

The new Christchurch City Centre

Recommendations for the retail core

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Introduction

This report is titled *The New Christchurch City Centre* for a reason. The report is focused on the retail core which will be at the heart of the rebuilt Christchurch City Centre, and presents recommendations as to the critical factors that will help to deliver a vibrant and successful retail core.

The title of the report highlights the fact that what is to be built in Christchurch is a **new** city centre. Particularly with regard to the new retail core, that means that the lessons of the past need to be learnt, but the future will be about taking the opportunities that are now afforded, and leaving the past behind. The past should not cloud or impede the path to the future.

From a retailing perspective especially, what is now required is envisioning a very different city centre for Christchurch, as compared with that which existed pre-earthquake. A new retail core that is compact, vibrant, exciting, authentic, individual, physically appealing, easy to access and to navigate. A retail core that is also different to the popular and successful suburban malls in Christchurch, largely because it does not seek to copy those malls.

The new retail core should, however, seek to emulate the success of the malls by using, to its advantage, the features and aspects of the suburban malls which can help to improve it as a city centre. Among those features are strong and cohesive tenancy mix (though different to that which is available at the malls); co-ordinated management, marketing and promotion; safety; easy accessibility; and customer comfort. The ways in which the new city centre will deliver on those aspects will also be quite different to the manner in which those attributes are delivered by the various suburban malls.

This report has been prepared following extensive consultations with a wide range of stakeholders in the new Christchurch City Centre. The list of stakeholders consulted includes landowners, developers, retailers, the Central City Business Association, leasing agents, architects, CERA and Christchurch City Council. The consultations have been invaluable, and have provided essential inputs into the formulation of the recommendations presented.

This report is the second phase of a research program which MacroPlan Dimasi has been engaged to deliver for the Christchurch Central Development Unit (CCDU). The first phase was a preliminary assessment of scope and potential for the Christchurch Central City retail core, which was completed in February 2013. That report examined the scope for a central city retail core in Christchurch by considering the basic factors which will determine the eventual success of such a retail core, including:

- The regional context of Christchurch
- Potential customer segments
- The competitive context of a central city retail core within Christchurch

In addition, comparisons were drawn with a similar sized city in Australia, namely Canberra, and a preliminary assessment of the broad scale of retail offer which could be supported within Central Christchurch was presented.

Finally, the February 2013 report also addressed the enabling factors which will be critical to the successful delivery of a central retail core in Christchurch, as well as the potential constraints.

As discussed throughout this report, the timing for the creation of a new Christchurch City Centre is opportune. The confluence of a number of economic, social and cultural trends over the past few years, and continuing for the foreseeable future, serves to create an environment which is welcoming of the initiatives that will prove critical to delivering a successful new city centre. The relevant factors include social and consumer changes, in large part fuelled by rapid technological developments, and the increasing globalisation of retailing, by virtue of both the spread of online retailing and the increasing spread of iconic global retailers through bricks and mortar presence in new countries. Australia is a good example of the emergence of these various trends, and while they have not as yet had the same impact on New Zealand's retail environment, it is highly likely that in the foreseeable future they will do so.

The combined impacts of these various changes have created significant challenges for established bricks and mortar retailing. At the same time though they have created a climate where new retail ideas, and retail forms (i.e. different to the suburban mall which has dominated retail trends in both Australia and New Zealand for most of the past 30 years) are able to flourish. Those new elements, which are explored in this report, are features which the new Christchurch City Centre can provide, while the suburban malls will increasingly need to adapt in order to maintain their historically strong market position.

The report is set out as follows:

- **Section 1** presents a case study of a highly successful city centre – Melbourne. At first blush, one might ask what is the relevance of Melbourne to the Christchurch situation, given that in population terms metropolitan Melbourne is approximately ten times the size of Christchurch? The reasons for including the Melbourne case study, and the lessons and learnings from it, are set out in Section 1 of the report.
- **Section 2** presents a brief discussion of the retail and consumer trends which are considered to be important for the future delivery and success of the Central Christchurch retail core.
- **Section 3** sets out the recommended vision for the new Central Christchurch retail core. The ingredients that will be required in order to provide the vibrant retail core that Christchurch deserves are also addressed.
- **Section 4** discusses the relevance and importance of the enabling and supporting factors that will help to deliver a successful retail core for Central Christchurch, in particular the anchor projects, the central city workforce, the central and inner city residential population, and visitation to Christchurch.
- **Section 5** provides recommendations as to next steps.

In addition, Appendix 1 sets out a number of international case studies highlighting the successful delivery of new town centres, and drawing some important learnings and lessons for the situation in Christchurch. These case studies have been prepared in association with Michael Baker, Principal of Baker Consulting, a leading expert on global retail developments and trends.

Appendix 2 presents a discussion of various advisory/management boards or committees that operate to promote central city retailing in cities across Australia and New Zealand. These bodies have made significant contributions to the success of central city retailing in these various cities, and the information in Appendix 2 is presented as guidance for Central Christchurch to seek to implement a similar approach.

Section 1: A case study: Melbourne

1.1 The Melbourne CBD

The City of Melbourne, with a population of 104,000, is the heart of the greater Melbourne metropolitan area which has a population of 4.25 million, growing at around 1.4% annually. Within the City of Melbourne, the Central Business District (CBD) extends to cover an area of approximately 220 hectares, and is the retail, commercial, cultural and entertainment heart of both the City of Melbourne and the greater Melbourne metropolitan area.

The attached Map 1.1 shows the Melbourne CBD, and also highlights the retail core within the CBD. Map 1.2 shows the CBD within the broader Melbourne metropolitan context, also highlighting the locations of the significant suburban shopping centres and strips which provide competition to the retail offer available within the City of Melbourne.

The key retail statistics for the Melbourne CBD are as follows:

- Retail floorspace of 600,000 sq.m.
- Estimated retail sales of AUD\$4.5 billion.
- Estimated market share of available metropolitan retail expenditure of 6.5%, with an estimated 20% – 25% of sales drawn from combined intrastate, interstate, and international visitors.

Map 1.1

Melbourne CBD

Retail Core

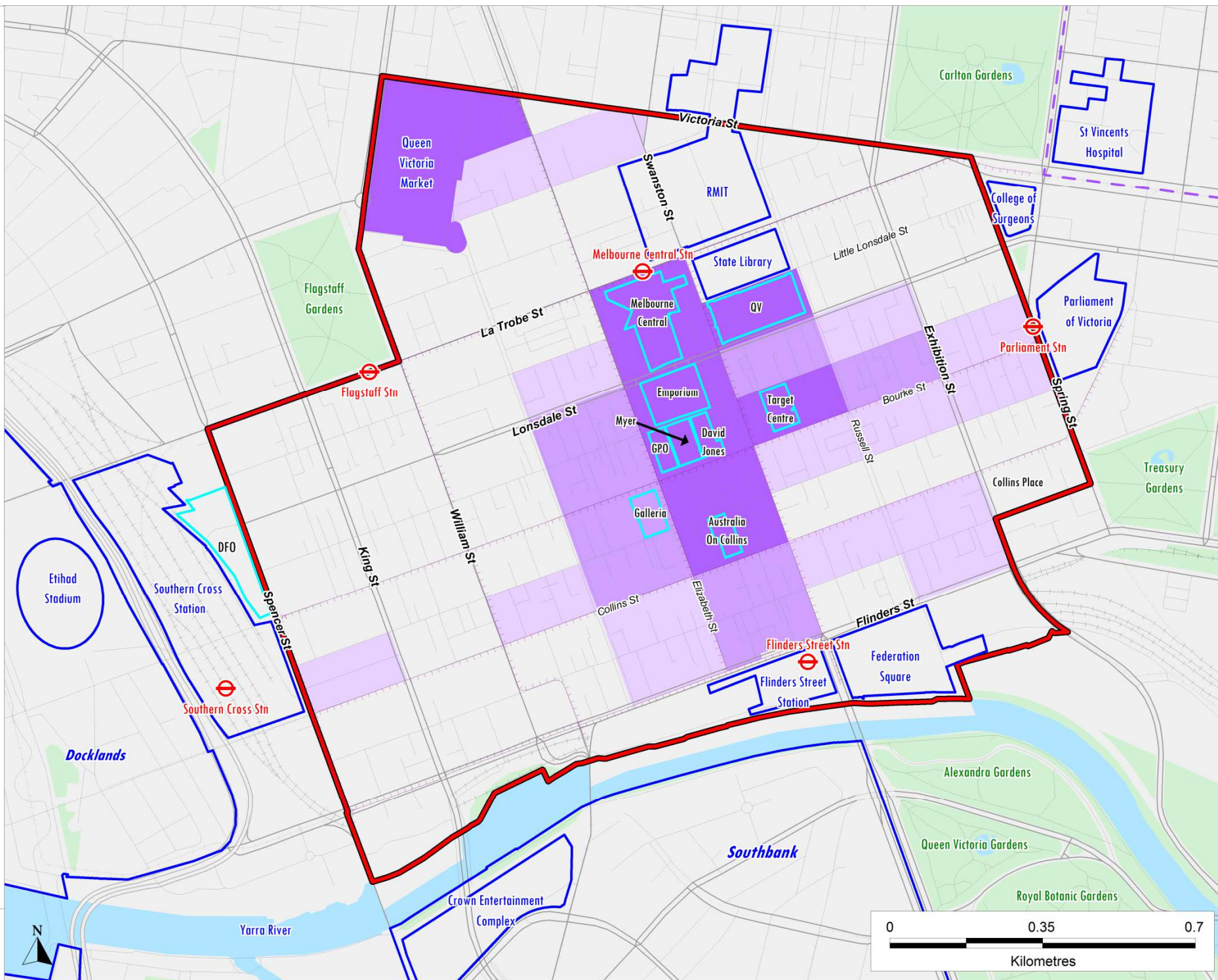
Legend *

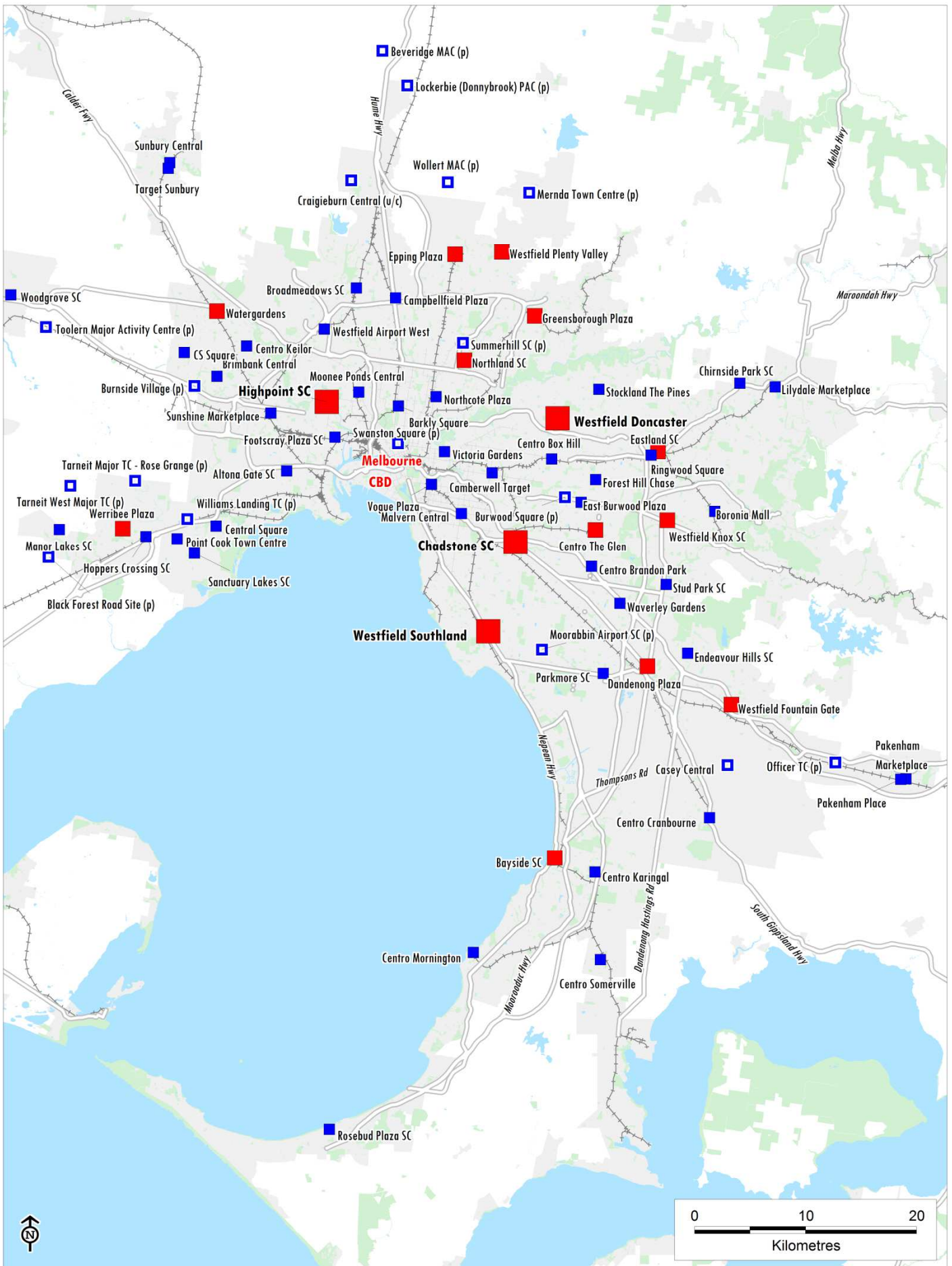
 Melbourne CBD

 Tram Line

Retail GLA Concentration

-  Very High
-  High
-  Moderate
-  Low





Map 1.2: Melbourne

Major Centres

The retail offering of the Melbourne CBD is very successful, on any measure. Included within the list of significant attractions that make up the total retail offer of the CBD, and which are shown on Map 1.1 and further highlighted on the attached photo montages, are the following:

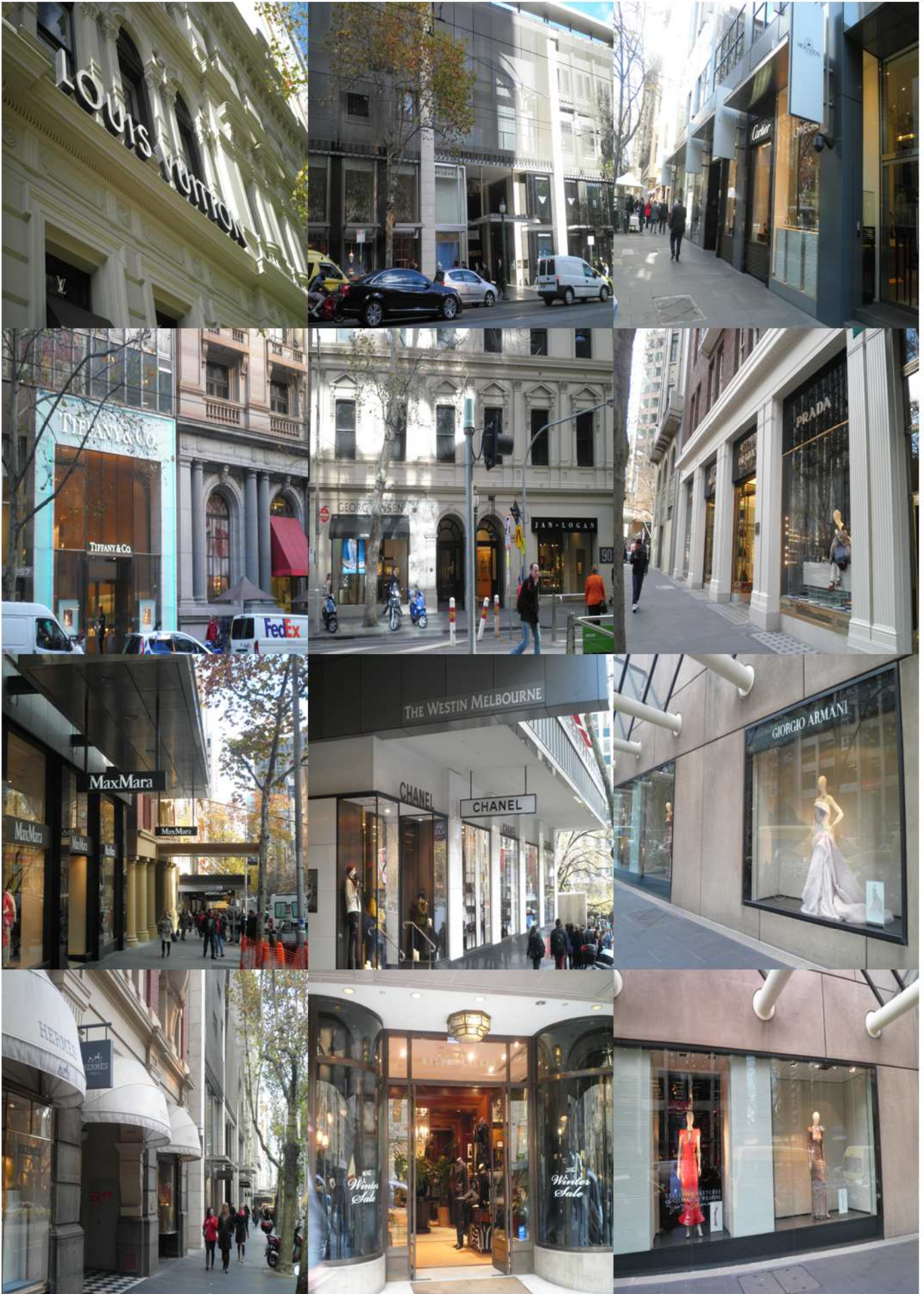
- i. Flagship department stores (Myer and David Jones), which are much bigger and better than their suburban counterparts.
- ii. An extensive and hugely popular network of attractive laneways, which accommodate cafes, restaurants, bars, independent fashion stores and many other retail shops and services.
- iii. A substantial and growing luxe retail precinct, accommodated in one of the more historical and beautiful parts of the CBD (the 'Paris end' of Collins Street) which provides an extensive list of iconic global brands.
- iv. A number of substantial enclosed shopping centres, the most significant being Melbourne Central and Queen Victoria Village (QVV).
- v. A number of beautiful historic and iconic arcades, with the best examples including GPO, Block Arcade and Royal Arcade.
- vi. Five supermarkets plus numerous smaller grocery stores distributed throughout the central city retail core, as well as two discount department stores (Big W and Target).
- vii. An extensive strip of more gritty lower end retailing, retail services and catered food offerings on Swanston Street.
- viii. An emerging international brand fast fashion offer, at this point comprising the recently opened Zara flagship store on Bourke Street but with a number of additional such stores to open soon with the development of The Emporium linking the Myer department store and the Melbourne Central complex.
- ix. Various pockets of focused catered food offerings (take-away food and casual cafes/restaurants) as well as retail services which serve the needs of office workers, including Collins Place, 600 Bourke Street, NAB Headquarters on Collins Street and Goldsbrough Lane.
- x. A large riverside dining/entertainment precinct comprising Southbank and the nearby Crown Casino complex.



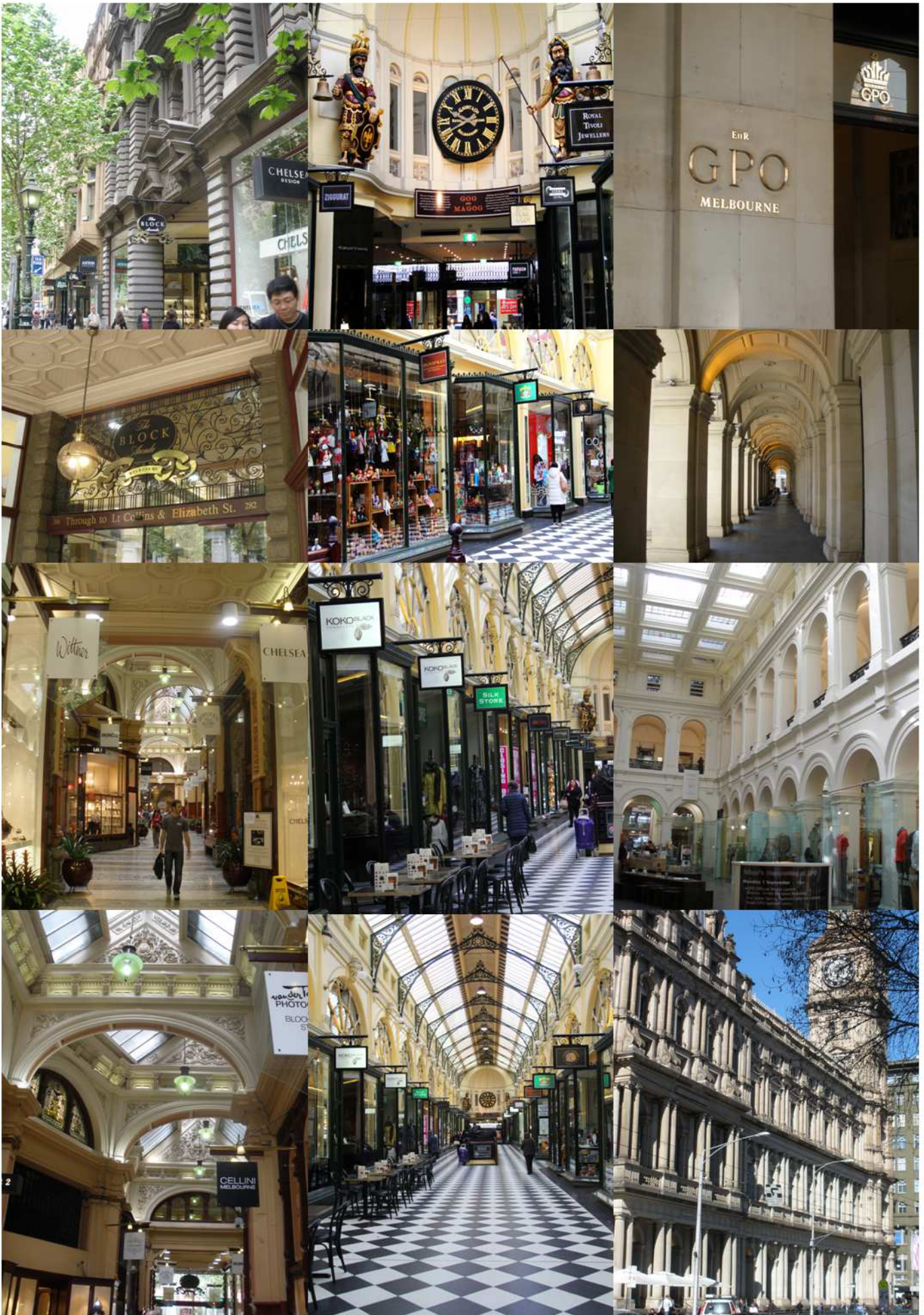
Melbourne CBD, Flagship Retailers & Centres



Melbourne CBD Arcades



Paris End Collins Street, Melbourne



The Block Arcade, The Royal Arcade & The GPO, Melbourne

There are therefore many dimensions to the retail offering of the Melbourne CBD, and many reasons for its success. The customer segments which this extensive retail offering is able to serve, and from which it draws its success, include:

- The substantial population of the City of Melbourne (approximately 104,000 as previously noted) including a growing population within the CBD itself – 22,400 at 2012, having increased from 15,400 at 2006.
- The central city workforce, most recently estimated at 223,000 at 2010.
- The residents of metropolitan Melbourne, who contribute an average daily visitation estimated at some 158,000 to the CBD.
- Extensive student populations, in particular those at RMIT University which is located in the heart of the CBD (more than 40,000 students) and Melbourne University (some 30,000 students) which is located a short distance to the north.
- International visitors, estimated to contribute in the order of 33,000 to the daytime daily population of the City of Melbourne.
- Interstate visitors.
- Visitors from regional Victoria.

While it is possible to now look at the retail offering of the Melbourne CBD and almost take its success for granted, it is important to understand that it has not always been like this. It is also important to appreciate that the success of the Melbourne CBD has occurred, and continues to occur, within a broader environment which is highly competitive from a suburban retail perspective. Map 1.2 attached previously highlights the locations of the key suburban competitors, the list of which includes:

- 16 regional centres, each of which is at least as large as Westfield Riccarton, but with five (Chadstone SC, Highpoint SC, Westfield Southland, Westfield Doncaster and Westfield Fountain Gate) being more than twice the size of Westfield Riccarton.

- 42 sub-regional centres, about half of which are similar in size to The Palms at Shirley in Christchurch.
- Many significant strips (i.e. high street centres), including historically iconic strip centres at Chapel Street/Toorak Road in Prahran/South Yarra; Burke Road in Camberwell; Church Street in Brighton; and Puckle Street in Moonee Ponds (not shown on the map).
- Some 170 supermarket based neighbourhood centres (not shown on the map).

The success of the Melbourne CBD retail offering cannot therefore be put down to a benign suburban competitive environment. Indeed, the extent of competition from suburban retailing is greater, in relative terms, than that which exists in Christchurch. Furthermore, many new suburban centres are built each year, to cater for Melbourne's growth.

1.2 A brief history of Central Melbourne

Despite its success now, prior to the mid 1990s the Melbourne CBD was a relatively unsuccessful (compared with Melbourne's suburban centres) and declining retail precinct. While its challenges were certainly not as great as those of the pre-earthquake Christchurch CBD, they were nonetheless very significant, particularly against the background of a rapidly growing and highly successful competitive network of suburban malls throughout the greater metropolitan area.

Melbourne's Age newspaper in June 1978 published an article by Professor Norman Day, a pre-eminent Melbourne architect, titled *An Empty, Useless City Centre*, which included the following statements:

"Effective city planning has been almost unknown in Melbourne for at least 30 or 40 years. For the ordinary Melburnian that means our city has been progressively destroyed. It no longer contains the attraction and charm it once had."

"To the city retailer – ever ready to adapt to new circumstances – it means expensive expansion into the suburbs to chase the customers who no longer visit the city.

"Our planners lack the courage to bring the city back to life.

"Our planners should be reaffirming the notion of Melbourne as an arcaded city instead of allowing architects to allocate useless, wind-swept forecourts 'for the public use'."

The challenges of the CBD at the time included:

- Lack of inner city population, particularly during the 1970s and 1980s, when the inner city contained large amounts of previously industrial areas that were unattractive to potential residents, and the population of the inner city included large numbers of social housing tenants, young unemployed, and students.
- A retail offering that was seen as mono cultural – the only advantage which the CBD retail offer could claim over the emerging suburban malls was the presence of the department stores, and the relevance and importance of those stores was in any case about to enter its period of decline.
- A low rental and high vacancy environment, with high rentals able to be achieved only in a very small part of the core (Bourke Street Mall and a few blocks of Swanston Street) but rentals in other parts of the CBD which were lower than those able to be achieved in the suburban malls.
- A perceived inability to provide all of the advantages that consumers were clamouring for in the shiny new suburban malls. Those advantages included:
 - big box discount oriented retailers (supermarkets and discount department stores in particular), which for space and access reasons simply could not be accommodated in large number within the CBD;
 - the ease of access and extensive free carparking available at suburban malls;

- the air-conditioned, comfortable mall environment;
- the levels of safety available at the malls, including general pedestrian safety as a result of the separation of vehicular and pedestrian traffic, and personal safety as a result of the controlled environment that mall owners are able to provide; and
- the holistic and cohesive tenancy mix which the single owner mall was able to deliver, avoiding one of the main pitfalls of multiple ownership with its different objectives, agendas and expectations.

The factors which combined, over a long period of time, to create what is now the very successful Melbourne Central City, were many and varied. Importantly, those factors emerged slowly, and then gathered momentum, but took a very long time (well in excess of a decade) to create the success which now exists. Most important among those factors were the following:

- The gradual emergence of high density living options within the central city and the inner suburbs – like the current situation in Christchurch, throughout the 1970s and 1980s the generally perceived wisdom in Melbourne was that people did not want to live in a high density environment within or near the city centre, but rather that the suburban quarter acre block would forever hold sway. In the event, while the suburban block continues to be the dominant form of preferred housing (though now only one-tenth of an acre in size), there is also, in any metropolitan area, a significant proportion of the population which, for a variety of reasons, prefers the alternative, i.e. an urban rather than suburban lifestyle. Central Melbourne was able to slowly capitalise on the realisation and accommodation of this market demand.
- An extended period of economic growth, which saw the number of workers accommodated in central Melbourne steadily increasing. Between 1992 and 2010, the workforce increased by 54%, from 145,000 to 223,000.
- The emergence of international students, as Australia's tertiary institutions and training establishment carved out a highly successful international market in tertiary and further education.

- The gradual realisation of stakeholders in the central city retail sector that they could never beat the suburban malls at their own game, but rather had to find alternative ways to do so, and the consequent emergence of a broad consensus about the strategy for the CBD.
- The effective utilisation of a major asset in the central city retail core which had previously remained largely unrecognised and underutilised, namely the extensive network of interesting laneways.
- Extensive physical improvements to the public realm, as discussed further below.

The above combination of factors saw the central city steadily improving its position relative to suburban retailing. Importantly, the growth of the central city did not mean that suburban retailing had to lose ground. The Melbourne CBD, as noted previously, only accounts for an estimated 6.5% of total metropolitan retail sales, meaning that it only needs a relatively small market share to be healthy, vibrant and successful. The CBD only needs to maintain its market share, or at least not see it reduced dramatically, since the total size of the metropolitan retail pie is steadily increasing. In addition, by attracting business from sectors other than metropolitan residents (in particular from visitors) the CBD can further augment its own retail pie. Melbourne CBD was able to tap into all of these potential avenues to growth.

1.3 The Melbourne Retail Strategy

At the heart of the renaissance of the Melbourne CBD was a concerted effort by the City of Melbourne, in conjunction with the State Government of Victoria, to lead a revitalisation of the city centre. That effort commenced in the mid 1980s, and continues with purpose to this day. It is most readily manifest through the regular preparation of a retail strategy for central Melbourne, the most recent being the *Melbourne Retail Strategy 2006:2012*, with annual report cards having been prepared since the strategy was released. The most recent such report card is for the 2012 year, being the last year of the current strategy. A new strategy is now being prepared.

The strategy is a joint initiative of the City of Melbourne, the State Government of Victoria and the Melbourne Retail Advisory Board (MRAB).

The MRAB was established to provide a platform for two-way communication and consultation between the municipal authority (the City of Melbourne), key retail stakeholders and the State Government, for the ongoing improvement and development of the central city retail sector. The initial MRAB comprised a number of major retailers (including both department stores) as well as smaller retailers, the Australian Retailers Association of Victoria, the metropolitan transport authority (Metlink), Crown Casino, the State Government, the City of Melbourne, and a number of architects and developers.

Upon the completion of the first full three year term in June 2009, Melbourne City Council appointed a new board comprising members from prominent city retailers, small and medium sized retail enterprises, property developers and industry bodies with expertise and experience in advising on retail development. The current members of the MRAB are:

- Australian Retailers Association
- City of Melbourne
- Myer department store
- David Jones department store
- Department of Business and Innovation
- The GPT Group (owner and manager of Melbourne Central)
- Colonial First State Global Asset Management (owner and manager of QVV and developer of The Emporium)
- Jones Lang LaSalle
- Public Transport Victoria (formerly Metlink)
- NHArchitecture
- Sussan Corporation (a major retailer)
- The Block Arcade

- Harrolds (smaller menswear retailer with a handful of stores)
- Hill of Content Bookshop (iconic independent book retailer)
- e.g etal (independent retailer)
- Federation Square

The process of developing the strategy which is now so well defined for retailing in central Melbourne commenced in the early 1990s, and a seminal document was a report titled *Places for People* prepared in 1994 by Professor Jan Gehl on behalf of the City of Melbourne. That study examined the issues and opportunities regarding public spaces within central Melbourne, and collected data on public life.

The 1994 *Places for People* report provided a list of recommendations all aimed at making central Melbourne more appealing, comfortable and attractive for people to visit, focused around:

- Improvements to the pedestrian network;
- Creating gathering spaces of excellent quality;
- Strengthening street activity by physical changes; and
- Encouraging more people to use the city.

Prior to the 1994 report, the *City of Melbourne Strategy Plan* prepared in 1985 had sown the seeds for the subsequent two decades of the central city's urban renewal. The 1985 plan presented a development framework and implementation priorities for land use, movement, built form, community services, city structure and the physical environment, including a report in 1987 titled *Grids & Greenery* which represented the first strategic direction for urban design.

A review of the recommendations of the 1994 report was conducted in 2004, and found that most of the recommendations had been implemented to greater or lesser degrees, and the results had been outstanding. The number of outdoor cafes, for example, increased by 275% between 1993 and 2004, from 95 to 356. The number of seats offered by those cafes increased over that period from 1,940 to 5,380.

The number of central city residents between 1992 and 2002 increased by some 830%, while the number of apartments between 1983 and 2002 increased by more than 3,000% - the number provided at 1983 was minimal.

The retail strategy prepared in 2006 built on the earlier acknowledgement of people as the life force of central city retailing, and on the need to create an environment that is attractive and enticing for people, for any precinct that aspires to retailing success. The strategy recognised a number of emerging factors and trends, in particular the following:

- That shopping was emerging as art, cultural exchange and immersive experience, and that factors such as difference and diversity, human scale architecture, culture, and 'authentic experience' were critical to a successful central city retail precinct.
- That the retail experience is undertaken within the broader context of a city and that a number of elements beyond just retail mix will boost the city's offer, including ambience, arts and culture, public spaces, access, amenity and urban design.
- That the 21st century shopper and consumer wants uniqueness, experience and a chance to sample the authentic retail experiences of the city.

The *Melbourne Retail Strategy 2006:2012* set out the following vision for the central city retail offering:

In 2012, the City of Melbourne will be renowned globally as Australia's leading retail city with an unrivalled retail landscape acclaimed for its diversity and compelling experiences.

The objectives of the *Melbourne Retail Strategy 2006:2012* were set out under the following headings:

- Retail mix
- City ambience and activation
- Architecture and design
- Retail market
- Tourism
- Access and amenity
- Sector and business development
- Investment and attraction
- Industry liaison

Some of the ways in which these various trends have been harnessed to the benefit of the Melbourne CBD retail offering, dovetailing nicely with the emerging needs and preferences of many consumers, have included:

- The continued development of the city's laneway culture, in particular for cafes, restaurants and bars.
- The attraction of new retailers throughout the city, which by their unique offer have increased visitation – not just big, international brands, but, even more so, small, quirky, independent local retailers.
- The move away from internalised, mall style retailing (although there are certainly elements of such retailing within the central city) to retail forms which take advantage of the city's physical and urban design strengths, including the use of the beautiful historic buildings at the Paris end of Collins Street to accommodate flagship international luxe retailers.

The Retail Advisory Board has therefore worked hard to develop and maintain the integrity of the retail mix throughout the city and also to ensure that the city's retail offer is as diverse and authentic as is possible, and continually evolves. Most importantly, the various stakeholders within the central city retail core have

bought into the strategy, and all parties now understand the critical fact that for any one to be successful, it is important that they all support each other, i.e. the whole is significantly greater than the sum of the parts.

The 2012 scorecard for the Melbourne Retail Strategy highlights the various measurable ways in which the strategy continues to be delivered. In a survey of stakeholders, nearly all respondents considered that restaurants, cafes and bars were important contributors to retail success, as were local art, cultural and sporting events.

The 2012 scorecard found that since 2006 a further 268 cafes and restaurants have opened in the city, an increase of 25%. Significant increases were also recorded in supermarket and grocery stores, footwear retailing, women's clothing stores, and general (unisex) clothing stores. Interestingly, this growth has occurred during a period when retailing for the large chain apparel stores in the suburban malls has been relatively difficult, and many have closed stores. By contrast, most of the new entrants in the central city have been independent retailers, with one or two outlets.

The 2012 scorecard also found that city ambience and activation had been further enhanced over the previous six years with a greater integration between major events, hospitality, the arts and retailing.

The luxury retail sector continues to outperform, despite the post GFC economic difficulties, highlighting the fact that a strong product mix and excellent experiential customer service can always help to deliver retail success. It always remains the case that consumers are attracted to stores that continue to offer a point of difference.

The success of the Melbourne CBD in attracting people to visit, and generating improved sales performance for retailers, has naturally flowed through to retail rental levels. The 2012 scorecard showed that prime retail rental levels throughout the CBD ranged from \$3,800 per sq.m to \$8,700 per sq.m, while for secondary areas typical rental levels were in the order of \$2,200 per sq.m. Over

the period 2006 – 2011, retail rentals were estimated to have typically increased by between 30% and 40%.

By contrast, typical rentals in regional centres throughout Melbourne for specialty stores are approximately \$1,800 – \$2,000 per sq.m. Therefore, on a like for like basis average rentals in the CBD are now significantly higher than those which are achieved in the strong suburban malls, again reflecting the fact that successful central city retailing need not play second fiddle to the established malls.

The challenges facing bricks and mortar retailing for the foreseeable future, discussed later in this report, are further reasons why the importance of the initiatives that underline the retail strategy for Melbourne cannot be overstated.

1.4 Lessons for Christchurch

The February 2013 report which provided a preliminary assessment of scope and potential for the Christchurch Central City retail core identified the population of the Christchurch urban area at some 380,000, with a further 93,000 accommodated in the surrounding nearby towns including Kaiapoi, Rangiora, Rolleston, Lincoln, etc. The total population of the Christchurch region is therefore in the order of 473,000, while the 2012 population of the total Canterbury region was 560,000. In broad terms, therefore, the scale of Christchurch is around one-tenth the size of Melbourne in population terms, and a little less in total retail expenditure terms.

Despite that difference, there are many important lessons which can be drawn from the Melbourne experience, and which have direct application to Christchurch. Interestingly, the scale of the central city retail offer likely to be provided within Christchurch, as discussed later in this report, is likely to be around one-tenth to one-eighth that which is provided in central Melbourne.

The following are considered to be the most important lessons for Christchurch to draw from Melbourne's experiences:

- i. Successful central city retailing is not dependent on a weak or deficient suburban retail offer. In Melbourne, the suburban retail offer is extremely strong, with a number of world class super-regional centres, in particular

Chadstone SC, Westfield Doncaster and the recently expanded Highpoint SC. In addition, there are many other aspects to suburban retail competition throughout Melbourne.

- ii. At the core of any plan to deliver a successful central city retail core in Christchurch must be the need and desire to make the central city a place for people. This in turn means particular focus on accessibility, connectivity, comfort, security, and of course urban design and general amenity. The central city retail core must be a place where people are very happy to spend time, regardless of the retail mix.
- iii. The central city retail core must deliver an experience which speaks of Christchurch, the South Island and New Zealand, and which is as authentic as possible. Such an experience will be very different to that which is available in Christchurch's successful suburban malls.
- iv. The retail mix available within the central city is a fundamental component of the total experience which the retail core needs to deliver. It is not possible, nor necessary, that the central city retail mix be different in every regard to the mixes available at suburban malls. Many retailers will be represented both in the suburbs and in the city, and will play important roles at both locations. However, the retail mix of the central city must go beyond that which is available in the suburban malls, and must have sufficient differentiation from the mix in the malls in order to provide elements of individuality and authenticity.
- v. The non-retail elements which nonetheless are so important in the total retail experience must not be forgotten. In addition to the factors outlined above including urban design, accessibility, legibility, comfort and safety, the cultural experience, as well as the arts, must be incorporated within the central city's retail offering as much as possible.
- vi. Most importantly, there must be an overarching plan/strategy that captures all of the aspirations for the central city retail core, and to which all stakeholders in the retail core have generally subscribed.

Section 2: Future retail trends

2.1 New Zealand's retail sector

Not surprisingly, the nature and scale of the New Zealand retail sector have been largely determined by the size of the country's population and economy, and the consequent constraints that flow from being a relatively small nation. The key factors which have combined to influence the nature and operation of the retail sector in New Zealand are the following:

- The country's relatively small population base.
- The limited number of available major or anchor stores (directly related to the population and size of the retail economy) which are fundamental to traditional successful shopping centre development.
- The distribution and density of population across the country – Auckland alone contains approximately one-third of the country's population, while Auckland, Wellington and Christchurch between them contain more than half of the national total.
- An effective planning system which requires social and economic justification for the development of large new greenfield centres.

As a result of this combination of factors, the number of substantial regional, or large sub-regional, shopping centres in New Zealand is relatively limited – depending on definition, there are only some 20–25 such centres in the country, including four in Christchurch.

Even the relatively limited list of centres noted above covers a wide range in terms of scale and performance – in Christchurch, for example, witness the size and sales volume of Westfield Riccarton (55,205 sq.m and \$407.1 million for the year ending 2011), as compared with Eastgate (31,000 sq.m pre-earthquake, reduced to approximately 20,000 sq.m at present, and \$140 million as at 2009).

Reflecting all of the influences noted above, major shopping centres in New Zealand generally tend to have a limited representation of anchor stores, particularly non-food anchors. Essentially there are only three significant non-food anchors available in the country – Farmers, which operates relatively small department stores; Kmart, an Australian retailer which operates discount department stores; and The Warehouse, which operates large and small format budget discount department stores.

Historically, specialty stores have traded well in New Zealand shopping centres, although the number and range of available specialty operators is somewhat limited. However, over the past 15 years, particularly since the entry of Westfield into the New Zealand market in the mid 1990s, the range of available specialty stores has increased noticeably, with the entry of many Australian specialty retailers.

2.2 Future of the retail sector

In the period since the GFC, i.e. the past 5 years, the retail sector in most western countries, including in New Zealand, has taken a buffeting from a number of forces which in combination have created a rapidly changing landscape.

The combination of forces which has impacted the sector in more recent years includes the difficult economic environment generally post GFC, which resulted in a contraction of consumer spending; the rapid emergence of internet retailing, and even more importantly, of social media usage to determine shopping choices and behaviour by many consumers; rapid, ongoing technological developments; and the increasing globalisation of retailing, which to this point has impacted more on Australia than New Zealand, but is expected to flow on to New Zealand over the next 5 or so years.

One of the main victims of this confluence of negative impacts has been the department store, which historically operated as the primary anchor store for most major shopping centres. The way in which these various influences are expected to play out in the future, and the resultant impacts for the retail sector and for retail development, are discussed further below.

Major tenants – Department stores

The role and performance of the department store in many western markets, including Australia, and to a lesser extent, New Zealand, has been changing. Department stores have been a typical mainstay of regional shopping centres and CBDs, however their role and function have been under pressure for the following reasons:

- A high proportion of apparel sales in their mixes (typically above 50%). The apparel/fashion sector has faced significant pressure from online retailing, as well as fashion brands choosing to open more of their own branded stores.
- Increasing competition from specialist retailers, mini-majors and large format/bulky goods retailers, particularly those in fashion, bedding, whitegoods and electronics.
- Outdated business models and a deterioration of the core functions such as 'customer service'.
- An ageing customer base, with younger consumers generally not having a strong connection with the department store model.

Department store sales have been suffering in most western countries, including in Australia, the US, UK, Germany, Japan and even New Zealand to a lesser degree. In Australia, total department store sales have remained almost flat for the past 20 years, having increased from about \$3.5 billion in 1994 to just \$4.1 billion in 2012. Sales productivity levels have also remained flat. In New Zealand, the trends have been similar.

Department stores need to reinvent themselves, and consolidation is already evident through store closures in marginal locations or poorly performing regional shopping centres. We expect department stores will increasingly consolidate to highly successful super-regional centres and focus on their CBD locations.

In New Zealand, Farmers is the main department store player, with most capital city CBDs also accommodating a locally owned department store, for example Smith and Caughey's in Auckland, Kirkcaldie and Stains in Wellington, and Ballantynes in Christchurch.

In the post GFC period department store performance has been slightly more robust in New Zealand, as compared to Australia, due to fairly limited provision, with representation generally confined to major capital city CBDs and the larger regional shopping centres. Globally, and also based on our experience in Australia, CBD locations are generally the most successful for department stores, where they can capture trade from the broad metropolitan market, the CBD worker market and tourist/visitor markets.

Mini-majors and the new international retailers

Traditionally anchor or major stores have formed the backbone of most shopping centres or town centres, usually comprising department stores, discount department stores and supermarkets. Over the past decade or so 'mini-major' stores have emerged as increasingly important adjuncts or even alternatives to traditional major stores. As the name implies, mini-major stores are normally smaller than the major stores, typically ranging in size between about 400 sq.m and 3,000 sq.m. As discussed further below, mini-major stores have become increasingly important across a number of retail categories, but particularly in fashion shopping.

The role of the mini-major tenant is becoming much more prominent, with our research in Australian centres indicating that mini-majors comprised about 5% of regional shopping centre floorspace about 20 years ago, but now account for about 15%, with a similar shift in the proportion of turnover at these centres. In New Zealand, this trend has been similarly evident, and it has seen a proliferation of hybrid 'power centres' that provide a range of traditional and large format retail space – with many of the tenants in the 400-1,000 sq.m range considered as 'mini-majors'.

The mini-major category in Australia has burgeoned through the emergence of appliances and electronics retailers, chain sports stores, large format liquor stores, fresh food/niche grocery stores, discount variety stores and discount chemists, as well as larger footprint fashion retailers.

The most exciting recent development in the mini-major category in Australia, which is expected to flow on to New Zealand in coming years, has been the entrance of a number of new international retailers. The initial entrant was Apple, with its flagship stores, often multilevel, generating huge turnover volumes. More recently, Apple has been joined in Australia by Samsung, Zara, Topshop and Williams Sonoma. The list of new entrants will soon include H&M, Uniqlo, Abercrombie & Fitch, River Island and others.

A good quality collection of mini-major retailers, in particular global brands such as Apple, Zara, H&M and Top Shop, will become an increasingly viable and differentiating option as an alternative to a department store anchor at a shopping centre of the future.

Generally, international retailers are seeking bricks and mortar presence in the southern hemisphere because their home markets are flooded, are stagnant or slow growing. Some of these retailers are pursuing holistic southern hemisphere strategies because the similarities in seasons provide efficiencies in production and because these markets present great opportunities. The populations of Argentina, Brazil and South Africa are large and growing, while Australia and New Zealand provide safe, affluent, stable southern hemisphere economies in which to gain a foothold.

What is common amongst all of these international brands is that they are tending to seek only limited representation in the early stages of entry, i.e. they are not pursuing aggressive store roll-outs. Prime sites for flagship stores are most important to these brands, and most of them are rolling out in prime CBD locations in the first instance.

At this stage the new international retailers which have recently opened stores or are about to open stores in Australia have not yet committed to opening stores in New Zealand. They are, however, in the early stages of discussions to do so, although at this point those discussions are focused on Auckland.

The rate at which these international stores will open in New Zealand, and particularly in Christchurch, is not clear at this point. MacroPlan Dimasi's expectations are that within a few years a number of these leading retailers (such as Zara and Topshop) are likely to have opened their first stores in New Zealand, and to be looking at network opportunities throughout the whole country. While it is difficult to hold great confidence that they will open stores in Christchurch, at least in the short term, there is a reasonable likelihood that in due course they will choose to do so. In the event that they do, then Central Christchurch must ensure that it is the only viable location in Christchurch for consideration by these global retailers. That in turn will be achieved by Central Christchurch delivering a retail core that is vibrant and attractive to people, as outlined throughout this report.

Demographic/consumer trends

The New Zealand consumer is changing, as is the case also in Australia, with households spending an increasing share of their household budgets on non-retail items. This is partly due to rising non-tradeables inflation for services such as medical, education, power and transport, but also because consumers are seeking greater experiences from their annual expenditure, on categories that blur the line between retail and non-retail.

In New Zealand, Australia and globally we are seeing expenditure on personal pampering (i.e. beauty, massage), entertainment/socialising (i.e. food, bars, dining) and appearance/health/fitness (i.e. gyms, cosmetic, medical, health and well-being) accounting for increasingly greater shares of household budgets.

Retail precincts/centres that can leverage these trends will be ahead of their competitors and there will be an increasing role for non-retail tenants in shopping centres catering to these consumer preferences.

Internet/technology

The impact of the internet / technology is becoming an increasingly important factor for consideration for both retailers and landlords. Reliable estimates place the current online share of retail sales in Australia at about 5.4%, which broadly compares to the online share achieved in the US but is well below the UK share of 8.8%. Other studies indicate that New Zealand's share sits at about 5.9%. Both the Australian and New Zealand markets have been slower in adapting to online than many other western economies, but we expect that the penetration rate will increase steadily over the next decade or so.

However the increasing penetration of online retailing is not expected to have any noticeable impact on the scale of new shopping centre development in New Zealand, in particular CBD retail development. The net impact of the transfer to online sales in floorspace demand growth over the next decade is expected to be a reduction of about 3%-4% on the level of growth otherwise expected.

Retailers are becoming increasingly savvy and in order to succeed, and to stay relevant, they are engaging in multi-channel strategies. Some of the consequences of these evolving strategies are likely to include the following:

- Conventional trade areas will blur as stores are used for fulfilment to remote locations and as pick-up points for e-commerce.
- Traditional location logic may be altered as retailers seek to balance the need for foot traffic with the need for proximity to transportation infrastructure.
- Capturing the value of e-commerce transactions "touched" by the physical store becomes problematic for landlords in three separate situations -
 - E-commerce (including m-commerce) transacted outside the store but merchandise picked up at the store
 - E-commerce transacted outside the store and fulfilled from a store rather than from the retailer's warehouse
 - E-commerce transacted within the retail store itself for shipment to a private address from a separate fulfilment centre or another store

- Gauging the true performance of a store will become more complex and enforcement of accurate sales reporting more difficult

CBD centres will become important places for retailers to showcase their products and engage with consumers. Flagship stores will include top range interactive experiences and high levels of customer service. CBD precincts offer prime locations for prospective retailers in this regard.

Conclusions

In broad terms, the various forces that will shape the nature of future retailing, present challenges, but also huge opportunities. The centres or precincts which can offer the best quality locations, and which can attract the new breed of retailers, thereby differentiating their offers significantly from the many 'run of the mill' offers available elsewhere, and particularly at the standard suburban malls, stand to gain the most from these various trends. For those centres the trends represent more of an opportunity rather than a threat, provided that the centre in question can effectively harness those trends.

The experiences of the Melbourne CBD as detailed in Section 1, as well as the consumer trends which are becoming increasingly evident in the post-GFC period, all point to the importance of 'experience' for successful central city retailing. The available retail mix is clearly an integral component of that total experience, but of almost equal importance are some of the other, non-retail factors, including in particular urban design, amenity, cultural and artistic links, individuality and authenticity. Whereas the delivery of a successful retail mix will in part depend on retailers' willingness to participate, the delivery of these other important non-retail attributes is in the hands of the Christchurch stakeholders to deliver. What will be required in order to do so will be recognition and acceptance of this fact, and a willingness to work together towards this objective.

Section 3: The retail core: vision and composition

3.1 Vision for the retail core

Based on all of the research and consultations undertaken to this point, the recommended vision for the new retail core of Christchurch is

To provide an outstanding shopping, dining, leisure and cultural experience which reflects the essence of contemporary New Zealand with a distinct South Island focus.

The above is a first cut suggestion, from one viewpoint. It is intended as a stimulus for addition and refinement, or even as a thought starter for the eventual development of a vision that can be agreed to by all stakeholders.

What is important is that there be a vision, and that such a vision makes sense to all and can pragmatically drive the delivery of the retail core. It is also important that the vision reflect the factors and qualities that will be necessary to deliver a successful and vibrant retail core, having regard to all of the information set out in this report.

The vision articulated above reflects both the context of Central Christchurch, and in particular of the retail core that is to be provided, and the most important consumer and retail trends that have been outlined in the previous sections of this report. It also reflects the experience and learnings of the case study (Melbourne), and the learnings from the global case study examples that are set out in Appendix 1 to this report, and are discussed in greater detail in Section 3.3.

The new central city retail core should aim, working to such a vision, to be:

- The place where ALL Christchurch residents will automatically think of going for the most special shopping/dining/leisure experience.
- The place where inner city Christchurch residents go for all their convenience and functional shopping needs, e.g. supermarket, convenience shopping, retail services.
- The place where visitors to the South Island of New Zealand automatically go because of the essence of New Zealand experience which it offers (in one, attractive, convenient location).
- The place that meets all the needs of the central city workforce for shopping, dining, convenience and after work recreation.
- The place which offers the very best international retail experience on the South Island.

3.2 Scale and composition

The February 2013 study by MacroPlan Dimasi concluded that in broad terms Central Christchurch could successfully provide between 65,000 – 100,000 sq.m of retail floorspace. In order to do so, retailing in Central Christchurch would need to achieve a market share in the range of 6% – 9% of total urban area retail expenditure. As noted previously in this report, the estimated market share of broad metropolitan retail expenditure throughout Melbourne that is achieved by the Melbourne CBD is around 6.5%. The February 2013 report also indicated that the market share of available metropolitan retail expenditure achieved by retailing in Central Canberra was around 8.4%.

The scale of retail facilities provided within the central city will need to have sufficient critical mass to be able to compete effectively with the suburban malls, and also to offer a compelling reason for residents of suburban Christchurch to visit, rather than visiting only their nearby, conveniently located mall alternative.

By way of comparison, Table 3.1 below shows the scale and broad composition for the three larger suburban malls provided in Christchurch, namely Westfield Riccarton, Northlands and The Palms.

	The Palms	Westfield Riccarton	Northlands SC
Majors			
Floorspace sq.m	14,500	20,000	23,500
Number	3	3	4
Tenants	Farmers Kmart Countdown	Farmers Kmart Pak'n'Save	Farmers The Warehouse Countdown Pak'n'Save
Mini Majors			
Floorspace sq.m	1,440	8,700	1,700
Number	3	5	3
Tenants	Dick Smith Whitcoulls Noel Leeming	Dick Smith Noel Leeming Briscoes Rebel Whitcoulls	Whitcoulls Amazon Life Pharmacy
Specialty Retailers			
Food	20	37	25
Non-food	<u>59</u>	<u>130</u>	<u>67</u>
Total	79	167	92
Total centre retail GLA sq.m	25,000	50,700	34,150
Number non-retail tenants	16	15	21
Total centre GLA sq.m	35,400	56,300	39,700

Source: Property Council NZ; MacroPlan Dimasi

Section 3: The retail core: vision and composition

Having regard to the vision for the retail core articulated above, and also the assessed broad scope for retail floorspace within the retail core, Table 3.2 below sets out an indicative recommended scale and mix for the retail core in the new Christchurch City Centre, while Tables 3.3 and 3.4 show the names of potential tenants to deliver such a mix.

Table 3.2
Christchurch City Centre - Indicative optimal retail mix

Category	No. Stores	Floorspace (sq.m)
<u>Major tenants</u>		
Ballantynes	1	8,000
The Warehouse/Kmart	1	5,000
Metro style supermarket	<u>1</u>	<u>1,500</u>
Total majors	3	14,500
<u>Mini-majors and retail specialties</u>		
Food retail	10-20	2,500
<u>Food Catering</u>		
• Fast food	30-50	2,100
• Cafes, restaurants & bars	30-40	4,700
<u>Fashion</u>		
• International retailers	15-25	3,000
• Australian retailers	15-30	3,000
• NZ independent/boutique	50-60	6,000
• NZ mainstream	25-30	3,200
• Adventure/Outdoor	20-30	7,000
• Jewellery & accessories	10-15	1,000
Household	10-15	6,000
Leisure	10-15	2,500
General	15-20	2,500
Retail services	15-20	2,000
Total retail mini-majors and specialties	255-370	45,500
Total centre - retail	260-375	60,000
Financial services	10-15	1,500
Healthcare services	20-30	2,000
Gymnasiums	1-5	1,500
Entertainment**	<u>1-5</u>	<u>2,500</u>
Total non-retail*	30-55	7,500
Total City Centre	290-430	67,500

Source: MacroPlan Dimasi

* Includes shopfront non-retail uses provided at ground floor as well as non-retail uses provided at first floor.

** Entertainment uses could potentially include a boutique/arthouse cinema

Section 3: The retail core: vision and composition

Table 3.3

Indicative tenant listing - Apparel mini-majors and specialties

International Fashion/Acc.	Aust. Fashion	Boutique NZ Fashion	Mainstream Fashion	Adventure/Outdoor	Jewellery/Accessories
Louis Vuitton	Country Road	Crane Brothers	Hallensteins	Kathmandu	Pascoes
Zara	Witchery	Karen Walker	Glassons	Bivouac	Michael Hill
Gucci	SABA	Kate Sylvester	Hannahs	Macpac	Stewart Dawsons
Ralph Lauren	CUE	Workshop	Postie	Mountain Designs	Swarovski
Armani Exchange	MJ Bale	Andrea Moore	Shanton	The North Face	Walker & Hall
Tiffany's	Jigsaw	World	Max	Icebreaker	Goldmark
Swatch	Metalicus	Working Style	Meccano	Merrell	Thomas Sabo
Tissot	RM Williams	Laundromat Boutique	Wild Pair	Rebel Sport	Pandora
Longines	Queenspark	NEUW Storeroom	Amazon	NZShred	Diva
Ben Sherman	Peter Alexander	Adrienne Winkelmann	Hartleys	Stirling Sports	Strandbags
Calvin Klein	Ojay	Co-Lab	Overland	Adidas	
Ted Baker	Rhodes & Beckett	Trelise Cooper	Moda Bella	Nike	
Carhatt	Sass & Bide	Juliette Hogan	Foot Locker	Lululemon	
Guess	Seafolly	LOFT Menswear	Bendon	Lorna Jane	
Laura Ashley	Mimco	Made	Canterbury of NZ	Bike store	
Esprit	Oroton	Moochi	Pagani	Golf store	
Nine West	Valleygirl	Anne Mardell	Decjuba	Quiksilver	
Superdry	David Lawrence	Barkers	T & T Kids	The Athletes Foot	
Kookai	Veronika Maine	3 Wise Men	Identity	Champions of the World	
La Senza	Ksubi	Area 51	K&K		
Max Mara	Leona Edminston	Fabric	Kimberleys		
DKNY	Chelsea	Pearl	Merric		
Chanel	Willow	AS Colour	North Beach		
Dior	Sambas	Storm	Ziera		
Escada	Tiger Lily	Ruby	Rodd & Gunn		
Burbury	Charlie Brown	Edit			
Mulberry	Forever New	Ricochet			
Michael Kors	Temt	Bing, Harris & Co			
Longchamp	Hype DC	Annah Stretton			
Ecco	Seduce	Nicholas Jermyn			
Camper	Diana Ferrari	Rembrandt			
Sitka	Wittner	General Issue Supply Co.			
	T-bar	Loaded			
	Events	Aphrika			
	Industrie	Brave			
		Zambezi			
		Huffer			
		Mi Piaci			
		Cody Menswear			
		RJB Design			
		tkStore			
		Untouched World			
		jET Urban Couture			
		Scotties			
		Taylor Boutique			

Source: MacroPlan Dimasi

Section 3: The retail core: vision and composition

Table 3.4
Indicative tenant listing - Other retail and non-retail uses

Food Retail	Fast Food	Cafe/Rest. Bar	H'hold Goods	Leisure	General Retail	Retail Services	Non-Retail
Convenience Store(s)	McDonalds	Yum Cha	Apple	EB Games	Pharmacy	Mr Minit	Gym
Bakery	KFC	Korean BBQ	Samsung	Whitcoulls	Napoleon Perdis	Specsavers	Flight Centre
Butcher	Burger King	Modern Italian	JB Hi-Fi	Kikki. K	M.A.C Cosmetics	OPSM	Medical Centre
Seafood	Carl Jr.	Modern NZ	Nespresso	Typo	Telecom	Toni & Guy	Tourist Info
Green Grocer	Subway	Modern Asian	Bang & Olufson	Smiggle	Vodafone	Just Cuts	Banks
Food market	Wendy's	French Bistro	Sony	Newsagency	2 Degrees	Rodney Wayne	Insurance
Liquor shop	Burger Fuel	Unique NZ rest.	Bose	Mag Nation	Skinny mobile	Dry Cleaners	Cinema
Health food	Tank Juice Bar	Unique Local	Yoobee	Camera store	Florist	Alterations	Attractions
Asian smkt	Calif. Burrito Co.	Casual Mexican	Dick Smith	Paper Plus	Toyworld	ProfessioNAIL	Allied Health
Deli	Salad Bar	Espresso bars	Acquisitions	Cardiology	Tobacconist	Beautician	Tax accountant
Artisan Bakery	Carvery	(multiple)	Souvenir Store	Scorpio Books	The Body Shop	Blow Dry Bar	Dentist
Patisserie	Hell Pizza	Seafood	Bed Bath & Beyond	Office Max	L'Occitane	Watch Repair	Physio/Chiro
Chocolate shop	Sandwich Bar	Pizzeria	Noel Leeming		Lush	Shoe Repair	Massage
	Sushi	Beer Cafe			Daiso	Mens barber	
	Chinese	Steakhouse					
	Noodle	Indian					
	Shamiana	Chinese					
	Mexican	Thai					
	Italian	Malaysian					
		Noodle Bar					
		Boutique Cafes					
		Chocolate Cafe					
		Wine Bar					
		Sports Bar					
		Oyster Bar					
		Cocktail bar					
		Microbrewery					

Source: MacroPlan Dimasi

The above tables set out an indicative scale and mix for the Christchurch Central City retail core that is considered to be practical and deliverable, and which would meet the key objectives set out in the vision.

When thinking of a new central city retail core, it is tempting to jump immediately to the ideas of luxe retailing, international retailers and other very high profile brands. Certainly it is recommended that the vision for Christchurch include the possibility and desirability of attracting such retailers to Central Christchurch. However, it is also recognised that realistically, particularly in the short term, there is a high likelihood that the number of such retailers attracted to Christchurch could be quite small.

By contrast, the other elements of the recommended mix, in particular the strong food & beverage offer; the independent, cutting edge New Zealand fashion and designer stores; and the more basic stores which will be required to meet the everyday needs of inner city residents and workers in particular, but also of visitors, all have very high chances of being deliverable. In other words, the mix outlined in Tables 3.2 – 3.4 above is one which would both deliver the objectives of the vision, especially the need for an authentic, New Zealand/South Island experience, and be a practical solution for Central Christchurch.

The above mix would also deliver an offer that would be significantly differentiated from the offers available in the malls, and particularly at Westfield Riccarton. The main differentiating factors would be the inclusion of the independent, edgy New Zealand fashion/designer stores, as well as the extensive, high quality cafe/restaurant and bar offer, together with the existing Ballantynes store. To the extent that international retailers could be attracted to the retail core, such additions would also contribute significantly to differentiating the offer.

3.3 Critical success factors

The critical success factors to deliver the vision for the retail core are the following:

- **Creation of a sense of place** – if regular visitation from all of Christchurch’s residents is to be stimulated, then the retail core must stand apart from the much more ‘convenient’ alternatives which residents already have in the suburbs. It must create a sense of place where residents will want to come. In order to do so, the essence of Central Christchurch will need to be tapped, identifying the important cultural, landscape and civic elements that can create such a sense of place. The location of the retail core adjacent to the Avon River, a well recognised and much loved feature of Christchurch, with both cultural and landscape significance, is a good starting point. Other aspects of significance and importance to Central Christchurch should also be identified.
- **Urban design/ambience** – urban design needs to be the glue that will bind the parts together, to create one cohesive, integrated, attractive, functional, comfortable and special shopping, dining and recreational precinct. That precinct will be completely unlike the suburban malls, thereby helping to create a point of difference by virtue of a factor other than retail mix.

The delivery of an urban design solution that can achieve all of these objectives will be crucial to the total precinct success. The delivery of such a solution is also considered to be the most problematic element at this point in time, since the various landowners do not appear as yet to have focused on this crucial element.

- **The offer/mix** – the central city retail offer must be differentiated from the suburban malls, with anchor attractions that can help such differentiation. The existing Ballantynes department store, the only such store within Christchurch and a long standing, successful South Island retailer, is a good start in this regard. Relative to all of the other shopping alternatives within Christchurch Ballantynes is unique, and it also offers history and a clear South Island focus for visitors to Christchurch.

Other important additions to the mix which can help to significantly differentiate the central city offer from the suburban malls should ideally include the following:

- A focus on New Zealand designers that are generally not found in suburban malls. These retailers are fresh, innovative, often edgy, and usually do not want the more “corporate” feel of the suburban malls, nor are they prepared to pay the rental levels required for representation in the malls. Precincts which have developed over recent years in the High Street area of the Auckland CBD, as well as in Nuffield Street and Osborne Lane in Newmarket, reflect the types of retailers which are required. The attached photo montages show some of these precincts. These retailers are likely to be able to be attracted to Christchurch, particularly if they can be convinced of the total story which the vision for the retail core will deliver.
- An extensive adventure wear/experiential precinct. New Zealand, and particularly the South Island of New Zealand, are world renowned for adventure tourism, and many world class retailers operating in this market are of New Zealand origin. This is an important element which can be built on to provide a distinct focus of the new central city. It would be attractive particularly to visitors, but also to residents.
- An outstanding food & beverage offer – the South Island of New Zealand is renowned for its excellent fresh food; world quality wines, particularly from Central Otago; craft beers; and no doubt other high quality food & beverage experiences. All of these should be highlighted in the mix that is offered within the central city, so that visitors in particular will automatically think of Central Christchurch as the place to go to experience all of these elements in one attractive, compact, convenient location, with additional cultural elements and the added advantage of beautiful urban design.
- **Spaces for people** – at present, there appears to be a little emphasis on the creation of spaces for people within the central city retail core. The Avon River precinct offers a potentially excellent opportunity for the creation of such a space, but there is a need for other such spaces, either within or adjacent to the retail core. The Square should be explored as one such opportunity.



High Street Auckland



Newmarket, Auckland

- **Management & promotion** – The experience in Melbourne, as well as in other cities around Australia with successful central city retail precincts, and indeed in both Auckland and Wellington in New Zealand, is that a body representing the interests of the various stakeholders in the retail core is a key driver of success. Appendix 2 sets out the models that have been adopted for a number of Australian cities, including Melbourne, to deliver and manage the outcomes of the central city retail core, as well as the current situation in both Auckland and Wellington.

3.4 Risk factors

The above discussion has highlighted the recommended vision for the new retail core, as well as the important elements which can help bring that vision to life. On the other side, there are risk factors which can threaten its delivery, and identified among such risk factors are the following:

1. A piecemeal, non-descript retail core : this will occur if what is delivered is an indiscriminate collection of retail bits and pieces; and if urban design/ambience are not conducive to people wanting to spend time in the retail core. Having a number of land owners, and especially smaller land owners whose sites might be in strategic locations but who have no great interest in the factors that will be required to deliver the success of the whole precinct as noted above, greatly increases this risk.
2. A poor/dull offer, or one which is no different to, but only smaller than, what is available in the better malls. The risk of such an outcome will be that much greater if 1. above happens.
3. A small offer, lacking critical mass, would also lead to such an outcome, so delivering the whole precinct as quickly as possible is highly desirable.
4. A retail core which is not user friendly, i.e. difficulties with access, carparking (including cost), or getting around the total precinct as a pedestrian/shopper.

3.5 Retailing outside the core

This study and the recommendations in it are focused on the retail core, which when delivered will be the heart of visitor and pedestrian activity within Central Christchurch. However, like any central city area, retailing within Central Christchurch will not be confined solely to the retail core. There will be demand for additional retailing outside the core, and it is entirely reasonable that such retailing be permitted, even to a degree encouraged.

What will be important is to ensure that the core retail function occurs, as one would expect, within the defined retail core. The factors that will be of greatest assistance in achieving this objective relate more to what happens in the retail core rather than to what happens outside it. Implementation of the vision for the retail core, and of the recommendations presented in this report, will provide a very compelling reason for the great bulk of retailers, and certainly most comparison shopping type retailers (including major stores, fashion stores, Australian and international retailers) to locate within the retail core rather than outside it. This would be the case because it would become readily apparent that the greatest concentrations of pedestrian volumes and consequently the highest sales volumes per sq.m, will be delivered within the retail core.

The retail core has/will have other advantages, including the existence of the Ballantynes department store, the existence/provision of ample carparking (which must form an essential component of the plan for the core), the terrace, the development adjacent to the river, and the adjacency of the core to the river more generally.

If everything goes to plan, therefore, it will happen organically that the retail core will accommodate the great bulk of retailing, while only appropriate support retailing will emerge in other parts of the central city area. At this point, we consider that there should be a watching brief over proposals for retail facilities outside the retail core, but that the emphasis should be on promoting and delivering the vision for the core itself.

Small supportive facilities, including for example, some food catering stores, retail convenience stores, second hand/manufacturing related retailing, and uses of that nature, in our view, should not be discouraged from developing outside the core at this stage.

3.6 Summary

As detailed in the following section of this report, at present it is difficult to be confident that what would be delivered by the individual proposals would bring with it the necessary success factors. Ideally, greater co-ordination will now be provided to address these factors, particularly the need, responsibility and desirability (not least because it will result in better financial outcomes) of all parties to work to delivering a fantastic sense of place and an offer that can set the central city core apart from what is already available elsewhere in Christchurch.

Section 4: Enabling and supporting factors

The retail core in Central Christchurch will depend for its vitality and success on the level of visitation which it can generate on a daily basis. The previous sections of this report have set out the vision and the ingredients recommended for the retail core, which can help to generate that visitation.

In addition though, other factors can assist greatly in the objective of driving visitation to the retail core. The list of such factors includes the various proposed anchor projects, as well as the inner city residential population, the central city workforce, and tourist visitation to central Christchurch.

4.1 Anchor projects

The revitalisation and rebuild of the Christchurch CBD will be supported by the development of a range of catalyst, or 'anchor' projects. There are 17 anchor projects planned within the four avenues, which will yield developments of varying importance in regards to scale, economic contribution and community benefit.

These anchor projects are intended to stimulate investment and activity within Christchurch, bringing jobs and project workers into the CBD. Some of these projects will create residential dwellings within the CBD. Furthermore, these projects will create a sense of confidence amongst investors, customers, businesses and the greater public that the rebuilding of the Christchurch CBD is well and truly underway.

The Retail Core, which is the subject of this report, is considered one of the key anchor projects within the Christchurch Central Recovery Plan. The following other precincts are considered to be of the most importance to the success, growth and vibrancy of Central Christchurch.

Section 4: Enabling and supporting factors

Table 4.1 summarises the key metrics associated with each anchor project, outlining the precinct scale, indicative development staging, estimated capital value, potential supportable employment and likely resident numbers. Map 4.1 shows their locations relative to the retail core.

Table 4.1
Christchurch - Anchor Projects

Factor	Anchor Project Name						
	Health Precinct	Innovation Precinct	Convention Centre	Justice Precinct	East Frame	South Frame	Arts Precinct
Site area (sq.m)	71,790	35,000	20,000	18,000	75,000	-	9,300
Building area (sq.m)	515,275	150 - 200,000	21,000	31,000	54,000	-	tbc
Timing - start	Q3 2014	Q4 2013	Q4 2014	Q1 2014	Q1 2014	-	Q3 2014
Timing - end	10 yr +	5 yr +	Q2 2017	Q1 2017	Q2 2015	-	Q1 2016
Cap Value (\$M)	\$550	\$220	\$320	\$272	\$51*	\$8*	\$62
Estimated workers	2,000	3,500	300	1,200	NA	NA	NA
Estimated residents	NA	NA	NA	NA	3,000	NA	NA

**Public realms work only - budget allowance for communal space, landscaping, laneways, outdoor activities, etc*
Source: CERA; CCDU; CCC; MacroPlan Dimasi

Map 4.1

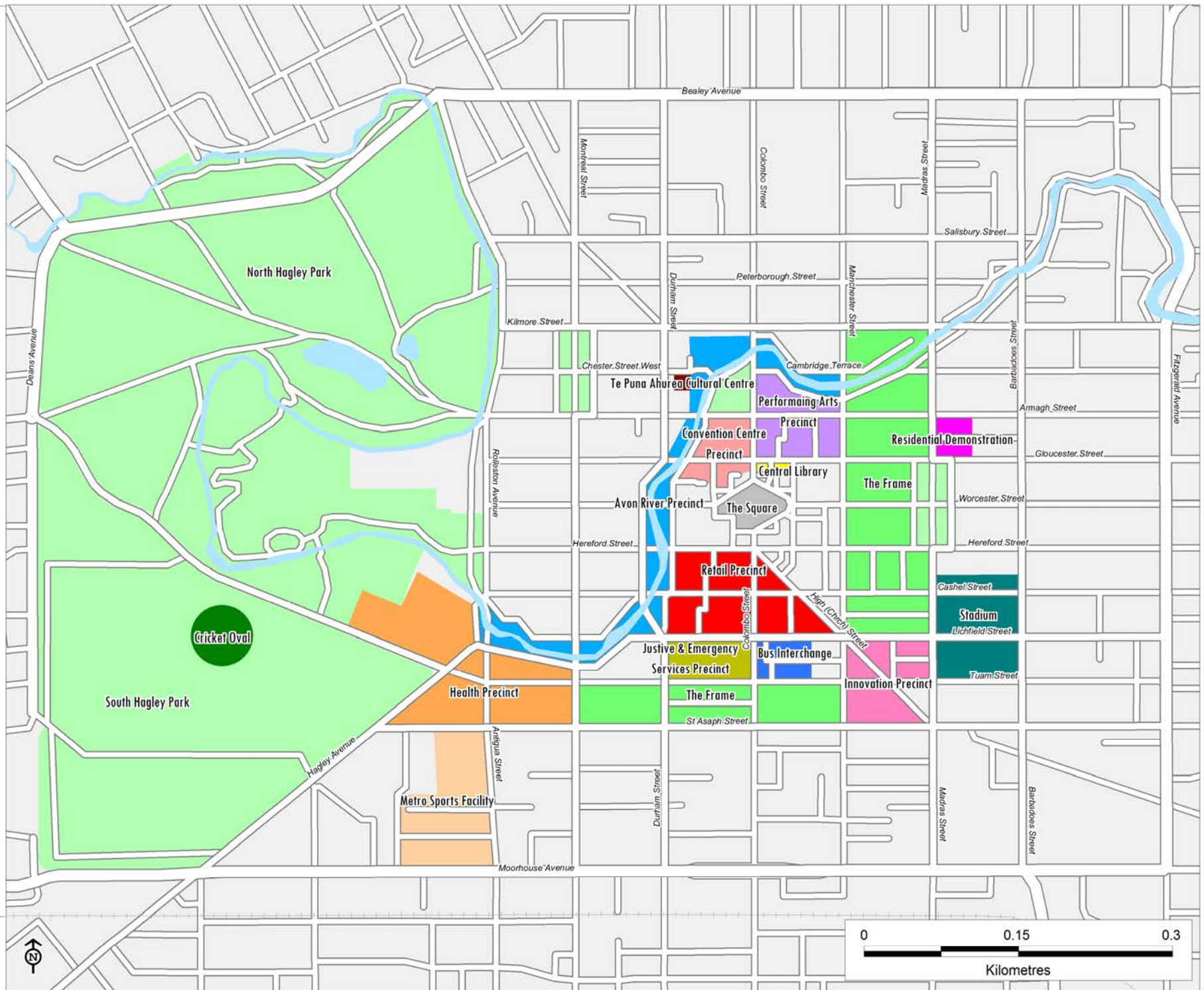
Christchurch

The Blueprint Plan Major Projects

Legend*

The Blueprint Plan

- 1 - The Frame
- 2 - Convention Centre Precinct
- 3 - Stadium
- 4 - Metro Sports Facility
- 5 - Bus Interchange
- 6 - Avon River Precinct
- 7 - Te Puna Ahurea Cultural Centre
- 8 - The Square
- 9 - Performing Arts Precinct
- 10 - Justice & Emergency Services Precinct
- 11 - Health Precinct
- 12 - Cricket Oval
- 13 - Residential Demonstration
- 14 - Central Library
- 15 - Innovation Precinct
- 16 - Retail Precinct



The **Health Precinct**, situated to the south-west of the retail core, is the largest project in terms of capital value and is expected to be developed over a period of 10 years from the end of 2014. This \$550 million project will provide a range of state-of-the-art medical and training facilities across more than 500,000 sq.m of floorspace.

There is no official estimate of projected employment at this precinct, but we estimate that some 2,000 workers could be supported at this precinct once it is developed to capacity.

The health precinct in particular will not only generate activity through precinct employment, but also through visitation to the precinct, and this catalyst project will be a key contributor to the retail core.

The **Innovation Precinct**, situated about 500m south-east of the eastern edge of the retail core, is expected to include a range of business and industry uses. The precinct's location adjacent to the Christchurch Polytechnic Institute of Technology (CPIT) will encourage collaborative and knowledge sharing activity between business and research organisations. The precinct is intended to act as a technology hub, accommodating high-value businesses across a variety of sectors including research and technology. Construction of this precinct is expected to commence towards the end of 2013 and be completed over a five year timeframe. The Ministry of Business, Innovation and Employment, CERA and Christchurch City Council (CCC) will facilitate the development of this precinct in partnership with the private sector.

The **Justice and Emergency Services Precinct** is located directly south of the retail core in the block bound by Lichfield Street to the north, Colombo Street to the east, Tuam Street to the south and Durham Street to the west. This precinct is very important in the evolution of the central city, and in particular the retail core, because it will be a key driver of workforce population. The precinct is earmarked to accommodate Courts, Police, Corrections and Justice as well as emergency services (St John Ambulance, NZ Fire Service, Civil Defence etc.). This precinct will encourage the collaboration and integration between the various departments. The precinct is expected to include 31,000 sq.m of built floor area.

Early projections indicate the precinct could support 840 justice sector staff and 370 emergency services staff.

The **Bus Interchange** is to be located on the eastern side of Colombo Street, between Lichfield and Tuam Streets, to the immediate east of the Justice and Emergency Services Precinct. This development will create a centralised transport hub, which will serve the needs of the Christchurch population, drive visitation to the central city, and support other key anchor projects. Importantly, it will be located adjacent to the retail core.

The **Convention Centre Precinct** is located to the north-west of Cathedral Square and will provide world-class convention facilities, with the aim of attracting international associations and new convention/conference markets to Christchurch. Early estimates indicate that construction of this \$320 million precinct could commence as soon as Q4 2014, with the development timeframe expected to be two to three years. The facilities to be provided within this precinct are expected to be able to accommodate up to 2,500 delegates, and will be located close to hotels, transport routes and public open spaces.

The **Performing Arts Precinct** and **Central Library** are technically two separate anchor projects and their collocation to the north-east of Cathedral Square will be of considerable assistance in ensuring future visitation to the CBD. The Performing Arts Precinct will provide a range of facilities for local and touring artists as well as permanent facilities for existing cultural institutions such as the Christchurch Symphony Orchestra, Court Theatre and the Music Centre of Christchurch. The precinct could include two auditoria, which have the potential to accommodate 2,000 visitors in combination. The new Central Library will be close to twice the size of the previous library and will be located to the immediate north of Cathedral Square, in close proximity to the Convention Centre Precinct and Performing Arts Centre.

The CBD is surrounded by '**The Frame**' in three directions – north, east and south. The Frame will redefine the CBD, and addresses the potential oversupply of land. The Frame will link to the Avon River Precinct in the north and to the Health Precinct in the south-west. The Frame will primarily provide open green space and

parklands, but will also feature a range of residential uses throughout the Eastern Frame.

Small scale campus style commercial facilities are proposed to be provided throughout the Southern Frame, which will allow for education, business and innovation activity centres. The Frame will also connect the CBD with the proposed Stadium to the east. Preliminary plans indicate that around 2,000 residential dwellings could be developed within the Eastern Frame. Ideally a greater number of residential dwellings should be developed throughout central and inner Christchurch, generating critical mass and developing a substantial inner city residential market.

The following other anchor projects are also included within the Christchurch Central Recovery Plan, though at this stage the projects discussed above are expected to be the key drivers of development and growth within the Central City area:

- The Square
- The Stadium
- Metro Sports Arena
- Te Puna Ahurea Cultural Centre
- Earthquake Memorial
- Cricket Oval
- Residential Demonstration Project
- Avon River Precinct

4.2 CBD worker population

Prior to the earthquakes, an estimated 51,400 workers were employed in the Christchurch CBD, across a range of industry sectors, but predominantly in white collar commercial office and retail employment. Estimates produced by Stats NZ indicate the current worker population within the four avenues is 29,250.

Key anchor projects, in particular the health precinct, innovation precinct, convention centre and justice precinct, will generate significant employment within the central city area, estimated at around 7,000 jobs in combination. The retail core itself will also create employment, estimated to be in the order of 2,000 jobs. In addition, 65,000 sq.m of commercial space is proposed to be developed as part of the retail core, which can accommodate around 3,500 – 4,000 workers. There will be further commercial development throughout the Central City area, which will provide even more employment, although estimates for the remainder of the CBD at this point are very preliminary, given the lack of clarity surrounding development outside of the anchor projects.

Therefore, all indications are that the level of employment in Central Christchurch will, in due course, return to levels seen pre-earthquake, and possibly even greater. The timing of this return though is still subject to uncertainty.

An eventual worker population in excess of 50,000 in Central Christchurch will make a great contribution to the success of the retail core. The February 2013 report prepared by MacroPlan Dimasi identified the customer segments that will drive the new retail core, and certainly the central city workforce is a very important segment.

Central city workers are particularly important to the lunchtime trade within the central city, but also stimulate morning business (breakfast), apparel spending, and the night time uses (bars/restaurants).

More detailed information and greater confidence about the numbers of workers who will return to Central Christchurch, and the dates at which those workers will return, will be of assistance to all who are planning development in the retail core,

including not only the landowners but even more so the retailers. Prior to committing to leasing space within the new retail core, retailers are wanting to know firstly exactly what that core is going to look like in totality, so that they have clear understanding of where they will sit within the context of their neighbours and the total offer. Secondly, retailers want to know where the demand for their products and services will come from. Greater confidence about the city workforce helps to answer the second of those questions for the benefit of prospective retailers.

4.3 CBD resident population

Data from Stats NZ indicate that the inner city (within the four avenues) residential population prior to the earthquake was in the order of 8,300 persons. The latest figures from Stats NZ estimate that there are still over 6,100 residents living within the area.

It has been made clear on a number of occasions previously in this report that the importance of a substantial CBD/central city/inner city population within Christchurch cannot be overstated with regard to its benefit for the retail core. The Melbourne case study highlighted this factor in particular, and one could equally point to each of the other Australian mainland capitals as having demonstrated similar outcomes, and indeed increasingly also to Auckland and Wellington.

In Christchurch, there is an expressed aspiration to achieve a central city population (i.e. within the four avenues) of 20,000. This is commendable, and is a good start. However, at this point, there is insufficient detail and clarity about where this population is to be accommodated. While there are some plans for some residential development to be provided within the East Frame, the likely order of population to be accommodated in the plans as they are currently envisaged would probably be only around 2,500 – 3,000, and would mean that the central city population would at best push towards 9,000 rather than 20,000.

The consultations undertaken for the purposes of this study have shown a slowly emerging interest in both the provision and the occupation of quality inner city residential options. Of course a retail core of the nature envisaged in this report would be an important factor that would further stimulate demand for such living options, and would also provide greater confidence to prospective developers. The two aspects therefore go hand in hand.

Therefore, the identification and encouragement of further areas within the inner city where higher density residential development can be accommodated is highly recommended. Once this trend gathers some traction, experience in other cities, including in Auckland and Wellington, suggests that it will then create its own momentum, as consumers recognise the benefits of this living alternative, and developers are able to achieve good financial outcomes.

4.4 Christchurch tourism

The *Christchurch Tourism Recovery Roadmap*, produced by Christchurch & Canterbury Tourism, estimates that at June 2013 there will be 283 accommodation properties operating in Christchurch, with a total of 4,621 rooms. This volume is 59% of the pre-earthquake capacity of Christchurch. A number of new hotels are due to open in the second half of 2013, including the Novotel, while further hotels and motels are due to open in 2014 and 2015, including the All Season Hotel on Cashel Street. Upon completion, these planned additions are expected to bring the number of rooms available at December 2015 to 5,761, being almost 75% of Christchurch's pre-earthquake capacity.

Christchurch is the gateway to the South Island with all its visitor attractions, and is popular with both domestic and international visitors. It falls within the Canterbury Regional Tourism Organisations (RTO) boundary which recorded 1.4 million domestic overnight visitors in the year ending December 2012 and 627,421 international overnight visitors for the year ending March 2013 (source: Ministry of Business Innovation & Employment).

Section 4: Enabling and supporting factors

There has been a significant change in the composition of international visitors to New Zealand since 2006, with a steady decline in the number of Japanese visitors and a steep increase in the numbers of Chinese visitors. Australia continues to provide the greatest number of international visitors and the number of Australian visitors to New Zealand is expected to increase into the future.

Christchurch offers a wide range of tourist activities within and near the city. Within the Christchurch area, activities on offer include:

- Punting on the Avon River which has been revived post earthquake, including trips through the "Red Zone"
- The Gondola (cable car) on Mt Cavendish.
- Tours of the Botanical Gardens set on the banks of the Avon River.
- The Christchurch City tram, scheduled to reopen in late 2013.

A short distance from Christchurch, at Hammer Springs, some 90 minutes north of the city, the following activities are on offer:

- Jetboating
- Bungy Jumping
- Rafting
- Quad biking
- Paintball
- Claybird shooting

Christchurch is also a base from which to explore some of New Zealand's wineries.

More broadly, the South Island of New Zealand attracts large numbers of visitors, from both domestic and international markets, primarily for leisure based activities and sightseeing. While Canterbury is the most visited RTO in the South Island, Queenstown is also a very popular tourist destination, due to its proximity to a range of ski fields, recording over 514,000 overnight visits from international tourists in the 12 months to March 2013. Other popular tourist destinations throughout the South Island include Dunedin, Marlborough, Southland and the West Coast, which each offer unique natural and adventure based attractions.

The influential Lonely Planet travel guide rated Christchurch as No. 6 of the world's Top 10 cities to visit in 2013. Therefore, Christchurch is on the world map for visitors.

A new retail core in Central Christchurch will benefit greatly from increased visitation, while at the same time, such a new retail core, if delivered in an authentic, imaginative and innovative way, and if it speaks of Christchurch and the South Island, can itself become an important drawcard for visitors. Such a retail core can be one of the important ingredients to help make Christchurch the best small city in the world, an aspiration which is achievable.

The vision for the retail core which is set out in this report has regard to this factor, and one of the elements taken into account in shaping the vision and the recommendations is the fact that a retail core of the nature recommended would be a very attractive drawcard for visitors to Christchurch.

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Section 5: Recommendations and next steps

In order to progress the vision for the Central Christchurch retail core, a number of important recommendations and next steps are outlined in this final section of the report. Those are set out below.

Recommendation 1

Prepare an overarching strategy, the focus of which should be a physical plan, for the retail core.

At present, in our view the various proposals that have been put forward for individual developments, taken in combination, offer only a low probability of a final outcome which can deliver the vision for the retail core. This is not to criticise any one individual plan, rather it is a function of the fact that the preparation of a cohesive and comprehensive plan, with excellent urban design at its heart, has not been the focus for any of the individual stakeholders. Rather, each has focussed on its own universe, and to some degree has tended to see other plans in a more competitive rather than complementary light.

However, if one compelling overall plan does not become the focus, then there is a high likelihood that the final outcome for the retail core will replicate at least some, if not most, of the failures of the past, albeit on a smaller scale and within a more compact area.

The lessons from all of the analysis presented in this report, including the Melbourne case study and the global town centre examples, cannot be emphasised enough with regard to the need for a high quality physical plan, focused in particular on urban design. The plan must facilitate excellent accessibility, legibility and permeability throughout the total retail core. It must also enable all of the separate pieces to come together to form one cohesive, attractive and compelling whole. Such an outcome will benefit all players, while in the absence of such an outcome there will most likely be winners and losers, but ultimately Central Christchurch in total will be a potential loser.

The development of such a plan requires substantial levels of design and architectural expertise, building on the basics of retail mix and retail planning. Ideally, the plan should draw on the demonstrated expertise of those who have delivered such outcomes, or similar, previously. At this point, there is little evidence that the various individual stakeholders in Christchurch between them have the pre-requisite expertise. Again, this is not intended as a criticism. A number of the stakeholders are successful retailers, have undertaken development before, and/or have very experienced retail architects/designers providing advice to them. The Buchan Group, for example, which is involved in two of the larger Outline Development Plans for the retail core that have been put forward, is a world leader in retail design.

It is therefore recommended that under the auspices of the urban design teams of CERA and Christchurch City Council, that the stakeholders, and particularly their design/architectural experts, be obligated to jointly develop an excellent overall plan for the retail core.

The physical plan must commence with accessibility and circulation, resolving the needs of the total precinct for carparking, as well as for easy access and egress. The question of the Council owned Lichfield Street carpark is at the heart of these considerations, and the future of that carpark must be determined as part of the total plan. The additional carparking that is to be provided to serve the retail core should similarly be determined within this plan.

The plan should then focus on pedestrian friendliness, creating beautiful spaces for people as an element of the total retail core, and providing one urban design envelope which can bind all of the elements together to help deliver the vision, and in particular to differentiate the retail core from the suburban malls.

Recommendation 2

An appropriate authority of appointed representatives should be convened, e.g. the Christchurch Central Retail Advisory Board, to help develop, promote and effectively manage the new retail core.

This recommendation is also linked to Recommendation 1. Ideally, such a board can initially play an integral role in facilitating development of the overall strategy and plan for the retail core, and then enabling that plan to be developed. Over the longer term, this body can also then ensure the most effective management and promotion of the retail core.

Various models for how such a body might operate have been set out in Appendix 2. It is for the various stakeholders to determine the form of body which would work most effectively in Christchurch. Again, such a body should be ideally convened under the auspices of CERA and, particularly, Christchurch City Council, and its charter should be to develop the vision for the retail core, drive the implementation of that vision, and then effectively manage and market the retail core on an ongoing basis.

Recommendation 3:

Provide greater confidence and clarity around the anchor projects, including anticipated dates of delivery, numbers of jobs, and likely visitation levels wherever possible.

The above is obviously not a straightforward task, and it cannot be expected that information about the anchor projects can be fully determined in every detail at this point. However, there is room, and need, to provide a greater level of certainty about exactly when the anchor projects are likely to be delivered, and exactly what each of them will contribute to the benefit of the retail core. Again, this additional certainty is of particular importance to retailers in their decision making as to whether or not to commit now to locate within the retail core, or simply to wait until there is more certainty.

Recommendation 4

Provide greater clarity and certainty about the return of the central city workforce.

As is the case with the anchor projects as noted above, it is difficult to be precise about the return of the city workforce, and the future growth that can be anticipated in that workforce. However, greater efforts must be made to do so, to the maximum extent possible. This recommendation is about providing greater certainty particularly for retailers, but also for other stakeholders, including landowners/developers in the retail core.

Recommendation 5

Develop and communicate as soon as possible a realistic and robust plan for the repopulation of the central city area and surrounds, highlighting how and where the required residential development will be encouraged.

The importance of a residential population within the central city, and in the immediately adjoining areas, and the contribution which such a population can make to the wellbeing not just of the retail core but of Christchurch more broadly, cannot be overstated. To this point there has been a general acceptance that a central city residential population is to be encouraged, and an expressed aspiration for a population of 20,000. However, there is not yet sufficient confidence, let alone certainty, about precisely where this population is to be accommodated, and what the capacity of the designated/preferred areas for such repopulation is likely to be.

Our consultations indicated that there is an emerging level of interest, including from developers, for inner city higher density residential projects. The process of delivering such projects successfully, to the extent where inner city living becomes a desirable alternative for a large proportion of Christchurch's population, will take some time, as has proven to be the case in other cities. That process therefore needs to kick off as soon as possible, so that it can gather momentum and start providing meaningful population increases for the benefit of

the retail core as early as practicable. Incentives to encourage such development, at least in the early years, may also be required.

Recommendation 6:

Consider ways in which the occupancy cost burden (rental plus outgoings) of the retailers who will be first movers to locate within the new central city can be eased, at least for the initial years.

It is quite likely that the initial years, particularly for the first mover projects, will be tough for at least some of the new retailers which locate in the retail core. A program of low start-up occupancy costs can form part of the attraction to entice prospective retailers to locate within the retail core. Current indications from various landowners are helpful in that the required/anticipated rental levels appear to be potentially well below the prime rental levels charged in the higher order suburban malls, such as Westfield Riccarton. Further assistance by way of an easing of the outgoings burden (e.g. rates and taxes) for an initial period of time would also be of great assistance.

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APPENDICES

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Appendix 1

The following five case studies highlight examples of new town centres which have achieved outstanding levels of success. It is not intended that these examples be literally translated to Christchurch, since they reflect elements which are very much of the place where they have been built, primarily the United States.

However, the principles that have made these town centres successful, are stressed for consideration in developing the vision and plan for the Christchurch central city retail core. As is highlighted in the case studies, foremost amongst these principles are:

- Urban design
- Places for people
- Architectural excellence
- Ease of accessibility and circulation
- A range of high quality food establishments (high quality does not automatically equate to upmarket or high priced)
- Pedestrian friendly
- High quality retail mix

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Town Centre Projects 5 Case Studies



Baker Consulting
June 2013

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Easton Town Center

1 Easton Town Center, Columbus, Ohio

Description:

Easton Town Center in Northeast Columbus, Ohio, is widely considered the benchmark for a town centre development. It achieves a sense of place by successfully combining the key elements of design, landscaping, tenant mix and dining options, and accessibility.

Sales density is not known but is believed to be well over \$10,000 per sq.m.

Key statistics:

- Year opened: 1999
- Owner/developer: Steiner + Associates
- Annual visitors: 20 million
- Retail GLA: 140,000 sq.m
- Office GLA: 20,000 sq.m
- Residential units: 500
- 3 on-site hotels with 559 rooms (Hilton Columbus, Residence Inn by Marriott and Courtyard by Marriott)
- One upscale department store (Nordstrom) and one moderate department store (Macy's)
- 150 specialty stores and 50 eateries and a 30-screen cinema
- 8,000 parking spaces including 3,540 deck parking spaces spread across three separate garages (east, west, north), with additional surface lots adjacent to specific stores
- An additional 800+ units (studio apartments to 3 bedroom townhouses) adjacent to the property but not part of the Easton Town Center project
- Demographics:

Population (16 km radius): 792,000
Households: 328,000
Average household income: \$59,000

Key success drivers:

The map on page 4 shows the layout of the project. The following in particular should be noted:

- There are two major “hubs” with green space and water features that link the shopping areas and form natural recreational spaces for visitors. These are labelled “Town Square” and “Central Park Fountain” on the map. Both of these “piazzas” are flanked by large casual dining restaurants that offer alfresco seating. The piazzas are ideal for hosting seasonal entertainment events, including a moonlight cinema programme during the summer. Photographs of The Town Square and Central Park Fountain from various perspectives are shown from page 4 onward.
- The stores and restaurants are arranged in open-air and enclosed mall settings, as follows:

Easton Town Center

- The maroon and blue areas of the map are configured as open-air Main Street shopping areas
 - The green area in the centre is a two-level enclosed mall
 - The brown areas are hotels
 - The two department stores are located at Block Y and Block Z respectively
- The architecture of Easton Town Center is varied to avoid the homogeneous look of a mainstream shopping centre. This is clearly depicted in the photographs.
 - A weekly farmers market operates adjacent to Block D during the summer months
 - A tram operates on the property partly as a tourist attraction and partly as a functional people-mover from one area to another
 - The development has 20,000 sq.m of office space and is headquarters to global retailer Limited Brands and a number of financial institutions, among other businesses
 - The three hotels are of good quality but not high-end, making them viable accommodation alternatives for visitors with moderate incomes from other parts of Ohio

Takeaways for Christchurch:

- The success of a town centre need not depend on high-income demographics provided that other success drivers are in place. Household income within a 16 km radius of Easton Town Centre is under \$60,000 but the appeal of the project is sufficiently strong that it draws in depth from an abnormally large geographic area.
- Green or paved piazzas that are strategically located, have appropriate scale and are well designed, can serve as a community recreational space and gathering point. They also serve as natural focal points for alfresco dining and ideal locations for seasonal entertainment events.
- Project architecture should be pleasing to the eye and exhibit heterogeneous styles, in contrast to traditional shopping centres
- A mix of open-air and indoor shopping optimises the opportunity to take advantage of different seasons and weather conditions
- A genuinely high-quality assortment of food service establishments is of critical importance to the success of a town centre. The opportunity should exist for a range of dining styles from fast food through to full table service.
- A high-quality retail assortment is very desirable. This should normally include a mix of national/international chains and local independents. Poor quality retail or exclusive reliance on chains or independents heightens risks to the project.

Easton Town Center

- In the case of Christchurch where the availability of international brands will be limited, the rules for tenant mix will probably need to be altered with the inclusion of a supermarket and some convenience-oriented retail
- The development must be pedestrian-friendly but should not deter access by automobile even if public transport availability is good
- A variety of parking options is desirable, including deck, surface and store-front, although the latter can be limited or excluded in particular zones set aside for pedestrian malls.

Easton Town Center



Easton Town Center



Easton Town Center



Easton Town Center



Easton Town Center



Easton Town Center



Easton Town Center



Easton Town Center



Easton Town Center



2 Kierland Commons, Scottsdale, Arizona

Description:

Kierland Commons is a an open-air mixed-use development that sits within a 290-hectare planned community in North Scottsdale, Arizona. The retail component is not anchored but otherwise the tenant assortment is comparable to that of an upscale regional shopping centre. It has a sales density of almost \$7,000 per sq.m.

The project – like Easton Town Center – is features high-quality dining. This, combined with Arizona’s intense daytime heat for much of the year, means that customer traffic is more heavily focused in the evening than at enclosed shopping centres or town centres in more moderate climates.

Key statistics:

- Year opened: 1999
- Owner/developer: Macerich
- Retail GLA: 40,700 sq.m, including 150+ specialty stores/restaurants
- Residential above retail in multiple levels
- No department stores
- Mix of upscale fashion, home furnishings chains and restaurants
- 11,150 sq.m of office space
- 84 residential units from 100-360 sq.m
- Part of 290-hectare master-planned community
- Adjacent to Westin Resort & Spa hotel
- Demographics:
 - Population, primary trade area: 352,380
 - Population, total trade area: 943,740
 - Households, primary trade area: 145,880
 - Households, total trade area: 416,675
 - Average household income, primary trade area: \$112,450
 - Average household income, total trade area: \$82,960

Key success drivers:

The map on page 16 shows the layout of Kierland Commons. Note that although the project has no traditional shopping centre anchor stores (e.g. department stores or supermarkets), it does have smaller specialty anchors in the home furnishings category (Anthropologie, Crate & Barrel and Z Gallerie), fashion (Anthropologie, Chico’s and Tommy Bahama) and dining (Cheesecake Factory, PF Changs and Tommy Bahama). This conforms with a growing trend throughout the world in recent years to replace traditional large anchors with clusters of smaller ones.

- Typical of US town centers and the European towns upon which they are partly modelled, Kierland has a piazza with palm trees and an interactive water fountain that acts as a gathering point for adults and water playground for children in the geographic centre of the project. It is also a location for concerts and other happenings.

- Kierland is designed to be in harmony with its natural surroundings, with earth colours and local construction materials. Store design is a key preoccupation of the leasing package given to prospective tenants. The second paragraph of the Tenant Design Criteria document reads: “Storefronts must be of the highest caliber: expressing state of the art and material quality and meeting or exceeding the very best examples. To achieve this goal, Tenants shall be required to select an Architect who has experience in retail Tenant design. Awnings, where required, must be three-dimensional, emphasizing creative, dynamic forms and designs.”
- The daytime desert heat is ameliorated somewhat by misting devices. Even so, during much of the summer months the project is lightly trafficked during the daytime compared with an air-conditioned shopping centre with comparable tenants. The fashion and home furnishings stores stay open later (until 8pm Monday-Thursday and until 9pm on Friday and Saturday) to accommodate the shift in traffic toward evening.
- Kierland’s demographics are quite affluent with an average household income \$112,450 in the primary trade area and the upscale tenant mix is matched accordingly
- Abundant surface parking is available around the periphery of the property as well as store-front parking in the traditional Main Street style
- Residential units are atop the retail and also contained within a residential tower
- The centre has an app that offers a variety of useful shopping aids. (See page 24.)
- The project is at the centre of a larger planned community (290 hectares) that includes a Westin Resort & Spa hotel, a 27-hole golf course and various commercial facilities.

Takeaways for Christchurch:

- Green or paved open space that is strategically located, has appropriate scale and is well designed, can serve as a community recreational space and gathering point. It also serves as a natural focal point for alfresco dining and an ideal location for seasonal entertainment events.
- Project architecture and landscaping should be of excellent quality and blend in with the natural surroundings rather than stand out in defiance of them
- Open-air shopping in a location subject to climatic extremes requires ameliorating landscaping and technology. In Kierland’s case the daytime heat causes a shift in patronage toward the cooler evening hours and store opening hours are extended to accommodate. This is unlikely to be an absolute requirement in Christchurch but it nevertheless underscores the fact that the vitality of a dining/entertainment area can be supported and enhanced by other tenants remaining open.

- A genuinely high-quality assortment of food service tenants is of critical importance to the success of a town centre. The opportunity should exist for a range of dining styles from fast food through to full table service.
- A high-quality retail assortment is desirable. As noted in the section on Easton Town Centre, this should not over-rely on either high-profile chains or independent retailers. In Christchurch the mix will also need to be modified to include a supermarket and some convenience tenants.
- The development must be pedestrian-friendly but not deter accessibility by automobile
- There should be a variety of parking options, including deck, surface and store-front
- High-quality residential units above the retail at street level adds to the appeal of a town centre project and adds value to the project from an economic standpoint.

Kierland Commons



Kierland Commons





Kierland Commons



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Below is a freeze of the Kierland Commons web page promoting its mobile app. Technology like this will become standard fare in shopping centres and would be appropriate for Christchurch's downtown.



MALL MOBILE APP

Available for iPhone, Android and BlackBerry!

Here are a few of the great features:

- **MALL DIRECTORY** – browse by category or view stores alphabetically with detailed info, map location and phone number for every retailer or dining establishment. Even get a quick glance if the store currently has a sale.
- **INTERACTIVE MAP** – search for and display the location of individual stores and closest parking, as well as restrooms, escalators, elevators, ATMs and other mall amenities.
- **SALES & EVENTS** – view a detailed listing of sales and events going on at the center and even create a favorites list to help plan your shopping trip.
- **WHERE DID I PARK?** – save your parking location by using your phone's GPS, taking a photo, recording a voice note or typing a text reminder to easily locate your vehicle.
- **SHOPPING LIST** – get organized by creating a custom shopping list. For every item on your list, select the retailers you'd like to visit and locate them on the mall map with one touch. You can even email your shopping list for others to view.
- **CENTER INFORMATION** – view shopping hours, center address and phone number, guest services information, weather forecast and more.
- **GIFT CARD** - Purchase Mall Gift Cards branded by American Express or check your balance at any time!

3 Santana Row, San Jose, California

Description:

Santana Row is a mixed-used development in the heart of Silicon Valley. It has a streetscape configuration spread over approximately 13 blocks. Developed in the backdrop of Silicon Valley's dotcom failures and deteriorating real estate fundamentals of the early 2000s, this project appeared to be ill-starred. Things looked even worse in August 2002 when, before the centre's opening, a fire destroyed one of the largest buildings. However, the project recovered and is now thriving to the point where it is widely considered one of the best-in-class examples of an urban mixed-use project.

Key statistics:

- Year opened: 2002
- Owner/developer: Federal Realty
- Retail GLA: 60,100 sq.m
- 70 stores and 20 restaurants
- 622 residential units above retail (2-3 levels)
- Boutique hotel
- Movie theater
- 6,000 sq.m of office space
- No department stores
- Mix of upscale fashion, home furnishings chains and restaurants
- 3,516 parking spaces
- Demographics:

Population, 8 km radius: 549,600

Households: 203,620

Average household income: \$98,205

Ethnicity: 52% white alone, 27% Asian, 3% black alone, 25% Hispanic (either black or white)

Key success drivers:

The map on page 27 shows the project's layout. Note the following:

- Like the other examples in this study and most US town centers, Santana Row has a central rectangular hub consisting of green space with palm trees and other pleasant foliage, adjoined by dining options
- High-quality alfresco dining is a key attraction of the project
- The architecture of the development is varied to avoid the homogeneous look of a mainstream shopping centre

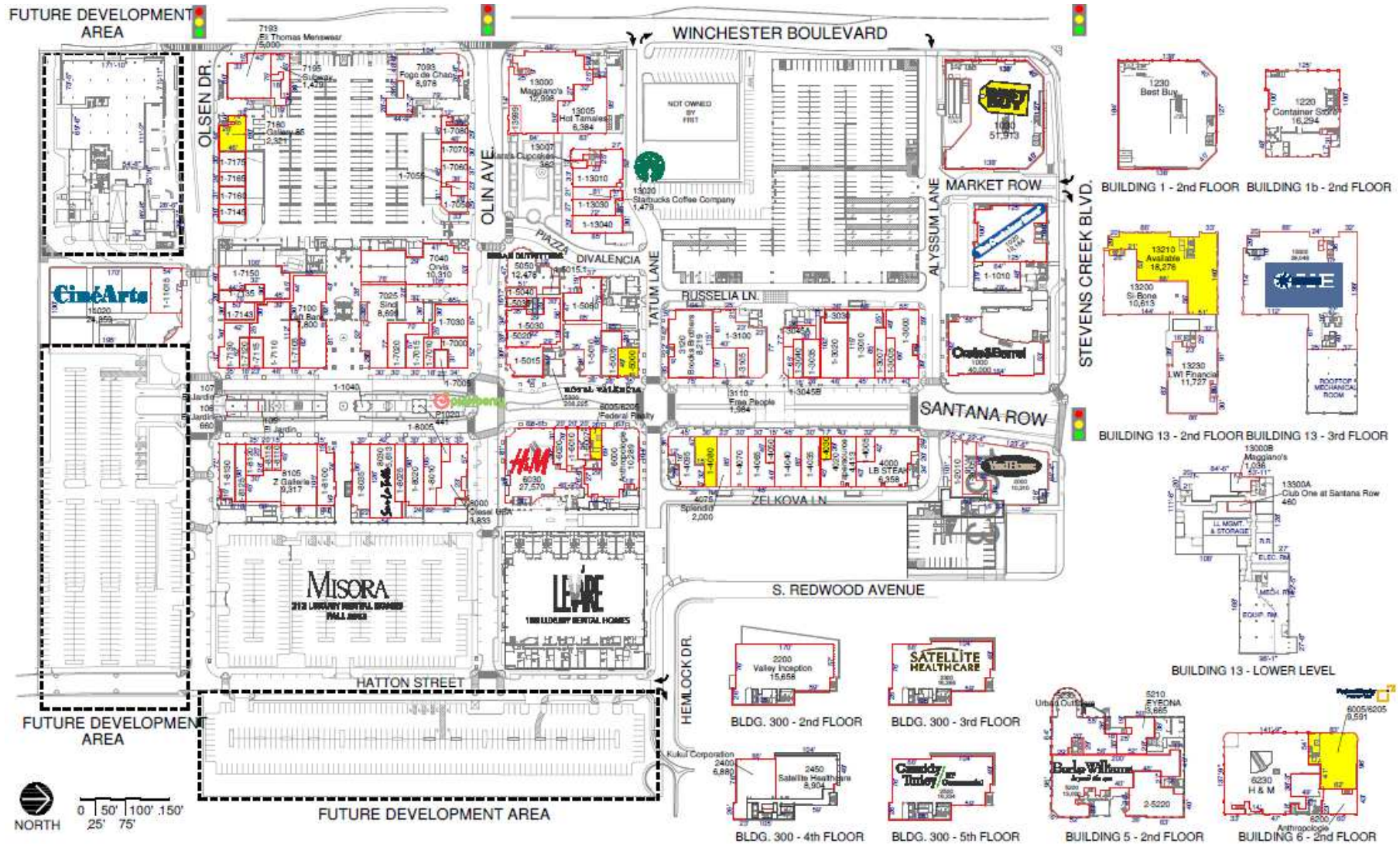
Santana Row

- The local demographics are affluent with an average household income of almost \$100,000 within an 8 km radius. Both the retail tenant mix and the residential units are accordingly upscale
- As in most of the other case studies Santana Row has substantial surface parking amenities around the periphery of the development and store-front parking in the traditional Main Street style
- Residential units are atop the retail (2-3 levels) and also in two residential towers. (These are labelled Misora and Levare on the map. Misora is opening later this year.)

Takeaways for Christchurch:

- Strategically located and appropriately scaled green space is highly desirable. Note that in the case of Santana Row the green piazza is not particularly large but the quality of its design and landscaping, together with the architectural quality of the adjoining buildings, makes it a dominant and compelling space. Given the tight availability of open space in the Christchurch downtown it is encouraging that a small piazza could punch well above its weight if it is well designed.
- Alfresco dining holds great appeal if the food service establishments are of strong quality and the design ambience is compelling. Christchurch's climate will not generally be as favourable as San Jose but climate control technology and fit-out can be used to compensate.
- Project architecture and landscaping should be of excellent quality and varied with respect to building height, construction materials and design. Appropriate foliage is of key importance to project appeal.
- A high-quality retail assortment is desirable but needs to be matched to the local market. Christchurch need not attempt to emulate Santana Row with its upscale tenancies and should have a high percentage of convenience tenants and a supermarket. However, it is important that tenancies reflect international best practice and not sink back to a mediocre average just because the market is not affluent.
- The development must be pedestrian-friendly but not deter accessibility by automobile
- There should be a variety of parking options, including surface and store-front
- High-quality residential units above the retail at street level adds to the appeal of a town centre project and is an economic asset.

Santana Row





Santana Row



Santana Row



Santana Row



Santana Row



5 Americana at Brand, Glendale, California

Description:

Americana at Brand is a walkable mixed-use development built on a 6.2 hectare site in northeast Los Angeles that had previously suffered from blight and vacant storefronts. The project mimics a natural downtown by using a variety of architectural themes, construction materials and building heights rather than employing a unified design that is typical of a shopping centre.

Like many other town centre developments in the US it is built around a large central green space with elaborate water features that act as a focal point for the property, a recreational area and an ideal space for alfresco dining.

Americana is one of the highest-productivity retail centres in the US with sales per sq.m of almost \$12,000.

Key statistics:

- Year opened: 2008
- Owner/developer: Caruso Affiliated
- Annual visits: 16 million
- Retail GLA: 55,000 sq.m
- Approximately 50 retail stores and 25 restaurants
- Residential: 42,000 sq.m
- 342 residential units in a residential tower and atop retail
- 18-screen movie theater
- No department stores currently but full-line Nordstrom opening in 2014
- Mix of upscale fashion, home furnishings chains and restaurants
- Average trade area household income: \$71,395

Key success drivers:

The map on page 34 shows the project layout. Note particularly:

- Simple configuration with the property core consisting of a large (8,000 sq.m) piazza dominated by green space, a water feature and alfresco dining
- The local demographics are not particularly affluent with an average household income of just above \$70,000 within a 16 km radius. However, the project is so well executed and the mix of retailers and restaurants so compelling that visitors are drawn from all over the Los Angeles metropolitan area.
- Americana does not have surface parking lots like many other town centre projects and there is also no store-front parking. Instead, parking is provided for \$4 per hour in a large multi-level deck.

Takeaways for Christchurch:

- The traditional “market square” configuration has immense appeal if well executed
- Alfresco dining holds great appeal if the food service establishments are of strong quality and the design ambience is compelling. As noted in connection with Santana Row, Christchurch’s climate will not generally be as favourable as Southern California’s but climate control technology and fit-out can be used to compensate.
- Project architecture and landscaping should be of excellent quality and varied with respect to building height, construction materials and design. Appropriate foliage is of key importance to project appeal.
- High-quality retail assortment is desirable
- The development must be pedestrian-friendly and if store-front and surface parking are unavailable then structured parking should be abundant, of high quality, and economical

Americana at Brand



-  Elevators
-  Escalator
-  Restrooms & Family Lounge
-  Concierge Services
-  Wells Fargo ATM
-  Trolley Stop
-  Express Auto Spa Carwash
-  Valet Parking
Enter Caruso Avenue off Brand Boulevard
or Americana Way off Central Avenue
-  Self Parking
Enter Americana Way off Central Avenue
or Brand Boulevard





Americana at Brand







5 Bonifacio Global City, Manila, Philippines

Description:

Bonifacio Global City stands on the site of a former US military base (Fort Mckinley) in Manila. In the 1990s, 240 hectares was acquired by the Bases Conversion Development Authority (BCDA) for conversion into civilian uses. In 2003, Ayala Land and Evergreen Holdings partnered with BCDA to develop Bonifacio Global City into a modern commercial and residential hub. Some components are finished while others are still under development.

Bonifacio High Street, Serendra, BHS Central, Market! Market! and the Fort Entertainment Center are five contiguous completed or partly completed components at the heart of the greater Global City project. (See map on page 43.)

Bonifacio Global High Street and Serendra between them host almost 21,000 sq.m of GLA with approximately 140 stores, eateries and entertainment outlets, as well as medium-rise residential units.

BHS Central is an office building with additional restaurants that is being expanded with a water park, greenscape and urban amphitheatre. Market!Market! consists of a traditional market, food court and enclosed mall. The Fort Entertainment District has over 25 cafés, bars and other night attractions.

Hotels, headquarters of major multinational corporations, foreign embassies and educational institutions are under development or committed to move into the Global City in the future.

Key statistics:

- Owner/developer: Fort Bonifacio Development Corporation, a joint venture of Ayala Land, Evergreen Holdings and Bases Conversion and Development Authority
- Annual visitors (Bonifacio High Street): 10 million
- Annual visitors (Serendra): 6.2 million
- Total land area: 240 hectares
- Retail GLA (Bonifacio High Street and Serendra): 20,800 sq.m
- 140 stores, restaurants and entertainment venues in Bonifacio High Street and Serendra

Key success drivers:

The map on page 43 shows the layout of the Global City with BHS Central, Bonifacio High Street and Serendra in the centre. Note the following:

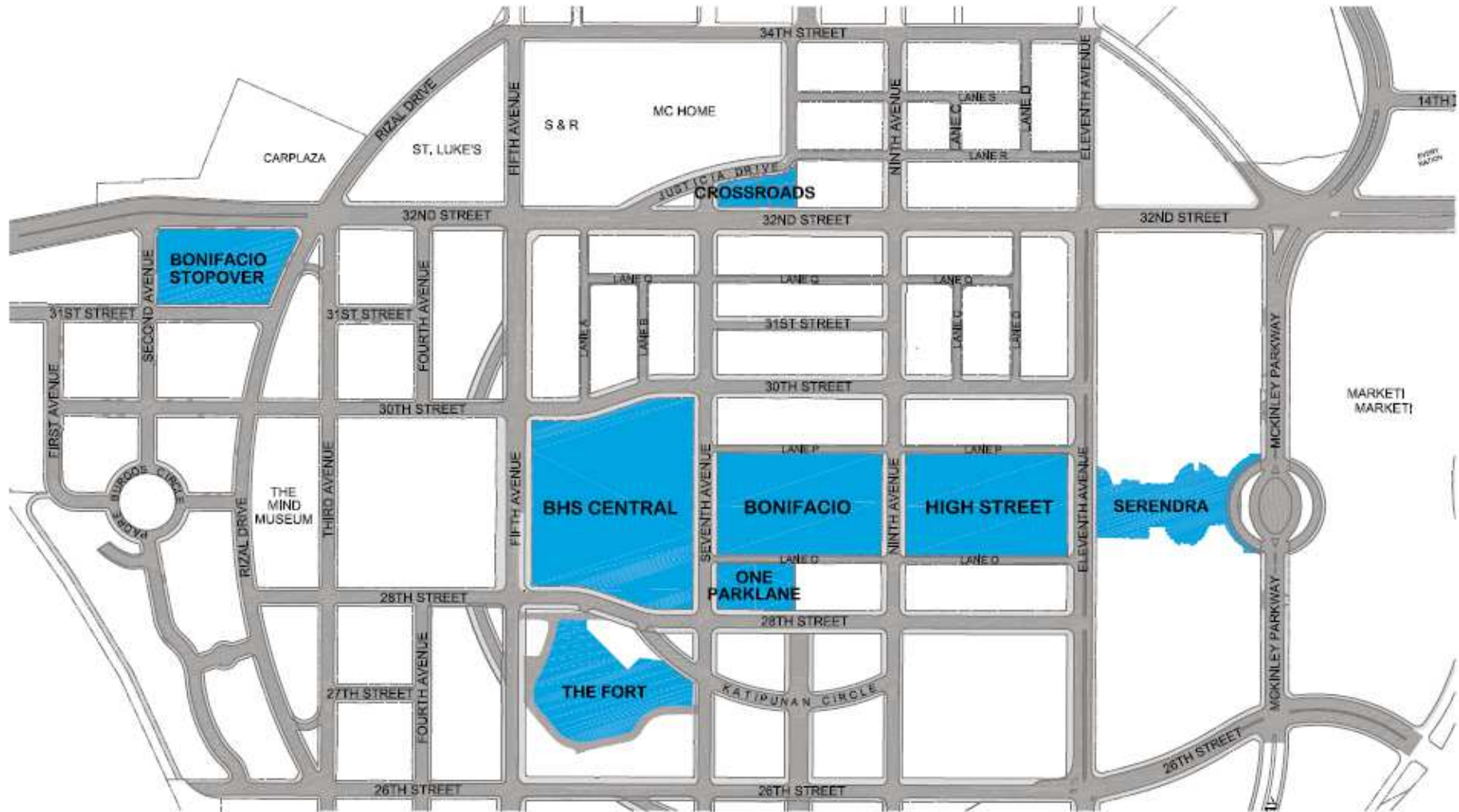
- Bonifacio High Street is a 400 metre-long and 40-metre wide pedestrian mall with green space, water features and art works flanked by upscale specialty retail tenants
- Serendra is an adjacent enclave with restaurants, medium-rise residential units, an enclosed mall and a traditional wet market. Serendra also includes interactive works of art and a large piazza with a major interactive water feature.

Bonifacio Global City

- Market!Market consists of a traditional market, food court and enclosed mall
- From a retail perspective, the High Street, Serendra and Market!Market offer a continuum of shopping experiences from the most traditional to the most contemporary and upscale. Thus, the appeal of the project is as broad as possible without diluting the impact of any individual component.
- A highlight of the project is the commitment to civic space, and the use of landscaping and design to soften the harshness of the climate and provide an oasis in the middle of the densely populated city
- There are 14 parking lots located strategically around the city and more under development. Bonifacio Global City also operates its own public transport system with 11 eco-friendly buses that connect travellers with public transit nodes and other commercial districts outside the city.

Takeaways for Christchurch:

- This case study underlines the importance of civic space, green space, landscaping and design execution to creating a place where people take pleasure in spending time with their family and friends
- Alfresco dining is once again a key success driver but its effectiveness depends on the (a) the quality of the food establishments and the (b) the overall design context in which they are placed.
- High-quality retail assortment is desirable but in a location such as Manila where average income levels are moderate the market position must be carefully calibrated. Specifically, it must not be so high that it scares off lower-income visitors, and not so low that it becomes a retail ghetto. Bonifacio has solved the problem by dividing the retail/food/entertainment mix into enclaves that represent different market viewpoints. Thus, Market!Market is more of a traditional shopping experience while Bonifacio High Street and Serendra target a higher income customer.
- As for Easton Town Center, a mix of open-air and indoor shopping options optimises the opportunity to take advantage of pleasant weather conditions while at the same time providing an air-conditioned refuge
- The development must be pedestrian-friendly
- Parking should be abundant, of high quality, and economical

















Appendix 2

This appendix sets out descriptions of the format and modus operandum for each of the central city retail management/marketing authorities which operate in Melbourne, Sydney, Brisbane, Adelaide and Auckland.

Melbourne Retail Advisory Board – Melbourne CBD

The Melbourne Retail Advisory Board (MRAB) was formed in July 2006 to advise Melbourne City Council on ways to ensure Melbourne's retail offer continues to thrive and expand on its existing strengths. It was set up to provide a platform for communication between the City of Melbourne, key retail stakeholders and the Victorian government. The board meets four times a year and plays a key role in building the profile of Melbourne's CBD retail offer across Australia, and globally.

The '*Melbourne Retail Strategy 2006:2012*' was developed with the support of the MRAB, which oversaw the strategy's implementation.

In March 2013 Melbourne City Council resolved to form a revamped advisory board, now to be known as the Melbourne Retail and Hospitality Advisory Board (MRHAB). This change has occurred in recognition of the important role which hospitality plays both in the vitality of central Melbourne overall, and in supporting the retail sector. The changes also reflect recognition of the fact that the two sectors often face similar challenges, and there are a number of synergies between them, with success often being interlinked.

The MRHAB is not an authority, simply an advisory body. Despite this, however, the board has operated very effectively, and has had a big influence on the development and implementation of policy for the CBD retail sector, and on Melbourne City Council's thinking with regard to the sector.

The board has also operated effectively as a conduit for Council to work effectively with the private sector, e.g. to explain/promote various improvement programs and capital expenditures.

Importantly, the development and implementation of the retail strategy, under the board, falls within the economic development department of Council, not the marketing department.

At present the board includes representatives from the following:

- David Jones and Myer, major CBD department stores.
- Smaller, independent retailers.
- The Australian Retailers Association of Victoria.
- A State Government representative drawn from the Department of Innovation, Industry and Regional Development (DIIRD).
- Various retail property owners, including GPT, owner of Melbourne Central and Colonial First State (owner of the Emporium and Myer department store).
- Three Melbourne City Councillors, including the Chair of Marketing Melbourne and the Chair of the Economic Development Committee.
- Architectural experts.

The board employs an executive officer, a retail strategist and also a hospitality strategy professional.

The success which the board has been able to enjoy in developing an effective retail strategy for central Melbourne is attributed to a number of factors which have been important in ensuring the board's functionality. First among these is the need and desire for the board to operate collaboratively, and for mutual respect between the various board members.

While the board falls under the auspices of Melbourne City Council, it is a joint initiative between Council and the Victorian State Government. The State Government plays an important role in the broader context, e.g. attracting inward international investment into central Melbourne.

A recent call for expressions of interest for appointees to the new board yielded 54 applicants, of which 15 have been or will be chosen. A number of the board members are effectively pre-determined (including the State Government representative, the three Councillor representatives, the executive officer, the retailer association representative and the hotelier association representative) while the remainder are selected on the basis of their skills and experience and their ability to add to the board's capacity to deliver on its charter.

Sydney Retail Advisory Panel – Sydney CBD

The Sydney Retail Advisory Panel was created in 2010, an initiative of the City of Sydney Council including the Lord Mayor, Clover Moore. The panel comprises 10-15 members ranging across government departments, business representative groups, and the private sector, including retailers and business owners.

The panel is purely an advisory panel, and is not funded by City of Sydney Council. It is not a board, nor a committed or incorporated business of any sort. The panel meets on a quarterly basis, but also meets on an as needs basis at the request of the Lord Mayor, or other key stakeholders. For example, Transport NSW consulted closely with the panel in regards to the proposed Light Rail project linking Circular Quay to the University of NSW at Kensington.

The City of Sydney Council is the main 'champion' of economic development within the Sydney CBD, and has a dedicated economic development unit that facilitates events, programs and strategies to encourage investment and activity in the Sydney CBD.

Brisbane CBD/Fortitude Valley

The Queensland legislature states that Brisbane City Council is the owner of the Queen Street Mall and the (Fortitude) Valley Malls. In 2013, The Valley Mall Economic Development Board was created to facilitate economic development in the two Valley Malls (i.e. Brunswick Street Mall and Chinatown Mall), while the Queen Street Mall Economic Development Board is in the process of being officially created.

Previously economic development was facilitated by advisory committees that were not officially recognised as boards. The two new boards will have approximately 12 members appointed by the Lord Mayor, comprising private sector business persons, asset owners and retailers within the respective locations. The Chairman is to be elected by the Lord Mayor. Brisbane City Council economic development staff, Councillors, and other Government agency representatives are ex officio and attend meetings and provide advice as required.

The boards are titled 'economic development' boards because they are broader than retail advisory and are charged with encouraging job creation in these precincts. Each year they develop an economic development strategy incorporating actions as to how they will encourage economic development and revitalise the malls. The Valley Mall Economic Development Board (VMEDB) facilitates governance, advocacy, events and marketing for the malls and has a role to:

- advise the Lord Mayor on economic development in the suburb of Fortitude Valley
- revitalise the Valley Malls
- develop strategy and direct expenditure of the Valley Malls levy
- anything else that the Lord Mayor may request.

A levy is applied in the Valley Malls (and Queen Street Mall) to commercial and residential property owners, the proceeds of which are used for maintenance and management of the malls. This levy sufficiently covers the costs of maintenance/cleaning, security (i.e. police/CCTV), capital maintenance and marketing. Brisbane Marketing (controlled by BCC) provide marketing services to the board, although the board is the 'brains trust' making the decisions, facilitating things like Christmas shows, targeting shoppers from interstate, approving busking and product launches etc. Major events such as The Valley Fiesta and Chinese New Year are also promoted and managed by Brisbane Marketing.

The selected members of the board, generally as property owners or retailers in these precincts, have a vested interest but they are also held accountable and must demonstrate they are making a difference. For example, BCC has indicated it wishes to spend \$4 million revitalising the Valley Malls and the board has entrusted itself to achieve \$40 million (10 times the funding) in investment into the malls. This investment could be in the form of several building owners upgrading building facades

The Brisbane City Council itself takes a very active role in assisting the board and facilitating better outcomes in the Queen Street Mall and Valley Mall. Council actively encourages dialogue and aims to 'get things going'.

The Valley Malls are undergoing a resurgence, with private laneways being opened up, allowing low rent retailing, encouraging innovative and quirky retail concepts. Interestingly, one of the laneways, California Lane, is drawing inspiration from the re:START mall in Christchurch.

In conclusion, the Brisbane (Queen Street Mall and Valley Malls) model appears to have many good ideas that could potentially be replicated in Christchurch and we recommend that CERA could engage in further discussions with the Brisbane City Council to understand the model in further detail.

Rundle Mall Management Authority – Adelaide CBD

The Rundle Mall Management Authority (RMMA) was formed in 2008 as a semi-autonomous subsidiary of Adelaide City Council with the intention of creating a proactive strategic management group, mainly facilitated by the private sector but in partnership with Adelaide City Council.

The RMMA is governed by a board of seven directors, including the Adelaide Mayor and one other Councillor and several private sector businesspersons, including an architect, an events/PR person, property business owners and owners of Rundle Mall assets.

The RMMA comprises seven staff, including a CEO, a manager of operations as well as members in charge of administration, marketing, events co-ordination and casual mall leasing.

The RMMA is tasked with delivering a range of marketing, advocacy, governance and strategic management services to improve short and medium term economic outcomes and enhance the long term sustainability of the Rundle Mall precinct.

The RMMA board holds 12 meetings per year including 1 strategy planning meeting. These meetings are attended by board observers, which includes representatives from several government agencies. Board representatives are paid per attendance, to encourage attendance and drive outcomes.

The operational side of the RMMA facilitates casual mall leasing across various 'activation areas' in the mall, generates ideas for marketing the mall and hosting events. The RMMA generates revenues from a differential rate charged to building/landowners, which provides about \$3.3million per year. The revenue from casual mall leasing and hosting of fashion events results in a further \$200-\$300,000 per year. This funding goes back into management, planning, marketing, cleaning and some mall improvements – which is augmented by discrete allocations from Council as well.

The current projects and initiatives that are being championed by the RMMA include activating the Rundle Mall during the evenings and the preparation of the Rundle Mall Masterplan. The RMMA championed the Rundle Mall Masterplan which will guide the planning and revitalisation of the Rundle Mall over the next decade.

In November 2011, Adelaide City Council made a financial commitment for the Rundle Mall Redevelopment project for three years (notional commitment of about \$30 million). In collaboration with the RMMA, Council is also partnering with private businesses to extend the scope of the project to laneways and is working with building owners to enhance building facades.

Heart of Auckland City – Auckland

Heart of Auckland City (HOTCity) is downtown Auckland’s business association. The association was originally a lobby group for Auckland City businesses. It is now one of a number of business associations across the Auckland Region which delivers Business Improvement District (BID) Programmes. The organisation is funded by property owners and commercial tenants within the city boundaries.

The organisation’s overall mission is to foster a successful CBD economy. The organisation is committed to developing a central city that is a vibrant, accessible, thriving place to do business and a great place to be.

Heart of Auckland City is governed by a Board and a Constitution, which outlines the rules of operation. The Executive Committee consists of up to 11 elected members who with work or own a business located within the city boundary, as well as a representative of the Waitemata Local Board (one of 21 boards within Auckland Council). Nominations for candidates of the Executive Committee have to be made in writing and signed by two full members of the association. Candidates are then placed in a ballot which is undertaken at the Annual General Meeting. Members of the Executive Committee may vote on matters at General Meetings with a show of hands. The Executive Committee meet at a minimum of six times a year. There is also a management team, including a CEO, Centre Manager, Marketing Manager, Brand Manager and an Events and Sponsorship Manager, who deliver a number of day to day services to members.

Membership of HOTCity is available to business and property owners, as well as occupants or tenants of commercially rated property who pay a special targeted mainstreet rate collected by Auckland Council. Membership benefits include:

- Access to the Heart of the City website, where one can create business profiles.
- Members e-letter with important business information, such as how to be involved in BIG little City marketing campaign and events.
- Marketing and Promotion – BIG little City promotions increase visibility of selected businesses.

- City Watch Security Team, improving safety in the city.
- BIG little City Guides – local experts who welcome and guide visitor around the city.
- Research, including business performance monitoring and CBD trends.
- Business listings, on the HOTCity and BIG little City websites.

BIG little City is HOTCity's consumer facing brand which focuses on consumer orientated marketing, promotions and events throughout the Auckland CBD. The campaign is in its fourth year and highlights the key events and dining, shopping, arts, entertainment and nightlife offer within Auckland.

Heart of the City also works closely with Auckland City Council on a number of projects, most notably the City Centre Retail Action Plan.



