

**BEFORE THE COMMISSIONERS APPOINTED BY
THE QUEENSTOWN LAKES DISTRICT COUNCIL**

Submitter 31021

IN THE MATTER

of the Queenstown Lakes District
Council Proposed District Plan
Stage 3

**Corbridge Estate Limited
Partnership**

Submitter

BRIEF OF EVIDENCE OF FRASER JAMES COLEGRAVE

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BRIEF OF EVIDENCE OF FRASER JAMES COLEGRAVE

1. My full name is Fraser James Colegrave, I am the Managing Director of Insight Economics. Prior to that, I was a founding director of another consultancy – Covec Limited – for 12 years.
2. I hold a first-class honours degree in economics from the University of Auckland (1996). I have 23 years' commercial experience, the last 20 of which I have worked as an economics consultant.
3. During my time as an economics consultant, I have successfully led and completed more than 500 projects, including several in the Queenstown Lakes district. These include:
 - (a) Economic evidence on plan change 24 (affordable housing);
 - (b) Economic/retail analysis on plan change 16 (Three Parks);
 - (c) Detailed land-use projections for plan change 19;
 - (d) Demographic and dwelling demand projections for QLDC;
 - (e) Analysis of funding options for the proposed Convention Centre;
 - (f) Projections of retail supply/demand (to support retail planning),
 - (g) Economic evidence in respect of PAK'nSAVE resource consent application;
 - (h) Economic evidence in respect of the extension of Millbrook Golf Resort;
 - (i) Economic evidence in respect of the rezoning of Mt Cardrona Station to a mixed-use golf resort;
 - (j) Economic evidence in respect of the rezoning and expansion of The Hills golf resort;
 - (k) Economic evidence in respect of the Skyline upgrade/expansion.
 - (l) Economic/retail needs assessment for Three Parks;
 - (m) Retail distribution assessment for Three Parks;

- (n) Economic analysis of proposed rezoning in Frankton Flats;
 - (o) Economic analysis of proposed rezoning in Homestead Bay; and
 - (p) Economic analysis of proposed rezoning in Coneburn Valley;
4. I am also currently preparing two other briefs of evidence on stage 3 of QLDC's District Plan Review.
 5. I have read the Expert Witness Code of Conduct set out in the Environment Court's Practice Note 2014 and agree to comply with it. I have complied with the Code of Conduct in preparing this evidence and I agree to comply with it while giving oral evidence before the hearing committee. Except where I state that I am relying on the evidence of another person, this written evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in this evidence.

Executive Summary

6. This evidence assesses the likely economic effects of Corbridge's proposal to enable a large, master-planned, golf-based resort on its land at 707 Wanaka Luggate Highway, Wanaka.
7. I begin by locating and identifying the subject land, before describing current and consented uses.
8. Next, I acknowledge Covid-19's severe short-term impacts on health, society and the economy, but note that planning for the future must continue. This is particularly true given the long lead times associated with developments, which include planning, design, consent, and construction. These often take several years. Hence, maintaining a pipeline of development will help ensure investment and employment opportunities continue to be delivered in the district.
9. Then, I explain the methodology used to estimate the one-off and ongoing economic impacts of the proposal. In short, my analysis first identifies likely development yields for each option and translates them into a set of financial impacts. Those financial impacts are then overlaid with regional multipliers to derive the resulting economic impacts.

Finally, I subtract the impacts of the consented 35-lot subdivision from those of the proposed rezoning to yield its net effects.

10. My analysis captures both the one-off, and ongoing, impacts of each option. One-off impacts reflect one-time increases in regional economic activity associated with the design and construction of the various development elements, while ongoing impacts capture the sustained economic stimulus of future economic activity on the site.
11. Because the development is large and will occur over a relatively long timeframe, I estimate its likely economic impacts at two stages: mid-way, and full build-out. The former represents 50% completion of the built form ultimately enabled by the rezoning, while the latter represents 100% completion.
12. My analysis estimates that, by the halfway point, the masterplan development enabled by the proposal could generate a one-time boost in regional GDP of \$170 million, create employment for 2,045 FTE-years¹, and boost household incomes by \$90 million.
13. By full build-out, those figures increase to a one-time boost in regional GDP of \$325 million, employment for 3,910 FTE-years, and additional household incomes of \$165 million.
14. Assuming that the development is completed over (say) a 20-year period, this equates to permanent, full-time employment for 195 people, with annual incomes of \$8 million. These impacts are several orders of magnitude higher than the economic activity enabled by the existing consent (along with other rural activities permitted in the zone).
15. The estimated ongoing impacts of the proposal are also significant. Specifically, I estimate that, at the midway stage, the proposal will generate full time employment for 560 people, including flow-on effects, and create annual household incomes of \$16 million. By full build-out, those figures increase to full time employment for 1,375 people and annual incomes of \$40 million.

¹ An FTE-year means one full-time equivalent employed for a full year. Hence, 100 FTE-years could mean 100 people employed for one year, 50 people employed for 2 years, and so on.

16. Having considered likely economic benefits, I then assess possible adverse economic effects on the two nearest commercial areas – Three Parks and the Wanaka Town Centre. In both cases, I consider the proposal to not pose any material risk of significant adverse effects.
17. For Three Parks, this is because the proposal will fulfil a different role and function. Specifically, Three Parks caters mainly for local business and residential activities, while the proposal caters for tourist accommodation. If anything, the proposal will create additional retail demand for Three Parks stores, and hence support – not threaten – it.
18. For the town centre, while the proposal has more functional overlap than with Three Parks, it is still (mostly) just an accommodation spot with limited roles and functions. Conversely, the town centre is a primary focal point that fulfils a wide range of roles and functions.
19. In addition, the town centre is much larger than the proposed commercial (non-accommodation) elements of the proposal, and the current lack of any vacancies there suggests that it is healthy and vital. Also, importantly, Corbridge has a direct vested interest in preserving the health and vitality of the town centre, because it makes the area a more attractive place to work, live and visit. This, in turn, benefits everyone (including Corbridge).
20. Accordingly, I consider the proposal to pose no material risk to the future health and vitality of nearby commercial areas.
21. Finally, I consider wider economic benefits of the proposal. These include:
 - (a) Support for the Golf tourism strategy;
 - (b) Support for year-round tourism activity; and
 - (c) Positive impacts on the (long-term) dwelling rental sector
22. Overall, my evidence shows that the proposal will enable a range of important economic benefits, while avoiding any material adverse effects. Accordingly, I support the proposal on economic grounds.

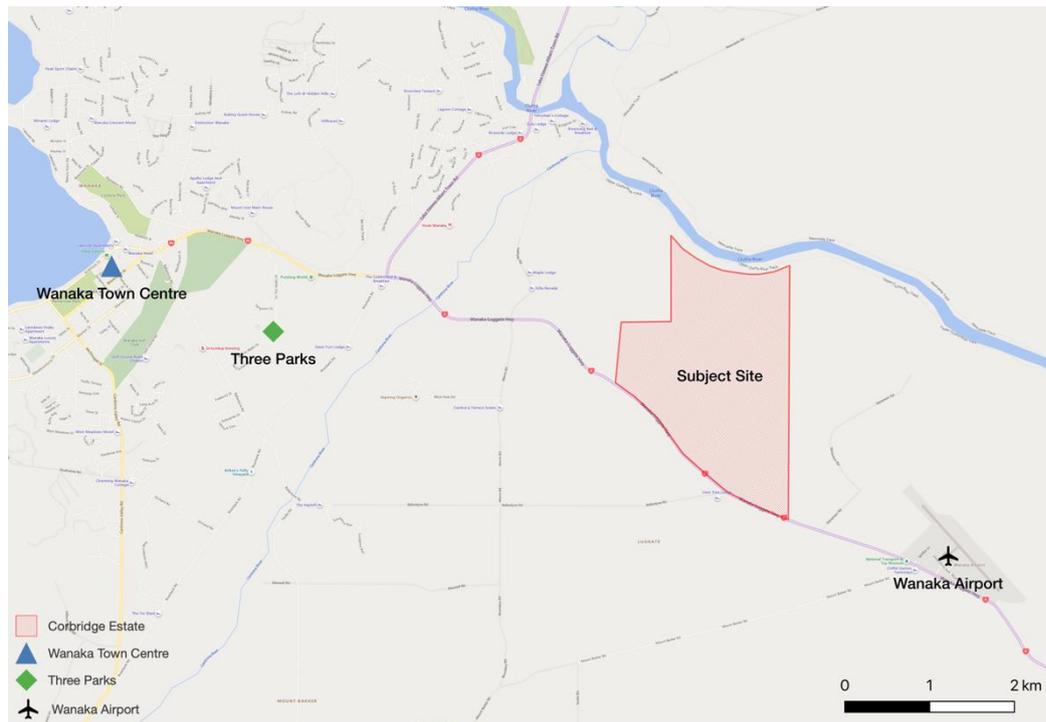
Scope of Evidence

23. My evidence addresses the following:
- (a) Location and description of subject land;
 - (b) Current and consented land uses;
 - (c) Summary of proposed relief;
 - (d) The need to continue with long term planning despite the acute, short-term effects of Covid-19;
 - (e) Methodology used to estimate economic impacts;
 - (f) Estimated one-off impacts;
 - (g) Estimated ongoing impacts;
 - (h) Assessment of likely impacts on Three Parks and the Wanaka town centre;
 - (i) Wider economic benefits; and
 - (j) Overall summary and conclusion.

Location and Description of Subject Land

24. The subject site (**'Corbridge Estate'** or **'the site'**) is located at 707 Wanaka Luggate Highway, which sits strategically between the Wanaka Town Centre and Wanaka Airport. This is illustrated in Figure 1 below.

Figure 1: Map of Subject Site



25. The site spans approximately 322 hectares, and extends from State Highway 6 in the south, to the corridor of the Clutha River in the north. Its undulating topography generally rises towards the north, before dropping steeply towards the river. There is a significant area of lower elevation in the centre of the site, where a large pond acts as a focal point for the overall site.
26. The site is zoned Rural General Zone (RGZ) pursuant to the Operative District Plan (ODP). Under the Proposed District Plan (PDP), it is zoned Rural Zone (RZ), and is in a Rural Character Landscape (RCL).

Current and Consented Land Uses

27. The land is currently mostly vacant, except for a refurbished woolshed, which is hired out for weddings and other private functions. In addition, there is an adjacent “container bar”, a dwelling, and a handful of small farm/utilitarian buildings.
28. Resource consent (RM120572) has previously been granted, which enables the land to be sub-divided into 35 large rural living lots. These were intended to form an exclusive, gated community. However, those

plans are currently on hold whilst Corbridge pursues the current proposal.

Summary of Proposed Relief

29. Corbridge seeks rezoning from Rural to Rural Visitor Zone (RVZ), with corresponding amendments to the objectives, policies, and rules for the RVZ in chapter 46 of the PDP. The proposed rezoning will be accompanied by a structure plan, the latest iteration of which is attached to the Evidence of Mr Espie.

30. The proposed structure plan comprises various development nodes, which are named Activity Areas. These activity areas – whose specific labels have evolved since the structure plan was drafted – are briefly described below.
 - (a) A Golf Activity Area (AA8), consisting of an 18-hole course, a 9-hole course, and associated practice areas;
 - (b) Hotel and Golf Club Facilities (AA4), including a large 5-star hotel, golf clubhouse, and associated facilities;
 - (c) Golf Fairway Residential (AA1), consisting of low-rise, dwelling-style visitor accommodation adjacent to the fairways;
 - (d) Higher Density Visitor Accommodation (AA3), providing a mix of accommodation types;
 - (e) Low Density Visitor Accommodation (AA2); and
 - (f) Worker Accommodation (AA5), to offset housing demand created by future staffing needs, during both construction and operations.

31. Table 1 summarises the size and corresponding development potential of each proposed Activity Area pursuant to the rules that are being proposed by Corbridge.

Table 1: Summary of Proposed Activity Areas

Activity Areas	Land Area (ha)	Maximum # of Units	Max Building Height (m)	Max Building Coverage
Fairway Visitor Accommodation	28.7	150	6	23%
Hotel & Golf Club Facilities	3.8	450	16 ²	70%
Higher Density Visitor Accommodation	13.5	275	12	50%
Low Density Visitor Accommodation	24	100	6	15%
Worker Accommodation	12.4	100	6.5 ³	45%

32. Overall, the proposed rezoning and structure plan enable almost 1,000 visitor accommodation units to be developed, excluding worker accommodation. This is a significant boost in local accommodation capacity, and will therefore take many years to fully develop.
33. By comparison, the current consented use provides for only 35 large-lot rural residential dwellings. This is the baseline against which the economic impacts of the proposal are assessed.

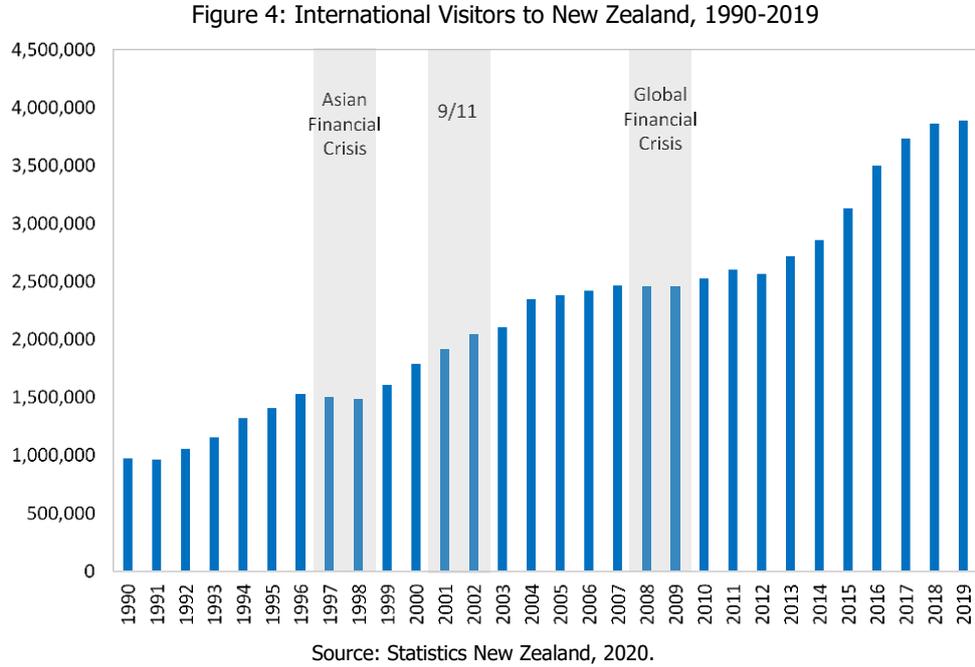
Brief Comments on Covid-19

34. With the outbreak of COVID-19, New Zealand faces a 1-in-100-year health and economic challenge. At the time of writing, the pandemic continues to evolve, and has already caused immense global social and economic disruption. Despite that, it is important to now look forward to the economic recovery phase, and keep planning for developments and investment over the medium to longer term.
35. The need to take a longer term view and keep planning for the future is supported by the resilience of international tourism to past economic downturns, where it has generally recovered within a few years.
36. For example, Figure 4 shows NZ international visitor arrivals data from 1990 to 2019. It demonstrates that during three previous economic shocks: the 1996/7 Asian Financial Crisis; the impact on air travel and confidence following 9/11 in 2001; and the 2008/9 Global Financial Crisis, the dampening effect on international visitors was relatively short-lived.

² Subject to obtaining consent above 12m

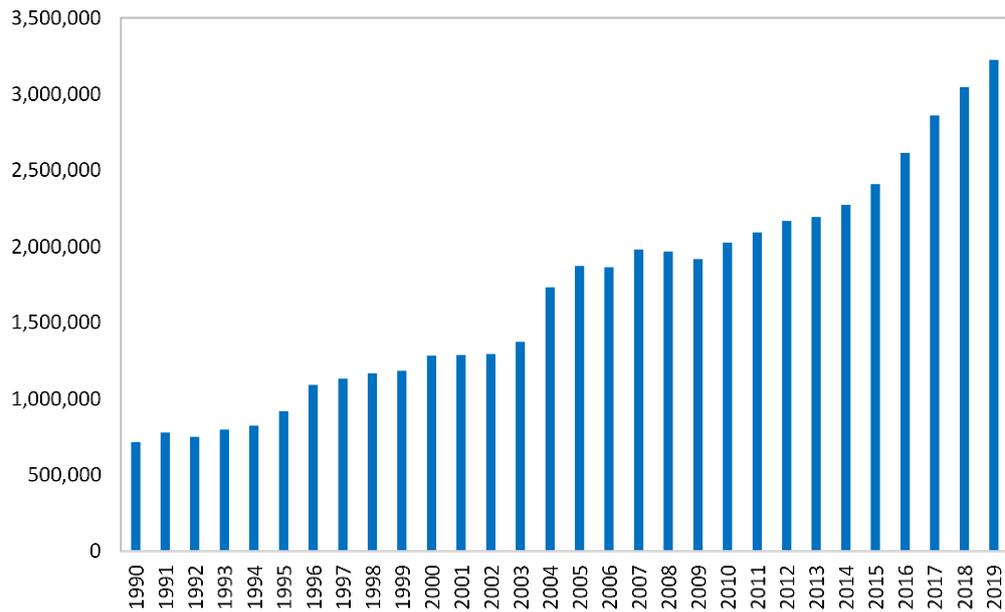
³ Subject to obtaining consent above 5m

37. While I accept that things may take longer to recover this time round due to potential ongoing travel restrictions, an optimistic outlook is considered appropriate.



38. In addition, there is a significant opportunity to repatriate outbound tourism spend and redirect it as domestic tourism. Figure 5 shows outbound international travel by New Zealand residents from 1990 to 2019. In 2019, the number of New Zealand residents departing for overseas travel was 3.22 million. This is 83% of the 3.89 million international visitor arrivals to NZ in the same year.

Figure 5: New Zealand Resident's Outbound International Travel, 1990-2019



Source: Statistics New Zealand, 2020

39. Unfortunately, concrete data on the value of outbound tourism is unavailable given its overseas nature. However, ballpark estimates can be inferred from the value of international tourism in NZ. For example, in the year to March 2019, 3.89 million international visitors to NZ spent \$17.2 billion, which equates to \$4,420 per visitor. Applying the same average spend to NZ outbound tourists, I estimated its value at just over \$14 billion in 2019.
40. If I assume that a proportion of that spend by New Zealand residents abroad is redirected to domestic tourist locations, such as the Queenstown Lakes District, demand for visitor activities and expenditure could be partly-supported by New Zealanders in the short to medium term. Further, the prospect of a Trans-Tasman/South Pacific 'bubble' where New Zealand borders are open to Australian and Pacific residents would assist the recovery of tourism activity and expenditure.
41. Overall, while I acknowledge the severity of the short-term impacts of Covid-19 on health, society and the economy, planning for the future and the recovery phase must begin. This is particularly true given the long lead times associated with developments, which include planning,

design, consent, and construction. These often take several years. It is therefore crucial to maintain a pipeline of development projects to ensure investment and employment opportunities continue to be delivered in the district and that new visitor offerings are available to support a rebound in visitor numbers when that occurs.

Methodology Used to Estimate Economic Impacts

42. My analysis of the proposed rezoning starts by identifying likely development yields for each option and translating them into a set of financial impacts. Those financial impacts are then overlaid with regional multipliers to derive the resulting economic impacts of each development option. Then, I subtract the impacts of the consented 35-lot subdivision from those of the proposed rezoning to yield its net effects.
43. The economic multipliers used to translate financial flows into economic impacts incorporate detailed matrices called input-output tables, which show how the various sectors of the economy are interrelated. Consequently, they enable the overall impact of the proposed development, including its flow on effects, to be readily estimated.
44. To see how multiplier analyses work, consider the following example. Suppose a local construction company wins a large building contract. In addition to extra labour, the company will need to source a range of extra building products from its suppliers to complete the job. These suppliers will need to source various inputs from their own suppliers, and so on.
45. Input output tables trace these supply chain interdependencies through the regional economy so that the direct and wider (flow-on) effects of the new building work can be estimated. These effects are measured in terms of their contributions to regional GDP, employment, and household incomes.
46. The economic impacts of the proposed development will comprise both one-off and ongoing impacts. One-off impacts reflect one-time

increases in regional economic activity associated with the design and construction of the various development elements, while ongoing impacts capture the sustained economic stimulus of future economic activity on the site.

47. For example, the process of planning for, designing, constructing, and fitting out the various accommodation units and associated commercial spaces will draw in workers from a diverse range of fields and hence create jobs and incomes for numerous district workers. For example, the following workers would be required to complete the project, many of which would be Wanaka or district locals.
 - (a) Architects, planners, lawyers;
 - (b) Quantity surveyors;
 - (c) Civil and structural engineers;
 - (d) Site preparation workers;
 - (e) Building contractors and sub-contractors;
 - (f) Plumbers, electricians, glaziers; and so on.

48. Moreover, once operational, the various accommodation units will require a large permanent workforce, comprising:
 - (a) Concierge and porters;
 - (b) Front desk staff;
 - (c) Chefs and kitchen hands;
 - (d) Waiters/waitresses;
 - (e) Housekeepers;
 - (f) Event planners;
 - (g) Management and back-office staff; and so on.

49. In addition, the golf courses and associated facilities, cafes/restaurants/bars, retail, and commercial services organisations

will also require a permanent workforce, again creating jobs and incomes for locals.

50. My analysis captures the impacts of this ongoing onsite economic activity, plus offsite spending by golf tourists attracted to Wanaka by the proposal, to determine its ongoing annual economic impacts.
51. A suite of financial models was developed to perform the analysis. For example, a golf course model was built to capture the one-off and ongoing impacts of the courses and associated facilities, while a hotel model was created to capture its effects, and so on. Together, these models provide a comprehensive picture of the likely future effects of activity enabled by the proposal.
52. When analysing the economic impacts of multi-component developments like this, it is important to avoid double-counting. This can occur when the economic impacts of some elements overlap. For example, spending by hotel guests at the golf course and other onsite attractions may be picked up by more than one model. I explicitly account for this to ensure that no double-counting occurs.
53. Finally, because the development is large and will occur over a relatively long timeframe, I estimate its likely economic impacts at two stages: mid-way, and full build-out. The former represents 50% completion of the built form ultimately enabled by the rezoning, while the latter represents 100% completion.
54. Table 2 shows the number of visitor accommodation units assumed to be developed at each stage, while Table 3 shows the assumed café/restaurant and retail/commercial services GFA by stage.

Table 2: Number of Units by Activity Area

Activity Area	Midway	Full build-out
Fairway visitor accommodation	58	115
Higher Density visitor accommodation	56	112
Low Density Visitor accommodation	138	275
Hotel	225	450
Worker accommodation ⁴	150	300
Total	627	1,252

Table 3: Other Activity by Development Stage

Commercial Elements	Midway	Full build-out
Café/restaurant/bar GFA	750	1,500
Retail/commercial services GFA	750	1,500
Total GFA	1,500	3,000
Golf		
18-hole championship course	✓	✓
9-hole course	✓	✓
Practice areas	✓	✓

Estimated One-Off Impacts

55. Table 4 presents my estimates of the development's one-off impacts at 50% completion based on the methodology described above.

Table 4: One-Off Impacts of Construction at Mid Build⁵

Golf Course Construction	Direct	Flow-On	Total
GDP \$m	\$9	\$5	\$14
Employment (FTE-years)	95	65	160
Household Incomes \$m	\$5	\$2	\$7
Accommodation Construction	Direct	Flow-On	Total
GDP \$m	\$90	\$65	\$155
Employment (FTE-years)	1,120	755	1,875
Household Incomes \$m	\$45	\$35	\$80
Commercial Construction	Direct	Flow-On	Total
GDP \$m	\$0.5	\$0.5	\$1.0
Employment (FTE-years)	4	6	10
Household Incomes \$m	\$0.3	\$0.2	\$0.6
Total One-Off Impacts	Direct	Flow-On	Total

⁴ I note that following the completion of this modelling a rule has been included within the proposed rules to place a 100 unit cap on worker accommodation.

⁵ Some of the values in the following tables have been rounded for presentation purposes, and therefore may appear to sum incorrectly.

GDP \$m	\$100	\$70	\$170
Employment (FTE-years)	1,220	825	2,045
Household Incomes \$m	\$50	\$40	\$90

56. To summarise: I estimate that, by the halfway point, the masterplan development enabled by the proposed relief could:

- (a) Generate a one-time boost in regional GDP of \$170 million;
- (b) Create employment for 2,045 FTE-years⁶; and
- (c) Boost household incomes by \$90 million.

57. Table 5 shows the corresponding one-off impacts at full build.

Table 5: One-Off Impacts of Construction at Full Build

Golf Course Construction	Direct	Flow-On	Total
GDP \$m	\$9	\$5	\$14
Employment (FTE-years)	95	65	160
Household Incomes \$m	\$5	\$2	\$7
Accommodation Construction	Direct	Flow-On	Total
GDP \$m	\$180	\$130	\$310
Employment (FTE-years)	2,230	1,500	3,730
Household Incomes \$m	\$95	\$60	\$155
Commercial Construction	Direct	Flow-On	Total
GDP \$m	\$1.0	\$1.0	\$2.0
Employment (FTE-years)	8	12	20
Household Incomes \$m	\$0.7	\$0.5	\$1.2
Total One-Off Impacts	Direct	Flow-On	Total
GDP \$m	\$190	\$135	\$325
Employment (FTE-years)	2,335	1,575	3,910
Household Incomes \$m	\$100	\$65	\$165

58. Table 5 shows that, by full build-out, I estimate that the masterplan development enabled by the proposal could:

- (a) Generate a one-time boost in regional GDP of \$325 million;
- (b) Create employment for 3,910 FTE-years; and
- (c) Boost household incomes by \$165 million.

⁶ An FTE-year means one full-time equivalent employed for a full year. Hence, 100 FTE-years could mean 100 people employed for one year, 50 people employed for 2 years, and so on.

59. The estimated one-off economic impacts above suggest that the proposal will have a significant impact on the local and regional economies. For example, they show that future construction at full build could provide one-time boosts in full-time employment for more than 3,900 people-years, and generate household incomes of \$165 million.
60. Assuming that the development is completed over (say) a 20-year period, this equates to permanent, full-time employment for 195 people, with annual household incomes of \$8 million. This is a significant increase compared to the status quo, where only 35 rural residential dwelling can be built and the balance land likely used for farming purposes.

Estimated Ongoing Impacts

61. Next, I considered the ongoing economic impacts of future operations at the golf course, the various visitor accommodation units, related cafes/restaurants, and ancillary retail and commercial services. Table 6 and Table 7 show my estimates of these annual impacts at 50% and 100% completion, respectively.

Table 6: Ongoing Annual Impacts at Mid Build

VA & Commercial Operations	Direct	Flow-On	Total
GDP \$m	\$21	\$5	\$27
Employment (FTEs)	400	65	465
Household Incomes \$m	\$11	\$2	\$13
Golf Course Operation	Direct	Flow-On	Total
GDP \$m	\$1.3	\$0.8	\$2.2
Employment (FTEs)	43	12	55
Household Incomes \$m	\$1.2	\$0.4	\$1.7
District Golf Tourism	Direct	Flow-On	Total
GDP \$m	\$1.5	\$0.5	\$2.0
Employment (FTEs)	30	6	36
Household Incomes \$m	\$0.8	\$0.2	\$1.0
Total Ongoing Impacts	Direct	Flow-On	Total
GDP \$m	\$24	\$7	\$31
Employment (FTEs)	470	90	560
Household Incomes \$m	\$13	\$3	\$16

Table 7: Ongoing Impacts at Full Build

VA & Commercial Operations	Direct	Flow-On	Total
GDP \$m	\$60	\$10	\$70
Employment (FTEs)	\$1,085	170	\$1,255
Household Incomes \$m	\$30	\$5	\$35
Golf Course Operation	Direct	Flow-On	Total
GDP \$m	\$1.8	\$1.1	\$2.9
Employment (FTEs)	60	15	75
Household Incomes \$m	\$1.6	\$0.6	\$2.2
District Golf Tourism	Direct	Flow-On	Total
GDP \$m	\$2.0	\$0.6	\$2.6
Employment (FTEs)	40	5	45
Household Incomes \$m	\$1.1	\$0.2	\$1.3
Total Ongoing Impacts	Direct	Flow-On	Total
GDP \$m	\$60	\$20	\$80
Employment (FTEs)	1,185	190	1,375
Household Incomes \$m	\$30	\$10	\$40

62. The tables above show that the development associated with the proposal will generate significant ongoing economic impacts via increased GDP, incomes, and employment.
63. For example, at the midway stage, it is estimated to generate full time employment for 560 people, including flow-on effects, and create annual household incomes of \$16 million. By full build-out, those figures increase to full time employment for 1,375 people and annual incomes of \$40 million.
64. Numerically inclined readers may have noticed that the impacts at full build out are more than double those of the midway scenario, even though one is supposed to be half the other. The reason is straightforward.
65. Specifically, my midway scenario not only assumes that half of the final built form is established at that point, but also that the various components have not yet reached their full potential. For example, the various visitor accommodation units are assumed to not have reached their long-term occupancy potential, while the sales of onsite retailers and commercial services providers are assumed to also not have matured on a dollars per square metre basis. Accordingly, the

estimated economic impacts of the midway scenario are less than half those of full build-out.

66. Technicalities aside, my assessment shows that the economic activity enabled by the proposal will create significant and enduring boosts in district incomes and employment, even at the halfway stage.
67. In addition, via the provision of onsite worker accommodation, the proposal will offset its local housing demands during both construction and operations, rather than placing additional strain on a market that is already under considerable pressure.
68. I also note that my analysis considers only the additional district spending by golf tourists attracted to the area by the new golf course. However, to ensure that my assessment remains inherently conservative, I do not explicitly model the millions of dollars likely to be spent by future guests of the proposal at district tourist attractions.
69. According to a recent analysis by tourism experts Fresh Info (attached at Appendix 1) for Corbridge, future guests of the proposal are projected to spend approximately \$120 million per annum at full build-out, both onsite and offsite (and including accommodation). If I assume that just 30% of this “leaks out” of the site towards other district tourism providers, it translates to \$36 million of annual spending. A higher share is possible, but even this modest assumption yields significant wider district spending.
70. Thus, overall, the proposal will generate significant ongoing economic impacts, both onsite and offsite.

Assessment of Impacts on Three Parks and the Wanaka Town centre

71. Acknowledging the scale of the proposed future development, and noting its relative proximity to both Three Parks and the Wanaka Town Centre, it is important to consider potential adverse effects on the future health and vitality of those commercial areas.
72. To begin, I first note that, under the Resource Management Act 1991 (RMA), decision makers must not have regard for effects that are

ordinarily associated with trade competition when evaluating development proposals. Instead, they must only consider possible flow-on effects arising from trade competition, which are commonly known as retail distribution effects.

73. Such effects may occur if a new development reduces the patronage of competing businesses so severely that some close, causing the roles and functions of their respective centres to decline so significantly that the social and economic wellbeing of their communities is undermined.
74. A strong body of case law confirms that trade impacts must be significant to go beyond the effects that are ordinarily associated with trade competition, and that impacts on individual stores are irrelevant because they represent pure trade competition.
75. Bearing that in mind, I now consider possible adverse effects on Three Parks and the Wanaka Town Centre. I begin with Three Parks.

Impacts on Three Parks

76. Having assisted Three Parks for more than 10 years, I am familiar with its current and intended future roles and functions. In short, Three Parks is a large, master-planned, mixed-use development that was designed to accommodate a wide range of business and residential activity.
77. It is centred on a curved main street, which connects Ballantyne Road in the south to the State Highway in the north. Over time, this will be lined with various retail and commercial uses, which will be flanked by other complementary land uses, including residential, educational, and recreational. Specifically, there is a large section of residential zoned land to the east of the mainstreet, with a range of educational and recreational uses to the west.
78. The bulk of progress-to-date has occurred in the development's southern end, where its business zoned land has been subdivided and (almost) fully sold. Several businesses are now operating there, with others opening soon. A new recreation centre has also opened, with a

New World supermarket being the first tenant to establish at the northern extent in the area earmarked as a large format retail park.

79. The overarching role and function of Three Parks is to provide land for a wide range of local businesses and residents, and to create a commercial area that largely caters for the day to day needs of locals. This contrasts with – and complements – the Wanaka Town Centre, which is oriented more towards catering for visitors.
80. Given the proposal's clear focus on the visitor market, and noting Three Park's orientation more towards meeting the needs of local residents and businesses, I consider there to be minimal functional overlap between the two.
81. If anything, the proposal is likely to support Three Parks by attracting more tourists to the district, some of whom will invariably choose to shop there given its relative proximity (only a 5-minute drive away).
82. Accordingly, I conclude that the proposal will not cause significant adverse distribution effects on Three Parks.

Impacts on Wanaka Town Centre

83. The situation with the Wanaka Town Centre is different because it, like the proposal, is mainly geared towards meeting the needs of visitors. However, many locals also go there too.
84. Still, despite the more similar roles and functions of the town centre and the proposal, I do not consider the latter to be a significant threat to the former. This is because, while the two are largely geared towards catering for tourists, the proposal is intended mainly as an accommodation location, not a full-scale town centre that performs a range of roles and functions.
85. The Wanaka Town Centre, conversely, is the primary focal point for civic, community, retail, and commercial activities in the northern half of the district, so it serves a wide range of roles and functions.
86. For example, the town centre houses nearly 50 cafes, restaurants, takeaways, and bars. At the same time, it accommodates a wide range

of tourism-specific businesses, while also being home to a range of local businesses and various healthcare/beauty providers.

87. Although the proposal tentatively also includes provision for cafes, restaurants, bars, retail, and commercial services, this is modest. For example, my modelling assumes that only 1,500m² of such floor space is provided by the midway stage, with only 3,000m² by full build out (which is at least 20 to 30 years away).
88. To put this in context, I used CoreLogic's Property Guru Tool to extract information about the amount of floor space currently contained in the town centre by land use type. The table below presents my findings.

Table 8: Current Floor space in Wanaka Town Centre

Land Use Types	GFA	Shares
Accommodation	11,510	18%
Assembly (halls)	180	0%
Health Operations	300	0%
Liquor	220	0%
Multi/Other	5,760	9%
Office	6,860	10%
Other	2,560	4%
Residential	2,970	5%
Retail	33,980	52%
Service Station	900	1%
Telecommunication Networks	230	0%
Total	65,470	100%

89. Table 8 shows that the town centre contains more than 65,000m² of floor space, including nearly 34,000m² of retail. This is more than 10 times higher than the proposed amount of café, restaurant, bar, retail and commercial services floor space mooted for the proposal at full build out. Accordingly, I consider it highly unlikely that the proposal will have any discernible impact on the town centre's health and vitality.
90. More generally, I do not consider the proposal to represent any material threat to the role, function, and pre-eminence of the town centre because:

- (a) The proposal may attract tourists that would not have otherwise visited Wanaka. As a result, it may help grow the size of the local tourism pie for the benefit of all, including the town centre.
 - (b) At the time of writing, the town centre had no commercial or retail vacancies. Thus, it is resilient, and well-placed to absorb any competitive pressure exerted by the proposal.
 - (c) Finally, I note that Corbridge has a direct vested interest in preserving the health and vitality of the town centre, because a healthy town centre makes the area a more attractive place to work, live and visit. This, in turn, benefits everyone (including Corbridge).
91. In my view, the two areas will largely support and complement each other, making Wanaka an even more compelling place to live, work, and play.
92. On a more practical level, I note that there is little (if any) vacant space for further development in and around the town centre, especially not for a large and sprawling golf-based resort like the proposal. Accordingly, if such activity is to occur in Wanaka, it *must* locate further away.
93. Moreover, allowing development like this to occur near – but away from – the town centre, will help Wanaka grow its tourism economy without perhaps enduring the same adverse effects on infrastructure networks (particularly traffic) that seem to have occurred in Queenstown.
94. Indeed, because tourism activity is so densely concentrated in and around the Queenstown town centre, it has caused significant pressure on water and roading networks, with congestion causing major traffic delays for locals and visitors alike.
95. By avoiding such a high concentration of activity in the Wanaka town centre, the proposal may help harness the benefits of tourism while also mitigating or avoiding some of its perceived “costs.”

Wider Economic Benefits

96. In addition to the one-off and ongoing impacts sited above, the proposed development has wider-reaching economic benefits. These include support for the Golf Tourism Strategy, support for year-round tourism activity, and relief for Wanaka’s residential rental market. These points are discussed briefly below.

Support for the Golf Tourism Strategy

97. The Queenstown-Lakes District has a network of golf courses that is widely recognised as world-class. As the figure below shows, the district is currently home to three of the South Island’s four marquee (premier) golf courses.

Figure 3: New Zealand’s Marquee Golf Course Network⁷



⁷ Source: Golf Tourism New Zealand Progress Report, Fifth Edition, March 2018, p

98. The development of the proposed 18-hole marquee course at Corbridge Estate would further strengthen this network, bolstering the district's standing as a golf-tourism destination. In doing so, it would directly support the 2013 Golf Tourism Strategy, which acknowledges that golf tourists tend to stay longer and spend more than other tourists.

Support for year-round tourism activity

99. At a district level, tourism peaks in the summer months, with a secondary peak occurring during the winter snow season. Visitor numbers are significantly lower in between these periods, in what is known as the shoulder season. A consequence of this seasonality is that expensive tourism infrastructure required to meet peak demand operates well under capacity outside these times.
100. Smoothing seasonal demand is a pressing issue at both a district and national level, and is a central plank of Tourism New Zealand's four-year strategic plan. Golfers are identified in the plan as a special interest group that tends to visit during shoulder season. Accordingly, the development of a new marquee golf course at Corbridge Estate will support Tourism New Zealand's four-year strategic plan by helping to smooth-out the district's current tourism peaks and help move towards a more sustainable annual visitation profile.

Impacts on peer-to-peer accommodation sector

101. Holiday homes are a major source of accommodation in Wanaka. As at November 2018, there were an estimated 752 properties listed on Airbnb in Wanaka, which, as Table 8 illustrates, is the highest number per Census Area Unit in New Zealand.

Table 8: Census Area Units with the most Airbnb Listings, November 2018⁸

Top 10 AirBnB Locations (CAUs) in New Zealand	Airbnb Count	NZ Rank
Wanaka	752	1
Queenstown Hill	722	2
Waiheke Island	574	3
Auckland Central West	379	4

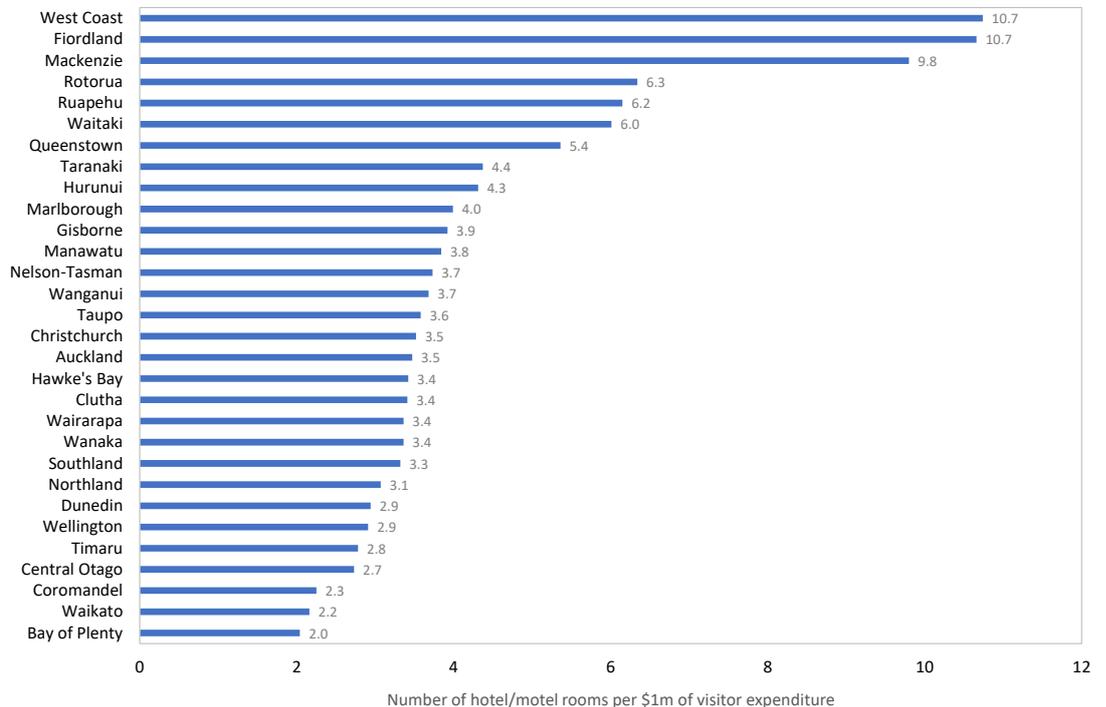
⁸ Table 2, 'Commercial accommodation in Wanaka', Fresh Info, April 2020, p6

Auckland Central East	334	5
Te Rerenga (Coromandel)	329	6
Lake Hayes South (Queenstown)	249	7
Sunshine Bay (Queenstown)	216	8
Auckland Harbourside	216	9
Whitianga (Coromandel)	202	10

102. This market skew towards peer to peer accommodation is partly explained by an undersupply of commercial offerings. As Freshinfo noted in their April 2020 report ‘Commercial Accommodation in Wanaka’, the number of hotel and motel rooms is relatively low in Wanaka for the size of its visitor economy.

103. This is illustrated in Figure 4 below, which shows that for every \$1m of visitor expenditure, Wanaka has 3.4 hotel or motels rooms. This is lower than most regions in the country, and is materially lower than popular tourist destinations like Queenstown (5.4) and Rotorua (6.3).

Figure 4 : Number of hotel/motel rooms per \$1m of visitor expenditure⁹



104. Despite the relatively low number of commercial accommodation rooms per million dollars of tourist expenditure, however, tourist

⁹ Adapted from the Fresh Info report.

spending on accommodation in Wanaka (as a proportion of total spend) is almost twice as high as the national average (20% vs 11%). Thus, not only is there an acute lack of commercial accommodation in Wanaka, but tourists are spending an inordinately high share of their total outlays on accommodation to visit Wanaka in the first place.

105. The Corbridge undertaking will inject significant commercial capacity into the Wanaka accommodation market. In addition to creating additional (healthy) competition in the local visitor accommodation sector, it will probably also help temper the demand for peer to peer accommodation in the area. That, in turn, will likely see several properties currently devoted to short-term rental accommodation being returned to the long-term rental market. This boost to housing stock should in turn help ease the pressure on residential rental prices, and make it more affordable for locals to live in Wanaka and serve the growing number of tourists over time.

Overall summary and conclusion

106. This evidence has assessed the likely economic effects of Corbridge's proposal to enable a large, master-planned, golf-based resort on its land at 707 Wanaka Luggate Highway, Wanaka.
107. Overall, my evidence shows that the proposal will generate significant and enduring benefits, both during construction and operations. At the same time, it will not have any material adverse effects on other commercial areas. Accordingly, I support the proposal on economic grounds.

Fraser Colegrave

Insight Economics

Date: 28 May 2020

Commercial accommodation in Wanaka

April 2020

FRESH INFO



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Executive summary

Corbridge Estates Limited is planning a major golf and tourism accommodation development at 707 Wanaka Highway, which is around 9km east of central Wanaka. Fresh Info has been asked to provide data and advice that can be used to address three key questions:

1. Could Wanaka absorb more commercial accommodation capacity?
2. Is there demand for the accommodation solution proposed by Corbridge Estates?
3. What would the economic benefits of the proposed development be for Wanaka?

Our answers to these questions are outlined below.

Could Wanaka absorb more commercial accommodation capacity?

There is evidence that Wanaka has an undersupply of hotel/motel rooms relative to the size of its visitor economy and could therefore absorb more capacity if it was supplied. A large number of residential houses have been repurposed to compensate for this shortage, at the expense of local residents. New hotels that are planned or already under construction in Wanaka may ease this pressure, but only temporarily.

The long-term growth outlook for international and domestic tourism demand remains strong, and Wanaka is well placed to capitalise on this due to its location and the quality of its offering, spilled demand from Queenstown due to capacity constraints, the development of Wanaka Airport, and a general increase in demand for boutique tourism experiences. New commercial accommodation capacity will be required to manage this growth.

In addition to addressing the undersupply of large-scale hotel and apartment accommodation in Wanaka, we think the proposed development would stimulate additional demand for visitation to the area (supply-led demand). There is strong evidence of this effect in Queenstown over the past 20 years.

Is there demand for the accommodation solution proposed by Corbridge Estates?

QLDC has previously signalled its belief that there is demand for “Rural Visitor” accommodation by providing for Rural Visitor Zones in both the Operative and Proposed District Plans. The absence of a relevant comparator in Wanaka makes it difficult to evaluate the commercial viability of the proposed development, but the expansion of Milbrook and growth of Jack’s Point suggests that there is unmet demand in the region for facilities similar to those proposed by Corbridge.

The development of large-scale tourism accommodation facilities away from the Wanaka town centre has the potential to mitigate many of the unintended effects of tourism growth experienced in Queenstown, while still capturing the economic benefits of an expanded visitor economy.

What would the economic benefits of the proposed development be for Wanaka?

Based on conservative occupancy and daily spend rates we estimate that guests staying in the proposed development would spend around \$120 million annually in the local Wanaka economy. This excludes the economic benefits of the planning and construction phase of the project, which would be material.



1 Introduction

Corbridge Estates Limited is planning a major golf and tourism accommodation development at 707 Wanaka Highway, which is around 9km east of central Wanaka. Our current understanding is that the development will ultimately comprise:

- 150 units situated alongside the golf course and held for short-term accommodation (up to 35 of these would be available for residential activity).
- 100 residential units on larger sites (one unit per 2000m²) and held for short-term accommodation.
- 275 high density visitor accommodation apartments.
- A 5-star hotel with up to 450 rooms and containing conferencing facilities.
- 100 accommodation units for workers - initially project construction staff and then operational and support staff thereafter.

Corbridge Estates has asked Fresh Info to provide data and advice that it can use to address three key questions:

4. Could Wanaka absorb more commercial accommodation capacity?
5. Is there demand for the accommodation solution proposed by Corbridge Estates?
6. What would the economic benefits of the proposed development be for Wanaka?

Our answers to these questions are outlined below.



2 Analysis

2.1 Could Wanaka absorb more commercial accommodation capacity?

In our view Wanaka could absorb a lot more commercial accommodation capacity than it currently has. We have reached this conclusion based on:

- The current state of the Wanaka commercial accommodation market.
- Expected long-term growth in tourism demand.
- How Queenstown has absorbed new commercial accommodation capacity over time. We consider Queenstown to be a useful benchmark for Wanaka in terms of its close proximity, natural assets and core visitation drivers.

2.1.1 Current state of the Wanaka commercial accommodation market

Wanaka had 31 hotel and motel establishments at the end of 2019 providing 801 rooms (an average of 26 rooms per establishment). The annual number of room nights available was 292,520 and the annual number of room nights sold was 195,923, resulting in an annual occupancy rate of 67%. Demand peaks in February during summer (83% occupancy in 2019) and August during winter (74%). Comparing these results against Queenstown reveals several interesting insights:

- On average, establishments in Wanaka are just over half the size of those in Queenstown.
- The annual occupancy rate in Wanaka is around 90% of that observed in Queenstown.
- Visitor expenditure in Wanaka is around one quarter of that observed in Queenstown, but daily room capacity is only 17%.

Table 1 Accommodation profiles for Wanaka and Queenstown in 2019

Source: Stats NZ, MBIE

	Wanaka	Queenstown	Wanaka as a share of Queenstown
Hotel & motel establishments	31	96	32%
Average daily room capacity	801	4,602	17%
Average rooms per establishment	26	48	54%
Annual room nights available	292,520	1,679,443	17%
Annual room nights sold	195,923	1,265,861	15%
Annual occupancy rate	67%	75%	89%
Feb 2019 occupancy rate	83%	87%	95%
Aug 2019 occupancy rate	74%	80%	93%
Visitor expenditure	593	2,448	24%
International	355	1,590	22%
Domestic	239	858	28%



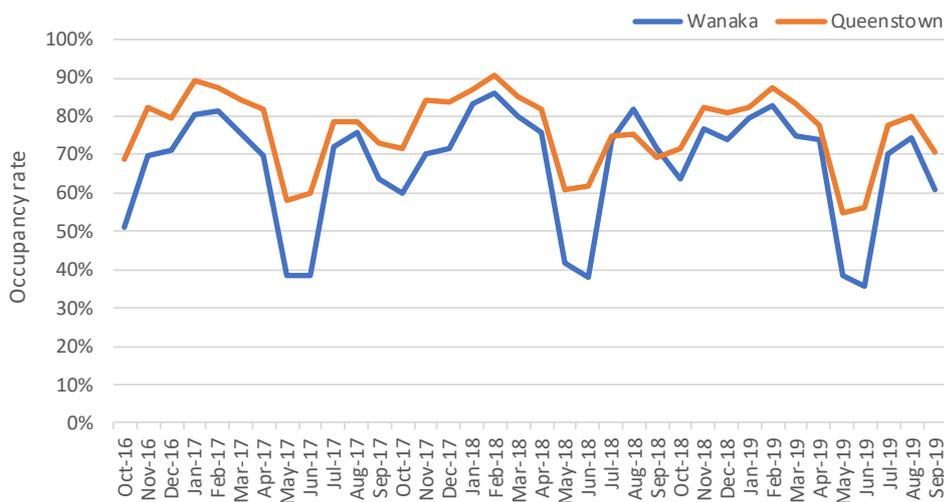
Wanaka’s occupancy rates follow a similar seasonal pattern to Queenstown’s, with Wanaka experiencing a larger drop off in May and June. Wanaka’s occupancy rates have generally been slightly lower than Queenstown’s over the past three years, although this trend was reversed in August and September 2018.

Within these patterns there will be daily and weekly patterns that drive the monthly occupancy rates. For example, hotels and motels will run at close to 100% occupancy during the 2-week winter school holiday period, and during peak demand periods in summer. Weekends (Friday and Saturday nights) will also generally be much busier than weekends throughout the year.

These variances can create the illusion that there is enough commercial accommodation capacity to meet demand when viewing occupancy rates at monthly or annual levels; however, in practice hotel and motel establishments will be operating at close to capacity during peak demand periods and most weekends. A monthly occupancy rate of 85-90% is generally considered to be difficult to sustain for a long period of time due room maintenance cycles and the desire to have some redundancy in the system when unforeseen issues arise.

Figure 1 Monthly occupancy rates for hotels and motels in Wanaka and Queenstown

Source: Stats NZ, MBIE



New hotel capacity

We are aware of several new hotels in Wanaka that are planned or already under construction:

- Northlake, 113 room hotel (commenced)
- Proposed 35 room luxury lodge on Brownston street, central Wanaka

These are both located in, or close to, the Wanaka township. These developments will be welcome additions to the commercial accommodation stock and will expand Wanaka’s tourism capacity and therefore its visitor economy.



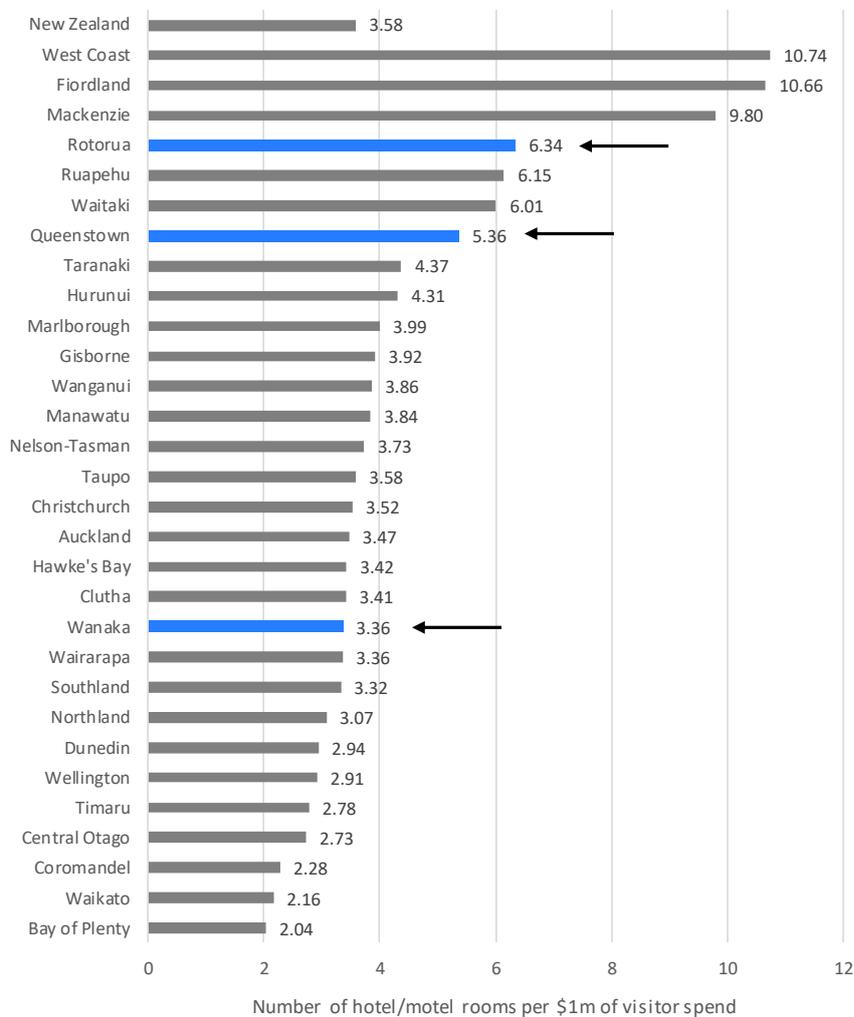
Capacity benchmarking against other destinations in New Zealand

We have sourced the number of hotel and motel rooms available in each region in 2019 from Stats NZ's Commercial Accommodation Monitor, and the amount of visitor expenditure in each region from MBIE's Monthly Regional Tourism Estimates. Dividing accommodation capacity by visitor spend provides a useful method of identifying the under or oversupply of commercial accommodation capacity in a destination. This analysis shows that Wanaka has 3.36 hotel/motel rooms per \$1m of visitor expenditure, which is lower than most regions in New Zealand, and materially lower than popular tourism destinations like Queenstown (5.36) and Rotorua (6.34).

This provides evidence that Wanaka has an undersupply of hotel/motel rooms relative to the size of its visitor economy and could therefore absorb more capacity if it was supplied.

Figure 2 Number of hotel/motel rooms per \$1m of visitor expenditure

Source: Statistics NZ, MBIE, Fresh Info





Holiday homes

Holiday homes are a major source of accommodation in Wanaka that help to compensate for the shortage of traditional commercial establishments identified above. The table below shows that Wanaka has the highest provision of Airbnb accommodation in New Zealand by census area unit. The number of holiday homes used for short-term accommodation in Wanaka will be higher than this because not all properties are listed on Airbnb - some are marketed exclusively through property management companies such as Goodstays, Wotif and Bachcare.

The re-purposing of long-term rental accommodation to short-term visitor accommodation has reduced the supply of residential houses in Wanaka as well as pushing prices up. The social and economic impacts of this are difficult to estimate, but the amount of negative commentary around this issue indicates that they are material.

We would expect the development proposed by Corbridge to reduce the demand for holiday homes in Wanaka. Some of these homes would be returned to the long-term rental pool, thereby increasing the housing supply for Wanaka residents.

Table 2 Census area units with the most Airbnb listings, November 2018

Source: Disrupting the regional housing market: Airbnb in New Zealand¹

	Airbnb count	Usually resident population, 2013	Airbnb count per 1,000 population	Rank for New Zealand
Wanaka	752	6,471	116	1
Queenstown Hill	722	3,537	204	2
Waiheke Island	574	8,238	70	3
Auckland Central West	379	11,700	32	4
Auckland Central East	334	10,104	33	5
Te Rerenga (Coromandel)	329	4,107	80	6
Lake Hayes South (Queenstown)	249	1,638	152	7
Sunshine Bay (Queenstown)	216	2,355	92	8
Auckland Harbourside	216	4,500	48	9
Whitianga (Coromandel)	202	4,368	46	10

Conclusions:

- There is evidence that Wanaka has an undersupply of hotel/motel rooms relative to the size of its visitor economy and could therefore absorb more capacity if it was supplied.
- Holiday homes are a major source of accommodation in Wanaka that help to compensate for the shortage of traditional commercial establishments. However, this has reduced the supply of residential houses in Wanaka as well as pushing prices up.
- New hotels that are planned or already under construction in Wanaka may ease the pressure on residential housing, but only temporarily.

¹ <https://rsa.tandfonline.com/doi/full/10.1080/21681376.2019.1588156?scroll=top&needAccess=true#.Xou8mchLiUk>



2.1.2 Expected long-term growth in tourism demand

International travel to New Zealand has grown significantly over the past few decades, with international visitor arrivals increasing from 148,109 in 1969 to 3.89 million in 2019. More importantly, the rate of growth in nominal terms has accelerated across decades despite regular global shocks including the 9/11 terror attacks (September 2001), pandemics such as SARS and H1N1 (early/mid 2000s), and economic events like the Asian Financial Crisis (1997/98) and the Global Financial Crisis (2008/09). This trend is expected to continue as incomes rise, aviation technology evolves, and the relative cost of international travel declines.

Table 3 10-year movements in international visitor arrivals to New Zealand

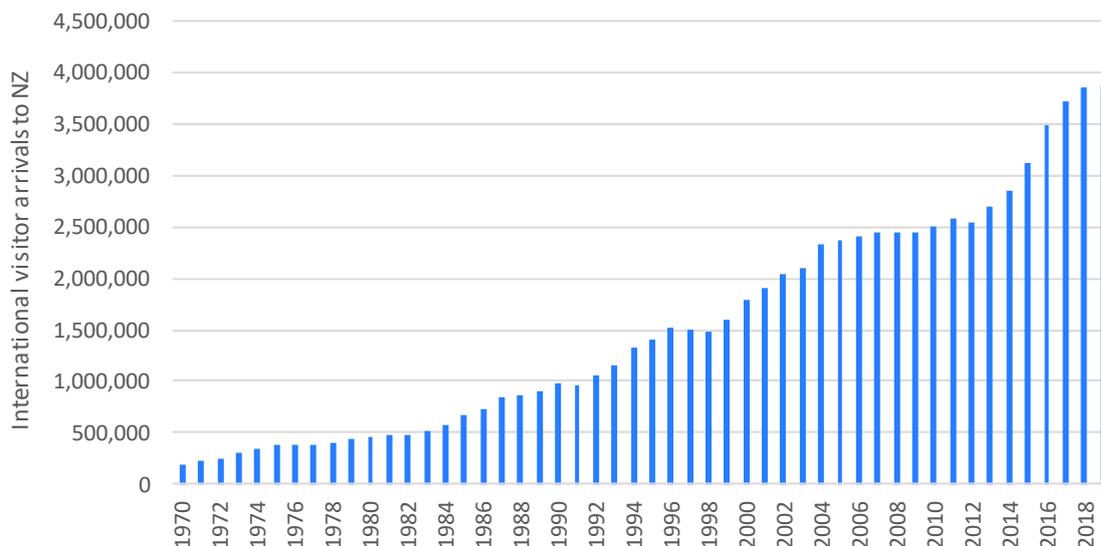
Source: Stats NZ

	Visitor arrivals to NZ	10-year change in volume	10-year percentage growth
1969	148,109		
1979	432,382	284,273	192%
1989	901,078	468,696	108%
1999	1,607,241	706,163	78%
2009	2,447,532	840,291	52%
2019	3,888,473	1,440,941	59%

The current Covid-19 crisis will have a material impact on international tourism in the next 2-3 years, but the market will rebound strongly as it always does and will eventually revert to the long-term growth path. This pattern is evident in the graph below, particularly following the major economic shocks in 1997/98 and 2008/09. We are therefore confident that international visitor arrivals to New Zealand will continue to grow significantly in the long-term.

Figure 3 International visitor arrivals to New Zealand

Source: Stats NZ





There is no long-term data available on the size of the domestic travel market, but anecdotal evidence suggests that it has grown at a much slower rate than the international market for two main reasons:

1. New Zealand's population only grows by 0.5-1.5% each year, which moderates the rate at which domestic travel can grow.
2. New Zealanders have undertaken much more outbound travel in recent years, which has come at the expense of domestic travel.

Domestic tourism will grow in the short-term in response to Covid-19 travel restrictions, but this effect will begin to reverse when international travel restrictions are relaxed and New Zealanders start travelling abroad again. We would expect long-term growth in the domestic travel market to broadly track the rate of population growth.

Wanaka will benefit from long-term growth in both the international and domestic tourism markets due to its diversified visitor base (60% of visitor expenditure comes from international visitors and the other 40% from domestic visitors).

Analysis of visitor expenditure data produced by MBIE shows that the national visitor economy grew by 61% between 2009 and 2019, while Wanaka's visitor economy grew by 102% (and Queenstown's grew by 139%). This reflects Wanaka's popularity relative to other destinations in New Zealand. Wanaka could therefore expect to grow at a faster rate than the overall tourism market if the trends observed over the past decade persist. Other factors that could drive above-average long-term growth in Wanaka include spilled demand from Queenstown due to capacity constraints, the development of Wanaka Airport, and a general increase in demand for boutique tourism experiences.

Table 4 Change in visitor expenditure between 2009 and 2019 (\$m)

Source: MBIE

	2009	2019	Growth
Wanaka	293	593	102%
Queenstown	1,022	2,448	139%
New Zealand	18,604	29,936	61%

Conclusions:

- **Long-term growth in international and domestic tourism demand will remain strong.**
- **Wanaka is well placed to capitalise on this growth due to its location and the quality of its offering, spilled demand from Queenstown due to capacity constraints, the development of Wanaka Airport, and a general increase in demand for boutique tourism experiences.**



2.1.3 Learnings from Queenstown

Wanaka has many of the natural assets and core visitation drivers Queenstown has leveraged over the past two decades to become a globally iconic tourism destination. The way commercial accommodation has been developed and consumed in Queenstown therefore provides a useful benchmark for Wanaka’s potential.

There is strong evidence that new commercial accommodation capacity in Queenstown has stimulated additional tourism demand in the long-term, rather than dividing “organic” growth across a larger number of providers. This is evident in the table below which shows that Queenstown’s hotel and motel capacity grew from 3,268 rooms in 2001 to 4,602 rooms in 2019 – a net increase of 1,333 rooms. The performance of Queenstown’s commercial accommodation sector improved markedly over this period despite the large increase in capacity, with the annual occupancy rate increasing from 64% to 75%, ADR (average revenue per occupied room night) increasing from \$103 to \$252, and RevPAR (average revenue per available room night) increasing from \$72 to \$208.

In our view the most notable observation is that the long-term increase in annual capacity (878,209 room nights) has largely been matched by the long-term increase in room nights sold (692,626). In our opinion it is reasonable to assume that the same supply-led growth could occur in Wanaka.

Table 5 Long-term growth in Queenstown’s commercial accommodation sector

Source: Stats NZ, Fresh Info

	2001	2019	Change
Hotel and motel establishments	71	96	24
Daily room capacity	3,268	4,602	1,333
Annual room nights available	892,234	1,679,443	787,209
Annual room nights sold	573,235	1,265,861	692,626
Annual occupancy	64%	75%	11%
ADR	\$103	\$252	\$150
RevPAR	\$72	\$208	\$136

We are aware that there has been increasing push back from local communities in both Wanaka and Queenstown to the unintended consequences of tourism growth. We are also aware that many Wanaka locals are keen to avoid the intensification, congestion and related issues experienced in Queenstown. Our comparison between Wanaka and Queenstown is therefore primarily intended to demonstrate the long-term relationship between tourism demand and accommodation supply. **We are not suggesting that Wanaka should follow the same development path Queenstown has.** In fact, the development of large-scale tourism accommodation facilities away from the Wanaka town centre has the potential to mitigate many of the unintended effects of tourism growth experienced in Queenstown, while still capturing the economic benefits of an expanded visitor economy.

Conclusions:

- **There is strong evidence that new commercial accommodation capacity in Queenstown has stimulated additional tourism demand in the long-term. In our opinion it is reasonable to assume that the same supply-led growth could occur in Wanaka.**
- **The development of large-scale tourism accommodation facilities away from the Wanaka town centre has the potential to mitigate many of the unintended effects of tourism growth experienced in Queenstown, while still capturing the economic benefits of an expanded visitor economy.**



2.2 Is there demand for the accommodation solution proposed by Corbridge Estates?

QLDC has previously signalled its belief that there is demand for “Rural Visitor” accommodation by providing for Rural Visitor Zones in both the Operative and Proposed District Plans. The proposed Corbridge development includes a range of high-end accommodation options as well as a small number of privately held residential homes and supporting worker accommodation, all within a rural setting.

There are currently no high-end commercial accommodation options in the Wanaka area of any reasonable scale. In the absence of this type of accommodation the luxury end of the market is mostly catered to by private lodges such as Minaret Station and Mahu Whenua Lodges and, more significantly, by privately held residential homes. As noted above, Wanaka has seen a significant amount of its residential housing stock turned over to short-term accommodation, partially in response to an undersupply of commercial accommodation capacity.

In addition to addressing the current undersupply of large-scale hotel and apartment accommodation in Wanaka, the proposed development would stimulate additional demand for visitation to the area. Drivers for this supply-led increase in demand include:

- A lack of alternative 5-star accommodation at scale in Wanaka. The nature of the proposed development is likely to appeal to travellers seeking a high-end hotel experience.
- Wanaka currently caters almost exclusively to the Free Independent Traveller market. With the addition of the proposed development, Wanaka would be able to cater to conference and incentive groups which typically require at least 50 rooms in the same complex. These groups are generally high spending (the spend is expensed and recoverable) which is beneficial for the local visitor economy.
- The same features will appeal to the tour and group market, which is currently underserved in the Wanaka market.
- Golf groups: Tourism NZ promotes New Zealand as a golf destination in a range of target markets across the world including Australia (largest volume of inbound golfers and significant repeat business), China (the fastest emerging golf market in the world), and the USA (largest and most mature golf market in the world). This is a growing and highly affluent visitor segment with high daily spend rates.
- The proposed expansion to Wanaka airport, if implemented, would benefit the proposed development both in terms of proximity and as a response to the greater volume of visitors that would be flying directly to Wanaka as a result.

Local exemplars

The Millbrook (in particular) and Jack’s Point golf resort offerings are reasonable proxies for estimating potential demand for the proposed development. Millbrook currently comprises a mix of resort owned villas and suites, privately owned houses along the golf course that are managed through a rental pool, and a 160 room 5-star resort.

In December 2019 Millbrook announced that work had started on a \$50m development called Mill Farm, which includes a new golf course and two residential neighbourhoods.^{2,3} Millbrook also offers a range of conferencing facilities, including 3 conference rooms each catering for 150 people.

² <https://www.stuff.co.nz/life-style/homed/real-estate/118323721/house-sells-for-545m-in-new-development-at-queenstowns-millbrook-resort>

³ <https://www.signalgroup.co.nz/news/millbrook-resort-starts-work-on-50-million-development>



Jack's Point currently has no resort element, but it was announced in August 2019 that building work on a half-a-billion dollar-plus village was about to start comprising commercial premises, 110 homes and a mix of 600 visitor accommodation rooms including a \$200m 5-star waterfront hotel.^{4,5}

Conclusions:

- **QLDC has previously signalled its belief that there is demand for “Rural Visitor” accommodation by providing for Rural Visitor Zones in both the Operative and Proposed District Plans.**
- **In addition to addressing the current undersupply of large-scale hotel and apartment accommodation in Wanaka, we think the proposed development would stimulate additional demand for visitation to the area (supply-led demand).**
- **The expansion of Milbrook and growth of Jack's Point suggests that there is unmet demand in the region for facilities similar to those proposed by Corbridge.**

⁴ <https://www.odt.co.nz/regions/queenstown/500m-queenstown-village-game-changer>

⁵ <https://www.stuff.co.nz/business/property/114844918/jacks-point-village-to-include-110-homes-commercial-properties-and-a-fivestar-waterfront-hotel>



2.3 What would the economic benefits of the proposed development be for Wanaka?

Once fully operational the proposed development would contain up to 975 accommodation units available for short-term rental. Based on conservative occupancy and daily spend rates we estimate that guests staying in the proposed development would spend around \$120 million annually in the local Wanaka economy. This expenditure would be captured by the proposed development itself, as well as businesses in and around Wanaka i.e. it includes both on-site and off-site expenditure by guests.

Some of this expenditure would be redirected from existing accommodation providers in the short-term, but in the long-term we would expect the proposed development to expand Wanaka’s visitor economy by approximately the amount of expenditure it generates for the region, similar to what has occurred in Queenstown over the past two decades.

Table 6 Estimated expenditure in Wanaka by guests of the proposed development

Source: Fresh Info

	Short-term accommodation units alongside golf course	Residential units alongside golf course	Residential units on larger sites	Apartments	5-star hotel	TOTAL
Units	115	35	100	275	450	975
Unit nights available	41,975	12,775	36,500	100,375	164,250	355,875
Occupancy rate	55%	30%	60%	65%	65%	62%
Unit nights sold	23,086	3,833	21,900	65,244	106,763	220,825
Occupants per unit	2.50	2.50	2.50	2.00	2.00	2.11
Guest nights	57,716	9,581	54,750	130,488	213,525	466,059
Spend per guest night	\$250	\$350	\$350	\$225	\$250	\$257
Spend in Wanaka (\$m)	\$14.4	\$3.4	\$19.2	\$29.4	\$53.4	\$119.7

Conclusion:

- Based on conservative occupancy and daily spend rates we estimate that guests staying in the proposed development would spend around \$120 million annually in the local Wanaka economy.
- This excludes the economic benefits of the planning and construction phase of the project, which would be material.