

Central City: Economic Update



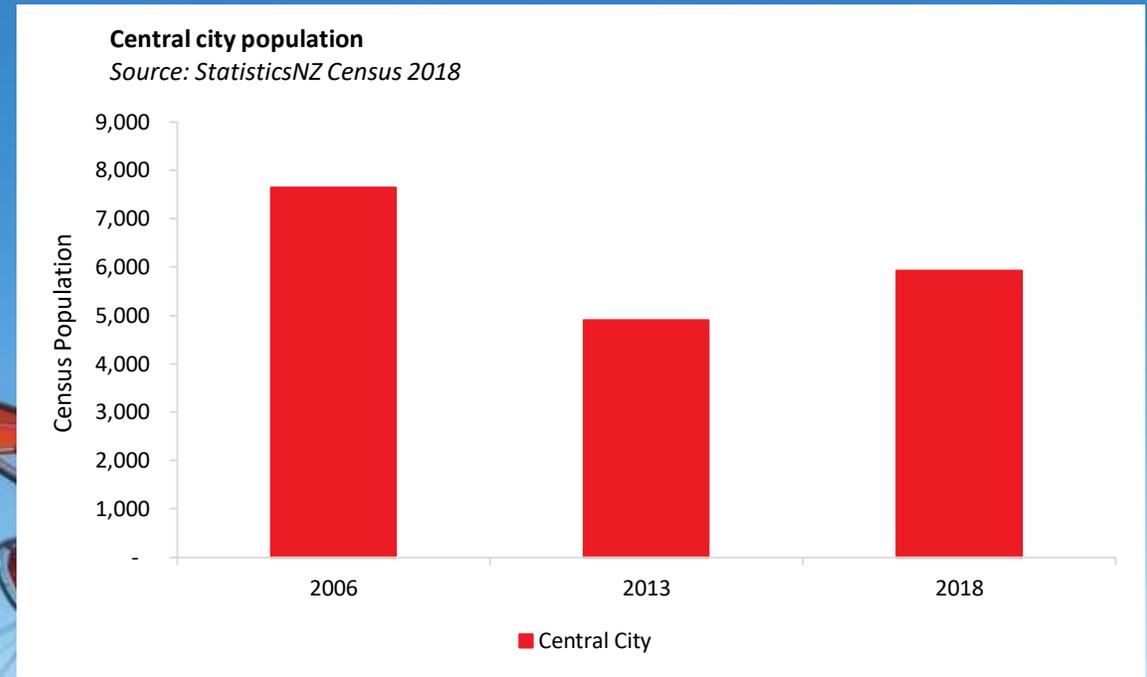


Census 2018

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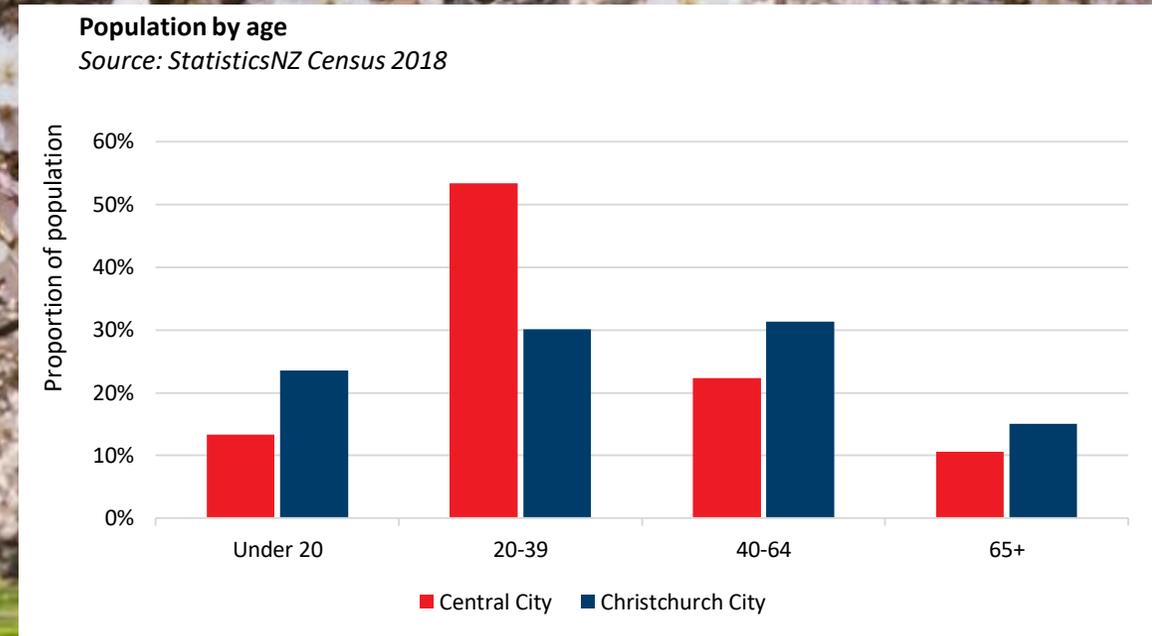
Population

- The population of the central city increased by 20.8 percent since the 2013 census, averaging 3.9 percent growth per year, to 5,925 in the 2018 census.
- Central city population remains below the 2006 census of 7,650.



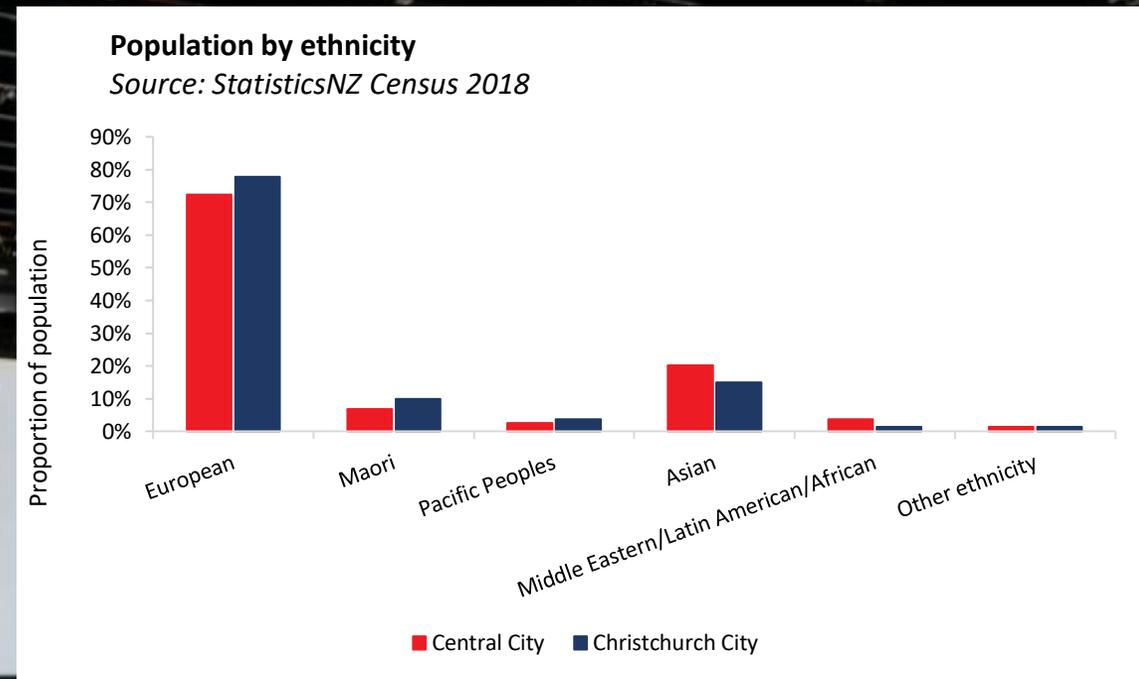
Population

- The Christchurch central city has a greater proportion of working age residents (81.6 percent), specifically 20-39 year olds (53.4 percent) than the rest of the City.
- There is a smaller proportion of under 15's and over 65's in the central city.



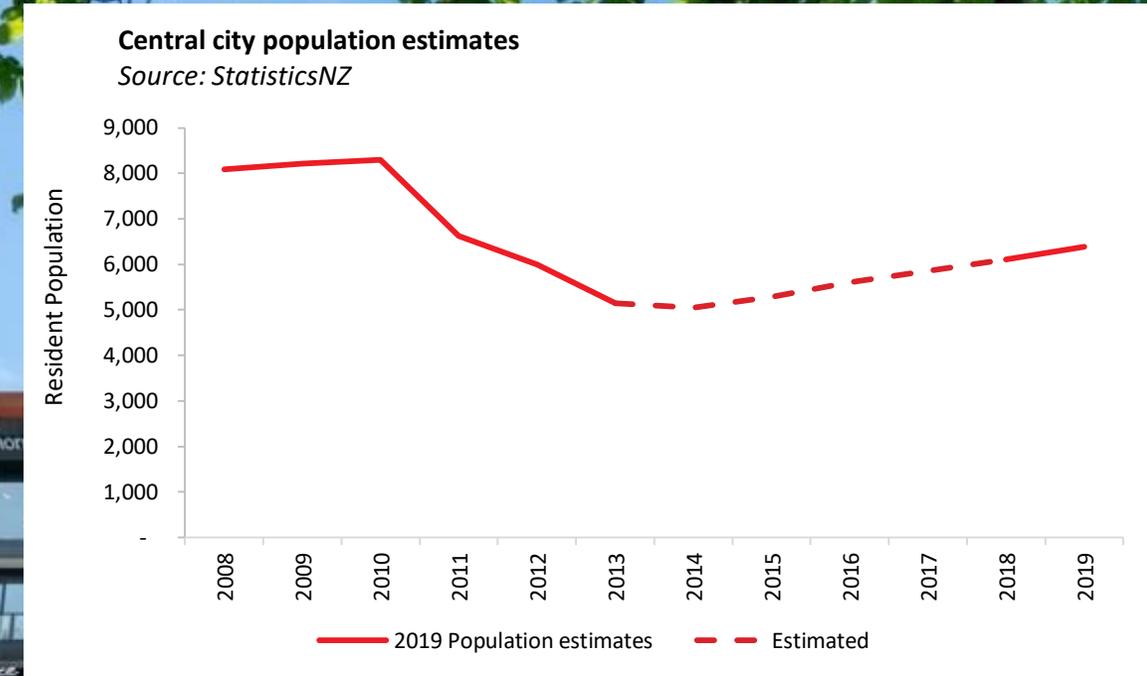
Population

- Diversity within the central city differs from the rest of the city.
- The percentage of European residents is less, 72.4 percent compared to 77.9 percent in all of Christchurch.
- Asian ethnicities are more common within the central city with 20.2 percent of the resident population, compared to 14.9 percent in all of Christchurch.



Population estimate 2019

- According to the latest StatsNZ population estimates, the population of the central city increased by 4.6 percent since 2018, reaching 6,390 in 2019.
- Population remains below pre-quake numbers of 8,290 (2010)



Population estimate 2019

- 1.7 percent of the Christchurch population live within the Four Avenues, increasing from 1.6 percent in 2018.
- However this remains below 2010 levels, with 2.2 percent of the population within the central city.



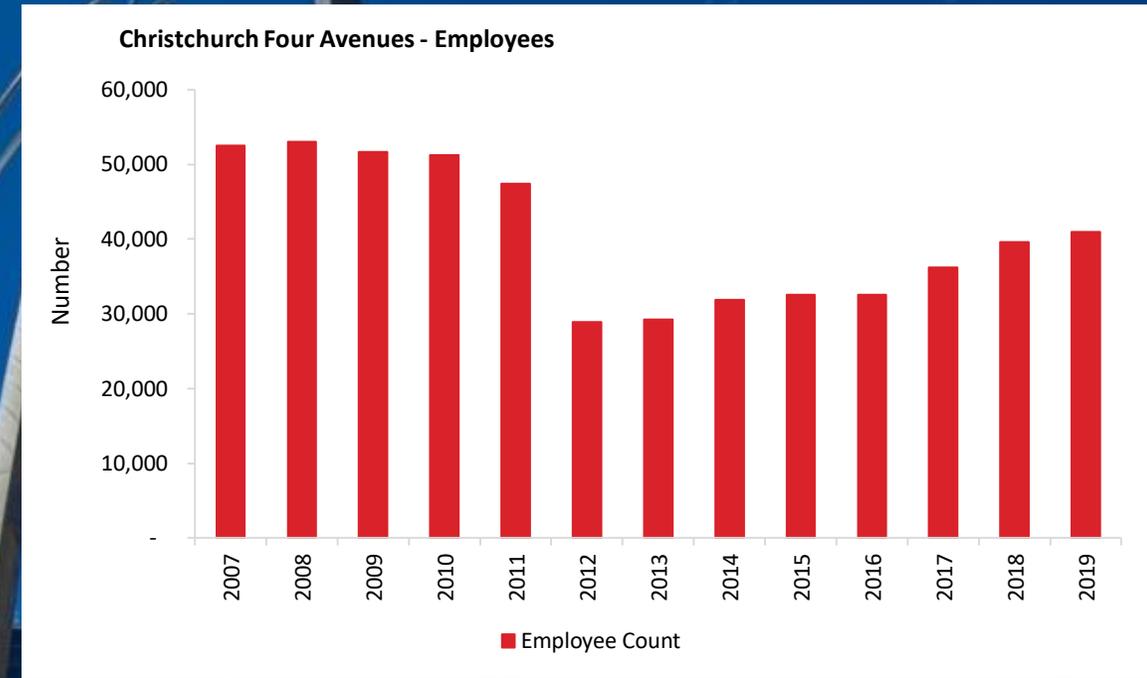
Business Demographics



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Employee Numbers

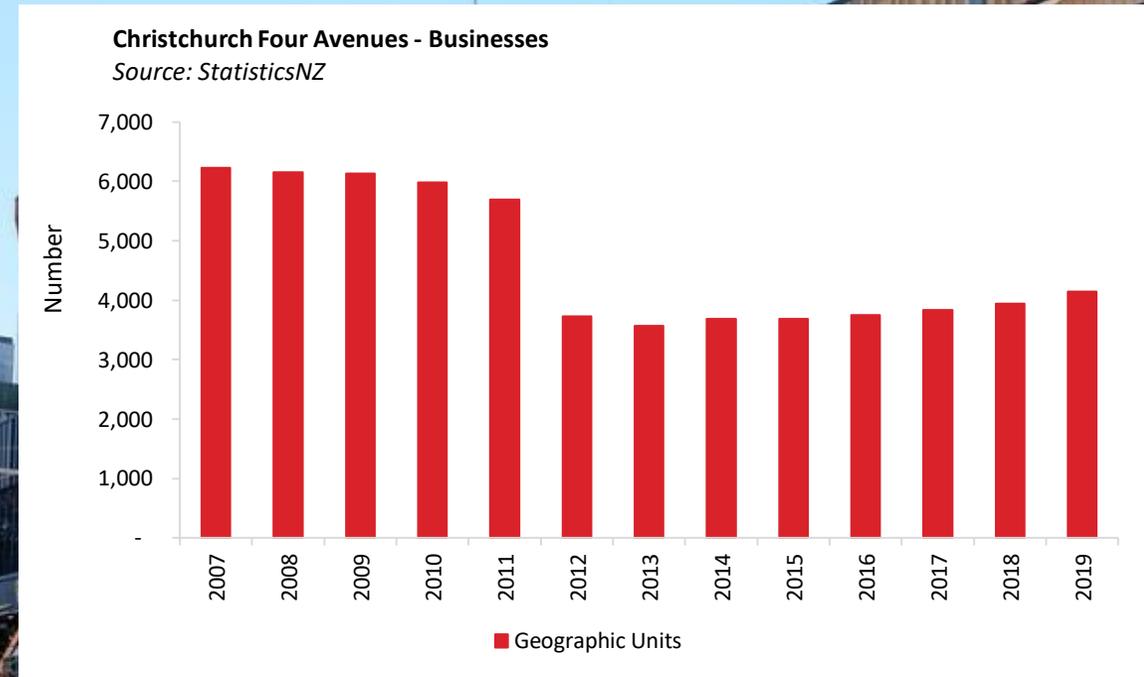
- Employees within the central city increased by 3.3 percent to 40,950 as of February 2019, compared to 2018.
- Employee numbers are currently 80 percent of pre-quake (2010) levels.



Business demographics

Business Numbers

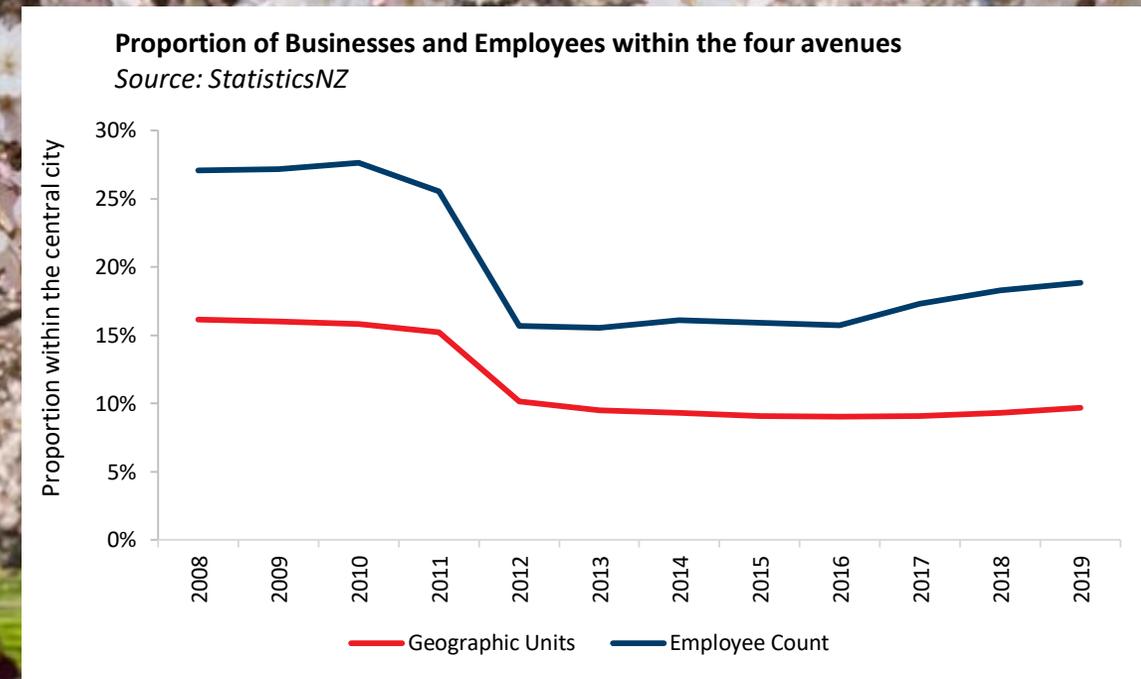
- Business numbers increased by 5.2 percent to 4,152 as of February 2019, compared to 2018.
- Business numbers are currently 69.4 percent of pre-quake (2010) levels



Business demographics

Central city share

- The share of Christchurch businesses and employees within the central city are currently 9.7 and 18.8 percent respectively.
- This trend has been trending positively since 2016.
- The share of Christchurch businesses and employees remains below 2010 levels of 15.8 and 27.6 percent respectively.



High-value Industries employment

- Total employment within the Tech sector* increased by 1.2 percent within the central city compared with 2018.
- Growth was led by the Knowledge intensive services, growing 1.2 percent.
- Total employment within the Tech sector decreased by 1.2 percent within Christchurch.

* Tech is defined as medium-high and high tech manufacturing and knowledge intensive services

| Employee count (February) | Central City | | | Christchurch City | | |
|--------------------------------------|--------------|--------|--------|-------------------|---------|--------|
| | 2018 | 2019 | Change | 2018 | 2019 | Change |
| Medium-high technology manufacturing | 101 | 95 | -5.9% | 4,000 | 3,800 | -5.0% |
| High technology manufacturing | 75 | 81 | 8.0% | 4,260 | 4,390 | 3.1% |
| Knowledge intensive services | 11,267 | 11,408 | 1.3% | 40,100 | 39,600 | -1.2% |
| ICT Sector | 11,443 | 11,584 | 1.2% | 48,360 | 47,790 | -1.2% |
| Total | 39,650 | 40,950 | 3.3% | 216,900 | 217,500 | 0.3% |



Commercial Property



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Residential - total city

- Residential consents continue to account for more than 50% of total consents, while the number of multi-unit consents rose by 15% over the previous year (a trend similar to national).
- Christchurch will most likely see a delay in house price increases overall, however, increased demand and price increases will likely be evident at the lower end of the market from the third quarter of 2019.

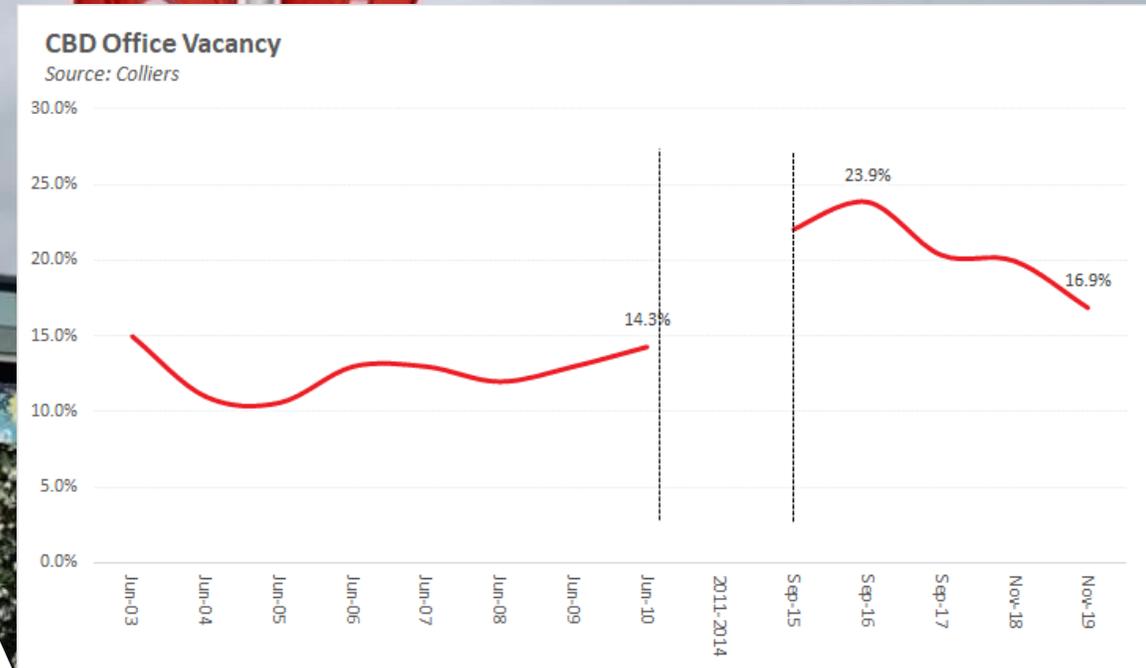


- Occupancy in the four avenues (referred to as CBD) has increased markedly over the past year, with continued relocation of offices from the suburbs to the CBD.
- The initial large vacancy rates have resulted in downward pressure on rents, but this has stabilized recently and is expected to remain stable as vacancy levels drop.
- Limited new office construction expected in the near future.



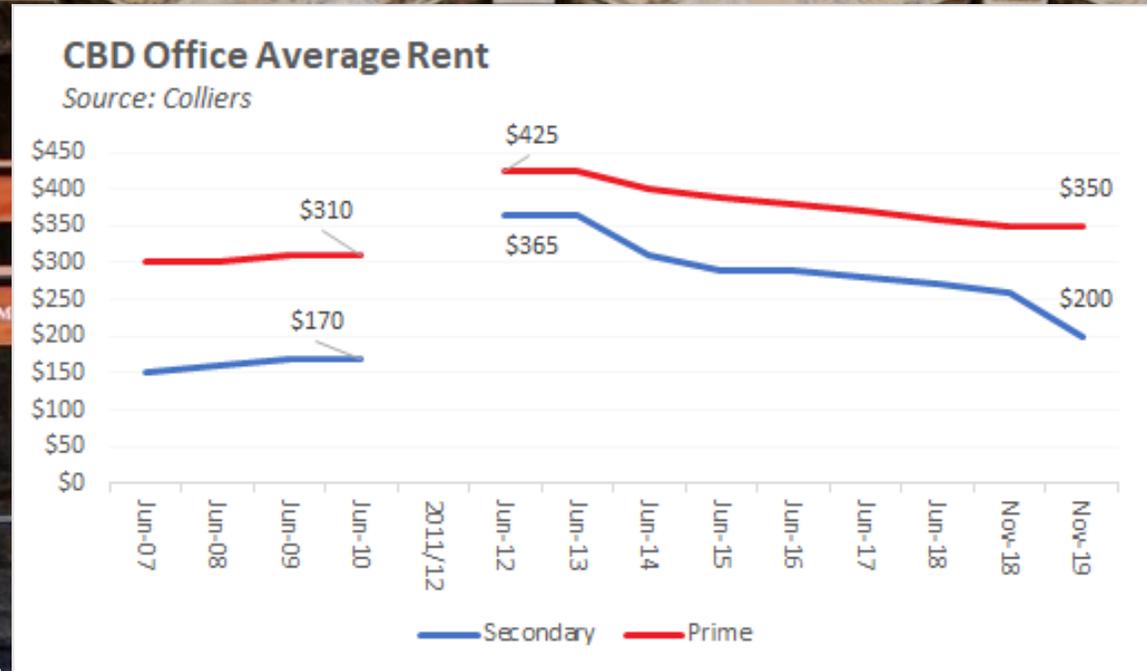
Office (continued)

- CBD office vacancy is down to 16.9% in 2019 from 20% in 2018
- This level of vacancy is just above to the 2010 vacancy level (14.3%) and will most likely be at similar levels within the next year.
- The more sought-after areas (particularly in the West-end) are already experiencing low levels of vacancy.
- Vacancy in the Core is at 19.9% in 2019 down from 25.5% in 2018.



Office (continued)

- Current office stock is at 373,101m² and given the efficiency gains in the utilisation of office space, this is considered to represent similar floor space levels than pre-earthquake within the CBD.
- Rents between \$350 to \$370 in CBD (stabilised).
- CBD office yields average near 7% for 2019 and compares favourably with Auckland & Wellington.



Retail

- The retail activity is mainly concentrated within the retail precinct in the CBD.
- Since its opening, the Riverside Market has become a major attraction within the area.
- The area has experienced significant occupancy improvement over past 12 months.
- Retail vacancy down from 23.2% (2018) to 15% in 2019 with most of the vacancies in laneways and first-floor areas.
- Retail yield for the city is between 6% - 7.5%, similar to other major nodes.



Property Synthesis

- The Christchurch CBD node has improved its offering for office and retail activity with vacancy levels decreasing across the board.
- New construction in office and retail will likely continue to be low for the next year as vacancy levels decrease.
- Increasing the permanent residential population within the CBD remains important.





Retail Sales

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Retail Spend: Year Ended September 2019

Spending in Christchurch up 1.4%, while spending in the Core up 15.3% compared to Year Ended September 2018.

- Spending by international visitors in the core was up 22.3 percent to \$39.1m compared to YE September 2018.
- Spending by Christchurch residents in the Core increased by 13.8 percent to \$151.8m



Retail Spend: Year Ended September 2019

- Spending on hospitality (Cafes, Restaurants, Bars and Takeaways) within the core increased by 30.6 percent to \$78.7m
- Spending on Department Stores, Apparel and Leisure increased by 7.9 percent to \$121.9m



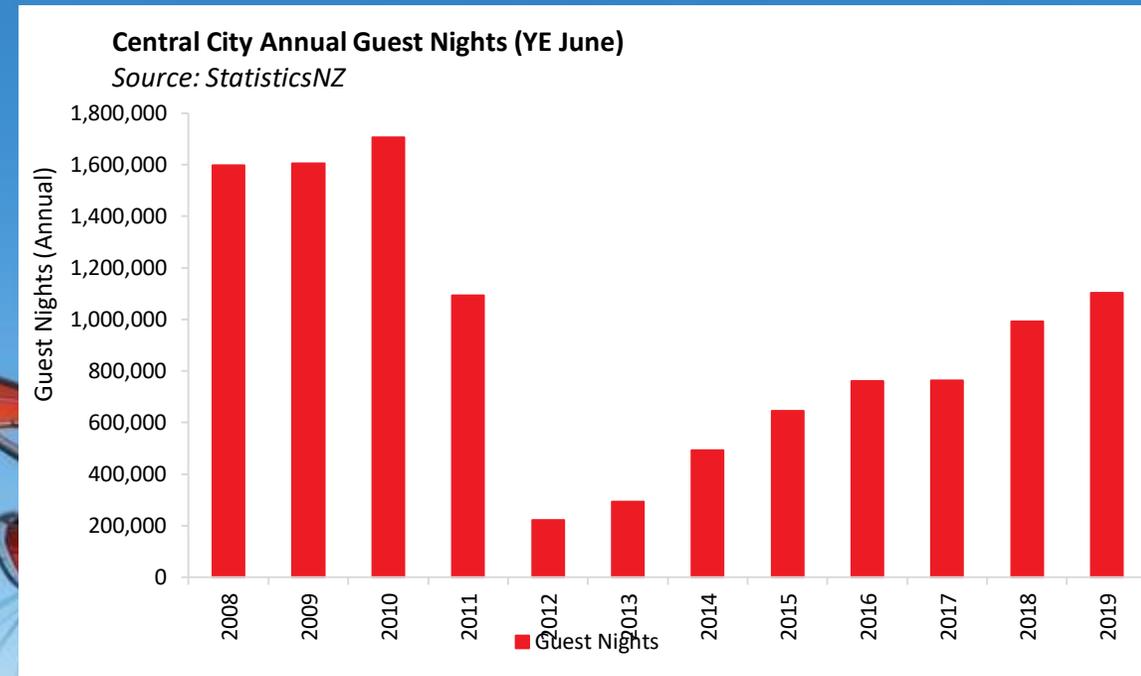
Visitation



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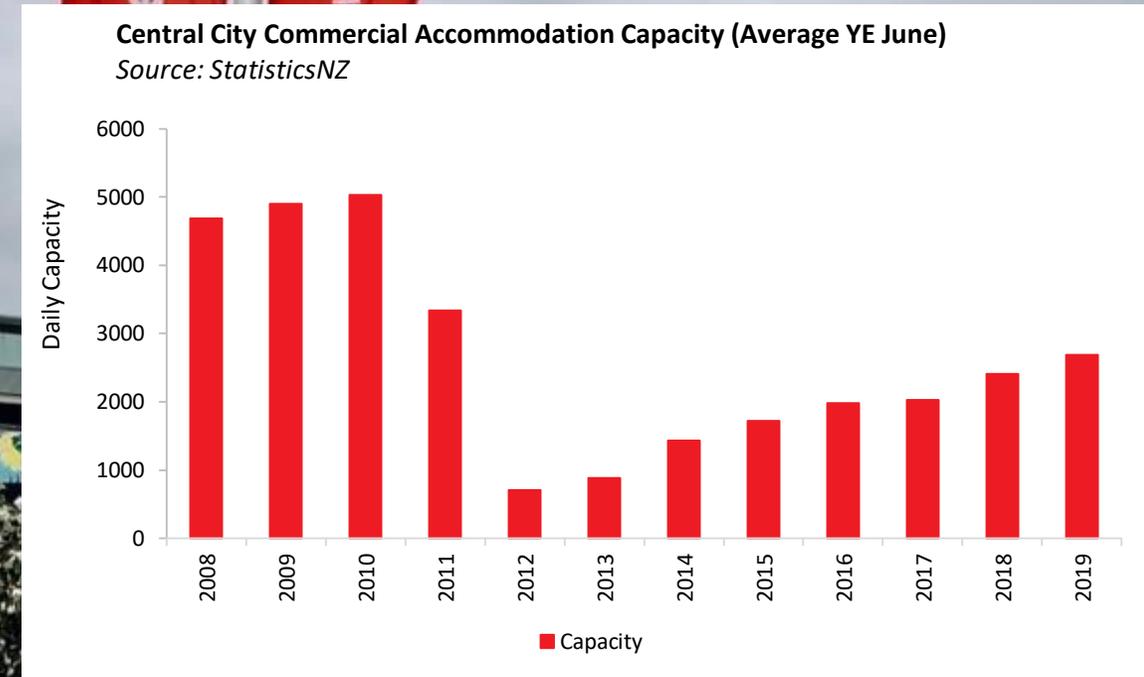
Guest Nights

- Central city guest nights are currently (Year to June 2019) 64.7 percent of pre-quake levels (2010).
- Guest nights have increased by 11.3 percent compared to year end June 2018.
- International visitors contribute to 54.1 percent (600,000) guest nights, domestic visitors contribute 500,000 (45.9 percent).
- Pre-quake international visitors made up 61.1 percent of total guest nights.



Accommodation Capacity

- The capacity (number of beds) within the central city is currently (June 2019) at 53.3 percent of pre-quake levels.
- Capacity has increased by 11.6 percent since June 2018.
- Many hotel developments remain in the pipeline within the central city.





End