

**Before Independent Hearing Commissioners appointed by Wellington  
City Council**

In the matter of the Resource Management Act 1991 (**RMA**)

and

In the matter of hearing of submissions on the Proposed Wellington City District  
Plan

Between

**Stride Investment Management Limited and Investore  
Property Limited**

and

**Wellington City Council**

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Statement of corporate evidence of Jarrod Thompson on behalf of  
Stride Investment Management Limited (submitter 470) and  
Investore Property Limited (submitter 405)

Hearing Stream 4 – Metropolitan Centre Zone

Dated 12 June 2023

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## MAY IT PLEASE THE COMMISSIONERS

### INTRODUCTION

1. My name is Jarrod Vaughan Thompson.
2. I hold a Bachelor of Commerce (Valuation and Property Management), Lincoln University and am a Licenced Salesperson (Real Estate Agency NZ).
3. I currently hold the position of Senior Development Manager at Stride Investment Management Limited (**Stride**) and I have been in this position since February 2018.
4. I have over 23 years property sector experience and my previous work experience includes senior development and property roles at Kiwi Property Group, Property for Industry, AMP Shopping Centres and AMP Private Equity Real Estate Fund, Vodafone NZ, and Axis Property Group.
5. I have relevance to matters addressed in this statement through masterplanning and delivery at the Metropolitan Centres of Sylvia Park, Drury Town Centre (both Kiwi Property Group) and more recently Northwest Town Centre (Stride).
6. I provide this evidence in support of Stride and Investore Property Limited's (**Investore**) submissions on the Proposed Wellington District Plan (**Proposed Plan**). This statement relates to the Metropolitan Centre Zone (**MCZ**) Chapter of the Proposed Plan.

### SCOPE

7. My evidence will address the following matters:
  - (a) Background to Stride, Investore and the role of Johnsonville Shopping Centre;
  - (b) The city outcomes contributions points system is too uncertain to effectively motivate public benefits;
  - (c) An increase to the permitted height in Johnsonville Metropolitan Centre is important for feasibility and good design outcomes; and

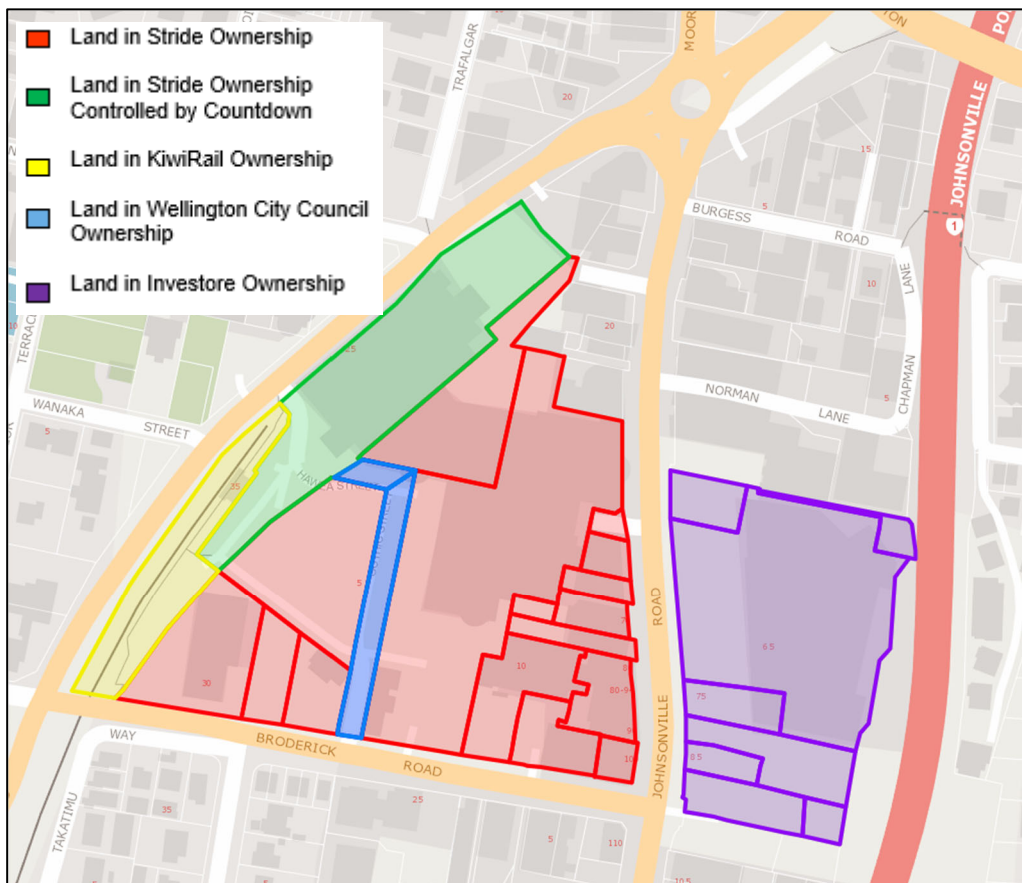
- (d) the Metropolitan Centre zone provisions should enable development of a scale appropriate for a sub-regional centre.
8. In preparing my evidence, I have reviewed:
- (a) The MCZ chapter and the city outcomes contributions in the Proposed Plan;
  - (b) The draft statement of evidence of Cameron Wallace (urban design);
  - (c) The draft statement of evidence of Joe Jefferies (planner);
  - (d) The draft statement of evidence of Mark Georgeson (transport); and
  - (e) The draft statement of evidence of Tim Heath (economics).

#### **BACKGROUND TO STRIDE, INVESTORE AND THE ROLE OF JOHNSONVILLE SHOPPING CENTRE**

9. To provide some context, Stride is a specialist real estate investment manager and manages the property portfolios of Stride Property Limited, Diversified NZ Property Trust (Equity Trustees Limited), Industrie and Investore. Stride is NZX listed as part of Stride Property Group, which also includes Stride Property Limited (which invests in office and retail centres across New Zealand).
10. Investore is a commercial property ownership company that was established in 2015 for the purpose of investing in quality large format retail properties. Investore is the only NZX listed company concentrated on large format retail property assets.
11. Stride Property Group develops properties with a view to long-term ownership and invests in buildings that specialise in meeting high quality, energy efficiency, and design standards and therefore characterised by enduring demand. Stride Property Group has significant investment in Johnsonville Metropolitan zone, and Stride and Investore are participating in the Proposed Plan process to seek that the Plan has appropriate controls to support investment in the future redevelopment of Johnsonville.

12. Stride manages Johnsonville Shopping Centre, which is owned by Stride Property Limited and Equity Trustees Limited. Johnsonville Shopping Centre includes the majority of land bounded by Johnsonville Road, Broderick Road and Moorefield Road in Johnsonville Metropolitan Centre (as shown in Figure 1 below).
  
13. Investore owns the retail site at 91 Johnsonville Road (**Investore Centre**), Johnsonville (on the State Highway 1 side of Johnsonville Road) which is currently tenanted by Countdown, Jesters Pies, Mercy Radiology, Unichem Pharmacy and others (identified in purple on Figure 1). Investore also owns the Countdown sites at:
  - (a) 3 John Street, Newtown;
  - (b) 5 William Earp Place, Tawa; and
  - (c) 43 Bay Road, Kilbirnie.

**Figure 1 – Stride and Investore ownership of land in Johnsonville Metropolitan Centre**



14. The Johnsonville Shopping Centre originally opened in 1969 as Wellington City's first shopping mall, and now serves a catchment from Ngaio in the south, Churton Park to the north and Woodridge to the east as the city's largest sub-regional centre.
15. Current tenants at the Johnsonville Shopping Centre include Countdown, Newbolds, Whitcoulls, Life Pharmacy, Just Jeans, the Caci Clinic, 2degrees, Pizza Hut, and various banks. Johnsonville Shopping Centre adjoins the Johnsonville Train Station and is surrounded by various community services, including Johnsonville Library (Waitohi Centre) and Keith Spry Pool.
16. Johnsonville township serves a tertiary catchment population of circa 40,000, which is an ethnically diverse and wealthy population that is currently drastically underserved by the existing wider Johnsonville township offering. The catchment anticipates high population growth with upwards of 10,000 persons primarily for the north and north-eastern suburban areas.
17. Strides recent gap analysis of Johnsonville township displayed significant gaps in most use categories e.g. gaps in entertainment, food and beverage, general retail, medical, services, community, health, quality commercial office, larger format retail, and high density form of residential. These uses are generally being satisfied outside of the tertiary catchment, which from a city and centre perspective is clearly an unsatisfactory outcome. For example, this results in transport inefficiencies because people have to travel further to receive those services.
18. Stride has existing resource consents to redevelop Johnsonville Shopping Centre to enable 42,000m<sup>2</sup> gross floor area (**gfa**) for retail and commercial use (consent 186264) and an alternative scheme to enable 26,000m<sup>2</sup> gfa of development primarily focusing on retail, cinema, and commercial activities (consent 368830).
19. However, Stride is currently preparing a masterplan for a mixed-use development at the Johnsonville Shopping Centre site to provide for retail, office, residential, public amenity, medical, food and beverage and entertainment activities. It is proposed that the site be developed over time and at a far greater density and height than that currently enabled to optimise the land and infrastructure resource and support sustainable development and transport modes.

20. Intensive mixed-use development at the Johnsonville Shopping Centre site is necessary to ensure that the redevelopment of the centre is commercially viable. The retail market has been disrupted in the last few years with increasing online sales (including New Zealand based online importers, and ease of access to international online marketplaces). In response, shopping centres must become 'experiential' and 'destination focused' including in addition to traditional retail a range of entertainment, food and beverage, health and wellbeing, community, and personal services offerings. To ensure the vitality of a centre it is also critical to provide a customer base by incorporating commercial office, medical and residential activities as part of the development.
21. Mixed use centres provide a wide range of retail, employment, health, community, working and living opportunities. From a development / property ownership perspective, mixed-use centres provide a more resilient and diversified tenancy, income, and investment profile, which given more recent pandemic and economic challenges is becoming a critical aspect in investment decision making.
22. Johnsonville township as a precinct is inherently climate resilient, with a reduced level (RL datum) of +130 meters, is well out of projected sea rise forecasts. The locality also offers seismic resilience with a greywacke bedrock geotechnical profile, making this is an excellent location for a mixed-use precinct within Wellington City.
23. Despite current economic, property, construction, and retail sector headwinds the key characteristic for investment in Johnsonville township remain strong due to Johnsonville:
  - (a) Being a climate resilient alternative town, disaster recovery, support centre to the CBD and Wellington city;
  - (b) Providing the opportunity for new to market retailers not able to secure or afford space in CBD;
  - (c) Providing a unique placemaking opportunity to resonate with surrounding suburbs;

- (d) Being well-connected, including having:
  - (i) A public transport hub - Bus, train, Park n Ride terminus for commuters;
  - (ii) Connection to adjacent community and recreational precincts;
  - (iii) Connection, easy accessibility and visibility to a state highway; and
- (e) Catchment (and Wellington as a city) is heavily under provided for from a retail footprint per person perspective.

**THE CITY OUTCOMES CONTRIBUTIONS POINTS SYSTEM IS TOO UNCERTAIN TO EFFECTIVELY MOTIVATE PUBLIC BENEFITS**

- 24. The city outcomes contributions are proposed to be a points-based system for tall buildings. I appreciate the Council has proposed the city outcomes contributions to motivate developers to achieve public outcomes for tall buildings. However, I expect the city outcomes contributions will not achieve that goal, in fact, I believe the opposite will prevail.
- 25. In my experience, developers avoid uncertainty by designing buildings to comply with district plan rules and standards where possible. The end result can be that the building is not the most efficient use of space or best design outcome but has been designed to comply with district plan controls and reduce the risk of a challenging consent process.
- 26. Certainty is key to feasibility of a development, and the city outcomes contributions points system is fraught as there is no certainty that a project will achieve the necessary points even if it provides the outcomes suggested in the table. This is because:
  - (a) A Green Star rating is not awarded until after practical completion of a building, and so it is impossible to allocate points for a Green Star rating as part of a resource consent application.
  - (b) The same (as above) applies to NABERS NZ ratings, which are also used as assessments of sustainability. They are assessed only after

the first-year post the building opening / becoming fully operational, therefore allocation of points to this component is also not possible.

- (c) There are no objective criteria for how these points will be awarded. Many matters in the table are subjective, and so it would be difficult to design a building to have certainty it would achieve the necessary points for the additional height sought.
  - (d) It is unclear how many points a number of outcomes would achieve, or how matters will be weighted. For example, providing a lane-way or reducing embodied carbon could score anywhere between 1-10 points, and communal gardens, public toilets or seismic measures could score between 1-5 points.
  - (e) It would be cost-intensive, cause delays and increase the risk profile for developers (and their architects, planners, and engineers) to wait until the Council has assessed a resource consent application before finalising the design of a building, and potentially need to redesign buildings significantly in order to meet subjective assessments of how much additional height could be provided.
  - (f) There is no recognition that sites may be developed over time, and different public benefits might be provided at different stages of a development. The Johnsonville Shopping Centre and Investore Centre are large sites, any redevelopment of these assets would likely be staged, and whilst public amenities could be provided on one part of the site, and density in another part, and there is no way to transfer credits.
  - (g) In addition, deferral of credits is also not considered, it may be where an early stage delivers public amenity (with no city contributions requirements in that stage) that those credits should be deferred, set aside or offset against a later stage where city contributions are required.
27. Practically, its likely most developers would not rely on this points system to seek consent for a building that exceeds the permitted height limit, because it is too subjective and uncertain. Instead, I expect developers would design and construct buildings to be within the permitted height limits.



28. On the other hand, developers also generally want to design buildings to provide public benefits (regardless of obligations in the district plan) as part of achieving good design outcomes. Taking a sustainable approach to construction and providing public amenities also attract tenants and the public. For example, as a responsible listed corporate entity Stride is committed to seeking a green rating on all our major development projects.
29. Better design outcomes can be achieved if developers have flexibility to integrate public benefits with building design, rather than incorporating public benefits in a prescriptive system.

**AN INCREASE TO THE PERMITTED HEIGHT IN JOHNSONVILLE METROPOLITAN CENTRE IS IMPORTANT FOR FEASIBILITY AND GOOD DESIGN OUTCOMES**

30. Wellington city presently faces considerable barriers to attract investment and is competing for development investment capital both nationally and within the Wellington region. Wellington has relatively high fixed costs (including land), a high operating expenses environment (e.g. particularly rates and insurance), high construction costs, high and increasing seismic requirements, and faces economic pressures due to the post-Covid environment and a challenging retail sector. Through this district plan review process Wellington City Council has an opportunity to encourage (or discourage) development investment in its city via setting in place appropriate planning frameworks that provide developers and property investors capacity, flexibility and importantly certainty.
31. Stride and Investore have sought an increase to the permitted height limits in Johnsonville Metropolitan Centre from 35m to two height control areas with permitted height thresholds of 50m and 35m.
32. Developers need certainty of the development envelope. In particular, permitted height is critical to the feasibility of a project. As noted above, most buildings are designed to comply with the permitted building height as going above this often raises too much consenting uncertainty.
33. Medium to large scale buildings also inherently have high fixed costs, such as the geotechnical base, structural frame, building core and plant.

34. In general, the taller a commercial building, the more likely it is to offset these high fixed and construction costs and to provide viable development feasibility. The higher the building, the more lettable floor space, and the ability to charge more premium rents for the views and amenity at upper levels. A taller building allows for a more diverse range of tenants and rent profiles.
35. Larger scale / taller building developments generally have larger cost allocations for embellishment of design, materials and amenity features. For example, additional gfa and floors can enable high quality façade materials, more design elements, amenities on the ground floor (such as atriums, artwork) and landscaping.
36. For example, a 35m height limit only allows for a building of 8-10 storeys. These building types are typically A-grade assets that often display cost drive design outcomes.
37. By comparison, a 50m (or higher) height limit allows for a building of 14-15 storeys. These buildings provide the opportunity to also target the premium sector, are of larger scale, and generally feature improved design, amenity, public and sustainability outcomes. e.g., Deloitte Centre, 20 Customhouse Quay, with its elaborate façade, high seismic performance, large public café, active edges and public walkway between Waring Taylor and Johnston Streets.
38. Without a sufficiently enabling district plan, Wellington City and Johnsonville risk losing the competition for development investment capital to cities with more favourable development conditions, or to cities within the Wellington region with more enabling planning regimes. For example, under Plan Change 56 to the Hutt City District Plan there is proposed to be no height limits in the City Centre (where Petone City Centre is of a similar scale to Johnsonville Metropolitan Centre).
39. To support investment in Johnsonville and enable the development of high-quality buildings that provide public amenity, it is critical that the permitted height limit in the Johnsonville core is increased to at least 50m.

**THE METROPOLITAN CENTRE ZONE PROVISIONS SHOULD ENABLE DEVELOPMENT OF A SCALE APPROPRIATE FOR A SUB-REGIONAL CENTRE**

40. Johnsonville Metropolitan Centre is the second largest centre in Wellington City, after the City Centre. The Metropolitan Centre zone provisions need to enable a scale of development that reflects the role and function of these centres. It is also important to recognise that these centres are going to play an important and different role as the city intensifies, and as they become true mixed-use environments.
41. The Metropolitan Centre zone provisions that are particularly important for development of the Johnsonville Shopping Centre and 91 Johnsonville Road are those relating to height, density, and gross floor area for commercial and retail activities. These provisions and having certainty on the level of development anticipated in the Plan, will directly impact development decisions.
42. Stride and Investore have sought that the permitted gross floor area threshold for integrated retail activities is increased from 20,000m<sup>2</sup> to 30,000m<sup>2</sup>, and we understand the Council officer has proposed deleting threshold all together (MCZ-R13). We support the removal of this threshold, particularly having regard to the gfa authorised by the existing resource consents at Johnsonville Centre and the expected growth to occur in the Johnsonville trade catchment.
43. Stride and Investore have also sought amendments to enable more flexibility in the demolition rule (MCZ-R19). Often demolition is required for large scale developments, but rebuilding may only occur in stages and result in the creation of vacant land for a short time. The Proposed Plan provides for demolition that creates vacant land as a discretionary activity. This is very onerous and may disincentivise large-scale development or lead to delay in development (where it was proposed in stages). It is not a good outcome for sites to remain vacant, but developments in Metropolitan Centres that require demolition as a starting point should not be hindered.
44. I also understand that most new buildings or additions to buildings will require resource consent in the Metropolitan Centre zone, and so it is important that standards are practicable and do not impose unnecessary restrictions on development. In particular:

- (a) The minimum building height should not apply to buildings on active frontages (MCZ-S2). Generally, Stride and Investore would not construct buildings under 8m in any event, but including buildings with a range of heights within a site can contribute to good design outcomes including sunlight access (without offending streetscape). The problem with this standard is that the design may be changed to comply with it, while not complying could have led to a better amenity outcome.
- (b) There should not be a requirement that sites are built up to the boundary of an active frontage (MCZ-S6). There are functional reasons that sites might not be built up to a frontage, such as vehicle and pedestrian accessways. Sites also might not be built up to an active frontage where there is public space in front of a building.
45. These are just a couple of examples, and Mr Jeffries will address others in his planning statement. We want to design and build developments that are attractive to our tenants, visitors and the public. We also need certainty of the consent process and will typically design to avoid triggering development controls where possible. Often this does not lead to the best design outcome or the most efficient use of the land resource. It is important that the Plan provisions support good design outcomes in a way that provides a balance between flexibility and certainty. I consider that the specific amendments addressed in Mr Jeffries' evidence achieve this balance.

## **CONCLUSION**

46. For the reasons provided above, I seek that the Hearing Panel grant the relief sought by Stride and Investore in relation to the MCZ.

**DATED** at Auckland this 12 June 2023



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Jarrod Thompson