

City Centre Quarterly Insights – Sept. 2024



HEART
OF THE CITY™
AUCKLAND

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Overview

The September quarter has been a mixed bag for the city centre. Our overall foot traffic and spending were down by **-9%** and **-12%** respectively. The dip in spend is consistent with national trends for the quarter. Hearteningly, pedestrian counts for the YE September vs. the prior year reveal a **+3%** increase in foot traffic.

The results for Restaurant Month held in August highlight the benefit of events, with **84%** of participating businesses saying the programme “was successful for their business.” A number of new businesses opened their doors and there were some good leasing announcements – including the pending arrival of New Zealand’s first-ever Max Mara on Queen Street. The increase in commercial vacancy rates, at 15.1% by mid-2024 from 14.1% in December 2023 is expected to be short-lived. There is an expectation that “economic and financial conditions improve next year” (JLL), and some major commercial businesses are shifting back into the city centre – Beca and One NZ.

Cuts to the OCR and annual inflation have increased business confidence, some of our significant infrastructure projects are nearing completion and tourism numbers are projected to increase. Each of them offers positive opportunities for the city centre as we head into 2025.

Let's take a closer look at the past quarter.

Overall Spend

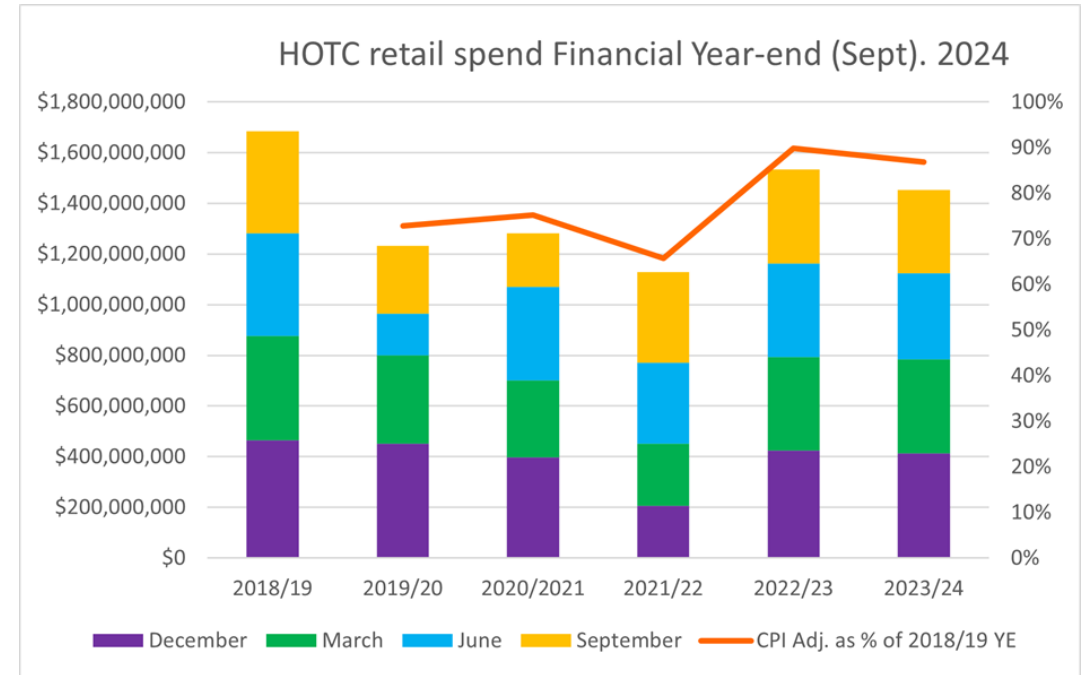
Spend:

-6%

last 12 months
vs. competitors -7%

-12%

Sept. 24 Q vs. Sept. 23 Q
vs. competitors -7%

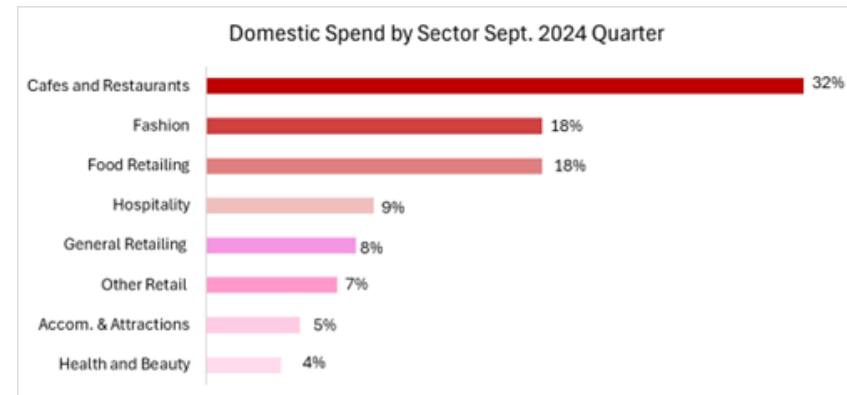
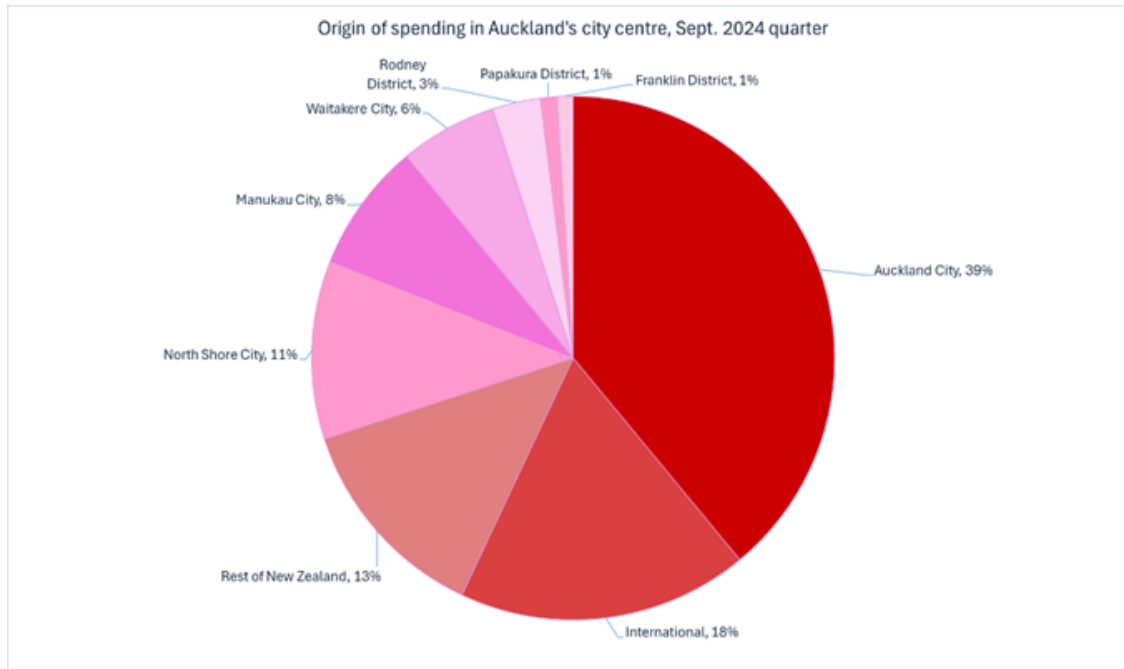


The latest data shows just how tough it's been – and not just for the city centre. Year to date spend in the city centre was **-6%**, on par with our wider competitor group over the same period. The September year-end results were at **87%** (CPI adjusted) of the year ending September 2019 - consistent with the prior quarter (the June year-end was at 88% (CPI adjusted) of the year ending June 2019).

For the quarter, spend was **-12%** compared to the September 2023 quarter, (with competitors reporting -7%). We expect that some of this can be attributed to the uplift in overall spend experienced in August 2023 due to the [FIFA Women's World Cup](#) which delivered \$13.3m of net financial benefit to Auckland.

The overall drop in spending in 2024 can be attributed to less purchases at a lower value. The number of transactions were **-5%**, and the value of transactions **-8%**, both vs. STYL.

Who's spending and on what?



People residing in 'Auckland City' made up the biggest share of spending (**39%**) followed by 'International' customers (**18%**). Monday to Friday contributed to the biggest share of spending (**71%**) – as did daytime spending at **69%** (6am – 6pm).

With its well-awarded offering, our Cafes and Restaurants sector captured the biggest share of both international and domestic spend, with Restaurant Month popular in August.

Pedestrian Counts:

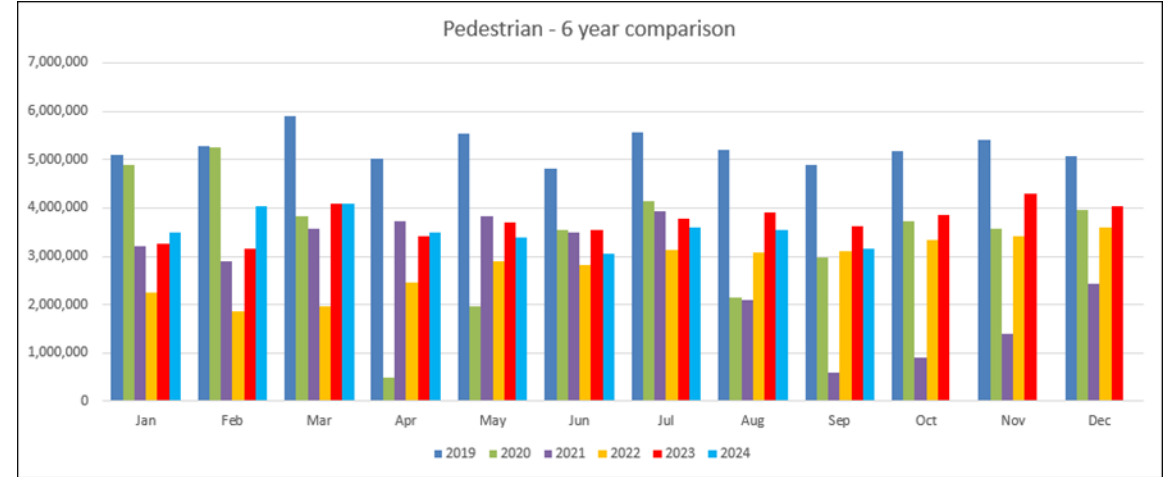
Foot Traffic:

+3%

last 12 months
vs. YE Sept. 23

-9%

Sept. 24 Q vs. Sept. 23 Q

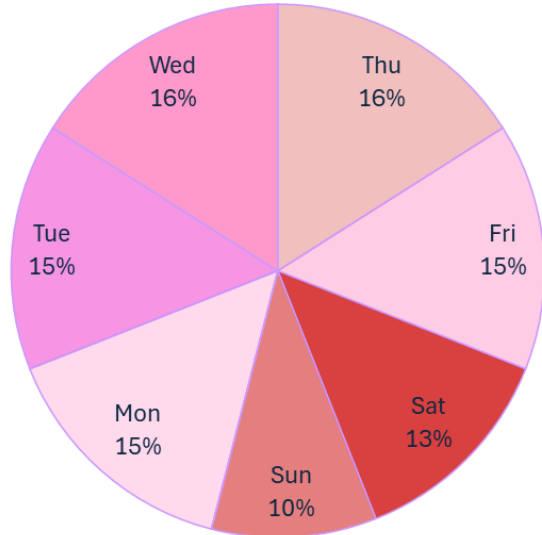


Foot traffic for the year-end September 2024 moved **+3%** in the right direction, continuing positive year-on-year trends.

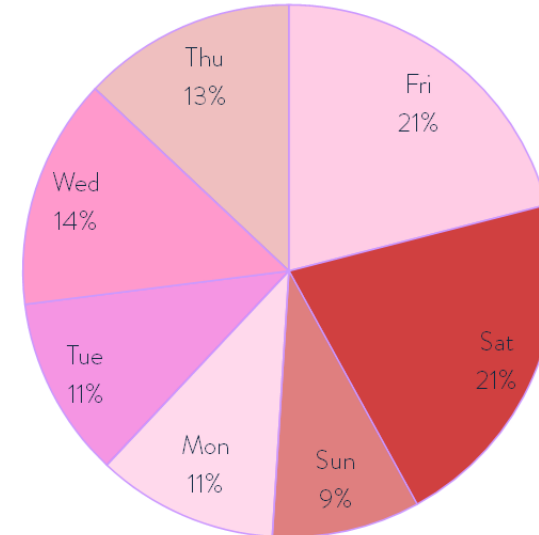
Echoing the spending results over the quarter, the number of people in the city centre during the quarter was **-9%** compared to the STLY.

Busiest times to be in the city centre

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



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



Overall, Fridays remained the busiest time to be in the city centre, with daytime foot traffic boosted by the busy night, and the start of the weekend.

Leasing Results

CBRE reports that [overall office vacancy rates in the city centre modestly increased](#) in the first half of 2024, from **14.1%** in December 2023, to **15.1%** by the end of June; with premium office space vacancy at **3.6%**.

JLL's office [results for the September quarter](#) noted that only a small amount of premium grade space is available, with a marginal increase from the first quarter of the year and two out of five premium buildings in the city centre fully leased.

There is optimism that an increase in vacancy rates is likely to be quite short lived.

The Bank of China took over 4000sqm in Wyndham Street. Fifty Albert Street officially opened its 32,448sqm space, with staff already starting to occupy offices. Looking ahead, One NZ and Beca will soon return from outside the city centre to their new premises in Wynyard Quarter. This is anticipated to add to "positive prime net absorption" (meaning more high-quality office spaces being leased than vacant over a specific period).

JLL's Head of Research Chris Dibble said in an interview: "As economic and financial conditions improve next year, as key surveys such as the NZIER's QSBO and ANZ business outlook survey illustrate, we expect leasing activity to also improve. The opening of the City Rail Link, and other ongoing CBD improvements, will further underpin office leasing activity,"

CBRE described retail rents in the city centre as "stable" after a downturn in the first quarter of 2024. They reported that "leasing agents are reporting generally improved appetite for space amongst larger retail chains."

Leasing Insights:

15.1%
overall office vacancy
end of June Q. 24

3.6%
Premium office vacancy
in the city centre

Restaurant Month 2024

One of the highlights of the quarter was one of our signature events, Restaurant Month. It returned for its 14th year in August with over 100 special menus and events. From walking tours to celebrations of cuisines around the world, there was a strong appetite for the 11 Heart of the City events this year. 90% of all the tickets on offer sold, and eight events were sold out.

Businesses recognised the value of participating in the event, with **84%** of those surveyed telling us that “Restaurant Month 2024 was successful for their business”.

The event also performed well when compared to 2019 with overall spend for participating businesses **+6%** compared to 2019. However, it was **-11%** compared to Restaurant Month 2023, reflecting the impact cost of living – which has cast a long shadow across the whole quarter.

Restaurant Month 2024:

90%

of
tickets to HOTC events sold

84%

of participants said Restaurant Month
was good for their business

+6%

spend in participating restaurants
vs. Restaurant Month 2019