

188 Beaumont Street Fast-track Application: *Review of Economic Analyses*

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Contents

1	Introduction and Summary of Economic Analyses	1
1.1	Property Economics	1
1.2	ME's Report on Orams Marine	2
1.3	Auckland Council Specialist Memo	3
2	Review	4
2.1	Assessment Methodology - EIA vs CBA	4
2.2	Multipliers and the Counterfactual	6
2.3	Other Relevant Issues	7
2.4	Will there be Significant Benefits?	11
2.5	Information gaps and questions	12
3	References	13

1 Introduction and Summary of Economic Analyses

This short report reviews the economic assessments provided by the applicant for the proposed development at 188 Beaumont Street in the Wynyard Quarter of Central Auckland. This includes an Economic Impact Assessment (EIA) of the project provided by Property Economics (PE);¹ an analysis by Market Economics (ME) of the economic impacts of the adjacent Orams Marine business;² a review of these reports by Shane Martin (MR Cagney) provided by Auckland Council³ and the response by PE.⁴

My review includes commentary on the methodologies used and the assessments of benefits; it also addresses several questions posed by the panel. I first briefly describe the reports.

1.1 Property Economics

PE records the size of the project, including the number of apartments and the areas (in m²) allocated to residential, commercial/retail and amenity. This information has been used to then estimate the construction and development costs. These appear to be estimated using PE's own assumptions,⁵ presumably from factors (\$/m² etc) compiled from other studies. These direct expenditure costs are then combined with standard multipliers in an EIA to derive estimates of impacts on Auckland GDP and employment. These are estimated over a five-year construction period, with the GDP estimates for each year discounted at 8% (or 2% in sensitivity analysis) to produce a net present value (NPV).

PE suggests (p15) "A full cost-benefit analysis (CBA) is not considered necessary or appropriate in this instance, as the EIA framework is appropriately aligned with the purpose and effects-based assessment required under the FTAA. This approach is also consistent with that adopted and accepted in a range of previous FTAA decisions."⁶

The EIA is undertaken in gross terms (see Table 1 and Section 6.2 in its report), meaning it has assumed all GDP and employment impacts are additional, with no displacement that would occur if some or all of the resources, including labour and materials, would otherwise have been used for another activity which will now not occur or will only do so in a different time period. This is a significant assumption which affects the nature and size of any estimated benefits. In Section 6.5, PE justifies the assumption with respect to labour resources by discussing current levels of under-utilisation of labour in the construction industry, stalling of development projects and expectations of employment growth. PE concludes with the comment that "*If the employment market was full, then new construction projects would shift employees from one project to another – this is not the case for the Project*" (p22).

In addition to the impact on GDP and employment, PE notes several economic benefits (Sections 7.1 and partly repeated/expanded on in Section 8) and costs (Section 7.2) that are

¹ Osborne and Heath (2026a)

² Akehurst (2026)

³ Martin (2026)

⁴ Osborne and Heath (2026b)

⁵ Table 1 which summarises these numbers lists Property Economics as the source.

⁶ Confusingly they suggest the output of a CBA is a Cost Benefit Ratio and that the FTAA instead needs to consider whether the benefits outweigh the costs! This is precisely what a CBA does, with a net present value (NPV, ie the discounted aggregate of benefits minus costs) a standard output of a CBA and often the one regarded as superior to other possible outputs (Mishan 1982)

not monetised:

Benefits

- Increases in residential apartment capacity, relative to recent declines (See Section 9) and increasing the diversity of housing choice. PE notes (Section 9.2) that the development would contribute positively towards the new residential supply required (and anticipated) to accommodate population growth in central Auckland, and that it would contribute towards stemming the growth in housing unaffordability.
- Improved land use efficiency – residential and commercial rather than a car park;
- More efficient infrastructure use, which assumes some current under-utilisation and economies of scale in future infrastructure investments. For this to be a benefit it suggests that, without this project, less efficient infrastructure would be built which in turn suggests that the project is displacing investments elsewhere;
- Increased economic activity and employment, and catalysing additional city centre developments. This includes increasing the population and vibrancy of the Wynyard Quarter, although it is not clear if or how these are additional to those already quantified and/or whether this is displacing developments elsewhere.

Costs

- Infrastructure upgrade costs, although none are currently anticipated.
- Impact on marine (or coastal) land, ie its opportunity cost. PE suggests this would not include displacement of marine sector activity because there is sufficient land for anticipated growth.

Based on its quantitative analysis and discussion of non-monetised benefits and costs, PE concludes that the project is expected to yield significant economic benefits.

1.2 ME's Report on Orams Marine

The ME report assesses the economic contribution of Orams Marine super yacht refit business. The reason for including this is because of Auckland Council's requirement for Orams to *"remediate the contaminated land at both 188 and 164 Beaumont Street, as a result of historical contamination from previous occupiers of the site"* or to vacate the 188 Beaumont Street site.⁷ ME suggests the commercial viability of Orams' business would be at risk without the returns from developing the site. ME has provided no evidence to support this claim.

ME describes Orams' maintenance and refit business in the context of the global super yacht industry. It then estimates the flow of economic impacts associated with super yacht refits and maintenance. This uses data from a 2014 survey of super yacht crews to understand their activities and expenditure in New Zealand, with the numbers updated for inflation and benchmarked against an Australian study. ME estimates the number of yachts expected to be refitted or repaired at the Orams site under conservative and high scenarios. These numbers are combined with the survey-based estimates of expenditure for marine services (c.89% of

⁷ p2 in Akehurst (2026)

the total) plus tourism and other living expenses while the crew is in New Zealand (c.11%). Using estimated expenditure by sector as input, ME uses multipliers that are built into its Multi Region Input Output (MRIO) model to estimate the impacts on value added (GDP contribution) and employment as employee counts.⁸

The total impacts are estimated over 25 years and discounted to the current year (2026) at 8% or 2%. The employment effects are similarly estimated in years of employment over 25 years, eg 27,000-35,500 modified employee count years,⁹ which is equivalent to approximately 1,000-1,400 employee counts in any one year.

1.3 Auckland Council Specialist Memo

Auckland Council presented a report authored by Shane Martin from MR Cagney.¹⁰ He suggests the proposed development is likely to yield positive net economic benefits (benefits exceed costs) but he does not reach this conclusion using the economic reports provided, which he suggests do not provide a robust assessment of costs and benefits. He bases his conclusion on the size of the residential development and its central location relative to recent levels of apartment build in the Waitemata Local Board area. He suggests that it is *"inarguable that adding more dwellings to the housing supply will help attenuate [house] prices, all else equal – something that this project clearly does."*¹¹

Martin criticises the reports for their EIA methodology, suggesting that economic impacts (and GDP) are not economic benefits. His criticisms include the treatment of some costs (viz construction costs) as benefits, omission of environmental effects, and the assumption that all effects are additional rather than displacing activity elsewhere (despite arguing that the housing is clearly additional). He suggests the non-monetised benefits in the PE report (noted above) are far more compelling as the basis of benefits than the GDP and jobs numbers listed. Martin also comments on how all effects are economic effects, regardless of whether or not they are readily monetised. Martin notes the absence of any assessment of the net benefits of exceeding height restrictions.

Martin comments on the ME assessment of the value of Orams super yacht refit yard. He accepts the assumption that the residential development is necessary for the business to remain competitive, and he suggests the associated benefits from the local spend are additional because the business is attracting foreigners to spend here.

⁸ In contrast to full-time equivalents, employee counts do not differentiate between full-time and part-time workers.

⁹ Modified employee counts include working proprietors rather than just employees

¹⁰ Martin (2026)

¹¹ *Ibid*, p7

2 Review

2.1 Assessment Methodology - EIA vs CBA

2.1.1 The Measurement of Benefits

There have been disagreements amongst analysts providing advice to FTAA panels on the appropriate methodology for measuring benefits, and specifically whether to use an EIA to estimate impacts on macro-economic indicators (GDP and employment), as used by PE and ME, or CBA to estimate impacts on wellbeing, as suggested by Martin.¹²

I agree with Martin and have set out the arguments in more detail elsewhere.¹³ CBA has its roots in public policy discussions of how to define and measure benefits. Moral philosophers of the 18th and 19th Century were concerned with what was a good decision outcome for the community, suggesting it was when it produced the maximum increase in utility, which is what we might now term “wellbeing” or that people’s lives are better from their own perspectives.¹⁴

In its simplest form CBA is just a listing of pros and cons of a decision option,¹⁵ but building on these philosophical underpinnings it has been formalised within *welfare economics* as a technique for measuring the impacts of a project or policy on aggregate wellbeing and thus on public benefit.¹⁶ GDP developed from a very different history as a means of tracking the emergence of the US economy from the Great Depression, with no pretence of measuring wellbeing.

Doug Fairgray in his paper on how FTAA benefit analysis should be done, suggests the FTAA’s purpose means “*the outcome or benefit sought is additional economic activity*”,¹⁷ which he does not define but which typically means some combination of production, distribution and consumption of goods and services. Notably, he argues this on the assumption that more activity will produce more associated benefits, rather than that the economic activity is the benefit itself. In contrast, I suggest the FTAA’s purpose is plainly to facilitate projects with significant benefits, and it is the generation of significant benefits that defines whether the specific economic activity is desirable rather than the activity itself. Unlike EIA, CBA is directly focussed on measuring this marginal impact on wellbeing.¹⁸

At the aggregate national level there is a positive relationship between GDP and wellbeing (richer countries generally have higher levels of self-reported wellbeing)¹⁹ but this just means the trend is in the same direction; it does not suggest that the measured marginal increase in GDP from a project is equal to the marginal increase in national wellbeing.

¹² *ibid*

¹³ Denne and Stroombergen (2026)

¹⁴ Sunstein (2018)

¹⁵ As proposed by Benjamin Franklin in 1772 (Beckerman 2017)

¹⁶ Johansson (1991)

¹⁷ Fairgray (2026), p12

¹⁸ CBA is still generally measuring proxies for wellbeing – it is assumed people make rational decisions with full information, such that the time and money they spend on different goods and services (or that they state they would in surveys) reflect the marginal contributions to their total wellbeing. More recently, there has been greater interest in measuring subjective wellbeing or life satisfaction more directly (OECD 2025), although this is usually only possible ex-post.

¹⁹ Recent work suggests the causal relationship may work in both directions, eg countries with higher national wellbeing (or happiness) have higher economic growth (Lee and Goh 2023)

2.1.2 How Might a CBA Estimate the Project Benefits

In a CBA, the factors contributing to costs and benefits would be expected to be as follows. I consider it would be useful to compile these.

Benefits

- The market value of the properties that are developed.
- Consumer surplus, which is the additional benefit to domestic purchasers of the properties when the amount they are willing to pay (reflecting the benefits they receive) exceeds the price they pay.
- External benefits, which include
 - reductions in the unpriced externalities of transport, because more central Auckland housing reduces commuting compared to the counterfactual housing;
 - agglomeration benefits from higher density housing compared with a less dense counterfactual; and
 - the impacts of the additional housing (assuming it is truly additional) on total housing supply and prices – these effects are complex²⁰ and can probably be ignored in this study because of the small size of the project compared to the Auckland housing market.

Costs

- Opportunity costs of the land – its current use as a carpark.
- Opportunity costs of labour – wages are a transfer payment (a cost to the developer and a benefit to the worker) but the societal cost is the loss of what they would have been doing otherwise. If there is substantial unemployment, this will be less than the total wage rate, but it would be incorrect to assume all workers are currently idle, as PE does.²¹
- Opportunity costs of all other inputs, including all building materials.
- Adverse impacts on the visual and natural environment, including the overshadowing effects of building heights (see discussion below).

All costs and benefits are discounted to reflect the social opportunity cost of capital (the basis of Treasury's 8% rate) or the social rate of time preference (which is the rate reflecting the preference of people for earlier consumption/myopia, the basis for Treasury's 2% rate).

²⁰ See for example PWC (2020); Nunns and Denne (2016)

²¹ Other studies and guidance documents have developed or recommended shadow prices of labour to represent its opportunity cost in the face of unemployment. For example, a 1999 Treasury Working Paper used a labour opportunity cost (representing the value that is lost as a result of new jobs created) equal to two thirds of the wage rate (Diewert and Lawrence 1999). HM Treasury (2026) in the UK recommends, unless there is compelling evidence otherwise, assuming full displacement of jobs, ie all workers are drawn away from other firms, sectors or regions rather than from unemployment or inactivity, even where there is unemployment. The European Commission takes a formulaic approach in which the regional unemployment rate is used directly to adjust the wage rate downwards. Shadow Wage = $W \cdot (1-t) \cdot (1-\mu)$ Where: W = market wage rate; t = income tax rate; μ = regional unemployment rate (European Commission 2014, p59).

Even if these effects are not all quantified, it is a useful exercise to list and to quantify to the extent possible. Usefully, the project would be compared with alternatives, including an option in which the site is decontaminated without any development.

2.1.3 CBA's Difficulties

In a memo produced in response to Shane Martin's comments on CBA, PE suggests value judgements and use of monetarisation techniques to value otherwise non-monetary values *"present a risk to the FTAA process of obscuring important information for the Panel and misvaluing factors (such as cultural, environmental and social) important for FTAA consideration."*²² They imply that these difficulties with CBA render it inappropriate.

The issue of difficult to quantify values is a very well recognised problem but not one that suggests abandoning CBA itself. Rather practitioners quantify as many factors as possible, noting their uncertainty, and give due consideration to (ie make very clear to decision makers) the factors that defy quantification, but which are thought to be important.²³ In general though, CBA has greatest value simply from the discipline it provides to the identification of costs and benefits. Critical to this is the assumption that all costs are opportunity costs. In other words, all resources used in a project must be valued in terms of what they would have otherwise been used for.

2.2 Multipliers and the Counterfactual

A community receives a benefit when their lives are made better because of the project. This is necessarily an assessment of net effects – the impacts of the project compared with what would have happened absent the project. This has not been done.

Multipliers, as used both by PE and ME, are estimated using average relationships between activity levels in different sectors when the economy is in equilibrium. They are not a measure of what happens when there is a change in activity in one sector, which then requires a change in activity levels in other sectors. Rather they are effectively assuming all the necessary resources are currently idle such that an increase in one sector leads to an increase in activity in other sectors in the same proportion as current averages. This takes no account of current resource utilisation rates across the economy. Thus, the Treasury has suggested *"unless there is significant unemployment of people with the requisite skills, it is therefore likely that multiplier effects do not exist"*.²⁴

In the current case, resources are not all idle, so that meeting the demand will involve shifting capital and labour from what it would be doing otherwise; some labour may be unemployed currently, but the current national unemployment rate of 5.6%²⁵ is close to the equilibrium or "natural rate of unemployment".²⁶ This kind of displacement effect is accounted for in CBAs because all costs are assumed to be opportunity costs and a net benefit only occurs where the project results in the optimal use of resources. GDP assessments can also estimate these effects through the specification of a counterfactual

²² Osborne and Heath (2026b)

²³ Arrow et al (1996)

²⁴ The Treasury (2015), p19

²⁵ <https://www.stats.govt.nz/indicators/unemployment-rate/>

²⁶ The 95% confidence intervals of the estimated natural rate of unemployment is estimated at 4.0 to 5.5%. This "natural" rate is from people moving location, voluntarily leaving jobs, company closures, new additions to the workforce (eg school leavers) waiting for work etc (Jacob and Wong 2018).

against which the GDP effects of the new project are compared. This is missing from this assessment.

These shortcomings of multiplier-based analysis can be mitigated to some extent by developing a well thought out counterfactual scenario. This would specify what would be expected to happen to the land and other resources without the development. Some of the required activity, such as site clean-up would also produce GDP and employment using the methodology they employ.

2.3 Other Relevant Issues

2.3.1 Foreign Ownership

A relevant consideration if assessing the benefits to the region or the nation, is the extent of foreign ownership and how this affects the retention of benefits in New Zealand. This is relevant for this project because of the relationship of Orams to the development and its high degree of foreign ownership.

Orams is largely Australian owned, with Ariadne Marina Oceania Pty Ltd (owned in turn by Ariadne Australia Limited) owning 76% of the shares of both Orams Group Ltd (the 100% owner of Oram Marine Services Ltd, OMSL) and of Orams Residential Ltd. Orams Residential is in a 50:50 partnership with Precinct Properties Wynyard Ltd as owners of Westhaven Residential GP Ltd (WR), so the foreign ownership level of WR is 38%.

Foreign ownership does not affect the benefits associated with profits for New Zealand owners, consumer surpluses for New Zealand owners of the apartments or the local spillover effects (agglomeration, reduced transport externalities etc), but post-tax profits for foreign entities will be expatriated. This effect has not been considered in the analyses of changes to gross domestic product. As we discuss next, AAL (and thus Australia) is expecting to benefit significantly from the development.

Of note for assessing regional (but not national) benefits, the shareholders of Precinct Properties are Christchurch (75%) and Napier (25%) based.

2.3.2 Commercial Viability of Orams Marine

The inclusion of the economic benefits provided by Orams Marine in the application assumes the marine services activity it provides is at risk in the absence of the development of 188 Beaumont Street. As noted above, this has not been backed by evidence.

The ME report suggests Orams Marine is competing with Australian companies, which offer full-service refits that include accommodation, while also noting unique advantages of the New Zealand site.²⁷ However, there is no quantitative assessment of the risks, including any estimates of clean-up costs without the development of the site. In contrast we note that, in its 2025 Annual Report, the majority owner AAL states that OMSL is highly profitable and is on a strong growth trajectory.²⁸ Further they note of Orams Marine that “*This world-class*

²⁷ This includes the presence of a dedicated spar (wooden masts, booms etc) manufacturer, deepwater access and widespread New Zealand crews on super yachts (see Section 2, p3)

²⁸ Ariadne Australia Limited (2025), p3

facility – now globally acknowledged as the superyacht hub of the South Pacific – has a robust forward order book, with bookings now being taken for 2027 and beyond.”²⁹

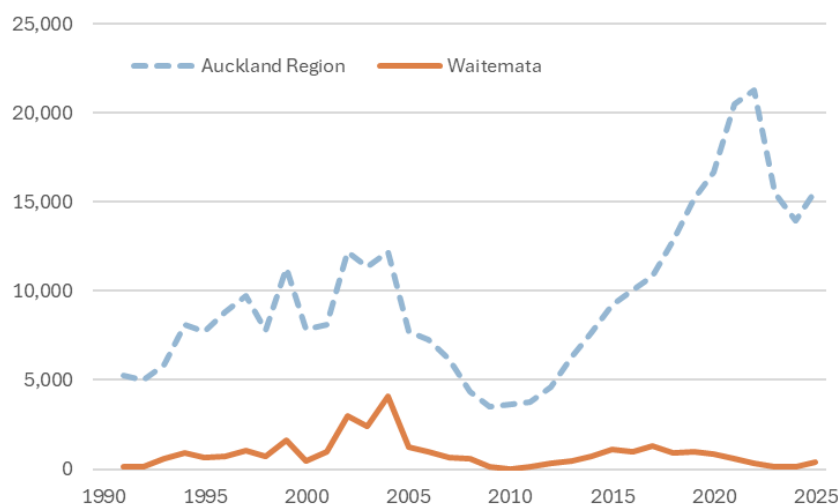
AAL further notes that because of “accelerated development plans for the Auckland properties supported by our strategic partner, Precinct Properties, Orams is well-positioned for sustainable long-term growth. This is anticipated to deliver significant benefits for Ariadne in the years ahead.”³⁰ This is partly in anticipation of the residential development, but the partnership with Precinct Properties (since 2024) also includes its involvement in the construction of two commercial buildings at the current Orams site (the Orams Marine Village). The partnership has resulted in the reduction of AAL’s debt and the release of capital for development. AAL’s words suggest, at least, that AAL will be a significant beneficiary of the development and, perhaps, that the commercial attractiveness of the development is sufficient that fast-tracking the development is not crucial to it happening - it would still be attractive via a slower process under the Resource Management Act.

From the company’s own statements, it is difficult to conclude that this business is at risk such that the benefits of the Orams Marine should be included as one of the benefits of the residential development.

2.3.3 Regional Significance

The residential component of the proposed development involves the construction of approximately 210 residential apartments. Shane Martin argues that this is significant within the Local Board Area. However, this is not the FTAA test. That is whether it is regionally significant. Figure 1 shows the number of new building consents per annum (1991-2025) for the Auckland region and the WLB area (NB: each dwelling in a housing project or apartment block is counted separately).

Figure 1 New residential building consents by year for Auckland Region and Waitematā Local Board Area



Source: StatsNZ Building consents by Auckland local board (Annual-Dec). Table Reference BLD153AA.

For the WLB area the number of consented residential buildings has averaged 254 over the last four years (2022-2025 inclusive) and an additional 210 is significant (83% of the total). However, there have been an average of over 16,500 per annum over this same time period

²⁹ Ariadne Australia Limited (2025), pp3-4

³⁰ Ariadne Australia Limited (2025), p5

in whole the Auckland region, compared with which the proposed development is only 1%. In contrast several proposed Auckland residential developments under the FTAA have been much larger (see Table 1).

Table 1 Residential developments proposed for FTAA approval in Auckland

Development	Auckland location	Residential dwellings/units
Carrington Residential Development	Mt Albert	4,000–4,500
Sunfield	Takanini/Papakura	3,400
Beachlands South	Beachlands	2,700
Kingseat Village	Kingseat/Karaka	1,955-2,120 including 300 retirement units
Waimauku West	Waimauku	1,500–2,020
NEIL Fairview Heights	Albany	1,800
Milldale North	Milldale	~1,500
Delmore	Ōrewa/Wainui	~1,250
Warkworth South (Waimanawa)	Warkworth	~1,200
Orawaahi Project	Clarks Beach	920–1,020 including ~220 retirement units
Rangitootuni	Huapai/Riverhead	~560 dwellings including ~350 retirement units
Warkworth Residential Development	Warkworth	~546
Te Ārai South Precinct	Te Ārai	~420
Auckland Surf Park Community Stage 2	Dairy Flat	~400
Hobsonville Retirement Village	West Harbour	~371 retirement units
The Point Mission Bay	Mission Bay	252
188 Beaumont Street	Auckland CBD	210 apartments
Drury Metropolitan Centre	Drury	102 dwellings + 292 residential lots
Downtown Carpark Redevelopment – Te Pūmanawa o Tāmaki	Auckland CBD	Apartments

Source: Summarised from www.fasttrack.govt.nz/

A relevant consideration is whether the proposed development at Beaumont Street will produce additional dwellings to the expected number of new dwellings to be built in Auckland. Almost because of the relatively small size of the development, it would be reasonable to conclude that the housing will be additional. However, I cannot be as unequivocal as Martin is when he suggests it is “inarguable that the project will be adding to housing supply”.

2.3.4 Building Types

PE suggests the variety of apartment types is a contributor to total benefits. In the context of currently high prices, this raises the issue of how additional housing provides benefits, whether largely say, by building affordable (low-cost) housing, or by adding to supply and thus reducing price across the market.

A recent US paper used a model of a local housing market to examine alternative approaches to reducing house prices.³¹ The results suggest that the price effects of increased housing supply extend across the entire housing market. Notably, they suggest “*expanding high-end housing supply reduces competition for mid- and lower-tier units, improving affordability*”

³¹ Abramson and Landvoigt (2025)

more broadly. A straightforward long-term strategy is for local governments to permit and even support developers in building the housing they find most profitable—often at the higher end of the market.” A new high-end dwelling allows a relatively high-income household to move into it. That releases its previous dwelling, which may be occupied by a somewhat lower-income household; that household moves into another dwelling, and so on. The resulting vacancy chain propagates through the housing stock.

The conclusions from this and other studies suggests housing diversity is valuable because it gives households more choices and allows different households to access different parts of the market, but it does not follow automatically that a development containing more "affordable" units produces a greater net affordability benefit to Auckland than an alternative development with no claims to diversity of housing types. Rather, more supply of any sort produces price impacts across the whole market.³² This is also consistent with the much-cited Alonso–Muth–Mills (AMM) urban model³³ which assumes, even if central city locations are desirable, this is reflected in lower house prices in outer suburbs (which are substitutes), taking account of higher transport costs.

The main social benefits of central city housing relate to the generally un-priced external effects, including agglomeration benefits and reduced transport externalities (pollution, accidents). Housing further out of the city provides substitutes but with higher external costs.

2.3.5 Wynyard Quarter AUP precinct provisions

The Wynyard Quarter precinct provisions (WQPP) in the Auckland Unitary Plan (AUP) includes components that potentially augur against the proposal. These include:

- Objectives that include the “maintenance and enhancement of the regionally significant economic function of the marine, fishing and other industries” (I214.2, (1)(b))
- Policies to ensure maximum building height “is appropriate in scale to the street network and the prominent waterfront location” (I214.3, 3(a)) and to establish and maintain a network of coastal edge, public open space and public access along waterfront areas (I214.3, (15))

PE has addressed the issue of the waterfront land available for the marine industry and suggested it is unimportant to the ongoing development of the sector because the marine industry is increasingly relocating to inland industrial and mixed-use areas. They specifically note this applying to manufacturing, retail and support services. This is used to argue that the use of the 188 Beaumont Street site for residential/commercial purposes would not constrain the growth of the marine industry. I am not an expert in the marine industry but the decision on its use for residential purposes is being made by a private company with incentives to maximise profit and it includes one partner from the marine industry; I would expect that, if the marine industry offered greater future commercial potential as a land use, the partnership would choose that option. I do not think it is a relevant consideration for this review. Constraining use of the land to marine industry activity would impose a cost as it would consign the land use to a second-best use, despite the wording in the WQPP. From an economics perspective, using the rule to constrain the development could only limit the

³² See Mast (2021), Greenaway-McGrevy (2025) for example

³³ See description in PWC (2020)

potential benefits. This is not to suggest there are no other reasons why the proposed development does not produce significant benefits.

The building height and public access provisions are economic issues to the extent that they are identifying attributes that are valued by the community. There have been some attempts at measuring the costs and benefits of building height restrictions, including assuming greater housing and transport costs elsewhere,³⁴ higher costs for infrastructure and avoiding the negative externalities of overshadowing.³⁵ Overshadowing costs have been estimated as the increased heating energy required for north facing buildings.³⁶ The authors also assess the costs of the loss of water views.³⁷ I note the landscape assessment for 188 Beaumont Street suggest the scale of the visual effects is contested.³⁸

Potentially some at least of these costs might have been identified and quantified.

2.4 Will there be Significant Benefits?

There are two parts to this question: will there be (net) benefits and will they be significant?

Whether there are net benefits depends on the extent to which any surpluses (profits after the cost of capital is accounted for) for New Zealand owners, the consumer surplus benefits for the future apartment owners because of the desirable location (and presuming this has not all been capitalised in property prices), plus the external benefits from the central city location (agglomeration, lower transport externalities) exceeds the external costs of the apartments on other local residents.

From the AAL report I would expect the development to be profitable and for the apartments to be desirable, such that there would be expected to be a net benefit for the developer and apartment owners. Whether there is a net benefit to the whole community depends on the estimated size of the adverse impacts. The previous studies³⁹ suggest the costs of overshadowing might be in the order of a few hundred dollars per annum per affected dwelling. I have not undertaken an overall estimate, but I suspect there will be few if any dwellings directly affected by overshadowing. The visual impacts are somewhat contested currently so economic assessment would be difficult. Potentially, the analysis could estimate how large these effects would need to be per dwelling likely to be affected for the cost to outweigh the estimated benefits.

Significance has not been defined with respect to the FTAA. However, the comparison of the number of apartments with the numbers included in other FTAA applications suggests that it is not particularly significant. It might be relatively large for the Local Board area but not for the Auckland region.

³⁴ NZIER (2015)

³⁵ Nunns and Denne (2016)

³⁶ See *Appendix: External costs of urban growth* in Nunns and Denne (2016), from page 53

³⁷ *Ibid*, p57f

³⁸ Boffa Miskell (2026); Howdle (2026)

³⁹ Such as Nunns and Denne (2016)

2.5 Information gaps and questions

I recommend a CBA is produced for the proposed development that identifies the costs and benefits, and attempt to quantify those it can, as noted above (Section 2.1.2). Information that would assist in the development of a robust CBA would include:

- An estimate of the expected sales prices of the residential dwellings and the total commercial value of the developed site.
- Information to support the contention that the Orams business is at risk if the site is not developed, especially given the statements made by AAL about the profitability of Orams' marine services business.
- Data on the clean-up costs for the site absent the development.
- A counterfactual scenario setting out what might be expected to happen absent the development, and the resulting economic impacts. This would better enable an assessment of the net effects, including those on GDP.

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