

Pōneke Pulse

An economic pulse check for Wellington businesses from
Wellington City Council

February 2023



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General update

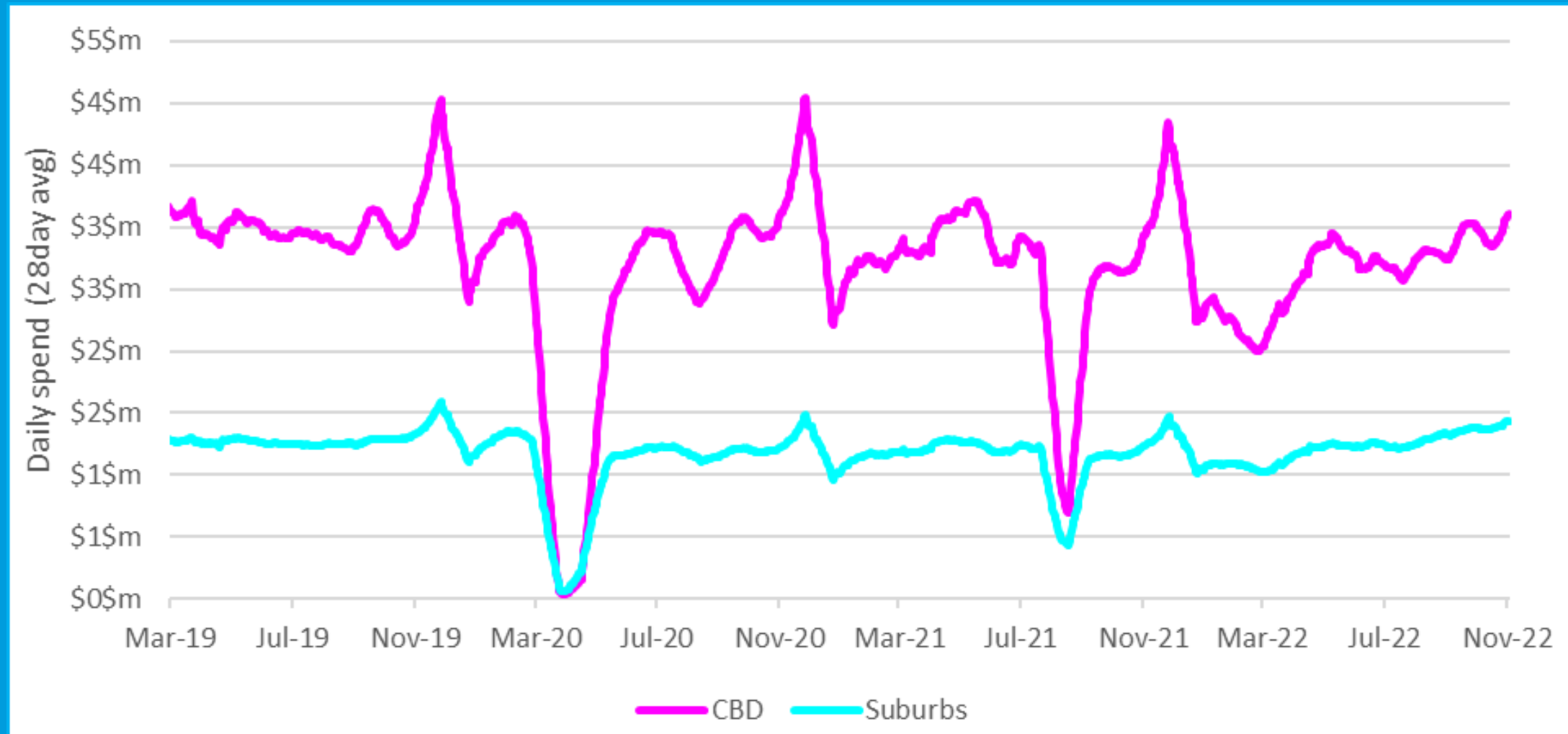
- City spend (CBD and suburbs)
- Border crossings

February spotlight – CBD retail business

- Natural sector evolution accelerated by COVID-19
- Case studies
- Sector opportunities and challenges



Retail/hospo spend: pre-COVID returns

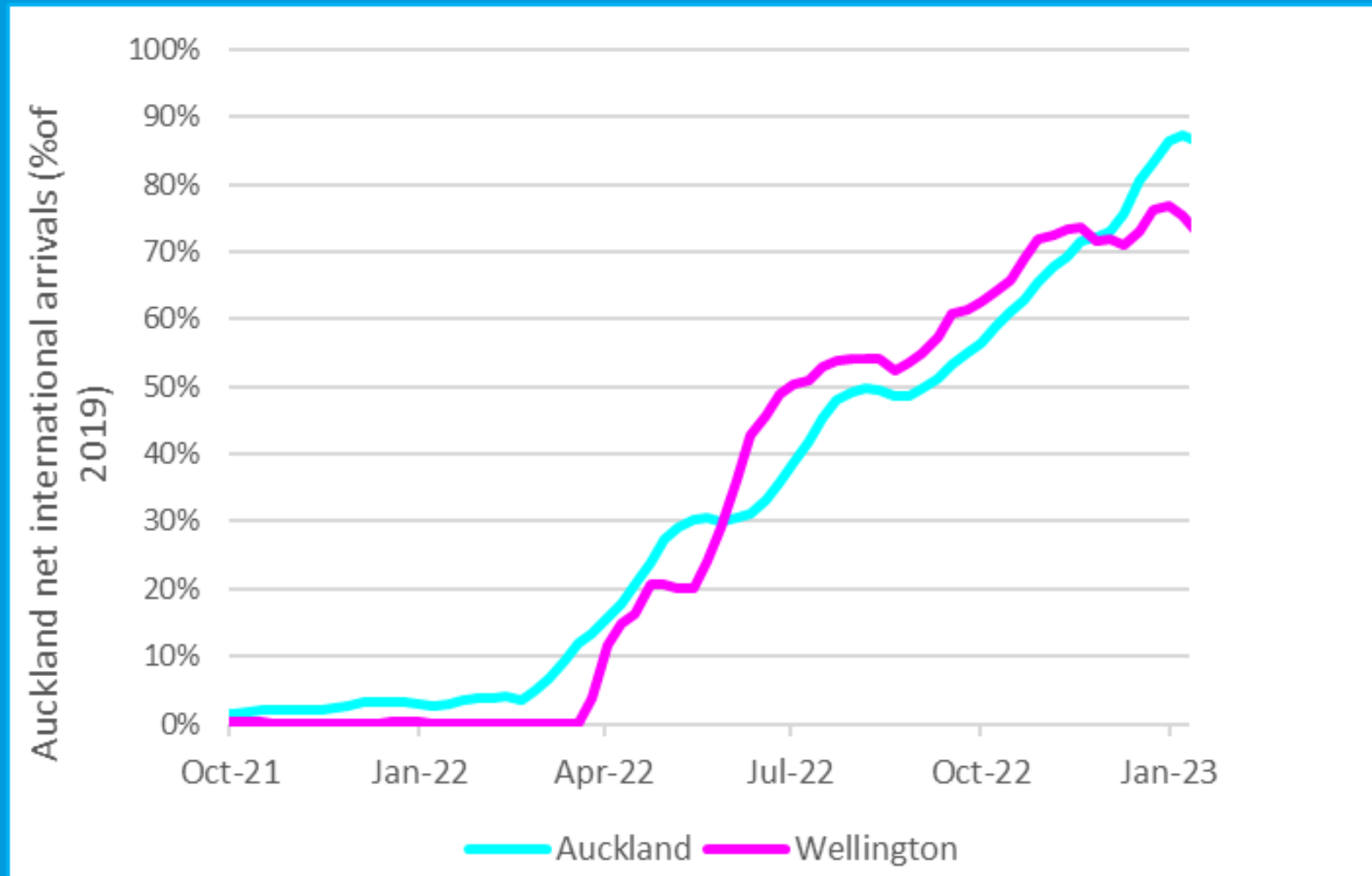


Source: MarketView

- Since 2019, COVID-19 lockdowns and Working from Home to Nov 2022
 - CBD spend 'defies gravity' AND is rising, but also volatile
 - Suburban spend rising steadily (a new reality?)



Visitors: Airport arrivals



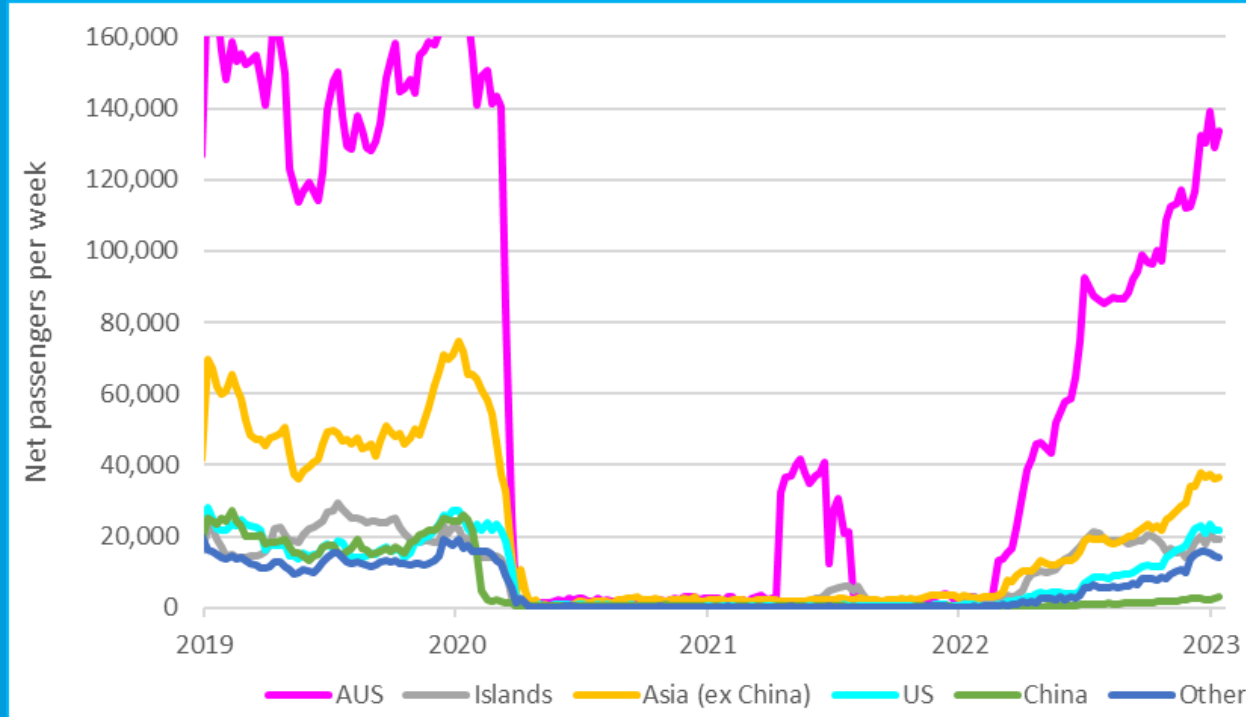
Source: StatsNZ

- Auckland and Wellington rebuilding their international trade
- Wellington may have reached a plateau constrained by:
 - Flight capacity (crew and plane)
 - Market priorities (i.e. Australia dominates Wellington)



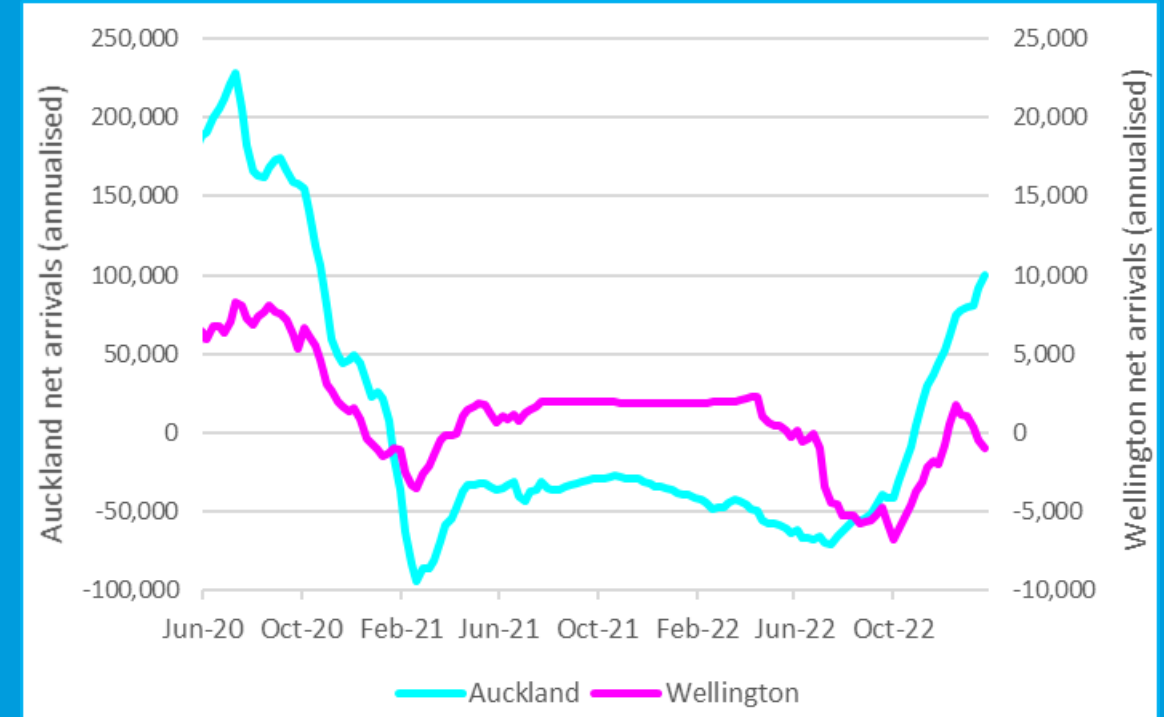
Net migrant flows: They're back!

Passenger capacity by area of the world:



Source: StatsNZ

Net migration: AKL versus WLG:



Source: StatsNZ

- Most markets: capacity returning close to historic levels
- China is the outlier: lockdowns policy ends BUT outbreaks still a concern

- The long-stay visitor is back !
- Auckland: Long-staying visitors are rebuilding which will stimulate the economy with spending and labour
- Wellington: last years brain drain has receded



February spotlight: Central City Retailers



visit us in store
old bank arcade, wellington
newmarket flagship, auckland



Retail moves on after COVID-19: 'smart' consolidation

- Good for some:
 - Householders upgraded their homes and suppliers to that sector did well (if they could get product and staff)
 - Suburban hospitality providers got trade from workers Working from Home
- But destructive for many:
 - Audience uncertainty has driven balance sheet erosion, stress and volatile market
 - Supply chain disruption, shortage of staff and some closures
- 'Smart' consolidation:
 - 'Smart consolidation' is leading to competing brands setting up in 'category precincts'; common overseas but unheard of until recently in Wellington
 - Many retailers are biding their time until the market settles to invest in a selected site or to achieve scale economies
 - Natural evolutionary pressures accelerated in some categories (closure, consolidation etc)



New retailers: case-studies

- Criteria used to select retailer stories
 - New entrants 2022 showing style, innovation, and the energy needed to keep a following
 - Kiwi/local operators
 - Wellington institutions that have 'moved on'
 - Learning from failure
- Retailers selected and reason for selection
 - Stolen Girlfriends Club: kiwi, raw and brash with innovative store concept
 - Ahu Boutique: indigenous strength
 - Calvin Klein/Tommy Hilfiger: global iconic brands inhabiting an old institution
 - Pinball Shoppe: quintessential Wellington: passion becomes a business
 - Chunk'd: COVID-19 helps turn a baking hobby into a business
 - Vic Books: an old institution that is 'moving on'
 - Hurricane denim: time to move on for a local icon
 - Gubb's shoes: the mood has changed and its time to move on for another icon



Stolen Girlfriend's Club

A youthful rebellious spirit, a romantic heart, and the ability to empower and excite

- **Who are they:**

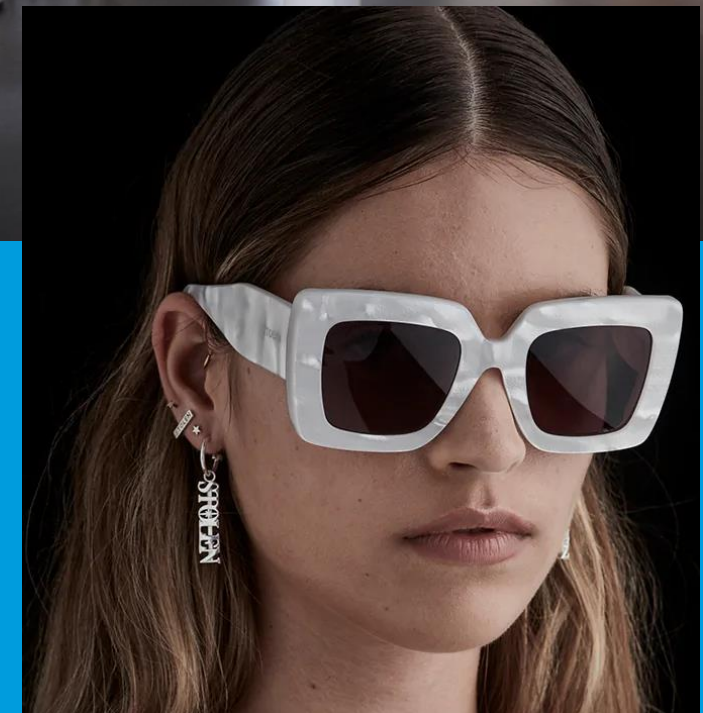
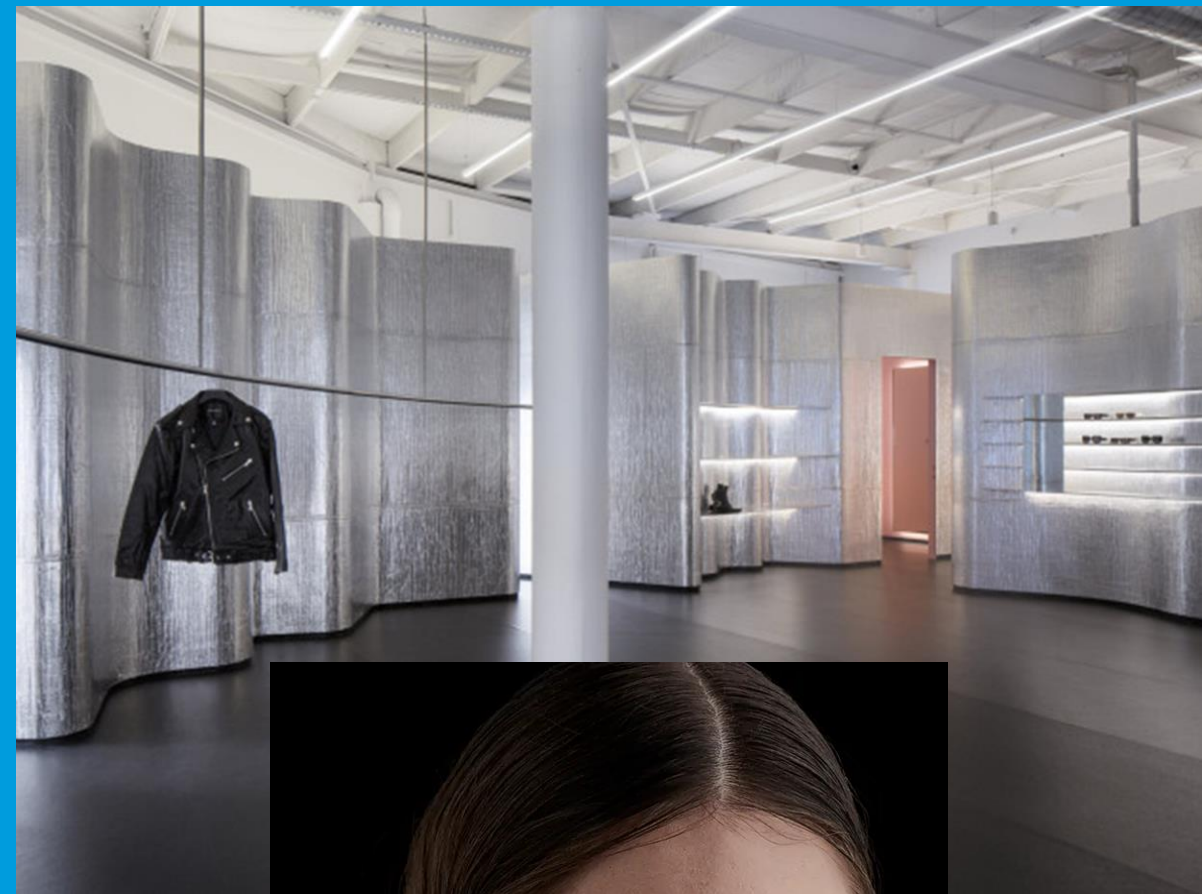
In 2005, Marc Moore & Dan Gosling (two New Zealand creatives with surfing backgrounds) launched a label for men and women called Stolen Girlfriends Club.Young blood and old bones, the makings of a modern revolution.

- **Where are they:**

Based on Victoria Street in the third boutique for the brand with a minimalist and experiential store format in one of Wellington's increasingly popular fashion precincts

- **Why are they in business:**

Marc and Dan were full of that youthful bravado, cocky and naive. Luckily for them there were a few talented people that believed in them and their vision, and helped or directed them to people that could bring their ideas to life.



Ahu Boutique

an emotional connection to indigenous design

- Who are they:

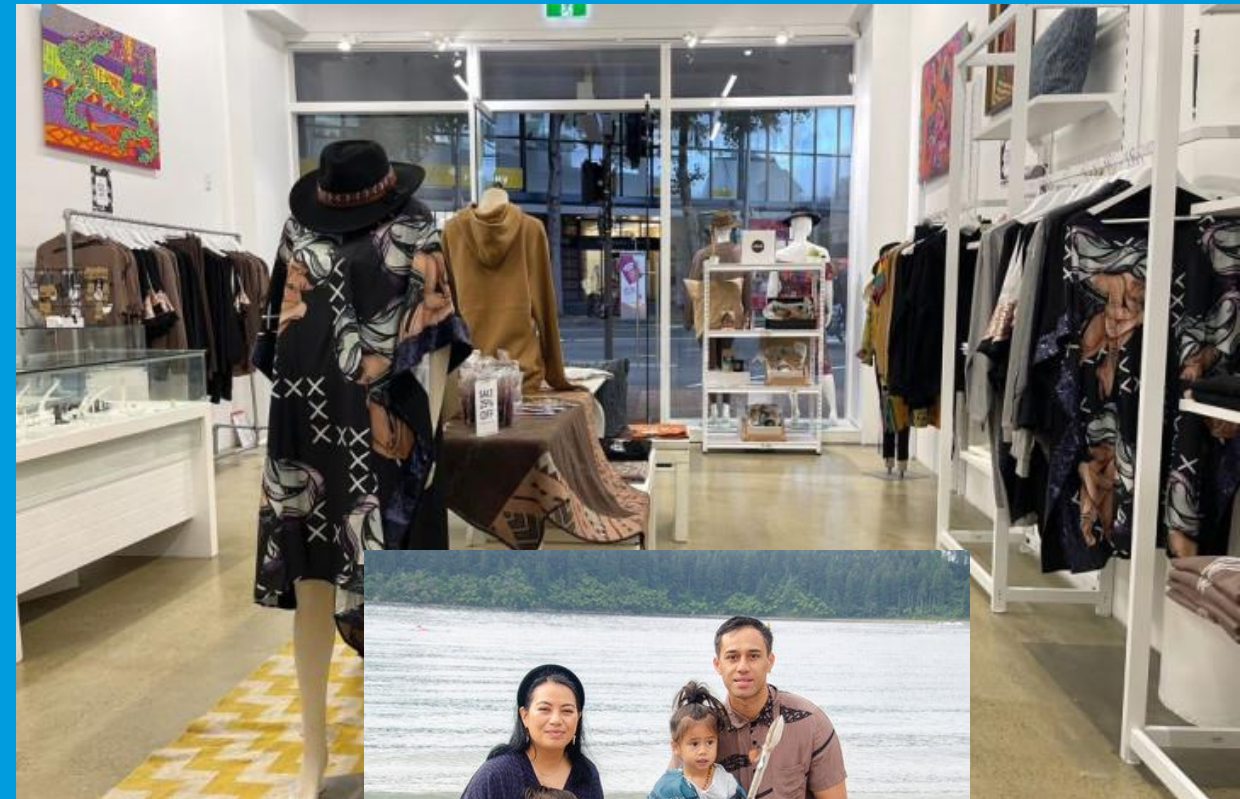
“The House of Māori Fashion” which offers exclusive Aotearoa-made products created by different talented Māori designers and artists. Ahu boutique is dedicated to high end, contemporary Māori design and fashion.

- Where are they:

In the heart of Victoria Street’s shopping precinct which is the second boutique for the brand.

- Why are they in business:

I'm always blown away by all the amazing customers that love our pieces and I feel a genuine need to dig deeper and create more meaningful designs that reflect this passion for indigenous Aotearoa creativity.



Calvin Klein/Tommy Hilfiger

Two iconic global brands here in Wellington

- **Who are they:**

Two iconic global brands represented by PVH in this part of the world.

Tommy Hilfiger continues to be a pioneer of classic, American style with a modern twist. ...a recognized premium lifestyle brand, uplifting and inspiring consumers since 1985.

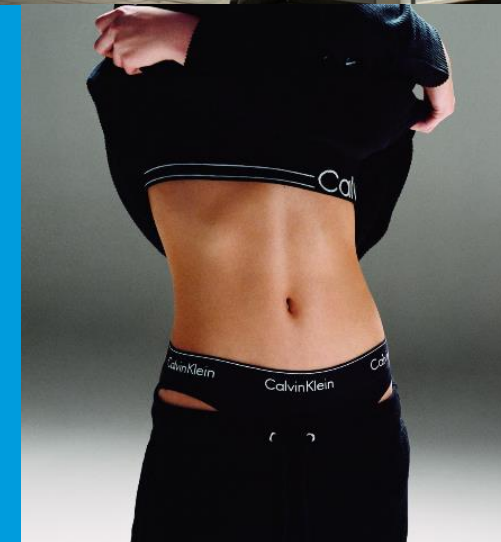
Calvin Klein has a history of bold, non-conformist ideals that inform everything we do. Founded in New York in 1968, the brand's minimalist and sensual aesthetic drives our approach to product design and communication, creating a canvas that offers the possibility of limitless self-expression.

- **Where are they:**

In the old Kirkaldies building, previously occupied by David Jones. Location and potential was informed confidently by the brands presence and performance in David Jones.

- **Why are they in business:**

To deliver sustainable growth through aspirational product, to support our pillars of corporate responsibility to advance the communities where we work and live, and to develop a talented and skilled workforce that embodies our values.



Pinball Shoppe

It's what happens when an AV integration geek develops a pinball addiction

- Who are they:

Silverballs, blinkenlights, worlds under glass. They celebrate the artistry, the mechanics and the comradery of the old Pinball arcade and provide in-home sales.

- Where are they:

New in Bond Street.

- Why are they in business:

To build a following that supports the Pinball machine and its continued presence in our lives.



Chunk'd

Delicious, vegan and freshly hand-made cookies made in Wellington

- **Who are they:**

It all started when COVID-19 forced New Zealand into lockdown back in 2020. As a way to stay occupied, my hobby to feed me and my flatmates cookie addiction, morphed into a full-time occupation.

- **Where are they:**

Dukes arcade off Manners Mall. Opportunities to participate in the Wellington City Council/WellingtonNZ pop up Christmas store in 2020 and 2021 demonstrated demand and built confidence for permanent representation.

- **Why are they in business:**

To delight our customers with delicious cookies that are 100% vegan, freshly hand made in Wellington, New Zealand, and packed with love and care.



Vic Books (closing)

supplier of all Victoria University of Wellington course textbooks and notes+

- **Who are they:**

Founded in 1975 VicBooks is the supplier of Victoria University of Wellington textbooks. The independent store includes a café, curated books, and supports literary events and a culture of new writers at the University.

- **Where are they:**

The Kelburn site takes centre stage on the main entry point to University life.

- **Why are they started and now closing:**

To trade new books that meet the needs of the student body within a curated literary and social environment. But changes to study and work practices impacted core categories of hospitality, textbooks and general retail. With the future uncertain and leases up for renewal, the difficult decision was made to close.



Hurricane denim (closing)

time to move on

- Who are they:

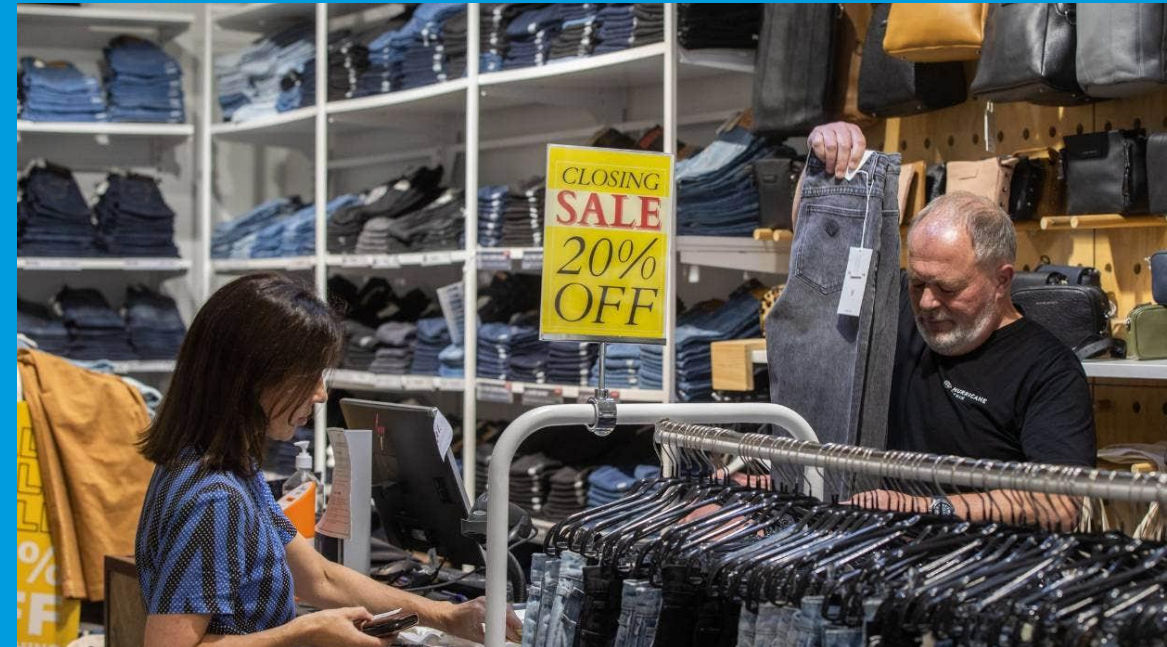
David Byrne is Wellington's denim king who can glance at a customer and know instantly their waist size and what leg length they are likely to be. "I have loved helping customers find that perfect pair of jeans over the years".

- Where are they:

Willis St, but only till February.

- Why are they're now closing:

'The lease is about to expire, health issues, my wife has a job overseas, the novelty has worn off and I'm looking forward to my next chapter. We love our loyal customers and I'm proud of everything the team has achieved, but the current economy is tough, and I can't see it getting any better for a while. I want to go out on a high'.



Gubb's Shoes (closing)

It's a good time to exit stage left

- **Who are they:**
Just an old-fashioned women's shoe shop, but that's not bad, that opened in 1946 with a rehabilitation loan after World War II. The 'Arts' were big at the time and the business soon became a part-ballet shop.
- **Where are they:**
Wakefield Street, opposite the old Council buildings.
- **Why are they started and now closing:**
To sell shoes that do the job. Once I got hold of leopard and tiger skin and made four-inch high heels, mostly for the transgender community, including renowned Wellington's drag queen Carmen Rupe. They actually looked bloody classy, and became a "national uniform", with people calling from outside the city....

But in the last decade foot traffic had reduced; online shopping (including ballet wear), closing of the central library, earthquake strengthening in the square, then Covid-19. I'm not sure what the future's going to hold for the city



Opportunities and challenges

- Opportunities:

1. Let's Get Wellington Moving (LGWM)

LGWM strengthens a pedestrian friendly city that gives shoppers encouragement to wander and linger

2. Telling the 'Wellington' story

Offerings that encourage the shopper and the lunch time wanderer are needed, independent operators that help tell the 'Wellington' story

- Challenges:

1. Let's Get Wellington Moving (LGWM)

LGWM will bring disruption in the short-term. Retailers will need to be aware of and manage these challenges as works happen

2. Seismic and related social challenges

Some owners of earthquake prone buildings are slow to upgrade which creates pockets of dereliction in the city that can attract antisocial behaviour. The Pōneke Promise (now in its second year) is Council's community-driven partnership working to make central Wellington safe, vibrant, and welcoming in key areas of the city.



Got questions or to sign up to receive Pōneke Pulse updates email:
Economicwellbeing@wcc.govt.nz