



TOURISM BAY OF PLENTY

LIVE, WORK AND PLAY

Combining traditional main-street retailing with malls and bulk retailing is a challenge across New Zealand. Some centres work hard to combine all formats into a single CBD. Tauranga doesn't have that option.



Left Tauranga mayor Stuart Crosby.

Right Tauranga Mainstreet spokesman Kirby Weis.

Opposite The Tauranga Harbour is ideal for a range of water sports, whether you like adventure or a more relaxing activity.

Tauranga's geography means it will never have a single retail focus. It is a collection of peninsulas surrounded by a harbour and the Pacific Ocean. This restricts its options for expansion and means transport links are complex and expensive – with a network of expressways and harbour crossings linking separate communities.

Mayor Stuart Crosby says Tauranga's rapid growth compounds the geographical challenges. "Our approach to growth has been nodal and has been about 'Live, Work and Play' in the five or six different nodes we have in our city. There will be retail and business opportunities in each node and there will also be recreation and leisure opportunities."

SHOPPING NODES

There are three traditional main-street shopping centres in Tauranga City. The CBD is a main-street precinct centred on Devonport Road and surrounding streets. Greerton is a pleasant shopping centre about 6 km south of the CBD. Mount Maunganui's retail strip is over the harbour – now a quick ten-minute drive from the CBD following recent road improvements. All three traditional strips are represented by main-street organisations, funded through a levy on commercial rates in their precincts.

North-east of the harbour, urban development follows the coast from the Mount to Papamoa, 20 km to the south-east. Bayfair is the largest shopping mall in Tauranga and is centrally located between Papamoa and the Mount. Papamoa is served by Palm Beach Plaza and the Centamax strip mall, which includes Fashion Island.

Tauranga CBD's southern fringe extends to a bulk/supermarket retail zone about two kilometres south along Cameron Road. Two large strip malls also serve the southern city – Gate Pa and Fraser Cove.

It was always interesting that investors would invest several million dollars in that lead retail infrastructure before the population was there to support it.

On the city's western margin, Bethlehem Town Centre is a large centre anchored on a supermarket. This is where most of Tauranga's growth is expected and to date Bethlehem has some large, conspicuous vacancies.

Tauranga Mainstreet spokesman Kirby Weis is aware that the CBD has a lot of competition. "We count 14 other centres where people can go and spend their dollar. We market ourselves to show we are a place of difference and if you are going to go anywhere,

come here because we have got everything you want."

The CBD has three main differences over the malls. It has a good mix of independent retailers and chains. It has a pleasant walking environment. And it has no free parking.

"Parking is the point of difference that everyone else likes to plug," says Kirby. "We actually have 3100 public parks and all-day parking for \$2.50. In all our brochures we try and educate and change the perception that parking is difficult here."

Mayor Stuart Crosby says he is aware that the CBD faces strong retail competition. "There's no doubt [the suburban centres] have had a negative effect on our CBD but we knew that was going to happen."

The response has been a City Centre Strategy – led by the Council and involving local businesses and lobby groups. It includes encouraging inner city living, increasing building height limits and promoting a tertiary education precinct. It also includes redeveloping the waterfront, which is largely occupied by car parks today. Council policy requires maintaining car park numbers in the CBD, so the waterfront redevelopment is awaiting car park development. The Mayor says the city centre redevelopment will start by 2013.

THE MOUNT AND THE MALLS

Mt. Maunganui's shopping strip is popular, busy, and dominated by fashion, spas and cafés. With the popular beach a short walk away, this is a seasonal shopping strip. "It's absolutely correct to say we have to live off summer," says Mount Mainstreet manager Leanne Brown.

"I've just put out a newsletter reminding members to put some money aside for a rainy day. But, because we've just come through a very lean winter, I think people are more mindful of planning."

Rents in the Mount are \$300-\$400/m² (compared to \$300-\$550/m² for the CBD) but demand is strong and availability is tight. Car parking is free but wardens are diligent.

Cruise ships are frequent visitors over summer and they berth on the Mt. Maunganui side of the harbour. But Leanne questions the real value of cruise passengers to local retailers. "Most passengers go on booked tours because the ship encourages that and gets a commission. Next year we will really target the crew because there are a lot of them and they come back regularly."

Leanne says coming promotions will encourage winter visitors – "You can still walk around the Mount, you can still go fishing and go to the thermal pools.

THREE WISE MEN



Barry Muir, Barry Muir's Furniture Gallery



Laurie Young menswear, Bay Outfitters



John Tulloch, Diamond Design

"You could buy a tractor in the CBD"

Tauranga hasn't always been a modern metropolis with franchises, strip malls and zippy expressways. We talk to three wise men about Tauranga's retail history. Between them, Laurie Young, John Tulloch and Barry Muir have clocked up more than a century of retailing in Tauranga.

Laurie Young started his career at Bay Outfitters in the late 1960s. "We used to have giant sales and people would get pushed over coming in the doors. We were huge discounters – everyone in town hated us! It worked in the early days because we were the only ones doing it – we would think nothing of selling 20 suits in a day."

By the late 1980s Laurie had opened his own menswear store and wanted to promote Tauranga as a retail destination. With a handful of colleagues, he launched Tauranga Mainstreet.

"Bayfair had opened and there was nothing happening here in town. So several of us started Mainstreet and we used to run big promotions. We

would give away a house, or \$100,000 of world travel, cars, boats – we had these huge promotions for about six years in a row. It needed a lot of hard work and goodwill."

Laurie says Mainstreet's rates levy is the fair and effective way to raise funds and has been taken up by many other retail promotion organisations.

John Tulloch opened Diamond Design in 1975 after leaving Christchurch. "My wife said she would go anywhere but not south.

"I had a shop in Grey Street and up the road was an empty paddock. Just along from there was a Massey Ferguson tractor dealer. So there've been some huge changes."

Improved transport has brought more customers to the CBD. "We used to have a long trip to the Mount, but now it's a very accessible place. It makes it a lot easier for people from the Mount and Papamoa to come over here and the growth over there is huge."

Barry Muir of Barry Muir's Furniture

Gallery also remembers when the Mount and Tauranga were separate communities. He started in Tauranga in 1949 but crossed the harbour in 1991. "There was parochialism when we first started but there really isn't now. Most people in the Mount or Papamoa are new in the area and they haven't experienced the parochialism we had when there was no bridge and there were two different councils."

Just to be safe, Barry carefully chose a business name that didn't brand the store by its location. "Now our business is equally shared between the Mount and Tauranga, with Te Puke as a close third."

Today the Mount is becoming a fashion and café destination, but when Barry arrived he shared the main street with a carpet dealer and two other furniture stores. "We were trading in an industrial area and the Council told us to move. They actually did us a favour because we're easier to find on the main drag.

"We tripled our turnover in the first year!"

Forget the speedos – bring a jacket!"

Outside the traditional main-streets, Tauranga retailing is dominated by malls with free car parking surrounding a supermarket and other retailers. The typical mix includes many franchised outlets and takeaways – and several include a café or bar. For some reason, just about every shopping centre in Tauranga seems to include a Noodle Canteen.

OVER-SHOPPED

The rapid population growth has been matched by rapid development of shopping centres over the past decade – and the new centres have a high vacancy rate, especially in Bethlehem. Mayor Stuart Crosby says it could take years before the over-supply of retail space is filled.

"We've done a study on retail and commercial occupancy and last year we were about 20 to 25 per cent over-supplied compared to the national average. In Bethlehem and Papamoa, which are probably our quickest-growing nodes, developers have gone in ahead of population. It was always interesting that investors would invest several million dollars in that lead retail infrastructure before the population was there to support it."

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The over-supply is especially evident at Bethlehem. There are several large sites empty and the Council's 2008 survey found a 36 per cent vacancy rate – down from 77 per cent in 2007.

Papamoa's Palm Beach Plaza and Fashion Island, on Tauranga's eastern fringe, also showed high vacancy rates in the survey.

The success story seems to be Fraser Cove with a good location four kilometres south of the CBD and a good

THE NUMBERS



Above Ian New, Kiwiana

retail mix, including a supermarket and The Warehouse. Several Fraser Cove stores have shown leading returns for their chains, and centre manager Marie Mischewski says like-for-like figures show February were up by 51 per cent on February 2009.

Bayleys real estate agent Lynn Bradley says the expected population growth will absorb the over-capacity evident today. "We consider Bethlehem as a better retail area than Papamoa and Fashion Island, mainly because it services a huge rural community and 20,000-plus cars come past every day. It is a one-stop shopping place."

Bradley says a new retail centre is planned for Tauriko on the city's southern fringe, with a supermarket, department store and bulk retailers already signed up. Development is planned to start in April next year.

While other cities try to integrate their CBD with other retail formats, Tauranga doesn't have that luxury, due to its shape.

But this gives it a unique strength.

The CBD doesn't have to be all things to all shoppers. It has no supermarket and the surrounding suburban shopping centres offer convenience shopping in your local node. That frees the CBD and Mt. Maunganui to be specialist destination retail centres that can attract customers from across the city and further afield.

Tauranga Chamber of Commerce vice-president Anne Pankhurst would like to see the different retail centres co-operating rather than competing. "With a collaborative approach, we could have a really great retail section in this city. The shopping centres are competing with each other rather than competing with Hamilton, Auckland and Rotorua.

"We have one of the best shopping regions in the country and with a regional approach we would be bringing in money rather than moving a dollar across the city." ■

By **Martin Craig**, a specialist retail writer/researcher and owner of Splash Communications (splash@actrix.co.nz).

Tauranga is one of the fastest-growing communities in New Zealand. Between the last two censuses, it grew by twice the national average. Its population is now estimated to be about 110,000, and this is projected to increase to 210,000 in 15 years. The population of the greater western Bay of Plenty area (Te Puke to Waihi) is projected to double to 300,000 by 2050.

Tauranga City		
Area	168km ²	(0.06% of NZ)
Population ('06)	103,632	(2.6% of NZ)
Increased 14% since 2001 census (NZ +7.8%)		
Tauranga Demographics	Tauranga	New Zealand
Younger than 15	20.8%	21.5%
15-65	61.8%	66.2%
Older than 65	17.4%	12.3%
Median age	38.9	35.9
Born o/seas	17%	23%
Pakeha/European	75%	67%
Home ownership	66%	66%
Median income	\$23,200	\$24,400
Tauranga retailing		
Outlets:	1527	
People/store	67.9 (NZ: 89.8)	
Retail workers make up 16% of Tauranga workforce (NZ: 12%)		

Source: Statistics New Zealand

Tauranga retail space and vacancies 2008

Centre	Type	Total retail floor space (m ²)	2008 vacancy rate
Tauranga CBD	City centre	58,166	4.1%
Mt M Mainstreet	Town centre	20,324	7.4%
Bayfair	Covered mall	25,736	0%
Palm Beach Plaza	Town centre	9,099	9.0%
Fashion Island	Regional mall	12,914	10.3%
Eleventh Ave	Strip retail/ neighbourhood	32,822	7.3%
Gate Pa	S'market/neighbourhood	11,812	5.0%
Fraser Cove*	S'market/neighbourhood	~27,500	~3.3%
Bay Central	Large format	10,145	8.6%
Greerton	Town centre	10,973	3.8%
Brookfield	S'market/neighbourhood	3,388	3.0%
Bethlehem	S'market/neighbourhood	15,674	36.1%
Mt M, Central Pde	Neighbourhood centre	4,443	0%
Cherrywood	Neighbourhood centre	1,844	0%
Welcome Bay	Neighbourhood centre	1,181	0%

Sources: Tauranga City retail floor space trends 2007-08, Tauranga City Council, 2008; *Fraser Cove, 2010