



Final Report: 19 December 2019

# The Regional Economic Impacts of Proposed Future Concerts at Eden Park

Prepared for:  
**The Eden Park Trust**

**Authorship**

This document was written by Fraser Colegrave.

**Contact Details**

For further information about this document, please contact us at the details below:

Phone: +64 21 346 553

Email: [fraser@ieco.co.nz](mailto:fraser@ieco.co.nz)

Web: [www.insighteconomics.co.nz](http://www.insighteconomics.co.nz)

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# 1. Executive Summary

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Eden Park is widely recognised as New Zealand’s pre-eminent sporting venue. Its mission is to be “the benchmark multi-purpose stadium for rugby and cricket, as well as other sporting codes, recreational, musical, and cultural events for the benefit of the Auckland region, broader community and global broadcast audiences.”

However, under the Auckland Unitary Plan (AUP), it can host only 25 nighttime sports events per annum as a permitted activity. To improve the utilisation of this nationally-significant asset while increasing the range of entertainment opportunities available to the Auckland region, the Eden Park Trust is seeking resource consent to host up to six music concerts in any 12 month period. This report assesses the likely regional economic effects of the proposed future concerts.

The analysis begins by briefly describing the rapidly evolving nature of the global music industry and explaining the growing importance of live music performances. Put simply, the rapid ascent of streaming services like Spotify have changed the way that we purchase and consume music. Thus, whereas artists previously earned most of their income from record and CD sales, concerts are now the main income source for many professional musicians. As a result, the global live music industry is growing rapidly, and Auckland is well-placed to attract a growing share over time.

Next, we describe the methodology used to estimate regional economic impacts. In short, it captures all elements of the concert promotion and production process, plus spending by concertgoers before, during, and after the event. In addition, it acknowledges that spending by Aucklanders on concert tickets and other related expenses diverts money from the regional economy, and hence incurs opportunity costs. To account for this, we estimate the value of spending diverted from the regional economy by the concerts and subtract it from the impacts of promotion, production, and attendance to yield net regional impacts.

For each concert, we first estimate the financial flows associated with promotion, production, and attendance. Then, we allocate a proportion of each to the Auckland region. Finally, we map those regional flows to sectors of the local economy and overlay economic multipliers to derive the overall impacts of each concert, including flow-on effects. Finally, we scale these estimates up by a factor of six to derive the likely annual impacts of holding six concerts within any 12-month period (as proposed).

Table 1 shows our resulting estimates of net regional economic impacts per 12-month period (including flow-on effects and accounting for diverted regional spending by Auckland concertgoers).

Table 1: Estimated Net Regional Economic Impacts per 12-Month Period

<b>Impact Measures</b>	<b>Direct</b>	<b>Flow-On</b>	<b>Total</b>
Regional GDP \$m	\$9.3	\$15.5	\$24.8
Regional Employment (FTEs)	395	140	535
Regional Household Incomes \$m	\$9.0	\$6.6	\$15.6

In summary: we estimate that the net regional economic impacts of proposed future concerts at Eden Park could result in *annual* increases of up to:

- GDP of nearly \$25 million;
- Employment for 535 people; and
- Household incomes of more than \$15 million

In addition to quantifying the likely net regional impacts of the proposed future concerts, we also briefly considered likely wider economic benefits. They include:

- Public transport accessibility – Eden Park’s location provides relatively high levels of public transport accessibility which, in conjunction with the event-specific transport management plans, will help manage event-related traffic effects. Moreover, this accessibility is set to improve over time due to various initiatives, including the city rail link and the Council’s corridor priority programme.
- Proximity to Kingsland, Dominion Road and the CBD – Eden Park is also close to several commercial areas (including the CBD) and, given that about half of concertgoers are likely to come from out of town, this will make it easy to move between the numerous commercial accommodation and hospitality options in those areas and the venue itself.
- Increased utilisation of the stadium - Eden Park is entitled to hold only 25 nighttime events per annum as a permitted activity. As a result, it is effectively idle for more than 90% of the year. By allowing concerts to be held there in future, the proposal will help to improve the utilisation rate – and hence sustainable use – of this valuable physical resource.
- Support for Auckland’s Tourism Strategies – future concerts will help to support the region’s latest visitor strategies, which place greater emphasis on the quality and value of tourists, rather than a prior focus just on visitor numbers. The new strategic acknowledges the growing importance of events and experiences in attracting high-value tourists to the region. In our view, the ability to host concerts at Eden Park will significantly contribute to this objective, and hence help to realise the region’s new tourism goals.
- Opportunities for local musicians – finally, future concerts at Eden Park will provide an invaluable opportunity for local artists to gain exposure by playing as support acts. In addition, those local artists will have an opportunity to forge connections with visiting acts, which may help to further boost their careers.

Overall, we expect the proposed future concerts at Eden Park to generate significant, tangible economic impacts in the form of increased regional GDP, incomes, and employment. Over and above that, we also expect the proposed future concerts to generate wider economic benefits, as briefly identified above. Accordingly, we support the proposal on economic grounds.

## 2. Introduction

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### 2.1. Context and Purpose of Report

Eden Park is widely recognized as New Zealand’s pre-eminent sporting venue, having hosted numerous premier sporting events since it opened in 1900. Its mission is to be “the benchmark multi-purpose stadium for rugby and cricket, as well as other sporting codes, recreational, musical, and cultural events for the benefit of the Auckland region, broader community and global broadcast audiences.”

However, despite the national and regional significance of the stadium, it remains idle for most of the year. In fact, under the Auckland Unitary Plan (AUP), Eden Park can host only 25 nighttime sporting events per annum as a permitted activity, but the Eden Park Precinct Plan – issued under the AUP – does provide for up to six concerts per 12-month period as a discretionary activity, which require resource consent.

To improve the utilisation of this regionally and nationally significant asset while increasing the range of entertainment opportunities available to New Zealanders, Eden Park is seeking resource consent to enable up to six music concerts within any 12-month period. To assist, this report assesses the likely regional economic effects of the proposed future concerts to inform the underlying application for resource consent.

### 2.2. Structure of Report

The remainder of this report is structured as follows:

- **Section 3** helps set the scene by describing the evolving nature of the music industry, and explaining the growing importance of concerts to its long-term health and viability.
- **Section 4** describes the methodology that we used to estimate the regional economic impacts of proposed future concerts at Eden Park.
- **Section 5** estimates the economic effects of concert promotion and production.
- **Section 6** estimates the impacts of attendee activities prior to, during, and after the event.
- **Section 7** estimates the economic impacts of activity foregone by concert attendance;
- **Section 8** combines the estimates of economic effects from sections 4 to 6 to estimate the net regional economic impacts of proposed future concerts at Eden Park; and
- **Section 9** briefly describes other potential economic benefits of the proposal.

### 3. The Changing Nature of the Music Industry

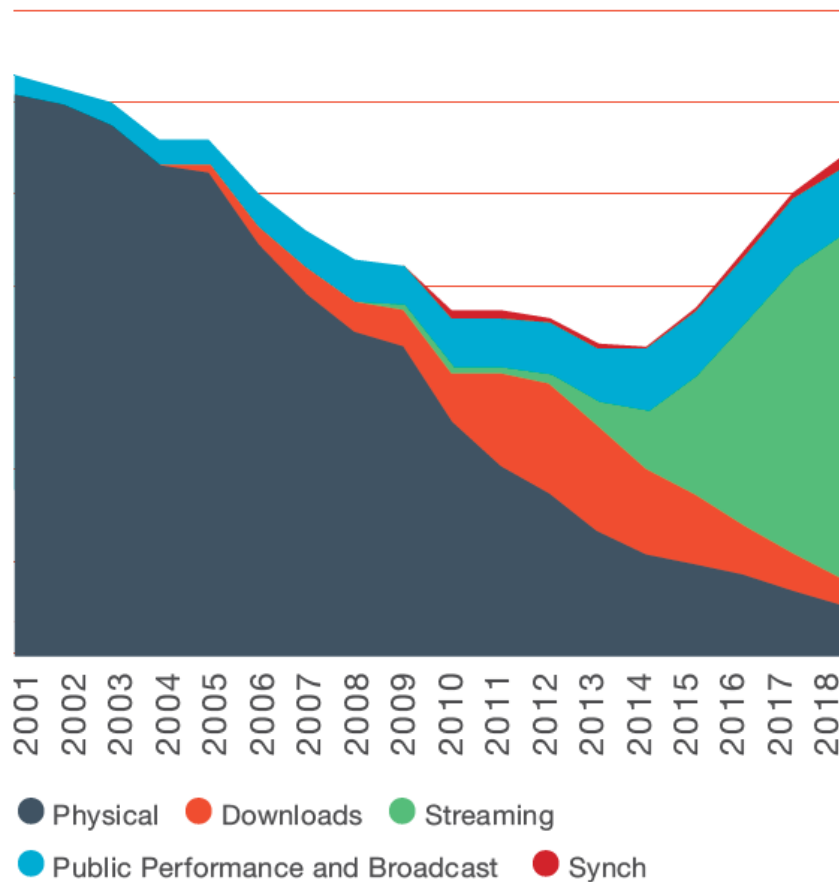
This section briefly describes the growing importance of concerts to the global music industry.

#### 3.1. The Decline of Physical Music Sales

The global music industry has evolved a lot over the last 20 years. The first major change was in the late 1990s and early 2000s, when digital downloads and peer-to-peer file-sharing first appeared. The ease and affordability of these new options caused a big decline in the sale of physical media (such as CDs and records). For example, in 2001, 97% of recorded music revenues were from the sale of physical products. However, by 2018, physical sales accounted for only 10% of recorded music revenues. Accordingly, the way that we ‘consume’ music has changed forever.

Digital downloads and peer-to-peer sharing weren’t the only drivers of this massive change, however. Rather, the greatest impacts on physical sales have come from the unprecedented ascent of online streaming services, such as Spotify, which have decimated both physical media sales *and* digital downloads. For example, streaming accounted for only 19% of recorded music revenues in 2014, but 69% in 2018. Figure 1 provides further information by plotting trends in recorded music revenues in New Zealand since 2001.<sup>1</sup>

Figure 1: Recorded Music Revenues in New Zealand – 2001 To 2018



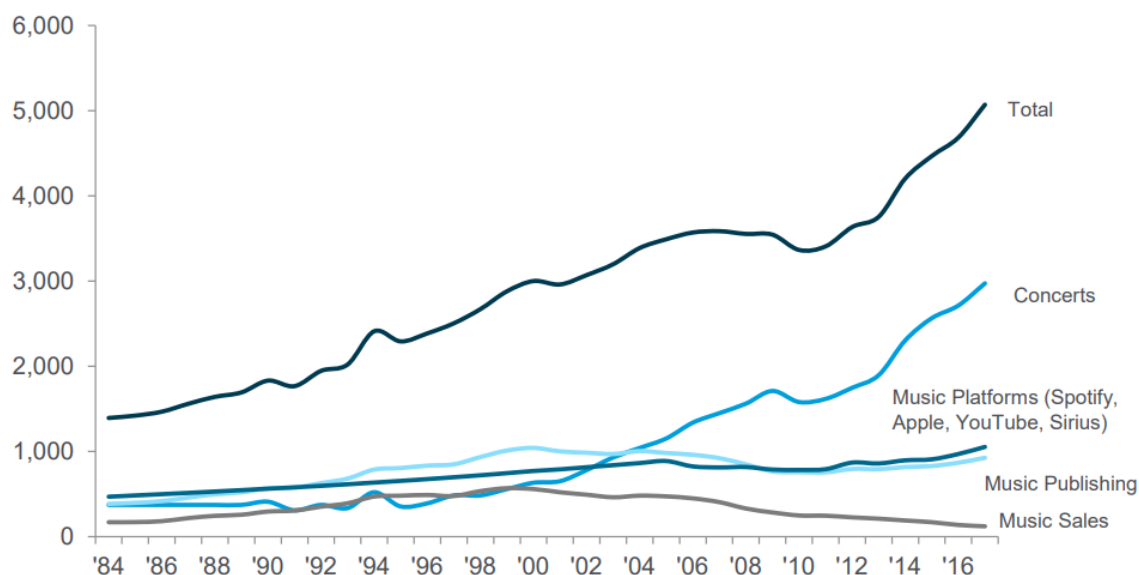
<sup>1</sup> The New Zealand Music Industry: Te Ahumahi Puoro O Aotearoa, April 2019.

### 3.2. The Growing Importance of Live Music Performance

The rapid growth of streaming services – such as Spotify – and the resulting decline in physical music sales has rewritten the global music industry’s business model. Prior to the advent of digital downloads and streaming services, most artists derived the bulk of their income from record sales, with live performances being only a modest share. Today, however, live performances and the sale of concert merchandise sales are the most important income source for many artists, with ‘record’ sales now playing only a minor role. As a result, live music performances are essential to the ongoing health and vitality of the global music industry.

The growing importance of live performances to musician incomes is demonstrated in the chart below, which was reproduced from a recent report on the global music industry by Citibank.<sup>2</sup> It plots the contributions of various revenue streams to musician incomes since 1984, and shows that concerts have been their main income source since 2003, and now account for more than half of total incomes. Clearly, concerts are essential to the ongoing viability of professional musicians.

Figure 2: Sources of Musician Incomes from 1986 to 2017 (\$ millions)



### 3.3. Employment Effects of Live Performance

Not only are live performances essential to the financial wellbeing of most professional musicians, but they are also an important source of economic stimulus. This was demonstrated in a recent PWC report for the New Zealand music industry, which estimated its national economic impacts.<sup>3</sup> Amongst other things, the report shows that live performance accounted for only 22% of industry sales in 2017, but generated 45% of its direct employment impacts. This is because live performance is more labour intensive than most other parts of the music industry, so it is a greater source of income and employment.

<sup>2</sup> <https://ir.citi.com/NhxmHW7xb0tkWiqOOG0NuPDM3pVGJpVzXMw7n+Zg4AfFFX+cFqDYNfND+0hUxxXA>

<sup>3</sup> [https://www.nzmusic.org.nz/media/uploads/NZ\\_Music\\_Industry\\_Economic\\_Report\\_2017\\_-\\_final.pdf](https://www.nzmusic.org.nz/media/uploads/NZ_Music_Industry_Economic_Report_2017_-_final.pdf)



### 3.4. Local and Global Music Concert Outlook

The recent, rapid growth of the global music concert industry (as illustrated by figure 2) appears set to continue, with strong growth in live music ticket sales projected to occur well into the future. For example, the latest edition of PWC’s widely acclaimed *Global Entertainment & Media Outlook 2019-2023* shows that global live music ticket sales increased from US\$18.8 billion in 2014 to US\$21.2 billion in 2018. Further, by 2023, PWC project ticket sales to reach more than \$25 billion.

Not only is the global live music industry thriving, but the local scene in New Zealand is also gaining momentum. This was highlighted in a recent New Zealand Herald article, which estimated that the city’s schedule of summer concerts and other live events would pump \$53 million into the local economy.<sup>4</sup> The article notes that summer events at venues managed by Regional Facilities Auckland would attract nearly 400,000 people over summer, almost 170,000 of which will attend from other regions and thus inject millions of dollars into the “gig economy.” Accordingly, it concludes, Auckland has entrenched itself as New Zealand’s entertainment capital.

New Zealand’s role in the global live music industry also appears to be gaining more recognition, with the 2019 Global Live Entertainment Ticketing Guide – a widely-used industry publication – stating that:<sup>5</sup>

**N**ew Zealand is no longer in Australia’s shadow. The land of the long white cloud has its own, thriving music scene, which is crossing borders, led by the likes of Broods, Six60, Gin Wigmore and Lorde, who recently announced she’d started work on the follow-up to her Billboard 200 chart-leading second album, *Melodrama*. NZ’s recorded music industry is on the up, powered by streaming music services, and its live economy is growing. “NZ is happening,” says Frontier Touring chief Michael Gudinski.

In short, the global live music industry is on track to continue its recent rapid growth, and Auckland is well-positioned to attract a growing share of this over time. As a result, there is growing support for a wider range of venues to host events in Auckland, including at Eden Park.

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<sup>4</sup> [https://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=12277419](https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12277419)

<sup>5</sup> <https://www.iq-mag.net/2019/09/international-ticketing-yearbook-ity-2019-out-now/#.XdxcX-gzYab>

## 4. Methodology

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This section briefly explains the methodology that we used to estimate regional economic impacts.

### 4.1. Broad Approach to the Assessment

This assessment estimates the likely increases in regional economic activity caused by future concerts at Eden Park. It captures all elements of concert promotion and production, such as:

- Ticket sales;
- Marketing and promotion;
- Venue hire and set-up/pack-down;
- Stage, lighting, and sound set-up/pack-down;
- Crowd management and security;
- Post-event cleaning and venue reinstatement;
- Accommodation and catering for touring parties;
- Ground transport; and
- Industry (APRA) fees.

Plus, it includes spending by concertgoers before, during, and after the event, such as:

- Travel to and from the venue;
- Purchase of food, drinks and merchandise at concerts;
- Food and beverage spending before and after the event;
- Accommodation spending (for out-of-town attendees); and
- Tourism and retail spending before and after the event (for out of towners)

For each concert, the various spending flows identified above are quantified, with a proportion of each allocated to the Auckland region. That regional spending is then mapped to sectors of the local economy and overlaid with economic multipliers to derive the overall impacts of each concert, including flow-on effects. These are measured in terms of contributions to regional GDP, household incomes, and employment.

To avoid double-counting, concertgoer spending on concert tickets is excluded from the assessment of attendee effects, as they are already captured in concert promotion and production.

### 4.2. Accounting for Diverted Regional Spending

Some concertgoers will be Auckland residents, so spending by them on tickets and other concert expenses represents money that would have probably been spent in the regional economy anyway. In other words, spending by Aucklanders because of the concerts is assumed to divert spending that would have occurred regionally anyway, and from which economic impacts would have also arisen.

Our assessment estimates the likely economic impacts associated with diverted regional spending by Auckland concertgoers, and subtracts them from the effects of concert production/promotion and attendance to estimate the net regional impacts of future concerts.

### 4.3. Introduction to Multiplier Analysis

Our analysis uses economic multipliers to determine the likely economic impacts of the proposed concert, including flow-on effects. These multipliers are derived from detailed tables called input-output tables, which describe the various supply chains that comprise a regional economy. Specifically, input-output tables show the set of inputs that each sector needs to produce one unit of its output, plus the industries and end-users to which each sector sells its output. As a result, they enable the wider economic impacts of a change in one sector to be traced through the regional economy to estimate the overall impacts, including flow-on effects.

Consider the following example. Suppose a local construction company wins a large, new building contract. In addition to extra labour requirements, the company will also need to source a range of additional building products from its suppliers to complete the job. Those suppliers, in turn, will need to source various inputs from their suppliers, and so on. Input-output tables trace these interdependencies so that the wider economic impact of the new building work can be estimated.

The economic impacts estimated by multiplier analysis comprise two parts, namely:

- **Direct Effects** – these are the direct economic effects of the entity (or entities) in question, plus the economic effects of their immediate suppliers; and
- **Flow-On Effects** – these are the broader economic impacts of the wider supply chain that support the project’s immediate suppliers. In addition, they capture increased spending by people employed as a result of the project (either directly or indirectly).

The overall economic impact of the proposed activity is the sum of the direct effects and flow-on effects, which are measured in terms of:

- Contributions to value-added (GDP),
- The number of residents employed full-time, and
- Total wages and salaries paid to workers, which are reported in economic impact assessments as ‘household incomes.’

### 4.4. Multipliers Used in the Assessment

Insight Economics is New Zealand’s leading developer and supplier of regional input output tables. This assessment uses our 2017 regional IO table for the Auckland region to estimate the likely economic impacts of the proposed future concerts. For more information about these tables, please visit [www.insighteconomics.co.nz/input-output-tables](http://www.insighteconomics.co.nz/input-output-tables).

## 5. Impacts of Concert Promotion and Production

### 5.1. Overview of the Concert Promotion and Production Process

While concerts usually last only a few hours, planning for them can take years. This long planning timeframe is broadly illustrated in Figure 3, which shows the key tasks and milestones associated with the promotion and production of larger concerts (like those proposed for Eden Park pursuant to this resource consent application).

Figure 3: Typical Timeline for Major Concert Promotion and Production

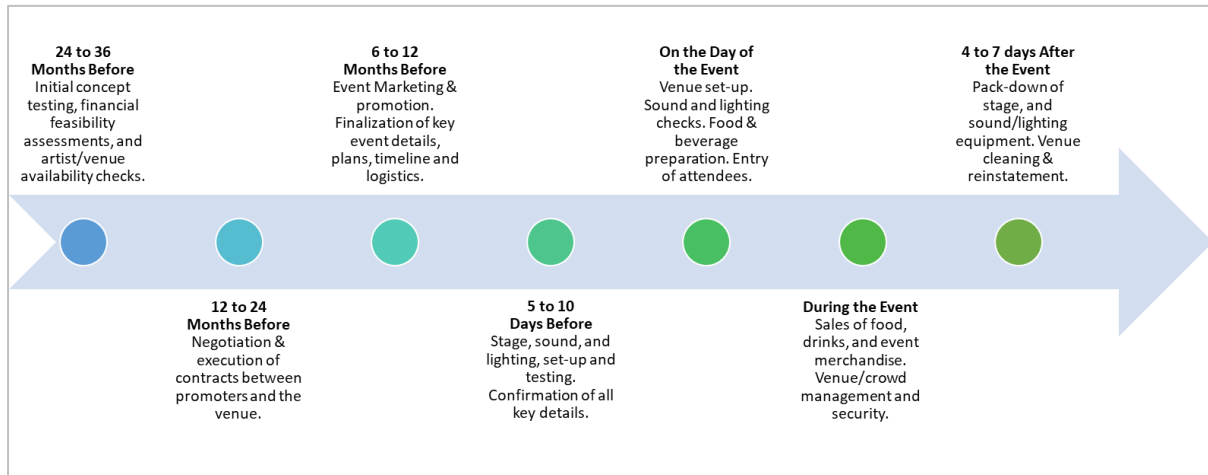


Figure 3 shows that the concert promotion and production process is long, but that most of the early work relates to relatively intangible tasks, such as concept testing, contract negotiation, and the creation of marketing and advertising materials. Conversely, the bulk of physical (and economic) activity is concentrated in the few days leading up to the event, the day of the event itself, and the few days after.

The stage construction process itself typically starts a few days before the event, and is led by the artist's own travelling road crew. However, the stage, sound, and lighting setup, impact and processes are very labour-intensive, for which a team of local workers is usually hired to assist.

Various key tasks also occur on the day of the event, including traffic and parking management, preparation of food and beverages, setup of merchandise stalls, and staffing the venue with people to manage ticketing, ushering, and security.

Once the event has finished, pack down begins. This can take several days, and involves packing down the stage/sound/lighting, cleaning the venue, and reinstating it to its 'normal' use. Coupled with the activity that occurs leading up to the event, the bulk of economic activity associated with concert promotion and production occurs in and around the venue over a week-long period straddling the event itself.

## 5.2. Cost and Profit Sharing

Concerts are big business, so the contracts signed between promoters and artists will clearly state the terms upon which profits will be shared between them once all agreed expenses have been paid. These costs are typically met by the promoter in the first instance, and will cover most facets of the promotion and production process. In addition, they may include a minimum payment (or guarantee) to the artist and promoter, which are negotiated well in advance.

Once these agreed costs have been recouped from revenues, the remaining amount (i.e. the profit) is split between the artist and promoter at an agreed rate. While the exact commercial terms of each contract will invariably differ for many reasons, including artist ‘bargaining power’, we understand that the industry standard is for the artist to take 85% of concert profits, and the promoter to take the other 15%.<sup>6</sup> We adopt that split in our analysis.

## 5.3. Estimated Concert Costs and Revenues

We reviewed a wide range of information to identify the likely costs and revenues of each proposed future concert at Eden Park, including post-event information provided by ATEED from 12 recent concerts in Auckland. We also received detailed concert cost and revenue information from a global music promoter, which were used along with the ATEED information to determine the likely financial flows for each event. Together, these information sources suggested that each concert would attract at least 50,000 attendees, 45% of which would be visitors who came to Auckland specifically for the event.

Next, we reviewed various local and international data sources to estimate average ticket prices and associated concert expenses. As always, these vary based on several factors, including the pulling power of the artists themselves. For example, recent Pollstar data showed that the average price of a Rolling Stones concert ticket was US\$225, while for Shawn Mendes it was only US\$70.<sup>7</sup> For this assessment, we have adopted an average ticket price provided by the global music promoter (of \$185+GST for Auckland concerts), which yields gross ticket revenues of \$9.25 million per concert.

These ticket revenues will be used by the promoter to fund a wide range of upfront costs and services required to make each event possible, such as:

- Ground transport;
- Accommodation for tour parties;
- Artist payments;
- Catering for tour parties;
- Insurance;
- Marketing and promotion;
- Security and crowd control;
- Site costs - fencing, barriers;
- Sound and lighting;
- Ticket fees; and
- Venue hire

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<sup>6</sup> *Music Business Handbook and Career Guide*, David Baskerville; Tim Baskerville, 2017, ISBN 9781506309538.

<sup>7</sup> Retrieved from <https://www.pollstar.com/live75>.

These costs vary significantly from one concert to the next, but will certainly exceed several million dollars per future event at Eden Park (given their scale). For the sake of preserving commercial sensitivity, however, we do not report the cost estimates generously provided to us for the purposes of this assessment.

#### 5.4. Mapping to Regional Economy

The next step in the analysis was to map estimated regional expenditures to sectors of the regional economy so that multipliers could be overlaid to calculate the resulting regional economic impacts. In summary, the regional expenditures associated with the concert promotion and production process are expected to be concentrated in a handful of local sectors. The largest beneficiaries are:

- Motion picture and sound recording activities, which include music publishing and various other music production activities.
- Employment and administrative services, which covers a wide range of general functions such as labour supply services, office administrative services, document preparation services, credit reporting and debt collection services, and call centre operation.
- Rental and hiring services (except real estate); non-financial asset leasing, which includes the hiring and installation of barriers and fences for security purposes.
- Heritage and artistic activities, which includes performing arts operation, creative artists, musicians, writers and performers, and performing arts venue operation.

#### 5.5. Estimated Regional Impacts

Estimated regional expenditures were overlaid with corresponding economic multipliers to derive the likely regional economic impacts of concert promotion and production. The results are shown below.

Table 2: Estimated Regional Economic Impacts of Concert Production and Promotion

Impact Measures	Direct	Flow-On	Total
Regional GDP \$m	\$1.10	\$1.10	\$2.20
Regional Employment (FTEs)	15	10	25
Regional Household Incomes \$m	\$0.60	\$0.50	\$1.10

Table 2 shows that the concert promotion and production process is expected to generate \$2.2 million in regional GDP, provide fulltime equivalent employment for 25 people, and generate \$1.1 million in household incomes.

## 6. Impacts of Attendee Activities

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### 6.1. Overview

The regional economic impacts of concerts result not just from the production and promotion processes modelled above, but also from spending by attendees before, during, and after the event. This is particularly true for people who travel to Auckland to attend the event, and who are therefore likely to spend at least one night here as a result. This section estimates the economic impacts of attendee spending caused by the event excluding ticket expenditures, as the impacts of that were already captured in the previous section.

### 6.2. Attendee Origins

The ATEED post-event evaluation data mentioned earlier showed that 46% of concertgoers travelled to Auckland specifically to attend the event, with the other 54% being Aucklanders. For this assessment, we have assumed that 45% of concertgoers are from out of town, with the other 55% being Aucklanders.

### 6.3. Estimated Spending Profiles

The ATEED data also summarized the average spend per attendee for people that attended concerts from out of town. It shows that these visitors spend an average of 1.5 nights in Auckland due to concerts, and generate tourism spending of \$300 excluding GST. We used these data – along with information on broader tourism spending – to estimate the bundle of tourism goods and services purchased per visiting attendee. In addition, we estimated the likely average spend of all concertgoers at the event itself to complete the assessment. Table 3 summarises our resulting estimates of attendee spending before, during, and after the event.<sup>8</sup>

Table 3: Assumed Spend per Attendee (ex GST)

Attendee Expenditures	Aucklanders	Visitors
Accommodation	\$0	\$125
Pre & Post Event spending	\$0	\$80
Spend at Event	\$25	\$25
Transport	\$5	\$20
<b>Totals</b>	<b>\$30</b>	<b>\$250</b>

Table 3 shows that Aucklanders are assumed to spend \$30 on concert day, which comprises \$5 of transport costs and \$25 of spending on event food, drinks, and merchandise. Visitors are assumed to also spend \$25 at the concert, plus another \$225 before and after the concert, which yields an average spend per visitor of \$250. This is less than the \$300 spend per visitor identified by the ATEED research, and again is intended to keep the analysis conservative.

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<sup>8</sup> We acknowledge that ticketholders are likely to be granted free use of public transport on the day of each concert, so the estimated transport costs below relate mainly to petrol, parking, and the use of taxis/uber etc.

Table 4 shows the total attendee spending per concert based on (i) the spending profile above, the (ii) estimated average attendances of 50,000 per concert, and (iii) assuming that 55% of attendees are Aucklanders.<sup>9</sup>

Table 4: Estimated Total Attendee Spend per Concert (ex GST)

<b>Attendee Expenditures</b>	<b>Aucklanders</b>	<b>Visitors</b>	<b>Total</b>
Accommodation	\$0	\$2,812,500	\$2,812,500
Pre & Post Event spending	\$0	\$1,800,000	\$1,800,000
Spend at Event	\$687,500	\$562,500	\$1,250,000
Transport	\$137,500	\$450,000	\$587,500
<b>Totals</b>	<b>\$825,000</b>	<b>\$5,625,000</b>	<b>\$6,450,000</b>

Table 4 shows that attendee spending is estimated to be \$6.45 million per concert, most of which will be spent on accommodation and pre- and post-event tourism by visitors. In addition, attendees are estimated to spend \$1.25 million at the event, with a further \$587,500 on event transport.

## 6.4. Estimated Regional Impacts

The attendee expenditures above were overlaid with economic multipliers to derive the likely regional economic impacts. The results are tabulated below, and cover all attendee expenditure related to the event, except concert ticket purchases.

Table 5: Estimated Regional Economic Impacts of Attendee Spending

<b>Impact Measures</b>	<b>Direct</b>	<b>Flow-On</b>	<b>Total</b>
Regional GDP \$m	\$3.1	\$3.2	\$6.3
Regional Employment (FTEs)	73	28	101
Regional Household Incomes \$m	\$1.8	\$1.3	\$3.1

Table 5 shows that spending by attendees before, after and during the event is expected to generate \$6.3 million in regional GDP, provide fulltime equivalent employment for 100 people, and generate \$3.1 million in household incomes.

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<sup>9</sup> These figures exclude pre- and post-event spending by Aucklanders because (i) reliable information on such spending was unavailable to inform our assessment, and (ii) all such spending is assumed to displace spending that would have occurred anyway, so there would be little (if any) net effects.



## 7. Economic Activity Foregone by the Proposal

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### 7.1. Overview

As noted previously, our analysis assumes that 55% of future concert attendees are Aucklanders. In addition, it assumes that money spent by Aucklanders on tickets and other concert expenses would have been spent in the regional economy anyway and hence generated their own regional economic impacts.<sup>10</sup>

To account for this foregone regional activity, we first quantified total spending by Aucklanders related to the concerts. Then, we assigned it to sectors of the regional economy based on the typical bundle of goods purchased by households each year. Then, we overlaid multipliers to determine the foregone impacts, which are also measured in terms of GDP, incomes and employment.

### 7.2. Value of Displaced Regional Spending

The value of regional spending displaced by the concert equals Aucklanders' share of ticket sales, plus their estimated spending on the day of the concert. Since Aucklanders are assumed to be 55% of attendees, and because ticket sales were estimated to total \$9.25 million, we can deduce that Aucklanders spent nearly \$5.1 million on tickets. In addition, at-event spending was estimated at \$30 per person, which equates to \$825,000 spent by Aucklanders at the event. Thus, overall, each concert is assumed to divert just over \$5.9 million of spending from the regional economy.

### 7.3. Estimated Regional Impacts

The nearly-\$6 million of regional spending diverted by Auckland concertgoers was mapped to sectors of the regional economy using a typical spending profile for Auckland households, and overlaid with the corresponding multipliers. Table 6 shows the resulting foregone regional economic impacts of that diverted spending.

Table 6: Estimated Regional Economic Impacts of Diverted Spending

Impact Measures	Direct	Flow-On	Total
Regional GDP \$m	\$2.6	\$1.7	\$4.3
Regional Employment (FTEs)	22	15	37
Regional Household Incomes \$m	\$0.9	\$0.6	\$1.5

In short, regional spending displaced by Aucklanders attending concerts is estimated to reduce regional GDP by \$4.3 million, forego employment for 37 fulltime equivalents, and reduce household incomes by \$1.5 million per annum.

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<sup>10</sup> We note that this is a conservative assumption, and that money spent on concerts at Eden Park may *not* otherwise been spent in the Auckland regional economy. Instead, absent concerts at Eden Park, some acts simply may not visit New Zealand at all. In that case, some would-be Auckland concertgoers may instead choose to attend a concert in Australia (for example), with all that spending leaking out. Accordingly, the estimates in this section provide an upper bound on foregone regional economic impacts, which may significantly overstate the true amount.

## 8. Net Regional Economic Impacts

This section combines the estimates from previous sections to derive estimated net effects.

### 8.1. Per Concert

As described earlier, the net regional economic impacts per concert equal the impacts of concert promotion and production plus attendee spending impacts less foregone effects. The following table shows our resulting estimates of net regional impacts per concert.

Table 7: Estimated Net Regional Economic Impacts per Concert

Impact Measures	Direct	Flow-On	Total
Regional GDP \$m	\$1.5	\$2.6	\$4.1
Regional Employment (FTEs)	66	23	89
Regional Household Incomes \$m	\$1.5	\$1.1	\$2.6

Overall, and including flow-on effects, we estimate the net regional economic impacts of each proposed future concert at Eden Park to result in increased regional:

- GDP of \$4.1 million;
- Employment for nearly 90 people; and
- Household incomes of \$2.6 million.

As a cross-check, we note that ATEED's post-event evaluations of 12 recent Auckland concerts estimated that the increase in regional GDP per event was \$4.4 million, which is slightly higher than our estimate. Accordingly, we consider our estimates of regional impacts to be conservative.

### 8.2. Per 12-Month Period

The proposed resource consent will enable up to six concerts within any 12-month period so, for completeness, we scaled up the per-concert effects above to estimate the likely annual impacts of the proposal. These are displayed in Table 8 below.

Table 8: Estimated Net Regional Economic Impacts per 12-Month Period

Impact Measures	Direct	Flow-On	Total
Regional GDP \$m	\$9.3	\$15.5	\$24.8
Regional Employment (FTEs)	395	140	535
Regional Household Incomes \$m	\$9.0	\$6.6	\$15.6

In summary, and including flow-on effects, we estimate that the net regional economic impacts of proposed future concerts at Eden Park could result in *annual* increases in regional:

- GDP of nearly \$25 million;
- Employment for 535 people; and
- Household incomes of more than \$15 million.

## 9. Potential Wider Economic Benefits

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This section briefly describes potential wider economic benefits of holding concerts at Eden Park.

### 9.1. Public Transport Accessibility

One key advantage of holding concerts at Eden Park is that it has relatively high levels of public transport accessibility. For example, it is only 300-metres from the Kingsland Train Station and within walking distance of several bus stops on three nearby arterial roads – Sandringham Road, New North Road, and Dominion Road. As a result, Eden Park has high levels of public transport accessibility.

Not only is Eden Park already well-serviced by public transport, but this will improve soon due to various planned upgrades. For example, Eden Park is only a short walking distance from the future Mount Eden train stop, which will form part of the new City Rail Link service. Once operational, this service will dramatically reduce travel times between Eden Park and the CBD. In addition, it will reduce travel times to many destinations out west.

Thus, not only is Eden Park already quite easily accessible by public transport, but this PT accessibility will also improve over time as various transport initiatives are enacted. Further, it is expected that concert tickets will include free travel on public transport for attendees to encourage usage.

### 9.2. Proximity to Kingsland, Dominion Road, and the CBD

In addition to high levels of transport accessibility, Eden Park is also very close to three key commercial areas – Kingsland, Dominion Road, and the CBD. This is important for two main reasons. First, according to data provided by ATEED, nearly half of all attendees at 12 recent Auckland concerts were visitors from out of town. While some of these may choose to stay with friends and family, a significant proportion will stay in commercial accommodation. And, according to official data, more than half of the region’s accommodation employment is in the CBD. Accordingly, Eden Park’s proximity to the CBD will be a drawcard for visitors coming to town for proposed future events there.

Second, many concertgoers like to meet up with friends before the event to kick-off the night, while many also choose to continue their festivities once the concert is over. Again, because Eden Park is close to three key commercial areas – Kingsland, Dominion Road and the CBD – it enables attendees to meet there before and after the event with relative ease.

At the same time, concertgoers who frequent the nearby commercial areas before or after an event will provide valuable support for the various activities located there. This is particularly important given the high prevalence of food and beverage businesses located near Eden Park. For example, the following table shows that nearly half of all tenancies in the local centre zone at Kingsland are food and beverages services providers, who will benefit from future concerts at Eden Park.

Table 9: Composition of Commercial Activity in Kingsland Local Centre Zone

Commercial Activities	Tenancies	Shares
Cafes, Restaurants, Takeaways, Bars	30	46%
Various	16	25%
Health	7	11%
Hair & Beauty	5	8%
Gift shop	3	5%
Florist	2	3%
Liquor Store	2	3%
<b>Kingsland Total</b>	<b>65</b>	<b>100%</b>

### 9.3. Increased Utilisation of the Stadium

As noted earlier, Eden Park is entitled to hold only 25 nighttime events per annum as a permitted activity, with resource consent required to hold more. Assuming each event lasts only one day, this means that Eden Park is currently constrained to an annual utilisation rate of 7%, and is thus idle for 93% of the year. By allowing concerts to be held there in future, the proposal will help to gradually improve this utilisation rate and therefore enable a better sustainable use of physical resources.

This is vitally important, because Eden Park is a nationally significant piece of infrastructure with a replacement cost of several hundred million dollars. Consequently, the absence of sustained economic activity there represents a significant opportunity cost, both regionally and nationally. By enabling it to hold concerts there in future, it will be able to provide a more meaningful economic contribution that better reflects its significant potential.

Moreover, because the stadium is already developed and operational, future events can be accommodated there with little (if any) capital outlays required to enable them. In economic terms, this means that events held at the stadium will have very low marginal costs, and hence produce high levels of economic value. Overall, a likely consequence of the grant of the consent would be that the facility becomes less reliant on public subsidies to remain operational, which in turn will generate enduring fiscal benefits for local and central Government.

### 9.4. Attraction of High Value Visitors

As noted earlier, our analysis assumes – based on detailed ATEED data – that 45% of future concert goers will be people who visit Auckland specifically to attend the concert. While that influx alone will have significant regional economic benefits, as captured in our analysis, it is also useful to note that future concerts at Eden Park will be able to attract very high-value visitors through the provision of high-end hospitality packages. These will likely include five-star food and beverage services, VIP entry and exit to the event, and possibly even backstage passes.

In short, because Eden Park is already set up to provide these high-end packages, it will be able to attract wealthy individuals and their friends and families who may not have attended otherwise. Further, not only will the packages sold to these people create significant economic impacts over and above the estimates contained herein, but these visitors are likely to also stay in the region for

a few days before and/or after the show. During that time, they will inject further cash into the local economy via the purchase and consumption of various high-end tourist goods and services, and therefore provide additional economic benefits over and above those quantified in this report.

### **9.5. Support for Auckland’s Tourism Strategies**

Another important economic benefit of proposed concerts at Eden Park is the resulting support for Auckland’s new tourism strategies, which focus more on growing the quality and value of tourists to the region, rather than simply focusing on visitor volumes. This refined strategic focus is embedded in several recent documents, including an October 2019 discussion guide titled “Auckland Tomorrow.” It identifies six focus areas to help transform Auckland’s future visitor economy, one of which is named “Captivating Place.”

This strategic theme acknowledges the growing importance of events and experiences in bringing people together, and their role in attracting high-value tourists to the region. It also notes the need to design a strong future pathway for events in Auckland to ensure that they continue to capture value for the regions and its residents. In our view, the ability to host concerts at Eden Park will significantly contribute to this objective, and hence help realise the region’s revised tourism goals.

### **9.6. Opportunities for NZ Musicians**

Most concerts usually include at least two support acts, one of which is often an up-and-coming international artist, and the other a local act. Future concerts at Eden Park will therefore provide an invaluable opportunity for local artists to gain exposure, by playing to much larger audiences than normal. In addition, those local artists will also have an opportunity to forge connections with the visiting acts, which will further help their careers. As a result, future concerts at Eden Park could provide an important catalyst for emerging local musicians.