

Central Hawke's Bay District Long Term Planning

*Demographic and Economic Growth Directions
2018-2048*

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Executive Summary

- For the purposes of preparing its next Long Term Plan (2018-2028) and directions for longer-term planning for infrastructural development (2018-2048), the Central Hawkes Bay District Council has requested this updated long-term demographic and commercial-industrial development growth outlook for the district.
- The matters addressed in the report are trends in demographic and economic activity since the last growth outlook was prepared based on the 2013 Census and other results, projected demographic (households and population) trends for the 2018-2048 period and forecast commercial-industrial building floorspace growth for the next LTP period 2018-2028.
- In the course of gathering the necessary base information and perspectives for the purposes of the report, discussions were held with the Central Hawkes Bay District Council (workshop), Council staff and a range of businesses and other organisations in the district. The latest Statistics New Zealand consented new dwelling/non-residential building results and household/population projections were also key information inputs for the report.
- The report indicates that there have been a number of positive demographic and economic trends in the district over the past four years, including significant population and new housing gains, a number of consented new commercial and industrial buildings, approximately 115 consented new farm buildings, increase in meat/wool and pipfruit export receipts, significant gains in visitor activity and spending, increased business numbers within a number of industry sectors and increased labour earnings.
- **Table A** below indicates projected household growth within the Central Hawkes Bay district over the long-term period 2018-2048.

Table A: Location of Projected Central Hawke's Bay District Household Growth 2018-2048

Housing Locality/Area	Number of Households						
	Actual		Projected				
	2013	2017	2018	2028	Change 2018-2028	2048	Change 2018-2048
<i>Waipukurau Main Urban Area</i>	1,970	2,040	2,065	2,295	230	2,500	435
<i>Waipawa Main Urban Area</i>	990	1,015	1,020	1,080	60	1,175	155
<i>Otane Rural Township</i>	240	250	260	310	50	340	80
<i>Coastal/Rural Townships</i>	750	770	775	825	50	865	90
<i>Porangahau Rural Township</i>	90	95	100	120	20	150	50
<i>Other Eastern District Rural Areas</i>	65	80	85	150	65	160	75
<i>Takapau Rural Township</i>	215	215	215	220	5	245	30
<i>Western District Rural Townships</i>	810	820	825	850	25	925	100
<i>Other Western District Rural Areas</i>	270	275	280	310	30	340	60
Total	5,400	5,560	5,625	6,160	535	6,700	1,075

- Total household numbers grew by an estimated 160 between 2013 and 2017 and are projected to grow further by 65 during the year to June 2018, based on recent activity levels. Over the 2018-2028 LTP period, total household numbers in the district are projected to increase by a further 535. The number of households in the combined urban area of Waipukurau/Waipawa/Otane is projected to increase by 340 or 10% (Otane 19%), with Waipukurau accounting for 68% of this gain. The combined urban area accounts for 63% of total district household change over 2018-2048.
- Assuming an optimistic household growth outlook for the district for the period 2028-2048, Statistic New Zealand projections infer additional household growth in Central Hawkes Bay in the range 315-540, making for total household growth in the district over 2018-2048, of 850-1,075.
- At the same time, the total district population is projected to increase by some 360 between 2018 and 2028 and a further 700 between 2028 and 2048. Over the full 2018-2048 period, population growth is projected to be highest in Waipukurau, Waipawa, Otane and eastern rural areas of the district.
- Household demand growth is projected to be highest over the long-term for sole-person households and 'couple without children' families. The 65+ population of the district is projected to more than double. The Maori ethnic group population in the district is projected to increase by over a half, compared to the European ethnic group increase of around 12%.
- In terms of future commercial/industrial sector floorspace growth in the district during the next 2018-2028 LTP period, ESL forecasts additional total commercial/industrial floorspace demand in the range 10,000m²-30,000m², with a midpoint level of 20,000m². These three results are based on assumed underlying annual average growth rates of 0.5%, 1% and 1.5%. The historical period has seen annual average growth in floorspace of just over 1%. Given the relatively low but nevertheless increasing level of additional floorspace consented by the Council over the past four years, much of the forecast additional floorspace growth is likely to occur fairly well into the next LTP period.
- In terms of the household growth projections provided in the report, ESL recommends that the Central Hawkes Bay District Council formally monitors actual household growth in the Central Hawkes Bay district on a six-monthly or annual basis against the projected growth, using its own dwelling consent information and also Statistics New Zealand building consent figures and any updated household growth projections for the district. This should also be extended to cover the commercial/industrial floorspace growth projections provided in the report.
- ESL also recommends that the Council, for the purposes of its future business and economic development work, maintains a sufficiently detailed information base regarding the existing commercial and industrial building portfolio in the Waipukurau-Waipawa area in the first instance, and the amount of vacant/unused floor area in the portfolio at the present time.

1- Introduction

- 1.1 In 2014 and early 2015, ESL provided two complementary reports to the Central Hawke's Bay District Council concerning, respectively, the long-term overall demographic and economic growth outlook for the district, and the growth outlook and location of growth for the area's residential sector in particular. The reports were used in the process of preparing the Council's current Long Term Plan for the period 2015-2025.
- 1.2 ESL has been requested to update the analyses provided in both reports and also to combine them into the one report, for the purposes of the Council's next Long Term Plan covering the period 2018-2028 and infrastructural planning for the longer period 2018-2048. This report provides the updated analysis and associated findings.
- 1.3 The broad matters therefore addressed in this report are as follows:
 - Growth trends in the district since the last Census year (2013).
 - Projected household and population growth in the district over the longer-term.
 - Forecast commercial and industrial sector floorspace growth.
- 1.4 It is noted in respect of the updated growth projections and forecasts provided in the report that as the final position regarding the RWSS (Ruataniwha Water Storage Scheme) is still unknown at this time, this factor has not been taken into account in preparing this report, in contrast to the previous analyses. However, as many of those consulted with in the district in the course of preparing this report indicated that the Scheme potentially provided a major economic transformational opportunity for the area, developments with the Scheme should be closely monitored by the Council.
- 1.5 A wide range of information sources have been used in the process of preparing the report, including as follows:
 - The reports provided by ESL in 2014/2015, as base information.
 - A formal workshop consultation with the Central Hawke's Bay District Council.
 - Consultation with key Council staff and provision of relevant information provided by them.
 - Consultation with a range of sector representatives in the district, covering the rural, real estate, property development/residential construction, retailing/business services, industry trades, power supply and Maori development sectors (12 individual consultations undertaken).
 - Updated Statistics New Zealand population and household growth projections.
 - Other Government Department provided statistical information.
- 1.6 The feedback from the community consultation process has been taken into account in the process of preparing the demographic and economic outlook projections provided in the report.

2- Post 2013 Census Year Growth Trends and Current Situation

2.1 Since 2013, the Central Hawke's Bay district has recorded a number of positive demographic and economic trends which provide cause for some optimism with regard to further growth and development in the district during the next Long Term Plan (LTP) period. The trends include as follows:

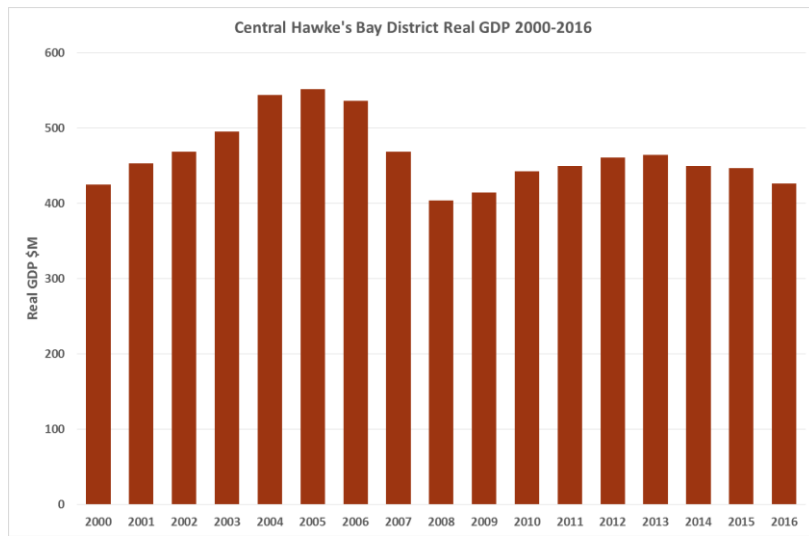
- An overall population gain of 470 or 3.5%. This has included overall net migration gain into the area since 2015. The overall median age of the population has increased slightly from 43 to 44 years primarily due to significant growth in the 65+ age-group population.
- Approximately 140 new residential dwellings worth a combined value of \$46.3 million have been consented by the Central Hawke's Bay District Council (This figure does not include housing relocates but this factor is taken into account in the households projection analysis later in the report).
- There has been a significant lift in urban house prices.
- 17 new commercial and industrial buildings with a combined value of approximately \$1.8 million have been consented in the district.
- 114 new farm buildings worth a combined value of \$5.3 million have also been consented.
- National meat and wool sector export receipts have steadily increased and overall by 18%.
- National pip-fruit sector export receipts, of which Hawke's Bay (including Central Hawke's Bay) accounts for approximately 65%, have also risen steadily and overall by 51% in nominal terms.
- The number of visitors staying in commercial visitor accommodation in the district has increased by 14.4% and the associated number of visitor-nights by 11.2%. At the same time, total visitor spending in the district has risen by almost 30%.
- The number of businesses in the manufacturing, visitor accommodation/food services, financial/ insurance services, professional/scientific/technical services and arts/recreation services sectors has increased noticeably.
- Median labour earnings have risen in nominal terms by 9.1%.

2.2 For the purposes of future planning by the Council, it is important to place the above short-term trends in the context of the longer-term historical overall economic growth path of the district. **Figure 1** below accordingly illustrates the track of annual levels of real GDP in the district since 2001. These levels have been calculated by ESL taking into account Statistics New Zealand regional GDP and local authority district level employment results and MBIE (Ministry of Business Innovation and Employment) local authority district level GDP figures, for the period.

2.3 The graph indicates steadily growing GDP levels in Central Hawke's Bay district over 2000-2005, followed by a sharp decline over 2006-2008. GDP then increased again until 2013, after which time it has fallen gradually. It should be noted that the level of annual GDP has generally remained in the range \$400-\$500 million during the monitoring period and has not returned to 2002-2007 levels since 2008. A key economic challenge facing the district is to work steadily towards the levels of economic activity that prevailed prior to 2008, especially during the 2004-2006 period. A further key economic challenge for the district is to arrest the decline in

employment that has also been occurring since 2012. This trend is partly due to the need for the farming sector to achieve labour cost savings in the face of increasing compliance requirements and associated costs.

Figure 1



2.4 The current situation in the district with regard to key demographic and economic indicators is shown in **Table 1** below. This helps to set the scene for consideration of the direction of long-term demographic and economic growth in the Central Hawke’s Bay district, over 2018-2048.

Table 1: Central Hawke’s Bay District Key Demographic and Economic Indicator results 2016/17 Year

Indicator	Result 2016/17
Resident Population	13,720
Annual Population Growth %	0.9
15+ Working-Age Population	8,325
65+ Age-group Population	2,625
Households	5,560
Average Household Occupancy (Persons Per Household)	2.47
Key Industries and Contribution to District GDP:	
Agriculture	38%
Business Services	13%
Manufacturing	11%
Retailing/Wholesaling	10%
Construction	5%
Total Workforce	5,180
Median Annual Earnings \$	45,280
Unemployment	305
Unemployment Rate %	5.6
Number of People Receiving Job Seeker Support Benefit	260

3- Future Household and Population Growth

3.1 This section provides projected household and population growth figures for the Central Hawke's Bay district, for both the next Long Term Plan period 2018-2028 and for the longer-term infrastructural planning and development period 2018-2048. The projections are based on historical growth results for the indicators (especially since last Census year 2013), Statistics New Zealand and Central Hawke's Bay District Council building consent figures, feedback from both Council staff and elected Council members (via the Council workshop discussion) and business (including the residential development and real estate sales sectors) and community consultation.

Total Household Growth Projection

3.2 **Table 2** indicates the historical growth in total Central Hawke's Bay district household numbers since the 2013 Census period and also the projected growth in household numbers over the 2018-2048 period. The key points to note from the table are as follows:

- Over the period 2013 to 2017, total household numbers in the district have increased by 160 or approximately 3%. This change takes into account both new dwellings and housing relocates consented by the Council, for the period. Total households are projected to increase by 65 over the year ending June 2018, reaching a total in June next year of 5,625.
- Given the Council's objective to see new household growth occurring in the district on an ongoing basis, building on the current significant growth momentum in the local residential development sector and to ensure that the necessary land and infrastructure/utility services are in place to service the new household growth over the long-term, a 'halfway Medium to High' growth projection scenario is recommended for the next Long Term Plan period. This would see the number of households in the district increasing from the year 2018 total of 5,625 to 6,160 in year 2028, a gain of 535 households (i.e. approximately 55 per annum on average) or 10%.
- Under the 'halfway Medium to High' projection, the projected number of households in the district increases further by 90 between 2028 and 2048. Under the High or most optimistic projection, the projected increase between the year 2028 'halfway Medium to High' result (6,160 households) and the 'High' projection result for year 2048 (6,700 households) is 540 (i.e. 54 additional households per annum similar to the 2018-2028 figure) or approximately 9%.
- These projections provide lower and upper bounds at this stage for the likely direction of future household growth in the district after 2018. The upper bound provides an optimistic and 'stretch' household growth target for the district over the longer-term;
- **It will be important for the Central Hawke's Bay District Council to regularly monitor both overall household numbers and consented new dwelling numbers in the district, in order to assess how actual new household/dwelling growth in the area is faring against the projected growth figures in the table below.**
- It is noted in respect of the projections in the table below that whilst they are based on the latest available Statistics New Zealand household projections, ESL has updated these projections consistent with Statistics New Zealand's second update of local authority

district population projections since the last (2013) Census. To date, SNZ has only released one iteration of household growth projections based on the 2013 Census.

- Once Statistics New Zealand releases a further update of its 2013 Census based household growth projections, ESL submits that the projections in the table below should be reviewed and, if necessary, amended consistent with the updated SNZ projections.

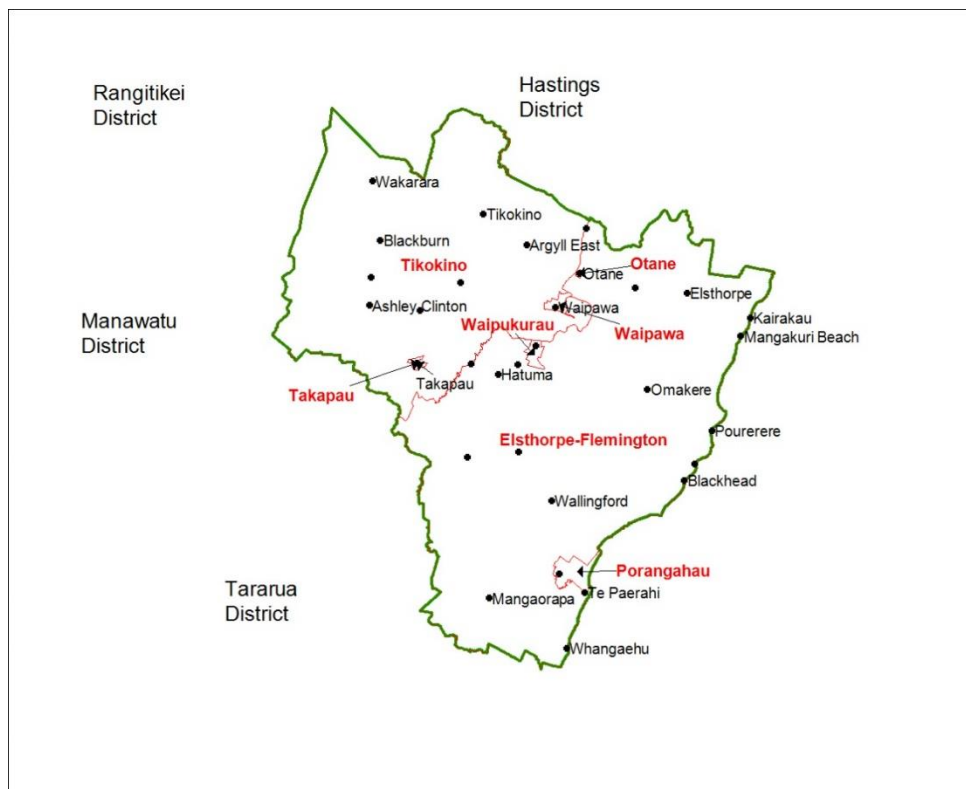
Table 2: Central Hawke’s Bay District Projected Total Household Demand Growth 2018-2048

June Years	Actual Households	Statistics NZ Based Projected Households			
		Low	Medium	Halfway Medium-High	High
2013	5,400	5,400	5,400	5,400	5,400
2017	5,560	5,480	5,560	5,600	5,640
2018	5,625	5,710	5,785	5,845	5,910
2028		5,665	5,960	6,160	6,360
2048		4,700	5,800	6,250	6,700
Change 2018-2048		-925	-175	625	1,075

Location of Projected Household Growth

3.3 **Figure 2** provides a locational reference map for the Central Hawkes Bay district.

Figure 2: Map of Central Hawke's Bay District Census Area Units and Localities 2013



3.4 **Table 3** below indicates the general locations within the district for the projected household growth over the 2018-2028 LTP period and for the subsequent 20-year infrastructural planning period. The LTP projections reflect the ‘halfway Medium to High’ growth scenario whilst the

2028-2048 projections reflect the ‘High’ household growth projection scenario. The location of the projected household growth takes into account a number of parameters, including the geographical distribution of historical and recent household growth in the district, Council and community perspectives on the matter (via the consultation process undertaken for the purposes of this report) and the objective of generally maintaining the current broad household geographical distribution in the district (i.e. main urban areas including Otane) approximately 60% of total households, coastal housing localities 15% and rural/rural townships the balance of 25%. The main points to note from the table are as follows:

- At the current time, the combined Waipukurau-Waipawa main urban area accounts for 55% of total households in the district. An additional 290 or 9% households are projected in the area for 2018-2028, accounting for 54% of total additional households in the district. A further 300 households are projected for 2028-2048, making for a total of 590 additional households in the area over 2018-2048. These households account for 55% of total district household growth over the full period. The Waipukurau area accounts for almost 75% of the total additional combined Waipukurau-Waipawa household growth over 2018-2048. In 2048, the area is projected to continue to account for 55% of total district households.
- The Otane area is projected to record additional household growth of 50 over 2018-2028 and 30 over 2028-2048, making for total household growth in the area of 80 or 30% up on the 2018 figure. In 2048, the area is projected to have 340 households, 8% of the main urban area total and 5% of total district households. Due to its commutable distance to the Hastings/Napier area, Otane is becoming an increasingly attractive residential location option in the district.
- Total household growth of 70 is projected for coastal housing areas (including Porangahau) in the district during 2018-2028 and a further 70 over 2028-2048, making for a total of 140 or +16% over the full planning period. In 2048, these areas will continue to account for 15% of total district households.

Table 3: Location of Projected Central Hawke’s Bay District Household Growth 2018-2048

Housing Locality/Area	Number of Households						
	Actual		Projected				
	2013	2017	2018	2028	Change 2018-2028	2048	Change 2018-2048
<i>Waipukurau Main Urban Area</i>	1,970	2,040	2,065	2,295	230	2,500	435
<i>Waipawa Main Urban Area</i>	990	1,015	1,020	1,080	60	1,175	155
<i>Otane Rural Township</i>	240	250	260	310	50	340	80
<i>Coastal/Rural Townships</i>	750	770	775	825	50	865	90
<i>Porangahau Rural Township</i>	90	95	100	120	20	150	50
<i>Other Eastern District Rural Areas</i>	65	80	85	150	65	160	75
<i>Takapau Rural Township</i>	215	215	215	220	5	245	30
<i>Western District Rural Townships</i>	810	820	825	850	25	925	100
<i>Other Western District Rural Areas</i>	270	275	280	310	30	340	60
Total	5,400	5,560	5,625	6,160	535	6,700	1,075

- Total household growth for eastern rural areas of the district is projected at 75 for the 2018-2048 period, representing 7% of total district household growth. Total household growth of 190 is projected for western rural areas and townships, representing 18% of total district household growth for the period. All rural parts of the district in 2048 are projected to account for 25% of total district households, with rural townships accounting for approximately 70% of the rural total.
- 3.5 In terms of the composition of the projected total household growth in the district over the long-term period, the latest Statistics New Zealand Medium household projections indicate a gradual decline in family based households but a 20% increase in sole-person households. At the same time, in terms of the family composition of households, the number of 'couple without children' families is projected to increase by almost 10%, 'two parent with children' families are projected to fall in number by 23% and the number of one-parent families is projected to fall slightly. At the same time, the 65+ population of the district is anticipated to more than double assuming a 'halfway Medium to High' population growth projection. This factor is driving the increase in sole-person households and the increasing demand for appropriate housing in the district for the older age-groups. It is noted in this regard that the average gross floor area for new dwellings consented in the district since 2013 has ranged from 196m² to 220m².
- 3.6 In terms of the district capacity to accommodate additional housing growth over the projection period, it is noted that approximately 64% of the projected growth over the next LTP period will occur in the key urban areas of Waipukurau, Waipawa and Otane. Waipukurau accounts for 68% of the total additional housing for these areas as a group, Waipawa 18% and Otane the balance of 14%. Feedback from consultation indicates an estimated total of 90-100 'greenfield' sections currently available across these three areas for new housing development.
- 3.7 The Council's current Urban Growth Strategy indicates a potential total housing land availability in Waipukurau-Waipawa of approximately 990 hectares, with the former area accounting for 53% and the latter area 47%. About 6% of the Waipawa land is potentially suited to infill housing development and the balance rural-residential development. Of the Waipukurau land total, 76% is identified in the Strategy for rural-residential housing and the balance for residential expansion/'greenfields' housing. The latter includes the old Hospital/Hospital Farm sites which together account for 45% of the total residential land expansion area. Beyond the existing land availability in the Otane area which is currently being developed for 'greenfield' subdivision, there may be future infill housing possibilities in the area. It is noted that the various areas identified in the Urban Growth Strategy for potential future housing development face variable servicing requirements and issues.

Projected Population Growth

- 3.8 **Table 4** below provides total population projections for the district, for the long-term planning periods. The projections reflect Statistics New Zealand's second update of its population projections for the district, based on the 2013 Census results. The population projections base is therefore consistent with the household projections base.
- 3.9 Under the 'High' population projection, the district's population is projected to increase (by 1,060) from the 2018 estimate of 13,840 to 14,900 in year 2048; this suggests a year 2028 population projection for the district of approximately 14,200 (up 360 on the 2018 population estimate) which lies between the 'halfway Medium to High' and 'High' projection results for the

district for that year. The 2018-2028 population gain of 360 compares with the household gain for the period of 535. The 2028-2048 population gain of an estimated 150-200 compares with the projected household gain of 540.

Table 4: Central Hawke's Bay District Projected Total Population Change 2018-2048

June Years	Estimated Population	Statistics NZ Based Projected Population			
		Low	Medium	Halfway Medium-High	High
2013	13,250	13,250	13,250	13,250	13,250
2017	13,720	13,490	13,730	13,850	13,970
2018	13,840	13,550	13,850	14,000	14,150
2028		12,800	13,800	13,850	14,800
2048		10,500	12,700	13,800	14,900
Change 2018-2048		-3,340	-1,140	-40	1,060

Location of Projected Population Change

3.10 **Table 5** indicates the location of the projected population change within the Central Hawke's Bay district over the period 2018-2048. In general, this is based on the projected household locational profile indicated in Table 3 above.

Table 5: Central Hawkes Bay District projected Internal Population Change 2018-2048

Housing Locality/Area	Population						
	Actual		Projected				
	2013	2017	2018	2028	Change 2018-2028	2048	Change 2018-2048
Waipukurau Main Urban Area	4,825	5,035	5,080	5,250	170	5,560	480
Waipawa Main Urban Area	2,430	2,505	2,510	2,535	25	2,615	105
Otane Rural Township	590	615	640	710	70	755	115
Coastal/Rural Townships	1,840	1,900	1,905	1,920	15	1,925	20
Porangahau Rural Township	220	235	245	255	10	335	90
Other Eastern District Rural Areas	160	195	210	250	40	355	145
Takapau Rural Township	530	530	530	535	5	545	15
Western District Rural Townships	1,990	2,025	2,030	2,035	5	2,055	25
Other Western District Rural Areas	665	680	690	710	20	755	65
Total	13,250	13,720	13,840	14,200	360	14,900	1,060

3.11 The projected age-group population change in the district over the long-term is 0-14 years -14.5%, 15-64 years -20% and 65+ a gain of 108%. The decline in the 15-64 working-age group is particularly concerning from a future labour supply/availability viewpoint.

3.12 The projected ethnic group population changes over the long-term in the district are European/NZ +12.4%, Maori +54%, Asian +193% and Pacific Peoples +136%. The latter two gains are off relatively low year 2013 (the starting point for the age-group and ethnic group projections) population tallies, it should be noted. In year 2038, the European/NZ share of the total district population is projected at 68% compared with the 2013 figure of 76%. The Maori community's share of the total population in year 2038 is projected at 25%, compared to 20%

in 2013. The latter gain should be noted in the context of future housing provision in the district specific to the needs of the Maori community.

4- Commercial and Industrial Floorspace Growth Outlook

4.1 This section provides a forecast for future growth in total commercial and industrial sector building floorspace demand in the Central Hawkes Bay district, over the 2018-2048 period. Prior to this though, sections 4.2-4.10 below provide a brief description of the current economic profile of the two sectors and their historical growth patterns.

Sector Profile

4.2 The commercial sector comprises the service industry categories of retailing, wholesaling, visitor accommodation and food services, business services, and the office based public administration and community services (health/education/welfare) sectors. The industrial sector comprises the business categories of processing, manufacturing, transport and communications, utility services and construction.

4.3 Whilst service industries tend to be mainly located in central business districts of towns and cities (Business Zone 1 Inner Commercial in the Central Hawkes Bay case), this is not always the situation and some service activities may also be located in other business zones away from city and town centres. In the Waipukurau case, a range of service firms can also be found on both sides of State Highway 2/Takapau Rd travelling southwards out of the township. This area is also the base for a range of light industrial enterprises (Business Zone 2 General Commercial and Industrial). The same situation and classification also applies in the Waipawa case.

4.4 The commercial sector presently accounts for 35% of total Central Hawkes Bay district GDP and also 35% of total district employment. The industrial sector contributes approximately 20% to total district GDP and 28% to total district employment (the total primary production sector accounts for the balance of 45% of total district GDP and 37% of total district employment).

4.5 The combined Waipawa-Waipukurau area accounts for an estimated 90% of total industrial sector employment in the Central Hawkes Bay district, with Waipawa accounting for an estimated 30% of total Waipawa/Waipukurau industrial employment and Waipukurau the balance of 70%.

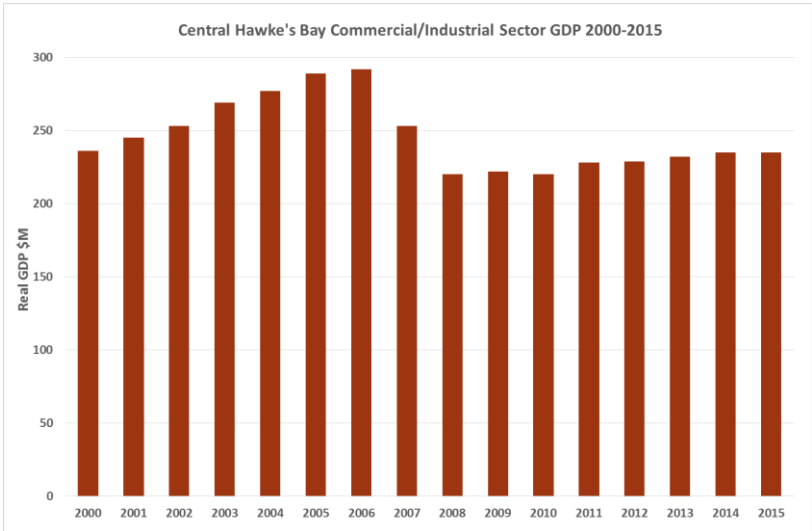
4.6 The combined Waipawa-Waipukurau area accounts for 88% of total commercial sector employment in the district, with Waipawa accounting for an estimated 15% of total Waipawa/Waipukurau commercial employment and Waipukurau the balance of 85%.

4.7 It should be noted that both the commercial and industrial sectors are closely linked to the ongoing operation of the district's primary production sector. The commercial sector provides a range of, for example, financial, business, scientific, technical, consultancy and retailing/wholesaling services to the rural sector whilst the manufacturing sector, for example, processes rural production and produces some specialist machinery and equipment for the primary sector.

4.8 The largest commercial sector employing industries in the district are retailing, education and training, health care and social assistance, and visitor accommodation and food services. The largest employing industrial activities in the district are manufacturing, construction and transport/storage.

4.9 **Figure 3** indicates the historical growth track of commercial and industrial sector real GDP in the Central Hawkes Bay district, since year 2000. The base data for the graph includes Statistics New Zealand and MBIE (Ministry of Business Innovation and Employment) industry GDP results for the Hawkes Bay region and Central Hawkes Bay district. The graph indicates steady GDP growth in the district over 2000-2006, followed by a significant decline over the following two years and flat activity during 2008-2010. Since then, there has been a very gradual increase in the level of real sector GDP and overall by almost 7%. As with the rest of New Zealand, the district was adversely impacted by the GFC (Global Financial Crisis) over 2006-2008.

Figure 3



4.10 Since 2008 when the commercial/industrial sector has been slowly recovering, the sector has recorded underlying annual average real growth of approximately 1%. Assuming a continuation of this level of annual growth to the end of the next LTP period, commercial/industrial sector GDP in the district will be in the order of \$270 million, representing a total increase in sector GDP of \$25 million or 10%. This forecast represents a 'status quo' growth scenario. 2% annual GDP growth for the sector over the next LTP period will result in overall growth in GDP of \$55 million or 22% in real terms. This level of growth last occurred in the district over the 2000-2006 period.

4.11 The achievement of this rate of growth will require, amongst a range of growth factors, steady new residential development in the district, significant production gains in the primary production, primary commodity processing and manufacturing industries, and further growing the district's tourism sector. Treaty of Waitangi (Settlements) financial and commercial redress valued at \$100 million for the Heretaunga/Tamatea 'rohe'/area, of which the Central Hawkes Bay district is a part, could also play an important role in the future in facilitating economic growth and development in the district. The redress includes in excess of \$8 million in total being allocated to Marae (of which Central Hawkes Bay district has four) in the rohe and part of the balance of the financial redress being used for the purchase of the Gwavas Crown Forest land

(which is situated in the district) and other purposes. The remaining monies will be available for investment and other uses.

Floorspace Growth 2018-2028

- 4.12 Looking back over the period since year 2000, the annual amount of consented new commercial/industrial floorspace has varied considerably and in the range 345m² to 5,445m². The annual average for the period through to 2017 has been 2,140m². There has been a significant reduction in the amount of floorspace consented in the district since 2011; prior to this, the annual average consented was approximately 2,700m² and for the period since 2011 the figure is just 660m².
- 4.13 Following consideration of a number of alternative scenarios for future floorspace growth, ESL forecasts additional commercial/industrial floorspace demand in the Central Hawkes Bay district in the range 10,000m²-30,000m² over the 2018-2028 period, with a midpoint level of 20,000m². These three results are based on assumed underlying annual average floorspace growth rates of 0.5%, 1% and 1.5%. The historical period has seen annual average growth in floorspace of just over 1%. Given the relatively low but nevertheless increasing level of additional floorspace consented by the Council over the past four years, much of the forecast additional floorspace growth is likely to occur fairly well into the next LTP period.
- 4.14 Assuming that the above floorspace growth is met entirely through new building construction, the forecast range of growth will require in the range of approximately 1.3-4.0 hectares of new land. However, if some of the floorspace demand is met through alternative use or redevelopment of existing building infrastructure, this will lessen the additional land requirement for the commercial/industrial sector building growth.
- 4.15 Discussions with Central Hawkes Bay District Council staff and local real estate and valuation companies indicates that there is very limited existing zoned commercial (in particular) and industrial land and building space in the Waipawa area, at present. In the Waipukurau area, there is some existing commercial building space available for new use in the town centre and possibly in the Business Zone 2 area along Takapau Rd. In terms of the latter, there is currently a significant amount of existing zoned land available for further industry development along the northern side of the state highway, subject though to resolution of servicing and state highway linkage issues.
- 4.16 In terms of new land potentially being made available for new commercial and industrial development in the main urban areas, the Council's Urban Growth Strategy identifies a 6.7ha parcel of land in the Victoria St/McGreevy St/SH2 area as a possible new future industrial development area. Within the Waipukurau area, the Strategy identifies a total of 20ha (northern side of Hatuma Rd and adjacent to the Tukituki River) of potential future industrial land and 6ha of possible commercial development land (immediately north-east of the central township area).
- 4.17 During the community consultation round undertaken for the purposes of the report, comment was made regarding the capacity of the Takapau township area to accommodate additional

industrial development on behalf of the district. This matter may be worthy of further investigation by the Council.

5- Recommendations

- 5.1 In terms of the household growth projections provided in the report, ESL recommends that the Central Hawkes Bay District Council formally monitors actual household growth in the Central Hawkes Bay district on a six-monthly or annual basis against the projected growth, using its own dwelling consent information and also Statistics New Zealand building consent figures and any updated household growth projections for the district. This should also be extended to cover the commercial/industrial floorspace growth projections provided in the report.
- 5.2 ESL also recommends that the Council, for the purposes of its future business and economic development work, maintains a sufficiently detailed information base regarding the existing commercial and industrial building portfolio in the Waipukurau-Waipawa area in the first instance, and the amount of vacant/unused floor area in the portfolio at the present time.