

PROPERTY ECONOMICS



MITRE 10 MEGA PRESTONS ROAD

RFI RESPONSE

ECONOMIC MEMORANDUM

Client: PMG Funds Limited and Pacific Property Fund Ltd
Project No: 52376
Date: October 2024

10 October 2024

DIGITALLY DELIVERED

ECONOMIC MEMORANDUM

To: Ray Edwards

Managing Director

Plan Creative Limited

Email: ray.edwards@plancreative.co.nz

RE: MITRE 10 MEGA PRESTONS ROAD - REQUEST FOR FURTHER INFORMATION RESPONSE

BACKGROUND AND RFI RESPONSE

Property Economics has been engaged by PMG Funds Limited and Pacific Property Fund Limited to respond to Christchurch City Council's (CCC) Request for Further Information (RFI), dated 2 October 2024. This response will specifically address Point 4 of the RFI, which pertains to the economic considerations associated with the proposed Mitre 10 MEGA (M10M) store within the Prestons Road Commercial Core Zone.

Specifically, this Point 4 requests information regarding the assumption made about the yield from the nearby greenfield residential area to the west being affected by flooding, as mentioned in Section 3.1 of our Economic Assessment¹.

The Economic Assessment did not rely on yield assumptions from specific areas. The identification of potential flooding risks in the assessment was intended to illustrate a potential scenario in which the development of nearby residential areas could be impacted by flood constraints, outlining the likely implications for the proposed M10M development. This scenario was not a determinant in our analysis of sustainable land requirements within the catchment.

The primary driver of demand for additional commercial land, as outlined in Sections 5-6 of our Economic Assessment, is the projected market growth. If the yield of surrounding greenfield areas were not constrained by flooding (or at can be least mitigated), the implications would be an increased yield from this land and would potentially further boost demand for retail and commercial land in the area. If this brings new land to the market that was originally considered constrained in the growth projections, then this would represent additional supply, and therefore demand. This would only improve the economic viability and efficiency of the proposed M10M development on Prestons Road, mitigating any potential negative impacts on the market.

Overall, in Property Economics' view, mitigating flooding issues in the area would not change the economic conclusions of our assessment and would likely enhance the market efficiency and community benefits generated by the proposed M10M development with a larger population base closer to the centre.

¹ Titled "Mitre 10 MEGA Prestons Road Economic Assessment", dated August 2024, Property Economics



If you have any queries, please give me a call.

Kind Regards



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Christchurch City Council
PO Box 73013,
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Attention: Scott Blair

Via email: scott.blair@ccc.govt.nz

2nd December 2024

Dear Scott,

RE: RMA/2024/2460 -394-408 PRESTONS ROAD - RESPONSE TO REQUEST FOR FURTHER INFORMATION

I write in response to your request for further information received via email on 2nd October 2024 in relation to the above resource consent application. The purpose of this letter is to provide the responses to the matters raised. Please note that the RFI is based upon the attached additional documentation being:

- a) An updated plan set prepared by Tuatara Structures Limited dated 2nd December 2024, reference R16A 23-041. This plan set is provided in **Appendix RFI 1** to this response;
- b) The acoustic assessment prepared by Marshall Day Consultants, dated 14 November 2024, reference Rp 001 20241145. This report is provided in **Appendix RFI 2** to this response. Please note that this site plan does not include retail Block E on the 408 Prestons Road site, however retail Block E is still included within the overall development proposal;
- c) The integrated transport assessment prepared by PlanCreative, dated 2nd December 2024, reference 254017. This report is provided in **Appendix RFI 3** to this response
- d) An economic assessment response prepared by Property Economics Limited, dated 10 October 2024, reference 52376. This plan is provided in **Appendix RFI 4** to this response, and;
- e) The proposed allotment allocation plan prepared by Tuatara Structures, dated 13 October 2024 reference 23-041 R9. This plan is provided in **Appendix RFI 5** to this response.

Please note that the updated documents listed above and the following responses supersede any parallel information provided in the lodged consent application, apart from the development proposal still including retail Block E.



The following responses are presented in the same order as request in the RFI.

Site Contamination

Request for Information 1: *In regard to the PSI / DSI please advise why further testing is needed at 400 – 406 Prestons Road. This is not stated in the material available.*

Section 2.6 of the consent application reported on a search of the Environment Canterbury Listed Land Use Register (LLUR) has been undertaken to identify any soil contamination issues. This search provided the following results:

- a) 390 Prestons Road – no results;
- b) 394 Prestons Road – no results;
- c) 396 Prestons Road – no results;
- d) 400 Prestons Road – no results;
- e) 402 to 406 Prestons Road:
 - i. Preliminary site investigation INV267186, 1st November 2019;
 - ii. Detailed site investigation INV267188, 23 December 2019;
 - iii. Site validation report INV297735, 30 September 2021, and;
 - iv. Classified as being below industrial and commercial guidelines, SIT267184.
- f) 408 Prestons Road – no results.

The combined PSI / DSI report prepared by KPES, and supplied as Appendix M of the lodged consent application documents, provides more detail on potential contamination of 402-406 Prestons Road. Pages 102-104 of Appendix C of the KPES report contains the Ecan LLUR reports for these sites, and these note that the November 2019 PSI and December 2019 DSI have been received for these sites, but that they have yet to be reviewed by Ecan. The November 2019 PSI report is included as pages 34-89 of the KPES report. The December 2019 DSI and the September 2021 site validation report will be forwarded to you for information purposes once I receive a copy of them (noting that these reports have not been requested in the RFI).



The KPES report states that that “elevated lead and fibrous asbestos identified in an investigation by Sephira Environmental.” Further, the KPES executive summary states that a site management plan (SMP) should be prepared for the application site. The SMP should include “(iii) Sampling the land parcels at 400 – 406 Prestons Road. This land was not included part of the development in October 2023. It is acknowledged that Sephira Environmental carried out some sampling but this was for a different purpose.”

It is agreed that the KPES report is not clear about why additional testing is recommended at 400-406 Prestons Road. This has been discussed with Klaus Prusas and he has clarified that:

- a) The site testing undertaken by Sephira in 2019 was for sites located close to the dwelling structures that were on these sites. Wider site testing was not undertaken at that time.
- b) The site testing undertaken by KPES in 2023 did not include wider site testing of 400-406 Prestons Road because these sites were still occupied at the time and access for site testing was not granted to KPES;
- c) The more recent removal of the dwellings at 400-406 Prestons Road would have been undertaken under the scope of the 2019 PSI and DSI;
- d) The site has now been cleared for the dwellings, and KPES have been briefed to undertake any additional site testing with reporting to be provided to Council as soon as possible;

Request for Information 2: *In regard to the PSI / DSI please advise how surplus soils are to managed. The advice from the Environmental Health Officer is:*

Can the applicant also provide confirmation around how surplus soils will be managed; is there an intention to retain these on site? Or will they be disposed of off-site? This information should be included in the SMP, with a site specific disposal plan developed to ensure contractors know what material can be taken where. The current ‘SMP’ lacks detail and direction.

At this stage I would suggest a Final Site Report may be more appropriate than a Site Validation Report – but we can discuss conditions later.

The works are likely to be considered a discretionary activity given there are current gaps in the data.

As noted above, it is not proposed to remove any potentially contaminated soils from the site. For completeness, the applicant volunteers Council’s standard conditions of consent relating to potentially contaminated soils being removed from the site should this situation eventuate.



The applicant also accepts Council's preference for a final site report over a soil validation report. This can be resolved once the further site testing is undertaken and the report provided to the Council (also noting that this additional testing and reporting have not been requested in the RFI.

Klaus Prusas has also advised that:

- a) The current gap in the site testing means that KPES consider that, at present, earthworks on the site would most likely be a discretionary activity under the NES-CS;
- b) It is unlikely that further site testing at 400-406 Prestons Road will reveal site contamination beyond levels permitted for a commercial land use. Noting that it is not proposed to remove any potentially contaminated soil from the site, it is likely that once the Council received the additional testing results, the activity status would most likely be a restricted discretionary activity under the NES-CS.

Request for information 3: *Please provide an acoustic assessment in the context of the applicable noise rules in the District Plan in regard to the inwards goods / loading zone/ yard at the rear of the proposed Mitre 10.*

The advice from the Environmental Health Officer is: I think we need an acoustic assessment provided with this one; due to the fact the inwards goods/loading zone/yard is at the rear. The boundary fence is only 1.8m high and not acoustically weighted from what I can see.

It is agreed that it is necessary to provide an acoustic assessment as part of the resource consent application documentation – particular with respect to the sensitive residential receiving environment located across the southern site boundary. The acoustic assessment prepared by Marshall Day Consultants is provided in **Appendix RFI 2** to this response.

It is important to note that Marshall Day were briefed to develop and assess an acoustic barrier solution that would ensure District Plan noise compliance across the southern site boundary. Key points to note from their assessment include:

- a) An assumption that the residential receiving environment to the south of the application site contains two-storey dwellings;
- b) The acoustic design includes:



- i. A 3.6m high barrier along the southern boundary of the site consisting of a 1.2m bund with a 2.4m fence above constructed of solid timber with a minimum surface mass of 10 kg/m². This fence will be located 3.0m back from the southern site boundary with the 3.0m wider area between the boundary and the acoustic fence being landscaped, and;
 - ii. A 3.6m high acoustic fence around the exterior yard and in/out drive-through. This fence must be constructed of solid timber, concrete, or other material also with a minimum surface mass of 10 kg/m²,
 - iii. Although the yellow and green marked fences do not intersect, they must overlap by approximately 10m.
 - iv. Any roof top mechanical plant being designed to comply with the relevant noise limits at the adjacent boundaries.
- c) Predictions of noise sources in the loading and in/out drive through areas are based on measurements conducted at Ferrymead Mitre 10 Christchurch. Measurements were taken at a distance comparable to the nearest residential boundary and included all noise sources - mechanical plant, car parking, loading area, and drive-through operations.
- d) Vehicle noise generation being based on:
- i. One truck arriving and departing every 15 minutes including stop and cover removal and reinstatement;
 - ii. One forklift operates the full width of the southern boundary during loading/unloading, stacking pallets, and moving items around the yard... Forklifts on the Prestons Road site must not have tonal reversing alarms. Instead, broadband reversing alarms must be installed;
 - iii. One car with trailer and one van per 15 minutes travelling through the drive-through area;
 - iv. Some staff vehicle movements may occur before 0700 hours (maximum 10 – 15 light vehicle movements between 0645 and 0700 hours, and;
 - v. No heavy vehicle movements will occur before 0700 hours.
- e) The building and the building canopy will have reflective properties that will slightly increase the total noise level at adjacent receiver positions.



- f) Based on this and typical traffic variation throughout the daytime period, we anticipate that noise levels at this boundary would be 47-50 dB LAeq during the proposed operational hours of the Mitre 10.
- g) The measured ambient noise level was 50 dB LAeq. As well as complying with the CDP noise limits, Marshall Day predict that the noise levels would be like the existing noise in the area.

Request for Information 4: *Please have Mr Heath, who provided the economic assessment, readdress his assumptions about yield from the nearby greenfield residential area to the west being affected by flooding.*

Mr Heath states "As Property Economics understands, much of this Future Urban Area in Marshland has flooding risks based on updated flood mapping. While not fatal to development, it does adversely affect mitigation costs, development feasibilities and ultimately potential residential yield for the area."

It is the resource consents unit's experience that such matters do not affect yield and that the minimum 15 h/ha required from these areas is still delivered. The comment received from Team Leader subdivisions is:

– I presume Mr Heath is talking about the Highfield zone?

Not apparent that flooding limits yield as the issues are resolved on land development generally with installation of stormwater systems and drainage measures associated. Add site filling and shaping to this – not apparent there would be an issue.

The quote from Mr Heath's report is taken from his Section 3.1. He was commenting that flood mitigation measures and external influences such as PC14 outcomes may impact residential allotment yield in the Prestons area such that demand for commercial zoned land area would be reduced. Mr Heath has noted the above commentary from the Council and provided his response in the memo dated 10 October 2024 provided in **Appendix RFI 4** to this response.

The supplied information fully responds to the RFI presented to date. We have previously agreed that the content of the transport assessment and the noise assessment can still be the subject of a further RFI where the processing clock can again be stopped. In the meantime, it will be appreciated if you could restart the processing clock and continue processing the consent application.



Yours faithfully,



Ray Edwards

Managing Director

PLANCREATIVE LIMITED

