

2012 HEART OF THE CITY REPORT CARD



HEART OF THE CITY
WWW.HOTCITY.CO.NZ

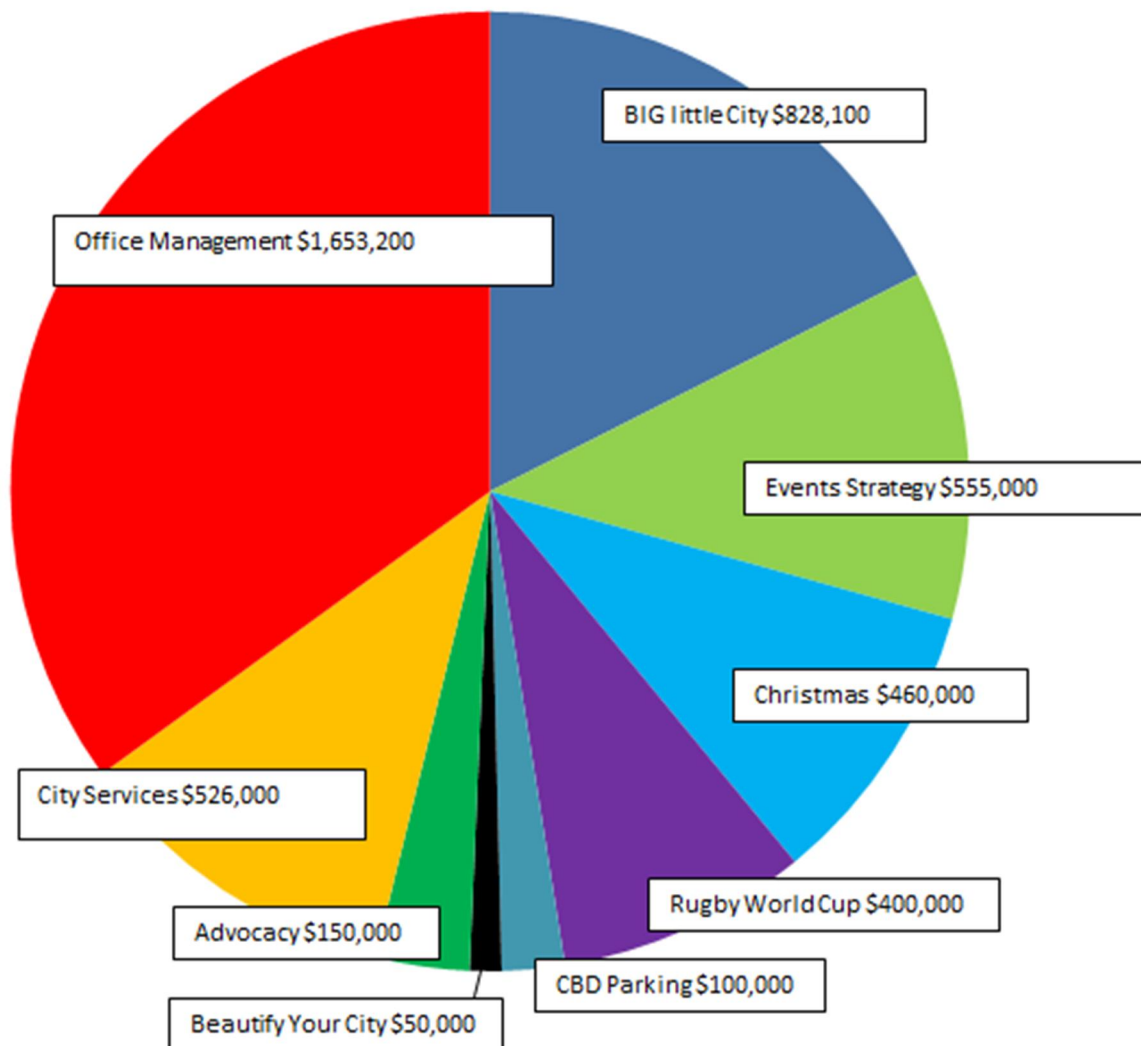
2011/2012 BUDGET

For more details on our audited accounts see [here](#).

INCOME

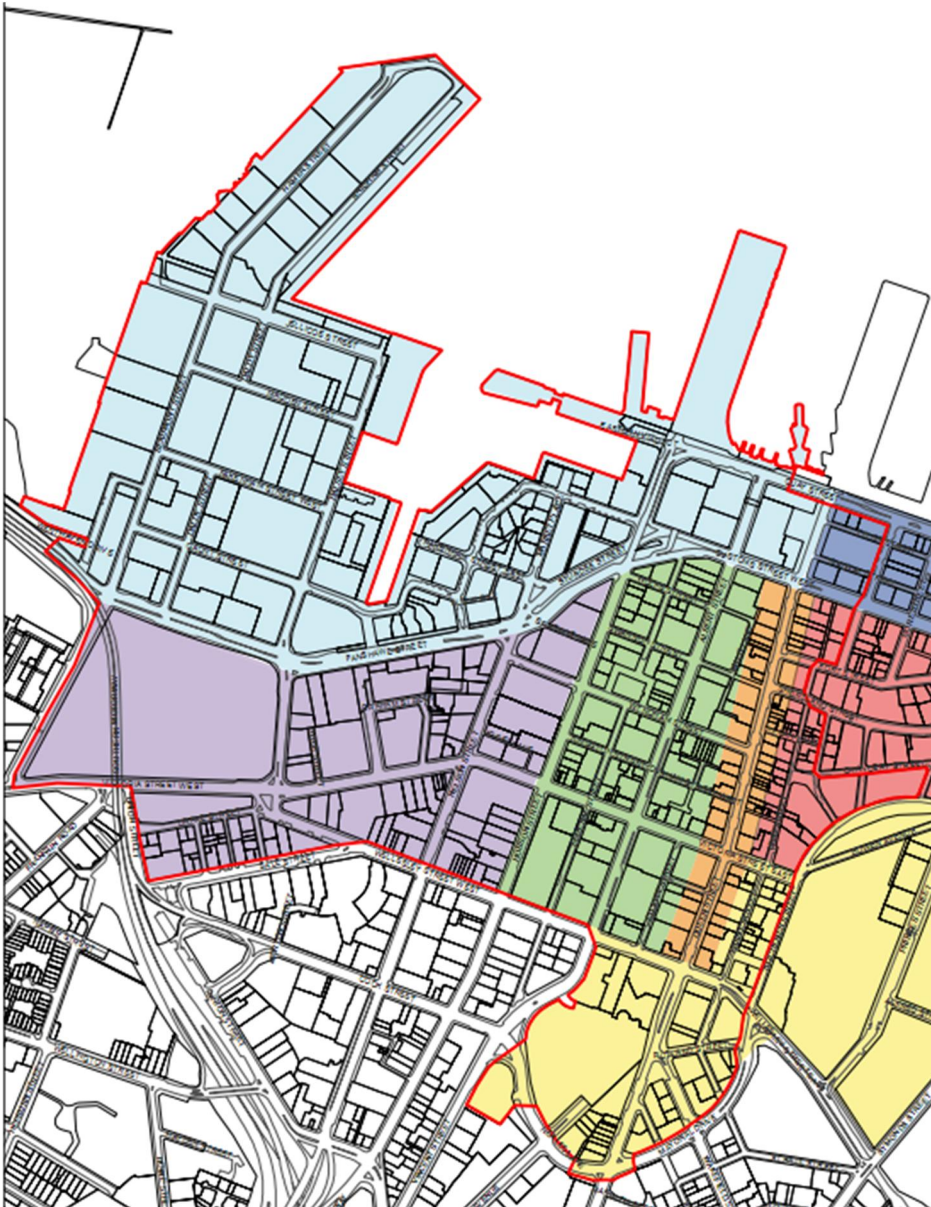
Mainstreet Targeted Rate	\$3,873,100
Partner Income	\$595,614

Total	\$4,468,714
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MEMBERSHIP OVERVIEW COMMUNICATIONS

Overall Heart of the City has more than 8,000 members with over 4000 commercially rated properties within it's boundary. The membership varies greatly from professional services, the marine industry, arts, entertainment, accommodation, hospitality and retail and is spread throughout a number of 'city centre precincts' that sit within the Heart of the City Boundary.



MEMBERS COMMUNICATIONS & EVENTS

We have continued to receive positive feedback and good 'open rates' for our regular E letter, which focuses on important information for businesses, as well as main channel by which to engage businesses in opportunities for participation. This year we have also joined twitter.

We held two members events during the year which were well received. In the coming year we will look to hold these on a more regular basis.

ANNUAL MEMBERS SURVEY

In September, we undertook a survey with members to identify what we are doing well and what we can improve on, and to assist us with our future planning. What we heard was that

- we performed well in the areas of members communications, putting on events, marketing and promoting through BIG little City, and championing the city centre. The city link bus was also received well.
- to a lesser extent our Citywatch security programme, ambassador programme were received well but some of the feedback identified opportunities for improvement.
- areas to work on are ensuring that our member's communications are as relevant as possible, improving the way in which we advocate on businesses behalf, and continuing to find ways to improve on our events and marketing programme.
- we had a number don't know responses, so we can work harder at letting members know what we do.

MARKETING - BIG LITTLE CITY

In the last 12 months we have focused on an integrated Marketing & Events strategy to position the central city as the urban, vibrant destination that it is. The plan is built around the tougher trading period of Winter (June – September), to drive spend and visitation over this time, the 4 key pillar events that we know drive visitation for the central city (Christmas, Dining, Fashion and the Arts) as well as the day to day promotion of our diverse, and great product. As a result of our marketing campaign we have seen some really great benefits delivered back to our HOTCity members this year.

- **Winter 2011/2012:** +14.1% on same time last year
- **Winter 2012/2013:** +16.7% on same time last year
- **TV Advertising** which ran for 11 weeks (mid June – early Sept), promoting ‘new’ reasons to visit the city i.e. Wynyard Quarter, Auckland Art Gallery, and new dining/nightlife venues of Mexico, Imperial Lane and Depot, plus fashion precincts Britomart & High St and events such as the Ice Skating Rink in Aotea Square and Mary Poppins. This helped grow our prompted awareness to 40% - up 13% on last year.
- **Digital Media** which focused on driving traffic to our website and promoting 48 Hour City – a tactical vehicle during our winter campaign, was sponsored by American Express. 48 Hour City enabled our retailers to focus on their quietest/need periods across the week and tailor specific offers to entice visitation and spend with some fantastic results this year (over 20,000 offers claimed on Facebook, with between 5% - 50% being redeemed in store)!
- **Print Media** – over the past 12 months we’ve run print advertising to drive awareness around our key HOTC events - Auckland Restaurant Month, Fashion in the BIG little City 2012 and Christmas 2011 using the ‘little people’ creative in titles such as NZH Canvas; VIVA; Sunday (Sunday Star Times supplement); and Dish.
- **NZH Lift Out Supplements** – we’ve also run 3 x 24pg lift out supplements over the last 12 months with NZ Herald plus a ‘bumper’ issue with VIVA:
 - July 2011 (dining focus for inaugural ‘Auckland Restaurant Month’);
 - November 2011 (for ‘Christmas in the City’);
 - February 2012 ‘Fashion in the BIG little City’;
 - Plus a ‘bumper issue’ of VIVA, reaching a new loyal, premium readership in July 2012
- **Web & Social Media to 32,000 ‘fans of BIG little City’**– (on going) We add new events, news and content to our website daily and also run an integrated Social Media calendar with updates via Facebook to an audience of 27,000 and Twitter followers of 5,200 and growing!
- **Weekly e-newsletters to 15,200 ‘BIG little City subscribers’ (+52% over last year)** – for the last 12 months we’ve increased the frequency of our e-newsletters from monthly to weekly. There is always so much content to talk to, with different events and news or giveaways for our readers that we never struggle to find great things to talk about each week. These e-newsletters drive readers through to our website to find out more.

- Republished our **BIG little City Maps** and distributed to key destinations and businesses, including i-sites, retailers and central city hotel concierges.

RESULTS FOR 2011-

- BIG little City Winter Campaign (June – September) with TV, Print, Digital advertising plus online activity and social media contact strategy, positioning the central city as an urban, vibrant destination and increasing spend up +16.7% for campaign partners, +1.9% for the rest of the HOTC retailers. As well as some great results online i.e. Web visits +22% to 317,000 visits in 12 weeks; 50% growth of BLC email database to 15,200 and 235% growth of Facebook fans to 26,500 page 'likes'.
- Significantly increased visits to the BIG little City website up +88% for the 12 months between 1 July 2011 to 1 July 2012 versus STLY, with 587,000 visits versus 313,000 prior year.
- Facebook has performed exceptionally well this past year, with Facebook "likes" + 440%, growing our F/B audience from 4,990 in Oct 2011 to 26,915 in Oct 2012!
- 48 Hour City really gained momentum this year reaching 6.2m on Facebook and delivered some great results for HOTC businesses, with over 100 businesses providing offers, over 20,000 offers 'claimed' on Facebook and conversion of between 5% - 50% for over 1/3rd of the offers.
- NEW Mobile Site launched, improving user experience of BIG little City.co.nz for the 20% of all site visitors who come in from mobile or IPAD devices.
- New strategic partnerships developed with American Express for Auckland Restaurant Month & 48 Hour City; Resene for Fashion in the BIG little City & VIVA for our Winter Bumper Issue and Fashion Bumper

NEW FOR 2012-13

- NEW campaign for Art Week in the BIG little City (Sep–Oct) with A5 Printed Guide inserted into NZ Herald on 17 Oct 2012; digital ads; dedicated microsite live on BLC.co.nz and social media etc., to promote activities in the central city for Art Week 2012 i.e. Guided Art Walks, Corporate Collections and NEW Street Art
- Implementation of an 'Always On' digital & search strategy – to serve up BIGlittleCity.co.nz to people searching relevant city centric terms and events, reaching 'hand raisers' on Google interested in visiting the city
- Promoting the Precincts: We are soon to launch short 5 min video of the precincts for sharing via social channels; e-newsletter and web homepage, promoting the unique identities of the different precincts to inspire and engage in a viral medium



EVENTS

Events are one of the key reasons that Aucklanders and out of town visitors come into the central city and play a key role in creating a vibrant, urban CBD environment and driving social and economic benefits. In support of this we have developed and implemented an events strategy that focuses on, creating signature events representing the major pillars of our city offering:

- Dining
- Fashion
- Nightlife
- Culture
- Christmas

This strategy allows us to create value for our members by developing specific event based campaigns that provide direct opportunities for businesses to get involved and drive measureable increases in visitation and consumer spending.

CHRISTMAS- DEC 2011

2011 saw us invest and expand on previous Christmases more than ever before – through the addition of a month long entertainment program in Aotea Square in partnership with the EDGE together with the addition of a significant marketing and advertising campaign alongside the street decorations and theming.

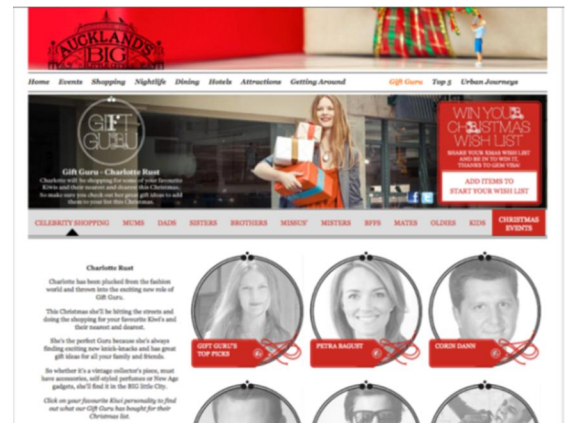
The programme for 2011 included:

Theming: Queen St - spirals, Santa, presents and his reindeer on the Whitcoulls Building, Lights in Durham Lane, Angels in Elliott Street and K'Road, KZ1 Maritime Tree with lights, street banners in Britomart & Quay Street and new for 2011 giant paper chain installations in High Street.

Christmas in the Square: A month of free entertainment including Random Acts of Christmas street theatre, a programme of free community cultural group performances, a 2 week Christmas market, a lighting/music installation - Beam, and decorations and theming.



Marketing campaign - a significant marketing campaign was developed promoting the city's retail and the various Christmas activities/theming. Results from BNZ Marketview Ltd for the Christmas campaign showed an increase in spend in HOTC of +2.8% versus competitors +0.8%. The results also indicated that 77.4% of spend came from within the Auckland Region, with 22.6% coming from 'other NZ'



FASHION IN THE BIG LITTLE CITY

Saturday 3rd of March 2012 saw the launch of our event to celebrate our fashion offering - Fashion in the BIG little City. This event is all about celebrating and promoting the current season's fashion to the local market and bringing the city's fashion retailers and businesses together to collaborate in a celebration of fashion with events, activities, retail offers and promotions to encourage shoppers into the central city to shop. The 2012 event ran in partnership with the NZ Fashion Festival (NZFF) – a week of ticketed fashion shows in Shed 10 on Queen's Wharf

The post-analysis and research reports produced supported the success of the program:

- 103 retailers participated
- Overall spend on apparel in the City Centre for 3 March 2012 with retailers who participated in the event was up 20% year on year compared to an average 'Saturday' (12 month average). Across the week of NZFF (including the 3 March event) spending with 'participating retailers' was up 53% against an average 'weekly' spend.
- 38,380 Fashion in the BIG little City page views on the BIG little City website
- 1530 new names on the database from the consumer competition
- \$274,600 worth of media value



AUCKLAND RESTAURANT MONTH – AUG 2012

The second year of the event was even bigger and better and delivered the following results:

- 110 participating restaurants
- Over 25 restaurant events including a launch party attended by 500 plus, and a series of celebrity chef dinners
- An increased spend (year on year) of 14.1% for the participating restaurants from the previous year
- 3400 entries for the consumer competition
- Over 206,000 Restaurant Month page views on the BIG little City website
- \$680,000 worth of PR coverage



EVENTS SPONSORED

This year, we have continued our direct support of a number of city based event to attract more visitors into the central city, and make this a vibrant, exciting place to be. Criteria for event sponsorship includes demonstration of how the event can deliver return back to city centre businesses.

In the 2011/12 financial year, we sponsored **\$251,000** worth of events in the CBD, with attendance from over 1 million visitors.

These events sponsored were:

- Art Week Auckland
- Auckland Seafood Festival
- Farmers Santa Parade
- International Buskers Festival
- International Comedy Festival
- New Zealand Fashion Festival
- Taste of New Zealand
- Lantern Festival
- High Street First Light



BUSINESS SUPPORT AND DEVELOPMENT

This year we have focused on two key projects which look to support business growth and development in the city centre.

CITY CENTRE RETAIL ACTION PLAN

In partnership with Council, we have developed a draft 5 year Retail Action Plan. The plan includes a number of steps that aim to improve the overall retail environment and experience, ultimately bringing greater success to retail in the city centre.

The action plan focuses on a number of key areas - including the overall 'retail mix', as well as attractions and events, marketing and promotion, the regulatory framework, access, the physical environment and how the city centre is managed. Developed with input from key retailers, property owners, real estate firms, Council and their CCOs, the plan looks to coordinate efforts that are already underway, as well as identifying some new ideas.

HOTCity have a key role to play in delivering the plan - including promotion, marketing and retail focused events under BIG little City, working with Council and other agencies to improve the physical environment, safety, security and more.

We believe that the city centre can be the premier shopping destination in New Zealand, and having an attractive and successful city centre retail environment will enhance the overall experience for our visitors.

The plan will be finalised in late November, with implementation of key actions beginning thereafter.

REAL TIME PEDESTRIAN COUNTING SYSTEM

In March this year, we realised the first phase of a real time pedestrian counting system across four sites in Queen Street and High Street, following an extensive research and development phase. The system allows us to understand how many people are passing these sites on a day to day basis, across a 24/7 period.

The data provides us with 'day to day' trends of pedestrian activity, where there are peaks and troughs across the day, and the difference between weekday and weekend activity. We are also able to see what happens to pedestrian activity when there are major events and activities occurring within the vicinity of the counting system.

The data is published on the HOTCity website, making it easily accessible to HOTCity members.

We have recently received additional support funding from Auckland Council allowing us to expand the number of sites up to 15 throughout the city centre. This will be rolled out over the coming months.

BUSINESS SUPPORT SPONSORSHIPS

In addition to these two key projects we have also,

- Sponsored two businesses (The Heritage Hotel and The Vault) s to undertake the Get Sustainable Challenge, run by the Sustainable Business Network and two businesses (Andrea Moore and The Hemp Store) to participate in the Retailers Association Top Shop Awards.
- Contributed towards the Victoria Park Business Collective Networking Events and towards High

ADVOCACY

ing Events and monthly networking events

It has been a busy year for the City Centre, particularly with a number of Council plans that impact the City Centre released for comment by Auckland Council. Highlights for the year include:

PARKING

Parking has been a vexed issue for many years. This year we have worked closely with Auckland Transport to deliver a new approach to managing parking in the City Centre. Planned for implementation in late November 2012, it is anticipated that this new approach will make parking in the city centre more attractive by making it easier, simpler and offering more choices, both on the street and in carpark buildings. We expect significant benefits to our businesses from these parking changes, not least the improved perception around parking and access into the city centre.

They key elements of the parking changes include:

- No time limits on street: customers can now park for as long as they need
- Free 10 minute grace period on all pay and display street parks: making it easier and simpler for deliveries to businesses and quick drops offs or pick ups
- Simplified signage: 1,000 parking signs in the city carrying 128 different parking messages replaced with a single 400 single message 'P\$ Zone' signs – making our street environment much more attractive.
- Daytime weekday parking
 - \$3/hour casual rate in the Downtown, Victoria Street and Civic carpark buildings from 6am – 5pm, with a new daily maximum of \$17
 - Graduated fares: during the week, if customers park on-street for longer than two hours, they will pay a higher hourly rate, encouraging the use of alternative, cheaper off-street parking options
- Evening and Weekend Parking
 - \$2/hour casual rates in the Downtown, Victoria Street and Civic carparks to a maximum of \$7.50 at Downtown and Victoria St and \$8 at the Civic
 - \$1-2/hour on-street parking – great for encouraging visitors back into the city over the weekend
 - Paid evening parking hours extended - from 6pm to 10pm in the core city centre (\$2 an hour) making it easier for customers to find a park during evening visits

SAFETY

We have been participating in the Mayoral Task Force on the Safety and Alcohol, which has focused on identifying opportunities to improve real and perceived perceptions of safety in the city centre. We are exploring a possible project to include a number of bars in a pilot 'barwatch' radio link scheme, in partnership with the NZ Police and Auckland Council.

We will continue to focus on opportunities to improve safety in the city centre, including

- Advocating for the inclusion of begging in the upcoming review of the public spaces bylaw
- Participating in the process to develop a Auckland Regional Alcohol Policy once the national Alcohol Reform Bill is passed
- Continuing to find ways that the City Watch Security programme can be improved.

SUBMISSIONS

Contribution and Submissions to the following Policies/Strategies:

- The City Centre Masterplan
- The Auckland Plan
- Draft Auckland Council Filming Protocol
- Auckland Long Term Plan
- Parking strategy for the City Centre

WATERFRONT CAMPAIGN

The Ports – HOTC has long advocated for the opening up our waterfront to the public with an improved tourism offering and the economic benefits that go with this. This goes back to our flag bearing efforts in support of the stadium on the waterfront.

The prospect within the Auckland Plan of expanding the size of the Port by trebling the number of containers handled by it was of extreme concern to us.



We raised the level of public debate within our submission but most importantly we have developed the respect of a wide range of community groups who came on board and supported us - the Auckland Architecture Association, the Urban Issues Group, the Westhaven Users Group, the Devonport Residents Association and many others.

The result was that Council revised its plans for this expansion and have commissioned a report on the Ports capacity for the upper North Island.

This is the long term issue that we continue to remain highly engaged with.

Finding opportunities from and as well as mitigating the impact that certain activities have on City Centre businesses is a key priority for us. This year we have:

- **Developed an agreement between Auckland Road Maintenance Alliance (ARMA)** and ourselves regarding ARMA's delivery of road maintenance work in the CBD. This agreement sets out an agreed approach to regular road maintenance that will reduce the impact business. Including long term planning, communications and consultation.
- **Worked closely with** Auckland Council, ATEED and Major Event organisers to develop ways in which HOTC businesses could provide offers and leverage off the NZ Rally and the World Triathlon Finals
- **Worked closely with** Auckland Council, ATEED and the World Triathlon to develop and implement a communications and marketing plan that would try and encourage and not discourage visitation to the city centre over the course of the event, as well as try and elevate issues for businesses open over the weekend.
- **Regular reviewed** applications for all events and filming requests in the city centre to ensure impact to business is minimised where possible.
- **Contributed to the development of a** draft Filming Protocol for the region that takes into consideration the needs of businesses. This is likely to be consulted on more widely later this year

CBD ADVISORY BOARD

Heart of the City continues to play an active role on the CBD Advisory Board.

The primary role of this Board is to advise Council on the priorities for expenditure of the CBD targeted rate. This is a rate paid by CBD business that has raised \$180 million in the past decade to fund or advance many capital projects in the CBD, including the Queen St upgrade and all of the shared spaces that are being rolled out in the city.

This rate is currently being renegotiated. It is not a rate that we want Council to take for granted. If there is to be an extension we have high expectations of how much and for how long we would be prepared to support such a rate. Currently Council has earmarked within the City Centre Masterplan \$130 million over the next decade for CBD projects but has an expectation of an additional \$200 million via a targeted rate.

If this is to continue be sure that we will be very robust in defending the rights of our stakeholders in this process.

CITY SERVICES



CITY LINK

We have continued our partnership with Auckland Transport by funding the City Link Service, which is a key link between K'road, the City and the Wynyard Quarter. HOTCity's contribution paid for the 6 month free trial of the expanded services, and continues to fund the free access for HOP card users

BIG LITTLE CITY GUIDES

This year the BIG little City Guide team met with over 33,865 customers, and assisted the organisation to distribute vital business information to HOTC members. The team also continue their vital work in reporting issues on the street, such as illegal dumping or broken street furniture, disorderly behaviour, and have a direct line to both Auckland Council and the City Watch Security Team.



BIG LITTLE CITY RIDES

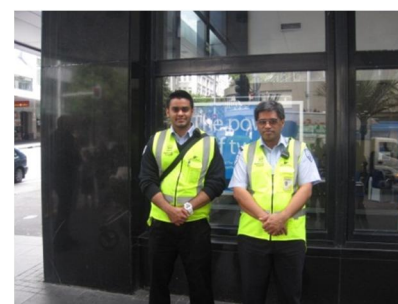
We continue to run our fun alternative mode of travel is still a key feature throughout the city, particularly during weekend evenings, with extended day time hours over the summer months.



CITY WATCH PROGRAMME

In July this year, the City Watch programme increased the nightshift teams from one team of three to three teams of two. This allowed a greater focus on the city 'hotspots'. Overall, this appears to be having a positive impact on the reduction of anti-social behaviour, along with a reduction in liquor ban breaches in the core city centre.

In addition there has been a focus on carparks, where the team liaise with onsite security and patrol through the open air carparks whenever possible. The team also have authority to enforce public place liquor bans in some carparks which seems to have had a positive impact on behaviour in the city centre.



HIGHLIGHTS FOR THE CBD

2011/2012 has seen the ongoing transformation of city centre streets, including the completion of Fort Street, Stage 2 and the near completion of the Rutland and Lorne Street upgrade. Planning is currently underway for the O'Connell Street, Freyberg Square and Federal Street upgrades.

A recent evaluation undertaken by Council has shown some great results around the Fort Street shared space. This includes

- Foot traffic has increased by 50% during peak hours.
- Spending has increased by 65% and hospitality spend in the area has increased by over 400
- 91% of surveyed users and stakeholders were highly complementary about the new shared space environment, compared to only 17% pre-upgrade.
- 75% of property owners in the area felt that it was valuable being sited near or adjacent to a shared space.
- Vehicle volumes have dropped by over 30%
- Vehicle speeds have reduced by more than 25%
- 75% of delivery services found it 'much easier' to make their deliveries.
- Safety has improved – no reported crashes between vehicles and pedestrians.

FORT STREET & LORNE STREETS



FACTS, STATS, TRENDS FOR THE CBD

RETAIL EXPENDITURE

Over the last 12 months, HOTC has performed well against competitors. According to BNZ Marketview Limited, when compared to the same period last year, spending at HOTC has risen 6.1% compared with a 0.3% decline at competitors. We have also increased our market share by 1.4 share points for the last 12 months.

In the CBD, the trends for spending and transactions for the 12 month period, end September versus the same period 12 months ago, were:

- Spending: There was a change of +6.1% year on year.
- Transactions: There was a change of +3.5% year on year

LEASING AND VACANCY

The overall CBD (this area is broader than the HOTCity boundary) retail vacancy rate increased from 4.7% to 6.1% in the last 12 months. This was largely due to an increase in the number of vacant stores, as well as the completion of new retail developments with unoccupied units, and the closure of several large occupiers like Borders on Queen Street.

We have also seen a number of new stores have increased by 157 from last year. This was mainly due to a number of new retail developments coming online including stages 1 & 2 of the Victoria Park Market, the Deloitte Tower, Queen Street Markets, 350 Queen Street, North Wharf and new retail in Britomart.

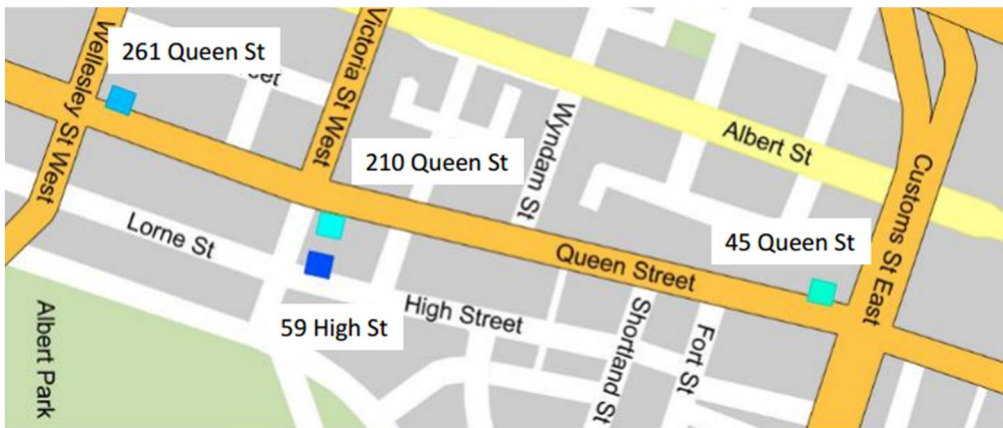
	2011	2012	Difference
Total floor area (sqm)	247,891	257,543	9,652
Total vacant (sqm)	11,754	15,829	4,075
Vacancy rate	4.7%	6.1%	1.4%
No. of stores	1,676	1,833	157
No. of vacant stores	96	149	53

Overall office vacancy in the Auckland CBD is down to 10.9% from 12.2% a year ago, tracking just below the 15 year average of 11.8%. However the decline in vacancy is more pronounced in premium buildings, reducing by 2.4% in the past six months and 6.1% in the past year. With much of the job growth in the country concentrated in Auckland, whole floors of prime CBD office space are in short supply and this problem is exacerbated by the lack of major developments occurring in the CBD core. It is estimated that only 8316m² is under construction in the CBD, a stark comparison to the 30,400m² being built in the city fringe.

Our latest survey shows only 36,985m² of vacant prime stock compared with 108,991m² of secondary, equating to a vacancy of 8.7% and 11.9% respectively. Auckland Council's move into the ASB Bank Centre on Albert St will mean a lower vacancy rate in the CBD than previously forecast, as council staff move out of seven buildings around the CBD. The prime vacancy forecast for 2013 has reduced by 4.1% to 9.6% and will decline quite sharply from then on (* +source CBRE Retail Monitor Report. *source Colliers)

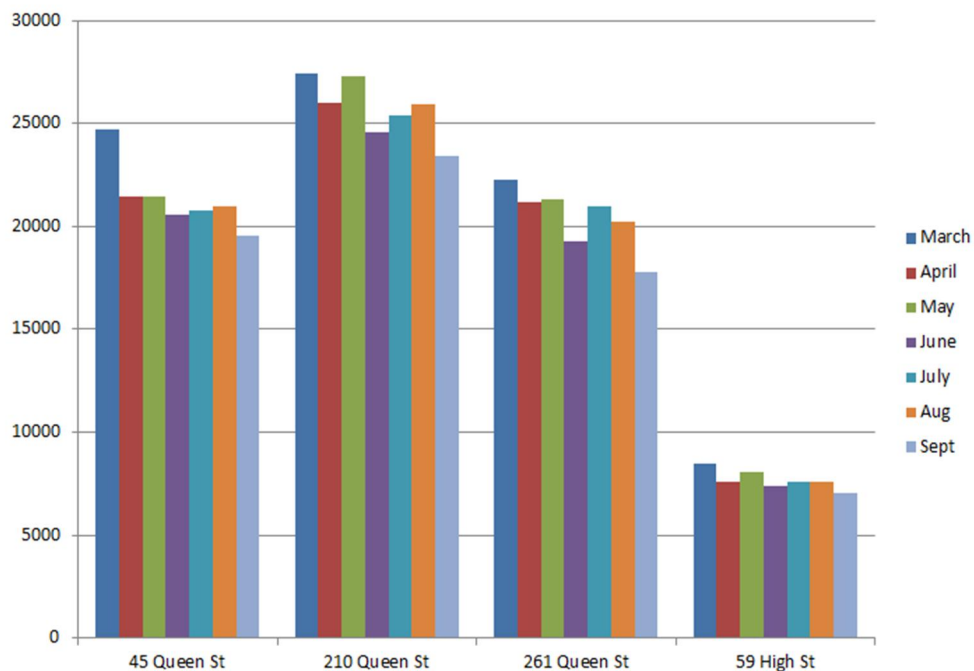
PEDESTRIAN COUNTS

As reported above, in March this year we started recording 24/7 pedestrian counts at four key sites on Queen Street and High Street.



The map graph below outlines a summary of the pedestrian counts since March this year.

Average 24-Hour Pedestrian Activity by Month and Location March – September 2012



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