

Milford Retail Centre Report: Current and Future Retail

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Milford Retail Centre Report: Current and Future Retail

Prepared for the development of the Milford Local Area Plan

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Executive summary

Milford is a large town centre located in the middle of the coastal bays area of Auckland's North Shore. It contains significant components of core, and food and liquor retail, and food hospital and household services, including a mall and two supermarkets. The surrounding catchment is a well-established urban area of a higher socio-economic status.

Within Auckland's urban structure, Milford is part of the North Shore network of centres. The larger metropolitan centre, Takapuna, is located within relatively close proximity to Milford on the southern side. Albany, the North Shore's other major metropolitan centre is located further away and to the north. Growth of the Albany centre is a key feature of the northern shift of gravity of the North Shore, which has caused changes and adjustments within the retail landscape. The proximity of Takapuna (and constraints from the Devonport peninsula to its catchment), coupled with these changes in the North Shore system of centres creates challenges and changes for Milford. Significant retail development has also occurred in retail precincts outside of traditional centres on the North Shore, impacting the system of centres.

Auckland Council's North West Planning team has commissioned the Council's Research, Investigations and Monitoring Unit (RIMU) to prepare this report to inform the development of the Milford Local Area Plan. It is a customised report for the Milford centre drawing from the RIMU Auckland Retail Economic Evidence Base prepared in 2013 to inform the Unitary Plan retail policy direction.

Current retail market

Employment

In 2012, Milford contained 585 retail employees, the fourth largest employment of North Shore town centres. The largest categories were core retail, followed by food and liquor retail and food hospitality and household services. Milford's retail employment declined by 26 per cent since 2000, while regionally the sector grew. Changes in the North Shore retail landscape are likely to have driven this change in the shift of activity across centres (including the northern shift), and the growth of retail employment in non-centre areas. The largest changes have occurred in supermarkets and core retail through changes in the number and location of supermarkets, and increases in the relative concentration of core retail into larger retail areas.

Floorspace

In total, Milford has approximately 25,000m² of retail floorspace, complemented by a further 9300m² of office and 2400m² of industrial floorspace. It is estimated core retail accounts for two-thirds of this floorspace, a larger share than other North Shore town centres.

Building consents

A total of 32,300m² of retail floorspace has been consented for in Milford over the last two decades (1991-2012), with nearly all in the early 1990s. Retail building consents are concentrated into key retail areas on the North Shore. Albany forms the largest concentration, reflecting the northern urban expansion. Milford and Birkenhead represent major concentrations of building consents during earlier time periods, with subsequent patterns of consents in Albany, Glenfield and the Wairau valley. More recently, consents have been concentrated around Albany and other non-centre retail areas (Constellation Drive and Archers Road areas). However, in the longer-term future growth is expected to be more balanced across a range of retail centres and areas.

Sales and spending

In 2012, there was an estimated \$96 million of sales through Milford centre, the third largest sales of North Shore town centres. Half of the sales were in food and liquor retail, followed by core retail, food hospitality and household services and trade retail. Milford has a higher share of sales in core retail than town centres on average (likely influenced by the presence of a mall), but a lower share than metropolitan centres.

Milford had an average floorspace productivity of \$3800 sales per m², lower than the North Shore town centre average. Part of this is due to a higher share of activity in core retail, which has lower productivity at the regional level.

Spatial operation of Milford

As a significant town centre, Milford serves both the immediate surrounding area, but also extends out further to other areas. It extends further north than south, limited by the proximity of Takapuna and the lower amounts of residentially zoned land on the southern side. Food and liquor retail typically influences the shape of closer catchment areas as supermarket spending tends to originate from closer residential area, whereas Milford's core retail component influences its wider catchment area.

Future retail market

Forecast sales

Retail sales in Milford are forecast to increase by 37 per cent out to 2031 (+\$35.3m). Food and liquor is expected to account for two-thirds of this growth, and a further quarter in core retail. Forecast sales growth in Milford is broadly in line with North Shore town centres overall. While core retail, a slower growing sector, accounts for a larger share of Milford's sales, this is balanced by faster than average growth in the food and liquor sector. However, faster growth in metropolitan centres is expected as their relative role increases through time, meaning town centres overall will grow at slower rates.

Forecast floorspace

Forecast sales increases in Milford are forecast to translate into a 19 per cent increase in floorspace (+4800m²). The largest increases are expected to occur in core and food and liquor retail. Milford floorspace is expected to grow at a slower rate than other town centres due to its higher share of activity in core retail, the category most affected by online sales. Slower forecast growth in core retail activity is expected to result in gradual changes to the activity structure of Milford's retail sector over time to include a decreasing share of core retail and an increasing share of food and liquor retail.

Internet sales

Internet spending is likely to account for an increasing share of household and business spend into the future. This will impact on the level of retail sales and floorspace growth in physical retail spaces across Auckland. Areas will be impacted differentially based on their composition of retail activity as some retail categories are likely to experience greater shares of the future activity occurring online than others. In comparison to other town centres, Milford is likely to be impacted to a greater extent from online sales given its higher share of activity in the core retail category. It is estimated in the retail evidence base this category is likely to account for three-quarters of online sales, with the remaining quarter in the food and liquor sector. Slower forecast sales growth in the core retail category (section 3.1) reflects the effect of online sales, with the net effect for Milford driven by the overall retail mix of the centre where a higher share of future sales (than other town centres) are in core retail.

The rates of internet access and technology use have been shown to be important drivers of growth. Demographic age structures affect these drivers, where older age brackets have both lower existing use rates and take-up rates of technology and online shopping. A medium scenario of internet spending is used

in forecast future sales. At the regional level, this involves an online sales growth rate at 2.5 times that of non-internet sales between 2012 and 2012, and an online sales growth rate double that of non-internet sales between 2021 and 2031.

Online sales growth scenarios are more conservative than short to medium-term forecasts internationally. However, it is prudent from a planning perspective to take this approach rather than assume very little growth through stores based on short-term, recent trend information with large uncertainty. In addition, from a planning perspective, online sales do not correlate directly with a drop in demand for physical floorspace as share of the online purchases will be made based on consumers previously visiting the store to physically view and research the purchases. It is important that growth in online sales is monitored going forward and growth assumptions updated as greater certainty in online sales growth trends occur.

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1.0 Introduction

1.1 Background planning context

Milford is a large town centre located in the middle of the coastal bays area of Auckland's North Shore. It contains significant components of core, and food and liquor retail, and food hospitality and household services. Included is a shopping mall and two mid-sized supermarkets. Together, these retail sectors contain 25,000m² of floorspace and 585 employees. Retail in Milford is complemented by a further 9300m² of other commercial and 2400m² of industrial floorspace.

The surrounding catchment is a well-established urban area of higher socio-economic status. This is reflected particularly in the core retail component of the centre, located within the mall, where a number of higher end clothing and footwear retailers are present. The surrounding area also contains major social and transport infrastructure (such as public transport interchanges, North Shore Hospital and coastal park amenities), along with key main roads that pass through the centre.

Within Auckland's urban structure, Milford is part of the North Shore network of centres. The larger metropolitan centre, Takapuna, is located within relatively close proximity to Milford on the southern side. Albany, the North Shore's other major metropolitan centre is located further away and to the north. Growth of the Albany centre is a key feature of the northern shift of gravity of the North Shore, which has caused changes and adjustments within the retail landscape. The proximity of Takapuna (and constraints from the Devonport peninsula to its catchment), coupled with these changes in the North Shore system of centres creates challenges and changes for Milford. Significant retail development has also occurred in retail precincts outside of traditional centres on the North Shore, impacting the system of centres.

It is important to develop an effective plan for Milford to understand how future growth in the centre can be shaped to ensure the best outcomes for households, communities and businesses. Concurrently, planning for Milford's future role within the Auckland centres network and urban economy is important for the efficient and effective functioning of Auckland's urban form. Consequently, a local area plan is being developed for the Milford centre by Auckland Council to best apply the regional centres policy and planning objectives of the Proposed Auckland Unitary Plan (PAUP) at this local scale.

Auckland Council's Research, Investigations and Monitoring Unit (RIMU) have been commissioned by the Council's North West Planning team to prepare this report to inform the development of the Milford Local Area Plan. Core areas of the brief include an understanding of the activity occurring within the Milford centre, how this relates to other North Shore centres, and the forecast growth for retail in Milford. The specific work brief is included in Appendix 1.

1.2 Auckland Council retail evidence base

RIMU produced an Auckland retail evidence base¹ during 2013 to inform the retail policy development of the Proposed Auckland Unitary Plan (PAUP). The evidence base provides empirical information of how Auckland's retail market is currently operating, including the geographic linkages between households and retail centres across the region. From the empirical base it forecasts growth in the retail sector by location over the next two decades. This report draws on the evidence base to provide information on the current and future retail market for the Milford centre, including its relative positioning within the North Shore system of retail centres.

Refer to the retail evidence base for technical information regarding the underlying data and analysis presented within this report.

¹ Fairgray, S. 2013 *Auckland retail economic evidence base*, Auckland Council technical report, TR2013/046.

1.3 Spatial context and definitions

Milford is a significant town centre located in the mid-coastal area of Auckland's North Shore. Figure 1 shows its location relative to other North Shore centres and significant retail areas, and main transport routes. It is within close proximity of the larger Takapuna metropolitan centre and is situated on the North Shore, East Coast Bays arterial transport route.

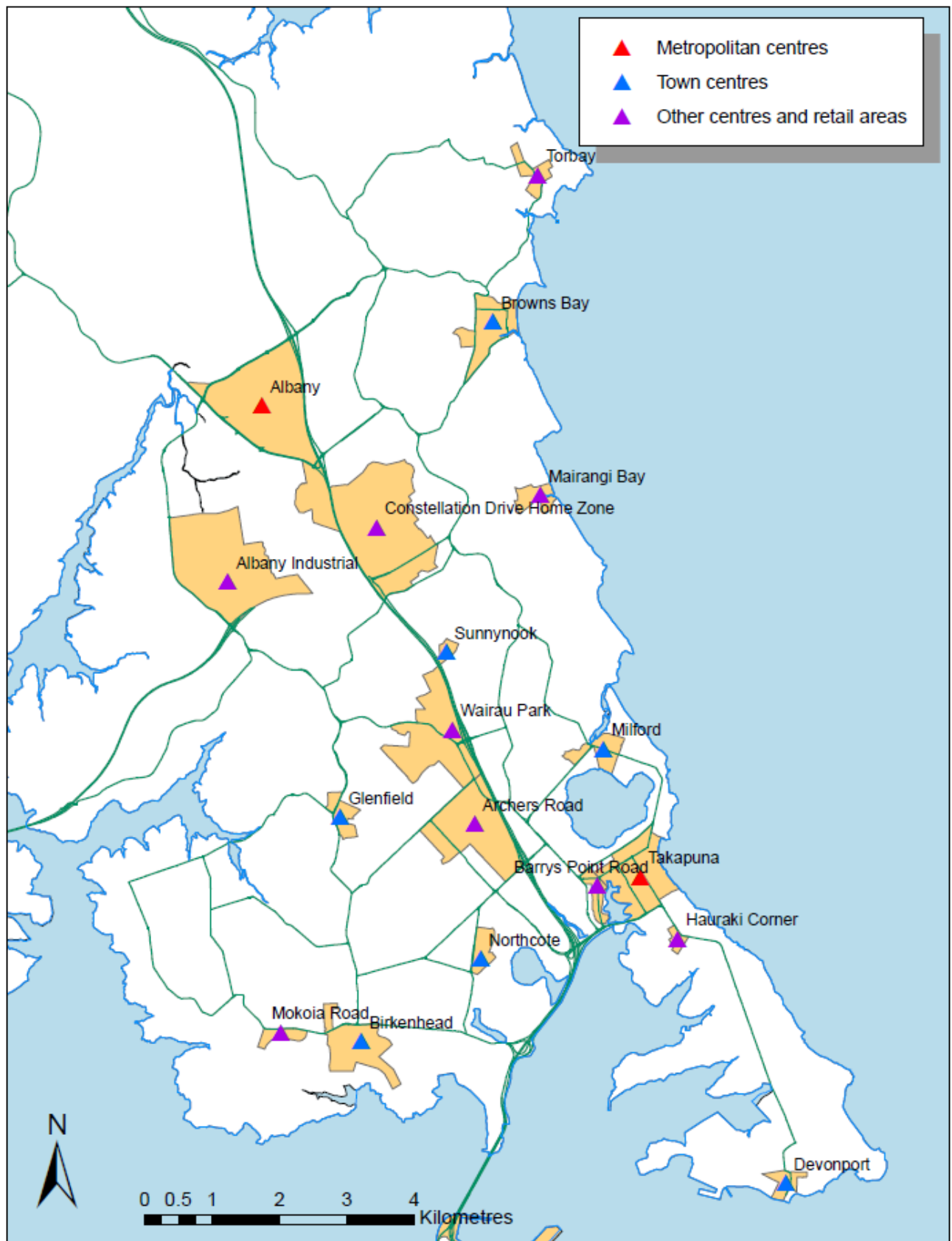


Figure 1 Location of retail areas and precincts on Auckland's North Shore

A range of different data sources are included in this report and the retail economic evidence base, which accordingly are available at different spatial scales and classifications. The remainder of this section visually identifies the different spatial definitions used for each measure of retail in the evidence base and report for Milford. The different spatial boundaries are displayed in Figure 2 and discussed in the subsequent paragraphs.

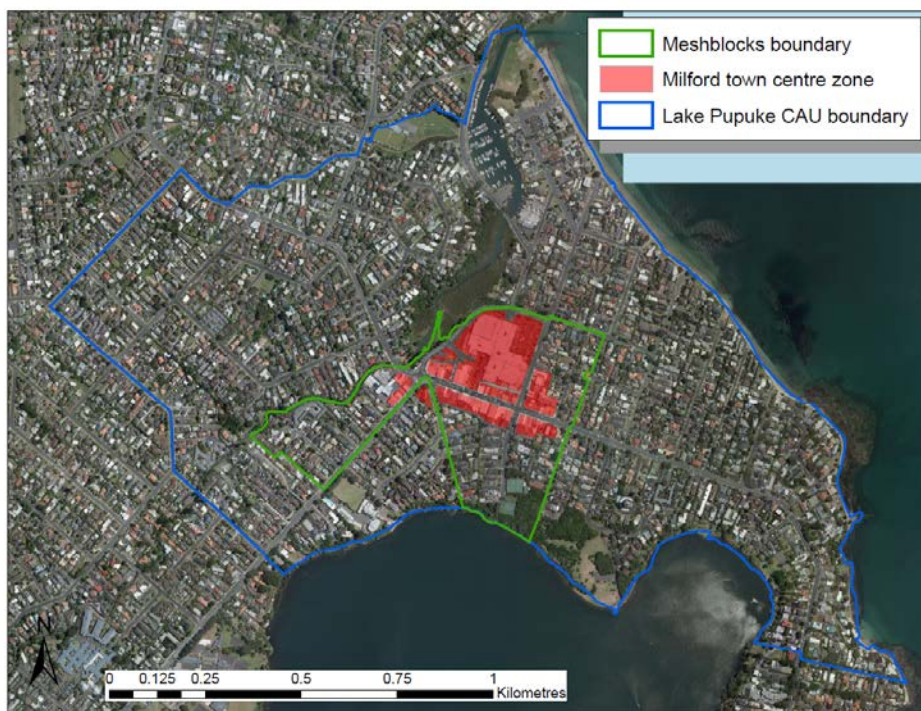


Figure 2. Spatial definitions for Milford used in different data sources

The Milford Local Area Plan considers the Milford area within the Lake Pupuke Census Area Unit (CAU)² shown by the blue line. This is a broader definition appropriate for a planning basis as it includes the main Milford commercial centre and the immediate surrounding residential area. The red shaded area shows the area zoned as the Milford town centre under the PAUP. The retail evidence base aims to best approximate data to the town centre zoned area. Floorspace information corresponds with both this zoned area (as it is available at the property parcel level and therefore, can be aggregated to match this area) as well as the meshblock area. In this report it is considered for all centres at the meshblock level to correspond with sales forecasts.

The green line displays the outline of the meshblocks (MBs) that contain the effective Milford commercial centre area, which corresponds with the PAUP town centre zoned area³. Employment and sales data is provided at this area level. This area also forms the basis for retail sales and floorspace forecasts as their calculation relies on sales data (refer to the retail evidence base). While this area extends beyond the town centre zone, it is likely to only have a marginal impact on the employment and sales analysis as the additional areas are almost entirely residential, containing almost no commercial activity.

² A CAU is a statistical geographical land division approximately the size of a suburb area. A meshblock (discussed in the following paragraph) is an even smaller statistical geographical land division. Meshblocks aggregate together to form CAUs. For further information, refer to www.stats.govt.nz.

³ A small section of the zoned area falls outside this boundary. However, this has only a very marginal impact on the data as the area contains a church and not commercial employment activity.

Retail sector definitions

The retail sector includes retail activity in the selling of durable and consumable physical commodities. It also includes the sale of household services and food hospitality. Four retail categories used in this report match those contained in the retail evidence base and are defined as follows:

- **Core:** Durable and comparison goods such as household appliances, clothing, footwear, stationery, etc.
- **Trade (trade suppliers):** Garden centres, landscaping, DIY materials and hardware, etc.
- **Food and liquor retail:** Supermarkets, specialised food, other food and liquor purchased for consumption not on the retail premises (excluding prepared meals).
- **Food hospitality and household services:** Restaurants, takeaway food, bars, clubs, taverns, etc and household services that occupy storefront locations such as drycleaners, travel agents, hair dressers, etc.

2.0 Current retail market

Information contained within this section describes how the Milford and North Shore retail sector is currently operating, and where information is available, how it has changed across the last decade. The key indicators of employment and floorspace are used to illustrate supply, while sales are used to show demand.

2.1 Employment

Employment is an important indicator of the role and function of different locations as it describes the type of activity in an area at a detailed breakdown of activity types. It disaggregates the retail sector into a range of different sub-categories that reflect differences in the nature and structure of different types of retail centre.

Current retail sector

In 2012, Milford contained 585 retail employees. With 220 employees, core retail is the largest retail category, accounting for over one-third (38%) of Milford's retail employment. Within this category, the largest numbers of employees area in recreation, clothing and footwear retailing (77 employees) and appliances and department stores (75 employees). The presence of The Warehouse Ltd, is likely to account for a large component of the latter employment (refer to Table 1).

The next largest retail categories were food and liquor (33%) and food hospitality and household services, with the bulk of employees in food hospitality (133 employees). The presence of two supermarkets, Countdown and New World mean the bulk of food and liquor employment is in supermarkets (150 employees).

Changes since 2000

Table 1 shows retail employment in Milford declined by 26 per cent (-206 employees) between 2000 and 2012. This contrasts with an employment growth of 23 per cent in Auckland's retail sector overall. Declines in Milford are likely to be partly driven by changes in the North Shore retail landscape with activity shifting to other centres and the development of other non-centre retail precincts, along with the northern movement of the North Shores retail centre of gravity.

The largest declines occurred in supermarkets (-140 employees; -48%) and other core retail (-87 employees; -61%), followed by smaller declines in household services (-23 employees; -37%). Meanwhile, small net increases occurred in other food (+27 employees) and food hospitality (+18 employees)⁴. These changes have led to a slight change in the structure of Milford, with a greater food hospitality role and a lesser role in core retail.

⁴ Other retail categories have experienced large percentage changes, but these are unlikely to be significant as the net change is very small.

Table 1. Retail employment by category by area in 2000 and 2012 and change, 2000-2012

Area	Core				Food and liquor			Other services and hospitality		Trade		Total retail and household sector	Total all sectors
	Furniture and housewares	Appliances and Department Stores	Recreation, clothing and footwear	Other Core	Supermarkets	Other Food	Liquor	Hospitality	Household services	Auto and marine	Hardware and garden centres		
2000 employees													
City centre	48	813	809	1,429	403	87	42	4,660	1,146	27	134	9,598	77,845
North Shore metropolitan centres	70	486	494	334	330	9	18	813	111	3	12	2,680	12,016
Other metropolitan centres	630	2,019	1,617	1,579	2,409	258	112	2,604	741	239	552	12,760	44,847
North Shore town centres	66	441	191	589	1,873	102	73	965	321	15	105	4,741	9,492
Other town centres	618	1,611	1,471	2,153	3,744	459	374	4,472	1,036	177	477	16,592	58,178
Total Auckland	2,647	7,720	5,854	10,146	13,004	1,906	1,165	22,048	5,508	1,101	4,064	75,163	521,949
Milford town centre	3	90	69	143	290	12	3	115	63	-	3	791	1,234
2012 employees													
City centre	42	652	913	1,318	711	179	61	6,163	890	30	107	11,066	96,187
North Shore metropolitan centres	136	697	917	928	620	24	18	1,126	194	-	143	4,803	13,464
Other metropolitan centres	700	2,992	3,006	1,963	2,552	386	90	3,796	674	174	555	16,888	52,875
North Shore town centres	102	333	303	647	1,383	182	21	1,119	247	24	51	4,412	8,862
Other town centres	514	1,476	1,861	2,083	3,801	621	198	5,273	942	306	758	17,833	59,877
Total Auckland	2,863	8,854	8,672	12,079	13,593	3,011	934	31,056	5,808	1,355	4,774	92,999	643,219
Milford town centre	12	75	77	56	150	39	3	133	40	-	-	585	1,016
2000 employees - share by retail sector													
City centre	1%	8%	8%	15%	4%	1%	0%	49%	12%	0%	1%	100%	
North Shore metropolitan centres	3%	18%	18%	12%	12%	0%	1%	30%	4%	0%	0%	100%	
Other metropolitan centres	5%	16%	13%	12%	19%	2%	1%	20%	6%	2%	4%	100%	
North Shore town centres	1%	9%	4%	12%	40%	2%	2%	20%	7%	0%	2%	100%	
Other town centres	4%	10%	9%	13%	23%	3%	2%	27%	6%	1%	3%	100%	
Total Auckland	4%	10%	8%	13%	17%	3%	2%	29%	7%	1%	5%	100%	
Milford town centre	0%	11%	9%	18%	37%	2%	0%	15%	8%	0%	0%	100%	
2012 employees - share by retail sector													
City centre	0%	6%	8%	12%	6%	2%	1%	56%	8%	0%	1%	100%	
North Shore metropolitan centres	3%	15%	19%	19%	13%	0%	0%	23%	4%	0%	3%	100%	
Other metropolitan centres	4%	18%	18%	12%	15%	2%	1%	22%	4%	1%	3%	100%	
North Shore town centres	2%	8%	7%	15%	31%	4%	0%	25%	6%	1%	1%	100%	
Other town centres	3%	8%	10%	12%	21%	3%	1%	30%	5%	2%	4%	100%	
Total Auckland	3%	10%	9%	13%	15%	3%	1%	33%	6%	1%	5%	100%	
Milford town centre	2%	13%	13%	10%	26%	7%	1%	23%	7%	0%	0%	100%	
2000-2012 net change in employment													
City centre	-6	-161	104	-111	308	92	19	1,503	-256	3	-27	1,468	18,342
North Shore metropolitan centres	66	211	423	594	290	15	0	313	83	-3	131	2,123	1,448
Other metropolitan centres	70	973	1,389	384	143	128	-22	1,192	-67	-65	3	4,128	8,028
North Shore town centres	36	-108	112	58	-490	80	-52	154	-74	9	-54	-329	-630
Other town centres	-104	-135	390	-70	57	162	-176	801	-94	129	281	1,241	1,699
Total Auckland	216	1,134	2,818	1,933	589	1,105	-231	9,008	300	254	710	17,836	121,270
Milford town centre	9	-15	8	-87	-140	27	0	18	-23	0	-3	-206	-218
2000-2012 percentage change in employment													
City centre	-13%	-20%	13%	-8%	76%	106%	45%	32%	-22%	11%	-20%	15%	24%
North Shore metropolitan centres	94%	43%	86%	178%	88%	167%	0%	38%	74%	-100%	1092%	79%	12%
Other metropolitan centres	11%	48%	86%	24%	6%	50%	-20%	46%	-9%	-27%	1%	32%	18%
North Shore town centres	55%	-24%	59%	10%	-26%	78%	-71%	16%	-23%	60%	-51%	-7%	-7%
Other town centres	-17%	-8%	27%	-3%	2%	35%	-47%	18%	-9%	73%	59%	7%	3%
Total Auckland	8%	15%	48%	19%	5%	58%	-20%	41%	5%	23%	17%	24%	23%
Milford town centre	300%	-17%	12%	-61%	-48%	225%	0%	16%	-37%	-	-100%	-26%	-18%

Data source: Statistics New Zealand, Business Demographic dataset, 2000-2012.

Comparison to other North Shore centres and retail areas

Milford is the fourth largest town centre on the North Shore and is similar in retail employment structure (at the higher retail category level) to other North Shore town centres (on average) as a whole.

There has been significant change in the distribution of retail activity geographically across the North Shore between 2000 and 2012. Much of the change reflects the northern urban expansion and is dominated by the growth of Albany metropolitan centre. The establishment of Albany as the North Shore's largest retail (and commercial) hub is likely to have had impacts across most other North Shore centres and, in particular, network of shopping malls.

During this period, Albany experienced a net increase of 2040 retail sector employees, more than tripling its size from 923 employees in 2000 to 2963 employees in 2012 (refer to Table 2). The geographical pattern of changes across the North Shore can be observed in Figure 3, with the net changes by retail category within each sector shown in Table 2. Glenfield (+213 employees), Devonport (+135 employees) and Takapuna (+83 employees) centres also experienced (much smaller) net increases in retail employment.

Table 2. Retail employment in North Shore metropolitan and town centres, 2000-2012

Area	Core				Food and liquor			Other services and hospitality		Trade		Total retail and household sector	Total all sectors
	Furniture and housewares	Appliances and Department Stores	Recreation, clothing and footwear	Other Core	Supermarkets	Other Food	Liquor	Hospitality	Household services	Auto and marine	Hardware and garden centres		
2000 employees													
Albany metropolitan centre	28	281	137	50	330	-	-	95	2	-	-	923	1,339
Takapuna metropolitan centre	42	205	357	284	-	9	18	718	109	3	12	1,757	10,677
Birkenhead town centre	12	171	21	99	200	15	-	215	90	3	27	853	1,992
Browns Bay town centre	27	56	57	127	410	30	28	196	66	12	48	1,057	2,025
Devonport town centre	3	-	9	45	-	9	18	186	20	-	9	299	794
Glenfield town centre	3	75	23	52	330	-	12	120	29	-	-	644	941
Milford town centre	3	90	69	143	290	12	3	115	63	-	3	791	1,234
Northcote town centre	6	3	3	27	163	18	3	12	26	-	3	264	488
Sunnynook town centre	-	-	-	-	170	-	-	3	-	-	-	173	185
2012 employees													
Albany metropolitan centre	88	593	641	301	620	12	-	496	72	-	140	2,963	5,178
Takapuna metropolitan centre	48	104	276	627	-	12	18	630	123	-	3	1,841	8,286
Birkenhead town centre	21	74	27	87	113	28	-	244	59	3	6	662	1,853
Browns Bay town centre	18	24	21	117	220	18	3	207	55	18	24	725	1,478
Devonport town centre	21	-	21	72	140	6	6	141	15	-	12	434	819
Glenfield town centre	21	145	130	130	213	15	3	161	36	-	3	857	1,169
Milford town centre	12	75	77	56	150	39	3	133	40	-	-	585	1,016
Northcote town centre	-	-	-	53	139	21	3	48	2	-	-	266	477
Sunnynook town centre	-	3	-	3	100	9	-	6	-	-	-	121	124
2000 employees - share by retail sector													
Albany metropolitan centre	3%	30%	15%	5%	36%	0%	0%	10%	0%	0%	0%	100%	
Takapuna metropolitan centre	2%	12%	20%	16%	0%	1%	1%	41%	6%	0%	1%	100%	
Birkenhead town centre	1%	20%	2%	12%	23%	2%	0%	25%	11%	0%	3%	100%	
Browns Bay town centre	3%	5%	5%	12%	39%	3%	3%	19%	6%	1%	5%	100%	
Devonport town centre	1%	0%	3%	15%	0%	3%	6%	62%	7%	0%	3%	100%	
Glenfield town centre	0%	12%	4%	8%	51%	0%	2%	19%	5%	0%	0%	100%	
Milford town centre	0%	11%	9%	18%	37%	2%	0%	15%	8%	0%	0%	100%	
Northcote town centre	2%	1%	1%	10%	62%	7%	1%	5%	10%	0%	1%	100%	
Sunnynook town centre	0%	0%	0%	0%	98%	0%	0%	2%	0%	0%	0%	100%	
2012 employees - share by retail sector													
Albany metropolitan centre	3%	20%	22%	10%	21%	0%	0%	17%	2%	0%	5%	100%	
Takapuna metropolitan centre	3%	6%	15%	34%	0%	1%	1%	34%	7%	0%	0%	100%	
Birkenhead town centre	3%	11%	4%	13%	17%	4%	0%	37%	9%	0%	1%	100%	
Browns Bay town centre	2%	3%	3%	16%	30%	2%	0%	29%	8%	2%	3%	100%	
Devonport town centre	5%	0%	5%	17%	32%	1%	1%	32%	3%	0%	3%	100%	
Glenfield town centre	2%	17%	15%	15%	25%	2%	0%	19%	4%	0%	0%	100%	
Milford town centre	2%	13%	13%	10%	26%	7%	1%	23%	7%	0%	0%	100%	
Northcote town centre	0%	0%	0%	20%	52%	8%	1%	18%	1%	0%	0%	100%	
Sunnynook town centre	0%	2%	0%	2%	83%	7%	0%	5%	0%	0%	0%	100%	
2000-2012 net change in employment													
Albany metropolitan centre	60	312	504	251	290	12	0	401	70	0	140	2,040	3,839
Takapuna metropolitan centre	6	-101	-81	343	0	3	0	-88	13	-3	-9	83	-2,391
Birkenhead town centre	9	-97	6	-12	-87	13	0	29	-30	0	-21	-190	-139
Browns Bay town centre	-9	-32	-36	-10	-190	-12	-25	11	-11	6	-24	-332	-547
Devonport town centre	18	0	12	27	140	-3	-12	-45	-5	0	3	135	25
Glenfield town centre	18	70	107	78	-117	15	-9	41	7	0	3	213	228
Milford town centre	9	-15	8	-87	-140	27	0	18	-23	0	-3	-206	-218
Northcote town centre	-6	-3	-3	26	-24	3	0	36	-25	0	-3	1	-11
Sunnynook town centre	0	3	0	3	-70	9	0	3	0	0	0	-52	-61
2000-2012 percentage change in employment													
Albany metropolitan centre	214%	111%	368%	502%	88%			422%	3314%			221%	287%
Takapuna metropolitan centre	14%	-49%	-23%	121%		33%	0%	-12%	12%	-100%	-75%	5%	-22%
Birkenhead town centre	75%	-57%	29%	-12%	-44%	87%		13%	-34%	0%	-78%	-22%	-7%
Browns Bay town centre	-33%	-57%	-63%	-8%	-46%	-40%	-89%	6%	-17%	50%	-50%	-31%	-27%
Devonport town centre	600%		133%	60%		-33%	-67%	-24%	-24%		33%	45%	3%
Glenfield town centre	600%	93%	465%	150%	-35%		-75%	34%	24%			33%	24%
Milford town centre	300%	-17%	12%	-61%	-48%	225%	0%	16%	-37%		-100%	-26%	-18%
Northcote town centre	-100%	-100%	-100%	96%	-15%	17%	0%	300%	-94%		-100%	1%	-2%
Sunnynook town centre					-41%			100%				-30%	-33%

Data source: Statistics New Zealand, Business Demographic dataset, 2000-2012.

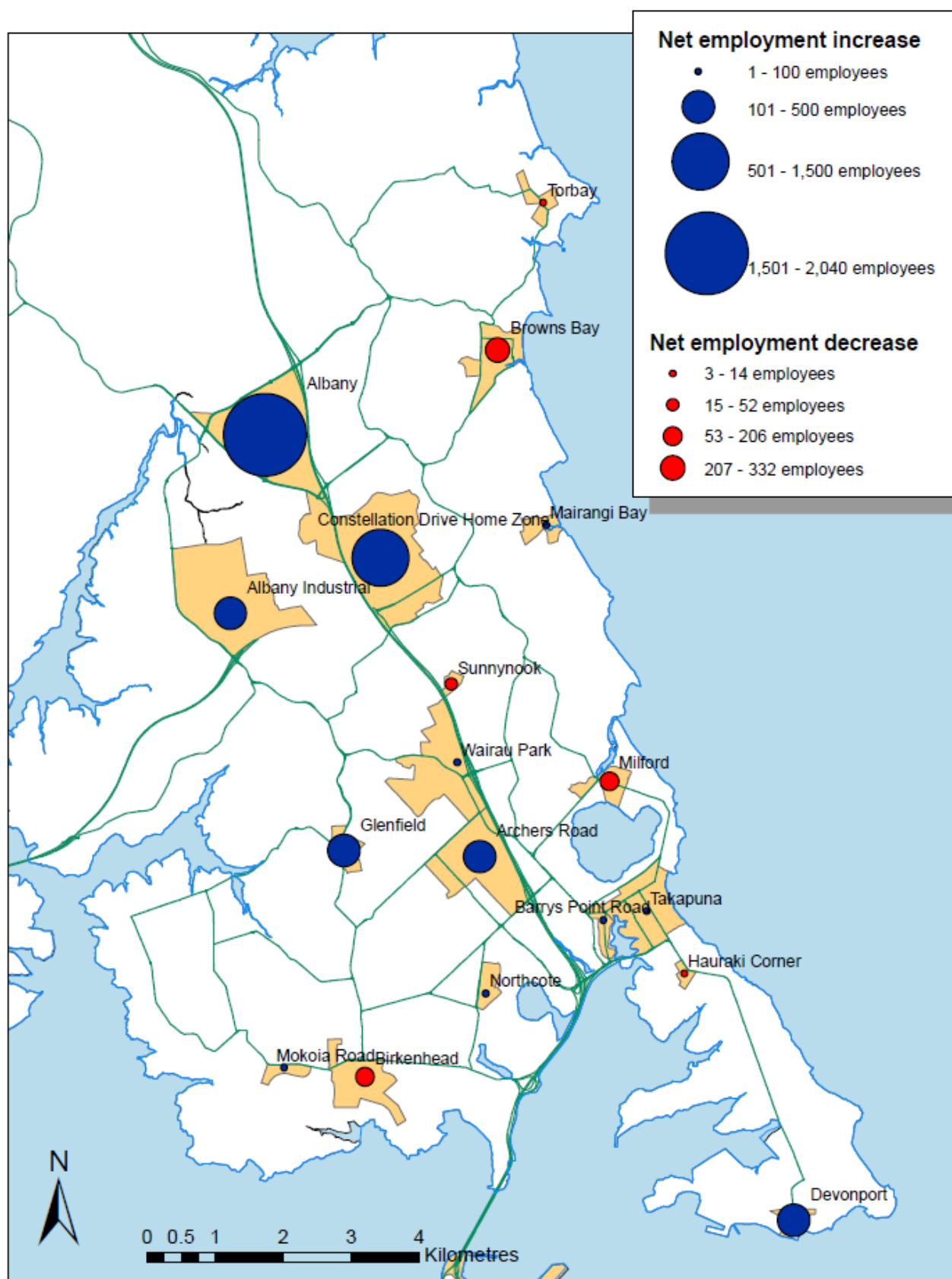


Figure 3. Map of net change in North Shore centres and retail areas retail employment, 2000-2012

Increases in Glenfield are likely also to be due to growth in the northern edge of the North Shore along with upgrades and size increases to the shopping mall. Growth in Devonport and Takapuna are likely to be due to spending growth in their respective catchments and, for Takapuna, region-wide trends of relative increases in the role of larger (metropolitan) centres.

Conversely, Browns Bay (-332), Milford (-206) and Birkenhead (-206) town centres have experienced net losses in retail employment across this period. Losses in Browns Bay are likely to be directly related to a shift in retail activity to Albany given the closest proximity to this centre.

The largest net changes in retail employment have occurred in supermarkets employment, with Albany and Devonport increasing their employment, and losses everywhere else (including in some cases the closure of supermarkets). As well as the development of new major supermarkets in Albany, a number of new, either considerably larger or differentiated, supermarkets have occurred elsewhere. These include the development of Pak N Save in Wairau Valley/Archers Road area and specialised supermarkets Nosh and Farro along the Constellation drive corridor.

Albany has also emerged as a major core retail and food hospitality node, influencing core retail employment losses and redistribution across a number of other centres. Part of this effect can be observed also in changes to the type of activity within this sector across the network of shopping malls and core retail precincts of other centres. The development of the Albany mall has attracted a large share of mainstream core retail chain stores across the spectrum of the market. In some cases these openings appear to have corresponded to closures of stores within the same chains across other North Shore centres within the Albany centre catchment. Meanwhile, the core retail sector in other significant North Shore centres have tended to specialise more into segments of the market that reflect their local catchments and include a greater number of individually owned stores, or smaller chain stores, with less of a wider market spread.

The emergence of Albany as a significant food hospitality precinct has coincided with falling employment in this sector in Takapuna. Part of this effect is also likely to be the result of a decrease in other commercial activity in Takapuna, where a significant portion of this category is likely to have been driven by household spend occurring at the workplace where other commercial sector employees make purchases within this sector. Table 2 also shows that a net increase of 1799 employees in other non-retail sectors in Albany across the 2000-2012 period has coincided with a net loss of 2474 non-retail employees in Takapuna. Part of the employment loss in Takapuna is also likely to have been affected by significant office park development at nearby Smales Farm.

Retail distribution across North Shore centres has also been impacted by the growth of retail in other non-centre retail precincts. These include in particular, Constellation Drive area, Wairau valley and Archers Road. A significant proportion of this growth is characterised by the development of large format, mega stores.

Overall, the structural changes of declining share of retail employment in food and liquor retail, and increasing shares in the food hospitality and household services retail categories in Milford is consistent with many other North Shore town centres. However, other North Shore town centres have on average also increased the share of their activity in core retail, contrary to Milford. These changes in the structure of retail employment within each North Shore town and metropolitan centre can be observed through comparing Figures 4 and 5.

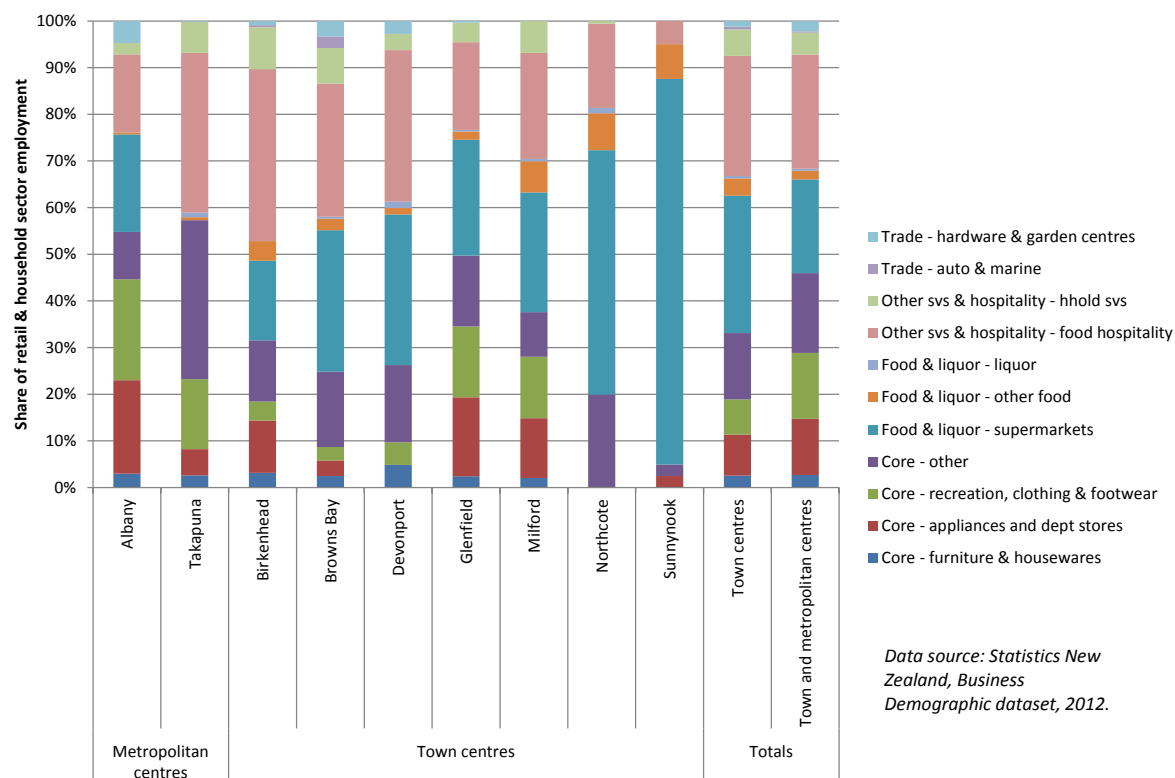


Figure 4. Structure of retail employment in North Shore metropolitan and town centres, 2012

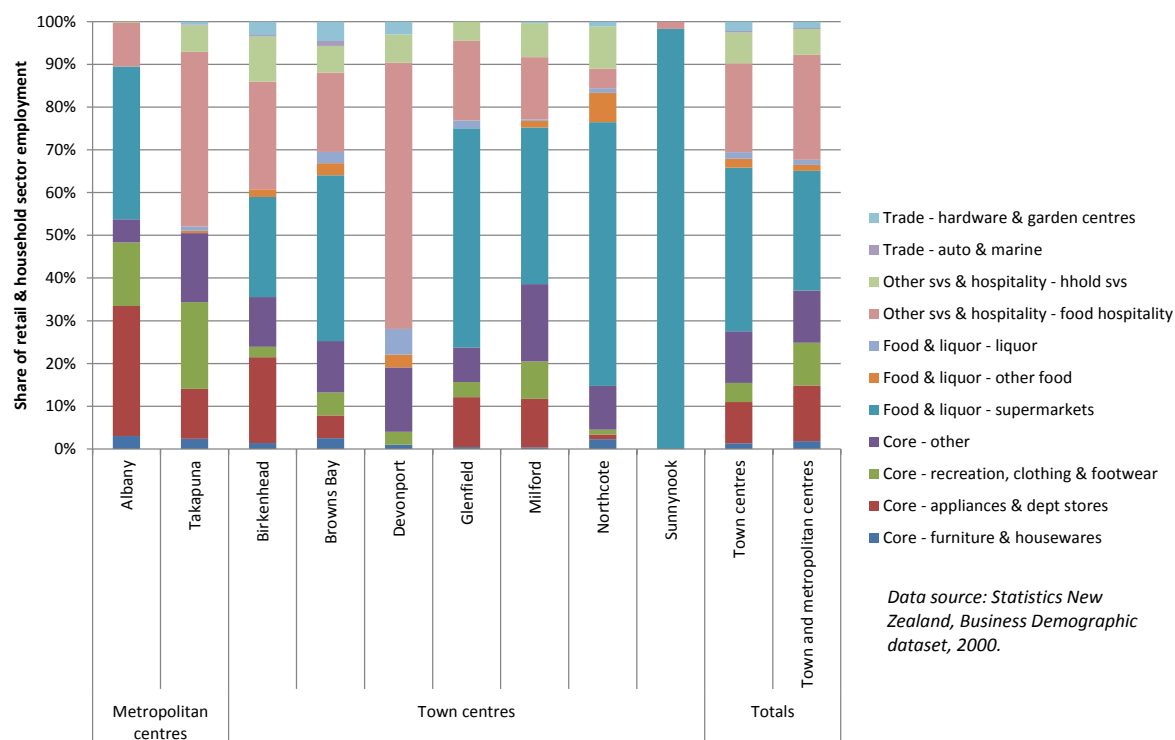


Figure 5. Structure of retail employment in North Shore town and metropolitan centres, 2000

2.2 Floorspace

In total, Milford has approximately 25,000m² of retail floorspace. Table 3 shows the largest estimated category of floorspace is in core retail, which at 16,300m² accounts for two-thirds (65%) of the centres floorspace. Core retail is followed by food and liquor (19%; 4800m²), food hospitality and household services (11%; 2800m²) and trade (4%; 1000m²).

When compared to other North Shore town centres, Milford has the fourth largest amount of retail floorspace. Town centres with larger amounts of retail floorspace include Birkenhead (33,000m²), Browns Bay (32,400m²) and Glenfield (31,700m²). Milford has a greater concentration (65%) of its floorspace into core retailing than other North Shore town centres (50%), and a lesser share across all other retail categories. In this respect, it is more similar to the average of North Shore metropolitan centres that have on average 72 per cent of floorspace as core retail.

Table 3. Estimated floorspace (m²) in Milford and other North Shore metropolitan and town centres by retail category, 2012

Area	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Retail and Household Sector Total
<i>North Shore metropolitan centres</i>					
Albany	113,800	12,000	13,000	12,400	151,200
Takapuna	26,700	3,100	800	13,700	44,300
Metropolitan centres total	140,500	15,100	13,800	26,100	195,500
<i>North Shore town centres</i>					
Birkenhead	15,300	1,000	7,500	9,200	33,000
Browns Bay	11,100	5,500	8,200	7,600	32,400
Devonport	4,800	1,800	3,600	2,900	13,000
Glenfield	23,700	1,900	3,600	2,500	31,700
Milford	16,300	1,000	4,800	2,800	25,000
Northcote	3,500	100	5,600	2,000	11,200
Sunnynook	300	-	3,800	100	4,300
Town centres total	75,000	11,300	37,100	27,100	150,600
Town and Metropolitan centres total	215,500	26,400	50,900	53,200	346,100

Source: Auckland Council Retail Economic Evidence Base (Fairgray, 2013).

Table 4 shows that when compared to the full range of significant North Shore retail centres and non-centre retail precincts, Milford is the eighth largest concentration of retail floorspace. In addition to the town centres listed above, Albany and Takapuna metropolitan centres contain larger amounts of retail floorspace than Milford. Non-centre retail areas in the Wairau valley and Constellation Drive area have also emerged as significant concentrations of retail floorspace on the North Shore, with the total amount of retail floorspace in Wairau valley (142,500m²) similar to that of Albany (151,200m²). A larger share of the floorspace in these areas tends to be larger format⁵ than that located within the (particularly) smaller centres.

⁵ Retail is large format where the gross floor area (GFA) of a single store is greater than or equal to 450m². As well as standalone stores, it includes individual stores that are 450m² or greater that make up part of a larger building. If a building is larger than 450m² and is made up of several individual stores, only the stores that individually have 450m² or greater GFA are counted as large format retail. Car parking or other land on the same property parcel surrounding the retail store is not included within this measure.

Table 4. Estimated floorspace (m²) by retail category for North Shore centres and other retail precincts, 2012

Area	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Retail and Household Sector Total
Albany	113,800	12,000	13,000	12,400	151,200
Albany Industrial	6,900	2,400	900	5,200	15,300
Archers Road	7,600	3,900	5,200	500	17,100
Barrys Point Road	7,600	1,000	3,100	900	12,500
Birkenhead	15,300	1,000	7,500	9,200	33,000
Browns Bay	11,100	5,500	8,200	7,600	32,400
Constellation Drive HZ	14,600	13,800	1,400	3,700	33,500
Devonport	4,800	1,800	3,600	2,900	13,000
Glenfield	23,700	1,900	3,600	2,500	31,700
Hauraki Corner	500	300	1,300	500	2,700
Mairangi Bay	2,600	100	1,900	1,900	6,500
Milford	16,300	1,000	4,800	2,800	25,000
Mokoia Road	200	100	3,600	400	4,300
Northcote	3,500	100	5,600	2,000	11,200
Sunnynook	300	-	3,800	100	4,300
Takapuna	26,700	3,100	800	13,700	44,300
Torbay	1,200	300	900	1,100	3,500
Wairau	75,300	55,100	1,600	10,400	142,500

Source: Auckland Council Retail Economic Evidence Base (Fairgray, 2013).

The following set of maps in Figures 6 to 11 are extracted from the appendices of the Auckland Council retail economic evidence base. The first two maps (Figures 6 and 7) show the distribution of total and large format retail floorspace by meshblock at a sub-regional level to provide context for the position of Milford's retail floorspace within the context of the North Shore. Subsequent maps (Figures 8 to 11) are focussed specifically on the Milford town centre. They show the amount of retail floorspace contained within each meshblock as the shaded area, and the buildings⁶ that contain different types of large format retail within the meshblock⁷ (Figures 9, 10 and 11).

⁶ This does not suggest that the whole building is large format retail, rather, that some of the floorspace contained within the building is large format. Instances where this occurs include shopping malls where several shops together are represented as a single building on the building footprints database.

⁷ Refer to the appendices within the retail evidence base (Fairgray, 2013) for a further technical description of these maps and their construction.

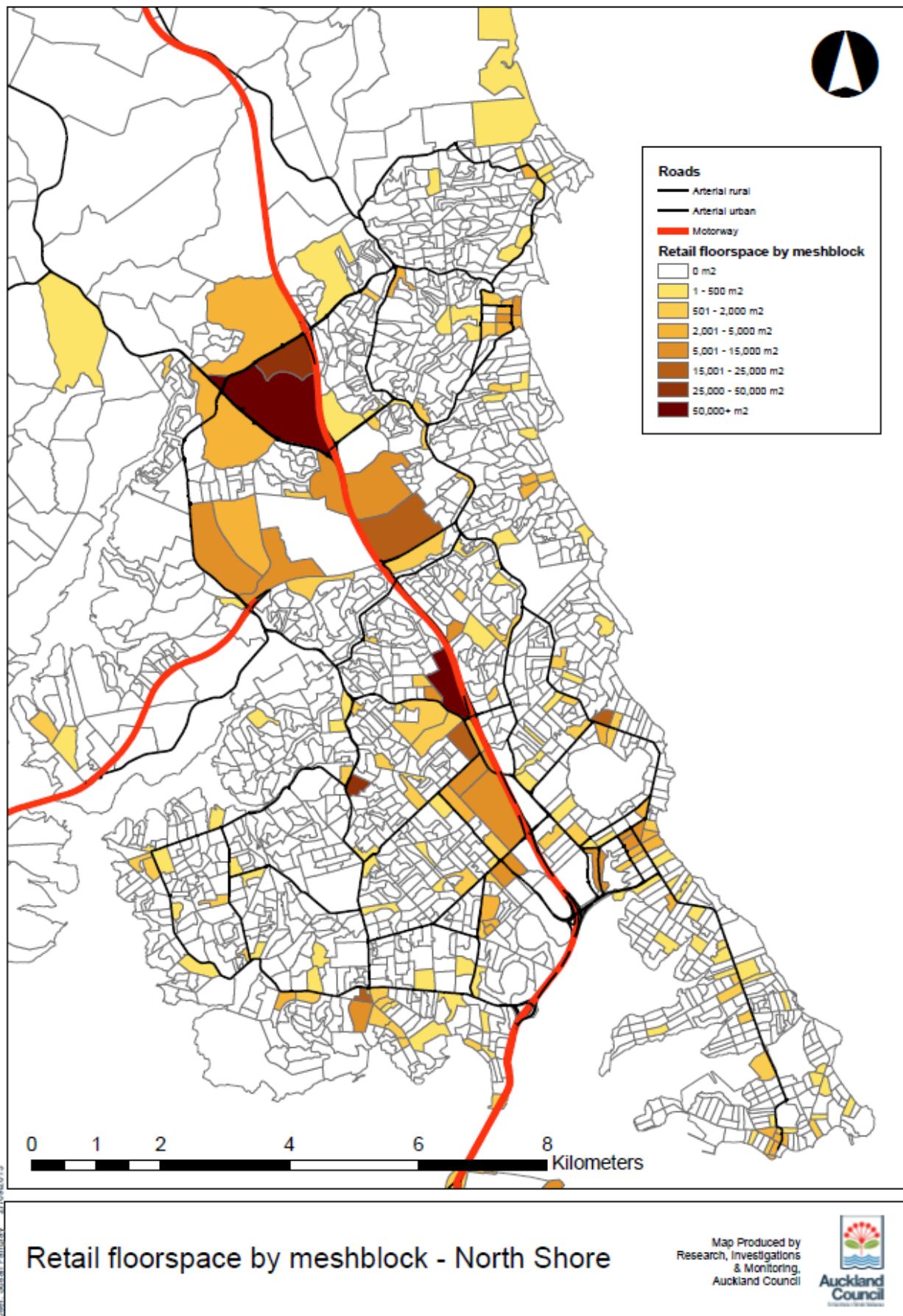


Figure 6. Total retail floorspace by meshblock on Auckland's North Shore

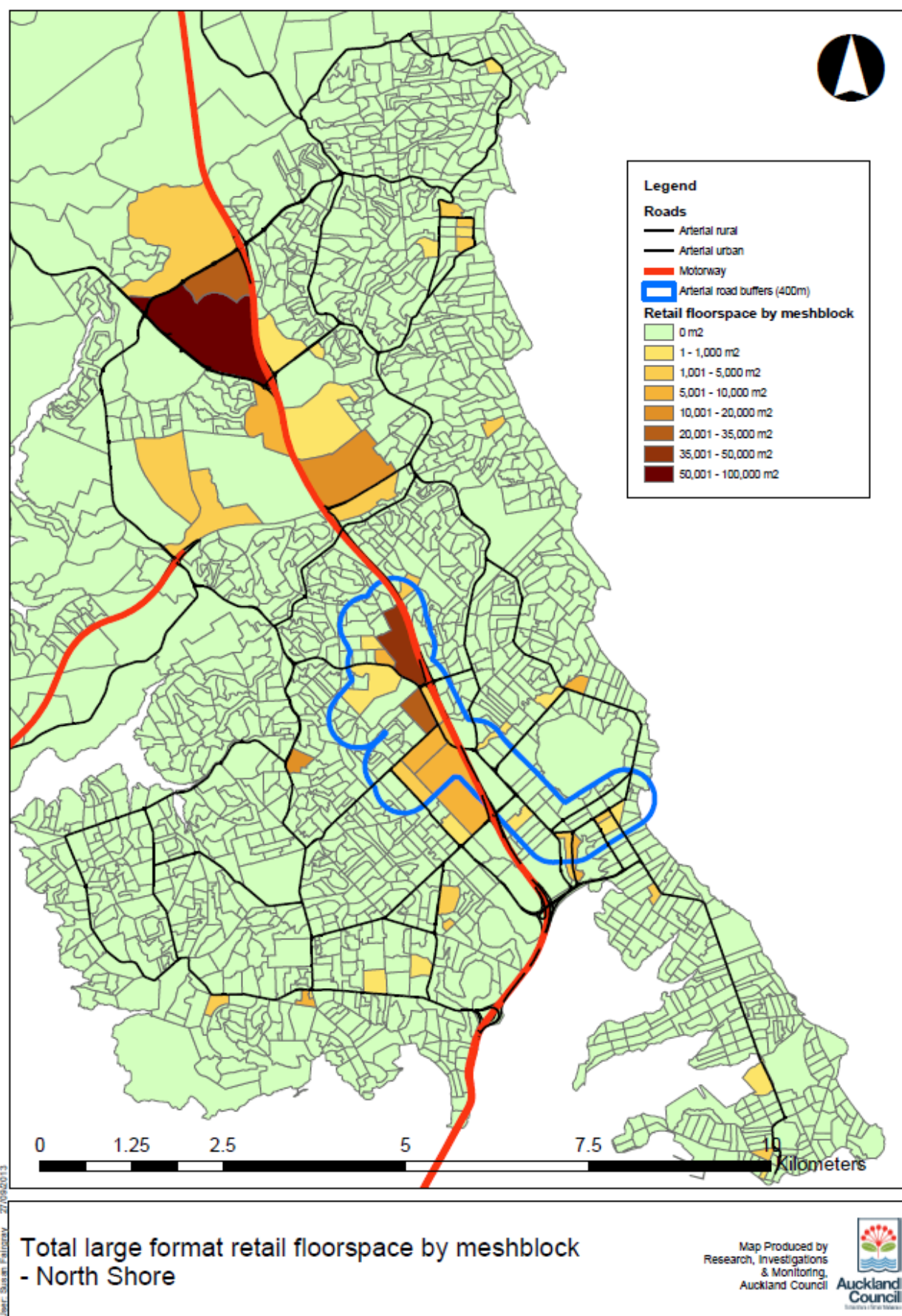


Figure 7. Total large format retail floorspace by meshblock on Auckland's North Shore

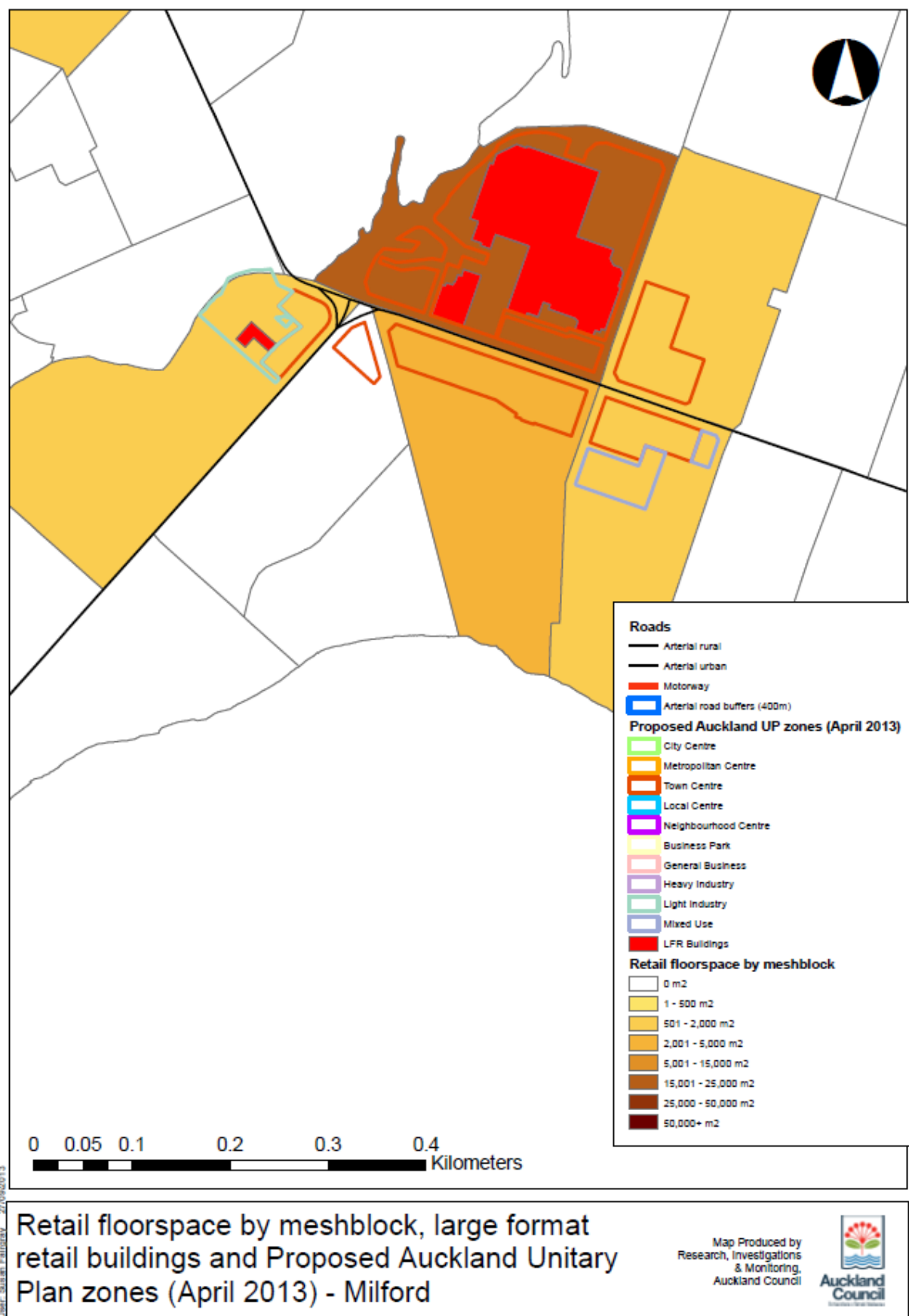


Figure 8. Total retail floorspace by meshblock, large format retail buildings and Proposed Auckland Unitary Plan zones (as at April 2013) for Milford

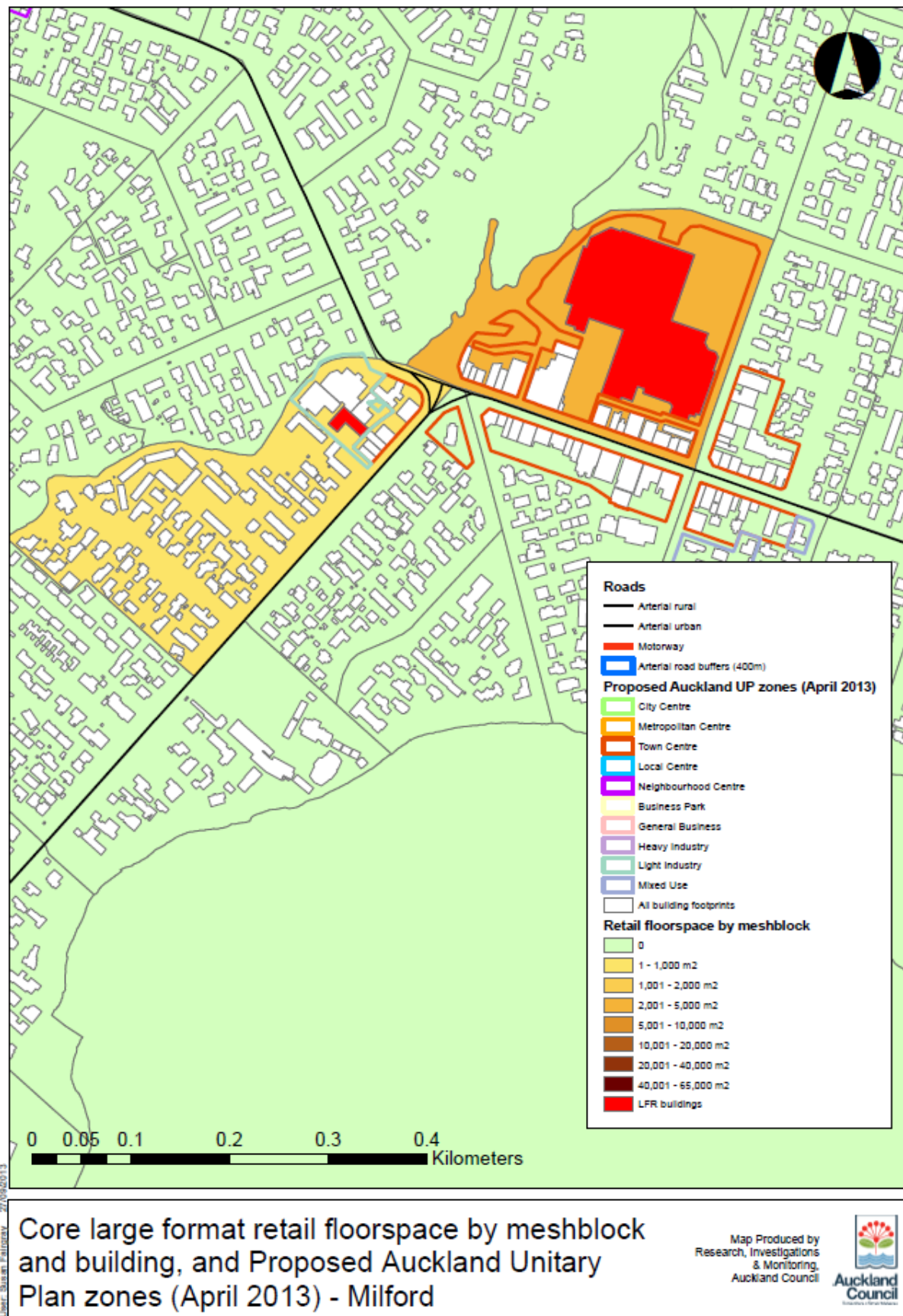


Figure 9. Core large format retail floorspace by meshblock and building and Proposed Auckland Unitary Plan zones (as at April 2013) for Milford

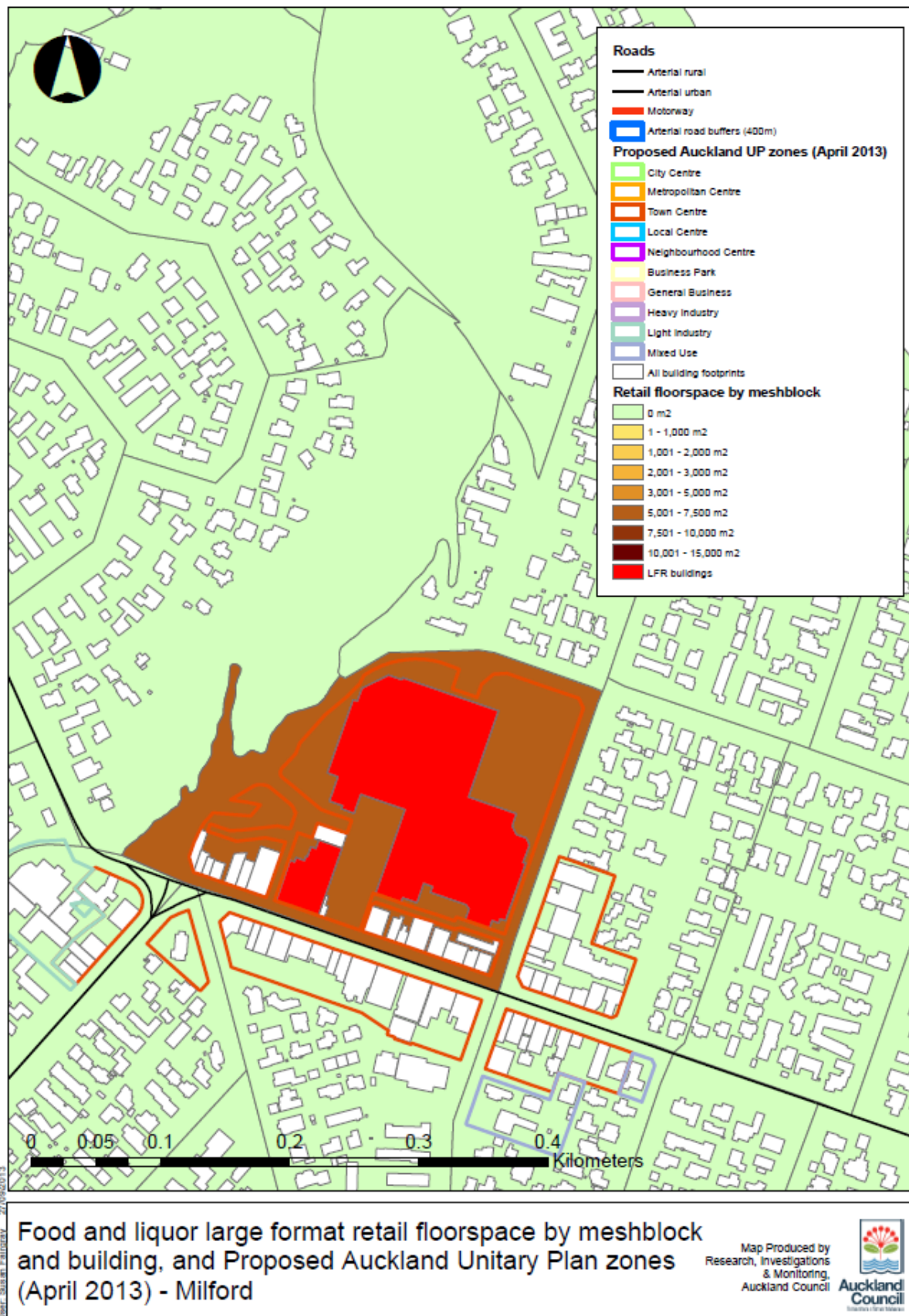


Figure 10. Food and Liquor large format retail floorspace by meshblock and building and Proposed Auckland Unitary Plan zones (as at April 2013) for Milford

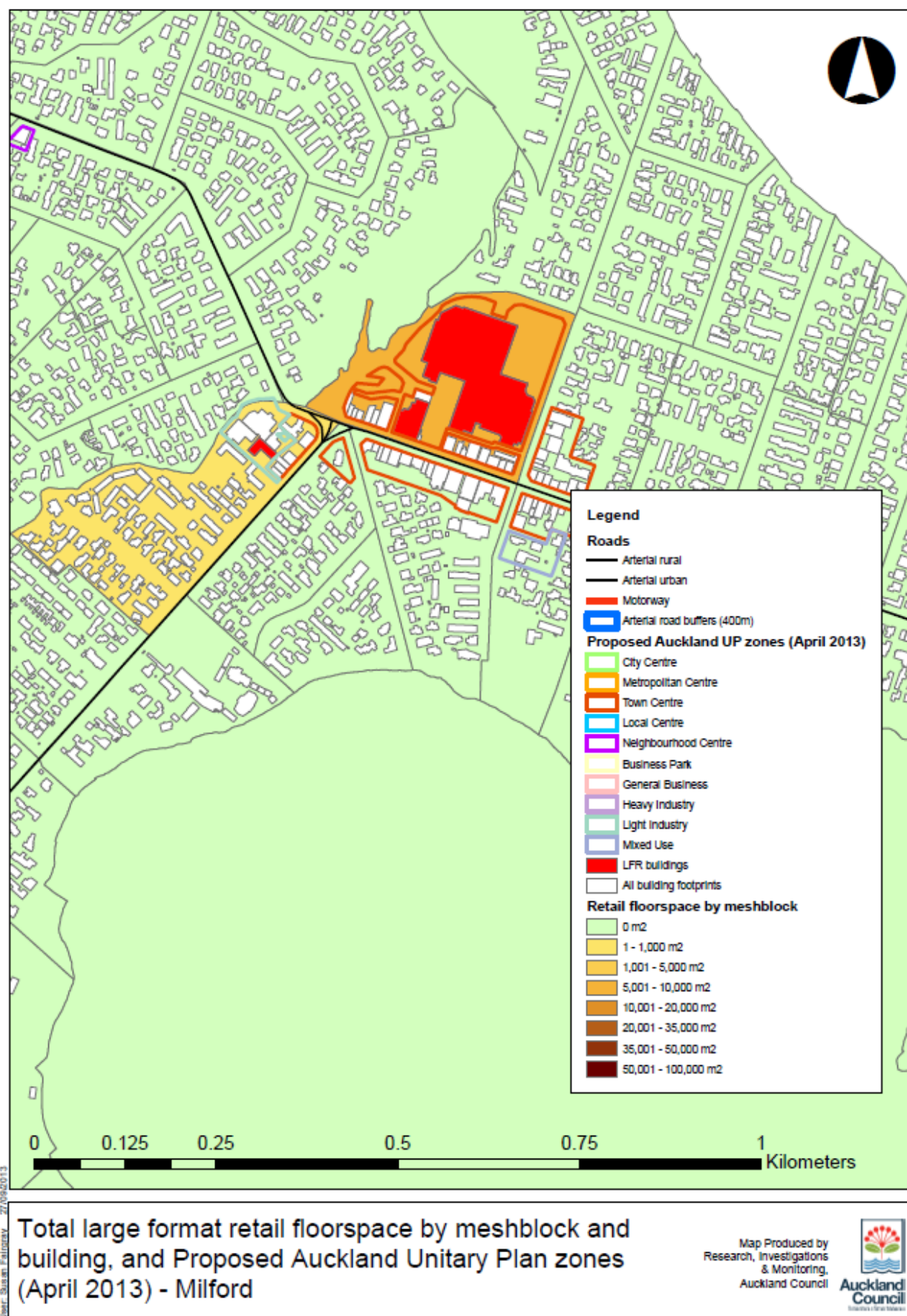


Figure 11. Total large format retail floorspace by meshblock and building and Proposed Auckland Unitary Plan zones (as at April 2013) for Milford

2.3 Building consents for retail floorspace

Building consent information provides another indicator of retail activity supply across Auckland through time⁸. This section identifies the amount of retail floorspace consented for in building consents across each of the significant North Shore centres and retail areas⁹ through time.

Table 5 shows that a total of 32,300m² of retail floorspace was consented for in Milford over the last two decades (1991-2012). Nearly all of this floorspace was consented for between 1991 and 1995, with much smaller amounts in subsequent years. Consented retail floorspace in Milford accounts for eight per cent of that on the North Shore across the full time period, with Milford being the North Shore town centre containing the greatest amount of consented retail floorspace. Glenfield was the North Shore town centre containing the next largest amount at 24,400m². This differs to the distribution of total retail space across town centres in the previous section as it includes only retail floorspace consented for since 1991 and excludes pre-existing floorspace.

Significant amounts of retail floorspace has also been consented for outside of centres, illustrating the growing retail function of these areas. These include primarily Wairau (42,200m²), the Constellation Drive area (27,800m²) and Archers Road (24,000m²).

Table 5. Retail floorspace (m²) consented for by North Shore centres and other retail precincts, 1991-2012

Area	Time period intervals (years)					Total	Share of total consents retail floorspace
	1991-1995	1996-2000	2001-2005	2006-2010	2011-2012		
Albany	-	73,700	7,000	58,100	4,100	142,900	37%
Albany Industrial	4,400	6,400	4,200	1,000	-	16,100	4%
Archers Road	1,600	3,000	10,400	8,800	300	24,000	6%
Barrys Point Road	-	700	-	-	-	700	0%
Birkenhead	-	4,100	-	-	-	4,100	1%
Browns Bay	1,200	-	2,700	-	-	3,800	1%
Constellation Drive HZ	5,400	4,000	15,300	1,700	1,500	27,800	7%
Devonport	-	800	-	400	-	1,200	0%
Glenfield	500	23,900	100	-	-	24,400	6%
Hauraki Corner	200	-	-	-	-	200	0%
Mairangi Bay	400	-	-	-	-	400	0%
Milford	31,600	600	-	100	-	32,300	8%
Mokoia Road	-	-	1,100	-	-	1,100	0%
Northcote	-	4,000	-	-	-	4,000	1%
Sunnynook	-	-	-	-	1,000	1,000	0%
Takapuna	12,200	2,400	900	100	-	15,600	4%
Wairau	8,900	11,700	1,000	20,000	500	42,200	11%
Other	10,100	13,600	5,600	8,800	2,700	40,900	11%
Total North Shore	76,500	148,900	48,300	99,000	10,100	382,700	100%

Source: Auckland Council Building Consents data, 1991-2012.

The geographical distribution of retail floorspace in building consents across the North Shore is shown in Figure 12. Each dot corresponds with an individual building consent, with the size of the dot proportional to the amount of retail floorspace contained within the consent. A different colour has been used for each time interval to show the pattern of retail building consents through time.

⁸ This data should be used as an *indicator* of retail sector development activity rather than an exact measure of new retail floorspace. It includes new development where building consents have been granted, where a free text keyword suggests 'Retail' is the intended end use, but does not provide information on the amount of consented floorspace actually constructed. Refer to the retail evidence base (section 6.1.3.3) for further technical information.

⁹ Building consents information has been analysed using the same centre meshblock boundaries used to

Overall, retail building consents are concentrated into key retail areas on the North Shore. Albany forms the largest of these concentrations, reflecting growth in the sector in this area corresponding with the northern urban expansion and intensification of the North Shore. Retail building consents in Albany appear to have been granted mostly during across two main time periods: the late 1990s and the late 2000s, reflecting the initial development of the Albany Mega Centre, and subsequent mall and Gateway Centre developments. There are several other major concentrations of retail building consents across a range of centres and other types of retail precincts.

When considered through time, differences in the geographic patterns of retail building consents across the North Shore emerge. Milford and Birkenhead town centres represent major concentrations of the retail building consents in the earlier time periods (1991-1996), along with other smaller (but significant) areas of retail development mainly outside of town or metropolitan centres. Following this, in the 1996-2000 period, consented retail floorspace was primarily concentrated in Albany, Glenfield and the Wairau valley area, along with a range of other smaller consents across the North Shore. The Constellation Drive and surrounding areas formed the next major area of consented retail floorspace during the early 2000s.

More recently in the late 2000s and early 2010s, consented retail floorspace has been primarily concentrated in the Albany centre and the Archers Road area. This corresponds both with the northern urban expansion and the subsequent development of several mega stores in the Archers Road area, reflecting the emergence of these larger formats in this retail sector. This trend is unlikely to continue indefinitely, with growth more evenly dispersed across a greater range of centres and retail areas.

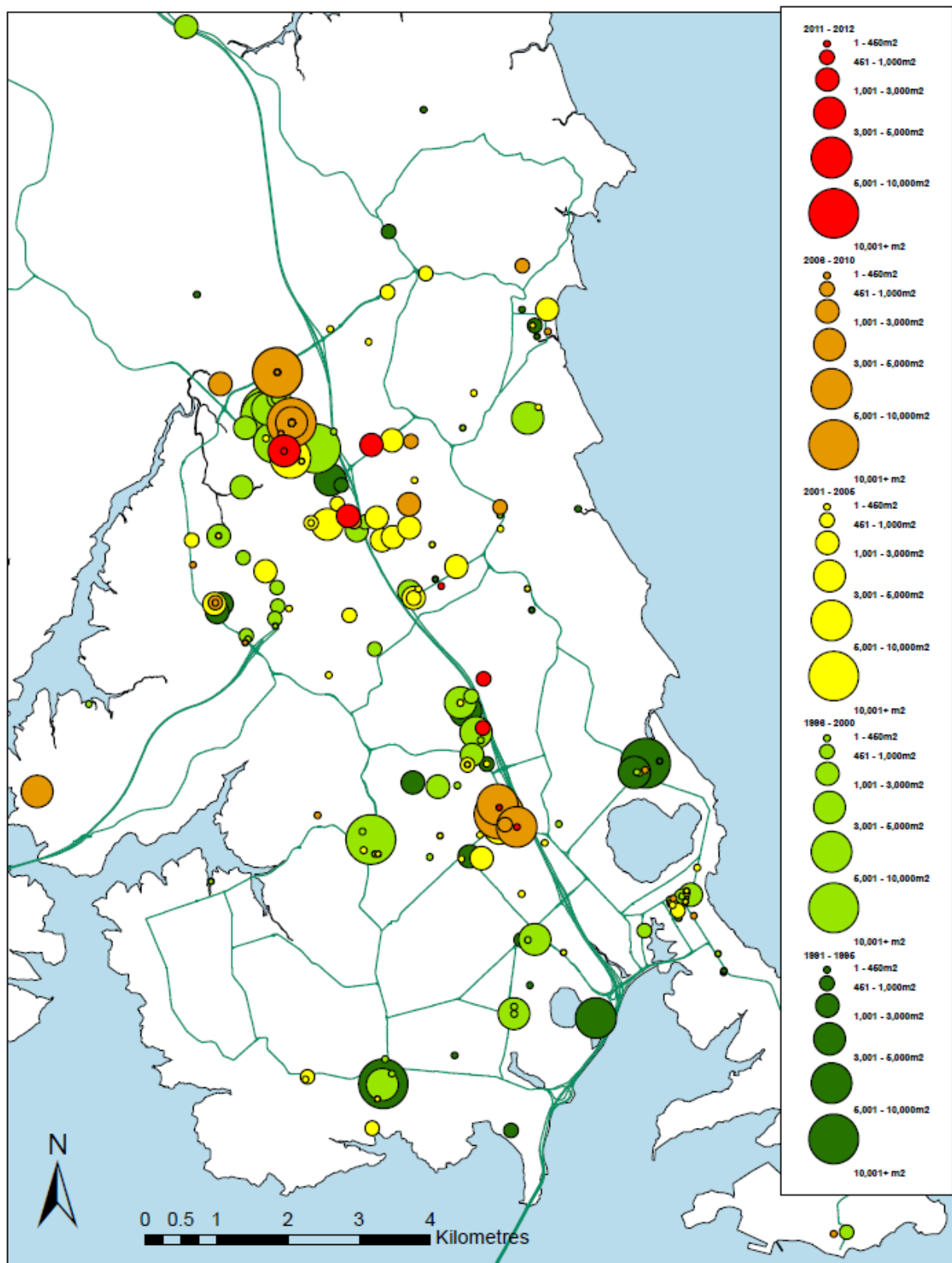


Figure 12. Geographic distribution of retail building consents on the North Shore, 1991-2012

2.4 Sales and spending

Retail sales provide an important picture of retail demand in Auckland, with households, businesses and tourists being the three key drivers of demand. This sub-section first examines the levels of spending on retail in Milford and other North Shore centres, followed by an analysis of the productivity of retail floorspace in Milford and other North Shore centres. The following sub-section then examines the patterns of spending spatially between North Shore households and centres to understand how households use centres and access retail supply.

2.4.1 Retail sales in Milford and North Shore centres

In 2012, there was an estimated total of \$96 million of sales through Milford centre from households, tourists and businesses. Food and liquor retail was the largest category of sales, accounting for over half of Milford's retail sales (51%; \$49 million) (Table 6). This was followed by core retail (41%; \$39 million), food hospitality and household services (6%; \$6 million) and trade (2%; \$2 million).

Table 6. Estimated sales (2012 \$m) in Milford and other North Shore metropolitan and town centres by retail category, 2012

Area	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Retail and Household Sector Total
<i>North Shore metropolitan centres</i>					
Albany	\$417	\$33	\$200	\$41	\$691
Takapuna	\$104	\$9	\$13	\$48	\$175
Metropolitan centres total	\$521	\$42	\$213	\$89	\$865
<i>North Shore town centres</i>					
Birkenhead	\$26	\$1	\$54	\$14	\$95
Browns Bay	\$23	\$8	\$70	\$14	\$115
Devonport	\$14	\$4	\$45	\$8	\$71
Glenfield	\$76	\$5	\$48	\$7	\$136
Milford	\$39	\$2	\$49	\$6	\$96
Northcote	\$6	\$0	\$38	\$3	\$47
Sunnynook	\$1	\$0	\$61	\$0	\$63
Town centres total	\$185	\$20	\$365	\$53	\$623
Town and Metropolitan centres total	\$706	\$62	\$578	\$142	\$1,488

Source: Auckland Council Retail Economic Evidence Base (Fairgray, 2013).

Milford has a higher share (41%) of its sales in core retail than North Shore town centres overall (30%), and lower shares across the other retail categories (see Table 6). In comparison, metropolitan centres tend to have higher shares of sales as core retail (56%) as core retail has a greater propensity to concentrate and centralise into larger centres than other retail categories. The drivers for this concentration occur as a combination of demand and supply side factors resulting in agglomerations of activity for comparison shopping that form an important characteristic of major urban centres. Higher shares of core retail sales in Milford are likely to be due to the presence of the mall, and within it, The Warehouse Ltd department store. Two of the other six North Shore town centres (Birkenhead and Glenfield) also have malls, but only Glenfield has an above-average share of their sales in core retail (56%).

In contrast to metropolitan centres, town centres typically have a higher share of their sales in food and liquor retail as supermarkets tend to have a greater relative presence at this level of the centre hierarchy. In this respect, the structure of sales in Milford differs to that of other town centre as it has a lower share of its sales as food and liquor (30% compared to 59% in North Shore town centres overall).

Overall, Milford (\$96 million) has the third largest sales among North Shore town centres, behind Glenfield (\$136 million) and Browns Bay (\$115 million). When compared to the metropolitan centres, it has one-seventh the sales of Albany and approximately half the sales of Takapuna. Table 7 compares Milford to all other significant North Shore centres and non-centre retail precincts. Here, it has the eighth largest retail sales, and seventh largest core retail sales.

Table 7. Estimated sales (2012 \$m) by retail category for North Shore centres and other retail precincts, 2012

Area	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Retail and Household Sector Total
Albany	\$417	\$33	\$200	\$41	\$691
Albany Industrial	\$18	\$5	\$10	\$12	\$45
Archers Road	\$42	\$16	\$120	\$2	\$180
Barrys Point Road	\$30	\$3	\$52	\$3	\$89
Birkenhead	\$26	\$1	\$54	\$14	\$95
Browns Bay	\$23	\$8	\$70	\$14	\$115
Constellation Drive HZ	\$62	\$43	\$25	\$14	\$145
Devonport	\$14	\$4	\$45	\$8	\$71
Glenfield	\$76	\$5	\$48	\$7	\$136
Hauraki Corner	\$2	\$1	\$16	\$1	\$20
Mairangi Bay	\$8	\$0	\$24	\$5	\$37
Milford	\$39	\$2	\$49	\$6	\$96
Mokoia Road	\$1	\$0	\$37	\$1	\$38
Northcote	\$6	\$0	\$38	\$3	\$47
Sunnynook	\$1	\$0	\$61	\$0	\$63
Takapuna	\$104	\$9	\$13	\$48	\$175
Torbay	\$2	\$0	\$6	\$1	\$9
Wairau	\$166	\$90	\$15	\$21	\$292

Source: Auckland Council Retail Economic Evidence Base (Fairgray, 2013).

2.4.2 Retail floorspace productivity in Milford and North Shore centres

The productivity of retail space is an important measure in understanding the performance of a retail area. It is calculated by considering the sales per square metre of retail floorspace within each retail category of a centre (ie, annual sales in the category divided by the total retail floorspace in the category). Importantly, floorspace productivity should be considered within the context of the wider commercial property market spatially across Auckland. This means floorspace productivities will necessarily differ across different Auckland areas to reflect differences in the land value of areas and their underlying opportunity cost for other land uses (refer to section 6.3 of the retail evidence base). Generally, retail in more accessible, higher value locations must trade at higher rates to offset the underlying opportunity costs of other land uses.

Overall, Milford had estimated retail sales of \$3800 per m² of retail floorspace in 2012. Floorspace productivity was highest in the food and liquor category (\$10,100 per m²), lowest in trade (\$1800 per m²), with core (\$2400 per m²) and food hospitality and household services (\$2200 per m²) in between (Table 8).

Table 8. Estimated floorspace productivity (sales per m²) in Milford and other North Shore metropolitan and town centres by retail category, 2012

Area	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Retail and Household Sector Total
<i>North Shore metropolitan centres</i>					
Albany	\$3,700	\$2,700	\$15,400	\$3,300	\$4,600
Takapuna	\$3,900	\$2,900	\$16,400	\$3,500	\$3,900
Metropolitan centres total	\$3,700	\$2,800	\$15,400	\$3,400	\$4,400
<i>North Shore town centres</i>					
Birkenhead	\$1,700	\$1,300	\$7,100	\$1,500	\$2,900
Browns Bay	\$2,000	\$1,500	\$8,600	\$1,800	\$3,600
Devonport	\$3,000	\$2,200	\$12,600	\$2,700	\$5,500
Glenfield	\$3,200	\$2,400	\$13,500	\$2,900	\$4,300
Milford	\$2,400	\$1,800	\$10,100	\$2,200	\$3,800
Northcote	\$1,600	\$1,200	\$6,800	\$1,500	\$4,200
Sunnynook	\$3,800	\$2,800	\$16,000	\$3,400	\$14,700
Town centres total	\$2,500	\$1,800	\$9,800	\$1,900	\$4,100
Town and Metropolitan centres total	\$3,300	\$2,300	\$11,300	\$2,700	\$4,300

Source: Auckland Council Retail Economic Evidence Base (Fairgray, 2013).

The overall productivity in Milford (\$3800 per m²) is slightly below the North Shore town centre average (\$4100 per m²) despite being located in a generally higher value coastal area. However, this is due to the differences in retail activity mix between Milford and other North Shore town centres¹⁰. Milford contains a higher share of activity in core retail than other centres, and a lower share in food and liquor retailing. The latter typically has the highest floorspace productivities across most centres, well above core retail, of which Milford has a greater share. As such, it is important to conduct the comparisons within each sector when comparing centres.

Milford's core retail sector, which accounts for the largest category of sales, has the fourth highest productivity out of North Shore town centres (\$2400 per m²), behind that of Sunnynook (\$3800 per m²), Glenfield (\$3200 per m²) and Devonport (\$3200 per m²). Core retail sales productivity is likely to be higher in Glenfield and Devonport due to the productivity effects of a larger retail mall and higher value location, respectively. Sunnynook contains only a small amount of core retail activity so its high productivity is likely to be a reflection of the particular combination of stores rather than a reflection of retail trends of the area. (Estimates for Sunnynook may also be less reliable as they are based on fewer data points.) Similarly, Milford's food and liquor retail has the fourth highest productivity out of North Shore town centres after these

¹⁰ For example, at \$14,700 sales per m² Sunnynook has the highest floorspace productivity among North Shore significant centres overall. A large part of this is due to nearly all of its sales in the food and liquor category, which has the highest productivity at the regional level. In combination with this, Sunnynook also has higher productivity within this sector than the regional average.

same town centres. A comparison of floorspace productivity across all significant North Shore centres and other retail areas is provided in Table 9.

Table 9. Estimated floorspace productivity (sales per m²) by retail category for North Shore centres and other retail precincts, 2012

Area	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Retail and Household Sector Total
Albany	\$3,700	\$2,700	\$15,400	\$3,300	\$4,600
Albany Industrial	\$2,600	\$2,000	\$11,100	\$2,400	\$2,900
Archers Road	\$5,500	\$4,100	\$23,100	\$5,000	\$10,500
Barrys Point Road	\$4,000	\$3,000	\$16,900	\$3,600	\$7,100
Birkenhead	\$1,700	\$1,300	\$7,100	\$1,500	\$2,900
Browns Bay	\$2,000	\$1,500	\$8,600	\$1,800	\$3,600
Constellation Drive HZ	\$4,200	\$3,100	\$17,800	\$3,800	\$4,300
Devonport	\$3,000	\$2,200	\$12,600	\$2,700	\$5,500
Glenfield	\$3,200	\$2,400	\$13,500	\$2,900	\$4,300
Hauraki Corner	\$2,900	\$2,200	\$12,200	\$2,600	\$7,400
Mairangi Bay	\$3,000	\$2,200	\$12,700	\$2,700	\$5,800
Milford	\$2,400	\$1,800	\$10,100	\$2,200	\$3,800
Mokoia Road	\$2,400	\$1,800	\$10,200	\$2,200	\$8,900
Northcote	\$1,600	\$1,200	\$6,800	\$1,500	\$4,200
Sunnynook	\$3,800	\$2,800	\$16,000	\$3,400	\$14,700
Takapuna	\$3,900	\$2,900	\$16,400	\$3,500	\$3,900
Torbay	\$1,400	\$1,000	\$5,800	\$1,300	\$2,500
Wairau	\$2,200	\$1,600	\$9,200	\$2,000	\$2,000

Source: Auckland Council Retail Economic Evidence Base (Fairgray, 2013).

2.5 Spatial operation of Milford centre

It is important to understand the spatial role centres play and the geographical areas which they serve. This section uses detailed information on the spatial spending flows between different neighbourhoods and centres in Auckland. An earlier RIMU study¹¹ using Marketview Ltd data established the spatial linkages of spending flows between approximately 2700 neighbourhoods and 100 centres across Auckland. Information from this study was used in the retail evidence base.

The first part of this sub-section identifies the catchment of Milford centre; and the second part considers the spatial role of Milford in relation to other significant North Shore centres and retail areas.

2.5.1 Catchment

The shape of Milford's retail catchment can be observed in Figure 13. It shows the share of sales to households that occur within the Milford centre originating from households within each neighbourhood catchment area¹². A colour gradient in the mapping scale has been applied where households in the darker shaded areas contribute a higher share of the sales in Milford centre, and those in the lighter areas, a lower share.

As expected, a distance decay effect occurs where the share of sales at Milford centre decreases with distance from the centre. It is important to observe also the shape of the catchment, which extends further north than south. This is influenced by the presence of other retail centres, natural geographical features (i.e. Lake Pupuke) and density of demand within each neighbourhood area. Further southern extension of the catchment is likely to be limited by the presence of Takapuna and Barry's Point Road retail, Lake Pupuke and a higher share of the land zoned for commercial rather than residential uses than on the northern side of Milford.

¹¹ Fairgray, S. 2012 *Understanding the geographic relationships between households and retail/services centres across Auckland's urban structure: Methodology and regional structure analysis*, Auckland Council Technical Report 2012/024.

¹² Each of the areas on the map with grey outlines represent one of the approximately 2700 Auckland neighbourhood catchment areas.

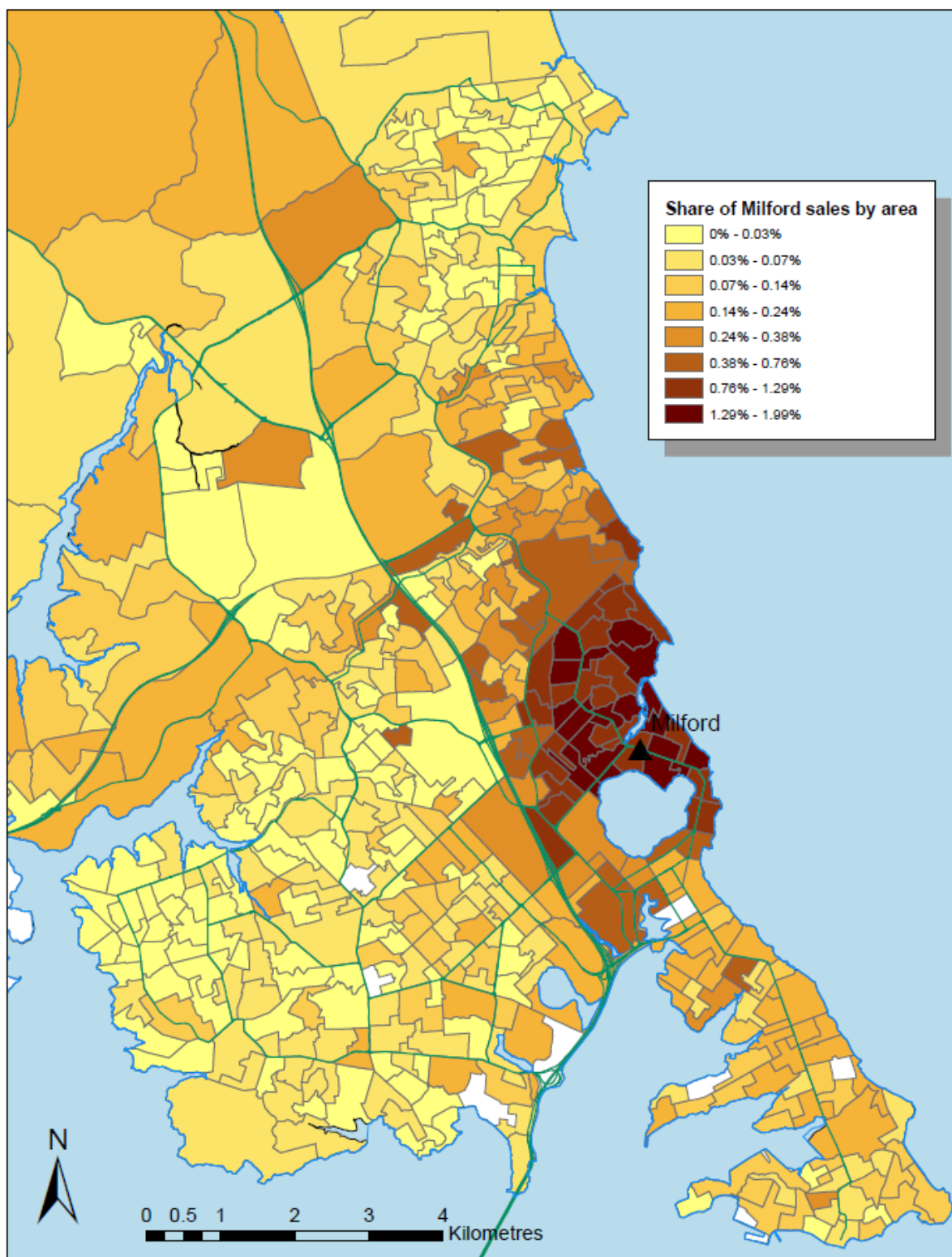


Figure 13. Share of sales (to households) in Milford centre originating from households in each neighbourhood area, 2012

Figure 14 below analyses the spatial spending flow data to show the neighbourhood areas from within which 50 and 80 per cent of Milford's spend originates. Here, the catchment areas are calculated from selecting the neighbourhood areas that contribute 50 and 80 per cent of the centres retail spend¹³. Areas shaded yellow form the origin of 50 per cent of Milford's sales; and the yellow and red shaded areas combined, form the origin of 80 per cent of the sales. It is important to note that catchment shapes for a centre generally differ between retail categories, with food and liquor retail likely to have a stronger influence on the spatial origin of the yellow area. This is because food and liquor spending typically originates from residential areas closer to a centre, whereas a centre's core retail component tends to draw from a wider geographic area.

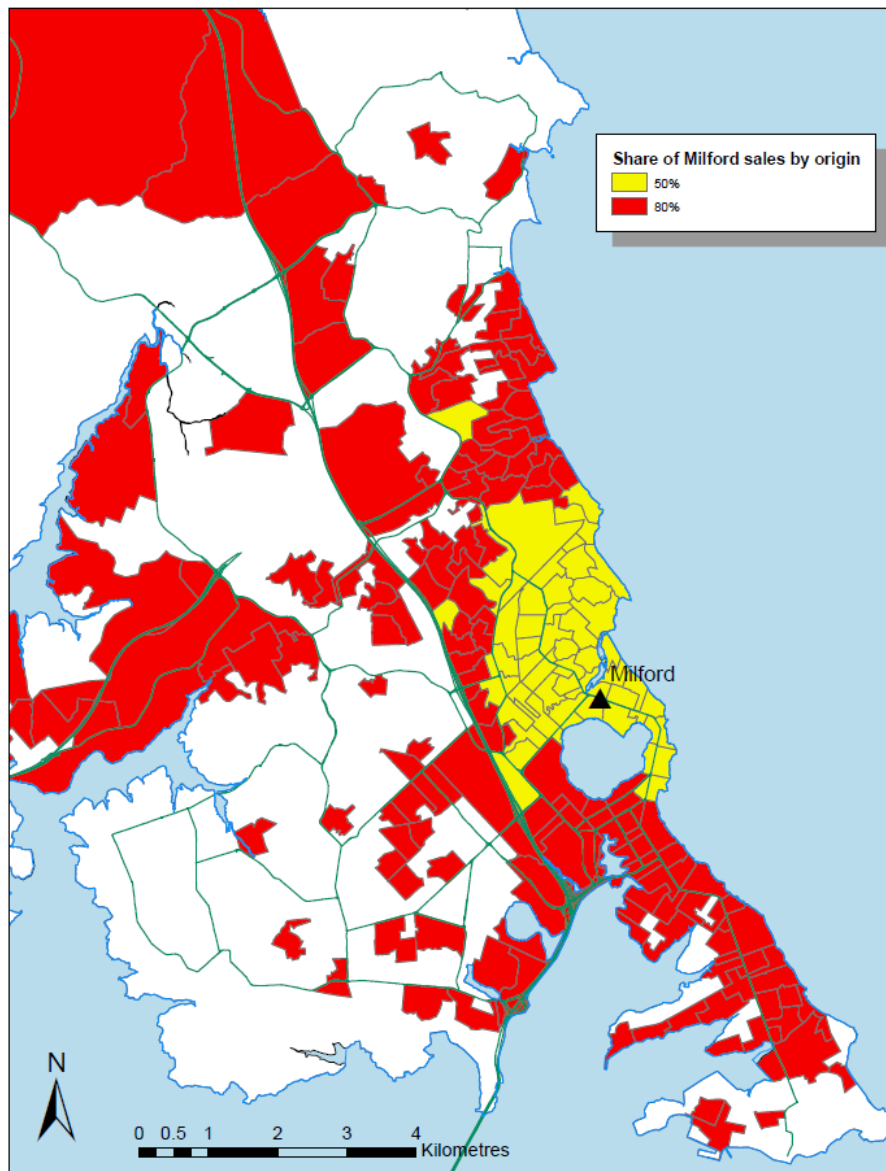


Figure 14. 50 and 80 per cent spend catchment areas of Milford, 2012

¹³ The approximately 2700 neighbourhood areas in Auckland were ranked according to their total contribution of spend to Milford centre. Once in this rank order, the areas cumulatively contributing 50 and 80 per cent of Milford's sales were selected. Each neighbourhood area is formed from a combination of 3-4 contiguous meshblocks. While there is some issue with some neighbourhood areas containing more households than others, this is partly mitigated by the design of meshblocks, which aim to capture relatively even numbers of households (with their spatial areas changing accordingly). This would also need to have a geographical bias across Auckland/North Shore to affect the analysis.

2.5.2 Household spending patterns in catchment

It is important to consider the spatial role of Milford centre within the context of other North Shore centres as the geographical location and positioning relative to other centres in the centre hierarchy affect its spatial role. The map in Figure 15 below shows for each neighbourhood area the centre that attracts the largest share of household spending.

Patterns of predominant centre spending are significantly influenced by spatial supermarket spending patterns, resulting in catchments broadly related to the closest major supermarket. Some catchments are noticeably larger where a major (often mega-format) supermarket is present (eg, the large Pak N Save in Archers Road retail precinct draws from a wider geographic area) or less other options are present (eg, Albany catchment extends further north due to the absence of other supermarkets in this largely rural area)¹⁴. The geographic boundaries between centre catchments at this level are relatively even between significant centres (rather than being dominated by the larger metropolitan centres) given the spatial distribution of supermarkets across a greater range of the centre hierarchy than core retail (as shown earlier in sub-section 2.3). Different patterns are likely to be observed in core-retail-only spatial spending catchment patterns where the distribution is more correlated to the centres hierarchy.

¹⁴ The households around Takapuna metropolitan centre show their largest shares of spend occurring in Barry's Point Road. This is likely to be due to the location of the Countdown in the Barry's Point Road retail precinct and the absence of a supermarket within Takapuna.

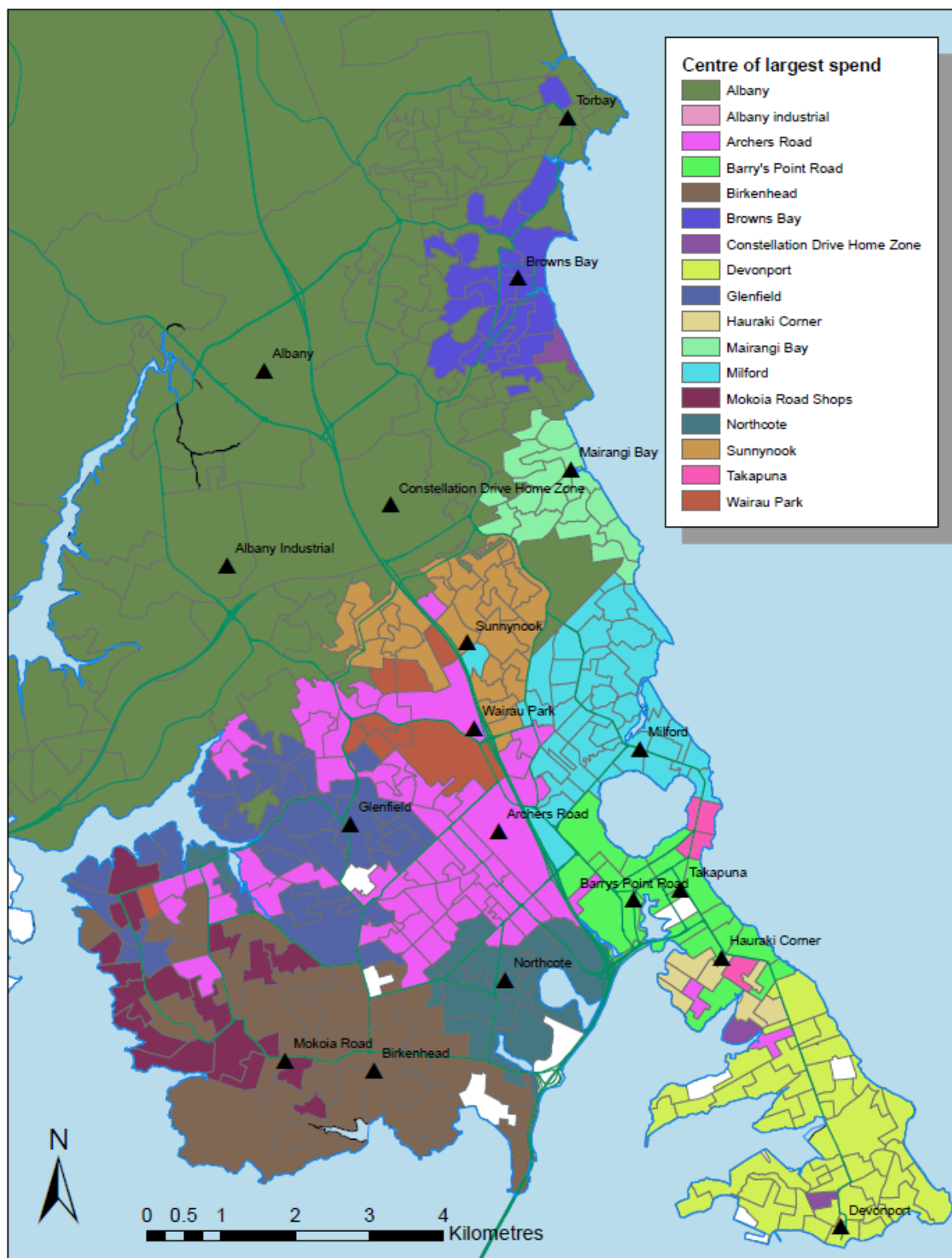


Figure 15. North Shore centre/retail area accounting for the largest share of spend from each neighbourhood area, 2012

3.0 Future retail market

Demand for retail will grow substantially in Auckland over the next 20 years to meet the needs of the anticipated growth in households, businesses and tourism. Auckland's large size and consequent complex urban hierarchy means growth will need to be accommodated across a range of different centres and centre types. It is important to understand future retail demand for Milford in the development of a local area plan given the role of retail within a centre.

Growth forecasts in this section are from the RIMU Retail Growth Model, developed as part of the retail evidence base. Sales in a centre are a function of growth in the centre catchment, as a combination of both real increases in expenditure across existing households, demographic changes in the structure of households, and new household formation.

This section first outlines the forecast increase in sales growth through Milford and other North Shore centres, and then displays the corresponding growth in floorspace to accommodate sales. Lastly, a discussion on the effect of internet sales on Auckland centre retail growth has been summarised from the retail evidence base.

3.1 Forecast sales

Retail sales in Milford are forecast to increase by 37 per cent out to 2031, with a net increase of \$35.3 million (2012 \$ values)¹⁵. Nearly two-thirds (64%) of this growth is forecast to occur in food and liquor retailing, which is forecast to have a net increase of \$22.8 million (+47%). A further quarter (25%) of the growth is forecast to occur in core retail (+\$8.8 million), although at a 22 per cent increase, sales in this category will grow more slowly than the centre overall. The remainder of growth is forecast to occur in the food hospitality and household services (+\$2.8 million; +47%) and trade (+\$0.9 million; +50%) retail categories (refer to Table 10).

¹⁵ Forecast sales represent real increases and are presented as 2012 dollar values.

Table 10. Forecast retail sales growth (2012 \$m) by retail category and time interval in Milford, 2012-2031

Retail category	Forecast sales (2012 \$m)				
	2012	2016	2021	2026	2031
Core	\$39.1	\$41.0	\$43.3	\$45.5	\$47.9
Trade	\$1.9	\$2.0	\$2.3	\$2.5	\$2.8
Food and Liquor	\$48.6	\$54.4	\$59.8	\$65.4	\$71.4
Food Hospitality and Household Servi	\$6.1	\$6.7	\$7.4	\$8.2	\$9.0
Total	\$95.7	\$104.1	\$112.7	\$121.6	\$131.1
Retail category	Forecast net change in sales (2012 \$m)				
	2012-2016	2016-2021	2021-2026	2026-2031	2012-2031
Core	\$1.8	\$2.3	\$2.2	\$2.4	\$8.8
Trade	\$0.2	\$0.2	\$0.2	\$0.3	\$0.9
Food and Liquor	\$5.7	\$5.4	\$5.6	\$6.0	\$22.8
Food Hospitality and Household Servi	\$0.6	\$0.7	\$0.7	\$0.8	\$2.8
Total	\$8.3	\$8.7	\$8.8	\$9.5	\$35.3
Retail category	Forecast percentage change in sales				
	2012-2016	2016-2021	2021-2026	2026-2031	2012-2031
Core	5%	6%	5%	5%	22%
Trade	10%	12%	11%	10%	50%
Food and Liquor	12%	10%	9%	9%	47%
Food Hospitality and Household Servi	10%	11%	10%	10%	47%
Total	9%	8%	8%	8%	37%

Data source: Auckland Council Retail Economic Evidence Base, 2013.

Table 11 shows that Milford's forecast rate of growth is broadly in line with North Shore town centres overall, but with faster growth in food and liquor retailing, reflecting the spending profiles of households in the catchment.

When compared to other North Shore town centres individually, Milford is forecast to have the third largest net increase in retail sales. At \$52.2 million and \$42.4 million respectively, Browns Bay and Glenfield town centres are forecast to have larger net growth. Milford has the second largest forecast net increase in core retailing (among town centres), behind that of Glenfield.

Retail sales in town centres are forecast to grow more slowly than in metropolitan centres, particularly Albany, across all retail categories. This reflects a continuation of past trends of increases in the relative role of larger centres; and for Albany, the combined effect of forecast northern urban expansion in its catchment. A particularly large growth differential between town and metropolitan centres is forecast to occur in the core retail category, which has the greatest propensity to concentrate into larger centres. Coupled with slower growth in core retail overall (in which Milford has a concentration), this trend is likely to mean Milford as a town centre will grow slower than metropolitan centres as core retail tends to concentrate relatively further into larger centres.

Table 11. Forecast retail sales growth (2012 \$m) by retail category in North Shore town and metropolitan centres, 2012-2031

	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Total retail
Area	2012-2031 net change in sales (2012 \$m)				
North Shore metropolitan centres					
Albany	\$296.3	\$21.8	\$133.6	\$25.5	\$477.2
Takapuna	\$64.2	\$5.0	\$7.7	\$25.1	\$101.9
Metropolitan centres total	\$360.5	\$26.8	\$141.3	\$50.6	\$579.1
North Shore town centres					
Birkenhead	\$5.7	\$0.5	\$20.3	\$6.3	\$32.7
Browns Bay	\$5.6	\$5.0	\$34.2	\$7.4	\$52.2
Devonport	\$4.4	\$1.8	\$15.7	\$3.6	\$25.5
Glenfield	\$17.4	\$2.0	\$19.8	\$3.2	\$42.4
Milford	\$8.8	\$0.9	\$22.8	\$2.8	\$35.3
Northcote	\$1.5	\$0.0	\$15.4	\$1.4	\$18.3
Sunnynook	\$0.2	\$0.0	\$27.6	\$0.2	\$28.1
Town centres total	\$43.7	\$10.2	\$155.8	\$25.0	\$234.7
North Shore Town and Metropolitan c	\$404.1	\$37.0	\$297.1	\$75.6	\$813.8
Auckland Total	\$3,346.5	\$837.7	\$3,431.4	\$1,475.9	\$9,091.4
Area	2012-2031 percentage change in sales				
North Shore metropolitan centres					
Albany	71%	67%	67%	62%	69%
Takapuna	62%	55%	59%	52%	58%
Metropolitan centres total	69%	64%	67%	57%	67%
North Shore town centres					
Birkenhead	22%	40%	38%	45%	35%
Browns Bay	25%	60%	49%	53%	45%
Devonport	31%	47%	35%	46%	36%
Glenfield	23%	43%	41%	45%	31%
Milford	22%	50%	47%	47%	37%
Northcote	26%	71%	41%	48%	39%
Sunnynook	19%	71%	45%	43%	45%
Town centres total	24%	51%	43%	48%	38%
North Shore Town and Metropolitan c	57%	60%	52%	53%	55%
Auckland Total	45%	55%	52%	54%	50%

Data source: Auckland Council Retail Economic Evidence Base, 2013.

Figures 16 to 19 are taken directly from the retail economic evidence base and show spatially the forecast net sales increase across different Auckland centres for each retail category. Each dot represents a centre/area, with its size proportional to the forecast net increase in sales. These are overlaid upon the forecast net household spending increases (from the retail evidence base) within each neighbourhood (CAU) area. It should be noted that these maps do not contain the net increase in spend forecast to occur across Auckland outside of these defined centre areas.

Within these maps, the geographical concentration of forecast core retail sales growth into the larger centres can be observed. To a lesser extent, the same is true for the trade and food hospitality and household services retail sectors. These patterns reflect the established concentrations of these types of activity within the current retail market. By contrast, sales growth in food and liquor retailing is more evenly distributed across a range of centres, with lower levels of relative concentration into a few large centres.

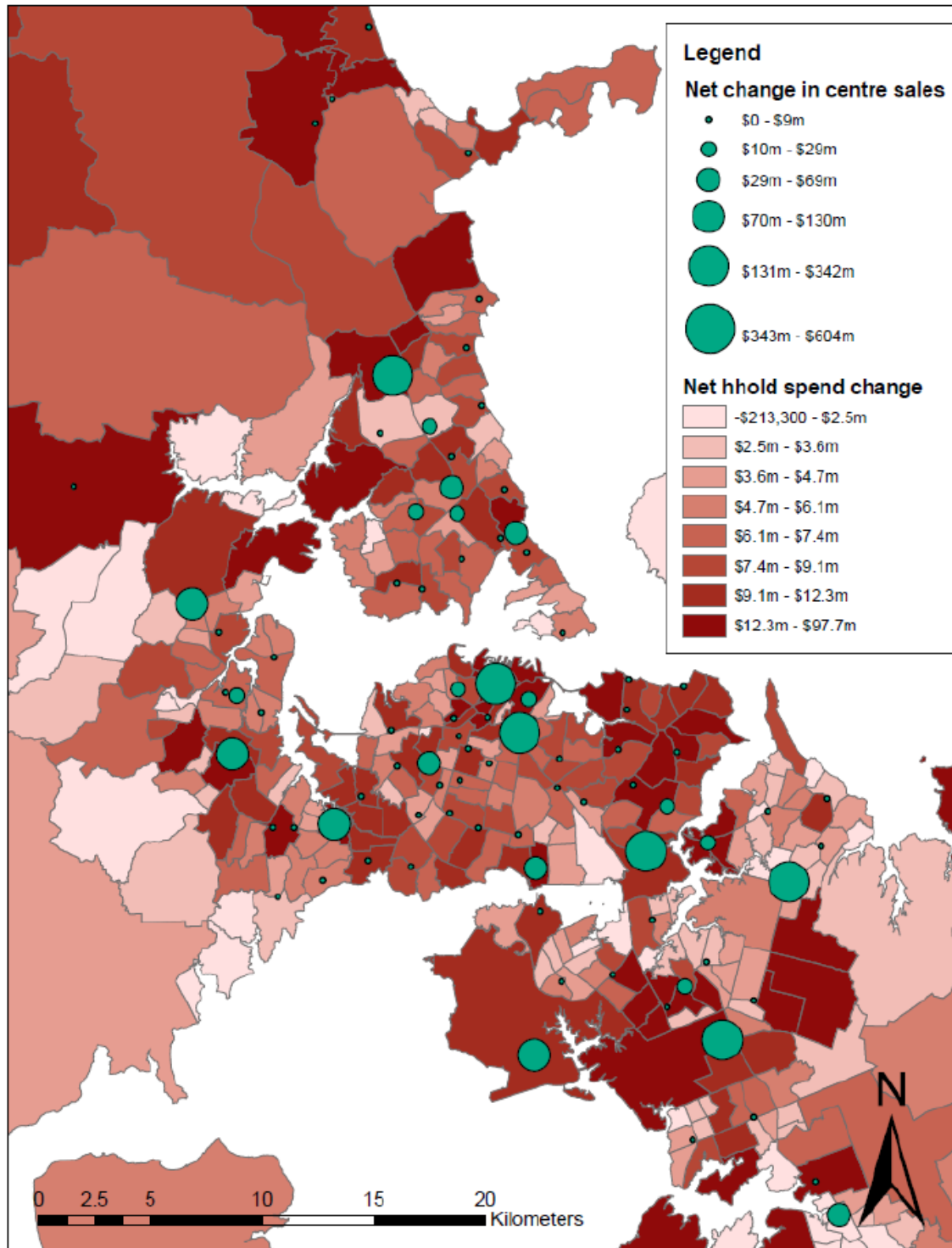


Figure 16. Forecast net increase in core sales through centre areas across Auckland, 2012-2031

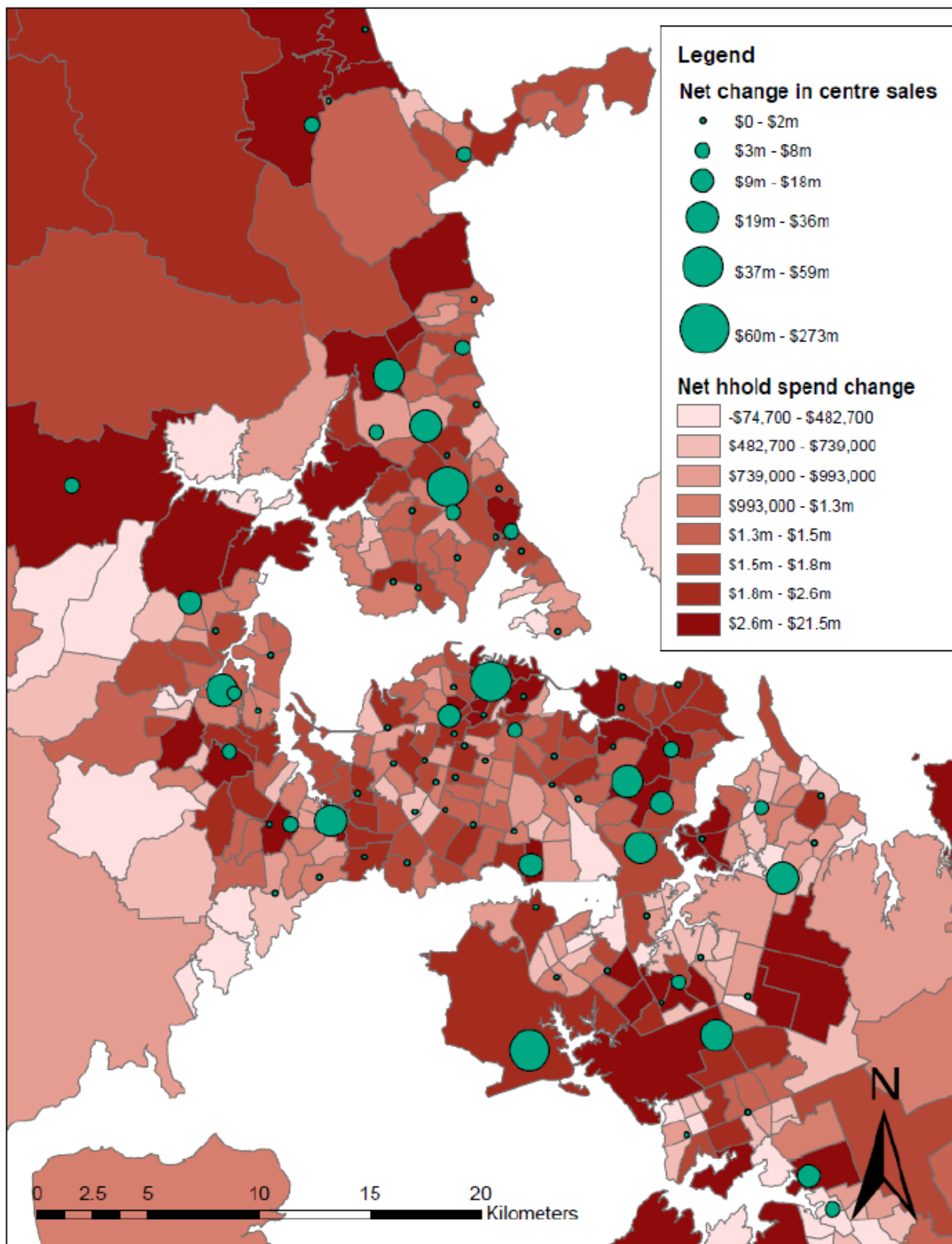


Figure 17. Forecast net increase in trade sales through centre areas across Auckland, 2012-2031

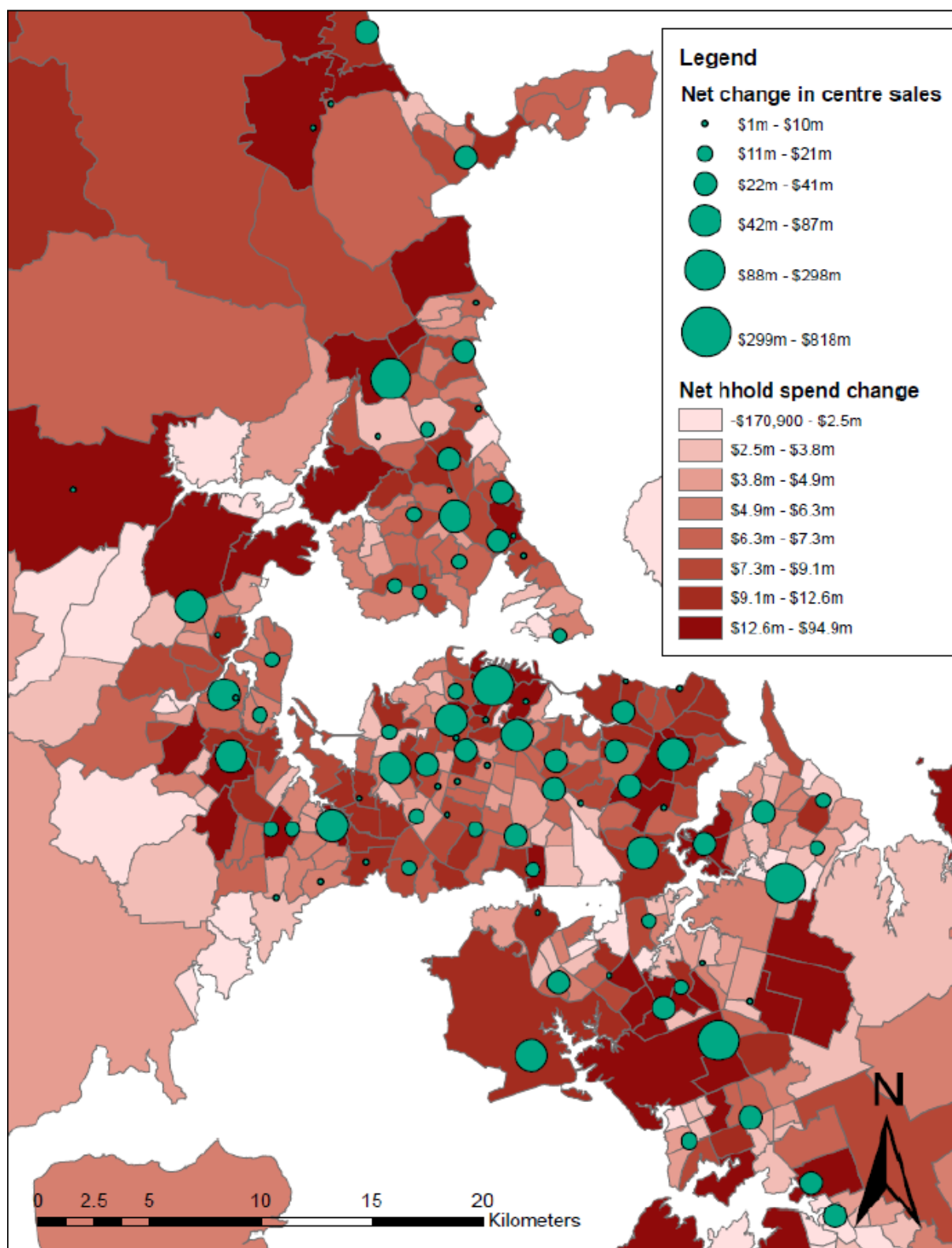


Figure 18. Forecast net increase in food and liquor sales through centre areas across Auckland, 2012-2031

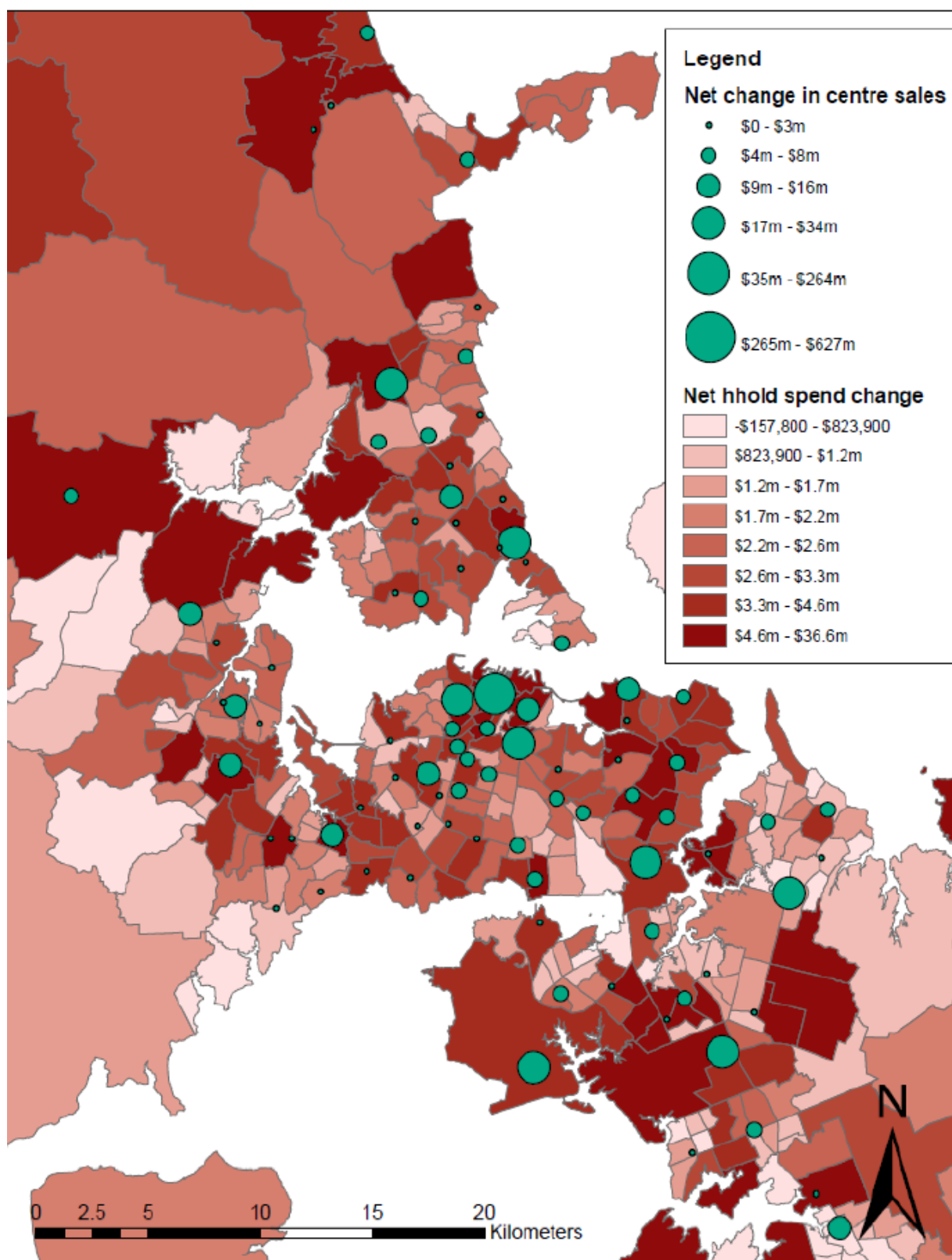


Figure 19. Forecast net increase in food hospitality and household services sales through centre areas across Auckland, 2012-2031

Forecast differentials in the growth rates between retail categories will result in gradual changes to the structure of retail sales in Milford and other centres. Figure 20 below shows that through time Milford is forecast to have an increase in the share of its sales in food and liquor retailing and a decreased share of sales as core retail.

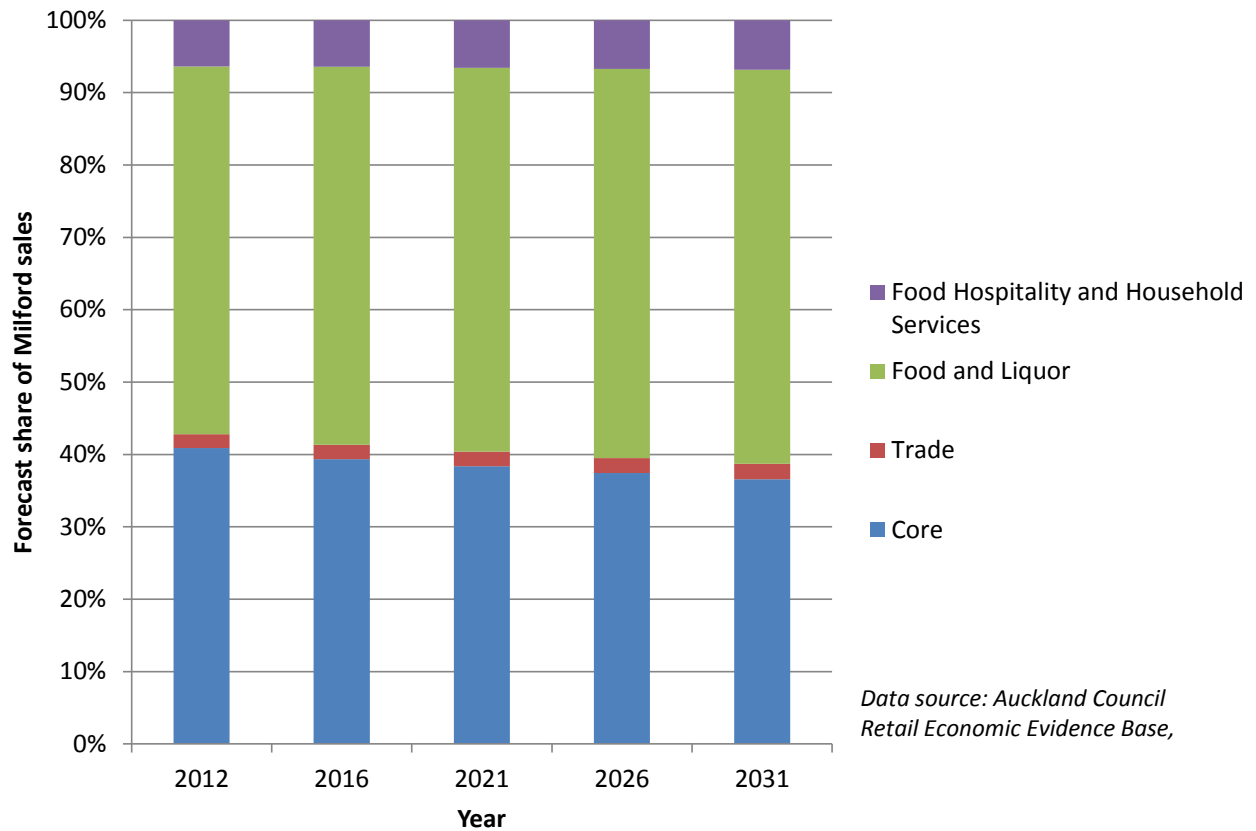


Figure 20. Forecast structure of retail sales by category in Milford, 2012-2031

3.2 Forecast floorspace

The retail evidence base translates forecast sales growth into floorspace growth as a function of the floorspace productivity differentials across Auckland and changes in the future spatial patterns of retail sales (refer to section 6 of the retail evidence base).

Table 12 shows that forecast increases in Milford's retail sales translates into a 19 per cent increase in retail floorspace (+4800m²). The largest growth is forecast to occur in core (+1800m²) and food and liquor (+1600m²) retail. Core retail floorspace is expected to grow at a slower rate, with a percentage increase of 11 per cent. However, lower sales productivity (compared to other retail categories) means that a larger floor area is required to accommodate growth in sales. A lesser quantity of added floorspace, but a faster rate of change is forecast for the food hospitality and household services (+900m²; +33%) and trade (+400m²; +37%) retail categories.

Table 12. Forecast retail floorspace growth by retail category and time interval in Milford, 2012-2031

Retail category	Forecast floorspace (m2)				
	2012	2016	2021	2026	2031
Core	16,300	16,700	17,200	17,700	18,100
Trade	1,000	1,100	1,200	1,300	1,400
Food and Liquor	4,800	5,300	5,700	6,100	6,500
Food Hospitality and Household Services	2,800	3,000	3,300	3,500	3,800
Total	25,000	26,200	27,400	28,600	29,800
Retail category	Forecast net change in floorspace (m2)				
	2012-2016	2016-2021	2021-2026	2026-2031	2012-2031
Core	400	500	500	400	1,800
Trade	100	100	100	100	400
Food and Liquor	500	400	400	400	1,700
Food Hospitality and Household Services	200	300	200	300	1,000
Total	1,200	1,200	1,200	1,200	4,800
Retail category	Forecast percentage change in floorspace				
	2012-2016	2016-2021	2021-2026	2026-2031	2012-2031
Core	3%	3%	3%	3%	11%
Trade	8%	9%	8%	7%	37%
Food and Liquor	10%	7%	7%	6%	33%
Food Hospitality and Household Services	7%	8%	7%	7%	33%
Total	5%	5%	4%	4%	19%

Data source: Auckland Council Retail Economic Evidence Base, 2013.

Table 13 compares forecast floorspace growth in Milford to other North Shore town and metropolitan centres. It is forecast to have the fourth largest net increase among town centres, behind that of Browns Bay (+9900m²), Birkenhead (+6700m²) and Glenfield (+5100); and the second largest core retail floorspace increase behind that of Glenfield.

Milford is forecast to grow at a slower rate than other town centres due to its higher share of activity in core retail, the retail category most affected by growth in online sales.

Total forecast net floorspace growth in Birkenhead and Browns Bay is boosted by growth in the food hospitality and household services sectors, and for Browns Bay, household growth in the catchment from the anticipated northern urban expansion and intensification.

By comparison, metropolitan centres are forecast to have a net increase of 101,400m² of floorspace from 2012 to 2031. Approximately four-fifths (81%; 82,000m²) of this growth is forecast to occur in Albany¹⁶.

Table 13. Forecast retail floorspace growth by retail category in North Shore town and metropolitan centres, 2012-2031

	Core	Trade	Food and Liquor	Food Hospitality and Household Services	Total retail
Area	2012-2031 net change in floorspace (m2)				
North Shore metropolitan centres					
Albany	63,200	6,200	6,700	5,900	82,000
Takapuna	12,500	1,300	400	5,200	19,400
Metropolitan centres total	75,700	7,500	7,100	11,100	101,400
North Shore town centres					
Birkenhead	1,700	300	1,900	2,900	6,700
Browns Bay	1,500	2,500	2,900	3,000	9,900
Devonport	900	600	800	900	3,200
Glenfield	2,800	600	1,000	800	5,100
Milford	1,800	400	1,600	900	4,800
Northcote	500	-	1,600	700	2,800
Sunnynook	-	-	1,200	-	1,300
Town centres total	9,200	4,300	11,000	9,300	33,900
North Shore Town and Metropolitan centres total	85,000	11,800	18,100	20,400	135,300
Auckland Total	626,700	227,500	196,200	308,600	1,359,000
Area	2012-2031 percentage change in floorspace				
North Shore metropolitan centres					
Albany	56%	52%	52%	48%	54%
Takapuna	47%	41%	45%	38%	44%
Metropolitan centres total	54%	49%	51%	43%	52%
North Shore town centres					
Birkenhead	11%	28%	25%	31%	20%
Browns Bay	14%	45%	35%	39%	31%
Devonport	19%	34%	23%	33%	25%
Glenfield	12%	30%	28%	32%	16%
Milford	11%	37%	33%	33%	19%
Northcote	15%	55%	28%	35%	25%
Sunnynook	8%	55%	32%	30%	30%
Town centres total	12%	38%	30%	34%	23%
North Shore Town and Metropolitan centres total	39%	45%	36%	38%	39%
Auckland Total	32%	41%	37%	40%	35%

Data source: Auckland Council Retail Economic Evidence Base, 2013.

Similar to sales, Figure 21 shows that a change to the structure of retail floorspace in Milford is forecast to occur gradually over time. Core retail is forecast to account for a decreasing share of Milford's floorspace over time, and food and liquor retail and food hospitality and household services, an increasing share.

¹⁶ More recent retail development observed in and around the Albany metropolitan centre illustrates that some of this growth has already occurred.

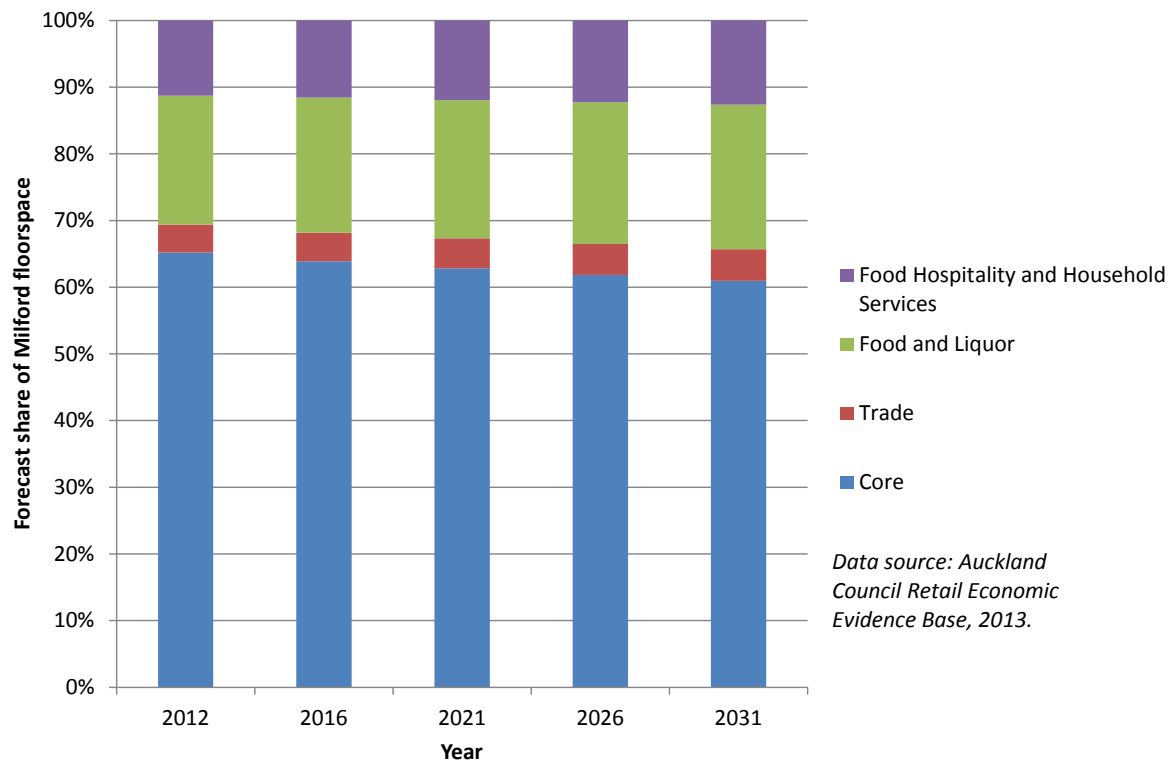


Figure 21. Forecast structure of retail floorspace by category in Milford, 2012-2031

3.3 Internet sales

Internet spending is likely to account for an increasing share of household and business spend into the future. This will impact on the level of retail sales and floorspace growth in physical retail spaces across Auckland. Areas will be impacted differentially based on their composition of retail activity as some retail categories are likely to experience greater shares of the future activity occurring online than others. The retail evidence base uses a range of forecasts from different New Zealand and international sources to guide estimates of the share of Auckland's retail demand likely to be met online in the future. These were then triangulated with forecast growth within the sector to develop estimated scenarios of the likely share of future Auckland retail sales occurring online. Refer to Appendix 9 of the retail evidence base for further information on the construction of final estimates.

Internationally, reports pointed to very fast growth rates in online spend, with growth rates considerably higher than for the retail sector overall. Growth rates also contained large variability between countries and different estimates within countries given the uncertainty within this area. It is likely also the result of newly developing methodologies to measure online spend, where consistency has not yet been established. Fast growth was driven largely through the expansion of mobile internet technology, increasing the ability of consumers to make purchases, as well as growth in the number and range of internet sales offering by retailers. Countries with higher growth have generally corresponded with those with greatest internet and mobile device technology access rates. Part of this growth has been driven by physical retailers developing their online stores as well as growth in the number of online only stores. Fastest growth has occurred in the core retail categories of smaller durable and comparison items, with slower growth in consumable, perishable or larger items.

The rate of internet access and technology use have been shown to be important drivers of growth (and within that, the conversion rate of online browsing to sales). Demographic age structures affect these drivers, where older age brackets have both lower existing use rates and take-up rates of technology and online shopping. The largest shares of growth over the short to medium term are likely to come from increased activity from existing online consumers. This is heightened in New Zealand where lower rates of technology and online purchasing currently exist relative to the UK and U.S.A..

High growth in online sales is expected to continue over the short to medium-term and slow as the market matures. Australia and New Zealand are generally suggested as lagging Europe and the U.S.A. in online sales. Growth in New Zealand is likely to be slower due to lower rates of technology use and online purchasing, which is limited by an ageing population demographic structure. The total market share of online spending is also likely to be limited (relative to other countries) in the medium to longer-term due to higher international shipping costs arising from New Zealand's geographical remoteness. At present, approximately 35 per cent of New Zealand's online spend is from international retailers¹⁷. Part of the short-term fast growth in online sales is likely to be seen as a way for physical retailers to maintain sales growth in a range of product categories as the consumer spending in the economy recovers¹⁸.

The results presented here use the medium scenario of internet spending in the forecast of future sales for Auckland and within that, Milford. At the regional level, this involves an online sales growth rate at 2.5 times that of non-internet sales between 2012 and 2012, and an online sales growth rate double that of non-internet sales between 2021 and 2031. This would mean online sales would grow at 5.6 per cent compound average growth rate (CAGR) to 2021, and 4.1 per cent CAGR to 2031. The share of sales online would equal 7.8 per cent in 2021 and 9.5 per cent in 2031¹⁹.

In comparison to other town centres, Milford is likely to be impacted to a greater extent from online sales given its higher share of activity in the core retail category. It is estimated in the retail evidence base this category is likely to account for three-quarters of online sales, with the remaining quarter in the food and

¹⁷ PriceWaterhouseCoopers (PWC) and Frost and Sullivan, 2012 *Australian and New Zealand online shopping market and digital insights: Executive Overview*, July 2012.

¹⁸ Infometrics Ltd, 2012 *retail forecasts*, report prepared for Infometrics Ltd clients, October 2012.

¹⁹ The sales forecasts prepared for Milford in section 3.1 include sales forecast to occur physically at Milford centre, with the effect of internet-based sales (using the medium scenario) already taken into account.

liquor sector. Slower forecast sales growth in the core retail category (section 3.1) reflects the effect of online sales, with the net effect for Milford driven by the overall retail mix of the centre where a higher share of future sales (than other town centres) are in core retail.

The scenarios of online sales growth are more conservative than forecast short to medium-term forecasts internationally (outlined in Table 27, Appendix 9 of the retail evidence base). However, it is prudent from a planning perspective to take this approach rather than assume very little growth through stores based on short-term, recent trend information with large uncertainty. In addition, from a planning perspective, online sales do not correlate directly with a drop in demand for physical floorspace as share of the online purchases will be made based on consumers previously visiting the store to physically view and research the purchases. It is important that growth in online sales is monitored going forward and growth assumptions updated as greater certainty in online sales growth trends occur.

4.0 Appendix – Work brief received from Auckland Council's North West Planning team

Purpose

To develop a plan for the management and enhancement of the Milford Town Centre including a response to the growth potential for residential, retail and other business provided by the proposed Unitary Plan and the need to provide for spatial planning, amenity, community services and improved linkages. Retail and business information is needed to support the business case for this project and to inform the study itself.

It should explain in simple terms the recent history and future trends affecting retail in Milford town centre that can be derived from RIMU's existing data sources, including the Auckland Retail Economic Evidence base technical report (see references below), and identify any relevant issues relating to employment and economic growth (or lack of it) in the centre.

"Milford centre" would be adequately defined as the Proposed Unitary Plan business zoned area within the Lake Pupuke Census Area Unit (footprint has not changed since draft plan but height controls have), or closest equivalent.

Request for Retail Data (in order of importance)

1. Map of Milford centre comparing Centres Sales Study meshblock boundaries to PAUP zones for a better understanding of the data supplied
2. Map of existing retail catchment of Milford Centre (eg, household sales origin)
3. Map of future retail catchment of Milford Centre
4. Map of current retail floorspace by type (as per example in Figure 18 Auckland Retail economic Evidence base technical report)
5. Table- Retail and other floorspace- current, by type
6. Table- Retail and other business floorspace potential growth projections
7. Forecast net sales changes- figures based on Appendix 10 maps for relevant categories and brief simple explanation of what each map shows about Milford
8. A statement about historic retail building consents in Milford (based on Figure 70 information or its latest equivalent)
9. Composition of retail employment (pie graph helpful)
10. Employment change through time (retail and total) eg, 2000-12
11. Current role and function- share of sales by retail category
12. A statement of the likely impact of online retail spending for Milford centre or centres of this type.
13. A short explanatory statement of the above analysis
14. Any other information you consider relevant or helpful.

► Find out more: phone 09 301 0101
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