Memo

To	Brent O'Callahan – KMO Ltd
CC	Steve Evans – Wilson Parking
From	David de Boer
Date	12 June 2015
Subject	Tournament T2 – entry assessment for Commerce Commission

Context for this memo

1. In May 2015 Wilson Parking Ltd made application to the Commerce Commission to acquire leases over 10 car parking sites that Tournament Parking currently own and operate (known as transaction T2). Tournament wish to exit car parking operations, but want to remain owners of car parking sites.

2. The Wilson application included considerable detail regarding the structure, conduct and performance of parking markets in both a static and dynamic sense. The Commission have since asked that Wilson prepare an assessment of entry and expansion of competitors into car parking markets following the acquisition using the 'Likelihood – Extent – Timeliness' test as discussed in the Commission Mergers and Acquisitions Guidelines 2013 at 3.93 to 3.97.

The entry issue

3. One of the ways that a merged entity can exert market power and thereby lessen competitive constraints is by restricting market entry conditions in some manner – making it difficult for either new entrants to compete in the market or for existing competitors to expand their sales. If the merged entity can reduce competitive constraints they have more degrees of freedom to pursue more monopolist type strategies to maximise profits such as raising prices or compromising product quality. The easier it is for competitors to enter or expand their operations then the greater is the constraint they exert on the merged firm.

Our approach

4. We provided Wilson with two reports which complement their clearance application, both dated April 2015. Report 'NZIER 1' is analysis and assessment of the parking markets and of the potential for the original Tournament acquisition (T1) to substantially lessen competition, while 'NZIER 2' is an assessment of the possibility for the T2 transaction to lessen competition. Both reports refer extensively to real world evidence from parking markets, including evidence and analysis regarding market entry and expansion. For this memo we draw on and update that evidence but also introduce more focussed assessment of entry and expansion.

Likelihood of entry and expansion

5. Parking markets are dynamic. They are also highly differentiated in that consumer's value different parking attributes in different combinations. Location is an important attribute but can be traded off by the consumer if price or car park access (or any other attribute for that matter) does not combine to meet their needs. Therefore existing competitors and new entrants both have a range of attributes to target when they choose to enter or expand their parking market activities. This makes entry attractive

and increases the likelihood of success by new entrants and expansion by existing firms. We have argued that in current parking markets the merged Wilson/Tournament entity will be unable to cover off all attributes at all sites (in Auckland and in Wellington) to limit the competitive threat from entry and expansion. Real world evidence demonstrates that they are unable to do so.

6. In our opinion the 'merged' Wilson can no more raise prices and restrict the likelihood of entry than the 'pre merged' Wilson could. We say this for two reasons. Firstly, Wilson parking operations are carried out almost exclusively on leased sites which amount to only of all available off street parking bays (in Auckland). Within that there are two levels of competitive dynamics that together provide an economic dis-incentive for Wilson to raise prices and/or restricting entry;

   - owners of parking sites mostly include clauses in the lease contracts, which have the effect of Wilson losing part of any excess profit that they may generate. The tensions between owners and operators are one of the core dynamics that make parking markets competitive.
   - a material number of parking consumers will exit the parking market if prices are raised by even a small amount (5%), sufficient to render this approach unprofitable for Wilson (or any other operator).

7. Beyond the wholesale market for leased sites Wilson's opportunities to restrict the likelihood of entry or expansion in the managed and owner operator wholesale sites are so limited to be non-existent. We have earlier pointed out that Wilson has no commercial incentives at all to raise prices anyway – doing so will result in material reductions in revenues.

8. The second reason behind our statement is that the likelihood of entry into the leased sites is heightened by the availability of site leases. Because they are generally short term, , these leases come up for tender or negotiation regularly and provided that an existing operator, or a potential entrant, has the financial means they can freely bid for a site lease. We set out in Table 1 a summary of the term of the Wilson site leases for the competitive zones around the T2 acquisition sites.

Table 1 Wilson leases in T2 zones

T2 zone	# of Wilson leases in zone	Average lease term (years)	Range (years)
Plimmer	4		
Marion	4		
Lombard	1		
Leftbank	4		
Upper Queen	4		
Nelson	6		
Airedale	7		
Rialto	4		
St Benedicts	4		
All T2 sites			

Source: NZIER & Wilson

9. These lease terms show similar characteristics to Wilson leases that are not part of the T2 acquisition and for us illustrate the short term and diverse nature of the lease conditions that operators experience to gain access to parking sites. If anything, the T2 sites are at the bottom end of the range of lease terms (median =   years).

10. Entry and expansion into car parking supply in sectors other than leased sites also occurs regularly. Evidence of competition for managed sites is readily visible and is set out below, as are examples evidencing competitors expanding into the owner-operator sector from the managed sector.

11. This evidence is important. In our earlier report we argued strongly that the likelihood of entry and expansion existed both prior to the original T1 acquisition and remained as a real world threat following T1. We set out this evidence to illustrate that the likelihood of entry remains very real and that the extent of competitive entry and expansion throughout this period has sufficient scale to make an impact.

12. Any operator who contemplates competitive entry or expansion into the market to supply car parking has a series of choices to make regarding the form of their activities. As with most businesses there are a series of risk and reward trade-offs to make but the key choice for the operator is where in the supply chain they prefer to participate (we believe that the best returns are from owning parking site assets) and the extent to which they want to invest in systems and managerial know-how.

13. The easiest entry is to lease a single site and collect revenue in person. The trade-offs for the operator rise from there in terms of investment and complexity to the level of an owner-operator where the rewards are highest but so are the risks – investment, managerial and operating risks have to be considered. This is the space Tournament found themselves and from where they decided to exit

Extent of entry and expansion

14. Because parking markets are highly differentiated at consumer level an examination of the extent to which entry or expansion will constrain Wilson post acquisition needs to consider all supply side sectors (owner operator, managed and leased) and therefore is both broad and complex. To give some shape to this statement – in Auckland the owners of the largest proportion of sites are Auckland Transport and the Auckland District Health Board, together owning just over   of the sites, while the remaining ownership is spread across   sites giving an average of   bays per site with a range of 5 to 1,960 bays. Across these sites there are considerable variations in the operating models employed.

15. The ability of the Auckland and Wellington competitors (and entrants) to constrain Wilson also depends on the objective function of the entrant/competitor while the extent to which their entry and expansion can constrain Wilson comes in a number of forms. It may not be direct head-to-head competition. If they are site owners they are likely to have a profit maximisation objective for their premises and parking becomes a trade-off component within the economics of the wider site.

16. Parking may be included in lease contracts for building tenants - retail customers who identify their preferred parking attributes through the lease negotiation process. In this case there is no market price to 'constrain' Wilson but by bundling parking with lease contracts the site owner is constraining Wilson in other ways. Because of their lease commitments, Wilson is heavily reliant on leasing park bays to these regular parkers

who generally pay for their 24/7 parking access on a monthly basis – these are the same consumers that the site owner has 'bundled' with the building lease contracts.

17. Regardless of site owners motivations in the owner-operator sector, competition for contracts in the leased and managed sector, especially in Auckland, is strong, illustrated by the extent of recent important[

    -
    -
    -

18.

19. Likewise in Wellington the extent to which competitors have entered or expanded their involvement in the managed and leased sectors has expanded considerably recently:

    -
    -
    -

20. Apart from these recent site changes, earlier data provided by Wilson on the bid history of supply side leases in Auckland, Wellington, Hamilton and Tauranga over the three years to 2013 shows the extent of both entry and expansion in the leased and managed sectors where the merged entity will operate - they were successful with only of 60 bids for leases or management contracts. These 60 changes to site leases and management contracts involved more than 31,000 park bays with Wilson's successful bids securing only bays.

The influence of Council controlled parking

21. Because of Councils involvement in both owning and retailing on street and off street parking bays, the extent to which competitive entry into, or expansion within, these different car park sectors can take place is heavily influenced by the local councils (Auckland and Wellington in the case of T2).

22. The Auckland Council controls approximately of the Auckland carpark market. Approximately 75% of this capacity is provided through parking buildings with the

Council competing actively in all of the major markets: monthly, commuter and short-stay. According to Wilson the Auckland Council parking buildings have relatively high vacancy rates and are located at iconic sites, effectively creating an overhang of capacity in the market that consumers know is available.

23. In late 2012 the Auckland Council changed its policy on metered street parking to improve access and increase visitation to the CBD by ensuring on-street parking is available to use and more customer friendly'. This policy[1] was implemented by:

- removing time limits on parking spaces and introducing demand responsive pricing and a graduated tariff
- lowering the daily maximum from $29 to $17 per day to encourage people to use car parking buildings for longer stays
- monitoring occupancy and adjusting prices to match demand - for instance, prices will be lowered by $1 per hour when the average occupancy is less than 50% in an area.

24. In 2014 they again changed their policy to discourage drivers from bringing cars into the CBD during peak hour – by removing the discount for early bird parking and charging the same full day rate irrespective of the time that people parked.

25. The extent to which entry and expansion can take place in any of the sectors we discuss here is therefore not free from the influence of the strategic goals of the Auckland Council.

26. In contrast, Wellington City Council controls approximately of the carparks but about two thirds of these spaces are for *on-street* parking. Accordingly, Wellington Council dominates the short-stay and commuter parking markets but has a very small share of the monthly car parking market. During Monday to Friday the Council targets high turnover of parking bays (especially on-street parks) to maximise revenue via a combination of parking fees, maximum stay of two hours, and fines for overstaying on-street parking time limits. On the weekend the Council manages on-street parking to encourage short-stay visits to the CBD by offering free on-street parking for up to two hours and fines for overstaying this limit.

27. In contrast to Auckland, Wellington City Council is likely to exert only limited influence over the extent to which competition can take place in the casual market which is less than 10% of the overall number of park bays. Competitors considering entry or expansion will need to target specific sites and therefore customers seeking either daily, weekly or monthly parking. From the evidence available to us since the T1 transaction was completed is exactly what happens.

Timeliness of entry

28. There are several aspects of parking markets that suggest that competitive entry or expansion would occur in a very timely manner.

29. *Re-allocation of park bays*. Detrimental effects (such that any exist) which result from the use of market power to lessen competition in parking markets (raising prices, restricting capacity or reducing quality for example) would be visible very quickly and a competitive response would likely be swift. As we discuss elsewhere any price increase would result in a revenue reduction for the firm. It would also attract a response from

[1] 'City Centre Parking Zone designed to increase visitation - Media release: 15 November 2012' available at www.aucklandtransport.govt.nz/about-us/News/LatestNews/Pages/CCPZ-designed-to-increase-visitation.aspx.

competitors – immediate allocation of park bays into that particular segment by a competitor for example, or a price adjustment to make the competitors spare capacity of park bays attractive to the consumers affected by the price increase.

30. *Availability of site leases*. This is an important aspect of the reality of competitive entry and expansion and is an important risk for Wilson Parking. Leases are short term by nature and the lessor is a profit maximising site owner who has a number of options as to how the site is used. It makes competitive sense for the lessor to with – this process attracts entry and expansion and provides an efficient outcome. As we illustrate below, the short term lease conditions in Figure 1 contribute to the competitive site dynamics in Table 2.

Figure 1 Wilson lease term

Source: NZIER & Wilson

31. The following table gives a sense of the extent of the entry and expansions that have taken place at site level by different operators in the 12 months to August 2014.

Table 2 Site changes July 2013 to August 2014

Site	Bays	Location	From	To
Killarney Street	254	AKL	AT	Wilson
O Reilly Outdoor	23	WN	T1	Care
139 The Terrace	158	WN	Wilson	Prime
Elliot Street	154	AKL	Secure	Wilson
James Smith	736	WN	T2 lease	T3 owner
Eden Street	377	AKL	T2 lease	T3 owner
Shortland Street	451	AKL	T2 lease	T3 owner
City Works Depot	669	AKL	T2lease	T3 owner
Davis Crescent	429	AKL	Care lease	Care managed
AKL Airport	12,000	AKL	Secure, 5000	Secure, 12000

Source: NZIER

Entry conditions

32. In our view barriers to entry to the provision of retail parking services are minimal.

33. In saying that conditions of entry to the markets for car parking services are low we can refer to evidence.

34. The costs and risks associated with entry and expansion are variable. By this we mean that there is a spectrum of trade-offs that a competitor can make when considering entry that will depend on their appetite for risk and return. They can minimise all of their investment risks and some of the operating risk by acquiring management rights to carparks such as Wilson does with Auckland Hospital Board sites and Secure does with the Auckland Airport. Both financial returns and strategic control are lower in this case.

35. At the other end of the spectrum the potential competitor can take the plunge and purchase a site and operate it themselves and, in doing so, they retain both the 'rents' from owning and operating plus the strategic control of price setting and site use. (This description covers two types of site ownership:

- the car parks are acquired as part of a commercial building and the main source of rental income for the owner is from office, retail space or hotel rooms. This is the most common form of site ownership.
- the building is used for car-parking only. This is rare for new buildings as the yield offered by parking buildings is low compared to the potential yield from office/retail or hotel space.

36. Financial returns are higher but so are capital and operating risks. The majority of retail car parking services are provided from these sectors and from the evidence we provide in this note there is considerable competitive entry and expansion in both.

37. Between these two ends of the spectrum leasing sites provides a range of risks and returns, depending on the location of the site and the nature of the retail segments that the site caters for (monthly, weekly or casual parkers for example). As noted in our reports NZIER 1 and 2:

- based on information from Wilsons we estimate that the wholesale lease costs of parking bays are approximately percent of the gross revenue
- based on information from Wilsons and surveys by the Commerce Commission customers are highly sensitive to price increases and willing to switch to public transport.

In combination these factors give lease operators a strong incentive to maximise carpark occupancy as well as a narrow base (relative to total revenue) over which they can achieve cost savings.

38. There are modest economies of both scale and scope associated with car parking. If you are an operator of a number of sites (like Wilson or Care for example) then there are some economies of scale at management/systems/overhead level by acquiring more park bays or sites. Spreading fixed costs over a wider volume of product is a common motivation for mergers but within the parking market it does not represent an insurmountable condition that would preclude competitive entry or expansion. Many sites are still run in a simple way with one payment machine and a monitoring patrol to catch free-riders/cheats.

39. Economies of scope exist to a greater extent than do scale economies but this depends on the geographic market. Once a competitor has obtained a suitable site the mix of product types that they can offer (monthly, weekly, daily or casual parking) is limited only by their ability to configure parking bays to meet consumer attributes in that location as well as their own appetite for higher or lower unit costs and product

marketing complexities. Again, Wilson and its competitors have real choices here and from the evidence regarding entry and expansion these modest economies do not appear to limit their activities.

Highlights of entry and expansion evidence

40. There is considerable stock of evidence of recent actual entry or expansion into different competitive sectors of parking in Auckland and Wellington where the T2 sites are located. Much of that evidence is referred to throughout this note however there are a number of important aspects to several examples of successful entry or expansion.

41. *Market entry – COOPER AND COMPANY*. We observe above that entry to the parking business is a straightforward matter that is largely contingent on the availability of a site on which to park cars. We have previously argued that the balance of power (if any exists) is with the property owners who have a number of options as to how their site is used, that is do they lease it to an operator or compete as a parking services provider themselves. Cooper and Company have done just this. Cooper is a property investment company who have used the parking facilities that are associated with sites that they own to enter the retail parking business in the Auckland CBD. They now own two parking sites and manage two others (including the Britomart Centre which is a large downtown site) that cover 2500 (of CBD) parking bays.

42. *Market expansion – SKYCITY*. Sky City in Auckland has on premises parking facilities that generally provide evening parking for casino punters. In 2010 SKYCITY made a determined play to expand into the market for all-day parking customer by offering "below parking market pricing" for early-bird daily access to their car parks. The SKYCITY expansion move attracted parking customers away from rival car parks in all directions, creating immediate vacancy in those car parks. These car parks were forced to lower prices to meet SKYCITY benchmark as would be expected in a competitive market.

43. The SKYCITY move also had a wider impact as we discussed in our NZIER 1 report. Each of the close rivals that were affected by the pricing move, in turn, attracted customers away from other, previously unaffected, car parks which were close substitutes for the rivals' customers, thereby creating vacancies there, with a similar flow-on effect. These ripple effects were interconnected across many varied and complex close substitute parking sites such that the effect of expanding the SKYCITY supply at a lower rate affected prices across the whole of the Auckland CBD. Prices eventually settled at relatively lower price-optimised levels.

44. *Expansion from site owner to owner-operator and to lease operator - PRIME PARKING*. In the same manner as for Cooper and Co in Auckland, Prime is a Wellington property investment company who have used the likes of Wilson to operate their carparks while it was financially advantageous to them to do so but have since demonstrated that they can easily switch strategy when the financials change.

45. In 2013 the competitive tendering process for operating the Prime Property car parks in Wellington had broken down as the bids to lease from operators (Wilson and others) had not reached the level Prime wanted. They (Prime Property) decided to operate the car parks themselves rather than lease them and in 2014 they expanded their business to become a competitive owner-operator of 15 sites that they owned or managed. (We are unsure actual numbers of car park bays but understand that it is several hundred).

46. We understand that Prime Property is now also leasing parking spaces from other building owners so that it can offer retail parking services. We have been advised that

they have successfully completed a lease over the former Tournament site – James Smiths in Wellington (733 park bays).

Merger and acquisition guidelines - summary

47. In this section of the report we comment on the attributes of the carpark market in respect of the tests outlined in paragraphs 3.93 to 3.112.

48. As explained in detail in NZIER 1 and 2 the business model for operators of leased parking sites such as Wilson restricts their potential market power in the following ways:

    - operators of leased parking sites are dependent on building owners for the wholesale stock of parking sites that the operators can then convert into retail parking services.
    - operator lease payments to the building owner typically running up to percent of the gross revenue sometimes with one-way ratchet reviews or profit sharing with .
    - building owners that lease their sites to lease operators can (and in Auckland most do) choose to directly control the retailing of their parking spaces.

    Lease operators respond to these constraints by minimising the cost of operating the carpark site and maximising the use of individual parking bays by offering retail services that best match consumer demand.

49. Surveys of parking customers by the Commerce Commission and the information from Wilson Parking on the operation of the market both confirm that retail customers respond to even modest price increases by either looking for alternative carparks or using public transport to the extent that price increases ahead of the market are likely to reduce site revenue. This risk of a fall in revenue from a price increase and the large proportion of lease operator costs that are fixed suggest that increasing prices ahead of the market is not a viable strategy to increase lease operator profits.

50. Accordingly the primary limitations on the exercise of market power on the pricing behaviour of lease operators arises from the squeeze on lease operator profitability created parking site owner lease charges on the supply side and consumer sensitivity to price increases on the demand side. The easy entry of new lease operators or building owners as retailers of their own parking sites is a secondary constraint on the profitability of lease operators.

Table 3 Entry and expansion paragraphs 3.93 to 3.97

Constraints on the market power of lease operators satisfy the LET test

Guideline	Comment
3.93 Entry or expansion can occur in a number of ways …	Wilson Parking operates in the leased carpark market. Therefore the main means of entry/expansion for lease operators like Wilson (and others) is successful bidding for carpark leases as they are renegotiated. The supply of sites available for lease or management is determined by the building owners. Assuming that Wilson and Tournament lease terms are representative of the market, the average lease tenure is

	estimated to be years.
3.94 Large customers may also sponsor entry and expansion, …	Lease operators such as Wilson Parking are subject to two sets of countervailing forces: • the revenue expectations of building owners (which can choose to by-pass lease operators and retail their carparks direct to customers) • car parking customers that are willing to substitute public transport for car travel.
3.95 We assess whether entry by new competitors or expansion by existing competitors is likely to be sufficient in extent in a timely fashion to constrain the merged firm and prevent a substantial lessening of competition. This is referred to as the 'LET test'.	Lease operators such as Wilson need to bid for the sites they operate at the end of each lease period. Our analysis of the history of lease tenders over the past two years shows this process is competitive. In particular Wilson has lost leases to operators other than Tournament. New lease operators have entered the industry e.g. Prime. Building owners can also 'enter' the operator market at the expiry of the lease and on construction or redevelopment of new buildings.
3.96 The LET test is satisfied when entry or expansion in response to a price increase or other exercise of market power is Likely, and sufficient in Extent and Timely enough to constrain the merged firm.	Our analysis of the pricing pressures on operators of leased parking sites suggests that operators have a strong disincentive to lead price increases ahead of the market as they carry the reduced revenue and cannot shed the risk of fixed rental costs. We have provided examples of the vulnerability of lease operators to the loss of the lease on re-tender and the entry of new lease operators even without the incentive of price increases. The entities that control the supply of parking spaces and the main driver of parking space prices –wholesale leasing costs are the owners of the parking.
3.97 The obstacles to entry and expansion that firms face (entry and expansion conditions) are relevant to the LET test.	Obstacles to entry and expansion for lease operators that can be controlled by the lease operator are extremely low, as lease operators require minimal capital and labour costs to operate a site. The main constraint on the entry or expansion of lease operators is their ability to offer building owners sufficiently high lease payment and operate profitably at the prevailing market price for retail parking.

Source: NZIER

Table 4 Likelihood of entry or expansion

Recent history of the Wellington and Auckland market shows rapid expansion of new entrants

Guideline	Comment
3.98 Entry or expansion must be likely before it could constrain the merged firm	We have provided examples of the entry of new lease operators, switching by building owners from lease to management contracts and the entry of new lease operators.
3.99 While we look at evidence of whether firms are already planning to enter or expand …	The recent history of the turnover of leases in the market suggests competition between established operators for leases as lease expire, willingness of building owners to stop offering their building for lease
3.100 The likelihood of entry or expansion depends on whether …	We have argued previously that lease operators face a strong dis-incentive to increase prices above the market because of the risk of reduced revenue (as customers switch to other carparks or public transport). If a lease operator did increase prices we would expect competing operators to hold their prices and increase their revenue through increased utilisation.
3.101 Evidence of previous entry and expansion following …	The recent history of the turnover of leases in the market suggests competition between established operators for leases as these expire, based on operator perceptions to improve net revenue.

3.102 The type of market may also be relevant. For example, a mature market that exhibits flat or declining demand may mean profitable entry and expansion is more difficult. …	This is not applicable to the car park market. Competition between operators is strong.

Source: NZIER

Table 5 Extent of entry or expansion

Guideline	Comment
3.103 Entry or expansion must also be of a sufficient extent to constrain the merged firm and prevent a substantial lessening of competition. ….	Each of the lease operators is sufficiently large to materially affect the profitability of competing operators.
3.104 Where products are differentiated, whether entry or expansion is sufficient in extent also depends on whether the products supplied by the entrant or existing competitor are a sufficiently close substitute to the product(s) supplied by the merged firm.	Product differentiation in the retail car parking market based on the mix duration and price for causal parkers are adjustable on a daily basis in line with market demand. Retail lease arrangements can also be varied at short notice. Therefore product differentiation based of retail pricing and use conditions can be replicated by any operator and does not hinder entry or expansion. We have presented extensive analysis in NZIER 1 and 2 that the overlap between zones of substitution for the T2 sites is broad.

Source: NZIER

Table 6 Timeliness of entry or expansion

New lease operators or building owners can enter the retail market quickly

Guideline	Comment
3.105 Finally, entry or expansion must also be likely to occur within a reasonably short time period following a price increase or other exercise of market power in order for it to constrain the merged firm and prevent a substantial lessening of competition.	The main constraint on the timing of the entry of new operators is the expiry date on the lease at or near the location of a given site.
3.106 The appropriate timeframe may vary from market to market according to the particular characteristics of the market concerned. …	Our analysis of the average and range of time until lease expiry in Table 1 of this note indicates opportunities for almost immediate entry for all of the zones for the T2 leases.

Source: NZIER

Table 7 Conditions of entry and expansion

Incumbent lease operators cannot prevent the entry or expansion of new operators

<table>
<tr><th>Guideline</th><th>Comment</th></tr>
<tr><td>3.107 The expected profitability of entry and expansion depends on the costs and risks associated with entry and expansion. Such conditions can reduce the likelihood, extent and/or timeliness of entry and expansion, and are relevant to the LET test.</td><td>The cost and profitability drivers for lease operators of carparks are relatively simple and predictable. The main driver of cost is the lease cost charged by the building owner (which can be a combination of a fixed rental (with regular adjustments) and a profit share arrangement.

As explained in NZIER 1 and 2 lease operators rely on their specialist expertise understanding of the parking market to retail parking services at lower costs and with a closer fit to market demand than the building owner.</td></tr>
<tr><td>3.108 Conditions of entry and expansion can take a variety of forms, including structural, regulatory and strategic conditions.</td><td>Aside from the availability and cost of site leases there are no material conditions on the entry or expansion of lease operators into the parking market.</td></tr>
<tr><td>3.109 Structural conditions are associated with the technologies, resources or inputs a firm would need to enter or expand. These include: ….</td><td rowspan="3">Aside from the availability and cost of site leases there are no material conditions on the entry or expansion of lease operators into the parking market.</td></tr>
<tr><td>3.110 Regulatory conditions include: …</td></tr>
<tr><td>3.111 Strategic conditions arise where incumbent firms take action to discourage prospective entrants or expansion, such as by:</td></tr>
<tr><td>3.112 When considering entry and/or expansion through imports, we also consider further specific factors such as: …</td><td>Not applicable</td></tr>
</table>

Source: NZIER