Plan Change 31
The Junction

Overview

The Nelson City Council received a request for a private Plan Change to the Nelson Resource Management Plan (NRMP), which proposed to amend the rules relating to the Nelson Junction at 33 Cadillac Way, Annesbrook, Nelson. At its meeting on 4 June 2023 the Council decided to adopt the plan change under clause 25 of the First Schedule of the Resource Management Act. The Plan Change seeks to amend Schedule N of the Industrial Zone in the NRMP to provide for supermarket activities as a controlled activity instead of a non-complying activity.

The Plan Change is supported by an Assessment of Environment Effects, Section 32 Evaluation, a traffic assessment, and an economic impact assessment. The Council has adopted these assessments which are included in this compilation in support of the Plan Change.

1. INTRODUCTION

The site is located at 33 Cadillac Way and is zoned Industrial under the NRMP. It has been subject to a previous Private Plan Change in 2006 (ref 06/01), which resulted in the addition of Schedule N into the NRMP to provide for Large Format Retail activities as a controlled activity and supermarket activities as a non-complying activity on the site.

This Plan Change has been prepared in accordance with the First Schedule the RMA and includes an explanation of the purpose and reasons of the change (set out below), an Assessment of Environmental Effects (attached as Annexure A), and a Section 32 Evaluation report (attached as Annexure B).

2. BACKGROUND

In 2006 a Private Plan Change (reference 06/01) was sought by Catal Ltd to accommodate large format retailing activities on the site. That request included inserting a new overlay into the NRMP and a suite of rules that enabled large format retail to occur on the site as a permitted activity, provided that performance standards were met (such as bulk and location standards). As a means to avoid adverse effects on the sustainability of the Inner City zone and other centres in the region, the Plan Change limited retail opportunities on the site to trade-related stores, and retail activities of at least 500m^2 gross floor area.

A total of 23 submissions were received on the notified Plan Change (both in support and opposition). This included a submission from Foodstuffs who were concerned about ensuring that no supermarkets could establish on the site.

As a result of the submissions and hearing evidence, it was agreed by all parties to amend the Plan Change request. This included a number of changes and resulted in the proposed addition of Schedule N into the NRMP with a new set of rules, one being the non-complying activity status of supermarket activities. The Plan Change became operative in March 2008, providing for up to a total of 30,000m^2 of gross floor area of retail activities on the site as a controlled activity.

Following the approval of Plan Change 06/01, a resource consent application was lodged with Council in 2008 for a large format retailing centre on the property (RM085213). Once developed, the consent brings the total gross floor area up to 28,219m^2 for all activities on the site (including Mitre 10). Since this consent was lodged five variations to the resource consent have been lodged with the Council, with the fifth variation just recently being approved. Refer to Table 1 below for a list of all approved resource consents for the property.

Consent	Date Approved	Description
RM045576	15 April 2005	Mitre 10 development
RM085213	8 September 2008	Large format retailing centre

RM085213V1	21 April 2011	Variation to development to provide for staging
RM085213V2	2 November 2011	Variation to parking layout
RM085213X1	18 February 2013	S125 time extension (out to 8 September 2023)
RM145034	11 April 2014	Mitre 10 extension
RM085213V3	14 April 2014	Variation to parking, traffic circulation and the building footprint for Mitre 10 expansion
RM085213V4	8 August 2016	Variation to parking, traffic circulation and the building footprint for Mitre 10 yard
RM085213V5	8 February 2023	Variation to allow for the construction of Stages 1 and 2 of the development.

Table 1 – Approved resource consents for the Nelson Junction site

3. PURPOSE OF PLAN CHANGE

The Plan Change will allow supermarket activities to be provided for under Schedule N of the NRMP in the same manner as other large format retail activities on the site. On this basis the activity status of supermarkets would be a controlled activity, requiring resource consent to be lodged and an assessment of the proposal to be undertaken, but while providing greater certainty for the provision of such activities on the site.
The reasons for the Plan Change include:

- Since the 2006 Plan Change 06/01 the RMA has been amended (the Resource Management Simplifying and Streamlining Amendment Act 2009) to exclude consideration of trade competition from resource consent and plan making processes.
- Recent Commerce Commission's market study of the retail grocery sector and subsequent recommendation to make more land available for new grocery stores may see further changes to planning laws for supermarkets, in a bid to free up sites.
- A non-complying activity status for supermarkets on this site is inconsistent with the purpose and direction from the National Policy Statement for Urban Development (NPS-UD), and subsequently, the Nelson Tasman Future Development Strategy 2022 (NTFDS) which seeks to ensure New Zealand has well-functioning urban environments that enable people to provide for their wellbeing and the changing needs of communities.

Consequently, the current non-complying activity status for supermarket activities is contradictory to current RMA requirements, outdated, and inconsistent with best practice and National government policy direction.

4. THE SITE AND SURROUNDING ENVIRONMENT

The Plan Change relates to the property referred to as Nelson Junction, located at 33 Cadillac Way, Annesbrook, legally described as Lot 3 DP 426877 and Sec 4 SO 500328, and comprised in title 765185. The overall site is approximately 9.4 hectares in area and is currently zoned Industrial under the NRMP, with a schedule (Schedule N) to provide site specific provisions.

The site was originally occupied by Honda NZ as a car assembly plant until around 2000. Currently it accommodates a Mitre 10 Mega store (approximately 10,500m^2, excluding the timber display yard and garden display area) and a Speights Ale House restaurant (approximately 500m^2 excluding outdoor seating areas). Site works are currently underway to develop the remainder of the site for large format retail activities in accordance with approved resource consent RM085213. This development is to occur in two stages, with Stage 1 encompassing the large format retail units and associated car parking in the eastern area of the site, and Stage 2 being the building footprint and associated carparking area for a proposed supermarket activity (in the southern portion of the site). Once developed, the consent brings the total gross floor area up to 28,219m^2 for all activities on the site. Refer to figure 1 below for the consented development on the overall site.

The property is adjacent to State Highway 6, with access to and from the State Highway along Quarantine Road. Surrounding land to the north, west and southwest is also zoned Industrial, while land adjoining to the northeast and east is zoned Residential. The State Highway adjoins the property to the south and southwest, with a mix of industrial and residential zoned land located on the opposite side of the State Highway. Uses within the surrounding industrial zoned land includes a mix of traditional industrial activities (i.e timber yard), and retail and service businesses (i.e hire companies, home improvement and engineering supplies, and automobile sales and services).

Annesbrook is strategically located between Stoke (approximately 2.5km) and the Nelson town centre (approximately 6km). It adjoins Tāhunanui to the north and is close to the Nelson Airport. Under the Council's FDS 2022 focus is on consolidation and growth in the Tāhunanui area and around the Stoke centre, graduating out to medium residential densities in surrounding areas. Growth in these areas could see an additional 3,000 new homes delivered over the next 30 years.

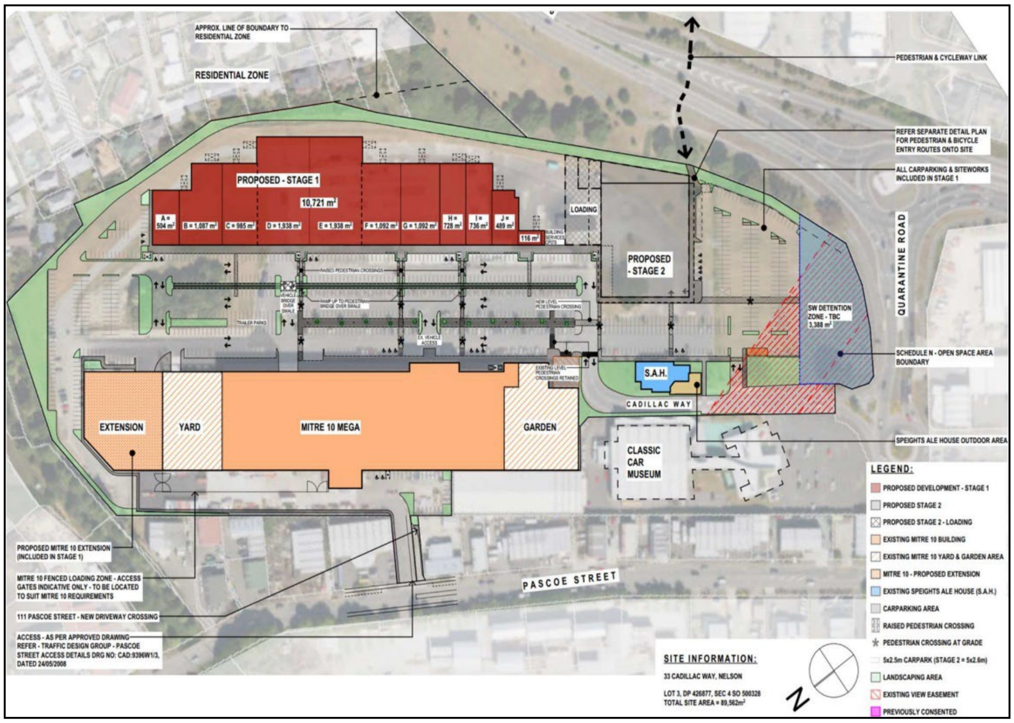

Figure 1 – Approved development for the Nelson Junction

5. STATUTORY FRAMEWORK

Sections 74 and 75 of the RMA set out legal obligations when changing a District Plan. Consideration needs to be given to whether the Plan Change accords with and will assist the Council in carrying out its functions under Section 31 of the RMA to, among other things, achieve integrated management of the effects of the use, development, or protection of land and associated resources. This includes the control of the actual and potential effects of land use or development on the environment in accordance with the provisions of Part 2 of the RMA, while recognising and providing for Section 6 matters, having particular regard to Section 7 matters, and taking into account Section 8 matters.

As required by Sections 74 and 75 of the RMA, a plan change must specifically give effect to, not be inconsistent with, take into account, or have regard to the following "higher order" documents which provide directions for the issues relevant to this Plan Change request:

- National Policy Statement on Urban Development 2020
- Nelson Tasman Future Development Strategy 2022
- Nelson Regional Policy Statement 1997
- Nelson Resource Management Plan 1996

A summary of the relevant parts of these planning documents/objectives, and an assessment of the proposed Plan Change against these matters is set out in the Section 32 Evaluation report attached in Annexure B.

Te Tau Ihu Statutory Acknowledgements also need to be considered for a plan change request. The Statutory Acknowledgements are a type of cultural redress included in the Te Tau Ihu Treaty Settlement, and afford legal recognition of the particular cultural, spiritual, historical and traditional associations of the eight iwi of Te Tau Ihu with an identified area. As local authority, Nelson City Council must have regard to any Statutory Acknowledgement within its area when determining whether the relevant Iwi may be adversely affected by a proposed plan change. The subject site is not located within an area of Statutory Acknowledgement.

6. PROPOSED DISTRICT PLAN AMENDMENTS

For the purposes of this Plan Change, any text in ~~strikethrough~~ is proposed to be deleted. Text underlined is proposed to be added.

The Plan Change seeks to amend the Nelson Resource Management Plan as follows:

1. Chapter 10, Industrial Zone rules, Sch.N Quarantine Road Large Format Retail:
   - delete Controlled activities rule N.3.3):

   "~~*3) It is not a supermarket (see definition provided); and*~~"

2. Chapter 10, Industrial Zone rules, Sch.N Quarantine Road Large Format Retail:
   - delete under Controlled activities N.3.3 the definition of supermarket –

   "~~*Supermarket:*~~

   ~~*Means an individual retail outlet with a gross floor area of not less than 500m² (or an equivalent area, including related back of house unloading, storage, preparation, staff and equipment space, within a larger store) and selling a comprehensive range of;*~~

   ~~*a) fresh meat and produce; and*~~

   ~~*b) of chilled, frozen, packaged, canned and bottled foods and beverages; and*~~

   ~~*c) of general housekeeping and personal goods, including (but not limited to) cooking, cleaning and washing products; kitchenwares; toilet paper, diapers, and other paper tissue products; magazines and newspapers; greeting cards and stationary; cigarettes and related product; barbeque and heating fuels; batteries, flashlights and light bulbs; films; pharmaceutical, health and personal hygiene products and other toiletries.*~~"

It is noted that the definition of 'Supermarket' under Schedule N of the NRMP only relates to the Nelson Junction site and so the deletion of this definition will have no implication for any other rule in the NRMP. There is also no definition for supermarket under the NRMP Meaning of Words, so no inconsistencies or conflicts will be created.

With these proposed amendments, supermarket activities would fall under the definition of Retail Activity under Schedule N, and so would be a Controlled Activity under Rule N.3. The matters of control for the Controlled Activities under Schedule N will remain unchanged and would apply to supermarket activities. These matters include:

- the layout of the central parking area;
- the provision of appropriate landscape planting within the parking area (including large trees planted at 15m centres), and in locations that help mitigate the impacts of large unmodulated facades;
- the provision of safe pedestrian access and links within the parking area;
- the provision for adequate lighting within the parking area;
- the colour of the external walls that face the boundary of the site;

- the modulation of externally facing walls;
- the ongoing provision of sufficient vehicular and pedestrian access to the Site from Pascoe Street and from the Site to Pascoe Street; and
- the maintenance of open space, and appropriate landscaping (including large specimen trees), on all of the land identified as "open space" on the plan provided within this Schedule. (The purpose of this criterion is to exclude buildings. It is however anticipated that appropriate signage be located within the open space area).

There is no change proposed to any other condition of Scheduled N, as such a supermarket activity on the site would fall within the total gross floor area of all activities on the site of 30,000m^2 and individual retail activity gross floor limits of no less than 500m^2.

ANNEXURE A

Assessment of Environmental Effects

Prepared by Planscapes (NZ) Ltd

Plan Change 31

Supermarket Activities at Nelson Junction

Assessment of Environmental Effects

1. INTRODUCTION

Clause 22(2) of Schedule 1 requires a plan change request to include a description of anticipated environmental effects, taking into account clause 6 and 7 of Schedule 4, in such detail as corresponds with the scale and significance of the actual and potential environmental effects anticipated from the implementation of the change. While the Council has now adopted the plan change request and section 74 of the RMA details the matters to be considered, this assessment is still considered relevant to understanding the plan change.

Use of the words *"effect"*, *"environment"* and *"amenity values"* in this assessment of effects on the environment should be interpreted as follows, in accordance with Sections 2 and 3 of the Resource Management Act 1991 (RMA):

"Effect" ... includes-
(a) Any positive or adverse effect; and
(b) Any temporary or permanent effect; and
(c) Any past, present, or future effect; and
(d) Any cumulative effect which arises over time or in combination with other effects- regardless of scale, intensity, duration, or frequency of the effects, and also includes-
(e) Any potential effect of high probability; and
(f) Any potential effect of low probability which has a high potential impact.

"Environment" includes –
(a) Ecosystems and their constituent parts, including people and communities; and
(b) Any natural and physical resources; and
(c) Amenity values; and
(d) The social, economic, aesthetic and cultural conditions which affect the matters stated in paragraphs (a) to (c) of this definition or which are affected by those matters.

"Amenity values" means those natural or physical qualities and characteristics of an area that contribute to people's appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes.

The following assessment has, where relevant, been guided by:

- Schedule 1, and clauses 6 and 7 of Schedule 4 to the RMA; and
- the receiving environment including the existing amenity values and character of the site and surrounds; and
- the permitted baseline, taking in account the 2006 Plan Change and approved resource consents for the site.

The relevant effects on the environment associated with this Private Plan Change request application ('the Plan Change request') are largely outlined in the attached specialists reports (Annexure C Traffic Assessment and Annexure D Economic Retail impact Assessment). A summary of these assessments and of additional effects not addressed in these reports is provided below for the following potential effects:

- Economic retail impact
- Traffic effects
- Other effects, including reverse sensitivity, visual amenity, urban design and noise effects.

2. BASELINE CONSIDERATRIONS

Section 95D(b) of the RMA provides direction for the permitted baseline of an activity in relation to assessment of adverse effects, stating that in deciding if an activity has an adverse effect that is more than minor, the consent authority may disregard an effect if a rule or national environmental standard permits an activity with that effect. In addition, effects can also be disregarded if the effect is related to:

- an existing lawfully established activity on the site; or
- an approved resource consent for the site.

The following permitted baseline considerations are considered relevant to the assessment of environmental effects for the requested Plan Change:

- Private Plan Change 06/01 that requested provision for large format retailing on the site; and
- resource consent applications approved to date for the site.

Private Plan Change 06/01

In 2006 Private Plan Change 06/01 was requested by Catal Ltd to accommodate large format retailing activities on the site. Specialist assessments undertaken for this request were carried out on the basis of the original changes sought which did not differentiate supermarket activities from other retail activities.

As a result of the notification, submission and hearing process, the Plan Change request 06/01 resulted in the addition of Schedule N into the Nelson Resource Management Plan (NRMP) to enable large format retail to occur on the site as a controlled activity, and supermarkets as a non-complying activity (as opposed to the original requested permitted activity status for all large format retail activities).

The large format retail activities on the site are controlled through the following limitations:

- total gross floor area of all activities on the site do not exceed 30,000m^2, and
- they are trade-related activities, or retail activities (excluding supermarket activities) of at least 500m^2 in gross floor area.

Control of the large format retail activities is reserved over the following matters:

- layout of the central parking area;
- provision of appropriate landscape planting;
- provision of safe pedestrian access and links within the parking area;
- provision for adequate lighting within the parking area;
- colour and modulation of the external walls;
- provision of sufficient vehicular and pedestrian access from/to Pascoe Street; and
- maintenance of open space.

As such, up to 30,000m^2 of large format retail activities, except supermarket activities, being greater than 500m^2 each, on the site forms a baseline for the assessment of effects. This includes all effects associated with this level of retail activities, including traffic (i.e road network) and economic effects.

Approved Resource Consents

A list of approved resource consents for the site is provided under the Private Plan Change Request report attached to the application as Annexure A.

Any matter resulting from the design, construction or operation of the building footprint and related retail activities on the site, have been addressed through these approved resource consent applications. This includes potential effects arising from the layout and design of the buildings, landscaping, parking layout and safety on the site, access to and from the site, including pedestrian and cycle access, and deliveries of goods on the site for the retail activities. The parameters of these approved consents also form the permitted baseline for the assessment of effects.

3. ECONOMIC RETAIL IMPACT ASSESSMENT

An Economic Retail Impact Assessment report has been prepared for the Plan Change by Property Economics, attached as Annexure D. In particular, the assessment looks at population growth and demographics, retail trends, retail spending patterns in Nelson City, food retailing supply versus the demand, the location of the Nelson Junction site in relation to the wider Nelson supermarket market, and the business composition of Tāhunanui. With this information Property Economics have assessed the potential retail impact on the Nelson Centres, including the Nelson CBD and Stoke Centre, of a supermarket activity at Nelson Junction.

While the assessment identifies that some of the retail sales of existing supermarkets would be lost due to a supermarket development at the Nelson Junction, the assessment indicates that these impacts are not of a scale to undermine the existing market and growth potential of these supermarkets. On the contrary, the assessment identifies that there is a significant net benefit of the proposal to the local community and wider Nelson City.

In particular, the assessment considers that overall, Nelson City is likely to experience net economic benefits from a proposed supermarket development, through reducing leakage to the Tasman region supermarkets, increasing employment opportunities, improving choice, and creating a more competitive and efficient market. This has particularly been identified as being the case for the Tāhunanui catchment. A supermarket on this site also represents a more efficient utilisation of currently vacant land.

Overall, Property Economics considers that the proposed Plan Change request to enable a supermarket development at the Nelson Junction site will not have significant impacts on the role, function, viability, vibrancy, and performance of any of the existing Nelson centres. As a result of this assessment, it can be concluded that on balance, with no significant impact on existing centres and an economic benefit to the community, economic effects of the Plan Change request will be less than minor.

Refer to the assessment attached in Annexure D for the full economic assessment.

4. TRAFFIC EFFECTS

Stantec have prepared a Traffic Report for the Plan Change, attached as Annexure C.

The report provides an assessment of the transport impacts associated with the Plan Change and the provision for supermarket activities at the Nelson Junction site. Specifically, the traffic assessment looks at the historic versus current traffic environment, particularly in the context of the 2006 Private Plan Change for the site, and assesses traffic associated with a proposed supermarket activity on this basis.

The assessment provides an overview of the transportation investigations and traffic analyses undertaken to date and provides consideration of the traffic generation associated with a mixture of development activities anticipated for the site.

In summary, the assessment concludes that the proposed changes to the NRMP provisions for Nelson Junction, to enable development of a supermarket alongside other activities already provided for on the site, will ensure the transport related effects of development of the full site are not materially different from the traffic effects assessed at the time of the 2006 Plan Change PC06/01 for the site.

5. OTHER EFFECTS

As discussed above in relation to baseline considerations, other potential effects associated with the Plan Change are considered to have either previously been assessed as part of the Private Plan Change in 2006 (ref 06/01), which resulted in provision for Large Format Retail activities on the site, or as part of the approved resource consent applications to develop the large format footprint and carparking areas (for the purpose of this assessment, being the parking areas and a footprint suitable for a supermarket development). In addition to traffic and economic effects, the assessed effects have included:

- effects on industrial land availability;
- urban design, visual amenity, and landscape effects of a large format retail development on the site;
- effects on residential amenity values from the development and operation of a large format retail activity on the site;
- reverse sensitivity effects of existing industrial activities surrounding the site;
- engineering effects, in relation to infrastructure servicing;
- natural hazard risks for the site, in particular stormwater inundation; and

- effects on the freshwater values of the stormwater drains on and adjacent to the site.

In addition, it is considered that some effects are more appropriate to be assessed at the time of a resource consent application for a supermarket activity (for a controlled activity), as opposed to for this Plan Change, given the level of design detail required to effectively assess such effects. The resource consent application process allows effects to be assessed and mitigation proposed in respect of the particular development proposal for the site. These effects assessments include:

- traffic engineering assessment, for the assessment of the carparking and pedestrian access standards provided on the site for a supermarket activity;
- noise effects associated with a supermarket activity;
- urban design and visual amenity effects for a supermarket activity, beyond what has already been assessed for the large format retail applications;
- landscaping of the car parking area, if it differs from what has already been approved for the large format retail development on the site;
- any effect on the Open space area on the site; and
- any other effects associated with the nature of the operation of a supermarket activity.

As a result of the above, there are no other potential adverse effects as a result of the Plan Change that are considered to require assessment.

6. SUMMARY OF ASSESSMENT OF EFFECTS

In conclusion, any adverse effects on the environment as a result of the Plan Change have been assessed overall to be less than minor.

The proposed changes will also result in positive effects for the environment and wider community, including:

- reduced retail leakage for the District to the Tasman region supermarkets;
- increased employment opportunities;
- improved consumer choice, particularly for the Tāhunanui catchment, creating a more efficient food retail market;
- during times of community emergencies, provision and support for the community needs in the Tāhunanui catchment through providing an 'essential service';
- sustainability benefits from reduced vehicle trips (and carbon emissions) for the Tāhunanui and surrounding catchments;
- efficiencies gained from cross-visitation trips on the overall site, where customers can visit multiple stores in a single visit; and
- efficient use of currently vacant land.

Because the adverse effects on the environment arising from this proposed Plan Change will be less than minor, the Applicant is not required to consider alternative locations or methods for undertaking the supermarket activity.

Identification of the parties affected by the proposed Plan Change and details of any consultation undertaken, is set out in the attached Section 32 Evaluation report (Annexure D).

Overall, the actual and potential effects of the Plan Change are considered to be acceptable from a resource management perspective.

ANNEXURE B

Section 32 Evaluation Report

Prepared by Planscapes (NZ) Ltd

Plan Change 31

Supermarket Activities at Nelson Junction

Section 32 Evaluation Report

Contents

1. INTRODUCTION

The purpose of this report is to is to fulfil the s32 requirements for the proposed Plan Change 31('the Plan Change' and 'the proposed Plan Change') for the Nelson Junction site and provide a s32 evaluation of the provision of supermarket activities on this site as a Controlled Activity under the Industrial Zone Schedule N of the Nelson Resource Management Plan (NRMP). The overarching purpose of Section 32 (s32) of the Resource Management Act 1991 (RMA) is to ensure that plans are developed using sound evidence and rigorous policy analysis, leading to more robust and enduring provisions.

Section 32 requires that an evaluation of the changes proposed in a plan change to a District Plan (or other resource management plan, standard or policy statement). The evaluation must examine whether the proposed objectives are the most appropriate way to achieve the purpose of the RMA, and whether the proposed provisions are the most appropriate way to achieve the objectives of the Plan. The report must consider reasonably practicable options and assess the efficiency and effectiveness of the provisions in achieving the objectives. This will involve identifying and assessing the benefits and costs of the environmental, economic, social, and cultural effects anticipated from implementing the provisions. The report must also assess the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the provisions.

In addition, the report examines any relevant directions from the statutory context including higher order documents.

2. STATUTORY FRAMEWORK

Section 73 and Schedule 1 of the RMA set out the requirements for what a plan change must address and/or contain. This includes an evaluation against Section 32 of the RMA.

In carrying out a s32 analysis, an evaluation is required to examine to extent to which the proposal achieves the purpose of the Act, namely the purpose and principles contained in Part 2 of the RMA.

Section 5 of Part 2 sets out the purpose of the RMA, which is to promote the sustainable management of natural and physical resources. Sustainable management means:

> *"managing the use, development, and protection of natural and physical resources to enable people and communities to provide for their social, economic and cultural wellbeing and for their health and safety, while –*
>
> > *(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
> > *(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
> > *(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment."*

In achieving this purpose, authorities need also to recognise and provide for the matters of national importance identified in Section 6, have particular regard to other matters referred to in Section 7, and take into account the principles of the Treaty of Waitangi referred to in Section 8.

Sections 74 and 75 of the RMA set out legal obligations when changing a District Plan. In addition to Part 2 of the Act, among other things, consideration needs to be given to whether a plan change:

- accords with the Council in carrying out its functions under Section 31 of the RMA;
- is in accordance with and gives effect a national policy statement, a New Zealand coastal policy statement, and a national planning standard;
- gives effect to any regional policy statement;
- has regard to any management plans and strategies proposed under other Acts; and
- takes into account any relevant planning document recognised by an iwi authority.

An explanation of the relevant sections of the RMA and higher order documents is given below, providing an overview of the statutory direction relevant to this Plan Change. As mentioned above, the RMA prescribes certain requirements for how district plans are to align with other instruments. Whether the District Plan objectives and provisions relevant to this Plan Change, and in particular provision of supermarket activities under Schedule N of the Industrial Zone, do that will be discussed in Section 5 of this report.

2.1 Section 6 of the RMA

Section 6 of the RMA sets out matters of national importance that shall be recognised and provided for in relation to managing the use, development, and protection of natural and physical resources.

There are no matters of national importance that are relevant to this Plan Change.

2.2 Section 7 of the RMA

Section 7 of the RMA sets out matters that shall be given particular regard to in relation to managing the use, development, and protection of natural and physical resources. Relevant matters of Section 7 include:

- 7(b) The efficient use and development of natural and physical resources:

  This is relevant in terms of the efficient use and development of the limited physical resource of urban land, in particular industrial zoned land.

- 7(c) The maintenance and enhancement of amenity values:

  This is relevant in terms of the potential adverse effects of proposed supermarket activities on the amenity values of adjoining and surrounding land uses, in particular the amenity values of adjoining residential uses.

- 7(f) Maintenance and enhancement of the quality of the environment:

  This is relevant in terms of the potential adverse effects of proposed supermarket activities on the surrounding environment and the values of that environment, including the current level of quality of this environment.

2.3 Section 8 of the RMA

Section 8 of the RMA requires in relation to managing the use, development, and protection of natural and physical resources, that the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) shall be taken into account.

The subject site is not located within an area of Statutory Acknowledgement and does not relate to a known cultural site. As such Section 8 is assessed as not being relevant to this proposal.

2.4 National Instruments

There are six National Policy Statements (NPSs) currently in force:

- NPS for Electricity Transmission 2008
- New Zealand Coastal Policy Statement 2010
- NPS for Renewable Electricity Generation 2011
- NPS for Freshwater Management 2020
- NPS on Urban Development 2020
- NPS for Highly Productive Land 2022

The NPS on Urban Development 2020 (NPS-UD) is the only National Policy Statement of particular relevance to this Plan Change.

The NPS-UD was gazetted in August 2020 and replaces the NPS on Urban Development Capacity. It recognises the national significance of having well-functioning urban environments that enables people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future. It requires RMA plans to provide opportunities for land development to meet different needs of people and communities, supported by sufficient development capacity. The NPS-UD largely applies to urban environments, with some specific policies for tier 1 and tier 2 Councils (with Nelson City Council being a tier 2 Council).

The following table summarises the key objectives and policies of the NPS-UD 2020 that are relevant to this Plan Change and need to be given effect to:

NPS	NPS Relevant Objectives / Policies
National Policy Statement on Urban Development Capacity 2020	***Objective 1**: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future*
	***Objective 4**: New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations.*
	***Policy 1**: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:* *…* *(c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and* *(d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and* *…*
	***Policy 6**: When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters:* *(c) the benefits of urban development that are consistent with well-functioning urban environments (as described in Policy 1)*

Table 1 – Relevant NPS-UD provisions

There are also nine National Environmental Standards (NESs) currently in force:

- NES for Air Quality 2004
- NES for Sources of Human Drinking Water 2007
- NES for Electricity Transmission Activities 2009
- NES for Assessing and Managing Contaminants in Soil to Protect Human Health 2011
- NES for Telecommunication Facilities 2016
- NES for Plantation Forestry 2017
- NES for Freshwater 2020
- NES for Marine Aquaculture 2020
- NES for Storing Tyres Outdoors 2021

There are no National Environmental Standards of relevance to this Plan Change.

A review of the National Planning Standards and other National Guidance documents has been undertaken and there are no other national documents that are required to be given effect to for this Plan Change.

It is noted that the subject site has been listed on Council files as a HAIL site in accordance with the Hazardous Activities and Industries List (HAIL) 2011. Site remediation works are currently being undertaken on site as part of previously approved resource consent applications. As a result, this classification is no longer considered of relevance.

2.5 Regional Policy Statement

The proposed Plan Change is required to give effect to the Nelson Regional Policy Statement 1997. The Regional Policy Statement sets out how Council will achieve integrated management of the significant resource management issues of the area. The Council initiated a review of Policy Statement in 2007, however this has since been placed on hold.

The Nelson RPS addresses the following broad issues for the District:

- tangata whenua interests;
- urban expansion;
- natural hazards;
- protection of areas of significant amenity or conservation value;
- impacts on landscape values and natural features;
- protection of significant indigenous vegetation and significant habitats of indigenous fauna;
- management of pests;
- management of riparian and coastal margins;
- effects from works in beds of rivers and lakes;
- management of the coastal environment;
- quality of natural waters;
- sustainability of the soil resource;
- air pollution;
- use of energy and emission of greenhouse gases;
- solid waste management;
- management of hazardous substances and contaminates sites; and
- management of infrastructure.

The Plan Change is not inconsistent with any specific issue of the Nelson Regional Policy Statement.

2.6 Iwi Management Plan(s)

Iwi Management Plans are lodged by iwi authorities to Council under the Resource Management Act 1991. Once lodged with Council, they are planning documents that Council is required to take into account when preparing or changing RMA plans. Iwi Management Plans document iwi worldview and aspirations for the management of resources, and help Councillors and staff to better understand those issues.

The following Iwi Management Plans have been lodged with the Nelson City Council:

- Pakohe Management Plan 2015 (Ngāti Kuia)
- Nga Taonga Tuku Iho Ki Whakatū Management Plan 2004 (Ngāti Rārua, Ngāti Toa Rangatira, Te Ātiawa, Ngāti Koata, Ngāti Tama)
- Iwi Management Plan 2002 (Ngāti Koata)
- Te Tau Ihu Mahi Tuna (Eel Management Plan) 2000 (all Iwi)
- Environmental Management Plan 2018 (Ngāti Tama)

There are no specific matters of these Iwi Management Plans that are relevant to the Plan Change.

2.7 Any other relevant Plan or Strategy

The Nelson Tasman Future Development Strategy 2022 (NTFDS) was prepared in collaboration between the Tasman and Nelson City Council's following the release of NPS-UD in 2020. The NTFDS is a 30-year high-level strategic plan that outlines areas in the region where there is potential for future housing and business growth.

Under the NTFDS there is a focus, among other areas, on consolidation and growth in the Tāhunanui area and around the Stoke centre, graduating out to medium residential densities in surrounding areas. The NTFDS predicts growth in these areas requiring an additional 3,000 new homes to be delivered over the next 30 years.

The Plan Change is of relevance to the NTFDS in that it provides for and supports people's wellbeing in a location that has been identified suitable for residential intensification.

There are no other management plans or strategies prepared under other Acts that are relevant to this Plan Change.

3. RESOURCE MANAGEMENT ISSUES ANALYSIS

3.1 Background

The proposed Plan Change relates to the provision of activities for the Nelson Junction site as set out under Schedule N of the Industrial Zone chapter of the NRMP. Schedule N is a site specific set of provisions that were introduced to the NRMP through a private plan change process.

Private Plan Change 06/01 was requested by Catal Ltd (the landowners at that time) to accommodate large format retailing activities on the Nelson Junction site. The request originally included inserting a new overlay into the NRMP and a suite of rules that enabled large format retail to occur on the site as a permitted activity. As a result of submissions, including a submission from Foodstuffs who were concerned about ensuring that no supermarkets could establish on the site, the plan change was amended and resulted in the proposed addition of Schedule N into the NRMP for the Nelson Junction site. This included a new set of rules with controlled activity status for large format retail activities and non- complying activity status for supermarket activities. The Plan Change became operative in March 2008.

Since the 2006 Plan Change the RMA has been amended (the Resource Management Simplifying and Streamlining Amendment Act 2009) to exclude consideration of trade competition from resource consent and plan making processes to reduce the ability for the RMA to be used for making frivolous, vexatious or anti-competitive objections and appeals. This included, among other changes, amendments to limit the ability for trade competitors to participate in objection and appeal processes, unless they are directly affected by an adverse effect of the activity on the environment, and requiring decision-makers not to have regard to trade competition or its effects.

National policy development since 2006 has also included the introduction of the National Policy Statement for Urban Development which seeks to ensure New Zealand has well-functioning urban environments that enable people to provide for their wellbeing and the changing needs of communities. As a result of the NPS-UD the Council prepared the NTFDS to plan for growth over the next 30 years. The NTFDS shows a concentration of residential growth in the Tāhunanui area and around the Stoke centre.

3.2 Assessments Undertaken

Technical advice from experts has been commissioned to assist with assessing the existing environment and the potential effects of the Plan Change on the environment, and if potential options are required to mitigate any adverse effects. This advice includes the following:

Title	Author	Description of Report
Traffic Assessment	Stantec	Assessment of the transport impacts associated with the Plan Change request and the provision for supermarket activities at the Nelson Junction site.
Economic Retail Impact Assessment	Property Economics	Assessment of the potential retail impact on the Nelson Centres, including the Nelson CBD and Stoke Centre, of a supermarket activity at Nelson Junction.

Table 2 – Technical Reports informing the Plan Change

In summary, the traffic assessment concludes that transport related effects of the development of the full site, including a supermarket activity, remain comparable to the traffic effects assessed at the time of the 2006 Plan Change (PC06/01) for the site.

Further to the Economic Assessment, Property Economics concludes that on balance the proposed Plan Change will not have significant impacts on the role, function, viability, vibrancy, and performance of any of the existing Nelson centres, with no significant impact on existing centres and an economic benefit to the community.

Refer Annexures F and G for the full traffic and economic assessments.

3.3 Analysis of Operative District Plan Objectives and Policies

The current Nelson Resource Management Plan's district wide and zone objectives and policies relevant to this proposed Plan Change are summarised in Table 3 below, with emphasis added (in **bold**) to relevant text:

Plan Chapter	Objective	Policy
Chapter 5 – District wide Objectives and Policies	Objective DO16.1 Management of resources by location: *Management of the natural and physical resources of Nelson in a way that responds to the varying resource management issues and the varying actual and potential effects of use, subdivision, development, and protection arising in different parts of the District.*	Policy DO16.1.1 Zones: 4. Industrial zone *An environment within which there are opportunities for the needs of industry to be met, where the actual and potential effects of industrial activity are contained and **some large format retailing is provided for in a discrete and efficient manner within Schedule N**.*
		Policy DO16.1.1 zones: 4. Industrial zone Explanation and reasons DO16.1.1.viii *Notwithstanding the foregoing considerations, **provision is made for Large Format Retailing activities in the Industrial Zone specifically in Schedule N at Tāhunanui**. This approach recognises that:* *a) the character of some commercial activities is incompatible with the function and amenity levels of the Commercial Zones* *b) the scale of and foreseeable demand for some commercial activities is such that may be impractical for them to find adequate land in the Commercial Zones* *c) the provisions will tend to reduce the trend to increasing widespread "commercialisation" of Industrial land, and its adverse economic consequences for industrial activities* *d) the provisions are compatible with the objectives and policies for the Inner City and Suburban Commercial Zones*
Chapter 10 – Industrial Zone Objectives and Policies	Objective IN1 Efficient use of resources: *The efficient use of natural and physical resources within the Industrial Zone.*	Policy IN1.2 Retail activities *Retail activities should not locate in the Industrial Zone unless:* *d) **they are located within the site defined in Schedule N**.*
		Policy IN1.2 Retail activities: Explanation and reasons IN1.2.i *Retail activities in particular have tended to drift into industrial areas under the guise of warehousing or servicing. Many of the areas previously favoured for this style of activity have now been provided for with a commercial zoning i.e. the Inner Fringe area. **Specific provision has also been made for such large format retailing in Tāhunanui in Schedule N.** This policy recognises that there are retail and other large format activities which either have a particular need for an industrial location, are simply not suited to zones where the pattern of development may be more intense or vulnerable to adverse effects that some types of retail activity may generate, or simply cannot be*

		accommodated within commercial zones on the basis of land supply and demand and market growth.
	Objective IN2 Amenity of industrial and adjoining areas: *Maintenance and enhancement of the amenity of the Industrial Zone and adjoining zones.*	Policy IN2.4 Limit incompatible activities *Activities which require higher standards of amenity than complying industrial activities should not locate within the Industrial Zone,* ***other than in special circumstances.***

Table 3 – Relevant NRMP provisions

These Objectives and Policies do not specifically address or discourage supermarket activities on the Nelson Junction site. Through providing for large format retail activities in Tāhunanui the policies on the contrary seek outcomes that are consistent with the strategic direction of the NPS-UD and the NTFDS, in particular, in that these policies support growth in the Tāhunanui area.

3.4 Stakeholder Engagement

Consultation has been undertaken via meetings and email dialogue with Waka Kotahi and the Nelson City Council Transport Team. A summary of the feedback received from these stakeholders during this consultation is summarised below in Table 4, and in more detailed in the Traffic Report in Annexure C.

Date	Stakeholders	Feedback and resulting changes to the draft proposal
December 2021/January 2022 and March 2023	Waka Kotahi NZTA	Since the traffic effects have been assessed to be no greater than those anticipated and assessed during the Plan Change PC06/01 process, no additional traffic impact assessments are required from Waka Kotahi. During discussions, further traffic surveys were requested to validate the level of traffic activity associated with the existing site activities of Mitre 10 and the Speights Ale House, and to benchmark against the new Countdown Richmond supermarket. These traffic surveys have subsequently been completed.
December 2021/ January 2022 and February/March 2023	Nelson City Council – Transport Team	Liaison with the Council to date also indicates an acceptance in principle of the proposed Plan Change from a transport perspective, with further validation sought of the scale of traffic activity.

Table 4 – Summary of Consultation for the Plan Change

There are no other stakeholders that are deemed relevant or affected by the Plan Change where consultation was considered necessary.

3.5 Summary of Issues Analysis

Based on the analysis and consultation outlined above the following issues have been identified:

Issue	Comment	Response
The current non-complying activity status for supermarket activities under Schedule N of the NRMP is contradictory to current RMA requirements, outdated, and inconsistent with best practice and	The RMA has been amended to exclude consideration of trade competition from resource consent and plan making processes. In addition, national policy direction – the NPS-UD – seeks to ensure New Zealand has well-functioning urban environments that enable people to provide for their wellbeing and the changing needs of communities. The	A non-complying activity status for supermarkets on the Nelson Junction site is inconsistent with the purpose and direction from the RMA and NPS-UD, and subsequently, the NTFDS. Policy direction in the NRMP however does not preclude

National government policy direction.	Nelson Tasman FDS shows a concentration of residential growth in the Tāhunanui area and around the Stoke centre over the next 30 years.	supermarket activity use on the subject site. More effective and efficient provisions are deemed to be required.

Table 5 – Summary of Issues

4. SCALE AND SIGNIFICANCE EVALUATION

Under s32(1)(c) of the RMA, this evaluation report needs to contain a level of detail that corresponds to the scale and significance of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the proposal.

4.1 The Degree of Shift in the Provisions

The level of detail in the evaluation of the proposal has been determined by the degree of shift of the proposed provisions from the status quo, and the scale of effects anticipated from the proposal.

The degree of shift in the provisions from the status quo is not considered significant. Particularly, it is not as substantial as, for example, addressing a new resource management issue or proposing a new management regime, and represents a minor change in the rule framework. It does not involve any change to a District Plan objective or policy.

4.2 Scale and Significance of Effects

The scale and significance of the likely effects anticipated from the implementation of the Plan Change has also been evaluated. The assessment of the environmental, economic, social and cultural effects anticipated has been confirmed by the technical assessment reports. In making this evaluation consideration has been given to the fact that the proposed provisions:

- will result in effects that have been considered, implicitly or explicitly, by higher order documents, and will give effect to the relevant higher level RMA document;
- implement a statutory planning document;
- relate to a discrete set of site specific provisions;
- are of localised significance;
- will have a limited impact on private properties;
- will benefit the wider community;
- will have a low level of interest or impact for local iwi;
- result in a minor change to the character and amenity of local communities;
- will have less than minor adverse environmental effects, and
- will result in positive social and economic effects.

The overall scale and significance of this proposal has been assessed as being low. This means that this evaluation report only needs to contain a low level of detail and analysis.

5. EVALUATION OF THE PROPOSAL

5.1 Statutory Evaluation

A change to a district plan should be designed to accord with Sections 74 and 75 of the RMA to assist the territorial authority to carry out its functions, as described in s31, so as to achieve the purpose of the Act. The aim of the analysis in this section of the report is to evaluate whether the proposed Plan Change meets the applicable statutory requirements, including the District Plan objectives. The relevant higher order documents and their directions are outlined in Section 2 of this report. Section 3.3 above sets out the directions provided by the District Plan objectives and policies.

5.2 Evaluation of the Purpose of the Plan Change

Section 32 requires an evaluation of the extent to which the objectives of the proposal are the most appropriate way to achieve the purpose of the RMA (s 32(1)(a)).

The existing objectives of the operative Nelson Resource Management Plan are not proposed to be altered or added to by this Plan Change. This report, therefore, evaluates the extent to which the purpose of the proposed Plan Change (s32(6)(b)) is the most appropriate way to achieve the purpose of the RMA (s32(1)(a) (where 'objectives of the proposal' means 'the purpose of the proposal' as per s32(6)(b)]).

The evaluation, therefore, examines whether:

- the purpose of the Plan Change (s32(6)(b)) is the most appropriate way to achieve the purpose of the RMA (s32(1)(a));
- the provisions in the proposal are the most appropriate way to achieve the purpose of the Plan Change (refer to Section 6 below) (s32(1)(b)); and
- the provisions in the proposal implement the unaltered objectives of the District Plan (refer to Section 6 below) (s75(1)).

The following table provides an evaluation of the purpose of the proposed Plan Change as well as an alternative purpose to establish which is the most appropriate way to achieve the purpose of the RMA (s32(1)(a) and s32(6)(b)).

Purpose of the proposal	Summary of Evaluation
Purpose of the Plan Change as proposed is to provide for supermarket activities on the Nelson Junction site in accordance with the provision of other retail activities on the site.	1. The intent of the Plan Change is to provide for supermarket activities at Nelson Junction in accordance with how other retail activities are provided for on the site, thereby ensuring the site-specific provisions are consistent with strategic directions in the NPS-UD and NTFDS. 2. The Plan Change provides for retail activities within Schedule N, being consistent with policies in Chapters 5 and 10 of the NRMP. 3. The implementation of the Plan Change will be consistent with the amenity and character of the existing site, and site-specific provisions, and overall will have a less than minor environmental effect. 4. The proposal seeks to address the resource management issues identified earlier, namely that the current non-complying activity status for supermarket activities is contradictory to current RMA requirements, outdated and inconsistent with best practice and National government policy direction. 5. The proposed Plan Change would (in the context of Part 2 matters) ensure that the NRMP provides for: • the efficient use and development of land, • the maintenance and enhancement of amenity values of the site and surrounding area, and • maintenance and enhancement of the quality of the environment for the site and surrounding area.
Alternative purpose - Retain status quo (no changes to provisions)	The current, unchanged Rule N3.3 of Schedule N of the Industrial zone chapter does not provide supermarket activities on the subject site. This is not entirely aligned with policy direction of the NRMP and the NPS-UD, and does not fully support Council in achieving strategic direction of the NTFDS.
Summary of evaluation: The above analysis indicates that the purpose of the proposed Plan Change is consistent with the NRMP objectives and policies, and higher order directions of the NPS-UD and NTFDS, and the purpose of the RMA, in particular the Plan Change contributes to providing for a well-functioning urban environment	

that enables the community to provide for their social and economic wellbeing, By comparison, the alternative of retaining the status quo, would not resolve the issues outlined earlier, and not be consistent with the relevant higher order directions.

Table 6 – Evaluation of the purpose of the proposal

It is, therefore, considered that the purpose of the proposed Plan Change is the most appropriate way to achieve the purpose of the Act. In establishing the most appropriate provisions for the proposal to achieve the purpose of the proposed Plan Change, reasonably practicable options for provisions were identified and evaluated, with a summary provided as follows.

5.3 Reasonably Practicable Options

In considering reasonably practicable options for achieving the objectives of the Plan and any relevant higher order directions, the following options for rules have been identified. Taking into account the environmental, economic, social and cultural effects, the options identified were assessed in terms of their benefits and costs. Based on that, the overall efficiency and effectiveness of the options was assessed.

Option 1 – Proposed Plan Change
Remove the non-complying activity status and definition of supermarket activities under Schedule N of the Industrial Zone chapter, therefore allowing supermarket activities to fall under the definition of a 'retail activity' under Schedule N, with a controlled activity status.

Option 2 – Status quo
Set supermarkets apart from other retail activities on the site under Schedule N of the Industrial Zone chapter, with a non-complying activity status.

5.4 Evaluation of Options for Provisions

The policies of the proposal must implement the objectives of the District Plan (s75(1)(b)), and the rules are to implement the policies of the District Plan (s75(1)(c)). In addition, each proposed policy or method (including each rule) is to be examined as to whether it is the most appropriate way for achieving the purpose of the proposed Plan Change (s32(1)(b)).

The tables below summarise the assessment of costs and benefits for each provision option based on their anticipated environmental, economic, social, and cultural effects. The assessments are supported by the information obtained through technical reports and consultation. The overall effectiveness and efficiency of each option has been evaluated, as well as the risks of acting or not acting.

Option 1 – Proposed Plan Change

Benefits	**Appropriateness in achieving the objectives/ higher order document directions**
Environmental: • Retains the large format retail character and amenity of the existing site and surrounding area. • More efficient utilisation of currently vacant land.	Efficiency: The efficiency of the proposed provisions is high because the benefits outweigh the costs. Effectiveness: The effectiveness of the proposed provisions is high because they will provide a set of known and enabling site specific provisions that allows the community to provide for their social and economic wellbeing and contributes to Nelson being a well-functioning urban environment.
Economic: • Reduces leakage to the Tasman region supermarkets. • Increases employment opportunities in Nelson. • Creates a more competitive and efficient food retail market in Nelson. • Overall, a supermarket at the Nelson Junction site will not have significant impacts on the role, function, viability, vibrancy, and performance of the existing Nelson centres.	

Social: • Improves food retail choice and reduces travel time for residents of Tāhunanui and surrounding catchment. • Supports community needs during times of community emergencies through providing an 'essential service' for the Tāhunanui catchment.	
Cultural: • No specific cultural benefits have been identified.	
Costs	
Environmental: • Slight change in the nature of the anticipated retail activity operation on the site for neighboring residents, however this can be effectively addressed through the resource consent process. • No other environmental costs of this approach have been identified.	
Economic: • Some of the retail sales of existing supermarkets would be lost due to a supermarket development at the Nelson Junction.	
Social: • No specific social costs have been identified.	
Cultural: • No specific cultural costs have been identified.	
Risk of acting/not acting: The proposed provisions are already established, well-understood and have been successful in delivering large format retail development on the site. Economic assessment confirms overall a net economic benefit to the community. There is sufficient certainty to act.	
Recommendation: This option is recommended as it is considered the most appropriate to give effect to the NPS-UD, NTFDS and NRMP Objectives and Policies, and achieves the purpose of the Plan Change and RMA. In summary, the proposed change delivers on providing for a well-functioning urban environment that enables the community to provide for their social and economic wellbeing.	

Option 2 – Status Quo

Benefits	**Appropriateness in achieving the objectives/ higher order document directions**
Environmental: • Retains existing character and amenity of the site and surrounding area.	Efficiency: The efficiency of the status quo is limited with benefits and costs being indifferent. Effectiveness: The status quo is ineffective in achieving the purpose of the Plan Change or aligning to the full potential with policy direction of the NRMP and the NPS-UD and strategic direction of the NTFDS.
Economic: • Retail sales of existing supermarkets would be retained.	
Social: • No specific social benefits have been identified.	
Cultural: • No specific cultural benefits have been identified.	

Costs	
Environmental: • No environmental costs of this approach have been identified.	
Economic: • Limited opportunity for competition and choice in the food retail market in Nelson. • Leakage to the Tasman region supermarkets.	
Social: • Residents of Tāhunanui and the surrounding catchment need to continue to travel to Stoke or Nelson for food retail.	
Cultural: • No specific cultural costs have been identified.	
Risk of acting/not acting: There is sufficient certainty that continuing the status quo will not provide for supermarket activities at Nelson Junction and will therefore not achieve the purpose of the Plan Change.	
Recommendation: This option is not recommended as it is not considered the most appropriate way to give effect to the NPS-UD, NTFDS and NRMP Objectives and Policies, or the purpose of the Plan Change.	

Summing up, Option 1 is considered efficient and effective in achieving the objectives of the Plan and the relevant directions of higher order documents, and is the preferred option.

6. CONCLUSIONS

This evaluation has been undertaken in accordance with Section 32 of the RMA in order to identify the needs, benefits and costs, and the appropriateness of the proposal having regard to its effectiveness and efficiency relative to other means in achieving the purpose of the RMA. The evaluation demonstrates that this proposal is the most appropriate option as follows:

- Higher order requirements including the NPS-UD and NTFDS are given effect to;
- The proposal is consistent with objectives and policies of the NRMP;
- Overall, a supermarket at the Nelson Junction site will not have significant impacts on the role, function, viability, vibrancy, and performance of the existing Nelson centres; and
- The proposed change contributes to providing for a well-functioning urban environment that enables the community to provide for their social and economic wellbeing.

ANNEXURE C

Traffic Assessment

Prepared by Stantec

Nelson Junction Plan Change

TRAFFIC REPORT

PREPARED FOR GP INVESTMENTS LIMITED | MARCH 2023

We design with community in mind

Revision schedule

Rev No	Date	Description	Signature of Typed Name (documentation on file)			
			Prepared by	**Checked by**	**Reviewed by**	**Approved by**
0	23/03/2023	Draft for Comment	JW	MG	MG	MG
1	27/03/2023	Final Draft	JW	MG	MG	MG
2	29/03/2023	Final	JW	MG	MG	MG

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Quality statement

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1 Introduction

Stantec New Zealand has been commissioned by GP Investments Limited to provide an assessment of the transport impacts associated with a proposed Private Plan Change request ("the proposed Plan Change"), which seeks to make an activity status change for supermarket activities related to land located at the northern corner of Quarantine Road and State Highway 6 ("SH6"), commonly referred to as 'Nelson Junction' (the "Site").

The Site is zoned 'Industrial' under the Nelson Resource Management Plan ("NRMP") and includes a Large Format Retail ("LFR") Schedule (SchN) that allows for a range of LFR activities to be established at the Site. The Schedule, which was introduced through private Plan Change 06/01 ("PC06/01") and adopted in 2008, recognises the benefits of enabling a range of retail activities within the single Site, with agglomeration of similar activities providing transport efficiencies associated with customer cross-visitation that serves to reduce overall trips generated by individual activities as compared to standalone LFR development.

This Report has been prepared to provide an overview of the transportation investigations and traffic analyses undertaken to inform the proposed adjustment to the current NRMP provisions, which seeks to re-classify the development of a 'supermarket' on the Site from non-complying to a controlled activity.

Accordingly, the Report includes an assessment of the transport related elements of the proposed Plan Change including specific consideration of the traffic generation associated with a mixture of development activities including a supermarket, which would be permissible under the revised NRMP provisions, should the Plan Change be approved.

By way of summary, based on the assessment undertaken herewith it is concluded that the proposed changes to the NRMP provisions at the Site, to enable development of a supermarket alongside other activities already permitted, will ensure the transport related effects of the full Site development are not materially different from those fully assessed at the time of the original PC06/01.

2 Site Location and Context

2.1 Location

The Site currently accommodates a Mitre 10 Mega store and Speight's Ale House restaurant, within an overall Site extent as shown in **Figure 2-1**.

Figure 2-1: Site Location and Surrounding Road Network

The existing activities are served by Cadillac Way which forms the primary access to the Site via a fourth leg of the Quarantine Road / Nayland Road roundabout. The Mitre 10 Mega store has a rear servicing access at Pascoe Street. The Classic Car Museum adjoins the Site to the west and is accessed off Cadillac Way.

2.2 Background to Site Development

The Site was originally occupied by Honda New Zealand as a car assembly plant until around the year 2000. Since then, the adjacent Museum was opened in 2001, the Mitre 10 Mega store was opened in 2006, followed by the Speight's Ale House in 2010.

In coordination with the Mitre 10 development, a Plan Change was sought in 2006 (PC06/01) to accommodate large format retail (excluding supermarkets) across the balance of the Site, in recognition of the strategic location and transport benefits of co-locating similar retail activities within one destination, which would enable cross-visitation and encourage multiple visits associated with a single vehicle trip.

A Transportation Assessment Report was prepared and accompanied the PC06/01 application, to determine the impact of developing the Site for large format retailing purposes. At the time, the traffic effects were comprehensively assessed, with detailed traffic modelling undertaken to demonstrate the scale of effects and level of mitigation needed.

In 2008, PC06/01 was approved and a Schedule was added to the NRMP allowing LFR activities (excluding supermarkets) to be established across the Site up to a total of 30,000m² Gross Floor Area("GFA"), inclusive of the Mitre 10.

3 Existing Transport Environment

Figure 3-1 shows the Site location in the context of the surrounding road hierarchy, as defined by the NRMP.

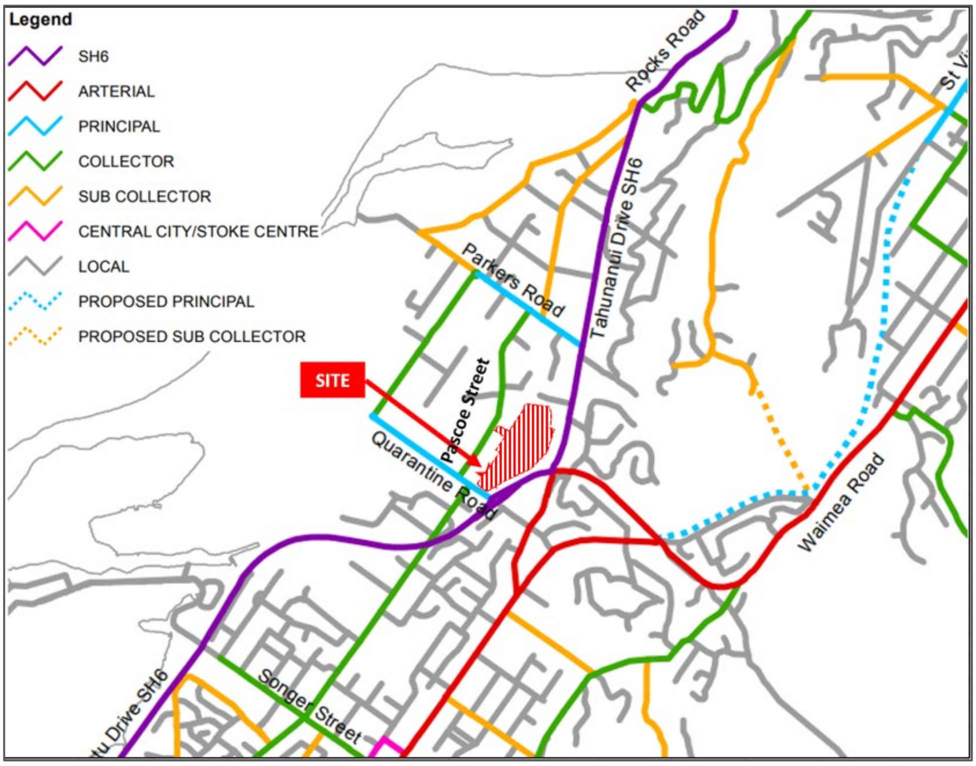

Figure 3-1: NRMP Road Hierarchy

As shown, the Site is well located in terms of access to the primary roading network in this area of Nelson, being sited directly adjacent to the SH6 corridor and other key arterial and principal roads of Waimea Road and Quarantine Road.

Those roads in the immediate vicinity of the site are detailed below.

- State Highway 6 (SH6) - State Highway. This road is configured as a limited access highway providing a key connection between Nelson City and Richmond;
- Quarantine Road - Principal Road. This is a two-way road providing a connection between SH6 via a large roundabout and Nelson Airport. Primary access to the subject development site is gained via this road;
- Pascoe Street - Collector Road. This is a two-way road with parking on either side and forms a spine route through the industrial zoned land to the north, noting it connects with Quarantine Road via a priority tee-intersection. This road provides a service vehicle egress from the existing Mitre 10 Mega store; and
- Cadillac Way - Local Road / Access. This road is configured as a two-way road and forms the northern leg of the Quarantine Road / Nayland Road roundabout. Beyond the roundabout, Cadillac Way extends as a private road and forms the primary access to the Site.

Since development of the Site was first anticipated, a number of improvements have been implemented to the adjacent roading network to respond to background traffic growth, including that associated with the Airport and industrial land to the north. In 2001, in conjunction with establishing the Museum, the Quarantine Road / Nayland Road intersection was upgraded to a roundabout (with single circulating lanes) and a new road connection (Cadillac Way) constructed to serve access to the Museum site, and to provide access to the wider Nelson Junction Site. The Quarantine Road / Nayland Road roundabout was then further upgraded in 2005 with dual circulating lanes, in coordination with improvements at the Quarantine Road/SH6 roundabout and along the intervening length of Quarantine Road between the two roundabouts. More recently, a series of upgrades were made to the SH6 / Quarantine Road roundabout, increasing the number of approach lanes and improving active mode amenity through this area.

The current arrangements for the Quarantine Road / Cadillac Way are illustrated in the aerial photograph included at **Figure 3-2** below.

Figure 3-2: Local Intersections

As shown, the Cadillac Way egress onto Quarantine Road includes a separate left turn onto Quarantine Road immediately east of the roundabout whilst a second lane provides for through traffic and right turning vehicles to connect with the roundabout.

The current arrangement was implemented to accommodate the anticipated traffic needs of the Site, in response to full development enabled by PC06/01.

3.1 Local Traffic Volumes

Table 3-1 below summarises the latest available traffic count data recorded for the roads in the vicinity of the Site.

Table 3-1: Daily Traffic Volumes

ROAD	LOCATION	COUNT DATE	ADT
SH6	Count Site 00620122 (adjacent Songer Street)	2019[1]	25,750
Quarantine Road	West of Pascoe Street	2019	7,500
Pascoe Street	Just north of Quarantine Road	2019	8,500
Cadillac way	Just north of access to the museum	2022	3,180

As can be seen, SH6 carries the largest traffic volumes in the vicinity, commensurate with its regional function in accommodating daily volumes of around 26,000 vehicles per day ("vpd"). A review of the historic traffic volumes on this route show growth over the last 10-years of around 2.5% per annum.

[1] 2019 volumes reported, to avoid the influence of Covid-19

By comparison, Quarantine Road and Pascoe Street carry 7,500vpd and 8,500vpd, respectively, indicating their roles in accommodating traffic associated with Nelson Airport to the west (in the case of Quarantine Road) and the industrial area to the north (in the case of Pascoe Street). A review of the historic traffic patterns for these two streets over the last 10-years shows relatively modest growth on Quarantine Road, with annual increases on Pascoe Street of around 2.5%.

A recent tube count undertaken on Cadillac Way just north of the museum entrance, which was commissioned by Stantec for this project to capture current Mitre 10 and Speights Ale House volumes in August 2022, indicates average daily flows of just over 3,000vpd.

3.2 Sustainable Transport

The Nelson public transport network comprises twelve routes that service Nelson, Richmond and the surrounding areas. **Figure 3-3** shows the public transport network map.

Route 2 operates between Nelson and Richmond via Tahunanui Drive and SH6 at 30-minute intervals during the peaks and hourly in the off peak. The nearest bus stops are located approximately 500 metres from the Site. In addition, Route 7 (the Stoke Loop) operates within the Stoke area to provide transport options between the residential areas, industrial zone via Nayland Road, along with connection to the Route 2 service, with a bus stop located on Cadillac Way adjacent to the Site.

Routes, services and stops are routinely reviewed by the Council and changes made if deemed appropriate in response to new activities and demand such as may be the case with further development of Nelson Junction. This will be a matter for future consideration by the Council.

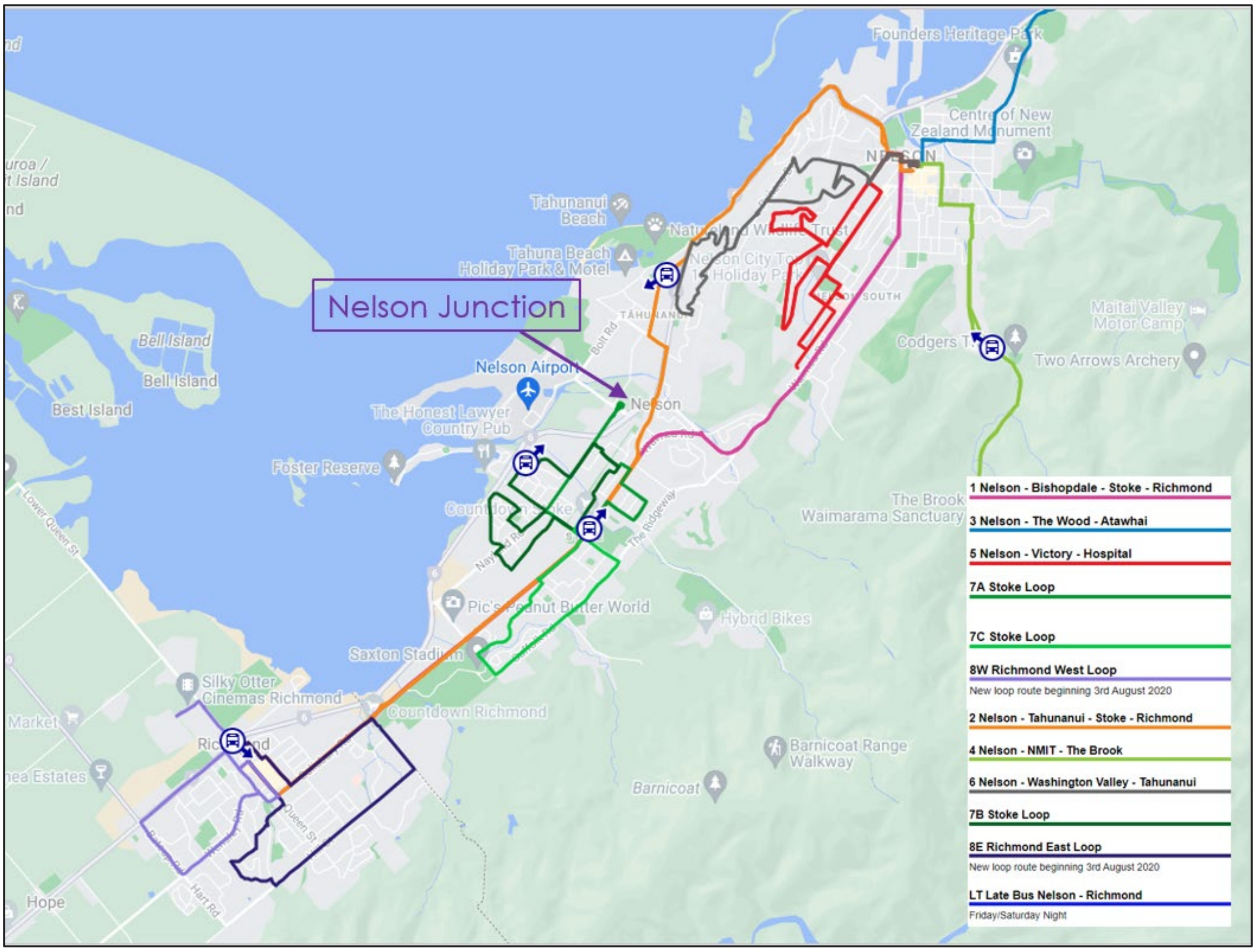

Figure 3-3: Nelson Public Transport Network

3.3 Active Mode Network

Figure 3-4 below shows the major designated walking routes in the vicinity of the Site. In addition, footpaths are provided on both sides of most roads within the industrial zone including Quarantine Road, Nayland Road, Pascoe Street and Cadillac Way.

There is a wide path for shared use by pedestrians and cyclists that broadly follows the western side of SH6, which in turn connects with an underpass beneath SH6 that links through to the residential area to the east and the wider network of walking paths. A new shared path link from this path to the Site is to be established in conjunction with ongoing development of Nelson Junction, as provisioned for in RM085213V5 (Plan E).

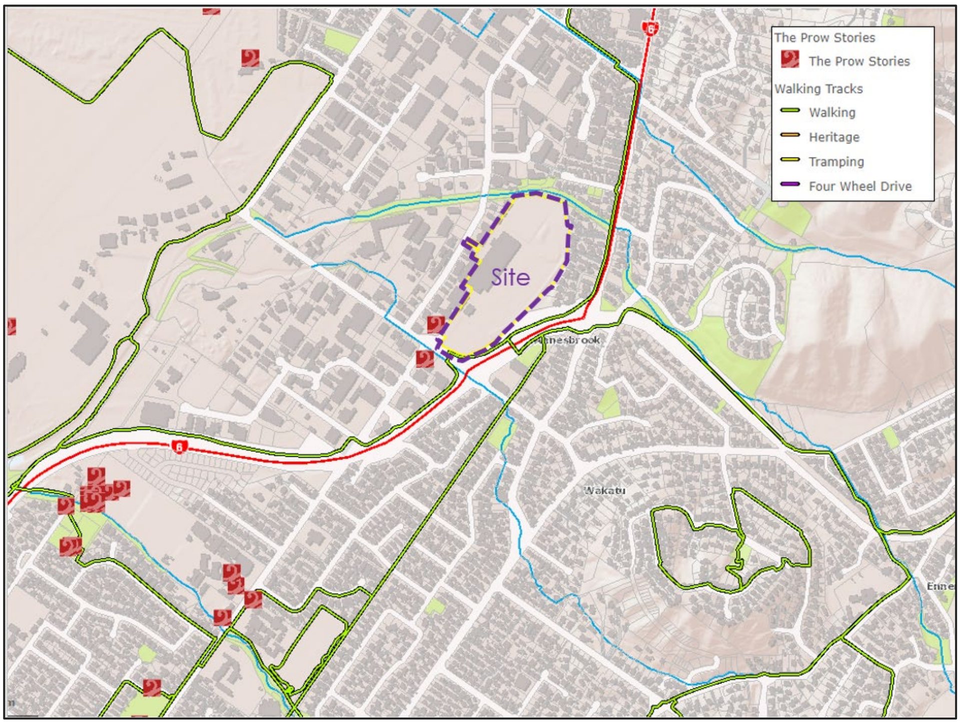

Figure 3-4: Walking Routes (Source: Top of the South Maps)

Figure 3-5 shows the cycling tracks within the vicinity of the Site. These have been designed to follow the alignment of the major walking routes, being formed as shared paths, and provide good connectivity along the SH6 corridor which in turn currently delivers access to the both the northern and southern ends of the development Site, and to the eastern edge as referred to above. The cycle tracks connect to the wider Nelson Tasman cycle trail network.

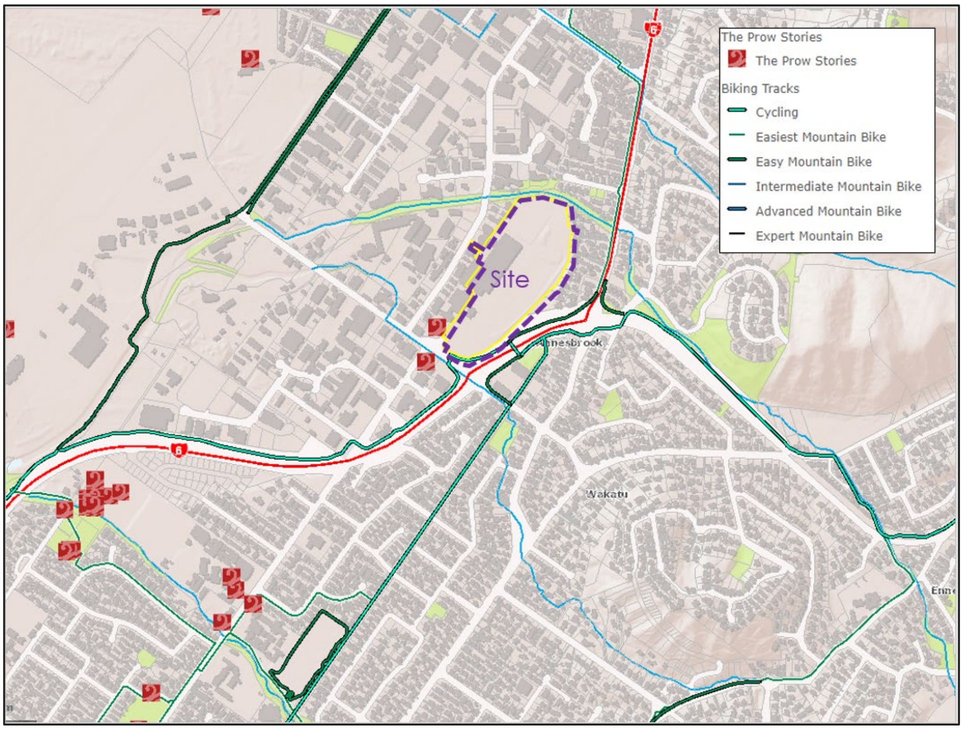

Figure 3-5: Cycling Tracks (Source: Top of the South Maps)

4 Plan Change Proposal

The current NRMP provisions which apply to the Site allow for development of largely LFR activities involving up to 30,000m² GFA as a controlled activity. Development beyond this GFA threshold, or the establishment of a supermarket within this threshold, are each considered non-complying activities. The proposed Plan Change seeks to remove supermarkets as a non-complying activity, and instead provide for supermarkets in accordance with the provision of other retail activities on the Site. The associated analysis included within this report demonstrates that the traffic impacts of a development scenario for the Site that includes a supermarket and sits within the 30,000m² GFA threshold, will not result in any material difference in traffic scale and effects beyond those assessed as acceptable under the original PC06/01.

By way of providing an indicative Site development layout, a Masterplan has been prepared and is included at **Appendix A** , which demonstrates how a supermarket (indicated within the area labelled 'Proposed Stage 2') can be accommodated within the wider development area at the southern end of the Site adjacent to Cadillac Way.

The proposed access strategy for the Site includes the continued use of Cadillac Way as the primary customer access / egress. The secondary vehicle connection to Pascoe Street will be further developed to provide for all servicing vehicle entry / exit at the Site (which will in turn connect with a new dedicated rear service road that extends around the internal boundary of the Site, separated from the customer parking areas and serving the new supermarket), as well as providing a supplementary staff and customer connection. As provided for by RM085213, this access is to be fully established before development exceeds 25,500m² GFA.

Whilst the exact nature of the future retail activities that could be established at the Site is not yet known, the associated assumptions around traffic generation has drawn from industry standards for typical LFR activities, alongside a full-size supermarket offering of 4,000m² GFA. This analysis is set out in detail in Chapter 6, noting there are transport benefits associated with an agglomeration of retail activities at the Site, inclusive of a supermarket, in the form of multi-purpose trips that will assist in moderating overall traffic volumes on the network as compared to equivalent standalone activities.

4.1 Engagement with Key Stakeholders

Engagement with both Waka Kotahi NZTA and Nelson City Council ("Council") has been undertaken, to invite feedback on the proposed Plan Change and associated development scenario for the Site.

Feedback to date from Waka Kotahi, based on the traffic generation scenario for the Site (described at Chapter 6), is that the inclusion of a supermarket as part of the controlled activity scheme for Nelson Junction does not trigger the need for further detailed transport modelling of the adjacent State Highway network, since the effects are no greater than those anticipated and assessed in detail during the prior PC06/01 process. Waka Kotahi's correspondence of 27 January 2022 confirming this position is included in **Appendix B**.

Liaison with the Council's Transport Team to date also indicates an acceptance in principle of the proposed Plan Change from a transport perspective, with further validation sought of the scale of traffic activity, as now completed and brought forward in Chapter 6.

5 Site Development Scheme

This chapter sets details of the Site's established activities in the context of the NRMP provisions for the development of Nelson Junction as a whole, as well as providing details on the current overall development scheme, should the proposed Plan Change be granted.

5.1 Existing Site Activities

The provisions identified in the original PC06/01 allowed for a total of **30,000m²** GFA of activity to be established across the Site. At present, the Site currently accommodates the following activities:

- Mitre 10 store = 10,525m² GFA (excluding the timber display yard and garden display area, which separately total 4,365m²); and
- Speight's Ale House = 501m² GFA (excluding outdoor seating area).

5.2 Proposed New Activities

In addition to the established activities described above, the proposed masterplan provides for a combination of additional activities that are either already consented for (under RM085213), or would be enabled by the proposed Plan Change. These can be summarised as follows:

Consented 'New Activity'

- Mitre 10 extension = 2,500m² GFA;
- Series of additional LFR and commercial stores, providing for a combination of recreational, retail, showroom, warehousing and office uses = 10,702m² GFA.

Proposed Plan Change 'New Activity'

- Supermarket = 4,000m² GFA.

Inclusive of the established activities at the Site then, the overall development scheme provides for a total of 28,228m² GFA, which sits within the 30,000m² GFA total envisaged for the Site under the current PC065/01 provisions.

6 Site Traffic Generation Assessment

In order to assess the potential effects of the proposed change to activity status within the NRMP rules for the Site to provide for development of a supermarket, associated trip generation analysis has been undertaken to provide a comparison with the prior PC06/01 traffic thresholds accepted for Nelson Junction.

6.1 Existing Trip Generation Thresholds for the Site

As part of the detailed analysis undertaken to inform the Transportation Assessment which supported the PC06/01 application, the expected levels of traffic generation associated with the completed 30,000m² GFA development (inclusive of the Mitre 10 that was constructed at the time) were assessed for the critical weekday PM (4:30-5:30pm) and Saturday (11-12am) traffic peak periods. The same peak periods have again been adopted to inform the forecast traffic generation associated with the proposed Plan Change, detailed further in Section 6.3 below.

These expected levels of traffic generation relating to the PC06/01 'full Site development' (i.e. 30,000m² GFA) were based on published data for trip rates of analogous retail developments (excluding supermarkets) in New Zealand, as follows:

- 3.3 trips/100m² GFA for the weekday PM traffic peak = 990 vehicles per hour ("vph"); and
- 5.0 trips/100m² GFA for the Saturday peak hour = 1,500vph.

Rather than defining individual trip generations for multiple activities which may have broadly different traffic patterns, these rates were identified as appropriate representations of a combination of retail and trade activities on the Site. These rates were accepted by the independent peer reviewer (Beca), and were accordingly adopted as the 'baseline' traffic generation for the Nelson Junction Site under PC06/01.

6.2 Current Site Trip Generation Rates

To more accurately understand the current traffic generation at the Site associated with the established Mitre 10 and Speights Ale House activities, a week long tube count survey[2] was undertaken on Cadillac Way (just north of the Museum entrance) to capture daily and peak hour vehicle movements. Those volumes recorded during the critical peak hour periods can be summarised as follows:

- 230vph (5-day average) trips for weekday 4:30-5:30pm; and
- 617vph trips for the Saturday 11am to 12pm

Whilst the traffic generation for the established Speights Ale House wasn't recorded separately, traffic generation for this activity can be estimated based on generation rates of other restaurants reported by the industry standard 'Trips and Parking Database Bureau' ("TDB"), which provides published traffic generation data for a range of land use activities. The expected traffic generation rates and resulting volumes for the existing restaurant activity therefore, can be summarised as follows:

- 10.8 trips/100m² GFA for the weekday PM peak hour = 54vph; and
- 13.2 trips/100m² GFA for the Saturday peak = 66vph.

This leaves the balance of recorded traffic entering / exiting the Site on Cadillac Way of 179vph and 551vph for the weekday PM and Saturday peak, respectively, as being generated by the Mitre 10. With its generating activity area, including the timber yard and garden display area, the following traffic generation rates can be identified:

- 1.2 trips/100m² GFA for the weekday PM peak; and
- 3.7 trips/100m² for the Saturday peak.

These rates then have been applied to the proposed Mitre 10 extension that forms part of the overall development scheme.

6.3 Proposed Plan Change Site Trip Generation

The additional traffic generation associated with the proposed Plan Change identified earlier at Section 5.2 and in Appendix A, is set out for each of the new individual activities in turn below.

---

[2] Commissioned by Stantec and completed during school term time between 12-18 of August,2022

6.3.1 Consented New Activity

Mitre 10 Extension

Traffic generation for the proposed Mitre 10 extension, which involves a further 2,500m² GFA of retail space, can be estimated from the Site surveyed rates for Mitre 10 above. On this basis, the following additional trips are expected:

- Weekday PM peak: 1.2 trips/100m² GFA = 30vph; and
- Saturday peak: 3.7 trips/100m² GFA = 92vph.

Additional LFR Activities

For the series of large format commercial and retail units, and whilst considered generous for the types of tenant mix anticipated at the Site, the same trip rates accepted as part of PC06/01 have been adopted and applied to the proposed 10,702m² GFA, as follows:

- Weekday PM peak: 3.3 trips trips/100m² GFA = 353vph; and
- Saturday peak: 5.0 trips/100m² GFA = 535vph.

6.3.2 Proposed Plan Change New Activity – 'Supermarket'

Traffic generation for the proposed supermarket has been assessed based on traffic volumes recorded at the new Richmond (Champion Road) supermarket, deemed to be an appropriate benchmark for a new supermarket at Nelson Junction. Applying the surveyed trip rates to the proposed 4,000m² GFA supermarket gives the following forecast peak hour trips:

- Weekday PM peak: 13.4 trips/100m² GFA = 535vph; and
- Saturday peak: 10.7 trips/100m² GFA = 429vph.

6.3.3 'Multi-purpose Trips'

The calculation for Site traffic generation described above does not give any allowance for cross-visitation trips where customers will visit multiple stores in a single visit, noting the survey data reported for both the Mitre 10 and the supermarket are representative of 'standalone stores' where no cross-visitation occurs. The practice of 'internal' or 'chain' shopping trips, where people visit two or more stores or activities whilst at the Site, will have the benefit of reducing the overall Site traffic generation set out above.

Published research on multi-purpose / cross-visitation rates for retail developments, including the 'Transport New South Wales[3]' traffic generating guidance, indicates that for retail parks of an equivalent scale to that proposed here (i.e. up to 30,000m² GFA), a discount of around 20% is appropriate to apply to individual activity trip rates to determine 'total Site trips'. This is applied in the calculations that follow next.

6.3.4 Overall Site Traffic Generation

The 'existing', 'consented' and 'proposed Plan Change' activities traffic generation, taking account of the effects of multi-purpose trips and making an adjustment for those activities for which the adopted trips rates have been derived from surveys of standalone stores (i.e. Mitre 10 and the supermarket), is summarised in **Table 6-1**.

[3] Transport New South Wales: 'Guide to Traffic Generating Developments October 2002, Page 3-7' and 'Land Use Traffic Generation data and Analysis 4/2 – Shopping Centres, Pg.21'

Table 6-1: Overall Site Traffic Generation

	ACTIVITY	WEEKDAY PEAK HOUR (vph)	WEEKDAY PEAK HOUR Adjusted for multi-purpose trips (vph)	SATURDAY PEAK HOUR (vph)	SATURDAY PEAK HOUR Adjusted for multi-purpose trips (vph)
Existing	Mitre 10	179	*143**	551	*441**
	Speights Ale House	54	54	66	66
Consented	Mitre 10 Expansion	30	*24**	92	*74**
Consented	Additional LFR	353	353	535	535
Proposed	Supermarket	535	*428**	429	*343**
Total		**1,151**	**1,002**	**1,673**	**1,459**

**a 20% discount has been applied to these trips*

As shown, these total Site flows are not materially different from the original PC06/01 traffic thresholds agreed for the Site as anticipated by retail development in the manner contemplated by the NRMP (as summarised earlier at Section 6.1). That is, 1,002vph estimated versus 990vph of PC06/01, and 1,459vph versus 1,500vph of PC06/01, being just +1% and -3% within the expected trip generation levels for the Site.

6.4 Traffic Distribution

With the Cadillac Way access to the Site continuing to serve as the primary customer connection, the majority of vehicle movements will use this to route to / from Quarantine Road and the strategic network at SH6.

The proposed upgrading of the Pascoe Street connection will cater for all service vehicle movements to / from the Site, as well as some customer trips involving predominantly local trips between the Site and the adjacent industrial area / Tahunanui to the north. As set out earlier, this is to come into effect before development exceeds 25,500m² GFA.

7 Proposed Plan Change Traffic Effects

The traffic impact effects associated with development of 30,000m² GFA of LFR on the Site was comprehensively assessed for PC06/01. That assessment, which was independently peer reviewed, included detailed traffic modelling of the adjacent network to demonstrate the scale of effects and identify any required mitigation.

The key assumptions and required mitigation measures identified by the PC06/01 assessment, can be summarised as follows:

- The assessment was based on 30,000m^2 GFA of large format retail activity (including the Mitre 10 Mega store), using trip generation rates which have been adopted for this new Plan Change assessment;
- The initial portion of Cadillac Way into the Site at Quarantine Road may need to be widened before the Site is fully developed, to allow for the provision of an extended two-lane exit;
- A secondary access needs to be provided to and from Pascoe Street;
- With the access improvements within the Site, intersection traffic modelling indicated that the (then) new Quarantine Road / Nayland Road roundabout had adequate capacity to accommodate projected future traffic flows; and
- The Quarantine Road / SH6 roundabout was projected to require upgrading in the future, irrespective of whether the Plan Change PC06/01 was granted.

These Site-specific changes have been captured as part of the current Site masterplan and overall development scheme, with external network changes being considered as part of the ongoing traffic growth in this part of Nelson, for which the full Site development traffic anticipated and generated by PC06/01 forms an accepted component.

It is noted that significant traffic capacity and safety works were undertaken at the SH6 / Quarantine Road roundabout in 2016 to add more approach lanes on SH6 and Quarantine Road, and improve the walking and cycling infrastructure through this area. These works were completed to specifically future-proof this part of the network in line with expected traffic increases, including those associated with the Nelson Junction Site. In terms of walking and cycling, the established paths and connections provide for easy access to the proposed new supermarket and activities of the wider Site especially for residents living to the north and east of Nelson Junction.

It was indicated earlier at Section 6.3.3 of this report that there is a benefit in establishing a supermarket as part of a comprehensive retail development, where chain shopping trips can be made that reduce the overall level of trip making that would otherwise occur if the activities were established as standalone stores.

In a similar manner, as set out in the Retail Impact Report by Property Economics Ltd, siting of a supermarket in Tahunanui introduces the benefit of serving the local catchment. In traffic terms, this has the benefit of minimizing longer trip making that is otherwise needed by residents to more distant supermarkets, and also facilitating non-car walking and cycling trips for those customers and staff that live close by.

Overall, the assessment of Site traffic generated by the proposed Plan Change (set out at Chapter 6), to allow a supermarket to be established within the Nelson Junction development, demonstrates that the traffic outcomes will not differ materially from those anticipated and accepted as part of PC06/01.

8 Planning Considerations

This chapter provides an assessment of how the proposed Plan Change aligns with the relevant transport principles and policies of the NRMP and the combined Councils 'Nelson Tasman Future Development Strategy 2022-2052' ("NTFDS").

8.1 Nelson Resource Management Plan

Table 8-1 provides a summary of the relevant NRMP Transport policies included under the 'District wide' and 'Industrial' zone provisions (in italics), along with an assessment of the proposed Plan Change's alignment with these (in standard font).

Table 8-1: NRMP Objectives and Policies Assessment

OBJECTIVE / POLICY #	REQUIREMENT / COMPLIANCE
Policy DO10.1.1 environmental effects of vehicles	*The environmental effects of vehicles should be avoided or mitigated by promoting more intensive development and co-location of housing, jobs, shopping, leisure, education and community facilities and services to minimise the number and length of vehicle trips and encourage the use of transport modes other than private motor vehicle.* The development of the Site as an integrated commercial retail 'destination' that supports and encourages multi-purpose trips by co-locating retail activities in a single location (with walkable distances between stores), will serve to moderate total vehicle movements / cross town travel, as compared to standalone retail developments. Access to the Site by active modes is also well served by nearby infrastructure, supporting multi-modal trip making by staff and customers. In addition, the benefit of providing a new supermarket for the local catchment will have the effect of reducing associated vehicle trips to established stores in Stoke, Richmond and Nelson.
Policy DO10.1.4 traffic effects of activities	*Activities should be located and designed to avoid, remedy or mitigate the effects of traffic generation on the road network and encourage a shift to more sustainable forms of transport.* The Nelson Junction Site was originally established in this location because of its strategic proximity to the key SH6 alignment and Waimea Road corridor, affording efficient access from Nelson's primary road network for associated development traffic. Again, and as noted in the response to Policy DO10.1.1 above, there are real transport benefits in establishing an agglomeration of retail activities within a single development Site, which enables multi-purpose trips within the development that has the effect of reducing overall trip generation on the network. In addition, the presence of high-quality shared path infrastructure between the Site and adjacent SH6, provides viable opportunities for staff and customers to access the Site by means other than private vehicle. A proposed new shared path connection via the eastern side of the Site will provide more direct access to the SH6 shared path, importantly delivering improved connectivity for those choosing to walk / cycle to the Site.
Policy IN2.3 traffic routes	*Industrial activities should not create adverse traffic effects in adjacent zones.* As described earlier at Chapter 6, the detailed traffic modelling and assessment of the effects arising from full development of the Nelson Junction Site undertaken to support PC06/01, demonstrated the adjacent network could appropriately accommodate these volumes. The detailed trip generation analysis to support the proposed Plan Change set out earlier at Chapter 6, shows the new volumes do not vary materially from the approved and accepted PC06/01 thresholds, ensuring an equivalent transport outcome. In terms of heavy vehicle traffic generated at the Site, the majority of these movements would be to/from SH6 via Quarantine Road and Pascoe Street, with such vehicles not being out of place with the typical traffic operating on these streets which serve the surrounding industrial land use.

As shown, the proposed Plan Change aligns well with the transport policies and objectives of the NRMP.

8.2 Nelson Tasman Future Development Strategy

The combined Councils NTFDS sets out a framework for how development across the two neighbouring districts can be appropriately planned to accommodate anticipated future population growth, which is expected to involve a requirement for up to 25,000 new homes over the next 30-years (under a medium to high growth scenario).

At the centre of the strategy is the aim to deliver a 'compact urban form' where more people live close to where they work / play, whilst supporting commercial development to generally locate within the existing centres and allowing for intensification of activities within them.

The proposal Site, which is an established retail park already, represents an efficient and integrated land use opportunity within close proximity to key transport infrastructure, requiring minimal investment in existing roading infrastructure, which is able to accommodate a broader mix of commercial activities (i.e. a supermarket), demonstrates the synergy of the proposed Plan Change with the objectives of the NTFDS.

8.3 Summary

As shown, the changes to the current Site zoning provisions to enable establishment of the supermarket, supports the intent of the NTFDS and aligns well with the intentions of the transportation related policies within the NRMP.

9 Conclusions

The proposed Plan Change seeks to amend the provisions of the NRMP relating to the Site known as Nelson Junction, to change the activity status of ‘supermarket’ from a non-complying to a controlled activity.

The proposed masterplan, which has been developed as a framework for the development of the Nelson Junction Site, shows primary access to the Site will continue to be from Cadillac Way, whilst the secondary access to Pascoe Street will be upgraded to provide for all service vehicle access and egress for the Site’s activities as well as some staff and customer trips. In addition, the masterplan includes dedicated internal active mode routes that have been purposefully designed to connect with the adjacent shared path infrastructure, to properly support access by modes other than private car.

An assessment of the likely traffic generation levels associated with the proposed inclusion of a supermarket within the development mix of the Site, which will contribute to greater multi-purpose trip making to and from Nelson Junction, demonstrates such volumes will not be materially different from the forecast traffic additions analysed in detail and accepted for the original PC06/01.

It is assessed that the proposed Plan Change to enable establishment of a supermarket as part of the wider Nelson Junction Site, would have traffic outcomes that are aligned with the current NRMP and with traffic impacts that are not materially different from those already anticipated and accepted by the current NRMP.

Appendices

We design with community in mind

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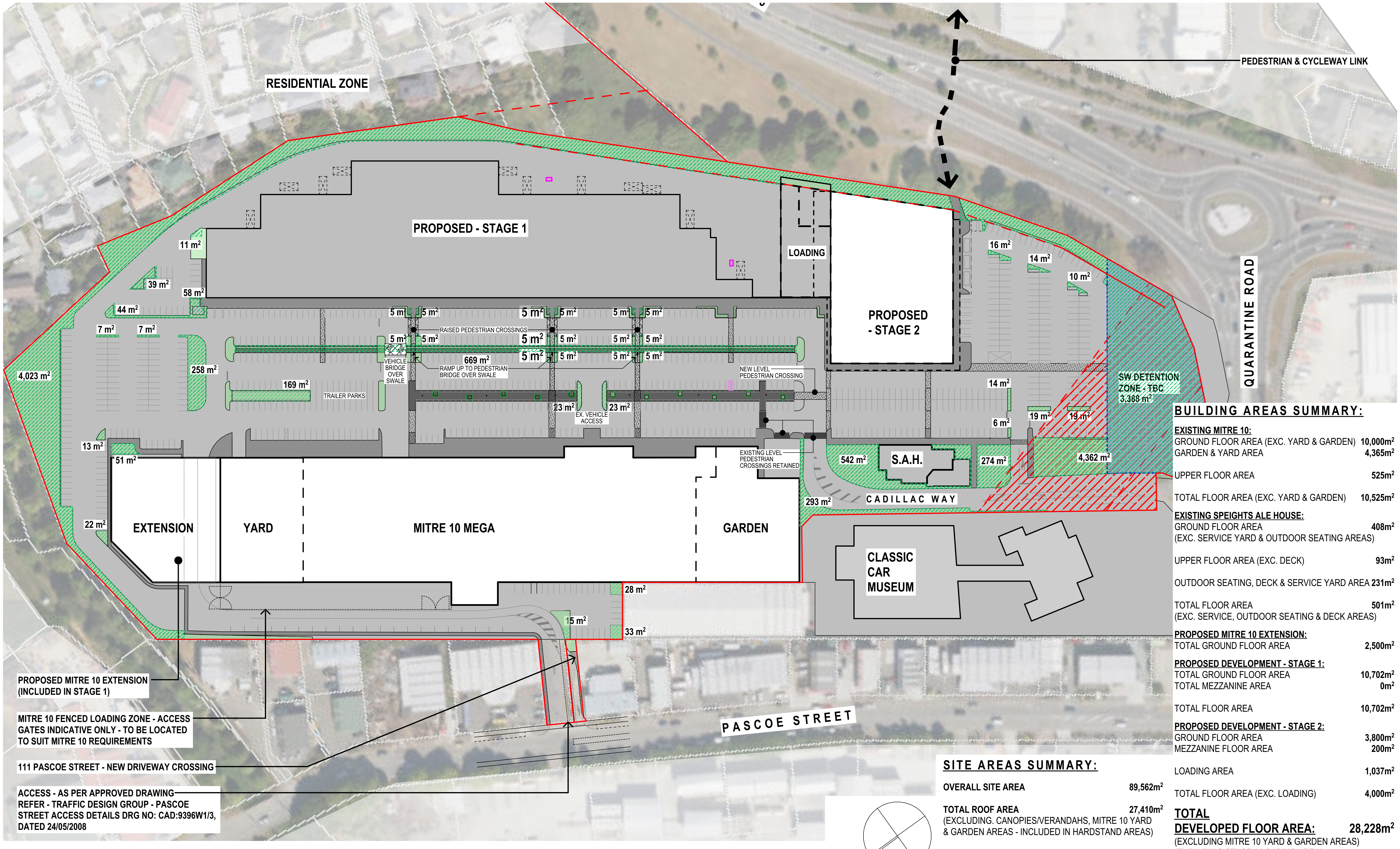
Appendix A Proposed Site Masterplan



SITE AREAS SUMMARY:

OVERALL SITE AREA	89,562m²
TOTAL ROOF AREA (EXCLUDING. CANOPIES/VERANDAHS, MITRE 10 YARD & GARDEN AREAS - INCLUDED IN HARDSTAND AREAS)	27,410m²
TOTAL GREEN/LANDSCAPING AREAS	11,064m²
TOTAL HARDSTAND AREAS (SITE AREA LESS ABOVE)	51,088m²

BUILDING AREAS SUMMARY:

EXISTING MITRE 10:	
GROUND FLOOR AREA (EXC. YARD & GARDEN)	10,000m²
GARDEN & YARD AREA	4,365m²
UPPER FLOOR AREA	525m²
TOTAL FLOOR AREA (EXC. YARD & GARDEN)	10,525m²
EXISTING SPEIGHTS ALE HOUSE:	
GROUND FLOOR AREA (EXC. SERVICE YARD & OUTDOOR SEATING AREAS)	408m²
UPPER FLOOR AREA (EXC. DECK)	93m²
OUTDOOR SEATING, DECK & SERVICE YARD AREA	231m²
TOTAL FLOOR AREA (EXC. SERVICE, OUTDOOR SEATING & DECK AREAS)	501m²
PROPOSED MITRE 10 EXTENSION:	
TOTAL GROUND FLOOR AREA	2,500m²
PROPOSED DEVELOPMENT - STAGE 1:	
TOTAL GROUND FLOOR AREA	10,702m²
TOTAL MEZZANINE AREA	0m²
TOTAL FLOOR AREA	10,702m²
PROPOSED DEVELOPMENT - STAGE 2:	
GROUND FLOOR AREA	3,800m²
MEZZANINE FLOOR AREA	200m²
LOADING AREA	1,037m²
TOTAL FLOOR AREA (EXC. LOADING)	4,000m²
TOTAL DEVELOPED FLOOR AREA: (EXCLUDING MITRE 10 YARD & GARDEN AREAS) (EXCLUDING STAGE 2 LOADING AREA)	**28,228m²**

NOTE:
NO ALLOWANCE FOR MEZZANINE FLOORS TO STAGE 1 DEVELOPMENT

REVISION	DATE
REV - RESOURCE CONSENT ISSUE	17-11-21

GIBBONS DEVELOPMENT - NELSON JUNCTION
33 CADILLAC WAY, NELSON
OVERALL SITE PLAN - SUMMARY OF AREAS

RESOURCE CONSENT ISSUE - 17-11-21
SCALE 1:1500 @ A3

DRAWN ISA
DATE NOV 2021
JOB NO. 2241

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SHEET NO. 002
REVISION -

Appendix B Liaison with Waka Kotahi

From:	Andy High
To:	Mark Lile; Georgeson, Mark
Cc:	Lea O"Sullivan
Subject:	RE: 2021-0154: Nelson Junction - Waka Kotahi response to the Traffic Position Paper
Date:	Thursday, January 27, 2022 3:11:55 PM
Attachments:	image001.png

Hi Mark and Mark,

Sorry for the delay in confirming Waka Kotahi's response to the Traffic Position Paper for Nelson Junction. I have taken the liberty of sharing the Position Paper, and discussing Nelson Junction traffic effects generally, with our partners at Nelson City Council to ensure the two RCAs are aligned in their thinking, goals and aspirations for this busy area of Nelson.

Below is a bullet-pointed list which details our Waka Kotahi thoughts and comments on the Nelson Junction Traffic Position Paper. This covers off our Road Safety and Network Management response as well as advice on issues important for you to discuss with NCC, particularly with Waka Kotahi's desire to see traffic effects dissipated and minimised in mind. The points below pick-out relevant info from the TPP, and support and clarify our position from a more SH-centric position:

- Historic traffic data for SH6 south of the site shows that Saturday peak flows are markedly less than weekday peak flows.
- Current traffic flow counts on Quarantine Rd demonstrate a clear reduction in volumes on a Saturday when compared to weekday flows (approx. 100vph difference), giving a degree of confidence that on days when Nelson Junction is likely to be busiest, the adjacent SH road network will be able to accommodate traffic generated by the development.
- Adjacent SH road network has experienced a traffic growth of between 0.2% and 2.6%/annum over last 10 years.
- The traffic generation modelling for current activities on site are: Weekday PM traffic peak hour – 248vph; Saturday traffic peak hour – 500vph. Again, this provides a degree of confidence that the busiest times at Nelson Junction are unlikely to coincide with the weekday PM peak on the adjacent SH road network.
- The traffic generation modelling for the proposed new activities are: Weekday PM traffic peak hour – 807vph; Saturday traffic peak hour – 1,075vph
- Combined existing and proposed developments will produce traffic generation of: Weekday PM traffic peak hour – 1,055vph; Saturday traffic peak hour – 1,575vph. To within approx. 5%, these volumes are as per the volumes anticipated in the assessment for the Plan Change. **In short, there will be approx. 3 times as much traffic using the Nelson Junction site on a Saturday when compared to the existing situation**
- The proposal will result in developed floor area being 6% less than provided for by the Plan Change
- The Pascoe Street access will be upgraded for use by customers to access the whole site. This will help with a dispersion of traffic effects.
- The proposed site plan includes a commitment to provide a walking / cycling link to the north which links to the existing path network at the underpass under SH6. It is also strongly advised that the applicant should present NCC with the opportunity to further explore a path link across and/or along Jenkins Creek from the west of the site.
- Section 7 Conclusion of the TPP states that the paper is to be considered a starting point for further discussions on scope of additional traffic assessments required by the two RCAs. However due to the modelling, summarised above, demonstrating traffic volumes very similar

to those already accepted in the 2007 Plan Change, the potential for dispersed effects, and the underlying capacity of the SH network at times when the development is likely to be busiest; **no additional TIA is required by Waka Kotahi**.

Also, to keep record-keeping intact, below are general comments that we responded with before Christmas after initially reviewing the Traffic Position Paper.

- Page 2: Cadillac Way: upgrades needed to the exit to facilitate additional queued vehicles for right-out and left-out. Consideration needs to be given on the suitability of the right turn-out exit lane angle relative to the roundabout circulatory lanes. Upgrade to the zebra crossing advised to improve visibility at the landing next to SAH and install raised safety platform
- Figure 5: we'd be very keen to see a walking cycling connection from the south-east of the site linking to the existing SUP underpass, as shown by black dashed line. Also of significant benefit would be a walking/cycling link and associated bridge from the north of the site across Jenkins Creek linking to Blackwood West Reserve. Pedestrian links within the car park area should all be on raised safety platforms to ensure safer speeds in the event of vehicle vs pedestrian collisions, and to provide consistency across the whole site. W&C facilities should be direct, safe and appealing. The site plan appears to have a distinct lack of environmental 'softening' ie trees and landscaping. Is the supermarket proposed for the Stage 2 site, or as part of Stage 1?
- Page 7: How would the Pascoe Street access at the back of Mitre10 be modified to enable public access to the whole site?, incl. the new big-box retail and the supermarket

Below are a list of points that NCC would wish to have clarified that may help you in the preparation of a Resource Consent application. In any event, Nelson City Council wish to be involved in discussions as soon as possible.

- Cadillac Way is not a local road, it is a private road.
- Modelling required, and/or similar examples to confirm the traffic generation for a supermarket/multi-faceted development is the same as what was previously proposed (ie the weekend/weekday splits and volumes)
- Actual traffic counts on Cadillac Way and on Quarantine Road between Nayland Road and Pascoe Street to verify the above modelling for the existing activities (taking into account too that we are now in Covid restrictions again, so the counts might have to reviewed) - consider what is "normal".
- Provide a prediction on the split between the use of Cadillac Way and the upgraded access off Pascoe Street, and vehicle movements left or right on Pascoe Street and the effect of those movements on the Quarantine Road intersection or to Parkers Road.
- The transport officers at Nelson City have not received this information directly, so cannot confirm agreement with the traffic assessment presented, and haven't had an opportunity to review this fully.

The above is Waka Kotahi's response to the information supplied to date and should be considered an interim response pending receipt of the relevant resource consent application – please send through to Lea O'Sullivan for attention by the Waka Kotahi planning team when it's available.

Regards, Andy

Andy High Senior Safety Engineer, Top of the South
Waka Kotahi, Transport Services
DDI 03 5208335 / M 021 427192 / E andy.high@nzta.govt.nz

From: Georgeson, Mark

Sent: Wednesday, December 22, 2021 11:35 PM

To: Lea O'Sullivan <Lea.OSullivan@nzta.govt.nz>
Subject: RE: 2021-0154: Nelson Junction Supermarket

Hi Lea,

Attached please find our Traffic Position Paper outlining our high level assessment of the traffic situation relating to the current Nelson Junction proposal. As we discussed at our meeting way back at the start of the year, the current proposal presents a traffic scale that is not materially different from the level of traffic that would otherwise be generated by development of the site as originally intended by the 2007 Plan Change and now the controlled activity provisions that exist within the Nelson Resource Management Plan.

The attached report has been prepared to facilitate discussion of the approach required to assessing traffic effects of the current proposal. From the work undertaken and presented, it is our view that the assessment previously undertaken to inform the NRMP provisions can be relied on, without the need for full new assessments and modelling.

I will follow up with a call tomorrow.

Regards

Mark

Mark Georgeson
Transport Operations Leader – New Zealand

Mobile: +64 21 960 405

Stantec New Zealand
Stantec House
Level 15, 10 Brandon Street
Wellington 6011

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ANNEXURE D

Economic Retail Impact Assessment

Prepared by Property Economics

PROPERTY ECONOMICS

NELSON JUNCTION

RETAIL IMPACT REPORT

ASSESSMENT

Project No: 51866

Date: March 2023

Client: Gibbons

W: www.propertyeconomics.co.nz E: tim@propertyeconomics.co.nz P: 09 479 9311 PO: Box 315596, Silverdale 0944

SCHEDULE

Code	Date	Information / Comments	Project Leader
51866.16	March 2023	Final Report	Tim Heath / Phil Osborne

DISCLAIMER

This document has been completed, and services rendered at the request of, and for the purposes of Gibbons only.

Property Economics has taken every care to ensure the correctness and reliability of all the information, forecasts and opinions contained in this report. All data utilised in this report has been obtained by what Property Economics consider to be credible sources, and Property Economics has no reason to doubt its accuracy.

Property Economics shall not be liable for any adverse consequences of the client's decisions made in reliance of any report by Property Economics. It is the responsibility of all parties acting on information contained in this report to make their own enquiries to verify correctness.

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1. INTRODUCTION

Property Economics has been engaged by Gibbons to undertake an assessment of the retail market and economic impacts of a Private Plan Change (PPC) request and a resource consent application to enable the development of a supermarket at Nelson Junction under the context of RMA.

This report provides robust base data and economic enquiry that will assist in understanding the core market that the proposed supermarket operates in, both currently and over the foreseeable future. It assesses the potential impacts on the existing centres as a result of the proposed supermarket, and whether the centres are of sufficient size and 'health' that the estimated loss of retail sales would have no significant long term detrimental impacts on their role and function in the community or wider centre network of Nelson.

This process also includes providing a detailed understanding of key social and economic demographics, retail spending dynamics, projected market growth, the influence and implications these factors are likely to have on the relevant retail markets, and the potential for a new supermarket to be sustained on the subject site.

Findings of this report will provide robust market intel to better assist Gibbons in making informed decisions regarding the economic grounds of the proposed supermarket development in the RMA context.

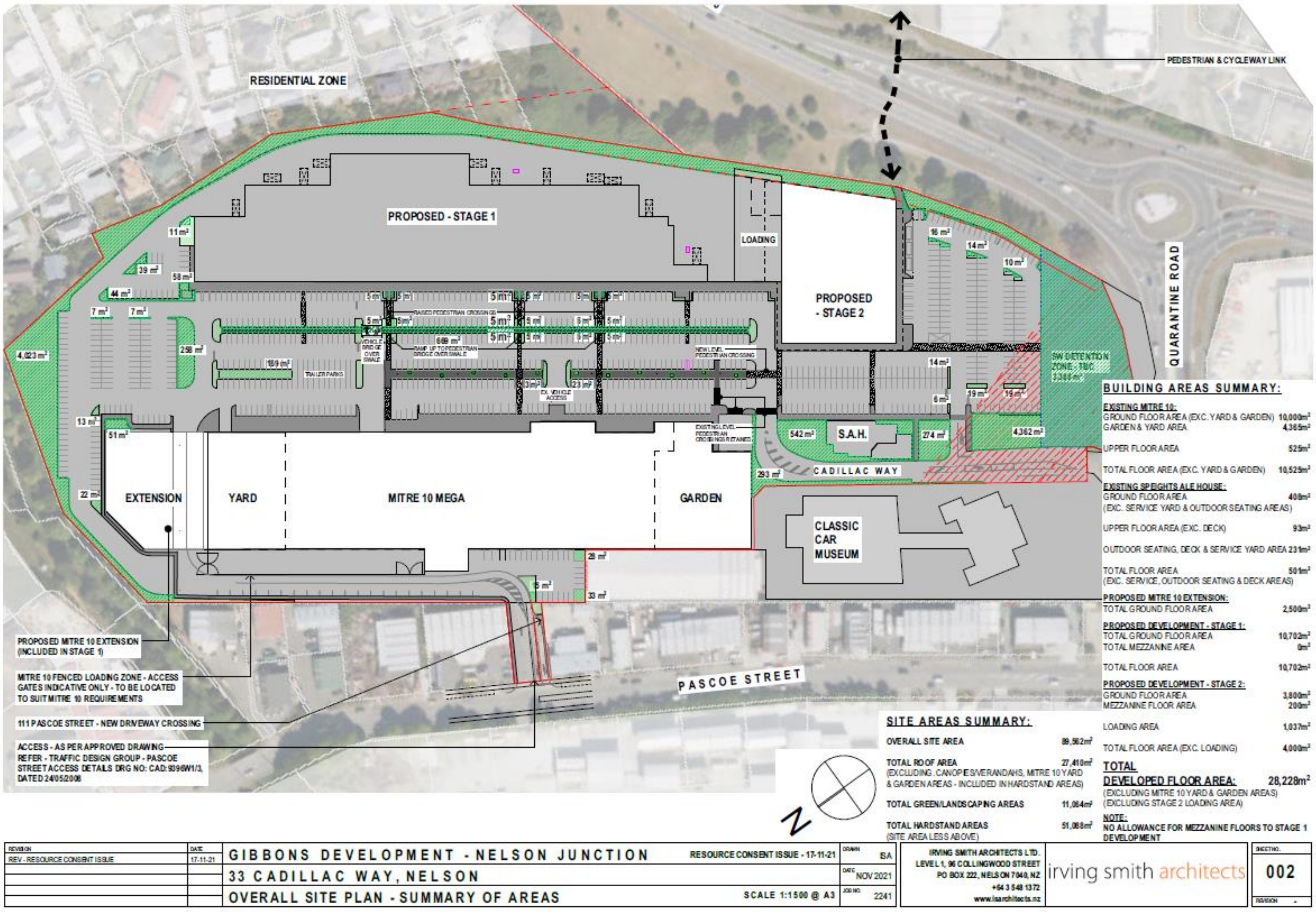
1.1. PROPOSED DEVELOPMENT AND ASSESSMENT ASSUMPTIONS

The Nelson Junction site for the proposed supermarket is located at 33 Cadillac Way and is currently zoned Industrial, under the Nelson Resource Management Plan (NRMP) with a site-specific schedule of rules (Schedule N) to provide for large format retail activities on the property.

A resource consent has been granted for approximately 28,000 sqm of retailing activity at the site in 2008 with an extension of time for 10 years granted in 2013.

The following figure shows the overall site plan of the Nelson Junction development. It is proposed that the potential supermarket will be the Stage 2 development located to the southeast of the existing Mitre 10 Mega store.

FIGURE 1: SUPERMARKET LOCATION IN THE CONTEXT OF NELSON JUNCTION SITE PLAN



Source: Gibbons

According to NRMP Schedule N3, supermarket is identified as a Non-Complying Activity within Industrial zones with a definition outlined below:

> "*an individual outlet with a GFA of not less than 500sqm (or an equivalent area, including related back of house unloading, storage, preparation, staff and equipment space, within a larger store) and selling a comprehensive range of*
>
> *a) fresh meat and produce; and*
>
> *b) of chilled, frozen, packaged, canned and bottled foods and beverages; and*
>
> *c) of general housekeeping and personal goods*".

For economic assessment purpose, it is assumed in this report that a single supermarket with a maximum GFA of 4,000sqm would be developed at the Nelson Junction site. This 4,000sqm is therefore used as a major input of the economic retail impact assessment in this report.

Given the appropriate time allowances for the consenting, construction and store fitout processes, Property Economics assumes that the proposed supermarket in the Nelson Junction location would not be operational prior to 2025. Note that this opening year is for the retail impact assessment purpose only and any marginal changes to this assumption would not materially alter the retail impacts estimated in this report.

1.2. METHODOLOGY AND SCOPES

To assist in understanding the methodology and assessment scope, this section illustrates the sequential steps undertaken in this economic retail assessment adopted for the purpose of this report.

- Identify and illustrate the geospatial extent of the core economic market for the proposed development and determine its indicative market size.
- Provide a detailed profile of the key economic and social demographic characteristics of Nelson City.
- Project catchment population and household growth over the period to 2038 using the latest growth projection scenarios and update population base estimates.
- Identify and discuss key retail trends in the market.
- Calculate the level of retail expenditure generated by the core catchment and project this out to 2038, with a particular focus on food retailing.
- Determine the amount of retail floorspace that can be sustained by the core catchment both currently and in the future, taking into account the influence of the wider retail networks.
- Determine the current supply of supermarket retail activity in the core catchment in GFA terms, and cross reference the supermarket retailing sector with current and forecast demand.
- Assess the temporal trends in employment composition within Tāhunanui and Nelson City for the years 2000 – 2022.
- Assess whether there are likely to be any retail distributional effects generated on existing centres that are considered to be significant in their extent in context of the RMA.

1.3. INFORMATION & DATA SOURCES

Information and base data included in this report has been obtained utilising information most specifically from Stats NZ. Property Economics considers Stats NZ to be both a reliable and credible source in providing the comprehensive information and data sets required for this report.

- Business Demographic Data – Stats NZ
- Census of Population and Dwellings 2018 - Stats NZ
- Household and Population Projections – Stats NZ
- Household Economic Survey - Stats NZ
- MarketView Retail Spending – Verisk
- Retail Growth Model - Property Economics
- Retail Impact Forecast – Property Economics
- Retail Trade Survey - Stats NZ
- Stoke Centre Visit – Property Economics
- Supermarket Store Visits – Property Economics

2. EXECUTIVE SUMMARY

This report assesses the proposed supermarket development at the Nelson Junction site. The assumption which forms the basis of the retail impact assessment is a single supermarket with a 4,000sqm GFA.

The subject site at Nelson Junction is efficiently located to access the wider Nelson City market and is ideally situated between the two clusters of existing Supermarkets (Nelson City Centre and Stoke), therefore providing increasing supermarket accessibility for many of the surrounding residents.

The Nelson City has experienced population growth well above the Medium projections over the last 5 years and as such, the midpoint between Medium and High projections have been used for this analysis. If this trend continues, the population is expected to increase by circa 6,700 people (+12% net) to 61,500 people by 2038.

In regard to the retail market as a whole, some of the current key drivers of change include the increasing *'power'* of interchange locations (particularly State Highways), and their strengthening ability to *'shift'* higher traffic volumes and fuel shopper movement, unrelenting market competitiveness and increasing consumer expectations in relation of offer, environment, experience and access. This places Nelson Junction in a position of strength to futureproof a position in the market with an efficient location and design opportunity that can satisfy the growing retail trends.

In assessing the retail spending patterns (2019), Nelson benefits from strong net inflows from the Tasman region across most retail sectors except Supermarket, grocery stores and Liquor retailing. The likely cause of this net outflow was the draw of the Pak'n Save supermarket in the Richmond Town Centre, and to a lesser degree Fresh Choice Richmond. This draw of spend out of Nelson to Tasman would be more pronounced with the recent entry of the Countdown Richmond supermarket on Champion Road.

Establishing a modern full-service supermarket at Nelson Junction will be convenient for the many Nelson and Tasman residents working in the Tāhunanui industrial zone and nearby Nelson Airport, which would improve travel efficiencies of the Tāhunanui local community, and the wider Nelson City's spend retention and employment opportunities.

While the economic analysis determined the size of the Nelson market was sufficient to sustain an additional 4,000sqm supermarket over and above the current provision (approximately 15,700sqm), the establishment of a new supermarket on the Nelson Junction site would invariably redistribute spend away from existing supermarkets across the Nelson and Tasman markets.

Nevertheless, the analysis indicates that a new supermarket on the subject site is unlikely to fundamentally undermine the Nelson City or Stoke Centres, or their respective supermarket provision in the context of RMA. None of the other supermarkets in either Stoke or the City Centre are considered likely to close by 2025 or beyond. Even, as a worst impact scenario, the City Centre were to lose a supermarket, it has three other successful supermarkets highlighting no significant loss of amenity, access or enablement to the community.

In respect of the Stoke Centre, the estimated $9m cumulative effect on the Stoke existing supermarkets can be expected to be offset by growth in the market within a short period of time. As such, the likelihood of seeing mass shopper transfer from Countdown Stoke, New World Stoke, and Countdown Richmond to Nelson Junction is considered low and not at a material level given that the Nelson market has more than enough supermarket spend generated on an annualised basis to sustain both the existing and the additional 4,000sqm supermarket in the market.

Nelson City overall is likely to experience net economic benefits from the proposed supermarket development. While there is currently net outflow of Nelson supermarket spend to Richmond, a modern supermarket store at Nelson Junction would reduce leakage to Tasman, increase local employment opportunities, improve choice, create a more competitive and efficient market in terms of food product pricing and accessibility, and represent an efficient utilisation of currently vacant land.

On balance, in Property Economics opinion, the PPC request and the resource consent application to enable the development of a 4,000sqm supermarket is not considered to have significant impacts on the role, function, viability, vibrancy, and performance of any existing centres in the network. Therefore, Property Economics supports the proposed supermarket at the Nelson Junction site on economic grounds.

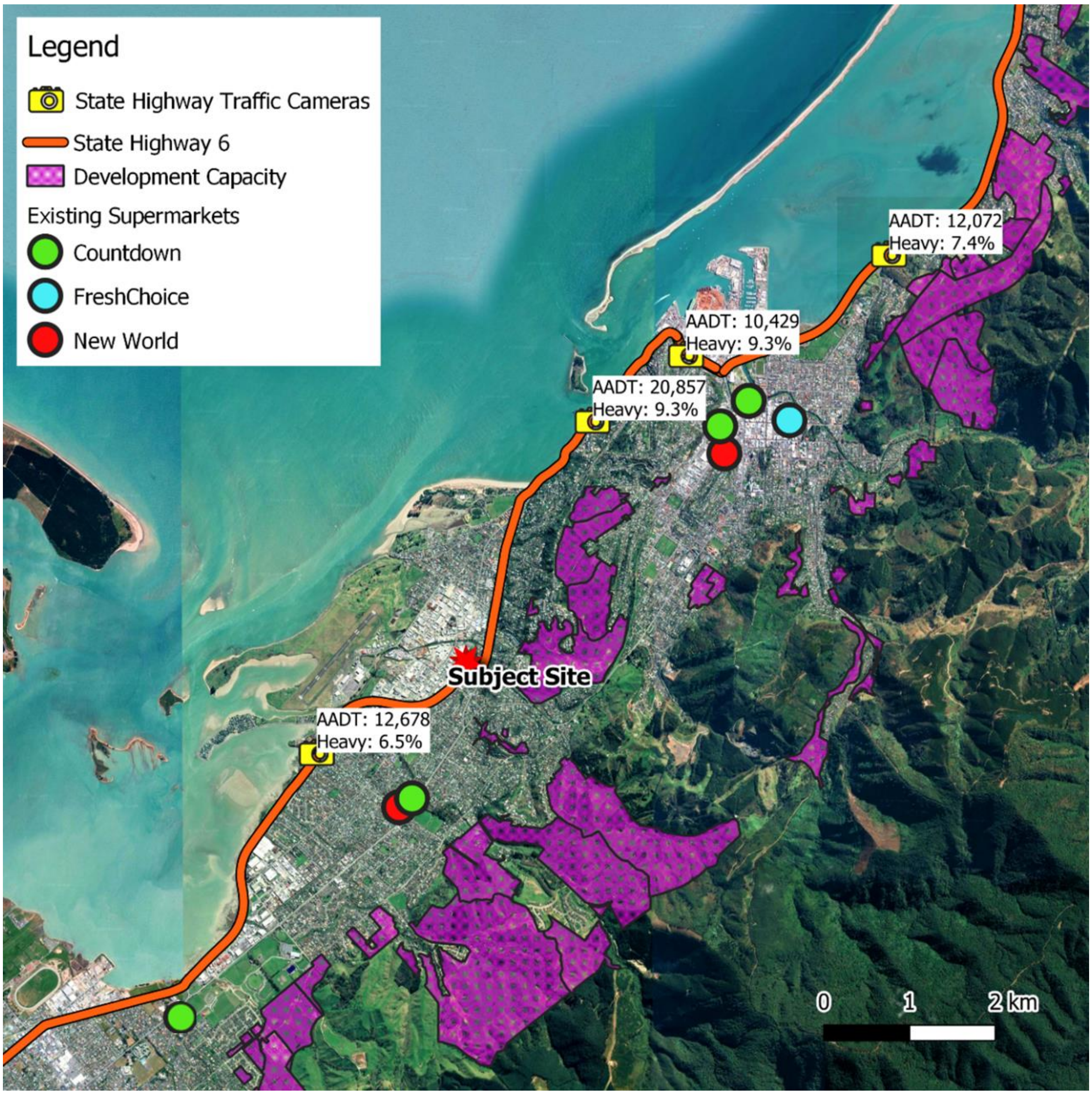
CHAPTER 1: THE CURRENT ENVIRONMENT

3. NELSON ECONOMIC MARKET

3.1. SITE CONTEXT

The following figure shows the subject site in the context of its local market. It is ideally located adjacent to State Highway 6 which is the major arterial road travelling through Nelson into the Tasman Region. This potential is shown by the closest traffic camera reporting 12,678 in Average Annual Daily Traffic (AADT). Being located along this State Highway ensures comparatively high accessibility and profile for a wider range of customers within the city and those traveling through Nelson in either direction.

FIGURE 2: SUBJECT SITE AND THE SUROUNDING MARKET



Source: Property Economics, Nelson City Council

Additionally, not only is the site located on the key arterial road leading to Nelson Airport, but it is both on the outskirts of the Tāhunanui Industrial Zone (which is a significant employment hub and market in its own right) and close to a residential growth node within the Tāhunanui Hills.

Notably, this growth node is home to the Coastal View Lifestyle retirement village of which a circa 250 new residential unit village is currently under development, and located under a 5-minute drive from Nelson Junction. A second stage will add further impetus to growth in the local area.

Additionally, GPI have been involved in developing around 300 sections in Bishopdale with around 200 more in the pipeline. This suburb has easy access and is within a short drive of the subject site along Waimea Road. Furthermore, there is potential for a further 400 lots to be developed on adjacent land holdings. This is likely to be rolled out over the next 10 years. As such, the subject site is well positioned to service and benefit from the significant nearby residential development and growing local population base.

The current supermarket network has been mapped on Figure 1 to identify other competing supermarkets within the Nelson market. Notably, these are situated on opposite sides of the City with a lack of provision in mid-Nelson. This would make the proposed supermarket the local supermarket for residents of Tāhunanui, Tasman Heights and Annesbrook and Bishopdale.

3.2. IMPLICATIONS OF NPS-UD AND FDS 2022

National Policy Statements are prepared under the RMA. They establish objectives and policies for matters of national significance relevant to achieving the purpose of the RMA. All District and Regional Plans are to give effect to NPS in their plans and policies.

The Government's National Policy Statement Urban Development 2020 (NPS-UD) came into effect on 10 August 2020 and replaces the National Policy Statement on Urban Development Capacity. In particular, Objective 3 and Policy 5 are most relevant to the PPC.

> *Objective 3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply:*
>
> *a) the area is in or near a centre zone or other area with many employment opportunities*
>
> *b) the area is well-serviced by existing or planned public transport*
>
> *c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.*

Policy 5: Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of:

a) the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or

b) relative demand for housing and business use in that location.

In order to meet the directives of NPS-UD, a 30-year high-level strategic plan that outlines areas within the Nelson – Tasman area where there is potential for future housing and business growth (i.e., Nelson Tasman Future Development Strategy 2022- 2052 or FDS 2022) has been adopted on 19 September 2022.

Under the FDS 2022, the strategy plans for consolidation and growth in Tāhunanui and around the Stoke Town Centre graduating out to medium densities in surrounding areas (see Appendix 1 for the strategy plans as outlined in the FDS).

Based on the strategy, consolidation of these areas is estimated to provide for an additional 3,000 new homes over the next 20 years. This expected future residential growth would generate additional demand for retail and commercial activities in and around the Stoke and Tāhunanui.

Given its close proximity to the Stoke Town Centre and the identified future residential growth opportunities in surrounding areas, the proposed PPC to enable a full service supermarket in the Nelson Junction location would give effect to the aforementioned objectives, policies and strategies in terms of better accommodating the residential growth and therefore is consistent with the NPS-UD and FDS 2022.

3.3. ECONOMIC CATCHMENT

In order to estimate the market potential for the proposed supermarket development, it is necessary to first identify its core economic market. A retail catchment is essentially the geographic area from which the proposed commercial offering is likely to derive the majority of its sales or the store is designed to primarily service, and where the store is considered to have a strategic locational advantage in terms of proximity over other alternatives.

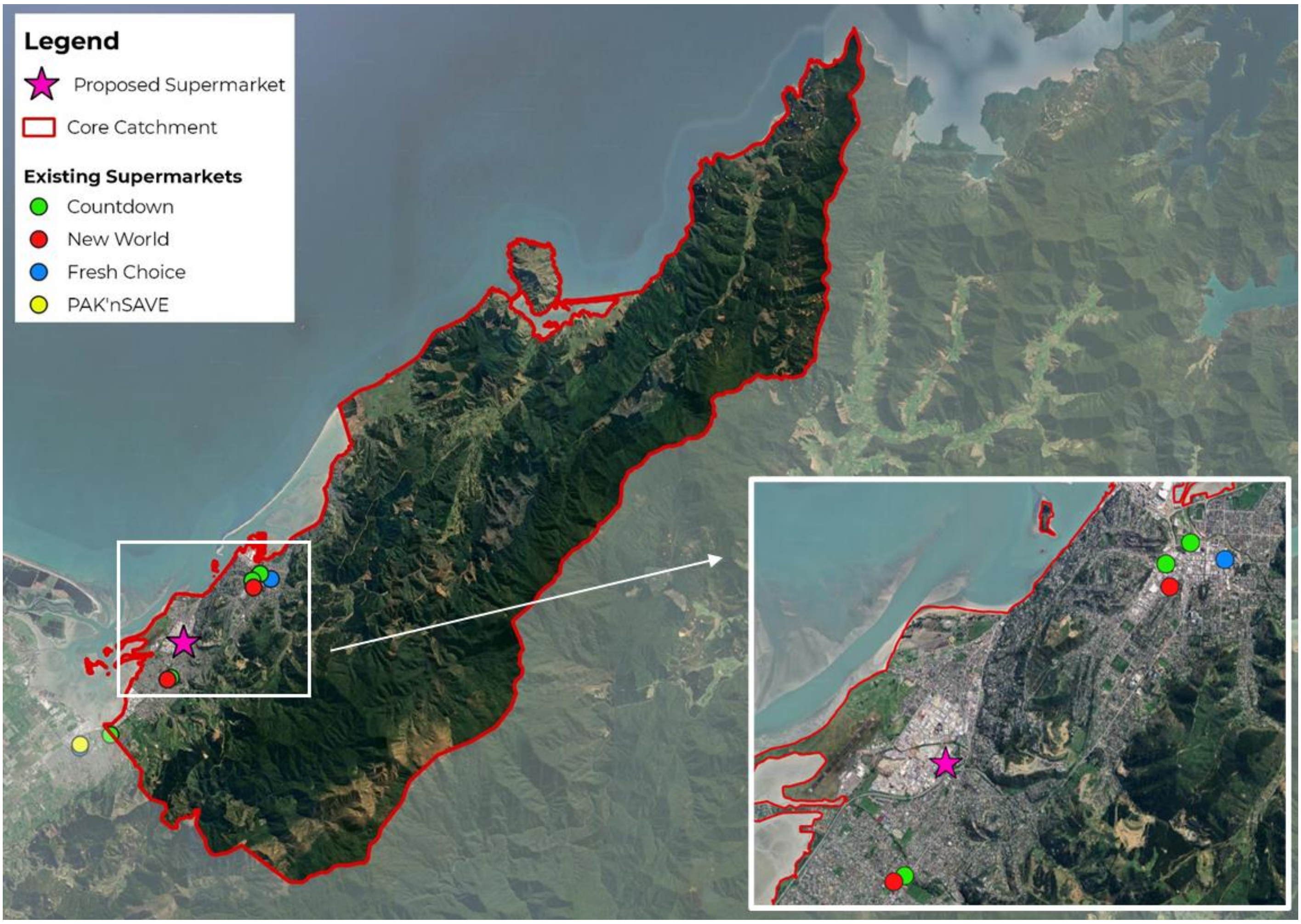
While Supermarkets generally have more localised spend, the nature of this proposed development being positioned on State Highway 6, adjacent to the Tāhunanui employment hub and directly accessible for Nelson Airport workers and travellers, means it has a comparatively greater potential to access the broader Nelson market. Therefore, for the purposes of this report, Property Economics has defined the core retail market to be the totality of Nelson City as illustrated on the following figure.

This catchment has been based on the existing and proposed supermarket network, location of existing and consented supermarkets, current and future population distribution, natural and physical geographical barriers, territorial authority boundaries and the professional opinion of Property Economics in known shopping patterns and trade area dynamics for retail developments in New Zealand.

Supermarkets generally draw from a localised catchment given their inherant homogenus role within the market in providing essential day-to-day goods. It is important to note that this catchment is similar to other catchments with supermarkets currently operating in the Nelson city. It is expected that all stores will be competing for a common pool of Food Retailing expenditure.

To provide context the existing supermarket network has also been mapped on the following figure. This retail catchment (the area highlighted with a red outline) will be used as the basis for the subsequent supermarket retail analysis.

FIGURE 3: CORE ECONOMIC CATCHMENT AND EXISTING SUPERMARKETS



Source: Google Maps, Property Economics

4. DEMOGRAPHIC PROFILE

An economic and social demographic profile for the core catchment has been carried out to assist in understanding the composition of the local market in and around the development, and its likely shopper profile. A demographic profile for the wider New Zealand region has also been included to provide context.

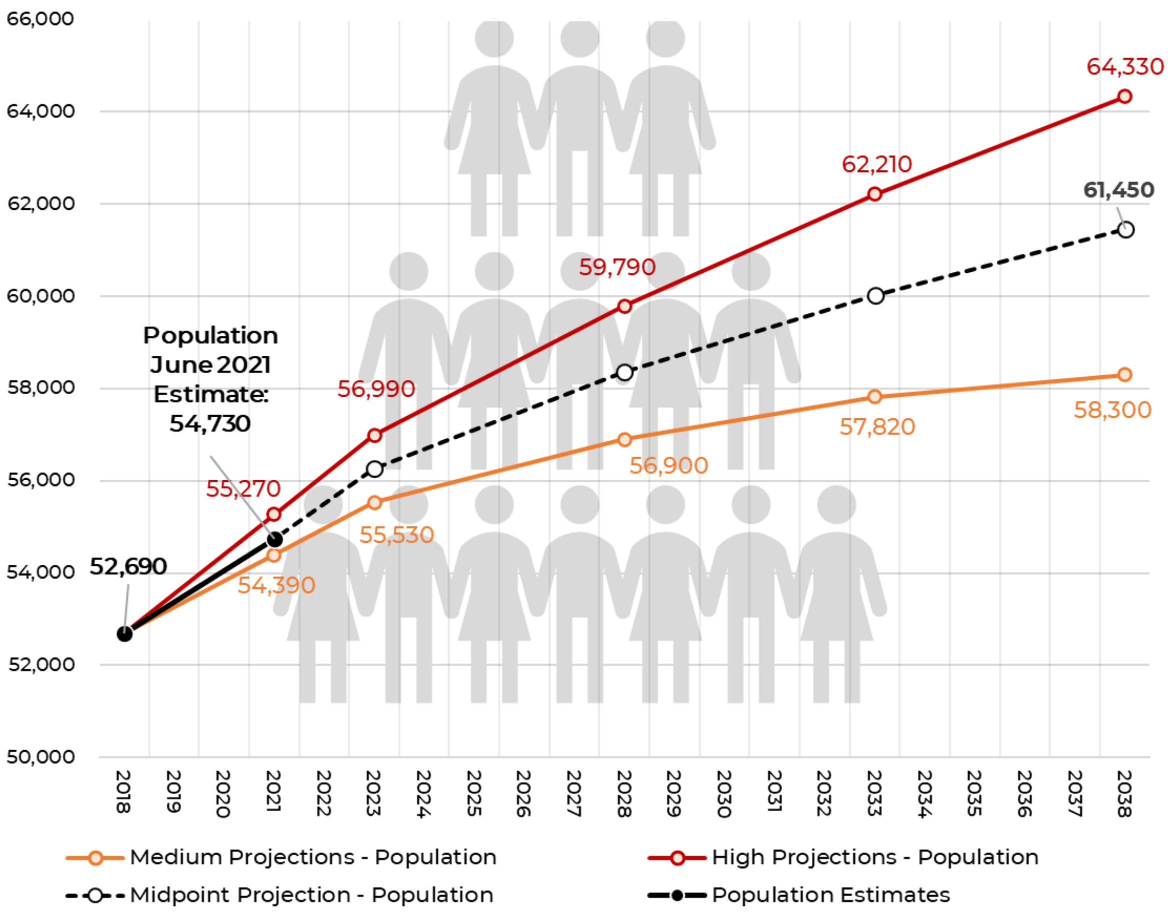
A detailed breakdown of these demographic profiles can be found in Appendix 2, however below are some of the more significant observations.

- The identified catchment (i.e., Nelson City) has a current (2022) population base of around 54,500 people and 22,620 households, with a smaller average person per household ratio of 2.41 compared to the New Zealand average of 2.66 persons.
- Over three quarters of the population of Nelson City (78%) identify as European compared to the national average of 62%. By contrast, those who identify as Māori, Pacifika or Asian make up just 18% of the population of Nelson City, half of NZ's 35%.
- The distribution of personal incomes of Nelson City residents across the income bands is not dissimilar from the national averages. However, there are proportionally fewer people earning more than $70k per annum (13% vs 17% respectively).
- Nelson City has a higher proportion of self-employed, business owners or those earning income from investments than the national average. This indicates a higher proportion of Nelson City's residents are either company owners or entrepreneurs rather than company employees / workers.
- Nelson City also sees a higher proportion of people receiving superannuation compared to the national average, with nearly a quarter of the population receiving their Gold Card compared to just 17% nationally. As a consequence, Nelson City has a lower unemployment rate and a greater number of people not currently in the workforce.
- Nelson City has proportionately more house buying affordability and lower weekly market rents than in many parts of the country, with just 20% of residents paying $400/week or more for rent compared to 37% nationally. The larger retiree population base also gives rise to the higher proportion of home ownership in Nelson relative to the national average (57% vs 51% respectively). This typically means a more established equity base in the community and higher discretionary spend potential. However, despite this spend potential, higher proportions of this age cohort typically result in less annual retail expenditure on a per household unit base.

5. POPULATION AND HOUSEHOLD PROJECTIONS

The following figure shows the population and household growth projections for the core economic catchment of the proposed supermarket (i.e., Nelson City). These projections are derived from the latest information available from Stats NZ and portray both the High and Medium growth projection series.

FIGURE 4: CORE ECONOMIC MARKET POPULATION PROJECTIONS



Source: Stats NZ, Property Economics

Where the Medium growth scenario predicts growth will flatten off over the forecast period, the High growth scenario assesses the possibility of the Nelson City continuing to grow at a slightly faster rate than the previously expected based off the 2018 Census data.

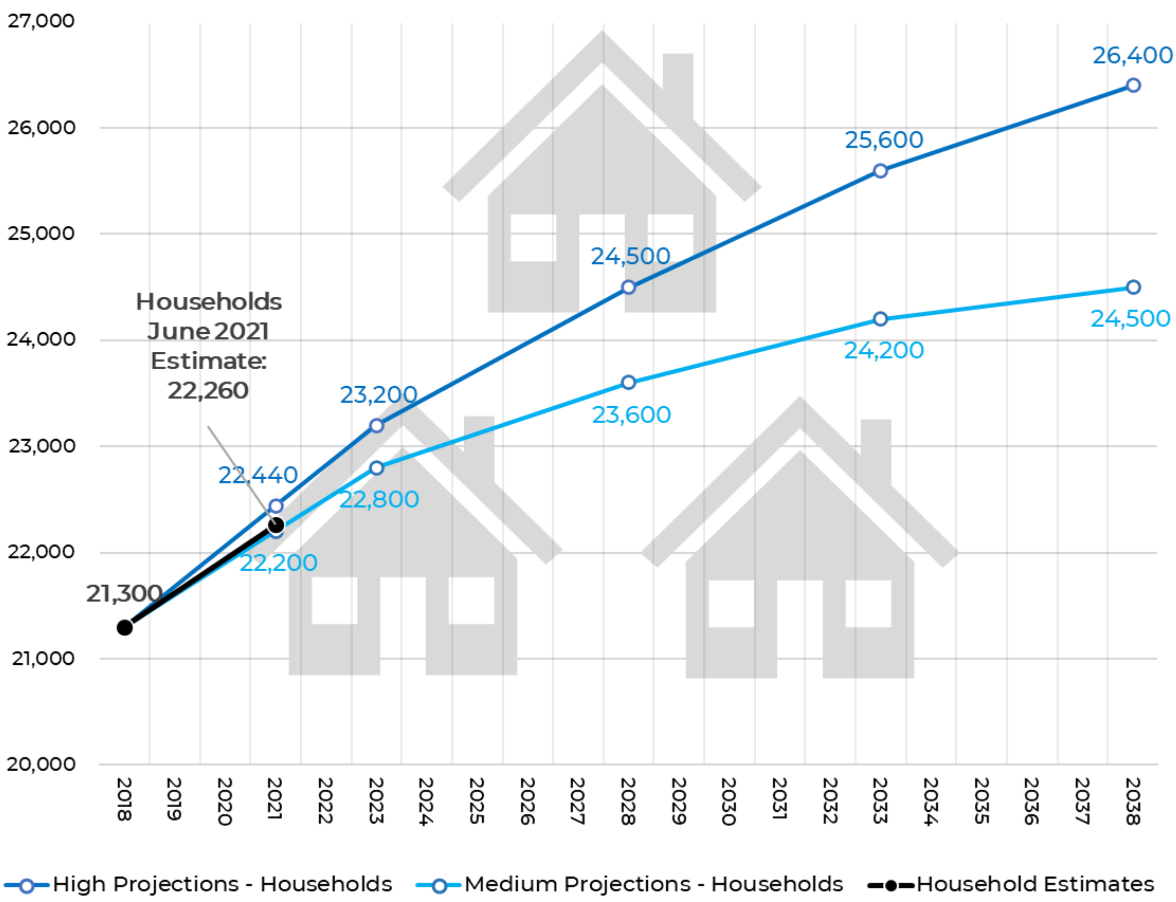
In comparison to these two population projections, the actual growth experienced in Nelson City over the past three years was approximately at the midpoint of the two projection series (based on the latest 2021 Stats NZ population estimate for Nelson derived off the 2018 NZ Census results).

If this growth profile continues, the population is expected to increase by circa 6,720 people (+12% net) to 61,450 by 2038.

The figure below indicates that growth in the number of households in Nelson City within the original growth projections was forecast to increase at a faster proportional rate than the population due to a projected fall in the person per dwelling ratio over the forecast period. This was a trend projected to occur across the whole country due to an ageing population, smaller families and a higher proportion of 'split' or single households, however the results of the 2018 NZ Census and subsequent population estimates have shown the reverse to be true.

That is, that the population per household ratio has increased slightly in Nelson from 2.46 in 2013 to 2.47 in 2018. This trend was also reflected across the country. There are a number of possible reasons for this reversed trend, not the least of which relates to the lack of new home supply, and rising house prices that has occurred between the last intercensal period.

FIGURE 5: CORE ECONOMIC MARKET HOUSEHOLD PROJECTIONS



Source: Stats NZ, Property Economics

6. RETAIL TRENDS OVERVIEW

Property Economics' high-level review of New Zealand's retail market trends has identified future changes that are likely to have a pronounced effect on shopping patterns across the country, and heavily influence decision making of retailers looking to maximise market opportunities or optimise a store network for banner retail brands.

Some of the current key drivers of change in the retail market identified include the increasing *'power'* of interchange locations (particularly State Highways), and their strengthening ability to *'shift'* higher traffic volumes and fuel shopper movement, unrelenting market competitiveness and increasing consumer expectations in relation of offer, environment, experience and access, and the escalating (R)etail (R)evolution of 'clicks vs bricks' in reference to Internet retailing trends and influence.

These key drivers of change are identified below.

6.1. DRIVERS OF CHANGE

Changes in retail shopping patterns across NZ have been striking over the past half century resulting in a material transformation in the way NZ consumers shop, and ever-changing shifts in the country's network hierarchy.

Transformative change is not unusual in dynamic sectors such as retail which has to continually reinvent itself with fluid trends, services, products and formats in an attempt to attract the increasingly discerning consumer. In Property Economics' view the current key drivers of change in the retail landscape (which are also changing / evolving) are:

1. Retail consumer expectation
2. Motorway accessibility and catchment scale
3. Shopping malls and large format retail (LFR)
4. The (R)etail (R)evolution

6.2. CONSUMER EXPECTATION

In retail terms 'a static centre is a dying centre', with unrelenting renewal of the retail offer and experience vital to staying ahead in an increasingly competitive market.

Given the commercial realities of there being 'winners and losers' in the retail game (with the latter tending to be a more popular category), one of the by-products of heightened competitiveness and commercial realities is often more retailers having to trade at lower store sales productivities ($/sqm), and positioning stores in higher performing centres (particularly banner stores) is becoming increasingly important to maximising sales potential. This will only become more pronounced in the future as market competitiveness grows.

There have been a number of key factors that have diluted the retail offer, vitality, amenity and ultimately performance of some of the '*traditional*' town centres in NZ, and driven changes in shopping patterns.

Nelson City is not alone in battling these issues. At a higher level, the retail centres that have experienced minimal change in terms of how retail goods and services are delivered to consumers, and generally not reinvented themselves to meet today's 'expected' standard, have proportionally seen their consumer base and retail sales decline.

Consumers now generally want more than just to purchase a product from centres higher up the centre hierarchy, but a more complete shopping experience. In this regard, the quality of the environment (built form, amenity, services, recreational spaces (active / passive, hard / soft), parking, etc.) has to be just as good as the product offer (competitively priced, range, scope of offer, quality of service, etc.).

Successful centres are creating more of a shopping experience which generates more reasons for consumers to visit a centre (and more frequently), and they become more lifestyle centres (movies, cafes, bars, restaurants, extended trading hours, market days, community events to ground the centre to a localised context, etc.) based around its core retail functions. These centres can attract more consumers, more frequently and get them to stay longer, i.e. they increase the average spend per shopper per visit. For some traditional town centres and main streets this has the added benefit of increasing the economic efficiencies of community (Council) investment in these centres.

6.3. MOTORWAYS, MALLS AND LFR

Major changes that have occurred over recent decades, and shaped NZ's retail market into what it is today, include the development of shopping malls from around 1970 onwards, the on-going development of NZ's motorway and State Highway system, and the emergence in more recent times of Large Format Retail (LFR) centres.

While it is recognised that no mall development has occurred in Nelson, the mall developments in the main urban centres of Auckland and Christchurch (and Richmond locally) have had a major influence of shopping patterns of the city's consumers, particularly over the last two decades.

Coinciding with this was the emergence of the 'fast food' market and petrol stations expanding their non-petrol offer to become 'mini dairies' to provide improved convenience for the increasing 'time precious' consumer.

Historically many of the traditional town centres across NZ, as in Nelson, were the heart of a community with a wide ranging retail offer and mix including supermarket, fashion, hardware, footwear, department stores, restaurants, community and recreational facilities, and localised commercial services. However, while the term 'town centre' has remained, the traditional meaning of it cannot be applied to many of the modern-day centres that carry the label.

As a result of the trends identified above, town centres today in many lower growth areas have had their historic role and function reduced to primarily one focused on supplying convenience retail and commercial services, civic and social functions for the immediate communities they serve.

Regional Shopping Malls and LFR centres have largely removed the 'higher order' comparison stores in centres where these trends have become embedded such as local hardware stores, fashion, footwear stores, and department stores, which have been absorbed by larger more centralised stores in larger retail centres attracting shoppers from far more extensive catchments.

This has been buoyed by improvements in the roading network, and better quality and cheaper cars (imported second hand cars from Asian countries primarily) making travelling quicker and easier around the regions, and allowing consumers more retail choice and the ability to travel further afield to undertake their retail shopping. This has also been driven by retailers' desire to reduce overhead cost structures and duplication of stores to improve efficiency and competitiveness against increased market competition, i.e. have one larger store that services a larger market rather than two or three separate smaller stores to service the same market.

The 'upshot' of the identified changes in the market is that many traditional town centres around the country are unlikely to go back to their more halcyon days of servicing the vast majority of the local community's retail needs. Rather, their future role will primarily be based around providing convenience based retail and commercial goods and services that are more frequently purchased, particularly food and beverage retailing, which can be accommodated in the town centre.

This has resulted in consumers spreading their spending across a wider range of centres with the majority of their 'higher order' comparison purchases (generally higher ticket price purchases) going to 'higher order' regional centres triggering a layering of centre catchments across the region.

6.4. CLICKS VS BRICKS

Emerging in recent years is the (R)etail (R)evolution with growing influence of Internet retailing (sometimes referred to as e-tailing), which allows consumers to purchase previously inaccessible goods from stores not only outside their local catchment, but right around the world.

E-tailing has moved into a mobile format with enhanced instant access to goods and services able to be made while '*on the run*' so to speak. All these changes have had, and will continue to have, cumulative and underlying influences on the more 'traditional' town centres in terms of the role they play in the community and the retail offer provided.

E-tailing is anticipated to be a major factor that will have an increasing influence on the future retail provision required and shopping patterns, and is now at a point where it should be factored into forward planning considerations. For the 12 months ending March 2019, online sales accounted for 8%[1] of total national retail expenditure.

Growth in domestic e-tail sales is outpacing growth in spending at physical stores and international retailers continue to gain market share off local retailers in New Zealand. This will account for an increasing proportion of total retail sales which will effectively reduce the amount of retail expenditure available for '*on-the-ground'* retail stores given it's the same discretionary dollar being spent. This will not necessarily result in a decline in the retail built-form from current levels, but more likely a slowdown in new retail built-form growth, as a result of market growth.

Successful retail centres in the future will continue to play a dominating role in retail markets providing human interaction and experiences complementing the significant digital sales channels. Retail centres which provide more than just a generic goods retailing platform but will attract consumers looking for a 'day out' and provide a wider range of functions not accessible through the Internet forum.

Interesting, diverse and multi-faceted retail-based locations will always form an important part of society's fabric. Humans need socialisation and human interaction on a frequent basis. Moving forward, successful centres are likely to be those destinations which as well as providing a significant retail function are conveniently accessed and located to meet consumer needs across a broad spectrum of activities and services, evolve to become more than just a retail environment and provides a range of interesting and quality experiences for visitors.

[1] *Monthly Update: Online sales for February - April 2019 - BNZ*

7. RETAIL SPENDING PATTERNS

In order to assess the level of retail expenditure flows 'in' (retail inflow[2]) and 'out' (retail leakage[3]) of the Nelson City, this report utilises MarketView retail transaction data sourced from Verisk for the January 2019 - December 2019 period. This discrete period has been chosen as it is an annualised period, thereby removing any seasonal variations in retail expenditure.

MarketView data is based on the spending and retail transactions of Paymark credit and debit (EFTPOS) cardholders[4]. As a guide, electronic card transactions account for approximately 60%-70% of retail spending within NZ. The MarketView data has been collected from a range of stores across the spectrum of assessed retailers in the catchment, from national chains to small independent stores.

'Origin' of retail spending refers to where retail expenditure at retail stores within the Nelson City is derived. This dataset also enables the quantification and influence of the 'inflow' of retail dollars into the Nelson City.

'Destination' of retail spending refers to where residents of Nelson City are spending their retail dollars. Destination has been classified by the territorial authority. This provides insight into the 'retention' and 'outflow' of retail dollars from Nelson. Outflow is interchangeably referred to as leakage for the duration of this report.

Given the large sample size Paymark cardholders and the prolific use of EFTPOS within NZ, MarketView data is considered to provide a robust and accurate representation of the origin and destination of retail spending patterns in Nelson, and hence has been used as a basis for this assessment.

For the purpose of this analysis, this report compares retail inflow and outflow as a proportion of total spending or retail expenditure generated within the Nelson City market. This means that the outflow percentages represent spending as a proportion of what the Nelson market generates, whereas inflows represent spending at retailers within the Nelson market as a proportion of what the Nelson City generates.

To provide some context into the net flows:

- Internalisation is the proportion of Nelson City resident related retail expenditure spent within the City.

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[2] *Retail inflow refers to retail expenditure generated outside a defined geographic area (in this instance the Nelson City territorial authority) but spent inside that defined area.*

[3] *Retail leakage is the converse of retail inflow and refers to retail expenditure generated in a particular geographic area (Nelson City in this instance) but spent outside that defined area.*

[4] *MarketView data excludes business and corporate cards. The transaction values include GST but exclude cash out with purchases. MarketView does not pick up hire purchase, direct debit/credit payments or cash-based spending.*

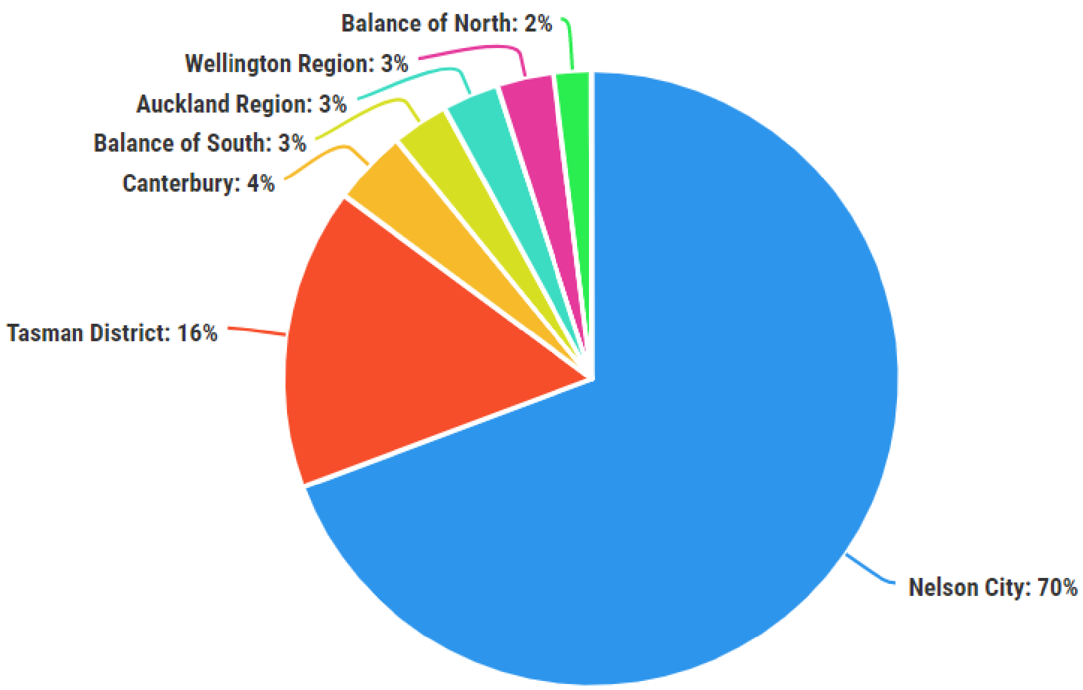
- Leakage is the proportion of Nelson City resident retail expenditure spent outside of Nelson City.
- Domestic Inflow is the proportion of retail expenditure spent within Nelson City from residents who's place of residence is outside of the Nelson City, relative to the total retail expenditure generated by Nelson City residents.
- International Inflow is the proportion of retail expenditure spent within Nelson City from international tourists, relative to the total retail expenditure generated by Nelson City residents.

7.1. DESTINATION OF RETAIL SPEND

'Destination' retail spending for Nelson is derived from identifying where retail expenditure generated in Nelson's retail market is spent, quantifying the 'outflow' of spend from Nelson's retail market.

The following figure illustrates the proportional composition of retail spending made by residents residing in Nelson by 'destination' on a comparative geographic basis.

FIGURE 6: NELSON DESTINATION OF SPENDING



Source: Property Economics, MarketView

Nelson internalises almost (70%) of its generated annualised spending (i.e. spent locally). This equates to $7 out of every $10 spent by Nelson residents is spent in Nelson itself. Unsurprisingly, given the proximity to the core Richmond Town Centre environment area, 16% of retail spend from Nelson residents is spent in the Tasman District.

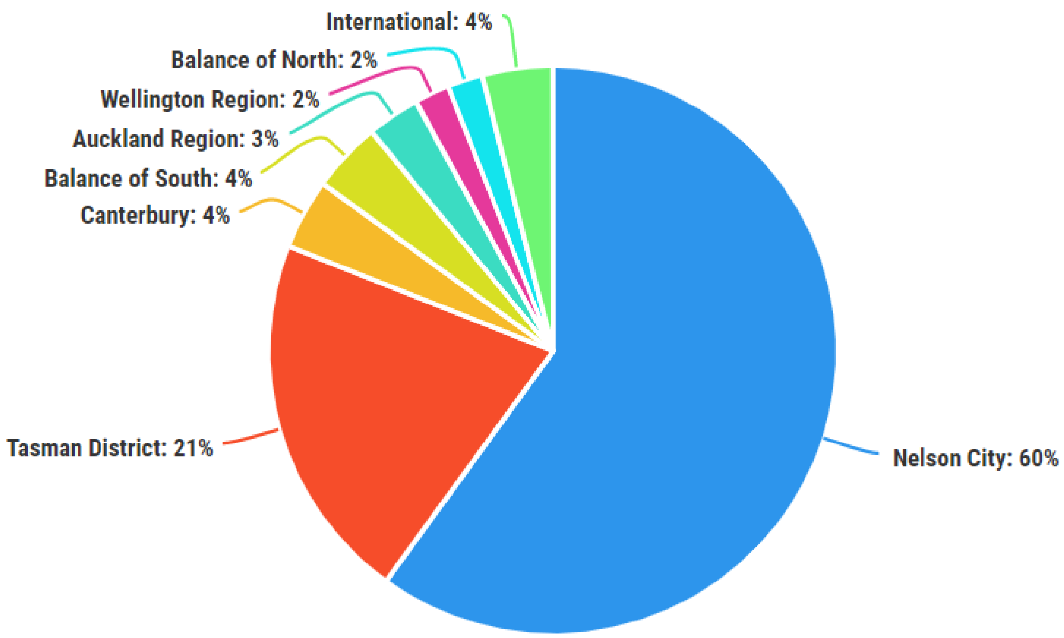
Canterbury is the most popular alternative shopping destination for Nelson residents with the largest outflow of spend at 3.6%. This is followed by the balance of the South Island and the two larger North Island regions, Auckland and Wellington which all roughly capture 3% of spend each. Competitive domestic travel airfares and increased frequency of flights assist in this leakage. Suffice to say the bulk of Nelson generated expenditure is spent locally, i.e. either within Nelson itself or Tasman.

7.2. ORIGIN OF RETAIL SPEND

'Origin of retail spending' represents where retail spend within Nelson is derived. In other words, the areas that retail shoppers in Nelson reside. This enables the quantification of the 'inflow' of retail dollars into Nelson, and the origin composition of that inflow.

The figure below illustrates the proportional composition of retail spending within Nelson from the New Zealand and International markets.

FIGURE 7: NELSON CITY ORIGIN OF SPENDING



Source: Property Economics, MarketView

Approximately, 60% of retail sales within Nelson are derived from Nelson residents, with a further 21% from Tasman residents. Combined these two regions comprise 81% of Nelson's retail sales.

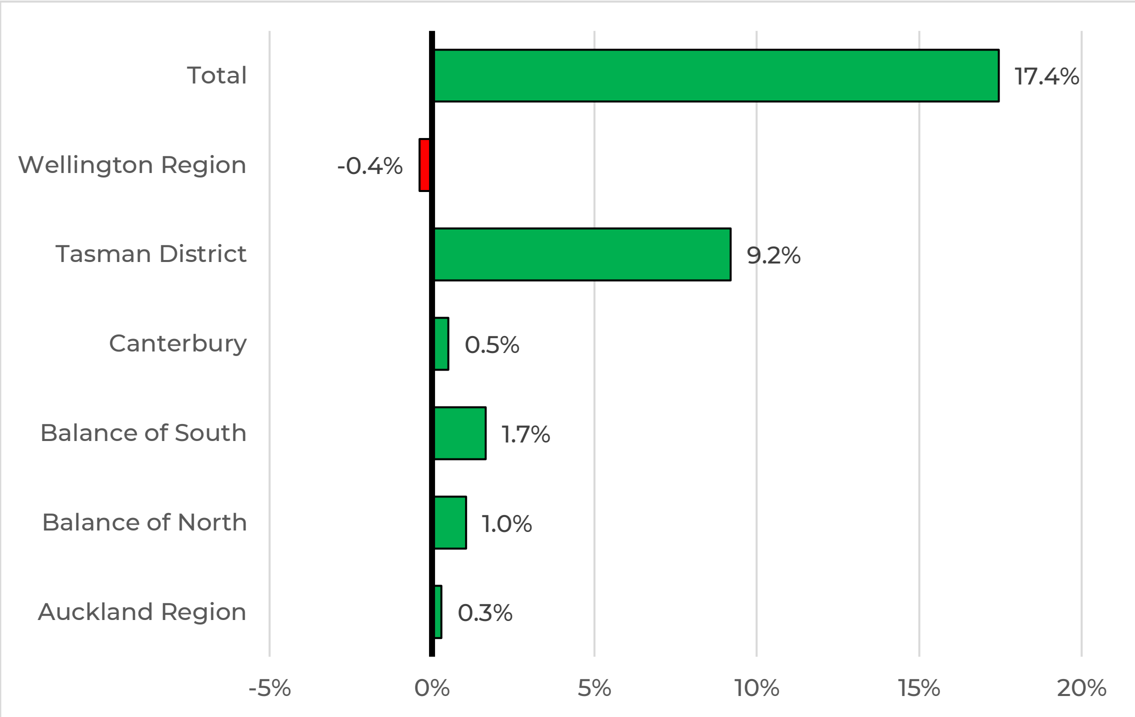
Nelson, as a popular holiday destination is able to attract a meaningful proportion of its sales (19%) from beyond the Nelson and Tasman region. Where Canterbury was comparatively high spending area for Nelson residents, a similar 4% of spending in Nelson is from Canterbury residents. This is made up of spending from residents of the Canterbury region at 4%, while Auckland and Wellington regions combined comprise almost a further 5%.

In addition, Nelson is a popular spot for international tourists attracting an additional 4% of its annual sales from outside New Zealand. It should be noted that Tourism Satellite Account data published by MBIE[5] suggests this international spend is comparatively under-represented in the MarketView data which would suggest international tourists represent a greater proportion than 4%.

7.3. GEOGRAPHIC NET RETAIL FLOW POSITION

The following figure assesses the proportional level of leakage / inflow of retail dollars existing / entering Nelson to determine the net flow of retail expenditure.

FIGURE 8: NELSON NET FLOWS BY LOCATION



Source: Property Economics, MarketView

Overall, Nelson has a total positive net flow position of +17% of its generated spend with positive net inflows from almost every location shown in the figure above. That is, visitors to Nelson City spend more in Nelson than when Nelson residents visit other parts of the country. The only exception being Wellington. As a strong tourist destination, this result is to be expected and positively inflates the size of Nelson's retail market.

Tasman, having a substantial population base adjacent to Nelson is of key relevance being the largest region of both inflow and outflow spending. Unlike residents of other regions, spending from the Tasman District would not be considered tourist spending as many of its residents (primarily in and around Richmond) work within the Nelson City territorial authority and in

[5] *Ministry of Business Innovation and Employment*

effect is the same urban area, hence retail activity in Nelson is in direct competition with Tasman retailers.

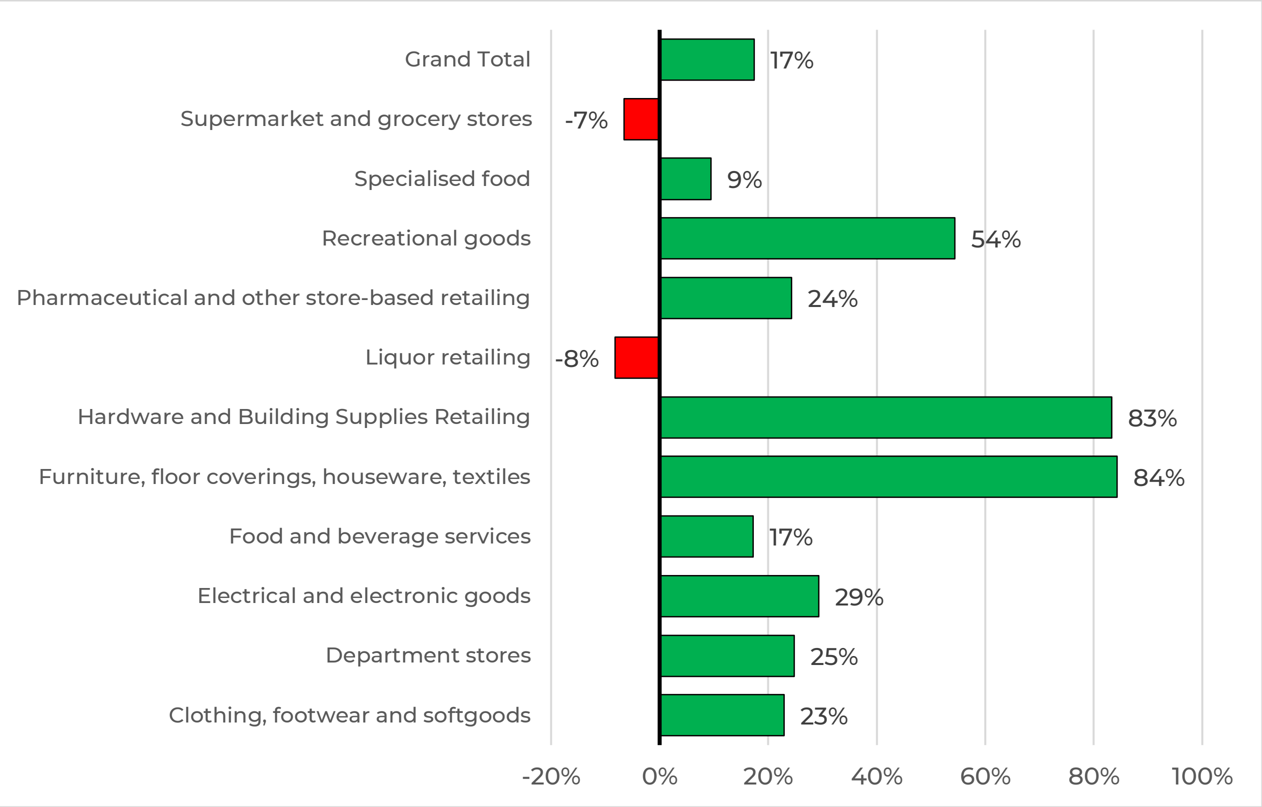
The large positive net flow is indicative of Nelson City's larger retail offering, a consequence of being a larger urban area, which provides additional choice and attracts significant spend Tasman residents.

7.4. RETAIL SECTOR NET RETAIL FLOW POSITIONS

The following figure displays the proportional level of leakage / inflow of retail dollars exiting / entering Nelson's market by sector to determine the net flow position of each retail sector and store type.

While leakage may be proportionally high per sector, each sector represents a differing proportion of wider retail spending, i.e., supermarket retailing typically equates to over 40% of total spending[6], while Electrical and Electronic Goods in just over 3%. This means for example 10% leakage from a large sector may be greater than 60% leakage from a small sector in real dollar terms.

FIGURE 9: NELSON CITY NET FLOWS BY SECTOR



Source: Property Economics, MarketView

Given the aforementioned spending data and analysis, it is not surprising to see strong positive inflows across virtually all retail sectors. While Hardware and building supplies, and Furniture, floorcoverings, housewares and textile sectors experience significant percentage inflows (over 80%), these two sectors are a relatively small part of the retail market in terms of total retail sales.

Retail flows are typically correlated to the retail provision within each area, and Nelson having a larger LFR base supply at present. However, as Tasman's population base continues to grow it will reach a critical mass where once LFR retailers recognise the need for a second or third store across the regions, then Tasman would be the next logical destination of such supply to ensure better servicing of that market. In this regard, Nelson's retail provision is largely '*in place*', whereas any new retail provision from a store / brand expansion perspective across the regions is more likely to be in Tasman.

However, there are two closely related sectors that have a negative net position or net outflow of spend to Tasman on an annualised basis – supermarkets and liquor retailing. The supermarket and grocery sector is the largest retail sector in terms of annual spend and the -7% net position equates to a significant amount of spend nominally. In real terms Nelson's 7% lost supermarket spend currently estimated to equate to around $14m annually.

In Property Economics experience, the Pak'n Save stores around the country draw customers from a larger catchment than other supermarket brands and provide a strong attraction due to its budget price position in the market. The data provides a strong evidential base to suggest that the Pak'n Save in Richmond, being the only one within the Nelson Tasman regions at present, is drawing a substantial amount of supermarket spending out of Nelson. Its location in Richmond Town Centre means the store is proximate to the Nelson south suburbs and is likely to draw the majority of its Nelson custom from these suburbs.

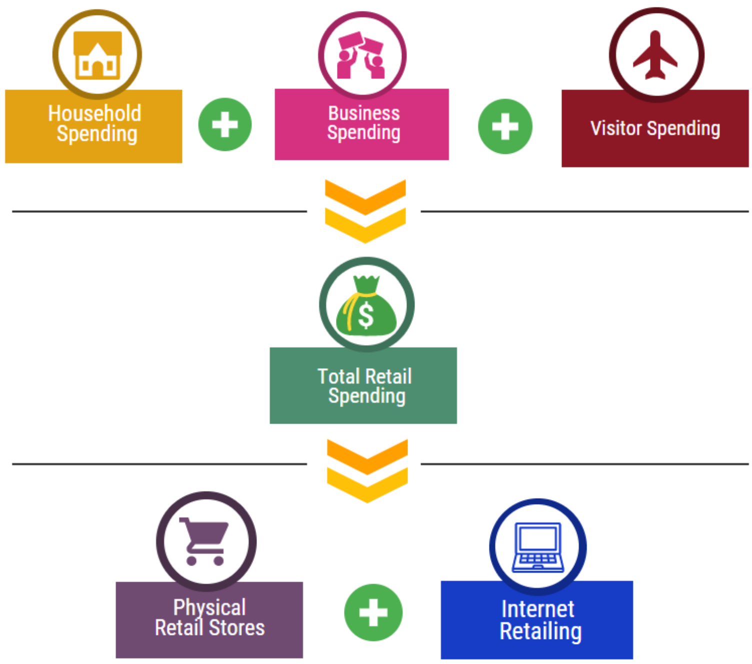
8. RETAILING DEMAND AND SUSTAINABLE GFA

This section sets out the projected retailing expenditure and sustainable GFA forecasts for the Nelson City's catchment. These forecasts have been based on the aforementioned population and household growth projections, retail shopping patterns and expenditure flows, and have been prepared using Property Economics' Retail Growth Model.

8.1. RETAILING EXPENDITURE GROWTH MODEL

A more detailed breakdown of the model and its inputs is set out in Appendix 3.

The following flow chart provides a graphical representation of the Property Economics Retail Model to assist Gibbons in better understanding the methodology, process and key inputs utilised.



GROWTH IN REAL RETAIL EXPENDITURE

For the purposes of projecting retail expenditure, growth in real retail spend has been incorporated into the model at a rate of 1% per annum over the forecast period. This 1% rate is based on the level of debt retail spending, interest rates and changes in disposable income levels, and is the average inflation adjusted increase in spend per household over the assessed period.

Tourism retail expenditure growth has been estimated at a long-term national rate of 2% per annum sourced from the MBIE.

LAYERED RETAIL CATCHMENTS

It is important to note that the retail expenditure generated in the Nelson City does not necessarily equate to the sales within that particular area. As the MarketView data shows this is particularly pertinent given the strong inter-relationship with Tasman. Residents can freely travel in and out of the Nelson City, and they will typically choose to shop at retail destinations with their preferred range of stores, products, brands, proximity, accessibility and price points. A good quality offering will attract customers from beyond its core market, whereas a low-quality offering is likely to experience retail expenditure leakage out of its core market.

Therefore, the retail expenditure generated in an area represents the retail sales centres (or retail stores) within that area could potentially achieve and is the key influence on what the market can potentially sustain. This should not be interpreted as a negative for any retail activity in Nelson, but simply represents normal commercial market mechanisms (competition) and is a consideration that needs to be appropriately accounted for in any analysis.

EXCLUDED ACTIVITIES

The retail expenditure figures below are in 2021 NZ dollars and exclude the following retail activities, as categorised under the Australia New Zealand Standard Industrial Classification (ANZSIC) categorisation system:

- Accommodation (hotels, motels, backpackers, etc.)
- Vehicle and marine sales & services (petrol stations, car yards, boat shops, caravan sales, and stores such as Repco, Super Cheap Autos, tyre stores, panel beating, auto electrical and mechanical repairs, etc.)
- Hardware, home improvement, building and garden supplies retailing (e.g. Mitre 10, Hammer Hardware, Bunnings, PlaceMakers, ITM, Kings Plant Barn, Palmers Garden Centres, etc.)

The above retail sectors have been excluded because they are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, viability or functionality. Modern retail centres do not rely on these types of stores to be viable or retain their role and function in the market as such stores have the potential to generate only non-consequential trade competition effects rather than flow-on retail distribution effects. Therefore, the retail centre network's economic wellbeing and social amenity cannot be unduly compromised.

The latter two bullet points contain activity types that generally have greater difficulty establishing new stores in centres for land economic and site constraint reasons, i.e. the commercial reality is that for most of these activity types it would be unviable to establish new stores in centres given their modern store footprint requirements and untenable to remain located within them for an extended period of time (beyond an initial lease term) in successful centres due to property economic considerations such as rent, operating expenses, land value, operational and functional requirements and site sizes.

Trade orientated activities such as kitchen showrooms, plumbing stores, electrical stores and paint stores are also excluded from the model for similar reasons. This is not to imply that these activity types are not situated in centres, as in many instances some of these store types remain operating in centres as a historic overhang.

However, in the future, it is increasingly difficult from a retail economic perspective to see these store types establishing in centres (new or redeveloped), albeit they likely have equal planning opportunity to do so. As such, demand for these store types is additional to the retail demand assessed in this analysis.

Nelson Junction represents a unique situation in that the site was consented for LFR activity over a decade ago but that consent was only partially actioned (Mitre 10 Mega) with the balance of the consent undeveloped due to lack of demand leaving a large part of the site vacant, as it remains today. Now over a decade and a half later the market is significantly larger with retail trends and store footprints evolving significantly. This has given rise to new opportunities for LFR to be developed again on the site.

SUSTAINABLE GFA

This analysis uses a sustainable footprint approach to assess retail demand. Sustainable floorspace in this context refers to the level of floor space proportionate to an area's retainable retail expenditure that is likely to result in an appropriate quality and offer in the retail environment. This does not necessarily represent the 'break even' point, but a level of sales productivity ($/sqm) that allows retail stores to trade profitably and provide a good quality retail environment, and thus economic wellbeing and amenity.

It is also necessary to separate the Gross Floor Area into:

- Net retail floorspace (Sustainable Floorspace); and
- Back office floorspace that does not generate any retail spend.

A store's net retail floor area only includes the area which displays the goods and services sold and represents the area to which the general public has access. By contrast, the Gross Floor Area typically represents the total area leased by a retailer. Back Office Floorspace in a retail store is the area used for storage, warehousing, staff facilities, admin functions or toilets and other 'back office' uses.

These activities on average occupy around 25-30% of a store's GFA. It is important to separate out such back office floorspace from sustainable floorspace because back office floorspace does not generate any retail spend. For the purposes of this analysis a 30% ratio has been applied.

8.2. TOTAL RETAIL EXPENDITURE

The following table breaks down the total retail market for Nelson City for the assessed period on an annualised basis by retail sector.

TABLE 1: NELSON CITY ANNUALISED RETAIL EXPENDITURE BY SECTOR ($M)

ANZSIC Sector	2023	2028	2033	2038	2023-2038 Growth	
					$m	%
Specialised food retailing	$73	$80	$87	$94	$21	+29%
Supermarket	$219	$240	$261	$281	$62	+28%
Food and beverage services	$166	$184	$203	$222	$56	+34%
Total Food Related Retailing and Services	**$458**	**$504**	**$551**	**$597**	**$139**	**+30%**
Clothing, footwear and personal accessories retailing	$53	$58	$64	$69	$16	+30%
Furniture, floor coverings, houseware and textile goods retailing	$23	$25	$27	$28	$5	+22%
Electrical and electronic goods retailing	$31	$33	$35	$37	$6	+19%
Pharmaceutical and personal care goods retailing	$27	$29	$32	$34	$7	+26%
Department stores	$56	$61	$67	$71	$15	+27%
Recreational goods retailing	$33	$36	$39	$42	$9	+27%
Other goods retailing	$59	$65	$72	$79	$20	+34%
Total Retail Expenditure ($m)	$740	$811	$887	$957	$217	+29%

Source: Property Economics

It is estimated that Nelson City generates around $740m per annum of retail expenditure which is projected to grow to almost $960m by 2038, a net 29% increase. This equates to an additional $220m (rounded) in retail expenditure in 2038 over the 2023 base year.

Food related retailing and services sector equates to 62% of generated retail spending, providing an estimated $460m of retail expenditure in 2023. The Nelson City's annual generated 'food retailing' expenditure is projected to increase to an estimated almost $600m by 2038, equivalent to $140m more than the current level of annualised retail spend.

Food related retailing can be split in to two categories - Supermarkets, and Specialised Food Retailing. Specialised Food Retailing includes store types such as:

- Fresh meat, fish and poultry stores.
- Fruit and vegetable stores.
- Liquor stores.

- Other specialised food retailing

These specialised food retailing outlets are in competition with supermarkets, and as such sales can be transferable between these store types. It is therefore important to assess the market demand for all food retailing store types and not just the supermarket sector when assessing the market potential for supermarkets in an area.

8.3. SUSTAINABLE RETAIL GFA

The table below illustrates the level of sustainable GFA within the food retailing sectors specifically that can be sustained by the generated spend within Nelson City. This is then forecast out to 2038.

Nelson City currently (2021) generates enough retail expenditure on an annualised basis to sustain around 143,800sqm of retail GFA, of which over 67,000sqm is attributed to Food Retailing store types (46%).

By 2038, the level of sustainable GFA for food related retailing is estimated to increase to over 87,000sqm, representing a net increase of approximately 20,300sqm. Goods from primarily LFR centres make up a comparatively larger proportion of the floorspace due to their lower required productivities ($/sqm) and larger store footprint requirements.

TABLE 2: NELSON CITY ANNUAL SUSTAINABLE RETAIL GFA (SQM)

ANZSIC Sector	2023	2028	2033	2038	2023-2038 Growth	
					sqm	%
Specialised food retailing	12,300	13,400	14,600	15,700	3,400	+28%
Supermarket	25,100	27,400	29,800	32,100	7,000	+28%
Food and beverage services	29,700	32,900	36,300	39,600	9,900	+33%
Total Food Related Retailing and Services	**67,100**	**73,700**	**80,700**	**87,400**	**20,300**	**+30%**
Clothing, footwear and personal accessories retailing	10,800	11,800	13,000	14,000	3,200	+30%
Furniture, floor coverings, houseware and textile goods retailing	8,100	8,700	9,300	9,800	1,700	+21%
Electrical and electronic goods retailing	8,800	9,500	10,100	10,700	1,900	+22%
Pharmaceutical and personal care goods retailing	4,200	4,600	5,000	5,400	1,200	+29%
Department stores	20,100	21,900	23,800	25,500	5,400	+27%
Recreational goods retailing	9,100	10,000	10,900	11,800	2,700	+30%
Other goods retailing	15,600	17,300	19,100	20,800	5,200	+33%
Total Sustainable Retail Floorspace ($m)	143,800	157,500	171,900	185,400	41,600	+29%

Source: Property Economics

9. FOOD RETAILING SUPPLY-DEMAND DIFFERENTIALS

To provide an overview of the current supply versus demand dynamics of the core retail economic market, this section cross-references the current supermarket provision against sustainable supermarket demand, outlined in the preceding sections.

In March 2016 Property Economics undertook a retail audit of Nelson City, as part of a broader Nelson Tasman Business Land Study, in order to quantify the level of retail activity that existed within the centre network of the regions. A subset of that audit relevant to this analysis is the food related provision. That is the focus of this section.

Property Economics acknowledges that survey information represents a 'snapshot' in time and retail stores are contently opening, closing and relocating due to a variety of individual store and owner circumstances. In this regard the retail market is fluid and undergoing constant change.

Although the timeliness of the data may be questioned given it is six years old, Property Economics have noted on visiting the Nelson supermarkets specifically that there have been no material changes to the supermarket sector provision since undertaking the audit. Therefore, the figures below are still considered appropriate to utilise as a guide to the demand supply dynamics within Nelson City for these store types.

Conversely, while there would have been some changes to the specialty food retailing sector, they are not considered likely to be of sufficient scale to render the previous audit figure invalid as a useful guide to the current provision.

Within Nelson City, there are six 'mainstream' supermarkets encompassing approximately 15,700sqm as well as circa 31 specialist food retailers as determined in 2016, encompassing around 6,200sqm of GFA. Combined, there is nearly 22,000sqm GFA engaged in food-related retailing in Nelson.

The following table shows the comparison between the existing GFA supply of food retailing from the retail audit and the sustainable demand calculated using the Property Economics Retail Model.

This comparison shows that there is sufficient demand generated in Nelson on an annualised basis to sustain additional food retailing and supermarket floorspace compared to the existing provision. Current supply levels in both store types are below the market's sustainable GFA, indicating that there is capacity for additional food retail activity both now and in the future.

Using the retail audit figures to represent existing provision, there is current potential for 15,500sqm of additional food retailing activity in Nelson, broken down 9,400sqm for supermarkets and 6,100sqm for other specialty food retailing.

This additional capacity only increases moving forward with market growth enabling additional GFA to be sustained. For supermarket store types specifically, by 2038 as additional 16,400sqm GFA is estimated to be sustainable in Nelson (above the current provision). This is supported by the MarketView data which shows a net 7% leakage in this sector to Tasman. In essence, part of Nelson's supermarket demand is being serviced by Tasman stores at present.

If a new supermarket was to be developed on the subject site, it would realistically not be operating in its first full year until 2025, given the appropriate time allowances for the consenting, construction and store fitout processes.

By 2025, Nelson could sustain an additional 10,320sqm of supermarket GFA, and an additional 16,860sqm GFA of food retailing activities in total. This suggests that the entry of the proposed supermarket with a GFA of circa 4,000sqm would be sustainable in the market to accommodate the projected population growth. However, the proposed development would also impact the receiving environment by diverting some sales from the existing commercial centres / supermarket network. This will be quantified and assessed under the context of RMA in later sections.

Note that retail supply does not have to exactly match sustainable GFA. The above analysis aims to provide an overview of how these markets operate and function together. Therefore, these figures should not be regarded as strict guidelines towards what is appropriate to provide. The key component of the analysis is the 'differential' which in effect provides a 'net position' of the supply & demand analysis.

TABLE 3: NELSON CITY FOOD RETAILING SUPPLY – DEMAND FLOORSPACE DIFFERENTIALS (SQM)

	2023	2028	2033	2038
Supermarket Supply	15,700	15,700	15,700	15,700
Supermarket Sustainable Floorspace (Demand)	25,100	27,400	29,800	32,100
Supermarket Supply-Demand Differential	-9,400	-11,700	-14,100	-16,400
Specialised Food Retailing Supply (2016)	6,200	6,200	6,200	6,200
Specialised Food Retailing Sustainable Floorspace (Demand)	12,300	13,400	14,600	15,700
Specialised Food Supply-Demand Differential	-6,100	-7,200	-8,400	-9,500
Total Food Retailing Supply	21,900	21,900	21,900	21,900
Total Food Retailing Sustainable Floorspace (Demand)	37,400	40,800	44,400	47,800
Total Food Retailing Supply-Demand Differential	-15,500	-18,900	-22,500	-25,900

Source: Property Economics

10. BUSINESS COMPOSITION OF TĀHUNANUI

10.1. TĀHUNANUI EXTENT

The following figure identifies the broad geospatial extent of Tāhunanui suburb within Nelson City which encompasses the extent of the business area for which the subject site is located. This is the geospatial area from which the subsequent business demography is based to provide a clear picture of the employment composition and economic base of the local economy.

FIGURE 10: GEOSPATIAL EXTENT OF TĀHUNANUI

Source: LINZ, Google Maps, Property Economics

10.2. EMPLOYMENT TRENDS

Analysing the temporal employment trends by sector within Tāhunanui over the last 22 years is valuable as it shows trends over the whole economic cycle with three distinct periods - an economic '*boom*' period, a market correction as a result of the GFC[7] and a period of economic recovery.

[7] *Global Financial Crisis*

Property Economics utilise the most up-to-date version of Stats NZ's Business Demographics Employment Counts data with businesses assigned an industry sector according to their ANZSIC[8] coding system. For the purposes of this report, classifications have been grouped into Industrial, Commercial Office[9], Other and Retail sectors that reflect the typical composition of employment in business zones and property sectors.

'Other' employees refer to those working in businesses or organisations that would not typically be located on business zoned land and are typically public organisations (central and local). These include hospitals, schools, fire stations, community facilities, parks, and recreation, etc.

The table following displays the Tāhunanui business area temporal employment trends over the 2000 – 2022 period by ANZSIC sector. The Tāhunanui business area is a well-established industrial hub being one of the historic industrial areas of Nelson.

Between 2000-2022, the employment base grew by nominal net 2,190 employees or 59% to a total of over 5,900 in 2022, of which the Construction industry has the highest increase in employment of around 546 employees net. The largest industry (by some margin), Manufacturing had around 1,490 employees in 2022, although this is slightly higher than its peak of almost 1,460 employees in 2005 just prior to the GFC triggered recession in 2008. In effect, the Manufacturing sector employment base in Tāhunanui is only just getting back to its pre-GFC levels 16 years after the GFC emerged.

Interestingly, the industries that had the largest proportional increases were the Administrative and Support Services (+589%) and Health Care and Social Assistance (+412%), which increased more than four-fold in size, albeit off a low base employment.

Retail Trade employment within Tāhunanui has almost tripled to reach an equivalent number of employees as in the Wholesale Trade sector. Despite the area being primarily an industrial hub, the presence of the Airport and the Tāhunanui shops beside the beach raise the retail employment in the area.

[8] *Australia New Zealand Standard Industrial Classification*

[9] *Commercial office has been separated out so as to not confuse with the District Plan definition of Commercial which includes retail, commercial service and offices.*

TABLE 4: TĀHUNANUI TEMPORAL EMPLOYMENT COUNT TRENDS (2000-2022)

ANZSIC	2000	2005	2010	2015	2020	2022	Net Growth #	Net Growth %
A - Agriculture, Forestry and Fishing	30	27	9	3	18	9	-21	-70%
B - Mining	0	0	0	0	0	0	0	n.a
C - Manufacturing	1,372	1,459	986	922	1,391	1,488	116	8%
D - Electricity, Gas, Water and Waste Services	12	18	12	45	46	33	21	175%
E - Construction	492	585	636	812	913	1,038	546	111%
F - Wholesale Trade	374	417	390	419	403	451	77	21%
G - Retail Trade	138	160	262	349	403	447	309	224%
H - Accommodation and Food Services	323	355	399	349	373	321	-2	-1%
I - Transport, Postal and Warehousing	599	632	580	547	450	548	-51	-9%
J - Information Media and Telecommunications	0	0	15	18	21	62	62	n.a
K - Financial and Insurance Services	0	3	6	9	6	3	3	n.a
L - Rental, Hiring and Real Estate Services	33	37	83	72	134	89	56	170%
M - Professional, Scientific and Technical Services	48	90	69	151	201	169	121	252%
N - Administrative and Support Services	61	94	309	464	340	420	359	589%
O - Public Administration and Safety	12	30	33	63	61	36	24	200%
P - Education and Training	44	68	67	94	96	88	44	100%
Q - Health Care and Social Assistance	82	72	88	295	197	420	338	412%
R - Arts and Recreation Services	36	45	108	93	144	156	120	333%
S - Other Services	69	81	109	104	126	136	67	97%
Total All Industries	3,725	4,173	4,161	4,809	5,323	5,914	+2,189	+59%

Source: Stats NZ, Property Economics

The following figure illustrates the employment trends over the 19-year period for Tāhunanui by aggregating the ANZSIC sectors into four overarching property categories of Industrial, Retail, Commercial and Other.

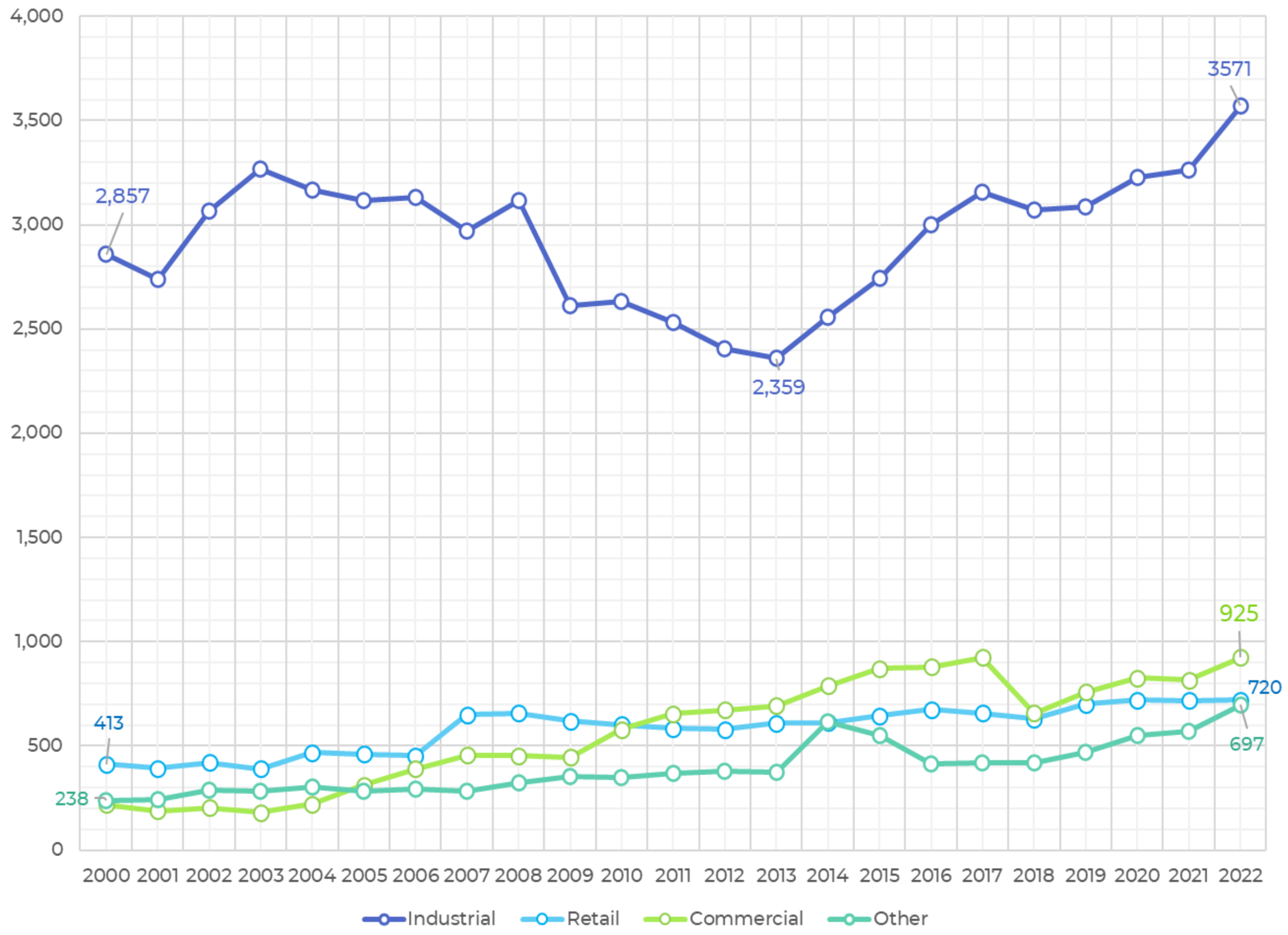
As an industrial zoned hub, it is no surprise that the industrial sectors dominate the employment counts in this area. This is predominately the large manufacturing and construction base that exists in the catchment.

This figure also highlights the more cyclic nature of the Industrial Sector which saw the largest proportional decline in light of the 2008 GFC and consequential recovery over 2013 – 2017 period.

The Commercial sector comparatively, has seen more consistent growth over the period aside from the slight dip over 2017 – 2018 period as a result of falls in the Administration and Support sector specifically.

This highlights that Tāhunanui is a strong industrial hub that has experienced little change in employment structure over the last 22 years. In terms of proportional composition of the area, there has been a shift to a more mixed-use area with commercial activities in particular having a growing presence in Tāhunanui.

FIGURE 11: TĀHUNANUI SETTLEMENT EMPLOYMENT TRENDS BY BROADER SECTOR



Source: Stats NZ, Property Economics

CHAPTER 2: RETAIL IMPACT ASSESSMENT

11. TRADE COMPETITION VS DISTRIBUTION EFFECTS

In terms of assessing potential retail economic effects under the RMA there is first a need to differentiate between trade competition effects and flow-on retail distribution effects. By themselves, trade competition effects are not justification for declining a retail consent application under the RMA, unless they are of a level that generates significant adverse flow-on retail distribution effects on the existing centre network of the area. It is within this broader context that the relative merits of the application need to be considered.

Retail distribution effects are generated by, and are the result of, consequential trade competition and retail activity disbenefit effects. These effects can range across the spectrum (positive and negative) depending on the level of effects generated, which are heavily dependent on the scale, type and location of the proposed activity, among other attributes.

As such, it is accepted case law, that Councils should have regard to significant effects on the amenity of the public caused by any reductions in the viability or vitality of the commercial centres that arise as a consequence of trade competition, i.e. often termed “distributional” or “consequential” effects.

Where the patterns of support and retail activity within an existing centre would not change dramatically within a locality as a consequence of a proposed activity, then the retail distribution effects are not considered to be significant.

Justice Randerson J (High Court, CIV-2003-404-5292) stated “ The key point of distinction between the adverse effects of trade competition on trade competitors and adverse effects which may properly be considered under the RMA, is that trade competition effects focus specially on the impacts on individual trade competitors. In contrast, where a proposal is likely to have a more general effects on the wider community, then the RMA permits consideration of those effects. (para 60)…….”.

The Supreme Court in the Discount Brands Decision[10] stated “ An important matter which the Council’s Regulatory and Hearings Committee needed to inform itself upon was the effect which the activity proposed might have on the amenity values of the existing centres – on the natural or physical qualities and characteristics of those areas that contributed to people’s appreciation of their pleasantness, aesthetic, coherence and cultural and recreational attributes. Such effects on amenity values would be those which had a greater impact on the people and their communities than would be caused simply by trade competition”.

Collectively, those decisions emphasise and establish that where trade competition produces social and economic effects that are not significant and are not beyond the effects ordinarily

[10] *Discount Brands Limited v Westfield (New Zealand) Limited (2005) 2 NZLR 597(SC) also reported as Westfield (NZ) Ltd v North Shore CC [2005] NZSC 17; [2005] NZRMA 337 (SC).*

associated with trade competition, those effects are to be disregarded when assessing an application.

Put another way, retail distribution effects would occur where a new business (or cluster of businesses) affects an existing centre to such a degree that it would erode a centre's viability, causing a decline in its function and amenity, and disenabling the people and communities who rely upon those existing (declining) centres for their social and economic wellbeing.

Retail distributional effects are differentiated from the effects of trade competition on trade competitors, which are to be disregarded pursuant to s104 (3)A of the RMA when considering resource consent applications. Although retail distributional effects are a relevant consideration for a consent authority, it should be noted that Environment Court case law has made it clear that those effects must be significant[11] (but not necessarily ruinous) before they could properly be regarded as going beyond the effects ordinarily associated with trade competition.

It is within this RMA context that the potential effects of the proposed supermarket at Nelson Junction is considered in the following section.

[11] *Northcote Mainstreet vs North Shore City Council (High Court, CIV-2003-404-5292), Randerson J stated: "In regard to shopping centres, I would not, with respect, subscribe to the view that the adverse effects of some competing retail development must be such, as to be ruinous before they could be considered. But they must, at the least, seriously threaten the viability of the centre as a whole with on-going consequential effects for the community served by that centre."*

12. POTENTIAL RETAIL IMPACT ON NELSON CENTRES

Of the potential tenancy types proposed, the supermarket is the store type that is likely to have the greatest potential to cause adverse effects on the centre network from an RMA perspective. Comparatively, other potential tenancy types in the initial plans are activities not able to generate adverse retail distribution effects on centres for reasons outlined earlier in this report. It should also be noted that supermarkets, while predominately competitors against one another, will also draw sales from other Food Retailing stores in the market.

The retail analysis quantified earlier has indicated that annual supermarket spend generated in the catchment is in excess of what is required to sustain the current supply of supermarket GFA. Given the current net leakage of supermarket spend out of Nelson, this diagnosis is unsurprising.

The primary economic benefit of establishing a supermarket in this location means Nelson City will be able to better meet the demand of their own citizens, reduce 'lost' retail spend to Tasman, increase local employment opportunities, improve choice and supermarket accessibility to those working and or living within the local area.

However, this development is not likely to be without costs. While there is technically sufficient demand to sustain the current supermarket operations and support a new 4,000 sqm store, once embedded in the market, it is likely for this new supermarket to draw around $34m in spend annually. This would primarily be diverted spend away from existing supermarkets and other food retailers across both Nelson and Tasman.

12.1. IMPACT ON CBD

There are two centres in Nelson with supermarkets - Stoke and the City Centre. In Property Economics' view, it is likely that the bulk of spend redistributed will be away from the supermarkets in the City Centre. As the MarketView data has showed, there is a net outflow of food retailing spend going to Tasman of which a significant proportion is invariably to Pak'n Save in Richmond given all other supermarket brands are already established in Nelson. The bulk of this 'lost' spend would logically come from the residential areas closest to Tasman, and would represent the areas where the Pak'n Save in Richmond would have the greatest pulling power from Nelson given its proximity.

Comparatively, Nelson CBD offers a much broader range of retail and commercial service activities not offered by the proposed supermarket. However, the subject site is in a convenient location for local industrial employment ,and those traveling or working at Nelson Airport. The Nelson Junction site would also be the closest supermarket for many of the residents of mid-Nelson suburbs such as Tāhunanui, Wakatu, Moana, Annesbrook and Bishopdale as key examples of areas that may otherwise frequent the supermarkets near the city centre.

Before we attempt to quantify these impacts in regard to redistributed spend, it is pertinent to first ask the question as to the extent of effects that would be required for significant retail distribution to occur. Retail distribution effects, as outlined earlier, are defined as effects going beyond those ordinarily associated with trade competition that lead to significant loss of amenity for the community and role and function of a centre.

There are currently four supermarkets in the Nelson City Centre and a wide mix of activities beyond retail (commercial services, office, community facilities, public transport, cultural and recreational activities) that support its role and function as the city centre. While the data suggests that there will be sufficient spend to sustain all supermarkets in the network, the City Centre is unlikely to be at risk of incurring significant adverse distributional effects given its size (circa 200,000sqm and around $500m in retail sales annually), range of 'anchor' tenants and diversity of land uses.

Even if one of the City Centre supermarkets were to close as a result of the proposed supermarket in Tāhunanui) the City Centre's amenity, role and function would not be significantly adversely affected. While there would be trade competition effects, there is no potential for those effects to roll over into wider retail distribution effects given the City Centre's scale.

In fact, as shown in Figure 1, the distribution of the supermarket network in Nelson is not efficient with only two clusters (City Centre and Stoke). This is not representative of the distribution of the city's residential base. The Tāhunanui location would improve the efficiency of the supermarket network's distribution in Nelson and improve accessibility to a fundamental convenience store for many Nelson residents.

12.2. IMPACT ON STOKE CENTRE

Where the effects have the potential to be more impactful is on the Stoke centre as the supermarkets make up a larger proportion of the total GFA and perform the role of 'anchor' stores in the centre. If the supermarkets were to close, this would undermine the role and function of the Stoke Centre causing negative externalities and significant adverse effects. To test the potential for this outcome, Property Economics have assessed the Stoke Centre in more detail below.

Stoke Centre Typology

Property Economics visited the Stoke Centre in February 2020 and undertook an audit of the current tenancies. The summarised results are included in the table following.

What is interesting about this centre is that there were more commercial and community service activities than retail stores. Stoke Centre contained 25 retail tenancies and 22 commercial service activities. Additionally, Stoke has a further 11 community oriented activities that formed an important component of the centre anchored by the Stoke library.

In total, Stoke Centre had 50 individual activities of which only 43% were retail activities. It is fair to say the quality of environment and 'health' of the Stoke Centre could be improved and is not meeting modern day expectations, but it does perform its role and function to the local community.

TABLE 5: TENANCIES IN STOKE

Store Type in Stoke	Count (2020)
Clothing, footwear and personal accessories retailing	2
Pharmaceutical and personal care goods retailing	2
Food retailing	9
Other goods retailing	1
Food and beverage services	11
Total Retail	**25**
Advisory	8
Real Estate	5
Personal or Healthcare	9
Total Commercial Service	**22**
Community Centre	6
Accommodation	1
Education	1
Offices	3
Total Other	**11**
Total Tenancies	**58**

Source: Property Economics

Potential Impacts of Consented Tasman Supermarkets

The next question that needs to be asked is whether or not the supermarkets in Stoke are likely to close if a new supermarket were to establish on the subject site. While the data suggests they are currently performing well within profitable levels, there is also a newly opened Countdown store opened on the intersection of Champion and Salisbury Roads in the Tasman District.

Additionally, there is a New World supermarket consented in South Richmond. While this consent is yet to be actioned, it forms part of the existing environment from an RMA perspective and therefore need to be taken into account.

The new Countdown store on Champion Road (i.e., Countdown Richmond) is close to the Tasman / Nelson boundary. It draws some supermarket spend out of Nelson, which increases net supermarket leakage from Nelson. The southern suburbs of Nelson form part of this new store's core catchment, so the store is designed to service southern Nelson residents and can only elevate the outflow of spend from Nelson to Tasman to the detriment of Nelson's local economy.

During the hearing process for the Richmond Countdown, Property Economics was previously engaged by Tasman District Council to undertake a peer review of an assessment on the economic impacts of the proposed Champion Road Countdown. As a part of this assessment, a range of potential impacts on the Stoke and Richmond centres were agreed upon by the experts involved. The potential impacts on Stoke of this new Countdown are outlined in the table below. The assessed likely impacts range from a combined $11m with higher impacts on Richmond up to $22m if Stoke takes the larger '*hit*'.

TABLE 6: IMPACT ANALYSIS ON STOKE CENTRE OF RICHMOND COUNTDOWN

				Higher impacts on Richmond			Higher Impacts on Stoke		
	GFA (sqm)	Without Richmond CD and NW	Without Richmond CD with Richmond NW	Cumulative Impact Richmond CD and NW			Cumulative Impact Richmond CD and NW		
	2018	2018	2018	$m	$/sqm	%	$m	$/sqm	%
Stoke Countdown	2,700	$36.6	$34.5	-$ 4.9	$ 11,700	-13%	-$10	$ 9,700	-28%
Stoke New World	2,700	$31.8	$30.0	-$ 4.3	$ 10,200	-13%	-$9	$ 8,500	-28%
Stoke grocery stores	-	$11.3	$10.7	-$ 1.5	-	-13%	-$2.8	-	-24%

Source: Property Economics

The impact range fell between 13-28%. This quantifies the level of additional potential 'bleed' of retail spend from Nelson to Tasman, i.e. up to an additional $19m annually.

Once these supermarkets are operational, the Stoke supermarkets would be more susceptible to additional supermarkets in the network. The primary concern was that the smaller, older Countdown supermarket in Stoke may struggle to maintain a proportion of its consumer base if a larger, new supermarket were developed a few kilometres down the road with easy accessibility, better parking, and better environment, albeit lacking the additional amenity and activity of the local retail and commercial service activities in the Stoke centre.

While being consented in 2016, the timing of the New World supermarket construction at Three Brothers' Corner has not been occurred, creating uncertainty around the market conditions they will establish in.

Note that the potential impacts outlined in the table above were considering the impacts as occurring in 2018. If we instead assume an earliest 2025 opening year, there is expected to be around an additional $34 million in supermarket spend within Nelson region between 2023 and 2025, a portion of which will go into the Stoke supermarkets and offset some of their losses.

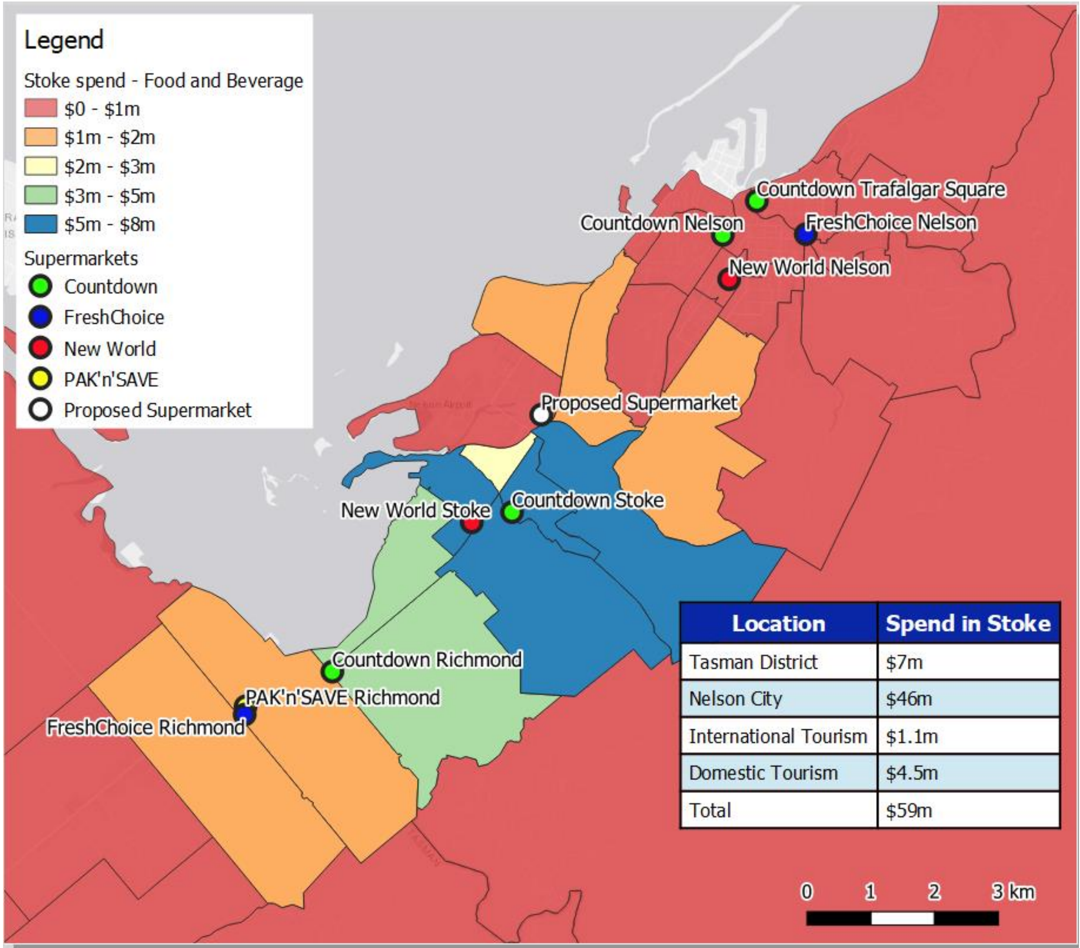
Furthermore, if a new supermarket was to establish in Tāhunanui, some of the assessed impacts from the new Tasman supermarkets shown in the table above would be diverted to Tāhunanui, i.e., some of the estimated loss of spend from Stoke would be rediverted to the new 'player' in the market.

MarketView Food and Beverage Spending in Stoke

To assist the understanding of the potential implications of a new supermarket on the subject site, MarketView data was obtained for the Food and Beverage industry spending in Stoke. The MarketView data showed a total of almost $60 million in electronic card spending in 2019 which represents upwards of $85m[12] in actual spending (incorporating cash transactions).

The origin of this spending is shown on the following figure with a geospatial outline by Area Unit for the local area and a table showing a breakdown of origin of spend. This is compared to the location of supermarkets in the Nelson region and the Richmond Town Centre including the consented but unactioned Countdown Richmond. While the majority of spending is derived from local Nelson residents as expected, Stoke attracts 12% of its food and beverage spend from Tasman residents.

FIGURE 12: CARD SPENDING ON FOOD AND BEVERAGES IN STOKE



Location	Spend in Stoke
Tasman District	$7m
Nelson City	$46m
International Tourism	$1.1m
Domestic Tourism	$4.5m
Total	$59m

Source: Property Economics, MarketView

Interesting is the very localised concentration of spend on Stoke from the surrounding suburbs and the minimal contribution proximate suburbs such as Tāhunanui, Wakatu, Tasman Heights,

[12] *Assumes MarketView represents around 70% of total sales.*

Bishopdale and suburbs further north (the areas where the proposed supermarket in Tāhunanui will generate the majority of its sales).

Impacts on Stoke Food and Beverages Sales

Property Economics had concerns over the impacts of a Countdown in Champion Road due to close proximity and direct replication and improvement over the Countdown that currently exists at Stoke, giving Woolworths NZ a potential reason to cease operations in their Stoke supermarket.

Similar concerns are raised in the context of a brand new 4,000 sqm supermarket on the subject site. However, Woolworths made in clear during the consent hearing process for Champion Road that the lease term and recent investment in the Stoke Countdown meant it was too expensive to close that store, and that they would maintain the store's presence in Stoke. Also, strong population growth is expected to continue to offset any losses including the sustained growth that will occur until the development's completion. Critically, Figure 1 which shows the locations of development capacity where the area directly west of Stoke is zoned residential land that will be developed over the following decade.

Furthermore, the Stoke supermarkets exist within a localised convenience centre, whereas Nelson Junction plays a slightly different and broader function in the market, catering also to the large local employment base and traffic flows along State Highway 6.

Food Retailing Within the Wider South Nelson Market

This sub-section provides a closer examination of the current food retailing spending patterns for a more localised catchment would be beneficial. To this effect, additional MarketView retail spending pattern data was obtained to examine the flows of food retailing spend at a more localised level. This area represents a subset of the proposed store's trade catchment.

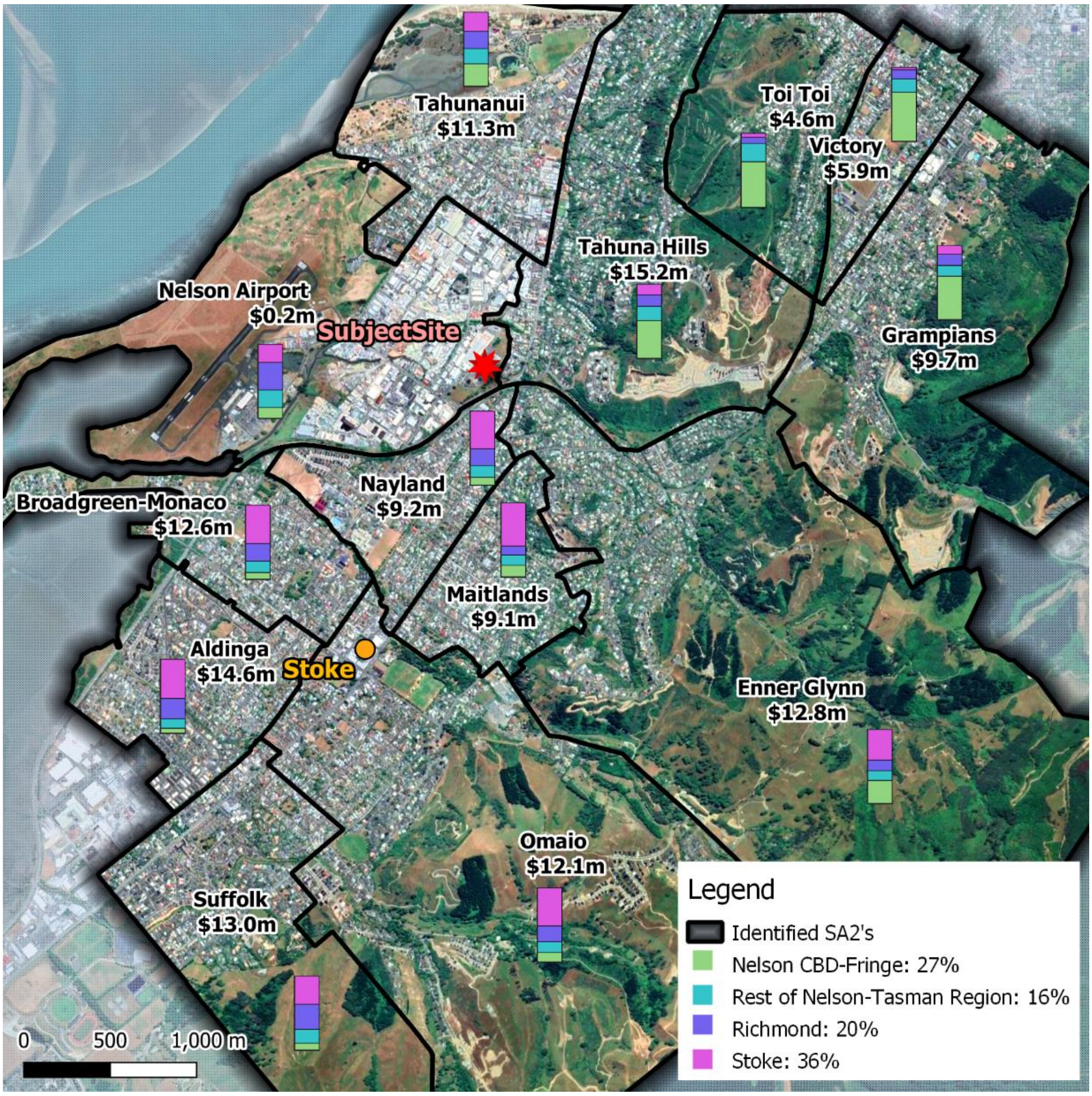
This breakdown of this analysis is presented in the figure below which shows the direction of food retailing spend for residents in each of the SA2's within the identified area.

Note that that spending shown is the electronic retail spending patterns recorded by MarketView for the Food Retailing category only. As discussed in Section 7 of the report, electronic expenditure is typically estimated at around 70% of all sales although this varies between the retail categories and location.

Within this localised catchment, 36% of all Food Retailing spend goes to the Stoke Centre while just over a quarter (27%) goes to the Nelson CBD-Fringe area. Notably, there is a clear demarcation of the spending proportions by location between SA2's located to the North and South of the subject site. Those to the south are more heavily balanced towards Stoke except for Suffolk which has a more even split with supermarkets in Richmond. Conversely, spend in the Stoke supermarkets makes up a far smaller proportion in most of the SA2 areas north of the subject site which is more heavily balanced in favour of the Nelson CBD- Fringe area.

There is nothing unusual in the food retailing trading patterns with SA2s tending to utilise the grocery stores in closest proximity on a proportional basis, albeit noting SA2s north of the subject site have proportionally very little food spend going to Stoke.

FIGURE 13: FOOD RETAILING SPEND FOR 2020 IN IDENTIFIED AREA BY SA2



Source: Property Economics, MarketView

Opportunities from Local Employment Base Spend

One of the key draw factors of this new supermarket is that it is located on the primary entrance to the Tāhunanui Industrial Hub and Nelson Airport. The business demography data shows 3,905 employees in this Nelson Airport SA2, while the commuting data collected in the 2018 Census suggests that around 47% of these employees come from outside of the area identified in the figure above.

There is a roughly even split here between those coming from south of the identified area (i.e. Tasman) and those coming from further north. Any food retailing spend from the employment and business base from those outside the identified area increases the 'pool' of food retailing spend available. This also confirms a new supermarket on the subject site will draw significant sales from people beyond the identified area.

Quantifying the Likely Spend Diversion

The estimated sales breakdown of trade diversion (for 2025) as a result of a new supermarket in Tāhunanui establishing is shown on the table following.

TABLE 7: ESTIMATED STORE RETAIL SALES DIVERSION (2025)

Supermarket Stores	Location	Estimated Sales Diversion ($m)
Countdown Trafalgar Park	CBD	$5.5
Fresh Choice Nelson	CBD	$1.0
New World Nelson	CBD	$3.0
Countdown Nelson	CBD	$4.5
New World Stoke	Stoke	$3.5
Countdown Stoke	Stoke	$5.0
Countdown Richmond	Richmond	$2.5
Fresh Choice Richmond	Richmond	$0.5
PAK'n'SAVE Richmond	Richmond	$4.5
New World Richmond	Richmond	$1.0
Other Food Retail Stores	Other	$3.0
Total Impact ($m)		**$34**

Source: Property Economics

An estimated $8.5m effect on the Stoke supermarkets combined is a material effect on these stores. However, the southern Nelson suburbs are high growth suburbs, and this spend 'loss' is forecast to be offset by growth in the market within a short period of time.

A combined $8.5m or 25% of Countdown Richmond sales is estimated to be derived from Richmond supermarkets. As shown earlier Richmond captures a significant market share (20%) of the local identified catchment in 2020. The newly open Countdown store on Champion Road is located adjacent to the main highway from Nelson to Tasman, it is therefore expected to have a high propensity to redirect supermarket sales currently lost to Tasman. The loss of sales from Pak'N Save Richmond is, therefore, reflective of an anticipated higher internalisation rate in Nelson as a result of a new modern supermarket in a convenient location and the employees from Tasman working in Tāhunanui and the Nelson City Centre.

Additionally, the analysis in this report shows the Nelson market can sustain additional supermarket and food retailing activity. This would only be amplified if current leakage to Tasman was retained in Nelson. The best way to achieve this is through a new supermarket in Nelson, in a central location, increasing the market efficiency and choice for residents.

12.3. OVERALL SUMMARY OF IMPACTS

The establishment of a new supermarket on the subject site would invariably redistribute spend away from existing supermarkets across the Nelson and Tasman markets.

The introduction of the new Countdown store on Champion Road is putting the Stoke supermarkets in a more vulnerable position. However, the Nelson area has more than enough supermarket spend generated on an annualised basis to sustain the additional 4,000sqm supermarket in the market. It is also noted that the impacts of the new supermarket in the network will occur in the future with growth in the market putting the Stoke supermarkets in a better position to retain sales.

In Property Economics professional opinion, having considered all factors, a new supermarket on the subject site is unlikely to fundamentally undermine the Stoke centre or its supermarkets, i.e., they are not likely to close by 2025 or beyond.

In other words, the impacts of the development are not likely to be of a scale that would generate significant adverse retail distribution effects on surrounding centres in the context of retail economic effects under the RMA.

12.4. ECONOMIC BENEFITS OF THE PROPOSED DEVELOPMENT

Taking into consideration the scale, type, location of the proposed development, demand supply dynamics, market growth and current retail spending patterns in the market, in Property Economics view, Nelson City is likely to experience net benefits from the proposed development.

Firstly, based on the MarketView transaction data, there is a net outflow of Nelson supermarket spend to Richmond, which is expected to rise further with the recent addition of the new Countdown on Champion Road. Therefore, a new modern supermarket in the Nelson Junction location would likely reduce leakage to Tasman and create more economic growth opportunities for the wider city.

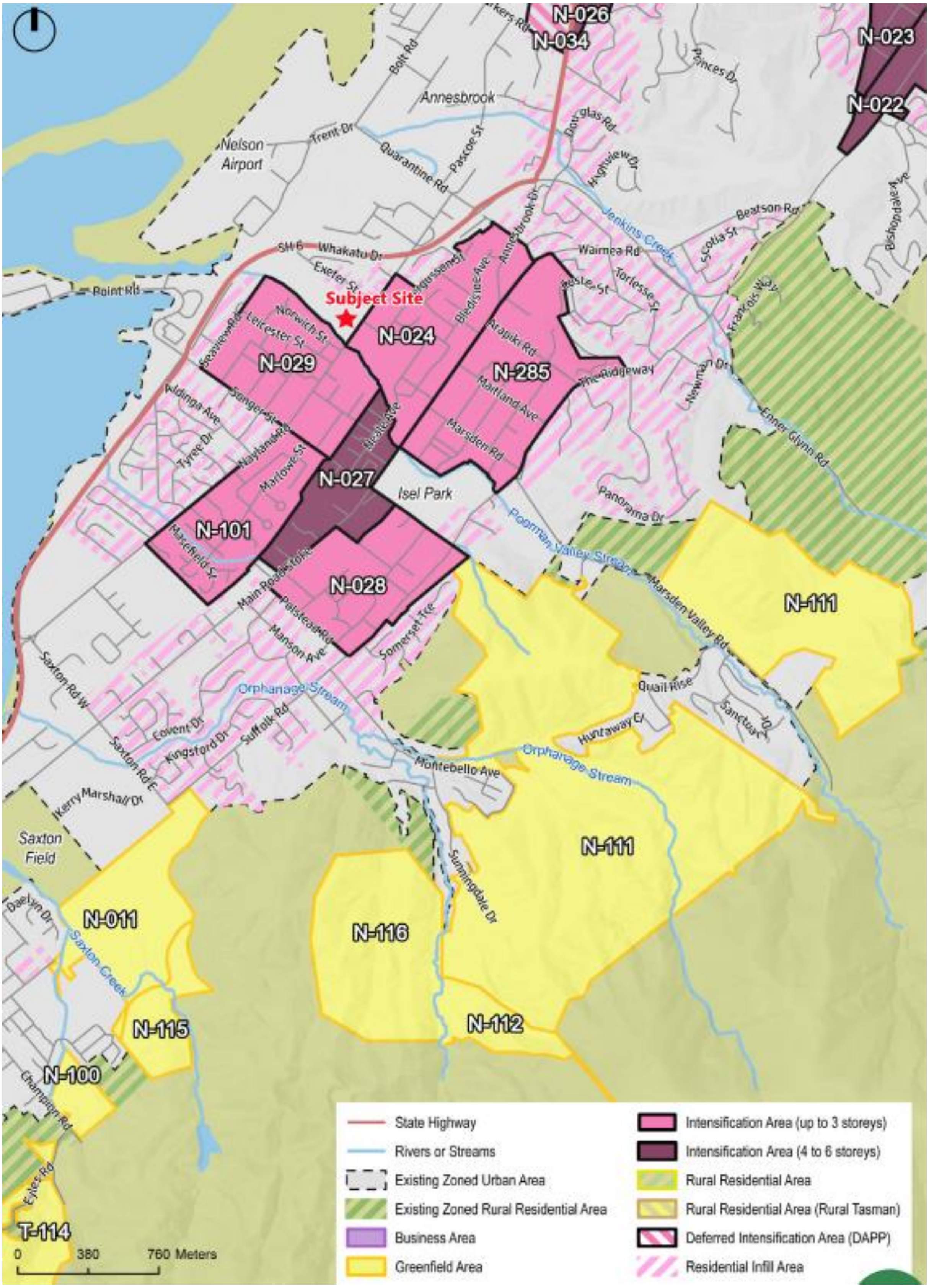
Secondly, a new full-service supermarket at the Nelson Junction site would also increase local employment opportunities, improve supermarket accessibility and market efficiency to those working and or living within the local area and represent a more efficient utilisation of currently vacant land.

Thirdly, there is no existing supermarket within the Tāhunanui localised catchment. Nelson CBD local communities either travel North to Trafalgar Park or drive southeast to Stoke. With the entry of another full-service supermarket at Nelson Junction site therefore can be expected to significantly improve travel efficiencies, providing greater convenience to local communities.

While this means that some of the retail sales of these existing supermarkets would be lost due to the proposed development, the economic impact assessment of Property Economics (as outline earlier) indicates that these impacts are not of a scale to undermine the existing market and growth potential of these supermarkets over the forecast period.

Overall, Property Economics considers that there are significant net benefits of the proposed supermarket development at the Nelson Junction site to the local community and the wider Nelson City.

APPENDIX 1: FDS FOR STOKE AND SURROUNDS



Source: Tasman District Council

APPENDIX 2: DEMOGRAPHIC PROFILING

		Nelson City	New Zealand
GENERAL	Population	54,730	5,122,540
	Households	22,260	1,888,490
	Person Per Household Ratio	2.46	2.71
	Intercensal Population Growth (Total | % p.a.)	4,035 | 1.6%	462,280 | 2.0%
AGE PROFILE	0 - 9 Years	12%	13%
	10 - 19 Years	12%	13%
	20 - 29 Years	11%	14%
	30 - 39 Years	12%	13%
	40 - 49 Years	13%	13%
	50 - 59 Years	15%	13%
	60 - 69 Years	12%	10%
	70 - 79 Years	9%	7%
	80 Years and Over	5%	4%
	Median Age	**43.6**	**37.4**
Household Income	$20,000 or less	9%	9%
	$20,001-$30,000	12%	10%
	$30,001-$50,000	18%	15%
	$50,001-$70,000	16%	13%
	$70,001-$100,000	17%	16%
	$100,001-$150,000	17%	19%
	$150,001 or more	11%	18%
	Median Income	**$64,000**	**$76,000**
ETHNICITY	Asian	6%	13%
	European	78%	62%
	Maori	10%	15%
	Middle Eastern Latin American African	1%	1%
	New Zealander	1%	1%
	Other Ethnicity	1%	1%
	Pacific Peoples	2%	7%
QUALIFICATION ATTAINMENT	No qualification	19%	18%
	Overseas secondary school qualification	5%	6%
	Level 1 certificate	12%	11%
	Level 2 certificate	11%	10%
	Level 3 certificate	9%	11%
	Level 4 certificate	10%	9%
	Level 5 diploma	5%	5%
	Level 6 diploma	6%	5%
	Bachelor degree and Level 7 qualification	13%	15%
	Post graduate and honours degrees	6%	6%
	Masters degree	3%	4%
	Doctorate degree	1%	1%
LOCATION 5 YEARS AGO	Elsewhere in New Zealand	46%	45%
	No fixed abode five years ago	0%	0%
	Not born five years ago	6%	7%
	Overseas	6%	8%
	Same as usual residence	41%	40%

		Nelson City	New Zealand
EMPLOYMENT	Employed Full time	46%	50%
	Employed Part time	17%	15%
	Not in the Labour Force	34%	31%
	Unemployed	3%	4%
EMPLOYMENT CLASSIFICATION	Clerical and Administrative Workers	10%	11%
	Community and Personal Service Workers	10%	10%
	Labourers	15%	11%
	Machinery Operators and Drivers	6%	6%
	Managers	15%	18%
	Professionals	23%	23%
	Sales Workers	10%	9%
	Technicians and Trades Workers	13%	12%
PERSONAL INCOME SOURCES	Wages, Salary, Commissions, Bonuses etc paid by my employer	58%	61%
	Interest, Dividends, Rent, Other Investments	21%	17%
	Jobseeker Support	6%	6%
	New Zealand Superannuation or Veteran s Pension	22%	17%
	Other government benefits, Payments or Pension	4%	4%
	Other Sources of Income	2%	2%
	Other Superannuation, Pensions or Annuities	4%	2%
	Regular payments from ACC or a Private Work Accident Insurer	2%	2%
	Self Employment or Business I own and work in	15%	15%
	Sole Parent Support	2%	2%
	Student Allowance	2%	2%
	Supported Living Payment	2%	2%
	No source of income during that time	5%	6%
INDUSTRY OF EMPLOYMENT	Accommodation and Food Services	8%	7%
	Administrative and Support Services	5%	5%
	Agriculture Forestry and Fishing	5%	6%
	Arts and Recreation Services	2%	2%
	Construction	8%	9%
	Education and Training	8%	8%
	Electricity Gas Water and Waste Services	0%	1%
	Financial and Insurance Services	2%	3%
	Health Care and Social Assistance	12%	10%
	Information Media and Telecommunications	1%	2%
	Manufacturing	10%	10%
	Mining	0%	0%
	Other Services	4%	4%
	Professional Scientific and Technical Services	9%	10%
	Public Administration and Safety	4%	5%
	Rental Hiring and Real Estate Services	2%	2%
	Retail Trade	11%	9%
	Transport Postal and Warehousing	5%	4%
	Wholesale Trade	4%	5%

		Nelson City	New Zealand
WEEKLY RENT PAID	Under $100	8%	7%
	$100 - 149	6%	9%
	$150 - 199	4%	6%
	$200 - 299	17%	18%
	$300 - 399	45%	22%
	$400 - 499	17%	17%
	$500 - 599	2%	10%
	$600 and over	1%	10%
DWELLING OWNERSHIP	Dwelling held in a family trust	12%	13%
	Dwelling not owned and not held in a family trust	31%	35%
	Dwelling owned or partly owned	57%	51%
DWELLING TYPE	Joined dwelling	16%	15%
	Other private dwelling	1%	1%
	Private dwelling not further defined	0%	0%
	Separate house	83%	84%
DWELLING OCCUPANCY	Dwelling Under Construction	0%	1%
	Empty Dwelling	2%	5%
	Occupied Dwelling	94%	89%
	Residents Away	3%	5%
NUMBER OF BEDROOMS	One bedroom	6%	6%
	Two bedrooms	24%	19%
	Three bedrooms	45%	44%
	Four bedrooms	21%	24%
	Five or more bedrooms	5%	7%
STUDYING	Full time study	18%	21%
	Not studying	79%	76%
	Part time study	3%	3%
Household Size	One usual resident	26%	23%
	Two usual residents	37%	33%
	Three usual residents	15%	16%
	Four usual residents	13%	16%
	Five usual residents	5%	7%
	Six usual residents	2%	3%
	Seven usual residents	1%	1%
	Eight or more usual residents	0%	1%
	Number of usual residents unidentifiable	3%	4%

APPENDIX 3: PROPERTY ECONOMICS RETAIL MODEL

This overview outlines the methodology that has been used to estimate retail spend generated for the identified catchment out to 2038.

Statistical Area 1 2018 Boundaries

All analysis has been based on Statistical Area 2 2018 boundaries, the most recent available.

Household Estimates

Statistics New Zealand have not published household estimates below the national level since 2017. As a driving input into Property Economics Retail Expenditure Model, several assumptions have been made. Specifically, the household count from the 2018 Census (available at the SA1 level) have been used to estimate the 2020 household numbers based on the population growth from Statistics NZ's population estimates which are available at the Statistical Area 2 level, while also making adjustments for changes in the population per household ratios at a national level.

Population Growth

The population growth projections utilised in projecting future household retail growth are shown earlier in this report. Although the demographics at the household level drive the estimates in the distribution of the household retail spend, the growth in population has been used as the input to project future retail growth.

Statistics New Zealand's latest household projections are based on the assumption of a decreasing household size, resulting in proportionally greater household growth than population. However, the Household Expenditure Survey shows a clear positive relationship between household size and retail expenditure. Therefore, relying solely on the household growth as an indicator without adjusting for the changing demographic would artificially inflate the projected retail growth.

Given the recent trends of an increasing household size contrary to the projection assumptions, Property Economics believes projecting the retail growth based on future population growth rather than households is a more appropriate assumption. This is ultimately a conservative assumption in the decreasing household size scenario and will be more accurate the less the demographics shift.

International Tourist Spend

The total tourism retail spend has been derived from the Tourism Satellite Account and distributed to each District according to the data as published by MBIE. Within each district, this has been distributed on a 'spend per retail employee' basis. Employees are the preferred basis for distributing regional spend geo-spatially as tourists tend to gravitate toward areas of commercial activity, however they are very mobile.

Total Tourist Spend Forecast

Growth is forecast in the model at 3% per annum.

Average Household Retail Spend

The 2019 Household Expenditure survey breaks down average weekly spend by retail category on a national level by annual household income brackets and by the average number of usual residents. These have been applied to each of the geospatial units based on the distribution of household size and income for that geospatial unit as determined in the 2018 Census.

While there are variables other than household income that will affect retail spending levels, such as wealth, access to retail, population age, household types and cultural preferences, the effects of these are not able to be assessed given data limitations, and have been excluded from these estimates.

Real Retail Spend Growth (excl. trade-based retailing)

Real retail spend growth has been factored in at 1% per annum. This accounts for the increasing wealth of the population and the subsequent increase in retail spend. The following explanation has been provided.

Retail Spend is an important factor in determining the level of retail activity and hence the 'sustainable amount 'of retail floorspace for a given catchment. For the purposes of this outline 'retail' is defined by the following categories:

- Food Retailing
- Footwear
- Clothing and Softgoods
- Furniture and Floor coverings
- Appliance Retailing
- Chemist
- Department Stores
- Recreational Goods
- Cafes, Restaurants and Takeaways
- Personal and Household Services
- Other Stores.

These are the retail categories as currently defined by the ANZSIC codes (Australia New Zealand Standard Industry Classification).

Assessing the level and growth of retail spend is fundamental in planning for retail networking and land use within a regional network.

Internet Retail Spend Growth

Internet retailing within New Zealand has seen significant growth over the last few decades. This growth has led to an increasing variety of business structures and retailing methods including; internet auctions, just-in-time retailing, online ordering, virtual stores, and etc.

Additionally, growth of internet retailing for virtual stores, auctions and overseas stores is leading to a decrease in on-the-ground spend and floor space demand. In order to account for this, a non-linear percentage decrease of 8% in 2020 growing to 12.5% by 2043 has been applied to retail expenditure encompassing all retail categories in our retail model. These losses represent the retail diversion from on-the-ground stores to internet-based retailing that will no longer contribute to retail floor space demand.

Retail Spend Determinants

Retail Spend for a given area is determined by: the population, number of households, size and composition of households, income levels, available retail offer and real retail growth. Changes in any of these factors can have a significant impact on the available amount of retail spend generated by the area. The coefficient that determines the level of 'retail spend' that eventuates from these factors is the MPC (Marginal Propensity to Consume). This is how much people will spend of their income on retail items. The MPC is influenced by the amount of disposable and discretionary income people are able to access.

Retail Spend Economic Variables

Income levels and household MPC are directly influenced by several macroeconomic variables that will alter the amount of spend. Real retail growth does not rely on the base determinants changing but a change in the financial and economic environment under which these determinants operate. These variables include:

Interest Rates: Changing interest rates has a direct impact upon households' discretionary income as a greater proportion of income is needed to finance debt and typically lowers general domestic business activity. Higher interest rates typically lower real retail growth.

Government Policy (Spending): Both Monetary and Fiscal Policy play a part in domestic retail spending. Fiscal policy, regarding government spending, has played a big part recently with government policy being blamed for inflationary spending. Higher government spending (targeting on consumer goods, direct and indirectly) typically increases the amount of nominal retail spend. Much of this spend does not, however, translate into floors pace since it is inflationary and only serves to drive up prices.

Wealth / Equity / Debt: This in the early-mid 2000s had a dramatic impact on the level of retail spending nationally. The increase in property prices has increased home owners unrealised equity in their properties. This has led to a significant increase in debt funded spending, with residents borrowing against this equity to fund consumable spending. This debt spending is a growth facet of New Zealand retail. In 1960 households saved 14.6% of their income, while households currently spend 14% more than their household income.

Inflation: As discussed above, this factor may increase the amount spent by consumers but typically does not dramatically influence the level of sustainable retail floor space. This is the reason that productivity levels are not adjusted but similarly inflation is factored out of retail spend assessments.

Exchange Rate: Apart from having a general influence over the national balance of payments accounts, the exchange rate directly influences retail spending. A change in the $NZ influences the price of imports and therefore their quantity and the level of spend.

General consumer confidence: This indicator is important as consumers consider the future and the level of security/finances they will require over the coming year.

Economic / Income growth: Income growth has a similar impact to confidence. Although a large proportion of this growth may not impact upon households MPC (rather just increasing the income determinant) it does impact upon households discretionary spending and therefore likely retail spend.

Mandatory Expenses: The cost of goods and services that are necessary has an impact on the level of discretionary income that is available from a household's disposal income. Important factors include housing costs and oil prices. As these increase the level of household discretionary income drops reducing the likely real retail growth rate.

Current and Future Conditions

Retail spend has experienced a significant real increase in the early-mid 2000s. This was due in large part to the increasing housing market. Although retail growth is tempered or crowded out in some part by the increased cost of housing it showed massive gains as home owners, prematurely, access their potential equity gains. This resulted in strong growth in debt / equity spending as residents borrow against capital gains to fund retail spending on consumption goods. A seemingly strong economy also influenced these spending trends, with decreased employment and greater job security producing an environment where households were more willing to accept debt.

New Zealand's economy has been market by several key events over the last two decades. Firstly, this trend temporally reversed in light of the worldwide GFC recession in 2008 with economic uncertainty and job losses reducing consumers' willingness and ability to accept debt. Following this however, New Zealand's economy recovered with growth in the first half of the decade driven by the Christchurch Earthquake Rebuild. Additionally, rapid inflation in the construction industry has contributed to the rapidly rising house prices. This has had a significant impact on reducing the disposable income which has flow-on effects to the rate of retail growth. Finally, most recently the COVID-19 Global Pandemic resulted in a National Lockdown with retailers forced to close under Alert Level 3 and 4.

Despite this, New Zealand's economy so far has not fallen to the same extent economists predicted heading into the first lockdown during the first quarter of 2020. Data available on Statistics New Zealand showed that total Electronic Retail expenditure declined by only 0.2%

between 2020 and 2019. This is in comparison to the average annual growth of just over 5% per annum between 2010 – 2019.

From an economist perspective, COVID-19 represents significant uncertainty and thereby making the already difficult job of anticipating the future, that much harder. There are several unpredictable factors that will decide the fate of worldwide economy and it is difficult to accurately predict what long term impacts this global pandemic will have on international travel, the domestic economy and retail trends as it relates to internet retailing.

Impacts of Changing Retail Spend

At this point in time a 1% real retail growth rate is being applied by Property Economics over the longer term 30-year period. This rate is highly volatile however and is likely to be in the order of 0.5% to 1% over the next 5 – 10 years rising to 1% - 2% over the more medium term as the economy stabilises and experiences cyclical growth. This would mean that it would be prudent in the shorter term to be conservative with regard to the level of sustainable retail floor space within given centres.

Business Spend

This is the total retail spend generated by businesses. This has been determined by subtracting International Tourism retail spend and the Household retail expenditure from the Total Retail Sales as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, Business Spend accounts for 36% of all retail sales in NZ. Business spend is distributed based on the location of employees in each Census Area Unit and the national average retail spend per employee.

Business Spend Forecast

Business spend has been forecasted at the same rate of growth estimated to be achieved by household retail sales in the absence reliable information on business retail spend trends. It is noted that while working age population may be decreasing as a proportion of total population, employees are likely to become more productive over time and therefore offset the relative decrease in the size of the total workforce.