

APPENDIX H

Insight Economics: Economic Assessment
and two Addenda

An aerial photograph showing a town built on a peninsula and along the shores of a large lake. In the background, there are snow-capped mountains under a clear sky. The town's buildings and roads are visible, and the lake reflects the surrounding landscape.

FINAL REPORT: 15 August 2014

Economic Analysis of the Proposed Lakeview Plan Change

PREPARED FOR

QUEENSTOWN LAKES DISTRICT COUNCIL

Authorship

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Executive Summary

Context, Scope and Purpose of this Report

Queenstown's economy is heavily tourism-dependent, and fostering tourism growth is a key priority for QLDC. However, there is a concern that the CBD has reached capacity and is unable to grow, which could stifle tourism potential. To help address this, the Council proposes to initiate a plan change to rezone approximately 11 hectares on the CBD fringe – known as Lakeview – from high density residential to commercial mixed use. This report analyses the potential economic effects of the plan change.

Information about the Site and the Plan Change

The site is located about 800m south-west of the centre of the CBD, and is about a 10 to 15 minute walk via Man Street. While most of the site used to be fully-occupied by the camping ground that has now moved to the western end and the remainder of the site is largely underutilised. Aside from the 169 small cabins used for permanent living and holiday accommodation and some residences on Glasgow and Thompson Street, there is minimal activity on the site.

The plan change will enable a range of uses – for example commercial, recreational and visitor accommodation – helping the district to maintain its competitive position as a tourist destination. Further, if a Convention Centre was built on the site, as suggested in some indicative scenarios, this would also enable the district to compete for a share of the lucrative international conference market and therefore have further benefits.

Likely Future Use and Impacts Without the Plan Change

In order to properly evaluate the plan change, we first considered how the site would likely be used in future under its existing zoning. The consensus view was that it would probably be developed as a mixture of higher-density residential dwellings plus visitor accommodation. Around 6,200m² would not be redeveloped, and would instead continue to house three existing dwellings.

While this land use would undoubtedly provide a nice living environment for prospective future residents, it would be unlikely to help address a key resource management issue facing the district – increasing the capacity of the Queenstown CBD. However, it would provide some brief economic stimulus during the construction phase, and possibly also some long-term economic effects if used (at least partially) for visitor accommodation. We quantified these using a special type of analysis called multiplier analysis, which captures both direct effects and flow-on effects. Assuming that 186 dwellings (of 100m²) and a 150-room luxury hotel are developed, we estimated the impacts to be:

- Construction impacts equal to a \$33.9 million boost in GDP, 519 fulltime jobs for 1 year, and additional household income of \$26.1 million.
- Annual operational impacts equal to GDP of \$4.3 million, 197 permanent full time jobs, and additional household income of \$4.3 million.

Likely Future Use under the Plan Change

In late 2013, a development master plan was prepared by Populous and Fearon Hay for the Council. Amongst other things, it recommended that any future land use be anchored by three key uses – a convention centre, hot pools, and a market square. This concept was further developed by TDG in their transport assessment to yield an indicative scenario of potential future development, which comprised:

- The convention centre,
- Hot pools,
- 150-room luxury hotel,
- 185 high-density residential units, and
- 6,500m² of commercial and retail uses.

These documents were formally adopted by QLDC on the 19 December 2013, and QLDC have been driving the refinement process since. Following this, the Council made a number of adjustments, one being the removal of the convention centre as an “anchor” activity due to uncertainty over its future. To account for this and other adjustments, we adopted a ‘default scenario’ that excluded the convention centre but included the following indicative uses:

- Hot pools,
- 150-room luxury hotel,
- 100-room luxury hotel,
- 185 high-density residential units,
- 6,500m² of commercial and retail uses,
- 124-room mid-range hotel, and
- 6 medium-density residential dwellings.¹

Wider Effects of the Plan Change

The economic effects of the default scenario include both the one-off impacts of construction, plus the ongoing impacts of operations on the site. Including flow-on effects, we estimated the economic impacts of construction to be:

- \$55.3 million of additional regional GDP,
- 1,063 additional full-time jobs for 1 year, and
- \$41.7 million of additional household income.

Further, we estimated the economic impacts of operations to be:

- \$68.4 million of additional regional GDP,
- 1,600 additional full-time jobs, and
- \$45.8 million of additional household income.

¹ The final two additions reflect the indicative development scenario under the plan change for the 6,200m² (approx.) block that will not be redeveloped under the Status Quo.

Beyond these headline numbers, the default scenario is likely to also have a number of other benefits. In particular, it will provide a much needed expansion of the CBD, which in turn should help the district achieve its long term tourism potential.

Potential Economic Effects of the Convention Centre

As noted earlier, the convention centre is no longer an anchor activity. However, it still remains an option. To estimate its potential economic effects, we took estimates from a recent BERL report and made some minor adjustments to reflect recent changes.

Following are the estimated regional impacts (including flow on effects):

- Construction impacts equal to a \$10.2 million boost in GDP, and 118 fulltime jobs for 1 year.
- Annual operational impacts equal to GDP of nearly \$31 million and full time jobs for around 460 people.

Again, however, there are likely to be various benefits over and above these headline numbers. Specifically, the convention centre is also likely to deliver the following key strategic benefits:

1. Smoothing of current tourism seasonality,
2. Enabling new networking and strategic alliance opportunities,
3. Exposing local firms to new skills, technologies and techniques,
4. Increasing competition amongst the local network of conference venues, and
5. Improving knowledge of the area generally through destination marketing.

Potential Adverse Effects

In addition to the economic benefits discussed above, we also considered the scope for potential adverse effects, particularly flow-on effects on other centres. Overall, we concluded that these are highly unlikely for several reasons, including that:

1. Retail development is unlikely to occur at a scale that would undermine the health and vitality of other centres.
2. Other centres are trading well – with few vacancies and high footfall – so they will be able to withstand any trade impacts caused by the plan change.
3. For example, we estimated that retail activities at Lakeview would need to displace around \$37 million annually from the CBD for the resulting trade impacts to be potentially significant. The corresponding figure for Frankton flats was about \$18 million.
4. District retail expenditure is forecast to grow rapidly, so any loss of trade should be quickly recovered. Consequently, not only would trade impacts likely be minor, but they would also be short-lived.

Comparison of Effects with and Without the Plan Change

Prior to forming any conclusions, we compared the estimated economic impacts of construction and operation with and without the plan change. While construction impacts were slightly higher without the plan change, the plan change is likely to deliver much higher ongoing, operational impacts over the long term. In fact, the

estimated ongoing impacts with the plan change were more than 10 times greater than those without.

Overall Assessment and Conclusion

This report has analysed the potential future uses of the Lakeview site both with and without the plan change. While future developments absent the plan change will have some economic effects, these mainly relate to construction and will therefore be short-lived. Conversely, future developments under the plan change are likely to deliver a wide range of enduring economic and strategic benefits, even without the convention centre. In addition, future plan change developments are more likely to contribute to resource management issues facing the district, particularly a lack of commercial CBD land.

As a result, we conclude that the plan change is likely to deliver positive economic impacts overall, and should therefore be accepted on economic grounds.

1 Introduction

1.1 Context, Scope and Purpose of this Report

Queenstown Lakes District Council (QLDC) proposes to initiate a plan change to rezone an 11-hectare (approx.) site on the CBD fringe – known as Lakeview – from high density residential to commercial mixed use. This report analyses the potential economic effects of the plan change by comparing possible future uses of the site – and their effects –with and without the plan change. In other words, this report focuses on likely incremental effects.

1.2 Rationale for the Plan Change

Queenstown’s economy is heavily tourism-dependent and maintaining continued tourism growth is a key focus for QLDC. However, there has been concern lately that the CBD has reached capacity and is unable to grow, which could stifle tourism growth. Indeed, this was the major finding of a recent report for QLDC, which concluded:²

“There is an acute shortage of vacant land zoned town centre....The Queenstown town centre zone needs to be expanded urgently and over the longer term used more intensively to accommodate long term commercial demand growth.”

The Lakeview plan change seeks to address this by expanding the supply of zoned CBD land. At the same time, it also seeks to boost tourism more generally by enabling the development of an international convention centre, which will help attract lucrative “business tourism” to the district.

1.3 Quick Facts about Queenstown Tourism

The following quick facts highlight the importance of tourism to the local economy:

- Tourism accounts for nearly 35% of district GDP – which is more than four times the national average.
- 58% of district employment is tourism-related, compared to only 6% nationally.
- During the peak season, the number of tourists roughly matching the number of permanent residents, so that the daily population doubles.
- Queenstown airport passenger movements have more than doubled since 2005, and are set to keep growing rapidly with pending increases in operating hours.

1.4 Overall Approach to the Analysis

The report has been prepared under the new section 32 provisions of the RMA, which emphasise the need to quantify impacts wherever possible and to explicitly consider effects on economic growth and employment. While this report is high level, we believe

² Reference to McDermott Miller report.

it is sufficiently detailed and robust for good resource management decisions to be made.

1.5 Introduction to Multiplier Analysis

This report contains several examples of multiplier analysis – a commonly-used technique that allows the direct effects and flow-on effects of new facilities or organisations to be estimated. This section provides a brief explanation of multiplier analysis, and what it can tell us, without going into too much detail.

Multiplier analyses incorporate a highly-detailed matrix – called an input-output table – which shows how the various sectors of an economy are interrelated. In essence, it shows the particular set of inputs that each sector needs to produce one unit of its own output. In doing so, it reveals how the various industries of an economy are interrelated, so that the flow-on effects of an increase in one sector can be easily traced through.

To see how multiplier analysis works, consider the following hypothetical example. Suppose a local furniture manufacturer has just won a large, new export order. In addition to extra staff, the company will need to source a range of materials from its suppliers to complete the job. These suppliers, in turn, will need to source various inputs from their own suppliers, and so on. Multiplier analysis traces all these interdependencies so that the wider economic impact of the export order can be estimated. In addition, it translates the associated increases in supply chain employment into new household spending, which give rise to even further economic impacts.

The overall economic impact is the sum of the direct effects and flow-on effects, which are usually measured in terms of incomes, GDP and employment.

1.6 Structure of this Report

The remainder of this report is structured as follows:

- **Section 2** summarises key information about the plan change.
- **Section 3** analyses likely land uses – and their effects – without the plan change.
- **Section 4** determines potential future land uses under the plan change.
- **Section 5** analyses the economic effects of the default scenario.
- **Section 6** considers the economic impacts of the convention centre.
- **Section 7** compares impacts with and without the plan change, and
- **Section 8** provides some concluding remarks.

2 Information about the Plan Change

This section summarises key information about the proposed plan change.

2.1 Location

The site is located about 800m south-west of the centre of the CBD, as shown below. It is approximately a 10 to 15 minute walk via Man Street.

Figure 1: Location of the Lakeview Site



Source: QLDC

2.2 Current Land Uses

Figure 1 reveals the location and extent of existing uses. The most common are visitor cabins, which are dotted all over the site – evidence of the camping ground which previously occupied the site.

2.3 Practical Impacts of the Plan Change

In practical terms, the plan change will alter the activity statuses of different land uses, making it easier to gain planning permission for many (↑), but harder for one (↓). These proposed changes are tabulated below.

Table 1: Impacts of the Plan Change on RMA Activity Statuses

Activity	Specific Criteria	Current Status	New Status	Easier/ Harder
Any building	Footprint greater than 500sqm	RD	C	↑
	In respect of design, appearance etc	✓	C	↓
Residential Housing	Multi-Unit development exceeding three units on one site	RD	✓	↑
Convention Centre		NC	RD	↑
Liquor Sales	From visitor accommodation	D	C	↑
	Other	NC	C	↑
Commercial Activities	Recreation activities	D	P	↑
	Other commercial (non-residential) over 40m ²	D	P	↑
	Motor vehicle repairs	X	D	↑
Retail	Retail sales limited to handicrafts, good from site, ancillary to visitor acc.	D	✓	↑

✓= Permitted, C = Controlled, RD = Restricted Discretionary, D = Discretionary, NC = Non-Complying, X = Prohibited

It is noted that all 'buildings' will require a resource consent under the proposed zoning, whereas under the current zoning buildings up to 500m² are a permitted activity. The consent required for buildings under the proposed Town Centre zoning comprises a controlled activity, which means the consent must be granted, and the Council control is limited to certain matters. While this is slightly more onerous than the status quo, it reflects the fact that some control over built form is appropriate for commercial-mixed use zones.

3 Analysis of the Status Quo

This section analyses potential economic effects under the existing zoning.

3.1 Likely Future Use

To identify future likely uses of the site, we contacted a range of stakeholders. The consensus view was that the site would probably house higher-end residential uses such as luxury units or apartments. In addition, it would also be likely to see some visitor accommodation development. This has been a prevailing trend for quite some time, with a significant amount of visitor accommodation developed in this zone. There is a small area of land – approximately 6,200m² – on which no additional development will occur under the status quo. As a result, there are no economic impacts associated with this land under the status quo, and hence it is not assessed below.

3.2 Effects of the Likely Use

While the assumed outcome above would undoubtedly provide a nice living environment for prospective future residents, it would be unlikely to help address key resource management issues facing the district. These include a lack of CBD land for commercial uses (as discussed earlier), and a lack of cheaper, higher density housing.

However, the construction of new dwellings or visitor accommodation will provide some brief economic stimulus, and any future visitor accommodation will also provide ongoing employment opportunities. We estimated the value of the resulting economic impacts using multiplier analysis. We have assumed that the site will house 186 new dwellings (with an average floor area of 100m²), plus a 150-room luxury hotel. Further, the hotel is assumed to have an average nightly tariff of \$300 and achieve 60% occupancy.

Table 2: Estimated Regional Construction Impacts (One-off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$8.9	\$24.9	\$33.9
Employment (FTEs)	201	309	519
Household Incomes (\$m)	\$9.6	\$16.5	\$26.1

Table 3: Estimated Regional Operating Impacts (Ongoing)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$4.3	\$3.0	\$7.4
Employment (FTEs)	154	43	197
Household Incomes (\$m)	\$2.7	\$1.6	\$4.3

In short, construction could boost regional GDP by \$33.9 million for one year, while operations could provide a sustained GDP boost of \$7.4 million. A similar interpretation applies to the other impact measures reported above.

4 Likely Future Use with the Plan Change

A significant amount of work has been done to identify potential (optimal) future uses of the site. This culminated in the release late last year of a development master plan prepared by Populous and Fearon Hay for the Council. Amongst other things, the master plan proposed that any future land use be anchored by the following three elements:

1. A convention centre fronting on to Thompson street,
2. Hot pools adjacent to the convention centre, and
3. A market square

The following figure identifies the broad location of these anchor uses and also identifies the remaining blocks of development land that would be available.

Figure 2: Recommended Land Use for the Council owned part of the Lakeview site



Lakeview Development Masterplan – Adopted by Council 19 Dec 2013

This concept was further developed by TDG in their transport assessment to yield an indicative scenario of potential future development. It comprised:

- The convention centre,
- Hot pools
- 150-room luxury hotel
- 185 high-density residential units
- 6,500m² of commercial and retail uses

These documents were formally adopted by QLDC on the 19 December 2013, and QLDC have been driving the refinement process since. Following this, the Council has made a number of adjustments, one being the removal of the convention centre as an

“anchor” activity – reflecting uncertainty over its future. To account for this and other adjustments, we have adopted a variation of the indicative scenario above in order to test whether the plan change can be supported without convention centre activity. This variation – called the Default Scenario – includes:

- Hot pools,
- 150-room luxury hotel,
- 100-room luxury hotel,
- 185 high-density residential units,
- 6,500m² of commercial and retail uses,
- 124-room mid-range hotel, and
- 6 medium-density residential dwellings.

We examine the potential effects of the plan change using a two-step process. First we considered the impacts of the default scenario. Second, we examined the convention centre component in isolation to assess marginal impacts, should it be built.

5 Economic Impacts of the Default Scenario

This section considers the potential impacts of the wider plan change.

5.1 Land Uses Modelled

As stated in section 4, our indicative land use scenario comprises the following uses (excluding the convention centre, which has been analysed separately):

- Hot pools,
- 150-room luxury hotel,
- 100-room luxury hotel,
- 185 high-density residential units,
- 6,500m² of commercial and retail uses,
- 124-room mid-range hotel, and
- 6 medium-density residential dwellings.

5.2 Effects Considered

Our analysis of wider plan change effects considered the following factors:

1. Impacts on economic growth and employment
2. Support for the district's growing tourism industry
3. Potential (positive and negative) impacts on the CBD,
4. Potential impacts on other centres, and
5. Overall impacts

5.3 Impacts on Economic Growth and Employment

We estimated the potential impacts of the plan change on economic growth and employment, both during construction and also operationally over the long term. Again, this was done using multiplier analysis. The key assumptions and results are summarised below.

5.3.1 Assumptions

Our analysis assumes the following:

- Three hotels, these will be 12,000m², 8,000m² and 7,440m² based on average total GFA's of 80m², 80m² and 60m² respectively (which includes all common areas and back of house).³
- The average hotel room rate will be \$300 per night for the first two and \$150 for the second. The occupancy rates for all will be 60%, which yields annual revenues of nearly \$10 million, \$6.5 million and \$4 million respectively.

³ This is consistent with global industry averages. See here for example:
<http://www.accor.com/en/franchise-and-management/our-brands/luxury.html>

- The commercial/retail area will be split evenly between three uses: boutique office space, high-end retail, and high-end cafes/restaurants/bars as well as tourism and recreational activities.
- The dwellings will have an average floor area of 100m² under the high density scenario and 140m² in the medium density scenario.

5.3.2 Economic Impacts of Construction

Table 4 shows our estimates of construction impacts using multiplier analysis. Please note that these exclude the hot pools⁴.

Table 4: Estimated Regional Construction Impacts (One-off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$14.3	\$41.1	\$55.3
Employment (FTEs)	339	726	1063
Household Incomes (\$m)	\$14.9	\$26.9	\$41.7

In summary, including flow-on effects, the economic impacts of construction for the rest of the plan change could be approximately:

- \$55.3 million of additional regional GDP,
- 1,063 additional full-time jobs for 1 year, and
- \$41.7 million of additional household income.

5.3.3 Economic Impacts of Operations

Table 5 shows our estimates of ongoing operating impacts using multiplier analysis. Again, these exclude the hot pools.

Table 5: Estimated Regional Operating Impacts (Ongoing)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$40.2	\$28.2	\$68.4
Employment (FTEs)	1,202	398	1,600
Household Incomes (\$m)	\$31.0	\$14.7	\$45.8

Including flow-on effects, the economic impacts of operations for the rest of the plan change could be approximately:

- \$68.4 million of additional regional GDP,
- 1,600 additional full-time jobs, and
- \$45.8 million of additional household income.

⁴ The Hot Pools proposal is commercially sensitive, therefore we do not have the necessary information to include this activity in this analysis. As a result, our impact estimates should be considered as conservative.

5.4 Support for The District's Growing Tourism Industry

The mix of development envisaged by the indicative scenario will provide a valuable addition to the district's network of tourism attractions. Indeed, the hot pools, hotels, retailers and cafes/bars/restaurants will provide a new opportunity to capture visitor expenditure from all types of tourists. Thus, overall, we believe that the plan change will make a positive contribution to the district's most important industry – tourism.

5.5 Potential Retail Distribution Effects on the CBD

Another important consideration is potential retail distribution effects on the CBD. To analyse these, we first clarify exactly what they mean. Then, we identify the relevant threshold for concern. Finally, we apply these principles to analyse potential retail distribution effects on the CBD, before turning our attention to other centres.

5.5.1 Links between Trade Impacts and Flow-on Effects

Under the Resource Management Act 1991 (RMA), decision makers must not have regard for the effects of trade competition when evaluating development proposals. Instead, they must only have regard for flow-on effects. Figure 3 illustrates how a new retail development may give rise to flow-on effects.



As this stylised diagram shows, the size and extent of any flow on effects depends critically on the:

- significance of trade impacts on competing stores, and
- extent to which reduced patronage at competing stores affects the patronage of other centre tenants.

Thus, the smaller the trade impacts or the weaker the link between the patronage of directly affected stores and other centre tenants, the lower the probability of flow-on effects occurring. The most extreme trade impact scenario is that the proposed new centre causes a competing store (or stores) to close, in which case flow-on effects are more likely. However, even then, adverse flow-on effects may not arise if closed stores are replaced by other tenancies with similar attractiveness. For instance, the closure of an in-centre supermarket could pave the way for a more valuable anchor tenant to open, such as a new department store.

5.5.2 Threshold of Significance Established in Case Law

This topic has been the subject of numerous environment court cases, so there is a solid body of case law. Here, we adopt the definition given by Blanchard J in the landmark

Discount Brands case. In that decision, having just noted that direct trade impacts themselves must be ignored, it states that:

“broader economic and social impacts might flow if a proposal were to result in the decline of an existing shopping centre to the extent that it would no longer be viable as a centre, with consequent adverse effects on the community as a whole or at least a substantial section of it.....although the Environment Court had made it clear that adverse social or economic effects must be significant before they could properly be regarded as going beyond the effects ordinarily associated with trade competition on trade competitors”

This definition suggests that retail distribution effects may arise if trade impacts are so severe that they cause competing stores to close, and that those closures then cause the centres of which the failed stores formed part to significantly decline overall. This is a very high threshold indeed, and must be kept in mind throughout the discussion below.

5.5.3 Discussion and Analysis

In our view, it is highly unlikely that the plan change would have significant retail distribution effects on the CBD for the following reasons:

1. We doubt that the plan change area would attract retail development of a scale that would compete with the CBD due to the location of the site relative to the CBD. Since a significant proportion of Queenstown CBD shoppers seem to travel on foot, few are likely to undertake a 10 to 15 minute walk to the plan change area for additional shopping opportunities, and instead are more likely to remain in the central CBD area.
2. We have walked around the CBD several times over the last 12 months to assess its health and vitality. Overall, we found it to be in good health, with few vacancies and high footfall. This was reinforced by informal discussions with several shopkeepers, who all felt that business was good. As a result, the CBD is likely to be resilient to any plan change-related retail development.
3. On a separate project, we recently purchased detailed electronic transaction data from Paymark. This measured district retail expenditure by residents, domestic tourists and international tourists. According to this data, the CBD generated about \$350 million of core retail sales in 2013. In order for the plan change to create significant flow-on effects, it would need to reach trade impacts of at least 10%, which in turn would require it to make retail sales of at least \$35 million. We consider this extremely unlikely given the plan change site’s location and the stiff competition that retailers there would face from existing CBD retailers.
4. In the unlikely event that an existing CBD business relocated to Lakeview, the resulting vacancy would be highly-coveted and thus quickly backfilled. As a result, it would not cause a prolonged CBD vacancy.
5. District retail expenditure is set to grow rapidly on the back of strong tourism and population growth. As a result, any trade impacts would not only be minor, but they would also be short-lived.

6. Finally, we note that the plan change is intended to be an extension of the CBD, not create a stand-alone centre, and most analyses of retail distribution effects focus on inter-centre effects, not intra-centre effects.

For all the reasons above, we consider it highly unlikely that the plan change would cause significant retail distribution effects on the CBD.

5.6 Potential Impacts on Other Centres

Finally, we considered potential impacts on other centres. In our view, the only other centre that could possibly be affected would be Frankton, which is situated about 10 kilometres from the Lakeview site.

As most readers will be aware, Frankton has grown rapidly over the last 15 years, and this is set to continue with several developments either planned or underway. For example, the current Gateway development is expected to add a further 22,000m² of retail GFA, while consents for two very large retailers⁵ were recently secured in Shotover Park. In addition, the Remarkables Town Centre itself is undergoing expansion. Collectively, these developments will cause the area's retail GFA to more than double in the near future.

Given the sheer size of Frankton, and its relative distance, we consider it highly unlikely that the plan change would cause significant retail distribution effects. This is cemented by the following observations

- Like the CBD, Frankton is trading well with few vacancies and high footfall. As a result, it will be resilient to any trade impacts.
- In fact, according to the Paymark data, this area generated core retail sales of around \$180 million in 2013.
- Any trade impacts will be quickly recovered via growth in retail spend, and hence not cause enduring adverse effects.

5.7 Conclusion

Not only are the wider commercial developments enabled by the plan change likely to deliver significant positive impacts in their own right, but any potential trade impacts associated with the plan change are likely to be minimal and certainly not give rise to significant flow-on effects.

⁵ Earlier this year, PAK'n SAVE and Mitre 10 Mega both secured resource consent to develop new stores in the Plan Change 19 area after protracted legal battles.

6 Economic Effects of the Convention Centre

This section considers the potential economic effects of the convention centre before considering the impacts of the overall plan change in the following section.

6.1 Types of Effects

The economic effects of the convention centre will comprise three main parts, namely:

- The economic impacts of construction
- The economic impacts of operations, and
- Wider economic/strategic benefits.

Each is discussed separately below.

6.2 Economic Impacts of Construction

Construction of the convention centre will stimulate the economy by creating new jobs, boosting household incomes and lifting GDP. To measure these impacts, economists often use a special technique called multiplier analysis. While we would normally apply this technique ourselves to derive estimates of construction impacts, two other reports have already estimated them. We therefore have summarised the findings of those earlier reports and reviewed their underlying assumptions. Then, we settled on a final set of estimates to use in our assessment.

The first estimates of regional construction impacts were produced by BERL in 2013. These are summarised in Table 6 and cover GDP and employment.

Table 6: BERL Estimates of Regional Construction Impacts

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	9.3	13.7	23.0
Employment (FTEs)	108	159	267

In summary, including flow-on effects, BERL estimated that construction could boost regional GDP by \$23 million, and regional employment by 267 full time jobs (for 1 year). However, two major changes have occurred since the BERL report was produced, both of which must be accounted for.

The first change is an increase in the estimated cost of construction (from just over \$45 million to nearly \$53 million), which will cause proportional *increases* in regional impacts. The second change is the recent announcement that Council is likely to fund a significant proportion of the construction cost. This will *decrease* regional construction impacts, because it is diverting funds that would have otherwise been spent in the regional economy (and thus give rise to their own impacts).

The following table shows our revised estimates of construction impacts, based on the BERL figures in Table 6. It assumes that central Government funds \$20 million⁶ of the construction cost, and the Council funds the rest.

Table 7: BERL Estimates of Regional Construction Impacts - REVISED

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	4.1	6.0	10.2
Employment (FTEs)	48	70	118

In summary, including flow-on effects, construction could boost regional GDP by \$10.2 million, and provide 118 fulltime jobs for 1 year.

Overall, we are comfortable with the revised estimates in Table 7 above, and consider them a reliable measure of potential regional construction impacts. Accordingly, we recommend that they be adopted for decision-making purposes for this plan change.

6.3 Economic Impacts of Operations

Just like its construction, the daily operations of the convention centre will also stimulate the regional economy by boosting local GDP, incomes and employment. These impacts not only reflect local expenditure by the convention centre itself on marketing and catering etc, but also the impacts of out-of-town tourists that attend events there. The BERL report includes estimates of both, as summarised in the table below.

Table 8: BERL Estimates of Operating Impacts

Impacts of Operating Expenditure	Direct	Flow-on	Total
Value-Added (\$m)	5.1	2.8	7.9
Employment (FTEs)	63	21	84
Impacts of Visiting Delegates	Direct	Flow-on	Total
Value-Added (\$m)	14.4	8.6	23
Employment (FTEs)	303	79	382
Total Operating Impacts	Direct	Flow-on	Total
Value-Added (\$m)	19.5	11.4	30.9
Employment (FTEs)	366	100	466

According to BERL's analysis, the daily operations of the convention centre could boost regional GDP by nearly \$31 million per annum and provide ongoing fulltime employment for 466 people. These are significant impacts indeed, and mainly relate to the impacts of visiting delegates. This finding is consistent with the international literature, which also shows that the greatest operating impacts tend to be associated with the expenditure of delegates, not the venue itself. This, in turn reflects the fact that conference delegates tend to:

⁶ The form of this contribution remains uncertain.

- be high net-worth individuals,
- bring others with them on the trip,
- stay in the area before and/or after the event,
- return to the host city at another time for leisure tourism, and
- spend considerably more per night than average tourists.

Indeed, the attraction of such tourists is one of the key reasons QLDC wishes to build the centre. In addition, it is one of the main reasons that conference centres around the world receive significant local and central Government funding. The truth is that such facilities are seldom financially viable in their own right, but can play such a pivotal role in local economic development that their ongoing operations are often publicly underwritten in perpetuity.

We note in passing that the NZIER report also includes estimates of ongoing operations, as does the Horwath feasibility report (produced for QLDC in 2012). Both estimate annual contributions to regional GDP of about \$25 million, which is slightly lower than the BERL figure. However, it is not immediately clear what each report has included in their estimates, and the differences are not particularly significant anyway. As a result, we adopt the BERL figures here.

6.4 Wider Economic/Strategic Benefits

In addition to the economic impacts of construction and operations, the convention centre will likely have a range of other economic/strategic benefits. These are summarised below:

1. **Seasonality smoothing and better utilisation of infrastructure** - currently the district's network of tourism infrastructure is underutilised for big parts of the year. To the extent that the convention centre can help smooth these peaks and attract more tourists during the off-seasons, it will improve the utilisation of existing tourism infrastructure
2. **Networking and strategic alliance benefits** – business events entice investment by attracting an influential audience of participants and creating opportunities for local businesses to showcase local products and services. Such networking opportunities is one of the key reasons delegates attend these events.
3. **Exposure to new skills, technologies and techniques** – this is achieved through connecting a region's businesses, professions and academics to global best practice.
4. **Increased sector competition** – while not expected to compete head-on with other centres in the district, it will increase sector competition overall. In doing so, it will create incentives for other venues to lift their game and to sharpen their pricing. This will provide better outcomes for locally-held events.

5. **Destination marketing** – international marketing and advertising undertaken by the convention centre will have spill-over benefits for the whole district by improving knowledge of the region.

In fact, international literature clearly shows that convention centres are seldom commercially viable, and it is the generation of wider benefits (including those listed above) that justify public investment.

6.5 Summary

Should the convention centre be built, the construction and operation will have significant additional positive impacts on the local and regional economies.

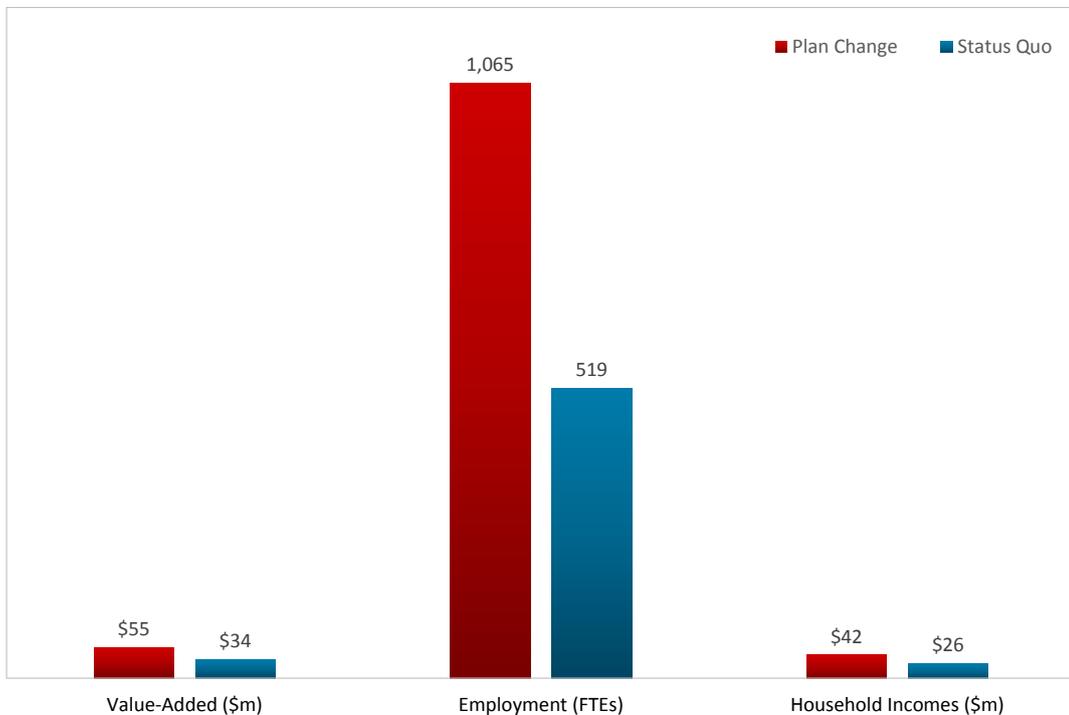
7 Comparison of Economic Impacts

Prior to reaching a conclusion, this section compares the estimated economic effects with and without the plan change. That is, the default scenario compared to the status quo.

7.1 Comparison of Construction Impacts

Earlier, we estimated the economic impacts of construction (and operations) both with and without the plan change using multiplier analysis. Figure 4 compares the estimated construction impacts.

Figure 4: Comparison of Overall Economic Impacts of Construction

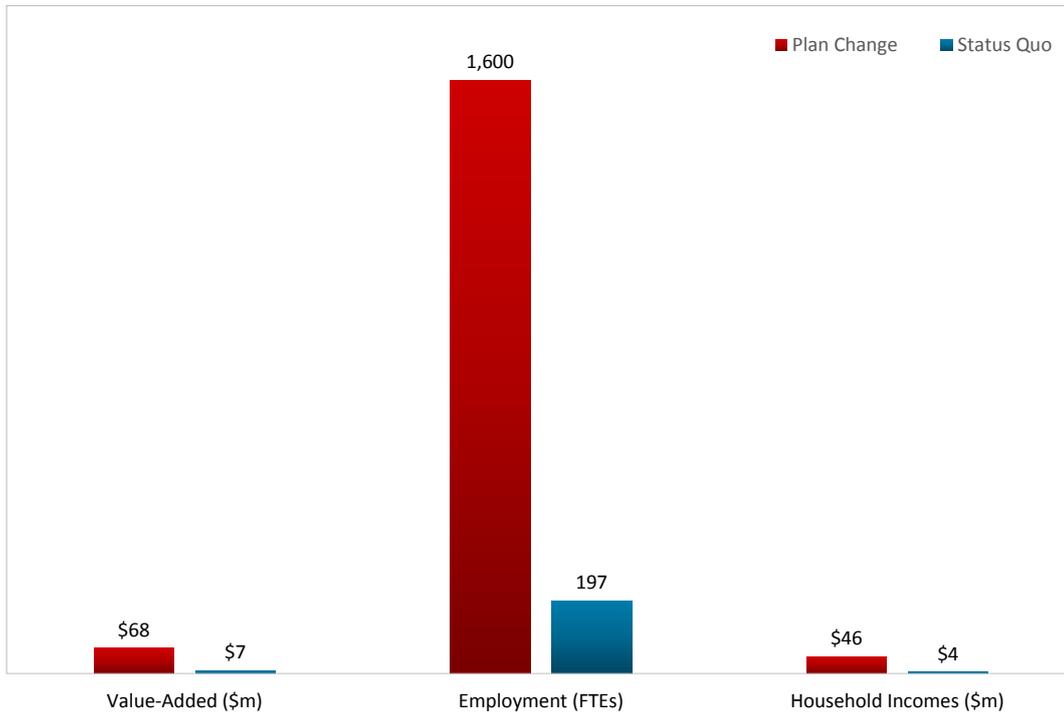


The figure above shows that the plan change is likely to have much higher construction GDP, employment and income effects.

7.2 Comparison of Operating Impacts

Figure 5 now compares estimated operating impacts, which show a similar picture. Once again the default scenario is associated with much higher GDP, income and employment effects. Further, since these impacts are ongoing – whereas construction impacts are one off – they are far more important for determining overall impacts of the plan change.

Figure 5: Comparison of Total Economic Impacts of Operations



7.3 Comparison of Wider Effects

Finally, we compared wider long-term effects with and without the plan change. The key difference here is that the plan change will enable a sensible and much-needed expansion of scarce CBD commercial land, while the status quo does not. Further, the plan change paves the way for a number of commercial opportunities to significantly boost regional economic wellbeing over the longer term, even without the convention centre. If the convention centre also proceeds, the long-term strategic/economic benefits of the plan change will likely be even higher again.

7.4 Conclusion

Our analysis suggests that the plan change will have significantly higher economic impacts over the longer term and provide a much needed boost to CBD land. As a result, we conclude that the plan change will likely have significant net benefits.

8 Summary and Conclusion

This report has analysed the potential future uses of the Lakeview site both with and without the plan change. It has found that high-density dwellings and visitor accommodation is likely to eventually be built absent the plan change, but that a range of commercial uses is likely to occur with the plan change.

While future developments absent the plan change will have some economic effects, these will mainly relate to construction and therefore be short-lived. Conversely, future developments under the plan change are likely to deliver a wide range of enduring economic and strategic benefits, even without the convention centre. For example, ongoing operation is likely to see increases in regional GDP of around \$68.4m depending on the final development mix. In addition, future plan change developments are more likely to contribute to solving pressing resource management issues facing the district, particularly a lack of commercial CBD land.

As a result, we conclude that the plan change is likely to deliver positive economic impacts overall, and therefore can be supported on economic grounds.



FINAL REPORT: 4 August 2014

Economic Analysis of the Proposed Lakeview Plan Change - Addendum

PREPARED FOR

QUEENSTOWN LAKES DISTRICT COUNCIL

Authorship

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1.4 Structure of this Report

The remainder of this report is structured as follows:

- **Section 2** summarises key information about the additional plan change areas.
- **Section 3** analyses likely land uses without the plan change.
- **Section 4** determines potential future land uses under the plan change and quantifies the economic effects related to this.
- **Section 5** analyses the impacts the plan change may have on the CBD.
- **Section 6** provides some concluding remarks.

2 Plan Change Areas

This section summarises key information about the proposed plan change.

2.1 Focus of Economic Effects

This section analyses the additional blocks in conjunction. This is a result of the numerous similarities between the blocks on Isle Street (called Isle Street Blocks hereafter) – both currently and proposed under the plan change.

2.2 Isle Street Blocks

This area covers 18,400 m², is currently zoned High Density Residential – sub-zone A and contains a mix of residential use, visitor accommodation and a small number of boutique offices. The aerial photo below illustrates the extent of these current uses.

Figure 2: Aerial view of the Man Street Blocks



As evidenced in the photo, the south west of this area mostly comprises relatively low density residential dwellings, most of which are older buildings. To the north east land uses are of a higher density reflecting a mixture of lower-end backpacker and luxury boutique accommodation.

3 Likely Uses without the Plan Change

This section analyses the potential economic effects under the existing zoning.

3.1 Likely Future Use

Unlike the case in our original report, without the plan change there is unlikely to be any substantial economic benefits. This is a direct consequence of the fact that this land is already being utilised, unlike the Lakeview zone which has minimal current activity occurring on site. In addition, the fact that existing residential rules are so restrictive and land ownership so fragmented makes feasible redevelopment difficult.

As a result, there are likely to be very limited economic benefits associated with the Isle Street Blocks under the Status Quo.

4 Potential Uses and Economic Effects with the Plan Change

This section discusses the likely land uses under the plan change, before quantifying the economic effects associated with any potential changes.

4.1 Potential Future Uses Under the Plan Change.

QLDC propose changing the zone of the Isle Street Blocks to a sub-zone under the Queenstown Town Centre Zone. In doing so, they aim to achieve an “urban village” environment through the provision of activities such as:

- Those permitted under town centre activities – with limited retail,
- 3 storey height limit,
- No requirements for on-site parking,
- 70% site coverage, and
- Yard setbacks.¹

This will enable denser development – both in terms of site coverage and building height – as well as a greater mix of activities on these blocks.

Council have provided an indicative development scenario for these blocks which we have adopted. This scenario states that:

- 75% of floor area will be residential / visitor accommodation,
- The remaining 25% will comprise “boutique” office use, retail and cafes/bars.

4.2 Economic Impacts

As per request from the council, the scenario tested here assumes that all land has been fully redeveloped following the plan change and that it reflects the indicative development scenario above.

These types of analyses are subject to a number of assumptions, and our analysis assumes the following:

- 40 room boutique luxury hotel, totalling 3,200m² gross floor area based on an average of 80m² per room (which includes all common areas and back of house).
- The average room rate will be \$465 per night² with an occupancy rate of 60%, which yields annual revenues of \$4.6 million.
- The commercial/retail area will be split evenly between boutique office space, retail and cafes/pubs.

¹ It should be noted that these provisions remain only indicative of what the final zone rules may entail.

² Based on a Standard Room at The Dairy

As discussed in the original report, there are two types of effects to be analysed in multiplier analysis – one-off construction impacts and on-going operational impacts. These are shown in Table 1 and Table 2 below.

Table 1: Estimated Regional Construction Impacts (One-off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$6.1	\$17.1	\$23.2
Employment (FTEs)	159	303	463
Household Incomes (\$m)	\$6.4	\$11.3	\$17.7

In summary, including flow-on effects, the economic impacts of construction for the entire Isle Street Blocks under the plan change could be approximately:

- \$23.2 million of additional regional GDP,
- 463 additional full-time jobs for 1 year, and
- \$17.7 million of additional household income.

Table 2: Estimated Regional Operating Impacts (Ongoing)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$28.5	\$20.0	\$48.5
Employment (FTEs)	305	101	406
Household Incomes (\$m)	\$22.9	\$10.5	\$33.4

Including flow-on effects, the economic impacts of operations occurring at the Isle Street Blocks for the rest of the plan could be approximately:

- \$48.5 million in additional GDP,
- 406 additional full-time jobs, and
- \$33.4 million of additional household income.

5 Potential Impacts on the CBD

A key focus for QLDC is to ensure that any commercial mixed use developments outside of the CBD will not adversely affect CBD activity. Further, Council wishes to understand if retail caps are necessary to ensure this will not happen.

It is of our opinion that caps are not only unnecessary, but unwise. Firstly, there is minimal retail activity likely at the site and any retail that will occur cannot exceed 400m² maximum gross floor area per tenancy (in order to deter large format retail). Secondly, applying retail caps to the Isle Street Blocks is essentially hindering inter-CBD competition and this is not recommended. That is, by zoning this area as a sub-zone of the CBD it is no longer a development *outside* of the Town Centre, and should instead be treated as an extension of CBD activity.

Overall, retail activity is likely to be minimal at most, but more importantly these should not be viewed as competition, rather as an extension of the CBD. Therefore, retail caps are not necessary at the Isle Street Blocks.

6 Summary and Conclusion

This addendum has analysed the potential future uses of additional blocks of land surrounding the Lakeview site – with and without the plan change. It was highlighted that, due to the developed nature of all blocks, there would be limited changes in land uses without the plan change and hence no economic impacts associated with it.

Should the plan change go ahead however, it was found that the Isle Street Blocks would likely to remain mostly residential and visitor accommodation, however there would be an uplift in both the amount of boutique office space as well as retail and cafes/bars in the area. Assuming that the entire area is redeveloped, there is likely to be a wide range of ongoing economic benefits as a result. Further, given that no plan change results in very limited economic benefits, even a portion of development will deliver positive economic benefits overall.

Overall, the plan change is likely to deliver positive economic benefits overall, and should therefore be accepted on economic grounds.

An aerial photograph of a coastal town, likely Brecon, showing a large lake, a forested island, and snow-capped mountains in the background. The town's buildings and streets are visible, and the water reflects the surrounding landscape.

FINAL REPORT: 20 August 2014

Economic Analysis of the Proposed Brecon Street Plan Change

PREPARED FOR

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1 Introduction

1.1 Context, Scope and Purpose of this Report

Queenstown Lakes District Council (QLDC) recently initiated a plan change to rezone approximately 11-hectares of CBD fringe land – known as Lakeview – from high density residential to commercial mixed use. Subsequently, the owner of 34 Brecon Street requested that their land also be included in the plan change. This report analyses the potential economic effects of extending the plan change area to include that property.

1.2 Overall Approach to the Analysis

Like our main report for the plan change, this report has been prepared under the new section 32 provisions of the RMA, which emphasise the need to quantify impacts wherever possible and to explicitly consider effects on economic growth and employment. This report is high level and it should be noted that scenarios analysed herein represent only a few of the numerous development paths enabled by the plan change.

1.3 Introduction to Multiplier Analysis

This report contains several examples of multiplier analysis – a commonly-used technique that allows the direct effects and flow-on effects of new facilities or organisations to be estimated. This section provides a brief explanation of multiplier analysis, and what it can tell us, without going into too much detail.

Multiplier analyses incorporate a highly-detailed matrix – called an input-output table – which shows how the various sectors of an economy are interrelated. In essence, it shows the particular set of inputs that each sector needs to produce one unit of its own output. In doing so, it reveals how the various industries of an economy are interrelated, so that the flow-on effects of an increase in one sector can be easily traced through.

To see how multiplier analysis works, consider the following hypothetical example. Suppose a local furniture manufacturer has just won a large, new export order. In addition to extra staff, the company will need to source a range of materials from its suppliers to complete the job. These suppliers, in turn, will need to source various inputs from their own suppliers, and so on. Multiplier analysis traces all these interdependencies so that the wider economic impact of the export order can be estimated. In addition, it translates the associated increases in supply chain employment into new household spending, which give rise to even further economic impacts.

The overall economic impact is the sum of the direct effects and flow-on effects, which are usually measured in terms of incomes, GDP and employment.

1.4 Structure of this Report

The remainder of this report is structured as follows:

- **Section 2** summarises key information about the additional plan change area.
- **Section 3** analyses likely land uses without the plan change.
- **Section 4** determines potential future land uses under the plan change.
- **Section 5** compares impacts with and without the plan change.
- **Section 6** provides some concluding remarks.

2 Plan Change Area

2.1 Location

The map below identifies the original plan change area (shown in blue) and also the location of 34 Brecon Street (shown in red).

Figure 1: Location of Brecon Street Site



2.2 Current Uses

34 Brecon Street is currently zoned High Density Residential with a Commercial Precinct overlay. However, for the past 21 years, it has operated as a mini-golf business (Queenstown Mini Golf Ltd).

2.3 Practical Impacts of the Plan Change

In practical terms, the plan change will have two main effects. First, it will enable new uses of the land that are currently not provided for as permitted activities. Second, it will increase the intensity at which many currently-enabled uses can be done. For instance, it may allow buildings to occupy a larger footprint or be taller. At the same time, the plan change does not forego any currently-enabled opportunities, making it highly-enabling overall.

3 Analysis of the Status Quo

This section analyses the potential economic effects under the existing zoning.

3.1 Likely Future Uses

As discussed above, the site has been used as a mini golf course for over 20 years. While this use may continue absent the plan change, a number of other uses are also possible. To reflect this, we analysed three status quo scenarios: a mid-range hotel¹, a high density residential (HDR) development, and the continuation of Queenstown Mini Golf.

3.2 Effects of the Likely Future Uses

The economic impacts of each scenario are discussed below.

3.2.1 Hotel

Under the existing zone, buildings cannot exceed two storeys in height. On this basis we have assumed that a two-storey, 94 room hotel is built on the land. Our other assumptions are as follows:

- The hotel will be 4,700m² based on an average GFA of 50m² per room (including all common areas and back of house).
- The average hotel room rate will be \$150 per night and the occupancy rate, 60%. Together these yield annual revenues of just over \$3 million.

Table 1 shows our corresponding estimates of construction impacts.

Table 1: Estimated Regional Construction Impacts (One Off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$1.2	\$3.6	\$4.8
Employment (FTEs)	18	64	82
Household Incomes (\$m)	\$1.2	\$2.3	\$3.5

To summarise, including flow-on effects, the economic impacts of construction could be:

- \$4.8 million in additional regional GDP,
- 82 additional full-time jobs for one year, and
- \$3.5 million of additional household income.

Similarly, **Table 2** illustrates our estimates of ongoing operating impacts:

Table 2: Estimated Regional Operating Impacts (Ongoing)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$1.3	\$1.0	\$2.3

¹ A hotel is a controlled activity under both the plan change and the status quo.

Employment (FTEs)	117	33	150
Household Incomes (\$m)	\$2.0	\$1.2	\$3.2

Including flow-on effects, the economic impacts of operations could be:

- \$2.3 million in additional regional GDP,
- 150 additional full-time jobs, and
- \$3.2 million of additional household income.

3.2.2 High Density Residential Development

This scenario results a total GFA of 4,691m². The buildings are two-storey and occupy a 60% footprint. The following table shows our estimates of construction impacts for this scenario.

Table 3: Estimated Regional Construction Impacts (One Off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$1.6	\$4.1	\$5.7
Employment (FTEs)	54	73	127
Household Incomes (\$m)	\$1.7	\$2.8	\$4.5

To summarise, including flow-on effects, the economic impacts of construction could be:

- \$5.7 million in additional regional GDP,
- 127 additional full-time jobs, and
- \$4.5 million of additional household income.

Since housing developments create minimal *economic* activity once built, we assume that there are no ongoing economic impacts associated with this scenario.

3.2.3 Queenstown Mini Golf

The final scenario is simply a continuation of the mini golf business. Since this is already operational, there are no construction impacts to consider. However, the following table summarises our estimates of operating impacts based on information provided by the site's owner.²

Table 4: Estimated Regional Operating Impacts (Ongoing)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$0.06	\$0.05	\$0.11
Employment (FTEs)	2	0.7	2.7
Household Incomes (\$m)	\$0.04	\$0.03	\$0.07

In short, including flow-on effects, the economic impacts of operations are approximately:

- \$0.11 million of additional regional GDP,
- 2.7 additional full-time jobs, and

² Information on employment and annual turnover were supplied.

- \$0.7 million of additional household income.

4 Analysis of the Plan Change

This section analyses the potential economic effects under the plan change.

4.1 Likely future Uses

As mentioned earlier, the plan change would not only enable new uses of the site, but also enable uses that are currently allowed to be done more intensely. To reflect this, we have chosen two scenarios that represent more intensive versions of currently-enabled uses (Section 4.2.1 and 4.2.2), and one that represents a newly-enabled use (Section 4.2.3).

4.2 Effects of Likely Future Uses

The economic impacts of each scenario are discussed below.

4.2.1 Hotel

The key assumptions used for this scenario are:

- The hotel will be 10,945m² based on an average total GFA of 50m² per room (which includes all common areas and back of house).
- This equates to a four storey hotel with a building footprint of 2,736m².
- The average room rate will be \$150 per night. The occupancy rate will be 60% yielding annual revenues of over \$7 million.

Based on these assumptions, Table 5 shows our estimates of construction impacts.

Table 5: Estimated Regional Construction Impacts (One-Off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$2.8	\$8.5	\$11.3
Employment (FTEs)	42	150	192
Household Incomes (\$m)	\$2.8	\$5.4	\$8.2

In summary, including flow-on effects, the economic impacts of construction could be:

- \$11.3 million of additional regional GDP,
- 192 additional full-time jobs for one year, and
- \$8.2 million of additional household income.

Along the same lines, our estimates of operating impacts for the hotel are shown below.

Table 6: Estimated Regional Operating Impacts (Ongoing)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$3.2	\$2.2	\$5.4
Employment (FTEs)	112	32	144
Household Incomes (\$m)	\$2.0	\$1.1	\$3.1

Including flow-on effects, the economic impacts from operation of the hotel could be approximately:

- \$5.4 million of additional regional GDP,
- 144 additional full-time jobs, and
- \$3.1 million of additional household income.

4.2.2 High Density Residential

This HDR development uses the same basic assumptions as the corresponding status quo scenario, but is twice as high and therefore has double the GFA. Table 7 shows our estimates of construction impacts.

Table 7: Estimated Regional Construction Impacts (One-Off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$3.6	\$9.7	\$13.3
Employment (FTEs)	125	172	297
Household Incomes (\$m)	\$4.0	\$6.5	\$10.5

To summarise, the economic effects from construction could be:

- \$13.3 million of additional regional GDP,
- 297 additional full-time jobs in one year, and
- \$10.5million of additional household income.

Again, there is unlikely to be any significant economic impacts associated with operations, so they have been ignored.

4.2.3 Retail and Office Precinct

Unlike the two scenarios above, this scenario represents a land use that is not provided for under the status quo. The assumptions used in our analysis are as follows:

- The total GFA of 8,209m² will be spread across three levels.
- The bottom floor will house retail, and the upper floors office space.

Following are our estimates of construction impacts:

Table 8: Estimated Regional Construction Impacts (One-Off)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$1.9	\$5.8	\$7.7
Employment (FTEs)	28	103	131
Household Incomes (\$m)	\$1.9	\$3.7	\$5.6

In short, the total economic impacts associated with the construction of this retail and commercial block could be approximately:

- \$7.7 million of additional regional GDP,
- 131 additional full-time jobs in one year, and
- \$5.6 million of additional household income.

Table 9, on the other hand, uses economic multiplier analysis to estimate the operating impacts associated with the commercial block.

Table 9: Estimated Regional Operating Impacts (Ongoing)

Impact Measures	Direct	Flow-on	Total
Value-Added (\$m)	\$35.6	\$24.9	\$60.5
Employment (FTEs)	274	90	364
Household Incomes (\$m)	\$29.1	\$13.1	\$42.2

Including flow-on effects, the economic impacts associated with the commercial block could approximately be:

- \$60.5 million of additional regional GDP,
- 364 additional full-time, and
- \$42.2 million of additional household income.

5 Comparison of Economic Effects

This section compares our estimates of economic impact across scenarios with and without the plan change.

5.1 Comparison of Construction Impacts

Table 10 below summarises the construction effects for all scenarios.

Table 10: Comparison of Construction Impacts

Impact Measures	Status Quo			Plan Change		
	Hotel	HDR	Mini Golf	Hotel	HDR	Retail
Value-Added (\$m)	\$4.8	\$5.7	\$0.0	\$11.3	\$13.3	\$7.7
Employment (FTEs)	82	127	0	192	297	131
Household Incomes (\$m)	\$3.5	\$4.5	\$0.0	\$8.2	\$10.5	\$5.6

Table 10 illustrates that every scenario under the plan change has higher economic benefits across all impact measures than the status quo.

5.2 Comparison of Operating Impacts

Next, Table 11 compares operating impacts across the six scenarios.

Table 11: Comparison of Operating Impacts

Impact Measures	Status Quo			Plan Change		
	Hotel	HDR	Mini Golf	Hotel	HDR	Retail
Value-Added (\$m)	\$2.3	\$0	\$0.11	\$5.4	\$0	\$60.5
Employment (FTEs)	62	0	2.7	144	0	364
Household Incomes (\$m)	\$1.3	\$0	\$0.07	\$3.1	\$0	\$42.2

Ignoring the HDR development, scenarios under the plan change have higher associated economic benefits than the status quo enables.

6 Summary and Conclusion

This report has briefly analysed the potential future uses of 34 Brecon Street both with and without the plan change. It has identified that the plan change would enable a number of new uses – as well as allow existing allowed uses to be done more intensively – without foregoing any currently-enabled opportunities. As a result, the plan change is highly enabling overall.

Further, our brief analysis has shown that construction and operation impacts are likely to be higher under the plan change than under the status quo, and that important new land uses will be allowed.

Overall, we believe that the site is a useful addition to the wider plan change and should therefore be included based on the likely economic effects generated.