

PROPERTY **E**CONOMICS



DOWNTOWN CARPARK SITE

DEVELOPMENT FAST TRACK

ECONOMIC IMPACT OVERVIEW

Date: November 2025

Project No: 52492

Client: Precinct Properties New
Zealand Limited



SCHEDULE

Code	Date	Information / Comments	Project Leader
52492.10	November 2025	Final	Phil Osborne / Tim Heath

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1. INTRODUCTION

Property Economics have been commissioned to summarise the economic impacts that will flow from the application by Precinct Properties New Zealand Limited ("**Precinct**") for resource consents under the Fast-Track Approvals Act 2024 ("**FTAA**") for the proposed development of the Downtown Carpark Site into an integrated mixed-use precinct ("**Project**"), located at 2 Lower Hobson Street in the Auckland City Centre ("**Site**").

In particular, the Project comprises the demolition of the existing Downtown Carpark Building (together with the Lower Hobson Street pedestrian bridge and Customs Street West vehicle ramp located within part of the road reserve) and development of the Site to provide for a mixed-use precinct providing for commercial, residential, hotel, retail, food and beverage and civic uses.

The development involves three podium buildings, two towers and four levels of shared basement parking plus a plant level, including new public spaces and a new laneway network to provide connectivity within the city centre. In addition, the Project involves modifications to the podiums of existing adjacent buildings (HSBC and Aon) to facilitate the new laneway network.

In particular, the Project contains

- 160 residential apartment units
- 200 hotel rooms
- 1,180sqm GFA of retail/restaurant activities
- 87,000sqm GFA of commercial offices

These activities will be supported by car parking, loading spaces, bicycle parking, and end-of-trip facilities. Primary vehicle access will be provided via the existing service lane, extending

between Customs Street West and Quay Street. An on-site hotel pick-up and drop-off area will also be provided.

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

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

In short, the FTAA supports development proposals to expedite the consent process where the proposed project results in significant regional or national benefits, the efficient operation of the consenting process and contributes to a well-functioning urban environment (as per Policy 1 of the National Policy Statement on Urban Development ("NPS-UD")).

This EIA estimates the total additional gross economic output¹ into the Auckland economy that would be facilitated by the Project. The initial specifications and details have been provided by the Applicant and represent the Project's configuration and costings at this point in time.

It is assumed the area represents an efficient location for future growth and therefore the associated infrastructure is location specific. Additionally, the assessment has not endeavoured to identify the extent to which particular parts of the Auckland Region will benefit economically. It assesses the likely economic impacts upon aggregate Auckland business activity given the composition of activities proposed.

The economic impacts likely to be experienced as a result of the Project are broken down by the development phase which includes the construction costs (CAPEX²) of the facilitated activities and the proportion of those costs that are retained within the Region.

¹ For example, this has not taken into account the short-term loss of operational employment currently on site.

² CAPEX – Capital Expenditure.

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

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

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

Figure 1 following provides an outline of the Project's site plan and a typical floorplate.

FIGURE 1: PROJECT SITE PLAN AND TYPICAL FLOORPLATE



Source: Warren and Mahoney Architecture and Landscape report

2. EXECUTIVE SUMMARY

The Project proposes to develop the current Downtown Carpark site into a cohesive, integrated mixed-use precinct combining world-class workplace, living, entertainment, retail, commercial accommodation, hospitality, and civic uses.

Snapshot of Key Economic Benefits:

Estimated Quantitative Economic Impact on Auckland's Regional Economy:	
Total direct expenditure over an 8-year development period ³ (excl. land)	\$1.64b
Total NPV ⁴ at 8% over an 8-year development period	\$1.43b
Total NPV at 2% ⁵ over an 8-year development period	\$1.91b
FTEs during the peak development and operation year ⁶	3,491 FTE years
Total FTE years ⁷ over the 8-year development period	11,914 FTE years
Total direct employment over the development period	5,250 FTE years
Total indirect and induced employment over development period	6,664 FTE years
Contribution to regional household incomes over development period	\$650m
Qualitative Economic Benefits:	
<ul style="list-style-type: none"> Increased retail / commercial office / residential capacity in the City Centre Improved development feasibility and a catalyst for other (re)development(s) Improved infrastructure use efficiency Increased employment opportunities More efficient land use and greater agglomeration effects Increased variety of commercial space options / greater levels of locational choice Increased accessibility and urban convenience Better adapting to market trends and diversified demand Supporting intensification for the City Centre Increased retail spend and employment internalisation Strengthening the City Centre's vitality and amenity Generation of new views and enhanced building profile Potential for less land / green space take-up 	

³ Note that this development period not only includes the demolition and construction period of the project, but all of the pre-lodgement design/consultant work.

⁴ Net Present Value.

⁵ Sensitivity analysis applying 2% NPV as per Treasury guidelines for commercial development.

⁶ Employment Multipliers relate to the level of indirect and induced employment activity generated through the expenditure on and off site.

⁷ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.

- | |
|---|
| <ul style="list-style-type: none"> • Enhanced the City Centre's profile, image and status • Increased visitor expenditure • Increased and improved visitor / tourist accommodation options • Stimulation of supporting businesses |
|---|

The Auckland Unitary Plan ("AUP") strongly supports greater building height in the City Centre to enhance economic efficiency, competitiveness, and urban vitality. Objectives H8.2(1)-(4), (6)-(11) and Policies H8.3(1)-(2) of the Business – City Centre Zone recognises the area as an internationally significant business hub, encouraging vertical development to maximise high-value land use and attract investment.

The Project aligns with these objectives by transforming an underutilised carpark into a high-quality, mixed-use development. The Project height enables efficient use of a strategically located site, expands employment and business capacity in the City Centre, and activates the surrounding streetscape and public realm. These outcomes are consistent with the AUP's intent to promote intensive, high-value development in areas of high accessibility and infrastructure investment.

Economically, enabling the proposed building height enhances project feasibility, competitiveness, and investment confidence and long-term productivity, while aligning with the NPS-UD directive to maximise development capacity in city centres.

In contrast, restricting height limits in the City Centre including the Site would constrain development potential, discourage capital investment, reduce agglomeration benefits, and diminish Auckland's long-term economic efficiency and global competitiveness. Supporting the proposed building height of the Project therefore represents a sound and policy-consistent approach to realising the City Centre's strategic role and growth potential. Property Economics considers that advancing the Project represents a policy-consistent and economically efficient use of City Centre land and would yield significant economic benefits for the regional economy and community. Overall, our assessment supports the proposed Project from an economic perspective in the context of the Resource Management Act 1991 ("RMA") and FTAA.

3. GENERAL INFORMATION

3.1. STATEMENT OF EXPERIENCE

Philp Osborne is an economic consultant for the company Property Economics Limited, based in Auckland.

My qualifications include Bachelor of Arts (History / Economics), Masters in Commerce, and Masters in Planning Practice from the University of Auckland.

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

Tim Heath is the founder and Managing Director of Property Economics Limited with 30 years' experience undertaking strategic property market analyses for major commercial and government clients.

My qualifications include Bachelor of Arts (Geography) and Bachelor of Planning from the University of Auckland.

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

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

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

3.2. CODE OF CONDUCT

Although this is not a hearing before the Environment Court, we record that we have read and agree to comply with the Environment Court's Code of Conduct for Expert Witnesses as specified in the Environment Court's Practice Note 2023. We confirm that this report is within our area of expertise, except where we state that we rely upon the evidence or reports of other expert witnesses lodged forming part of the Project's application material. We have not omitted to consider any material facts known to us that might alter or detract from the opinions expressed in this EIA.

3.3. INFORMATION & DATA SOURCES

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

- Input / Output Tables – Statistics NZ
- Business Frame Data – Statistics NZ
- Development Costings – Rider Levett Bucknall
- Development Concepts – Warren and Mahoney

3.4. GLOSSARY OF TERMS

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

TERM	DEFINITION
ANZSIC	Australia New Zealand Standard Industrial Classification 2006 - A standard method used to classify businesses and organisations based on their primary economic activity. It provides a framework for analysing and comparing economic data across industries in Australia and New Zealand. ANZSIC is widely used by government agencies, researchers, and businesses for statistical, policy, and planning purposes.
CAPEX	capital expenditure.
Development contributions	fees that developers pay to territorial authorities for the provision of infrastructure and upgrades required as a consequence of development, which may include water supply, sewerage connections, roads and community infrastructure.
Direct economic impacts	derived from the actual spending / expenses incurred through the construction of the anticipated development.
Economic benefits	<p>refer to the positive outcomes that enhance the well-being of individuals, businesses, and communities, typically arising from an activity, development, or policy.</p> <p>These benefits may be expressed in financial or non-financial terms.</p> <p>In the context of urban development, economic benefits reflect the extent to which a proposal contributes to local and regional prosperity, market efficiency, and the effective alignment of supply with demand.</p>

Economic costs	the value of what is given up when choosing one economic activity over another. Economic costs also include opportunity costs, which are the value of the next best alternative that is forgone.
Employment multipliers	the level of indirect and induced employment activity generated through the expenditure on and off site.
FTE years	these are all jobs created through the direct construction phase and ongoing operation of the development including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.
GDP	gross domestic product.
Indirect economic impacts	the increased spending brought about by those firms / households and their employees / occupants, who supply the development.
Induced economic impacts	measured in terms of the additional income that will be spent in the area due to increased business activity.
Net Present Value (NPV)	the present value of future cash inflows and / or cash outflows which in this report has been calculated with reference to an 8% discount rate.
Transaction costs	costs that arise as part of engaging in an economic trade. This can include compliance costs, planning costs, variation costs, etc.
Well-functioning urban environment	as defined in Policy 1 of the NPS-UD: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: (a) have or enable a variety of homes that: (i) meet the needs, in terms of type, price, and location, of different households; and (ii) enable Māori to express their cultural traditions and norms; and. (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and (c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and (d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and (e) support reductions in greenhouse gas emissions; (f) and are resilient to the likely current and future effects of climate change.

4. ECONOMIC CONTEXT

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

- 1) The geospatial extent of the economic impact. While facilitation of additional business development and spend is likely to have a national economic impact, the majority of impacts are likely to be retained within the Auckland Region, given the localised nature of employment, supply chain linkages, and expenditure patterns. In this context, the primary focus of this assessment is on the Auckland regional economy, noting that the associated uplift in productivity, investment and international profile nevertheless supports national economic impacts through Auckland's role as the country's principal economic centre. As identified, for the purposes of this assessment, the extent of economic impacts is focussed on the retention⁸ of activity within this area.
- 2) The economic impacts are those resulting from the commercial and residential development over an approximately 8-year development period.
- 3) Regarding statutory considerations, the RMA provides context in terms of the utilisation of resources and the resulting impact on their price and provision. It calls for the "*efficient use and development of natural and physical resources*" (Part 2 section 7 (b) RMA).

This can be considered from the perspective of economic efficiency which can be defined as "*the effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs*"⁹.

- 4) In parallel, the FTAA places emphasis on proposals that deliver "significant regional or national benefits", which explicitly include economic benefits. Accordingly, this assessment considers the Project's contribution to both efficient resource use under the RMA and its ability to generate regionally and nationally significant economic benefits consistent with the FTAA framework.

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

⁸ In this context retention relates to the level of direct spend that is attributable to the Region. This is based on a large number of factors e.g. the origin of machines, businesses that service this development.

⁹ Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2nd edition), Harper Collins, Page 148.

Additionally, as addressed in the various environmental assessment reports prepared in support of the application, there are likely to be other, non-economic effects that may result in further positive economic impacts, such as land value changes (e.g. improved accessibility can increase associated property values). These other potential further economic impacts are excluded to avoid double counting of effects. With the exception of improved accessibility and infrastructure use efficiency, which we have discussed later in this EIA, these other, non-economic effects, e.g., environmental effects, have not been addressed in this EIA.

5. TOTAL ECONOMIC ACTIVITY FROM CONSTRUCTION OF THE PROJECT

This section assesses the potential economic activity generated within the Auckland Region specifically attributable to the Project through spending on the general design and construction of the mixed-use development.

This includes construction costs, which have been valued for the overall Project.

The impact of this injection on the initial business cycle has been calculated. This 'construction multiplier'¹⁰ was based on the national input-output tables produced by Statistics New Zealand (based on 48 sectors), which were then assessed at a district level based on Auckland economic activity, composition and productivities.

This estimates the 'leakage'¹¹ from the regional economy (within specified sectors), and therefore the overall regional production (within a given business cycle) for each \$1 injected.

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

Total output impacts to the Auckland catchment for the Project include:

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

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

5.1. ASSUMPTIONS

The following assumptions have been applied in this EIA in order to assess the level of economic injection into the overall economy at this time. This has some (limited) impact on

¹⁰ i.e., how much total economic output (or GDP, or employment) is generated for every \$1 of direct construction spending.

¹¹ i.e., the portion of spending or income that leaves the regional economy instead of circulating within it. The higher the leakage, the lower the regional multiplier effect, meaning each dollar of spending generates less total local output.

the distributional effects of the costs and benefits but can be quickly adjusted to accommodate more specific construction and on-going costs and injections.

1. For the purposes of this EIA, it has been assumed that the construction costs will fall within the definition of the following categories (based on a standard 'special' commercial ratio): 'non-residential construction', 'non-building construction', 'other construction services.'
2. Financial or loan costs on capital primarily fall outside of the local catchment and impact the national economy.
3. The origin of labour has been assessed based on regional labour movements furnished by Statistics NZ based on 2018 data. However, employment data has been updated as per the Statistics NZ Business Frame data¹² to March 2024.
4. This report deals with the economic impact of the Project on Auckland. These are specifically the direct impacts related to the construction of the Project.
5. The economic activity generated is based on the development's gross activity and does not consider this redirecting growth opportunities from elsewhere in the catchment. This assessment is not site specific but is development specific.
6. For the purposes of this report an 8% discount rate has been applied, consistent with the default rate for commercial proposals set by the Treasury¹³.
7. Labour movements are based on average retention rates rather than specific company locations.
8. The proportion of materials and labour internalised in direct benefits to Auckland are based on standardised labour movements as well as employment and production composition within the Region. The amount of each 'flow-on' dollar retained in Auckland are based on the movement of resources (including labour) between other districts and regions.

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

¹² Business Frame Data – provides Statistics NZ measure of employment in an area by ANZSIC sector.

¹³ <https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates>

5.2. TOTAL AUCKLAND REGION ECONOMIC ACTIVITY

Two key values are represented in the following table. These include the \$1.64 billion which represents the total cost of the development (excluding land). This capital expenditure then is assessed through the process indicated at the beginning of this section which includes calculating the amount of direct spend that is retained within the Auckland Region.

Then utilising the appropriate economic multipliers for each of the affected sectors the economic model produces both indirect outputs and induced outputs. Given that the development (including demolition, construction and all pre-lodgement design / consultant work) will take place over a period of around 8 years, development beyond the first year is discounted to provide a Net Present Value. The result of this process yields an estimated \$1.43 billion of total value added for Auckland Region over the life of the development timeframe.

TABLE 1: TOTAL GROSS AUCKLAND REGIONAL ECONOMIC INJECTION OF THE PROJECT

	2025	2026	2027	2028	2029	2030	2031	2032	Total
Direct Expenditure (\$m)									
Land									
Demolition	\$0.0	\$12.7	\$1.4						\$14.2
Earthworks / Civil Works									
Civil Consultants	\$25.6	\$46.8	\$37.8	\$17.7					\$127.9
Other	\$0.7	\$2.9	\$0.0	\$0.0	\$0.0	\$8.2	\$7.9	\$11.0	\$30.7
Infrastructure									
Total Development Costs (excl. land)	\$26.3	\$62.5	\$39.2	\$17.7	\$0.0	\$8.2	\$7.9	\$11.0	\$172.7
Total Construction				\$172.4	\$278.2	\$471.9	\$263.9	\$250.3	\$1,436.8
Total Construction and Development Costs (excl. Land)	\$26.3	\$62.5	\$39.2	\$190.1	\$278.3	\$480.1	\$271.8	\$261.3	\$1,609.5
Increased Local Spend*			\$1.4	\$2.9	\$4.4	\$5.9	\$7.4	\$8.9	\$30.8
Total Direct Expenditure (excl. land)	\$26.3	\$62.5	\$40.6	\$193.0	\$282.7	\$486.0	\$279.1	\$270.2	\$1,640.4
Level 2 Multiplier Impacts									
Total Auckland Output (48 sector multipliers)									
Total Auckland Output NPV (48 sector multipliers)**	\$35.4	\$78.6	\$43.5	\$194.8	\$257.3	\$409.2	\$216.4	\$193.2	\$1,428.5
Household Income									\$646.1
Employment (FTE Years)									
Development Phase Employment	194	443	267	116	0	49	46	61	
Construction Phase Employment				1,407	2,089	3,260	1,677	1,464	
Other Employment	60	176	82	67	59	182	88	127	
Total Employment (FTE years)	254	618	349	1,590	2,148	3,491	1,811	1,652	11,914

Source: Property Economics

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

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



In terms of employment multipliers this is estimated to contribute 3,491¹⁴ jobs during the peak construction year within Auckland, with a total number of FTE years estimated at 11,914 over the development period.

In terms of household incomes, it is estimated the Project would contribute nearly \$650m to household incomes in the region over the development period.

5.3. SENSITIVITY ANALYSIS

The Treasury’s most recent review (February 2025) sets discount rates for commercial proposals at 8% (applied in the earlier analysis), with a mandatory sensitivity test at 2%¹⁵. In this section, sensitivity testing is undertaken using the 2% discount rate to quantify the scale of the Project’s economic contribution to Auckland’s regional economy under this scenario.

The results indicate that, when applying the Treasury’s mandatory 2% discount rate, the proposed Downtown Carpark development at the subject site is estimated to generate approximately \$1.91 billion in total business activity across the Auckland Region over the full development timeframe.

TABLE 2: DOWNTOWN CARPARK DEVELOPMENT SENSITIVITY ANALYSIS (2% NPV)

Discount Rate	Total Auckland Region Output NPV (\$m)								
	2025	2026	2027	2028	2029	2030	2031	2032	Total
2%	\$35.4	\$83.7	\$49.4	\$235.5	\$331.3	\$561.3	\$316.1	\$300.7	\$1,913.3

Source: Property Economics

¹⁴ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).

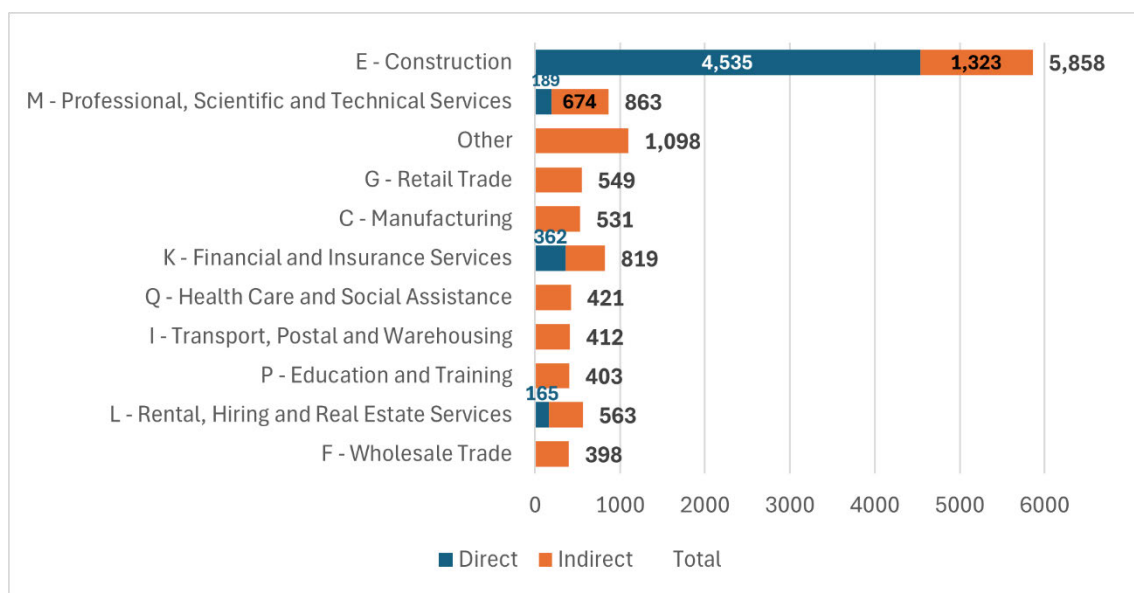
¹⁵ Source: <https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates>

5.4. TOTAL AUCKLAND DIRECT AND INDIRECT EMPLOYMENT

Figure 2 below disaggregates employment generated by sector and Direct and Indirect (including induced) FTE employment over the identified period. It illustrates the significant direct impact on the construction sector (as well as Construction Services).

The figure below illustrates the sectors associated with direct employment measure approximately 5,250 FTE years with the remaining around 6,664 FTE years resulting from indirect and induced activity

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



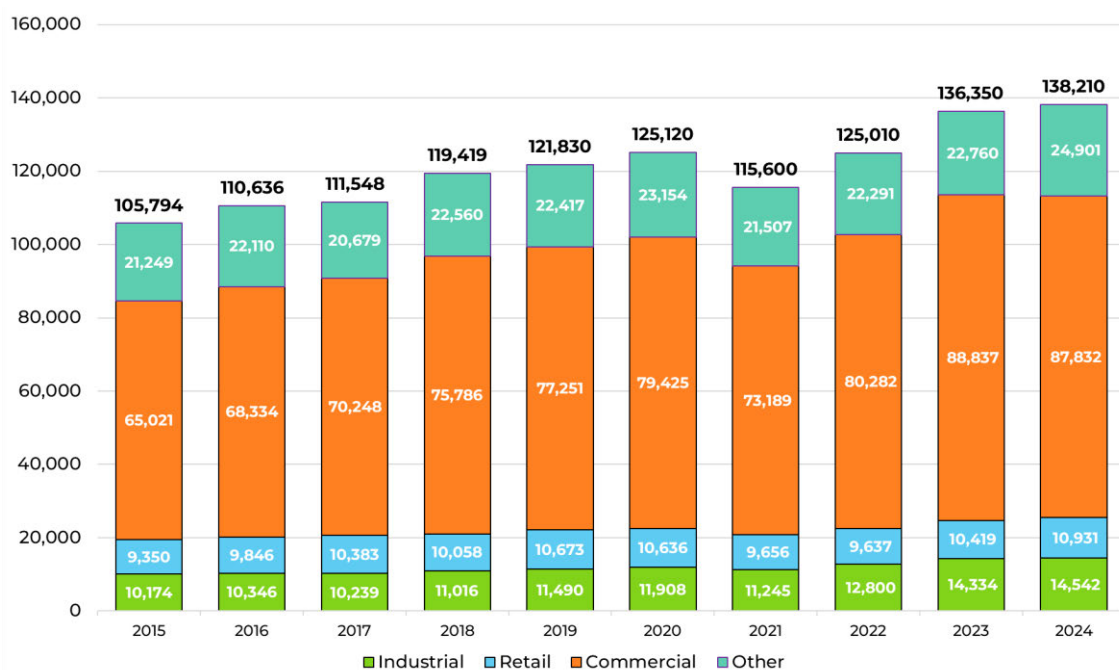
Source: Property Economics

6. AUCKLAND CITY CENTRE PERFORMANCE OVERVIEW

Figure 3 below illustrates a steady upward trajectory in employment within the City Centre over the past decade, highlighting the area's continued importance as the region's commercial and economic core. Total employment increased from approximately 105,800 jobs in 2015 to around 138,200 in 2024, representing an overall growth of roughly 30%. This growth reflects the City Centre's resilience and ongoing attractiveness as a nationally and regionally significant location for business, retail, and professional services, despite short-term disruptions such as those caused by the COVID-19 pandemic (evident in the temporary dip in 2021).

Specifically, commercial employment remains the dominant sector, accounting for roughly two-thirds of all City Centre jobs and has grown from about 65,000 in 2015 to nearly 88,000 in 2023 before stabilising slightly in 2024. This sustained expansion reflects Auckland's role as New Zealand's principal centre for finance, corporate services, tertiary education, and government functions.

FIGURE 3: AUCKLAND CITY CENTRE EMPLOYMENT GROWTH



Source: Stats NZ.

To provide a context, Colliers' latest research¹⁶ indicates that prime grade vacancy across the City Centre's office market decreased from 9.8% to 8.4% over the last six months, reflecting a declining trend and continued occupier preference for modern, well-located offices with stronger amenities.

¹⁶ Titled "Auckland CBD Office Colliers Essentials 2H 2025", Colliers.

The Project, delivering premium office space to the market, therefore presents a strategic opportunity to intensify land use and improve the efficiency of existing site. Projects that deliver modern, flexible, and sustainable commercial space will be particularly important as firms seek adaptable workplaces aligned with hybrid working models and environmental performance standards.

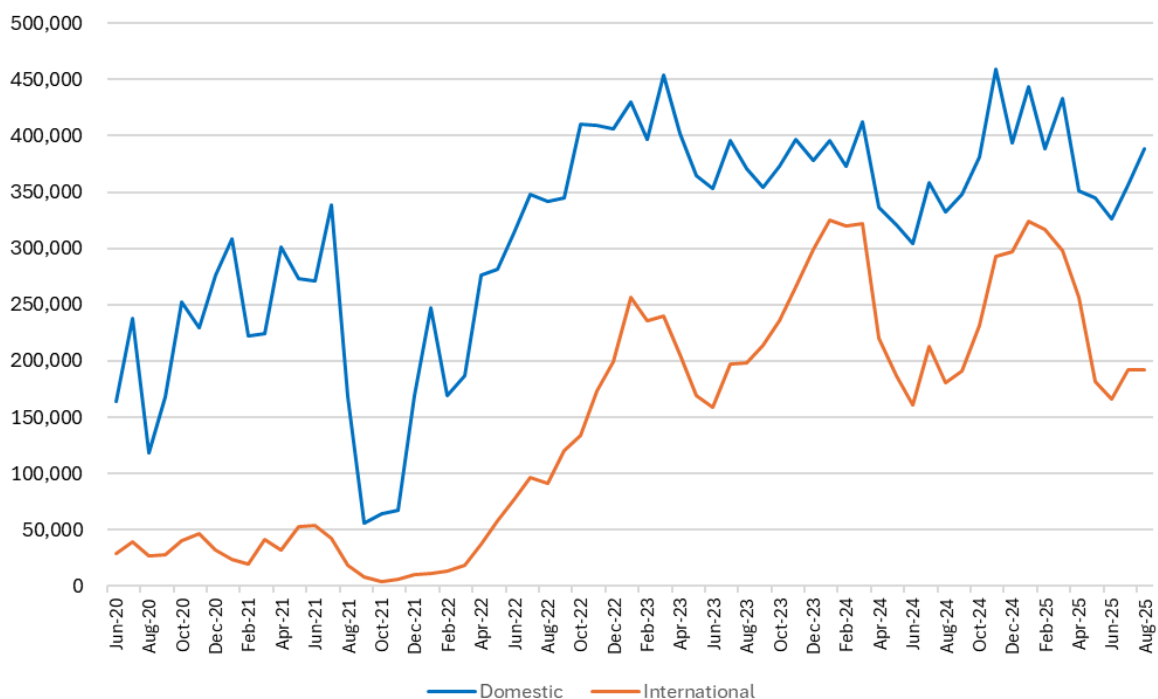
Furthermore, the Project will reinforce the City Centre's role as the country's premier business hub by encouraging vertical integration of employment, retail, hotel accommodation and residential activities, which in turn better supports the significant investment in public transport infrastructure and urban vitality.

Conversely, well-planned redevelopment like the Project, integrating high-density employment space and mixed-use outcomes, will ensure the City Centre continues to serve as a dynamic and efficient node within the regional and national economy and elevate agglomeration benefits and Auckland's productivity.

7. AUCKLAND COMMERCIAL ACCOMMODATION INDUSTRY OVERVIEW

Regarding the demand for commercial accommodation services in Auckland, data obtained from MBIE, as depicted in Figure 4, illustrates a significant increase since the removal of Covid related travel restrictions. As of January 2025, Auckland has experienced a record-high in commercial visitor guest nights since the onset of the Covid-19 pandemic, reaching approximately 767,700 nights collectively. Among these, around 42% are attributed to international visitors, totalling around 323,700 nights.

FIGURE 4: AUCKLAND COMMERCIAL VISITOR GUEST NIGHTS



Source: MBIE - The Accommodation Data Programme

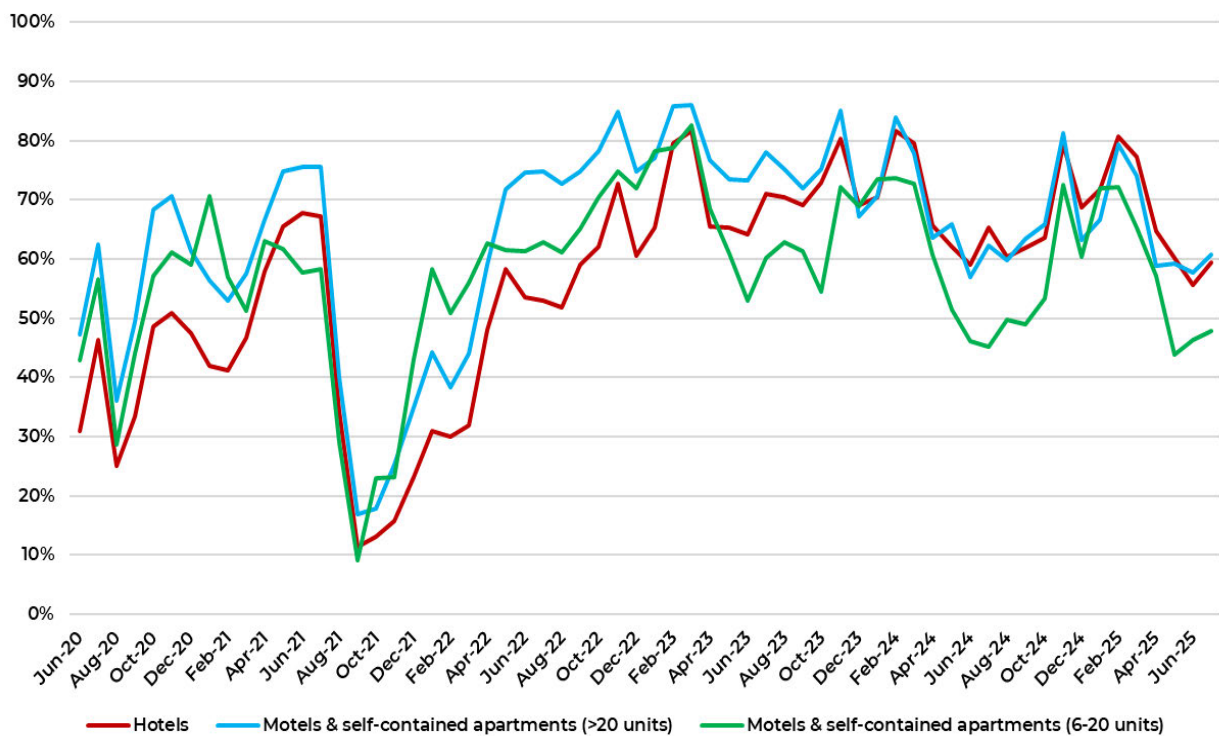
Even though this upward trend for Auckland does not automatically translate into increased demand for visitor accommodation in the City Centre, the sustained recovery and significant growth of visitor numbers in Auckland indicate a robust market for diverse accommodation options in efficient locations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

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

Figure 5 illustrates occupancy trends for Auckland hotels, motels, and serviced apartments between June 2020 and June 2025, highlighting the sector's (seasonal) volatility and recovery trajectory.

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

FIGURE 5: OCCUPANCY RATE FOR HOTELS IN AUCKLAND



Source: MBIE - The Accommodation Data Programme

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

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

From 2023 onward, occupancy rates stabilised at relatively strong levels, fluctuating between 60-80% for hotels and larger motels / serviced apartments, with some seasonal peaks nearing

85%. This indicates that the market has rebalanced into a post-COVID “new normal,” supported by the return of tourism and steady domestic travel demand.

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

To grow Auckland’s visitor accommodation market efficiency and elevate regional benefits from international and domestic tourism, higher quality hotel accommodation is required in efficient locations.

The Project, with its strategic waterfront location, represents one of the region’s most efficient locations to accommodate visitors to Auckland in the future being at the hub of the city’s, and New Zealand’s, foremost public transport hub (Britomart) with the City Rail Link, Ferry Terminal and Bus Transport Interchange making the downtown area of the city the most significant public transport hub in New Zealand.

Based on a Hotel Assessment undertaken by THSA¹⁷, beyond its operational importance, the hotel holds broader economic and destination significance. A new five-star, internationally branded hotel will strengthen Auckland’s role as a Pacific gateway, enhance its attractiveness to high-value tourism and business events, and generate significant employment and investment benefits.

In this context, the Project is an enabling piece of infrastructure, vital to ensuring the hotel meets international standards, integrates effectively within its urban environment, and contributes meaningfully to Auckland’s global hospitality offering. The Project will elevate Auckland’s international profile and assist meeting the city’s aspiration of being a more ‘international city’

¹⁷ Titled “Report regarding the needs for a Porte Cochere for a proposed hotel in Auckland NZ.”, THSA, dated October 2025

8. OTHER ECONOMIC COSTS AND BENEFITS

Due to the nature of the Project, there are a range of potential (non-monetised) operational economic costs and benefits that are likely to be achieved within the market beyond the direct economic activity (employment and GDP) generated. The following analysis outlines the key economic costs and benefits of the Project from a qualitative perspective within the framework of the RMA, the FTAA, and the NPS-UD.

8.1. ECONOMIC BENEFITS

- + **Increased retail / commercial office / residential capacity in the City Centre:** The Project will deliver significant new retail and commercial office space alongside expanded residential capacity, providing a wider variety of price points, business locations, living options, and property types within a prime and efficient area of the City Centre. This will attract businesses seeking modern, sustainable, and centrally located premises, as well as residents looking for a dynamic urban lifestyle. By enhancing the City Centre's ability to accommodate Auckland's growing population and facilitating business growth and new market entry, the Project will support the City Centre's and wider region's continuous economic growth.
- + **Improved development feasibility and a catalyst for (re)development(s):** The Project will significantly improve development feasibility as it allows for greater floor area on a limited land footprint, optimising site efficiency and return on investment. As the Site is developed, neighbouring properties benefit off the improvement in amenity (assuming development and urban design standards are appropriately set to deliver such outcomes) and are encouraged to develop themselves to maximise returns. This, in turn, can incentivise further development in the surrounding area, fostering broader urban regeneration and contributing to the ongoing intensification of the City Centre.
- + **Improved infrastructure use efficiency:** The Project will improve infrastructure efficiency by optimising the use of existing services, such as roads, public transport, and utilities, through higher-density development in the City Centre. The Site's close proximity to Britomart's public transport hub reduces reliance on private vehicles and promoting public transport, walking, and cycling, the Project has the potential to reduce congestion and road maintenance costs. Additionally, the Project would reduce the need for costly infrastructure expansions, support sustainable growth, and enhance the long-term efficiency of the City Centre's infrastructure.

The supply of significant additional retail, hotel, commercial office and residential floorspaces in one of the most efficient locations within the City Centre will enhance the capacity to accommodate a greater number of businesses efficiently, each contributing to job creation and economic activity. Beyond the direct employment generated by businesses operating within the retail, hotel and office spaces, the Project will also drive demand for additional operational roles, including property

management, security, cleaning, and facility maintenance, further supporting long-term employment growth in the area.

- **More efficient land use and greater agglomeration effects:** the AUP recognises the City Centre as an internationally significant business hub, implying a need to support economic density through vertical development that maximises the land use efficiency of high-value City Centre land resources. From an economic perspective, enabling greater height will strengthen Auckland's position as a competitive global city.

Taller buildings mean land is being utilised more efficiently as the vertical space is being used more effectively. The Project will transform a currently underutilised site into a significant high-density mixed-use asset. By intensifying land uses in a prime City Centre location, the Project maximises the Site's economic output and contributes to higher land productivity and agglomeration effects (economies of scale) in the area.

As levels of economic activity increase on the same footprint, so does the ability of businesses to specialise and increase efficiency, due to increased competition. This would also increase the prevalence of knowledge spillovers, increasing innovation density allows businesses to have access to larger markets of suppliers (especially labour supply) and consumers, allowing competition to enhance the quality of inputs and outputs.

- **Increased variety of commercial space options / greater levels of locational choice:** The proposed high-rise commercial spaces would offer flexible floor plans, accommodating different business types and sizes. This would also attract a wide range of industries, from tech startups to corporate headquarters or creative agencies, all of which may have different space and infrastructure needs. This could make it easier for these businesses to settle in and adapt over time.

- **Increased accessibility and urban convenience:** The Project will enhance convenience for residents and hotel guests by expanding access to a diverse range of retail offerings, commercial services, and modern civic spaces in a highly accessible location. This will create a more vibrant and self-sufficient urban environment, catering to the daily needs of City Centre residents, workers and visitors.

By providing increased modern amenities, shopping, and business services within close proximity, the Project will help reduce the need for people to travel to more distant locations, thereby saving time, lowering transportation costs, and potentially decreasing traffic congestion and emissions. Additionally, the inclusion of public realm spaces will foster social interaction, support community engagement, and contribute to a more dynamic and inclusive urban atmosphere.

- **Better adapting to market trends and diversified demand:** The proposed development will provide greater flexibility in land use, allowing the Site, an important City Centre land resource, to accommodate a broader range of activities, ensuring a more efficient

and responsive use of space that aligns with changing business and residential demands. This diversification reduces reliance on any single industry, increasing economic stability and long-term viability of the development.

- **Supporting intensification for the City Centre:** The AUP identifies that “*development in the City Centre is managed to accommodate growth and the greatest intensity of development in Auckland and New Zealand while respecting its existing and planned built form and character and waterfront setting*”.

The (re)development of the Site will encourage increased foot traffic to the area through employment, residents and tourists attracted by the amenity. By delivering a high-density commercial and residential buildings on an underutilised site, the Project makes more efficient use of prime City Centre land. This aligns with Auckland Council's strategy for intensification and supports a compact urban form.

- **Increased retail spends and employment internalisation:** The proposed retail activities would better accommodate a rapidly growing population in the market, ensuring that more retail expenditure stays within the City Centre rather than flowing to other commercial areas. This will help the City Centre and regional economy grow, supporting the sustainability of the retail sector and contributing to a more resilient and self-reliant City Centre community. The proposed retail, residential including hotel and commercial office and retail activities would also help accommodate more local employment opportunities, reducing the need for commuting and improving both travel efficiency and market accessibility.

- **Strengthening City Centre's vitality and amenity:** The AUP identifies that “*The city centre is an attractive place to live, learn, work and visit within 24-hour vibrant and vital businesses, education, entertainment and retail areas.*” By introducing a broader mix of activities, including retail, commercial, residential, and civic spaces, the redevelopment will enhance the City Centre's overall vibrancy and liveability. This diverse combination of uses will create a dynamic environment where the area remains active throughout the day and well into the evening, supporting both daytime and nighttime economies. A higher concentration of residents and businesses will foster constant foot traffic, promoting social interaction, community engagement, and a sense of belonging.

- **Generation of new views and enhanced building profile:** The Project will not only create new view but also introduce significantly refined building profiles that enhance Auckland's skyline, streetscape, and overall urban experience. This will contribute to a more dynamic and visually engaging cityscape while optimising sightlines toward the Waitematā Harbour and key urban landmarks, reinforcing the City Centre's role as a premier destination for business, residents, and visitors alike.

- + **Potential for less land / green space take-up:** A higher density of agglomeration of business and residential activities indicate that a greater quantity of activity can take place within the City Centre. This would suggest that more efficient use of land for residential and commercial space leaves more green space opportunities, such as parks, which the local community can enjoy.
- + **Increased visitor expenditure:** A new luxury hotel attracts high-spending domestic and international visitors who contribute significantly to the economy through spending on dining, retail, entertainment, and transport. These visitors tend to stay longer and spend more per trip than those using mid-range accommodation, thereby boosting overall tourism receipts and supporting a wide range of urban businesses within and beyond the City Centre.
- + **Stimulation of supporting businesses:** Luxury hotels create strong linkages with nearby businesses, such as restaurants, cafes, boutique shops, tour operators, and transport providers, by increasing the volume of visitors seeking premium services. These linkages strengthen the business ecosystem within the City Centre, improve spending circulation, and encourage investment in complementary high-value amenities and attractions.
- + **Benefits of greater site height:** The AUP provides a strong policy basis for enabling taller and higher density development in the City Centre. Under AUP Objective H8.2(6), the City Centre is recognised as “*an internationally significant centre for businesses*”, supporting vertical growth that maximises the use of high-value land and strengthens Auckland’s global competitiveness.

The Project aligns with this intent by delivering high-quality commercial space, increasing employment capacity, and attracting globally oriented businesses, consistent with international urban growth patterns that rely on vertical development to achieve economic efficiency and agglomeration benefits.

Objective H8.2(7) seeks to make the City Centre an attractive, 24-hour environment to live, work, learn and visit. Allowing greater building height supports this goal by enabling a mix of uses, increasing residential capacity, and contributing to a compact, vibrant, and productive urban form.

Likewise, Objective H8.2(8) directs that the City Centre should accommodate the greatest development intensity in New Zealand, while managing (not restricting) height through design. This reinforces that tall buildings are both appropriate and necessary to achieve the AUP’s economic and spatial objectives.

Overall, the AUP supports enabling additional height in appropriate City Centre locations to advance Auckland’s broader economic, urban, and growth outcomes.

From an economic perspective, enabling greater height for the Project will strengthen the City Centre’s competitiveness, improve development feasibility, and ensure efficient

use of scarce central land. Allowing taller buildings promotes investment confidence, maximises agglomeration and productivity benefits, and prevents the “flight” of development to less efficient fringe areas.

Key economic reasons for supporting additional height include:

- Relativity and Competitiveness: Height allowances influence market perception and investment location choices. Restrictive limits can make the City Centre less attractive relative to other zones.
- Feasibility: Council's 2023 Housing and Business Capacity Assessment¹⁸ indicates that improved feasibility could unlock over 24,000 additional dwellings¹⁹, illustrating the link between economic viability and building height.
- Risk of Development Flight: Limiting height may divert investment to fringe areas, weakening central Auckland's economic coherence and density.
- City Centre Profile: Allowing taller buildings enhances Auckland's national and international image, attracting high-value industries and global capital.
- Investment Quality: Greater height supports higher capital investment, better design outcomes, and improved public amenity.
- Policy Alignment: Restrictive height limits conflict with the NPS-UD, which directs city centres to enable as much development capacity as possible.

By contrast, the current height limits under the Harbour Edge Height Control Plane (“HEHCP”), if applied strictly, will constrain development enablement, reduce efficiency, and undermine the City Centre's competitiveness. Over time, this would result in a less productive, less attractive, and economically inferior outcome for Auckland. Certainty around higher building heights, as proposed for this Project, would ensure efficient land use, investor confidence, and the continued success of Auckland's central business district as a globally competitive urban core

8.2. ECONOMIC COSTS

- **Reduced carpark spaces / capacity in the City Centre**: The Downtown Carpark currently provides a total of 1,944 parking spaces, albeit infrequently near capacity, and includes

¹⁸ Housing and Business Development Capacity Assessment for the Auckland Region September 2023, Research and Evaluation Unit

¹⁹ Based on the geospatial capacity data associated with the HBA 2023 [Source: <https://www.knowledgeauckland.org.nz/publications/auckland-council-capacity-for-growth-study-20222023-data-housing/>]

approximately 860 casual parking spaces. For the Project, these are proposed to be replaced with around 554 short-stay spaces (for residents, offices, facility management, valet parking and the M Social hotel), resulting in a net reduction in carpark capacity. While this reduction represents an opportunity cost, it is not a significant economic cost that would undermine the overall economic efficiency of the City Centre. This consideration is based on the following economic reasons:

(i) Opportunity cost vs. land use efficiency maximisation:

- o The reduction in car parking spaces should be considered as an opportunity cost associated with the highest and best use of the Site, rather than an absolute loss of parking capacity in the City Centre.
- o This Project and the associated opportunity cost stem from a development agreement between Eke Panuku Development Auckland (now Auckland Urban Development Office) and Precinct - a strategic decision to optimise land use - rather than an arbitrary removal of parking.
- o From an economic perspective, the responsibility for addressing broader traffic and parking constraints in a City Centre lies with local authorities and urban planners, rather than individual developers. The role of the developer is to maximise land use within the agreed planning framework, while public agencies manage citywide mobility and infrastructure needs.

(ii) Access to alternative car parking capacity in the City Centre:

- o The Downtown Carpark site is located within a well-established, high-density urban environment where alternative parking options are readily available. Within a 5-minute (500m) walk, there are approximately 4,400 public car parks, and within a 7-10-minute (750m) walk, there are 12,300 parking spaces²⁰.
- o These existing car parking facilities, which include a mix of short-stay, long-stay, and leased spaces, will continue to provide parking options for those who need or choose to drive into the downtown area.

(iii) Expected intensification in the City Centre:

- o Urban intensification will inevitably lead to the redevelopment of underutilised sites, replacing low-density uses with higher-value economic activities. While centrally located, the existing Downtown Carpark site does not fully capitalise on its strategic position within the City Centre or maximise the benefits of existing infrastructure investments, especially when

²⁰ Sourced from <https://www.ekepanuku.co.nz/news/downtown-car-park-redevelopment/>

compared to the established higher-density developments in the surrounding area.

- o Redeveloping this Site aligns with broader urban planning objectives including the AUP, RMA and NPS-UD, ensuring that prime land is used more productively to accommodate commercial, residential, and mixed-use growth.

(iv) Long-term economic and social benefits of a 'model shift':

- o While the reduction in car parking spaces may create short-term inconvenience, in the long term, it supports a mode shift - encouraging greater use of public transport, walking, and cycling. This is particularly supported by the planned inclusion of bicycle parking and end-of-trip facilities within the Project. Further, the Site is located strategically in very close proximity to Britomart station, the Downtown Ferry Terminal and the Lower Albert Street bus exchange. The City Rail Link will be operational next year.
- o Such a transition is economically and socially beneficial, contributing to improved transport efficiency, reduced congestion, lower carbon emissions, and enhanced urban liveability.
- o The Project has the potential to significantly reduce vehicle trip generation effects on the surrounding road network, easing congestion and enhancing overall accessibility in the downtown area.

Given the above, while the reduction in carpark capacity presents a minor economic cost, it is far outweighed by the broader economic benefits of the redevelopment. The Project aligns with urban intensification strategies, contributes to a more efficient land use, and supports the long-term economic transformation of the City Centre into a more efficient, sustainable, and accessible urban environment.

- **Cost of Infrastructure:** While the Site's location within the City Centre and an established urban environment suggests that the extent of required infrastructure upgrades is likely to be limited, the cost of any upgrades to the wider network will need to be serviced by the Council. These capital costs are likely to be mitigated, at least in part, through either developer contributions or the level at which the developer provides the infrastructure itself.

Moreover, the additional infrastructure costs (if any) are often more manageable compared to the expansion of infrastructure into suburban areas or greenfield areas. This is because intensification makes better use of existing infrastructure, reducing the need for costly extensions or new facilities. Additionally, the cost per capita for services tends to decrease as infrastructure is shared by a larger population within a concentrated area, making it more efficient and lowering marginal infrastructure costs in the long term.

- **Disruption to businesses:** The Project has the potential to result in construction-related constraints such as road closures, reduced pedestrian access, and loss of parking, which make it harder for customers, suppliers, and employees to reach businesses. This may affect the day-to-day operations and customer accessibility of surrounding businesses. While the short-term disruption can be an economic cost, it needs to be justified by long-term economic benefits. It can be expected that the transition period would not impose significant hardship if mitigation strategies were effectively managed.
- **Potential generation of adverse environmental effects (relative to no additional activities at the site):** High rise buildings have the potential to generate negative externalities, with increased congestion being the most significant concern. Higher foot traffic from intensified residential and business activities may put additional pressure on the road network and reduce parking availability within the local area and wider City Centre. However, these impacts are unlikely to be immediately disruptive, allowing time for effective traffic management and mitigation measures. At this stage, any associated costs have no propensity to materially undermine the broader role and function of the local area and the wider City Centre.

8.3. CONCLUSION

Overall, our assessment supports the proposed development from an economic perspective in the context of the RMA, AUP, NPS-UD Policies and FTAA. Considering the economic analysis outlined above in the round (including the quantitative economic injection into the regional economy and employment benefits), Property Economics considers that advancing the Project would yield significant economic benefits for the regional economy and community and contribute to the facilitation of a well-functioning urban environment within the Auckland Region.

These regional economic benefits include:

- | | |
|---|------------------|
| • Total direct expenditure over an 8-year development period (excl. land) | \$1.64b |
| • Total NPV at 8% over an 8-year development period | \$1.43b |
| • Total NPV at 2% over an 8-year development period | \$1.91b |
| • FTEs during the peak development and operation year | 3,491 FTE years |
| • Total FTE years over the 8-year development period | 11,914 FTE years |
| • Total direct employment over the development period | 5,250 FTE years |
| • Total indirect and induced employment over development period | 6,664 FTE years |
| • Contribution to regional household incomes over development period | \$650m |

APPENDIX 1. EXPLANATIONS OF EIA MODELLING OUTCOMES

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

- The reference to “Levies” is referring to external land and building costs such as Council costs.
- The reference to “Development Costs” includes costs associated with the development of the land, earthworks, etc. Note these costs are separated out from Construction costs due to the high level of capital (machinery) to labour ratio.
- The reference to “Construction Costs” includes built form costs.
- The Direct Expenditure line includes all expenditure on the Project, both in and externally to the Auckland Region.
- The total employment generated through the development and construction works is 11,587 FTE years.

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

This EIA evaluates the total economic effects of the specific project on the Auckland regional economy. Multipliers, a key component of EIA, quantify how initial changes in spending lead to larger, ripple effects throughout the Auckland regional economy²¹. These effects include direct, indirect, and induced impacts, reflecting changes in output, employment, income, and other economic variables.

Aggregating Impacts:

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

Step 1: Allocate total project expenditure by ANZSIC category.

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

Step 3: Utilising Stats NZ Input / Output tables generate regionally specific Level 1 multipliers (i.e. where each \$1 spent goes through the first cycle). These multipliers are specific for each of

²¹ Multipliers are coefficients that translate direct changes in economic activity into the total economic impact. For example, a job multiplier shows how many jobs are created in total (directly, indirectly, and induced) for each new job created directly. Similarly, an output multiplier indicates how much total output increases for each dollar increase in output in a specific industry. Relevant key multiplier types include Output Multiplier: Measures the total change in economic output resulting from a change in demand for a specific industry; and Employment Multiplier: Measures the total change in employment resulting from a change in employment in a specific industry.

the 48 sectors and are proportionally combined to produce the development multiplier: earth works, fees, etc (due to these having a materially different labour to capital breakdown) and the construction multiplier - built form.

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

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