

City Centre Quarterly Insights – June 2024



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AUCKLAND

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Overview

Off the back of a flat March quarter, the June quarter reflected the wider economic landscape, with both overall spend and foot traffic down compared to 2023 (Spend: **-9%** vs STLY, Foot Traffic: **-7%** vs STLY). This is consistent with retail trading generally seeing discretionary spending down and it was particularly evident in the month of June, which pulled down the overall results for the quarter (**-13%** STLY).

Whilst [the March quarter saw the highest international spend in five years](#), it dropped back to 'seasonal' levels, meaning that an extra boost from the tourism dollar was not there this quarter to bridge the gap of overall reduced domestic spending.

Whilst the quarter wasn't easy, looking year on year, there has been **+10%** growth across our pedestrian counts (and **+5%** in the overall number of spend transactions), helped by the many events and activations to attract people here. Most recently this included New Zealand Music Month, the Auckland Comedy Festival and the Auckland Writer's Festival with a record-breaking 85,000 attendees.

Given the challenging economic environment, it's pleasing to see that both office and retail vacancies are "largely stable", with demand remaining highest for premium, environmentally friendly spaces. There has also been some notable leasing news, including the planned return of [One New Zealand](#) to Wynyard Quarter in 2025.

Long-term confidence remains with a number of major developments having been announced during the quarter including the planned refurbishment of the old McDonalds site on Queen Street, which also includes a new residential development. There's also been a number of new businesses open, including [SkyCity Hotels Group's](#) Horizon. [Smith & Caghey's announcement that they will be staying on Queen Street](#), and Sail GP in January is also fantastic news to share!

Overall Spend

Spend:

-9%

Jun. 24 Q vs. Jun. 23 Q
vs. -6% competitor

18%

of overall spend was international
vs. 31% Mar. 24 Q

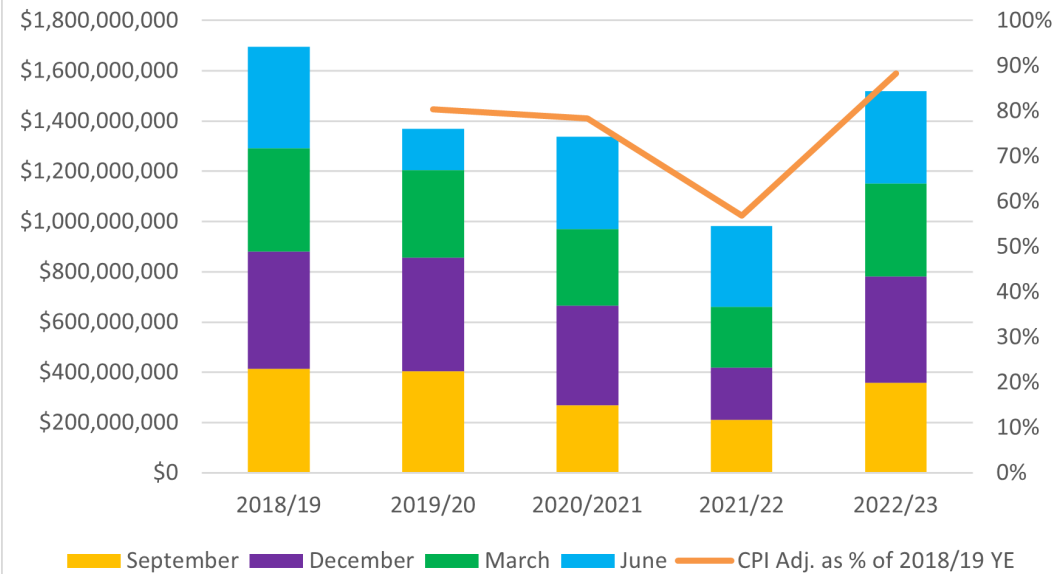
-2%

spend last 12 months vs. STYL
compared to +2% nationally

+5%

of transactions last 12 months vs. STYL
compared to +2% nationally

City Centre financial year spend by quarter



June Quarter spend was **-9%** compared to the June 2023 quarter (with competitors reporting -6%). Transactions were also **-8%**. Overall, June year-end results sat at **88%** of June 2019 (CPI adjusted). A particularly difficult month of June (**-13%** vs STLY) contributed to the overall downturn this quarter.

We note that across the city centre there is variation of spending results, and there is displacement of spend towards the waterfront.

For the year ending June, spend was **-2%**, but there were more transactions year on year at **+5%**.

Who's spending and on what?

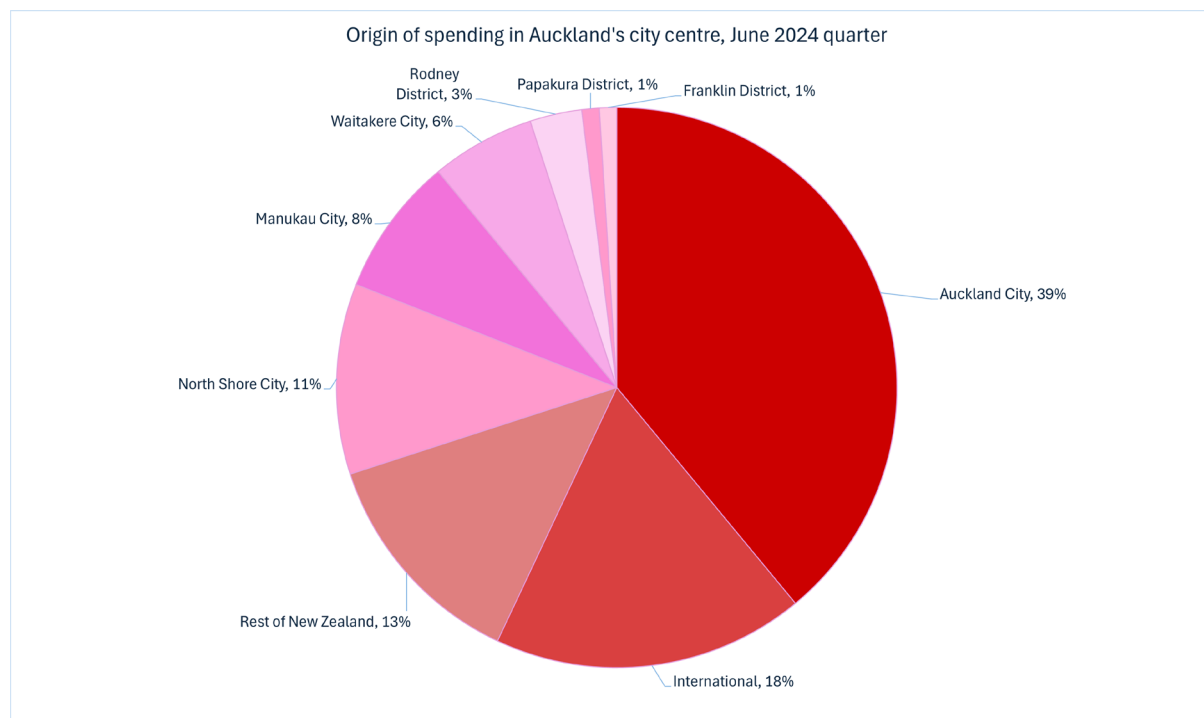
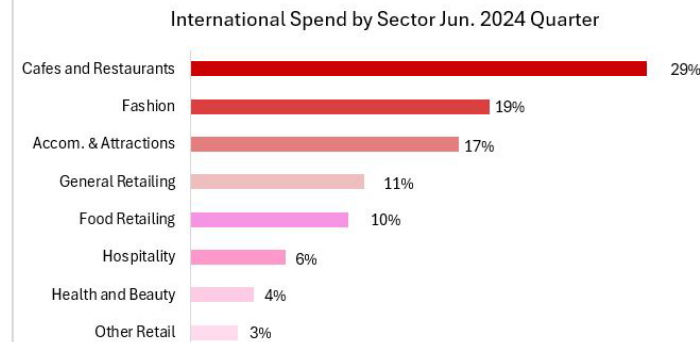
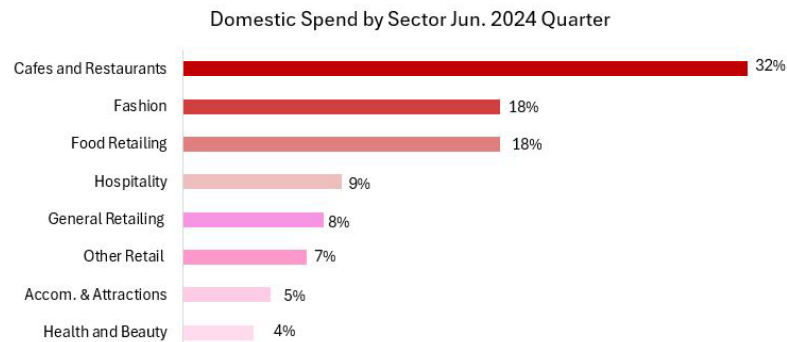
People residing in the Auckland City area (the old boundaries of the Auckland City Council) made up the biggest share of city centre spending (**39%**), up from 31% in the March quarter.

Both the Cafes and Restaurants and Fashion categories captured the biggest share across both domestic and international spend. This is unsurprising given the number of businesses that make up each category, with more than 750 cafes, restaurants, bars and takeaways available in the city centre.

International visitors didn't bridge the drop in domestic spending

Tourism spending dropped back to "typical" levels of overall spend in the quarter (**18%**), off the back of a five-year high in the March quarter (31% of all spending). In that quarter, the extra boost from the tourism dollar was critical to offset reduced domestic spending, but as the numbers of tourists naturally dropped away out of the peak season, so too did overall spending.

Source: Marketview. Not for reproduction.



Pedestrian Counts:

Foot Traffic:

+10%

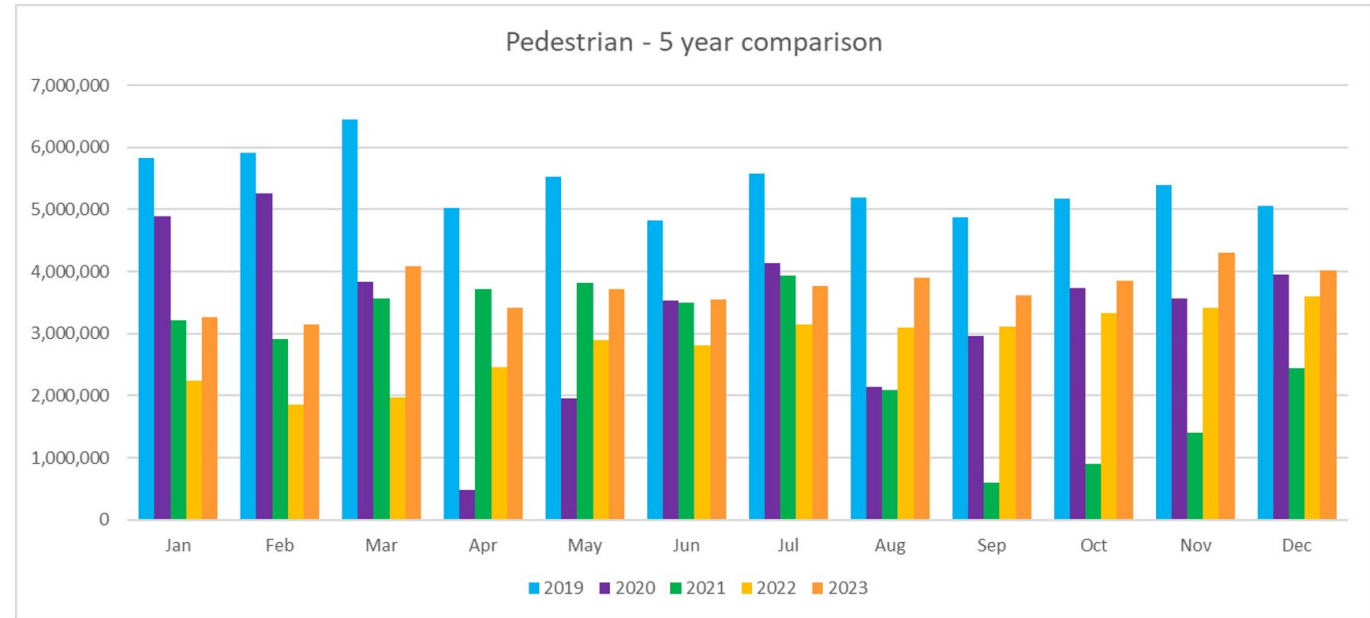
last 12 months

-7%

Jun. 24 Q vs. Jun. 23 Q

Saturdays

busiest day and night
Jun. 24 Q



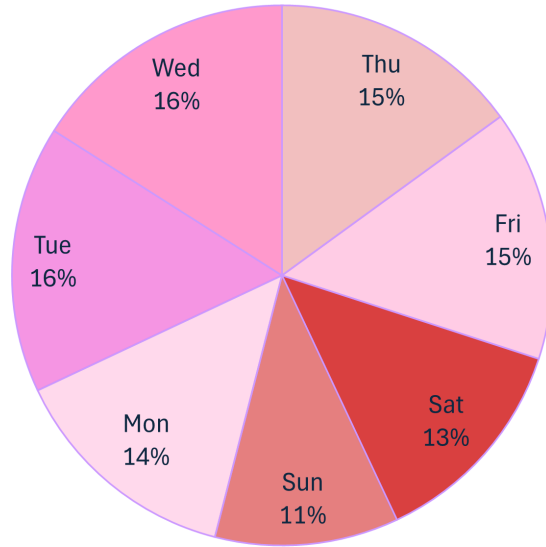
Positively, foot traffic for the year-end June 2024, was up **+10%**, with the quarter down **-7%** vs STLY. This was pulled down by the quieter months of May and June, both **-14%** STLY.

Overall, Saturdays were the busiest time to be in the city centre for the June Quarter

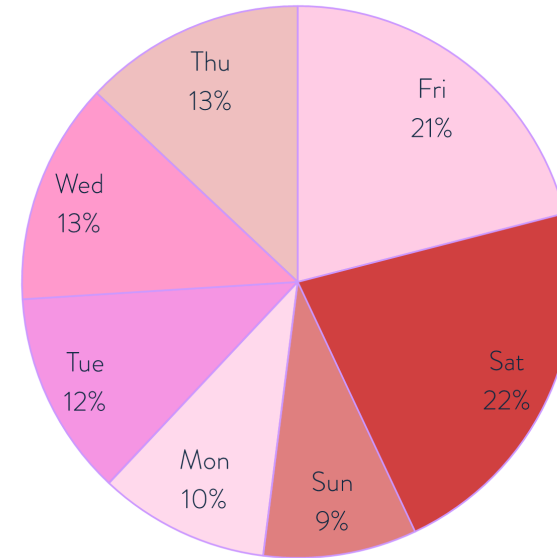
This is a shift from when we last reported on day/night trends for foot traffic ([December 2023 quarter](#)), where Fridays were the busiest time to be in the city centre.

Busiest times to be in the city centre

Weekly Share of Day-Time Foot Traffic (6am - 6pm)
Jun. 2024 quarter



Weekly Share of Night-Time Foot Traffic (6pm - 6am)
Jun. 2024 quarter



What were the busiest days (6 am – 6 pm) for the June quarter?

Midweek: Tuesday and Wednesday took out the top spot, generating **16%** of all foot traffic across the week. Thursday and Friday followed (**15%** each), then Monday (**14%**). The weekends were the least busy daytimes - Saturday (**13%**) and Sunday (**11%**).

What were the busiest nights (6 pm - 6 am) for the June quarter?

As an entertainment district, Saturdays were the busiest night of the week, generating **22%** of all foot traffic across the week, just marginally busier than Friday nights at **21%**. Wednesday and Thursday nights made up **13%** of foot traffic each, with Tuesday reaching **12%**. Not surprisingly, Monday was **10%** while Sunday was the quietest night of the week, making up **9%**.

Leasing Results

Leasing Insights:

13.1%

Overall office vacancy rates
Jun. 24

7.5%

Prime grade office vacancy rates
Jun. 24

4.8%

Office vacancy rates with Green
Star credentials Jun. 2024

10.3%

Overall retail vacancy rates
Jun. 24

It's heartening to see that the [latest results from Colliers](#) show "largely stable" office and retail vacancy results for the first half of 2024.

As of June 2024, office vacancy was **13.1%**, slightly up from December 2023 (12.2%), and the trends remain unchanged from previous years as businesses "adapt to changes in workplace practices, employee and consumer preferences and an increased focus on sustainability."

Premium office spaces continue to be in high demand, sitting at a **7.5%** vacancy rate as of June 2024. Premium office spaces that have a Green Star rating are in particularly high demand and are at a **4.8%** vacancy rate.

[JLL's New Zealand Market Dynamics Q 2 2024](#) describes the office leasing market as being "more active over the past quarter" noting the impact of the flight-to-quality trend.

"In contrast to the wider economic environment the development for Auckland city centre is strong and expected to continue to pull occupiers out of secondary properties. This is likely to further compound current secondary vacancy issues and suppress rental growth for these buildings."

JLL has also noted an "increase in [retail] leasing demand" in the same area. They've recently leased a space within Precinct Property's Commercial Bay to Austen & Blake. It will be the luxury diamond retailer's first brick-and-mortar store in New Zealand.

Despite the challenges faced by the retail sector, Colliers notes that "supports are also evident. The prospects for interest rate cuts in the short-term future is increasing as inflation slows, which will ease pressure on household budgets. Population growth, the return of overseas visitors and students and increasing numbers of workers returning to the [city centre] are also underpinning demand."