

Golden Mile Retail Impact Assessment

Let's Get Wellington Moving

December 2020



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Executive summary

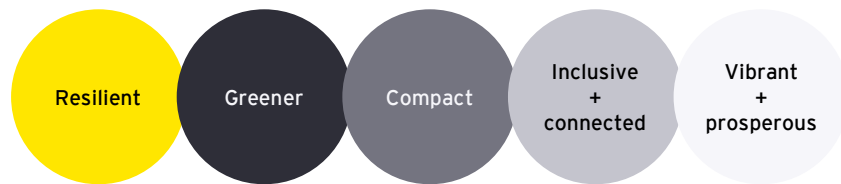


Executive summary

Vision for the Golden Mile

Wellington City Council's "Our City Tomorrow" community engagement process was a strategy to establish five new operational and design goals for the city. These goals have informed Let's Get Wellington Moving's Vision for the Golden Mile, being intentionally reflected in the way the options for the Golden Mile have been designed. These are; resilient, green, compact, inclusive and connected, and vibrant and prosperous.¹

Figure 1: Golden Mile design principles



“Connecting large numbers of people to and through the central city with reliable and affordable public transport while providing safe, accessible and attractive streets and spaces”.

The request

EY was commissioned by WSP as a sub-consultant to undertake a retail impact assessment against the proposed options for the Golden Mile (defined as the road corridor from Lambton Quay to Courtenay Place).

Our assessment was required in order to provide a retail perspective for the Multi-criteria Analysis (“MCA”) workshop, scheduled for 30 November 2020. The purpose of the MCA assessment was to determine the long-term effects, benefits, and risks of each of the proposed improvement options on Golden Mile retailers and businesses. EY attended the MCA workshop to provide views on the high-level economic impacts, including positive and negative effects, informed through a full market assessment, case study identification and research, and impacts analysis.

This, together with the results of the MCA assessment, has led EY to develop this report outlining findings on the proposed improvement options to retailers along the Golden Mile.

Our approach

EY undertook desktop research and analysis to identify how the proposed process improvements would impact retailers along the Golden Mile.

Through external supporting data provided by MRCagney and WSP New Zealand, this retail impact assessment report has focused on delivering upon two core workstreams consisting of:

1. A market assessment to outline the current state of the Golden Mile retail precinct and market overall
2. Case study research and an assessment of local and international best practise to outline the benefits, risks, and impacts to retailers assuming the proposed process improvements are completed

The two workstreams outlined above were combined to assess and develop a position of assessment on the economic impacts on retailers from the proposed changes to the Golden Mile transport corridor.

As part of our engagement, EY attended the MCA workshop to provide a retail perspective from supporting evidence, pertaining to the two workstreams outlined above.

¹ Let's Get Wellington Moving Vision Statement June 2020. Accessed through: [Vision-2036-April-2020.pdf \(lgwm.nz\)](https://www.lgwm.nz/2036-April-2020.pdf)

Our approach to this report was to outline how the proposed process improvements would impact retailers along the Golden Mile, with support from specific domestic and international evidence where similar infrastructure improvements have been undertaken.

Our findings have been developed and informed by desktop research, external documentation supplied by WSP New Zealand and MRCagney, and supportive market evidence. Our views do not indicate a firm position on any of the proposed options and only provide an assessment of the retail sector based on market knowledge, research, and case study evidence.

Due to the challenges of obtaining quantitative research in this area, arising from the limited time involved, case study evidence has been used as a substantive comparative basis throughout this report to inform and support our assessment of proposed improvement options on Wellington's current retail and commercial sector.

Our findings

This report begins by addressing the current retail environment with respect to COVID-19. The global pandemic has thrown retailers an unexpectedly difficult operating environment that could compound potential positive or negative effects found in this report. The report addresses this uncertainty as a global phenomenon on the retail sector and outlines the clear risk presented from the pandemic on business stability and probability of failure.

The report goes on to discuss the state of the Wellington retail market. Face rents, lease demand growth, tenancy trends and vacancy rate patterns over the past 24 months have been analysed from property sector reports, however no specific directional patterns could be found to conclude a clear trend.

This assessment specifically highlights expectations that landlords and tenants can have as a result of the proposed options. Landlords could expect greater lease demand, lower vacancy rates and increased rental appreciation, where tenants could expect increased rents and competition for space, higher sales volumes as a result of revitalised urban landscapes and increased pedestrian footfall and modal share.

Case study research, particularly of customers on Bloor St, Toronto, which was redesigned to allow dedicated cycle and bus lanes, brought out the perceived negative of carpark removal from stakeholders, including current retailers and industry lobbyists. This highlighted that such parties tend to overestimate the importance or value of private carparks and private car access on revenue generation. This finding is supported by Wellington's shopper demographics, where 35% of the estimated spend in the Golden Mile comes from visitors who have walked/jogged/cycled/scooted, 32% from visitors who used the bus or train and 23% from visitors who drove a private vehicle. 6% used an Uber/Taxi and 4% were passengers in a private vehicle.²

A key recommendation from this study was that retailers would benefit from tailoring their offering to customers arriving by these means, through improving bike lane accessibility, adding bike parking outside stores, or offering loyalty discounts to bus commuters.

Share of spend by visitor mode of transport

35%

walk/jog/cycle/scoot

23%

drove a private vehicle

32%

used the bus or train

“It appears in the best interest of retailers to favour reallocating space toward more frequent and higher spending customers, in this case, pedestrians and cyclists”.

² MRCagney research on estimated spend by mode of transport, November 2020

Context



Overview - The Golden Mile

The Golden Mile is imperative to the vibrancy and economic sustainability of the Wellington CBD. The “Golden Mile” refers to the main retail and commercial corridor extending from the Cenotaph near Parliament Buildings, to the eastern end and entertainment hub of Courtenay Place. It is split into four streets; Lambton Quay, Willis Street, Manners Street and Courtenay Place.

The Golden Mile has been identified in the District Plan specifically as a key retail destination which promotes the nearby location of office activities, enhancements to the pedestrian environment and the roll-out of quality public transport infrastructure.³ Wellington is known for its prominence of government departments, with this being the largest sector of economic activity. This, combined with strong private economic activity, makes the capital one of the busiest cities in New Zealand, with a concentration of office workers.

Of total retail in Wellington City, the Golden Mile provides 54% of retailing, 27% of dining hospitality and 47% of evening hospitality (pubs, taverns, bars and clubs).⁴ The Golden Mile consists of over 98,000 sqm of floor space within 554 stores.⁵

In addition to its geographical segments, the Golden Mile comprises three distinctive retail functions:

- ▶ Large, established brands/high quality retail; mostly in the prime portion, along Lambton Quay
- ▶ Evening hospitality; mainly in the Courtenay Place area which concentrates 25% of the city's evening hospitality
- ▶ General/smaller retailers

Figure 2: Courtenay Place, retrieved from Wellington City Council



³ Wellington City Council 2017 Baseline report: Land use and urban form. Accessed through: <https://lgwm.nz/assets/Uploads/Baseline-report-Land-uses-v6.pdf>

⁴ Wellington City Council 2017 Baseline report: Land use and urban form. Accessed through: <https://lgwm.nz/assets/Uploads/Baseline-report-Land-uses-v6.pdf>

⁵ Wellington City Council 2017 Baseline report: Land use and urban form. Accessed through: <https://lgwm.nz/assets/Uploads/Baseline-report-Land-uses-v6.pdf>

The options

Three options have been proposed for transforming the Golden Mile transport corridor. They are named Streamline, Prioritise and Transform, ranging from Option One (least transformative) to Option Three (most transformative). They offer different options and combinations of private vehicle access, bus and bike lane prioritisation, footpath widening and streetscape design.

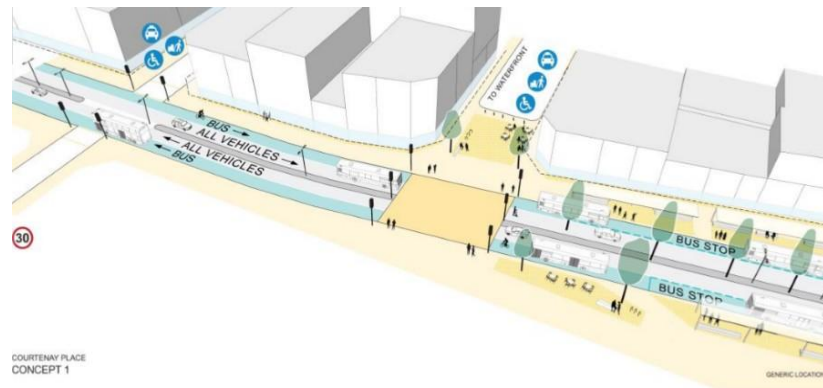


Option One: Streamline⁶

Option One proposes the fewest changes to the Golden Mile transport corridor. The option aims to streamline the corridor, with general traffic including private vehicles still able to drive down parts of the Golden Mile (from Lambton Quay to Willis Street). The ends of some side streets from Willis Street south would also be closed.

Bus stops would be consolidated, and bus reliability improved. It would be no more than a five-minute walk to a bus stop for someone walking at an average speed from anywhere along the corridor.

Carparks, loading bays and taxi stands would be relocated to side streets, giving rise to 30% more footpath space. More space would be added along Manners St and Courtenay Place for people to sit, spend time, or access businesses by repurposing the ends of closed side streets. It should be noted that emergency service vehicles would always maintain full access to the corridor.



Key features

Only parts of the corridor would be open to general traffic and private vehicles, some side streets would be closed, and footpaths would be 30% wider.

⁶ Images retrieved from the Golden Mile Engagement Summary Report (August 2020)

Option Two: Prioritise⁷

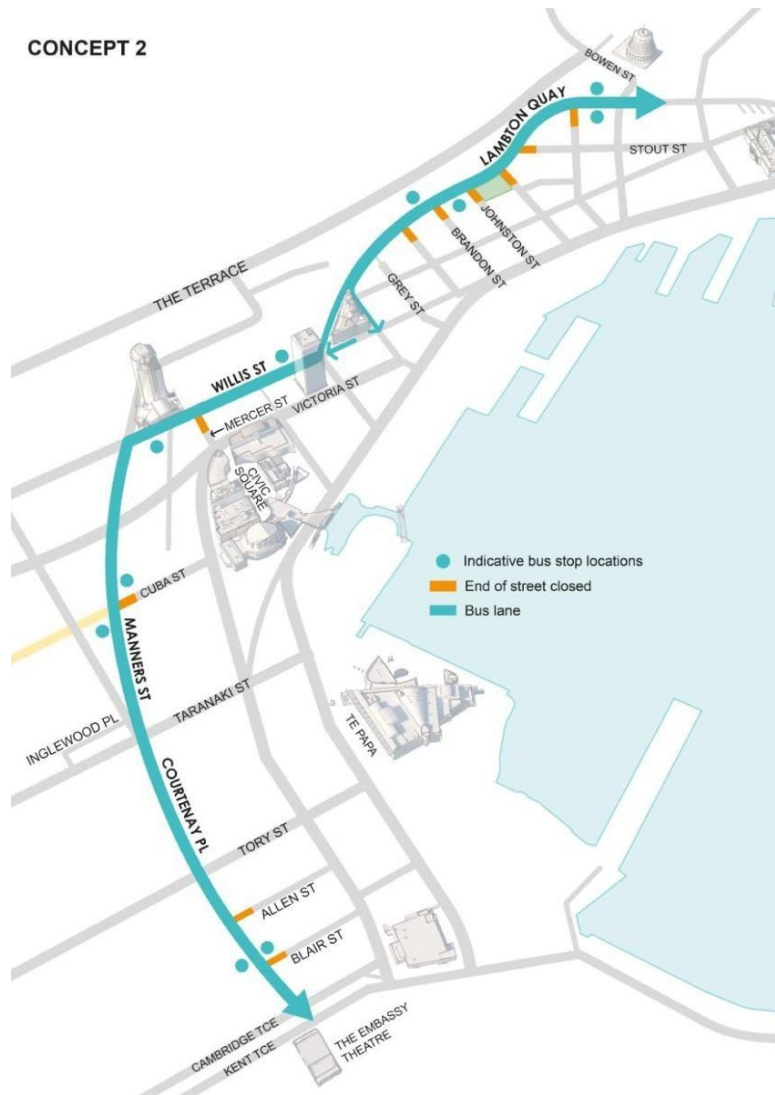
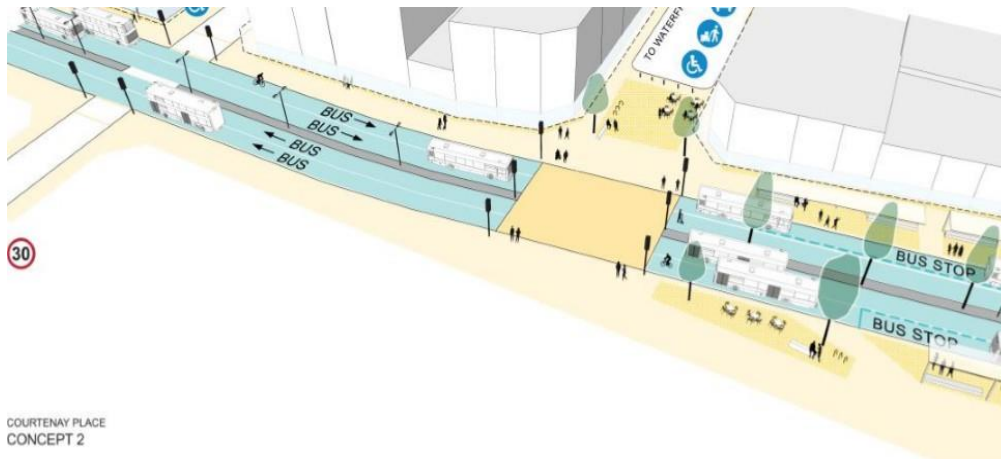
In Option two, significant changes to the road layout are presented, including removing all general traffic and private vehicle use and closing the ends of most side streets. Additionally, two bus lanes would be constructed in each direction on Courtenay Place and on most of Lambton Quay, prioritising buses as the preferred mode of transport use.

Bus stops are consolidated to increase reliability. Pedestrian space would also be increased around bus stops, with no more than a five-minute walk to a bus stop for someone walking at an average speed from anywhere along the corridor.

Option Two converts carparks to footpaths and relocates loading bays and taxi parks to side streets, providing up to 30% more footpath space. More space to sit, spend time, or access businesses by repurposing the ends of closed side streets would provide more accessibility to shops. Emergency service vehicles would always maintain full access to the corridor.

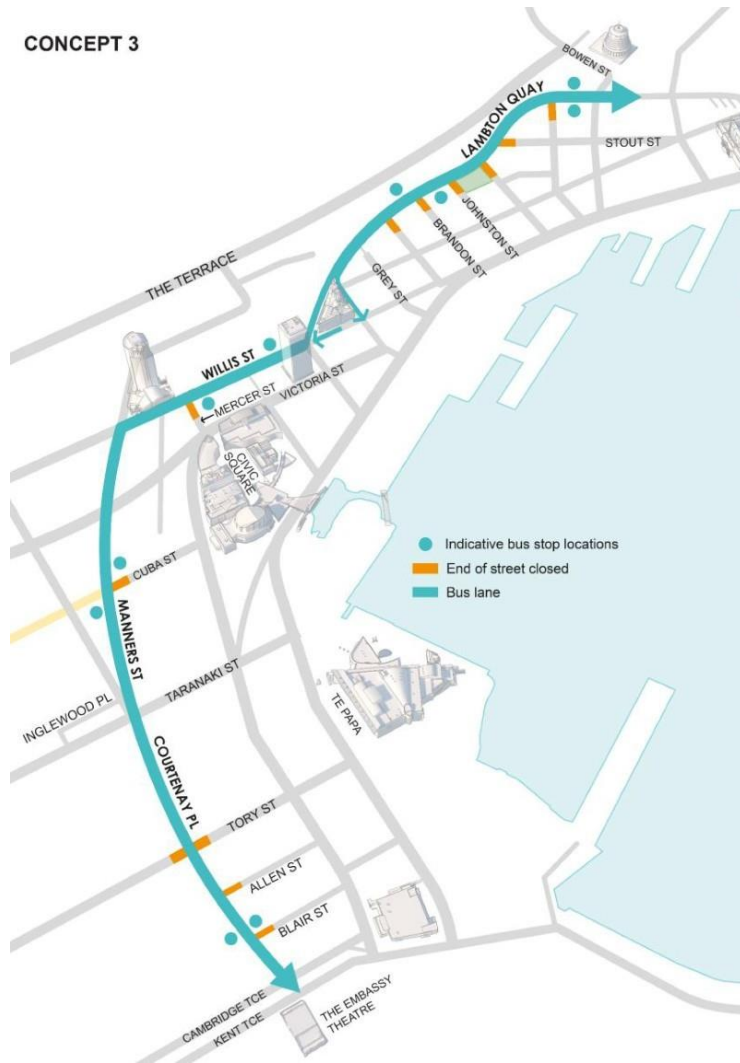
Key features

Changes to road usage to improve transit links with the removal of general traffic. Two bus lanes would run in each direction for most of the Golden Mile and footpaths would be 30% wider.



⁷ Images retrieved from the Golden Mile Engagement Summary Report (August 2020)

CONCEPT 3



Option Three: Transform⁸

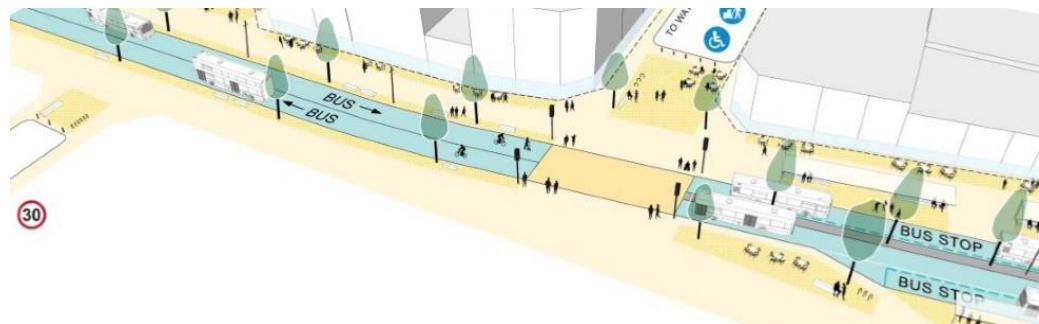
Option Three proposes a transformative corridor mode shift. All general traffic and private vehicles are to be removed from the precinct. Numerous side streets are to be closed, and one bus lane will be extended in each direction and changed to a footpath, increasing pedestrian access and walkability. It is likely that buses would stop in the lane to pick people up causing some delays and congestion.

Bus stops would be consolidated to increase reliability and space between stops. There would be no more than a five-minute walk to a bus stop for someone walking at an average speed, from anywhere along the corridor.

The conversion of the extra bus lane and carparks to footpath and streetscape has been designed to enable aesthetically pleasing urban design elements. The option also proposes relocation of loading bays and taxi parking to side streets. This would provide 75% more footpath, a portion of which could be used for people biking and on scooters. More space is allocated for people to sit, spend time, or access businesses by repurposing the ends of closed side streets.

Key features

General traffic would be removed, and one lane would run each way for buses, with the additional lane changed to a footpath. 75% wider footpaths built, with the possibility of dedicated or shared spaces for bikes and scooters on some parts of the Golden Mile.



⁸ Images retrieved from the Golden Mile Engagement Summary Report (August 2020)

Our approach

This Report focusses on two core workstreams: a market assessment outlining the current state of the Golden Mile and an economic impact analysis assuming the proposed process improvements are completed.

Market assessment

The first workstream examined the current state of real estate characteristics in the Golden Mile and retailers and businesses in the area. Retailers and businesses included in our assessment were limited to those that undertake retail activities as part of their day to day trading, in both weekday and weekend daytime and night-time economies.

The market assessment analysed the Golden Mile precinct from a real estate lens to understand current market activity. This included, but was not limited to:

- ▶ Current market rents, lease demand, growth rates, vacancy rates and tenancy trends.
- ▶ Benchmarking of income/return metrics against other comparable NZ retail precincts.
- ▶ Understand current trends and predict future trends (part of economics impact analysis) including sales volumes, pedestrian traffic and turnover rent.
- ▶ Discussions with leasing agents in the Wellington City market to understand critical retail market drivers within the precinct surrounding the Golden Mile.

Case studies

The second workstream included case study research and an assessment of local and international best practise to try to outline the benefits, risks, and impacts to retailers assuming the proposed process improvements are completed.

This report includes two domestic case studies (Queen Street and Various) and five international case studies (Melbourne, Vancouver, Toronto, Dublin and London).

⁹ Living Streets 2018 The Pedestrian Pound: The business case for better streets and places. Accessed through: <https://www.livingstreets.org.uk/media/3890/pedestrian-pound-2018.pdf>

Impact assessment

The outcomes of both workstreams were examined to determine the potential impacts that could occur, assuming the proposed improvements are completed, specifically focusing on the following:

- ▶ Impact on retailers and businesses including positive and negatives of increased pedestrian traffic and less motor vehicle usage as a result of the improvements.
- ▶ Impact on landlords and tenants in the Golden Mile such as expected rent trends and lease demand.
- ▶ Future economic impact on the Golden Mile area overall including the flow on effects of increased urban amenity and economic vitality.

Limitations of this assessment

Quantitative analysis such as benefits and costs arising from the impacts of the proposed improvements are difficult to quantify and have been proven the same in various case study examples.⁹ Additionally, quantifying impacts is further challenged by the difficulty in isolating variables, leakage effects and the long-term nature of the impacts being measured, which often goes beyond the evaluation period.

As a result, EY has not quantified any economic impacts on retailers and instead obtained quantitative data in the form of impacts on retail spend from MRCagney. This modelling looked at four scenarios; whereby all options, *bar* the Option 3 Pessimistic Scenario, showed increases in estimated change of retail spend. It is crucial to note, the pessimistic scenario is highly unlikely to eventuate, and was developed to stress test the model for the purposes of the MCA process.

1 Market assessment

A woman with dark hair, wearing a white turtleneck sweater and a dark backpack, is standing at a market stall. She is holding a smartphone in her right hand and looking at the screen. The stall has a computer monitor and a payment terminal. In the background, there are various market stalls with fresh produce like lemons and oranges, and other people. The scene is brightly lit with overhead fluorescent lights.

Market parameters

Insight into the current retail environment and property market to wholly understand potential impacts on retailers.

Covid-19 impacts

The global pandemic has caused major disruption to economies, businesses, and residents in New Zealand and around the world.

New Zealand was able to curb the spread of Covid-19 and limit lockdown periods for retailers and businesses across the country. However, the lockdown periods placed significant stress on the retail market, as employees were mandated to work remotely and trading activity for non-essential retailers and businesses was restricted.

At Alert Level 2, no more than 100 people could gather, and hospitality businesses were legally required to keep groups of customers separated, seated, and served by a single person. At Alert Level 3, retailers and businesses were only allowed to operate in a contactless way.

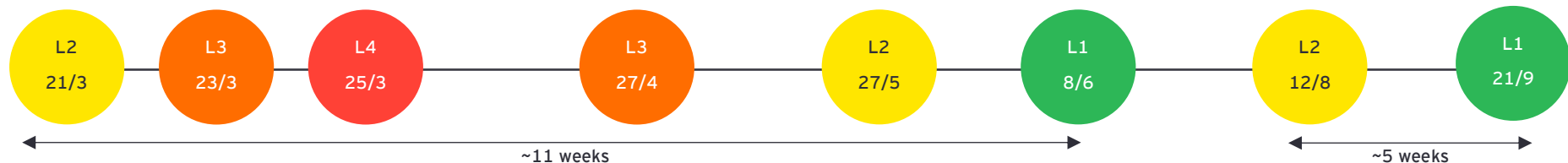
Although Alert Level 2 was less restrictive, retailers and businesses in Wellington saw a greater than 50% decrease in customers, apart from their regulars.¹⁰ The move from Alert Level 2 to 1 saw a 30% increase in pedestrian flow in the CBD, emphasising the impact of Alert Levels on patronage.¹¹

Electronic card spending data further illustrates the impact, with overall spending in April 2020 falling by 44% compared with April 2019. In April 2020, spending in the hospitality sector fell by just under 95%.¹²

The first and second lockdowns spanned approximately 11 and 5 weeks respectively at Levels 2 and above for the Wellington region¹³, as depicted by Figure 3: Wellington Lockdown Timeline. For traders that did not have online or contactless operations, this would have severely impacted them, even after accounting for Government subsidies and support for businesses.

In discussions with property experts it's clearly apparent that all retail markets across New Zealand felt the impact of Covid-19. Leasing agents in Wellington noted landlords have been more willing to accommodate shorter lease terms between 18 to 24 months instead of longer 5 to 6-year term structures as future uncertainty for the sector remains. Large format stores and well-established brands appear to have greater bargaining power to negotiate rents and rental abatements. However, this is not always the case - especially for smaller retailers.

Figure 3: Wellington lockdown timeline



¹⁰ Radio NZ 2020 Alert level 2 familiar but concerning for Wellington Hospitality industry. Accessed through: <https://www.rnz.co.nz/news/business/423425/alert-level-2-familiar-but-concerning-for-wellington-hospitality-industry>

¹¹ JLL 2020 Wellington rising to retail challenge with significant city pedestrian surge. Accessed through: <https://www.jll.nz/en/trends-and-insights/cities/wellington-pedestrian-count>

¹² Colliers International 2020 NZ Research Report - June 2020. Accessed through: <https://www.colliers.co.nz/en-nz/research/new-zealand-research-report-june-2020>

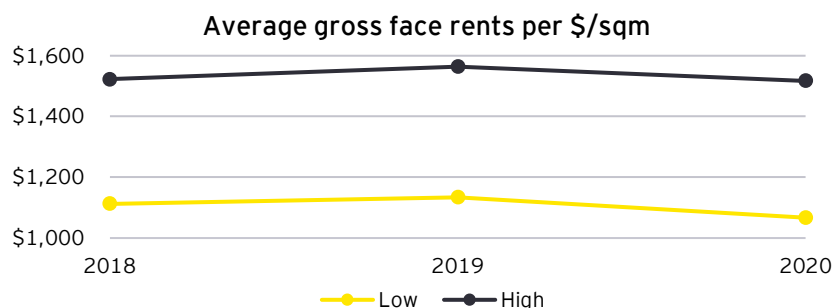
¹³ Radio NZ 2020 Coronavirus Timeline. Accessed through: <https://shorthand.radionz.co.nz/coronavirus-timeline/>

As part of the Government's support for small businesses, temporary law changes and subsidies for arbitration/mediation were introduced, to help commercial tenants and landlords share the financial impact of Covid-19. These law changes were backdated to 1 April 2020 and include:

- ▶ More time for commercial tenants to catch up on overdue rent.
- ▶ Longer notice period for cancelling a lease because of overdue rent, up from 10 working days to 30 working days.
- ▶ More time for mortgage borrowers, including landlords, to catch up on overdue mortgage payments.

Current market rents

The retail market is showing a minor decline in light of Covid-19 with prime CBD gross face rents per/sqm slightly dropping in the second half of 2020 compared to 2019.¹⁴ Rental decline this year is being accounted to lower face rents and increasing incentives.¹⁵ It is worth noting retail net effective rents have decreased in all submarkets.¹⁶



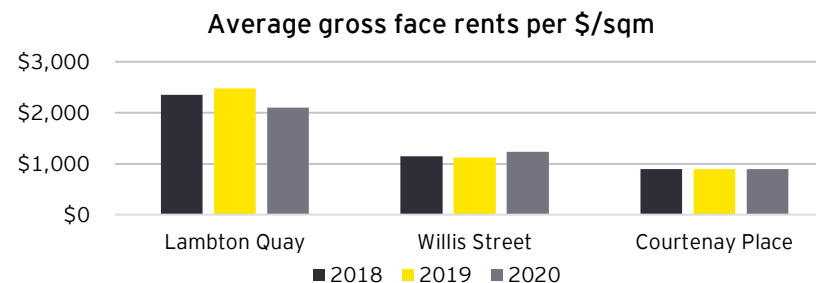
According to CBRE's Q2 market report, the Courtenay Place precinct suffered the largest decrease of 6.7% during Q2, primarily due to the impact of the Covid-19 lockdown. Prime and secondary CBD rents also decreased by 3.1% and 6.0% respectively.

¹⁴ Colliers International 2020 Colliers Essentials: Wellington Retail Report 2020. Accessed through: <https://www.colliers.co.nz/en-nz/research/colliers-essentials-wellington-retail-report-second-half-2020>

¹⁵ CBRE 2020 Market View Wellington Q2, 2020. Accessed through: <https://www.cbre.co.nz/research-reports/Wellington-MarketView-Q2-2020>

¹⁶ CBRE 2020 Market View Wellington Q2, 2020. Accessed through: <https://www.cbre.co.nz/research-reports/Wellington-MarketView-Q2-2020>

The second half of 2020 is projected to see both declining face and effective rents in an environment of lower sales and higher vacancies.¹⁷ Rental softening arising from Covid-19 is forecast to be material in the short term but return to positive growth beyond 2021.¹⁸



Most retail rent lease structures in the Wellington CBD are based on traditional fixed rents with very few landlords using turnover rentals. Considering the impact of Covid-19 on sales, the variable nature of turnover rentals is even more prominent, however many landlords have factored in rent abatements with fixed rents.

Lease demand

Prime retail along the Golden Mile is the most sought-after space and therefore commands the highest rents in the area.¹⁹ In our site survey we observed very few vacancies and in discussions with leasing agents were informed that an increasing number of local retailers are expressing interest and looking to lease space, especially around Lower Cuba street which has seen a major resurgence and demand.

Approximately 1,100 sqm of prime retail space will be added to the Cuba precinct in the coming months when refurbishment works on the ex-Farmers site completes, as well as an uptake of space in Lower Cuba including the Regional Council and other office/retail tenants. Leasing agents also noted increasing retail lease demand as commercial tenants and their employees return to their offices.

¹⁷ CBRE 2020 Market View Wellington Q2, 2020. Accessed through: <https://www.cbre.co.nz/research-reports/Wellington-MarketView-Q2-2020>

¹⁸ CBRE 2020 Market View Wellington Q2, 2020. Accessed through: <https://www.cbre.co.nz/research-reports/Wellington-MarketView-Q2-2020>

¹⁹ Colliers International 2019 Commercial Property Review - Retail Market. Accessed through: <https://www.colliers.co.nz/en-nz/news/2019-commercial-property-review-nz-retail-market>

Growth rates

Growth rates in the area are predicted to increase due to rising lease demand and limited market supply. Wellington's retail sector faces similar issues to the city's office sector around low NBS rated stock. Persistently high construction costs have kept supply bottlenecked, though the sector is unlikely to stagnate completely given the reasonably high levels of stock in the pipeline at various stages of planning and construction.²⁰

Tenancy trends

Covid-19 enforced lockdowns have highlighted the importance to retailers of having a strong online presence.²¹ Retailers which do not trade online were found to report a fall in sales whereas those trading online were likely to report higher sales.²² Aside from full online operations, hospitality businesses especially have adapted to create contactless methods of order and payment, and also made more usage of food delivery apps such as Uber Eats.

Vacancy rates

Across the Golden Mile, vacancy rates have held relatively stable from 2018, fluctuating between 0.8% to 4.6% at most for Lambton Quay, Manners Street and Courtenay Place. Overall vacant space in the Wellington CBD increased to over 7,000 sqm in the June 2020 quarter reflecting a vacancy rate of 6.7% compared to the 4.1% recorded in the December quarter last year. The increase was largely influenced by a small number of larger units which have become available in the Willis Street precinct, reflecting its 9% vacancy increase this year.²³

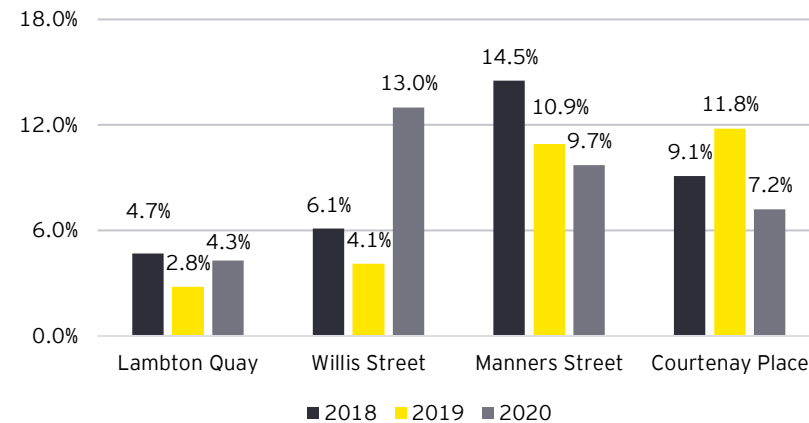
²⁰ JLL 2020 Wellington Retail Market. Accessed through: <https://www.jll.nz/en/trends-and-insights/research/wellington-retail-market-snapshot-2q20>

²¹ Colliers International 2020 Colliers Essentials: Wellington Retail Report 2020. Accessed through: <https://www.colliers.co.nz/en-nz/research/colliers-essentials-wellington-retail-report-second-half-2020>

²² CBRE 2020 Market View Wellington Q2, 2020. Accessed through: <https://www.cbre.co.nz/research-reports/Wellington-MarketView-Q2-2020>

²³ Colliers International 2020 Colliers Essentials: Wellington Retail Report 2020. Accessed through: <https://www.colliers.co.nz/en-nz/research/colliers-essentials-wellington-retail-report-second-half-2020>

Golden Mile vacancy rates



Furthermore, circa 1000 sqm of stock has been removed for refurbishment.²⁴ Prior to Covid-19, in 2019, the Golden Mile saw a 9-year low vacancy rate of 4.1% stemmed from high tenant demand and a static supply pipeline.²⁵

Conclusion

Retailers face a more difficult operating environment and could see continued decreased sales volumes as the impacts of Covid-19 are felt on consumers. Vacancy rates are expected to increase for the rest of the year, with predictions based on fewer tenants in the market and increased pressure on current businesses.²⁶ For retailers, landlords may be open and more willing to offer rent abatements rather than lose tenants.

²⁴ Colliers International 2020 Colliers Essentials: Wellington Retail Report 2020. Accessed through: <https://www.colliers.co.nz/en-nz/research/colliers-essentials-wellington-retail-report-second-half-2020>

²⁴ JLL 2020 Wellington Retail Market Snapshot Q2 2020. Accessed through: <https://www.jll.nz/en/trends-and-insights/research/wellington-retail-market-snapshot-2q20>

²⁵ Colliers International 2019 Colliers Essentials: Wellington Retail Report 2019. Accessed through: <https://www.colliers.co.nz/en-nz/research/colliers-essentials-wellington-retail-report-second-half-2019>

²⁶ JLL 2020 Wellington Retail Market Snapshot Q3 2020. Accessed through: [Wellington Retail market snapshot Q3 2020 | JLL NZ](https://www.jll.nz/en/trends-and-insights/research/wellington-retail-market-snapshot-q3-2020)

Benchmarking

Relevant metric benchmarking against Auckland City prime retail over the past 24 months.

Wellington is home to a thriving and diverse retail market in New Zealand, second only to Auckland in comparison. The Wellington CBD is a major retail destination for the greater Wellington Region and local tourism. Unlike Auckland, which has several high-end central shopping centres such as Newmarket and Ponsonby, boutique and high-end retail is primarily concentrated in the Wellington CBD. EY has relied on comparable retail data solely from Auckland given the lack of comparable retail data and commercial publications on other retail markets across NZ.

Table 1: Retail comparison data²⁷

	Auckland			Wellington		
	2H 2020	2H 2019	2H 2018	2H 2020	2H 2019	2H 2018
Avg. net face rents (\$/SQM)	\$1,250 - \$4,300	\$1,250 - \$4,300	\$1,250 - \$4,300	\$1,067 - \$1,517	\$1,134 - \$1,564	\$1,113 - \$1,523
Avg. yields	5.0% - 6.0%	4.5% - 6.0%	4.5% - 6.0%	6.3% - 7.3%	6.2% - 7.2%	6.4% - 7.2%
Avg. net capital values (\$/SQM)	\$20,833 - \$86,000	\$23,810 - \$81,905	\$23,810 - \$81,905	\$14,932 - \$24,404	\$15,820 - \$25,270	\$15,530 - \$23,990
Vacancy rates	2.2%	0.9%	2.6%	6.7%	4.2%	6.8%

In both regions, statistics on prime CBD retail is tabulated above. The Auckland region has a population of ~1.7 million whereas the Wellington region has a population of ~0.5 million. Characteristically, Auckland is New Zealand's largest city and accordingly commands higher rents, higher capital values and lower yields. Rental rates have taken a slight drop in Wellington following the impacts of Covid-19 whereas Auckland rents have remained relatively stable. Yields have remained relatively stable for both regions, slightly softening in Auckland by 5 bps for the lower end of the average. This is primarily due to a lack of transactional evidence in the market as investors and occupiers continue to wait until the effects of Covid-19 unfold and markets begin to recover.

Even though Wellington is a much smaller area compared to Auckland, market parameters indicate that the retail market in Wellington has grown over the years, illustrated by increasing net rents, net capital values and strong yields (pre-Covid-19).

²⁷ All data sourced from Colliers International.

Golden Mile retail landscape

Physical observations

On Wednesday the 11th of November 2020, representatives from EY walked the Golden Mile and collected data on retailer types, counts, vacant properties, parking availability and side street retailers. By observing the Golden Mile in person, we were able to gain a more holistic view of the current environment and how the proposed options could impact retailers.

At the top of Lambton Quay, we observed many name brand retailers on the north side of Lambton and commercial offices and government occupiers on the south side. Lambton Quay has a significant amount of lane ways, side streets and access ways to the adjacent Terrace street north of Lambton Quay, further adding to its diverse retail offering and accessibility attributes. Retailers along Lambton Quay benefit from these access points as an alternative usage opportunity for loading bays and public parking.

Willis Street contains similar levels of retail amenities and subsequently tapers off towards the end of Willis Street becoming more hospitality centric. This trend continues through Manners Street where a decrease in area character amenity is apparent.

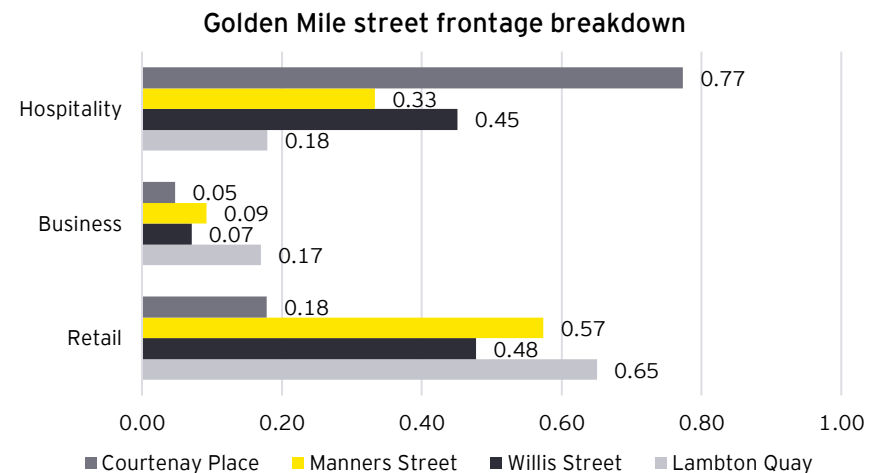
Courtenay Place encompasses mainly retail offerings on the west side and hospitality offerings such as restaurants and bars to the east. Courtenay Place is also home to various entertainment outlets such as Saint James Theatre.

Although these four streets are defined as the “Golden Mile”, the Wellington CBD retail landscape goes well beyond this corridor and extends into side streets such as Victoria, Featherston and Cuba Street, to name a few. These areas have begun to attract various premium and boutique retailers seeking proximity to the foot traffic around the Golden Mile.

As part of our observation, we conducted a survey to approximate the commercial mix of shops along the Golden Mile. These street front units were noted and classified as either:

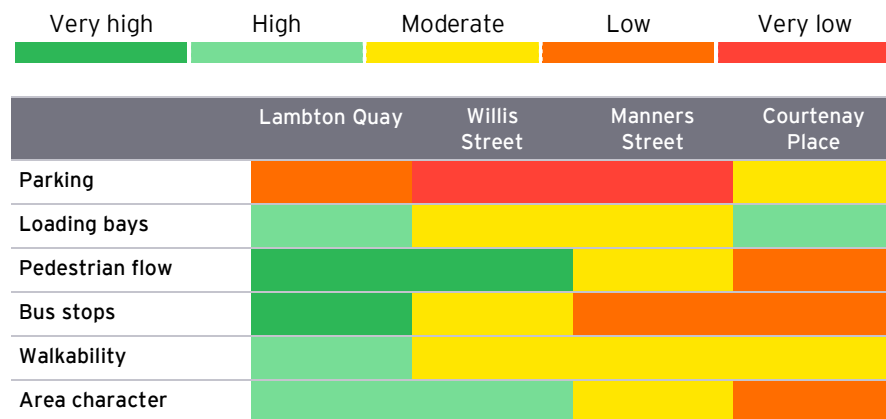
1. Hospitality - encompassing food, beverage and accommodation
2. Business - not classed as either hospitality or retail
3. Retail - shops providing goods or services of a retail nature e.g. clothing, hairdressing, consumer products etc.
4. Note: Shops on the ground floor of the Golden Mile and shops that had clear signage on the Golden Mile and street facing were counted.

The graph below depicts the observation of tenant mixes on the Golden Mile. Lambton Quay and Manners Street are majority retail focussed whereas Courtenay Place is dominated by hospitality amenities. Willis Street is almost evenly split between retail and hospitality, the reasoning for which could be based on its central location within the Golden Mile and proximity to and presence of commercial office space.



Observations of current amenities

A summary of our findings on the level of current amenities and offerings are tabulated below. These categories represent the primary process improvements being proposed by the Golden Mile improvements. The categories include parking, loading bays, pedestrian flow, walkability and area character. EY has rated these categories on a scale ranging from very high to very low in terms of presence and amenity. These ratings are based on EY’s interpretation and site survey findings.



1. Parking, including taxi and mobility parking

Little to no parking was observed on both sides of Lambton Quay, Willis Street and Manners Street. However, there is extensive parking available within side streets of Golden Mile streets, including both public and private parking such as Wilson parking lots and Wellington City Council parking. Courtenay Place has sufficient on-street parking with ample side street parking throughout.²⁸

There is only one mobility park directly on the Golden Mile. This was found mostly vacant during weekdays, 85% of the time, and otherwise occupied by mainly private vehicles for an average of 33 minutes during weekdays, and an average of 70 minutes during weekends.²⁹

²⁸ Refer to Appendix A for map of loading bays and taxi stands.

²⁹ WSP 2020 Quick literature review; Golden Mile parking removal and impact on business.

“Taxi parks are utilised during weekdays by taxis 40% of the time, and by other vehicles 10% of the time. These zones are vacant for the remaining 50% of the time.”

Section	Parking spaces
Lambton Quay	28
Willis Street	0
Manners Street	0
Courtenay Place	52

2. Loading bays

Lambton Quay and Courtenay Place have the most loading bays with 11 and 7 respectively, whereas Willis and Manners Street have 3 and 1 respectively. During our site survey on the 11th of November, we noted the loading bays on Lambton Quay and Willis Street were highly used whereas on Manners and Courtenay Street their usage was low to moderate.

Other external surveys found loading bays throughout the Golden Mile to be highly utilised during the week (max 40 vehicles daily, then decreasing during the weekend (as expected due to the commercial vehicle usage). Loading bays are mostly utilised during weekdays by private and commercial/heavy trucks 65% of the time, and by taxi’s 10% of the time.³⁰

³⁰ Stantec (2020) Golden Mile Surveys: Restricted Parking Occupancy & Bus Queue Behaviour.

3. Pedestrian flow

Very high pedestrian flow was observed on Lambton Quay and Willis Street whereas noticeably less was observed on Manners Street and Courtenay Place. Pedestrian count data obtained from leasing agents also showed a weekly average of 96,000 pedestrians on Lambton Quay compared to 73,000 on Manners Street (rounded to the nearest '000). Hence, the top half of the Golden Mile shows more pedestrian flow than the bottom half.

4. Bus stops

Lambton Quay has 17 bus stops followed by Willis and Manners Street which have 3 each, then Courtenay Place which has 4, as shown in Appendix A. Bus stops were highly utilised by pedestrians and busses were observed as the prominent mode of transport present on the Golden Mile.

Section	Bus stops
Lambton Quay	17
Willis Street	3
Manners Street	3
Courtenay Place	4

5. Walkability

Willis Street has slightly narrower footpaths in comparison to Lambton Quay, whereas Manners Street and Courtenay Place both have a mix of wider and narrower footpaths, with noticeable uneven brick paving in some parts.

“Proposed changes to increase footpath space by 30% across the Golden Mile pose no risks to retailers in the long term, only benefits.”

6. Area character

The Lambton Quay and Willis Street areas are well-kept and clean throughout. Pathways and frontages are all in excellent condition with very little to no signs of damage or wear and tear. There is a slight decrease in area character along Manners Street with a change in retail mix from high end, branded retailers to mostly secondary retail stores in less appealing/modern conditions and fit outs.

The retail mix and area character of Courtenay Place is like Manners Street. However, there is a visible, lower area character felt.



Case studies



Overview

Methodology

Case studies were developed and retrieved from a desktop research scan, initially into New Zealand literature on the effects of retailers from road corridor changes. A limited amount of information was found, causing an extension to the literature scan to include international examples. Relevance and comparability to Wellington's Golden Mile was considered by choosing examples from similar geographies, with similar retail amenity, demographics and transport modal breakdowns. This report includes two domestic case study examples and five international case study examples, outlining the relevance to the Golden Mile of each one, including caveats and considerations when taking this into account.

Approach

The case studies that follow were chosen as comparable retail precincts to the corridor of interest - the Golden Mile in Wellington. They were selected from international and domestic research of precincts that had undergone transformation in recent years to cater more exclusively for bicycles, scooters, pedestrians with more footpath amenities. The case studies chosen highlight both the positive and negative considerations of transforming retail precincts to the local economy, and while the chosen geographies were the most comparable studies available, topographic distinctions of the Golden Mile and demographic public transport patterns specific to Wellington mean that all case studies should be treated as unique and the reader should be aware of biases or assumptions that are specific to the case study geography of interest.



Australia
Lygon St, Melbourne, Victoria



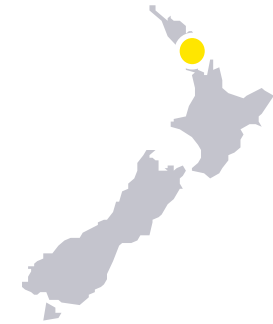
Canada
Bloor St, Toronto, Ontario
Hornby St, Vancouver, British Columbia



New Zealand
Queen St, Auckland
Karangahape Rd, Auckland
Takapuna, Auckland
Cuba St, Wellington
Hereford St, Christchurch
Colombo St, Christchurch

UK & Ireland
Grafton St, Dublin
Henry St, Dublin
London, UK





Domestic case studies

Queen Street Retail Precinct, Auckland, New Zealand³¹

Situation

Commissioned by Auckland Council, this project aimed to understand the value of walking to Auckland city centre's retail economy. The study aimed to discover if agglomeration economics and retail economic productivity responded better if the city was more walkable.

Work performed

The work set out to understand the value of the urban realm, through statistics such as future user numbers, effective footpath width, personal security, sense of place and feeling of comfort. Scenarios were compared to understand the change in annual and lifetime benefit to the economy. Designated cycle zones and footpath widening with an allocation for green spaces was explored along Auckland's Queen Street Retail Precinct. Calculation of the cost of delay per year to the corridor through private vehicle use and poor road layout was undertaken. Non-tangible benefits of walking were explored, such that it facilitates personal and business networking within business centres.

Result and key takeaways

The survey and related report indicated that walkability and slower modes of transport drove higher rents, and ground rents could be a proxy for walkability for retail located in areas with high pedestrian traffic. Additionally, real estate prices could be used as a proxy for productivity. The number of pedestrians on Queen Street has doubled since 2012. Since 2010, there has been a 49% increase in retail spending, a 41% increase in café seats and a 61% increase in public seating across the city centre. Estimated that designated cycle zones, lower parking and taxi stops, and increased footpath width with added green space would deliver \$700k annual benefit, and \$15.2m lifetime benefit to the local economy. An estimated avoided cost of delay over the lifetime of the study of \$186m.

“The survey and related report indicated that walkability and slower modes of transport drove higher rents, and ground rents could be a proxy for walkability for retail located in areas with high pedestrian traffic.”

2x

number of pedestrians on Queen St since 2012

61%

increase in public seating across the city centre

49%

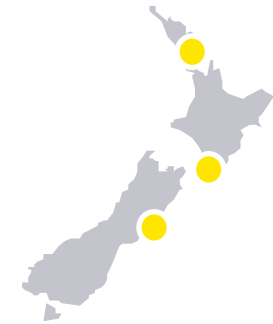
increase in retail spending across the city centre

Relevance to the Golden Mile

The Queen Street shopping corridor is a highly comparable area to the Golden Mile. Consumers are in the same retail market conditions as in Wellington, so retail lease demand and occupancy rates can easily be compared. Additionally, changes to city transport corridors occurred in a similar pattern to options being planned for the Golden Mile, with parking on Queen Street previously removed to make space for cycle lanes and widen the footpath.

³¹ Auckland Council 2018 Business Case for Walking. Accessed through: https://infocouncil.aucklandcouncil.govt.nz/Open/2017/08/CEN_20170823_AGN_7016_AT_files/CEN_20170823_AGN_7016_AT_Attachment_55166_1.PDF

Various, Auckland, Wellington and Christchurch, New Zealand³²



Situation

The study aimed to investigate the economic impact of transport choice and road space allocation on retail activity in shopping areas located in central cities and along major road corridors in the central New Zealand cities of Auckland, Wellington and Christchurch.

Work performed

To achieve this, research focused on three key research areas:

1. Identify relevant New Zealand and overseas research/case studies on economics and road space allocation.
2. Assess the economic impact of users by transport mode in New Zealand shopping areas.
3. Investigate how road space allocation/street design influences use of shopping areas.

A total of nine shopping areas in Auckland, Christchurch and Wellington were selected, located along arterial corridors and in central city locations.

Result and key takeaways

The data indicated that cycle trips account for the highest non-private car user spend in central locations and only currently account for 2% of total travel. It was noted that spend by sustainable transport mode users (bicycles, scooters and walkers) was higher in overseas case studies possibly due to the ease of which these can be used for shopping trips.

This was concluded to be perhaps because of the layout of New Zealand cities, transport infrastructure etc.

The study suggested designing key retail corridors towards sustainable transport users with higher disposable income, but also noted that cyclists, scooters and pedestrians tend to spend in short, sharp bursts but private car users tend to spend in bulk due to being able to transport large buys home.

Retailers generally overestimate importance of on-street parking outside shops when nearby parking is enough, and shoppers' value high-quality urban design features near retail more than they value parking.

“Retailers generally overestimate importance of on-street parking outside shops when nearby parking is enough, and shoppers' value high-quality urban design features near retail more than they value parking.”

Relevance to the Golden Mile

This study by the New Zealand Transport Agency is the largest study undertaken on the economic impact to retailers of transport use types in New Zealand. The study investigated nine shopping areas across three major cities, with 1744 shopper and 144 retailer surveys completed.

³² Waka Kotahi New Zealand Transport Agency 2013 Reallocation of road space. Accessed through <https://infocouncil.aucklandcouncil.govt.nz>



International case studies

Lygon St, Melbourne, Victoria, Australia³³

Situation

This case study used a novel test to justifying public space use in retail precincts based on the economic productivity and required space for different travel modes. It was hoped that the research would be a catalyst for a reallocation of public space from car parking to bike parking in Melbourne. It was also hoped that the research would provide an argument that there was no economic basis for the existing allocation of public space to car parking.

Work performed

Significant amounts of data available suggested that cycling infrastructure changes travel behaviour. People choose to cycle because the paths and places to park are available, and norms have expanded to encompass cycling as a legitimate travel mode, particularly its convenience and sociality. This was shown internationally and in a Melbourne context. The study looked at benefits of carparking to the community and whether it was a fair use of public land. Depictions of opinions in the media suggested that car parking benefits the community as it provides convenience and possibly even a necessity for shoppers who do not have access to other transport modes. The second opinion displayed by traders in the media suggested that car parking is of a benefit to the business community as without it they would be financially disadvantaged.

Result and key takeaways

Little evidence was found to prove or disprove that carparking produces an economic advantage to retailers. However, in Stroget, Copenhagen, some economic upturns were immediately experienced from removing private vehicle access and transforming the area to allow bicycle access. The study goes further to suggest that while bicycles and pedestrians spend less per trip than one person in a private vehicle (\$27 vs. \$16.20), private vehicle parking is not an efficient use of public land as up to six bicycles could be parked in one carpark, or up to twelve pedestrians could stand in one carpark, this number should be increased to \$97.20 for bicyclists. The caveat of this study, it should be noted, is the appetite for cycling in Melbourne may exceed the Golden Mile in Wellington, due to Melbourne's flat topography.

\$27

average retail spend per carpark, given access to one car

\$97.2

average retail spend per carpark, given access to six bicycles

Relevance to the Golden Mile

Melbourne is a city with similar demographic preferences to Wellington. Sustainable transport is highly utilised and public space in the central city is at a premium. The report is particularly informative to policymakers, urban place makers and public space planners.

³³ University of Melbourne 2008 Economic contribution of cyclists. Accessed through: http://colabradio.mit.edu/wp-content/uploads/2010/12/Final_Thesis_Alison_Lee.pdf

Hornby St, Vancouver, British Columbia, Canada³⁴



Situation

The Vancouver long-term transportation plan (adopted in 1997) was initiated to increase mode share of cycling, implementing two separated two-way bike lanes in Vancouver's downtown core in 2010. The first was built along Dunsmuir St and the second along Hornby St. To make space for the bike lanes, road space was reallocated, parking spaces moved or eliminated, illegal use of loading bays was prevented and turning restrictions introduced.

Work performed

In October 2010, prior to bike lane installation, the City of Vancouver conducted a business impact study, through Stantec. This measured the business impacts of separated bike lanes and proposed mitigation strategies to address negative impacts. This was the first such study in North America, focusing on such impacts. Economic data was collected on rents, sales, vacancy and lease rates.

Result and key takeaways

The survey was returned by 32% of retailers in the area, the percentage change in annual sales was indicated as:

Section	YoY change in sales
Hornby St	-11%
Howe St (comparator to Hornby St)	-1%
Dunsmuir St	-2%
West Georgia St (comparator to Dunsmuir St)	2%
Other locations impacted	2%
Average	-5%

The financial impact of the bike lanes was a loss of sales and profit, with loss of sales estimated at \$2.4m over a year, and loss in profit of \$480k over the year. It was mentioned that this is relatively moderate based on industry standards and insufficient to create persistent vacancies.

“The city should move quickly to meet with the businesses that have been particularly impacted, to mitigate sales loss, lower revenue and increase vacancies.”

A shopping habits survey was also carried out in the area after the bike lanes were constructed. 79% of respondents on Dunsmuir and 76% of respondents on Hornby St reportedly did not change their shopping habits due to easier bike access, safety improvements and a more pleasant environment for pedestrians.

Relevance to the Golden Mile

The Vancouver study proposes some mitigants to negative impacts on retailers, in the case of a downturn in sales or profits. These are globally relevant, and Wellington could implement some if negative impacts were felt. To minimise negative impacts, the study proposes monitoring traffic flow and making evidence-based changes, creating a list of hot spots and consulting with businesses one on one and considering the parking and loading bay changes one by one and on a case by case basis.

³⁴ Stantec 2011 Vancouver Separated Bike Lane Business Impact Study. Accessed through: <https://council.vancouver.ca/20110728/documents/penv3-BusinessImpactStudyReportDowntownSeparatedBicycleLanes-StantecReport.pdf>

Bloor St, Toronto, Ontario, Canada³⁵



Situation

The goal of this study was to project the impacts on retail activity of reallocation of space from on-street parking to other travel modes such as a bike lane or a wider footpath. From an economic perspective, in order to maximise commercial activity, prioritisation of space should shift to mode of travel used by the majority of patrons. 90% of patrons (cyclists and pedestrians) do not need parking. Providing mode space and allocating space to amenities like benches, waste, planting and bicycle parking attracts pedestrians.

Work performed

The survey shows that patrons arriving by foot and bicycle visit most often and spend the most money.

	Live or work in the area (294)	Live and work in the area (242)	Walk (246)	Bicycle (64)	Public transit (171)	Car (55)	Total (536)
<\$25	6%	31%	8%	11%	29%	24%	17%
\$25-\$99	21%	35%	16%	39%	37%	37%	27%
\$100-\$499	50%	29%	52%	42%	28%	30%	41%
\$500-\$999	14%	5%	17%	3%	3%	4%	10%
\$1,000	9%	0%	7%	5%	3%	5%	5%

It appears in the best interest of retailers to favour reallocating space toward more frequent and higher spending customers, in this case, pedestrians and cyclists.

“It appears in the best interest of retailers to favour reallocating space toward more frequent and higher spending customers, in this case, pedestrians and cyclists.”

Result and key takeaways

Surveys were conducted with 61 merchants and 538 patrons on Bloor Street in Toronto. It was found that only 10% of patrons drove to the shopping area, and that those arriving by foot and bicycle spent the most money per month. The report concluded that converting street parking into a bike lane in the area was “unlikely” to have a negative impact on business and that, on the contrary, “this change will likely increase commercial activity.”

Relevance to the Golden Mile

This report aims to understand the economic impact of reallocating road space to bike lanes. Bloor St has a similar upscale rental market to Wellington, voted as the most expensive street in Canada. It contains a similar mix of boutique, unique and large retailers. It should be noted, however, that this study is by the Clean Air Partnership, and forms a slightly biased opinion in favour of sustainable transport options for their environmental benefit.

³⁵ Clean Air Partnership 2009 Bike Lanes, On-Street Parking and Businesses. Accessed through: http://colabradio.mit.edu/wp-content/uploads/2010/12/Final_Thesis_Alison_Lee.pdf







Grafton St and Henry St, Dublin, Ireland³⁶

Situation

The perception of many city centre retail businesses is that a significant share of their customer base arrives to the city centre by car. In support of this assumption many store owners frequently lobby for the provision of greater road access and more parking in the city centre. On the contrary, increasing car priority can restrict overall access as well as disrupt the environmental quality of the city centre. This is a sensitive issue as retailing is a business vulnerable to competition from other locations and channels. Dublin, Ireland was used as a case study for this report from Technological University Dublin.

Work performed

Consumer behaviour was studied along two shopping avenues in Dublin: Grafton Street and Henry Street. Merchants overestimated how many of their customers arrived by car—they guessed 13% on Grafton Street (it was 10%) and 19% on Henry Street (it was 9%). They also underestimated the numbers of bicycle patrons in the area. On Grafton Street, with better bike infrastructure, monthly cyclist spending was nearly even with driver spending: 228 compared to 237 Euros, and Dublin Bike (local bike service) were the highest spenders at 250 Euros per month.

	Perceived (Grafton, Henry)		Actual (Grafton, Henry)	
Private vehicles	13%	19%	10% 	9% 
Pedestrians	11%	6%	20% 	19% 

The work performed was largely comparing perceived with actual number of customers arriving via each mode of transport. Number of travellers arriving by bus and walking greatly exceeded perceived levels, showing that retailers would likely increase revenue if they catered more specifically to bus and foot shoppers.

Result and key takeaways

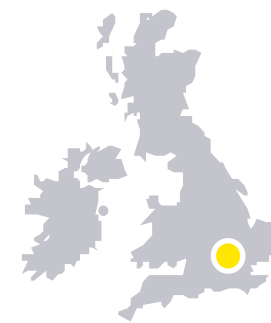
Traders on Dublin's two main shopping streets considerably over estimate spending by shoppers travelling by car while significantly undervaluing the spend of bus passengers and pedestrians. Buses carried 35% of shoppers to Grafton Street and 49% to Henry Street; compared to public perceptions that 31% and 40% did so. Measured in value terms, transportation by bus proved the most lucrative mode to both streets, delivering 38% of the total spend by modal share.

“Number of travellers arriving by bus and walking greatly exceeded perceived levels, showing that retailers would likely increase revenue if they catered to bus and foot shoppers.”

Relevance to the Golden Mile

Grafton and Henry Streets in Dublin are similarly central city shopping areas to the Golden Mile. Retailer perceptions are comparable to those on the Golden Mile in Wellington due to the nature of multi-modal transport options and current modal share. Additionally, the tendency to overestimate the number of shoppers requiring private car infrastructure (particularly private carparking) was found to be a global phenomenon.

³⁶ TU Dublin 2011 Report on shopper travel behaviour in Dublin City Centre. Accessed through: http://colabradio.mit.edu/wp-content/uploads/2010/12/Final_Thesis_Alison_Lee.pdf



Various, London, United Kingdom³⁷

Situation

A major rationale for the supply of parking spaces in city shopping precincts is that customers will avoid the area without them. Retailers commonly believe that most consumers arrive by car and believe free or cheap parking plays a major role in choosing a destination. However, evidence on this topic is minimal. A review of retail precincts in Greater London, concludes that retailers often overestimate the role free parking plays in their success.

Work performed

The review was conducted by the cross-party policy group London Councils. The group performed a thorough meta-analysis of the existing academic and public agency research on the role of parking in urban commerce. It also sent parking questionnaires to all 33 London boroughs (comprising the CBD, as well as inner and outer areas) and conducted market research with shoppers at three retail precincts in the outer regions. The findings can be reduced to four main reasons retailers don't need free parking to thrive.

A few caveats to the research are that London is a very transit-friendly city, more than most cities. Also, several of the studies considered by the group found that outer shopping precincts need parking to entice shoppers who might otherwise visit competitor shopping precincts. However, parking was still not seen as critical to the success of a business.

Result and key takeaways

The review reduced findings down to four main reasons central city shopping precincts thrive without parking:

1. "Free parking" can be quite expensive as when offset by higher retail prices, those who drive get a subsidy and those who do not get an additional cost. This incentive to drive pressures local authorities into transforming space to roads.
2. Retailers overestimate how many customers drive. In London, research showed that more shoppers reach town centres by public transport, walking or biking, and logically the modes which are used more often should be provided for.
3. Retailers overestimate how much private car customers spend. They spend more per visit but not more overall per month.
4. Range of shops is more important to customers than parking availability.

£226

Monthly average spend by car shoppers

£373

Monthly average spend by walkers

£239

Monthly average spend by those who arrived by train

£282

Monthly average spend by those who arrived by bus

Relevance to the Golden Mile

This study is the largest of its kind, undertaking surveys of 2,000 shoppers and 15 major town centres. It should be noted that London is a very transit-friendly city, much more than most cities. Additionally, the results were split, with outer shopping centres needing parking to entice shoppers that might otherwise shop elsewhere.

³⁷ Bloomberg Citylab 2012. Accessed through: <https://www.bloomberg.com/news/articles/2012-11-26/4-reasons-retailers-don-t-need-free-parking-to-thrive>



Impacts assessment



Overview

The Impacts Assessment provides a deeper review of the current amenities on the Golden Mile and likely impacts of proposed options for corridor transformation on retailers.

Throughout late 2020, EY developed findings presented in this report that would support our scores for the three transformation options proposed at Let's Get Wellington Moving's Golden Mile Multi-Criteria Analysis workshop, held on Monday 30th November.

A range of sources supported our findings, including:

- ▶ Manual data collection of amenities along the Golden Mile from in-situ observations
- ▶ Domestic and international case study research
- ▶ Desktop analysis of publicly available papers and reports on transformational corridor change and likely effects on the retail sector
- ▶ Quantitative modelling on changes in retail spend obtained from MRCagney

This section concludes that retailers (landlords and tenants) could be exposed to a range of impacts compared to the present, including:

Landlords:

- ▶ Greater lease demand and favourable lease terms
- ▶ Lower vacancy rates
- ▶ Increased rent appreciation and property values

Tenants:

- ▶ Increased competition for retail spaces and higher rents
- ▶ Higher sales volumes and retail exposure from increased pedestrian traffic

Case studies support the notion that retailers perceive removing parking from the immediate vicinity of their shops will lead to fewer customer purchases. The positive impacts identified from the economic impact analysis would likely outweigh any perceived negatives that exist.

Overall, it was found that option three proposes the most potential positive impact for retailers along the corridor. Overseas and domestic case studies recommend that retailers should tailor their offering to the most popular means of customer spend by arrival; in this case walking and public transit shoppers. Option Three caters best to these modes through 75% footpaths and a dedicated lane for bus, cycling and scootering.

Perspective on changes

1. Parking, including taxi and mobility parking

Key risks of changes:

The removal of parking and general traffic from the Golden Mile could result in a decrease of customers for retailers, especially those who require on street parking for mobility or short-term parking e.g. pick-ups and drop offs. However, this is offset by the abundance of side street parking around the Golden Mile.

Perspective on changes:

The removal of metered parking space from the Golden Mile are only a small proportion of the total parking supply in the area and therefore considered immaterial with little to no impact to retailers.³⁸ There is an abundance of side street parking in very close proximity off the Golden Mile that can be used by customers instead.

Similarly, the removal of one mobility park is likely to have an immaterial effect on retailers. Mobility parks are still present and provide access to the Golden Mile via side streets. Taxi parking is only being utilised 50% of the time, hence the relocation of this to nearby side streets would also have minimal impact on retailers.

2. Loading bays

Key risks of changes:

Loading bays provide spaces and increased accessibility options for retailers to receive their delivered goods. Relocating loading bays to side streets and removing general traffic could result in lower operational efficiency for businesses, as delivery drivers would have to walk further for drop offs, risk damage (weather circumstances, slippery surfaces for trolleys, theft from pedestrian congestion etc.) to items as distance from the loading bay to retailers increase.

³⁸ WSP 2020 Quick literature review; Golden Mile parking removal and impact on business.

Perspective on changes:

The relocation of loading bays and removal of general traffic would see an impact on courier/delivery drivers as they would be most affected by this change. Longer distances to transport goods on foot from side streets on the Golden Mile bring additional risks to retailers surrounding the safety of their goods. However, seeing as relocations would be made to nearby side streets, risks from proposed changes could be low for retailers whereas increased time and effort for courier/delivery drivers would have a more significant impact.

3. Pedestrian flow

Key risks of changes:

Proposed changes to increase footpath space by 30% across the Golden Mile appear to pose no risks to retailers in the long term, only benefits. However, in the short term, during the construction period to extend footpath space, retailers risk seeing declines in customer levels due to difficult accessibility from construction. Since this would be a risk that affects all retailers on the Golden Mile, project leads should have appropriate access in place for pedestrians and customers to access retailers during construction.

Perspective on changes:

Long term benefits of increased footpath space will allow for better pedestrian flow and walkability, especially for the top half of the Golden Mile which exhibits high pedestrian flow. Short term risks to retailers can be mitigated by effective project management during the construction period.

4. Bus stops

Key risks of changes:

The consolidation of bus stops could lead to greater pedestrian congestion around bus stops, potentially negatively impacting customers trying to access retailers. However, there is a low risk of this occurring per each proposed option as footpaths would be widened adding 30% more footpath space, potentially offsetting congestion risk.

Perspective on changes:

Consolidating bus stops, especially on Lambton Quay where there are 17 currently present is proposed to increase space, reliability and efficiency of bus movement along the Golden Mile. Irrespective of the number of bus stops removed, pedestrian congestion is unlikely to have an impact on retailers as this would likely be offset by increased footpath space.

5. Walkability

Key risks of changes:

Proposed changes to increase footpath space by 30% across the Golden Mile pose no risks to retailers in the long term, only benefits. However, in the short term, during the construction period to extend footpath space, retailers risk seeing declines in customer activity from accessibility constraints due to construction.

Since this would be a risk that affects all retailers on the Golden Mile, project leads should have appropriate access in place for pedestrians and customers to access retailers during construction.

“Proposed changes to increase footpath space by 30% across the Golden Mile pose no risks to retailers in the long term, only benefits.”

Perspective on changes:

Long term benefits of increased footpath space will allow for better walkability of pedestrians along the Golden Mile. Short term risks are minor and can be easily mitigated by appropriate temporary walking/accessibility solutions and mitigation strategies during the construction period.

6. Area character

Key risks of changes:

Increased footpath space by removing loading bays/parking and increased accessibility to the streetscape from repurposing the end of side streets poses short term risks during the construction period. However, as previously noted this can be mitigated through effective project management strategies.

Perspective on changes:

The changes will create more space along the Golden Mile to walk, sit, spend time, and access retailers and businesses. Naturally, this would slightly increase the area character of Manners Street and Courtenay Place, however because of their retail mix differences, Lambton Quay and Willis Street could see relatively more benefits from these changes, especially around the Cuba Street area, in terms of spaces people will want to sit and spend time in.

Relevance to retailers along the Golden Mile

Analysis on the current state of amenities along the Golden Mile, defined as Lambton Quay, Willis Street, Manners Street and Courtenay Place, brought some relevant findings forward. Proposed benefits were likely to be more pronounced along Manners Street and Courtenay Place, as they currently have a lower general level of existing amenity. Below, each section summarises the text above, in sections categorised by best to worst perspective of changes.

Walkability, pedestrian flow and area character

It was noted that changes to amenities such as walkability, pedestrian flow and area character, as long as they are well researched and designed, pose little to no effect on retailer profitability, and increases to customer accessibility along the corridor.

Parking

Research discovered that metered parking, including taxi parking was low to non-existent across all sections of the Golden mile, indicating that plans to reallocate parking would likely have little to no effect upon retailers and customer access. Any negative effect upon retailers was found to be offset by ample side-street parking.

Loading bays and bus stops

Some amenity changes pose more downside risk to retailers include changes to loading bays and bus stop layout. Customer accessibility to the precinct is largely by bus transport. Removing bus stops or reallocating spaces could cause short-term confusion, and restricting bus access to one lane prevents passing and causes some delays. Removing loading bays could decrease operational efficiency of retailers (especially cafes and restaurants) relying on daily or large deliveries of goods.

Figure 4: Courtenay Place, retrieved from Wellington City Council



Impacts

Retailers, through disruption and transformational change to Wellington's Golden Mile, can expect to experience positive and negative impacts from each of the three proposed options, compared to if they were to continue with the status quo. This section outlines likely positive and negative impacts and their effect on retailers under each scenario.

It should be noted that, while this list arises from international literature and case study reviews, it is not exhaustive. Many other positive and negative effects could be felt by retailers along Wellington's Golden Mile as a result of transformational corridor changes. It is worth noting that the qualitative analysis of impact by option is indicative only. It can also be thought of simply as an indication of high-level expected outcomes of each option with respect to retailers.

The following impacts and the likely extent that they could be felt by retailers from each proposed option arose from international research and benchmarking against comparable city centres and retail precincts. Explanations present unbiased opinions and are supported by research from comparable case studies.

Increased foot traffic and pedestrian activity

All options present varying changes to the existing road transport corridor. Where greater changes exist, i.e. for Options Two and Three, we predict that a greater increase in foot traffic will occur. Associated increases in foot traffic and pedestrian activity enhances shop-front access, as footpaths may become wider and public transport modes more reliable. Bus transport will exclusively be able to access the city along specified parts of the Golden Mile. Retail stores, restaurants and entertainment precincts will likely enjoy greater economic return from increased pedestrian spend.

Studies of the results of improving the pedestrian environment in shopping areas have generally shown that lowering the speed of traffic passing through an area and providing amenities for pedestrians (wider footpaths, landscaping, streetscape improvements) pays dividends in terms of retail patronage and sales. For example, improvements to School Street in Lodi, California, coupled with economic incentives, have helped attract 60 new stores, lowering the vacancy rate to 6 percent from 18 percent and resulting in a 30% increase in sales tax revenues (mirroring increased sales) since the improvements were completed in 1997. In 1995, the City of West Palm Beach Florida made major investments in traffic calming and pedestrian realm improvements along Clematis Street, its traditional main street, including restoring the street to two-way movements. Improvements extended into the adjacent neighbourhoods, making them more pedestrian-friendly, encouraging residents to walk to Clematis Street. Property values have more than doubled along the street, with retail rents rising from an average of \$6.00 to \$30.00 per square ft. Of course, many factors may have contributed to these increases. The changes occurred contemporaneous with the development of City Place, a large mixed-use centre, itself a model of a walkable urban development that has attracted many new residents and visitors to the city.³⁹

Increased foot path and recreational space

Enhanced recreational space is planned in all options for the Golden Mile. Recreational space will give opportunity for businesses to advertise their services without preventing traffic flow, hold shop- or store-front gatherings and deliver associated services such as kerbside dining experiences. Additionally, the Greater Wellington Regional Council will be able to position art installations or green spaces without disrupting pedestrian access to stores or restaurants. With parking transitioned to bus stops or public transport access, kerbs will be repurposed to provide economic services and access to customers. Loading bays shifted to side streets will encourage services to take place at alternative shop entrances and service providers to reduce retail trade disruptions.

³⁹ Robert Wood Johnson Foundation 2013 Business Performance in Walkable Shopping Areas. Accessed through:

https://activelivingresearch.org/sites/activelivingresearch.org/files/BusinessPerformanceWalkableShoppingAreas_Nov2013.pdf

Streetscape enhancements have been discovered to add value to an area and are associated with higher rents and the attraction of new businesses. In addition, there is good evidence to show that catering for walking and cycling environments raises private property values by significant amounts, in addition to increasing rental price of retail properties.⁴⁰

Key recreation and tourism attraction

Each of the planned options for the Golden Mile removes some access to the corridor for private vehicles and improves footpath area for walkers, bikers and scooters. The survey from Auckland Transport into the Economic Value of Walking in the Auckland City Centre concludes that slower movement throughout retail precincts leads to higher pedestrian spend. Matched with reduced congestion and less time delays⁴¹, the area could expect to improve economic contribution to the Wellington Metropolitan Area, and retailers could expect to improve revenue. The reduction of private vehicles and increase in footpath area earmarks the precinct as a retail and commercial hub of Wellington, attracting more recreation through added leisure facilities (seating and greenery) and shopping tourism activity.

Auckland Council also discovered, through its walkable city research that walking “facilitates personal and business networking” within business centres and attractive public spaces create a platform for business and social exchange and support the “spread of knowledge”. These economic factors are likely to promote the area to retailers in pursuit of higher revenue and prime commercial leasing space.

⁴⁰ Heart Foundation Australia 2010 Good for Business, the benefits of making streets more walking and cycling friendly. Accessed through: https://activelivingresearch.org/sites/activelivingresearch.org/files/BusinessPerformanceWalkableShoppingAreas_Nov2013.pdf

⁴¹ Auckland Council 2017 Business Case for Walking. Accessed through: https://infocouncil.aucklandcouncil.govt.nz/Open/2017/08/CEN_20170823_AGN_7016_AT_files/CEN_20170823_AGN_7016_AT_Attachment_55166_1.PDF

Improved public transport networks

Ensuring existing transport services are removed and public transport options encouraged will improve pedestrian access to the Golden Mile and its retail outcomes. The shopping precinct and entertainment precinct will become more accessible to visitors on public transport, who would resultantly spend more. Currently, 26% of the public access the Golden Mile by public transport, but only 4% get around the Golden Mile by public transport. Both statistics would increase if the public transport networks become more reliable and buses to and around the corridor become more reliable, delivering shoppers to retail stores along the corridor.

The 2020 Milford Bus Stop Upgrade by Auckland Transport in 2020 increased bus passengers to Milford Shopping Centre from 350 to 4000 per month as a result of the service changes. It was discovered that even if only 46% of passengers make a purchase in the shopping area on a visit and the average spend is relatively small (\$20.03), the cumulative impact on spend is positive when compared to prior levels.

Enhanced retail and hospitality corridor

The Golden Mile of Wellington accommodates some 30% of the central area’s total retail floorspace, within over 550 stores. The area brings together retail, restaurants, and entertainment precincts in high density to form economies of agglomeration. Cost savings from urban agglomeration bring more businesses closer to the area and increase foot traffic of the area by reducing costs to travel between associated services. If pedestrian access is encouraged through more walking space, the region can experience improvements to the hospitality corridor through economic spending increases. Auckland’s Queen Street has directly experienced this effect, with one report focusing on the Economic Value of Walking in Auckland’s City Centre showing that a doubling of pedestrians on Queen Street brought in 49% increase in retail spending and a 41% increase in café seats across the city.⁴² In Wellington, it could be expected that the agglomeration effects of higher foot traffic will cause higher occupancy of leaseholders for retail space along the corridor.

⁴² Auckland Council 2017 Business Case for Walking. Accessed through: https://infocouncil.aucklandcouncil.govt.nz/Open/2017/08/CEN_20170823_AGN_7016_AT_files/CEN_20170823_AGN_7016_AT_Attachment_55166_1.PDF

Designated space for cycling, scootering and other active modes of transport

Pedestrian connectivity is strongly linked with economic productivity. When people are motivated to slow down and look around shops, they are more likely to convert. Slower modes of transport such as cycling, scootering and walking, promoted through wider footpaths, encourages slower transport, and active engagement with retail shops and restaurants. Auckland Council's Business Case for Pedestrian Connectivity and Economic Productivity⁴³ proposes lifetime benefits of transforming Queen Street to a Light Rail or Pedestrian Mall, with 200% growth footfall has \$15.2m in lifetime benefits. Given the obvious similarities between Auckland's Queen Street and Wellington's Golden Mile, benefits between the two areas directly correspond.

By reducing the number of cars pulling into and out of the transport corridor and removing parking, transport becomes safer for people on bikes and scooters and makes the city centre more accessible to multi-modal forms of transport. Removing private cars from the corridor allows access for more people and removes the congestion impact from private transport. In response, a designated area for cycling, scooters and walkers can increase economic returns of commercial areas along the corridor.

Removal of general traffic and parking

Of the 336 businesses recently surveyed in the Wellington Chamber of Commerce's survey, an overwhelming 90 per cent of businesses located on, and around, the Golden Mile believed the changes would negatively impact patronage, limit access or make no positive difference. Nearby car parks are critical for patronage, and businesses feel that decision-makers are making business worse in the city, not better. Wellingtonians are four times more likely to not make a trip to the city at all than they are to use alternative transport if car parks are unavailable. Carparks in the area are already seen as a stressed resource, with high turnover and low availability.

⁴³ Auckland Council 2017 Business Case for Walking. Accessed through: https://infocouncil.aucklandcouncil.govt.nz/Open/2017/08/CEN_20170823_AGN_7016_AT_files/CEN_20170823_AGN_7016_AT_Attachment_55166_1.PDF

Retail New Zealand also provided a submission against the reduction of carparking on the Golden Mile. It is estimated that between 70-200 carparks will be lost, and this will negatively impact business patronage to an already inaccessible area to private vehicles. The submission suggested that alternative carparking options should be provided to the public before carparking is removed or repurposed.

A study undertaken in Toronto, Canada indicated that removing carparking in a downtown retail corridor has no negative effects on patronage and can even increase retail activity. They recommended pre- and post-surveys to provide valuable insights into local economic impacts of streetscape changes where sales data is limited.⁴⁴

Removal of loading bays and taxi stands

Removing loading bay availability is seen as a step that will debilitate businesses' operations and other provisions must be made for deliveries to retail stores. Several submissions, including those from the Wellington Chamber of Commerce and Retail New Zealand indicated that loading bays were critical to the success of businesses along the corridor and should be increased, not decreased, in order to improve economic outcomes for businesses in Wellington City.

Loading bays provide spaces and increased accessibility options for retailers to receive their delivered goods. Relocating loading bays to side streets and removing general traffic could result in lower operational efficiency for businesses, as delivery drivers would have to walk further for drop offs, risk damage (weather circumstances, slippery surfaces for trolleys, theft from pedestrian congestion etc.) to items as distance from the loading bay to retailers increase.

The relocation of loading bays and removal of general traffic would see an impact on courier/delivery drivers as they would be most affected by this change. Longer distances to transport goods on foot from side streets on the Golden Mile bring additional risks to retailers surrounding the safety of their goods. However, seeing as relocations would be made to nearby side streets, risks from proposed changes could be low for retailers whereas increased time and effort for courier/delivery drivers would have a more significant impact.

⁴⁴ Journal of the American Planning Association 2019 Measuring the Local Economic Impacts of Replacing On-Street Parking with Bike Lanes. Accessed through: <https://www.tandfonline.com/doi/abs/10.1080/01944363.2019.1638816?journalCode=rjpa20>

Closure of side streets

Side street closure is expected to reduce access to the area for delivery vehicles, taxis and non-local transit, causing traffic flow problems in the immediate vicinity of the corridor. The Automobile Association of New Zealand raises that side streets are critical to traffic flow, closing these off cuts traffic flow and reduces the number of carparks, leading to a reduced number of pedestrians able to access the area. They raise a solution, that turning circles must be provided and new carparks would need to be provided if side streets were to be closed.⁴⁵

Reduction in equitable access for those with limited mobility

A distinct lack of solutions has been offered for those with restricted mobility and could be significantly improved upon. Patrons who frequent the area currently will be lost, and retailers will see a downturn in economic activity from those with restricted mobility. Opportunity in the area will be restricted to those who can access it. Consumer sentiment and submissions, particularly from the Wellington Chamber of Commerce present the difficulty those with limited mobility will face given any of the three proposed options are chosen.

It is expected that removal of private car access to the Golden Mile will make the corridor and retail spaces along it inaccessible to those with limited mobility. Currently, some patrons to the area are restricted to private car use only as their mobility restrictions make using public transport difficult. Reducing the number of carparks and access to private vehicles along the corridor will not make this easier.

⁴⁵ Let's Get Wellington Moving 2020 Engagement Summary Report. Accessed through: <https://lgwm.nz/assets/Documents/Technical-Documents/Early-Interventions/Golden-Mile-engagement-report-June-August-2020.pdf>

Construction period could result in reduced consumer activity

There is case study evidence that negative economic impacts can arise from construction, with delays likely to reduce patron activity in the area when construction takes place. In what has been a very difficult year for most small to medium enterprises, and as a result, this effect could be particularly pronounced.

In the case of the City Rail Link in Auckland, businesses along Albert Street experienced significant loss of revenue (up to 50% in some cases) and risked liquidation caused by construction delays. Resultantly, some compensation was provided to help businesses during the disruptive construction period. A hardship fund was set up by Phil Goff to assist Albert Street businesses if they became embattled, provided they met set eligibility criteria.⁴⁶

Given lengthy construction timeframes, a similar fund could be prepared for Golden Mile retailers if the negative impacts from construction cause significant revenue losses. Additionally, a development response team could be set up to manage this fund and all construction impacts on retailers.

⁴⁶ McDonald Vague 2017 Rail Link project puts CBS businesses in peril. Accessed through: <https://www.mvp.co.nz/articles/general/rail-link-project-puts-cbd-businesses-in-peril>

Impacts summary

Qualitative economic impacts analysis intends to give an unbiased opinion of the most immediate positive and negative impacts on retailers from proposed options for traffic flow along Wellington's Golden Mile retail precinct. Any views are based on most recent research and local engagement.

Overall, positive impacts to retailers are expected to be highest in the case of Option Three, Transform. However, this option also presented the most concerning negative impacts to retailers. As is often the case with major transformational projects, retailers are expected to be negatively impacted by delays and significant changes to road layouts in the form of rental decreases, lower occupancy rates during the construction period and lower customer spending. This is offset by the greatest expected positive impact, given the road layout and associated public transport, walking, cycling and scooting transport solutions give rise to projected uplift in pedestrian numbers and per shopper spend. Overall, the greatest risk solution is expected to give way to greatest reward through improved consumer sentiment and access to walkers, cyclists and scooters along the corridor.

A purely *qualitative* analysis of net benefits (*average positive impacts minus average negative impacts*) of each option indicates that Option One and Two would result in a net cost to retailers along Wellington's Golden Mile.

Alternatively, Option Three, transform, is the only option expected to result in a net benefit to retailers. Guided by case studies included in this report, net benefits would be felt in the form of increased sales, increased revenue and increased footfall to retailers along the Golden Mile. It is particularly expected that the widened footpath proposed in Option Three, together with allocated space for bikes and scooters would increase customer access to the Golden Mile with almost immediate effect.

The net benefits assessment has been qualitative in its nature; hence it is important to note the potential variation around this assessment. The case studies and intercept survey work indicate that in some cases the benefits are likely to be materially greater, while the small number of businesses that experience net negative impacts tend to be at the minor scale.

EY has not quantified any impacts on retailers and has instead obtained quantitative data to complement our findings. MRCagney's modelling looked at four scenarios; whereby all options, *bar* the Option 3 Pessimistic Scenario, showed *increases* in estimated change of retail spend.

Scenarios were tested based on assumptions from the 2020 Intercept Survey and different case studies. A set of core assumptions were developed and tested on each option, while a set of pessimistic to optimistic scenarios were also developed and tested on Option 3. It is crucial to note, the pessimistic scenario is highly unlikely to eventuate, and was developed to stress test the model for the purposes of the MCA process.

We note that modelling has only factored in changes in parking. Other impacts have not been monetised into retail spend values due to its complexity and is a limitation of this retail impact assessment. However, as stated, qualitative insight such as case study analysis has been used to evaluate and understand impacts that have already occurred in similar situations and environments.

Detailed analysis and further insight into the quantitative modelling described here is outlined in MRCagney's report; Golden Mile: Impacts of Parking on Retail.

Retail impact assessment

The following section presents insights on the expected outcomes of retail-specific measures for both landlords and tenants along Wellington's Golden Mile from the implementation of the proposed options.

Landlords

1. Greater lease demand and favourable lease terms

The flow on effects from positive impacts to retailers would lead to retail property in the area being more desirable. As expected, increased foot traffic, pedestrian activity and enhancements to the area will make space more attractive to retailers, hence driving greater interest and accordingly lease demand. For landlords, this could be played to their advantage by negotiating more favourable clauses such as longer lease terms, frequent rent reviews (within lease boundaries), inserting ratchet clauses etc.



As an example, the Wynyard Quarter in Auckland is going through one of the largest urban regenerations in New Zealand, evolving from an industrial port once closed to the public, to a community with a mix of residential, office and retail property.⁴⁷ The precinct has transformed with large corporates such as ASB, Air New Zealand, Apple, Microsoft, Fonterra and Datacom to name a few, setting up their head offices in the area. The addition of the Park Hyatt to the landscape this year and residential developments by Willis,

Bond and Co further add to the vitality of the area. As such, considering the transformation of the precinct, Site 18 - a new mixed-use development project announced at the end of 2019, has almost 100 percent of the commercial development pipeline already pre-committed.⁴⁸ This signifies strong lease

⁴⁷ Panuku 2020 Regenerating Wynyard Quarter. Accessed through: <https://www.panuku.co.nz/wynyard-quarter/chapter/regenerating-wynyard-quarter>

⁴⁸ Bayleys 2019 New commercial hub in Wynyard Quarter expected to attract early pre-tenant commitment. Accessed through: <https://www.bayleys.co.nz/news/commercial/new-commercial-hub-in-wynyard-quarter-expected-to-attract-early-tenant-pre-commitment>

demand directly correlated to the flow on effects of regeneration in the Wynyard Quarter.

2. Lower vacancy rates

Greater interest from retailers due to increased vibrancy of the area from proposed improvements, can lead to greater lease demand and hence lower vacancy rates for landlords. Results from a study found shop vacancy rates increase as the level of traffic increases.⁴⁹ Hence, the removal of general traffic from the Golden Mile, in accordance with this study, could see lower vacancy rates (holding all other factors constant). Lower vacancies for landlords mean less rent abatements are needed to incentivise tenants or to account for vacancies in income forecasting, hence contributing to greater returns.

6.7%
vacancy rate

Wellington CBD
June 2020
Quarter

⁴⁹ Sustrans 2003 Traffic restraint and retail vitality. Accessed through: https://activelivingresearch.org/sites/activelivingresearch.sds.edu/files/BusinessPerformanceWalkableShoppingAreas_Nov2013.pdf

3. Increased rent appreciation and property values

There is evidence that improvements to the public realm can increase retail rents.⁵⁰ One study in Hong Kong, which controlled for confounding variables, found a 17% increase in retail rents from pedestrianisation and also found shoppers' preferences for better streets could be indirectly quantified by the change of retail rent.⁵¹

“There is evidence that public realm improvements can increase retail rents and property values”

There is also evidence that public realm improvements positively affect retail property prices.⁵² For example, in Wellington an initiative involving new street paving and landscaping saw gains in rents, capital values, pedestrian counts and the presence of cafes. An economic assessment of property values suggested values were approximately double what they would otherwise have been without the public realm improvements.⁵³

Figure 5: Courtenay Place, retrieved from Wellington City Council



⁵⁰ Living Streets 2018 The Pedestrian Pound: The business case for better streets and places. Accessed through: <https://www.livingstreets.org.uk/media/3890/pedestrian-pound-2018.pdf>

⁵¹ Yiu, Chung Yim. 2011. “The Impact of a Pedestrianisation Scheme on Retail Rent-an Empirical Study in Hong Kong.” *Journal of Place Management and Development* 4 (3): 1-1.

⁵² Buchanan, P., and N. Gay. 2009. “Making a Case for Investment in the Public Realm.” *Proceedings of the ICE - Urban Design and Planning* 162.

⁵³ Living Streets 2018 The Pedestrian Pound: The business case for better streets and places. Accessed through: <https://www.livingstreets.org.uk/media/3890/pedestrian-pound-2018.pdf>

Tenants

1. Increased competition for retail spaces and higher rents

Following on from the previous section, the positive impacts from the proposed improvements could lead to increased rent appreciation and greater lease demand. For retail tenants, this could lead to rent increases depending on their rent review structure, leading to greater fixed costs businesses. However, increased sales volumes are also a projected economic impact, which could offset higher rents.

Additionally, other retailers could be willing to pay higher rents creating competition for retail space on the Golden Mile. Higher rents are an indicator of better business opportunities on the presumption that if retailers are willing or able to pay more for rent, their revenues must be correspondingly higher or expected to be higher.⁵⁴

2. Higher sales volumes and retail exposure from increased pedestrian traffic

Increased pedestrian traffic from the proposed improvements, specifically wider footpath space leading to better pedestrian flow and walkability, could lead to higher sales volumes for retailers. Similar changes to the Fort Street precinct in the Auckland CBD (creation of shared space, upgrades of streets and lanes) saw an increase of pedestrians by 50% in peak hours, 400% increase in hospitality spending and 47% increase in consumer spending.⁵⁵ For retailers, a good-quality public environment improves trading by attracting more people into an area. Well-planned improvements to public spaces within town centres can boost commercial trading by up to 40% and generate significant private sector investment.⁵⁶

⁵⁴ Robert Wood Johnson Foundation 2013 Business Performance in Walkable Shopping Areas. Accessed through: https://activelivingresearch.org/sites/activelivingresearch.sdsc.edu/files/BusinessPerformanceWalkableShoppingAreas_Nov2013.pdf

⁵⁵ Auckland Design Manual n.d. Street Case Study: Fort Street Precinct. Accessed through: http://www.aucklanddesignmanual.co.nz/resources/case-studies/street_fort_street_precinct

⁵⁶ Living Streets 2018 The Pedestrian Pound: The business case for better streets and places. Accessed through: <https://www.livingstreets.org.uk/media/3890/pedestrian-pound-2018.pdf>

Additionally, investing in better streets and spaces for walking was found to provide a competitive return compared to other transport projects.⁵⁷ A study in New York found walking and cycling projects can increase retail sales by greater than 30% but pedestrian improvements at one junction increased local retail sales by 48%.⁵⁸ As another example in Piccadilly, Stoke-on-Trent, a £10 million investment to make the area more pedestrian-friendly increased pedestrian traffic by 30%. Changes such as widening footpaths, replacing existing footpath surfaces, installing trees and seating has encouraged large numbers of people back to the town centre and multiple new businesses, cafes and restaurants opening.

⁵⁷ Living Streets 2018 The Pedestrian Pound: The business case for better streets and places. Accessed through: <https://www.livingstreets.org.uk/media/3890/pedestrian-pound-2018.pdf>

⁵⁸ New York City Department of Transportation 2013 The Economic Benefit of Sustainable Streets. Accessed through: <http://www.nyc.gov/html/dot/downloads/pdf/dot-economic-benefits-of-sustainable-streets.pdf>

A photograph of a busy city street at sunset. The scene is filled with a warm, golden-orange light from the setting sun, which is positioned high in the sky, creating a strong lens flare. The silhouettes of many people are visible as they walk away from the camera down the street. The buildings on either side of the street are also bathed in the warm light, and the overall atmosphere is one of a bustling urban environment during the "golden hour".

Appendices

Appendix A

Map loading bays and taxi stands along the Golden Mile



Appendix B

Intercept survey results and application to retailers

- ▶ The Golden Mile Intercept Survey aims to bring insight into customer travel and behaviour patterns in the Golden Mile. These insights are useful in understanding the impact on retailers from proposed changes to the Golden Mile, majors on customers being the removal of on-street parking and amenity improvements.
- ▶ The survey was carried out by WSP Research over a period of nine days, beginning on Saturday 28/11/20 and ending on Sunday 06/12/20. In total, 2,137 responses were captured during the whole survey period. Response rates were affected by Christmas events on the first weekend (higher rates) and poor weather on Monday and Tuesday (lower rates).
- ▶ Of the respondents who travelled to the Golden Mile, 44.2% originated from somewhere else in Wellington City, 32.5% within the Wellington City Centre, 23.3% from outside Wellington City.
- ▶ 69.6% of respondents used active modes/public transport, 22.3% drove a private vehicle, 2.9% were passengers in a private vehicle and 4% used Uber/Taxis. Proposed changes will improve public transport networks and provide better allowances for active modes of transport, along with better area amenity. This would highly likely lead to more customer attraction to the Golden Mile, flowing on to higher sales volumes for retailers, supporting retail tenant impacts identified in the Retail Impact Assessment of this report.
- ▶ Of the respondents who drove to the Golden Mile or were a passenger in a private vehicle, 79.1% did not use car parking, 12.8% used off-street parking and only 3.5% used on-street parking within the Golden Mile streets. Most respondents did not use carparking or used off-street parking, hence supporting multiple views that the removal of on street parking in the Golden Mile will have a minimal impact on customers and effectively retailers.
- ▶ The 3.5% of respondents who used on-street parking within the Golden Mile Streets were asked what they would have done, in the first instance, had they not found that car park. 74.3% would have kept looking for another on-street park and 16.2% would have parked in an off-street park. Of this sample of 74 respondents, 9.5% would have abandoned the outing entirely or travelled to a different shopping area.
- ▶ For respondents who would have abandoned the outing entirely or travelled to a different shopping area, it is unclear from the survey if they were aware of the locations of off-street parking, and if not, whether this was an influence in their response.
- ▶ 45.6% of respondents would visit the Golden Mile more frequently post improvements, thus having a flow on effect on retailers who would benefit from increased sales volumes and pedestrian traffic.

Appendix C

Loading bay weekday occupancy rates⁵⁹

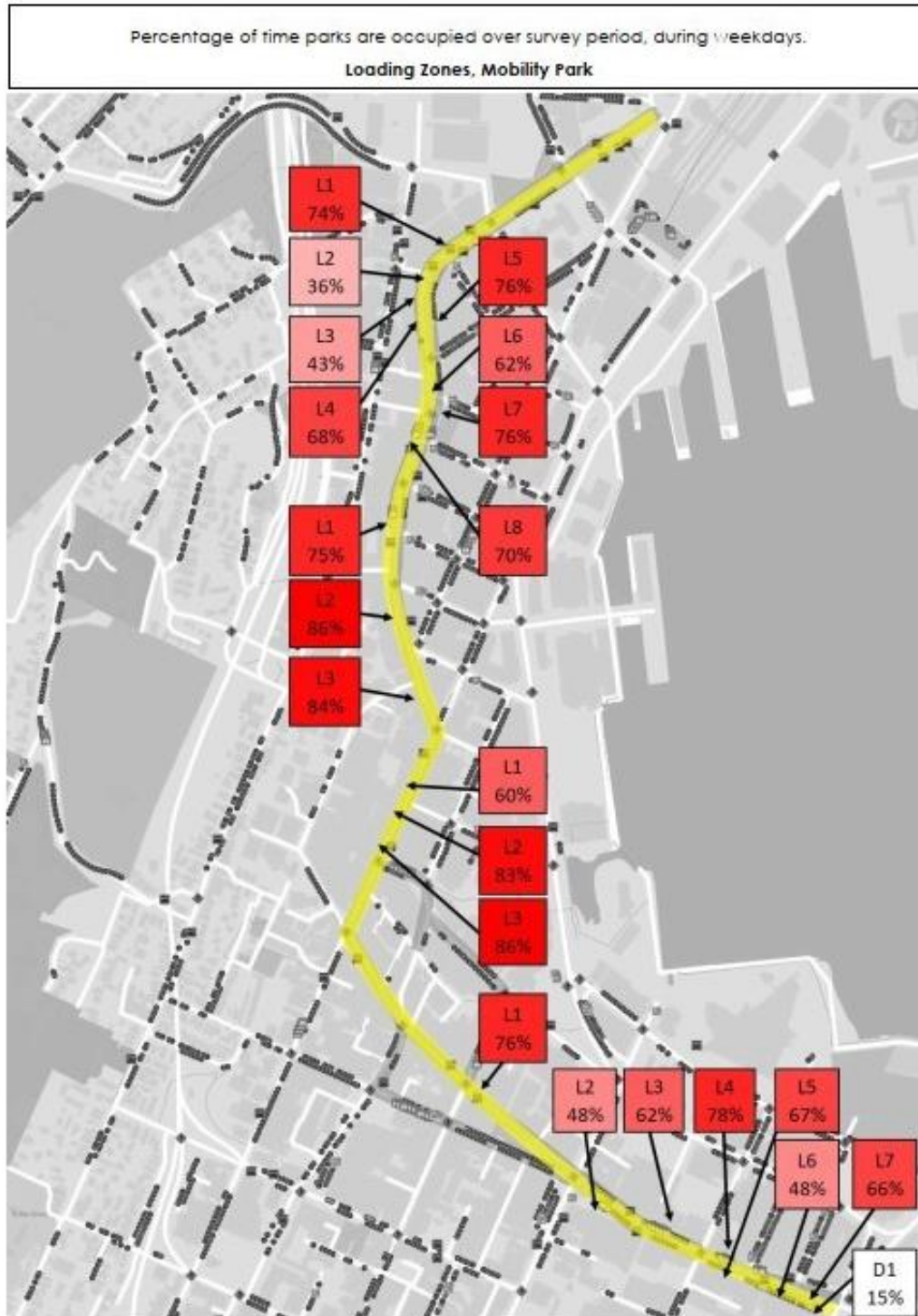


Figure 3-5: Loading zone and mobility (bottom right park only) utilization heatmap for weekdays (percentage of "beats" with park occupied).

The highest percentage of time a park was occupied during weekdays was at L3, Zone 3 (86%).

⁵⁹ Stantec (2020) Golden Mile Surveys: Restricted Parking Occupancy & Bus Queue Behaviour.

Loading bay weekend occupancy rates⁶⁰

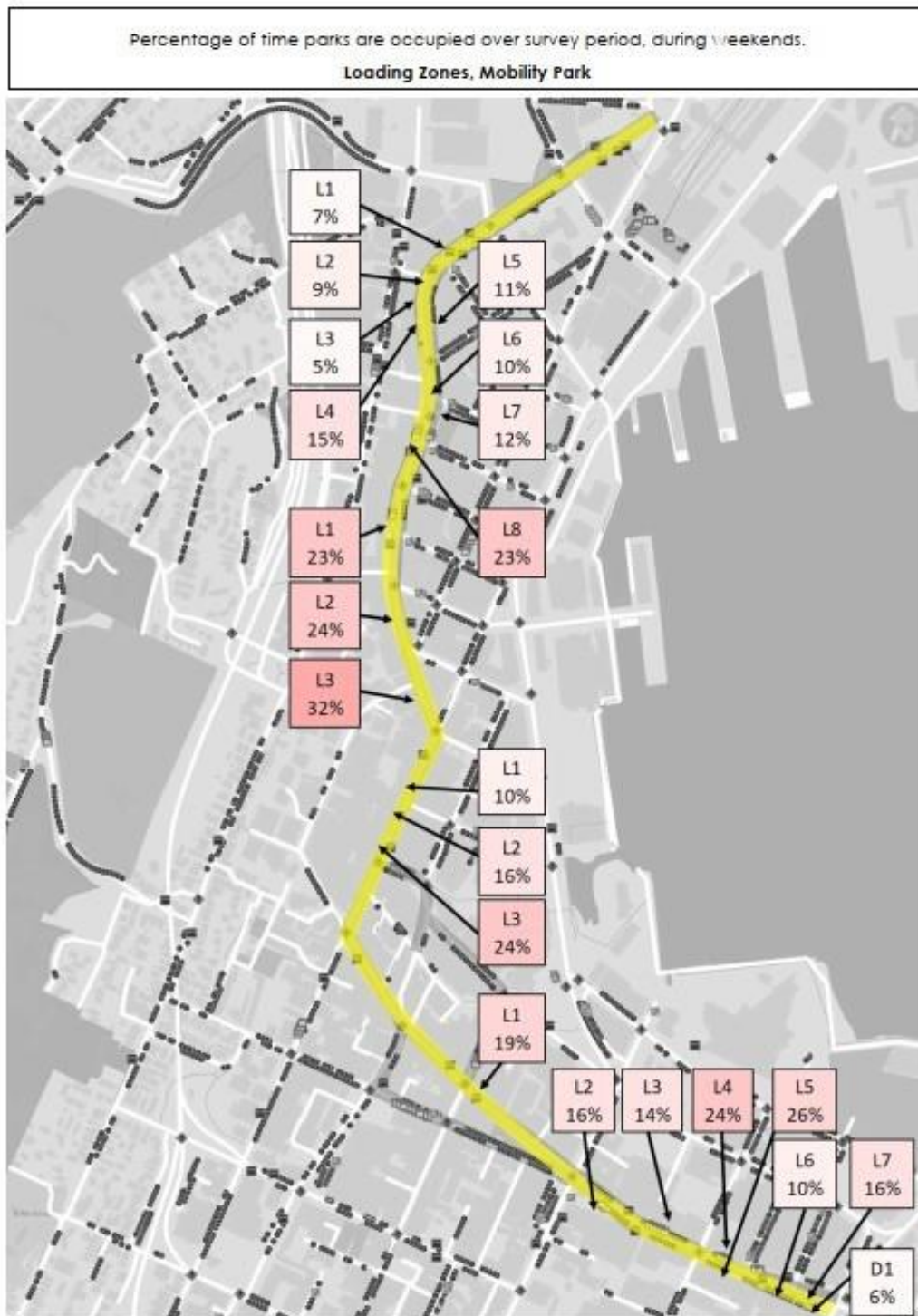


Figure 3-5: Loading zone and mobility (bottom right park only) utilization heatmap for weekends (percentage of "beats" with park occupied).

The highest percentage of time a park was occupied during weekends was at L3, Zone 2 (32%).

⁶⁰ Stantec (2020) Golden Mile Surveys: Restricted Parking Occupancy & Bus Queue Behaviour.

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