

UNDER of the Resource Management Act 1991 ("**RMA**")

AND

IN THE MATTER of Proposed Plan Change 14 to the Operative
Christchurch City Plan ("**PC14**")

**STATEMENT OF EVIDENCE OF JAMES DOUGLAS MARSHALL
FAIRGRAY FOR SCENTRE (NEW ZEALAND) LIMITED**

21 SEPTEMBER 2023

**Russell
McAugh**

D J Minhinnick / S A Kilgour
Phone +64 9 367 8000
Fax +64 9 367 8163
PO Box 8
DX CX10085
Auckland

1. INTRODUCTION

1.1 My full name is Dr James Douglas Marshall Fairgray.

1.2 I am a principal and director of Market Economics Limited, an independent research consultancy.

Qualifications and Experience

1.3 I hold a PhD in Economic Geography from the University of Auckland. I have 44 years' consulting and project experience, working for public sector and commercial clients. I specialise in policy and strategy analysis, urban and rural economies, demand and markets, and the evaluation of outcomes and effects in relation to statutory objectives and purposes. I have applied these specialties in more than 900 studies throughout New Zealand.

1.4 I qualified as a commissioner in 2017 through the Making Good Decisions programme. I am currently Secretary of the Association for Resource Management Practitioners (RMLA), an associate member of the New Zealand Institute of Management and an associate member of the New Zealand Planning Institute.

1.5 Of particular relevance to this hearing, I have extensive experience in the Christchurch urban economy over the past two decades, including research on the role and development of centres in Christchurch City, in particular:

(a) I was involved with Variation 86 to the Operative Christchurch District Plan ("**District Plan**") which represented a substantial change in objectives and policies for the location of retail and service activity, with likely significant effects on Christchurch City's urban form and function, and amenity. I supported the proposed changes to limit the dispersal of retail activity, and to follow a centres-based retail strategy.

(b) I was involved in Plan change 22 where I evaluated the effects of the proposed Styx centre in the context of the District Plan, including outcomes for urban form and household access to centres and their goods and services offered.

(c) I provided evidence in support of Council's position in the Stirling case (ENV 2009-CHC-185) which involved an out-of-zone development which did not comply with the provisions of the District

Plan. I concluded that the development would not be consistent with the District Plan even though the effects would not be more than minor.

- (d) In 2011, I was engaged by CERA to examine the impacts of the Christchurch earthquake and the implications for the nature and timing of the post-quake recovery. That work included the expected speed of recovery (households and businesses) and likely patterns of household and business growth in the environment.
- (e) In 2015 I was engaged by Council to give evidence on the then proposed residential zoning in the District Plan in relation to the targets for residential intensification arising from the Land Use Recovery Plan and the Canterbury Regional Policy Statement ("**RPS**"). I concluded that any initiative to up-zone needs very careful consideration, as there was insufficient evidence to support a material change in the areas of Residential Medium Density zoned land to enable intensification targets.
- (f) In 2021, I presented evidence on behalf of Scentre (New Zealand) Ltd ("**Scentre**") in relation to Proposed Plan Change 5 to the District Plan.

- 1.6 I have undertaken a range of projects to assist councils to meet the requirements of the National Policy Statement on Urban Development ("**NPS-UD**") in their district plans:
- 1.7 I have completed several Housing and Business Capacity Assessments (HBA) for Tier 1 and Tier 2 councils, for Future Proof (Hamilton City, Waikato District, Waipa District), Queenstown Lakes District, Rotorua District, and the Napier-Hastings sub-region.
- 1.8 In 2014-2016, I was the principal economic witness for Auckland Council for the Auckland Unitary Plan hearings and presented comprehensive evidence on the regional growth strategy and urban growth outcomes. Much of the technical assessment for that evidence subsequently influenced aspects of the NPSUDC, and the NPS-UD.
- 1.9 I have recently completed the Business HBA research for Auckland Council, a major project which examined all centres and business areas in Auckland, their growth prospects, and the sufficiency of capacity for growth into the long term.

- 1.10 That work included examination of each of Auckland's 10 Metropolitan Centres, their roles in relation to the CBD and overall centres network, and their place in enabling access to and delivering services to the community, as well as the business sector.
- 1.11 Much of my work has been based on understanding of cities' form and function, and examination of how patterns of land use are a very major driver of effects in RMA terms. That work typically provided a platform and framework for assessing the economic, social, cultural and environmental effects of proposals and policies, and frequently in the s32 context. It has included analysis of the overall development and evolution of the Christchurch urban economy, including employment growth and requirements to accommodate employment growth in business zoned land.

Code of conduct

- 1.12 I confirm I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and I agree to comply with it. My qualifications as an expert are set out above. I confirm that the issues addressed in this brief of evidence are within my area of expertise, except where I state I am relying on the evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

2. SCOPE OF EVIDENCE

- 2.1 My evidence relates to the submission of Scentre which sought the following amendments to PC14:
- (a) identification of Riccarton as a Metropolitan Centre, and any consequential changes to the District Plan;
 - (b) amendment of Rule 15.4.2.2 to increase the maximum building height in Riccarton to 50m;
 - (c) amendment of Rule 15.4.1.1 (P11) to provide for permitted activity status for office tenancies of any size in Metropolitan Centres (or the larger Town Centres); and
 - (d) removal of sub-chapter 6.10A or amend it to provide for incentives rather than penalties to encourage tree canopy cover of at least 10% on commercially zoned greenfield or brownfield sites, and expand

the definition of 'tree canopy cover' to include living green walls and roofs.

- 2.2 I have examined the role and status of Riccarton centre and Riccarton Mall in the Christchurch urban economy. This covers the nature of the economic activity in the centre, and how the centre helps serve the needs of the Christchurch community, including in the catchment areas where Riccarton is the closest major centre. I have done this also in the wider context, to consider Riccarton's role in relation to the CBD's role in the economy, and the roles of other major centres including Northlands and Hornby.
- 2.3 I have examined the National Planning Standards (as updated November 2022) in relation to the roles of Metropolitan Centres in urban economies. This includes close examination of the NPS-UD, which provides specific reference to the requirements for Metropolitan Centres, and their roles in urban development.¹
- 2.4 I have drawn on my research into urban economies throughout New Zealand, in relation to centres-based growth strategies and the NPS-UD. That includes my preparation of the Business HBA for Auckland (2023), and my assessment of the roles of the Metropolitan Centres in the economy, particularly in relation to the "*well-functioning urban environment*" which is at the core of the NPS-UD and urban policy generally.²
- 2.5 In preparing this evidence, I have had regard to my ongoing research into the Christchurch urban economy, the provisions in the Christchurch District Plan relating to the roles of centres in the urban structure, and statistics and information on the Christchurch urban economy including from StatsNZ. I have read the evidence of Mr Vaughan Smith, as well as the evidence of Mr Tim Heath, and the s42A report of Mr Kirk Lightbody.

3. KEY ISSUES

- 3.1 The key issues in my view relate to the future roles of Riccarton and other large commercial centres in Christchurch, and how to enable the growth and development of those centres to meet the needs of households and businesses in their catchments, and to contribute strongly to the well-functioning urban environment for Christchurch.

¹ NPS-UD, Policy 3(b).

² NPS-UD, Policy 1.

- 3.2 One specific issue relates to whether Riccarton centre's current place and role is in line with those of a Metropolitan Centre as defined by the National Planning Standards:

Areas used predominantly for a broad range of commercial, community, recreational and residential activities. The zone is a focal point for sub-regional urban catchments.

- 3.3 More broadly, however, a particular matter for Christchurch is how best to achieve an appropriate balance between continuing to foster the recovery and development of the CBD following the Christchurch earthquake of 2011, without constraining the development of Riccarton and other large centres.

- 3.4 The Christchurch CBD is a critical component of the urban and regional economy, however the other centres all have their own major roles in that economy and contribute significantly to the well-functioning urban environment.

- 3.5 As described by Mr Smith, Christchurch's growth and development path follows a centres-based approach, which requires new development to be focussed predominantly on the established network of centres. An important aspect is the imperative following the Canterbury earthquakes to rebuild and revitalise the Central City and other areas which were damaged. Key provisions in the District Plan include:

3.3.9 – Objective – Revitalising the Central City: "a. The Central City is revitalised as the primary community focal point for the people of Christchurch".

15.1 – Introduction: "The 'centres-based' approach gives primacy to the Central City, CBD, City Centre and recognises its role as a principal employment and business centre for the City and surrounding region"

15.2.2 – Objective – Centres-based framework for commercial activities: "Commercial activity is focussed within a network of centres (comprising the City Centre, Town Centres, Local Centres, Neighbourhood Centres, and Large Format Centres) to meet the wider community's and businesses' needs in a way and at a rate that... gives primacy to the City Centre followed by Town Centres and Local Centres identified as Key Activity Centres"

15.2.2.1 – Policy – Role of centres: "a. recognise and manage commercial centres as the focal points for the community and business through intensification within centres that reflects their functions and catchment sizes, and in accordance with a framework that:... gives primacy to, and supports, the recovery

of the City Centre, followed by Key Activity Centres, by managing the size of all centres and the range and scale of activities that locate within them..."

15.2.4.1 – Policy – Scale and form of development: "Reflect the context, character and the anticipated scale of the zone and centre's function; by: (i) providing for the tallest buildings and greatest scale of development in the city centre to reinforce its primacy for Greater Christchurch and enable as much development capacity as possible to maximise the benefits of intensification..."

15.14.3.36 – Building height in the Central City Mixed Use Zones:

c. Whether the development gives rise to any demonstrable economic or other impacts on the primacy of the City Centre Zone"

- 3.6 These provisions are strong, in terms of affording primacy to the City Centre, and limiting development including in relation to building height, and development scale. Since most built space above the second story is used predominantly for office activity or for residential apartments, the policy to limit development of the "tallest" buildings outside the CBD in order to reinforce its primacy would constrain building upward in other centres especially the larger Town Centres. It is not clear how the policy to "*recognise and manage growth in commercial centres... that reflects their functions and catchment sizes...*" is to be effectively balanced against the imperative for primacy to the Central City.
- 3.7 I also note the provision in Policy 15.2.4.1 drawn from Policy 3 of the NPS-UD to "*enable as much development capacity as possible to maximise the benefits of intensification...*". In my view it is important to recognise the inherent conflict between aims to "*..enable as much development capacity as possible..*" on one hand, and "*..to maximise the benefits of intensification*" on the other. I consider that achieving the benefits of intensification should be the preferred outcome. In my view, having a policy that combines giving primacy to the Central City with a quite extreme provision to "*enable as much capacity as possible*" carries considerable risk of seeing the future development including recovery of the City Centre fall out of balance with the District Plan's broader objectives (eg Objective 15.2.2) for a centres-based approach – centres, plural.
- 3.8 Mr Smith notes that providing for new centres to serve areas of the city where there is significant population and household growth is an important though

secondary consideration.³ The District Plan provides for limited development outside the centres network, and this is assessed on a case-by-case basis.

- 3.9 A centres-based approach is applied in many cities in New Zealand, as it offers a generally more efficient and sustainable pattern of economic activity than where economic activity is relatively dispersed and characterised by out-of-centre development. For most cities, a multi-nodal structure offers the most efficient urban form. This sees business activity, as well as some residential activity, choosing locations which best meet specific requirements, and it sees city structures with multiple centres and business areas outside the city centre. This structure, driven by the economics of urban activity, is commonly supported by planning. One common feature is the emergence of hierarchies of centres, which evolve at levels below the CBD, with their service catchments typically nested to enable relatively convenient access to their populations for goods and services and employment. As economies grow in size, the CBD remains the largest hub, is the focus of many activities, and has a critical role in the overall economy, although the CBD's share of total economic activity tends to decrease over time even as it grows.
- 3.10 Christchurch has a multi-nodal structure. It was well established prior to the earthquakes. While the CBD suffered a major impact from the earthquakes, the City Centre's recovery is taking the urban economy back towards the relatively efficient CBD-based and multi-nodal structure which is common in cities.
- 3.11 The economic and societal benefits of the centres-based approach are widely acknowledged, and include the positive aspects of co-location of business activity, relative convenience for the household sector, opportunity for agglomeration benefits, opportunities for economies of scale and scope in public infrastructure as well as private investment, and transport efficiencies. This structure is also a key aspect of the NPS-UD. In particular, the Policy 3 provisions which seek to focus household growth and business development opportunities in and around Central City areas, and the larger centres within cities which can offer convenient access to a range of goods and services.
- 3.12 I have offered evidence a number of times in support of a centres-based strategy for cities, and I support the centres-based framework as set out in the Christchurch District Plan.

³ Statement of evidence of Vaughan Smith (Planning) (dated 20 September 2023) at [4.2].

- 3.13 An important part of the centres-based approach is recognition of the efficiencies of the multi-nodal urban form, in which development is enabled across the network of centres. This includes the CBD but is not limited to the centre, because it is common for different activities to opt for non-CBD locations, as well as to operate from several locations in a city. Those location imperatives commonly see businesses establish in centres as well as or instead of the CBD, especially in centres which are the next level down from the City Centre. That combination of development in the CBD and other centres typically sees relatively efficient patterns of business activity across the centres network, to service the overall economy.
- 3.14 A key matter is that as an urban economy grows and matures, the centres at the next level or levels down from the City Centre will increase in size and also become more comprehensive in their business activities, as well as in residential activity. This is most common in Metropolitan Centres which in the NPS-UD structure are the next level down from the CBD. I note NPS-UD Policy 3b relates specifically to Metropolitan Centres, as the next level down from the City Centre (Policy 3(a)), and at a higher level than town centres and local centres (Policy 3(d)).
- 3.15 As part of my current research for the Auckland Business HBA, I have examined in detail the role and structure of centres at all levels of the centres hierarchy, as well as the business areas. I have done this with particular regard to the broader concept of the well-functioning urban environment and the benefits of urban development. I have analysed the Metropolitan Centres in Auckland, in regard to their size and roles within the Auckland economy, their relationships with the Central City, and with other centres in the network. Key findings in the HBA work are their significant role in accommodating Auckland's employment growth relative to smaller centres lower in the urban structure, the progressive expansion of their roles including to provide for office-based activities, and expansion upward to higher built levels. I have drawn on that in preparing this evidence.
- 3.16 These matters highlight the importance of achieving an appropriate balance in Christchurch's development path, especially in relation to the relative roles of the CBD and the next level in the centres hierarchy. In my view it is important to ensure there is sufficient opportunity for centres to develop at all levels of the hierarchy, especially those which develop to the 'metropolitan centre' level.
- 3.17 The submission of Scentre focuses on providing plan-enabled opportunity for the Riccarton centre to fulfil and expand its role.

- 3.18 When the Christchurch CBD was heavily impacted by the earthquake it was important to stimulate and support its recovery, including by constraining growth and development in other centres to minimise or reduce the competitive effects. The CBD has shown strong recovery. While it is not possible to definitively state that it has “recovered”, it is nevertheless important to ensure that the balance is appropriate.
- 3.19 It is commonplace for centres’ roles to expand as they increase in size. Most centres start out as retail and service locations and over time the larger non-CBD centres develop broader roles, with increasing shares of their growth being in office activities, as distinct from retail and services only. Since office activity is a core function of CBDs, the District Plan has sought to help CBD recovery by restricting office development elsewhere in order to reduce competition. A potential downside of that strategy is that it may constrain office development in other centres when those other centres are the most appropriate location for that office activity.
- 3.20 A key question then is whether the Christchurch CBD has ‘recovered’ from the effects of the earthquake, and therefore whether it still requires some prioritisation at the planning level. This is not straightforward, as there is no absolute measure of ‘recovery’. Important indicators for this are whether the City Centre is continuing to grow and develop at least in line with the overall Christchurch economy, and whether the CBD’s roles within the economy are growing and expanding – both of which would indicate the CBD is performing as would be expected for the city’s main commercial hub.
- 3.21 If that is the case, this would indicate that growing roles for centres at the next level of the commercial hierarchy (ie Town Centres and Metropolitan Centres) are both in line with what would normally be expected in an urban economy, and also that individual centres such as Riccarton could continue to expand without threatening the CBD to a greater degree than would commonly be the case. That would apply to both their business activity and residential roles within the economy.
- 3.22 These matters also highlight the importance of timing, and the issue of for how long the protections for the CBD need to be kept in place. Constraints on the development of other centres act to limit their roles into the long term, and their ability to serve their catchment populations and business sectors, and contribute to the WFUE. Although the focus in the District Plan is heavily on protecting the central city, it is also necessary to consider an appropriate time frame for removing constraints on development in the other centres of the centres-based strategy. Christchurch’s population in 2022 is substantially

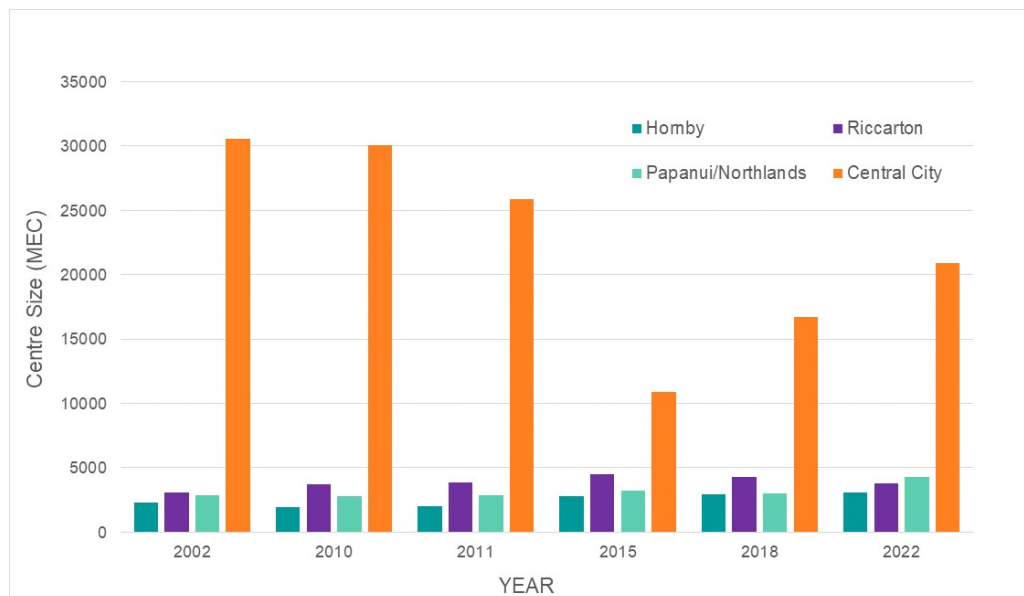
greater than it was prior to the earthquakes, and StatsNZ projections suggest it will increase by 6% (medium) to 11% (high) in the next decade, and by 17% (medium) to 34% (high) in the long term to 2053⁴. It is important that the future centres network – including the CBD - is in appropriate balance with that future economy.

4. RICcarton CENTRE

4.1 The Riccarton centre is large and comprehensive, offering a broad range of business activities. Under PC14, Riccarton is identified as a Town Centre. There are no Metropolitan Centres in the District Plan, or under PC14. Riccarton is performing as Metropolitan Centre due to its role as a “focal point for sub-regional urban catchments.” This is elaborated on in the planning evidence of Mr Vaughan Smith.

4.2 The Riccarton centre has important roles within the Christchurch economy. It is a substantial hub of economic activity, especially in but not limited to retail and service activities, and it has a sub-regional role in terms of the population and catchment areas served.

4.3 Riccarton centre’s place within the centres network is shown in *Figure 1* which identifies Riccarton’s size relative to the CBD, and relative to the other main centres in the Christchurch network for 2002 through to 2022. The comparison over the two decades is important to show both the long term changes, and also the shifts since the 2011 earthquake.



⁴ [NZ.Stat \(stats.govt.nz\)](https://stats.govt.nz/)

Figure 1 – Christchurch Centres by Size 2002-2022

- 4.4 Riccarton has a substantial role in servicing the Christchurch population and business sector. It has a wide draw from within the community, providing for households' needs across a significant catchment. This is shown in *Figure 2*, which identifies the home locations of persons who visited Riccarton centre in 2021. The first map shows the higher volume origins, indicating more frequent visits during the period.
- 4.5 *Figure 3* shows the origins of all visitors in the period. The information is based on GIS analysis of mobile phone locations and movements, where individual data is confidentialised, while location and movement can be identified from device GPS data. This type of information is widely used in spatial analysis.

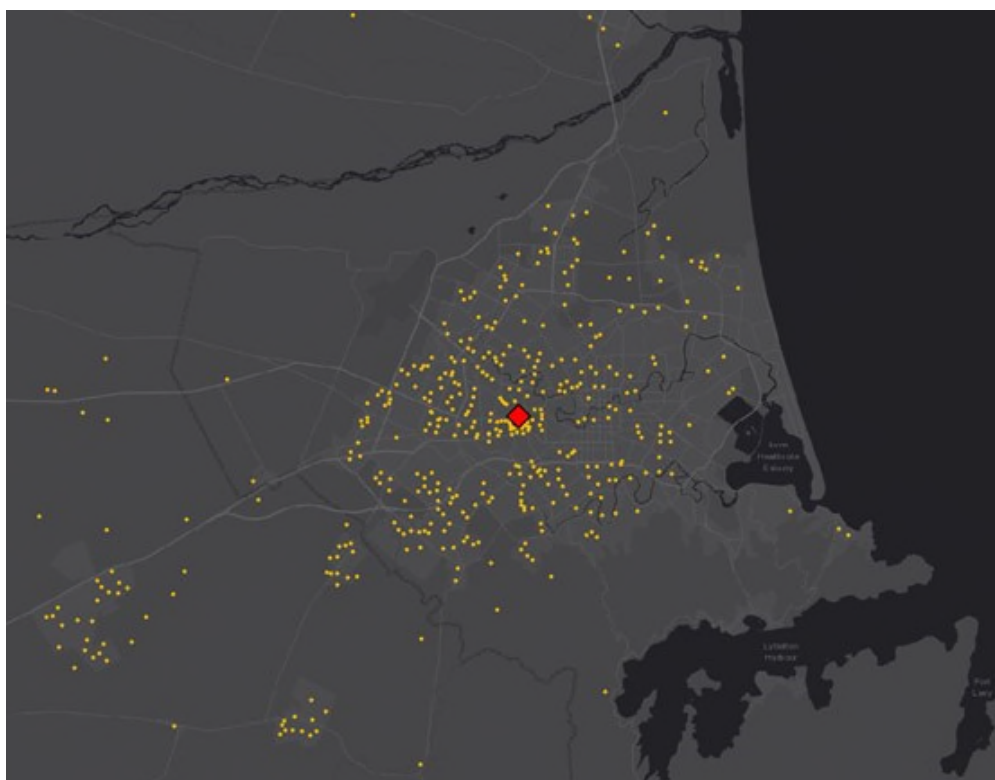


Figure 2 – Riccarton Centre Service Visits by Home Location – High Volume Origins

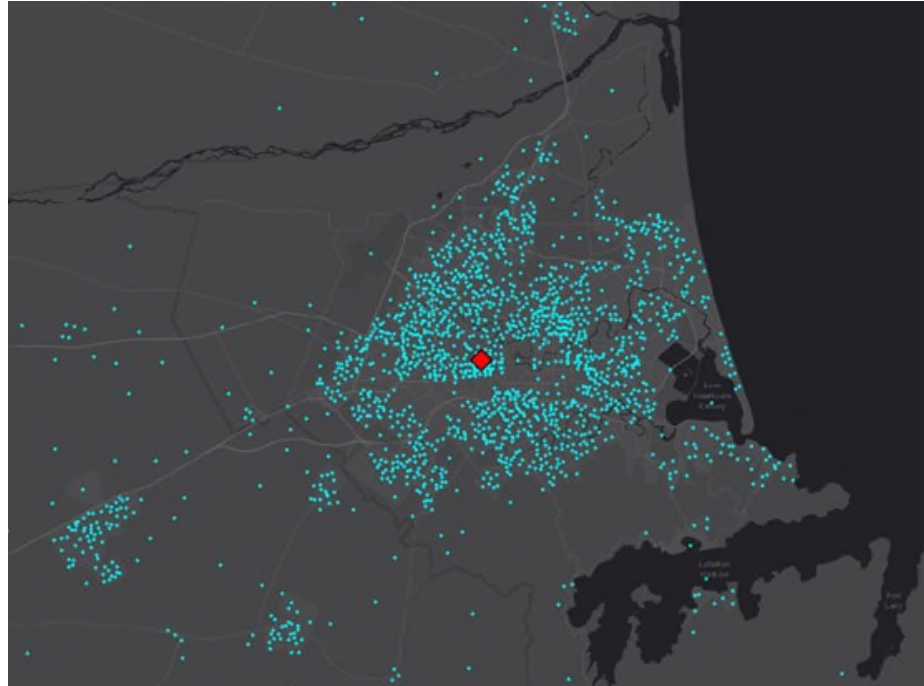


Figure 3 – Riccarton Centre Service Visits by Home Location – All Origins

- 4.6 The Riccarton centre has a wide range of business activities. While of lesser size than a CBD, large centres such as Riccarton commonly provide a broad range of goods and services, and the range and depth of offer increases progressively as urban markets grow. This is related especially to the trend toward residential intensification, which sees catchment population size increases without material expansion to their geographical extent. That is an important characteristic of larger centres as they evolve toward Metropolitan Centres in their size, offer, and roles.
- 4.7 I have examined the range of roles in Riccarton and other major centres within Christchurch, and compared those with the Metropolitan centres in the Auckland economy. Auckland currently has 10 such centres with one (Drury) to be added in the short term. I have compared the scale and range of activities of Auckland's metropolitan centres, with those in Riccarton, Northlands and Hornby. This comparison is summarised in *Figure 4*. As would be expected with Auckland much larger economy (around four times the size of Christchurch) the Auckland centres are on average larger. However, the three Christchurch centres are in line by size with the smaller of the Auckland centres. More importantly, they are in line in terms of the range of goods and services offered, and especially with regard to their roles within the Christchurch economy.

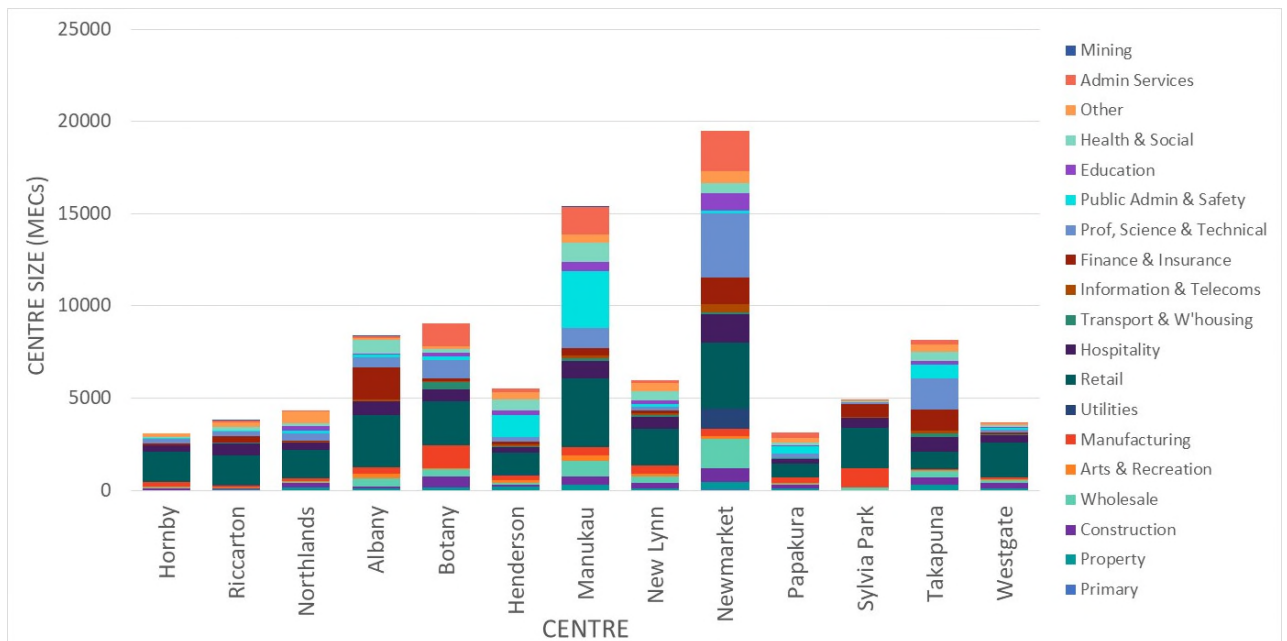


Figure 4 – Christchurch Large Suburban Centres and Auckland Metropolitan Centres 2022

5. CBD RECOVERY

5.1 *Figure 1* also shows the growth and recovery in the Christchurch CBD since 2011. The Central City has shown substantial recovery since the earthquakes. The initial impact saw CBD business activity (as indicated by employment) fall by at least -40%, as the central areas' share of Christchurch's workforce dropped from 24% to 15% between 2011 and 2012. This reflected the very major shift as businesses and their workers relocated after the earthquakes. The CBD's share has climbed back to 19% in 2021. Despite numbers still being below pre-quake levels, total employment and the numbers of business units have been increasing significantly faster than the rest of Christchurch.

5.2 Total employment in the CBD has more than doubled since 2012, with the largest percentage increase in the financial and insurance services sector, retail, hospitality, information and media, and professional and technical services. These sectors are generally associated with office activity and retail/hospitality locations. The CBD has shown recovery in the size of businesses, indicating that businesses have re-established and expanded. Post-quake, the average business size (workers per business) in the CBD has increased from 8.8 in 2011 to 10.2 in 2022, while mean business size across the rest of Christchurch has remained relatively stable at around 5.1, implying that businesses re-establishing in the CBD are of greater size than the Christchurch average. That pattern is fairly typical of urban economies, and is

one broad indicator of a shift to a more standard situation from the post-earthquake circumstances.

- 5.3 The CBD has also accounted for the bulk of new office space consented since 2011. Although that is to be expected given the efforts to rebuild the CBD post-quake, it also shows that development activity has focused on re-building the established urban structure, rather than investing – and re-locating - in non-CBD locations. Importantly, this office space growth appears to have been based on recovery in the market, with the CBD’s office vacancy rates currently at 5.8% (the lowest they have been since December 2009) reflecting a fairly tight market. To put this in context, the CBD office vacancy rate in the Auckland CBD as at June 2022 was 15.7% across all office grades.
- 5.4 The CBD has also grown much more rapidly than the main suburban centres. Northlands, Riccarton and Hornby showed on average 1% annual growth in employment over the decade to 2022, while the CBD increased at 8% pa. This differential has increased. In the period since 2016, CBD employment increased by more than 11 times the rate record in the large centres.
- 5.5 In my view this indicates a substantial recovery for the CBD and considerable impetus. Although total employment has not reached the level recorded in 2010, the Central City is 70%, and at current rates would be back to around 90% within 5 years. I note that Mr Heath has also provided similar information, showing the changes occurring in the central city.
- 5.6 As I have noted, there is not a key indicator to show the CBD has ‘recovered’. It is in much stronger state than post-quake, and stronger growth than the largest local centres. What is not clear is whether what has been achieved because of the primacy afforded top the CBD, or because the city centre is by far the most attractive location.
- 5.7 It is important to not give primacy to the CBD through constraining growth unnecessarily in the other major centres, including by keeping their status below the Metropolitan Centre Zone. It is critical to monitor the status of other major centres independently of the primacy of the CBD, and not see the primacy of status translate through to a primate CBD, where city does not perform effectively and growth is constrained.

6. RESPONSE TO SECTION 42A REPORT AND MR HEATH

- 6.1 I have examined the s42A report prepared by Council. I have not responded in detail, but I note the strong emphasis on the retaining the primacy of the

central city, and to accordingly constrain development in other locations, including the other centres in the hierarchy.

- 6.2 I have also examined the evidence of Mr Heath. Again, I have not responded in detail, as there is considerable common ground in terms of the recovery path of the central city, and the importance of the centres network and a strong CBD in the urban economy. However, Mr Heath also has a strong emphasis on preserving the central city, by constraining development in other centres.
- 6.3 In my view, it is very important to get the timing right, especially as to how long the protection of the central city should be the highest priority, and at what point that should be relaxed to enable the urban economy to perform more efficiently into the long term.

7. CONCLUSIONS

- 7.1 In summary, in my view, it is appropriate for Riccarton to be identified as a Metropolitan Centre given it has the range and nature of business activities expected in a Metropolitan Centre.
- 7.2 I also consider it is appropriate to enable a greater scale of development in Riccarton by building up to greater heights. Building up is consistent with enabling a compact urban form, and development to that scale (12-13 storeys) is appropriate to enable mixed use development.
- 7.3 Consistent with tt, in my view it would be appropriate to enable office tenancies of any size in a Metropolitan Centres (or the larger Town Centres), as sought by Scentre.

Dr James Douglas Marshall Fairgray

21 September 2023