Before the Hearings Panel
At Wellington City Council

In the matter of The Wellington City Proposed District Plan

Dr Kirdan Lees on behalf of Wellington City Council

Date: Friday 4 August 2023

INTRODUCTION:

1 My full name is Dr Kirdan Lees. I am a Partner at Sense Partners, an economics and public policy consultancy based in Auckland and Wellington.

2 I have read the respective evidence of:

Kāinga Ora ID 391 & FS89

a. Michael Cullen for Kāinga Ora (Statement of supplementary evidence)

b. Matt Heale for Kāinga Ora (Statement of supplementary evidence)

Stride Investment Ltd and Investore ID 470 & 405

a. Jarrod Thomson for Stride Investment Ltd (Statement of supplementary evidence)

b. Timothy Heath for Stride Investment Ltd (Statement of supplementary evidence)

3 I have prepared this reply on behalf of the Wellington City Council (**Council**) in respect of matters raised through Hearing Stream 4.

4 I am authorised to provide this evidence on behalf of the Council.

QUALIFICATIONS, EXPERIENCE AND CODE OF CONDUCT

5 My statement of evidence for Hearing Stream 4 sets out my qualifications and experience.

6 I confirm that I am continuing to abide by the Code of Conduct for Expert Witnesses set out in the Environment Court's Practice Note 2023.

SCOPE OF REPLY

7 This reply follows Hearing Stream 4 held on Thursday 22 June - Tuesday 4 July 2023.

8 Specifically, this reply addresses two questions that have been raised:

i. Can Dr Lees please provide comment on the employment data provided in section 6 of the evidence of Mr Cullen for Kāinga Ora, particularly in regard to the Miramar, Newtown and Tawa centres

ii. What is the recommended standard (if any) for maximum gross floor areas for supermarket floor area in the CCZ and the MUZ? Can some examples of the GFA of existing supermarkets be provided for comparison?

Answers to questions posed by the Panel:

Question 1: Can Dr Lees please provide comment on the employment data provided in section 6 of the evidence of Mr Cullen for Kāinga Ora, particularly in regard to the Miramar, Newtown and Tawa centres?

The data

9 Dr Cullen provides data from Statistics New Zealand on employment at a suburb level (Statistical Area 2 (SA2)).

10 These datasets are often used for urban economics and planning purposes. For example, these datasets are used to estimate business land demand across the Wellington region for the purposes of meeting council requirements for HBA assessments.

11 I could not precisely replicate all the numbers in Table 1. This is likely due to minor differences in industry composition or aggregation across SA2 units to the suburbs presented in Table 1, or revisions from Statistics New Zealand. However, differences are minor (10 or fewer jobs), and the data should be taken as representing the different types of employment set out in Table 1.

12 Dr Cullen not only presents the data for different employment categories, he also calculates jobs per hectare and additional calculations that relate to Journey to work for a range of suburbs.

Interpretation

13 This data is useful and could be used to augment other data on sales and headline employment data to decide which suburbs are most alike and form natural grouping for the hierarchy that could be applied to the Miramar, Newtown, and Tawa. More alike suburbs might be expected to have a similar position in the hierarchy.

14 In terms of interpreting the data in Table 1, paragraph 6.15 makes large claims that are not substantiated by Table 1. This paragraph claims that: "the retail to non-retail ratio demonstrates the number of non-retail jobs generated per retail job."

15 Although the retail to non-retail ratio might differ across centres and be correlated with higher density, there is no evidence presented to support causation, that changing zoning changes the number of non-retail jobs in a location.

16 Instead, a more likely scenario is that dense areas attract service businesses such as lawyers, financial services, business management, IT and telecommunications, that can afford to pay more from the agglomeration or spillover benefits that increase productivity when locating in dense areas with other firms.

17 These firms then bid up land rents, forcing large retail formats to operate closer to residential areas with better transport connections. Employment data from this process would show higher ratios of non-retail to retail jobs in areas with higher density. But there is no sense in which planning or allocating suburbs to different positions in the centre hierarchy creates jobs. Firms and households create jobs.

Q2: What is the recommended standard (if any) for maximum gross floor areas for supermarket floor area in the CCZ and the MUZ? Can some examples of the GFA of existing supermarkets be provided for comparison?

18 I have no novel insights on a recommended standard for maximum gross floor area for supermarkets in the CCZ and the MUZ. I note my earlier evidence expressed my view that: "I agree with the council position of removing GFA caps within the MCZ entirely. In my view, spillovers are largely related to transport that are appropriately managed by requirements in other parts of the District Plan."

19 For the same reasons I don't think a GFA cap is needed within the CCZ as per my comments on MCZ'. When transport and other effects are managed through requirements in the District Plan, in my view, I see little reason to retain the MUZ limit of 1,500 square metres.

20 I do not have precise data on the GFA of existing supermarkets. However Table 8 from page 77 of the "Retail and Market Assessment" Sense Partners and Colliers produced for Wellington City Council in 2010 may be useful. I attach that table on the next page.

Date: Tuesday 2 August 2023

KR Lees

Dr Kirdan Lees

Table 1: Small Stores Dominate Central Area Retail Scene

Stores By Average Floor Size (Sqm)

Classification	0–199	200–399	400–599	600–799	800–999	1,000+	Total
Banking	7	8	4	1		1	21
Butcher, fishmonger, specialist food	7	2					9
Café, restaurant, takeaway food	223	45	9	2			279
Clothing, footwear, personal accessories	82	24	10	2		1	119
Convenience store	10	3					13
Department store	1	1				2	4
Electrical and electronic goods retailing	19	1			1		21
Furniture, textiles and housewares	4	1					5
Laundry and dry cleaning	3	1					4
Liquor store	2	1					3
Newspaper, book, magazine retailing	4	6	1	1		1	13
Other	37	13	5	1			56
Personal care services	78	12	2				92
Pharmacy	8	4	1				13
Pub, tavern, bar	18	15	7	1	1		42
Real estate	2						2
Recreational goods retailing	11	3		2	1	1	18
Supermarket, grocery store	2					2	4
Tobacco, vape	4						4
Travel agent	11	3					14
Vacant	56	11	3				70
Watches, jewellery	16						16
Stationery, office supplies				1			1
Total	605	154	42	10	4	8	823