

BEFORE THE INVERCARGILL CITY COUNCIL

IN THE MATTER of the Resource Management Act 1991
AND
IN THE MATTER of a resource consent application to demolish,
alter and redevelop land and buildings on the
Central Business District
BY **HWCP MANAGEMENT LIMITED**
Applicant

**STATEMENT OF EVIDENCE OF NATALIE DIANNE HAMPSON
FOR H&J SMITH HOLDINGS LIMITED**

ECONOMICS

18 March 2019

Solicitors:

G M Todd/B B Gresson
PO Box 124
Queenstown 9348
P 03 441 2743
F 03 441 2976
graeme@toddandwalker.com;
ben@toddandwalker.com

MAY IT PLEASE THE COMMISSION:**1. INTRODUCTION**

- 1.1** My full name is Natalie Dianne Hampson.
- 1.2** I am an associate director consultant at Market Economics Limited (**M.E**) and hold a MSc in Geography from Auckland University.
- 1.3** I have 17 years' economic consulting and project experience, working for commercial and public sector clients. I specialise in retail analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits.
- 1.4** I have applied these specialties in studies throughout New Zealand, and across most sectors of the economy, notably assessments of centres, urban form, land demand, commercial and service demand, housing, schooling, tourism, events, policy and local government.
- 1.5** I advise central government and district and regional councils throughout New Zealand in relation to rural and urban policy and planning issues and the social and economic effects of these. I also provide consultancy services to a number of private sector clients in respect of a wide range of issues, including mixed-use commercial developments, residential subdivisions and the impact of policies and provisions on their operations and future development opportunities.

I was the project manager and lead author¹ of the Queenstown Lakes District Council (QLDC) Business Development Capacity Assessment 2017 (BDCA) prepared for the Council (and published in late 2018). This was prepared in order to satisfy Policy PB1 of the National Policy Statement on Urban Development Capacity 2016 (**NPS-UDC**). The BDCA addressed demand, supply and sufficiency of zoned business land to cater for retail, commercial and industrial land use activities based on detailed economic and spatial modelling.

¹ With: Greg Akehurst and Fraser Church (Market Economics) and Anita Vanstone, Ian Bayliss and Kim Banks (for Queenstown Lakes District Council).

- 1.6** I am currently involved in a consent application in North Halswell, Christchurch, providing assessment on centre floorspace growth, the relationship between core and fringe retail activities, the location requirements of large format retailers (LFR) and the relationship between staged development and amenity outcomes. I have provided evidence on a range of proposed centre developments to address appropriate land and floorspace provisions. I am also currently advising QLDC on their district plan review of Industrial Zones.
- 1.7** I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise, except where I state that I am relying on the evidence of another person.
- 1.8** The key datasets/documents I have used, or referred to, in forming my view while preparing this evidence are:
- (a) Statistics New Zealand Business Frame and meshblock boundaries;
 - (b) District Plan Zoning;
 - (c) Customised data request from MarketView Ltd.
 - (d) HWCP Application and further request information.
 - (e) The H&J Smith submission.

2. SCOPE OF ECONOMIC EFFECTS ADDRESSED IN THE APPLICATION

- 2.1** The H&J Smith submission on the HWCP proposal identifies a lack of assessment of economic effects likely or anticipated to arise from the project on the Invercargill CBD during (and leading up to) demolition and construction. I agree that that observation. The AEE (and supporting documents) lack robust economic assessment that would typically be included with large scale development proposals –

including but not limited to distributional effects and effects on social and functional amenity and overall economic wellbeing.

- 2.2** The AEE and HWCP evidence *does* present a clear picture of current issues facing retail and other commercial spaces in the CBD and the implications of these for building owners and CBD performance. However, discussing what is wrong with the CBD at present is not a substitute for assessing economic effects arising from the consent if approved.
- 2.3** There is discussion provided on the benefits that will be delivered by the development once complete. Many of those benefits are economic in nature. The application clearly explains that the duration of the project spans a number of years, yet there is no consideration given to the economic effects over that period. Given the scale and significance of the development, this is an important gap in the evidence base that needs to be addressed.
- 2.4** Ms McMillan's planning evidence for HWCP states that H&J Smith's submission on economic effects is now satisfied by the inclusion of the NZIER report (appended to her statement). No other economic evidence has been provided. The NZIER report is an assessment of long-term economic benefits at a regional and national scale – its purpose to support an application for funding. It does not address short term or temporary economic effects on the CBD. These are matters relevant to the District Plan and the Regional Policy Statement.

3. SCOPE OF MY EVIDENCE

- 3.1** I have been asked by H&J Smith to provide evidence in relation to the likely and anticipated economic effects arising from the HWCP proposal, with a specific focus on the temporary effects leading up to and including the demolition and construction period and immediately after completion.
- 3.2** My evidence addresses the following matters, as per the following structure:

- (a) Economic trends and patterns evident within the Invercargill CBD and wider district, with a particular focus on the retail sector;
- (b) Potential temporary economic effects of the HWCP proposal on the CBD Core;
- (c) Potential implications for H&J Smith – being an anchor retailer and two other comparison retail stores in the CBD Core also immediately adjacent to the HWCP site; and
- (d) Conclusions with regard to economic effects in terms of their scale and significance.

4. EXECUTIVE SUMMARY

- 4.1** The HWCP proposal and supporting evidence provides no assessment of the potential economic effects on the CBD during the lengthy redevelopment period, despite the need for this being clearly stated in the H&J Smith submission. It relies only on the long-term economic benefits post development.
- 4.2** I have analysed historical spatial-economic data which shows the declining economic role of the CBD within Invercargill and the declining economic role and health of the CBD Core within the wider CBD. This is relevant context for understanding the economic effects arising from the HWCP proposal – both negative and positive.
- 4.3** The redevelopment of the major share of the HWCP block requires the removal of a large number of business which significantly contribute to the functional amenity of the CBD core as well the vibrancy and vitality of the CBD Core in terms of workers, shoppers and retail sales. These losses, while temporary have already begun and their duration is uncertain. They are the direct economic effects of the proposal and are significant. They are driving more activity into the CBD Fringe and areas outside the CBD. They have also resulted in permanent closure of some businesses and loss of jobs.

- 4.4** The physical disruption associated with the development will have an indirect and cumulative effect on the amenity, vitality and vibrancy of the CBD Core. While these effects are temporary, the duration of disruption is uncertain and may span several years. Many shoppers and visitors are likely to be deterred from visiting the CBD Core during that period – further exacerbating the distributional effects arising from the proposal.
- 4.5** The modelling I have done on potential impacts on three stores in the CBD Core shows significant potential effects over time. Many, if not all customer focussed businesses throughout the CBD Core are expected to suffer similar or worse impacts from the direct and indirect effects of the HWCP proposal. The viability of those business will be tested with potential flow-on effects on jobs, household incomes and the ability of owners to invest in their businesses and their premises to mitigate effects.
- 4.6** The cumulation of these temporary economic effects on the wider CBD Core is more than minor. They will continue over the short-term, although the exact duration is uncertain at this time.

5. SPATIAL ANALYSIS OF ECONOMIC AND RETAIL SECTOR TRENDS IN INVERCARGILL

Key data inputs

- 5.1** In order to understand potential economic effects arising from the HWCP proposal, it is important to consider them in the context of Invercargill's current economy and retail sector (as a subset of the wider economy) and how that has been changing in recent years.
- 5.2** To inform this evidence, I have defined a spatial framework which codes all Statistics NZ (SNZ) meshblocks (which are akin to city/street blocks and usually delineated by road centrelines) in the district to both

reflect (as closely as practical²) the underlying district plan zoning and the primary economic role of each location. This spatial framework is broadly similar to the spatial framework prepared by my company to inform retail and centre-based provisions in the Proposed District Plan (PDP) hearings on behalf of Invercargill City Council (ICC) (2015). I was not directly involved in that particular project, but I am familiar with the modelling and outputs of that work. For the purpose of this assessment, I have broken down the CBD (B1 zone) in the spatial framework into several meaningful sub-precincts.

5.3 Whilst the spatial framework defines the district according to 68 distinct areas, I have summarised it according to 24 locations for total economy trends and 22 locations for retail sector trends. Appendix 1 provides a map illustrating the summary spatial framework for the wider district³ and Figure 1 below provides a map illustrating the defined CBD precincts.

5.4 I have then summarised meshblock level data from the SNZ Business Frame on business counts and employment to match the spatial framework. This data is an annual snap shot⁴ of activity by each economic sector or industry. I have analysed the period from 2000 to 2017.

5.5 I have also sourced customised data on retail businesses from MarketView Ltd to match the spatial framework. This data groups retailers to 11 retail store type groups and includes detail on the count of merchants in the MarketView database, their total annual transactions made on credit or debit cards and the associated total sales of those transactions. Due to the cost of this data, I selected a snap shot⁵ for 2009, 2014 and 2018. This data therefore sits within the wider context of the Business Frame time series, but also provides the most recent data (2018).

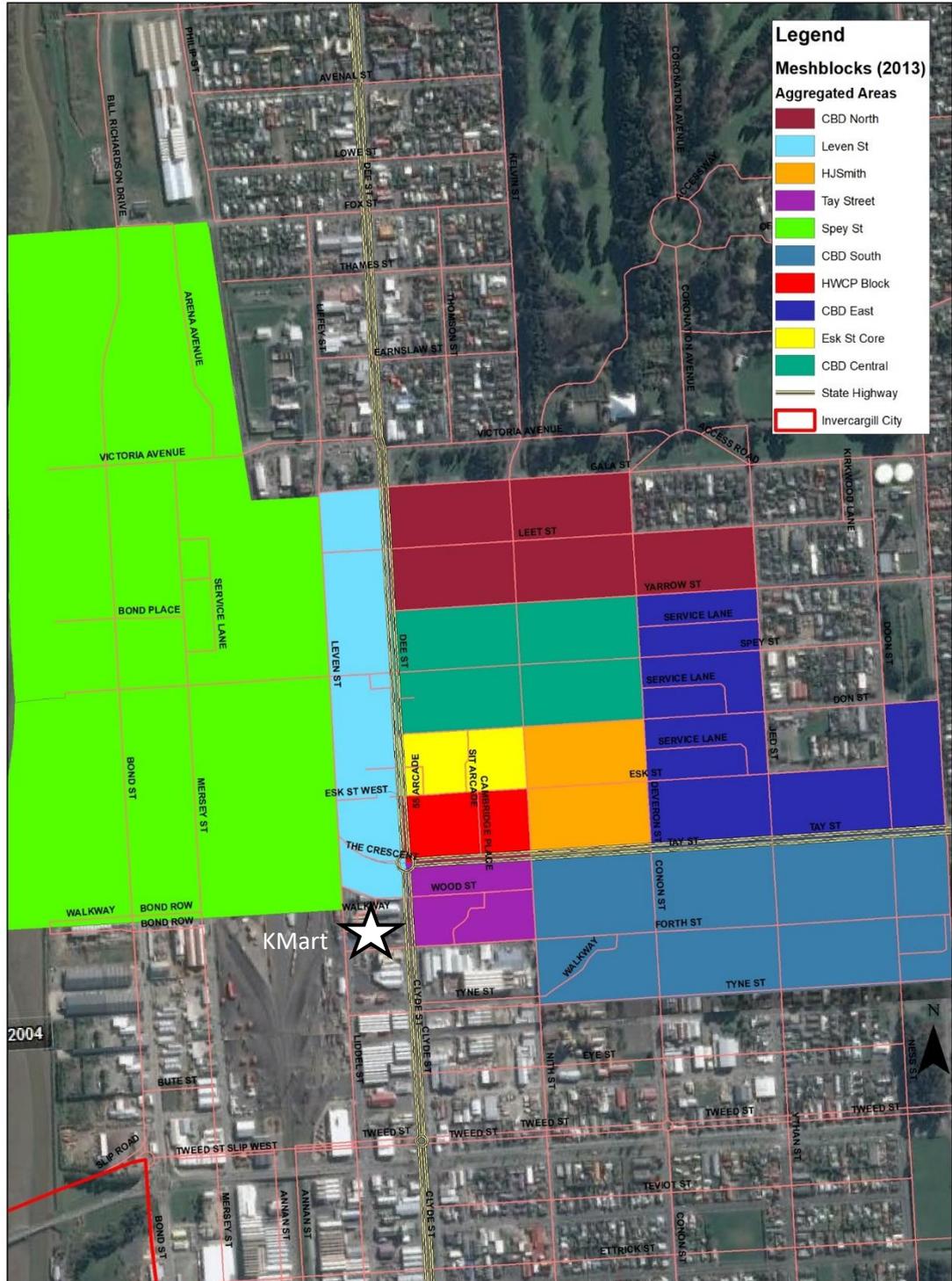
² Meshblock boundaries don't always match zone boundaries, therefore not all small zone areas can be isolated at a meshblock level and some meshblock defined areas will extend beyond the zone area.

³ This map extent does not show Bluff or some rural areas of the TA.

⁴ As at February each year.

⁵ As at year ending July to match H&J Smiths financial years. H&J Smith are the owners (purchasers) of the data.

Figure 1 – Market Economics Spatial Framework – CBD Precincts



Spatial Framework (2019) Invercargill City
Aggregated Areas CBD Precincts Only

5.6 I have made no further assumptions in this analysis – it is a summary of factual data.

- (a) I have however assumed that the SNZ Business Frame accurately locates businesses within each meshblock⁶.
- (b) Employment is based on the SNZ 'employee count' modified to include my company's estimates of working proprietors in each sector to provide a more complete picture of employment, particularly in small, owner operated businesses.
- (c) The MarketView retail data excludes transactions paid for by cash, store card, cheque or account – but it is expected to account for the majority of shopping activity. It covers shopping by residents and visitors.
- (d) Last, due to confidentiality constraints, the MarketView data is further aggregated (from a potential maximum of 11 defined retail groups) in some locations of the spatial framework – i.e. full detail by retail store group is not available in all locations.

Results and Discussion

5.7 Across the **total district**, there has been only slow growth in the count of total businesses in recent years – increasing from 4,007 in 2000 to 5,225 by 2017. This is a 30% increase or an average annual (compounding) growth rate of 1.6%. This is not surprising given a backdrop of just 8% total population growth between 2001 and 2018⁷. Conversely, the count of retail businesses has changed by only 4 in that time – rising from 549 in 2000 to 553 in 2017 (growth of 0.7%). As a result of this almost zero growth rate, retail businesses used to account for 14% of all business but now only account for 11%.

5.8 The mix of retail businesses has remained fairly similar over time. The only slight changes are above average growth in hospitality and recreational goods (i.e. sporting goods and ancillary products) which has been offset by declines in fashion, automotive related retail and out

⁶ It is not feasible to cross check this in a model with this geographic scale. Past experience indicates the data is highly accurate.

⁷ Statistics NZ Population Estimates YE June.

of centre/non store retail, which includes hardware and garden centres, such as Mitre 10 moving from beside H&J Smith to their location on Elles Road in 2005. Outside of the retail market, the economic sectors that have grown the most include construction (total growth of 49% 2000-2017), finance and insurance (total growth of 174%) and professional services (70% growth).

5.9 The trends in employment show a slightly different picture from business counts. Total employment has grown by 20%, compared to business growth of 30%. Retail sector employment has grown by 16% between 2000 and 2017, compared to less than 1% growth in businesses. This means a change to fewer and larger retail businesses for many retail groups. This reflects the rise of Large Format Retailing (LFR) nationwide, and a change to more but smaller non-retail businesses (concentrated in the IT, communications, finance, insurance and professional sectors).

5.10 The key implications of these macro level trends are.

- (a) Little growth in demand for net additional retail space⁸ but increasing demand for LFR sites and also hospitality in recent years. A few relevant notes:
 - (i) Hospitality is a sector typically associated with tourism growth but also household demand. Tourism is the core driver in the context of Invercargill.
 - (ii) Looking forward, the LFR market will mature in time (i.e. recent growth rates will slow in future as Invercargill acquires more and more of the main LFR operators active in New Zealand).
 - (iii) It is relevant to note that leakage of retail spend from local residents to areas outside the district is high and has been increasing⁹. Part of this is associated with normal domestic travel and spending on those trips. Part will be driven by the rise of online

⁸ Although anecdotally there has likely been demand for new / modern retail space.

⁹ Invercargill Retail Strategy 2017 – section 6.1.2.

shopping which is occurring throughout New Zealand. The other part is driven by a retail supply that does not meet resident expectations. The latter and online shopping growth has kept growth of the local retail market low.

- (iv) The arrival of Kmart in late 2019 (a popular LFR retailer that was missing from the Invercargill retail scene) is one business that is likely to capture some retail spend that was otherwise leaking to other southern cities.
- (b) There has been increasing demand for office space in recent years, but oriented towards small sized businesses.

5.11 Stepping down to examine the role of the **total CBD** (as defined by the spatial framework), it is evident that the total business count has grown by 16% (173 businesses) between 2000 and 2017 and total employment has grown by 14% (1,290) in that period. That is, the CBD has been growing at a slower rate than the area outside the CBD. The CBD accounted for just 14% total Invercargill business growth and 26% of all employment growth. While the CBD once accounted for 27% of total Invercargill business and 37% of total employment (2000), it currently accounts for 24% and 35% respectively.

5.12 The CBD has therefore experienced a declining role in Invercargill's economy since 2000.

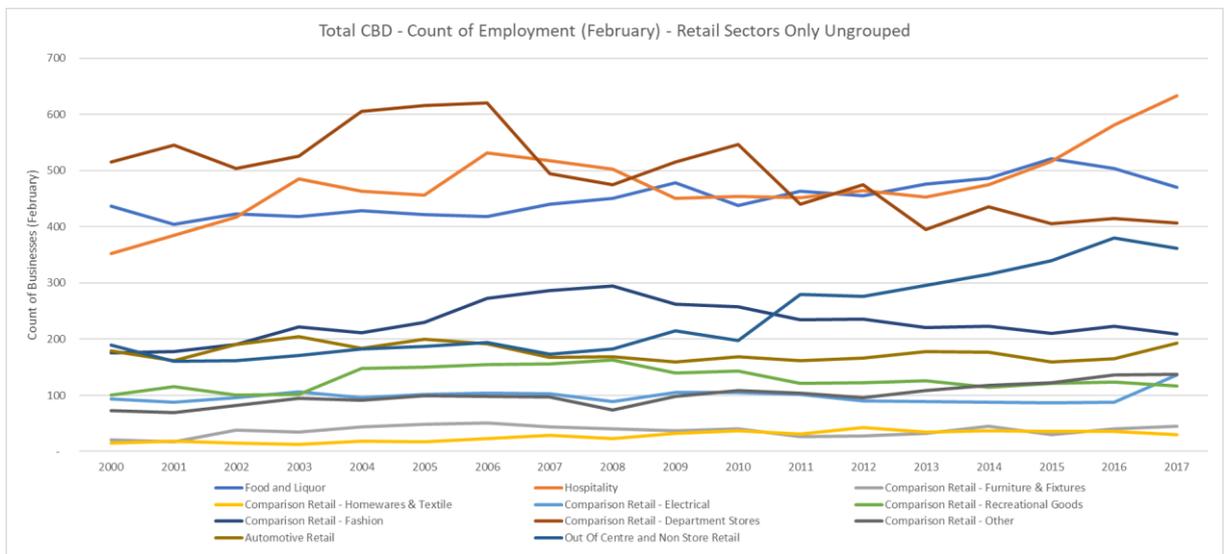
5.13 The count of retail businesses in the CBD has decreased between 2000 and 2017 – down by 13 or -6%. This compares with positive growth of 17 retail businesses outside the CBD. Retail businesses in the CBD peaked in 2006 at 239. The change between 2017 and that peak is more dramatic at 38 less retail businesses (-16%). In both 2009 and 2012, the CBD accounted for 43% of Invercargill's retail businesses (the highest share in the period assessed), while in 2017 it accounts for just 36% - the lowest share experienced since 2000.

5.14 In retail employment terms, the CBD has shown more resilience, but this is largely associated with growth in LFR across a range of retail store types and more recent growth in hospitality. Total CBD retail

employment increased between 2000 and 2017 by 588 or 27%, despite a decrease in the number of retail businesses. Retail employment growth in the CBD accounts for 84% of all retail employment growth in Invercargill 2000-2017. Retail employment last peaked in 2006 at 2,660. The count of employment is now higher than the 2006 peak (2,741). In 2001, the CBD accounted for 47% of Invercargill's total retail employment (the lowest point in the period examined), while in 2017 it accounts for 54%.

5.15 The breakdown of retail employment growth does not, however, show a totally healthy and balanced retail sector in the CBD. Total comparison retail (which covers furniture, homewares, appliances, electrical, recreational goods, department stores, fashion and other) attributed to just 15% of the growth in CBD retail employment since 2000. Within that category, department store employment declined from a peak of 621 in 2006 to just 406 in 2017. On the contrary, the hospitality sector accounted for 48% of total CBD retail employment growth and out of centre/non-store retail accounted for 29%¹⁰ (Figure 2).

Figure 2 – Total CBD Retail Employment by Retail Group 2000-2017



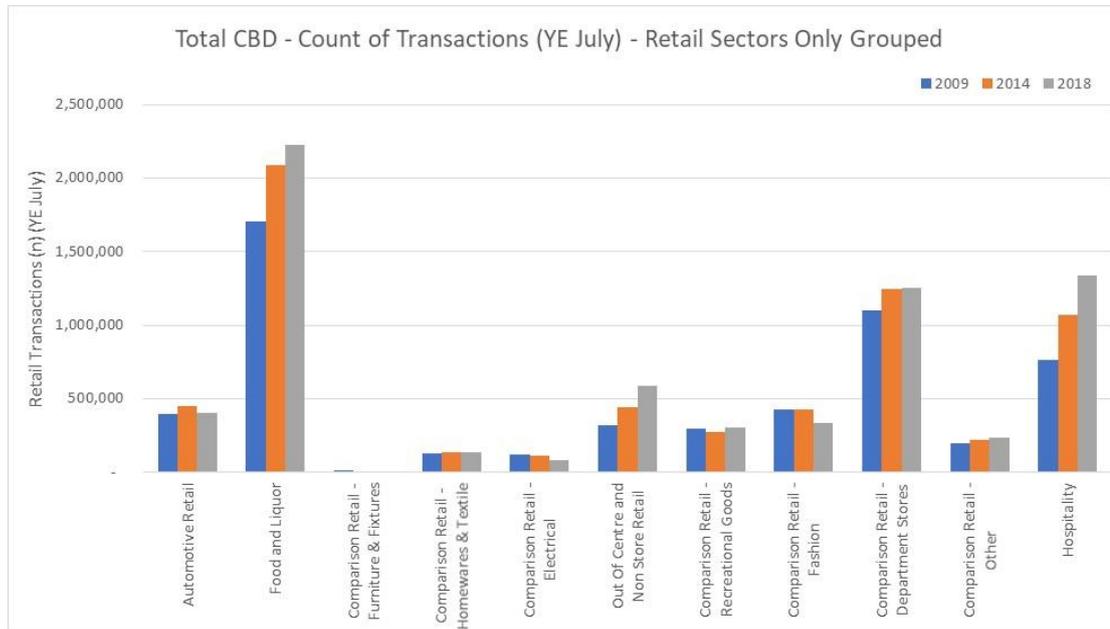
5.16 On the one hand, the CBD's retail role is shrinking in terms of business counts – a decreasing market share in an otherwise stable total Invercargill retail market – meaning that new retail business growth is

¹⁰ The balance is made up of food and liquor retail and automotive retail employment growth.

occurring faster outside the CBD (in suburban centres, but also special commercial precincts and even industrial zones). The retail sector also makes up a smaller market share of total CBD businesses (down from a peak of 21% to just 16%) – meaning other sectors of the CBD are increasing relatively faster (structural changes).

- 5.17** On the other hand, the CBD's retail sector employment is more or less holding its own relative to other CBD employment and is growing faster than retail employment outside the CBD. Comparison retail employment is declining in the CBD - growth is concentrated in hospitality followed by hardware/garden supplies and other non-store retail such as Mitre 10 MEGA Invercargill (though just on edge of CBD).
- 5.18** The MarketView data tells a different part of the picture. Key findings for the total CBD:
- (a) Total retail sales in the CBD increased by 21% between 2009 and 2018. This is slower than retail sales growth in the rest of Invercargill. As a result, the CBD makes up 51% of total Invercargill retail sales (2018) down from 56% in 2009.
 - (b) Total retail transactions (customers) in the CBD increased by 26% between 2009-2018. Again, this is slower than retail transaction growth in the rest of Invercargill. As a result, the CBD makes up 42% of total Invercargill retail transactions (2018) down from 46% in 2009.
- 5.19** Overall, the CBD has faced increasing competition from retail activity in the rest of the district over time. Despite fewer retail businesses, sales and transaction (shopper) counts have increased modestly (hence the growth in CBD retail employment). Figure 3 shows that shopper growth is concentrated in food (particularly supermarket) and liquor stores, hospitality and out of centre/non-store retail – consistent with employment patterns. Several comparison retail store groups in the CBD are facing static or reduced shopper counts (automotive, furniture, homewares, electrical, recreational goods, fashion and department stores).

Figure 3 – Count of Annual Transactions (Shoppers) in the CBD by Store Type Grouping and Year



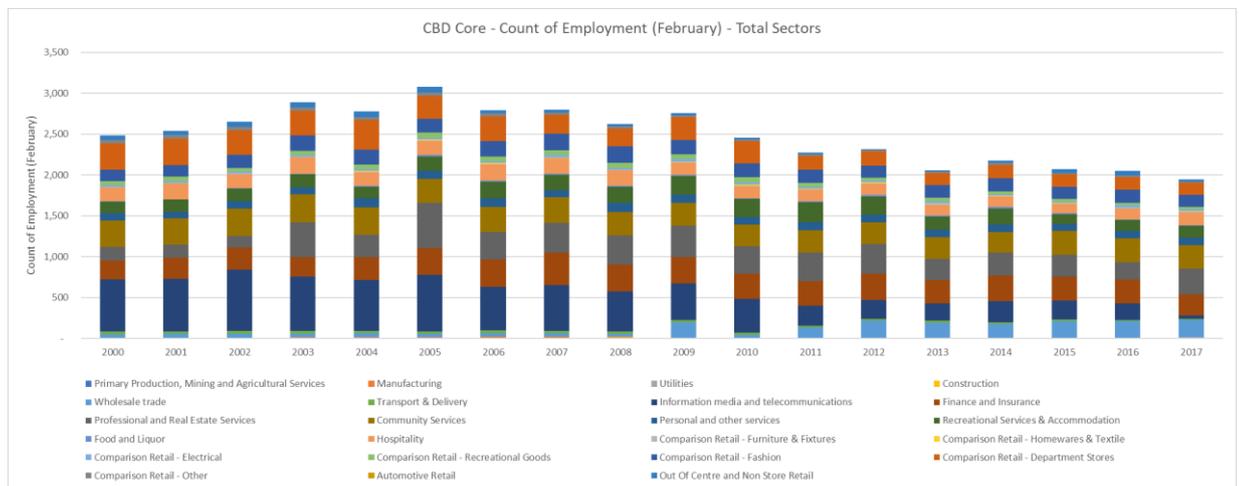
5.20 Stepping down one more level, I have examined the role of the **CBD Core**. As defined by the spatial framework this comprises the HWCP block, the Esk Street block and the two blocks that include H&J Smith's stores (refer Figure 1). Trends in the CBD Core are more extreme than for the CBD overall and are highly relevant to effects arising from the HWCP proposal – both adverse and positive.

5.21 I acknowledge that there are a range of market forces that have influenced changes in CBD Core activity in recent years – the concentration of earthquake prone buildings is of course very relevant and is discussed in the consent application (and HWCP evidence). These forces are sometimes complex and cumulative. The CBD Core is also not immune to changes being felt across the whole CBD and the whole of Invercargill (more macro level changes). My evidence is however focussed on the outcomes of change on the ground (in terms of employment, business counts, sales and shopper counts). In saying that, I believe that the distributional effects that have occurred as a result of enabling LFR growth in the CBD fringe (in particular) has been a key driver of the changes evident in the CBD Core retail market to date (in combination with other factors).

5.22 Key findings for the CBD Core from the Business Frame data:

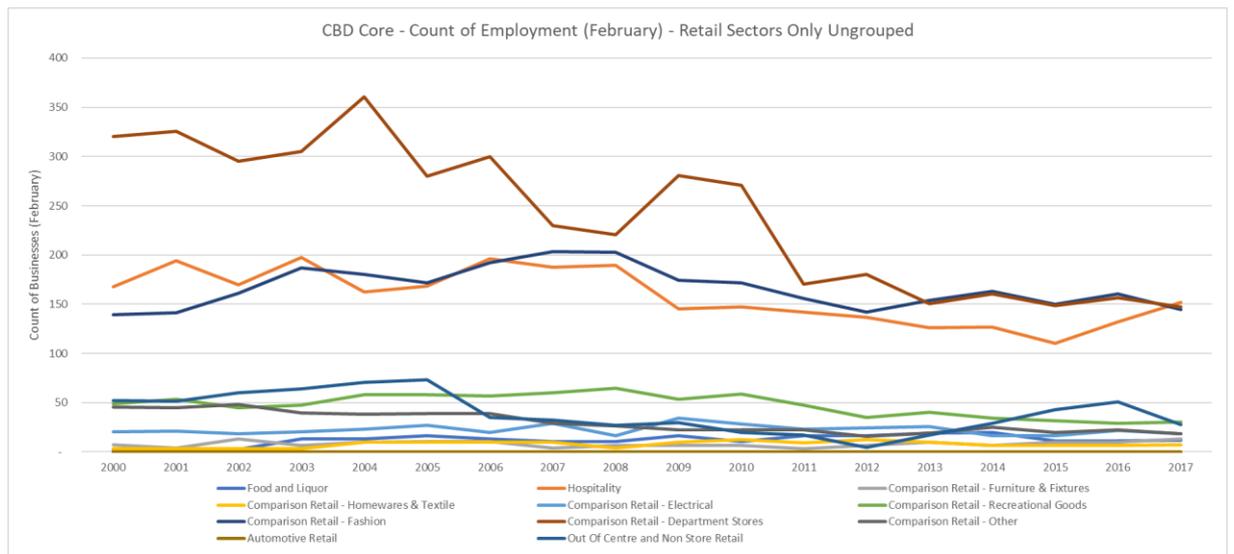
- (a) Total businesses across the CBD Core decreased by 43 between 2000 and 2017 (-19%). In contrast, the rest of the CBD has increased by 218 businesses in that same period (+26%).
- (b) The total workforce of the CBD Core has decreased by 535 people (-22%) between 2000 and 2017 (and more if one considers change since the peak in 2005). See Figure 4. In contrast, the workforce in the rest of the CBD has increased by 1,825 (+28%) in that same period (2000-2017).

Figure 4 – Total Employment in the CBD Core 2000-2017



- (c) The count of retail businesses in the CBD Core has decreased by 27 between 2000 and 2017 (-30%). In contrast, the rest of the CBD has increased by 16 retail businesses in that same period (+13%).
- (d) Total retail employment in the CBD Core has decreased by 236 people (-29%) between 2000 and 2017. See Figure 5. In contrast, retail employment in the rest of the CBD has increased by 824 (+61%) in that same period (2000-2017).

Figure 5 – Total Retail Employment in the CBD Core 2000-2017



5.23 Key findings for the CBD Core from the MarketView data:

- (a) Total annual retail sales in the CBD Core decreased by an estimated \$18.4m between 2009 and 2018 (-19%). In contrast, the rest of the CBD as increased annual retail sales by an estimated \$84.4 million in that same period (+40%).
- (b) Total annual retail transactions (customers) in the CBD Core decreased by 160,615 (-9%). In contrast, annual retail transactions in the rest of the CBD increased by 1.594 million (+44%) in that same period (2009-2018).
- (c) Figure 6 summarises trends in total annual retail transactions by broad location (covering the total Invercargill territorial authority (TA)) between 2009 and 2018. A more detailed table of results is included in Appendix 2. Figure 6 highlights the decline in the CBD Core (black line) relative to growth in retail transactions in all other areas, but particularly the rest of the CBD (blue line).
- (d) Figure 7 summarises trends in total annual retail sales by broad location between 2009 and 2018. A more detailed table of results is included in Appendix 3. Figure 7 again highlights the decline in the CBD Core (black line) relative to growth in retail sales in nearly all other areas, but particularly the rest of the CBD (blue line).

Figure 6 – Total Annual Retail Transactions by Broad Location in Invercargill City

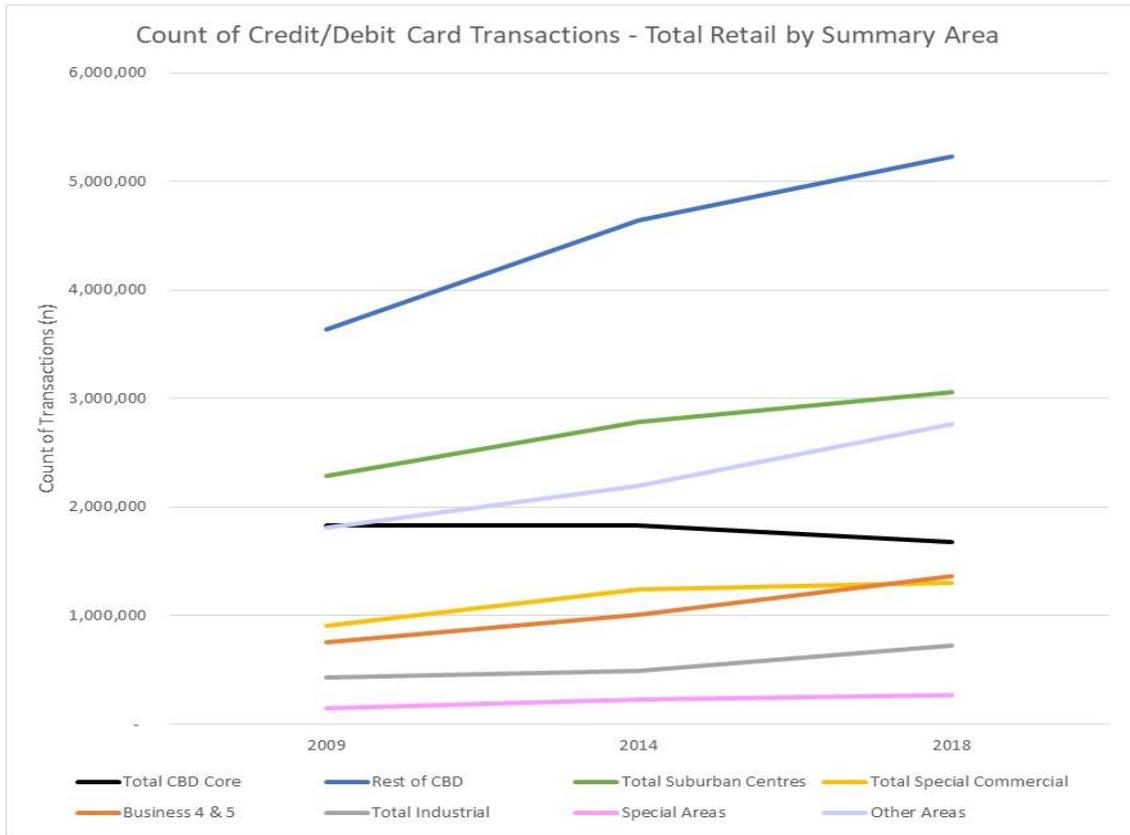
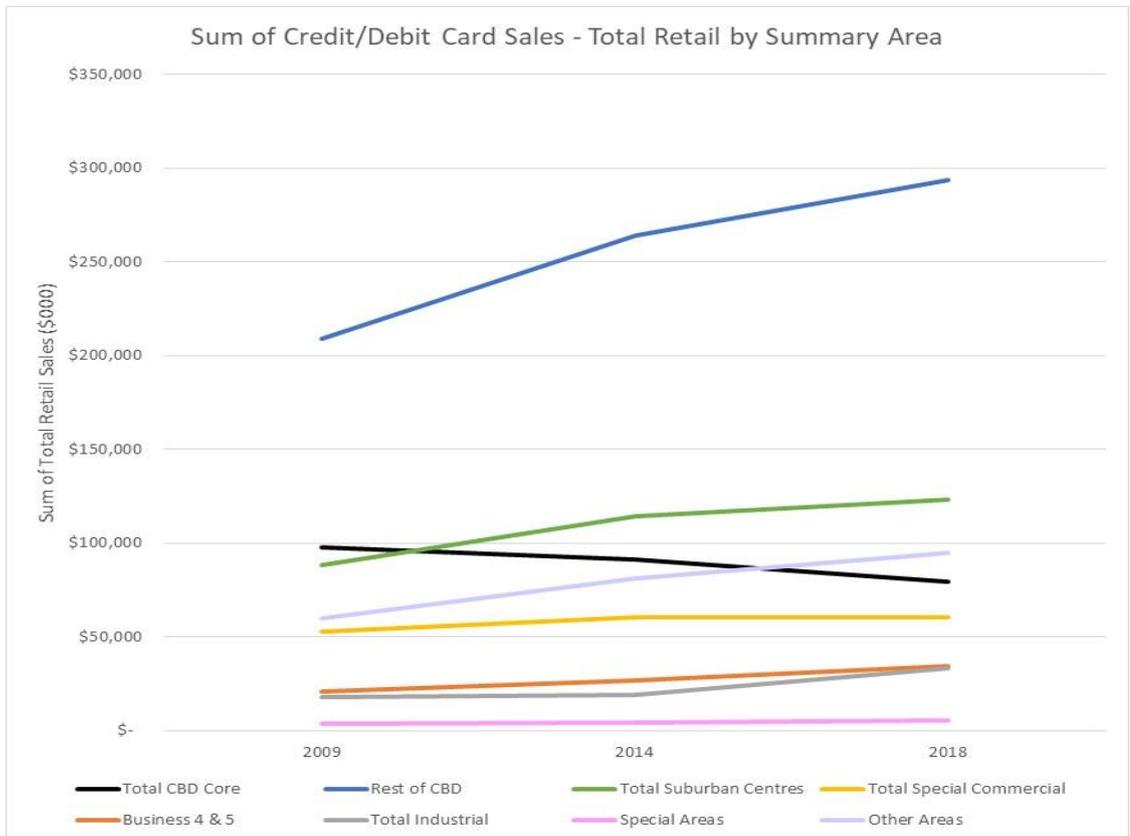


Figure 7 – Total Annual Retail Sales by Broad Location in Invercargill City



- 5.24** My analysis tells a clear story of a CBD that is being ‘turned inside out’ – with a CBD Core being hollowed-out in terms of economic activity. Furthermore, it shows that retail spending in other areas outside the CBD, such as suburban centres is increasing, despite only slow population growth. This indicates that that the growth in shoppers and sales is not linked so much to increased household demand, rather shifts in shopping patterns – with shoppers increasingly choosing not to shop in the CBD (and especially not the CBD Core) to meet their retail needs.
- 5.25** I am not able to establish a cause and effect relationship for these CBD Core trends – i.e. retail (and other businesses) forced to move out of the CBD Core for one reason or another (hence people *forced* to shop elsewhere), or conversely, shoppers choosing to shop elsewhere (for one reason or another (hence retail businesses *forced* to close or relocate to more popular or viable locations). In reality, it will be a mixture of both drivers and there is circularity also – if new commercial office space is being developed in the CBD Fringe, then convenience retail and hospitality tends to follow to service that workforce. Small format retailers also try and locate with LFR stores to maximise cross shopping potential from their large customer base.
- 5.26** The past planning framework and planning decisions have played a key role (determining where development can occur), as has the physical condition of the building stock. What is evident is the role that LFR in the CBD Fringe has had on changing the viability of many small format comparison retailers in Invercargill and drawing customers and therefore vitality away from the CBD Core.
- 5.27** This analysis establishes two key things:
- (a) It clearly illustrates the problem facing the CBD Core and the ‘reason for change’. The economic and social benefits of a thriving CBD Core are well established, and it is not my intention to examine those here. Needless to say, the rationale for the HWCP proposal is sound in economic terms, and I believe the need for action is urgent to reverse the trend

of decline, particularly from the mid-2000s. I examine what effects the proposed development is likely to have on the CBD Core in my next section.

(b) Second, it sets the economic context / 'health' of the CBD Core today and therefore the cumulative effect that the proposed development will have on CBD Core businesses and the community in the short-term future (i.e. over the long period of disruption associated with demolition and construction). Key features are:

- (i) A small remaining workforce in the CBD Core – that is; the people that have a reason to be in the CBD Core on a day to day basis that is not discretionary (unlike shopping which is a choice). In 2017 there were an estimated 1,948 people working in the CBD Core – just 7% of total Invercargill employment. Of those, 71% are not in retailing (1,377 workers).
- (ii) For the retail businesses that remain in the CBD Core, they have endured continuously declining foot traffic (shoppers) with transactions overall in the CBD Core at their lowest.
- (iii) Notwithstanding other 'attractions' in the CBD core – which I do not have data on – the overall vitality and vibrancy of the CBD is at a low level compared to earlier times (due to the presence of less workers and shoppers).
- (iv) The functional amenity of the CBD Core is low due to reductions in business numbers of all types. This has flow-on effects for the efficiency of trips made to the CBD Core, including reduced opportunities for cross shopping.
- (v) Current shopping trip patterns include the CBD Core far less than they have in the past. Shoppers have established new patterns where they can increasingly meet their needs in the CBD Fringe or elsewhere in Invercargill City (or online for that matter) allowing them to avoid the CBD Core (or reduce the frequency of CBD Core shopping visits).

Established shopping patterns are difficult to change and any change occurs slowly.

- (vi) Similarly, CBD Core retailers / service businesses in general now face strong competition from other locations in the rest of the CBD and other business zones – their market share is diminished
- (vii) To add to these issues, the new Kmart complex (Kmart plus 8 retail stores due to open this year and in the midst of the HWCP demolition period) is being built just outside the CBD in the B3 zone to the south). This will draw even more sales and customers from the CBD Core retailers – for many this will be a permanent loss of market share.
- (viii) Overall, the CBD Core is currently in a vulnerable economic position and many retail and shop-based service businesses in particular will not be resilient to further losses of pedestrian counts / shoppers. Only the strong will survive further decline.

6. SOCIO-ECONOMIC EFFECTS ARISING FROM THE HWCP PROPOSAL

- 6.1 This leads me to the effects anticipated to arise from the HWCP proposal. It is not possible to predict exactly the future effects of the HWCP proposed development. However, the processes through which potential effects will arise are easier to understand and are not unique to this proposal. Where those effects will be felt on the ground can also be estimated. The stages of development and their location within the site helps inform that. The key uncertainty is the scale, timing and duration of effects as opposed to the nature of the effects.

Loss of Functional Amenity

- 6.2 Using the same spatial framework model described in section 5, I can describe the business activity located in the HWCP block as at February 2017 or year ending July 2018 (depending on which dataset I draw from). Key features are:

- (a) According to SNZ Business Frame, by 2017 there were 54 businesses in the block (down from 87 in 2000). Those 54 businesses account for 1% of Invercargill businesses in that year and 29% of all businesses in the CBD Core.
- (b) 28 of those businesses are non-retail activities (spread across information media/telecommunications, finance/insurance, professional services, real estate services, community services, personal and other household services and recreational and accommodation services). They account for 23% of all non-retail businesses in the CBD Core.
- (c) 26 of the businesses are retail activities (spread across food/liquor, hospitality, furniture/fixtures, homewares, electrical, recreational goods, fashion, comparison other and out of centre/non-store retail). They account for 41% of all retail business in the CBD Core.

6.3 This data shows that the HWCP block plays a significant role in the functional amenity of the CBD Core. I.e. it provides a range of businesses that help meet the need of residents, tourists and other businesses. In attracting customers/visitors to those businesses, they also provide opportunities for cross shopping in other retail/service businesses in the rest of the CBD Core – helping sustain economic activity.

6.4 The HWCP proposal requires that the majority of the 54 businesses vacate the site. Businesses that remain are the Cinema, Kelvin Hotel and any independent tenants below the Kelvin Hotel. Mr Cotton’s evidence indicates that demolition will be done in blocks. He states that the remaining ‘middle’ Esk Street buildings “are being left until the final stage [stage 4a] to ensure street life is maintained until the Christmas period of 2019” (paragraph 33). To my knowledge, the tenants of these buildings include Pascoes, Max Clothing, Specsavers, Starbucks, Enterprise Recruitment (upstairs) and Lusty’s Showcase Jewellers. The latter has already closed down permanently (with job losses for 5 staff)¹¹ as relocation was not financially feasible. In my view, the likelihood of the remaining businesses staying until Christmas

¹¹ <http://www.southlandexpress.co.nz/business/lustys-closing-its-doors/>

2019 is very low given that the need to shift is certain and they will need to plan their relocation and take any alternative tenancy options as and when they arise. Waiting till the last minute, when so many other businesses have been snapping up vacant space elsewhere in the CBD or further afield would be risky.

- 6.5** If and when 50 businesses vacated the block (for example), this would be a loss of 27% of the businesses in the CBD Core (2017). This assumes that these businesses do not relocate to vacant premises in the remaining CBD Core blocks. Even if this was the case for some businesses, the loss of functional amenity will be more than minor. Particularly as according to the Business Frame 2017, 9 businesses expected to exit the block (approximately 20%) are unique to the CBD Core¹² - i.e. there is a not similar alternative in the CBD Core.
- 6.6** A recent tenancy survey of the HWCP block has been carried out by H&J Smith staff and provided to me – It highlights the mix of businesses in the HWCP block.
- 6.7** The key purpose of this survey was to monitor the ‘decanting’ of businesses out of the HWCP block. I have attached a copy of the survey at Appendix 4. This provides a snap shot of who had vacated the block and who remained as at 15th of November (despite no certainty of HWCP getting its consent). It does not inform when the business vacated.
- 6.8** However, another survey was carried out on the 17th January 2019 (attached at Appendix 5). This showed that 2 further businesses had exited on the Esk Street side since November, with one in the process of closing down and another relocating shortly after the survey. There were no further changes to vacancies on the Dee Street side at that time. On the Tay Street side, one further business was about to vacate just after the survey date.

¹² I have not specifically checked if there are additional business types across the road from the CBD Core blocks (i.e. in facing CBD Fringe blocks. The unique stores (in the context of the CBD Core are in the following 6digit ANZSICs: grocery store, floor covering retail, flower retail, finance, engineering and design consultancy, 2 x management advice services, gym, repair service, personal service not classified.

- 6.9** Another survey was completed on the 15th March 2019 (Appendix 6). This shows the 2 anticipated closures from the January survey on Esk Street are now vacant and one additional business has also vacated. There were no further changes on Dee street – just the cinema and dairy remain. On Tay Street, the anticipated closure from January is now vacant, plus one new vacancy. On Kelvin Street, 2 additional premises have vacated since January and another was about to close the day after the survey.
- 6.10** These surveys highlight that the loss of functional amenity in the CBD Core explicitly linked with the HWCP proposal (and not other lease related issues) does not begin when demolition starts. It started many months ago and has been gradual. I believe these vacancies are now irreversible (as these businesses have committed elsewhere).
- 6.11** The full loss of functional amenity will be felt in the near future (assuming consent is granted). This is a further ‘blow’ to remaining CBD Core businesses in that it continues (and exacerbates) the recent trend of functional amenity decline. I.e. is a significant cumulative effect. I am aware from Mr Cotton’s evidence that “The developer has committed to providing food and beverage caravans and containers on the South side of Esk Street to ensure continuing activation of the street” (Paragraph 58 (a) (ii)). This may be a trade-off with parking space. This will offset only a small portion of the losses of functional amenity across the entire block.
- 6.12** The effect on functional amenity *is* temporary. The duration of that full effect will last until the first tenants (stage 1) are able to enter the new development (I understand this was indicatively December 2021¹³ but timing is uncertain), when functional amenity will begin to improve. The full effect of lost functional amenity will not be offset until the development is fully re-tenanted (indicatively this could be soon after construction is complete - December 2022 according to Mr Cotton¹⁴, or potentially later if there are delays in both construction or finding tenants), at which time the functional amenity of the CBD Core will be

¹³ Mr Cotton’s evidence suggests November 2021 (paragraph 58 (d) (iii) and may supersede earlier information.

¹⁴ Ibid.

restored, and potentially enhanced if there is a net increase in CBD businesses¹⁵.

- 6.13** In summary, the effects on functional amenity will be significant in the context of the CBD Core. They have already been impacting on businesses, the community and tourists for some months. They will continue for at least the short-term future.

Loss of vibrancy and social amenity

- 6.14** Related to loss of businesses is the loss of vibrancy and opportunities for social interaction (social amenity) in the CBD Core. Here I consider only the direct effect of lost employees from businesses located in the HWCP block. The data shows:

- (a) The combined workforce of the non-retail businesses in the HWCP block is 324 (2017). This represents 24% of total non-retail employment in the CBD Core.
- (b) The combined workforce of the retail businesses in the HWCP block is 138 (2017). This represents 24% of total retail employment in the CBD.
- (c) In total, employment in the HWCP block is 462 workers (2% of total Invercargill City employment and 24% of all workers in the CBD Core).

- 6.15** This data shows that the HWCP block plays a significant role in the workforce of the CBD Core, which in turn contributes to the overall pool of shoppers (i.e. before, during and after work) in the CBD Core and the overall vibrancy (people activity) of the CBD Core (in addition to shoppers and other people visiting or passing through the CBD Core (i.e. students)).

- 6.16** As above, if the majority of businesses are required to leave the HWCP block (I have assumed 82 employees remain in the cinema and Kelvin Hotel based on the Business Frame), this would be a loss of 380 workers (-20%) of the total employment in the CBD Core (2017). This

¹⁵ Some existing CBD Core businesses may relocate into the new development (shift). This is only a net increase in CBD Core businesses if/when any vacated premises are re-tenanted.

assumes that these employees do not relocate to businesses in the remaining CBD Core blocks. Even if this was the case for some employees, the loss of 20% of the workforce will be significant. The employment created in any temporary 'mobile food vendors' would be small (given the nature of these sorts of businesses), so would only marginally offset this loss.

6.17 Also related to the loss of retail businesses in the HWCP block is the loss of retail customers (foot traffic) from the CBD Core. The data shows:

- (a) In the year ending July 2018, there were 990,130 retail credit and debit card transactions made in the HWCP block. This is 6% of all retail transactions in total Invercargill and 59% of retail credit and debit card transactions in the CBD Core that year. It equates to an average of 2,710 transactions each day.
- (b) Those transactions generated \$44.57 million of retail sales in the HWCP Block. This is 6% of all retail sales in Invercargill and 56% of retail sales in the CBD Core (2018).

6.18 This data shows that the HWCP block plays a significant role in the retail transactions (retail shopper count) of the CBD Core, which in turn contributes to the overall pool of shoppers (i.e. including non-retail (service) shoppers not captured) in the CBD Core and the overall vibrancy (people activity) of the CBD Core (in addition to workers and other people visiting or passing through the CBD Core).

6.19 Again, it is difficult to put the potential loss of these retail shoppers in the context of total people activity in the CBD Core. Some shoppers will be workers from the HWCP Block (so there is a small amount of overlap), and transactions is not a count of unique customers – i.e. a customer may make 2 (or more) transactions in one visit to the CBD Core, so the loss of transactions is not proportional to the loss of customers on any given day or over the course of the year. Further, some customers will continue to shop in the CBD Core (all else being equal) despite the closure of the majority of businesses in the HWCP block.

- 6.20** Even allowing for these cross-overs/caveats, if even a share of 59% of total transactions is lost from the CBD Core, that is still likely to be a significant loss of total retail shoppers across each year. How this translates to a loss of total people activity (vibrancy) and social amenity is difficult to measure, but proportionally, the more minor loss of workforce combined with a potentially significant loss of retail shoppers in part of the CBD Core is expected to be more than minor.
- 6.21** The effect on vibrancy and social amenity associated with the loss of CBD Core workforce and shoppers started some months ago and has yet to reach its full effect. The effect is cumulative to recent losses of CBD Core employment and shopper counts but will be temporary. The loss will be sustained until tenants start to occupy the HWCP block and is expected to be mitigated in full (or most likely enhanced) when the development is fully occupied (indicatively after three and half years – best case scenario, at worst longer if there are hold-ups and difficulties securing tenants).

Displacement of Activity

- 6.22** The businesses, workforce and shoppers directly linked to the HWCP block need to go somewhere, although I am aware, anecdotally¹⁶, of some HWCP block businesses that have closed down for good (or will close down at the end of their lease) rather than relocate – many citing difficulties in finding an alternative space or relocation costs being prohibitive. While they may be losses from the CBD Core, the businesses that can relocate represent gains for somewhere else as demand has not changed. The retail businesses are likely to take customers with them. In other words, the losses described can be expressed as distributional effects.
- 6.23** There is evidence that several businesses that were previous tenants of the HWCP block have shifted out of the CBD Core and into the rest of the CBD. Mac Pac for example has moved to Leven Street, Snap Fitness has moved to Spey Street. Early shifters directly associated with the redevelopment proposal are likely to have snapped up the best

16

<https://www.odt.co.nz/regions/southland/invercargill-restaurants-struggle-after-forced-move>
<https://www.stuff.co.nz/southland-times/110360492/closure-only-option-for-some-cbd-businesses-as-relocation-proves-difficult> for example.

and

vacant spaces in the rest of the CBD (or elsewhere). I expect those businesses yet to shift will find it increasingly difficult (and more permanent closures may be the consequence of that).

- 6.24** The distributional effects directly associated with the HWCP proposal will (and are already) exacerbating recent trends of growth in the CBD Fringe at the expense of further decline in the CBD Core – it is a cumulative effect (and further compounded by the Kmart opening). It is further reducing the role of the CBD Core relative to the CBD Fringe and areas outside the CBD.
- 6.25** Shifting costs money and doing it twice in the space of 3.5 years (say) will not be feasible for many (unless they are compensated in some way). I expect a large share of these distributional effects will be permanent. This means that even if the HWCP development attracts new businesses to the CBD Core, not all of the market share lost during the HWCP demolition and construction will necessarily be recovered¹⁷.

Indirect Effects on Vibrancy (Disruption of the CBD Core)

- 6.26** The effects on the CBD Core above – anticipated to be significant in the short-term, are all directly linked to the businesses currently located in the HWCP block. There will also be indirect effects of the development on the CBD Core. These are on top of direct effects (additive). They relate to the disruption caused by both demolition and construction activities on the site. These activities will impact on the pleasantness of being in the CBD Core – particularly in the streets surrounding the HWCP block – and includes the ease of access, parking and movement around the CBD Core on foot and by car, and noise and dust nuisance. The AEE in section 9.4.7 states “There will be significant effects on the amenity of the CBD during the redevelopment process”.
- 6.27** The application, including further information provided and more recently Mr Cotton’s evidence, outline steps that will be taken to help mitigate disruption to both pedestrians and vehicles. Not all effects can

¹⁷ i.e. Demand (spend) will be split over a greater number of stores (in a greater number of locations), mitigated in part by any leakage that is able to be recaptured.

be avoided and are an unavoidable consequence of the development process.

- 6.28** What is somewhat unique about this proposal is the scale of demolition and construction activity, and its (unknown) duration – Mr Cotton has presented only the ‘best case’ outcome in terms of timing. While workers based in other blocks of the CBD Core will continue to go the CBD out of necessity, I consider that the ongoing disruption (even if intermittent or varying in intensity depending on the stage of development) combined with the loss of functional amenity (i.e. reduced shop choice/range) will have some effect on shopper trip making behaviour. I believe it is reasonable to expect that some shoppers (and it is not possible to quantify this) will choose to avoid the CBD Core, or perhaps visit it less frequently than they would have, had there been no physical disruption.
- 6.29** This is not an unrealistic response given that shoppers have already been doing an increasing share of their shopping (transactions and sales) in the CBD Fringe and other centres in recent years and many CBD Core businesses will have added to the functional amenity of the CBD Fringe, so this would be only a marginal shift in behaviour for many to reduce their visitation to the CBD Core at times.
- 6.30** I think this will have minor impact on the total vitality of CBD Core (in and of itself) and will be limited to the worst periods of disruption (sporadically over an estimated 3.5 years but possibly longer) but is a cumulative effect on top of direct effects on the vitality and vibrancy of the CBD Core. This has consequent effects on CBD Core businesses in the short-term.

7. POTENTIAL IMPACTS ON H&J SMITH

- 7.1** I have recently built a model for H&J Smith that projects future sales and gross profit without and with the HWCP proposal for their three businesses (the Department Store, Outdoor Store and Paper Plus Store, and in aggregate).

- 7.2** The 'business as usual scenario' or 'baseline scenario' (without HWCP development) is driven by a range of data inputs associated with tourism, household and business spend growth in Invercargill and estimates of changes in market share. It factors in recent trends in sales/gross profit and their relationship with a declining CBD Core.
- 7.3** The model also projects the estimated impact of the Kmart complex opening in later 2019 on H&J Smith stores as a separate scenario.
- 7.4** The 'with HWCP' impact projection is driven by a scenario (that can be adjusted) of potential changes in the market share of retail credit and debit card transactions for each location within Invercargill. It uses the current market shares as at July 2018 as the starting point. These market shares can be changed (up or down) to reflect potential distributional effects associated with different stages of the HWCP development, starting in August 2018 (an estimate of when the proposal-related decanting most likely began) and continuing well beyond the completion of the HWCP development (to July 2029). The scenario can take into account estimated changes in total retail leakage, including the ability of stores like Kmart and the HWCP development to help recover some spending leakage.
- 7.5** The reason for basing the scenario on transactions and not sales by location is to mitigate the effect of average transaction value which varies depending on the mix of activities in a location. The idea was to build a scenario based on the vitality and vibrancy of each location and assumes a relationship between foot traffic and sales. This approach allows the model to take into account the indirect effects of the HWCP disruption, as well as the direct effects of store closures and relocations. That is, the model was built specifically to reflect the nature of effects discussed in this statement.
- 7.6** A unique feature of the model is that it utilises 41 months of H&J Smith store sales data. This data was sourced from MarketView Ltd and allowed sales to be categorised into visitor and resident customers, as well as customers that also made a retail transaction in different precincts of the CBD (or elsewhere in the district) within 2 hours before or after the transaction made in the H&J Smith store. The purpose of

this was to understand (using as long a sample as practical to confirm the stability and representativeness of shopping patterns) the established share of sales that are associated with ‘single purpose’ trips to H&J Smith stores (i.e. customers shopped nowhere else in the CBD on that visit) and the share of sales that are associated with cross-shopping behaviour.

- 7.7** By understanding the cross-shopping behaviour of H&J Smith customers, and the geographic patterns of this trip making across the CBD, the Model can infer a link between reduced or increased shoppers in particular locations overtime and the propensity of those shoppers to also shop at H&J Smith.
- 7.8** Although the model only projects the potential impact of the HWCP development (and other known changes in supply) on three stores in the CBD Core (and cannot be used to test impacts on other stores’ sales), the department store is an important anchor in this precinct. The purpose of discussing the model in this evidence is to demonstrate how the effects described in my evidence could manifest on individual retail businesses. I believe the projected experience of H&J Smith stores (variously a department store, book shop and recreational goods store) may be indicative of impacts faced by other retail businesses in the CBD Core – acknowledging that each store is unique in terms of their sales, customer mix and reliance (or otherwise) on cross shopping.
- 7.9** The model contains confidential data on H&J Smith store sales and gross profit. H&J Smith have given me permission to discuss a scenario of anticipated changes in transaction market share and the sales/gross profit results of that scenario – although I have presented it in a way that protects commercially sensitive information.

An indicative Scenario of Total Direct and Indirect Distributional Effects

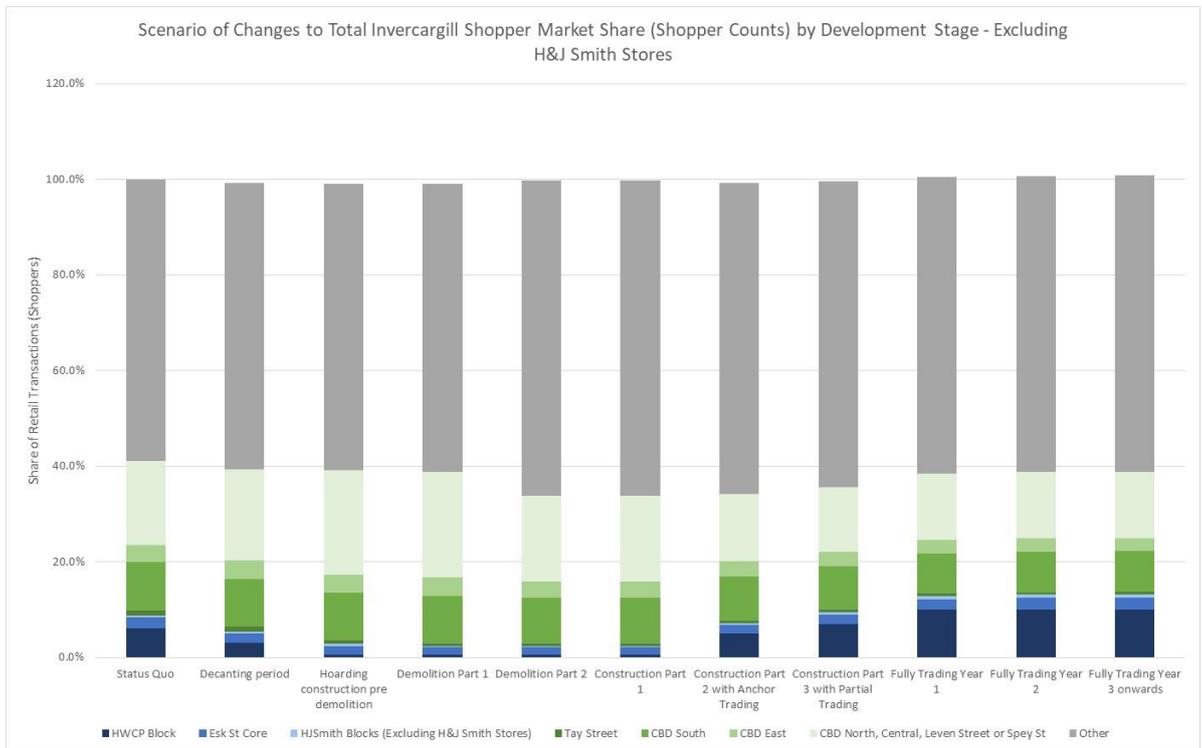
- 7.10** Figure 8 and 9 show a summary of a scenario that has been developed to reflect anticipated direct¹⁸ distributional effects on retail transaction market shares (in two complementary graph styles). While any number of scenarios can be tested in the model, this is a scenario that H&J

¹⁸ Indirect effects are shown separately in Appendix 7, but both effects are combined in the model.

Smith believe is realistic based on information provided in the resource consent application and request for further information¹⁹ and their knowledge of the local market. I have been involved in the thinking behind this scenario and agree with the direction and distribution of changes. I consider that the timing of development stages reflected the information provided by the applicant at the time that this scenario was developed. I also broadly support the scale of indicative changes in market share – I believe they are inherently reasonable based on my understanding of the data available.

7.11 A more detailed table of this scenario is contained in Appendix 7. This includes the estimated time frames associated with each development stage and additional assumption on how visits to H&J Smith stores may be impacted, not by the direct effects of the HWCP proposal, but by the indirect effects arising from physical disruptions in the CBD Core.

Figure 8 – Scenario of Direct Distributional Effects – Total Invercargill – Stacked Bar Graph



¹⁹ Evidence since circulated by HWCP indicates that some assumptions in this scenario could be refined in terms of timing.

- combined area of CBD North, Central, Leven Street and Spey Street), with some shoppers redirected to areas outside the CBD and also a 0.8-1.0% increase in leakage from the district.
- (c) Demolition is assumed to occur between August 2019 and July 2020 – 1 year in total duration as per the further information provided by the applicant. During that time, the Kmart complex is expected to open, which in itself will cause a redistribution of shopper market shares. The Kmart complex is contained in the area called 'Other' which is the total area outside the CBD. This impact is shown as 'A' on Figure 9. The majority of this impact is felt in the CBD North, Central, Level and Spey street area where the major share of competing LFR operators are located²⁰.
 - (d) During the first stage of construction, the distribution of shoppers is broadly stable – no further changes in supply.
 - (e) During the next stage, the Anchor tenant in the HWCP mall opens (and associated stores in that part of the development). Construction continues elsewhere on the site. This is reflected in a rise in market share in the HWCP block to an estimated 5.0% - up from the 0.5% in the previous period, but still not as high as it was prior to the decanting period. Market share across the CBD Core begins to slowly increase. For this scenario, we assumed (although it is not confirmed in evidence) that Farmers would be a 'plausible' anchor and they would shift from the CBD Fringe²¹. As such, the scenario shows a corresponding drop in the market share of the CBD Fringe. This impact is shown as 'B' on Figure 9.
 - (f) As construction continues, more businesses occupy the HWCP development and its market share climbs to an estimated 7.0%. Leakage loss slows in response to the new retailers.
 - (g) The first full year of trading sees the HWCP market share of shoppers rise to an estimated 10% (higher than status quo) and holds stable going forward. This is shown as 'C' on Figure 9. Some leakage is recovered as a result of improved shopping offer in the CBD Core. This is shown as 'D' on the

²⁰ I.e. The Warehouse is expected to be most impacted by Kmart.

²¹ <https://www.odt.co.nz/regions/southland/offer-farmers-building-declined>

Figure 9 where the market share of Invercargill City in total increases slightly above 100%.

- (h) Finally, as the catalyst effect of the HWCP development starts to occur – stimulating further investment in the CBD Core (an outcome addressed by NZIER (refer report attached to Ms McMillan’s evidence)), the market share of both Esk Street and the H&J Smith blocks incrementally increase – exceeding current market shares.
- (i) Figure 9 shows the weighted effect for the total CBD Core, the total Rest of CBD and the CBD overall.

7.3 In terms of indirect effects of HWCP development disruption that are identified as a significant loss of amenity in the AEE, the scenario (see Appendix 7) assumes that at worst - during the demolition and first stage of construction stages- 20% of single purpose H&J Smith store shoppers that would normally be expected to shop in store would not come to avoid disruption in the CBD Core. The majority (80%) of these shoppers would come as normal²². There would be no further change to the likelihood of H&J Smith shoppers who would normally cross shop within the CBD Core or with areas to the south and east of H&J Smith. I.e., of the shoppers left after direct effects have been taken into account, they will be just as likely to shop at H&J Smith as before due to the proximity and unimpeded access routes. From the remaining H&J Smith shoppers who would normally cross shop from the centre and north of the CBD, at most 10% might not travel to H&J Smith during the demolition period but returning to prior propensities once construction starts.

7.4 Figure 10 shows how this translates in my model to impacts on annual sales at the H&J Smith group of stores²³. I have removed the values on the Y axis so that the trend is evident only. This graph shows modest baseline sales growth, an expected short-lived impact associated with Kmart opening and the period of lost sales associated with the loss of functional amenity and vitality in the CBD Core and related distributional effects in the short-term future (indicatively 6 years in total

²² For clarify, this is not a 20% reduction in all shoppers at H&J Smith, just a 20% reduction of the share that make single purpose shopping trips (this share cannot be disclosed for sensitivity reasons).

²³ For brevity I have not included impacts on each of the H&J Smith stores.

including the decanting period). I acknowledge that this is a longer period than Mr Cotton indicates for demolition and construction (although he does not capture the total decanting period in his 3.5 year estimates). As discussed, these results are a 'scenario', just as Mr Cotton's estimates are a scenario of potential timing.

7.5 By the time the HWCP development is complete and fully trading in the scenario run, it is not expected that H&J Smith sales will exceed the baseline sales scenario. This is logical given that the gains in CBD Core market share (including those from reduced leakage) will be driven (and primarily captured) by the new businesses that were not there before – while H&J Smiths' offering will be the same as normal – i.e. its place in the market will be the same but it now has more competition from new retailers.

Figure 10 – Projected Estimates of H&J Smith Group Sales Impact (\$) – With HWCP Scenario

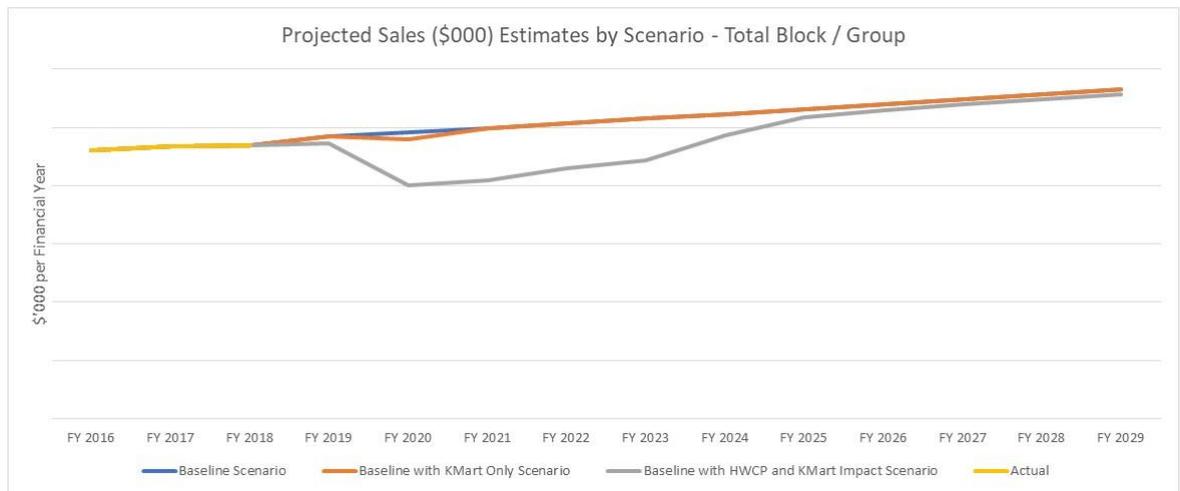
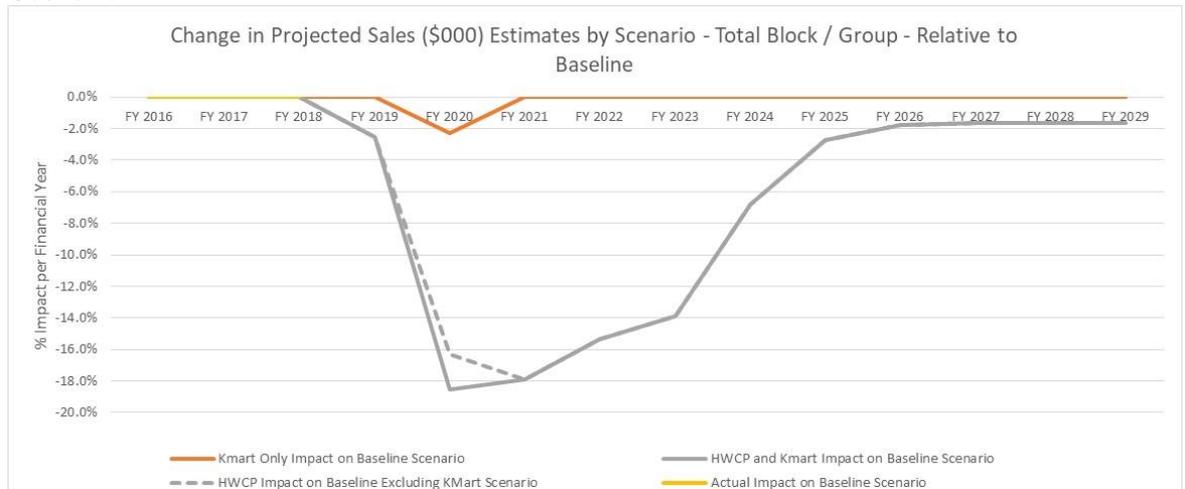


Figure 11 – Projected Estimates of H&J Smith Group Sales Impact (%) – With HWCP Scenario



7.1 Finally, Figure 11 shows the sales impacts in percentage terms for this scenario. The dotted line is the net effect of the HWCP development less the distributional effects associated with the Kmart (which is factored into the scenario inputs). The loss of sales is as high as -18% in one financial year (YE July 2021). The combined loss of sales across all months between August 2018 (when decanting began) and July 2024 (indicatively when all construction is complete in the scenario) is -12.1%. I refer to the evidence of Mr J Smith as to what this could mean from an operational point of view.

7.2 In summary, aspects of the model, i.e. the market share scenario development, are applicable to all retail business (wherever they are located in the CBD), but the mechanics of the model are specific to H&J Smith and cannot be transferred elsewhere.

7.3 The model attempts to quantify the flow-on effect of total distribution effects anticipated to arise from the HWCP proposal (since August 2018 and over the short-term) on the H&J Smith group of stores. It is however one scenario of many possible outcomes. In many ways, H&J Smith is somewhat protected from the full scale of impacts (i.e. while the impacts are significant – and any further delays to the development process and occupancy of the completed development than modelled in the scenario shown would have a compounding effect on H&J Smith sales - they could have been even worse. This is because a significant share of H&J Smith sales relates to single purpose shopping trips. This is typical of LFR anchors, as they are destinations.

7.4 However, most other stores in the CBD Core will be less resilient to adverse changes in the functional and social amenity and general vitality of the CBD Core over the decanting, demolition and construction periods (because they are highly dependent on those factors for customers and sales). At the same time, those same businesses may be more likely to benefit from the recovery of the CBD Core in the medium-long term for the same reason. It is their ability to survive the short-term economic effects that is critical.

8. CONCLUSIONS

8.1 The economic health of the CBD Core is at an all-time low. The rationale for the HWCP proposal is clearly supported by my assessment of economic data.

8.2 However, the HWCP development is going to make the CBD Core worse before it makes it better. The application has not assessed these temporary (estimated short-term but could be longer) economic effects on the functional and social amenity (including vibrancy and vitality) of the CBD Core. These effects will be significant even based on the optimistic HWCP demolition, construction and re-occupation programme.

8.3 The direct economic effects of the proposal have already started and have been impacting on the functional amenity and vitality of the CBD Core for some months (indicatively since August 2018 by my estimates). This is through business closures, loss of workforce and reduced shoppers in the HWCP block, which accounts for a significant share of economic activity in the CBD Core.

8.4 While the indirect effects of the development process (noise, vibration, dust, access and general ambience of the CBD Core) can be mitigated to an extent (as suggested by the application), they cannot practically be avoided. These impacts are cumulative to the direct effects and will further reduce the vitality and vibrancy of the CBD Core, further impacting on local businesses.

- 8.5** These effects will not be fully offset until the development is complete and is occupied. The timing of that is uncertain and realistically unknown. For example, there is no evidence on the extent of key tenants that have been secured. Given that the decanting has already started (and some businesses have closed as a result of this already) any delays in starting the demolition will prolong the economic effects on the CBD Core, as will any delays in demolition, construction and securing tenants. The longer the overall development process takes, the greater CBD Core businesses will suffer. These impacts will have flow on impacts on the community in terms of travel efficiency, job security and household incomes.
- 8.6** The s42A report took a balanced (overall judgement) approach to both adverse and positive effects in its recommendation. Temporary adverse economic effects were not represented in that balancing (due to a lack of information on these).
- 8.7** My view is that medium-long term economic benefits (which I have not addressed in my evidence as they are more adequately covered by the applicant) would still outweigh the short-term adverse effects described in this statement. On that basis, I support the recommendation to approve the consent. Invercargill cannot afford to 'do nothing'. Mr J Smith provided further support in principle to the Application in his letter, which reflected the need to take action.
- 8.8** In saying that, the significance of the anticipated short-term economic effects cannot be ignored. I refer to the planning evidence of Mr Vivian in this regard – these effects are (for example) contrary to Objective URB.1 and associated policies of the RPS. I consider that all possible measures should be taken to help avoid, remedy or mitigate adverse economic effects (including cumulative effects) on the CBD Core. This includes (but is not limited to):
- (a) consent conditions such as (but not necessarily limited to) those recommended in the s42A report, with independent certification and monitoring of compliance due to Council's involvement in the project.
 - (b) provision of temporary retail space to ensure that (a) existing businesses in the HWCP block have somewhere to go

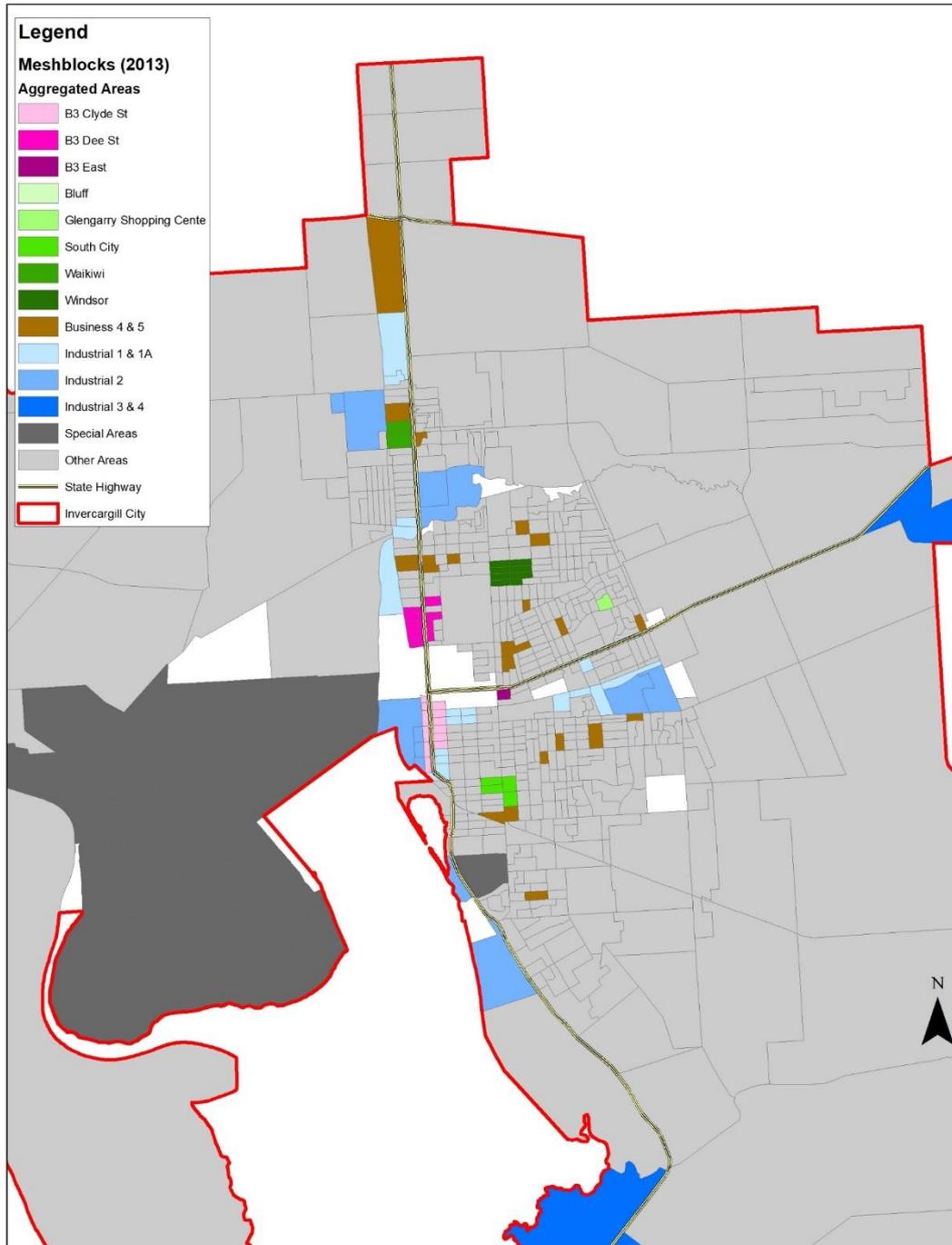
(avoiding further unnecessary permanent closures), and (b) that they stay in the CBD Core to help maintain functional and social amenity. Ideally, these will not be limited to providing spaces for takeaway food outlets but will cater for comparison retailers and service providers too.

- (c) Putting on events and providing attractions that bring people into the CBD Core to help support local businesses.
- (d) Bonds to secure performance of the demolition and construction within realistic time periods with financial penalties for non-performance.
- (e) Other forms of financial assistance.
- (f) Involvement of local retailers in the finalisation of all management plans, so they have a better knowledge of what to expect and when. This will allow them to take measures available to them to better self-manage/mitigate periods of peak disruption and to have a real opportunity to contribute to the contents of such plans.
- (g) Further evaluation of the feasibility of alternative demolition and construction sequencing that would ensure that functional amenity in the block is maximised at all times. For example, demolishing, constructing and tenanted a site before starting the next site. I note that this scenario may require extending remaining leases and other incentives to retain existing/remaining businesses and providing short-term leases to try and re-tenant shops already vacated – attracting non-local retailers that may be prospective future tenants for pop-up shops may be a potential strategy).

Natalie Dianne Hampson

18 March 2019

Appendix 1 – Map of Invercargill City Spatial Framework Excluding CBD



Spatial Framework (2019) Invercargill City
Aggregated Areas Excluding CBD Precincts - North

Appendix 2 – Annual Retail Transactions by Location in Invercargill City

Count of Transactions	Count			Market Share of Invercargill City			Growth		Growth		Growth			
	2009	2014	2018	2009	2014	2018	2009-2014	2009-2014	2014-2018	2014-2018	2009-2018	2009-2018		
HWCP Block	1,144,395	1,105,504	990,130	9.7%	7.7%	6.0%	- 38,891	-3%	- 115,374	-10%	- 154,265	-13%		
Esk St Core	334,040	415,247	352,762	2.8%	2.9%	2.2%	81,207	24%	- 62,485	-15%	18,722	6%		
HJSmith	356,411	306,839	331,339	3.0%	2.1%	2.0%	- 49,572	-14%	24,500	8%	- 25,072	-7%		
Total CBD Core	1,834,846	1,827,590	1,674,231	15.5%	12.7%	10.2%	- 7,256	0%	- 153,359	-8%	- 160,615	-9%		
Tay Street	92,304	102,122	157,277	0.8%	0.7%	1.0%	9,818	11%	55,155	54%	64,973	70%		
CBD Central	134,678	267,608	422,080	1.1%	1.9%	2.6%	132,930	99%	154,472	58%	287,402	213%		
CBD East	418,544	519,753	579,803	3.5%	3.6%	3.5%	101,209	24%	60,050	12%	161,259	39%		
CBD North	280,661	349,066	385,762	2.4%	2.4%	2.4%	68,405	24%	36,696	11%	105,101	37%		
CBD South	1,070,942	1,408,040	1,634,301	9.1%	9.8%	10.0%	337,098	31%	226,261	16%	563,359	53%		
Leven St	665,716	877,556	807,700	5.6%	6.1%	4.9%	211,840	32%	- 69,856	-8%	141,984	21%		
Spey St	970,120	1,115,632	1,240,689	8.2%	7.7%	7.6%	145,512	15%	125,057	11%	270,569	28%		
Rest of CBD	3,632,965	4,639,777	5,227,612	30.8%	32.2%	31.9%	1,006,812	28%	587,835	13%	1,594,647	44%		
TOTAL CBD	5,467,811	6,467,367	6,901,843	46.3%	44.9%	42.1%	999,556	18%	434,476	7%	1,434,032	26%		
Glengarry Shopping Cente	57,135	79,215	66,807	0.5%	0.5%	0.4%	22,080	39%	- 12,408	-16%	9,672	17%		
Waikiwi	497,712	635,023	595,552	4.2%	4.4%	3.6%	137,311	28%	- 39,471	-6%	97,840	20%		
Windsor	810,691	1,002,792	1,201,247	6.9%	7.0%	7.3%	192,101	24%	198,455	20%	390,556	48%		
South City	800,410	901,438	981,413	6.8%	6.3%	6.0%	101,028	13%	79,975	9%	181,003	23%		
Bluff	121,936	164,894	215,504	1.0%	1.1%	1.3%	42,958	35%	50,610	31%	93,568	77%		
Total Suburban Centres	2,287,886	2,783,362	3,060,525	19.4%	19.3%	18.7%	495,476	22%	277,163	10%	772,639	34%		
Total Special Commercial	908,692	1,243,978	1,303,784	7.7%	8.6%	8.0%	335,286	37%	59,806	5%	395,092	43%		
Business 4 & 5	752,427	1,009,361	1,364,060	6.4%	7.0%	8.3%	256,934	34%	354,699	35%	611,633	81%		
Industrial 1 & 1A	152,373	185,604	221,233	1.3%	1.3%	1.3%	33,231	22%	35,629	19%	68,860	45%		
Industrial 2	279,505	303,540	503,788	2.4%	2.1%	3.1%	24,035	9%	200,248	66%	224,283	80%		
Industrial 3 & 4	-	-	-	0.0%	0.0%	0.0%	-	0%	-	0%	-	0%		
Total Industrial	431,879	489,144	725,022	3.7%	3.4%	4.4%	57,265	13%	235,878	48%	293,143	68%		
Special Areas	142,966	232,803	271,550	1.2%	1.6%	1.7%	89,837	63%	38,747	17%	128,584	90%		
Other Areas	1,814,412	2,191,408	2,769,164	15.4%	15.2%	16.9%	376,996	21%	577,756	26%	954,752	53%		
TOTAL INVERCARGILL CITY	11,806,073	14,417,423	16,395,948	100%	100%	100%	2,611,350	22%	1,978,525	14%	4,589,875	39%		
Source: MarketView Ltd, Market Economics Ltd. Excludes cash, cheque, store card, account based transactions.							Compound Average Growth Rate:		4.1%		3.3%		3.7%	

Appendix 3 – Annual Retail Sales by Location in Invercargill City

Sum of Sales (YE July)	Sales (\$000)			Market Share of Invercargill City			Growth		Growth		Growth	
	2009	2014	2018	2009	2014	2018	2009-2014	2009-2014	2014-2018	2014-2018	2009-2018	2009-2018
HWCP Block	\$ 58,284	\$ 55,549	\$ 44,566	10.6%	8.4%	6.1%	-\$ 2,735	-5%	-\$ 10,984	-20%	-\$ 13,719	-24%
Esk St Core	\$ 17,976	\$ 18,060	\$ 16,085	3.3%	2.7%	2.2%	\$ 84	0%	-\$ 1,975	-11%	-\$ 1,891	-11%
HJSmith	\$ 21,630	\$ 17,526	\$ 18,826	3.9%	2.6%	2.6%	-\$ 4,104	-19%	\$ 1,300	7%	-\$ 2,804	-13%
Total CBD Core	\$ 97,891	\$ 91,135	\$ 79,477	17.8%	13.8%	11.0%	-\$ 6,756	-7%	-\$ 11,658	-13%	-\$ 18,414	-19%
Tay Street	\$ 6,324	\$ 6,778	\$ 8,319	1.1%	1.0%	1.1%	\$ 454	7%	\$ 1,541	23%	\$ 1,995	32%
CBD Central	\$ 9,827	\$ 11,913	\$ 13,832	1.8%	1.8%	1.9%	\$ 2,087	21%	\$ 1,919	16%	\$ 4,005	41%
CBD East	\$ 16,131	\$ 20,753	\$ 21,133	2.9%	3.1%	2.9%	\$ 4,622	29%	\$ 380	2%	\$ 5,001	31%
CBD North	\$ 23,424	\$ 26,139	\$ 27,070	4.3%	3.9%	3.7%	\$ 2,716	12%	\$ 931	4%	\$ 3,646	16%
CBD South	\$ 68,504	\$ 91,851	\$ 104,931	12.4%	13.9%	14.5%	\$ 23,347	34%	\$ 13,079	14%	\$ 36,426	53%
Leven St	\$ 27,229	\$ 36,043	\$ 36,427	4.9%	5.4%	5.0%	\$ 8,814	32%	\$ 383	1%	\$ 9,197	34%
Spey St	\$ 57,866	\$ 70,895	\$ 82,027	10.5%	10.7%	11.3%	\$ 13,029	23%	\$ 11,131	16%	\$ 24,161	42%
Rest of CBD	\$ 209,305	\$ 264,373	\$ 293,737	38.0%	39.9%	40.5%	\$ 55,068	26%	\$ 29,364	11%	\$ 84,432	40%
TOTAL CBD	\$ 307,195	\$ 355,508	\$ 373,214	55.8%	53.7%	51.5%	\$ 48,313	16%	\$ 17,706	5%	\$ 66,019	21%
Glengarry Shopping Cente	\$ 1,812	\$ 3,063	\$ 2,268	0.3%	0.5%	0.3%	\$ 1,252	69%	-\$ 795	-26%	\$ 456	25%
Waikiwi	\$ 21,509	\$ 32,769	\$ 28,673	3.9%	5.0%	4.0%	\$ 11,260	52%	-\$ 4,096	-13%	\$ 7,164	33%
Windsor	\$ 37,254	\$ 44,120	\$ 54,702	6.8%	6.7%	7.5%	\$ 6,866	18%	\$ 10,582	24%	\$ 17,448	47%
South City	\$ 25,345	\$ 30,324	\$ 31,871	4.6%	4.6%	4.4%	\$ 4,980	20%	\$ 1,547	5%	\$ 6,526	26%
Bluff	\$ 2,643	\$ 3,927	\$ 5,673	0.5%	0.6%	0.8%	\$ 1,284	49%	\$ 1,746	44%	\$ 3,030	115%
Total Suburban Centres	\$ 88,563	\$ 114,204	\$ 123,187	16.1%	17.3%	17.0%	\$ 25,641	29%	\$ 8,983	8%	\$ 34,624	39%
Total Special Commercial	\$ 52,907	\$ 60,205	\$ 60,513	9.6%	9.1%	8.3%	\$ 7,299	14%	\$ 307	1%	\$ 7,606	14%
Business 4 & 5	\$ 20,673	\$ 26,896	\$ 34,517	3.8%	4.1%	4.8%	\$ 6,223	30%	\$ 7,621	28%	\$ 13,845	67%
Industrial 1 & 1A	\$ 6,379	\$ 7,535	\$ 9,664	1.2%	1.1%	1.3%	\$ 1,156	18%	\$ 2,129	28%	\$ 3,285	52%
Industrial 2	\$ 11,518	\$ 11,713	\$ 23,787	2.1%	1.8%	3.3%	\$ 195	2%	\$ 12,074	103%	\$ 12,269	107%
Industrial 3 & 4	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	\$ -	0%	\$ -	0%	\$ -	0%
Total Industrial	\$ 17,897	\$ 19,248	\$ 33,451	3.3%	2.9%	4.6%	\$ 1,351	8%	\$ 14,203	74%	\$ 15,555	87%
Special Areas	\$ 3,643	\$ 4,509	\$ 5,495	0.7%	0.7%	0.8%	\$ 866	24%	\$ 986	22%	\$ 1,851	51%
Other Areas	\$ 59,697	\$ 81,285	\$ 94,810	10.8%	12.3%	13.1%	\$ 21,589	36%	\$ 13,525	17%	\$ 35,114	59%
TOTAL INVERCARGILL CITY	\$ 550,574	\$ 661,856	\$ 725,186	100%	100%	100%	\$ 111,282	20%	\$ 63,331	10%	\$ 174,612	32%

Source: MarketView Ltd, Market Economics Ltd. Excludes cash, cheque, store card, account based transactions. Compound Average Growth Rate: 3.8% 2.3% 3.1%

Appendix 4 – Survey of Present and Vacated HWCP Block Tenants - 15th of November 2018 (by H&J Smith)

15th November 2018

Esk Street

#	Currently Occupied
79	Phone Zone
73	Kelvin Hotel Function Centre
59	HWCP Pop-up (previously NZ Natural Ice Cream)
6	Fix & Stitch
8	The Barber
9	Meadowlands Travel
10	Mobile Fun
11	Bill Richardson Display (for lease)
12	Fashionail Studio
13	Pop-up Exhibition
23	The Lollie Shop
25	Cambridge Dental Surgery
40	Thai Thai restaurant
55	Lusty's Showcase Jeweller
55	Enterprise Recruitment
55	Starbucks
55	Specsavers
53	Max
53	Pascoes the Jewellers
49A-D	Jay Jay's, 2 Degrees Mobile, Stairs
49E	Modern Men's Barber
41	Stirling Sports
37	Turkish Kebabs
35	Bonsai Restaurant
29	Pinch of Spice, K&K Fashions

#	Vacant
67	Previously Southland Times
63	Previously ASB Bank
61	Stairs
62	Previously Skelts Jewellery
14	Previously Simply Special Jewellery
15	Previously Wild Things
17	Previously Moonshine
19	Previously Venom
45	Previously Sass Cafe
31	Previously Quest
5	
7	

15th November 2018*Dee Street*

#	Currently Occupied
33	Night & Day
29	Reading Cinema

#	Vacant
31	Previously Frog 'N Firkin
9	Previously Thai Dee
7	Previously Valor Fitness & Health
5	Previously Alan Cross Tailors
1	Previously Pumpkin Patch

Tay Street

#	Currently Occupied
4	Parking Building
6	Driveway to Parking Building
16	Hannahs
20	Driveway
22	Snap Fitness
32 - 36	Just Incredible
42	Art Fun Wear
50	Zoo Keepers Café
54	Shelley Coutts Dance Academy, Caroline Eve

#	Vacant
8 - 14	
12	Previously Creativity Plus
26	Previously D T Carter
30	Previously Little Fire Music Works
48	Previously Mac Pac
54	Previously Rugby Sports & Leisure
58	Previously Woosh
60	Previously Ambrosia

15th November 2018*Kelvin Street*

#	Currently Occupied
6	Key-Wee
8	Les Sheikh Hair Design
10	Cargill Tea
14	Kims Sunshine Sushi
16	Suzie Q
18	Beauty & Beyond
20	Kelvin Hotel

#	Vacant
2	Previously Vodafone
4	Previously Media Works / More FM
12	Previously Tasti Bite

Appendix 5 – Update of Present and Vacated HWCP Block Tenants - 17th of January 2019 (by H&J Smith)

17th January 2019

Esk Street

#	Currently Occupied
79	Phone Zone
73	Kelvin Hotel Function Centre
59	HWCP Pop-up (previously NZ Natural Ice Cream)
6	Fix & Stitch – <i>relocating end of January</i>
8	The Barber
9	Meadowlands Travel
10	Mobile Fun
11	Bill Richardson Display (for lease)
12	Fashionail Studio
23	The Lollie Shop – <i>Closing down</i>
25	Cambridge Dental Surgery
40	Thai Thai restaurant
55	Enterprise Recruitment
55	Starbucks
55	Specsavers
53	Max
53	Pascoes the Jewellers
49A-D	Jay Jay's, 2 Degrees Mobile, Stairs
49E	Modern Men's Barber
41	Stirling Sports
37	Turkish Kebabs
35	Bonsai Restaurant
29	Pinch of Spice, K&K Fashions

#	Vacant
67	Previously Southland Times
63	Previously ASB Bank
61	Stairs
62	Previously Skelts Jewellery
14	Previously Simply Special Jewellery
15	Previously Wild Things
17	Previously Moonshine
19	Previously Venom
45	Previously Sass Cafe
31	Previously Quest
5	Vacant
7	Vacant
13	Vacant
55	Previously Lusty's Showcase Jeweller

17th January 2019*Dee Street*

#	Currently Occupied
33	Night & Day
29	Reading Cinema

#	Vacant
31	Previously Frog 'N Firkin
9	Previously Thai Dee
7	Previously Valor Fitness & Health
5	Previously Alan Cross Tailors
1	Previously Pumpkin Patch

Tay Street

#	Currently Occupied
4	Parking Building
6	Driveway to Parking Building
16	Hannahs
20	Driveway
22	Snap Fitness – <i>relocating (vacant from 21st January)</i>
32 - 36	Just Incredible
42	Art Fun Wear
50	Zoo Keepers Café
54	Shelley Coutts Dance Academy, Caroline Eve

#	Vacant
8 - 14	
12	Previously Creativity Plus
26	Previously D T Carter
30	Previously Little Fire Music Works
48	Previously Mac Pac
54	Previously Rugby Sports & Leisure
58	Previously Woosh
60	Previously Ambrosia

17th January 2019*Kelvin Street*

#	Currently Occupied
6	Key-Wee
8	Les Sheikh Hair Design
10	Cargill Tea
14	Kims Sunshine Sushi
16	Suzie Q
18	Beauty & Beyond
20	Kelvin Hotel

#	Vacant
2	Previously Vodafone
4	Previously Media Works / More FM
12	Previously Tasti Bite

Appendix 6 – Update of Present and Vacated HWCP Block Tenants - 15th of March 2019 (by H&J Smith)

15th March 2019

Esk Street

#	Currently Occupied
79	Phone Zone
73	Kelvin Hotel Function Centre
59	HWCP Pop-up (previously NZ Natural Ice Cream)
8	The Barber
9	Meadowlands Travel
10	Mobile Fun
12	Fashionail Studio
25	Cambridge Dental Surgery
40	Thai Thai restaurant
55	Enterprise Recruitment
55	Starbucks
55	Specsavers
53	Max
53	Pascoes the Jewellers
49A-D	Jay Jay's, 2 Degrees Mobile, Stairs
49E	Modern Men's Barber
41	Stirling Sports
37	Turkish Kebabs
35	Bonsai Restaurant
29	Pinch of Spice, Vacant

#	Vacant
67	Previously Southland Times
63	Previously ASB Bank
61	Stairs
62	Previously Skelts Jewellery
14	Previously Simply Special Jewellery
15	Previously Wild Things
17	Previously Moonshine
19	Previously Venom
45	Previously Sass Cafe
31	Previously Quest
5	Vacant
7	Vacant
13	Vacant
55	Previously Lusty's Showcase Jeweller
6	Previously Fix & Stitch
23	Previously The Lollie Shop
11	Previously Bill Richardson Display

15th March 2019*Dee Street*

#	Currently Occupied
33	Night & Day
29	Reading Cinema

#	Vacant
31	Previously Frog 'N Firkin
9	Previously Thai Dee
7	Previously Valor Fitness & Health
5	Previously Alan Cross Tailors
1	Previously Pumpkin Patch

Tay Street

#	Currently Occupied
4	Parking Building
6	Driveway to Parking Building
16	Hannahs
20	Driveway and parking through to Esk Street
42	Art Fun Wear
50	Zoo Keepers Café
54	Shelley Coutts Dance Academy, Caroline Eve

#	Vacant
8 - 14	Vacant
12	Previously Creativity Plus
26	Previously D T Carter
30	Previously Little Fire Music Works
48	Previously Mac Pac
54	Previously Rugby Sports & Leisure
58	Previously Woosh
60	Previously Ambrosia
22	Previously Snap Fitness
32-36	Previously Just Incredible

15th March 2019*Kelvin Street*

#	Currently Occupied
8	Les Sheikh Hair Design
10	Cargill Tea
14	Kims Sunshine Sushi (closing Saturday 16 th March)
16	Suzie Q
20	Kelvin Hotel

#	Vacant
2	Previously Vodafone
4	Previously Media Works / More FM
12	Previously Tasti Bite
6	Previously Key-Wee
14	Previously Beauty & Beyond

Appendix 7 – H&J Smith Financial Impact Model (v2.0) Copy of Scenario for Direct and Indirect Distributional Effects

HWCP and KMart Impact Scenario

Time Period Number

Enter Description of Development Time Period

Enter Start Month of Development Period (Calendar Years)

Enter End Month of Development Period (Calendar Years)

	1	2	3	4	5	6	7	8	9	10
Decanting period		Hoarding construction pre demolition	Demolition Part 1	Demolition Part 2	Construction Part 1	Construction Part 2 with Anchor Trading	Construction Part 3 with Partial Trading	Fully Trading Year 1	Fully Trading Year 2	Fully Trading Year 3 onwards
August 2018		April 2019	August 2019	November 2019	August 2020	December 2021	August 2023	August 2024	August 2025	August 2026
March 2019		July 2019	October 2019	July 2020	November 2021	July 2023	July 2024	July 2025	July 2026	July 2029

Demolition indicatively 12 months total
KMart Opens >>>>

Proposed Anchor Opening >>>>

stimulated CBD Core investment

Enter shifts in market share of total retail shoppers (transactions) to reflect changes in shopping patterns

Share of Total Retail Transactions Excluding H&J Smith Group YE July 2018

HWCP Block	6.1%	3.0%	0.5%	0.5%	0.5%	0.5%	5.0%	7.0%	10.0%	10.0%	10.0%
Esk St Core	2.2%	2.0%	1.9%	1.6%	1.6%	1.6%	1.8%	2.0%	2.2%	2.4%	2.5%
HJSmith Blocks (Excluding H&J Smith Stores)	0.46%	0.45%	0.40%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.70%
CBD Core	8.8%	5.5%	2.8%	2.4%	2.4%	2.4%	7.2%	9.5%	12.8%	13.1%	13.2%
Tay Street	1.0%	1.0%	0.7%	0.5%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%
CBD South	10.1%	10.0%	10.0%	10.0%	9.6%	9.6%	9.3%	9.0%	8.5%	8.5%	8.5%
CBD East	3.6%	3.8%	3.8%	3.8%	3.5%	3.5%	3.3%	3.0%	2.8%	2.8%	2.8%
CBD North, Central, Leven Street or Spey St	17.7%	19.0%	21.8%	22.0%	17.9%	17.9%	14.0%	13.5%	13.8%	13.8%	13.8%
Rest of CBD	32.4%	33.8%	36.3%	36.3%	31.4%	31.4%	27.0%	26.0%	25.6%	25.6%	25.6%
Total CBD	41.2%	39.3%	39.1%	38.7%	33.8%	33.8%	34.2%	35.5%	38.4%	38.7%	38.8%
Other	58.8%	59.9%	59.9%	60.3%	66.0%	66.0%	65.0%	64.0%	62.0%	62.0%	62.0%
Total Invercargill (Excluding Leakage)*	100.0%	99.2%	99.0%	99.0%	99.8%	99.8%	99.2%	99.5%	100.4%	100.7%	100.8%

* A total greater than 100% implies a decrease in existing leakage (re-capture) and a total less than 100% implies an increase in existing leakage.

Implied changes in total retail shopper market shares in percentage terms relative to YE 2018

HWCP Block	100.0%	48.9%	8.2%	8.2%	8.2%	8.2%	81.5%	114.1%	163.0%	163.0%	163.0%
Esk St Core	100.0%	91.5%	86.9%	73.2%	73.2%	73.2%	82.4%	91.5%	100.7%	109.8%	114.4%
HJSmith Blocks (Excluding H&J Smith Stores)	100.0%	97.2%	86.4%	64.8%	64.8%	64.8%	86.4%	108.0%	129.6%	151.2%	151.2%
CBD Core	100.0%	62.0%	31.9%	27.3%	27.3%	27.3%	82.0%	108.2%	145.7%	149.1%	150.3%
Tay Street	100.0%	102.6%	71.8%	51.3%	41.0%	41.0%	41.0%	51.3%	51.3%	51.3%	51.3%
CBD South	100.0%	98.8%	98.8%	98.8%	94.8%	94.8%	91.8%	88.9%	83.9%	83.9%	83.9%
CBD East	100.0%	105.8%	105.8%	105.8%	97.4%	97.4%	91.9%	83.5%	77.9%	77.9%	77.9%
CBD North, Central, Leven Street or Spey St	100.0%	107.4%	123.2%	124.3%	101.1%	101.1%	79.1%	76.3%	78.0%	78.0%	78.0%
Rest of CBD	100.0%	104.4%	112.1%	112.1%	96.9%	96.9%	83.4%	80.3%	79.0%	79.0%	79.0%
Total CBD	100.0%	95.3%	95.0%	94.0%	82.1%	82.1%	83.1%	86.2%	93.3%	94.0%	94.2%
Other	100.0%	101.8%	101.8%	102.5%	112.2%	112.2%	110.5%	108.8%	105.4%	105.4%	105.4%
Total Invercargill (Excluding Leakage)*	100.0%	99.2%	99.0%	99.0%	99.8%	99.8%	99.2%	99.5%	100.4%	100.7%	100.8%

Enter drop-off in typical trip making to H&J Smith stores relative to historical trip patterns

H&J Smith Single Destination Trips	100%	95%	80%	80%	80%	90%	100%	100%	100%	100%
CBD Core Cross Shopping Trips	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Tay St, CBD South and East Cross Shopping Trips	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CBD Central, North, Spey, Leven Cross Shopping Trips	100%	95%	90%	90%	95%	95%	98%	100%	100%	100%