
Changing Lanes

REPORT INTO THE ECONOMIC IMPACT
OF STREET CHANGES ON RETAIL ACTIVITY



Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Introduction

Wellington City is preparing for growth by investing in a more accessible, vibrant, and sustainable city.

This will involve urban development, more housing, upgrading water and waste infrastructure, strengthening buildings, and making changes to our transport system to improve mobility and reduce emissions. Although these projects may be disruptive while change takes place, they will ensure more people can live and move with a lower environmental impact, in an accessible, vibrant, sustainable city.

Supporting businesses to prepare for and adapt to change is important for achieving this vision.

Retailers have told us they want to better understand the impacts of these changes on their businesses. We've heard that they want to know their concerns are understood. They would like to see their ideas and experiences reflected or responded to in Council plans and have access to robust data and information to inform sound decision-making.

In response to this, Wellington City Council is developing an analysis tool that monitors spend in retailers and hospitality operators to help quantify the impact of street changes and infrastructure works on nearby businesses.

This report uses initial data from the retail activity analysis tool to measure the extent that street changes or infrastructure works may affect nearby businesses, and to test and help refine the monitoring tool for future use.

Should regular monitoring identify any significant negative impact, we will work with affected organisations to understand the issues and consider how we best respond.

We acknowledge the input from many parties in preparing this report, and in particular the contribution of the Chamber of Commerce and Infometrics.

Monitoring retail activity

The retail activity analysis tool being developed uses digital sales data to provide insight into the immediate and ongoing impact of street changes and infrastructure works on retailers.

How retail spend is monitored

- The point-of-sale data comes from Marketview.
- Cash and online payments are excluded.
- Retail businesses that are not considered change-sensitive have been removed from the data set to ensure retail activity trends from change-sensitive retailers are clearly identifiable. This report is therefore not representative of the overall experience of retailers who are located near where infrastructure work are carried out.
 - Specialist health practitioners, accommodation providers, and destination retailers have been excluded as their trade is expected to occur regardless of any disruption from nearby infrastructure work. These types of businesses represent about half of all retail businesses.
- The data is smoothed over two-week periods to reduce non-significant variation in retail activity.
- The data is compared to a similar benchmark so seasonal and event-based patterns in retail activity can be identified.
- Data sets focus on the retailers located closest to where the work is happening, or where concerns have been raised.
- To preserve confidentiality, each studied retail area must comprise at least five retailers, with retail activity averaged out.

Report scope and limitations

1. The data currently available only allows the short-term impact of road changes to be assessed.
2. This study only looks at retailers considered to be change-sensitive, not all retailers.
3. Study data does not capture how street changes and infrastructure works affect the changing mix of retailers in an area over time.
4. This report identifies the need to define the term 'change-sensitive' more closely, particularly with regard to large retailers, or those with dedicated parking, such as supermarkets.

Areas for future analysis

Further reports using the retail activity analysis tool could also consider:

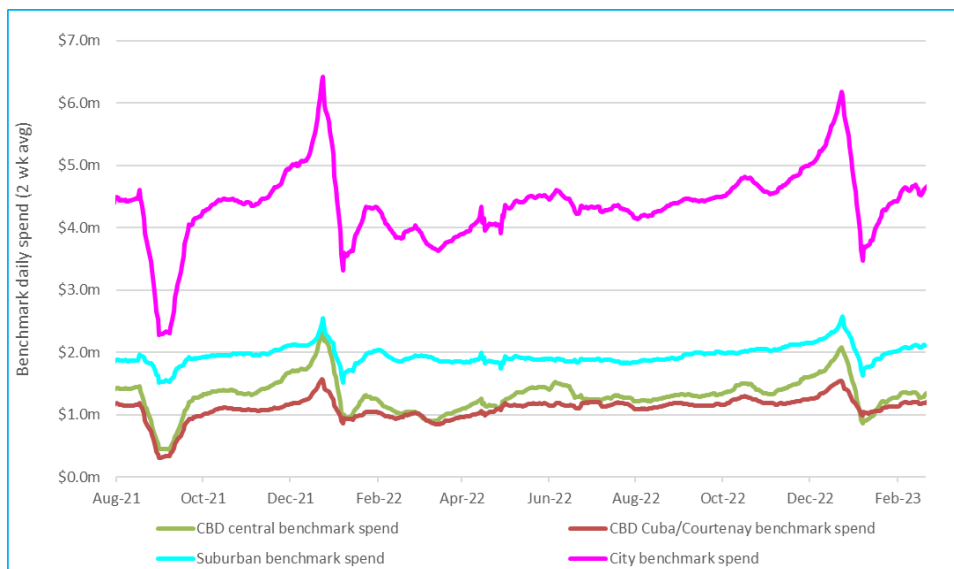
1. Including all retailers in an area, rather than only retailers identified as change-sensitive.
2. Looking at the ongoing impact of street changes and development on retail activity.
3. Benchmarking each study area against their own previous retail history.
4. The extent to which business turnover, rents, or demand for commercial premises are affected by street changes over time.

Benchmarking

Four benchmark data sets have been identified, to control for seasonal and event-based trends, and retail characteristics not related to infrastructure works.

The four benchmark areas are CBD central (Lambton Quay area), CBD Cuba/Courtenay, suburban centres, and the city-wide retail average.

A benchmark comparison has been allocated to each study area on the basis of the closest similarity between their weekly retail activity profiles.



Observations

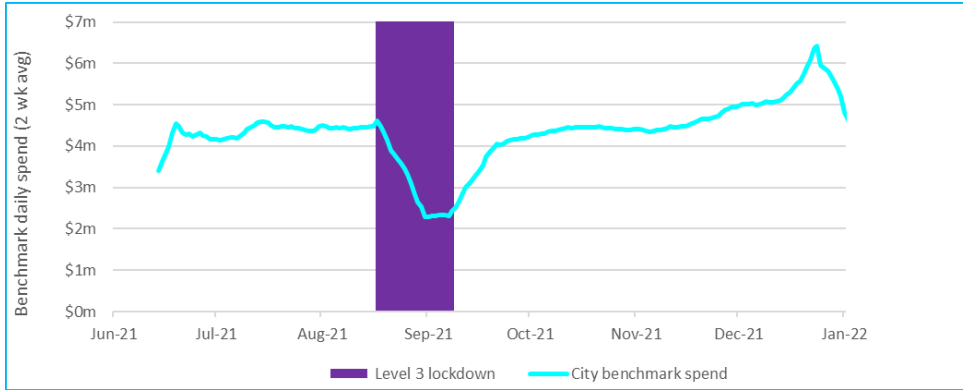
- Overall, the benchmark areas show major retail activity trends, notably the pre-Christmas shopping increase, followed by a sharp lull in summer/New Year activity. Lockdowns, mid-year public holidays and some major events can also be identified.
- The benchmarks show that some areas are more naturally exposed to seasonal and event-based trends, with the suburban and central CBD areas showing more volatility overall, compared to the Cuba/Courtenay area which appears somewhat cushioned from the peaks and troughs of retail activity.

Thorndon Quay

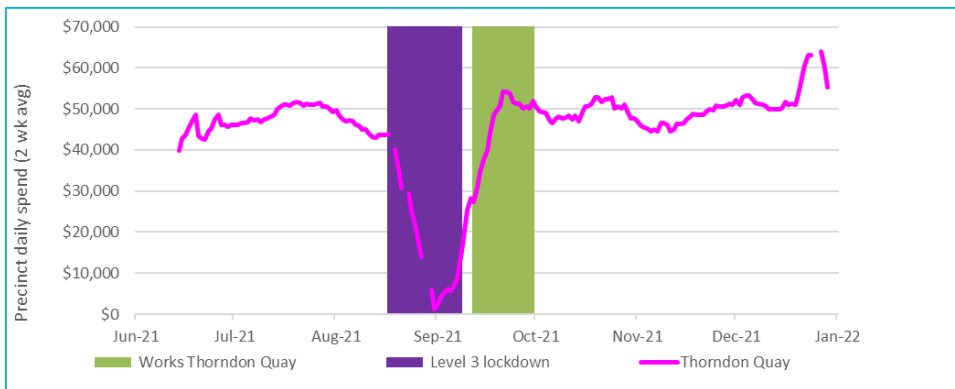
Parking changes occurred on Thorndon Quay with angle parks changed to parallel parks and the removal of 145 on-street parks.

The Thorndon Quay data set is made up of 31 retailers.

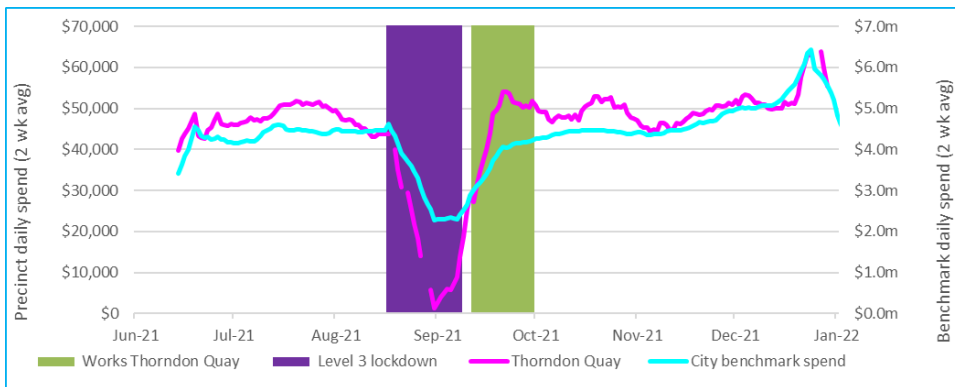
Benchmark: City-wide average retail activity



Thorndon Quay retail activity



Thorndon retail activity compared to suburban retail activity



Observations

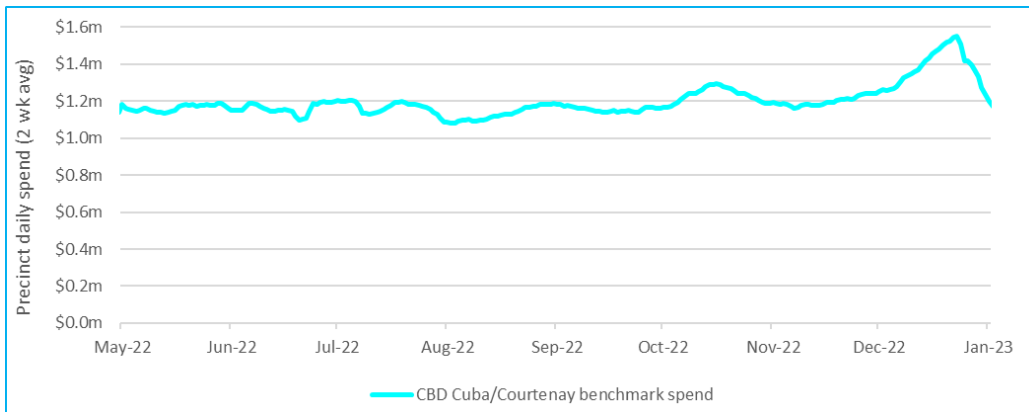
1. Retail activity increases after lock-down and during street changes.
2. After the street changes, retail activity plateaus at a similar level compared to pre-lockdown.
3. No observable negative impact on retail activity as a result of street changes.

Dixon Street

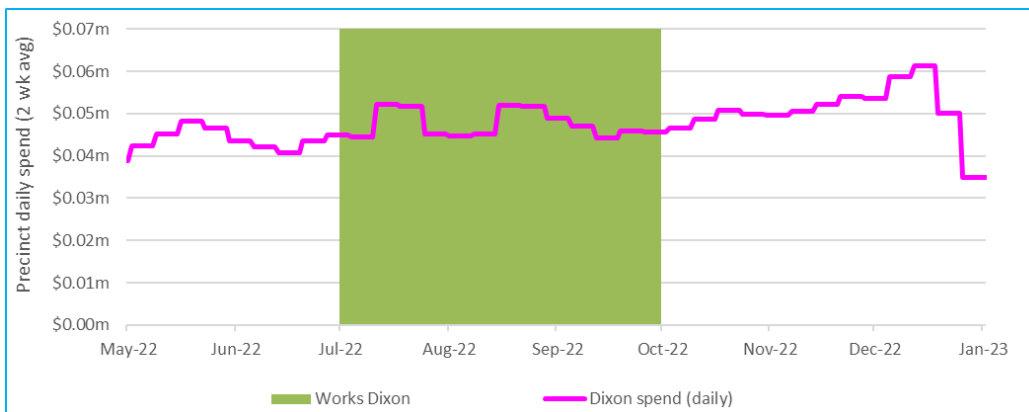
Development in this area included traffic calming, installation of parklets, removal of street parking, and removal of the public toilets in Te Aro Park.

The Dixon Street data set is made up of 15 retailers. This data was sampled on a weekly rather than a daily basis. A qualitative survey of retailers in this area is available independently of this report.

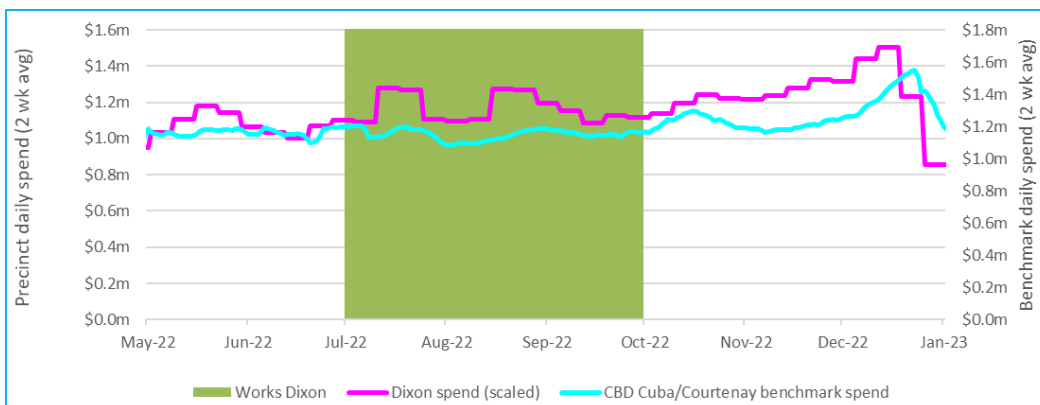
Benchmark: Cuba/Courtenay retail activity



Dixon Street retail activity



Dixon Street retail activity compared to Cuba/Courtenay retail activity



Observations

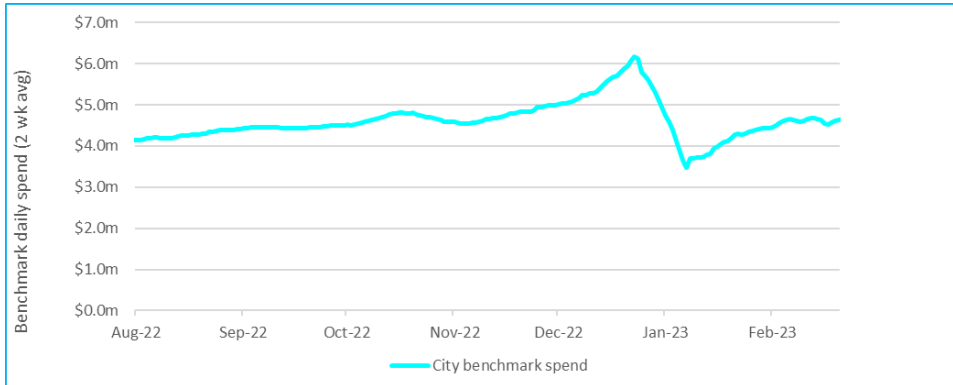
1. No downturn was observed during the works.
2. Retail activity post-works was largely in line with, if not a slight increase on, the benchmark.
3. The Christmas retail peak was followed by a lull in activity, in line with the benchmark.

Riddiford Street

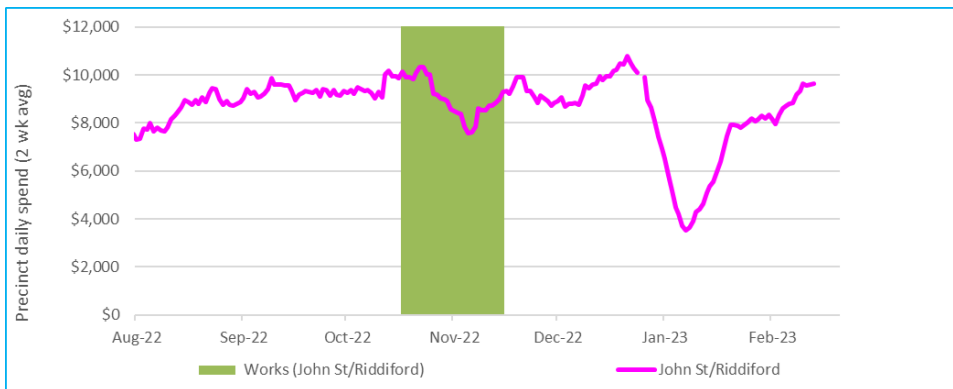
Cycle lane installation works occurred along Riddiford Street, near John Street.

The Riddiford Street data set is made up of eight retailers.

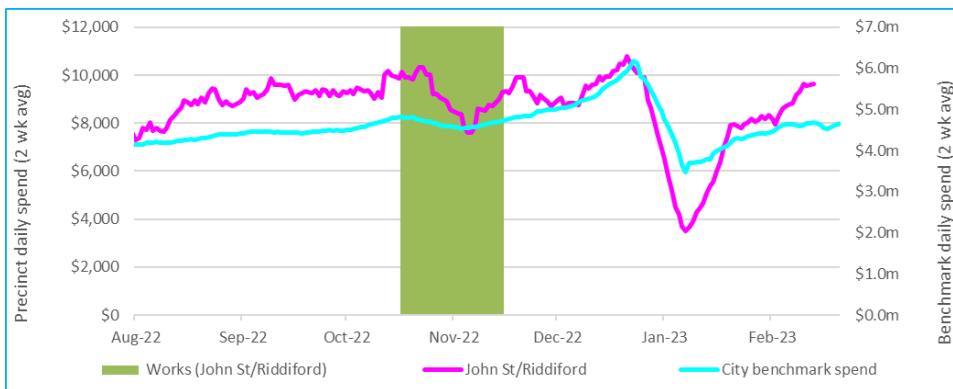
Benchmark: City-wide retail activity



Riddiford Street retail activity



Riddiford Street retail activity compared to city-wide retail activity



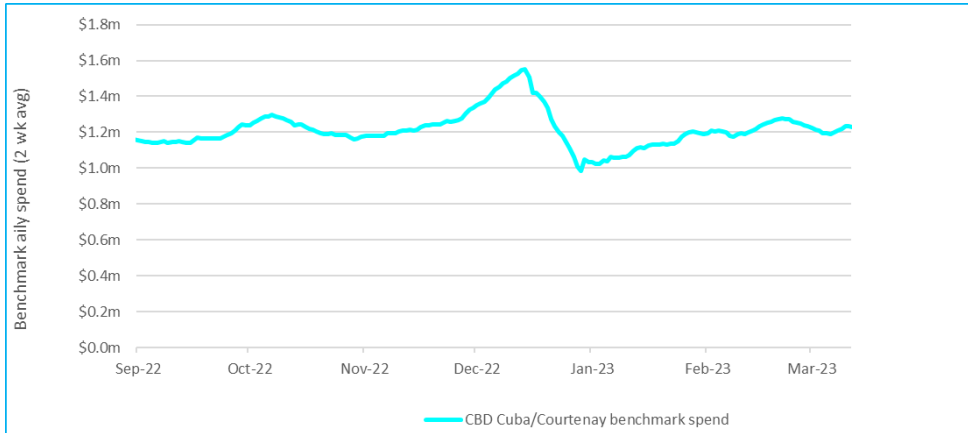
Observations

1. Activity is volatile, around +/-10% of average spend, likely due to the small sample size.
2. Activity decreases during the works by approximately 20%.
3. Activity recovers immediately afterwards to the pre-works level.
4. Activity aligns with the benchmark Christmas peak, and New Year lull.

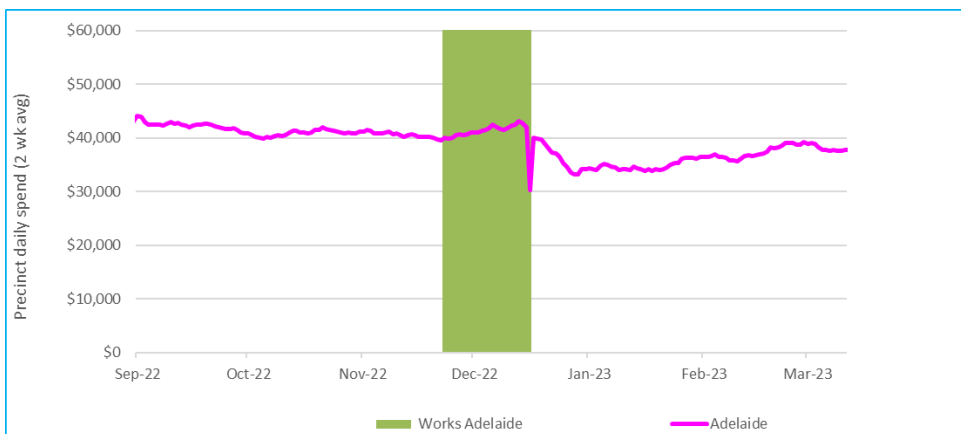
Adelaide Road

Cycle lane installation works occurred along sections of Adelaide Road. The Adelaide Road data set is made up of 13 retailers.

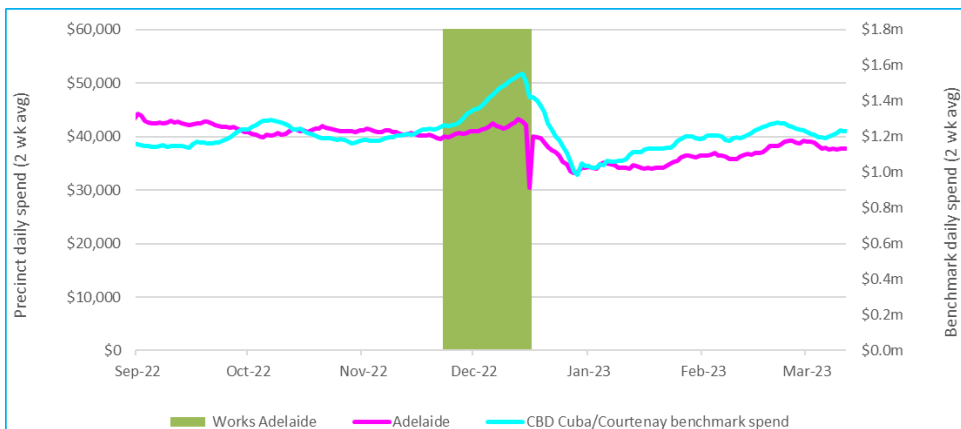
Benchmark: Cuba/Courtenay retail activity



Adelaide Road retail activity



Adelaide Road retail activity compared to Cuba/Courtenay retail activity



Observations

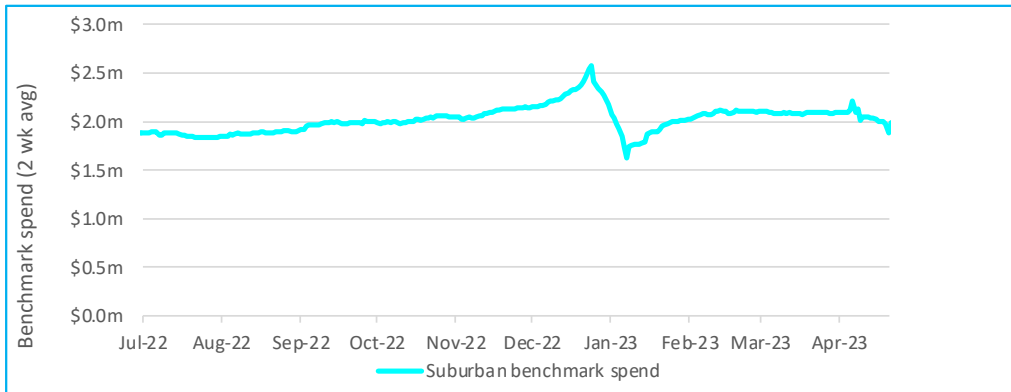
1. The cycleway works occurred in December in the lead-up to Christmas. Spend increased during the works but perhaps not as much as it otherwise would have.
2. Recovery in the New Year has been slower than expected when compared to the benchmark.

Tinakori Road

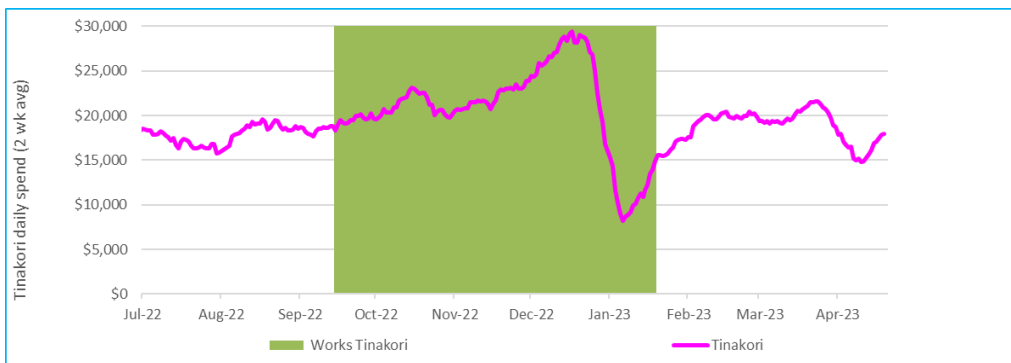
Cycle lane installation works occurred in Bowen Street and west of Bowen Street on Tinakori Road. The retailers are situated on Tinakori Road, east of Bowen Street, where no parking changes were made although concerns were raised about the displacement of parked vehicles into this area.

The Tinakori Road data set is made up of 15 retailers.

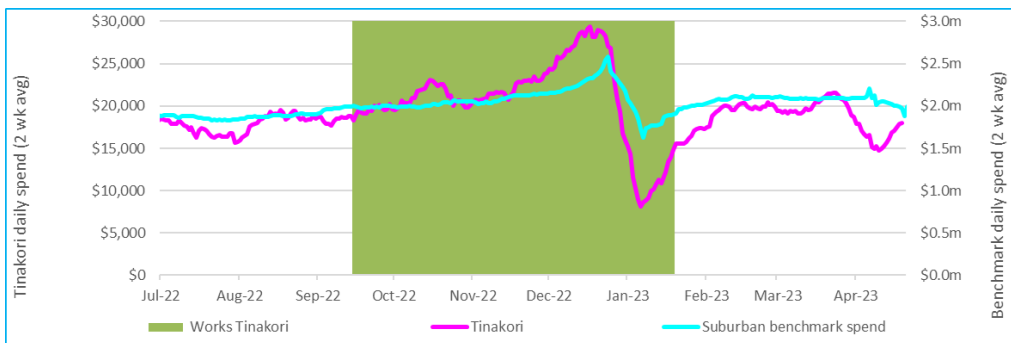
Benchmark: Suburban retail activity



Tinakori Road retail activity



Tinakori Road retail activity compared to suburban retail activity



Observations

1. No significant change during and immediately after the period of infrastructure works.
2. A Christmas-induced activity spike followed by a New Year decline. Recovery as normal.
3. An abnormal decline in spend in the first two weeks of April.
4. Negative media coverage on 31 March. School and Easter holidays from 7 April may have contributed to the retail dip at that time. Rain in second and third weeks of April but nothing unusual.

“...data does not show a pattern of retail activity being negatively affected by changes to street layout.”

Summary

This report uses sales data to learn more about the potential impact of street changes on retail activity.

It's important to note that the study samples do not represent the overall retail experience but focus on those retailers who we considered might be less resilient to change in their immediate area, or where strong concerns were raised.

Despite focusing on retailers who are considered to be less resilient to change, the data does not show a pattern of retail activity being negatively affected by changes to street layout.

Of five case studies:

- two show no change in retail activity during or after work
- one shows a possible increase in activity after the work was completed
- one shows a possible decrease in activity during the work, with a normal recovery afterwards
- one shows slower activity during the work, and a slower recovery compared to the baseline.

The retail activity analysis tool being developed by the Council will be highly valuable for near real-time monitoring of any effects of infrastructure development on nearby retailers.

This tool may also help to alleviate concerns around street layout changes, and allow any issues to be rapidly identified and addressed where they exist.

Future work using the retail activity analysis tool should look at the average retail experience of street layout changes, and the longer-term effects of street layout changes on the retail community.