



# Tasman Resource Management Plan - Plan Change 81 Mixed Business Zone Provisions Issues & Options - Retail Activities

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**Document control**

<b>Title:</b>	Tasman Resource Management Plan – Plan Change 81 Mixed Business Zone Provisions Issues & Options – Retail Activities
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## 1.0 Executive Summary

Allowing retail activities within the Mixed Business Zone (MBZ) has the potential to adversely impact on the economic viability and vitality of the core centres, including Richmond CBD (Central Business Zone). The purpose of this report is to consider the issues relating to the provision of retail activities and the potential risks and benefits of three options for managing and providing for retail activities in the MBZ:

- a. The status quo – existing provisions;
- b. Discouraging all retail activities; and
- c. Enabling limited specified retail activities, managing other retail activities and discouraging retail activities which are likely to adversely impact on the core centres.

The Insight Economic report considers the implications of a worst-case scenario where retail development is maximized within all Tasman Resource Management Plan (TRMP) MBZ areas, including deferred zoning areas. As the MBZ generally enables retail activities, subject to limits on floor area, the potential implications for the Richmond Town Centre would be significant should the maximum level of retail activity be realized as enabled through the TRMP provisions<sup>1</sup>.

The operative TRMP MBZ enables retail activities subject to a minimum and maximum floor level, however, the levels appear to apply only to each tenancy – based on an interpretation of ‘gross leasable floor area’. As discussed in Option 1 this allows sites to be developed with multiple retail activities potentially drawing businesses away from the core centres. The proposed Gibbons Holdings development at 405 Lower Queen Street is a prime example of the type of development enabled by the operative MBZ provisions which, if replicated throughout the MBZ could result in significant amounts of retail activity to the detriment of the core centres.

The recently completed Nelson Junction development provides a further example of the type of retail development which has the potential to impact on the vitality and economic viability of the core centres. Prior to the opening of Nelson Junction, stores such as Bed Bath and Beyond and Hunting and Fishing were located in each of Nelson and Richmond CBDs. However, their relocation to Nelson Junction has resulted in the closure of both their Nelson and Richmond CBD stores drawing some business away from the CBD. These are the types of activities which should, ideally be located within the core centres to support those areas and align with the Tasman Regional Policy Statement (TRPS) and TRMP outcomes in relation to centres hierarchy.

However, it is recognised that certain retail activities are not suitable for, nor appropriate within the core centres. For example, retail activities which are principally car orientated due to the goods they sell, such as building supplies or whiteware. For these types of activities locating

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<sup>1</sup> Insight Economic – Impact Assessment for Potential Retail Development Scenarios in Tasman, 29 June 2025, page 32

with the core centres is unlikely to be viable due to limitations on land area availability and cost as well as constraints on vehicle access noting the preference for core centres to be pedestrian focused.

It may also not be desirable for the core centres to contain activities which require larger outdoor storage areas for the sale of goods, for example car or agricultural equipment sales. These activities typically seek to have goods displayed on the property frontage which would be at odds with the ‘shop front’, pedestrian focused approach which is preferable in core centres.

It is also recognised that the Tasman region is subject to growth and demand for retail opportunities which is projected to increase in the future. The existing core centres in Richmond and Motueka are relatively constrained in their ability to accommodate additional growth due to existing development, land and economic feasibility constraints. Providing opportunities for retail within the MBZ whilst ensuring the core centres are not undermined is, therefore, necessary to provide for population growth and projected retail demand.

In order to deliver a balanced approach to providing for growth without unduly compromising the vitality and economic viability of the core centres, three options are assessed. Option 3 is considered the preferred approach.

The three options identified are summarized in Table 1.

**TABLE 1 – SUMMARY OF OPTIONS**

Option	Description of Option
<p><b>Option 1 –</b> Status quo</p>	<p>The Operative TRMP MBZ is generally enabling of retail activities subject to limits on retail floor area of between 500m<sup>3</sup> and 3,000m<sup>3</sup> gross leasable floor area.</p> <p>With the exception of outdoor storage display and sales areas, smaller and larger retail activities are a Non-Complying activity.</p>
<p><b>Option 2 –</b> Discourage all retail activities</p>	<p>Require resource consent as at least a restricted discretionary activity for any retail activity with a greater restriction (discretionary or non-complying) on retail which is most likely to impact on core centres i.e. fine grain retail.</p>
<p><b>Option 3 –</b> Enable some car orientated and larger format retail activities</p>	<p>Permit limited retail activities which would not detract from the core centres i.e. car orientated retail (for bulkier / larger goods) or retail activities requiring a larger floor area. Manage other types of retail activity to allow for an assessment of effects and discourage retail which is most likely to impact on core centres i.e. fine grain retail.</p>

## 2.0 Economic Assessment

The Council has commissioned Insight Economics to assess the potential impacts of various retail development scenarios on the centres. The assessment is intended to assist in developing provisions which will ensure that future retail supply growth occurs in a coordinated and efficient manner.

The Insight Economic report has evaluated current spending data across the Tasman-Nelson Region and within the Tasman Region alone. The report also explores the likely medium and high growth<sup>2</sup> demand for retail activity within the Tasman region.

In a medium growth scenario retail demand is projected to grow from \$1.14 billion in 2023 to \$1.67 billion in 2048 (an increase of approximately \$530 million). This translates to an additional demand of approximately 217,000m<sup>2</sup> gross floor area for core retail activities by 2048 which is an indicative growth of 69,000m<sup>2</sup> from 2023 levels for the Tasman region alone. Growth for the Tasman-Nelson region is greater with 144,000m<sup>2</sup> additional gross floor area predicated to be required by 2048.

In a high growth scenario, \$714 million of retail demand growth is predicted for the Tasman region by 2048 (25 years from 2023). This translates to growth of more than 93,000m<sup>2</sup> of core retail floorspace for the Tasman District, and 204,000m<sup>2</sup> for Nelson-Tasman region.

In summary the report concludes that strong retail demand growth is expected across the Tasman district, plus the Tasman-Nelson region combined, from 2023 to 2048 under both Stats NZ's medium and high official population projections. This strong and ongoing demand growth provides significant headroom to accommodate ongoing increases in retail floorspace supply over time.<sup>3</sup>

The Insight report also modelled five plausible retail development scenarios (refer to figure 2) for the Berryfields Crossing area over the next five to ten years. The scenarios are based on the current Gibbons Holdings resource consent applications and other similar or likely retail development options. These scenarios are used to assess the estimated trade impacts of the development scenarios on retail sales in different centres across the Tasman-Nelson Region and in particular the estimated impacts on the Richmond CBD by store type.

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<sup>2</sup> Using Stats NZ growth figures

<sup>3</sup> Insight Economic – Impact Assessment for Potential Retail Development Scenarios in Tasman, 29 June 2025, page 16

Name	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<b>Scenario Description</b>	Current RC applications RM250093 and 250169	Mitre 10 Mega plus a few other LFR stores	as per PC81 - circa 1.4ha of developable land	scenario 1 but with a delayed opening	scenario 1 plus adjacent land for a DIY store
<b>Assumed Opening Year</b>	2028	2028	2028	2033	2033
<b>GFA by Store Types (m<sup>2</sup>)</b>					
Clothing, footwear, & accessories	987	1,000	0	987	987
Department Stores	1,603	1,600	0	1,603	1,603
Electrical & electronic goods	1,441	0	1,300	1,441	1,441
Food & beverage services	1,043	459	460	1,043	1,043
Hardware, building, & gardening	0	8,000	0	0	7,200
Pharmaceutical & other retailing	1,441	0	1,300	1,441	1,441
Recreational goods	1,441	1,600	1,300	1,441	1,441
Supermarket & grocery stores	600	600	600	600	600
<b>Total GFA m<sup>2</sup></b>	<b>8,556</b>	<b>13,259</b>	<b>4,960</b>	<b>8,556</b>	<b>15,756</b>

FIGURE 1 – DETAILS OF MODELLING SCENARIOS 1 TO 5 AT BERRYFIELDS CROSSING<sup>4</sup>

The report concludes that “scenarios 1, 4, and 5 would initially reduce Richmond CBD’s retail turnover by 3.3%, with scenarios 2 and 3 having lower impacts on Richmond (of 2.2% and 1.7%, respectively). Conversely, scenario 2 has the greatest impact on Nelson Junction due to the similarity of store mixes, with the presumed new hardware store at Berryfields Crossing competing directly with the Mitre 10 Mega at Nelson Junction. Similarly, scenario 5 hits Nelson CBD hardest due to the greatest overlap with assumed/modelled future GFA at Berryfields Crossing.”

The Insight Economic report then modelled two scenarios (6 & 7) which extrapolate out the impact if retail activities were to occur across the MBZ, including the current and deferred zone, areas in Richmond<sup>5</sup>. These scenarios are purely hypothetical and intentionally extreme to help identify the scale at which trade impacts become so acute that they risk significant retail distribution effects occurring. The scenarios assume that all new retail floor space demand until 2048 is met within the MBZ along Lower Queen Street and Main Road Hope, with the two scenarios differing in terms of the total ground floor area developed over time.

Using retail audit data already gathered by the Council in relation to the health and vitality of the districts centres, Insight Economics was able to understand the role and function of Richmond CBD in particular and explore the potential impacts of retail distribution enabled by the modelled scenarios. This included examining the estimated trade impacts, potential for store relocations

<sup>4</sup> Insight Economic – Impact Assessment for Potential Retail Development Scenarios in Tasman, 29 June 2025, page 24

<sup>5</sup> The PC81 Mixed Business Zone land at Main Road Hope was not included

and the overall likelihood of significant flow on effects from retail activity establishing both at Berryfields Crossing and within the wider MBZ areas in Richmond.

The evaluation concluded that scenarios 1 to 5 (refer to Figure 2) were unlikely to pose a material threat to the Richmond CBD. However, scenarios 6 & 7 would have a “crippling” trade impact on Richmond CBD and as such additional planning provisions may be required “to prevent excessive retail development occurring in the district’s MBZ areas over time.”<sup>6</sup>

### 3.0 Analysis of Options

#### 3.1 Option 1 – Status Quo (Operative TRMP MBZ)

The operative MBZ is located in the following areas:

- a. Richmond – along Lower Queen Street & deferred zoning at SH60 (Appleby) and 345 Lower Queen Street
- b. Motueka – with deferred zoning to the west of High Street.

The TRMP applies the same set of rules for all MBZ areas, with some site specific provisions applying to land next to existing land uses such as the Oakwoods Retirement Village or the Nelson Marlborough Institute of Technology and in the Richmond West Development Area. Some specific provisions also apply along Lower Queen Street where there is a ‘retail frontage’ overlay.

The TRMP signals expansion of the MBZ into the Richmond West and Motueka West Development Areas through provision of deferred MBZ areas and through Plan Change 81 where additional deferred zoned MBZ is provided in Hope.

**TABLE 2 – CURRENT TRMP PROVISIONS FOR RETAIL ACTIVITIES IN THE MIXED BUSINESS ZONE**

Policy Direction
<p>The following policies are most directly relevant to retail activities in the MBZ:</p> <ul style="list-style-type: none"><li>• To enable business growth in the MBZ that is complementary to the Richmond Central Business Zone (policy 6.6.3.3).</li><li>• To ensure commercial activities... in the MBZ operate in a manner and setting likely to provide a high standard of safety and amenity (policy 6.6.3.4 abridged).</li><li>• To provide for a range of large format retail activities in the MBZ (policy 6.6.3.11). <i>*note large format retail activities is not a defined term</i></li><li>• To provide a mixed use business environment that accommodates a range of business opportunities for commercial activities, large format retail, trade-related supply, ...where:</li></ul>

<sup>6</sup> Insight Economic – Impact Assessment for Potential Retail Development Scenarios in Tasman, 29 June 2025, page 32

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- a. adverse environmental effects within and beyond the zone boundary can be avoided, remedied or mitigated;
  - b. a high quality, high amenity business environment can be maintained;
  - c. the scale, nature and intensity of activities are compatible with maintaining a high quality, high amenity business environment.
  - d. the role of the existing Richmond town centre (Central Business Zone) is not undermined as the central focus for intensive retail and administrative activity, community interaction, and the core pedestrian-oriented area for Richmond (policy 6.6.3.14 abridged).

Policies 6.8.3.11 and 6.8.3.13 provide for the extension of the Richmond urban area including new MBZ areas beyond 2026 into the Richmond West Development Area and Hope in stages, to ensure choice and a regular supply of land.

### Permitted Criteria

Permits retail activities which are between 500m<sup>2</sup> and 3,000m<sup>2</sup> gross leasable floor area (GLFA), (17.3.1.2.1 (a) (i)) except retail activities with GLFA less than 500m<sup>2</sup> are permitted for:

- Trade supply activities & outlets
- Retail sale of goods produced onsite and ancillary products to goods produced or processed onsite
- Outdoor storage, display or sales areas for retail sales of vehicles, machinery & equipment
- Restaurants, cafes, food takeaway outlets and licensed premises in Richmond West Development Area (17.3.1.2.1 (a) (i)).

Requires at least 70% of the GLFA to be dedicated to retail sales along the retail frontage on the planning maps (17.3.1.2.1 (a) (iv)).

Permits outdoor storage, display or sales area for the retail sale of vehicles, machinery and equipment no greater than 3000m<sup>2</sup>.

The permitted activity standards for Building Construction or Alteration sets generic building bulk and location requirements relevant for most buildings, regardless of the activities contained within (17.3.3.1).

### Activity Status

The operative TRMP sets:

- Controlled Activity status for retail sale of vehicles, machinery and equipment between 3,000m<sup>2</sup> and 5,000m<sup>2</sup> (17.3.1.2.2 (b) (i)).
- Discretionary Activity status for any retail activity with GLFA for any individual retail activity tenancy or ownership greater than 3000m<sup>2</sup> (rule 17.3.2.4 (a) (i)).
- Non-Complying Activity status for a retail activity with less than 500m<sup>2</sup> of GLFA that is not a retail activity listed in permitted activity 17.3.1.2.1 (a) (i), or a retail activity with less than 70% of the retail frontage dedicated to retail sales (rule 17.3.2.5).

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Under the operative TRMP, landowner Gibbons Holdings have lodged a resource consent application for six commercial tenancies on 2.5 hectares of their larger 5.89 ha MBZ zoned site next to Berryfields crossing. Each tenancy/ building has a GFLA area between 500-1650m<sup>2</sup>

located within separate buildings surrounding a central car parking area with 263 spaces. Establishing each tenancy as a retail activity is a permitted activity, the consent is a controlled activity for traffic reasons and has been designed to comply with the operative MBZ rules.

Approximately two thirds of this 8.4 hectare area west of Berryfield Drive is now allocated to retail and large format retail activity (and the associated car parking). This dominance of retail activity in this area has been enabled by the operative rules. These retail activities provide for some of the needs of the communities within the nearby residential areas, however, the larger retail activities may attract customers from further afield and have therefore raised concerns that if all MBZ land was developed for retail in the future, the economic and social viability of the core centres (Richmond and Motueka primarily but also smaller centres) may eventually be compromised and undermined.

Overall, maintaining the status quo retail activity provisions enables relatively unconstrained retail activity in the MBZ, which if taken up across the MBZ would undermine the policy direction in the TRPS and TRMP, including the centres hierarchy outcomes proposed through Plan Change 81.

### 3.2 Option 2 – All retail activity is discouraged in MBZ

The TRMP already acknowledges that retail activity which “*replicates the scale, nature and intensity*” of retail activities enabled in the Central Business Zone (CBZ) have the potential to adversely affect the vitality and amenity values of the CBZ by diminishing its core function as a retail and core pedestrian focused area<sup>7</sup>. The intention of the MBZ is therefore to provide for larger format retail activities and car-orientated retail which may involve bulkier goods. These activities are unlikely to be appropriate in the CBZ due to their typical requirements for larger sites / building footprints and car orientation.

By discouraging all retail activity within the MBZ there is a risk that these larger format retail activities or activities where outdoor storage areas are required, such as vehicle or agricultural equipment yard areas, are not provided for within the district. This may lead to these businesses establishing outside the district, thereby adversely impacting on the economic success of the district.

Furthermore, there are limited expansion opportunities within the CBZ (in both Richmond and Motueka) which constrains the potential for development of additional retail opportunities, particularly where a larger footprint, outdoor storage area or new building (rather than retrofitting existing buildings) is required.

The Insight Economic report states that core retail demand accounts for roughly 74% of total retail spend<sup>8</sup>. Taking account of the total spending across the Nelson-Tasman region spending on hardware and building supplies emerge as a high-value category. Hardware and building

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<sup>7</sup> TRMP Chapter 17, Section 17.3 Mixed Business Zone Rule, 17.3.20 Principal Reasons for Rules

<sup>8</sup> Insight Economic – Impact Assessment for Potential Retail Development Scenarios in Tasman, 29 June 2025, page 11

supply outlets would not typically locate in core retail areas as they require larger footprints and are car rather than pedestrian orientated. As noted in Section 2 retail spending is predicted to grow across the district due to overall household growth, accordingly, providing for increased retail opportunities through Plan provisions is appropriate to cater for this increased demand.

Requiring resource consent for all retail development within the MBZ is unlikely to appropriately provide for the social and economic needs of the district because there is a risk instead of seeking resource consent, landowners opt to develop their activity outside of the district. Alternatively large format / car orientated retail activities may be pushed towards establishing within the core retail areas (CBZ and Commercial Zones (CZ)) which would undermine the function and intent of these areas.

### 3.3 Option 3 – Car orientated and larger format retail activity is enabled

As noted above there are certain types of retail activities which are unlikely to be suitably or appropriately accommodated within the core centres where the Plan directs a greater focus on fine grain retail activities and pedestrian orientated environments.

This option considers a balance between the status quo and option 2 (discouraging all retail). It recognizes that the purpose of the MBZ as articulated in the TRMP “*the Mixed Business Zone provides for a specific range of large format retail activities which are car-oriented destinations, often involving bulky goods.*”<sup>9</sup> It also aims to address the issues with the current provisions, which are explored in Option 1, where there is an apparent misalignment between the articulated purpose of the MBZ and the provisions which enable multiple tenancies on a site thereby allowing for retail activity at a level which could adversely affect the economic viability of the core centre.<sup>10</sup>

The PC81 Section 32 Evaluation of the TRPS assesses the proposed inclusion of a centres hierarchy to provide a focus for retail, commercial, community and entertainment facilities to serve the needs of the community. The assessment identifies that there is a risk that if retail activities are allowed to occur on a large scale outside the core centres the vitality, vibrancy and economic prosperity of the centres would be degraded. This would undermine the outcomes sought by the TRPS and TRMP through PC81 and would be inconsistent with the National Planning Standard direction for zone composition.<sup>11</sup>

Therefore, it is recommended amendments are made to the MBZ provisions. to address the issues identified in Option 1 and 2; align with the outcomes sought through the PC81 TRPS amendments in relation a centres hierarchy; and to reflect the recommendations of the Insight Economic assessment

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<sup>9</sup> TRMP Chapter 17, Section 17.3 Mixed Business Zone Rule, 17.3.20 Principal Reasons for Rules

<sup>10</sup> Insight Economic – Impact Assessment for Potential Retail Development Scenarios in Tasman, 29 June 2025, page 23-26

<sup>11</sup> Tasman Regional Policy Statement Plan Change 81 Section 32 Evaluation, page 1

These amendments would ensure that only certain types of retail or those with a larger floor area are enabled whilst other types of retail are provided for where an assessment of effects can consider the individual and cumulative effects of the proposal on the vitality and economic viability of the core centres.

These amendments would broadly:

- a. Permit some retail activities including those which retail larger, bulkier items which are typically car orientated i.e. building and landscape supplies or furniture stores.
- b. Permit other retail activities subject to a minimum gross floor area per individual tenancy and a maximum overall floor area per site.
- c. Manage all other retail activities to varying degrees to allow for consideration of the adverse effects, including, cumulative effects, on the core centres.
- d. Discourage (avoid) smaller retail activities and fine grain retail which is more appropriately accommodated in the core centres or retail which has a particularly large floor area unless it can be demonstrated that these activities will not undermine the vitality, amenity and economic viability of the core centres.
- e. Remove the retail frontage area (and make consequential amendments to provisions) along Lower Queen Street Mixed Business Zone area to avoid an inadvertent encouragement of fine grain retail activities within the MBZ and recognized the character of the MBZ is not solely retail focused.

The amendments seek a balance to providing for retail activity to meet the needs of the district by accounting for economic growth and increased demand without unduly compromising the intent and function of the core centres which should retain their retail, pedestrian orientated focus to provide a central point for the community.

**3.4 Strengths and weaknesses of options**

**TABLE 3 – STRENGTHS AND WEAKNESS OF EACH OPTION**

Options	Strengths	Weakness
<b>Option 1 –</b> Status Quo	Provides for flexibility for a range of retail activities subject to floor area of tenancy.	Risk of significantly compromising the function, intent and economic viability of the core centres if all MBZ land is maximised for retail development.
<b>Option 2 –</b> Discourage all retail activities	Ensures all retail activities are focused within the core retail areas (CBZ and Commercial Zones).  Allows for consideration through a resource consent process whether	Risk of failing to meet projected demand for certain types of retail.  Impact on economic success of the district if larger retail outlets are discouraged from establishing in

Options	Strengths	Weakness
	the particular type of retail activity is appropriate in relation to intent and function of the CBZ and Commercial Zone.	Tasman due to resource consent requirements.  May undermine the function and intent of the CBZ by inadvertently pushing car orientated retail to establish.
<b>Option 3 –</b> Enable some car orientated and larger format retail activities	<p>Provides a balanced approach recognising that some retail activities are not suitable or appropriate for core centres.</p> <p>Provides for larger format and car orientated retail activities.</p> <p>Provides opportunities for other retail activities to be assessed to determine the level of impact on the vitality and economic viability of the core centres.</p> <p>Aligns with the purpose of the zone as expressed in MBZ 'Principal Reasons for Rules' 17.3.20.</p>	May restrict the variety of business opportunities in the MBZ.

#### 4.0 Recommended Option

Maintaining the status quo (option 1) risks, at the worst case scenario, significantly impacting on the economic viability of the core centres on the basis that the provisions enable a reasonably significant amount of retail activity to be located within the MBZ with limited controls on the type of and scale of retail activity.

However, it is acknowledged and recognized that there is a need to accommodate retail growth and a range of retail activities within the district and this includes providing for larger format retail. It is also acknowledged that certain types of retail activity may be inappropriate or unable to be accommodated within the core retail centres which have a focus on fine grain retail and pedestrian orientated activities.

Option 3 is considered to provide an appropriate balance between enabling retail activities which are unlikely to or would be inappropriate in the centres but which still support the social and economic needs of the district and provide for local demand.

It is recommended that Option 3 be progressed.