Kāpiti Coast District Council 1st Quarterly Update

MacKays To Peka Peka Expressway Analysis

Prepared for: Kāpiti Coast District Council, 29th September 2017

marketview

Introduction

- One of the Government's Seven Roads of National Significance, the Wellington Northern Corridor has been designed to improve traffic flow in the lower part of the North Island.

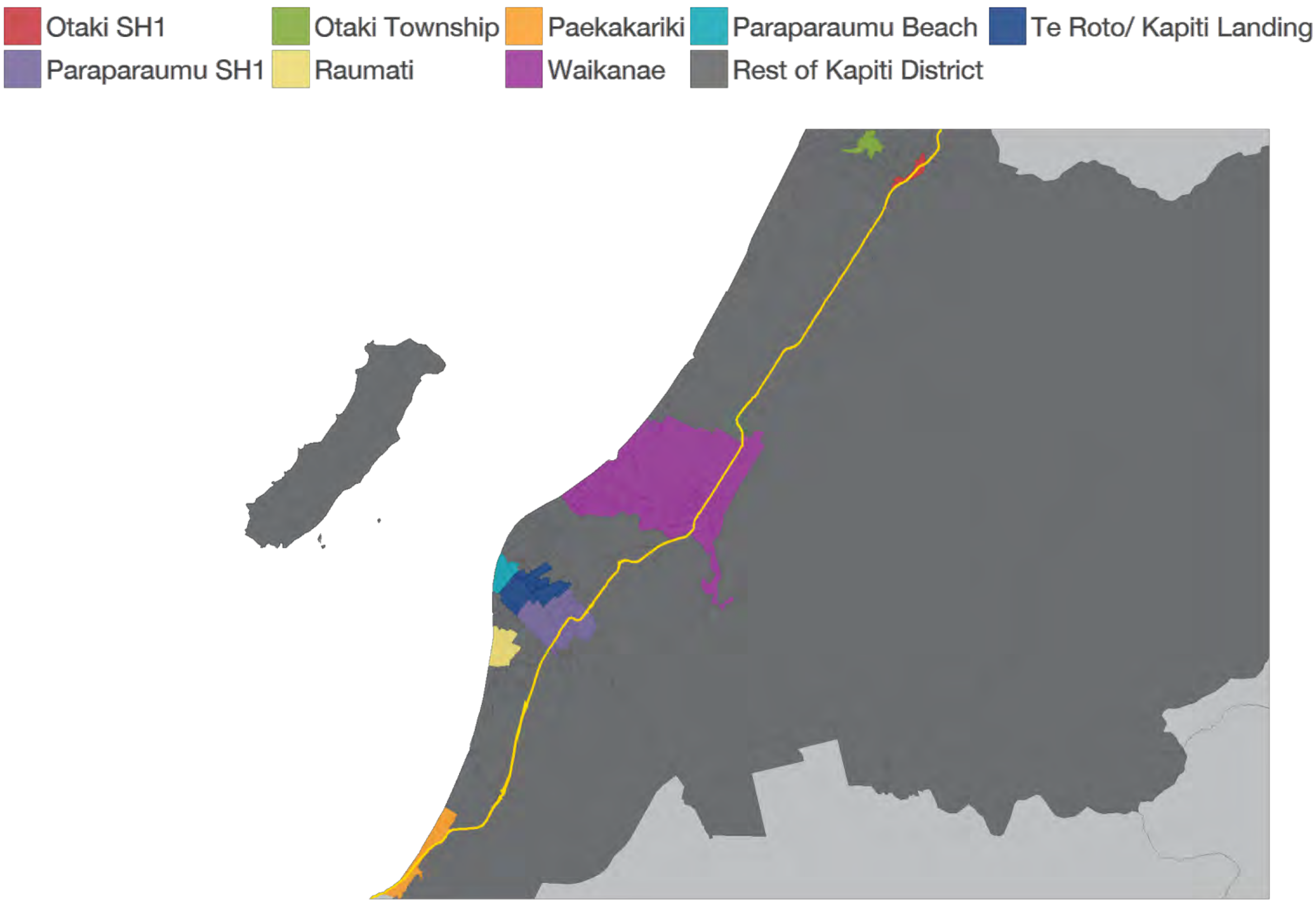
- One part of the Wellington Northern Corridor, the Kāpiti Expressway directly impacts the people and businesses of the Kāpiti Coast District. This expressway, being built in two parts creates an expressway through the heart of the district allowing for quicker and easier traffic flow through the district, and alleviating the pressure on existing local roads.

- The first part of this expressway, the $630m MacKays to Peka Peka opened Friday 24 Feb 2017. The second part of the Kāpiti Expressway, Peka Peka to Ōtaki is due to start construction in mid-2017, with an estimated opening in 2020.

- Marketview has been commissioned to measure the economic impact the MacKays to Peka Peka expressway has had on the local retail environment in the Kāpiti Coast district, and among local residents. This report is the first of two quarterly updates agreed upon in the Proposal. There will also be a final study encompassing a full 12-month period of the new highway being in effect.

- Throughout the report, the 'Expressway Period' refers to the period from the 24th of February 2017 to the 31st of August 2017 (inclusive). Changes in retail spending are measured in comparison to the same period last year (SPLY; 26th of February 2016 to the 01st of September 2016). Input & Data Definition in Appendix.

Kāpiti Coast District Area Definitions



Overall Impacts on Retail Spending in Kāpiti District

How have spending patterns changed in the Kāpiti Coast retail market since the Expressway opened?

Total Kāpiti District Spending

What is the overall change in spending in the Kāpiti District?

Spending growth in main areas: +19.5% Te Roto/Kāpiti Landing

% CHANGE IN SPENDING BY LOCATION POST EXPRESSWAY COMPARED TO SPLY

Merchant Location	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)	Change in share ('16 to '17)
Paekākāriki	$2,653,074	$2,594,180	-2.2%	0.7%	-0.07%
Raumati	$8,148,340	$9,197,193	+12.9%	2.4%	+0.11%
Paraparaumu SH1	$156,532,598	$164,189,572	+4.9%	43.4%	-1.14%
Te Roto/Kāpiti Landing	$63,815,223	$76,276,319	+19.5%	20.2%	+2.01%
Paraparaumu Beach	$12,259,960	$14,151,030	+15.4%	3.7%	+0.25%
Waikanae	$57,630,648	$59,018,261	+2.4%	15.6%	-0.80%
Ōtaki SH1	$27,667,560	$28,737,415	+3.9%	7.6%	-0.28%
Ōtaki Township	$7,131,628	$7,807,025	+9.5%	2.1%	+0.03%
Rest of Kāpiti District	$15,353,993	$16,062,987	+4.6%	4.2%	-0.12%
Grand Total	**$351,193,024**	**$378,033,983**	+7.6%	**100.0%**	**0.00%**

At the Southern end Raumati spend is up +12.9%. And at the Northern end, Ōtaki Township has seen an increase of +9.5%. Raumati has increased more than average and so has the Ōtaki township, however Ōtaki SH1 has only seen an increase of +3.9%. The expressway joining back to existing roads in these areas has had a positive benefit for both Ōtaki Township and Raumati, making it easier to get to Ōtaki Township in the North.

Share of spending has decreased the most in dramatically in Paraparaumu SH1, -1.14% and Waikanae, -0.80%, from 2016 to 2017. Te Roto/Kāpiti Landing has seen the greatest increase in share +2.01% from 2016 to 2017.

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Strong growth in hospitality

% CHANGE IN SPENDING BY STORETYPE POST EXPRESSWAY COMPARED TO SPLY

Merchant Location	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)
Bars, cafes, restaurants, and takeaways	$25,904,957	$29,023,526	+12.0%	7.7%
Clothing and footwear	$11,350,347	$11,156,868	-1.7%	3.0%
Durable Goods	$40,159,580	$42,644,169	+6.2%	11.3%
Food and liquor	$120,807,394	$126,197,244	+4.5%	33.4%
Fuel and automotive	$35,325,854	$37,351,612	+5.7%	9.9%
Other storetypes	$117,644,892	$131,660,564	+11.9%	34.8%
Grand Total	**$351,193,024**	**$378,033,983**	+7.6%	**100.0%**

Bars, cafes, restaurants and takeaways in the Kāpiti District have increased 12.0% showing good growth in an area which is responsible for 7.7% of total spend.

Clothing and footwear spend in the district is down -1.7% and is the only storetype to see a decrease in spend post the Expressway opening. This follows the National trend of decreased sales in clothing and footwear (approximately -0.4% as at Aug 17).

Passing trade has decreased

% CHANGE IN SPENDING BY CUSTOMER TYPE POST EXPRESSWAY COMPARED TO SPLY

Customer Type	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)
Local	$265,559,844	$280,564,949	+5.7%	74.2%
Tourism	$50,001,290	$58,867,722	+17.7%	15.6%
Day-Tripper	$29,797,588	$33,285,264	+11.7%	8.8%
South – North Passing Trade	$3,276,209	$2,964,805	-9.5%	0.8%
North – South Passing Trade	$2,558,094	$2,351,242	-8.1%	0.6%
Grand Total	**$351,193,024**	**$378,033,983**	+7.6%	100.0%

Spending is up +7.6% in the Kāpiti Coast District.

Locals make up 74% of spending in the Kāpiti District.

There has been a +17.7% increase in tourism spending.

Passing Trade spending is down 8-9% post the expressway opening.

Strong results for Te Roto/Kāpiti Landing and hospitality

Clothing and footwear spend has increased at both ends of the expressway, most noticeably in Raumati +32.3% and also +1.9% at Ōtaki SH1.

The two areas that are now bypassed by the Expressway have seen decreased clothing and footwear spend, -8.1% in Paraparaumu SH1 and --16.9% in Paraparaumu Beach.

Te Roto/Kāpiti Landing has seen very strong growth in Food and liquor +24.9%. Paraparaumu SH1 has a 42.4% market share of Food and liquor spend and Waikanae has the second largest market share (21.9%) but Waikanae's share of Food and liquor spend has decreased -2.1% post expressway. Subsequently Te Roto/Kāpiti Landing's share has increased +2.6% to a 16% market share . More people are transitioning their Food and liquor spend to Te Roto/Kāpiti Landing and this has resulted in the strong growth in the area, while spend in Waikanae is down -5%.

Spending at Bars, cafes, restaurants and takeaways in Raumati is up +15.1% whereas Food and liquor spend in Raumati is only up slightly +2.1%. This increase in 'eating out' spend is a sign of a positive economy.

Fuel and automotive is down -17.4% in Paraparaumu SH1 area due to the expressway now by passing petrol stations and garages in this area. It should be noted however that overall fuel is up +5.7% due to strong growth in other areas in the Kāpiti district (these have been grouped into 'other storetypes' for confidentiality reasons – less than 3 merchants per location).

Strong results for Te Roto/Kāpiti Landing and hospitality

% CHANGE IN SPENDING POST EXPRESSWAY COMPARED TO SPLY

	Paekākāriki	Raumati	Paraparaumu SH1	Te Roto/Kāpiti Landing	Paraparaumu Beach	Waikanae	Ōtaki SH1	Ōtaki Township	Rest of Kāpiti District
Bars, cafes, restaurants, and takeaways	-	15.1%	0.5%	51.3%	34.5%	19.4%	0.8%	6.9%	9.6%
Clothing and footwear	-	32.2%	-8.1%	-	-16.9%	-	1.9%	-	-3.7%
Durable Goods	-	-	7.1%	12.1%	-	-	-	-	12.8%
Food and liquor	-7.2%	2.1%	3.4%	24.9%	2.5%	-5.0%	8.9%	7.8%	-5.7%
Fuel and automotive	-	-	-17.4%	-	-	-	-	-	-
Other storetypes	8.4%	13.2%	16.3%	8.6%	14.4%	8.0%	1.0%	15.1%	11.5%
Grand Total	**-2.2%**	**12.9%**	**4.9%**	**19.5%**	**15.4%**	**2.4%**	**3.9%**	**9.5%**	**4.6%**

* For confidentiality reasons Paekākāriki Bars, cafes, restaurants, and takeaways merchants have been grouped with Paekākāriki Food and liquor. In all other instances of less than 3 businesses in a location-storetype combination, relevant businesses would be moved to 'other storetypes' for that location.

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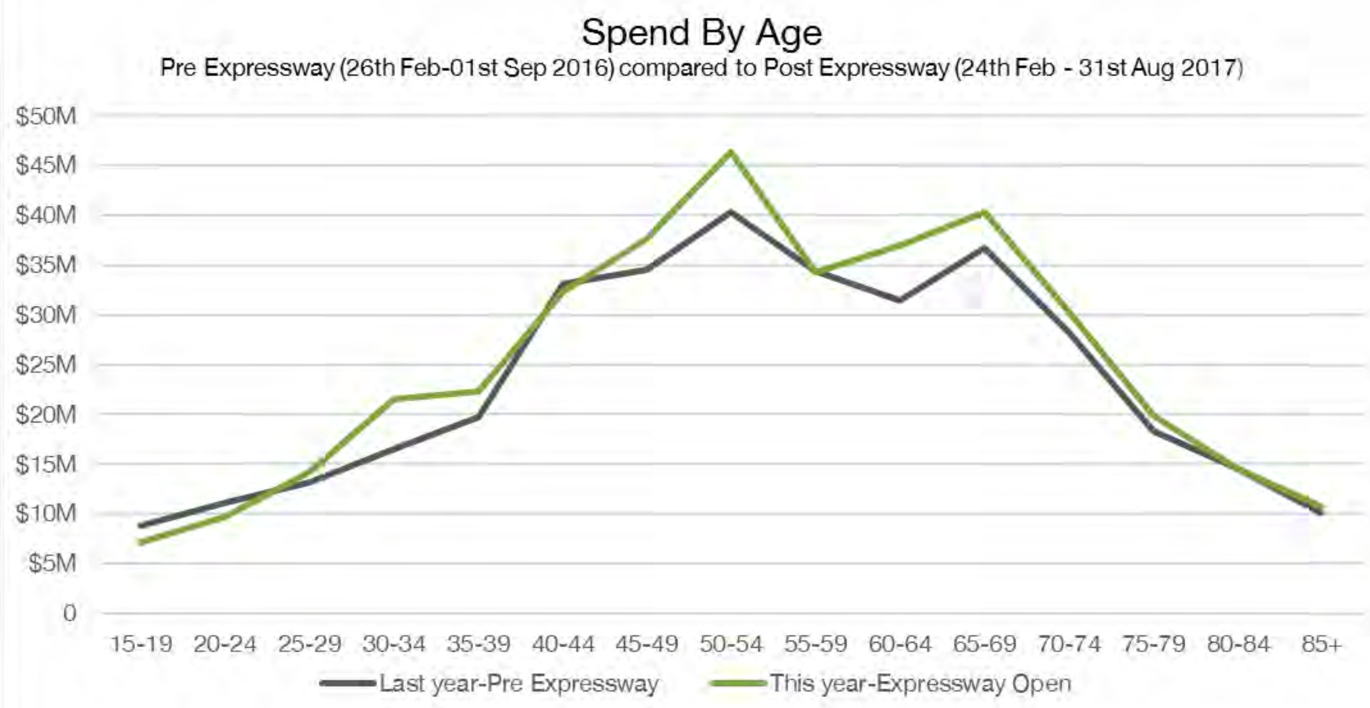
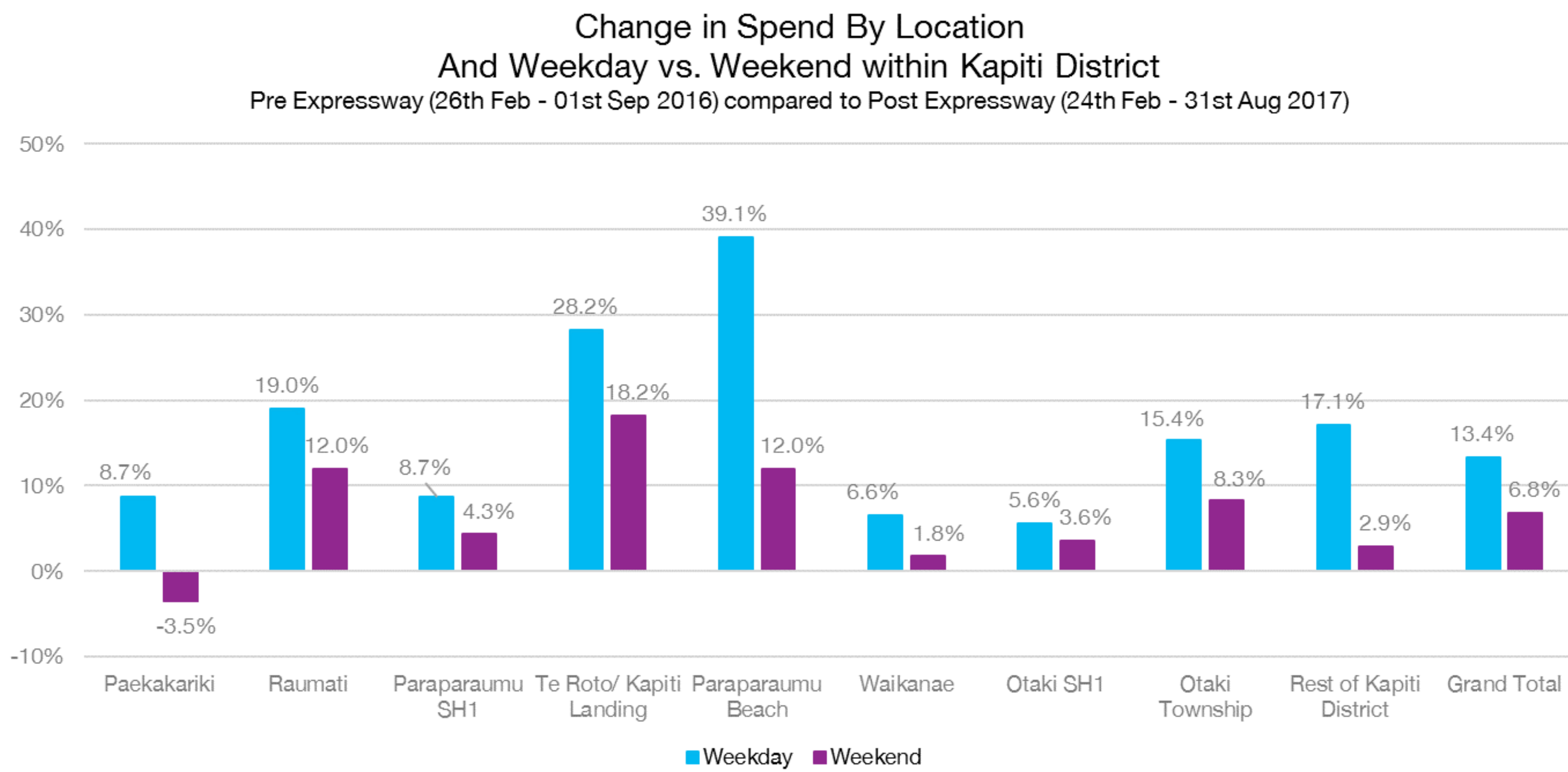
Customers aged over 25 have grown spending



The 25-39 age group have increased their spending most noticeably +17.3%, whereas the 15-24 age group has seen the biggest decrease in spend -16.1% in the Kāpiti District post the Expressway opening compared to the SPLY.

	15-24	25-39	40-54	55-69	70+	Total %
% Change in Spend Post Expressway compared to SPLY	-16.1%	+17.3%	+7.7%	+8.9%	+5.7%	+7.6%
Distribution of Spend by Age (2017)	4.4%	15.3%	30.7%	29.5%	19.9%	100%

Weekday growth always higher than on weekends



Paraparaumu Beach has had a 39.1% increase in weekday spend, and Te Roto/Kāpiti Landing is also up +28.2% on weekdays.

Overall the Kāpiti district has seen a +13.4% increase in weekday spend and +6.8% increase in spend at the weekend.

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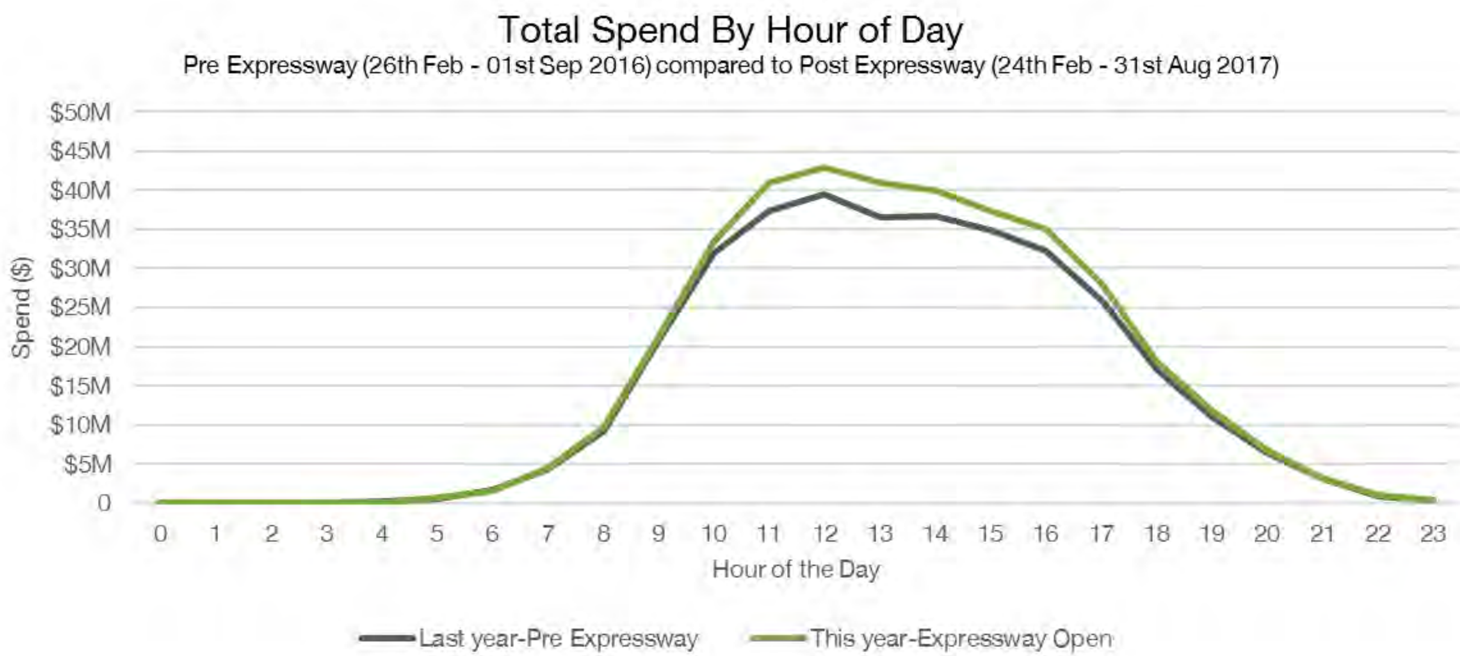
Spending throughout the day has increased



Spend increased throughout the day in every daypart, most noticeably between 11am and 4pm.

	06am-09am	09am-12pm	12pm-3pm	3pm-6pm	6pm-9pm	Overnight
% Change in Spend Post Expressway compared to SPLY	3.4%	6.4%	9.9%	7.8%	5.8%	2.0%

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Impacts on Local Spending

How has Local spending changed in the Kāpiti Coast retail market?

Locals have grown spending in nearly all areas

% CHANGE IN SPENDING BY LOCATION POST EXPRESSWAY COMPARED TO SPLY

Merchant Location	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)	Change in share ('16 to '17)
Paekākāriki	$1,282,084	$1,397,541	+9.0%	0.5%	+0.02%
Raumati	$5,549,482	$6,351,938	+14.5%	2.3%	+0.17%
Paraparaumu SH1	$122,443,389	$127,605,980	+4.2%	45.5%	-0.63%
Te Roto/Kāpiti Landing	$50,514,801	$57,787,847	+14.4%	20.6%	+1.57%
Paraparaumu Beach	$8,992,233	$10,072,414	+12.0%	3.6%	+0.20%
Waikanae	$46,062,751	$46,312,426	+0.5%	16.5%	-0.84%
Ōtaki SH1	$14,738,862	$14,994,267	+1.7%	5.3%	-0.21%
Ōtaki Township	$5,786,438	$5,772,029	-0.2%	2.1%	-0.12%
Rest of Kāpiti District	$10,189,803	$10,270,508	+0.8%	3.7%	-0.18%
Grand Total	**$265,559,844**	**$280,564,949**	+5.7%	**100.0%**	**0.00%**

Spending from Kāpiti residents has increased in all areas expect Ōtaki Township, which has seen a very small decline in spending (-0.2%).

Paekākāriki which was down -2.2% overall is not due to local residents as they have increased their spending by +9.0% in 2017.

Raumati, Te Roto/Kāpiti Landing, and Paraparaumu Beach have all seen growth of 12-15% from local residents.

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Leakage has increased with the new expressway

LOCAL RESIDENTS' SPEND IN KĀPITI DISTRICT AND LEAKAGE SPENDING IN REST OF NZ

	Last year- Pre Expressway	This year- Expressway Open	% CHANGE Expressway Open compared to SPLY	Distribution-
Local Spend in Kāpiti District	$266 M	$281 M	+5.7%	65%
Local Spend in Rest of NZ	$131 M	$151 M	+15.4%	35%
Total Local Residents' Spend	**$397 M**	**$432 M**	+8.9%	**100%**

35% of Local Residents' spend is done outside of the Kāpiti District.

% CHANGE IN SPENDING OUTSIDE OF KĀPITI POST EXPRESSWAY COMPARED TO SPLY

	Weekday	Weekend	Total % Change
Bars, cafes, restaurants, and takeaways	10.1%	14.4%	**13.8%**
Clothing and footwear	-5.0%	-6.1%	-5.9%
Durable Goods	6.2%	14.9%	**13.8%**
Food and liquor	20.0%	19.1%	**19.2%**
Fuel and automotive	28.2%	25.2%	**25.6%**
Other storetypes	21.8%	14.2%	**15.4%**
Grand Total	**17.7%**	**15.0%**	**15.4%**

Local residents' weekend spending in the rest of NZ is up (+15.4%) far more than spending in the Kāpiti district on weekends (+4.9%).

This further reinforces that the expressway may have made it easier for local residents' to travel out of the Kāpiti district to shop.

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Impacts on Tourism Spending

How has tourism spending changed in the Kāpiti Coast retail market?

Tourism down in Paekākāriki but up in Te Roto/Kāpiti Landing

% CHANGE IN SPENDING BY LOCATION POST EXPRESSWAY COMPARED TO SPLY

Merchant Location	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)	Change in share ('16 to '17)
Paekākāriki	$481,156	$436,608	-9.3%	0.7%	-0.22%
Raumati	$1,469,281	$1,649,148	+12.2%	2.8%	-0.14%
Paraparaumu SH1	$20,827,013	$23,068,313	+10.8%	39.2%	-2.47%
Te Roto/Kāpiti Landing	$9,564,094	$14,075,050	+47.2%	23.9%	+4.78%
Paraparaumu Beach	$1,978,132	$2,400,620	+21.4%	4.1%	+0.12%
Waikanae	$7,621,010	$8,587,904	+12.7%	14.6%	-0.65%
Ōtaki SH1	$4,566,691	$4,655,153	+1.9%	7.9%	-1.23%
Ōtaki Township	$971,403	$1,308,329	+34.7%	2.2%	+0.28%
Rest of Kāpiti District	$2,522,509	$2,686,597	+6.5%	4.6%	-0.48%
Grand Total	**$50,001,290**	**$58,867,722**	+17.7%	**100.0%**	**0.00%**

Tourism spend at Te Roto/Kāpiti Landing has increased +47.2% and Ōtaki Township has also seen a large increase in spend, +34.7% post the expressway opening.

Although Te Roto/Kāpiti Landing also had the largest increase for local residents', tourism behaviour is different to local residents' as Ōtaki Township and Waikanae have both seen much greater increases in spend and Paekākāriki has suffered with -9.3% less tourism spend than the SPLY.

Impacts on Day-Tripper Spending

How has day-tripper spending changed in the Kāpiti Coast retail market?

Day Tripper spending up +99% in Ōtaki Township

% CHANGE IN SPENDING BY LOCATION POST EXPRESSWAY COMPARED TO SPLY

Merchant Location	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)	Change in share ('16 to '17)
Paekākāriki	$792,482	$655,713	-17.3%	2.0%	-0.69%
Raumati	$1,052,730	$1,118,340	+6.2%	3.4%	-0.17%
Paraparaumu SH1	$11,469,396	$12,321,663	+7.4%	37.0%	-1.47%
Te Roto/Kāpiti Landing	$3,484,284	$4,112,133	+18.0%	12.4%	+0.66%
Paraparaumu Beach	$1,115,600	$1,448,291	+29.8%	4.4%	+0.61%
Waikanae	$3,438,940	$3,665,077	+6.6%	11.0%	-0.53%
Ōtaki SH1	$6,037,142	$6,670,937	+10.5%	20.0%	-0.22%
Ōtaki Township	$327,056	$649,511	+98.6%	2.0%	+0.85%
Rest of Kāpiti District	$2,079,958	$2,643,601	+27.1%	7.9%	+0.96%
Grand Total	**$29,797,588**	**$33,285,264**	+11.7%	**100.0%**	**0.00%**

The expressway would make trips to Ōtaki Township much more accessible for people as they can now avoid traffic in Paraparaumu or Waikanae.

Impacts on Passing Trade

How has passing trade in the Kāpiti District changed?

8-10% decline in spend from passing trade

% CHANGE IN SPENDING BY CUSTOMER TYPE POST EXPRESSWAY COMPARED TO SPLY

Customer Type	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)
South – North Passing Trade	$3,276,209	$2,964,805	-9.5%	0.8%
North – South Passing Trade	$5,834,303	$5,316,048	-8.1%	0.6%
Grand Total	**$5,834,303**	**$5,316,048**	**-8.9%**	**1.4%**

% CHANGE IN SPENDING BY LOCATION POST EXPRESSWAY COMPARED TO SPLY

Merchant Location	Last year- Pre Expressway	This year- Expressway Open	% Growth	Share of Spending (2017)	Change in share ('16 to '17)
Paekākāriki	$97,351	$104,319	+7.2%	2.0%	+0.29%
Raumati	$76,847	$77,768	+1.2%	1.5%	+0.15%
Paraparaumu SH1	$1,792,800	$1,193,616	-33.4%	22.5%	-8.28%
Te Roto/Kāpiti Landing	$252,044	$301,290	+19.5%	5.7%	+1.35%
Paraparaumu Beach	$173,995	$229,705	+32.0%	4.3%	+1.34%
Waikanae	$507,947	$452,854	-10.8%	8.5%	-0.19%
Ōtaki SH1	$2,324,865	$2,417,059	+4.0%	45.5%	+5.62%
Ōtaki Township	$46,731	$77,156	+65.1%	1.5%	+0.65%
Rest of Kāpiti District	$561,722	$462,281	-17.7%	8.7%	-0.93%
Grand Total	**$5,834,303**	**$5,316,048**	**-8.9%**	100.0%	**0.00%**

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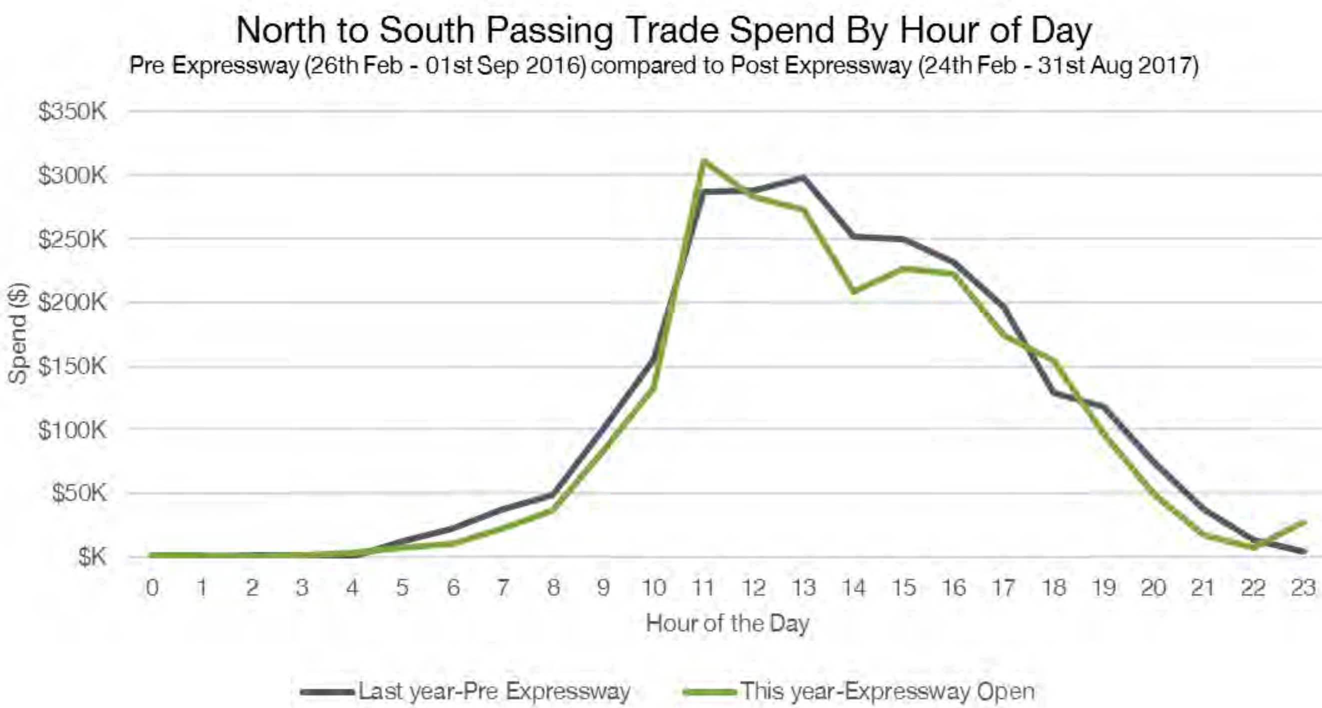
Passing trade has dropped during the middle of the day

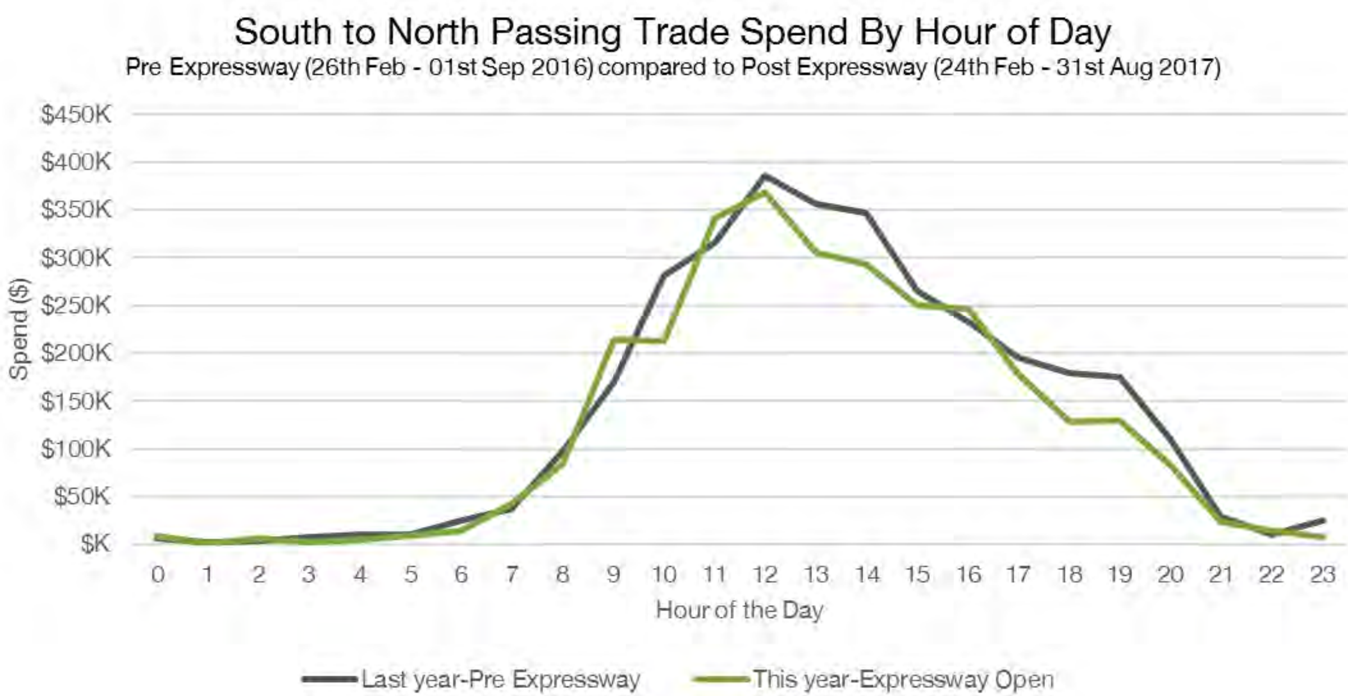


North to South Passing Trade spending is down -8.7% between 12pm-3pm as people travelling south on the expressway are shopping less in Kāpiti district as Wellington is not too far away for their shopping needs.

	06am-09am	09am-12pm	12pm-3pm	3pm-6pm	6pm-9pm	Overnight	Total % Change
% Change in North to South Spend Post Expressway compared to SPLY	-35.8%	-2.8%	-8.7%	-8.0%	-6.6%	-6.5%	-8.1%
% Change in Total Kāpiti District Spend	3.4%	6.4%	9.9%	7.8%	5.8%	2.0%	7.6%

marketview

Passing trade has dropped during the middle of the day



The 7pm post work spike is noticeably less for South to North Passing Trade post the expressway opening.

There are however new spikes at 9am and 11am, which were relatively flat pre expressway.

	06am-09am	09am-12pm	12pm-3pm	3pm-6pm	6pm-9pm	Overnight	Total % Change
% Change in Tourism Spend Post Expressway compared to SPLY	-13.1%	0.2%	-11.3%	-2.9%	-26.7%	-24.6%	-9.5%
% Change in Total Kāpiti District Spend	3.4%	6.4%	9.9%	7.8%	5.8%	2.0%	7.6%

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APPENDIX

Input Data & Definitions

Marketview specialises in the management and analysis of electronic card transactional data as a tool for measuring and analysing the spending and behaviours of consumers. Since 2001, Marketview's transactional data has become a trusted source of market intelligence and is now used extensively by organisations throughout New Zealand. Clients include retailers - national chains through to single site stores, commercial property owners and developers, manufacturers, and local and central government.

The data is received from two main sources:

- Paymark – the largest electronic card payment network in New Zealand, covering all transactions made at merchants on this network.
- Depersonalised spending by Bank of New Zealand (BNZ) cardholders.

Through a combination of both data sources, and methodologies developed from projects completed over the last 15 years we are able to accurately quantify:

- The value of spending in the majority of business to consumer ANZSIC categories
- The source and origin of those payments (e.g. business vs. personal, domestic (by region) vs. international) to determine accurately where a cardholder is from
- The time and date of purchases
- The retail category of the merchants, as defined by 2006 Australian and New Zealand Standard Industry Classification (ANZSIC) codes.

Privacy
No personal or household data is shown or can be derived, thereby maintaining the privacy of end customers.

Input Data & Definitions

Value of spending

Dollar values used in this report estimated ‘real-world’ values (card transactions and a factor for cash and other non-card purchases). This data is derived from eftpos and credit card purchases made via Paymark and BNZ cardholders.

Benchmarking Period:

Throughout the report, the ‘Expressway Period’ refers to the period from the 24th of February 2017 to the 31st of August 2017 (inclusive).

Changes in retail spending are measured in comparison to the same period last year (SPLY; 26th of February 2016 to the 01st of September 2016).

Business Locations:

The Kāpiti Coast District has been broken into several areas to measure the impacts in each township:

- Paekākāriki
- Raumati
- Paraparaumu SH1
- Te Roto/Kāpiti Landing
- Paraparaumu Beach
- Waikanae
- Ōtaki SH1
- Ōtaki Township

A map detailing the boundaries of these areas follows on page 8.

Input Data & Definitions

Store groupings

The following merchant groupings have been measured:

- Bars, Cafes, Restaurants & Takeaways
- Durable goods
- Fuel & automotive
- Clothing & Footwear
- Food and liquor
- Other storetypes*

Customer Definitions:

Tracking the transactions of cardholders allows us to measure a ‘trip’ throughout New Zealand. By considering the location of a visitor’s spending before and after they make a purchase in Kāpiti, we can determine whether they have passed through Kāpiti, stopped for the day, or visited for an extended period of time.

Five customer visit types are measured in this report:

- **Locals:** Customers who live in the Kāpiti District.
- **Tourism:** Customers who do not live in the Kāpiti District, visiting Kāpiti for multiple days at once.
- **Day-Trippers:** Customers who do not live in the Kāpiti District, visiting Kāpiti for one day and then returning home.
- **North-Bound Passing Trade:** Customers who do not live in the Kāpiti District, travelling from south of Kāpiti to north of Kāpiti e.g. someone who spends in Wellington in the morning, Raumati in the afternoon, and Taupo in the evening.
- **South-Bound Passing Trade:** Customers who do not live in the Kāpiti District, travelling from north of Kāpiti to South of Kāpiti e.g. some who spends in Levin in the morning, Paekākāriki in the afternoon, and Nelson in the evening.

Methodolgy

Marketview has analysed eftpos and credit card transactions at retailers based in the Kāpiti District.

Kāpiti Retailers were grouped by their geographic location and their retail category. (Please refer to pages 6 and 7 for the definitions used).

In the same way customers of these merchants were dividing into three customer segments

- **Locals** = KDC residents
- **Tourists** = non-locals visiting Kāpiti for multiple, sequential days
- **Day-Trippers** = non-locals visiting Kāpiti for one day and then returning home.
- Passing Trade = visitors passing through the district.

(Please refer to pages 6 for the full definitions).

Marketview quantified spending by each permutation of customer segment and retail group for the 189 days between the 24th of February 2017 to the 31st of August 2017 (inclusive).

The value of spending was benchmarked to the same period last year - 26th of February 2016 to the 01st of September 2016).