

IN THE MATTER OF: The Resource Management Act 1991

AND

IN THE MATTER OF: Plan Change 84 Special Purpose (Airport) Zone to the Christchurch City District Plan

STATEMENT OF EVIDENCE OF DAVID THOMAS BOERSEN FOR BUNNINGS LIMITED

Introduction

1. My name is David Thomas Boersen. I am the Property and Store Development Manager for Bunnings Limited (**Bunnings**). I manage the property acquisition, consenting, construction, store development and visual merchandising process for new Bunnings Warehouses, Bunnings stores and trade centres throughout New Zealand. I have held this role at Bunnings for the past 18 months. Prior to that, I was the Development Manager at Bunnings for five years.
2. I hold a Masters of Science in Geography (hons) from the University of Auckland. I am an associate member of the New Zealand Planning Institute. Prior to joining Bunnings I worked as a planner. I have ten years' experience as a planner, working for local government (policy), and consulting to local, regional and central government and the private sector both in policy and resource management planning fields.
3. I am giving this evidence as a representative of Bunnings.

Scope of Evidence

4. The purpose of my evidence today is to outline the nature of Bunnings' operations. In particular I will cover the following matters:
 - a. Introduce Bunnings and the Bunnings business model.
 - b. Provide an overview of the Bunnings Warehouse concept.
 - c. Discuss Bunnings development plans within New Zealand, and more specifically within Christchurch.
 - d. Outline our site requirements and site selection process.
 - e. Provide an overview of Bunnings decision to locate within Christchurch.
 - f. Discuss land supply issues in Christchurch.

- g. Comment on the suitability of the Plan Change 84 (**PC84**) Special Purpose Airport Zone (**SPAZ**) land.
- h. Summary.

About Bunnings and Christchurch – Setting the Scene

- 5. Bunnings Limited operates building and home improvement stores that sell building related products to trades people such as builders, electricians, plumbers, painters, landscaping contractors and plumbers, as well as to the general public. Bunnings has sought to bring together the bulk of trade supplies categories into one place to provide for the convenient and efficient provision of these goods to our commercial and consumer customers.
- 6. There are three basic Bunnings formats:
 - a. The “Bunnings Warehouse” which has 3,000m² or more in the ‘warehouse’;
 - b. Small format stores simply known as “Bunnings”; and
 - c. “Bunnings Trade Centre” which focuses on bulk delivery of product direct to site for our commercial customers.
- 7. The distinction between the store brandings is size and offer of goods in each store and is usually reflected in a smaller or larger range of goods.
- 8. Bunnings presently has 24 Bunnings Warehouses, 20 Bunnings and four Bunnings Trade centres in New Zealand. **Attachment 1** contains a map of the locations of these stores throughout New Zealand. Bunnings is actively pursuing the growth of its network in all three Bunnings formats throughout New Zealand.
- 9. One of the areas identified for expansion is Christchurch and the wider Canterbury region. We have been actively looking to establish our new premises within Christchurch and the wider Canterbury region for the last ten years. We currently have four stores within this region which include three Bunnings Warehouses located at **Shirley** (197 Marshland Rd), **Riccarton** (Cnr Blenheim Rd & Foster St) and **Ashburton** (363 West St), and a Bunnings Trade at **Hornby** (746 Halswell Junction Rd) (refer to **Figure 1**). We have previously obtained necessary planning approvals for a third Bunnings Warehouse in Ferrymead. However, with the event of the Christchurch earthquake and “red stickering” of a large portion of the catchment of this proposed store, we have not pursued this development. We were also looking at further options for other stores within the greater Christchurch area prior to the earthquakes.
- 10. Subsequent with the rebuild of the City, ongoing increase in population growth, and the expansion and uptake of our brand in the South Island, we have maintained our focus to develop further stores Christchurch.
- 11. Bunnings interest in PC84 extends from its interest to develop a further Bunnings warehouse in this particular area of Christchurch, and does not limit our other development plans for Christchurch.

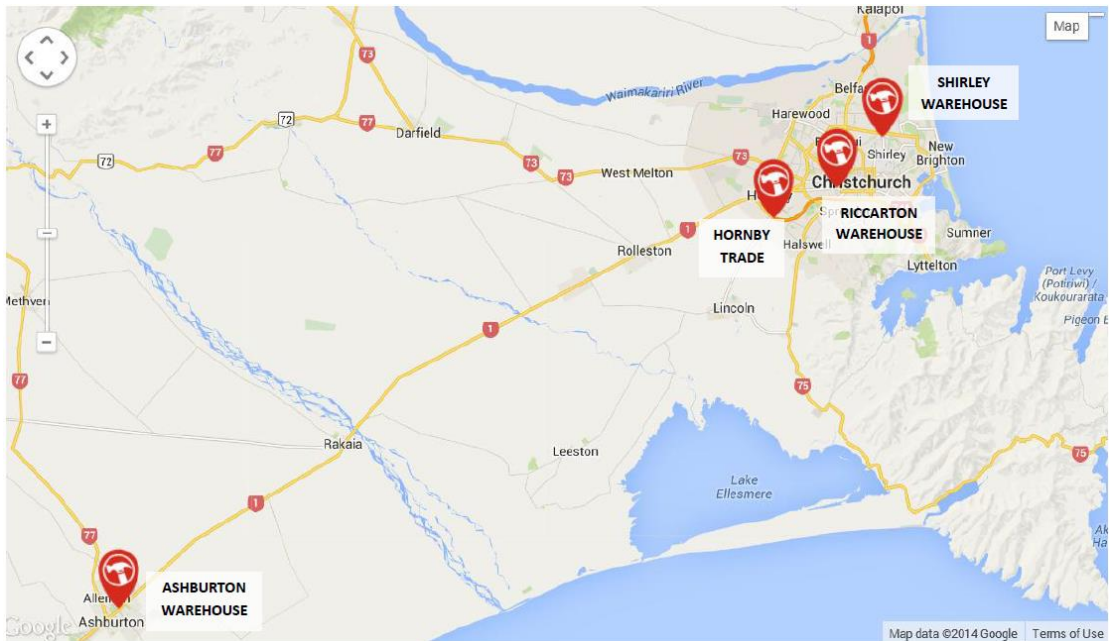


Figure 1: Map of Bunnings locations in the Canterbury Region

Bunnings Warehouse Concept

12. I would now like to introduce the specifics of the Bunnings Warehouse concept, before going on to address the opportunities and constraints that has led Bunnings to seek a new location within Christchurch West.

13. Bunnings' product range consists of a large range of goods that can be broadly grouped into the following categories:
 - a. Outdoor and indoor timber
 - b. Building products
 - c. Builders hardware
 - d. Plumbing supplies (back of wall)
 - e. Bathroom fittings (front of wall)
 - f. Flooring materials
 - g. Tools
 - h. Paint
 - i. Decorating supplies and drapery
 - j. Electrical fixtures and fittings (front and back of wall)
 - k. Storage
 - l. Plants

- m. Garden supplies and tools
 - n. Landscape supplies
 - o. Outdoor furniture
14. Each Bunnings Warehouse carries approximately 45,000 different product lines for the home improvement, DIY and trade markets. Due to the standardised designs of our buildings, and their layouts, we can also standardise our product offer. The three main components of a new purpose-built Bunnings Warehouse are:
- a. Timber trade sales area (**TTS**);
 - b. Warehouse; and
 - c. Outdoor nursery.
15. A plan showing the generic footprint for the layout and racking of a Bunnings Warehouse is at **Attachment 2**. The TTS area contains bulk building supplies which are generally provided for as a 'drive thru' facility. The warehouse is the largest individual element of a Bunnings Warehouse and contains the majority of the stock on display within an enclosed building. Lastly, the outdoor nursery is typically a semi-covered area and stocks plants, landscaping supplies and garden products.
16. These three features typically adjoin a car park to the front of the store, while deliveries are located to the rear. The car park entrances are located in the most accessible locations, and the layout seeks to achieve an efficient, legible and high navigable area for our customers. Large and bulky products are delivered to the rear goods inwards receiving area which is adjacent to the TTS for serviceability and safety.
17. The existing network of Bunnings stores has demonstrated and continues to show the economic success of the Bunnings' business formula which is structured around three simple "pillars", which are all captured in the design and implementation of our Warehouses. The three pillars are lowest price, widest range and best service.
18. Lowest price is delivered by Bunnings being able to reduce its costs which are in turn passed on to the consumer. This is delivered through simple building design, simple fit out, simple and efficient operation. The scale of our operations also allows us to buy in bulk and pass on these discounts to our customers, whilst securing our margin through simple economies of scale.
19. To fulfil our promise of widest range, we stock a wide variety of products in each category to allow consumers choice. A large proportion of these products are bulky goods and we need to keep large quantities across the range of products to meet consumer demand. Overall, this means Bunnings requires considerable space and therefore large buildings to house our products.
20. The aspect of service extends to not only how our team help customers inside the store but also to how easy it is for customers to visit and shop at our stores. We aim to make it as easy

as possible for our customers to find and access our stores, find car parking, and then once inside ensure our customers can easily and quickly navigate our stores and find the products they are looking for.

21. All of these features I have described mean that Bunnings needs large 'warehouse' type buildings for its business model to function. The need for large buildings and associated parking flows necessitates the requirement for large sites. The key physical requirements of sites for Bunnings are:

- a. That they are large enough to accommodate our building requirements and associated parking and servicing;
- b. That they have direct vehicular access to the site by customers, for the purpose of loading and unloading products into their vehicles;
- c. That they have appropriate accessibility and manoeuvring for trucks and delivery vehicles. This generally requires access to an arterial road;
- d. Good profile to enable customers to visibly locate and navigate to the store both in terms of ensuring a front site location, main road frontage and a suitable lot shape / site dimensions;
- e. Sites that are relatively level to enable a cost effective and simple building design to be constructed; and
- f. Site servicing and basic infrastructure capacity is available.

22. **Table 1** below sets out the approximate gross floor areas and site sizes for a number of existing and proposed Bunnings Warehouses in Auckland, Wellington and Christchurch.

Store Name	Region	Gross Floor Area (m2)	Site Area (m2)
Silverdale	Auckland	11,867	26,040
North Shore	Auckland	9,178	19,960
Glenfield	Auckland	11,237	23,408
Mt Roskill	Auckland	10,950	27,058
New Lynn	Auckland	14,137	22,000 ¹
Mt Wellington	Auckland	10,490	27,692
Botany	Auckland	11,941	27,300
Manukau	Auckland	9,702	23,022
Takanini	Auckland	9,928	16,900
Porirua	Wellington	8,124	21,100
Lyll Bay	Wellington	9,573	16,792
Shirley	Christchurch	10,982	24,000

¹ Under construction

Riccarton	Christchurch	15,328	30,000
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Table 1: GFA & Site Area of Bunnings Warehouses in the three Main Cities in New Zealand.

23. **Table 1** demonstrates that the typical gross floor area size for Bunnings Warehouses in New Zealand's three metropolitan centres are typically in the order of 10,000m² and thus, a site area of approximately 2ha – 3ha is required to service this size store.
24. The necessity for Bunnings to 'warehouse' products on site, means that we seek an internal stud height of 8-10m, which results in our buildings being akin to a standard commercial warehouse in size and scale. These warehouses are commonly found in commercial or industrial zones.
25. It should be noted that the products sold by Bunnings have traditionally been sold from properties in commercial or industrial zones. Consumer and commercial customers alike needed to travel to these zones to get these products. Bunnings has simply brought these products together into a "one stop shop".
26. Bunnings differs from your typical large format retail stores. Firstly, the size and scale of a Bunnings is significantly larger than other large format retailers. Secondly, Bunnings generally locates in light industrial or general business zones or at the periphery of town centres. This is generally a consequence of our operations (trade based), building 'look and feel', the type of products we stock, servicing and delivery requirements, and large building and site size requirements.
27. Lastly, it is important to note that Bunnings is a destination store and does not require the development of other adjacent or 'like' businesses to support and maintain its successful function. Therefore, Bunnings is able to locate and occupy a standalone site, rather than form part of wider multi-business development or shopping complex. Examples of this include:
 - a. Bunnings warehouse Whangarei
 - b. Bunnings warehouse Silverdale
 - c. Bunnings warehouse Mt Roskill
 - d. Bunnings warehouse Mt Wellington
 - e. Bunnings warehouse Botany
 - f. Bunnings warehouse Takanini
 - g. Bunnings warehouse Hamilton
 - h. Bunnings warehouse Mt Maunganui
 - i. Bunnings warehouse Rotorua
 - j. Bunnings warehouse Palmerston North

- k. Bunnings warehouse Porirua
 - l. Bunnings warehouse Blenheim
 - m. Bunnings warehouse Dunedin
28. I do note however, that in Christchurch, Bunnings is the anchor tenant for both its Riccarton (Tower Junction) and Shirley (Homebase) warehouse sites (which are both leasehold properties), and surrounded by other retailers. This was driven by the developers who designed these complexes to assist in leasing of the other adjacent spaces the lessees of which see a benefit in locating near to Bunnings in those locations. Bunnings would have developed stores in these locations, regardless of the other adjacent development. I note that in terms of the SPAZ that many of these 'other retailers' who are not trade suppliers are not permitted by Plan Change 84 (PC84) so the likelihood of a similar situation occurring is virtually nil. Therefore the Council's concerns about other retailers co-locating, near or next to Bunnings, are already addressed.
29. The Council also needs to realistic in providing for our type of activity. Due to the size, scale and nature of the activity, it is unlikely that Bunnings will ever be at the centre, or at best on periphery of any of Christchurch's key retail centres, should the land be available.

The Bunnings Decision to Locate in Christchurch West

30. As stated earlier, Bunnings has been looking to establish an additional Bunnings Warehouse in Christchurch for a number of years. Given the presence of our existing Warehouses and Trade centres, the nature of the Christchurch district's population catchment and planned growth areas, and the availability of land, the west of Christchurch is a logical place for a Bunnings Warehouse, and an ideal location in terms of Bunnings' business model.
31. The location of a new Bunnings Warehouse is determined by a number of factors and is not just limited to the physical site requirements which I have already discussed earlier. Bunnings uses demographers to determine the market size and market potential using a 'gravity' model, which is developed using population data from Statistics New Zealand and the relevant planning town planning documents. This model assumes that customers are attracted to a store depending on the strength of its offer (related to store size) and how far they have to travel compared to alternative options (including competitor options). The modelling carried out by the demographers takes into account location inputs, on the concept that customers closest to the store make more visits per year than those further away and vice versa. As the distance from the store increases, the number of visits decreases. This data is combined with data from other Bunnings stores and data from customer surveys, and variables such as travel times and travel directions, alternative stores, average spend and demographic data to determine the best location for a new store.
32. It is important that Bunnings takes into account the location of our existing stores to ensure that any proposed new store does not 'cannibalise' our existing offers. As set out earlier in my evidence, Bunnings currently has stores in Riccarton, Shirley and Hornby. The location of any new Warehouse needs to ensure that sales are not diverted from our existing stores. Therefore, it is important that locationally, a new Warehouse is sited in a different

catchment to catchments served by our existing stores. From the map at Figure 1, it is clear from a pure physical location standpoint that Christchurch West and southeast Christchurch could accommodate a new store relative to our existing stores.

33. Competitor location is a factor that has been considered in the decision to locate a new store in Christchurch West. There are a number of other building product and building improvement centre players in the Christchurch market. The location of our competitors does have an impact on our forecast sales so it is important that the siting of a new store takes into account the market competition and responds accordingly. In this case, there are no existing or proposed major competitors located in Christchurch West or northwest Christchurch.
34. Bunnings has also sought the advice of experts both in the planning and property fields to assist with our decision making. This has included obtaining expert planning advice with respect to planned growth areas / densities in Christchurch and associated strategic timing. Bunnings has also sought expert property advice on market growth and land prices in Christchurch, particularly in the wake of the Christchurch earthquake / rebuild and subsequent impacts on land availability.
35. As Christchurch is a metropolitan area, the size and structure of the local market will influence store size decisions, as will the competitor offerings. The following factors influence our decision-making on size:
 - a. The potential for sales increases from additional space likely to result from additional products adding to depth of range / choice.
 - b. The potential for range extensions providing additional options (quality / features).
 - c. The potential for additional range categories, potentially adding additional customers, e.g. increased specialty range for earthquake rebuild.
 - d. The potential for additional space to allow for greater stockholding, especially of fast moving lines, reducing out of stocks and supporting project purchases.
 - e. The potential for additional space allowing for the accommodation of higher customer numbers and stock volumes.
 - f. The potential for additional space allowing for more promotional products and seasonal displays.
 - g. The potential for additional space allowing services (special orders, hire shop, cutting, café, playground, information displays and education, etc).
36. In essence, these factors ensure that we have the right physical size of store to serve the prospective customer base within the catchment. Bunnings' own business development team has detailed financial modelling based on demographic analysis, socio economic data, planned future growth and Bunnings' business data built from its network of existing stores. This modelling work has confirmed the need for an additional Bunnings Warehouse within Christchurch West. Due to the commercial sensitivity of this information, I am unable to

share the detailed findings of our feasibility assessment, however, I can resolutely state that the background research that is undertaken by Bunnings to locate, site and size a new store is thorough, comprehensive and robust. The benefit of our detailed modelling allows us to ensure that the warehouses are built in the right locations, are the right size to meet the local market, and importantly will provide the appropriate return to shareholders by ensuring the store will be economically viable.

Land Supply in Christchurch West

37. Having identified that the preferred location for a new Bunnings Warehouse is in Christchurch West, our team has spent the past ten years searching for an appropriate site in Christchurch West. This has included a review of:

- a. properties that have been advertised on the market for sale;
- b. properties that have been directly presented to Bunnings by property owners, landlords and developers;
- c. properties that are not on the market but could be suitable for a Bunnings Warehouse. This has been conducted via both desktop reviews by our own property team and targeted site visits.

38. Through these means, Bunnings has assessed the feasibility of a number of properties in Christchurch West. More recently, Bunnings has undertaken a first cut feasibility analysis of several properties in Christchurch West. A sample of the properties reviewed is provided in **Table 2** below.

Property Address	Suburb	Approx Site Area	Zoning
Russley Rd	Burnside	4ha	Rural 5 (Plan Change 35 to Mixed Business)
Memorial Ave	Burnside	6.7ha	Rural 5 (Plan Change 35 to Mixed Business)
Main North Rd	Belfast	10.3ha	Rural 3 (Proposed Industrial Zone)
Sheffield Cres	Burnside	1.6ha	Business 4
Roydvale Ave	Burnside	4ha	Business 4
Wairakei Rd	Burnside	3.8ha	Rural 5
Johns Rd	Harewood	3ha	Rural 5
Yaldhurst Rd	Yaldhurst	2.4ha	Rural 5

Table 2: Recent Property Investigations in Christchurch West

39. To date, Bunnings has not been able to engage further or commit to any of the properties in **Table 2** as these have been either:

- a. Impacts an existing Bunnings store (i.e. same catchment);
- b. Compromised profile;

- c. Poor or difficult access by customers and/ or servicing/deliveries;
 - d. Inappropriate zoning, or delayed timing for new zoning;
 - e. Insufficient site size;
 - f. Land unavailable, not for sale, or not available for an extended period of time;
 - g. Tenure options; and
 - h. Other specific factors (i.e. major road changes affecting the site).
40. Land supply, and in particular, industrial land supply, is an issue that is currently affecting Christchurch. This matter is addressed comprehensively in the SPAZ Business Land Study² prepared as part of the section 32 material to the Plan Change, in addition to the evidence presented by Mr Osborne and Mr Heath (on behalf of Council) and Mr Tansley (on behalf of CIAL). Drawing on relevant matters identified in the report and briefs of evidence, as well as my own experience, there are a number of factors that influence the ability of a Bunnings Warehouse to acquire property in Christchurch West include:
- a. Lack of large, appropriately zoned sites of a suitable size to accommodate a Bunnings Warehouse.
 - b. Movement of industrial land demand to western Christchurch from other parts of the City.
 - c. Unfavourable geotech conditions.
 - d. Changing nature of business.
 - e. Current economic flux due to the unique circumstances generated by the earthquake.
 - f. Awaiting the release of additional business land identified in the Regional Policy Statement.
 - g. Timing and availability of proposed business land.
41. Bunnings has spent a number of years attempting to locate and acquire appropriate land for our proposed operations. The expert reporting and evidence considers that the widening of the business activities permitted in the SPAZ is necessary to meet anticipated industrial land demand in Christchurch West. Further, the broadening of activities will increase economic activity and ensure the efficient utilisation of existing infrastructure. Furthermore, the reporting in the s32 assessment and of the majority of expert evidence confirms that it is appropriate for light industrial activity, including trade based activity, to be provided for within the SPAZ.

² Plan Change 84 SPAZ Business Land Study, prepared by Property Economics, dated August 2013.

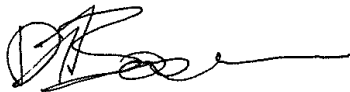
Plan Change Land

42. The SPAZ provides an ideal locational opportunity for a new Bunnings Warehouse in Christchurch West. At this stage I can confirm that Bunnings have held discussions with CIAL regarding the availability and suitability of various parts of the SPAZ land for a new Bunnings Warehouse. Bunnings has also held discussions with developers for land inside and outside the SPAZ, but not controlled by CIAL.
43. In summary, in terms of the Bunnings site selection process, the SPAZ land is a logical and preferred location for a Bunnings Warehouse.

Conclusion

44. I have set out in my evidence:
 - a. The background to Bunnings and our Warehouse Concept providing details of our operations that makes us different from bulk retail operations and in most instances confirms that we are a “stand alone” operation;
 - b. detail to explain our needs and requirements for land in Christchurch West for a Bunnings Warehouse.
45. I consider that if Trade Suppliers were a permitted activity within the SPAZ that this would fulfil the need that Bunnings has been looking for. The SPAZ land (or more particularly a very small part of the SPAZ land) meets all the requirements that Bunnings needs to establish and operate a Bunnings Warehouse.

Bunnings Limited



David Boersen

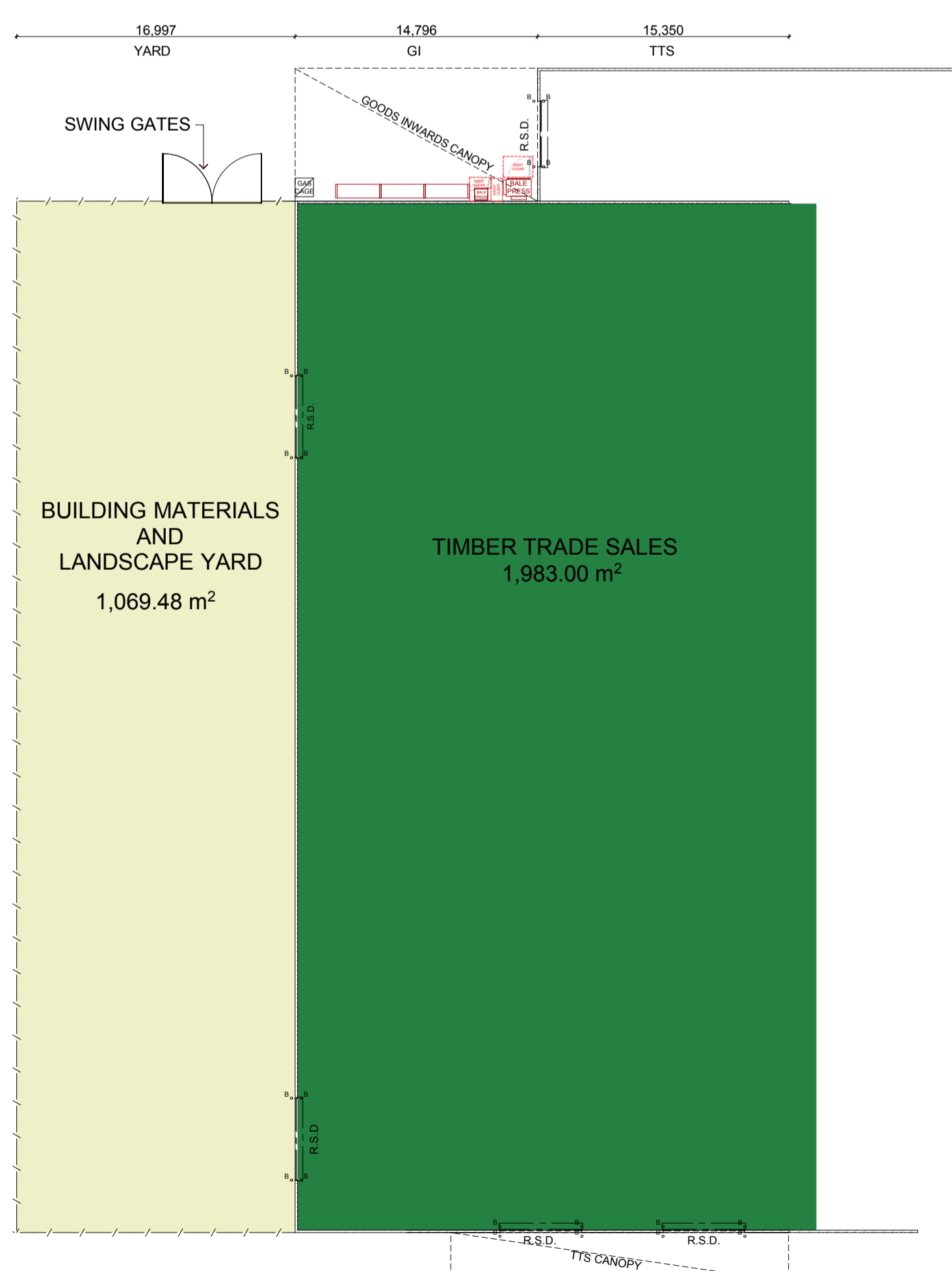
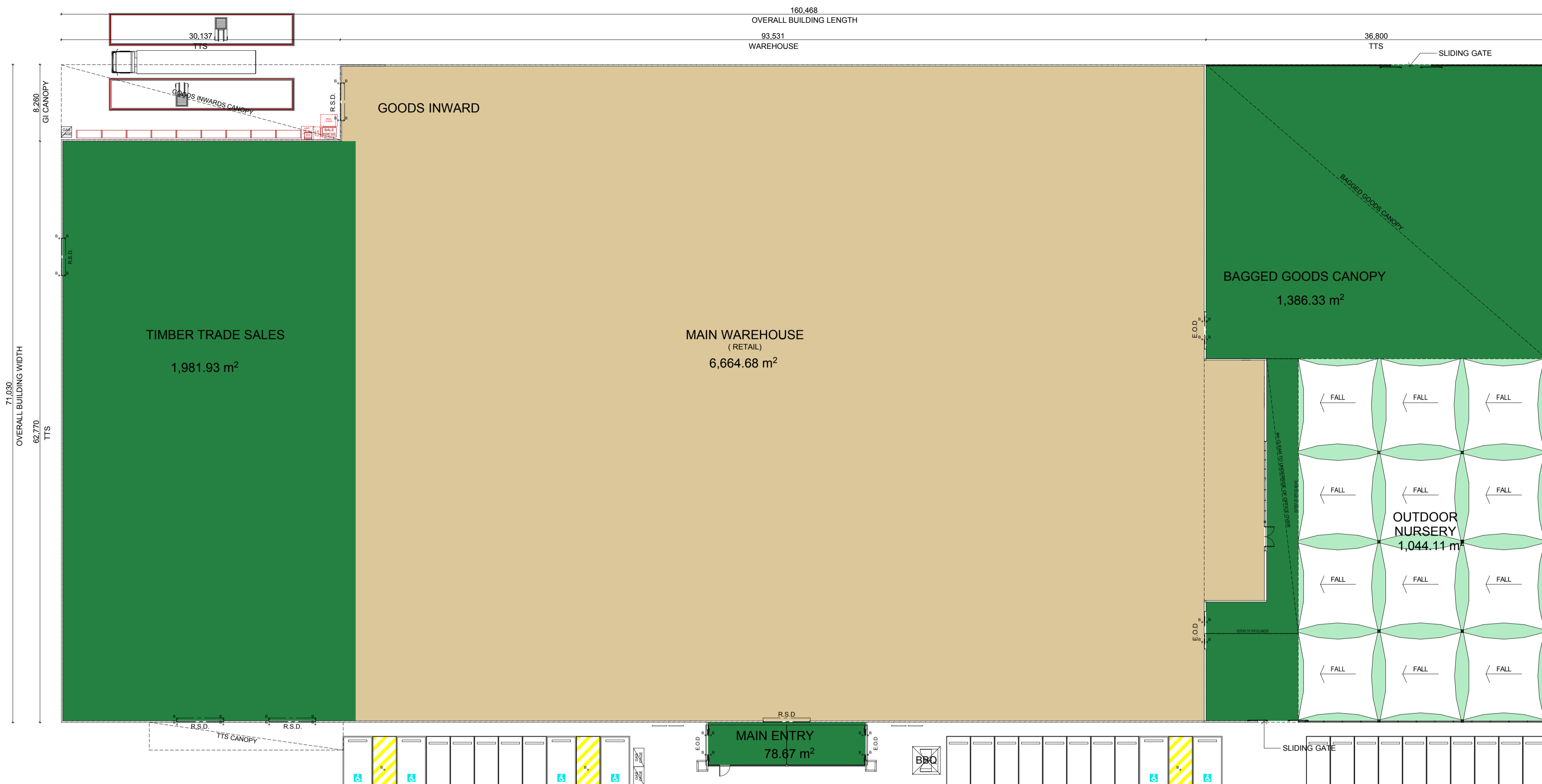
Property and Store Development Manager

6 August 2014

NEW ZEALAND

network





All dimensions are to be confirmed on site prior to manufacture and construction

STORE TYPE LARGE

FOOTPRINTS

15/11/11	07	OFFICE AND AMENITIES REVISED WITH LIFT ADDED CANOPY, SHADE SAILS AND WALLS ADJUSTED TO SUIT.	ADC
11/10/11	06	DISABLED CAR PARKING REVISED.	ADC
30/05/11	05	A. CAFE LAYOUT ALTERED, AREA INCREASED. B. NURSERY AREA ADJUSTED. C. SHADE SAILS UPDATED D. TTS AREA REDUCED	JB
25/01/11	04	A. CAFE LAYOUT ALTERED, AREA INCREASED.	JB
07/09/10	03	A. GAS CAGE & BBQ ADDED TO PLAN B. GOOD INWARDS RACKING SHOWN ON PLAN C. FORKLIFT GAS STORAGE CAGE ADDED TO PLAN D. BUILDING DIMENSIONS SHOW ON PLAN E. BUILDING WIDTH EXTENDED BY 1120mm, & LENGTH INCREASED BY 396mm, AREA FIL & SHADE SAILS ADJUSTED TO SUIT F. BUILDING MATERIALS & LANDSCAPE YARD ADDED TO PLAN G. BAGGED GOODS CANOPY EXTENDED AS PER CHANGE OF STANDARD H. SHADE SAIL COLUMNS ADJUSTED TO CURRENT STANDARD I. ENTRY LOCATION ADJUST TO SUIT RIVER AISLE	JB
15.7.09	02	A. RSD size amended to suit construction brief. B. Bagged goods canopy extended & shade sails extended to suit.	ADC
24.4.09	01	Initial Issue. Signed Off at PSO on 09.04.2009	ADC

DATE: REV: AMENDMENT: DWN:

AUTHORISATION:

PETER DAVIS: _____ DATE: _____

CLIVE DUNCAN: _____ DATE: _____

GEORGE KEVAN: _____ DATE: _____

SHANE MEALOR: _____ DATE: _____

DAMIEN DEVEREUX: _____ DATE: _____

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Project Name
STANDARD FOOTPRINT

Store Type
LARGE 6000

Drawing Number

Drawing Phase:
DESIGN

Drawing Title:
SITE PLAN

Plot Date: **15/11/2011**

File Location:
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Drawn: JB	Project North:	Revision:
Scale: 1:300 @ A1		07
Date: 8/5/09		