

**BEFORE THE QUEENSTOWN LAKES  
DISTRICT COUNCIL**

**IN THE MATTER** of the Resource Management Act 1991  
(the "Act")

**AND**

**IN THE MATTER** of the Queenstown Lakes Proposed  
District Plan

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**Statement of Evidence of**

**John Daniell Polkinghorne**

**For Trustees of the Gordon Family Trust**

**(Submission #395**

**Further Submission #1193)**

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**4 April 2017**

## **1.0 Introduction**

- 1.1 My full name is John Daniell Polkinghorne. I am an associate director of RCG Limited, with responsibility for the company's research and analytics work.
- 1.2 My qualifications and experience are outlined in my previous Statement of Evidence for the Trustees of the Gordon Family Trust, which was submitted on 18 November 2016. This evidence addressed Chapter 15 – Local Shopping Centre Zone, and was heard in Stream 8 of the PDP hearings. Submitter references are 249, 507, 622, and further submitter reference 1193.
- 1.3 While this is a Council hearing, rather than an Environment Court process, I confirm I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014, and agree to comply with it. I can confirm that this evidence is within my area of expertise, except where I state that I have relied on material produced by other parties, and that I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

## **2.0 Scope of Evidence**

- 2.1 This evidence has been prepared on behalf of the Trustees of the Gordon Family Trust in support of submission #395 and further submission #1193 to the Proposed District Plan.
- 2.2 Mr White's evidence for the Trust focusses primarily on submission #395, whereas this evidence responds to the Group 1B Wanaka – Business Section 42A Report and particularly further submission #1193 in opposition to submissions from Willowridge (#249) and Ledgerwood (#507) that seek a reduction in the Local Shopping Centre Zone proposed on Cardrona Valley Road, Wanaka, opposite the intersection with Stone Street.
- 2.3 I also comment on matters raised in the evidence of Mr Timothy James Heath and the evidence/ section 42A report by Ms Amy Bowbyes, both dated 17 March 2017.

### **3.0 Data Updates**

- 3.1 My previous evidence referred to Statistics New Zealand (SNZ) projections for Wanaka. These are still the most recent available.
- 3.2 However, SNZ updated their subnational projections in February 2017, and these are available at the territorial authority level. Updated 'area unit' projections, for areas including Wanaka, will be available by the end of the year.
- 3.3 Compared with the projections shown in my previous evidence, these updated projections show a markedly higher level of growth for the Queenstown-Lakes District (and many other parts of New Zealand), supported by continuing strong migration.
- 3.4 For example, the updated medium projection shows the Queenstown-Lakes District's population reaching 57,400, compared with 50,600 previously. Compared with the 2013 population of 29,700, this is growth of 93.3% compared with 70.4% previously.
- 3.5 The high projection shows the Queenstown-Lakes District's population reaching 65,000, compared with 58,200 previously. Compared with the 2013 population of 29,700, this is growth of 118.9% compared with 96.0% previously.
- 3.6 The low projection shows the Queenstown-Lakes District's population reaching 49,800, compared with 43,100 previously. Compared with the 2013 population of 29,700, this is growth of 67.7% compared with 45.1% previously.
- 3.7 Essentially, SNZ's updated medium projection is similar to their previous high projection, with the updated high and low projections also lifting.
- 3.8 Building consents for the District are at near-record levels, with 945 new homes consented in 2016, the highest number ever. Consenting activity remains very strong.
- 3.9 International immigration into New Zealand also remains at record levels.

- 3.10 This supports a strong growth outlook for the District and for Wanaka.
- 3.11 As for the tourism sector, both international and domestic visitor spending are at record levels, and continue to grow.
- 3.12 International visitor spending in the Lake Wanaka RTO reached \$291 million for the year to February 2017. Domestic visitor spending reached \$187 million.
- 3.13 Guest nights are also at record levels, reaching 825,000 for the year to January 2017.
- 3.14 At the New Zealand level, international tourism spending seems to have eased back slightly from the levels of mid-2016, but remains very strong.
- 3.15 Nationally, the tourism outlook remains very positive, with the Lions Tour in 2017, new accommodation under construction, and more international flight capacity being added.

#### **4.0 Modelling the Retail Market Size**

- 4.1 My previous evidence presented results from the RCG Retail Sales Model, covering the overall Wanaka catchment as it has been defined in various studies.
- 4.2 My modelling work has not been challenged by the other experts whose evidence I have read. To my knowledge, it is the most recent study of the overall Wanaka retail market, with most prior work likely dating from the Three Parks plan change process circa 2009.
- 4.3 My modelling showed a range of sensitivities, based on different growth scenarios. I deliberately used conservative assumptions for my 'preferred' scenario.
- 4.4 I still view this scenario as being conservative – even more so than previously, given the updated SNZ projections and continued tourism spending growth.

- 4.5 This scenario suggests that there will be significant additional demand for retail floor space (and land) in the years to come.
- 4.6 For example, it shows demand for 60,621 m<sup>2</sup> of retail floor space in 2023, up from 35,000 m<sup>2</sup> in 2013. Wanaka shoppers will do some of their shopping in Queenstown, so some of the demand will be filled there instead.
- 4.7 However, more than half of the modelled demand comes from tourists, not locals. This tourism demand is based on what tourists actually spend in the Wanaka RTO (extrapolated out for the future) – Queenstown is not a factor in this case.
- 4.8 By comparison, my previous evidence points to retail ‘supply’ surveys in Wanaka at 15,707 m<sup>2</sup> for the town centre and 2,459 m<sup>2</sup> at Anderson Heights. Three Parks is not yet trading, but can include 10,000 m<sup>2</sup> of retail as a permitted activity (subject to provisions which restrict the number of tenancies and their sizes), and could potentially expand well beyond that.
- 4.9 In my view, this modelling work supports a need for additional retail facilities besides what is currently provided for in the Wanaka town centre and Three Parks. Cardrona Valley Rd is very well situated to accommodate some of these facilities.
- 4.10 I note that Mr Heath has carried out his own modelling exercise, as described in his evidence.
- 4.11 His modelling is based on a more localised catchment, covering southern parts of Wanaka (shown in his Appendix 1). This catchment has a 2017 population of 570, growing to 6,720 in 2038 as shown in his Table 2.
- 4.12 By comparison, SNZ estimate Wanaka’s total population at 10,910 as at 30 June 2016 (including Hawea and Matukituki areas). Mr Heath’s catchment, therefore, covers only a small fraction of the overall Wanaka catchment, although it obviously includes growth areas and therefore has strong proportionate growth.
- 4.13 Furthermore, Mr Heath does not consider retail spending from visitors, who by

my estimates account for around two thirds of the retail market in Wanaka.

- 4.14 Mr Heath simply assumes (in section 6.10) that tourist spending 'inflow' for the localised catchment will balance out the 'outflow' of some resident spending to other centres.
- 4.15 This modelling approach leads Mr Heath to conclude that the small localised catchment will only support a limited amount of retail space. However, this analysis does not consider the wider Wanaka retail market dynamics.

## **5.0 LSCZ Size and Restrictions**

- 5.1 As I note elsewhere, I do not support an overall cap on office and retail activities for the Cardrona Valley Rd site, or a reduction in size from the notified 2.7 hectares.
- 5.2 Mr Heath recommends a total cap of 3,000 m<sup>2</sup> on office and retail activities in the Cardrona Valley Rd site.
- 5.3 He assumes in point 6.17 that the site will achieve 45% coverage, in terms of gross floor area (GFA) compared with the total site area.
- 5.4 As such, Mr Heath assumes that the 3,000 m<sup>2</sup> of office and retail can be accommodated in 6,600 m<sup>2</sup> of land, or 0.7 hectares rounded.
- 5.5 Even with the 'rounded' land provision, this equates to 42.9% site coverage, which is well above average for local centres in my experience. 30%-35% is more typical.
- 5.6 As such, 3,000 m<sup>2</sup> of office and retail would be likely to need 8,600-10,000 m<sup>2</sup> of land, not 0.7 hectares as assumed by Mr Heath.
- 5.7 As such, Mr Heath's suggested land provision is insufficient to accommodate his suggested 3,000 m<sup>2</sup> cap on office and retail, even without allowing for other uses enabled in the LSCZ (as mentioned in section 4.13 of Ms Bowbyes' evidence).

- 5.8 Therefore, even if there were to be a cap on office and retail, the LSCZ should certainly be larger than the 0.7 hectares suggested by Mr Heath.
- 5.9 Ms Bowbyes notes in sections 4.14 to 4.16 of her evidence that 1.0 hectares is appropriate for the LSCZ, allowing for potential uses such as community activities, commercial recreation and above-ground residential or accommodation.
- 5.10 Based on my points above, I suggest that a net size of at least 1.2 hectares would be required to accommodate 3,000 m<sup>2</sup> of office and retail and other potential uses in the LSCZ.
- 5.11 Furthermore, I understand from Mr Duncan White, planning consultant for the Gordon Family Trust, that land along the northern edge of the site is likely to be used for a major arterial road connecting Cardrona Valley Rd to Ballantyne Rd. I understand that the road corridor will be 23 metres in width and essentially remove 3,000 m<sup>2</sup> from the developable LSCZ land.
- 5.12 This road corridor does not seem to be taken into account by Mr Heath or Ms Bowbyes, and the land requirement for the LSCZ needs to be adjusted accordingly.

## **6.0 Willowridge Submission**

- 6.1 Willowridge postulates that a 2.7 ha LSCZ at Cardrona Valley Rd will undermine the town centre and Three Parks. I disagree. The scale of Three Parks and its potential to attract anchors is unrivalled in Wanaka.
- 6.2 Similar arguments were raised in regards to Northlake (PC45), although the retail centre proposed there was quite small at 1,000 m<sup>2</sup>.
- 6.3 By limiting alternative locations in Wanaka, the market's ability to price effectively and efficiently is constrained.
- 6.4 I agree with the goal of ensuring "that the commercial function of Wanaka Town Centre and Three Parks is not adversely affected", and these centres should

remain as the preeminent centres in Wanaka.

6.5 However, given the major growth in retail demand that will occur, these centres are not at risk from the Cardrona Valley Rd LSCZ, even if it were to proceed under the PDP as originally notified.

## **7.0 Conclusions**

7.1 My conclusions remain unchanged from my previous evidence.

7.2 I support a 2.7 hectare size for the Cardrona Valley Road LSCZ.

7.3 I support some additional restrictions on the zone compared with the PDP as notified. These include:

- Tenancy caps on retail, of a maximum of 400 sqm GFA, with the following exceptions;
- Two tenancies in the Cardrona Valley Road site being allowed to exceed these caps, to 1,500 sqm and 750 sqm respectively;
- Restrictions on the kinds of retail activity which can locate in the LSCZ, with the following stores not permitted: electronic and electrical goods stores, appliance stores, furniture and floor covering stores, and department stores;
- No tenancy caps on office, or if there is to be one it should also be set at 400 sqm GFA.

7.4 Mr Heath (in section 3.7 of his evidence) states that I promote “mobile phone stores and homeware store types as appropriate for the LSCZ”. Although my evidence did use these as examples, they are secondary to my overall conclusions.

7.5 I stand by my view, though, that the examples I gave may be suitable for the LSCZ. In particular, mobile phone stores are indeed “convenience / frequently required goods, or day-to-day requirements” for tourists, who can buy Sim cards and top up



on a frequent basis while they are in New Zealand.

- 7.6 While the preferred place for these stores to locate might be the Wanaka town centre, the reality is that the town centre is full, with limited ability to expand, and that planning rules for Three Parks give it limited ability to provide for retailers below 400 sqm.
- 7.7 While Mr Heath and I are in agreement that most convenience-oriented retailers are less than 300 sqm in size, the fact remains that retailers in between 300 and 400 sqm in size are poorly catered for under the proposed rules. The town centre is evolving towards more intense, higher value uses and will struggle to accommodate these uses, who typically require lower occupancy costs than smaller shops.
- 7.8 In my opinion, the rules suggested above and in my earlier evidence will continue to promote the Wanaka town centre as the preeminent centre in the area, and Three Parks as the primary destination for LFR, while providing for locally-oriented growth within the catchment.
- 7.9 This will not “undermine the... centre function” of these larger centres as argued in section 3.8 of Mr Heath’s evidence.
- 7.10 Finally, in my view, it is a possibility that limiting the availability of alternative sites for retail use in Wanaka (undersupplying zoned land and restricting zoning to a small number of owners) will inhibit retail development, by keeping occupancy costs for retailers at high levels.