. Demand projections have been calculated for every year from a 2018 base, to coincide with Statistics New Zealand information.
- **Business Land**: land that is zoned for business uses in urban environments, including but not limited to land in the following examples of zones:
    - Industrial.
    - Commercial.
    - Retail.
    - Business and business parks.
    - Centres (to the extent that this zone allows business uses).
    - Mixed use (to the extent that this zone allows business uses).

It is important to note that the above zone codes are not exclusive. A piece of land is likely to be zoned for a wide range of activities. The Resource Management Act is essentially an enabling Act, this means that TAs ensure that they cater for a wide range of activities being enabled in business zones. Compatibility of activities is key as is ensuring that any adverse impacts or emissions are able to be dealt with in a manner that does not harm surrounding land uses.

- **Business Demand**: The demand businesses place on the land or commercial property market for space. This is initially defined in terms of additional employment or turnover, translated into GFA and ultimately appropriately zoned land.
- **Economic growth**: Employment or GDP growth over time.
- **Short term**: up to three years measured from the base year, 2023-2026.
- **Medium term**: 4-10 years measured from the base year, 2026-2033.
- **Long term**: 11-33 years measured from the base year, 2033-2054. The BDCA long-term time period ordinarily spans 30 years (i.e. 2023-2053). At the request of MPDC, this has been extended by 3 years to 2054 to coincide with the MPDC Long Term Plan (LTP).
- **Feasible**: Development that is commercially viable to a developer, taking into account the current likely costs, revenues and yield of developing. Feasibility has a corresponding meaning. Note that feasibility assumes that the land is enabled for development by the plan and supported by public infrastructure. Note also that with respect to industrial land, feasibility relates to appropriately located, sized and countoured sites, rather than developer margin. This is because, commercial development of industrial land does not follow the same format as for residential. The majority of development occurs by businesses that are seeking to develop and own the land in the long term, therefore development returns can be significantly lower than for residential development, given the development facilitates business activity and business profitability.
- **Industrial Land**: Land that has been zoned for industrial activities under the relevant District Plan (in this case the proposed District Plan). The zones in this group are likely to be Heavy Industry and Light Industry. This land generally enables industrial type activities (manufacturing, wholesale, logistics and distribution, trade suppliers etc.), usually at the expense of significant office or retail activity.
- **Heavy Industry**: Defined according to its emissions. Whether it is noise, or discharges to air or water, the industry is likely to require buffering from residential activities.
- **Light Industry**: Generally the balance of manufacturing activity that does not generate noxious discharges or noise pollution. Needs for buffering is less or non-existent. Light Industrial activities can be used to buffer heavy industry.
- **Industrial space**: This is limited to the ground floor in nearly all cases. Height limits in industrial zones do not necessarily add floorspace capacity the way they do in commercial zones.
- **Commercial land**: Land that is zoned for commercial activities – usually office or retail activity. Manufacturing activities are generally not enabled on commercial land.
- **Commercial Space**: The build floorspace on land zoned commercial. This space is calculated by multiplying site size by the Floor Area Ratio (FAR) or building coverage by the number of floors allowed under the height limits. Not all zones have FAR's or height limits, so a flexible approach is adopted. Ground floor commercial space in centres generally represents retail capacity, while above ground floor space generally represents office employment capacity or visitor accommodation.

- **Retail Space**: Usually ground floor commercial space dedicated to selling goods and services to consumers. May also occur above the ground floor.
- **Office Space**: Usually above ground Commercial floorspace used for office activities.

Other terms used throughout this report draw on commonly used zoning terminology.

2 Study Area - Urban Environment

The NPS-UD describes the urban environment as being characterised by the closeness of people and places, and the connections between them. They are places of high economic and population growth and while they share common elements, each has unique characteristics generating identity and advantage. Urban environments are places of rapid change, managing change and growth is therefore important for council seeking to ensure the urban environments continue to provide for people and communities wellbeing.

2.1 Upper North Island Geographic Context

The current FPP network contains a land area totalling 6,034 km^2, of which Waikato District makes up 4,453 km^2 (73.8%), Waipā District makes up 1,470 km^2 (24.4%), and Hamilton City makes up 111 km^2 (1.8%). Matamata-Piako District is contiguous with the eastern boundary of the FP area and has a total land area of around 1,750km2.

The combined area is located within a geographically significant sector of the North Island, sitting astride a large portion of the 'Golden Triangle' (Hamilton-Tauranga-Auckland). This wider geographic context is important for the district as it is likely to affect the demand for different types of activity within the district. A portion of the district's activity is likely to be related to activity in the adjacent larger urban centres of Hamilton and Tauranga.

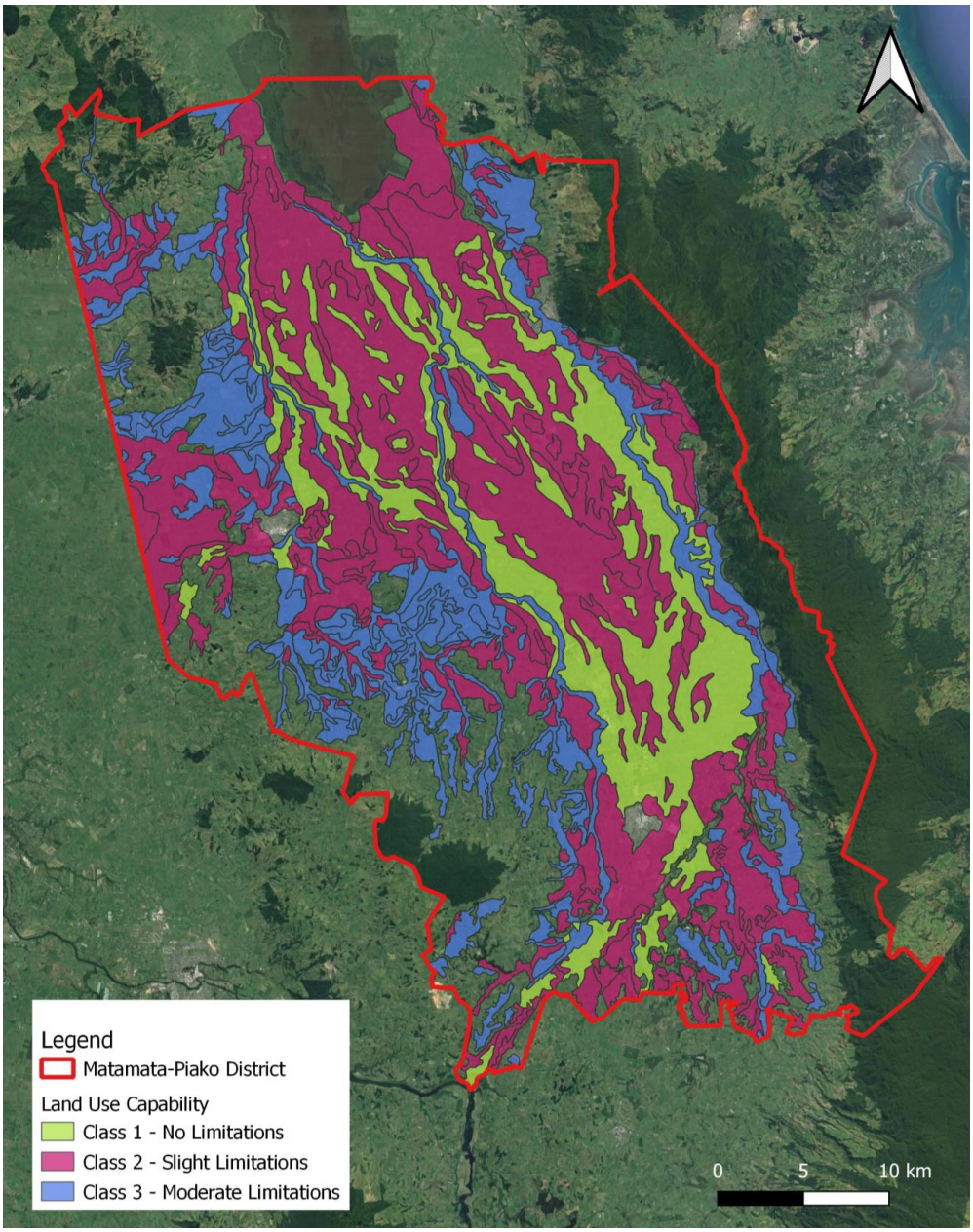
2.2 Highly Productive Land Context

The National Policy Statement for Highly Productive Land (NPS-HPL) came into effect on the 17 October 2022. The purpose of the NPS-HPL is to protect highly productive land for land-based primary production, both now and for future generations. This requires Councils to avoid urban development and growth on highly productive land, where possible. The NPS-HPL does not apply to already zoned urban land or future urban zones identified in a future development strategy or strategic planning document suitable for urban development over the next 10 years.

Highly productive land is considered as class 1-3 land use capability (LUC) land. Based on the New Zealand Land Resource Inventory (NZLRI) dataset, Matamata-Piako District has a significant quantum of HPL (Figure 2.1). Around two thirds (66%) of all LUC 1-8 mapped land in Matamata-Piako is HPL, some 114,660 ha. Around 21% of district's HPL is LUC 1, 53% is LUC 2 and 26% is LUC 3.

The majority of existing business land zones, in particular Industurial zones are located on HPL, however these are not subject to the NPS-HPL provisions as they are already a consented landuse. Following the NPS-HPL guidance, independent rural industry activity not ancillary to land-based primary production, that is currently allowed to operate on rural land, is now directed to Industrial Zones within the main townships in order to avoid unnecessary consumption of HPL.

Figure 2.1: Matamata-Piako District HPL



2.3 Spatial Structure of Matamata-Piako District

The Matamata-Piako District is predominantly rural. It contains three small urban towns - Matamata, Morrinsville and Te Aroha, with a number of smaller settlements with urban zoned areas. The urban towns are spaced across the district, with each serving their surrounding catchment areas. These towns also act as rural service centres to the wider rural areas.

The spatial structure of the urban towns and smaller settlements is shown in Figure 2.2. Matamata, with the largest urban population (8,700 population[9]), is located within the south of the district close to the main transport route connection between Hamilton and Tauranga. It contains 88.6 ha of business (industrial and commercial) zoned area.

Morrinsville, with a similar urban population (8,520 population) to Matamata, is located within the mid-northern part of the district. It is the closest urban town to Hamilton. Recent residential development activity within the township is likely to be partly driven by demand as a commuter location to the proximate larger urban labour market of Hamilton City. Morrinsville contains 164.9 ha of business zoned area, including the area of industrial land to the south of the township. Matamata and Morrinsville, the larger urban townships, have grown faster than the district overall across the last two decades. The residential population of these centres has increased by 37% and 32% respectiviely, compared to 21% for the district overall.

Te Aroha is located within the north eastern part of the district at the base of the Kaimai Range. It has a smaller residential population (4,660 population) and has grown at a rate similar to the district overall. Te Aroha is located further from the main transport connections to the surrounding main centres of Hamilton and Tauranga and is therefore likely to have lower exogenous growth pressures from these areas and a greater relative role within its surrounding wider rural catchment.

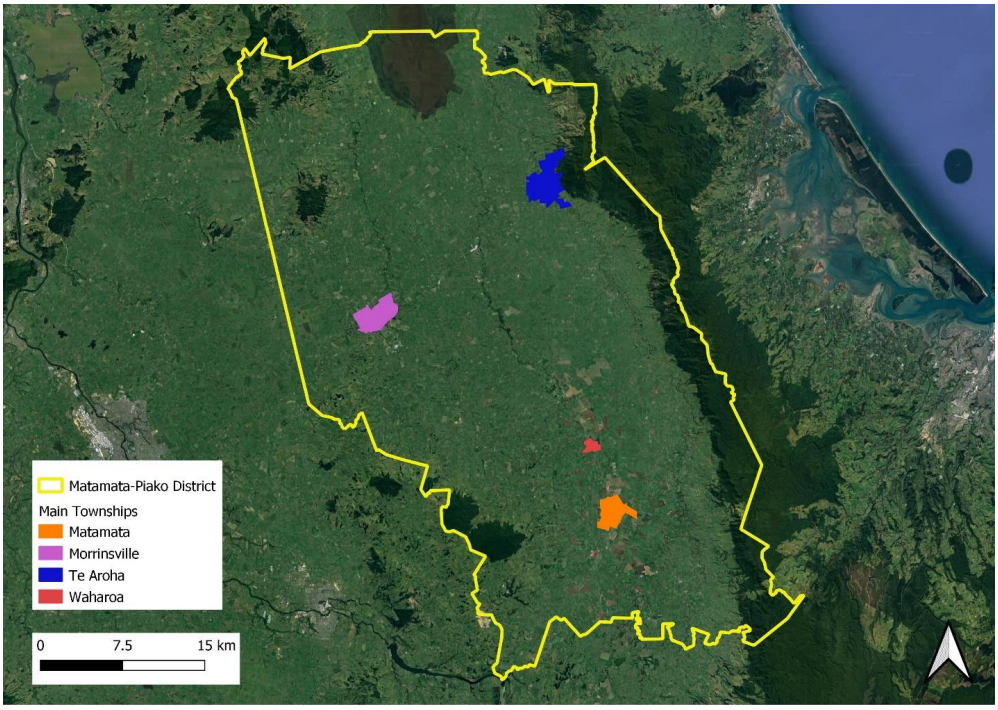
In addition to these centres, Waharoa is a smaller rural settlement located six kilometres north of Matamata. It contains a smaller amount of business zoning.

The remainder of the district's land area is predominantly in rural uses. Within the rural area, there are a number of localised industrial spot zones away from the main townships within the rural areas[10]. These are spot zonings of individual land holdings to meet the current and future on-site needs to individual businesses, and are covered by individual Development Concept Plans (DCPs). The businesses are predominantly agricultural processing or manufacturing operations, which often have large land area requirements to manage the effects of their operations (e.g. stock effluent disposal or wastewater treatment).

[9] Statistics New Zealand 2022 Subnational Population Estimates (urban rural).

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

Figure 2.2: Spatial Structure of Matamata-Piako District Urban Towns and Settlements



2.4 Spatial Framework - Land Use Zones

Urban Focus

In accordance with the NPS-UD, the analysis assesses the sufficiency of capacity within the urban areas to meet future urban business growth needs. It assesses the capacity and demand within the main urban townships of Matamata, Morrinsville and Te Aroha, as well as the smaller urban area of Waharoa and the industrial area south of Morrinsville.

It is important that only capacity within the urban areas is included in the sufficiency assessment. Capacity away from the main centres within the rural areas is unlikely to be a suitable location for businesses seeking an urban location and much of this area is protected from inappropriate uses under the NPS-HPL. As such, the spot zoned areas of industrial zoned land within the rural areas are not included to meet urban industrial demand[11]. Moreover, these individual operation spot zoned areas are covered by individual DCPs and are very unlikely to provide capacity for other industrial activities that are not associated with the operations of the individual business.

[11] While these areas are not included to meet general urban demand, a share of demand growth has been allocated to these areas to reflect some growth in their operations or growth in home-based employment activity.

Industrial and business zoned areas within the main centres are more likely to be available to the general market, and, in most cases, contain the necessary supporting infrastructure. Consequently, the assessment focuses these main township areas, together with the industrial area in Waharoa.

The calculation of urban capacity within these areas is set out in accordance with the district's zoning structure in the following section. The estimation of urban share of district demand and its allocation by location is described in the demand modelling approach is Section 4.1.

Matamata-Piako District Zone Structure

The Matamata-Piako Operative District Plan (ODP) contains two key zones that provide for urban business activity. These are the Business Zone and the Industrial Zone, which form the parameters of the urban capacity assessment within the district's urban townships.

The distribution of Business and Industrial zoning by location across the district is shown in Table 2-1 below, with the types of business activity within each zone described in the remainder of the section.

Table 2-1: Matamata-Piako District Business and Industrial Zone Land Area by Urban Township

	Land Area by Zone (Ha)	
Location	**Business Zone**	**Industrial Zone**
Matamata	40.2	48.3
Morrinsville[1]	64.8	100.1
Te Aroha	27.1	7.7
Waharoa	7.4	60.2
Total Townships	*139.5*	*216.3*
Rest of District	1.9	295.7
District Total	**141.4**	**512.0**

Source: Matamata-Piako District Plan GIS shapefile layers.

[1] Morrinsville includes Morrinsville and Morrinsville South.

Business Zone

The Business Zone provides for a range of commercial, retail and light industrial activities. These range from household-demand oriented retail activities that typically occupy either smaller or larger format retail areas, other commercial and office-based activity, and light industrial uses.

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

Each of the main urban townships (and Waharoa) contains an area of Business Zone. This area generally forms the central commercial area of the townships. It includes a core central mainstreet area consisting of household-demand oriented retail/services and hospitality activity. This is surrounded by a wider area of the zone which typically includes a broader range of other commercial, some larger format retail, and light industrial activity.

Some outer parts of the Business Zone cover areas that are currently in lower density residential uses. These may represent areas for future expansion of commercial activity through the redevelopment of existing residential land uses.

Industrial Zone

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

There is a level of overlap between the Industrial Zone and Business Zone, where both provides for light industrial activity. Within the Business Zone, this type of activity is typically located in the outer areas of the zone away from the core mainstreet area and is characterised by automotive services, light manufacturing and distribution, and are interspersed with other activities that also seek a light industrial location or are not suited to the mainstreet area.

The allocation of projected business activity demand across the two zones is described in Section 4.1.

Spatial Framework for Analysis

A final spatial framework for the analysis of capacity and demand was established, drawing together the localised structures of activity within each centre with the overall district distribution of urban townships. The structure across the urban townships is summarised in Table 2-1 above, with the following maps showing the extent of the areas within each township.

In addition to the zone structure, the spatial framework disaggregates the Business Zone into core mainstreet vs. outer areas. These correspond to the differences in the types of activity that are likely to locate within these areas of the zone. In addition, areas of Business Zone that are currently occupied by residential uses are identified separately to account for the differences in development pathways likely to occur with the potential uptake of the capacity. The expansion of business activity within the zone across these residential areas is likely to occur through redevelopment.

It is important to analyse the outputs at this level to understand the suitability of different types of capacity within the urban areas. Location is not neutral. The location within the district, as well as the location of capacity within each urban township will affect its suitability in meeting future demand.

Figure 2.3: Spatial Structure of Matamata Business Zone

Figure 2.4: Spatial Structure of Morrinsville Business Zone

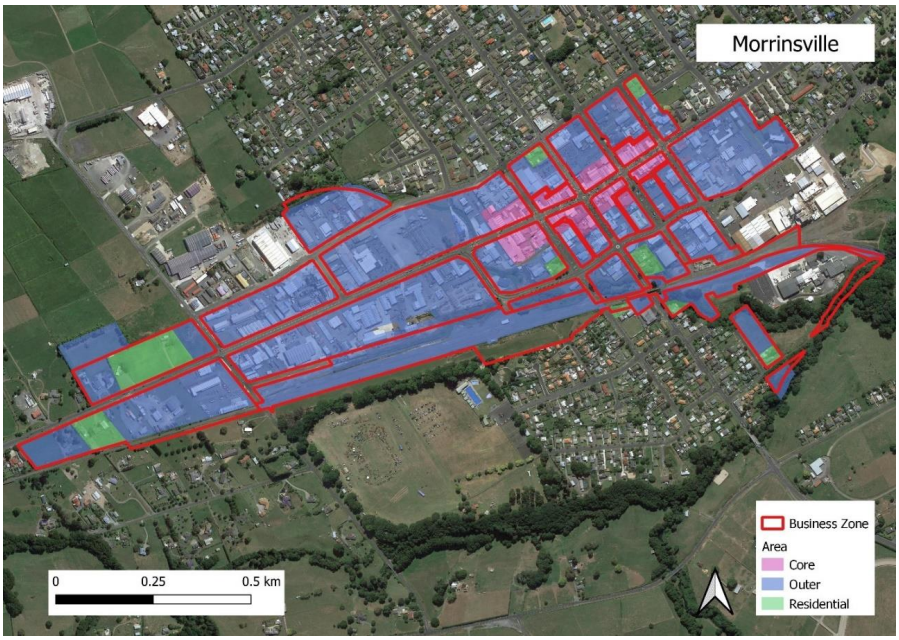


Figure 2.5: Spatial Structure of Te Aroha Business Zone

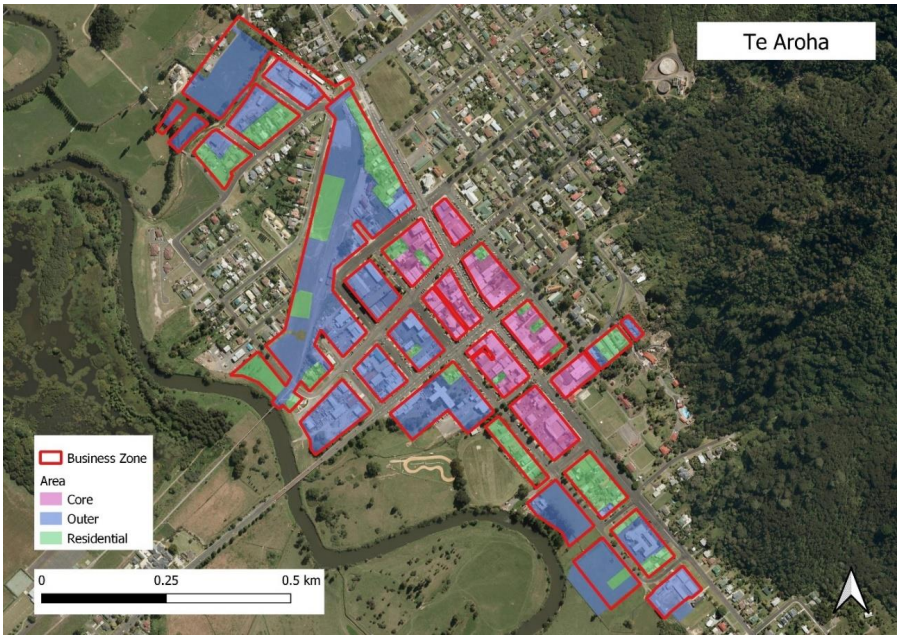
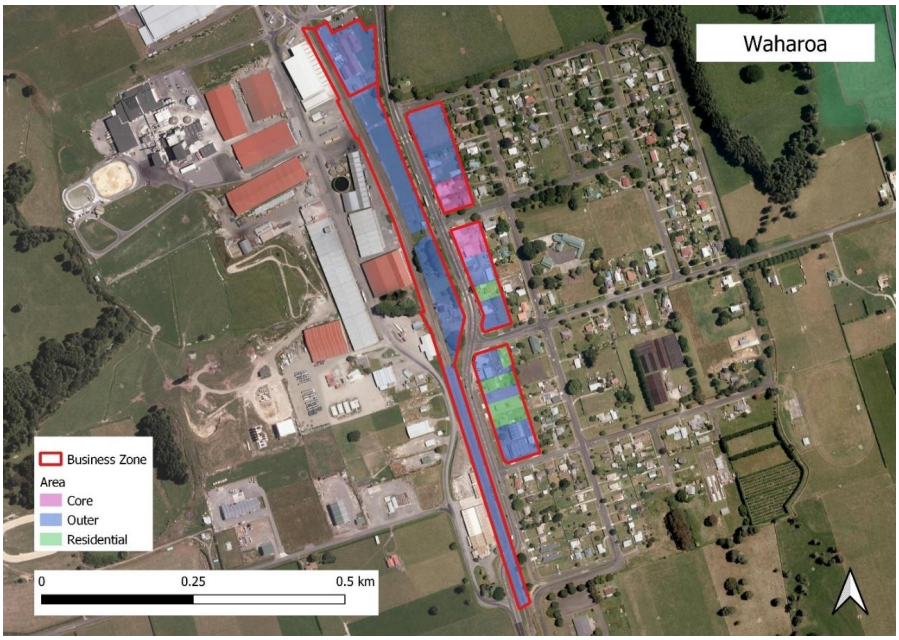


Figure 2.6: Spatial Structure of Waharoa Business Zone



3 The District Economy

3.1 The Current Economy

The Matamata-Piako District had an estimated employment[12] base of 18,400 people in 2022. This amounts to 8% of the Waikato's Region's employment.

The geographic and industry type structure of the district's employment are shown in Table 3-1 and Table 3-2. The former shows the total size of employment within each sector and location. The latter expresses this distribution as a industry structure within each area to show the *share* of the employment within each sector.

Approximately two-thirds (64%) of the employment base is located within the district's main urban townships, which collectively contain 11,900 employees. Morrinsville (4,500 employees) and Matamata (4,300 employees) are the largest of these townships, forming the main urban centres in the north and south of the district. There is also a substantial employment base (2,100 employees) in Te Aroha, and a smaller amount of employment in Waharoa (900 employees).

The district's employment is relatively concentrated into the primary and secondary sectors, which reflects the predominantly rural nature of land use across the district. Manufacturing and Agriculture, Forestry and Fishing form are the largest employment sectors, where a large component of the manufacturing sector involves the processing of agricultural production. Outside of the main townships, around three-quarters (76%) of the employment is within these sectors. There are a number of large agricultural production factories located throughout the district, with many located within the rural areas at the location of primary production.

There are also a significant number of employees in sectors serving household demand. These include the retail, hospitality and household services sectors. Employment in these sectors is concentrated into the district's main urban townships. It largely serves household demand in the townships urban households as well as rural and lifestyle households across the wider surrounding areas where the townships also act as rural service centres.

The urban townships also contain a significant employment base within the industrial and commercial sectors. Activity in these sectors serves a combination of demand arising within the district as well as demand that occurs more generally across the wider regional context. The urban townships (particularly, Matamata and Morrinsville) are likely to be cheaper locations for land-intensive yard-based activities that are less able to locate within the higher value adjacent urban economies. It is located between Hamilton and Tauranga, which are key high growth urban economies within the upper North Island.

[12] Employment is measured as a 'modified employee count' from the M.E Spatial Economy Model. The modified employee count takes account of the business proprietors and undercounts within the Statistics New Zealand Business Demographic Dataset employee count, to provide a more comprehensive picture of employment.

Table 3-1: Employment by Urban Township and Industry Sector in Matamata-Piako District, 2022

	Location							
Industry Sector	Matamata	Morrinsville	Te Aroha	Waharoa	Total Urban Townships	Other	District Total	Share of Employment Urban Townships
Agriculture, Forestry and Fishing	200	400	200	200	*1,000*	2,600	**3,600**	27%
Mining	90	-	-	-	*90*	20	**100**	82%
Manufacturing	300	700	700	200	*1,900*	2,400	**4,300**	44%
Electricity, Gas, Water and Waste Services	-	-	20	20	*40*	40	**80**	51%
Construction	700	400	200	100	*1,400*	400	**1,700**	79%
Wholesale Trade	300	300	60	10	*700*	80	**800**	89%
Retail Trade	700	700	200	10	*1,500*	30	**1,500**	98%
Accommodation and Food Services	300	200	80	40	*600*	100	**800**	85%
Transport, Postal and Warehousing	200	200	30	200	*600*	200	**800**	72%
Information Media and Telecommunications	30	10	10	-	*60*	-	**60**	96%
Financial and Insurance Services	70	100	20	-	*200*	10	**200**	97%
Rental, Hiring and Real Estate Services	80	100	20	10	*200*	100	**300**	66%
Professional, Scientific and Technical Services	400	300	100	10	*800*	30	**800**	96%
Administrative and Support Services	60	100	20	-	*200*	200	**400**	57%
Public Administration and Safety	40	80	200	-	*300*	20	**300**	94%
Education and Training	300	300	200	10	*800*	200	**1,000**	81%
Health Care and Social Assistance	300	200	200	30	*800*	40	**800**	96%
Arts and Recreation Services	100	30	40	-	*200*	80	**300**	68%
Other Services	200	300	60	20	*600*	80	**700**	88%
TOTAL	**4,300**	**4,500**	**2,100**	**900**	***11,900***	**6,600**	**18,400**	**64%**

Source: Statistics New Zealand, Business Demographic Dataset, 2022 and M.E Spatial Economy Model, 2022.

Table 3-2: Share of Matamata-Piako District Urban Township Employment by Industry Sector, 2022

	Location						
Industry Sector	Matamata	Morrinsville	Te Aroha	Waharoa	Total Urban Townships	Other	District Total
Agriculture, Forestry and Fis	5%	9%	8%	22%	*8%*	40%	**19%**
Mining	2%	0%	0%	0%	*1%*	0%	**1%**
Manufacturing	8%	15%	32%	21%	*16%*	36%	**23%**
Electricity, Gas, Water and W	0%	0%	1%	2%	*0%*	1%	**0%**
Construction	15%	9%	8%	14%	*12%*	6%	**9%**
Wholesale Trade	7%	7%	3%	1%	*6%*	1%	**4%**
Retail Trade	16%	14%	7%	1%	*13%*	0%	**8%**
Accommodation and Food S	7%	5%	4%	5%	*5%*	2%	**4%**
Transport, Postal and Wareh	4%	4%	1%	23%	*5%*	4%	**5%**
Information Media and Tele	1%	0%	0%	0%	*1%*	0%	**0%**
Financial and Insurance Serv	2%	3%	1%	0%	*2%*	0%	**1%**
Rental, Hiring and Real Estat	2%	2%	1%	1%	*2%*	2%	**2%**
Professional, Scientific and	8%	6%	5%	1%	*6%*	1%	**4%**
Administrative and Support	1%	3%	1%	0%	*2%*	2%	**2%**
Public Administration and Sa	1%	2%	7%	0%	*2%*	0%	**2%**
Education and Training	7%	8%	8%	1%	*7%*	3%	**5%**
Health Care and Social Assist	8%	5%	9%	3%	*6%*	1%	**4%**
Arts and Recreation Services	2%	1%	2%	0%	*1%*	1%	**1%**
Other Services	5%	6%	3%	3%	*5%*	1%	**4%**
TOTAL	**100%**	**100%**	**100%**	**100%**	***100%***	**100%**	**100%**

Source: Statistics New Zealand, Business Demographic Dataset, 2022 and M.E Spatial Economy Model, 2022.

3.2 Recent Changes in the Economy

Employment has grown by 17% in the Matamata-Piako District over the last 20 years, and by 6% within the last five years. This equates to a net increase of 2,700 employees over the past 20 years and 1,000 employees within the last five years.

The district has experienced slower growth than both the Waikato Region overall and New Zealand nationally. In comparison, employment has grown by 37% nationally over the past 20 years, and by 9% within the past five years. There has been faster employment growth within the Waikato Region, part of which is likely to have been driven by its location within the Auckland-Hamilton-Tauranga "golden triangle" higher growth area and the higher rates of urbanisation across the northern parts of the district due to growth pressures in surrounding areas. Employment in the region has grown by 37% over the last 20 years, and by 13% within the last five years.

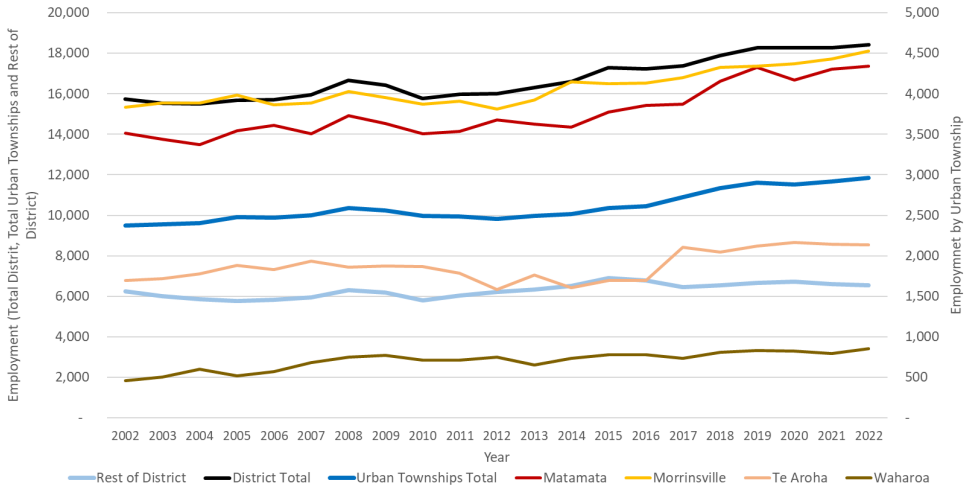
The spatial structure of employment growth in the district over the past 20 years is shown in Figure 3.1. It shows the total employment in the district as well as the combined employment in the main townships and the balance in the rest of the district (left hand primary axis). The total employment in each of the urban townships is also displayed, aligning with the the secondary axis (right hand side).

Figure 3.1 shows that the district's economy has become gradually more urbanised over the past 20 years. While the rural-based production remains the primary land use across the district, growth in the urban townships has meant that they account for a greater share of the district's overall employment activity. A share of the growth in the townships is likely to be driven by rural production across the rest of the district where a core part of the townships continue to function as rural service centres within the district.

Employment within the townships has increased by 25% over the last 20 years, and by 9% within the last five years. The more recent growth rates in the urban townships within the past five years is more consistent to the overall growth rates for the region, but is slower than the urban growth rates in other higher growth parts of the Waikato District that are experiencing high rates of urbanisation. Employment in the rest of the district has grown by 5% over the last two decades, and by 1% over the last five years. The share of employment within the townships has consequently increased from 60% in 2002 to 64% in 2022.

Within the urban townships, Matamata has experienced the largest growth in employment over the last 20 years, with a net increase of 800 employees. It has also experienced the largest net growth over the past 5 years, with a net increase of 470 employees. The next largest shares of growth have occurred within Morrinsville, which has increased by 700 employees over the last 20 years, and by 300 within the last five years.

Figure 3.1: Matamata-Piako District Employment by Location, 2002-2022



Source: M.E Spatial Economy Model, 2022; Statistics New Zealand Business Demographic Dataset, 2002-2022.

The structure of economic activity within the district has changed over the last 20 years. While a significant focus on rural production remains, the overall distribution of activity and its associated land use demands within urban areas of the district has changed. This has occurred through a combination of growth within the urban townships serving urban demand, as well as increased demand for industrial space that serves a combination of demand from the rural sector, local population base and the wider surrounding areas.

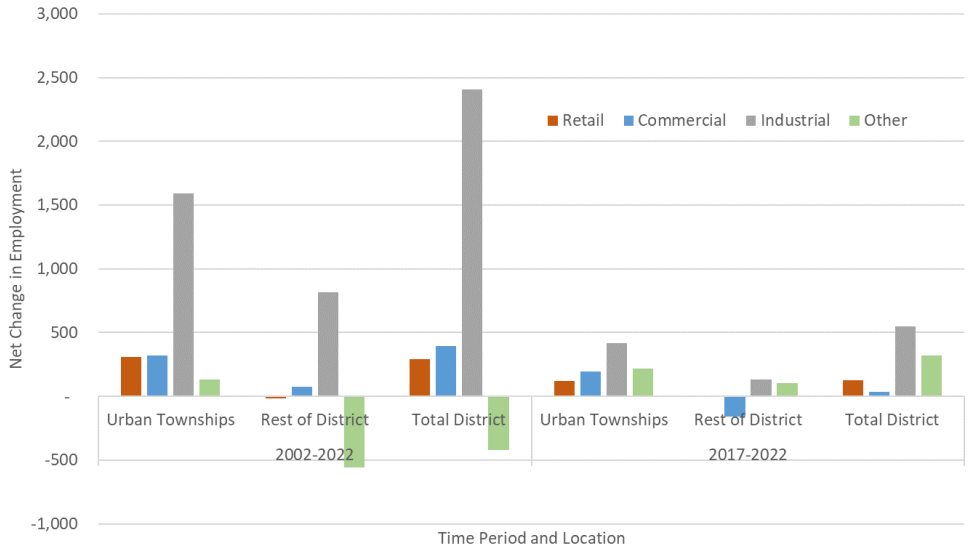
The net changes in employment that have occurred over both the last 20 years (2001-2021) and the last 5 years (2016-2021) are shown in Figure 3.2. Employment has been broadly categorised into four types to correspond to the zoned land demand later in the assessment. Retail and commercial activity translates into demand for the Business Zone, while industrial activity corresponds to demand for a combination of the Business and Industrial zones. 'Other' employment captures activity that does not typically locate within these zones and typically includes a combination of agricultural activity that would locate within the rural area and, within urban areas, activity that would locate outside of the business zones (e.g. education, where schools have a residential zoning).

Figure 3.2 shows that the largest net change has occurred in industrial activity over both the last 20 years (+2,400 employees) and last 5 years (+550 employees). Over the last 20 years, this has occurred both within the urban townships as well as the rest of the district, with a significant component of the later likely to be focused on the processing of primary production. Within the last 5 years, growth in industrial activity has occurred both within the urban townships and the rest of the district. Industrial has also remained the largest net increase in activity within the urban townships within the last five years.

There has also been some growth, albeit on a smaller scale, within the retail and commercial sectors. This has been focused within the urban townships over both time periods. These sectors have made up around one-quarter (26%) of the district's employment over the past two decades. They currently account for over

one-third (36%) of the activity within the urban townships. This has decreased from 38% in 2002 mainly due to the larger relative increases within the industrial sector within the townships.

Figure 3.2: Change in Employment by Type and Location, 2002-2022 and 2017-2022



Source: M.E Matamata-Piako District HBA, 2023.

3.3 Economic Growth Projections

WISE Model Projections Approach

The NPS requires Councils to understand more about the growth pressures they are likely to face over the short, medium and long term. This means developing a set of economic projections that form the basis for generating estimates of the amount of employment land required and the amount of gross floor area (GFA) needed to be developed on that land to accommodate growth.

M.E have used the Waikato Integrated Scenario Explorer (WISE) Model to generate employment and GDP projections for the Matamata-Piako District. The WISE Model provides projections of employment and economic activity across the Waikato Region. These are provided for each district, as well as at a more localised Statistical Area 2 (SA2) level within the district, which provides an important basis for the projection of demand by location.

The WISE Model was developed by ME as part of the Sustainable Pathways stream of research funded by Central Government. It has recently undergone a significant update including updating the Land Use files, the Population projections and the Economic Models that reside within the Explorer.

Details on its development and background are contained in the 2017 HBA prepared for Future Proof Partners under the NPS-UDC. Those details are not repeated here. However, the model has undergone a significant refresh, with new aspirations, zoning information, population projections (prepared by NIDEA unit at Waikato University) and a new updated Economic Model prepared by M.E Research.

The WISE Model has been used to project future demand within the adjacent FPP area BDCAs and HBAs. Use of the model within this BDCA therefore generates consistency between the assessments. The FPP assessments have used the High Growth projections contained within WISE. The rationale for this is that in order to ensure that issues such as housing affordability and unavailability and high price of industrial land are addressed, planning for and catering for a High Growth future is the most prudent approach. Given the Monitoring role Councils are playing, changes or deviation from this approach can lead to adjustments or delays on zoning should the growth be delayed. On this basis, and to ensure consistency between the assessments, the High Growth WISE projections have also been requested by MPDC to be applied within the Matamata-Piako District assessment.

The High Growth WISE projections series have also been used within the housing capacity and demand assessment currently being undertaken by MPDC. This is important as it ensures consistency in the underlying growth assumptions across the two assessments.

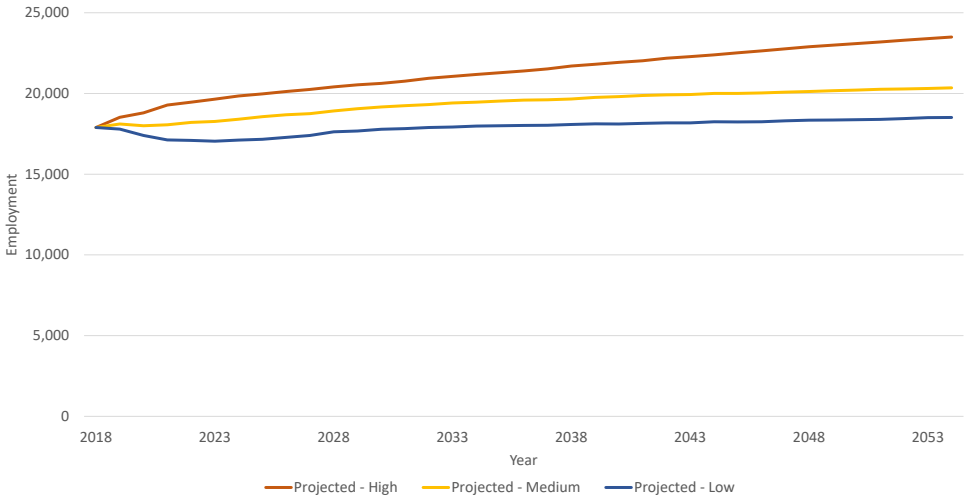
Projected Employment by Sector

Employment is projected to increase by 2% across the district in the short-term (2023-2026) under the WISE High Growth projection series. This amounts to an additional 470 employees. In the medium-term (2023-2033), there is an 7% projected increase (+1,400 employees), and in the long-term (2023-2054), a 20% projected increase (+3,850 employees).

The projected employment for the district (High, Medium and Low series) are shown together in Figure 3.3. The projected employment growth under the High series is significantly greater than that under the Medium and Low series, resulting in a conservative sufficiency assessment.

Under the Medium projection series, there is a projected increase of 2% (+400 employees) in the short-term, and 11% out to 2054 (+2,100 employees). This amounts to 87% of the High series short-term net increase and just over half (54%) of the long-term projected increase. Under the Low projection series, there is a projected increase of 230 in the short-term, and an increase of around 1,500 employees in the long-term to 2054 (+9%).

Figure 3.3: Matamata-Piako District WISE Employment Projections, 2018-2054



Source: WISE Model, 2021.

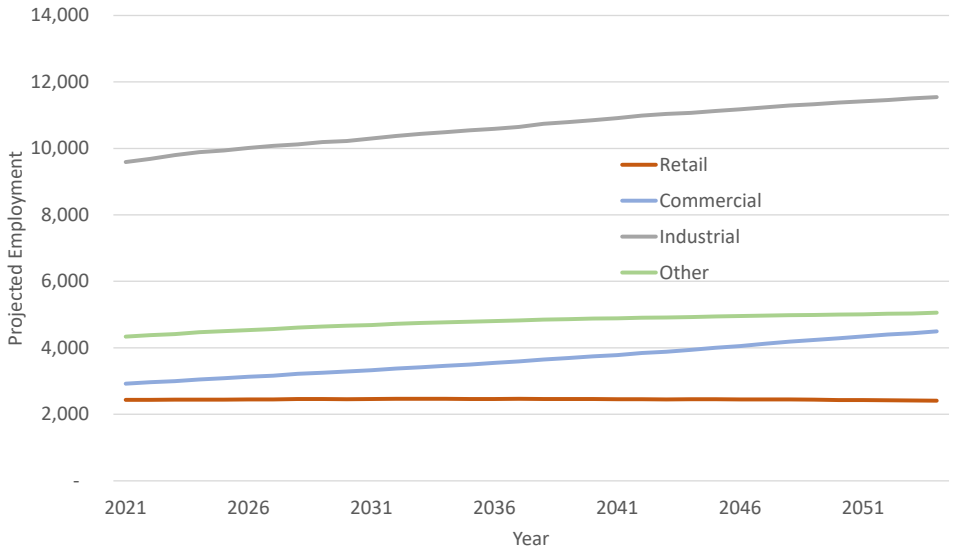
The localised outputs show that growth in the urban townships is projected to be faster than the rest of the district in the short and medium-term. In the long-term, growth is projected to slow, with the urban townships growing at a slower rate than the rest of the district.

It is important to note that while there is projected slower growth in the urban townships over the long-term, this assessment assumes that a significant portion of the demand arising from the wider district is likely to be met within the urban townships. The assessment assumes that demand arises from the base population and existing business structure across the wider district, but that activity within these sectors (particularly retail and commercial) will instead seek an urban location. This ensures a conservative sufficiency assessment when examining the adequacy of planned provision for growth. This is set out in Section 4. As such, it is useful to consider the projections of the employment activity at the district level within this section.

The projected employment growth within each of the above sectors is shown in Figure 3.4 and the projected net change across each time period, in Figure 3.5. The figures show growth through time in the industrial and commercial sectors, while retail remains a similar size through time. The largest increases in employment are projected to occur within the industrial sector, with a net increase of 200 employees in the short-term, and around 1,700 employees out to 2054.

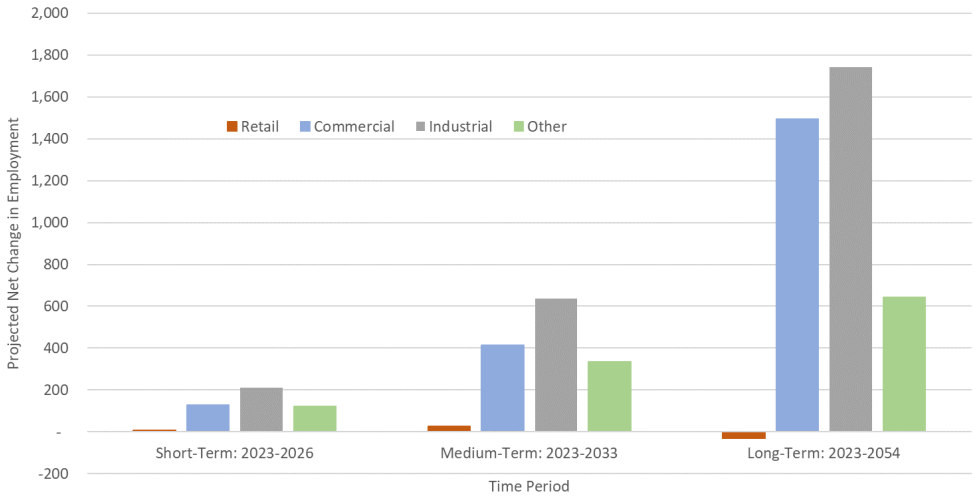
The commercial sector is projected to experience the fastest growth. It is projected to increase by 48% over the long-term across the district, increasing it's share of employment from 15% in 2022 to 19% by 2054. Growth in this sector is likely to seek a location within the urban townships Business Zone area. This is likely to result in a change in the structure of employment within the urban townships as there is a slight projected decrease in retail employment through time.

Figure 3.4: Matamata-Piako District Projected Employment by Sector: High Series



Source: WISE Model, 2021 and M.E Matamata-Piako District HBA, 2022.

Figure 3.5: Matamata-Piako District Projected Change in Employment by Type and Location: High Series



Source: WISE Model, 2021 and M.E Matamata-Piako District HBA, 2023.

4 Business Land and Floorspace Demand

Businesses demand land and built space to carry out their business activities, to accommodate their workforce and production processes. Therefore business demand for land and space is derived from their need to operate in a location and house their workers. This means that economic growth in employment - generated in most economic projection models - can be used to estimate the resulting growth in business land and built space demand.

This section translates the employment growth projections from Section 3.3 into growth in demand for business land and built space by sector across the district's urban areas. The first part of this section provides an outline of the key stages of the technical approach untaken, with the results of demand by zone and location in the latter part of the section.

4.1 Approach

Estimation of Urban Business Land Share of Demand

The first stage of the analysis estimates the share of projected future employment that is likely to seek an urban location. The projected future employment is likely to be accommodated across a combination of different types of location. These include the urban business zones within the assessment (Business Zone and Industrial Zone), rural areas and within the residential zones. A share of employment within the latter areas is likely to occur through both home-based businesses as well as workers that do not undertake work from a business base location. Examples include trades workers that undertake their activities at the location of client demand.

The distribution of employment activity across the above types of location (urban, rural and residential) has been estimated within each industry sector. This has occurred at an industry sector level due to the differences in the patterns of location between sectors. Estimation of these shares has occurred through a combination of analysis of the structure of employment activity within each sector[13] and the existing spatial distribution of each sector at a finer spatial scale[14] to reflect differences in zoned areas.

Allocation of Urban Demand by Urban Township

The future projected urban employment by sector was allocated by location across the district using the higher level geographic structures (urban townships) set out in the spatial framework in Section 2.4[15].

[13] This includes the Census occupation data by industry sector as well as the more detailed disaggregation by ANZSIC activity type within each sector using the Statistics New Zealand Business Demographic dataset.

[14] Statistics New Zealand Business Demographic data was analysed at the Statistical Area 1 (SA1) level across the district to understand the share of employment occurring within the business zoned areas vs. the residential and rural areas.

[15] The allocation of demand by location occurs as a two-stage process. This stage involves the allocation at the township level, with subsequent stages allocating demand by location type within each township.

The WISE Model produces outputs at the SA2 level[16] across the district. This allows a relatively granular view across the district, which can be aggregated to a range of geographic scales, enabling the results to be output to the urban geography of the spatial framework established in Section 2.4.

It is important to understand business demand from not only within the immediate urban township local areas, but also the broader surrounding rural parts of the district. This is because supply in each urban township, as the centralised hubs of activity within each part of the district, is likely to meet demand that arises at a wider spatial scale across these surrounding areas. Matamata is likely to serve demand generated across the southern parts of the district, while Morrinsville and Te Aroha are likely to serve demand arising across the central and northern parts of the district.

Demand arising from localised industrial spot zones in rural areas will also be assessed. Following the NPS-HPL guidance, independent rural industry activity not ancillary to land-based primary production, that is currently allowed to operate on rural land, is now directed to Industrial Zones within the main townships in order to avoid unnecessary consumption of HPL. Existing operations are not required to relocate, but any substantial growth, beyond an increase in output of existing operations, that is likely to require additional land will be redirected to Industrial Zones in main townships[17].

As such, the demand within each township is a combination of the demand occurring locally within the area as well as the demand arising from the surrounding catchment area that is likely to be met within the township.

Allocation of Urban Demand by Zone

The next stage of analysis allocates the urban business activity employment projections by zone within each of the urban townships. This involves a conversion of the total employment within each sector into the types of activities in alignment with those provided for within the ODP Activity Tables.

The district's zoning structure is relatively straight forward, providing for business activity within the Business Zone and Industrial Zone. The distribution of activity across the zones is described in Section 2.4. The Industrial Zone generally provides for all industrial activities (e.g. manufacturing, warehousing, etc), with a significant component of yard-based uses. The Business Zone provides for household-demand oriented activities (e.g. retail, hospitality, household services), office-based activity, and other commercial/business activity. These include a range of some lighter industrial uses, which are likely to have some overlap with the Industrial Zone.

A matrix was established to disaggregate the projected employment within each sector into different types of land uses, which were subsequently allocated to each of the Business and Industrial zones. Initial estimates were obtained from M.E's industrial and business land use models[18], which were used within the

[16] There are 17 SA2s across the Matamata-Piako District.

[17] In response to feedback on the MPDC updated assessment, an increased share of demand from that in the 2022 assessment has been allocated to non-urban areas. This produces a more conservative projection of urban industrial location demand.

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

FPP BDCA. These were then adjusted (based on the distribution of activity across different sub-sectors within each industry sector) to reflect the local market and District Plan activity structure.

With the additional analysis, the distribution of activity within each sector across the zones has been revised slightly from the earlier industrial analysis undertaken for the Matamata Industrial PPC. Slightly increased shares of light industrial employment have been allocated to the Business Zone. These have correspondingly decreased within the Industrial Zone to avoid double counting the total demand allocation.

Employment Sector Space Relationships

The final section of the analysis converts the employment projections into floorspace and land requirements within the Business and Industrial zones. This has been undertaken separately for each zone to better reflect the nature of the space requirements from the different activity structures and development patterns within each zone. This process is set out for each of the zones in the following sub-sections.

Industrial Zone

The conversion of employment to land requirements for the Industrial Zone follows the same process and applies the same parameters as the Matamata Industrial PPC analysis undertaken in 2021 (updated 2023). As set out above, these have been applied to the updated activity distributions across the zones.

Ratios were established of the average land use per employee. These were applied to the projections to calculate total future industrial land by location. Our assessment of the district's local economy suggests that, within the Industrial Zone, it is more appropriate to undertake this conversion based on ratios of employment to land rather than employment to floorspace (with a subsequent further conversion to land). Our assessment of the existing land use patterns has found that there is a high portion of land area used for yard-based activities. This reflects the structure of activity within the district and it's required level of capital investment. Therefore, it is more appropriate to apply a direct land per employee conversion to capture the yard-based component in overall land use patterns.

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

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

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

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

M.E have undertaken a range of industrial land demand assessments across different economies within New Zealand. These have used ranges up to 350-1,000m2 land per employee for outdoor yard-based activities (maximum values), and ranges of up to 500-600m2 land per employee for warehouses and factories. Examination of the land uses within the district's industrial zones showed that a large proportion of sites were used for yard-based activities, many with lower employment densities.

The above factors have been used to guide the development of land use per employee ratios for the assessment. The assessment uses a range of 500m2 to 800m2 land area per employee to convert industrial employment to land demand. This range provides an assessment to reflect a range of outcomes. The higher end of the range reflects a continuation of significant demand for yard space uses. Lower ranges applied allow for a share of demand to be met through gradual intensification of industrial land use through time[19]. Furthermore, the lower ratios reflect that a share of the industrial employment demand is likely to be met within the Business Zone area within each township due to the overlap in activity types anticipated within these zones.

Business Zone

The relationship of space requirements to employment within the Business Zone was calculated through analysis of the existing patterns of activity within the zone and applied to the future projected employment demand for the zone. These calculations were undertaken at a local level to capture the local market conditions within each township as well as produce estimates of demand within each local area.

Current and projected future activity within the zone was divided into three broad groups that reflect the differences in average space requirements between different types of activity. These include retail/hospitality, other commercial activity, and industrial activity.

The land use survey results provided by MPDC were then analysed to estimate the total floorspace and land use within each of these activity types within each of the main urban townships. These were further subdivided into the core and outer areas (see Section 2.4) within each township as there are important differences in the space requirements between different areas of the zone. Generally, sites are used to a higher intensity within the core areas, with businesses with more land-intensive requirements, locating within the outer area of the zone. The sector space estimates were then combined with localised existing employment count data[20] to calculate the ratios within each sector and location.

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

[20] Statistics New Zealand Business Demographic dataset and WISE Model estimates.

A two-stage process was conducted for the retail/hospitality and other commercial sectors. Ratios of floorspace per employee were calculated in the first instance, with subsequent conversions to land area through ratios between floorspace and land area[21]. A two-stage process was important to account for any multi-level development as well as ensure more appropriately scaled yard requirements.

Industrial employment activity within the zone was converted to space requirements through a direct conversion to land area. This is appropriate, particularly within the Matamata-Piako District, due to the substantial yard space requirements. Ratios of employment to land area were calculated using the total land area extent of the sector (as identified in the MPDC land use survey), thus capturing both the built floorspace and yard space areas.

The final outputs of the demand calculations are projected total land area space requirements within the Business Zone for each of the three broad activity types. These are provided by location for each of the main township areas.

The results may represent higher end estimates as they do not include any allowance for increases in efficiency through gradual greater intensity of use across existing and potential future space. This approach has been taken to ensure a conservative sufficiency assessment in more stringently testing the adequacy of the capacity within the zone.

Applying a Margin to Future Demand Estimates

The assessment provides outputs both with and without an NPS-UD (clauses 3.29 and 3.30) competitiveness margin applied to the future estimates of business space demand. Margins are applied to the total increases in demand within the sufficiency assessment where sufficient capacity is required to meet projected future demand and a margin.

The application of margins is only required for Tier 1 and 2 local authorities, and are not required for the district as a Tier 3 local authority, but have been requested by MPDC as a sensitivity test to reflect a range of potential future outcomes. Margins were applied as a baseline position in the previous 2022 assessment to achieve consistency with the earlier assessment undertaken for the original FPP area. However, the subsequent introduction of the NPS-HPL means that a baseline position without the application of a margin is appropriate.

The margins, as set out in the NPS-UD are:

- Short-term: a 20% margin on the short-term net increase in demand.
- Medium-term: a 20% margin on the medium-term net increase in demand.
- Long-term: in addition to the 20% margin applied to the medium-term (2023-2033) net increase, a 15% increase applied to the further net increase across the long-term (2033-2053).

For completeness, this report presents future demand estimates with and without the margin applied, with estimates excluding the margin forming the baseline position.

[21] Floor area ratios (FARs) were calculated through floorspace divided by land area.

4.2 Business Land Demand by Location

The following sub-sections provide the results for the estimated demand for business land within each of the Business and Industrial zones.

4.2.1 Business Zone

The total current and projected future demand for business floorspace and land for each activity type within the Business Zone is shown in Table 4-1. Under the High Projection Series, there is currently (in 2023) an estimated demand for 272,400m2 of floorspace across the retail and other commercial sectors in the district's urban townships. Together with industrial land demand, this amounts to a total current demand for around 58.3 ha of land area within the Business Zone.

The largest demand is currently in Morrinsville, with 117,200m2 floorspace within the retail and other commercial sectors, and a combined land demand for around 28.3 ha of business zoned area. Matamata has the next largest demand at 22.0 ha. There is considerably smaller demand in Te Aroha and Waharoa urban townships.

Demand for floorspace and land is projected to increase through time across the district's urban townships. It is projected to reach around 309,700m2 floorspace (retail and other commercial sectors), and around 69.3 ha of land area in the long-term. The largest projected increases are in Morrinsville, which is projected to increase it's share of the district's activity slightly over the long-term.

There is a projected change in the structure of activity across the district's townships. The retail and hospitality sectors are projected to have only limited growth, with decreases in some areas. Meanwhile, there is a faster projected growth in other commercial services. The differences in space requirements between these sectors result in an overall slower rate of growth in floorspace and land demand growth than overall employment growth. Commercial services have lower ratios of space per employee than the retail and hospitality sector.

Table 4-1: Business Zone Projected Future Floorspace and Land Demand by Activity Type: High Projection Series

		Floorspace (m2 GFA)				Land (Ha)			
Area	**Activity Type**	**2023**	**2026**	**2033**	**2054**	**2023**	**2026**	**2033**	**2054**
Matamata	Retail	75,000	75,100	75,800	71,900	11.9	11.9	12.0	11.4
	Commercial	25,300	26,000	28,200	33,500	4.3	4.4	4.8	5.7
	Industrial	-	-	-	-	5.9	6.1	6.7	7.8
	Total	**100,300**	**101,100**	**104,000**	**105,400**	**22.0**	**22.4**	**23.4**	**24.9**
Morrinsville	Retail	85,100	85,200	85,100	84,600	14.4	14.4	14.4	14.3
	Commercial	32,200	33,600	36,600	54,700	5.6	5.9	6.4	9.6
	Industrial	-	-	-	-	8.2	8.6	9.4	10.6
	Total	**117,200**	**118,800**	**121,800**	**139,300**	**28.3**	**28.9**	**30.2**	**34.5**
Te Aroha	Retail	33,900	33,900	33,800	32,200	1.8	1.7	1.7	1.6
	Commercial	14,200	15,100	16,700	21,500	1.1	1.1	1.2	1.6
	Industrial	-	-	-	-	2.6	2.6	2.7	3.1
	Total	**48,000**	**49,000**	**50,500**	**53,700**	**5.5**	**5.5**	**5.6**	**6.3**
Waharoa	Retail	2,600	2,800	3,200	4,200	0.6	0.7	0.8	1.0
	Commercial	4,300	4,600	5,300	7,100	1.1	1.1	1.3	1.7
	Industrial	-	-	-	-	0.8	0.8	0.8	0.9
	Total	**6,800**	**7,300**	**8,500**	**11,300**	**2.5**	**2.6**	**2.9**	**3.7**
Total District	**Retail**	**196,500**	**197,000**	**198,000**	**192,900**	**28.8**	**28.7**	**28.9**	**28.4**
	Commercial	**75,900**	**79,300**	**86,800**	**116,800**	**12.1**	**12.5**	**13.6**	**18.6**
	Industrial	**-**	**-**	**-**	**-**	**17.4**	**18.1**	**19.6**	**22.3**
	Total	**272,400**	**276,300**	**284,800**	**309,700**	**58.3**	**59.4**	**62.1**	**69.3**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023.

The projected net change in land demand within the Business Zone is shown in Table 4-2. The first part of the table shows the projected net change in demand, while the second part shows the change in demand with the NPS-UD competitiveness margins applied.

In the short-term (2023-2026) there is an net increase in land demand of 1.1 ha (1.4 ha with a margin) within the Business Zone across the district. This is mainly due to increases across the industrial and commercial sectors, with a smaller net increase in demand from retail land uses.

In the medium-term (2023-2033), there is a projected increase for 3.9 ha of Business Zoned land use (4.7 ha with a margin) across the district's urban townships. The largest increases are projected to occur in Morrinsville and Matamata, with smaller increases in Te Aroha and Waharoa. Growth in the medium-term within Morrinsville and Matamata is driven to a larger extent by the projected employment growth within the industrial sectors, with smaller demand increases for other commercial activities.

In the long-term (2023-2054), there is a projected increase of 11.0 ha of Business Zone land use (13.0 ha with a margin). Between half and two-thirds (56%-57%; 6.2 ha) of this is projected to occur within Morrinsville, with around one-quarter (25%-26%; 2.9 ha) projected to occur within Matamata. In the long-term, the largest share of land demand growth in Morrinsville is projected to occur within the other commercial sectors, with a smaller increase within industrial land uses within the zone. Demand for retail land uses slows in the long-term, with small decreases in Matamata, Te Aroha and Morrinsville.

The projected growth in demand within the Business Zone is based upon existing patterns of activity within the townships. These include the existing distribution of industrial activities across the Business and Industrial zones. Projected future capacity shortfalls in the Industrial Zone may result in increased demand for industrial activity location within the Business Zone, which is discussed further in Section 6.

Table 4-2: Net Change in Business Zone Projected Future Land Demand by Activity Type: High Projection Series

Area	Activity Type	Net Change in Land Demand (ha) No Margin			Net Change in Land Demand (ha) Including Margin		
		Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054
Matamata	Retail	0.0	0.1	-0.5	0.0	0.2	-0.5
	Commercial	0.1	0.5	1.4	0.1	0.5	1.6
	Industrial	0.2	0.8	2.0	0.3	1.0	2.3
	Total	**0.4**	**1.4**	**2.9**	**0.4**	**1.7**	**3.5**
Morrinsville	Retail	-0.0	-0.0	-0.1	-0.0	-0.0	-0.1
	Commercial	0.2	0.7	3.9	0.3	0.9	4.5
	Industrial	0.4	1.2	2.4	0.5	1.4	2.8
	Total	**0.6**	**1.9**	**6.2**	**0.8**	**2.3**	**7.2**
Te Aroha	Retail	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2
	Commercial	0.0	0.1	0.5	0.0	0.1	0.6
	Industrial	0.0	0.1	0.5	0.0	0.1	0.5
	Total	**-0.0**	**0.1**	**0.8**	**-0.0**	**0.1**	**0.9**
Waharoa	Retail	0.0	0.1	0.4	0.1	0.2	0.5
	Commercial	0.1	0.3	0.7	0.1	0.3	0.8
	Industrial	0.0	0.0	0.1	0.0	0.1	0.1
	Total	**0.1**	**0.4**	**1.2**	**0.2**	**0.5**	**1.4**
Total District	**Retail**	**-0.0**	**0.1**	**-0.4**	**-0.0**	**0.2**	**-0.3**
	Commercial	**0.5**	**1.5**	**6.5**	**0.5**	**1.8**	**7.5**
	Industrial	**0.7**	**2.2**	**4.9**	**0.8**	**2.6**	**5.8**
	Total	**1.1**	**3.9**	**11.0**	**1.4**	**4.7**	**13.0**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023.

4.2.2 Industrial Zone

The total projected land use demand within the Industrial Zone is shown in Table 4-3. This is the projected demand under the High Projection Series. There is currently land demand for around 352.0 to 563.2 ha across the district's townships based on the range of land use to employment ratios. Demand for industrial land is distributed relatively evenly across the northern and southern halves of the district, with the largest shares occurring within Matamata and Morrinsville.

Demand for industrial land is projected to increase by around 20% over the long-term across the district to reach a total demand of between 421 and 673 ha. The distribution of demand is projected to remain relatively stable through time, with a slight increase in the share of demand occurring within Matamata.

The projected demand in Table 4-3 includes the demand occurring within the main urban townships and their surrounding catchment areas.

Table 4-3: Industrial Zone Projected Future Land Demand by Location: High Projection Series

Location	Land Demand (ha)							
	Low Ratio (500m2 per employee)				Hlgh Ratio (800m2 per employee)			
	2023	2026	2033	2054	2023	2026	2033	2054
Matamata	125.5	129.0	137.0	154.1	200.8	206.4	219.1	246.6
Morrinsville[1]	147.9	152.0	159.8	175.2	236.7	243.1	255.7	280.3
Te Aroha	56.3	56.9	58.1	64.5	90.1	91.1	93.0	103.2
Waharoa	22.2	22.9	24.1	26.9	35.6	36.6	38.5	43.0
Total Townships	**352.0**	**360.8**	**378.9**	**420.6**	**563.2**	**577.3**	**606.3**	**673.0**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023.

[1] Morrinsville includes Morrinsville and Morrinsville South.

The projected net increases in industrial land demand are shown in Table 4-4. The upper part of the table shows the projected net increase in demand with no margin applied. The lower part of the table shows the demand with the NPS-UD competitiveness margins applied.

In the short-term, there is a projected demand for an additional 8.8 ha to 14.1 ha of Industrial Zone land use (10.6 ha to 16.9 ha with a margin). The largest land demand in the short-term, occurs in Morrinsville, which accounts for just under half (46%; 4.0 ha to 6.4 ha) of the district's demand.

In the medium-term, there is a projected demand for an additional 26.9 ha to 43.1 ha of land use demand. This increases to 32.3 ha to 51.7 ha when a margin is applied. Morrinsville still remains the largest location for increased land demand, although with a lower dominance than in the short-term. In the medium-term, Matamata accounts for 44% of the district's industrial land demand increase in the urban townships.

There is a projected demand for an additional 68.6 ha to 109.8 ha of industrial land use in the long-term (80.3 ha to 128.4 ha with a margin applied). In the long-term, Matamata has the largest projected demand increase, with demand for an additional 28.6 ha to 45.7 ha (33.4 ha to 53.5 ha with a margin).

These are the projected future industrial land use demands within the Industrial Zone based off existing patterns of activity within each township. There is an area of overlap within the Industrial and Business Zones in the provision for light industrial activity.

A share of this demand could potentially transfer to the Business Zone, however, this may be limited due to the smaller existing parcel boundary site size structure within the zone.

Table 4-4: Net Change in Industrial Zone Projected Future Land Demand by Location: High Projection Series

Location	Net Change in Land Demand (Ha)					
	Low Ratio (500m2 per employee)			High Ratio (800m2 per employee)		
	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054
	No Margin					
Matamata	3.5	11.4	28.6	5.6	18.3	45.7
Morrinsville[1]	4.0	11.8	27.2	6.4	19.0	43.6
Te Aroha	0.6	1.8	8.2	1.0	2.9	13.1
Waharoa	0.7	1.9	4.6	1.1	3.0	7.4
Total Townships	**8.8**	**26.9**	**68.6**	**14.1**	**43.1**	**109.8**
	Including Margin					
Matamata	4.2	13.7	33.4	6.7	22.0	53.5
Morrinsville[1]	4.8	14.2	31.9	7.7	22.7	51.0
Te Aroha	0.7	2.2	9.5	1.2	3.4	15.2
Waharoa	0.8	2.2	5.4	1.3	3.6	8.7
Total Townships	**10.6**	**32.3**	**80.3**	**16.9**	**51.7**	**128.4**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023.

[1] Morrinsville includes Morrinsville and Morrinsville South.

5 Business Land and Floorspace Capacity

5.1 Introduction

This section provides an estimation of the current level of business and industrial land supply across the district. It assesses the level of development and land use within each of the district's business capacity areas and estimates their capacity to meet future business activity demand. A multi-staged assessment of capacity within each of the Industrial and Business zones has been undertaken in accordance with the NPS-UD requirements to estimate the final capacity.

For this assessment capacity is defined as any vacant or vacant-parts of business land parcels. A parcel is only removed from capacity once a code compliance certificate has been issued for the building work onsite. It is at this point that a business will move into the premises or onto the site. Therefore any sites that are sold but not developed, under construction or developed pending a CCC, are still considered part of vacant capacity.

Capacity has been assessed separately within each of the zones and aligns with the demand calculated for each zone in Section 4. The overlap in light industrial uses between the zones is considered within the sufficiency assessment in relation to the suitability of capacity to meet different types of industrial demand. The approach to calculating capacity across the zones is consistent, but also appropriately reflects the differences between the zones.

As requested by MPDC, the assessment from the Matamata Industrial PPC has been used as a basis to estimate the capacity within the Industrial Zone. This assessment uses the base parcel information calculated under the PPC assessment, but then applies the further factors in relation to infrastructure to this information that determine the inclusion within the BDCA. The assessment for this BDCA has been extended across the Business Zone. It uses the land survey information collected by MPDC, with further spatial integration with other datasets and GIS modelling by M.E to calculate the final capacity estimates.

This section correspondingly reports on the capacity within each zone across two sub-sections. Each sub-section begins by outlining the key stages of our approach. It then summarises the findings of the estimated business capacity by location across the district. Further detail is then provided on the estimated industrial and business land areas within each location, including the identification of constraints to land use within each area.

5.2 Industrial Zone

5.2.1 Approach

Spatial Framework

The Industrial Zone assessment uses the spatial framework established in Sections 2.2 and 2.4. It includes the Industrial Zone areas for each of the district's main urban townships – Matamata, Morrinsville, Te Aroha – and the smaller urban area of Waharoa. The area of Industrial Zone approximately 3 kilometres to the

south of Morrinsville has been identified separately within the capacity assessment, but has been included within the Morrinsville results in the sufficiency assessment.

Each township contains areas of industrial zoning to meet the local industrial demand of each area. Industrial zoned areas are generally located on the edges of these townships, with the Business Zone forming the central commercial areas of the townships.

In addition, the district contains large overall quantities of localised industrial spot zoning away from the main townships within the rural areas[22]. These are spot zonings of individual land holdings to meet the current and future on-site needs to individual businesses, and are covered by individual Development Concept Plans (DCPs). The businesses are predominantly agricultural processing or manufacturing operations, which often have large land area requirements to manage the effects of their operations (e.g. stock effluent disposal or wastewater treatment).

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

GIS-Based Assessment

A GIS-based assessment was undertaken on the main township industrial zoned areas identified within the spatial framework to identify areas of undeveloped potential industrial land capacity. District Plan zoning files were used to identify the extent of the industrial areas. The assessment was undertaken at the parcel level within these zoned areas.

A range of spatial data layers were combined to generate an initial estimate of the vacant or undeveloped industrial sites. Portions of sites that were not yet developed, that may provide capacity to accommodate future industrial demand, were also identified as part of this process. These included areas that were not covered by buildings and were not used for industrial yard-based activity[23].

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

Verification of GIS-Based Assessment

A verification and ground-truthing process was undertaken[24] on the outputs (undeveloped and partly developed industrial land parcels) of the GIS-based assessment. This process firstly identified whether the sites were vacant or had subsequently become occupied. It then identified any constraints on these sites

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

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

[24] This was undertaken by Veros as part of the Matamata Industrial PPC analysis.

that would limit their future potential development ability to meet industrial land demand. These mainly included areas of sites where development is limited due to stream flooding, District Plan required setbacks from adjacent non-industrial land uses, and other designated uses (e.g. roads, reserves, etc).

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

Short, Medium and Long-Term Capacity

In accordance with NPS-UD, the inclusion of capacity differs across the short, medium and long-term. In the short-term, the assessment includes capacity that is currently zoned under the ODP. For MPD the capacity does not change in the medium and long term as no further growth areas were identified as future zoning expansion areas.

Infrastructure

Infrastructure constraints were applied to the capacity as a final stage to the inclusion of the capacity within the sufficiency assessment. Information on infrastructure was sought from MPDC.

It was advised that there was sufficient infrastructure capacity to support development of the existing extent of the zoned areas within the main urban townships of Matamata, Morrinsville and Te Aroha[25].

MPDC have advised that Waharoa does not currently contain infrastructure for further development of the Industrial or Business Zone. As such, only capacity within Waharoa North's light industrial zone has been brought forward into the final sufficiency assessment.

5.2.2 Undeveloped Industrial Land Capacity

The estimated Industrial Zone land capacity by location across the district is shown in Table 5-1 for the short, medium and long-term. This covers the industrial areas within each of the main township areas. Industrial capacity on individual spot zoned areas away from the main townships has not been included as undeveloped capacity as this would not be available to meet industrial land demand within the district beyond that of those existing business operations.

Table 5-1 shows that there is 512.0 ha of Industrial Zoned land in the Matamata-Piako District. Around 40% of this land is contained within the main townships, while 60% of the land is within the spot zoned industrial areas away from the main townships. Morrinsville is the largest location of industrial land, containing one-fifth of the district's zoned land, and just under half (46%; 100.1 ha) of the industrial zoned land within the main townships.

Matamata forms the largest location of economic activity within the southern part of the district. There is currently 48.3 ha of industrial zoned land within the township, which amounts to 9% of the district's total industrial land supply, and 22% of the supply within the main townships. Waharoa, 6-7km north of

[25] MPDC have advised that network capacity upgrades are scheduled to occur within some of the main urban townships. However, these are not associated with expansions to the zoned areas and therefore do not result in an increase in development capacity within the assessment.

Matamata, has around 60.2 ha of zoned industrial land. There is a further 7.7 ha of zoned industrial land in Te Aroha.

In total, there is an estimated 51.3 ha of undeveloped industrial land across the district's main townships. Once undevelopable areas are removed from this total, the district total of undeveloped land becomes 41.2 ha. In total, the district currently has an estimated 48.7 ha of undeveloped industrial zoned land within the main townships (with the inclusion of 7.5 ha of undeveloped portions of partly developed sites).

The largest share (17.9 ha) is located in the north of the district in Morrinsville[26], with over half (10.1 ha) occurring on a single large site. This is a newer area of industrial expansion on the northern edge of Morrinsville, with some development activity already occurring on a number of the sites, including the large 10 ha parcel.

There is a further estimated 5.2 ha of undeveloped space within partly developed sites in the industrial area 2-3 kilometres south of the main Morrinsville urban area[27]. This partly developed land occurs in two main contiguous blocks, and is interspersed with some residential lifestyle properties on adjacent parcels.

Around 29% (14.8 ha) of Matamata's zoned industrial area is currently undeveloped. However, the amount of undeveloped land decreases to around 11.0 ha once allowances have been made for planned roads and required setbacks on the currently undeveloped parcels. This accounts for 27% of the district's existing capacity on undeveloped sites and around 23% of the capacity on sites overall once partly undeveloped areas are included.

There is also a minor amount of undeveloped industrial land (2.4 ha) located within Waharoa. This includes two small undeveloped sites (0.5 ha combined), and an estimated 1.9 ha of undeveloped area on partly developed sites. As discussed above, these sites do not currently contain infrastructure for further development. As such, this capacity within Waharoa's Industrial Zone has not been brought forward into the final sufficiency assessment.

Following the original Report, additional capacity in Waharoa has been identified and zoned, located at the north side of the town. The industrial subdivision at Dunlop Road creating Mowatt Street has a land-use consent that provides for light industrial land-use. The area of undeveloped industrial land is approximately 16.7 ha across fourteen sites. Once undevelopable areas are removed[28], the total amount of developable area estimated at Waharoa North becomes some 11.7ha.

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

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

[28] 30% has been removed from the total amount of undeveloped land at Waharoa North light industrial subdivision to remove undevelopable areas e.g. roads, setbacks and onsite wastewater mitigation for the larger sites.

Table 5-1: Matamata-Piako District Estimated Industrial Land Supply and Development Capacity by Location, 2023: Short, Medium and Long Term

Industrial Area	Industrial Zoned Area (ha)	Floorspace (m2)	Land Area by Development Status (Ha)				Potential Capacity (Land Ha)		
			Undeveloped	Partly Vacant	Developed/Yard Space	TOTAL	Undeveloped	Part Vacant	TOTAL
Main Townships									
Matamata	48.3	97,400	14.8	-	33.2	**47.9**	11.0	-	**11.0**
Morrinsville	48.6	73,800	19.2	0.7	28.6	**48.5**	17.9	0.4	**18.3**
Morrinsville South	51.5	64,400	-	8.7	41.3	**50.0**	-	5.2	**5.2**
Te Aroha	7.7	9,700	-	-	7.7	**7.7**	-	-	**-**
Waharoa	60.2	97,100	17.3	4.1	37.4	58.9	12.2	1.9	14.1
Total Main Townships	**216.3**	**342,400**	**51.3**	**13.5**	**148.2**	**213.0**	**41.2**	**7.5**	**48.7**
Industrial Spot Zone Areas									
Tatuanui	6.2	20,900	-	-	6.2	6.2	-	-	-
Te Poi	4.4	12,300	-	-	4.3	4.3	-	-	-
Waitoa Fonterra	92.7	67,300	-	-	93.5	93.5	-	-	-
Waitoa Inghams	63.6	18,700	-	-	63.6	63.6	-	-	-
Waitoa Silver Ferns	128.8	21,400	-	-	131.0	131.0	-	-	-
Total Spot Zone Areas	**295.7**	**140,700**	**-**	**-**	**298.5**	**298.5**	**-**	**-**	**-**
DISTRICT TOTAL	**512.0**	**483,100**	**51.3**	**13.5**	**446.7**	**511.5**	**41.2**	**7.5**	**48.7**

Source: M.E Matamata Industrial Land Model, 2023 and Matamata-Piako District Plan.

5.2.3 Industrial Land by Urban Township

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

Matamata

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

The existing industrial area contains a range of uses, including machinery/equipment/transport yards, automotive industrial activity, manufacturing/processing, storage areas, engineering, and agricultural support services. A sizeable proportion of the land area is occupied by yard-based uses, with some operations containing only minor amounts of floorspace. Industrial operations occupy a range of different site sizes, with most sites in between 0.5 ha and 1 ha, and a couple of larger sites over 5 ha.

Figure 5.1 contains a map of the existing industrial area of Matamata. It shows the development status of the area and identifies the local characteristics that may affect the development potential of the land for industrial uses.

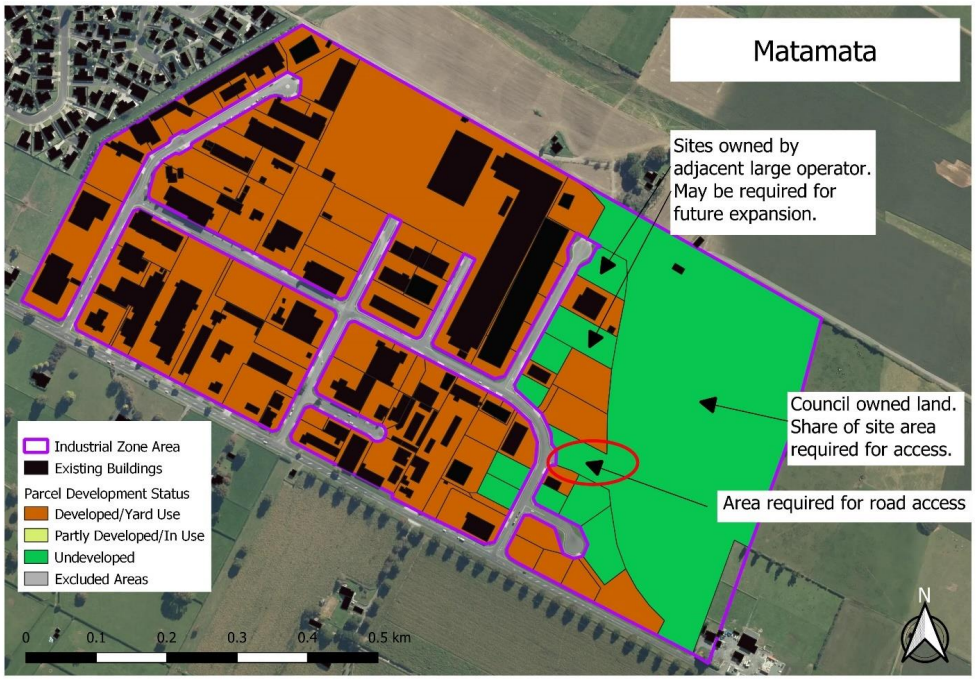
The development potential of the zone is on ten sites concentrated toward the eastern end of the zone. In total, the analysis has estimated that these have a combined net development area of 11.0 ha once constraints have been applied and areas removed for access.

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

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

The remainder of the undeveloped sites (9 sites) range in size from 0.13 ha to 0.45 ha. Two of these sites (marked A and B on Figure 5.1) are owned by the same landowner with existing operations within the already developed area. These sites have a combined area of 0.77 ha, but have been included in the capacity estimates as they are not yet developed and development from this operator will form a share of the future demand.

Figure 5.1: Matamata Existing Industrial Zone Area and Development Status



Waharoa

Waharoa is a smaller settlement located approximately 6 kilometres north of Matamata. It contains a 60 ha of industrial zoning adjacent to the railway line. The configuration of the area, including developed areas and potential areas of further development capacity is shown in Figure 5.2 and Figure 5.3.

Most of the industrial area is occupied by large operations in the northern part of the area (Figure 5.2). These are agricultural processing and manufacturing firms that require large land areas with the ability to manage some of the effects of the production process on site. The northern most operation (Open Country Dairy) is subject to a Development Concept Plan (DCP) which sets out the consented use for the site.

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

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

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

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

Additional capacity in Waharoa has since been identified and zoned, located at the north side of Waharoa (Figure 5.3). The industrial subdivision at Dunlop Road creating Mowatt Street has a land-use consent that provides for light industrial land-use. Currently three of the parcels have been developed and another two lots have been sold. Excluding the stormwater treatment reserve, the area of undeveloped industrial land is approximately 16.7 ha.

The parcels at Mowatt Street are served for water, electricity, and telecommunication services. Lots that are under 3 ha are served by a piped stormwater system including water quality treatment and the two larger lots (>3 ha) are subject to on-site mitigation. Within the subdivision, lot sizes range from 0.3 ha to 3.8 ha. This capacity at Waharoa North has been included within the final sufficiency assessment for Waharoa. Once undevelopable areas are removed[29], the total amount of developable area estimated at Waharoa North becomes some 11.7ha.

[29] 30% has been removed from the total amount of undeveloped land at Waharoa North light industrial subdivision to remove undevelopable areas e.g. roads, setbacks and onsite wastewater mitigation for the larger sites.

Figure 5.2: Waharoa Existing Industrial Zone Area and Development Status (excl. Waharoa North)

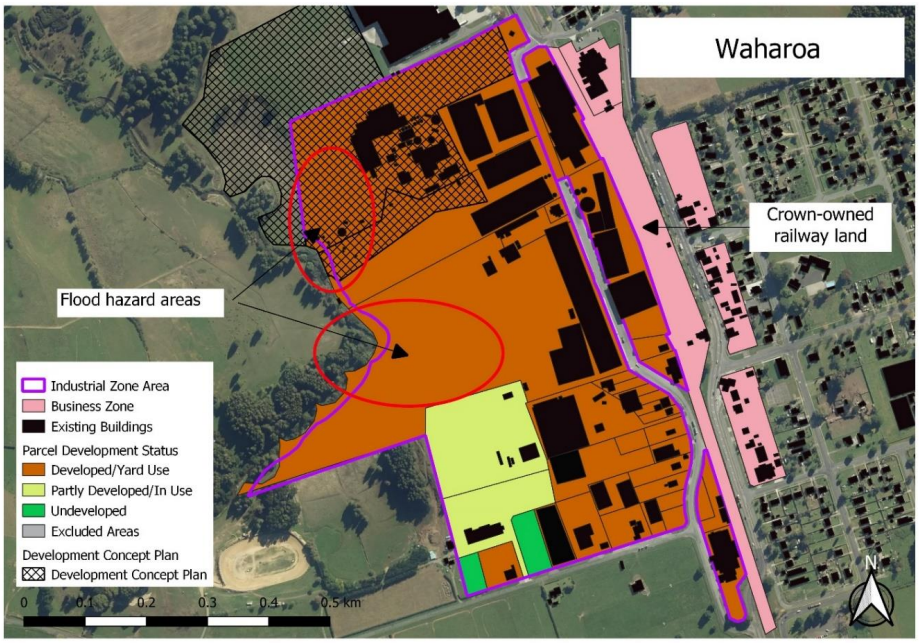


Figure 5.3: Waharoa North Light Industrial Area and Development Status

Morrinsville

Morrinsville is the key industrial area in the north of the district. It has a total zoned industrial area of 48.6 ha split across two areas. The location and development status of Morrinsville's Industrial Zone areas are shown in Figure 5.4.

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

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

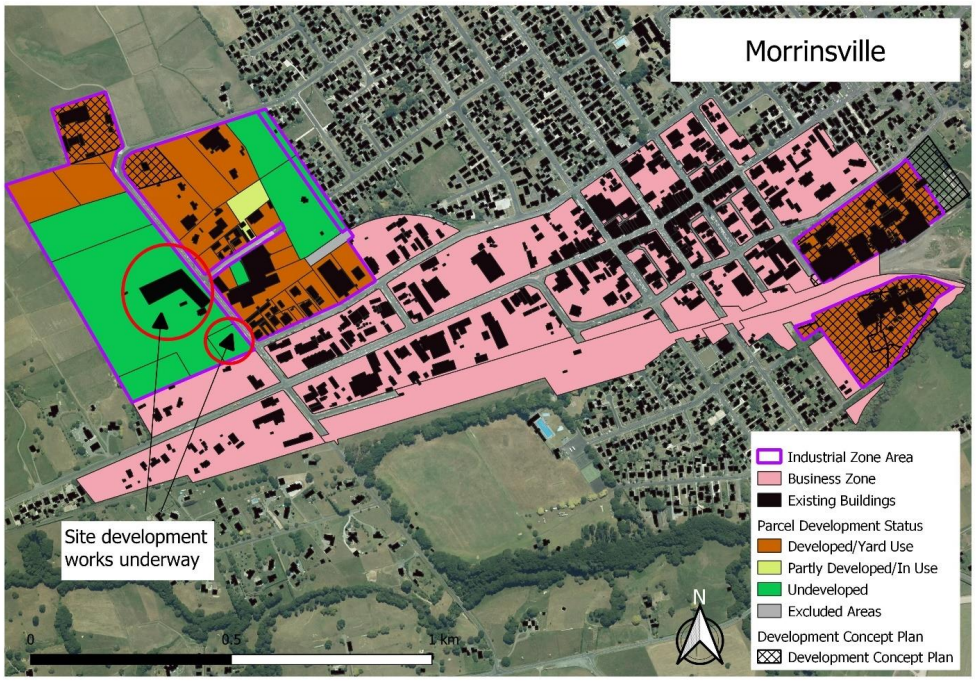
There is an estimated (net) 18.3 ha of industrial land development capacity within this north-western area (taking into account the required setback areas from adjacent non-industrial uses). Almost all of this capacity occurs on wholly undeveloped sites, with a minor portion on partly developed sites. Figure 5.4 shows that the capacity predominantly occurs in two large contiguous blocks of land.

Most of the western section of the industrial area is undeveloped, representing an area of urban expansion. The field survey found that early stages of land development are occurring on part of this large block of

land. However, it has been included within the capacity estimate as it will be able to accommodate a share of the future projected demand.

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

Figure 5.4: Morrinsville Existing Industrial Zone Area and Development Status



Morrinsville South

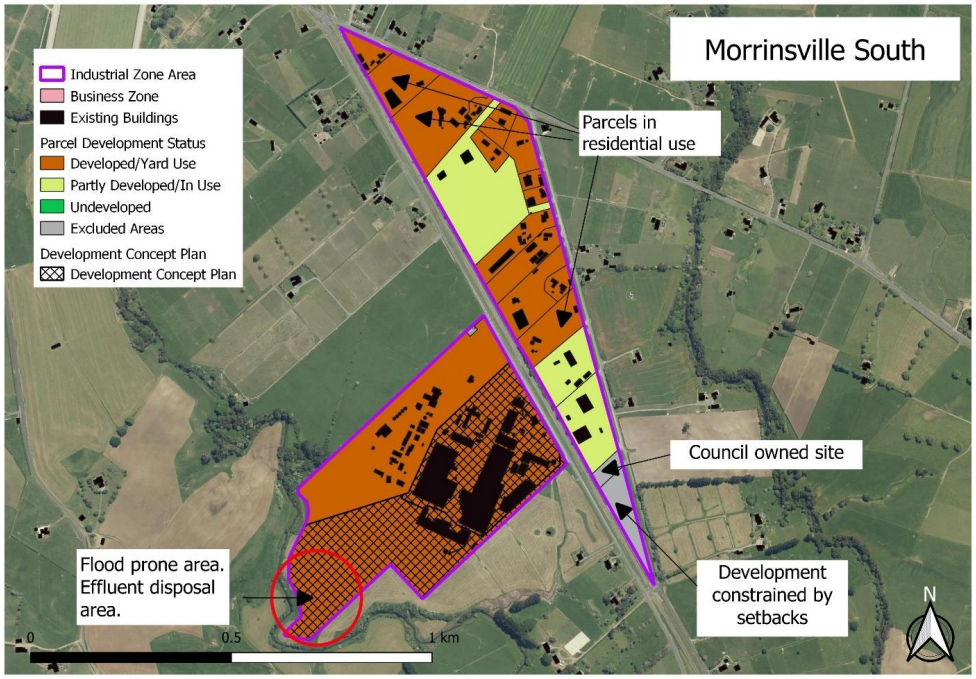
There is a further 51.5 ha of Industrial Zone land approximately 2-3 kilometres south of Morrinsville's urban area on Morrinsville-Walton Road. The location and development status of this Industrial Zone area is shown in Figure 5.5.

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

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

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

Figure 5.5: Morrinsville South Existing Industrial Zone Area and Development Status



Te Aroha

Te Aroha is one the main townships located within the north of the district. It contains a significant residential and Business Zone area, but only a minor area of Industrial Zone. The location and development status of the Industrial Zone area in Te Aroha is shown in Figure 5.6.

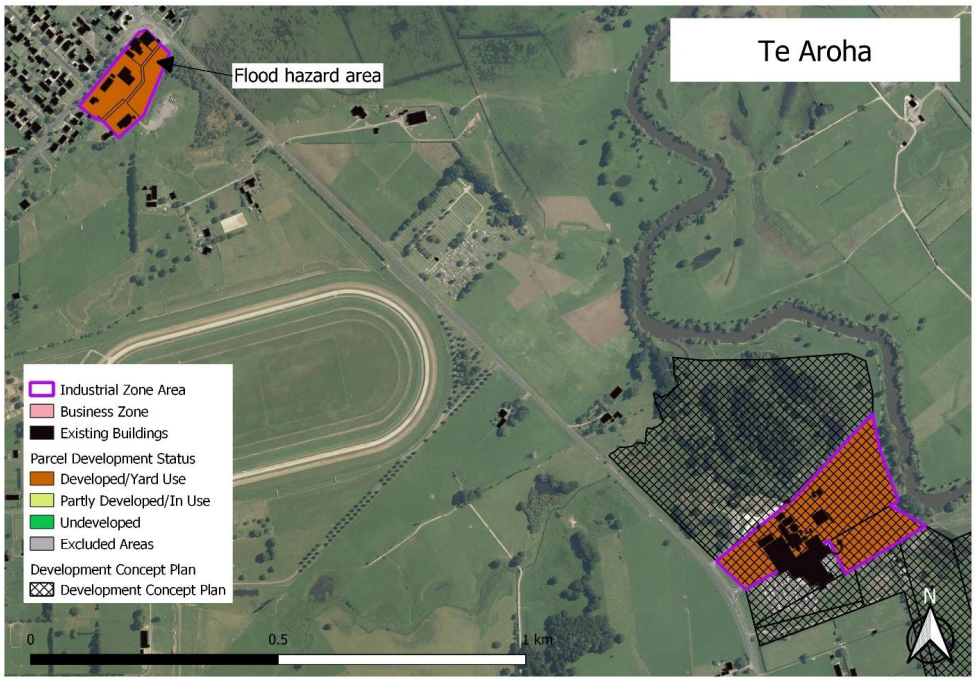
In total, Te Aroha contains 7.7 ha of industrial zone area and is not estimated to contain and undeveloped capacity for further industrial development.

Three-quarters (75%; 5.7 ha) of the Industrial Zone area is located around 1.7 kilometres south east of Te Aroha's urban edge on Stanley Road South. It is an area of zoning covered by a DCP for an agricultural

manufacturing/processing operation (Silver Fern Farms), and therefore is not available to the general market for development. The rear portion of this site also falls within the flood hazard overlay area and is therefore unsuitable for development.

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

Figure 5.6: Te Aroha Existing Industrial Zone Area and Development Status



5.3 Business Zone

5.3.1 Approach

The capacity assessment was to include the Business Zone within each of the main township areas. The approach was consistent with the capacity assessment across the Industrial Zone where appropriate. It also included necessary adjustments to reflect both the requirements of the Business Zone and the development patterns of activity occurring within the zone.

The key stages are set out below.

Spatial Framework

The Business Zone capacity assessment applied the spatial framework established in Sections 2.2 and 2.4. Capacity was reported for each of the main urban townships as well as Waharoa.

The Business Zone of each township area was further subdivided to include a 'core' and 'outer' area, and a residential area. These subdivisions reflect important differences in the activity patterns within the zone that determine its alignment with projected future demand. The core areas within each township generally contain the mainstreet retail areas and most centralised parts of the zone. These are the main pedestrian town centre environments. The outer areas are the remainder of the zone that is used for business uses. The balance of the zone – the residential area – is residential suburban areas that have a Business zoning that could be redeveloped for future business uses.

Land Use Survey

A detailed land use survey was undertaken by MPDC across all parts of the Business Zone within each of the main urban township areas. The survey was undertaken at the property parcel level and captured information on the size of the parcel, level of activity and type of activity (e.g. commercial, retail, industrial, residential, etc).

The survey also identified which parcels contained land actively used for commercial and industrial yard space. Yard space usage forms a significant component of the business activity across the district. It is important that the capacity and demand sufficiency assessment makes adequate allowance for yard space when identifying the future space requirements for business activity across the district.

The first stages in the development potential of parcels were informed by the survey. It identified the development status of each parcel, coding parcels as either fully or partially developed (or vacant or in yard space uses). Partially developed parcels were further assessed in subsequent stages to determine their suitability for further potential development.

The survey also identified parcels that should be excluded from the capacity assessment. These include parcels/parts of parcels that were used for public infrastructure (e.g. reserves, public car parks) or were unsuitable for development due to their hazard status. Flooding hazards excluded a large share of the zoned development potential within Te Aroha.

Information from the MPDC land use survey formed inputs to subsequent stages in the capacity and demand calculations conducted by M.E.

GIS Integration with Other Spatial Datasets

The MPDC land use survey was spatially integrated with other geographic datasets within the GIS. These included zoning boundary files, LINZ parcel boundaries, LINZ building footprint outlines and the spatial framework areas established in earlier stages of the assessment.

The spatial integration of datasets forms an important stage in the assessment for the further modelling of capacity and the alignment with demand calculations by location.

Geometric FME Modelling to Calculate Vacant Potential Areas

Detailed spatial modelling was undertaken by M.E using FME GIS modelling programmes. M.E's infill capacity model was used to calculate the size of the vacant areas of Business Zone parcels that could potentially accommodate further development.

The parcels identified as partially developed in the land use survey were tested for their ability to accommodate additional buildings or yard areas. The resulting areas reflect the likely useable space within each parcel that could be taken up by other land uses and therefore form part of the estimated capacity within the zone.

The model operates at the parcel level. It takes into account the size and shape of the parcel, the positioning and extent of any existing development, accessibility of the development area, planning site requirements (e.g. setbacks) and the ability to reasonably accommodate a building platform area.

A stylised example of the potential development area on a site, identified from the model, is displayed in Figure 5.7. The key stages[30] of the geometric model are summarised as:

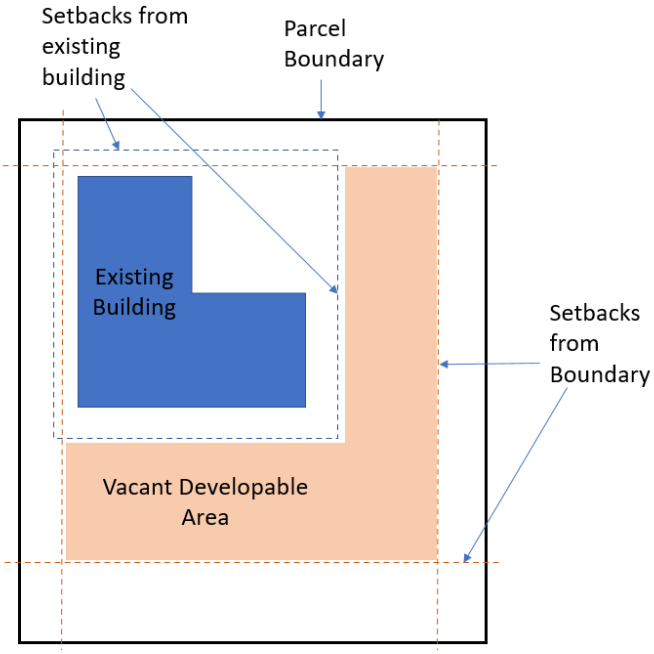
- Application of required setback areas[31].
- Bufferring of existing buildings on site.
- Exclusion of minor dimension areas (e.g. narrow portions of vacant areas occurring around existing buildings).
- Testing the ability to accommodate a building platform[32].
- Testing the final site size area.

[30] These are the broad components of the model, with each stage contain a number of more detailed calculations.

[31] The modelling applied the 5m setback area from the road parcel boundary across all Business Zone parcels that fell outside the shop front overlay areas. Setbacks from road boundaries were not applied to the parcels that were within this overlay.

[32] A 14m diameter circle was applied as a shapefactor. This had the same effect as the 150m2 rectangular area, with a 10m minimum dimension, initially suggested by MPDC.

Figure 5.7: Stylised Example of Vacant Capacity on a Partially Developed Parcel



Short, Medium and Long-Term Capacity

The capacity identified within the Business Zone areas is constant across the short, medium and long-term assessment timeframes. This is because there are no further changes in the zoned area or the infrastructure allowance to increase capacity within existing zoned areas.

Infrastructure

The Business Zone capacity assessment applies the same infrastructure allowances as the Industrial Zone capacity assessment.

Outputs

The Business Zone capacity assessment identifies several types of development capacity within the zone. These have been disaggregated by type and location as these affect the suitability of the capacity. The types of capacity include vacant parcels, partly vacant parcels, and residential areas.

Significant portions of the Business Zone area cover land area that is currently in residential uses. These areas are more likely to occur as capacity through the potential redevelopment of the existing residential uses.

The capacity assessment also identifies the area currently in yard space uses within the zone. While this area is currently in use, it is useful to understand the extent of this area for potential future redevelopment to higher intensity uses.

5.3.2 Development Capacity within the Business Zone

There is a total area of 135 ha of Business Zone across the Matamata-Piako District. The zoned area is concentrated into the main urban townships of Morrinsville (60.7 ha), Matamata (40.7 ha) and Te Aroha (26.4 ha), which collectively contain 95% of the district's Business Zone. The remaining 5% is within Waharoa (5.3 ha) and in a smaller settlement of Waihou (1.9 ha) in the northern part of the district.

The current development status of the Business Zone is shown in Table 5-2. It shows the land area (and share of land area) by development status of the land within each of the main urban townships. Overall, 41% of the land area is either partly or fully developed, with a further 25% of land that is excluded from the capacity assessment. A large share of this excluded land is developed, but is excluded from consideration within the capacity assessment due to the presence of flooding hazards or other factors (e.g. occupied by public infrastructure). Te Aroha contributes substantially to this area, where nearly three-quarters of the land area is subject to flooding hazards.

A relatively high share (19%) of the Business Zone land area (25.1 ha) is currently used as yard space. This is highest in Morrinsville where 30% of the zoned area is used for yard-based purposes.

The survey found that vacant parcels made up around 3% (3.8 ha) of the total zoned area. This excludes any vacant areas in locations excluded from the assessment due to flooding hazards or other factors. The largest total vacant area (2.6 ha) is within Morrinsville, with smaller amounts of vacant parcels within the other urban townships. There is also a share of vacant development potential on partly developed sites, which are outlined subsequently.

Table 5-2 shows that the district contains significant portions of Business Zoned area that is currently occupied by residential uses. In total, there are 15.5 ha (11%) of land occupied by residential dwellings. Within Morrinsville and Matamata, these are predominantly older dwellings where zoning may provide for future expansion of the townships' commercial areas. Within Te Aroha, there are a number of recent lots formed for the construction of residential dwellings, some of which have recently been constructed, within these areas of the Business Zone.

The largest areas of Business Zone currently in residential land uses occur within Matamata (6.9 ha) and Morrinsville (4.4 ha), followed by Te Aroha (3.3 ha). There are further areas of residential uses within the Te Aroha Business Zone, although these are excluded from the capacity due to the flooding hazard overlay.

Table 5-2: Land Development Status by Location: Matamata-Piako District 2022

Business Areas	Business Zoned Area (ha)	Land Development Status						
		Developed	Residential Redevelopment Potential	Yard Space	Vacant	Vacant Potential/ Partly developed	Excluded	Not in Survey
	Land Area (Ha)							
Main Townships								
Matamata	40.7	10.9	6.9	6.3	0.2	11.4	5.0	-
Morrinsville	60.7	9.3	4.4	18.1	2.6	18.0	8.3	-
Te Aroha	26.4	1.8	3.3	0.4	0.1	1.6	19.2	-
Waharoa	5.3	0.4	0.5	0.3	0.9	1.8	1.3	-
Total Main Townships	*133.2*	*22.4*	*15.1*	*25.1*	*3.8*	*32.9*	*33.9*	-
Other	1.9	-	0.4	-	-	0.6	-	0.9
Total Areas	**135.0**	**22.4**	**15.5**	**25.1**	**3.8**	**33.4**	**33.9**	**0.9**
	Share within Area							
Main Townships								
Matamata	100%	27%	17%	16%	1%	28%	12%	0%
Morrinsville	100%	15%	7%	30%	4%	30%	14%	0%
Te Aroha	100%	7%	12%	1%	0%	6%	73%	0%
Waharoa	100%	8%	10%	5%	17%	34%	25%	0%
Total Main Townships	*100%*	*17%*	*11%*	*19%*	*3%*	*25%*	*25%*	*0%*
Other	100%	0%	20%	0%	0%	31%	0%	49%
Total Areas	**100%**	**17%**	**11%**	**19%**	**3%**	**25%**	**25%**	**1%**
	Share within District							
Main Townships								
Matamata	30%	8%	5%	5%	0%	8%	4%	0%
Morrinsville	45%	7%	3%	13%	2%	13%	6%	0%
Te Aroha	20%	1%	2%	0%	0%	1%	14%	0%
Waharoa	4%	0%	0%	0%	1%	1%	1%	0%
Total Main Townships	*99%*	*17%*	*11%*	*19%*	*3%*	*24%*	*25%*	*0%*
Other	1%	0%	0%	0%	0%	0%	0%	1%
Total Areas	**100%**	**17%**	**11%**	**19%**	**3%**	**25%**	**25%**	**1%**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2022 and Matamata-Piako District Council Land Use Survey, 2022.

The estimated capacity by type and location within Business Zone is shown in Table 5-3. The capacity within this table is a subset of the area contained within Table 5-2. The differences reflect a combination of the application of setback areas (where required) and includes a calculation of the vacant portion of the partly developed sites. The potential capacity is disaggregated by type as there are important differences between the suitability of different types of capacity.

Table 5-3 shows that there is a total vacant area of 15.7 ha within the Business Zone across the district (net of excluded sites). This includes 3.1 ha of fully vacant parcels and 12.7 ha of vacant portions of parcels that already contain some development. These exclude yard areas, which are reported separately in the last column of the table.

Over half (57%) of the vacant area is contained within Morrinsville (8.9 ha), and around one-quarter (27%; 4.3 ha) within Matamata. These main township areas also contain significant areas of residential uses within the Business Zone which may provide opportunity for future expansion of commercial activity.

In addition to the vacant areas, there is a further 13.9 ha of Business Zone land area that is currently occupied by residential uses. The residential areas reported in the table include the total residential parcel

area (with an adjustment made for the required setbacks) on the basis that these sites would occur as capacity through redevelopment of the whole site area.

The largest Business Zone area currently in residential uses occurs mainly in Matamata (6.2 ha), with sizeable areas also in Morrinsville (3.9 ha) and Te Aroha (3.0 ha). Some of the Business Zone residential development is excluded due to flood hazards within Te Aroha. The residential development areas, in combination with the vacant areas, amount to 29.7 ha of land area.

There is a further 9.6 ha of the Business Zone area that is currently used for yard-based purposes.

Table 5-3: Business Zoned Estimated Potential Development Capacity by Type and Location

Business Areas	Type					
	Vacant	Vacant Parts of Developed Sites	Total Vacant Area	Residential Redevelopment Potential	Total Vacant and Residential Redevelopment Potential	Yard Space
	Land Area (Ha) [1]					
Main Townships						
Matamata	0.1	4.2	**4.3**	6.2	**10.6**	2.0
Morrinsville	1.9	7.0	**8.9**	3.9	**12.8**	7.3
Te Aroha	0.0	0.7	**0.7**	3.0	**3.7**	0.1
Waharoa	0.6	0.5	**1.1**	0.5	**1.6**	0.2
Total Main Townships	*2.6*	*12.4*	***15.0***	*13.6*	***28.6***	*9.6*
Other	0.5	0.3	**0.7**	0.3	**1.0**	-
Total Areas	**3.1**	**12.7**	**15.7**	**13.9**	**29.7**	**9.6**
	Share by Location					
Main Townships						
Matamata	3%	33%	**27%**	45%	**36%**	21%
Morrinsville	60%	56%	**57%**	28%	**43%**	76%
Te Aroha	2%	5%	**5%**	21%	**12%**	1%
Waharoa	20%	4%	**7%**	3%	**5%**	2%
Total Main Townships	*85%*	*98%*	***95%***	*98%*	***96%***	*100%*
Other	15%	2%	**5%**	2%	**4%**	0%
Total Areas	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2022 and Matamata-Piako District Council Land Use Survey, 2022.

[1] Sites within excluded areas are not included within these totals.

A further disaggregation of the estimated capacity is provided in Table 5-4. It disaggregates the capacity by type of location within each of the main township areas. It shows that most of the vacant area capacity

occurs within the outer commercial areas of the Business Zone within the townships. In total, 13.8 ha of the 15.0 ha of township vacant capacity occurs within the outer areas, and 1.2 ha within the core areas. A small amount of the vacant area (0.1 ha) occurs within the wider Business Zone area currently occupied by residential uses.

The Business Zone land area currently in yard-based uses is also concentrated into the outer area of the zone that is being used for business uses. Most of the yard-based uses occurs within Morrinsville's outer area.

Table 5-4: Business Zoned Estimated Potential Development Capacity by Type and Location Within Township Area

Business Areas	Type[1]					
	Vacant	Vacant Parts of Developed Sites	Total Vacant Area	Residential Redevelopment Potential	Total Vacant and Residential Redevelopment Potential	Yard Space
Main Townships						
Matamata Core	-	0.7	**0.7**	-	**0.7**	0.2
Matamata Outer	0.1	3.4	**3.5**	-	**3.5**	1.8
Matamata Residential	-	0.1	**0.1**	6.2	**6.3**	-
Total Matamata	*0.1*	*4.2*	***4.3***	*6.2*	***10.6***	*2.0*
Morrinsville Core	-	0.3	**0.3**	-	**0.3**	0.1
Morrinsville Outer	1.9	6.8	**8.6**	0.2	**8.8**	7.1
Morrinsville Residential	-	-	**-**	3.7	**3.7**	-
Total Morrinsville	*1.9*	*7.0*	***8.9***	*3.9*	***12.8***	*7.3*
Te Aroha Core	-	0.1	**0.1**	0.1	**0.2**	-
Te Aroha Outer	0.0	0.6	**0.6**	0.4	**1.0**	0.1
Te Aroha Residential	-	-	**-**	2.5	**2.5**	0.0
Total Te Aroha	*0.0*	*0.7*	***0.7***	*3.0*	***3.7***	*0.1*
Wahaora Core	-	0.1	**0.1**	-	**0.1**	0.0
Wahaora Outer	0.6	0.4	**1.0**	-	**1.0**	0.1
Wahaora Residential	-	-	**-**	0.5	**0.5**	-
Total Waharoa	*0.6*	*0.5*	***1.1***	*0.5*	***1.6***	*0.2*
Total Townships Core	**-**	**1.2**	**1.2**	**0.1**	**1.2**	**0.4**
Total Townships Outer	**2.6**	**11.1**	**13.8**	**0.6**	**14.4**	**9.2**
Total Townships Residential	**-**	**0.1**	**0.1**	**12.9**	**13.0**	**0.0**
Total Townships	**2.6**	**12.4**	**15.0**	**13.6**	**28.6**	**9.6**
Other Outer	0.5	0.3	**0.7**	0.1	**0.8**	-
Other Residential	-	-	**-**	0.2	**0.2**	-
Total Other	*0.5*	*0.3*	***0.7***	*0.3*	***1.0***	-
Total District	**3.1**	**12.7**	**15.7**	**13.9**	**29.7**	**9.6**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2022 and Matamata-Piako District Council Land Use Survey, 2022.

[1] Sites within excluded areas are not included within these totals.

The parcel size distribution of the estimated capacity is shown in Table 5-5. Overall, approximately half (52%) of the identified vacant areas (vacant and vacant portions of developed sites) within the urban townships are on sites that are between 1,000m2 and 0.5 ha. Nearly one-third (31%) of the vacant land area is on smaller sites of up to 1,000m2. These are similar to the parcel sizes of mainstreet retail shops where there is generally no/minor onsite parking.

There were only three sites identified with vacant areas that were larger than 0.5 ha within the Business Zone. These were all within Morrinsville and were within the outer areas away from the inner core part of the Zone. There are also two areas of 0.5 to 1 ha in Morrinsville that are currently used as yard space and a couple of larger blocks on the outer edge of the zone currently containing a residential lifestyle property. No other townships contained larger areas of potential development capacity.

With the exception of the larger lifestyle blocks in Morrinsville, most of the Business Zone areas currently in residential uses are on smaller sites of up to 0.5 ha. These are predominantly located on the outer edges of the zone and would result in outward expansion of the existing business area. Much of the Business Zone residential use areas are in contiguous parcels that collectively form larger overall blocks of land. There is potential for larger business operations to establish through amalgamation or redevelopment across multiple contiguous parcels. Although, the feasibility of redevelopment of existing residential uses may be limited.

Table 5-5: Business Zoned Estimated Potential Development Capacity by Type and Parcel Size

Business Areas and Parcel Size	Type[1]					
	Vacant	Vacant Parts of Developed Sites	Total Vacant Area	Residential Redevelopment Potential	Total Vacant and Residential Redevelopment Potential	Yard Space
Main Townships						
Matamata						
Up tp 500m2	-	0.7	**0.7**	0.2	**0.9**	-
501-1,000m2	-	1.7	**1.7**	2.3	**4.0**	1.0
1,001-5,000m2	0.1	1.9	**2.0**	3.8	**5.7**	1.0
5,001-1ha	-	-	**-**	-	**-**	-
1ha +	-	-	**-**	-	**-**	-
Total Matamata	*0.1*	*4.2*	***4.3***	*6.2*	***10.6***	*2.0*
Morrinsville						
Up tp 500m2	-	0.6	**0.6**	0.2	**0.8**	0.1
501-1,000m2	0.2	0.7	**0.9**	0.6	**1.5**	1.2
1,001-5,000m2	1.7	3.1	**4.7**	0.9	**5.6**	4.6
5,001-1ha	-	1.3	**1.3**	0.5	**1.9**	1.4
1ha +	-	1.3	**1.3**	1.7	**3.0**	-
Total Morrinsville	*1.9*	*7.0*	***8.9***	*3.9*	***12.8***	*7.3*
Te Aroha						
Up tp 500m2	0.0	0.1	**0.2**	0.9	**1.0**	0.1
501-1,000m2	-	0.1	**0.1**	1.5	**1.5**	0.1
1,001-5,000m2	-	0.5	**0.5**	0.6	**1.1**	-
5,001-1ha	-	-	**-**	-	**-**	-
1ha +	-	-	**-**	-	**-**	-
Total Te Aroha	*0.0*	*0.7*	***0.7***	*3.0*	***3.7***	*0.1*
Waharoa						
Up tp 500m2	0.0	0.1	**0.1**	-	**0.1**	0.0
501-1,000m2	0.2	0.2	**0.3**	0.1	**0.4**	-
1,001-5,000m2	0.4	0.2	**0.6**	0.4	**1.0**	0.1
5,001-1ha	-	-	**-**	-	**-**	-
1ha +	-	-	**-**	-	**-**	-
Total Waharoa	*0.6*	*0.5*	***1.1***	*0.5*	***1.6***	*0.2*
Total Townships						
Up tp 500m2	**0.1**	**1.5**	**1.6**	**1.2**	**2.9**	**0.3**
501-1,000m2	**0.3**	**2.6**	**3.0**	**4.4**	**7.4**	**2.2**
1,001-5,000m2	**2.2**	**5.6**	**7.8**	**5.7**	**13.5**	**5.7**
5,001-1ha	**-**	**1.3**	**1.3**	**0.5**	**1.9**	**1.4**
1ha +	**-**	**1.3**	**1.3**	**1.7**	**3.0**	**-**
Total Townships	***2.6***	***12.4***	***15.0***	***13.6***	***28.6***	***9.6***
Other						
Up tp 500m2	-	-	**-**	0.0	**0.0**	-
501-1,000m2	-	0.1	**0.1**	0.3	**0.4**	-
1,001-5,000m2	0.5	0.2	**0.6**	-	**0.6**	-
5,001-1ha	-	-	**-**	-	**-**	-
1ha +	-	-	**-**	-	**-**	-
Total Other	*0.5*	*0.3*	***0.7***	*0.3*	***1.0***	-
District Total						
Up tp 500m2	**0.1**	**1.5**	**1.6**	**1.3**	**2.9**	**0.3**
501-1,000m2	**0.3**	**2.7**	**3.0**	**4.7**	**7.8**	**2.2**
1,001-5,000m2	**2.7**	**5.8**	**8.4**	**5.7**	**14.1**	**5.7**
5,001-1ha	**-**	**1.3**	**1.3**	**0.5**	**1.9**	**1.4**
1ha +	**-**	**1.3**	**1.3**	**1.7**	**3.0**	**-**
Total District	**3.1**	**12.7**	**15.7**	**13.9**	**29.7**	**9.6**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2022 and Matamata-Piako District Council Land Use Survey, 2022.

[1] Sites within excluded areas are not included within these totals.

5.3.3 Business Land by Urban Township

This section contains maps of the combined outputs of the MDPC land use survey and the final M.E capacity calculations. The first map within each section shows the existing land use patterns across the Business Zone as identified within the MPDC land use survey. The classification relates to the activity type of the use (e.g. retail, industrial, commercial) rather than the nature of the use within the activity type (e.g. yard-based vs. shop-based, etc).

The second map then shows the development status of the land, corresponding to Table 5-2 in Section 5.3.2. This is shown in the colour shading of each parcel. The second maps also then show the areas of capacity identified on each parcel from a combination of the MPDC land use survey and M.E analysis. These correspond to the areas identified in Table 5-3 to Table 5-5 and are the diagonal hashed areas overlaying the parcels. Building outlines have been included in this map to show the potential areas of capacity in relation to the existing buildings.

Matamata

The existing pattern of land use in Matamata is shown in Figure 5.8[33]. Retail land uses occupy large shares of the Business Zone. These include the mainstreet area as well as retail throughout the outer areas of the zone. Retail within the mainstreet area is typically smaller format shops with mainstreet shop frontages. Other retail includes a mixture of larger format stores, retail premises with onsite parking, and trade retail.

There are also a range of commercial and light industrial uses in the outer parts of the zone. These tend to occupy medium to larger sized sites.

The outer edges of the zone include areas of residential uses, particularly in the south western areas.

The estimated potential capacity on the parcels is shown in Figure 5.9. There is limited capacity within the core area, particularly along road frontages. There are various areas of capacity throughout the outer area of the Business Zone. These include a mixture of areas with and without road frontage areas.

There are a number of areas of potential redevelopment capacity in the outer edges of the zone. Many of these are smaller contiguous parcels, but would form larger blocks of land if developed together.

[33] The pattern of existing land uses may differ to that in the Matamata Industrial 2021 PPC analysis due to differences in the classification of activities.

Figure 5.8: Existing Land Use in Business Zone Parcels: Matamata, 2021

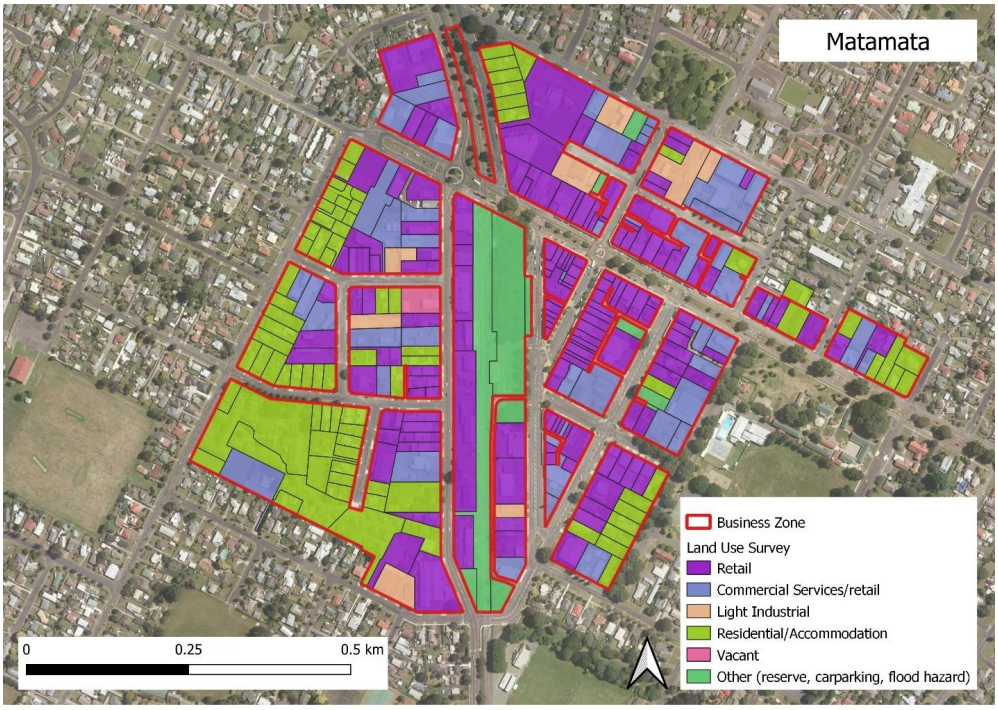
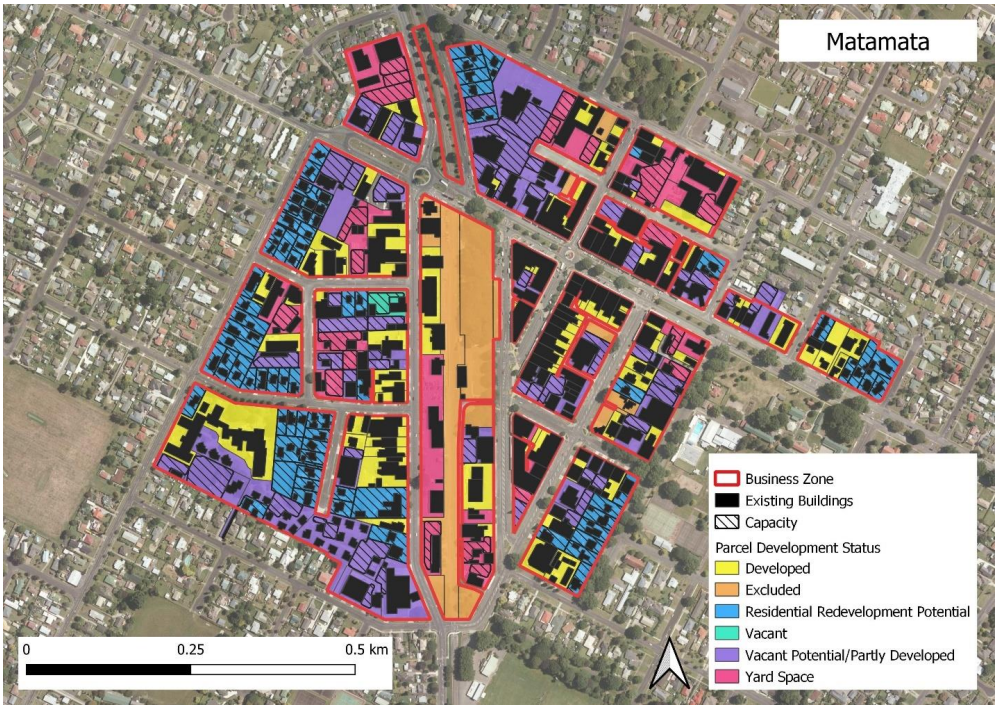


Figure 5.9: Development Status Estimated Capacity on Business Zone Parcels: Matamata, 2021



Morrinsville

The existing patterns of land use in the Business Zone in Morrinsville are shown in Figure 5.10. A large share of the area is in retail uses. This includes mainstreet retail occupying shops with road frontages in the core area, as well as other types of retail across the rest of the zone. A higher proportion of retail in the outer areas includes trade retail, with a large component of yard-based uses.

There are also a range of commercial and light industrial activities located within the zone. A higher proportion of the area immediately surrounding the core mainstreet area is in commercial uses.

The estimated potential capacity on the parcels is shown in Figure 5.11. Much of the capacity is located within the western portion of the zone away from the core mainstreet area.

Morrinsville has a smaller area of residential land uses within the Business Zone. The expansion of the core commercial area of the centre is more likely to occur through the further development of sites within the western part of the zone that are currently developed to a lower intensity.

There is a relatively sizeable portion of land used in the western part of the zone for yard-based purposes. This may represent potential for future intensification, although there is currently a significant demand for yard-based uses within this area.

Figure 5.10: Existing Land Use in Business Zone Parcels: Morrinsville, 2021

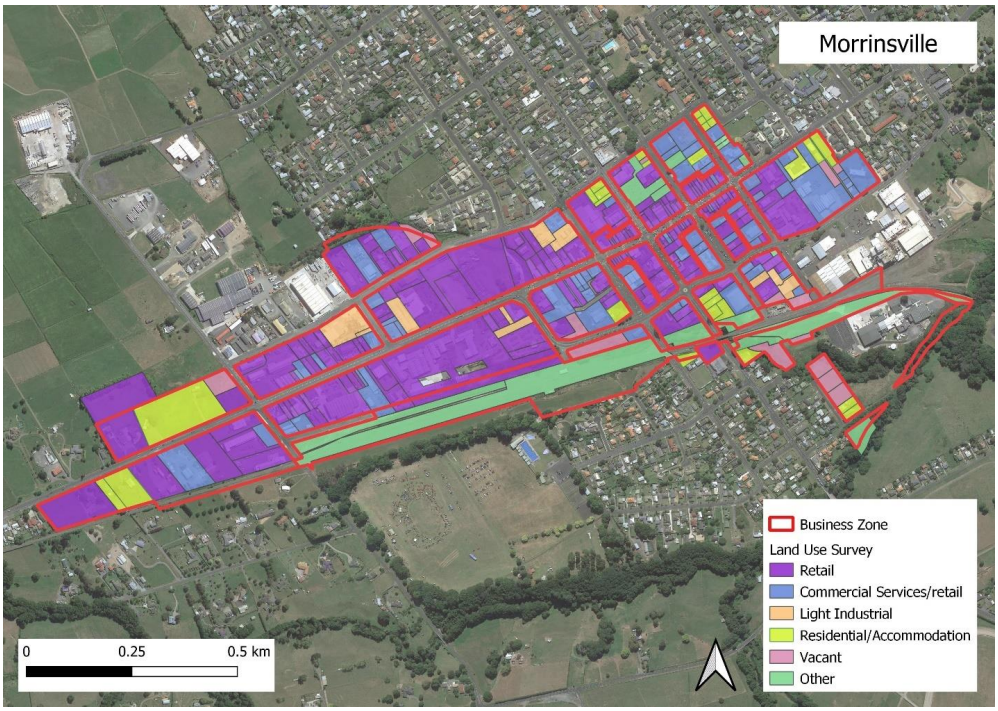
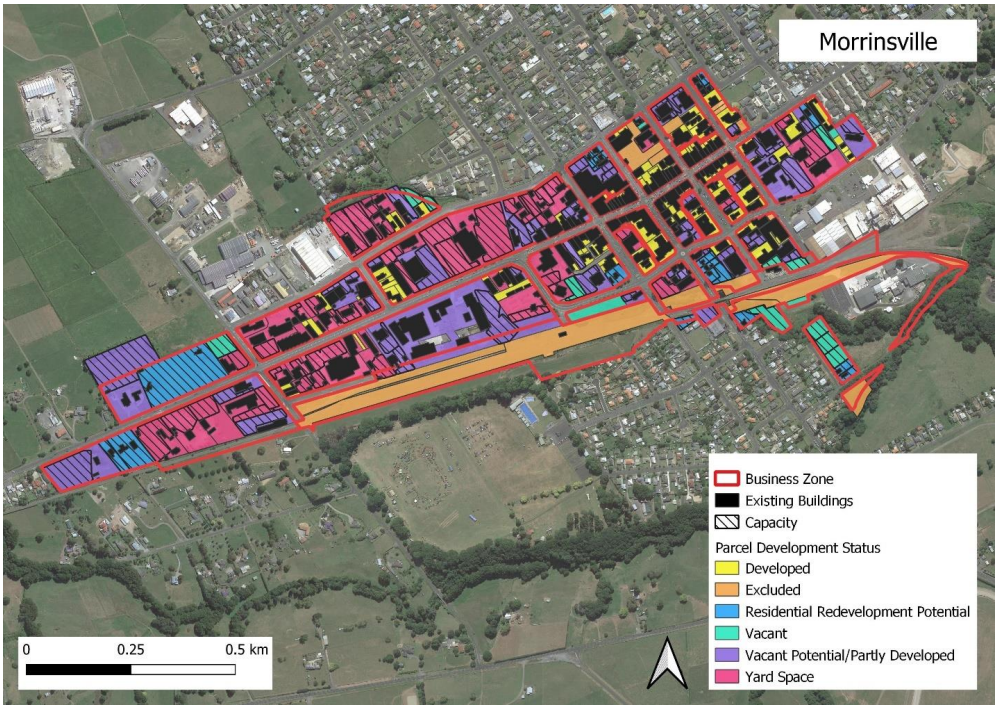


Figure 5.11: Development Status Estimated Capacity on Business Zone Parcels: Morrinsville, 2021



Te Aroha

The existing patterns of land use in Te Aroha's Business Zone are shown in Figure 5.12. Retail uses are concentrated into the core mainstreet area and central portions of the zone. Significant shares of these areas are also occupied by commercial land uses.

The Business Zone has also been applied significantly beyond Te Aroha's main business area to cover areas of residential development and other land uses (e.g. reserves). These are mainly in the north western and south eastern areas of the zone. The outer areas of the zone also include areas of light industrial uses.

The estimated capacity within Te Aroha's Business Zone is shown in Figure 5.13. A very large share of the potential capacity within the township is excluded due to the presence of flood hazards from the Waihou River. This excludes almost all of the potential capacity within the southern part of the zone, including nearly all of the core area.

The remaining areas assessed for capacity occur in the north western part of the zone. Many of these are parcels in residential uses, which may provide areas for future expansion of the business area. The feasibility of redevelopment may be limited, particularly as a share of these are dwellings that have recently been constructed or lots that have recently been formed for residential uses.

Figure 5.12: Existing Land Use in Business Zone Parcels: Te Aroha, 2021

Figure 5.13: Development Status Estimated Capacity on Business Zone Parcels: Te Aroha, 2021

Waharoa

Waharoa, a smaller urban area, contains a correspondingly smaller Business Zone area. Figure 5.14 shows that a large share of the zone is located adjacent to the railway line and State Highway 27 and therefore occupied by transport associated uses, meaning it is excluded from potential capacity.

The remainder of the zone contains a mixture of different land uses and includes a higher proportion of vacant parcels than other urban townships. Land use within Waharoa is typically lower density than the other townships and occurs in a linear structure following the main state highway.

The estimated capacity in Waharoa's Business Zone is shown in Figure 5.15. A high share of the development capacity occurs on vacant parcels. There is also potential capacity on undeveloped portions of parcels, and residentially occupied parcels across the extent of the zone.

Infrastructure constraints mean that plan enabled capacity within Waharoa is not included in the sufficiency assessment to meet potential future demand (refer to Section 5.2.1).

Figure 5.14: Existing Land Use in Business Zone Parcels: Waharoa, 2021

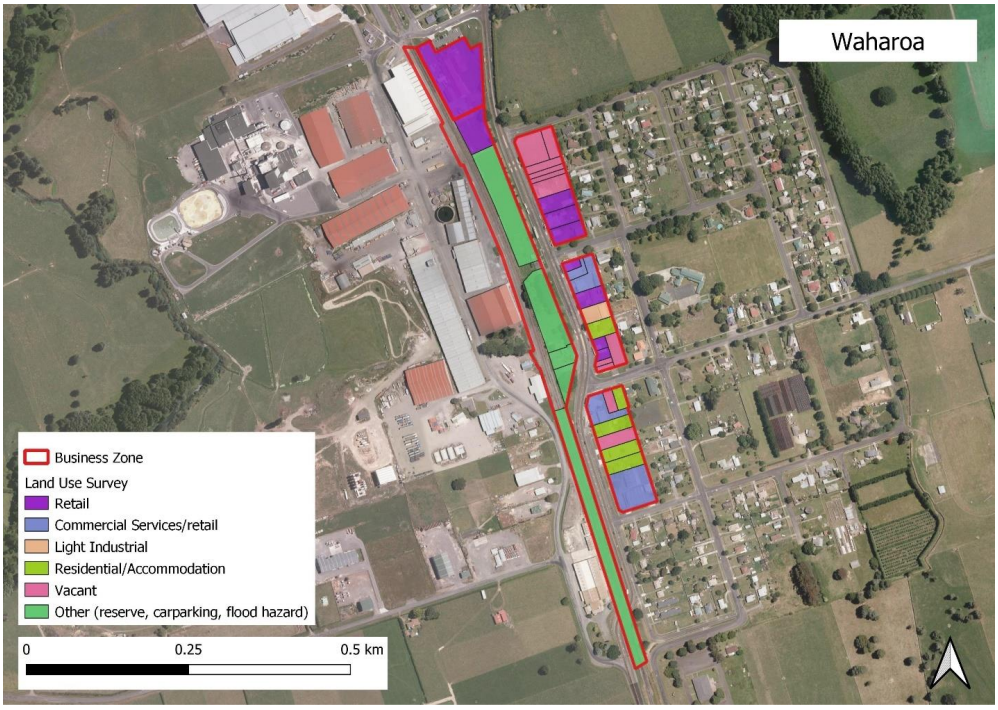
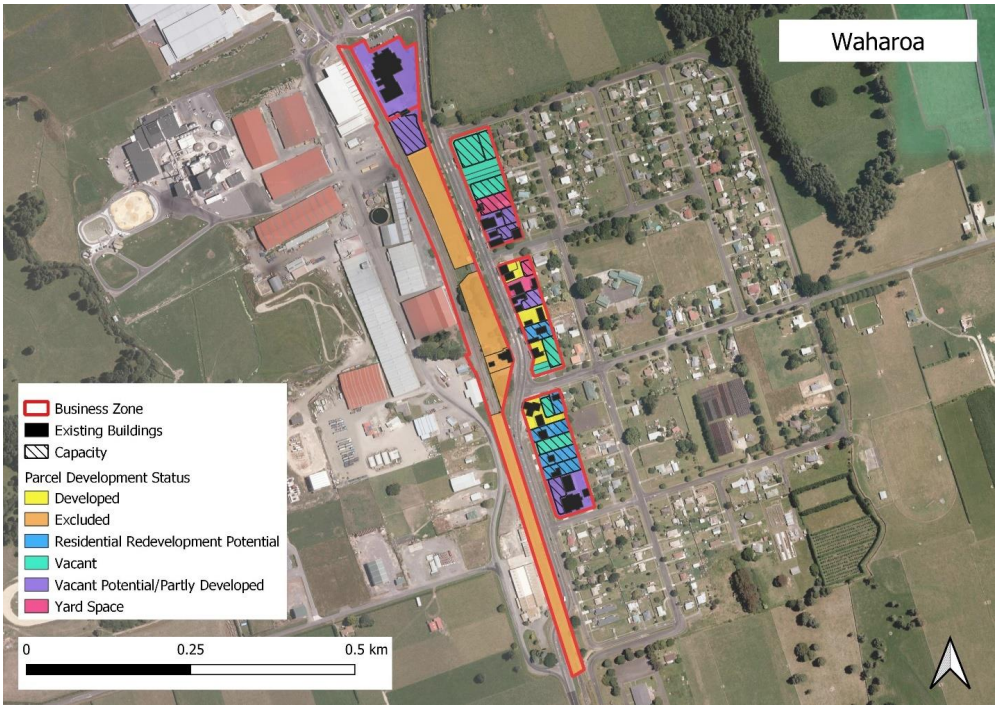


Figure 5.15: Development Status Estimated Capacity on Business Zone Parcels: Waharoa, 2021



6 Sufficiency of Capacity

In this section the results of the demand and capacity assessments are brought together to provide a quantitative comparison between them in order to determine the sufficiency of capacity provided for in the Matamata-Piako District's urban townships.

Under Section 3.3 of the NPS-UD it states that local authorities must provide "*at lease sufficient development capacity in its region or district to meet the expected demand for business land*". It goes on to define sufficiency as being capacity that must be:

- Plan enabled,
- Infrastructure ready,
- Suitable to meet the demands of different business sectors, and,
- Meets the expected demand plus the appropriate competitiveness margin (for Tier 1 and 2 local authorities)

In practice, that means that the land required is zoned and feasible for the next 10 years (short to medium term) and has been identified in the various plans and strategic documents over the next 30 years (the long term).

This section reports the sufficiency of the estimated capacity within the Business and Industrial zones to meet the projected demand over the short, medium and long-term. Results for zone are reported separately by each of the district's urban townships.

NPS-UD Competitiveness Margin

Section 3.22 of the NPS-UD requires a competitiveness margin to be applied to the projected demand for Tier 1 and 2 urban environments. It states:

> *"A competitiveness margin of development capacity, over and above raw expected demand that tier 1 and 2 local authorities are required to provide, that is required in order to support choice and competitiveness in housing and business land markets*

The application of margins is only required for Tier 1 and 2 local authorities, and are not required for the district as a Tier 3 local authority, but have been requested by MPDC as a sensitivity test to reflect a range of potential future outcomes. Margins were applied as a baseline position in the previous 2022 assessment to achieve consistency with the earlier assessment undertaken for the original FPP area. However, the subsequent introduction of the NPS-HPL means that a baseline position without the application of a margin is appropriate.

The competitiveness margins for both housing and business land are[34];

- For the short-term (2023-2026), 20%,
- for the medium term (2023-2033), 20%,

[34] Where there is a negative net change, a margin has not been applied to the net decrease. This results in a more conservative sufficiency assessment as it reduces any net decreases in demand.

- for the long term (2023-2054)[35], 15%.

For completeness, this sections presents the sufficiency assessment with and without a margin applied to future demand estimates.

6.1 Business Zone

Introduction and Structure of Assessment

The sufficiency of the Business Zone capacity withn each of the main urban townships is summarised in Table 6-1. It compares the estimated capacity with the projected demand (with and without a margin) occurring within the Business Zone.

The first two columns of the table contain the estimated capacity from Section 5.3. Two measures of capacity have been examined to provide a range of the potential development options. The first includes only the capacity on vacant sites and vacant areas on developed sites. The second includes this capacity together with the capacity that could occur through redevelopment of Business Zone land currently in residential uses.

The upper section of the remaining six columns contain the projected demand for Business Zone land from Section 4.2.1 with and without the margin applied across three time periods. The lower sections of these columns compare the projected demand with the estimated capacity. These are expressed in Ha as the net difference between projected demand and estimated capacity, where demand is subtracted from capacity. Values greater than 0 ha suggest a projected surplus of capacity, while values less than 0 ha indicate a potential shortfall. The first sufficiency comparison includes only the vacant areas (including vacant portions of developed sites), and the second comparison also includes the areas of the zone currently in residential uses.

Suffficiency Assessment

Table 6-1 suggests that there is likely to be sufficient capacity within the Business Zone to meet the projected long-term demand across the urban townships of Matamata and Morrinsville, and Te Aroha if the capacity is taken up within the Business Zone area currently occupied by residential uses. The exception occurs in Waharoa, where there is a projected shortfall of around 1.2 ha ha in the long-term under both capacity scenarios. Including a margin the projected shortfall increases to 1.4 ha in the long-term under both scenarios.

The middle portion of the table (which includes capacity on vacant areas) indicates that there is an estimated long-term surplus for Matamata and Morrinsville. There is a small shortfall of 0.04 ha (0.2 ha with a margin) within Te Aroha and a shortfall of 1.2 ha (1.4 ha with a margin) in Waharoa. This pattern is projected on the basis of development occurring largely within the existing extent of the business development area within the zone. In the short and medium-term, the projected surpluses in Matamata

[35] A 20% margin is applied to the net change in demand for the short and medium-term. A 15% margin is applied to the further net change that occurs after 2031.

and Morrinsville are larger, and there is a small surplus in Te Aroha, as demand is projected to be smaller in these shorter timeframes.

The lower portion of the table suggests that if the business area were to expand into the Business Zone areas that are currently in residential uses, then the projected surpluses would be considerably larger. In the long-term, the projected surpluses amount to between 2.9 ha and 7.7 ha (2.8 ha and 7.1 ha with a margin) in each of the main urban townships.

The ability for business uses to expand into the area currently occupied by residential uses may be constrained by the feasibility of redeveloping the sites into other uses. This is likely to limit the potential for these sites to be occupied by lower value light industrial uses or land extensive commercial uses. There is likely to be greater potential for higher value commercial uses to redevelop sites in the longer term, or for commercial activities to occupy residential premises within the short to medium-term.

The exception to the projected surpluses is projected to occur within Waharoa. This is largely due to the infrastructure constraint where no capacity for additional business growth has been included. This results in a small shortfall of around 0.1 ha in the short-term, increasing to around 1.2 ha in the long-term. With the margin included, the shortfall increases to 0.2 ha in the short-term, increasing to 1.4 ha in the long-term.

Despite the projected shortfall in Waharoa, it is likely that a significant portion of this shortfall in Business Zone land capacity could instead be met within Matamata due to its proximity. In comparison, Matamata has an estimated long-term surplus of 1.5 ha (0.9 ha with a margin), or 7.7 ha (7.1 ha with a margin) if the residential Business Zone area is included.

At the district level, the urban townships combined have a project long-term Business Zone capacity surplus across the short, medium and long term if both vacant areas are included, and if residential redevelopment potential is also included. In the short-term, the total capacity surplus is projected to amount to 12.8 ha to 26.0 ha (12.6 ha to 25.7 ha with a margin). This is projected to decrease to 10.1 ha to 23.2 ha (9.3 ha to 22.4 ha with a margin) in the medium-term, and to between 2.9 ha and f 16.1 ha (0.9 ha to 14.1 ha with a margin) in the long-term.

Table 6-1: Sufficiency of Business Zone Capacity by Urban Township

Location	Infrastructure-Served Capacity (Ha)		No Margin			Including Margin		
	Total Vacant Area	Vacant Area and Residential Redevelopment Potential	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054
			NET CHANGE IN DEMAND (Ha)					
Matamata	4.3	10.6	0.4	1.4	2.9	0.4	1.7	3.5
Morrinsville[1]	8.9	12.8	0.6	1.9	6.2	0.8	2.3	7.2
Te Aroha	0.7	3.7	-0.0	0.1	0.8	-0.0	0.1	0.9
Waharoa	-	-	0.1	0.4	1.2	0.2	0.5	1.4
Total Townships	**13.9**	**27.1**	**1.1**	**3.9**	**11.0**	**1.4**	**4.7**	**13.0**
			SUFFICIENCY (net Ha) - Total Vacant Area					
Matamata	4.3		3.9	2.9	1.5	3.9	2.6	0.9
Morrinsville[1]	8.9		8.3	7.0	2.7	8.1	6.6	1.7
Te Aroha	0.7		0.7	0.6	-0.0	0.7	0.6	-0.2
Waharoa	-		-0.1	-0.4	-1.2	-0.2	-0.5	-1.4
Total Townships	**13.9**		**12.8**	**10.1**	**2.9**	**12.6**	**9.3**	**0.9**
			SUFFICIENCY (net Ha) - Total Vacant Area + Residential Redevelopment Potential					
Matamata		10.55	10.2	9.2	7.7	10.1	8.9	7.1
Morrinsville[1]		12.84	12.2	10.9	6.6	12.1	10.5	5.6
Te Aroha		3.68	3.7	3.6	2.9	3.7	3.5	2.8
Waharoa		-	-0.1	-0.4	-1.2	-0.2	-0.5	-1.4
Total Townships		**27.07**	**26.0**	**23.2**	**16.1**	**25.7**	**22.4**	**14.1**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023 and Matamata-Piako District Council Land Use Survey, 2022.

Part of the surpluses within the Business Zone are projected to occur as a result of the projected changes in the structure of activity within the zone. The WISE model employment projections suggest that retail employment is likely to decrease across the district through time. Growth is projected to instead occur within the other commercial services sector. Commercial services have lower floorspace per employee ratios, therefore reducing the overall land demand through time.

A greater share of demand for commercial services is likely to reduce any potential capacity pressures within the mainstreet core areas. Commercial services are likely to be less reliant on central areas within the Business Zone than smaller format retail uses.

The assessment is based on the underlying growth patterns within the WISE Model. If a higher share of growth instead occurs within the retail sector, then this is likely to create greater pressure for land uses within the inner core areas of the Business Zone. These areas generally have less vacant capacity, particularly within the mainstreet locations. However, the existing patterns of business activity in these areas suggest there is likely to be potential for intensification within these areas, particularly within the core areas of the zone immediately surrounding the mainstreet.

The land use survey has found significant levels of retail development already occurring on the streets perpendicular to Matamata's mainstreet area, and within Morrinsville. If a higher level of retail sector

growth occurs in the future, then this area is likely to intensify further, with some commercial services and light industrial uses becoming more focussed into outer parts of the zone.

The patterns of existing land uses and estimated capacity within Morrinsville indicate there is potential for future western linear expansion of retail and commercial activities. There are several larger areas of potential capacity that may be suitable to accommodate larger format retail if the sector were to expansion.

6.2 Industrial Zone

Introduction and Structure of Assessment

The sufficiency of the Industrial Zone capacity withn each of the main urban townships is summarised in Table 6-2. It compares the estimated capacity with the projected demand (with and without a margin) occurring within the Industrial Zone.

The first column of the table contains the infrastructure-served estimated capacity from Section 5.2. The short, medium and long term capacity includes the plan enabled provision within the ODP.

The upper half of the remaining columns of the table contain the net change in projected Industrial Zone demand from Section 4.2.2. The lower section of the table compares the projected demand with the estimated capacity, applying the existing capacity across all three time periods.

The comparisons in the lower half of the table are expressed in Ha as the net difference between projected demand and estimated capacity, where demand is subtracted from capacity. Values greater than 0 ha suggest a projected surplus of capacity, while values less than 0 ha indicate a potential shortfall.

Table 6-2 presents both projected demand and sufficiency without and with a competitiveness margin applied.

Suffficiency Assessment

The assessment indicates that there is generally a projected Industrial Zone land surplus in the short-term at the district level. The projected surplus amounts to between 32.2 ha and 37.4 ha when considered at the district level. Including a margin, this surplus decreases to between 29.3 ha and 35.7 ha.

Within the district, there are projected small shortfalls emerging in the short-term within Te Aroha of up to 1.0 ha (and up to 1.2 ha when a margin is included). This is primary due to the exclusion of further capacity as a result of flooding hazard constraints. Despite a shortfall in Te Aroha, there are surpluses more broadly within the northern and southern parts of the district if demand could be met at a higher spatial scale in Matamata and Morrinsville.

Shortfalls in capacity are projected to emerge in the medium-term across some parts of the district. These are projected to occur in Matamata and Te Aroha. At the district-level, there is a projected surplus of between 3.2 ha to 19.3 ha in the medium-term. If a margin is applied, this range decreases to 13.9 ha and to a potential shortfall of 5.5 ha.

There is a medium-term projected shortfall of between 0.4 ha and 7.3 ha in Matamata (increasing to a shortfall of 2.7 ha to 10.9 ha if a margin is applied). Some of this shortfall could potentially be met through a projected surplus in capacity in Wahaora, which is also able to serve demand arising broadly within the southern parts of the district. When combined, there is a projected surplus of 1.4 ha to 9.4 ha across the district's southern urban towns. If a margin is applied and higher rates of land use occur, then there is a projected shortfall of 2.8 ha.

The projected shortfall in Te Aroha increases to 1.8 ha to 2.9 ha in the medium-term (2.2 ha to 3.4 ha with a margin applied). When combined with the projected surpluses in Morrinsville, there is a projected surplus of 1.7 ha to 9.9 ha across the district's northern urban townships. If a margin is applied and higher rates of land use occur, then there is a projected shortfall of 2.6 ha.

In the long-term, there is a projected shortfall of industrial capacity across the district's urban towns. At the district level, there is a projected shortfall of 22.4 ha to 63.5 ha. This increases to 34.0 ha to 82.2 ha if a margin is applied. The long-term shortfall is projected to occur across most locations, with the largest in Matamata. The exception is Waharoa, where there is a projected 4.2 ha to 7.0 ha projected capacity surplus. Capacity in Waharoa may be able to meet some of the projected shortfall in Matamata, but still results in a net shortfall of 10.5 ha to 30.5 ha in the long-term (increasing to a shortfall of 16.2 ha to 39.5 ha if a margin is applied).

Discussion

It is important to also consider the suitability of capacity for industrial activity across the district. There are several key factors that affect suitability, broadly including the nature and location of sites.

Industrial activity within the district typically requires larger flatter sites, with reasonable access to main highway connections. The district's economic structure and existing patterns of activity suggest that industrial activities require cheaper sites due to their land extensive nature and often lower value activity. This is reflected in the relatively high proportion of land used for industrial yard-based activities. A share of industrial demand within the district arises from operations occupying cheaper sites to store equipment, machinery and intermediate components to serve demand arising in adjacent areas.

The location of industrial capacity across the district is also critical to its ability to meet the district's future industrial demand. There is typically a level of location substitutability within the sector at a sub-district scale, but overall supply and demand balances within the northern and southern parts of the district are likely to be important.

Short-term capacity surpluses within Morrinsville are also likely to be able to meet demand shortfalls within Te Aroha. There is the potential for some of the projected shortfalls over the medium and long term to be met within the projected capacity surpluses within the Business Zone. This could potentially occur through the overlap in light industrial activities between the zones. This is more likely to occur within the long-term through the outward expansion of the business areas within the zones through the redevelopment of existing residential uses.

There is greater potential for Industrial Zone demand to be met within the Business Zone within Matamata and Morrinsville. In Morrinsville, there are a number of larger potential capacity areas within the Business

Zone. These are located predominantly toward the western end of the zone, closest to the more recent areas of Industrial Zone growth. However, the estimated surplus within the Business Zone (4.9 ha) is at the smaller end of the projected shortfall in the Industrial Zone, suggesting that some shortfall is still likely to occur.

Within Matamata, there is a larger projected surplus within the Business Zone. A significant proportion of this occurs within the area of residential uses within the zone, meaning there is potential for this to be developed contiguously in the long-term on a larger scale. Yet, there is likely to be lower demand for this development due to the provision of significant additional supply within the medium and long-term, meaning the shortfall only emerges under the higher uptake rate scenario. The development of contiguous smaller properties is also likely to occur as a secondary option due to the potential challenges of securing adjacent sites and potential reverse sensitivities with surrounding land uses.

It is important, however, to consider the feasibility of industrial expansion within the Business Zone into the existing residential area. Feasibility is likely to be limited due to the costs associated with purchasing existing buildings (dwellings) and the ability to acquire contiguous sites suitable for accommodating industrial uses requiring larger parcel areas. Business activity expansion into the residential zone is more likely to occur within the commercial sectors due to the higher value intensity of commercial uses and their ability to occupy residential dwellings. It is typically more difficult for lower value industrial uses to outbid residential uses.

Overall, the sufficiency assessment suggests that there is likely to be a general long-term shortfall of industrial capacity, mainly across the northern parts of the district, and also within the southern parts of the district. These shortfalls are projected to start to occur in some areas within the medium-term under a higher uptake rate scenario, and increase in scale within the long-term.

Table 6-2: Sufficiency of Industrial Zone Capacity by Urban Township

Location	ODP Capacity (Infrastructure Served)	No Margin						Including Margin					
		Low Ratio (500m2 per employee)			High Ratio (800m2 per employee)			Low Ratio (500m2 per employee)			High Ratio (800m2 per employee)		
		Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054	Short-Term: 2023 - 2026	Medium-Term: 2023 - 2033	Long-Term: 2023 - 2054
		Net Change in Land Demand (Ha) (No Margin)						Net Change in Land Demand (Ha) (incl. Margin)					
Matamata	11.0	3.5	11.4	28.6	5.6	18.3	45.7	4.2	13.7	33.4	6.7	22.0	53.5
Morrinsville[1]	23.6	4.0	11.8	27.2	6.4	19.0	43.6	4.8	14.2	31.9	7.7	22.7	51.0
Te Aroha	-	0.6	1.8	8.2	1.0	2.9	13.1	0.7	2.2	9.5	1.2	3.4	15.2
Waharoa	11.7	0.7	1.9	4.6	1.1	3.0	7.4	0.8	2.2	5.4	1.3	3.6	8.7
Total Townships	**46.3**	**8.8**	**26.9**	**68.6**	**14.1**	**43.1**	**109.8**	**10.6**	**32.3**	**80.3**	**16.9**	**51.7**	**128.4**
		SUFFICIENCY (net Ha) (No Margin)						SUFFICIENCY (net Ha) (Incl. Margin)					
Matamata		7.5	-0.4	-17.6	5.4	-7.3	-34.7	6.8	-2.7	-22.4	4.3	-10.9	-42.5
Morrinsville[1]		19.5	11.7	-3.7	17.1	4.6	-20.0	18.7	9.3	-8.3	15.8	0.8	-27.5
Te Aroha		-0.6	-1.8	-8.2	-1.0	-2.9	-13.1	-0.7	-2.2	-9.5	-1.2	-3.4	-15.2
Waharoa		11.0	9.8	7.0	10.6	8.7	4.2	10.9	9.4	6.2	10.4	8.1	3.0
Total Northern Townships		*18.9*	*9.9*	*-11.8*	*16.1*	*1.7*	*-33.1*	*18.0*	*7.2*	*-17.8*	*14.6*	*-2.6*	*-42.7*
Total Southern Townships		*18.5*	*9.4*	*-10.5*	*16.0*	*1.4*	*-30.5*	*17.7*	*6.7*	*-16.2*	*14.7*	*-2.8*	*-39.5*
Total Townships		**37.4**	**19.3**	**-22.4**	**32.2**	**3.2**	**-63.5**	**35.7**	**13.9**	**-34.0**	**29.3**	**-5.5**	**-82.2**

Source: M.E Matamata-Piako District Capacity and Demand Model, 2023 and Matamata-Piako District Council Land Use Survey, 2022.

[1] Morrinsville includes Morrinsville and Morrinsville South.

6.3 Other Influences of Demand – Tauranga and Hamilton

Matamata-Piako District is strategically located between Hamilton and Tauranga, which are key high growth urban economies within the upper North Island. Because of the road connections and location of the district, business areas in Matamata-Piako may be able to meet some exogenous demand from both Tauranga and Hamilton. The district is likely to be a cheaper location for land-intensive yard-based activities that are less able to locate within the higher value adjacent urban economies – in particular if theose economies are suffering from shortfalls with respect to their ability to supply sufficient industrial land.

However, there are alternative locations within the Bay of Planty Region, outside and proximate to Tauranga (including Katikati) that also have potential to meet this demand. . Therefore it is useful to understand the context of industrial supply in the adjacent urban areas, particularly Tauranga and Western Bay of Plenty (WBoP), and Hamilton City and the other Future Proof Partners, and the extent to which demand and supply issues there, may affect the consumption of industrial land in Matamata Piako and the wider growth potential across Matamata-Piako District.

Because both are Tier 1 Councils they are required to provide sufficient capacity to meet anticipated growth plus a competitive margin of 20% in the short to medium term and 15% in the long term. This is assessed every three years through the preparation of housing and business land capacity assessments (HBAs) under the NPSUD. If these assessment indicate that the high growth areas are failaing to provide for growth, they must immediately address that situation. HBAs for both areas reflect the anticipated growth dynamics and outlooks with differing scenarios and model runs to assess a range of outcomes. The following observations are relevant:

- Tauranga City currently has sufficient industrial capacity to accommodate growth over the short-term. However, pressures are likely to emerge over the medium term resulting in significant sufficiency constraints (deficit) of industrial capacity over the long term, relative to anticipated demand (plus a margin). Any large scale new industrial area proposed is likely to be located within the WBoP (because there is little rural land in Tauranga suitable to use). However, attributes of other locations will be considered, not just the availability of space – such as proximity to markets, workforce, transport networks, etc.
- Within the Western Bay of Plenty (WBoP) there is sufficient industrial capacity to accommodate expected growth over the short, medium and long term. The development of Rangiuru (to the south east of Tauranga) is key to supporting this sufficiency.
- Hamilton City, is expected to see strong growth over the long-term. At a total (city-wide) level, there is sufficient industrial capacity over the short, medium and long term, but with some localised constraints. Ruakura offers considerable industrial capacity and will accommodate growth on the eastern edge of Hamilton City. Issues relating to lease hold versus freehold land may reduce its appeal to the market slightly.

It must be noted that under the NPS-UD each Council is required to provide sufficient development capacity in its region or district to meet expected demand for both business and residential land in the short, medium and long term. While a share of business land growth in Matamata-Piako district may occur via exogenous demand from Tauranga or Hamilton (in particular in land extensive low built form type activities

such as storage yards), the district must continue to provide sufficient development capacity to meet expected endogenous demand rather than over providing in the belief that significant volumes of demand that originate elsewhere will be met within Matamata Piako District.

6.3.1 Competitiveness Margins

Only Tier 1 and 2 local authorities are required to provide for competitiveness margins in their capacity assessments. That is a 15% or 20% margin over and above the expected demand, in order to support choice and helping to support competitiveness in housing and business markets. However, it can be argued that these margins are also important for Tier 3 local authorities to consider for a conservative sufficiency assessment. Tier 3 councils are typically low growth areas with correspondingly small urban environments. This generally results in small areas required to be set aside for industrial activities.

However, the smaller economies are more sensitive to any economic changes and by including a margin in the demand assessment, it will allow more flexibility for the council to respond to potential changes including being able to meet exogenous demand from nearby areas. In other words, if an opportunity emerges to provide for a (potentially) large exogenous business seeking a location in Matamata Piako, it may consume a large portion of available zoned land which has the potential to create issues for endogenous growth.

It is important that Matamata Piako treat the requirements of the NPS-UD as minimums – not targets and potentially provide for at least these amounts, if not more in order to accommodate a reasonably foreseeable future.

7 Conclusions

The BDCA assessment has analysed the current and past patterns of economic activity across Matamata-Piako District and the consequent demands for space within the district's main urban townships. It has then calculated the likely future demands for space based on the WISE High Series projections and patterns of land use by sector and location. These have been compared to a detailed assessment of the potential capacity within the urban areas to estimate the adequacy of provision for anticipated future growth. The assessment has been undertaken in accordance with the requirements of the NPS-UD business capacity and demand assessment.

Matamata-Piako District is located within a generally high growth area within the North Island, bounded by the fast growth urban economies of Auckland, Hamilton and Tauranga. The district has experienced a reasonable level of employment growth in the last 5 years, with faster growth across the main urban townships. Overall, it has grown at a slower pace than the Waikato Region and has experienced slower growth than the key areas of faster urbanisation within the northern parts of the region. Yet, it is likely to have experienced some growth effect due to its location within the wider higher growth area.

Growth across the district is likely to have occurred as a combination of endogenous and exogenous factors. A share of more recent residential growth in northern parts of the district has been driven by the location of Morrinsville as a commuter town to the larger adjacent urban economy of Hamilton. Higher residential growth is likely to increase growth in demand for household sector-driven business activities within the main urban townships.

The existing patterns of development across the district suggest that a share of activity is likely to meet demand arising from outside of the district, particularly within the industrial sector. Cheaper land within the district forms a more viable location to accommodate lower value land-extensive activities.

At the request of MPDC, the assessment has applied the WISE High Series projections to estimate future growth for business space demand across the district. Faster growth is projected to continue to occur within the urban townships, with the largest net growth in the main urban townships of Morrinsville and Matamata. Together with Te Aroha, these form the key urban nodes in the north and south of the district. The analysis has taken a conservative approach to assessing the sufficiency of capacity through assuming an increased share of future activity occurring within the main urban townships.

There is a projected change in the structure of economic activity across the district through time that is likely to affect the nature of future land use demand. In the short-term, growth is projected to continue to be dominated by industrial activity. In the long-term, the commercial sector is projected to have the largest share of employment growth.

Over the long-term, there is a reduction in growth within the retail sector, with a higher proportion of growth instead occurring in other commercial sectors. This translates into changes in the space demands within the Business Zone, which forms the primary location for these types of activity. The projections show that a greater share of the activity will be in commercial services, which the assessment estimates to have lower space demands (per employee) than retail activity.

The assessment is underpinned by the growth futures scenarios in the WISE Model. If more retail growth were to instead occur, then it is likely to increase demand for inner parts of the Business Zone. There is potential to intensify retail uses within this part of the zone, including in the areas surrounding the mainstreet area. This may result in other commercial or light industrial activities concentrating more into outer parts of the zone as they are less reliant on a location within the core pedestrian precinct areas.

The potential expansion of commercial activity into the residential areas of the Business Zone is likely to be more viable than for industrial uses. Commercial activities are typically higher value and have a greater potential to occupy existing residential dwellings. The feasibility of redeveloping contiguous residential sites for industrial uses is less likely to be feasible.

Overall, the assessment has found that there is sufficient capacity to meet the projected future activity needs within the Business Zone. In most locations, there is generally sufficient space within the existing extent of business land use within the zone. Beyond this there is significant additional capacity within the zone through the potential to expand into areas of the zone that are currently occupied by residential uses. There are likely to be some challenges to the feasibility of this expansion due to the existing residential uses and smaller parcel sizes.

A large share of the Business Zone within Te Aroha is constrained by flooding hazards. Any capacity across these areas has accordingly been excluded from the assessment. This is projected to result in a small shortfall within the zone unless the business activity expands into areas of the zone currently occupied by residential uses. Although, feasibility of residential redevelopment may be limited, particularly on sites that have had recent residential development.

The assessment has found that Industrial Zone capacity is likely to be a key issue for the district in the long-term (and in some locations starting in the medium-term), particularly within the northern parts of the district, and within the southern parts of the district. There is likely to be sufficient Industrial Zone capacity within the short-term across the district's two largest urban townships of Morrinsville and Matamata along with Waharoa, which could meet demand arising generally within the northern and southern parts of the district. Industrial capacity in Waharoa may be able to meet some of the projected shortfall in industrial capacity in Matamata that is projected to start to occur in the medium-term.

Under the current capacity scenario, significant shortfalls in capacity are projected to emerge in the medium-term across some locations. The projected shortfalls would worsen into the long-term with the growth in industrial demand.

Existing patterns of activity within the zone across the district show high levels of demand for yard space, which form the basis for potentially higher rates of land uptake from industrial activities. The shortfalls of Industrial Zone capacity are projected to worsen in the long-term across the northern and southern parts of the district as demand increases through time.

It is important to also consider the suitability of capacity to meet the district's future industrial needs. Industrial activities tend to require larger, flatter sites with access to main highways. The existing patterns of activity suggest a significant proportion of the district's industrial base require cheaper industrial sites to accommodate lower value uses and land extensive activities that have large yard-based components.

While there is generally some substitutability of location within the industrial sector, a general balance of industrial supply and demand within the northern and southern parts of the district is likely to be required.

There may be some potential for expansion of business activities across existing residential areas within the Business Zone to accommodate a share of industrial demand in the medium to long-term, although this is less likely to represent a feasible development option. There is some overlap in the provision for light industrial activities between the zones. This is likely to be limited by the additional costs of redevelopment (which are less likely to be overcome by the generally lower value of industrial uses) and the larger site size requirements of many of the activities that would typically locate within the Industrial Zone. Reverse sensitivity issues may also emerge with the adjacent residential land uses.

Addressing future industrial supply is likely to form a key issue for MPDC in the medium to long-term.