

IN THE MATTER

of the Draft SmartGrowth Strategy 2023-2073
("Draft Strategy")

**STATEMENT OF EVIDENCE OF GREGORY AKEHURST
ON BEHALF OF TAURANGA CROSSING LIMITED**

1. INTRODUCTION

1.1 My evidence relates to the matters raised in Tauranga Crossing Limited's ("TCL") submission on the Draft Strategy.

1.2 TCL owns and operates the regional shopping centre ("**Tauranga Crossing**") and a large format retail centre ("**Lifestyle Centre**") located on Tauriko Drive, at the junction of two State Highways (36 and 29), in the southern part of Tauranga City.

1.3 TCL have taken a staged approach to the development of the centre, with stages 1 and 2 complete and consent held for Stage 3. Once Stage 3 is completed, the centre will have a total retail GFA of 64,242m² and parking for almost 2,000 cars. The Lifestyle Centre, in addition to this, has a Stage 1 of large format retail stores (14,442m²) and a 3,900m² supermarket, along with 675 car park spaces.

1.4 Once complete Tauranga Crossing will be one of the top 10 retail centres in New Zealand and the prime sub-regional retail node in the Bay of Plenty.

Background and experience

1.5 My name is Gregory Michael Akehurst. I have 25 years' consulting and project experience working for commercial and public sector clients. During this time, I have worked on over 500 projects, the majority addressing issues of spatial distribution of activities and services to meet the needs of specific markets and communities.

1.6 I have a Bachelor of Arts, majoring in Geography and a Bachelor of Commerce, majoring in Economics from the University of Auckland. I am a Director of Market Economics Limited, an independent research consultancy.

1.7 I specialise in the assessment of demand and markets, the structure and nature of economic sectors, the form and function of urban economies, preparation of forecasts, and evaluation of impacts, outcomes and effects. I

have applied these specialities in studies throughout New Zealand and across most sectors of the economy.

- 1.8 I have been analysing growth and change in the economy and urban development construction sectors for over 25 years. In particular, I have been heavily involved in assessing business and housing land and space requirements for councils as they meet their requirements under the National Policy Statement on Urban Development 2020 ("**NPS-UD**"). I have carried out this work for Auckland, Future Proof Partners in the Waikato, Dunedin City, and have been involved in preparing housing and business development capacity assessments ("**HBA**") for Queenstown Lakes District, Tauranga, and Napier Hastings.
- 1.9 I was also commissioned by the Ministry for the Environment to prepare the guidance document to assist councils in preparing the Business Land requirements of a HBA under the previous NPS-UDC in 2017/18.
- 1.10 In addition, I have been involved in a number of Intensification Planning Instrument hearings, having given evidence on behalf of the Retirement Village Association of New Zealand and Ryman Healthcare in eight hearings to date.

Involvement in the Draft Strategy

- 1.11 I was engaged by TCL to provide expert economic advice in relation to TCL's submission points on the Draft Strategy. I have reviewed the Draft Strategy and TCL's initial submission dated 20 October 2023.

Code of conduct

- 1.12 I confirm I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and I agree to comply with it. My qualifications as an expert are set out above. I confirm that the issues addressed in this brief of evidence are within my area of expertise, except where I state I am relying on the evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

2. SCOPE OF EVIDENCE

- 2.1 This statement of evidence is presented on behalf of TCL and relates only to the matters raised by TCL in its submission on the Draft Strategy. In summary, this statement of evidence will:

- (a) provide an overview of the Draft Strategy;
- (b) outline the current role of Tauranga Crossing; and
- (c) the future role of Tauranga Crossing.

3. SMARTGROWTH DRAFT STRATEGY

- 3.1 Growth in Tauranga City, Western Bay of Plenty, and the Bay of Plenty Region is strategically managed via the Draft Strategy.¹ The Draft Strategy aims to proactively manage growth and change to achieve effective and sustainable long-term growth.
- 3.2 In broad terms the Draft Strategy aims to accommodate a population of 400,000 over the next 50 years. This population is aging (by 2048 more than 75% of growth will be in the over 65 age group), meaning housing typologies and options need to change, as will the manner in which the centre structure operates to meet these changing needs.
- 3.3 The growth in one and two person households anticipated in Tauranga, is well suited to more intensive forms of housing. With an aging population, living closer to (and within) centres that provide functional and social amenity will also become more important. Accommodating the anticipated growth of over 20,000 new dwellings and ensuring households are serviced in an efficient sustainable manner requires an appropriate hierarchy of centres in Tauranga.
- 3.4 Centres provide space for accommodating dwellings, employment as well as retail, service, recreational, community and hospitality offerings to meet the city's needs. An appropriate hierarchy ensures that services and retail offerings can locate in a manner that suits the range they offer. It means that goods or services that have high value, are infrequently purchased and are sold in few outlets, are able to locate in higher order centres – avoiding replication of outlets and most efficiently meeting the city's needs.
- 3.5 The Draft Strategy reinforces the Urban Form and Transport Initiative Connected Centres programme, which supports growth and centres through facilities and infrastructure investment. Central to the concept of connected centres is intensification in and around centres and along the key transport routes to support public transport initiatives and minimise land consumption. Aligned with this is the creation of "15 minute neighbourhoods", meaning that

¹ A partnership between Tauranga City, Western Bay of Plenty District, Bay of Plenty Region, Tangata Whenua and central Government (Waka Kotahi in particular).

the population are able to meet their social and economic needs with a 15 minute journey (walk or bike ride). In addition, a 30 – 45 minute journey to meet their sub-regional economic and social needs.

- 3.6 The Draft Strategy recognises a centres "hierarchy" that contains only two levels – the City Centre and Town Centres (with a single centre identified as a potential Town Centre). This lack of a real hierarchy not only fails to describe the way in which the city currently operates (or intends to operate in the future), it does not provide the flexibility for businesses to locate in an efficient manner.
- 3.7 By assuming that people need a 30 – 45 minute journey to meet their sub-regional needs embeds a central business district ("**CBD**") and a number of much lower level centres (for example, town centres). It does not provide for an efficient hierarchical structure with sub-regional nodes sitting below a CBD (one in the southwest – Tauranga Crossing, and possibly one in the east – The Sands), supported by the town centres.
- 3.8 This would reduce (significantly) the journey time to meet sub-regional needs (down towards a more reasonable 20 – 25 minutes), thereby providing a much more efficient urban form.
- 3.9 The current flat form leads to businesses having to replicate an offering across multiple mid-level, Town Centres in order to provide the reach to meet all Tauranga's needs. In an efficient city hierarchy, it is possible to locate some of these businesses in larger, sub-regional centres in larger footprint outlets to provide the coverage the city requires in an efficient manner.
- 3.10 This would take advantage of the infrastructure cities put in place to support a more nuanced hierarchical structure – such as public transport hubs in larger centres. The market response, including concentrations of supporting retail, service and community offerings that collocate in larger sub-regional centres results in efficiency of scope and agglomeration benefits. These occur when businesses collocate to take advantage of a shared market, workforce or technology.
- 3.11 It is clear that Tauranga Crossing currently operates as a sub-regional centre (see below) in spite of its classification. By flattening the organically evolved city structure in the strategic planning documents will embed an inefficient unsustainable city form into the future.
- 3.12 Currently, Tauranga Crossing is operating under a spot zone and holds consent to enable its expansion beyond the originally consented 47,600sqm (currently the consent allows up to 64,242sqm – the Stage 3 development

scheduled to begin within 12 months). As I understand it, the initial restrictions were imposed on Tauranga Crossing to limit impact on the Tauranga CBD, which has suffered due to its locational constraints and a relatively lacking approach to retail spreading out from the centre along Cameron Road.

- 3.13 In economic evidence presented on behalf of Tauranga City's District Plan Change 33, Mr Heath identified that Tauranga Crossing will require a further 1.5ha of land by 2033 and 3.1ha by 2043 in order to accommodate anticipated growth in the Western Corridor and beyond that is likely to be focused on the centre.
- 3.14 This makes it the fastest growing "Town Centre" in Tauranga, while still ignoring the sub-regional role the centre plays across Bay of Plenty Region and even into the Waikato, this is discussed further below.

4. CURRENT ROLE OF TAURANGA CROSSING

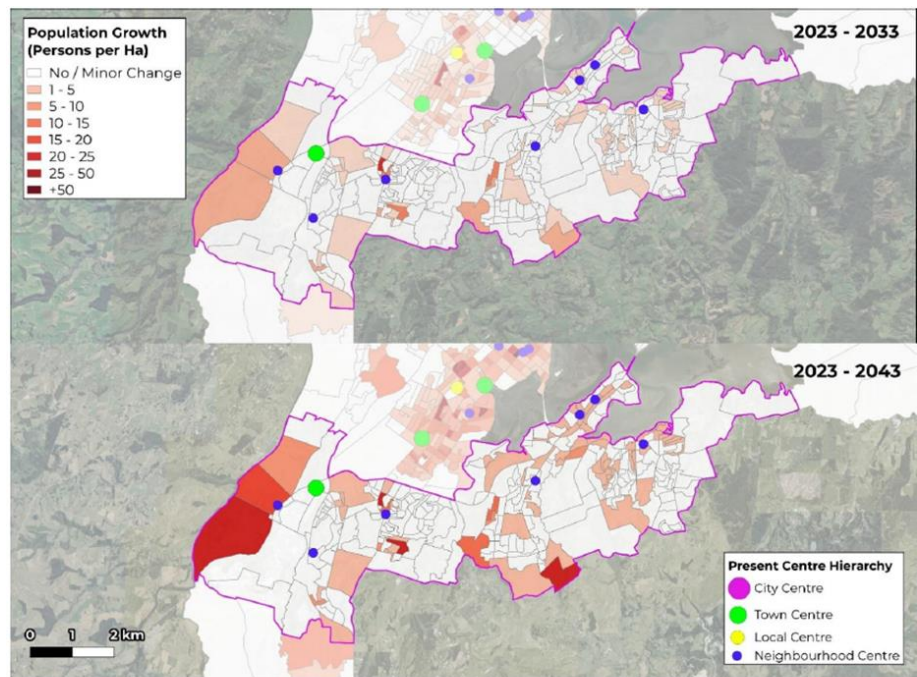
- 4.1 As outlined above, Part Three of the Draft Strategy (The Spatial Plan), contains a Centres Strategy. In this strategy, SmartGrowth have classified all centres in Tauranga within a flat hierarchy. The Tauranga Central Business District, or City Centre is at the top with all other sizable centres classified as "Town Centres", including Tauranga Crossing.²
- 4.2 To provide evidential support for their position as now embodied in the SmartGrowth Draft Strategy, Tauranga City commissioned Property Economics (PE) to provide an assessment of future growth potential for the main centres within Tauranga City. Within the PE report, Tauranga Crossing is classified as a Town Centre. Currently the TDC centre hierarchy has the City Centre then Town Centres, Local Centres and Neighbourhood centres. Tauranga Crossing is the 5th largest developed Town Centre (out of 8) in terms of the land area (Zoned extent in ha according to PE) at 13.4ha. However, based on PE's assessment of growth, by the end of the study timeframe (2043) it is the largest developed Town Centre, at 23.1ha (excluding The Sands which has area zoned but is not developed).
- 4.3 The land area footprint of Tauranga Crossing Centre compares favourably with Metropolitan Centres in Auckland. Currently Tauranga Crossing Centre sits just below the larger more established Auckland Metropolitan Centre, but it's growth path places it within the Auckland range (23.1ha)

Auckland Metropolitan Centres	Footprint (ha)
Newmarket	18.5
Takapuna	18.2
Albany	41.5
Henderson	19.7
Manukau City Centre (core)	15.5
<i>Tauranga Crossing Centre - today</i>	<i>13.4</i>
<i>Tauranga Crossing Centre - 2043</i>	<i>23.1</i>

Figure 1: Metropolitan Centre Land Area Comparison, 2023

- 4.4 This strong growth future as outlined by PE points to Tauranga Crossing needing to be facilitated to grow, in order to maximise the ability of the centre to meet the needs of the future community (as well as the current community). By not allowing the additional opportunities enabled by reclassifying the centre as a sub-regional centre, or Metropolitan Centre, Council will be effectively constraining Tauranga Crossing relative to the needs of the surrounding population and the wider sub-regional population.
- 4.5 It is clear from my assessment of the Tauranga Crossing catchment that the centre is meeting far more than simply the "needs of the immediate and neighbouring suburbs". I have relied on phone GPS data drawn from the 2020-2021 year to map movements into Tauranga Crossing by their usual evening location (in most instances this is a home location). The data points to Tauranga Crossing having a strong pull from areas outside the immediate and neighbouring suburbs that PE have used to define its growth future (Figure 2 replicates PE's Figure 9).³
- 4.6 The PE report (and therefore Tauranga City) takes a relatively narrow view of the growth catchment for Tauranga Crossing compared with the GPS data based catchment as outlined in Figures 2 and 3, below.

³ Tauranga PC33 Commercial Centre Economic Assessment (Stage 2), June 2023, for Tauranga City Council, page 36.



Source: LINZ, Stats NZ, Property Economics

Figure 2: Tauriko and Welcome Bay Future Population Growth by Density, 2023 – 2033

- 4.7 The GPS data plots home location of visitors to Tauranga Crossing over the course of a year and points to a catchment that stretches in towards the centre of Tauranga more than the PE modelling suggests. The data also shows that Tauranga Crossing has a wide catchment that draws visitors from generally south and south-west of Tauranga. In Figure 3, I have outlined an immediate catchment where Tauranga Crossing is the primary centre, but as Figure 4 shows, Tauranga Crossing is generating visits from a much wider catchment than simply the immediate area, with regular visitation from considerable distances away to the south and from the west.
- 4.8 This implies that the centre has a broader role than simply a Town Centre role, it is playing the part of a sub-regional centre with significant visitation from across the Western Bay of Plenty as well as from Tauranga. In total 28% of total visitation to Tauranga Crossing came from outside Tauranga City TLA, mostly from Western Bay (19.3%), with the balance from across the rest of the Waikato/Bay of Plenty Region, including almost 2% from Rotorua District, and 1% from Hamilton City and Waipa District.

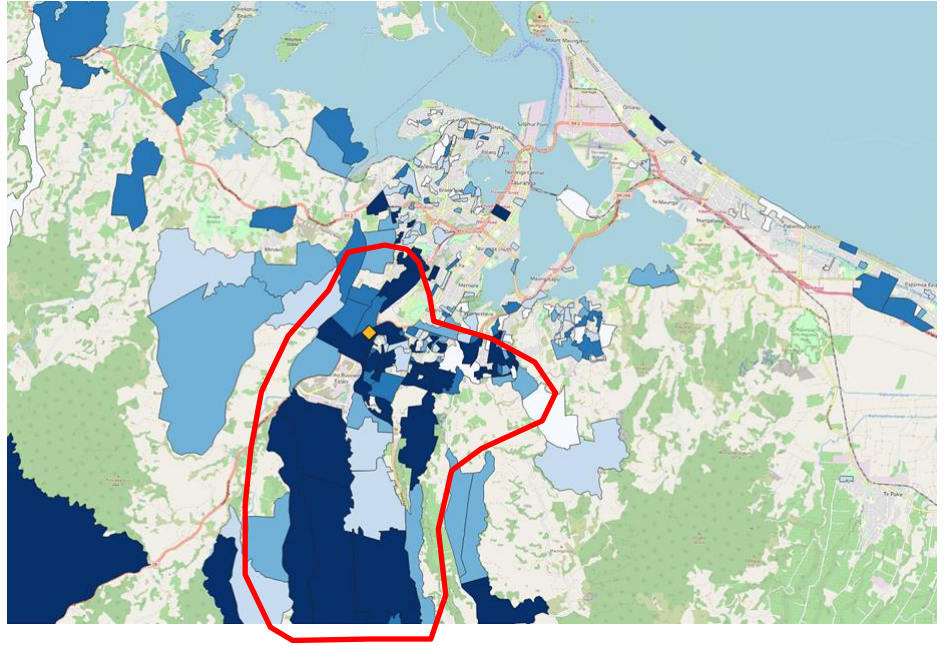


Figure 3: Tauranga Crossing Catchment SA1 based visits, 2020 - 2021



Source: ME Near GPS Dataset

Figure 4: Tauranga Crossing visits by SA1 2020 - 2021

- 4.9 In comparison with the other large "Town Centres" in Tauranga (Mt Maunganui, Papamoa Plaza and Fraser Cove), Tauranga Crossing has a higher share of non-Tauranga visitation (28%, vs 14%, 16% and 22% respectively). This means it is much more of a sub-regional centre, or Metropolitan Centre than the others.

5. FUTURE ROLE OF TAURANGA CROSSING

- 5.1 A key rationale put forward by Tauranga City Council in PC33 as to why they do not consider Tauranga Crossing to be a Metropolitan Centre is that it does not have a walkable catchment, and therefore it is not suitable for additional density. However, given Tauranga Crossing's current role in terms of meeting wider needs across the sub-region, there is no reason why providing for residential to co-locate with the centre would not provide a similar effect to having growth occur within a walkable catchment. As I understand it, residential activity and visitor accommodation are both non-complying activities within the centre.
- 5.2 In my opinion, allowing residential accommodation at Tauranga Crossing, has the potential to positively reinforce the role the centre plays in terms of meeting the wider needs of the sub-region.
- 5.3 In support of residential activities, I note that the centre does have provision to accommodate community facilities as a permitted activity within the centre. Therefore, all the elements exist (or are enabled) to ensure that residential could develop successfully within the centre, thereby negating the Tauranga City Council's concerns about the lack of a walkable catchment.
- 5.4 Combined with the planned expansion to over 64,000sqm of commercial space means that the centre will play more of a metropolitan centre role, than a town centre role. This aligns with the National Planning Standards description of a Metropolitan Centre Zone:⁴

Areas used predominantly for a broad range of commercial community recreational and residential activities. The zone is a focal point for sub-regional urban catchments.

- 5.5 In my opinion, Tauranga Crossing is either currently or has the potential to fulfil all of those criteria, with the appropriate support from Tauranga City Council.

6. CONCLUSIONS

- 6.1 Tauranga Crossing is the pre-eminent centre in the Southern half of Tauranga. Given the role it plays in meeting the current and future needs of households across the southern half of Tauranga (in particular), and also the wider communities of Western Bay of Plenty and even into the Waikato, Tauranga Crossing should be reclassified in line with the National Planning Standards,

⁴ National Planning Standards 2019, page 37.

as a Metropolitan Centre and supported as such by the appropriate investments in infrastructure and facilities.

- 6.2 Tauranga Crossing is a significant centre for Tauranga City. Currently it is the fifth largest Town Centre (out of eight), but by Councils own assessment it is expected to grow to be the largest "Town Centre" by 2043. Currently the centre fulfils a significantly wider role than most Town Centres, as it attracts a significant amount of its visitation and therefore trade from a wide area to the south and west of the centre. It is currently operating as a Metropolitan Centre, or Sub-regional Centre.
- 6.3 This means that, in order to meet the needs of the strong growth community across this part of Tauranga and the SmartGrowth community, it is more economically efficient to ensure Tauranga Crossing is reclassified so it can expand to meet the needs of this wider community.
- 6.4 It is important that Council recognise that Tauranga Crossing Centre plays a wider role than simply a Town Centre role within the sub-regional economy. Once Stage 3 is fully developed it will equate to over 64,000sqm of commercial space with a broad reach across the surrounding area. It will meet most of the definitions of a metropolitan centre and should be facilitated to fulfil this role.

Gregory Michael Akehurst
17 November 2023