

5 May 2025

To: Chair and members - Policy and Planning Committee
CC: Mayors Office; City Centre Executive Steering Committee; Head of Auckland Policy Office
Auckland Council
135 Albert Street
AUCKLAND

Kia ora Councillor Hills and members of the Policy and Planning Committee

Thank you for the opportunity to present this chair's report as a record of the key discussions and issues from the City Centre Advisory Panel meeting on 5 May 2025.

City Centre Economic Contribution + Benchmarking Analysis

The panel received a detailed analysis of the economic performance of Auckland's City Centre, articulating its economic value and performance, including contribution to the regional and national economy and comparing performance against Australian CBDs.

From the Panel's perspective, this evidence reinforces our view that Auckland's City Centre is a strategic national asset. Its economic performance has implications that extend well beyond the isthmus, and its continued success requires targeted investment, strong policy support, and coordinated regeneration efforts across agencies and all levels of government.

The Panel wishes to highlight the following key points:

- **The City Centre is a nationally significant economic hub.** If it were a standalone region, Auckland's City Centre would be the fifth largest economy in the country—contributing 6% of all jobs and 8% of national GDP. Its share of national GDP has grown steadily from 5% in 2004 to 8% today, underscoring its increasing importance to Aotearoa's economy.
- **It is the most productive area of NZ.** The city centre presents a premium of 40% over the rest of the country. Since 2004, Productivity growth of 1.6% per annum (double the rate of the rest of the country - 0.8%) has seen this premium double from 20% to 40%.
- **New Zealand's commercial and cultural hub.** The city centre has the highest concentration of employment and economic output per square kilometre in New Zealand. It also supports a unique mix of retail, hospitality, events, and cultural activity that attracts workers, residents, and visitors alike.
- **Post-COVID recovery remains uneven.** While the city centre economy has rebounded strongly in terms of GDP and job growth (outpacing the rest of the country), consumer-facing industries are still facing challenges with **foot traffic and consumer spending still 25–30% below pre-pandemic levels**, particularly affecting small businesses and the hospitality sector.
- **A global city with regional relevance.** The city centre is **comparable in economic scale and size to Adelaide's CBD**, but is more similar to **Sydney's CBD in terms of sector mix and economic role**. Daytime foot traffic (relative to 2019) and office utilisation are broadly in line with Sydney, though **night-time and weekend activity has been slower to return**.
- Auckland's City Centre has seen a smaller increase in office vacancy rates than Sydney CBD since the pandemic, while Melbourne has seen an even bigger increase.

- **Resilience through change.** Despite the challenges of the past few years, Auckland's City Centre has outpaced both Australian CBDs and Wellington in GDP and labour productivity growth – both since 2004 and since the pandemic.

The Panel will continue to advocate for a thriving, resilient, and inclusive city centre that delivers social, cultural, and economic value for all of Tāmaki Makaurau and Aotearoa.

Supporting Residential Growth in Auckland's City Centre

The Panel remains focused on enabling more people to live and thrive in the city centre. We see a strong and diverse residential population as essential to a vibrant, resilient city centre. At our 5 May meeting, the Panel received a compelling and insightful presentation from economist **Shamubeel Eaquib**, exploring both the barriers to and opportunities for growing the residential population in central Auckland.

Key discussion points included:

- **Auckland is not a dense city – including its city centre.** However, the benefits (and lower costs) of density are well known providing for lower marginal cost of infrastructure.
- **Continued outward growth is costly.** The city centre offers better long-term value due to lower marginal infrastructure costs.
- **Infrastructure pricing and incentives matter:** The Panel noted the importance of accurate marginal pricing for both physical and social infrastructure. International examples suggest tools such as density bonuses can help unlock affordable housing. The Panel supports Auckland Council's review of Development Contributions and believes these should better reflect the substantial infrastructure already in place in the city centre.
- **Latent capacity exists within city centre infrastructure** to support a significantly larger residential population – this represents a major opportunity to enable growth without large-scale new investment.
- **Planning alone is not enough:** While zoning and planning rules are critical, they must be supported by **precinct-level strategies** that address housing mix, affordability, and public realm activation. Broader place-based coordination is also needed to align growth with investment.
- **Regulatory levers can be useful enablers:** Building codes and safety regulations e.g. seismic, fire can influence development feasibility at the margin and may play a positive role if aligned with housing outcomes.
- **Social infrastructure is critical:** Schools, housing diversity, activated public spaces, and community facilities all play a key role in creating a liveable, inclusive urban neighbourhoods.
- **An “and/and” approach is required:** There is no single silver bullet. Lessons from cities like Melbourne demonstrate that **deliberate, multi-pronged action** – combining planning, investment, regulation, and placemaking – can result in meaningful gains in density and vibrancy.
- **Public confidence and leadership are essential:** Growing density can be polarising. Success will depend on clear policy, collaborative delivery, and the ability to bring the community along through sustained engagement and visible leadership from both public and private sector partners.

The Panel looks forward to receiving a more detailed report at its August meeting, which will help shape ongoing advice and advocacy around city centre residential growth.

Visitor Attraction and Promoting the City Centre

The Panel received an update on current and upcoming visitor attraction and promotional activities within the city centre, including a lookahead to the autumn and winter seasons. The discussion highlighted both the successes of recent initiatives and the funding challenges ahead in FY26 and beyond.

The Panel was encouraged to hear about the positive impact of increased CCTR investment in areas such as the performing arts, major events, visitor attraction and business events attraction initiatives over FY25. In particular, it was noted that major events deliver strong value for money, with estimated returns of \$3–\$7 for every dollar spent - a tangible demonstration of the benefit of continued investment in this space.

At the same time, the Panel acknowledged the headwinds facing this area. Lower discretionary spending, driven by the challenging economic environment, continues to affect city centre activity. Looking ahead, there are also significant funding risks, with uncertainty around TAU's destination management budget from FY26 onwards. Many planned initiatives remain reliant on support from the Destination Partnership Programme and investment through the CCTR.

The Panel was also advised that advocacy for a central government bed-night levy remains active, but no commitment or outcome has yet been confirmed.

Given this context, the Panel reiterated the importance of exploring how additional investment through the CCTR could help maintain momentum, support impactful programming, and strengthen the city centre's profile as a compelling place to visit year-round.

City Centre Targeted Rate review

At the 5 May meeting, the Panel held a discussion on the review of the City Centre Targeted Rate and future investment priorities. The conversation acknowledged the significant shifts in how Auckland's city centre is being used - changes that mirror global trends, accelerated by the pandemic and compounded locally by current economic conditions. These points were reinforced through the Panel's earlier discussion on city centre economic performance.

The Panel continues to advocate for a thriving, inclusive, and resilient city centre. A central enabler of this is growing the number of people who live, work, study, and visit. A high concentration of people supports improved safety, stronger demand for retail and hospitality, and more opportunities for street-level activity and business innovation. However, this vibrancy also depends on a high-quality urban realm and accessible, well-maintained public spaces.

The importance of attracting more people to the city centre has been a consistent theme across the Panel's advice. In this context, the Panel expressed strong support for a more targeted and strategic use of the CCTR to back initiatives that draw people in, enable long-term vibrancy and growth, and enhance the everyday experience of those who live, work, and visit the city centre.

The Panel noted that any new initiatives would be in addition to the currently agreed work programme, and therefore dependent on the proposed extension of the CCTR. The Panel reaffirmed its support for extending the Targeted Rate and endorsed the approach of staff presenting a more detailed investment proposal at the upcoming 13 June 2025 workshop.

Next meeting: Monday 30 June, 2-5pm

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Scott Pritchard', with a long horizontal flourish extending to the right.

Scott Pritchard
Independent Chair
CITY CENTRE ADVISORY PANEL