

**BEFORE THE HEARING PANEL**

**IN THE MATTER** of the Resource Management Act 1991

**AND**

**IN THE MATTER** of Proposed Plan Change 5 to the Operative Hamilton  
City District Plan

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**REBUTTAL STATEMENT OF EVIDENCE OF GREGORY MICHAEL AKEHURST  
(RETAIL ECONOMICS)**

**Dated 22 September 2022**

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## INTRODUCTION

1. My full name is Gregory Michael Akehurst.
2. I have prepared a statement of evidence dated 2 September 2022 (**primary statement**) on behalf of Hamilton City Council (**HCC**) in relation to economic matters that arise under Proposed Plan Change 5 (**PC5**).
3. My qualifications and experience are outlined in my primary statement of evidence. I provide this rebuttal statement on behalf of HCC as proponent of PC5.

## CODE OF CONDUCT

4. I have read the Environment Court Code of Conduct for expert witnesses contained in the Environment Court Practice Note 2014 and agree to comply with it. I confirm that the opinions expressed in this statement are within my area of expertise except where I state that I have relied on the evidence of other persons. I have not omitted to consider materials or facts known to me that might alter or detract from the opinions I have expressed.

## SCOPE OF REBUTTAL EVIDENCE

5. My brief rebuttal evidence covers the following key areas that have been raised in evidence by Mr Tim Heath dated 16<sup>th</sup> September 2022, on behalf of Woolworths New Zealand Ltd (**Woolworths**):
  - a) Factual corrections to Mr Heath's analysis;
  - b) Local Centre location;
  - c) Catchment growth and demand; and

- d) Local Centre scale and role.
6. I provide a brief bullet pointed response to the above key issues raised in Mr Heath's evidence, their implications and my conclusions.

#### **FACTUAL CORRECTIONS TO MR HEATH'S ANALYSIS**

7. There are a number of factual and conceptual errors in Mr Heath's evidence which require addressing as they undermine his analysis of the work M.E have carried out and the conclusions he then draws from his assessment.
8. In paragraph 25 Mr Heath states, "ME estimates that approximately 40% of their estimated total sustainable ground floor area ("GFA") should be provided for within the PSP area." He then goes on to suggest that it should be around 50%, a figure unsubstantiated by any analysis in his evidence.
9. Regardless, this starting figure of 40% is incorrect. In Figure 3.6 of the ME Report (2020), the total retail floorspace in 2048 that arises from Peacocke and the surrounds (that Mr Heath has already agreed are to be included) is some 48,000m<sup>2</sup>. This will be met across a range of centres within Hamilton – including the Peacocke Local Centre. By applying the capture rates from Hamilton's Suburban Centres (i.e. at a higher point in the retail hierarchy) our estimates of sustainable floorspace at the Peacocke Local Centre are between 10,224sqm and 11,727m<sup>2</sup> – under the Base (8,380 dwellings) and Base + 25% (9,896 dwellings) yield scenarios.
10. Dividing these numbers by the total gives capture rates of around 21% - not the 40% Mr Heath states I have used. The implications of this are important because Mr Heath then states that the true figure should be around 50%. This is a serious error on his part, as it would mean that the

Local Centre should be providing for more demand than is normally sustained at a Sub-Regional Centre. This outcome is unsupportable in terms of the centres hierarchy within the Operative District Plan (ODP).

11. Mr Heath states in paragraph 17 that the primary function of the Peacocke Local Centre Zone (LCZ) is as a convenience centre. This is incorrect. The centre is classified as a local centre and carries the same status as a suburban centre within Hamilton's ODP.
12. The ODP records the following about Suburban Centres:<sup>1</sup>

Suburban centres 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.

13. From this it is clear that their role is not convenience, but as multi-purpose destinations. While they will be convenient for some and will perform that role, that is not their "primary function".

## **CENTRE LOCATION**

14. Mr Heath suggests that the proposed LCZ better meets the needs of the catchment by expanding and extending across Peacockes Road to include the Woolworths site on the western side. This is flawed for the reasons set out below.
15. The land provided to the east of Peacockes Road is sufficient to accommodate the amount of sustainable GFA liable to be directed at it (quantified in Figure 1). There is ample capacity to accommodate two supermarkets on the eastern side of Peacockes Road, therefore

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<sup>1</sup> ODP, Section 6.2.

competition for groceries between supermarkets (assuming both decide to develop) is provided for (refer to Mr Bredemeijer's evidence in chief, Appendix G which shows 2 alternative 2 supermarket layouts within the proposed centre). This helps ensure economic efficiency.

16. In addition, by providing for supermarkets within the context of a more complete centres, where residents can undertake multipurpose trips is the very definition of economic efficiency within the urban hierarchy. It is also in line with the primary purpose of the centre.
17. Mr Heath claims that very few people who shop at supermarkets utilise other retail outlets. He says shoppers want to drive in, shop for groceries and drive away. He states at paragraph 17, "They tend not to park and meander all around the centre, otherwise the store/centre is deemed inconvenient for the purpose of the trip." His position is diametrically opposed to economic efficiency in this regard.
18. Expanding the Local Centre across Peacockes Road simply dilutes the number of shoppers who have the opportunity to cross shop, or to carry out multi-purpose trips. While it is a smaller share of supermarket shoppers, the ones that do, make up a high percentage of sales and visitation in the other shops.

#### **CATCHMENT GROWTH AND DEMAND**

19. The economic modelling has demonstrated that the proposed 7 ha gross Local Centre Zone land area is sufficient to accommodate a substantially larger centre than is required to serve local demand or intended to occur within this location - even if dwelling yields are significantly higher than modelled.

20. Therefore, the proposed zoned area is already likely to result in a surplus land area for commercial centres-based activities. Any expansion to the commercial zoned area is likely to exacerbate the modelled surplus. This would result in an inefficient use of land and risks diluting the core commercial functioning of the centre.
21. If additional centre land were provided and the centre's commercial activity expanded to the point where all land were used efficiently, then this would result in a much larger centre than intended. The resulting centre would be similar to a larger suburban centre or sub-regional centre.
22. This larger centre would serve an expanded geographic area, and have a larger relative role within its catchment. It will undermine other centres within Hamilton's urban centres hierarchy, and in particular reduce the ability to establish and reinforce the primacy of the City Centre.
23. Substantive economic modelling has been undertaken to test the adequacy of the proposed centre land area based on higher dwelling yields than those notified within the original PSP. This included the higher yield implied by the Kainga Ora submission, although I consider that this yield is very unlikely to occur for the reasons set out in my primary statement of evidence. The M.E modelling demonstrates that the proposed area could accommodate sufficient commercial activity to serve a higher yield, taking into account the Medium Density Residential Standards (**MDRS**), and still retain a surplus commercially zoned land area.
24. I have also modelled Mr Heath's scenario that the centres may capture a larger share of local spend. The modelling shows that the proposed zoned area is sufficient to accommodate a centre with a higher capture rate (even if that is highly undesirable in terms of the centres hierarchy and impacts on the CBD) even when this is combined with a substantive increase in the local catchment dwelling yield.

25. It appears that Mr Heath has misunderstood the required centre space calculations and consequently inadvertently proposes the provision for a centre with a role nearly 2.5 times that of the currently intended centre role.
26. Mr Heath calculates a required gross centre land area of 10ha based on a 50% capture of local catchment spend. Mr Heath has mistakenly assumed a 40% local capture is driving my analysis – and has simply added 25% more market capture. This is incorrect, my analysis shows an overall local capture of 21%. This means his proposed 50% local capture would result in a centre with a local relative role of 2.5 times that intended.
27. Electronic consumer spending data for the Hamilton market shows that an overall 50% local capture of spend corresponds to a sub-regional centre or the City Centre. It requires capture of spend in retail categories that predominantly locate in the central city or sub-regional centres (i.e department stores, apparel and footwear stores and appliance stores).
28. This is significantly different to the intended role and function of the proposed Peacocke Local Centre. I therefore consider that Mr Heath's position of 50% local spend capture does not form a useful starting point for assessment of the required centre size.
29. I also note that a substantially larger centre is inconsistent with Mr Heath's view of a centre serving local convenience demand where consumers make single-purpose trips to specific parts of the centre.
30. To further test the reality of centre size, I have modelled land area requirements for a centre with an increased role. I have based this on what I consider to reflect more appropriate upper ranges of local spend capture within each retail category. These have been applied together with higher

dwelling yields within the Peacocke catchment area that are supportable within the local development context and wider Hamilton City dwelling demand growth patterns (Figure 1).

31. The further modelling has found that the proposed Local Centre zoned area is larger than that required to accommodate any of the modelled alternative scenarios. This means that, as it stands the proposed area is likely to be able to support considerably higher dwelling yields than are likely to occur and at an increased relative role of the centre (again, unlikely to occur).
  
32. Figure 1 shows the total sustainable floorspace within the proposed Peacocke Local Centre and required zoned land area to accommodate the commercial function of the centre under each combination of dwelling yield and centre role within the local catchment. A dwelling yield scenario of 10,500 dwellings has also been included to test the possibility of more dwellings, although I consider this is less likely to occur within the wider context of Hamilton City growth. The table is structured as follows:
  - a) Columns 1-3 contain the total retail floorspace sustained by the catchment demand across all locations of retail supply.
  - b) Columns 4-5 contain the assumptions on the share of the catchment spend captured within the Local Centre under the base position and a scenario of an increased centre role.
  - c) Columns 6-8 show the total floorspace sustained within the Local Centre (within each dwelling yield scenario) under the current intended role and function of the centre.
  - d) Columns 9-11 show the total floorspace sustained within the Local Centre (within each dwelling yield scenario) with an increased relative role of the centre.
  - e) The lower rows of the table then translate the sustainable floorspace from each of the combined scenarios in columns 6-11 into the total net and gross centre land area required to accommodate the commercial function of the proposed centre.

	Base PSP Notified	PSP High	Scenario Test Higher	Share of Catchment Spend within Local Centre		Total Floorspace Sustained within Local Centre (m2 GFA)						
	Dwelling Yield					Base Position			Increased Centre Role			
	8,400	9,900	10,500			Base PSP Notified Yield	PSP High Yield	Scenario Test Higher Yield	Base PSP Notified Yield	PSP High Yield	Scenario Test Higher Yield	
RETAIL CATEGORY	Total Sustainable Floorspace in All Locations (m2 GFA)			Base Position	Increased Centre Role	Base PSP Notified Yield	PSP High Yield	Scenario Test Higher Yield	Base PSP Notified Yield	PSP High Yield	Scenario Test Higher Yield	
Supermarket/grocery	9,400	10,800	11,300	65%	65%	6,100	7,000	7,400	6,100	7,000	7,400	
Other food	2,100	2,400	2,500	32%	50%	700	800	800	1,100	1,200	1,300	
Department stores	5,900	6,800	7,100	8%	8%	500	500	600	500	500	600	
Apparel	3,800	4,400	4,600	2%	15%	100	100	100	600	700	700	
Furniture/Appliances/Housewares	6,500	7,500	7,900	8%	15%	500	600	600	1,000	1,100	1,200	
Other Retail	5,900	6,800	7,100	13%	32%	800	900	900	1,900	2,200	2,300	
Hardware and Garden	5,900	6,800	7,100	1%	15%	100	100	100	900	1,000	1,100	
Hospitality	8,600	9,800	10,300	18%	25%	1,500	1,800	1,900	2,200	2,500	2,600	
<b>Total Retail</b>	<b>48,000</b>	<b>55,200</b>	<b>58,000</b>			<b>10,200</b>	<b>11,700</b>	<b>12,300</b>	<b>14,100</b>	<b>16,200</b>	<b>17,000</b>	
Household Services						2,200	3,200	3,100	3,000	4,400	4,200	
Offices						300	400	400	300	400	400	
<b>Total Commercial Activity</b>						<b>12,700</b>	<b>15,300</b>	<b>15,800</b>	<b>17,400</b>	<b>21,000</b>	<b>21,600</b>	
<b>Total Ground Floor Commercial Activity</b>						<b>11,300</b>	<b>13,300</b>	<b>13,900</b>	<b>15,600</b>	<b>18,400</b>	<b>19,100</b>	
						<b>Centre Zoned Land Area Required for Commercial Activity (Ha)</b>						
						Net	2.83	3.33	3.47	3.90	4.60	4.78
						Gross	4.04	4.76	4.95	5.57	6.57	6.83

Source: M.E Retail Modelling, 2020/2022.

Figure 1: Calculated Local Centre Commercial Floorspace and Land Area Required by Dwelling Yield Scenario and Local Centre Role Scenario, 2048

33. At most, that is at the highest level of retail capture and highest yield, the amount of land required is 6.8ha. This is less than the 7ha currently proposed. The far more likely outcome is that a land area of between 4ha and 5ha is needed. This may rise to between 5.6ha and 6.6ha if higher capture rates are achieved.
34. Regardless of how we have modelled it, there is absolutely no justification for increasing the amount of local centre zoned land on the basis that demand will out strip that already supplied. The Woolworths land is simply not needed and represents an economically inefficient planning outcome.
35. The land is much better utilised to accommodate residential dwellings to help ensure the potential of a 2 supermarket, 7ha local centre zone operates efficiently to meet Peacocke residents retail needs.

**CENTRE SCALE AND ROLE**

36. Mr Heath lists a number of supposed economic benefits of including the Woolworths site into the LCZ in his paragraph 39. There are a number of issues with his assessment.
37. In point a), Mr Heath states that by extending the centre to include the Woolworths site increases the visibility of the centre because the boundary is larger. While this is true of any centre, it is not a reason to add unnecessary additional land reducing productivity and reducing efficiency.
38. In point b), Mr Heath states the by adding the Woolworths site it allows the LCZ to better leverage off the transport network creating a more vibrant centre. He offers no evidence for this. The vibrancy of the centre is enhanced if people are able to carry out multi-purpose trips and engage fully. By splitting the people activity between 2 sides of a major arterial, it reduces vibrancy and people activity.
39. In point c), Mr Heath suggests that by adding more land this improves the range of locational choices. More land does equal more options, but this is irrelevant. There is an ample sufficiency of land and locational choices for any businesses likely to want to locate in the Peacocke centre to the east of Peacockes Drive. An additional ha or so to the west will not alter that in any material sense.
40. In point d), Mr Heath states that allowing the Woolworths site to be added increases integration with high density residential areas to the north and west. The site offers no additional benefits over the existing site which also has high density facilitated in and around the centre.

41. In point e), Mr Heath states that by allowing the Woolworths site to be included produces a “better balance of economic function”. Balance is achieved by the type and nature of activities that locate in the centre and is achieved when residents’ Local Centre needs are met. Adding an additional unnecessary ha or so of land to the west of Peacockes Road does nothing to improve the balance of the centre.
42. In Point f), Mr Heath again mistakes the Peacocke Local Centre for a convenience centre. This is incorrect. He also considers that getting trucks into the Woolworths site will be easier. Given that the planning for the Peacocke centre is in its infancy, none of the locations are fixed. There is no doubt that suitable access solutions to supermarkets on the eastern side can be found without compromising the pedestrian focused environment.
43. In Point g), Mr Heath states that due to the locational advantages of the Woolworths site, the entire centre will be better off. I consider that given that it fragments patronage and dilutes overall ground productivity, the centre is not better off.
44. Finally, in Point h) Mr Heath claims that by including the Woolworths land this makes more efficient use of LCZ land. Given that currently site coverage is likely to be around 25%, adding additional land area will only dilute land use. This makes it highly inefficient.

## **CONCLUSION**

45. Nothing I have read in Mr Heath’s statement has caused me to alter my recommendation that the amount of proposed Local Centre Zone land is appropriate to meet the Local Centre needs of Peacocke residents under any likely development scenario.

46. In addition, the built form cap of 20,000m<sup>2</sup> GFA will ensure that the centre fulfils its role while minimising adverse impacts on the Central City and other established higher order centres.

**Gregory Michael Akehurst**

**22 September 2022**