



BRAND X CAMBRIDGE

XXXXX ROAD
CAMBRIDGE

LOCATION ANALYSIS REPORT

SEPTEMBER 2020

POWERED BY
ORBICA

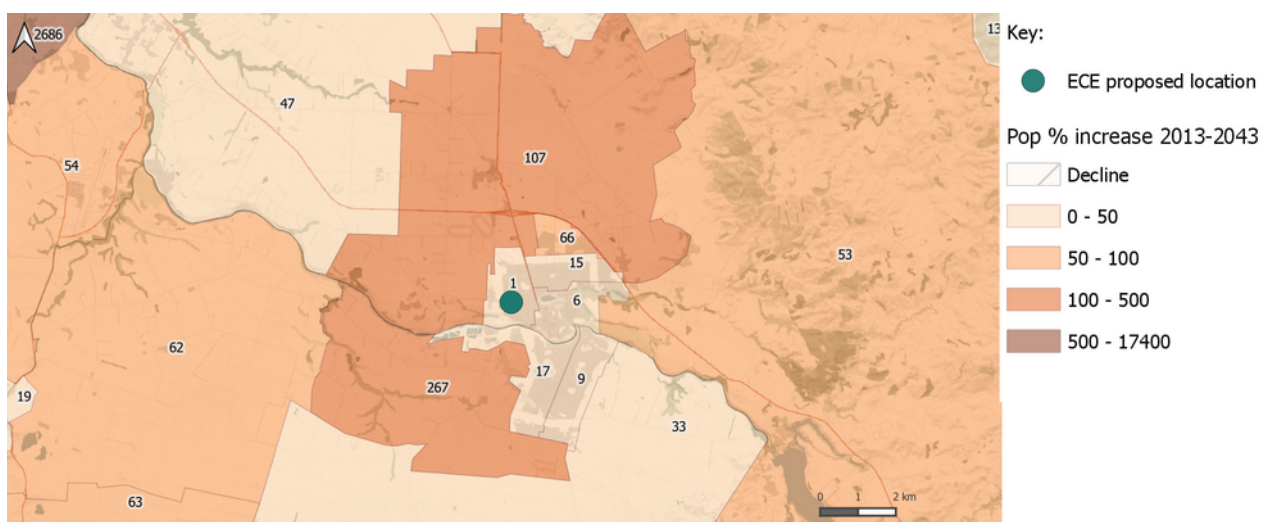
EXECUTIVE SUMMARY

We have been engaged to provide information and opinion relating to an opportunity to develop a new purpose-built Early Learning Centre (ELC) on the site at XXXXX Road, Cambridge.

With a site area of just over 2000sq.m, a centre for approximately 100 children would be feasible, subject to the appropriate design and consents being obtained.

Two significant growth cells (C2 and C3) are located to the west of the subject site and will provide up to 3,400 additional dwellings, with this work anticipated to occur between now and 2035. This will provide for significant population growth in this area. Approximately 70% of the families in this area have children and the average household size is just over 2.4.

POPULATION GROWTH MAP



There are a total of 11 early learning services within the defined catchment shown on the above map. These are made up of 8 Education and Care services; 1 Kindergarten, 1 Kohanga Reo, and 1 Playcentre. Overall it appears that the newer private education and care centres, those that have been recently acquired and the kindergarten are trading well.

Development pipeline data indicates that there is only one project that will may add capacity into the network in Cambridge and this is the expansion of the existing kindergarten

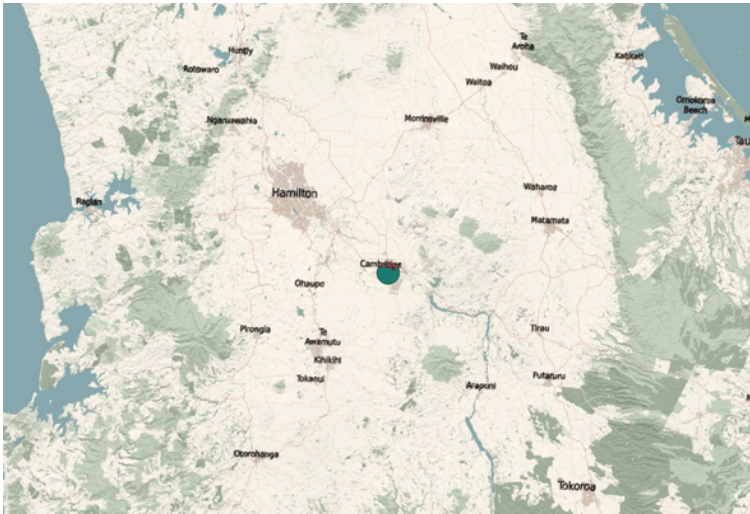
The local primary schools have a high prior participation in ECE rate, with two of the three schools having a 100% rate.

We consider that the active network planning approach soon to be implemented by the MoE will further constrain supply and therefore add to long-term demand for ELC in this area.

Therefore, on balance, we consider that the subject site is well-located to cater for the planned and significant future population growth in the immediate area and that a new ELC on this site represents a sound opportunity.

LOCATION OVERVIEW

MAP 1: REGIONAL LOCATION



The subject site for a potential new Kindercare Early Learning Centre (ELC) is located at XXXXX Road, Cambridge, in the Waipa District of the Waikato Region. Cambridge is a small town, 25km south-east of Hamilton. The population for the urban area was just over 18,600 in 2018.

The focus areas have been designed using Stats NZ Statistical Area 2 (SA2) as a base.

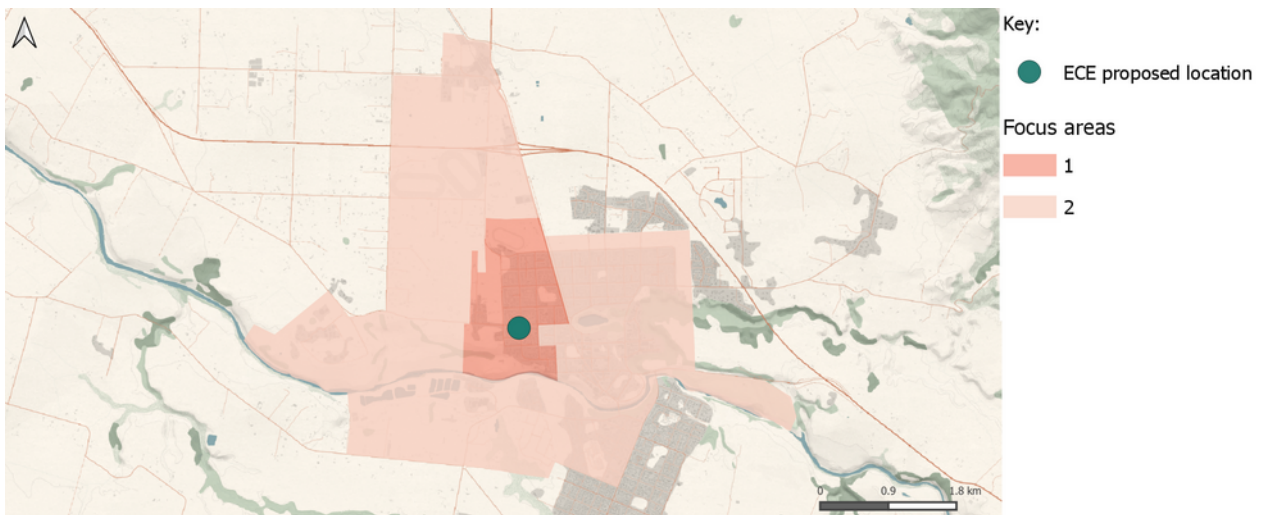
Focus Area one (FA1) contains SA2s mostly within 1km from the proposed EL location. It contains the Cambridge West area.

Focus Area two (FA2) contains SA2s mostly between 1-2 km from the proposed ELC location. It contains the majority of the wider urban area of Cambridge.

MAP 2: SITE LOCATION



MAP 3: FOCUS AREAS



SITE ATTRIBUTES & SURROUNDING AREA

MAP 4: AERIAL PHOTO OF SITE



The site at XXXXX Road, Cambridge is legally described as Lot X DP XXXXXX and has a site area of 2,000sq.m.

The site is rectangular in shape with the short axis fronting XXXXX Road and the long axis running in a north/south direction and fronting XXXXX Street. The site has a width of 40m on XXXXX Road, 50m on XXXXX Street and is generally flat.

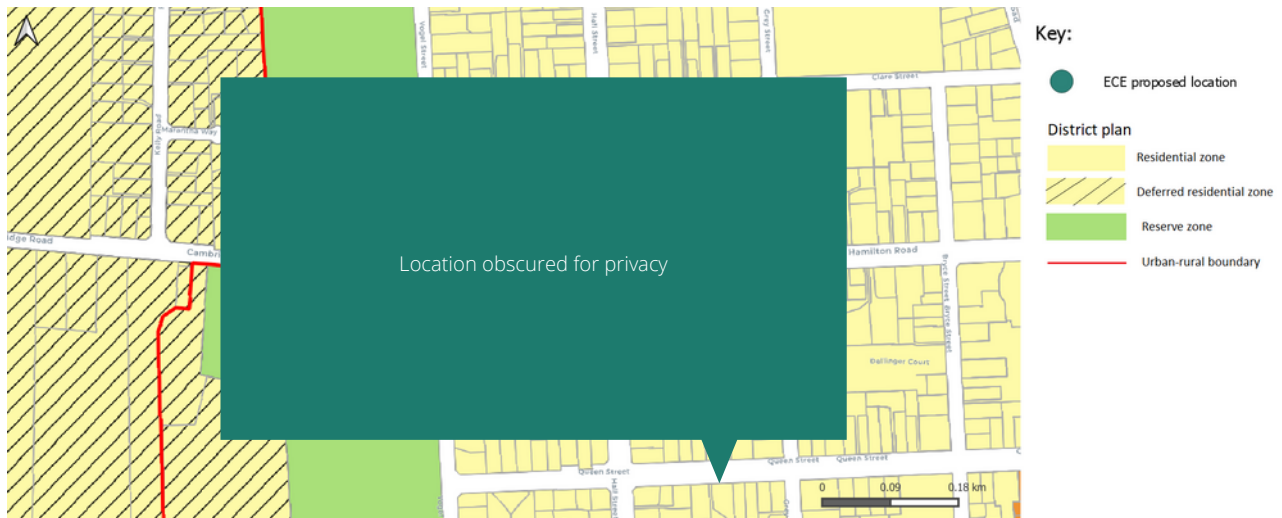
A single-level 1950's-style dwelling is located centrally on the site. Low-level fencing runs along the road frontages and large street trees are located within the road reserve on the Hall Street frontage.

The surrounding area is best described as established low-intensity suburban living, slowly transitioning toward infill development. There is a mix of single and double-storey dwellings with most properties having generous outdoor living areas.

There are pockets of retirement living facilities within the wider area with examples being located to the west on Vogel Street.

DISTRICT PLAN

MAP 5: DISTRICT PLAN BOUNDARIES



The site sits within the Residential Zone of the Waipa District Plan.

Residential Zone

The Residential Zone of the District is where most people in Waipā live. It is principally located in the two main towns of Cambridge and Te Awamutu with a small existing area located at Karāpiro. Over the lifetime of this Plan most of the new residential growth will be directed to Cambridge and Te Awamutu and by 2050 it is anticipated that these two towns will have nearly doubled in size. Development within the zone is anticipated to be consistent with the Strategic Policy Framework including the Waikato River Vision and Strategy. The projected increase in population is due to:

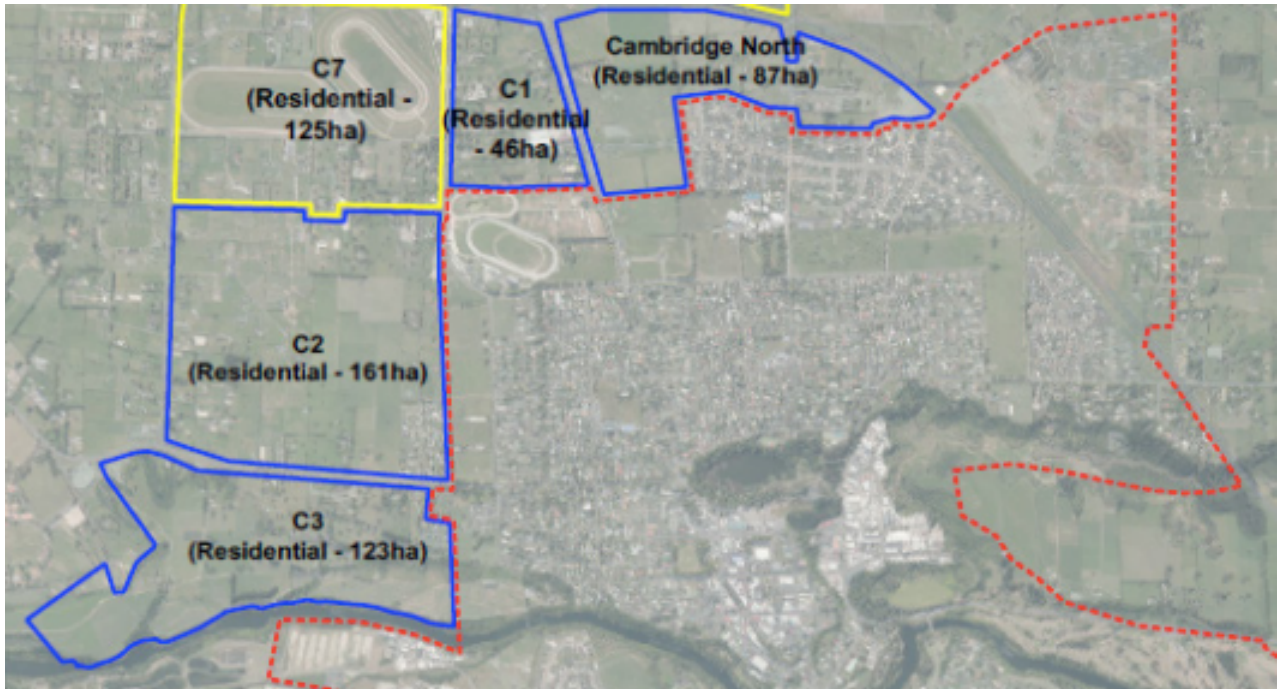
- (a) Changing demographics (an ageing population and greater demand for single occupancy households); and*
- (b) The high levels of amenity and services available in Cambridge and Te Awamutu; and*
- (c) The central location of the District which makes it an attractive place to live.*

The site is also within the Cambridge Residential Character Policy Area which seeks to ensure that new development avoids adverse effects on the established residential character of the area. Any new building design will need to consider the character of the surrounding area and respond accordingly.

The site is not located within any Structure Plan area, however, Growth Cells C2 and C3 (and the resultant Structure Plan) are located just to the west of the subject site and are discussed in detail below.

DISTRICT PLAN

MAP 6: DISTRICT PLAN GROWTH CELLS



Future Growth Cells

Cambridge has been identified as a high growth area, and the Waipa District Growth Strategy forecasts that approximately 13,456 additional households will be required to match a population of approximately 30,257 by 2050 (or roughly 212 households per annum).

The Waipa District Council has identified areas for future population growth through the creation of Growth Cells. There are two Growth Cells (C2 and C3) located just to the west of the subject site as shown on the map above.

These two Cells have a combined areas of 284ha and will accommodate up to 3,400 dwellings. The development of this area is anticipated to occur between now and 2035 and therefore the additional population resulting from this development should be considered as part of any supply and demand analysis.

The District Plan states the following about these growth cells:

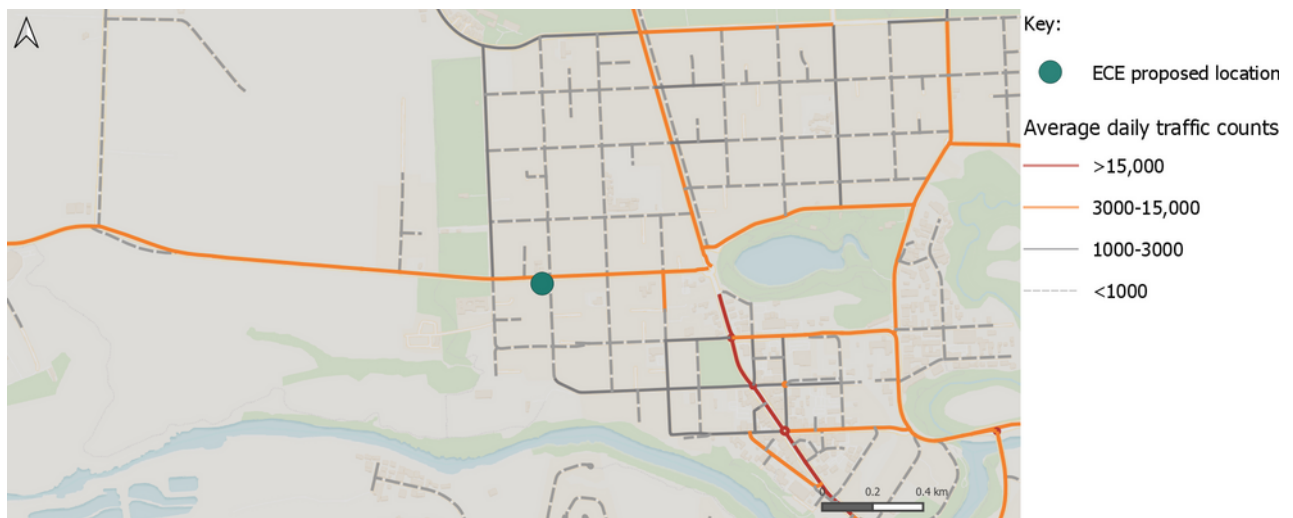
This combined growth cell has been identified as the major new growth cell for residential growth on the northern side of the Waikato River. C2 includes potential for a neighbourhood centre. Development shall be undertaken in accordance with the relevant structure plan contained within this District Plan.

PLANNING INFORMATION

The Structure Plan for the growth cells has been prepared and provides some useful information on how this area may look in the near future. Of particular note is a proposed new primary school to be located within C2 with the final location to be determined by the MoE. It is indicated that this school would provide for 1000 students and we note that the school has a target opening date of 2023. Given the recent trend for the MoE to provide for an ELC when new schools are proposed, we recommend that this be kept in mind. No ELC has been formally proposed but any new school designation would likely provide for this as a permitted activity.

The development of C2 and C3 for housing will result in an increase in traffic using XXXXX Road - being the major road to run through the growth cells and toward the town centre and main employment area. This is a positive outcome for any ELC to locate on this road. The subject site is ideally situated to take advantage of population growth within C2 and C3 whilst being far enough removed so as not to be negatively impacted by construction activities in the surrounding environment.

MAP 7: TRAFFIC INFORMATION



The main entrance to the site is located on XXXXX Road, which has an average daily traffic count (ADT) of 3000-15,000. New Zealand Transport Agency describes this road as an arterial road, a significant contributor to social and economic well-being, linking regionally significant places, industries, ports or airports. This road provides the main access from the west toward the town centre of Cambridge and runs along the shared boundary of growth cell C2 and C3 discussed above.

The site (being a corner site) is also bordered by XXXXX Street, which is classified as an access road - providing connectivity to daily activities and access to the wider network.

DEMOGRAPHICS

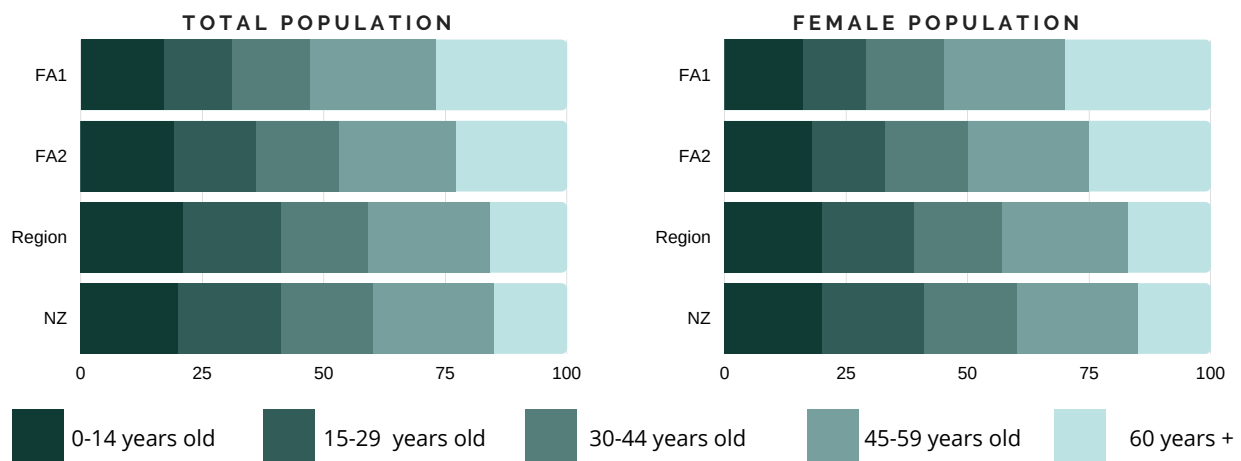
Demographic Profile

The Focus Areas (FA1 and FA2) for the subject site have been defined in the Location Overview section of this report. The following demographic profile focusses on these areas and provides a comparison against the region and the country as a whole.

TABLE 1: GENERAL DEMOGRAPHICS

	FA1	FA2	Region	NZ
Total households	1,011	2,745	164,238	1,664,313
Total population	2,475	6,840	458,103	4,699,656
% female population	54%	52%	51%	51%
0-4 years old	102	363	31,068	294,594

AGE DISTRIBUTION



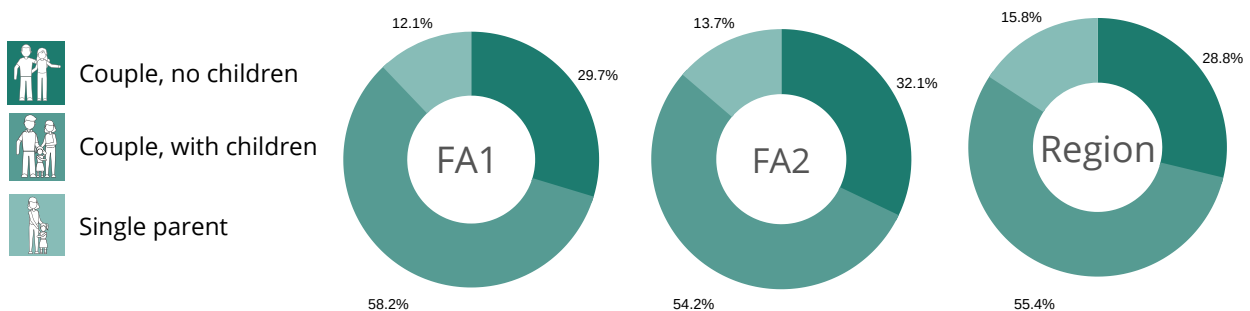
It is noted that the existing population within both FA's has a higher percentage of residents over 60 years than the region average. This is indicative of Cambridge being an area popular with retirees with a number of retirement facilities within the FA's.

However, it is also noted that the 0-14 years old group across the focus areas is more similar to that of the region and nation as a whole. This indicates that there is a younger cohort coming through and that the demographics of Cambridge may be changing toward a younger population.

There was a total of 465 children ages 0-4 within the FA's.

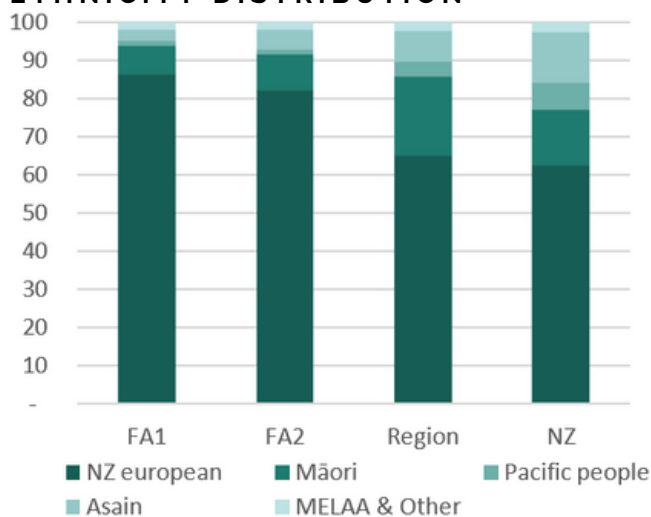
DEMOGRAPHICS

FAMILY PROFILE



The family profile demographics of the FA's is very similar to that of the wider region. Approximately 70% of families have children.

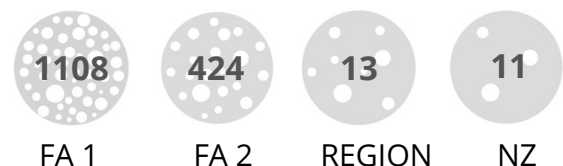
ETHNICITY DISTRIBUTION



The ethnicity distribution of both focus areas displays a higher percentage of NZ European persons than the region and NZ as a whole. Māori is the next largest group followed by persons of Pacific origin.

FA1 has population density of over twice that of FA2 which is to be expected given the suburban nature of FA1 compared to FA2 which, whilst containing the town centre, also includes the surrounding rural land. The region has a low population density due to the predominant land use being rural activities.

POPULATION PER KM²



The average household size is lower than both the regional and national average. This is likely reflective of the age distribution in FA1 pointing toward an older population and potential 'empty nesters'. It is noted that there are retirement living facilities located within FA1 that will impact on the average household size.

AVERAGE HOUSEHOLD SIZE



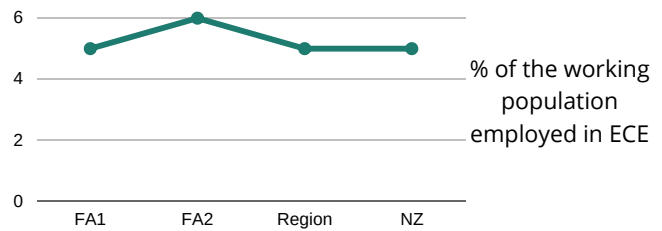
MEDIAN INCOME AND EMPLOYMENT

MEDIAN HOUSEHOLD INCOME



\$32,100	FA 1
\$34,860	FA 2
\$31,890	REGION

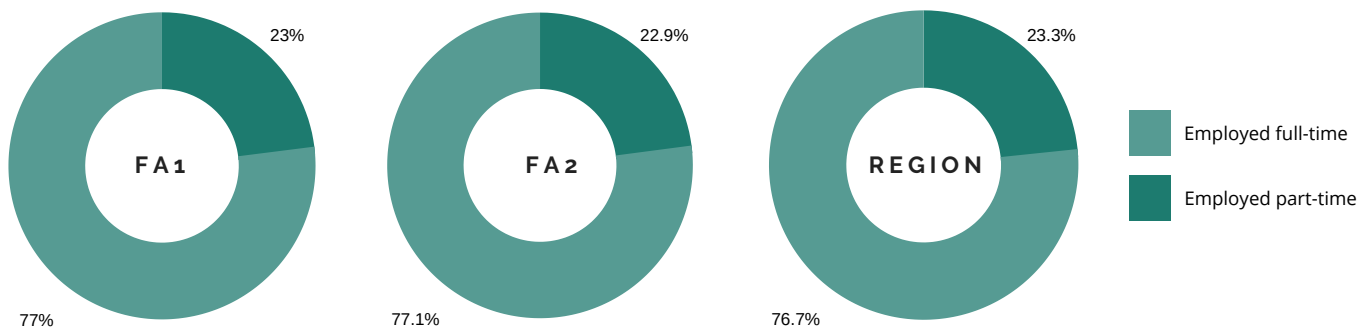
EMPLOYMENT IN ECE 2019



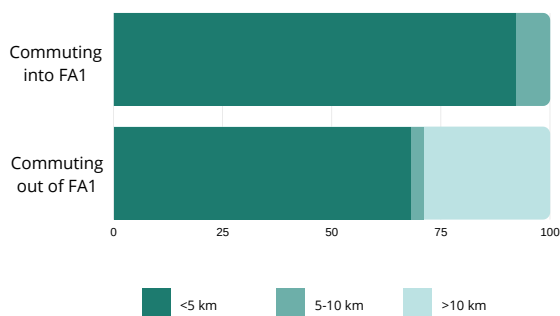
The median household income is similar between FA1 and FA2, albeit with a lower median in FA1. The reason for this could be the number of retired persons living within FA1 bringing the median down, whilst the FA2 contains a number of lifestyle properties which would likely contribute to a raising of the median for this FA.

The percentage of the population working in the early learning sector is consistent with both the region and national rates.

2018 IN WORK EMPLOYMENT STATUS



TRAVEL TO WORK: COMMUTING DISTANCE

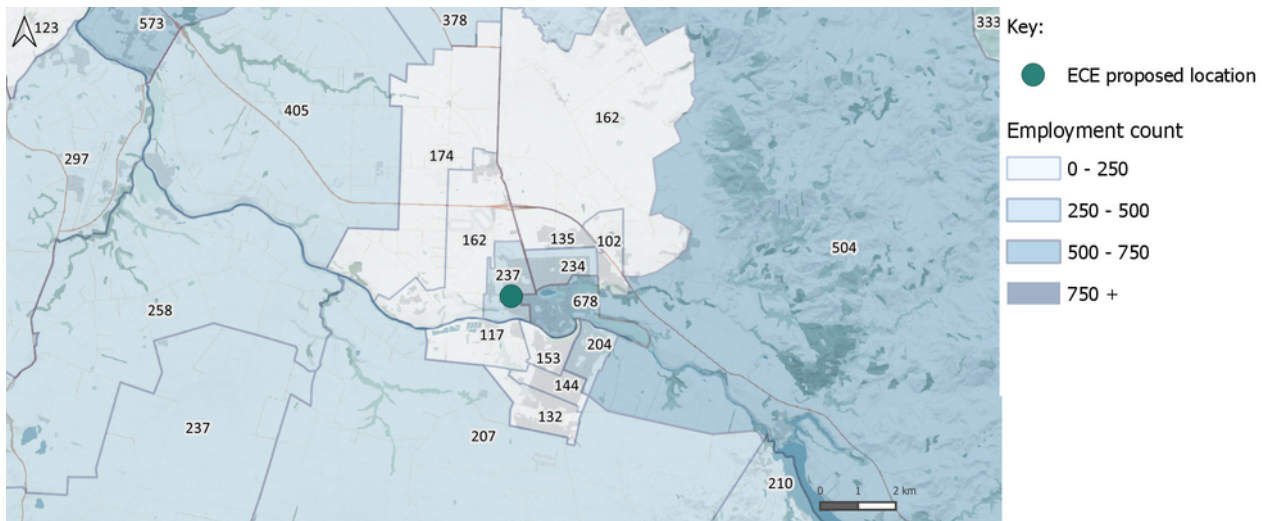


Of the working population, over 90% of commuters traveling into FA1 traveled less than 5km and the remaining travelled between 5-10km. This implies mostly Cambridge residents are employed in FA1.

Over 65% of FA1 residents commuted less than 5km to their place of employment and over 30% of residents commuted more than 10km to their place of employment. This is likely to be Hamilton, 25km away.

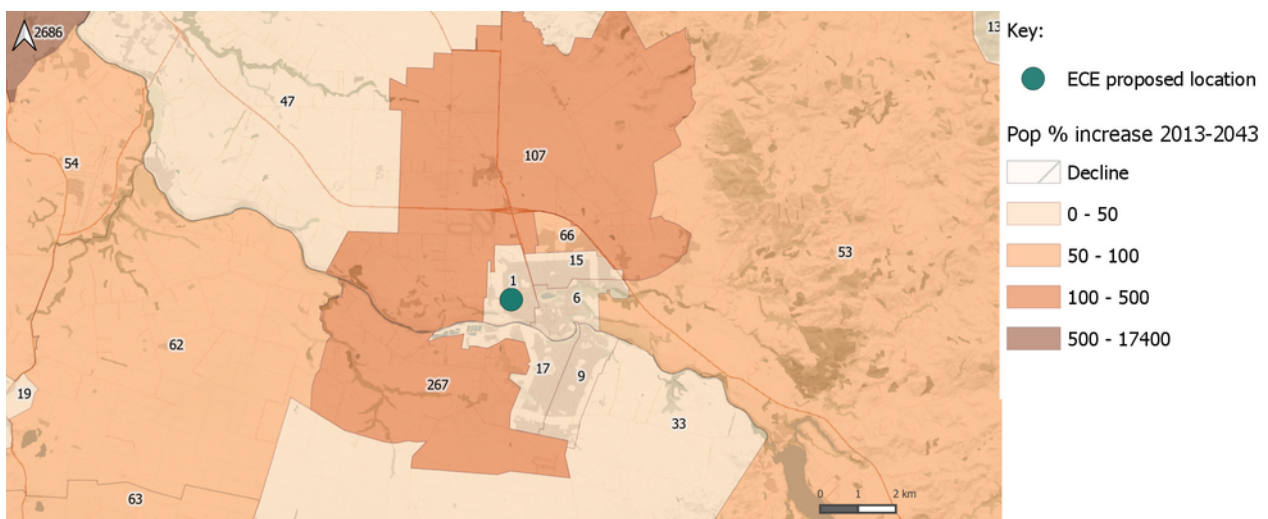
POPULATION GROWTH

MAP 8: 2019 EMPLOYMENT COUNTS



The main employment area in Cambridge is in the east, which includes the town centre and the industrial area to the east of the main street. The subject site is well located for motorists coming from the west to access this employment area. This will further improve as growth cells C2 and C3 are developed.

MAP 9: POPULATION GROWTH



The Cambridge population is expected to grow significantly over the next 30 years. The areas expecting the most significant growth are the same as those as indicated by the Council through the formation of the growth cells discussed earlier in this report. The land to the west (inside growth cells C2 and C3) is anticipated to accommodate an additional 3,400 dwellings. Applying the existing average household size in that area, being 2.5 in FA2, this would provide an additional population in C2 and C3 of approximately 8500 persons.

NEARBY EARLY CHILDHOOD CENTRES

MAP 10: NEARBY EARLY CHILDHOOD EDUCATION CENTRES *

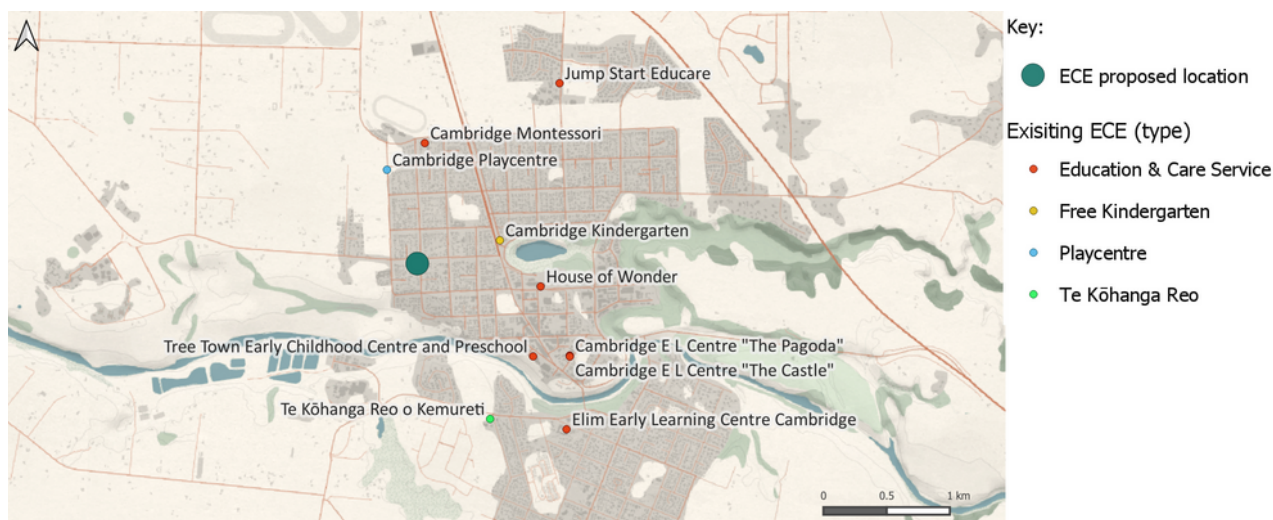


TABLE 2: NEARBY CENTRES ROLL DETAIL *

Name	Street address	Service type	Under 2	All children	Total roll
<1km radius					
Cambridge Kindergarten	104 Victoria Street	Free Kindergarten	0	40	61
Cambridge Montessori	22a Taylor Street	Education and Care Service	0	40	27
Cambridge Playcentre	26 Vogel Street	Playcentre	17	30	70
House of wonder	94 Queen Street	Education and Care Service	20	60	
Sub total			37	170	158
1-2 km radius					
Tree Town Early Childhood Centre and Preschool	21a Wilson Street	Education and Care Service	20	90	109
Cambridge E L Centre "The Pagoda"	10 Fort St	Education and Care Service	0	30	34
Elim Early Learning Centre Cambridge	10 Wordsworth Street	Education and Care Service	20	60	56
Go Bananas	41 Swayne Road	Education and Care Service	24	80	71
Cambridge E L Centre "The Castle"	10 Fort Street	Education and Care Service	26	75	59
Te Kōhanga Reo o Kemureti	3 Bracken Street	Te Kōhanga Reo	8	24	10
Sub total			98	359	339
Grand total			135	529	497

The above information identifies that there are a total of 11 early learning services within the defined catchment shown on the above map. These are made up of 8 Education and Care services; 1 Kindergarten, 1 Kōhanga Reo, and 1 Playcentre.

The nearest centre of interest is House of Wonders located at 94 Queen Street - some 1.3km to the east. This centre has recently opened and has a high-quality built-form and interior environment that will likely be attractive to parents. It has a licence for 60 children with up to 20 under 2's. At the time of writing, no data was available on the roll size of this service. Given the quality of design, the 'newness' of the centre and its location in relative proximity to the subject site - we consider that this centre would likely be strongest existing competitor to any centre that XXXXX may establish on the subject site.

*as at 1 July 2019

NEARBY EARLY CHILDHOOD CENTRES

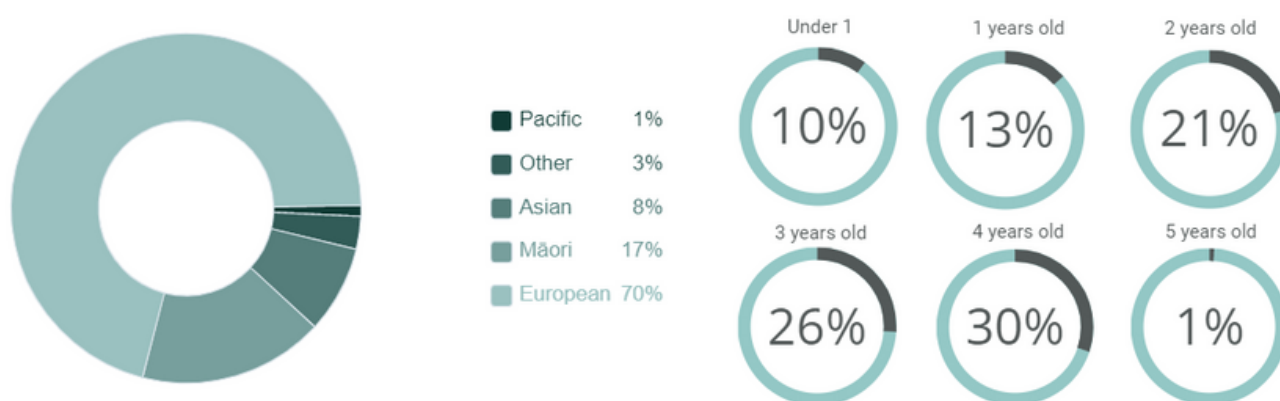
The private education and care centres that have a total roll less than their licence size are either in older facilities, difficult to access or have undergone recent changes.

Cambridge Montessori is located within an old community centre building that has little street-appeal or visibility. Likewise, Elim Early Learning Centre is located in an older building and is setback from the road so has limited visibility. Cambridge EL Centre - "The Castle" is designed to look like a castle. It is located on Fort Street which is not on any main travel route between places of employment and residential living.

Go Bananas has recently been purchased and re-named. It was formerly operating under the Jump Start brand. Since the change in ownership the centre has increased its occupancy level and had a total of 71 children with a licence of 80 as of July 2019. Go Bananas has three other centres in the Waikato and is planning to open in Massey, Auckland.

Overall it appears that the newer private education and care centres, those that have been recently acquired and the kindergarten are trading well. Additionally, Tree Town also appears to be trading well and is a well-established centre, having been in that location for some 20 years.

ETHNICITY AND AGE DISTRIBUTION OF NEARBY CENTRES*



The ethnicity of children in nearby centres is predominantly European, with Maori being the next largest group.

The age distribution data indicates that 23% of children that attend these centres are aged between 0-2. Over 56% of children in these centres are aged three years or older.

There are three services amongst this group that do not provide for under 2's - being Cambridge Kindergarten, Cambridge Montessori and Cambridge E L Centre "The Pagoda." This will impact on the age distribution data so should be factored into any decision about the licence split for any potential XXXXX service in this area.

*as at 1 July 2019

DEVELOPMENT PIPELINE INDICATORS

MAP 11: ECE DEVELOPMENT PIPELINE AS AT 24/08/2020

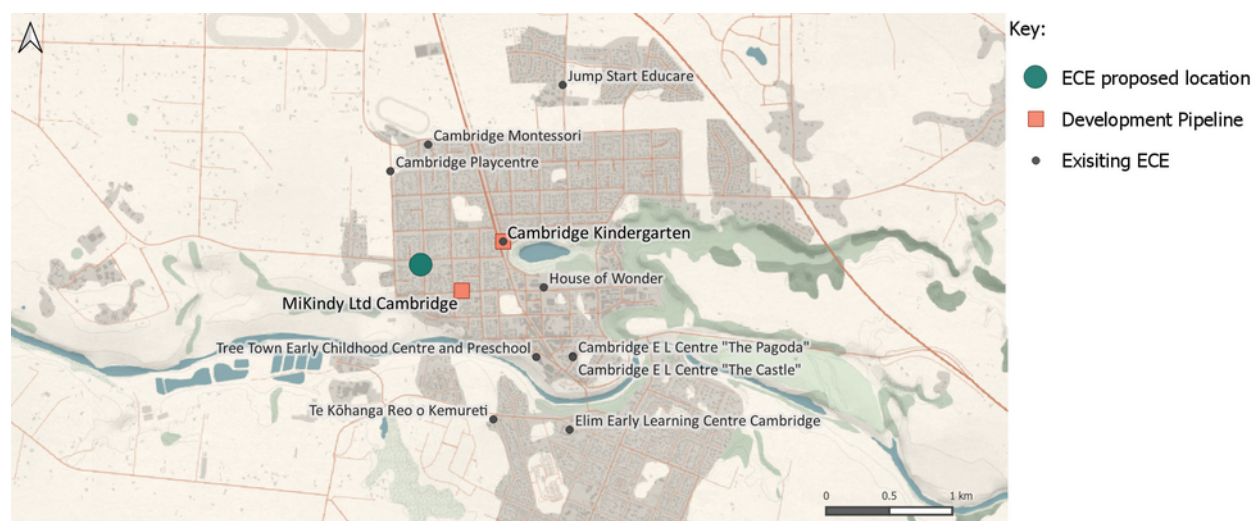


TABLE 3: ECE DEVELOPMENT PIPELINE SUMMARY

Name	Address	Est. no. of placements	Consent lodged	Applicant
House of Wonder Cambridge	94 Queen Street	N/A	Nov-18	Wallace Development Co Ltd
MiKindy Ltd Cambridge	34 Queen Street	N/A	Nov-18	MiKindy Ltd

The above map and table show that there are two proposed ELC developments to consider within this area.

MiKindy Cambridge

MiKindy Cambridge was proposed to be located at 34 Queen Street. This centre is currently unlikely to be established. Resource consent was sought in 2019 and the Council determined to publicly notify the consent. The Applicant has withdrawn consent and therefore we consider that it is unlikely that an ELC will be established on this site within the near future.

Cambridge Kindergarten

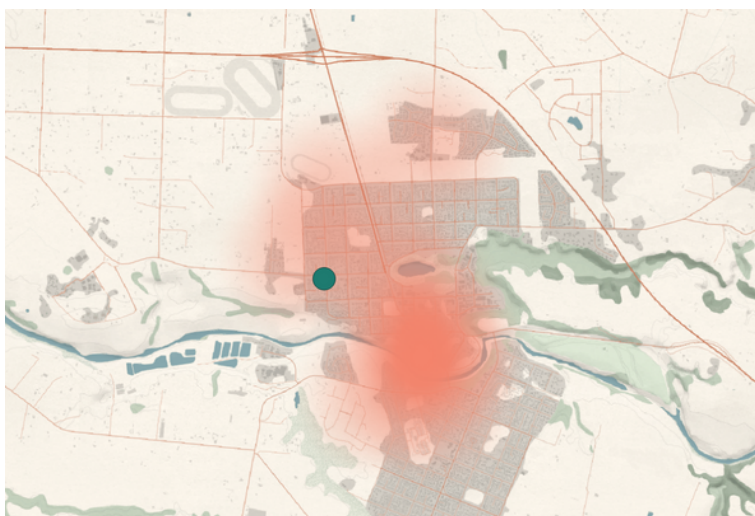
The Kindergarten Association has obtained resource consent to expand the existing centre from 40 children up to 120 children on their site at 100-108 Victoria Street. Work was predicted to start in May 2019 but we note that this has not yet been completed.

Summary

Given that MiKindy is very unlikely to establish at 34 Queen Street, the only visible 'live' project of relevance is the expansion of the Cambridge Kindergarten. It is noted that the kindergarten does not provide for any under 2 spaces. It opens from 8.00am through to 3.30pm with sessional services offered as well as full-day.

NEARBY ECE AND PRIMARY SCHOOLS

MAP 12: NEARBY EARLY LEARNING CENTRES*

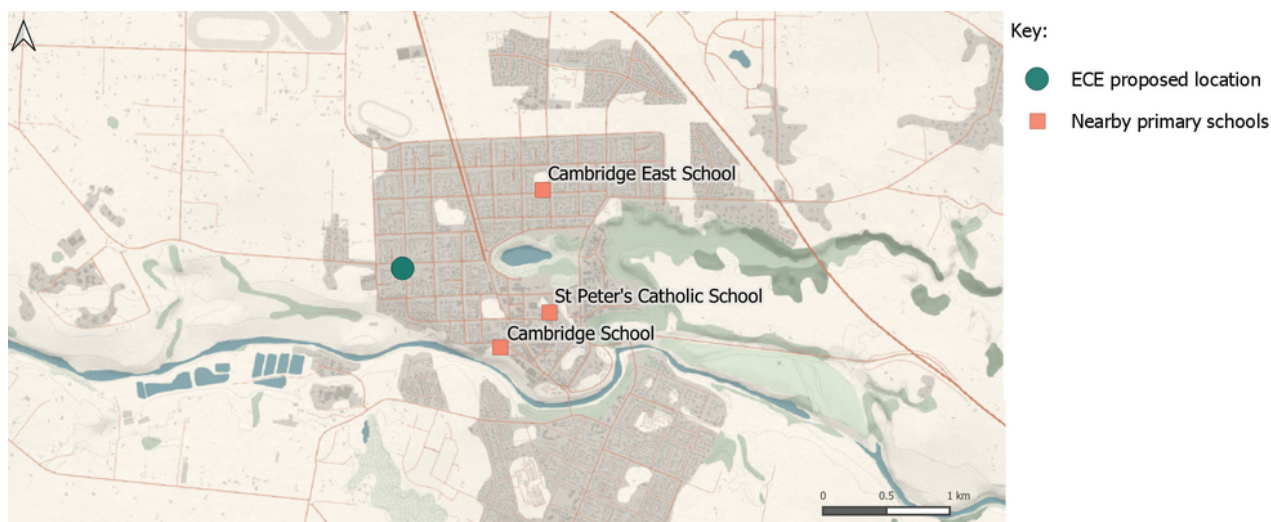


This map shows the density of existing ELC's that are within 1km of each other.

The proposed site sits on the fringe of a small cluster in the north-west of Cambridge.

There are no existing ELC's in the rural area west of Cambridge where the Council identified growth cells are located.

MAP 13: NEARBY PRIMARY SCHOOLS*



The following primary schools are located within the nearby area:

- Cambridge East School - 434 pupils;
- Cambridge School - 410 pupils;
- St Peter's Catholic School - 172 pupils.

Both Cambridge East and Cambridge School's have been experiencing role growth whilst St Peter's Catholic School has experienced a small reduction in roll size.

All three schools have a high prior ECE attendance (2019) rate with Cambridge East and St Peter's having a 100% prior attendance amongst Year 1 students. Cambridge School recorded a 93.2% prior attendance rate over the same period.

*as at 1 July 2019

REGULATORY CHANGES

EDUCATION AND TRAINING ACT 2020 AND FUTURE CONSTRAINTS ON SUPPLY

The Education and Training Act 2020 ("the Act") was enacted into law on 1 August 2020.

The Act, through Section 17, provides for an active network planning approach to the establishment of new early learning services and the expansion of existing services.

17 Ministerial approval required for licensing application

(1) Despite sections 15 and 16, a person must apply to the Minister for approval to apply for a licence to operate—

(a) a licensed early childhood education and care centre:

(b) a licensed home-based education and care service:

(c) a licensed hospital-based education and care service.

(2) The Minister may grant approval, but, before doing so, must take into account—

(a) the relevant attributes of the area to be served, including (without limitation) the demography of the area, the needs of the communities in the area, the needs of the children in the area, and the availability of services in the area with different offerings (for example, the provision of te reo Māori);

(6) An approval expires 2 years after the date on which it is given; however, the Minister may, on application before the expiry, extend the expiry date if the Minister thinks fit to do so in the circumstances.

The Ministry of Education (MoE) will now actively control where new centres will be allowed to establish and will be able to decline licence applications where an applicant cannot demonstrate clear demand for the type of service proposed.

The licensing process will be split into two distinct phases. The first will be a new preliminary approval (pre-approval) to establish a service; the second will be very similar to the existing licensing regime.

A major component of the first phase will be an assessment of the proposed new centre against the "capacity of the network in the surrounding community to meet demographic and community needs, including the provision of different service types, such as Māori medium.

In simple terms, the burden will be on centre owners to demonstrate that there is actual demand for a new centre, or an expansion of an existing centre, on a specific site. If a centre owner is unable to demonstrate that there is a lack of capacity of the network in the surrounding area to meet the needs of the community now and into the future, the MoE will be able to decline the pre-approval.

If granted, a pre-approval will last for two years – by which time the second phase of the licence must be applied for.

REGULATORY CHANGES

The details around active network planning are still relatively vague; with the Act providing for the creation of the regime, not for the specific detail around how it will be administered. Given this, the Act provides a timeline for the implementation of the pre-approval process and the Ministry states that:

“commencement of the additional licensing criteria will be delayed by up to two years from the enactment of this Act to allow time for regulations to be developed. This means that providers who are ready to apply for a licence can still do so under the existing criteria, while future potential providers will have time to prepare their applications.”

We consider that the above clauses in the Act will have the effect of limiting future new centres opening once this section of the legislation comes into effect.

This is likely to mean that a XXXXX in this part of Cambridge will be able to operate without another similar service setting up within the same catchment, unless the demand is so strong as to support this.

This is a positive outcome for ELC's that can establish within the next 24 months as future competition will be limited through this active network planning approach.

Therefore, in this circumstance, we consider that the active network planning approach introduced by this Act will further constrain supply and therefore add to long-term demand for ELC in this area.

SUMMARY

We have been engaged to provide information and opinion relating to an opportunity to develop a new purpose-built Early Learning Centre (ELC) on the site at XXXXX Road, Cambridge.

The corner site is located to the west of the town centre within a well-established subdivision. With a site area of just over 2000sq.m, a centre for approximately 100 children would be feasible, subject to the appropriate design and consents being obtained.

The site is zoned Residential under the Waipa District Plan and Early Learning Centres are anticipated within this zone where the existing character and amenity of the area can be protected. Two significant growth cells (C2 and C3) are located to the west of the subject site and will provide up to 3,400 additional dwellings, with this work anticipated to occur between now and 2035. This will provide for significant population growth in this area.

The existing population across the FA's is older on average than the region or the nation as a whole. Approximately 70% of the families in this area have children and the average household size is 2.4 for FA1 and 2.5 for FA2. The average household income for FA1 is similar to the region average - being \$32,000. The average household income for FA2 is slightly higher, being \$34,860. This may be reflective of a number of retirement living options in FA1 and a large number of lifestyle properties within FA2.

Significant population growth is predicted in the immediate area, particularly in the areas identified in growth cells C2 and C3.

There are a total of 11 early learning services within the defined catchment shown on the above map. These are made up of 8 Education and Care services; 1 Kindergarten, 1 Kohanga Reo, and 1 Playcentre. Overall it appears that the newer private education and care centres, those that have been recently acquired and the kindergarten are trading well.

Development pipeline data indicates that there are two projects that will may add capacity into the network in Cambridge. However, the project by MiKindy is very unlikely to establish at 34 Queen Street, and therefore the only visible 'live' project of relevance is the expansion of the Cambridge Kindergarten from 40 to 120 children. It is noted that the kindergarten does not provide for any under 2 spaces. It opens from 8.00am through to 3.30pm with sessional services offered as well as a full-day option.

The local primary schools have a high prior participation in ECE rate, with two of the three schools having a 100% rate.

The Education and Training Act 2020 provides for the introduction of an active network planning approach to new ELC development. This is a positive outcome for ELC's that can establish within the next 24 months as future competition will be limited through this new approach. This is likely to mean that a XXXXX in this part of Cambridge will be able to operate without another similar service setting up within the same catchment, unless the demand is so strong as to support this. We consider that the active network planning approach introduced by the Act will further constrain supply and therefore add to long-term demand for ELC in this area.

SUMMARY

Therefore, we consider that the subject site is suitably located to cater for the planned significant future population growth in the immediate area. The occupancy levels for the newer centres and kindergarten in this area appears positive and the forecasted population growth will increase demand for services. The specific location on XXXXX Road is ideally positioned to cater for future residents living in the new growth cell and travelling into the employment areas of Cambridge in the east.

CONTACT

Name

Position

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