



QUARTERLY MARKET ACTIVITY REPORT

K ROAD RETAIL CENTRE

for the 3 month period ending 30 September 2017

Prepared for

K Road

Date

October 2017

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01 JUL 2017 TO 30 SEP 2017



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SMALL PRINT

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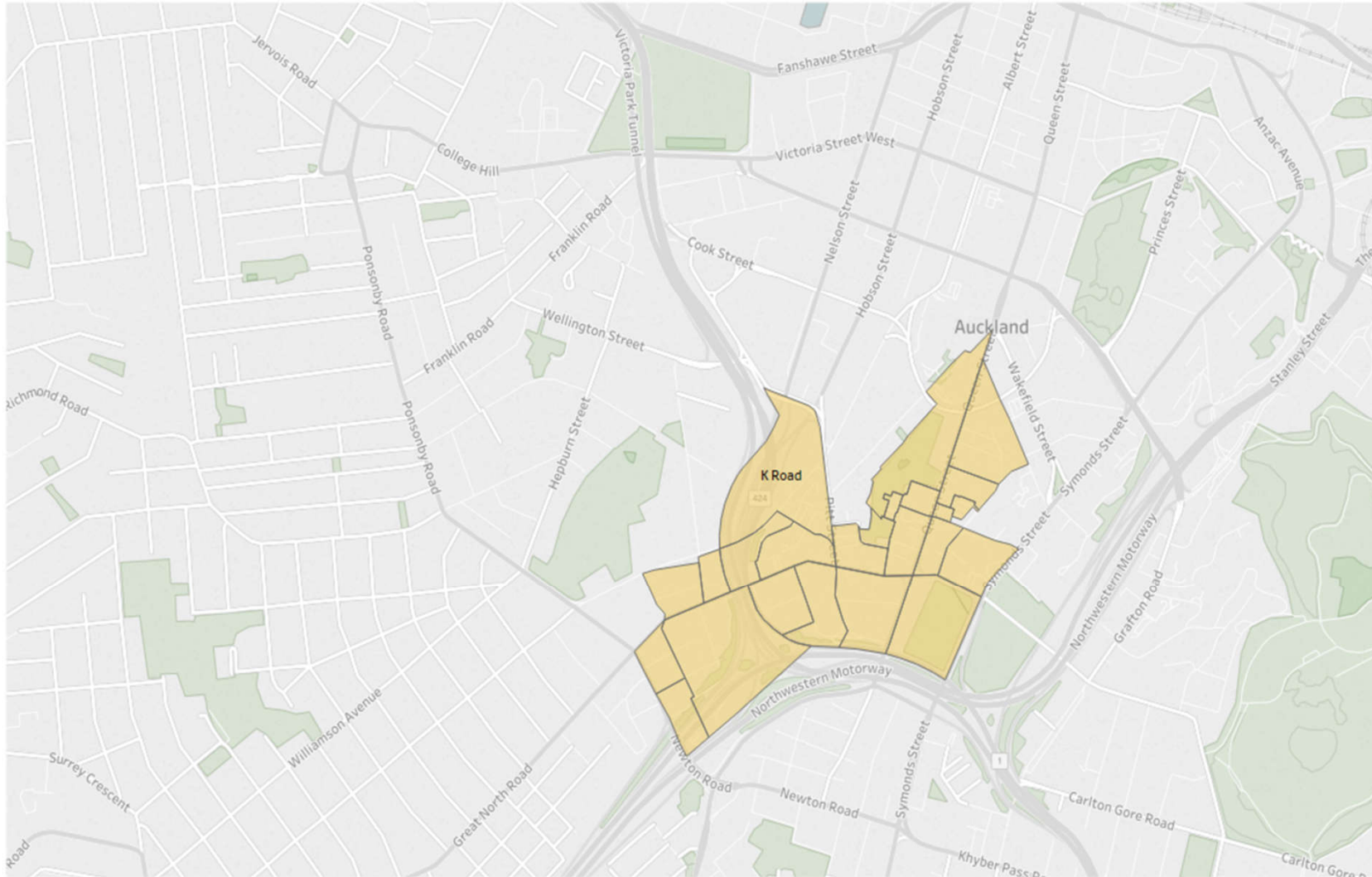
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K Road Boundary Definitions



The boundaries of your Improvement District, as defined by Council, are highlighted on the map.



K Road Catchment



The catchment has been defined by the penetration and transactions from your customers over a 12 month period



1. Quarterly Performance Summary



01 JUL 2017 TO 30 SEP 2017

Amount Spent

	This Year	Last Year	Change
K Road			
Customers from New Zealand	\$35.86 mn	\$38.66 mn	-7.2%
International Visitors	\$4.36 mn	\$4.77 mn	-8.4%
TOTAL	\$40.22 mn	\$43.42 mn	-7.4%
% from New Zealand	89.1%	89.0%	+0.1%
Average Transaction Value	\$36.49	\$37.41	-2.5%

Key Competitors	This Year	Last Year	% Change
CBD	\$439.12 mn	\$422.91 mn	+3.8%
Grey Lynn	\$59.72 mn	\$54.91 mn	+8.8%
Ponsonby	\$69.02 mn	\$67.75 mn	+1.9%
All of Auckland Region	\$3.974 bn	\$3.874 bn	+2.6%

YOUR RANKING		CHANGE		
		Spending	Transactions	
Last Year	HIGH	Quartile 1	Quartile 1	HIGH
This Year	HIGH	Quartile 1	Quartile 3	MED LOW

Key

K Road BID = retailers listed based within the Business Improvement District boundaries.
Key Competitors = The Business Improvement Districts you selected to compare your performance against
All of Auckland Region = The value of spending and transactions at retailers based in Auckland Region
Your Ranking = All BIDs in the Auckland City Council have been ranked based on the change in spending/ transactions and also the total value of spending/ transactions and put into one of four quartile groups. The quartile ranking listed above shows which quartile your BID is in this year and how that relates to last year. Quartile One is the top 25% of BIDs, representing high growth, whereas Quartile Four is the lowest 25% of BIDs, meaning growth has been slow.

Number of Transactions

	This Year	Last Year	Change
Customers from New Zealand	1.06 mn	1.12 mn	-5.2%
International Visitors	0.04 mn	0.04 mn	-0.8%
TOTAL	1.10 mn	1.16 mn	-5.0%
% from New Zealand	96.0%	96.2%	-0.2%

Key Competitors	This Year	Last Year	% Change
CBD	10.96 mn	10.54 mn	+3.9%
Grey Lynn	1.31 mn	1.24 mn	+5.5%
Ponsonby	1.43 mn	1.46 mn	-1.9%
All of Auckland Region	86.51 mn	83.85 mn	+3.2%

TOTAL VALUE	CHANGE	
	Spending	Transactions
Last Year	Quartile 2	Quartile 1
This Year	Quartile 2	Quartile 1

About this Page

This page gives an overview of spending and transaction volumes made for the three months ending 30 September 2017 compared to the same period last year. The top section refers to spending in your marketplace, and at your selected competitors. The bottom one measures overall retail spending in Auckland and is based on spending in the last 12 months.

1. A Summary of Changes to K Road



01 Jul 2017 to 30 Sep 2017

1. Spending in the K Road Retail Centre

	Amount Spent			Number of Transactions			Average Transaction Value		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
TOTAL	\$40.22 mn	\$43.42 mn	▼ -7.4%	1.10 mn	1.16 mn	▼ -5.0%	\$36.49	\$37.41	▼ -2.5%

2. Same Store Comparison - spending at K Road merchants that were operating both in this year and last year

	Amount Spent			Number of Transactions			Average Transaction Value		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
TOTAL	\$35.25 mn	\$39.06 mn	▼ -9.8%	0.94 mn	1.01 mn	▼ -6.4%	\$37.45	\$38.84	▼ -3.6%

3. Net change in merchant numbers within the K Road Retail Centre

	2016	2017	* Diff	Change
Automotive	5	6	+1	20.0%
Core retail	13	11	-2	-15.4%
Food and Liquor	34	35	+1	2.9%
Hospitality	111	110	-1	-0.9%
Medical services	2	2	+0	0.0%
Other retail	20	19	-1	-5.0%
Other storetypes	17	17	+0	0.0%
Personal services	8	7	-1	-12.5%
Recreational	7	7	+0	0.0%
TOTAL	217	214	-3	-1.4%

Notes

- Overall spending in the marketplace decreased by -7.4%
- On a same store basis i.e. merchants active in K Road for all 24 months of the last two years, spending was down by -9.8%.
- We calculate there has been a net change in merchant numbers within the K Road BID of 3 fewer merchants.

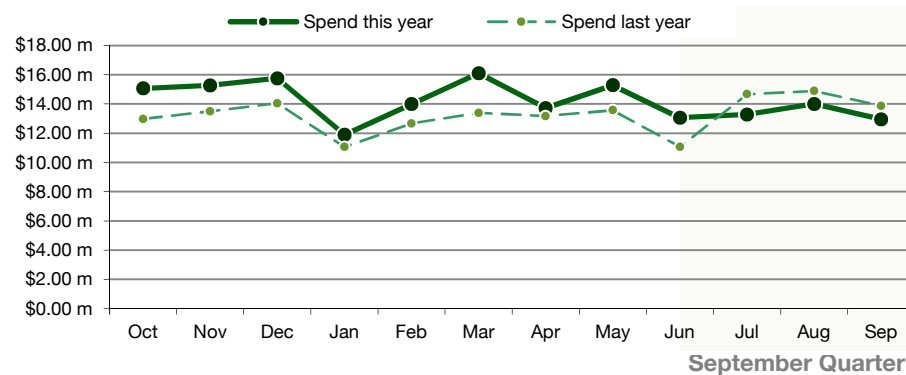
* Change in merchants is the NET change. For example if you have 60 merchants in the first year and 80 merchants in the second year there is a difference of 20. This does not mean that you have had 20 new merchants join; it could be that you have had 40 new merchants join and 20 who have left giving you a NET change of 20.

2. Monthly spending in the K Road Retail Centre

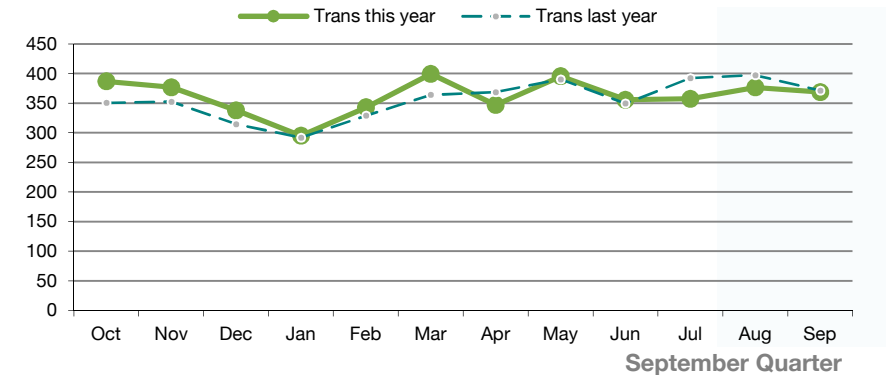


01 Oct 2016 to 30 Sep 2017 vs same period last year

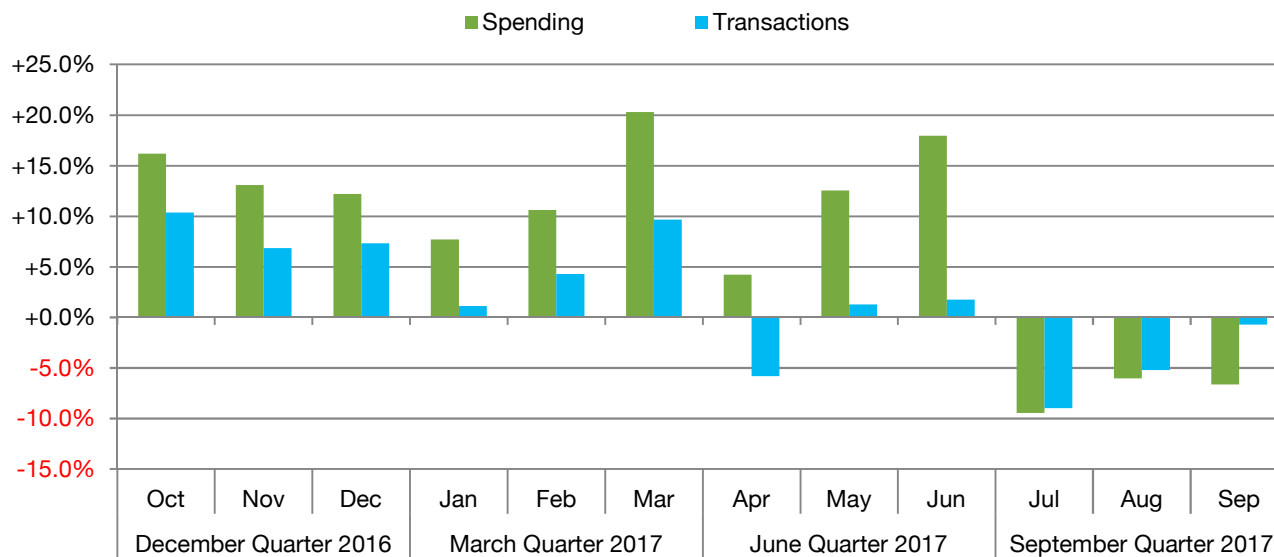
2.1 Monthly value of SPENDING at K Road merchants



2.2 Monthly TRANSACTION volumes at K Road merchants (,000s)



2.3 Percentage change over the same month last year



2.4 Chart Data

	SPENDING		
	This Year	Last Year	Change
July	\$13,283,369	\$14,668,961	-9.4%
August	\$13,994,348	\$14,890,771	-6.0%
September	\$12,943,694	\$13,863,185	-6.6%
Quarter	\$40,221,411	\$43,422,917	-7.4%

	TRANSACTIONS		
	This Year	Last Year	Change
July	357,223	392,399	-9.0%
August	376,476	397,088	-5.2%
September	368,697	371,266	-0.7%
Quarter	1,102,396	1,160,753	-5.0%

Reading these Charts

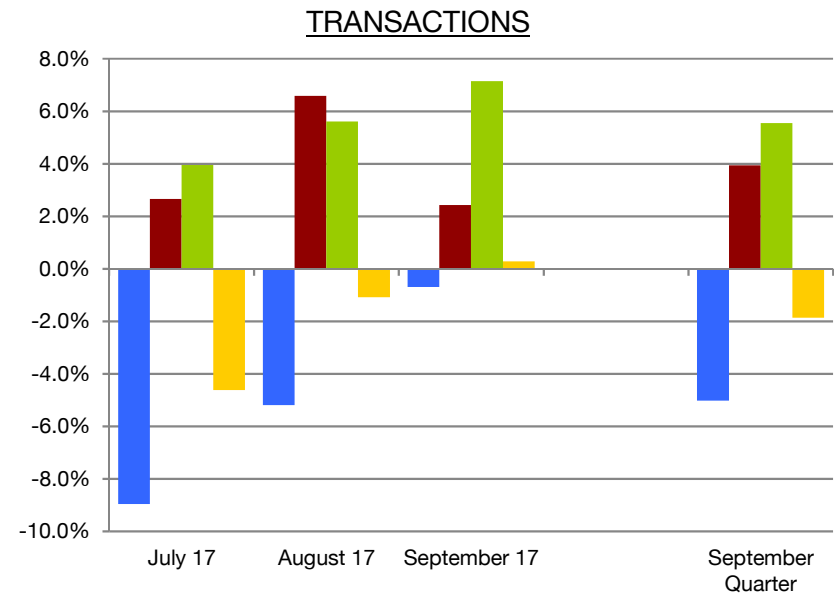
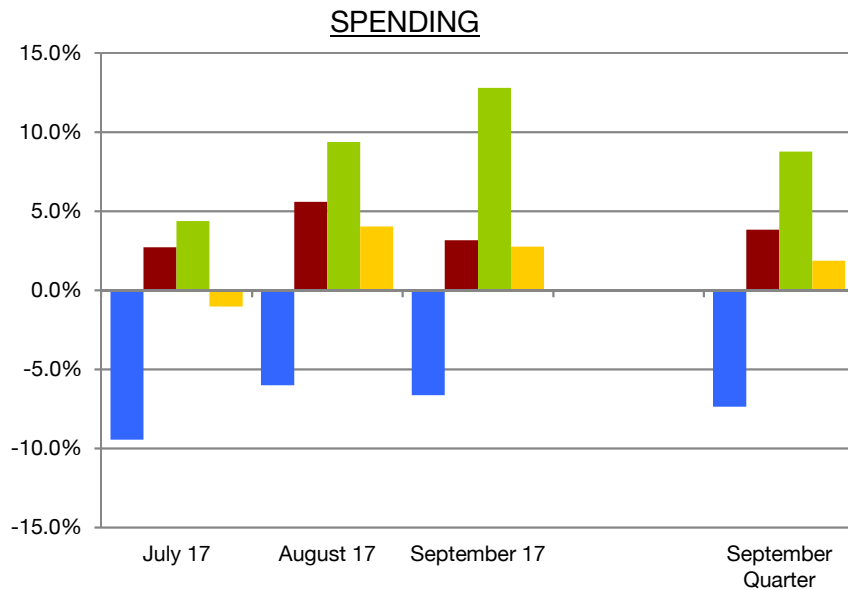
This page shows the monthly spending and transaction trends this year and last year. In the top left chart, the solid dark green line refers to monthly spending this year and the green dotted line refers to the previous year. The right-hand chart refers to monthly transaction volumes.

3. How activity in K Road compares to your Key Competitors



01 Jul 2017 to 30 Sep 2017

3.1 Change in spending and transactions, over same month last year - K Road, compared to Key Competitors (CBD, Grey Lynn and Ponsonby)



K Road

CBD

Grey Lynn

Ponsonby

3.2 Change over September quarter last year

	Spending	Transactions
K Road	-7.4%	-5.0%
CBD	3.8%	3.9%
Grey Lynn	8.8%	5.5%
Ponsonby	1.9%	-1.9%

3.3 Change over the June 2017 quarter

	Spending	Transactions
K Road	-4.4%	0.4%
CBD	0.7%	0.7%
Grey Lynn	2.7%	2.9%
Ponsonby	-2.8%	-1.0%

Reading these Charts

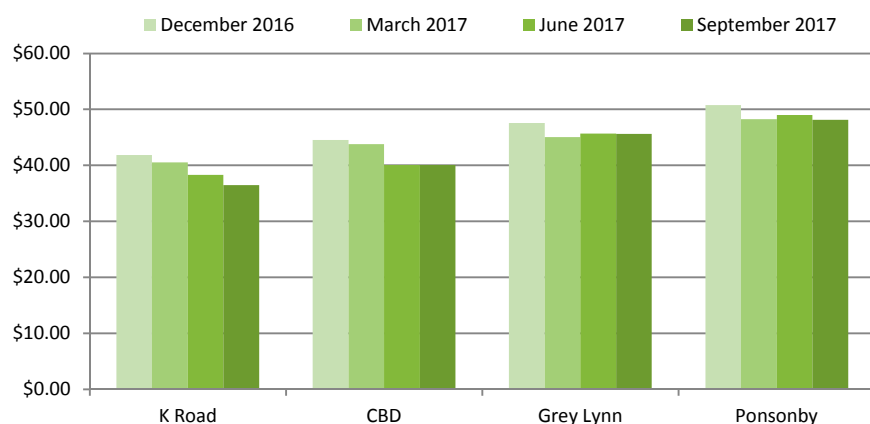
This page shows how activity in your retail centre over the last quarter compared to your key competitors. The chart top left shows the change in spending in each retail centre over the same month in the quarter last year. The chart top right provides the same information for transaction volumes.

4. Average Transaction Value at K Road compared to your Key Competitors



01 Oct 2016 to 30 Sep 2017

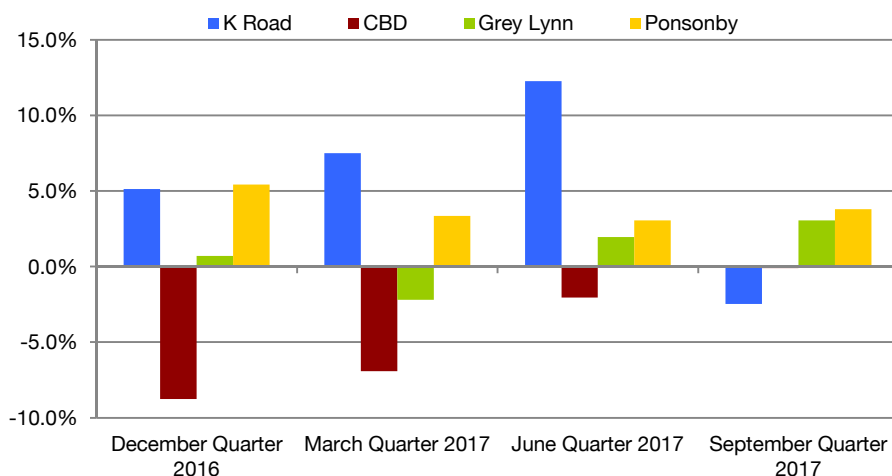
4.1 Average transaction value over the last 12 months



4.1.1 Key Stats

Quarter	K Road	CBD	Grey Lynn	Ponsonby
December 2016	\$41.86	\$44.53	\$47.57	\$50.74
March 2017	\$40.51	\$43.79	\$45.03	\$48.24
June 2017	\$38.31	\$40.06	\$45.68	\$48.99
September 2017	\$36.49	\$40.07	\$45.61	\$48.14

4.2 Change in quarterly average transaction value over the last 12 months - K Road, compared to Key Competitors (CBD, Grey Lynn and Ponsonby)



4.2.1 Change over same quarter last year

Quarter	K Road	CBD	Grey Lynn	Ponsonby
December 2016	5.1%	-8.8%	0.7%	5.4%
March 2017	7.5%	-6.9%	-2.2%	3.4%
June 2017	12.3%	-2.0%	2.0%	3.1%
September 2017	-2.5%	-0.1%	3.1%	3.8%

Reading these Charts

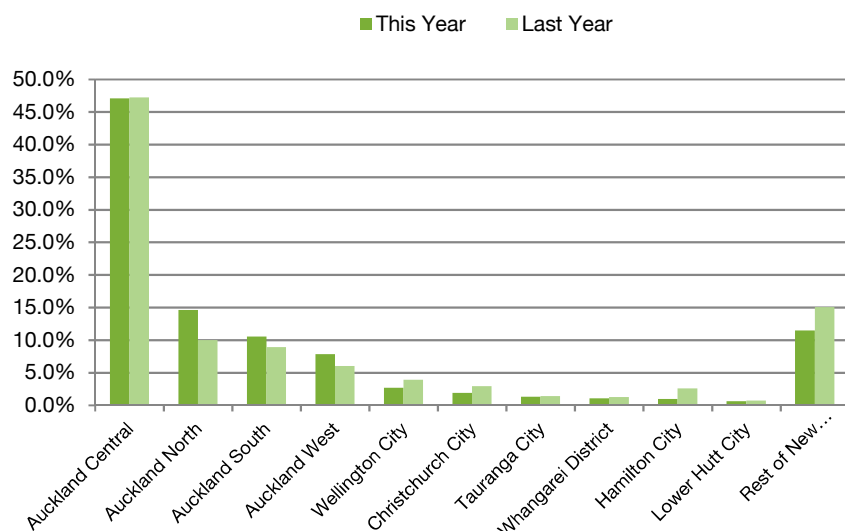
This page shows how the average transaction value in your retail centre has changed over the last 12 months compared to your key competitors. The top chart shows your average transaction value by quarter compared to your key competitors. The bottom chart shows how your average transaction value has changed compared to your key competitor groups.

5. Which parts of New Zealand are K Road customers coming from?

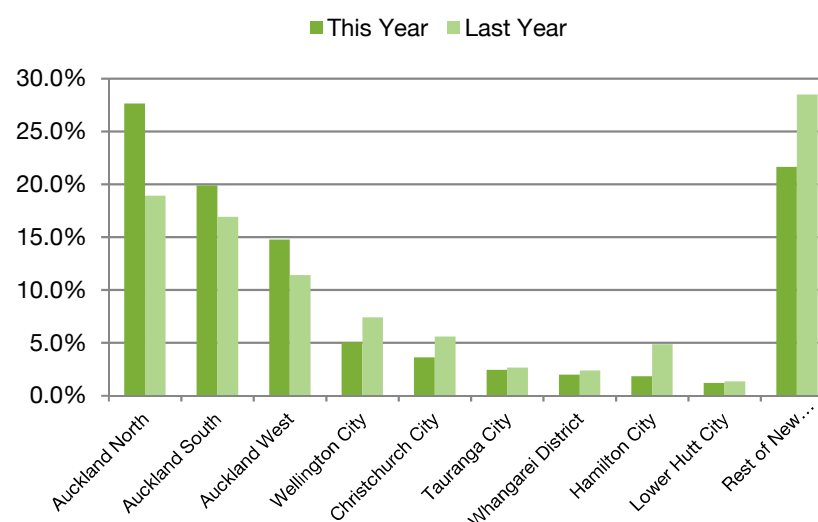


01 Jul 2017 to 30 Sep 2017

5.1 Top Local Authority Areas - Current Quarter vs the Same Quarter Last year



5.2 Top Local Authority Areas (excluding Auckland Central)



5.3 Key Stats

Origin of customers	% of Spending	Change over last year	
		\$ Spent	Contribution
Auckland Central	47.1%	-7.5%	-0.1%
Auckland North	14.6%	+35.8%	+4.6%
Auckland South	10.5%	+9.3%	+1.6%
Auckland West	7.8%	+20.4%	+1.8%
Wellington City	2.7%	-36.7%	-1.2%
Christchurch City	1.9%	-39.8%	-1.0%
Tauranga City	1.3%	-14.9%	-0.1%
Whangarei District	1.0%	-22.6%	-0.2%
Hamilton City	1.0%	-65.3%	-1.6%
Lower Hutt City	0.6%	-18.1%	-0.1%
Rest of New Zealand	11.4%	-29.4%	-3.6%

% of spending = The percentage of spending coming from people living in this part of New Zealand.

\$ spent = The percentage change in spending coming from people living in this Area (This quarter over same quarter last year)

Contribution = The change in the percentage of total spending at K Road coming from people living in this Area (This quarter over same quarter last year)

Reading these Charts

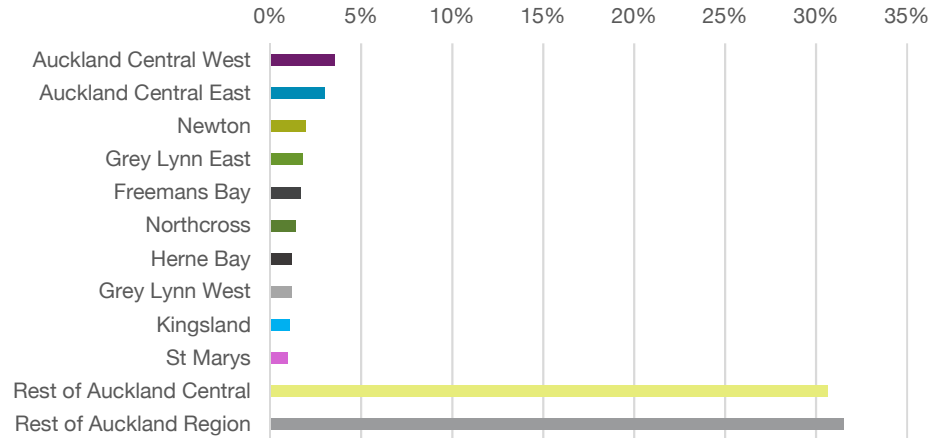
This page shows where people spending at K Road Retail Centre came from. The left-hand chart shows the percentage from all local authority areas. The chart on the right shows the top ten areas, excluding Auckland Central. The dark bars represent the percentage of spending this year, the light bars represent last year.

6. Which suburbs are K Road's local customers coming from?

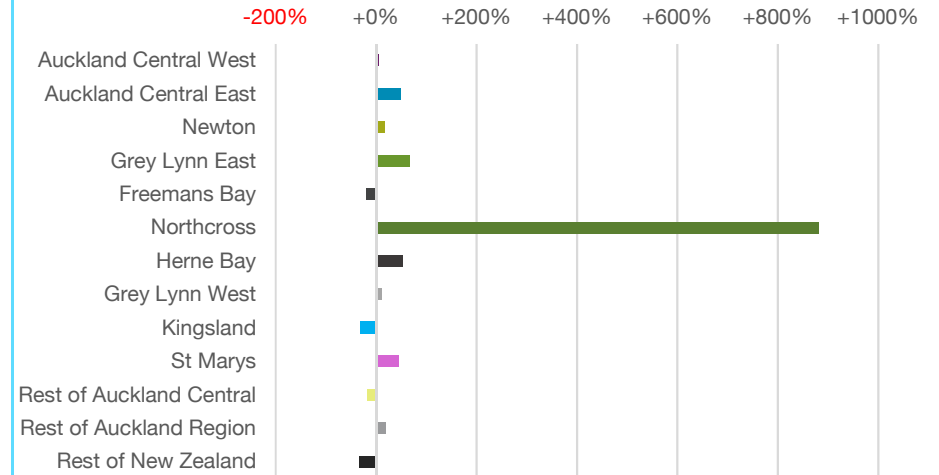


01 Jul 2017 to 30 Sep 2017

6.1 K Road's Top Spending Suburbs in the last 3 months



6.2 Change in value of spending over last year



6.3 Change over last year

Origin of customers	% of Spending	Change over last year	
		\$ Spent	Contribution
Auckland Central West	3.6%	+4.0%	+0.4%
Auckland Central East	3.0%	+48.9%	+1.1%
Newton	2.0%	+16.2%	+0.4%
Grey Lynn East	1.8%	+66.8%	+0.8%
Freemans Bay	1.7%	-18.5%	-0.2%
Northcross	1.4%	+881.9%	+1.3%
Herne Bay	1.2%	+52.1%	+0.5%
Grey Lynn West	1.2%	+11.0%	+0.2%
Kingsland	1.1%	-30.8%	-0.4%
St Marys	1.0%	+44.1%	+0.4%
Rest of Auckland Central	30.7%	-16.2%	-3.3%
Rest of Auckland Region	31.5%	+17.9%	+6.7%
Rest of New Zealand	20.0%	-33.5%	-7.9%

Key

% of spending = The percentage of spending coming from people living in this suburb

\$ spent = The percentage change in spending coming from people living in this suburb (This quarter over same quarter last year)

Contribution = The change in the percentage of total spending at K Road Retail Centre coming from people living in this Suburb (This quarter over same quarter last year)

Reading these Charts

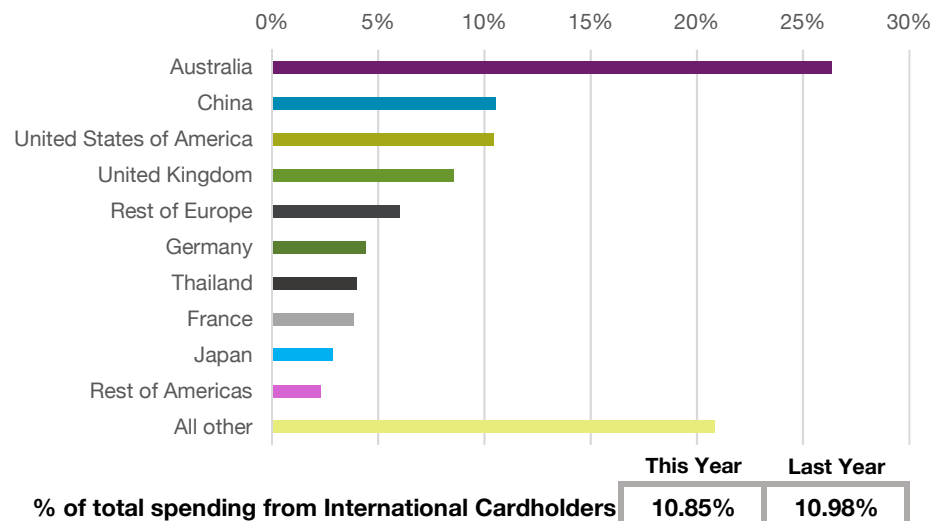
This page shows the suburb of origin of people spending in the K Road Retail Centre. The left-hand chart shows the percentage each suburb contributes to the BID. The chart on the right shows the percentage change in spending from each suburb over last year. The table left shows the values used in the charts.

7. Which countries are K Road's international visitors coming from?

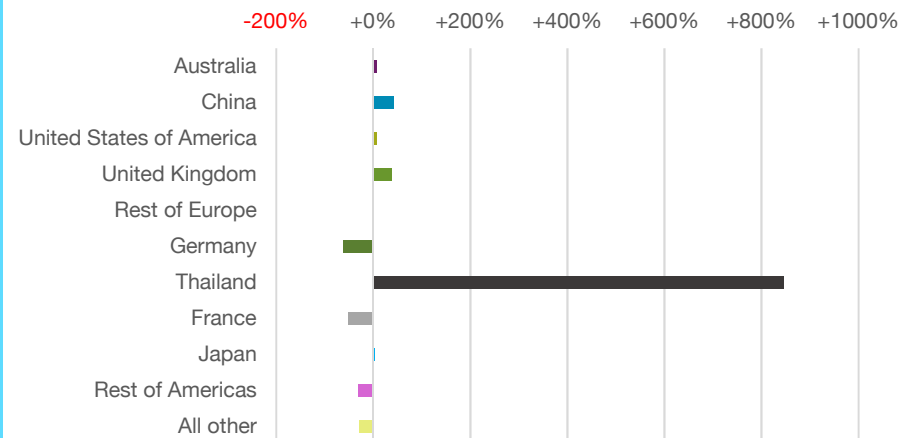


01 Jul 2017 to 30 Sep 2017

7.1 K Road's Top Spending Countries in the last 3 months



7.2 Change in value of spending over last year



7.3 Change in spending by international cardholders over last year

Origin of customers	% of Spending	Change over last year	
		\$ Spent	Contribution
Australia	26.4%	+6.6%	+3.7%
China	10.5%	+42.4%	+3.8%
United States of America	10.4%	+7.0%	+1.5%
United Kingdom	8.5%	+38.5%	+2.9%
Rest of Europe	6.0%	-1.7%	+0.4%
Germany	4.4%	-62.0%	-6.2%
Thailand	4.0%	+846.0%	+3.6%
France	3.8%	-50.5%	-3.2%
Japan	2.9%	+3.5%	+0.3%
Rest of Americas	2.3%	-31.0%	-0.7%
All other	20.8%	-29.0%	-6.0%
TOTAL	100.0%	-8.4%	

Key

% of spending = The percentage of spending coming from people living in this country

\$ spent = The percentage change in spending coming from people living in this country (This quarter over same quarter last year)

Contribution = The change in the percentage of total spending at K Road Retail Centre coming from people living in this country (This quarter over same quarter last year).

Reading these Charts

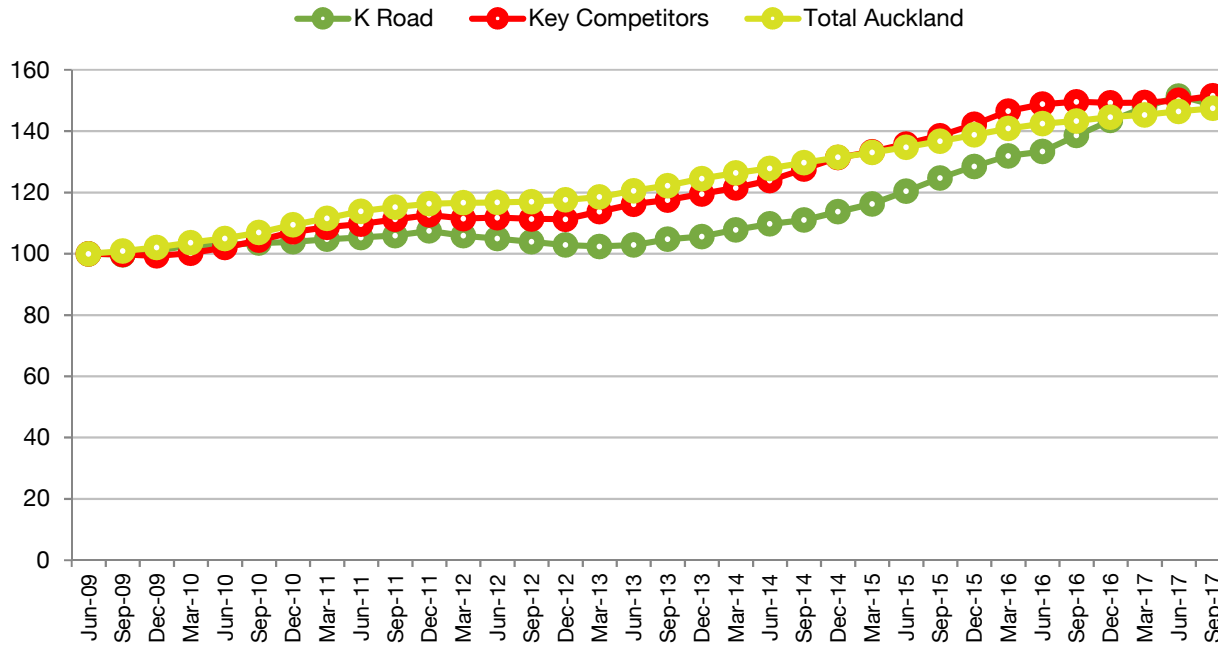
This page shows the country of origin of people spending in the K Road Retail Centre. The left-hand chart shows the percentage each country contributes to the BID. The chart on the right shows the percentage change in spending from each country over last year. The table left shows the values used in the charts.

8. K Road Long Term Trends



8.1 MOVING ANNUAL TOTAL - RETAIL SPENDING - BY QUARTER

Spending trends in Auckland



SPENDING

CHANGE OVER 5 YEARS AGO

K Road	Key Competitors	Total Auckland
▲	▲	▲
43.1%	36.1%	26.0%

AVERAGE TRANSACTION VALUE

CHANGE OVER 5 YEARS AGO

K Road	Key Competitors	Total Auckland
▲	▼	▼
2.5%	-7.5%	-6.1%

8.2 THE FIGURES

Based on Moving Annual Total Spending

12 months to	K Road	Key Competitors	Total Auckland
Sep-13	\$120.05 m	\$1,808.82 m	\$15,215.97 m
Sep-14	\$127.19 m	\$1,963.85 m	\$16,149.04 m
Sep-15	\$142.97 m	\$2,131.95 m	\$17,021.45 m
Sep-16	\$158.84 m	\$2,302.53 m	\$17,844.97 m
Sep-17	\$170.39 m	\$2,332.04 m	\$18,355.07 m

* most recent 12 month period directly above

8.3 BEST PERFORMING PERIODS - K ROAD

HIGHEST ANNUAL SPEND 12 Months ending	*HIGHEST ANNUAL SHARE 12 Months ending
Jun-17	Dec-14

* Highest annual share is your retail centre's share of spending with you and your key competitors.

Inputs to your Report



Selection Criteria

These are the criteria used to create this report

Your area

K Road

Reporting Period

The 3 Months between 1 July 2017 and 30 September 2017

Your designated competitors

CBD

Grey Lynn

Ponsonby

Terminology used in the reports

Your Marketplace	Your area and your designated competitors
% of total spend	The percentage of total spending by customers that each segment in the marketplace made, i.e. International cardholders made 7.4% of the total spend in the specified timeframe.
Ranking	Basically it means ordered, from the highest category to the lowest
Change in share of spend	The difference in percentage points when comparing one period to another (e.g. 14.4% this year compared to 15.1% in the previous year is a relative percentage change of -0.7 percentage points. (i.e. 14.4-15.1))
Change in total spend	The difference in value when comparing one period to another (e.g. \$15,000 this year compared to \$13,500 in the previous year is an absolute percentage change of +11.1 percent (i.e. (15,000/13,500)-1))
Census Area Unit (CAU)	Area units are an aggregation of meshblocks, and in urban areas typically contain 3,000 - 5,000 people. Commonly known as suburbs or parts of suburbs.
Territorial Local Authority	An aggregation of census area units to form a city or district. Each TLA has a council that administers public services. There are 13 cities and 56 districts in New Zealand. The pre-Super City Auckland TLAs have been combined as follow: <i>Auckland North - Rodney District and North Shore City combined</i> <i>Auckland West - Waitakere City</i> <i>Auckland Central - Auckland City</i> <i>Auckland South - Manukau City, Papakura District, Franklin District combined</i>

Inputs to your Report



Frequently Asked Questions

What is the source of the data used in the Auckland Council Regional Spending Database?

The data is primarily sourced from electronic card transactions made via Paymark network at each of the Business Improvement Districts operating within the Auckland Council boundaries. To determine information on the origin and types of customers spending in each market we have used data from BNZ MarketView. Details on both data sources are provide below.

The spending values include GST, but exclude cash out with purchases. Withdrawals from ATMs are not included. Other payment types including cash, HP or automatic payments are also not included.

About Paymark

Paymark operates New Zealand's largest electronic transaction processing network. The company is jointly own by ASB, BNZ, the National Bank and Westpac. Around 70% of New Zealand's eftpos terminals are connected to the Paymark Network. For merchants on the Paymark Network we receive 100% of their electronic card transactions. We use an extrapolation of BNZ cardholder spending for merchants that aren't on the Paymark Network.

BNZ MarketView

BNZ MarketView is based on the eftpos and credit card spending of BNZ card holders in the New Zealand retail market. BNZ has around a 20% market share of the cards business in New Zealand, and typically accounts for approximately 14 - 15% of total spending by value. There are over 700,000 BNZ cardholders. BNZ de-personalises BNZ MarketView data by removing any potential identifiers i.e. names, addresses, account, or card numbers. These are replaced with a unique id, a meshblock number (based on the cardholders home address), and a demographic profile. The cardholder's age and gender are retained, but there is no way of identifying an individual cardholder.

BNZ cardholders they are largely demographically representative of the country and distributed in line with the national population. They also spend everywhere, which includes retailers not on the Paymark network. We are able to BNZ MarketView's share of spending at Paymark merchants to estimate the value of spending at non-Paymark merchants:

Inputs to your Report



What card types are included?

The data is drawn from all card spending using all card types. This includes all Eftpos cards, and all major American Express, Diners Club, MasterCard, Visa Cards. The data will also include electronic gift cards.

How have the Business Improvement District Boundaries been decided?

BID boundaries have been determined by the Council's Business Area Planning team, in consultation with the Research, Investigations and Monitoring Unit.

How is domestic spending determined?

Cards issued in New Zealand are identified in the database. Any transaction made in the Auckland Region, on a New Zealand issued eftpos or credit card, is assumed to be spending made by New Zealanders.

How is international spending determined?

From the Paymark's Market Reporting data it is possible to distinguish between New Zealand cards and cards issued by overseas banks. Overseas cards have a country code. We report the value of spending by the country of origin of the card, and by association, the cardholder.

Does the data include GST?

Yes. NB: From 1 October 2010, GST rose from 12.5% to 15%. This means there is a natural 2.2% increase in spending between periods using the old and new GST rates.