PROPERTY ECONOMICS

SAKURA ONSEN AND HOTEL

FAST-TRACK APPLICATION

ECONOMIC IMPACT ASSESSMENT

Client: Waiheke Mon E Limited

Project No: 52414

Date: March 2026

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SCHEDULE

Code	Date	Information / Comments	Project Leader
52414.7	March 2026	Report	Phil Osborne / Tim Heath

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1. INTRODUCTION

Property Economics has been commissioned by Waiheke Mon E Limited (the **Applicant**) to evaluate the economic benefits associated with the proposed Onsen Pools, Ryokan Villas, Spa and Wellness Centre and Luxury Hotel and Conference Facility developments (the **Project**) within a 5ha of site at 32 Tiri Road, Waiheke Island, Auckland.

The Project seeks approval under the Fast-track Approvals Act 2024 ("**FTAA**")

Project Description

The Project is bound by Ocean View Road to the south, Tiri Road to the northeast, holiday accommodation to the east, a private rural property to the northwest, and a parking lot and tramping track to the west. The land features include open space surrounded by naturally wooded bushland and occupies a strategic position along the main road and pedestrian route between the ferry terminal at Matiatia and the township of Oneroa.

This Project involves the construction of:

- A 180-room luxury hotel including conference centre and restaurant
- Private onsen pools and sauna facilities
- A full-service spa and wellness centre
- Japanese-inspired ryokan villas
- Dedicated yoga and meditation retreat facilities
- Integrated landscape and ecological design
- Supporting hospitality and visitor amenities

Considerations under the Fast-Track Approvals Act

This economic impact assessment ("EIA") addresses the economic injection, employment, and scale of economic impacts / benefits of the Project. The provisions of the FTAA that are directly relevant to this report are:

- 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 13 which outlines the information requirements for a referral application.
- Section 22 which outlines the criteria for assessing a referral application.
- Schedule 5 Clause 2 which outlines information about the proposed resource consent application required in a referral application.

In short, the FTAA seeks to facilitate infrastructure and development proposals where the proposed development results in significant regional or national benefits. In assessing whether a project has such benefits, the following matters (of particular relevance to the current Project) may be considered:

- Whether the project will deliver enable the continued functioning of existing regionally or nationally significant infrastructure.
- Whether the project will contribute to a well-functioning urban environment (as per Policy 1 of National Policy Statement on Urban Development 2020 ("NPS-UD")).
- Whether the project will deliver significant economic benefits.

Figure 1 following provides an outline of the site plan of proposed developments.

FIGURE 1: PROJECT ILLUSTRATIVE SITE PLAN

Source: Fearon Hay

2. EXECUTIVE SUMMARY

This EIA assesses and quantifies the economic impacts arising from the proposed Onsen Pools, Ryokan Villas, Spa and Wellness Centre and Luxury Hotel and Conference Facility developments at 32 Tiri Road, Waiheke Island within the FTAA context

The total quantitative economic impact on business activity (value added GDP) within the Auckland Region as a result of the Project are summarised in the following table.

Snapshot of Key Economic Benefits:

Estimated Quantitative Economic Impacts on Auckland Regional Economy:	
Total direct capital expenditure (excluding land)	**$483.9m**
Total NPV[1] at 8% over a 5-year development period[2]	**$271.7m**
Total NPV at 2%[3] over a 5-year development period	**$317.9m**
FTE years[4] during the peak development year[5]	**659 FTE years**
Total FTE years over the 5-year development period	**1,677 FTE years**
Total direct employment over the development period	**793 FTE years**
Total indirect and induced employment over development period	**884 FTE years**

In addition to these quantifiable regional contributions, the Project is likely to generate a wide range of (non-monetised) qualitative economic benefits for the wider regional market and communities, extending well beyond the Waiheke local market, including:

- Facilitation of the tourism industry's recovery and long-term economic contributions
- Diversification of the regional tourism product and market positioning
- Increased economic activity and local employment
- Potential visitor yield uplift and higher spend per guest

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1 Net Present Value

[2] Note that five-year period assessed in this EIA does not represent a full five years of active economic activity, as the first year is primarily allocated to pre-construction activities such as planning, design work, procurement and contracting rather than actual construction.

[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.

- Spillover demand for transport, tours and complementary services
- Seasonality smoothing and yield stabilisation

Overall, these economic benefits, in conjunction with the development's quantified economic injection into the regional economy and employment opportunities. Property Economics considers that advancing the proposed development would catalyse unique economic benefits for the Auckland regional. The Project would increase visitation, and visitor stays in the region, attracting visitors from Auckland, wider New Zealand and international markets, contributing to broader regional economic growth.

In light of this EIA, Property Economics considers that enabling the proposed luxury hotel, spa and wellbeing centre and onsen pools development would deliver regionally significant economic benefits for the economy and for the community.

Overall, our assessment supports the Project from an economic perspective in the context of the FTAA and the Resource Management Act 1991 ("RMA").

3. GENERAL INFORMATION

3.1. STATEMENT OF EXPERIENCE

Philp Osborne is an economic consultant for the company 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 undertaken numerous Economic Impact Assessments for fast-track applications (under the Covid-19 Recovery Fast Track Consenting Act 2020 and the FTAA).

Tim Heath is the 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 bridges planning ideology and commercial realities to ensure recommendations have 'real world' practicality and can be successfully implemented.

I have extensive experience and am 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 under the Covid-19 Recovery Fast Track Consenting Act 2020 and the FTAA.

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 me that might alter or detract from 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:

- Accommodation Data Programme – MBIE
- Business Frame Data – Stats NZ
- Development Illustrative Masterplan – G2 Studio
- Global Wellness Economy Monitor 2024 – Global Wellness Institute
- Input / Output Tables - Stats NZ
- New Zealand Aotearoa Government Tourism Strategy May 2019 – MBIE & Department of Conservation
- Proposed Development Costings – G2 Studio, Waiheke Mon E Limited
- The Global Wellness Economy Country Rankings 2019-2023 – Global Wellness Institute
- Tourism GDP – Infometrics

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 standard method used to classify businesses and organisations based on their primary economic activity. It provides a framework for analysing and comparing economic data across industries in Australia and New Zealand. 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. These benefits may be expressed in financial or non-financial terms. 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. ECONOMIC CONTEXT

In assessing the potential economic impacts of the Project, 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 the Project and spend is likely to have a national economic impact, the majority of impacts are likely to be retained within the Auckland Region. This EIA assessment focusses primarily on the extent of economic impacts and activity that will be retained[6] within the Region.

2) The economic impacts are those resulting from the development over a 5-year period. Ongoing operational and wider flow-on economic effects are not quantified as part of the EIA but are discussed qualitatively in Section 6 of this report.

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 2 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"[7].

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

Additionally, there are likely to be other, non-economic effects that may result in further economic impacts, such as changes in traffic patterns, noise levels, amenity, or community wellbeing. These potential additional economic impacts are excluded from this analysis to avoid double counting of effects. Other non-economic effects, for example positive environmental or social impacts, have not been addressed in this report but we understand are otherwise addressed in the referral application material.

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[6] *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.*

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

5. 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 demolition, construction, design, infrastructure and development works. It anticipates development across a five-year period. There is no indication of any material factors present which might delay progression of the Project and consequently delay the onset of any economic impact.

5.1. PROJECT'S INJECTION INTO THE TOTAL AUCKLAND ECONOMIC ACTIVITY

Table 1 following outlines the resulting impacts on the Auckland regional economy as a result of the development.

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

	2026	2027	2028	2029	2030	Total
Direct Expenditure ($m)						
Land						
Other	$1.2	$1.5	$2.1			$4.8
Earthworks / Civil Works / Consultants	$7.1	$12.3				$19.4
Infrastructure	$0.4	$0.6	$0.7			$1.7
Total Development Costs (excl. land)	$8.7	$14.4	$2.8			$25.9
Construction		$68.7	$114.5	$206.1	$68.7	$458.0
Total Construction and Development Costs (excl. Land)	$8.7	$83.1	$117.3	$206.1	$68.7	$483.9
Total Direct Expenditure (excl. land)	**$8.7**	**$83.1**	**$117.3**	**$206.1**	**$68.7**	**$483.9**
Level 2 Multiplier Impacts						
Total Auckland GDP NPV (48 sector multipliers)**	**$5.0**	**$46.9**	**$73.8**	**$112.8**	**$33.3**	**$271.7**
Employment (FTE Years)						
Development Employment	25	42	6			
Construction Employment		262	360	608	223	
Other Employment	7	37	43	50	12	
Total Employment (FTE years)	**32**	**342**	**410**	**659**	**235**	**1,677**

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.*

Two key values are represented in Table 1. The first is the Economic Activity generated in the Auckland Region. The Project will generate an estimated direct expenditure of approximately $483.9m which represents the total cost of the development (excluding land). The Project will result in approximately $271.7m of total value added (GDP) for the Auckland Region over the life of the development timeframe of 5 years.

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.

The second aspect is the generation of employment. The Project will also contribute an estimated 659[8] jobs during the peak construction year within Auckland, with a total number of approximately FTE years estimated at 1,677 over the development period.

5.2. 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. 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.'.

2. Financial or loan costs on capital primarily fall outside of the local catchment and impact the national economy.

3. 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 Frame data[9] .

4. This report deals with the economic impact of proposed development on Auckland. These are specifically the direct impacts related to the construction of the proposed development.

5. 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.

6. For the purposes of this report an 8% discount rate has been applied, consistent with the default rate for commercial proposals set by the Treasury[10]. Additionally, a 2% discount rate has been applied as a sensitivity test, also directed by Treasury.

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

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

[10] *https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates*

7. Labour movements are based on average retention rates rather than specific company locations.

8. The proportion of materials and labour internalised in direct benefits to Auckland 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 Auckland are based on the movement of resources (including labour) between other districts and regions.

This EIA estimates the total additional gross economic output[11] 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. This EIA is not site specific but specific to the development and construction of the Project, i.e. the estimated economic impacts are not tied to the subject land, and the related development is not dependent on any particular location.

This 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 (CAPEX[12]) 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.

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

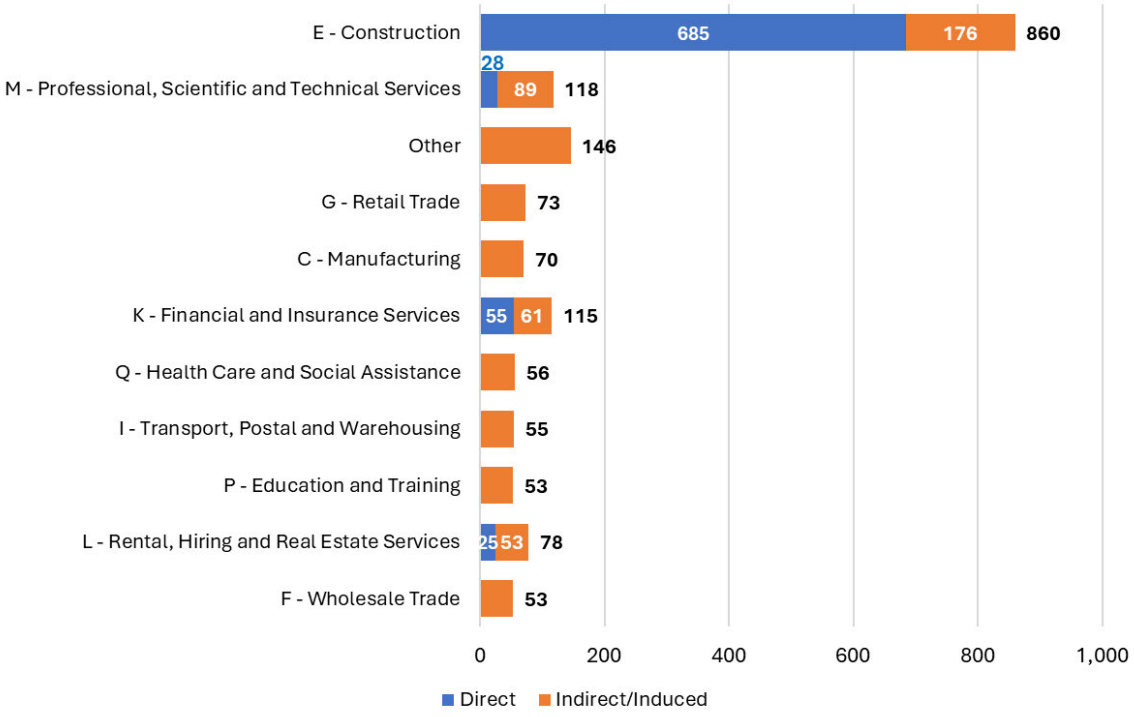
[12] *CAPEX – Capital Expenditure.*

5.3. 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 793 FTE years with the remaining around 884 FTE years resulting from indirect and induced activity.

FIGURE 2: AUCKLAND EMPLOYMENT GENERATION BY SECTOR (DIRECT, INDIRECT AND INDUCED)



Source: Property Economics

This scale of employment generation is significant in the regional context. For comparison, the regional unemployment rate increased from 3.5% in 2022 to 5.4% in 2025, resulting in a current unemployment level of approximately 55,750 people. Against this context, the Project will make a direct contribution to supporting regional employment levels.

5.4. 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%[13]. In this section, sensitivity testing is undertaken using the 2% discount rate to quantify the scale of the Project'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 development at the subject site is estimated to generate approximately $317.9m in total business activity across the Auckland Region over the full development timeframe.

TABLE 2: PROJECT SENSITIVITY ANALYSIS (2% NPV)

Discount Rate	Total Auckland Output NPV ($m)					
	2026	2027	2028	2029	2030	Total
2%	**$5.0**	**$49.9**	**$83.7**	**$136.3**	**$42.9**	**$317.9**

Source: Property Economics

[13] *Source: https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates*

6. GLOBAL AND NEW ZEALAND TOURISM INDUSTRY

6.1. 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% of total GDP and employing around 8% of the workforce[14]. As highlighted in the New Zealand Aotearoa Government Tourism Strategy[15]:

> *"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 (see Figure 3). 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's total GDP[16] has fallen more sharply than the national average and has remained noticeably lower than the 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.

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

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[14] *Titled "New Zealand-Aotearoa Government Tourism Strategy - Summary of consultation submissions", MBIE, dated May 2019*

[15] *Source: https://www.mbie.govt.nz/dmsdocument/5482-2019-new-zealand-aotearoa-government-tourism-strategy-pdf*

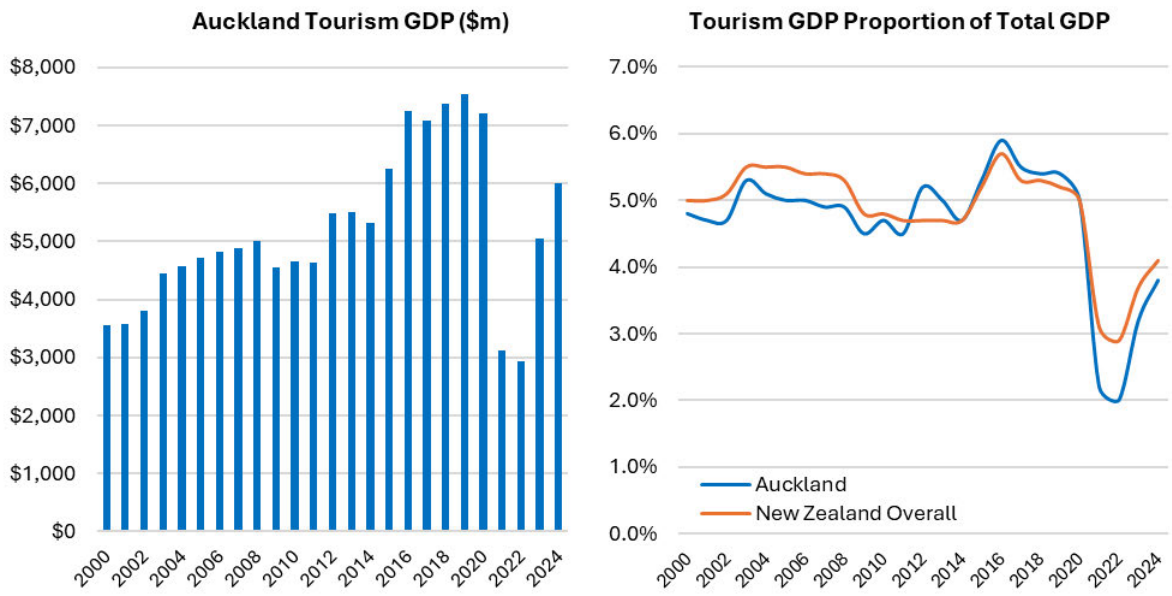
[16] *Note that the difference in tourism GDP ratios reported by Infometrics and the New Zealand-Aotearoa Government Tourism Strategy reflects methodological differences.*

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 2025[17], "*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 attractions[18].

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

FIGURE 3: AUCKLAND TOURISM GDP CONTRIBUTION



Source: Infometrics

[17] *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.*

[18] *Destination AKL 2025, Page 30*

Given these trends, enabling the development of a new and unique tourism asset, such as the proposed development, offers a strategic and unique opportunity to reinvigorate Auckland's tourism ecosystem. A differentiated high-value wellness-based attraction would help diversify Auckland's visitor offering beyond traditional urban and events-based tourism.

By tapping into the rapidly expanding global wellness tourism market, Auckland could broaden its visitor base, lengthen average stays, attract higher-spending international tourists, and strengthen resilience against future shocks. Moreover, the introduction of a high-quality, experience-driven asset on Waiheke would reinforce Auckland's premium branding, stimulate regional dispersal, and contribute directly to increasing tourism's share of Auckland's GDP.

6.2. GLOBAL AND NEW ZEALAND WELLNESS TOURISM ECONOMY

As an important subsector of the wider tourism economy, the global wellness tourism industry has experienced substantial growth in recent years, reflecting a global shift towards prioritising holistic well-being in travel experiences. One notable trend internationally is the increasing tourism demand for personalised wellness experiences tailored to individual needs and preferences.

According to Global Wellness Institute's latest research[19], the global wellness tourism economy is predicted to continue its robust growth and expand its share of consumer spending and the global economy over the foreseeable future. For the next five years, it is forecast that the global wellness tourism economy will grow at a robust rate of +10.2% annually, a growth rate substantially higher than projected global GDP growth (+3.3% according to recent IMF forecasts).

Consequently, as indicated in the figure above, the global wellness tourism market size will achieve circa US$1.35 trillion per annum by 2028. This indicates a substantial pool of potential international customers willing to participate in wellness tourism experiences as well as substantial opportunities for the growth of luxury wellness destinations, both on the international stage and within the New Zealand market.

[19] *Global Wellness Economy Monitor 2023, November 2023, Global Wellness Institute*

FIGURE 4: GLOBAL WELLNESS ECONOMY GROWTH PROJECTIONS

Source: Global Wellness Institute

In particular, wellness tourism was the sector that most negatively impacted by the COVID-19 pandemic. In the Asian Pacific region, after peaking at $142b in 2019, wellness tourism expenditures plummeted to $51b in 2020, due to the pandemic travel bans and border closures around the world.

Wellness tourism fared slightly better than overall tourism during the pandemic, with wellness trips and expenditures falling by less in 2020 and recovering at a faster rate in 2021-2022 as compared to overall tourism.

Along with the relaxing of pandemic-related travel restrictions and the recovery of the overall tourism market, wellness tourism has grown rapidly over a three-year period, reaching a new peak of $165.8b in 2023.

In particular, between 2022 and 2023, the Asia-Pacific region recorded the strongest growth globally, with wellness tourism expenditure increasing by approximately 116%, making it the fastest-growing market in the world.

TABLE 3: GLOBAL WELLNESS TOURISM EXPENDITURES BY BROADER REGION

	Wellness Tourism Expenditures (US$ billions)					Average Annual Growth Rate	
	2019*	2020*	2021*	2022*	2023	2022-2023	2019-2023
North America	$261.9	$151.4	$209.3	$279.4	$313.9	*12.3%*	*4.6%*
Europe	$240.6	$119.6	$166.9	$232.8	$286.5	*23.1%*	*4.5%*
Asia-Pacific	$142.4	$51.1	$56.0	$76.7	$165.8	*116.2%*	*3.9%*
Latin America-Caribbean	$33.4	$13.2	$20.1	$29.6	$37.5	*26.7%*	*2.9%*
Middle East-North Africa	$12.3	$5.3	$7.4	$13.4	$19.1	*42.4%*	*11.6%*
Sub-Saharan Africa	$6.0	$2.3	$2.8	$5.3	$7.4	*41.3%*	*5.6%*
WORLD: Wellness Tourism	**$696.6**	**$343.0**	**$462.5**	**$637.2**	**$830.2**	***30.3%***	***4.5%***
WORLD: ALL Tourism	**$4,608.2**	**$2,098.3**	**$2,686.4**	**$3,521.3**	**$4,646.4**	***32.0%***	***0.2%***

Source: Global Wellness Institute

The following table presents the wellness economy of New Zealand and compares it to a neighbouring market - Australia, to identify the size and advantage of enabling the proposed development to tap into this nationally significant sector.

New Zealand's wellness sector represents a substantial and strategically important part of the national economy, and the data strongly supports the development potential of a luxury spa and hotel destination on Waiheke Island. Although smaller in absolute size than Australia's market, New Zealand's wellness economy is deeply embedded in its economic structure, contributing 8.84% of GDP.

TABLE 4: WELLNESS ECONOMY - NZ VS AUSTRALIA

New Zealand	2023 Value	Rank
Wellness Economy Size (US$b)	US$22b	36
Wellness Economy as a % of GDP	8.84%	17
Wellness Economy Per Capita (US$)	US$4,262	9

Australia	2023 Value	Rank
Wellness Economy Size (US$b)	US$126.7b	10
Wellness Economy as a % of GDP	7.27%	34
Wellness Economy Per Capita (US$)	US$4,824	7

Source: Global Wellness Institute

With New Zealand ranking in the top ten for wellness GDP per capita (US$4,262), there is clear evidence of strong domestic and international appetite for premium wellness experiences. This level of discretionary spending demonstrates a strong basis of local and international demand for high-end, retreat-style services that a major luxury spa and hotel on Waiheke could compete for.

In Property Economics' view, Waiheke Island is uniquely positioned to leverage this economic strength. Its proximity to central Auckland, combined with its international profile as a high-value leisure / holiday destination, makes it an ideal location for an integrated luxury wellness development and tourism asset.

The island's natural assets, including coastal landscapes, beaches, vineyards, and secluded settings, align perfectly with global wellness tourism trends, where affluent travellers seek restorative, nature-based experiences. The Project would therefore not only meet strong domestic wellness demand but also enhance Auckland's (and New Zealand's) attractiveness as a destination for long-haul wellness travellers, particularly from Asia, Australia and North America.

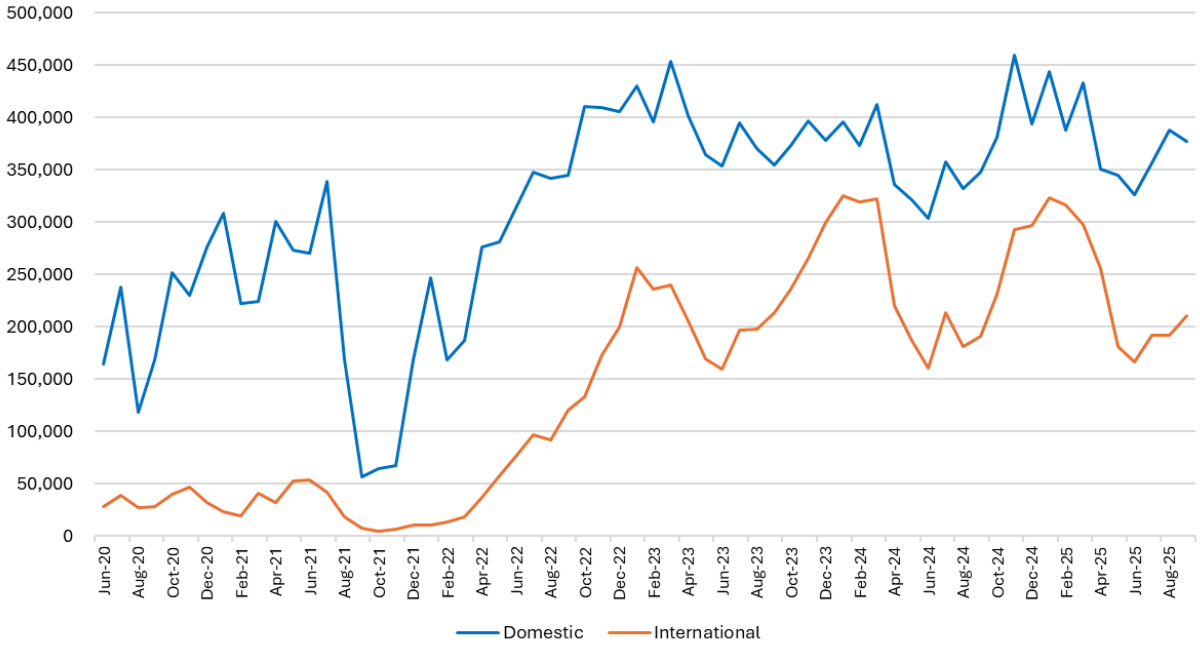
The Project would also have important implications for both Auckland's and New Zealand's wider tourism economy. As Auckland continues to position itself toward higher-value and experiential tourism, a signature wellness destination on Waiheke would significantly expand the region's premium tourism and recreational offering, extending visitor stays and increasing average visitor expenditure.

At a national level, the Project's unique settings would strengthen New Zealand's profile in the rapidly growing global wellness tourism market, diversifying the tourism sector and reducing reliance on traditional sightseeing / activity-based travel. The combination of high domestic wellness engagement and strong international tourism alignment positions Waiheke as one of the most compelling locations in the country for a major luxury spa and hotel investment, one that would make a significant and lasting contribution to both the wellness economy and New Zealand's broader tourism landscape.

7. AUCKLAND ACCOMMODATION SECTOR OVERVIEW

Regarding the demand for commercial accommodation services in Auckland, data obtained from MBIE, as depicted in the figure below, illustrates a significant increase since the removal of Covid related travel restrictions. As of January 2025, Auckland has experienced a record-high in commercial visitor guest nights since the onset of the Covid-19 pandemic, reaching approximately 767,700 nights collectively. Among these, around 42% are attributed to international visitors, totalling around 323,700 nights.

FIGURE 5: AUCKLAND COMMERCIAL VISITOR GUEST NIGHTS



Source: MBIE - The Accommodation Data Programme

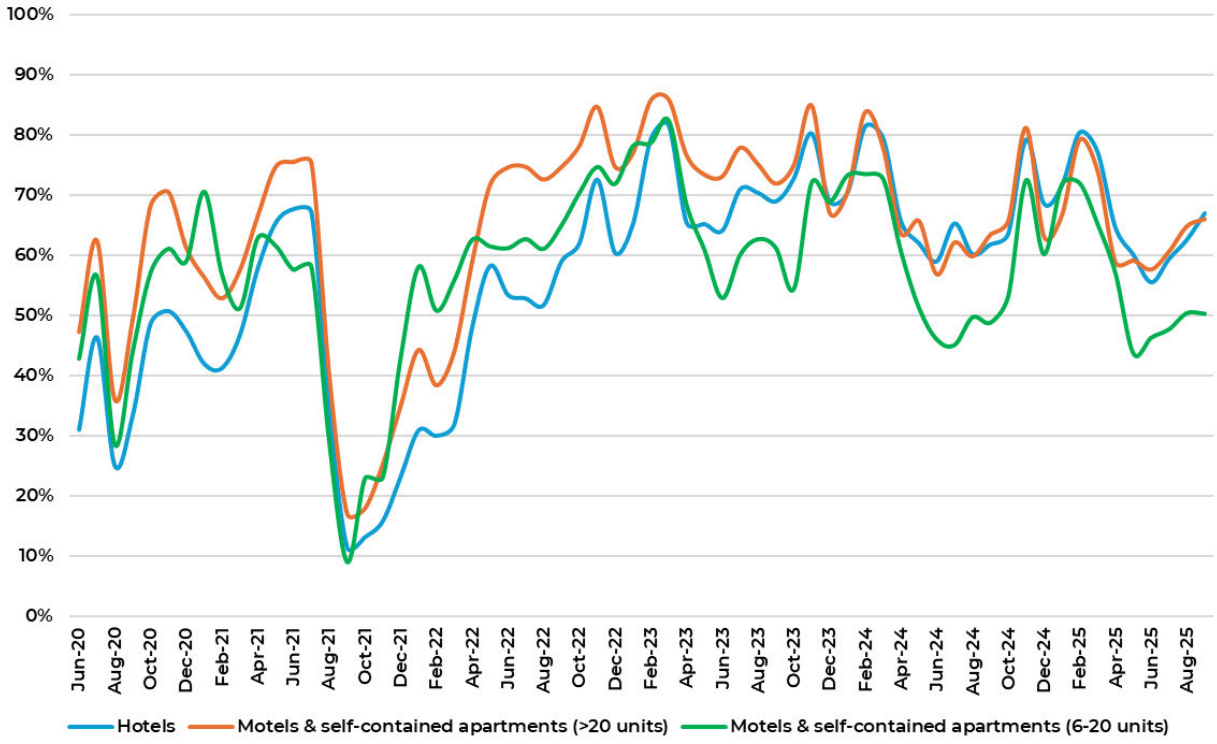
Even though this upward trend for Auckland does not automatically translate into increased demand for visitor accommodation in Waiheke, the sustained recovery and significant growth of visitor numbers in Auckland indicate a robust market for diverse accommodation options in a range of locations that add tourism experiences.

This presents an opportunity for a luxury commercial accommodation establishment in Auckland to '*tap into*' this market and improve Auckland's regional, and New Zealand's national, tourism profile and expenditure by offering visitor accommodation for both domestic and international visitors seeking a luxury accommodation experience with direct access to a City Centre environment.

The following figure illustrates occupancy trends for Auckland hotels, motels, and serviced apartments between June 2020 and June 2025, highlighting the sector's (seasonal) volatility and recovery trajectory.

At the onset, the impact of Auckland's shutdown from COVID-19 is sharply visible in the steep declines in occupancy rates across all accommodation types in mid-2021, when lockdowns and border closures severely constrained both domestic and international travel. Occupancy dropped to the bottom at approximately 10%, particularly for motels and self-contained apartments with smaller unit sizes, reflecting the near standstill in visitor demand during this period.

FIGURE 6: OCCUPANCY RATE FOR MAJOR COMMERCIAL ACCOMMODATION SERVICES IN AUCKLAND



Source: MBIE - The Accommodation Data Programme

Following the easing of restrictions and the reopening of international borders in late 2021 and into 2022, occupancy rates recovered rapidly. By mid-2022, hotels and larger motels / serviced apartments (20+ units) reached occupancy rates above 70%, peaking above 85% through late 2022 and early 2023.

This surge reflects pent-up demand from both domestic travellers and returning international visitors, as well as a rebound in business travel and events. Smaller-scale motels and apartments also experienced recovery, though with greater volatility, likely reflecting their reliance on more price-sensitive leisure travellers and short-stay demand.

From 2023 onward, occupancy rates stabilised at relatively strong levels, fluctuating between 60-80% for hotels and larger motels / serviced apartments, with some seasonal peaks nearing 85%. This indicates that the market has rebalanced into a post-COVID "new normal," supported by the return of tourism and steady domestic travel demand.

Looking ahead, the occupancy rate data suggests a sustainable demand base for commercial accommodation in Auckland, with hotels and larger complexes maintaining resilient occupancy levels in the medium term. Seasonal fluctuations will remain, but the ability to sustain occupancy above 65% on average underlines strong market fundamentals.

Overall, Auckland's continuously growing and higher-than-average occupancy rates highlight the sustained demand for accommodation and visitor experiences in Auckland. The application's unique luxury project and wellness experience will garner attention and interest from travellers both domestically and internationally, strengthening Waiheke and Auckland as a destination for wellness tourism.

This heightened profile will not only attract more visitors to the region but also encourage longer stays and repeat visits, fostering sustained tourism growth over time. This infusion of tourism dollars will support local and regional infrastructure development, public services, and community development initiatives, enriching the overall quality of life for communities, and particularly Waiheke Island residents.

Waiheke Island plays a strong and strategically significant role in the region's tourism economy, though its resident population is only around 9,300, the island attracts 900,000+ visitors[20] per year, swelling day-time and seasonal population significantly. This high visitor volume supports a vibrant local hospitality sector (e.g., wineries, boutique accommodation, cafés, galleries), which in turn generates meaningful economic activity. According to Infometrics' data, at one point, Waiheke Local Board's GDP was estimated at $481m as of March 2024, representing a record high and a significant growth of around 9% higher than the pre-COVID level of around $440m in 2019.

However, there is no formal luxury hotel accommodation on the island. It is highly unusual that a globally promoted and recognised holiday destination does not have formal hotel accommodation. This represents a significant '*gap*' in Waiheke's accommodation offer and a missed opportunity to add significant tourism expenditure to Waiheke and Auckland's tourism economy. Waiheke is also one of Auckland's most popular wedding destinations, yet guests have limited accommodation options on the island. This further underscores the practical missed opportunities for Waiheke and its economy.

An increased provision of high-quality accommodation would benefit the Waiheke local economy significantly and enable visitors to stay longer and spend more on the island. Flow-on economic benefits would include improved local business performance and increase local employment opportunities.

By encouraging Waiheke's unique tourism proposition, its natural landscapes, boutique wine culture, laid-back island feel, Auckland can both capture higher-value visitors and extend stays.

[20] *Source: https://new.aucklandcouncil.govt.nz/en/about-auckland-council/how-auckland-council-works/local-boards/all-local-boards/waiheke-local-board/about-waiheke.html?utm_source=chatgpt.com*

This, in turn, stimulates demand for complementary services across the region: more ferry traffic, local transport, guided tours, luxury / wellness accommodation.

Furthermore, because the island delivers a tourism experience not replicable on the mainland, investment in its capacity and quality could deliver strong returns regionally. Well-managed growth could reduce seasonality, encourage longer stays, and amplify spill-over benefits into Auckland's wider economy (retail, food & beverage, creative enterprises), while also driving employment opportunities for local island businesses.

The proposed developments would offer a genuinely distinctive product in Auckland's tourism offer because there is currently no dedicated, full-service Japanese onsen / ryokan-style wellness resort operating in the region. Waiheke already trades on boutique, high-quality visitor experiences (e.g., vineyards, beaches and boutique accommodation), but the existing island offerings are largely small-scale lodges and day-spas rather than an integrated, immersive Japanese wellness resort.

That absence creates a clear market gap for a luxury Japanese concept that combines authentic onsen bathing, ryokan-style service and culinary traditions (kaiseki), plus wellness programming that emphasises rest, ritual and nature. While Auckland hotels and day-spas do incorporate Asian-inspired treatments and onsen-style pools, these are typically amenities within larger urban hotels or small private pools rather than an immersive destination resort built around a Japanese spa philosophy. A purpose-built onsen ryokan on Waiheke would therefore be innovative in the regional context and could command premium rates and an exclusivity premium that current island accommodation does not deliver.

Overall, in Property Economics' view, a luxury Japanese spa and hotel on Waiheke would not merely add another place to stay. It would introduce a new, non-replicable tourism proposition to Auckland's mix, diversify the regional product toward higher-value and wellness-oriented markets, and create meaningful spillover demand for transport, hospitality and local suppliers, strengthening both Waiheke's and greater Auckland's visitor economy.

8. OTHER NON-MONETISED ECONOMIC 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).

- 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.

- Diversification of the regional tourism product and market positioning: A first-of-its-kind Japanese onsen would meaningfully expand Waiheke's and Auckland's tourism offering by introducing a premium wellness experience that is currently absent from the regional market. This represents a distinct visitor segment, separate from the island's established wine, marine, and urban-based 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.

- Increased economic activity and local employment: The Project would generate considerable economic stimulus through direct construction activity and supporting services. This includes employment opportunities in the building industry, engineering, landscaping, materials supply, and project management sectors. The construction-led growth would extend over several years, supporting regional employment levels and contributing to GDP through multiplier effects across the economy. In addition, the proposed developments will create additional employment opportunities across various roles, including support staff, facility management, etc., during both the development and ongoing operational phases.

- Potential visitor yield uplift and higher spend per guest: The proposed development will attract higher-spend visitors compared with average day-trip winery visitors. Guests are likely to stay multiple nights, pay premium rates for rooms and treatments, and spend on high-end dining, experiences and retail. This potential uplift in per-visitor spend raises total tourism receipts captured by Waiheke and the wider Auckland region.

- Spillover demand for transport, tours and complementary services: Tourists typically engage in broader tourism-related activities, such as dining out, shopping, and visiting local attractions. This increased tourism spend would generate positive economic ripple effects across the region, supporting local businesses, boosting hospitality, accommodation and retail sectors, and creating new employment opportunities.

  In addition, the proposed development has the potential to increase demand for higher-margin transport services (premium ferries, private transfers), guided experiences (vineyard tours, nature walks with wellness themes), and specialist retail. Local businesses that supply food, flower, crafts, and excursion operations would see higher and more consistent demand, increasing turnover across the island and in Auckland's tourism supply chain.

- Seasonality smoothing and yield stabilisation: Wellness tourism often has less pronounced seasonality than leisure sightseeing because wellness experiences can be marketed year-round (retreats, corporate wellbeing, off-season packages). The proposed development will therefore help smooth visitor flows across months, improving capacity utilisation for local suppliers and stabilising revenue streams for island businesses.

We have not endeavoured to quantify, in dollar terms, other potential benefits arising from the Project or to undertake a full economic cost / benefit analysis for the purposes of the referral application. Notwithstanding, we consider that the unique economic benefits of the Project would comfortably outweigh any potential disbenefits.

Considering the (non-monetised) economic benefits analysis outlined above as a whole (including the quantitative economic injection into the regional economy and employment benefits), Property Economics considers that advancing the proposed development would contribute significantly to the economic benefits for the regional tourism economy and community.

9. CONCLUSION

Having undertaken the economic analysis outlined earlier, Property Economics considers that enabling the Project under the FTAA would generate significant regional economic benefits within the Auckland Region.

Overall, our assessment supports the Project from an economic perspective and considers that the Project will meet the purpose of the FTAA.

These regional economic benefits include but not limited to:

- Total direct expenditure over a 5-year development period (excl. land) $483.9m
- Total NPV at 8% over a 5-year development period $271.7m
- Total NPV at 2% over a 5-year development period $317.9m
- FTEs during the peak development year 659 FTE years
- Total FTE years over the 5-year development period 1,677 FTE years
- Total direct employment over the development period 793 FTE years
- Total indirect and induced employment over development period 884 FTE years

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 5 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 economy[21]. 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 retain 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.

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[21] *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.