

CBD Quarterly Monitoring Report- A Summary

28th October 2011

Produced for CBD Advisory Board

Executive Summary

This report provides an economic snapshot of Auckland's CBD in the June 2011 quarter, (as well as the latest data trends where available) and investigates changes which have occurred up to this time.

Auckland CBD trends

Property

The value of non-residential consents in the year to June 2011 was \$246 million, which was a significant increase compared to the previous two quarters. There were no consents for new residential dwellings in the June quarter, making it the fifth consecutive quarter that no new residential consents were issued in the CBD.

Retail

Estimated retail spending in the CBD increased by 3.0 percent in the June 2011 quarter, compared to the same quarter in 2010. This corresponded to a 5.9 percent increase in transactions over the same period.

Crime

There were 16,927 recorded offences in the CBD in the year ending June 2011. This represents a nine percent decrease in reported offences compared to the year ending June 2010. Theft continues to account for approximately 45 percent of all reported crime. The overall resolution rate decreased to 43 percent in 2011, compared to 50 percent in 2010.

Hotel activity

The annual average monthly revenue in Auckland CBD hotels increased significantly as the hotels implemented price rises for the Rugby World Cup in September. Overall, revenue increased to \$26 million for the September month, approximately 64 percent higher than the long-term monthly average of \$15 million.

Table 1. Scoreboard of Auckland CBD quarterly economic indicators

CBD level indicators	Year ended				
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
CBD office vacancy rates (six month value) ¹	12.7%	n/a	13.8%	n/a	12.8%
Residential consents for new buildings	1	0	0	0	0
Value of non-residential consents for new buildings	\$223m	\$154m	\$146m	\$133m	\$246m
Recorded offences in the CBD ²	18,609	n/a	17,396	n/a	16,927
Growth in retail spend ³	-1.0%	-0.2%	-0.9%	-4.9%	3.0%
Passengers on public transport into CBD ⁴	n/a	n/a	n/a	32,353	n/a
Average hotel occupancy rates ⁵	73.6%	74.6%	75.2%	75.4%	76.5%
Average hotel revenue (per month at the end of each quarter) ⁵	\$14.9m	\$15.0m	\$15.2m	\$14.9m	\$15.0m

All data is from Statistics New Zealand unless specified.

All values are for the year ended unless specified.

¹ Source: CBRE Ltd.

² Statistics New Zealand and New Zealand Police.

³ Marketview Ltd.

⁴ Auckland Regional Transport Authority.

⁵ New Zealand Hotel Council and Covec Ltd.

Auckland trends

Auckland's annual GDP rose by 2.7 percent in the year to June 2011. Indicators for Auckland continue to show mixed results, with the region having performed well (or less negatively) in a number of areas. These include:

- An increased value of trade moving through Auckland's seaport.
- Significant increases in overseas tourist arrivals and hotel occupancy rates due to the Rugby World Cup.
- There was a positive annual net migration of people moving to Auckland.
- Retail sales rose by 5.2 percent in the year to June 2011, the sixth consecutive quarter of growth in sales.

Auckland's economy has struggled in a range of areas. Key amongst these are:

- The city's unemployment rate is particularly high and remains higher than that of New Zealand.
- Businesses remained cautious with low investment intentions over the following 12 months; however, in September, net investment intentions were positive for the first time in over four years (17 quarters).

National trends

National *annual* GDP grew by 1.5 percent in the year to June 2011. Annual inflationary pressures increased through the price of fuel and transport, new housing, electricity and local authority payments. The trade-weighted index remains above the ten-year average at 71 basis points. The official cash rate (OCR) has remained at 2.5 percent as of 27th October, as the economy continues to experience subdued business sentiment and confidence.