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1. REVIEW PURPOSE AND METHODOLOGY

1.1 THE DISTRICT COUNCIL’S VISION

The Hastings District Council’s Vision is:
“Hastings, the lifestyle of choice, a place of opportunities”

Its mission is:
“Working with out people towards a progressive and proud community”

Under the focus area of ‘Economic Growth’, the Strategic Plan’s outcome is:
“Opportunities abound and are being realised by people living and moving here”

Under this focus area, strategies include:
“Provide policies, services and infrastructure that attract and enable new and existing businesses and people to succeed”

and

“Develop a strong and marketable Hastings identity within Hawkes Bay”

The Council’s vision of the role and function of Hastings CBD is expressed in the Hastings District Plan. To quote from the Brief:

“The Hastings District Plan has a suite of objectives and policies aimed at reinforcing the compact nature of the Central City Business Area as the retailing and administrative hub of the City.”

The vision is elaborated in urban design terms in the Hastings CBD Strategy, prepared in March 2000.

VALUING THE CBD

The Hastings District Council recognises that the Hasting City CBD is primarily a place of employment, exchange and social interaction. It is where a large number of people go to work, to do business, to shop or to be entertained.

Internationally, city governments in recent years have embarked on development programmes designed to revitalise central city areas. Generally, their strategies have involved public/private partnerships, which have focussed on positioning cities to take advantage of contemporary consumerism by planning landscapes that will enhance their share of consumption. Strategies have included:

• ‘the deindustrialisation of the older industrial areas’;
• the promotion of the desirability of living in the city;
• a ‘central role ascribed to leisure, the arts and culture’;
• the ‘re-invention of urbanity’, supporting a city lifestyle with a focus on retail, food services and entertainment;
• the creation of the ‘night-time economy’.
While not all these strategies are relevant to Hastings, for reasons of scale, the District Plan does acknowledge:

- a growing interest in improving the amenities associated with the CBD;
- the need to accommodate a wider mix of activities based on new economic uses for existing buildings and spaces (e.g. education, recreation, housing);
- a renewed focus on central city revitalisation and;
- the extent to which the business activities located within the centre make a significant contribution to the city’s economic and social well-being.

1.2 MOTIVATION FOR THE REVIEW

Development Issues

Several issues had arisen which motivated Hastings District Council to undertake research into the effectiveness of current District Plan provisions relating to retailing. As listed in the Consultants Brief, these are:

- “Improved economic conditions and demand for expansion of existing business and the attraction of new ones
- A perception by some that there is a shortage of large lots and undeveloped zone land with the current commercially zoned areas
- The trend towards large format (“big box”) retailing and for such retailers to locate in close proximity to one another
- The impact the large format retailing may have on CBD amenity value and infrastructure such as parking and traffic networks
- The potential for resource consents for greenfields development being applied for”

In face of these issues, concern had arisen that there are both “needs and opportunities” for extension of commercial zoning beyond the current Central Commercial and Commercial Service Zone boundaries.

An official report to the Hastings Development and Environment Committee on 14 November on Strategy for Large Format Retail Development in Hastings makes it clear that there are immediate pressures on the District Plan’s provisions as “a number of large format retailers (want) to expand or locate in Hastings” and “there appear at least on the surface to be limited opportunities within the existing CBD zone boundaries to meet the current and future demand for such developments”

The most pressing large format retail proposal is for a megacentre development on Nelson Park. This would involve use of publicly owned land and presents the Hastings District Council with options to transfer the land for private development, or to undertake the development itself, or undertake it jointly with a private developer. It was recognised, while these options may offer potential financial benefits they also involve a loss of public amenity which would require justification.
Review Initiated

In response to these issues the Hastings District Council recognised the benefits of a strategic approach in planning for the next 20 years of retailing in Hastings.

It established a joint Council and retail industry working party to review the District Plan commercial zones and devise a long term strategy for large format retailing development. Subsequently the Council engaged consultants (McDermott Miller Limited) to assist it and the Large Format Retail Working Party.

LFR Location Options

The options for location of Large Format Retail (LFR) stores perceived at the outset of the Review were:

- Redevelopment of existing CBD blocks
- Expanding the commercial area to encompass, inter-alia, Nelson Park.
- Greenfields:
  - Sale yards/Racecourse
  - Hastings end of Havelock Rd
  - Corner Omahu and Napier – Hastings Expressway

In the course of the Review a further location option was identified:

- Between Tutaekuri River and Link Road off the Expressway

Do Nothing Option

The “do nothing” option was considered by the Working Party, but discounted early on. This was because it felt a lack of available land for Large Format development would likely result in Large Format Retailers or developers applying for resource consents on individual Greenfield sites. It believed, unless Hastings Council has an up-to-date and workable retail strategy that provides for large format retail, the Council may not be able to successfully oppose these resource consents in the Environment Court. In other words, “doing nothing” was seen as a high-risk option with potentially significant impacts.

1.3 OUTCOMES, OBJECTIVES AND OUTPUTS

Key Outcome of the Review

In the Consultants Brief, November 2002 the outcome sought from the Hastings Commercial Zone Review and Strategy for Large Format Retailing 2003-2023 is:

“...to provide Council with the necessary analytical foundation to be able to strategically plan for the future retailing needs of Hastings District”

Source: Consultants Brief, November 2002.
Objectives of the Review

The objectives of the Review are:

- To ensure that the current and future vitality and economic viability of the CBD is not compromised
- To plan for future business development, particularly retail development, in locations where the proximity of businesses provides sufficient critical mass of activities from which all customers will benefit
- To support an efficient, competitive and innovative retail sector through effective land use planning
- To ensure that a wide range of shops, employment, services and facilities are available in Hastings that are easily accessible for people.
- The Hastings CBD is defined in the Brief as “that area identified in the District Plan by the Central Commercial Zone”

As a matter of note, The Hastings Central Commercial Zone is subdivided into the five “sectors”, as described in Section 9.4 of the Proposed District Plan, as follows:

The District Plan states:

“Council will promote the development of five defined sectors and encourage groupings of compatible businesses to locate within them and match its investment in parking, roading and infrastructure to the needs of commercial activities of the particular area. The five sectors... are as follows;

- Central Retail Core – Catering primarily for pedestrian oriented retail shops and commercial uses;
- Stand-alone Retail Sector – Located to the north of the Central Retail Core, catering for large retail and commercial firms requiring easy accessibility, large areas of land, and ample off-street parking;
- Mixed Commercial Office and Retail Sector – catering for both pedestrians and vehicle borne clientele, at both ends of the Central Retail Core;
- Professional and Administrative Office Sector – Located to the south west of the Central Retail Core, based on existing high quality office development
- Civic Governmental and Cultural Sector - located to the south east of the Central Retail Core”

The main traffic corridors leading into the CBD are zoned “Commercial Service”

Outputs

The Outputs required from the Review are:

- An assessment of current and emerging retail trends and their relevance to land use patterns in Hastings
- An analysis of current and projected retail and other business floor space capacity and demand
• An assessment of the degrees to which there is adequate scope for change, renewal and diversification of retailing and business activity within the existing CBD

• A determination of:
  • future retail location needs
  • the time horizon associated with these needs
  • identify areas with potential for accommodating these needs

• An investigation of the suitability of areas for expansion on the outer-fringe of the CBD Central Commercial zone.

• A review whether modifications are required to existing District Plan rules to achieve the Strategy

• A determination whether there are any other effective instruments for Council to deal with the demand for large format retail development, including but not limited to:
  • Proactively assimilating sufficiently sized land parcels to accommodate large format retailing in appropriate CBD or CBD fringe locations
  • Promoting greenfields sites for a Regional destination retail centre in appropriate locations
  • Limiting the amount of or rate of growth in large format retail development to a level that is compatible with the role and function of the CBD as the business and social hub of the Community.
  • Forcing greater intensity of land development in the CBD through underground or rooftop parking associated with large format retailing.

1.4 RETAIL PLANNING METHOD

Retail planning in the past has been dominated by a set of assumptions derived from Central Place Theory. This theory attempts to explain patterns of urbanisation and the spatial distribution of retail services.

The theory consists of two basic concepts:

• threshold - the minimum market needed to bring a firm or city selling goods and services into existence and to keep it in business

• range - the average maximum distance people will travel to purchase goods and services

It assumes that consumers act rationally to minimise transportation costs (including time) by going to the closest location for what they are seeking and that retail services will therefore tend to be concentrated in a central location relative to distribution of the local population. Crudely interpreted, Central Place Theory suggests why Hastings has developed more strongly than neighbouring communities because of its centrality to the Heretaunga Plains region; and its CBD has developed as the principal site of retailing because of its centrality in the city.

While these assumptions have some validity, a number of factors suggest that retailing no longer conforms completely to this pattern of development.
• **Increased Mobility.** People are very mobile today. Car ownership is the norm. This means people can travel to a variety of sites which may not be centralised if there is an incentive for them to do so.

• **New Forms of Retailing.** To some extent, retail services are becoming a spatial. Alternative routes to traditional retail, including catalogues, web-based retailing and TV home shopping are having some impact on the competitive environment. In the United States, for instance:
  - between 1987 and 1992, catalogue mail order was the fastest growing single retail industry, adding 550 establishments and 27,000 employees
  - since 1990, mail order sales have grown at a strong 9.9 percent per year, which was twice the average growth of non-auto retail sales and 1.7 time the average growth of general merchandise, apparel and furniture store sales.

• **A Two-Tier Retail Market** Many authorities now refer to the development of a two-tier retail market:
  - The first tier involves comparison retailing and is essentially a leisure activity where shopping is combined with socialising, food and drink within a pedestrian environment (either in a CBD or a mall);
  - The second is more functionally focussed, generally dependent on car transportation and involving the acquisition of essential items or capital purchases at supermarkets or bulk retail outlets.

Each of these activities has different characteristics and raises different planning issues, which have relevance respectively to the core CBD and the wider Central Commercial/Commercial service zones.

1.5 **GENERAL APPROACH**

McDermott Miller’s general approach and method draws on contemporary retail planning experience and was designed to achieve the outcome and outputs of the review as expressed in the consultant’s Brief and restated in Section 1.3 above.

Our approach has been comprehensive and systematic in order to achieve the desired outcomes of the Review fully. It produced:

• A recommended Retail Development Strategy, based on a comprehensive research and evaluation of cost and benefits to all stakeholders;

• A feasible method for implementing the Strategy, based on district planning, marketing and other complementary initiatives by Hastings District Council and the commercial sector; and,

• Robust research and technical analysis upon which to draw independent expert evidence for prospective hearings under the Resource Management Act.

This strategy planning philosophy shaped the review work programme and technical methodology described below.
In summary, the work programme divided into four phases:

- Phase I Situation Analysis
- Phase II Generate and Evaluate Alternative Retail Development Scenarios
- Phase III Strategy Formulation and Preliminary Draft Strategy
- Phase IV Reporting

Our approach and method is depicted broadly in Figure 1.1 below and detailed in Section 1.8 Scope of Work.

**Figure 1.1 Hastings Commercial Strategy Review**

**Broad Approach**

**PHASE I: SITUATION ANALYSIS**

- Desired Outcomes clarified
- Analysis of commercial/retail trends and issues
- Hastings Shopper Survey:
  - shopper behaviour
  - shopping centre preferences

**PHASE II: RETAIL DEVELOPMENT SCENARIOS**

- Derive Planning Approaches and implications
- Generate alternative large format retail development scenarios (locations, sites and growth rate)

**PHASE II (Cont): EVALUATION OF ALTERNATIVES**

- Quadruple-Bottom Line Evaluation of alternatives
  - achievement of HDC strategic outcomes
  - Economic, Social, Cultural and Environmental impact
  - Benefit/Costs
  - Risks

**PHASE III: STRATEGY FORMULATION**

- District Plan initiatives
- Identify Strategy for achieving Preferred form of Retail Development
- non-RMA instruments for implementing strategy

- Preferred retail development strategy and recommendations for implementation

**1.6 SCOPE OF WORK**

**Phase I Situation Analysis**

This phase of the Review produced the outputs:

- An assessment of current and emerging retail trends and their relevance to land use patterns in Hastings
• An analysis of current and projected retail and other business floor space capacity and demand

Work included:
• Desired Outcomes Clarified and Documentary Review
• Consultation with Key Parties, including Key Council staff, External Agencies and Persons
• Surveys of household shoppers, central Hastings retailers and businesses, and major retail operators and developers
• Analysis of Retail trends and issues
• Analysis of Industry Trends
• Statistical Analysis of Retail Industry in Hastings
• Analysis of Household Demand
• Demand/Supply Balance
• Current and Projected retail floor space capacity and demand
• District Planning Issues

Phase II Generate and Evaluate Alternative Retail Development Scenarios

This phase of the Review generated the outputs:
• An assessment of the degree to which there is adequate scope for change, renewal and diversification of retailing and business activity within the existing CBD
• A determination of:
  • future retail location needs
  • the time horizon associated with these needs
  • identify areas with potential for accommodating these needs
• An investigation of the suitability of fringe areas for expansion of the CBD zone outer business zone.

Work involved:
• Retail Impact Assessment Model Development
• Generation of alternative retail development scenarios including site options for major retail development (in consultation with client)
• Definition of "Quadruple Bottom Line" performance criteria including those listed in Section 3 of the Brief
• Evaluation of development scenarios in terms of the criteria

Phase III Strategy Formulation and Preliminary Draft

This phase of the Review produced the outputs:
• A review whether modifications are required to existing District Plan rules to achieve the Strategy
A determination whether there are any other effective instruments for Council to deal with the demand for large format retail development, including but not limited to:

- Proactively assimilating sufficiently sized land parcels to accommodate large format retailing in appropriate CBD or CBD fringe locations
- Promoting greenfields sites for a Regional destination retail centre in appropriate locations
- Limiting the amount of or rate of growth in large format retail development to a level that is compatible with the role and function of the CBD as the business and social hub of the Community.
- Forcing greater intensity of land development in the CBD through underground or roof top parking associated with large format retailing.

Work included:

- Strategy Formulation
- Identification of a Strategy for achieving Preferred form of Retail Development
- Identification of non-RMA instruments for implementing strategy.
- District Planning Initiatives
- Preparation of a preliminary draft report and its submission for comment

**Phase IV Reporting**

This phase of the Review would achieve:

Work included:

- Presentation to Working Party of Preliminary Report
- Prepare consultation draft after review by client
- Presentation to Council Workshop of Consultation Report and draft retail strategy
- Preparation of final report after public comment

Presentation of Final report to Decision on Plan Changes Meeting of the Hastings District Council.

**1.7 RETAIL PLANNING AREA**

**Figure 1.2** illustrates the planning area used in the review.

The planning area encompasses the territory within Hastings District and Napier City.

- The spending power of all households in this area contribute to the demand side of our retail analysis, as does the spending of visitors to the districts.
- We estimate the sales in all significant shopping centres in the Hastings District, and in the remaining areas of the District outside the shopping centres.
• Spending contribution into the planning area is estimated from Napier City, and the adjacent Districts immediately south (Central Hawkes Bay District) and north (Wairoa District) of the planning area. However, we do not estimate sales at stores in these Districts.

We do not draw “catchment” boundaries within this planning area, although in Section 4.1 we estimate the (substantial) flows of spending from Hastings District households to Napier City stores and vice versa. The entire planning area can be considered a single catchment.

The Hastings Retail Model, developed during the course of the study, enable estimation of sales of new shopping centres, and the impact of these on existing centres, without requiring smaller catchments to be defined.

The primary retail centres included in the planning area are:

- Hastings CBD (subdivided at the finest level into 10 sub-centres)
- Hastings Periphery (subdivided at the finest level into 9 sub-centres)
- Napier CBD
- Napier CBD Periphery

The secondary retail centres included are:

- Havelock North
- Flaxmere
- Taradale

There are also eleven minor centres included in the Hastings Retail Model, some which are included only because of possible future developments at them.
Figure 1.2: Hawkes Bay Planning Area

Source: Hastings District Council
1.8 GLOSSARY OF TERMS

Terms used frequently in this report are defined below:

<table>
<thead>
<tr>
<th>AREAS</th>
</tr>
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<tbody>
<tr>
<td>Central Commercial Zone</td>
</tr>
<tr>
<td>As defined in the Hastings District Plan and shown on Figure XX. This equates to Hastings CBD.</td>
</tr>
<tr>
<td>Hastings CBD</td>
</tr>
<tr>
<td>The Hastings CBD is defined in the Consultants Brief as “that area identified in the District Plan by the Central Commercial Zone”</td>
</tr>
<tr>
<td>Core CBD</td>
</tr>
<tr>
<td>Core blocks defined in maps Figure X. This is defined in the brief as Central Retail Core, and as being occupied predominantly by comparative shopping and pedestrian oriented retail activities and financial services.</td>
</tr>
<tr>
<td>Non-Core CBD</td>
</tr>
<tr>
<td>Called in the brief the Stand Alone Sector and features retailing in “Large Format Retail Stores (LFR)”.</td>
</tr>
<tr>
<td>Hastings CBD Periphery</td>
</tr>
<tr>
<td>CBD periphery are the Commercial Service Zone and Central Residential Commercial Zone in Hastings. The former covers the main traffic corridors leading into the CBD.</td>
</tr>
<tr>
<td>Urban Hastings</td>
</tr>
<tr>
<td>The area defined by the residential, commercial and industrial zones of Hastings City, Havelock North and Flaxmere.</td>
</tr>
<tr>
<td>Hastings Urban Fringe</td>
</tr>
<tr>
<td>Rural area adjacent to Hastings City boundary.</td>
</tr>
<tr>
<td>West Core East Core</td>
</tr>
<tr>
<td>Quarters of the Core CBD, west and east respectively of the railway line (see Figure 3.1).</td>
</tr>
<tr>
<td>North East Periphery South East Periphery</td>
</tr>
<tr>
<td>These are the quarters out from CBD core, taking in all the non-residential zones in the quadrants that are peripheral to the Core CBD.</td>
</tr>
<tr>
<td>North West Periphery</td>
</tr>
<tr>
<td>Napier</td>
</tr>
<tr>
<td>Boundaries of Napier City</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOCATIONS AND SCENARIOS</th>
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<tbody>
<tr>
<td>LFR location options</td>
</tr>
<tr>
<td>Potential sites for development of large format retail stores.</td>
</tr>
<tr>
<td>Retail Development Scenarios</td>
</tr>
<tr>
<td>Hypothesised patterns of LFR development either in stand-alone or megacentre form which realistically could eventuate within the Hastings District and Napier City boundaries over the planning period 2003-2023 under different district plan policies.</td>
</tr>
<tr>
<td>Alternative Retail Development Scenarios</td>
</tr>
<tr>
<td>Mutually exclusive scenarios per above alternatively taking the form of urban consolidation of Hastings, urban expansion of Hastings, or “greenfield” dispersion beyond Hastings urban fringe.</td>
</tr>
</tbody>
</table>
**RETAILING DEFINITIONS**

<table>
<thead>
<tr>
<th>Large Format Retail (LFR)</th>
<th>Large retail stores, usually on one level and with associated car parking; these include discount department stores, others offer items such as household furniture and furnishings, appliances, garden supplies, home decorating and building supplies. Examples in Hastings are The Warehouse, Big Save Furniture, Noel Leeming, Mitre 10, and Harvey Norman. New generation LFR stores can have floorplates of more than 10,000 square metres and sites of 2 to 3 hectares. These are sometimes called “megastores”.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standalone</td>
<td>LFR stores separate from other shops and large format stores, with their own car parking</td>
</tr>
<tr>
<td>Powerstrip</td>
<td>A collection of LFR stores located individually along a common street on their own sites and with separate parking. “Powerstrips” can be in the commercial zones of the CBD, but sometimes occur outside it in the surrounding commercial service and industrial zones</td>
</tr>
<tr>
<td>Megacentre</td>
<td>A collection of Large Format Retailers on a common large site (around 5 hectares or the equivalent of 5 Hastings City blocks) acquired by a separate property developer and later promoted by the retailers as a single shopping destination. The typical Megacentre is built around a large shared central carpark.</td>
</tr>
<tr>
<td>Comparison Goods Retailing</td>
<td>Comparison goods retailing comprises clothing, personal items, and household items including consumer durables (they do not include grocery items). Trips for comparison retailing frequently involve visits to a number of stores in order to compare the range of goods on offer.</td>
</tr>
<tr>
<td>Personal and Household Services</td>
<td>Stores which primarily provide services rather than goods; hairdressers dry cleaners, film processing, video/DVD hire, footwear repairs, etc</td>
</tr>
<tr>
<td>Retail model</td>
<td>Computerised model which simulates the retail market, enabling systematic spatial evaluation of the sales performance and employment effects of hypothesised future retail developments.</td>
</tr>
</tbody>
</table>
2. STRATEGIC DIRECTION OF COMMERCIAL/RETAIL DEVELOPMENT IN HASTINGS - 1980 TO 2002

2.1 CURRENT COMMERCIAL STRATEGY

According to Hastings District Council records:

“The current Hastings District Plan retail provisions are based on the 1985 Commercial Zones Review. That review focused retail and office development back on an enlarged CBD and away from a trend at the time to spread down Heretaunga Street West toward Stortford Lodge.

At the time the first of the large format stores were showing interest in Hastings, but in locations remote from the CBD. The then Hastings City Council recognised that there was spare capacity within the existing commercial zoning, but over the twenty-year period, additional land would be required and a further 2 hectares was added to cater for this expected growth.

Figure 2.1 illustrates the situation in 1985.

The Strategy also identified the area within the CBD (Central Commercial) zone between Nelson Street, St Aubyn Street, Hastings Street and Karamu Road as a “Stand Alone” Sector where large format stores would be encouraged to locate. The then Hastings City Council adopted a policy of closing roads where possible to allow larger blocks to be aggregated for this purpose and created a strong arterial network around the CBD, including the four laning of St Aubyn Street to improve accessibility.

The Commercial Service Zone was also introduced. This covered the main traffic corridors leading to the CBD and was intended to accommodate activities of a more commercial service orientation requiring high vehicle accessibility and ample on site parking. This zone was seen as complementary to the CBD Zone, allowing more concentrated retail activity to cluster within the CBD Zone, rather
than being broken up by car sales yards, drive through operations and lesser intensity activities (per square metre).

The main distinction between the CBD and the Commercial Service Zone in terms of retail, was that the CBD Zone was to have more of a comparison shopping emphasis, while the Commercial Service Zone was seen as having more of a convenience role.

Activities requiring larger trade vehicles or car and trailer visits e.g. Hire Centres and Building Supplies were also seen as generally inappropriate for the CBD and more appropriately located in the Commercial Service Zone.

Given the historical developments, both within the CBD and the Heretaunga Street West, these distinctions are not always black and white when examining the resulting zoning pattern and permitted activity lists. For example, there was considerable debate about whether supermarkets and furniture stores should be permitted activities in the Commercial Service Zone. Ultimately the Council decided that the primary objective of creating a vibrant and consolidated CBD (which at the time was struggling) was better achieved by limiting these activities to the CBD Zone.

Heretaunga Street West was rezoned from a general commercial zoning (Commercial 2) to Commercial Service, while Karamu Road was similarly rezoned, but from Light Industrial (Industrial 1). Subsequently there has been a significant change in character in both these areas, but along Karamu Road in particular.

Included in the list of permitted activities within the Commercial Service Zone however, were home improvement and garden centres.

Figure 2.2 maps the changes to the Hastings District Plan brought about by the 1985 Commercial Zone Review.
The current strategy was largely rolled over in 1997 when the new District Plan was notified and decisions on submissions made as it was considered that the fundamentals of the strategy still had relevance. In 2000/2001 Hastings District Council adopted an indicative rolling review programme for the new District Plan. The Commercial Zones Section was identified for early review in recognition that the end of the strategy planning period was imminent.


2.2 DISTRIBUTION OF RETAIL FLOORSPACE

The impact of the current commercial strategy can be gauged by tracing historic changes in the distribution of floorspace used for retailing, and related activities (such as restaurants, bars and amusement arcades) across the core and peripheral CBD. See figures 2.3 and 2.4.

TOTAL FLOORSPACE

- Estimated total retail and related floorspace in 2002 (including the Harvey Norman but prior to the expansion of the Pak N' Save) was 10,000 sq m above estimated 1980 floorspace, but some 5000 less than estimated 1986 floorspace.
FLOORSPACE BY AREA

The areas used in the 1985 Commercial Zones Review and indicated in Figure 2.3.

Central Commercial (CBD) Zone

- The objective of the 1986 Commercial Zones Review was to arrest the trend for retail (and office) to spread west along Heretaunga Street West. Figure 2.4 below shows this was successfully achieved; in 2002 the floorspace in retail and related activities had fallen again - down 3000 sq m from 1986 and again standing at 3% of the total.

- The Core CBD’s share of retail and related floorspace declined by 15,000 sq m between 1980 and 2002, taking its share down from 62% to 44% in 2002.

- Retail and related floorspace has grown most strongly in Area 1, ie between Queen St and St Aubyn Street. This trend began between 1980 and 1986 (share growing from 14% to 16%) and intensified after 1986 as a result of the 1986 Review; current share in this area is around 27%.

- The other area to increase in share was Area 6 to the south of the Core CBD, which increased to 9%, up from 1% in 1986, mainly due to development of Hastings City New World supermarket.
Figure 2.4: Distribution of Retail and Related Floorspace

Note: Vacant Space and car parks not included
Source: • 1980 and 1986 data from Utilisation Study of the Commercial Two and Three zones, Hastings City 1986
• 2002 Data from Hastings District Council Property Database
Compiled by McDermott Miller Limited, 2003

Commercial Service Zone

• “Area 9” is the Commercial Service zoned land along Heretaunga Street West, to the west of Tomona Rd. Retail and Related floorspace in Area 9 increased by 4000 between 1980 and 1986, or from 9% to 12% of retail floorspace.

2.3 EFFECT OF CURRENT STRATEGY

In brief:
• The current strategy has been effective in curbing the westward march of retailing along Heretaunga Street evident prior to 1986.
• LFR in particular has been redirected to the Northern quarters of the CBD.
• However, the core CBD share of retail floorspace has continued to decline relative to the periphery of the CBD.
• A shift in shopper preference from traditional retail strips to price competitive LFR helps explain the relative decline in CBD retail floorspace.
• And the retail changes have been accompanied by conversion of shop-fronts previously used for retailing to other business uses such as real estate agencies, banks, other financial companies and travel agencies.
Figure 2.5 indicates conceptually the outcome of the 1985-2002 Hastings Commercial Strategy.
3. EMERGING RETAIL PATTERN IN HASTINGS

3.1 DISTRIBUTION OF RETAIL FLOORSPACE IN QUARTERS OF HASTINGS CBD AND PERIPHERY

In this section we consider the current distribution of floorspace in retail uses in Hastings Central commercial, Commercial Service, and Central Residential Commercial zones.

In Figure 3.1 below, the total Commercial area is divided into core (subdivided into West Core and East Core) and periphery areas (subdivided into the four quarters). Figure 3.2 graphs the distribution of floorspace by these areas.

The data is derived from the Hastings District Council Property Database. This records the “specific use” of each property, its floorspace, and lists the tenants. We used this data to estimate the floorspace in each tenancy and assign each tenancy in retail use to one of six store types.

- Grocery stores
- Cafes, Restaurants and Takeaways
- Personal and Household Services outlets
- Specialist Apparel and Accessories stores
- Furniture, Appliances and Hardware stores
- Other Household Goods stores (includes department stores)

The final three store types, together comprise the “comparison shopping” group.
The following points emerge from this analysis:

- The CBD core has a 44% share of floorspace in retail and related uses; these West Core has a 29% share and 15% is in the East Core.

- The North East Periphery has a 19% share of floorspace in retail and related uses; this is slightly less than the North West Periphery’s 22%.

- The CBD core is dominant in Apparel and accessories specialist stores, with 77% of the total floorspace; 54% is in the West Core area alone.

- The CBD core has nearly half (48%) of floorspace in Furniture, Appliances and Hardware and;

- The CBD core has a share of 39% of other household goods stores floorspace (including Department stores).

- There is little grocery floorspace in the CBD Core – only 6%.

- Floorspace in Cafes, Restaurants and Takeaways is concentrated in the South West Periphery (29% share, chiefly in the Commercial Service Zone for example, McDonalds and the Corn Exchange) and in the East CBD Core (25% share).

- The CBD core has a majority of Personal and Household Service floorspace – some 62%, and this is distributed approximately equally between the East and West core areas.

**Figure 3.2: Distribution of Floorspace in Hastings CBD and Periphery, June Year 2002**

Note: Department Stores are included under Other Household Goods stores
Source: Hastings District Council Property Database
©McDermott Miller, May 2003
3.2 ESTIMATED SALES IN QUARTERS OF HASTINGS CBD AND PERIPHERY

Estimated sales in June Year 2002 within Hastings’ central commercial and commercial service zones (using the same breakdown of areas as the floorspace data of Table 5.1) are shown in Figure 3.3. This shows that:

- The CBD core has only a 29% share of sales in the six store types combined, whereas it has a 44% share of floorspace; this is because there is no supermarket in the core CBD. Supermarkets have annual sales performance of around $10,000 per m$^2$, as compared to only around $2000 per m$^2$ in CBD stores.

- The CBD core’s share of comparison goods store sales is around 47%; the West Core has a share of around 33% and the East Core around 14%.
3.3 LARGE FORMAT RETAILING

LFR TRENDS

The review of retailing and the future Commercial Zones of Hastings is partly a response to growing pressure for “Large Format Retailing” (LFR) in the city, both within and outside the present commercial zones.

Large Format Retailing has been a growing national trend in retailing over the last decade, with national retail chains developing larger and larger stores that specialise in providing a wide selection of merchandise in a particular product range catering to the weekend, car-driving shopper. Examples of Large Format Retailing already in Hastings include: The Warehouse, Big Save Furniture, Noel Leeming, Harvey Norman and Mitre 10. In some cases, the high marketing
profile, large physical presence and range and price of merchandise make Large Format Retailers shopping destinations in their own right.

In general terms, Large Format Retail tends to come in three forms:

- **The first is a stand-alone store**, sometimes with its own parking. These stores tend to form on the outskirts of the CBD of a city and become specific shopping destinations within that CBD. The minimum size for this type of store is around 2,500m². This is the type of Large Format Retailing that Hastings has seen so far.

- **The second form of Large Format Retailing is popularly known as a “powerstrip”**. This is where a collection of these stores locate individually along a common street on their own sites and with separate parking. “Powerstrips” can be in the commercial zones of the CBD, but sometimes occur outside it in the surrounding commercial service and industrial zones (for example, in Taradale Road, Napier). Such “powerstrips” can create traffic and parking difficulties if they are on the main arterial routes of a city and do not have enough parking for all of the stores. The size of such a strip is difficult to predict, but some 600 metres long is possible (about the length of 6 Hastings City blocks).

- **The third and most recent form of Large Format Retail is the Megacentre.** This involves a collection of Large Format Retailers on a common large site (around 5 hectares or the equivalent of 5 Hastings City blocks) acquired by a separate property developer and later promoted by the retailers as a single shopping destination. The typical Megacentre is built around a large shared central carpark. These retail developments tend to occur on the periphery of a city’s CBD in commercial service and industrial zones. They do sometimes develop on “Greenfield” sites on the rural fringe of a city. Megacentre type retail development requires larger blocks of land than is currently available in the Hastings CBD, unless aggregation of existing commercial lots occurs, or the CBD is expanded in some way.

**Megacentres Development**

It is highly likely, that at least one megacentre consisting of a cluster of large format retail stores will soon be developed somewhere in the Hastings District – Napier City area. Such a development would draw in spending from households located in what would otherwise be the catchments of other shopping centres; this would be viewed as an increase in “leakage” from the catchment of the shopping centre without the megacentre. There would also be increased employment opportunities at the new megacentre, but at some cost in jobs at other shopping centres. It is therefore in the interest of a local authority to have a megacentre locate in its District, rather than have one locate in an adjoining district and have none in their own.

In other words, if Hastings were to be the only community to gain a megacentre there would be a decrease in spending leakage from Hastings. Gaining a megacentre for Hastings is also a matter of gaining greater spending from households of the wider Heretaunga Plains. This will help maximise retail employment opportunities in Hastings.
3.4 THREAT OR OPPORTUNITY

Over the last 22 years, the urban form of Hastings (and the pattern of retail activity which helped shape it) has been changing from a linear form along and East-West axis of Heretaunga Street to Pakowhai Road, to a more compact urban-grid form around the original Heretaunga Street retail strip and the newer stand-alone LFR development in the North-Western and North-Eastern quarters of the CBD.

Prospective LFR development presents both a threat and opportunity to the continuation of a consolidated urban form of retailing in Hastings. If future LFR is permitted, either as stand alone stores, or as a “powerstrip”, or as a megacentre to develop west of Pakowhai Road (in the Omahu Road area for instance) then the pattern of retail in Hastings could once again become attenuated along its western axis. This ultimately could lead to the emergence of a separate retail centre which rivals Hastings’ CBD in size and significance. On the other hand, if LFR can be consolidated within an albeit enlarged CBD Central Commercial Zone, then the trend towards retail consolidation in the urban grid bounded by Heretaunga Street and the North West and East of Hastings would be reinforced and the CBD would continue to be intensively visited and shopped.
4. RETAIL SPENDING IN HAWKES BAY

4.1 OUTLINE OF RETAIL SPENDING SECTION

In the previous section we considered the supply side of the Hastings Retail market. In this section the Situation Analysis continues as we investigate the demand side of retailing in the Planning Area.

Projected future spending rests upon estimates of growth in household numbers, changes in spending per household, changes in spending “leakage” by Hawkes Bay households, together with changes in visitor numbers (from elsewhere in New Zealand and internationally) and their spending patterns during their visits to Hawkes Bay.

In our analysis we
- First estimated sales in 1997 and 2002 then;
- Estimated gross spending flows (“leakage” between Hastings and Napier; 
- Considered past household growth in Hawkes Bay and Hastings over, the last 10 years
- Projected households via projections of population;
- Translated the households growth into projections of households spending on comparison goods;
- Projected total comparison goods spend via projections of tourist spending, and spending by businesses in retail stores; and finally,
- Project the increment in “floorspace supported” by the growth in spending

4.2 RETAIL SPEND IN 2002

Spending on comparison goods in the Hawkes Bay is derived from:
- Hawkes Bay households own spending in the region, together with
- Spending of householders from other regions in Hawkes Bay during their visits and
- Spending of international tourists during their visits to Hawkes Bay.

This combined spending on comparison goods in the June 2002 year has been estimated as follows:
- Estimated spending by households and visitors to Hawkes Bay on comparison goods in Hawkes Bay was $392 million in June Year 2002
- Around 49% of this ($193 million), was spent in Hastings District
- The other 51% ($198 million) was spent in Napier City (including Taradale)
- Around 35% of the total ($138 million) was spent in the existing Hastings CBD and periphery
- A further 11% ($43 million) was spent in the rest of urban Hastings (including Havelock North and Flaxmere)
• This means around 46% ($181 million) of the total spent in the Hawkes Bay in June Year 2002 was spent in the urban Hastings Area, and the remaining 3% ($12 million) of comparison goods spending was in the rest of the Hastings District (including Clive).

This spending is summarised in the following Figure 4.1

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hastings CBD and Periphery</td>
<td>138 (35%)</td>
</tr>
<tr>
<td>Havelock North</td>
<td>19 (5%)</td>
</tr>
<tr>
<td>Flaxmere</td>
<td>1 (1%)</td>
</tr>
<tr>
<td>Rest of Urban Hastings</td>
<td>12 (3%)</td>
</tr>
<tr>
<td>Rest of Hastings District</td>
<td>2 (1%)</td>
</tr>
<tr>
<td>Napier City</td>
<td>18 (5%)</td>
</tr>
</tbody>
</table>

Note: Totals may not sum, due to rounding © McDermott Miller, May 2003

4.3 SPENDING LEAKAGE FROM HASTINGS

• A significant proportion of Hastings households’ retail spend flows out of the district, to be spent principally in Napier stores. Similarly, there is a flow from Napier into Hastings District.

• We estimate that the flow of comparison shopping spending from Hastings to Napier is around $22 million, based on data on spend per household and data collected in the Household Shopper Survey.

• The leakage of comparison goods spending from Hastings to Napier is sufficient to support around 9000 m² and 122 FTE jobs.

• Evidence from the Household Shopper Survey suggests that Hastings already has competitive advantage over Napier in large format retailing. If this advantage were to be lost – for example if an upgraded and expanded The Warehouse opens in Napier and not in Hastings - leakage from Hastings would increase.

• The Household Shopper survey also suggests there is an opportunity for winning back spend going to apparel and other specialist stores in Napier. Upgrading the range and quality of such stores is a goal of the recommended Retail Strategy.

4.4 FUTURE SPENDING ON COMPARISON GOODS

We estimate:

• Spending by Hawkes Bay households is projected to grow by 2.2% per annum compound
• Spending by international tourists on comparison goods retail in Hawkes Bay is projected to grow by 8% per annum compound, and spending by domestic tourists by 3%.

• The total effect of household and visitation growth and consequent spending is to increase comparison goods retail demand by around 3% per annum compound.

• This means total sales of comparison goods in Hawkes Bay will be around $477 million by 2008, and $612 million by 2018.

The spending projections for the Planning Region is shown in Figure 4.2.

Figure 4.2 Comparison Goods Spending Projections by Source of Spending ($M) - Hawkes Bay Region

© McDermott Miller, May 2003
These effects are summarised in the following Figure 4.3

![Figure 4.3 Hawkes Bay Comparison Goods Spending 2008-2018](image)

**Figure 4.3 Hawkes Bay Comparison Goods Spending 2008-2018**

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current 2002</td>
<td>400</td>
</tr>
<tr>
<td>Projected 2008</td>
<td>550</td>
</tr>
<tr>
<td>Projected 2018</td>
<td>650</td>
</tr>
</tbody>
</table>

© McDermott Miller, May 2003

### 4.5 FLOORSPACE SUPPORTED

“Additional Floorspace supportable” is the hypothetical increment that could be added to the existing stock with that existing stock maintaining its current level of sales and all other factors remaining constant. Our estimate is summarised below.

**Current Hastings Floorspace**

- June Year 2002 spending in Urban Hastings on comparison goods of $181 million supports around 90,000 square metres of retail floor space.
- Recent additions to floor space at Harvey Norman have added around 4900 square metres to current supply.
- Current work in progress for Mitre 10, Rebel Sports etc will add a further 9000-10000 square metres of floor space over 2003/2004 period.

**Floorspace Supported by Hawkes Bay Sales**

- By 2008 retail spending in growth in Hawkes Bay would be sufficient to support around 120,000 square metres of floor space in the Hastings urban area if no other changes are made in either Hastings or Napier, floor space performance remains unchanged and spending reaches the levels projected.
- Recent and committed comparison retailing developments would use up most of this growth in floor space supportable. However, retail investors do not make new investment decisions solely on the criterion of “additional floor space supportable” because they seek to win market share from existing operators.
• By 2018 retail spending in growth in Hawkes Bay could be sufficient to support around 165,000 square metres of floorspace in the Hastings urban area if no other changes are made in either Hastings or Napier.

Large Format Retail Floorspace Scenarios

• The increments of floorspace in the location scenarios to be presented in Section 7.3 assume 20,000 m2 of large format comparison retailing by 2008 and a further 20,000 by 2018 because this reflects developer intentions, while not being seriously out of scale with market growth. Megacentres, or clusters of large format retailers, do not develop in incremental steps as the market grows, but are very lumpy.

• The location scenarios also allow for the possibility of a new megacentre making inroads into sales in existing stores.

Floorspace Supportable by Hastings Spend

• While under our projection of Hastings District spend, an increment of 20,000 m2 would not be “supported” until 2012, a megacentre built prior to that date would also win spending from the Hawkes Bay region outside the Hastings District, and it would help reduce gross leakage of spend from Hastings households to Napier stores. These effects help offset competitive gains from other Hastings CBD and other retailers.

Scope for additional Hastings Floorspace

• Figure 4.4 below, illustrates the potential floorspace that could be supported in the planning area. The upper limit is indicated by total Hawkes Bay spending growth; and, a lower limit is suggested by Hastings District spending alone. Our retail floorspace scenarios, including megacentre development of 20 to 40,000 m2 over the 2003-18 period, therefore fall within the range of potential floorspace supportable by future spending growth.
Figure 4.4: Projected Additional Floorspace supportable by spending growth in Hastings District ($M)
5. **STAKEHOLDER RETAIL PREFERENCES**

5.1 **GAUGING STAKEHOLDER VIEWS**

Hastings shoppers, existing retailers, other businesses and large format retailers were surveyed during the review to identify retailing patterns. The results informed our subsequent evaluation of retail development options for Hastings District.

5.2 **SHOPPERS VIEWS**

McDermott Miller’s household survey of shoppers shows:

**CURRENT SHOPPING PATTERNS**

- Around 92% of Hastings residents have been to Hastings CBD in the past year; while around 77% of Napier and 75% of Central Hawkes Bay shoppers have been there.

- Of these, 92% had been on shopping trip (non grocery) to Hastings CBD in the previous month (compared to 42% Napier shoppers and 92% Central Hawkes Bay shoppers).

- Main reasons for choosing a supermarket are proximity to home (31%) and low/competitive pricing (31%)

- For around 72% of Hastings resident shoppers, their main shopping centre is Hastings CBD. Some 9% gave The Warehouse as their main store, and 6% Farmers. Around 12% of Napier residents used Hastings CBD as their main shopping centre for clothing and accessories; while for some 14% of Hastings shoppers it is Napier.

- Some 80% of Hastings shoppers use Hastings CBD for their main shopping centre for household goods like furniture, appliances, hardware and homeware. Only 6% of Hastings resident shoppers use Napier, and this is outweighed by the 14% of Napier resident shoppers using Hastings CBD as their main centre for these household goods.

- Around 70% of Hastings shoppers for recreational goods like books, sporting goods and toys used Hastings CBD as their main centre, and 9% use Napier for this purpose. Some 13% of Napier shoppers use Hastings CBD as their main centre for recreational goods.

**SHOPPING IN HASTINGS CITY CBD**

- Of those shopping in Hastings in the past year, around 42% did “other things” in Hastings CBD on their last shopping trip. Visiting a bank was the most common “other” activity (31%) followed by visiting a café or restaurant (25%) and library (11%).
Hastings City CBD was rated positively in terms of:

- Quality of Urban Environment by 62% (40%)
- Variety of Shops by 56% of Hastings residents (40% of Napier residents)
- Quality of Shops by 57% (43%)
- Cafes and Restaurants by 43% (34%)
- Availability of Car Parking for shoppers by 48% (49%)
- Amenities for Shoppers by 40% (26%)

Respondents were asked what in their view was the greatest strength of the Hastings CBD. The most common view is that it is an attractive environment, a “nice” place to be with its flowers and so on. The next most common view is that the CBD’s greatest strength is that it is compact and easy to get around. This is followed by the view that the quality and variety of shops are its greatest strength.

Respondents were asked their views on which aspect of Hastings City CBD, most needs improvement. Two areas frequently suggested for improvement are more parking, and more public toilets. There is also a desire to have a greater variety of shops, to have vacant stores occupied, and for the appearance of shops to be upgraded.

LARGE FORMAT STORES IN HASTINGS

- Some 83% of Hastings residents are familiar or very familiar with large format stores.
- There is a strong preference for any new large format retail stores in Hastings to develop as a “megacentre” (41%) instead of a “power strip” (13%) or as scattered large format stores (17%)
- If only one megacentre is built in Hawkes Bay over the next 10 years, and that it is located in Hastings near the edge of the CBD 48% of Hastings residents say it is likely they would shop there. Nearly as many Napier residents (45%) say this also.

MEGACENTRE/POWER STRIP LOCATION PREFERENCES

- Some 16% of shoppers think a megacentre or power strip in Hastings is a good idea wherever it is located, 43% think it is possibly a good idea, but depends on its location, and 38% consider it is a bad idea for Hastings, regardless of location.
- For a majority of 53% of residents preferred location for a Megacentre or Power Strip in Hastings is within the Hastings CBD in the Commercial zone, followed by 22% preferring the edge of the CBD in the commercial zone. Only 11% would prefer a rural site on the edge of Hastings City.
- Respondents were asked to assume that only one Megacentre is built in Hawkes Bay over the next 10 years, and to rate the likelihood of their shopping at it if it were located in Hastings either:
  - near the edge of the CBD, 48% of Hastings District residents say it is likely they would shop there (Napier City residents 45%)
  - on a Greenfield site near the rural fringe of Hastings City, 39% say it is likely they would shop there (Napier residents also 39%)
on a Greenfield site between Napier and Hastings at around 10 k from either city, 29% say it is likely they would shop there (Napier residents 60%)

• in a Napier site, 24% of Hastings District residents say it is likely they would shop there (Napier residents 63%)

MEGACENTRE SHOPPING AND CROSSOVER CBD VISITS

• 66% of the respondents can see some advantage to themselves as shoppers if a megacentre is built in Hastings (7% don’t know and only 27% say they would not). The main perceived advantage is that a better range of goods would be available in the one place (35%), followed by cheaper prices (16%) and variety of shops (11%).

• Some 55% think they would use a megacentre once every three months or more frequently.

• Around 28% of Napier respondents and 25% of Central Hawkes Bay respondents say they think the megacentre would make them visit Hastings City more frequently than they do currently.

• If the megacentre is built on the edge of Hastings CBD in commercial service or industrial zones, 71% of residents say they will visit the CBD the same as now, and those who say they would visit less (11%) are almost exactly offset by those who say they would visit more (12%).

NELSON PARK PROPOSAL

• A large majority (72%) of residents are aware of the proposal for a megacentre on Hastings’ Nelson Park. Nearly half (48%) of Napier residents are also aware of it, as are 54% of Central Hawkes Bay residents

• The great majority (89%) of residents say they are familiar with Nelson Park

• Nearly half (49%) say it is likely they would shop at a megacentre located on Nelson Park (43% of Napier residents)

• Of those that say it is likely they would shop at a megacentre on Nelson Park, 40% say it is likely they would go to Hastings CBD as well as a megacentre on Nelson Park, on the same shopping trip

• Of those that say it is likely they would shop at a megacentre on Nelson Park, 63% would travel by motor vehicle between a Nelson Park megacentre and Hastings CBD, and 25% would walk

• Of those that say it is likely they would shop at a megacentre on Nelson Park, 35% say they would be likely to use, and 55% say they would be unlikely to use a shuttle bus or tram if it was provided between and Nelson Park megacentre and the Hastings CBD

• Some 29% of respondents think a megacentre at Nelson Park will have a positive effect on Hastings economy, while 36% believe it will have a negative effect. Another 21% think it will have a neutral effect.
CHARACTERISTICS OF MEGACENTRE OPPONENTS

- Those opposed to the idea of megacentre in Hastings, regardless of location (38% of Hastings residents) are largely in the older age group.
- Some 42% of these are aged 60 or over, compared to 24% of those open to the possibility.
- Reflecting this, a larger proportion of opponents are in one-person households (29% versus 21%), and more are retired (30% versus 17%).
- Opponents also tend to shop less frequently for comparison goods, and favour more the nearest shopping centre to them than other consumers.

SHOPPING PULL OF NAPIER

- Some 42% of Hastings residents shop in Napier at least once a month
- Leading reasons for shopping there include “for a change”, a preference for the shops or variety of shops available in Napier, and taking the opportunity to shop in Napier while there for other reasons.
- When asked to compare shopping in the Hastings CBD with shopping in Napier, 29% are more positive about Hastings CBD than they are about Napier, and 36% favour Napier over Hastings.

GENERAL VIEW OF SHOPPERS

In general the Shoppers Survey shows:
- A clear preference by shoppers for a Megacentre form of development for retail in Hastings in the future.
- Their preference also is for any such development to take place near the existing CBD.

5.3 EXISTING RETAILERS AND OTHER BUSINESSES

BUSINESS IN HASTINGS

- Hastings businesses are relatively positive about the past and the future with 49% of all businesses thinking their sales have improved over the past year and 62% thinking their sales will be better in a year’s time.
- A further 54% of all businesses think that CBD sales have increased over the past year, and 39% think that CBD sales will be better this time next year.

COMPETITIVENESS OF RETAILING IN HASTINGS

- Some 51% of all businesses which think Hastings citizens will shop in Napier less in the coming year say this will be because Hastings has the big stores (like KMart, Rebel Sport ad Mitre 10) that attract shoppers.
- The atmosphere and appearance of the Hastings CBD is seen as a major strength for retailing in Hastings by 58% of all businesses.
- However, the atmosphere and general shopping environment of Napier is seen as strength for that city by 54% of all surveyed businesses.
IMPACT OF EXISTING LFR IN HASTINGS

- Existing LFR developments have impacted negatively on only a minority of retailers in Hastings with 34% saying they have affected their gross sales turnover and sales margins negatively, and 21% saying they have affected their staffing levels negatively.

FEASIBILITY OF FUTURE LFR IN HASTINGS

- Around 54% of all businesses think that future Large Format Retail (LFR) development should be as it is now, i.e. stand-alone stores within the existing CBD.
- The next most favoured form of LFR development (26%) is a Megacentre.
- The greatest concern of Hastings businesses with regards to LFR development appears to be how close to the existing CBD any new LFR development is placed (see section 5). Hastings businesses want LFR as close, or, even more desirably, within, the existing CBD.

IMPACT OF FUTURE LFR IN HASTINGS

- Many retailers would not make many changes in the event of a new Megacentre, with 41% saying they would do nothing differently. Some 31% say they would adjust their current marketing and advertising spend.
- Only 7% of retailers say they would relocate if faced with a new Megacentre in Hastings.

JOINT COUNCIL AND BUSINESS RESPONSE TO FUTURE RETAILING IN HASTINGS

- Around 76% of survey respondents think that Council “should, in consultation with stakeholders, develop a new growth focused Retail Strategy for the next ten to fifteen years”.
- A majority of 77% of all businesses think that future development in the CBD should be managed by “[encouraging] redevelopment of [the] existing CBD through partnerships between retailers, developers and Council”.
- The most popular initiative for retailers themselves to improve the competitiveness and attractiveness of Hastings as a retail destination is to improve the look of shops and the general area of the CBD (42% of all businesses).
- Respondents were asked what they consider the three most important initiatives Hastings District Council can take to increase the competitiveness of CBD retailing. The most frequently indicated initiatives were:
  - 46% for the Council to continue or intensify its programme to improve the appearance of the existing CBD, followed by;
  - improvements to parking and roading (33%);
  - and maintaining the compactness of the CBD (27%).
GENERAL VIEW OF RETAIL BUSINESSES

In general the Survey of Businesses shows:

- Existing retailers prefer LFR in stand-alone formats which are adjacent to the existing core CBD zone. Stand alone development has an advantage for existing retailers in that it is likely to be more drawn-out in terms of its impact on them, than a large “single-site” development, thereby allowing them more time to adjust to changed market circumstances.

- Existing retailers rate any megacentre-type of retail development lowest (i.e. after stand-alone and power-strip forms), but if a megacentre is to be developed, they say it should be located adjacent to the existing core CBD.

5.4 LARGE FORMAT RETAILERS

Our survey of Large Format Retailers (LFRs) shows:

Perceived Development Opportunities

- Most LFRs see their potential sales growth in Hastings over the next three years being above average for their businesses – some as high as 12-15% pa. They see this growth in Hastings coming partly from growth in spending by households through their greater market penetration, faster growth in spending by tourists (domestic and international), but more through gaining increased market share across the Hawkes Bay Region.

- Most LFRs therefore see an opportunity for expanding their presence in Hawkes Bay.

- They prefer neighbourly development alongside each other on the fringe of the existing Hastings Central Commercial Zone.

- Their distant second preference is to develop at Omahu Road, rather than any other “greenfields” site.

- They have indicated a requirement for 21000-30000 square metres of retail floorspace in Hastings by 2008.

- A further 25000-30000 square metres of retail floorspace could be added in Hastings over the 2008-2018 period.

- They wish to move quickly to develop more floorspace in Hastings. Their cumulative indicated target is to add floorspace within two years

- In the current circumstances their requirement to add floorspace is therefore “front end loaded”

General View

- Almost all LFR retailers will follow a two cities strategy. LFR preference is to develop first in Hastings, but if that is not possible within their time imperative then they will look to the best second choice – shifting their priority to developing in Napier.
6. FEASIBILITY OF RETAIL DEVELOPMENT

6.1 MEETING STAKEHOLDER PREFERENCES

In the previous Section we revealed the preferences of key stakeholders - shoppers, and retailers (existing CBD and large format retailers) for future development of Hastings retailing.

All three groups have a common preference for development to take place adjacent to the CBD. Shoppers and LF retailers prefer megacentre type developments, whereas existing retailers prefer stand-alone development.

These preferences help explain why retail developers currently are looking for provision of around 20,000 to 30,000 square metres of new large format retail floorspace, in one form or another, either within or adjacent to the existing Hastings CBD.

This section of the Report examines the feasibility of respective preferences being accommodated.

6.2 SHOPPER DEMAND

Shoppers’ preference for megacentre development, instead of a “power strip” or scattered large format stores, can only be accommodated adjacent to the CBD at Nelson Park or a greenfields site beyond Hastings fringe, the most preferred of which is Omahu Road. This is because there is insufficient land available immediately adjacent to the Hastings CBD to develop a megacentre.

6.3 STAND-ALONE DEVELOPMENT

It is not feasible to create sufficient floorspace to match the amount required by a Megacentre by stand-alone development within the existing CBD Central Commercial Zone of Hastings because:

- There is insufficient land available at present (requires around four city blocks).
- Multiple ownership of existing sites makes aggregation difficult, (irrespective of the entity undertaking aggregation), time consuming and expensive
- Price of the potentially available land is so high as to require rents paid by retailers to range between $130-$340 per square metre per annum. These rents are substantially above market for LFR operations
- Even at these rental levels investment returns would be under current market (around 7% in North-West quarter and 7% in North East and South East quarters).
- In contrast rents in discussion of around $115 per square metre for “single site” megacentres will generate investment returns around 9.75-%12.5%, depending upon the location of the “single site”
This means retailers’ operating costs at a “single site” megacentre will be lower than in individual stand alone sites, and returns to investors will be higher. In other words stand alone developments are infeasible in current market conditions.

6.4 INTENTIONS OF LARGE FORMAT RETAILERS

The survey of large format retailers generated a range of data and responses about a number of issues. Their preferences for retail development have been reported earlier in Section 6.4 of this report. The following summarises their responses on their present performance, current investment intentions and feasibility of further investment.

CURRENT PERFORMANCE

Sales

- LFR sales in the 2002 calendar year in the Hastings Urban Area are estimated to have been around $168 million (grocery and comparison goods combined).
- Sales growth over the last year has been of the order of 9-14% for most large format retailers, which is significantly greater than their experience in most national locations.
- In some cases sales growth is off a low base, and others are “over-trading” and want more floorspace.
- Some regard the introduction of new LFRs as improving their sales performance as a result of drawing more customers to Hastings from elsewhere in Hawkes Bay.

Market

- Most LFRs regard their penetration of Hastings District market to be relatively low compared to other regional markets with similar demographics.
- Most LFRs see their sales growth over the next three years being above average for their businesses – some as high as 12-15% per annum. They see this as coming partly from limited growth in Hastings residents’ spending, but more from gaining increased market share across the Hawkes Bay region and growth of spending by visitors.

Margins

- LFR operating margins have also improved – considerably in some cases.
- Maintenance of higher operating margins is expected and consequently has improved the prospect of return on further investment by LFRs.
EXPECTED HAWKES BAY SALES GROWTH

- Most LFRs see the Hawkes Bay economy as more resilient than other regional economies (e.g., Manawatu), because of its greater diversity as well as its recent growth.
- Although growth in the Hawkes Bay economy continues to track marginally below national growth (3.9% to 31 March 2003 in Hawkes’ Bay, compared to 4.4% nationally), most LFRs see recent greater retail sales growth as sustainable. This is because LFRs:
  - Regard Hawke’s Bay spending growth as still “catching up” to the national average per household,
  - Expect tourism growth will continue to be strong, with consequential support for retail sales to visitors.

LOCATION PREFERENCES

- Most LFRs want to be near each other, and preferably close to the existing Hastings Central Commercial Zone.
- All LFRs emphasise the importance of car parking at their locations. They say Hawke’s Bay shoppers rarely walk far, almost all use their cars to move more than 100 metres.
- Labour resources are more readily available in near Central Commercial Zone locations.
- Most LFR say these factors, together with the market and economy factors referred to earlier in this section, result in their preferring to develop in Hastings as first priority.
- However if this is not possible within their time preference, priority for development will shift principally to Napier.

LOCATION SHIFT

- LFRs continue shifting their location from the Western side of Hastings to the North-Eastern side.

STRATEGIC THINKING

- The majority of LFRs see a “two-cities” strategy for themselves. This means one store in each of Hastings and Napier.
- A number of LFRs see Napier as a self-contained market, and Hastings as a market centre for a wider region. This leads them to prefer larger stores in Hastings than in Napier.
- All but one LFR want to be close to each other and the Central Commercial Zone. They believe “crossover” shopping works to their mutual advantage.
- Few are interested in a “greenfields” site – if one was to be established, their clear preference is for the proposed Omahu Road/Expressway site.
- They have indicated a requirement for an additional 21,3000 square metres of retail floorspace, that is, a required total site area, including retail
floorspace, car parking and services, of around 45-60000 square metres by 2008.

- There could be a further requirement of 25-30000 square metres of retail floorspace (plus car parking and services) over the ten-year period 2008-2018.
- Some LFRs wish to move quickly to develop more floorspace in Hastings with an intention of doing so within the next two years.

6.5 FEASIBILITY OF MEETING STAKEHOLDER PREFERENCES - SUMMARY

LFR IMPERATIVES

Large Format Retailers see Hawkes Bay as market area likely to support growth of their business and therefore likely to justify further investment subject, of course, to meeting their location, size of site and price criteria.

Their first preference is continued development in Hastings City.

Cumulatively, they are looking for sites adjacent to the Hastings Central Commercial Zone to provide around 21-30000 square metres of retail floorspace in comparison goods (plus car parking and services)

Their preferred form of development for this purpose is a single site megacentre.

There is only one such area potentially available meeting these criteria, which is in the North Eastern quarter of Hastings City in the Nelson Park/Railway area.

If a site is not available in central Hastings, LFR are likely to locate at Omahu Road, or even in Napier, rather than pursue a time consuming, costly and difficult aggregation process within the existing Central Commercial Zone, which may be unsuccessful in any event.

For these reasons LFR consider the only feasible developments for their purposes within their preferred timeframe, are in the North East Quarter of Hastings City, or at Omahu Road.

FEASIBLE OPTIONS

The key preference, that of shoppers who generate demand and make spending decisions, is ultimately in the determinant of retail success. The clear preference of shoppers is for a megacentre form of large format retail development.

This analysis shows the only feasible location for a megacentre that has an optimum fit with shoppers, existing retailers and LFR operators is a megacentre on land in the North East quarter of Hastings City, adjacent to the existing CBD and Central Commercial Zone.

The only effective competition to this location is a site at Omahu Road, and that has shortcomings, including reduced crossover shopping economic benefits which are examined in Section 7 of this Report.
7. STAGE I EVALUATION - LFR LOCATION OPTIONS

7.1 EVALUATION APPROACH

In this section we synthesise the results of the desktop analyses and surveys to assess the impacts of large format retail development under a range of location options and wider development scenarios.

The standard approach to scenario building in retail planning is to generate conceptually contrasting development scenarios and then assess their economic, social and environmental effects.

We approached the evaluation of alternative retail development locations in two stages:

**Stage I Evaluation:**
An initial phase to sift through a wide range of location options, to identify those with most potential.

**Stage II Evaluation:**
Elaboration of the three most realistic locations into three contrasting retail development scenarios.

In identifying the most realistic locations we also take into account commercial feasibility discussed in the previous section and further assessed in Section 6.

In all the location options and development scenarios we used a common assumption as to size of LFR development; that is 20,000 m² of large format comparison retailing by 2008 and a further 20,000m² by 2018. This scale of development reflects the intentions of large format retail developers, as discussed in Section 6. Adopting a standard increment of retail floorspace means that differences in sales performance and impacts on existing floorspace in existing retail centres arising from location alone are isolated.

7.2 STAGE I EVALUATION - LFR LOCATION OPTIONS

7.2.1 MODEL BASED EVALUATION OPTIONS

In Stage I we estimated the sales and employment impacts of a range of LFR development location options on Hastings District using the base level McDermott Miller Hastings Retail Model.

**Possible Locations**

Ten LFR location options were simulated. All these locations (except the Waihohiki site) were identified by the Hastings LFR Working Party as potential LFR development sites. Each simulation assumes a new megacentre, of 20000 square metres of retail floor space together with corresponding car parking and service facilities, is constructed “overnight” in a particular location. The new megacentre is assumed to only sell “comparison goods” (eg apparel, appliances, hardware), not grocery lines.
For the purposes of the simulation the LFR location options place the new Megacentre at the following locations:

- Within existing Hastings CBD or central commercial zone (termed “consolidation” options):
  - Eastern CBD
  - Kmart site.

- Within an expanded Hastings CBD ("expansion" options):
  - Nelson Park
  - Racecourse.

- Beyond urban Hastings ("Greenfield's" options):
  - Omahu Road
  - HB Showground,
  - Havelock Road
  - Waihohiki
  - Clive

- Napier City (Ahuriri)

McDermott Miller's Hastings Retail Model uses a range of Hastings data, including household income, number of households, retail floorspace, attractiveness of the retail offering and time or distance required to be travelled to reach shopping locations. The model simulates and estimates sales of new retail developments and their impact on sales of other shopping centres.

**Stage I Evaluation Results**

The sales estimated for the retail centres by the model show that the closer the LFR development to the centre of Hastings the better they perform and the more interesting they become to developers and retailers. Conversely LFR development at "greenfields" sites more distant from the city centres have lower sales performance.

In Figure 7.1 we show the estimated sales shifts as percentage shifts from the current levels at each development location. For example, a 20,000m$^2$ megacentre at the Waihohiki location would reduce sales in urban Hastings by nearly 6%, but at a location within the existing CBD would increase sales in urban Hastings by around 4%.
Location Pointers

The Stage I Evaluation modelling illustrates two fundamental points:

- The further a LFR development is from a city centre the poorer is its sales performance and economic contribution to the city; and,
- The closer a LFR development is to a city centre the greater its negative impact on existing businesses within that centre, even though total sales by retailers in the city (ie: including the newly developed LFR stores) grow substantially.

7.2.2 CROSS-SHOPPING EFFECT

The McDermott Miller Retail Model simulation highlights the first-round shopper effects of alternative megacentre location options, but does not measure the second-round effect of cross-shopping and cross-business trips made by shoppers using the megacentres. We now address this issue.
Other Activities While On LFR Shopping Trips

- Some 71% of Hastings District residents have made comparison-shopping trips to the Hastings CBD in last year; of these 45% had visited a Large Format Retail store.

- Focusing on the last shopping trip to the Hastings CBD involving visiting a LFR store, the range of shopping and other activities undertaken in Hastings CBD while on these trips to Hastings CBD (shown in Figure 7.2).

- Some 65% of trips involving a visit to an LFR store by a Hastings resident also involved a visit to another comparison goods store.

- Some 16% of trips also involved visiting a café, restaurant or bar, and 9% involved visiting a bank.

![Figure 7.2 Cross-shopping and other activities in Hastings CBD.](source: Hastings Shopper Survey © McDermott Miller, May 2003)

Cross-Shopping Effects Of Different Megacentre Locations

- On the basis of data collected in the Hastings Shopper Survey, we estimate that:
  
  - Nearly 50% of Hastings District residents say they are likely to use a new megacentre on the Nelson Park site.
• Of these, some 40% say they would be likely to go to Hastings CBD on the same shopping trip.

• At possible locations for a new megacentre of 20,000 m² of LFR comparison retail progressively more remote from the Hastings CBD the percentage who would be likely to shop in Hastings CBD on the same shopping trip becomes correspondingly less. This has implications for sales and employment in retailing in Hastings CBD and the District as a whole.
  • At Omahu Road site, around 20% would go to Hastings CBD on the same shopping trip;
  • At the Waiohiki site would be around 15%;
  • At a site in Napier city, around 10% of Hastings District residents would still go to Hastings CBD on same shopping trip.

• We estimate (based on estimates of average spend per shopping trip and number of shopping trips to a megacentre on Nelson Park) that shoppers, on their trips to the Nelson Park megacentre, would by 2008 spend around $48 million annually in Hastings CBD’s specialist comparison goods stores, department’s stores, cafes and restaurants. This figure includes spending by Napier City and Central Hawkes Bay shoppers, as well as Hastings residents. This represents around 27% of estimated comparison plus cafes, restaurants etc sales in Hastings CBD in 2008.

• For a megacentre in a dispersed location, such as a greenfield site at Omahu Road, we estimate this spend (on the same shopping trip as the megacentre at Omahu Road is visited) would be only around $28 million annually; the difference between this and the Nelson Park figure is $20 million.

• This $20 million represents an estimated upper bound on the benefit to Hastings CBD retailing from having a megacentre at Nelson Park rather than in Omahu Road. A more refined estimate takes into account that most comparison goods purchases can be shifted in time – if a planned purchase is not made on one day, it will be made at a later date. However, missed impulse purchases would not be, and a delay means there is a chance that the shopper will choose eventually to spend their money in Napier (or elsewhere) rather than Hastings.

• For a megacentre in a more distant greenfield site such as Waiohiki near Taradale, this net loss to the Hastings retail industry is estimated to be $13 million per annum, or 70 FTE jobs. This compares with employment 2002 in comparison retailing in Urban Hastings of around 700 FTE (source Statistics NZ Business Demographic database), of which 400 were in Hastings CBD.

• Taking into account the estimated gross leakage from Hastings to Napier discussed in Section 4.3 and allowing an additional amount for missed impulse purchases, we estimate around 25% of the $20 million – ie $8 million, would be lost permanently to the Hastings retail industry.

• This loss of $8 million dollars corresponds to a loss of around 45 FTE jobs in Hastings District’s retail industry.

• In the case of a megacentre in Napier the net loss to the Hastings retail industry from such secondary effects is estimated to be $17 million or 95 FTE jobs.
COMMERCIAL EVALUATION OF LOCATION OPTIONS

Before moving to Stage II of the evaluation (elaboration and evaluation of realistic retail development scenarios), McDermott Miller evaluated the commercial feasibility of the location options. Our method and results follow.

Possible Investment Patterns

Most LFRs see Hawkes Bay as an area likely to justify further investment, for the reasons outlined earlier in Section 6 above. However the question where that investment will be made, and new LFR stores opened, will be answered by the commercial feasibility of various location options.

Commercial Criteria

Commercial feasibility of LFR development has been evaluated in terms of the following criteria:

- Availability of Land - what and where land is available to provide at least 40000 square metres of usable site

- Number of landowner's - number of landowners of sites targeted for megacentre format retail. These can range from one (owning a site of at least 40000 square metres) to many (where smaller sites need to be purchased and aggregated to the required size). In this study the target is an aggregation of sites to a cumulative total of at least 40000 square metres). The greater the number of landowners, the more difficult and costly will be the aggregation process.

- Pricing of Land - price of acquiring required land, including all acquisition costs and fees.

- Development Complexity and Cost - excluding the cost of land but including construction costs, regulatory fees and levies, legal, professional and finance costs, developers' fees and margin. Cost depends upon the difficulty or otherwise of executing the development plan physically.

- Rents payable by retailer.

- Ease of process - that is, how easy it may be to deal with the requirements of the regulatory process in securing consents and approvals for a megacentre form of retail development. Factors taken into account in this criterion include provisions of the district plan and the appropriate consent process, the extent of other parties' involvement (including likely neighbours/competitors) in the process, and any required public consultation process.

- Duration of Process - that is, the time likely to be taken in securing the necessary consents to a new development, purchasing the land and completing its physical development.

- Return on investment to an arms length investor.

Commercial Feasibility Results

Our evaluation of these factors for the location options in summarised below:

- Commercial feasibility, of different location options, as measured by a range of evaluation criteria shows few to be feasible on all counts.
• There is insufficient land available in the Hastings Central Commercial Zone or Commercial Services Zones to enable aggregation of a megacentre site (of at least 40000 square metres including parking, services and retail floorspace), other than at Nelson Park.

• Land is likely to be available at Omahu Road, Waiohiki, Ahuriri and Nelson Park.

• In current market conditions, where relatively high premiums are being sought for land lying in the current Hastings Central Commercial and Commercial Services Zones that can be aggregated, almost all of the proposed block aggregations are commercially infeasible. Relatively the most feasible blocks lie in the North East Quadrant.

• This is because high land prices combined with redevelopment costs are not sustained by current rental levels. It is possible that further development will lift rents in future, but increases over 25% would be required to make most of the proposed block aggregations commercially feasible.

• Returns on investment are only within the current market range for investment in greenfields sites, Ahuriri and the Nelson park /Railway land area of Hastings City.

Taking into account all the evaluation criteria, the commercially feasible locations are Omahu Road greenfields site, Nelson Park in Hastings and Ahuriri in Napier.
8. STAGE II EVALUATION - RETAIL DEVELOPMENT SCENARIOS

8.1 SCENARIOS

In light of the pointers arising from the Stage I Evaluation and the commercial feasibility of options, a range of realistic Hastings retail development scenarios were elaborated and evaluated comprehensively in Stage II. The iterative analysis resolved these into three distinctive, but alternative, retail development scenarios:

- Scenario A: CBD CONSOLIDATION
- Scenario B: CBD EXPANSION
- Scenario C: GREENFIELDS DISPERSION

These scenarios are described and evaluated below.

8.2 SCENARIO DESCRIPTIONS

The assumptions relating to the timing and locations of future retail development implied in the three scenarios are described below, and illustrated in the maps in Figures 8.3 and 8.4

Common Base

All three alternative scenarios incorporate references to “Current and Committed comparison goods floorspace”. This “base” floorspace figure comprises comparison goods floorspace as at June 2002 year (67700 square metres), together with new large format stores which began operations since June 2002 (eg Harvey Norman in Hastings) and others which are in the course of development and which are expected to commence operations well before 2008 (eg Mitre10 in Hastings).

This means the total comparison goods retail floorspace in Hastings used as the “base” against which the three scenarios are described above is 82700 square metres in urban Hastings, rather than the 67700 square metres referred to in Table 5.1.

The floorspace comparisons between the three scenarios and the adjustments to 2002 year floorspace to reach the Current and Committed comparison goods retail floorspace are summarised in the following Table 8.1.
### Table 8.1 New Large Format Retail (Sq m) Floorspace Assumptions

<table>
<thead>
<tr>
<th>Scenario</th>
<th>2008 (Sq M)</th>
<th>2018 (Sq M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed Standalone LFR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Core</td>
<td>5,500</td>
<td></td>
</tr>
<tr>
<td>East Periphery</td>
<td>4,900</td>
<td></td>
</tr>
<tr>
<td>Rest of Urban Hastings</td>
<td>4,600</td>
<td></td>
</tr>
<tr>
<td>Total Hastings</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Napier</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>23,000</td>
<td></td>
</tr>
<tr>
<td>Scenario A: Consolidation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Core</td>
<td>5,000</td>
<td>7,500</td>
</tr>
<tr>
<td>East Periphery</td>
<td>5,000</td>
<td>7,500</td>
</tr>
<tr>
<td>Total Hastings</td>
<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Napier</td>
<td>10,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Total</td>
<td>20,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Scenario B: Expansion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nelson Park megacentre</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Rail land standalone</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>East Core &amp; Periphery standalone</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Total</td>
<td>20,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Scenario C: Greenfield Dispersion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Omahu Rd Megacentre</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Omahu Rd Standalone</td>
<td></td>
<td>20,000</td>
</tr>
<tr>
<td>Total Omahu Rd</td>
<td>20,000</td>
<td>40,000</td>
</tr>
</tbody>
</table>

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**Notes:** Committed Standalone LFR includes the Hastings Harvey Norman, which commenced operation after the model calibration year of June Year 2002.

We assume (based on interviews with industry players) that 19,000 sq m of floorspace comes into operation over the 2008-2018 period in Napier, in addition to the changes in the above table.

Floorspaces in the Scenario A, B and C are inclusive of the Committed Standalone LFR floorspaces.

The figures in the 2018 column for Scenarios A, B and C include the floorspace in 2008 under these scenarios. For example under Scenario B we assume an increase of 20,000 sq m of LFR floorspace, bringing the total to 40,000 sq m over and above the “Committed Standalone” figure.

### CONSOLIDATION SCENARIO A:

**Planning Rationale**

The planning rationale for Scenario A: Consolidation is to consolidate retail development within the current Hastings CBD ie the Central Commercial Zone. This gives primacy to maintaining compactness of the CBD. It also means that the Council considers it is an acceptable risk that limiting opportunities for retail developers in Hastings City in this way may result in retailers choosing to locate elsewhere in Hawkes Bay region in preference to Hastings.

In District Planning terms it means no change to the boundaries of the present commercial zones of Hastings, and continued restriction and firm Resource Management Act opposition to commercial development beyond the Hastings urban fringe in the Heretaunga Plains. This posture leaves the way clear for LFR development somewhere else within Napier City boundaries and it is assumed this option is taken up by developers.
The floorspace assumptions under this scenario are shown in Table 8.1.

EXPANSION SCENARIO B

Planning Rationale
The planning rationale for Scenario B: Expansion is to allow a limited extension of the existing CBD through expansion of the Central Commercial zone to the North East while continuing firm restriction on commercial development in the Plains Zone and residential zones of Hastings District. This posture provides for commercially attractive sites for Large Format retail developments centrally located within Urban Hastings.

The floorspace assumptions under this scenario are shown in Table 8.1.

GREENFIELD DISPERSION SCENARIO C

Planning Rationale
The planning rationale for Scenario C: Greenfield Dispersion is to permit large format retail development on a site (or sites) in Plains Zoned land outside Urban Hastings. This maximises site options for retail developers and accepts the emergence of competing shopping centres which will compete with Hastings CBD. It implies a general relaxation of RMA controls on other forms of development on the Plains Zone.

The floorspace assumptions under this scenario are shown in Table 8.1.
Scenario A: Consolidation
- Stand-alone LFR in Hastings CBD
- Megacentre in Napier

Scenario B: Expansion
- Stand-alone LFR in Hastings CBD
- Megacentre in Nelson Park/railway land area

Scenario C: Dispersion
- Megacentre greenfield development in Omahu Road area
8.3 ECONOMIC EVALUATION OF SCENARIOS

Retail Sales In Urban Hastings

- A megacentre in the North East quarter of Hastings at Nelson Park (Scenario B: Expansion) increases retail sales in urban Hastings and total Hastings District most compared with other feasible scenarios. It is projected to generate an estimated additional $20 million sales per annum in urban Hastings by 2008 (compared to what would be expected in 2008 under current and committed LFR floorspace (Figure 8.5) rising to around $95 million per annum by 2018.

- In other words a Nelson Park megacentre improves business activity (as measured by retail sales levels) by around 9% by 2008, rising to around 41% in 2018 (Figure 8.6).

- In contrast Hastings will suffer most if it relies on further standalone development within the existing CBD, and abandons megacentre development to Napier (Scenario A: Consolidation). In this case retail sales in urban Hastings in 2008 year sales will fall short of what would be
expected current and committed LFR floorspace by around 5% by 2008. (Figure 8.6)

- Sales within the existing Hastings CBD would be higher under Scenario A: Consolidation than under the Scenario B: Expansion or Scenario C Greenfield Dispersion (Figure 8.5).

**Figure 8.5 Sales under Retail Development Scenarios ($M)**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Urban Hastings</th>
<th>Hastings CBD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2018</td>
</tr>
<tr>
<td>Committed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standalone LFR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scen A Consolidat</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scen B Expansion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scen C Greenfield Dispersion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Retail Sales Shift**

- The effect of following Scenario A: Consolidation (continued standalone in Hastings, megacentre in Napier) will be a shift of around $30 million annually in retail sales away from Hastings to Napier compared to following Scenario B: Expansion (megacentre at Nelson Park) by 2008. This represents around 12% of retail sales in the Hastings District that would be expected in under current and committed LFR floorspace. Moreover all this shift will be felt in urban Hastings with maximum impacts on employment, profitability, rentals and other businesses.

- This adverse shift between Scenario B: Expansion and Scenario A: Consolidation grows to around $70 million per annum in retail sales by 2018.
- **Figures 8.7** show these shifts in terms of share of the Hawkes Bay market. Scenario B: Expansion should, by 2008 lift urban Hastings share of Hawkes Bay market from around 48% in 2008 (current and committed LFR floorspace) to around 53%. On the other hand Scenario A: Consolidation would reduce urban Hastings share of Hawkes Bay market from around 48% to 46% in 2008 and 41% in 2018.
Scenario C: Greenfield Dispersion

- A megacentre at Omahu Road (Scenario C: Greenfield Dispersion in Figure 8.3) will retain retail sales in the Hastings District almost as well as a megacentre at Nelson Park and in this respect is a better option than a megacentre in Napier (Scenario A: Consolidation).

- However, sales in Urban Hastings will be much lower under Scenario C: Greenfield Dispersion than under Scenario B: Expansion. By 2018 retail sales in Urban Hastings will have fallen to around $210 million per annum, compared with around $325 million per annum if a megacentre is built in Nelson Park.

- Urban Hastings market share under Scenario C will fall from 48% in 2008 (current and committed floorspace) to around 41%, and 34% in 2018. Moreover, its consequential impact on other businesses will be greater.

The cross-shopping effects on the CBD of a megacentre at Omahu Road under Scenario C are discussed in Section 7.2

Contrasting Employment Effect

- Under Scenario B: Expansion employment in Urban Hastings would be higher by some 110 FTE in 2008, than it would be if no changes beyond current and committed floorspace occur (Figure 8.9).

- This contrasts with situation under Scenario A: Consolidation which would be 60 FTE less; the net advantage of Scenario B over Scenario A in terms of Urban Area employment in 2008 would therefore 170 FTE. By 2018 this net advantage would grow to around 400 FTE.
• Under Scenario C: Greenfield Dispersion, FTEs in Urban Hastings would be 200 FTE less than it would be if no changes beyond current and committed floorspace occur. The net advantage of Scenario B over Scenario C in terms of Urban Area employment in 2008 would therefore be 310 FTE. By 2018 this net advantage would grow to around 640 FTE.

• Hastings CBD employment would be highest under Scenario A: Consolidation

![Figure 8.8 Impact of Retail Development Scenarios on Retail Employment](image)

**Figure 8.8 Impact of Retail Development Scenarios on Retail Employment (Change in FTE)**

**Urban Hastings**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Change in FTE (No.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scen A: Consolidation</td>
<td>-200</td>
</tr>
<tr>
<td>Scen B: Expansion</td>
<td>-150</td>
</tr>
<tr>
<td>Scen C: Greenfield Dispersion</td>
<td>0</td>
</tr>
</tbody>
</table>

**Hastings CBD**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Change in FTE (No.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scen A: Consolidation</td>
<td>-200</td>
</tr>
<tr>
<td>Scen B: Expansion</td>
<td>-150</td>
</tr>
<tr>
<td>Scen C: Greenfield Dispersion</td>
<td>0</td>
</tr>
</tbody>
</table>

*Note: Base from which change is measured is Committed LFR Standalone 2008 © McDermott Miller, May 2003*

### Net Economic Effect

A measure of the contribution made to the economy of Urban Hastings under each scenario is the direct value added to the Urban Hastings economy by the stream of sales under each of the three scenarios. The direct value added is that percentage of sales left after retail stores have purchased stock, together with other goods and services. Value added in the retail sector is around 22% of retail sales.

The estimated net present value of annual streams of value added under the three scenarios, generated over the 2003-2023 planning period are

- under Scenario A: Consolidation, $412 million
- under Scenario B: Expansion, $474 million
- under Scenario C: Greenfield Dispersion, $370 million.
That is, Scenario B: Expansion is worth in present value terms $62 million more to the Urban Hastings economy in terms of direct value added than Scenario A: Consolidation, and $104 million more than Scenario C: Greenfield Dispersion.

Total value added takes into account all effects, both direct and indirect, immediate and follow-on; these are the “multiplier” effects. As we do not have a reliable output multiplier for Urban Hastings we have not estimated Total value added but the direct value added estimated above is conservative estimate of economic contribution under the three scenarios.

CONCLUSION OF STAGE II ECONOMIC EVALUATION

Hastings retail trade, and its flow-on effects on employment, land values, rentals and other businesses, will benefit most from following Scenario B: Expansion.

8.4 COMMERCIAL FEASIBILITY OF SCENARIOS

Having evaluated the three retail development scenarios in terms of their economic effects, we now assess how attractive they would be to commercial developers.

We summarise in the Table 8.5 below the estimated commercial feasibility of each of the three retail development scenarios:

<table>
<thead>
<tr>
<th>Evaluation Factor</th>
<th>Scenario A: Consolidation</th>
<th>Scenario B: Expansion</th>
<th>Scenario C: Greenfield Dispersion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Process</td>
<td>difficult</td>
<td>easy</td>
<td>easy</td>
</tr>
<tr>
<td>Availability of Land</td>
<td>good</td>
<td>good</td>
<td>good</td>
</tr>
<tr>
<td>Number of landowners</td>
<td>46</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Duration of Process</td>
<td>2-5 years</td>
<td>1-2 years</td>
<td>1-2 years</td>
</tr>
<tr>
<td>Land price</td>
<td>$270-$380 psm</td>
<td>$200 psm</td>
<td>$100 psm</td>
</tr>
<tr>
<td>Development</td>
<td>moderate</td>
<td>easy</td>
<td>easy</td>
</tr>
<tr>
<td>Rents</td>
<td>$130-$340 psm</td>
<td>$115 psm</td>
<td>$115 psm</td>
</tr>
<tr>
<td>Returns on Investment</td>
<td>3.7%-8.6%</td>
<td>9.75%</td>
<td>12.50%</td>
</tr>
</tbody>
</table>

In other words:

Consolidation Scenario A: in terms of the Hastings component is:

- Slower to complete,
- more difficult to execute,
- substantially more expensive
- requires very much higher rents to sustain investment
- produces lower yields to investors at lower rents
CBD Expansion Scenario B: is:

- Attractive to investors and retailers
- Relatively easy to execute
- Moderately expensive

Greenfield Dispersion Scenario C: is:

- The most attractive to investors and retailers (because of low rents, higher yields, easy execution, meets the time imperative).

COMMERCIAL CHOICE

On this analysis Consolidation Scenario A is commercially infeasible in the current climate compared with the other two scenarios of retail development.

Individual retailers may undertake smaller developments for their sole use, accepting some of these financially adverse factors (eg high rents or high land cost), in the belief that long term gain will offset them. They may do this to gain presence in a particular location or because their brand drawing power is especially strong and consequent sales will be sufficient to more than offset additional costs.

However the economics of LFR operation and the inclinations of their national chains mean requirements to pay high rents will drive them to other lower cost sites rather than to a high priced site that may impact on their narrow operating margins.

On balance, therefore, a megacentre is only commercially feasible in Scenario B: Expansion or Scenario C: Greenfield Dispersion in the current and projected financial climate.

8.5 PLANNING BALANCE SHEET

Our evaluation of retail development options focuses on quantifying the economic costs and benefits for Hastings. We now broaden the evaluation to include qualitative assessment of non-economic factors.

The Planning Balance Sheet in Figure 8.9 below is a framework for presenting the performance of the three scenarios under a wide range of evaluation criteria through the planning period 2003-2023.

We term this a “Quadruple bottom line” planning balance sheet as the evaluation criteria are in four groups:

- District Council Strategic Outcomes
- Economic
- Environment
- Social

As many as possible of the criteria are expressed in quantitative terms, within the resources of the study. These are marked with an asterisk and have been
discussed earlier in the report. Performance of the scenarios on the criteria is indicated by rating them +5 to -5 and then ranking them as either first, second or third place.

The rating and consequent rankings of qualitative criteria presented in the Planning Balance Sheet below is based on McDermott Miller’s assessment. Members of the Hastings Large Format Working Party also independently rated the scenarios on the qualitative criteria and arrived at a similar rankings.

The “Total Rank Order” in the last row of the Planning Balance Sheet were arrived at via a two step procedure:

First: Rating and Ranking scenario’s performance under individual criteria

Second: Calculating an aggregated score for each scenario, assuming equal weighting for the criteria.
### Table 8.9 Planning Balance Sheet

<table>
<thead>
<tr>
<th>EVALUATION CRITERIA</th>
<th>2008</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SCENARIO S</strong></td>
<td>Scenario A: Consolidation</td>
<td>Scenario B: Expansion</td>
</tr>
<tr>
<td></td>
<td>Partial CBD Standalone with Napier Megacentre</td>
<td>Megacentre at Nelson Park</td>
</tr>
<tr>
<td></td>
<td>Scenario A: Consolidation</td>
<td>Scenario B: Expansion</td>
</tr>
<tr>
<td></td>
<td>Partial Standalone with Expanded Napier Megacentre</td>
<td>Megacentre at Nelson Park and Railway land</td>
</tr>
</tbody>
</table>

#### District Council Strategic Outcomes

<table>
<thead>
<tr>
<th>1</th>
<th>Central City retail strength, measured by CBD share of regional retail sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Urban Hastings retail competitiveness, indicated by % share Hawkes Bay regional retail sales</td>
</tr>
<tr>
<td>3</td>
<td>Hastings District retail competitiveness, indicated by % share Hawkes Bay regional retail sales</td>
</tr>
<tr>
<td>4</td>
<td>Effect on leisure and cultural sectors</td>
</tr>
<tr>
<td>5</td>
<td>Effect on commercial office development</td>
</tr>
<tr>
<td>6</td>
<td>Effect on industrial land development</td>
</tr>
<tr>
<td>7</td>
<td>Sustainable Hastings Economic growth</td>
</tr>
</tbody>
</table>
### SCENARIOS

**Scenario A:** Consolidation  
Partial CBD Standalone with Napier Megacentre

**Scenario B:** Expansion  
Megacentre at Nelson Park  
Megacentre at Omahu Rd

**Scenario C:** Greenfield Development  
Partial Standalone with Expanded Napier Megacentre  
Megacentre at Nelson Park and Railway land  
Expanded Megacentre at Omahu Rd

### EVALUATION CRITERIA

<table>
<thead>
<tr>
<th>Economic</th>
<th>2008</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9</strong></td>
<td>Net Gain in Hastings District Sales compared to 2008 Committed ($M) per annum</td>
<td></td>
</tr>
<tr>
<td><strong>10</strong></td>
<td>Net Gain in Hastings District Retail FTE compared to 2008 Committed (No.)</td>
<td></td>
</tr>
<tr>
<td><strong>11</strong></td>
<td>Extent to which the scenarios are desirable to existing retailers;</td>
<td></td>
</tr>
<tr>
<td><strong>12</strong></td>
<td>Commercial feasibility ie investment yield and implied rents</td>
<td></td>
</tr>
<tr>
<td><strong>13</strong></td>
<td>Development impact, as measured by the change in retail sales of existing and committed Hastings floorspace (%)</td>
<td></td>
</tr>
<tr>
<td>EVALUATION CRITERIA</td>
<td>2008</td>
<td>2018</td>
</tr>
<tr>
<td>---------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>SCENARIOS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scenario A: Consolidation</td>
<td>Partial CBD</td>
<td>Partial Consolidation</td>
</tr>
<tr>
<td>Scenario B: Expansion</td>
<td>Megacentre at Nelson Park</td>
<td>Megacentre at Nelson Park</td>
</tr>
<tr>
<td>Scenario C: Greenfield Development</td>
<td>Megacentre at Omahu Rd</td>
<td>Megacentre at Nelson Park and Railway land</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 % Change in Shopping trips made to CBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Effect on the &quot;compactness&quot; of the CBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Quality of physical environment for shoppers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Traffic generated and congestion effect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 General effect on urban physical character and form</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Compatibility with use of public transport, or access by walking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Conservation of architectural heritage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SCENARIOS

<table>
<thead>
<tr>
<th>EVALUATION CRITERIA</th>
<th>Scenario A: Consolidation</th>
<th>Scenario B: Expansion</th>
<th>Scenario C: Greenfield Development</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Partial CBD Standalone with Napier Megacentre</td>
<td>Megacentre at Nelson Park</td>
<td>Megacentre at Omahu Rd</td>
</tr>
<tr>
<td></td>
<td>Partial Standalone with Expanded Napier Megacentre</td>
<td>Megacentre at Nelson Park and Railway land</td>
<td>Expanded Megacentre at Omahu Rd</td>
</tr>
</tbody>
</table>

### Social

| 21 | Accessibility, measured by average distance travelled in shopping trips |

| 22 | Consumer pref. for different shopping centres as measured by average number of shopping visits |

| 23 | Form of LFR development preferred by shoppers; |

| 24 | Scope for crossover business and shopping |

| 25 | (level of service indicators from point of view of the users) eg parking availability and convenience |

| 26 | Contribution to vitality of CBD and Hastings District |

### TOTAL RANK ORDER

<table>
<thead>
<tr>
<th>2008</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>49</td>
</tr>
<tr>
<td>FIRST</td>
<td>FIRST</td>
</tr>
</tbody>
</table>

| 21 | Accessibility, measured by average distance travelled in shopping trips |

| 22 | Consumer pref. for different shopping centres as measured by average number of shopping visits |

| 23 | Form of LFR development preferred by shoppers; |

| 24 | Scope for crossover business and shopping |

| 25 | (level of service indicators from point of view of the users) eg parking availability and convenience |

| 26 | Contribution to vitality of CBD and Hastings District |

### KEY: Ranking

| 1st Place (Weight 3 for Rank Order) |
| 2nd Place (Weight 2 for Rank Order) |
| 3rd Place (Weight 1 for Rank Order) |

* Quantified values underlie ranking

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8.6 CONCLUSION OF STAGE II EVALUATION

The Planning Balance Sheet (Figure 8.9) shows Scenario B: Expansion is ranked highest on most performance criteria and overwhelmingly first in terms of Total Rank Order.

The other two scenarios have mixed ratings under each group of criteria but are comparable in terms of Total Rank; that is they are a distant second equal.

Scenario B: Expansion is the preferred retail development scenario.
9. HASTINGS RETAIL STRATEGY

9.1 THE MEGACENTRE AND RETAIL STRATEGY

We have argued in the previous sections of this report that it is in the best interests of Hastings and District to secure a megacentre operation:

- As an expansion of the Hastings CBD Central Commercial Zone; rather than,
- As a Greenfields development on the fringe of Hastings

In this section of the report we demonstrate the impact of the first of these two options on the strategy for retail development in the city. As the following discussion indicates, this megacentre option has the best strategic fit with the broader retail development strategy; indeed it is the key to the success of the strategy.

9.2 STRATEGY GOAL

The primary strategic purpose for the development of retail in Hastings may be stated as follows:

Achieve the form and pattern of retail development in Hastings District - both spatially and over time - that best:

- Supports an efficient, competitive, innovative and sustainable retail sector
- Ensures that a wide range of shops, employment, services and facilities are available in Hastings that are easily accessible for people
- Provides for future business development, particularly retail development, in locations where the proximity of businesses provides sufficient critical mass of activities from which all customers will benefit
- Ensures that the current and future vitality and economic viability of the CBD is not compromised

9.3 STRATEGIC OBJECTIVES

The following six objectives, which we elaborate extensively in the Appendix I Draft Hastings Retail Strategy, indicate how this retail goal might be realised:

- To Maximise Retail Market Share and Related Employment Growth
- To Develop Balanced Retail Product Mix
- To Coordinate Leisure, Cultural and Retail Development
- To Encourage a Megacentre Form of Retail Development in Central Hastings
- To Locate Large Format Retail Development in North Eastern Quarter of Hastings CBD
- To Develop Central Hastings Retail Market
9.4 **AN INTEGRATED STRATEGIC DIRECTION**

The retail goal will not be realised if these objectives are pursued on a piecemeal basis. In order to achieve the synergies that will drive effective development, the retail strategy must be managed in an integrated manner. This will require the consolidation of Large Format Retailing (including a Megacentre) in an expanded Central Hastings commercial area, accompanied by the growth of specialist smaller stores in the core CBD and allied leisure and cultural attractions.

We set out in the following paragraphs and the accompanying chart (**Figure 9.1**) a scheme for the development of the Hastings CBD based on these principles for the period 2003-2023.

![Figure 9.1 Strategic Direction of Retail Development 2003-2023](image)

© McDermott Miller, June 2003

9.5 **DIFFERENTIATING THE CBD**

As a planning template, we propose two concurrent strategies aimed at:

- developing the core CBD (12 blocks bounded by Queen Street, Nelson Street, Eastbourne Street, Hastings Street) as a specialist fashion shopping, entertainment and hospitality area consisting of two complementary zones:
  - The western core CBD to be marketed as a “boutique” fashion shopping area, including cafés and personal services and
  - The eastern core CBD marketed as the entertainment, hospitality and restaurant and entertainment and area; and also

- the differentiation of the Central Hastings commercial zone into four quarters based on emergent retail, cultural and leisure patterns and clusters:
  - the North East and North West fringe quarters as Large Format Retail areas, with a Megacentre development in the North Eastern quarter
the South East as the Civic-Cultural leisure quarter which would function as a complementary attraction to the Heretaunga Street - North Eastern CBD and fringe retail quarter

the South West as the commercial residential quarter

Cross-over shopping between the “old” central commercial and “new” fringe shopping areas and the civic-cultural quarters would be encouraged by creating efficient transport and pedestrian linkages.

At the same time the attraction of this central core should be complemented by the development of distinct but secondary shopping centre roles for Havelock North and Flaxmere, with each offering in a contained village atmosphere, grocery stores, “boutique” shops, personal services, cafes and restaurants to meet the demand of their local community and motel visitor market.

9.6 LINKING RETAIL AND LEISURE

We have already noted the success of cities internationally in generating increased retail consumption through measures which:

- Support a city lifestyle with a focus on retail, food services and entertainment
- Extend the retail experience through the concurrent development of leisure, arts and cultural services
- Promote the desirability of living in the city
- Enhance the city environment and facilitate both vehicle access and ‘walkability’

This strategy is consistent with these purposes and proposes the concurrent implementation of measures to:

- encourage North-South movement of shoppers from Large Format Retail centres in the North-Eastern quarter through Heretaunga Street to the Civic-Cultural quarter with themed signage, street furniture and a tourist-shopper tram
- encourage East-West movement of shoppers and traffic from the North Eastern quarter to the core CBD through traffic management, placement of carparks, signage and themed street design
- coordinate implementation of the Hastings retail, tourism and economic development strategies
- Invest more in Hastings promotion and marketing as a shopping leisure and cultural service destination
9.7  INFRASTRUCTURE DEVELOPMENT

The strategy also envisages the involvement of the Hastings District Council in changes to CBD zoning and other regulatory measures, its own practical initiatives and public-partnerships which will work together to:

- Introduce into all the individual CBD quarters, area management projects where landscaping and investment in public amenities results in the development of differentiated themes
- Expedite construction of the Hastings Northern Arterial Route to relieve traffic pressure on Saint Aubyn Street and facilitate traffic flows between the North East CBD fringe quarter, Heretaunga Street and the Civic-Cultural quarter
- Develop on and off-street public car-parks in locations that serve the needs of shoppers and also those visiting the “Cultural Sector” in the south east of the CBD
- Ensure free traffic flows between the core CBD and fringe Quarters

Figure 9.2 indicates the proposed District Plan Zones supporting the Hastings Retail Strategy and the maps attached as Appendix II show the cumulative effects of the implementation of this strategy will be realised progressively over the period 2003-2023.

9.8  STRATEGY EFFECTS

Significant benefits will accrue to Hastings from the recommended retail strategy. It will be the key driver of Hastings District retail related growth and should increase Central Hastings’ market share of retail spend in Hawkes Bay by:

- Stimulating household retail spending
- Reducing retail spending leakage from Hastings to Napier
- Reducing spending leakage to elsewhere in New Zealand
• Attracting greater holiday-maker and international visitor retail spending to Hastings to increase Hastings District share of tourist’s retail spend in Hawkes Bay Region

• Encouraging household and business spending growth by facilitating new industrial and residential development within the Hastings’ CBD shopping catchment.

• Generating interest in retail investment by highlighting Hasting’s stable investment environment and its potential sales growth.

Some of the potential beneficial effects of the strategy are illustrated in Sections 9.9 to 9.11 below.

9.9 TOURIST RETAIL AND RELATED SPENDING IN HASTINGS DISTRICT UNDER THE STRATEGY

Figure 9.3 illustrates the growth in spending by tourists, both domestic and international, travelling for holiday and business purposes under the strategy.

Hastings District currently has a 25% share of tourist spending (excluding VFR). Figure 9.3 shows the potential gain from Hastings progressively increasing its share of spend to 50% by 2018. By 2018, this would mean an addition spend of $57 million, compared to the base case in which Hastings share of tourist spend remains constant through time.

Figure 9.3: Estimated Spending By Tourists In Hastings under the Retail Strategy ($M) on all retail goods and eating out

Note: Spending by VFR tourists excluded
© McDermott Miller, May 2003
9.10 COMPARISON GOODS RETAIL SALES UNDER THE RETAIL STRATEGY

The retail strategy would also have benefits to comparison goods retailing in Hastings in addition to those of Scenario B: Expansion.

We have estimated these from:
- The comparison goods component of the additional spending by tourists in Hastings (included in the total spend in Figure 9.3 above).
- Winning back for Hastings stores the leakage to Napier stores identified earlier in Section 4.3 above.

Under the Retail Strategy we project comparison goods sales of around $380 million in 2018, of which $293 million would be in the expanded Hastings commercial zone. In 2008 we estimate $280 million for Hastings District, of which $210 million would be in the expanded commercial zones.

These projections under the recommended retail strategy are presented in Figure 9.4. Also presented in the Figure is a contrasting future which could happen in the absence of a retail strategy; in this retail development over the next 15 years in centred in Napier and little further large format development occurs in Hastings. Sales in Hastings District in this case would only be $209 million in 2008, and $239 million in 2018.

Figure 9.4: Estimated Comparison goods sales in Hastings under the Retail Strategy ($M)
In contrast, under the retail strategy, estimated retail sales in Hastings District combining both comparison goods sales and spending by tourists on groceries and cafes, restaurant and takeaway outlets would develop as follows:

- In 2008, under the Retail Strategy these would total $305 million, compared to only $229 million without the strategy.
- By 2018, under the Retail Strategy the total would be $444 million, compared to only $273 million without the strategy (See Figure 9.5 below).

Figure 9.5: Estimated Total Retail and related sales under the Retail Strategy in Hastings District ($M)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>200</td>
<td>200</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>2008</td>
<td>305</td>
<td>229</td>
<td>444</td>
<td>273</td>
</tr>
<tr>
<td>2018</td>
<td>444</td>
<td>273</td>
<td>500</td>
<td>350</td>
</tr>
</tbody>
</table>

9.11 IMPLICATIONS FOR RETAIL JOBS

The difference in Hastings District retail and related sales in 2008, with and without the Retail strategy is around $76 million. This is sufficient to support around 430 FTE jobs in retailing.

By 2018, the difference in Hastings District sales the difference in sales, with and without the Retail Strategy, is $170 million; this would be sufficient to support around 1000 FTE jobs in retailing.
9.12 LOST CROSS-SHOPPING IF NO STRATEGY

- Under the Retail Strategy we estimate the spend in CBD department, specialist comparison stores and restaurants by Nelson Park megacentre shoppers in 2008 would be some $55 million, ie $7 million higher than in the absence of the Strategy. Given that locating a megacentre at a Greenfield site such as Omahu Road or Waiohiki is incompatible with the recommended strategy, the opportunity cost to Hastings District arising from these secondary effects are estimated to be around:
  - $10 million for a megacentre located at Omahu Road (57 FTE jobs)
  - $15 million for a megacentre located at Waiohiki (82 FTE) jobs
  - Nearly $20 million for a megacentre located in Napier (107 FTE).

9.13 STRATEGY SUMMARY

A Megacentre in the CBD

The development of a Megacentre operation as an expansion of the CBD Central Commercial Zone not only offers the best strategic fit with the broader retail development strategy; it is the key to the success of the strategy.

Strategic Purposes

The primary strategic purposes of the development of retail in Hastings should include:
  - To Maximise Retail Market Share and Related Employment Growth
  - To Develop Balanced Retail Product Mix
  - To Coordinate Leisure, Cultural and Retail Development
  - To Develop Central Hastings Retail Market.

Synergies

In order to achieve the synergies that will drive effective development, the retail strategy must be managed in an integrated manner. This will require the consolidation of Large Format Retailing (including a Megacentre) in an expanded Central Hastings commercial area, accompanied by the growth of specialist smaller stores in the core CBD and allied leisure and cultural attractions.

Differentiating the CBD

As a planning template, we propose two concurrent strategies aimed at:
  - developing Hastings core CBD entertainment and area; and also
  - the differentiating of the Central Hastings Commercial Zone into four quarters based on emergent retail, cultural and leisure patterns and clusters

Generating Increased Retail Consumption

Working together, these measures should:
  - Support a city lifestyle with a focus on retail, food services and entertainment
  - Extend the retail experience through the concurrent development of leisure, arts and cultural services
  - Promote the desirability of living in the city
• Enhance the city environment and facilitate both vehicle access and ‘walkability’

**Economic Impact**

The strategy, if successfully implemented will be the key driver of Hastings District retail related growth and increase Central Hastings’ market share of retail spend in Hawkes Bay by:

• Stimulating household retail spending
• Reducing retail spending leakage from Hastings to Napier
• Reducing spending leakage to elsewhere in New Zealand
• Attracting greater holiday maker and international visitor retail spending to Hastings

**Cumulative Effect**

Future consolidation and expansion of Central Hastings Commercial Zone, under the guidance of the Retail Strategy, will build on and continue to realise the benefits of the commercial strategy first introduced by Hastings in 1986. It will eventuate in a more compact and convenient form of city for shoppers, businesses and visitors alike. At the same time, it will avert the ill-effects of dispersed and fragmented urban development which are likely to arise if Large Format Retailing is permitted to locate either on the urban-rural fringe of Hastings, or further a field in the Heretaunga Plains.

The general retail strategy direction is depicted diagrammatically in Figure 9.6 below. Also shown is the existing strategy from the mid 1980’s where retailing and emerging Large Format Retail Development (including Warehouse, K’Mart Plaza, Countdown and Harvey Norman etc) was guided from its westward movement back into the north western and north eastern sectors of the CBD. The Retail Strategy now proposed for Hastings can in some ways be seen as an evolution of that strategy.

![Figure 9.1: Strategic Direction of Retail Development 1983-2023](image-url)
APPENDICES

DRAFT HASTINGS RETAIL STRATEGY

Recommended by McDermott Miller Limited to Hastings District Council on the

Hastings District Commercial Zone Review and Strategy for Large Format Retailing 2003 - 2023

18 June 2003 Second Edition
APPENDIX I  DRAFT HASTINGS RETAIL STRATEGY

The Draft Hastings Strategy Report was presented to the LFR Working Party on 1 May 2003 and accepted.
DRAFT
HASTINGS RETAIL STRATEGY

CONSOLIDATION AND EXPANSION OF THE COMMERCIAL CENTRE

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HASTINGS RETAIL STRATEGY

STRATEGY GOAL

Achieve the form and pattern of Retail Development in Hastings District - both spatially and over time - that best:

- Supports an efficient, competitive, innovative and sustainable retail sector
- Ensures that a wide range of shops, employment, services and facilities are available in Hastings that are easily accessible for people
- Provides for future business development, particularly retail development, in locations where the proximity of businesses provides sufficient critical mass of activities from which all customers will benefit
- Ensures that the current and future vitality and economic viability of the CBD is not compromised

Source: Hastings District Councils Brief for Commercial Zones Review

STRATEGY DIRECTION

Consolidation of Large Format Retailing in an expanded Central Hastings commercial area, accompanied by growth of specialist smaller stores in the core CBD, is the form and pattern of retail development proposed to meet the strategy goal.

See Map A.
STRATEGY OBJECTIVES

1. To Maximise Retail Market Share and Related Employment Growth

Strategic Actions

As the key driver of Hastings District retail related growth, increase Central Hastings’ market share of retail spend in Hawkes Bay by:

- Stimulating household retail spending
- Reducing retail spending leakage from Hastings to Napier
- Reducing spending leakage to elsewhere in New Zealand
- Attracting greater holiday maker and international visitor retail spending to Hastings to increase Hastings District share of tourist’s retail spend in Hawkes Bay Region

Strategic Targets

Aim to:

- Increase Central Hastings share of Hawkes Bay retail sales from 35% to 53% by 2008 and beyond.
- Increase Hastings District share of regional Hawkes Bay retail sales from 49% in 2002 to 55% by 2008.
- Increase Hastings District share of tourism retail spend in Hawkes Bay from 25% in 2002 to 40% by 2008 and 50% by 2018
- Increase Central Hastings retail employment by 400 FTE’s from 2002 and 1000 FTE’s by 2018
2. To Develop Balanced Retail Product Mix

Strategic Actions

- Attract to central Hastings the fullest possible range of modern retail stores and formats across all comparison retail categories.

- Promote Central Hastings (the CBD and its fringe) as the prime shopping centre in the Hastings District and Hawkes Bay region.

- Recognise emergent differentiation of retailing and other commercial uses within the four geographic quarters of the CBD (North West/North East/South West/South East).

- Differentiate the core CBD (12 blocks bounded by Queen Street, Nelson Street, Eastbourne Street, Hastings Street) from the rest of the central commercial area and encourage its development as a specialist fashion shopping, entertainment and hospitality area.

- Consolidate and integrate new Large Format Retail in the North Eastern quarter of Central Hastings.

- Encourage cross-over shopping between the “old” central commercial and “new” fringe shopping areas by creating efficient transport and pedestrian linkages.

- Establish distinct but secondary shopping centre roles for Havelock North and Flaxmere which are complementary to the primary shopping centre role of Central Hastings, with each offering in a contained village atmosphere, grocery stores, “boutique” shops, personal services, cafes and restaurants to meet the demand of their local community and motel visitor market.
3. To Coordinate Leisure, Cultural and Retail Development

Strategic Actions

- Develop the Civic-Cultural quarter as a complementary attraction to the Heretaunga Street – North Eastern CBD and fringe retail quarter.

- Encourage North-South movement of shoppers from Large Format Retail centres in the North-Eastern quarter through Heretaunga Street to the Civic-Cultural quarter with themed signage, street furniture and a tourist-shopper tram.

- Encourage East-West movement of shoppers and traffic from the North Eastern quarter to the core CBD through traffic management, placement of carparks, signage and themed street design.

4. To Encourage a Megacentre Form of Retail Development in Central Hastings

Explanation

- Hastings CBD (central commercial zone) currently (2002 year) supports around 68,000 square metres of comparison goods retail, and rest of “urban Hastings” (including CBD fringe) another 22,000 square metres.

- By 2008, current sustainable growth should be of the order of 4% pa compound, lifting sustainable floorspace to around 120,000 square metres (on a constant performance basis).

- By 2018 sustainable floorspace should have increased to around 160,000 square metres (on a constant performance basis) or almost 80% more than 2002 levels.

The form of retail development should therefore maximise the economic, social, cultural and environmental benefits to be gained from growing demand for retail shopping.
Strategic Actions

Hastings should:

- Promote, where possible, the “mega-centre” form of Large Format Retail in preference to “power-strip” or sporadic “stand-alone” development in Central Hastings.

- Require high standards of on-site parking, building and landscaping of Large Format Retail development.

5. To Locate Large Format Retail Development in North Eastern Quarter of Hastings CBD

Strategic Actions

- Change District Plan to extend CBD commercial zone for this purpose.

- Introduce design controls on Large Format Retail development to enhance the retail product offer and conserve the townscape heritage within the Central Hastings CBD commercial area.

6. To Develop Central Hastings Retail Market

Strategic Actions

- Stimulate and induce increased household and visitor spending in Central Hastings through the combined effect of achieving the above objectives.

- Encourage household and business spending growth by facilitating new industrial and residential development within the Hastings’ CBD shopping catchment.

- Coordinate implementation of the Hastings retail, tourism and economic development strategies.
IMPLEMENTATION

Non RMA instruments

Implement the preferred form of retail development through:

1. Strategic Marketing

- Match and promote the full range of the retail product offer by different locality to the various segments of market demand.

- Differentiate the Central Hastings retail offering by core CBD (Western core CBD to be marketed as a “boutique” fashion shopping area, including cafés and personal services and eastern core CBD marketed as the entertainment, hospitality and restaurant core); and CBD “quarters” (North East and North West fringe quarters market as Large Format Retail areas, South East as the Civic-Cultural leisure quarter and the South West as the commercial residential quarter).

- Generate interest in retail investment by highlighting Hasting’s stable investment environment, its potential sales growth and the “ease of passage” signal to commercial interests in a clearly stated and consistently administered retail strategy for the District.

2. Infrastructure Investment

- Introduce into all the individual CBD quarters, area management projects where landscaping and investment in public amenities is by joint public-private sector enhancement of facilities and the development of differentiated themes.

- Expedite construction of the Hastings Northern Arterial Route to relieve traffic pressure on Saint Aubyn Street and facilitate traffic flows between the North East CBD fringe quarter, Heretaunga Street and the Civic-Cultural quarter.

- Continue to monitor and review central area traffic management to ensure free flows between the core CBD and fringe quarters.
• Concentrate development of on and off-street public shopper car-parks in the North East CBD fringe quarter, along the North and South axis to the South Eastern Civic-Cultural fringe quarter, at the Civic Square/Retail sector interface and in the South Eastern CBD fringe quarter.

3. Institutional initiatives

• Acknowledge the net benefits of the Council’s development and retention of Nelson Park as a Megacentre either in it’s own right, or with a joint-venture partner. Own development should maximise the council’s ability to control the form and style of development, while generating a satisfactory financial return.

• Foster coordinated retail development through joint public private ventures and land-amalgamation mechanisms.

• Invest more heavily in Hastings promotion and marketing, through a single agency.

• Widen Mainstreets Inc’s marketing brief so it can promote Central Hastings as a retail, leisure, cultural shopping destination. Megacentre retailers should be encouraged to co-ordinate their destination marketing with Mainstreets marketing (in addition to the financial contribution they will pay from levies) to promote Hastings as a retail destination.
IMPLEMENTATION CONTINUED

2. District Planning Initiatives

- **Revise the existing District Plan** to ensure the respective roles and positions in the retail hierarchy of the principal component retail centres of Hastings City - Havelock North and Flaxmere - are fully reflected in the Plan.

- **Revise the existing District Plan** rules to achieve the preferred form of retail development in Hastings, which is consolidation and expansion of the North Eastern Quarter of Central Hastings by concentrating Large Format Retail, other retail and related personal services.

- **Enlarge current Central Commercial Zone** in the North Eastern quarter of Central Hastings by the equivalent of approximately 20 blocks (or 20 hectares of land). This expanded area is shown in Maps B and C. It would include Industrial and Commercial service zoned land North East of St Aubyn Street bound by King Street North (to the intersection of Fitzroy Avenue), Alexandra Crescent, Warren Street North, Victoria Street and Hastings Street North.

- **Rezone the core of the Central Commercial Zone** (the 12 blocks bounded by Eastbourne Street, Nelson Street, Queen Street and Hastings Street) as the Core CBD zone.

- **Rezone western extremity of current Central Commercial Zone**, (approximately 3 hectares of land - North West of Nelson Street) to Commercial Service Zone.

- **Apply retail evaluation criteria** (ie the degree to which proposed new retail will achieve the retail strategy objectives) to plan applications and proposed plan changes for major retail development proposals.

- **Require minimum floorplate for new retail development in the Central Commercial zone** of 1000 square metres.

- **Require maximum floorplate for retail development in the Core CBD zone** of 1000 square metres.
• Expand bulk, location and aesthetic design controls to apply across the enlarged Central Commercial Zone.

• Review design controls in the Core CBD zone to ensure the townscape heritage is enhanced by retail and office use and development.

• Revise “Commercial Services’ zoning criteria to prevent comparison goods retail development in those zones.

• Review current provisions for Commercial Service zoned land to offset any loss of capacity resulting from implementation of the Hastings Retail Strategy.

• Review current provisions for industrial zoned land to offset any loss of capacity resulting from implementation of the Hastings Retail Strategy (this review to be part of the industrial land review currently being undertaken by the Hastings District Council).

• Review current provisions for residential zoned land to offer opportunities for new residential subdivisions on the fringe of Hastings City which are readily accessible to the retail product on offer in Central Hastings.
3. Programming and Monitoring

- **Prioritise actions** and plan, programme and budget implementation on a rolling 3 year basis

- **Initial programme**
  
  - Initiate and complete changes to District Plan, expanding central commercial zone,
  
  - Determine and implement Hastings District Council role in Large Format Retail development as either:
    
    - Seller of land to facilitate Large Format Retail development
    
    - Developer and investor in Large Format Retail facilities
    
    - Regulator only of Large Format Retail development, monitoring and enforcing the District Plan and associated Rules, including design controls
  
  - Increase substantially M ainstreets Inc budget to market Central Hastings as Hawkes Bay’s premier leisure, shopping and cultural destination (including events promotion and management).

- **Monitor achievement of the retail strategy goal and objectives** through measurable key performance indicators applied on an annual basis
Map A
Draft Hastings Retail Strategy
Strategic Direction of Retail Development 2003 - 2022
Map C
Draft Hastings Retail Strategy
– Proposed District Plan Zones

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