City Centre Quarterly Insights – March 2024

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Overview spend and foot traffic

Spend:

-0.4%
Mar. 24 Q vs. Mar. 23 Q
vs. -5% competitor

90%*
of Mar. 19 Q

+3%
last 12 months

+10%
# of transactions last 12 months

Foot Traffic:

+9%
Mar. 24 Q vs. Mar. 23 Q

71%
of Mar. 19 Q

The impact of the cost of living can be seen in our latest quarter's results with reduced domestic spending contributing to an overall flat result (-0.4% vs STLY). The international spending dollar, always highly valued here, was of particular importance over the quarter, bringing in 31% of spending – and the highest it's been over the last five years. Our Chief Executive Viv Beck discussed the importance of international tourism with RNZ's Corin Dann off the back of these results.

Events were also beneficial. P!NK's sold-out Auckland show on Friday, 8 March was the highest day of spend in the quarter, hitting $6.5 million. Results like this highlight why Viv described events as "critical" to revitalising the city centre in an op-ed for the New Zealand Herald.

Whilst the current trading environment is challenging for many, the city centre overall is nevertheless trading comparatively well against other areas, and confidence is also evident with retail and office vacancies hitting their lowest rates since 2021 – a slow but sure improvement - at 10.4% and 12.2% respectively (Colliers).

New eateries and pop-ups continue to open, giving fresh reasons to visit the city centre.

Source: Spend: Marketview. Not for Reproduction. *CPI adjusted Foot traffic: HOTC Pedestrian Counts. Not for Reproduction.

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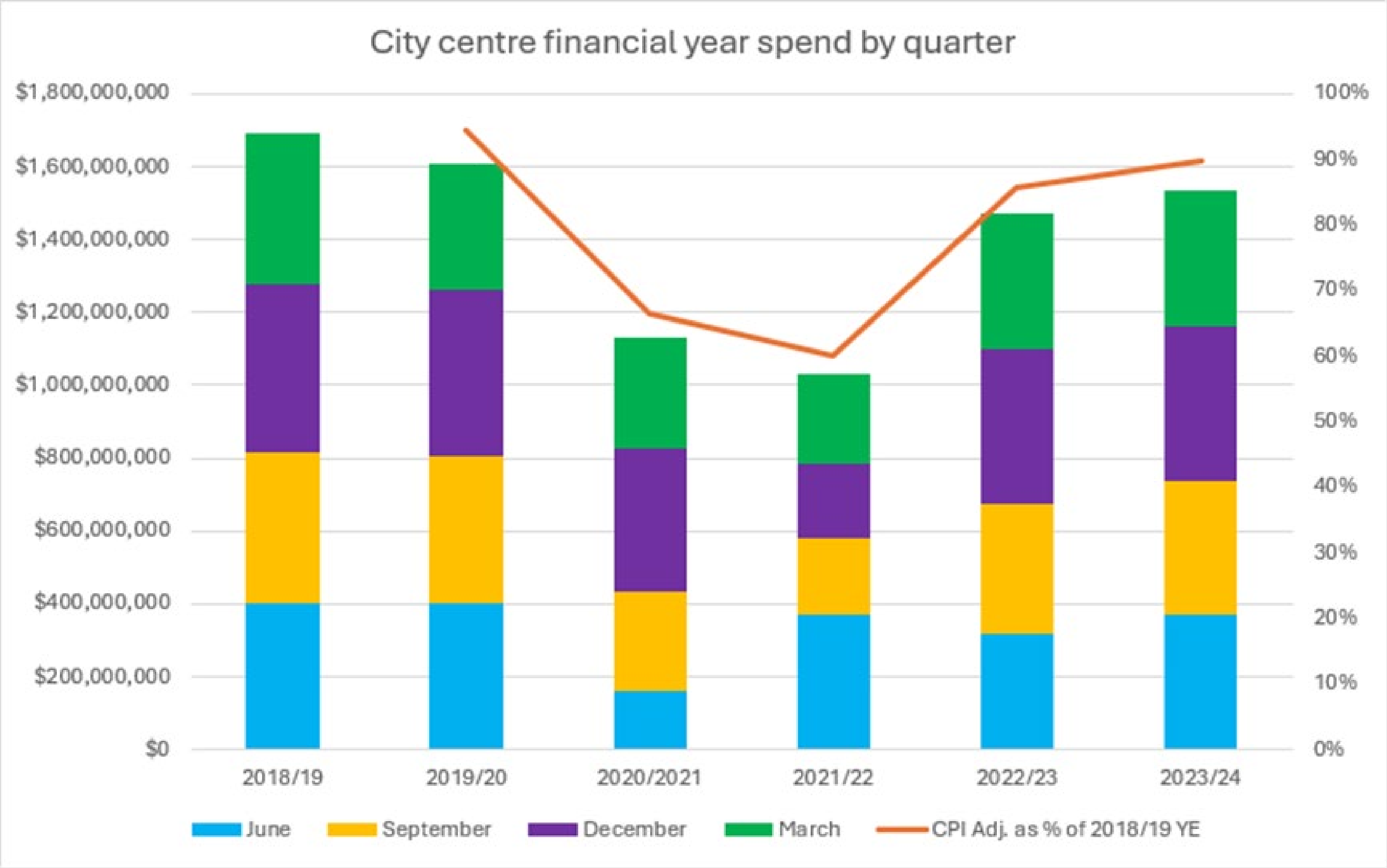
Spend



Overall spend in the city centre for the March 2024 quarter was -0.4% when compared to the same quarter last year (STLY). A comparatively better result than other areas over the same reporting period. Overall, March year-end results sat at 90% (CPI adjusted) of March 2019.

Like the December 2023 quarter, transaction data shows people were buying more but spending less in the first quarter of 2024, with transactions +4% and the average value down by -5% (vs. STLY).

Looking at overall spend for the last 12 months, spend grew a modest +3% and transactions +10%. This is consistent with what is happening nationally, with spend up +3% (and transactions +4%).

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International spend the highest in five years

International spend Mar. 2024 Quarter:

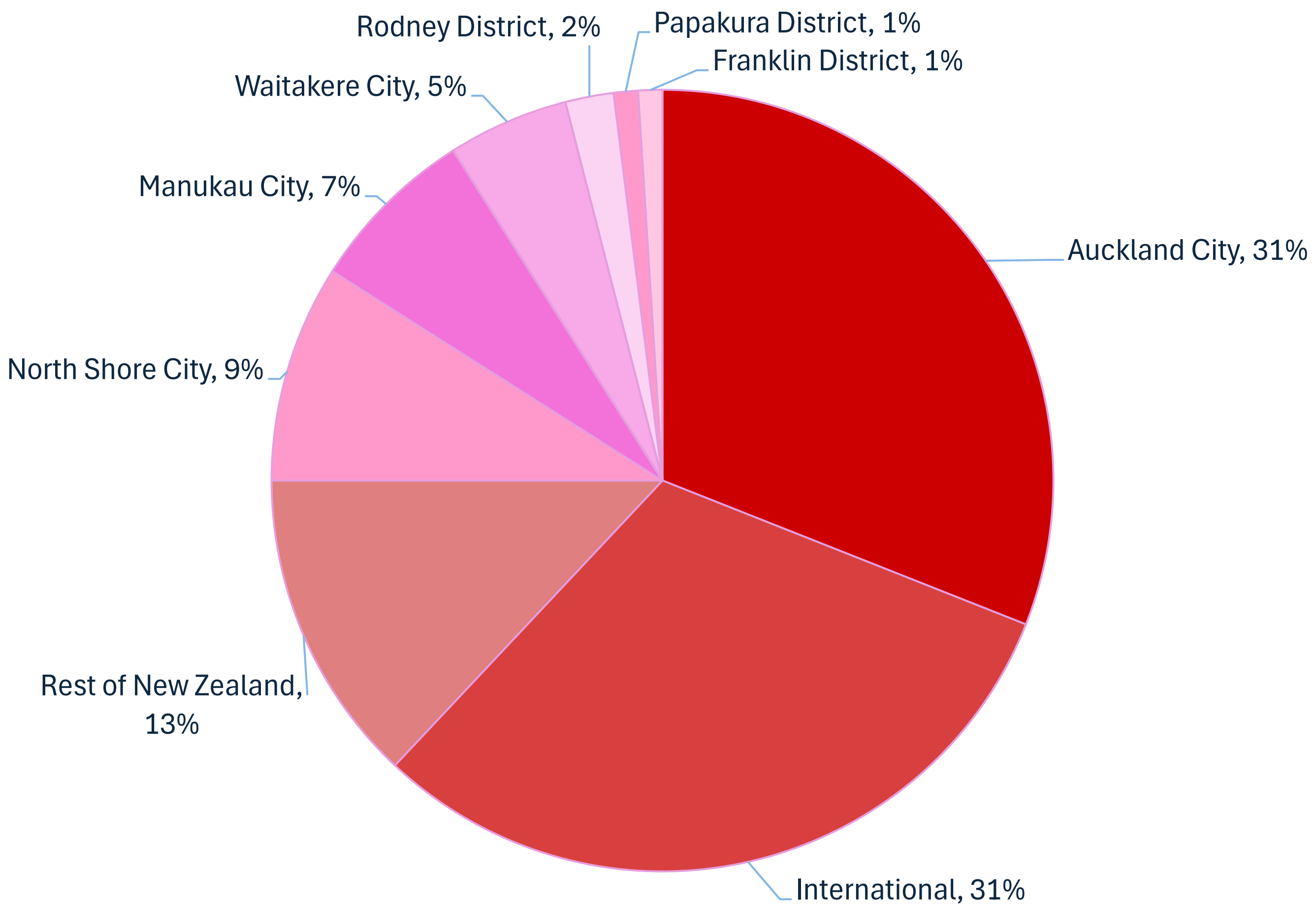
31%
of total overall spend

+6%
Mar. 24 Q vs. Dec. 23 Q

+22%
Mar. 24 Q vs. Mar. 23 Q

+9%
Mar. 24 Q vs. Mar. 19 Q

Origin of spending in Auckland's city centre, March 2024 quarter



International tourism made up 31% of overall spend. This is the highest international spend has been in five years, and builds on an upward trend seen since the middle of last year. Spend by internationals was up +22% on the same time last year and +9% on the March 2019 quarter.

Source: Marketview. Not for reproduction.

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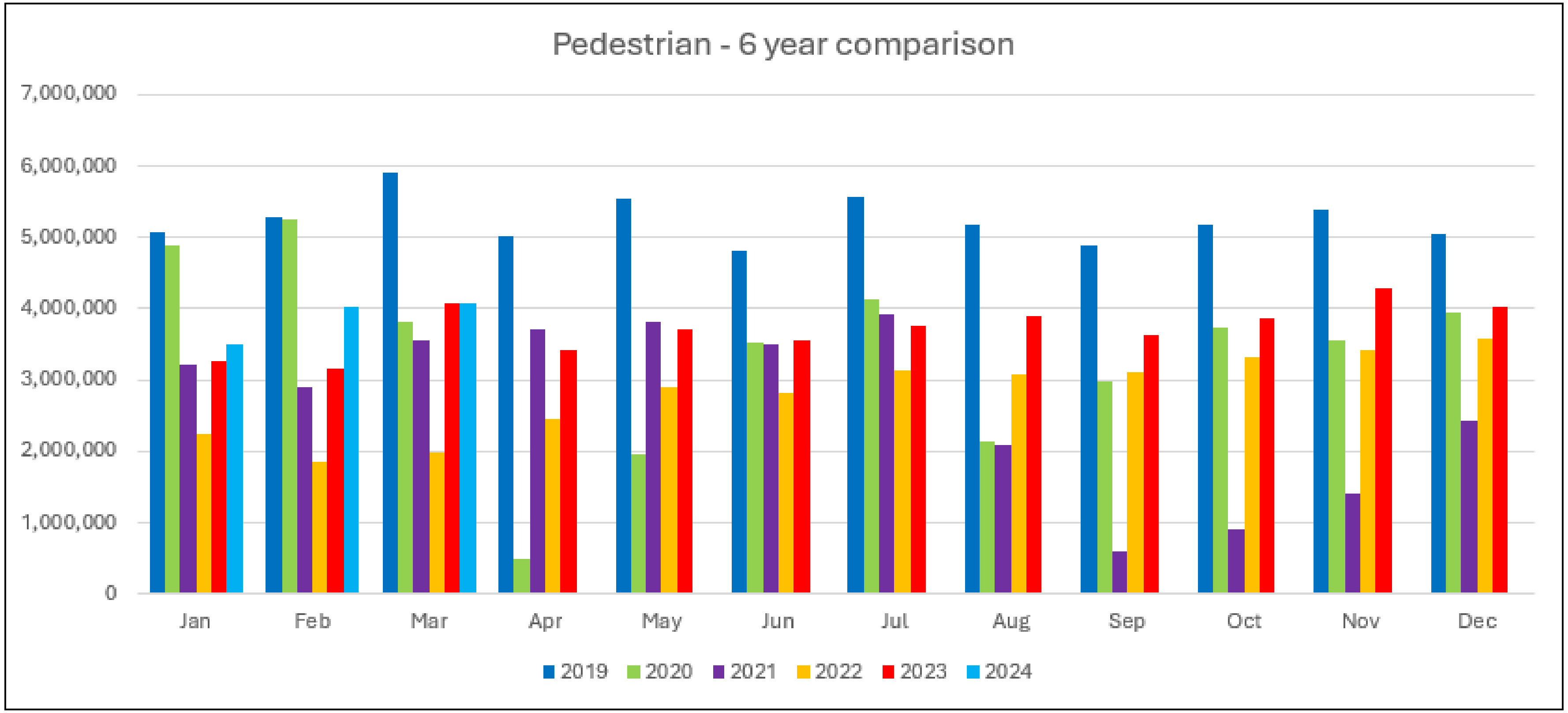
How many people were here?



Foot traffic increased **+9%** compared to the March 23 quarter. Counts reached **71%** of March 2019 quarter counts – a drop from the December quarter which reached 78% of 2019.

Source: HOTC Pedestrian Counts. Not for reproduction.

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From hearts to charts: Valentines Day & P!NK concerts brought buzz to the city centre

P!NK Got the Party Started in the city centre:

+39%
spend
weekend of 8 Mar. 24
vs. previous weekend

+38%
transactions
weekend of 8 Mar. 24
vs. previous weekend

+27%
spend restaurants, cafes & bars
weekend of 8 Mar. 24
vs. previous weekend

+39%
transactions restaurants, cafes & bars
weekend of 8 Mar. 24
vs. previous weekend

Friday, 8 March: $6.5 M
Highest day of spend for the Mar. 24 Q

Raise Your Glass to P!NK: Pop superstar proves power of events

Our data consistently shows the benefits of events to business. In a busy quarter that included the Auckland Arts Festival, the inaugural Moana Festival and Blink 182, P!NK was a standout.

88,000 people flocked to see her perform at Eden Park on 8 and 9 March, leaving *Glitter in the Air* for businesses across Auckland.

Tātaki Auckland Unlimited reported that the shows brought $4.2 million to the region's economy, and the impact of P!NK helped to *Get the Party Started* here as well.

In the heart of the city, overall spend over the weekend of the concerts was +39% over the previous weekend and +38% in transactions.

The hospitality, café and restaurant sectors are also likely to have benefited directly from the P!NK concerts, with spending and transactions up 27% and 39% respectively, while the accommodation sector had an 18% increase in spend compared to the previous weekend.

Friday, 8 March, the date of her first sold-out show, was the highest day of spend for the entire quarter, reaching $6.5 million. Overall hotel occupancy reached 97%, and the number of people in the Britomart area that night (6 pm to 6 am) increased by +30% and +63% respectively when compared to the previous Friday.

Can Buy Me Love: Valentine's Day brought a midweek boost

It was the busiest Valentine's Day in three years, with a +30% in foot traffic compared to the previous Wednesday. The hospitality café and restaurant sector experienced a big bump, reporting +57% in spend,+25% more transactions and +25% in the average transaction value compared to the same time the previous week.

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Leasing Insights

Leasing Insights:

10.4%
Retail strip vacancy 1H. 24

6.8%
Prime office vacancy 1H. 24

Leasing trends continue to be consistent and positive

Retail vacancies in the city centre continue to see steady, positive trends, with Colliers latest report showing they've hit their lowest levels since 2021.

Retail vacancy rates on the CBD strip are at 10.4%, down from its peak of 14.4% in December 2021.

As well as new businesses a number of established businesses have chosen to renew their leases in a new location here, including SWAROVSKI.

This highlights the ongoing demand for Lower Queen Street, where JLL's Nilesh Patel told us:

"Demand continues to outweigh supply and there have been a few recent lettings (confidential) that will be disclosed in due course. Retail enquiry at the Mid to Upper end of Queen Street is still slow but we envisage this part of town to pick up closer to CRL completion".

Pleasingly, overall office vacancies also continue to decline, and are now the lowest since December 2021, at 12.2%.

The high demand for prime office spaces remains, with overall vacancies dropping to 6.8% in December 2023 (49% of total stock in the city centre are prime office spaces).

Auckland is showing up the rest of the world when it comes to office leasing - Brent McGregor CBRE Asia Pacific New Zealand's Executive Chairman, said in an interview that "Grade A office vacancy rates in Auckland remain low compared to other major global cities. Rental growth in the Prime office market has also been positive in the last years across New Zealand's most important urban centres, more robust than in some Australian cities."

Source: Retail: Colliers Essentials Auckland Retail 1H 2024, Office: Colliers Essentials Auckland CBD Office 1H 2024.

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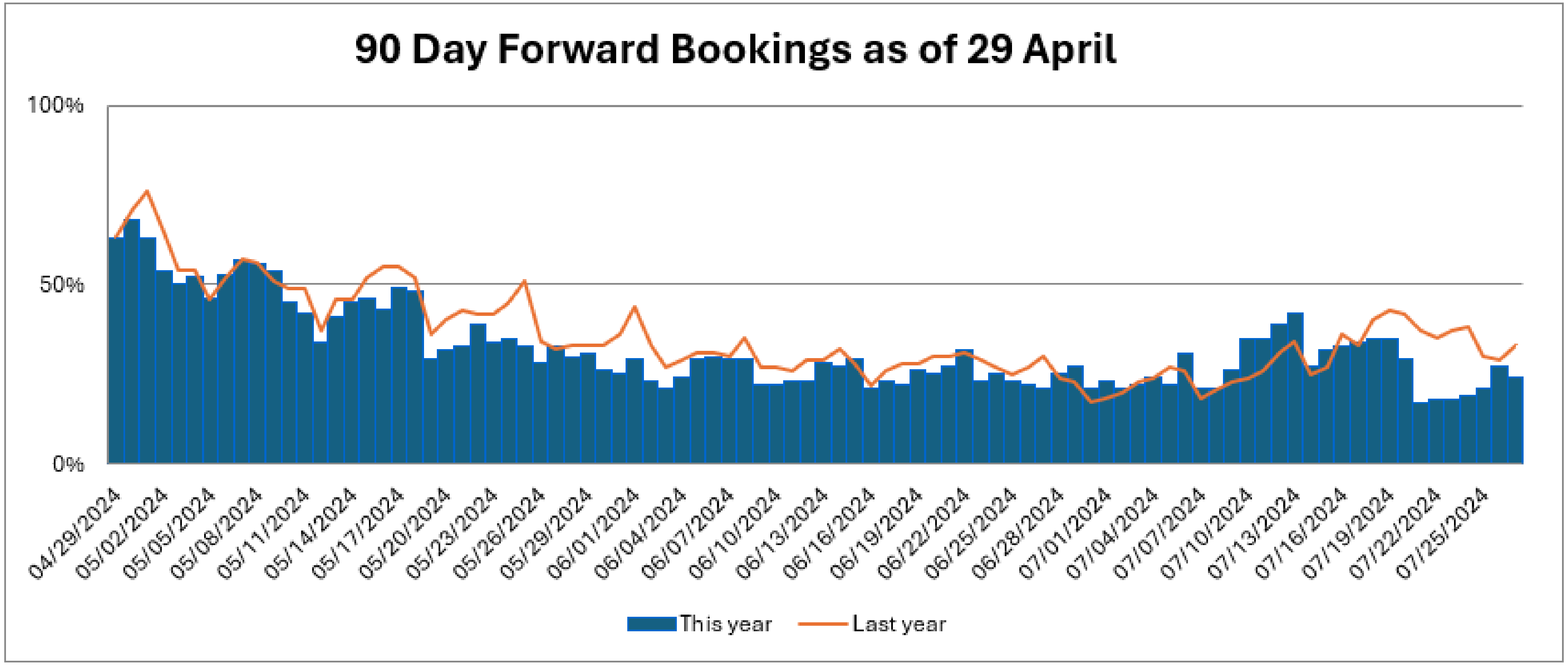
Accommodation Forward Bookings



Looking ahead: upcoming events and their impact on accommodation

In an interview with The Hotel Conversation, JLL's Nick Thompson said that "the need for cultural and sporting events to support domestic and international tourism cannot be overstated."

We're looking forward to the World Choir Games, happening in July. It's the largest choral festival in the world and will see over 11,000 participants from more than 30 countries performing in iconic city centre spaces including the Auckland Town Hall and Kiri Te Kanawa Theatre.

With more hotels opening in the city centre this year, including Horizon by SkyCity Hotels Group, Hotel Grand Chancellor and Hotel Indigo, there is a need for a stronger pipeline of events going forward. At this stage, accommodation forward-bookings for the nexet 90-day period are tracking just under last year.

Source: STR as of 29 April 2024 Not for reproduction.

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