

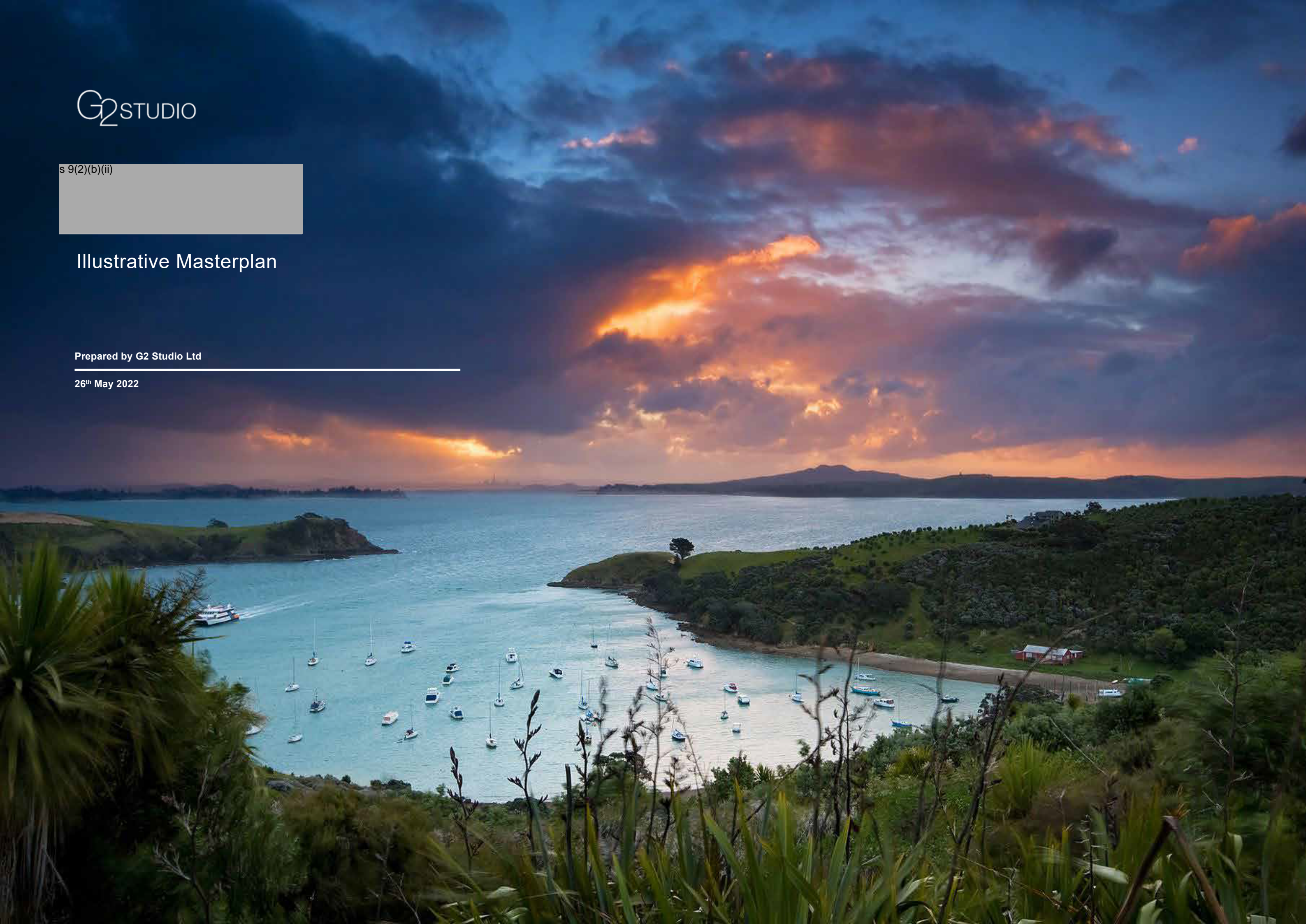
PLEASE NOTE *COMBINED* FILES ATTACHED:

- Att 2: s 9(2)(b)(ii) Illustrative Masterplan.
- Att 3: Onsen Fast Track Economic Impact Memorandum.

Illustrative Masterplan

Prepared by G2 Studio Ltd

26th May 2022



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Graham Applin

M: s 9(2)(a)



Graham Crust

M: s 9(2)(a)



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G2 Studio

Who Are We

G2STUDIO

is the only truly specialised hospitality designer in NZ and has:

60

years of experience in hospitality design

40

International hotel projects worked on by G2 Directors

20

major International brands worked with

10

major hospitality projects worked on in NZ

5

continents where G2 have completed hospitality projects

2

Grahams!

G2 Studio is run by two partners, both called Graham, with over 60 years of design experience between them and a passion that has grown with the years!

G2 Studio specialises in high quality architecture design and masterplanning, with a particular specialisation in the front-end development planning and conceptual design. This brings together commercial and social objectives to predict the future and respond to market demands, create visionary ideas and so maximise opportunities.

G2 Studio is an agile and design orientated studio with a highly personalised service. The energy and vision is particularly well suited to more ambitious clients who wish to push boundaries to achieve excellence. G2 Studio selects work carefully to ensure that it is ideally suited to any project it undertakes so that it can service effectively.

G2 Studio maintains a small highly qualified and dedicated team in New Zealand which is backed up by a large production office in the Philippines and a representative design partner in Singapore, producing a boutique service with a global reach.

G2 Studio's real passion lies in defining and creating the 'desire' in any given project, both through clients and in potential occupants, guests and customers. Both 'Graham's' have a shared belief that passion is what will really give a project value and design to create an emotional response, that will translate directly into commercial value. For hospitality and leisure which is G2 Studio's primary specialisation, it is all about understanding and maximising the guest experience and working everything backwards from that.

G2 Studio's work is defined by designing experiences and creating memories!



SECTION NO.

ONE

Introduction

Introduction

Introduction to the Project

G2 Studio were initially asked to look at a ‘Best Use Study’ for the site at § 9(2)(b)(ii), Waiheke, for § 9(2)(a), to determine the possibilities to develop the site to create revenue for the owner and provide a legacy project for his family. The client was committed to proposing a responsible development that would not be controversial for the local community and that would benefit them and Waiheke as a whole. The objectives were set out that this should be a high-quality project executed to very high standards.

The initial brief was for G2 Studio to consider all possibilities for the site and a proposal was submitted for services to undertake a planning study and an initial feasibility assessment for the site and approach the use with an open mind, considering all potential uses and types of development.

Initially a site visit was undertaken by Graham Applin and Graham Crust of G2 Studio with § 9(2)(a), and they were joined on site by § 9(2)(a), a local planning consultant. It became clear that earlier discussions with the client had helped shape so further thinking on the project, backed up by some geothermal investigations into the presence and depth of a naturally heated water source. This led to a firm direction being established at the site visit to pursue the idea of establishing a hot pool and spa facility, influenced by the Japanese style Onsen.

The discussions progressed during the visit and a ‘vision’ began to take shape whereby a visitor facility could be established utilizing the geothermally heated water supplemented by secondary heating, possibly using solar energy. This facility would be targeted at visitors, locals and overseas tourists and supported by some visitor accommodation, limited

to 10 in the current structure plan.

The idea was that this could then be complemented by a spa facility, possibly with a separate entrance that would be targeting an adult only market and be for a more exclusive clientele. As the ideas developed, and the site was assessed it became clear that the area of land could support some further development and the potential for utilizing some of the site for residential sites was discussed with the planning consultant.

Initially the plan was for the residential sites to part fund the development of the hot pool facility but talking this through later with the planner soon illustrated that the timing required for the Council to consider a change of zoning to residential may not suit the timing of the visitor facilities.

G2 Studio have therefore concentrated their time and effort under the commission to develop a master plan for a phased development and used this report to identify the scope, size, and character of the future development phases on the site.

The nature of the proposal relies very much on creating a subtle experience for the visitor and utilising the site, which has considerable natural beauty and benefits from an elevated location, in a gentle and sustainable way. G2 Studio thought that the best way to describe the experience was through the eyes of a fictional visitor that may well represent a likely guest of the future development and so “Jenny’s Story” has been include by way of an introduction to the ideas and facilities outlined in this report.



Natural Onsen in Japan

Design Story



Jenny Lee

48 years old
Country Manager for US software provider
Based in Singapore
Status: Married
Family: Two sons
Hobbies: Travel, fashion, music
Income: >\$200,000 US per year
Favourite Hotel: Regent Bangkok
Favourite City: Tokyo

Jenny had not been to New Zealand before. She had of course been hearing a lot about it over the last few years, starting with the Covid lock-down and New Zealand’s good record for controlling the virus in 2020. That had been a great relief to her when her CEO in Dallas sent word to Singapore that she had to make a short tour of the Asia-Pacific region and touch base with some of the markets where her organisation wasn’t getting the most exposure.

New Zealand was the place she was looking forward to most on the trip, after all, she had been to Sydney and Melbourne before but now she was heading for New Zealand; home of the All Blacks and the America’s Cup. Jenny had to admit she didn’t know much more about New Zealand than the name of the Prime Minister, the low Covid numbers and the high sporting achievements but she expected a country of clean air and green rolling landscapes that she had been seeing on the tourism pictures and a real contrast from her city based life. Just think, all of that space, compared to her home in Singapore, it would be so relaxing and so she had decided to make Auckland her last stop and then extend her trip for a bit of ‘Bleisure’.

Now she was in a taxi approaching the city, the flight had been pleasant enough, but the food wasn’t what she had hoped for and she was looking forward to a shower, a light dinner and then a good rest before she could start sightseeing and getting to know Auckland, first thing in the morning. She had been reading up on the plane and had identified Waiheke as being “a beautiful island filled with beaches and vineyards” that she could visit from Auckland. She learnt that a 40

minute ferry ride from outside her hotel would take her to the island where she could enjoy her first restful day after a busy week traveling. As she reclined in her bath in the hotel room, she wondered what tomorrow would bring. She might give this ‘Waiheke’ a try.

It was somewhat of a surprise to Jenny the next day, whilst reading her guide book at breakfast, that Waiheke was voted one on the 10 most beautiful islands in the world, and even more of a surprise that one of the suggested excursions was to a hot pool and spa complex featuring a Japanese-styled onsen. This was too good to be true, Jenny loved onsens, and it could be just what she needed to start her few days of a well-earned break. It was a pleasant surprise to learn, whilst enjoying the views from the high speed ferry, that the hot pools were only a short walk from where the ferry would drop her, and she decided that this would be her first place to visit. A frisson of excitement passed through her body, after the years of lock-down to be traveling again, this was fun.

The hot pool entrance was stylish and discreet and indeed only a ten minute walk from where she had landed. The entrance suggested that this was a place where she could expect a level of quality that she was used to coming from a region which had some of the best spas in the world. The style of the interiors were a nice mix of fashionable design with a welcome ambiance that Jenny loved when she travelled. Jenny learnt that she had the option of bathing with other guests in a suite of hot pools or renting a private spa villa or sauna for the day. As Jenny was alone she decided to enjoy the different pools and went into

the comfortable changing rooms to change into her swimming costume and robe.

The pools were so relaxing, and Jenny found herself lost in her thoughts as she luxuriated in the naturally heated water, happy that the minerals were probably enhancing her skin and rejuvenating her body. She alternated between pools of different temperature, and walking within the carefully landscaped areas, never feeling overly exposed but comfortably alone either. This was a good place.

JENNY LEE
Waiheke Island, NZ

FOLLOW





722 likes

JENNY LEE On the ferry, approaching Waiheke Island. So excited!

Design Story Continued

After a couple of hours, Jenny's mind began to wonder whether she should extend her stay on Waiheke and just relax for the rest of the day, leaving her further exploration until later. Putting on her robe she made her way back to reception, picking up a freshly squeezed juice on the way, to enquire about the possibility of staying longer. She learnt that she could book in for a massage at the spa on the top of the hill or if she wanted could rent a ryokan and enjoy the spa and a private massage and stay overnight. Jenny decided to indulge herself and booked the last available ryokan. She was assured that her lack of alternate attire and toiletries would not be a problem, and all she had to do was check in and relax.

Things had really looked up, since she had arrived, and Jenny was in a great mood and really ready to enjoy her stay, and so with a gentle smile on her face she headed up a beautiful pathway following a gentle stream, towards the spa which she could see projecting out from the top of the hill. Jenny checked in with the spa reception and headed for the pool deck for a glass of champagne whilst waiting for the buggy to take her to her ryokan. She was greeted by a friendly face welcoming her and guiding her to a small golf buggy where she was driven a short distance towards her room. The driver pointed out a pavilion at the top of the hill where she could go for meditation or a yoga class in the morning. Jenny could feel herself relaxing. She deserved this!

The room was beautiful, it consisted of a private inner garden with a hot pool and then a living room and bedroom area with another internal bath and a long

terrace with a swimming pool and spa. It took Jenny no time to slip out her robe and into the pool. Lazing in the spa was just what she needed, the view was stunning, and she had a masseuse booked in a hour and dinner arriving at her villa at 7.30.

The light was beginning to fade, after Jenny had enjoyed an amazing private massage in her ryokan and now she could sit back and read and take some well-deserved time just for herself. Before too long she would be back in the thick of being a mother and conducting a successful career as a business woman, but for now she could just enjoy the tranquility and peacefulness of being by herself.

The room was very tastefully designed, it was simple and elegant in a style that suggested some Japanese influence but certainly delivered with a distinctly New Zealand character.

Yes, the air did feel fresh in New Zealand and it had a slight chill one didn't get at home, but it wasn't unpleasant, more refreshing. She started planning her next day, breakfast served in the ryokan and then a seaweed treatment booked at the spa, in one of those open ended rooms that looked down across the valley, before checking out to explore the nearby town of Oneroa and the rest of Waiheke.

The room attendant called at the door asked if there was anything she needed, some local wine perhaps, but Jenny didn't want to overdo it, it was her first night after all, and so she decided to have an early night, glowing from the treatments and experiences of the

day. There would be lots to see and do tomorrow, she was excited!

Finally before settling down, Jenny picked up the phone to reception, ' Hello this is Jenny Lee, Ryokan 2, please could you extend my stay by another night and let my hotel in town know I won't be back for another couple of days?'





Mt Unzen Onsen in Japan

SECTION NO.

TWO

Site Analysis

Wider Context

Waiheke Context

1. Cable Bay Vineyards

The first Cable Bay vineyard was planted in 1998 and in 2013 a wine bar and Verandah restaurant opened. Visitors are welcomed daily for wine tasting and dining. The vineyard has cultivated a great reputation for its stunning wines, food and views and continues to attract visitors from NZ and around the world.

2. Waiheke Library

The library relates to Waiheke Island's culture and community. The library is an anchor in the community where people can feel comfortable to read books and sit around and is often used as a venue for events. The building has battens which have a curved form inspired from nature.

3. Waiheke Community Art Gallery

The Gallery was established in 1995 and showcases exquisite contemporary artwork by award winning artists in the heart of Oneroa Village. It runs NZ's and national artists and runs New Zealand's premier biennial outdoor sculpture exhibition and headland Sculpture on the Gulf, attracting visitors to Waiheke. The gallery has been featured in the New York Times publications and The Lonely Planet.

4. Mudbrick Vineyard

Mudbrick Vineyard is an award winning restaurant, vineyard and accommodation. It has a picture perfect setting with incredible views of the harbour to the city making it a popular wedding venue. The vineyard offers tours and attracts thousands of visitors each year.

5. Oneroa Beach

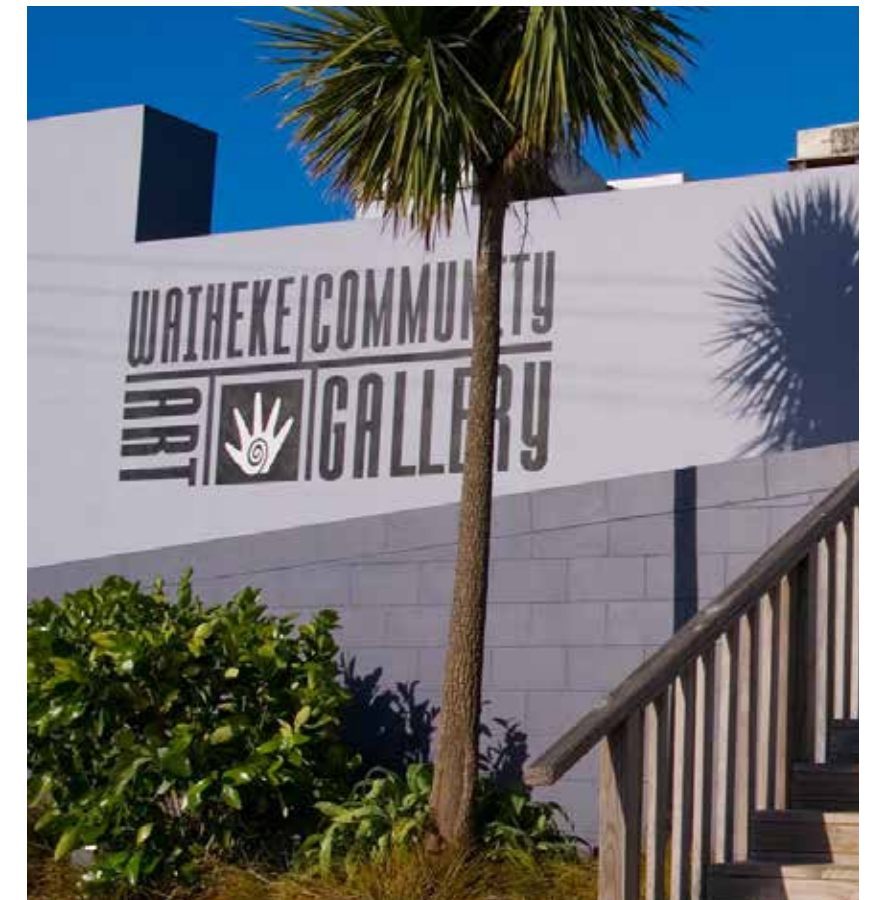
Oneroa beach is a picturesque beach located right next to Oneroa village. There is beautiful sand and a sheltered bay offering swimming and boating options. There are also short walkways connecting Little Oneroa beach and Newton Reserve.



Cable Bay Vineyard Restaurant



Waiheke Library



Waiheke Community Art Gallery



Mudbrick Outdoor Restaurant



Mudbrick Overview



Oneroa Beach



Little Oneroa

Historical Context

History of the Site and Surrounding Areas

Waiheke Island is the most urbanised inner island of the Hauraki Gulf. The island has 96 kms of coastline and sits 20km away from Auckland. The island was part of the Coromandel Peninsula before the subsidence created the Firth of Thames several million years ago. In 1769, when Captain Cook's Endeavour entered the Hauraki Gulf, the island was in the domain of Ngati Paoa. The first Pakeha who arrived were sealers and whalers, who stopped on the island for reserves.

In the 1820s Hongi Hika, a war leader killed most of the inhabitants in a big battle at Onetangi beach. Onetangi means 'Weeping Sands' and is now a brand name of one of Waiheke's great wines. By the mid 1850s European settlement of Waiheke was underway with the clearing of timber, mainly Kauri, which was shipped to Auckland for housing and furniture. Electricity came to Waiheke in 1953.

The population of Waiheke grew to 4000 people between the 1960s- 1980s. The eastern end of Waiheke were served as the main settlements meeting the needs of the Kauri industry and used as a resort for those in transit from the Coromandel. The west end was primarily Maori land which were transferred to European farmers such as Fred Alison who purchased Matiatia and Oneroa in 1901. In 1922 he sold his Oneroa block to enable subdivision and development of the main village. The Alison's had a major impact on the development of Waiheke. Fred's father started the ferry service using a single-sailed dingy charging 6 pence per trip.



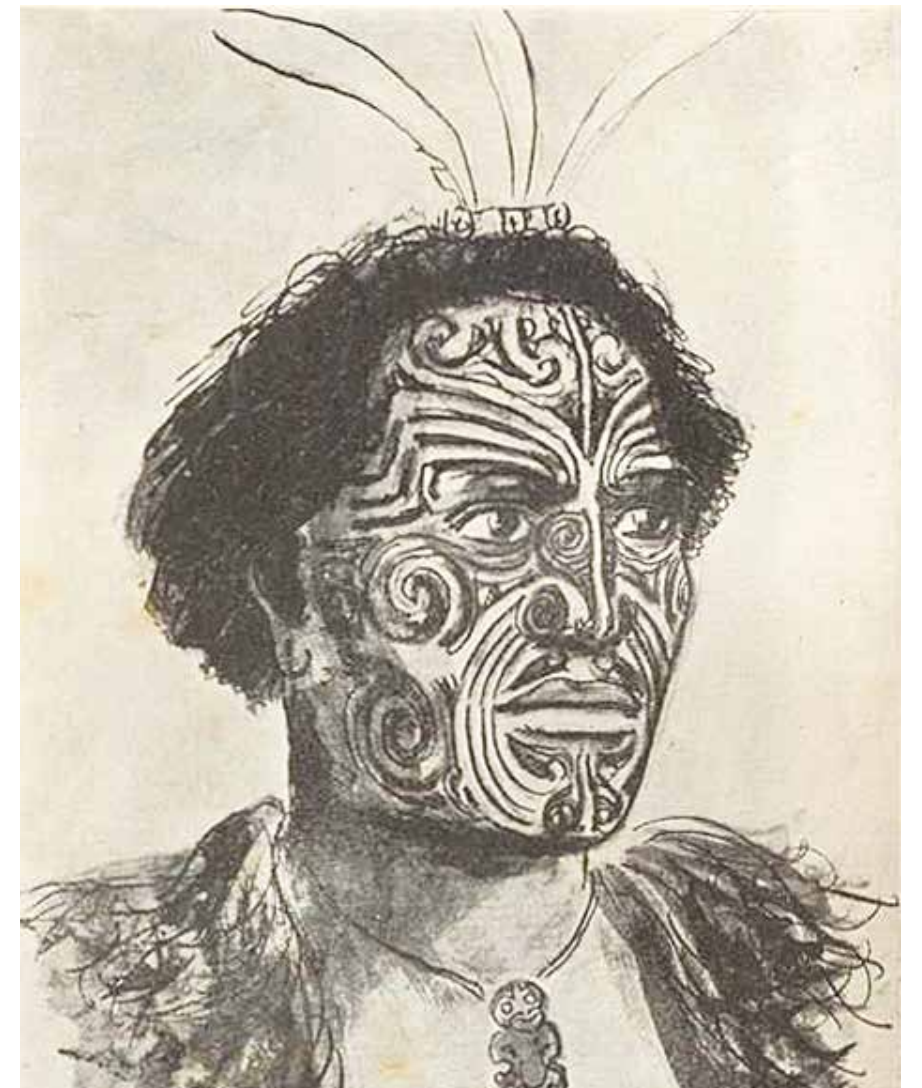
Baroona Ferry serviced to Waiheke from 1934-1988



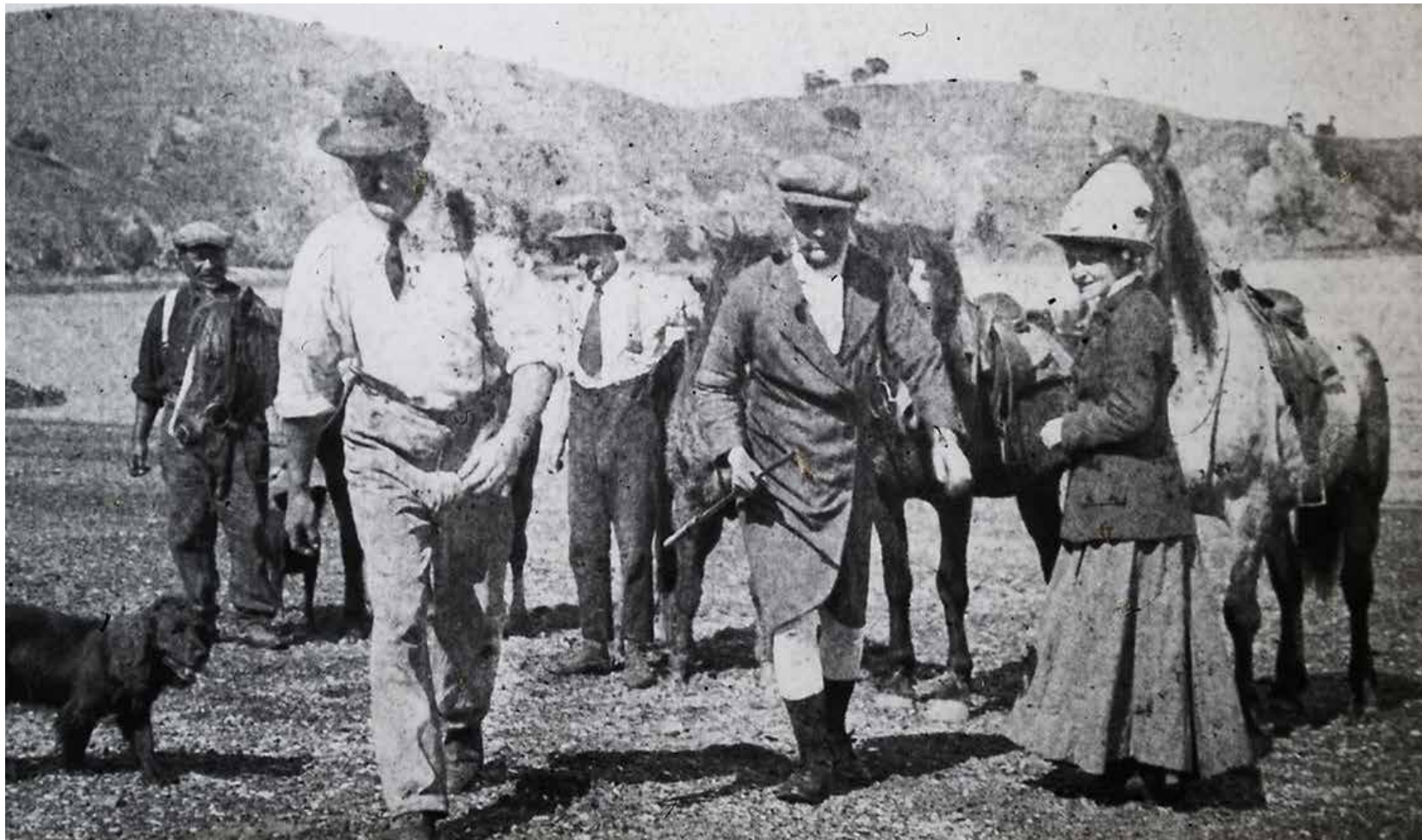
Map of Waiheke



Remains of Fred Alison's Slaughter Shed in the upper carpark at Matiatia



Hongi Hika



Fred Alison on the front left taken in 1921



Little Oneroa Bay in the 1920s



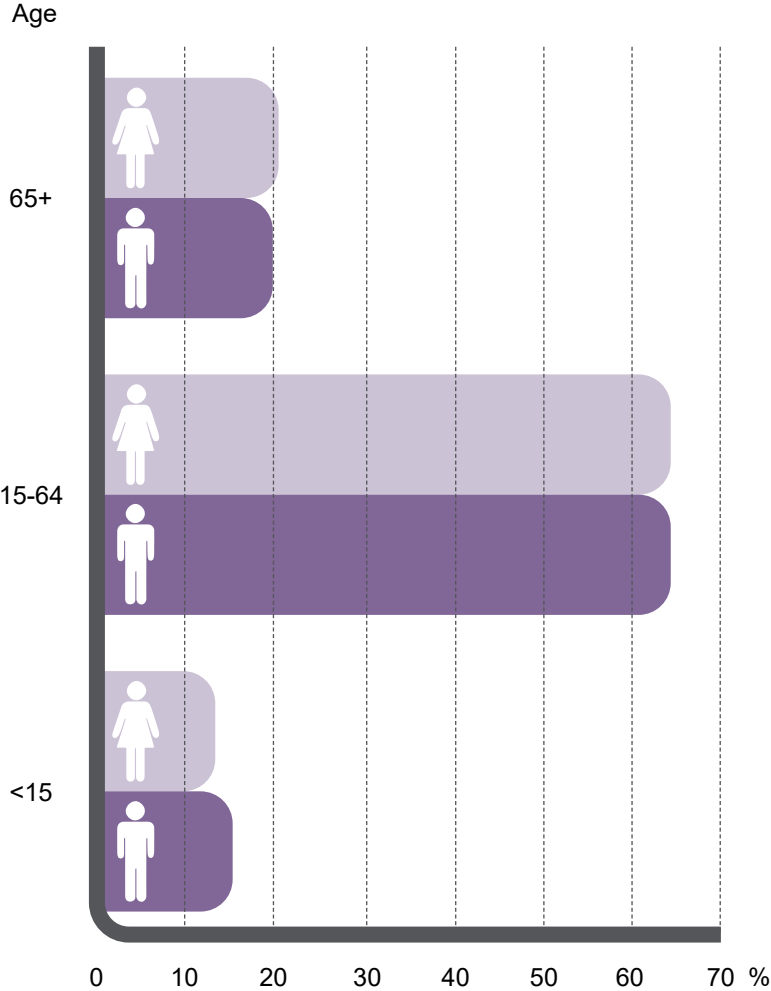
FC Marsh Post Office and Store in Oneroa from the 1940s-1950s



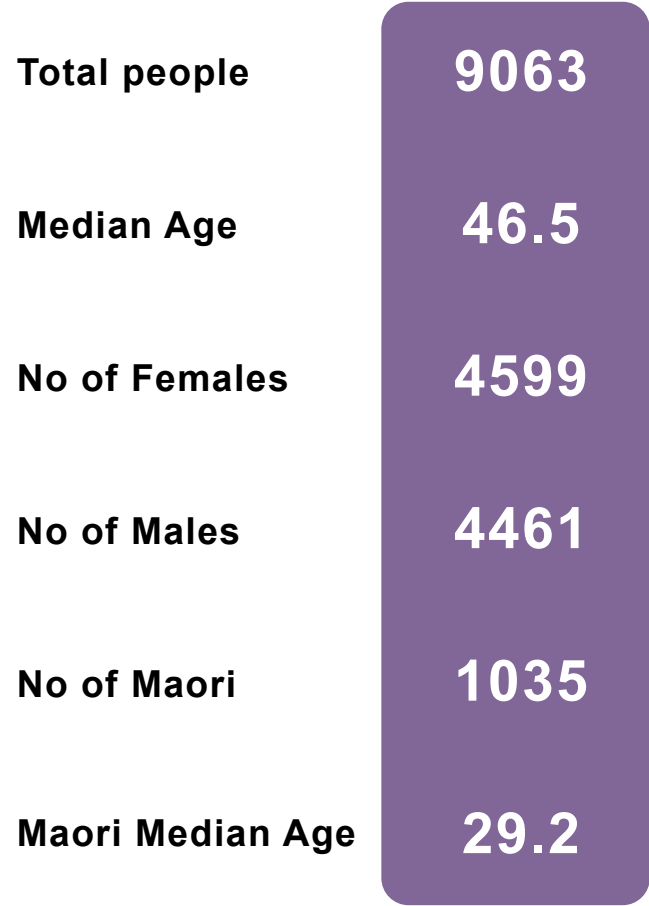
Installation of the guns at Stony Batter

Waiheke Island Demographics

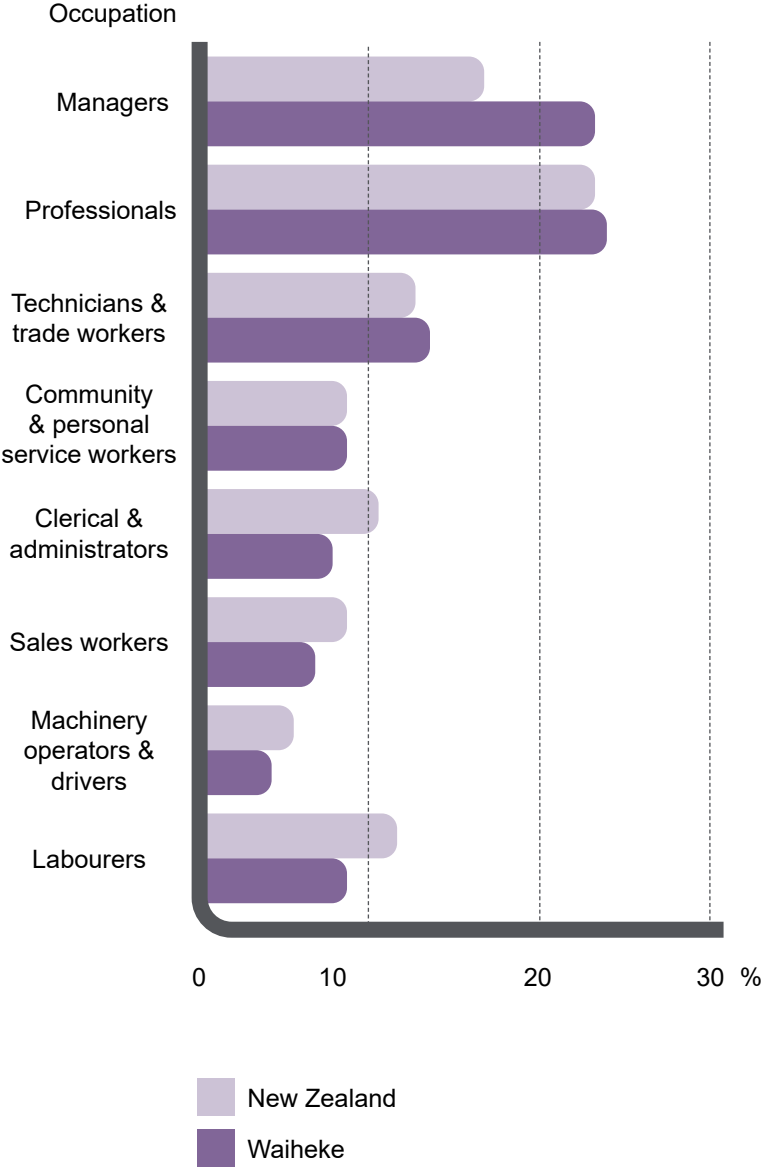
Broad Age Group and Sex of People
Waiheke, 2018 Census



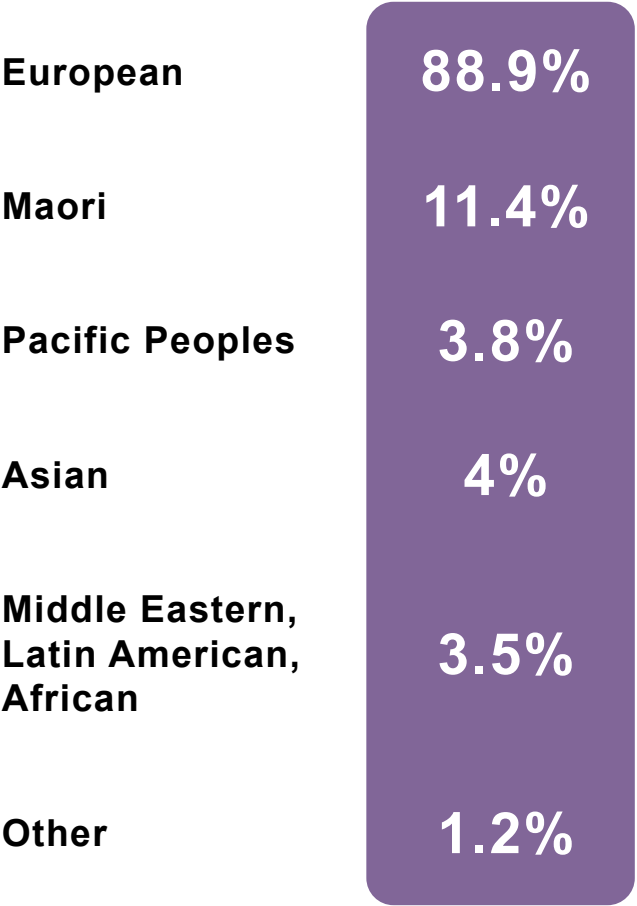
Population
Waiheke, 2018 Census



Occupation for employed people (over 15yrs)
Waiheke, 2018 Census



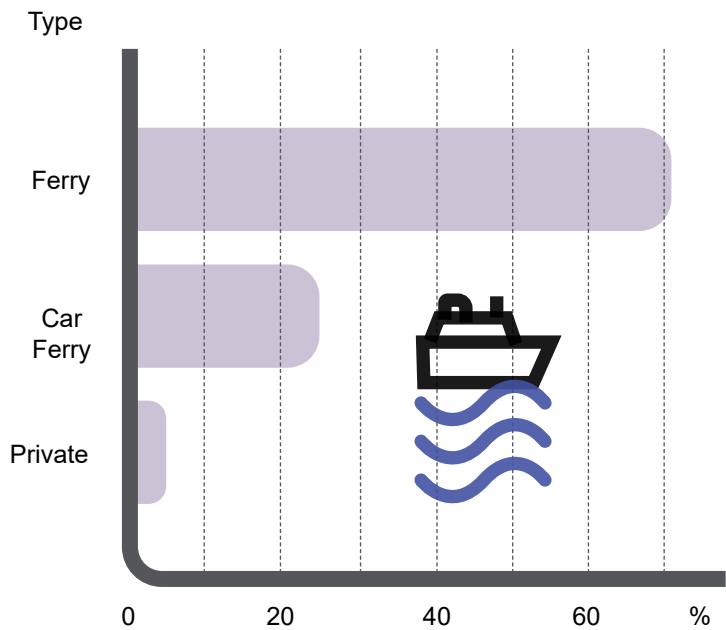
Ethnic Groups*
Waiheke, 2018 Census



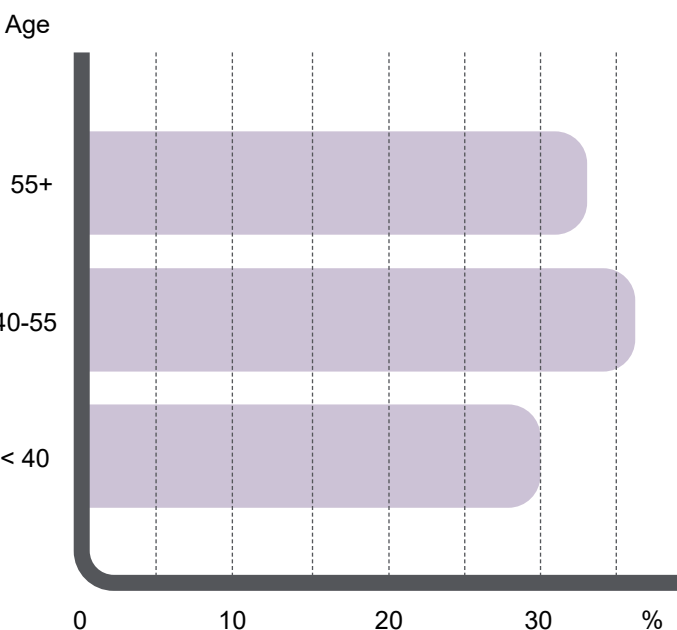
** Note: Includes all people who stated each ethnic group, whether as their only ethnic group or as one of several. Where a person reported more than one ethnic group, they have been counted in each applicable group. As a result percentages do not add up to 100.*

Waiheke Island Visitor Demographics

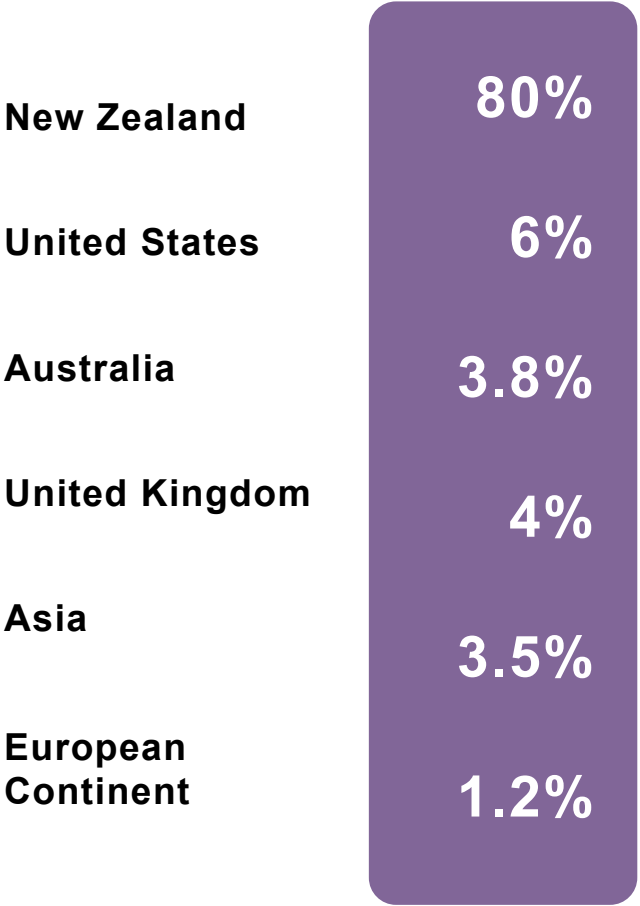
Transportation
Waiheke, 2018 Census



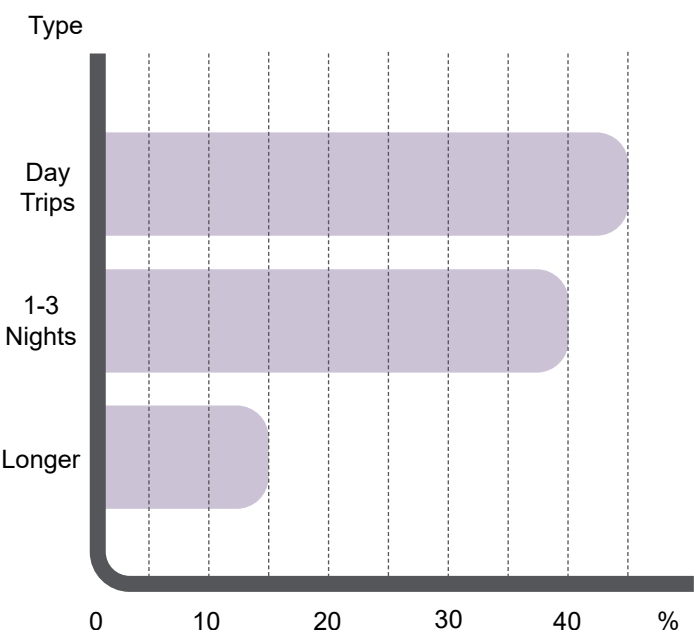
Age Group
Waiheke, 2018 Census



Visitor Nationality
Waiheke, 2018 Census



Duration of Stay
Waiheke, 2018 Census



Development Controls

Planning Summary

s 9(2)(b)(ii) is identified as part of the Rural 1 Zone in the Auckland Council District Plan Zone- Hauraki Gulf Islands section.

Permitted Activities

Permitted activities for the site are noted in Rule 10c.4 of the Development Controls for land Units and settlement areas - Hauraki Guld Islands Section. Permitted activities include dwellings, home occupations, horticulture, pastoral farming residential accessory buildings, and visitor accommodation for up to 10 people.

Key Development Controls

The key development controls for the site from a planning perspective are described in the following pages, and include maximum building height, yard setbacks, building coverage, noise, earthworks, and vegetation removal.

-

Building Coverage

Rule 10c.4.5 Auckland Council District Plan



Auckland District Plan Requirements

Any building on a site must not exceed the building coverage limit of 500m².

General Comment

The principal reason for controlling building coverage on a site is to limit the scale and intensity of development. Buildings which do not comply with the building coverage control can appear overly dominant, adversely affecting amenity values and reducing the character of an area.

Maximum Height Limit

Rule 10c.4.1 Auckland Council District Plan



Auckland District Plan Requirements

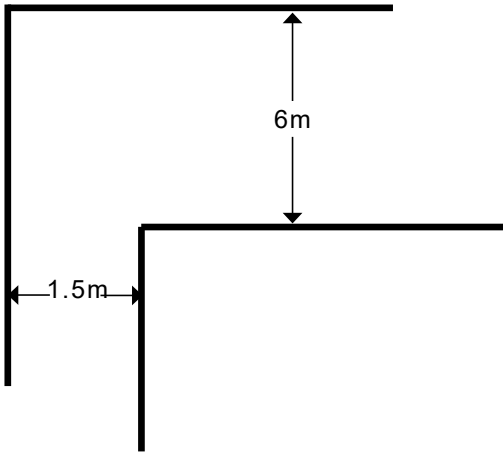
Any building on a site must not exceed the building height limit of 8m

General Comment

A maximum height limit for buildings is imposed to ensure that buildings are of a scale which avoids the effects of overshadowing, visual dominance, reduced privacy and diminished character.

Side and Rear Yards

Rule 10c.4.4 Auckland Council District Plan



Auckland District Plan Requirements

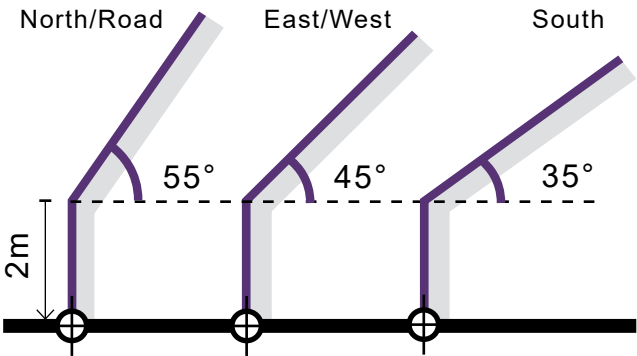
Any building or part of a building must not be located in 6m of the the front yard and 1.5m of the side or rear yard.

General Comment

Side and rear yards are controlled principally to ensure that built development will not adversely impact upon the privacy and amenity values of adjacent sites, and the character of an area. Front yards principally ensure that streetscape amenity is maintained. Yards also provide space for landscaping and underground services.

Building in Relation to Boundary

Rule 10c.4.3 Auckland Council District Plan



Auckland District Plan Requirements

No part of any building shall protrude through a recession line inclined towards the site at an angle of 45 degrees (East, West), 55 degrees (North), 35 degrees (South) commencing from a line 2.0m above said boundary.

General Comment

New buildings need to be designed to be sympathetic to their surrounding environment and existing and future neighbours. Buildings need to be built within recession planes to allow natural light to comfortably permeate to the ground level and surrounding pedestrian areas

Indigenous Vegetation Removal

Rule 10c.5.2 Auckland Council District Plan



Auckland District Plan Requirements

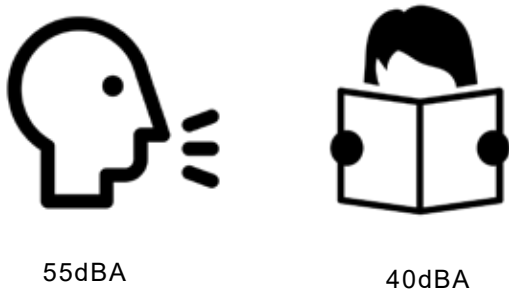
The pruning, removal or works within the dripline of indigenous vegetation less than 3m in height, where the cumulative amount of cleared vegetation on a site, does not exceed 300m².

General Comment

The council has limited the removal of indigenous vegetation in order to protect the natural character and the landscape, ecological and amenity values of the islands. The height restrictions are set in recognition of the relative maturity of trees and shrubs.

Noise Level

Rule 10c.5.3 Auckland Council District Plan



Auckland District Plan Requirements

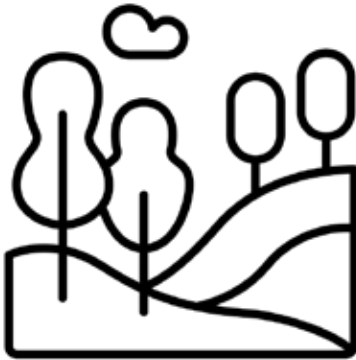
Unless otherwise stated the L_{eq} noise level must not exceed the limits of 55dBA from Monday to Saturday 7.00am to 10.00pm / Sunday 9am to 6pm and 40dBA at all other times and public holidays.

General Comment

Quantitative noise limits have been prescribed in the Plan to maintain existing background noise levels and to maintain amenity. These general limits have been varied in a number of land units in recognition of the type of activity occurring and where a different level of environmental amenity is acceptable.

Earthworks

Rule 10c.5.5 Auckland Council District Plan



Auckland District Plan Requirements

Earthworks are permitted if the land has a slope of greater than 1 in 6; and does not exceed 50m², and if the land has a slope of less than or equal to 1 in 6; and does not exceed 400m².

General Comment

A major reason for controlling earthworks is to minimise the potential for erosion and sedimentation which can have adverse effects on water bodies, wetlands and coastal systems.

The steepness of the land and the extent of the earthwork are the main factors which determine how much sediment leaves an area of earthworks. The earthworks controls therefore include limits based on slope and exposed surface area.

SECTION NO.

THREE

Proposed Uses



Kamenoi Besso in Japan

Proposed Uses

The Idea

Initially, whilst on site, G2 Studio discussed the possibility of creating a hot pool facility on the site utilising the geothermally heated water. There are several of these types of facilities around New Zealand, both naturally occurring, and man-made. It was thought that this would be a popular addition to Waiheke and have a strong appeal for the local community and the residents of Auckland as well as for regional and international visitors. It was thought that this facility should be open for all and not age restricted, within reason and be targeting families, couples, single visitors of all ages. The idea formed that this would be a high-quality operation that would utilise the character and beauty of the site and the culture of New Zealand but be inspired by the facilities in Japan where hot pools and springs have become a part of everyday culture.

As the ideas for the hot pools developed in parallel was a desire from the client to investigate a spa or Onsen facility. This would be much influenced by Japan and be an adult only, up market facility where people could check-in for a half day, a day or even several days and this led to the investigation of also providing a Ryokan (small Japanese hotel) facility for up to 10 guest or couples. These could work with the spa to create a 1,2 or 3-day escape where catering would be provided from the spa facility for high quality in room dining which has become a key feature of the Ryokan in Japan. This idea also complemented the local business community well where accommodation is short and high-quality accommodation very rare. This would also not infringe on the local restaurants and café businesses that are close by and so this development could provide additional custom and jobs and trade for the island.

As the ideas started coming together, the client suggested some more private and exclusive day spas and saunas that could be rented by the hour, also

available to everybody.

The ideas started taking form in some initial sketches by the architect where a pathway up the hill linked these two primary facilities. This could be a beautifully landscaped feature with a manmade stream and waterfalls and pathways branching from it to the day spas. The ‘journey’ through the site was intended to be an experience of its own merit and linking the two destinations it could be an attraction that would support both amenities.

A third element to complement the idea of relaxation health and wellness was the later addition of a yoga and meditation pavilion, that would be a destination and provide for the growing interest in wellness and mental health and run classes, course and retreats.

These ideas came together in an initial master plan where also some residential sites were identified to support the development financially and make best use of the land.

These three elements, the hot pools, spa, and wellness pavilion, supported by visitor accommodation in the form of a Ryokan and the supporting residential sites have been combined into a single vision in this report with a suggestion to how the project may be best phased to allow the commercial growth and facilitate the building without undue disturbance to the neighbours of existing facilities.

This has all been outlined in an illustrative masterplan that follows.



Japanese Garden

Onsen: A Culture of Bathing

Onsen (温泉) are naturally-occurring hot springs that are found throughout the island nation of Japan. Similar to New Zealand Japan is located directly on the Pacific Ring of Fire, therefore it comes as no surprise that the nation is home to over 25,000 hot springs.

Beginning as health spas, onsen has developed into one of the most popular tourist attractions in Japan as well as greatly influenced Japanese bathing culture. It is not uncommon for families, couples, and friends to take weekend trips just to visit an onsen and its surrounding areas.

A History of Hot Springs

Although the exact beginnings of onsen in Japan are unclear, hot springs are referenced in the text from the 1st century CE.

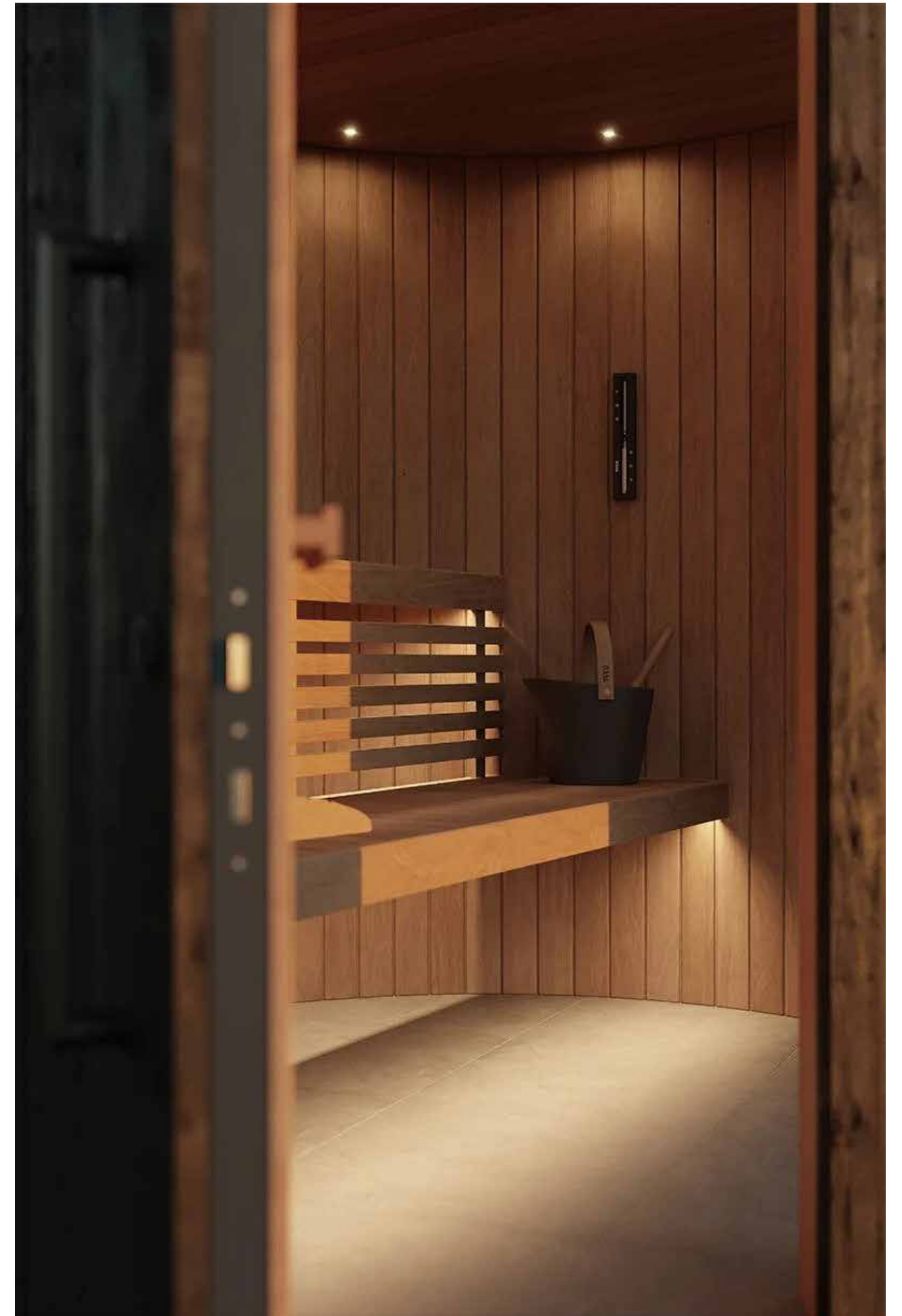
Onsen have recently come to play a major part in the Japanese tourism industry, but it is understood that throughout history they weren't always accessible to everyone. In the 13th century CE, onsen were considered a luxury and were referred to as a "health resort," visited mainly by nobility and the warrior class. It wasn't until later times that the common person was allowed to use onsen. Today, they serve as a fun and relaxing way for friends, colleagues, families, and couples to decompress from the busy city life, and to strengthen social bonds.

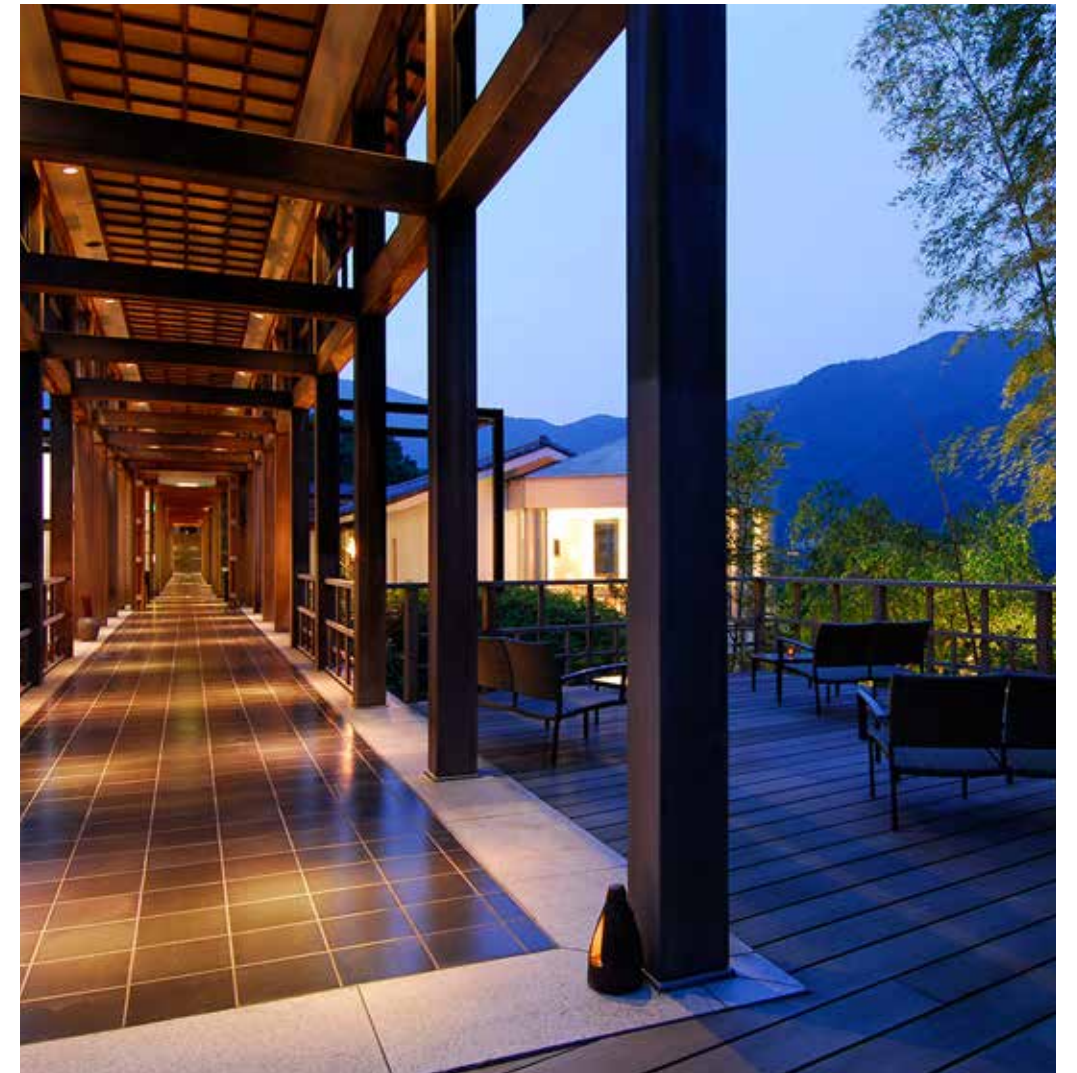
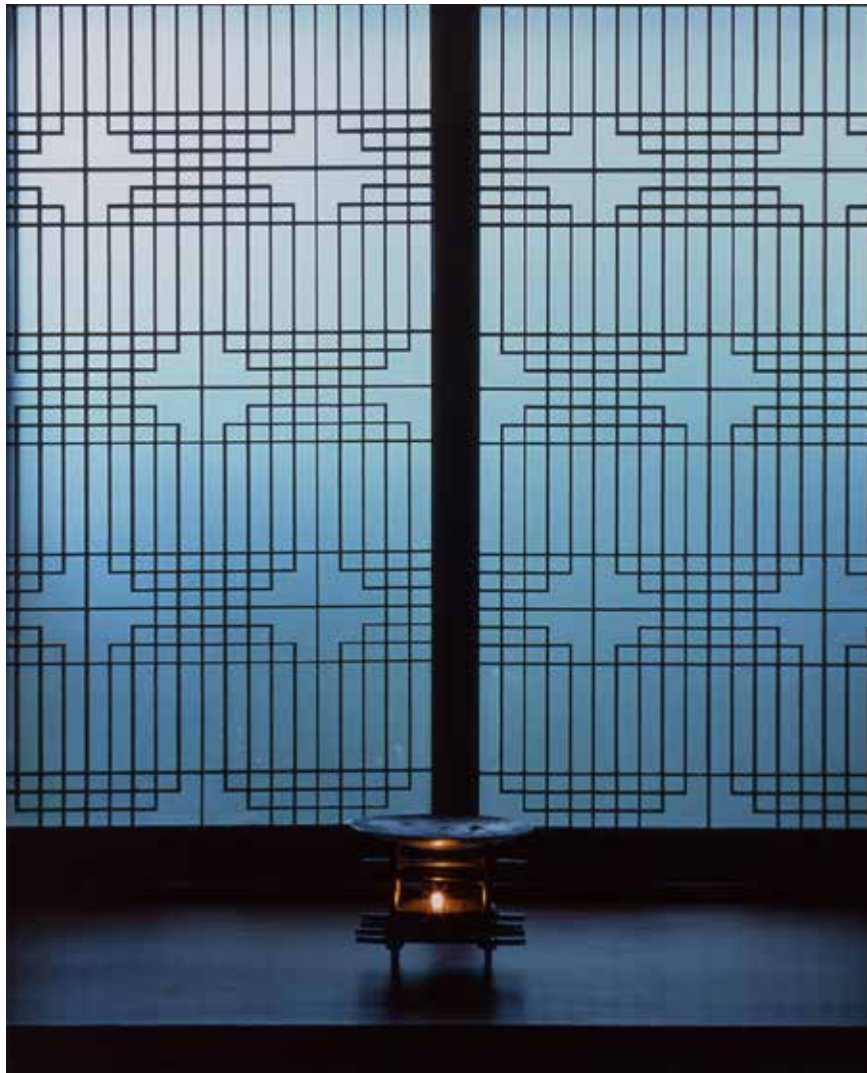


Minakami Hot Spring, Japan



Beppu Onsen, Japan





What is an Onsen and why are they so popular?

Besides their warming and therapeutic qualities, onsen were believed to possess mystical and holy powers because of the mineral content of the geothermal spring water.

To be certified by the Japanese government (regulations known as onsen-hou, 温泉法), an onsen must be comprised of natural spring water that is at least 25°C in its natural state and contain at least 1 of 19 specific mineral or chemical elements within a certain parameter. Minerals such as sulfur, iron, and magnesium are said to have therapeutic properties that can help promote healthy skin, reduce aches and pains, and even boost the immune system. Many onsen advertise the specific mineral content of their water as well as the accompanying healing effects, drawing bathers to reap the benefits of these mineral nutrients.

Onsen are a naturally occurring geothermal phenomenon found throughout Japan, and their presence has frequently resulted in the development of towns and villages in the surrounding areas. These are known as onsen machi (温泉街), and they often feature ryokan, which are similar to Japanese traditional inns. Many ryokan will often utilize the natural hot-spring water in their own baths, further drawing more customers to their services. With the presence of the hot springs and the comfort of the ryokan, the final attraction lies in the food. Many ryokan feature fresh, local cuisine as well as regional specialties, sometimes only found within that area. Onsen serve as the foundation upon which these tourist attractions thrive.



Gotenbashi Onsen Kaikan, Japan



Shima Tamura Onsen, Japan

A Brief History of Ryokan

Ryokan simply means “traditional Japanese Inn”.

The origin of Ryokan is said to date back to the Nara Period (710- 794). The first Ryokan which appeared in Japanese history was Fuseya, a free guest house founded by a Buddhist priest known as Gyoki. During this period, a number of Fuseya were established all around Japan providing accommodation for travellers.

Ryokan are found throughout Japan, especially in hot spring resorts. More than just a place to sleep, ryokan are an opportunity to experience the traditional Japanese lifestyle and hospitality, incorporating elements such as tatami rooms, futon beds, Japanese-style baths and local cuisine.

There are many different kinds of ryokan, varying greatly in terms of size, cost and style. Some ryokan are small, family-run establishments with just a few rooms, while others are large, hotel-like facilities with hundreds of rooms. Ryokan also range from no-frills, budget varieties to costly establishments catering to the very wealthy.

Ryokan often incorporate a large lobby where the guest may meet and converse (even with the owner of the Ryokan itself). These inns also often have an Onsen or a mini-Onsen; a “Furo” - a small, steep, square-shaped bath tub traditionally made from wood utilising the mineral water from a nearby hot spring. Staying in a Ryokan also centres its experience around food with many guests staying in a Ryokan primarily for the cuisine. The food is served directly in your room, often with a detailed explanation of what they are serving you, making it a truly personal gastronomic experience!



Azumi Setoda Ryokan, Japan



Hoshinoya Ryokan, Japan

SECTION NO.

FOUR

Comparative Analysis



Four Seasons in Thailand

Wairakei Terraces

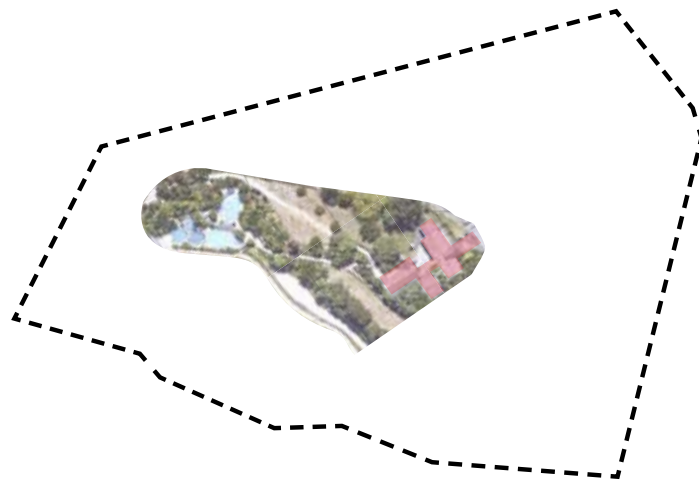
Taupo, NZ

About the Wairakei Terraces

Located in Taupo, the Wairakei terraces are a geothermal hot pool that flows water from 1.5 km underground for a combination of geothermal and mineral water. With a capacity of 250 people, the terraces have four different pools that each contain four different temperatures ranging from 38 - 42 degrees.

The significance of natural thermal springs, and silica waters found in geothermal areas have been highly valued by Maori for their healing powers and therapeutic benefits. These areas were often located in beautiful landscapes, at the junction of rivers and streams, or below silica terraces. Wairakei terraces embraces the natural environment and offers a holistic mind, body, and soul experience to create a connection to the history of healing.

Along with the geothermal hot pools, Wairakei terraces also provides an extensive menu of spa treatments and facials using indigenous herbal oils and balms.



Wairakei Terraces in comparison to s 9(2)(b)

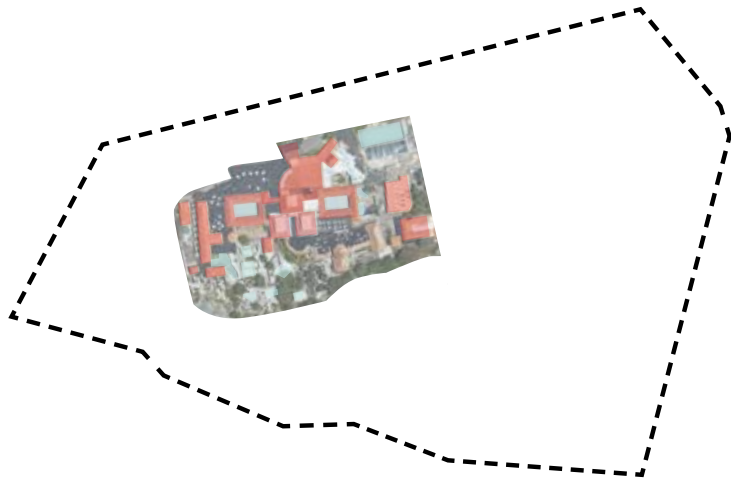


Polynesian Spa Rotorua, NZ

About the Polynesian Spa

Polynesian Spa’s geothermal hot mineral waters are sourced from two natural springs and feed into 28 hot mineral pools. The slightly acidic Priest Spring waters relieve tired muscles, aches, and pains while the alkaline waters of the Rachel Spring will nourish your skin. The temperature of the hot pools ranges from 37 to 41 degrees, with a swimming pool of 33 degrees.

Rotorua is part of the Taupo volcanic zone, a geothermal field extending from white island off the bay of plenty coast to Mt Ruapehu far to the south which has drawn visitors to the geothermal wonders since the 1800s. The spa has now evolved to focus on health and wellness like hydrotherapy pools, heated recliners, and a reflexology walk.



Polynesian Spa in comparison to s 9(2)(b)



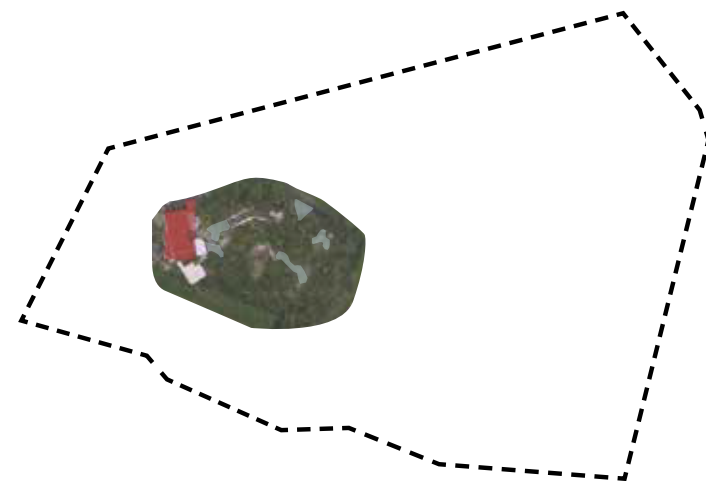
The Lost Spring Coromandel, NZ

About the Lost Spring

The lost spring is in the coromandel and is emerged in native bush. The dancing lights and rising steam draws you into the thermal pools. The founder of the lost spring spent 2 decades drilling to find the thermal water. After the fourth attempt in drilling about 667 metres underground hot water began to emerge from a small crack in the bedrock.

The water is rich in more than 400 minerals and surfaces at a temperature of about 48.5 degrees, with pool temperatures ranging from 30 degrees to 41 degrees. The Lost Spring is spread over about 1.4 hectares of land, beneath the canopies of the towering Nikau trees.

As the pools are frequently used, they slowly start cooling down, this requires the staff to visit the Lost Springs central management system up to 20 times a day to make sure the water is being filtered and distributed evenly to control the pools temperatures.



The Lost Spring in comparison to s 9(2)(b)

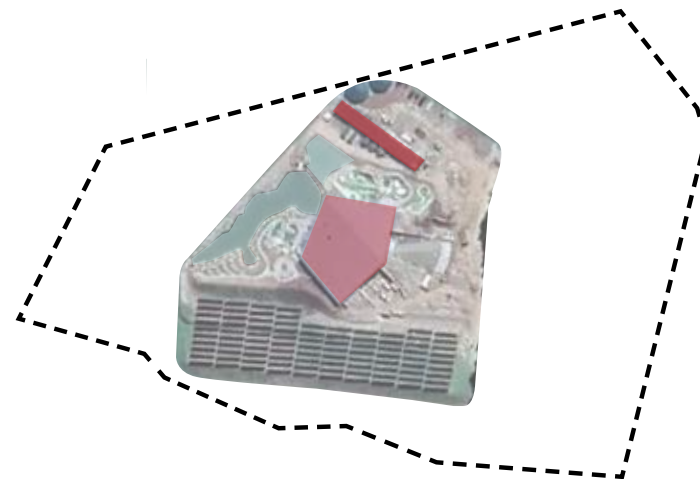


Opuke Hot Pools Methven, NZ

About Opuke Hot Pools

Opuke thermal pools and spa in Methven, Canterbury takes a sustainable approach and is inspired by the backdrop of the nearby mountains. The pools are heated by 500 solar thermal collectors and a water treatment system will ensure exceptional bathing purity. The water is source from the nearby Rangitata Diversion Race that is fed by glacial melt water and is passed through a filtration and sanitation system to minimise the requirement of chemicals like chlorine.

The pools and solar panels are spread over 2.4 hectares of land. Opuke thermal pools has a variety of bathing features, secluded private pools, communal hot pool, exclusive cabanas for premium treatment, and a tranquillity bar and eatery which offers an exclusive pool side canape and beverage service.



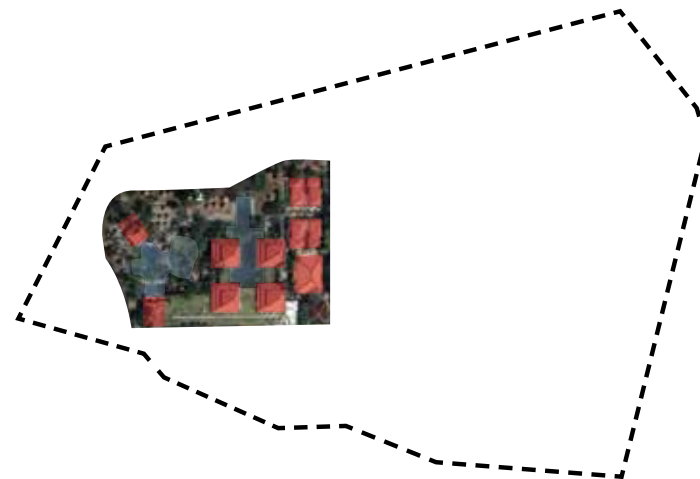
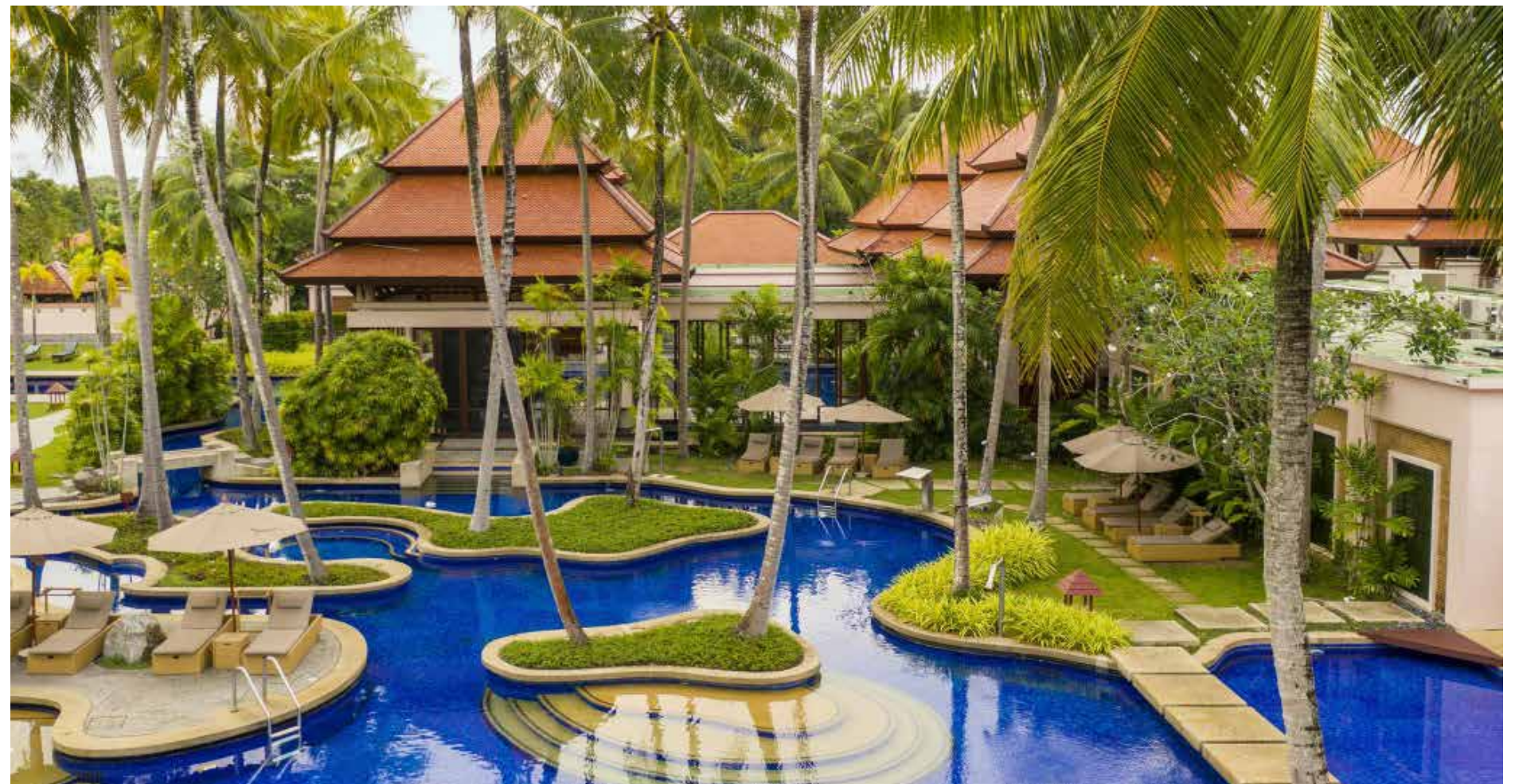
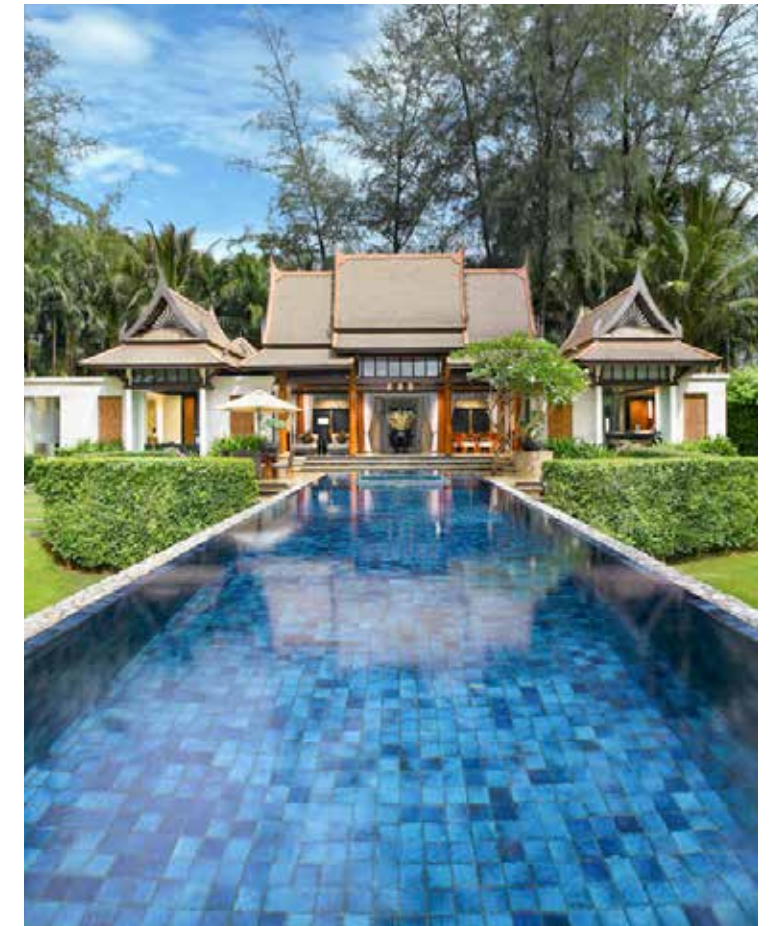
Opuke Hot Pools in comparison to s 9(2)(b)

Banyan Tree - Phuket

About Banyan Tree in Phuket

Banyan Tree Wellbeing Sanctuary offers the time and space to combine lifestyle enrichment, intimate cultural insights, and rejuvenating spa experiences into a single unique journey. With the goal to empower and encourage every individual's Wellbeing potential, the team works closely with each guest on a common goal by nurturing the consistent practice of self-care through rituals, nature, and culture.

The Banyan Tree resort contains 174 luxurious villas. Each villa features a private pool, open air sunken bath, spacious bedroom, and a private landscaped garden.



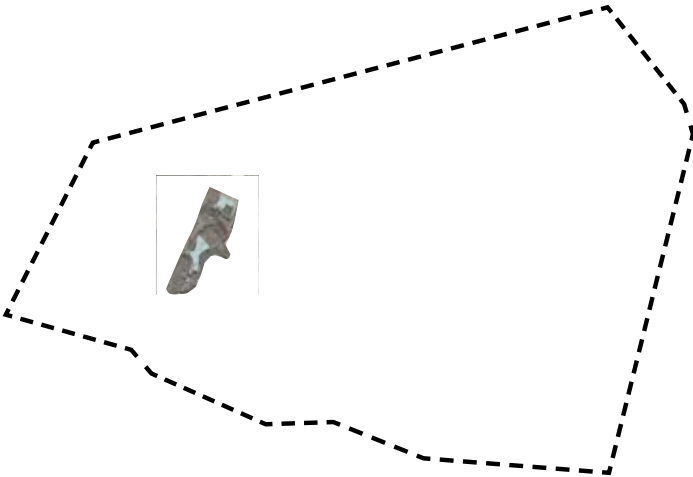
Banyan Tree in comparison to § 9(2)(b)(ii)

Tsurunoyu Onsen - Japan

About the Tsurunoyu Onsen in Japan

Nyuto Mountain's oldest and most popular onsen, Tsurunoyu was established in the 1600s, when it housed many elite government officials and members of royalty on their travels. The onsen offers guests a rustic and authentic stay with an irori or sunken fireplace to cook with and to heat up each room.

The onsen has four baths each with a unique feel and mineral composition, including one of the only onsens in the world where you can bathe in the actual hot spring source. Typically, the hot spring source is transferred to a bath where the temperature is controlled; however, the bath at Tsurunoyu is 100% controlled by the forces of nature, allowing guests to feel a true connection with the earth.



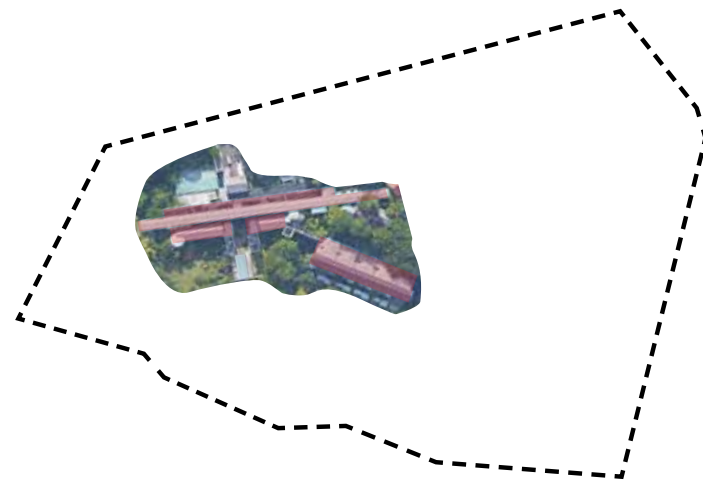
Tsurunoyu Onsen in comparison to s 9(2)(b)(ii)

Gora Kadan Japan

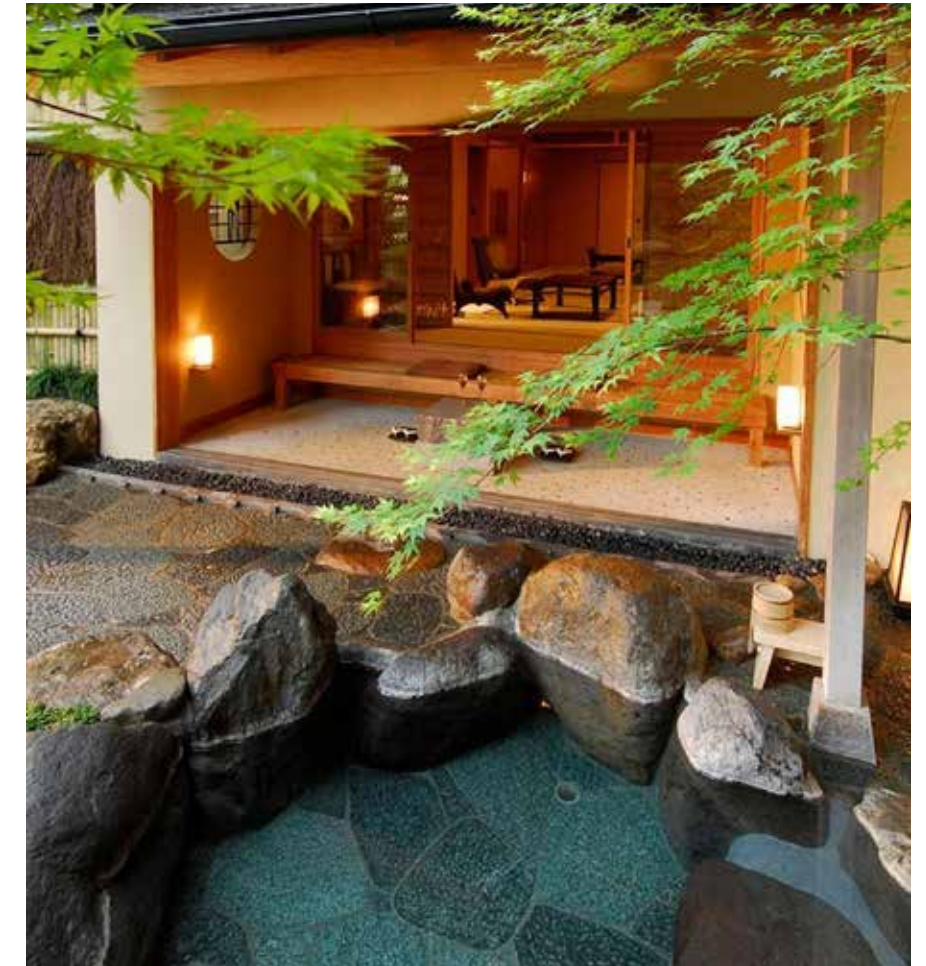
About the Gora Kadan Ryokan

Gora Kadan in Hakone is on the grounds of a former summer villa belonging to the Imperial family. This luxury ryokan is a stunning place to dip into the hot-spring waters of Hakone and enjoy the surrounding nature. Gora Kadan stands as an example of understated luxury. The rooms have the modernity you expect (flatscreen television, fast internet, climate control), but combine impressively with traditional Japanese room design. The beautifully appointed rooms look out on the peace of Fuji-Hakone-Izu National Park. Most rooms have private baths with a view. Gora Kadan also enjoys its own hot spring, with plentiful hot water. The Onsen has been designed to blend with the natural beauty of the area and features several indoor and outdoor baths.

This exquisite 'ryokan' is home to two natural wells from which mineral rich, hot spring water flows and feeds the open-air baths. The minerals contained in the spring water are regarded as having many remarkable qualities promoting good health and smooth skin, which visitors can soak up in private Onsen's.



Gora Kadan in comparison to s 9(2)(b)(ii)

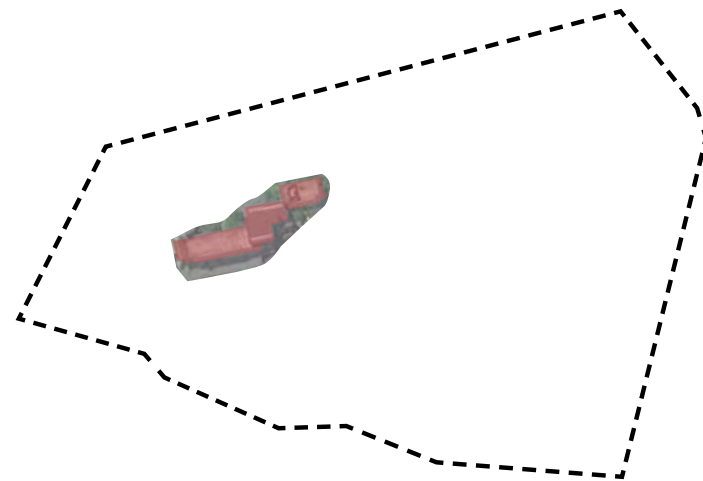


Takinoya Ryokan Japan

About the Takinoya Ryokan

Takinoya ryokan is set among the dense woodlands of Noboribetsu and with the Jigokudani Hell Valley volcanic hot springs within walking distance. Rooms look outward onto forested areas to encourage contemplation: winter brings an ethereal serenity, while fall sees the ryokan's Japanese garden awash in autumn colours.

The inn draws upon Jigokudani to pipe in thermal waters of varying mineral content, alkalinity, and acidity. Guests can bathe communally in the Kumoi no Yu fifth floor bath or choose from indoor or outdoor settings at the Chien no Yu bath on the ground floor. Guests may also bathe in a “rotenburo”—a fresco-style bath—if staying in either the D or DW suites. These premium accommodations are the most spacious of Takinoya's offerings. The former is a tasteful hybrid of traditional interiors and Western and “Japonesque” bedding and furniture styles. Guest meals, however, are resolutely Japanese in their focus. “Kaiseki” degustation meals are devoutly seasonal, artfully plated and made using local ingredients. Service at Takinoya is astute but never obtrusive, in keeping with Japan's omotenashi hospitality.



Takinoya Ryokan in comparison to s 9(2)(b)(ii)

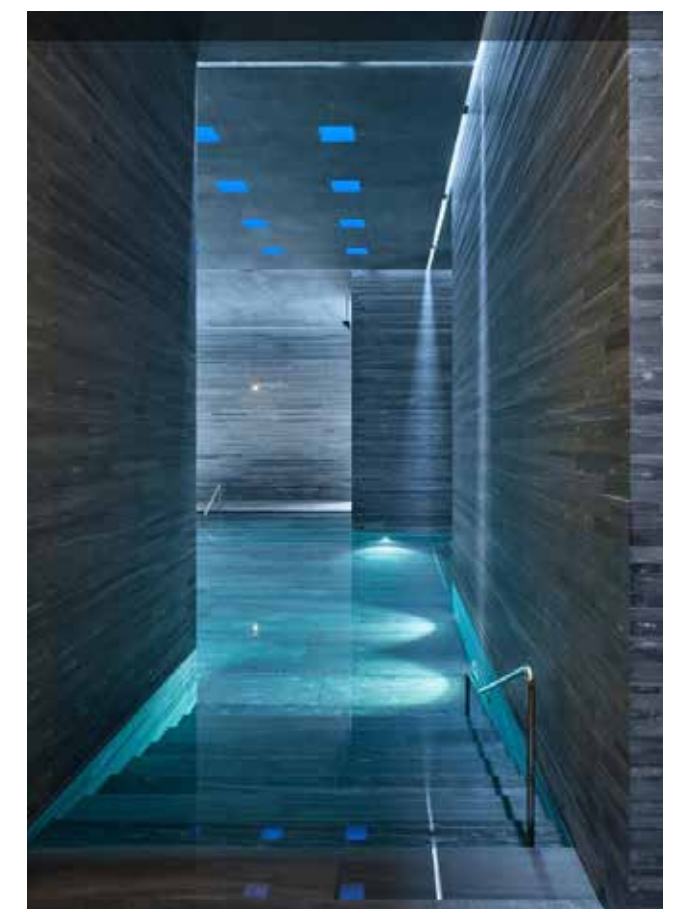
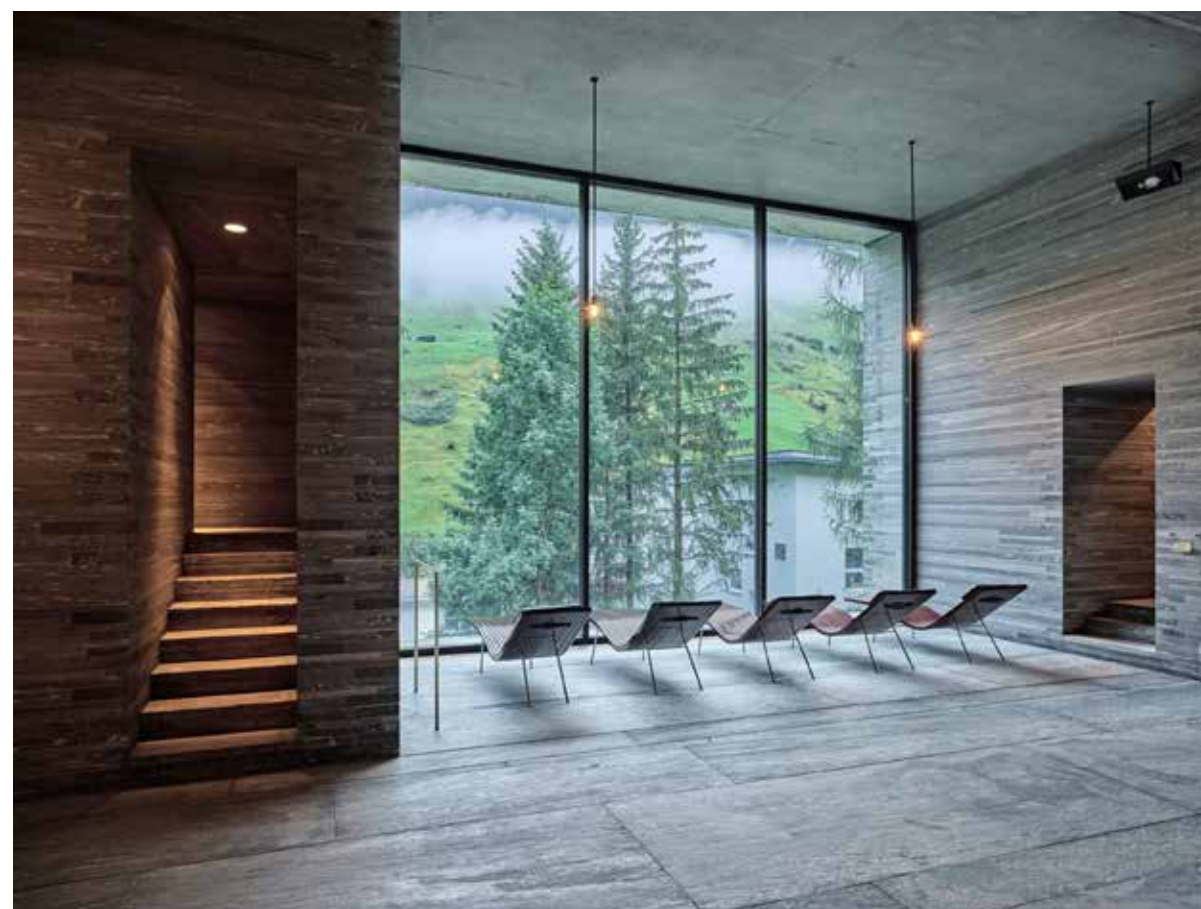
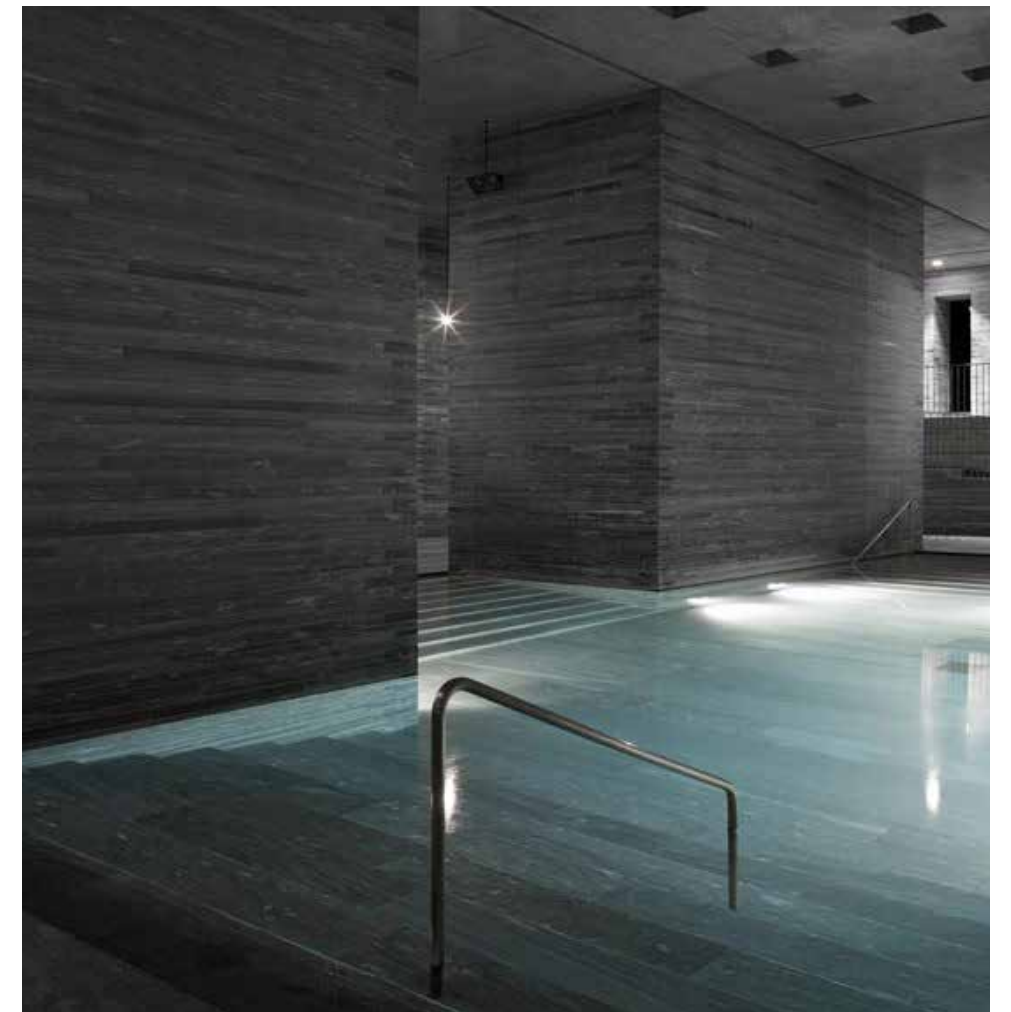
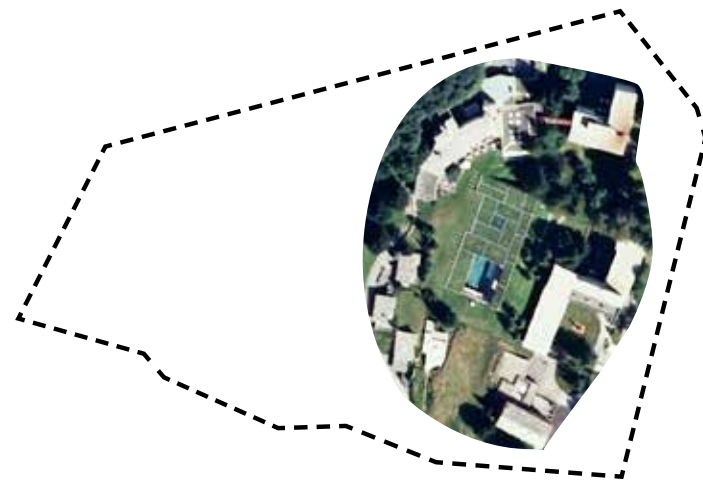


The Therme Vals Switzerland

About the Therme Vals

The Therme Vals is a spa complex that creates an architectural experience through the unique use of light and shadows to produce a sensorial atmosphere with the sublime. Designed by the architect Peter Zumthor, the Therme Vals is a physical and mental experience following inspiration of phenomenology that engages the five senses.

The design process of the spa retakes concepts about rituals of purification and thermal baths per-formed through history. The modern design and composition of the monolithic horizontal and vertical slabs creates a puzzling construction through the joins where 8 centimetres of separation allows natural light to enter the space. The monolithic walls perform an essential role as thermal masses to conserve the water's heat in Vals Therme Spa. The walls' thickness is revealed with the windows' negative space, creating a cave effect from the occupant's perspective. The spa explores the sensorial phenomenon be-tween nature, architecture, and its visitors.

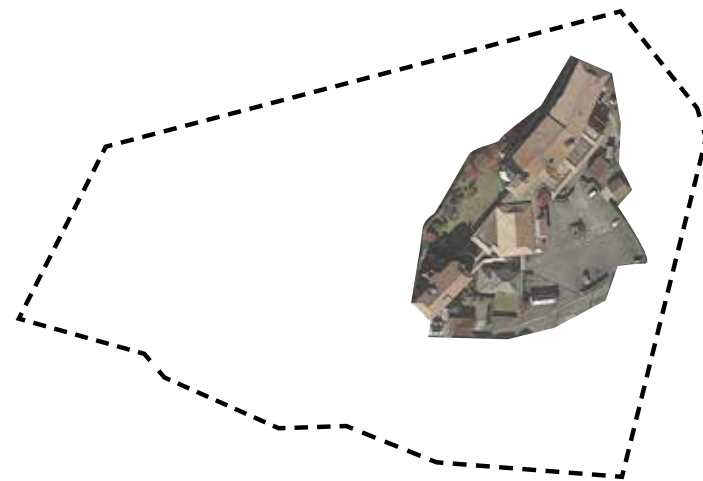


Azumaen Japan

About Azumaen

Set within the natural landscape of Rien, natural wood and stones are used within the rooms and the bathrooms to compliment the landscape. the hot springs are made up of three spacious pools all with different temperatures for different healing effects.

Guests can indulge in a pampering treatment at the ryokan's full-service spa, Rien. Services include massages. The spa is equipped with a spa tub. Public bath/Onsen services include an indoor mineral hot spring (Japanese-style Onsen) and a yukata (Japanese robe). The ryokan has multiple room options with different styles of Onsen's and private pools. You have the option to either stay in a traditional Japanese room or in a Japanese with western influence room.



SECTION NO.

FIVE

Concept Development



Onsen in Queenstown

Conceptual Plan

The Initial Concept

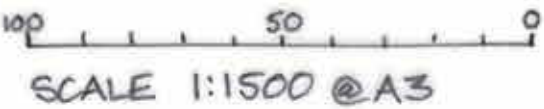
The initial concept for the site started purely from walking the site with s 9(2)(a). G2 Studio compiled this quick sketch on their return from the site based on discussions held on that day, identifying the areas that could be allocated for residential subdivision and identifying the two key amenities being the spa and hot pools.

The idea of linking the elements with a pathway and stream were introduced later to create a 'journey' through the site.

The eventual masterplan remains largely unchanged from these initial conceptual ideas.

	No	AREA.	CAP
PHASE 1			
RESIDENTIAL	6	900	
HOT POOLS	1.		15
PHASE 2			
DAY PODS.	20		4
PHASE 3			
RESIDENTIAL	8	1000	
SPA.	1		3
RYOKEN	6		12

Sketch Conceptual Plan of





Kuroyu Onsen in Japan

SECTION NO.

SIX

Illustrative Masterplan

Phases

The Phase Breakdown

This section identifies 7 possible phases for the development. Initially G2 Studio sought to identify some simple sub-division that could part fund the leisure development but on the advice of the planning consultant these have been put back to be the later stages.

It is imagined that these phases may represent a 5-year programme of construction and consenting.

These have been ordered for several reasons which are:

- To create an identity for the project early and establish something consentable within the shortest time.
- To begin with a strong revenue producing element that would establish the sites Presence and awareness.
- To require a lower level of funding initially.
- Allow phases to be constructed without interruption to existing operations.
- To consider the future changes in planning policy

- 1. Hot Pools, Entrance, Carpark, Changi
- 2A. Private Day Pools x 8, Private Saun
- 2B. Private Day Pools x 8, Private Saun
- 3. Spa with Treatment Rooms and Pool,
- 4. Ryoken x 10
- 5. Yoga and Meditation Pavilion
- 6. Residential Lots x 5
- 7. Residential Lots x 6

Phase 1

Hot Pools, Entrance, Carpark, Changing Rooms, Cafe

About the Hot Pools

In this development proposal, G2 Studio are suggesting that the first phase of the development, is the creation of a hot pool facility. This will consist of a reception building, changing rooms and lockers, a small lounge and juice bar and a number of pools heated to different temperatures ranging between 36 and 40 degrees.

The heating will primarily be by bored water which, from initial investigations by the owner is reported that it can be extracted at around 26 degrees. This will then go through a secondary heating process using heat pumps powered by photovoltaic cells or a solar water heating system in order that the temperatures can be achieved using natural means if possible. The pools will be carefully landscaped to re-create the appearance of natural pools and springs with seating and rest areas.

The intention will be that the pools can accommodate up to 150 guests who will be able to stay an unlimited time and they will be charged an entry fee daily. The pools will be open from morning until evening, approximately 12 hours total, and the expected visitors will be up to 400 per day.

The first phase of the works will include the creation of a main entrance from S 9(2)(b)(ii) and a car park and coach drop off.

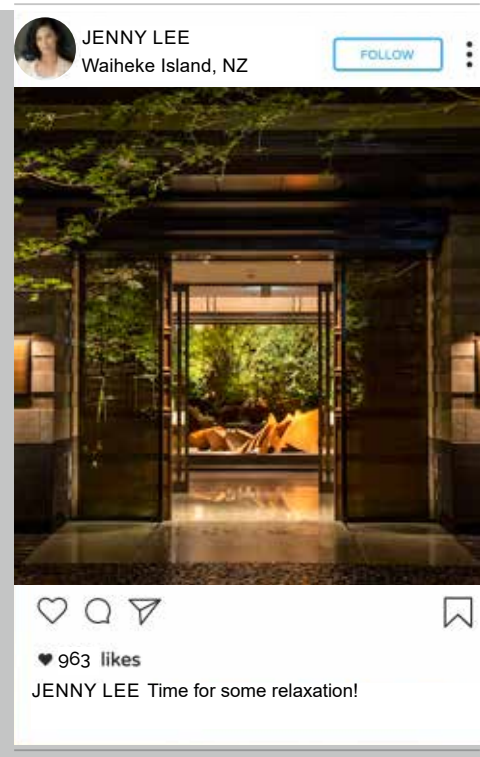
The pools will be open to all visitors of all ages although this may be restricted to adult times in the evening.

The intention is that this will be a significant attraction for visitors to Auckland and Waiheke and would encourage day visitation to the island which will

support the other businesses in the area.

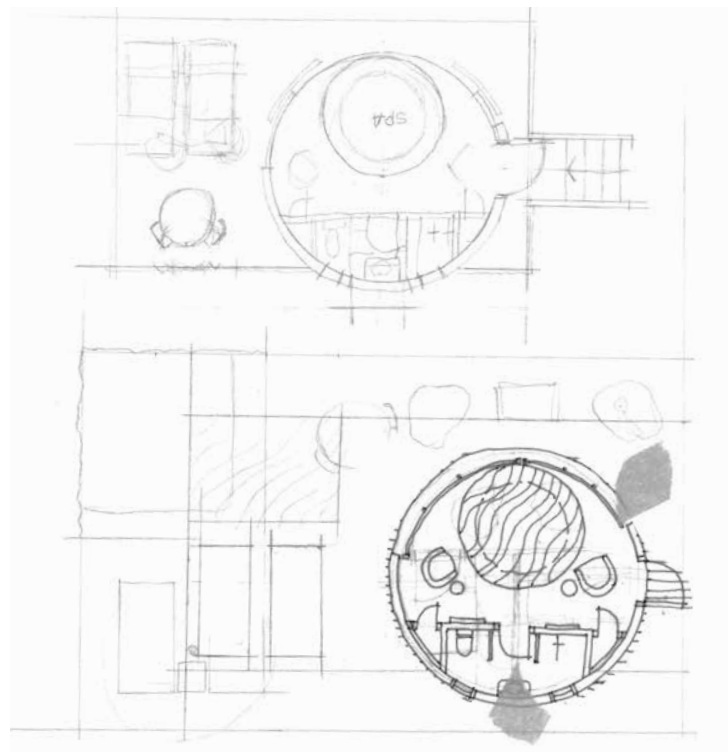
The proposal is that this is designed as a high-quality attraction in both its architecture and landscape, and this will set the overall style and branding for the future expansion.

The phase 2 of the hot pool facility will be the addition of private day spas and spas with saunas, that will be constructed from prefabricated buildings and decks that will be 'placed' onto a minimal number of footings to avoid heavy construction near to the operating hot pools. In this phase, the beginning of the stream and pathway will be landscaped and the infrastructure for the future day spas will be provided.





The private day pools take inspiration from the Japanese onsens. The cabins will each contain its own spa, bathroom, and outdoor relaxation area. The use of the wooden decking contributes to the positive effects on the emotional state of people. Naturally providing a calming effect, the warmth of the wood in combination with the surrounding nature will contribute to the mood and psychological state of those present.

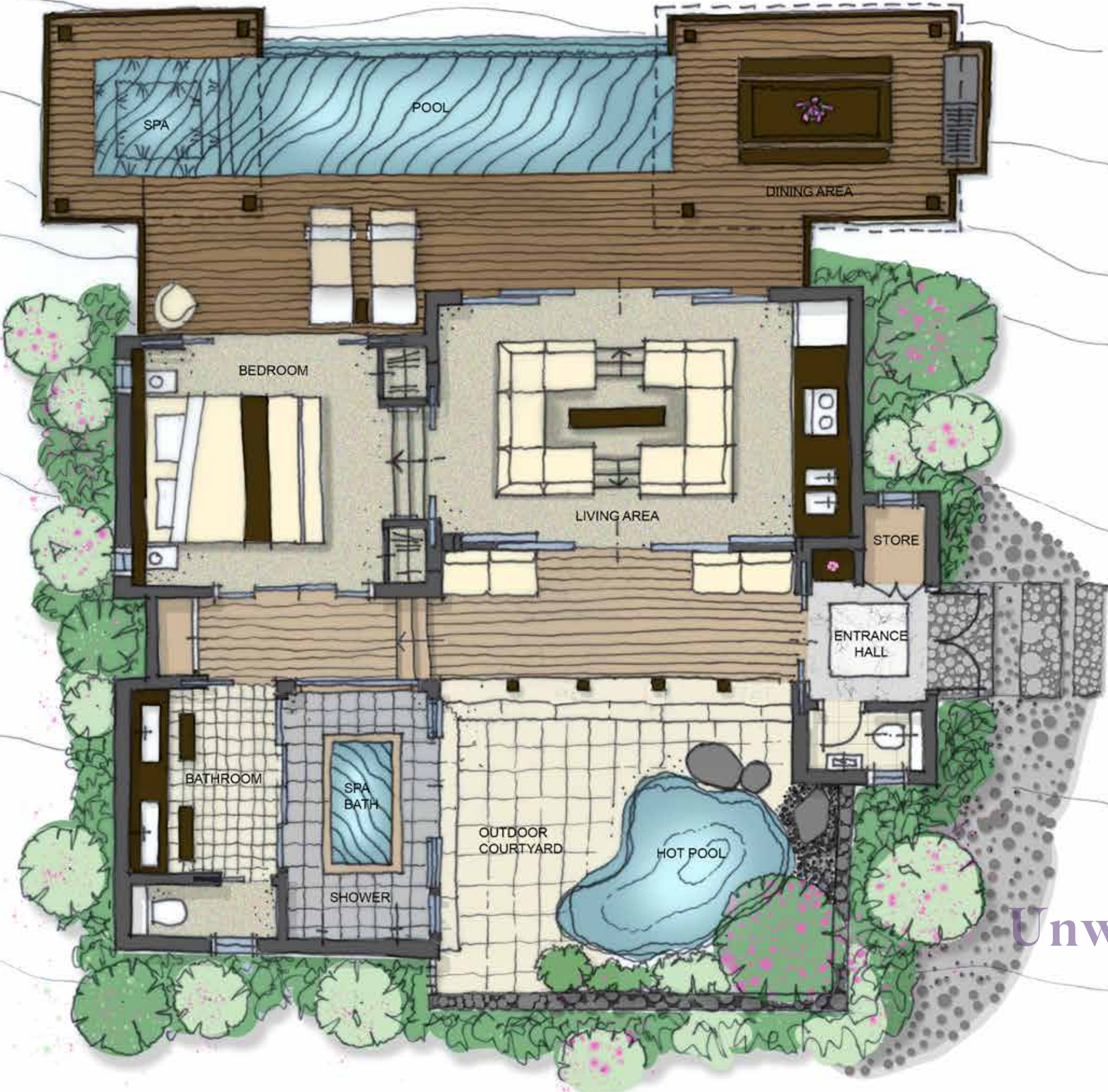
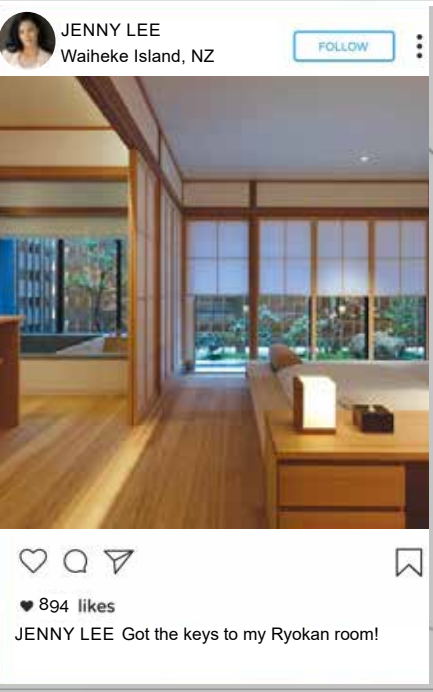


Scale: 1:50



Phase 4

Ryokan Floor Plan



Unwind



A Ryokan in Japan can take many forms from a small hotel to very luxurious resort.

The typology has been used to inspire a New Zealand translation of the idea into 10 luxury 'batch' styled villas, some with private pools and all with spa baths and a walled garden.

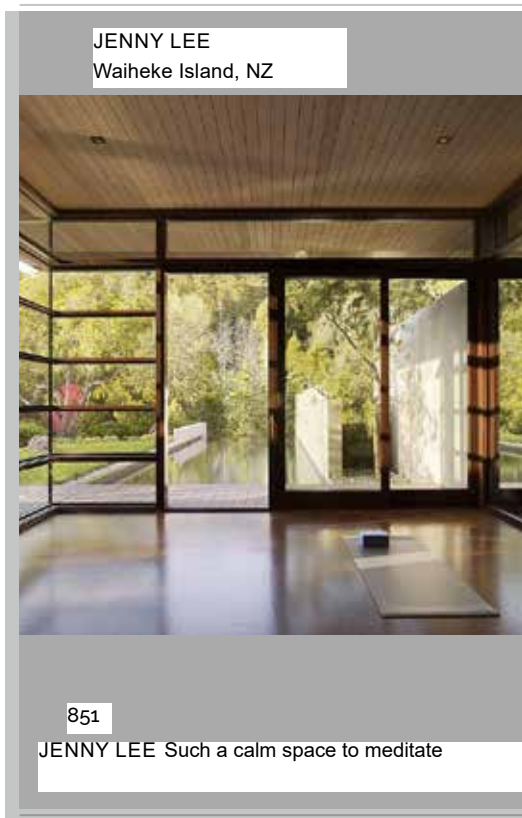
The intention is on privacy, and a calm intimate experience so that the guests will enjoy a totally private environment and be at one with nature.

A feature of the Japanese Ryokan is the food, and dining is often done in one's own room. In the design for the ^{s 9(2)(b)(ii)} development, catering will be provided from the main spa building and a service kitchen has been allocated for this and food will be served to the rooms by buggy for in-room, terrace, or garden dining. Each villa will also have a small kitchen and barbeque to enhance the 'Kiwi' experience and barbeque packages will be provided from the spa, which will also act as the reception and service for the Ryokan. Menus may be designed and personalised for guests in advance and may be part of a retreat experience.

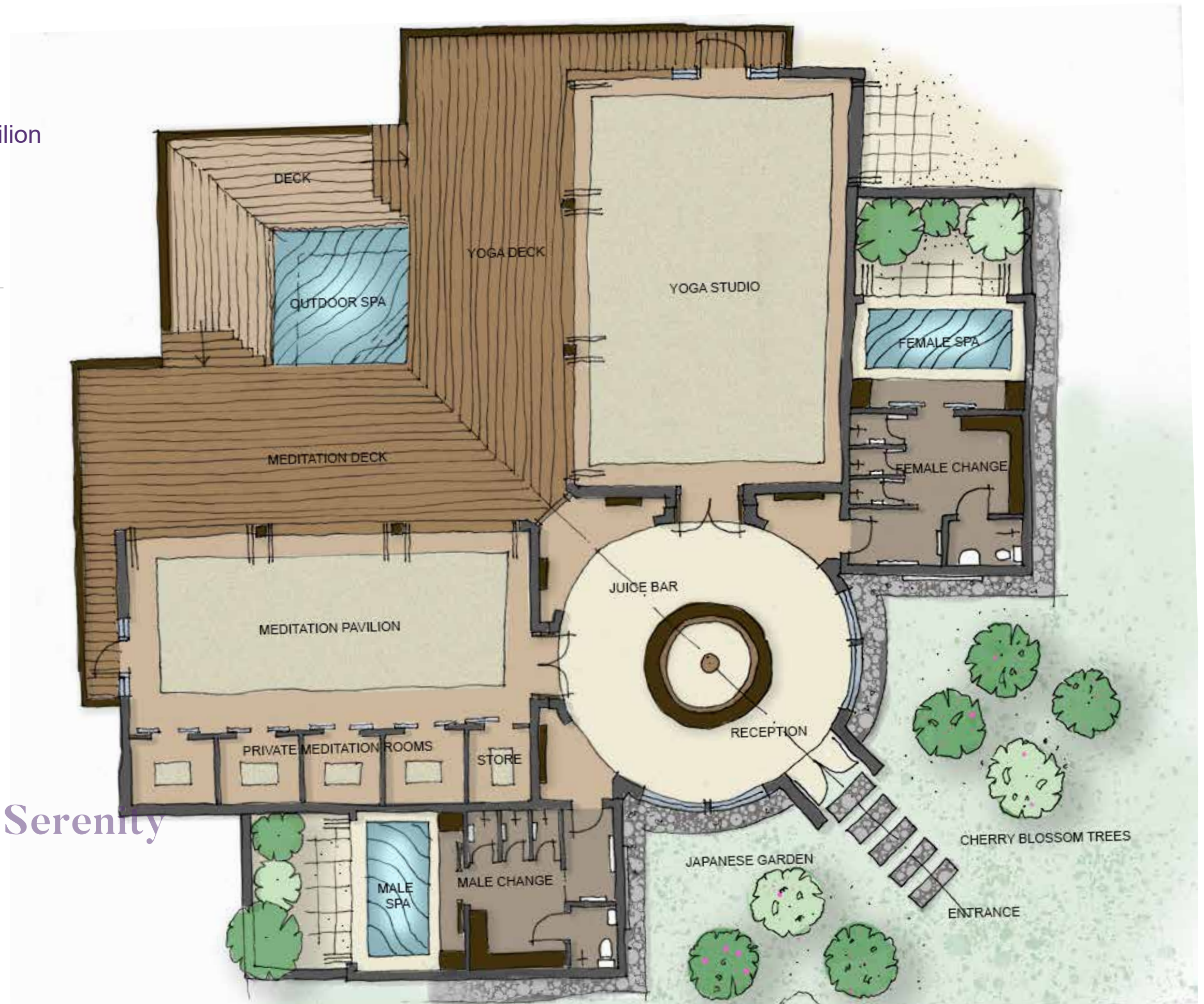
The emphasis will be on the guest being free to choose how much they wish to participate in the other facilities on the site or be totally exclusive and private to enjoy their own time however they may wish.

Phase 5

Yoga and Meditation Pavilion



Serenity





It is envisaged that the yoga and meditation pavilion may be introduced when the other facilities are in place and will complete the concept of a 'retreat' where people can escape for several days with a tailored menu and activities to suit their desires.

Yoga is a growing interest, and the pavilion will be designed to operate for 'casual' visitors attending classes in addition to the guest son site.

Meditation is possibly the fastest growing pursuit in terms of health and wellness, and we expect an even greater increase in its popularity. Many find that group meditation or dedicated retreats are highly effective, and this would provide the perfect destination for such activities. G2 Studio believes that this new and untried offer, could be one of the most successful parts of the project in the future and it may be interesting to look at brand alignment with meditation apps like 'Headspace' or '10% Happier'

The pavilion caters to guests who are seeking for constant connection to their five senses, mind, body and soul.

Landscape

Pathway through the Site

What started as a small pathway linking the private spa pools to the hot pool reception, we now see as a key part of the design.

We have developed the idea of a 'journey' through the site, linking the hot pools to the spa and creating a pathway and boardwalk surrounded by native bush and following and crossing a flowing stream with a natural (looking) rock bed.

The path will ascend to the ^{9(2)(b)(ii)} level and so will manage the gradient by winding around the contours with the water. The stream will be pumped in sections and slow flowing to create pools and small waterfalls down through the site.

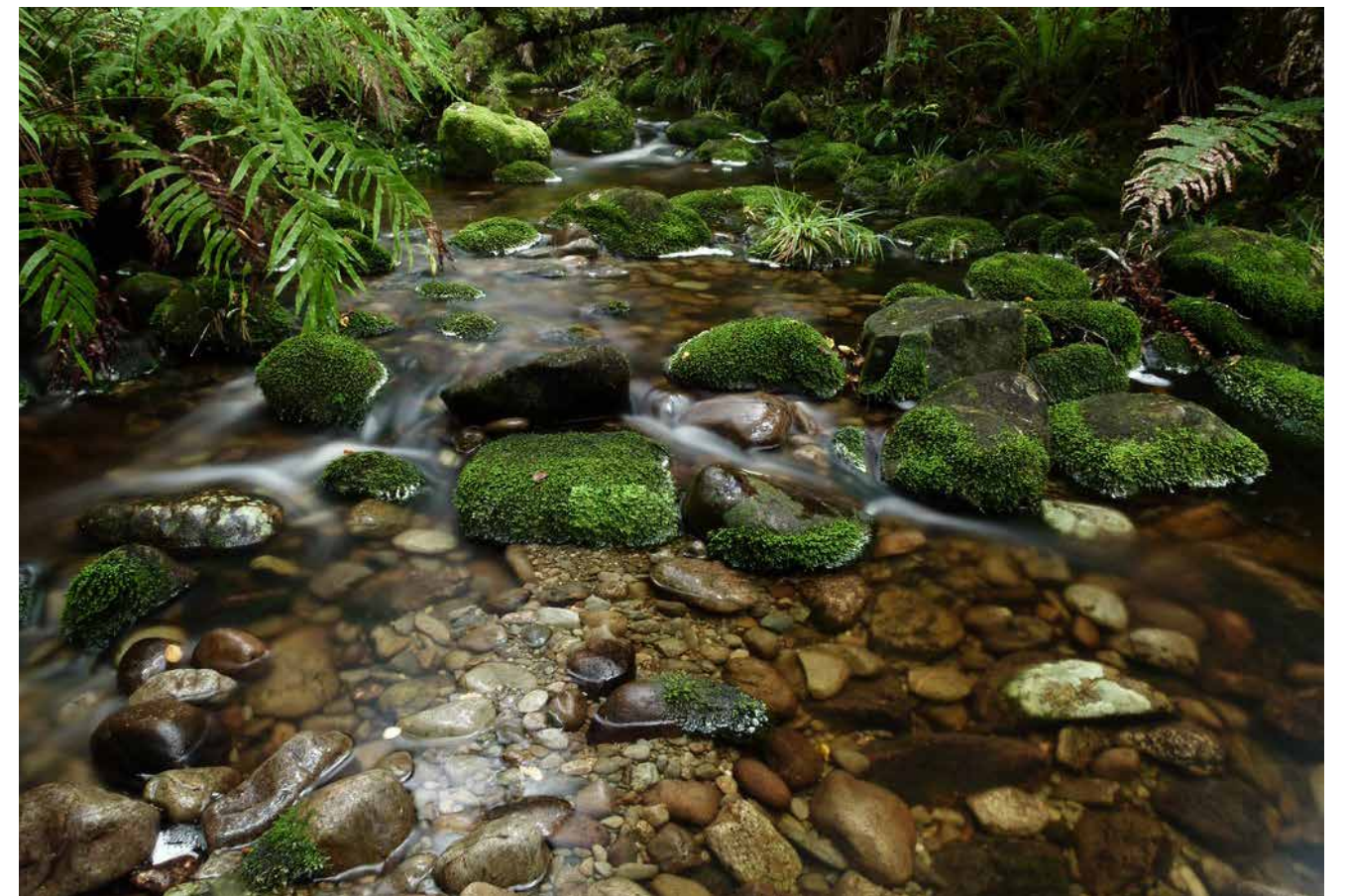
We see this feature not only as a link between all the elements but a way of 'tying' the development together to create one story for the experience.

The landscape and planting will be mostly that native to New Zealand with the addition of some palms, poplars, and cherry blossom trees.

Every effort will be made to make this look as natural as possible rather than a curated garden or theme park and will be instrumental in creating a uniquely New Zealand experience for the visitor.

The pathway will be gently lit at night as will some of the pools to create a romantic evening walk and creating a ribbon of light that can be seen from a distance, or when approaching from the sea as an advertisement for the development.





SECTION NO.

SEVEN

What Next?

Conclusion

It is very rare that one, be you an architect or a landowner, gets to do something exactly right in the exact right place. This proposal for s 9(2)(b)(ii) illustrates one of those rare opportunities.

The site location is perfectly positioned for visitors. The aspect and topography of the land enables views and privacy from many locations. Waiheke is established as one of the best islands to visit in the world and one of the most desirable places to live in New Zealand. Interest in the wellness, health and rejuvenation industry is growing and there has not been a really good example yet opened in New Zealand. It is equally rare for an owner and client to be genuinely committed to quality and to build a legacy that could be judged by any international standards.

All of these elements have come together in this project and G2 Studio are happy to submit this initial concept proposal for the masterplan for the future development.

When viewed on a commercial level, the project can be done in relatively small phases and be revenue generating from Phase 1. The additional phases should not affect revenue from the operating phases due to the excellent site access and the buildings in the centre of the site would be modularised to avoid heavy construction within the landscape. The subdivision of around 13 residential sites will secure a future return of in excess of s 9(2)(b)(ii) at current prices if this is pursued when Council permits it.

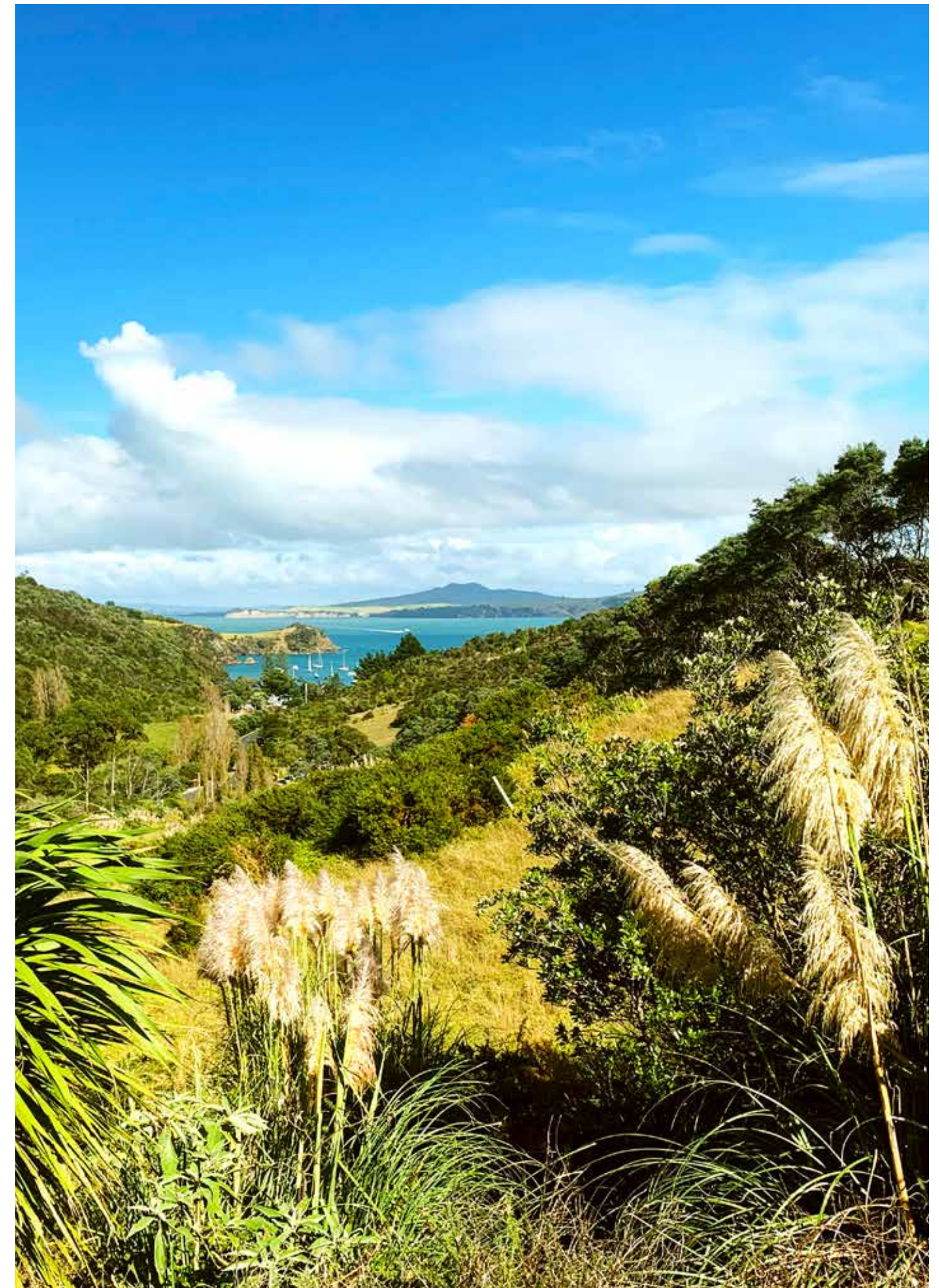
The next stages would be to:

- Assess and refine the vision for the whole site
- Undertake a commercial evaluation of the project
- Get feedback from tourism and leisure consultants
- G2 Studio to prepare a Resource Consent application for Phases 1-5
- Make contact with possible operators
- G2 Studio to develop the design for Phase 1
- Look at a possible TV/Netflix coverage of the project

Waiheke is the perfect place to accommodate New Zealand's best hot pool and spa retreat and we have great pleasure in presenting this 'story'.

Thank you for the opportunity.

G2 Studio



PROPERTY **E**CONOMICS



SAKURA ONSEN

FAST-TRACK APPLICATION

ECONOMIC IMPACT MEMORANDUM

Client: s 9(2)(b)(ii)

Project No: 52414

Date: May 2024

2 May 2024

ECONOMIC MEMORANDUM

To: s 9(2)(a)

s 9(2)(a)

Isle Land Planning

Email s 9(2)(a)

RE: FAST-TRACK ECONOMIC IMPACT OVERVIEW – SAKURA ONSEN DEVELOPMENT

INTRODUCTION

Property Economics has been commissioned by s 9(2)(a) ("the Applicant") to provide a high-level overview of the potential economic impacts resulting from the proposed project at s 9(2)(b)(ii), Auckland ("the project") for the purpose of an application to list the project in Schedule 2A of the Fast-track Approvals Bill ("FTA Bill").

The project involves developing, a unique regional asset and visitor attraction, involving a luxury Japanese geothermal retreat (Onsen) including hot pools, private day pools, private saunas, spa treatment, Ryokan visitor units, a yoga and meditation pavilion and associated residential or visitor accommodation with café and parking facilities. visitor accommodations (Ryokan), and additional facilities such as changing rooms, a café, and parking facilities.

This economic memorandum assesses the latest wellness tourism and visitor accommodation market metrics to highlight the opportunity and potential economic benefits the project could generate for the regional economy.

This economic memorandum assesses the latest tourism market metrics and confirms that the project:

- Is a unique tourism experience within the region and of a scale that would provide significant economic benefits for the region and Waiheke Island's local economy. Wellness tourism experiences are experiencing significant growth internationally and an Onsen experience is currently a 'gap' in Auckland's regional tourism offering. Projections for upscale wellness destinations indicate a global market worth approximately US\$1.4 trillion annually by 2027.
- Would accelerate tourism expenditure in the region in one of the region's pre-eminent tourism destinations – Waiheke Island. Auckland's post-COVID tourism recovery has outperformed the rest of the country over the last 12 months in terms of hotel occupancy, indicating a robust and buoyant tourism sector in the region.
- This project will emerge as a distinctive and crucial tourism asset for the region, greatly enhancing the local, regional, and national wellness tourism economy, as well as the region's domestic and international profile and competitiveness.

- The project's total estimated capital expenditure of around s 9(2)(b)(ii) will have positive job creation and multiplier effects on the regional economy not only through the construction phase but on a sustained basis.
- Revenue for businesses offering high quality wellness and mineral bathing centric experiences and amenities can realise up to s 9(2)(b)(ii) annually.

A high-level overview of the economic impacts of the spa and wellness tourism sector in other locations of the country is also undertaken to understand the likely baseline for the project's contribution to the regional economy.

In addition, this economic overview identifies the potential for any additional efficiencies to better meet tourism demands and future needs, and the economic benefits resulting from the efficiencies of utilising the FTA Bill process over standard resource consenting timeframe.

OVERVIEW OF THE WAIHEKE ONSEN PROJECT

The project encompasses circa 5ha of land currently zoned as Rural 1 under the Hauraki Gulf Islands District Plan. An illustrative masterplan of the concept detailing the location and extent of the project site are provided in the figure following.

FIGURE 1: ILLUSTRATIVE MASTERPLAN OF THE PROJECT

s 9(2)(b)(ii)



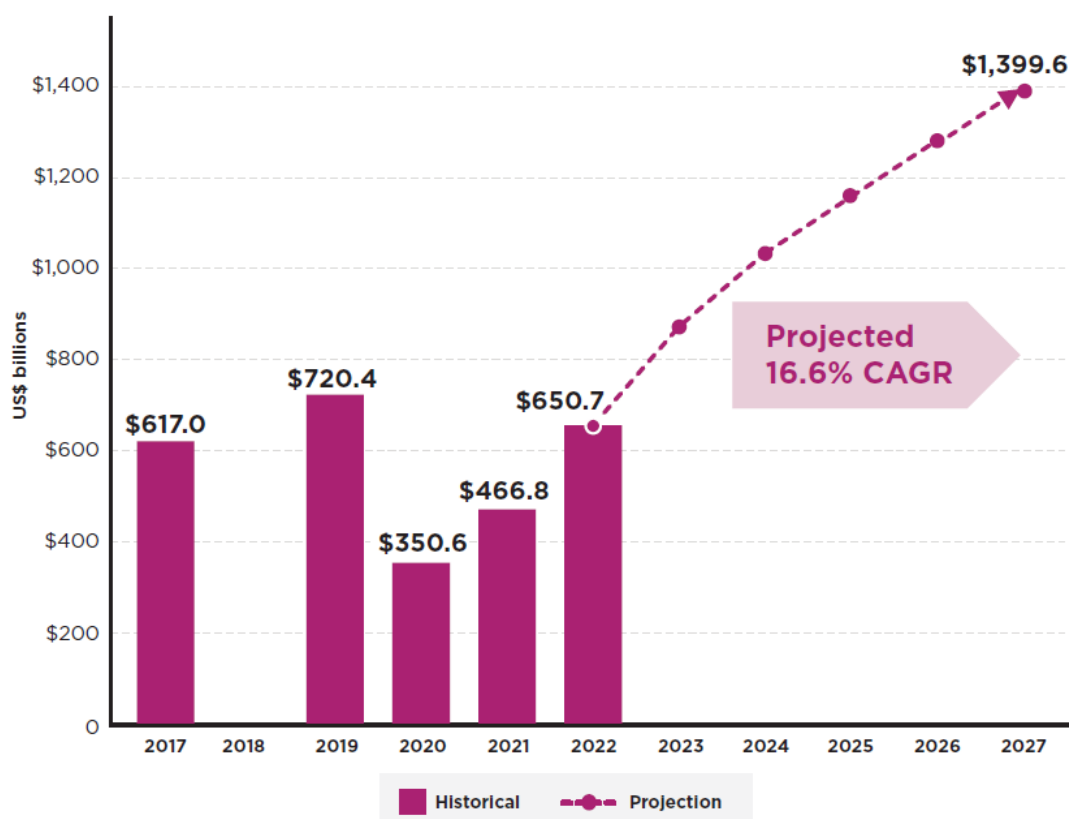
Source: G2 Studio

GLOBAL WELLNESS TOURISM INDUSTRY

In recent years, the wellness tourism industry has experienced substantial growth, reflecting a global shift towards prioritising holistic well-being in travel experiences. One notable trend is the increasing tourism demand for personalised wellness experiences tailored to individual needs and preferences.

According to Global Wellness Institute's latest research¹, the global wellness tourism economy is predicted to continue its robust growth and expand its share of consumer spending and the global economy over the foreseeable future. For the next five years, it is projected that the global wellness tourism economy will grow at a robust rate of +16.6% annually, a growth rate substantially higher than projected global GDP growth (+5.1% according to recent IMF forecasts).

FIGURE 2: GLOBAL WELLNESS ECONOMY GROWTH PROJECTIONS: 2022 - 2027



Source: Global Wellness Institute

Consequently, as indicated in Figure 2 above, the global wellness tourism market size will achieve circa US\$1.4 trillion per annum by 2027. This indicates a substantial pool of potential international customers willing to participate in wellness tourism experiences as well as substantial opportunities for the growth of luxury wellness destinations, both on the international stage and within the New Zealand market.

¹ Global Wellness Economy Monitor 2023, November 2023, Global Wellness Institute

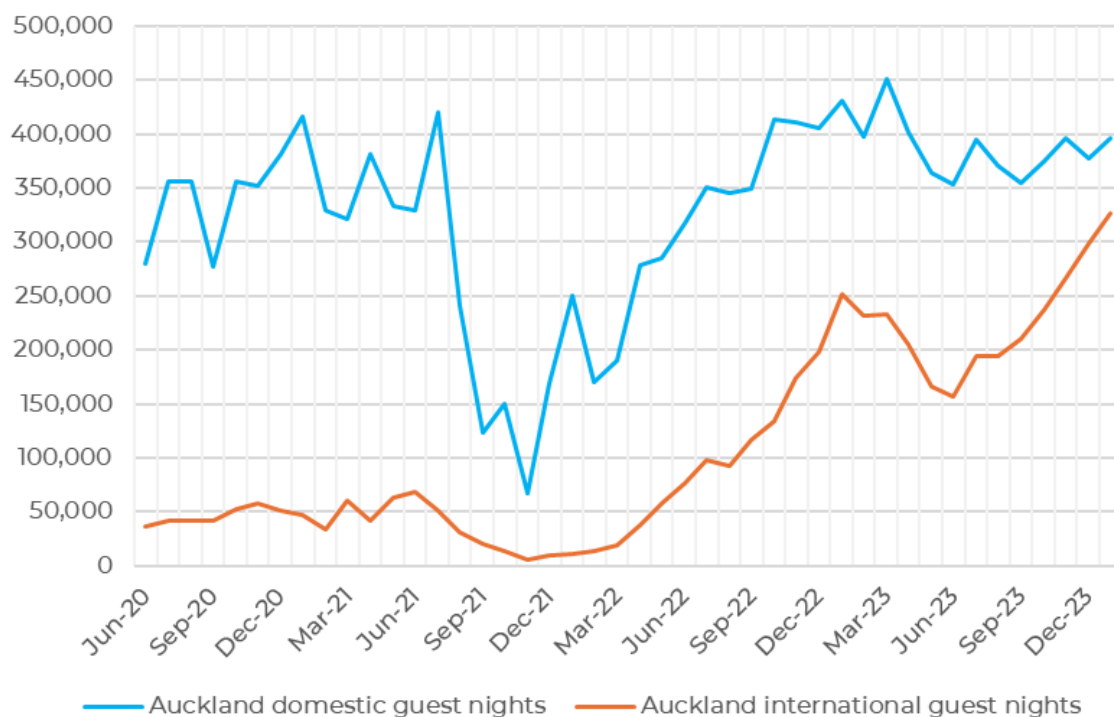
Thermal mineral springs business models offering well thought out bathing experiences and amenities are able to achieve revenues upwards of \$30m per annum² through high visitation and bathing centric experiences. This excludes any associated overnight visitor accommodation expenditure. This highlights the opportunity available to accelerate tourism revenue for both the region and New Zealand.

As far as Property Economics is aware, there are currently no other certified luxury Japanese Onsen & Ryokan establishments in New Zealand. By capitalising on the growing demand for unique premium wellness experiences and leveraging NZ's natural beauty and cultural allure, the project would position itself as a unique and premier destination within this lucrative market segment, offering exclusive experiences and treatments for wellness travellers.

AUCKLAND TOURISM AND VISITOR ACCOMMODATION TRENDS

Regarding the demand for commercial accommodation services in Auckland, data obtained from Tātaki Auckland Unlimited, as depicted in Figure 3 below, illustrates a significant increase since the removal of Covid related travel restrictions. As of January 2024, Auckland has experienced a record-high in commercial visitor guest nights since the onset of the Covid-19 pandemic, reaching approximately 723,100 nights collectively. Among these, around 45% are attributed to international visitors, totalling around 326,200 nights.

FIGURE 3: AUCKLAND COMMERCIAL VISITOR GUEST NIGHTS



Source: Tātaki Auckland Unlimited

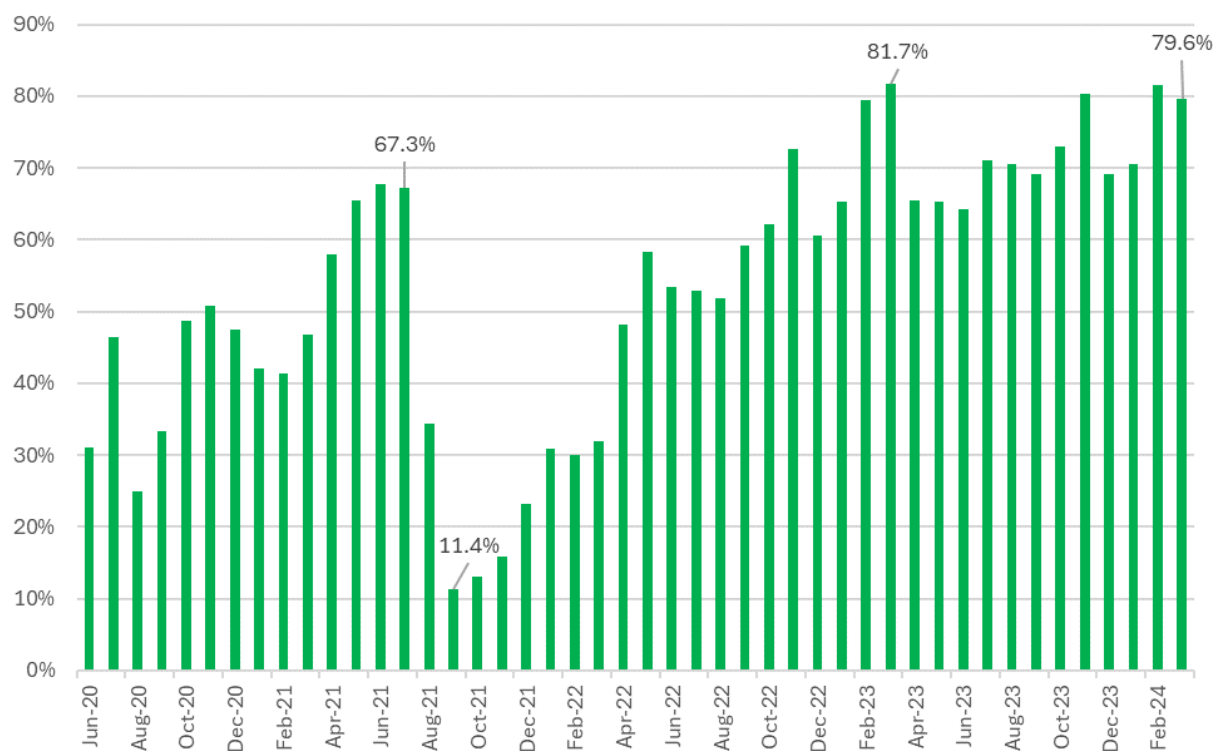
² New Zealand Thermal Mineral Springs Investment Opportunity, James D White Ltd, December 2020

Even though this upward trend for Auckland does not automatically roll over into increased demand for visitor accommodation in Waiheke, the sustained recovery and significant growth of visitor numbers in Auckland indicate a robust market for diverse accommodation options and a requirement for additional tourism experiences.

This presents an opportunity for a unique spa and resort establishment in Waiheke to tap into this market and improve regional tourism profile and expenditure by offering visitor accommodation for both domestic and international visitors seeking a luxury wellness retreat experience in a high-quality coastal environment.

Figure 4 illustrates the recent trends in hotel occupancy rates in Auckland. As of March 2024, Auckland's hotel occupancy rate is estimated to be around 79.6%, marking a notable increase from the record-low level observed in September 2021 during the pandemic. This higher occupancy rate reflects increased confidence among travellers and a growing demand for accommodation in Auckland, driven by factors such as reopening of national borders, increased tourism, as well as Auckland's status as the country's tourism destination and economic hub.

FIGURE 4: OCCUPANCY RATE FOR HOTELS IN AUCKLAND



Source: Tātaki Auckland Unlimited

Furthermore, the average occupancy rate over the last 12 months in Auckland, standing at around 72%, is slightly higher than the national average of 70% over the same timeframe. This comparison suggests that Auckland's tourism market is outperforming the rest of the country in terms of this metric, indicating a robust and buoyant tourism sector in the region.

Waiheke Island is one of Auckland's most popular visitor and wedding destinations with circa 2.5m visitors and hundreds of weddings on the island each year. However, formal luxury hotel accommodation is limited. An increased provision of high-quality accommodation would benefit the Waiheke local economy significantly and enable visitors to stay longer and spend more on the island. Flow-on economic benefits would include improved local business performance and increase local employment opportunities.

Overall, Auckland's continuously growing and higher-than-average occupancy rates highlight the sustained demand for accommodation and visitor experiences in Auckland. It can be expected that the application's unique luxury project and wellness experience will garner attention and interest from travellers both domestically and internationally, putting Waiheke and Auckland on the map as a must-visit destination for wellness tourism.

This heightened profile will not only attract more visitors to the region but also encourage longer stays and repeat visits, fostering sustained tourism growth over time. This infusion of tourism dollars will support local and regional infrastructure development, public services, and community development initiatives, enriching the overall quality of life for communities, and in particular Waiheke Island residents.

REGIONAL ECONOMIC IMPACTS

The total potential capital expenditure for the primary uses of this project is estimated at around **s 9(2)(b)(iii)** over a 3-5 year period. This would have flow-on positive effects on the regional economy, including job creation, increased supplier and contractor spending and multiplier effects on economic activity in the region.

Drawing from a recent wellness economic impact report on Rotorua³ spa and wellness tourism sector, key metrics pertaining to the total number of visitors to spa and wellness experiences, their expenditure, and the level of supporting employment are outlined below:

- More than 260,000 domestic holidaymakers and nearly 160,000 international visitors are estimated to have experienced a spa and wellness activity in Rotorua in 2023.
- Collectively, these spa and wellness holidaymakers spent \$277.6 million within the Rotorua region in 2023, which is projected to rise to an inflation-adjusted \$408.2 million by 2028.
- About 11% of spa and wellness holidaymakers' spending is spent directly on spa and wellness activities, with the remainder spread across hospitality, accommodation, transport, retail, as well as non-wellness related activities.
- On average, international spa and wellness holidaymakers who overnight in Rotorua are estimated to spend \$434 per day, while overnighing domestic spa and wellness visitors spend \$352 per day. These daily spends represent a 41% premium on typical holidaymakers to Rotorua.

³ *Economic Impacts of Spa and Wellness Tourism in Rotorua, April 2024, Benje Patterson*

- It is estimated that as many as 1,324 filled jobs in 2023 in Rotorua were supported by spending by spa and wellness holidaymakers across their visit. Of these jobs, 144 were directly within spa and wellness activity operators, and 1,180 were supported in other businesses.

Considering that once operational, the project will serve as a significantly larger, higher-end, and more comprehensive tourism attraction, it is reasonable to anticipate that these metrics would be superseded in Auckland, and the daily and cumulative expenditure generated by visitors to the proposed activities and the supporting employment will surpass these baseline figures.

The scale and regionally unique nature of the project would position the project as a tourism asset of regional and national significance, greatly enhancing the tourism profile of Waiheke and Auckland.

The efficiency of the FTA Bill process means these economic benefits would be available in the market earlier than the project going through the standard resource consenting pathways.

ECONOMIC BENEFITS SYNOPSIS

There are a range of potential economic benefits that are likely to be achieved within the market beyond the direct economic activity (such as employment and economic output) generated. These are outlined in more detail below.

- **Tourism and Revenue Generation:** The presence of a luxury tourism attraction would attract high spending domestic and international tourists to Waiheke, boosting tourism revenue for the island and region. Visitors drawn to the unique cultural experience and luxurious amenities of the project would contribute to spending (at a significantly higher level than 'standard' tourists) on accommodations, dining, shopping, and recreational activities, generating income for businesses and stimulating regional economic growth.
- **Additional Employment Opportunity and Profile:** The project has the potential to increase the employment profile of both the regional and local economy providing opportunity for job growth and retention within and between the local economies. The opportunity to retain employment is vital for the economic wellbeing of the island's and region's economies. This in turn is likely to increase population growth and provide greater economies of scale and productivity.
- **Creation of Unique Tourism Offering:** The proposed Japanese Onsen Spa & Retreat and the associated wellness and accommodation services in Waiheke would offer a distinctive and authentic wellness experience not found in other visitor destinations of the region. The Japanese bathing ritual, combined with the therapeutic properties of geothermal hot springs, provides a unique opportunity for visitors to immerse themselves in the culture while enjoying the wellbeing benefits that arise from the experience.
- **Enhanced Destination Appeal:** The addition of Japanese Onsen & Ryokan to Auckland's and NZ's tourism offerings enhances the destination's and NZ's appeal as a wellness tourism

destination. Beyond its renowned vineyards and natural beauty, Waiheke Island has the potential to become known as a wellness retreat, attracting visitors seeking rejuvenation in a tranquil and unique setting.

- **Extended Length of Stay:** Wellness travellers often prioritise longer stays to fully immerse themselves in wellness activities and experiences. The project would encourage longer visits, as visitors may choose to extend their stay to indulge in multiple treatments, wellness activities, and leisure pursuits offered by the project and the island, thereby increasing tourism expenditure and economic impact.
- **Facilitation of Ongoing Recovery From The Pandemic:** The closure of borders due to Covid-19 resulted in a severe reduction in international tourist arrivals to NZ. The country's tourism sector, which heavily relies on international visitors, experienced a steep decline in tourist numbers, impacting businesses across the tourism value chain, including airlines, accommodation providers, tour operators and attractions. It can be anticipated that the project would catalyse increased tourist spending and overall economic activity in the region, consequently fostering greater participation and recovery in tourism and related sectors from the pandemic, thereby contributing to the ongoing recovery and growth of the local, regional, and national economy.
- **Greater Levels of Investment in the Local and Regional Market:** The project can contribute to the overall development and revitalisation of the surrounding and regional community, attracting investment and fostering entrepreneurship. This can provide significant impetus for growing the local and regional economy. In particular, the tourism demand generated by the project can stimulate investment in various ancillary services and businesses. These can include transportation services, tour operators, travel agencies, spa equipment manufacturers, luxury products and eco-tourism ventures.
- **Improvement of Physical and Mental Health and Wellbeing:** The project with the establishment of Japanese Onsens and wellness spas would offer a holistic experience that can improve physical and mental health and overall wellbeing of visitors. From the therapeutic benefits of geothermal waters to the stress-relieving effects of the luxury environment, these services would provide a sanctuary for relaxation, rejuvenation, and self-care, promoting a healthier and more balanced lifestyle. This can improve productivity and wellness of both domestic and international visitors.
- **Increased Amenity:** Master planned developments are able to provide high amenity environments with purpose built and targeted amenity values and environments. This is particularly true for the project as it can provide dedicated facilities and associated services.

CONCLUSION

Based on the high-level economic overview presented in this memo, Property Economics considers that listing the project in the FTA Bill, via the Schedule 2A pathway, will generate significant contribution to the Waiheke local, Auckland regional, New Zealand national tourism economy. This potential outcome is important for fostering a vibrant and thriving regional economy and particularly fulfill the FTA Bill Section 17(3)(d) by delivering significant economic benefits.

Importantly, by offering a unique and culturally rich wellness experience, the project will contribute to elevating New Zealand's tourism profile by adding diversity to the country's wellness tourism offerings, stimulating tourism and boosting the local and regional economy. This unique offering would position Waiheke and Auckland as a premier destination for luxury wellness tourism, attracting affluent travellers seeking exclusive and culturally enriching tourism experiences.

As such, enabling the project to be applied for under the FTA Bill would ensure the identified flow of economic benefits to the local, regional, and national economy can be brought forward in a timely manner.

If you have any queries, please give me a call.

Kind Regards

Tim Heath



Tim Heath

M: s 9(2)(a)

PO: s 9(2)(a)

E: s 9(2)(a)

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