

## **Brisbane CBD Vitality Report Lunch and Panel Discussion Friday 19<sup>th</sup> October 2018**

<b>DATE &amp; TIME:</b>	Friday 19 <sup>th</sup> October 2018, 12.00pm – 2.30pm
<b>VENUE:</b>	Dexus The Grove, 480 Queen Street, Brisbane, QLD 4000
<b>SPEAKERS:</b>	<b>Moderator:</b> Ross Elliott, Regional General Manager Queensland, APP <b>Panel:</b> Chris McCluskey, General Manager, Development Services, ISPT <b>Panel:</b> Matt Beasley, Office Development Queensland, Dexus <b>Panel:</b> Christine O’Hara, Asset Manager, Charter Hall <b>Panel:</b> Geoff Hogg, Managing Director Queensland, The Star Entertainment Group
<b>MAJOR EVENT SPONSOR:</b>	Schneider Electric
<b>REPORT SPONSORS:</b>	APP, Lendlease, ISPT, The Star Entertainment Group and AECOM

### **SUMMARY**

The Committee for Brisbane has undertaken an exciting new initiative – the Brisbane CBD Vitality Report – benchmarking the Brisbane city centre against the key sectors of Office & Residential Property, Retail market, Hotel & Tourism, Education, and Transit and Hospitality.

The report, prepared by Urban Economics, was launched on Friday’s lunch event with a panel discussion to discuss the state of the Brisbane city centre, and current challenges and opportunities.

### **Setting the Scene**

- Ross:**
- The Office Market Report, developed during the 1980s, reflected the CBD at the time – predominantly commercial in nature, dead after 5pm and on weekends.
  - New uses started to move in – Queen Street Mall, hotels, QUT – and the office market could no longer be the sole measure of the CBD’s performance.
  - This is more true today than ever, driving the development of the BDA’s Brisbane CBD Vitality Report.

## Panel Discussion

**Ross:** **Changing view of inner city projects, with a focus on mixed uses – how important is this?**

- Matt:**
- Major projects can't all do the same thing. For Dexus' Waterfront Precinct development, it's not about just putting up more office spaces, it's about providing services and amenity to make it a place people want to work and visit.
  - Brisbane's city centre still lacks activation at certain times of the day of week, mixing of uses broadens the purpose of precincts and provides experiences, in the context of the changing nature of the CBD with more students and residents as well as workers.
  - Development has to take that mixed-use approach, that's what people want.
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**Ross:** **We've seen the office market hasn't been performing that well in recent years – is this changing, where will future demand be accommodated?**

- Christine:**
- It has been a rough couple of years, a challenging 3- to 4 years for the office market in Brisbane. In the next 12 to 24 months we should see it improve.
  - We've seen a lot of supply in the last few years, but there's not a lot in the pipeline, which will contribute to a reduction in office vacancy rates.
  - Looking at where demand is coming from, we see key sectors are education, tourism and hospitality. Brisbane's office market is more diverse than we've given it credit for, we're not just a mining and government town.
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**Ross:** **For older buildings that can't hold onto their tenants, how do you deal with vacancy in existing buildings, specifically older, lower grade stock that can't readily be improved?**

- Christine:**
- I would have liked to have seen more converted to student accommodation.
- Chris**
- Investors can't depart the field, you have to reinvent the product you have. Experimentation and testing from a design perspective is needed. Producing the same thing again and again is madness.
  - Brisbane is no different from any other market ISPT invests in, experiencing the same challenges.
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**Ross:** **It's a tough market for retail currently – is this confined to the CBD? What's the future for the retailing in the CBD? What else is needed or is the butter spread too thin?**

- Chris:**
- Retail as an asset class is experiencing huge headwinds globally, not just in Brisbane, influenced by technological changes and growth of online shopping, socio-economic trends and limitations to wage growth generating reduced consumer spending.
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- Retailers need to have business models that can respond to future challenges and the increasing influence of millennials. We see the luxe market, where shops operating more as showrooms, where people go to see the goods before buying online still doing well, with a strong online presence. It's the mid-market, below luxe retailers where strong business models are lacking.
  - Our City Centre needs to be enlivened, not a replication of regional shopping centres
  - **We need to move away from referring to the CBD and call it the City Centre, to recognise it's not just a business district these days.**
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**Ross:** **Is the future of retailing in the city more about experiences, about taking away memories, about good food?**

**Chris:** - Food and Beverage is a great asset class in Australia, it's in our nature, we've got the great climate.

**Geoff:** - To be successful, the city centre needs to be about combining two or three things as one experience. As an example, Brisbane Live will bring people into the city on weekends to go to a concert, but they'll also go out for dinner, do some shopping.

**Matt:** - Retail in the future must be more innovative, more creative and different.

- Assets in the city centre need to complement those at South Bank. We can't think about the city centre in isolation, think about it as stretching from Suncorp to the Gabba to the Valley these days.

- How we make cities attractive on a weekend is key.

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**Ross:** **Queen's Wharf will physically change the centre of gravity for the City Centre – what will be the impacts?**

**Geoff:** - We're seeing the biggest difference is interest internationally. Chow Tai Fook are bringing new products to Australia, new chains. For example, new hotel chains in the Rosewood and the Dorset.

- In planning for the precinct, we can't think about the present, we have to think about what the demand will be in 2025 when complete. And our offer has to complement and be different to what's already available. We need to work together to complement, not take a solely competitive approach.
  - Success will be how well we promote Brisbane, not just the precinct.
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**Ross:** **Onto the residential market – Queen's Wharf will provide 2,000 apartments.**

**If you think about a typical floor within a CBD building, a residential use might accommodate maybe 5 people per floor during the day, while an office building might accommodate 50 people.**

**Are we short selling our CBD space by providing too much residential development, and limiting space for higher intensity uses?**

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- Geoff:** - We can't think of residential as just apartments, but also as hotels. For Queen's Wharf residential activity helps fund the hotels, which are key pieces of tourism infrastructure.
- Matt:** - Key challenge is making sure you keep the diversity of uses within the City Centre. To have an activated precinct, you've got to have the diversity of uses to have people at all parts of the day and week.
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**Ross:** **The CBD is quite restricted in size and relies on pulling people from an approximate 1 hour + drive – how does it compete with other super regional centres?**

- Chris:** - The CBD's advantages include 1.8 million people within a 60-minute drive, it's relatively compact, it's easy to navigate, and we've got a fantastic climate. To compete, it needs to be a much more enlivening experience for workers and visitors. Our mall and city streets should be activated 24 hours a day and there's plenty of opportunities or examples from around the world of fantastic activators.
- Global investors are making decisions to invest here.
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**Ross:** **Question to Harvey Lister, Chairman and Chief Executive of AEG Ogden – significance of Brisbane Live to activate the city centre?**

- Harvey:** - Not widely known that 40% of people who come to events in Brisbane don't come from Greater Brisbane.
- Opportunities for activation outside the arena, within the balance of the site, but don't know what the external design or size of the space will be at this stage. Looking at new directions, subject to the practicalities of what this space must provide in terms of crowds, etc.
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**Ross:** **When it comes to attracting people to the city, we know that car parking within the city centre is the most expensive in the country and up there with parking costs in cities like New York, and BCC has a policy of limiting additional supply within the city centre – is this a turn off?**

- Christine:** - Brisbane has always been a commuter city, with a favouritism to driving. But we're seeing tenants are not looking to take up as much parking and expect that to continue. The take up of car parking in buildings has been less and less.
- Chris:** - It's an important part of the investment equation, however, the investment in public transport infrastructure about to take place will be transformational and will fundamentally change access to the city centre.
- Matt:** - Increasing choice also factors in, when an Uber in and out of the city costs the same price as parking, and with millennials, car ownership rates are only going down.
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**Audience Member:** **What's the role or place of Spring Hill in the city centre context? It seems to languish, is this just a planning issue?**

- Chris:**
- The Heritage Overlay plays a highly important role in Spring Hill, as an important foundation precinct of the city. This area acts as a boundary giving an intimate scale to the city centre.
  - Spring Hill will experience investment over time as the CBD starts to expand. The suburb does need activation and will evolve from just a medical precinct or education precinct. We're seeing this already with the development of the Art Series hotel, The Johnson.
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**Ross:** **Will we see more engagement with the River in future?**

- Geoff:**
- We underutilise it, the river is seen as a boundary and we need to move away from that view and current limitations to river access.
  - From a tourism perspective, we need to think not just about the river, but also Moreton Bay. We need to focus on activating Moreton Bay and on providing access to Moreton Bay from the city centre.
  - We need to challenge ideas when someone says you can't do something on the river. the whole mindset of it is wrong. It's not easy to change all the rules, but we've just got to get on with it.
- Matt:**
- We need to enhance Brisbane's profile as Australia's best river city.
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**Audience Member:** **How to manage growth and the character of our city so we don't just look like any other city?**

- Geoff:**
- In the context of Queen's Wharf, we've used local architects and designers who understand Brisbane, understand the sub-tropical context, and who want to showcase Brisbane.
  - In terms of activation, we want people to come to cities to experience them as locals do. To attract tourists, we're creating experiences that locals will love to do so locals love selling the city.
  - It's really all about the people. At the end of the Commonwealth Games, people raved most about the volunteers because they were local people who loved their city and shared that with visitors.
- Matt:**
- You need deliver something that people want, a great place not just to work, but also to visit.
- Christine:**
- A diversity of uses and place creation provide the fabric of cities, delivering what locals and visitors need.
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