

Ruakura-Tuumata Plan Change

Centre Viability Assessment and Industrial Land Supply Report

Prepared for Tainui Group Holdings Limited

Final

13 December 2022



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1 Introduction

Tainui Group Holdings Limited (“TGH”) is proposing to rezone 68ha of land (the “Ruakura-Tuumata Block”) in eastern Hamilton from a primarily industrial (Ruakura Industrial Park) zone to a residential zone supported by a new Neighbourhood centre. This plan change is part of a wider development plan that proposes to create additional residential and centre supply in Ruakura that is being led by TGH.

1.1 Background

Hamilton is a rapidly growing urban area. Currently it is New Zealand’s fourth largest city, and is projected to increase by the size of the current Hastings (37,500 dwellings) over the next 30 years. Housing affordability is a major concern for central government who have enacted law changes and National Policy Statements to address perceived supply constraints in the New Zealand housing market in an effort to increase supply and address housing affordability. For a number of large metropolitan centres, this has led to increased and early investment in residential infrastructure, and bringing future greenfield land to market ahead of schedule.

TGH are significant landowners on the eastern edge of Hamilton City. They own or control approximately 175ha of developable land that is earmarked for future industrial growth due to its proximity to the Hamilton Expressway and the rail link to Tauranga. However, recent and projected population growth in Hamilton has caused city planners and TGH to reconsider the most appropriate land use for this block.

In response to this TGH is proposing to rezone the 68ha Ruakura-Tuumata Block to enable residential growth in Ruakura, and to build a new community in Hamilton’s east that is highly integrated with Hamilton’s urban structure. An important part of providing for a large new community is providing good access to retail goods and services. That is proposed in the plan change through the zoning of a new Neighbourhood Centre within the Ruakura-Tuumata Block.

1.2 Objectives

There are three key objectives of this report:

- ❖ To assess the appropriate scale and type of commercial activity to provide within the plan change area, given District Plan objectives and policies relating to centres.
- ❖ To provide an assessment that meets the District Plan’s requirements for a Centre Viability Assessment Report (“CVAR”), by assessing the impacts of the proposed new Tramway Block commercial centre on Hamilton’s centres, in particular the Central City. A CVAR is defined in the District Plan as follows:

Centre Viability Assessment Report: Means an analysis to determine whether the scale and trading format of the activity is appropriate for the location, having regard to the hierarchy of business centres, maintaining the primacy of the Central City and the opportunity for development within higher order centres.¹

- ❖ To assess whether it is appropriate, in economic terms, to rezone industrial land for residential and commercial purposes.

Taken together, these three key objectives aim to provide a robust evidential basis to enable assessment of the merits of the application, from an economics perspective.

1.3 Report structure

This report is structured as follows:

- ❖ Section 2 provides an overview of the proposed plan change.
- ❖ Section 3 summarises the relevant parts of the District Plan that should guide the assessment and evaluation of the proposal.
- ❖ Section 4 assesses the location, size and role of Hamilton's existing centres.
- ❖ Section 5 quantifies the total sustainable floorspace in the proposed Tuumata Neighbourhood centre.
- ❖ Section 6 assesses the health of Hamilton's centres.
- ❖ Section 7 assesses the economic effects of the proposed plan change, in the context of the preceding analysis

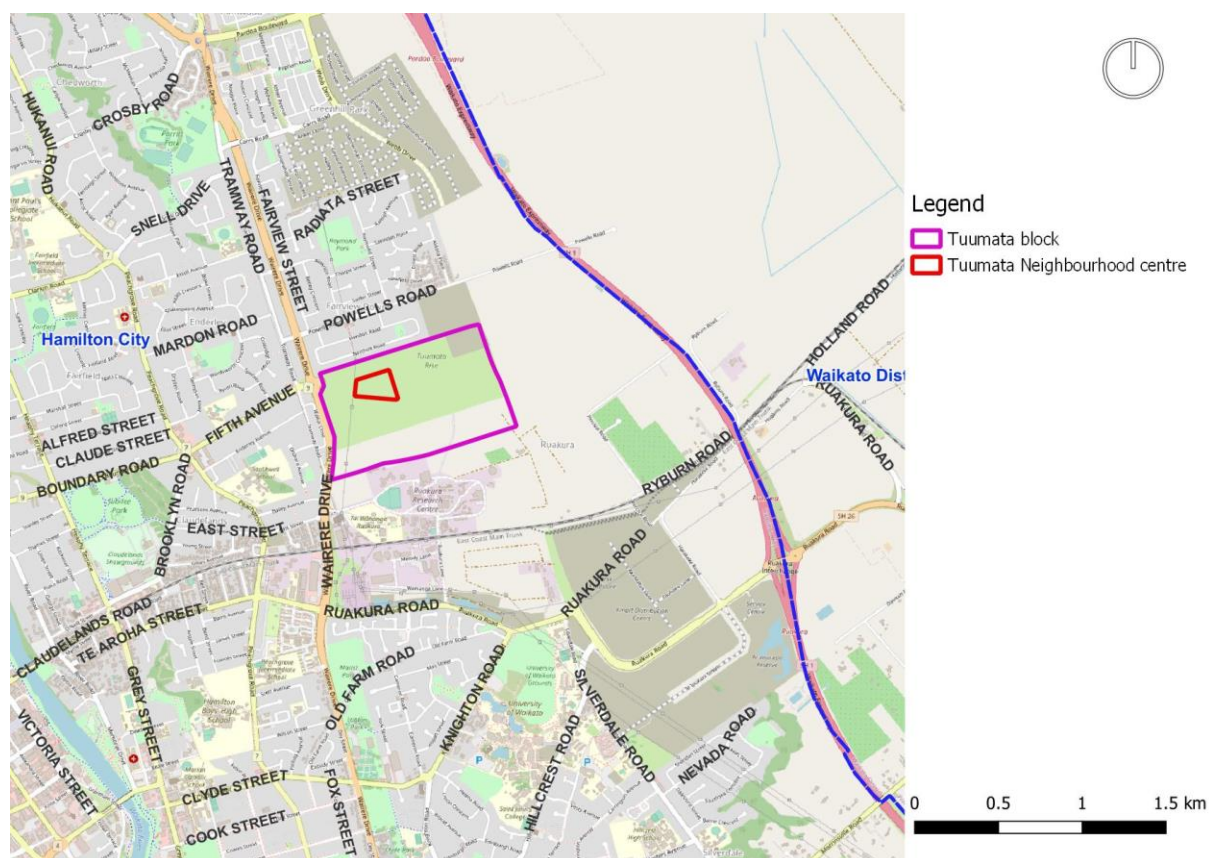
¹ Volume 2, Appendix 1, District Plan Administration, 1.1 Definitions and Terms

2 Plan change overview

2.1 Location

The plan change area (the Ruakura-Tuumata Block) is located in eastern Hamilton, adjacent to the current edge of the urban area along Wairere Drive which lies to the west of the Block. North of the Block is the established residential area of Fairview Downs, and the current growth area of Greenhill Park. To the immediate south is the Ruakura Research Centre, and east is a rural area with the Waikato Expressway beyond (which is about 800m east of the Block's eastern edge). The Waikato Expressway runs along the Hamilton City Council boundary with Waikato District (Figure 2.1).

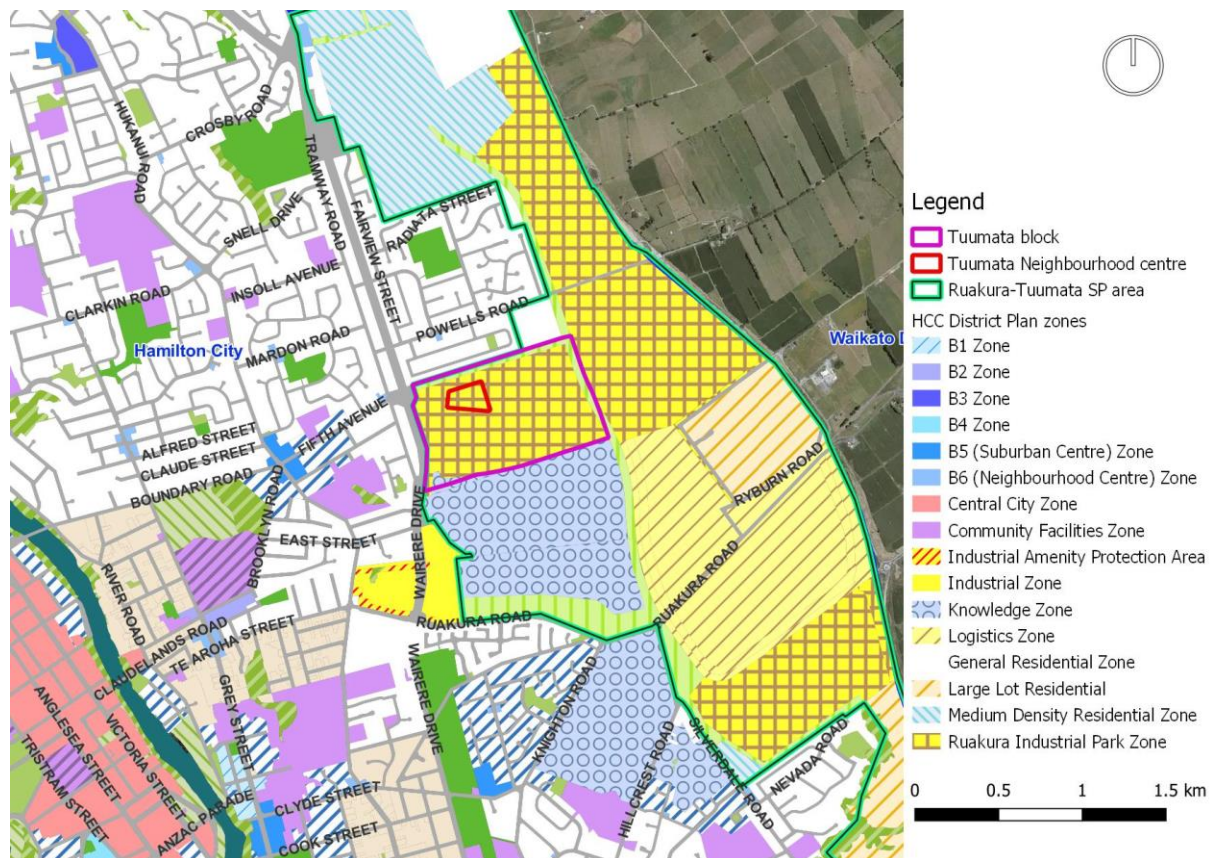
Figure 2.1: Plan change area site location



2.2 Operative zoning

The Ruakura-Tuumata Block is primarily zoned Ruakura Industrial Park Zone, with a narrow border of Open Space zone along the eastern and northern edges, and a small area (around 0.9ha) of Knowledge Zone in the south-western corner (Figure 2.2). To the Block's north and west are large, established residential areas. The Ruakura-Tuumata Block is within the Ruakura Structure Plan area, and is surrounded by strategic infrastructure including the Expressway, the inland port and key educational, research and innovation facilities.

Figure 2.2: Plan change area operative District Plan zoning



The Ruakura Industrial Park Zone is intended to enable the development of a large, structure planned urban extension due to its strategic location adjacent to major road and rail links.² Core to this development vision is the creation of an inland port and logistics hub; the Ruakura inland port is currently under construction, with stage 1 expected to open in 2022. The project is being led by TGH and will be operated by the Port of Tauranga Ltd.³ Strategically located between Tauranga, Auckland and Hamilton, the 30ha inland port will offer significant supply chain efficiencies. and will be a key employment node.

Apart from food and beverage outlets and dairies,⁴ other commercial and retail shops and office tenancies are non-complying within the Ruakura Industrial Park zone. Residential activity is also non-complying, as part of an objective that the Ruakura Industrial Park Zone is not occupied by land uses that are non-industrial, so as to not dilute industrial land supply.⁵

² District Plan Purpose 11.1(a)

³ <https://www.ruakura.co.nz/explore-the-superhub/ruakura-inland-port/>

⁴ District Plan 11.3(r) food and beverage outlets and dairies not exceeding 250m² GFA are a permitted activity.

⁵ District Plan Purpose 11.1(e)

2.3 Proposed zoning

Most of the 68ha Ruakura-Tuumata Block is proposed to be zoned for residential uses, with 2.0ha proposed to be zoned Business 6 Neighbourhood Centre, 23.37ha of the Residential Zone and the balance used for open space, and transport network. The Neighbourhood Centre would be zoned in the north-western corner of the Block, fronting the Fifth Avenue extension. That location, just off Wairere Drive at the main entrance to the Block, would provide very good access to the centre for local residents. The 2.0ha size of the Neighbourhood centre was determined by first assessing the market size and sustainable floorspace supported by that market, in the future catchment of the Neighbourhood centre. That process is explained in section 5.2.

A new primary school may be built in the Ruakura-Tuumata Block, although that is subject to ongoing discussions between TGH and the Ministry of Education, and no decision has yet been made about that provision. This assessment assumes that no school will be required. Indicatively a new school would require about 4ha, and while providing for a school would change potential dwelling yield in the plan change area, the number of dwellings in the Neighbourhood Centre's catchment would reduce less than 3% if 4ha was required for a school within the Ruakura-Tuumata Block. Should a school be established in the Ruakura-Tuumata Block, dwelling yield of the Ruakura-Tuumata Block will be less than assumed in this assessment.

3 Policy framework

This section summarises the aspects of the District Plan that are relevant to this assessment.

3.1 Centre hierarchy

Hamilton's District Plan defines a hierarchy of centres to manage the appropriate location and scale of retail and commercial activities in the city. The primary commercial, civic and social centre in the region is the Central City Zone (Hamilton CBD), supported by two sub-regional centres (The Base and Chartwell), and a network of 11 Suburban (Business 5) and 67 Neighbourhood (Business 6) centres.⁶ Retail activity is also accommodated in the Large Format Retail (Business 4) zone.

A recurring theme throughout chapter 6 of the District Plan is that development of business activities should not undermine higher levels of the centres hierarchy, to ensure that the Central City remains the primary centre for the city, and its function, vitality, amenity and vibrancy are not undermined. The importance of the centres hierarchy is recognised in the purpose of Chapter 6, which identifies the benefits of agglomerations of economic activity, including effects from economies of scale and efficiencies of inter-connectedness, and also identifies the importance of centres as significant public and private resources that are focal points for a diverse range of activities needed by the community.

The importance of supporting and maintaining the centres hierarchy is identified in relation to ongoing growth and development of sub-regional centres:

- ❖ Objective 6.2.1: "The Base and Chartwell function as sub-regional centres for business activities providing a scale and diversity of retail floorspace, entertainment facilities and limited offices while not undermining the primacy, vitality, viability, function and amenity of the Central City.
- ❖ Policy 6.2.1a: The further development of sub-regional centres should avoid adverse effects on the functionality, vitality, viability and amenity of the Central City.
- ❖ Policy 6.2.1b: "Development provides for a diverse range of activities but remains predominantly retail and of a scale that will sustain the centres and complement but not undermine the primary role of the Central City".
- ❖ Explanation: "Individual or cumulative establishment of commercial development that may jeopardise the function, vitality and amenity of the Central City should be avoided or managed".

⁶ Including the recently zoned Business 6 zone at Rotokauri North, and including the Chartwell Suburban centre zone which is part of the Chartwell centre, which includes Sub-Regional centre zoning.

3.2 Suburban centres

Similarly there is policy direction to ensure any development of Suburban centres supports and maintains the centres hierarchy, while recognising the need to adequately provide for the needs of suburban catchments:

- ❖ Objective 6.2.2: “A distribution of suburban centres that provide a mixed use environment with health-care services, goods, services and employment at a scale appropriate to suburban catchments, while not undermining the primacy, function, vitality, amenity or viability of the Central City”.
- ❖ Policy 6.2.2a: “Suburban centres are to be retained, expanded, and provided at a scale and nature appropriate to the needs of the surrounding residential areas, taking into account the need for any expansion to avoid adverse effects on the functionality, vitality, viability and amenity values of the Central City”.
- ❖ Policy 6.2.2b: “Suburban centres provide an opportunity to reduce the need for travel, by providing for mixed uses, a diverse range of activities, services and trading formats.”
- ❖ Explanation: Opportunities exist for limited expansion and intensification to ensure the centres continue to meet the needs of growing populations and provide a focal point for communities.

Suburban centres are described as centres that:

- ❖ Anchor the City’s main residential areas and provide a range of activities and services that can reduce reliance on car travel for meeting day-to-day requirements. These centres provide multi-purpose destinations for customers. These centres are generally well served by passenger transport.
- ❖ Suburban centres vary in size and character between 10,000-20,000m² gross floor area and generally serve between 10,000-30,000 people. Supermarkets commonly anchor these centres and between 20-30 outlets, comprising a variety of smaller specialist retailers, provide retail, limited office, community and other services to the suburban population on an integrated basis. Often another large format retailer is located in the centre. Service stations may also be a feature.
- ❖ Opportunities exist for limited expansion and intensification to ensure the centres continue to meet the needs of growing populations and provide a focal point for communities. Residential activity above ground floor level in suburban centres enhances mixed use outcomes.
- ❖ Carefully planned suburban centres will help to anchor and support residential and community development.⁷

⁷ Suburban centres section of the District Plan, Explanation

This explanation, and observations about Hamilton’s existing Suburban centres provides a good indication of the general type of development envisaged within these centres. From those observations, Suburban centres are larger than Neighbourhood centres, with the former often accommodating a large anchor store (such as a supermarket, or The Warehouse) as well as a range of (say up to 30) other retail and service providers, although the indicative 10,000-20,000m² GFA range identified captures few of the Suburban centres, as discussed in section 5.2.

3.3 Neighbourhood centres

Hamilton’s 67 Neighbourhood centres:

provide a limited range of everyday goods and services and essentially serve a walk-in population. Being situated within residential areas it is essential that the range and scale of activities is compatible with neighbouring residential activity and local amenity values. Very limited opportunities exist for expansion of these centres.

Neighbourhood centres are small in land area and shop sizes are between 100-300m² with the overall floorspace for a centre between 500-5,000m². The anchor store is likely to be a superette.⁸

Neighbourhood centres tend, therefore, to be small blocks of shops with no major retail anchor presence - “locally based centres that provide services and health-care services capable of meeting the day-to-day needs of their immediate neighbourhoods” (Objective 6.2.3).

3.4 Ruakura Structure Plan

3.4.1 RSP overview

The Ruakura Structure Plan (“RSP”) is incorporated into Chapter 3 of the District Plan. The RSP sets out the vision, objectives and policies for the area, including:

- ❖ To provide a significant new employment area based around the development of an inland port and logistics hub to attract ongoing development and new businesses to the City.
- ❖ Maximise the use of existing and planned infrastructure to achieve integrated transport and land use development; with an emphasis on logistics and freight.
- ❖ Create opportunities, including employment opportunities, for the ongoing development of research, learning and innovation activities.
- ❖ Develop comprehensively planned areas of residential housing connecting with Fairview Downs, providing a range of housing choice.

⁸ Neighbourhood centres section of the District Plan, Explanation

- ❖ The area should be integrated with and complementary to Hamilton's existing and planned land use pattern.
- ❖ The RSP area provides for an eventual population of approximately 1,800 households.
- ❖ Development in the RSP area should not compromise the function, viability and vibrancy of the Central City.
- ❖ Land use and development in the Ruakura Structure Plan should occur in a manner which does not compromise the vitality, functions and amenity of the central city and maintains a hierarchy of business centres in Hamilton (Objective 3.7.3.6 and Policy 3.7.3.6a).
- ❖ A policy to enable development of comprehensively planned areas of residential housing connecting with Fairview Downs, providing a range of housing choice (Policy 3.7.3.1d)
- ❖ That the RSP area should be integrated and complementary to the existing and planned land use pattern for the City (Policy 3.7.3.1f).
- ❖ The distribution, type, scale and intensity of commercial development in the Ruakura Structure Plan will not undermine the vitality, functions, and amenity of the central city and maintains a hierarchy of business centres in Hamilton (Objective 3.7.3.6 and Policy 3.7.3.6a).

In summary , the RSP area is intended to provide for a significant employment base, with precincts defined to fulfil particular roles supporting that vision. The Knowledge Zone includes precincts containing the AgResearch complex, an Innovation precinct, the University precinct and Precinct C (Figure 3.1).

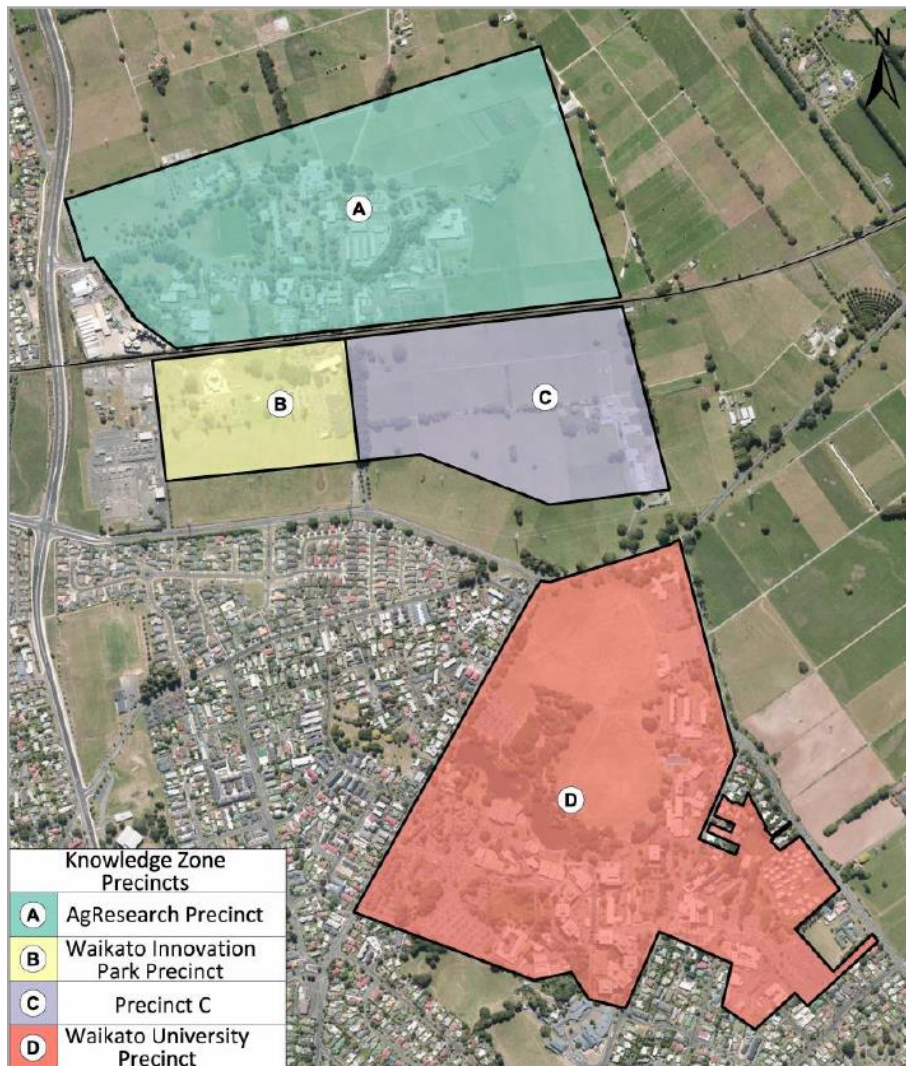
3.4.2 Ruakura retail centre

Precinct C is identified as the location of the Ruakura Retail Centre, a centre intended to have unique characteristics and functions to warrant its own classification within the business hierarchy for the City. The centre will support the Knowledge Zone's research and innovation role and provide retail services to these activities and adjacent suburbs and will anchor a future passenger transport interchange at its northern end (Vision 3.7(d)). Up to 9,000m² of total centre floorspace is permitted in the centre,⁹ including no more than 7,000m² of retail and supermarkets, and no more than 3,000m² of any other permitted activities. No minimum floorspace is specified, although description of the intended role may be taken to infer a requisite range of activities, and hence provide some indication of intended centre size.

⁹ Rule 8.3.3kk, and total GFA of 9,000-15,000m² is restricted discretionary, and in excess of 15,000m² is non complying.

This plan change request has establishes in the following assessment that there is capacity in the market for the Tuumata Neighbourhood centre to service the structure plan area together with the Ruakura Retail Centre in Precinct C of the Knowledge Zone (Figure 3.1). That assessment is provided in section 7.4.

Figure 3.1: Ruakura Knowledge Zone precincts¹⁰ (District Plan)



3.5 Key points from the District Plan

Taken together, the objectives and policies for the centre zones and chapters 3 and 6 of the District Plan provide a consistent and clear expectation that the centres hierarchy is to be maintained and supported, while allowing adequate provision of commercial activities to appropriately provide for community needs. There is a strong concern to maintain the primacy and function of the Central City, Sub-regional centres, and Suburban centres (in that order of preference), although provision is made for development in other locations where that primacy and function will not be jeopardised. Such

¹⁰ Figure 8.1 in Chapter 8 of the District Plan

development should be carefully planned to help anchor and support residential and community development in new growth areas. The scale of Neighbourhood centres will be appropriate to provide for the localised population of their immediate neighbourhoods, but in a way that avoids adverse effects on the functionality, vitality, viability and amenity values of higher order centres.

4 Hamilton centres overview

In this section we summarise the location, relative size and amounts of activity in each of Hamilton's centres and related zones (Commercial Fringe and LFR zone), as a basis for the centre impact assessment.

4.1 Centre distribution

The Hamilton Central City has 91ha of zoned business land, spread across three precincts, and accounting for 40% of the City's total business zoned area. The next level in the hierarchy is the two Sub-Regional centres (The Base and Chartwell, 35ha) while the 11 Suburban centre zones account for 18% (42ha) of total business zoned area (Figure 4.1). The Rototuna Town Centre is a large zone, but only the retail component of the centre is included in Figure 4.1. The City's four B1 (Commercial Fringe) zones together account for 17.6ha (8%) of City business zoned area.

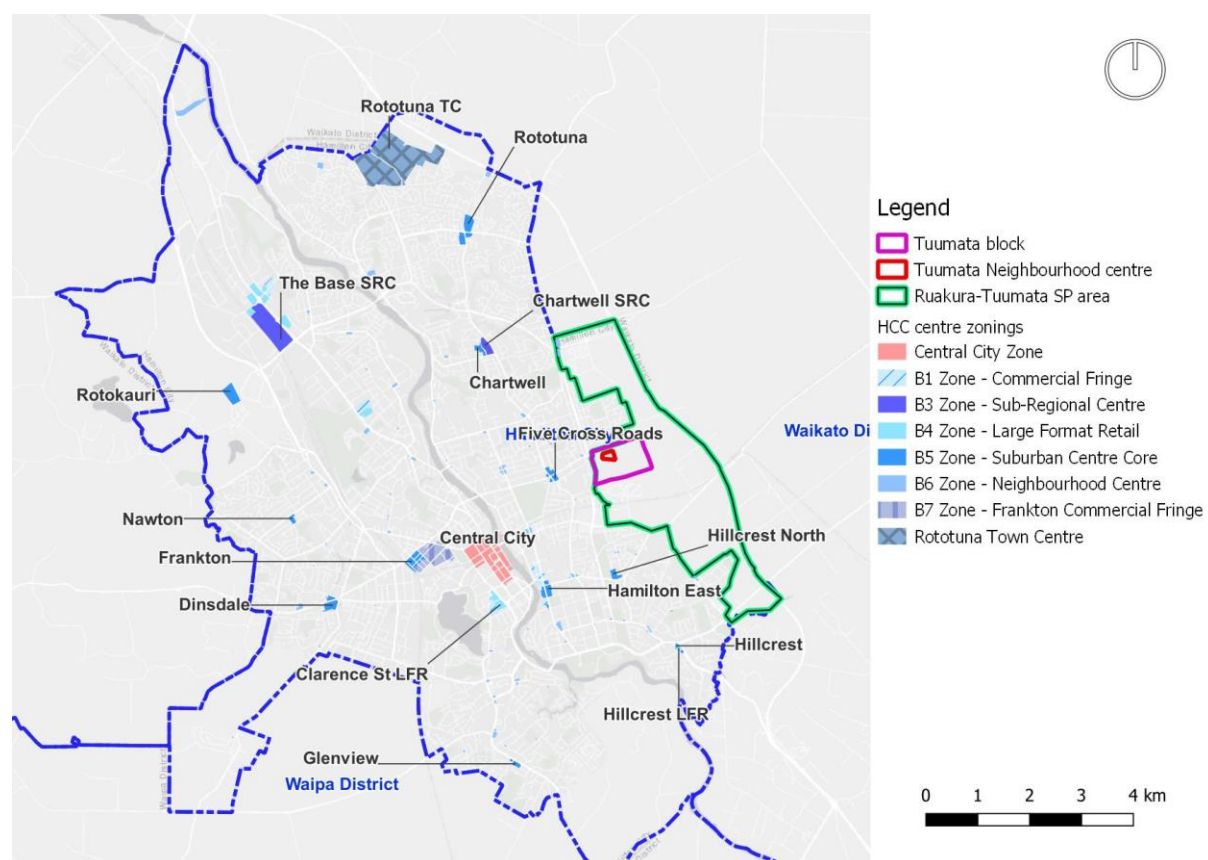
Figure 4.1: Hamilton City centre structure and land area (ha)

	Central City	Business 3 (Sub-Regional Centre)	Business 5 (Suburban Centre)	Rototuna TC Zone*	Business 1 (Commercial Fringe)	Business 7 (Frankton Commercial Fringe)	Business 4 (LFR)
City Centre							
Downtown Precinct	34.3	-	-	-	-	-	-
City Living Precinct	46.6	-	-	-	-	-	-
Ferrybank Precinct	9.9	-	-	-	-	-	-
Sub-regional							
The Base	-	31.0	-	-	3.5	-	13.3
Chartwell	-	4.2	-	-	-	-	-
Suburban							
Glenview	-	-	1.4	-	-	-	-
Hillcrest	-	-	0.8	-	-	-	0.6
Hamilton East	-	-	4.5	-	5.8	-	-
Dinsdale	-	-	4.8	-	-	-	-
Hillcrest North	-	-	2.5	-	-	-	-
Frankton	-	-	5.4	-	-	19.8	-
Nawton	-	-	1.4	-	-	-	-
Five Cross Roads	-	-	3.2	-	-	-	-
Rotokauri	-	-	7.5	-	-	-	-
Chartwell	-	-	2.2	-	-	-	-
Rototuna	-	-	8.4	-	-	-	-
Rototuna Town Centre	-	-	-	3.1	-	-	-
Commercial Fringe and LFR							
Te Rapa South	-	-	-	-	4.5	-	2.8
Clarence St	-	-	-	-	3.7	-	4.8
Total	90.8	35.2	42.1	3.1	17.5	19.8	21.5

* Retail areas only

The geographic distribution of Hamilton's centres is shown in Figure 4.2. The Central City is located in the southern half of the urban area, while the two Sub-Regional centres are in the northern half. The 11 Suburban centres are spread around the suburbs, including a new, as yet undeveloped centre at Rotokauri in the north-west, and the new (and still developing) Rototuna Town Centre in the north. The closest centres to the Ruakura-Tuomata Block's proposed Neighbourhood Centre are Chartwell (Sub-Regional, also with some Suburban Centre zoning, 5.3km north), Hillcrest North and Hamilton East (2.9km and 3.7km respectively south) and Five Cross Roads (1.1km west). Hillcrest is nearly 5km south.

Figure 4.2: Hamilton City centres geographic distribution



4.2 Key points from the District Plan

Taken together, the objectives and policies for the centre zones and chapters 3 and 6 of the District Plan provide a consistent and clear expectation that the centres hierarchy is to be maintained and supported, while allowing adequate provision of commercial activities to appropriately provide for community needs. There is a strong concern to maintain the primacy and function of the Central City, Sub-regional centres, and Suburban centres (in that order of preference), although provision is made for development in other locations where that primacy and function will not be jeopardised. Such development should be carefully planned to help anchor and support residential and community development in new growth areas. The scale of Suburban centres will be appropriate so as to provide

for the suburban population, but in a way that avoids adverse effects on the functionality, vitality, viability and amenity values of the Central City. Neighbourhood centres will local centres that provide services capable of meeting the day-to-day needs of their immediate neighbourhood.

4.3 Centre activities

In this section we summarise the employment activity in each business zoned area to quantify the relative size of each, and describe the role played within the City's economy. The Rototuna Town Centre is not included in this assessment, as there is not yet any employment there.

Note that because business demography data is published by Statistics NZ only to a Statistical Area ("SA") level, this assessment also defines centres at a SA level.¹¹ Even the more spatially detailed SA1s (which are applied for this assessment) do not coincide with zoning boundaries, meaning there can be more than one business zone within a single SA, and some SAs are very large (for example in Te Rapa) and so take in areas outside but adjacent to the centre zone. There is no alternative way to assess that information given its granularity.

The Central City employs over 23,000 workers, 45% of all employment in the centres listed, and is by far the largest employment centre in Hamilton. After the Central City, the next largest centre is The Base (spread across Business 1, 3 and 4 zones), and the SA1s taking in The Base employ over 12,000 workers (23% of Hamilton's workforce, although that figure includes a large amount of employment in industrial activities given the large size of the single SA1 that takes in The Base, which impacts on the share and mix).

¹¹ Statistics NZ uses both SA2s (which are analogous to suburbs, and of which there are 56 in Hamilton City) and SA1s (nearly 900 in Hamilton).

Figure 4.3: Hamilton centres employment structure (2021)

	Employment (workers)				Share of centres employment			
	Retail, hospitality and services	Office-based and Public Admin.	Other	Total	Retail, hospitality and services	Office-based and Public Admin.	Other	Total
City Centre								
Downtown Precinct	2,720	4,770	3,770	11,260	21%	30%	16%	21%
City Living Precinct	1,430	4,090	2,940	8,460	11%	26%	12%	16%
Ferrybank Precinct	1,170	1,730	1,260	4,160	9%	11%	5%	8%
Sub-regional								
The Base	2,410	1,700	8,090	12,200	18%	11%	34%	23%
Chartwell	840	40	130	1,010	6%	0%	1%	2%
Suburban								
Glenview	90	50	70	210	1%	0%	0%	0%
Hillcrest	220	10	70	300	2%	0%	0%	1%
Hamilton East	670	1,040	1,940	3,650	5%	7%	8%	7%
Dinsdale	330	50	100	480	3%	0%	0%	1%
Hillcrest North	100	-	20	120	1%	0%	0%	0%
Frankton	830	1,200	2,400	4,430	6%	8%	10%	8%
Nawton	50	20	210	280	0%	0%	1%	1%
Five Cross Roads	220	430	120	770	2%	3%	0%	1%
Rotokauri	-	-	-	-	0%	0%	0%	0%
Rototuna	720	40	290	1,050	5%	0%	1%	2%
Rototuna Town Centre	80	10	210	300	1%	0%	1%	1%
Neighbourhood centres	1,250	800	2,410	4,460	10%	5%	10%	8%
Total centres	13,130	15,980	24,030	53,140	100%	100%	100%	100%

The Central City is by far the dominant centre in terms of retail and hospitality employment, with over 41% of all Hamilton centres' retail employment. The Sub-Regional centre, The Base, has the second largest concentration of retail and hospitality employment, with 2,410 workers (18%). The smaller Chartwell Sub-Regional centre accommodates 6% of the City's retail and hospitality employment, while 25% is spread across the 9 developed Suburban centres, giving an average retail employment in Suburban centres of 360 workers.¹² Notable suburban centre retail employment nodes are Frankton (830 retail workers), Rototuna (720), and Hamilton East (670), all much larger than the average Suburban centre, while the Suburban centres nearer the Ruakura-Tuumata Block are much smaller than the average, at 100-220 retail workers.. Nearly 10% of the City's retail and hospitality workforce is employed in the 66 developed Neighbourhood centres, an average of less than 20 workers per centre.

The Central City also has the greatest concentration of office-based¹³ and public administration employment, with 10,590 workers, 66% of all of Hamilton centres' office-based employment. The Base has 1,700 workers (11% of Hamilton's total), including some large engineering offices, a central

¹² Rotokauri being as yet undeveloped, and the Chartwell Suburban centre zone being included as part of the Chartwell Sub-Regional centre

¹³ Information Media and Telecommunications; Financial and Insurance Services; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; Administrative and Support Services

government agency and two large employment agencies. The largest office-base employment nodes in Hamilton among the Suburban centres are Frankton (1,200 workers) and Hamilton East (1,040) while there are also over 400 office workers engaged in the Five Cross Roads centre.

5 Neighbourhood centre sustainable GFA

This section assesses the appropriate level of retail and commercial space to provide for within the proposed Tuumata Neighbourhood centre, with reference to the location and intended role of the centre, and its proximity to other centres.

The 2.0ha now proposed for the Neighbourhood Centre was arrived at following assessment of the zoned area needed to enable sufficient space for the centre to adequately provide for the community's needs, as described in this section. The total zoned area takes into account urban design and functional amenity considerations in making provision for onsite carparking, public circulation, open space and landscaping areas.

5.1 Catchment dwelling yield

In order to assess the appropriate size of a centre in the Ruakura-Tuumata Block, analysis was undertaken to quantify the amount of sustainable floorspace in that centre based on the size of the retail and services market living in that centre's catchment. A core part of that is to understand the potential dwelling yield of the Ruakura-Tuumata Block, which was assessed in conjunction with TGH, and with reference to dwelling yields enabled in the District Plan, and under a residential zoning for the Block which provides on average a yield of 50 dwellings per hectare net (i.e. for the developable land, excluding roads, open space, stormwater infrastructure etc). .

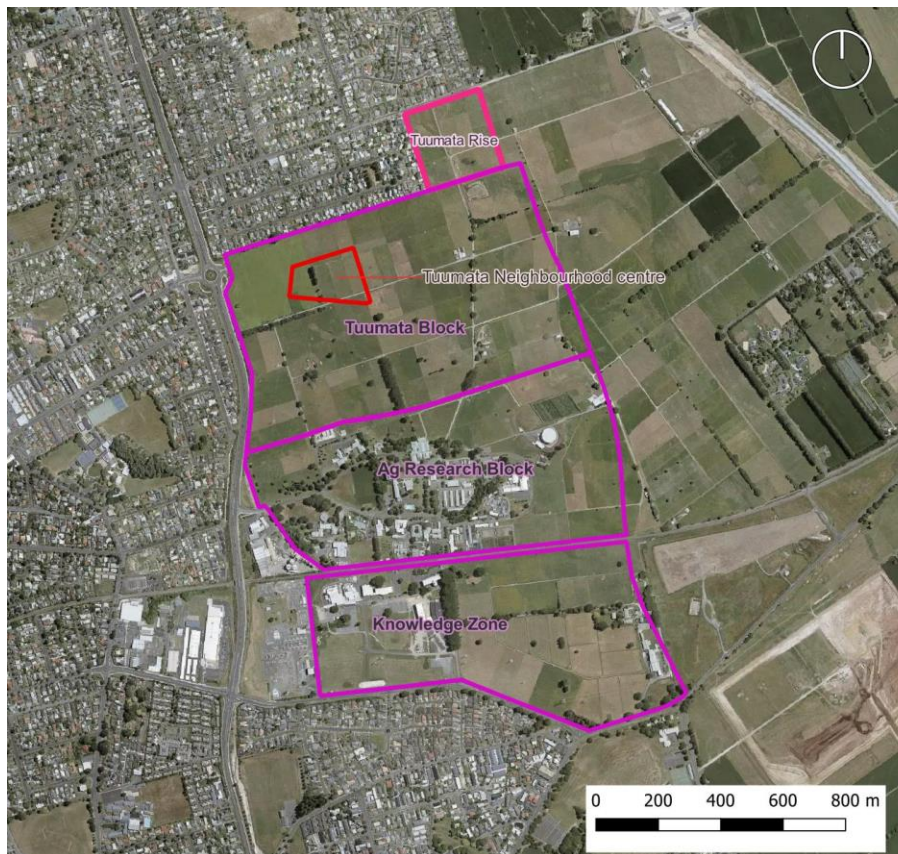
That assessment indicates that once the Ruakura-Tuumata block is completed, it will be home to approximately 1,200 households. Aligning with HCC and TGH timelines for the Block, development is expected to commence in 2023, and growth will be spread over 10 years with anticipated completion in 2032. That timeframe would yield 420 households living within the Block in 2026, 735 in 2029 and 1,200 in 2032.

In addition to the Ruakura-Tuumata Block, the AgResearch Block (Figure 5.1) was assumed to accommodate 2,050 dwellings at full build-out, and the Tuumata Rise development (on Powells Road, north of the Ruakura-Tuumata Block) would accommodate 131 dwellings. Nil residential development is assumed for the Knowledge Zone. While the AgResearch Block is not currently zoned for residential purposes, preliminary master planning work by TGH has indicated a potential yield of 2,050 dwellings, applying a higher average density than at Ruakura-Tuumata. Future residential use of the AgResearch Block is a likely outcome, and it is important to take that potential use into account when planning for the appropriate size of the Neighbourhood centre so it is not 'under-sized', an outcome which will be difficult to reverse once surrounded by dwellings.

In total then the development blocks owned by TGH could accommodate up to 3,230 additional dwellings. Those dwellings are then added to projected 2045 dwelling numbers in other (non-TGH)

areas (which amount to 3,930) that are within the catchment defined (Figure 5.2) to give an estimate of total dwellings (7,160) served by the Tuumata Block Neighbourhood centre, subject to the assumptions described in section 5.2. Those non-TGH area dwelling estimates are consistent with the HDCA work undertaken for Future Proof Partners.¹⁴

Figure 5.1: Ruakura development blocks



It is likely that there may be changes to existing residential dwelling numbers in areas subject to the proposed Medium Density Residential Standards (“MDRS”) which will be introduced through Plan Change 12, and which will enable development of up to three dwellings of up to three storeys on most sites without resource consent. Furthermore, Plan Change 12 as notified up-zones Greenhill Park, the Enderley area around Five Cross Roads, and residential land near the University to the new Medium Density Residential zone (i.e. between three and five storeys). However, the future implications of the MDRS in Hamilton are currently unknown and therefore we have not accounted for these in our analysis. That means that the dwelling yields and market size assessment in this report is likely conservative given the up-zoning that is proposed in the wider catchment. That conservatism means that the impacts ultimately assessed in section 7 are likely to be overstated, because a larger market

¹⁴ Fairgray, S. (2021). *NPS-UD Housing Development Capacity Assessment*. Prepared for Future Proof Partners.

and more rapid growth around existing centres will mitigate against any diversion of trade to the Tuumata Neighbourhood centre.

If the MDRS were to be so enabling of growth that Hamilton's housing shortage (as discussed in section 7.3) were to be significantly alleviated immediately, then there would be much reduced need for new greenfields residential growth areas in Hamilton, including the Ruakura-Tuumata Block. However, it is highly unlikely that the MDRS will yield significant additional residential supply in Hamilton, or anywhere else, immediately.

Instead, the MDRS will take some time to yield additional supply, given the standards primarily support redevelopment of existing brownfields sites, each with a low net additional yield, and each dependent on individual landowner motivations and financial situations to progress. It is likely that over time the MDRS will support a significant uplift in infill redevelopment in Hamilton, however that will occur gradually, and there will remain the need for this to be supplemented by some appropriately located greenfields developments to provide certainty of additional supply and timing.

5.2 Appropriate centre zoning

The Tuumata Neighbourhood centre is intended to have a similar role to Hamilton's existing Neighbourhood centres, although with the addition of a supermarket, which is a store type not envisaged in Neighbourhood centres, as discussed in section 3.3. The proposed inclusion of a supermarket in the Tuumata centre is more similar to that which would be expected in a Suburban centre, however the small size of other retail space proposed in the Tuumata centre is very much more like a Neighbourhood centre. Aspects of both Suburban and Neighbourhood centres are assessed below, to place the proposed Tuumata Neighbourhood centre in context. Neighbourhood centres sit below all other centres zones in the Hamilton centres hierarchy, and above Neighbourhood centres (Business 6 zone)).

Households meet their needs across all centre types, the Large Format Retail zone, and to a lesser extent industrial and other zones, in the urban hierarchy. Goods that are specialised and/or purchased infrequently (such as apparel, electronics, sporting goods etc.) are usually directed to the CBD, Sub-Regional centres and large format retail areas. Those centres have the largest concentration of retailers, and offer the greatest agglomeration of similar businesses, therefore providing good opportunity for shoppers to undertake comparison retail shopping, and efficiently access multiple stores in one location. Food and other frequently purchased goods tend to be accessed closer to home at a range of centres, particularly Suburban centres. Top up food shopping and other frequently purchased convenience goods and services are likely to be accessed in Neighbourhood centres, of which there are 67 zoned throughout Hamilton.

Chapter 6 of the District Plan states that Neighbourhood centres vary in size but are generally between 500-5,000m² GFA. This means that the proposed centre (2,500m² plus a 3,500m² supermarket as assessed in section 5.3 sits squarely within the Neighbourhood centre size scale if the supermarket is excluded. The supermarket is justified by the lack of supermarket provision for the local area, and the need to support the future needs of the Tuumata Residential Zone and surrounding areas. Overall then, the size of the centre proposed (6,000m²) is appropriate given the location and intended role of the new centre, serving the proposed new residential community on the eastern edge of Hamilton City, while minimising the impact on the Central City and adjacent centres.

Further, we note that at around 6,000m², the Tuumata Neighbourhood centre would not be atypical of Hamilton's Neighbourhood centres (excluding the supermarket). The 500-5,000m² GFA size range indicated for Neighbourhood centres can best be interpreted as indicative only, given observations about the GFA distribution of centres in other centre types. Further, at around 2,500m², the non-supermarket component of the Tuumata Neighbourhood centre would be within the indicated size range of Hamilton's Neighbourhood centres (up to 5,000m² GFA), indicating that a Neighbourhood centre zoning is a much better fit for the centre than a Suburban centre.

5.3 Tuumata Block sustainable Suburban centre GFA

An assessment was undertaken to quantify the appropriate size of the centre in the Ruakura-Tuumata Block. That assessment was structured as follows:

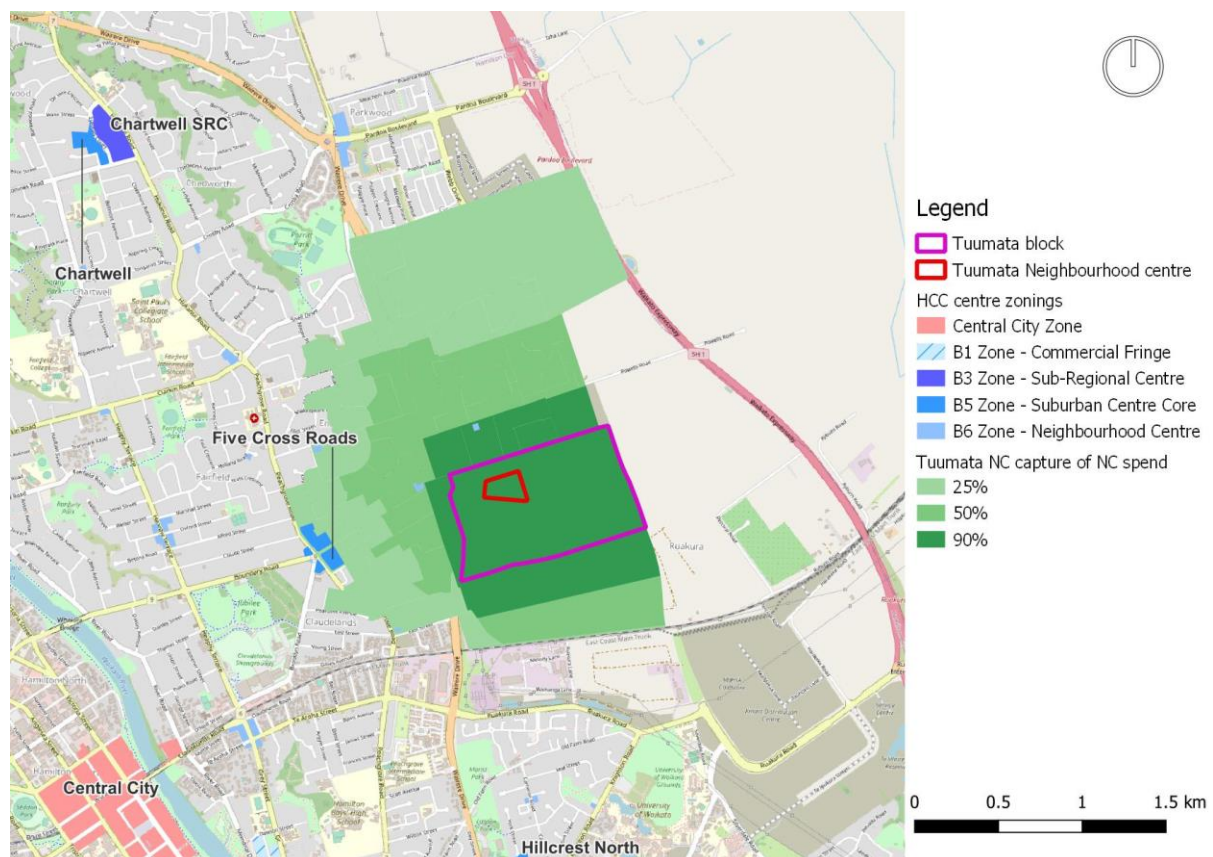
- ❖ The numbers of households resident in and around the Ruakura-Tuumata Block (including the Block's dwelling yield, as described above) was quantified, including projected household growth.
- ❖ The average floorspace (ground floor GFA) supported in all Hamilton Neighbourhood centres per household (1.50m²/household) was taken as the base floorspace per household that could be supported in the Ruakura-Tuumata Block's Neighbourhood centre. There is no basis for planning for any substantially different level of provision than that average.
- ❖ The ability to support a supermarket was assessed using average supermarket market shares, catchment sizes and store performance variables. This was assessed because of identified low levels of supermarket provision in the area, and the importance of supermarkets in providing for day to day community needs.
- ❖ That 1.50m² of space supported in all Neighbourhood centres (per household) was then adjusted to reflect the expected future market share the new Neighbourhood centre would capture, given the existence of other centres nearby, and the relative proximity of those centres. Three market share rates were applied: 90% of spend in the Ruakura-Tuumata Block itself and immediately surrounding areas, 50% in the next band out, and

25% in the band furthest from the Block which would still direct spend to the Ruakura centre (Figure 5.2).

- ❖ An allowance was made for some spend to flow into the Ruakura-Tuumata centre from locations outside the catchment, such as people passing through the area or visiting people or businesses in the area who might undertake shopping in the centre. That rate was assumed to equate to 10% of total space in the centre being supported by non-locals, a rate that is consistent with observations for other centres.

The catchment map shows the area of highest share being the Ruakura-Tuumata Block itself, extending north to Powells Road and south to take in the northern half of the AgResearch Block. The 50% share area extends north to Fairview Downs, west into Enderley and also takes in the Ruakura Research Centre in the south. The lowest share part of the catchment extends around the fringes, as far north as Greenhill Park, and west to Five Cross Roads. Note that the catchment is defined using Statistics NZ's Statistical Areas, which is why the boundary is somewhat irregular. The catchments defined are somewhat larger than for other nearby Neighbourhood centres because the Tuumata centre would be larger, and would have a supermarket, differentiating it from other nearby local centres, although still making it similar to other Neighbourhood centres in Hamilton (such as Parkwood, as discussed in section 7.5.3).

Figure 5.2: Tuumata Neighbourhood centre assumed capture of residents' Neighbourhood centre spend



The results of that assessment are that the Tuumata Neighbourhood centre will sustain around 6,000m² of total centre floorspace (Figure 5.3), with 90% (5,400m²) supported by the centre's immediate catchment¹⁵ and 10% supported by non-local consumers.¹⁶ Ultimately, given the sensitivity of this assessment to the assumptions used, and the likelihood of market penetration varying from that assessed, it would be appropriate to plan to accommodate a centre of 5,000-7,000m² total GFA within the Ruakura-Tuumata Block.

The existing rules for the Ruakura Retail Centre from the Knowledge Zone chapter of the District Plan are consistent with the mix of activities that is observed, sustainable, and appropriate across a broad range of other locations in large metropolitan urban areas in New Zealand. As noted in section 3.4.2, up to 9,000m² of total centre floorspace is permitted in the Ruakura Retail Centre, including no more than 7,000m² of retail and supermarkets, and no more than 3,000m² of any other permitted activities. To that end, it is our opinion that the 6,000m² proposed for the Tuumata Neighbourhood centre would be consistent with the future provision of a Ruakura Retail Centre (in the Knowledge Zone) being of the size envisaged.

Figure 5.3: GFA supported in Ruakura Neighbourhood centre at full build out

	Dwellings at full build out*	GFA supported in all Suburban Centres (m ² /household)	Market share of SC spend	GFA supported in Ruakura centre (m ²)
Tramway	1,270	1.50	90%	1,720
Tuumata Rise	130	1.50	90%	180
Ag Research	1,030	1.50	50%	770
Ag Research	1,030	1.50	25%	390
Rest of catchment	3,930	1.50	Varies**	2,380
Total local catchment	7,390			5,440
Non-locals				600
Total GFA sustainable in Ruakura Suburban centre				6,040

* Assumed to be 2045

** Varies spatially, averaging 40%

5.4 Effect of population growth on sustainable GFA

Hamilton is a relatively high growth urban area, which is a key driver of the need for additional residential zoned land in the Ruakura-Tuumata Block. As established in the Future Proof Strategy:

The Future Proof sub-region is expected to experience significant growth over the next 30 years. Demand for dwellings is projected to increase by around 56 per cent from 2020

¹⁵ The green shaded areas in Figure 5.2

¹⁶ Locations outside the green coloured area in Figure 5.2

out to 2050. This equates to a demand for an additional 61,285 dwellings across the sub-region (or 72,100 dwellings if a margin on demand is applied).¹⁷

Population growth supports existing centres, by directing more sales and people activity to centres. Growth also supports new centres, which are required to provide efficient access to goods and services for new urban areas. If future population growth is slower than expected, the viability of new centres may be delayed, which is a consideration in planning for new centres, and a risk in planning for the future of the Tuumata Neighbourhood centre. If development of the Ruakura-Tuumata Block takes longer than expected as a result of decreased demand due to a general economic slow-down (or any other reason), it will take longer before space in the Tuumata Neighbourhood centre would be sustainable, because the centre is intended to be supported primarily by growth in the Ruakura-Tuumata Block.

In the event of a general economic slow-down, and decreased demand across Hamilton, it is likely that development of the Tuumata Neighbourhood centre would be delayed until more suitable market conditions re-emerged. In any case, the best available information now indicates that growth is anticipated to continue into the future, and planning to accommodate that growth must proceed. If that growth slows, or does not eventuate at all, the risk sits with the developer, rather than other centres, because the Tuumata Neighbourhood centre would yield much lower sales than assessed in section 7, by virtue of having a smaller local market to serve. If the Tuumata Neighbourhood centre were developed and residential growth in the Ruakura-Tuumata Block were to be slower than anticipated, the centre would not become more popular to residents of existing areas, and they would not divert more spend from other centres to Tuumata.

5.5 Centre composition

Centres of the type proposed for the Tuumata centre, such as small Local centres in Auckland, and Commercial Local centres in Christchurch:

- ❖ Often have (in about half of these centres) a full service supermarket (e.g. Countdown, New World, Pak'n Save) , as opposed to a large grocery store (such as a Four Square).
- ❖ A range of small (less than 250m²) tenancies occupied by retail and services businesses, and hospitality outlets.
- ❖ 25-40% of their GFA occupied by non-retail activities, such as household services (hairdressers, real estate and travel agents, laundromats, drycleaners, etc.), medical and a small presence of office-based tenancies.

We have undertaken an assessment of sustainable supermarket space in the centre. As a significant retail presence, and key anchor activity for local centres, it is helpful to understand the sustainability

¹⁷ "Future Proof Strategy 2022", Future Proof Partners

(or otherwise) or supermarket space within a proposed centre, as the provision for a supermarket fundamentally influences the size and role of that centre. For the Tuumata centre our assessment indicates that a 3,500m² supermarket would be sustainable in the centre at, or before, full residential build-out, and shows a strong need for a new supermarket in the area to provide for the growing community's needs.

As shown in Figure 5.2 there are few full-size supermarkets servicing eastern Hamilton, with the large Central City supermarkets (two each of Countdown and Pak'n Save) likely to attract a large share of the supermarket spend from consumers living east of the river, with the only full-size supermarkets east of the river near Ruakura being the Countdowns at Chartwell and Claudelands. Other stores east of the river are further away and relatively inaccessible given supermarket shopping preferences for short travel distances, given frequent visitation. While supermarkets are common in Hamilton's Suburban centres, (six of the ten existing centres have a full-size supermarket while Hillcrest North has a large Four Square), the Suburban centre nearest the Ruakura-Tuumata Block (Five Cross Roads) does not have a supermarket, resulting in something of a gap in supermarket supply in the area. The provision of a Neighbourhood centre at Ruakura, and inclusion of a supermarket there, would be beneficial in the area given the absence of a supermarket in the Five Cross Roads centre, and would result in the two centres complementing each other in some ways.

A department store is unlikely to be required in the centre, given the presence of The Warehouse at Hillcrest North, and Farmers at Chartwell. Both of those brands are unlikely to require any further presence to service the Ruakura area, and other department stores brands favour larger centres.

So given total sustainable centre GFA of 6,000m², the sustainability of a 3,500m² supermarket in the Tuumata Neighbourhood centre, and the tendency for around 30% of non-supermarket centre GFA to be services, the assessment indicates that indicatively the GFA composition of the Tuumata Neighbourhood centre should be planned to be:

- ❖ A large, full-service supermarket of around 3,500m² (within a range of 3,000-4,000m²)
- ❖ Around 1,750m² of retail and hospitality (e.g. cafes, restaurants, takeaways) space (say 1,500-2,000m²)
- ❖ Around 760m² of tenancies accommodating services businesses (again, say 700-900m²).

Those numbers should be treated as indicative only, and would not require any conditions to ensure they eventuate. Instead, that floorspace structure is what would be expected based on the natural function of this type of centre, and so the Business 5 zone rules would be appropriate to apply to the Tuumata Neighbourhood centre.

6 Centre health

6.1 Indicators

Centre ‘health’ is an important consideration in a CVAR, because the quality of the receiving environment (the centres) will have a bearing on the nature of the effect. For example, a drop in sales in a well performing, very popular centre would have a smaller adverse effect than the same magnitude drop in an identical but poorly performing centre. There are a range of indicators which, taken together, can form the basis of a subjective assessment of centre health.

Although no guidelines to centre health exist in New Zealand, guidelines from the United Kingdom are of some assistance. The United Kingdom’s “Planning and Policy Statement 4” (“PPS4”) was the guiding policy document for in and out of centre development in the United Kingdom. Although superseded in 2019,¹⁸ the operative policy excludes specific reference to any indicators, and the PPS4 remains relevant and useful in a New Zealand context.

The PPS4 identifies the following indicators¹⁹ of centre health:

- ❖ Diversity of centre activities and the amount of space used for different functions, such as such as offices; shopping; leisure, cultural and entertainment activities; hospitality and accommodation.
- ❖ The amount of retail, leisure and office floorspace in edge of centre and out of centre locations.
- ❖ Opportunities for centres to expand or consolidate, typically measured in the amount of land available for new or more intensive forms of town centre development.
- ❖ Demand for space in centres.
- ❖ Rents and commercial yields, which demonstrate demand for and confidence in the commercial property market.
- ❖ Vacancy rates in street level properties.
- ❖ Length of time key sites have remained undeveloped.
- ❖ Pedestrian flows.
- ❖ Accessibility, including the quality and quantity of carparking, public transport, and infrastructure supporting active modes.
- ❖ Customer perception surveys.

¹⁸ by the revised National Planning Policy Framework

¹⁹ PPS4, Annex D Town Centre Health Check Indicators

- ❖ Quality of the environment, including factors both negative (such as air quality, graffiti, rubbish, poorly maintained properties) and positive (landscaping, open spaces and trees).

Not all of those factors are able to be assessed in a New Zealand context, given the limited publicly available data for some factors such as rents and yields, however those indicators provide a useful framework against which to assess centre health. Further, not all are appropriate or necessary for resource consent or plan change applications in New Zealand, particularly when there is no indication of a centre being poorly performing. This section assesses the health of potentially affected centres as an input into the effects assessment.

6.2 Potentially affected centres

The centres most likely to be affected by the Neighbourhood Centre that is proposed within the plan change area are the closest centres, including the Chartwell Sub-Regional centre, the Hillcrest, Hillcrest North, Hamilton East and Five Cross Roads Suburban centres, and the Central City. Neighbourhood centres are unlikely to be adversely affected by any more than a very small amount, because of the strong convenience role those centres play, and their established nature, however their health is also assessed below.

6.3 Centre health assessment

Following is an assessment of the health of each potentially affected centre.

6.3.1 Central City

An evaluation of centre 'health' is necessarily a subjective one to some extent, and there are many influencing factors. Nevertheless, the Central City appears to be in good health at present, given:

- ❖ There have been many new office developments in the Central City in the last five years.²⁰
- ❖ Central City retail vacancies have declined steadily since peaking at 14% in June 2012, and are now at 7.5%.
- ❖ Grade A vacant office space is at an all-time low of 5.9% due to new developments in this grade. There is significant refurbishment and construction of space, and that capital investment is a sign of business confidence in the Central City.

²⁰ Including: the ASB headquarters on the corner of Barton and Bryce Streets (2018); the Waikato DHB development in the old Farmers building (2019); Genesis Energy's new premises on the ex-Foodtown site in Bryce Street (2018); Waikato Regional Council offices (2021); the new ACC building on the corner of Collingwood and Tristram Street (ongoing), Union Square within the Anglesea, Alexandra and Hood St block (ongoing); Project Poka (20,000m²) on the corner of Ward and Victoria Street (consent lodged)

- ❖ Retail spending in the Central City was down 5% in 2020 compared to 2019 due to Covid-related restrictions,²¹ however, there was record high fourth quarter spend.

Overall, these new developments indicate significant confidence in the Central City, and ongoing development interest post-Covid indicates an ongoing buoyancy that will support growth across the City for a number of years into the future at least. Much of the development that is noted above is pre-committed, and there appears to be little in the way of capacity to accommodate additional tenants in those new buildings (with the exception of Union Square Development).

The occupation of these new buildings will in some cases leave previous premises vacant, although some tenants are new to Hamilton, including Genesis Energy (from Huntly) and ASB. Premises left vacant are likely to be redeveloped or otherwise renovated, and so this Central City growth can stimulate a ripple of redevelopment that spreads across wider Hamilton.

Combined, these new developments represent a significant net increase in commercial activity in Hamilton's Central City, and provide a strong indication as to the Central City's economic wellbeing.

Another strong indication of the Central City's health is the current low vacancy rates. There is limited spatially detailed data available about floorspace in New Zealand, and core data that is available (for example from CoreLogic) is not regularly updated for changes in use, and often will not provide a detailed categorisation of use in the first place. Quantifying vacant space for assessments such as this one is most easily done with reference to research published by commercial real estate agents or online listings, as we rely on below, and it is not practical to undertake a comprehensive floorspace audit for every application such as this one.

There is limited published information about vacancies in Hamilton's suburbs, with most information focussed on the Central City, or being City-wide totals. Central City-specific information is relevant to this assessment, as it speaks to the resilience of the Central City as an environment on the receiving end of potential effects generated by new office developments outside the Central City.

The most recent estimate of the overall CBD retail vacancy rate²² is 5.8% (June 2021) down substantially from 8.3% in the previous six months, representing an uptake of nearly 2,000m² of retail space in that period, and making current vacancy rates the lowest they have been since 2008. That indicates some post-Covid recovery, but also an improvement from even the pre-Covid environment. During 2020 and 2021 vacancy rates had been between 7.5-8.3%. A summary of changes in retail tenancies in the Central City during Covid found the departure of some Covid-affected businesses such

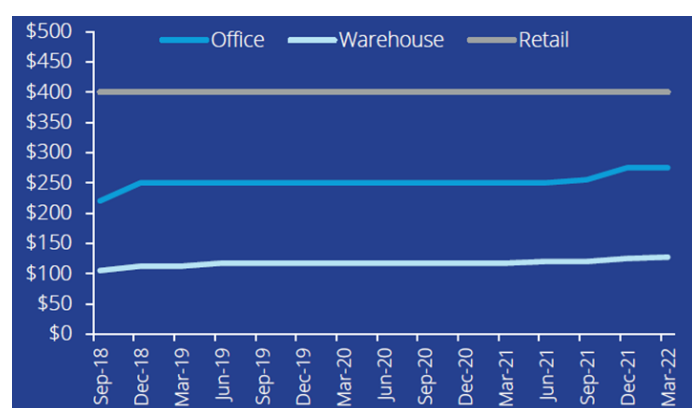
²¹<https://www.stuff.co.nz/business/124082278/retail-spend-soars-in-hamiltons-cbd-reaching-182m-in-last-three-months-of-2020#:~:text=On%20average%2C%20shoppers%20were%20also,2019%20to%20%24112%20last%20year>

²² CBRE and NAI Harcourts, "Hamilton Retail Occupancy Survey", 2020 and 2021

as Flight Centre, some transferring of businesses between tenancies, and some new entrants, such as Chemist Warehouse, Best Beds and a number of eateries.²³

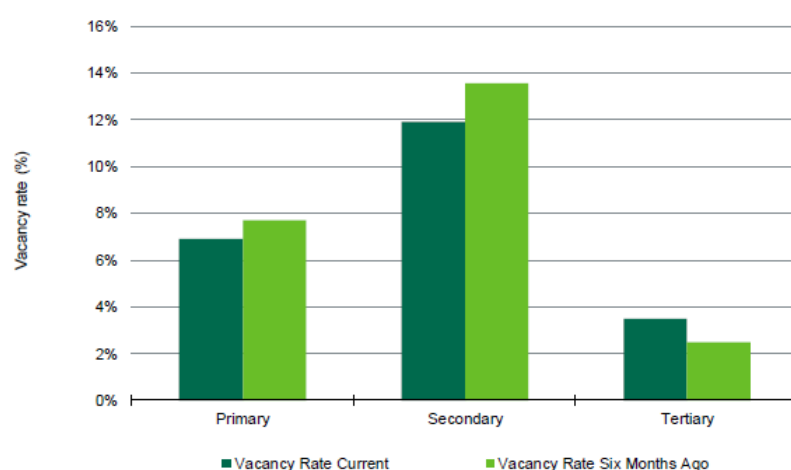
Office space in Hamilton has also experienced Covid-related effects. As workers return to the office, businesses in Hamilton have embarked on a “flight to quality”²⁴ which has seen strong demand for higher grades of office space, increased competition for increasingly limited supply of all grades, and upward pressure on rents. Annual office and retail building consents applied for were similar for the years ended April 2022 and 2021.

Figure 6.1: Hamilton average prime rents (\$/m²)²⁵



The most recent data available on vacant office space (2020)²⁶ shows that vacant prime space is relatively low at 6.9%), signalling healthy demand for this type of space (Figure 6.2).

Figure 6.2: Hamilton CBD retail vacancy by grade²⁷



²³ <http://wbn.co.nz/2021/03/03/latest-cbd-retail-occupancy-survey-reading-between-the-lines/>

²⁴ Colliers International NZ (2022) “Waikato Region Colliers Essentials H1 2022”

²⁵ Colliers International NZ (2022) “Waikato Region Colliers Essentials H1 2022”

²⁶ CBRE and NAI Harcourts (2020) Hamilton Office Occupancy Survey

²⁷ CBRE and NAI Harcourts (2020) Hamilton Office Occupancy Survey

6.3.2 Chartwell

Chartwell appears to be in good health, with low vacancy rates, and a diverse range of retail and other activities and strong appeal within the Hamilton market. Chartwell is very retail dominated, with little in the way of office activity, and would be very unlikely to experience any effects as a result of establishing a new Neighbourhood centre in Ruakura. Chartwell Shopping Centre has six vacant tenancies²⁸ out of 100 total tenancies, with all vacant tenancies being small (c.50-100m²) stores. That vacancy rate (6% of stores by number, and close to 2% by GFA) is relatively low for a retail centre, and indicates a healthy centre for which there is strong demand for tenancies.

The mall is anchored by a Countdown supermarket, H&M, Farmers department store and Event Cinema, with a number of national chain brands that have been established for some time, including Number 1 Shoes, Backdoor Surf, Postie, Pagani, and Bed Bath and Beyond. The mall contains four banks, several bookshops, a food court, cafes and restaurants, more than 20 fashion stores and a wide range of service providers (hair and beauty, phone repair, optometrists, etc.). This broad range of businesses reflects the centre's Sub-Regional zoning, and is another indicator of a healthy centre.

Outside the mall the Suburban centre zoned part of the Chartwell centre also appears in good health, with a range of retail, hospitality and service businesses, the Chartwell Library and Health Centre. Together with the mall, the centre functions well in its sub-regional role, is well serviced by public transport and is a dominant part of the Hamilton centres hierarchy.

6.3.3 Hillcrest North

Hillcrest North is anchored by the large (c.4,900m²) The Warehouse department store, with a small number of other retailers including a Four Square grocery store, butcher, liquor store, café, tavern and pizza takeaways. The centre is not large (c.9,300m² GFA), but is well serviced with a large car park. No online retail vacancies are listed (August 2022).²⁹ The Hillcrest North centre complements the Hillcrest Suburban Centre, which is located 2km north. Overall, the Hillcrest North centre functions well as a small Suburban Centre, and appears to be well maintained, and attractive to consumers and tenants.

6.3.4 Hillcrest

The Hillcrest centre assessed here included a Suburban Centre zoning and a Business 4 (LFR) zone. Together, those zones accommodate 4,250m² GFA, anchored by a New World supermarket (2,400m²), with a small number of restaurants and takeaway outlets, a dairy, real estate agent and service station. We have not identified any vacant tenancies in the centre, and it appears that the dominance of the supermarket within the centre has created a healthy, popular centre.

²⁸ From <https://www.chartwellshopping.co.nz/stores/map> store directory

²⁹ Trade Me Property, [realestate.co.nz](https://www.realestate.co.nz),

6.3.5 Hamilton East

Hamilton East is a large Suburban Centre with over 23,000m² of ground floor GFA in the Suburban Centre zone, and a similar amount again in the adjacent and contiguous Business 1 (Commercial Fringe) zone. The centre lacks the major retail anchor of many of Hamilton's other Suburban Centres (e.g. a supermarket or department store) but has a wide range of smaller tenancies configured predominantly in a Main Street style layout focused on Grey Street, and extending back also along Clyde Stret. There are many cafes, restaurants and takeaway outlets, food retailers, hair and beauty outlets, a pharmacy and a small range of comparison retailers (fashion, books, etc.).

There are several tenancies accommodating occupants that are often considered to be 'lower value' businesses that tend to establish in lower value premises, or premises which are otherwise difficult to tenant, such as those in older or poorly maintained buildings, and those with poor street exposure. Examples of such businesses in Hamilton East include a number of second hand and dollar stores.

Online listings indicate four vacant tenancies available for lease in the centre, with a total area of about 900m², amounting to about 4% of the Suburban Centre's GFA. That is a relatively low level of vacancy for a retail centre, although as noted there are also several lower value stores occupied in the centre.

Altogether the Hamilton East centre is in reasonable health, although parts of it appear to have suffered from a lack of investment. The large and diverse range of businesses in the centre and location on busy Grey Street provide a strong customer base, which helps to counteract the relatively low amenity, traffic-dominated environment.

6.3.6 Five Cross Roads

Five Cross Roads is the closest Suburban centre to the proposed Tuumata Neighbourhood centre, being 1.1km west at the intersection of Fifth Ave, Peachgrove Road, Brooklyn Road and Boundary Road. The centre is dominated by takeaway food stores, bakeries, and restaurants, with a range of household services (laundromat, barber and hair salon), a Work and Income office, a medical centre, pharmacy, dollar stores, op shops and a small amount of food and liquor retail. A new building (c.850m²) on Grey Street was opened in 2019, and now accommodates a gym, hair salon, restaurant and tattoo parlour. There are no online listing for vacant tenancies (August 2022) and the centre appears to be a healthy, vibrant centre, albeit one with a relatively narrow range of business types.

6.3.7 Hamilton neighbourhood centres

There are a number of Neighbourhood centres around the proposed development, and it is useful to understand the role these play in the local retail economy. Listed below are the nearest Neighbourhood centres to the Ruakura-Tuumata Block, with a brief description of their tenants and distance from the Tuumata Neighbourhood centre.

- ❖ Powells Road: dairy, hairdresser, laundromat, takeaways, 750m north
- ❖ Tramway Road and Fifth Avenue: butcher, dairy, service station, 400m west
- ❖ Mardon Road: dairy, hairdresser and a mechanic workshop, 1.2km north-west
- ❖ East Street and Peachgrove Road: dairy, takeaways, 1.6km south
- ❖ Cameron Road: dairy, takeaways, bakery, childcare, martial arts , 2.7km south
- ❖ Knighton Road: dairy, hairdresser, takeaways, 3.1km south
- ❖ Holland Road: dairy, takeaways, 2km north-west.

Each of those centres have businesses fairly typical of Hamilton's Neighbourhood centres (dairy, hairdresser, takeaways, bakery, café), and all are small centres (two to four stores) that play a clear convenience role for their immediate, walkable catchments. All already have large centres nearby (Five Cross Roads or Hillcrest North), but all appear to be fully tenanted and well established within their local communities. Potential effects on any neighbourhood centres are not assessed as these centres will retain their 'convenience' nature for their surrounding immediate neighbourhood catchment.

7 Economic effects

This section assesses the economic effects of the proposed Tuumata Neighbourhood centre development, with most of the focus on the economic costs arising from a diversion of trade away from existing centres. The main potential costs and benefits that would occur are related to the following issues:

- ❖ Whether the proposed Neighbourhood centre would undermine the function and vitality of Hamilton's centres hierarchy, in particular the Central City, and what retail distribution effects would result.
- ❖ How the proposed residential expansion of the urban edge integrates with the existing urban structure and wider growth objectives for the City.
- ❖ The distribution of office space within Hamilton.
- ❖ The implications of a reduction in future industrial zoned land and increase in residential supply.
- ❖ A redistribution of centre activity within the area from the envisaged Ruakura Retail Centre being located within the Knowledge Zone, to shifting north to the Ruakura-Tuumata Block.

This section assesses those potential effects.

7.1 Retail distribution effects

7.1.1 Rationale behind Tuumata Neighbourhood centre size

The proposed development has been planned in conjunction with economic advice on the size of centre and types of activities that would ensure that the centre would be consistent with its Neighbourhood centre role, and therefore would be sustainable primarily by its local population. Development of a very large centre might require a large inflow of customers to support centre businesses, but the current proposal avoids the likelihood of such an inflow, and instead intends that the new centre will be sustained by the local market defined in section 5.

The size of the centre is therefore a core limitation of potential adverse retail distribution effects on other centres. However, because households already living in the main trade area of the proposed Ruakura centre will already direct their Suburban and Neighbourhood centre spend to an existing centre, some diversion of sales will occur when the new centre opens. This section assess the magnitude of those effects.

7.1.2 Direct and indirect effects

There are two main types of impact that are relevant.

Direct effects are those that manifest as a reduction in sales of trade competitors, as a result of a redistribution of retail spending patterns by consumers who will shop in the new store. Decision makers assessing a resource consent application may not have regard to these trade competition effects (section 104(3) of the RMA), unless they will generate significant adverse indirect effects, usually on centres.

Indirect effects are also often referred to as retail distribution effects, and are effects that decision makers can have regard to when assessing the merits of an application. These indirect effects are not limited to effects on individual businesses (as for direct effects), but rather have wider effects on a centre or the community. These wider effects can arise due to changes in travel patterns and centre patronage induced by new retail supply, with a consequent change in centres' vitality, vibrancy and amenity. To be considered these indirect effects must be significant, and go beyond the effects of trade competition.

7.1.3 Direct retail impacts

Approach

The direct retail effects of the proposed Tuumata Neighbourhood centre will be spread across a number of Hamilton centres, including the Central City, Chartwell, Five Cross Roads, Hillcrest and Hillcrest North. This assessment assumes that because of the very strong, highly localised nature of Neighbourhood centres' catchments, there will be no more than minor adverse direct retail impacts on these centres. Neighbourhood centres predominantly consist of a small block of shops and seek to meet the everyday convenience needs of the immediate surrounding neighbourhood, and even the closest of those would have no noticeable change in retail provision or amenity for the community.

Most of this summary of impacts focusses on the retail distribution effects on the Five Cross Roads Suburban centre, as the closest Suburban centre to the Ruakura-Tuumata Block, and because the assessment showed much smaller impacts on other centres than on Five Cross Roads, as will be explained later. The process followed for Five Cross Roads, as described below, was also applied for each of the other centres assessed.

It is not yet known where spend that is directed to the Tuumata Neighbourhood centre will be diverted from, and so assessment of the distribution of effects is necessarily based on assumptions. For this assessment we have assumed that 50% of the sales that will be generated by the new centre would be diverted from Five Cross Roads, 15% from Chartwell, 10% each from the Central City and Hillcrest, 5% from Hillcrest North, and 10% from all other locations.

This distribution is influenced strongly by proximity to the Tuumata centre and similarity of centre type, with the largest effects being directed to the centres closest and most similar to the Tuumata Neighbourhood centre. The assumed sales draw effectively loads a large proportion of total potential

retail distribution effects onto the Five Cross Roads centre, to understand the magnitude of effects that would occur under that scenario, and is therefore a conservatively high distribution to apply in order to understand near 'worst-case' effects on Five Cross Roads.

Catchments were defined for each centre to reflect the Suburban centre role of each centre, using Thiessen polygons for all Suburban centres in Hamilton, including centres higher in the hierarchy (Central City and Sub-Regional centres), given that they also play a Suburban role for their nearby areas. For Chartwell and the Central City the Suburban centre catchment is smaller than the total catchment (where for the Central City the CBD role takes in all of Hamilton, and for Chartwell the Sub-Regional catchment takes in most of eastern Hamilton). The impacts on each centre were then adjusted to reflect that the Suburban centre role is only part of the total role of each centre. For the Central City, the size of the impact from the proposed Ruakura-Tuumata centre is very small, as discussed below, because the CBD has a broad catchment and spend directed to it from across (and beyond) Hamilton. The same applies to Chartwell's sub-regional role. Impacts on Hillcrest and Hillcrest North are not mitigated in the same way, as their Suburban catchment role reflects the total extent of their catchment.

For the purposes of this assessment, the Tuumata Neighbourhood centre is assumed to be fully developed immediately, and to open in 2025. While that is unlikely, the assumption brings forward potential effects, making initial effects higher than they might actually be if development is staged or occurs later, so as to not understate effects.

By applying the market share assumptions from Figure 5.2 and the distribution of effects just described to total households resident in each defined catchment, the assessment calculated how many households resident in the Neighbourhood centre catchment would divert their spend away from each centre to the Tuumata Neighbourhood centre. Results of that process are presented below, with most of the focus Five Cross Roads as the most impacted centre.

Catchment assessment

Total retail sales for Five Cross Roads are estimated at around \$55.6m in 2022,³⁰ and projected to increase to \$71.4m in 2030 (+28%) and \$111.4m in 2050 (+100%). The projections are based on increasing retail spend per household³¹ together with expected growth in household numbers. Average annual household growth in the Five Cross Roads catchment is projected to be 2.0% p.a. between 2022 and 2023, 5.3% p.a. between 2023 and 2025, around 2.5% out to 2045, and then 1.8%

³⁰ These sales estimated as the sum of estimated sales in each of the storetypes represented in the Five Cross Roads centre. Sales for each storetype were assessed by measuring GFA in each type and multiplying by an industry representative sales/m² figure. That \$/m² data is sourced from our internal databases compiled over time using actual industry data we have had access to in different retail centre types and locations.

³¹ At 1.0% per annum, annual average, in line with recently observed national trends

thereafter. The location of the Five Cross Roads centre on one of the main north-south roads through eastern Hamilton means it is likely to supply have a more significant non-local customer base than assumed for the Ruakura-Tuumata centre, and to be around 15%.³²

The assessment of direct retail impacts is focussed on the opening date of the Tuumata Neighbourhood centre, because that is when the sales of other centres are smallest, and therefore when impacts on those centres will be largest, given market growth over time is projected to increase sales over time. The conclusions of the impact assessment are therefore not sensitive to the growth rates assumed, and it would only be in the case of a decline in people living around each centre that the impacts would increase over time. Unless there is an unexpected population decline, impacts on opening of the Tuumata Neighbourhood centre therefore represent peak impacts.

Two different types of effects are presented:

- ❖ The change in centre sales relative to the level of sales that would have been expected had the Tuumata Neighbourhood centre not been operative.
- ❖ The change in centre sales relative to the base year (2025). That provides some indication that even though centre sales may not increase to a level they would have without the Tuumata Neighbourhood centre, they will still grow over time after the Tuumata Neighbourhood centre opens. This scenario therefore provides some indication of the rate of recovery of centre sales for each centre.

From the assessment, Five Cross Roads will be the most impacted centre, with initial effects of a 8% decrease in centre sales in 2025 (Figure 7.1). As the population resident in the catchment of the Tuumata Neighbourhood centre grows over time, the number of households who might have shopped at Five Cross Roads but instead shop at Ruakura-Tuumata would increase, increasing the direct effect relative to the "without Tuumata Neighbourhood centre " scenario. Another factor to consider is that the up-zoning that is to apply to the area around Five Cross Roads will potentially result in a significant increase in dwellings (and households) around the Five Cross Roads centre, and increase centre sales, mitigating the impacts.

The effect on other centres will be much less, with all other Suburban or larger centres experiencing direct retail impacts of less than 3% when the Tuumata Neighbourhood centre opens in 2025. This shows that Five Cross Roads is likely to absorb most of the impacts of the Tuumata Neighbourhood centre opening, due mostly to it being the closest centre to the Ruakura-Tuumata Block.

Of particular interest, given requirements in the District Plan to assess impacts on the Central City, are the impacts assessed on the Hamilton CBD. Figure 7.1 shows that those direct retail impacts are

³² The CBD and Chartwell were also assumed to make 15% of sales to consumers non-resident in their Suburban centre catchments, and the proposed Tramway centre, Hillcrest and Hillcrest North 10%.

projected to be a fraction of a percent, which is a level not noticeable within the churn of the retail environment. Even if for some reason the Central City were to absorb a much greater share of the impacts created by the Tuumata Neighbourhood centre (which is highly unlikely, given the locally focussed nature of the neighbourhood centre proposed), direct effects on the Central City would amount to less than 1%, which remain immaterial in the context of the very large range of commercial and retail activity present in the Central City.

The same sensitivity observations apply to other centres assessed, and even if effects are much more focussed on any one centre, those effects will still remain a long way short of being considered significant in RMA retail distribution effects terms.

Figure 7.1: Tuumata Neighbourhood centre direct retail impacts

	2022	2025	2030	2035	2040
Catchment households					
5 Cross Roads	4,490	5,150	5,950	6,700	7,570
CBD	3,980	4,020	4,170	4,320	4,570
Chartwell	5,090	5,110	5,310	5,510	5,820
Hillcrest North	3,070	3,250	3,380	3,510	3,700
Hillcrest	3,070	3,250	3,380	3,510	3,700
Hamilton East	5,090	5,110	5,310	5,510	5,820
Diverted households					
5 Cross Roads		510	720	880	1,030
CBD		100	140	180	210
Chartwell		100	140	180	210
Hillcrest North		50	70	90	100
Hillcrest		100	140	180	210
Hamilton East		50	70	90	100
Direct retail effects relative to situation without Tramway centre					
5 Cross Roads		8.4%	10.3%	11.2%	11.6%
CBD		0.1%	0.2%	0.2%	0.3%
Chartwell		0.1%	0.2%	0.2%	0.2%
Hillcrest North		1.4%	1.9%	2.3%	2.4%
Hillcrest		2.8%	3.7%	4.6%	5.1%
Hamilton East		1.0%	1.3%	1.6%	1.7%

However, a more meaningful way to look at those effects is to compare the sales of each centre in future years to its sales in the base year (2025). Under that scenario Five Cross Road's sales would be greater in 2030 than they were before the Ruakura-Tuumata centre opened (+8.9%), reflecting an approximate two year recovery from the initial sales impact to exceed base year sales (Figure 7.2). Those impacts are considered to be upper end estimates, and it is likely that the impacts actually observed would be somewhat lower than that, because the absence of a supermarket in the Five Cross Roads centre provides an important point of differentiation to the Ruakura-Tuumata centre.

Figure 7.2: Five Cross Roads Suburban centre direct retail impacts

	2022	2025	2030	2035	2040
Sales w/o Tramway NC	\$ 56	\$ 66	\$ 79	\$ 94	\$ 111
Sales w Tramway NC	\$ 56	\$ 60	\$ 71	\$ 83	\$ 99
Sales w/o Tramway NC		-8.4%	-10.3%	-11.2%	-11.6%
Sales w Tramway NC		-8.4%	8.9%	27.2%	50.4%

Beyond 2030, ongoing population growth will generate increasing sales in the Five Cross Roads centre, so that 2035 centre sales will be 27% above 2025 sales, and 2040 sales will be 50% higher. All other centres are assessed to have similar recoveries, albeit off lower initial impacts, and are not presented in detail here because the low initial direct impacts will not be noticeable in the context of current centre performance.

7.1.4 Indirect economic effects

The current undersupply of supermarket space in and around Ruakura indicates, as confirmed in the assessment in section 5.2, that there will be strong demand for a supermarket in the Tuumata Neighbourhood centre. That supermarket would anchor the centre, and generate much of its sales, given the higher sales productivity (\$/m²) of supermarkets relative to most other retail and services categories. The limited presence of supermarkets in centres in the area (only at Hillcrest, Chartwell and the Central City) means that much of the Ruakura-Tuumata centre's sales will be diverted away from those locations, or out of centre locations (e.g. Countdown Claudelands).

The absence of a supermarket in the Five Cross Roads centre will limit the impacts on that centre, and means that there will likely be a slightly different role and focus for the two centres, and they are likely to cater to different segments of the market and attract different customer retail spend, especially within their overlapping catchments. For that reason, and because the direct retail effects assessed above for Five Cross Roads are minor in scale and will be recovered from within several years, the distributional effects of trade competition are unlikely to adversely impact Five Cross Roads' viability, function and amenity.

Those effects will far short of being significant effects in the context of RMA case law, given the healthy state of the Five Cross Roads centre. Because the Tuumata Neighbourhood centre is likely to be developed alongside residential development, and in the latter stages of development of the Ruakura-Tuumata Block, the impacts on Five Cross Roads will be reduced, and Five Cross Roads will continue to serve catchment households and workers as a hospitality hub for takeaways, restaurants and household services.

The new proposed Neighbourhood centre will draw only very limited amounts of spend from the Chartwell Sub-Regional centre and the Central City. That, and the relatively very large size of those centres, means that there will be no discernible effects on Chartwell and the Central City, even if direct

retail effects are much more concentrated into one or both of those centres than assumed in the modelling described in section 7.1.3. Further, households within the new Neighbourhood centre catchment will still travel to higher order centres from time to time to meet their broader retail and services needs, particularly to visit businesses of a type not represented in the Tuumata Neighbourhood centre.

At 1.0-2.8%, the direct effects of the magnitude assessed above on nearby Suburban centres (Hillcrest, Hillcrest North and Hamilton East) will not be discernible, and indirect effects will be negligible, even direct retail effects are focussed more into those centres than assumed. As mentioned already, there will be no discernible effects on surrounding neighbourhood centres. These types of centres predominantly consist of a small block of shops and seek to meet the everyday convenience needs of the immediate surrounding neighbourhood.

7.2 Industrial land

A Business Development Capacity Assessment (“BDCA”) for Future Proof Partners was completed in 2021.³³ That assessment fulfils HCC’s obligations under the National Policy Statement on Urban Development (“NPSUD”), which requires that Tier 1 Councils must undertake an assessment of both business development and residential development capacities at least every three years. The BDCA assessed the demand for and supply of land for industrial, commercial and retail activities, in order to assess the sufficiency of business land supply over the next three decades.

It is a requirement of the NPSUD for Tier 1 Councils to show they have sufficient land and development capacity to cater for growth by type and by broad location. This is important, as providing new supply in the wrong location to meet business needs is like not providing for growth at all. To assess this spatial element of the demand-supply question, the HBCA divided Hamilton into broad spatial sectors to frame the demand-supply assessment.

For some activities, such as industry, the location of supply is less important than for others, and many industrial activities may be indifferent between a site at Ruakura or Te Rapa, as long as it is suitably sized and flat, with good access to transport infrastructure. For other activities, location is much more important. For retail activities, for example, it is important to be close to the markets they will serve. When assessing local industrial land capacity, it must therefore be carried out in the context of total industrial land capacity, because if demand can be accommodated equally as well in multiple locations, using one of those locations for a non-industrial activity (such as residential), there may be few or no negative economic effects arising from that conversion away from industrial uses. If supply is very constrained, then such a conversion would have more potential adverse economic effects, and

³³ Market Economics Limited

may constrain economic growth. The same does not apply to other activities such as retail, because of its location-specific requirements.

These observations are relevant to the current application. If there is adequate appropriately serviced industrial land (or potential industrial land) in some other part of Hamilton, conversion of the Ruakura-Tuumata Block away from an industrial zoning will have few or no negative economic effects on Hamilton's ability to supply industrial land and the functioning of industrial activities.

Figure 7.3 (taken from the BDCA) shows industrial land demand growth (including the specified NPSUD competitiveness margin) and estimated land availability in Hamilton City over the short (2020-2023), medium (2020-2030) and long (2020-2050) terms. Hamilton's industrial land supply is unevenly distributed, with 96% of vacant industrial land in Te Rapa and Ruakura. This is common in cities that have identified clear areas where industrial activities are enabled, and the use of clearly defined industrial areas promotes the co-location of industrial activities, which is efficient and ensures any potential emissions and their negative impacts can be minimised.

Figure 7.3: Hamilton industrial land sufficiency plus margin (ha)³⁴

Name	Demand Growth + Margin (ha)			Estimated Land Availability (ha)			Sufficiency Measure		
	Short Term (+20%)	Medium Term (+20%)	Long Term (+15%)	Short Term	Medium Term	Long Term	Short Term	Medium Term	Long Term
Te Rapa	51.4	177.0	328.7	99.3	99.3	278.0		Insufficient	Insufficient
Chartwell	0.5	1.7	4.8	-	-	-	Insufficient	Insufficient	Insufficient
Frankton	0.8	25.8	92.3	21.1	21.1	21.1		Insufficient	Insufficient
CBD	5.2	21.0	64.5	-	-	-	Insufficient	Insufficient	Insufficient
Ruakura	0.3	6.0	22.0	145.8	212.6	336.6			
Other	4.5	34.2	108.2	4.1	4.1	4.1	Insufficient	Insufficient	Insufficient
Total	62.7	265.8	620.6	270.3	337.0	639.7			

While there is some insufficiency at the local level (e.g. in Chartwell, where there is assessed to be no vacant industrial land), almost all of Hamilton's demand can be accommodated within Ruakura and Te Rapa. Together, Ruakura and Te Rapa have 615ha of land available, compared with total demand (including margin) of 620.6ha. It is only toward the end of the long-term (10-30 years) that those two areas will be unable to together accommodate all of Hamilton's demand.

A comparable assessment using floorspace rather than land indicates that the industrial space available to be developed on the land is significantly more than demand requires (Figure 7.4).³⁵

³⁴ Figure 7.21 in "Business Development Capacity Assessment", Market Economics (2021). Prepared for Future Proof Partners.

³⁵ Figure 7.30 in "Business Development Capacity Assessment", Market Economics (2021). Prepared for Future Proof Partners.

Figure 7.4: Hamilton industrial space sufficiency plus margin (GFA)

Name	Demand Growth + Margin (sqm)			Estimated GFA Availability (sqm)			Sufficiency Measure		
	Short Term (+20%)	Medium Term (+20%)	Long Term (+15%)	Short Term	Medium Term	Long Term	Short Term	Medium Term	Long Term
Te Rapa	210,551	726,721	1,351,448	620,473	620,473	2,050,237	Insufficient	Insufficient	Insufficient
Chartwell	2,123	7,353	19,958	-	-	-	Insufficient	Insufficient	Insufficient
Frankton	3,028	107,060	382,933	131,864	131,864	131,864	Insufficient	Insufficient	Insufficient
CBD	21,353	87,596	269,073	-	-	-	Insufficient	Insufficient	Insufficient
Ruakura	1,599	25,357	92,469	562,869	818,447	1,293,383			
Other	19,591	144,200	453,679	25,421	25,421	25,421	Insufficient	Insufficient	Insufficient
Total	258,245	1,098,287	2,569,562	1,340,626	1,596,205	3,500,905			

The proposed plan change rezoning represents a reduction in vacant industrial land capacity of approximately 60ha. The BDCA identified long-term vacant industrial capacity in Ruakura of 337ha, which far exceeds local demand (22.0ha including margin) (Figure 7.3). However, a reduction in Ruakura's industrial land supply will impact the broader Hamilton City industrial land supply, and the removal of the Ruakura-Tuumata Block's 60ha would decrease Hamilton City's long-term industrial land availability from 640ha to 580ha. That 580ha is 41ha less than long-term demand (621ha), leaving an undersupply in the long term. However, with 580ha of available industrial land, the City has capacity to cater for the next 28 years of projected growth, even accounting for the competitiveness margin of 15%. That leaves plenty of time to identify new industrial development areas to make up for what is a very small shortfall in very long-term industrial supply.

It is important to note that the Future Proof Strategy (2022) identifies 419ha³⁶ of vacant industrial land capacity in Ruakura over the long-term, even though the Ruakura-Tuumata Block is assumed in that Strategy (a change which is also included in proposed Change 1 to the Waikato Regional Policy Statement ("RPS")) to be residential, not industrial land. That 419ha is 82ha more than identified in the 2021 HBCA,³⁷ and includes an 85ha parcel of land earmarked for future industrial development, located east of the Waikato Expressway, and referred to as "Ruakura East" (Figure 7.5). The timing of this parcel of land's availability has been brought into the 30 year time horizon³⁸ by Future Proof officers and will assist in fulfilling Hamilton's city-wide demand for industrial land in the long term.

That additional land more than makes up for the proposed use of the Ruakura-Tuumata Block for residential activity, and with the 85ha east of the Expressway included there will be no industrial land shortfall in Hamilton in the long term, even with the conversion of the Ruakura-Tuumata Block to residential uses. There may be some marginal costs arise as a resulting of converting the Ruakura-Tuumata Block to residential uses and replacing its (potential) industrial land supply with new supply about 2km east at Ruakura East.

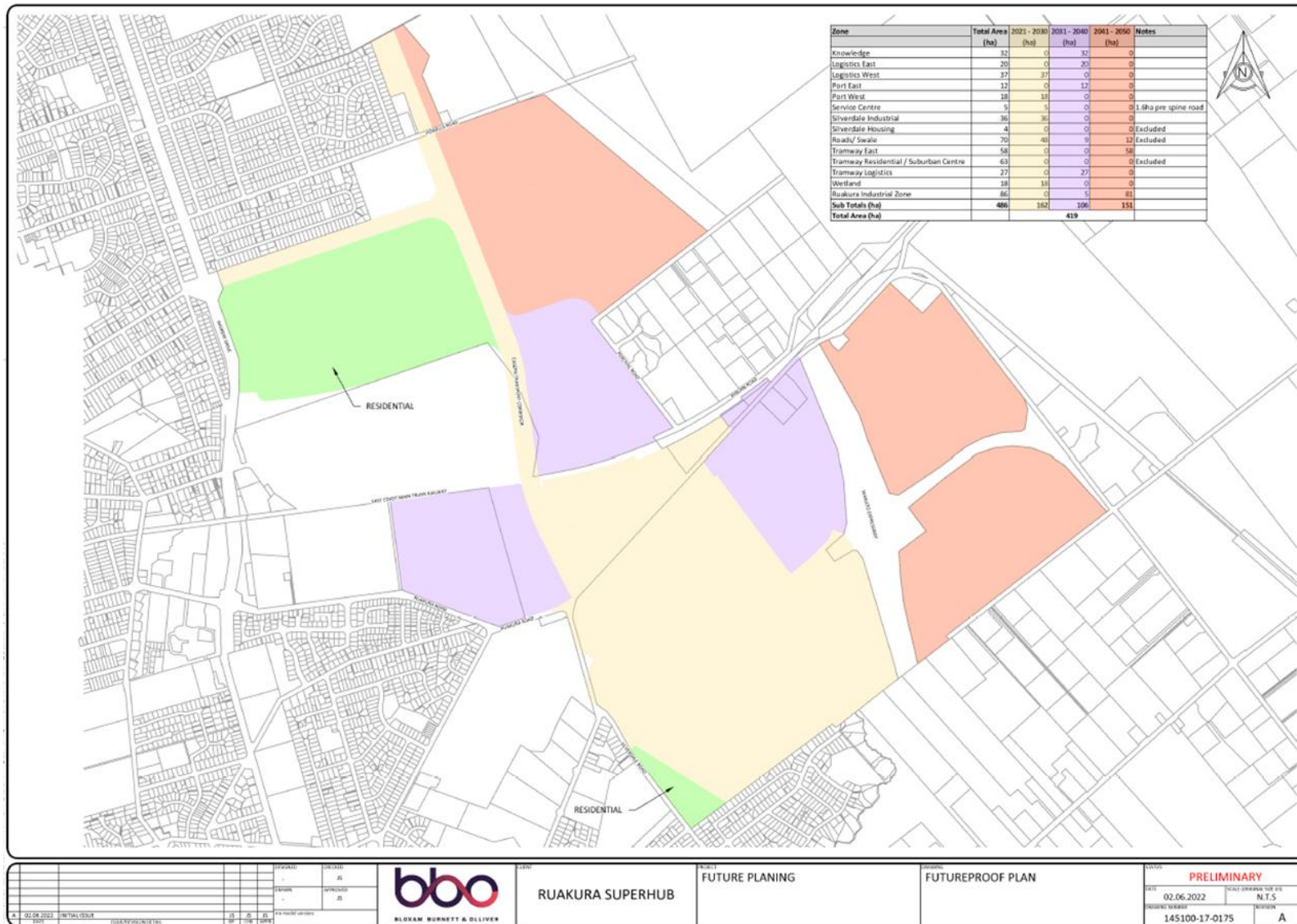
³⁶ Figure based on TGH planning and assumptions. Excludes residential master plan area, Ag Research Campus and assumes the Knowledge Zone stays as such until amended through District Plan review.

³⁷ Future Proof (2021) *Section B: Our Growth Management Approach* in "Future Proof Strategy"

³⁸ Indicated in Figure 7.5 as being available in 2041-2050

However, the close proximity of the two sites means that any marginal changes in transport costs as a result of the changed location of the industrial zone will be very low, and difficult to assess in the absence of detailed traffic modelling. Use of the Ruakura-Tuumata Block for residential uses would enable residents to benefit from the block's good accessibility to urban Hamilton, offsetting any increased vehicle kilometres travelled ("VKT") by industrial vehicles. Further, the Ruakura East block would actually be closer to the Waikato Expressway, and so use of that land for industrial activity instead of the Ruakura-Tuumata Block may reduce industrial VKT, although again that would require transport modelling to confirm.

Figure 7.5: Ruakura industrial land uptake schedule (Future Proof, 2022)



7.3 Residential supply

The Ruakura-Tuumata Block plan change will deliver an estimated additional 1,200 dwellings. That increase in residential supply will need to be integrated with Hamilton's existing urban structure and growth for the City in order to be consistent with policies³⁹ in the District Plan. The Future Proof Strategy seeks to enable well-functioning and quality urban environments centred around transit orientated development and connected centres.⁴⁰ These requirements mean that new residential areas are about more than just providing additional capacity.

In addition to residential capacity, urban areas should enable the social, cultural and economic wellbeing of people now and into the future. Future development should be focused around key growth areas, as identified in the Future Proof Strategy. Ruakura has been identified as a priority growth area in the Future Proof Strategy and progressing the rezoning of the Ruakura-Tuumata (formerly Tramway) Block is a priority development action for the short term:

*Progress the rezoning of the Tramway Block to provide for initial re-purposing of industrial land for higher density residential development. Investigate alternative land use arrangements for the long term.*⁴¹

That action is now included in proposed Change 1 to the RPS, which includes the Ruakura-Tuumata Block as a residential area, and specifically excludes it as industrial land.

The Ruakura-Tuumata Block is located adjacent Hamilton's current eastern urban edge, and sits within a wider master plan for anticipated future residential development in the AgResearch and Knowledge Zone Blocks. Together this wider area is planned to deliver additional residential supply in the long-term, creating a connected new community on Hamilton's eastern urban edge with high levels of amenity and accessibility to the surrounding catchment. That increase in residential supply will generate a natural expansion of Hamilton's urban area to the east, and is consistent with anticipated greenfield edge expansion as identified in the HDCA.

Conversion of the Ruakura-Tuumata Block is therefore anticipated by, planned for, and approved of in the Future Proof Strategy, is consistent with industrial land and residential supply sufficiency modelled in the BDCA and HDCA, and the plan change will be highly integrated with Hamilton's urban structure and centres hierarchy. The development of Ruakura-Tuumata Block would act as a catalyst for the Spine Road, which would improve the transport network through Ruakura, and assist with integration of the Block with established urban areas.

³⁹ e.g. Policy 3.7.3.1f, as discussed in section 3.4.1.

⁴⁰ Future Proof (2021) *Section B: Our Growth Management Approach* in "Future Proof Strategy"

⁴¹ Future Proof (2021) *Section D: Our Implementation Programme* in "Future Proof Strategy", page 104

A Housing Development Capacity Assessment⁴² (“HDCA”) has been prepared for Future Proof to assess some of the key changes in the future residential land market. The HDCA found that:

- ❖ There is a short- and medium-term surplus of residential land in Hamilton, and a deficit only under particular feasibility and price scenarios. There will, however, be large shortfalls in capacity for dwellings in lower value bands, and a surplus in higher value bands.
- ❖ There has been limited uptake of higher density capacity in the City Centre and greenfield areas, although some changes are becoming evident in building consent data.
- ❖ Most greenfield growth areas are projected to be feasibly developed.
- ❖ There is some indication that the market may provide smaller lot sizes for standalone dwellings at the urban edge, if planning requirements for minimum lot sizes were removed. The existing requirement is 400m² per dwelling for the General Residential Zone.
- ❖ A shift to higher density dwellings reflects the trade-offs that households make between location, space and price. Higher density dwellings are often located in areas of higher amenity, with higher land costs (on unit area basis) associated with the location.
- ❖ Capacity in greenfield areas is concentrated into higher value dwelling bands.

The HDCA therefore indicates that supply of additional dwellings in Ruakura would assist long-term adequacy of residential supply in Hamilton, and there is potential to provide a range of different housing typologies to meet existing and emergent dwelling demand.

Because the current application is for a plan change that would enable residential activity, and not for any specific form of residential activity, it is not possible to accurately predict the price point of the residential activity enabled. However, there are two factors that indicate that lower, rather than higher price points would be likely to be achieved for dwellings in the Ruakura-Tuumata Block. First, the Ruakura-Tuumata Block does not have any unique amenity or views such as being next to a park, river or coastline, and therefore there is no reason for dwellings in the development to naturally gravitate toward higher price points. Second, the proposed zoning would enable higher density terraced housing and apartment buildings. Those typologies tend to attract lower price points in areas that lack the type of special amenity identified in the first point.

It is likely that new dwellings developed in the Ruakura-Tuumata Block will not be in the lowest quartile of residential property prices because they will be new dwellings, and therefore more attractive than similarly sized older dwellings in established suburban areas. However, the additional supply that dwellings in the Ruakura-Tuumata Block will provide, even if constructed at moderate

⁴² Fairgray, S. (2021) *NPS-UD Housing Development Capacity Assessment*. Prepared for Future Proof Partners.

price points, will provide the opportunity for occupants of lower price point dwellings to gradually move up the property ladder, reducing the pressure on demand for lower price point dwellings. This will occur because at least some of the Ruakura-Tuumata Block dwellings will represent a rung on the property ladder close to the lower price points where there is a current shortage.

7.4 Effect on office activity

Under the proposed Neighbourhood centre zoning office space of less than 250m² per site would be a discretionary activity, would require a resource consent to establish in the centre. No office activity is anticipated to occur on within the Tuumata Neighbourhood centre, however if one or two small office tenancies did establish in the centre, any adverse effects of those activities on centres would be negligible, and not discernible within the context of tenant churn within centres. The potential for adverse effects on the City Centre arising from any small scale of office activity in the Tuumata Neighbourhood centre will be limited by strong demand for office space in Hamilton, the relatively low office vacancy rates in the City Centre, and the large amount of office space there. Further, they would be fully assessed at the time of resource consent for any such office.

7.5 Effect on the Knowledge Zone centre

One effect of enabling a Neighbourhood centre in the Ruakura-Tuumata Block would be that it introduce new supply to Ruakura, potentially affecting the viability of the centre in the Knowledge Zone. In this subsection we assess those potential effects.

7.5.1 Ruakura Retail Centre in the District Plan

The District Plan sets out provisions for a retail centre to be located in the Knowledge Zone, identifying a “Ruakura Retail Centre” focused on a main street precinct with a large public plaza with provisions for a transport hub to connect to the Central City.⁴³ The centre is intended to provide a mixed-use environment that meets the day-to-day retail, commercial and community needs of the Ruakura Structure Plan area and adjoining residential catchment.⁴⁴ The location of the centre is indicative only, and is indicated to be in the area between the East Coast Main Trunk railway and Ruakura Road, north of the University of Waikato.

The explanation for the retail centre is:

The Ruakura Retail Centre is to provide an attractive, landscaped environment within the Knowledge Zone. This will include a mainstreet and a large public plaza. The scale and nature of the activities are not to generate significant adverse amenity effects on the surrounding residential areas and transport networks or to adversely affect the primacy,

⁴³ Purpose 8.1(i)

⁴⁴ Policy 8.2.5(a)

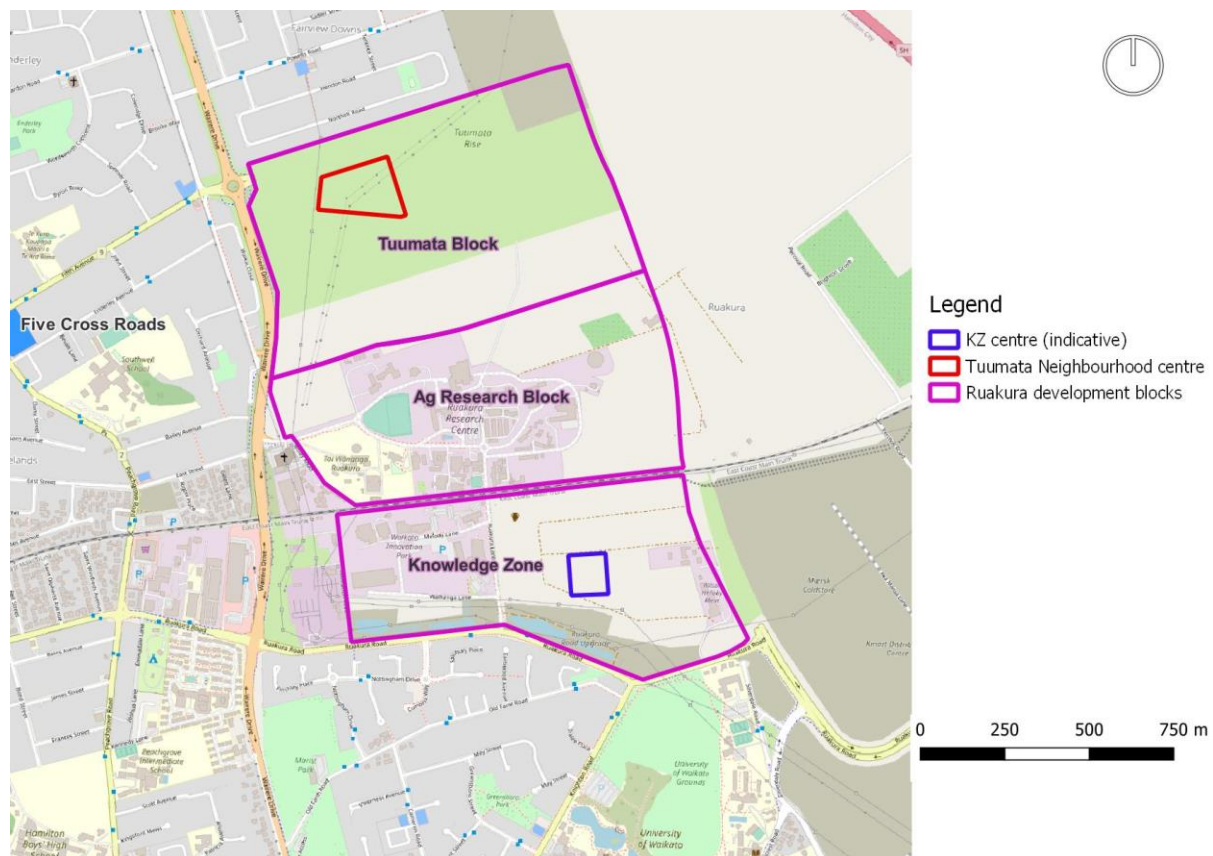
function, vitality and amenity of the central city. A Land Development Consent for Precinct C is required to be approved as the basis for managing the overall framework for urban developments.⁴⁵

Key rules for the retail centre that are relevant to this assessment include:

- ❖ A total of 9,000m² of GFA is permitted in the Ruakura Retail centre (Rule 8.3.3(kk)).
- ❖ Supermarkets or building improvement centres 1,000m² GFA or greater are permitted (Rule 8.3.3(u)).

Given current plans for the Ruakura-Tuumata Block, TGH envisage a smaller Neighbourhood centre in the Ruakura-Tuumata Block, with no change to the centre within the Knowledge Zone (Figure 7.6).

Figure 7.6: Indicative location of a centre in the Knowledge Zone



7.5.2 Role of a smaller centre in the Knowledge Zone

Even with the proposed Tuumata Neighbourhood centre, a Knowledge Zone retail centre would remain viable, as envisaged by the District Plan, and that centre would still provide a range of activities and act as a focal point for the local community (Policy 8.2.5(c)) and its location next to the future passenger transport hub will ensure integration with transport networks (Policy 8.2.5(d)). Additionally,

⁴⁵ Explanation for objective 8.2.5(a)

the retail centre will still support the zone's role as the principal focal point for research and innovation activities and provide retail services to these activities and a smaller residential catchment. Further, we note that there are no minimum size requirements for the Ruakura Retail Centre in Chapter 8, with only policies 8.2.5a and c appearing to impose any requirements that might be related to scale:

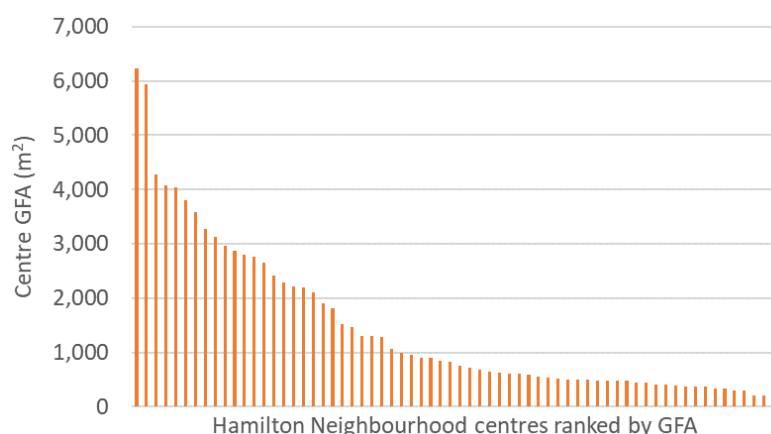
- ❖ Policy 8.2.5(a) is that the “Ruakura Retail Centre is to provide a mixed use environment that meets the day-to-day retail, commercial and community needs of the Ruakura Structure Plan area and adjoining residential catchment.”
- ❖ Policy 8.2.5(c) is that a “range of activities is provided for so that the Ruakura Retail Centre acts as a focal point for local community development through the control of size, scale, built form and diversity of activity”.

Notwithstanding current intent to at some point develop the Knowledge Zone centre to the scale envisaged in the District Plan, even if a decision is made in the future to provide for a smaller scale centre there the ability to meet the catchment's needs, and for the centre to function as a focal point for the local community can be achieved with a much smaller quantum of floorspace than the maximum permitted (9,000m²). For example, a 4,000m² GFA centre would equate to 27 tenancies at an average tenancy size of 150m², or a grocery store of 500m² and 25 tenancies. At that size, a centre would be similar to the ground floor GFA of the smallest Suburban centres in Hamilton (Nawton, Glenview and Hillcrest), and larger than most Neighbourhood centres.

7.5.3 Neighbourhood centre size range

An analysis of the current neighbourhood centres structure in Hamilton identifies a wide range of centre size (by GFA). The largest Neighbourhood centres (such as Parkwood) have in excess of 4,000m² GFA (Figure 7.7), and play a role similar to the smallest Suburban centres, with a large grocery store or small supermarket (e.g. Four Square or Supervalu) anchoring a range of retail and service providers, including often medical, some office space and many different hospitality businesses. On the other hand, the smallest Neighbourhood centres contain only one or two businesses, and sometimes do not have any retail presence at all.

Figure 7.7: Hamilton Neighbourhood centres ranked by GFA



With the proposed development of the Ruakura-Tuumata Block, it is now proposed to provide two retail centres of broadly equal positioning in Ruakura, with one being the Tuumata Neighbourhood centre, and the other the centre in the Knowledge Zone. That would allow development of a retail centre in the Ruakura-Tuumata Block ahead of when a similar sized centre could be developed in the Knowledge Zone. While there will be some constraints as to the development programme for the Ruakura-Tuumata Block (related to how many dwellings can be built prior to the Fifth Avenue extension being completed), otherwise centre development in the Ruakura-Tuumata block will be less constrained than in the Knowledge Zone.

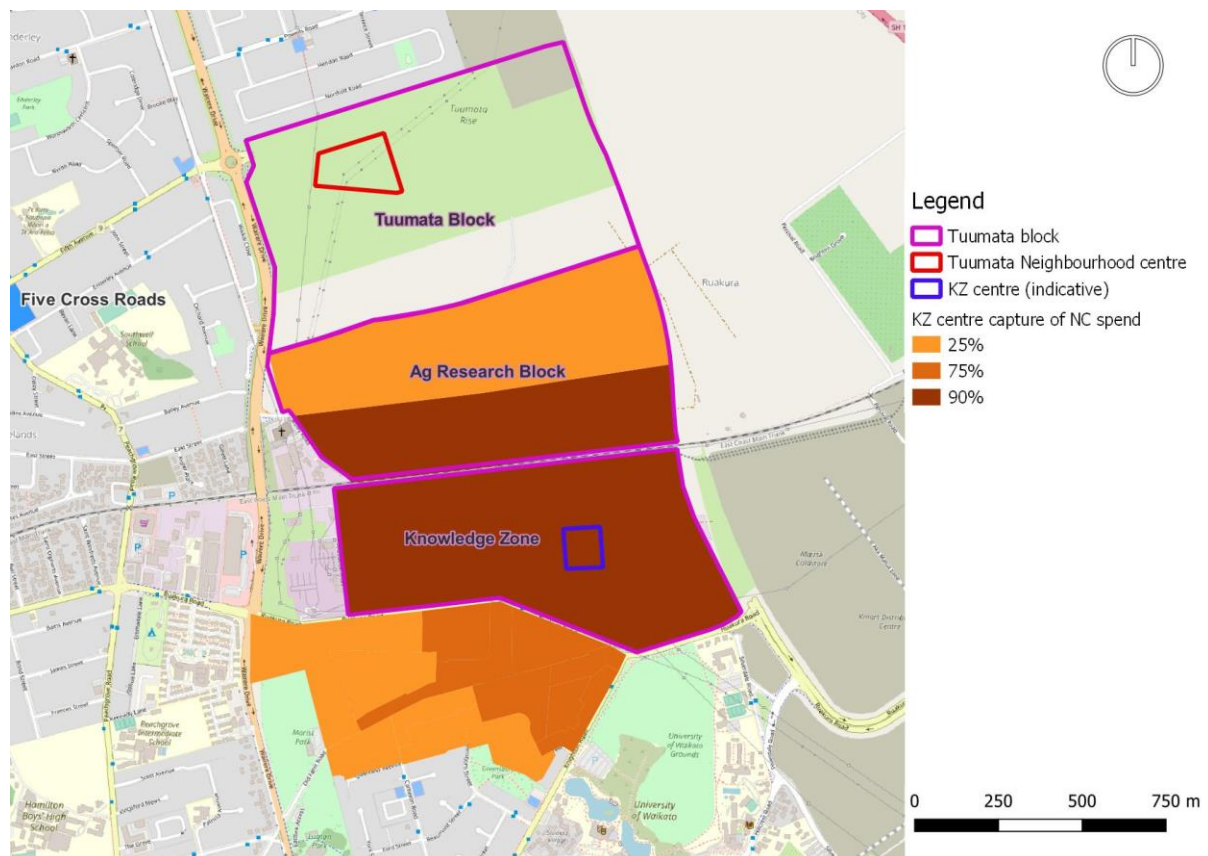
We understand that development of a comparable centre in the Knowledge Zone would be more difficult given access, land ownership and tenure constraints, and in any case the Knowledge Zone location would support a smaller centre and be less accessible to the residential population for two reasons. First, it would be surrounded by non-residential activities, given residential development is not anticipated in the Knowledge Zone. Second, having Ruakura's main commercial centre in the Knowledge Zone (instead of the Ruakura-Tuumata Block) would make it closer to the Hillcrest and Hillcrest North Suburban centres, and that proximity would limit the scale and role of that centre (the Ruakura Retail Centre), relative to a centre in the Ruakura-Tuumata Block.

7.5.4 Knowledge Zone centre size

A downsized retail centre in the Knowledge Zone would still fill a gap in centre provision in its vicinity, and serve as a focal point for the southern part of the Ruakura Structure Plan area. We have assessed the amount of floorspace that would be sustainable in the Knowledge Zone centre, applying a similar process to that used for the Tuumata Neighbourhood centre. Across Hamilton there is 94,000m² of ground floor GFA in the Neighbourhood centre zones, an average of 1,430m² per centre, or 1.50m²

per household.⁴⁶ While we understand the centre does not have a Neighbourhood or Suburban centre zoning, applying a Neighbourhood/Suburban centre-type level of provision is an appropriate basis to assess sustainable space in the Ruakura Retail Centre if the Tuumata Neighbourhood centre proceeds. Using the market share assumptions shown in Figure 7.8, and the number of households resident in each SA1, we have assessed the total GFA sustainable in a centre in the Knowledge Zone.

Figure 7.8: Knowledge Zone centre assumed capture of residents' Neighbourhood centre spend



The assessment assumes that a high proportion (90%) of floorspace supported in all Suburban centres would be directed to the Knowledge Zone centre by households living and other consumers (businesses etc.) in the southern part of the AgResearch Block and businesses in the Knowledge Zone. Lower market shares are achieved further from the centre, with, residential areas south of Ruakura Road directing 75% of their Suburban centre spend to the Knowledge Zone. Areas closer to Wairere Drive and Hillcrest North, and in the northern part of the AgResearch Block are modelled to direct 25% of their spend to the Knowledge Zone centre. Allowance is made for 20% of spend in the centre to be made by non-locals, reflecting the role of the Knowledge Zone in attracting visitors from across (and outside) Hamilton.

⁴⁶ Across the 66 existing centres, excluding the recently zoned, but undeveloped Rotokauri North Neighbourhood centre.

Based on those assumptions the assessment indicates that 4,300m² of total centre GFA would be sustainable in a centre in the Knowledge Zone (Figure 7.9). That would make the Knowledge Zone centre the size of the 10th largest Neighbourhood centre in Hamilton (out of 66), and similar to the smallest Suburban centre. That is considered entirely appropriate given the very limited presence and small size of such centres in the area at present, and also the intended role of the Knowledge Zone and large business presence there.

Figure 7.9: GFA supported in knowledge Zone Neighbourhood centre at full build out

	Dwellings at full build out*	GFA supported in all N.hood Centres (m ² /household)	Market share of SC spend	GFA supported in KZ centre (m ²)
Ag Research (south)	1,030	2.31	90%	2,140
Ag Research (north)	1,030	2.31	25%	590
Rest of catchment	760	2.31	Varies**	950
Total local catchment	2,820			3,680
Non-locals				600
Total GFA sustainable in Knowledge Zone Neighbourhood centre				4,280

* Assumed to be 2045

** Varies spatially, averaging 54%

We do not consider that more than there would be any need for a Neighbourhood centre in addition to that Knowledge Zone centre, because a centre that is centrally located within that zone would be less than 700m from all parts of that zone, and only 800m from the two nearest Neighbourhood centres to the south (Knighton Road and Cameron Road). That means that all of the 4,300m² assessed (Figure 7.9) will appropriately be concentrated in a single centre, rather than being spread across multiple centres.

7.6 Economic benefits of the proposed plan change

This section so far has focussed on the economic costs, or the negative economic effects, of the proposed plan change. There will also be a number of economic benefits, and those are important to consider when assessing the merits of the application.

7.6.1 Efficient use of space

While the design of the proposed Tuumata Neighbourhood centre has not been finalised, there is potential to develop a component of above ground floor space (such as for limited office space or apartments⁴⁷). That would represent an efficient use of space, and a use that might not otherwise occur by developing above ground floor level. That greater intensity of use of the same area of land is

⁴⁷ Restricted Discretionary activity

consistent with objectives and policies in the NPSUD, particularly objective 3 and policy 3(d), as well as with the increased development intensity enabled by the MDRS.

7.6.2 Residential use

Some of the benefits of the enabled residential activity have been discussed above in section 7.3. To recap, residential development of the Ruakura-Tuumata Block:

- ❖ Is aligned with the HDCA for future household growth which is likely to occur in greenfield areas on Hamilton City's urban edge.
- ❖ Is consistent with the Future Proof Strategy objectives for the Ruakura-Tuumata Block and future greenfield expansion of Hamilton City's urban edge.
- ❖ Is within Ruakura, an area identified in the Hamilton-Waikato Metropolitan Spatial Plan in an area on both the rapid and frequent networks in the public transport scheme.⁴⁸
- ❖ Represents a unique opportunity to expand Hamilton's urban edge in a place that is relatively close to the Central City, a significant employment node and major infrastructure links
- ❖ Will help to meet future household demand growth, including in the short and medium terms.
- ❖ Is aligned with the District Plan's objectives to achieve compact urban environments that allow people to live, work and play within their local area⁴⁹ because of the Block's location adjacent the inland port and logistics hub, which is set to be a major employment hub eventually supporting between 6,000-12,000 workers.
- ❖ Will provide a solid demand base to support the proposed new Neighbourhood centre, which will support ongoing business growth in Ruakura.

7.6.3 Employment

The proposed Neighbourhood centre in the Ruakura-Tuumata Block would support between 150 and 250 workers (depending on the mix and nature of the stores).⁵⁰ While some of those workers may represent a transfer effect from other businesses, most would be new employment, particularly given the proposed presence of the supermarket in the Neighbourhood centre. Retail stores have a fixed labour requirement in order to operate, so the establishment of a new store will have an associated baseline level of employment required to operate the store, even if all of the store's sales are diverted from other existing stores.

⁴⁸ Hamilton Waikato Metropolitan Spatial Plan, Future Proof, 10 September 2020, Figure 7

⁴⁹ District Plan objective 2.21c7

⁵⁰ Data sourced from our in-house land use models and business land modelling undertaken in a number of districts around New Zealand, which indicate around 30-40m² of GFA per worker for retail and commercial services activity.

Workers in the centre would then spend at other businesses on their breaks and contribute to the vibrancy, sustainability, ongoing development and function of the Neighbourhood centre. That level of employment is relatively modest compared to the 6,000-12,000 workers projected to be supported in the inland port and logistics hub, but does provide employment in different types of businesses so as to offer local employment opportunities to a different segment of the workforce.

7.6.4 Efficient access to employment, goods and services

The retail component of the Neighbourhood centre would reduce the need to travel for Ruakura-Tuumata households and the future proposed residential community. Further, the Centre is within a walkable catchment for Ruakura-Tuumata residents. Better access to goods and services for surrounding households means they don't have to travel as far to meet their everyday needs, therefore reducing travel emissions. Reducing the need for travel is a policy within the District Plan which relates to suburban centres and amenity (Policy 6.2.2b). Of particular benefit to the local community would be the provision of a supermarket within the development, as a frequently visited storetype, and one not well accessible around Ruakura at present.

7.6.5 Construction activity

There will be some economic activity stimulated during the construction phase of the Ruakura-Tuumata Block. That construction would likely involve the employment of Hamilton and Waikato residents on site, with increased earnings for employees, the construction and site preparation firms engaged in the work, and for other businesses in the economy through indirect and induced spend in the economy. While the duration of the construction will be limited, and some of the construction activity may have occurred elsewhere, such as on residential projects, in the absence of the Ruakura-Tuumata Block's development, the economic effect of the construction activity will be positive.

The component of construction activity that is transferred from other parts of Hamilton to the Ruakura-Tuumata Block would not result in a better regional economic outcome than if the activity had occurred elsewhere in Hamilton. The net additional construction that might be stimulated would result in a better regional economic outcome. It is not necessary to quantify the magnitude of this effect for the purposes of this assessment.

The development of Ruakura-Tuumata Block would act as a catalyst for the Spine Road. Construction of this road would in turn unlock access to industrial investments, specifically the multi-modal Ruakura Inland Port.

8 Conclusion

The proposed plan change would enable the development of around 1,050 new dwellings, in a part of Hamilton that is relatively close to the Central City and which would be integrated with the existing urban environment. Although the operative policy environment envisages industrial activity on the plan change site, recent growth in Hamilton, and changed planning by Future Proof Partners indicates that conversion of the Ruakura-Tuumata Block to residential uses would create a number of positive economic outcomes with few economic costs.

The identification of a new future industrial land east of the Waikato Expressway will enable the Ruakura-Tuumata Block to change from future industrial land to residential land without giving rise to a shortfall of industrial land, even in the long term. We note that even without the additional land east of the Expressway, any shortfall of industrial land would be only towards the end of the long term (i.e. nearly 30 years from now). Shifting that industrial activity to the future urban fringe, and enabling residential activity on the Ruakura-Tuumata Block, will be a positive outcome for both industrial and residential uses, and is consistent with anticipated greenfield edge expansion as identified in the HDCA. The rezoning of Ruakura-Tuumata Block is a key action set out in the Future Proof Strategy and represents a unique opportunity to enable the repurposing of industrial land for residential development in a way that is integrated with Hamilton's urban structure and centres hierarchy.

Providing for a Neighbourhood centre zone in the plan change area will enable good local access to retail goods and services, including a supermarket, and decrease the need for residents of existing areas to travel to more distant centres and non-centre locations to visit supermarkets. Primarily, though, the Neighbourhood centre has been sized so as to provide for the local Ruakura-Tuumata population and immediate surrounding residential areas, so will not be reliant on drawing customers away from other centres for its viability.

Some diversion is likely to occur away from the Five Cross Roads centre, with initial direct retail effects of around 8%. However, because the Five Cross roads centre has a relatively narrow range of goods and service providers, and lacks a supermarket, those effects will not flow through into retail distribution effects that will adversely impact Five Cross Roads' viability, function and amenity. Those indirect effects will be no more than minor in the context of RMA case law, given the healthy state of the Five Cross Roads centre.

The proposed plan change would not change the viability of or potential for the planned Ruakura Retail Centre in the Knowledge Zone and that centre would remain large enough to be consistent with District Plan policies 8.2.5(a) and (c) that the centre should provide meet the day-to-day needs of the Structure Plan area and act as a focal point for local community development.

Overall the proposal is consistent with both the District Plan objectives and policies and the Future Proof Strategy for growth in Hamilton City over the next 30 years. The plan change will provide for future residential supply, and a commercial centre, and represents a positive contribution to commercial supply in suburban Hamilton, in an area where there is little commercial activity, and in a way that is consistent with many objectives and policies of the District Plan. Residential development on Hamilton's eastern urban edge is consistent with the City's urban expansion pattern, and it is our opinion that the development is integrated with and complementary to the existing and planned land use pattern for the city.