



Auckland | September 2020

Research

# Part 2: Britomart, the heart of public transport

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.



# It all starts here, at the heart of Auckland's public transport

The Britomart transport hub is the largest station within the Auckland network.

It is the primary boarding and disembarking point for the rapidly growing CBD population, a group that is forecast to increase 76% to 86,300 by 2043.

According to 2019 rail station boarding statistics, around 51% of all rail trips on the rail network started or ended at Britomart Station.

In its current form, the station has been in operation since 2003, following extensive works to the Central Post Office.

The return of the CBD train station to the Britomart area has driven significant gentrification in the area, helping revitalise the older industrial stock base into a retail hospitality and commercial centre.

Conveniently by the water, Britomart has historically benefitted from the cruise tourism industry as both the Queens Wharf and Princes Wharf are within close proximity.

In the June 2019 year, Auckland recorded the most cruise passengers by port capturing 239,000 unique passengers (74% of total NZ unique passengers) and also recorded the largest total spending with \$192.5 million (up 32% annually).

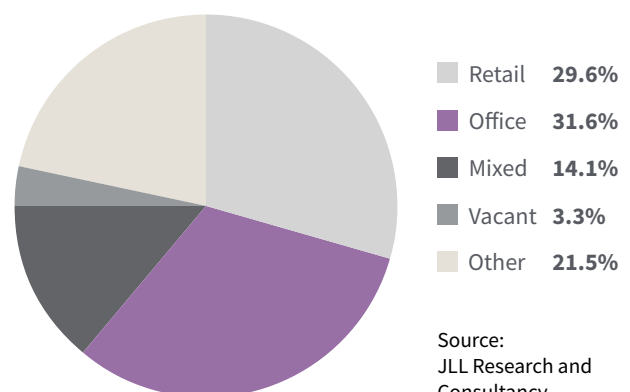
Although certainly not an economic driver presently with the restrictions on international travel to New Zealand for the foreseeable future, in the medium-to-long term Auckland is likely to regain its standing as a popular cruise ship destination.

Supported by accessibility, population growth and a thriving tourism industry, the Britomart Precinct is the most popular part of the CBD, encompassing a high concentration of prime grade office offerings.

Luxury retail brands including Prada, Gucci, Christian Dior and Louis Vuitton have also strategically placed themselves in the Britomart Precinct to better service the tourist population.



## Auckland central commercial stock



# The home of all five premium office buildings in Auckland

## Moving to the water

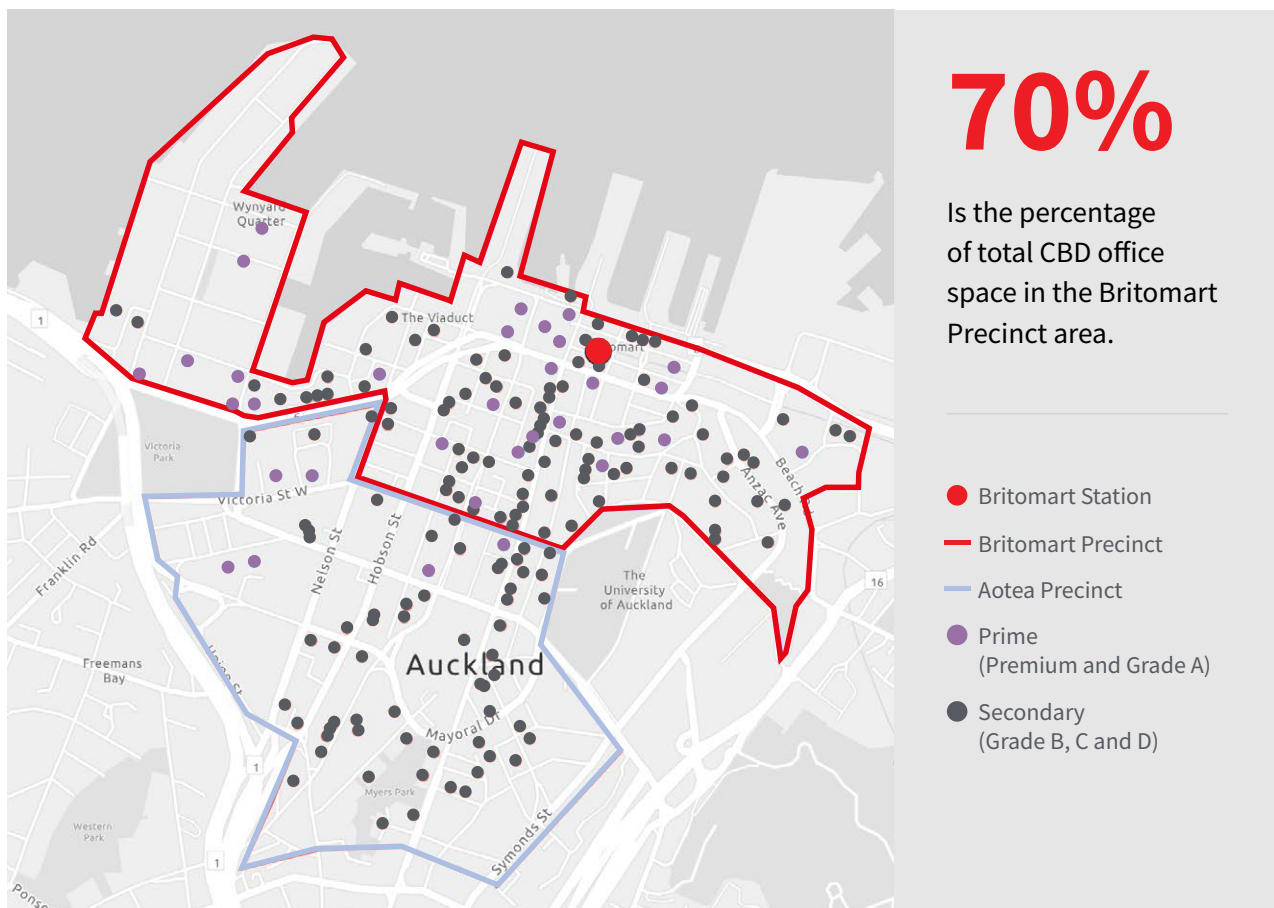
The Britomart Precinct has a total of 871,786sqm of office space, capturing 70% of the total CBD office stock.

Of this, 494,212sqm or 57% is prime stock, highlighting the relatively high-quality commercial offering in the area.

Overall vacancy within the Britomart Precinct is recorded at 6.9% as at June 2020, with prime and secondary rates at 4.2% and 10.5% respectively.

The gap between prime and secondary rates continue to show occupier preference for quality stock in good locations.

The area continues to benefit from the demand shift away from the Aotea Precinct, as occupiers seeking prime space are increasingly considering options within the Britomart Precinct.





## Development in the CBD

Development activity has followed the trend of tenant movement and preference for the Britomart Precinct with almost all new projects of scale being currently captured, taking place within the Britomart Precinct.

The CRL project in particular has helped to push forward the feasibility and demand for development in the area.

The most recent development within the Britomart Precinct is the 39,000sqm of premium office space within Precinct Properties' Commercial Bay.

This is accompanied by 18,000sqm of retail and food and beverage in the same development.

This is the fifth premium building in New Zealand and has set a new benchmark for quality office space in the Auckland office market.

Demand was illustrated by high pre-commitment of space; the Commercial Bay office component was 92% upon opening and its' retail component was also 100% leased upon opening.

Further commercial development in the Britomart Precinct includes 10 Madden street (8,000sqm, 100% preleased), One55 Fanshawe Street (16,000sqm, ~91% preleased) and 136-142 Fanshawe Street (22,000sqm, ~70% preleased), which will also help to provide additional higher-end stock for the market upon completion.

Other notable developments under construction include luxury apartments, Pacifica and Seascope.

At 187 metres high with 52 levels, Seascope will be the tallest residential tower in New Zealand offering 221 apartments with three floors of retail and restaurants on the bottom three floors.

Similarly, at 178 metres tall with 57 levels, Pacifica will offer 282 apartments and 35 hotel rooms.

Both developments are due for completion in 2020/2021.



# 39,000sqm

Is the area of premium office space within Precinct Properties' Commercial Bay.

# Modern transit systems in large cities are crucial to support growth

## What is next?

With population growth and an increasing need for public transport, modern transit systems in large cities are crucial to support growth.

Currently, the Britomart station is the final stop for the four existing train lines which severely restricts its capacity and efficiency.

During peak periods, Britomart is already nearing maximum capacity according to City Rail Link Ltd.

Once the CRL opens in 2024, Britomart Station will no longer be a dead-end rail terminal but rather the key transportation conduit for the central CBD in both directions.

Capacity will simultaneously increase to accommodate up to 50,000 passengers during peak hours, up from the 10,500 capacity of just Britomart today.

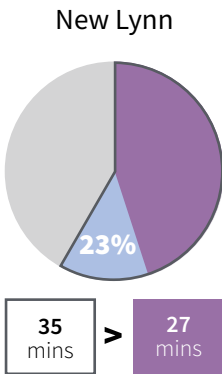
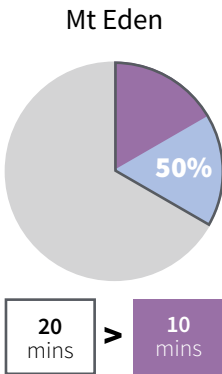
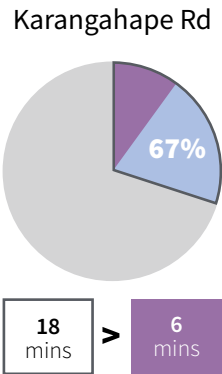
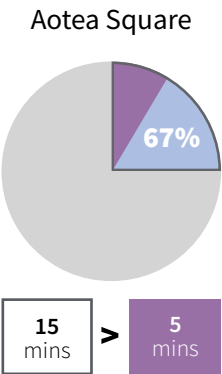


Once completed, travel times to Britomart will improve up to 67% as trains will be able to run more efficiently.

The increased connectivity with the rest of the CBD opens endless opportunities for more efficient, effective and modern land use.

### Transit times from Britomart

□ Current time    ■ Future time    ■ Improvement





## What does all this mean?

The CRL is much more than just improving transport duration, it is about transformation and changing the way we live, work and play in the CBD.

This is now increasingly more important as we are planning for the post-COVID world where health and wellbeing is a top priority for many organisations.

In addition to the Britomart Station upgrade, the areas around the station are being redesigned to be people-focused and pedestrian friendly.

The new lower Queen Street public space in particular will have a new plaza and pedestrian space, while side roads along the station and the back of station will also be turned into public-friendly space.

This will provide better accessibility and enhance the commercial environment by boosting shopping and other business activities.



Most importantly, it promotes the health and wellness of residents, employees, tenants and visitors.

The future of Britomart will be all about inviting everyone into a safe environment and revitalising businesses at the same time as we take a step forward into a new and different world.



# Commercial value in pedestrianisation

As for commercial value, there are many case studies around the world to prove the commercial benefits of pedestrianisation.

Sydney's Pitt Street Mall is one of the world's most valued retail strips due to its pedestrian-friendly nature.

It is also ranked as the seventh most expensive retail street in the world (third most expensive for the Asia Pacific region) according to Cushman & Wakefield's 2019 Main Streets Across the World report.

Despite its high rents, retailers continue to relocate their flagship stores to Pitt Street to benefit from the foot traffic and in comparison, Queen Street is actually very similar to Pitt Street.

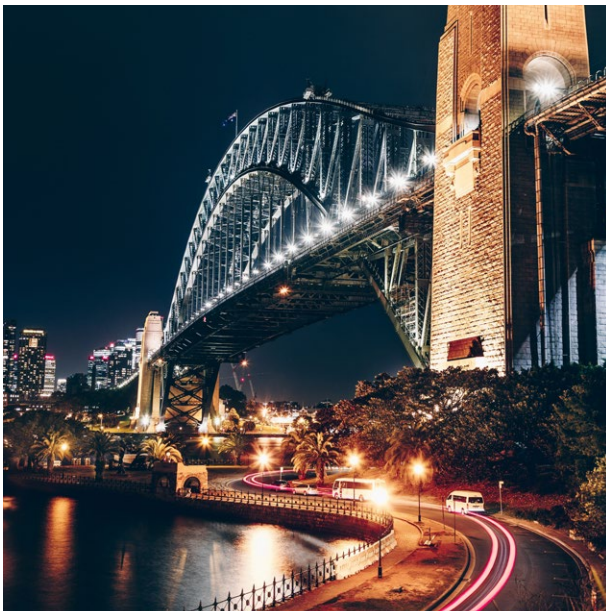
Pitt Street is serviced by Pitt Street Station and within close proximity to Darling Harbour, while Queen Street is serviced by Britomart Station and within close proximity to the Viaduct Harbour.

While Queen Street will not be comparable to Pitt Street in terms of rental figures any time soon, it is definitely an indicator of its potential for providing a world-class offering to both locals and tourists.

A more recent case study is George Street in Sydney's CBD which also underwent pedestrianisation, with the Sydney Light Rail along the street reaching completion at the end of 2019.

Prior to the impacts of COVID, there was a positive long-term outlook for retail rents given the wide spread between rates on George Street and Pitt Street.

While impacts on tourism and CBD office closures has placed uncertainty on demand/rental performance in the short-term, George Street is expected to be attractive to a wide range of new tenants in the medium to long-term once the market returns to normality.







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