

**REASSESSMENT OF THE LIKELY IMPACTS OF THE PEKAPEKA TO ŌTAKI EXPRESSWAY ON THE
PERFORMANCE OF ŌTAKI'S RETAIL AREAS**

**Prepared for
Kāpiti Coast District Council**

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INTRODUCTION

Background

1. In February 2013 a report¹ was prepared assessing the economic effects of construction and operation of the then proposed PekaPeka to Ōtaki (PP2Ō) Expressway Project. The findings of that report were also included in evidence dated 12 July, 2013 presented to the Board of Inquiry into the Expressway proposal.
2. The PP2Ō Project is to provide an expressway with two lanes of traffic in each direction from the PekaPeka interchange ramps (developed as part of the MacKays to PekaPeka (M2PP) project), through to an interface with the existing SH1 near Taylor's Road, north of Ōtaki, a distance of approximately 13km. Two half interchanges together with local road bridges will be provided to the south and to the north of Ōtaki. Local road bridges over the Expressway at Te Horo and Rahui Road to maintain connectivity between the eastern and western sides of the Expressway are part of the Project, which also includes approximately 1.2 km of realignment of the North Island Main Trunk railway line.
3. On completion, the Expressway will become State Highway 1 (SH1) and the existing SH1 between PekaPeka and North Ōtaki will become a local road. The new Expressway will cater for both road passenger traffic and road freight traffic travelling within and through the Kāpiti District. The Integrated Traffic and Transportation Report (Technical Report No 6) of the Assessment of Environment Effects estimated that heavy commercial vehicles (HCVs) were in 2013 between 12% and 14%² of the traffic on the existing SH1 and by 2031 this was expected to grow to between 17% and 22%.
4. A consequence of the Project is that SH1 through traffic will no longer pass through Ōtaki and Te Horo, and passing traffic wishing to visit these centres will be required to exit and rejoin the Expressway. At Ōtaki, this will be relatively straightforward. SH1 through traffic from the south can exit at the South Ōtaki off-ramp and re-enter at the North Ōtaki on-ramp. SH1 through traffic from the north can exit at the North Ōtaki off-ramp and re-enter at the South Ōtaki on-ramp. The distances to be travelled along a local road will be 2.3 km for traffic from the south and 3.6 km for traffic from the north.
5. However, for Te Horo this will be more problematic. SH1 through traffic from the south will need to exit at the Waikanae (Te Moana Rd) off-ramp and re-enter at the North Ōtaki on-ramp. Alternatively, North-bound traffic wanting to go to Te Horo could exit Otaki Gorge Road off ramp. However they would then need to backtrack approximately three kilometres on the local road to visit Te Horo. Utilising either route would require re-joining the SH1 route at the North Otaki on-ramp. SH1 through traffic from the north will need to exit at the North Ōtaki off-ramp and re-enter at the Waikanae or Poplar Ave on-ramps. The distance to be travelled along a local road for through traffic wishing to visit Te Horo will be up to 15 km depending on the chosen route.³
6. Leaving the Expressway to visit either or both of Ōtaki and Te Horo will result in a longer total travelling time as compared to remaining on the Expressway. This will create a disincentive for passing motorists to visit Ōtaki and Te Horo with potentially negative implications for local businesses. On the other hand removing through traffic from the

¹ Technical Report 21: PekaPeka to North Ōtaki Expressway Project Assessment of Economic Effects; Brown, Copeland & Co Ltd; 4 February 2013; Volume 3 of the Assessment of Environmental Effects.

² Depending on location between PekaPeka and Ōtaki and direction of travel.

³ 10 km between Waikanae and Te Horo and 5 km between Te Horo and North Ōtaki.

existing SH1 provides the opportunity to improve access, parking and the general ambience of these centres, potentially encouraging more visitors to them. This is especially significant for the Ōtaki Railway retail area, since without the PP2Ō Project future traffic growth is likely to intensify the negative effects of through traffic especially heavy vehicles through the centre. Also even for through traffic, access to all parts of Ōtaki will be easier and less time consuming than at present without the PP2Ō.

7. Construction of the PP2Ō commenced in November, 2017 and is expected to be open for traffic in April, 2021. The Mackays to PekaPeka Expressway (M2PP) has been completed and that expressway opened in February 2017, whilst work on the Transmission Gully project has commenced. The Transmission Gully project is expected to be open for traffic in 2020. The Kāpiti Coast District has experienced considerable economic growth in the past five years, in part as a result of the significant additional employment and expenditure associated with these road construction projects. Over the period 2013 to 2017, GDP growth in the District has totalled 15.5%, as compared to 14.2% GDP growth for New Zealand as a whole.
8. The Kāpiti Coast District Council (KCDC) has requested an update of the 2013 report given these State Highway network and other developments within the Kāpiti Coast District over the last five years. The updated report will help inform how the Council can assist in maintaining and if possible enhancing the retail centres that will be bypassed by the PP2Ō Project – i.e. Ōtaki Railway (or Ōtaki existing SH1) and Ōtaki Main Street retail areas.

Report Objective

9. The purpose of this report is to update the findings of the 2013 assessment of economic effects report and draw conclusions on how the PP2Ō project will impact on Ōtaki's retail centres.

Report Format

10. The remainder of this report is in five parts:
 - a. A summary of the 2013 report's main findings with respect to business redistribution effects;
 - b. Economic developments within the Kāpiti District and Ōtaki since 2013;
 - c. M2PP Expressway Project retail effects;
 - d. Possible measures to maintain and enhance retail economic activity within Ōtaki's retail centres; and
 - e. Conclusions.

RECAP OF 2013 REPORT

General

11. Before considering the likely business redistribution effects on each of the bypassed retail centres, the 2013 report made a number of general comments and these remain valid in the context of this update report. These include the following:

- a. From a wider Kāpiti Coast District viewpoint, the PP2Ō Project will not reduce the overall level of business activity - indeed the improvements in accessibility to, from and within the District brought about by the Project will increase the overall level of business activity within the District as a consequence of increased competitiveness for local businesses and an increase in the District's attractiveness to live and visit. Therefore, any losses in trade for individual businesses will be more than offset by increases in trade for other businesses.
- b. Business transactions involve transactions between suppliers and consumers. Where consumers change their destination purchasing patterns there are likely to be benefits to them as well as to the suppliers who gain trade and such benefits should not be ignored by focusing only on suppliers who lose trade. The existing road network will remain post the commissioning of the PP2Ō Project and therefore no consumer will be worse off than before. Indeed the travelling public will be better off with a choice of routes that will be less congested than would be the case for the existing SH1 without the PP2Ō Project.⁴
- c. Lost sales revenue greatly overstates the "bottom line impact" on businesses. It is really only lost profits, which are considerably less than lost sales revenue, that are the cost impact on those who lose business. Over time businesses will react to their new business environment to minimise such lost profits by downsizing, changing their offering and/or by relocating.
- d. Even without the Project, businesses must address changing business conditions and their future viability is not assured with or without the PP2Ō Project.
- e. Competing businesses (e.g. petrol stations and food outlets) between Wellington and north of Ōtaki will be similarly disadvantaged in that there will be no direct access to individual businesses from SH1 along the length of the motorway (including the Transmission Gully section) and the proposed expressways from McKays to PekaPeka and from PekaPeka to north of Ōtaki. Access to and from all businesses along this route will only be possible via a limited number of exit and entry points.
- f. Over time growth in business sales (as a result of population and household growth and increases in real per capita and per household expenditure) will help to offset any reductions in sales for some individual businesses as a consequence of the PP2Ō Project.

Ōtaki Railway Retail Area

12. The 2013 report inventory⁵ of the businesses in the Ōtaki Railway Retail Area totalled 85 businesses, of which 63 (74%) were involved in retail. Of these 30 (48%) were classified as clothing and footwear, 13 (21%) were cafes, bakeries and takeaways, 3 (5%) sold food, groceries and/or liquor, 3 (5%) were petrol stations and 14 (22%) were classified as miscellaneous retail stores. Of the 22 other (non-retail) businesses in this area, 8 provided professional and business services, 4 provided auto repair services, 2 were motels, 1 was a hotel providing accommodation and bar services, 2 were healthcare businesses and 5 provided other services.

⁴ Although speed limits on some sections of existing routes may be lowered with the transitioning of state highway to local roads.

⁵ Conducted in October, 2012.

13. The 2013 report expected the PP2Ō Project to have little, if any, negative effect on clothing and footwear and miscellaneous retail store categories, which made up 70% of the total retail outlets in the Ōtaki Railway Retail Area. Indeed, especially in conjunction with the M2PP Expressway and Transmission Gully project, the PP2Ō Project was expected to have a positive impact on these stores.
14. Of the other retail outlets in the Ōtaki Railway Retail Area (i.e. 13 cafes, bakeries and takeaways; 3 food, liquor or grocery outlets; and 3 petrol stations) their sales were expected to be negatively affected by the PP2Ō Project to the extent that these businesses were reliant on the passing motorised trade. However local residents and visitors form important parts of the market for these businesses and this trade would not be negatively affected by the PP2Ō Project.
15. The other businesses (apart from the 2 motels) located within the Ōtaki Railway Retail Area (i.e. auto repairers, hotel, healthcare service providers, professional and business service providers, and other service providers) predominantly met the needs of the local Ōtaki community and therefore would not be negatively affected by the PP2Ō Project. The 2 motel businesses and the hotel (with respect to the accommodation side of its business), could expect some loss of trade but it was noted that the extent of “detour” off the Expressway will not be significant and competing businesses at for example Waikanae, Paraparaumu, Paekakariki, Pukerua Bay, Plimmerton and Mana will face the same disadvantage with the completion of the MacKays to PekaPeka Expressway and Transmission Gully project.

Ōtaki Main Street Retail Area

16. The 2013 report considered that the Ōtaki Main Street retail area principally serve the local community. Because of the particular mix of activities and its distance from SH1, it was not a “destination” centre attracting visitors to Ōtaki and was less reliant on the passing motorised trade than was the Ōtaki Railway Retail Area.
17. The 2013 inventory⁶ of the businesses in the Ōtaki Main Street centre shows that out of a total of 59 businesses, 28 were involved in retail. Of these only 4 were classified as clothing and footwear, 11 were cafes, bakeries and takeaways, 6 sold food, groceries and/or liquor, and 7 were classified as miscellaneous retail stores. Of the 31 other (non-retail) businesses in this area, 3 provided professional and business services, 2 were hotels (of which only 1 provides accommodation as well as bar services), 4 were healthcare businesses and 22 provided other services.
18. The 2013 report considered that the PP2Ō Project would not have any significant negative effects on businesses within the Ōtaki Main Street centre, given their predominant servicing of local residents and businesses and that it was more likely that the Project, in conjunction with the M2PP Expressway and Transmission Gully project would lead to higher economic growth in Ōtaki generally and increased business for the Ōtaki Main Street centre.

Te Horo Retail Area

⁶ Undertaken in March 2011 (see Table 1 in *Ōtaki Customer Survey: Report of Pedestrian Intercept Surveys Conducted in March 2011*; Opus International Consultants Limited; 2011. This report is attached as Appendix 1 and its results are discussed in a later section of this report). The business inventory was updated in October 2012.

19. The 2013 report business inventory identified a small cluster of businesses at Te Horo on SH1 and down Te Horo Beach Road, near to SH1. These include 2 cafes,⁷ 2 art galleries, a jewellery shop, an auto repairer, a building products yard, a museum, a plant, fruit and vegetables store, a hairdresser and a caravan sales yard. The 2013 report stated that while these businesses formed something of a commercial “centre” from the perspective of the local Te Horo residents, they did not constitute a significant commercial centre in terms of the hierarchy of centres for the wider Kāpiti Coast District.
20. Of these businesses the 2 cafes, art gallery, the jewellery shop and the plant, fruit and vegetables store were identified as likely to be those most dependent upon the passing motorised trade and therefore most likely to be negatively affected by the Project bypassing Te Horo and there being no interchanges nearby (e.g. at PekaPeka).
21. The 2013 report noted that there were other businesses within Te Horo (including a bed and breakfast, a cookery school, a lavender farm, kennels and a plant wholesaler) but not adjacent to SH1. These businesses were not expected to be significantly affected by the Project, since they were already located some distance from SH1 and therefore not particularly dependent upon the passing motorised trade.

Te Horo to Ōtaki

22. The 2013 report identified a number of individual businesses which to varying degrees were dependent upon the passing motorised trade between Te Horo and Ōtaki Gorge Road (the proposed site of the South Ōtaki off and on-ramps). These businesses included several fruit, vegetable and flower outlets, a property consultant, a hydroponics store, kennels, a bed and breakfast and a restaurant and winery. The Expressway was expected to have some negative effects on each of these businesses but from a broader community perspective they do not constitute a “centre”, which would have reduced public amenity values from closures or reductions in turnover.

Results from Ōtaki Customers’ Survey

23. The 2013 report also summarised the results of a March 2011, Opus International Consultants Limited (Opus) survey⁸ of 500 pedestrians intercepted in the two retail areas of Ōtaki⁹ to predict the likelihood that people will deviate from the Expressway so that they would continue to shop in Ōtaki, and to estimate the sales value impacts of the Expressway on Ōtaki’s retail areas.
24. Respondents were separated into three groups:

⁷ One of these has since burnt down and not been replaced.

⁸ *Ōtaki Customer Survey: Report of Pedestrian Intercept Surveys Conducted in March 2011*; Opus International Consultants Limited; 2011.

⁹ Opus did not undertake a customer intercept survey at Te Horo. A retail store survey was undertaken in Ōtaki and Te Horo. This involved survey forms being left with retailers and customers being encouraged by retailers to complete the survey. For Ōtaki this survey yielded 145 returns, but only 5 for Te Horo. The Ōtaki returns indicated similar results to the pedestrian intercept survey. Unfortunately there were insufficient returns from Te Horo for meaningful analysis.

- a. those who lived in Ōtaki, so the Expressway would not affect their behaviour (42.2%);
 - b. those who would stop in Ōtaki, despite the time saving on the new Expressway (46.9%); and
 - c. those who would continue on the Expressway and avoid Ōtaki (10.9%).
25. Because this third group (those who would avoid Ōtaki) spend on average less than the other two groups, the Opus report predicted that this 10.9% reduction in pedestrians in Ōtaki shopping centres would equate to only a 9.2% reduction in expenditure.
26. Disaggregating the results for each of the Ōtaki Railway Retail Area and Ōtaki Main Street shopping centres, the Opus report predicted:
- a. for the Ōtaki Railway Retail Area: a 13.8% reduction in pedestrian count and a 12.3% reduction in expenditure; and
 - b. for Ōtaki Main Street: a 4.6% reduction in pedestrian count and a 2.9% reduction in expenditure.
27. The decline in retail sales was estimated to be greatest for cafes, bakeries and takeaways (15%), clothes and footwear (12%) and petrol (11%).
28. The 2013 report pointed out that the Opus survey only attempted to estimate the reduction in foot traffic and expenditure as it relates to the stated behaviour of shoppers in Ōtaki at the time the survey was taken - i.e. in March 2011. It did not take account of:
- a. an increase in visitors to Ōtaki as a consequence of improved accessibility arising from the PP2Ō Project, the M2PP Expressway and the Transmission Gully project; and
 - b. an increase in expenditure in Ōtaki as a consequence of population growth and growth in real per capita expenditure between now and when the Project will be completed. For example, Statistics New Zealand's "medium" projections between 2011 and 2021 were for population in the Kāpiti Coast District and the Wellington region to grow at average annual rates of 1.0% and 0.6% respectively. In retail impact studies an additional 1% per annum for growth in real per capita expenditure is usually applied, suggesting growth in expenditure by 2021 over 2011 levels of between 17% and 22%.
29. The 2013 report therefore considered the Opus survey's estimated reductions in pedestrian counts and sales turnover from the Project on the Ōtaki Railway Retail Area and Ōtaki Main Street commercial centres to be conservatively high. By the time the Project is operational, the 2013 report held that growth in expenditure would more than compensate for any negative business redistribution effects of the Project.

ECONOMIC DEVELOPMENT WITHIN ŌTAKI AND THE KĀPITI COAST DISTRICT 2013-18

Updated Inventory of Businesses within Ōtaki Retail Centres

30. An update of the inventory of businesses within the Ōtaki Railway retail area, Ōtaki Main Street retail area, Te Horo SH1 and between Te Horo and Ōtaki was undertaken in November, 2018.
31. Ōtaki Railway Retail Area. In the 2018 survey there were 75 businesses of which 56 (75%) were retail businesses. This compares with a total of 85 businesses in 2013, of which 63 (74%) were retail businesses. In 2018, 24 businesses were classified as clothing and footwear stores as compared with 30 in 2013; 9 were cafes, bakeries and takeaways as compared to 13 in 2013, 3 sell food, groceries and/or liquor, the same as in 2013, there were 3 petrol stations, the same as in 2013 and 17 were classified as miscellaneous retail stores as compared to 14 in 2013. Of the non-retail businesses in the 2018 survey there were 10 providing professional services (8 in 2013), 2 provided auto repair services (4 in 2013), 2 were motels and 1 was a hotel providing accommodation and bar services (the same as in 2013), 1 was a healthcare business (2 in 2013) and 3 provided other services (5 in 2013).
32. Since 2013, the number of businesses has reduced by 11.8% but the general mix of business types has remained much the same.
33. Ōtaki Main Street Retail Area. In the 2018 survey there were 54 businesses of which 30 (56%) were retail businesses. This compares with a total of 59 businesses in 2013, of which 28 (47%) were retail businesses. In 2018, 6 businesses were classified as clothing and footwear stores as compared with 4 in 2013; 13 were cafes, bakeries and takeaways as compared to 11 in 2013, 6 sell food, groceries and/or liquor, the same as in 2013, and 5 were classified as miscellaneous retail stores as compared to 7 in 2013. Of the non-retail businesses in the 2018 survey there were 3 providing professional and business services (the same as in 2013), 2 were hotels (the same as in 2013), 2 were healthcare businesses (4 in 2013) and 17 provided other services (22 in 2013).
34. Since 2013, the number of businesses has reduced by 8.5% but the general mix of business types has remained much the same.
35. Te Horo SH1. The 2018 survey identified 12 businesses on or near SH1 at Te Horo, the same as in the 2013 survey.
36. Te Horo to Ōtaki. The 2018 survey identified 8 businesses between Te Horo and Ōtaki, the same as in the 2013 survey.

Population Growth

37. Statistics New Zealand's June 2018 population estimate for the Kāpiti Coast District is 53,200.¹⁰ In 2013, population in the District was 50,200, implying growth of 6.0% over the

¹⁰ Statistics New Zealand, Stat NZ, Population Estimates Tables, Sub-national Population Estimates for Territorial Authorities and Area Units. The Council also subscribes to I.D. population estimates and forecasts. These give a lower 2018 population for the Kapiti District of 52,762, but a higher forecast of 63,685 for the District's population in 2043. This implies a population growth rate between 2018 and 2043 of 0.7% per annum,

period 2013 to 2018, as compared to growth of 10.0% for New Zealand as whole. For Ōtaki¹¹ the population estimate for June 2018 is 8,860 up 6.2% from 8,340 in 2013.

38. Statistics New Zealand's 'medium' population projections¹² have the Kāpiti Coast District's population increasing to 59,400 in 2043 – i.e. an average rate of increase of 0.4% per annum over the period 2018-43, as compared to 0.8% per annum for the projected average annual rate of population growth of New Zealand. In 2043, Ōtaki is projected to have a population of 9,620, implying an average increase of 0.3% per annum.
39. Population estimates from Statistics New Zealand are most reliable after a census and it is quite possible that population has grown more in the last 5 years (2013-18) than the Statistics New Zealand estimates indicate. Anecdotal evidence¹³ suggests higher population growth has occurred within the District with new house construction projects and greater occupancy of "second houses".

Employment Growth

40. Growth in jobs within the Kāpiti Coast District has been much faster than population growth. Statistics New Zealand employment data show 13,600 jobs within the Kāpiti Coast District in 2018, up 18.2% from 11,500 jobs in 2013. This compares with growth of 14.7% for New Zealand and 7.7% for the Wellington region over the period 2013 to 2018. The main impetus for the increase in jobs within the Kāpiti Coast District has been the construction sector with jobs in this sector growing by 54.5% (1,700 jobs in 2018 as compared to 1,100 jobs in 2013). The administration and support services, which includes employment services, has grown from 200 jobs in 2013 to 550 jobs in 2018 and again this will reflect growth in construction industry contract labour requirements. The other significant area of employment growth has been the healthcare and social assistance sector where jobs have grown from 1,850 in 2013 to 2,500 in 2018 – i.e. an increase of 35.1%.
41. Employment in Ōtaki¹⁴ has grown only by 5.6% from 2,140 jobs in 2013 to 2,260 jobs in 2018. Construction jobs have increased by 51.0% (from 96 jobs in 2013 to 145 jobs in 2018) and healthcare and social services jobs have increased by 25.6% (from 180 jobs in 2013 to 226 jobs in 2018). Retail jobs in Ōtaki have declined by 5.0% from 359 jobs in 2013 to 341 jobs in 2018.

Accommodation

42. Growth in overnight stays in commercial accommodation within the Kāpiti District has also grown much faster than population. Between August 2013 and August 2018, guest nights in commercial accommodation within the District have grown by 24.7%.^{15 16} The fastest

rather than Statistics New Zealand's forecast of 0.4% per annum and closer to Statistics New Zealand's forecast rate of growth for the whole of New Zealand of 0.8% per annum.

¹¹ Including Statistics New Zealand's Area Units of Ōtaki, Ōtaki Forks, and Te Horo.

¹² Statistics New Zealand prepare three sets of projections – high, medium and low – according to natural population change (i.e. the net effect of birth and death rate assumptions) and net migration assumptions. These projections do not explicitly incorporate assumptions about different rates of economic development.

¹³ E.g. new residential building projects within the district, school roll numbers, etc.

¹⁴ Including Statistics New Zealand's Statistical Areas of Ōtaki Beach, Ōtaki, Forest Lakes, Te Horo and Waitohu.

¹⁵ Source: Statistics New Zealand Accommodation Survey, Territorial Authority Pivot table, August, 2018.

growth occurred between 2015 and 2017 when guest nights increased by 18.3%. As with employment growth it is likely that much of this growth in guest nights is attributable to an influx of visitors associated with the construction of the PP2Ō Expressway and the Transmission Gully project.

RETAIL IMPACTS OF M2PP

43. A recent report prepared for the Kāpiti Coast District Council by Marketview (the Marketview report)¹⁷ has analysed the effects of the M2PP Expressway on retail expenditure within the Kāpiti District and by Kāpiti residents outside of Kāpiti. Among the report's conclusions are:
- a. Total spending within the Kāpiti District in the first 12 months of the Expressway's opening (i.e. February 2017 to February 2018) has increased from \$713.3 million to \$773.4 million – i.e. an increase of 8.4%. For Ōtaki SH1 total spending increased by 9.1% and for Ōtaki Township total spending increased by 9.2%;
 - b. Spending by Kāpiti residents, who now account for 74.5% of the total spending within the District (\$773.4 million), had increased from \$533.4 million to \$576.5 million – i.e. an increase of 8.1%. For Ōtaki SH1 the spending by Kāpiti residents, who now represent 51.5% of the total spending in the centre increased by 5.9% and for Ōtaki Township the spending by Kāpiti residents, who now represent 76.6% of the total spending in the centre increased by 5.0%;
 - c. Spending by “tourists”, who now account for 15.1% of the total spending within the District, had increased from \$106.5 million to \$117.2 million – i.e. an increase of 10.0%. However the Marketview report notes that some of the workers brought in to work on the roading projects and are provided with accommodation will have their spending coded as tourism spending. Also second home owners' spending will be coded as tourism spending. For Ōtaki SH1 the spending by “tourists”, which now represents 16.1% of the total spending in the centre increased by 5.8% and for Ōtaki Township spending by “tourists”, which represents 15.2% of the total spending in the centre increased by 13.2%;
 - d. Spending by day-trippers, who now account for 8.8% of the total spending within the District, had increased from \$61.1 million to \$68.4 million – i.e. an increase of 12.1%. For Ōtaki SH1 the day-tripper spending, which now represents 23.6% of the total spending in the centre increased by 18.1% and for Ōtaki Township the day-tripper spending which represents 7.2% of the total spending in the centre increased by 58.9%;
 - e. Spending by the passing trade, which now accounts for only 1.4% of the total spending within the District, had decreased from \$12.4 million to \$11.4 million – i.e.

¹⁶ This growth in guest nights will be understated to the extent that stays in Airb&bs are excluded from official statistics.

¹⁷ Kāpiti Coast District Council Final Report McKays to PekaPeka Expressway Analysis; Marketview. 13 April, 2018.

a decrease of 7.9%.¹⁸ For Ōtaki SH1 the passing trade, which now represents 8.7% of the total spending in the centre increased by 12.8% and for Ōtaki Township the passing trade which represents only 0.9% of the total spending in the centre increased by 51.7%;

- f. All of the District's retail centres had experienced growth in sales – Paraparaumu Beach (+21.8%), Te Roto/Kāpiti Landing (+21.2%), Waikanae Beach (+13.5%), Ōtaki Township (+9.2%), Ōtaki SH1 (+9.1%), Raumati (+8.2%), Paekakariki (+6.0%), Paraparaumu SH1 (4.2%), Waikanae (+1.2%) and rest of Kāpiti District (+11.0%);
- g. Spending was up across all store types – bars, cafes, restaurants and takeaways (+12.6%), durable goods, which includes hardware stores (+8.8%), fuel and automotive (+7.6%), food and liquor (+5.4%), clothing and footwear (+2.3%) and other store types (+13.4%). Whilst clothing and footwear had the lowest growth in sales, nationally clothing sales fell 2.8% and footwear sales fell 2.5% during the 12 month period. Therefore clothing and footwear sales within the District held up comparatively well. At Ōtaki SH1 clothing sales were up 3.0%, slightly higher than for the District as a whole and better than the fall in national sales;

44. The Marketview report also suggests that spending by Kāpiti District residents outside the District in the 12 months after the opening of the M2PP Expressway was up 45.9%, lifting retail leakage from \$266.6 million to \$389.1 million. However, combined with an increase of Kāpiti District residents spending within the District of 8.1%, this implies total overall spending by Kāpiti residents increasing by 20.7% over the 12 months February 2017 to February 2018. This seems unrealistically high. Combining population growth for the District (0.9%)¹⁹, price inflation (1.1%)²⁰ (although some items of retail expenditure – e.g. fuel – may have increased faster than the consumers' price index) and an allowance for an increase in real per capita expenditure (1%)²¹ indicates growth in expenditure over the period of around 3-4 % is more realistic. For example, the Property Economics Retail assessment update report²² forecasts growth in Kapiti District residents' total spending of 1.28% per annum over the period 2018 to 2038. Adjusting for annual inflation of say 1.1%, this implies growth of 3.9% per annum. Also the Marketview data implies retail leakage from the District of 40%, whereas the Property Economics report suggests leakage of only 32%. This calls into question the accuracy of the data contained in the Marketview report.²³

¹⁸ The south to north passing trade was down 5.0% to \$6.4 million, while the north to south passing trade was down 11.5% to \$5.0 million.

¹⁹ Statistics New Zealand population estimates.

²⁰ Reserve Bank of New Zealand Inflation Calculator 2018 Quarter 1 compared to 2017 Quarter 1.

²¹ 1% per capita or per household is frequently used in retail study forecasts – see for example Kāpiti Coast District Retail Assessment Update; Prepared for Kāpiti Coast District Council; Property Economics; October, 2018.

²² Kāpiti Coast District Retail Assessment Update; Prepared for Kāpiti Coast District Council; Property Economics; October, 2018.

²³ There are differences in the data bases used by Marketview and Property Economics, who for example exclude service station sales from their analysis. However these differences should not be of sufficient magnitude to lead to such significant differences in results.

STEPS TO MAINTAIN AND ENHANCE THE VITALITY, VIBRANCY AND AMENITY VALUES OF ŌTAKI'S RETAIL AREAS ²⁴

45. As part of the revocation of the existing SH1 to a local road, NZTA and the Kāpiti Coast District Council will implement a number of initiatives, some of which will be directed at maintaining and enhancing the vitality, vibrancy and amenity values of Ōtaki's two retail centres. Part of this will be the provision of appropriate signage on the new SH1 (i.e. the PP2Ō Expressway). The Council's Iwi Relationships Manager has recommended that the new signage appropriately reflects the dialect of the iwi, including macrons and, that Ngā Hapū o Ōtaki be resourced and engaged directly and early in discussions on signage to ensure the correct place names are used. A potentially more controversial step to reflect Ōtaki's strong biculturalism and to strengthen the local community's uniqueness would be to have all retailers rebrand in te reo Māori. However this would require buy-in by all retailers and this may not be forthcoming.
46. At a more general level there are a number of steps that could be taken to positively impact on Ōtaki's retail centres. Firstly, initiatives which make it easier for residential and business development to occur in or near Ōtaki will increase local resident shopping in the Kapiti District (including Ōtaki). Increased business development will (a) generate some spending locally of its own, but also (b) reduce commuting for employment, thereby increasing local resident spending retained within the District and Ōtaki.
47. Secondly, tourist spending and day tripper spending are important components of total spending in the District and Ōtaki. Measures to enhance these retail spending components will help local retail centres – e.g. developing tourism opportunities with local iwi²⁵; support for events attracting visitors from outside Ōtaki; publicity about and promotion of Ōtaki; and developing day trip packages for cruise ship passengers and other international/domestic tourists visiting Wellington City. Such initiatives need to be mindful that visitors to Ōtaki (and Kapiti) come from the south and the north (e.g. Manawatu). Also it is important to continue to support existing events that have proven successful in bringing visitors to Ōtaki and the District such as the Ōtaki Kite Festival and the steadily growing Māoriland Film Festival.
48. Thirdly, improvements to public transport servicing Ōtaki will help residential growth (it will be easier for residents to commute to Wellington City for employment) and also encourage more day trippers to Ōtaki. For example, pensioners with gold cards can travel south from Waikanae and Paraparaumu for free, whereas Ōtaki is not so easily accessed by public transport.
49. Fourthly, the railway precinct area, post revocation of the existing SH1, could be beautified through improvements to street furniture, insertion of sculptures and trees, and provision of greater space for outdoor eating.

²⁴ The assistance of individual members of Elevate Ōtaki is gratefully acknowledged for ideas contained within this section of the report. However the views expressed do not necessarily reflect those of Elevate Ōtaki itself.

²⁵ The Council's Iwi Relationships Manager has recommended that Ngā Hapū Ōtaki be engaged early, in the first instance, with the anticipation of others being brought into the conversation (for example the Rangiaotea Church and the Ōtaki Māori Racing Club).

50. Fifthly, a media campaign needs to be initiated shortly before and then after the opening of the new Expressway to highlight the retail opportunities and other activities available in Ōtaki and to explain exit off, and entry to, the Expressway for persons wishing to visit Ōtaki.

CONCLUSIONS

51. The Kāpiti Coast District and Ōtaki have experienced, and are continuing to experience, a period of increased construction activity in part related to the Expressway and Transmission Gully roading projects. As in the rest of New Zealand, the District and Ōtaki are also benefitting from increased residential construction activity. The additional employment opportunities within the District and Ōtaki will have reduced the proportion of the local workforce commuting out of the District for employment. This may not be sustainable in the longer term (i.e. post the completion of the two roading projects in 2020), depending upon the timing of work for the proposed new highway from north of Ōtaki to north of Levin. However any exodus of construction workers will be from throughout the District and not just from Ōtaki.
52. The completion of the M2PP Expressway and anticipation of the upcoming completion of the Transmission Gully and PP2Ō Expressway projects are increasing the attractiveness of the Kāpiti Coast District and Ōtaki for new residents. It may also increase the attractiveness for new businesses to locate due to reduced travel times to destinations to the south and north.
53. The M2PP Expressway project's completion has led to increased tourist and day-tripper spending within the District and Ōtaki. The completion of the PP2Ō Expressway and Transmission Gully should further enhance the attractiveness of Ōtaki and the Kāpiti District for tourist and day-tripper spending.
54. The M2PP Expressway by-passing two significant retail centres (Paraparaumu SH1 and Waikanae) has led to a reduction in passing trade spending in the District. However passing trade spending makes up a very small percentage (only around 1-2% according to the Marketview report) of total spending in the District and the growth in local resident, tourist and day-tripper spending has significantly outweighed the passing trade reduction.
55. The Paparaumu and Waikanae retail centres have lost market share as a result of the growth in the retail offering of the Te Roto/Kāpiti Landing shopping centre and its more convenient location relative to the M2PP Expressway on-off ramps in Kāpiti Road. These factors will not be present in the case of PP2Ō bypassing Ōtaki.
56. The M2PP Expressway has improved accessibility to Ōtaki enabling clothing and footwear retail outlets in the Ōtaki SH1 retail centre to retain, and to a small extent increase, their level of sales. Whilst these stores remain vulnerable to general retailing trends affecting these store types, the PP2Ō Expressway and Transmission Gully projects will enhance accessibility to Ōtaki's retail centres for local Kāpiti residents south of Ōtaki, tourists and day-trippers. This should more than offset any reduction in passing trade spending.
57. The Ōtaki's retail centres (Ōtaki SH1 retail centre's factory shop outlets in particular) are vulnerable to changes within retailing generally. However future residential and business

growth within Ōtaki will help protect the overall level of business activity even if there are changes in the mix of retail and other business outlets within each centre.

58. Overall the completion of the PP2Ō Expressway project will bring positive benefits for the Ōtaki Railway Precinct and Ōtaki Main Street retail centres. These positive impacts can be reinforced by a number of measures relating to:

- a. The provision of appropriate signage on the new SH1 (i.e. the PP2Ō Expressway) that appropriately reflects the dialect of the iwi, including macrons and Ngā Hapū o Ōtaki be resourced and engaged directly and early in discussions on signage to ensure the correct place names are used;
- b. Encouragement and reduced barriers to residential and business development within Ōtaki;
- c. Encouragement of tourist and day tripper visits to Ōtaki;
- d. Improved public transport services to and from Ōtaki;
- e. Beautification of Ōtaki's Railway Precinct post revocation of the existing SH1; and
- f. A media campaign to be initiated shortly before and then after the opening of the new Expressway to highlight the retail opportunities and other activities available in Ōtaki and to explain exit off, and entry to, the Expressway for persons wishing to visit Ōtaki.