What Now? The Post Disaster Experiences of Small, Inner City Retail Businesses.

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The Christchurch earthquakes brought to an abrupt halt a process of adaptive reuse and gentrification that was underway in the south eastern corner of the central business district. The retail uses that were a key to the success of this area pre-earthquake could be characterised as small, owner operated, quirky, bohemian, chaotic and relatively low rent. This research reports on the progress of a long term, comprehensive case study that follows the progress of these retailers both before and after the earthquakes. Findings include the immediate post-earthquake intentions to resume business in the same location as soon as possible were thwarted by government imposed cordons of the CBD that were only lifted nearly three years later. But, businesses were resilient and generally reinvented themselves quickly in alternative suburban locations where government “rebuild” restrictions were absent. It remains to be seen if this type of retail will ever return to the CBD as government imposed plans and the rents demanded for retail space in new buildings appear to preclude small owner-operated businesses.

Keywords:
revitalisation, gentrification, CBD, disaster, earthquake, retail, owner occupied, case study, Christchurch, rebuild

Introduction

Christchurch, as with many any other cities, has struggled in recent decades to maintain a thriving retail heart in the face of intense competition from suburban malls. Department stores have closed and many large “middle of the road” retail chains deserted the CBD for suburban malls or bulk retail locations. This left the central city with an office, service, entertainment and night life focus. Much of the reduced retail offering was of a specialised nature or eclectic in style, small in scale and not usually catered for (or) wanted in the more generic retail environment typical of the Australasian shopping centre.

The most successful of these remaining retail and hospitality businesses were concentrated in a number of small precincts. One of these was in the south east quadrant of the city in an area known as both Lichfield Lanes and Poplar Lane, and previously comprised underutilised and decaying semi industrial buildings. This area of narrow lanes was identified in the mid 1990’s as having unique architectural character and heritage values, and revitalisation was gathering pace and encouraged by the wider community by 2010.

This development was considered important in helping central city retailing remain viable in the face of the continued expansion of suburban malls, but also to provide an example of how a mixed use entertainment, retail and residential area could contribute to a high density urban lifestyle unfamiliar to the majority of the Christchurch population.

Earthquakes of 2010 -2011

Research into Christchurch CBD retailing and what was contributing to the success of this area was already underway when an earthquake of 7.1 magnitude and centred 38km to the south west of central Christchurch struck on 4th September 2010 causing widespread damage, but no fatalities. The CBD was closed down for several days while debris was cleared, and some individual damaged buildings were cordoned off while repairs took place. Buildings were also inspected for evidence of structural damage, but life largely returned to normal for most people after a short time.

There were a very large number of strong aftershocks, but most people believed the worst was over and there was relief at how the city had survived such a large earthquake. But on 26 December 2010 an aftershock of
magnitude 4.91, but this time centred directly under the CBD of Christchurch, caused further damage. It also shook the confidence of Christchurch people that major earthquake activity has subsided.

Again, debris was cleared, buildings cordoned off, temporary repairs carried out and buildings inspected for structural damage. The city became quiet, but it was the summer holiday period and traditionally many of the city’s residents were out of town at this time of year.

Then on 22 February 2011 the catastrophic 6.3 magnitude struck the central city. This was centred 6.7 km south east of the CBD, was very shallow and had the strongest vertical accelerations ever recorded in a built up area. It resulted in the catastrophic collapse of two relatively modern multi storey office buildings and the partial collapse and serious damage to many other buildings, as well as tens of thousands of houses in the surrounding suburbs. Infrastructure was also destroyed with major disruptions to water, electricity, sewer, roads, port facilities and the airport. Casualties were relatively low considering the level of building damage, with 185 fatalities.

Within hours the entire CBD was cordoned off by the army and all businesses and residents forced to leave the area immediately. Almost three years later, the wide area cordons have only just been lifted and many individual buildings, roads and other facilities remain fenced off.

Some residential and suburban business premises have been repaired or rebuilt during the last three years and a small part of the CBD retail area saw the construction of a “pop up” mall utilising adapted shipping containers, but the central city has only just started to see permanent rebuilding begin.

**Research Focus**

The focus of this research is the geographical area in the vicinity of Ash Street and Poplar Lane — often also described as Lichfield Lanes as they (and other narrow lanes) are south of a major east-west arterial one-way street in Christchurch, named Lichfield Street.

Prior to the earthquakes, this location was characterised by bars and restaurants, and retail outlets of an “alternative” or “bohemian” style, plus a limited amount of upper floor residential and office uses occupying a mixture of late 19th and early 20th century, 2-3 floor commercial buildings.

The area is now virtually clear of buildings following demolition ordered by central government on “safety” grounds or forced on owners due to plans for compulsory acquisition and redevelopment of the area. While some owners and occupiers initially vowed to eventually return to the area and repair or rebuild, events have overtaken them with some setting up elsewhere in the city, on line or going out of business completely.
Pre Earthquake Photographs
Current Photographs
The Research Questions and Methodology

The findings discussed in this paper are part of a comprehensive and lengthy case study examining how and why this area was developing prior to the earthquakes and what has eventuated since. The research has a property development focus, but as part of this, it is important to consider the sense of place concepts that are inherent in attracting people to the built environment which in turn underpins the success of the retail and hospitality tenants that drive property investment.

The preliminary research questions include:

As the physical characteristics that first attracted occupiers and developers to this part of the Central Business District (CBD) have been destroyed by the February 2011 earthquake or subsequent demolition, will they now abandon their attempts to revitalise this part of the inner city and move to a new location?

Does this new location exhibit similar characteristics?

Alternatively, are these “colonists” such resilient and adaptable entrepreneurs, and is their emotional and financial investment in this location so strong, that they will adapt to the new reality created by the earthquake and reshape their aspirations, intentions and activities so that inner city revitalisation still occurs – but in a different form or on a different timescale?

Is the second option above a desire of the colonists, but external factors are preventing such an occurrence? For example; delay in or incompatibility of decisions made by government regarding the future of the CBD, inadequacy or delay of insurance pay outs fatally depletes financial capital, inability to insure and/or finance repair or redevelopment, construction costs and higher rents make new buildings uneconomic for investors and tenants, or the stigma and depopulation of the CBD post-earthquake reduces the demand available in the market to such an extent that their businesses are no longer viable.

The Research Literature

Many of the tenants and property owners in the study area prior to the earthquakes could be described as “colonisers” “pioneers “or early stage gentrifiers.

Gentrification has been the subject of long term and widespread research and a review of the literature and its application to the Lichfield Lanes situation was outlined in an earlier paper presented at the 2012 Pacific Rim Real Estate Society Conference in Adelaide (McDonagh 2012), so will not be repeated in detail in this paper.

However to summarise, gentrification can involve businesses that see opportunities – where others do not and they tend to be the first movers in inner city revitalisation. Attracted by low rents and property values, they progressively take over previously abandoned, derelict or underutilised buildings and convert them, often cheaply, to new uses. These often include artists’ studios, second hand bookshops, cafes, student accommodation and other “low rent”, “funky” and “bohemian” uses unable to pay the level of rent, or fit in with the retail tenant mix requirements and other constraints of more conventional retail locations. They tend to pave the way for less adventurous followers who typically eventually replace the “pioneers” with higher rent and value businesses in a process spanning many years.

This process was clearly underway in the Lichfield Lanes in 2010. It was entering second phase gentrification where the early colonists were being squeezed out and the location starting to receive both official and market acceptance and consequent additional investment, rent and value uplift.

The earthquakes represented a massive interruption to such a process. Over time it appears this was not just an interruption, but a terminal blow to the retail redevelopment of this part of the city. This research aims to track the outcomes of this unique situation. This may reveal a lot about the nature of the actors and processes involved in inner city revitalisation.
Results to Date

This research is ongoing and an earlier paper presented at the European Real Estate Society Conference in Vienna in July 2013 discussed initial findings. Extensive one on one interviews with business owners from the subject area continue to be undertaken and this paper updates and extends the earlier findings and has a particular focus on the small retailers that previously operated within the lanes.

As reported in the earlier paper, a wide range of issues have been raised by respondents during the interviews and as time since the earthquake has passed the breadth and depth of the discussion has widened. For this paper the focus has again initially been on examining the specific research questions outlined above but it is becoming clear that other important themes are emerging from the research and these will be touched upon later in the discussion. The analysis below includes comments from interviewees that are individually identified to illustrate their responses, but their real names are not used in the interests of confidentiality.

What was the attraction of the Lichfield Lanes area pre-earthquake and how did people become involved?

In line with the comments reported on in the earlier paper, the general physical characteristics of the Lichfield Lanes area were again a key attractant for the more recent interviewees. Respondents talked about “the intimacy of the lanes – we’ve seen a bit of that in Europe” and the small scale of the bars. The “old warehouse-old Christchurch” look was also important. Kate commented “I love those sort of warehouse buildings and how multipurpose they can be”. There was also another comment on how fit-out can be cheaper in an old building of this style compared to new buildings as well as the attractiveness of the exposed brick construction.

There was no interest by any interviewees in “soul less” suburban locations – the attraction was to be different and in the “cool back streets”. George already had a successful hospitality business in the CBD and Gemma and him were interested in doing something new “and exciting” together and this was seen as “the future of hospitality”. In contrast with most of the small retailers, for Gemma and George the level of rents was not a prime consideration but a secondary benefit.

For Helen the low level of rents was important as she was moving from a start-up home based business and had little capital. She was shown an upstairs space that had little potential for other uses and “liked the rustic appeal”. There were also established businesses nearby that were complimentary. The brick walls were an attraction and it had the facilities she needed already in place “it just looked cool and I could see myself there”. She emphasised how there was no real analysis of the location or the building – “it was just more the feel of it”. In the end she had to badger the owner to rent the space to her.

Ivy had a similar approach for her start up business – “it was a fairly whimsical decision I would say for us to open a business there”. She had no business experience and was surprised by her success. She was familiar with the area as a customer and saw the space advertised and thought the rent “doesn’t seem so bad”. The style of the “beautiful arched window” was a particular attraction and she could visualise her plans for her shop in the space. She did not advertise and put success down to the unique position in town. The surrounding areas were seen as having charm character and quirkiness. Surrounding businesses were also complimentary-small in scale and independently owned and operated.

Linda’s, John’s and Kate’s stories were also similar. They were all start-up businesses and saw the area as new and exciting. “The buildings were gorgeous … people were really passionate about what was going on there” … “a nice sort of pretty environment”… “the old school way of knowing the owners of the business and also having that personal connection with them.” This resulted in customer loyalty and repeat business. All saw the area as important for Christchurch. Customers were sick of malls and wanted businesses that involved the creation of relationships with customers. Some customers were seen as fashion conscious and this was the cool place to shop. The mix of uses was important with the hospitality drawing in customers for retailers. The area also had a casual and less corporate feel and the community feel amongst the businesses was seen as important.

All interviewees commented on the passion and enthusiasm of the owners. John described them as “colourful characters and that is what differentiates these businesses from others in the city”. They were also seen as
fighting alone, but also as part of something bigger. Businesses would recommend others in the area as they were all aware of each others services and did not see themselves as being in direct completion. They also provided advice and other assistance to each other. This was a stark contrast to the situation in typical corporate owned retail where employed shop assistants have little real interest in customers or the success of nearby businesses.

Again, as in earlier interviews, the somewhat chaotic and organic nature of the progress of the development was seen as a strength by most. It was described as “eclectic and evolving”. Businesses that were unconventional could potentially find a place to try out their concept. Sometimes there was criticism that the developers were disorganised and desperate to take on any tenants, without much analysis as to their compatibility or chances of survival, but it meant businesses could also readily adapt and change and in some cases die out and be replaced by something else. This was seen as unfortunate but a natural process by Kate. It also led to cheap fit outs being left behind in some cases, easing the barriers to entry of the next start-up business with limited capital. There was also a case where one retailer established three different small shops then sold off two of the businesses to others once established, ensuring compatibility and creating something of a coordinated retail destination.

Interviewees reinforced findings from the earlier paper relating to the necessity or opportunity to stamp your own personality on the premises. Promises made by the developers were often not fully fulfilled. Comments included - “I just knew I had to create my own thing”, “They (the buildings) were pretty raw in their state …the biggest part that attracted me to the area was that I could create what I wanted, not what someone else dictated to me”. “We loved the hands-off approach that the landlords took”.

Other nearby lane developments (SOL Square) were seen as more contrived. There was also concern that recent interest and improvements by the city council to the Lichfield Lanes area had seen it become a bit too “twee”. Routing the tourist tram though the area was also seen as a major negative by nearly all the retailers. Disruption and danger to pedestrians were the major negatives but again it was seen by many as being contrived and inauthentic.

The eclectic mix of uses was seen as very important in creating interest and the changes that occurred over time meant the area was constantly evolving and providing interest to repeat customers. Having to fit into existing oddly shaped buildings also stimulated creativity. The small spaces available to lease helped businesses when getting established but could present problems as they became more successful.

Two interviewees originally from Auckland said that Christchurch people are creatures of habit and it is hard to get them to try new things. Aucklander’s are the opposite. This is a double edged sword as it was hard the get people in Christchurch to change their retail habits and venture into the lanes, but once they did they became loyal customers. There seemed to be some feeling that things were changing with more people “interested in discovering new places”.

The hospitality uses were seen as critical in attracting foot traffic for the other retail outlets and the variety of bars was a strength, as there was something there for everyone. There was some criticism that retailers had not adapted to the bar opening hours and especially the fact shops were closed on Friday night. Morning foot traffic was sparse and it was felt by John that a more European approach, where shops opened late and also closed late in the evening, was a necessity in this type of precinct. Other retailers also commented how people eventually visited their shops after first becoming aware of them (when closed) while passing late at night after exiting bars nearby. It was generally felt a range of hospitality and retail outlets were needed for the location to become a destination.

The narrowness and intimacy of the lanes, in contrast to the wide and traffic dominated streets nearby was again raised by interviewees. “I’ve travelled a lot around the world .....and always loved looking for the nooks and crannies, more creative parts of the city, and its normally these sort of areas ...the older areas and smaller stores that are normally cheaper to pay rent for ...a lot of more creative people”. “Something romantic about narrow laneways”.

Again for most interviewees, the upper floor residential component of the area was seen as positive, comments including; “that really helped with the atmosphere of the area and made it a working model”, “all
we needed was to have a little corner shop as well”. The seven day-twenty four hour occupation by residential tenants was seen as positive, but they needed the right attitude. “The rented flats that student type people lived in was great” contrasting with “people who have a romantic notion about living in the centre of a city but they actually didn’t like the reality of it”. There were numerous similar comments. Another comment was that residential use in the city was needed to give it the “heart” and “village feel” that Dunedin and Wellington have, but Christchurch had lost to the suburban malls.

As in the earlier interviews, most tenants said they were business novices, and made decisions on an aesthetic and emotional basis rather than being economically “savvy”. The “feel” was very important. Rental levels were initially important for most, but not all respondents. Often it was a combination of a small area even at a relatively high rent that made the space affordable and suitable for a start-up business. Also the availability or ability to put in a relatively cheap fit out was a consideration. There were comments that, over time as the area became more successful, the rents had gone up to less affordable levels and this had driven out some retail tenants. Also, some of the promises made by the developers did not eventuate.

How were things going prior to the earthquakes?

As in the earlier interviews, there were a variety of responses to this question. Most businesses had struggled in the recession following the 2008 GFC but by the time of the September 2010 earthquake most had recovered and were doing reasonably well. In fact two (not affected so much by the tram) were doing much better than expected – Ivy “it was kind of just exponentially growing and September earthquake was only a bit of a setback”, Alex – “But just before the earthquakes things had really started turning right”.

But problems for the retailers along Poplar Lane were looming with the development of the tourist tram along the lane severely disrupting their businesses with no apparent benefit. For Linda (similar to Ed, interviewed for the earlier paper) this had forced a decision shortly before the earthquakes to leave the lanes area and move to nearby High street. She took on a larger space there and had a very good Christmas period in 2010 but missed the Lanes found the atmosphere quite different in High Street. Kate was also considering leaving the Lanes as she had outgrown her space and was unhappy with the tram and the way the rents were going up. John was especially scathing about the disruption of the tram and felt it was seriously jeopardising the viability of his newly established business. “December was pretty much a death blow for us as in that Ash Street got completely closed …..so you were down to roughly a third of the access”. John also suffered in coming later to the area and having to pay a relatively high level of rent making his business more vulnerable during the establishment period. He was critical of the lack of a coherent marketing strategy for the area and he was active with others in trying to get some co-ordination amongst the lessees in their marketing and dealings with the developers.

What happened after the September 2010 earthquake?

The latest group of interviewees again reported brief closures following the September 2010 earthquakes. Afterwards there was either a return to normal or somewhat quieter trading until Christmas and then a turn up in business during January. Some reported building engineering inspections and repairs and strengthening work varying from minor to reasonably substantial. There were also varying responses regarding how adequate the actions of the landlords in these circumstances were.

Also as in the earlier interviews, the hospitality businesses were perceived as more successful and more resilient than the retailers as they were more of a destination and had much higher turnover and were less dependent on passing foot traffic. They also did not have the competition of malls for customers and parking was not such an issue for evening patrons intending to drink. There was enthusiasm from some of those interviewed to get going again post September with statements similar to Gemma’s - “cos there we were and we were fighting on in the face of all this confusion”.

This enthusiasm was less pronounced amongst the retailers than the hospitality tenants. This could be associated with the fact that the retailers were already disrupted by the tram construction and this was further delayed by the September earthquake. They also had less invested in their businesses in this location in terms
of fit-out. There were also comments that the earthquakes and aftershocks increased spending on drinking and socialising but negatively impacted retailing due to less foot traffic and some office depopulation.

What happened after the Boxing Day earthquake?

Hospitality businesses were keen to reopen after Boxing Day to take advantage of the new year’s eve trade and pulled out all the stops to get buildings inspected and systems in place – even resorting to cooking by candlelight” in one case. A comment from Gemma was “it was really quite good fun” and “a bit like if you were in the blitz in the war”. With hindsight tenants say they would not have fought so hard for their businesses to reopen and considered themselves lucky to have not experienced another major earthquake at that time.

A lot of the retailers were closed over the post-Christmas period so were not so affected by the Boxing Day Earthquake, even though damage was often worse than in September. A comment similar to that above from Ivy was “I don’t think we know how fortunate we were at that period – where girls – just wanted to come, I don’t think they were that put off by the fact that we were in the city”.

Some respondents were reassured by how well their buildings stood up but others expressed concern about the landlord’s apparent lack of action. Some tenants believed the latter was a ploy by other lessees to get out of or re-negotiate their leases. As mentioned in earlier interviews, generally the businesses were surprised how well trading picked up during January and into February. This may have been due to the post Boxing Day earthquake promotional activities both for the central city generally and the lanes area in particular. Linda - “I thought this move is good. We’re doing well.”

What happened immediately after the 22 February 2011 earthquake?

As for the earlier interviewees, the February 22 earthquake was a major shock as they thought they had been through the worst and things were calming down and returning to normal.

Gemma was in Sydney at the time, started making phone calls and gradually appreciated the seriousness of the event. She ended up coordinating things from there as the news coverage gave her a greater idea of what was going on than the people in Christchurch who had no power and limited phone access.

Some buildings had more strengthening works than others – but all stood up and none of the interviewees were injured or witnesses to serious injury. They all commented that if they had been out in the lanes, rather than inside the buildings, things could have been very different as bricks were raining down. All the interviewees and their staff were very shaken by the event and in shock. It was clear their jobs and businesses were gone. Helen had difficulty getting out of the building due to fallen bricks and was assisted by others. Other people also looked around to help evacuate buildings and loosely assembled in the centre of Tuam Street “and just stood there for a minute thinking what do we do now” – “yeah it was quite exciting really”, “some people we had to pacify because some of the women were running around screaming cause it’s just the way some people respond”.

Ivy commented “we were just kind of standing there (in a doorway within the building) until it all stopped at which point Sandy decided she’d do a bit of a swoon and collapsed. We were thinking you really better be having a heart attack Sandy ‘cos this isn’t the time to be lying on the ground ...so we left, literally having to pick our way through all of this rubble, and we came out here by which point Tuam Street was filled with people congregating on the middle and it just looked like there’d been an explosion of some sort. Everybody was just covered in dust head to toe”. “So we just stood there and no one knew quite what to do you know, we were all thinking we need our mum or something, we were all... it was just I guess shock”. “So my staff member and I walked home and that was it. I never returned, never saw it again...”

Linda was in another shop in the Lanes at the time of the earthquake but then went back towards her shop where builders were searching for her in the rubble. She said - “And yeah, so I remember them opening my back door and the bricks just falling in and they were searching for me and I was, it was only like twenty metres, but I was screaming at them, “I’m here, I’m here,” cos it was so loud....and then they came out and
they grabbed my handbag for me which is unusual for me to put my wallet in my handbag at work but it had all my Valentine’s Day takings in there… which was quite lucky. And I never went back in”.

John was in a new building in Ferrymead when the earthquake struck but returned to his shop thirty minutes after the earthquake and took out the cash register and a few other things, as he was sure he would not be going back any time soon. The walls were cracked and bricks everywhere outside but he commented “It’s actually funny, it’s worth noting that…. it honestly felt more dangerous in that building which was a new one out in Ferrymead, than it did sitting in the shop.”

Kate was also not in the Lanes area at the time but reported as follows - “At that time Jodie who was looking after the shop, I think there was probably one other person in the shop at the time. Poplar Lanes, all the bricks started to come down. What she says she remembers is that the bricks just started falling into the lane but it was the building opposite, and she just got out of there. She heard something smash behind her, something inside the shop. She was standing in the doorway cos it was metal framed, there had been some strengthening. She just left, got in her car with someone else and drove off to Lyttelton cos that’s where she was from…”

As for the earlier interviewees, in the days and weeks after the February 22nd earthquake the business owners were in shock and did not know what to do. Linda commented – “Yeah, I mean for a while I just went into shock. I just couldn’t believe that that had happened, I didn’t know what was going on, I needed some time out, so that’s what I did”.

Interviewees felt the initial response by officials was appropriate but there was then safety paranoia and a breakdown in communication between official bodies and those affected by the earthquakes which continues to this day. As time passed they felt processes became increasingly bureaucratised and inefficient.

Some of the retailers never went into their buildings again. For some this was a strategic decision as it could potentially maximise and speed up their insurance pay-out.

Others had little they needed to recover and decided to move on. Helen was an example - “Well I was really fortunate because I had a wee bit of money in the bank; I’d managed to make some profit, I didn’t have a lot but I had enough, I figured that I had enough to last for longer than six months without having to work. And then the government gave us that subsidy so I took advantage of that. I think it was $1,500.00 and then another $1,500.00 later. So what I did was I looked on line to find somewhere to live and then thought I’ll look for somewhere to work. I still couldn’t find anywhere to work so I worked from a friend’s home. She said, “You can come and work from my home.” So I paid her a wee bit of rent. So I lived with some people up in Sumner”.

Some businesses would have liked to try and recover stock and assets and better assess the situation but were prevented by the cordons erected around the central city and the severe restrictions on gaining access. Some did not recover their cars from the central city for months and had to cycle around. Others were under pressure from family and friends to leave Christchurch or also had their houses destroyed which made their situation even more difficult. Helen commented “my home also got absolutely trashed because my house was in Clifton in Sumner so I had no business and no house; no home. So I was like, “Oh my God what do I do?” Kate commented “Couldn’t get back in there at all. We were completely shut down, and also our home, we were on that curfew inside the CBD too…”

Some managed to get very limited access to their businesses and this them helped make decisions. For example George and Gemma said “It was really useful for us because we could actually see that without a shadow of a doubt that we needed to move on. It didn’t matter really to us what the insurance company said or any ideas of positivity that we can get back in one day, we just knew we had to cut loose and move forward or we were done for really”.

The insurance situation panned out very differently for different people. Linda commented “I wasn’t capable of listening to their crap so I just got my solicitor involved” and once she did things progressed but she (the solicitor) had to convince them that no one was ever going to enter our building again”. The insurance pay-out also came in dribs and drabs which inhibited Linda and Kate from committing to new business ventures.
George and Gemma also involved their lawyers and then made progress with their insurance. Others, such as Ivy, are still waiting for insurance pay-outs. One of the problems in common with earlier interviewees was that insurance policies required investment of any pay-out in a similar business – but the city was in such a mess that no such business opportunities were available. Another was the issue of access for assessors and that some of the businesses did not have access to their business records. A further problem was that start-up owner operated businesses often do not have a long enough track record of profitability to support much of an insurance claim.

Kate commented - “And definite insurance issues in the sense that because we couldn’t go anywhere near the place that the insurance assessors couldn’t assess. They didn’t know when we could reopen in the area, how bad it was so it was just delay, delay delay…. I had perishable products anyway so I was paid out for perishables until… it just went on for ages, I don’t even know how long it was before we actually got access to...”

There was frustration that the building owners were sometimes also inhibiting access for tenants to help maximise the owner’s insurance pay-outs. Some businesses resorted to less official ways of gaining access, it all seemed to depend on who you knew and risks you were prepared to take.

How have things developed over the last two years?

The responses to this question varied enormously from one respondent to another reflecting their particular circumstances.

George and Gemma acted very quickly to move on to another business venture as they believed they could not wait for the central city to recover - “For ourselves and our key people - there was a handful of people that had been working with us for years and years; we were really committed to them, and if us as a bunch could get together and actually get out there and do something whatever it was we looked at everything, containers and we looked at do you buy a caravan. We looked at just anything, anything at all just to keep ourselves going really”. “So all of that ferreting around was really quite good because it was treated as our job. There were a few days down time but certainly by the second week we were just full time working out what the hell are we going to do with the rest of our lives because we were screwed”. In the end George and Gemma purchased an existing business with their insurance proceeds and three years on are attempting to re-establish a second business in a newly repaired heritage building in the CBD.

For some of the retailers they had relatively little invested in fit-out and stock so they re-established themselves in alternative suburban, or on line locations more easily than the hospitality tenants. They were also not so location bound as the hospitality businesses, which have traditionally had a CBD focus and have much more difficulty establishing in the suburbs or temporary premises.

Kate had intended to find another building in the CBD but eventually decided to scale back her business and trade only on line - “No, and I still looked after the earthquake cos I was still thinking well I can still move. I know I had insurance coming and I’d already had a small pay-out and I thought I’ll still keep looking. But the more and more it started to reveal itself as to the extent of what had happened to the city the more I thought this is not the right time”. But her customers do miss the shop – she said “The only thing that people really missed and still do to this day, with the feedback I get from her is they miss the shop. And they miss the area and they really miss just seeing the people that worked in it meaning me and Jodie really...”

Linda is working from home after being unable to find suitable premises. She would like to go back into the CBD eventually but commented “Not any time soon. I am very reserved about it. I almost think what will happen is, because the developers are putting so much money into things they have to get a return. The rents are too high. I mean if you look at how long it took to get High Street to be what it was it was. It was a complete turnover of, you know retailers. It was ever changing. So I think personally what will happen is people will go in, some of them will realise that they can’t afford it so they’ll leave and it will just keep happening till they lower the rents to a more realistic....”
Helen, who is also working from home, commented along similar lines - Yeah I’ve shifted five times since the earthquake. I’m about to shift for the sixth time because I rent so this is my dilemma at the moment. So I’m renting a little cottage in Sydenham which is quite a good place now”. Regarding returning to the CBD – “I’ve looked recently and I would but the rents are just what stop me. I don’t have a high earning business and I do not want to give all of my money to the landlord”.

A number of retailers commented it was important that they had established strong relationships with their customers and that most customers came with them to their new locations or format post-earthquakes. This may not have happened if they had not had the Lichfield Lanes shops to get them established first. There was also a symbiotic relationship in the lanes area that helped small businesses get established via referrals that does not exist in the isolation of the suburbs.

Two of the businesses have not reopened at all. One for personal reasons and the other because the owner saw no viable alternative location – he commented “So, I think even had they been able to go back in there and retain a large amount of the buildings that were salvageable, within the first two years people still wouldn’t have gone near them just out of fear. Another 2 years they will, another 2 years they’ll talk about how they loved the character of Poplar Lanes and how beautiful it was, and who let them be destroyed? But these were the same people who called for the destruction of those buildings 5 years prior”.

What assistance was there for this area both pre- and post-earthquake?

As with the earlier interviews, respondents reported the city council starting to take an interest in the lanes area several years after it was first established. Again there were questions about how effective or appropriate this assistance was. The street improvements were seen as a bit twee and out of character and, as mentioned earlier, the tourist tram being routed through the Lanes area was a major negative for some retailers. “I was very against it, the only reason I was against it was purely financial for us retailers. I mean it was so hard for them. As a city I think it as a great idea but I also have huge problems with how much the tram costs”. “…. I mean they had a vision and it would have been good but the fundamentals of not being able to get people into your shop because there are worker men and then those worker men don’t lay the cobbles correctly and they’d have to do the whole thing over and over again. I mean that was very frustrating. But the guys -one of the town planners that was working on the tram, he was quite good, he tried to reassure us that everything was going to be fine, but he wasn’t paying our rent you know, and it was a… we had to be really cut throat about it”.

Other comments - “I just think money was badly spent, that could have been spent… I think they’re just trying to create a Melbourne. It didn’t add to the area I don’t think. That tram that ran down New Regent Street…. See to me New Regent Street is a bit twee. It’s just overdone, overworked and it’s lost something”. “It’s probably more the council listening to the business owners that was an issue. I mean Mr XXXXXXX he came at the stage when the development had already been decided upon. I mean they’d go through their little checklist of let’s ask the business owners, but I think at the end of the day it didn’t really matter, they were going to do what they thought should be done. And I know the developers weren’t really on board with the tram line and they were annoyed and they weren’t all keen on it”.

As for the earlier interviews, no one reported offers of business help after the February earthquake. Everyone was in shock initially and then officials had other priorities and the situation was chaotic, so people were left to fend for themselves. Most respondents reported taking up the Government offer to pay their staff for two months after the February earthquake, but there was no other help available.

How do you see the future for the CBD of Christchurch?

Gemma commented “There’s quite a lot of people who are pretty negative about the central city”. George added, “And that’s understandable too because the rebuild is just appalling with what’s happened in the city in three years”. But both have committed to starting a new business in the CBD – the only two of all the interviewees so far to do so. Gemma’s following comment is interesting. “And our legal advisor thinks we’re nuts to go in there, and there’s others, business brokers around who think we’re nuts to go back in. Its seen as being why the hell would
you want to do it, but I think that certainly part of my motivation and for being here in Christchurch - ‘cause I’m from so far away - if I’m not going to be part of the rebuild I wouldn’t bother being here. I’m not here just to run a business, because other people can do what I do so easily. Like I’m not essential here at all, I just work here. And I just think if I’m going to live in New Zealand and live in Christchurch I don’t just want to be doing a normal job, I want to be part of doing something that’s really cool”.

It indicates, along with the similar comments of others interviewed, that the type of person involved in the Lichfield lanes area - a pioneer or colonist in gentrification terms, is not just in business to make money, they derive satisfaction from the challenge of doing something new and different.

Most respondents said the level of rents needed to make new construction viable in the central city would exclude many of the small businesses that were previously there, for example Helen comments “…I’ve looked recently and I would, but the rents are just what stop me. I don’t have a high earning business and I do not want to give all of my money to the landlord”. She added that she thought small businesses were important in attracting people to the central city and when people visited they frequented other smaller and larger businesses and ended up spending quite a lot of money… “it becomes trendy to go there … if you go to the mall or the burbs there’s nobody to show your status off to.” She also said the CBD was struggling before the earthquakes and she suspected many investors with insurance pay-outs would use the opportunity to get out of the city.

Ivy and several others thought the delays in getting back into the CBD had forced businesses to make other locational choices – such as The Tannery (a suburban retail development in an old tannery complex). She said “…the whole heart of the city has been blacked out and we all just skirt around it now”. John said, “I think people have forgotten why the centre of town used to exist”. He thought the need for the CBD had changed and if it eventually recovered it would be fundamentally different in function. It would need significant established draw cards before it would be viable for smaller businesses, like his, to return as they relied on spin-off foot traffic. He saw this as taking fifteen years at least.

Linda and Kate would love to go back into the CBD but could also not foresee it happening soon. Linda and John both thought a process of repeated business and developer failure would eventually see rents fall to a viable level. Linda also said “I wish there was a developer similar to The Tannery guy doing something in town that wants different retailers…” John also thought The Tannery would cater for some of the types of businesses that used to be in the CBD. Kate had considered it, but it was not quite right for her at the time. She though it was looking good though and had recreated some of the feel of the lanes and attracted similar businesses.

But Gemma and George were more positive about the CBD. Gemma - “but unless the people actually get out there and do it then how do you ever know” and George - “We take a very optimistic point of view on it. If you didn’t, probably nothing would happen”.

Conclusions

This paper extends the explorations of the case study of an area in the Christchurch CBD, undertaken through a sustained sequence of interviews. While the earlier paper reported on interviews with hospitality providers, this paper extends this into the retailers who previously occupied sites in this unique part of the CBD. There are many resonances between the views of the hospitality and retail interviewees, reinforcing the reasons why this part of the city had developed to have a distinctive character. This includes the ambience created from the style of the buildings and scale of the streets, as well as the cumulative effect of having niche retailers in close proximity.

Interviewees again shared an attraction to the architectural style of the buildings in the case study location. The heritage value of the Victorian and Edwardian era buildings, the “authentic” feel of exposed brick construction materials and the practical and industrial style of the location contributed to this being perceived as a unique setting within the city. There was appreciation that the developers were inspired by inner city areas of Melbourne and parts of Europe and the retailers saw this aesthetic as particularly well aligned to the customers they were trying to attract and the products and services they were selling.
The retailers saw their customers as looking for something very different from the mainstream offerings dominant in suburban shopping malls. This not only relates to the products and services offered but, more importantly, there were frequent comments on aspects relating to personal service and forming ongoing relationships with customers. There were also comments on the casual and laid back nature of retailing for example; sharing a wine with customers and neighbours on Friday evenings, retailers spending time outside in the lanes or in other retailer’s shops, opening late into the evening and taking part in market days and other events held in the lanes. All these aspects were seen as highly beneficial, not just in terms of turnover, but in the pleasure of being in business in this location. They were something not available in other locations, or easy to recreate outside of the lanes and therefore sorely missed post-earthquake. It is probably significant that these retailers were all very small owner operated “start-up” businesses where the owners themselves generally reaped these non-financial benefits, along with a small number of employees.

The narrowness and intimacy of the lanes and complementarity and co-operation of the retailers, hospitality businesses and residential tenants was also seen as something very different from what was offered by traditional high street retail or suburban malls. The area was seen as pedestrian friendly, but this was under serious threat by the introduction of the tourist tram. There was a far stronger negative response to this initiative from the retailers than there had been from the hospitality outlets. This is probably reflective of physical proximity, but also that the retailers relied on repeat and personal business, and the tourists that use the tram were not seen as a significant part of this market.

As in the earlier interviews, the area was seen as funky and edgy and there was enthusiasm for this feel to be maintained. The somewhat unplanned and chaotic nature of the development was recognised as contributing to this feel but there were some concerns that the developers focussed their attention on the larger bars and were less discerning in who they put into the retail spaces, and they paid less attention to the retailers concerns. This attitude, increasing rents and the introduction of tram had led to some retailers reluctantly leaving the area.

The fit-out needs of retail tenants were minimal, and lessee turnover meant some took over already fitted out space so there was less involvement in building work than for the hospitality tenants.

In contrast with the hospitality businesses, there was universal enthusiasm for the residential components of the development. This is understandable, as the retail tenants would not have to deal with noise complaints, but they did recognise that inner city living would only appeal to a certain type of person and a level of tolerance was needed.

As in the earlier interviews, the strong community feel amongst the business and residential tenants was repeatedly mentioned as was the commitment and enthusiasm of the owner operators, which was seen as key to the success of the area. The nearby SOL Square lanes development, which was similar in many physical ways, was seen to not have this feel, due to the both the developer involved and the more corporate nature of the tenants.

As most of the retail tenants came later to the development, they had not benefitted from the initial, relatively low rents. In fact they saw the rents as high per square metre, but affordable due to the small areas leased. They were concerned however, that the developers were continuing to seek rental increases beyond what was sustainable for businesses of this type. They perceived rental levels payable by the nearby hospitality outlets, who had increasing evening patronage and turnover, being applied inappropriately to retail spaces that had not seen the same increasing daytime foot traffic and turnover trends. This was seen as part of the reason for the churn in retail tenants in the Lanes. They also saw a need for more retail space to balance the dominance of bars and to make the location more of a retail destination.

Most of the businesses were trading ok up until the September 2010 earthquake, but then experienced a minor downturn through to Christmas greater than that applying to the hospitality tenants. Part of this was assessed as being due to lower daytime foot traffic as a result of the earthquakes. Of much greater concern to the retailers though, was the major disruption at the time associated with the construction of the tram line, and the perception that once operating it was going to create safety and access problems for the retailers with no offsetting benefit.
The Boxing Day earthquake had less trading impact on the retailers, with many of them closed, but building damage was more significant than September, with some concerns raised regarding the response of the landlord. Trading picked up quite strongly later in January and into February as a result of promotional efforts to attract shoppers back to the CBD.

As with the earlier interviewees, the February earthquake came as a major shock, both in terms of its scale and that people thought they had already been through the worst. Interviewees were surprised that they survived and that their buildings stood up, considering the scale of the shaking, but it was immediately apparent there was very serious surrounding damage. Again, as found earlier, after several weeks of not knowing what to do, frustration started to set in over lack of access to buildings and what was seen as poor communication and increasing bureaucratisation by officials.

After recovering from the initial shock, some of those interviewed very quickly came to the conclusion they had to “move on” and pursued alternative business opportunities. This was in contrast to many of those interviewed earlier who for some time held onto hope that they may be able to re-establish their businesses in the lanes location. This is probably related to the relative lack of investment in fit-out that the retailers had and also that their loyal customers could move with them – whereas the hospitality uses are more location specific and catering to a more fickle market.

Being able to “move on” was also tied up with settling insurance claims, and as found earlier this was a highly variable experience. Generally those who engaged lawyers and other professionals to act on their behalf had a far faster and more satisfactory outcome than those that relied only on their insurers for action. The terms of the insurance, such as requiring building assessment and reinvestment in a similar business and paying out in instalments, did not appear to be appropriate for a disaster on this scale. As a result some respondents have not re-established their businesses three years on.

All of the interviewees would have liked to return to the central city, but they don’t see it as being possible to re-create the style and atmosphere of the lanes area in the foreseeable future. They also don’t currently see a place for retail businesses like theirs in the CBD, primarily because of the unaffordable level of rents that are being talked about as being necessary to make new building economic. Some of the hospitality uses may eventually return, as can be seen by some of the new bars that have recently been developed in St Asaph Street just outside the CBD cordon. This is confirmed by the single hospitality tenant interviewed this time, who plans to shortly open a bar in one of few surviving earthquake strengthened old buildings close to their former operation. All the retailers are now operating from home, on line or have gone out of business.

Assistance from the City Council prior to the earthquakes was limited and inconsistent. Some parts of the council were enthusiastic but others made life difficult. Apart from a short term wages subsidy from the government, no assistance was forthcoming after the earthquake and there were serious concerns that delays and conflicts between various authorities and paranoia about safety had severely impeded recovery. All respondents were concerned that the rebuild of the CBD is now going to take a very long time.

Official plans for a rebuilt city were eventually drawn up, but these involved radical and not well thought through changes and compulsory acquisitions which are seen as discouraging investment. There was hope that the CBD would eventually be rebuilt into something interesting but great sadness at what is seen as the unnecessary demolition of heritage buildings, impractical proposals, lengthy delays and “waste of money” exercises that have seen businesses displaced to the suburbs as they cannot wait any longer.

Most interviewees could now be seen as having a “wait and see” attitude rather than being actively involved in the rebuild of the CBD. They cannot really see who would now be interested in investing in the CBD. Only the passage of time will make this clearer.

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15


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