



NEWMARKET AT THE CROSSROADS

Newmarket is the self-declared 'fashion capital' and is set to benefit from \$500m of infrastructure spending. But will cheap apartments, office blocks and greedy landlords ruin the look?

Newmarket's location means it would always be a busy centre. It is a strategic junction for roads and rail, and sits between our biggest city's CBD and its most affluent suburbs.

Broadway is Newmarket's main drag and runs north/south for a little more than a kilometre. At its northern margin, Newmarket joins Parnell near the Auckland museum. It has two major intersections: Khyber Pass connects west to Eden Terrace and Karangahape Road; Remuera Road heads east through Remuera to St Heliers and Mission Bay. Broadway's

southern end is a large junction with Manukau Road and Great South Road heading into Epsom and Ellerslie.

BRANDING

In 2005 local businesses decided that Newmarket should be seen as more than a convenient junction. Cameron Brewer was recruited by the Newmarket Business Association to rebrand the suburb as New Zealand's Fashion Capital.

Association membership is compulsory for all commercial ratepayers in the suburb and funding comes through a rates' levy. The Association has about 1000 members, including 400 retailers.

Brewer says about 40 of his members are the fashion designer houses that spearhead the Fashion Capital claim. The Association gathers more than \$1 million from rates each year and adds sponsorship and advertising for an annual budget of \$1.2 million, supporting four staff. Its activities include marketing, graffiti eradication, and funding CCTV and security patrols.

Cameron Brewer reels off Newmarket's local strengths: "We have good access to schools – we've got 10,000 school kids within three kilometres. Transport – we've got the central connector bus going to the CBD, we've got two railway lines, we've got great access to

the motorway and we sit abridge all these arterial roads. Employment – there are nearly 20,000 people who work in greater Newmarket."

While Newmarket's unique fashion mix attracts customers from across Auckland and the country, its real strength lies in the disposable income of its neighbouring suburbs, like Epsom, Remuera and Kohimarama. These are well-heeled communities with a culture of retail therapy and the target market for the Newmarket Business Association. "Our demographic is largely the 50-something female from Remuera and the Eastern Bays. It's an affluent demographic. They're the ones who are



Far left Karen Millen in Nuffield Street, New Market.

Above The old Nuffield Street Electric Board façade still remains.

Right Westfield's 222 shopping mall.



our biggest spenders and our number one shoppers," says Brewer.

Bookseller Doris Mousdale opened her first bookstore in Newmarket last year, attracted by the shopping culture. "You have people who have money and don't know what to spend it on. In Newmarket, people will spend a couple of hours shopping and having a coffee or brunch. Lots of women will go to the cinema during the day. It isn't rushed like a mall." Mousdale also notes that book buyers tend to be older people with savings, the group most affected by finance company failures.

DYNAMIC

Newmarket is a dynamic community and spent much of 2009 as a construction site. Several major public projects were in action at once, including a new train station, major construction on the motorway overpass and an ongoing storm-water job in a popular park.

Cameron Brewer says the jobs were all necessary, but their completion will be more than welcome: "All these projects have happened concurrently, but come April it will all be over and done with."

The projects are part of a mighty to-do list. "Between 2005 and 2012 Newmarket will benefit from infrastructure spending of about half a billion of capital expenditure on the public and private sector," Brewer says.

This includes AMP's planned redevelopment of the five-hectare Lion Brewery site on Khyber Pass Road, Westfield's stalled 277 expansion and Council plans to invigorate Osborne Street.

Many of the recent developments have brought office workers and apartment dwellers into Newmarket, followed by cafés, lunch bars and convenience stores. The most obvious apartment block shades Broadway and includes 30 retail sites surrounding a square between Broadway and the train station. Other, more upmarket, developments overlook the Auckland Domain and Carlton Gore Road.

ON BROADWAY

Broadway is Newmarket's retail spine. Its retail story runs from The Warehouse and other bulkers at the north end, through dense blocks of fashion-dominated mainstreet retailing, to Westfield's 277 mall and Farmers at the south end of town.

Broadway is dominated by national and international brands on the prime shopping territory between Khyber Pass Road and Remuera Road. This is a street of two sides. The western side has 277, larger stores and some long-term, big-name tenants. It also has the heaviest foot traffic in Newmarket.

The eastern side has smaller, older, buildings and the very large new

apartment block. The retail sites here are in older, one- and two-storey buildings and, while the foot traffic is about half that of the other side of the street, it is still more than you'll find in regional centres. Most of the shops here are long and thin – typically 80m² with a five-metre frontage.

When *NZRetail* visited in late 2009, the prime block had no vacancies on the west, but a 20 per cent vacancy rate on

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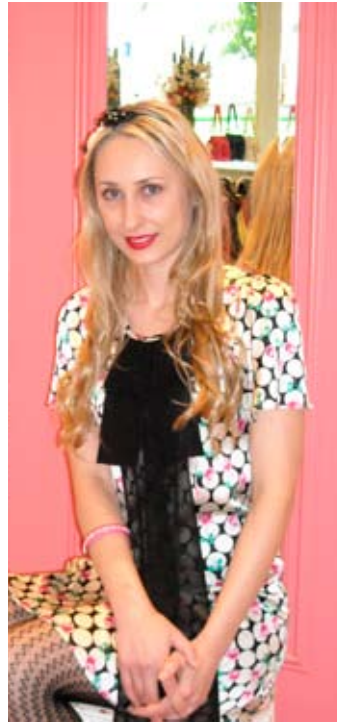
the east. This is a very high rate for such a busy street in a popular shopping area, but those stores that were occupied were taken by some well-known and efficient shopkeepers, including Mischief Shoes, Nike, Kums, Sunglass Bar, Saks, Walker & Hall, Lush and more.

With neighbours like these, why the vacancies?

Match Realty director Aubrey Cheng says it comes down to a 'domino effect' of the general retail downturn combined with local conditions. "Those landlords on the eastern side of Broadway had their cake and ate the icing too. Most have owned for a very long time and haven't always reinvested in their property. There are



Above Doris Mousdale opened Arcadia Bookshop in November and particularly chose the off Broadway precinct to locate her first bookstore.



Left to right Broadway landmark Route 66 opened in 1988 and owner, Todd Male, is well-known for his fun and entertaining promotions in the precinct. Ladies who shop are familiar with the fashionable designer store Alannah Hill in Nuffield Street managed by Irina Mishina. Teed St, off Broadway, is one of the narrow streets with character buildings and is an area with the most potential for growth.

too many smaller tenancies along there; but in saying that, you see the same sort of thing in Ponsonby or Paddington. If you get the right tenants in heritage buildings it adds character – it’s just about getting the right balance. The good operators were making good money and the average operators have gone. We have got some good names coming in who are doing nice fit-outs. That side of Broadway will come right and get better.”

Cheng reports that prime west-Broadway rents are typically \$2000/m². The east side is going for about \$1200/m², down from a peak of \$1500/m². These rents are back to the levels Cheng reported to *NZRetail* in 2005.

Route 66 has been a Broadway landmark since it was opened by Kevyn Male in 1988. Today, it’s run by son Todd whose retail career started in the shop as a part-timer. Route 66 is on the east side of Broadway near the Khyber Pass Road intersection. Todd Male says rents are always his biggest expense. “These last two years have been really challenging in terms of occupancy costs vs. turnover. You’ve got to get your

landlord to understand your business. It’s no good having an absentee landlord – I’ve seen people do that on Broadway and tear their hair out.”

Male says Newmarket’s business has dropped significantly since Sylvia Park opened – “by 10–20 per cent”.

Smith & Caughey is Auckland’s heritage department store and it has just two branches – Queen Street and Broadway. But Smith & Caughey had been here for more than a century before the Fashion Capital was declared. Executive director Terry Cornelius says it would have to be in Newmarket today and the Broadway store reflects the fashion theme. “We believe there’s a totally different kind of clientele in Newmarket compared with Queen Street.”

Cornelius says Smith & Caughey plans to expand the Broadway store and is committed to staying in Newmarket. “We went through that exercise when we bought the adjoining property – should we buy in Newmarket or look elsewhere? We came to the conclusion that we would buy in Newmarket.”

OFF BROADWAY

Retailing is spreading off Broadway into side streets and it’s here you’ll find a lot of new and growing fashion names.

Nuffield Street is a Westfield development off the south-west side of Broadway. Westfield’s original plans were for a large mall here, but planning rules meant it was forced to become a main-street landlord. Today, Nuffield Street has a mix of strong fashion names and cafés. Aubrey Cheng notes Nuffield rents run at \$750/m² to \$1000/m².

Alannah Hill is a Melbourne-based women’s fashion designer. Her sole New Zealand store is in Newmarket and New Zealand manager Irina Mishina says it couldn’t be anywhere else. “A lot of the ladies in this area don’t work. They go to the gym and then will go for coffee, then come and shop. It’s a bit of a lifestyle in this particular area.”

Mishina believes the Fashion Capital claim is valid – “It think it is true, by looking at all the international and local labels. Pretty much everyone is in Newmarket.”

The area west of Broadway includes the

side-streets: Mortimer Pass, Teed and Morrow Streets. This is the real growth area for retailing today, dominated by smaller and newer businesses moving into premises recently converted from industrial use.

Aubrey Cheng says this is the area with the most potential for retail growth. It combines funky, narrow streets with character buildings and is closest to the current and planned residential growth on Carlton Gore Road and the brewery site. It also has most of Newmarket’s parking buildings.

Zarbo Delicatessen and Café has been on Morrow Street for 15 years. Owner Mark McDonough lives locally and says the eclectic business mix in the area reflects the diversity of its customers. “This street has an interesting mix of stores. It doesn’t seem to gel but it works for the local community. Travel agent, Zarbo, Glengarry Wines, fabrics, fashion designer – people can come to a central location and get everything.”

Suresh Amin owns the Hammer Hardware store tucked away on Morrow Street. He says the densely-



Top Zarbo Delicatessen and Café on Morrow Street is owned by Mark McDonough who says the eclectic business mix reflects the diversity of its customers.

Right Morrow Street's Hammer Hardware is owned by Suresh Amin who describes the densely-populated neighbourhood as a valuable catchment area for his business.

populated neighbourhood is a valuable catchment for his business. "Locals have to travel at least 10 km to get to another hardware store." He says his customers include local retailers and other businesses, schools, the museum and local workers who drop in to buy something before going home. Amin is aware of the rental pressure that comes from the changing land-use and questions whether there is a long-term future for the mechanical and industrial businesses in the precinct.

Doris Mousdale opened Arcadia Bookshop in this precinct in November last year. After more than two decades in the book sector, this is her first shop and she designed everything from the floor plan to the lighting. "I particularly chose to be off-Broadway. I like the boutique feel of the off-Broadway streets. It's the perception that you are discovering something. It's here you'll find the retailers who make Newmarket unique."

The Poi Room is a New Zealand art and design store in Osborne Street, Newmarket. Owners Melanie-Jane and Clayton Smith considered other neighbourhoods before coming to Newmarket. The store sells New Zealand-made art. "There was a hole in the market for what we wanted to do. We were looking for good traffic flow for our business to help its success in our early stages," says Smith. He says "It would be easy to make Newmarket too pedestrian-friendly as our customers enjoy driving to shopping destinations.

We suffer from a lack of free five-minute parking. If we reduce it, there will be a drop off in customage."

Fashion industry stalwart Kevin Berkhan first opened in Newmarket 41 years ago and returned four years ago. "All the [fashion] names end up in Newmarket because there is nowhere else to go. It's unique and, without blowing our own trumpet, I think new retailers come here because of the names that are already here."

Berkhan is aware that landlords know the value of the Fashion Capital label. "Rents will kill Newmarket. The landlords are so greedy – they think customers just fall in the door. With the climate like it is, they have to work hand-in-hand with retailers."

Aubrey Cheng reports rents of \$600/m² to \$1000/m² in the Osborne/Teed Street precinct. Development is ongoing and more top brands are on their way.

The north end of Newmarket is the design precinct, with a cluster of leading design, interiors and furniture businesses. John Slater owns Creazioni Kitchens in the precinct and chairs the Newmarket Business Association. He says the design precinct was launched last year to give these businesses the same kind of marketing the fashion houses enjoy.

"We have combined all our different customer bases and we use that for an e-mail newsletter. A lot of our clients are from the eastern suburbs but, because of

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Above Melanie-Jane and Clayton Smith own The Poi Room, a craft gallery selling kiwiana-themed arts and craft store opposite Arcadia Bookshop.

Middle Located on Osbourne Street is Kevin Berkhan, a leading New Zealand fashion designer and considered that industry's stalwart.

Middle Right The stainless steel, circular sculpture by Virginia King in Broadway was unveiled in December 2008. The work reflects the hub of energy, the wheel of commerce that exemplifies Newmarket.

our geographical position, we have people coming in from the south and the North Shore."

OFF-OFF-BROADWAY

Newmarket's retail future is linked to the non-retail developments happening on the shopping area's fringe. Here you'll find a diverse mix of panelbeaters, engineers, warehouses and other light industry. Many of these are on their way

out. Near Broadway they are being converted to retail. Apartments and offices dominate the north end of the suburb and more are planned for AMP's Khyber Pass Road site.

These bring the typical mix of cafés, lunch bars and convenience stores. While these are valid businesses in their own right, they are not the unique retailers needed to grow the Fashion Capital brand.

Newmarket will continue to grow this year – as wallets creak open again and the major infrastructure work is done. The challenge for retailers, and fashion retailers in particular, will be to keep pace with the expansion in the more mundane activities to ensure the Fashion Capital stays in style. ■

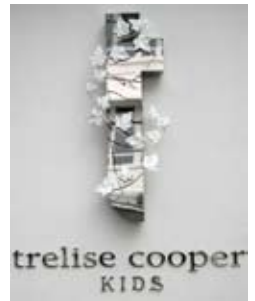
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For more Newmarket information:

Newmarket Business Association:
www.newmarket.co.nz

Match Realty:
www.matchrealty.co.nz

Design Precinct:
www.designprecinct.co.nz



Left to right John Slater, owner of Creazioni Kitchens, positioned at the northern end of Newmarket, also chairs the Newmarket Business Association. Wagamama on Nuffield Street is a nouveau noodle bar with a popular cocktail bar upstairs. Mexicali Fresh on Nuffield Street serves Mexican-style cuisine known to be more than satisfying for those with a taste for hot and spicy food. Trelise Cooper chose to open her first Kids store in Nuffield Street. After the success of NZgirl on-line, it opened its bricks-and-mortar store in Nuffield Street.