1.0 APPLICATION DESCRIPTION

Application and property details

Fast-Track project name:	Downtown Carpark Site Development
Fast-Track application number:	FTAA-2512-1158
Council application number:	BUN60460864 (LUC60460865, DIS60460866 and WAT60460867)

2.0 Technical Specialist Memo – Economics

To:	Sarah Wilson – Lead Planner & Adonica Giborees - PPL
From:	Rodney Yeoman, Director, Formative
Qualifications & Relevant Experience:	I hold the qualification(s) of: Bachelor of Commerce and Bachelor of Laws from the University of Auckland and Postgraduate Honours in Economics from the Australian National University and have 20 years of experience in economics e.g. policy assessment, industry and markets research, the form and function of urban economies. I am a full member of New Zealand Association of Economists, Population Association of New Zealand, and New Zealand Association for Impact Assessment. I have prepared expert evidence and technical assessments for resource consent applications, plan changes, and Fast-track Approvals Act (**FTAA**) applications, and have appeared as an expert witness before consent authorities and the Environment Court on multiple occasions.
Preparation in Accordance with the Code of Conduct:	I confirm that I have read the Environment Court Practice Note 2023 – Code of Conduct for Expert Witnesses (**Code**), and have complied with it in the preparation of this memorandum. I also agree to follow the Code when participating in any subsequent processes, such as expert conferencing, directed by the Panel. I confirm that the opinions I have expressed are within my area of expertise and are my own, except where I have stated that I am relying on the work or evidence of others, which I have specified.
Signature:	

Date:	14 April 2026

3.0 Executive Summary / Principal Issues

- This specialist response reviews the economic evidence provided in support of the proposed Downtown Carpark Redevelopment. I conclude that while the Economic Assessment provides a high-level overview of the economic outcomes, it does not present a robust or comprehensive analysis of costs, and it materially overstates the likely economic benefits.

- I consider that the Economic Assessment has not considered key aspects of the development, which influence the economic benefits and costs. This includes either no mention or only limited consideration of:

    - **Built height and views**: the Downtown Carpark Redevelopment will offer north-facing, iconic views of Waitematā Harbour, commanding premium pricing, which have implications in terms of how the space will be positioned in the market and the potential impacts. Additionally, the height and design of buildings may generate positive and negative externalities not considered in the assessment.

    - **Local market context**: The CBD Harbour edge (Viaduct-Wynyard-Quay) market is among the highest value in New Zealand, which will influence pricing of office space and affordability of units, yet this was omitted from the Economic Assessment.

    - **Baseline**: A substantial portion of the proposed development (127,500m^2 floorspace) is plan-enabled capacity (PEC)[1] and could be developed under the existing planning framework without FTAA approval. As a result, the marginal net increase of capacity on this site that is attributable to the FTAA is likely to be in the order of approximately 25,800m^2 to 41,900m^2 of floorspace. Consequently, the gross economic activity reported in the Economic Assessment materially overstates the economic activity that can properly be attributed to the FTAA approval of the proposal.

    - **Iwi benefits**: Ngāti Whātua Ōrākei will likely accrue significant financial benefits through land value uplift, lease income, and sales. The Economic Assessment provides no information about this benefit.

- I also consider that the one-time construction impacts reported in the Economic Assessment ($178.6 million in GDP per annum and 1,489 jobs in Auckland per annum over an eight-year period) are overstated, as most activity could occur under the baseline or counterfactual without FTAA approval. I further consider that the Economic Assessment provides no supporting data on the estimate of construction activity, and therefore it is not possible to assess the accuracy of the

[1] While there is no permitted activity pathway for new buildings within the Business City Centre Zone, this does not mean there is no baseline plan-enabled capacity. The NPS-UD expressly includes restricted discretionary activities within the definition of plan-enabled capacity (clause 3.4(2)). Accordingly, Council must assess development facilitated through restricted discretionary activities as this forms part of the baseline capacity.

estimate. In addition, the estimate provided appears to be significantly higher than would be derived with reference to comparable developments in Auckland using industry cost data. Adjusting for the baseline, and counterfactual, I estimate that the net economic impact is likely to be less than $15.3 million in GDP per annum or 0.01% of regional economy. In my opinion the one-time construction would be immaterial at a regional scale, and not regionally significant as required in the FTAA.

- The Economic Assessment contains limited analysis of the development's ongoing operational outcomes. Notwithstanding the limited evidence provided by the applicant, I consider that the operational impacts are likely to be material at a regional scale and may therefore meet the threshold for regional significance under the FTAA. The scale of office space and associated activity that could be accommodated within the Downtown Carpark Redevelopment would be considerable, enabling a significant proportion of CBD economic activity to be concentrated in a single location.

- I agree that there will be some wider economic benefits. However, most benefits are marginal, and the Economic Assessment has not provided evidence to support them being important or significant.

- Other externalities, such as visual amenity impacts, are unquantified. These may be positive or negative, however I would expect them to be important given the prominence of the development.

- In conclusion, the Economic Assessment overstates benefits and provides no assessment of costs. Corrected net economic impacts are small and not regionally significant. I agree that the quantified values in the Economic Assessment may still provide net positive outcomes for the community, although in my opinion the scale of those net positive outcomes alone would not be significant as required under the FTAA.

- However, in my view, the Downtown Carpark Redevelopment may meet the FTAA threshold for regional significance due to several noteworthy factors, including ongoing benefits to Ngāti Whātua Ōrākei and the scale and strategic role of the office capacity provided. The building would be the tallest occupied structure in New Zealand and capable of accommodating a substantial share of Auckland CBD economic activity. These important considerations are not addressed in the Economic Assessment.

- Overall, these factors combined, align with the purpose of the FTAA, and I therefore support the development on economic grounds.

4.0 Documents Reviewed

The following documents have been reviewed in preparing this memorandum:

- Appendix 36 - Economic Impact Overview, Property Economics, November 2025.
- Assessment of Environmental Effects - Downtown Carpark Site Development, Barker & Associates, 18 December 2025.
- Appendix 2 - Ngāti Whātua Ōrākei Letter of Support, Ngāti Whātua Ōrākei Trustee Limited, 5 November 2025.

- Appendix 13 - Downtown Carpark Site Development, Flow, November 2025.
- Appendix 11 - Downtown Carpark Site Development Urban Design Assessment, McIndoe Urban Ltd, 6 November 2025.
- Appendix 12 - Downtown Carpark Site Development Landscape Assessment, Isthmus, November 2025.
- Appendix 2 Downtown Carpark EIA Economic Addendum, Property Economics, 7 April 2026

5.0 Additional Reasons for Consent Not included in AEE / Incorrect Reasons for Consent

6.0 Specialist Assessment

Economic Outcomes

This review focuses on the Property Economics report Appendix 36 (**Economic Assessment**) which covers most of the economic issues associated with the proposed development (**Downtown Carpark Redevelopment**). For ease of comparison, this response follows the same structure as the Economic Assessment. Where relevant, this response also references information contained within other expert assessments and the Assessment of Environmental Effects (**AEE**).

In summary, while I do not agree with the quantification in the Economic Assessment, and consider that it overstates the potential economic benefits and ignores the likely costs, I do agree that the Downtown Carpark Redevelopment may result in a net positive economic outcome if approval was granted via the FTAA process.

Also, in relation to FTAA requirements, I consider that the development may be regionally significant due to the scale of benefits expected to accrue to Ngāti Whātua Ōrākei and the scale of the proposed buildings and office space, which would be the tallest in New Zealand. However, other components of the project are unlikely to be regionally significant. In particular, the retail is immaterial and the number of residential units provided is not material in the regional context, and the proposed hotel is of only medium scale.

Notwithstanding this, when considered as an integrated whole, I consider that the development is likely to be regionally significant.

6.1. Introduction (Section 1)

The Economic Assessment briefly outlines the existing situation and the proposal. The site is located in the Auckland CBD, on the corner of Custom Street West and Lower Hobson Street, and is currently used as a multi-level carpark. The proposal is that the carpark building (along with a bar and restaurant) will be demolished, and that a mixed-use development including three podiums, two tower blocks and new civic / urban space will be constructed. The development would allow office space (87,000m^2), hotel (200 rooms), residential apartments (160 units), a small amount of retail/restaurant (1,180m^2), and four levels of underground parking (554 spaces). The site is zoned Business - City Centre Zone (B**CCZ**).

I accept this description, however add that there are four aspects of the development that are important in terms of economics, which have not been covered in the Economic Assessment:

1. **Built Height**: there is limited mention of this aspect of the development in the Economic Assessment, other than to acknowledge that the additional height will make the development more commercially feasible.

   It is noteworthy that the development will include a building that will be the tallest occupied structure in New Zealand. As noted in the Landscape Assessment, the proposed tower will be higher than the observation deck of the Sky Tower, and with only the Sky Tower's spire being taller than the top of the proposed building. While this issue is generally left to urban designers and landscape experts, it has three important aspects that will affect the economic outcomes associated with Downtown Carpark Redevelopment.

   First, the AEE notes that the 227m height of Tower 1 exceeds the height of the Harbour edge height control plane (HEHCP) on the northern façade by 88.8m under the current rules for the area (39% higher), while Tower 2 exceeds the height of the HEHCP on the northern façade by 49.2m (30% higher).[2] In that context, building height is a primary point of non-compliance and therefore represents the key differentiating factor between the FTAA pathway and what would likely occur under the standard RMA consenting process.

   Accordingly, height is not simply an urban design issue, but the critical variable that distinguishes this proposal from the baseline plan-enabled development potential. It is also the element most closely associated with the proposal's incremental effects, particularly in terms of visual amenity, dominance, shading, and broader externalities on the surrounding community. From an economic perspective, height directly influences the yield of office space and residential units, their market positioning, and the overall development quantum, and therefore underpins the scale of the economic impacts presented in the Economic Assessment.

   Second, the AEE notes that proposed development offers "good orientation to the north, east and west", generous floor to height stud and views towards the CBD/harbour bridge). The concept plans indicate that many of the units will have a vantage point which will be north-facing, and providing views of the Waitematā Harbour. I agree that the outlook in this area is iconic and highly sought after. This outlook has important economic implications, as such views will inherently influence the value and pricing of the units in the development. It would be an understatement to describe apartments as premium, and the residential component of the proposed development may well be one of the premier living options in Auckland.

   Third, the height of the proposed development means it would be viewable from a wide area and be considerably higher than buildings on neighbouring sites. This change in the amenity is what economists call an externality, which can be either positive or negative, and should be (but have not been) considered when assessing the net outcomes associated with the development.

   I consider the height issue to be important, as it has direct implications for the likely rent of office space, sales values of the residential units and the segment of the housing market in which they will compete (i.e. as premier or premium product). Furthermore, the additional height sought through the FTAA gives rise to potential external effects on the surrounding community. These

[2] Assessment of Environmental Effects - Downtown Carpark Site Development, Barker & Associates, 18 December 2025. Pg 56, point 6.

externalities represent an economic cost, yet they are not addressed or quantified within the Economic Assessment.

2. **CBD Harbour edge (Viaduct-Wynyard-Quay)**: the Economic Assessment provides no information or discussion about the nature of the market in the local area, and the market positioning of the proposed development. The proposed development is likely to be a premium (or possibly even the premier) residential offering in this area, the Downtown Carpark Redevelopment will attract some of New Zealand's wealthiest households. The Economic Assessment provides no background on this aspect of the local market, and I consider that it is critical as it influences the likely sales prices of the units in and how this proposal can be expected to impact the housing market.

3. **Baseline**: the Economic Assessment does not consider the nature of baseline activity that is allowable under the existing planning framework, and hence could be built regardless of the FTAA application. The three baseline alternatives are useful when considering the development of Downtown Carpark Redevelopment.

   First, as outlined above, the AEE notes that under the planning framework around 61% of the height of Tower 1 would be developable and 70% of Tower 2 (i.e. 138m of Tower 1 and 112.8m Tower 2 is below the Standard H8.6.5 Harbour edge height control plane).[3] However, I can find no evidence in the application that quantifies the amount of office space or number of units that could be developed under the provisions, nor any clear assessment of the net increase in office space or dwelling yield arising specifically from the additional height sought through the FTAA application.

   Indicatively, if each level within the Downtown Carpark Redevelopment accommodates a similar office space and number of dwellings, disenablement of the levels above those enabled under the Auckland Unitary Plan (Operative in part) (i.e. if the FTAA were declined) suggests that approximately 100 residential units could still be delivered and 50,000m^2 of office space. On this basis, the additional development capacity enabled by the FTAA would be in the order of 60 residential units, i.e. the 160 proposed units less approximately 60 units achievable (plan-enabled) under the rules. Similarly, the additional office space capacity enabled by the FTAA would be in the order of 36,000m^2, i.e. the 87,000m^2 proposed office space less approximately 50,000m^2 achievable (plan-enabled) under the rules.

   Second, as a further comparison point, the Council is required under the National Policy Statement of Urban Development (NPS-UD) to assess Plan Enabled Capacity (PEC) across all urban zoned land in Auckland.[4] That assessment indicates that, in theory, the site could currently accommodate a building of up to 85,600m^2 of floorspace and 21 floors under the AUP rules[5]. If this PEC assessment is adopted as the appropriate baseline, then Downtown Carpark Redevelopment

[3] Assessment of Environmental Effects - Downtown Carpark Site Development, Barker & Associates, 18 December 2025. Pg 56, point 6.
[4] Auckland Council (2025) Housing capacity modelling report: Housing intensification and resilience (Plan Change 120) – Baseline Capacity GIS layer.
[5] Assuming an average internal floor area of 120m² per apartment and that 25% of total building floor area is allocated to communal space.

FTAA application would generate additional floorspace of 41,900m^2 i.e. the 127,500m^2 proposed less 85,600m^2 theoretically enabled under the existing planning framework.

Third, as a final comparison point, the Council adopted PC78 to meet its statutory obligations in relation to intensification for some commercial zones (including CBD).[6] PC78 increased the height limits within the CBD zone and, in turn, the development potential of the Site. The resulting PEC on the Site was estimated by the Council as 101,700m^2 of floorspace and 30 floors under the PC78 rules. If that PEC assessment is adopted as the appropriate baseline, then the Downtown Carpark Redevelopment FTAA application would generate additional floorspace of 25,800m^2 i.e. the 127,500m^2 proposed less the 101,700m^2 theoretically enabled under the operative planning framework.

The identification of the correct baseline is a critical economic issue, as the Economic Assessment implicitly assumes that none of the proposed development on the Site would be developed if the FTAA application were not approved. In my opinion, this assumption does not match the reality of the situation. A substantial proportion of the development could be delivered within the existing planning framework, with the application under the FTAA enabling only the marginal additional above that baseline.

At a minimum, the appropriate baseline should lie somewhere between the alternatives discussed above. On that basis, the marginal increase in capacity attributable to approval of the FTAA would be in the range of approximately 25,800m^2 to 41,900m^2 of floorspace. This is materially lower than the gross figure of 127,500m^2 adopted in the Economic Assessment, and it has significant implications for the quantification of both the economic benefits and the associated costs presented in the remainder of the assessment, and for whether the development is regionally significant as required in the FTAA.

4. **Mana whenua Partnership**: the Economic Assessment does not consider the role of the Downtown Carpark Redevelopment for Ngāti Whātua Ōrākei or that they have a significant stake in the development (20%), which would be Ngāti Whātua Ōrākei's first major investment in the CBD in 184 years.[7]

   It is important to note that Ngāti Whātua Ōrākei is a significant economic entity within the context of the Auckland economy. It has the third-largest asset base of any iwi in New Zealand, with total assets of approximately $1,486 million.[8] Nationally, only Waikato-Tainui and Ngāi Tahu have larger asset holdings.

   The Downtown Carpark Redevelopment will be an important asset for the iwi, which has implications in terms of the value of capital assets and operational revenues of Ngāti Whātua Ōrākei.

[6] Schedule 3C of the Resource Management Act.
[7] Appendix 2 - Ngāti Whātua Ōrākei Letter of Support, Ngāti Whātua Ōrākei Trustee Limited 5 November 2025.
[8] TDB Advisory (2026) Iwi Investment Report 2025.

First, in economic theory it is a standard proposition that if land can be used more intensively then all else being equal, the value of that land will increase. In this case, the Downtown Carpark Redevelopment application will allow a more intensive use of the land than any of the baseline uses outlined above. Therefore, it must be the case that the land value will increase to a point above the current value of $115.0 million[9], if the FTAA application is approved. While I have not attempted to undertake a valuation, I would expect that this proposal may result in the land value increasing in the order of tens of millions of dollars, and 20% of that increase would accrue to Ngāti Whātua Ōrākei.

Second, Ngāti Whātua Ōrākei will derive revenue from retail operations and office rents on an ongoing basis. There is no available data on the likely value, and therefore the financial benefit of this development to Ngāti Whātua Ōrākei cannot be precisely established. However, it would be reasonable to expect that the proceeds could represent a multiple of the investment, likely to be in the order of tens of millions of dollars.

These potential benefits are an important economic issue, because they are likely to be significant to Ngāti Whātua Ōrākei, and while I accept that the details may be commercially confidential, they could nonetheless have been addressed in the Economic Assessment. Ngāti Whātua Ōrākei notes in its letter of support that this represents its first major investment in the CBD in 184 years. The entity will acquire a 20% share in the partnership, alongside securing a range of non-commercial outcomes intended to benefit its hapū.[10] Therefore, Ngāti Whātua Ōrākei is likely to receive a significant financial gain, which will benefit the 7,000 registered whānau members of the iwi[11]. This maybe in the order of tens of thousands of dollars for each member, which would be significant.

In conclusion, I consider that the Economic Assessment has provided only a high-level understanding of the economic benefits of the development. The four points raised above are critical to the assessment of the economic outcomes for Downtown Carpark Redevelopment and whether FTAA applies to the development. In summary:

- The Site height will result in benefits from exceptionally high-value amenity, which will accrue primarily to residents, office workers, and patrons of Downtown Carpark Redevelopment. The height of the development is important, as it has direct implications for the likely rent of office space, sales values of the residential units and the segment of the housing market in which they will compete (i.e. as premier or premium product). Furthermore, the additional height sought through the FTAA gives rise to potential external effects on the surrounding community. These externalities represent an economic cost, yet they are not addressed or quantified within the Economic Assessment.

- Residents of Viaduct-Wynyard-Quay are among the wealthiest in the country. A proportion of this community is likely to be attracted to the Downtown Carpark Redevelopment, implying a materially higher ability to pay relative to the typical market.

[9] Government Valuation – May 2024.
[10] Appendix 2 - Ngāti Whātua Ōrākei Letter of Support, Ngāti Whātua Ōrākei Trustee Limited, 5 November 2025, paragraph 20-23.
[11] Ngāti Whātua Ōrākei (2026) Ko wai mātou.

- The appropriate baseline indicates that a significant share of the floorspace proposed could be delivered irrespective of the FTAA application. Accordingly, the marginal increase in office and housing supply attributable to the proposal would represent only a fraction of the gross 127,500m^2 proposed in Downtown Carpark Redevelopment. This has direct implications for the quantification of economic benefits, which appear to have been calculated on a gross rather than net basis.

- The financial benefits to Ngāti Whātua Ōrākei are likely to be significant, as noted in their letter of support.[12] While specific figures may be commercially confidential, it would assist the significance assessment under the FTAA to provide an indication of the broad order of magnitude of these economic benefits.

6.2. Economic Context (Section 4)

The Economic Assessment states that the primary focus of the proposed development would be on the Auckland Region, with construction impacts occurring over an eight-year period. The Economic Assessment also recognises that the development may affect areas beyond the region. In addition, some other economic impacts are excluded to avoid double counting. I generally agree with this section of the Economic Assessment.

Two central questions within the FTAA framework is whether the resulting economic benefits are significant at the regional or national scale, and whether economic benefits will outweigh costs. Importantly, the development is likely to generate further economic costs and benefits beyond those quantified in the Economic Assessment which should be weighed against the quantified benefits.

The Economic Assessment provides no evidence or claims about whether the development will be nationally significant. Therefore, I consider that the economic activity outside of Auckland will not be material to the question of significance, and in my opinion the proposed development is unlikely to be nationally significant in terms of the FTAA.

I consider that the "other potential further economic impacts" noted in the Economic Assessment are commonly referred to as externalities in economics, and standard theory suggests that if these values are not accounted for then there will be a market failure and inefficient outcome may arise.

However, I acknowledge that within the normal RMA framework it is common practice for economists to leave the assessment of (non-market) externalities to other specialists to avoid the risk of double counting, as noted in the Economic Assessment. However, in national and regional evaluations of large or significant policies and investments, it is also common practice for economists to incorporate externalities in order to provide decision-makers with a comprehensive understanding of whether the costs outweigh the benefits. This is typically undertaken using a Cost–Benefit analysis (CBA) framework. Applying such an approach would assist in assessing, under the FTAA, whether the costs of a proposal are disproportionate to its benefits (s 85(3) "out of proportion" assessment).

[12] Appendix 2 - Ngāti Whātua Ōrākei Letter of Support, Ngāti Whātua Ōrākei Trustee Limited, 5 November 2025, paragraph 20-23.

6.3. Total Economic Activity from Construction of the Project (Section 5)

The Economic Assessment quantifies the one-off construction impacts using GDP and employment measures derived from a national input–output multiplier model, and then assessed at the Auckland level. Direct development that remains in Auckland is estimated using cost data supplied by the applicant, with total expenditure of $1,640.4 million assumed over an 8-year development period. This assessment results in regional-level impact of $1,428.5 million in GDP (or $178.6 million per annum) and 11,914 job-years of employment (equivalent to an average of 1,489 jobs per annum over the construction period).

First, I note that the Economic Assessment provides very limited information on the method adopted, construction costs or the assumed proportion of activity retained within the Auckland economy. As a result, it is not possible to verify the accuracy of the reported figures or understand how they relate to the proposed development. The level of detail provided is unusually limited for a project of this scale, where a comprehensive assessment would typically be expected.

It appears from the data sources that the economic assessment did not include budget costing or development timeframe[13] information from the client, and instead relied on generic build costs from Rider Levett Bucknall and assumed an 8-year development period. I consider that the Economic Assessment's estimate of costs is exceptionally high on a $/m^2 basis (exceeding $10,000/m^2) relative to comparable developments in New Zealand and the cost benchmarks we have reviewed[14]. Furthermore, given the mixed-use nature of the proposal, it would have been helpful to include disaggregated information for each component of the development (i.e. office, hotel, retail, and residential). The brevity of the assessment reduces confidence in the robustness of the underlying modelling, and it is unclear whether detailed modelling has been undertaken.

I consider that the method adopted in the Economic Assessment will substantially overstate the economic activity generated by the FTAA approval of the Downtown Carpark Redevelopment, and in any case I note that economic activity does not equate to economic benefits. In my opinion there are four reasons why the Economic Assessment has not correctly quantified economic benefits:

1. **Baseline**: As noted earlier in my review, the Economic Assessment does not adequately consider the appropriate baseline scenario. The operative planning framework enables further development on the Site. Accordingly, irrespective of whether the FTAA approval is granted, it is likely that a share of the proposed activity would be delivered when the site is redeveloped.

   The relevant economic issue is therefore the marginal effect of the FTAA approval, that is, the difference between what could be delivered under the existing planning framework and what is proposed in the application. From my assessment, this marginal increase is likely to be in the order of 25,800m^2 to 41,900m^2 of floorspace, depending on which planning framework is adopted as the baseline.

   If construction costs are apportioned on a pro rata basis, this marginal uplift in development capacity would correspondingly reduce the estimated economic impact. Rather than the gross figures presented in the Economic Assessment, the incremental effect would be materially lower, likely generating less than $58 million in GDP per annum and approximately 489 job-years of employment in the Auckland economy.

2. **Counterfactual**: The Economic Assessment implicitly assumes that all demand accommodated within the Downtown Carpark Redevelopment represents net new activity to the Auckland and New Zealand economies. This assumption is unrealistic. It is highly probable that, in the absence of Downtown Carpark Redevelopment, a substantial proportion of this demand would be met through alternative developments elsewhere in Auckland or even within the large amount of existing vacant space within the CBD.

   I note that the evidence from PC78 in relation to City Centre heights suggests "that the scale of development capacity enabled in PC78 would be well in excess of projected demand for business floorspace and housing floorspace in the City Centre well beyond the Long term horizon (2052) and into the Very Long term" (2100)[15] and commissioners accepted that "PC78 enabled capacity far exceeds demand"[16]. I agree that the adopted and operable parts of PC78 applicable to the city centre has provided considerable development opportunity in the Central City, such that it is likely that demand could easily be accommodated within the current zoned land.

   By presenting the proposal in isolation, without properly accounting for the likely counterfactual scenario, the Economic Assessment overstates the economic impact. A credible evaluation of regional significance requires consideration of displacement and substitution effects, not simply the gross level of activity associated with the project.

   I note that in the draft Sunfield FTAA decision this same issue was a core concern of the Panel, and the applicant's economists for that application (the same as for this application) provided a supplementary memo with additional analysis on the potential displacement effect and net gain in dwellings. In that assessment it was suggested by the applicant's economist that only 26% of the proposed capacity may be new or additional.[17] While I have not reviewed their assessment and note that this was a residential development of 4,000 dwellings, which is very different to the Downtown Carpark Redevelopment, I consider that it provides a broad indication that the vast majority of the gross value measured in the Economic Assessment will likely be a transfer effect, whereby under the counterfactual this activity would occur anyway.

   Indicatively, if 74% of the economic activity associated with Downtown Carpark Redevelopment would occur irrespective of FTAA approval, and only 26% of the reported impact could properly be attributed to the proposal, then the net economic impact would reduce to approximately $15.3 million in GDP per annum and around 130 job-years of employment.

[13] The AEE provides indicative programme for the demolition and development of 64 months (5-6 years) – Table 2, pg 32.
[14] QV Cost Builder would suggest a cost of less than half the value estimated in the Economic Assessment.
[15] Fairgray, D (2024) City Centre - Summary Statement.
[16] Independent Hearings Panel Auckland (2025) Recommendation Report Hearing Topics - City Centre, City Centre Precincts and relevant Qualifying Matters (8 May).
[17] Property Economics (2026) Economic Memorandum – Minute 22 of the Expert Panel (28 January).

This illustrates how sensitive the reported benefits are to the assumed counterfactual, and reinforces the importance of assessing net additional impacts rather than relying on gross development figures.

3. **Present Value**: the New Zealand Treasury provides prescribed discount rates for the appraisal of nationally and regionally significant projects when undertaking CBA.[18] The current discount rate for commercial proposals is 8%, which is applicable for Downtown Carpark Redevelopment, and is applied in the Economic Assessment. However, I consider that the sensitivity analysis presented in Section 5.3, which applies a 2% discount rate, is not relevant to the FTAA. A discount rate of this low level only applies to public sector investments that generate social benefits, whereas the Downtown Carpark Redevelopment is a purely commercial project. It is therefore unlikely that such a low discount rate would be appropriate in this context. The effect of applying a higher discount rate would be to result in lower economic benefits assessed. I consider the $1.91b figure presented in the conclusion should be ignored, as being irrelevant.

4. **Economic Benefits**: a final point is that the economic activity measured in the Economic Assessment is not equivalent to economic benefits. While GDP and employment are a common measure of economic activity they are not synonymous with economic benefits. In order to gain the increase in economic activity society must give up other things that have benefits and hence the opportunity cost of the economic activity must also be considered. As an example, in the case of employment generated, this will result in either less leisure time or lost activity elsewhere in the economy. There is no 'free lunch', and this issue is generally dealt with by undertaking a Cost Benefit Analysis (CBA). While it is not common for RMA applications to include CBA, it is standard for regionally and nationally significant projects to be assessed using this method. I consider that it would have been beneficial if the Economic Assessment had applied this method.

   The likely outcome of applying a CBA framework is that the economic activity would have been converted into economic benefits, which would be lower than the GDP and employment figures presented in Economic Assessment or this review.

I consider that the one-off construction activity that is attributable to the FTAA approval of the Downtown Carpark Redevelopment would be materially smaller than shown in the Economic Assessment, once the combination of factors I have identified above are taken into account. From my assessment the positive benefit of that construction activity would likely be in the order of $15.3 million per annum of GDP for Auckland, which is much lower than the reported value of $178.6 million per annum. I do not accept that this (c.$15m annually) level of activity could be considered regionally significant (i.e. less than 0.01% of GDP[19]).

Furthermore, I accept that this GDP activity and jobs will represent some economic benefit, although, at most, only a small proportion would be beneficial if a CBA approach had been adopted.

I do not consider that the construction component of the Downtown Carpark Redevelopment, in itself, is sufficient to indicate that the development is regionally significant in relation to the FTAA. However, as

[18] The New Zealand Treasury (2026) Discount Rates.
[19] Infometrics (2026) Regional Economic Profile – Auckland GDP and Employment.

discussed elsewhere in this review, there are other aspects of the development that may constitute regional significance (e.g. benefits to iwi and scale of the buildings/office space.

6.4. Auckland City Centre Performance Overview (Section 6)

The Economic Assessment briefly outlines employment growth in the CBD and discusses trends in office-based employment over the period 2015 to 2024. It notes that the amount of prime-grade vacant office space declined in the first half of 2025, suggesting tightening supply. In this context, the Downtown Carpark Redevelopment would add new office capacity that could help accommodate the growing needs of the economy.

I have reviewed employment data from Stats NZ for the CBD and agree with the Economic Assessment that employment grew between 2015 and 2024. However, extending the analysis to include 2025 shows that total employment in the CBD declined by approximately 2%, with office-based employment falling by around 3%.[20] The decline in employment in the CBD reflects prevailing economic conditions in 2025, including a recession in the early part of the year followed by a weak recovery through the remainder of 2025 and into 2026. I acknowledge that the Economic Assessment was completed in November 2025 and that the 2025 employment data was released only a month prior to the report's finalisation.

Furthermore, I note that most recent commentary suggests that office vacancy rates have been high, with 18.4% or 257,300m^2 of Auckland CBD space having no tenant. [21] Also rents have flat-lined, with limited growth since 2023. I consider that this is consistent with the declining employment in the CBD in 2025 and the broader economic slowdown, along with the ongoing impact of the work-from-home trend affecting many CBDs across the country. This level of office vacancy is concerning, as it undermines the vibrancy and central role of the CBD.

However, I agree with the Economic Assessment that prime grade office has lower (and more normal) vacancy rates. If the Downtown Carpark Redevelopment was to come to market, there would likely be a shift of tenants to the Downtown development from lower grade office space (e.g. A and B). This shifting of tenants may well result in even larger vacancy within the rest of the CBD, and could cause potential vacancy rates elsewhere to climb even higher than the current 18%.

The Economic Assessment could be updated to reflect the most recent data, which would show that employment has declined and that office vacancy rates are currently very high, and rents have flatlined. Consequently, the pressure for additional office space is likely less urgent than implied by the Economic Assessment and the likely outcome from the development of Downtown Carpark Redevelopment will be a shift of demand within the CBD, rather than net additional activity being accommodated.

Furthermore, the Economic Assessment has not considered the Downtown Carpark Redevelopment in the context of the outcomes and/or the scale of office space in the CBD.

Indicatively, Statistics NZ building consent data shows that an average of approximately 45,000m² of new office space was consented annually between 2015 and 2025 within the Auckland CBD (Waitematā Local

[20] Stats NZ (2025) New Zealand business demography statistics: At February 2025 – (released October 2025)

[21] CBRE (2026) Auckland Property Market Overview Q1.

Board area). On this basis, the Downtown Carpark Redevelopment represents roughly two to three years of total office development activity, highlighting its scale and significance within this key part of the Auckland region.

As another point of context, office workspace ratios typically range from 15-20m² per employee. At the proposed scale, the development could accommodate approximately 5,000 workers, equivalent to nearly 6% of the total CBD commercial workforce, further demonstrating its significance as a major employment hub within the CBD. However, as I discuss above, in order to fully tenant the proposed development, it is likely that some businesses (and employment) would be drawn away from other parts of the CBD, and there would be some adverse economic effects of employment in other areas reducing, such as a reduced workforce population to sustain retail and hospitality businesses in those places.

The Economic Assessment would have benefited from more comprehensive contextual analysis to better inform the assessment of regional significance of the proposal beyond construction-related effects. In my view, this aspect of the development should have been more fully assessed, as the scale of the proposed development means that it may well be regionally significant in the context of the FTAA.

6.5. Auckland Commercial Accommodation Industry Overview (Section 7)

The Economic Assessment also assess the potential effects arising from the hotel component of the proposed development. To do that, the assessment outlines the growth in domestic and international guest nights stayed in the Auckland Region, identifying a record high of 767,700 guest nights in January 2024. The Assessment also shows that occupancy rates have returned to post-Covid levels of 60-80%, and concludes that the Downtown Carpark Redevelopment would provide a strategic and high quality (five-star) hotel that could elevate Auckland's international profile.

I have reviewed the latest data from MBIE, and confirm that since the Economic Assessment was released a new peak in tourism nights has been reached, with 887,100 guest nights recorded for in January 2025, with occupancy rates strong for hotels (65-85%) and larger motels (60-78%). The data shows that there has been strong growth in tourism and demand for commercial accommodation, however, recent commentary also suggests that there has been a large increase in supply (28% since 2019)[22] which was more than sufficient to meet the growth in demand, and room rates have been dropping because of the "supply wave"[23].

In my view, the Economic Assessment provides insufficient evidence to establish whether the proposed hotel would accommodate additional demand or primarily displace existing visitor activity. Although it suggests the development could elevate Auckland's profile, it does not assess the existing supply of five-star hotels or committed future developments within the Auckland Region.

6.6. Other Economic Costs and Benefits (Section 7)

The Economic Assessment qualitatively outlines the following other economic benefits and costs:

- Support the CBD and economic growth.
- Improved amenity to neighbouring properties which fosters regeneration.

[22] CBRE (2026) 2026 New Zealand Real Estate Market Outlook.
[23] JLL (2025) New Zealand Hotel Market Perspectives.

- Improved infrastructure efficiency, as this location is well served.
- Efficiency gain from agglomeration effects associated with having more activity in the CBD.
- Increased supply of commercial space options.
- Increase accessibility for residents to retail and public realm.
- Diversification of activity in the CBD.
- Support intensification of the CBD.
- Increased retail spend in the CBD.
- Strengthen the vitality of the CBD.
- New amenity from the addition to the skyline.
- Low footprint will allow ensure that less green space is taken up in the CBD.
- Increased tourism spend.
- Stimulate growth in related businesses.
- Additional height will make the development more profitable.

The Economic Assessment only considers one economic cost, which is the potential additional infrastructure costs, which the Assessment concludes will be negligible (if any).

I generally agree with the assessment identification of the project's potential wider economic benefits, although make some response on the nature and implications of those benefits.

First, I agree that the development will likely support economic growth in CBD (point 1), potentially increase agglomeration benefits (point 4), increase supply of office space (point 5), increase accessibility (point 6), support diversification (point 7), support intensification (point 8), strength vitality (point 10), potential for increased tourism spend (point 13), stimulate growth (point 14), and height will improve profit accruing to the developer (point 15). While outside my area of expertise, I acknowledge that the addition to the skyline of Auckland may be positive (point 11).

Second, I consider that retail expenditure generated by residents and office workers within the Downtown Carpark Redevelopment will provide some benefit to nearby businesses in this part of the CBD. However, these effects are unlikely to be material, as much of the spending would represent redistribution from elsewhere within the CBD, resulting in minimal net benefit at the regional level, and accordingly I disagree with point 9 (increased retail spend in the CBD). Also, I consider that the retail component of the Downtown Carpark Redevelopment is not material in the context of the CBD or the wider Auckland region. The proposed 1,180m² of retail floorspace would at best accommodate a café and a small number of additional tenancies, and is insufficient to support a significant level of commercial activity. This quantum of provision is appropriate, and we agree that there is little justification for a larger retail offering given the substantial existing supply nearby, including almost 20,000m² of retail floorspace and hundreds of tenancies within Commercial Bay, as well as the broader supply around the harbour-edge such as Viaduct Harbour and Wynyard Quarter.

Third, I agree that the Downtown Carpark Redevelopment may result in more regeneration in this localised part of the CBD (point 2). However, given the scale of proposal I would expect that it would also result in reduced pressure to redevelop other sites in the rest of the CBD. The net outcome is that there is less redevelopment elsewhere in the CBD because the Downtown Carpark Redevelopment attracts a large share of CBD growth, meaning rejuvenation of buildings in other parts of the CBD may be deferred.

The Economic Assessment also outlines the following economic costs:

- Loss of 2,000 carparks, which is not considered to be significant because there is ample parking within walking distance of the site, also that wider transport needs are to be managed by the Council not private developers. Also, this may result in mode-shift which would be beneficial.
- Infrastructure cost which may be offset by development contributions payable.
- Disruption of business during the construction phase, which may impact operation of surrounding businesses.
- Externalities, such as congestion, can be generated by high rise buildings.

First, I note that this location is one of the most accessible areas in New Zealand, with a wide range of public transport options and active mode infrastructure. While the removal of carparking will reduce accessibility by private vehicle, this should be considered in the context of alternative transport modes and other parking options in the vicinity. Nonetheless, I acknowledge that the loss of parking will affect accessibility and has implications for transport costs. I consider that these impacts are best assessed by transport experts and should be weighed alongside the benefits of the development.

Second, the Economic Assessment consider the effects arising from any required new infrastructure, and considers that there is no cost associated with the development. That is an evidentiary issue for the infrastructure experts and I understand that there is some upgrades required. However, I agree that the development contributions that will be payable may (depending on site-specific requirements) be sufficient to cover the infrastructure costs and hence there should be no burden on society to have the development in this location.

Third, the development will result in some disruption to local businesses which should be considered. I agree that these short-term impacts should be mitigated via transport and construction strategies to manage the impacts. However, while this cost is relevant, as is the extent to which mitigation can minimise the impacts of the application, at the regional level the costs are unlikely to be sufficiently large to outweigh the benefits.

Fourth, as acknowledged in the Economic Assessment there will be externalities arising from the proposed development. While other technical experts will address these matters in detail, and mitigation measures may be proposed to reduce adverse effects, it would have been appropriate for the Economic Assessment to provide a discussion of the potential quantum of such costs.

From an economic perspective, externalities represent real costs and benefits to third parties, even if they are not readily quantified. In my opinion, the most significant externality associated with this proposal is likely to be the visual amenity impact on the surrounding community and on visitors to the area. Visual amenity is an important component of local environmental quality and can influence wellbeing, property values, and the overall attractiveness of the area. Failure to acknowledge these effects results in an incomplete assessment of the net economic impact, as a balanced evaluation should consider both the claimed benefits and the potential costs.

Finally, I consider that if the Economic Assessment had adopted a formal CBA approach, the report may have been more balanced and would likely have provided a clearer understanding of the net benefits associated with Downtown Carpark Redevelopment. A CBA framework would have required a more explicit assessment of both benefits and costs, enabling transparent evaluation of the proposal's overall economic outcomes.

6.7. Summary and Conclusion (Section 10)

The Economic Assessment provides a brief conclusion, finding that the Downtown Carpark Redevelopment will generate significant regional economic benefits and contribute to well-functioning urban environment. No conclusion is drawn in relation to the magnitude of the costs relative to the benefits.

As discussed in this review, I consider that the economic benefits have been materially overstated and that there has been very limited consideration of the costs associated with the Downtown Carpark Redevelopment. In my opinion, the material provided in the Economic Assessment does not demonstrate that the proposal will generate regionally significant economic benefits, nor does it establish that there are no material economic costs.

If the economic benefits were recalculated on a corrected and more realistic basis, they would represent only a small fraction of the values reported in the Economic Assessment. I consider that these adjusted values will still be positive, and that the Downtown Carpark Redevelopment could be net beneficial to the community. However, in my opinion the scale of the quantified benefits (i.e. one-off construction) would not meet the threshold of regional significance as required in the FTAA.

Nevertheless, in my view, the Downtown Carpark Redevelopment may meet the threshold for regional significance under the FTAA because there are several other noteworthy aspects of the development, including the ongoing benefits to Ngāti Whātua Ōrākei and the scale and strategic role of the substantial office capacity enabled by the project. Importantly, the building would become the tallest occupied structure in New Zealand and would be capable of accommodating a significant share of Auckland CBD economic activity. In my opinion those benefits, which are not addressed in the Economic Assessment, are material, and potentially significant.

Overall, I consider that these aspects of the project align with the purpose and intent of the FTAA, and on that basis I would support the development on economic grounds.

6.8. Economic Addendum

Presents data on the construction impacts for a slightly different project development timeframe to reflect the fact that the development will no longer start in 2025 and could finish slightly earlier, i.e. starting "last quarter 2026 to first quarter 2032". This economic addendum concludes that this project development timeframe would result in a "slighter [sic] higher levels of economic activity" and "Overall, this update does not change the economic conclusions set out in our earlier assessment".

I agree the addendum does not change the outcomes, and all of the points raised above in this review continue to apply to both the original Economic Assessment and the Economic Addendum.

7.0 Section 67 Information Gap

At the time of writing this Memo I have identified the following information gaps:

Description of Missing Information

7.1. *Quantification of the Benefits for Ngāti Whātua Ōrākei – High risk*
7.2. *Consideration of the baseline and/or the counterfactual to establish net economic benefits – High risk.*
7.3. *Office Market Assessment – High Risk.*
7.4. *CBA assessment – Low Risk.*
7.5. *Assessment of externalities associated with the proposed development – Low Risk.*
7.6. *Update and provide construction costs data – Low Risk.*

Why is this Information Essential?

7.7. ***Ngāti Whātua Ōrākei Benefits**: potentially Ngāti Whātua Ōrākei will derive a significant benefit from the proposed development, which will in turn support its ability to meet the needs of its members. In past FTAA applications, approval has in part been influenced by findings that significant benefits to iwi are an important factor in assessing whether a project is of regional or national significance. While the precise financial value of this benefit may be commercially sensitive, it may strengthen the application if the economist could provide an estimate of the rough order of magnitude via an indicative assessment, without breaching confidentiality. Providing this context would help the decision-makers understand the significance of the development for Ngāti Whātua Ōrākei and its members, and potentially the region.*

7.8. ***Baseline/Counterfactual**: the Economic Assessment only provides gross economic benefits, which does not account for the fact that the site can accommodate most of the development (Plan Enabled) even without FTAA approval, and also that some of the proposed capacity could be accommodated elsewhere in Auckland without FTAA approval. That is, regardless of the FTAA approval, it is likely that most of the activity measured in the Economic Assessment will occur anyway, although under most other development options would not result in benefits accruing to Ngāti Whātua Ōrākei and its members. It would be beneficial to provide an estimate of the net benefits, as the gross benefits are not helpful for assessing either whether the activity is regionally significant or if the benefits outweigh the costs.*

7.9. ***Office Market Assessment**: the Economic Assessment has not provided sufficient detail on the market in the local area or considered the nature of supply proposed in the development. An assessment of the demand and supply should provide an understanding of the nature of the proposal and the potential outcomes. This would then provide an understanding of the implications for the market, both in terms of scale of office activity accommodated on the site and potential impacts for the rest of the CBD.*

7.10. ***CBA Assessment**: the Economic Assessment adopts an economic analysis methodology based on input-output multipliers, which does not account for the relevant costs, including opportunity costs and externalities. Applying a CBA framework would materially reduce the estimated benefits, as future economic activity is discounted relative to activity occurring today. Furthermore, a cost-benefit analysis (CBA) provides a formal structure that explicitly incorporates both costs and benefits, thereby reducing the risk of omitting costs or overestimating benefits.*

7.11. ***Update and provide data on the construction estimates****: the assessment applies generic costing data, which is not presented or documented. However, undertaking this update/correction is unlikely to change the findings of the assessment and will simply improve the quality of the assessment.*

8.0 Recommendation

In my view the Panel should request that the Economic Assessment be updated to account for the issues raised in this review.

9.0 Proposed Conditions

None

10.0 Supporting Documents

Auckland Council (2023) Auckland Council capacity for growth study 2022/2023. Data: business capacity (Plan Change 78).
CBRE (2026) 2026 New Zealand Real Estate Market Outlook
Fairgray, D (2024) City Centre - Summary Statement.
Independent Hearings Panel Auckland (2025) Recommendation Report Hearing Topics - City Centre, City Centre Precincts and relevant Qualifying Matters (8 May).
Infometrics (2026) Regional Economic Profile – Auckland GDP and Employment.
JLL (2025) New Zealand Hotel Market Perspectives.
Ngāti Whātua Ōrākei (2026) Ko wai mātou.
Ngāti Whātua Ōrākei Whai Rawa Limited (2025) Financial Report 2024-25.
Property Economics (2026) Economic Memorandum – Minute 22 of the Expert Panel (28 January).
Statistics New Zealand (2026) Building Consents – New Commercial floorspace.
Statistics New Zealand (2025) New Zealand business demography statistics: At February 2025.
TDB Advisory (2026) Iwi Investment Report 2025.
The New Zealand Treasury (2026) Discount Rates.