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:

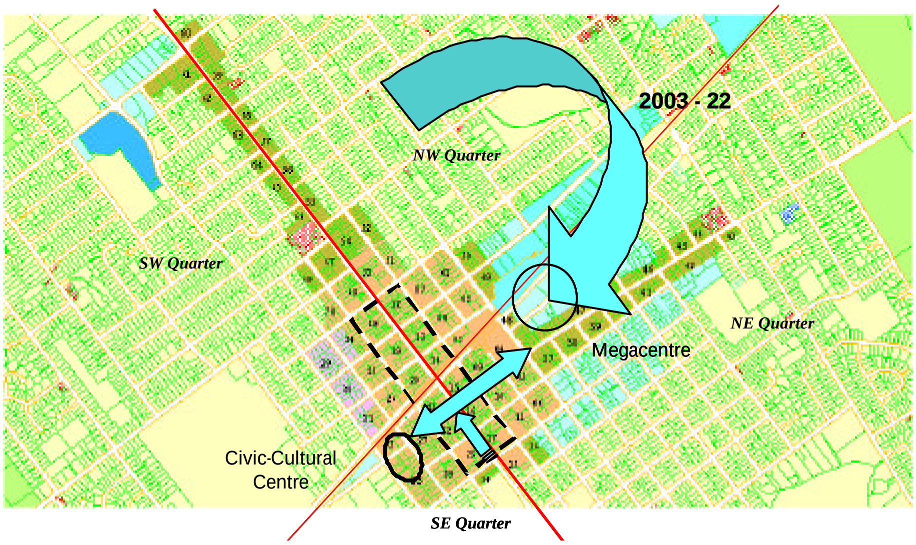
- To Maximise Retail Market Share and Related Employment Growth
- To Develop Balanced Retail Product Mix
- To Coordinate Leisure, Cultural and Retail Development
- To Encourage a Megacentre Form of Retail Development in Central Hastings
- To Locate Large Format Retail Development in North Eastern Quarter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



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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 'walkabilty'

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

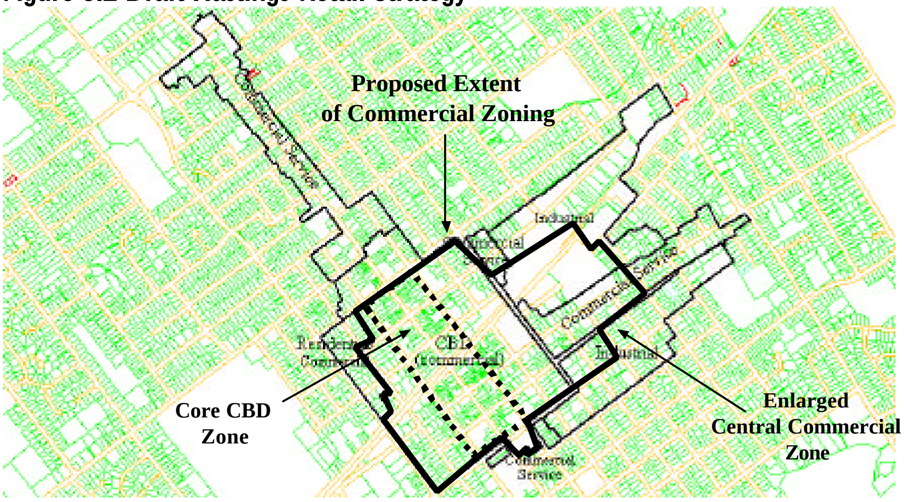
9.7 INFRASTRUCTURE DEVELOPMENT

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.

Figure 9.2 Draft Hastings Retail Strategy



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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.

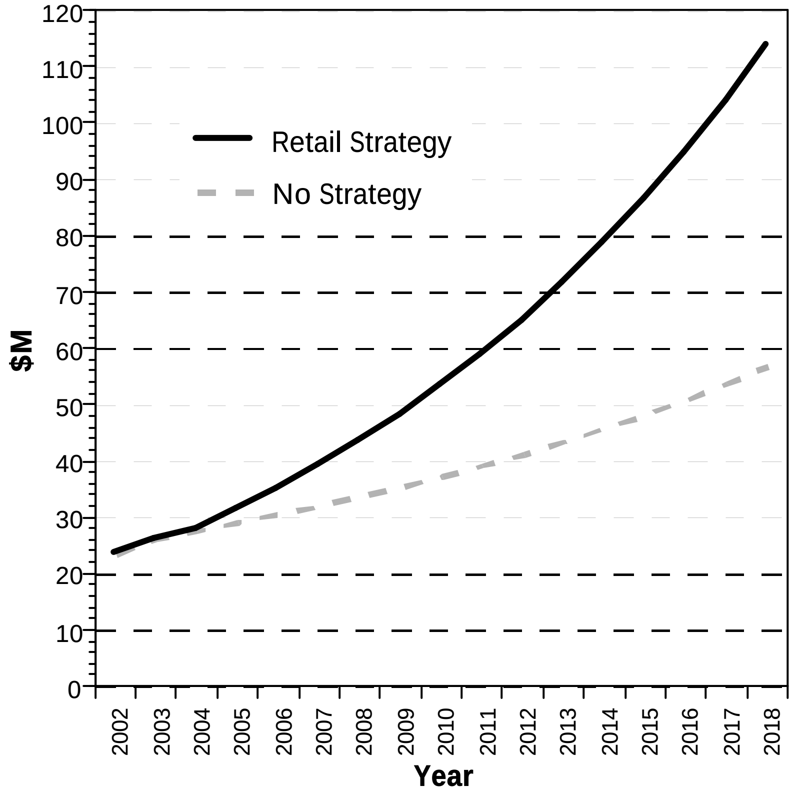
Some of the potential beneficial effects of the strategy are illustrated in Sections **9.9** to **9.11** below.

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
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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*.

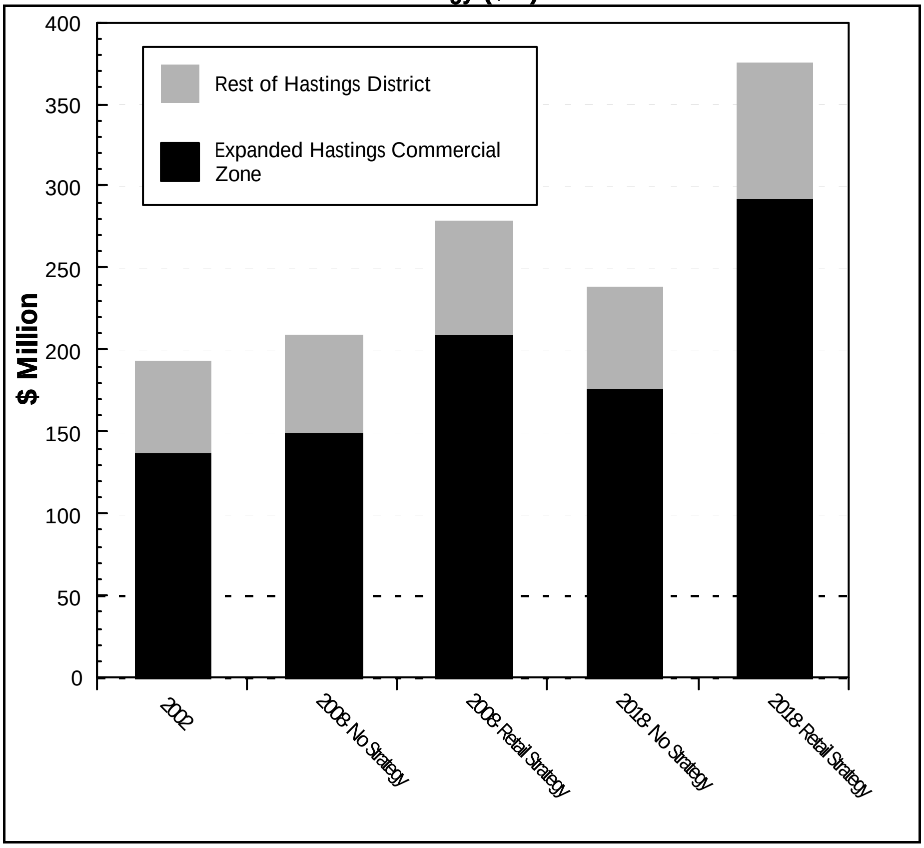
We have estimated these from:

- 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)



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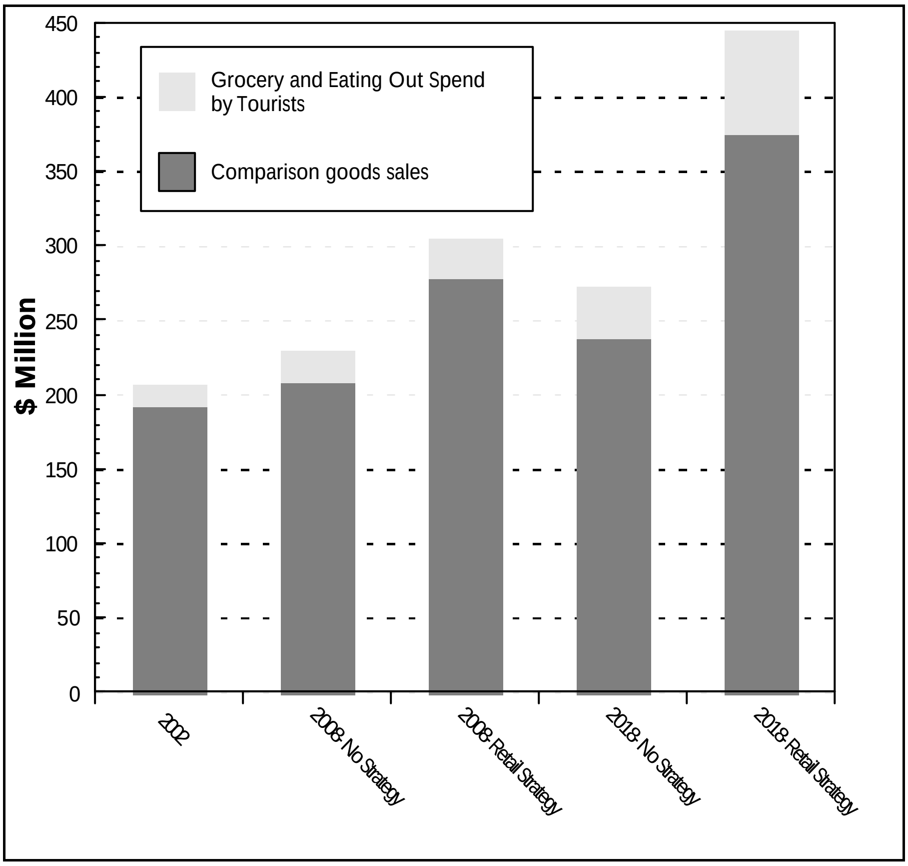
In contrast, under the retail strategy, estimated retail sales in Hastings District combining both comparison goods sales and spending by tourists on groceries and cafes, restaurant and takeaway outlets would develop as follows:

- In 2008, under the Retail Strategy these would total $305 million, compared to only $229 million without the strategy
- By In 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)



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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 'walkabilty'

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:

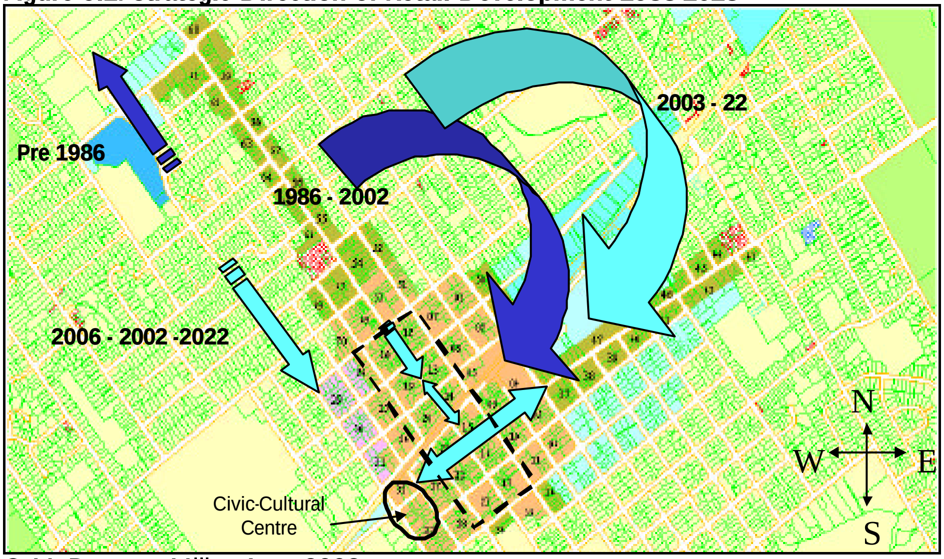
- Stimulating household retail spending
- Reducing retail spending leakage from Hastings to Napier
- Reducing spending leakage to elsewhere in New Zealand
- Attracting greater holiday maker and international visitor retail spending to Hastings

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



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