

# CHRISTCHURCH 2011 – REBUILDING A CITY

A year after the September '10 earthquake, *NZRetail* revisited Christchurch and met with retailers large and small and spoke to business lobby groups, asking three big questions:  
*What is the situation one year on from the first quake?*  
*What is your vision for the rebuilt Christchurch 2.0?*  
*And what will it take to achieve the vision, starting from here?*



City Centre

Specialist business writer Martin Craig first wrote about the Christchurch earthquake for the February 2011 issue of *NZRetail* – after the first big quake. By the time the issue was out, things had worsened. Craig returned to Christchurch last month to see for himself how retailers were coping with this huge disaster. In this article we focus on Christchurch – a year on. Next month we’ll investigate visions for the future and ways to achieve them.

Firstly, we’d like to thank the following people for their time and input into this Q&A update:

Steve Anderson, Foodstuffs South Island chief executive.

Mary Devine, J. Ballantyne & Co. managing director (in temporary premises above an indoor cricket centre).

Evan Harris, Colliers International director (in temporary premises near the airport).

Rick Hellings, Smiths City Group managing director (in temporary premises in the South West).

Nick Hopper and Julie Webb, Caravan, Camping & Marine owners (on the cordon).

Paul Lonsdale, Central City Business Assn. manager and project manager for the Restart Project (working from home).

Marion McKellow, Marion McKellow jewellery store owner (in new premises in Merivale; rebuilding er Ballantynes outlet).

Peter Townsend, Canterbury Employers’ Chamber of Commerce chief executive (based in temporary premises in his home).

## Q: What is the situation one year on from the first quake?

**Peter Townsend:** “At the moment, we are working through the biggest natural disaster that New Zealand has ever experienced. We have 1000 commercial buildings destroyed

inside the four Avenues and 300 commercial buildings destroyed outside the inner city.

“Seventy per cent of our businesses have been impacted to some degree, but we are trading at 90-95 per cent of where we were before the earthquakes. Ninety per cent of the businesses inside the four Avenues are continuing to trade from somewhere else, so we have only lost 10 per cent. That is a remarkable statistic when you consider what people have been through.

“There are two significant factors in that. One is the Recover Canterbury initiative we have been operating with the Canterbury Development Corporation. The other one was the Government’s employment assistance scheme. That enabled businesses to look at relocating and reinventing their business model, and not just worry about surviving. Survival was guaranteed in the short term. And that was a really significant issue.

“One of the conundrums is that we are one of the best-insured cities ever to have a disaster of this proportion anywhere in the world, which is great because Christchurch will be the recipient of this huge cash flow.

“The flipside is the exposure felt by the insurance industry and I can see the day when your insurance will be related to your land instability. Right now, many insurers are saying your excess will be 10 per cent of the value of your business, so if you’ve got plant and buildings worth \$4 million you have excess of \$400,000 and that’s untenable.”

**Steve Anderson:** one year on, Foodstuffs SI is rebuilding its Kaiapoi and St. Martin’s supermarkets; and planning to reopen its Redcliffs site. “The September quake really affected us in terms of things – our distribution centre was hammered and so on. The February quake very badly affected our people and it’s still



Above left Peter Townsend



Above right Evan Harris

Left Steve Anderson

ongoing because a lot of our people have concerns at home as well as issues at work and the like.

“After the June 2011 quake we evacuated our building and sent everyone home because there was just no point in working, they just couldn’t work. We said: ‘Whilst the buildings are fine, go home, talk to your loved ones, get your head right before you get back to work again’. The productivity in Canterbury for the last while has been pretty atrocious for those reasons; add the snow as well. Whilst Cantabrians are pretty resilient, it keeps chipping away and we need some seismic stability for it to settle down so we can put the focus on the long-term stuff – rather than the here and now.”

**Evan Harris:** “Somewhere between 5000 and 15,000 households will be moving out of the suburban red zone [along the lower Avon]. Maybe five per cent of them will find new homes in the east, but the rest will move west – so that’s a massive spend shift from one side of town to the other. At the moment we have damaged malls and



supermarkets in the eastern suburbs, so we are seeing a massive increase in turnover in centres on the other side of town; to the extent of 50-100%.”

Harris is involved with the Restart Project. From 29 October, 40 relocatable stores will be operating from the former City Mall in the heart of the CBD.

“We’re guaranteeing retailers six months until the end of Easter. That gives us the three peak trading periods of Show Week, Christmas and Easter. And then it’s month-to-month because the owners will want



Paul Lonsdale



Marion McKellow



Julie Webb and Nick Hopper



Rick Hellings

to start redevelopment. The landowners have donated the land for that period and we're only charging \$600 a week for the stores, basically to pay for the conversion from shipping containers."

Once redevelopment begins in City Mall, the stores will be relocated to another CBD site. Temporary stores are designed to be operating for four years in various CBD locations.

**Paul Lonsdale:** "I think people will be astounded at the level of demolition. When they return to the city, they are not going to know where they are. There's a huge opportunity – now we've cleared away a lot of very dysfunctional buildings – to create a much better city that does not have to be high-rise.

"Insurance is going to be the single biggest issue for everyone – the homeowner, businesses and the commercial property owner. And what insurance is to be had is very, very expensive. Then there are the investors; how do we encourage investors back into the CBD? Are banks going to have the confidence to lend for property in the CBD? That's one of the reasons behind Restart – to show businesses can move back into the city and be viable.

"There's no shortage of businesses that want to get back into the city right now. They don't like where they are in the business parks, they're not very nice environments, and they have no soul or personality.

"Whilst we want to see people back in business, we'd prefer to see them back in business and back in town. That's why Restart is so important: to give confidence back

to shoppers and retailers – and property owners. We believe the Restart Project will be so unique it will be a destination in itself. It's getting good retailers that are not in the malls – many are city businesses with a unique offering, anchored by Ballantynes. We need a major anchor and there's no better anchor than Ballantynes."

**Mary Devine:** "Our challenge was, 'How do you cater for your customer when you don't have your main store?'"

Ballantynes has kept in touch

with its customers through regular 'Girls' Day Out' coach trips to its Timaru store, through a temporary sale in the showgrounds, opening a JB's Café in Riccarton and other channels. "We had 500 items on-line before the earthquake and now we have more than 2000. There's still a lot more work for us to do in that channel and we will continue to work on it once we reopen."

**"I think people will be astounded at the level of demolition."**

– Paul Lonsdale

Ballantynes opened a JB's café in Riccarton after the February quake. "We were looking for a site right away because we have some fabulous café staff and our cafés in Ballantynes have always been a key attraction." Ballantynes will reopen on 29 October and will occupy some of the Restart sites. Its store is being refitted after damage, but both floors will be operating for the reopening.

**Marion McKellow** lost her Merivale store in September 2010 and her only other store – inside Ballantynes – was destroyed in

February this year. She is now trading from a new site in Merivale Mall.

"The feedback I'm getting is, that it's difficult for people to get ahead. They haven't been able to recover insurance money, I understand, because I haven't been able to recover insurance money for both sites. It was time-consuming to get assessments of damaged stock and then get that into the companies.

"What is slowing retailers into re-establishing themselves is the lack of finance and the lack of space to relocate to. I initially looked at re-establishing in a new area and then decided that was a mistake. I was fortunate that Merivale Mall said they wanted to keep me in the area. A lot of people in the jewellery industry have not re-established yet and will be looking at new sites – it's a matter of what's found and at what cost.

"Some businesses have rushed to reopen in less than ideal situations, but you have a Catch-22 situation, because if you don't reopen, how do you retain staff and customers? You need somewhere to operate from to retain your name in the market-place.

"I think a lot of people have signed long-term leases in places that are not ideal. There are still a lot of people operating from their homes

or makeshift offices and the feedback is that things get a bit tense because you need a bit of space. But there's a huge lack of availability of good space."

**Julie Webb and Nick Hopper:** their single store was destroyed in September; their new store suffered water damage in February. They traded from owners' homes and then reopened on the very edge of the CBD cordon. "We were negotiating with Civil Defence to get the cordon defined so we were outside the cordon. We were pretty motivated and proactive and eventually it worked out."

They had a brief busy period immediately after the February quake as Cantabrians camped in their backyards and made emergency repairs. "We were selling Thunder Downunders – buckets with lids on – and they were great and were going like hotcakes.

"The June [2011] quake really knocked our confidence – everyone just stayed at home for a few days. Especially after the second 6.3 aftershock on the same day, that really frightened people. Everything had opened up again, there was lots more liquefaction and the power was off again. We just grabbed our computer and got out.

"We've been here a year and it's a nice open shop and we like it here."

**Rick Hellings:** four stores and Smiths City Group's corporate HQ are still closed. "The state of play here for a lot of retailers is getting the consent process to get back open. I would estimate Christchurch is trading at about 80 per cent of the normal level. Stores that are open are busy. Some retailers have closed all their stores, and some have no stores closed – so they are on the pig's back.

"The city's coming back. I don't think we could have expected it to be quicker. We are still in the demolition phase rather than the rebuild phase. Some of the consent issues are dealing with ground remediation and waiting for results to come through. Other delays are

due to work overload at the Council, and that's no one's fault. We just have to work our way through that.

"Physically, this city is pretty much where we expected it to be. Psychologically there's a big strain on people, especially those in the residential red zone and white zone. There are a lot of negotiations to go through with the CERA and with insurance companies – and there's uncertainty there. We've still got schools operating from temporary locations and that puts a strain on families, too.

"If I had to give Christchurch a mark out of ten, it would be eight and a half, looking back on how far we've come. But psychologically there's still a long way to go. You have to be sensitive to that with both staff and with customers.

"From a business perspective, there's a Business Leaders' Forum with the CEOs of the publically listed companies, the heads of the education institutes and others. We all tend to know each other from before the earthquakes – it's not a big city. The networks were already there. Those businesses that are here have good reason to be here.

"The rebuild of damaged buildings needs to happen quickly, but we aren't going to see a lot of that. We are going to see the development of a new city, and that's what creates the excitement. ■

□ **Martin Craig** is a marketing strategist, researcher, business writer and owner of Splash Communications splash@actrix.co.nz. He is a regular contributor to NZRetail magazine.



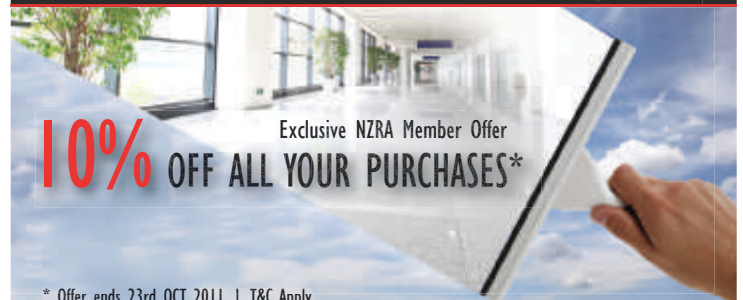
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