



Final Report: 26 August 2026

Economic Assessment of the Proposed Costco Christchurch Development for Fast-track Referral

Prepared for:
Costco Wholesale New Zealand Limited (Costco)

Authorship

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Statement of Qualifications & Experience

Fraser Colegrave

I am the Founder and Managing Director of Insight Economics, one of New Zealand's leading economic consultancies on resource management, property development, and local infrastructure. Prior to that, I was a founding director of another economics consultancy – Covec Limited – for 12 years.

I hold a first-class honours degree in economics from the University of Auckland, where I received numerous prizes and scholarships for academic excellence. Over the past 25 years, I have successfully completed more than 600 consulting projects across a wide range of sectors, including dozens of large-scale commercial, industrial, and residential developments, and have appeared as an expert witness at more than 150 hearings before various judiciaries all the way up to the High Court.

Danielle Chaumeil

I am a Consultant at Insight Economics. I have been employed at Insight Economics since 2020. I hold a BCom (Actuarial Studies) / BAppFin from Macquarie University and a BDes (Architecture) from the University of Sydney.

I have 20 years of professional experience in insurance, consulting, and architecture, including roles as an Actuary in both Australia and France. My experience includes economic and retail impact assessments, market supply and demand studies, resource consents, and plan changes.

Nicholas Keith

I am a Consultant at Insight Economics. I have been employed at Insight Economics since 2023. I hold a BSc (Statistics) from the University of Auckland and a first-class honours MSc (Analytics) from Massey University.

I have three years' professional experience in economic consulting, with a background in statistical and econometric analysis. Since joining Insight Economics I have contributed to significant projects across retail, residential, tourism, industrial, and local infrastructure sectors, including Fast-track applications for some of New Zealand's largest property developers.

We are collectively responsible for preparing this report on behalf of Insight Economics. We confirm that, in our capacities as authors of this report, we have read and agree to abide by the Environment Court of New Zealand's Code of Conduct for Expert Witnesses contained in the Practice Note 2023.

For more information about Insight Economics, including our extensive experience with helping to secure planning approval for major projects (including numerous Fast-track applications), please visit our website: www.insighteconomics.co.nz

Executive Summary

The purpose of this report is to assess the economic merits of Costco Wholesale New Zealand Limited's (**Costco**) proposal to develop and operate a new membership warehouse, members' fuel facility, and supporting large format retail at Memorial Avenue, Avonhead, Christchurch (the **Costco Christchurch project**), for the purposes of referral under the Fast-track Approvals Act 2024 (**FTAA**).

The Costco Christchurch project comprises a Costco warehouse of approximately 16,090 m² with around 950 car parks and an ancillary tyre centre, a separate members' fuel facility, and approximately 7,900 m² of additional large format retail, together with associated enabling works. The site occupies a prominent, highly accessible position immediately east of Christchurch International Airport, on land that is zoned for industrial park purposes and currently sits effectively idle. The proposal would deliver Costco's first South Island warehouse, following Westgate (Auckland) and a store planned at Drury, so the relevant catchment, and the associated competition and consumer welfare benefits, will extend well beyond Christchurch City to households and businesses across Canterbury and the wider South Island.

The project is expected to generate significant one-time economic benefits during construction. Total investment is estimated at approximately \$90 million, including the applicant's estimated \$65 million of expenditure on the Costco building, fuel facility, and site works, with around 95 percent of the construction work expected to be undertaken by local contractors. Based on our multiplier analysis, and assuming 90 percent of benefits accrue to the Canterbury region, we estimate that construction of the project would support approximately:

- 350 FTE-years of employment during construction;
- \$31 million in wages and salaries; and
- \$63 million in regional GDP.

Once operational, the project would sustain substantial ongoing economic activity. The Costco warehouse is expected to directly employ approximately 250 FTEs on site, with a further 150 FTEs estimated across the balance retail and, conservatively, no allowance made for the largely automated fuel facility. Including supply-chain effects, activity on the site is estimated to support approximately 486 FTEs, \$32 million in wages and salaries, and \$57 million in GDP per annum.

The project also aligns squarely with the Government Policy Statement (**GPS**) on Grocery Competition and the associated December 2025 amendments to the FTAA. Section 22(1A) requires the Minister to consider a relevant Government policy statement, while the referral criteria expressly allow consideration of whether a project will promote competition in the grocery industry. Costco is a new entrant that is not connected to the incumbent major grocery retailers, and its membership wholesale club format is expressly identified in the GPS as a format currently underrepresented in New Zealand. The proposal forms part of a credible multi-region expansion and would provide South Island households and businesses with direct access to a distinctive low-price, bulk-buy format for the first time, together with members' fuel pricing that has been shown, in Australia, to discipline fuel prices at surrounding stations.

Because Costco operates as an occasional, destination-style shopping trip that complements rather than replaces the weekly supermarket shop, and because its catchment is so extensive, any trading impacts on existing centres would be spread widely and thinly. Australian evidence indicates centre-level impacts well within the ordinary bounds of trade competition, and we consider it very unlikely that the project would generate significant retail distribution effects. The balance retail component is intended to complement the Costco warehouse and strengthen the functionality, customer draw, and resilience of the overall destination by broadening the range of household shopping purposes that can be met at the site. At the scale proposed it is unlikely to threaten the roles or functions of the Christchurch centres network.

The main potential economic cost, the opportunity cost of the land, is negligible. Even under a deliberately generous counterfactual in which the entire site is assumed to be used for forage cropping, forgone rural production amounts to less than 0.1 FTE and around \$16,000 of GDP per annum, a tiny fraction of the project's estimated benefits.

Accordingly, we conclude that the project would deliver significant regional and national economic benefits, and that it performs strongly against the relevant referral criteria in Section 22 of the FTAA, particularly the delivery of significant economic benefits and the promotion of grocery competition. We support its referral on economic grounds.

1. Introduction

1.1. Context

Costco Wholesale New Zealand Limited (**Costco**) (the **applicant**) seeks referral under the Fast-track Approvals Act 2024 (**FTAA**) for the Costco Christchurch project at 475 Memorial Avenue, 500 and 520 Avonhead Road, and 400 Russley Road, Avonhead, Christchurch (the **Costco Christchurch project**).

At a high level, the project includes a new Costco membership warehouse with associated customer and staff parking; a members' fuel facility; approximately 7,900 m² of additional retail activity with associated signage and parking; new vehicle access points; and enabling works including subdivision, site preparation, earthworks, supporting infrastructure and services.

The project would be Costco's first store in the South Island, following its first New Zealand warehouse at Westgate, Auckland, and a further store planned at Drury. This report assesses the economic effects and benefits of the project to assist the Minister's consideration of the referral application.

1.2. FTAA Referral Criteria & Report Scope

The purpose of the FTAA is to facilitate the consenting of large-scale projects expected to generate significant regional or national benefits. Under Section 22 of the FTAA, projects may be referred to an expert panel for fast-track consenting where the Minister is satisfied that they meet the FTAA's purpose. When deciding whether to refer a project, the Minister may consider a range of factors set out in Section 22(2)(a) of the FTAA.

In December 2025, the Government amended the FTAA to create an express consenting pathway for supermarket and grocery developments that would improve national or regional grocery competition, supported by a Government Policy Statement on Grocery Competition (**GPS**) that describes how such projects can meet the Government's objectives.¹

To that end, this report provides an economic assessment of the project against the referral criteria to which economics is most relevant, namely whether the project:

- iv. will deliver significant economic benefits; and
- ix. (a) will promote competition in the grocery industry, consistent with the amended FTAA and the GPS on Grocery Competition.

1.3. Region Adopted

This report adopts the Canterbury region to assess the significance of the project's one-time construction benefits, because it reflects the functional economic area within which the project's construction activity and supply chains are likely to operate. Construction of a development of this scale will draw labour, subcontractors, materials, and professional services from across Greater

¹ New Zealand Government, Government Policy Statement on Grocery Competition (December 2025); and associated amendment to the Fast-track Approvals Act 2024.

Christchurch and the wider region, an effect reinforced here by the applicant's expectation that around 95 percent of the construction work will be undertaken by local contractors and subcontractors.²

Competition and consumer welfare effects are considered at a broader geographic level. As Costco's first South Island store, the project's catchment would extend well beyond Christchurch City, so the benefits of increased grocery, general merchandise, and fuel competition are assessed with reference to Canterbury and the wider South Island.

1.4. Scope & Structure of this Report

The remainder of this document is structured as follows:

- **Section 2** identifies the subject site and summarises the proposed development;
- **Section 3** describes the Costco business model and its role within the retail hierarchy;
- **Section 4** describes the methodology used to estimate the project's economic impacts;
- **Section 5** details the inputs and assumptions used in the assessment;
- **Section 6** estimates the one-time impacts of the project's construction;
- **Section 7** estimates the ongoing impacts of the project's operation;
- **Section 8** considers effects on the Christchurch centres network and existing retailers;
- **Section 9** assesses consumer welfare and grocery competition benefits;
- **Section 10** considers a range of wider economic impacts;
- **Section 11** assesses the potential economic costs of the project; and
- **Section 12** provides a conclusion.

² Project information provided by the Costco project team, August 2026.

2. About the Project

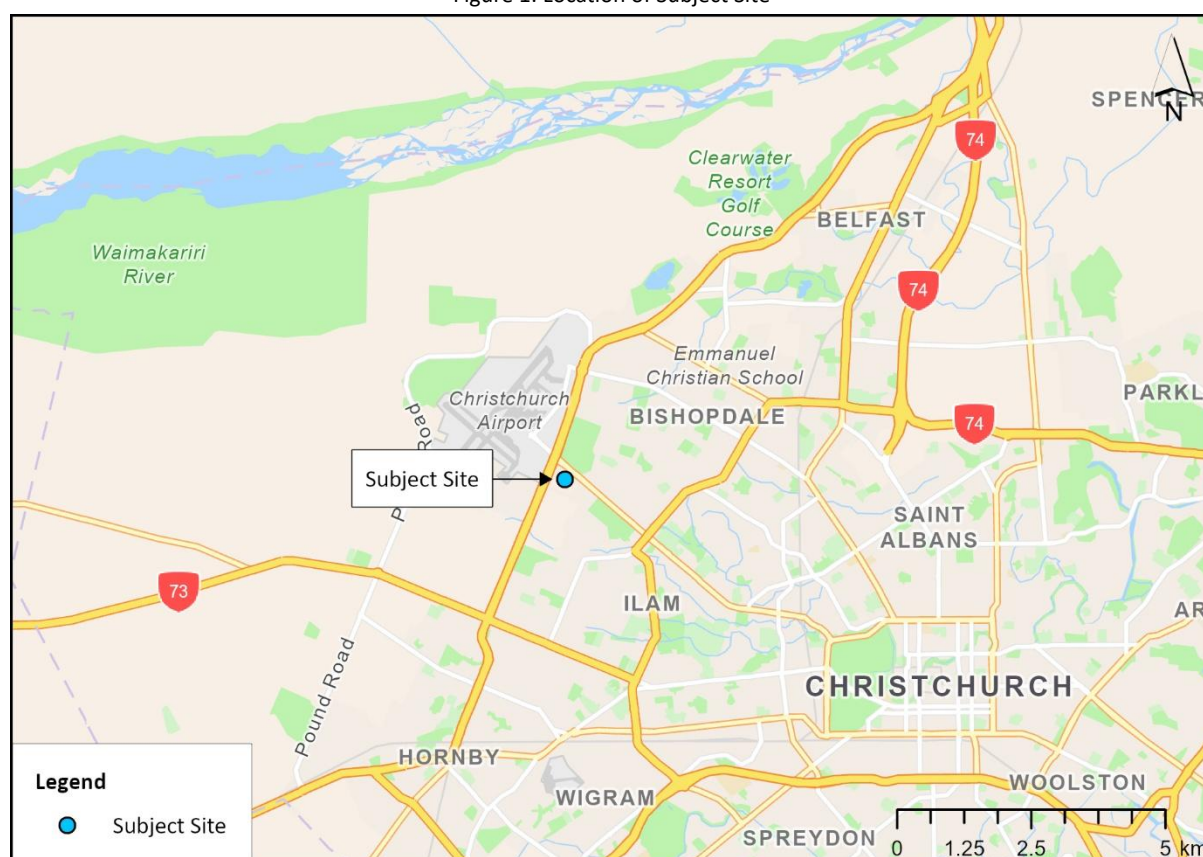
This section identifies the subject site and summarises its proposed future development.

2.1. Site Location & Description

The subject site forms part of a larger landholding situated between Memorial Avenue and Russley Road in Avonhead, immediately east of Christchurch International Airport. Memorial Avenue is the principal gateway route linking the airport to the central city, and Russley Road (State Highway 1) forms part of the city's western ring route. The site is therefore highly accessible from across urban Christchurch and from the wider Canterbury catchment, including via the state highway network that serves the rest of the South Island.

The Costco warehouse and balance retail would occupy the rear (southern and south-eastern) portions of the wider landholding. The Costco warehouse would be located on Lot 4, comprising approximately 6.23 ha, with the members' fuel facility on Lot 3 of approximately 0.74 ha and the additional retail activity on Lot 5 of approximately 1.7 ha. The land is flat, previously farmed, and now effectively vacant; hay is periodically cut for fire management rather than for commercial purposes, and the remaining dwelling on the site is progressing through the approvals required for its demolition.³ The location of the site is denoted by the blue dot in Figure 1 below.

Figure 1: Location of Subject Site



³ Project information provided by the Costco project team, August 2026.

2.2. Receiving Environment

Figure 2 zooms in to show the subject site's immediate receiving environment. The site's immediate context is shaped by the airport to the west and the established suburbs of north-west Christchurch to the east and south. In terms of the retail environment, the site sits outside the established commercial centres network identified in the District Plan, which places considerable weight on the Central City and the network of district and neighbourhood centres. The nearest significant centres to the site include the suburban centres of north-west Christchurch and the larger commercial concentrations at Riccarton and Hornby to the south-east and south.

Figure 2: Subject Site Receiving Environment



2.3. The Proposed Development

The preliminary site layout prepared by Colliers provides for the components summarised in the table below.

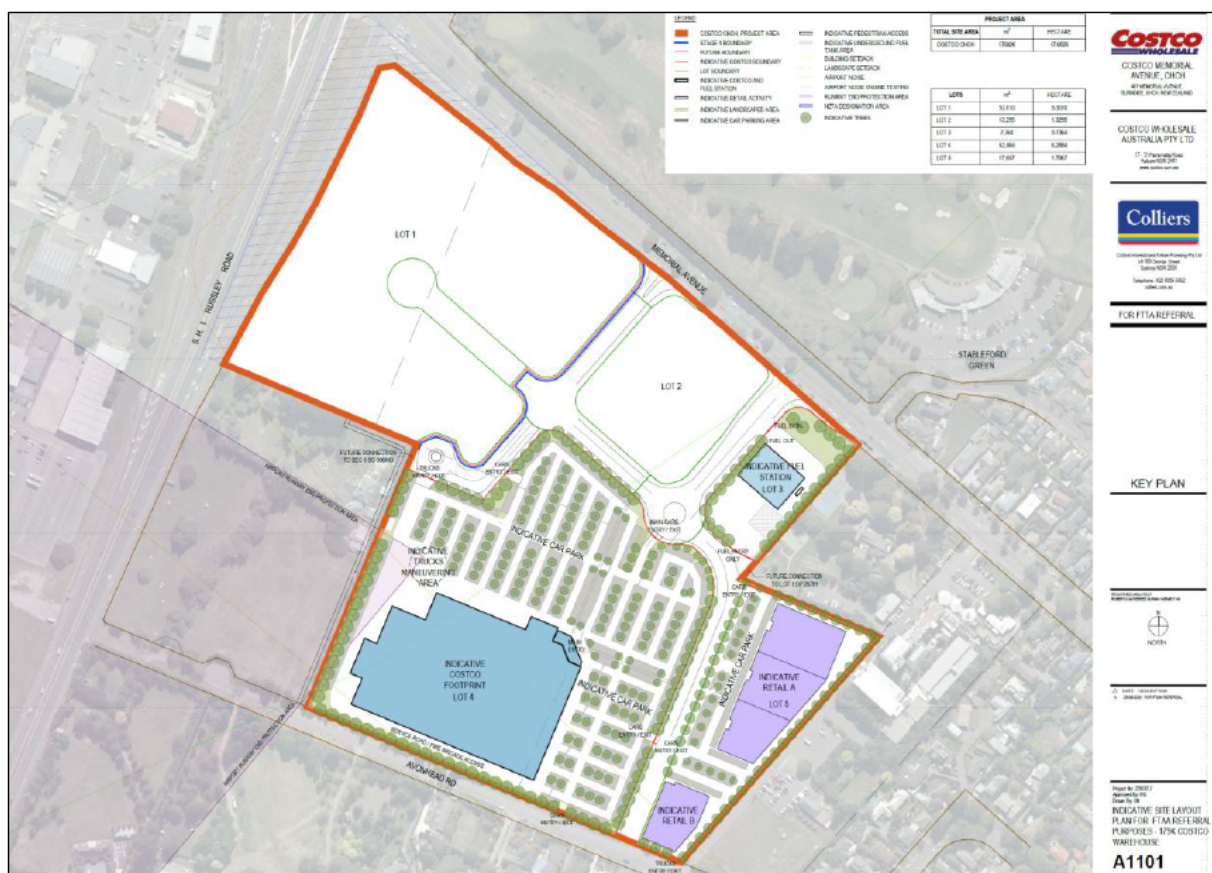
Table 1: Key Components of the Proposed Development

Component	Description
Costco warehouse	Membership warehouse of approximately 16,090 m ² GFA, including an ancillary tyre centre, with approximately 950 customer and staff car parks on a lot of approximately 62,655 m ² .
Fuel facility	Members' fuel facility (with data hut) on Lot 3, comprising a site area of approximately 7,364 m ² on the north-eastern side of the development.
Balance retail	Approximately 7,900 m ² of complementary large format retail activity on the south-eastern portion of the site, with associated customer and staff parking. The tenant mix is not yet confirmed but is anticipated to comprise a discount department store, a chemist, and one or two other large format tenancies.
Enabling works	Site preparation, bulk earthworks, roading, and the installation of supporting infrastructure and services, largely to be delivered as vendor works by the landowner.

The Costco warehouse, fuel facility, and balance retail are intended to operate as an integrated destination, with the balance retail providing complementary household, general merchandise, and other large format retail activities that broaden the range of shopping purposes served by the precinct. Their co-location will support customer visitation and repeat use while allowing efficient sharing of access, parking, circulation, servicing, and other infrastructure across the development.

The preliminary site layout plan showing the Costco warehouse, fuel facility, balance retail, and parking, is provided in Figure 3 below.

Figure 3: Indicative Site Layout



3. The Costco Model

This section describes Costco's distinctive business model and its role within the retail hierarchy, drawing principally on the recent economic impact assessment prepared for Costco's Pakenham warehouse in Melbourne, together with project-specific information.⁴

3.1. Overview

Costco is one of the world's largest retailers, operating around 890 warehouses across the United States, Canada, Mexico, the United Kingdom, Japan, Korea, Taiwan, Spain, China, Australia, and New Zealand. It employs around 330,000 people worldwide and serves more than 63 million members. Costco opened its first New Zealand warehouse at Westgate, Auckland, in 2022, and a second North Island store is planned at Drury. The project would deliver its first South Island warehouse.

Costco operates a 'wholesale club' model that differs materially from both conventional supermarkets and conventional large format retailers. Customers pay an annual membership fee and, in return, can access high-quality branded and private-label products, in bulk sizes, at low prices. Membership revenue supplements product margins, allowing Costco to sustain much lower sales margins than are typical in the retail industry (around 11 percent, measured against the total cost of goods sold). The result is a structurally low-price offer that conventional retail formats find difficult to replicate.

3.2. A Distinct Retail Format

Costco's format differs from conventional retail on almost every relevant dimension. A warehouse stocks only around 4,500 product lines at any one time, compared with 30,000 or more at a full-line supermarket, and sells most products in bulk pack sizes typically two to six times larger than the largest comparable supermarket items. In Australia, the average transaction at Costco exceeds § 9(2)(b)(ii) several times the size of a typical supermarket basket, and members visit around eight times per year on average, in sharp contrast to the weekly or twice-weekly supermarket shop.

Two implications follow. First, Costco is not used by most consumers as a replacement for their local supermarket or centre; rather, it is an additional, occasional, destination-style shopping trip that complements existing shopping patterns. Secondly, because a single freestanding warehouse typically serves a catchment of 700,000 or more people, drawing around 80 percent of its sales from within roughly a 30-minute drive, its competitive effects are spread across a very wide range of retailers, formats, and locations rather than concentrated on any particular centre or store.

3.3. Wholesale & Distribution Role

Around 30 percent of Costco's sales are made to business members, including independent restaurants and takeaway outlets, small supermarkets and convenience stores, childcare and education providers, hotels and motels, caterers, personal services businesses, and small construction firms. These customers would otherwise purchase most of their supplies from dedicated wholesalers

⁴ Ethos Urban (a Colliers company), Costco Pakenham Economic Impact Assessment, prepared for Costco Wholesale Australia Pty Ltd, March 2025 (the Pakenham EIA). Unless otherwise stated, the Costco model statistics cited in this section are drawn from that assessment and relate to Australian operations.

rather than retail shops, which further reduces Costco's direct overlap with the traditional retail sector while lowering input costs for small businesses.

Costco warehouses also increasingly function as fulfilment points for online sales, alongside their in-store retail and wholesale roles. In practice, a Costco warehouse operates as a quasi wholesale and distribution facility, generating higher volumes of truck movements than conventional retail. This operational character aligns well with industrial-type locations such as the subject site, and sits less comfortably within conventional shopping centres or centre-zoned land.

3.4. Fuel Retailing

Most Costco warehouses include a members-only fuel facility operated on a 'best price in market' basis, under which Costco monitors competing fuel prices to ensure its members receive the lowest price in the surrounding market. Australian research indicates a so-called 'Costco Effect', whereby fuel prices at competing stations within approximately five kilometres of a Costco fuel facility are driven down in response. The benefits of Costco fuel retailing therefore extend beyond members to the wider motoring public through the competitive response it induces.

4. Methodology

This section describes the methodology used to estimate the project's economic impacts.

4.1. Introduction to Multiplier Analysis

Our assessment uses a widely known technique called “multiplier analysis” to estimate the GDP, jobs, and wages/salaries associated with one-time and ongoing economic activity enabled by the project, plus the GDP, jobs, and wages/salaries lost via forgone rural production. Multiplier analysis is based on detailed matrices called “input-output” (IO) tables, which capture the interrelated supply chains that comprise an economy. Leveraging those relationships, multiplier analysis captures the overall impacts of a change in one sector on the economy, including both direct and supply-chain effects.

Consider the following example. Suppose a local construction company wins a new building contract. In addition to boosting its own workforce to complete the job, the company will also need to engage various subcontractors and to source building products from its own suppliers. However, some of those suppliers, in turn, may then need to source various inputs from their suppliers, and so on. Multiplier analyses trace all these supply-chain interdependencies so that the wider economic effects of the new building work can be estimated, including flow-on effects.

As this example alludes to, multiplier analysis is particularly useful for assessing construction projects, because such a large share of the work is typically done by third parties (i.e., subcontractors), not the main contractor. In fact, according to the latest official data, for every \$1.00 of GDP generated directly in building construction, another \$2.76 is generated in the industries that support it.⁵ Similarly, for every FTE directly employed in building construction, another 2.82 FTEs are employed by supply chain industries.

4.2. Scope of Effects Estimated

The impacts derived via multiplier analysis typically comprise three parts, namely:

- **Direct effects** – which capture the economic impacts of entities directly engaged to complete the project (e.g., the main building contractor); plus
- **Indirect effects** – which arise when the main contractor sources goods and services from their suppliers (i.e., subcontractors), who in turn may need to source goods and services from their own suppliers, and so on; and
- **Induced effects** – which occur when a share of the additional wages and salaries generated by the project (either directly or indirectly) are spent in the local/regional economy and therefore give rise to additional rounds of economic impacts.

These effects are typically measured in terms of:

⁵ As measured by the indirect effect, i.e., excluding induced effects.

- **Contributions to value-added (or GDP):** GDP captures the value that a business adds to its inputs to produce its own outputs. In accounting terms, GDP equals a firm's earnings before interest, tax, depreciation, and amortisation (EBITDA), plus its total wages and salaries paid.
- **The number of FTEs employed:** this is measured in terms of full-time equivalents, which combines part-time and full-time counts into a standardised measure of employment.
- **Total wages and salaries paid to workers:** sometimes called 'household incomes.'

4.3. Limitations & Mitigation Strategy

Despite the intuitive appeal and widespread use of multiplier analysis, it does face some limitations. For example, multiplier analysis:

- **Assumes that businesses use inputs in fixed proportions:** i.e., without substituting towards more cost-effective options if/when they become available.
- **Ignores capacity constraints:** it assumes that labour, materials, and other inputs are always available when needed, which may be unrealistic in a tight economy.
- **Does not capture price effects:** multiplier models are fixed-price frameworks, which ignore cost inflation, wage pressures, and so on.

Consequently, multiplier analysis is useful for showing how spending ripples through an economy's supply chains, but it is not – on its face – a precise forecast of real-world net benefits. To help address these limitations and ensure that our analysis is as robust as possible, we adopted the following mitigation strategies and measures.

- **Strategy 1: Ignoring induced effects:** We ignore these because, in our view, much of the assumed spending would have likely occurred regardless of the project.
- **Strategy 2: Using up-to-date multipliers:** The multipliers used in this assessment were derived from National Accounts data for the year ended September 2025.
- **Strategy 3: Applying conservative input assumptions:** Where project-specific inputs are unavailable, we adopt conservative benchmark values so as not to overstate the estimated benefits.

Consistent with this conservative approach, the results in Sections 6 and 7 should be interpreted as estimates of the scale of economic activity associated with the project, not as guaranteed net additions to economic growth.

5. Development Inputs & Assumptions

5.1. Introduction

This section sets out the key inputs and assumptions used in our economic assessment. Wherever possible, inputs are drawn from project-specific information provided by the applicant and project team, with gaps filled using industry benchmarks, in which case we say so expressly. All figures are expressed in current (2026) New Zealand dollars unless otherwise stated. Throughout this report, we assume that 90 percent of estimated project benefits accrue to the Canterbury region.

5.2. Staging & Timing

The applicant advises that delivery of the Costco warehouse would involve approximately four months of detailed design, two months of procurement, and a ten-month construction programme. Design would commence once final approvals are issued, with procurement timed to follow the completion of the vendor's enabling works, such that the store would open approximately 16 months after approval if the site is available.⁶

Based on the project team's current programme (referral lodgement in August 2026 and a substantive decision anticipated in 2027), construction could plausibly commence during 2027/2028, with the store opening around 2029. The delivery timing of the balance retail component is not yet confirmed; for the purposes of this assessment we assume it is developed broadly in parallel with the Costco warehouse.

5.3. Local Content

The applicant advises that local contractors and subcontractors will be engaged for all construction works, with some specialist consultancy support from Australia, such that approximately 95 percent of the construction work is expected to be undertaken domestically.⁷ This is an unusually high local content share for a project of this nature, and it supports strong regional retention of the construction-phase benefits estimated in the following section.

5.4. Construction Costs

The applicant estimates the cost of the Costco building, fuel facility, and site works at approximately s 9(2)(b)(ii), excluding store equipment and fit-out. Consistent with the applicant's advice that around 95 percent of the work will be undertaken domestically, we adopt domestic capital expenditure of approximately s 9(2)(b)(ii) for modelling purposes. Of that envelope, approximately three-quarters, or s 9(2)(b)(ii), is attributed to direct building construction, with the remainder comprising the site-wide enabling and stage-related costs described below.

For the balance retail component, we adopt a build cost of s 9(2)(b)(ii) per m². This reflects the average value of new retail building consents in Canterbury over the year ended June 2026, and sits within

⁶ Project information provided by the Costco project team, August 2026.

⁷ Project information provided by the Costco project team, August 2026.

published cost ranges for comparable large format retail formats in Christchurch.⁸ Applied to the anticipated 7,900 m² of GFA, this yields an estimated build cost of approximately s 9(2)(b)(ii) .

5.5. Other Development Costs

In addition to the buildings themselves, the project requires site-wide enabling works before construction can commence, including scheme finalisation, bulk earthworks and roading, trunk three waters infrastructure, and utilities, much of which is expected to be delivered as vendor works by the landowner. Each development stage also involves further stage-related costs, including detailed design and approvals, local civil works, architecture, consenting, and sales- and settlement-related expenditures. These broader costs were estimated as standard shares of build cost based on our experience across New Zealand, except for the site-wide enabling works and staged land development costs, which have been updated to reflect the project team's current estimate of approximately s 9(2)(b)(ii) million in total. For the Costco component, the remaining stage-related costs are treated as falling within the applicant's s 9(2)(b)(ii) domestic capital expenditure envelope, while for the balance retail they are additional to the estimated build cost.

5.6. Total Estimated Development Cost

Table 2 brings everything together to estimate the total development cost of the project, which is approximately \$90 million. This expenditure forms the basis for the one-time economic impact assessment presented in Section 6.

Table 2: Summary of Estimated Project Investment

Cost Category	Estimated Cost (\$m)	Share of Cost
s 9(2)(b)(ii)		
Total Estimated Cost \$m	\$89.6	100.0%

⁸ Costco build costs are derived from the applicant's capital expenditure estimate. Balance retail build costs are based on the average value of new 'shops, restaurants, and bars' building consents in the Canterbury region over the year ended June 2026 (Stats NZ, Building Consents Issued), cross-checked against the cost ranges for comparable retail formats in Christchurch published in the RLB Rider Digest 2025.

6. One-Time Impacts of Development

This section estimates the one-time impacts of future development enabled by the project.

6.1. Introduction

Preparing the site, installing infrastructure, and constructing the Costco warehouse, fuel facility, and balance retail buildings will have significant one-time impacts on regional GDP, jobs, and wages. These are estimated below using the methodology described in Section 4 and the development-specific inputs summarised in Section 5.

6.2. Impacts on GDP, Jobs & Wages

Table 3 presents the estimated one-time impacts of the project's construction on the region, spread over the construction period.

Table 3: One-Time Economic Impacts of the Project (spread over the construction period)

Employment (FTE-years)	Direct	Indirect	Total
s 9(2)(b)(ii)			
Project Totals	110	240	350
Wages & Salaries (\$m)	Direct	Indirect	Total
s 9(2)(b)(ii)			
Project Totals	\$10	\$21	\$31
GDP (\$m)	Direct	Indirect	Total
s 9(2)(b)(ii)			
Project Totals	\$21	\$42	\$63

To summarise:

- Overall, construction of the project is estimated to boost Canterbury employment by approximately 350 FTE-years.
- Those jobs are expected to generate approximately \$31 million in wages and salaries over the construction period, and \$63 million in regional GDP.
- Consistent with our earlier commentary, indirect effects dominate the estimated one-time economic impacts, accounting for around two-thirds of the totals for all three metrics.

7. Ongoing Impacts of Future Uses

This section estimates the annual impacts of future activity on the site at full build-out.

7.1. Introduction

In addition to the one-off impacts of construction, the project will sustain substantial ongoing economic activity once operational. This section estimates the corresponding annual impacts in terms of on-site employment, wages, and GDP.

7.2. Estimated Future On-site Employment

The applicant advises that the Costco warehouse would directly employ approximately 250 FTE staff on site once operational.⁹ This is consistent with typical employment at Costco's Australian warehouses, where around 250 FTE positions equate to a total headcount of approximately 330 to 375 people once part-time and casual roles are included.¹⁰ Roles span a wide range of skill levels, from entry-level retail, food court, and warehouse positions through to trades (tyre centre), professional services (optometry, hearing services), logistics, and management.

To estimate employment for the balance retail component, we apply the upper end of the retail employment density range identified in the Ministry for the Environment's NPS-UDC which indicates a range of 30-50 m² of GFA per worker for retail.¹¹ Applying the upper-end assumption of 50 m² per worker to the anticipated 7,900 m² of balance retail GFA indicates approximately 158 workers. Allowing for an assumed 0.95 FTEs per worker gives approximately 150 FTEs. We have also conservatively assumed that the largely automated fuel facility adds no additional FTEs. Table 5 summarises the estimated on-site workforce at full operation.

Table 5: Estimated Ongoing On-site Employment at Full Operation

Component	Estimated FTEs
Costco warehouse (incl. tyre centre and services)	250
Balance retail (approx. 7,900 m ²)	150
Fuel facility	—
Total on-site employment	400

7.3. Annual GDP, Jobs, and Wages

To estimate the annual economic activity sustained on the site at full operation, we distributed the estimated 400 direct on-site FTEs across the relevant retail industries (predominantly grocery, fuel, and other store-based retailing for the Costco warehouse, and other store-based retailing and hospitality for the balance retail), and applied the corresponding average annual wage/salary and GDP contributions per FTE. Supply-chain (indirect) effects were then estimated using the same input-output framework described in Section 4. Table 6 presents the results.

⁹ Project information provided by the Costco project team, August 2026.

¹⁰ Source: Costco/Ethos Urban data. Figures are indicative and relate to Australian operations.

¹¹ Ministry for the Environment and Ministry of Business, Innovation and Employment (2017), National Policy Statement on Urban Development Capacity: Guide on Evidence and Monitoring, Table 11.

Table 6: Estimated Annual Ongoing Economic Impacts at Full Operation

Annual Impacts	Direct	Indirect	Total
Employment (FTEs)	400	86	486
Wages & Salaries (\$m p.a.)	\$23.9	\$8.1	\$32.0
GDP (\$m p.a.)	\$37.8	\$18.9	\$56.6

To summarise, once fully operational, activity enabled by the project is estimated to sustain approximately:

- 400 direct on-site FTEs, supporting around 486 FTEs in total once supply-chain effects are included;
- \$32 million in total wages and salaries per annum; and
- total annual GDP contributions of approximately \$57 million.

In our view, these represent significant ongoing impacts for a single site.

8. Effects on Centres & Existing Retailers

This section considers the potential effects of the project on the Christchurch centres network and existing retailers.

8.1. Assessment Framework

Under the Resource Management Act 1991 (**RMA**), decision makers must disregard effects that are ordinarily associated with trade competition when evaluating proposed developments. Instead, they may only consider possible flow-on effects arising from trade competition, which are known as retail distribution effects. Put simply, retail distribution effects may arise if a new development reduces the patronage of competing stores so acutely that stores close and the roles, functions, health, and vitality of the affected centres decline to the point that the social and economic wellbeing of their communities is undermined. A strong body of case law confirms that trade impacts must be very high to go beyond ordinary trade competition, and that impacts on individual stores are irrelevant.

The Christchurch planning framework places considerable weight on the Central City and the established centres hierarchy, including through Policy 15.2.2.1 (Role of centres). Accordingly, this question warrants attention. We address the Costco warehouse and the balance retail separately, because they raise different issues.

8.2. The Costco Warehouse

Three features of the Costco model mean that its introduction is very unlikely to generate retail distribution effects of the kind the planning framework is concerned with:

- **It is a complement, not a substitute.** Costco's limited product range (~4,500 SKUs), bulk pack sizes, membership requirement, and occasional visit patterns (around eight visits per member per year) mean households will continue to rely on their local supermarkets and centres for their weekly shop and daily needs. Costco adds an occasional destination trip on top of existing shopping patterns;
- **Its impacts are dispersed.** Because a single warehouse draws customers from a catchment of hundreds of thousands of people across dozens of centres, any given centre or store loses only a very small share of sales. Costco also competes across an unusually broad front (groceries, general merchandise, apparel, homewares, electronics, fuel, and services), further diluting the impact on any single sector; and
- **A large share of its sales are non-retail.** Around 30 percent of sales are to business members who would otherwise buy from dedicated wholesalers, and fuel sales are similarly outside the retail market served by centres.

The Australian evidence bears this out. The Pakenham EIA modelled centre-level trading impacts from a new Costco warehouse across a trade area of around 590,000 residents and found impacts of less than 3 percent on all assessed centres, mostly around 2 percent or lower, with the largest impacts falling on Costco's own existing warehouses rather than on competing centres. The assessment

concluded that such impacts are minor, well within the ordinary bounds of competition, and would not threaten the viability of any centre or alter the centres hierarchy.¹² Experience across Costco's ten established Australian metropolitan warehouses is consistent with this.

In the Christchurch context, the effects would if anything be more dispersed, because the catchment for the South Island's only Costco would be broader than for a typical metropolitan Australian store. Spread across the Christchurch centres network and the wider region, the resulting sales redistribution would be small at the level of any individual centre, and it would not credibly cause the store closures and centre decline that define a retail distribution effect. We also note that Costco's quasi wholesale and distribution character makes it unsuited to location within centres, so the proposal would not deprive any centre of an anchor tenant it might otherwise have attracted.

8.3. The Balance Retail Component

The balance retail component comprises approximately 7,900 m² of additional large format retail. While economically material in its own right, it should also be considered in the context of the integrated retail destination of which it forms part. Its anticipated role is to provide complementary general merchandise, household-essential, and other large format retail activities that broaden the range of shopping needs capable of being met during a visit to the Costco precinct.

This co-location is economically relevant. Costco operates as an occasional, destination-style shopping format drawing from a large regional catchment. The presence of complementary large format retail increases the functionality and attractiveness of the destination, supports customer visitation and repeat use, enables more efficient use of shared access, parking, servicing, and infrastructure, and contributes to the commercial resilience of the overall precinct. The balance retail assists in establishing a durable retail destination around Costco's first South Island warehouse.

The anticipated tenant mix is not yet confirmed, but is expected to comprise a discount department store, a chemist, and one or two other large format tenancies.¹³ Such formats generally draw from broad catchments and have different locational and operational requirements from the smaller-scale convenience, service, and hospitality functions that underpin many neighbourhood and district centres. Their effects are therefore expected to be dispersed across the wider Christchurch retail market rather than concentrated on any particular centre.

At the approximately 7,900 m² scale proposed, having regard to the breadth of the catchment, the expected complementary relationship with Costco, and projected growth in north-west Christchurch, we consider it unlikely that the balance retail component would generate significant retail distribution effects or threaten the roles and functions of the established centres network.

8.4. Conclusion on Centres Effects

Overall, we consider that the project is unlikely to give rise to significant retail distribution effects. The Costco warehouse operates in a manner that disperses its competitive effects widely and thinly, while

¹² Pakenham EIA, Table 5.4 and Section 5.5.

¹³ Project information provided by the Costco project team, August 2026.

complementing, rather than substituting for, the roles of existing centres. The balance retail component is intended to complement the Costco warehouse and contribute to the functionality and resilience of the integrated destination. At the scale proposed, it is also unlikely to threaten the roles, functions, health, or vitality of the Christchurch centres network. Detailed tenant-specific effects can be further assessed at the substantive stage once the final tenancy mix is confirmed. Any impacts on individual competitors are, as a matter of law and economics, ordinary trade competition and not a relevant consideration.

9. Consumer Welfare & Grocery Competition

This section assesses the project's consumer welfare and grocery competition benefits, having regard to the Government Policy Statement on Grocery Competition.

9.1. The New Zealand Grocery Context

New Zealand's retail grocery sector is highly concentrated. The Commerce Commission's 2022 market study concluded that competition in the sector was not working well for consumers, finding that the two major grocery retailers earned returns persistently above normal levels, that grocery prices appeared high by international standards, and that barriers to entry and expansion, including access to suitable sites and restrictive land-use planning, were significant.¹⁴ Subsequent research has similarly highlighted the role of planning and zoning constraints in deterring new grocery entrants.¹⁵

The policy response has included the Grocery Industry Competition Act 2023 and, most recently, the December 2025 amendment to the FTAA and the accompanying GPS on Grocery Competition, which together create an express fast-track pathway for grocery developments that would improve national or regional competition.

9.2. Alignment with the GPS on Grocery Competition

The GPS states that the Government is interested in fast-tracking projects that:¹⁶

- **Reduce market concentration**, favouring proposals from new entrants or existing players not materially connected to the dominant grocery chains;
- **Enable scalable competition**, including "limited assortment stores, supercentres, wholesale clubs, or other formats currently underrepresented in New Zealand", and supporting infrastructure such as warehousing, logistics, and online retail support;
- **Support multi-site or regional expansion**, involving multiple builds across regions that contribute to broader competitive effects; and
- **Provide footholds for new competitors.**

The project aligns with each limb. Costco is a global grocery and general merchandise retailer with no connection to the incumbent major chains, so its expansion directly reduces market concentration. Its membership wholesale club format is expressly named in the GPS as a format currently underrepresented in New Zealand. The Christchurch warehouse would form part of a multi-region national expansion (Westgate operating, Drury planned, Christchurch proposed), exactly the pattern of scalable competition the GPS seeks. In addition, each Costco warehouse also functions as a quasi

¹⁴ Commerce Commission, Market Study into the Retail Grocery Sector – Final Report, March 2022.

¹⁵ The New Zealand Initiative, research on supermarket land-use regulation and entry barriers. Available here: supermarketzoning.nzinitiative.org.nz

¹⁶ New Zealand Government, Government Policy Statement on Grocery Competition (December 2025); and associated amendment to the Fast-track Approvals Act 2024.

wholesale and distribution facility, contributing to the grocery logistics infrastructure the GPS identifies. In our view, the project is close to a paradigm case of the kind of development the grocery competition pathway was designed to enable.

The balance retail component does not itself form the basis of the grocery-competition case. Rather, its economic significance in this context is that it supports an integrated destination around the principal Costco grocery operation, increasing the range of household shopping needs capable of being met at the site and contributing to customer draw, repeat visitation, destination functionality, and commercial resilience. The coordinated development also enables efficient shared use of access, parking, servicing, and supporting infrastructure. The balance retail will support the successful establishment and enduring competitiveness of Costco's first South Island warehouse and reinforce, rather than displace, the project's principal grocery-competition rationale.

9.3. Consumer Welfare Benefits

The consumer welfare benefits of the project arise through several channels:

- **Direct price savings for members.** Costco's membership-funded model sustains structurally lower margins (around 11 percent) than conventional retail, delivering bulk-buy prices on groceries and general merchandise that are typically well below prevailing retail prices. For the large-basket shopper, the savings can be substantial relative to the annual membership fee;
- **Competitive response by incumbents.** Competition is a cornerstone of retail efficiency. It creates incentives for competing stores to sharpen prices, to invest, to innovate, and to refine their offerings. The entry of a credible low-price competitor of Costco's scale disciplines the pricing of incumbent supermarkets and general merchandise retailers across the catchment, benefiting households that never set foot in Costco;
- **Fuel price competition.** As noted in Section 3.4, Australian evidence indicates that Costco fuel facilities drive down fuel prices at competing stations within approximately five kilometres, generating savings for members and non-members alike;
- **Increased choice.** The project introduces a retail format that South Island households currently cannot access without flying to Auckland or purchasing a limited range online. Greater format diversity is a benefit in its own right, particularly for larger households and those most exposed to grocery price inflation; and
- **Lower input costs for small businesses.** Around 30 percent of Costco's sales are to business members, including hospitality operators, caterers, small retailers, and community organisations, who can on-sell goods or services at lower prices, passing part of the benefit through to their own customers.

Importantly, these benefits are regional and national in character, not merely local. The project would extend meaningful grocery competition to the South Island for the first time, in line with the national policy interest in more competitive grocery markets. We have not attempted to quantify consumer welfare gains at this referral stage, but the direction and materiality of the effect are clear, and quantification could be provided at the substantive stage if required.

10. Wider Economic Impacts

This section considers a range of wider economic impacts of the project.

10.1. Efficient Use of Constrained, Airport-Adjacent Land

The site's development potential is influenced by its immediate relationship with Christchurch International Airport and the suite of airport-related planning controls applying to the locality. A portion of 520 Avonhead Road is subject to the Runway End Protection Area designation, larger portions of the site are subject to Engine Testing Noise Contours, and the site is also affected by the wider airport Air Noise Contours associated with runway operations. These controls principally constrain the establishment and intensification of noise-sensitive activities and reduce the range of economically viable alternative uses that can readily occupy the land. A non-residential destination retail use with substantial land requirements for parking, servicing, loading, and circulation is comparatively well matched to these locational characteristics. The project would put to productive use land that has sat effectively idle despite multiple feasibility investigations, without displacing any activity of economic significance, and while retaining the Memorial Avenue frontage lots for their intended higher-profile commercial uses. From an economic-efficiency perspective, this represents a productive use of an otherwise substantially underutilised land resource.

While the land is zoned for industrial park purposes, its zoning does not in itself establish that conventional industrial development represents a readily achievable economic alternative. The airport-related constraints, the site's lack of main-road industrial profile, and its relative isolation from the wider industrial land market have limited its practical development options, as demonstrated by repeated feasibility investigations that have not identified a viable alternative scheme. The proposed development therefore represents an efficient use of land that has remained substantially underutilised despite its strategic location.

10.2. Employment Opportunities Across a Wide Range of Roles

The project would create several hundred ongoing jobs spanning entry-level retail, food service, warehousing, and logistics roles through to trades, professional services, and management positions. Employment at this scale and diversity is particularly valuable because it provides accessible entry points into the workforce alongside progression pathways within a large international employer. The construction phase would similarly support a broad range of trades and services roles across the regional construction supply chain.

10.3. Local Procurement & Supplier Opportunities

Beyond the approximately 95 percent local construction share noted earlier, Costco's operating model creates ongoing opportunities for New Zealand and Canterbury producers. Costco actively engages with, and sources goods from, local suppliers and vendors in the regions surrounding its stores, and it provides a channel through which local suppliers can access Costco's international warehouse network; Australian producers, for example, currently export meat and dairy products through Costco to its warehouses in Japan, South Korea, and Taiwan. Comparable opportunities for Canterbury and South Island food producers would be expected to develop as the Christchurch warehouse establishes its supply chains.

10.4. Project Acceleration

The FTAA pathway would enable the project's benefits to be realised materially sooner than under conventional consenting. Absent referral, an out-of-centre large format retail proposal of this scale, on land not zoned for it, would likely require a plan change and/or a contested resource consent process, with the associated risk of appeals. In our experience, that pathway could add years to the programme, and it may deter the investment altogether. Given the applicant's advice that design, procurement, and construction would take around 16 months from final approval, referral could plausibly bring forward the store opening, and all the construction activity, employment, and consumer benefits described above, by several years. Accelerating investment of this scale also has value in the current economic climate, drawing on available capacity in the regional construction sector.

10.5. Investment Signal Effects

Finally, a commitment by a major international retailer to its first South Island store is a strong signal of confidence in the Christchurch and Canterbury economy. Signals of this kind can help attract or bring forward complementary investment, both within the surrounding industrial park (whose remaining lots would benefit from the infrastructure and profile the project delivers) and across the wider region.

11. Potential Economic Costs

This section assesses the potential economic costs of the project, including the opportunity cost of the land it occupies.

11.1. Opportunity Cost of the Land

The conventional economic cost of developing a site is the opportunity cost of the alternative uses forgone. Here, that cost is minimal. The site is vacant and generates no meaningful productive income; the hay periodically cut from the land is a fire management measure rather than a commercial activity. The land's zoning anticipates industrial development, but repeated feasibility investigations by the landowner have failed to identify a viable scheme, reflecting the airport-related constraints, the lack of main-road profile, and the site's isolation from the wider industrial land market. The opportunity cost of the project is therefore negligible, and the counterfactual reinforces, rather than offsets, the project's net benefits.

To test this conclusion, we have quantified the value of the rural production hypothetically forgone on the site. To deliberately maximise that value, we assume that the entire application site of approximately 17.7 hectares is used for forage cropping (hay and baleage), even though only part of the site would be developed, and the land is not currently in commercial production.¹⁷

Even on that generous basis, the forgone rural activity is negligible. It equates to annual output of roughly § 9(2)(b)(ii), supporting less than 0.1 FTE, around \$16,000 of GDP, and around § 9(2)(b)(ii) of wages per annum. Including supply-chain effects, the totals rise to only around 0.2 FTEs, § 9(2)(b)(ii) of GDP, and § 9(2)(b)(ii) of wages per annum. By comparison, the project's operational phase alone is estimated to sustain annual GDP contributions of approximately \$57 million, around 1,700 times the upper-bound value of forgone rural production. In our view, forgone rural production is therefore not a meaningful economic cost of the proposal.

11.2. Effects on Existing Retailers

As discussed in Section 8, the redistribution of retail sales towards the project is an effect of ordinary trade competition and is not a relevant economic cost for present purposes; indeed, from a consumer welfare perspective it is the mechanism through which the project's competition benefits are delivered. The relevant question is whether flow-on retail distribution effects would arise, and for the reasons given in Section 8 we consider that very unlikely. We note as well that any transitional impacts would fall across a wide network of well-established retailers, many operating within a grocery market which the Government's GPS identifies as highly concentrated and in need of greater competition.

11.3. Other Potential Costs

Other potential costs of the project, including transport network effects, construction externalities, and infrastructure servicing requirements, are addressed by the relevant technical specialists and are not duplicated here. From an economic perspective, we simply note that such costs are typical of large

¹⁷ Forgone rural production is estimated using per-hectare output, employment, wages, and GDP rates for forage cropping (hay and baleage), compiled from published New Zealand industry data, with supply-chain effects estimated via the corresponding input-output industry.

format development generally, are capable of being managed through conditions in the usual way, and are small in the context of the benefits described in this report.

11.4. Conclusion on Costs

Overall, the potential economic costs of the project are limited, largely transitional, and heavily outweighed by its construction-phase, operational, competition, and land-use benefits.

12. Conclusion

The proposal responds directly to two pressures of national significance. The first is the well-documented lack of competition in New Zealand's grocery sector, which the Government has moved to address through the Grocery Industry Competition Act 2023, the December 2025 amendment to the FTAA, and the GPS on Grocery Competition. The second is the underutilisation of a large, constrained, airport-adjacent landholding that the current planning framework has left effectively idle.

Against that backdrop, our assessment is that the project would:

- **Generate significant one-time economic benefits** during construction, with total investment of approximately \$90 million supporting around 350 FTE-years of employment, \$31 million in wages and salaries, and \$63 million in GDP across the Canterbury region;
- **Sustain substantial ongoing economic activity**, with approximately 400 direct FTEs on site (roughly 250 at the Costco warehouse and 150 across the balance retail), supporting an estimated 486 total FTEs, \$32 million in wages and salaries, and \$57 million in GDP per annum once supply-chain effects are included;
- **Materially improve grocery competition and consumer welfare**, by introducing an underrepresented wholesale club format to the South Island for the first time, as part of a credible multi-region expansion by a new entrant unconnected to the incumbent chains, with additional fuel price competition benefits, in direct alignment with the GPS on Grocery Competition;
- **Avoid significant retail distribution effects**, because the warehouse format complements rather than substitutes for existing centres and disperses its competitive effects widely and thinly, with the complementary balance retail supporting the functionality, customer draw, and resilience of the integrated Costco-led destination and unlikely at the proposed scale to threaten the roles or functions of the established centres network; and
- **Impose negligible opportunity cost**, given the site's current vacancy, its constraints, and its history of failed development feasibilities; even under a deliberately generous counterfactual in which the full site is used for forage cropping, forgone rural production amounts to less than 0.1 FTE and around \$16,000 of GDP per annum.

Accordingly, we conclude that the project would deliver significant regional and national economic benefits, and that it performs strongly against the referral criteria in Section 22(2) of the FTAA, particularly criterion (iv) and the grocery competition considerations introduced by the December 2025 amendment. We support its referral on economic grounds.