This section presents the Central City Framework in more detail and explains the analysis behind it

strategic directions SECTION 5

Strategic Direction:

3

A City that Enables a Prosperous and Diverse Economy

Strategies aimed at strengthening the economy of the central city

The economy of the city centre is seen as the engine of ongoing efforts to keep the centre strong and vital as well as growing its strength and vitality. Constantly growing local employment in and around the central city is crucial for this. The city centre is ideally placed for this with a strong presence of offices and a flourishing arts precinct. Strategic place-based initiatives will support and strengthen these employment activities.

The Warehouse District, in the southern part of the central city, has strong potential to grow into a hive of employment, based on the early signs of the type of activities it is already attracting. A 'Creative Quarter' is proposed with Queens Garden at its heart which promotes creative, technical and innovative new economy activities. In order to attract these activities, physical investments into the creation of stimulating places and spaces should be combined with procedural and organisational improvements. These are aimed at aligning the Council's policies with the objectives of the private sector as well as other public sector agencies.

Initiatives under this Strategic Direction include:

- → Growing employment opportunities in the central city
- → Identifying precincts as a means to stimulate economic activity and provide synergies between compatible activities
- → Identifying desired activities in the Warehouse District and ways of stimulating and attractive those
- → Spatial initiatives for the central city and Warehouse District that help create an environment in which employment and other activities can thrive

5.3.1 City centre employment situation

*The following Sections contain adapted excerpts of a comprehensive report on Economic and Employment Opportunities relevant to the Dunedin Central City. Refer to **Appendix 2** for the full report.*

EMPLOYMENT CHARACTERISTICS

The following Dunedin-wide high-level employment characteristics can be identified:

- → Low population growth.
- → Loss of traditional manufacturing jobs.
- → Closures result in a risk for the clusters of related businesses and a risk that the critical mass is no longer sufficient to sustain these local supply chain businesses.
- → Transition to a more knowledge based services economy and increased product specialisation.
- → No obvious business / professional clusters.
- → Disconnect between vital urban spaces and 'new economy' / creative businesses.
- → Key growth in secondary and tertiary education; medical and related research sectors. However, questionable whether this can continue to grow at the same rate to support growth.
- → Strong Intellectual Property output, not necessarily driving local employment (mainly IP realised internationally).
- → Strong growth in secondary, tertiary, medical education**.**
- → Competitive advantage to grow computing based creative businesses, driving the economy.

GREATEST ECONOMIC GROWTH OPPORTUNITIES

At this time, the greatest economic opportunities are in:

1. Advanced educational, medical and research excellence;
2. Advanced computing and design led creative businesses;
3. Advanced software and intellectual property driven business services;
4. Heritage property restoration and design led building fit-outs;
5. Advanced, application specific and computer controlled engineering; and
6. Creative and experiential learning - targeting the short stay visitor market.

The first four of these have a central city focus, the fifth a nearby Port Lands / Carisbrook focus, and the sixth could be anywhere in Dunedin, including the central city.

Other opportunities include:

- → Attracting new businesses that can benefit from the existing technology and intellectual property
- → Encouraging graduates, academic, hospital and technology staff to establish their own businesses in Dunedin
- → Attracting experienced former Dunedin residents to return to found their own businesses in Dunedin
- → Turning highly skilled sporting, recreational and holiday visitors into future Dunedin residents and future Dunedin business founders
- → The application of creative computer technology to sports performance, the performing and fine arts, and events
- → The application of advanced computing technology to business, product, property, tourism, visitor and events promotion and management
- → Providing training and short courses in these advanced computer systems, applications software and applied computer based creative technologies
- → Providing certificates of competency especially for those with experience but no formal qualifications in these and other fields
- → Providing opportunities for thinking visitors to learn skills and partake in short courses and experiential learning activities in their personal interests

Given these 'future oriented' economic growth prospects Dunedin may wish to market and promote its self around the theme of: **Creative Excellence.**

PROMOTING AND GROWING OPPORTUNITIES

The difficulty Dunedin faces is that these strengths are not obvious and hidden from view. There is also a lack of strong promotional approach to land use planning guiding clustering.

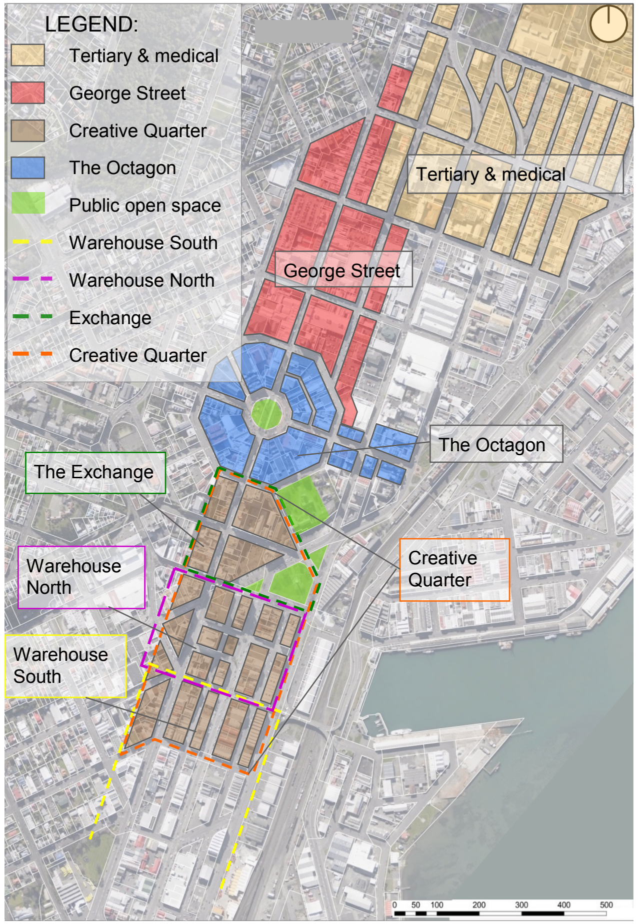
Consequently businesses are more dispersed and scattered than they should. This leads to:

- → Less synergy, symbiosis and opportunities for collaboration;
- → Less prospect of sharing capability and spare capacity;
- → Less prospect of 'spinning off' new businesses; and
- → Less opportunity to attract and create new businesses.

Proposals

Given the above-mentioned opportunities and in response to these issues, the following approaches are proposed:

- → Promoting Dunedin as having different 'Quarters' for both business and the retail/ visitor sectors.
- → Promote Dunedin as creative environment, using 'leading edge' companies and their exceptional products and capabilities of businesses established in Dunedin.
- → Promotional and Performance Based Planning Initiatives.



ABOVE FIG. 5-13: Proposed employment quarters

EMPLOYMENT QUARTERS

Based on what is currently present as well as perceivable trends, the following quarters could be identified (Figure 5 -13):

- Tertiary and medical
- George Street
- The area surrounding The Octagon
- The Creative Quarter, incorporating:
  - The Exchange, with a focus on office uses;
  - Warehouse District-North, with a focus on residential uses, creative spaces / studios, design showrooms, boutique restaurants / cafes, and larger institutional users; and
  - Warehouse District-South with a focus on services trades, gyms and night clubs.

PROMOTE DUNEDIN AS CREATIVE ENVIRONMENT

This could be done by using existing leading edge businesses and locally applied new technologies. This would involve a business attraction strategy focussing on promoting ‘leading edge’ companies and their exceptional products and capabilities of businesses established in Dunedin.

It would include showcasing recently created quality modern designer and heritage business spaces in restored heritage buildings – similar to the quality space that creative new businesses would wish to occupy. Another way of doing this is by using the opportunity to identify and promote the creative business already occupying these spaces, their special capabilities and identifying the Dunedin businesses that designed, built and led the restoration. This may have opportunities for the visitor industry as well.

PROMOTIONAL AND PERFORMANCE BASED PLANNING

This would be in order to provide greater investor and business certainty and promote the clustering of similar and complementary activities and support services.

Promotional planning recognises and promotes each quarter, with exciting visions for different precincts with examples of desirable uses and building and development forms. This would be contrasted by clearly identified undesirable uses and undesirable scales, styles and types of development (including opposition to mock modern heritage buildings as opposed to designer premises and fit-outs).

Performance Based planning provisions would state desired objectives and acceptable solutions but give designers, end users and development proponents the opportunity to demonstrate innovative and new design solutions to achieve the same objective.

FOCUS ON CREATIVE INDUSTRIES

Dunedin has a number of leading edge creative computer based Information and Communication Technology (ICT) businesses. The most productive opportunities to grow this sector may be in:

- Attracting new creative businesses linked to the capabilities of existing leading edge businesses (using their capabilities in fields that these companies themselves do not wish to exploit or expand into).
- Attracting successful former Dunedin residents to return to Dunedin (especially those with the ability or wish to found new businesses).
- Continuing to incubate and support new businesses founded by students and staff from the university, hospital and polytechnic.
- Turning recreational visitors with exceptional experience and skills into future residents and new business founders.
- Promoting Dunedin as a place with:
  - Natural and lifestyle attractions, especially for those wishing to start or bring up families;
  - The high quality cultural, sporting and entertainment events that Dunedin attracts that are exceptional for the size of the city; and
  - A compact central city with a walkable distance between business, recreational and home destinations.
- Attracting people who want to work close to the intellectual leaders in a small leading edge company in their field.

Main implications for planning:

- Provision of affordable start up space (likely to be on upper floors of existing buildings).

→ Improving the quality of the streetscape, pedestrian and cycling environment.
→ Focussing on creating vibrant active interesting and entertaining places.
→ Creating interesting places as opportunities for specialised shops, cafes and business support services unable to afford a high profile, street frontage.

POTENTIAL DEMAND FOR OFFICE SPACE (2011-'51)

Three realistic scenarios were used to investigate the potential future demand for industrial land and business space in the central city:

1. The *Existing Economy* Scenario – future employment growth corresponds with existing.
2. The *Highest of Dunedin or South Island* Scenario – future employment growth in sectors which Dunedin is behind on will match the higher South Island ratio.
3. A *Creative Economy* Scenario – additional employment created in creative, design based businesses.

Potential additional demand for office floor space between 2011 and 2051 is projected to range between **10,300 m²** (Scenario 1) and **50,000 m²** (Scenario 3)

The additional office demand under the *Creative Business* Scenario can best be accommodated in the Octagon and the northern end of the Warehouse District:

→ Warehouse District: 30,000 m²
→ Octagon 17,300 m²
→ Exchange Precinct: 6,100 m²

Implications for planning

For these reasons, it is considered that the Council should not be too concerned about any adverse market effects of allowing office uses into the northern part of the Warehouse District. There may also be positive competitive pressures resulting from allowing offices into the northern end of the Warehouse District that encourages existing building owners in the vicinity of the Octagon to improve and refit their existing buildings (which they are under no pressure to do at present because there are no rival good quality affordable premises on offer).

Having said that, the immediate future demand for the next 15 years is only likely to be for 4,550 m² of office space under the *Existing Economy* Scenario (based on the existing economy, without any further external stimulus).

ABOVE FIG. 5-14: Existing creative industries and arts-related activities in and around the emerging Creative Quarter

5.3.2 Creative Quarter employment environment

Some "hi tech" activities are currently scattered around the precinct and it is expected that with continued involvement from the Economic Development Unit (EDU) these activities could be expanded. EDU may also wish to be involved in the transformation and public realm works that should be undertaken as early as possible to provide a basis for the Unit's targeted approach to new businesses for Dunedin City. Currently the EDU is working with industry and the tertiary sector to assist business formation in the city. With the transformation of the Creative Quarter and a newly created attractive working environment the Council may wish to be more proactive in seeking businesses from outside the city. The EDU are ideally suited to such a task, but we understand at present that such a role is not within their scope of work.

If the city is able to successfully promote its existing creative capacity and strength, and grow capacity it may be able to create demand for 53,400m² of office space demand, most of which is within the creative industry sector, building upon what is already present in the area (Figure 5-14). The Warehouse District has strong urban qualities through the way buildings relate to and address streets. This is common for late 19th and early 20th century buildings, where on-site car parking was not considered necessary. Consequently the built form has the ability to provide an active street scene ideally suited to the preferences of the creative set. The characteristics of the style of space that appeals to the creative industry sector are found within the buildings of the Warehouse District. It is therefore the major asset in an employment growth strategy for the city and represents around 67% of the employment space requirement to 2051.

Retail has an important part to play in providing the settings for business formation in the Creative Quarter. The city will achieve a much higher employment yield in the quarter if retail is an important part of the mix. This precinct has plenty of scope to provide the type of urban environment suited to kick-starting the employment strategy in the area by attracting food services and design -based retail. Refer to Section 5.5.2 for a detailed description of the type of retail envisaged.

BARRIERS

Currently, several zoning requirements are acting as barriers to the type of development described above. These include:

→ Zoning only for very large bulky goods retailing;
→ Office uses Not Permitted and clearly defined as undesirable uses; and
→ Retail uses Not Permitted and clearly defined as undesirable uses.

Other major disincentives to invest include:

→ Premises without car parking, especially heritage buildings.
→ Leasehold properties, reducing investor and lender interest, preventing owner occupiers, introducing ground rent uncertainty and uncertainty of negotiations with ground lease owners.
→ The cost and difficulty of earthquake proofing and fire rating, although this may be over emphasised. However, they are presently costly enough to prevent development by those needing to also make a developer / builder profit (or borrow, pay commercial builder and sale profit).

OPPORTUNITIES

Proposals described in this and other sections in this report are aimed at removing or reducing these barriers. Proposals relevant introducing here include:

→ Establishing an 'Entry Portal' within the Council, in which one EDU staff member liaises with one customer to guide him/ her through the entire process of setting up a business, finding or developing space etc.
→ The Council undertaking a demonstration project to work through the difficulties that one can encounter resulting from the building, consenting, zoning, viability or other issues. The outcomes should be showcased and findings should be documented and would possibly lead to adjustments in Council policies and processes.

Under the *Creative Business* Scenario the following spaces are required (2011-2051):

→ Office space: 30,000 m² (11% prestige; 48% medium quality; 41% quality affordable)
→ Showroom space: 1,500 m² (The focus could be on showcasing, demonstrating and display of specialised business, designer, creative and master crafted products and businesses offering to design, manufacture and install these products - such as home and office furnishing, furniture, lighting, and display cabinets; cafe, chef, bar and accommodation equipment; high quality tiling, kitchen and bathroom products. Also display of creative industries applied to building design and business applications.)
→ Small utilitarian non-office based R&D space: at least 750 m²
→ Café and restaurant space: at least: 1,000 m²

The following opportunities present themselves for the Warehouse District having regard to the economic and business prospects and creative business opportunities identified earlier.

For the northern end (Rattray Street to Police Street):

→ Residential (including creative space and live / work opportunities)
→ Small high value creative business space
→ Design and display showrooms, combined with client hospitality and interactive design space
→ Boutique cafes, restaurants, bars
→ Modern in-fill developments that reflect contemporary interpretations of the area's character

For the southern part (south of Police Street):

→ Retain as automotive and service trades (especially in Bond Street) because:
  → No better immediate use;
  → Nowhere else central for these small service businesses to relocate;

Examples of the envisaged employment environment for the Creative Quarter

  - → Need to future proof Dunedin and not prematurely cut off possibilities for these more utilitarian future uses;
  - → This area is the natural centre for businesses serving the whole Dunedin Region;
  - → The area will be in high demand for small and independent support services to creative businesses as this cluster grows; and
  - → The area will be in very high demand for small support services to the oil & gas industry if it proceeds (including smaller operations displaced from the port lands).
- → Encourage indoor gyms, sports and fitness – including dance and martial arts studios (possible upper floor uses) to:
  - → Increase vibrancy and activities in evenings, at night and week ends;
  - → Make this part of the city more appealing to technology and design based businesses and their employees;
  - → Make this part of the city more attractive to young singles, couples and other residents of the apartments in the northern end of the Warehouse District; and
  - → Make this part of the city feel safer with more passing pedestrians and eyes on the street.
- → Allow night clubs (especially between Crawford and Cumberland Streets and in basement venues elsewhere) – providing not proposing to permit residential uses nearby.
- → Encourage boutique cafes, restaurants, bars – providing not proposing to permit residential uses nearby.
- → Major institutional land user – using combinations of new and / or heritage buildings.

Examples of the envisaged employment environment for the Creative Quarter

ENVISAGED WAREHOUSE DISTRICT CHARACTERISTICS

Key employment-related proposals include:

Building space
The aim should be to retain valuable heritage and character buildings and to design possible new buildings with similar positive attributes. Flexible, high volume spaces that can accommodate a mixture of uses including live-work studios and creative industries are required. The character should be edgy, and rents should generally be moderate to low.

Zoning
District Plan zoning should distinguish between the northern, central and southern parts of the Warehouse District in terms of their desired activities and associated built form.

More detailed analysis and proposals on plan requirements for the Warehouse District and the central city will follow in Section 5.6

Connections
Pedestrian and cycling connection with facilities in Princes Street and in the area around the Octagon should be improved. The proposed streetscape and traffic proposals to follow in this report are in line with this objective.

Queens Gardens
Queens Gardens could function as the Warehouse District's 'front yard' with clear open space for nearby businesses and staff to recreate and celebrate successes. It could also work as a space where nearby businesses can launch and temporarily display products.

In order to function as an employment– and inner city living-related open space some compact sheltered spaces for people to have lunch, meet and socialise should be created. Also consider creating safe places for families with young children.

ABOVE FIG. 5-15: Vogel Street as a shared space and vibrant employment environment within the Creative Quarter (artist's impression only)

Public realm

The Council should invest in the public realm. This includes both the streets as well as public open spaces. A strong focus in this Central City Framework is on perceived changes to Crawford, Rattray and Cumberland Streets (more on this in the traffic-related Section 5.4). These are envisaged to complement changes to other streets. Bond and Vogel Streets could be transformed to shared spaces, very adaptable areas, where pedestrians, people recreating, cyclists, motorists and parked cars share the spaces between the buildings. An artist's impression of Vogel Street redesigned as a shared space is presented in Figure 5-15. Note that the majority of the historic buildings are retained and redeveloped to accommodate the employment activities identified.

(Part of) the car park on the corner of Crawford, Water and Vogel Streets presents an opportunity to be transformed into a public open space. More opportunities should be found to create micro public spaces that support employment and residential uses.

Distinctive signage could set this area apart from other central city areas.

The area underneath the Jetty Street overbridge should be investigated for its potential to be transformed through the use of public art.

Current situation of Vogel Street

5.3.3 Octagon Quarter economic environment

From an economic perspective, The Octagon is clearly the centre of the city and the place where 'town and gown' and the 'community and government' meet.

THE LIKELY OFFICE MARKET

The upper floors of buildings near The Octagon provide valuable low cost incubator space for new start up businesses[1]. This area is also the best location for larger new owner-occupied office buildings.
The area in the lower eastern part of The Octagon could provide particularly good prospects for attracting such developments.

- → Industry intelligence is that there are three major office users presently looking to locate 1,200 m² of office space in the Dunedin City Centre.
- → Some 6,000 m² of additional high quality, prestige office space is projected for Dunedin between now and 2051 (under the *Creative Business Scenario*).
- → An additional 21,200 m² of good medium quality office space is projected for Dunedin between now and 2051(under the *Creative Business Scenario*).
- → There will also be potential demand for at least 26,200 m² of good quality affordable office space in the Dunedin Central City between now and 2051(under the *Creative Business Scenario*).

The Octagon precinct still has considerable potential to meet at least a third of this potential demand.
It is projected that The Octagon area will need to provide suitable locations for the following amounts and types of additional office space by 2051: (under the *Creative Business* Scenario):

- → 1,700 m² high quality, prestige
- → 4,300 m² medium quality
- → 11,300 m² quality affordable office space

ABOVE FIG. 5-16: Location of art galleries and other arts-related buildings

ARTS

Figure 5-16 shows that a large proportion of Dunedin's arts-related activities takes place in and around the Octagon Quarter overlapping with the Creative Quarter District. The Council or the business community may want to promote an additional business attraction strategy specifically targeting art galleries (Dowling Street) and jewellery, fashion and ceramics (Moray Place).

5.3.4 The harbourside area employment environment

Long-term future office demand may be for as little as 11,400 m² of additional central city office space (with 45% of this demand being for affordable office space). On this basis it is difficult to envisage any significant economic advantage from the development of an additional 10,000 m² of the harbourside area new office space in the immediate future, given that this would pull employment further away from existing office precincts and away from the emerging Creative Business Quarter, and away from the retail heart of Dunedin.

It is difficult to envisage any significant demand for large-scale new office space that is not government, or resource exploration driven at this time, especially considering the risk that larger, footloose new office activities are likely to have a choice of alternative new premises from the rebuilding of Christchurch.

The additional office demand under the Creative Business Scenario is best accommodated in The Octagon and the northern end of the Warehouse District.

However, future office-based development in the harbourside area could feature in long-term planning for integrated community, business, visitor, recreational proposals for the southern part of the area (possibly including an international standard hotel, a larger, state of the art conference centre and apartment living).

[1]The upper floor space in existing buildings is currently being used by start up technology-based creative industries, or vacant. This is likely to remain most affordable option compared with refurbished heritage buildings until other uses compete for this existing space. The problem is these businesses are out of sight and do not appear outwardly to be a business cluster. It is possible that the refurbished heritage buildings in the Warehouse District could provide affordable creative business space with special attention to incubator needs. This could prove attractive if developed into a cluster of such space (less attractive if cheap rear building and basement space with no exposure, especially if not clustered and marketed as such).