



# **The Economy of Auckland's Central Business District**

**CBD Project Economic Workstream  
Auckland City Council  
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# Executive Summary

## Introduction

This report summarises the work carried out by the Auckland City Council (Council) on the economy of Auckland's Central Business District (CBD). The purpose of the report is to describe what we currently know about the economy of CBD, to better understand what role it plays in the Auckland City and regional economies, to identify the issues which need to be addressed to support a strong economy in the area, and to identify the possible role of Council in addressing the issues.

CBDs worldwide play a key role in the function of cities and their importance has increased with the growth of the knowledge economy and rise of the 'creative class'. The Auckland CBD economy currently plays multiple roles, providing a hub for professional services, a centre for culture and recreation and a focal point for higher education, international visitors and marine activities.

## Structure of the CBD economy

The CBD is the largest employment centre in the country with around 60,000 workers. It's share of Auckland City's and the region's employment has remained reasonably stable over the past five years at 25% and 13% respectively. Property and business services is the largest sector, employing just under a third of the workers (32.1%) in the CBD, followed by finance and insurance (11.4%). Higher education is also a significant industry providing 5.7% of the CBD's employment.

In a regional context, the CBD provides a disproportionately high number of jobs in insurance, legal services, accounting services, the hotel industry, higher education, employment placement services, local government administration and newspaper, printing and publishing.

In 2002, almost 8,500 businesses were located in the CBD representing 18 per cent of businesses in Auckland City. Larger firms tend to locate in the CBD rather than elsewhere in the region but most businesses are still predominantly small. Over the past 5 years, the CBD has seen the strongest growth in those firms employing 50 to 99 people.

The CBD is home to a significant number of New Zealand's large corporates although, with the exception of Air New Zealand, the head offices of New Zealand's very largest corporates are not located in the CBD. Office vacancy rates in the CBD, at 10 per cent, are at a ten-year low indicating a healthy economy. This is partially a result of the strong growth in the education sector which now occupies nearly 15 per cent of CBD office space.

Compared to some of the Australian CBDs, Auckland's CBD plays a broader and more dominant role in its regional economy. In particular the Australian CBDs studied are more specialised in the area of financial services. Wellington's CBD employs almost as many workers as Auckland and accounts for significantly more (32%) of its region's employment. Growth in the key industry sectors of restaurants/hotels, property and

business and culture and recreation has been similar in all the CBDs studied over the last decade. Decline in the manufacturing sector and the transport sector occurred in all the New Zealand CBDs over the 1991-2001 period and to a lesser extent in the Australian CBDs.

### **Marine and fishing industries**

The waterfront of the CBD is an important location for the marine sector due to its concentration of marine activities, servicing work and suppliers and support activities. Just over a third of all boatbuilding, shipbuilding and marine equipment businesses in Auckland City are located on the waterfront. Growth has been fast, with a 30 per cent increase in employees over the past five years, to total 222 full-time equivalents (FTEs) in 2001. The fishing industry is focused on the Viaduct Harbour, and returns around \$150 million per annum, most of which is in the form of exports. The Auckland Waterfront Advisory Group has been developing a vision for the redevelopment of the Western Viaduct area. This is a key project for the Council to be involved in and will encompass consideration of the place of the marine and fishing industries in the CBD.

### **Retail**

Retail is a relatively small component of the CBD's economy providing only 5.6 per cent of employment and 9 per cent of businesses in the area. However, it still continues to be an important retail area providing nearly 15 per cent of all retail employment in Auckland City. Cafes and restaurants are disproportionately located in the CBD providing over 35 per cent of Auckland City's employment in the sector. The CBD's share of regional retail employment remained fairly static between 1997 and 2001.

The CBD retail sector is relatively evenly spread across subsectors, with clothing and footwear, food and beverage and recreation, sport and entertainment retail outlets being the largest subsectors. Food retailing in the CBD is growing fast reflecting the increased residential, student and tourism population in the area.

The CBD retail sector is suffering from increased competition from other retail destinations, and problems of traffic congestion and high parking costs, reducing the accessibility of the CBD. However, offices, inner-city residents, tourism and the education sector provide a continued retail demand. The move of new office development northwards towards the harbour, and the growth of inner-city living, are likely to change the spatial location and mix of CBD retail in the future.

### **Education**

Education is a rapidly growing sector in the CBD and, in 2002, provided 29 per cent of total education employment within Auckland City. The total economic contribution of the education sector to the CBD has yet to be quantified but is likely to be significant.

Tertiary education institutions in the CBD enrolled 45,000 students in 2001, comprising 70 per cent of the Auckland region total and 16 per cent of total New Zealand enrolments. A large proportion of the CBD now acts as an education campus due to the sheer number and movement of students.

The CBD has also been attracting a large number of Foreign Fee Paying Students (FFPS). In 2001/02 nearly 20,000 FFPS were enrolled in CBD establishments, comprising 55 per cent of such enrolments in Auckland city and 45% of the Region's enrolments. The large majority of these students come from Asia.

The education sector has become a major user of lower grade office space in the CBD occupying around 15 per cent total CBD office space.<sup>1</sup> This has caused some problems for co-tenants, who experience problems with image and access, when large numbers of students congregate in foyers and entranceways and use stairs and lifts in the buildings.

## **Tourism**

The number of overseas visitors coming to the Auckland region has been progressively increasing along with their length of stay. The Auckland regional visitor expenditure is heavily concentrated in Auckland City which attracted just over half of the region's total. Although figures are not available for the CBD, it must capture a large share of this expenditure because of its concentration of accommodation, restaurants, shopping and entertainment. The Sky Tower, located in the CBD, is the most frequent attraction visited in the Auckland region with 27 per cent of regional international visitors going there in 2002. Sightseeing tours, beaches and the Museum and Art Gallery are also popular attractions.

The number of overseas visitors staying in the CBD has been rapidly increasing, more than doubling between 1991 and 2001. The CBD hosted 5,150 overseas visitors on the 2001 census night, representing almost half of such visitors in Auckland City, up from a quarter a decade earlier. This large increase in visitor numbers has been mirrored by a significant increase in CBD accommodation. Between 1996 and 2002 the guest night capacity per month in the CBD increased from 50,000 to over 200,000. This represents 64 per cent of total guest night capacity in Auckland City and 40 per cent of the region's total capacity. In addition, occupancy rates are significantly higher than elsewhere in Auckland City or the country.

## **Culture, recreation and entertainment**

This is a small sector comprising only 6.2 per cent of the total FTEs in the CBD. However, the sector is strongly concentrated in the CBD, which provides just under half (42.9%) of Auckland City's and 29 per cent of the region's jobs in the sector. It is also a fast growing sector in the CBD with the numbers employed increasing 79 per cent between 1991 and 2002.

Around a third of people who visit the CBD daily visit for recreation, leisure or dining and a further third visit for business or work. The Old Town is the most popular quarter receiving 17.9 per cent of visitors followed closely by the Viaduct Harbour (15.3%) and the West Side (14.9%). The Viaduct Harbour nightlife, receiving an average of 18,000 visitors a day and the Sky City Casino, receiving an average of 13,000 are the most popular attractions.

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<sup>1</sup> Bayleys Research, Annual 2003.

## **The Port**

The Port of Auckland is New Zealand's main container hub port and the largest port in the country in terms of the value of goods handled. Auckland is particularly dominant when it comes to cargo unloaded. However, Auckland has lost some market share since 1998 in terms of the value of goods handled. There has been little growth in the Port's total freight volumes over the past seven years although transshipment freight is rapidly growing

About a third of the jobs and economic activity within the Auckland region are provided by businesses that rely on trade through the Port.

The Port is gearing up to accommodate the worldwide trend to bigger ships with the Fergusson Wharf expansion, purchase of new cranes and planned dredging of the commercial shipping lane. The establishment of inland ports in South Auckland has reduced pressure on portside land and provided efficiencies in transporting goods to the harbour.

There has been a reduction in the number of cruise ships visiting Auckland over the past four years, but an increase in the number of passengers, resulting from larger ships. Although no specific data is available on the economic impact of these visits for the CBD, they are significant, including passenger and crew spending on shore excursions and hotels, bunkering and much of the provisioning and airline spend generated from the visits.

## **Convention Centre**

Auckland is currently able to cater for small to medium sized conferences only. The Edge which caters for between 500 and 1,200 people is the largest available conference centre. Sky City is expanding its conference facilities and by mid-2004 will be able to cater for around 1,000 people. Auckland, and New Zealand as a whole, currently lacks a facility to cater for large conventions of 1,200 to 4000 delegates and a facility to provide full format conventions (exhibition/plenary/banquet) for over 700 delegates.

Economic impact analysis suggests that a convention centre in Auckland could increase spending in the region by around \$60 to \$70 million dollars per annum. Public sector funding is required to get a large convention centre project off the ground. Auckland City Council is exploring avenues with central government for a funding partnership.

## **Broadband**

The Auckland CBD has five separate fibre optic networks operated by three telecommunications companies. Coverage of the central CBD is extensive by all networks, with varied coverage at the CBD edges. There is some duplication of fibre network infrastructure and works in the CBD, increasing costs, and causing problems with footpath maintenance. Auckland City has the opportunity to ensure that the Britomart development is 'well-wired' and this will help encourage high technology business clusters to locate there.

Fibre optic cables offer the best performance and longest-term future-proofing of all currently available technologies. Fibre optic cables are currently costly to deploy



underground effectively limiting direct connections to large firms. The use of new techniques such as 'micro-trenching' can reduce the cost of laying cable by up to 60 per cent. However, these techniques are not currently approved for use in Auckland City.

### **Financial contributions**

The Council has imposed a relatively low financial contribution regime within the central area in support of its policy to promote the CBD as the business heart of the region, to support residential growth in the area and to recognize that CBD businesses pay a relatively high rates differential. The exception is the Viaduct Harbour Precinct which pays a relatively high rate due to the significant investment made by Council into the quality of public spaces and infrastructure around the precinct. The CBD contributes around 20 per cent of the total financial contributions received by the Council. In recent years the Viaduct Harbour redevelopment has provided a significant proportion of this amount, comprising 13.4 per cent of the citywide total in 2002.

In the Isthmus, financial contributions are generally much higher for high-density residential development and for commercial development in the larger commercial zones (Business 2 and 3 zones). However, no financial contributions are levied for commercial development in the smaller scale commercial and industrial areas (Business 4 to 6 zones). There is no evidence to suggest, on the strength of there being no levy in these areas, that they are attracting commercial development away from the CBD.

Financial contributions are a tool that Auckland City Council could use to help fund the development of particular quarters within the CBD.

### **Rates**

Approximately 23.5 per cent of the Council's rate income comes from non-residential properties in the CBD. During the 1999/2000 rating year a rating differential of 312 per cent was levied on these properties. Council decided to reduce this rate differential to 200 per cent over a ten year period and it reduced to 256 per cent in 2002/03. However, in 2003/04 it has been increased to 321 per cent due to a capping of the overall rate increase on residential properties.

In 2002, the costs of rates for CBD office buildings was approximately twice the cost of rates for similar floor areas in office buildings outside the CBD. Rates generally comprise between 35 and 45 per cent of building operating costs, and such operating costs are significantly higher in the CBD than in non-CBD areas. Therefore, in addition, to higher rentals in the CBD, tenants are also faced with higher operational and rates costs. It is unclear whether the high level of rates in the CBD has a significant impact on business locating in the area. For one thing businesses are often not aware of the component of their total occupancy costs comprised by rates because they pay rates as part of their overall lease.

However, in a recent business location survey (Gravitas 2003) the CBD business rate differential was considered excessive. Clearly any reduction in the business rate differential needs to be balanced against the implications for residents.

Targeted rates whereby Auckland City Council could decide that the cost of particular functions should be funded by a specific rate should be investigated as part of the planned developments of the CBD quarters.

### **Promotion**

Information about the CBD is provided at information centres, the Central Library, Art Gallery, hotels, souvenir shops, in guidebooks and on the Internet. However, the information is generally poorly presented and not differentiated from information on the Auckland region. The Auckland City and Tourism Auckland websites fail to provide much useful information on the CBD. Information centre staff appear poorly informed about attractions in the CBD.

### **Conclusion**

The economy of the CBD plays a number of important roles in the regional and national economy. Firstly, it is a hub for professional services, particularly in relation to insurance, legal, accounting and employment placement services. Secondly, the CBD is a center for culture, recreation and leisure. Thirdly, the CBD is a focus for international tourism, providing a large proportion of the City's and region's visitor accommodation and attractions. Fourthly, it is a focal point for higher education, hosting the bulk of tertiary students in the region including a large number of foreign fee paying students. Fifthly, it is marine center hosting the largest container port in New Zealand, a third of Auckland City's marine sector and also a relatively small, but important, fishing industry.

These multiple economic roles of the CBD, and the significance of these roles for Auckland City, as well as the region and country, make it important that the Council support the future economic well-being of the area wherever possible. This report has identified a number of areas where the Council can take positive action.

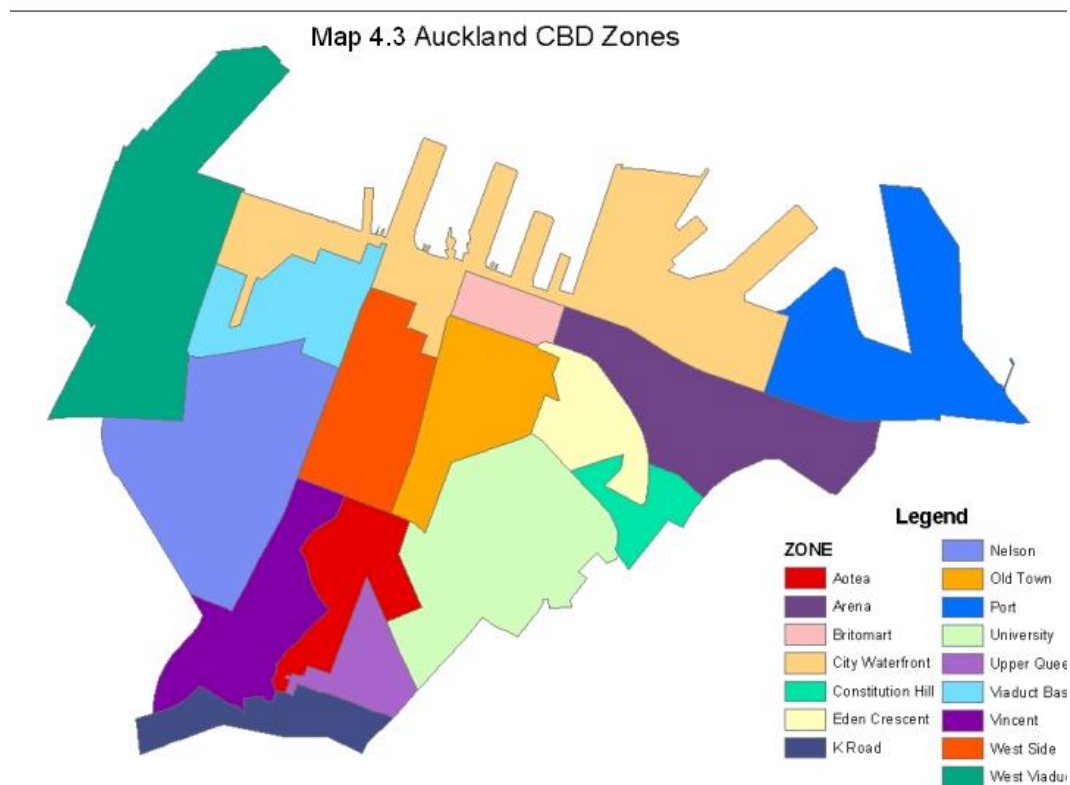
# 1 Introduction

## 1.1.1 Purpose of report

This report summarises work carried out by the Economic Workstream of the Central Business District (CBD) Strategic Direction Project 2002/03. The purpose of the report is to describe what we currently know about the economy of CBD, to better understand what role it plays in the Auckland City and regional economies, to identify the issues which need to be addressed to support a strong economy in the area, and to identify the possible role of Council in addressing the issues. Complementary reports completed by the Workstream are listed in **Appendix 1**.

The CBD covers the area shown in **Figure 1.1** and has been divided into 16 zones for more detailed analysis.

**Figure 1.1: Map of Auckland CBD**



## 1.1.2 Role of Central Business Districts

It has been argued that each city has a unique role within a global, national and regional context which needs to be recognized and strengthened through economic development strategies. Global cities such as New York, London and Tokyo are centres of cultural innovation and global-level specialized services which drive the global economy. National cities such as Auckland resemble global cities but operate at a smaller scale as political, commercial or cultural capitals. Regional cities such as Hamilton are smaller in size and sphere of

influence than national cities and form the traditional cores of local regions (Raines 2000). The CBD can play a critical role in supporting a city's broader functions.

The role of CBDs in city and regional economies has been changing over time. Much concern was expressed about the decline of CBDs during the later half of the 20<sup>th</sup> century particularly in countries such as the United States of America, Australia and New Zealand. During the early 1900s retail, offices, finance and entertainment were heavily concentrated in downtown districts. However, with increasing car use during the 1960s and 1970s, many of these activities followed city dwellers out to the suburbs (Robertson 1995). This trend manifested in large suburban shopping malls and 'big box' out-of-centre retailing. The economies of downtowns declined, becoming less attractive places for people to visit, which in turn led to further decline. There was some concern about a decline in the Auckland CBD during the late 1980s and early 1990s, particularly after the stock market crash of 1987 impacted on office tenancies.

Various strategies have been adopted to revitalize city centres including creating pedestrian malls to improve the environment for pedestrians, creating indoor shopping centres to provide a more pleasant shopping experience, preserving historic buildings to provide a distinctive architectural character, developing the waterfront, strengthening the office sector to transform downtowns into centres of financial, administrative and professional services, developing special activity generators such as convention centres and stadiums, increasing downtown housing and improving transportation into the CBD (Robertson 1995).

Development strategies adopted for the Auckland CBD over the years include developing the waterfront including the Viaduct Basin, facilitating the development of downtown apartments, improving cultural facilities through the construction of the Aotea Centre and refurbishment of the Town Hall, and improving transportation into the CBD through the Britomart development.

The growth of the knowledge economy has resulted in a shift in the emphasis of economic development strategies away from providing a competitive location for firms by ensuring low-cost land, cheap labour and a cost-conscious business climate towards providing a competitive location for highly skilled workers. These workers, termed the 'creative class' by Richard Florida, seek out places which have well-developed quality of life amenities such as arts and entertainment, an abundance of employment opportunities and a culture characterized by vitality, diversity and tolerance. Strategies which can be adopted by cities to attract these workers include funding culture and arts activities, promoting more creative uses of land and public space and supporting immigration and settlement (Donald and Morrow 2003).

Edward Glaeser (2000) has put forward a similar argument that, in order to succeed over the next century, cities will need to remake themselves as consumer cities and as exciting places to live. Four urban amenities identified by Glaeser as critical to the attraction of highly skilled workers are:

- A rich variety of services and consumer goods
- High quality aesthetics and physical settings
- Good public services

- The ability of individuals to move around with ease.

Central Business Districts play a key role in the knowledge economy and attraction of the creative class. Their high intensity increases the opportunity for people to interact and facilitates the movement of people between jobs. CBDs provide the meeting places where people can interact, exchange ideas and draw on each other's creative energy. CBDs also provide workplaces in close proximity to cafes, restaurants, nightlife and other activities which are sought after by the creative class. With the growth of residential development within CBDs, these areas are also able to provide better integration between work and living environments.

The Auckland CBD economy currently plays multiple roles, providing a hub for professional services, a centre for culture, recreation and leisure, and a focal point for higher education, international visitors and marine activities. Key drivers of firms locating in the CBD include the high prestige of a CBD location, ease of access for both staff and clients, close proximity to clients, suppliers and competitors that are also located in the CBD and access to a full range of amenities including shops, services, cafes and restaurants (Gravitas Research and Strategy Limited 2003).

#### *1.1.3 Structure of report*

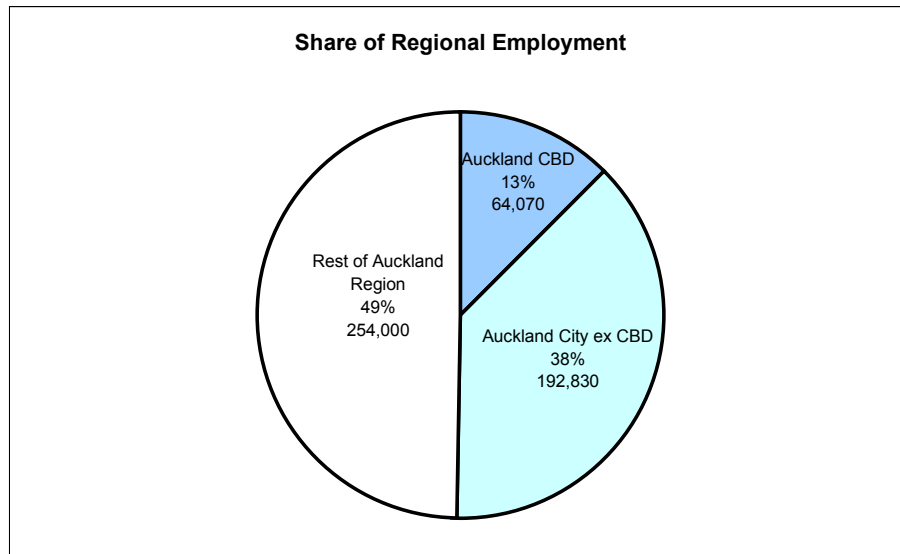
This report, firstly, provides an overview of the structure of the CBD economy. It then provides a description of a range of sectors (marine and fishing, retail, education, tourism and associated promotion, and culture, recreation and entertainment), facilities and infrastructure (the Port, Convention Centre and Broadband) and public sector financial issues (financial contributions and rates). Each section describes the current situation, issues which need to be addressed and the potential role of the Council.

## 2 Structure of the CBD Economy

### 2.1 Employment

The CBD is the single largest employment centre in Auckland City, the region and New Zealand as a whole, with around 60,000 workers. In 2002, employment in the CBD represented 25 per cent of total employment in Auckland City and 13 per cent of the total within the region (see **Figure 2.1**).

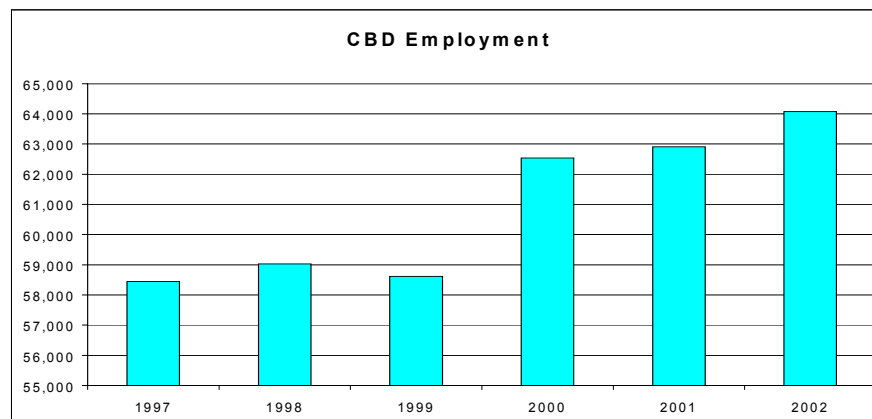
**Figure 2.1: Share of Auckland regional employment, 2002**



*Source: Business Directory, Statistics New Zealand*

The CBD's *share* of Auckland City's, and the region's, employment has remained reasonably stable over the past five years. In terms of *numbers*, employment in the CBD grew by 10 per cent between 1997 and 2002 with a gain of 5,620 workers. This is slightly above the 9 per cent employment growth experienced by Auckland City as a whole and a little below regional growth of 12 per cent.

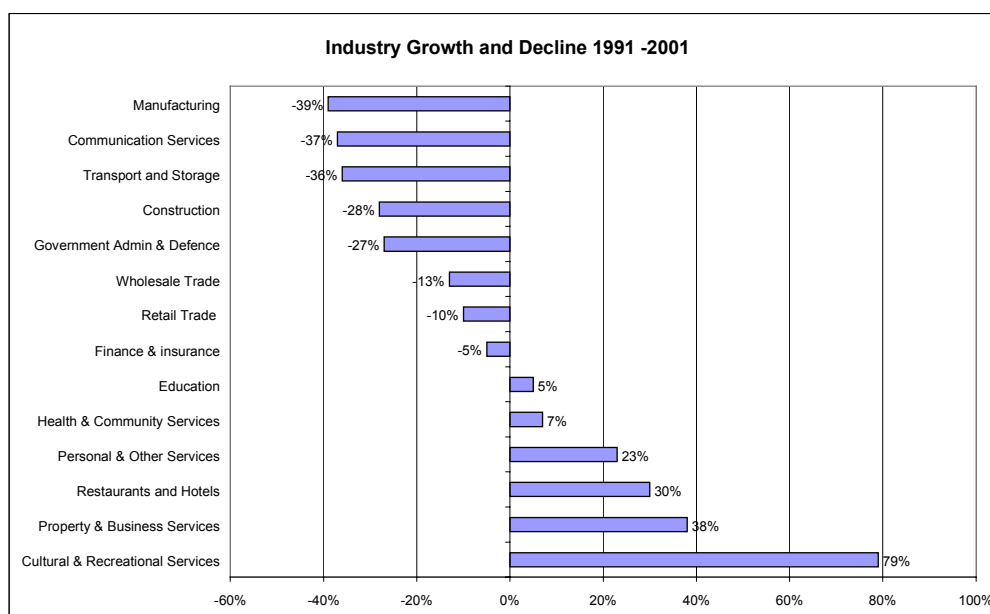
**Figure 2.2: CBD employment, 1997 - 2002**



*Source: Business Directory, Statistics New Zealand*

There have been growing and declining industries within the total employment figures as shown in **Figure 2.3**. The areas of most significant decline between 1991 and 2001 are manufacturing, communication and transport and storage. In contrast, the Auckland region as a whole has seen growth in these industries over the decade, suggesting that the CBD has become a less desirable location for these sectors.

**Figure 2.3: CBD employment growth by industry sector, 1991-2001**



*Source: Census of Population and Housing, Statistics New Zealand*

The sectors showing the most significant growth within the CBD are culture and recreation, property and business services, and restaurants and hotels. This growth has helped cement the CBD's role in the regional economy as the home for professional services and as a centre for recreation and leisure. It should be noted, however, that while culture and recreational services have seen significant growth the sector still only accounts for 6 per cent of the CBD's total employment. Property and business services, on the other hand, represent 32 per cent of the employment in the CBD.

Breaking down the property and business services sector to a more disaggregated level highlights the significant growth in computer services and legal and accounting services (see **Figure 2.4**).

**Figure 2.4: CBD property and business services sub sectors, 1991 and 2001**

	1991	2001	Change 1991 to 2001	Share of CBD Employment 1991	Share of CBD Employment 2001
Legal and Accounting Services	3216	5244	63%	6.5%	10.3%
Marketing and Business Management Services	2847	3639	28%	5.7%	7.2%
Other Business Services	2103	2319	10%	4.2%	4.6%
Computer Services	651	1974	203%	1.3%	3.9%
Technical Services	1227	1299	6%	2.5%	2.6%
Real Estate Agents	369	594	61%	0.7%	1.2%
Other Property Services	642	594	-7%	1.3%	1.2%
Property Operators and Developers	699	558	-20%	1.4%	1.1%
Scientific Research	42	27	-36%	0.1%	0.1%
Total	11796	16248	38%	23.7%	31.9%

*Source: Business Directory, Statistics New Zealand*

At a broad level, CBD employment is concentrated in the finance and insurance, and business and property services areas, with these sectors accounting for 43.5 per cent of total employment in the CBD (see **Figure 2.5**). In the rest of the Auckland region, these sectors account for only 13.5 per cent of total employment. Manufacturing, on the other hand, accounts for 4 per cent of the CBD's employment but 19.6 per cent of the rest of the region's employment.

**Figure 2.5: Percentage of total employment in the CBD, Auckland City and the Auckland region by industry sector, 2002**

	CBD Employment Numbers	Share of CBD Employment	Share of Auckland City's Employment (ex CBD)	Share of Auckland Region's Employment (ex CBD)
Agriculture, Forestry, Fishing & Mining	176	0.3%	0.1%	0.5%
Manufacturing	2,582	4.0%	16.5%	18.3%
Electricity, Gas and Water	0	0.0%	0.5%	0.4%
Construction	730	1.1%	6.2%	7.9%
Wholesale Trade	2,710	4.2%	13.1%	10.9%
Retail Trade	3,590	5.6%	10.5%	12.6%
Restaurants and Hotels	5,140	8.0%	3.4%	3.4%
Transport and Storage	4,757	7.4%	3.2%	4.7%
Communication Services	2,410	3.8%	2.2%	2.1%
Finance & insurance	7,290	11.4%	3.4%	2.6%
Property & Business Services	20,570	32.1%	18.4%	14.5%
Government Admin & Defence	3,190	5.0%	0.8%	2.1%
Education	4,590	7.2%	5.7%	6.0%
Health & Community Services	790	1.2%	9.8%	8.3%
Cultural & Recreational Services	3,995	6.2%	2.9%	2.3%
Personal & Other Services	1,530	2.4%	3.5%	3.3%
Total	64,080	100.0%	100.0%	100.0%

*Source: Business Directory, Statistics New Zealand*



While the above gives a broad picture of the CBD's economic structure, it is useful to consider employment at a more disaggregated level, to identify areas of specialisation within the CBD. **Figure 2.6** shows the CBD's top 30 industries by employment (out of 100 industry categories). Key points to note are that legal services and higher education are the single biggest employers in the CBD. Accounting services, banks, cafes and restaurants, and computer consultancy services are also big employment sectors. These top 30 industries account for 70 per cent of the CBD's total employment

**Figure 2.6: CBD employment at a disaggregated level, 2002**

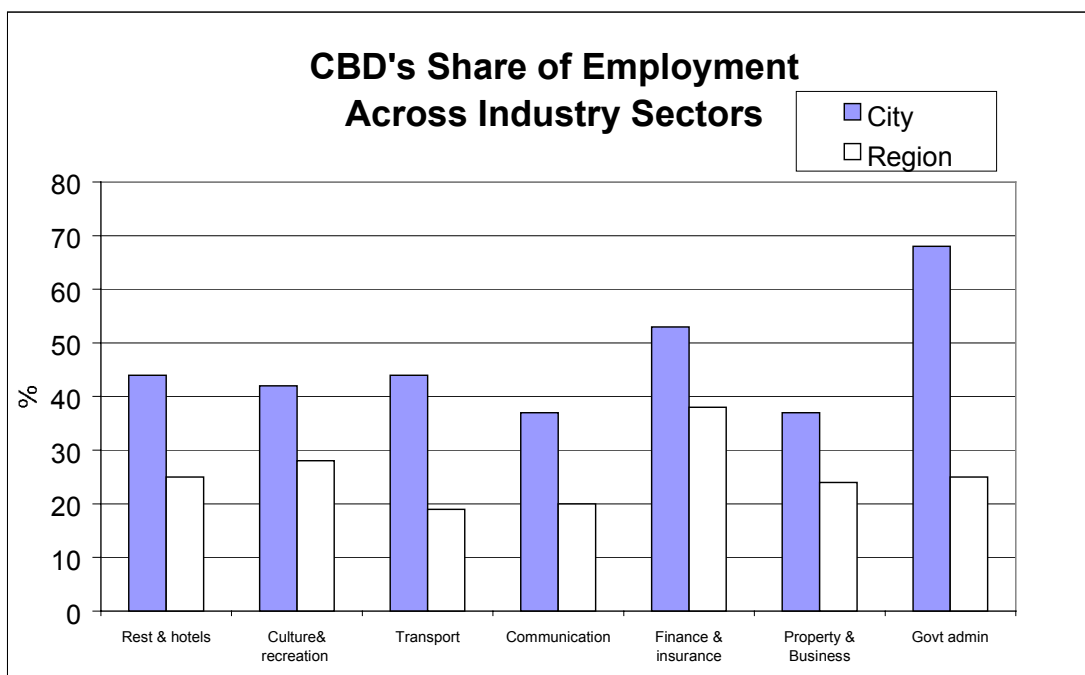
	CBD Employment Numbers	Share of CBD's Employment	CBD Share in Auckland City	CBD Share in Auckland Region
Legal Services	3,681	5.8%	79.2%	63.0%
Higher Education	3,574	5.7%	59.8%	49.1%
Accounting Services	2,800	4.4%	67.5%	47.4%
Banks	2,687	4.2%	43.0%	33.2%
Cafes and Restaurants	2,342	3.7%	33.0%	17.2%
Computer Consultancy Services	2,098	3.3%	32.1%	23.2%
Employment Placement Services	1,983	3.1%	65.7%	52.3%
Hotels (Accommodation)	1,864	2.9%	82.8%	65.7%
Business Management Services	1,683	2.7%	31.8%	18.8%
Telecommunication Services	1,680	2.7%	49.4%	35.7%
Travel Agency Services	1,606	2.5%	58.6%	44.8%
General Insurance	1,548	2.4%	96.2%	76.1%
Business Services nec	1,452	2.3%	27.6%	20.8%
Central Government Administration	1,371	2.2%	54.9%	24.8%
Consultant Engineering Services	1,349	2.1%	35.8%	23.9%
Local Government Administration	1,312	2.1%	97.9%	47.6%
Business Administrative Services	1,149	1.8%	55.0%	32.6%
Services to Finance and Investment nec	1,087	1.7%	58.4%	42.3%
Casinos	970	1.5%	100.0%	99.1%
Other Education	922	1.5%	29.2%	18.4%
Computer Wholesaling	787	1.2%	32.5%	25.2%
Services to Insurance	745	1.2%	53.2%	32.6%
Real Estate Agents	742	1.2%	29.7%	14.1%
Television Services	739	1.2%	53.9%	51.1%
Postal Services	729	1.2%	33.3%	14.8%
Newspaper Printing or Publishing	710	1.1%	58.2%	46.3%
Pubs, Taverns and Bars	687	1.1%	54.1%	31.6%
Scheduled Domestic Air Transport	673	1.1%	91.0%	43.4%
Advertising Services	622	1.0%	27.0%	22.3%
Scheduled International Air Transport	595	0.9%	73.4%	18.5%

*Source: Business Directory, Statistics New Zealand*

When considering the role of the CBD in the economy of Auckland City and the region, it is useful to look at the CBD shares of employment across industry sectors. **Figure 2.7** shows, at a broad industry level, the sectors where the CBD

accounts for a reasonably significant proportion of the jobs in both Auckland City and the region. For example, the CBD accounts for 53 per cent of Auckland City's jobs, and 37 per cent of the region's jobs in the financial services sector. In the property and business services sector, the CBD accounts for 37 per cent of Auckland City's jobs, and 24 per cent of the region's jobs.

**Figure 2.7: CBD's share of employment across industry sectors, 2002**

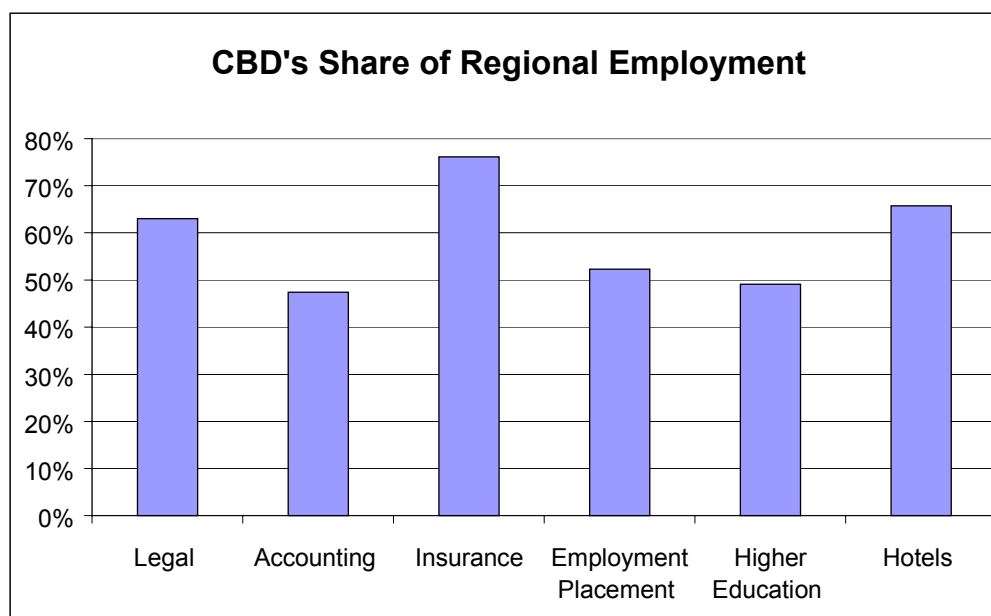


*Source: Business Directory, Statistics New Zealand*

Again, looking at more disaggregated industry breakdown is useful to pin point the areas of CBD specialisation within Auckland City's and the regional economy. **Figure 2.8** highlights those sectors where the CBD plays a specialised role within the regional economy, in that a significant proportion of the jobs in those sectors, are located within the CBD. Figure 2.6 shows details for other sectors. Key points to note are that the CBD accounts for:

- 96 per cent of Auckland City's jobs and 76 per cent of the region's jobs in **insurance**.
- 79 per cent of Auckland City's jobs and 63 per cent of the region's jobs in **legal services**.
- 68 per cent of Auckland City's jobs and 47 per cent of the region's jobs in **accounting services**
- 83 per cent of Auckland City's jobs and 66 per cent of the region's jobs in the **hotel industry**.
- 60 per cent of Auckland City's jobs and 49 per cent of the region's jobs in **higher education**.
- 66 per cent of Auckland City's jobs and 52 per cent of the region's jobs in **employment placement services**.
- 48 per cent of the region's jobs in **local government administration**.
- 46 per cent of the region's jobs in **newspaper, printing and publishing**.

**Figure 2.8: CBD's share of regional employment, 2002**



*Source: Business Directory, Statistics New Zealand*

## **2.2 Businesses in the CBD**

### **2.2.1 Number and size of businesses**

In 2002, almost 8,500 businesses were located in the CBD, representing 18 per cent of total businesses in Auckland City and 8 per cent of total businesses in the region. The CBD's higher share of employment (25 per cent of Auckland City's employment and 13 per cent of the region's employment) reflects the fact that larger firms locate in the CBD.

**Figure 2.9** shows business size as measured by number of employees. In 2002, the CBD hosted 50 per cent of Auckland City's, and 26 per cent of the region's businesses that employ 400 people or more. Having said that, most businesses in the CBD are small, a characteristic shared by the rest of the Auckland region.

Over the last 5 years the CBD has seen the strongest growth in those firms employing 50 to 99 people. This growth has been significantly stronger than that seen in the City and region. However, growth of large firms, employing 400 or more, has been slower in the CBD than in the region as a whole.

**Figure 2.9: Number and size of firms in the CBD, 1997 and 2002**

Number of FTEs	Number of Firms		2002 CBD's Share of Auckland		Growth 1997-2002		
	1997	2002	City	Region	CBD	City	Region
0-5	5,389	6,757	16.7%	7.3%	25%	19%	20%
6-9	580	627	19.4%	9.0%	8%	7%	13%
10-49	805	858	21.6%	10.9%	7%	4%	8%
50-99	100	127	26.6%	14.6%	27%	6%	10%
100-399	74	91	31.3%	18.5%	23%	18%	16%
400+	12	13	46.4%	26.0%	8%	4%	18%
Total	6,960	8,473	17.4%	7.8%	22%	17%	19%

*Source: Business Directory, Statistics New Zealand*

In terms of sectors, government administration, communication services and education are characterised by large firms with 40 to 45 employees per business unit on average. At the other end of the spectrum, the retail trade sector and property and business services sector, have firms which on average employ around 5 people each.

## 2.2.2 Top corporates

The CBD contains 30 of the companies listed in the Deloitte's Management Top 200 Survey, which ranks companies, on an annual basis, according to revenue and employment numbers (see **Appendix 2** for a full list). However, the head offices of New Zealand's largest corporates are not located in the CBD, with the exception of Air New Zealand (see **Figure 2.10**). The survey also lists New Zealand's top financial institutions, with 11 (or half of those listed) being located in the CBD.

**Figure 2.10: Revenue, employees and location of the top 10 New Zealand corporates, 2002**

Ranking	Company	Revenue	Employees	Location
1	Fonterra	13,924,000	20000	Manukau
2	Telecom	5,537,000	4822	Wellington
3	Air New Zealand, Auckland	4,424,234	10,000	CBD
4	Carter Holt Harvey, Auckland	4,244,000	8,000	Manukau
5	Foodland (NZ) Holdings	3,024,816	N/D	Manukau
6	Fletcher Building	2,966,000	8,000	Auckland City
7	Foodstuffs	2,454,463	1,200	Auckland City
8	Shell New Zealand Holding Company	1,937,969	280	Wellington
9	The Warehouse Group	1,877,794	11,503	North Shore City
10	Woolworths	1,606,089	N/D	Manukau City

*Source: Deloitte's Management Survey*

### 2.2.3 Births, deaths, entry and exit of firms

While anecdotal evidence often highlights firms that are leaving the CBD, data shows that the CBD is reasonably dynamic, in terms of firms coming and going as well as starting up (see **Figure 2.11**). New firms in the CBD are predominantly a result of new start-ups rather than relocations.

**Figure 2.11: Births, deaths, entry and exit of firms in the CBD, 2002**

New Start-Ups	1,388	
Relocation from the Auckland region	239	
Relocation from the rest of New Zealand	39	
<b>Total new enterprises in CBD</b>		<b>1,666</b>
No longer operating In the CBD (ceased operations or moved overseas)	1,114	
No longer in the CBD but elsewhere in the Auckland region	171	
No longer in the CBD but in the rest of New Zealand	83	
<b>Enterprises no longer in the CBD</b>		<b>1,368</b>

*Source: Business Directory, Statistics New Zealand*

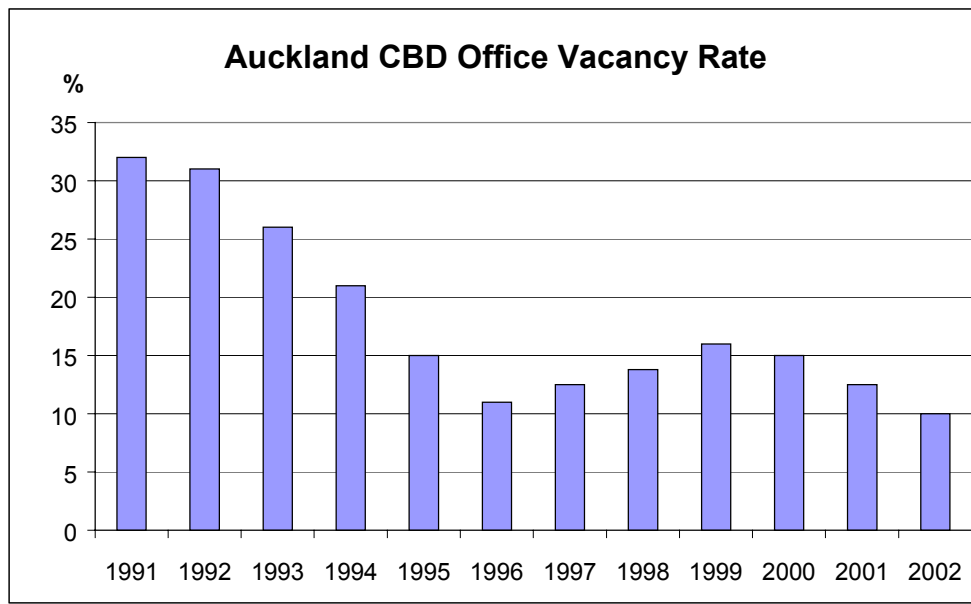
One note of caution in interpreting this data is that the industry category that shows the most movement is the property and business services sector. Movement in this sector is likely to be inflated by 'shell' companies set up for financial reasons.

## 2.3 Office Vacancy Rates

Office vacancy rates are a signal of the overall health of the CBD economy. Currently these are at a 10-year low (see **Figure 2.12**). Despite a number of new office developments in the CBD over the past few years, the overall office vacancy rate has fallen from around 15 per cent in 2000, to 10 per cent in 2002.

According to recent research conducted by Bayleys, the education sector is now the leading occupier of floor space in the Auckland CBD, ahead of the traditional sectors - legal, banking accounting and insurance. In 1996, the education sector occupied just 3.8 per cent of total floor stock. By 2003, the share had grown to nearly 15%. This does not include office space located in the traditional University of Auckland and Auckland University of Technology campuses but does include their expansion outside these areas. It also reflects growth in English language schools, private and diploma training schools and Otago and Waikato Universities establishing operations in the CBD.

**Figure 2.12: CBD office vacancy rate, 1991-2002**



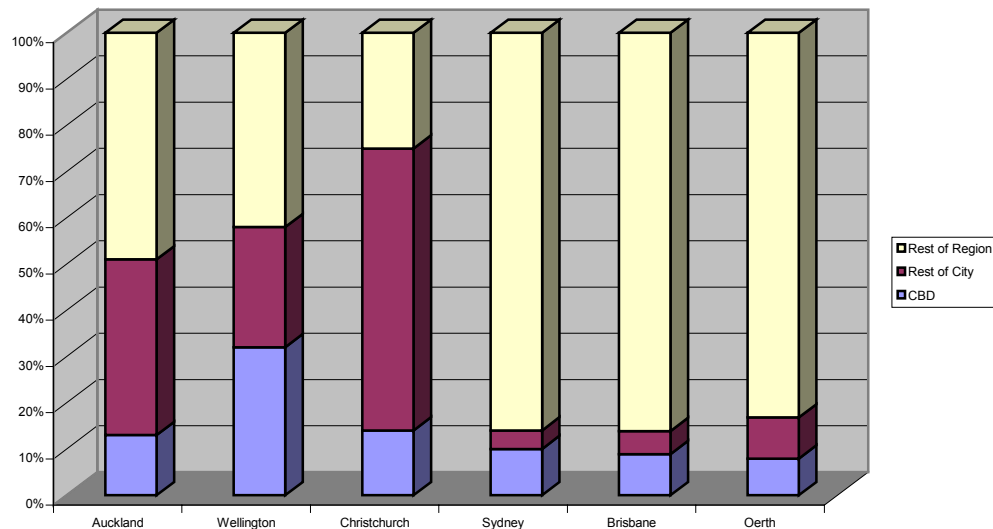
*Source: Bayleys*

## 2.4 Comparison with other CBDs

Around 13 per cent of the Auckland region's FTEs are employed in the Auckland CBD which is similar to the proportion of the Canterbury region's FTEs employed in the Christchurch CBD. However, Wellington's CBD is much more dominant employing around one third of all employees in the Wellington region (see **Figure 2.13**).

The Australian CBDs account for a lower percentage of regional employment as compared to their New Zealand counterparts. This is due partly to different data definitions, and partly to the smaller influence of Australian CBDs over their hinterland, due to the greater number of large sub-regional CBDs in Australia.

**Figure 2.13: Percentage of total employment in CBD, City and region**



*Source: Market Economics 2003*

Note: Data for Australian cities categorized as CBD Inner (CBD), CBD Remainder (rest of city) and Rest of Statistical Division (rest of region).

Wellington's CBD plays a more dominant role in its regional economy across a number of industries as compared to Auckland's CBD. For example Wellington's CBD contains 84% of the region's employment in financial services, 50% of the region's communications employment and nearly 40% of the region's employment in culture and recreation (see **Figure 2.15**). Wellington's CBD is of a similar size to Auckland in terms of total employment and it is interesting to note that Wellington has more people employed in the finance and insurance sector as compared to Auckland's CBD (see **Figure 2.14**)

**Figure 2.14: Key Industries – Numbers Employed**

	Restaurants & hotels	Culture & recreation	Finance & insurance	Property & business	Government administration
Wellington	2,973	2,260	9,206	15,158	9,147
Christchurch	1,925	819	1,801	5,586	1,684
Auckland	5,130	3,070	7,890	19,850	3,140

*Source: Market Economics, Statistics New Zealand*

Australian CBDs tend to play a narrower role in their regional economies as compared to Auckland. This reflects the specialised nature of economic activity operating in the Australian CBDs with financial services dominating. This is especially the case for Sydney where the finance industry located in the inner CBD employs almost half the region's workforce in this sector. Many of the types of businesses located in Auckland's CBD are likely to be located in subregional CBDs in Australia.

**Figure 2.15** compares the role that Auckland's CBD plays in its regional economy with some other CBDs by considering each CBDs share of regional employment in key industries.

**Figure 2.15 CBD Share of Regional Employment**

	Auckland	Wellington	Christchurch	Sydney	Brisbane	Perth
Restaurants/hotels	25%	38%	19%	13%	12%	9%
Culture/recreation	28%	37%	16%	8%	10%	3%
Transport	19%	13%	10%	8%	12%	5%
Communications	20%	50%	37%	11%	14%	9%
Finance	38%	84%	44%	49%	40%	41%
Property/business	24%	44%	26%	21%	19%	16%
Government admin	25%	55%	29%	18%	23%	23%

*Source: Statistics NZ and Market Economics 2003*



Growth in key industry sectors between 1991 and 2001 is compared against Auckland CBD employment growth in **Figure 2.16**. The three sectors with the most significant growth in the Auckland CBD have experienced similar growth in the other CBDs. The culture and recreation and property and business industries have undergone the most rapid growth, with Wellington and Christchurch experiencing between 4 and 5 per cent average annual growth over this period. Transport and storage and manufacturing showed declines in Wellington and Christchurch, as they did in Auckland, but the decline in employees involved in the communications industry is atypical of the other CBDs. This is primarily due to relocation of Clear Communications from a central city location to North Shore City (Market Economics 2003).

**Figure 2.16: Employment change in New Zealand and Australian CBDs, 1991-2001(Auckland 1991-2002)**

Industry	Auckland	Wellington	Christchurch	Sydney	Brisbane	Perth
Restaurants and hotels	30%	66%	44%	62%	43%	84%
Property and business	38%	63%	55%	93%	92%	135%
Cultural and recreational	79%	113%	93%	13%	81%	5%
Manufacturing	-39%	-6%	-25%	49%	54%	-34%
Transport and storage	-36%	-26%	-3%	-34%	22%	38%
Communication	-37%	47%	28%	24%	19%	40%

*Source: Market Economics 2003*

In the Australian CBDs, the property and business sector grew the most over the decade to 2001, almost doubling in size in Sydney and Brisbane, and growing by an even greater proportion in Perth. Restaurants and hotels have also experienced significant growth in Australia's CBDs, with other sectors growing in some CBDs but not others. Employees engaged in manufacturing, for example, decreased by 40 per cent in Auckland and 34 per cent in Perth, but grew by around 50 per cent in each of Sydney and Brisbane. Transport employees decreased in Sydney, but increased in Brisbane and Perth, while limited growth in employees in the communications industry occurred in all five CBDs outside Auckland (Market Economics 2003).

## 3 Marine and fishing industries

### 3.1 Current situation

#### 3.1.1 Marine sector

The marine sector consists of a number of inter-related activities and support activities. These include boat building, design and naval architecture; structural, systems and electrical engineers; retail chandlers and other service suppliers and brokers; spa, sail and canvas makers; rigging consultants and interior designers. There is also a number of tourist and recreational marine activities including chartering, recreational boating, fishing, boat sales, major marine events such as the America's Cup and other regattas, international conferences and trade

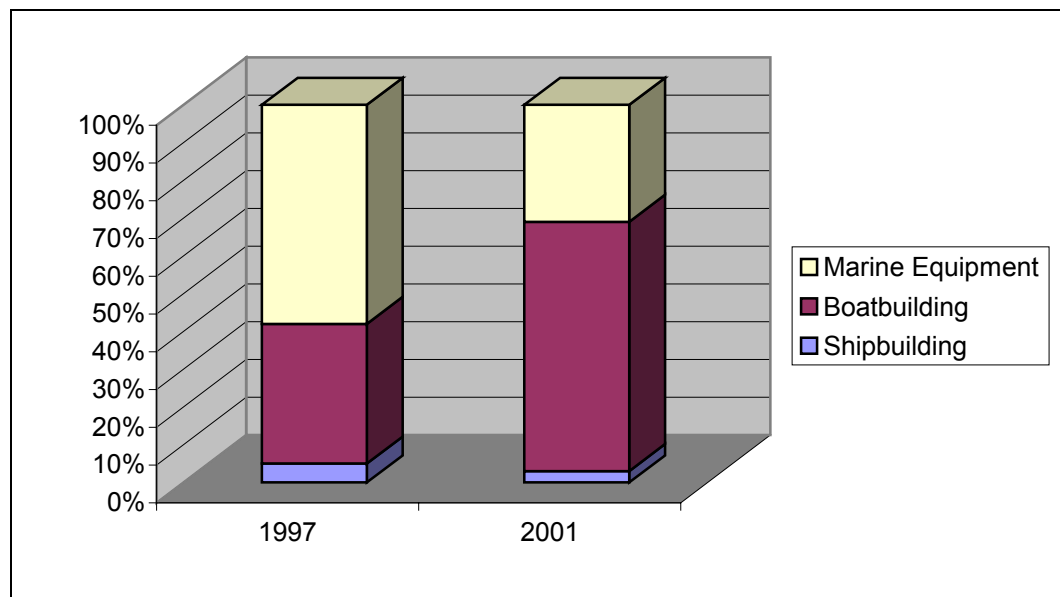
shows. In addition, larger scale boat projects impact on other sectors such as furniture building, carpentry, and materials manufacturing.

New Zealand is globally recognised for recreation and racing yacht custom design and production. It is also becoming increasingly known as a destination for boat repair, maintenance and refit. This is due to the high standards of hardware and accessories provided, coupled with affordability, due to low labour costs and favourable exchange rates.

The Auckland City waterfront area, between the Auckland Harbour Bridge and Hobson Wharf, is an important location for the marine sector due to its concentration of marine activities, servicing work and suppliers, and support activities. In 2001, this area of the waterfront was the location for just over a third (39 per cent or 29 businesses) of all boat building, shipbuilding and marine equipment business within Auckland City, providing just under one third of the sector's employment (31% or 222 full-time equivalents (FTEs)). This does not include secondary marine activities such as sail making, design and fit outs.

Over the last five years the marine industry located in the waterfront area grew by 51 FTEs (30%) and 10 businesses (53%). There has been a strong swing towards boat building over the last 5 years, from 37 percent of the total marine sector in 1997, to 66 per cent in 2001 at the expense of the marine equipment sector (see **Figure 3.1**).

**Figure 3.1: Auckland City waterfront's marine employment structure, 1997 and 2001**



*Source: Market Economics Limited 2002*

A strong differentiating factor of the CBD marine sector is the clustering of a range of marine related activities. It has a high percentage of the City's and region's marine electricians, suppliers of navigational equipment, launch and yacht brokers and marine consultants. The clustering reduces transaction costs,

and allows a network of companies to co-ordinate and produce final goods at competitive prices, both nationally and internationally.

Location factors which are important for the marine sector are access to deep water, ability to bring in large vessels, and the ability to cluster to reduce costs and increase profile. There are few viable alternative locations for the sector and all such alternatives are located outside of Auckland City.

### *3.1.2 Fishing Industry*

The fishing industry in the Viaduct Harbour returns revenues of around \$150 million per annum, most of which is derived from exports. This comprises around 12 per cent of New Zealand's export fish revenue. There are approximately 150 people employed in the processing factories within the Viaduct Harbour area.

The fishing industry in the Viaduct Harbour area is primarily under the umbrella of the Auckland Fishing Port Limited. This company was established in 1996, with its main shareholders being Moana Pacific Fisheries, Simunovich Fisheries and Sanfords all of which are located in the area.

The fishing industry's key locational requirement is to retain an unloading operation in the Auckland region, within reach of the international airport, to fly export product out. For example, Moana Pacific Fisheries Limited exports 90 per cent of its product as fresh, chilled (not frozen) product.

### *3.1.3 Auckland Waterfront Advisory Group*

The Auckland Waterfront Advisory Group (AWAG) comprises four major landowners in the area - Ports of Auckland Limited, Viaduct Harbour Holdings Limited, Infrastructure Auckland and America's Cup Village Limited. The Group was established to develop a vision and master plan for the area between Princes Wharf and the harbour bridge, but its primary focus has been on the redevelopment potential of the Western Reclamation area.

AWAG aims to produce a draft master plan with the intention that Council would initiate appropriate District Plan changes some time after that. Council officers have been working with AWAG to ensure that the proposals reflect City and regional policies, particularly relating to growth management, transport and urban design.

The place of the marine and fishing industries in the CBD is a key component of the master plan and AWAG is consulting with those industries. In its consultation document released in 2002, AWAG identified a number of guiding principles including to 'preserve the authenticity of maritime use: retain those existing maritime uses and activities that have helped to define the waterfront's character ...'. The document notes that 'many maritime activities will create jobs and continue to provide services to this part of the harbour'. It also notes that uses locating in the redevelopment area should 'strengthen the relationship between the CBD, waterfront and Westhaven'.

The marine and fishing industries are advocating to retain a strong presence in the area. Besides the character and historical links which the industries bring to the Viaduct Harbour and Western Reclamation areas, they also provide significant economic value to the CBD.

### **3.2 Issues**

- Future provision for the marine and fishing sectors in the CBD waterfront.

### **3.3 Possible role for Council**

- Actively participate in the AWAG initiative to ensure first class planning for a key area of the central city. Such planning needs to take into account the needs of the marine and fishing sectors in the CBD waterfront area and strengthen their clustering within the area.

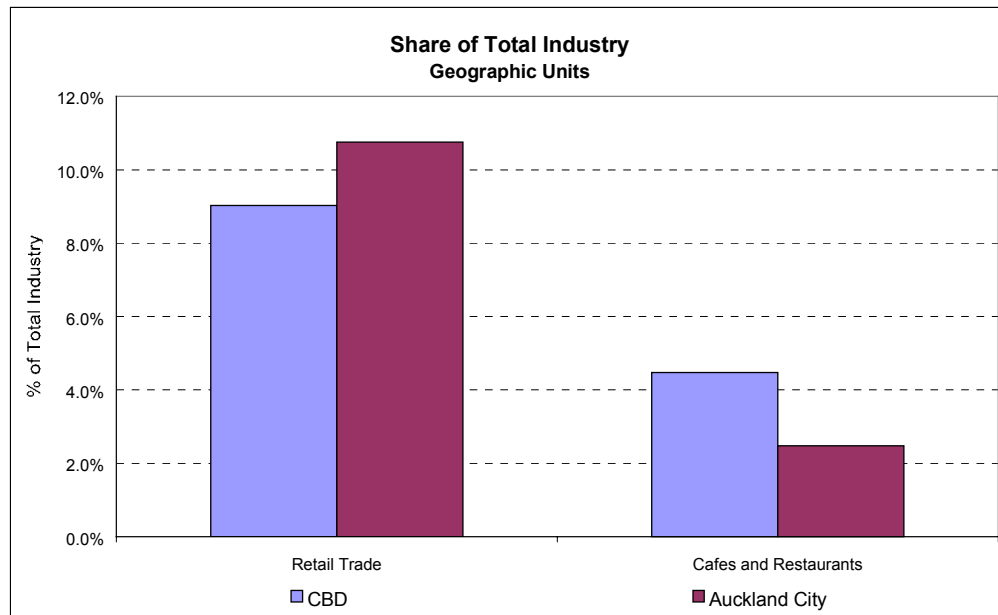
## 4 Retail

### 4.1 Current situation

#### 4.1.1 Size

In 2002, the retail sector in the CBD consisted of 765 businesses employing 3,595 FTEs. The sector accounted for 9 per cent of all CBD businesses, and 5.6 per cent of CBD employment, indicating a small business size on average compared to CBD businesses overall (see **Figures 4.1 and 4.2**).

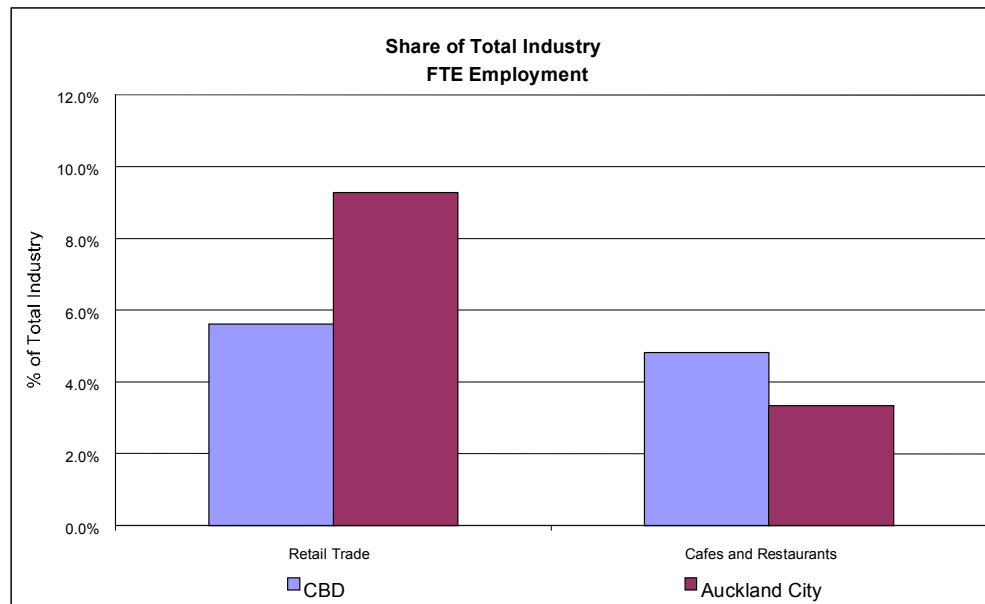
**Figure 4.1: Retail sector share of geographic units within the CBD and Auckland City, 2002**



Source: *Business Demographic Data, Statistics New Zealand*

Figures 4.1 and 4.2 also indicate that the retail sector comprises a smaller proportion of the CBD economy than of Auckland City's economy as a whole. However, the reverse is true for cafes and restaurants, which are far more predominant in the CBD.

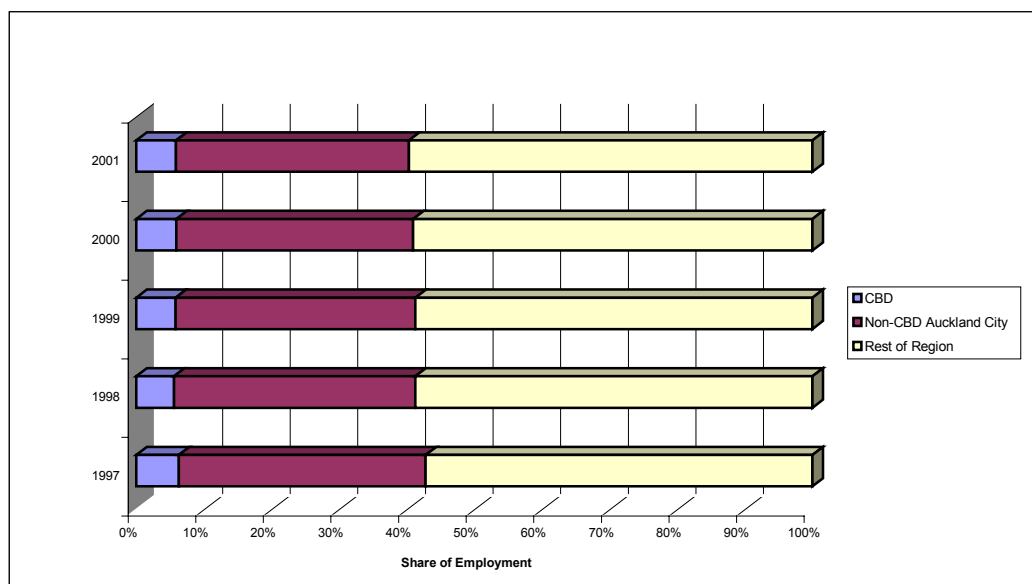
**Figure 4.2: Retail sector share of FTEs within the CBD and Auckland City, 2002**



Source: Business Demographic Data, Statistics New Zealand

The CBD's share of regional retail employment has changed only slightly since 1997. The share decreased slightly in 1998 and then gradually increased until 2000 followed by a slight decrease in 2001 (see Figure 4.3).

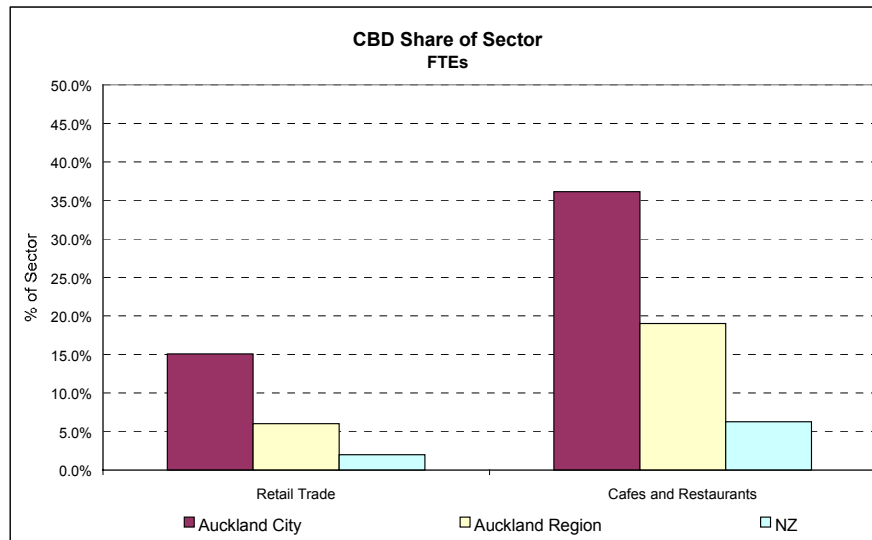
**Figure 4.3: Retail sector share of FTEs for the CBD, Auckland City and Auckland region, 1997 to 2001**



Source: Business Demographic Data, Statistics New Zealand

The CBD is an important retail area, accounting for nearly 15 per cent of all retail employment in Auckland City (see **Figure 4.4**).

**Figure 4.4: CBD share of retail sector FTEs in Auckland City, Auckland region and New Zealand, 2002**

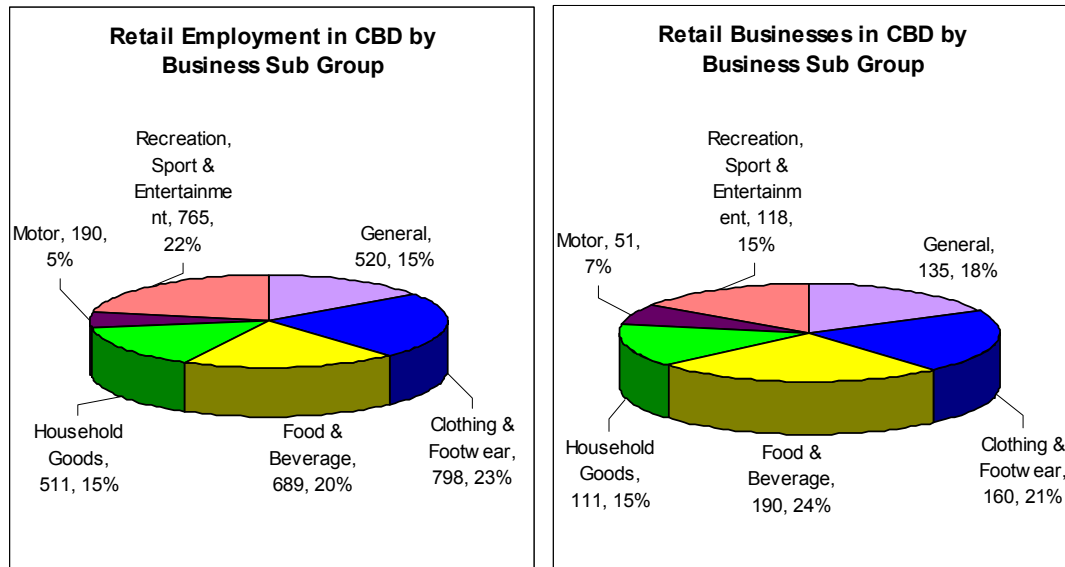


*Source: Business Demographic Data, Statistics New Zealand 2002*

#### 4.1.2 Sectoral mix

Retail employment and business units are relatively evenly distributed across the different retail subgroups. Clothing and footwear account for the largest proportion of jobs (24%) and the second largest proportion of business units (21%). Food and beverage accounts for the largest proportion of business units (24%) but a smaller percentage of jobs (20%) indicating smaller sized businesses on average. Recreation, sport and entertainment retail outlets are the second largest employer accounting for 22 per cent of employment and 15 per cent of business units.

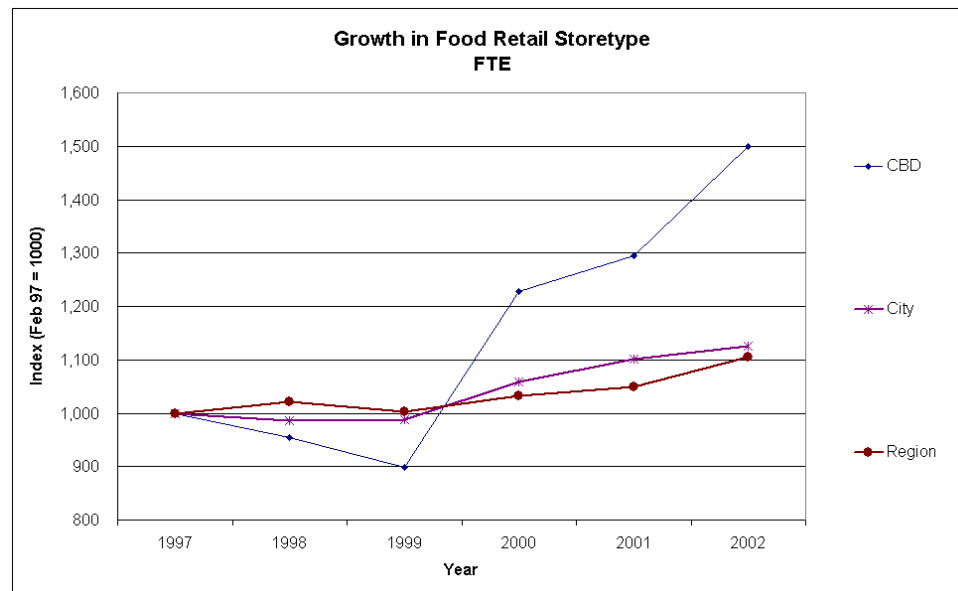
**Figure 4.5: Retail sectoral mix for CBD (FTEs and geographic units), 2002**



Source: Bentley Consultants Limited 2003

Food and beverages has been a strong growth sector in the CBD, and this sector has grown much faster in the CBD than in Auckland region or the city as a whole (see **Figure 4.6**). The increased numbers of residents, students and tourists in the area has most likely driven the strong growth of this sector in the CBD.

**Figure 4.6: Growth in food retail in the CBD, Auckland City and Auckland region (FTEs), 2002**



Source: Business Demographic Data, Statistics New Zealand

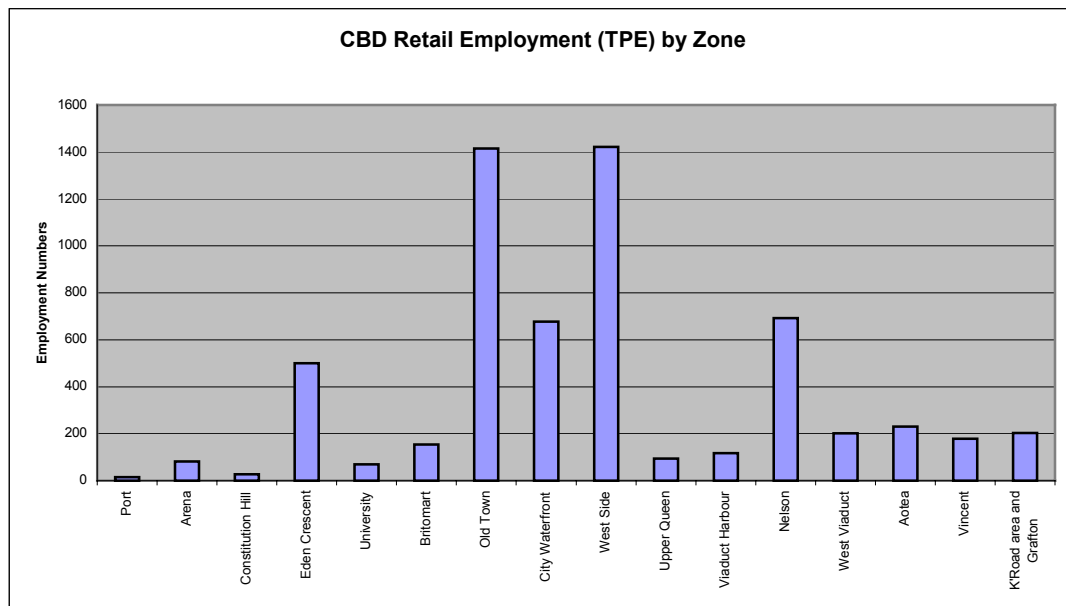


#### 4.1.3 Spatial trends

The CBD retail sector is suffering increasing competition from other retail destinations, with the impact felt most keenly during the weekends. Both the St Lukes and Newmarket retail shopping areas have recently been expanded and there are further proposals to increase retail shopping space in Newmarket and the proposed Sylvia Park development. There has also been a growth of 'big box' retailing outside traditional centres. At the same time, the CBD is decreasing in attractiveness as a retail destination for people who do not live, work or study in the area. Relative to other privately owned retail destinations the CBD suffers from a lack of free parking hours, inconvenient shopping hours and traffic congestion during normal working hours. To maintain demand for the CBD retail sector it is important that the CBD continues to be a prime location for offices, for new sectors such as education, and for residents.

In terms of spatial location, retailing is concentrated in the Old Town, West Side, City Waterfront and Nelson zones (see **Figure 4.6**). The relocation of A-grade office buildings towards the Viaduct Harbour, Fanshawe Street and Fort Street area is likely to result in significant movement of workers to the north of the CBD. Major Council development projects such as Britomart and the Arena are also likely to draw potential CBD retail customers to the north. This is counterbalanced, to some extent, by the growth of the education sector in B and C grade offices orientated to the south.

**Figure 4.7 CBD retail employment by zone (FTEs), 2002**



Source: Business Directory, Statistics New Zealand

The rise of inner-city living is also likely to change the location pattern of retailing within the CBD. Retail activity, particularly of convenience retailing, is likely to increase within a 400 meter radius (walking distance) of inner-city residential development.

## **4.2 Issues**

- Competition from other retail locations, which could lead to a declining retail sector in the CBD, and loss of prestige of the CBD as an office location.
- The ability of the retail sector to successfully adjust to changing customer types and locations within the CBD.
- Reduced attraction of the CBD to shoppers due to traffic congestion and the high cost of parking.

## **4.3 Possible role for Council**

- Support events and activities within the CBD, and place marketing, to draw more people into the CBD.
- Encourage a change in retail opening hours to better cater for market needs.
- Improve the accessibility of the CBD for retail shoppers through appropriate parking and public transport policies.
- Investigate the impact of changed worker movements and catchment areas, as a result of office relocation within the CBD, on the viability and desirability of different CBD retail precincts.
- Support good pedestrian links between key transport nodes and retail areas.

## **5 Education**

### **5.1 Current Situation**

The education sector in the CBD includes private secondary schools, private training establishments (PTEs) and publicly owned tertiary institutions. PTEs include English language, tourism, computer, business, hairdressing, film and television schools. Publicly owned tertiary institutions include the University of Auckland and AUT which dominate the education sector in the CBD, both physically, and in terms of student numbers. The University of Waikato Language Institute and the University of Otago have established campuses in the CBD although they are small campuses in comparison. Overseas universities are also planning to establish a presence in the CBD. Foreign Fee Paying Students (FFPS) have been the major source of growth across the sector and the mature student market is becoming more of a focus. A large proportion of the CBD acts as an education campus due to the sheer number and movement of students.

#### *5.1.1 Business numbers*

In 2002, there were 97 education businesses in the CBD, excluding public tertiary education providers, representing one per cent of total businesses in the area. This comprised 13 per cent of education businesses in Auckland City and five per cent of those in the region. Between 1997 and 2001 the number of private education businesses in the CBD grew 18 per cent representing 15 new businesses.

#### *5.1.2 Employment*

In 2002, education businesses in the CBD employed 4,600 FTEs, comprising 7 per cent of the total FTEs in the CBD. The CBD provides 30 per cent of education employment in Auckland City and 15 per cent of such employment within the region. Education employment is consolidating in the CBD, increasing by 29 per cent between 1997 and 2001 compared to a 15 per cent growth during the same period within the region as a whole.

#### *5.1.3 Tertiary education*

The CBD's education scene is dominated by tertiary education with the CBD accounting for almost half of the region's jobs in this sector. In 2001, the CBD hosted 69 tertiary institutions. Almost half the tertiary institutions within the CBD are English language schools.

There were around 45,000 tertiary students enrolled at CBD institutions in 2001, comprising 70 per cent of the total in the Auckland region with the University of Auckland and AUT, accounting for the bulk of the students.

#### *5.1.4 Foreign Fee Paying Students*

Since 1998/1999, there has been rapid growth in international student numbers in New Zealand. Infometrics estimate that the Auckland region has seen growth of foreign fee paying students (FFPS) of 57% per annum over the 1998/99 to 2002 period. In 2002 almost 20,000 FFPS were studying in the CBD representing 55 per cent of Auckland city's total and 45 per cent of the regional total. English Language students account for 60% of the CBD's international students.<sup>2</sup>

Between 80 and 90 per cent of FFPS come from Asia (Ministry of Education 2001 & 2002a).

#### *5.1.5 Economic contribution*

The total economic contribution of the education sector to the CBD has yet to be quantified. However, it has been estimated that expenditure at Auckland University contributes \$3.1 billion to the Auckland region's gross domestic product (NZIER 2002). Research on the economic impact of international students is currently underway (see footnote 4).

#### *5.1.6 University sector*

Both the University of Auckland and AUT have very significant current and future developments in process including both institutions building large additions to their Business Schools. The University of Auckland is concentrating on positioning its Business School as world-class and is investing \$110 million, including significant government and private contributions, on this development. The University of Waikato Language Institute and the University of Otago do not have any notable development plans in the CBD.

Each institution has its own unique focus and points of difference. The University of Auckland is targeting a world class academic market while AUT focuses primarily on applied qualifications. The University of Waikato Language Institute's focus is on English language courses. It therefore competes directly with the English language schools located in the CBD. The University of Otago's focus is on specific courses including an Executive Masters of Business Administration (EMBA) and dietetic and children's issues.

Both AUT and the University of Auckland have strong links with many other CBD businesses with the University of Auckland having the stronger influence. Both institutions promote research projects and consulting services, alumni associations and incubators. AUT has very strong student-focused business links due to the applied style of education and work experience required in many of their courses. The University of Otago also has business links related to its EMBA course.

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<sup>2</sup> Estimates of foreign fee paying students are based on 'International Students – Their Impact on Auckland City', Infometrics. Due to be published late 2003.

#### *5.1.7 Student Accommodation*

The University of Auckland is expanding student accommodation on campus and aims to accommodate 10 per cent of students in campus university accommodation by 2008. Long term, as a benchmark, they aim to have 20 per cent of students accommodated close to or on the campus in a mix of post graduate apartments, studios and hostels.

There is some concern about the amount of 'hot bedding' accommodation being developed in the CBD and questions raised over their compliance with minimum regulatory standards (space, sound proofing, warmth). Anecdotal evidence from students points to a dislike of small living spaces, yet evidence from developers and real estate sources indicates no resistance from buyers. The standard of accommodation in the CBD may need to be of a higher quality than these developments are offering. They may not meet long-term accommodation needs particularly those of the mature student market which is expected to become more of a focus with the new business schools and other market opportunities.

#### *5.1.8 Locational needs*

Tertiary education campuses are located in the CBD because of the significant infrastructure it provides to the students and staff, including transport, business links, social and cultural activities, eating facilities and Internet cafes. The CBD also provides accessibility to a critical mass and diverse market of students to market to and recruit from. Non-Auckland based institutions offer courses in the CBD as it is seen as a major education zone.

Private training establishments locate in the CBD because of the large supply of suitable rental space, the less onerous carpark requirements compared to other city zones, the vibrancy of downtown with its food halls, Internet cafes and people, and the significant infrastructure available including transport hubs, retail and eating facilities.

One of the most noticeable effects of the growth of the education sector in the CBD has been the uptake of vacant office space. Education institutions now occupy around 14 per cent of total office space available in the CBD, of which 40 per cent is occupied by English language schools, and 37 per cent by Auckland University and AUT. Much of this is in older, lower grade buildings. Most of the buildings have not been specifically designed for the education sector.

Private training establishments generally lack the array of student facilities provided by the large public institutions including cafeterias and recreational and study facilities. This has resulted in increased pressure on public facilities in the CBD including the public library and parks such as Meyers Park, Aotea Square and Albert Park.

#### *5.1.9 Education and business co-tenants*

The rapid growth of the education sector in the CBD has resulted in the dual-occupation of many buildings by education and commercial firms. Co-tenants of

buildings with educational uses have expressed the following concerns (Jones Lang LaSalle 2003):

- Lift cars becoming overcrowded with students using lifts more frequently than commercial tenants to travel to and from contiguous floors
- Congestion of lobbies and lift foyers and lower levels of cleanliness with students convening in these areas during lecture breaks
- A reduction in staff morale and clients' perception of the business due to declining building standards
- A reduction in levels of health and safety as a result of smoking in, and congestion of, fire exits, entrance lobbies and lift lobbies.

In a survey of around 50 companies which share a building with an educational tenant, over half (56%) of the respondents considered that educational users and commercial tenants should not use the same building and 39 per cent stated that they would require a clause placed in their lease to exclude educational tenants from the building they occupy (Jones Lang LaSalle 2003).

Solutions to the conflict identified by interviewees include the development of best practice policies for individual buildings and restricted use clauses in tenancy agreements to preclude education users in some buildings or to limit their percentage occupation of a building.

#### *5.1.10 Tertiary Education Strategy*

In 2002, central government released a Tertiary Education Strategy which is in the process of being implemented. The goals of the strategy include greater alignment of tertiary education with national goals; greater collaboration between institutions and rationalization of the sector; stronger linkages with business and other external stakeholders; effective partnership arrangements with Maori communities; and increased responsiveness to the needs of, and wider access for, learners. A Tertiary Education Commission has been established to help implement the strategy (Ministry of Education 2002b). The strategy is likely to result in more collaboration and less competition between tertiary institutions in the CBD and a reduction in the number, and an increase in the size, of PTEs.

## **5.2 Issues**

- A lack of information about the role of the education industry in the CBD economy, the costs and benefits of the industry, its medium and long-term sustainability and the risks of any potential downturn.
- The social and community impacts of the presence of thousands of predominantly young Asian FFPS on social, community and transportation infrastructure in the CBD.
- Inadequate transportation infrastructure to support education providers and students including public transport and carparking.
- The impacts of the education industry on the demand for residential accommodation within the CBD and the long-term sustainability of this demand.

- Pastoral problems with FFPS including homesickness, health, safety, lack of recreational facilities and activities, counseling and support services and living conditions.
- Pressure on Auckland City's Central Library from English language students.

### **5.3 Possible role for Council**

- Undertaking, or encouraging other agencies to undertake, comprehensive research into the impacts of the education industry in the CBD and/or Auckland City as a whole.
- Addressing the impacts of the industry, within Councils overall regulatory and planning roles, particularly as regards tenancy in the CBD, transport infrastructure, residential accommodation in the CBD, and social/community infrastructure.
- Promotion of the CBD as an Education Zone and of the education industry in Auckland City more generally.
- Developing closer collaboration with stakeholders over planning issues impacting on the education sector including the need to improve the provision of public transportation and carparking.
- Improving support for overseas students through assisting the development of pastoral care services.
- Considering ways to establish 'study centres' for foreign students.
- Advocating for effective "pathways" for international students to enter the labour force.

## 6 Tourism

### 6.1 Current situation

The CBD is a premium business, leisure and recreation location and attracts visitors for business and pleasure from the Auckland region, New Zealand and overseas. The number of overseas visitors to the CBD has been steadily increasing, along with the number of accommodation establishments, and their capacity for guest nights. There is a marked concentration of accommodation in the CBD compared with Auckland City, the region and New Zealand as a whole, with the CBD's share increasing. The CBD clearly plays a key role in the region's and country's tourism industry.

#### 6.1.1 *Location of overseas visitors*

The number of overseas visitors staying in the CBD is rapidly increasing. On census night 1991 2,280 overseas visitors were in the CBD. This more than doubled to 5,150 in 2001. Overseas visitors are highly concentrated in the CBD and are becoming increasingly more so. The number of overseas visitors staying in the CBD on the 1991 census night represented almost one quarter of the total staying in Auckland City. This proportion increased to almost half in 2001. Likewise, for the same period, the number of overseas visitors in the CBD increased from 13 per cent to 26 per cent of the total for the Auckland region.

#### 6.1.2 *CBD accommodation and guest nights*

The increase in overseas visitors staying in the CBD has been mirrored by an increase in accommodation establishments and guest night capacity. The CBD now dominates guest night capacity in Auckland City and the region and is also achieving relatively higher occupancy rates.

Between 1996 and 2002 the total number of accommodation establishments in the CBD almost doubled from 19 to 37, increasing the total monthly capacity of guest nights from 50,000 to over 200,000. This has resulted in a corresponding increase in the CBD's share of accommodation establishments in Auckland City and the region, from 15 per cent and 7 per cent respectively in 1996, to 22 per cent and 11 per cent in 2002. The guest night capacity of CBD establishments represented 64 per cent of the total guest night capacity in Auckland City in 2002 and 40 per cent of the region's total capacity.

Accommodation occupancy rates in the CBD are approximately 10 per cent higher than those for Auckland City, 22 per cent higher than those for the Auckland region, and 40 per cent higher than those for New Zealand as a whole.

Hotel accommodation comprised 66 per cent of the total establishments in the CBD in 2002. Backpackers provide a further 21 per cent of establishments. There have been major changes in the tourism accommodation sector, especially with the introduction of the serviced apartment market. The number of three to



five star rooms in Auckland has increased from 2,403 in 1995 to 4,808 in early 2000.

The return on investment in accommodation is generally low, with accommodation providers often relying on ancillary services to increase profitability, such as Sky City's conference and entertainment facilities.

#### *6.1.3 Visitor expenditure*

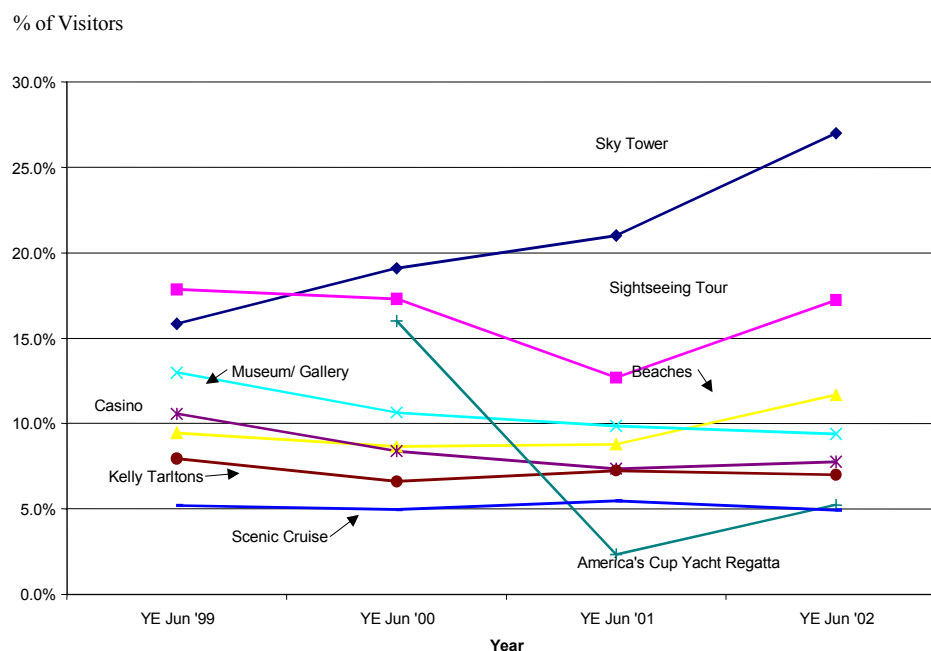
Total visitor expenditure figures for the CBD are not currently available. However, the Auckland region's visitor expenditure is heavily concentrated in Auckland City, reflecting the concentration of hotel accommodation, restaurants, shopping and entertainment in the Auckland CBD and Isthmus. In 2001, Auckland City attracted 53 per cent of total regional visitor expenditure, ahead of Manukau City (26%), North Shore City (7%), and Waitakere City (5%). Total visitor expenditure in the Auckland region was estimated at \$1,256m in 2001.

#### *6.1.4 International visitors to the Auckland region*

The total average number of accommodation nights spent in the region by international visitors, has increased to 12 nights in 2002, from 10 and 11 nights in 1999 and 2001 respectively. This trend to longer stays is due to the increased availability and marketing of attractions, as well as improvements to the waterfront, and the increased range of accommodation provided. Most visitors to the Auckland region are from Australia (26%), the United Kingdom (13%), and Japan and the USA (10% each). International visitors to the region are generally first time visitors to New Zealand (60%) who are on holiday (57%).

The Auckland Sky Tower is the most frequent attraction visited in the Auckland region, attracting 15 per cent of visitors in 1999 increasing to 27 per cent in 2002 (see **Figure 6.1**). Sightseeing tours, the beaches and the Museum and Art Gallery were identified as other key attractions. The America's Cup Regatta was also very popular in 2000.

**Figure 6.1: Main activities undertaken and attractions visited by international visitors to Auckland region, 1999-2002**



Source: Tourism New Zealand

## 6.2 Issues

- Maintaining the attractiveness of the CBD for visitors.
- Ensuring the CBD provides the quality, capacity and mix of accommodation and activities expected and/or required by visitors.

## 6.3 Possible role for Council

- Monitoring visitor perceptions of the CBD as a place to visit and stay, identifying issues which detract from the overall visitor experience, and addressing these where possible.
- Working with Tourism Auckland to market the CBD and increase the length of stay in the CBD

## 7 Promotion

### 7.1 Current situation

The CBD, and Auckland City more generally, are mainly promoted through information centres, guidebooks, other printed material and websites.

#### 7.1.1 Information centres

Information about the CBD is provided at information centres in Queen Street and the Viaduct Basin, the Central Library, the Art Gallery, hotels, souvenir shops and Ticketek. In general, information is not well presented, and there is no differentiation between information on the CBD and the Auckland region as a whole. Staff members of information centres appear ill-informed about attractions within the CBD and have difficulty recommending activities in the area to visitors.

#### 7.1.2 Guidebooks

Three guides to Auckland City are generally available, *Jason's Auckland 'What's on'*, *Auckland A – Z* (Tourism Industry Association New Zealand) and *The Official Guide, Auckland, New Zealand* (Tourism Auckland). They are all general, duplicate one another a lot, and offer information for the region rather than specifically for the CBD.

In terms of New Zealand guidebooks, the *Lonely Planet New Zealand Guide Book 2002* is generally quite positive about Auckland City. Its opening comments are 'It may not be the nation's capital, but Auckland is New Zealand's largest, most vibrant and far and away most happening city.' In specific mention of the CBD however, it notes 'While the commercial district has accommodation, restaurants and nightlife, it suffers from the 'dead heart' syndrome of many cities.' The guide recommends districts such as Parnell, K'Rd, Ponsonby and Devonport as alternatives.

Other guides such as *Let's Go*, the *Rough Guide* and *Insight Directory* are not as sympathetic. While they think that Auckland has potential, most recommend staying outside of the CBD and generally support the notion that there are better things to see and do in New Zealand than what Auckland has to offer. One guide goes as far as to suggest that the CBD is downbeat and that it is losing businesses to more vibrant neighbours such as Newmarket and Parnell. Despite the general lack of enthusiasm regarding the city, the guides do acknowledge that many of the attractions are first rate.

#### 7.1.3 Other printed material

A range of printed material on CBD attractions is available at information centres, hotels and other places which attract visitors. This includes information on tours, individual attractions, restaurants (*The Essential Guide – Restaurants – Dining Guide to Auckland Central*) and nightlife (*The Essential Guide - Auckland after Dark*).

Auckland City produces a number of brochures concerned with the City parks and Council owned attractions such as the Art Gallery and the Zoo. These also an inner city running guide and information on pools and recreation centres. There is nothing specific to the CBD. The Heart of the City promotes the CBD through advertising in CityMix, Metro, and the New Zealand Herald.

#### **7.1.4 Websites**

A number of websites provide information on the CBD. The Heart of the City website provides useful information on all sorts of CBD businesses and the Heritage Midtown Walk. However, the site is reasonably hard to find. The Tourism New Zealand website gives a general overview of Auckland and Northland as a single destination, but the only mention of the CBD is the Maritime Museum and the Art Gallery. The Tourism Auckland website fails to impart a particular flavour to the City or to really differentiate between the CBD, Auckland City and the region overall. The Innovation Harbour and Investment New Zealand websites appear to be the only ones which refer to the quality of life in Auckland and promote the City as an attractive site for investing and locating business.

The Auckland City website welcome page includes some general information on the City including its population size, climate and main attractions, such as the casino, museum, and Kelly Tarlton's. It has links to the Heart of the City, Tourism Auckland and Study Auckland sites, amongst others. The website contains some useful information about the kinds of businesses that are in Auckland City but this is not well packaged for visitors to access easily. In general, the website fails to provide a taste of the real flavour of the CBD or to encourage people to visit the area.

## **7.2 Issues**

- There is limited material available which promotes the CBD. The material which is available is often not easily identified or accessed by visitors.

## **7.3 Possible role for Council**

- Developing a guide to the CBD including a map, a guide to shopping and dining in the CBD and more general information about places to visit such as the art gallery. A separate events guide for the CBD could also be developed or existing guides promoted.
- Ensuring that promotional material on the CBD is displayed prominently in information centres as part of a CBD-only display area.
- Providing web-based information on the CBD either as an attachment to an existing website or as a separate website.

## 8 Culture, Recreation and Entertainment

### 8.1 Current situation

#### 8.1.1 Employment

The culture, recreation and entertainment sector comprises a small component of the CBD economy, providing in 2002 only 6.2 per cent of its total FTEs. However, the CBD provides a large proportion of the jobs in this sector within Auckland City (42.9%) and the wider Auckland region (29%).

In 2002, the CBD had 258 business units in this sector, which employ 4,016 FTEs, averaging 15.6 FTEs per business unit. Culture, recreation and entertainment is a fast growing sector, with the number employed within the CBD increasing by 79 per cent between 1991 and 2002, influenced in part by the opening of the Sky City Casino.

The sector consists of three components (see **Figure 8.1**):

- *Cultural facilities and services* including creative, visual and performing arts, libraries and museums. Auckland City Libraries is the single largest employer in this group, with 117 FTEs, representing 16 per cent of employment in this subsector within the CBD.
- *Recreation facilities and services* including sports, gambling, parks and gardens. Sky City Casino is the single largest employer in this group, with 970 FTEs, representing 58 per cent of employment in this subsector within the CBD.
- *Entertainment facilities and services* including television, radio, film and related production. Television New Zealand is the largest single employer in this group, with 739 FTEs, representing 45 per cent of employment in this subsector within the CBD.

**Figure 8.1: Employment in the Culture, Recreation and Entertainment Sector, 2002**

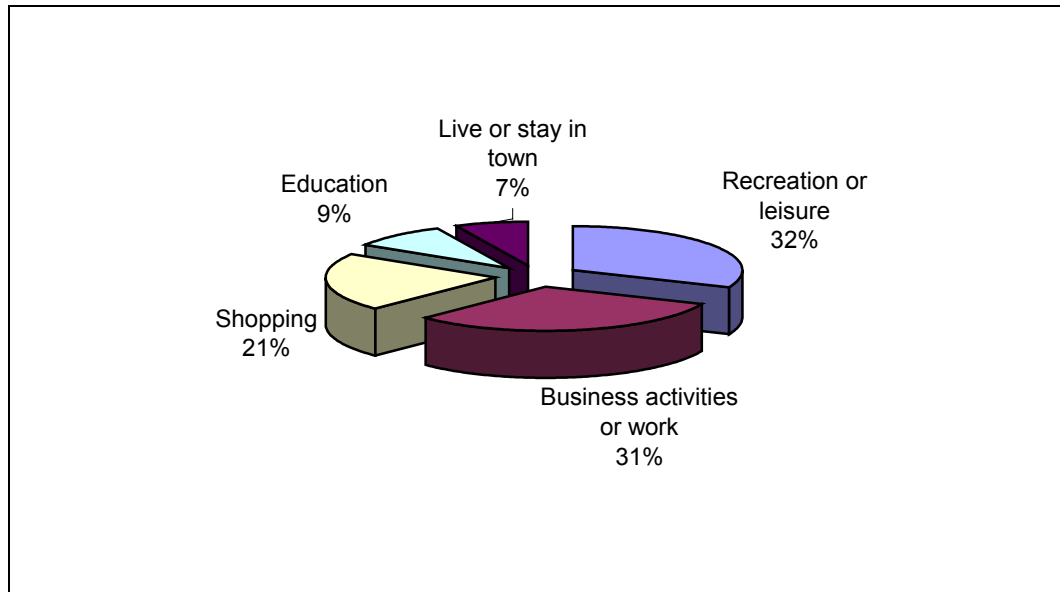
Industry Description	Business		Share of Sector	CBD		FTE/GU
	Units (GUs)	FTE's		Share in City	Share in Region	
Culture	72	734	18.3%	35.6%	20.80%	10.2
Recreation	92	1667	41.5%	49.5%	29.40%	18.1
Entertainment	94	1615	40.2%	41.0%	34.40%	17.2
Total	258	4016	100.0%	42.9%	29%	15.6

Source: Business Directory, Statistics New Zealand

### 8.1.2 Visitors to the CBD

According to research undertaken by New River, just under a third (31%) of the people using the CBD daily primarily visit for recreation, leisure or dining. A similar percentage of people visit for business or work (see **Figure 8.2**).

**Figure 8.2: Primary reasons for visiting the Auckland CBD, 2003**



Source: New River 2003

The number of people who visit each quarter in the CBD, compared to its FTEs, is shown in **Figure 8.3**. This indicates that the Old Town is the most popular quarter, receiving 17.9 per cent of visitors, followed closely by the Viaduct Harbour (15.3%) and West Side (14.9%). The percentage of people visiting the Viaduct Harbour may have decreased since the loss of the America's Cup.

**Figure 8.3: Average daily visitors to Quarters in the CBD, 2003**

<b>CBD Quarter</b>	<b>Visitors to the CBD</b>	<b>FTE in the CBD</b>	<b>% Shr Visitors not FTE</b>	<b>% Shr Visitors to each qtr</b>	<b>% Shr FTE in each qtr</b>
Viaduct Harbour	41000	1400	96.6	15.3	2
Britomart	11000	600	94.5	4.1	1
K Rd	18000	1500	91.7	6.7	2
Upper Queen St	27000	2800	89.6	10.1	4
Aotea	20000	3000	85.0	7.5	5
University	23000	4300	81.3	8.6	7
Old Town	48000	10000	79.2	17.9	16
City Waterfront	22000	5700	74.1	8.2	9
West Side	40000	16400	59.0	14.9	26
Port	3000	1600	46.7	1.1	2
Emily Place	4000	2500	37.5	1.5	4
Nelson	7000	6500	7.1	2.6	10
Vincent	4000	4900	-22.5	1.5	8
Western Viaduct		2500		0.0	4
Constitution Hill		400		0.0	1
Arena		200		0.0	0
					0
<b>Total</b>	<b>268000</b>	<b>64300</b>		<b>100</b>	<b>100</b>

Source: New River 2003; Bentley Consultants Limited 2003

Key characteristics of these Quarters include:

- The *Viaduct Harbour* is a popular destination for tourists with a key attraction being the restaurants and bars. The Viaduct Harbour was the home of the America's Cup and is the location of the National Maritime Museum.
- The *West Side* has the key attractions of the Sky City Casino and Sky Tower with the Sky Tower being the most visited attraction within the region.
- *Aotea* is the cultural heart of the CBD. The key attractions are The Edge, Village Force Cinemas, the Central Library and the Auckland Art Gallery. The Edge, which includes the Aotea Centre, Town Hall, Civic Theatre and Aotea Square, attracts 1.3 million visitors annually. The Central library attracts 1.1 million visitors annually and the Art Gallery 196,000 visitors. The Village on Queen is a 12 screen cinema complex, owned by Sky City, showcasing mainstream features. The Academy Cinema, located in the basement of the Central Library, showcases art movies.
- *Karangahape Road (K Rd)* has cafes and nightclubs as key attractions. There is also a focus on youth lifestyle and fringe activities. The quarter hosts the Covert Theatre and a band venue Galatos. A film archive is also located on K Rd.

- The *Old Town* has as a key attraction galleries and bars. Half the 24 galleries in the CBD are located in Old Town between Wellesley Street East and Shortland Street. High Street, Chancery and Vulcan Lane are popular destinations for dining and drinking.

The Viaduct nightlife and the Sky City Casino are key visitor attractions in the CBD (see **Figure 8.3**). An indoor arena, seating up to 12,000, is proposed for the CBD at Beach Road. While this will attract international performers not presently coming to Auckland, its flexibility for catering to different audience capacities could mean a decline in use of The Edge venues.

**Figure 8.3: Visitations to Auckland City's key attractions**

Attraction	Average visitors per day	% share visitors to quarter per day
Viaduct nightlife	18,000	43.9%
Sky City Casino	13,000	32.5%
The Edge	3,600	18.0%
Central Library	3,000	15.0%
Art Gallery	550	2.8%

*Source: New River 2003; Auckland City Council 2002*

### 8.1.3 Future prospects

The CBD is arguably the heart of New Zealand's one real urban city. The critical mass, diversity and interaction within the CBD ignites a creative environment. The CBD already has a significant industry base in music, screen production, broadcasting, theatre, dance, opera, visual arts, and heritage. There is an opportunity to build on this base, to expand the size of the sector, and to strengthen its clustering within the CBD.

## 8.2 Issues

- Strengthening the CBD's cultural niche within the Auckland region and New Zealand.
- Building and retaining a critical mass of creative sectors within the CBD.
- Ensuring that the CBD is an attractive place for creative people to live and work.

## 8.3 Possible role for Council

- Strengthening, linking and promoting the key CBD quarters and their attractions including further development of the waterfront, development and promotion of cultural tourism, and strengthening the alternative fringe areas.
- Attracting central government funding for the creative sector into CBD enterprises.



## 9 The Port

### 9.1 Current situation

The Port of Auckland is an important component of the CBD, both in terms of its location on the harbour, and economic impact. The Port is also regionally and nationally significant, being New Zealand's main container hub port, and the largest port in the country in terms of the value of goods handled. In 2002, the Port of Auckland accounted for 33 per cent of New Zealand's exports by value, and 68 per cent of imports.

#### 9.1.1 *Spatial impact*

The Port occupies a large proportion of the interface between the CBD's land and water areas, with much of this area dedicated to cargo handling. More recently, the Port has been consolidating around Fergusson Wharf and the Queens, Captain Cook and Marsden wharves are likely to be eventually freed up for other activities. Passenger vessels currently frequent the area between Princes Wharf and Queens Wharf, from cruise liners to cross-harbour ferries. The recently developed Viaduct Harbour area is a central point for charter boats, fishing boats and yachting events and is also an important residential, office and entertainment area.

Ports of Auckland Limited (POAL) has been establishing 'inland ports', to move port facilities closer to its customers, and to more efficiently transport goods to the harbourside port facilities. The first inland port, opened at East Tamaki, has led to a decrease in peak-hour port traffic into the CBD. A second inland port has been established at Otahuhu, and third is planned in Wiri. The Port of Tauranga has established an inland 'metroport' in South Auckland and is POAL's main competitor for containerised goods. It is gaining a competitive advantage by providing free transportation from its metroport to the Tauranga Port whereas POAL charges customers for transportation from its inland ports to the Port of Auckland.

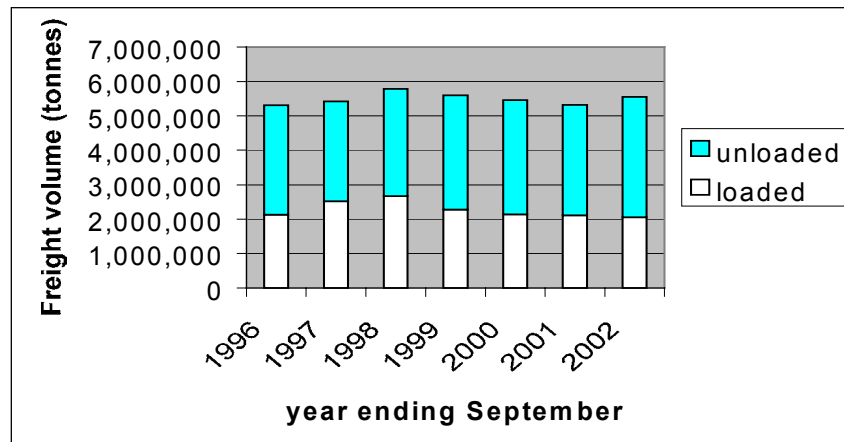
#### 9.1.2 *Economic impact*

POAL estimates that businesses which rely on trade through the Port, provide 173,000 jobs within the Auckland region, a third of all regional jobs. The Port facilitates about \$10.6 billion a year of economic output, comprising 32 per cent of the region's total. POAL, itself, employs 540 staff and has an annual turnover of \$158.5 million.

#### 9.1.3 *Freight handling*

There has been little growth in total freight volumes processed by the Port during the past seven years, although the mix has changed, with imports comprising an increasing share of the total (see **Figure 9.1**).

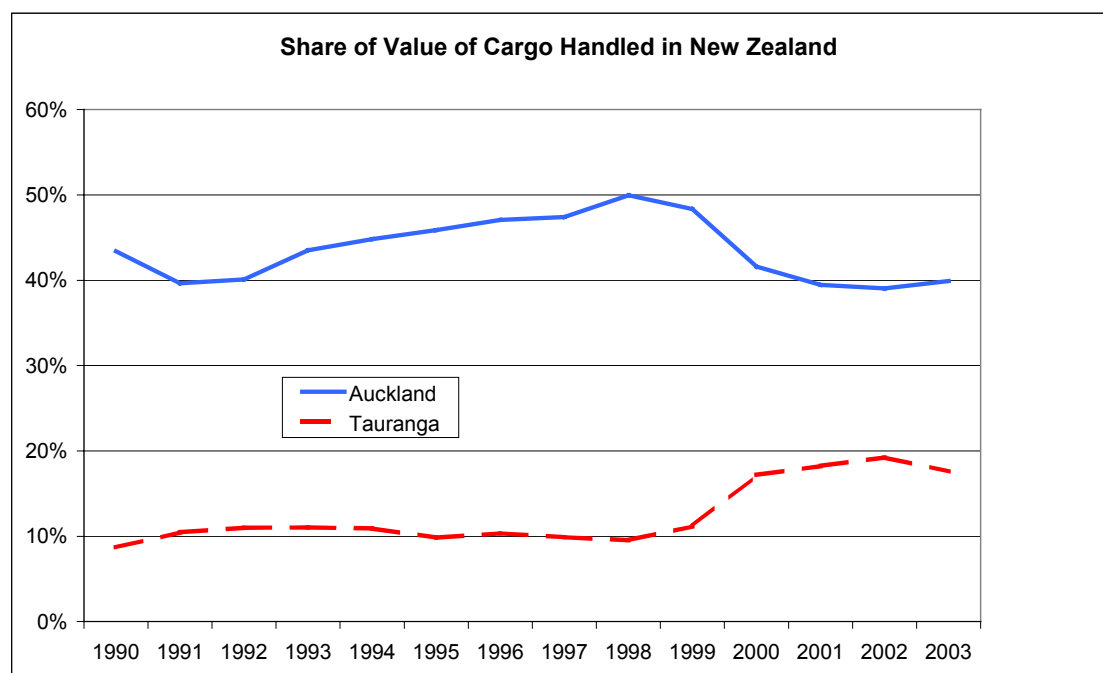
**Figure 9.1: Port of Auckland freight volumes, 1996-2002**



Source: Statistics New Zealand

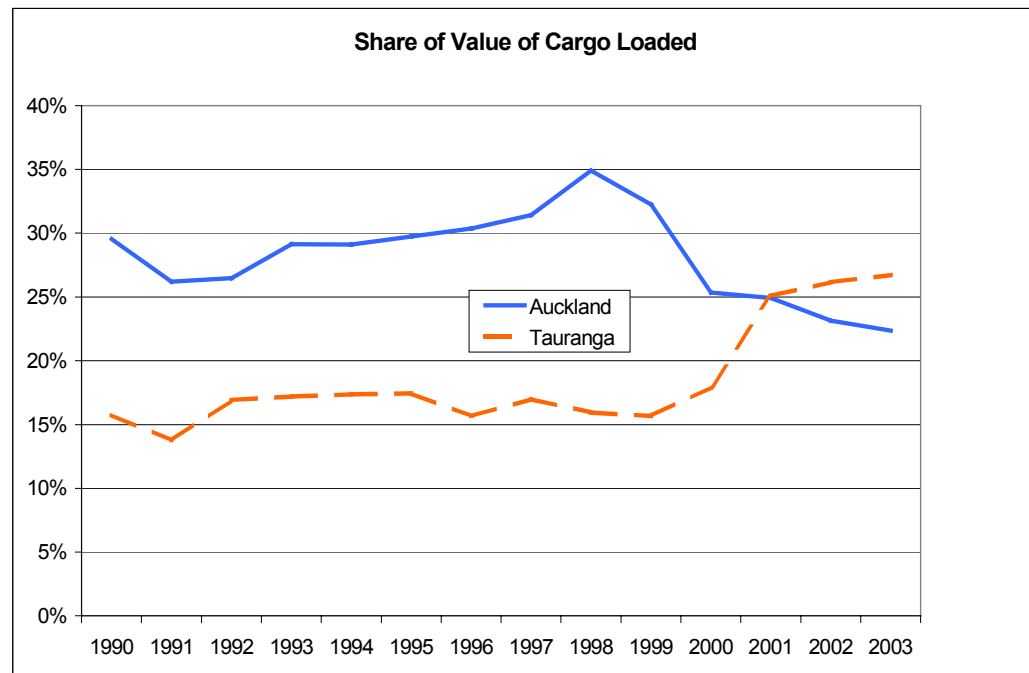
In terms of the value of cargo handled the Ports of Auckland dominate the national picture accounting for around 40% of the value of cargo handled (cargo loaded and cargo unloaded) by all New Zealand ports. Auckland is particularly dominant when it comes to cargo unloaded accounting for 58% of the value of total cargo entering New Zealand. Auckland has lost some market share since 1998 in terms of the value of cargo handled while Tauranga's share of the national total has increased from 10% in 1998 to 18% in 2003 (see **Figure 9.2**). Tauranga's rise in market share has been most pronounced in the loading of cargo so that it now has a slightly higher market share than Auckland (see **Figure 9.3**)

**Figure 9.2: Market Share of Total Cargo Handled**



Source: Statistics New Zealand

**Figure 9.3: Market Share of Cargo Loaded**



*Source: Statistics New Zealand*

Transshipment freight grew 30 per cent during the 2001/02 year reflecting the increased use of Auckland as a hub port. Containers are transshipped at Auckland and then on-carried to Australia, the Pacific Islands or other ports in New Zealand. POAL sees transshipment services as a major competitive advantage for Auckland.

Economic growth in the region, should lead to a steady expansion of freight through the port over the next two decades, which will be largely accommodated through the expansion of Fergusson Wharf.

#### **9.1.4 Shipping trends**

Recent trends in global shipping have included the increased use of containers, the consolidation of volumes in selected hub ports and a better balance between import and export containers. Larger and faster vessels are calling at fewer ports and are adhering to fixed schedules. There is also a greater use of information technology for door-to-door logistical management.

The move towards container use, consolidation on fewer hub ports, and more balanced cargos is likely to favour the Port of Auckland. The Port is already the main container hub for New Zealand and provides the most balanced export/import ratio of cargo in the country.

POAL is gearing up to accommodate the trend towards larger vessels. The expansion of the Fergusson Container Terminal will allow the Port to

accommodate larger ships more often. Two new cranes, capable of loading and unloading larger ships, have been recently purchased. Dredging to deepen the commercial shipping lane is also planned to proceed.

#### 9.1.5 Cruise Ships

Cruise ship visits have a significant impact on the CBD's economy, as well as the regional and national economy, primarily due to the spending of passengers and crew before, during and after cruises as well as vessel-related expenditures including provisioning, berthage, stevedoring, refueling and maintenance.

Over the past four years, there has been a reduction in the number of ships visiting Auckland, but an increase in the number of passengers (see **Figure 9.2**). This is due to the trend towards larger vessels in the upper-middle (3 to 4 star) brackets.

**Figure 9.4: Trends in cruise ship visits to Auckland, 1999-2002**

Year	Number of ships	Numbers of calls	Number of passengers
1999/00	30		30,000
2000/01	22	36	32,000
2001/02	17	38	55,000
2002/03	21	37	53,000

Source: [www.poal.co.nz/cruises/cruises.htm](http://www.poal.co.nz/cruises/cruises.htm)

While no specific data is available on the economic impact of the cruise industry on the CBD, the Auckland region accounts for approximately 58 per cent of the national economic impact. This share is likely to increase as cruises are increasingly, either beginning, or ending in Auckland. During the 2001/02 year, 29,000 passengers flew in from overseas and New Zealand destinations to join cruises that turned around in Auckland, a 49 per cent increase from the previous year. The direct spending of these passengers on shore excursions and hotels in Auckland was around \$105 million, a 15 per cent increase from the previous year. The economic flow-on effect of this activity for the Auckland region is estimated to be worth around \$375 million. In addition, the region captures all the bunkering and much of the provisioning and airline spend generated from these ship visits.

The development of Princes Wharf with shops, restaurants, a Hilton Hotel and improved passenger terminal facilities has added to the attractiveness of Auckland as a port of call for cruise ships.

## **9.2 Issues**

- Adequate provision for port activities in future planning for the CBD's waterfront.
- The impact of congestion on the costs and logistics of transporting goods between the Port and its customers.
- Competition from Tauranga's metroports in South Auckland for fresh produce.
- Competition from the Port of Tauranga generally
- Maximising the economic impacts of cruise ship visits.

## **9.3 Possible role for Council**

- Ensuring the provision of adequate land and infrastructure for the growth and efficient operation of the Port of Auckland, including the provision of excellent transportation linkages with the rest of the region.
- Ensuring that the CBD remains an attractive location for cruise ship visits.

# 10 Convention Centre

## 10.1 Current situation

Tapping into the convention market is seen as being very attractive economically, because conventions attract business visitors, who spend four times the daily average visitor spend. In addition, the convention market is typically counter-cyclical, thereby making use of infrastructure such as hotels and transportation in traditionally down times.

The main benefits of the convention industry are the economic impacts of having people in the city, region and/or country before, during and after the conference. This can include spending on accommodation, entertainment and retail products as well as pre and post conference touring. In addition, people who travel to Auckland on business trips may decide to return in the future for leisure trips. A convention centre itself does not ordinarily make money. Therefore its capital and operating expenses are commonly partially met by local or central government.

Auckland is currently able to cater for small to medium sized conferences only. The Edge which caters for between 500 and 1,200 people is the largest available conference centre. Sky City is expanding its conference facilities and by mid-2004 will be able to cater for around 1,000 people. Auckland, and New Zealand as a whole, currently lacks a facility to cater for large conventions of 1,200 to 4000 delegates and a facility to provide full format conventions (exhibition/plenary/banquet) for over 700 delegates.

Economic impact analysis suggests that a convention centre in Auckland could increase spending in the region by around \$60 to \$70 million dollars per annum.

The CBD is an attractive location for a convention centre because of the existing stock of hotel rooms, good accessibility and availability of infrastructure. Possible locations include the Edge<sup>®</sup>, Queens Wharf or Cook Street.

Expressions of interest for the development of a major convention centre were sought from the private sector with no positive outcome being reached. This indicated that public sector funding is likely to be required to get the project off the ground. In December 2002, Council resolved to approach central government for a funding partnership. The Auckland Regional Economic Development Strategy (AREDS) has been approached to offer some support for the concept of a convention centre.

## 10.2 Issues

- The extent to which a major convention centre in Auckland could effectively compete against other cities worldwide for large conferences.
- The extent to which the economic benefits of a convention centre outweigh the financial and opportunity costs of public sector support.

- How to mobilize sufficient public sector funding to enable the development of a major convention centre in Auckland City to go ahead.

### **10.3 Possible role for Council**

- Facilitator of public sector funding for the convention centre project.
- Major funder of the project in its own right.
- Developer and/or operator of the convention centre.

# 11 Broadband

## 11.1 Current situation

### 11.1.1 *Current infrastructure*

The Auckland CBD has five separate fibre optic networks operated by three telecommunications companies, Telecom, TelstraClear and Tangent. There is also a sixth, much smaller, network operated by Wellington-based Citylink. Coverage of the central CBD area is extensive by all networks, with varied coverage at the edges of the CBD including areas such as the Western Viaduct.

Lower-cost broadband options are widely available in the CBD including Jetstream fixed-location and mobile offerings from Telecom. New wireless options are planned to cover the CBD. Wireless 'hotspots', where mobile users can gain access to broadband connections in a given area, are planned by a number of operators including RoamAD.

A number of meetings have been held between Council and the major telecommunications companies operating in the CBD, where a desire to cooperate has been expressed, and has been well received on all sides.

### 11.1.2 *Broadbanding Britomart*

The Britomart area contains a number of older buildings, some in a state of dereliction. As part of the Britomart Project, the Council is seeking to reinstate these buildings to retain their heritage character while encouraging high value business activity in the office and retail space provided. This provides an opportunity to develop a preferred business location for high economic value-added businesses, including information and communications technology (ICT), creative and biotechnology. This would require access to high speed and quality broadband at an advantageous price. The Wellington Citylink project, which offers fast broadband connections in certain Wellington CBD buildings at around one third of the commercial market price, may provide a possible model for the Britomart area.

The redevelopment work will enable the installation of fibre-optic ducting under the main streets or pavements with connection points to each building and also the provision of internal building ducting to allow for easy installation of cable connections to office areas. If this is done in conjunction with other underground civil works, the overall cost of installing the fibre network will be significantly reduced. In addition to fibre, other broadband access options will need to be explored for smaller companies and for mobile uses.

One set of fibre infrastructure, holding several different fibre connections or a single connection with access points to each of the main networks, could be connected to each building. This would enable the telecommunications companies to share the infrastructure cost as well as facilitating competitive provision of broadband access.



There is potential for business clusters to be encouraged in the Britomart area in close collaboration with University of Auckland research programmes. The University is aiming to have high speed connections to other tertiary education campuses and it may be possible to link Britomart into this system.

### *11.1.3 Future infrastructure*

Fibre-optic cables currently support end-user performance of 10, 100 and 1,000 Megabits per second (Mbps) speeds. Changes in electronics can allow the same fibre to deliver performance well into the 64,000 Mbps range and beyond with minimal additional investment. By comparison, wireless technologies currently support speeds below one Mbps, copper technologies support up to 15 Mbps, and microwave technologies support speeds in the order of 10 Mbps and upwards. Of the technologies used to deploy broadband, fibre-optic cabling offers the best performance and longest-term future proofing of all the currently available technologies.

Fibre-optic cables are costly to deploy, as they need physical civil works for undergrounding. Consequently the cost of fibre connections to the end-customer is high being in the order of \$1,000 to \$2,500 per month. In practice only larger firms can afford this.

Whilst fibre can also be deployed along telephone or power aerial poles, the visual impacts of this have led to community resistance, and a reluctance on the part of councils to issue resource consents. The total costs of trenching fibre in the CBD are approximately \$300 per metre compared to aerial deployment costs of approximately \$60 to \$80 per metre.

New civil works techniques, which involve 'micro-trenching', have been developed in Europe. In practice, a machine can slice into the paved ground, lay a fibre cable duct and cover the trench in a single operation. The width and depth of the micro-trenches is less than traditional trenches, reducing the impact to traffic and visual amenity. Estimates indicate that the use of micro trenching can reduce the cost per metre of laying fibre optic cable by up to 60 per cent compared to traditional trenching. In addition, the use of scanning technology enables detection of existing underground works, and this can help to avoid disruptions to existing services arising from new works deployment. New techniques for aerial deployment of fibre, involving wrapping fibre strands around the neutral cable on power poles, are also being developed.

## **11.2 Issues**

- Auckland City has no clear picture of where fibre optic network infrastructure is deployed. This is because of the reluctance of telecommunications companies to disclose the information due to commercial sensitivity concerns.
- Duplication of fibre network infrastructure and works in the CBD, with the same pavements being dug up, resealed and dug up again by another provider. Although providing a level of competition amongst providers, this duplication can be costly, and cause problems with footpath maintenance.

- Exploiting the opportunity to provide high quality broadband at a low cost as part of the Britomart redevelopment project.
- The high cost of underground deployment of fibre infrastructure, which effectively restricts access to larger firms, and slows down the rate of deployment.
- The new techniques for underground deployment do not comply with the current codes of practice.

### **11.3 Possible role for Council**

- Developing a GIS-based map, in association with the telecommunications companies, which shows current and planned broadband infrastructure locations.
- Reducing some of the barriers to broadband deployment including streamlining the consent process for the deployment of broadband infrastructure and ensuring existing codes provide for new deployment techniques.
- Investigating new cost-effective deployment techniques, in conjunction with other councils in the region, with a view to approving them if they are acceptable.
- Promoting coordination between telecommunications companies to minimise repeated works on the same streets or pavements and requiring footpaths to be restored to the same condition after the works.
- Proactively alerting telecommunications companies to planned developments in the CBD in order to facilitate the early deployment of high-quality broadband in these areas.
- Promoting the provision of extensive broadband infrastructure in the Britomart development with a direct fibre connection with Auckland University if possible.

## 12 Financial Contributions

### 12.1 Current situation

#### 12.1.1 *Legal and policy environment*

All financial contributions obtained by Council are levied through the District Plan under the Resource Management Act 1991 (RMA), or the Local Government Act (LGA) transitional provisions in the case of the Central Area, until the Proposed Central Area Plan becomes operative.

The RMA provides a process by which the Council can take financial contributions from developments for the purpose of 'mitigating' the impacts or effects of that development within Auckland City. The Council must be able to demonstrate a connection between the impact of the development and what the money is spent on. The contributions provide the Council with the revenue to develop specific infrastructure that will offset significant adverse effects of development in the Central Area.

The financial contribution provisions in the Proposed Plan cannot be implemented until all issues in the Plan are resolved and it becomes operative. Until that time, the Council will continue to levy financial contributions under the transitional provisions of section 409 of the RMA. This maintains the provisions of the LGA which, broadly, levies development at a rate of 0.5 per cent of the value of works over \$100,000.

The exception to this is the Viaduct Harbour Precinct where new financial contributions apply under the Operative Plan. These provide for a contribution of 7.5 per cent of the value of development, of which up to 2.5 per cent may be in public works, and the balance in cash. The rate of 7.5 per cent was based on the significant investment made by the Council into the quality of public spaces and infrastructure in the Precinct.

#### 12.1.2 *Central Area*

The Council receives approximately \$9 to \$12 million a year in financial contributions from Auckland City as a whole. The CBD contributes around 20 per cent of that total. In recent years, the Viaduct Harbour redevelopment has provided a significant proportion of this amount, comprising 13.4 per cent of the citywide total in 2002.

The Proposed Central Area Plan, as amended by Council decisions in 2000, provided for contributions to be taken for the acquisition and development of public spaces at the rate of one per cent of the value of works above \$0.25 million, and for remedying and mitigating the effects of development on transport infrastructure, at the rate of 0.5 per cent of the value of works above \$0.25 million. The Council is currently negotiating the settlement of appeals on these amounts and it is likely that a settlement around the one per cent level will be reached.

The Council's decision to impose a relatively low financial contribution regime within the Central Area is in support of its policy to promote the CBD as the business heart of the region, to create significant residential growth in the downtown area, and to recognize that CBD businesses pay a relatively high rates differential.

#### *12.1.3 Isthmus section of the District Plan*

Currently, financial contributions for residential development on the Isthmus are based on the land value of the site rather than the value of the works, reflecting the Council's need to purchase open space facilities in the area in which the development is located. A maximum of 30 square metres of land, or the monetary equivalent, can be required for each additional residential unit provided.

The quantum of the levy has proven to be particularly onerous for high-density residential development in high value areas, such as Business 1, 2, 3 and 4 zoned land, where the units are of low to medium value. A typical contribution range for residential apartment developments in suburbs such as Ponsonby and Newmarket is \$30,000 to \$60,000 per unit. An equivalent development in the Central Area would incur a development contribution of only \$2,000 to \$3,000 per unit.

For commercial development in the Isthmus, a maximum of 7.5 per cent of the estimated value of any building work is set for commercial development in the Business 2 and 3 zones. These zones cover the larger commercial areas within the Isthmus and are areas where the Council wishes to upgrade public amenities.

No financial contributions are levied on commercial development in the Business 1, 4, 5 and 6 zones, which apply to industrial, smaller scale commercial and mixed activity areas, as the Council is not spending money in these areas on public amenities related to commercial activities. In addition, the Council wishes to provide an incentive to attract business development to Auckland City rather than other cities in the region where development levies are charged.

There is no evidence to suggest that, on the strength of there being no levy in the Business 4, 5 and 6 zones, they are attracting commercial development at the expense of the CBD, where the financial contributions are still reasonably low anyway. Also, apart from the Viaduct Harbour Precinct which is almost fully redeveloped, the CBD financial contributions are significantly lower than the maximums that can be charged for commercial development in the Business 2 and 3 zones such as Parnell and Newmarket.

#### *12.1.4 Local Government Act 2002*

Now that the Local Government Act 2002 is in force the Council has the opportunity to take financial contributions either in terms of the RMA or the LGA. The LGA has the advantage that financial contributions are not faced with the same 'effects based' justifications and drawn out processes of the RMA. There are also no appeal rights for individual applications. Against this, the LGA sets a maximum limit that can be collected. For public amenities in the Isthmus, if not

the CBD, this would result in the Council collecting less than under the current provisions. The Council has recently resolved to use the LGA provisions to collect financial contributions commencing in 2004.

## **12.2 Issues**

- The growing residential population in the CBD may require greater investment in community facilities than can be financed through the current level of financial contributions on development in the area.

## **12.3 Possible role for Council**

- Review funding of community facilities in the CBD through financial contributions.
- Review funding contributions policy in light of the public investment needed to develop the priority quarters of the CBD

## 13 Rates

### 13.1 Current situation

The CBD has always been a significant source of rates revenue for Auckland City. In 2000, the rating value of the CBD was estimated to be \$445 million, representing 13 per cent of the rateable value of the City. Throughout the 1990s, the rateable value of the CBD grew at an average annual rate of 5.6 per cent compared to 8.5 per cent for residential areas and 5.6 per cent for all business areas within Auckland City. For many years the Council has charged a differential rate for non-residential land in the CBD. This has resulted in approximately 23.5 per cent of the Council's rate income coming from non-residential properties in the CBD (CBD Business Group).

#### 13.1.1 Rate differentials

During the 1999/2000 rating year, a rate differential of 312% was levied on CBD businesses. Following consultation with various sector groups, during the preparation of the 'First City of the Pacific Strategic Plan', the Council decided to reduce the differential to 200 per cent over a ten-year period. Each year the Council reviews its rates as part of the annual plan budgeting programme and sets the rates differential for that year. There is not a set amount by which the differential is reduced but the target is considered each year along with other budget inputs. In 2002/03 the differential stood at 256 per cent.

However, the reduction in the CBD business differential, resulted in significant rates increases for other properties including residential. For the 2003/04 year, the Council decided to cap the overall rate increase for residential properties. This has resulted in a consequential increase in the rate differential for the CBD businesses to 321 per cent.

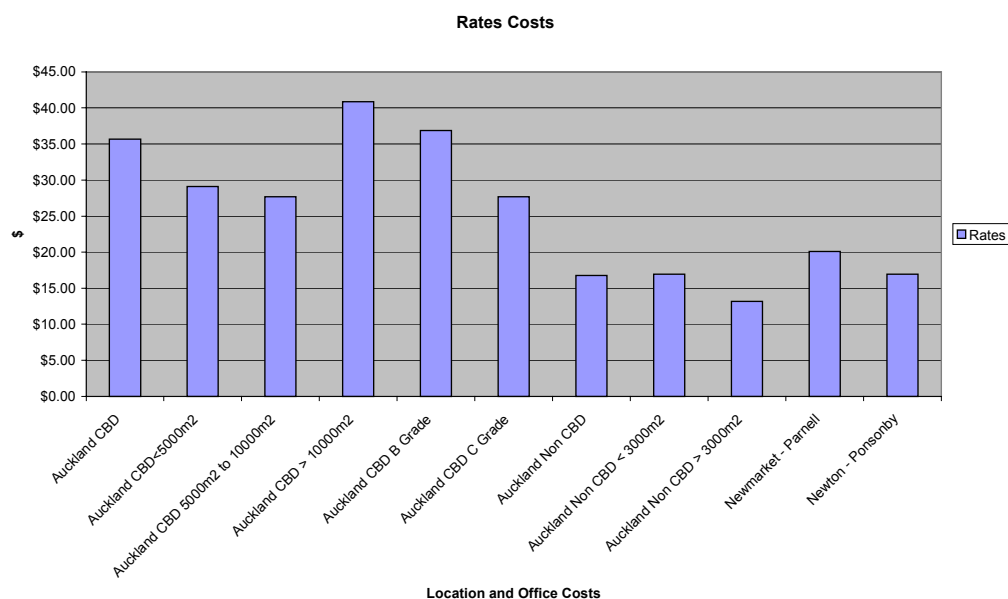
Reduction of the differential was identified by business in a recent survey as a useful incentive to attract business to the CBD. However, as many businesses pay rates as part of their overall lease, they are often not aware of the component of their total occupancy costs comprised by rates (Gravitas Research and Strategy Limited 2003).

#### 13.1.2 Rates and occupancy costs

The relative costs of owning and occupying a building in the CBD have been sampled and described by the Property Council. Operating costs are made up of rates, insurance and a number of building operating costs such as lifts, air conditioning and power. Occupancy costs include rental in addition to operating costs.

**Figure 13.1** shows the 2002 cost of rates per square metre for various types of office buildings in the CBD and elsewhere in Auckland City. This shows that the CBD rates are approximately twice the cost of non-CBD rates for similar floor areas.

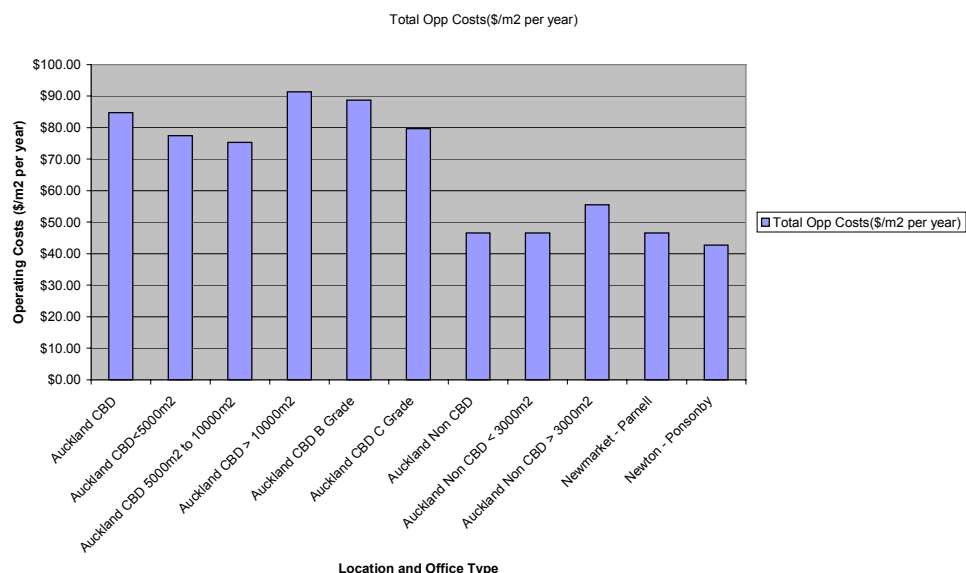
**Figure 13.1: Rates per m2 per year for office buildings in Auckland City, 2002**



*Source: Property Council*

Operating costs, which include rates, are similarly significantly higher in the CBD when compared to non-CBD areas (see **Figure 13.2**). This reflects not only the higher rates in the CBD but the higher level of other building operational costs in larger buildings which are more concentrated in the CBD.

**Figure 13.2: Total operating costs per m2 of building floor space for office buildings in Auckland City, 2002**

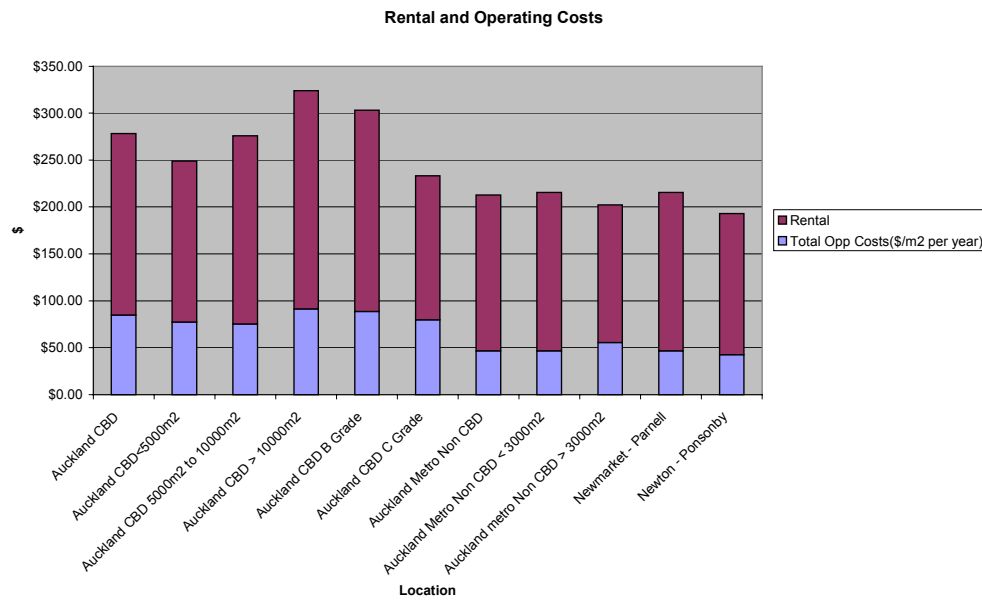


*Source: Property Council*

Most of the leases in the CBD are thought to be net leases, where the tenant pays a base rental, the rates and some of the operation costs. According to the Property Council building owners are still up for charges for common areas such as foyers, lobbies, lifts and stairwells as well as ongoing maintenance costs. This means that in addition to higher rentals in the CBD, tenants pay higher building operational and rates costs. **Figure 13.3** shows the combined cost effect of operating costs and rentals. This shows that the rental comprises the much larger portion of the combined costs.



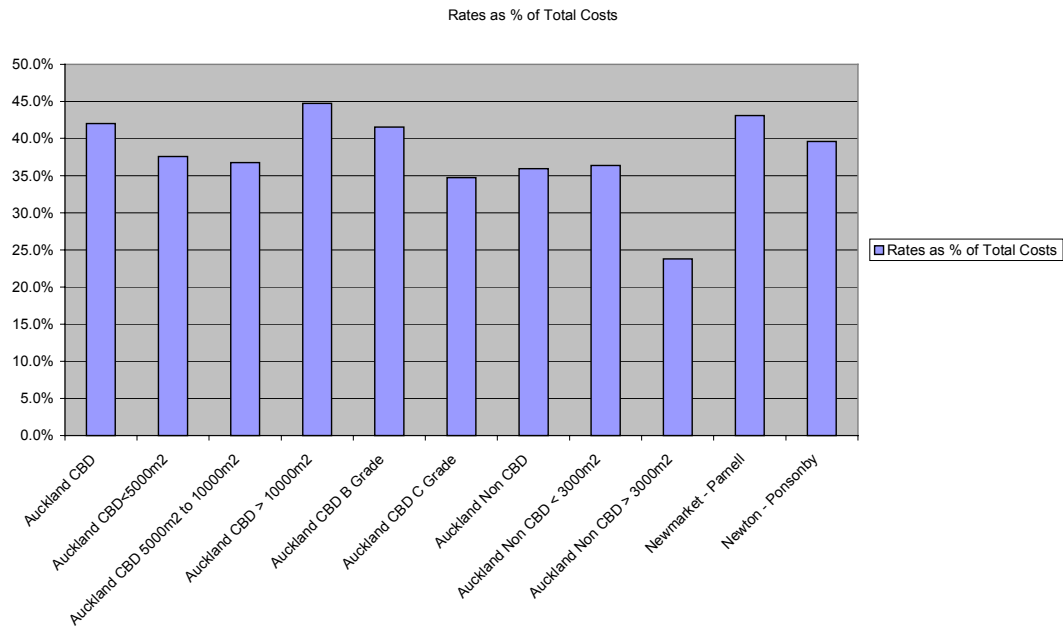
**Figure 13.3: Rental and Operating Costs per m2 per year for office buildings in Auckland City**



*Source: Property Council*

Rates are a significant component of total occupancy costs, generally comprising between 35 and 45 per cent those costs (see **Figure 13.4**). The exception to this is office buildings greater than 3000 square metres outside the CBD for which rates are less than 25 per cent of occupancy costs. This is because rates for these large buildings outside the CBD area are lower than within the CBD but the operating costs remain high. The operating costs of smaller suburban office buildings are lower and therefore the rates for these buildings, which are also lower than within the CBD, still comprise a high proportion of operating costs.

**Figure 13.4: Rates as a percentage of total occupancy costs for office buildings in Auckland City, 2002**



*Source: Property Council*

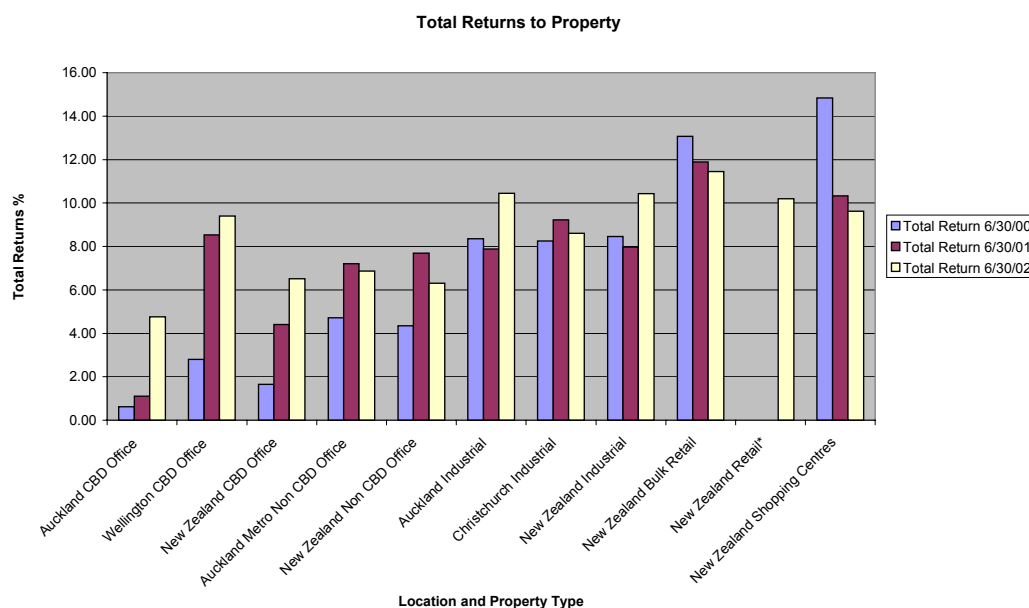
### 13.1.3 Property returns

The Property Council has surveyed the return to owners of buildings in the CBD, other parts of the region and New Zealand. These returns are made up of income such as rentals and capital growth. **Figure 13.5** shows the average yields for the three years ending June 2002. These are expressed in terms of the percentage returns based on the value of the property at the end of the previous year.

While the rates of return over the past three years are lower for the Auckland CBD than other CBDs and property classes, they are growing, whereas other property types are experiencing some decrease in returns. The growing rate of return on buildings in the CBD may be linked to a reduction in vacancy rates.

Returns to CBD Office have been positive since December 1993, with premium office space performing consistently better than secondary space throughout that period (Richard Ellis 2000).

**Figure 13.5: Income and capital returns as a percentage of investment in commercial properties, 2000-2002**



*Source: Property Council*

#### 13.1.4 Likely impact of rates on CBD business

Many of the more prestige buildings in the CBD attract higher rentals due to their high quality fitouts and the prestige they bring to their owners and occupiers. It is questionable whether rates have significant effect on the occupancy of these buildings. Rates may, however, affect the occupancy of lower quality buildings where occupiers are looking to minimize costs.

Rates reductions will largely benefit the tenants of buildings, as the cost of rates is normally included in the lease, rather than the building owners. Rates reductions could therefore serve to encourage more businesses to locate in the CBD but are less likely to promote office development.

Past experience with rates relief in the CBD to encourage residential development showed that the market demand for a particular type of building has a greater influence on building development decisions than rates costs.

## 13.2 Issues

- Office buildings in the CBD have significantly higher rental and operating costs than those elsewhere. This is due to higher land and building costs, the higher costs of operating multi-storey buildings, as well as higher costs of rates. However, it is not clear to what extent these higher costs negatively impact on businesses locating in the CBD.

### **13.3 Possible role for Council**

- Changing the cost structures of CDB businesses by continuing to reduce the rates differential. Practically however it may be difficult to reduce the differential at a faster rate than is currently proposed without causing hardship to other groups (residents in Auckland city)
- Use rates as a tool to attract businesses in the “growth sectors” (such as the ICT and creative sectors) to occupy some of the lower grade buildings.

## 14 Conclusions

The economy of the CBD plays a number of important roles in the regional and national economy. Firstly, it is a hub for professional services, particularly in relation to insurance, legal, accounting and employment placement services. Secondly, the CBD is a center for culture, recreation and leisure, with large proportion of the City's cafes and restaurants, the key attractions of the Sky City Casino and Sky Tower, Central Library, Art Gallery, National Maritime Museum and multiple cinemas, nightclubs and galleries. Thirdly, the CBD is a focus for international tourism, providing a large proportion of the City's and region's visitor accommodation and attractions. Fourthly, it is a focal point for higher education, hosting the bulk of tertiary students in the region including a large number of foreign fee paying students. Fifthly, it is marine center hosting the largest container port in New Zealand, the bulk of the country's marine industry and also a relatively small, but important, fishing industry.

These multiple economic roles of the CBD, and the significance of these roles for Auckland City, as well as the region and country, make it important that the Council support the future economic well-being of the area wherever possible. This report has identified a number of areas where the Council can take positive action.

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## **Appendix 1: Complementary reports completed by the CBD Economic Workstream**

Central Business District's Resident Population, Karen Lyons, Strategic Development, October 2002

Auckland CBD Business and Employment Analysis, Bentley Consultants, February 2003

Central Business District Education Project, Paul Chalmers, May 2003

Central Business District and Employment Data Comparisons, Market Economics, May 2003

Business Location in Relation to the CBD, Gravitas Research and Strategy Limited, May 2003



## Appendix 2: Location of New Zealand's Top 200 Firms (Deloitte Management Survey 2002)

Ranking 2002	Company Name	Suburb	TLA	City Code
3	Air New Zealand	CBD	Auckland City	AKL
18	AFFCO Holdings, Auckland	CBD	Auckland City	AKL
24	Methanex New Zealand	CBD	Auckland City	AKL
28	British American Tobacco Holdings	CBD	Auckland City	AKL
33	Vodafone New Zealand	CBD	Auckland City	AKL
38	Richina Pacific	CBD	Auckland City	AKL
43	Mighty River Power, Auckland	CBD	Auckland City	AKL
49	Sky City	CBD	Auckland City	AKL
51	Television NZ	CBD	Auckland City	AKL
58	Pacific Retail Group	CBD	Auckland City	AKL
64	Sanford	CBD	Auckland City	AKL
70	Hellaby Holdings	CBD	Auckland City	AKL
76	Compaq Computer NZ	CBD	Auckland City	AKL
77	DB Group	CBD	Auckland City	AKL
91	Juken Nissho	CBD	Auckland City	AKL
97	CDL Hotels New Zealand	CBD	Auckland City	AKL
100	Whitcoulls Group	CBD	Auckland City	AKL
113	Combined Rural Traders Society	CBD	Auckland City	AKL
114	Hallenstein Glasson Holdings	CBD	Auckland City	AKL
121	Ports Auckland	CBD	Auckland City	CBD
125	Rayonier New Zealand	CBD	Auckland City	AKL
131	Opus International Consultants	CBD	Auckland City	AKL
134	Winstone Pulp International	CBD	Auckland City	AKL
154	Itochu New Zealand	CBD	Auckland City	AKL
155	Trans Tasman Properties	CBD	Auckland City	AKL
164	CanWest Television New Zealand	CBD	Auckland City	AKL
179	ABB	CBD	Auckland City	AKL
183	Rubicon	CBD	Auckland City	AKL
184	Kiwi Income Property Trust	CBD	Auckland City	AKL
187	Dow Chemical NZ	CBD	Auckland City	AKL
191	AstraZeneca	CBD	Auckland City	AKL
194	Advantage Group	CBD	Auckland City	AKL
83	Wahn Investments	??	(owns Zuellig)	AKL
5	Foodland (NZ) Holdings	East Tamaki	Auckland City	AKL
27	Fisher & Paykel Industries	East Tamaki	Auckland City	AKL
94	Fisher & Paykel Healthcare Corporation	East Tamaki	Auckland City	AKL
110	Bridgestone/Firestone NZ	East Tamaki	Auckland City	AKL
115	Alstom NZ	East Tamaki	Auckland City	AKL
124	Cerebos Pacific Holdings	East Tamaki	Auckland City	AKL
54	Holden New Zealand	Ellerslie	Auckland City	AKL
92	Griffins Foods	Ellerslie	Auckland City	AKL
143	McDonald's System of NZ	Freemans Bay	Auckland City	AKL
68	Viking Pacific Holdings	Grafton	Auckland City	AKL
177	NZ Rugby Football Union	Grafton	Auckland City	AKL
178	Millenium Copthorne & Quality Hotels	Grafton	Auckland City	AKL
23	Genesis Power	Greenlane	Auckland City	AKL
74	Montana Group NZ	Greenlane	Auckland City	AKL
159	Marley Holdings New Zealand	Manurewa	Auckland City	AKL
88	Briscoe Group	Morningside	Auckland City	AKL
157	Dairy Meats NZ	Mt Eden	Auckland City	AKL
7	Foodstuffs	Mt Roskill	Auckland City	AKL
46	Zuellig Pharma	Mt Wellington	Auckland City	AKL
69	SKY Network Television	Mt Wellington	Auckland City	AKL
78	Coca- Cola	Mt Wellington	Auckland City	AKL

98	Turners & Growers	Mt Wellington	Auckland City	AKL
123	Waste Management NZ	Mt Wellington	Auckland City	AKL
138	CablePrice (NZ)	Mt Wellington	Auckland City	AKL
145	Crean Foodservices	Mt Wellington	Auckland City	AKL
166	Pilkington Holdings	Mt Wellington	Auckland City	AKL
167	AEP Industries	Mt Wellington	Auckland City	AKL
186	GDC Communications	Mt Wellington	Auckland City	AKL
188	Roche Products NZ	Mt Wellington	Auckland City	AKL
55	United Networks	Newmarket	Auckland City	AKL
73	Nestle New Zealand	Newmarket	Auckland City	AKL
89	Vector	Newmarket	Auckland City	AKL
119	Sony New Zealand	Newmarket	Auckland City	AKL
122	Continental Car Services	Newmarket	Auckland City	AKL
130	Allied Foods (NZ)	Newmarket	Auckland City	AKL
144	BMW New Zealand	Newmarket	Auckland City	AKL
169	Bendon Group	Newmarket	Auckland City	AKL
173	Metlifecare	Newmarket	Auckland City	AKL
174	NIWA	Newmarket	Auckland City	AKL
108	Tourism Holdings	Newton	Auckland City	AKL
150	Fastway Couriers	Onehunga	Auckland City	AKL
152	Ernslaw One	Onehunga	Auckland City	AKL
40	H.J Heinz	Parnell	Auckland City	AKL
198	Industrial Research	Parnell	Auckland City	AKL
59	Nuplex Industries	Penrose	Auckland City	AKL
79	Spotless Services	Penrose	Auckland City	AKL
85	Restaurant Brands	Penrose	Auckland City	AKL
106	Freightways Express	Penrose	Auckland City	AKL
132	BOC Gases, NZ	Penrose	Auckland City	AKL
196	Flint Ink NZ	Penrose	Auckland City	AKL
141	Fuji Xerox and Subsidiaries	Ponsonby	Auckland City	AKL
102	Renaissance Corporation	Royal Oak	Auckland City	AKL
1	Fonterra NZ	Airport	Manukau City	AKL
4	Carter Holt Harvey	Wiri	Manukau City	AKL
6	Fletcher Challenge Building	Wiri	Manukau City	AKL
10	Woolworths	Wiri	Manukau City	AKL
37	Fletcher Challenge Forests	Wiri	Manukau City	AKL
48	Ford Motor Company of NZ	Manukau	Manukau City	AKL
50	Amcor Packaging	Wiri	Manukau City	AKL
56	Boise Cascade Office Products NZ	Papatoetoe	Manukau City	AKL
57	Owens Group	Wiri	Manukau City	AKL
60	Mainfreight	Airport	Manukau City	AKL
99	Auckland International Airport		Manukau City	AKL
101	Nissan New Zealand	Wiri	Manukau City	AKL
117	Cavalier Corporation	Papatoetoe	Manukau City	AKL
120	Watercare Services Limited	Manukau	Manukau City	AKL
139	Metro Water	Manukau Ctr	Manukau City	AKL
175	Johnson & Johnson	Wiri	Manukau City	AKL
176	Du Pont	Wiri	Manukau City	AKL
181	BASF New Zealand	Wiri	Manukau City	AKL
190	Spotlight Stores NZ	Manukau Ctr	Manukau City	AKL
192	Designer Textiles	Otara	Manukau City	AKL
9	The Warehouse Group	Takapuna	North Shore City	Akl
65	Tech Pacific NZ	Albany	North Shore City	AKL
81	Mitre 10 (NZ)	Glenfield	North Shore City	AKL
93	Telstra Clear	Takapuna	North Shore City	AKL
148	3M New Zealand	Glenfield	North Shore City	AKL
158	Canon New Zealand	Northcote	North Shore City	AKL
163	Bayer New Zealand	Glenfield	North Shore City	AKL
189	Nobilo Wine Group	Huapai	North Shore City	AKL

193	Izard Irwin International	Wellsford	Rodney District	AKL
180	Huhtamaki NZ	Henderson	Waitakere City	AKL
<b>WELLINGTON</b>				
Ranking	Company Name	Suburb	TLA	City Code
2	Telecom Corporation of NZ	Not applicable	Not applicable	WLG
8	Shell New Zealand Holding Company			WLG
11	Mobil Oil New Zealand			WLG
12	BP New Zealand Holdings			WLG
13	Foodstuffs (Wellington) Cooperative			WLG
16	AGL NZ			WLG
21	Caltex New Zealand			WLG
22	Contact Energy			WLG
25	Comalco New Zealand			WLG
26	New Zealand Post			WLG
29	Independent Newspapers			WLG
31	ANZCO Foods			WLG
32	Natural Gas Corporation Holdings			WLG
35	Wrightson, Porirua			WLG
36	Tranz Rail Holdings			WLG
42	Independent Newspapers			WLG
47	Transpower NZ			WLG
62	Orica Investments			WLG
63	The Colonial Motor Company			WLG
66	EDS			WLG
71	Unilever New Zealand			WLG
72	Steel & Tube Holdings			WLG
75	Pacific Dunlop Holdings, Upper Hutt			WLG
80	MMC Holding New Zealand			WLG
84	Hewlett-Packard			WLG
116	Ericsson Communications			WLG
137	Landcorp Farming			WLG
140	Infratil			WLG
153	Airways Corp of NZ			WLG
156	Ceritas New Zealand			WLG
160	Colgate Palmolive			WLG
168	Fujitsu New Zealand			WLG
172	Titan Holdings			WLG
185	Serco Group NZ			WLG
<b>CHRISTCHURCH</b>				
Ranking	Company Name	Suburb	TLA	City Code
14	Foodstuffs (South Island)			CHC
20	Meridian Energy			CHC
52	Ravensdown Fertiliser Co-operative,			CHC
61	Pyne Gould Corporation			CHC
67	Christchurch City Holdings			CHC
96	Ebos Group			CHC
103	Orion New Zealand			CHC
104	Milburn New Zealand			CHC
112	Smiths City Group			CHC
127	New Zealand Wool Service Int'l			CHC
133	G L Bowron & Co			CHC
170	Market Gardeners			CHC
195	Iyttelton Port Company			CHC
197	Ryman Health care			CHC
<b>REST OF NEW ZEALAND</b>				
Ranking	Company Name	Suburb	TLA	City Code
146	Balcultha Holdings		Balcultha	BAL
19	PPCS		Dunedin	DUD
34	Fulton Hogan			DUD

87	Pyne Gould Guinness			DUD
105	Cadbury Confectionery			DUD
149	GRD Macraes			DUD
182	Wickliffe			DUD
15	Richmond		Hastings	HAS
39	ENZA			HAS
82	Farmlands Trading Society			HAS
161	Allied Farmers		Hawera	HAW
135	Ag Research		Hamilton	HLZ
142	Power Farming (Wholesale)	Morrinsville		HLZ
147	Tatua Coop Dairy Company Morrinsville			HLZ
165	Livestock Improvement Corporation			HLZ
109	Westland Coop Dairy Company Hokitika		Hokitika	HOK
17	Alliance Group		Invercargill	IVC
162	Blue Sky Meats			IVC
86	Pan Pac Forest Products		Napier	NPE
107	Williams & Kettle			NPE
118	Powerco		New Plymouth	NPR
126	Dow agro Sciences			NPR
44	Sealord Group		Nelson	NSN
136	Gold and Resource Dev Otago		Palmerston	PAL
45	Toyota New Zealand		Palmerston North	PMR
136	NZ Plumbers Merchants			PMR
199	HortResearch			PMR
90	Axis Society		Timaru	TIM
30	ZESPRI Group		Tauranga	TRG
41	TrustPower			TRG
53	Balance Agri-Nutrients Co-operative			TRG
68	Bay of Plenty Cooperative Fertiliser			TRG
151	Port of Tauranga			TRG
171	Suzuki New Zealand		Wanganui	WAG
128	Advanced Foods of NZ Ltd		Waipukurau	WAI
95	Michael Hill International		Whangarei	WRE
111	The New Zealand Refining Company			WRE
200	Northpower			WRE
129	Wallace Corporation		Waitoa	WTO

## **Contributors to the Report**

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