PROPERTY ECONOMICS

BAYSWATER MARINE PRECINCT

RESOURCE CONSENT APPLICATION

ECONOMIC ASSESSMENT

Project No:	51989
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Client:	Bayswater Marina Holdings Ltd

SCHEDULE

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CONTACT DETAILS

Tim Heath

Mob: 021 557713

Email: tim@propertyeconomics.co.nz

Web: www.propertyeconomics.co.nz

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1. INTRODUCTION

Property Economics has been engaged by Bayswater Marina Holdings Limited (**BMHL**) to undertake a high-level economic assessment of the potential impacts of a resource consent application to enable development at Bayswater Marina, North Shore, Auckland.

The focus on this assessment is responding to a s92 request from Auckland Council which is "*to prove that the land required for residential development in the precinct is not needed for marine activities*".

In addressing this question this report considers the findings of the economic report for the Unitary Plan hearings and assesses the likely future demand for marine activities within Bayswater marina and whether there is sufficient provision made for marine activities within the proposed Bayswater Marina development. Also included is a high-level cost benefit analysis of the proposed development for completeness to provide the appropriate economic context.

1.1. KEY RESEARCH OBJECTIVES

The core objectives of this economic research to address the aforementioned s92 request includes:

- Assess the market for marine activity in Bayswater Marina and Auckland.
- Assess employment trends for marine related industries in Bayswater and Auckland.
- Identify the key marine industry nodes that form Auckland's maritime network.
- Outline the role of marine activity for New Zealand's economy.

- Based on the foregoing research, outline high level economic costs and benefits of reducing land available for future marine activities at Bayswater Marina.

1.2. INFORMATION & DATA SOURCES

Information and data have been obtained from a variety of sources and publications available which Property Economics consider to be reliable and credible including:

- NZ Census (2006, 2013, 2018) – StatsNZ
- Household and Population Projections – StatsNZ
- Building Consents Issued – StatsNZ
- Employment Data – StatsNZ
- New Zealand Transport Data – Waka Kotahi NZTA
- Satellite Imagery – Google
- Topographical Maps – ESRI

2. BAYSWATER MARINA RESOURCE CONSENT APPLICATION

The land subject to the resource consent application is located in Bayswater Marina on Auckland's North Shore. The land is zoned Coastal - Marina Zone and is intended to be reserved for marina, ferry terminal and marine related activities, including associated parking and facilities, and for public access, community uses, marine sport uses, open space and recreation. Provision is also made for residential activities and food and beverage.

The proposed development encompasses GFA for marine and commercial activities on the ground level of three proposed apartment buildings with residential activity, above grade. The three apartment buildings encompass a total of 27 apartments. Also included in the precinct development are 94 terraced homes. A concept masterplan of the proposed development is shown in Appendix 1.

The ground level space of the apartment buildings is available for marine activities including marina offices / facilities, commerce (marine retail, food and beverage, etc.), and other ancillary marine activities.

Below ground level is additional carparking for apartment residents.

The marine activities accommodated on the land component of the marina at present is the Bayswater Marina offices, which Property Economics understands encompasses less than 100sqm GFA, a boat charter, a small boat sales operator and two motor servicing operations.

The masterplan would improve the quality of the parking and public spaces around the marina with walkways around the entire marina and two new public parks (North Park and South Park – refer Appendix 1).

Adjacent to the subject site is 1ha of land owned by Auckland Council on the eastern side of Sir Peter Blake Parade. Property Economics understands this is '*earmarked*' for a new Bayswater ferry terminal and associated carparking.

This provides the useful base context for this economic assessment.

3. WAITEMATĀ HARBOUR AND HAURAKI GULF MARINE ACTIVITY

This section outlines the key marine activity nodes in Auckland's Waitematā Harbour network as well as their role and function in that network and their relation to Bayswater Marina.

The following figure shows the geospatial extent of Waitematā Harbour's Coastal Marina Zone locations and those nearby in the wider Hauraki Gulf area, Bayswater Marina is highlighted.

There are nine locations in Waitematā Harbour and surrounding marine areas that have Coastal Marina Zoning with Westhaven Marina being the largest and most centrally located. The Kennedy Point Marina on Waiheke Island will be a new additional to the network and is currently under construction.

FIGURE 1: WAITEMATĀ HARBOUR AND HAURAKI GULF COASTAL MARINA ZONES

Source: Auckland Council, ESRI.

The primary purpose of the zoning in these locations is for berths and launch areas for yachts and other boats, except for the Marina zoning at Hobsonville Point which has no berths. The other supplementary purpose, that some of these marinas serve, is as Ferry Terminals for Auckland's sea-based public transport network with Auckland Transport (**AT**).

The activities that take place in marinas are not exclusively marine activities. For example, many of the identified locations have cafés and restaurants as well as other non-marine retail / commercial. These activities are often complementary to the primary purpose of the marina and its customers. This is because marinas are often high amenity locations that act as destinations for locals and tourists and form destinations for leisure and social amenity and activity.

Similarly, large marine retail often does not co-locate with marinas instead choosing to co-locate with other retail or trade retail in commercial and industrial hubs. This is because major marine retailers generally serve a wider market than just boat owners, prefer more accessible locations to the general public to increase profile and sales, and often do not require direct access to water to sell marine products.

Some relevant examples on the North Shore include Burnsco Albany located on Tawa Drive next to the motorway interchange (https://www.burnsco.co.nz/stores/albany), Fish City located on Arrenway Drive in the Rosedale Industrial Estate (https://fishcityalbany.co.nz), and Rogers Boatshop located in Albany Village (https://www.rogersboatshop.co.nz). These stores provide an extensive range of marine products and services in more accessible locations to the market. These locational trends away from the water and marinas will continue in the future for business that do not require direct water access to remain competitive in the market and as many marine services becomes more mobile. A non-exhaustive list of examples of marine retail is provided in Appendix 2.

The only marine exclusive activities that necessarily locate at marina locations are esoteric marine retailers and service based marine industries such as marina management, dry docks, boat repairs, boat clubs, water-based sports clubs, boat storage, etc., and even these tend to co-locate within the largest marina, Westhaven Marina, as they benefit from the agglomeration of activity and critical mass.

4. MARINE ACTIVITY

This section assesses patterns in employment data found in the identified marinas and construction activity in Bayswater Marina. This indicates the sectors and levels of marine activities found in these areas. A full definition of the categories used to define sectors can be found in Appendix 2.

We note that employment data is sourced at the meshblock[1] level which may not directly match zone boundaries in the Auckland Unitary Plan. The means some of the employment indicated may occur outside of the Marina. This is particularly relevant for employment in Westhaven Marina which adjoins a burgeoning office hub, and residential growth node, in the Wynyard Quarter area that distorts the number of employees and types of employment.

There is no clear pattern among the types of employment on offer at the identified marinas as some marinas focus on industrial activities, some on commercial and some on other types (most notably recreational activities). This suggests that marina's offer a diverse range of activities dependent on the unique qualities of the marina and surrounding environment. For example, Orakei Marina has marine management offices, a yacht club, a restaurant, a boat dealer, a marine petrol station, a cruise operator, a boat hard stand, a lighthouse and canoe / kayak store.

TABLE 1: MARINA ZONE EMPLOYMENT BY SECTOR (2020)

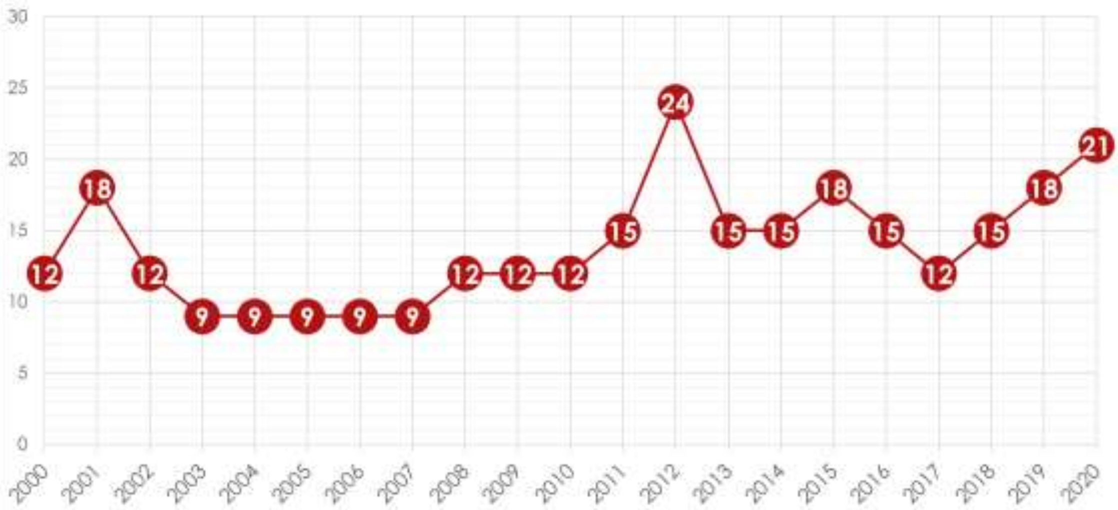
Marina	Industrial	Retail	Commercial	Other	Total
Bayswater Marina	9	0	12	0	21
Half Moon Bay Marina	151	136	58	55	399
Hobson Point Marina	0	0	3	9	12
Hobsonville Point Marina	140	0	50	0	190
Milford Marina	6	0	7	11	24
Orakei Marina	0	6	16	49	71
Pine Harbour Marina	41	9	22	42	114
Hobsonville Marina	39	14	3	5	60
Westhaven Marina	1,453	504	8,231	248	10,436
Westhaven Marina excl. Wynyard Quarter	*20*	*51*	*69*	*135*	*275*

Source: Stats NZ.

[1] *Meshblocks are the smallest geographic areas, each approximately the size of a city block, that statistical data is published for by StatsNZ.*

The following figure shows total employment in the Bayswater marina area, specifically, over the 2000 -2020 period. There has been a minimal level of employment in Bayswater over the past 21-years, ranging from 9 – 24 full-time equivalent workers. It is unlikely that this will change materially in the near future given the historic pattern of employment in Bayswater Marina, its small size and its isolated location.

FIGURE 2: BAYSWATER MARINA TOTAL EMPLOYMENT (2000 – 2020)



Source: Stats NZ.

There has been no new non-residential construction in Bayswater Marina since 2000, based on building consent data. This suggests that the marina has not received any significant level of net additional retail / commercial / industrial or other non-residential activity in the marina since the start of the millennium. This confirms the employment data trends for the marine outlined in Figure 2 and indicates Bayswater Marina is not an attractive location (relative to other locational opportunities in the market) for marine activities to establish.

The last decade Bayswater Marina has experienced an employment decline with less people employed at Bayswater Marina than in 2012, and seen no material change over the last two decades.

It is likely that marine activity has been consolidated away from Bayswater (and other marinas) to Westhaven as the premier marina destination in Auckland for such activity. This is due to it being the highest profile marine location with a critical mass of existing marine activity.

Additionally, Westhaven is ideally located with major transport links for both road and sea-based transport. Westhaven's influence on Bayswater is likely more pronounced over other marina's given its location directly across the harbour. This enables Bayswater Marina boat owners to source any marine related goods and services within minutes of the marina, i.e., Westhaven's close proximity means duplication of such marine activity is not either feasible or warranted.

5. NEW ZEALAND MARINE ECONOMY

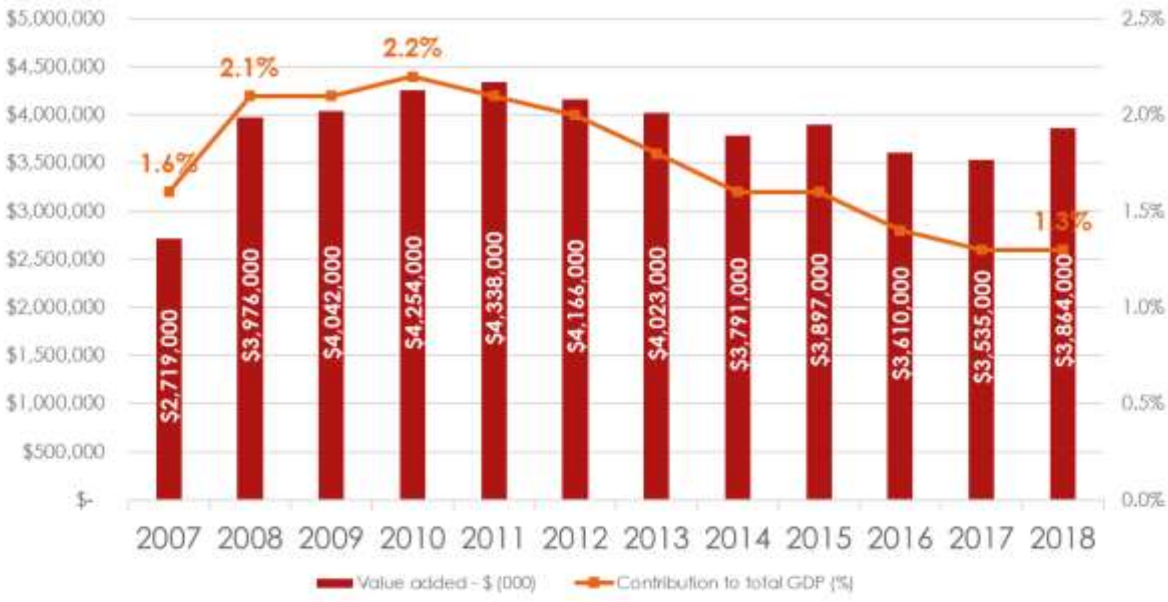
This section outlines the strength of New Zealand's marine economy as an indicator of the overall health of the marine industry in New Zealand.

The following figure shows the value-added dollar figure to the national GDP account and the proportional contribution to National GDP from marine activity in New Zealand. Note value-added figure is in nominal terms.

The largest marine sector, for New Zealand, is shipping which in 2018 made up around 50% of total marine GDP contribution and 48% of marine employees. The second largest marine sector, for New Zealand, is fisheries and aquaculture comprising just over 39% of total marine GDP contribution and nearly 45% of marine employees. The other sectors that contribute are: marine services (2.6% of marine GDP, 1.9% of marine employment), marine tourism and recreation (2.6% of marine GDP, 3.9% of marine employment) and offshore minerals (6.1% of marine GDP, 2.4% of marine employment). Note, marine sector contributions exclude Government and defence force GDP contribution.

Marine activity has played a smaller role in New Zealand's economy since its peak in 2010, when it contributed around 2.2% to New Zealand's GDP. In 2018 marine activity contributed just under $3.9B to New Zealand's economy, or around 1.3% of total GDP. In real terms, this economic decline would appear even greater.

FIGURE 3: CONTRIBUTION OF MARINE ACTIVITY TO NATIONAL GDP ($000s)

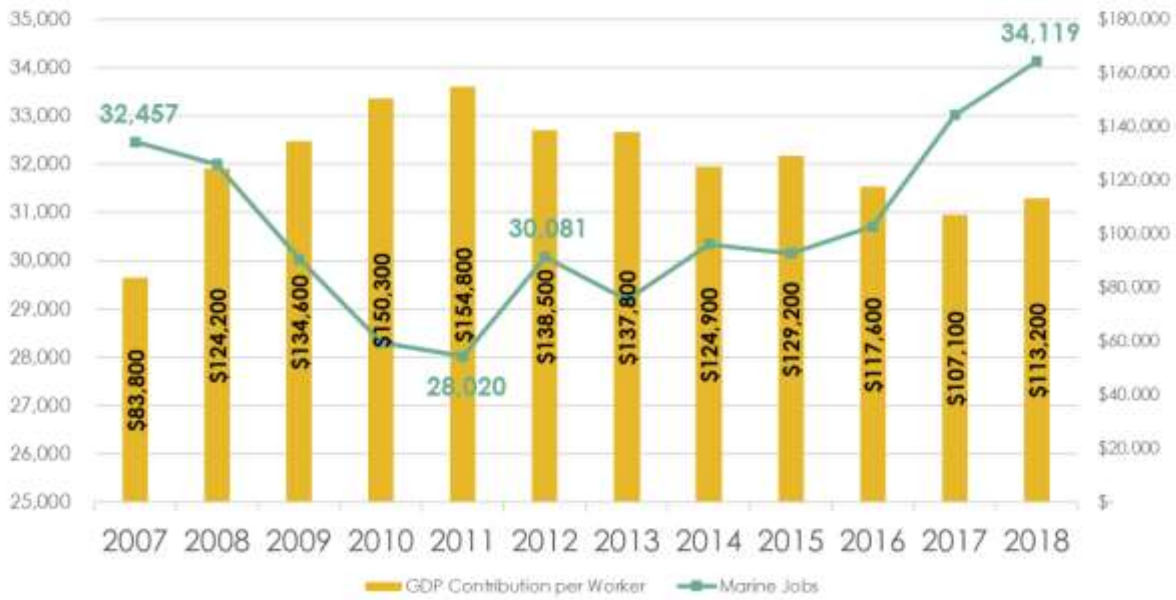


Source: Stats NZ.

The following figure shows the labour productivity statistics of marine activity in New Zealand using GDP per worker and the number of workers employed in marine activity. Note, GDP Contribution per worker is in nominal terms.

In line with the sector's falling GDP contribution, marine productivity per worker has been declining since its peak in 2011, when it was $154,000 per worker and, as of 2018, was just $113,000 per worker. This coincides with the number of workers in each period being inversely correlated with the productivity of workers. For example, 2011 had the lowest number of employees in the period shown, with just 28,000 marine employees nationally, while 2018 had the most, with 34,000 workers nationally. This suggests an influx of low skill workers and / or retirement of skilled workers from marine industries.

FIGURE 4: LABOUR PRODUCTIVTY OF MARINE EMPLOYMENT IN NEW ZEALAND



Source: Stats NZ.

Marine activity in New Zealand has been on the decline since the early 2011. While marine activity is an important facet of the New Zealand economy, making up 1.3% of GDP, this activity is not exclusive to Marina Zone land.

Labour productivity in marine industries has declined in recent years, nominally, and these figures would look even worse in real terms. Losses in productivity and net contribution to GDP from marine activity is likely due to a less productive workforce rather than a loss of marine land at a national level.

6. UNITARY PLAN EVIDENCE

The preferred statement of economic evidence[2] by the Unitary Plan Hearings Panel regarding Bayswater Marina's Coastal Marina Zoning was provided by Mr Akehurst. Based on his economic analysis, Mr Akehurst found that only a small portion of the zoned marina needs to be dedicated to productive marine activity.

Based on the foregoing marine related analysis in this report, Property Economics concurs that only a small portion of the Bayswater Marina needs to be reserved for marine activity. The proposed development's provision for GFA available to accommodate commercial and marine activities is considered a generous provision, and more than what Property Economics consider is sustainable by marine activities alone.

The following table outlines the at-grade provision that is proposed, excluding walkways, lobbies, thoroughfares, etc. Tenancies are identified as the generic 'Commerce' are also available to accommodate marine activities, including marine retail, marine industry, clubrooms for marine related clubs, offices accessory to marine and port activities.

TABLE 2: PLANNED AT-GRADE ACTIVITY

At-grade Activity	Building		
	North	Central	South
1	Commerce (120sqm)	Commerce (101sqm)	Marina Office (197sqm)
2	Commerce (53sqm)	Commerce (77sqm)	Commerce (37sqm)
3	Toilets (23sqm)	Commerce (69sqm)	Marina Facilities (99sqm)
4			Service Area (13sqm)
Total	196sqm	247sqm	346sqm

Source: PB&A Architects Ltd.

As shown in the Table 2, the ground floor breakdown by apartment building, the proposed development represents a significant provision of GFA available for marine activity. The proposed development represents significantly more GFA than what the Unitary Plan economic evidence signalled should be preserved as a minimum (100sqm).

[2] *In the matter of the resource management act 1991 and the local government (Auckland transitional provisions) act 2010 and in the matter topic 081 rezoning and precincts (North Shore). 26 January 2016.*

7. ECONOMIC COSTS AND BENEFITS

This section outlines the high-level economic costs and benefits of the resource consent application that would result in a reduction, or displacement, of Coastal Marina Zone land for marine activities at Auckland's Bayswater Marina.

BENEFITS

Higher Land Use: Residential land is in short supply around the country, particularly in Auckland, which has increased its value significantly. A residential or mixed-use zoning would enable residential development to occur which would be of higher value than the current marina use.

Efficient Location: The resource consent application proposes development in an area with good transport links to Auckland's main employment hub, Auckland CBD, in the form of a direct Ferry route. This is ideal in terms of transport efficiency for city workers.

High Amenity Land Use: The resource consent application proposes development in a high amenity location, near Takapuna and Devonport. The location is coastal with views of the CBD and able to be constructed unobstructed for both north and south facing views. The area is a high value area, in terms of land values as a direct result of its hedonic characteristics.

Increased Choice of Location & Typologies: The opening up of additional land, as part of the resource consent application, also increases the choice of liveable location. This can improve the allocation of residential property by providing both higher- and lower-priced living options and broader range of housing typologies.

Increased Local Employment: The increased residential properties will increase the demand for convenience retail and commercial service in the area and increase local employment. This improves the choice of convenience shoppers and lowers transport costs for existing residents.

Increased Local Growth: New, high-amenity developments can stimulate local markets to (re)develop to higher densities and allow a greater number of people in newer, higher amenity homes. That is, new developments often act as catalysts to improve the wider area.

COSTS

Loss of Available Coastal Marina Zone Land: The loss of productive Coastal Marina Zone land available means that activities that can only occur in this zoning have less available land supply. This can have negative distribution impacts on marine activity. This impact is however somewhat mitigated by the foregoing economic analysis and the fact that the resource consent application is unlikely to remove a substantial quantum of land from supply. Furthermore, Council has around 1ha of developable land available for marine activities at the marina.

Diversion of Growth: The development of the subject location could divert growth away from other potential growth nodes.

8. SUMMARY

Based on the evidence provided by Mr Akehurst (2016) and Property Economics in this economic report, there is a consistent theme that marine activity in the Bayswater Marina is likely to be small scale and limited due to its isolated location and the marina's comparative small size (i.e., lack of critical mass to commercially sustain a material level of marine activities)

The proposed development, with its GFA increase in provision to accommodate marine activities is more than sufficient to meet the foreseeable future marine activity demand in the Bayswater Marina, would maintain the integrity of the Coastal – Marina Zone at Bayswater Marina and represents an efficient use of the land resource.

As such, the land required for residential development in the resource consent application, in conjunction with Council's 1ha of developable land at the marina, is not considered needed for marine activity in the foreseeable future.

APPENDIX 1: CONCEPT MASTER PLAN

APPENDIX 2: MARINE RETAIL TRADE STORE TYPES

The list below is not intended to be an exhaustive list of marine retail but instead provide some indication of the types of activity marine retail entails.

- Bait and tackle
- Fishing equipment
- Water sports equipment
- Water safety equipment
- Diving equipment
- Swimming apparel
- Chandlery and marine hardware
- Boat yards
- Boat shops
- Boat equipment

APPENDIX 3: ANZSIC06 BUSINESS CLASSIFICATIONS

Property Economics utilises the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) as guidance, whereby businesses are assigned an industry according to their predominant economic activity.

A proportion of employees coded within industrial categories can work within other more commercial (office) arms of a business in other locations, i.e., employees in the sales branch of electrical companies are coded in the electricity, gas, water and waste services. Despite being in the industrial industry, these employees are technically not industrial employees, and as such.

For planning purposes commercial and industrial employees are those working on zoned business land corresponding their respective sector. Often this is not the case, whereby activities such as hospitals, schools, police services and etc. are classified under commercial services focused sectors but are typically not zoned as such. For this reason Property Economics has divided these classifications into industrial, commercial, retail and other sectors. These sectors correspond to the zoning of industrial, commercial, retail and special land zonings by the local authorities.

Industrial activities in general refer to land extensive activities, it includes part of the primary sector, largely raw material extraction industries such as mining and farming; the secondary sector, involving refining, construction, and manufacturing; and part of the tertiary sector, which involves distribution of manufactured goods. The employees work for the following sectors are considered an industrial sector employee:

- 10% of Agriculture, Forestry and Fishing
- 10% of Mining
- Transport, Postal and Warehousing
- Manufacturing
- 30% Electricity, Gas, Water and Waste Services
- Construction
- Wholesale Trade

Commercial activities generally refer to land intensive activities. It includes a large proportion of the tertiary sector of an economy, which deals with services; and the quaternary sector, focusing on technological research, design and development. The employees work for the following sectors are considered a commercial sector employee:

- 15% of Accommodation and Food Services
- Information Media and Telecommunications
- Financial and Insurance Services
- Rental, Hiring and Real Estate Services

- Professional, Scientific and Technical Services
- Administrative and Support Services
- 35% Public Administration and Safety
- 15% Education and Training
- 25% Health Care and Social Assistance
- 25% Arts and Recreation Services

Retail Activities generally refer to units mainly engaged in the purchase and on-selling of goods, without significant transformation, to the general public. Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers.

Cafes bars and Restaurants have also been included as part of Retail Activities and includes units mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating. The employees work for the following sectors are considered a commercial sector employee:

- 85% of Accommodation and Food Services
- Retail Trade

Other Activities constitutes the balance of total employment within an area, and is not defined by any particular business sector. It encompasses community activities such as Museum Operations, Universities, Hospitals, Schools, Sports grounds and other activities not typically located on commercial or industrial land.