

# Christchurch Central City Retail Core

Preliminary assessment of scope and potential

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## Introduction

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This report presents a preliminary view of the scope and potential for the development of a successful central city retail core in Christchurch. The report also discusses the requirements for successful central city retailing, as well as the potential constraints to the delivery of such a precinct in central Christchurch.

This preliminary report has been prepared following a series of consultations undertaken with various stakeholders in Christchurch, including:

- Christchurch Central Development Unit and CERA.
- Various consortia representing the Outline Development Plans (ODP) which have already been put forward for the four blocks that make up the designated central city retail core in Christchurch.
- Executives of the Canterbury Development Corporation (CDC).
- A number of financial advisors and real estate experts who are involved in various ways in the planning and delivery of the central city retail core.
- Senior management of Ballantynes department store.
- Management of Re:START.

The report is set out in three sections as follows:

- **Section 1** addresses the basic question of the scope for a central city retail core in Christchurch, aimed at establishing the following:
  - Is there significant baseline demand for a central city retail core in Christchurch?
  - What is the likely scale of such demand, and how much floorspace is it likely to support?

- **Section 2** addresses the requirement for successful central city retailing and also the likely constraints within the context of central Christchurch.
- **Section 3** presents conclusions and recommendations for next steps.

## Section 1: The scope for a central city retail core in Christchurch

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In order to address the basic question of whether or not there is, or is likely to be in the future, scope for a successful central city retail core in Christchurch, and to provide a preliminary quantification of that potential, the first section of this report sets out the following:

- Identification of potential customer segments for central city retailing.
- Consideration of the extent to which such customer segments are or are likely to be present in Christchurch.
- Consideration of the competitive context within which the Christchurch central city retail core will operate.
- Comparisons with other cities.
- Having regard to all of the above, indicative estimates of potential market shares and approximate amounts of floorspace that a central city retail core in Christchurch can aspire to achieve.

### 1.1 Potential customer segments

Typically there are four broad customer segments that underpin demand for central city retail facilities, identified as follows:

- Central city workers
- Inner city residents
- Visitors to the central city, including domestic and international tourists as well as students
- Suburban residents

The extent to which any retail facility in a central city location will serve each or all of these various customer segments depends on a combination of factors. The most important such factors are the scale and composition of the facility and its location and accessibility.

Large flagship department stores or retail complexes located within central city areas (such as the Myer and David Jones department stores in the CBD's of the various Australian state capital cities, or major shopping complexes in the CBDs such as Westfield Sydney, Melbourne Central or Queens Plaza in Brisbane) attract the majority of their business (around 60%) from residents of the metropolitan area, topped-up by additional business from CBD workers and visitors. By contrast, smaller retail precincts or facilities that are situated within the commercial core of the CBD's (such as Metcentre in Sydney CBD or Collins Place in Melbourne CBD) attract the bulk of their business from the CBD worker market (around 60% – 70%), operating primarily as convenience retail, food catering and services centres for the surrounding workforce within a 5–7 minute walk.

New Zealand's three major cities (Auckland, Wellington and Christchurch) have central city retail cores of varying scale, mix and quality. Christchurch, prior to the earthquake of early 2011, had a central city retail core which was known to be relatively weak, and was demonstrably so to any experienced observer. The presence of the Ballantynes department store was one significant positive feature.

By contrast, Wellington has always had a strong central city retail core, focused around Lambton Quay.

Auckland's retail core is mixed, both in terms of quality and performance, and is considered to suffer from a lack of focus and also a scarcity of differentiating features as compared with the relatively strong network of suburban centres. The Smith & Caughey department store on Queen Street is one such differentiating feature, but in general there are few anchors for the extensive Queen Street strip.

Generally the central city retail cores of the large cities in New Zealand do not contain a major identifiable retail attractor which is comparable in scale or strength to the best suburban retailing in each city, unlike the CBD's of the major Australian cities.



In Christchurch, for example, although the Ballantynes department store has always been a significant attractor, pre-earthquake there was nothing in the central city retail core to compare with the attraction of Westfield Riccarton or even The Palms Shirley.

Similarly, in Auckland there is no retail attractor in the central city which can be deemed to be of comparable strength or scale to Westfield St Lukes, Sylvia Park SC, or Westfield Albany.

In Wellington, where the provision of suburban retail facilities is more limited than in Auckland or Christchurch, and those facilities that exist in the suburbs are situated quite some distances from the central city area (Westfield Queensgate and North City Porirua), central city retailing has generally been stronger, even though there are no major retail anchors. Like both Auckland and Christchurch, central city retailing in Wellington is strengthened by the presence of a department store group which has no representation in the suburbs, namely Kirkcaldie and Stains.

The compositions of the central city retail cores in New Zealand's major cities mean that those facilities are generally likely to attract limited business from the resident market in each city, i.e. the inner city resident market or the broader suburban resident market. Central city retailing in the large New Zealand cities is generally more dependent on the surrounding worker market and on visitors to the central city, and this is also likely to continue to be the case for a new Christchurch central city retail core.

This situation differs somewhat from that which applies in the larger Australian cities. In Sydney CBD for example, major retail facilities include the very popular Queen Victoria Building (QVB); the very large flagship department stores (Myer and David Jones) which have greater floorspace, greater range and better presentation than any of their respective suburban counterparts; the very upmarket Westfield Sydney, and nearby street-based precincts including Castlereagh Street; and the concentrated retail activity of the Pitt Street Mall. Increasingly, international retailers (Tiffany & Co, Topshop, Burberry, Louis Vuitton, Giorgio Armani, Chanel and others) have been opening large, high

profile flagship stores in the CBD, adding a further element of differentiation from suburban retailing.

Together, these elements create a total retail destination which is considerably stronger than any suburban destination, and the total retail turnover in the Sydney CBD is much greater than any suburban centre.

The same can be said about the central city retail core of Melbourne, where very large and successful attractors include the Myer and David Jones department stores, the Melbourne Central and Queen Victoria Village shopping complexes, and the retail concentration of the Bourke Street Mall, as well as an extensive array of niche laneway retailing. Similarly, in the Brisbane central city area the large retail attractors include the upmarket Queens Plaza, the more basic but still significant Myer Centre (both facilities being situated on Queen Street Mall); the concentrated activity of the Queen Street Mall; and other substantial elements such as the Wintergarden complex, also on Queen Street Mall.

Overall, around 60% of the total retail turnover of the Sydney and Melbourne CBDs is attracted from Sydney residents, comprising both inner city residents and residents of the broader metropolitan area. In other words, a truly successful CBD retail core is able to hold its own against the best suburban competition, and ideally still offer a point of difference to that competition.

The performances of both the Sydney and Melbourne CBD retail cores, as well as those of Perth, Brisbane and Adelaide in Australia, have been greatly boosted over the past 15 years by the substantial development of inner city residential accommodation, in the form of high density unit development within the CBD itself, as well as more medium density development in the inner suburbs within close proximity of the CBD. The CBD retail core in each city has been able to attract a high market share of the retail expenditure of these central city and inner city residents, with much lower market shares attracted of the extensive metropolitan area population beyond the inner city.

Christchurch as a city is not at a scale that is comparable with Sydney, Melbourne or Brisbane, so it is not feasible that central city retailing in Christchurch could contain a range of facilities of similar scale to those cities. The total provision of central city retailing in Melbourne and Sydney, for example, is in the range 400,000 – 500,000 sq.m.

The principle, however, still applies, i.e. that if Christchurch is to have a substantial and successful central city retail core, then that core will need to be of a scale and standard that will attract residents of greater Christchurch to visit on a regular basis. It will not be necessary for the central city retail core to attract the majority of the available retail expenditure, or even a particularly high market share of total metropolitan retail expenditure. What will be necessary is that central city retailing in Christchurch can attract a modest market share of the total retail expenditure of greater Christchurch.

Ideally, the modest overall market share of urban Christchurch retail expenditure will be underpinned by a relatively high market share of a central city and inner city population, which will move back into central Christchurch as a result of rebuilding and the creation of a new market for central city living. Such a customer segment will play a vital role in stimulating a vibrant central city retail core, and can be a major catalyst, along with a rebuilt inner city commercial market, to initiate the development of that core.

The process of CBD and inner city re-population which has occurred in Australia's cities over the past 15 or so years, much of it driven by an influx of overseas tertiary students, has been a key ingredient in the revitalisation of the central city retail core in each case. Prior to that phase of growth, during most of the 1980s and 1990s, the central city retail areas in the major Australian cities were generally performing poorly, and steadily losing ground to increased and improved suburban retailing.

In New Zealand, Dunedin is the city which benefits most from a similar phenomenon, with the student population accommodated within and around the inner city being an important element which supports the central city retail offer.

The central city retail cores of cities such as Sydney, Melbourne and Brisbane attract market shares in the range 6% – 8% of total metropolitan retail expenditure. Although apparently modest, such a market share still amounts to a very substantial volume of retail sales, and the same can be true in Christchurch, as discussed later in this section.

Christchurch at this point has a very limited central city worker catchment, but it does have a reasonable central city residential catchment, as discussed later. Developments are planned, in rebuilding Christchurch, that will add substantially to each of those customer segments when delivered. Those plans include the return of a central city commercial market and accommodation of large numbers of workers, the creation of new justice and health precincts within the central city, as well as the aspiration to stimulate rapid growth in the inner city residential market through rebuilding.

In broad terms, the central city retail core to be provided in Christchurch can be seen as potentially falling within two camps, namely:

- A truly significant retail core, which draws an appropriate market share from residents of greater Christchurch, particularly new residents of the central city area and the inner suburbs, that is then augmented by additional sales achieved from CBD workers and visitors; or
- A less significant, more worker focused CBD, that exists primarily to serve the needs of the CBD workforce, augmented by some visitor business and with minimal business from the population of greater Christchurch. Despite its scale in terms of floorspace, much of it under-utilised, the central city retail offer which existed pre-earthquake could be broadly described as falling within this camp, albeit with some elements (e.g. Ballantynes) attracting significant business from customer segments other than workers.

The analysis presented in the balance of this report shows that the first of these alternatives, i.e. a large, successful central city retail core, which draws business from all of the greater Christchurch area, is potentially deliverable in Christchurch.

## 1.2 Christchurch regional context

Christchurch is the major city on New Zealand's South Island, and the capital city of the Canterbury region. Map 1.1 attached shows the extent of the Canterbury region, and also summarises the population and total retail expenditure capacity of the region's residents.

As at June 2012, the population of the Canterbury region was 560,000, and the estimated retail expenditure generated by the region's residents was almost \$6 billion. As is evident from the map, Christchurch is well situated, being centrally located within the total region, and is therefore very well placed to draw business, in retail terms, from the entire region.

The Christchurch urban area, shown on Map 1.2, accommodates two-thirds of the total population of the Canterbury region, and generates more than \$4 billion of retail expenditure. This urban area population lives within a radius of approximately 10 km of the central city retail core, and most of this population can potentially access the retail core within a drivetime of 15 minutes or less.

As is also evident from Map 1.2, the proposed new retail core will be centrally located within the total Christchurch urban area.

In regional terms, therefore, the central city retail core of Canterbury will be very well placed to succeed.

Section 1: The scope for a central city retail core in Christchurch



**Map 1.1: Canterbury Region Council**

Section 1: The scope for a central city retail core in Christchurch



<b>Christchurch 2012</b>	
Population:	379,620
<b>Retail Expenditure \$M</b>	
Food & Liquor:	1,641
Food Catering:	475
Apparel:	423
Household Goods:	729
Leisure:	253
General Retail	333
Retail Services	183
<b>Total Retail</b>	<b>4,037</b>

Map 1.2: Christchurch Urban Area

- Central City Retail Core
- Regional Centre

### 1.3 Competitive context

Map 1.3 shows the major retail facilities that are currently provided throughout the Christchurch urban area, and the location of the central city retail core relative to these facilities. Figure 1.1 shows the more localised context of the central city retail core, including the various other precincts which will surround it.

Historically, many commentators and analysts have expressed the view that one of the reasons for the lacklustre trading performance of the pre-earthquake Christchurch central city retail offer was the very high provision of suburban competition. The centres shown on Map 1.3 represent that suburban competition, particularly the modern and successful regional centres at Westfield Riccarton, Northlands SC and The Palms Shirley. Eastgate SC, although historically designated as a regional centre, has generally been less successful, and was also the most impacted by the recent earthquakes. As a result, it has now lost its Farmers department store, and is not operating at a regional level.

At the next level down the hierarchy, i.e. the sub-regional level, the main retail facilities provided throughout Christchurch include the South City Centre, which is in a peripheral central city location; Barrington SC; Bush Inn Centre; Hornby Mall and the nearby Dress-Smart Centre at Hornby; and in the future, the proposed Styx Town Centre at Northwood.

There are various other facilities provided throughout Christchurch, including bulky goods retailing at Tower Junction and lower order centres which primarily serve food and convenience shopping needs, such as Merivale Mall, Fendalton Mall, Avonhead Mall, Ferrymead and Parklands. There are also other freestanding supermarkets and highway retail facilities provided throughout the urban area.

The question of whether or not the provision of competitive retail facilities throughout the Christchurch urban area is so high as to preclude or even endanger significantly a central city retail core is discussed in further detail in the following sub-section.



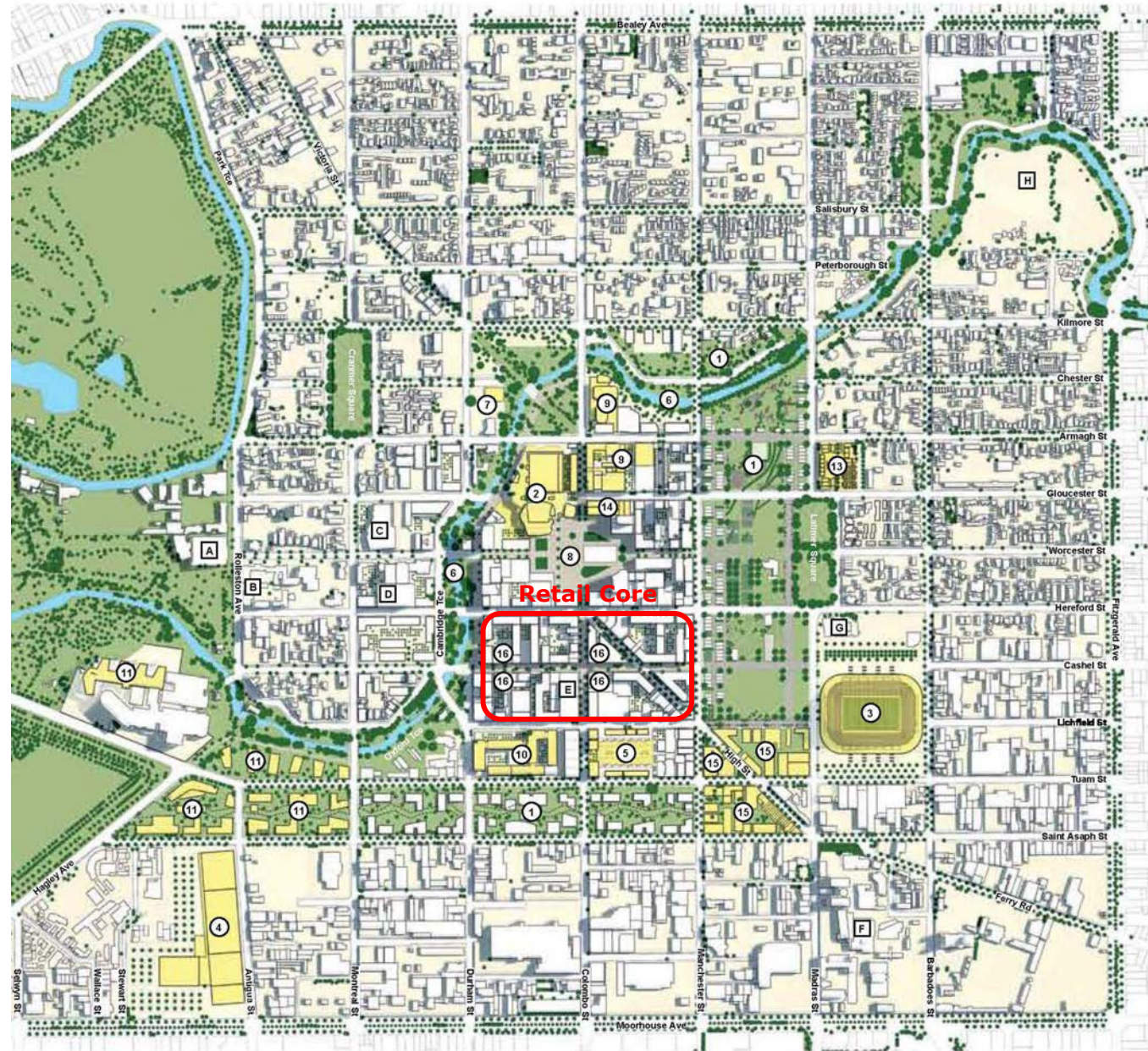


**Map 1.3: Christchurch Urban Area  
Retail Provision**

- Central City Retail Core
  - Sub-regional SC
  - Regional SC
  - Lower Order Centre
- \* Halo object indicates proposed centre*

Section 1: The scope for a central city retail core in Christchurch

- Blueprint Plan Key**
- 1 The Frame
  - 2 Convention Centre Precinct
  - 3 Stadium
  - 4 Metro Sports Facility
  - 5 Bus Interchange
  - 6 Papa o Ōtākaro/Avon River Precinct
  - 7 Te Puna Ahurea Cultural Centre (indicative site)
  - 8 The Square
  - 9 Performing Arts Precinct
  - 10 Justice and Emergency Services Precinct
  - 11 Health Precinct
  - 12 Cricket Oval
  - 13 Residential Demonstration
  - 14 Central Library
  - 15 Innovation Precinct
  - 16 Retail Precinct
  - A Canterbury Museum
  - B Arts Centre
  - C Christchurch Art Gallery
  - D CCC Civic Offices
  - E Ballantynes
  - F CPIT Campus
  - G Temporary Cathedral
  - H Possible Future Park



**Figure 1.1**

## 1.4 Comparisons with Canberra

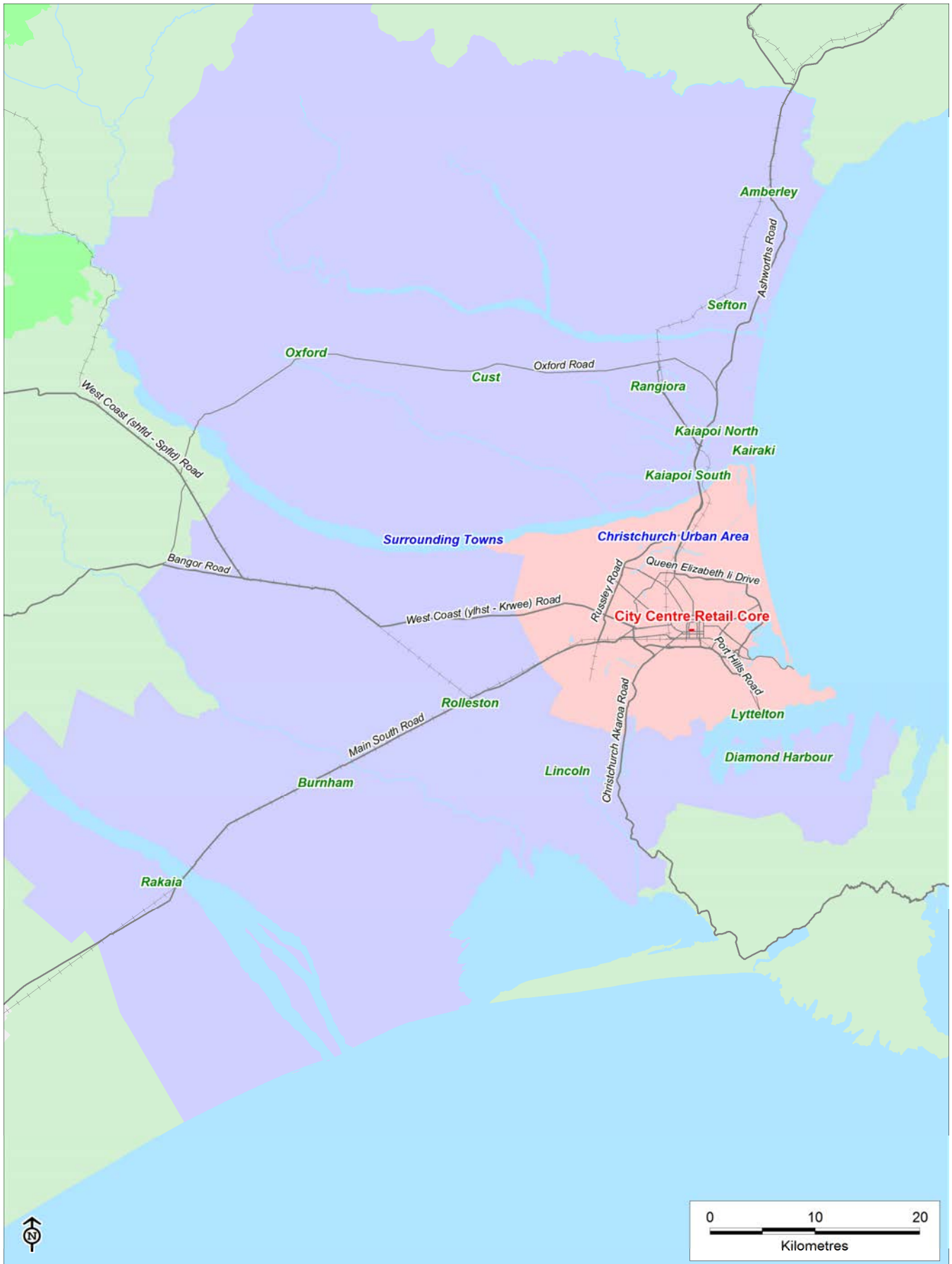
In order to assist in the assessment and estimation of the scope for a central city retail core in Christchurch, comparisons with Canberra are very instructive. As noted previously, the scale of Christchurch is such that it cannot reasonably be compared with cities such as Sydney, Melbourne or Brisbane. Similarly, it is not directly comparable with Auckland.

In terms of population and scale Christchurch is most directly comparable with Wellington in New Zealand, and Wellington supports a large and generally successful central city retail core. However, arguably the level of suburban competition in Wellington is not as extensive as that which applies in Christchurch, and that argument might be used to suggest that a central city retail core in Christchurch is unlikely to succeed.

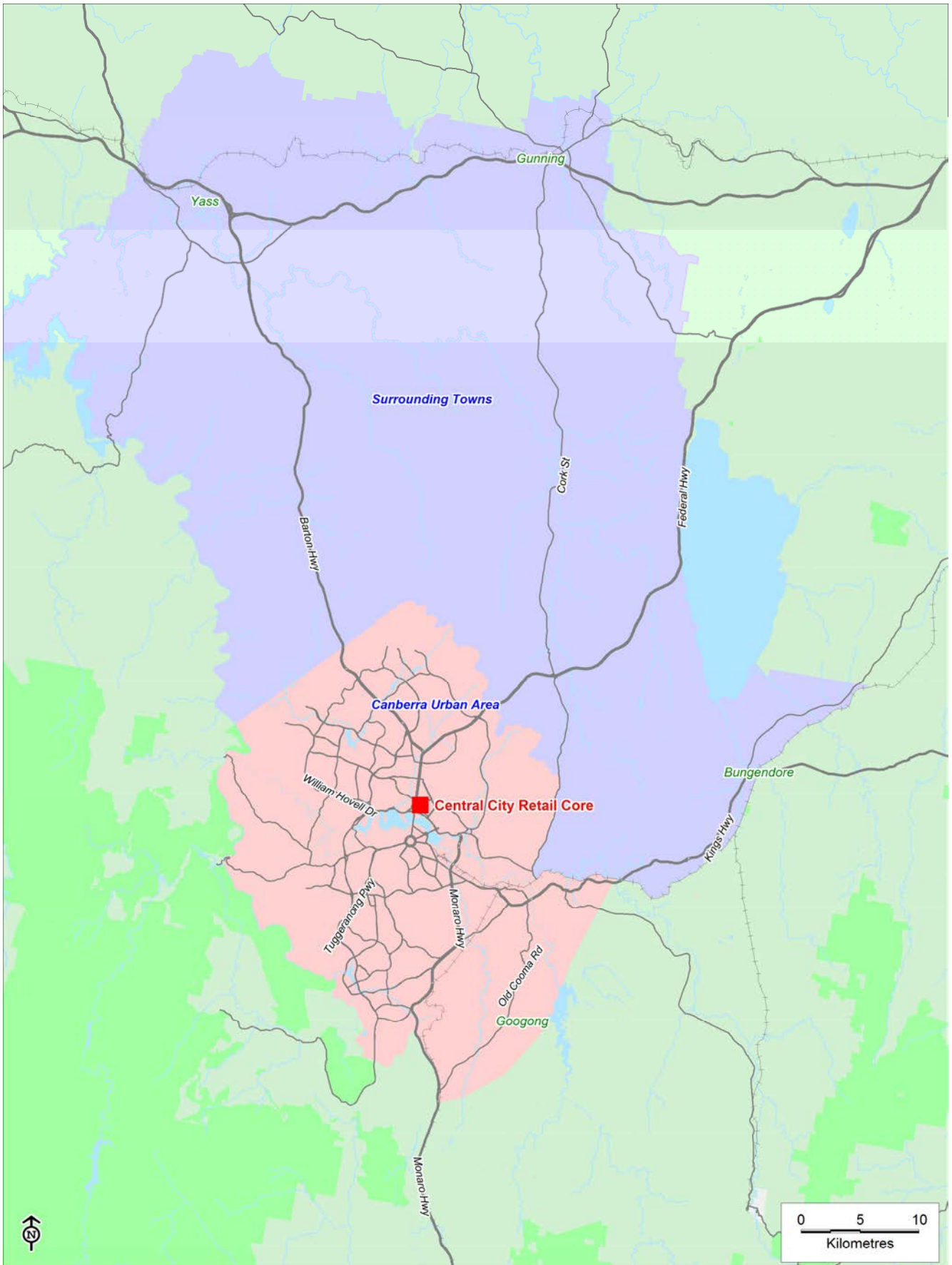
Canberra is quite similar to Christchurch, both in terms of retail network and retail floorspace provision as well as population and scale. There are also some other significant similarities between central city retailing that is now provided in Canberra and that which might be provided in Christchurch. The Canberra Civic retail offer was historically weak, and the very strong Canberra Centre which now dominates central city retailing, and which is the major attractor of the total Canberra Civic retail offer, was developed through amalgamation of a number of underutilised and underperforming CBD land parcels. That development has occurred within the last 15 years, and more is planned for the future.

The attached Map 1.4 shows the broad residential trade area that a significant central city retail core in Christchurch could expect to serve. This area is defined as the Christchurch urban area which would be the main area from which the central city retail core would expect to draw business. The surrounding area of smaller towns which are within comfortable driving distances of Christchurch would add further to total potential.

Map 1.5 shows the comparative analysis for Canberra, while Map 1.6 shows the competitive context facing the Canberra Civic retail precinct (i.e. the Canberra CBD) and this map can be directly compared with Map 1.3 previously for Christchurch.



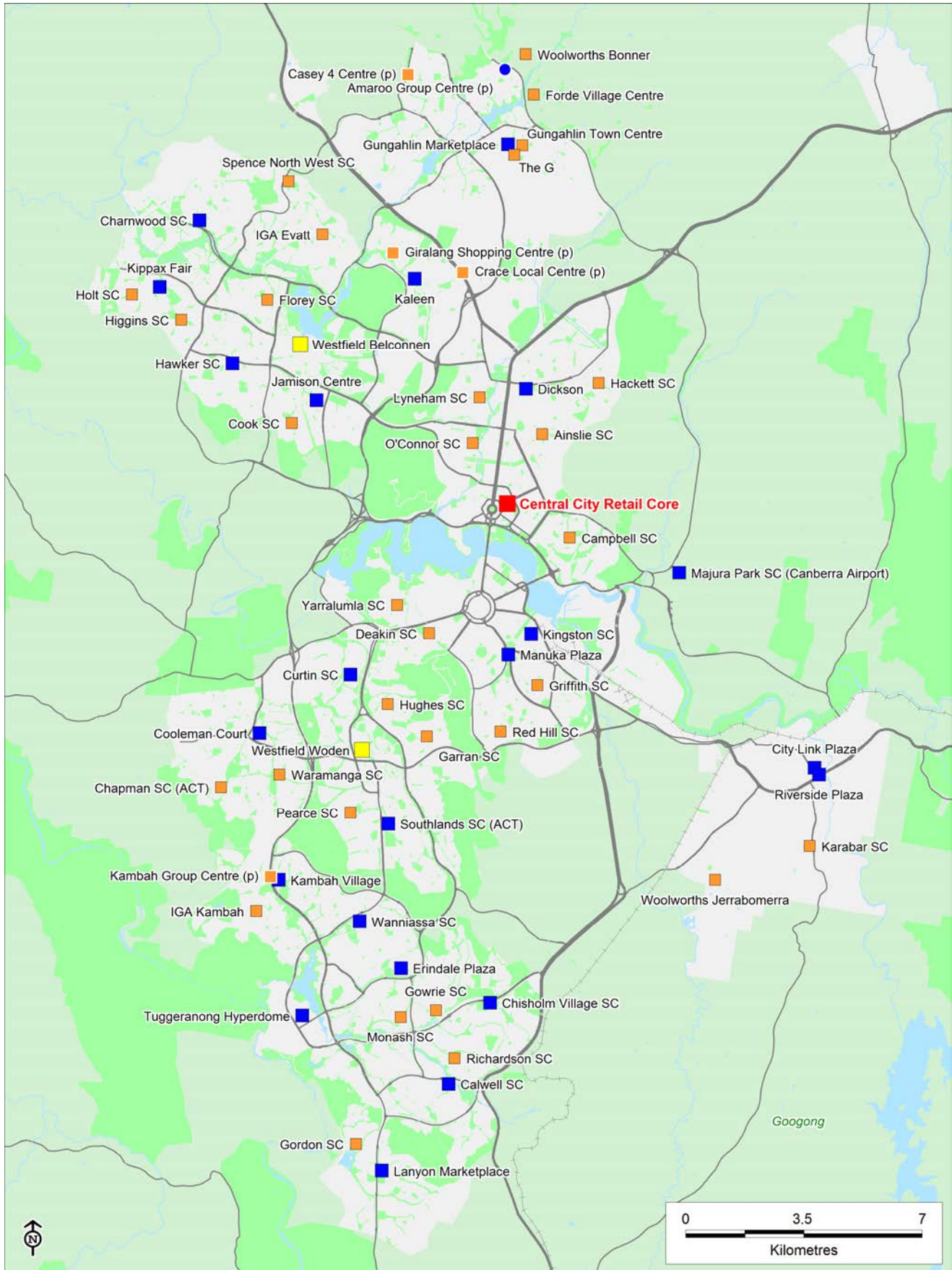
**Map 1.4: Christchurch Central City Retail Core Potential (Resident) Main Trade Area**



**Map 1.5: Canberra CBD Retail**

**Main (Resident) Trade Area**

Section 1: The scope for a central city retail core in Christchurch



**Map 1.6: Canberra Urban Area Retail Provision**

- Central City Retail Core
  - Sub-regional SC/ Group Centre
  - Regional SC
  - Lower Order Centre
- \* Halo object indicates proposed centre*

Table 1.1 shows the numbers, detailing a comparative analysis of population and retail expenditure capacity for each of the potential trade area sectors for each city, and also showing the current approximate provisions of retail floorspace (not including large footprint bulky goods/homemaker retailing) for each city at the following levels:

- The city centre
- Regional centres
- Sub-regional centres
- Lower order retail facilities

The table also shows the provision of higher order retail floorspace per capita for each city, as well as the approximate provision of total retail floorspace per capita for each. In each case, the floorspace per capita figures are quoted relative to the urban area population, rather than the total population of the combined urban area and surrounding towns.

**Table 1.1**  
Christchurch versus Canberra - population and retail provision

	Canberra	Christchurch
<b><u>Population</u></b>		
Trade Area Population	<u>438,340</u>	<u>472,990</u>
• Urban area	415,730	379,620
• Surrounding towns	22,610	93,370
<b><u>Retail Expenditure (as at 2012)</u></b>		
Trade Area Retail spend per capita (\$AUD / \$NZD)	15,113	10,621
Trade Area Retail expenditure (\$AUD m / \$NZD m)	<u>6,625</u>	<u>5,024</u>
• Urban area (\$AUD m / \$NZD m)	6,308	4,037
• Surrounding towns (\$AUD m / \$NZD m)	317	987
<b><u>Retail Floorspace Provision (Sq.m)</u></b>		
Central City	120,000	10,000
Regional Centres	220,000	160,000
Sub-regional Centres	<u>310,000</u>	<u>135,000</u>
<b>Total Higher Order Centres</b>	<b>650,000</b>	<b>305,000</b>
Lower Order Centres	<u>70,000</u>	<u>130,000</u>
<b>Total traditional retail*</b>	<b>720,000</b>	<b>435,000</b>
<b><u>Retail Floorspace Provision Per Capita</u></b>		
Central City	0.3	0.0
Regional Centres	0.5	0.4
Sub-regional Centres	<u>0.7</u>	<u>0.4</u>
<b>Total Higher Order Centres</b>	<b>1.6</b>	<b>0.8</b>
Lower Order Centres	<u>0.2</u>	<u>0.3</u>
<b>Total traditional retail*</b>	<b>1.7</b>	<b>1.1</b>

*Source: Property Council of Australia, Property Council of NZ; MacroPlan Dimasi; ACTPLA; Stats NZ; ABS*  
\*Excludes bulky goods retail/showrooms

The information in the above table highlights the following:

- Canberra supports a very successful central city retail core, with an estimated 120,000 sq.m of floorspace. The bulk of this floorspace is provided within a largely enclosed modern regional shopping centre facility, namely Canberra Centre, which is much like Westfield Riccarton, only larger, being around 75,000 sq.m in size.



- Putting aside the format of the central city retail offer for the moment, the main point to be made at this stage is that successful central city retailing is supported in Canberra.
- Canberra has a noticeably greater level of competition, relative to population, throughout the suburbs than is the case in Christchurch. The total provision of higher order retail floorspace per capita in Canberra is an estimated 1.6 sq.m, whereas the estimated provision in Christchurch is half this figure, at around 0.8 sq.m. In Canberra, this higher order competition to the central city comes from two large regional centres (Westfield Belconnen and Westfield Woden), as well as a large number of sub-regional centres.
- Canberra residents are significantly wealthier than Christchurch residents, and thus spend much more on retail goods per capita, on average, than the residents of Christchurch. However, all of these aspects can be considered in relative terms. The total available trade area retail expenditure in Canberra is an estimated A\$6.6 billion, of which the Canberra urban area generates an estimated A\$6.3 billion. The total available retail expenditure in Christchurch from both the urban area and the surrounding towns is less, but is still a healthy NZ\$5.0 billion, while the retail expenditure generated by the urban area population of Christchurch is a very substantial NZ\$4.0 billion.

When all of this information is taken into account, it suggests quite strongly that there is no reason, a priori, why Christchurch cannot support a successful central city retail core. This comparative analysis also suggests that the extent of suburban competition in Christchurch is not as high as is commonly believed to be the case, either in terms of other regional centre facilities, or total retail floorspace.

Of course that does not mean that suburban competition is not significant in Christchurch – indeed, the strength of Westfield Riccarton and its proximity to the central city area is certainly a constraining factor to the successful development of a central city retail core. However, it is not of itself a factor which precludes the future successful delivery of a central city retail core.

The scale and competitive relevance of the existing regional centre competition throughout Christchurch can be gauged from an analysis of the combined market share of total available retail expenditure which the four existing regional centres in Christchurch are estimated to achieve.

The total estimated turnover of the four regional centres in Christchurch (Westfield Riccarton, Northlands SC, The Palms Shirley and Eastgate SC) is \$840 million. If it is assumed, not unreasonably, that around 90% of that total turnover is drawn from the Christchurch urban area, with the remaining 10% drawn from areas beyond, in particular from the surrounding Canterbury towns, then the total volume of retail business achieved by the four regional centres from the Christchurch urban area is in the order of \$760 million.

Given a total retail expenditure volume by urban area residents of \$4.037 billion as previously shown on Map 1.2, the implication is that the four regional centres in total are attracting a combined market share of 18% – 19% from the total retail expenditure pool available within the Christchurch urban area. While this is a significant market share, it is also clear that there is ample retail expenditure – more than 80% of the total pool – still available to support a wide range of other retail facilities within Christchurch, including potentially a central city retail core.

A similar broad analysis for Canberra shows that the two existing regional centres (Westfield Belconnen, which has recently undergone a significant expansion, and Westfield Woden, for which a major expansion is currently being planned) achieve a combined market share of about 14% of total retail expenditure by Canberra residents. The central city retail core in Canberra achieves an estimated market share of about 8.4%. However, as is evident from the information presented in Table 1.1, these market shares are achieved by these respective higher order facilities in Canberra within a much more competitive context overall, and particularly from sub-regional facilities.

## 1.5 Preliminary assessment of scope

Table 1.2 below sets out our preliminary indicative assessment of the likely market scope for a central city retail core in Christchurch. A comparative analysis is also provided for Canberra.

	Canberra	Christchurch	
		6% share	9% share
<b>Central City</b>	<i>Actual</i>	<i>Potential - preliminary</i>	
Estimated Retail Turnover (AUD\$m / NZD\$m)	706	323	484
Approximate Proportion From Urban Area (%)	75%	75%	75%
Approximate Proportion From Beyond Urban Area (%)	<u>25%</u>	<u>25%</u>	<u>25%</u>
Est. Retail Turnover From Urban Area (AUD\$m / NZD\$m)	530	242	363
Urban Area Retail Expenditure (AUD\$m / NZD\$m)	<u>6,308</u>	<u>4,037</u>	<u>4,037</u>
<b>Market Share of Urban Area (%)</b>	<b>8.4%</b>	<b>6.0%</b>	<b>9.0%</b>
Avg. Retail Turnover Density (RTD) (\$ / Sq.m)	5,900	5,000	5,000
<b>Retail Floorspace Supportable (Sq.m)</b>	<b>120,000</b>	<b>64,592</b>	<b>96,888</b>

Source: Property Council of Australia, Property Council of NZ; MacroPlan Dimasi; ACTPLA; Stats NZ; ABS

The key points that can be made from Table 1.3 are the following:

- In order to provide a preliminary estimate of potential, the range of possible market shares of available resident retail expenditure across the main residential trade area adopted for the Christchurch central city retail core (i.e. the Christchurch urban area) is 6% – 9%. By comparison, the Canberra Civic retail core is estimated to achieve a current market share of around 8.4% of total urban area retail expenditure.
- Expenditure from sources other than the population of the Christchurch urban area is broadly estimated to account for 25% of total central city retail turnover potential (primarily from visitors and from residents of the surrounding towns as well as the balance of the Canterbury region).

- On that basis, the total estimated retail turnover potential for the Christchurch central city retail core is in the range NZ\$320 million to NZ\$480 million. These figures compare with an estimated current retail turnover volume achieved by the Canberra Civic retail core of A\$700 million.
- Allowing for an average turnover level or retail turnover density (RTD) of NZ\$5,000 per sq.m (compared with a current estimated average turnover level for retail floorspace in Canberra Civic of A\$5,900 per sq.m) the approximate amount of retail floorspace that would be supportable within the Christchurch central city retail core is in the range 65,000 sq.m to 97,000 sq.m.

On the basis of the above preliminary analysis, the Christchurch central city retail core would be approximately half to three-quarters the size of the Canberra Civic retail offer. These estimates, however, represent a starting position (albeit one which will take a number of years to achieve) and there will be scope for further growth in the total provision of central city retail floorspace, as the key factors which will underpin central city retailing – the re-establishment of a central city workforce as well as the re-population of the central city and surrounding inner city areas – gather momentum. In Canberra, by way of example, significant additional retail facilities of a sub-regional scale have recently been added at Canberra Airport, while a major expansion of Westfield Belconnen, a regional level facility, has also recently been completed. At the same time, large expansions are currently mooted for both Westfield Woden – the second of Canberra’s large suburban regional facilities – and Canberra Centre, which is the heart of the central city retail offer in Canberra.

The key points to be highlighted by this comparative assessment are therefore considered to be the following:

1. There is no underlying reason why a substantial central city retail offer cannot be successfully delivered within Christchurch now; and
2. On the basis of current planning for the rebuilding of central Christchurch, there will be ongoing strong growth in the key factors which will underpin the central city retail core in the future, meaning increasing scope for central city retail floorspace.

## Section 2: Requirements for successful central city retailing

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The previous section of this report has concluded that there is good scope and potential for the development of a substantial central city retail core in Christchurch. This section considers the most important elements that will enable such a retail core to be successfully delivered, as well as key likely constraints to such an outcome.

### 2.1 Enabling factors

Based on extensive assessments, analyses and reviews of numerous central city retail complexes and precincts, the following are considered to be the most important identifiable 'ingredients' that go to create a successful retail core:

#### 1 The customer base

- First, the necessary customer base must be available. As discussed in detail in the previous section, the key customer segments for central city retailing are:
  - The urban area population, particularly the population of the inner city area.
  - The central city workforce.
  - Visitors to the central city.
  - Students.
- Many case study examples can be pointed to particularly in the Australian state capitals, where various of these customer segments have played critical roles in delivering successful central city retail precincts. Melbourne Central, which was originally a failed retail complex, became hugely successful when it was completely remodelled to provide an urban rather than suburban tenancy mix, and was physically opened up to better relate to the streets and alleyways which surrounded it, at the same time as there was an enormous influx of

overseas students into central Melbourne, to attend RMIT, Melbourne University and a range of other institutions. Directly opposite Melbourne Central, RMIT University now accommodates more than 40,000 students.

- QVB in Sydney is a boutique specialty retail precinct (totalling around 15,000 sq.m across four levels) which provides a generally upmarket offer in an iconic refurbished historic building. QVB has always been particularly successful in attracting the custom of visitors to Sydney. GPO in Melbourne, a refurbishment of the historic post office situated on the Bourke Street Mall, plays a similar role, and also attracts large numbers of visitors, although it is a smaller complex than QVB.
- Metcentre in Sydney, situated adjacent to Wynyard station, one of the largest commuter stations in the Sydney CBD, is a retail complex of approximately 5,000 sq.m which thrives on the basis of the commuter traffic flow past its doors, and the large numbers of office workers accommodated within easy walking distance. It is a successful foodcourt, convenience retail and CBD fashion offer.
- Westfield Sydney, a large, integrated and upmarket retail complex of 13,000 sq.m, situated on the Pitt Street Mall in Sydney, functions primarily by attracting large numbers of residents of the more affluent suburbs of Sydney (Lower North Shore, eastern suburbs, inner west) and also attracting large numbers of visitors, including interstate and international visitors.
- Table 2.1 following shows the worker population and inner city resident population (measured as the population within 1 km radius of the central city retail core) for Canberra, and also shows the broad anticipated forecasts of each for Christchurch, showing that the levels projected for Christchurch are around half the levels that currently exist in Canberra. It will be critical, for the wellbeing of the central city retail core, that these customers be delivered within central Christchurch.

**Table 2.1**  
Christchurch versus Canberra - central city area employment and population

Factor	Canberra	Christchurch
	<i>Actual</i>	<i>Prelim Estimate</i>
Worker population - Central City Area	45,000	35,000-40,000
Resident population (within 1km radius of retail core)	7,600	15,000-20,000
Central City Office Floorspace (Sq.m)	675,000	300,000-400,000
Retail Core Floorspace (Sq.m)	120,000	65,000-97,000

*Source: Property Council of Australia, Property Council of NZ; MacroPlan Dimasi; ACTPLA; Stats NZ; ABS*

## 2 The offer

- The second key component that will enable a successful central city retail core to be delivered is the offer of the precinct. As discussed in Section 1, suburban competition has been seen in the past as a significant factor why the central city retail core of Christchurch has not succeeded. However, the level of suburban competition is not as high as one might think. Nonetheless, a successful central city retail core will need to provide an offer which is at least as enticing as that available in the best suburban centres, as has occurred in Canberra, and ideally more enticing.
- The most effective way to achieve such an offer is to focus on providing an urban rather than suburban retail mix, a differentiating factor which is taken very seriously by centres such as Melbourne Central, Westfield Sydney and Queens Plaza in Brisbane. A differentiated retail mix of this nature is not easy to achieve, and particularly in the context of a New Zealand city of around 400,000 people, given the relatively small scale of retailing in New Zealand as compared with Australia. However, a differentiated offer does not mean that every store in the precinct will be different to those which are available elsewhere, it simply means that there are enough elements of difference. Thus, a sprinkling of 15 – 20 significant stores could make the difference. In this regard, central city retailing in Christchurch starts with one advantage already in place – the Ballantynes department store.

### **3 Creation of a sense of place**

- The third aspect which is important is the physical nature of what is provided in the central city, in terms of accessibility, layout, ambience and sense of place. Given the brownfield nature of the development in central Christchurch, these are all features which can be specifically addressed, to provide the best possible outcome. Thus, it will be very important that accessibility, including in particular convenient carparking, be a core offering within the central city in order to support the retailers. It will also be important that the retail core be laid out in a logical, legible and attractive manner, so that wayfinding is easy, and the public realm is a place where people will want to congregate. It will be necessary that appropriate weather protection be provided, while at the same time seeking to optimise the use of the outdoors. These are issues for experienced retail designers to address. Ideally, the final outcome will provide a public and civic space, or collection of such spaces, which are at least as enticing, but in different ways, as the enclosed suburban malls that are currently the primary retail destinations in Christchurch.

### **4 A broad offer**

- The provision of a range of other attractions within close proximity of the retail core, to support it, is another important ingredient that will enable success. In this regard, the proposals to now provide in central Christchurch each of the following elements will be important enablers of success for the retail precinct:
  - The convention centre precinct
  - The justice and emergency services precinct
  - The performing arts precinct
  - The health precinct
  - The large bus interchange, immediately adjoining the designated retail core
  - The stadium precinct
  - The Te Puna Ahurea cultural centre
  - The Avon River precinct



All of the above will be important attractors of visitation to the central city, and all of them will help to stimulate flow-on business to the retail core. The retail core in turn, once successfully delivered, will reciprocate, by providing flow on business to a number of these other precincts.

## 2.2 Potential constraints

In the same way as there are identifiable factors which can be enablers of success in developing a retail core in central Christchurch, there is a number of identifiable factors which can act as inhibitors or constraints. The most critical of those are considered to be the following:

### 1 Lack of customer base

- Suburban Christchurch is well provided with a range of shopping facilities, albeit the level of suburban provision is not as high as many might believe. A central city retail core is much less likely to succeed if the only customer segment on which it can depend is the suburban population of Christchurch, because that will be the customer segment from which it can expect the lowest market share.
- Therefore, if the customer segments that will contribute most directly to central city retailing, i.e. central city workers and central/inner city residents, do not eventuate, then the likelihood of failure of a central city retail core will be much higher.

### 2 Insufficient critical mass/weak offer

- Any retail facility, and particularly a new retail precinct, requires critical mass if it is to succeed on a broad scale. For this reason, the retail offer of central Christchurch must be of sufficient scale to generate the necessary critical mass, and must have a sufficiently strong offer to be able to do so. That in turn means that a minimum total size will be required, and that size should be at least as large as the best suburban offers in Christchurch, and preferably larger.

- The provision of anchor retail elements is highly desirable, indeed essential to assist in the success of the precinct. The Ballantynes department store is one critical such anchor, but needs additions. The creation of an attractive, vibrant Avon River precinct, at the western end of the retail core, offers the opportunity to add another 'anchor' which can effectively become an anchor through the combination of uses and physical attractions. Other anchors, particularly major retailers, will be required throughout the rest of the precinct. An indicative example might be the creation of a 'New Zealand adventure retail' precinct, which brings together the best of New Zealand's retailers which cater to adventure wear and the attractions of the South Island generally. This is a rapidly emerging area of retail interests, and one in which New Zealand appears to be very well placed on a global scale.

### **3 Poor design/mix**

- Because the central city retail core is most likely to be delivered by a number of independent providers (being current landowners and their respective interests) there is at this point a substantial risk that the outcome could be fragmented, not well integrated, or designed in some piecemeal fashion. Any of those outcomes would add greatly to the risk of failure of all or large parts of the precinct.

### **4 Not user friendly**

- A retail precinct which is not user friendly is also highly likely to fail. In this regard, user friendliness within the context of Christchurch involves first of all ease of access, which means the provision of an appropriate amount of convenient carparking. Traffic accessibility into central Christchurch is relatively straightforward from all parts of the urban area, although accessibility by public transport (e.g. buses) needs to be made as easy and convenient as possible. Ease of finding a carpark is equally important, thus the provision of adequate carparking will be critical.
- Once having arrived in the central city, a user friendly retail precinct means an inviting, attractive, physical environment in which shoppers can walk around easily and conveniently, with good shelter from the elements, excellent visibility and easy wayfinding.

## Section 3: Recommended next steps

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Based on the preliminary analysis presented in this report, the recommended next steps are the following:

- i. Provide greater confidence and clarity regarding the future customer base for the CBD retail core, focusing in particular on the central city workforce and the central/inner city residential market. Encouraging and promoting development of these two key customer segments, and providing the necessary backup research to quantify the opportunities so as to provide some certainty to those planning the retail core, are significant ways in which CERA and Christchurch City Council can assist in delivering a successful retail core at the earliest possible date.

Ideally, authoritative forecasts of the anticipated levels of development, and the expected timing, for each of these two land uses will form the cornerstone of guidance which can be made available, through the combined efforts of CERA and Christchurch City Council. Such guidance will be of enormous benefit to all stakeholders, but particularly to potential retailers.

- ii. Create a sense of 'masterplan' for the retail core. It will be difficult to do, but would be extremely valuable if it can be achieved. CERA is obviously not in a position to dictate the outcomes for the retail core. An extensive ODP process has already been facilitated by CERA, and has generated a large amount of feedback regarding possibilities. Ideally, through a committed joint effort between the various stakeholders in the central city retail precinct and CERA, a broad 'masterplan' can now be created. This masterplan will not be detailed in nature, but will address critical elements, including the anticipated broad usages for each of the retail core blocks. The aim would be to provide a sense of whole for the precinct, and to demonstrate that what is to be delivered can result in a cohesive total development which addresses the issues of being user friendly, providing sufficient critical mass, facilitating excellent design, and providing a strong mix of retail attractors.

The primary benefit of such a masterplan would be the provision of much greater confidence for all of those who are seeking to invest in the city core retail precinct, but especially for retailers who are considering whether or not to be involved.

iii. Provide support for 'starter' projects.

To the extent that any of the ODPs are progressed to the stage that they can be delivered, and are in accord with the broad sense of masterplan for the total precinct, then support to commence development at the earliest possible date is recommended. This would be an initiative that would engender great confidence in the fact that the retail core is a real project and is underway.

iv. Role of Re:START

Re:START has played an important role in enabling continuity of a retail offer within the Christchurch central city area. It has also played a significant role in attracting publicity and attention for Christchurch and particularly for central Christchurch, through its quirky and innovative approach to retailing. Re:START has therefore made a positive contribution to the general effort to revitalise the Christchurch CBD retail offer.

It is highly desirable to continue Re:START to the extent possible until the central city retail core is rebuilt. The role of Re:START is not so much a commercial imperative, but rather an important marketing and social initiative.

To the extent that continuation of Re:START might physically compromise work on the rebuilding of the retail core, our recommendation is that once specific projects within the retail core are physically underway, and there is clear evidence of activity towards the goal of a new retail core, then the role and importance of Re:START will reduce, thus Re:START should not be a reason to compromise the delivery of the new retail core.

To the extent that some element of Re:START can be maintained over the longer term, in part as a reminder of the resilience of central Christchurch, we recommend that it do so, in an appropriate location. The reality is, however, that once a new central city retail core has been delivered of a scale suggested in this analysis, then if Re:START cannot be accommodated that would not impact on the future of the new retail core.

