

City Centre - CBD (2022)

The Auckland **City Centre** area is a mix of residential, retail and services. The area is home to almost **126,000 jobs**, making it the region's largest employment precinct. The precinct has grown in the two decades to 2022, adding over **48,000** additional jobs over the period.

The number of jobs increased consistently with the wider region until 2010, before growth accelerated to outperform the region, although the impact on the central city of the COVID-19 pandemic is evident in the recent contraction and subsequent recovery.


The number of business units operating in the area has trended up over the past two decades although the impact of the **COVID-19 pandemic** is also reflected in business numbers falling off over 2020-2021.

The City Centre masterplan sets out the City's vision for the City Centre and is the focus of Auckland Council's investment into the area. Two new rail stations will improve accessibility to the centre upon completion of the City Rail Link.

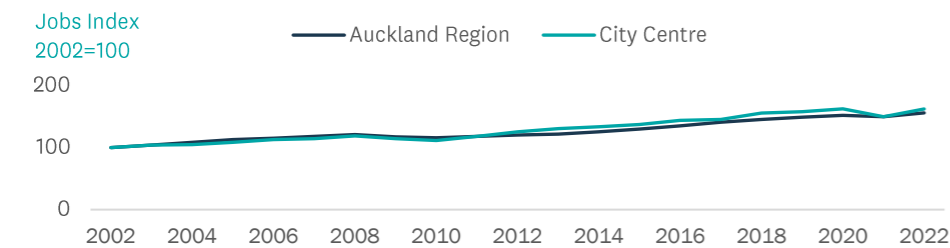
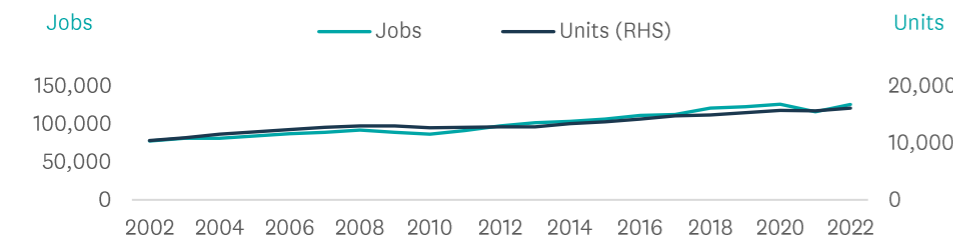
Different parts of the City Centre have different sectoral focus with different activities concentrated in particular precincts.

Basic Facts

	City Centre	% of AKL
Population (2022 est.)	38,480	2.3%
Area	6 KM ²	0.1%
Jobs (2022)	126,070	15.1%
Jobs (2002-2022)	+48,260	16.1%
Business Units (2022)	16,173	7.4%
Business Units growth (2002-2022)	+5,715	5.6%



Jobs and Business Numbers



Sectors

The key sectors in the City Centre are predominantly service sectors. Professional services & financial services are key employment sectors and account for 43% of City Centre employment. Both sectors have location quotients (LQ) above 2, meaning they are more concentrated in the area than they are across the wider Auckland region.

Other key employment sectors in the precinct include accommodation & food services, public administration & safety, administrative & support services, education, and information media & telecommunications.

Broad Sector	Jobs	% of City Centre	% of AKL	LQ
Prof, Scientific & Technical Services	35,530	28.2%	11.0%	2.6
Financial & Insurance Services	18,596	14.8%	3.9%	3.7
Accommodation & Food Services	9,935	7.9%	6.6%	1.2
Public Administration & Safety	8,990	7.1%	4.6%	1.6
Administrative & Support Services	8,766	7.0%	6.0%	1.2
Education & Training	7,957	6.3%	7.8%	0.8
Info Media & Telecoms	6,896	5.5%	2.0%	2.7

Professional, Scientific & Technical Services	Jobs	LQ
Prof, Scientific & Technical Services (ex. computers)	26,496	2.5
Computer System Design and Related Services	8,840	2.8

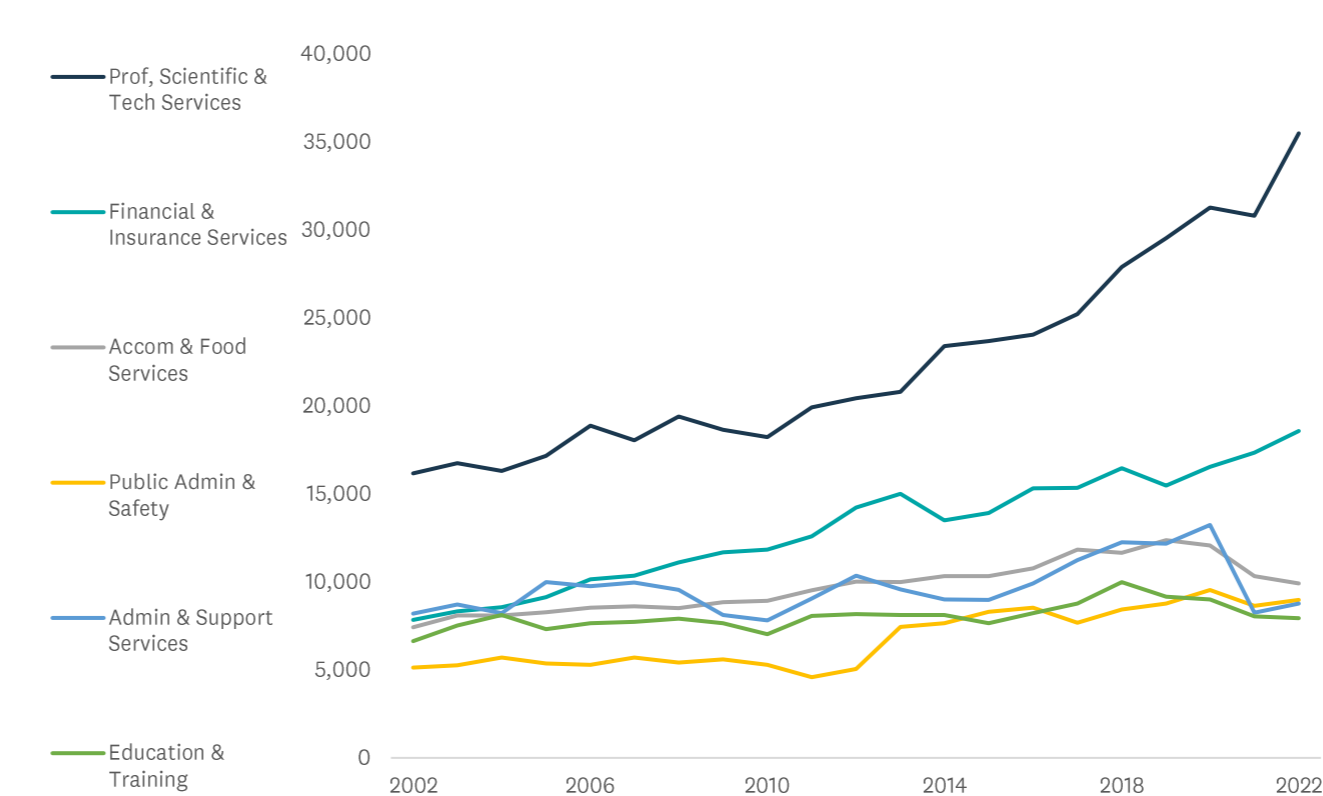
Financial & Insurance Services	Jobs	LQ
Finance	9,604	3.7
Auxiliary Finance & Insurance Services	4,587	3.4
Insurance & Superannuation Funds	4,415	4.3

Accommodation & Food Services	Jobs	LQ
Food & Beverage Services	7,047	0.9
Accommodation	2,839	3.5

Public Administration & Safety	Jobs	LQ
Public Administration	7,799	2.9
Public Order, Safety & Regulatory Services	1,068	0.4

Administrative & Support Services	Jobs	LQ
Administrative Services	8,200	1.4

Sectors Over Time (jobs)



Sectoral Change

Professional services employment has consistently trended upward since the early 2000s, with some cooling since 2019, likely impacted by COVID-19 related disruptions which appear to have been overcome over the last year. The financial services sector has experienced a similar trajectory, reflecting national growth in consulting and financial services.

Other key sectors, while experiencing some growth since the early 2000s, have increased more modestly. Although healthcare employment has risen significantly, it is still not a major employer in the area.

Administrative & support services and education are the main sectors to have declined in the area over the last decade.

Employment Growth and Decline

Sector	Job Growth 2012-2022	City Centre Growth	AKL Growth
Prof, Scientific & Technical Services	16,168	84%	43%
Financial & Insurance Services	4,442	31%	23%
Public Administration & Safety	4,373	95%	29%
Healthcare & Social Assistance	2,951	192%	37%
Construction	1,244	114%	113%
Retail Trade	1,123	32%	34%
Rental, Hiring & Real Estate Services	1,084	63%	47%
Arts & recreation Services	703	29%	22%
Education & Training	-222	-3%	13%
Admin & Support Services	-1,509	-15%	28%

Different areas within the City Centre have concentrations of different types of industry.

Professional services such as architectural, legal or management consultancy services are concentrated around the lower end of Queen Street from Wynyard Quarter to the west across to Shortland Street east of Queen Street. Finance & insurance services have a similar concentration in that area.

Both professional services finance & insurance services have grown led by architectural & engineering services, legal services, management consulting and computer systems design. Banking and insurance also seeing growth.

Accommodation tends to be concentrated around Aotea Square, Anzac Avenue and Symonds Street with recent growth in the Wynyard Quarter. Clubs and bars are concentrated around St Mary's Bay, Shortland Street and K Road. Cafes & restaurants make up most employment and contributed most employment growth, peaking in 2019 before COVID-19.

Public administration & safety has concentrations around Hobson Ridge North and Queen Street Southwest with Auckland Council and the Criminal Court, while Auckland Transport's presence and the centralisation of local government employment by Auckland Council has driven growth in the city centre.

Administrative & support services have declined overall with travel agencies, building cleaning and other administrative services all losing jobs. Employment services (e.g., labour hire and recruitment services) saw employment growth.

Location Quotient (job concentration)

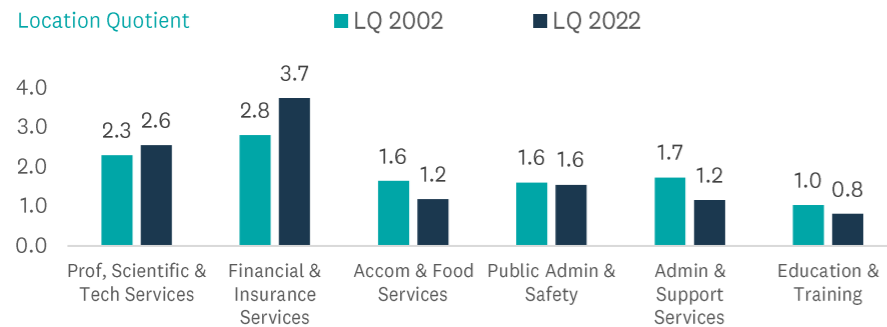
Consistent with the increases in the absolute job numbers since 2002, financial & insurance services have become more concentrated in the area compared to the wider Auckland region.

New Zealand's largest financial institutions and insurers are headquartered in Auckland City Centre, resulting in the concentration of employment in the sector. Health & general insurance and banking are particularly concentrated in the City Centre as is auxiliary financial & investment services (e.g., financial asset brokering, investment management and advice). Banking may be a result of the high street presence of the major banks in Auckland's smaller centres declining in recent years.

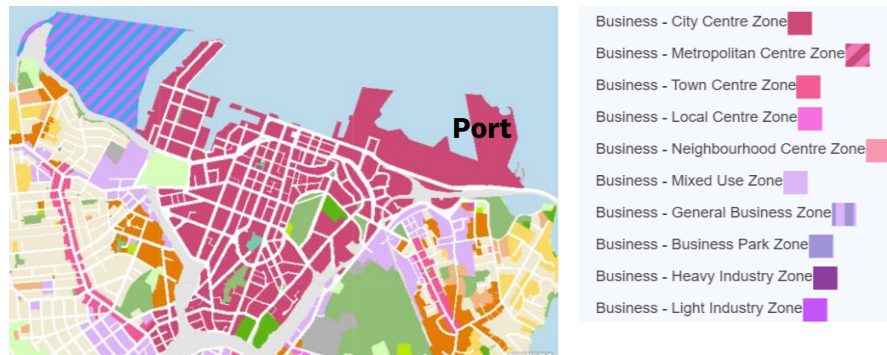
Professional, scientific & technical services are also concentrated in the City Centre. Similar to financial & insurance services, New Zealand's larger professional service providers, including many global businesses, have either a New Zealand headquarters or an Auckland office based in the central city.

Telecommunications services are concentrated in the City Centre and have become more concentrated over the last 20 years.

Administrative & support services jobs and accommodation & food services have become slightly less concentrated. Other key sectors are largely consistent with concentrations in 2002.



Land Use



The CBD is zoned City Centre Zone. This zone permits a wide range of activities to establish in most parts of the City Centre to enhance its vibrancy. The zone allows for the most intensive development in the region in terms of building heights some restrictions around sunlight admission to parks and views of significant landmarks.

The centre is the focus of Auckland's public transport network and connectivity will be enhanced by completion of the City Rail Link. A light rail route to the airport and a second harbour crossing have been proposed.

Commercial Property Assessment

Commercial property market intelligence provided by Colliers provides an overview of demand and cost of commercial premises across a number of industrial, office and retail centres in the Auckland Region as well as detailed data on different parts of Auckland's Central Business District.

Both retail and office space markets in the CBD were impacted by COVID-19 with travel restrictions and other measures compounded by movement to 'work from home' arrangements decreasing the centre's daytime population, a feature that has not reverted to pre-COVID levels.

Unlike many other locations in the region, both prime and secondary office vacancy rates are at historical highs. Despite that, there are a number of developments with pre-commitment under construction, although other proposed developments may require significant pre-commitments before commencing.

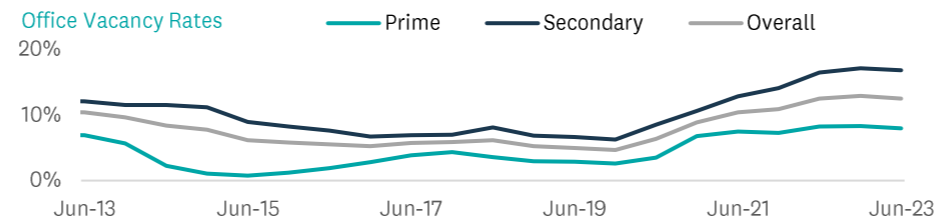
Vacancy rates and rents vary greatly by location within the CBD as well as by grade of accommodation. In general, prime vacancy rates are lower than secondary, although not in all locations.

The highest levels of office space vacancies are in the corridor that runs either side of Queen Street from downtown up to Midtown.

Other areas such as Britomart and the Wynyard Quarter, with high levels of amenity, a greater share of prime grade space and transport connectivity have performed more strongly, and vacancies remain low.

Britomart, the core office area around Shortland Street and Wynyard Quarter are the most expensive locations for premium grade and A grade office accommodation. Wynyard Quarter A Grade rents are at \$497 sqm for A grade office space compared to Midtown where A grade office space is priced at \$305 sqm.

The preference for higher quality office space has increased significantly over the past 20 months arising from the changes to workplace environment aspirations since the onset of COVID-19 and the focus on attraction and retention of staff in a low unemployment rate environment. Vacancies for Green Star rated premises are much lower than for non-rated premises.



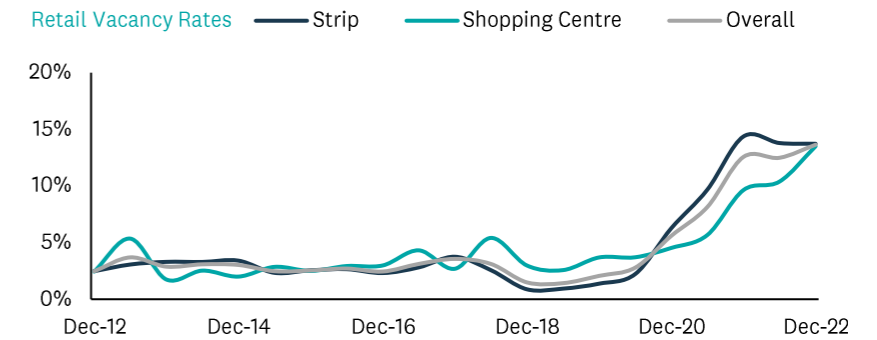
Prime office space makes up 42% of space, high for New Zealand but well below comparators like Sydney and Melbourne (over 60%).

While there are new developments, conversion of older space to residential or hotels has seen supply remain static at around 1.4 million sqm since 2009. Vacancies were at a low in the city centre in late 2019 but spiked as a result of COVID-19. While difficulties are felt unevenly, they are expected to remain in the short term.

Retail in the CBD has been strongly impacted by COVID-19 and the reduction in workers and tourists able to visit the area during the restrictions put in place. Over the 6 years to 2019, strip retail vacancies average 2.7% but peaked at 14.4% during COVID and now sit at 13.7%.

Vacancies vary greatly within the CBD with Lower Queen Street (luxury retail) less impacted than other areas impacted by City Rail Link works and international student numbers falling due to border restrictions. In mid-2019, the overall vacancy rate was at a record low of 1.4%, and now stands at a record 13.6%.

National branded and entertainment precinct rents fell as a result of COVID-19.



While COVID-19 impacted occupancy rates, supply also increased with the completion of Commercial Bay. Queen Street, the traditional heart of Auckland's City Centre retail offer is currently undergoing a major upgrade to improve the street as a predominantly pedestrian environment.

Office Vacancies and Rents (per sqm)		Retail Vacancies
Prime Office Vacancies (%)	8.3%	Strip: 13.6%
Secondary Office Vacancies (%)	17.1%	Mall: 13.5%
Prime Rents (sqm)	\$468	Retail rents (per sqm)
Secondary Rents (sqm)	\$255	Luxury: \$3,875
Britomart Premium Rents	\$550	National \$2,188
Core Premium Rents	\$602	Entertainment: \$1,775
Wynyard Premium Rents	\$533	
Victoria Premium Rents	\$475	

Office Supply / Net Lettable Area		Retail Supply (10yr change)
Prime % of Total	42%	Strip: 82,200 (-11% on Dec 2022)
NLA (sqm)	1.43M	Mall: 51,400 (+64% on Dec 2022)
Under Construction	99,305	Total: 133,203 (+8% on Dec 2022)

Opportunities / Challenges

While foot traffic and leasing has increased post-COVID, retail in the City Centre will still face challenges posed by prevailing economic conditions. Longer-term working arrangements and preferences are not yet known and the mix of City Centre land use between office, residential, retail and recreation may change, opening up potential new opportunities.

Improvements to the physical environment and ease of movement around the central city have been and remain a focus of the wider Auckland Council group.

The scale of the challenge and resources required mean long-term investment and periods of disruption for areas as physical works are undertaken. This can pose challenges for affected businesses.

Assessment / Future

The City Centre will always be a focus of commercial and recreational activity for the Auckland region but change, a feature all centres, may accelerate in response to COVID 19.

Work is underway to improve Queen Street as a pedestrian environment which along with the creation of a square between Britomart Station and Commercial Bay should add vibrancy to an area that has needed an upgrade for some time.

Council group and other key stakeholders are working to overcome the impact COVID-19 has had on the central city, the commercial hub of the Auckland region and New Zealand.

The City Centre Action Plan seeks to identify the actions the Auckland Council Group will prioritise in delivering the City Centre masterplan over the next 10 years.