

PROPERTY **E**CONOMICS



AUCKLAND SURF PARK STAGE 2

FAST-TRACK APPLICATION

ECONOMIC IMPACT ASSESSMENT

Client: AW Holdings 2021 Limited

Project No: 52465

Date: June 2026



SCHEDULE

Code	Date	Information / Comments	Project Leader
52465.18	June 2026	Report	Phil Osborne / Tim Heath

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1. INTRODUCTION

This report has been prepared in support of a substantive application submitted by AW Holdings 2021 Limited for a referred project under the Fast-track Approvals Act 2024 (FTAA) in respect of the proposed Auckland Surf Park Community (**Surf Park Stage 2**) within a 54ha site located at 1320 and 1350 Dairy Flat Highway, 89 and 105 Lascelles Drive and 237 and 253 Postman Road on Auckland's North Shore (the **Site**).

The wider Surf Park Project Description

This Site is situated in a Future Urban Zone (FUZ) under the Auckland Unitary Plan Operative in Part (AUP) and is identified within the Silverdale West Dairy Flat Industrial Area Structure Plan for future industrial purposes.

The wider Surf Park Project includes both Stage 1 and 2 of the overall application for the Site. The components of the two stages function as one integrated project that, as we understand, have material crossover and symbiotic benefits for co-location. As such it is considered appropriate to represent the economic benefits as a whole.

There have been two economic impact assessments (EIAs) undertaken for the Project - (Stage 1 and Stage 2) encompassing the following land uses:

Stage 1:

- A surfing lagoon with associated services and facilities
- Farm to table restaurant
- Short-term visitor accommodation
- Wellness centre and associated visitor accommodation cabins
- Data Centre
- Solar Farm
- Associated infrastructure

Stage 2:

- Residential – Apartments: 120 units
- Residential – Mixed Dwellings: 341 units
- Residential – Live-Work Units: 25 units
- Surf Park Members Club: 974sqm
- Wellness Centre: 830sqm
- Data Centre Expansion and Conversion to AI: 120MW
- Hotel: 80 rooms
- Visitor Accommodation: 57 units
- Retail within the Village Centre: 808sqm
- Early Learning Centre: 300sqm
- Solar Farm Expansion: 0.92ha
- Stage 5A Vacant lot subdivision
- Associated infrastructure

Considerations under the Fast-track Approvals Act

This EIA is designed to provide an economic assessment in terms of the FTAA based around economic injection, employment, and scale of economic impacts / benefits for the economy. Provisions of the FTAA that are directly relevant to this report include:

- Section 3 which states that, "*The purpose of this Act is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits.*"
- Section 85 which records when a panel must or may decline approval and specifies that a panel may decline consent where "*adverse impacts are sufficiently significant to be out of proportion to the project's regional or national benefits.*"
- Schedule 5 Clause 7 which requires economic effects to be assessed in the Assessment of Environmental Effects.
- Schedule 5 Clause 17 which specifies the criteria for assessing consent applications and provides that the greatest weight is to be given to the purpose of FTAA.

In short, the FTAA supports development proposals to expedite the consent process where the proposed development results in significant regional or national benefits and the efficient operation of the consenting process.

Figure 1 following provides an outline of the masterplan of proposed Auckland Surf Park Community.

FIGURE 1: AUCKLAND SURF PARK COMMUNITY ILLUSTRATIVE MASTERPLAN



Source: Studio Pacific Architecture

2. EXECUTIVE SUMMARY

AW Holdings 2021 Limited propose to develop a second stage to the Auckland Surf Park Community (Stage 2) with associated services and facilities on a 54ha land holding on Dairy Flat Highway in Auckland.

The total economic impact (value added GDP) on business activity within Auckland Region as a result of the Stage 2 development is summarised in the following table.

Snapshot of Key Economic Benefits:

Estimated Quantitative Economic Impacts on Auckland Regional Economy:	
Total direct expenditure over a 6-year development period ¹ (excl. land)	\$2.66b
Total NPV ² contribution to GDP at 8% over a 6-year development period	\$1.84b
Total NPV contribution to GDP at 2% ³ over a 6-year development period	\$2.2b
FTE years ⁴ during the peak development year ⁵	4,780 FTE years
Total FTE years over the 6-year development period	13,920 FTE years
Total direct employment over the development period	6,580 FTE years
Total indirect and induced employment over development period	7,341 FTE years

Overall, Stage 2 of the wider Surf Park Project is estimated to generate around \$1.84 billion in economic activity (value added GDP) across the Auckland region over its approximately six-year development timeframe, with much of this activity representing new economic contribution rather than a redistribution of existing growth. The scale of the Project is expected to support an estimated 13,920 FTE years of employment, including indirect and induced employment.

In addition to these quantifiable regional contributions, the Auckland Surf Park Community is likely to generate a wide range of (non-monetised) qualitative economic benefits for the wider regional market and communities, including:

- Facilitation of the tourism industry's recovery and long-term economic contributions

¹ Note that six-year period development period includes allocation to pre-construction activities such as planning, design work, procurement and contracting rather than actual construction.

² Net Present Value

³ Sensitivity analysis applying 2% NPV as per Treasury guidelines for commercial development

⁴ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.

⁵ Employment Multipliers relate to the level of indirect and induced employment activity generated through the expenditure on and off site

- Additional opportunity and profile
- Operational efficiencies and increased competitiveness
- Diversification of the regional tourism product and market positioning
- Greater levels of investment in the local market
- Community and social engagement
- Greater range of housing typologies
- Increased amenities for the local community
- Increased local economic activity and local employment opportunities arising from population growth
- Greater level of growth
- Increased local retail provision

Total Surf Park Community Regional Economic Contribution

The broader Auckland Surf Park Project, including both Stage 1 and 2. The components of the two stages function as one integrated project that, as we understand, have material crossover and symbiotic benefits for co-location. Both Stage 1 and 2 developments require a substantial level of investment and expenditure to complete the entire Project.

The total economic injection (value added GDP) for the Auckland Region from the entire Surf Park Community Project is estimated at around \$2.6b over the total timeframe of the Project. Given the nature of the activities included in the Project, much of the activity is likely to be unique (i.e. not simply a redirect of existing growth potential).

The substantive nature of this entire Project is likely to support over 18,400 FTE years over the total development timeframe, when considering the direct, indirect and induced activity generated.

The nominal value attributable to this entire project (Stage 1 and 2) is regionally significant at over \$2.6b over the Project timeframe. This equates to approximately 7% of the annual regional impact of building development in Auckland⁶.

Conclusion

The Stage 2 development, and the entire Surf Park Community Project provides clear economic benefits through the generation of significant direct expenditure and employment opportunities both during construction and permanent jobs related to the operation of the Surf Park facilities and amenities. These economic benefits are considered to significantly

⁶ Statistics NZ <https://www.stats.govt.nz/topics/building/>, Property Council

<https://www.propertynz.co.nz/news/aucklands-property-industry-continues-growth-trajectory> (2022)



outweigh the economic costs associated with potential impact on existing and anticipated residential areas and the reduced anticipated industrial land provision.

Overall, our assessment supports the Auckland Surf Park Community development at the Site from an economic perspective in the context of the RMA and FTAA, particularly given these benefits are regionally significant and largely built on the unique development and contributions to the regional economy of the Project.

3. GENERAL INFORMATION

3.1. STATEMENT OF EXPERIENCE

Philip Osborne - I am an economic consultant and Director of Property Economics Limited, based in Auckland. My qualifications include Bachelor of Arts (History / Economics), Masters in Commerce, and Masters in Planning Practice from the University of Auckland.

I have 25 years' experience advising local and regional councils, central government agencies, and private developers throughout New Zealand in respect of a wide range of property issues, including economic impact assessments, commercial and residential market assessments, economic cost benefit analyses and forecasting market growth and land requirements across all property sectors.

I have extensive experience and frequently commissioned to provide Environment Court expert evidence. I have undertaken numerous Economic Impact Assessments for fast-track applications (under the Covid-19 Recovery Fast Track Consenting Act 2020 and the FTAA).

Tim Heath – I am founder and Managing Director of Property Economics Limited with 30 years' experience undertaking strategic property market analyses for major commercial and government clients. My qualifications include Bachelor of Arts (Geography) and Bachelor of Planning from the University of Auckland.

My areas of specialisation include economic profiling of markets, property sector analysis, market demand / supply assessments, economic impact assessments, capacity modelling, development feasibility assessments, business land assessments, and cost-benefit analysis.

My comprehensive knowledge of property market drivers allows me to deliver research that ensure recommendations have 'real world' practicality and can be successfully implemented.

I have extensive experience and frequently commissioned to provide expert evidence in the Environment Court. I have also been involved in undertaking economic assessments for dozens of Fast Track applications.

3.2. CODE OF CONDUCT

Although this Application is not before the Environment Court, we have approached this EIA on the basis that it is prepared in the same way as it would be for expert evidence in Environment Court proceedings.

We therefore confirm that we have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and confirm that we have complied with it in preparing this EIA. We confirm that the issues addressed in this EIA are within our area of expertise, except where we have indicated that we are relying on others' opinions. We have not

omitted material facts known to us that might alter or detract from the opinions expressed in this EIA.

1.1. INFORMATION & DATA SOURCES

Information has been obtained from a variety of reliable data sources and publications available to Property Economics, including:

- 2024-2026 Strategic Direction - Surfing New Zealand
- Business Frame Data – Stats NZ
- Development Concept Plan – studiopacificarchitecture
- Input / Output Tables - Stats NZ
- New Zealand Aotearoa Government Tourism Strategy May 2019 – MBIE & Department of Conservation
- New Zealand Surfing Equipment Market Size & Outlook - Grand View Horizon
- Proposed Development Costings – Inovo
- Surf Park Industry Growth and Trends 2024 – Surf Park Central
- Tourism GDP – Infometrics
- Destination AKL 2025 – Auckland Tourism, Events and Economic Development
- Housing and Business Development Capacity Assessment for the Auckland Region September 2023 – Auckland Council
- Household Labour Force Survey – Stats NZ

1.2. GLOSSARY OF TERMS

Below is a list of terms relevant to this economic impact assessment. Note that the definitions of some terms may differ from those provided in the relevant statutory definitions and are intended solely for the purposes of this economic analysis. This does not affect the economic analysis conducted in this report or our economic position.

TERM	DEFINITION
ANZSIC	Australia New Zealand Standard Industrial Classification 2006 - A standardised method used to classify businesses and organisations based on their primary economic activity. ANZSIC is widely used by government agencies, researchers, and businesses for statistical, policy, and planning purposes.
CAPEX	capital expenditure

Development contributions	fees that developers pay to territorial authorities for the provision of infrastructure and upgrades required as a consequence of development, which may include water supply, sewerage connections, roads and community infrastructure
Direct economic impacts	derived from the actual spending / expenses incurred through the construction of the anticipated development
Economic benefits	refer to the positive outcomes that enhance the well-being of individuals, businesses, and communities, typically arising from an activity, development, or policy. In the context of urban development, economic benefits reflect the extent to which a proposal contributes to local and regional prosperity, market efficiency, and the effective alignment of supply with demand.
Economic costs	the value of what is given up when choosing one economic activity over another. Economic costs also include opportunity costs, which are the value of the next best alternative that is forgone.
Employment multipliers	the level of indirect and induced employment activity generated through the expenditure on and off site.
FTE years	these are all jobs created through the direct construction phase and ongoing operation of the development including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee
Indirect economic impacts	the increased spending brought about by those firms / households and their employees / occupants, who supply the development
Induced economic impacts	measured in terms of the additional income that will be spent in the area due to increased business activity
GDP	gross domestic product
Net Present Value (NPV)	the present value of future cash inflows and / or cash outflows which in this report has been calculated with reference to an 8% discount rate.
Transaction costs	costs that arise as part of engaging in an economic trade. This can include compliance costs, planning costs, variation costs, etc.

4. TOURISM AND SURF PARK SECTORS OVERVIEW

This section outlines the national and regional tourism context and assesses Auckland's market to support the Project. This assists in understanding how such a project could leverage current and future demand within the surfing industry while contributing to a more diverse tourism offering for both the region and the country.

The Project is not only unique to the region, but also the country, creating a niche destination / attraction for both domestic and international visitors.

4.1. NEW ZEALAND AND AUCKLAND TOURISM ECONOMY

Tourism makes a significant contribution to New Zealand's economic success and to New Zealand's wellbeing. It is the country's largest industry and leading export earner, accounting for 10.4% (when including indirect and induced impacts) of total GDP and employing around 8% of the workforce⁷. As highlighted in the New Zealand Aotearoa Government Tourism Strategy⁸:

"Tourism creates inclusive growth by distributing economic opportunities and bringing social benefits across our regions, cities and communities. It allows us to celebrate our unique Māori culture. International visitors buy our products and services, which contributes to the success of other export sectors and grows our reputation internationally. Tourism provides a pathway for many to enter the workforce, gaining important skills. We also want people working in tourism to transition into high value jobs and improve the productivity of the sector."

Despite this importance, Infometrics' data shows that Auckland's tourism economy has yet to recover fully to its pre-pandemic peak of approximately \$7.5b in 2019 (refer Figure 2). As at March 2024, the sector contributes around \$6b to the regional economy, still about 20% below its historic high. This significant decline highlights the need for renewed investment and revitalisation to support Auckland's ongoing tourism recovery and to promote sustainable long-term growth within the sector.

More importantly, the share of tourism GDP as a proportion of Auckland region's total GDP⁹ has fallen more sharply than the national average and has remained noticeably lower than the

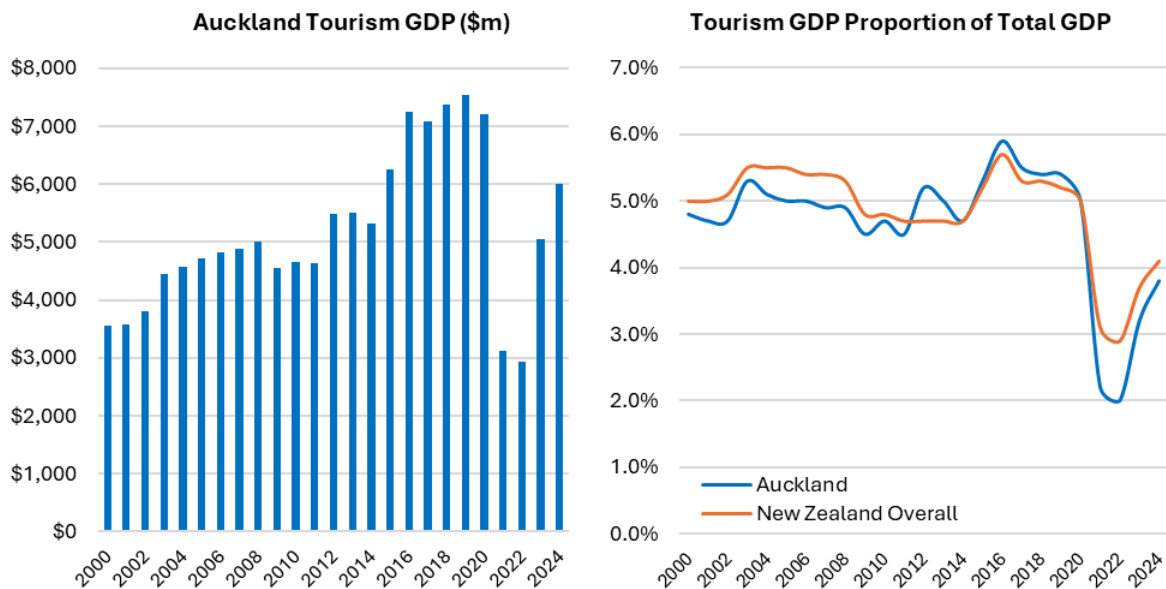
⁷ Titled "New Zealand-Aotearoa Government Tourism Strategy - Summary of consultation submissions", MBIE, dated May 2019

⁸ Source: <https://www.mbie.govt.nz/dmsdocument/5482-2019-new-zealand-aotearoa-government-tourism-strategy-pdf>

⁹ Note that the difference in tourism GDP ratios reported by Infometrics and the New Zealand-Aotearoa Government Tourism Strategy reflects methodological differences.

national level. This gap highlights Auckland's vulnerability to shifts in international visitor behaviour and the region's weaker-than-expected rebound in high-value tourism.

FIGURE 2: AUCKLAND TOURISM GDP CONTRIBUTION



Source: Infometrics

Moreover, Auckland's tourism economy relies heavily on international arrivals, business travel, major events, and short-stay urban visitors, all of which have been slower to recover relative to other regions that are more closely associated with nature-based experiences or domestic holiday destinations. The decline in Auckland's relative tourism contribution reflects ongoing challenges: competition from other urban centres, a slower return of long-haul visitors, and a lack of new, distinctive attractions that can materially increase visitor demand.

As highlighted in Destination AKL 2025¹⁰, "limited new investment in attractions and experiences" is identified as a key issue constraining Auckland's visitor market. This direction notes that there is limited evidence of recent investment in new visitor attractions, products and experiences, alongside a strong reliance on outdoor attractions that are often highly weather-dependent. It further observes that Auckland is the only location in New Zealand with sufficient population and visitor scale to support a broader range of all-weather, built attractions¹¹.

This direction also identifies structural challenges in the development of new major attractions, including difficulties in securing suitable sites capable of accommodating large-scale visitor experiences. While Auckland has a relatively strong base of cultural and arts institutions, the

¹⁰ Destination AKL 2025 sets a new direction for Auckland's visitor economy. It is the outcome of a process initiated by Auckland Tourism, Events, & Economic Development (ATEED, an Auckland Council Organisation) and guided by an industry leadership group.

¹¹ Destination AKL 2025, Page 30

document highlights a lack of cohesion and visibility in how these assets are presented to visitors, limiting their collective ability to drive demand.

Given the above context, enabling the development of a new, year-round, all weather, purpose-built tourism asset, such as the Project, offers a strategic and unique opportunity to address several of the constraints identified in Destination AKL 2025 and reinvigorate Auckland's tourism ecosystem. A differentiated, high-value surf park would help diversify Auckland's visitor offering beyond traditional urban and events-based tourism profile, provide a reliable all-weather attraction, and contribute to strengthening the depth and resilience of the region's tourism ecosystem.

4.2. SURF PARK DEVELOPMENT POTENTIAL

Surfing is a top 10 fastest growing sport in the world, making its debut in the Olympics. In the global market, surf parks are increasingly attractive to investors and developers due to surfing's surging popularity globally and offering a way for people who are not able to live near the coast to access quality surfing opportunities.

According to Surf Park Central¹², the global surf park market is projected to grow at a compound annual growth rate of +11.5%, reaching US\$3.8b by 2028.

In the United States, a global leader in surf park development, several emerging trends within the surfing industry offer valuable lessons for New Zealand and Auckland. These insights can help shape a distinctive tourism asset that strengthens both the regional and national economies.

Particularly, surf parks in the United States currently perform as anchors in mixed use developments. Modern surf parks are no longer standalone attractions. Increasingly, they are integrated into mixed-use developments that include hotels, retail, dining, fitness centres, and residential units. This model is gaining popularity in states like California, Florida, and Texas, where developers are designing surf parks to be year-round lifestyle destinations. By anchoring real estate developments, surf parks improve land value and offer extended visitor experiences, often turning a few hours of surfing into a weekend getaway.

In New Zealand, there is a long-established and deeply rooted surfing culture, supported by strong participation levels and an ideal coastal geography. Surfing New Zealand estimates that more than 300,000 New Zealanders surf, with around 70,000 of those participating in surfing weekly. The surfing community spans the length of the country including a vast range of ages from five through to 80 years, reflecting a large and committed recreational base¹³.

Surfing is embedded in the lifestyle and identity of coastal communities such as Raglan, Mt Maunganui, Gisborne, Taranaki and Christchurch's Sumner, where surf clubs, schools, and competitions play a central role. The economic footprint of New Zealand's surf market is

¹² Titled "Surf park Industry Growth and Trends 2024", Surf Park Central

¹³ Titled "2024-2026 Strategic Direction", Surfing New Zealand

notable, with the national surfing equipment market valued at around US\$176m in 2020 and projected to continue growing as participation rises to a total of around US\$263m by 2028¹⁴.

While New Zealand's coastal geography provides abundant natural surfing opportunities, this does not eliminate constraints on access, particularly in large metropolitan areas such as Auckland. For many Auckland residents, regular participation in coastal surfing is limited by travel time, congestion, weather variability, daylight hours, and inconsistent wave conditions. As a result, even in a city with strong natural surf resources, there remains a gap for facilities that offer predictable, time-efficient and weather-resilient surfing experiences within the region.

At present, New Zealand has no large-scale commercial artificial surf park in operation. If enabled, the Project would represent the country's first major land-based surf-park facility, marking an important step in the diversification of the domestic surf and recreation market. Rather than competing with the natural coastline, the facility would function as a complementary asset, supporting skill development, training, and casual participation during periods when coastal surfing is impractical or inaccessible for urban users.

From a tourism perspective, it is acknowledged that Auckland's visitor economy has not yet fully recovered to pre-pandemic levels, which introduces an element of market risk rather than a guaranteed opportunity. However, facilities that offer differentiated, weather-independent experiences has the potential to contribute to broadening Auckland's recreation and visitor offer over time, particularly by appealing to domestic visitors, schools, sporting groups and short-stay users alongside international tourists.

Overall, while New Zealand benefits from a strong natural surfing base, the emergence of artificial surf parks (beginning with Auckland) would represent as a complementary evolution of the sport and recreation landscape. By addressing urban accessibility constraints, providing consistent training conditions, and diversifying year-round recreation options, the Project has the potential to play a significant supporting role within Auckland's and New Zealand's broader sport, leisure and tourism system.

¹⁴ *New Zealand Surfing Equipment Market Size & Outlook, Grand View Horizon* [Source: <https://www.grandviewresearch.com/horizon/outlook/surfing-equipment-market/new-zealand>]

5. ECONOMIC CONTEXT

In assessing the potential economic impacts, it is important to firstly establish the context in which they will be assessed. For the purposes of this assessment the three important parameters are:

- 1) The geospatial extent of the economic impact. While facilitation of additional business development and spend is likely to have a national economic impact, the majority of impacts are likely to be retained within the Auckland Region. As identified, for the purposes of this assessment, the extent of economic impacts is focussed on the retention¹⁵ of economic activity within this area.
- 2) The economic impacts are those resulting from the development over a 6-year period.
- 3) Regarding statutory considerations, the RMA provides context in terms of the utilisation of resources and the resulting impact on their price and provision. It calls for the “*efficient use and development of natural and physical resources*” (Part II section 7 (b) RMA).

This can be considered from the perspective of economic efficiency which can be defined as “*the effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs*”¹⁶.

The proposed Project is likely to have economic impacts that are felt beyond the specific benefits within the region.

Additionally, as addressed in the various environmental assessment reports prepared in support of the application for referral of the Project into the FTAA, there are likely to be other, non-economic effects that may result in further economic impacts, such as land value changes (e.g. improved accessibility can increase associated property values). These other potential further economic impacts are excluded to avoid double counting of effects. For the most part, these other, non-economic effects, e.g., environmental effects, have not been addressed in this report.

¹⁵ In this context retention relates to the level of direct spend that is attributable to the Region. This is based on a large number of factors e.g. the origin of machines, businesses that service this development.

¹⁶ Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2nd edition), Harper Collins, Page 148

6. TOTAL ECONOMIC ACTIVITY

This section assesses the potential economic activity generated within the Auckland Region specifically attributable to the Project through spending on the general civil works and development.

6.1. INJECTION INTO THE TOTAL AUCKLAND ECONOMIC ACTIVITY

The table following outlines the resulting impacts on the Auckland regional economy as a result of the Stage 2 development.

TABLE 1: TOTAL GROSS AUCKLAND REGIONAL ECONOMIC INJECTION OF STAGE 2 PROJECT (\$M)

	2026	2027	2028	2029	2030	2031	Total
Direct Expenditure (\$m)							
Demolition							
Earthworks / Civil Works	\$9.0	\$6.0					\$15
Civil Consultants	\$27.3	\$27.3	\$12.1				\$67
Other (Including Data Centre Equipped)	\$146.0	\$216.2	\$567.5	\$497.3			\$1,427
Infrastructure	\$3.9	\$12.8	\$7.7	\$1.3			\$26
Total Development Costs (excl. land)	\$186.1	\$262.3	\$587.3	\$498.6			\$1,534
Construction	\$102.3	\$263.8	\$384.4	\$183.5	\$135.8	\$36.0	\$1,106
Total Construction and Development Costs (excl. Land)	\$288.5	\$526.2	\$971.7	\$682.1	\$135.8	\$36.0	\$2,640
Total Direct Expenditure (excl. land)	\$288.5	\$526.2	\$975.2	\$687.6	\$141.8	\$43.9	\$2,663
Level 2 Multiplier Impacts							
Total Auckland Regional NPV GDP (48 sector multipliers)**	\$271.5	\$484.9	\$629.6	\$313.0	\$108.6	\$30.2	\$1,838
Employment (FTE Years)							
Development Employment	626	861	1,035	723			
Construction Employment	873	2,250	3,279	1,631	1,158	307	
Other Employment	146	209	468	249	79	26	
Total Employment (FTE years)	1,645	3,320	4,781	2,604	1,238	333	13,921

Source: Property Economics

* Increased Local Spend by residents, employees, construction workers and additional local business spend through the different stages of development.

** The impacts on the Auckland Region as a result of direct, indirect and induced activities.

Economic Activity

Two key values are represented in the preceding table. These include the nearly \$2.66b which represents the total direct expenditure of the development (including data centre costs but excluding land). This capital expenditure then is assessed through the process indicated at the beginning of this section which includes calculating the amount of direct spend that is retained within the Auckland Region.

Two key values are represented in Table 1. The first is the Economic Activity generated in the Auckland Region. The Project will generate a direct expenditure of approximately \$2.66 billion which represents the total cost of the development (excluding land). The Project will result in approximately \$1.84 billion of total value added (GDP) for the Auckland Region over the life of the 6-year development timeframe. This equates to approximately 5% of the annual regional impact of building development in Auckland¹⁷.

This capital expenditure then is assessed through the process indicated in Appendix 1 which includes calculating the amount of direct spend that is retained within the Auckland Region. An explanation of how the outputs in Table 1 were calculated is provided in Appendix 2.

Employment

The second aspect is the generation of employment. The Project will also contribute around 4,780 FTE jobs¹⁸ during the peak construction year within Auckland, with a total estimated 13,920 FTE years over the development period.

6.2. ASSUMPTIONS

The following assumptions have been applied in this impact analysis in order to assess the level of economic injection into the overall economy at this time. This has some (limited) impact on the distributional effects of the costs and benefits but can be quickly adjusted to accommodate more specific construction and on-going costs and injections.

1. The general parameters and timeframes adopted by this analysis have been provided by AW Holdings 2021 Limited and form an underlying assumption to the findings.
2. For the purposes of this EIA, it has been assumed that the construction costs will fall within the definition of the following categories (based on a standard 'special commercial ratio): 'residential construction', 'non-residential construction', 'non-building construction', 'other construction services.'
3. Financial or loan costs on capital primarily fall outside of the local catchment and impact the national economy.

¹⁷ Stats NZ (2022) [<https://www.stats.govt.nz/topics/building/>, Property Council <https://www.propertynz.co.nz/news/aucklands-property-industry-continues-growth-trajectory>]

¹⁸ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).

4. The origin of labour has been assessed based on regional labour movements furnished by Stats NZ based on 2023 data. However, employment data has been updated as per the Stats NZ Business Demography Statistics¹⁹ to February 2025.
5. This report deals with the economic impact of proposed development on the Auckland Region. These are specifically the direct impacts related to the construction of the proposed development.
6. The economic activity generated is based on the development's gross activity and does not consider this redirecting growth opportunities from elsewhere in the catchment. In relation to this it is expected that the most significant 'displacement' is likely to occur in the residential component. While other sectors remain competitive the capital outlay materially reduces the propensity for activities of this level.
7. For the purposes of this report an 8% discount rate has been applied, consistent with the default rate for commercial proposals set by the Treasury²⁰. Additionally, a 2% discount rate has been applied as a sensitivity test, also directed by the Treasury.
8. Labour movements are based on average retention rates rather than specific company locations.
9. The proportion of materials and labour internalised in direct benefits to the Auckland Region are based on standardised labour movements as well as employment and production composition within the Region. The amount of each 'flow-on' dollar retained in the Auckland Region are based on the movement of resources (including labour) between other districts and regions.

This EIA estimates the total additional gross economic output²¹ into the Auckland economy that would be facilitated about by the Project. The initial specifications and details have been provided by the Applicant and represent the development's configuration and costings at this point in time.

It is assumed the area represents an efficient location for future growth and therefore the associated infrastructure is location specific. In this context, locational efficiency refers to the site's ability to support the Project's operation with effective access to labour, suppliers, visitors and supporting services within the existing urban network.

¹⁹ *Business Frame Data – provides Statistics NZ measure of employment in an area by ANZSIC sector.*

²⁰ <https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates>

²¹ *For example, this has not taken into account the short-term loss of operational employment currently on site*

Additionally, the assessment has not endeavoured to identify the extent to which particular parts of the Auckland Region will benefit economically. It assesses the likely economic impacts upon aggregate Auckland business activity given the composition of activities proposed.

The economic impacts likely to be experienced as a result of the Project are broken down by the development phase which includes the construction costs (CAPEX²²) of the facilitated activities and the proportion of those costs that are retained within the Region.

The direct economic impacts are derived from the actual spending / expenses incurred through the operation of the facilitated development.

Indirect economic impacts are the increased spending brought about by those firms / households and their employees / occupants, who supply the development.

The induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity.

6.3. TOTAL AUCKLAND REGION DIRECT AND INDIRECT EMPLOYMENT

The figure below disaggregates employment generated by sector and Direct and Indirect (including induced) FTE employment over the identified period. It illustrates the significant direct impact on the Construction sector (as well as Construction Services).

The figure below illustrates the sectors associated with direct employment measure approximately 6,580 FTE years with further 7,341 FTE years resulting from indirect and induced activity.

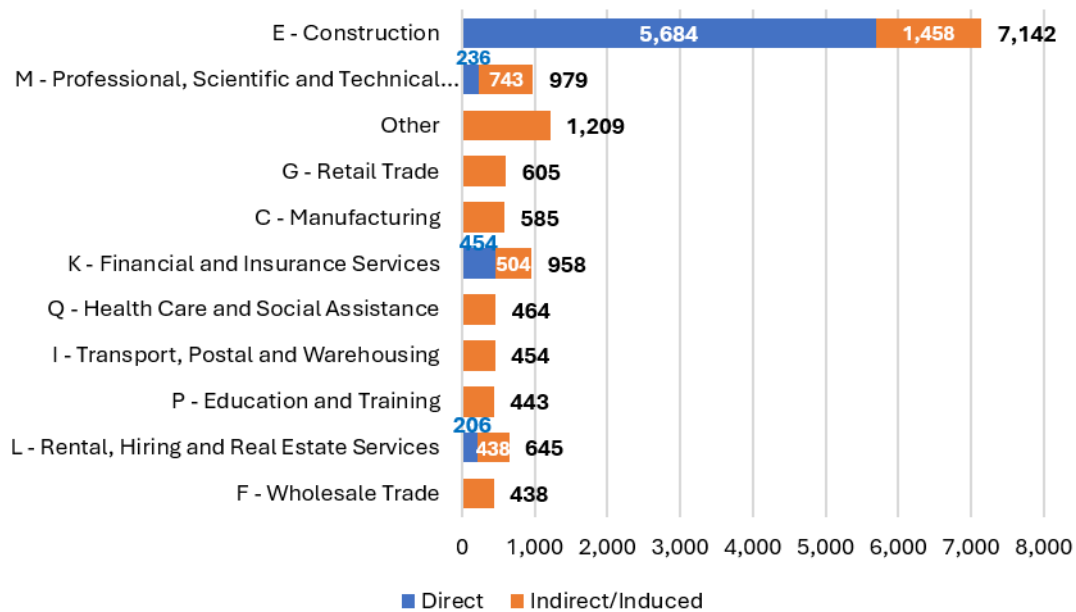
This scale of employment generation is significant in the regional context. For context, according to Stats NZ²³, the regional unemployment rate increased from 3% in Q4 2021 to 6.6% in Q1 2026. This equates to around 69,500 unemployed people within the Auckland region. Against this context, the Project will make a direct contribution to supporting regional employment levels.

In addition, Auckland's labour force has an underutilisation rate of approximately 14% in Q1 2026, the highest over the last decade from 8.1% in Q3 2023. This equates to an estimated 147,070 underemployed²⁴ people currently. The Project can be expected to support better labour utilisation by expanding employment opportunities and providing work for those who are currently underemployed.

²² Capital Expenditure

²³ Source: Stats NZ – Household Labour Force Survey

²⁴ Part-time workers who have both the desire and availability to work more hours.

FIGURE 3: STAGE 2 AUCKLAND EMPLOYMENT GENERATION BY SECTOR


Source: Property Economics

6.4. SENSITIVITY ANALYSIS

The Treasury's most recent review (February 2025) sets discount rates for commercial proposals at 8% (applied in the earlier analysis), with a mandatory sensitivity test at 2%²⁵. In this section, sensitivity testing is undertaken using the 2% discount rate to quantify the scale of the proposed development's economic contribution to the Auckland regional economy under this scenario.

The results indicate that, when applying the Treasury's mandatory 2% discount rate, the proposed Stage 2 development at the Site is estimated to generate approximately \$2.2b in total business activity across the Auckland Region over the full development timeframe.

TABLE 2: SURF PARK STAGE 2 DEVELOPMENT SENSITIVITY ANALYSIS (2% NPV) (\$M)

Discount Rate	Total Auckland Regional NPV GDP (\$m)						Total
	2026	2027	2028	2029	2030	2031	
2%	\$289.2	\$550.2	\$761.0	\$403.0	\$148.9	\$44.1	\$2,196.4

Source: Property Economics

²⁵ Source: <https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates>

6.5. TOTAL REGIONAL ECONOMIC ACTIVITY GENERATED BY AUCKLAND SURF PARK COMMUNITY (STAGE 1 & 2 DEVELOPMENTS)

The broader Surf Park Project includes both Stage 1 and 2 of the overall application for the Site. The components of the two stages function as one integrated project that, as we understand, have material crossover and symbiotic benefits for co-location. As such it is considered appropriate to represent the economic benefits as a whole.

As outlined more extensively in the accompanying EIA's for both Stage 1 and 2, the Project represents a substantial level of investment and expenditure to complete the entire project.

In total the economic injection for the Auckland Region is estimated to result in activity of around \$2.6b over the total timeframe of the project. Given the nature of the activities included in the project, much of the activity is likely to be unique (i.e. this is not simply a redirect of existing growth potential).

The substantive nature of this project is likely to support an estimated 18,400 FTE years over the total development timeframe, when considering the direct, indirect and induced activity generated.

The nominal value attributable to this project is materially significant at around \$2.6b over the project timeframe. This equates to approximately 7% of the annual regional impact of building development in Auckland²⁶.

²⁶ Statistics NZ <https://www.stats.govt.nz/topics/building/>, Property Council <https://www.propertynz.co.nz/news/aucklands-property-industry-continues-growth-trajectory> (2022)

7. OTHER NON-MONETISED ECONOMIC COSTS AND BENEFITS

In addition to the previously quantified economic injection, the Project would create a variety of potential (non-monetised) economic benefits. The following analysis outlines the key economic benefits of the Project within the framework of the RMA, the NPS-UD, and the FTAA Section 22(2)(iii) and (iv).

7.1. ECONOMIC BENEFITS

There are a number of potential economic benefits from the Project, including:

➤ **Facilitation of the tourism industry's recovery and long-term economic contributions:**

As indicated earlier, Auckland's regional tourism economy has yet to return to its pre-pandemic peak and currently sits approximately 20% below its 2019 level. This significant gap highlights that the region's recovery remains incomplete and that its tourism sector continues to face structural challenges, including weaker international demand, limited product diversification, and intensified competition from other domestic destinations that have recovered more quickly.

In this context, the proposed development represents a strategically important opportunity to accelerate Auckland's tourism rebound and strengthen its long-term economic performance. Moreover, the creation of a unique and differentiated tourism asset would enhance Auckland's competitiveness, broaden its appeal in the global market, and contribute meaningfully to rebuilding tourism's share of the regional GDP. Over the longer term, this investment would help reinforce the resilience of Auckland's visitor economy, ensuring it continues to deliver sustained economic, employment, and reputational benefits for the region.

➤ **Additional opportunity and profile:** The proposed residential and commercial development has the potential to increase the employment profile of both the Regional and local (North Shore) economy providing opportunity for job growth and retention within and between the local economies. The opportunity to retain employment is vital for the economic wellbeing of the Region's economies. This in turn is likely to increase population growth and provide greater economies of scale and productivity.

➤ **Operational efficiencies and increased competitiveness:** Along with increasing labour productivities, the development of additional employment is likely to improve overall business efficiencies by introducing modern, purpose-built facilities that enable more efficient use of labour and capital, thereby increasing the competitive environment for the region. In addition, one of the purposes of the project is to improve productivity and economic efficiency as well as materially contributing to visitor spend within the Region. The development of accessible and competitive opportunities provides increased efficiencies and competitive opportunities for the Region and local economy.

- + **Increased local amenity:** Master-planned developers are able to provide high amenity, master planned environments with purpose built, and targeted amenity values. This is particularly true for the proposed Surf Park as it can provide dedicated commercial and associated services.
- + **Diversification of the regional tourism product and market positioning:** A first-of-its-kind surf park would meaningfully expand Auckland's tourism and recreation offering by introducing a unique surfing experience that is currently absent from the regional (and national) market. This represents a distinct visitor segment, separate from other natural attractions. By broadening the range of tourism products, the development would reduce reliance on a limited set of experiences and strengthen the region's resilience to demand fluctuations in any single segment.
- + **Greater levels of investment in the local market:** The proposed Surf Park Stage 2 can contribute to the overall development and revitalisation of the surrounding community, attracting investment and fostering local entrepreneurship. This can provide significant impetus for growing the local economy.

In particular, the demand generated by a surf park can stimulate investment in various ancillary services and businesses. These can include transportation services, tour operators, travel agencies, surf equipment manufacturers and retailers, wellness and spa facilities, and eco-tourism ventures. The presence of a surf park can create opportunities for local entrepreneurs to innovate and offer unique services.

- + **Greater range of housing typologies:** The project would provide for around 480 residential properties that range from large lot to apartments (in an environment that typically has a low supply of these higher density products).

In an economic environment where the market identifies a diverse range of circumstances, expanding the residential typologies or choices available to consumers enables them to make decisions that better suit their personal needs and preferences. In this regard, the provision of any additional residential product provides more options that, putting aside the costs element, will improve the community wellbeing. However, what is important is the extent of this benefit or demand for the product in comparison to the costs.

A greater range of housing options (standalone, terraced and apartment dwellings) is enabled with higher density zoning. This provides existing residents and potential future residents with a greater range of choice for their living arrangements. In turn, this provides improved accessibility as well as price points.

- + **Increased economic activity / local employment arising from population growth:** The increased local population base will result in a net increase in the number of full-time equivalent employees able to work within Dairy Flat and the surrounding suburbs due to the project generating increased demand for local business and services. This will be

a net gain for the local economy and stimulate further growth and amenity improvements for the area.

- ➕ **Greater level of growth:** The project as a large-scale development has the potential to increase interest for additional residential / small-scale commercial activity within the Dairy Flat market and provide significant impetus for growing its local economy.
- ➕ **Increased internalisation of retail expenditure:** The development of properties will encourage increased foot traffic to the area through employment, residents and tourists attracted by the amenity and unique offering.

7.2. ECONOMIC COSTS

Some of the economics costs of the Project include:

- ➖ **Additional infrastructure investment and servicing requirements:** Land and associated infrastructure costs are one of the biggest cost components of greenfield development costs and tend to scale according to the size of the network. This means that expanding networks to new greenfield areas will tend to lead to a proportional increase in long-term operating, maintenance, and renewal costs.

Based on information provided, Property Economics understands that none of the public servicing is being bought forward to service the development. The Project involves on-site solutions to wastewater, water supply and stormwater. Consequently, there are no additional infrastructure costs associated with the proposed development.

- ➖ **Potential impact on existing and anticipated residential areas:** As with the provision of any residential locational choice that provides for new areas, the development of greenfield land is likely to impact upon the impetus for the intensification of existing urban areas and on the uptake of other identified greenfield residential locations.

However, it is important to note that the residential component of the Project is not intended to substitute for, or simply redirect, demand that would otherwise be absorbed elsewhere in the region. Instead, it is deliberately designed as a unique, surf-park-anchored housing product that appeals to a specific segment of buyers who are motivated by lifestyle, recreational proximity, and direct access to the surf-park amenity. This target market is not readily met, nor can it be replicated, in other parts of the region. This will exclusively create an entirely separate value proposition. As a result, the development does not displace demand that would otherwise flow into existing urban intensification areas or identified greenfield locations.

Instead, surf-park-anchored residential communities appeal primarily to purchasers motivated by active lifestyles, recreation proximity, and access to the amenities. This includes outdoor-focused households, lifestyle buyers, and remote workers seeking a resort-style environment. These preferences differ from the primary drivers of demand in most mainstream residential developments, which are typically influenced by

affordability, commuting patterns, school catchments, and conventional neighbourhood amenities.

From an economic perspective, while some degree of overlap with the wider regional housing market is likely, the scale of the residential component and its differentiated characteristics mean that it is unlikely to unduly displace residential growth that would otherwise be accommodated in established urban intensification areas or other anticipated greenfield locations. Rather, it creates a unique, additional, differentiated living choice that broadens the region's overall housing offer, without displacing the primary demand that those other areas are expected to accommodate.

- **Reduced future industrial land provision:** The Site (approximately 51ha, gross) forms part of the anticipated industrial (a mix of heavy and light) land as identified in the Silverdale West Dairy Flat Industrial Area Structure Plan (April 2020). The relevant development staging in the Future Development Strategy indicates that this area, including Silverdale West Stage 3, is not expected to be developed until 2035 or later. Enabling the proposed development would therefore reduce the anticipated medium- to long-term provision of industrial land within the structure plan area.

By way of context, the total structure plan area comprises approximately 603ha (gross), of which the Surf Park site represents approximately 8.5%. This indicates that the site forms only a relatively small component of the overall anticipated industrial land supply within the structure plan area. Given that development of the site (for industrial uses) is not anticipated prior to 2035, the associated opportunity cost should be evaluated in the context of both land-use suitability and the Project's ability to bring forward economic utilisation of the land, generating economic value materially earlier than would otherwise be expected (potentially by a decade or more).

From an economic efficiency perspective, the proposed surf park and associated components require a large, contiguous site with a relatively flat landform, good transport accessibility, and separation from sensitive residential uses. Industrial locations, whether existing or identified for future development, are typically more suitable for accommodating such requirements and for mitigating potential reverse sensitivity effects.

In addition, several components of the wider Project, including a data centre and a solar farm, are functionally aligned with industrial zoning. Under the Auckland Unitary Plan (AUP), activities such as recreation facilities, entertainment facilities and care centres are identified as discretionary activities within the Light Industry Zone (refer AUP Table H17.4.1), indicating that such uses are not inherently incompatible with an industrial environment, subject to appropriate assessment.

Importantly, the economic benefits associated with the Project, as quantified and evaluated earlier in this assessment, would at least partially offset the medium- to long-term opportunity cost of foregone industrial development potential on the site. Enabling the Project would also bring forward the economic utilisation of the land

relative to its anticipated development timeframe, thereby realising economic value earlier than would otherwise occur.

To provide further context for this opportunity cost, the Housing and Business Development Capacity Assessment 2023 (HBA) indicates that the region has more than sufficient industrial floorspace capacity over the short, medium and long term to accommodate the anticipated growth. As indicated in the table below, Auckland Region has an estimated industrial floorspace surplus of around 22,132,000sqm GFA over the short-term, increasing to 50,355,000sqm over the medium term and 63,391,000sqm over the long term.

TABLE 3: AUCKLAND REGION INDUSTRIAL FLOORSPACE CAPACITY SUFFICIENCY (2023)

	Short Term	Medium Term	Long Term
Additional industrial employment growth (MECs)	8,330	17,910	46,130
Additional industrial floorspace demand (000sqm)+ NPS-UD margin	570	1,103	2,445
Plan-enabled industrial floorspace capacity under AUP(OIP) (000sqm)*	79,657		
Estimated infrastructure constraints ratio	70%	32%	13%
Land suitability ratio	95%		
Unconstrained & suitable industrial floorspace capacity (000sqm)	22,702	51,458	65,836
Estimated Industrial floorspace sufficiency (000sqm)	+22,132	+50,355	+63,391

*Based on HBA's estimate of the overall net business floorspace capacity at 120,930,000sqm and considering around 66% of the net plan-enabled floorspace capacity is supplied by industrial zones.

Source: Auckland Council

Notes: Both "Additional industrial employment growth" and "Additional industrial floorspace demand" in the table are sourced from Tables 51-53 on Pages 183-187 of the HBA. Property Economics has applied the required NPS-UD demand buffers to these floorspace demand figures.

To calculate the "Plan-enabled industrial floorspace capacity under AUP", Property Economics used the overall net additional plan-enabled business floorspace capacity of 120,930,000sqm for the wider region, as shown in Table 57 on Page 196 of the HBA and considered the industrial capacity ratio of 66%. This 66% assumption is based on the share of light and heavy industrial plan-enabled capacity in all business land capacity in the region, i.e., 242,947,000sqm out of 368,827,000sqm, both found in Table 42 on Page 145 of the HBA.

The "Estimated infrastructure constraints ratio" and the "Land suitability ratio" are the ratios used in the HBA, such as those in Table 57 on Page 196. Based on these ratios, the "Unconstrained & suitable industrial land floorspace capacity" figures are calculated.

Moreover, on Page 194, the HBA also highlights that:

"The current Auckland context shows there are significant areas of vacant land, especially in Light Industry zoning, and there is substantial opportunity to provide for future capacity through the Future Urban zoned areas, on the fringes of urban Auckland. This suggests that Auckland has sufficient and suitable capacity for business growth for the great majority of sectors and is very likely to have sufficient and suitable capacity for space-extensive activities, when these are identified in the future."

Taking these factors into account, it is Property Economics' view that while the Project would reduce the anticipated future industrial land provision within the structure plan area, this effect will not result in a regional economic cost.

7.3. ECONOMIC BENEFIT / COST SUMMARY

Considering the (non-monetised) economic costs-benefits analysis outlined above as a whole (including the quantitative economic injection into the regional economy and employment benefits), Property Economics concludes that the Project would deliver significantly greater economic benefits than costs. It would create a unique tourism asset, surf-park-supported residential offerings and associated services and amenities, better serving the growing and diverse needs of both residents and visitors, well beyond just the Auckland regional market.

In Property Economics' view, enabling the Project would positively contribute to increasing and improving the region's tourism asset and economy. This gives effect to the NPS-UD Policies and meet the purpose of the FTAA.

8. CONCLUSION

This EIA estimates that the wider Surf Park Project, including the proposed Surf Park Stage 2 development, would have significant and positive economic impacts on the Auckland Regional economy and, potentially more importantly, the local economies to protect, sustain and grow jobs and income. This essentially leverages off the locational attributes that the region provides for the Auckland Surf Park Community development, which allows retention of a greater level of activity throughout the construction and operation of the facilities.

It is important to note that these benefits exist within a timeframe that is likely to see significant uncertainty in development opportunities and a lower appetite for risk, impacting on both the construction and productive base of the regional economy.

The wider Surf Park Project will:

- Facilitate a development project with significant sub-regional, regional and national benefits.
- Increase the supply of housing and will contribute in economic terms to creating a more competitive market.

Specifically, economic benefits of the Stage 2 development include:

- Total construction expenditure of around \$1.1 billion.
- Total 6-year (to 2031) regional economic contribution (GDP) of around \$1.84 billion (8% NPV).
- Total 6-year regional employment generation around 13,920 FTE years.
- This equates to approximately 5% of the annual regional impact of building development in Auckland.

Overall, the quantitative economic benefits of the total Surf Park Project include:

- Total economic activity (GDP) of over \$2.6 billion generated across the Auckland region over the project timeframe.
- Supports over 18,400 FTE years of employment, including direct, indirect and induced effects.
- Total project value equates to around 7% of Auckland's annual building development impact.

APPENDIX 1. EXPLANATIONS OF EIA MODELLING PROCESS

The EIA assesses the potential economic activity generated within the Auckland Region specifically attributable to the Project through spending on the general civil works and development. This includes construction costs, which have been valued for the overall development.

The impact of this injection on the initial business cycle has been calculated. This 'construction multiplier' was based on the national input-output tables produced by Stats NZ (based on 48 sectors), which were then assessed at a district level based on Auckland economic activity, composition and productivities.

This estimates the 'leakage' from the regional economy (within specified sectors), and therefore the overall regional production (within a given business cycle) for each \$1 injected.

This was performed for the general and commercial construction sectors. These multipliers are based on 'net' flows by broad sector type and are therefore approximations.

Total output impacts to the Auckland catchment for the proposed developments include:

- Direct Construction Cost x 'Construction Multiplier' +
- Direct Development Cost x 'Development Multiplier' +
- Direct Increased Commercial Spending x 'Commercial Multiplier' +
- Indirect Business Spend x 'Commercial Multiplier' +
- Induced Retail Spending x 'Retail Multiplier'

Each identified multiplier relates simply to the economic sector from which the activity is generated.

This capital expenditure then is assessed through the process indicated at the beginning of this section which includes calculating the amount of direct spend that is retained within the Auckland Region.

Then utilising the appropriate economic multipliers for each of the affected sectors the economic model produces both indirect outputs and induced outputs. Given that the development will take place over a proposed period of 6 years, development beyond the first year is discounted to provide a Net Present Value (NPV).

APPENDIX 2. EXPLANATIONS OF EIA MODELLING OUTCOMES

By way of explanation of the items listed in Table 1:

- The reference to “*Levies*” is referring to external land and building costs such as Council costs.
- The reference to “*Development Costs*” includes costs associated with the development of the land, earthworks, etc. Note these costs are separated out from Construction costs due to the high level of capital (machinery) to labour ratio.
- The reference to “*Construction Costs*” includes built form costs (i.e., cost of the physical built structure (the buildings).
- The Direct Expenditure line includes all expenditure on the Project, both in Auckland and externally to the region.

The “*Level 2 Multiplier Effects*” section identifies the proportion of the direct expenditure that is experienced in the Auckland region only. This incorporates consideration of the economic multipliers described in the following section.

This EIA evaluates the total economic effects of the specific project on the Auckland regional economy. Multipliers, a key component of EIA, quantify how initial changes in spending lead to larger, ripple effects throughout the Auckland economy²⁷. These effects include direct, indirect, and induced impacts, reflecting changes in output, employment, income, and other economic variables.

Aggregating Impacts:

The following steps form the basis for the value and employment multipliers to quantify the number of FTE years generated by the project.

Step 1: Allocate total project expenditure by ANZSIC category.

Step 2: Apportion the extent of each expenditure category that is likely to be retained within the Region. This is based on business and employment composition, business size, capital formation, inflows of GDP (technically GRP), etc. This is direct regional spend and hence smaller than the total generated.

²⁷ Multipliers are coefficients that translate direct changes in economic activity into the total economic impact. For example, a job multiplier shows how many jobs are created in total (directly, indirectly, and induced) for each new job created directly. Similarly, an output multiplier indicates how much total output increases for each dollar increase in output in a specific industry. Relevant key multiplier types include Output Multiplier: Measures the total change in economic output resulting from a change in demand for a specific industry; and Employment Multiplier: Measures the total change in employment resulting from a change in employment in a specific industry.



Step 3: Utilising Stats NZ Input / Output tables generate regionally specific Level 1 multipliers (i.e. where each \$1 spent goes through the first cycle). These multipliers are specific for each of the 48 sectors and are proportionally combined to produce the development multiplier: earth works, fees, etc (due to these having a materially different labour to capital breakdown) and the construction multiplier- built form.

Step 4: Utilise a similar process to assess the Level 2 multipliers for indirect and induced activities.

Step 5: These three (direct, indirect and induced impacts) are then aggregated and discounted to get the NPV seen in Table 1.