PROPERTY ECONOMICS

188 BEAUMONT ST DEVELOPMENT

FAST-TRACK APPLICATION

ECONOMIC IMPACT ASSESSMENT

Date:	March 2026
Project No:	52518
Client:	Westhaven Residential Limited Partnership

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SCHEDULE

Code	Date	Information / Comments	Project Leader
52518.18	March 2026	Report	Phil Osborne / Tim Heath

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1. INTRODUCTION

This report has been prepared in relation to a substantive application submitted by Westhaven Residential Limited Partnership for a referred project under the Fast-track Approvals Act 2024 ("**FTAA**") in respect of the 188 Beaumont Street project (the '**Project**').

Project Description and Site Context

The Project is an urban development project in Auckland's City Centre involving a residential-led mixed use building comprising approximately 210 residential apartments, ground floor retail and ancillary car parking. The location for the Project is 188 Beaumont Street, Auckland Central.

The site is located within Wynyard Quarter, a strategically significant waterfront precinct within Auckland's City Centre that accommodates a concentration of marine, innovation, employment, tourism, recreational and mixed-use activities. Wynyard Quarter plays an important role in Auckland's economic and spatial development, reflecting long-term public and private investment in City Centre regeneration and intensification.

Auckland Council's ('**Council**') long-term regeneration of Wynyard Quarter represents a significant, multi-decade public investment programme that reflects the strategic importance of the waterfront to Auckland's urban growth and economic development. Rather than a single capital project, the regeneration is being delivered in staged phases, combining land remediation, infrastructure provision and high-quality public realm upgrades to transform former industrial land into a mixed-use waterfront precinct.

A key current component is the regeneration of Wynyard Point (Te Ara Tukutuku), which has an estimated total programme value of approximately NZ$320m[1]. Of this, around NZ$119m has been allocated through the current Long-Term Plan period to 2027, with the balance to be funded through future planning cycles.

This investment covers substantial site preparation works, including remediation and bulk infrastructure, alongside the delivery of new public open space and development-ready land. The scale of this commitment signals Council's intention to complete the northern extent of Wynyard Quarter as a high-amenity urban environment integrated with the wider City Centre.

Beyond Wynyard Point, Council has invested consistently in the wider Wynyard Quarter precinct over many years. This includes funding and delivery for streets, utilities, parks, waterfront promenades and other development-enabling infrastructure. These works are delivered through Council's capital works programme and have been overseen by its urban regeneration agency (formerly Eke Panuku, now the Auckland Urban Development Office). As part of Council's broader capital programme in general, which totalled approximately $3.9b in 2024/25[2], waterfront regeneration remains a strategic priority alongside transport and water infrastructure investment.

Considerations under the Fast-track Approvals Act

This economic impact assessment ("**EIA**") is designed to provide an economic assessment of the Project under the framework of the FTAA. The assessment considers the Project and its economic injection, employment, and scale of economic impacts (including benefits and costs) 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 22 which outlines the list of criteria for assessing referral application.
- Section 81 which provides that when a panel is making a decision on a substantive application, the panel must consider the extent of the project's regional or national benefits.
- Section 85 which provides that a panel may decline an approval where it forms the view "*adverse impacts are sufficiently significant to be out of proportion to the*

[1] https://www.nzherald.co.nz/property/wynyard-quarter-park-taking-shape-as-te-ara-tukutuku-earthworks-progress/GN3MFULSJBAPRELTPYPBIRJSXI/

[2] https://ourauckland.aucklandcouncil.govt.nz/news/2025/09/annual-report-2025/

project's regional or national benefits" (after taking into account conditions the panel may set in relation to adverse impacts).

- Schedule 5 Clauses 5(4) and 6 require a consent application to include an assessment of the activity's actual or potential effects on the environment. Schedule 5 Clause 7 outlines this assessment must include any effect on the people in the neighbourhood and, if relevant, the wider community, including any social, economic or cultural effects.

- Schedule 5 Clauses 5(1)(h) and 5(2) requires an assessment of the activity against relevant documents including the National Policy Statement on urban Development 2020 ("**NPS-UD**")).

- Schedule 5 Clause 17 which specifies the criteria for assessing consent applications and provides that the greatest weight is to be given to the purpose of FTAA.

In short, the FTAA supports development proposals to expedite the consent process where the proposed development results in significant regional or national benefits (and in circumstances where the adverse impacts are not sufficiently significant to be out of proportion with these benefits) and contributes to a well-functioning urban environment (as per Policy 1 of the NPS-UD).

2. EXECUTIVE SUMMARY

The Project involves the construction of approximately 210 residential apartments, 624sqm GFA commercial and retail space, and 167sqm GFA amenity spaces, across a 5,215sqm site located within the Wynyard Precinct of the Auckland City Centre.

The total quantitative economic impacts as a result of the Project are summarised in the following table.

Snapshot of Key Economic Benefits:

Estimated Quantitative Economic Impact on Auckland's Regional Economy:	
Total direct expenditure over a 5-year development period[3] (excl. land)	**$416m**
Total NPV[4] at 8% over a 5-year development period	**$369m**
Total NPV at 2%[5] over a 5-year development period	**$459m**
FTEs during the peak development year[6]	**1,240 FTE years**
Total FTE years[7] over the 5-year development period	**3,400 FTE years**
Total direct employment over the development period	**1,498 FTE years**
Total indirect and induced employment over development period	**1,902 FTE years**

In addition to the quantified economic impacts outlined above, the Project would also deliver several qualitative non-monetised economic benefits, which include:

- Increased residential (apartment) capacity
- Increased and diversified choice of housing location and price point
- Improved land use efficiency
- More efficient infrastructure use through higher density development of the land and reduced marginal infrastructure cost
- Increased economic activity and employment and improved travel efficiencies

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[3] *Note that five-year period assessed in this EIA does not represent a full five years of active economic activity, as the first year is primarily allocated to pre-construction activities such as planning, design work, procurement and contracting rather than actual construction. The actual construction phase is expected to span approximately 34 months, from September 2027 to June 2030.*

[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.*

Given the Project's strategic location (i.e., being in the Wynyard Quarter / City Centre / Auckland waterfront and adjacent to the Orams Marine Precinct), these economic benefits are unique to the Site and therefore not substitutable to another location within the region.

However, the Site's current use (i.e., carparks) represents a highly inefficient allocation of this strategic, centre-based land resource, which is inconsistent with its significant market and economic potential. The current land use represents a missed opportunity to realise significantly greater economic benefits not only for the Wynyard Quarter but also for Auckland more broadly, particularly given the Site's location within a key area of intensification and economic activity. The proposed development therefore provides an important opportunity to optimise land use, unlock economic growth, continue the transformation of Wynyard Quarter and deliver improved outcomes that are unique to this site.

Based on our assessment, the flow-on economic benefits of the Project would include:

- Catalysing additional development(s), investment and business opportunities in the City Centre.
- Supporting intensification of the City Centre through increased housing supply.
- Increased retail expenditure and employment internalisation within Wynyard Quarter and the City Centre.

In terms of economic costs, the Project may require some upgrades to infrastructure within the City Centre, which may incur capital costs to the Council. These costs are expected to be limited given the Site's location and surrounding existing services and infrastructure (based on information provided, Property Economics understands that no additional transport infrastructure is required to support the proposed development).These costs are likely offset through developer contributions (if the development places additional demand on Council infrastructure that requires Council expenditure) or direct provision of infrastructure by the developer (if any is required). Intensification also generally improves efficiency of existing infrastructure, lowering marginal per-capita service costs.

From an economic perspective, while the proposed development would lower marine industry land within Wynyard Quarter, the economic impact would be minor. A recent economic assessment undertaken by M.E[8] about the Wynyard Quarter marine industry confirms that the existing marine floorspace within Wynyard Quarter (excluding the subject site) already exceeds the projected demand for the next 15 years, demonstrating Wynyard Quarter has ample capacity to meet future needs.

Furthermore, our overview of recent locational trends in marine activity shows that Auckland's marine industry is increasingly relocating from waterfront sites to inland industrial and mixed-use areas, with functions such as manufacturing, retail, and support services concentrating in more cost-effective and logistically accessible locations.

[8] *Economic Impacts 15 Westhaven Drive", M.E., dated 20 November 2023*

Accordingly, utilising the site for the proposed development is unlikely to constrain marine industry growth, and its development for higher-density purposes would provide more efficient land use in this strategic location and on-site population that supports the surrounding marine sector, businesses and services. This would more appropriately align with Wynyard Quarter's evolving economic function and contribution within the City Centre economy.

From an economic perspective, enabling the Project under the FTAA would strengthen the Wynyard Precinct's function as a regionally significant asset and a critical land resource within the City Centre. Wynyard Quarter is already a high-value mixed-use precinct that supports advanced industries, commercial activity, and a strong visitor economy, all underpinned by significant public investment in infrastructure and amenity. The Project would elevate these existing functions, adding scale and diversity to the residential component and improving retail / hospitality amenities while further enhancing the Wynyard Precinct's regional economic significance.

Cumulatively, in Property Economics' view, the Project would generate economic benefits (quantitative and qualitative direct, indirect, induced and catalytic) that are exclusive to the Site and go beyond the construction period of the Project itself. The Project would therefore deliver flow on wider economic benefits to the economy and community considered significant in a regional economic context.

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 Fast Track applications.

3.2. CODE OF CONDUCT

Although this is not a hearing before the Environment Court, I record that I 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. I confirm that this report is within my area of expertise, except where I state that I rely upon the evidence or reports of other expert witnesses lodged forming part of the Project's application material. I have not omitted to consider any material facts known to me 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 – Westhaven Residential Limited Partnership
- Economic Impacts 15 Westhaven Drive - M.E
- Business Demographic Statistics – Stats NZ
- Residential Building Consents Data – Stats NZ
- Housing Affordability – Infometrics
- Housing Price Trends – Infometrics
- Auckland Growth Scenario (AGS23v1.1) – Auckland Council
- Wynyard Precinct Provisions – Auckland Council

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	refer to the positive outcomes that enhance the well-being of individuals, businesses, and communities, typically arising from an activity, development, or policy. These benefits may be expressed in financial or non-financial terms. In the context of urban development, economic benefits reflect the extent to which a proposal contributes to local and regional prosperity, market efficiency, and the effective alignment of supply with demand.
Economic costs	the value of what is given up when choosing one economic activity over another. Economic costs also include opportunity costs, which are the value of the next best alternative that is forgone.
Employment multipliers	the level of indirect and induced employment activity generated through the expenditure on and off site.
FTE years	these are all jobs created through the direct construction phase and ongoing operation of the development including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.
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. OVERVIEW OF THE PROPOSED DEVELOPMENT

The proposed development comprises of approximately 210 apartments within three primary building elements, ground floor retail activity, and a carparking podium.

The three primary building elements enable a stratification of residential offerings and each of these three buildings is envisaged to have a differentiated identify:

(1) **Beaumont Building** – comprising self-contained apartments compact floorplans.

(2) **Marina Building** – a small collection of bespoke apartments on the water's edge.

(3) **Tower Building** – comprises the bulk of the apartments in the complex.

The total tower height for the Tower Building (the tallest in the scheme) is approximately 80m consisting of 23 levels including ground and car park podium levels.

In addition, two retail tenancies are proposed to be provided on the ground level of the Tower Building, encompassing around 624sqm of GFA cumulatively, and around 164sqm of amenity space (plus podium).

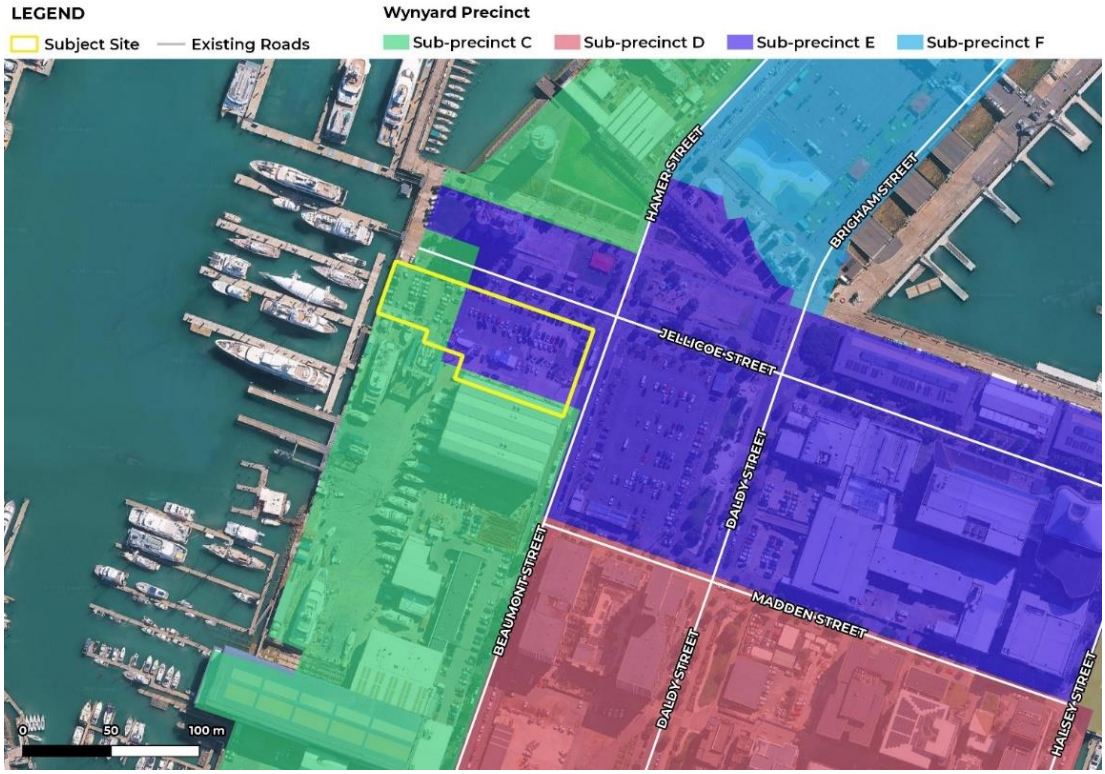
The site is located within Wynyard Quarter, a strategically significant waterfront precinct at the western edge of Auckland City Centre. Its position provides immediate access to the City Centre's employment, commercial, food and beverage, entertainment and amenity offerings while also being directly connected to Auckland's marine precinct, which accommodates a concentration of marine-related businesses, infrastructure, and specialist services.

The figure below illustrates the extent and surrounding zone context of the Site under the Auckland Unitary Plan Operative in Part ("**AUP**"). The I214.10.7 Wynyard: Precinct Plan 7 is presented in Appendix 1.

Under the AUP I214.1, the purpose of the Wynyard Quarter is identified to "*provide for the comprehensive and integrated redevelopment of this large brownfield area while enabling the continued operation of marine industry and hazardous industry*". Specifically, the Site is located within both Sub-precincts C and E of the Wynyard Precinct. According to AUP I214.6.10 and Precinct Plan 7, part of the Site is also identified as "*areas where activity is limited to marine and port activities and marine retail only to a height of 18m above the ground level*".

Being one of the last CBD waterfront sites makes the Site strategically valuable to the City Centre and Wynyard Quarter's development. This locational characteristic of the site, enables it to function as an interface between the City Centre and the working waterfront. The site benefits from strong transport connectivity, established infrastructure, and integration with surrounding mixed-use development, positioning it to support both City Centre intensification objectives and the ongoing development of Wynyard Quarter.

FIGURE 1: PROJECT AREA IN THE CONTEXT OF THE AUP PLANNING FRAMEWORK



Source: Auckland Council, LINZ, Google Maps

5. ECONOMIC CONTEXT FOR EIA

The EIAs undertaken by Property Economics are based on a well-established process and economically sound methodology, designed directly for assessing the economic merits, impacts and costs under the FTAA. This approach effectively captures the scale and nature of economic activity generated by the development, including consideration of site-based and activity-based counterfactuals, while allowing for qualitative evaluation of potential costs and benefits.

In our view, the EIA provides a robust and reliable basis for assessing the Project's economic significance and informing the FTAA decision. A full cost-benefit analysis (CBA) is not considered necessary or appropriate in this instance, as the EIA framework is appropriately aligned with the purpose and effects-based assessment required under the FTAA. This approach is also consistent with that adopted and accepted in a range of previous FTAA decisions.

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

1) The geospatial extent of the economic impact. While facilitation of additional business development and spend is likely to have a national economic impact, the majority of impacts are likely to be retained within the Auckland Region. As identified, for the purposes of this assessment, the extent of economic impacts is focussed on the retention[9] of activity within this area.

2) The economic impacts are those resulting from the commercial and residential development over an approximately 5-year development period. Ongoing operational and wider flow-on economic effects are not quantified as part of this EIA but are discussed qualitatively in Section 7 of this report.

3) Regarding statutory considerations, the RMA provides context in terms of the utilisation of resources and the resulting impact on their price and provision. It calls for the "*efficient use and development of natural and physical resources*" (Part 2 section 7 (b) RMA).

   This can be considered from the perspective of economic efficiency which can be defined as "t*he effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods*

[9] *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.*

> *and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor* inputs" [10].

The proposed Project is likely to have economic impacts that are felt beyond the specific costs and benefits within the region. Section 7 identifies the key qualitative economic costs and benefits generated as a result of the proposed development, including direct and flow-on operational economic benefits.

Additionally, there are likely to be other, non-economic effects that may result in further economic impacts, such as land value changes (e.g. improved accessibility can increase associated property values). These other potential further economic impacts are excluded to avoid double counting of effects. Other, non-economic effects, e.g., environmental effects, have not been addressed in this report.

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

6. TOTAL ECONOMIC ACTIVITY

6.1. PROJECT'S INJECTION INTO THE AUCKLAND REGIONAL ECONOMIC ACTIVITY

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

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

	2026	2027	2028	2029	2030	Total
Direct Expenditure ($m)						
Land						
Earthworks / Civil Works		$12.9	$5.5			$18.4
Civil Consultants	$9.5	$21.8	$19.9			$51.1
Levies				$3.5	$5.7	$9.2
Other		$1.8	$2.7	$2.7	$10.7	$17.8
Total Development Costs (excl. land)	$9.5	$36.5	$28.1	$6.2	$16.4	$96.5
Total Construction		$25.2	$113.6	$123.0	$53.6	$315.4
Total Construction and Development Costs (excl. Land)	$9.5	$61.7	$141.7	$129.2	$70.0	$411.9
Increased Local Spend*					$4.6	$4.6
Total Direct Expenditure (excl. land)	**$9.5**	**$61.7**	**$141.7**	**$129.2**	**$74.6**	**$416.5**
Level 2 Multiplier Impacts						
Total Auckland GDP NPV (48 sector mutipliers)	**$10.0**	**$60.7**	**$128.4**	**$110.7**	**$59.6**	**$369.4**
Employment (FTE Years)						
Development Phase Employment	87	341	261	59	151	
Construction Phase Employment		192	863	800	386	
Other Employment	2	15	116	84	43	
Total Employment (FTE years)	**89**	**548**	**1,240**	**943**	**580**	**3,400**

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.*

Two key values are represented in the following table. The first is the Economic Activity generated in the region. This is estimated at $416m which represents the total direct expenditure 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 will take place over a period of 5 years, development beyond the first year is discounted to provide a Net Present Value (NPV). The result of this process yields the $369m of total estimated value added for Auckland Region over the life of the development timeframe.

The second aspect is the generation of employment. This takes account of the number of "Full Time Equivalent" employment years generated in the Auckland Region over the 5-year period.

In terms of employment multipliers this would contribute around 1,240[11] jobs during the peak construction year within Auckland, with a total number of FTE years at 3,400 over the development period.

Table 1 demonstrates how the direct expenditure and employment (FTE years) are broken down between different sectors. An explanation of how the outputs in Table 1 were calculated is provided in Appendix 3.

6.2. ASSUMPTIONS

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

1. 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 data[12] to March 2024.

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

5. The economic activity generated is based on the development's gross activity and the 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 Treasury[13]. A sensitivity analysis using a 2% discount rate has also been undertaken, in accordance with Treasury guidance.

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

[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*

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

8. The proportion of materials and labour internalised in direct benefits to Auckland are based on standardised labour movements as well as employment and production composition within the Region. The amount of each 'flow-on' dollar retained in Auckland are based on the movement of resources (including labour) between other districts and regions.

This EIA estimates the total additional gross economic output[14] into the Auckland economy that would be facilitated about by the Project. The initial specifications and details have been provided by the Applicant and represent the development's configuration and costings at this point in time.

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 (CAPEX[15]) of the facilitated activities and the proportion of those costs that are retained within the Region.

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

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

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

6.3. TOTAL AUCKLAND DIRECT AND INDIRECT EMPLOYMENT

The following figure 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 illustrates the sectors associated with direct employment are estimated to generate approximately 1,498 FTE years with the remaining around 1,902 FTE years resulting from indirect and induced activity.

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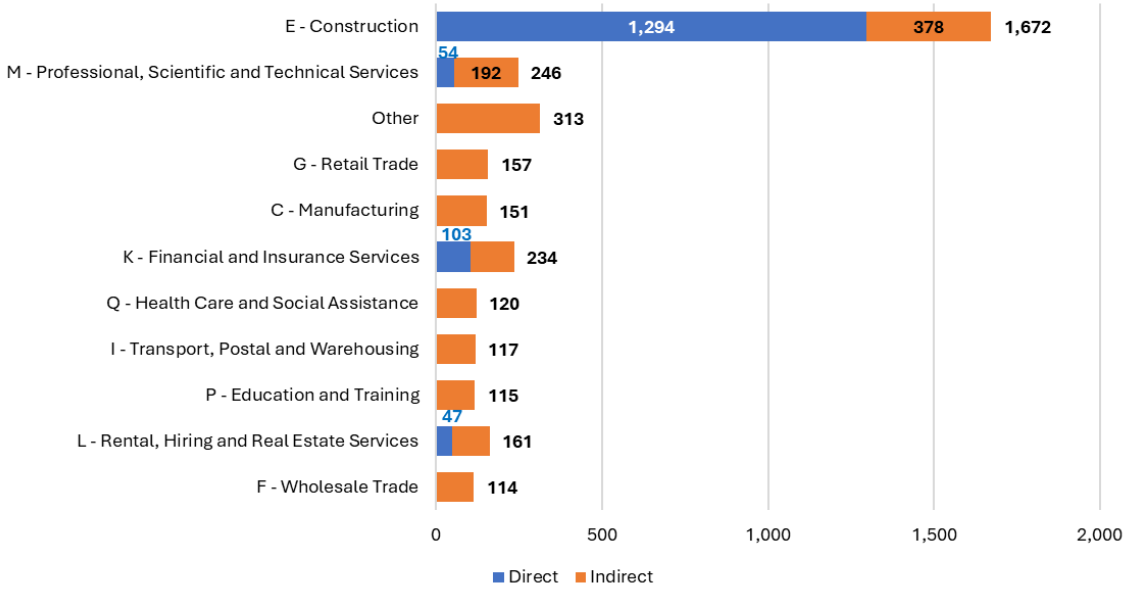
[14] *For example, this has not taken into account the short-term loss of operational employment currently on site*

[15] *CAPEX – Capital Expenditure*

For context, according to Infometrics[16], the regional unemployment rate increased from 3.5% in 2022 to 6.1%[17] in 2025. For context, this equates to around 68,800 unemployed people within the Auckland region. Against this context, the Project will make a direct contribution to supporting regional employment levels.

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



Source: Property Economics

6.4. SENSITIVITY ANALYSIS

The Treasury's most recent review (February 2025) sets discount rates for commercial proposals at 8% (applied in the earlier analysis), with a mandatory sensitivity test at 2%[18]. 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 development at the site is estimated to generate approximately $459m in total business activity across the Auckland Region over the full development timeframe.

TABLE 2: 188 BEAUMONT STREET DEVELOPMENT SENSITIVITY ANALYSIS (2% NPV)

Discount Rate	Total Auckland Region Output NPV ($m)					
	2026	2027	2028	2029	2030	Total
2%	$10.6	$68.9	$155.2	$142.5	$81.8	$459

[16] *Source: Infometrics - Regional Economic Profile [https://regions.infometrics.co.nz/auckland/employment/unemployment]*

[17] *Knowledge Auckland*

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

Source: Property Economics

6.5. CONSIDERATIONS ON EMPLOYMENT DISPLACEMENT EFFECT

Assessing the level of impacts from the proposed development on the labour market is inherently difficult and requires a level of assumptions that would make the results highly sensitive.

Models such as Computable General Equilibrium (CGE) attempt to simulate movements within the entire economy to understand how changes in demand change alter employment and wages across all the interconnected sectors. This modelling requires significant assumptions around labour market flexibility (across sectors, regions and often countries) and wage determination and elasticity.

There are however general economic indicators that provide insight into how the market may react to such changes and the general extent of net effects (both employment and wage changes).

As with housing, an increase in demand results in shifts that are likely to be felt in both quantity of labour and price (essentially wages) the elasticity is a function of supply (expected labour force growth, including labour from outside the region and potentially the country), underutilised resources, labour participation rates, productivity, and barrier to entry (skill constraints).

As presented earlier, the employment context of the proposed development indicates:

(a) A total of approximately 3,400 FTE years over a 5-year period.

(b) A total of approximately 2,240 construction FTE years over a 5-year period

(c) A total average of 680 FTE's per annum, with 448 of these in the construction and construction services sector.

The general state of labour in the general market and construction industry shows:

(a) An underutilisation rate of labour at 12.9%, the highest in 5 years, and an increase from 9% in 2023[19].

(b) Auckland unemployment rate of 6.1%.

(c) Total regional construction employment at 68,900 EC's (2025) a nearly 7,000 EC fall from 2024 (statistics NZ Business Frame Data) – this is consistent with the loss of skilled construction workers overseas due to a lack of existing projects. This is in keeping with

[19] *Source: https://www.stats.govt.nz/news/unemployment-rate-at-5-3-percent-in-the-september-2025-quarter/*

Engineering New Zealand Te Ao Rangahau[20], recently citing the loss of hundreds of skilled engineers due to the stalling of development projects (and citing the FTAA as a means to remedy this).

(d) The Auckland Council HBA has shown a long-term growth expectation in the construction sector of approximately 20,000 jobs.

(e) The MBIE Building and Construction Sector Trends: Annual Report 2025 noted that there was an increase, following the post covid boom, of construction firms that were retaining workers without sufficient work in anticipation of infrastructure and construction sector recovery.

NB: When considering the fall in employed construction workers and the potential underutilisation indicated by the MBIE report, an estimate at the extent of unemployed and underutilised construction workers (increasing from 2023) is estimated at over 2,000 people. This is sufficient to meet the annual average demand for employment by the Project even if all 448 were net additional.

(f) The most significant labour supply-side constraint is in the level and sustainability of skilled construction labour. A key concern raised in the Infrastructure New Zealand Commission report on New Zealand construction sector labour productivity was the effect on retention of skilled labour based on the significant NZ boom-bust cycle. Additionally, the report found that while productivity in the development sector (heavy machinery) is likely to see productivity growth in the future these same cycles increase risk and remain a key contributor to constraints.

Overall, the current employment market is expected to remain subdued (in relation to its 2021 – 2024 peak) for the short to medium term. This would suggest that a higher proportion of employment generated through the additional housing development at the Site will impact upon the level of employment and utilisation rather than the unit price of labour. As the employment market is currently underutilised, additional construction developments such as the Project have a higher propensity to result in additional jobs (rather than the displacement of existing jobs). If the employment market was full, then new construction projects would shift employees from one project to another – this is not the case for the Project.

[20] *'Devastating': Hundreds of engineers leaving NZ due to infrastructure delays, CEO claims, RNZ 16 February 2025*

7. OTHER NON-MONETISED ECONOMIC BENEFITS AND COSTS

In addition to the quantified economic injection as outlined in the previous section, the Project would create a variety of (non-monetised) economic benefits and costs. The following outlines the key qualitative economic costs and benefits generated as a result of the proposed development, including direct and flow-on operational economic benefits.

7.1. ECONOMIC BENEFITS

- Increased residential (apartment) capacity: The Project will add 210 new apartments to Auckland City Centre. This is significant when considered in the broader context of apartment development within the City Centre. As shown earlier, between 2022 and 2024, only around 81 apartments have been consented within the City Centre, and over the past decade, the average number of consented apartments has been approximately 441 per year. Against this backdrop, the delivery of 210 additional apartments represents a significant contribution to apartment supply in the City Centre, a regionally and nationally significant commercial hub where intensified development is encouraged. This development represents an increase in the City Centre's capacity to accommodate residential growth that cannot be easily replicated given the Site is one of the City Centre's last and most valuable waterfront sites.

  An overview of the residential market trends for the City Centre is provided in a later section of this economic analysis.

- Increased and diversified choice of housing: The Project would also provide residents additional (higher density) choices in this central location and thereby improve market competitiveness resulting from a meaningful increase in supply within the City Centre market. It would provide for housing product with waterfront views and high-quality mixed use living environment. The opportunity for an increase in the level of competitive residential development is likely to be coupled with an increase in the relative attractiveness of the area benefiting the wider regional and international market.

- Improved land use efficiency: Higher density residential development means land is being utilised more efficiently as the vertical space being utilised more effectively. The Project will transform a currently underutilised site (used only for car parking) into a high-density residential asset. By intensifying land use in a prime City Centre location, the Project can maximise the site's economic output and contributes to higher land productivity in the area. This aligns with the directives outlined in the NPS-UD ((e.g., Policy 3) and AUP, particularly in directing developments towards existing and planned rapid transit stops (e.g., Waitemata train station, downtown ferry terminal).

- More efficient infrastructure use: The significant existing infrastructure investment in the Wynyard Quarter and the City Centre as a whole, and future infrastructure

investment in Auckland waterfront that is put in place to service residents in and around the City Centre will be used by a larger number of people sooner as the Project brings these people to Wynyard Quarter. This includes road / rail network, community facilities, parks, power and telecommunications, three waters, urban parks. Recent infrastructure upgrades in the City Centre include around 15 major streetscape, public-space, utility, and transport-corridor projects delivered in Midtown over the past 15 years[21], along with significant recent progress on the City Rail Link (CRL) [22].

The larger number of people using these infrastructure assets and increased residents living in the area lowers the marginal cost of the infrastructure for all residents in the region. Recent research undertaken by Infrastructure Commission[23] finds that Auckland's population density reduces infrastructure costs. Auckland household spend an average 16% of their after-tax income on infrastructure services per year, compared to an average of 19% in the rest of NZ.

- Increased economic activity and employment: The Project will generate direct employment opportunities associated with the operation of the development, including roles in maintenance, landscaping, and hospitality. In addition, by increasing the local residential population, the development will support greater demand for nearby businesses and services, indirectly creating further employment in Wynyard Quarter and the wider City Centre.

  The increase in residents also expands the immediate catchment for local goods and services, encouraging greater retail spending and employment internalisation within the area. This strengthens the City Centre's role as a regionally and nationally significant commercial and employment hub.

  The City Centre Masterplan 2020 – Outcomes[24] shows that sustained growth in the number of inner-city residents has historically driven expansion in service sectors and retail activity, with residential growth linked to new demand for everyday goods, dining, and entertainment. As such, the Masterplan identifies that "*an increase in resident numbers in the city centre and fringe areas is a measure of success and delivers*

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[21] *Source: https://ourauckland.aucklandcouncil.govt.nz/news/2024/03/city-centre-transformation-gathers-pace/?utm_source=chatgpt.com*

[22] *In February 2025, a test train completed its first full-length run through the entire 3.45 km CRL tunnel, which is a major milestone showing the rail link is physically connected and powered. As of late 2025, construction of tunnels, underground stations (Te Waihorotiu Station and Karanga-a-Hape Station), and track infrastructure is largely finished, with the project moving into the final phase of testing and commissioning.*

[23] *Titled "Auckland's infrastructure – the cost to serve a city that is growing upwards", January 2025, Infrastructure Commission.*

[24] *Titled "City Centre Masterplan 2020 Consultation / Outcomes", Auckland Council, September 2019*

multiple benefits in terms of creating a vibrant and diverse 24/7 place and reducing pressure on the transport network".

Collectively, these effects improve commuting efficiency, reduce travel distances and costs, and enhance the vitality and attractiveness of Wynyard Quarter as a dynamic urban hub, supporting further investment, amenity improvements, and growth.

- Catalysing additional development(s) in the City Centre: Large-scale developments within Wynyard Quarter and City Centre both support and act as catalysts for further investment and complementary activity. By increasing the concentration of residents, the Project creates a larger population base, which in turn facilitates further demand and investment activity in Wynyard Quarter and the Central City, and places Orams Marine Precinct in a stronger position to compete on the international market for luxury yacht business activity, such as refurbishments and refits (which is discussed in the Market Economics report accompany this application). In doing so, the Project contributes to the ongoing revitalisation of Wynyard Quarter and the City Centre, creating the opportunity for significant ongoing contributions to the City Centre's economy in terms of GDP and skilled employment.

  As an example, recent research undertaken by Beca[25] for Tātaki Auckland Unlimited indicates that GridAKL, located in Wynyard Quarter, contributes not only directly to the region's GDP but also generates additional economic value through indirect and induced effects, as businesses procure goods and services locally, employees spend within the community, and further investment is stimulated in the area.

- Supporting intensification for the City Centre: The proposed high-density residential development will encourage increased foot traffic to the area through employment, residents and tourists / visitors attracted by the higher levels of amenity in the public realm areas at ground level within the Project. By delivering high-density residential buildings and a more attractive public realm, the Project makes more efficient use of the scarce waterfront land resource and creates a more vibrant and attractive location to visit. This improvement in location's critical mass and attractiveness is also important for flow-on benefits such as attracting international events to Wynyard Quarter, such as sailing events / regattas. This also aligns with Auckland Council's strategy for intensification and supports a compact urban form.

7.2. ECONOMIC COSTS

- Cost of Infrastructure: The site's location within the City Centre and an established urban environment means that the extent of required infrastructure upgrades is likely to be limited. However, to the extent any infrastructure upgrades are required to the

[25] *Titled "GridAKL 10 Year Impact Story", Beca, 8 November 2024*

wider network, the cost of any such upgrades may need to be serviced by the Council. These capital costs are likely to be mitigated, at least in part, through either developer contributions ((if the development places demand on Council infrastructure such that it is required to expend capital on new or increased assets as a result of the development) or the level at which the developer provides the infrastructure itself (if any is required). Property Economics understands that at this stage, no infrastructure upgrades (including transport) are required to support the development and delivered by WRLP.

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.

- Impact on marine land: Part of the Site is identified for marine and port activities, with marine retail limited to a maximum building height of 18m above ground level. The proposed development therefore represents an opportunity cost associated with the loss of this marine land. Based on ME's assessment, even with the exclusion of the site (which, at the time of M.E's analysis, was understood to be earmarked for future commercial and residential redevelopment), there remains sufficient marine industry land to accommodate foreseeable demand.

  Specifically, M.E's assessment[26] estimated a total of 42,790sqm of marine-related (built) floorspace within Wynyard Quarter (excluding the site), which exceeds the projected demand of 37,280sqm by 2041, indicating that there is more than sufficient capacity to meet marine industry needs over the next 15 years.

  Economically, given the level of demand expected from the marine sector within Wynyard Quarter, retaining the site for its current land use (car parking) represents a significant opportunity cost compared with enabling the proposed higher-density development. A more intensive use of the land as is proposed would better support wider industry growth and contribute more meaningfully to the ongoing development potential of both Wynyard Quarter and the broader City Centre.

  Accordingly, Property Economics considers that the proposed development would not materially undermine the marine sector's productivity or growth potential.

[26] *Titled "Economic Impacts 15 Westhaven Drive", M.E., November 2023*

7.3. CONCLUSION

Considering the economic analysis outlined above in the round (including the quantitative economic injection into the regional economy and employment benefits), Property Economics has also considered the associated economic costs, such as the opportunity cost of marine land and potential infrastructure upgrades (if they are required). Even after factoring in these potential economic costs, the Project is considered to generate significant economic benefits. On this basis, Property Economics concludes 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.

8. BENEFITS OF THE SITE'S STRATEGIC LOCATION

In addition to the Project's identified quantitative and qualitative economic benefits, the Project would deliver unique flow-on economic benefits that would not be easily substitutable or replicable in other sites / locations.

The site's unique and strategic location within Wynyard Quarter, the City Centre and Auckland's waterfront benefits and facilitates the ongoing transformation of the wider Wynyard Quarter to a world class waterfront development including the recently refurbished Xelocity building, and the recently completed Beca corporate headquarters.

The Project is considered both appropriate and efficiently located to maximise land use potential and contribute positively to the vibrancy and functionality of the Wynyard Quarter and the wider urban environment. Importantly, the Project aligns with Auckland Council's long-term vision for the waterfront, as an integrated, vibrant, and economically productive precinct.

In February 2019, Panuku Development Auckland (the urban regeneration arm of Auckland Council now referred to as 'Auckland Urban Development Office') entered into a Development Agreement with Orams Marine to deliver a purpose-built superyacht marine refit facility at directly south of the project area[27].

The Orams Marine development holds major economic significance for the Auckland region. The economic benefits of the Orams Marine development and how these benefits may be at risk without the delivery of the Project are detailed in Market Economics report accompanying the application

The proposed development will help contribute to creating a cluster of residents in the area, which supports local businesses, enhances passive surveillance, and adds vitality outside of standard business hours. This can contribute to the broader regeneration of the Wynyard Quarter by enhancing the vibrancy, amenity, and economic activity of the area. In this context, the Project acts as a catalyst for sustainable urban growth and a key component of Auckland's wider strategy to develop a well-functioning, dynamic, and attractive City Centre.

Additionally, residents living near a working waterfront and marine precinct may benefit from unique and engaging urban amenity not typically found in other parts of the region.

Therefore, in addition to the economic activity and employment benefits generated during the construction phase., the Project will generate further benefits by enhancing the wider marine precinct and strengthen one of the region's, and New Zealand's, best known international

assets – the Auckland waterfront. Both Auckland and New Zealand benefit significantly from tourism activities, events, facilities and amenities on the Auckland waterfront.

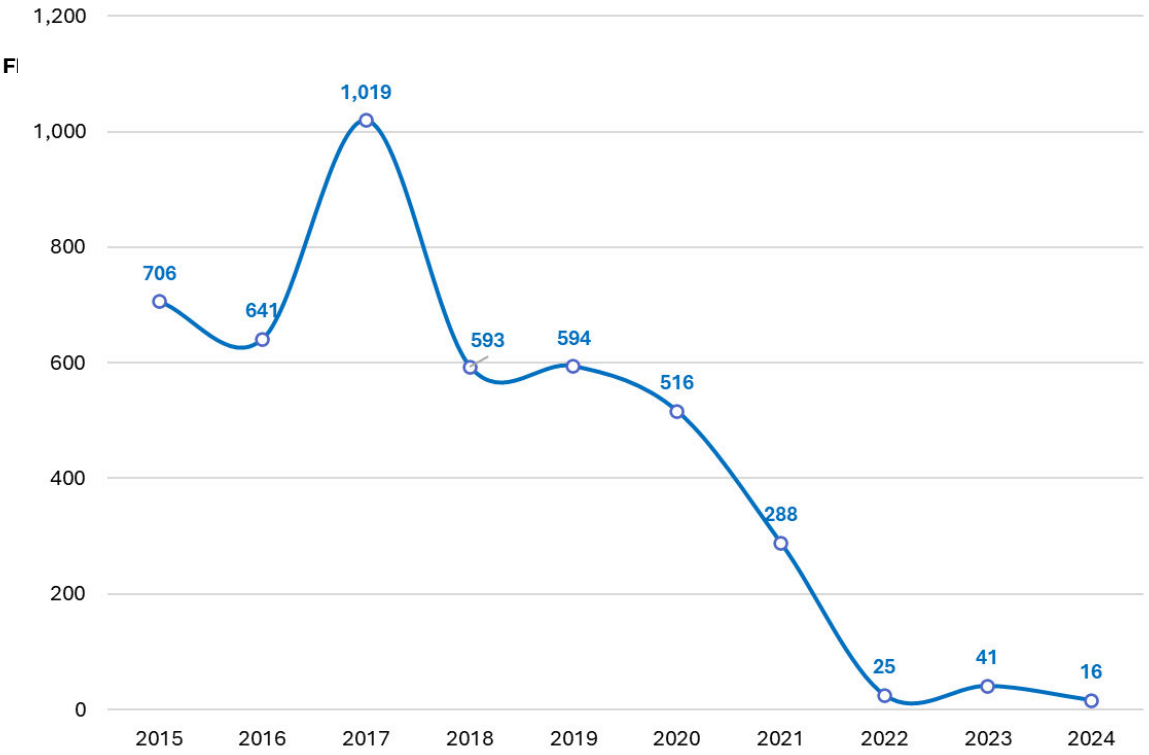
9. RESIDENTIAL MARKET OVERVIEW

To evaluate the economic efficiency and significance of the proposed development to the local and regional residential market, this section provides an overview of the recent residential developments trends and the anticipated growth within the City Centre given that it is a nationally and regionally significant hub of business, innovation, entertainment, tourism, culture and urban living.

9.1. RECENT RESIDENTIAL DEVELOPMENT TRENDS

The following figure illustrates new residential building consents within the City Centre by housing typology over the last decade (2015-2024), based on data from Stats NZ. Over this period, a total of approximately 4,440 residential building consents were issued in the City Centre, equating to an annual average of around 440 consents per year. This total comprises 4,414 apartment consents, 13 terraced homes, and 12 standalone houses.

Given the lack of vacant land within the City Centre, residential growth has historically relied, and will continue to rely, on higher-density development forms such as apartments, typically delivered through comprehensive redevelopment of a site and vertical intensification. These patterns reflect the City Centre's role as a compact urban environment prioritising proximity to employment, education, recreation, entertainment and amenities.



Source: Stats NZ

However, since the onset of the COVID-19 pandemic, apartment construction activity has declined significantly, from over 500 consents per annum during 2018-2020 to an average of fewer than 30 consents per year over the last three years. This substantial slowdown in higher-density residential development can be attributed to a combination of factors, including weaker investor confidence, rising construction and financing costs, a tightening of development feasibility margins, and subdued short-term demand linked to population shifts and reduced international student and migrant inflows during the pandemic period. In short, this type of development has represented a significantly higher development risk profile.

The lag in post-pandemic recovery also reflects broader market adjustments as developers recalibrate to higher interest rates, cost inflation, recessionary conditions that have prevailed, and *'soft'* housing demand profiles across Auckland's central urban area.

9.2. CITY CENTRE ANTICIPATED GROWTH

To provide context for the anticipated distribution of additional residential growth within Auckland's City Centre, the following map (based on Auckland Council's Auckland Growth Scenario 2023 Version 1.1 ("**AGS23v1.1**")) illustrates projected household growth across the area over the next decade (2025-2035) at the Macro Strategic Model ("**MSM**") zone level.

It indicates that the City Centre as a whole is expected to accommodate approximately +5,530 additional households by 2035, equating to around 553 new dwellings per annum on a one-household-per-dwelling basis. This projection does not yet account for the 20% competitiveness margin (or demand buffer) required under the NPS-UD for the short- and medium-term planning horizons, meaning the effective demand could be higher once this margin is included.

In contrast to this strong projected household growth, there has been a significant decline in higher-density residential development intentions, as evidenced by the significant reduction in apartment building consents in recent years (refer to Figure 2). This suggests that the current rate of new residential supply is falling well below projected demand, creating a shortfall in the City Centre's ability to meet its anticipated growth profile. The slowdown in the development pipeline for this typology has constrained the supply of new apartment developments despite continued underlying demand for centre-based living.

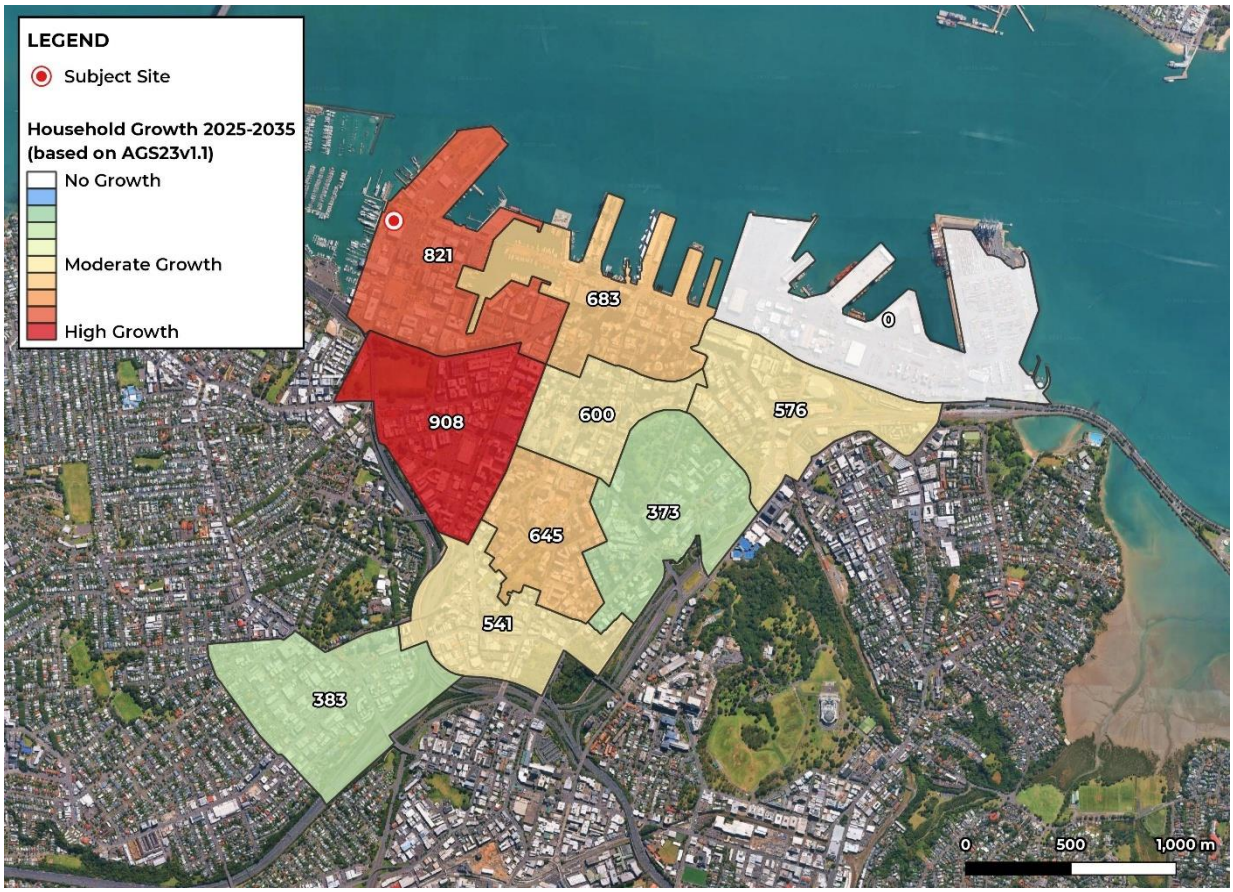
From an economic perspective, enabling and supporting additional higher-density residential development within the City Centre remains critical. Concentrating new housing in the central area delivers substantial economic and market efficiencies, including optimising the use of existing infrastructure, reducing transport and commuting costs, and sustaining the City Centre's role as the region's principal employment, cultural, and service hub.

Continued residential intensification also underpins the vitality and vibrancy of the City Centre, supporting retail, hospitality, and service sectors and enhancing its attractiveness as a mixed-use urban environment.

As shown in Figure 4, Wynyard Quarter alone is projected to accommodate an additional 821 households by 2035, making it the second-highest growth precinct within the broader City Centre under the AGS23v1.1 scenario. This reinforces its strategic importance as a focus for future residential intensification. This Project would positively contribute to the new residential supply required to accommodate this projected population growth.

Accordingly, in Property Economics' view, the proposed development will make a significant contribution to the City Centre's ongoing transformation, supporting its national and regional significance, enhancing urban living opportunities, and ensuring sufficient residential capacity to meet forecast demand in a manner consistent with Auckland's long-term growth objectives.

FIGURE 4: COUNCIL'S HOUSEHOLD PROJECTIONS FOR THE CITY CENTRE - 2025-2035 GROWTH



Source: Auckland Council, Google Maps

9.3. HOUSING PRICE AND AFFORDABILITY TRENDS

Based on data sourced from Infometrics, the following figure shows the average house price trends within the Auckland Region and compares this to the national and metro areas' average.

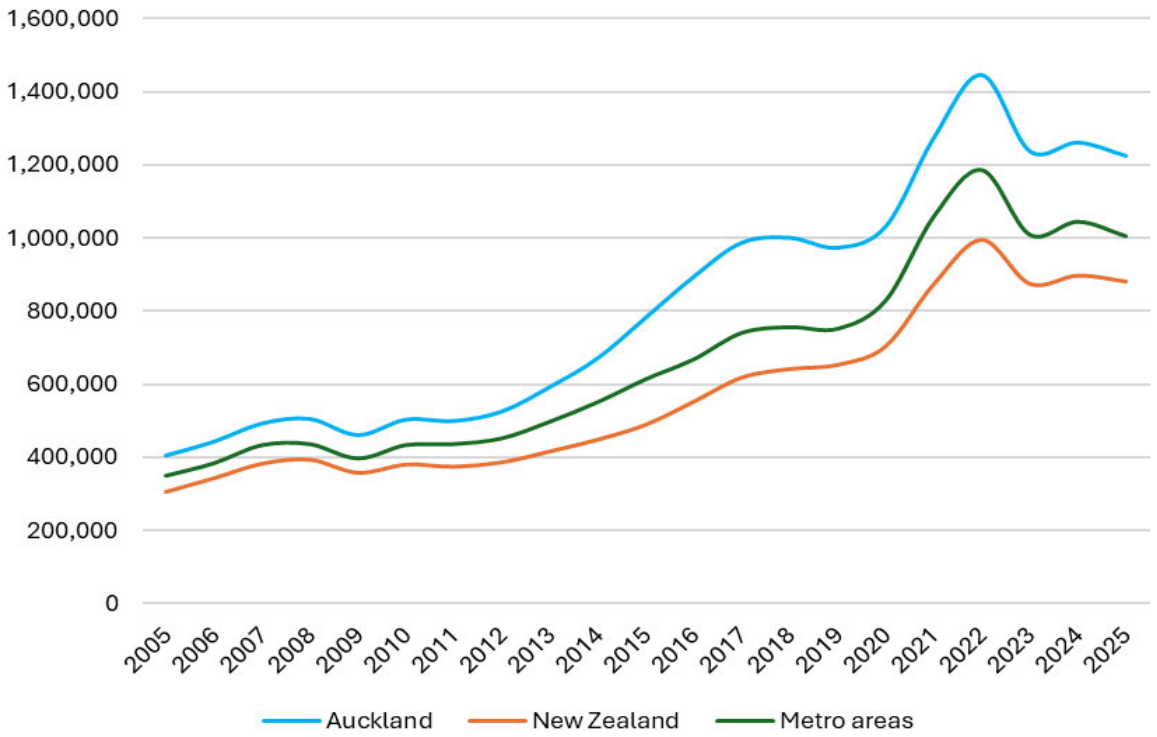
Overall, Auckland's average house prices have consistently remained above both the national and metro area averages over the past two decades. While all experienced strong price appreciation from around 2013 to 2021, Auckland's growth trajectory was steeper, peaking at around $1.5m in 2022, compared with approximately $1.2m across other metro areas and $1m

nationally. This reflects the region's concentration of economic activity, limited land availability, and sustained population-driven housing demand.

Since 2022, house prices have softened across all regions, following rising interest rates, tighter lending restrictions, and reduced investor activity. However, Auckland's prices remain the highest in absolute terms, indicating continued underlying demand pressures and structural affordability constraints. Even after the post-peak adjustment, Auckland's housing values in 2025 remain well above pre-pandemic levels, suggesting that the market correction has been cyclical rather than structural.

From a policy and market efficiency perspective, these trends imply that Auckland continues to face an enduring housing supply imbalance, particularly for centrally located, and higher-density dwellings. The persistence of high price levels underscores the need to enable additional residential capacity within the City Centre and inner suburbs through intensification and redevelopment. Facilitating more compact, higher-density housing typologies are important to stemming the rate of house price appreciation, reducing development pressure on fringe areas, and supporting the region's economic productivity and labour market accessibility.

FIGURE 5: AUCKLAND AVERAGE HOUSE VALUE IN CONTRAST TO NZ AND METRO AREAS

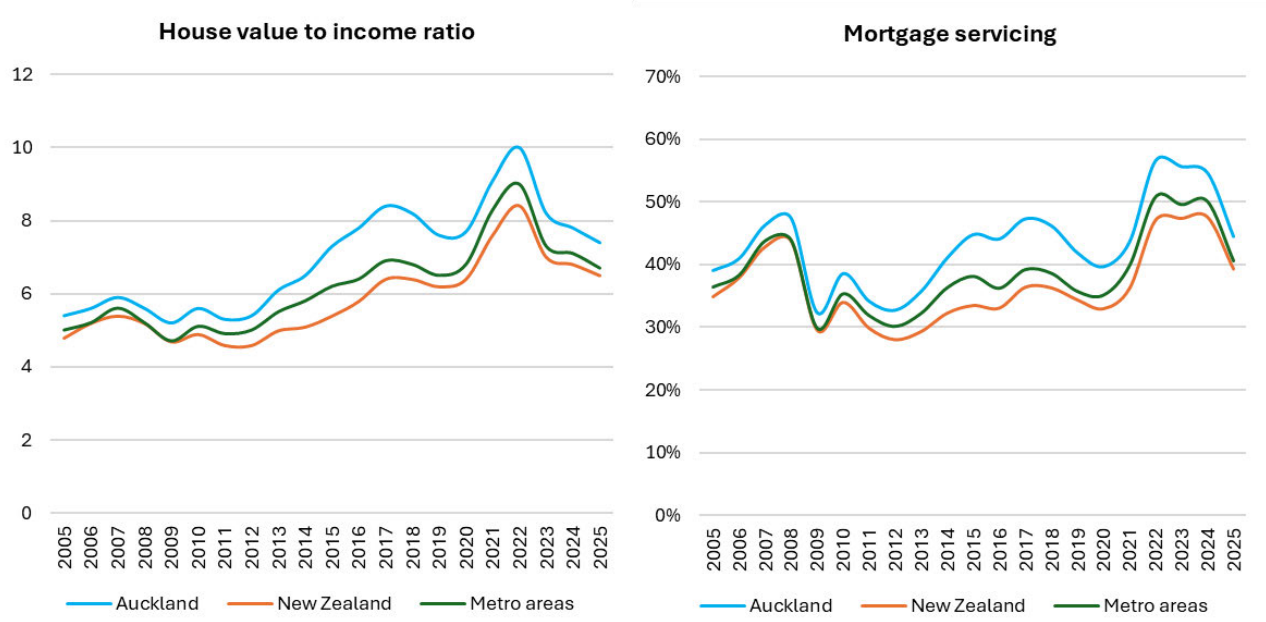


Source: Infometrics. Note: Metro Areas is an aggregation of territorial authorities. Auckland, Christchurch City, Dunedin City, Hamilton City, Lower Hutt City, Palmerston North City, Porirua City, Queenstown-Lakes District, Tauranga City, Upper Hutt City, Wellington City, Whangarei District.

The following figures compare Auckland's housing affordability indicators with the national and metro area averages. This provides an important context for understanding the economic and market efficiency of the proposed development in contributing to Auckland's regional housing market and community outcomes.

The data shows that, although housing affordability has improved modestly over the past three years since peaking in 2022, Auckland's housing remains significantly less affordable than both the national and metro area averages. Among all territorial authorities, Auckland continues to exhibit the second-highest level of housing unaffordability in New Zealand.

FIGURE 6: AUCKLAND HOUSING AFFORDABILITY IN CONTRAST TO NZ AND METRO AREAS



Source: Infometrics. Note: Value to income ratio is a ratio of the average current house values to average household income; Mortgage servicing measures the proportion of average household income that would be needed to service a 20-year mortgage on the average house value, with a 20% deposit at average 2-year fixed interest rates.

As of 2025, the average house value in Auckland was 7.4 times the average household income, compared with a national average ratio of 6.5 and a metro area average of 6.7. This indicates that purchasing a home in Auckland remains considerably more challenging relative to most other parts of the country.

Similarly, based on mortgage serviceability, an average Auckland household would need to allocate 44.5% of its income to service a 20-year mortgage on the average house value. This is higher than both the national average (39.3%) and metro average (40.6%).

From an economic perspective, these figures highlight the ongoing structural imbalance between housing demand and supply within Auckland's market. In Property Economics' view, the proposed development, which enables additional higher-density residential capacity within the City Centre, will play a positive role in easing this imbalance.

By increasing the supply of well-located and efficient housing typologies, the Project not only improves overall housing availability but also broadens access for a wider range of households, including key workers and young professionals who wish to live close to the major employment hub of the region (as well as retirees seeking to downsize in highly accessible, waterfront locations). This supports economic inclusivity by reducing spatial barriers to job participation, enabling more people to access central-area labour markets and established essential services.

10. CONCLUSION

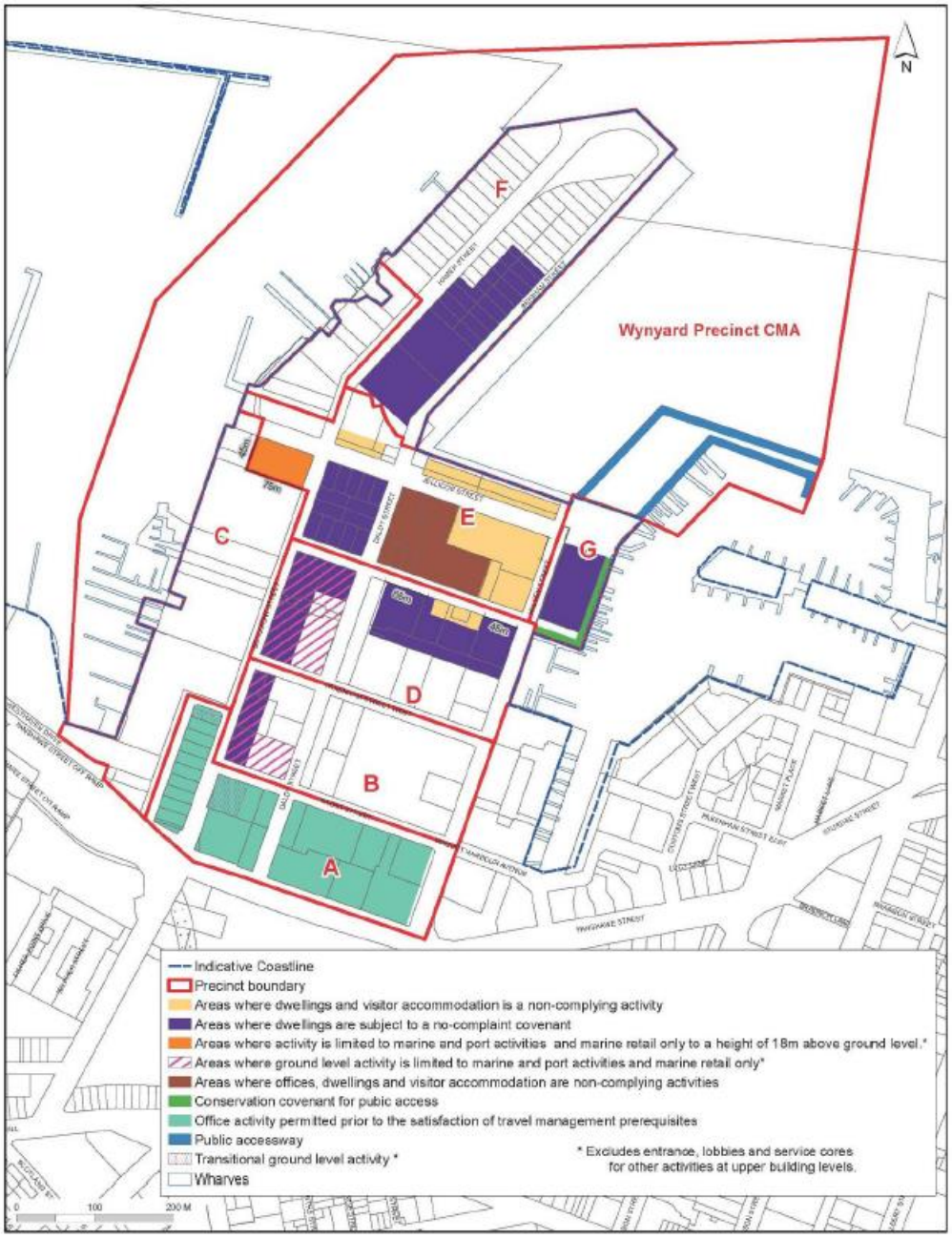
Considering the (non-monetised) economic costs-benefits analysis outlined above as a whole (including the quantitative economic injection into the regional economy and employment benefits), Property Economics concludes that enabling the Project under the FTAA would yield significant economic benefits for the regional economy and community, and contribute to a well-functioning urban environment within the Auckland region.

These regional economic benefits include but not limited to:

- Total direct expenditure over a 5-year development period (excl. land) $416m
- Total NPV at 8% over a 5-year development period $369m
- Total NPV at 2% over a 5-year development period $459m
- FTEs during the peak development year 1,240 FTE years
- Total FTE years over the 5-year development period 3,400 FTE years
- Total direct employment over the development period 1,498 FTE years
- Total indirect and induced employment over development period 1,902 FTE years

In contrast, the potential economic costs, including the loss of marine land, are considered relatively minor in scale and are not expected to undermine the overall economic benefits of the Project. Overall, our assessment supports the Project from an economic perspective in the context of the RMA, Unitary Plan, NPS-UD Policies and FTAA.

APPENDIX 1. I214.10.7 WYNYARD: PRECINCT PLAN 7



Source: Auckland Council

APPENDIX 2. EXPLANATIONS OF EIA MODELLING PROCESS

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

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

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

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

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

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

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

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

Then utilising the appropriate economic multipliers for each of the affected sectors the economic model produces both indirect outputs and induced outputs. Given that the development will take place over a proposed period of 8 years, development beyond the first year is discounted to provide a Net Present Value (NPV).

APPENDIX 3. 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 full time equivalent 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 economy[28]. These effects include direct, indirect, and induced impacts, reflecting changes in output, employment, income, and other economic variables.

Aggregating Impacts:

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

Step 1: Allocate total project expenditure by ANZSIC category.

Step 2: Apportion the extent of each expenditure category that is likely to be retain within the Region. This is based on business and employment composition, business size, capital

[28] *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.*

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 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.