



HEART OF THE CITY

Annual Report 2015

Championing
a Successful
City Centre for
Business





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A letter from our Chair

Auckland is evolving as an international city and there have been many exciting developments this year. The city centre continues to evolve physically and key indicators such as retail spend and pedestrian foot traffic in the inner city continue to increase. Prime office and retail vacancy rates have reduced, with many new brands on offer in prime locations. This progress has evolved during a particularly difficult period which Heart of the City faced this year. I would like to pay tribute to our staff who remained passionate and focused on Heart of the City's day to day work and delivering benefit to our members.

We continue to promote the city's breadth of events, dining, shopping, arts and culture, and entertainment, positioning the city as a diverse and exciting place to be. We also sponsor and deliver events that bring people to the city and create a sense of vibrancy. Our WHERE NEXT™ app has put us at the forefront of mobile technology and provides inspiration for locals and visitors about where to go and what to do when they come to the city.

This year we advocated strongly for a long-term Port study that takes account of the economic, social, environmental and other impacts of expansion into the Waitemata Harbour. Our work, along with others, has successfully achieved this review, due for completion in 2016.

We have played a key role in influencing projects funded by the City Centre Targeted Rate, which are transforming the city physically. A programme is in place for the next 10 years that continues the pace of transformation across the city. We have also seen progress with operational matters, such as initiatives to improve safety.

This is a time of unprecedented change for Auckland and Heart of the City is well positioned as it moves into a new era of leadership.



Terry Gould

Chair, Heart of the City Executive Committee

Executive Committee



Shale Chambers

Chair,
Waitemata
Local Board



Chris Cherry

Owner,
Workshop Denim
and Helen Cherry



Jason Copus



Terry Gould

CHAIR
Owner,
Phillimore Properties

**DEPUTY CHAIR
AND TREASURER**
Chief Financial Officer,
Smith and Caugheys

Director, BTL



Regan Hall



Sarah Hull

Marketing Director,
Cooper and Company



Gary Langsford

Co-owner and Director,
Gow Langsford Gallery
and John Leech Gallery



Shane McMahon

General Manager,
NZ Bus



Paddy Stafford Bush

Property Owner,
Dilworth Building

Associate Members

Denise L'Estrange-Corbet CEO Co-Founder World
Andrew Stringer Director, Rangitoto Advisory

Welcome

As a frequent visitor to Auckland over many years, I have watched the city change and it has a stronger heart now, with so much more to see and do. It looks and feels different, with new precincts, heritage buildings restored, street upgrades and revamped public spaces. Joining Heart of the City, I have felt welcome and excited by the opportunities ahead.

A recent survey* of Aucklanders indicates that more than 70% of respondents agree or strongly agree that Heart of the City plays an important role in ensuring Auckland's city centre is vibrant and successful. This is a great foundation to build on.

We know there is more that can and must be done. There is growing recognition that if Auckland city is successful, that is good for the rest of the region and for New Zealand. However, the transformation to an international city, with rapid growth and change, will present both challenges and opportunities. We will need to continue to work effectively with our members to ensure we focus on the things that will make the biggest difference in building a successful city centre for business.

Viv Beck
Chief Executive



*Source: Heart of the City
Annual Survey, Buzz Channel,
September 2015

The HOTCity team

Angela Barlie Office Co-ordinator

Viv Beck Chief Executive

Kate Cleaver Marketing Manager

Billie Drew Digital Marketing Specialist

Emma Jones Brand Manager

Tania Loveridge Centre Manager

Jane Stewart Events and Sponsorship Manager

Erin Taylor Events and Sponsorship Executive

Riah Vather Marketing Executive

10,800

City centre
businesses

4,000⁺
Commercially
rated
properties

1200⁺
Property
owners

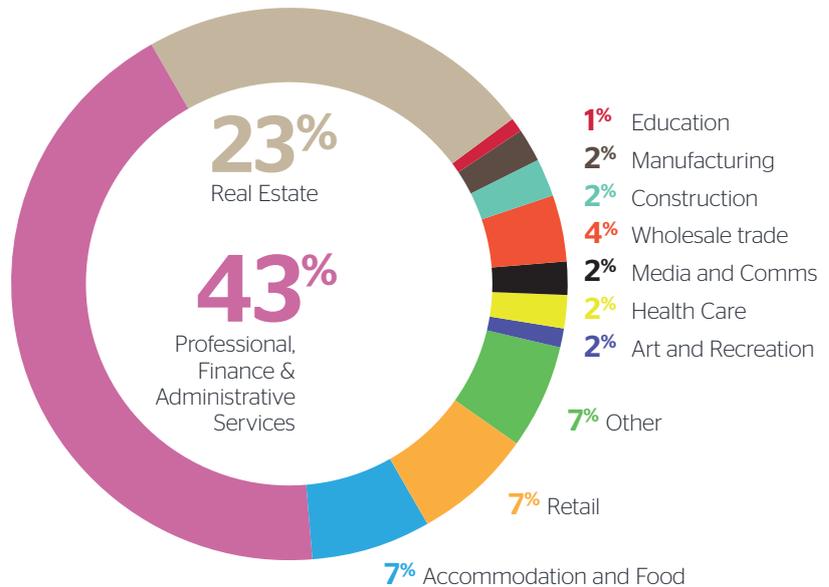
There is a large
and diverse
business mix in
the city centre



HEART OF THE CITY

Heart of the City membership

Heart of the City members are property owners, business owners, occupants and tenants of commercially rated property that sits within our defined boundary. We are a membership organisation, governed by a constitution and eligible businesses and property owners within the Heart of the City boundary can join to gain voting rights and other benefits of membership. There are a large number of eligible businesses and property owners within our boundary and we continue to encourage active membership.



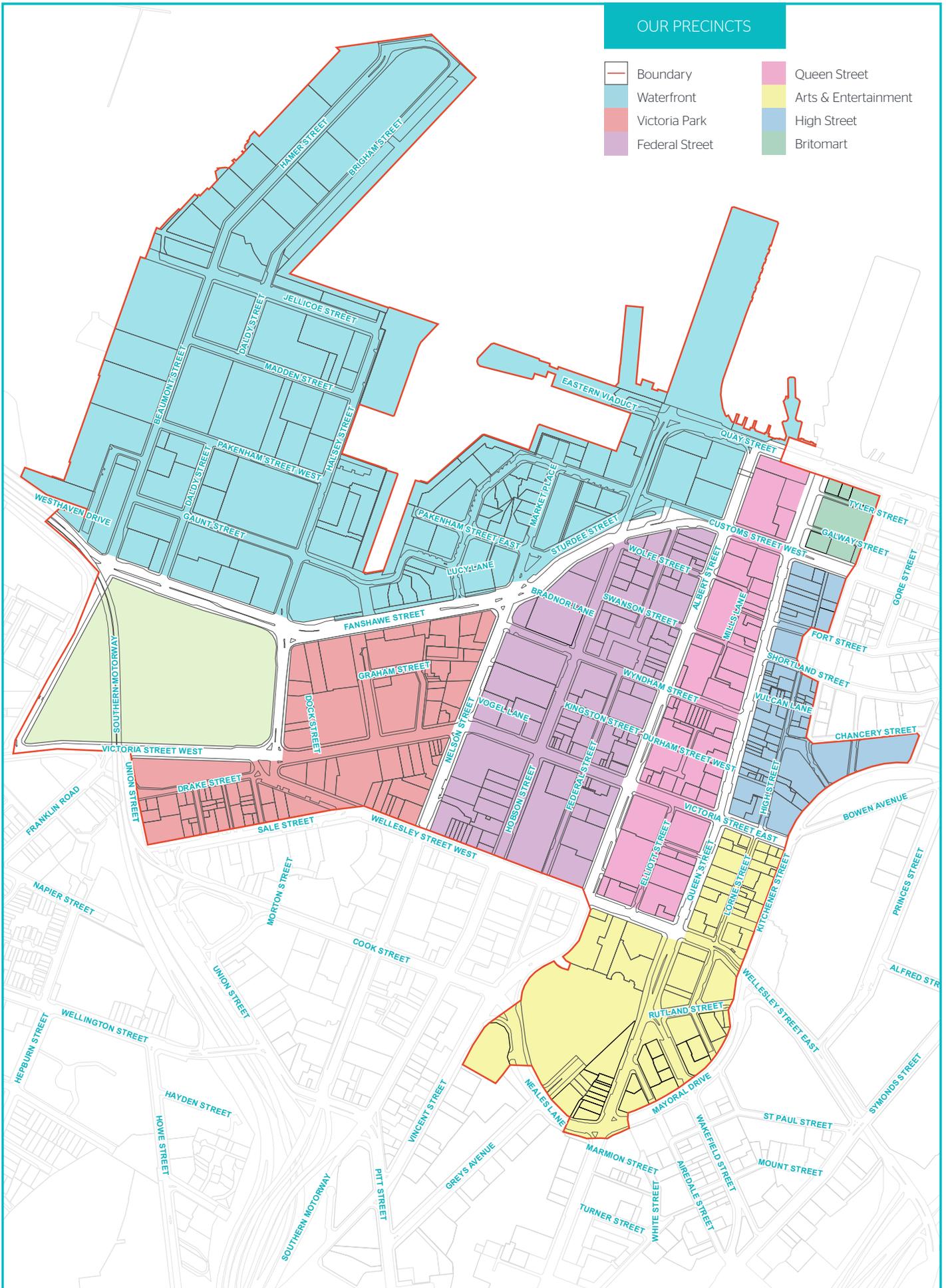
ENGAGING WITH OUR MEMBERS

We continue to receive positive feedback about our regular member communications and we have a growing number of followers across our media channels. Our communication covers a range of topics relevant to the city centre, including updates on major projects across the city. This year we sought to understand the views of our members on specific projects and priorities – including Auckland Council's Long Term Plan and the views of businesses and property owners in the High Street District about the recent O'Connell Street upgrade and the future of High Street.

We have also had great involvement from a number of retail, hospitality and restaurant members across our Restaurant Month, Fashion in the City and Winter campaigns. Our members are at the heart of what we do to champion a successful city centre for business. With so much happening across the city, it's important that we are attuned to their needs and we will continue to refine our approach to how we engage and communicate with our members.

OUR PRECINCTS

- Boundary
- Waterfront
- Victoria Park
- Federal Street
- Queen Street
- Arts & Entertainment
- High Street
- Britomart



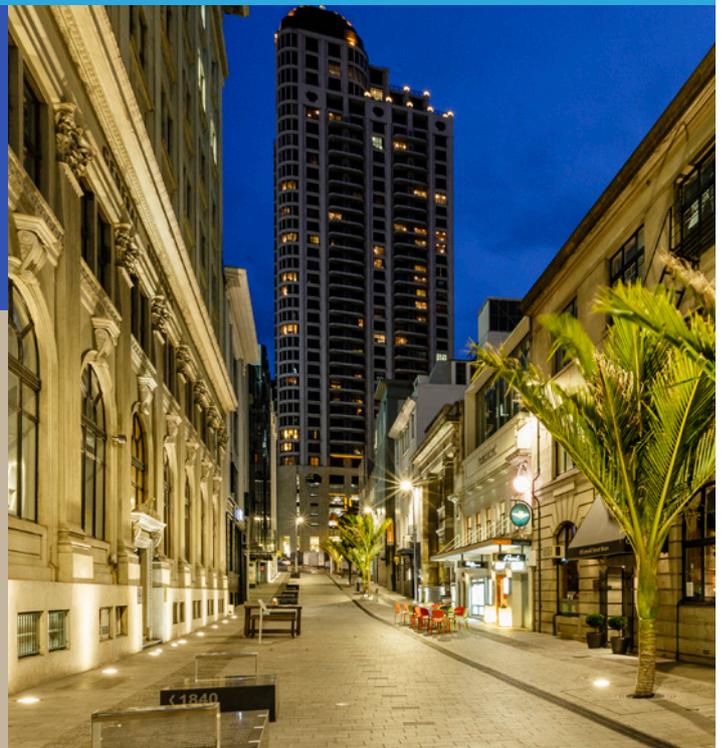
A city centre that is positive for business

Our focus for advocacy this year has been on achieving positive outcomes that are good for the city centre and for business.

City centre transformation through our role on the Auckland City Centre Advisory Board

We influenced the allocation of City Centre Targeted Rate (CCTR) funding for city centre transformation projects across the future ten year programme.

We supported **\$15.8M** to be committed for investment into the High Street precinct. Heart of the City will be heavily involved in the scope and approach to this project over the 2015/2016 year, as well as other key projects included in the programme for the next three years.



We were instrumental in crafting and securing a new look City Centre Targeted Rate for 2016 to 2025. This no longer funds the consequential opex or depreciation of completed projects, meaning that the **\$20M** collected per annum will fund the capital cost of city centre transformation projects.

PORTS AND WATERFRONT

This year we continued to highlight our concerns around the impact that incremental decision making, and a lack of certainty around planning regulations, could have on our waterfront and wider city development. We did this through our Unitary Plan submission process, as well as lobbying to Auckland Council, alongside other key partners, on the need for a comprehensive long term Port study. We advocated that this study should include assessment of economic, social, environmental and other impacts, and analysis of options to facilitate effective decision making for the long term that support a liveable and growing international city.

Success came during 2015, with confirmation from Council of a holistic, far reaching Port Future Study to be completed in 2016. We now have an ongoing role in this study as a member of the Stakeholder Reference Group. We will continue to represent the interests of business and the wider city centre environment through this process until its completion.

TRANSPORT, INCLUDING PARKING

During 2014, we lobbied Auckland Transport to consider prioritising short-term parking over long-term parking spaces in their city centre parking buildings. In early 2015, Auckland Transport removed earlybird parking from their buildings and over time, have increased the cost of long term parking. This strategy is resulting in an increased number of parking spaces made available for short term use – supporting business, retail and other activity in the city centre.

We have remained close to key transport projects in the City Centre, including the City Rail Link, and have been involved in early conversation around the potential for Light Rail in the City Centre, highlighting the need for an integrated transport plan and a highly visible consultation process.

SAFETY

We have continued to focus on the importance of improving the perception and experience of safety in the city centre. We have done this through our role on the Mayoral Task Force and Safety Team; submissions on the Local Approved Products (psychoactives) and Alcohol Policies; supporting the retention of 24/7 alcohol bans in the city centre; ongoing liaison with key agencies including NZ Police as well as with agencies that work with vulnerable communities including the homeless; and supporting and funding a number of safety and crime prevention programmes, which are outlined later in this report.

THE AUCKLAND UNITARY PLAN

This year our involvement in Council's Unitary Plan was through the hearings process. We participated in hearings for Heritage - with a goal of achieving greater certainty for property owners, as well as highlighting the importance of including a range of incentives in the plan; and the Port precinct - seeking non-complying status for further reclamation in advance of any wider long term Port study being completed. The outcome of our participation will be known in 2016.

Submissions made:

- Alcohol Control Bylaw
- Auckland Council Long Term Plan 2015-2025
- Auckland Regional Land Transport Plan 2015-2025
- Local Alcohol Policy
- Local Approved Products Policy
- Parking Discussion Document for the Auckland Region
- Skypath Resource Consent
- Signage Bylaw
- Street Trading and Events Bylaw

MEDIA

We have continued to be active in the media, taking the opportunity to champion the city centre across a range of topics, including the arrival of new business, particularly new retailers, as well as across parking, developments, events and other matters affecting city centre businesses.

A WELL MANAGED CITY CENTRE

We work with Council, Auckland Transport and other agencies to achieve a well-managed and co-ordinated city centre. This year we have reviewed and advised on applications for filming, events, utility upgrades and other activity in the street to ensure that what is proposed will not unnecessarily disrupt business, as well as ensuring that the right level of consultation with affected businesses is carried out. We have continued to facilitate business enquiries, and liaison with the appropriate agencies to see resolution of day-to-day operational issues in the city centre.

Making the city centre a destination

Marketing & Events

In 2014 we took a leap forward in how Auckland was promoted as a destination, joining up in partnership with ATEED (Auckland Tourism Events and Economic Development) to deliver the urban articulation of our joint creative platform, AKL: The Show Never Stops (winners of the Lifestyle/Travel/Leisure category - NZ Marketing Awards, 2014).

Heart of the City invested in the urban side of this story across Winter 2014, with a campaign which positioned the city as a vibrant, diverse and exciting place to be. This ran alongside the launch of our new mobile, city guide app, WHERE NEXT™.

WHERE NEXT™ puts the Heart of the City at the forefront of mobile technology. It is an exciting development in terms of providing inspiration to locals and visitors to the heart of the city, and in terms of what it will enable us to do in the future. The app is a handy utility that provides information on where to go and what to do next when visiting the central city. Importantly, it builds on a fast growing global trend to smartphone mobile use and the effectiveness of personalised and relevant content delivered direct to a mobile device.

Key Highlights of 2014/15

Launched **AKL : The Show Never Stops** joint creative platform and story for Auckland with partners ATEED, the first time Auckland has had a single unified marketing story.

Continued our **NZME.** media partnership delivering over **\$900k** in value, thereby increasing the visibility of our marketing.

Our **WHERE NEXT™** App has been very successful with **35,000** downloads, and more than **1,060** users of the app every day.

Consumer spending for the total Heart of the City was up **+8.7%** during the 12 weeks of Winter 2014 campaign, an incremental **\$24m.**

Social media channels continue to grow, with **120,000** Facebook fans for Heart of the City and weekly email subscribers of **38,000.**

Our website visits grew by **22%** Year on Year, with **1.5m** total visits and **920,000** unique visitors.

WINTER CAMPAIGN 2014

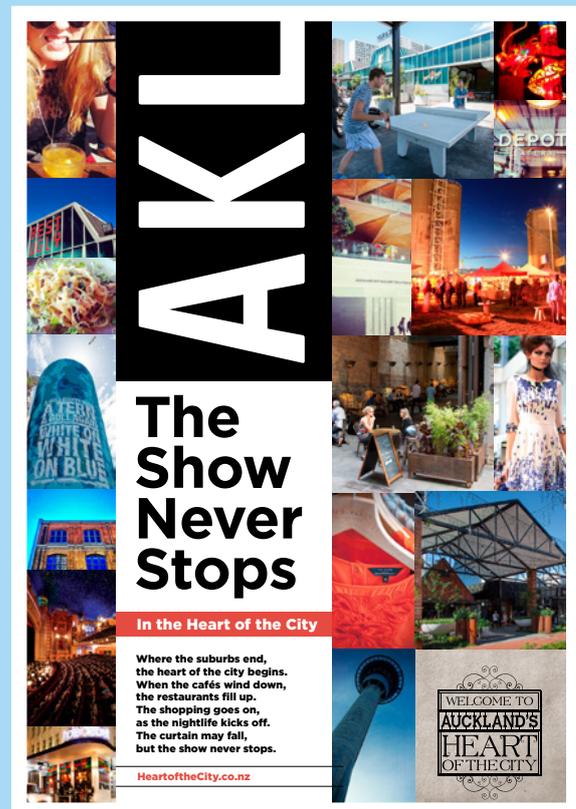
The Show Never Stops

The task for Winter 2014 was to deliver an engaging campaign that cemented the Heart of the City as the place to go to experience where 'The Show Never Stops' - or put plainly, showcase the breadth and depth of experiences that you will only find in the city.

We leveraged the media partnership with NZME to put 'the show' on Aucklanders radar during winter, with editorial that focused on the diversity of events and experiences on offer. For example, every Monday for 12 weeks we curated Aucklanders Top 5 Tips of things to do in the central city and shared them on the NZ Herald and via social media. Each week, key titles like Viva, TimeOut, Canvas and Weekend ran editorial focusing on the city (with the advert sitting alongside). This approach substantiated the claim (via editors and trusted titles) that the show never stopped, and was backed up by the WHERE NEXT app, as the hub of all that was on offer, creating a high level of interaction and participation with social media (and mobile) at its heart.

Results

- **8.7%** increase in spending for Heart of the City (over 12 weeks of winter) or **\$24m**, while competitor spending was up just **3%**
- **85%** had positive perceptions of the central city as being aspirational, cultured and vibrant and **77%** were motivated to visit the city as a result of the advertising



Increase in spending over 12 weeks or \$24m



WHERE NEXT™ APP

- A free, handy city guide app that encourages people to stay longer and do more in the city, by providing inspiration of where to go and what to do next
- An updated NEW and IMPROVED version launched July 2015 putting the user in control of the type of suggestions they're looking for i.e. Food / Drinks / Coffee / Events etc.

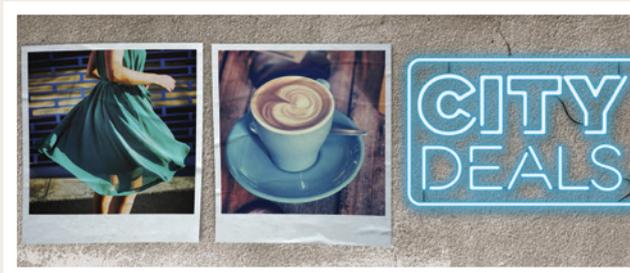
Results

- **35,000** downloads
- **64%** said it encourages them to visit (vs 52% last year)
- **75%** would recommend it to others (vs 71% last year)

CITY DEALS 2014

16 June - 31 August

- City Deals, involving **92** city centre businesses, was a chance to drive people to retail and hospitality businesses during the quieter winter months by offering great value, short or long term deals to Aucklanders.
- Deals were promoted every 2 days, via Facebook, our Website, WHERE NEXT™ App, and e-newsletter.
- **15,500** deals claimed, **+29%** on 2013.



15,500 Deals claimed

RESTAURANT MONTH 2014

3 JULY - 31 AUGUST

- Fourth year of our signature dining event
- Sponsored by American Express
- Over **100+** participating restaurants, **20+** events, including the international chef dining series, and second year of Street Eats, (**23,000** visitors)
- **9 week** campaign included Print Media, Outdoor, Digital (including Facebook & Mobile), **120,000** copies of the A5 Event Guide inserted into the NZ Herald late July
- Editorial Partnership with Viva delivering 8 weeks of coverage and over **\$600k** worth of added value, and PR valued at over **\$660k**.

Results

- Spending **+21%** vs 2013 with participating restaurants, and up **+8.6%** for total HOTC.

\$15.9m

Spent at
Participating
Restaurants (+21%)



HEART OF THE CITY MAPS 2015

- **100,000** maps distributed via our Ambassadors to visitors and hotel concierges



CRUISE SEASON 2014/15

Guide to AKL in a Day

- With over **158,000** Cruise Guests, on **94+** Ships coming in almost daily over summer, our guide to Auckland in a day has been developed to keep visitors in the city centre, and experience the best of what we have to offer.
- **50,000** guides were handed out at Queens Wharf via Heart of the City Ambassadors, and the Queens Wharf and Karanga Plaza kiosks.
- Extremely positive feedback from cruise guests, Cruise NZ, city centre businesses, i-site staff and ATEED.



2014/15 Sponsored events

ARTWEEK 2014

10 - 19 October



Artweek Auckland is run by the NZ Contemporary Art Trust with the aim of growing Auckland's visual arts audience through discovery and discussion. Heart of the City is a founding sponsor of the event and activates the central city with events and activities alongside a complementary communications programme.

NZ Fashion Weekend 2014

29 - 31 August



As a key part of NZ Fashion Week - NZ Fashion Weekend celebrates the fashion industry with Aucklanders and visitors with in-season shows and parties. As a founding sponsor of Fashion Week, Heart of the City supported this stylish event in 2014 at the Viaduct Events Centre.

Farmers Santa Parade 2014

Sunday 30 November



For over 80 years the Farmers Santa Parade has announced the start of Christmas to Aucklanders. Heart of the City has been a long term supporter of this iconic event that brings massive crowds into the central city for this annual celebration.

Auckland Arts Festival 2015

4 - 22 March



The Auckland Arts Festival is a cultural celebration of diversity, people, place, culture and art and embodies the spirit of Auckland. Heart of the City is proud to be a founding and on-going sponsor of this internationally acclaimed event that will be delivered annually from 2016.

2015/16 Marketing activity to date

1 July 2015 – 1 Oct 2015

\$2.2m

Additional value via the NZME Partnership in 2015

57%

Growth of Advertising Awareness achieved

+8%

In consumer spending, or \$26.4m

WINTER CAMPAIGN 2015

Heartmarks

The Heartmarks campaign over Winter 2015 was about asking Aucklanders to share via Instagram and **#myheartmark** hashtag - the places, moments and experiences that make the central city special for them. We then curated and published their stories and images via print ads, outdoor adshels, street posters, and online.

- Heart of the City had a Heartmarks 'hub' featured on the homepage of NZH.co.nz for 12 weeks. A coup, reaching **110,600** unique web browsers, and **162,200** page views.
- Over **\$2.2m** additional value via the NZME Partnership in 2015.
- NZME editors, stylists and photographers created Heartmarks of their favourite central city moments and called for readers to create their own.
- We then set about promoting contributed Heartmarks, via our integrated social media channels, advertising and the partnership with NZME.

Early Results

- Visits to Heart of the City's website **+23%**, with **625,000** total visits during the 12 weeks (versus 509k same time last year).
- Awareness of the Heartmarks campaign was **36%** (vs **23%** last year), an increase of **57%**.
- Consumer spending was up **+8%** or **\$26.4m** during the 12 weeks of winter, versus competitors +4% 2015.

THE PLACES YOU **AKL**
The Snow Never Stops

#MYHEARTMARK
Explore more heartmarks at heartofthecity.co.nz

AUCKLAND'S HEART OF THE CITY

By uploading images to Instagram with #myheartmark, you agree to allow Heart of the City to use your photos for promotional purposes and to share them with other users of the platform. All promotional purposes are any content, including in articles, website and/or social media.

RESTAURANT MONTH 2015

1 July - 31 August



- Fifth year of our signature dining event, sponsored by American Express.
- ATEED partnered in this event, investing into a marketing campaign for Wellington and Christchurch - to drive visitation to Auckland.
- Over **100** restaurants participated with menu offers, and over **30** in restaurant events, plus the International Chef Dining Series, Street Eats (**14,000** visitors) and Wine Auckland (**2,300** visitors)
- A dedicated Marketing and PR Campaign including an Editorial Partnership with Viva which delivered **\$700k** editorial value (**+16%** on last year) and an additional PR value of **\$650k**.

Growth of Awareness for Restaurant Month

+49%

Spending up with participating restaurants

+11.3%

Results

- Visits to the Restaurant Month web pages were up **+7.3%**, with **338k** page views, versus 315k last year.
- **+49%** growth of awareness for Restaurant Month to **67%** in the last 12 months.

Consumer Spending 1 - 31 August

Showed growth of **+11.3%** amongst participating restaurants, and **+13.3%** for total Heart of the City

CITY DEALS 2015

1 July - 31 August

- With significantly less investment in 2015, results were still really strong
- Over **12,600** offer claims (achieved **80%** of last year's total 15,500 claims) with 75% less spend

12,600 Deals claimed



Channel reach



Website
total Visits
1,500,000 total
visits **+22%**
on last year



Unique Web
Visitors
920,000
unique visitors



Repeat Web
Visitor Rate
41.8%
repeat visits



Weekly email
database
38,000
subscribers



WHERE NEXT™ App
35,000 downloads



Heart of the
City page
120,000 Likes



HeartOfAkICity
13,700
followers



HeartOfAkICity
4,000
followers

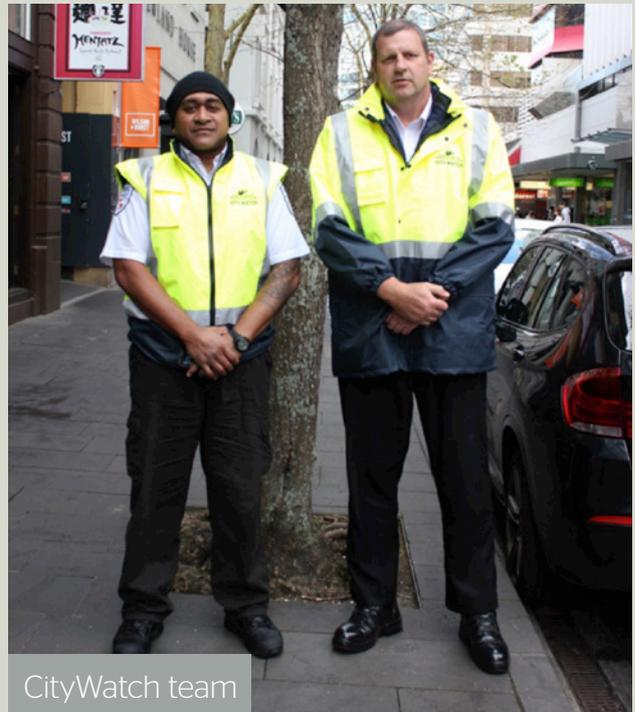
As at October 2015

Improving safety in the city centre

Improving the perception and experience of safety in the city centre is a key priority for Heart of the City. Earlier in this report we outlined our work to advocate for and collaborate with others to address concerns raised by our members such as the impact that anti-social behaviour has on the city. We also support a number of practical programmes that focus on crime prevention in the city centre:

CITYWATCH

In partnership with Auckland Council, we support the CityWatch programme, which is focused on improving the perception and experience of safety in the city centre, primarily through enforcement of the city's public nuisance and safety bylaw. Over the course of the year, there has been improvement in managing anti-social behaviour - following additional CityWatch resource targeting peak periods and joint patrols with NZ Police. We acknowledge however that the city centre continues to have challenges in terms of managing anti-social behaviour and associated activity. We will continue to be active in this area.



CityWatch team



STOREWATCH

This year the StoreWatch programme, a communications network of more than 150 city centre retailers working together to reduce retail theft, in partnership with Heart of the City and NZ Police, has gone from strength to strength.

The number of retailers involved in the scheme has grown significantly and through this a greater sense of community between retailers has developed. The scheme has received national recognition from NZ Police, and has since grown to Wellington and is being planned for other Auckland retail areas. A number of arrests have been made, and a wealth of intelligence received, as a result of the communications received via the network.

“the staff feel a lot safer now that they are using StoreWatch and not so isolated...every retail community should have it”

Christine Sharma, Managing Director, Ruby NZ



BARWATCH

This year we have continued to support the BarWatch communications network - linking bars, the CityWatch team and NZ Police. The scheme, established to improve the overall night time environment of the city centre, continues to be a vital link in preventing and responding to late night issues.

“It has been very useful and in some cases instrumental in keeping unwanted patrons out. We feel it really does improve general safety in the CBD.”

Rauairi Hatrick - Cassette 9

Change to City Centre Services

During the year we reviewed our service offering in the context of our strategic direction and a decision was made to cease our Heart of the City Guide (ambassador) programme. Our ambassadors have been a valued part of our team and we thank them for their contribution to the heart of the city.

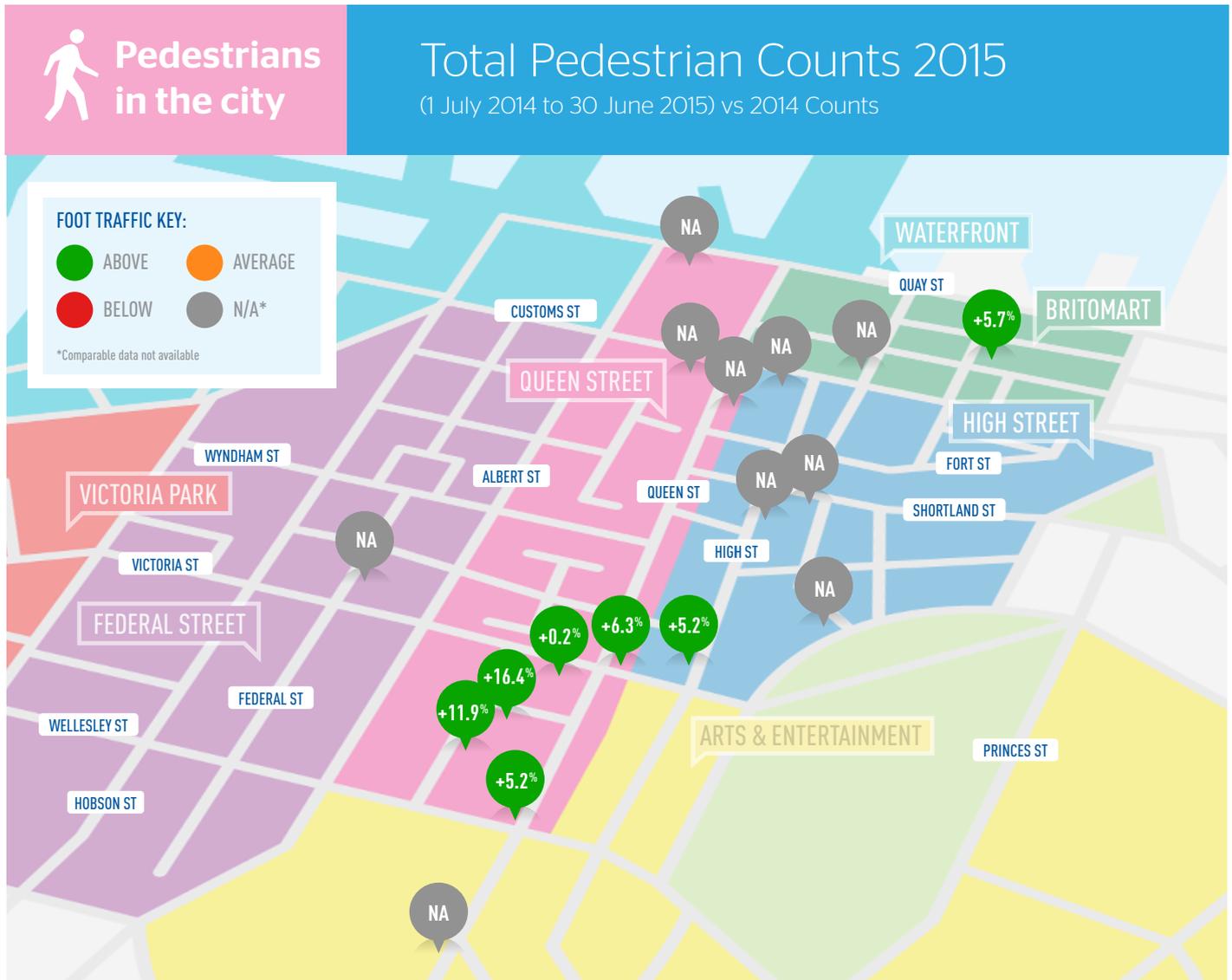
Monitoring the city centre's performance

We continue to see an upward positive trend of the city centre's key performance indicators - including spending, vacancy rates and pedestrian counts. This is also reflected in the overall business confidence in the city centre, with a number of new businesses arriving, as well as a large number of private developments currently underway or planned for in the future, evident by the growing number of cranes on the skyline.

PEDESTRIANS IN THE CITY

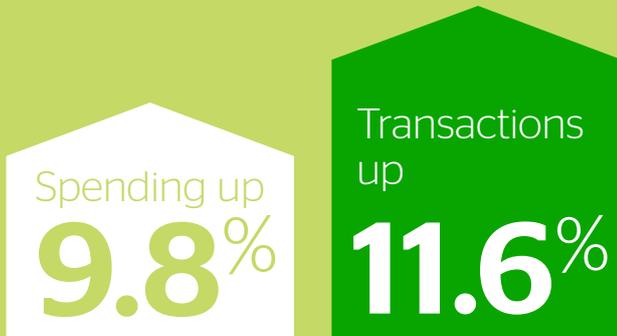
We monitor 24/7 pedestrian counts across 18 sites throughout the city centre. The data, freely available from our interactive website, is invaluable in identifying key trends across the year, as well as evaluating the impact on foot traffic from major events and other infrastructure upgrades.

We have seen an overall year on year increase in total pedestrian counts across the seven sites we monitor that have been in place for a full two years. This year we successfully secured City Centre Targeted Rate funding from Council to fund 50% of the ongoing operating costs of the pedestrian count programme from 2016-2025.



Retail Performance

To Year End June 2015, the City Centre Results were:



Compared to same time last year

Source: Marketview Ltd. July 2015

Vacancy Rates

0.7% **Prime office**
(from 2.5% in 2014)

2.5% **Retail**
Vs a 20 year average of 4.8%*

*Source: Colliers International (2015 figures)

Perceptions of the city centre

These perceptions below highlight a need to continue to tell the story of the city centre to more people - and promote the city centre as a place that is vibrant and dynamic. There is also an ongoing priority to advocate for improved access into the city centre.

*Heart of the City Annual Survey, Buzz Channel, September 2015





HEART OF THE CITY

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