

Nelson CBD Position Paper

the economic & social role of nelson's cbd

PREPARED FOR NELSON COUNCIL - JUNE 2014





EXECUTIVE SUMMARY

This position paper is to:

1. Discuss Nelson's economic, cultural and social role in the region and describe the critical elements of the city's composition (physical and functional) that are fundamental for it to maintain and grow this role.
2. Analyse the implications of new retail developments in the wider region and describe their potential effect on Nelson's CBD and initial assessments of appropriate development, regulatory and other approaches to maintain or grow the City's role in the region.

Nelson CBD is a Regional Asset

Nelson CBD is by far the most important urban asset within Nelson and Tasman districts. It has the most jobs, the best streets, the best fabric, the highest level of street life, the most heritage, the most higher order retail stores, the best dining out environment and the best night time economy in the region. These values along with its quality environment attract investment to the region. Some of this investment occurs not in the CBD but in Tasman District. The wider region is a major beneficiary of a high quality and high performing Nelson CBD.

Nelson CBD has a remarkably diverse economy with higher paid jobs. Retail wages are the lowest of all ANZSIC wages so retail alone should never be the economic focus of centre planning.

Retail Development & Catchment Geography

Tasman has the majority of greenfield capacity and is growing faster than Nelson, where infill is a growing component of slowing growth. Nelson grew from 41,500 in 2001 to 46,500 in 2013. Tasman grew from 41,000 in 2001 to 47,000 in 2013.

However growth capacity and rates between the two are likely to heavily favour Tasman to 2031. Tasman is likely to grow to around 63,000 by that

date and Nelson to 49,000. At a total catchment of 100,000+ the region will have most of the major retail stores and labels, and escape expenditure will reduce substantially, adding expenditure back to the region. Richmond is likely to be the major beneficiary of retail tenant demand over the period to 2031. This is an appropriate outcome in terms of serving a growing and more proximate catchment. This trend will result in reduced levels of escape expenditure and the relative growth of Richmond as a retail destination. However the market is growing overall, which provides a stronger base for a more segmented approach to retail in the CBD.

Nelson CBD Retail Role

Nelson CBD is not and should not be the major retail destination for retail purchases in the region. It does not need to be so in order to succeed in its role as the social and economic powerhouse of the region (its current role). Nor is the CBD the most appropriate location for high volume, retail anchor stores, most paying less than \$200 per square metre. The value of Nelson CBD real estate is such that it has no ability to compete for these stores unless subsidised by city's ratepayers.

The role of retail in Nelson is heavily based around a broader, culturally-anchored fashion and food story. This is the trend of other successful CBDs but requires strong controls over the quality of buildings in order to succeed. The basis of retail in the CBD is as an inspirer of higher levels of social and economic exchange. Retail is therefore not the end point of CBD strategy, it is the start point. Its vitality and performance is key to continuing the broader economic, cultural and social role of the region's most important centre. This also means that Nelson CBD retail is extremely important to the economic health of the region.

Retail trends suggest that Nelson should not pursue a path to compete on price and volume but capitalise on its wider appeal as a place of culture, art and architecture. A visit to the CBD should be seen as an event with shopping one part of that event. Other centres in the region are incapable of competing with the CBD on that basis.



1. INTRODUCTION

The purpose of this paper is to:

1. Discuss Nelson's economic, cultural and social role in the region and describe the critical elements of the city's composition (physical and functional) that are fundamental for it to maintain and grow this role.
2. Analyse the implications of new retail developments in the wider region and describe their potential effect on Nelson's CBD and initial assessments of appropriate development, regulatory and other approaches to maintain or grow the City's role in the region.

2. CONTEXT

Previous work on Nelson CBD in 2012 sought to define the wider economic, social and cultural role of the city centre in the region and evaluate its position with respect to other centres and retail-only propositions in the suburbs.

This previous work was primarily aimed at establishing the future regulatory framework for the city around an objective for higher economic and social output. The "Nelson Centres Review" by Urbacity sought to define centres on the basis of their economic, social and cultural roles and not purely on the size and number of retail stores that make up many centres. The study defined town and city centres as follows: *"At the basis of traditional (town) centre definition is the notion of a community heart and soul, which is culturally valued by its constituents and is a place of civic pride and high economic and social exchange."*

The study sought to differentiate Nelson CBD from many of the shopping centres in the region by explaining its wider purpose and cultural connection to its constituent community and tourists. The mixed use and high quality built form nature of Nelson CBD was explained as a positive factor

in regional economic output, residential demand (not only for Nelson City but for Tasman), civic pride and higher environmental performance through the efficiencies of a mixed use centre and reduced environmental impacts. These types of benefits are well documented through a range of studies and accrue to all attractive towns and cities. However these benefits can easily be eroded by single use shopping centres that take trade from towns and cities and erode the level of pedestrian life in their streets. The consequences of not requiring an urban centre but allowing a single-use shopping centre in the suburbs is often the permanent loss of economic, social and cultural values that would otherwise be expressed in a vibrant town centre.

Councils around New Zealand and Australia have allowed different built form outcomes for shopping centres than they allow for their town centres and in so doing create the conditions for towns and cities to fail. The Nelson Centres Review proposed regulatory change to ensure that future retail-only propositions would compete on the same urban basis as Nelson CBD. At present the regulatory framework encourages retailers to depart the CBD for less sustainable shopping centres without compensating benefits to the community. This is not an issue peculiar to Nelson.

3. THE REGIONAL IMPORTANCE OF NELSON CBD

The previous Urbacity study made the case for why Nelson CBD was a more important economic and social asset in the region than any other centre. It also discussed the environmental benefits of mixed use towns compared with shopping centres, by referencing international case studies. It is helpful to re-state some of the conclusions of the study here.

The study contextualised retail vitality as a critical element in the formation of non retail businesses in the CBD.



Active, retail streets in town centres provide the inspiration for intensification and mixed use which also promotes changes to travel behaviour by improving public transport use and reducing vehicle kilometres travelled:

1. *In order to promote higher public transport use, intensification of land use is required in close proximity to transit stops; and*
2. *Retail stores facing streets inspires intensification and mixed use activity in centres. Intensification and levels of mixed use, are a major factor in generating transit trips and walking, and are heavily reliant on public domain quality (amenity).*
3. *Public domain quality in centres is a function of the relationship between retail stores or ground floor activity and the public domain.*

Retail is therefore of high importance in the capacity of towns to intensify. However, if located away from streets and away from public space, then its ability to act in this way is diminished or lost. Poorly performing retail in towns as a consequence of competition from retail-only “centres” does not result in a high amenity setting within which the benefits described above can be delivered. Town centres rely on the vitality of the public realm in order to deliver the broader mixed use and intensification benefits that value the Council’s investment in civic infrastructure. Competition on an unequal footing therefore undermines the range of values and benefits that can accrue from retail acting as a catalyst to wider economic and social framework within a centre. This is why regulating the land use and built form is both a positive economic strategy and an issue of equity.

A nexus exists between well performing urban areas, where interaction and community transactions are at optimum, and health and happiness.¹ Stand alone shopping malls or LFR centres are not urban and have less ability to provide for the wellbeing of people and communities. They can also undermine town and village centres, if inappropriately conceived and located.

¹ Stewart Wolf MD, “The Roseto Story, an Anatomy of Health”; University of Oklahoma Press 1979

Town and village centres are at the nexus of community contact and exchange. Good places generate a variety of benefits including a more active and vibrant public realm, greater investment return over the life cycle of a project, more efficient movement patterns, less crime² and increased workforce productivity. A consequence of well performing places is improved health and welfare, less social exclusion, reduced maintenance costs and cash savings for the public purse.³ Social activity occurs as a consequence of people moving about in the same space. The more time people spend outdoors, the more frequently they meet and the more they talk.⁴ Centres are the most important places for such meetings

Centres are also important places for employment concentration, which improves the performance of public transport and reduces vehicle trips and kilometres travelled.

The study showed that a nexus exists between levels of non retail employment and the urban and non urban qualities of centres based on analysis of 63 centres in Perth, Australia. The study showed that traditional town centres (such as Nelson CBD), where the retail faced the street, delivered five times more non retail employment than retail-only shopping malls.

Nelson CBD is by far the most important urban asset within Nelson and Tasman districts. It has the most jobs, the best streets, the best fabric, the highest level of street life, the most heritage, the most higher order retail stores, the best dining out environment and the best night time economy in the region. These values attract investment to the region. Some of this

² Steve Thorn, City of Gosnells, WA. “Designing Out Crime” 2001. This study established a causal link between good and bad urban design, and crime, using space syntax analysis and statistics of the geography of 20,000 crimes in the city. See also Gerde Wekerle & Carolyn Whitzman, “Safe Cities: Guidelines for Planning, Design, and Management.” USA 1998

³ CABE (UK) “The Value of Urban Design” 2000

⁴ Jan Gehl et al Melbourne University, “The Interface Between Public and Private Territories in Residential Areas” Melbourne, 1976



investment occurs not in the CBD but in Tasman District. The wider region is a major beneficiary of a high quality and high performing Nelson CBD.

Recent and pending development in Richmond will reinforce its retail dominated nature. Our view is this is bad in the long run for Richmond as it does not build a robust and diverse economy. Retail trends are also pointing to the need for retail stores and places to become more than just a shopping destination as this is the same market position as online shopping. Successful towns engage the senses in their subtle and layered interfaces with culture, art, architecture, climate, food and landscape (sometimes referred to as “sense of place”). Retail is a part of that experience but is subject to the competitive pressure of trends in retail spending if it is seen as not bringing any other values with it. These values are present to a large extent in Nelson and represent the key difference between Richmond and Nelson as town centres.

That said, Richmond is well positioned geographically to serve the growing residential catchment - and it is this dynamic that is driving the arrival of new retail boxes. Nelson is less well positioned geographically to cater to this growth, has land values that do not support the development of large boxes on inexpensive sites, and is spatially more intimate and complex. To change the dynamics of the city centre to allow for more big box stores would be to go backward economically.

Active streets are an inspiration to higher economic output. Retail is a means to generate active streets and therefore higher economic output. This nexus is lost in Richmond as the growth of the centre has resulted in a growing orientation away from the streets and poor built form. In Richmond retail is the end point - not the start point. The consequence of this approach is loss of economic capacity and opportunity due to poor built form and consequent poor urban amenity - a condition that does not attract high value jobs. These differences are obvious when comparing the employment composition of the two centres.

4. ECONOMIC OUTPUT MEASURES

There are a number of performance measures and report relevant to Nelson and its CBD.

The following is taken from the Regional Economic Activity Report 2014 published by the Ministry of Business Innovation & Employment.

“Although a small region, Nelson has good infrastructure, including Port Nelson, which handles major export cargoes such as pip fruit, seafood and forest products, as well as imports (mainly fuel). Nelson Airport is the fourth-busiest commercial airport in New Zealand.

Nelson has the highest percentage of 18 year olds attaining NCEA Level 2 or equivalent and the sixth-highest percentage of 25 to 34 year olds with advanced qualifications. As an urban region, it also has an above-average share of skilled and highly skilled employment as a share of total regional employment. Nelson’s unemployment rate is, like other South Island regions, well below the national average. The Nelson economy is remarkably diverse for its size and provides many consumer and business services to Tasman and Marlborough, with a high proportion of its employment in the health care and social assistance, retail, and professional, scientific and technical services sectors. Professional, scientific and technical services, and administrative and support services have been the fastest growing sectors in Nelson over the past 10 years.

Nelson also has a significant revealed comparative advantage (or concentration of employment above the national average) in fishing and aquaculture.”

Statistics NZ produces a range of statistics relevant to the economic performance of municipalities and major centres.

There were an estimated 25,330 jobs in Nelson City in 2011 (Statistics NZ),



a ratio of 1.4 jobs per household in the Nelson catchment as defined by Property Economics (compared to the New Zealand average of around 1.1 to 1.2 jobs per household). The City Centre, and the adjoining areas of the Port and Nelson South provide around 47% of all jobs in the Nelson LGA.

ANZSIC	CBD	Richmond	CBD%	Richmond%
A Agriculture, Forestry and Fishing		25		1.1
B Mining				
C Manufacturing	213	30	2.7	1.4
D Electricity, Gas, Water and Waste Services	12	3	0.2	0.1
E Construction	152	91	1.9	4.2
F Wholesale Trade	190	47	2.4	2.2
G Retail Trade	1,710	805	21.6	36.8
H Accommodation and Food Services	771	257	9.7	11.8
I Transport, Postal and Warehousing	192	15	2.4	0.7
J Information Media and Telecommunications	381	55	4.8	2.5
K Financial and Insurance Services	380	92	4.8	4.2
L Rental, Hiring and Real Estate Services	114	47	1.4	2.2
M Professional, Scientific and Technical Services	789	279	10.0	12.8
N Administrative and Support Services	399	15	5.0	0.7
O Public Administration and Safety	717	230	9.1	10.5
P Education and Training	339		4.3	
Q Health Care and Social Assistance	841	93	10.6	4.3
R Arts and Recreation Services	147	15	1.9	0.7
S Other Services	572	87	7.2	4.0
Total	7,919	2,186	100	100

Source: Statistics NZ

A key issue is not only the number of jobs but the economic value of those jobs. Retail trade is the lowest paid of all ANZSIC jobs. Almost 50% of Richmond's jobs are in the low wage category of retail and food services. Only 30% of Nelson CBD's jobs are in retail.

In retail employment the comparative ratios between Nelson and Richmond are interesting.

Richmond: 2 retail jobs per 2.1 non retail jobs (includes food services).
Nelson: 2 retail jobs per 4.4 non retail jobs (includes food services).

These yields reflect a typical pattern between a mall-dominated centre (Richmond) and a traditional town centre (Nelson). With the advent of KMart and The Warehouse in Richmond, the ratio will become more retail biased. Research shows (see Nelson Centres Review 2012) that a dominant-mall affects levels of wealth in a centre as well as reducing the number of jobs. The average annual earnings of Nelson CBD employees (Source: Statistics NZ, Dec 12 Quarter) was \$44,500 (slightly above the NZ average). The average annual earnings for Richmond centre employees was \$41,200 (well below the NZ average).

For each town, the effect on retail spend at or near where people work is important. Nelson CBD has a strong foundation in food services and fashion, which is well supported by the workforce who will spend around \$18 million⁵ per annum in the CBD. In Richmond this figure is around \$5 million per annum.

A variation on centre based employment is the Linked Employer - Employee (LEED) data for Nelson City and Tasman District. LEED provides data on filled jobs, job flows, worker flows, mean and median earnings for continuing jobs and new hires, and total earnings by local government area. The tables are updated quarterly. The last published quarter was December 2012. The figures for Nelson and Tasman also highlight the differences in output at the regional level. Both Tasman and Nelson have similar size populations with Tasman marginally larger than Nelson in the 2013 Census. However in terms of total employee earnings Nelson LGA generated \$1.06 billion in the year to December 2012 and Tasman LGA

⁵ Source: Statistics NZ. Urbacity analysis of worker spending patterns at or near work. Deep End Services analysis of worker retail spend in Melbourne Aust, International Council of Shopping Centres.



\$0.66 billion.

The conclusions of this analysis can only be to reinforce the value chain differences between Richmond and Nelson CBD and Nelson City and Tasman District. Whilst it is accepted that these differences are subject to change and are dynamic, there is nothing in the development of Richmond that undermines the economic performance of Nelson CBD. It's greatest threat comes from poor regulatory enforcement of the controls and settings over the CBD itself (that reduce the quality of its built and urban form) and any inappropriate development at Nelson Junction that takes tenants from the CBD. This threat is proposed to be the subject of a wider discussion at a later date.

5. DEMAND FOR NEW RETAIL DEVELOPMENT

It is understood that a number of retail developments have been finished or are underway in the region. These developments are outside of Nelson CBD. They comprise:

- A new KMart store in Richmond
- A proposed and currently being built, The Warehouse store in Richmond
- An expansion of the site now known as Nelson Junction for a range of stores (as yet undefined).

Both regions are growing, with Tasman having the majority of greenfield capacity and growing slightly faster than Nelson, where infill is a growing component of slowing growth. Nelson grew from 41,500 in 2001 to 46,500 in 2013. Tasman grew from 41,000 in 2001 to 47,000 in 2013.

However growth capacity and rates between the two are likely to heavily favour Tasman to 2031. Tasman is likely to grow to around 63,000 (Source: Tasman District Council - but adjusted by Urbacity to account for over-estimates of growth to 2013) by that date and Nelson to 49,000. At a total

catchment of 100,000+ the region will have most of the major retail stores and labels, and escape expenditure will reduce substantially, adding expenditure back to the region.

The growth dynamics provide support to Richmond, and given that it has approvals to do so - the Nelson Junction site. The dynamics also provide incremental growth in the trade area for Nelson CBD. However the growth in CBD retail trade will more likely be in specialised and niche retail including specialty fashion, fashion accessories, food services and personal services.

The CBD is not and should not be the major retail destination for retail purchases in the region. It does not need to be so in order to succeed in its role as the social and economic powerhouse of the region (its current role). Unlike Richmond or Nelson Junction the CBD does not have a market or catchment threshold factor that will materially change its retail role and it should not seek to do so. Retail in the CBD needs to be successful in order to stimulate investment in the CBD. Its success requires a number of parallel actions, including reinforcing the value differences between places such as Richmond and Nelson Junction. The planning controls over places such as Nelson Junction need to recognise the importance and value of CBD retail in the wider economic and social context and not allow the retreat of CBD retailers to it or for it to become a part retail substitute for the CBD.

6. RETAIL TRADE PATTERNS

Both Tasman and Nelson Councils jointly commissioned Property Economics (PE) to review retail performance across both municipalities. The conclusions of this analysis provide a basis for the functional bias of Richmond Town Centre and Nelson CBD.

The PE work showed large levels of escape expenditure out of the region



in mainly high ticket item retail purchases. The outcomes that were most evident in this respect were:

- *Across most retail sectors, leakage within Tasman is significant with total leakage out of the district at over 35%.*
- *Approximately 70% leakage out of Tasman is absorbed by Nelson, indicating that a significant proportion of Tasman's retail requirements are currently being met by the retail offer within Nelson.*
- *Retail sectors such as Pharmaceutical and other store-based retailing and Electrical and Electronic goods, show high levels of leakage out of both Tasman and Nelson, while a proportion of the leakage can be attributed to trading between the regions (i.e. 40% of electrical spending by Tasman residents are made in Nelson), approximately 20-26% of spending within these retail sectors are made outside of Nelson and Tasman, likely to be attributed in some part to potentially higher relative cost of goods and limited offer locally within some sectors, and therefore leading to spending out of the two regions. Interestingly, approximately 13 -16% of spending from Nelson and Tasman within these sectors are made in the Auckland region.*
- *The retail sectors of Department Stores and Furniture, floorcoverings, housewares and textiles are key examples of the shortage of retail offer that meets the requirements of Tasman residents. In these sectors, Tasman retains only 30% of retail spend with around 60-65% of spending going to Nelson.*

Much of this leakage is a regional phenomenon and a consequence of the cumulative size of the Nelson-Tasman region in that it lacks the critical mass in the catchment to deliver the range of stores in these categories. That condition is changing as the region is growing.

Some of this leakage will be claimed back by new big box stores in Richmond and some of the transfer from Tasman residents to Nelson will also be claimed back by these stores in Richmond. This raises the issue of the

change in the movement of retail trade and its effect on Nelson CBD, and the role and priorities of each of the two centres.

It is unreasonable to expect that Tasman residents should continue to travel to Nelson for around 20% of their retail purchases. Tasman is now reaching a level where it can and should become more self contained. This is a function of population size and is an appropriate and reasonable outcome from a retail self containment point of view. Tasman residents should not have to travel to Nelson for items that are found in retail discount stores such as KMart and The Warehouse. The same applies to supermarket shopping. However, the level of self containment of Tasman residents will never be 100% and Nelson CBD (core) was not attracting the majority of the estimated 20% from Tasman residents anyway. Much of this spend was or is occurring outside of Nelson CBD.

The PE study showed that 65% of all of Tasman's Hardware, Building and Garden supplies occurs in Nelson - but none of this is in the CBD. Similarly, 60-65% of Tasman expenditure in the category of Department Stores and Furniture, Floorcoverings, Housewares and Textiles is mostly spending outside the CBD. The level to which the CBD will be compromised by greater self containment of retail spending within Tasman is low.

7. RETAIL TRENDS & RESPONSES

The growth of big box stores has been a retail trend in NZ for the past 15 or so years. These stores are often clustered in "large format centres" and usually represent many so called "category killer" or single merchandising category versions of former CBD department stores. These older department stores found in NZ up until the late 1970s contained furniture, brown and white goods, furnishings and homewares. Added to the list these days is electronics. These categories are now found in category-specific stores and the department store has largely retreated to the quality end (when it includes these categories) or become focused on fashion and allied goods.



The increase in movement capacity through growth in vehicle ownership along with the suburban expansion of cities and the development of local, district and regional shopping centres has seen the demise of CBDs as the dominant retail location in a region.

The advent of a range of specialty retail destinations has exacerbated the retreat of retail from CBDs and driven all retail locations to become more specialised. This has meant that many CBDs, which were the most general of retail destinations have had to find their own specialised role within the wider retail environment of a region. Many have struggled to do so - but this has been the fault of planning regulation where the same urban expectations and requirements for a successful CBD are not imposed on centres outside the CBD. Centres were allowed to develop only one product - retail, which meant that they became CBD retail substitutes without any requirement to develop in an urban manner. This meant that the cost profile of developing these centres made it cheaper for a retailer to leave the CBD than to stay. The cost of the growth of these centres is increased vehicle kilometres travelled, poor urban interfaces, reductions in overall land value, reduced public transport performance and reductions in economic output.

In the last 5 years particularly the retail market has experienced both a reduction in retail spending growth and a loss of trade by conventional retail stores as a consequence of the growing influence of online shopping. The growth of online shopping is likely in its infancy.

Price Waterhouse Coopers projects growth in online shopping in NZ to increase from \$2.68 billion in 2011 to \$5.37 billion in 2016 (a compound annual growth rate of over 14%). Three different polls in New Zealand identified that between 54% and 55% of New Zealanders shopped online in 2012. Nielson estimated that in 2013 New Zealanders will have spent

\$4.0 billion in online retail sales. The 2011 spend is equivalent to 6% of all retail sales and rising.

The major driver (over 50%) of online shopping is price, but many also see convenience of shopping from home as a major factor in their decision to shop online.

The response from local retailers has been to grow or create online portals as a complementary element to their retail stores. However unlike in the past, the competition or comparison retail story is not simply domestic but international. Shoppers are comparing prices of the same product types across a number of international locations before making the decision to purchase.

Some municipalities have assumed that cities need to compete on the same competitive line as the shopping centres in the suburbs. This is the wrong approach. Cities will never be as convenient as the suburban centres and they don't need to be. Cities are more effective economic and social transaction locations if they concentrate on the value of the visit to the city. It is that value ("return on time invested") that encourages the decision of residents to drive past their suburban centre to the city. The dynamic of shopping centres is different and is more about ease of access, which is a suite of benefits that includes:

- free car parking
- plentiful car parking
- short distances to walk between stores and car parking
- internal spaces protected from weather
- pedestrian-only malls, no traffic

Some of the "cost" in terms of the motivation to visit these centres is:



- no connection to place
- artificial environment
- poor built form interface at many street connection points (often a blank wall or subterranean car park entrance)
- loss of sense of “civic”
- no public realm
- no architecture that represents the place and the citizen
- private space - not public space

Councils need to be business friendly, but this does not mean matching whatever the suburban centres do with same path responses in the city. In terms of the benefits of the above, the most obvious responses would be for Councils to seek to match the suburban centres by offering free car parking and other measures by which to make the CBD more “convenient”. However the assumption is that in doing so the CBD will be as convenient (or closer in the convenience continuum) as the centres in the suburbs. The CBD should never seek to compete with the suburban centres in convenience and ease of access. To pursue that path is to wrongly position the CBD as a suburban centre alternative and to lose focus on other actions that would make residents want to endure the inconvenience of visiting the CBD.

To say this in another way; if people will not come to town BECAUSE they cannot park immediately next to where they want to go or BECAUSE of a parking fee, then the CBD’s amenity is low (poor built form and public realm interfaces). Providing the ability for people to park directly outside where they want to go means a low level of pedestrians in the street. A low level of pedestrians in the street results in a weak social and economic environment. This means that for the economic and social health of the city Councils MUST set up the street and parking regime in a manner that increases levels of walking around town. In other words it is a more

effective economic strategy for a city if parking is inconvenient. The circular element of this is that people will happily walk around town if the spaces and buildings are beautiful. In other words you can easily make inconvenient parking work if the city is beautiful. If it is not an attractive city to walk around then proximity of parking becomes very important to the motivation to visit. The arrangement of cheaper parking at greater distances from the destination is a means by which to use pricing to increase levels of walking and is a successful and widely used strategy.

The cost of parking is more than simply a fee for parking the car. The cost is the money cost plus the time cost of walking to where you want to go and back again. If the walk is enjoyable, i.e. comfortable, safe and attractive, then the amount of money you are prepared to pay becomes less important.

In order to generate more parking availability cities need to operate fee paying and timed parking as free parking reduces the level of supply,⁶ which means that fewer people will come to town as they cannot get a car park. It is recognised that market pricing of car parking is the most efficient means of managing car parking. Free parking is not an appropriate strategy for a city and invariably fails in its intent. Parking needs to be managed in a way that is business-friendly. One of the issues in this respect is enforcement and the relatively high cost (cash and annoyance) of what is usually a minor infraction. Technology can solve much of this with smart meters, removing the need for cash and offering easier payment options.

Surfers Paradise provides meter maids who add coins to expired meters with a note to the car owner (“To save you the inconvenience of a fine, our Meter Maid has inserted a coin in the meter”. By courtesy of the Surfers Paradise Progress Association). This has engendered a level of goodwill and whilst bikini clad maids may not be appropriate for Nelson, the goodwill engendered by such a scheme may be a reasonable alternate method for promoting business in the city.

6 “The High Cost of Free Parking” Donald Shoup, APA Press 2005



8. OPTIONS & PATHS

In our view, there are a number of implications of recent retail trends that are specific for Nelson CBD. Strategically Nelson should not be seeking to increase its share of the lowest paid jobs in New Zealand as its primary focus of economic development. It should rather be seeking to improve the settings for high value businesses as that is a competitive path that cannot be followed by other centres in the region. It is already well down that path. To grow that capacity requires a focus on an attractive and active city with vibrant streets. This is a very different emphasis from a retail-dominant role. Retail that activates streets is a means of delivering on the demand for high value employment, but retail of itself should not be the ultimate development target.

Further on that point, it would be counter productive for Nelson CBD to seek to provide the major electrical and larger household goods stores to serve the region. Like KMart and The Warehouse, these stores require low rental levels and therefore unless packaged within a larger mixed use project are not a feasible development option for the CBD. These stores also seek low value sites and, in the absence of appropriate controls, tend to generate low quality buildings - the opposite of what Nelson CBD should be seeking. Neither should Nelson CBD seek stores such as KMart and The Warehouse for a CBD location. They will upset the qualities of the city and are “value” retailers, which is also not a path the city should be taking. These “value” retailers are heavily price dependent in their pitch to the market and are susceptible to competition from online shopping. These stores also pitch at a different level to The Farmers, which provides more of an upscale anchor for the CBD around which it is able to build its fashion and accessories offer. The Farmers is an important asset in the CBD.

A key issue for the city is the role of retail in the social and economic structure of the CBD - not only its competitive retail role in the region.

Improving the quality of buildings reinforces the nexus between high value

retail and high value employment, which requires a quality built form and urban condition. This is the opposite economic path to low quality buildings of major retail stores and a poor urban condition.

The benefit of an approach focused on improving the quality of buildings in Nelson CBD relates in part to the issue of retail trends and internet shopping. Internet shopping is a growing threat to value-based retail and value retail locations as it's market position is primarily based on price. The social and cultural experience path is relatively more insulated from the low value or price-dominant path. Shopping in a culturally relevant town with great buildings and quality infrastructure is an experience that gives a greater return on time invested than a visit to a homogenous, enclosed shopping centre or big box store trading to a car park. Internet shopping and big box shopping whether in a shopping centre or a major store surrounded by car parking is just shopping. CBDs with strong connections to place through great buildings and attractive public realm are on a different competitive line to value retail and value retail locations such as Richmond as people will see shopping in Nelson as a part of their notional cultural and entertainment “budget” and not just a shopping trip. The benefits of this approach by Council and CBD businesses in partnership, which is heavily dependent on the quality of the experience, is that it also creates the settings for higher economic output and increases the value of town centre real estate.