

6<sup>th</sup> June 2018

## **Evidence Summary & Rebuttal**

### **Plan Change 53 – Northlake Special Zone**

#### **Natalie Hampson – Retail/Economic**

1. My full name is Natalie Dianne Hampson. I am an associate director at Market Economics Limited (“M.E”) and hold a MSc degree in Geography from Auckland University. I have 16 years’ economic consulting and project experience, working for commercial and public-sector clients. I specialise in assessments of demand and markets, the form and function of urban economies and growth, policy analysis, retail and centre analysis, demographic analysis, economic impact assessment and the evaluation of economic outcomes and effects, including costs and benefits.
2. I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise, except where I state that I am relying on the evidence of another person.

#### **Evidence:**

3. I have focussed this summary on the proposed amendment to the rule that would enable a single large format retail (supermarket) of 1,250sqm GFA plus an additional 250sqm GFA of small format retail - a total increase of 1,500sqm GFA of retail - over and above the 1,000sqm GFA of retail currently provided for in the Northlake Special Zone.
4. This is a significant increase in the retail component of the Northlake Village. It is not “simply adding a supermarket” as Mr Goldsmith has emphasised. It includes an increase of 250sqm GFA of retail floorspace that is completely independent of the supermarket component. This larger, supermarket-based centre will elevate the role of the Northlake Village within Wanaka’s existing and proposed centre network. The increase in scale will enable the centre to more effectively attract customers from a far wider catchment (generally agreed as the ‘Northern Wanaka’ trade area) than was intended by the policies of the zone.
5. There is some debate as to whether ‘Northern Wanaka’ is still “local” in the sense of those policies. See for example Mr Polkinghorne’s evidence, paragraph 119 where he suggests that serving “most of the northern half of Wanaka” but “excluding the southern half and outlying areas of Wanaka” is still ‘local’ (emphasis added). Half of the urban extent is not local in my opinion. It spans a number of communities including Peninsula Bay, Northlake and Albert Town – I have attached an aerial photograph that I think assists with placing this catchment in context. I agree with the evidence of Mr Vivian in this regard.
6. I consider the current scale of retail GFA (1,000sqm) in the Northlake Village to be appropriate to give effect to policies 1.7 and 2.6 of the Northlake Special Zone. That is, the convenience needs of the local community. I maintain that the proposed retail GFA (2,500sqm GFA of retail),

inclusive of what has been agreed by Mr Polkinghorne as a “large format food retailer”, is inconsistent with those policies. I agree with Mr Barr and Mr Vivian in this regard.

7. Mr Goldsmith has stated in his legal submission that the analysis of retail demand is not relevant to the plan change (paragraphs 24-29). This is despite the requestor’s retail expert dedicating considerable effort to quantify and explaining retail demand and its projected growth – and of which, Mr Polkinghorne and I are more in agreement than not, in terms of the total available retail spend in the Northern Wanaka catchment.
8. I disagree with Mr Goldsmith that demand is irrelevant. Demand determines what can be sustained in a particular location and at a particular time. This directly effects the viability of development, which in turn impacts on the functional and social amenity delivered by that development, and its vitality and vibrancy. It also determines the likely sales of those activities, which must be understood in order to work out retail distribution effects, from which whole of centre amenity effects can then be considered. These are all relevant RMA issues, that cannot be addressed in the absence of demand analysis. Furthermore, demand determines how much land or floorspace can be sustained and therefore how much should be provided through planning instruments. To zone too much of something for which there is not demonstrated demand (at a particular time, or at all) risks the inefficient use of resources.
9. In his evidence, Mr Polkinghorne accepts that the actual amount of retail floorspace demand, including food floorspace, arising in the Northern Wanaka catchment that is likely to be captured by the Northlake Village has not been estimated (paragraph 67), even though this would seem central to supporting an increase in retail GFA in the centre. In his rebuttal evidence (para. 31a), Mr Polkinghorne suggest the Village will capture “some fraction” of available catchment spend. There is no new evidence that indicates that 1,000sqm GFA of retail will not satisfy future catchment demand – specifically “some daily needs” (Policy 2.6). Based on my high-level calculations, 1,000sqm GFA of retail will be sufficient to meet projected convenience retail demand, including from the wider catchment. There has been no evidence to the contrary.
10. Mr Goldsmith also claimed that based on “retail economics” small scale food retail outlets would either be unlikely to be attracted to Northlake Village or would not be viable. This is far from accurate in my experience. Convenience neighbourhood centres exist throughout New Zealand. These exist without an ‘anchor’ or LFR retailer and they commonly include dairies, bakeries, liquor stores and fruit and beverage outlets<sup>1</sup>. These centres exist in addition to the presence of supermarkets. There are many examples (including in Wanaka), where they exist even in close proximity to supermarkets. My statement that Northlake Village could sustain several small-scale food retail stores, including a liquor store, *is* based on a “real-world likelihood”.
11. Furthermore, while I agree that shops in the Village will perform better with the supermarket, it is clear that small scale retail and service stores are considered viable by Northlake Investments Limited and the market, prior to any suggestion of a supermarket anchor. Current or consented development in the Village is all small scale. The medical centre consent contains of 5

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<sup>1</sup> Statistics NZ data shows that in 2017 there were (nationally) 600 butchers, 507 fruit and vege shops, 1,083 liquor stores and 1,308 other specialised food retail stores.

commercial tenancies (excluding the pharmacy and gym) that range from 75sqm GFA to 115sqm GFA. The Northlake Facebook page says that “the response to the release of our new commercial buildings has been incredible, with so many new ideas and businesses coming to the forefront” (25<sup>th</sup> April). This supports my view that the convenience needs of the community can be met (successfully) through small scale activities.

12. One final (economic) matter raised by Mr Goldsmith (paragraph 48) warrants a response. He speculates that the New World in the Wanaka Town Centre could potentially close following the opening of the larger New World in Three Parks. On this basis, enabling “a second supermarket to be developed in Northlake could have particular significance in terms of the long-term benefits for Wanaka under a such a scenario”. It is relevant that all three *retail experts* do not consider this to be a likely or relevant outcome.
13. The issue of what is meant by ‘undermine’ in Policy 2.6 has been raised. From my perspective, a centre that is ‘undermined’ would be one that could no longer fulfil its role within the centre hierarchy – whatever that role was anticipated to be - for a sustained period of time; a centre that could no longer achieve successful development outcomes; one that no longer supports viable commercial activity. While I do not agree with the inclusion of a supermarket in the Northlake Village from a demand, urban form and policy perspective, I do agree that that the Town Centre and Three Parks will not be undermined should the proposed Northlake supermarket eventuate. For clarity, delaying the development of a potential second supermarket in Three Parks would not undermine the Commercial Core in my view.
14. The absence of significant amenity effects on the Town Centre or Three Parks is not sufficient justification for the proposed retail expansion. In short, while the costs to those two centres is (individually) no more than minor, the benefits of the retail rule change are also minor in my view. The section 32 report identified three benefits of this rule change: Reduced travel on the road network, increased jobs, enhanced opportunity for AADI to become a community focus, and encouraging complementary activities that benefit local residents.
15. Care is needed to identify the net benefits over and above the status quo (operative provisions). In terms of these stated benefits, I believe the net benefits will be small. Other benefits raised but not identified in the section 32 report, include competition benefits and convenience of visiting a single store over several small-scale stores. Again, net benefits are key. Mr Polkinghorne stated that the proposed store would be unlikely to compete on price. This reduces any real (cost saving) benefits of competition. There may be some net time savings delivered by the supermarket – again these would be minor.
16. In short, the retail changes result in minor costs to two higher-order centres (which are linked to the wellbeing of the whole community) and minor benefits to those living in the Northern Wanaka catchment, over and above the status quo.
17. Wanaka’s retail and shopping patterns have been relatively stable for a long time. While growth and change are inevitable and required to meet a growing and geographically expanding market, the market changes anticipated in the short-term future are going to be unprecedented (and is

probably fairly unique for an urban area of this size). In a relatively short space of time, there will be the cumulative effect of:

- a. a new neighbourhood village emerging at Northlake (i.e. consented activity in the first instance),
  - b. imminent development of up to 10,000sqm of LFR and other retail at Three Parks,
  - c. the proposed changes to retail provisions in the Business Mixed Use zone (Anderson Road), and
  - d. the recommended zoning of a new local centre on Cardrona Valley Road.
18. Shopping patterns (and retail and service trade) in Wanaka is about to undergo a period of significant adjustment due to the increased retail capacity, and more importantly, the wider geographic distribution of additional convenience and weekly shopping options.
19. Based on the analysis completed for the NPS – UDC, the retail floorspace capacity enabled by the operative and proposed district plan (which captures these changes above, as well as additional vacant capacity in Albert Town and Hawea), is already significantly above long-term demand growth. Any further increases in short-term retail capacity, as requested by the plan change, are not justified, particularly as the proposed additional capacity does not improve accessibility to convenience retail.
20. In the context of Wanaka's urban form, I do not consider that large format retail belongs in neighbourhood or local centres. This view was supported by the Hearings Panel with regard to submission on the local shopping centre on Cardrona Valley Road. There are other zones that are more efficient locations for supermarkets and this is reflected in the objectives and policies of the district plans.

Natalie Hampson



*Northern Wanaka (approximate) in context of total Wanaka (source Google)*

