



Economic Impact Assessment of:
Proposed Drive-Through
Service Centre at 47
Millbrook Road, Waipu

PREPARED FOR
Vaco Investments Ltd



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1. Executive Summary

The proposal is for a drive-through service centre with a gross floor area (GFA) of approximately 3,500m² and a provision of light industrial activity of approximately 4,700m² on a total site area of approximately 5.9 hectares. The proposal would therefore provide for a range of activities that would in large part service the needs of the drive-by market and the wider rural community.

It is estimated that the construction of the proposed drive-through service centre would contribute approximately \$15.1 million to the construction sector's GDP and generate 125 FTE jobs.

The ongoing economic impact from the proposed development is expected to contribute approximately \$0.8 million to GDP and generate 17 FTE jobs per annum which equates to a NPV of approximately \$13.0 million over a 30-year period with a discount rate applied at 5% per annum.

As shown in Figure 14, there are no alternative sites located near SH1 that are not HPL, which indicates there is no alternative site available for a drive-through service centre type businesses along the stretch of SH1 near Waipu, that does not raise the same effects regarding HPL.

The proposed site would displace approximately 5.9 hectares of highly productive land that is currently used for pastoral farming. The GDP contribution from the current use is estimated to be approximately \$5,200 per annum, which equates to a NPV of \$84,200 over a 30-year period, discounted at 5% per annum. Additionally, Whangarei District has approximately 29,900 hectares and Northland Region has approximately 127,900 hectares of HPL¹. Given the important and relatively unique function of the proposed development, and its contribution to GDP, a marginal reduction of HPL land (a maximum of 5.9 hectares approximately) is not, on balance, expected to result in any discernible reduction in the productive capacity of highly productive land in the district or the region more generally.

Additionally, the proposed drive-through service centre would have no discernible adverse economic effects on the surrounding centers as it would predominantly rely on the drive-by traffic. The proposed light industrial activity would predominantly service the needs of the wider rural community and would not compete directly with the existing light industrial activities in other towns/villages. Therefore, it would not have any economic effects that are more than minor and instead would result in significant economic benefits relating to providing access to goods and services locally.

The proposal is recommended for approval in respect of economic effects.

¹ https://ourenvironment.scinfo.org.nz/maps-and-tools/app/Land%20Capability/Iri_luc_main/421,406,404



2. Introduction

The proposal is for an economic assessment for a proposed drive-through service centre located at 47 Millbrook Road, off SH1, Waipu.

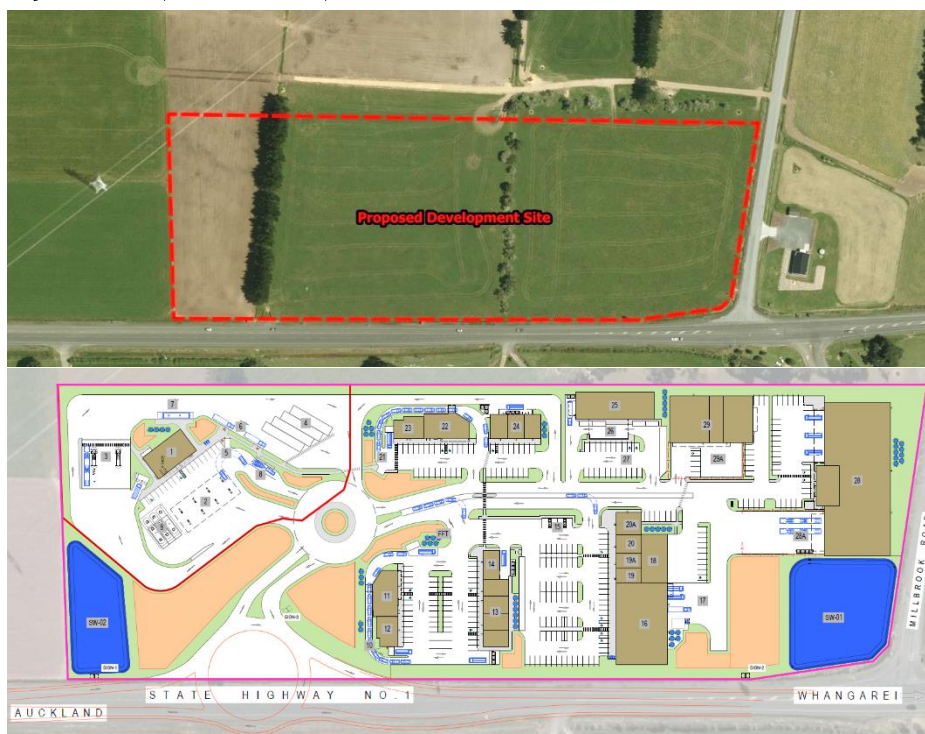
2.1. The Proposal

Figure 1 displays the location of the proposed site. The proposal is for a drive-through service centre with a gross floor area (GFA) of approximately 3,500m² and a provision of light industrial activity of approximately \$4,700m² on a total site area of approximately 5.9 hectares.

The proposed development is not expected to generate objectionable odour, dust or noise. It would have a mix of tenants, including a service station, eateries, food retail stores, automotive service store, a rural commercial store, marine vehicle sales and servicing, bulk store and warehousing and storage.

The proposal would therefore provide for a range of activities that would in large part service the needs of the drive-by market and the wider rural community.

Figure 1: Proposed Development Site



Source: Linz, Technitrades Architecture



2.2. Proposed Drive-Through Service Centre

Figure 2 outlines the proposal site and the surrounding 1 km catchment area. It is evident that there is very little residential activity within the 1 km catchment (less than 20 dwellings). However, in 2021 on an average 8,970 vehicles passed through proposed site alongside SH1 on per day basis². Consequently, the proposed drive-through service centre is expected to serve the drive-by market rather than the local 1 km residential market.

Figure 2: Proposed Site and the Surrounding 1 km Catchment



Source: Google Maps

3. Drive-Through Service Centres Case Studies

This section evaluates seven drive-through service centres located on SH1 across New Zealand. The drive-through service centres that are assessed in this study are comparable to the proposed drive-through service centre development in terms of the location, tenant mix and the market that service.

3.1. Bream Bay Drive-Through Service Centre

This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 between Waipu

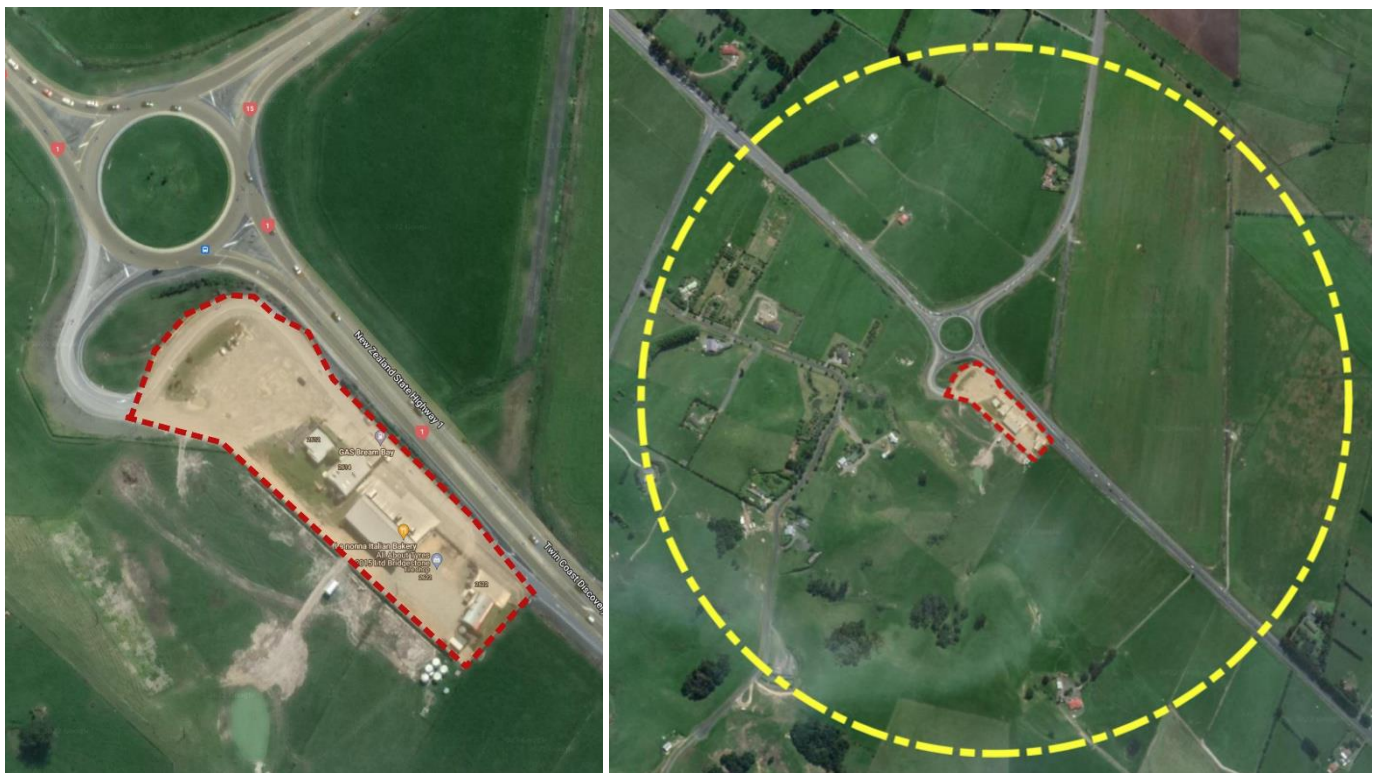
² [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://www.nzta.govt.nz/traffic-monitoring/)



and Whangarei, as well as from residents travelling west from Marsden Point. It has a total GFA of approximately 1,190m² and offers a range of services including a service station, a superette, a bakery and a tyre shop.

Figure 3 outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is practically no residential activity, less than 10 dwellings, within a 1 km radius of the drive-through service centre. However, as of 2021, an of 10,550 vehicles passed through this stretch of SH1 per day with 850 (8%) vehicles making a stop at this centre.³ Therefore, this centre predominantly services the needs of the commuters travelling in both directions between Auckland and Northland on SH1.

Figure 3: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

³ [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://www.nzta.govt.nz/traffic-monitoring/)

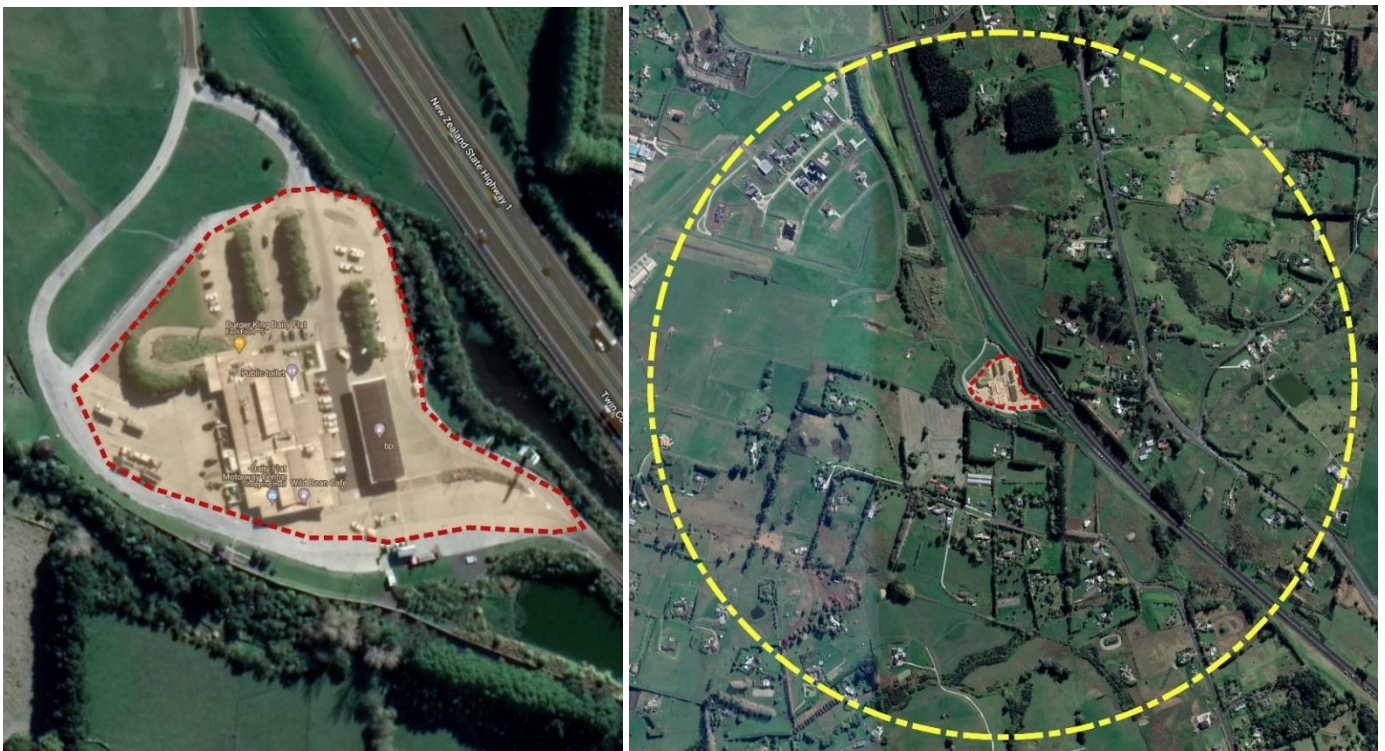


3.2. Dairy Flat Drive-Through Service Centre

This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 between Albany and Silverdale. It has a total GFA of approximately 2,500m² and offers a range of services, including a service station, a café, and Burger King.

Figure 4 outlines the centre site and surrounding areas within 1 km radius. It is evident that there is very little residential activity within a 1 km radius from the drive-through service centre, with less than 50 dwellings. These dwellings do not however have direct access to the centre. As of 2021, an average of 25,560 vehicles passed through this stretch of SH1 per day with 2,170 (9%) vehicles making a stop at this centre.⁴ Therefore, this centre entirely services the needs of the commuters travelling north of Albany on SH1.

Figure 4: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

⁴ [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://www.nzta.govt.nz/traffic-monitoring/)



3.3. Drury Drive-Through Service Centre

This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 between Drury and Bombay. It has a total GFA of approximately 2,420m² and offers a range of services, including a service station, a café, a gift shop and McDonalds.

Figure 5 outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is a large amount of residential activity within the 1 km radius of the drive-through service centre. However, there are no direct roads connecting the centre to the residential areas and as such it doesn't service the needs of the local population. As of 2021, an average of 29,050 vehicles passed through this stretch of SH1 per day with 3,030 (10%) vehicles making a stop at this centre.⁵ Therefore, this centre predominantly services the needs of the commuters travelling south of Drury on SH1.

Figure 5: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

⁵ [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://www.nzta.govt.nz/traffic-monitoring/)

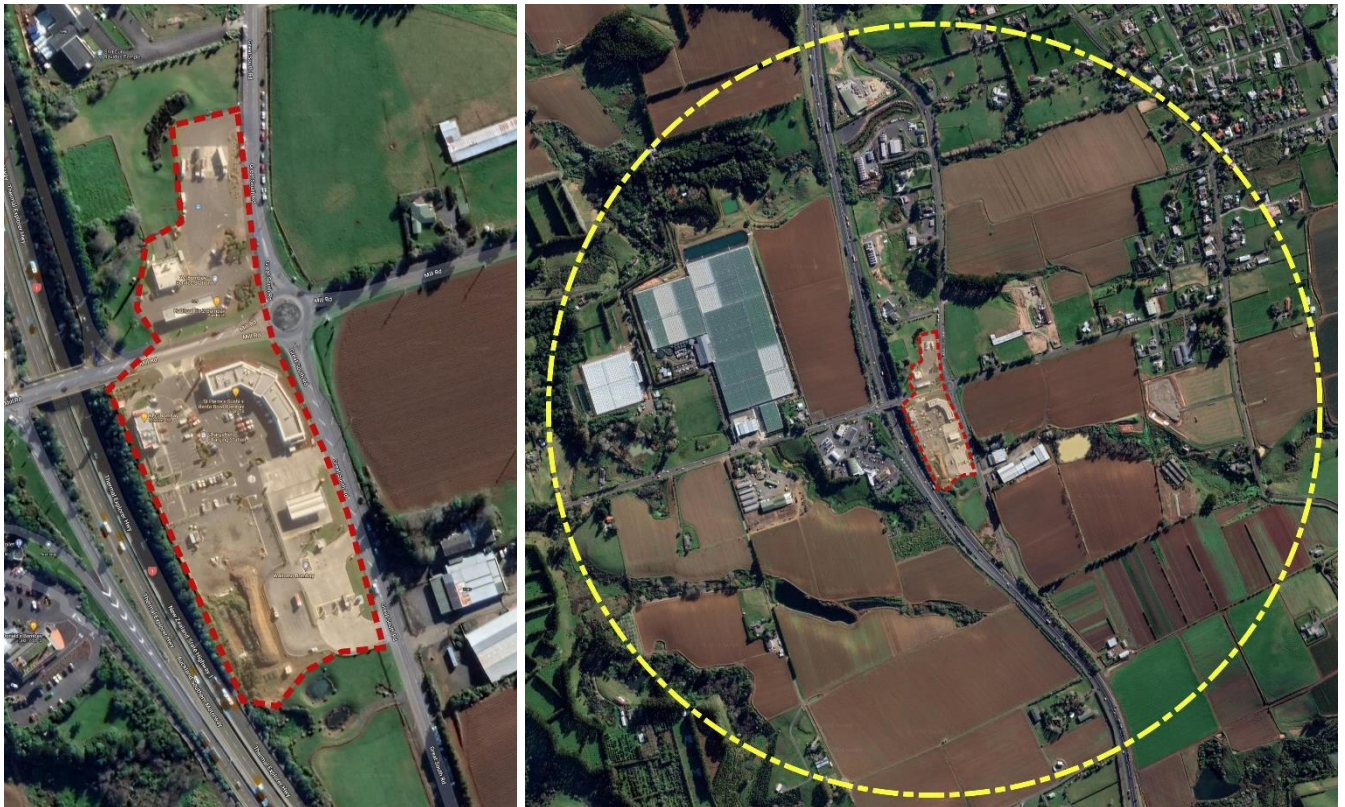


3.4. Bombay East Drive-Through Service Centre

This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 in Bombay. It has a total GFA of approximately 1,980m² and offers a range of services, including a service station, a café, and fast-food eateries.

Figure 6 outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is insignificant residential activity (less than 20 dwellings) within a 1 km radius from the drive-through service centre. However, as of 2021, an average of 15,650 vehicles passed through this stretch of SH1 per day with 1,565 (10%) vehicles making a stop at this centre.⁶ Therefore, this centre predominantly services the needs of the commuters travelling south of Bombay on SH1.

Figure 6: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

⁶ [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://www.nzta.govt.nz/traffic-monitoring/)



3.5. Bombay West Drive-Through Service Centre

This centre functions as a drive-through service centre and is accessed by an off-ramp on SH1 in Bombay. It has a total GFA of approximately 2,800m² and offers a range of services, including a fuel station, a café, several fast-food eateries and McDonalds.

Figure 7 outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is practically no residential activity within a 1 km radius from the drive-through service centre. However, as of 2021, an average of 16,455 vehicles passed through this stretch of SH1 per day with 1,650 (10%) vehicles making a stop at this centre.⁷ Therefore, this centre predominantly services the needs of the commuters travelling north of Bombay on SH1.

Figure 7: Drive-Through Service Centre Site and Surrounding Catchments



Source: Google Maps

⁷ [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://nzta.govt.nz)



3.6. Mercer Drive-Through Service Centre

This centre functions as a drive-through service centre and is accessed by an off-ramp on SH1 in Mercer. It has a total GFA of approximately 3,150m² and offers a range of services including, a fuel station, a pub, a cheese shop, food court and McDonalds.

Figure 8 outlines the centre site and surrounding areas within a 1 km radius from the centre. It is evident that there is practically no residential activity within a 1 km radius from the drive-through service centre. However, as of 2021, an average of 13,710 vehicles passed through this stretch of SH1 per day with 1235 (9%) vehicles making a stop at this centre.⁸ Therefore, this centre predominantly services the needs of the commuters travelling north of Mercer on SH1.

Figure 8: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

⁸ [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://www.nzta.govt.nz/traffic-monitoring/)

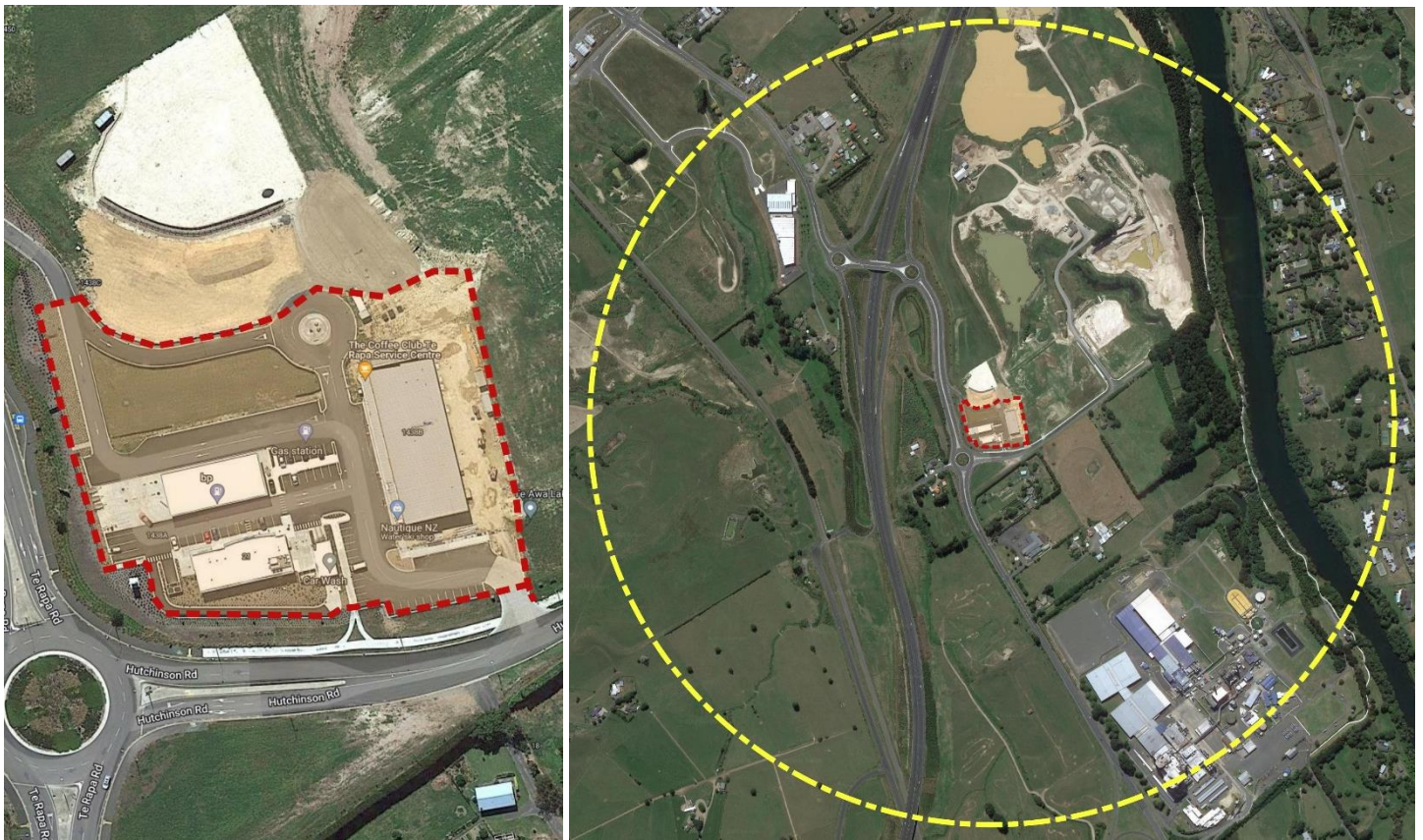


3.7. Horotiu Drive-Through Service Centre

This centre functions as a drive-through service centre and is accessed by an off-ramp on SH1 in Horotiu. It has a total GFA of approximately 2,150m² and offers a range of services including a fuel station, a café, and retail stores.

Figure 9 outlines the centre site and surrounding areas within a 1 km radius from the centre. It is evident that there is practically no residential activity within a 1 km radius from the drive-through service centre. However, as of 2021, an average of 9,200 vehicles passed through this stretch of SH1 per day with 750 (8%) vehicles making a stop at this centre.⁹ Therefore, this centre predominantly services the needs of the commuters travelling south of Horotiu on SH1.

Figure 9: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

⁹ [State highway traffic monitoring - annual average daily traffic \(nzta.govt.nz\)](https://www.nzta.govt.nz/traffic-monitoring/)



4. Economic Effects

The proposal's function would be similar to other existing drive-through service centers located alongside SH1 outlined in Section 3, which would be to predominately service the drive-by market. However, the light industrial activity is expected to service a wider rural community.

4.1. Drive-Through Service Centre

With 8,970 vehicles passing by the proposed centre each day there is a strong potential market. While there is limited information on the origin of the traffic, anecdotal information suggests it would be from the wider Auckland and Northland areas. As the proposal would rely predominantly on the drive-by traffic it would have no discernible adverse economic effects on the surrounding centers. Conversely, the proposed centre would provide access to a range of convenience goods and services that would provide general economic benefits for consumers.

4.2. Food Retail Stores

The proposal includes 3 small food retail stores, with a total GFA of approximately 1,200 m². It would primarily service the drive-by market, with customers travelling along SH1, however it would to a small extent service the surrounding market, for example residents in Waipu and Marsden Point. The residents in these towns may use these retail stores when travelling as a top-up shop. This is unlikely to have any discernible competitive impact on the food retail stores within the surrounding area, as these residents would typically prefer to use their local stores. In addition, there is ongoing market growth in the surrounding area that would offset any minor competitive impacts within a short period of time. For these reasons, the proposed food retail stores are unlikely to have any economic effects on existing food retail stores in the surrounding area that are more than minor.

4.3. Light Industrial Activity

The proposal also includes an area for light industrial activity with an approximate GFA of 4,700m². The potential tenant mix would include, for example, businesses engaged in such as marine and vehicle sales and servicing, bulk store and warehousing and storage.

The proposed light industrial activity would predominantly service the wider rural community and would not compete directly with the existing light industrial activities in other towns/villages.

Therefore, the proposal would not have any economic effects that are more than minor and instead would result in significant economic benefits relating to providing access to goods and services locally.



5. Employment & GDP Impact

The proposal would create a significant number of jobs during the construction and ongoing operation of the proposed drive-through service centre.

5.1. Construction Phase

The national 'value-added per employee' for each sector has been used to estimate the GDP contribution and the related full-time equivalent (FTE) employment for this project. This methodology accounts for both the direct and indirect contributions generated from the proposed development.

Figure 10 outlines the 'value-added' GDP and FTEs that the proposed drive-through service centre would generate. It is estimated that the construction of the proposed drive-through service centre would contribute approximately \$15.1 million to the construction sector's GDP and generate 125 FTE jobs.

Figure 10: GDP and FTE Employee Estimates

Proposed Development	Project Value (\$M)	Value Added (\$M)	FTE Employees			Total
			Land & Building Construction	Construction Services	Architectural, Scientific & Engineering Services	
Construction Phase	\$49.2	\$15.1	32	69	24	125

Source: Urban Economics

The proposed development is expected to be developed over a 2-year period. Figure 11 outlines the value added GDP and the number of FTE jobs created in each year of the proposed development. Some of the key points to note are:

- The proposed development would contribute approximately \$15.1 million to GDP and generate a total of 125 FTE jobs over a two-year development period. This equates to a contribution of approximately \$8.7 million to GDP and 72 FTE jobs in Stage 1 and a contribution of approximately \$6.4 million to GDP and 53 FTE jobs in Stage 2.
- The proposed development would generate approximately 32 FTE jobs in the building construction sector. This equates to 16 FTE jobs per annum in Stage 1 and Stage 2.
- The proposed development would generate approximately 69 FTE jobs in the construction service sector, of which 42 FTE jobs would be generated in Stage 1 and 27 FTE jobs would be generated in Stage 2.
- The proposed development would generate approximately 24 FTE jobs in the architectural scientific and engineering services sector, of which 14 FTE jobs would be generated in Stage 1 and 10 FTE jobs would be generated in Stage 2.



Figure 11: FTE Jobs at Different Development Time Periods

Development	Timeframe	Project Value (\$M)	Value Added (\$M)	FTEs			Total
				Land & Building Construction	Construction Services	Architectural, Scientific & Engineering Services	
Stage I	2024-2025	\$28.3	\$8.7	16	42	14	72
Stage II	2025-2026	\$20.9	\$6.4	16	27	10	53
Total		\$49.2	\$15.1	32	69	24	125

Source: Urban Economics

Figure 12 shows that the construction sector has a \$23.2 billion contribution to the national GDP and a workforce of 191,500 FTEs. The retail sector has a \$15.3 billion contribution to the national GDP and a workforce of 220,700 FTEs. The accommodation and food services sector has an \$5.8 billion contribution to the national GDP and a workforce of 162,800 FTEs. Transport, Postal and Warehousing sector has an \$11.7 billion contribution to the national GDP and a workforce of 90,100 FTEs. This results in a respective value added of \$121,000, \$69,000, \$36,000 and \$131,000 per FTE employee.

Figure 12: Value Added GDP per Employee

Sector	Value Added GDP (\$M)	FTE Workers	Value Added GDP Per Employee
Construction	\$23,200	191,500	\$121,000
Retail Trade	\$15,300	220,700	\$69,000
Accommodation and Food Services	\$5,800	162,800	\$36,000
Transport, Postal and Warehousing	11,800	90,100	\$131,000

Source: Statistics NZ

5.2. Ongoing Operations

Figure 13 outlines the economic contribution of the ongoing operation of the proposed drive-through service centre including the light industry activity. Some of the key points to note are:

- The ongoing economic impact from the proposed drive-through service centre is expected to contribute approximately \$0.6 million to GDP and generate 11 FTE jobs per annum. The proposed activity is expected to have a net present value of approximately \$9.5 million over a 30-year period with a discount rate applied at 5% per annum.
- The ongoing economic impact from the proposed light industry activity is expected to contribute approximately \$0.2 million to GDP and generate 6 FTE jobs per annum. The proposed activity is expected to have a net present value of approximately \$3.5 million over a 30-year period with a discount rate applied at 5% per annum.



- Overall, the ongoing economic impact from the proposed development is expected to contribute approximately \$0.8 million to GDP and generate 17 FTE jobs per annum. The proposed development is expected to have a net present value of approximately \$13.0 million over a 30-year period with a discount rate applied at 5% per annum.

Figure 13: Economic Contribution and Employment

Ongoing Operation	Value Added p.a. (\$M)	Net Present Value (\$M)	FTE
Drive-Through Centre	\$0.6	\$9.5	11
Industrial Activity	\$0.2	\$3.5	6
Total	\$0.8	\$13.0	17

Source: Statistics NZ

6. NPS-HPL Assessment

Figure 14 outlines the highly productive soil on a stretch of SH1 passing through Waipu. The majority of the land along the stretch of SH1 passing through Waipu is highly productive land (LUC Class 2).

Drive-through service centres typically need to be located around busy roads, namely state highways and motoways, as they predominately service the drive-by market. As shown in Figure 14, there are no alternative sites located near SH1 that are not HPL, which indicates there is no alternative site available for a drive-through service centre type businesses along the stretch of SH1 near Waipu, that does not raise the same effects regarding HPL.

Section 3.10 (1) of the NPS-HPL permits territorial authorities to use or develop highly productive land if it avoids significant loss of productive capacity of highly productive land in the district and that it results in long term environmental, social, cultural and economic benefits. Section 3.10 (1) states:

“Territorial authorities may only allow highly productive land to be subdivided, used, or developed for activities not otherwise enabled under clauses 3.7, 3.8, or 3.9 if satisfied that:

- (b) the subdivision, use, or development: (i) avoids any significant loss (either individually or cumulatively) of productive capacity of highly productive land in the district; and*
- (c) the environmental, social, cultural and economic benefits of the subdivision, use, or development outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values”.*

The proposed site would displace approximately 5.9 hectares of highly productive land that is currently used for pastoral farming. Statistics NZ estimates that pastoral activity contributes \$3.4

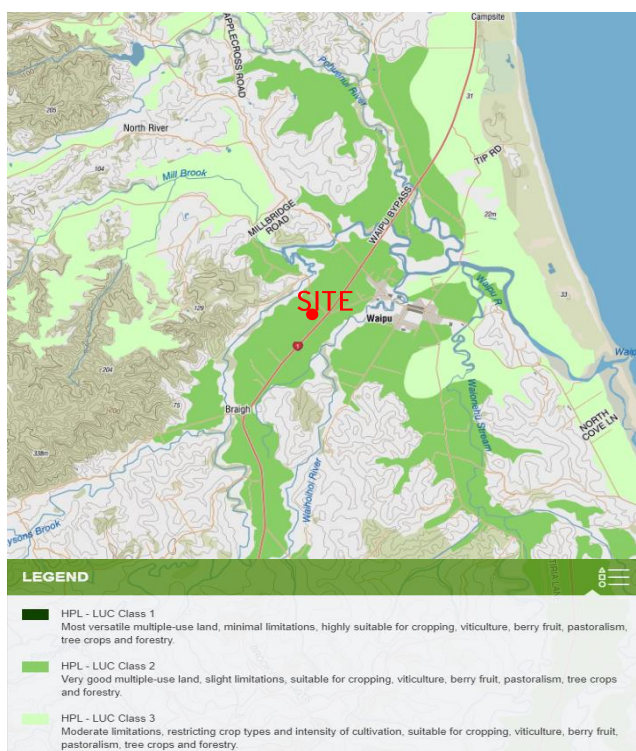


billion to GDP per annum, and that there are 0.33 million hectares of land used for pastoral activities across New Zealand. This equates to a contribution to GDP of \$870 per hectare. Therefore, the GDP contribution from the current use is estimated to be approximately \$5,200 per annum, which equates to a NPV of \$84,200 over a 30-year period, discounted at 5% per annum.

Additionally, Whangarei District has approximately 29,900 hectares and Northland Region has approximately 127,900 hectares of HPL.¹⁰ The proposed development site is located off SH1 and would operate as a drive-through service centre, relying predominantly on the drive-by traffic through SH1. The proposed site is better suited to be developed as a drive-through service centre as there are no alternative sites available and the site is situated on the busy intersection, that is not also on HPL. Given the important and relatively unique function of the proposed development, and its contribution to GDP, a marginal reduction of HPL land (a maximum of 5.9 hectares approximately) is not, on balance, expected to result in any discernible reduction in the productive capacity of highly productive land in the district or the region more generally.

Therefore, the adverse effects from the proposal are considered to be marginal and are expected to be more than offset by significant positive economic effects to the district through value added contribution to GDP and new employment opportunities. For these reasons, the proposal is considered to be consistent with s.3.10 (1) with regard to economic matters.

Figure 14: Proposed Development Site and Highly Productive Soil



Source: Manaaki Whenua Landcare Research

¹⁰ https://ourenvironment.scinfo.org.nz/maps-and-tools/app/Land%20Capability/Iri_luc_main/421,406,404



7. Conclusion

The proposal's function would be similar to other existing drive-through service centers across New Zealand. It would not compete to any notable extent with surrounding centres, rather it would provide for the drive-by market travelling along SH1 and the wider rural community. It would therefore have no adverse economic effect on surrounding centers and would instead provide a range of positive economic effects.

The proposal would displace approximately 5.9 hectares of highly productive land. However, this effects would be more than offset by the significant positive effects the proposal is expected to generate.

The proposal is recommended for approval in respect of economic effects.