

PC14 – Commercial Centres Key Speaking Points – Tim Heath (Economics)

- I have provided a statement of evidence and rebuttal evidence on behalf of the Council. In addition, I authored or co-authored the following reports which influenced the notified version of PC14 and forms part of the section 32 materials:
 - Property Economics report dated July 2022 entitled "Christchurch Central City and Suburban Centres (PC14) Economic Cost Benefit Analysis"; and
 - Property Economics report dated August 2022 "Christchurch City Residential Zones and Intensification Precincts (PC14) Economic CBA".
- I agree with the content and analysis set out in the above reports.
- For Christchurch to improve economic wellbeing and efficiency, it is fundamental that business locations, particularly the City Centre, are competitive, not just as a business environment but also a residential environment. As a highly influential competitive asset it is critical to the ongoing recovery of the City Centre (and wider Christchurch economy) as a whole that emphasis should be placed on generating appropriate activity within this principal centre.
- In order to achieve the economic benefits of a centralised city and facilitate the recovery of the City Centre it is considered necessary to continue with the existing limits on the basis of a hierarchy, with the City Centre and surrounds possessing the greatest development opportunity followed by the identified Large Town Centres. This hierarchy is based on the primacy of the City Centre in terms of its role and function. The City Centre fulfils a regional role providing a level of profile and potential agglomeration benefits that typically attract and sustain medium to large businesses.
- In seeking to facilitate the recovery of the City Centre, businesses over 500sqm GFA are crucial. Given that over 70% of medium to large commercial office businesses were once located in the City Centre there is a clear need for provisions that actively seek to redirect this activity into the City Centre
- Enabling office tenancies greater than 500sqm as a permitted activity outside the City Centre Zone is likely to have significant impacts on the competitive advantage afforded to the City Centre. In fact, the resulting decrease in competitive advantage on the Central City Zone is likely to result in a decrease in the Central City Zone's

effective density, a disaggregation of office activity leading to lower central city value, decreasing the potential for development and improved quality, and negative impact on efficiency, agglomeration benefits and the viability of office development in the City Centre.

- The continued economic development of the City Centre requires competitive changes to occur. It is now, more than ever, crucial that the economic environment within the City Centre is as competitively and efficiently managed as possible. Business location and the consolidation of commercial activity is key in the creation of this environment.
- A significant increase in building height would maximise these residential, commercial business and employment value generators and provide the most benefit from agglomeration and centralisation of such activities.
- Some of the fundamental economic reasoning for supporting the 90m enabled height threshold in the City Centre Zone include:
 - Relative competitiveness between the City Centre and other centres / zones. A key factor in relative competitiveness is enabled height of buildings.
 - The marginal nature of feasible development at 60m within the City Centre and the inherent link between height and feasibility.
 - Increased risk of flight if relative competitiveness of the City Centre is reduced. The potentially reduced ability for developers to build profitably within the City Centre has the potential to redirect that development to other less efficient locations.
 - Improve the City Centre's profile domestically and internationally, with an unnecessary restriction on height within the City Centre potentially impacting the city's profile, competitiveness and ability to attract larger higher value businesses to the city.
 - Higher buildings have the potential to speed-up the recovery of the City Centre but re-establishing its natural competitive advantages.
 - Better satisfies Policy 3(a) of the NPS-UD to realise as much development capacity as possible to maximise benefits of intensification.

- The Large Town Centres service a wide catchment for retail, employment, recreation, community and residential needs that generates a critical mass of agglomerated activity for additional benefit and amenity to their respective catchments.
- Increased height in all three Large Town Centres has the potential to result in an increase in the level of intensification within the centre primarily in residential and commercial uses. The eased restrictions may spur some (re)development in centres which could result in increased retail / commercial office GFA, new community infrastructure and / or increased high density residential (apartments). These all promote the centre as a hub of employment and locations of higher levels of amenity.
- I consider it appropriate to increase the Large Town Centre heights to 32m from Notified PC14 in order to create a competitive advantage and market differential over other Town Centres. Increased development density around these Large Town Centres represent a more efficient outcome with better access to goods and services, employment, public transport, community facilities, etc relative to the Town Centres.
- Overall, the City Centre, being the foremost commercial hub of the city and most economically efficient location for built form density to occur, should have the highest enabled height threshold, followed by the surrounding City Centre zones and walkable catchment, then the preeminent suburban centres and surrounds, followed by a tapering down in heights based on a centre's classification, role and function in the market. This is to ensure relative competitiveness between zones and centres so intensive development has a higher propensity to occur in the most economically efficient locations and significant economic benefits to the community can be realised.