

## Sarah Blanchett

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**From:** Sam Le Heron  
**Sent:** Thursday, 27 September 2018 15:21  
**To:** 'Mary Wong'  
**Cc:** Matt Norwell (MattN@barker.co.nz)  
**Subject:** RE: PNS Te Rapa  
**Attachments:** Centres Assessment Further Information Request - Additional Clarity September 27 2018.pdf  
**Categories:** Red Category

Good Afternoon Mary

This email follows on from last week's meeting discussing the submitted Centre Assessment Report and follow up S92 Further Information Response.

Having discussed in detail with Market Economics (Council's external input into the CAR work on this application), the following are still considered outstanding and require further consideration / response from the applicants expert to allow for the assessment of the proposal from an effects point of view:

- A. The distribution of supermarket spending demand by census area unit (CAU) within the proposed stores catchment area and the other centres catchments which are likely to be affected by the proposal.
- B. The share of spend from each CAU which has been attributed to each centre with and without the proposed Pak 'N Save – i.e. a breakdown of how the spending flows are being redistributed with the proposal. If the applicants advisor does not have these % split distributions of spend at the CAU level, we would need to know please the spatially defined areas of catchment overlap (which may be aggregations of CAUs) and how the spend (i.e. household demand) within these areas is distributed across the different centre destinations.
- C. An outline of how the effects on other retail (i.e. non-supermarket retail) within centres has been considered. This includes:
  - i. Any effects on other retail in other centres where a redistribution of retail spend will occur away from their supermarkets. As outlined at the meeting, this is on the basis that supermarkets are often anchor stores for other retail where other retail is sustained by cross-shopping from supermarket customers.
  - ii. An outline as to how the effects on other retail (in the City Centre in particular) have been considered in relation to an effective expansion of the size of The Base.
- D. Confirmation of the supermarket spending per household within the core catchment area and whether there are any changes to the modelling as a result of changes to the level of demand per household (point 5 of the original s92 request).

In addition to the above points, please also find attached the original S92 Further Information Request, with updated commentary identified in red in relation to each of the original points covered under the Centres Assessment component of the S92 and cross over to the above points A – D.

If you wish to discuss any of the above / attached in more detail please don't hesitate to get in touch with me.

**Sam Le Heron**

Senior Planner | Planning Guidance | MNZPI

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**From:** Mary Wong <Maryw@barker.co.nz>  
**Sent:** Thursday, 27 September 2018 7:35 AM  
**To:** Sam Le Heron <Sam.LeHeron@hcc.govt.nz>  
**Subject:** PNS Te Rapa

Hi Sam

Please find attached our civil and geotech s92 responses for this application. Would you please circulate to the specialists for review?

Also, I couldn't attend the centres meeting last week but I understand that you and Susan were going to advise which of the queries were still outstanding and required a further response?

Planning and traffic s92 responses to follow in the next few days as well.

Kind regards,

**Mary Wong**  
Senior Planner

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### **Centres Assessment**

1. Please provide additional commentary on the implications of locating the proposed supermarket in the Industrial Zone adjacent to The Base, which effectively increases the size of this retail node within Te Rapa.

*This would effectively enable the equivalent land area within the Business 3 Sub-Regional Centre Zone (2ha) to instead be used for other retail purposes (rather than the proposed supermarket). It is important to understand the effects of the expansion of the size of this retail node on the City Centre (and other centres) and how this effect is considered against the objectives of the Plan to re-establish the primacy of the City Centre.*

*This is still outstanding and has been included in point C of the email.*

2. The Property Economics Limited (PEL) report suggests the proposed supermarket would attract additional expenditure beyond the households within its' core catchment area. This would occur through multi-purpose shopping trips where consumers visit the supermarket because they are already travelling to other retail within Te Rapa. The proposed supermarket core catchment is established within the PEL report on the basis of other Pak N Save supermarket locations.

*Please clarify whether the total retail catchment area of Te Rapa extends beyond the proposed supermarkets core catchment area, and what impact this would have in terms of:*

- a. expenditure within the catchment area; and
- b. any redirection of spending flows from other centres.

*It was clarified at the meeting that an expanded catchment of the proposed store has been included within the modelling. This will become visible through points A and B of the email being provided.*

3. Please provide an updated assessment that reflects The Base sub regional centre which has a wider catchment than the proposed supermarket core catchment area, and if the sub regional centre catchment were used instead what impact would this have in regard to points 2a. and 2b. above.

*It was clarified at the meeting that an expanded catchment of the proposed store has been included within the modelling. This will become visible through points A and B of the email being provided.*

4. Please provide additional discussion on the spatial distribution of household (and consequential supermarket expenditure) growth within the core catchment area. This is important to assess the efficiency of the proposed supermarket location in meeting demand growth arising from the catchment area.

*At the meeting, the applicants economic advisor has agreed to provide this, which is covered in point A of the email.*

5. *Please provide additional clarity to understand why the figures presented within the PEL report imply that the level of supermarket demand per household is lower within the core catchment area versus the Hamilton City average.*

*This appears to be inconsistent with the demographic profiling in Appendix 2 of the PEL report and other statements within the report that suggest the spending per household would be higher.*

*At the meeting, Market Economics explained the technical detail of this point. It may have resulted in an underestimation of supermarket demand from the core catchment area. An update as part of point D of the email will address this.*

6. *Tables 1 and 2 within the PEL report imply a supermarket floorspace productivity of \$8,760 per m<sup>2</sup> of floorspace. This is a core figure as it translates supermarket expenditure demand into sustainable floorspace. Please provide additional clarity on the following:*
- a. how this floorspace productivity figure has been derived;*
  - b. how this figure fits within the broader New Zealand supermarket context of floorspace productivity;*
  - c. why it differs to the Hamilton City average supermarket floorspace productivity of around \$14,000 per m<sup>2</sup> as implied by the PEL report<sup>1</sup>;*
  - d. how the calculations of overall sustainable floorspace (current and future) would be affected if a different rate were used; and*
  - e. how the modelled redirection of spending flows would be affected if a different floorspace productivity were used (as a result of any consequential change in assumed sales).*

*Floorspace productivity was discussed at the meeting. This appears to be a point of disagreement, where Market Economics consider that the figure used is inconsistent with the Hamilton market and wider New Zealand supermarket market. This may have a significant effect on the modelled results (in terms of sustainable floorspace and retail distributional effects on other centres), and as such points A and B of the email have been requested.*

7. *Tables 1 and 2 within the PEL report imply that the same supermarket floorspace productivity has been used across the 20-year projection period. As the level of sustainable floorspace is sensitive to any changes in this figure, it is therefore important to understand:*
- a. why there has been no increase applied to floorspace productivity through time;*
  - b. how the calculations of future sustainable floorspace would be affected if the rate of floorspace productivity were to change through time; and*
  - c. how the modelled redirection of spending flows would be affected if a different floorspace productivity were used (through any consequential change to future sales).*

*This has been identified as a potential point of disagreement. The information in points A and B of the email will enable Market Economics to better understand the effects on other centres*

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<sup>1</sup> If the formula in footnote 5 of the PEL report is applied to the figures in Table 2 of the report, then there is an estimated \$713m of sales at Hamilton Supermarkets (>= 1,000m<sup>2</sup>). These supermarkets amount to approximately 51,000m<sup>2</sup> of floorspace (as outlined in Figure 1). The combination of these figures implies a Hamilton City average supermarket floorspace productivity of \$14,000 per m<sup>2</sup> of floorspace.

*if the rate of floorspace productivity were to continue to change through time in line with the rest of the urban economy.*

8. *The PEL analysis assumes that Te Rapa's share of Hamilton's food and grocery spend will increase from 15% to 18% - i.e. a 20% increase in sales – which is required for the proposed supermarket to be currently sustainable at this location. Please provide clear rationale to support this assumption of how an increase in sales has been arrived at.*

*This point will be addressed through the further information requested in points A and B of the email.*

9. *The PEL analysis has assumed that the proposed supermarkets' location is the most efficient location to meet demand arising across the core catchment area. Please confirm whether this location has been assessed as to its efficiency in meeting demand relative to other locations, such as a number of smaller supermarkets establishing within the Hamilton urban area to serve parts of this catchment demand.*

*At the meeting it was discussed that alternative locations were not modelled. Point A of the email will assist with understanding this matter.*

10. *The PEL report applies a single projection for the catchment and does not examine the implications of different patterns of household growth – for example, where the northern urban settlements may attract higher shares of total sub-regional growth as a consequence of changes in the transport infrastructure connections around the upper Hamilton/Waikato area. Please provide an updated assessment that considers the implications of different patterns of growth.*

*At the meeting, it was discussed that growth projections within the catchment were based on Statistics New Zealand population projections and that alternative growth projections had not been considered. The information in point A of the email will provide the required clarity on this point.*

11. *The PEL report concludes, using the figures currently presented, that the proposed supermarket will not undermine the objectives of the Plan on the basis of the scale of the effects on other centres. Please provide an updated assessment that also considers the direction of the effects in relation to the objectives and policies of the Plan.*

*Urban form develops incrementally and cumulatively through time as the combination of many land use decisions, which become significant in aggregate. It is therefore critical to understand whether the proposed supermarket is likely to contribute to a land use pattern that is consistent with achieving the objectives and policies of the Plan or otherwise.*

*Once information from the above points (via points A – D in the email) has been provided, a determination of the scale of the effect and likely effect on centres can occur. Sufficient information is held to understand the direction of the effect on other centres and therefore the alignment with the objectives and policies of the Plan.*

12. *The PEL report has assessed the demand and supply of industrial land in aggregate at the Hamilton City and wider Future Proof Area level. It is important to also consider:*
- a. *the spatial distribution of demand and supply to identify any shortages that may occur at the sub-city level across the main broad industrial land areas within Hamilton City.*
  - b. *the level and timing of infrastructure servicing on industrial land in the north of Hamilton City.*

*Market Economics have sufficient information to understand the effects on the industrial land supply. The information is contained within the application and the NPS-UDC business land assessment reports.*

13. *Please provide an updated Centre Assessment Report that accurately considers the points raised above (1 – 12), to allow for a full effects assessment to occur and a greater appreciation of the potential effects associated with the proposal.*

*A full response to points A – D outlined in the email are anticipated to satisfy the nature of the original S92 Further Information Request for Centres Assessment work.*