

**BEFORE THE AUCKLAND UNITARY PLAN
INDEPENDENT HEARINGS PANEL**

IN THE MATTER of the Resource Management Act 1991
as amended by the Local Government
(Auckland Transitional Provisions)
Amendment Act 2010

A N D

IN THE MATTER of the Proposed Auckland Unitary Plan

**STATEMENT OF EVIDENCE OF MARK BENJAMIN LUKER ON BEHALF OF KIWI
PROPERTY GROUP LIMITED
TOPICS 043/044 – TRANSPORT
16 JUNE 2015**

Introduction

1. My full name is **Mark Benjamin Luker**. I am the project director for Sylvia Park Shopping Centre (**Sylvia Park**). I live in Auckland.
2. In my current role as project director, I am a consultant to Kiwi Property Group Limited. I have been in my current role since February 2015 but, prior to this, I was the General Manager of Development with Kiwi Property Management Limited, the company that manages the assets of Kiwi Property Group Limited. I was in this role for 18 years. During this tenure I was a Director of Sylvia Shopping Centre Limited and Kiwi Property Holdings Limited, the entities that own the Kiwi Property Group Limited portfolio.
3. I am a senior member of the Property Institute of New Zealand and a registered property manager and property consultant. I hold a Diploma in Valuation and post graduate qualification in General Management from the University of Auckland.
4. Prior to my tenure with Kiwi Property Group Limited I worked in Australia with Lend Lease development and as General Manager Lend Lease Retail Projects. Prior to that I was a development manager with Fletcher Challenge and AMP Property in New Zealand.
5. Kiwi Property Group Limited, previously Kiwi Income Property Trust (NZX:KPG) is the largest listed property company on the New Zealand stock exchange and is a member of the NZX15 Index. Kiwi Property Group Limited has been trading for in excess of twenty years and owns and manages a \$2.28 billion portfolio of real estate, comprising some of New Zealand's leading shopping centres and prime office buildings.
6. Kiwi Property Group Limited and related entities (collectively, "**Kiwi**") have made a number of original and further submissions on the Proposed Auckland Unitary Plan ("**PAUP**") with respect to the transport provisions. Those submissions are being addressed in the hearings on Topics 043 and 044 – Transport. This evidence addresses the outstanding matters on those topics, which remain of concern to Kiwi. I am authorised to give this evidence on behalf of Kiwi.
7. Kiwi is a member of the "Key Retail Group", which is an informal grouping of large companies with extensive interests in retail and commercial property in Auckland ("**KRG**"). The KRG has been working internally to resolve matters of shared concern

regarding the PAUP. It has negotiated with Council and taken part in the extensive mediation on Topics 043 and 044 in an effort to minimise the issues of concern regarding transport.

8. As a result of those negotiations and the mediations many matters of concern to Kiwi with respect to the PAUP as notified have been resolved. The most important outstanding matters relate to car parking provision in centres and in particular:

- (a) The imposition by Council of maximum car parking ratios for most activities in centres; and
- (b) Council's decision not to impose minimum car parking ratios for activities in centres.

The Council's policy position has significant practical implications for Kiwi and will place pressure on Kiwi's car parking resources in centres. I will discuss those implications in this evidence.

9. In addition, I will explain why it is important, from Kiwi's perspective, that Council's proposed approach of applying a consistent car parking regime for offices within and outside of centres is essential and is strongly supported.

Maximum and Minimum Car Parking Rates in Centres

The Role of Car Parking at Integrated Shopping Centres

10. Kiwi has been the developer and is the owner of a number of large integrated shopping centres throughout Auckland and the balance of New Zealand.

11. The Sylvia Park shopping centre which forms the core of the Sylvia Park metropolitan centre and the Lynmall shopping centre which forms the core of the New Lynn metropolitan centre are both subject to the PAUP. In each case, car parking is an integral and essential part of the shopping centre and adequate car parking for customers will continue to be a critical component for the ongoing performance of those assets and their ability to provide the level of service and amenity required by members of the public.

12. Integrated shopping centres in general, and Sylvia Park and Lynmall in particular, comprise an accumulation of large anchor stores (typically supermarkets and department stores), mini major stores (for example, JB Hi Fi), speciality shops (most importantly, clothing stores), food and beverage offerings typically in food halls but

also in dedicated premises such as the dining lane at Sylvia Park, commercial services and other activities in a comprehensively designed and integrated development which typically includes or is comprised in an enclosed mall. Integrated shopping centres form the core of most of Auckland's metropolitan centres. My understanding is that Papakura, which is the smallest and least successful of the metropolitan centres, is the only one which lacks an integrated shopping centre.

13. Private motor vehicles have for many decades been the most prevalent means of accessing major centres in Auckland and continue to be the primary means of access to integrated shopping centres in metropolitan centres. Accordingly, the provision of adequate easily accessible car parking is an essential component to the commercial operation and ongoing success of an integrated shopping centre. My observation is that, in the absence of a strong integrated shopping centre, centres will struggle to provide the level of service the Council anticipates for them.
14. Kiwi's experience has been that customers are relatively impatient when it comes to access to car parking - not only do they want sufficient car parking, they want to find a car park relatively quickly and prefer to be able to identify from the public street whether or not a given car parking area will provide easy access to a car park. Car parks that are hidden or are limited in size are less likely to be attractive to customers, who will prefer to move on to another car park, another mall or another centre. Kiwi is aware that should car parking at its centres become too scarce or too difficult to access, custom is likely to shift to other centres with more accessible parking.

Shared Use of Mall Car Parking

15. It is typically the case in centres that the integrated shopping centres and other large retail activities (eg: stand-alone supermarkets within the centre) provide the core pool of car parking for the centre.
16. Kiwi accepts that, in practice, some of the people who use its car parks may patronise businesses outside the shopping centre (whether or not they also use the shops in the mall). Kiwi appreciates that people who use its car parks for other activities on one occasion may also use the car park for mall related activities on other occasions. It is important to Kiwi that its customers feel welcome at its shopping centres and feel comfortable using its facilities. Kiwi does not want to compromise the relationship it has with the clientele of its shopping centres and therefore takes a somewhat relaxed approach to use of its car parks. Kiwi also recognises that its shopping centres form

the core of the relevant metropolitan centres and play a major role in making those centres attractive destinations.

17. Kiwi is therefore reluctant to introduce constraints on public access to its car parks. Those constraints might include the use of barrier arms and pricing for car park use as occurs in 277, Newmarket. Kiwi's concern with such approaches is that it tends to make customers' visits more difficult and, as a result, will discourage customer use. That problem will be exacerbated if, for example, car park constraints or pricing are introduced at some centres but not at others. In that case, the incentive for customers will be to choose to travel to those malls or centres where there is ample free parking in preference to travelling to those centres with constrained or priced parking.
18. I appreciate that 277 Newmarket is a contrary example. My observation is that paid car parking has succeeded at 277 Newmarket in large part because that centre serves a very wealthy demographic for whom the benefit of a guaranteed car park outweighs the (to them, nominal) cost of obtaining that car park. Not all centres serve that demographic. New Lynn for example serves a mixed area of Auckland with a catchment that includes relatively affluent areas such as Titirangi and significantly less affluent areas such as Kelston. In that circumstance, pricing car parks may simply have the effect of discouraging customers from the relatively poorer areas from attending Lynmall and hence directing them to other centres which may not price car parking. That in turn would have two effects:
 - (a) It is likely to lead to customers driving past New Lynn to more distant shopping centres in order to avoid incurring the costs of car parking, thus adding to traffic congestion.
 - (b) It is likely to lead to Lynmall and, consequentially, New Lynn being a less attractive destination. That would compromise Council's efforts to intensify the New Lynn metropolitan centre.

Relief Sought and Rationale

19. It is in that context that Kiwi has formed its response to Council's proposals for car parking maxima and minima. Kiwi's preference is that there be no car parking maxima in centres and that minimum parking requirements be imposed for a range of activities in centres (eg: retail, food and beverage, commercial services and recreational facilities).
20. With regard to the imposition of maximum car parking rates:

- (a) Kiwi supports Council's intention to intensify the metropolitan and town centres. It considers that intensification will be most successful if those centres are as attractive to customers and tenants as they possibly can be. Notwithstanding the improving quality of public transport in Auckland, car parking is still an important factor for both tenants and customers. For that reason, limiting the extent to which car parking may be provided in a centre would reduce the attractiveness of that centre if the maximum car parking ratios constrain the practical provision of car parking in the centre.
- (b) Kiwi considers that simply imposing a maximum will not necessarily shift potential retail customers on to public transport. That might occur in an ideal world but the world is far from ideal:
- (i) Different centres have different levels of car parking in place now. As a result, constraining the level of car parking in terms of future activities will have a different impact for each centre:
- Centres that currently have a surplus of car parking available including, for example, centres that have extensive on street or car park building provision may not be adversely affected in any way through the imposition of a maximum.
 - On the other hand, those centres which are constrained as to car parking currently may suffer a competitive disadvantage as a result of the imposition of car parking maxima.
- (ii) Customers who currently drive to centres will still be able to do so but may choose to change the centre to which they travel, by choosing a centre that has better car parking. That is, rather than switching their mode of transport from private vehicle to public transport, customers may simply switch the centre that they attend.
- (c) I understand that Council witnesses are arguing that imposition of a maximum (and removal of any minimum) car parking ratio is likely to lead to more efficient use of land on the basis that a greater proportion of the land can be put in commercial activities rather than being "wasted" in car parking. That argument reflects, to me, a failure to understand the role that car parking plays. Car parking is not an unnecessary adjunct to a commercial activity. Rather, it is an inherent component of the activity that is needed in order to enable members of the public to make use of the activity. Replacing car

parking on a site with shop floor may well give rise to a greater extent of retail floor space but it is also likely to result in a reduction of total expenditure if that car parking was required to enable members of the public to make use of the shops.

21. With regard to the Council's proposal not to impose car parking minima in centres:

(a) Kiwi is concerned that by removing car parking minima in terms of retail activities, commercial services, food and beverage, entertainment and recreational activities, Council is likely to generate practical problems for those organisations that currently provide adequate car parking in centres (such as Kiwi and other retailers) and may also lead to a reduction in the potential for those centres to accommodate intensification:

(i) As noted earlier, Kiwi accepts that its car parks in centres are likely to be used by customers of other activities in the surrounding sites. To date, that has not proven to be a significant problem because many of those activities currently provide car parking and the district plan provisions largely require them to continue to do so in the event of redevelopment or intensification. One exception to that is the nuanced provision of car parking required in the historic areas of New Lynn where the provision of additional car parking may lead to the loss of the commercial street frontage. Those New Lynn provisions reflect lengthy negotiations between parties on the last set of plan changes made to the district plan prior to the notification of the PAUP.

(ii) Kiwi is concerned, however, that if it becomes possible for new retail, commercial service, food and beverage, entertainment and recreation activities to establish in centres without any car parking then land owners may make a rational economic and commercial decision to maximise development of those activities on their sites on the assumption that their customers will make use of car parking elsewhere in the centre (eg: on the extensive car parks that form part of integrated shopping malls, supermarkets or other large format retail developments). Those decisions would be quite rational because the individual land owner would be able to maximise the value of rent or sales from their property whilst imposing the cost of providing car parking on the other activities in the centre. In effect, the integrated

shopping centres and other retailers would be providing free car parking to the incoming businesses' customers.

- (iii) Such decisions would create significant difficulties for the retailers on whose car parking other parties are relying. It is likely to compromise access to sufficient accessible car parking for customers of the mall or large format retail shops. That in turn is likely to compromise patronage of and expenditure at those retail outlets. That may discourage investment in those outlets and will necessitate consideration being given to providing additional car parking simply to provide a level of service to mall customers that they expect.
 - (iv) For the reasons set out above, Kiwi would be reluctant to endeavour to control access to its car parks through a pricing regime unless it was sure that customers of its development would be prepared to pay that price (which is likely only in the most wealthy areas).
- (b) In my opinion the investment decisions of the owners and operators of integrated shopping centres are critical to the attractiveness of metropolitan and town centres as commercial nodes. If an integrated shopping centre is not upgraded then the centre as a whole will be less attractive. That in turn may compromise the extent to which the centre attracts intensification of retail and other commercial activities.
- (c) The Council's goal of maximising public transport use is an admirable one but Council is trying to force centres to reach that goal in one sudden step. It is replacing minimum car parking ratios in centres with maximum car parking ratios. In doing so it is failing to put in place a suitably nuanced transitional regime which enables the imposition over time of car parking constraints without producing an immediate step change in the way that businesses are able to operate. I consider that the sudden change inherent in Council's proposals may compromise the ability of Kiwi and other large retailing entities to manage their car parking (and in particular to manage the expectations of their customers in respect of car parking) in a way that encourages changes in customer behaviour without simply discouraging customers from coming to centres.

Car Parking for Offices

22. In addition to operating integrated shopping centres Kiwi is also the owner and developer of office buildings in Auckland and throughout the country. Key examples are the Vero Centre tower in Shortland Street, Auckland Central and the ASB office building on Halsey and Jellicoe Streets, Wynyard Quarter. Kiwi has also endeavoured to develop offices at its Sylvia Park metropolitan centre site in the Auckland isthmus.
23. Kiwi considers that offices are uniquely suited to reinforcing and supporting public transport use. Offices accommodate large numbers of workers who commute to and from their jobs at peak travel times in the morning and afternoon daily. Typically office workers do not need to carry large amounts of material with them and have predictable trip pattern times, routes and distances. The offices themselves can easily be stacked vertically immediately above or adjacent to public transport nodes. In the circumstances, office workers are the group who are most well suited to being transferred from private vehicles to public transport and whose modal shift would most benefit peak time transportation in the city generally.
24. Kiwi's experience is that, whilst office workers are ideally suited to public transport use, the owners and managers of prospective office tenants (who tend to make location decisions) are often reluctant to occupy buildings in the absence of sufficient car parking for management/owners and customers.
25. Maximum car parking ratios for offices in centres can, therefore, have the effect of discouraging tenants from taking up office space.
26. If car parking maxima are imposed in respect of offices in centres only, without corresponding constraints on offices outside centres, then there will be a perverse incentive for tenants to select locations outside centres. Once offices have established outside centres it is very difficult to provide for improved public transport access to them.
27. If such maximum car parking ratios are applied equally and universally across the city, however, that disincentive is cancelled out and, instead, offices located in centres and in particular around key transport nodes will have a competitive advantage because of their access to public transport. In that case, the establishment of offices inside centres will facilitate the provision of improved public transport over time.

28. Kiwi therefore strongly supports the approach that has been taken by Council to car parking for offices throughout the city.

Mark Luker
16 June 2015