



Auckland | November 2020

Research

Part 5: Eden Terrace, the blossoming city fringe

City Rail Link series

Images courtesy of ATEED

Important

Context of this report

The impact of COVID-19 on New Zealand's economy has been dramatic and will certainly continue to affect many parts of the market to varying degrees of severity in the future months.

Whilst the information published within this report was correct at the time of draft publication, for the avoidance of doubt this report does not take into account any potential short to medium-term market impact of COVID-19.

Rather, the focus is on the long-term with the expectation that the market will make a full recovery over time.

One of Auckland's oldest suburbs

While it is known as the Mount Eden station, it is actually located closer to Eden Terrace than Mount Eden village.

Eden Terrace, much like its near neighbour Newton, began as a predominantly residential suburb in the 1800s, offering an alternative to the crowded inner city.

The area's railway station opened in 1880 - one of the original stations on the Northern Line.

As the suburb grew, a commercial centre began to form at the junction of Mount Eden Road, Khyber Pass, Newton Road, and Upper Symonds Street.

With the arrival of horse-trams in the 1880s and the introduction of electric trams in 1902, the roads in the area saw constant upgrades.

Infrastructure to support the growing community was also established around this time including churches, schools, a post office, halls and a number of other public buildings.

As with Newton, the area has more recently seen much of its original housing built out by light industrial buildings as a result of the motorway through Newton Gully.

The central hub has remained however, and several of the original buildings are still in use today, including the former Post Office at 224 Symonds Street and Galbraith's Alehouse on Mount Eden Road, which first opened as the Grafton Public Library in 1913.

Today, Eden Terrace is characterised by predominantly light industrial buildings and apartment blocks and is known as an edgy and artistic suburb, similar to Newton.

1880

The year the railway station opened, which was one of the original stations on the Northern Line.



The current state of play for commercial and industrial stock



Commercial

For commercial property (including retail, office and mixed-use accommodation), there is currently just over 171,500sqm of lettable space across over 250 properties.

An additional 43 addresses are categorised as vacant by Core Logic in the table below.

The age profile of the stock in the area is mixed with two thirds dating from the 20th Century and one third having been constructed since 2000 with a notable boom in development between 2000 and 2009.

However, only 9% of the area's stock has been constructed in the last decade.

The combination of this data identified that not only is there a substantial proportion of sites identified as vacant (14.3%), but a high proportion of the stock is more than 20 years old.

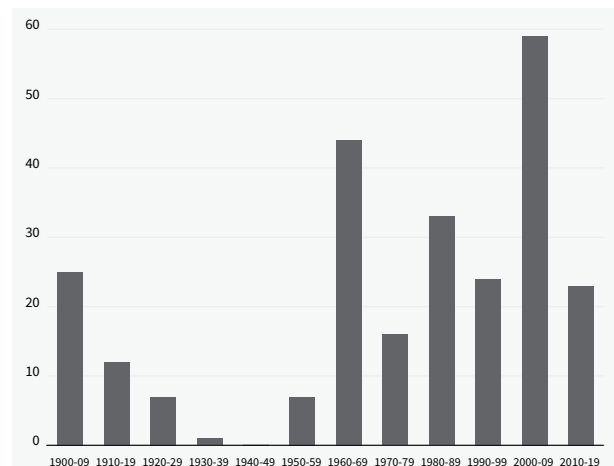
It's clear that there will likely be heightened redevelopment and refurbishment opportunities which will become increasingly viable with better connectivity from wider Auckland areas and into the CBD.

Property type breakdown

	%	Count	Sqm	Average sqm
Retail	18.3%	55	11,749	213.62
Office	37.7%	113	94,553	836.75
Mixed	24.0%	72	55,545	771.46
Vacant	14.3%	43	NA	NA
Other	5.7%	17	9,989	587.59

Source: Core Logic

Commercial property age



Source: JLL Research and Consultancy

Industrial

The picture for industrial property is arguably even more positive from a redevelopment perspective with 86% of properties by number and sqm of accommodation having been constructed prior to the year 2000.

With contemporary preference for industrial properties with 10m or 12m heights, there will be a clear opportunity for redevelopment in a sector which continues to be very popular.

Mount Eden's location is attractive for development for a number of reasons, including its proximity to the CBD and the motorway network.

86%

Is the percentage of industrial properties constructed prior to the year 2000.

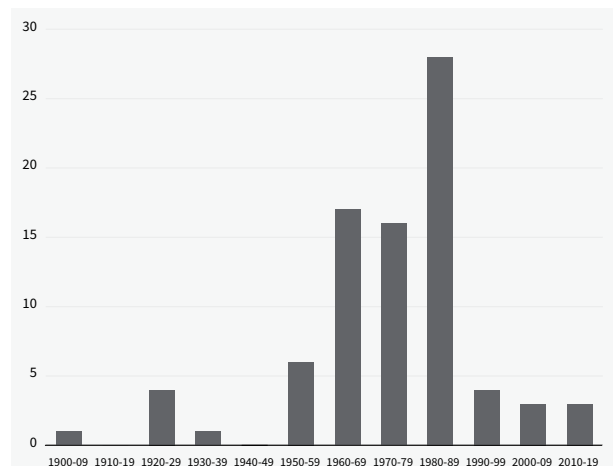


Property type breakdown

	%	Count	Sqm	Average sqm
Light manufacture	32.1%	27	13,314	493.11
Mixed	26.2%	22	21,780	990.00
Service	9.5%	8	4,397	549.63
Vacant	1.2%	1	NA	NA
Warehouse	31.0%	26	25,337	974.50

Source: Core Logic

Industrial property age



Source: JLL Research and Consultancy

Eden Terrace is disconnected from the CBD

Historic headwinds

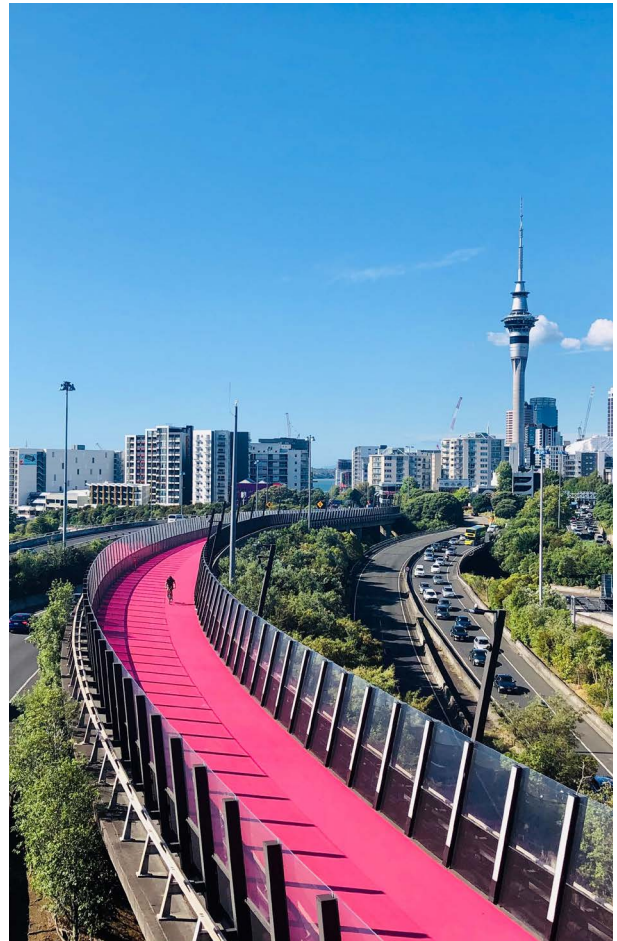
Though popularity of the area is growing, the fact remains that Eden Terrace has yet to achieve the popularity of other fringe centres such as Ponsonby, Parnell, or Newmarket as a destination.

Despite being close to the city centre, the construction of the Spaghetti Junction in Newton ultimately disconnected the suburb from the CBD.

The resulting redevelopment from predominantly residential to largely commercial also eroded the character of the area, leaving Eden Terrace with limited public realm quality, perpetually busy roads, and poor street-level amenity.

A lack of efficient public transport has only exacerbated Mt Eden's accessibility woes.

A bus or train trip from Britomart station to Mount Eden station currently takes around 15 minutes despite the distance being only around three kilometres.



What's happening?

With the July closure of the Mount Eden station, the station will remain under construction until the completion of the CRL in 2024.

On its reopening, the station will have undergone a complete upgrade and will feature separate platforms for the existing Western Line and the City Rail Link.

More than 100,000 square metres of potential residential and commercial building space will also be part of the project.

This land is the largest contiguous piece within the CRL project footprint and will have capacity for over 1,100 homes or around 2,300 future residents. Auckland Council's view for this land is for the City Rail Link to be the catalyst for a new mixed residential and commercial centre around the station.

Forecasts from Statistics New Zealand reflects this impending growth, as population within the study area is expected to surge around 40% in the years to 2043.



Additional significant projects have also been provided for in the Auckland City Centre Masterplan.

These include a proposed Light Rail Transit station at the existing Dominion Road Flyover designed to provide additional capacity to Auckland's strained public transport network, an upgrade of Ian McKinnon Drive into a beltline akin to Te Ara I Whiti Lightpath, and several other forecast walking, cycling and public transport improvements.

With so much emphasis politically on infrastructure projects, we await announcements in the coming months from the New Zealand Government and Auckland Council as to which transport initiatives will now be either approved or brought forward.



Source: City Rail Link Ltd

Travel times will improve dramatically

What does it mean?

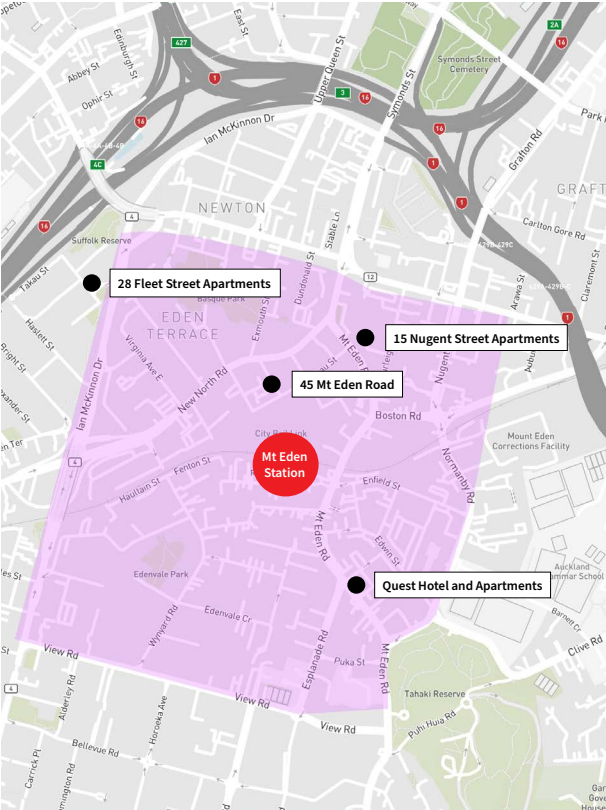
Once the CRL is completed in 2024, travel times between the CBD and Mount Eden station will improve dramatically.

The CRL will allow for a travel time of only 9 minutes to Britomart station, taking 6 minutes to reach Aotea station and just 3 minutes to Karangahape station.



Source: Quest Hotel and Apartments

Apartment development pipeline



Source: City Rail Link Ltd

Name	Stage	Estimated number of units
15 Nugent Street Apartments	In Planning	92 apartments
Enfield Apartments	Under Construction	40 apartments
45 Mt Eden Road	In Planning	13 apartments
Quest Hotel and Apartments Mt Eden	Under Construction	52 hotel room 26 apartments
28 Fleet Street Apartments	In Planning	15 apartments

Source: JLL Research and Consultancy

The increased connectivity opens up endless opportunities for more efficient, effective, and modern land use.

A number of developers are already spotting the growth potential in the area as several projects are currently underway or in planning.

New development and refurbishment activity in the area is comprised mostly of apartment projects looking to capitalise on the suburb's proximity to the city centre.

Notable projects include 45 Mount Eden Road, a six storey apartment development with completion expected in 2021, and Quest Hotel and Apartments Mt Eden at 34 Edwin Street, a five storey development to be comprised of 52 hotel rooms and 26 apartments with completion also expected in 2021.

From now on as the CRL gets closer to completion, Eden Terrace will be an ever increasingly viable business location and a place to live and work.



Source: 45 Mt Eden Road

186

Is the estimated number of apartments in the development pipeline for the station area.



Source: Enfield Apartments



Auckland

Level 16
188 Quay Street
PO Box 165, Shortland Street
Auckland
Phone: +64 9 366 1666

Wellington

Level 10, JacksonStone House
3-11 Hunter Street
PO Box 10-343
Wellington
Phone: +64 4 499 1666

Christchurch

1 Papanui Road
Merivale
PO Box 6466
Christchurch
Phone: +64 3 375 6600

Paul Winstanley

Senior Director
Head of Research and Consultancy
+64 21 819 348
paul.winstanley@ap.jll.com

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