



Whatever Happened to the CBD?

By Brian Squair, Chow:Hill Architects

The Central Business District, as we have known it, is quite probably a thing of the past. The Covid-19 pandemic has merely accelerated the changing character of downtowns amidst poorly rented lower-grade commercial buildings, infrastructure under-investment, cheaper land elsewhere and remote working practices. Prior to the pandemic we were seeing an increase in work mobility, (planned) residential sprawl to the fringe (requiring services and amenities), but we also experienced the redevelopment of some key buildings in the Central City by a few well-funded developers.

I recall the 1980s when we would all “go to town” on a Friday night or Saturday morning and it was an excursion with mum or dad and latterly a hang-out with school mates. Mid-week the CBD was primarily for business, banking, post office and occasional scoping-out for a new piece of furniture that would be purchased on the Saturday morning.

Over the last 20 years or so, and through a couple of recessions, we have witnessed the increasing number of poor quality or poorly maintained commercial buildings, the decentralisation of large retail outlets, the rise of online purchasing and the move to remote working. These changes have placed great pressure on sustainable city centres.

If we haven't yet, we need to reconsider the way the Central City works in the light of change.

Rather than predict CBD doom, there is, I believe, an incredible opportunity for a reset of the Central City and its relationship to the city at large. It is time to imagine a new model for growth, one that is more inclusive, resilient, sustainable and healthy. The foundations of this reset include the issues of affordability, talent, workplace, public realm, built environment and the economics of real estate.

Whatever Happened to the CBD?



Affordability

Workplace

Talent

Public Realm

Built

Environment

Real Estate

Affordability

Prior to the Covid-19 pandemic we had witnessed a number of businesses choosing to relocate out of the Central City to fringe and outer suburbs primarily for cost saving reasons. There is certainly cheaper land elsewhere. Anecdotally, the chickens are coming home to roost in that many decentralised businesses are finding a loss in accessibility and network effects. They no longer experience the efficiencies and productivity gains of the agglomeration resulting from the density and proximity that Central City locations provide. Cheaper rent may, in fact, be a false economy.

The answer to the affordability crisis is found in sweating the assets through mixed use developments and repurposing of lower grade buildings. For example, I predict more flexibility – multi-use spaces that are part office, part education, part retail for example – we will see more city-centre residential and on the back of that, an uplift in retail and services to accommodate the needs of city residents.

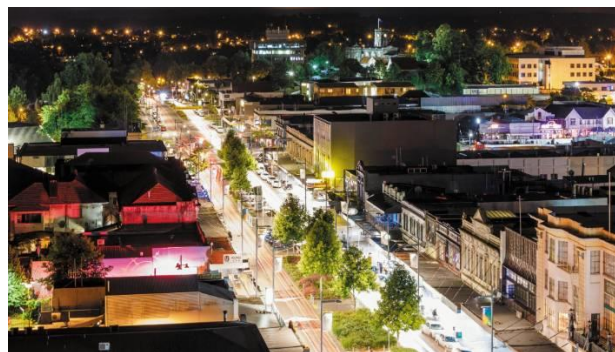
Workplace

It would appear that many post-pandemic workers are returning to the office for the sake of in-person connectivity and collaboration with colleagues. At the same time, the benefits of working remotely are clung to, including the flexible elements, the transport saving, the ease of performing concentration activities. The workplace in the city centre needs to embrace a hybrid work model.

At Chow:Hill, our research indicates that 30% of our work could comfortably be done remotely. Acknowledging that Chow:Hill staff are engaged in collaborative creative work, then one can assume that staff in a more process-type business could easily perform their roles remotely to a greater proportion.

The potential for a distributed workforce to weaken social capital is real, so it is important to leverage the power of good workplace design and amenity to strengthen internal culture. Businesses will need to be intentional about this if they want an environment that attracts staff to the 'mothership'.

Whatever Happened to the CBD?



Talent

It is fair to say that talent is a key element in the success of any city's economic development strategy.

If many people can work almost anywhere, then attracting talent to the central city means that it has to ooze quality, accessibility, amenity and vibe. This does not only apply to the workplace environment, but also to the broader CBD offering, including curated streets, multi-modal access, community spaces, cultural experiences, the after-5 economy and affordable living options, hospitality and top digital connectivity.

Public Realm

At a time when people are increasingly looking for a leisure experience rather than simply a range of shops to visit, investing in the public realm and streetscape can be used to give the central city a potentially competitive advantage.

The good developers are understanding the changing nature of the CBD and planning for it with mixed-use opportunities and aspirations for attractive safe environments that provide things to see, to do and experience, and move our city centres towards live, work, play places. Councils too, are looking at ways to enable activities and events that promote vibrancy.

Council has the opportunity to invest in the quality of the public realm, to support art installations, enable ease of community use, to activate public space and provide reasons for people to come to town. Working with the not-for-profit sector and the private sector, will lift the engagement and pride in the citizenry and provide positive aspiration. Hats off to the many projects that have been undertaken in this regard and bouquets to the Hamilton Central Business Association that strives to make a difference.

Some years ago, Hamilton City developed a Central City Transformation plan which consists of a bunch of good ideas and interventions. It would be good to see a progress report on its implementation.

Built Environment

I have banged-on ad nauseum for a number of years about the quality of the built environment. This is critical for the success of the city centre. All the data points to the fact that successful city centres have clear guidelines, and in some cases 'rules' around building quality, façade improvement and upkeep, new development quality and expectations around amenity provision.

As long as City Hall is squeezed between Central Government planning mandates and ratepayer demands it will struggle to implement such things as Urban Design Panel recommendations that focus on quality. It is easier to tick a quantitative metric than it is to uphold a qualitative one unless someone or some influencer plays the long game, grows a steel spine and advocates for better Central City built quality.

Whatever Happened to the CBD?



Real Estate

For some time in the Waikato, we have heard from commercial brokers that our CBD stock of a lower quality is hard to let, whilst Grade A real estate is increasingly attractive. Slightly overlapping with the comments on built environment above, there is an opportunity for development of good tenancies and repurposing of space. It has been pleasing to see a few local developers take advantage of the opportunities available and increase the Grade A stock and knock-on of new businesses locating in Hamilton Central.

What happens when 20% of your staff work from home? Is it a given that 20% less floor area is required?

Basic economics would predict that the more office space available, the more moderation in rent. There are some peculiarities at play here though. Whilst 20% of the staff stay at home, the 80% at the office want 20% more space. This is partly driven by pandemic distancing hangovers, but also due to more agile and activity-based approaches to working whereby a staff member may, as an example, work at three locations within the office in a course of a week. The increased space demand may actually neutralise the effects of lower on-site staff. I suspect, then, that the total floor space will not significantly change but what will change is how that floor space is used.

Tomorrow's Central City will be characterised by sustainable real estate that is flexible in its use, the redevelopment and upgrade of existing commercial space and / or conversion to residential accommodation. The chain-stores will continue to establish outside the CBD, however, the increase of footfall that is probable given the matters addressed in this article, will drive opportunities for smaller, independent and boutique retailers to not only survive, but thrive.

In Summary, the CBD of the past was about banks and business. The City Centre of the future (now) is about people and experience. Once about work, now about life. Once about function, now about amenity. Once 9 to 5, now 24/7. Once specific purpose, now multi-purpose. Once a zone, now an environment.

Hopefully the powers that be can appreciate the changing nature of the CBD. The CBD is dead, long live the CBD!

Brian Squair, Senior Principal, Chow:Hill Architects

October 2022