



Hutt City Council | Wainuiomata Town Centre Upgrade

Café Feasibility Study

March 2022

FIRST RETAIL



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Preface

This report has been prepared for Hutt City Council by First Retail Group Ltd.

First Retail Group are strategists specialising in advising consumer-facing sectors and destinations. Based in New Zealand, the company works globally with the public, private and not-for-profit sectors.

In New Zealand, First Retail Group has provided strategy and enablement services to Councils for a wide range of urban renewal and regeneration, impact mitigation and performance development and transport infrastructure programmes.

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First Retail Group has worked extensively throughout the Wellington region, including economic development and resilience projects for Wellington City Council, Porirua City Council, Kapiti District Council, Greater Wellington Regional Council, and Wellington NZ.

It has delivered strategy for Hutt City Council's community services assets and the hospitality strategy, market scoping and operator search for the Bellbird Café at the Dowse Art Museum

First Retail Group Ltd., March 2022

1 Executive Summary

Market Opportunity

In a region that is famed for its innovative hospitality offers and experiences - in particular, its artisanal coffee culture, Wainuiomata is an outlier.

While nearby Petone has developed into a popular leisure destination, the Wainuiomata Town Centre has no contemporary cafes, with a takeaway container being the only independent espresso outlet to satisfy this growing and expectant community.

A lack of contemporary cafes in the Centre has led to the loss of spending & goodwill from this regenerating suburb, as residents seek the experiences they want for their area, elsewhere.

Need & Value

A vibrant and locally reflective café scene is recognised a key attractor for people to live work and invest in a community. Increasingly, this a feature of residential property marketing in other suburbs, but one that Wainuiomata cannot yet claim.

The growing number of younger people and families moving to the suburb as first home buyers are understandably eager to see contemporary cafes establish. Typically, they have come from neighbourhoods where these experiences are a common occurrence and part of everyday life.

Equally as important, is the societal benefit that locally-relevant cafes deliver to a community.

A good cafe provides frequent and habitual connection for people of all age groups and cultures. They enliven and activate precincts and provide a source of pride for residents who appreciate the amenity and social value and unique character they generate.

Demand

Wainuiomata has significant hospitality spending attrition as residents look to neighbouring suburbs for cafe experiences. Being able to deliver a comparative, or better, offer, locally will slow revenue loss and drive additional retail demand through proximity and convenience.

While it is challenging to quantify the opportunity that is lost and additional spending that can be earned, through adding a quality offer to this area, it is recognised how valuable these assets are as anchors in Town Centres – and increasingly sought after for regenerating areas.

There has been a clear spending shift from consumer goods to experiences, over recent years. People visit cafes more frequently and habitually, than they do retail stores. Good cafes activate and enliven Town Centres. This benefit flows to neighbouring businesses, too.

Delivering more of what people need locally, also has a ripple effect on the wider economy. Many of those visits outside the area to cafes, will also include stops at stores to buy products and services residents could have otherwise purchased in Wainuiomata.

Emerging Competition

While Wainuiomata Town Centre has few suitable spaces for contemporary cafes to establish currently, commercial property developments semi-complete and about to begin construction, will change that – likely within the near to medium term.

Countdown's redevelopment of the former Warehouse site will create flexible spaces for a broad range of consumer offers and experiences. Almost certainly, this will include a larger format café or all day dining concept.

Additional food businesses will also likely gravitate to this complex.

Given its cluster benefits – bringing complementary businesses together, position alongside the supermarket, visibility and accessibility, this well-trafficked area is a logical fit for operators looking to connect with the widest possible audience.

Countdown, as an experienced and resourced developer is likely to deliver necessary incentives to tenants as the market improves and these sites are again released to the market.

Another large and as yet vacant, site is also proposed for future retail or hospitality use, within this development, as are spaces for health and childcare.

Nearby, on The Strand, a 63 unit residential development includes eleven retail units – facing out toward the Town Centre. These will likely include hospitality uses, that benefit from similar attributes including, visibility, connection, character and efficiency.

Together with the Countdown complex, this will further attract visitation and spend away from the Queen Street area, unless this precinct can develop its own unique and community-backed anchor to support resilience.

Formulaic Success

Successful cafes are typically operated directly – or closely by owners, with a strong artisanal influence, locally reflective culture and high quality, differentiated offer that engages its community.

This is not about attracting any operator, but one that can deliver a contemporary experience, that will continue regeneration by catalysing change, establishing its niche, championing the area and radiating benefit across an enlivened Queen Street precinct.

Entrepreneurs with these attributes have been looking to new and opportune areas in which to support social and economic uplift, however appetite and ability for risk is diminishing.

Current and anticipated market conditions are likely to stifle the ability to engage change-makers without compelling propositions that include incentive and shared risk and reward.

Economic Considerations

While the hospitality market has grown overall in recent years, it has faced progressive challenge from increasing costs and reduced profitability. More recently, difficulties recruiting staff and the likelihood of constrained consumer spending, ahead, has created additional pressure on business sustainability, industry and funder confidence.

These difficulties are reflected in reducing hours and closures across even the best operators, including a number of previously successful cafes that have shut or gone into hibernation, in recent months across the Wellington region.

The hospitality sector faces funding challenges with banks unwilling to lend on new ventures, due to uncertainties around current and future market conditions.

While COVID has been a contributor to these difficulties, it is not the only driver. It is likely there will be a long period of recovery - impacting confidence and capability for expansion. These factors make securing an operator best-aligned with this opportunity, more difficult.

Concept Consideration

Hutt City Council in collaboration with the community, is investigating two base-build options that will provision the area with a standalone café infrastructure – capable of delivering amenity value, activation and new relevance to the original town centre core of Queen Street.

The architecturally designed complex is step-change for the area and is the first new-build in the Queen Street Precinct for decades. In itself, this development is an important signal to the community and commercial sector, of progress and potential, for this area.

The café is part of the Queen Street upgrade – a long awaited, co-designed improvement of the public realm and street-space in what is the heart of Wainuiomata Town Centre.

One option will support a basic coffee offer, while the second has scale to include a kitchen that could enable a wider food proposition, related income streams and the potential for longer operating hours - once an initial café operation has successfully established.

Costs, to date, provide for infrastructure only, with the project's original expectation that an operator would pay for the fit out themselves.

Given the café is considered as a transformative and long-term solution to regenerating the area, consideration should be given to provisioning infrastructure that will enable the greatest flexibility in future use. Option A provides the base build infrastructure that will enable a more comprehensive food and beverage offer, once established and market conditions strengthen.

It is unlikely an all-day and evening dining operation would be attractive to potential operators in the near term. Instead, launching with a more basic, café offer would achieve necessary improvement in the area, with evolution of the café's proposition dependent on continuing community support and patronage.

The more capacious format, initially, would also deliver opportunity for shared use by operators, collectives with different specialities, interactive activities like community classes and catering for events in the surrounding park, or even bike hire – to attract visitors and adventurous locals.

Given the transformative nature of these developments to their communities, all complementary uses in which to achieve positive social and economic outcomes, should be considered.

Location

The proposed location – between the library and Queen Street, is good for a café and a café would be good for this area.

The proposed café's north-facing orientation would capture the sun and be a pleasant space for people to spend time in. Learnings from similarly sited cafés around the region suggests customers will spread out to use the surrounding public realm – helping activate the overall area.

A café would be able to leverage Wainuiomata Library's visitation as well as strengthening attraction and experience for users of this community facility. – creating more reasons to visit and spend time there. More people coming to this area, will have broader benefit for businesses, nearby.

Tenant Attraction

A structured and independent approach is necessary to develop the proposition, identify and engage potential partners and align their delivery with the needs and expectations of this community.

This is a catalyst opportunity for Wainuiomata, that can inspire and drive change, however economic headwinds and the likelihood of future competition make the commercial model challenging for operators, should they need to fund the café infrastructure themselves.

Businesses will be cautious about unproven locations, challenged in resourcing new operations and reticent about investment. External funding difficulties are a further consideration that will limit, but not rule out, Hutt City Council's ability to attract suitable operators to the opportunity.

Within the development timeframe of this project, the need to incentivise participation is likely.

In the current and foreseeable future, the likelihood of securing interest from operators of the calibre, necessary to make this successful is unlikely, unless there is financial contribution for the enterprise to establish, along with a strong indication of community support and advocacy of their new asset.

Value and Alignment

Major investment is going into streetscape improvements, but these alone are not enough. The Queen Street area needs to catalyse change in its overall offer and experience in order to deliver relevance and attraction for its changing audience.

Further investment into creating the café infrastructure and support for establishment of a quality offer there, is a strategic move to support growth and resilience for the heart of this community.

Aligning this work with the wider public realm and street-space project, underway now, will enable Council and the community to confidently launch a refreshed environment, new amenity and compelling consumer experience, as a complete package of regeneration.

Undertaking a café project at a later date will likely mean other contemporary hospitality offers and destinations will have developed outside this precinct – further impacting the Queen Street area. It would also mean renewed disruption for businesses and users of this area.

Broader Attraction

In parallel, Hutt City Council is considering how best to secure broader interest, investment and innovation across the Town Centre’s retail and hospitality offer.

Central to this is the need for an integrated retail strategy that would inform and guide key moves, define audience needs and trends and develop a unified approach to the opportunities and challenges ahead.

Other confidence building and business attraction initiatives would include developing Wainuiomata Town Centre’s brand identity, improving safety and security, giving heightened profile to the area and its opportunities, exploring potential for a Farmers Market and improvements to public transport connectivity that would bring more people to the area.

A narrow window of opportunity creates first-mover advantage for this development, ahead of others in the Town Centre. Success will enable this area to differentiate and compete with confidence as other offers develop across the suburb.

2 Forward

Generational Opportunity

Wainuiomata is experiencing generational change brought about through new housing development, along with the attraction of younger people and different cultures to this growing and aspirational suburb.

At the heart of this community is the Town Centre – a shopping, hospitality and amenity destination that had remained largely unchanged since the late 1960's, when the Wainuiomata Mall opened.

Recent redevelopment of the former Mall site by Countdown has delivered a contemporary supermarket offer and experience – reflective of wider changes in audience demographic and future need. Further enrichment of this complex lies ahead as developers ready the next stages which will include further retail, hospitality, healthcare and service outlets.

Nearby, Queen Street remains a traditional Town Centre offer and environment that has not been immune to social and economic challenges.

Parts of the area have been impacted by crime and anti-social behaviour – affecting consumer perception and the confidence of businesses and investors.

Nearby Petone's strengthening retail and hospitality offer has captured spending and goodwill from Wainuiomata, which has arrested growth for businesses and limited appetite for new operators to establish against this competition.

Catalysing Change

The Wainuiomata Town Centre upgrade is a regenerative move by Hutt City Council in collaboration with the community, that is intended to restore the primacy, relevance and user experience of this area, through streetscape, safety and environmental improvements.

Central to the project is the establishment of a contemporary café within enhanced public realm areas between the Library and retail precinct.

Years in the making, this project comes at a time when the suburb is experiencing opportunities and challenges in managing this new and expectant audience – along with the economic and social influences brought about the COVID pandemic.

More people are living – and working, in the area through flexible working practices, that create new and aspirant audiences for the Town Centre. The challenge for these residents is that there are not the contemporary experiences they enjoy elsewhere and seek locally.

'There's nowhere to go and hangout when working from home and you want a break - such as popping out for a coffee or a smoothie.

Wainuiomata couple, renting in the suburb

Anchoring the Community

Younger people and new residents want to be part of their communities, feel proud of their area -its values and direction. Their energy and passion is vital for succession and progression.

Cafes are an intrinsic part of connecting neighbourhoods – creating habitual visitation, opportunities for interaction and supporting strong social bonds. These factors that are especially important in the current economic and social climate.

'I love being part of the Wainuiomata community but there is nowhere I'd want to Instagram or tag in at

Wainuiomata resident saving for her first home

Future Audiences

There is still much to do in ensuring Wainuiomata continues to progress in attracting people to the area and delivering the relevance, experience and evolution necessary to retain their goodwill and spending in the area.

Economic headwinds are already apparent, which will slow development and the ability for people to be able to buy properties in the area. Competition from other parts of the region will also factor – creating more choice.

'I was looking to buy a new build. When talking to the Real Estate agent I asked where we could meet for a coffee? His reply was "there isn't really anywhere here to meet for a coffee"

House buyer actively exploring Wainuiomata properties

The development of a contemporary café in the Town Centre fulfils goals much broader than the immediate need to re-activate the area. It has potential to connect new and existing residents with their community's heart, become a destination for visitors, create pride and reflect the values of this diverse audience.

2.1 Consumer Demand

Spending Attrition

It is well recognised that a large proportion of hospitality spend leaves Wainuiomata, for the contemporary café experiences available in nearby Petone and Lower Hutt.

While the granularity of Marketview data doesn't identify the specific spend of Wainuiomata cardholders in these areas, feedback from Hutt Valley hospitality operators and consumer conversations indicates that these neighbouring suburbs benefit from the current lack of choice in the suburb.

As an indicator of potential, recent transformation in Wainuiomata's supermarket offer¹ achieved a comfortable gain² in total grocery spend and frequency of visits. This indicates locals' appetite and support for offers and environments reflective of the suburbs progressive direction, with likely parallels to what the hospitality sector could achieve through similar improvements.

COVID Influence

At the time this report has been prepared, extraordinary circumstances are affecting the hospitality sector and wider retail markets.

The shift of populations through working from home has affected cafés reliant on workplaces, while caution around public spaces has kept others away from communal environments.

Increased Daytime Population

Working from home has meant there have been more people staying in the suburbs – boosting performance for neighbourhood cafés. Conversely, city centre cafés have seen turnover drops of over 50% in some cases³.

Feedback from coffee roasteries⁴ suggest the same quantities of beans are being supplied to the market, however distribution has changed with stronger demand in the suburbs, holiday destinations and provincial areas, while city centre demand has dropped proportionally.

While flexible working is anticipated to become an accepted practice for many employers, early indications are that there will be a preference for employees to return to the office for the majority of the work week. That still provides opportunity for Wainuiomata to benefit from the balance, where home-workers will be looking for connection and familiar café experiences.

A contemporary café in Wainuiomata would benefit from this trend and could leverage it strategically, by encouraging visitation and collegiality among flexible workers that are keen for connection.

Increasing Immediate Audience

Residential intensification around the town centre is increasing the number of people living nearby. Projects underway include Matai Park (63 dwellings) and Masonic Lodge – which is an elder-care facility consisting of 70 villas, 32 apartments, 60 care suites and 10 serviced apartments.

A short distance away is 80 Parkway (85 dwellings) and 82-102 Moohan Street (39 dwellings recently completed). A further 108 dwellings are consented for the Moohan Street area.

Elsewhere, across the suburb, major developments are underway or consented, including 120 dwellings in Wise Street.

The scale of development in this area is significant – creating current and emerging demand for contemporary hospitality experiences.

Leveraging Visitation

Wainuiomata's primary attraction for visitors relates to recreational activities including the Remutaka Forest Park, Catchpool Valley, Orongorongo Valley, Baring Head and mountain biking throughout the area.

Only 5.5%⁵ of spending in Wainuiomata comes from visitors, however there are plans to strengthen awareness and value around the area's destination. value, which will attract more visitors and income to the area.

With consumers increasingly discovering and navigating to hospitality venues digitally, there is strong potential for the café to align easily with visitor audiences – ahead of and during their time in Wainuiomata, to gain a dominant share of this spend.

Navigating Headwinds

Increasing scrutiny on spending from banks for home buyers, an escalating cost of living and rising interest rates will have an impact the disposable income of residents in Wainuiomata.

There is anticipated to be a contraction in spend across discretionary categories – including trips to cafes, takeaway coffee and lunches as these financial pressures become more widely felt.

The hospitality category is likely to be impacted with fewer people visiting cafes, reduced spend and challenges maintaining profitability. To succeed and prosper, operators will need to develop strong community connections, be customer centric and develop locally relevant niches they can confidently own.

¹ Countdown opened a new store in Wainuiomata in May 2021, creating a modern, contemporary environment for shoppers with greater selection and enhanced customer experience

² Marketview data – Wainuiomata supermarket spend Dec 2020 – Nov 2021 compared to Dec 2019 – November 2020. Total spend growth +6.9%.

³ Marketview data 2022. Origin of people spending in Wainuiomata – Lower Hutt City (includes Wainuiomata) 91.5%, Upper Hutt City 1.2%, Wellington City 3%, Porirua City 1.3%

2.1.1 Recommendations

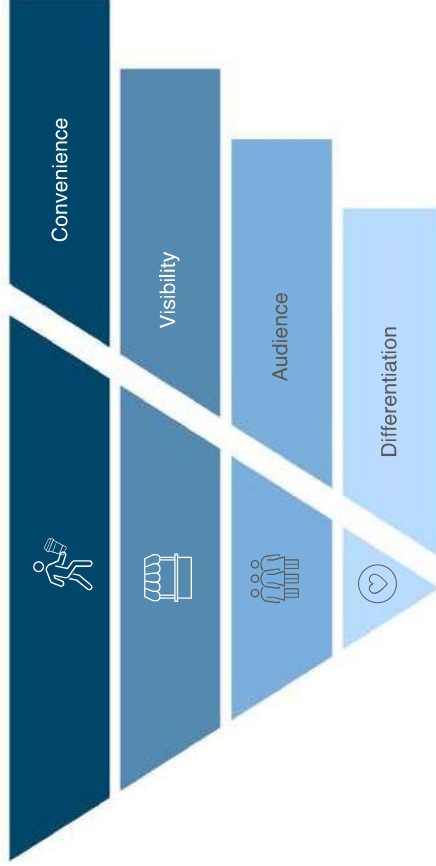
Recommendation	Rationale
<p>1 Potential. There is economically sustainable demand for a contemporary café⁶ in the Town Centre – reliant on environmental, spatial and social improvements in the area, response ability to future competition and the suitability of operator.</p>	<p>Wainuiomata Town Centre has no contemporary café offer yet serves a population of over 17,500 people, including many new residents eager for these experiences, locally.</p> <p>Wainuiomata has significant attrition in hospitality spend because it lacks the contemporary experiences available elsewhere across the Hutt Valley and wider region</p> <p>A well-run, community-aligned café in this location can differentiate and deliver the evolution necessary to successfully counter future competition</p>
<p>2 Competitiveness. The café will need to respond to the convenience needs of this market, including early opening, online ordering and be able to leverage nearby parking in order to win its share of existing spend and goodwill</p>	<p>Wainuiomata, by virtue of its location and geographic spread has a population that are highly mobile⁷ which is reflected in the format and success of current espresso operators.</p> <p>Ease of access and convenience are key factors in servicing this current market.</p>
<p>3 Locally Aligned. The café must be reflective of community values, culture and abilities.</p>	<p>Wainuiomata has a broad range of demographics that the café must consider in its offer and experience. This includes consideration around the counter food offer, affordability and other factors, to support inclusion and gain goodwill</p>
<p>4 Innovation and Differentiation. To gain market share and grow new audiences the café needs to excel in its core offer and develop speciality niches that people will seek out</p>	<p>Beyond winning its share of the existing spend the café will need to develop additional followings to grow the overall market and demand for cafe</p>
<p>5 Basic Café Offer Initially. It is unlikely the demand in the foreseeable future would sustain a more comprehensive menu offer that would include meals or extended hours</p>	<p>The business will need to establish trust and win the support of the community</p> <p>More comprehensive offers require additional skills and cost which are difficult to source⁸ and have demand for, currently.</p>
<p>6 Future Evolution. A successful formula that wins the support of this community can enable the format to adapt into a comprehensive food offer in the future, as market conditions improve and demand is established.</p>	

⁶ A contemporary café would be on par with the quality offers and experiences found in competing areas and include locally roasted coffee, an artisanal and provenance-led food offer, market-aligned menu and pricing, all-weather and trans-seasonal attraction and likely to be owner-operated in order to secure community goodwill and support.

⁷ Considering a population of 17,500 people, there are approximately 12,000 vehicle movements, in each direction, per day, across the Wainuiomata Hill Road – Hutt City Council Tenders 17.07.20

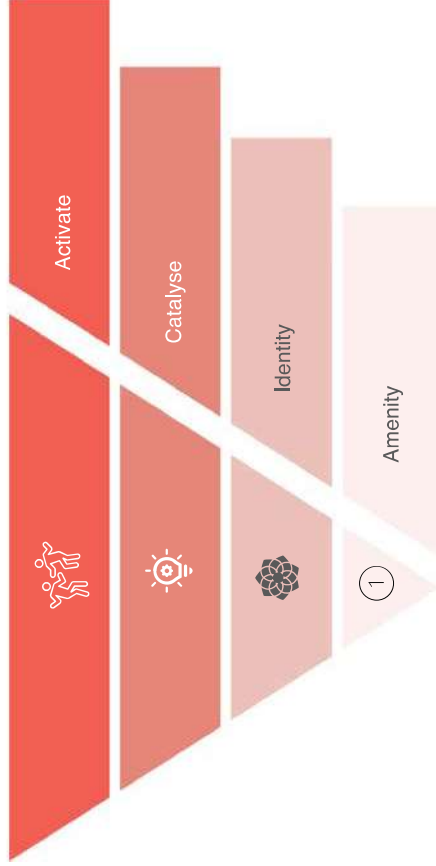
⁸ Current challenges finding qualified chefs and experienced hospitality staff to work in the industry

2.2 Success Matrix – Similar Format Cafes



Convenience	Ease of accessibility that prioritises one location over competitors Connection with, & proximity to, transport mode preferences specific to that area
Visibility	Top-of-mind positioning with consumers through proximity to thoroughfares Evident vibrancy through activity and environment that draws people to the cafe
Audience	A large passing or nearby working/resident audience creating demand Diversity of audience to maximise performance through seven-day trading
Differentiation	Personality and relationship that builds goodwill and preference Artisanal and speciality offers/experiences that create unique and resilient niches

2.3 Wainuiomata Town Centre Requirements













Activate	Enliven the Centre by creating a unique and experiential offer and destination Attract & retain people to create vibrancy – supporting economic & social goals
Catalyse	Set a standard that inspires neighbouring businesses and property owners Drive confidence from businesses to locate or remain and invest in the Centre
Identity	Signify a shift in area fortunes and future with an aspirational vibe and offer Broaden the audience to support resilience, successive appeal & relevance
Amenity	Build pride and preference for the Town Centre from existing & new residents Regular, habitual attraction – creating reliability in visitation, spend & potential

2.4 What Would Success Look Like?



Market Acceptance	Commercial Sustainability	Social Value
Talent and Capability. Flair and enthusiasm for the opportunities that lie ahead, coupled with a realism of leading change in a still-developing marketplace		
Product Quality. Consistent and reliable high-quality F&B offer on-par or exceeding that of contemporary Petone cafés.		
Customer Experience. Personable, engaging and anticipative. Residents are proud and supportive of their community asset.		
Community Engagement. Pro-active and participative involvement in local events, neighbouring Library activities and community initiatives. Locals want to support the enterprise.		
Champions. Support and initiate regular activities that re-energise the area – such as market days, food truck evenings and other events that attract people on a habitual basis		
Artisanal Influence. A differentiated offer and atmosphere that people respect, value and gravitate to, by preference		
Provenance. The use and celebration of locally sourced products – helping create awareness, priority and support for small and emerging food and beverage producers in the Hutt Valley		
Financially Resourced. Sufficient start-up and working capital		
Collaborative. Working in lockstep, together with other local businesses, to grow and share opportunities		
Local Values Led. Cultural understanding and response – ensuring the café represents the needs, values and aspirations of this diverse and evolving community.	Skill Development. Local employment and capability building	

2.5 Projected Profit and Loss – Basic Café Model

	Year 1		Year 2		Year 3		Assumptions
Sales							
Cost of Goods Sold	\$360,000.00	100%	\$432,000.00	100%	\$475,200.00	100%	 Basic café offer – Recommended model
	\$118,000.00	33%	\$142,560.00	33%	\$156,750.00	33%	
Gross Profit	\$242,000.00	67%	\$289,440.00	67%	\$318,450.00	67%	 Owner working in the café, 5 days minimum
Expenses							
Owners Salary	\$70,000.00	19%	\$90,000.00	21%	\$100,000.00	21%	 360 -day operation – closed main holidays
Staff Wages	\$96,720.00	27%	\$101,556.00	24%	\$106,633.00	22%	
Rent	\$30,000.00	8%	\$34,020.00	8%	\$37,422.00	8%	 Rental aligned with sales growth to support business sustainability
Utilities - Power/Internet	\$6,000.00	2%	\$6,300.00	1%	\$6,615.00	1%	
Marketing	\$3,500.00	1%	\$2,500.00	1%	\$2,500.00	1%	 Assumes hot and cold beverage offer, counter and cabinet food selection. Takeout, eat in and catering
Insurance	\$2,600.00	1%	\$2,730.00	1%	\$2,866.00	1%	
Eftpos Fees	\$3,780.00	1%	\$5,184.00	1%	\$5,702.00	1%	
Supplies (Cleaning, etc)	\$1,200.00	0%	\$1,200.00	0%	\$1,200.00	0%	
Accounting Fees	\$3,000.00	1%	\$1,200.00	0%	\$1,200.00	10%	 Assumes a business loan for setup costs, working capital and upfront rent at current ASB Business Banking rate of 8.87%
Legal Fees	\$2,000.00	1%	\$500.00	0%	\$500.00	0%	
Repairs & Maintenance	\$3,000.00	1%	\$3,500.00	1%	\$4,000.00	1%	
Licences - Food Reg	\$730.00	0%	\$325.00	0%	\$325.00	0%	 Assumes industry standard ratios
ACC Levy	\$1,351.00	0%	\$1,621.00	0%	\$1,621.00	0%	
Waste Removal	\$3,600.00	1%	\$3,600.00	1%	\$3,600.00	1%	 Assumes the format provisions for sole charge café/takeaway operation at times
Total Expenses	\$227,481.00	66%	\$254,236.00	59%	\$274,184.00	59%	
Operating Profit	\$14,519.00	4%	\$35,204.00	8%	\$44,266.00	9%	 Reflects establishment costs in year one
Interest ⁹	\$14,331.00	4%	\$14,331.00	3%	\$14,331.00	3%	 7am – 3pm weekdays 8am – 2pm weekends
Net Profit Before Tax	\$188.00	0%	\$20,873.00	5%	\$29,935.00	6%	

⁹ Based on borrowings for infrastructure fitout by the tenant. For a Operating Licence & Equipment Rental model, this amount could be considered as the equipment rental quotient

2.6 Base Build Costs¹⁰

Delivers design, site and foundation preparation, café building structures (containers) hardstanding and service areas, canopies, decking, power, water and waste connections

Option A – Layout provisions for future capability (wider Food & Beverage offer)		Option B – Layout provisions for more basic, café-only, offer	
Recommended Layout			
Site works	Site works	Site works	Site works
Assumes site preparation is addressed in main works	Assumes site preparation is addressed in main works	Assumes site preparation is addressed in main works	Assumes site preparation is addressed in main works
Platform	Platform	Platform	Platform
Decking, raised seats, steps, ramp, wall	Decking, raised seats, steps, ramp, wall	Decking, raised seats, steps, ramp, wall	Decking, raised seats, steps, ramp, wall
Services	Services	Services	Services
Waste, power, stormwater, water, connections	Waste, power, stormwater, water, connections	Waste, power, stormwater, water, connections	Waste, power, stormwater, water, connections
Structure	Structure	Structure	Structure
Ancillary slabs, screens, cladding, pedestal	Ancillary slabs, screens, cladding, pedestal	Ancillary slabs, screens, cladding, pedestal	Ancillary slabs, screens, cladding, pedestal
Containers	Containers	Containers	Containers
Two containers supplied and fitted by Boxman	Two containers supplied and fitted by Boxman	Two containers supplied and fitted by Boxman	Two containers supplied and fitted by Boxman
Canopy	Canopy	Canopy	Canopy
Structure, piles and beams. Unknown Geotech ¹¹	Structure, piles and beams. Unknown Geotech ¹¹	Structure, piles and beams. Unknown Geotech ¹²	Structure, piles and beams. Unknown Geotech ¹²
Professional Fees	Professional Fees	Professional Fees	Professional Fees
Architect ¹³	Architect ¹³	Architect	Architect
Total	\$968,849.00	Total	\$981,152.00

Notes

- To be read in conjunction with the full construction pricing schedules supplied by the Contractors – JFC and Boxman
- Pricing does not include air-conditioning or broadband connection
- PC sums are likely to be necessary

¹⁰ Prices supplied by John Fillmore Contractors (JFC) with provisos noted

¹¹ Unknown geo-technical requirements at this stage. An allowance for these professional services fees may need to be made

¹² Unknown geo-technical requirements at this stage. An allowance for these professional services fees may need to be made

¹³ Architect fees cost supplied by Hutt City Council

2.7 Setup Costs – Tenant-Funded Business & Infrastructure

Option A - Setup Costs – Kitchen– Full Preparation	Setup Costs – Café – Limited Cooking Capability	Setup Costs – Basic Café – Recommended Initial Model
Accountancy	Accountancy	Accountancy
\$3,000.00	\$3,000.00	\$3,000.00
Legal Costs	Legal Costs	Legal Costs
\$2,000.00	\$2,000.00	\$2,000.00
Upfront Rental	Upfront Rental	Upfront Rental
\$5,000.00	\$5,000.00	\$5,000.00
Consenting Costs (allowance)	Consenting Costs (allowance)	Consenting Costs (allowance)
\$3,500.00	\$3,500.00	\$3,500.00
Food Act Registration / Licences	Food Act Registration / Licences	Food Act Registration / Licences
\$750.00	\$750.00	\$750.00
Insurance – AMI Hospo Bundle	Insurance – AMI Hospo Bundle	Insurance – AMI Hospo Bundle
\$2,600.00	\$2,600.00	\$2,600.00
Graphic Design/Brand Identity	Graphic Design/Brand Identity	Graphic Design/Brand Identity
\$3,500.00	\$3,500.00	\$3,500.00
Café Design Process	Café Design Process	Café Design Process
\$5,700.00	\$5,700.00	\$5,700.00
Fitout – Counter, tables, seats, decor	Fitout – Counter, tables, seats, decor	Fitout – Counter, tables, seats, decor
\$55,000.00	\$45,000.00	\$45,000.00
POS / Eftpos	POS / Eftpos	POS / Eftpos
\$1,699.00	\$1,699.00	\$1,699.00
Sinks, basins, dishwasher, grease-trap	Sinks, basins, dishwasher, grease-trap	Sinks, basins, dishwasher, grease-trap
\$22,697.00	\$22,697.00	\$17,398.00
Coffee equipment and cabinet	Food Equip – Oven, coffee equipment, fridges, food cabinet	Food Equip – Oven, coffee equipment, fridges, food cabinet
\$16,867.00	\$42,923.00	\$42,923.00
Grill, fryer, extraction, fridges, mechanical	Food Equip – Grill, fryer, extraction, mech.	Smallwares – Cups, glass, plates, etc
\$64,544.00	\$41,429.00	\$3,500.00
Coolroom, freezer and shelving	Coolroom and shelving	Opening Stock
\$35,000.00	\$17,500.00	\$5,000.00
Stainless benching/linings, Installation	Stainless benching/linings, Installation	Working Capital
\$21,196.00	\$21,196.00	\$20,000.00
Smallwares – Cups, glass, plates, cutlery	Smallwares – Cups, glass, plates, cutlery	Start-up Capital
\$6,500.00	\$4,500.00	\$50,000.00
Opening Stock	Opening Stock	Total Setup Costs
\$10,000.00	\$8,000.00	\$211,570.00
Working Capital	Working Capital	Borrowings Required
\$30,000.00	\$25,000.00	\$161,570.00
Start-up Capital	Start-up Capital	
\$50,000.00	\$50,000.00	
Total Setup Costs	Total Setup Costs	
\$339,553.00	\$305,994.00	
Borrowings Required	Borrowings Required	
\$294,553.00	\$255,994.00	

2.8 Setup Costs – Landlord Funded Establishment

Setup Costs – Kitchen– Full Preparation	Setup Costs – Café – Cooking Capability	Setup Costs – Basic Café
Consenting Costs (allowance)	Consenting Costs (allowance)	Consenting Costs (allowance)
\$3,500.00	\$3,500.00	\$3,500.00
Café Design Process (allowance)	Café Design Process (allowance)	Café Design Process (allowance)
\$5,700.00	\$5,700.00	\$5,700.00
Fitout – Counter, tables, seats, decor	Fitout – Counter, tables, seats, decor	Fitout – Counter, tables, seats, decor
\$55,000.00	\$45,000.00	\$45,000.00
Sinks, basins, dishwasher, grease-trap	Sinks, basins, dishwasher, grease-trap	Sinks, basins, dishwasher, grease-trap
\$22,697.00	\$22,697.00	\$17,398.00
Food cabinet	Food Equip – Oven, coffee equipment, fridges, food cabinet	Food Equip – Oven, fridges, food cabinet
\$8,811.00	\$34,867.00	\$34,867.00
Grill, fryer, extraction, fridges, mechanical	Food Equip – Grill, fryer, extraction, mech.	Total Setup Costs
\$64,544.00	\$41,429.00	\$106,465.00
Stainless benching/linings, Installation	Stainless benching/linings, Installation	Base Build – Using Option A format
\$21,196.00	\$21,196.00	\$968,849.00
Coolroom, freezer and shelving	Coolroom and shelving	Setup and Base Build Total Costs
\$35,000.00	\$17,500.00	\$1,075,314.00
Total Setup Costs	Total Setup Costs	
\$216,448.00	\$191,889.00	
Base Build – Using Option A format	Base Build – Using Option A format	
\$968,849.00	\$968,849.00	
Setup and Base Build Total Costs	Setup and Base Build Total Costs	
\$1,185,297.00	\$1,160,738.00	

- Provisions for core fitout and café operating infrastructure an operator would complement with their own technology, décor items, cookware, smallware and other ready-to-trade items
- On this basis, core fitout and operating infrastructure remains the property of the landlord and is leased/rented by the operator, with the operator responsible for maintenance and upkeep.
- Removes the coffee equipment and some refrigeration cost which can be loaned by suppliers

3 Rental Models

Meeting the Market

When the market is buoyant, a location is already is successful and businesses can benefit from proven performance, tenants will pay a lease premium or key money to secure space.

Where the market is unproven, landlords will offer incentives to enter new leases. The usual models in New Zealand are either a cash lump sum, free fit-outs or rent holidays.

Incentives are common place amongst both private and public sector property transactions with the level of incentive relative to need and the value this business will bring to the area, capability of a qualified tenant to fund establishment, demand for the location and economic climate.

Rental Level

Currently there are no rental or incentive benchmarks for new retail space in Wainuiomata.

Recent leasing transactions do not provide a relativity, due to building condition and shorter tenures. Countdown’s decision to pause further development on their site is a further indicator that demand, and return may be difficult to achieve in the current and near-term economy.

Considering market conditions, transformative potential and the need for ongoing sustainability of the business, a leasing package that supports establishment then incremental increases – based on performance, is the optimal model to secure tenants of calibre.

Model	Developer Role	Tenant Role	Rental	Advantage	Achievability
Traditional Lease	Landlord pays for the base build and hands the finished shell over to tenant for fitout.	Tenant fits out the premises to an agreed standard at their cost.	Tenant pays an incrementally increasing rental to support establishment, sustainability and continued endurance	Reduces cost on the landlord Tenant commitment is high	Low, given market conditions, availability of credit, sector sentiment and likelihood of securing the optimal tenant
Shared Risk and Return	Landlord pays for the base build and hands the finished shell over to tenant for fitout	Tenant fits the premises to an agreed standard at their cost. The landlord may make some contribution	Tenant pays a percentage of sales at around 10% ¹⁴ with an agreed minimum value	Enduring incentive from both sides to ensure success of the venture	Potential. Tenants would still need to fund all or some fitout which may be difficult to achieve
Operating Licence/ Equipment Rental	Landlord pays for the base build and building fitout including major items of café infrastructure ¹⁵ handing the turn-key unit over to the tenant	Tenant pays for food preparation equipment, technology, some furniture, décor, smallware & stock. Likely partnership with supplier for coffee equipment & some fridges	Tenant pays an incrementally increasing rental rate, lifting as the business builds. Tenant pays an agreed monthly cost to use café infrastructure – that has been funded by HCC Performance is monitored & can be pro-actively managed	Landlord secures able & talented but likely lesser resourced tenant Goodwill from both parties Improved sustainability potential Ability to co-create look & feel	Higher, as this model can provide opportunity for hospitality professionals with ability, to develop the opportunity without the challenges of achieving funding or risk of guarantees.

¹⁴ Benchmarking for economic rent to turnover ratios – café operations

¹⁵ Would include mechanical, benching, cabinets, warming ovens, counters, some furniture

3.1 Recommendations

Recommendation	Rationale
1 Preparedness. A shared understanding that financial contribution and rental-package consideration above the cost of delivering the base-build is likely in order to attract, secure and retain necessary talent and capability of this opportunity.	Competition for talent and capability – necessary for this opportunity, is high There is certainty of future competition by way of new developments
2 Sustainability. It is important the tenant can recognise potential for, and be able to achieve profitability, through a package that aligns rental with performance and their contribution in transformation with support in establishment.	Comparative amenity/experience/transformation in Civic spaces ¹⁶ face similar requirements
3 Partnership. The opportunity needs to be presented as a partnership – demonstrating Council and the community’s commitment to success of the venture. Contribution to the fitout and rental relative to performance is likely to be necessary.	Greenfield opportunity that is unproven. The tenant will need to deliver change for the area Comparative amenity/experience/transformation in Civic spaces face similar requirements
4 Agility. The timeframe in which this project is delivering coincides with significant societal and economic upheaval influenced by the COVID pandemic. Decisionmakers’ need to be prepared for adaptation in financial models and support that may be necessary in response to future opportunities or challenges.	The current and near-term position is unprecedented and unknown factors may lie ahead The market will continue to change in response to economic and social challenges & opportunities Potential operators could also consider competing sites. This location will need to deliver compelling advantage in order to gain priority
5 Hybrid Potential. It may be necessary to consider a combination of rental and incentive solutions to achieve a mutually acceptable solution between the landlord and tenant,	
6 Monitoring. Defined performance standards and monitoring is important to ensure the operator maintains necessary alignment with objectives of the regeneration, relationships with the community	Performance & relationship management has worked successfully in other Hutt City projects ¹⁷

¹⁶ Projects currently underway in Porirua (securing a new hospitality operator for Te Rauaparaha Arena) and in Kāpiti, developing commercial partnerships with the new Gateway Centre (Te Urihi), are all requiring adaptive commercial terms with operating partners.

¹⁷ A performance and relationship management package was a key part of the successful Belbird Café lease (Dowse Art Museum)

4.1 Leasing Incentives

An increasing vacancy of retail space coupled with the economic and social value that quality hospitality venues bring has intensified competition for innovative and capable tenants.

At the same time, rising costs, reducing margins and the challenges of attracting staff have impacted the hospitality sector, limiting expansion and seeing some popular operators close.

Lower Demand and Heightened Supply

Common to recent hospitality leasing transactions, is the awareness and demand from tenants for financial incentives . This is especially relevant where cafes are leveraged to strengthen amenity, relevance and visitation and as an anchor, or catalyst for area improvement.

Quality operators have a choice of spaces, some of which are fully incentivised, over a long term, so that the venues will deliver wider benefit to neighbouring traders, attract other like-minded businesses and help areas stand out from competing offers and destinations.

The availability of vacant hospitality space has never been greater, due to the economic climate and shifts in traditional audience patterns, that have compromised sustainability in some sites. This glut of tenancies – some fully equipped and ready for occupancy, is expected to continue beyond the country emerging from COVID-influenced impacts.

4.1.1 Recommendations

Financial Risk

A combination of risk factors have created material uncertainty for the hospitality sector. Notwithstanding the current, COVID-influenced economy affecting spending, supply chains and workforce, there has been growing caution from hospitality entrepreneurs around new ventures. Businesses have instead been focusing on the resilience of existing operations.

As a trend, younger businesspeople and emerging artisans are less inclined toward major investments or longer-term commitments – instead preferring the agility of smaller, low-cost venues, pop-up formats and digital marketing to drive sales and visitation.

Limited availability of credit and reduced appetite for risk are further factors the current thinking of both new and existing hospitality operators¹⁸.

Strategic Incentives

To be in the consideration set for individuals most suitable for these opportunities, property owners have to incentivise tenants. This includes establishment through funding fitout, through to aligning occupancy costs with turnover to support commercial sustainability.

Recommendation	Rationale
1 Flexibility and meeting the market will be necessary in arriving at a rental formula that is sustainable for the business and responsible for funders.	Attracting interest, engagement and commitment from suitable operators
2 In the current and near-term, a turn-key model (hard and soft- fit), may be necessary to attract, sustain and retain a suitable tenant in this location	Delivering economic sustainability during establishment and growth Future competition from release of the Countdown sites Demonstrating the partnership approach this opportunity and community requires
3 Innovation will need to be considered around rental levels with a percentage of sales or progressive built-in increases	
4 Early engagement with a preferred operator will enable Council to co-design the interior and exterior spaces to align with best practice	Experience-led knowledge can guide early planning – removing need for later re-work
5 Lease covenants (including operational, offer and experience standards), ongoing collaboration and monitoring should be mutually agreed and part of the lease agreement	Protect Councils investment and project integrity Ensures both parties have ongoing commitment to the success of the project This model has been intrinsic to success in another Hutt City Council café lease ¹⁹

¹⁸ As part of this research, First Retail Group contacted a diverse range of hospitality businesses, suppliers, property owners, leasing agents and industry groups across the Wellington region to understand the hospitality sector's sentiment, plans and appetite for growth and risk 18.21/02/22

¹⁹ The Dowse Art Museum café lease includes independently monitored performance standards and monitoring which has ensured ongoing success of the operation and customer experience

5 Tenant Attraction

EOI Process - Key Principles



Capture the attention and interest of artisans, contemporary café operators and others with the culture and capability for this opportunity



Closely define shared vision, needs and objectives of the proposed café's offer and experience to guide aspirants



Encourage exploration and conversations between prospective operators, Council and community leaders to determine & secure the best outcome

Channel Strategies

Digital Digital visibility and dedicated website content
Social media channels, content and visibility

Direct Suppliers – as a conduit to emerging talent
Contemporary cafes – considering growth

Community Hutt News – advertising and press release
Open days on the site to share the opportunity

Key Themes

Vision. Community aspirations for the upgraded environment, offer and experience
Cultural Alignment. Cues to help prospective operators interpret local values and needs
Artisanal Focus. Signal opportunities for talent and innovation to flourish in the Town Centre

Components

Visual Collateral

Architectural concept renders of the finished café in use
Seating schematics and layout for capacity
Operational layouts and services plan
Area improvements underway – Town Centre upgrade
Location map showing connectivity for all transport modes

Qualitative Guidance

Vision for the café's offer and experience
Advocacy from local businesses
Advocacy from community leaders
Vision from Council leader
Design and delivery guidelines
Project timelines
Q&A addressing likely questions

Quantitative Data

Audience demographics
Area visitation
Consumer sentiment surveys
Future trends

5.1.1 Recommendations

- EOI Management. Commission independent expertise to develop market-facing information and manage outreach, response and due diligence process.
- Leverage insight and data from the Wainuiomata Town Centre Retail Strategy to inform and build qualitative and quantitative information and decision collateral
- Share the opportunity widely and innovatively to reach and inspire businesses and individuals most suitable for this opportunity

6 Format Considerations

Container Cafes

Re-purposed, custom configured containers have become a popular format for hospitality and retail uses across the globe.

In New Zealand, the concept gained momentum through the Re-Start Mall – a commercial accommodation and inner-city activation response to impacts of the Christchurch earthquakes. Since then, concept has developed and refined but with particular focus on ‘serve-out’ formats.

Across the Hutt City Council area, there are at least five container cafes successfully in operation. Most are configured in a ‘serve-out’ format, where customers transact outside the structure, or in a small alcove within the structure.

Functionality

Typically, containers provide an ideal solution for the needs of takeaway operators where the full width and depth can be dedicated to preparatory and operational needs including counter, coffee machines, food displays, refrigeration and heating, storage and limited food production facilities.

The format can become more challenging when used for dining as the narrower space and seating layouts can cause logistical constraints. Ideally the container model suits café style businesses with grab and go convenience, counter-food type offers and short stay ‘perch and snack’ visits.

Evolution

Container-based hospitality formats are unique and engaging – creating fresh and experiential concepts that enliven areas, deliver amenity and re-engage residents with commercial centres. As consumer expectations evolve, and competition emerges, so does the need to continue adapting the spaces and environments to remain contemporary and relevant. The evolution of container cafes across the wider region reflects this as operators respond to weather, operational and customer experience learnings.

This adaptation²⁰ includes greater depth, covered awnings, wind protection and in some cases, changes in location.

Reflecting learnings from other container-based cafes, the need to provision for as much operational space as possible, is important from the outset.

Enabling Convenience

Unlike Petone or Lower Hutt, Wainuiomata Town Centre does not have a large or concentrated working population in the immediate vicinity.

Most visitors to this area arrive by private vehicle either as part of a local trip or as part of commuting in or out of the suburb. Many are tradespeople, who are vehicle-based.

Competing espresso operators; Coffee on the Strand, McCafé and Wild Bean see the majority of their customers arrive by vehicle, with convenience being a key factor in consumers’ destination decisions.

To be competitive in terms of convenience, the design and orientation of the building would need to ensure customers can access the site easily and enjoy a frictionless experience.

The availability of parking and the consideration of shelter during transition between this area and the café will be further factors in potential customers’ destination decisions.

Trans-Seasonal Appeal and Use

A key learning from other compact cafes²¹ in public-realm areas is around weather protection to maintain appeal, goodwill and spending.

In sites that don’t have adequate space to shelter comfortably from rain or wind, trade can be impacted by up to 50% on inclement days.

Cultural Considerations

While the siting of public toilets within the café complex is a practical solution, this can be seen as negatively by some cultures²². It will be important to ensure the final configuration does not exclude any part of the community through their beliefs.

Benchmark Potential

Without comparative artisan sit-down cafes, yet the proposed format has potential to establish an early benchmark for environment and experience. As newer venues develop, benefiting from purpose-built scale, accessibility

Given the still-developing Wainuiomata market, the proposed café would need to deliver equally in both convenience and experience, in order to support long term sustainability and benefit to the area.

²⁰ Get Fixed Bicycle Café in Porirua has continued to adapt the layout of their containers as the business has evolved beyond its original café format

²¹ Feedback from the owners of Little Goat in Porirua City Centre

²² Porirua City Council’s development of the Kiosk café in Cobham Court has faced challenges in perception from some cultures unhappy at the connection/proximity of the public toilets to the food preparation and service areas.

6.1 Comparative Formats – Wellington Region

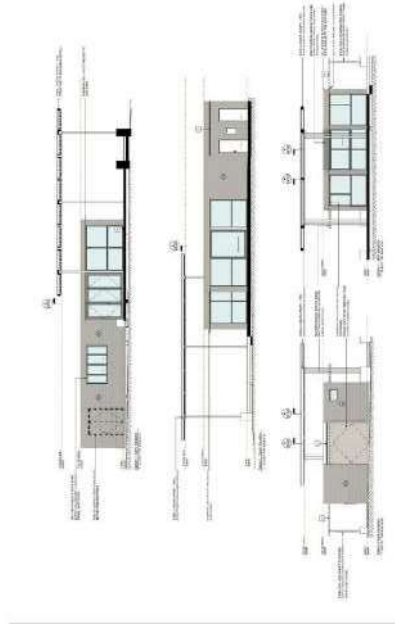
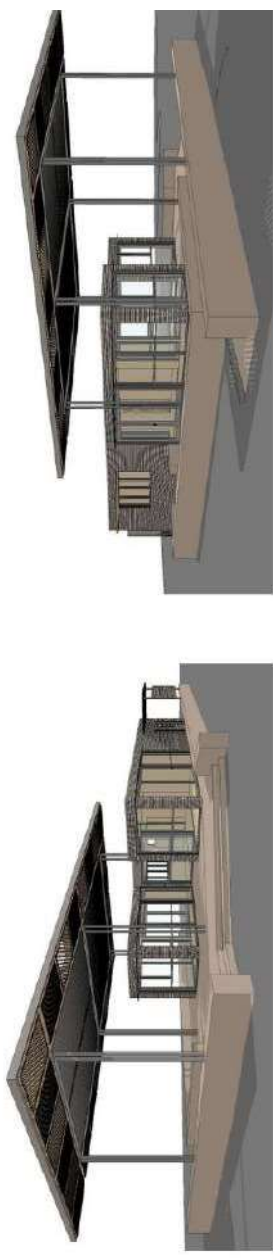
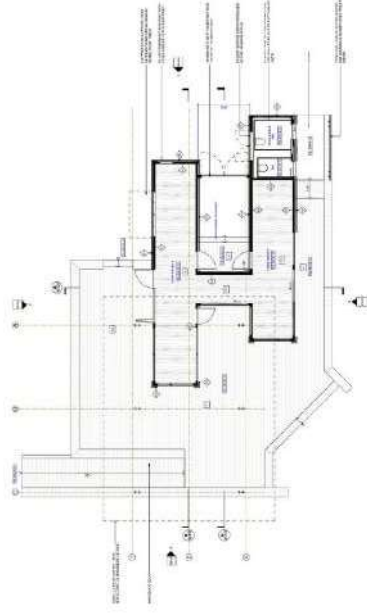
Container Cafe	Success Factors	Commentary
 <p data-bbox="327 1568 391 1792">Get Fixed Bicycle Café Harbourside, Porirua</p>	<p data-bbox="295 862 406 1523">Convenience. Ample free parking adjacent in the Harbourside Centre Speciality. Has leveraged visitation & goodwill from their bike repair and rental business Weekend Trade. Benefits from recreational visitors to harbour cycle trail and nearby gym</p>	<p data-bbox="295 1344 406 1915">Owners have a strong community following Developing food offer & is licenced Local artisan and sustainable product sales</p>
 <p data-bbox="486 1568 550 1792">Berlina Café Hutt Road, Petone</p>	<p data-bbox="454 862 566 1523">Convenience. Drive-in parking alongside in the car dealership's forecourt Connectedness. Alongside the busy Hutt Road and amongst the Petone commercial area Differentiation. Has developed a specific following of car enthusiast customers</p>	<p data-bbox="454 1344 566 1915">O'Reilly's Garage own & operate the café Attracts and supports goodwill for the Garage</p>
 <p data-bbox="646 1568 710 1792">Stories Coffee Cuba Street Wellington</p>	<p data-bbox="614 862 726 1523">Altruistic Backing. Supported financially by People's Coffee and Wellington City Council Social Licence. Primarily developed to train young people in hospitality Synergies. Situated alongside Weltec/Whiteria's hospitality campus</p>	<p data-bbox="614 1344 726 1915">Serves to activate and differentiate the area No occupancy cost</p>
 <p data-bbox="805 1568 869 1792">Coffee Box Moera</p>	<p data-bbox="774 862 885 1523">Connectedness. On arterial route between the CBD, Seaview, Eastbourne & Wainuiomata Convenience. Angled parking directly outside Location Synergies. Alongside busy recreational destination – Golf range & Hutt Park</p>	<p data-bbox="774 1344 885 1915">Primarily takeaway - 'on-the-go' customers Simple offer focusing on convenience Lower Hutt site doubled in size in 2021 Created strong amenity value in both sites</p>
 <p data-bbox="965 1568 1029 1792">Coffee Box Lower Hutt</p>	<p data-bbox="933 862 1045 1523">Audience. Large working population and gym nearby Convenience. Street-side parking adjacent Connectedness. High Street Lower Hutt is a busy arterial route</p>	<p data-bbox="933 1344 1045 1915">Artisan food emphasis Wholefood and plant-based menu Strong connection with local community</p>
 <p data-bbox="1125 1568 1189 1792">Little Olive Café Paremata Foreshore</p>	<p data-bbox="1093 862 1204 1523">Connectedness. On the main arterial route – benefitting from morning commuters Convenient. Easy parking immediately outside the café Weekend Trade. Benefits from recreational and leisure visitors to Paremata beach</p>	<p data-bbox="1093 1344 1204 1915">Well established – evolved from a trailer Minimal occupancy cost</p>
 <p data-bbox="1284 1568 1348 1792">Flying Bean Café Petone Foreshore</p>	<p data-bbox="1252 862 1364 1523">Connectedness. On the main arterial route – benefitting from morning commuters Convenient. Easy parking immediately outside the café Weekend Trade. Benefits from recreational and leisure visitors to Petone beach</p>	<p data-bbox="1252 1344 1364 1915">Well established – evolved from a trailer Minimal occupancy cost</p>

6.2 Option A – Kitchen Facilities – Limited & Full Cooking



Benefits	Possibilities	Considerations
<p>Provides adaptability for current and future hospitality uses</p> <p>Greater internal seating capacity supporting trans-seasonal use</p> <p>Provides resilience ahead of increased future competition</p> <p>Supports 'hub and spoke' economics & operational efficiencies</p> <p>Activates the area over a longer period than a coffee use alone</p>	<p>Could provide for shared occupancy (separate day/night use)</p> <p>Catering synergies with library and community activities</p> <p>Delivering social/ educational role (healthy living cookery classes)</p> <p>Could provide other training (Weltec or community groups)</p>	<p>Kitchen operational costs could compromise sustainability</p> <p>Provisioning initially for scale provides future flexibility</p>

6.3 Option B – Café Only



Benefits

- Lower costs of establishment
- More affordable rental and occupancy cost
- More economic operation and lower break-evens could attract a broader range of prospective operators

Possibilities

- Could provide for shared occupancy (separate day/night use)
- Catering synergies with library and community activities

Considerations

- Other cafes will establish in new developments, that have a comprehensive kitchen – creating stronger destination value
- This format will limit future options

6.3.1 Alignments

Attribute	Option A – Full Kitchen	Option B – Café Only	Commentary
Convenience	✓✓	✓✓	Both configurations deliver the same levels of convenience. Convenience relates to accessibility and comfort that will help prioritise this café over competing choices..
Visibility	✓✓	✓✓	The layout and orientation is the same for both formats.
Audience	✓✓	✓✓	A full menu offer would attract a broader and more diverse audience.
Activate	✓✓	✓✓	A full kitchen provides opportunity to open all day and into the evening – activating the area over a longer period. A café only operation is at its busiest during the morning, with less demand and commercial sustainability after 3pm.
Catalyse	✓✓	✓✓	Both formats provide good opportunity to catalyse change by creating a contemporary offer and experience that connects engages both existing and future residents with the Town Centre and providing a destination of choice and pride. In the longer term, the ability to open for longer hours and provide a more comprehensive offer, would help catalyse wider change
Identity	✓✓	✓✓	Both models provide opportunity for operators to deliver unique identity and necessary differentiation in offer and experience
Differentiate	✓✓	✓✓	

6.4 Recommendations

Recommendation	Rationale
1 Built-in Flexibility. Provision from the outset, for Option A, which creates more operational space and future scalability	While the most likely initial use will be for the café only, this format enables future flexibility
2 Convenience. Ensure the café is configured to support as much convenience for ‘on-the-go’ users as possible	Convenience is a key factor in the success of competing cafes and similar formats, elsewhere in Wainuiomata
3 Visibility. It will be important to ensure the café is visible and recognisably open, from nearby destinations and routes	The café needs to attract an audience wider than just those visiting the Town Centre. This includes commuters, library users, recreational visitors from outside the area and others who don’t usually connect with the Queen Street area

6.4.1 Primary Competitors

Operator



Future Competitor - Required Response

Operator	Advantage	Future Competitor - Required Response
Wild Bean Café - BP	<p>High volume café</p> <p>Long opening hours</p> <p>On main arterial route</p> <p>Tech enabled – online ordering</p> <p>Comprehensive</p>	<p>Align opening hours with demand.</p> <p>Consider a takeout window for sole-charge operation with longer operating hours</p> <p>Implement intuitive online and text ordering for busy and mobile customers</p> <p>Make it easy for customers to reach and interact with the café through all transport modes.</p> <p>Lighting for awareness, safety and vibrancy</p> <p>Local people, culture and themes that resonate closely with this community</p> <p>Feedback-led. – encouraging the community to shape the café’ offer and experience</p> <p>Strong social media visibility and presence</p> <p>Support community initiatives and vision</p> <p>Create differentiation that will widen the café’s immediate following & audience</p> <p>Weather protection to ensure the venue is relevant and comfortable in all seasons</p> <p>Locally representative coffee and food products supporting provenance</p> <p>Overarching goal to deliver the best coffee experience in Wainuiomata</p> <p>Target and ‘own’ niches to develop dedicated, reliable audiences</p> <p>Anticipate and be responsive to trends</p> <p>Create experiences and opportunities for interaction that builds lasting relationships</p>
McCafé - McDonalds	<p>Drive-through convenience</p> <p>Moderate volume café</p> <p>Opens long hours</p> <p>Food offer</p>	<p>Enable convenience</p> <p>Support accessibility</p> <p>Create habitual visitation</p> <p>Visibility and attraction</p> <p>Build goodwill</p> <p>Community connection</p> <p>Create pride and preference</p>
Coffee on the Strand	<p>Local artisan coffee (Ripe)</p> <p>Early mover advantage. Strong support from the community.</p> <p>Opens 6.30am -commuters & trades. Easy access for vehicle-based customers which are a majority for this business</p> <p>Benefits from adjacency to two highly trafficked businesses; Hammer Hardware and Wainuiomata Pharmacy/Lotto</p>	<p>Reduce barriers</p> <p>Champion local producers</p> <p>Be sought-after, talked-about and coveted</p> <p>Innovate</p>



6.5 Upcoming Retail Developments

6.5.1 Matai Park



Location	Considerations	Commentary
<p>The Strand</p> <p>11 Commercial units situated along the street frontage of the Matai Park Development</p>	<p>63 dwellings in this development creates basic demand for small scale F&B, it itself</p> <p>Scale of tenancies are likely to attract new to the area, health and wellness, beauty and F&B operators</p> <p>Ownership potential of the units will appeal to entrepreneurial operators</p> <p>Ample and convenient parking adjacent to the units with additional capacity, nearby</p>	<p>Eleven commercial units are proposed,</p> <p>This development, along with Countdown's current and planned additional retail units have potential to shift the Town Centre away from Queen Street</p>

6.5.2 Countdown Development



Location	Considerations	Commentary
<p>The Strand</p> <p>3 standalone complexes with flexible capacity for retail, hospitality, services & healthcare uses</p>	<p>Likely located amongst complementary, contemporary service and hospitality businesses.</p> <p>Potential for scale, weather protection, longer trading should an all day and evening offer be delivered.</p> <p>Safety and security benefiting from high degrees of capable guardianship, given its large audience.</p> <p>Closer and more convenient to major employers than the Queen Street area.</p> <p>Convenience through parking and accessibility from surrounding streets.</p>	<p>While the project is currently on hold, the shell is already in place for the largest standalone building, creating immediate opportunity to lease and fitout if an opportunity arose.</p> <p>Will likely attract a large hospitality operator as Wainuiomata could sustain a modern, family-orientated dining and bar experience</p> <p>Will likely attract other F&B operators – such as Subway – creating a ‘hub’ of popular and contemporary offers</p>

7 Capital Costs



Café with full kitchen facilities	Café with limited cooking capability	Café style offering
Base build Option A ²³	Base build Option A	Base Build Option B
\$968,849.00	\$968,849.00	\$968,849.00
Café fitout ²⁴ – Not including furniture, technology, cookware or smallware ²⁵		
Design, Cooking, Base items – Full preparation, Installation	Complete Complex – Design, Cooking, Base items – Full preparation, Installation	Complete Complex – Café Fitout: Design, Reheating, Base items – Light use, Stainless steel units, Installation
\$216,448.00	\$191,889.00	\$106,465.00
Total \$1,185,297.00	Total \$1,160,738.00	Total \$1,087,617.00
Optimal Solution. Hybrid solution - Base Build with future capacity. Initial Café style offering		
Base-build configuration with future potential for a more extensive food production and offer, later		
Base Build Option A	\$968,849.00	
Complete Complex – Café Fitout: Design, Reheating, Base items – Light use, Stainless steel units, Installation	\$106,465.00	
Total	\$1,075,314.00	

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²³ Container supply and modification by Boxman
²⁴ Café fit out – design and supply by Southern Hospitality
²⁵ Anticipate the tenant would fund and supply furniture and operational items. Some exterior furniture should be considered as part of the public realm improvements

9 Attracting Broader Retail and Hospitality Investment

Retail Strategy

While this work focuses on catalyst moves in the Queen Street redevelopment, the Wainuiomata Town Centre encompasses the broader commercial area including The Strand and new Countdown development.

Currently, Wainuiomata lacks the external visibility of opportunity that supports businesses' decision to establish and invest. Within the Queen Street precinct, it has few local commercial property champions that are dedicated to regeneration of the area through investments in their buildings.

Attracting and retaining retail and hospitality investment to the Town Centre requires strategy that provides businesses and their funders, with confidence in potential, an understanding of audience trends and performance and the identification and management of risk.

Brand, Signage, Wayfinding and Lighting

Wainuiomata lacks a brand identity for its Town Centre. This is an important part of defining character, demonstrating change and building pride in the area.

A Town Centre brand can be used by businesses to leverage positive local sentiment and demonstrate unity. This is particularly important as the area develops in separate clusters including Queen Street, the new Countdown developments (4 separate buildings) and other retail units facing onto The Strand.

Leveraging a new brand, Wainuiomata Town Centre could benefit from notional and physical 'gateways' that signify arrival, define and bring 'theatre' to the area.

Facade programmes could incentivise businesses and property owners to refresh their frontages and signage, while lighting effects could enliven the area after dark – supporting interest and attraction.

Farmers Market

As Wainuiomata welcomes a younger and more diverse audience, it is important that the Town Centre continues to evolve to deliver interest and relevance for these potential customers – anxious to be a part of the community and be proud of the area.

Farmer's markets draw shoppers on a regular and habitual basis, creating renewed relevance for Town Centres, and opportunities for neighbouring businesses to leverage these customers. They also provide a high degree of societal benefit, providing connection, collegiality and affordability to people from all demographics.

Wainuiomata Town Centre provides an ideal environment for market activity with verandas that support all weather visitation and a complementary food offer from surrounding businesses

The Town Centre should collaborate with Community Leaders to prioritise establishment of a weekly Farmer's market in Queen Street. This could be an afternoon and evening format on Thursday²⁶, which would help differentiate from the popular Saturday morning Riverside Market, that already attracts people from across the Hutt district and beyond.

Safety and Security

Wainuiomata has a difficult history with anti-social behaviour and crime in the Town Centre. There are still frequent incidents in the area about to undergo redevelopment, with well-recognised issues around juveniles causing problems in the public space, with visitors to the area and neighbouring businesses.

The Police and Hutt City Council's Safety team are managing this. All focus needs to be around supporting change in order to regain community and business confidence in the area.

Space – Availability and Suitability

Contemporary retailers, hospitality operators, health, wellness and beauty businesses have specific requirements for tenancies that are seismically compliant, are operationally and environmentally efficient and amongst complementary offers and experiences.

Property owners in Queen Street should be encouraged to improve their buildings to enable existing tenants to improve performance and attract new and innovative businesses, to the area. Otherwise, current and future businesses will look to take space in the new developments, which will further impact appeal and relevance of this precinct.

Consideration should be given to transforming empty space into incubator units where artisans and emerging businesses could 'pop-up', test and adapt concepts – and create necessary succession for Wainuiomata Town Centre. Enlivening these inactive spaces with fresh concepts is especially important in attracting the suburb's younger residents and visitors.

Improved Public Transport

Wainuiomata Town Centre serves a broad geographic area, that is only adequately served with bus services and lesser so by taxis and rideshare. To support a flourishing hospitality offer, customers must be able to have reliable, alternative transport options.

Encouraging innovative and affordable public transport solutions is necessary for improving consumers' confidence in Wainuiomata as a regular, favoured destination to eat and drink

²⁶ Rotorua's weekly Thursday night market is a successful formula that has delivered strong social and economic value

9.1 Recommendations

Recommendation	Rationale
1 Retail Strategy. Commission a dedicated retail strategy to guide development, offer and experience..	Support private sector investment, unify stakeholders and inform future moves
2 Brand. Collaboratively with the community, develop a Town Centre brand to be used throughout the area through gateway & wayfinding signage.	Identity creates pride and goodwill
3 Area Uplift. Consider façade programmes and collaborations with paint and signage suppliers to incentivise businesses and property owners to refresh building frontages.	'Gateway' facades at either end of Queen Street require improvement and belie the more interesting and diverse offer that exists there Improvements will support wider regeneration and confidence by landlords and tenants
4 Farmers Market. Collaborate with community and business leaders to champion for a weekday/weeknight Market in Queen Street	Stimulating visitation, relevance and goodwill for the area.
5 Safety and Security. Focus efforts on reducing crime and anti-social behaviour in the Town Centre.	Restore confidence in the Town Centre for residents and businesses Create media and community opportunities to talk positively about change in the area
6 Space. Work with the owners of empty or under-utilised stores to refresh the spaces and frontages	Create opportunities for pop-up retail concepts to establish Use popup concepts to attract new businesses and audiences to the Town Centre Enable businesses to test performance and establish permanent representation Encourage complementary offers and experiences to establish – supporting neighbouring businesses
7 Connectivity. Work with Greater Wellington Regional Council to improve connectivity with the Town Centre with initiatives such as the on-demand bus, currently being trialled in Tawa	The Town Centre could become a stronger transport hub through innovative solutions – creating enhanced relevance, improving connection and supporting increased visitation

9.1.1 Forward Requirements - Timetable

Priority	Initiative	April	May	June	July	August	September	October	November	December
1	Town Centre Upgrade - Impact mitigation/Business continuity/Commercial resilience									
	Advisory	Immediate								
2	Wainuiomata Town Centre Retail Strategy									
	Discovery									
	Co-Design									
	Strategy Development									
	Enablement									
3	Café Operator - Search, select and collaborative curation programme.									
	Proposition development.									
	Market awareness, Targeted acquisition									
	Partnership development									
	On-Boarding									

9.1.2 Forward Requirements – Budget

Initiative	Budget Range
Town Centre Upgrade - Impact mitigation/Business continuity/Commercial resilience	NZD3-4K – Advisory NZD5-6K – Visual Collateral NZD 15-18k Implementation
Wainuiomata Town Centre Retail Strategy	NZD46 – 49K – Discovery, Co-Design, Strategy development, Implementation support
Café Operator - Search, select and collaborative curation programme.	NZD30 – 34K – Advisory, Proposition development, Awareness & targeted acquisition, On-Boarding

