

Weekly Executive Update Report

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General Updates

1 Waste and Environmental Solutions – Rural Waste Sorted NZ

- 1.1 As a partner project sponsor, DCC are assisting in the launch of the six-week Rural Waste Sorted NZ campaign on 19 October 2026.
- 1.2 The brand-new Rural Waste Sorted NZ website will share practical ideas, real farmer experiences and useful resources to help make better waste management easier on farm. Dairy farmer and Rural Waste Sorted NZ ambassador Trish Rankin is helping to champion the initiative and encourage practical action.
- 1.3 The project has put together a Rural Waste Sorted NZ Partner Toolkit with ready-to-use:
 - Social media tiles and suggested captions
 - Key messages
 - Farmer videos featuring Trish Rankin
 - Co-branded posters
 - Digital content, including an email signature and web banner.
- 1.4 The campaign brings together practical information on managing farm waste, along with links to existing recycling programmes and resources, helping farmers find the right option for their waste and region.

2 Resource Consent progress

- 2.1 The fast-track application (Macraes Phase Four (MP4) to expand the Macraes gold mine is in the early stages of the process, with formal comments on the application yet to occur. All documents can be viewed using this link [Projects](#).
- 2.2 The fast-track application (Southern Link Inland Port) to establish and operate an Inland Port logistics hub to service Port Otago is well progressed through the process, with formal comments on the application now submitted.

3 Citywide Climate Adaptation and Resilience milestone reached

- 3.1 The Citywide Climate Risk Assessment has reached a significant milestone, with the preliminary screening report now under review by the Technical Working Group. Work is also progressing on the Citywide Climate Adaptation Plan, including stakeholder engagement preparation. Climate resilience considerations are being integrated into long term planning and investment processes.
- 3.2 South Dunedin Future. Staff continue to work alongside Dunedin City Council infrastructure and Otago Regional Council natural hazard teams on proposing a common package of stormwater infrastructure improvements for South Dunedin. The future use of Forbury Park is also under investigation. Future consideration of long-term adaptation options (30+ years) and community engagement and consultation are dependent on further direction from Dunedin City Council and Otago Regional Council.

4 Code of Subdivision

- 4.1 Dunedin City Council has commenced targeted engagement with representatives of the development and surveying community on its proposed revisions to the Code of Subdivision, this represents the first comprehensive review and update of the Code in more than a decade. The draft Code has been developed through extensive collaboration across council and is intended to provide a modern, practical framework to support future growth and infrastructure delivery across the city.
- 4.2 The draft Code updates engineering standards for subdivisions and developments, reflecting changes in national standards, regulatory requirements, asset management practices, climate resilience considerations, transport planning, three waters infrastructure, and urban design greening objectives. The Code has been designed to provide greater clarity and alternative design approaches where appropriate.
- 4.3 Following ongoing discussions with the development community through Developer Hui and other engagement forums, Council has released the draft Code, supporting appendices and a new Stormwater management Toll for small developments to selected industry stakeholders for early feedback. The purpose of this engagement is to identify any practical implementation issues, unintended consequences, or opportunities for improvement before considering a wider public consultation process.
- 4.4 Feedback will be reviewed and used to refine the draft Code before it is reported back to Council to consider the next stage of engagement and consultation.
- 4.5 This work represents a significant milestone and demonstrates Council's commitment to working proactively with the development sector to ensure subdivision and development standards are practical, fit for purpose, and capable of supporting sustainable growth, resilient infrastructure, and long-term asset management outcomes.

5 Corporate Policy update

- 5.1 Quality of Life Survey publication – Supporting the release and communication of the latest Quality of Life Survey results, which provide valuable insights into residents' wellbeing and experiences across a wide range of areas including health, housing, safety, transport, the environment, social connection, economic wellbeing, and civic participation. The findings help inform Council planning, policy development, and evidence-based decision-making, while also contributing to a broader understanding of quality of life trends across New Zealand's urban centres.
- 5.2 Building Amendment Bill submission – Supporting the organisation's response to the Building Amendment Bill. This work provides an opportunity for Council to advocate on proposed changes to the building regulatory framework and highlight the implications for local government, communities, and service delivery.
- 5.3 New Planning System submission – Assisting with the development of Council's submission on *New Planning System: Testing the Approach to National Policy Direction*. This work focuses on ensuring Council's perspectives are reflected in the development of future planning and resource management settings, with consideration of local priorities and implementation impacts.

- 5.4 References to Tiriti o Waitangi Amendment Bills – Leading advice and coordination of Council's response to the package of References to Tiriti o Waitangi Amendment Bills (Standardisation, Strength of Legislative Obligations and Repeals). This includes assessing potential implications for local government responsibilities, legislative obligations, and the recognition and application of Te Tiriti o Waitangi across public sector legislation, policy and decision-making.

6 Local Alcohol Policy (LAP) Review update

- 6.1 Thank you to everyone who took part in consultation on the Dunedin City Council's Draft Local Alcohol Policy (LAP). A total of 220 submissions were received from community members, organisations and businesses.
- 6.2 The LAP helps guide decisions about where, when and how alcohol can be sold across Dunedin. The review is considering a range of measures relating to alcohol licensing, trading hours, outlet locations and other tools aimed at reducing alcohol-related harm while supporting safe and vibrant communities.
- 6.3 Consultation has now concluded and the submissions received are expected to be made publicly available on 6 November 2026. Public hearings are scheduled for 13 November 2026, with 16 November reserved if an additional hearing day is required.
- 6.4 Following the hearings, councillors will consider all feedback before making decisions on the final Local Alcohol Policy.

7 Mihi Whakatau for new Chief Executive

- 7.1 Our new Chief Executive Richard Briggs was formally welcomed by mana whenua at Ōtākou Marae on 6 October 2026.
- 7.2 A delegation including Mayor Sophie Barker, several city councillors and the DCC Executive and Wider Leadership Team were welcomed on to the marae, with Edward Ellison leading the formalities on behalf of the rūnaka (pictured below).



8 Representation Review

- 8.1 The Dunedin City Council is currently seeking panel members for the Independent Representation Review. Further information and details on how to submit an Expression of Interest are available on the DCC website [Expressions of Interest: Independent Representation Review Panel Members - Dunedin City Council](#). Expressions of Interest close at 5.00pm on Monday 19 October 2026.

9 Policy Housing and Homeless Outreach update

- 9.1 DCC's Homeless Outreach Team are working with the Occupational Therapy students to identify supports for students in housing distress.
- 9.2 Showers are opened by the Homeless Outreach team every Monday and Thursday from 11am-1.30pm.
- 9.3 Our Eco-Design Advisor was one of the Dunedin City Council teams who attended the coNZtruct event held at Edgar Centre on 13 October 2026.
- 9.4 Our Principal Policy Advisor Housing spoke at St Johns Roslyn group on 13 October 2026.

10 Transport update

- 10.1 Highlights
- First draft of Mosgiel Transport study nearing completion and the final report will be presented to Council on 7 December 2026.
 - Draft Transport Activity Management Plan submitted to NZTA for National Land Transport Fund bid. Documents and bid will be refined following next month's general election.
 - Construction season is underway with a carriageway resurfacing programme to meet targeted quantities.
- 10.2 Risks
- Oxley Crescent slip repair work started. Complex site with access closed for all residents while work is completed.
- 10.3 Issues
- Winter Storms / El Niño climate pattern – Additional geobags are required to protect Kettle Park, where sand levels have dropped approximately 2.8m from prewinter levels and the high tide mark is approximately 4m from landfill material. Work planned for November 2026 to further protect the landfill.

11 Community Partnerships update

- 11.1 Key meetings with community/DCC Council groups this week:
- Dunedin Youth Council – Wednesday. This is a Council mandated group with 16 youth council representatives from Ōtepoti.
 - Drop-in community time at South D Library with our Community Advisor – Wednesday 14 October

- Kaimahi Māori and Pasifika Hui – Friday 16 October
- Enviroschools – school visits resume this week where our team works with 36 local schools
- Task Force Green – 35+ community volunteers working at St Brigids School, One Coast, Rubbish clean up and Ōtepoti Pathway signage removal
- Main Space South Dunedin Stakeholders Meeting – Tuesday 20 October

11.2 Operations

- Analysis of Community Grants and Rates Relief Grant Applications are underway this week.

12 Kā Kete Wānaka o Ōtepoti Dunedin Public Libraries update

12.1 Community events and stakeholder engagement

- Vegetarian Awareness month display on now at City
- Winnie the Pooh's 100th birthday Party. Dress up as your favourite character and join us for party games and craft activities – 17 October 2026
- Mental Health Awareness Week. Build a Giant Puzzle at City Library with Jigsaw Puzzle Assn – 18 October 2026
- Providing support (non-financial) towards a summer studentship funded by Te Hao Māwhaiwhai, Centre for Computational Culture and Heritage, University of Otago

13 IT Infrastructure Modernisation: Network, server and device upgrades underway

- 13.1 **Network refresh:** work to modernise and secure the data networks at all DCC sites has passed the halfway mark and on track to finish in November 2026.
- 13.2 **Server refresh:** this week Council started upgrading 64 servers to the latest Windows operating system. This work will be finished by the end of 2026.
- 13.3 **Laptop and desktop upgrades:** this week Council also started upgrading all staff laptops and desktop computers. This work is due to finish in early November 2026.
- 13.4 **Why it matters:** together, these programmes give staff and the public a more reliable, secure and supportable IT environment.

14 Enterprise Dunedin update

DUNEDIN NAMED IN LONELY PLANET'S BEST IN TRAVEL 2027

- 14.1 Dunedin and Waitaki have been included in Lonely Planet's *Best in Travel 2027*, the only New Zealand destination to feature in the global list.
- 14.2 The recognition highlights the distinctive character, landscapes and visitor experiences of the wider Dunedin and Waitaki region and provides significant international exposure for the destination. Lonely Planet's annual list is a major global travel platform and provides an opportunity to increase awareness of Dunedin in international markets.

MAJOR EVENT FUNDING APPLICATION SUBMITTED

- 14.3 An application has been submitted to the Ministry of Business, Innovation and Employment (MBIE) for support through the Major Events Fund for the 2028 Solar Eclipse event in Dunedin to activate the city and create a major event of national significance.
- 14.4 The application forms part of ongoing work to attract major events that can contribute to visitor expenditure, economic activity, city vibrancy and national and international profile.
- 14.5 The application is now subject to MBIE's assessment process, with further information expected following consideration of applications.

STARTUP DUNEDIN RECEIVES NATIONAL RECOGNITION

- 14.6 Startup Dunedin supports the growth of innovative, scalable businesses by connecting entrepreneurs with the networks, expertise, talent, and opportunities needed to build successful ventures from Dunedin for national and global markets.
- 14.7 Startup Dunedin has received national recognition, winning Entrepreneurial Support Organisation of the Year at the Global Entrepreneurship Network New Zealand Awards.
- 14.8 The award recognises Startup Dunedin's contribution to supporting entrepreneurs and strengthening Dunedin's startup and innovation ecosystem. The organisation's Audacious programme was also recognised as a finalist in the Youth Initiative of the Year category.

AUDACIOUS STUDENT PITCHES SHOWCASE NEW VENTURES

- 14.9 Facilitated by Startup Dunedin, Audacious is designed to help Dunedin tertiary students develop entrepreneurial skills, test ideas, connect with expertise and mentors, and launch new ventures.
- 14.10 The latest Audacious programme has culminated in the Startup Dunedin Student Pitch Competition, with students from the University of Otago and Otago Polytechnic pitching validated and active startup ventures in EdTech, HealthTech, AgriTech and Social Enterprise.
- 14.11 The programme provides students with mentoring, entrepreneurial development and connections with the wider startup community, supporting the development and commercialisation of new ideas.

JOB DUN – DUNEDIN'S BUSINESS INTERNSHIP PROGRAMME - APPLICATIONS ARE OPEN

- 14.12 JobDUN is a paid internship programme for Dunedin businesses, startups and not-for-profits and tertiary students. The objective of JobDUN is to meet business needs, create high-value jobs, retain skills and talent and contribute to the economic growth of Dunedin.
- 14.13 JobDUN enables businesses, startups and not-for-profits to test an intern's capabilities in a real-world environment, often giving them the confidence to employ a student on a more permanent basis – around 50% of the interns placed are offered a role post-internship.
- 14.14 The 2026/27 season is now open, and applications are being sought from Dunedin business. JobDUN is being promoted directly to Dunedin's businesses and startup networks and via online channels.

- 14.15 New Dunedin Hospital contractors CPB have partnered with JobDUN to supply internship opportunities to support CPB's Māori and Pasifika Participation Plan (MPPP) across engineering, commercial, and support functions.

DISCOVER DUNEDIN PASS – YEAR ONE RESULTS

- 14.16 The first-year results from the Discover Dunedin Industry Capability Programme are being assessed, providing an opportunity to measure the campaign's performance and inform future development.
- 14.17 The programme was developed as a New Zealand first to:
- **Turn local knowledge into a visitor advantage:** Help front-line staff understand local attractions and hospitality sites to better inform and guide visitors.
 - **Support the Destination Management Plan:** Develop the local visitor sector workforce and economic roadmap by engaging local hosts.
 - **Encourage cross-sector exploration:** Invite paid and voluntary workers from food and drink, retail, accommodation, transport, and tourism businesses to experience local attractions firsthand.
 - **Reward knowledge building by local ambassadors:** Offer a fun challenge where participants earn points and win prizes based on the number of experiences they complete.
- 14.18 Headline results are positive: Industry was engaged, passholders learned more, visited new places and now recommend with more confidence. Almost all want to do it again. Businesses found it easy to run and most would return.

Dates: May - September 2026	Aim: To make Ōtepoti Dunedin New Zealand's most knowledgeable destination	44 participating businesses	58 experiences on offer
275 Workforce participant registrations	196 Passport holders out collecting stamps	96% of surveyed passholders would do it again	88% feel more confident recommending local experiences and businesses

CRUISE SEASON COMMENCES

- 14.19 Dunedin's 2026/27 cruise season is commencing, with cruise ships expected to bring significant numbers of visitors to the city over the coming months.
- 14.20 Council and partner agencies have been working through operational arrangements ahead of the season, including visitor movements between Port Chalmers and Dunedin and management of peak passenger volumes.
- 14.21 Operational issues associated with the commencement of the season are being monitored and managed with relevant agencies and partners.

- 14.22 The city is expected to host the largest volume of cruise ships in NZ with 85 vessels, 147+K passengers and 65+K crew [between 21 October 2026 and 16 April 2027](#). Last month 90+ local operators, businesses, agencies, and cruise partners attended our 2026 pre-cruise briefing to gain insights and ask questions with the aim of ensuring a smooth cruise season.

FILM DUNEDIN – INTERNATIONAL SCREEN ACTIVITY AND RECOGNITION

- 14.23 Film Dunedin has continued to support international screen activity in the city, including the recent filming of an Amazon commercial, and scenes for a NETFLIX TV series. A film location insider's guide has also been completed highlighting iconic Dunedin film tourism locations.
- 14.24 Film Dunedin's promotional showreel, *Dunedin – Auditioning Now*, has also received international recognition, winning Gold in the City Promotion category at the US International Awards and a premier Dolphin Award at Cannes Corporate Film Festival.

INDIA DELEGATION STRENGTHENS STUDY AND VISITOR OPPORTUNITIES

- 14.25 An Enterprise Dunedin team member has returned from a delegation to India undertaken alongside the University of Otago, with engagement across key markets and with prospective students, education partners and other stakeholders.
- 14.26 India has been identified as a priority market for Dunedin, both for international student recruitment and future visitor opportunities. Following on from trade attendance at KiwiLink India in July 2026, the study delegation provided an opportunity to strengthen relationships in-market while promoting Dunedin as a place to study, visit, live, do business and invest.

CHINA DELEGATION ITINERARY CONFIRMED

- 14.27 Planning for the upcoming Mayoral Delegation to Shanghai has progressed, with the itinerary now confirmed.
- 14.28 The programme will focus on strengthening established relationships and identifying opportunities across tourism, education, business and investment. The delegation builds on Dunedin's longstanding connections in China and the work undertaken through Project China.
- 14.29 The programme will provide an opportunity to reinforce existing institutional and commercial relationships while identifying new opportunities for Dunedin businesses, education providers and the visitor economy.
- 14.30 Following the Mayoral delegation Project China staff will spend a further two weeks working in Shanghai and other cities to support Dunedin businesses and institutions. An outcome includes three local businesses presenting at the China International Import Expo, one of the largest trade shows in the world.

NEW DUNEDIN HOTEL

- 14.31 Planning and engineering works are underway regarding Distinction's third hotel in the city on the corner of Princes and Rattray Streets. Work is also planned for the restoration of the old theatre plastered roof within the complex, that will house a conference facility for 300 people. The 4.5-star 160 room build will retain the historic street-level facades while adding modern conference facilities to help accommodate growing tourism demand in Dunedin.

ESCEA

- 14.32 Escea, is a leading designer and manufacturer of gas, wood, and electric fireplaces for over 20 years. The company has just expanded their operations with a new fireplace distribution and manufacturing facility in Mosgiel. They will also continue to operate their existing 150-person facility at Green Island.
- 14.33 The \$10 million plus development includes three new buildings, a site office, parking, a breezeway (a covered, semi-open or enclosed architectural connector situated between separate buildings, production wings, or high-stud warehouse structures), and an access road.

NEW HOSPITAL BUILD

- 14.34 Enterprise Dunedin and the DCC's Property department worked jointly to house up to 40 out of town workers from D H Steel Construction and John Jones Steel (joint venture partners regarding the steel construction part of the build). Managing Directors from both companies have voiced their appreciation of the DCC's efforts in arranging their staff accommodation quickly and near the build.
- 14.35 The build is progressing well and approximately 200 tonnes of steel arrives weekly on site. By the end of the build there will be over 11,000 tonnes delivered and utilised.
- 14.36 The three huge cranes on site for a single build are a rarity in Dunedin and likewise for anywhere else in New Zealand.

15 Parks and Recreation update

AQUATICS

- 15.1 Te Puna Spa – work is underway to replace the tiles. We are expecting the work to be finished by early December 2026.
- 15.2 Moana Pool Re-Development, work continues replacing the East Windows of the main pool hall building, and design work is well underway for the Heat Recovery project.
- 15.3 Summer Pools (Port Chalmers and St Clair Hot Salt Water Pool) are now open, and the bright Spring weather has meant great attendance at St Clair since opening.

MARLOW PARK PLAYGROUND

- 15.4 Work continues on refining the draft Marlow Park concept, with the design team and contractor focusing on equipment selection and costings ahead of presenting an updated plan to Council.
- 15.5 Next week, engagement with the Dunedin Skate Association and local parkour users will help further refine these opportunities within the playground upgrade.

CALEDONIAN TRACK REFURBISHMENT

- 15.6 Works to replace the track surface are scheduled to commence on 19 October 2026 and are expected to be completed by mid to late December this year.

16 Centre Upgrade Program

BRIGHTON

- 16.1 Dunedin City Council has commenced community consultation with property owners, business owners and residents regarding the proposed upgrade to the Brighton Commercial Centre. A letter was sent to the community on the 28 September 2026 seeking feedback on what they would like to see included in the project.
- 16.2 The initial consultation letter identified that there will be two opportunities to meet with staff on site to discuss this project. These in-person meetings will take place at the following times outside the Brighton Dairy/Café;
- 10-11am on Thursday 15 October 2026
 - 3-4pm on Monday 19 October 2026
- 16.3 This initial consultation phase closes on Friday 23 October 2026. There will be a subsequent opportunity for the community to provide feedback on a concept design in November 2026.

MIDDLEMARCH

- 16.4 Community consultation on an upgrade to the Middlemarch Commercial Centre will commence in late January 2027.

Attachments

17 Business Land Demand Assessment

TO: ELT/Councillors

FROM: Mike Costelloe, General Manager

DATE: 9 October 2026

SUBJECT: **BUSINESS LAND DEMAND ASSESSMENT**

BACKGROUND

- 1 The National Policy Statement on Urban Development (NPS-UD) requires the Dunedin City Council (DCC) and Otago Regional Council (ORC) to jointly prepare a Housing and Business Demand and Capacity Assessment (HBA) every three years in time to inform the Long Term Plan. This includes the requirement to prepare an assessment of business land demand. While councils are now exempt from the requirement to prepare an HBA in the Resource Management reform transition phase, work is sufficiently advanced that the Joint Executive Steering Group agreed to complete work on the HBA.
- 2 This memo is to provide an update on the result of the business land demand assessment.

DISCUSSION

- 3 DCC and ORC contracted Formative to undertake a business land demand assessment. Since the last business land assessment was completed in July 2022, there have been changes in demand for business land. While the impacts of the Covid-19 pandemic and the recent economic downturn have influenced short-term demand outcomes, longer-term population growth is now projected to be materially higher than previously anticipated.
- 4 Key findings from the report:
 - Dunedin is a growing and diverse service-based economy, supporting around 69,800 jobs and \$7.4 billion in GDP in 2025.
 - Employment growth has been uneven but consistent over time, with jobs increasingly concentrated in health, education and professional services, alongside a relative decline in traditional sectors like agriculture, forestry, fishing and mining.
 - Most activity is located within the urban environment and business zoned land, although major institutional sites, such as the University and Dunedin Hospital, also play a significant role.
 - Recent development activity and vacancy trends suggest there is some existing business land capacity available.
 - Engagement with key business stakeholders highlighted that future expansion is likely to come from higher-value service and infrastructure-related sectors, like advanced manufacturing, professional and tech-based services linked to the University and hospital, logistics infrastructure and value-added processing supported by projects such as the

proposed inland port. In contrast, retail and parts of manufacturing are expected to remain flat or decline.

- Stakeholders noted a limited need for major new business land zoning, due to relatively high vacancy rates in parts of the market. They identified heritage overlays, earthquake-prone building requirements, height limits and leasehold land structures as key constraints.
- The most likely scenario for growth (the medium scenario) includes moderate population growth to 2055 and steady employment growth to around 87,600 jobs, increasingly concentrated in service sectors. This translates into a medium-term (3–10 years) requirement for 7ha of commercial land and 13ha of industrial land, rising to 25ha and 56ha respectively in the long-term (10-30 years).
- Demand is spatially concentrated in the central city for commercial activity and Kaikorai Valley and Mosgiel for industrial activity.
- A separate inland port scenario was prepared to test the impact of the proposed Mosgiel inland port on business land demand.

NEXT STEPS

- 5 DCC is preparing a business land capacity and sufficiency assessment and a housing development capacity assessment in-house. These will be presented, along with the business land demand assessment, to DCC and ORC councils for noting in February 2027. If there is insufficient business land capacity to meet expected demand over the short, medium or longer term, the NPS-UD requires the DCC to provide additional development capacity. If there is insufficient capacity in either the short or medium term, councils are required to provide additional live-zoned capacity through changes to the District Plan. With the resource management reform currently underway, any additional business land required would need to be enabled through the new land-use plan, which is expected to be completed by 2030.

Dunedin Business Land Demand Assessment 2026

Dunedin City Council

September 2026



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Executive Summary

This research into demand for business land in Dunedin City is structured around four key components: the baseline economic context, stakeholder engagement, the development of National Policy Statement on Urban Development (NPS-UD) aligned growth scenarios, and the assessment of five Council-specific research questions.

The baseline analysis shows Dunedin is a growing and diverse service-based economy, supporting around 69,800 jobs and \$7.4 billion in GDP in 2025. Growth has been uneven but consistent over time, with increasing concentration in health, education, and professional services, alongside relative decline in traditional sectors. Most activity is located within the urban environment and business-zoned land, although major institutional sites also play a significant role, and recent development activity and vacancy trends suggest some existing capacity within the system.

Stakeholder engagement complemented the quantitative modelling by providing local market insight across key sectors, highlighting the future opportunities and challenges facing Dunedin City. Future expansion is expected to be concentrated in higher-value service and infrastructure-related sectors, while retail and parts of manufacturing are expected to remain flat or decline. Stakeholders emphasised limited need for major new zoning, relatively high vacancy in parts of the market, and key constraints including planning settings, heritage, housing affordability, and leasehold land structures.

The primary purpose of this research report is to provide demand projections for use in the Council's Business Capacity Assessment (BCA). Growth scenarios were developed to meet NPS-UD requirements and assess a range of plausible economic futures, including medium, high, low, and a separate inland port scenario. The medium scenario, which is applicable for NPS-UD reporting, includes moderate population growth to 2055 and steady employment growth to around 87,600 jobs, increasingly concentrated in service sectors.

This translates into long-run demand of around 456,000m² of floorspace and a medium-term requirement of 7ha of commercial land and 13ha of industrial land, rising to 25ha and 56ha respectively in the long term. Demand is spatially concentrated in the Central City for commercial activity and Kaikorai Valley and Mosgiel for industrial activity.

Figure 0-1 demand projections are important because they are compared with the Council's estimates of development capacity in the BCA. If there is found to be insufficient capacity to meet expected demand in any of the relevant timeframes, the Council must act to provide additional development capacity in accordance with the NPS-UD. Specifically, where insufficient capacity is identified in either the short or medium term, councils are generally required to provide additional live-zoned capacity through changes to the District Plan. In contrast, where insufficient capacity is identified in the long

term, councils may instead respond through strategic planning mechanisms, such as identifying additional potential development opportunities in a Future Development Strategy.

Figure 0-1: Dunedin Urban Environment Business Land Demand Medium plus Competitiveness Margin

Land Demand (ha) and NPS-UD Margin	Medium Scenario		
	2025-28 Short	2025-35 Medium	2025-55 Long
Commercial	2	7	25
Industrial	3	13	56
Total	5	19	80

The secondary purpose of this study is to provide an assessment of Council-specific research issues. This assessment is not required under the NPS-UD framework and has been included to provide additional detail to inform specific Council planning requirements. The research finds that:

- ❖ the Southern Link Inland Port modestly increases overall employment and shifts industrial demand toward Mosgiel;
- ❖ the hospital relocation mainly causes a small spatial redistribution of food service activity rather than changing total demand;
- ❖ large-format retail is unlikely to generate significant new land demand in industrial zones;
- ❖ Harbourside is unlikely to transform under market conditions without major public intervention; and
- ❖ regional trade analysis confirms Dunedin’s role as the dominant service and economic hub within Otago.

Overall, Dunedin is expected to experience continued but moderate growth in business land demand, with outcomes shaped more by spatial redistribution and sectoral change than by large increases in total demand. The preferred (medium) growth scenario indicates that economic activity and employment will continue to grow, albeit at a slower rate than in higher-growth urban environments across New Zealand. Relative to the previous business land assessment, projected demand for both commercial and industrial land is higher, largely driven by upward revisions in population growth assumptions for Dunedin.

Finally, we note that the national planning framework is under review and that reporting requirements may change over time, including in relation to both the NPS-UD and the Resource Management Act (RMA) reform. Formative has been involved in stakeholder engagement with ministry officials on proposed changes to the NPS-UD. While some changes to the NPS-UD and RMA are likely, we consider that these will not materially affect BCA reporting requirements in most cases.

Furthermore, we have included a range of projections which allow Council to select the appropriate scenario in the event that the NPS-UD sufficiency test is amended. In terms of wider RMA reporting, we would expect that a BCA will still be required, albeit potentially at a regional scale. Formative completed the BCA modelling for Queenstown Lakes, which provides consistency across the region.

We also note that demand modelling has been designed to be flexible and can be readily updated to reflect changes in reporting requirements under the NPS-UD, as well as new research questions. Council officers have identified several additional research questions that may be assessed using this modelling framework in future work. Accordingly, while changes in the national planning framework are likely over time, the modelling is adaptable and can be updated to ensure the report remains fit for purpose as requirements evolve.

1 Introduction

Dunedin City Council (DCC) and the Otago Regional Council (ORC) are jointly required to undertake an assessment of business land demand under the National Policy Statement on Urban Development 2020 (NPS-UD)¹. The NPS-UD sets out a series of objectives and policies that relate to business land in the urban environment, which includes a range of research requirements associated with business land demand. Dunedin is identified as a Tier 2 urban environment, meaning DCC and ORC are required to complete a Business Capacity Assessment (BCA) every three years.

The last BCA was completed in July 2022². Since then, there have been many changes both in terms of demand and supply. Importantly, from the demand side, while the impacts of the Covid-19 pandemic and the recent economic downturn have influenced short-term demand outcomes, longer-term population growth is now projected to be materially higher than previously anticipated. Also, during this period DCC has implemented changes to the District Plan (2GP, and Variation 2) and Future Development Strategy (FDS) which have increased the amount of development potential within the urban environment, albeit primarily through the provision of additional residential capacity, and to a lesser extent additional capacity for business activities. This means that the previous BCA is now out of date.

The Councils have initiated the development of an updated BCA. As part of this process, DCC will assess development capacity and determine whether there is sufficient supply to meet projected demand. This report focuses on forecasting demand for business land, which will inform the assessment of sufficiency and the final BCA.

1.1 Report Purpose

The core purpose of this report is to provide a robust and evidence-based assessment of current and future demand for business land across Dunedin to inform an updated BCA. In doing so, the report supports the councils statutory obligations, including those under section 3.21 of the NPS-UD, by establishing a clear understanding of how much land is required, where it is needed, and for what types of business activity. This will form a critical input into the councils assessment of whether sufficient development capacity exists to meet projected demand over the short, medium, and long term. The business demand assessment will inform the DCC/ORC Long Term Plan's including decisions on the timing and funding of infrastructure. While there is uncertainty over any future NPS-UD requirements relating to the Business Demand Assessment in light of Resource Management reform,

¹ National Policy Statement on Urban Development 2020.

² Principal Economics (2022) Business Development Capacity Assessment for Dunedin City.

DCC/ORC require an updated business demand assessment to inform their next round of long term planning.

In addition, the report will address a series of (secondary) targeted research questions relating to key areas of change and strategic importance within Dunedin. This includes assessing demand for industrial land and its potential transition to other uses, the implications of major projects such as a potential inland port near Mosgiel and the new Dunedin hospital, and future land use dynamics in areas such as the Harbourside Zone. The report will also consider inter-district economic relationships and how these may influence demand. Collectively, this work will ensure that the BCA is grounded in a forward-looking understanding of economic development trends and land use change.

1.2 Report Structure

The following report structure is adopted in this document.

- ❖ **Section 2 Methodology:** outlines the method adopted in the assessment, which is defined according to the requirements set out in the NPS-UD to support the development of BCA, and additional research questions which are of interest to DCC.
- ❖ **Section 3 Baseline Situation:** provides a description of the current economic activity within the Dunedin economy, and key aspects of that activity in terms of location and structure of the economy. This assessment provides the revealed preferences of the current businesses within Dunedin.
- ❖ **Section 4 Stakeholder Engagement:** describes the outcomes from the engagement with businesses, developers, and stakeholders, which provides the stated preferences. This section summarises the key information gathered through stakeholder engagement, including expectations for industry growth, land use and built form outcomes, floorspace utilisation, and the key constraints affecting future growth and development.
- ❖ **Section 5 Dunedin Economic Projections:** which mostly focuses on the results from the modelling and economic projections, and modelled scenarios which have been developed for this assessment. The results in this section have been prepared to meet the reporting requirements of the NPS-UD.
- ❖ **Section 6 Dunedin Research Questions:** includes results and discussion addressing the specific research questions required by DCC/ORC for this study. While it draws on the same underlying economic projections and is consistent with the NPS-UD, it also provides additional detail that is not required under the NPS-UD framework and is included specifically to respond to DCC/ORC's study requirements.
- ❖ **Section 7 Conclusion:** provides a summary of the findings of this research.

2 Methodology - NPS-UD and DCC Research

The core purpose of this report is to provide information to inform the updated BCA and meet the reporting requirements of the NPS-UD. In addition, there are a range of research questions that DCC/ORC need to understand to support planning across the district. The following section outlines the key aspects of the methodology adopted to ensure a robust evidence base that addresses both the BCA requirements and DCC/ORC's specific research questions. Finally, this section outlines key aspects of the macroeconomic model that is applied in the assessment: the Economic Linkages Model (ELM) and the Macroeconomic Forecast Model (MFM).

Importantly, all mathematical models have closure assumptions which ensure that the calculation does not become intractable. Inherently the economy and land market are complex, which means that models built for the NPS-UD must apply simplifying closure assumptions (e.g. geographic, temporal, sector). The important closure assumptions are set according to the requirements and framework of the NPS-UD.

2.1 NPS-UD Requirements and BCA Framework

The NPS-UD sets out its interpretation in Part 1 and its objectives and policies in Part 2, some of which are relevant to this report and are addressed in the following section where necessary. More importantly the NPS-UD sets out minimum implementation requirements in Part 3 which relate to council planning (Subpart 1 and Subpart 4) and obligations to produce a BCA (Subpart 5), which are most relevant to this research and the methodology outlined below. It also includes requirements relating to responsiveness to out-of-sequence development (Subpart 2) and evidence-based decision-making supported by ongoing quarterly monitoring of outcomes (Subpart 3), which fall outside the scope of this report.

There is a guideline which was jointly issued by the Ministry for the Environment (MfE) and the Ministry of Business, Innovation and Employment (MBIE), which outlines suggested methods for assessing business land demand.³ While this guidance was developed under the National Policy Statement on Urban Development Capacity 2016, subsequently superseded by the NPS-UD in 2020, no updated guidance has been released. As such, the business land demand components of the guidance remain relevant and, therefore, are drawn from for this methodology.

³ MfE and MBIE (2017) National Policy Statement on Urban Development Capacity: Guide on Evidence and Monitoring (updated December 2017).

Finally, we note that the national planning framework is under review and that reporting requirements may change over time. Formative has been involved in stakeholder engagement with ministry officials on proposed changes to the NPS-UD. While some changes to the NPS-UD and RMA are likely, we consider that these will not materially affect BCA reporting requirements in most cases. Accordingly, while changes in the national planning framework are likely over time, the following discussion is still relevant.

2.1.1 NPS-UD Interpretation (Part 1) and Objectives/Policies (Part 2)

Part 1 (Interpretation) and Part 2 (Objectives and Policies) of the NPS-UD set out several key aspects that inform the modelling, including geography, the zoned land to be assessed, temporal periods, and the demand metric (including the competitiveness margin). These are discussed further below.

First, the focus of much of the NPS-UD is on the “Urban Environment”, with many aspects of the NPS-UD referring to the Urban Environment(s) as the key geography. Urban Environment(s) is referenced throughout Part 2 Objectives (1, 3, 4, 5, 6, 7, and 8) and Policies (1, 3, 4, 5, 6, 8, 9, and 10).

Dunedin is listed as a Tier 2 Urban Environment⁴ and the NPS-UD defines an Urban Environment in Part 1 as any area of land that is “predominantly urban in character” and “part of a housing or labour market of at least 10,000 people”. This means that an Urban Environment need not be a contiguous area and may extend to include other townships in the hinterland that are separated by rural land. However, it also means that rural settlements located at a significant distance from the edge of the main urban area will not be classified as part of the Urban Environment.

In the case of Dunedin Urban Environment, this has been defined in the Housing Capacity Assessment⁵ as the areas within the district that have been coded as part of the functional urban area by Stats NZ (see Figure 2-1). This definition excludes Middelmarsh, Hyde, and Berwick, but retains all other urban zones.

⁴ NPS-UD – Appendix: Tier 1 and tier 2 urban environments and local authorities – Table 2.

⁵ Dunedin City Council (2026) Housing Capacity Assessment Update, Dunedin City

Figure 2-1: Dunedin Urban Environment



While it is outside the scope of this research to test this definition in detail, this definition is reasonable, as most people living in these relatively remote settlements are likely to work and meet their needs locally, with few commuting to Dunedin for employment. In addition, housing in these areas is unlikely to be part of the same market as Dunedin.

As an example, Middlemarch is approximately an hour drive from Dunedin (over 80km) and has a population of around 150. While it has non-rural zoning, it is probably not part of the Urban Environment, as defined in the NPS-UD, because very few people will commute to Dunedin for work. Also housing in Middlemarch will be very different to Dunedin. Accordingly, both aspects of the second criterion are not met. For the purposes of this research, the same geographic definition of the Urban Environment is adopted.

Second, Business land is defined in NPS-UD as any land that is zoned for business uses in the Urban Environment, which is explicitly defined as industrial zone, commercial zone, large format retail zone, centre zone (to the extent it allows business uses), mixed use zone (to the extent it allows business uses), and any special purpose zone (to the extent it allows business uses). Importantly, there will be business activity in non-business zones, especially rural zones (farming, etc) and residential zones (home office, schools, health, etc). However, these do not generate demand for business land.

For this assessment, a review of the distribution of economic activity has been completed, using detailed spatial data recording employment and business units by Statistical Area 1 and detailed industries (ANZSIC06). This provides an understanding of the current locational distribution of business activity relative to zoned land and is consistent with the approach suggested in the MfE

guidelines. Importantly, this approach excludes economic activity located outside business zones from the demand estimation, which helps ensure that business land demand is not overstated, as some activity will naturally be accommodated in non-business zones. This assessment provides what economists refer to as “revealed preferences” of current businesses within Dunedin. For Dunedin Urban Environment the business land demand assessment this research includes all Industrial zones⁶, and Commercial and Mixed Use zones⁷.

This report does not assess on-site land demand for major facilities, as this activity is difficult to assess. Development drivers are generally determined by political investment decisions of Central Government, which cannot be readily predicted (e.g. schools, health facilities), or by the operational objectives of commercial operators (e.g. airports, ports). This approach is consistent with the previous Dunedin BCA⁸ and other BCA undertaken for other Urban Environments, which also do not establish on-site land demand for major facilities.

Third, the NPS-UD defines the key temporal periods as short term (0–3 years), medium term (3-10 years), and long term (11-30 years). These temporal periods are important because, if there is found to be insufficient capacity to meet demand in any of these periods the council must act to provide additional development capacity in accordance with clause 3.7. In the short-medium term, councils are generally required to respond through live zoning additional capacity. In contrast, where insufficient capacity is identified in the long term, councils may instead respond through strategic planning mechanisms, such as identifying additional potential development opportunities in a Future Development Strategy. For this report, 2025 is adopted as the base year, as it is the most recent year with available data. Accordingly, the short term extends to 2028, the medium term to 2035, and the long term to 2055.

Fourth, there is a requirement that Tier 1 and Tier 2 councils include a “competitiveness margin” when assessing the sufficiency of capacity to meet expected demand. The competitiveness margin is defined as 20% above the expected demand in the short-medium term and 15% above the expected demand in the long term (3.22). In this report, land demand is presented inclusive of an appropriate competitiveness margin.

2.1.2 NPS-UD Implementation (Part 3)

Part 3 (Implementation) of the NPS-UD sets out more detail in terms of other aspects of the assessment, which includes locations and sector demand.

⁶ Industrial and Industrial Port.

⁷ Central Business District, CBD Edge Commercial North, CBD Edge Commercial South, Harbourside Edge, Princes, Parry, and Harrow Street, Smith Street and York Place, South Dunedin Large Format, Warehouse Precinct, Centres, and Trade Related.

⁸ Principal Economics (2022) Business Development Capacity Assessment for Dunedin City.

First, the NPS-UD refers to a range of spatial concepts, including “region”, “district”, “urban areas”, and “locations”. While the most important geography is the Urban Environment(s), which is referenced throughout the NPS-UD, the concept of “locations” is also referred to in several policies (Policies 1, 3, and 5) and within Part 3 (Implementation).

In Subpart 4, the Future Development Strategy must identify locations for long-term growth⁹. In Subpart 5, the business land capacity assessment may consider locations when assessing suitability¹⁰, and locations are also referenced in the context of intensification¹¹. While there is a requirement to assess location-specific housing demand¹², there is no equivalent requirement for business land demand, which instead must be assessed at the scale of “the region or constituent district of the tier 1 or tier 2 urban environment”¹³. We note that the proposed changes to the RMA and NPS-UD will likely remove the requirement for Future Development Strategies. However, they are expected to introduce a regional planning requirement that will be similar in nature (Regional Spatial Strategy) and will still require modelling and data comparable to the current NPS-UD framework.

However, the MfE guidelines suggest that, for large urban environments, demand should be disaggregated into meaningful sub-urban catchments (e.g. north, west, east, south, and central). Consistent with this approach, demand is presented for the following locations:

- ❖ **Central City:** which is mostly commercial zoned land in the CBD and CBD Fringe, along with industrial land along the harbour edge (green areas in Figure 2-2).
- ❖ **South Dunedin:** which is a combination of commercial, large format retail, and trade retail zoned land. There is also industrial around the fringe of this location (pink areas in Figure 2-2).
- ❖ **Inner Suburbs:** which is 19 smaller centres in the suburbs of Dunedin which are zoned Suburban Centre or Neighbourhood Centre (dark blue areas in Figure 2-2).
- ❖ **Kaikorai Valley:** which is mainly the industrial land along Kaikorai Valley and also two areas of commercial land (red areas in Figure 2-2).
- ❖ **Mosgiel:** which is all business zoned land in the town (light blue areas in Figure 2-2)
- ❖ **Outer Dunedin:** the business land extending along the outer reaches of both sides of the Otago Harbour and small settlements north and south of the city (orange areas in Figure 2-2).

⁹ Clause 3.13(2).

¹⁰ Clause 3.29(2).

¹¹ Clause 3.31 (1) and (2).

¹² Clause 3.24(1).

¹³ Clause 3.28(1).

Figure 2-2: Dunedin Urban Environment, Business Locations



In terms of the allocation of demand to location and land type, the MfE guidelines suggest that a good assessment applies current and recent patterns. The guidelines refer to this use of recent patterns as revealed preferences of the existing businesses within the current market. There is no discussion of what current or recent means, however it is likely between short and medium term periods, i.e. 4-5 years.

The guidelines also suggest that the allocation could be augmented with information about unmet demand for particular types of land. The guidelines suggest that survey/stakeholder engagement can be used to inform the distribution.

For this assessment, recent development trends, along with survey and stakeholder engagement, have been used to inform the likely patterns of development.

Second, the NPS-UD requires that demand must be expressed in terms of either hectares of land or floor area¹⁴. In this report, both metrics are provided. However, hectares are generally more relevant for industrial demand, where development is typically single-level, whereas floor area is more appropriate for commercial activities, which may involve multi-level development in some instances.

In terms of the conversion of economic demand to floor area and land, the MfE guidelines suggest that building consents and business space ratios are applied: workspace ratios¹⁵ and floor area ratio¹⁶

¹⁴ Clause 3.28(2).

¹⁵ Floorspace per worker.

¹⁶ Floorspace per land area.

(see Appendix B: Floor area and Workspace Ratios for details). For this assessment this same approach is adopted.

Third, the NPS-UD allows Councils to identify business sectors in any way it chooses but must, as a minimum, distinguish between sectors that would use land zoned for commercial, retail, or industrial uses.¹⁷ In this report, demand is presented for the three core NPS-UD sectors, as well as more detailed disaggregation as required by DCC to support its broader planning purposes.

Importantly, it is beyond the scope of this assessment to establish land demand in areas outside the business-zoned land, such as rural, residential or special purposes (e.g. major facilities) zones. Similarly, it is neither practical nor appropriate to model every submarket within the economy. New activities will inevitably emerge, generating unforeseen land demand, and these are best assessed on a case-by-case basis as they arise rather than through speculative modelling.

Fourth, the NPS-UD requires that the demand assessment includes a set of “most likely” projections, along with the underpinning assumptions, and outline the uncertainty associated with the projections.¹⁸ As required, this report presents a range of scenarios, explains the uncertainties associated with them, and notes the most likely outcome, within Section 5 of this report.

The concept of “most likely” is consistent with the sufficiency test in 3.3(1) which refers to “expected demand”. The expected outcome is a commonly applied concept in economics, statistics, and mathematics, which is applied when dealing with probabilities and future outcomes that are uncertain. The expected outcome is the outcome that has the highest probability of occurring. As an example, if a person was to flip two coins at the same time, then the event with the highest probability of occurring is one head and one tail (probability of 50%). While the probability of flipping two heads (or two tails) is a lower probability of 25%. In economics, statistics, and mathematics the expected outcome is the most likely outcome. Therefore, this concept is relatively clear and that while clauses 3.3(1) and 3.28 use different terminology, they refer to the same concept.

2.2 DCC Specific Research

In addition to the NPS-UD business land demand assessment, DCC/ORC had the following specific research questions:

- ❖ What is the demand for industrial land, with particular consideration to the evolution from industrial to commercial or mixed use, including big box retail, that has occurred and that may be further enabled through resource management reform (particular attention to the Andersons Bay area and the northern end of Kaikorai Valley Road).

¹⁷ Clause 3.28(3).

¹⁸ Clause 3.28(5) (a), (b), and (c).

- ❖ How will the development of an 'inland port' / logistics hub close to Mosgiel (near Dukes Road) impact demand for industrial land and potentially other commercial land in the neighbouring area?
- ❖ How will changes associated with the new Dunedin hospital and eventual relocation from the current hospital site impact demand for business land in the central city?
- ❖ What future demand for land use change around the Harbourside Zone, including the transition zone (i.e. around Steamer Basin) should we be planning for and what might be the trigger points that are required for that change?
- ❖ What are the key business links with neighbouring districts and how might this affect the demand for business land in Dunedin?

Two of these questions relate to significant structural changes in the economy (Point 2: inland port and Point 3: hospital development). These will be assessed in the following analysis using scenario-based modelling to isolate and quantify the potential changes in demand arising from these structural shifts. This will involve drawing on existing research on inland ports¹⁹ and hospital²⁰ development to inform estimates of associated land demand.

Another two questions relate to the natural transition of demand types within the economy, which occurs as older areas in prime locations are redeveloped from low-intensity industrial uses to higher-intensity commercial activities. This process is examined in research questions (Points 1 and 4), particularly in Andersons Bay, Kaikorai Valley Road, and potentially within the Harbourside Zone. These trends are assessed under both low and high scenarios, accounting for potential shifts in the location and composition of economic activities, and the resulting spatial distribution of demand across the urban environment.

Finally, the fifth research question relates to the linkages between the Dunedin economy and neighbouring districts. While the focus of this research is on modelling demand within Dunedin's Urban Environment, this requires an assessment of the flows of economic activity to and from other districts in New Zealand. The macroeconomic analysis, discussed in the following subsection, will be used to provide insight into these flows, particularly between Dunedin and the wider Otago region.

2.3 Macroeconomic Model

The Macroeconomic Forecast Model (MFM) provides forward estimates of economic indicators using a demand-led forecasting framework. The MFM applies a two-step process. The first stage involves

¹⁹ Formative (2021) Canterbury Inland Ports – Land Demand Drivers.
Formative (2024) Hamilton Industrial Land Study – Land Demand Drivers.

²⁰ TBC

economic and econometric modelling, while the second stage uses input-output modelling through the Economic Linkages Model (ELM), a multi-regional input-output table developed by Formative.

In step 1, historical data and industry insights are used to forecast future demand for goods and services at both the sectoral and regional level. This includes demand from:

- ❖ households,
- ❖ central and local government,
- ❖ exports (including tourism), and
- ❖ business investment in capital.

Forecasts for each of these demand drivers are developed using econometric and statistical modelling, drawing on data from Statistics New Zealand, the MBIE, and the Ministry for Primary Industries. Where available, we also incorporate sector-specific forecasts and outlooks for key export industries such as dairy, tourism, and forestry.

We also apply region-specific adjustments to reflect known or anticipated developments within the local economy. For Dunedin this includes:

- ❖ potential development of an inland port,
- ❖ major government investments such as the hospital, and
- ❖ expectations from major employers such as the University.

Stakeholder engagement undertaken in the research has also been used to inform and identify other major economic development initiatives or large-scale businesses that may influence the regional economy.

In the second step, the demand forecasts are processed through the ELM. The ELM is a multi-regional input-output model that captures the interactions between businesses, households, government, exporters, and importers within the economy. These interactions describe how each sector responds to changes in demand and how those changes flow through the wider economy. By applying the demand forecasts generated in step 1 to the ELM, we can estimate the resulting economic activity expected within the region. The output of this process is a projection of future economic activity, measured in employment and Gross Domestic Product (GDP), required to meet anticipated household, government, and export demand. Appendix A: Model Description provides detail on the modelling method applied.

The MFM output has been used to develop a range of scenarios, Formative Medium, Formative High, and Formative Low, which align with the Statistics New Zealand population projection sets. These scenarios provide a range of plausible outcomes rather than a single forecast. The MFM is also used

to model an alternative scenario to provide an understanding of other potential outcomes (Inland Port). These scenarios are discussed in detail in Section 5 of the report.

The ELM and MFM modelling approaches are consistent with MFE guidelines, which recommend estimating demand using economic growth drivers and macroeconomic modelling to project future demand.

3 Baseline Situation - Dunedin Economy

This section provides a review of the economy to assess economic activity within the Dunedin economy and to provide inputs required to meet the requirements of the NPS-UD. Establishing this baseline is critical, as it helps define both the spatial distribution of economic activity and the nature of demand. In turn it provides insight into business preferences for land, as reflected in observed location and investment decisions which is what economists commonly refer to as “revealed preferences”.

3.1 District Economy

The current industry structure of the Dunedin District economy in 2025 is shown in Figure 3-1. Overall, the District currently has approximately 69,800 jobs and generates an estimated \$7.4 billion in GDP.

Health Care and Social Assistance is the largest employment sector in the District, accounting for around 11,650 jobs (17% of total employment), reflecting Dunedin’s role as a major regional centre for health services. Education and Training is also a significant contributor, representing 12% of employment and 14% of GDP, underpinned by the presence of major tertiary institutions and associated research activity.

Figure 3-1: Dunedin City Employment and GDP by Industry 2025

Industry Structure 2025	Total Employment		GDP \$ million	
	Number	Share	Number	Share
Agriculture, Forestry and Fishing	1,337	2%	\$ 218	3%
Mining	81	0%	\$ 29	0%
Manufacturing	4,339	6%	\$ 392	5%
Electricity, Gas and Water Supply	580	1%	\$ 495	7%
Construction	6,999	10%	\$ 696	9%
Wholesale Trade	2,186	3%	\$ 210	3%
Retail Trade	7,080	10%	\$ 469	6%
Accommodation and Food Services	5,433	8%	\$ 270	4%
Transport, Postal and Warehousing	2,727	4%	\$ 430	6%
Information Media and Telecommunications	926	1%	\$ 152	2%
Financial and Insurance Services	1,244	2%	\$ 207	3%
Rental, Hiring and Real Estate Services	1,265	2%	\$ 443	6%
Professional, Scientific and Technical Services	4,902	7%	\$ 666	9%
Administrative and Support Services	2,560	4%	\$ 164	2%
Public Administration and Safety	3,643	5%	\$ 338	5%
Education and Training	8,327	12%	\$ 1,009	14%
Health Care and Social Assistance	11,647	17%	\$ 976	13%
Arts and Recreation Services	1,613	2%	\$ 109	1%
Other Services	2,879	4%	\$ 145	2%
Total Dunedin District	69,766	100%	\$ 7,416	100%

Construction and Retail Trade are also key employers, each contributing around 10% of total employment, while Professional, Scientific and Technical Services and Manufacturing make notable contributions to economic output. Manufacturing accounts for 5% of GDP and 6% of employment, indicating an important productive sector within the District economy.

Several sectors generate a proportionally higher share of GDP relative to employment, suggesting higher productivity or value-added activity. These include Electricity, Gas and Water Supply, Rental, Hiring and Real Estate Services, and Professional, Scientific and Technical Services. In contrast, accommodation, food services, retail trade, and other service-based industries tend to be more labour intensive, with larger employment shares relative to GDP contribution.

The Dunedin District economy is relatively diverse, with strengths across health, education, construction, professional services, and a range of supporting service industries. This diversity provides a degree of economic resilience and reflects the District's role as a major employment, education, and service hub for the wider Otago region (further detail in economic linkages data in 6.5).

3.2 Drivers of Growth

In the District economy, the drivers of employment growth over the past 25 years have been concentrated within a few sectors. Over the period from 2000 to 2025, total employment increased from approximately 56,200 jobs to 69,800 jobs, representing growth of around 13,600 jobs overall. This equates to an average annual growth rate of 0.9% per annum, or approximately 540 additional jobs each year on average.

Health Care and Social Assistance is the largest employing industry in the District and has also experienced substantial growth, increasing by approximately 3,550 jobs between 2000 and 2025. Growth has been particularly strong in recent years, with the industry adding approximately 1,185 jobs between 2020 and 2025. This reflects the growing importance of the health sector within the District and broader demographic trends associated with an ageing population and increasing demand for health and social services.

Construction also experienced substantial growth, increasing by around 3,700 jobs, with particularly strong expansion between 2000 and 2020. This likely reflects periods of strong residential, commercial, and infrastructure development activity. The growth in the industry may also reflect the recent government projects, including the Dunedin Hospital and ACC building developments.

Professional, Scientific and Technical Services recorded significant long-term growth, increasing by over 2,100 jobs since 2000, highlighting the increasing importance of knowledge-intensive and professional service activities within the District economy. Public Administration and Safety, Education and Training, and Accommodation and Food Services also recorded notable increases over the period.

In contrast, several traditional industries experienced long-term declines. Manufacturing employment declined substantially, falling by approximately 2,400 jobs between 2000 and 2025, despite a recovery since 2020. Agriculture, Forestry and Fishing also declined over the period, while Information Media and Telecommunications recorded a significant reduction in employment, reflecting structural changes associated with technological advancement and digitisation.

The data also shows that employment growth has not been consistent across all periods. Strong growth occurred between 2000 and 2005, followed by relatively flat or declining employment between 2005 and 2015. Employment growth strengthened again between 2015 and 2020 before stabilising between 2020 and 2025.

Overall, the employment trends indicate an ongoing structural shift in the Dunedin District economy away from traditional goods-producing sectors toward service-based industries, particularly health, education, construction, and professional services. This pattern is consistent with broader national trends observed across many urban economies in New Zealand.

Figure 3-2: Dunedin City Employment Growth 2000 to 2025

Industry	2000	2005	2010	2015	2020	2025	2000-25	% p.a.
Agriculture, Forestry and Fishing	1,728	1,655	1,500	1,459	1,620	1,337	- 391	-1.0%
Mining	51	61	154	83	77	81	29	1.8%
Manufacturing	6,740	7,071	5,048	4,374	3,964	4,339	- 2,401	-1.7%
Electricity, Gas and Water Supply	391	418	333	444	543	580	189	1.6%
Construction	3,295	4,393	4,919	5,447	6,888	6,999	3,704	3.1%
Wholesale Trade	2,166	2,289	2,333	2,625	2,499	2,186	20	0.0%
Retail Trade	6,071	7,005	6,753	6,934	7,165	7,080	1,009	0.6%
Accommodation and Food Services	4,047	5,144	4,660	5,341	5,623	5,433	1,386	1.2%
Transport, Postal and Warehousing	2,208	2,621	2,425	2,490	2,837	2,727	519	0.8%
Information Media and Telecommunications	1,438	1,792	1,445	1,490	1,717	926	- 512	-1.7%
Financial and Insurance Services	1,011	1,171	1,196	1,224	1,118	1,244	233	0.8%
Rental, Hiring and Real Estate Services	1,160	1,338	1,294	1,258	1,527	1,265	105	0.3%
Professional, Scientific and Technical Services	2,784	3,355	3,995	4,160	4,597	4,902	2,118	2.3%
Administrative and Support Services	2,086	3,534	3,750	2,222	2,660	2,560	474	0.8%
Public Administration and Safety	2,246	2,437	2,499	3,036	3,542	3,643	1,397	2.0%
Education and Training	7,234	7,422	8,457	7,300	8,491	8,327	1,093	0.6%
Health Care and Social Assistance	8,100	8,536	9,465	9,509	10,462	11,647	3,547	1.5%
Arts and Recreation Services	1,173	1,448	1,650	1,664	1,731	1,613	440	1.3%
Other Services	2,241	2,667	2,423	2,495	2,977	2,879	638	1.0%
Total Dunedin District	56,171	64,358	64,298	63,553	70,037	69,766	13,595	0.9%
Growth Rates		2.8%	0.0%	-0.2%	2.0%	-0.1%		

3.3 Location of Growth

Most employment in the District is located within the Urban Environment (over 95%) and, within that, predominantly on business zoned land (over 60%). Most of the Employment growth in the district over the period has also been concentrated within the Urban Environment, which increased by approximately 12,950 jobs between 2000 and 2025, equating to around 1% per annum or roughly 520 additional jobs per year.

Growth within business zoned land of the Urban Environment during the same period occurred at a slightly slower rate of around 0.8% per annum, or approximately 320 additional jobs per year. In recent years the total employment within business zoned land has declined slightly, from 47,400 in 2020 to 46,900 in 2025.

In contrast, employment in non-business zoned land within the Urban Environment grew more quickly at 1.1% per annum, reflecting the significant role of major institutional and strategic assets such as Dunedin Hospital, the University of Otago, the Port of Otago and other community infrastructure²¹, all of which are located within special purpose 'Major Facilities' zones.

Figure 3-3: Dunedin City Employment Growth, Business Zoned and Urban Environment

Total Employment Location	2000	2010	2020	2025	2000-25	% p.a.
Business Zoned	38,759	44,121	47,410	46,875	8,116	0.8%
Non-Business Zoned	15,495	17,711	19,863	20,335	4,840	1.1%
Urban Environment	54,254	61,832	67,272	67,210	12,956	0.9%
Rest of District	1,917	2,465	2,765	2,556	639	1.2%
Total Dunedin District	56,171	64,298	70,037	69,766	13,595	0.9%
Share of Employment in Urban Environment	97%	96%	96%	96%	95%	
Share of Employment in Business Zoned	69%	69%	68%	67%	60%	

The Central City remained the dominant employment location, accounting for around 27,500 jobs in 2025. However, growth within the Central City was relatively modest over the 25-year period, increasing by approximately 2,850 jobs, or 0.4% per annum.

In contrast, several suburban business locations experienced stronger growth. Kaikorai Valley recorded the highest rate of growth, increasing by approximately 2,080 jobs between 2000 and 2025, equating to 2.7% per annum. South Dunedin also experienced substantial growth, with employment increasing by around 1,665 jobs, or 2.4% per annum. Inner Suburbs employment increased steadily by approximately 1,900 jobs over the same period, representing growth of 1.1% per annum.

Mosgiel experienced more variable trends, with employment declining overall between 2000 and 2025 by around 500 jobs. However, this was largely attributable to the closure of three exporting businesses: Fisher & Paykel Appliances in 2009, PPCS Meatworks in 2011, and Southern Cross Forest Products in 2014. Excluding the impact of these closures, the local economy and employment generally experienced growth across most other sectors. Outer Dunedin recorded only modest growth over the period.

²¹ Forsyth Barr Stadium, Otago Museum, other education institutions, medical facilities, and community facilities.

Overall, the data suggests that while the Central City continues to play the primary role in accommodating employment activity, a significant share of more recent employment growth has increasingly occurred within the other business areas.

Figure 3-4: Dunedin City Employment Growth, Business Land Locations

Total Employment Location	2000	2010	2020	2025	2000-25	% p.a.
Central City	24,622	27,688	28,489	27,469	2,847	0.4%
South Dunedin	2,040	3,336	3,548	3,705	1,665	2.4%
Inner Suburbs	6,262	6,826	7,710	8,166	1,904	1.1%
Kaikorai Valley	2,155	2,646	4,450	4,236	2,082	2.7%
Mosgiel	3,031	2,789	2,315	2,514	- 517	-0.7%
Outer Dunedin	650	837	899	785	135	0.8%
Business Land Urban Environment	38,759	44,121	47,410	46,875	8,116	0.8%

3.4 Development Activity

Generally, within urban environments the development of new business land and floorspace is typically uneven or “peaky” in nature, characterised by periods of significant development associated with large projects, followed by periods with comparatively little activity. This outcome is also observed within Dunedin, where peaks and troughs in consented floorspace have occurred across both commercial and industrial development over time.

Figure 3-5 shows new commercial building consents for floorspace between 1991 and 2026 across the entire district. The vast majority of this development is likely to have occurred within the Urban Environment of Dunedin City and on business-zoned land.

In the past five years new commercial building consents have averaged at approximately 5,500m² per annum of floorspace (shown by dotted line). Most of the new floorspace that was consented in that period was office space (4,100m² p.a.) and a smaller amount of retail (1,400m² p.a.).

Historically, there have been several years where commercial floorspace consents exceeded 10,000m², particularly in the 1990s and 2000s. However, in more recent years this level of activity has been comparatively rare, with only 2022 recording consents above 10,000m² and in most years consents have been less than 5,000m² per annum.

Figure 3-5: Dunedin City New Commercial Building Consents 1991-2026 (floorspace m²)

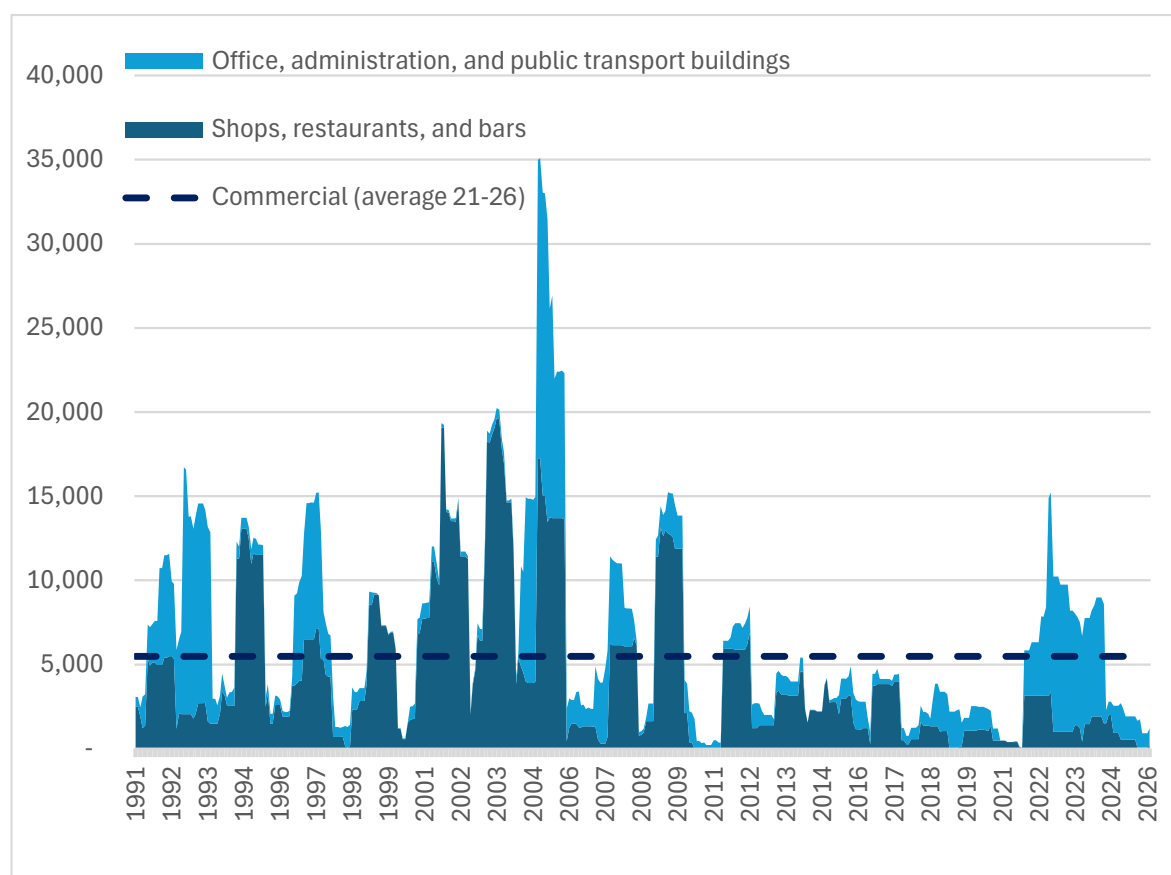
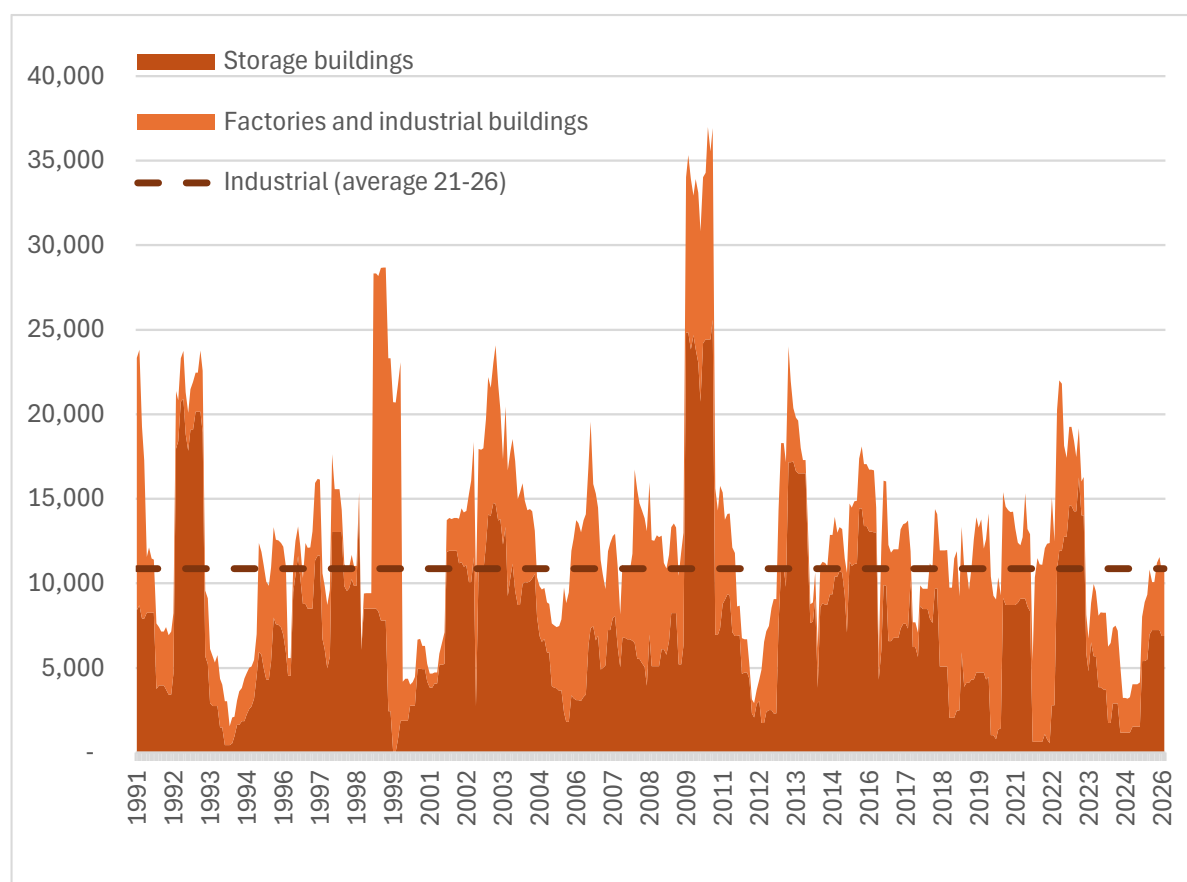


Figure 3-6 shows new building consents for industrial floorspace between 1991 and 2026 across the entire district. We acknowledge that some of this development will have occurred outside the Urban Environment. However, it is still likely that the majority of this development is likely to have occurred within the Urban Environment of Dunedin City and on business-zoned land.

In the past five years new industrial building consents have averaged at approximately 11,000m² per annum of floorspace (shown by dotted line). There was slightly more floorspace consented for storage space (5,900m² p.a.) than for factories (5,100m² p.a.).

Historically, there have been a few years where industrial floorspace consents exceeded 20,000m², in the 1990s and 2000s. However, in more recent years this level of activity has been comparatively rare, with only 2022 recording consents above 20,000m² and in most years consents have been less than 15,000m² per annum.

Figure 3-6: Dunedin City New Industrial Building Consents 1991-2026 (floorspace m²)



3.5 Land Use Activity

The most recent market research suggest that land values and rents have been static for the last few years for business zoned land in Dunedin. Also, that there is a supply of floorspace that is not occupied and vacancy rates are relatively high.

The CBRE 2025 survey of office and industrial space indicates that approximately 50,000m² of floorspace was unoccupied in the business zoned land.²² The office vacancy rate of 9.4% in 2025 is relatively high. At the time, CBRE noted that the Dunedin office market faced a significant risk of oversupply. As ACC's existing leases across the city expired and the organisation transitions into its new A-grade premises on Dowling Street, along with the completion of a new office development on Great King Street, approximately 9,000m² of additional vacant office space was expected to enter the market. CBRE considered that this influx was likely to place downward pressure on rental rates.

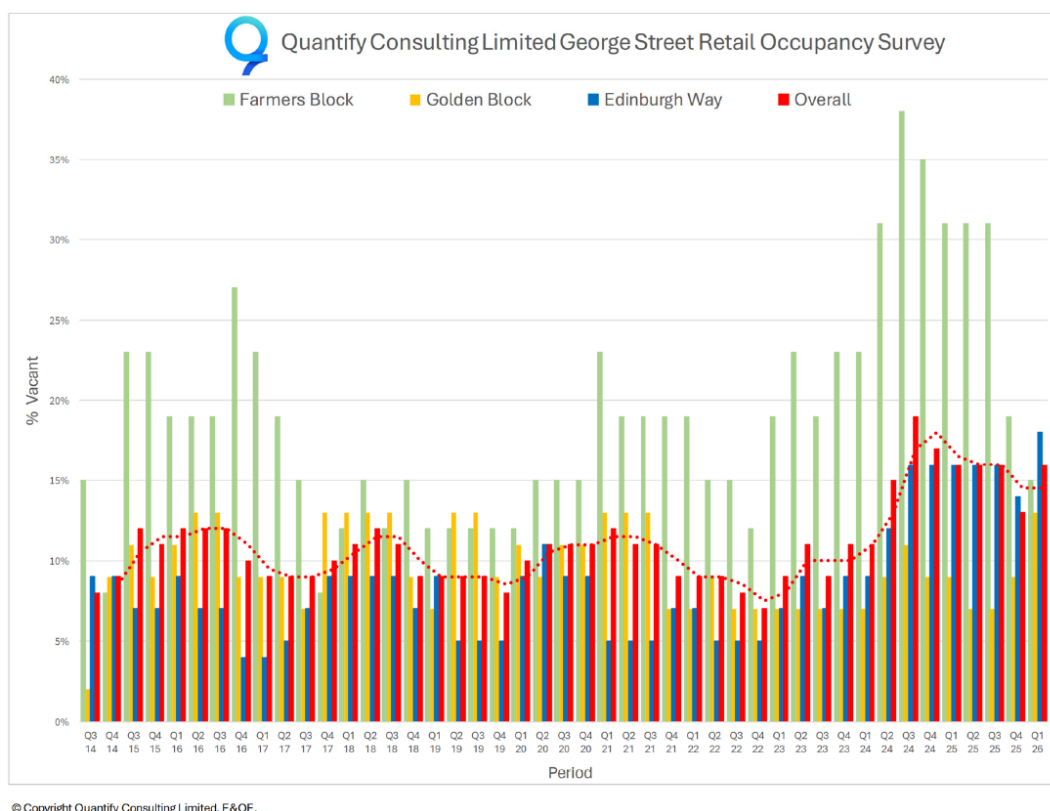
²² CBRE (2025) Dunedin Property Market Overview.

The industrial vacancy rate was 3.2% in 2025, which was considered to be normal for an industrial market. Most of the vacant industrial space is located in Dunedin Central (46% of the total), followed by Kenmure (15%), Mosgiel (14%), and South Dunedin (8%).

The retail vacancy rates in George Street are reported to have increased over the years, from around 7% in 2014 to over 15% in 2026, although this represents a reduction from the peak vacancy rate of approximately 18% recorded in 2024.²³ This rate of vacancies is very high for a retail market. Vacancies in George Street have increased in recent years, reflecting broader challenges facing traditional retail centres, including the growth of online shopping, changing consumer behaviour, rising operating costs, and weaker economic conditions. The most recent data available suggests the following vacancy rates along George Street retail:

- ❖ Farmers Block (Moray Place and St Andrew Street) at 15%.
- ❖ Golden Block (St Andrew Street to Hanover Street) at 13%.
- ❖ Edinburgh Way (Hanover Street and Frederick Street) at 18%.

Figure 3-7: George Street Retail Occupancy Survey 2014 to 2026



²³ Quantify Consulting Limited (2026) George Street Retail Occupancy Survey 2026 Q1.

According to the most recent retail study undertaken for the DCC, most Dunedin suburban centres experience some level of retail vacancy, while others, such as Caversham have extensive vacancy.²⁴ This suggests there is existing capacity within current retail zones for new businesses to establish or for existing retailers to expand and achieve greater scale.²⁵

²⁴ First Retail Group (2023) Dunedin Retail Trends: Dunedin Retail Land Use Study, p. 19.

²⁵ *ibid.*

4 Stakeholder Engagement

For this research we engaged with key stakeholders, including economic development agencies, real estate researchers, developers, major employers, and landholders. DCC and Enterprise Dunedin provided an initial list of potential stakeholders, which Formative reviewed to identify a shortlist of priority participants. The final list was then agreed with DCC and Enterprise Dunedin. The aim was to ensure coverage across key parts of the economy, as well as important development activities and market perspectives.

While demand forecasting is primarily informed by economic modelling, forming the core of Formative's research, stakeholder engagement also plays an important role. Input from key stakeholders helps to shape the details of scenarios assessed and ensures the analysis reflects on-the-ground insights.

4.1 Process

For this research, a programme of semi-structured stakeholder interviews was undertaken. Interviews were conducted online via Microsoft Teams between late April and May 2026, with each session lasting up to one hour depending on the number of participants.

Each interview began with a brief overview of the project, followed by a guided discussion. Topics included participants' experience with business land demand, perspectives on future economic growth and demand, and views on key challenges such as land use, redevelopment, and locational preferences. Participants were also invited to raise any additional matters relevant to the economic research.

Interviews were conducted by Formative staff and documented through written notes. A representative from Council attended most of the interviews. Participation was voluntary, with participants able to choose whether their feedback was confidential or anonymous. Interview notes were only shared with DCC where participants expressly requested this. Otherwise, notes were not shared with DCC or any other parties without participant permission.

4.2 Groups engaged

For this report we engaged with the following groups:

- ❖ **Economic Development Agencies:** Enterprise Dunedin, Chamber of Commerce, and Workforce Central Dunedin.
- ❖ **Large Employers:** Port Otago, University of Otago, Dunedin Hospital, and Dunedin Airport.
- ❖ **Real-estate Experts:** Colliers, Edinburgh Realty, and Industry One.

- ❖ **Construction/Landholders:** Te Rūnanga O Ngāi Tahu, Otago Land Group, Southbase, Calder Stewart, McKnight, and ESCEA.

There was an excellent level of engagement, with a 94% response rate and 88% of respondents able to meet with us during the engagement period. Those who participated in interviews provided full coverage across the four stakeholder groups. Unfortunately, while multiple efforts were made, we were unable to meet with representatives from Te Rūnanga o Ngāi Tahu, which we consider to be a notable gap in the engagement process. We did not meet with Council infrastructure teams, however this was not required for the stakeholder engagement process or the demand modelling component of this report. Under the NPS-UD framework, infrastructure-ready is addressed through the separate capacity assessment being undertaken by council officers.

The following subsections outline the key information collected from stakeholders across three overarching topics. This information was used to inform the development of the economic growth scenarios and land use demand projections.

4.3 Growth Drivers

The following discussion summarises the key points raised by stakeholders regarding the growth outlook for key sectors in the Dunedin economy, as well as potential new drivers of growth.

Overall, stakeholders described a mixed but generally steady growth outlook for Dunedin. Traditional sectors such as retail, public administration, and parts of manufacturing are expected to remain relatively flat or continue long-term structural change, while growth is more likely to come from higher-value and emerging activities. This includes advanced manufacturing, professional and tech-based services linked to the university and hospital, and potential opportunities in renewables, logistics infrastructure, and value-added processing supported by projects such as the inland port.

Construction activity is currently strong due to major hospital investment, but future growth beyond this is uncertain. Education and healthcare remain key anchor sectors, although staff growth is expected to be limited. Growth in student numbers is likely to increase pressure on accommodation demand and may lead to further construction activity. Tourism is expected to grow modestly, but without significant expansion. Overall, growth is likely to be uneven, with emerging sectors and infrastructure offsetting stagnation in more traditional parts of the economy.

We acknowledge that the comments received from stakeholders did not always align, and that some of the issues raised by different stakeholders were contradictory to the views of others. This is understandable, as each stakeholder brings their own perspective, experiences, interests, and

priorities, resulting in a range of views on the outlook for Dunedin economy. The stakeholders noted the following in relation to sector growth:

- ❖ **Primary sectors:** most stakeholders did not discuss the growth outlook for the agriculture, forestry, or mining industries. However, several stakeholders considered that the proposed inland port at Mosgiel and the freight hub at Milburn, could increase the District's capacity to transport, store, and process commodities prior to export through Port of Otago. There was also discussion of the potential to extend existing gold mining operations in the region via Fast-track applications, which may enable this activity to continue in the future and help maintain supporting activity in Dunedin.
- ❖ **Manufacturing:** the stakeholders noted that traditional manufacturing has been in decline and several large-scale businesses have closed over recent decades. However, a range of emerging high-value manufacturing activities is now contributing to growth in the district. This includes sectors such as agritech, biotech, specialist transport equipment, and heating systems. The outlook for these industries suggests a partial reversal of earlier declines, supporting renewed manufacturing growth. Some stakeholders also considered there may be additional growth potential if primary sector outputs are processed into higher value-added products prior to export, such as logs and dairy products. Also, that the proposed inland port and freight hub would allow more efficient handling of bulk goods, which may enable manufacturers to increase output. Stakeholders cited recent growth of industrial activity in Invercargill as an example of what could also occur in Dunedin.
- ❖ **Construction:** many stakeholders identified major construction activity associated with the new hospital as a core driver of current growth in the district. However, stakeholders also acknowledged that once this project is completed, much of the associated construction workforce is likely to leave Dunedin, given the absence of a clear pipeline of comparable large-scale projects. While no other major construction projects were identified, there were several references to the potential for mixed-use development in the harbourside area and commercial accommodation, which could act as a catalyst for urban regeneration, longer-term investment, and tourism activity.
- ❖ **Retail Trade and Food/beverage:** There is not expected to be a significant increase in retail activity, as most retail brands are already present in Dunedin. Stakeholders consider that growth will be incremental, broadly aligned with overall population growth in Dunedin.
- ❖ **Wholesale Trade, Transport, and Warehousing:** A few stakeholders suggested there may be growth in warehousing and wholesale trade if an inland port is developed to support logistics across the wider lower parts of the South Island. Furthermore, the inland port

will provide additional capacity for exports to be handled at Port of Otago. There was also discussion around the potential redistribution of heavy vehicle traffic away from the central city associated with changes to road layouts and the development of the inland port, which could alter freight flows and traffic patterns across the network. However, there was no further mention of growth in this sector in the engagement.

- ❖ **Infrastructure and Telecommunications:** there may be potential for increased renewable energy development in the district (windfarms and solar), as well as data centres. While most of the renewable energy and computing infrastructure is expected to be imported, local specialist roles would be required for installation, commissioning, and ongoing maintenance. However, no specific plans or developments were identified through the stakeholder engagement.
- ❖ **Professional and Financial Services:** there was discussion about the number of financial head offices that have shifted out of Dunedin over recent decades, with stakeholders noting they are unlikely to return. However, many stakeholders suggested there is a growing number of professional services jobs, along with high-tech employment in new areas such as healthtech, agritech, biotech, future foods, robotics, gaming, and IT. These new areas are expected to support future growth in this sector through collaboration with the university and hospital. There is also potential for graduates to establish start-ups or secure employment in Dunedin, which could support growth by helping to retain skills in the city.
- ❖ **Public Administration:** while there was mention of some movement of government agencies within Dunedin (e.g. ACC's new offices), stakeholders did not identify any specific new activity that could be accommodated in Dunedin.
- ❖ **Education:** the stakeholders all highlighted the importance of tertiary education providers in Dunedin, including the University of Otago and Otago Polytechnic, both in attracting students to the city and supporting research collaboration with public and private organisations. The linkages with start-ups and high-tech businesses could support the growth of new industries and improve the productivity of existing industries. Furthermore, the potential for graduates to remain and work in Dunedin could generate additional economic growth. The number of students and staff at University of Otago has not grown significantly in recent times, and consider that University of Otago is unlikely to grow staff numbers and have slow growth in students. This is expected to increase demand for accommodation, and may create a need for additional halls of residence or other student accommodation (second years etc).
- ❖ **Healthcare:** The new hospital will be a world-leading, digitally enabled facility that is expected to provide improved outcomes for patients. While there are currently no plans to accommodate commercial providers within the new buildings, stakeholders noted the

potential for increased collaboration between the private and public sectors which could generate more economic activity via a health precinct. Growth in government-related healthcare employment is not expected to extend significantly beyond meeting local and regional requirements. There was also some discussion regarding proposed aged care facility developments in Dunedin and Mosgiel, with stakeholders noting that demand for these facilities is likely to increase as the population ages. Some stakeholders also discussed the role of Queenstown/Wānaka, noting that high population growth in the wider region may increase demand for services in Dunedin. However, they also suggested that government services may be reoriented toward these growth areas, which could reduce activity in Dunedin.

- ❖ **Tourism:** Stakeholders noted that there have recently been increases in direct international flights, along with increased domestic flight capacity.²⁶ However, there is a limited supply of commercial visitor accommodation, and the development of a new hotel could support both visitor and business-related travel to Dunedin. The cruise industry has not completely rebounded from Covid19, however some recovery is expected in the future. Overall, while stakeholders were generally positive about the sector's potential, there was no suggestion that the industry would experience significant growth. There was also mention of a potential hotel development near the stadium, along with references to earlier investigations into other hotel proposals in the past.

The stakeholder engagement reflects cautious optimism about Dunedin's growth prospects, though much of this is aspirational in nature. The exceptions are the new hospital and the two proposed inland freight facilities, the inland port at Mosgiel and the freight hub at Milburn. These represent tangible opportunities that would facilitate the movement and processing of goods, improve Dunedin's connectivity to export markets, strengthen local supply chains and make the city a more attractive place to do business.

4.4 Land Use Drivers

The stakeholders also provided detail on land use outcomes in Dunedin. Overall, the stakeholders see land use intensity and floorspace utilisation as broadly static across all sectors, with minimal intensification expected and high rates of vacancies. Broadly, while stakeholders acknowledged the static nature of land use that is occurring now, they would favour better use of existing land rather than additional zoning.

²⁶ It is noted that, at the time of the stakeholder engagement, there had been a recent reduction in services due to a fuel supply disruption associated with the closure of the Strait of Hormuz. However, during the drafting of this report, the Strait of Hormuz subsequently reopened and fuel prices had decreased by approximately 40% from the peak reached during the crisis.

The key stakeholder feedback relating to land use was as follows:

- ❖ Stakeholders consider that land use intensity and floorspace utilisation have remained broadly static over time and are not expected to increase materially in the future.
 - ❖ Across retail, commercial, and industrial uses, there is little evidence of meaningful uplift in either building height or site coverage, reinforcing the view of a stable land use intensity profile.
 - ❖ Floorspace utilisation (workspace ratios) has similarly remained flat and is not expected to increase, with no significant trend of intensification observed across land use classes.
- ❖ Many stakeholders discussed the Harbourside area as being currently underutilised with low-value building stock. Regeneration could unlock demand growth, particularly for mixed-use development such as residential and professional services. Current planning vision is considered conservative and may understate mixed-use potential in this location.
- ❖ Some stakeholders considered that industrial land markets are showing increasing vacancy and moderate-to-weak demand, with supply exceeding demand. Stakeholders noted conditions are weaker than typical market equilibrium. However, others noted that they had limited vacancy within their portfolios and reported ongoing demand for additional industrial floorspace.
- ❖ Rising construction and redevelopment costs in industrial sectors are discouraging redevelopment of existing sites, with a market preference emerging for greenfield development.
- ❖ Small-format retail is largely confined to ground floor space and is facing challenging trading conditions, including rising vacancy rates, particularly in the northern CBD. Demand is peaky, which is driven by university semester cycles. There has been a gradual shift of larger office uses toward the southern CBD, suggesting a broader reorientation of commercial activity and potential spillover effects on retail patterns. The planned relocation of the hospital is expected to shift associated retail demand away from the northern CBD, contributing to spatial redistribution of retail activity.
- ❖ Large-format retail is performing comparatively strongly and may be contributing to competitive pressure on other retail formats in traditional commercial areas. Demand has shifted in part from central Dunedin toward South Dunedin.
- ❖ The commercial property market is characterised by a shortage of high-quality, modern stock, alongside an oversupply of lower-quality buildings. It is regarded as the weakest-performing land use sector in Dunedin. While there is potential for conversion of obsolete or vacant buildings to residential use, this has not yet occurred at a material scale.

- ❖ Stakeholders consider there is limited need for additional business land zoning, with greater opportunity to optimise and intensify existing land supply.

We note that while stakeholders express a desire to accommodate growth through intensification, the reality of market conditions and the constraints discussed in the next section suggest that the market demand preferences may still result in a requirement for additional business land, particularly for industrial uses.

4.5 Constraints

Stakeholders identified a range of constraints that may be limiting growth and redevelopment in Dunedin. Housing affordability and availability were key concerns, particularly for students, graduates, and health workers, alongside broader issues such as homelessness and limited opportunities for residential intensification due to heritage constraints.

Stakeholders also highlighted restrictive planning provisions, including heritage rules, earthquake-prone building requirements, height limits, and leasehold land ownership, as barriers to redevelopment and investment. Industrial growth is constrained by limited flat land, separation between Dunedin and Mosgiel, infrastructure and access issues, and conditions that reduce the feasibility of large-scale redevelopment and automation. While some specialist labour shortages were noted, workforce availability was generally not seen as a major constraint, with opportunities identified to retain more graduates locally.

Stakeholders also raised concerns around fragmented tourism coordination, the relocation of the hospital a few blocks away from the university, and unrealised mixed-use development potential in the Harbourside area.

The key stakeholder feedback relating to constraints was as follows:

Housing and population pressures: the stakeholders noted a range of housing constraints, including affordability and availability issues, which may be limiting population and economic growth.

- ❖ Housing availability and affordability is a key issue, particularly for students and graduates, both in terms of deciding to study in Dunedin and in terms of staying after graduating.
- ❖ Increased demand expected from ongoing growth in university enrolments (albeit small growth) and health sector workers.
- ❖ Homelessness in the CBD is also identified as a concern.
- ❖ Greater housing intensification is seen as a potential enabler of city growth.
- ❖ Heritage constraints in areas such as North Dunedin limit development capacity.

Planning, regulation, and development constraints: the stakeholders noted a range of regulatory constraints, which may be limiting redevelopment and growth in the economy.

- ❖ Frustration with restrictive council rules, including heritage controls, earthquake-prone building requirements, and height limits, all of which inhibit the potential redevelopment of land.
- ❖ Leasehold land (around one-third of industrial land) is seen as a major constraint, discouraging redevelopment due to weak incentives compared to freehold land.
- ❖ Airport land is currently restricted to aviation-related uses, limiting potential for broader co-location of activities.

Industrial land supply and spatial inefficiencies: the stakeholders noted a range of issues around industrial land supply, which may be limiting land use and efficiency:

- ❖ Industrial activity is increasingly pushed to outer areas such as Mosgiel, creating longer travel distances for workers and inefficiencies in urban form.
- ❖ The separation between Dunedin and Mosgiel limits access to centrally located industrial opportunities.
- ❖ Specific industrial areas (e.g., Dukes Road, Mosgiel) face access and safety challenges due to proximity to schools and pedestrian crossings.
- ❖ Limited availability of large, flat sites constrains development options across the city.
- ❖ Ground conditions in some industrial areas may limit suitability for automation and high-spec logistics development due to floor tolerance requirements.
- ❖ Large-scale redevelopment opportunities are limited, reducing interest from major developers in brownfield projects.

Infrastructure, labour, and skills: some stakeholders noted shortages of labour of specific skills.

- ❖ Large-scale infrastructure projects require imported labour.
- ❖ Overall labour supply and skills are not seen as a binding constraint.
- ❖ There is perceived opportunity to retain and employ more graduates locally to support growth and address workforce needs.

Strategic Direction: the following strategic issues were raised by stakeholders.

- ❖ The tourism sector is seen as fragmented with weak coordination and insufficient marketing. A lack of a coordinated regional tourism body (e.g., for the lower South Island) is viewed as a missed opportunity for growth.
- ❖ Concern exists regarding the relocation of the hospital away from the university, potentially weakening key education–health linkages and associated economic benefits.

- ❖ References to the potential for mixed-use development in the harbourside area and commercial accommodation, which could act as a catalyst for urban regeneration, longer-term investment, and tourism activity.

5 Dunedin Economic Growth Scenarios

The following section outlines the nature of the growth scenarios and presents the associated economic forecasts and business land demand results. In summary, the scenarios combine macroeconomic modelling undertaken through the MFM with detailed on-the-ground insights gathered through stakeholder engagement. Together, these scenarios provide a range of plausible economic futures for Dunedin City over the short, medium, and long term.

The assessment discusses the key assumptions applied across all scenarios, including the Dunedin Hospital redevelopment, the proposed inland port development, ongoing increases in household consumption, and long-run productivity growth. Three core economic scenarios have been developed to reflect varying demographic and economic conditions, alongside an additional inland port scenario to assess the implications of the proposed Southern Link Inland Port on economic activity and land demand.

Correspondingly, demand for commercial and industrial floorspace and land is projected to increase over the long term, with the majority of growth expected in commercial services and industrial activities. These forecasts provide an evidence base for assessing future business land requirements and informing long-term urban development planning under the NPS-UD.

Importantly, it is beyond the scope of this assessment to establish land demand in areas outside business-zoned land, such as rural, residential, or special purpose zones. Similarly, it is neither practical nor appropriate to model every submarket within the economy. New activities and industries will inevitably emerge over time, generating unforeseen land demand, and these are best assessed on a case-by-case basis as they arise rather than through speculative modelling. Accordingly, economic modelling for the NPS-UD should focus on core economic growth within higher-order land markets, where most demand pressures arise and where future growth needs to be understood and planned for.

5.1 Growth Scenarios

The growth scenarios below are a combination of macroeconomic modelling from the MFM (see section 2.3) and on-the-ground findings from the stakeholder engagement (for instance details around the inland port and hospital build). These growth scenarios form a range of plausible economic futures in the short, medium and long term.

There are certain assumptions and inputs that apply to all scenarios. Firstly, we defined the hospital build within each growth scenario as ‘non baseline’ activity (i.e. activity not captured in construction industry as background or business-as-usual growth) and as such this once in a generation health infrastructure investment has been modelled accordingly. Based on our conversations with relevant

stakeholders the outpatient building, which is set to be completed this year, currently has approximately 100 workers on site as of time of this report, down from a peak of 250. The foundations are currently being laid for the inpatient building with construction expected to be completed by 2031. Peak on-site employment for the inpatient building is expected to total 500 workers in 2028.

Secondly, we have assumed a level of consumption growth of 1% each year. Practically this means that each household consumes 1% more (in real terms) than they did in the previous year. This assumption captures consumption effects associated with rising real incomes, technological change, and evolving consumer preferences over time. As households become more affluent, spending patterns tend to shift toward a broader range and higher value of goods and services - a trend well-documented in the economic literature.

Lastly, we have assumed that productivity increases over time, meaning each worker within the economy creates more GDP as time goes on. This is consistent with long-run trends in developed economies, where technological advancement and improvements in labour force skills (human capital) have historically driven sustained gains in output per worker. In practical terms, this assumption means the local economy can grow (in GDP and output terms) even in periods of flat or modest employment growth, reflecting the reality that economic expansion is not solely dependent on workforce size. Our productivity assumption is derived from New Zealand's long-run labour productivity growth trends.

5.1.1 Medium Scenario – “Most Likely”

The medium scenario is our “most likely” scenario. While the full range of scenarios reflects the inherent complexity of economic forecasting, from a planning perspective the scenario which is considered the highest probability is often selected, in this case it is the medium scenario. Within the macroeconomic model the medium scenario has the following assumptions.

- ❖ **Population:** projections have been provided by Dunedin City Council and match Statistics New Zealand subnational population projections medium scenario (Figure 5-1). Stats NZ describe the medium projection as the series "considered suitable for assessing future population changes" at the time of release, consistent with the median (50th percentile) of their national population projections. It reflects a combination of medium fertility, mortality, and migration assumptions. Under the medium scenario, the population reaches 148,100 residents in Dunedin City by 2055, representing total growth of 15,300 people over the next 30 years (+12%). Importantly the previous assessment of business land demand was based on population projections that had 50% less population growth

and only reached 140,000 by 2055.²⁷ This shift in population growth outlook drives additional households' spending, dwelling construction, and business activity.

Figure 5-1: Population Projections Stats NZ: Medium, High and Low Scenario

Projection	2025	2030	2035	2040	2045	2050	2055
Low	132,800	129,680	129,420	129,260	129,120	128,960	128,860
Medium	132,800	133,840	136,480	139,260	142,160	145,100	148,100
High	132,800	138,060	143,580	149,400	155,360	161,300	167,300

- ❖ **Exports and Gross Fixed Capital Formation:** we have applied our medium projection for export demand growth demand and gross fixed capital formation growth rates. The medium projection is the mid-point estimate based on econometric and statistical modelling (incorporating industry specific projections when available, such as for forestry and dairy) for each industry.

5.1.2 High Scenario

The high scenario is our "optimistic" scenario. It reflects a plausible but less likely set of conditions in which key economic drivers (population growth, export demand, and business investment in capital (GFCF)) perform above their long-run central (or medium) estimates. This scenario is useful for understanding a higher, but still plausible potential growth of the Dunedin City economy. Within the macroeconomic model the high scenario has the following assumptions.

- ❖ **Population:** As with the medium scenario, population projections have been provided by Dunedin City Council, in this case drawing on the Stats NZ subnational high projection series (Figure 5-1). The high projection assumes stronger net migration, higher fertility, and lower mortality than the medium projection. This collectively produces a faster rate of population growth over the next 30 years. This projection set sits at the upper end of what SNZ consider a plausible demographic future for the area. Under the high scenario, Dunedin City's population grows to 167,300 residents by 2055, an increase of 34,500 people, or 26%, over the thirty-year period. This projection is higher than the previous high-growth scenario, which reached only 160,000 by 2055.
- ❖ **Exports and Gross Fixed Capital Formation** We have applied our high projection for export demand growth and gross fixed capital formation growth rates. The high projection represents conditions of stronger global demand, elevated investment activity, and above-trend performance across key export sectors. The high projections are around 20% higher than the medium projections by 2055.

²⁷ Principal Economics (2022) Business Development Capacity Assessment for Dunedin City.

5.1.3 Low Scenario

The low scenario represents a conservative future for the Dunedin economy. Where the high scenario imagines favourable conditions aligning across key drivers, the low scenario reflects a future in which growth is low (or negative) through population decline, weaker global demand, and reduced investment activity. This scenario is useful for understanding the floor of potential demand.

- ❖ **Population:** Population projections for the low scenario have again been provided by Dunedin City Council, drawing on the Stats NZ subnational low projection series (Figure 5-1). The low series assumes weaker net migration, lower fertility, and higher mortality than the central estimate, producing a slower rate of population growth or, in the case of Dunedin City, of population decline over the projection period. This series represents the lower bound of what SNZ consider a plausible demographic future for the area. Under the low scenario, Dunedin City is projected to lose 3,940 residents by 2055, representing a contraction of 3% from 2025 population. This projection has a smaller loss of population than the previous low-growth scenario, which had a loss of more than 10,000 residents by 2055.
- ❖ **Exports and Gross Fixed Capital Formation:** For both export demand and gross fixed capital formation, the low scenario draws on lower growth estimates from our econometric and statistical modelling, incorporating the same industry-specific projections used across all three scenarios. These figures reflect a more challenging global trading environment and weaker domestic investment conditions relative to the medium scenario, with weaker performance anticipated across key export sectors.

5.1.4 Inland Port

The inland port scenario builds on the medium scenario baseline but incorporates the additional economic activity generated by the construction and operation of the proposed Southern Link Inland Port in Mosgiel. This scenario reflects a structural shift in how the city's container and bulk goods logistics sector functions. It is the scenario most directly informed by the stakeholder engagement undertaken as part of this study and the data taken from the economic research associated with the fast track application.²⁸

The proposed Southern Link Inland Port is a joint venture between Dynes Transport Group (owners of Icon Logistics) and Chalmers Properties Limited (a subsidiary of Port Otago), located on a 40ha rural property at 270–292 Dukes Road North, Mosgiel, adjoining the town's existing industrial zone and

²⁸ Further details were sourced from *Southern Link Inland Port Economic Assessment (2026)*, Savvy Consulting

opposite Fonterra's Taieri Distribution Centre. The site has been selected to provide a 50-year supply chain solution for the southern South Island.

We have defined four ways in which the proposed inland will be a driver of growth for the Dunedin City economy, differentiating itself from the baseline medium scenario:

- ❖ **Construction:** Construction will occur across three stages over an indicative ten-year period, commencing 2027:
 - ❖ Stage 1 (2027–2029) delivers the foundational infrastructure, most critically the new rail siding off the Taieri Branch Line, enabling a rail freight shuttle service to Port Chalmers. This stage also delivers the first warehousing, container terminal and depot infrastructure, and supporting earthworks, utilities, and site access.
 - ❖ Stage 2 (2030–2031) expands warehousing capacity and container terminal operations, adding further warehouse floorspace and associated infrastructure.
 - ❖ Stage 3 (2032–2036) completes the buildout of the facility, adding break bulk hardstand areas, additional warehousing, and the full complement of ancillary infrastructure.

At completion, the Inland Port will comprise of 80,000m² of warehousing, a 5ha container depot, up to 5ha of container terminal for storage of containers. Total direct construction expenditure is estimated at \$242 million (in 2025 prices), spread across the ten-year construction period. In employment terms, the construction programme is estimated to sustain up to 1,489 FTEs across the country (direct, indirect and induced) over the construction period. Stage 1 will have the highest on-site construction employment with 71 workers; stage 2 will sustain 65 workers per year and finally stage 3 will have 7 FTEs on site every year.

We have assumed that the economic activity associated with the inland port build and development is a net additional driver of growth, and not simply a transfer of activity from elsewhere in the city. The build will create new construction jobs and associated downstream economic benefits for the length of the construction.

- ❖ **Operation:** Once fully operational at the end of Stage 3, the Inland Port will directly employ 125 FTEs on-site across container terminal and depot operations, warehousing (bulk and FMCG), and MPI/Customs compliance services. Accounting for roles transferred from existing facilities being consolidated onto the Mosgiel site, net additional direct employment created on site is estimated at 104 FTEs.

The initial stage of operation is expected to involve a consolidation of existing Port Otago and Icon Logistics container activity, representing a transfer of business rather than net new economic output. However, from Stage 2 onward, the additional capacity and

efficiency of the Inland Port is expected to generate new container trade for Ports of Otago.

The inland port is expected to have 104 net additional (i.e. new and not simply a transfer of job site from Port Chalmers) workers on site. The operation of the inland port will also be a driver of some new growth in the Dunedin economy and, importantly for this study, a driver of demand for additional business land in the North Taieri area. In terms of industrial land demand, changes within the urban environment are driven primarily by the redistribution of activity between locations (i.e. shifts in locational preference), and to a lesser extent by net new growth generated from economic activity (i.e. efficiency gains).

- ❖ **Efficiency Gains:** Beyond the transport benefits, stakeholder engagement highlighted that the inland port addresses a number of operational constraints that have been building for several years. The port terminal is currently constrained by long container dwell times. By relocating this slow-moving, high-dwell activity to the inland port, the terminal is freed up for higher-value operations on the same land footprint, benefiting from cheaper land and labour costs at the Mosgiel site.

Port Otago noted that the port has been capacity-constrained in the last few years. This directly affects exporters, with some primary producers having the risk of being undersupplied with empties or having the port unable to accept further product at peak times. The inland port addresses this by providing a buffering function, allowing export containers to be stored off-site until the terminal is ready to receive them. This storage capacity is expected to improve supply chain resilience for exporters across the southern South Island and, according to Port Otago, could allow some exporters to increase throughput by as much as 10%.

As discussed, the inland port will play an import role in the logistics supply chain of the city and wider region. We have assumed that exporters of goods²⁹ in the region will increase their exports by 10% by 2035 onwards, in response to strengthening the logistics supply chains.

- ❖ **Location Preferences:** We have also assumed that the Inland Port will be a driver of growth in the Mosgiel industrial land submarket. Locating in the vicinity of an inland port is often attractive to businesses such as warehouses, manufacturers and wholesalers seeking easy access to port services and logistics infrastructure.

Southern Link has anticipated this co-location effect, with the 40ha Mosgiel site designed to accommodate businesses wishing to establish alongside the port. Based on previous

²⁹ Goods in this case refers to primary products goods (from farming or forestry for instance) and from manufacturing (for example dairy products). It does not include other export types such as tourism or business services.

research into inland port precincts, demand for industrial land in the environs of the Southern Link Inland Port is expected to increase above and beyond the direct footprint of the port itself. However, this demand is likely to represent a transfer of activity from other industrial land submarkets within Dunedin City rather than genuinely new demand. Therefore, while Mosgiel is expected to capture a greater share of industrial land demand over the projection period, this does not translate into an increase in city-wide industrial land demand in aggregate.

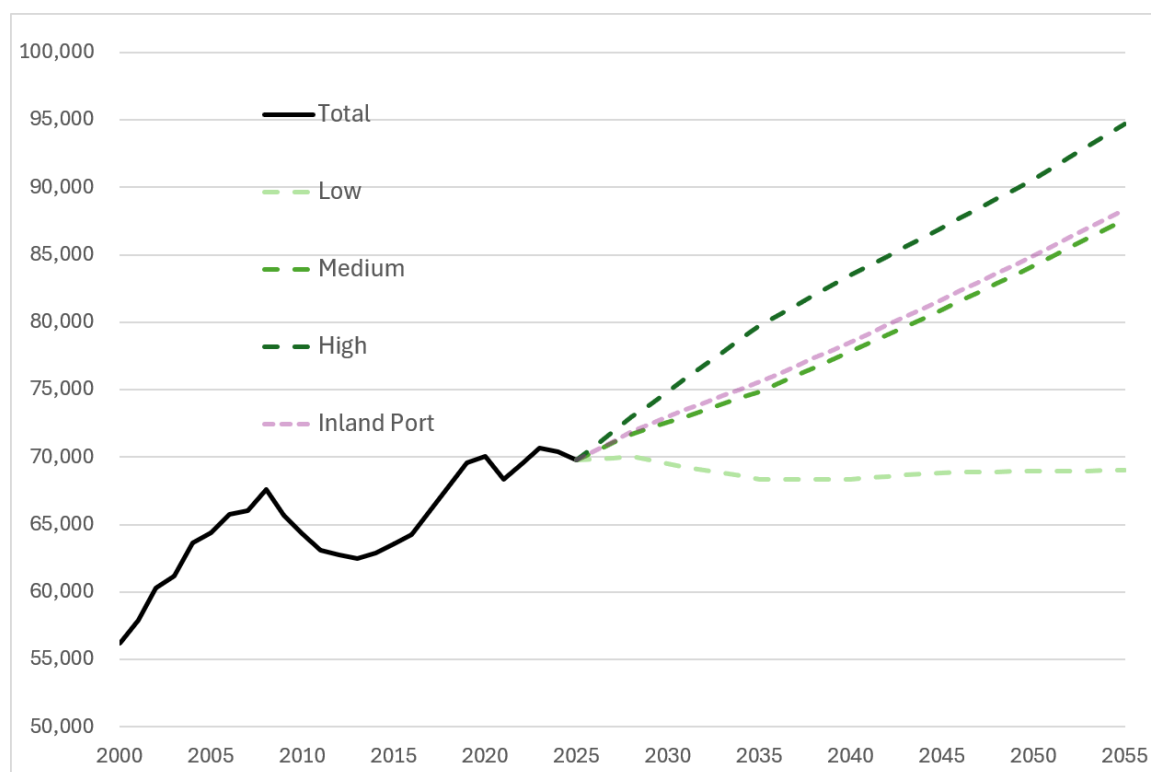
5.2 Economic Forecasts

In summary, the economic scenarios indicate a range of potential employment growth outcomes for the district through to 2055. Overall, the scenarios highlight that future employment outcomes are likely to depend on the district's ability to attract investment, support business expansion, improve infrastructure capacity, and enable industrial and commercial development opportunities.

Historical employment growth has generally trended upward since 2000, increasing from around 56,000 jobs to approximately 70,100 jobs by 2025, despite periods of slower growth and short-term fluctuations with an average of 540 new jobs per annum.

Under the medium growth scenario the projections have steady ongoing growth, reaching approximately 87,600 jobs by 2055, or 580 jobs per annum. The high growth scenario assumes stronger economic performance and investment attraction, resulting in employment increasing to around 94,700 jobs over the same period, or 830 jobs per annum. In contrast, under the low growth scenario, employment levels remain relatively stable over the projection period, with only limited growth and total employment remaining at around 70,000 jobs by 2055.

Figure 5-2: Dunedin City Employment Scenarios 2025-2055



The inland port scenario tracks closely with the medium growth outlook in the short to medium term, suggesting that the inland port could support additional economic activity and employment growth over time, however it is not expected to increase activity within the district significantly.

The medium growth scenario is the most likely outcome and is the key scenario for the NPS-UD reporting requirements. Figure 5-3 shows that the employment growth under this scenario occurs across most sectors, with total employment increasing from approximately 70,100 jobs to around 87,600 jobs. This represents an increase of approximately 17,500 jobs over the projection period, equivalent to average annual growth of around 0.8%.

- ❖ Health Care and Social Assistance is projected to experience the largest increase in employment, growing by approximately 6,300 jobs between 2025 and 2055. This reflects ongoing population growth and ageing demographics, which are expected to continue driving demand for health and aged care services.³⁰

³⁰ Statistics New Zealand projects that the national population will continue to age, with the share of people aged 65 and over increasing from 26% in 2025 to 52% by 2078, and the average age rising from 38 in 2025 to 50 by 2078. In Dunedin, a similar ageing trend is expected, although to a lesser extent than at the national level, with the proportion of the population aged over 65 increasing from 17% to 19% by 2053, and average age being just over 40 by 2053.

- ❖ Education and Training is also projected to record strong growth, increasing by around 1,400 jobs, reinforcing the district's role as a major education centre.
- ❖ Professional, Scientific and Technical Services is projected to grow significantly, adding approximately 1,250 jobs by 2055, reflecting continued expansion in knowledge-intensive and specialist service industries.
- ❖ Accommodation and Food Services, Retail, Arts and Recreation Services, and Administrative and Support Services are also projected to experience notable growth, supported by population growth, tourism, hospitality, and broader service sector expansion.
- ❖ Manufacturing employment is projected to increase moderately over the long term, reversing historical decline trends and reflecting growth in higher-value and specialist manufacturing activities. Transport, Postal and Warehousing employment is also projected to grow steadily, consistent with increased freight activity and logistics demand.
- ❖ In contrast, employment in Agriculture, Forestry and Fishing and Mining, and construction is projected to remain relatively stable or decline slightly, indicating limited long-term expansion in traditional primary industries.

Overall, the projections suggest that future employment growth will be increasingly concentrated in service-based industries, particularly health, education, professional services, and other knowledge-intensive sectors. The employment is expected to grow by:

- ❖ 1,590 new jobs are projected to be added to the economy in the short term (2025 to 2028), equivalent to around 530 jobs per annum. This rate of growth is slightly slower than historic trend and reflects weaker short-term economic conditions and slower population growth.
- ❖ 4,730 new jobs are projected to be added to the economy in the medium term (2025 to 2035), equivalent to around 470 jobs per annum. This represents a modest growth, below the historic rate of employment growth experienced over the past two decades. This is in part impacted by the completion of the hospital builds, which removes 250 jobs from the Dunedin economy.
- ❖ 17,450 new jobs are projected to be added to the economy in the long term (2025 to 2055), averaging around 580 jobs per annum. This is slightly stronger than the historic rate of growth and reflects continued expansion in health care, education, professional services, tourism, and other service-based industries.

Figure 5-3: Dunedin City Medium Scenario by Industry 2025-2055

Formative Medium	2025	2028	2035	2055	Short 2025-28	Medium 2025-35	Long 2025-55
Agriculture, Forestry and Fishing	1,352	1,331	1,301	1,326	-21	-51	-26
Mining	81	78	74	67	-2	-7	-13
Manufacturing	4,365	4,429	4,525	5,015	64	160	650
Electricity, Gas and Water Supply	580	583	584	618	4	4	39
Construction	7,028	7,222	6,897	7,125	193	-132	96
Wholesale Trade	2,205	2,228	2,271	2,492	23	66	288
Retail Trade	7,140	7,172	7,252	7,793	32	112	653
Accommodation and Food Services	5,464	5,565	5,801	6,642	101	337	1177
Transport, Postal and Warehousing	2,762	2,791	2,863	3,195	29	101	433
Information Media and Telecommunications	956	960	976	1,052	5	20	96
Financial and Insurance Services	1,261	1,272	1,303	1,425	11	41	164
Rental, Hiring and Real Estate Services	1,279	1,280	1,282	1,350	1	4	71
Professional, Scientific and Technical Services	4,933	5,043	5,295	6,182	111	363	1250
Administrative and Support Services	2,562	2,639	2,807	3,371	77	244	809
Public Administration and Safety	3,680	3,759	3,971	4,640	80	292	961
Education and Training	8,279	8,377	8,675	9,660	98	396	1381
Health Care and Social Assistance	11,724	12,257	13,610	17,990	533	1887	6266
Arts and Recreation Services	1,606	1,699	1,934	2,770	93	328	1164
Other Services	2,875	3,037	3,435	4,870	161	560	1995
Total	70,129	71,722	74,857	87,582	1,593	4,728	17,453
Growth Rates		0.8%	0.6%	0.8%			

5.3 Business Zoned Floorspace and Land Demand

The following section provides an assessment of demand for business land in the Urban Environment in terms of floorspace and land for the medium growth and high growth scenarios. The results from the low growth scenario are not presented as they indicate that under this scenario there may be limited demand for additional floorspace.

The conversion of employment to land is established using the following assumptions:

- ❖ Revealed preferences are assumed to remain constant, with the share of each industry within the Urban Environment and the associated business land demand consistent with current activity observed in Dunedin, as shown in section 3 (Figure 3-3 and Figure 3-4). These assumptions are used to project the type and spatial distribution of economic activity within the Urban Environment.
- ❖ Floorspace demand in each zone and location is then estimated using workspace ratios derived from business consent data and employment activity in Dunedin. These assumptions are set out in Appendix B: Floor area and Workspace Ratios. The ratios are assumed to remain constant, reflecting feedback received through stakeholder engagement. However, it is acknowledged that employment intensity typically increases as an economy grows, and therefore this assumption may overestimate floorspace demand and is likely to be conservative. These assumptions are used to convert

employment by type and spatial distribution into estimated floorspace demand within the Urban Environment.

- ❖ Land demand in each zone and location is then estimated using floor area ratios derived from business consent data and parcel data in Dunedin. These assumptions are shown in Appendix B: Floor area and Workspace Ratios. The ratios are assumed to remain constant, reflecting feedback received through stakeholder engagement. However, it is acknowledged that building intensity typically increases as an economy grows, and also that there are existing unoccupied tenancies which could mean that growth in the economy can be accommodated in less land area. Therefore, this assumption may overestimate land demand and is likely to be conservative. These assumptions are used to convert floorspace by type and spatial distribution into estimated land demand within the Urban Environment.

Figure 5-4 presents the new demand for commercial and industrial floorspace in the urban environment. The results indicate that demand for additional floorspace could range from 456,000m² to 777,000m² over the long term, equivalent to approximately 15,000m² to 26,000m² per annum. The following key results are important:

- ❖ Retail: There is projected to be limited demand for additional retail floorspace, ranging from approximately 54,000m² (medium growth) to 102,000m² (high growth) over the coming 30 years. This equates to around 1,800m² per annum under the medium scenario and 3,400m² per annum under the high growth scenario.
- ❖ Other Commercial: This category is projected to drive the majority of floorspace growth, with demand for new floorspace ranging from approximately 165,000m² to 207,000m² over the coming 30 years. This is equivalent to around 5,500m² per annum (medium growth) to 7,000m² per annum (high growth).
- ❖ Industrial: Demand is slower in the short term, subdued in the medium term, and then recovers in the long term. Overall growth is equivalent to approximately 8,000m² per annum (medium growth) to 16,000m² per annum (high growth).

This compares with recent building consent activity across the district over the last five years, which averaged approximately 5,500m² per annum of new commercial floorspace and 11,000m² per annum of industrial floorspace. The projections therefore suggest that future demand for additional commercial floorspace is broadly consistent with, or higher than, recent levels of commercial development, while projected industrial demand for additional floorspace is expected to be slower, particularly under medium projection.

Figure 5-4: Dunedin Urban Environment New Floorspace Demand (000m²) Medium and High Scenario 2025-2055

Floorspace ('000 m ²)	Medium Scenario			High Scenario		
	2025-28 Short	2025-35 Medium	2025-55 Long	2025-28 Short	2025-35 Medium	2025-55 Long
Retail and Food/Beverage	4	12	54	11	36	102
Other Commercial	13	48	165	21	81	207
Commercial	17	60	219	32	117	309
Industrial	14	51	237	59	239	468
Total	31	111	456	91	356	777

Figure 5-5 presents the demand for additional commercial and industrial land in the urban environment. The results indicate that demand for land could range from 69ha to 125ha over the long term, equivalent to approximately 2 to 4 ha per annum. However, we acknowledge that some of the demand could be accommodated within existing unoccupied premises (i.e. vacancies) or development intensity could increase as a result of redevelopment (via larger multi-level buildings).³¹ Therefore, the demand for land should be viewed as the maximum requirement.

The following key results are important:

- ❖ **Commercial:** is projected to drive around a third of the land demand growth, with demand for land ranging from approximately 21 to 30ha over the coming 30 years. This is equivalent to around 0.7ha per annum (medium growth) to 1ha per annum (high growth).
- ❖ **Industrial:** Demand is lower in the short term, subdued in the medium term, and then recovers in the long term, with demand for land ranging from approximately 48 to 95ha over the coming 30 years. Overall growth is equivalent to approximately 1.6ha per annum (medium growth) to 3.1ha per annum (high growth).

There is no land use survey data available, however this level of land demand is expected to be slightly higher than that experienced in recent years.

³¹ This aspect should be accounted for in the Business Capacity Assessment, which will compare projected demand with the supply of development capacity that is likely to be developed and brought to market (i.e. capacity that suitable for development).

Figure 5-5: Dunedin Urban Environment Business Land Demand Medium and High Scenario 2025-2055

Land Demand (ha)	Medium Scenario			High Scenario		
	2025-28 Short	2025-35 Medium	2025-55 Long	2025-28 Short	2025-35 Medium	2025-55 Long
Commercial	2	6	21	3	11	30
Industrial	3	10	48	12	48	95
Total	4	16	69	15	60	125

Figure 5-6 presents the demand for commercial and industrial land in the urban environment including the required competitiveness margin prescribed in the NPS-UD. The following key results are important:

- ❖ Commercial: medium term requirement of 7ha of land and long term of 25ha of land.
- ❖ Industrial: medium term requirement of 13ha of land and long term of 56ha of land.

Figure 5-6: Dunedin Urban Environment Business Land Demand Medium plus Competitiveness Margin

Land Demand (ha) and NPS-UD Margin	Medium Scenario		
	2025-28 Short	2025-35 Medium	2025-55 Long
Commercial	2	7	25
Industrial	3	13	56
Total	5	19	80

As noted above, these demand outcomes are higher than in the 2022 BCA.³² The impacts of COVID-19 and the economic downturn were not as severe as anticipated, and population projections for Dunedin have subsequently been revised upwards. This has resulted in higher population growth and a larger labour force, which in turn generated a greater need for business land than previously anticipated.

While it is acknowledged that there are differences between the 2022 BCA and this updated assessment in terms of more recent input data, differences in modelling methods, and updated land use assumptions, we consider the primary driver of the increased demand for business land is the stronger population projection applied in this assessment compared to the 2022 BCA.

³² Principal Economics (2022) Business Development Capacity Assessment for Dunedin City.

5.4 Location Land Demand

Demand is presented for six different locations within the city (see map in Figure 2-2). These areas represent the key submarkets for commercial and industrial land in the city, each with a distinct economic character and role within the urban structure.

Commercial and industrial land demand are modelled using a top-down approach, where city-wide demand projections (in Figure 5-6 above), are allocated to submarkets using indicators that reflect the likely spatial distribution of demand.

Commercial land demand is allocated using revealed preferences, based on the current distribution of commercial employment across the city's submarkets. This reflects the relatively strong locational requirements of many commercial activities. Businesses that depend on footfall, visibility, or proximity to customers and workers are often tied to specific locations; for example, commercial activity in the Central City serves a different market from activity in Mosgiel, and the two are often not directly interchangeable.

Industrial land demand is allocated using a combination of revealed preferences and land availability. Recent consenting data are used to indicate where industrial activity has been locating (i.e. revealed preferences), while the amount of vacant zoned industrial land in each submarket is used to reflect the readily available capacity to accommodate future demand. This recognises that industrial occupiers are generally less location-sensitive than commercial occupiers, and that the spatial distribution of industrial growth is partly determined by where suitable land is available.

Figure 5-7 provides results for each location which indicates that most demand is expected to be concentrated in the Central City, alongside significant demand for industrial land in both Kaikorai Valley³³ and Mosgiel³⁴. A smaller level of demand is also anticipated in other parts of the urban environment.

³³ The model allocates 31% of industrial land demand to Kaikorai Valley. This compares with consents data, which indicates that approximately 36% of new floorspace has been delivered in this location, while the council's capacity assessment suggests around 27% of development potential is located there. The allocation of demand to this location is related to both the scale of existing demand and the large capacity in this area.

³⁴ The model allocates 44% of industrial land demand to Mosgiel. This compares with consents data, which indicates that approximately 20% of new floorspace has been delivered in this location, while the council's capacity assessment suggests around 67% of development potential is located there. The allocation of demand to this location is mostly related to the comparatively large capacity in this area.

Figure 5-7: Dunedin Urban Environment Business Land Demand by Location (Medium Scenario)

Land Demand (ha) and NPS-UD		Medium Scenario		
		2025-28	2025-35	2025-55
Central City	Commercial	1.2	4.2	15.1
	Industrial	0.7	2.4	10.8
South Dunedin	Commercial	0.2	0.5	1.9
	Industrial	0.0	0.1	0.5
Inner Suburbs	Commercial	0.4	1.5	5.3
	Industrial	-	-	-
Kaikorai Valley	Commercial	0.1	0.3	1.1
	Industrial	1.1	3.9	17.5
Mosgiel	Commercial	0.1	0.3	1.1
	Industrial	1.5	5.5	24.4
Outer Dunedin	Commercial	0.0	0.1	0.3
	Industrial	0.2	0.6	2.5

The Central City forms the commercial core of Dunedin, anchored by the CBD and its fringe, with industrial activity concentrated along the harbour edge. It is the dominant submarket for commercial land demand city-wide. Demand for commercial land is projected at 1.2ha in the short term, rising to 4.2ha in the medium term and 15.1ha over the long term (0.5ha per annum over the long term, representing 61% of all commercial demand across the city). Industrial demand is projected at 0.7ha, 2.4ha and 10.8ha across the three periods (approximately 0.4ha per annum over the long term, 19% of total industrial demand).

South Dunedin functions as a major retail and trade services corridor, with a mix of large format retail, commercial activity and industrial land. Demand here is relatively modest, with commercial demand projected to be 0.2ha, 0.5ha and 1.9ha across the short, medium and long terms (just under 8% of total commercial demand), with minimal industrial demand totalling 0.5ha in the long term (1% of total industrial demand).

The Inner Suburbs capture the network of smaller neighbourhood and suburban centres distributed across the city's residential areas. Demand is entirely commercial in nature, with no industrial zoned land in these locations. Commercial demand is projected at 0.4ha in the short term, 1.5ha in the medium term and 5.3ha over the long term (0.18ha per annum in the long term, 21% of total city-wide commercial demand).

Kaikorai Valley is the city's primary established industrial corridor running along the valley floor, with some associated commercial activity. Industrial demand is substantial in this location, projected at 1.1ha, 3.9ha and 17.5ha across the three periods (0.6ha per annum over the next 30 years, 31% of total industrial demand). Commercial demand is much lower at 0.1ha, 0.3ha and 1.1ha (approximately 4% of total commercial demand).

Mosgiel is Dunedin's main satellite town, with its own self-contained business land market serving both local demand and, increasingly, city-wide logistics and industrial needs. Industrial demand is the highest of any submarket over the long term, driven in part by the availability of suitable industrial land in the location. Industrial demand is projected at 1.5ha, 5.5ha and 24.4ha across the three periods (0.81ha per annum over the next 30 years, representing 44% of total city-wide industrial demand which is the largest share of any submarket). Commercial demand is expected to be around 0.04ha per annum over the long-term, totalling 1.1ha by 2055 (4.4% of total commercial demand).

Outer Dunedin encompasses the more dispersed business land along the Otago Harbour margins and in the smaller settlements to the north and south of the city. It is the smallest submarket by demand, reflecting its limited scale and largely local-serving function. Commercial demand is projected to be 0.3ha in the long term (0.01ha per annum, 1% of total commercial demand), with industrial demand at 2.5ha in the long term (0.08ha per annum, 4.5% of total industrial demand).

6 Dunedin Research Questions

The following discussion addresses the specific research questions required by DCC/ORC for this study. While it draws on the same underlying economic projections and is consistent with the NPS-UD, it also provides additional detail that is not required under the NPS-UD framework and is included specifically to respond to DCC's study requirements.

6.1 Mosgiel Inland Port

This aspect of assessment considers how the development of an inland port and logistics hub in proximity to Mosgiel (near Dukes Road) may influence demand for industrial land, in the surrounding area and also the rest of the urban environment. The implications of the proposed inland port are assessed by comparing the Medium and Inland Port scenarios in order to isolate and quantify the potential changes in demand arising from the associated structural shift in freight and logistics activity. As discussed in section 5.1.4, the inland port is expected to influence both the scale of economic growth in the city and the spatial distribution of that growth.

First, growth is expected to be higher as a result of both the inland port's direct on-site activities and the additional economic activity that its operations facilitate across the district. Modelling indicates that this would result in higher employment levels in Dunedin relative to the Medium (without inland port) scenario, with employment projected to reach 88,350 jobs by 2055, compared with 87,600 jobs under the Medium scenario, an additional increase of around 750 jobs. The higher level of economic activity associated with the inland port is also expected to increase demand for business land. Compared with the Medium scenario, demand is projected to increase by approximately 9.1 hectares of industrial land and 1.0 hectares of commercial land over the next 30 years.

Second, the Southern Links inland port is likely to have a larger impact on the structure of industrial land demand in the city. Locating in the vicinity of an inland port is often attractive to businesses such as warehouses, manufacturers and wholesalers seeking easy access to port services and logistics infrastructure. Previous research into the economic role of Inland Ports³⁵ found that businesses in inland port environs tend to grow more strongly than comparable locations, with the scale of activity increasing as port throughput increases. That research estimated that each additional 10,000 Twenty-foot Equivalent Unit (TEU) handled annually can support around 160 additional employees in nearby businesses, equivalent to approximately 3.4 hectares of industrial land.

Southern Links has an aspirational annual throughput of 49,000 TEU³⁶, which could result in 16.7ha of industrial land being demanded above and beyond the footprint of inland port operations itself. In

³⁵ *Rolleston Inland Port Economic Role (2021)*, Formative

³⁶ *Southern Link Inland Port Economic Assessment (2026)*, Savvy Consulting

this assessment, however, this is not treated as additional city-wide demand. Rather, it is used to inform how Dunedin's projected industrial land demand may be redistributed with the presence of the inland port. Southern Link has anticipated this co-location effect, with most of the 40ha Mosgiel site designed to accommodate businesses wishing to establish alongside the port.

The locational results (Figure 6-1) show that the presence of the Inland Port is expected to have minimal effect on commercial land demand, with citywide distribution remaining broadly unchanged across all submarkets and time periods, increasing only marginally in some locations reflecting slightly stronger employment growth under this scenario.

The main effect is expected to be a transfer of industrial land demand towards the Inland Port, both from other locations in the urban environment and from other industrial land in Mosgiel itself. In the medium term, Mosgiel's industrial land demand increases from 5.5 hectares under the Medium scenario to 13.9ha under the Inland Port scenario. In the long term, Mosgiel's industrial land demand increases from 24.4ha to 40.2ha. This represents an increase of 8.5ha in the medium term and 15.8ha in the long term. It should be noted that Mosgiel's industrial land demand does not simply increase by the full quantum of co-location demand, as some of the baseline Mosgiel demand will be met within the Inland Port site itself and not in the other industrial land in Mosgiel.

This increase in projected demand is partly offset by lower industrial demand in other submarkets across the urban environment and other industrial land in Mosgiel itself. While projected demand growth in these other submarkets is reduced, it remains positive overall. In the long term, projected industrial demand is 3.7ha lower in Kaikorai Valley, 2.3ha lower in the Central City, and 0.5ha lower in Outer Dunedin, demonstrating the transfer effect of the Inland Port. South Dunedin projected industrial demand is negligible in both scenarios and remains effectively unchanged. While demand growth in these submarkets is reduced relative to the medium scenario, it remains positive overall which means these established industrial areas continue to grow, just at a slower rate as Mosgiel captures a greater share of new industrial activity.

This reflects an expected degree of relocation, with some businesses shifting to the inland port to co-locate with logistics activity. However, ongoing demand from other sectors is anticipated to backfill released premises and generate additional take-up over time. As a result, although vacancy rates in some submarkets may increase in the short term as some large business shift, these are likely to moderate over time as growth and re-absorption of space occurs within the broader industrial market.

Figure 6-1: Dunedin Urban Environment Business Land Demand by Location (Inland Port Scenario)

Land Demand (ha) and NPS-UD Margin		2025-28 Short	2025-35 Medium	2025-55 Long
Inland Port Scenario				
Central City	Commercial	1.3	4.8	15.7
	Industrial	1.3	2.5	8.5
South Dunedin	Commercial	0.2	0.6	1.9
	Industrial	0.1	0.1	0.4
Inner Suburbs	Commercial	0.5	1.7	5.5
	Industrial	-	-	-
Kaikorai Valley	Commercial	0.1	0.3	1.1
	Industrial	2.2	4.0	13.7
Mosgiel	Commercial	0.1	0.3	1.1
	Industrial	3.0	13.9	40.2
Outer Dunedin	Commercial	0.0	0.1	0.4
	Industrial	0.3	0.6	2.0
Total Urban Environment	Commercial	2.1	7.8	25.8
	Industrial	6.9	21.1	64.8
Medium Scenario				
Central City	Commercial	1.2	4.2	15.1
	Industrial	0.7	2.4	10.8
South Dunedin	Commercial	0.2	0.5	1.9
	Industrial	0.0	0.1	0.5
Inner Suburbs	Commercial	0.4	1.5	5.3
	Industrial	-	-	-
Kaikorai Valley	Commercial	0.1	0.3	1.1
	Industrial	1.1	3.9	17.5
Mosgiel	Commercial	0.1	0.3	1.1
	Industrial	1.5	5.5	24.4
Outer Dunedin	Commercial	0.0	0.1	0.3
	Industrial	0.2	0.6	2.5
Total Urban Environment	Commercial	2.0	7.0	24.8
	Industrial	3.4	12.5	55.7
Inland Port change from Medium Scenario				
Central City	Commercial	0.1	0.5	0.6
	Industrial	0.7	0.0	-2.3
South Dunedin	Commercial	0.0	0.1	0.1
	Industrial	0.0	0.0	-0.1
Inner Suburbs	Commercial	0.0	0.2	0.2
	Industrial	-	-	0.0
Kaikorai Valley	Commercial	0.0	0.0	0.0
	Industrial	1.1	0.1	-3.7
Mosgiel	Commercial	0.0	0.0	0.0
	Industrial	1.5	8.5	15.8
Outer Dunedin	Commercial	0.0	0.0	0.0
	Industrial	0.2	0.0	-0.5
Total Urban Environment	Commercial	0.1	0.9	1.0
	Industrial	3.5	8.6	9.1

Finally, depending on the specifics of the Southern Links development, it is likely that the additional 16.7ha of industrial land demand in Mosgiel from businesses wanting to co-locate with the inland port could be met within the proposed 40ha site. In summary, the proposed inland port would create a new anchor for freight-related activity in the Mosgiel area. Over time, this could shift a larger share of Dunedin's industrial growth towards Mosgiel, particularly for activities that benefit from proximity to container handling, rail access and freight infrastructure.

6.2 Dunedin Hospital Relocation

The implications of the hospital relocation are important, as the site is a major employer in the urban environment, a key attractor of people (both patients and visitors), and has strong linkages with the University for learning and research. All of these people require services, some of which are met in the immediate vicinity of the hospital, supporting retail and hospitality businesses and employment. The relocation will result in a reduction in people activity around the existing facility and an increase at the new facility. This impact is assessed by isolating and quantifying the potential changes in demand arising from this structural shift.

The new Dunedin Hospital is currently under construction approximately 400 metres south of the existing Dunedin Hospital site, representing a shift of one to two city blocks within the central city. While the distance is modest in geographic terms, its potential to alter patterns of food and beverage spending in the immediate vicinity of both the existing and new hospital sites is also likely to be limited.

To estimate the potential effect on commercial land demand, we draw on research by Gerritsen et al. (2024)³⁷, which examined the food and drink purchasing behaviours of staff and visitors across New Zealand healthcare organisations, including staff from Southern DHB. The study provides estimates of the frequency with which hospital staff and visitors purchase food and drink off-site, which are applied to the Dunedin Hospital context to estimate the volume and value of spending that could shift spatially as a result of the relocation.

Our analysis considers the spending patterns of both staff and visitors. For staff, we have assumed the new Dunedin Hospital will employ 4,000 people, which is the level of employment in the existing facility. Drawing on the Gerritsen et al. (2024) findings, we apply an estimated 1.04 off-site food and drink purchases per employee per working week, generating an estimated 190,865 annual transactions (assuming 46 weeks of work). Figure 6-2 shows the potential spend, with total annual off-site staff spending ranges from approximately \$2.9 million to \$6.7 million (depending on the assumed spend per purchase).

³⁷ Gerritsen et al. (2024) Awareness, support, and opinions of healthy food and drink policies: a survey of staff and visitors in New Zealand healthcare organisations.

Figure 6-2: Estimated Annual Off-Site Food Services – Dunedin Hospital Staff

Average spend per off-site purchase	Off-site food/drink purchases per employee per working week	Staff numbers	Annual transactions	Annual off-site spend (\$m)
\$15	1.04	4,000	190,865	\$2.9
\$25	1.04	4,000	190,865	\$4.8
\$35	1.04	4,000	190,865	\$6.7

For visitors, we have assumed the hospital will operate at an average occupancy rate of 80% for the 398 beds in the hospital, with an average of 1.5 visitors per occupied bed per day. This generates an estimated 174,324 visitor occasions per year. Consistent with the Gerritsen et al. (2024) findings, we have assumed approximately 7.8% of visitors purchase food or drink outside the hospital, generating an estimated 13,597 annual off-site transactions. At the same range of average spend assumptions as the staff, the total annual off-site visitor spending ranges from approximately \$204,000 to \$544,000.

Combined, total annual off-site spending by staff and visitors ranges from approximately \$3.1 million at the low end (\$15 average spend) to \$7.2 million at the high end (\$35 average spend - see Figure 6-3). Translating this spending into floor space demand, using a revenue per square metre assumption of \$6000 per annum, consistent with typical café and food retail turnover benchmarks, implies a total supported floor space of between 500m² and 1200m² outside of the hospital.

Figure 6-3: Food services GFA demand – Dunedin Hospital

Average spend per off-site purchase	Total spend (\$m)	GFA Demand (m2)
\$15	\$3.1	500
\$25	\$5.1	900
\$35	\$7.2	1,200

Food and beverage spending purchasing decisions are highly sensitive to walking distance, with most workers and visitors wanting to patronise establishments within an easy walking distance (usually around 400 metres) from their place of work or visit, especially for a routine food or coffee purchase during a work break. The new hospital is located to the south of the existing site, meaning the effective convenience catchment shifts southward. Eateries within walking distance which are located to the west and north-west of the existing hospital site (along George Street) will sit outside the equivalent radius from the new hospital. Conversely, food service outlets to the south and south-east, closer to the new hospital site, are likely to benefit from increased patronage.

On this basis, we estimate that the relocation will result in a net spatial transfer of food services GFA demand of between 500m² and 1,200m². If assuming 100m² per establishment, this the equivalent of

5 to 12 different eateries. We note this represents demand that moves with the hospital rather than disappearing from the central city.

Depending on the nature of the outlets, some reduction in demand may be absorbed by existing firms surrounding the current hospital site, meaning the net effect on business numbers and floorspace demand may be smaller than the gross transfer figures suggest. Conversely, there could be a greater impact in terms of business loss, as small incremental reductions in patronage and sales may result in some marginal businesses becoming unviable. The outcome around the existing hospital site will depend on the performance and resilience of existing businesses.

In terms of outcomes at the new hospital site, established cafés and food retailers near the new hospital that are already operating below capacity may simply absorb the additional patronage and sales without requiring additional floor space.

For other retail spending such as clothing, department stores, and other general retail, we consider the locational effect to be minimal. The concentration of retail activity in the central city lies to the southwest of both the existing site and west of the new hospital site within the CBD retail core, and this type of retail is oriented toward discretionary rather than convenience spending. Retail spending by hospital staff and visitors is not expected to be materially influenced by a 400-metre shift in the hospital's location, as many of these purchases are already made at some distance from the hospital and are driven by destination rather than proximity.³⁸

We also note that the relocation of the hospital may lead to some supporting industries and related healthcare activities (e.g. diagnostics, private clinics, and medical research) shifting closer to the new site. While this issue was not raised by stakeholders, it remains a potential consideration. However, any resulting redistribution of activity is likely to be limited at this fine spatial scale (i.e. 400m) and is unlikely to materially affect outcomes in the area. The more critical issue relates to active shopfront frontages at ground floor level, which are the primary determinant of character and amenity in the area.

In summary, the relocation of Dunedin Hospital is not expected to materially alter the overall quantum of commercial land demand in the central city. However, it is likely to produce a spatial redistribution of food and beverage floor space demand of between 500m² and 1,200m², as the convenience catchment shifts southward with the new hospital location. This has implications for the viability of existing hospitality businesses to the west and north-west of the current hospital site, and for the attractiveness of hospitality-oriented floor space near the new site.

³⁸ While total retail spending by staff during breaks, and by staff and visitors before and after work or visiting patients, is likely to be significant, it is unlikely to materially change retail patterns in the Central City.

There is potential for the equivalent of approximately 5 to 12 food and beverage establishments (cafes, restaurants, and takeaway outlets) to be displaced from the area adjacent to the existing hospital site. The current hospital precinct supports around 47 such establishments, implying a potential maximum reduction of approximately 25% in the local businesses of this type.³⁹ Conversely, the area surrounding the proposed new hospital site currently contains around 16 cafes, restaurants, and takeaway outlets.⁴⁰ This suggests a potential increase of up to approximately 75% in the number of such businesses in the new precinct, assuming a similar redistribution of demand and business relocation effects.

This represents a significant change in the provision of these services in this part of the Central City. However, it is expected that the majority of other activities in the area will remain unaffected, and therefore the overall impact is not anticipated to be as significant as the change in hospitality provision alone might suggest.

6.3 Andersons Bay and Northern Kaikorai Valley Road

Within urban environments, it is common for some industrial-zoned land to be developed for large-format retail and trade suppliers. These businesses typically require buildings with extensive floor space and significant car parking to support their operating models. They often sell bulky goods as destination retailers, drawing customers from a wide catchment and therefore do not necessarily need to locate within commercial centres. Moreover, standard commercial zones often include planning rules that do not align with operational requirements, and land acquisition or rental costs in these areas are typically higher, meaning this type of activity generally locates in industrial or specifically zoned land.

In Dunedin, this pattern is evident in the development of Large Format Retail (LFR) and trade suppliers on industrial-zoned land, particularly in:

- ❖ **Andersons Bay area⁴¹:** which has many trade suppliers such as Bunnings Warehouse, Carters, Mega Mitre 10, and Nichols Garden Centre. There are also other LFR businesses, such as Woolworths, Micro Plumbing, and other bulk suppliers such as NZ Safety, Wet and Forget, and Kennards Hire. However, there is significant amount of traditional industrial in automotive, light manufacturing, transport, construction, distribution (e.g. Foodstuffs Distribution centre) and infrastructure (e.g. South Dunedin Substation, City Water).

³⁹ Based on data from city blocks that are in the following SA1: 7028607, 7028695, 7036992, and 7036993.

⁴⁰ Based on data from city blocks that are in the following SA1: 7028610, 7037019, and 7037018.

⁴¹ Land between Portsmouth Drive, Portobello Road, Anderson Bay Road, and Strathallan Street, which is mostly zoned Industrial and Trade Related.

- ❖ **South Dunedin⁴²**: while not part of the research question, we note that this area contains a number of LFR businesses, including Pak'nSave, The Warehouse, Woolworths, Kmart, and Placemakers, as well as a range of large fast-food outlets such as McDonald's, Subway, Wendy's, Burger King, Domino's, St Pierre's, and KFC. The area includes the South Dunedin Large Format Retail Zone, which provides for this type of activity, however most of the zoned land is already in active use for LFR and unlikely to provide much more opportunity for new LFR businesses.
- ❖ **Northern Kaikorai Valley Road⁴³**: which is mostly traditional industrial in construction, automotive, light manufacturing, and transport. However, there are some small retailers and hospitality in this area which area to serve the local community needs rather than traditional industrial suppliers (e.g. Barrel Brothers, Anytime Fitness, Gold Star Takeaway). Also, there are some buildings that appear to have been converted to offices. We did not identify any LFR present in this area.
- ❖ **Central City**: also outside the scope of the research question, the southern parts of the Central City contain a number of LFR businesses, including Briscoes, Rebel Sport, Animates, Noel Leeming, Hunting & Fishing, Spotlight, and Big Save Furniture (along Crawford Street). In addition, Harvey Norman is located to the west of the Central City.

DCC/ORC would like to understand the potential pressures from large-format retail and trade suppliers within the context of industrial zoned land, with particular regard to Andersons Bay area and Northern Kaikorai Valley Road.

First, stakeholders provided feedback that most major large-format retail and trade suppliers are already present in Dunedin, and there is no expectation of significant new entrants. While the District Plan restricts large-format retail in most zones, it is possible to obtain resource consent for such activities (including trade suppliers). As a result, the availability of zoned land is not generally seen as a binding constraint on this type of activity. Overall, stakeholders consider that the city is well served in this regard, and that anticipated growth in demand is unlikely to translate into a substantial number of new large-format retail or trade supply developments in the coming years.

Second, an examination of monthly building consent data indicates that there have been only two months in the past ten years in which floorspace consented exceeded 1,500m². Given that most LFR and trade supplier activities typically require floorspace well in excess of this threshold to accommodate their operations, this suggests that there have been very few instances of LFR development being consented over the past decade. Accordingly, the historical data indicates relatively limited activity in this sector.

⁴² Anderson Bay Road, Caversham Bypass, Burns Street, and along Hills side (zoned Industrial and Trade Related).

⁴³ Industrial zoned land north of Kaikarai Valley College and south of Ellis Park.

Third, while many urban environments experienced a “gold rush” in LFR development in the early 2000s, this phase appears to have largely passed. International literature increasingly suggests waning demand for traditional LFR over time, reflecting structural shifts in retail behaviour, including the growth of e-commerce and changes in consumer preferences. In the context of Dunedin, this implies that while there may continue to be some ad hoc demand for additional LFR floorspace, it is unlikely to approach the scale observed during the early 2000s. Furthermore, future retail and distribution trends may increasingly shift away from traditional LFR toward more industrial and logistics-oriented land uses, including last-mile distribution facilities and fulfilment operations, where goods are delivered directly to consumers rather than purchased in-store.

Fourth, we also note that LFR and trade supplier floorspace can materially alter the distribution of retail expenditure across the urban system. In particular, the introduction or expansion of LFR can result in displacement effects, where demand is diverted away from existing small-format tenancies in established centres, and leakage effects, where expenditure is captured by out-of-centre or peripheral locations rather than higher-order centres. These shifts can have implications for the demand for floorspace within commercial centres, potentially reducing turnover and limiting reinvestment in traditional retail environments.

Conversely, LFR concentrations can also generate agglomeration benefits, particularly through improved convenience, one-stop comparison shopping, and cost efficiencies for consumers and suppliers, which can reinforce the attractiveness of designated LFR nodes. However, these benefits may accrue outside of existing centre hierarchies, thereby weakening the centrality and function of traditional centres. Accordingly, the role and hierarchy of existing centres should be explicitly considered when planning for LFR, to balance efficiency benefits against potential structural impacts on the retail network.

Finally, while new development of LFR will be somewhat binary in any given year with most having no development and a few years where there is a single large development the medium projection suggests the following demand outcomes:

- ❖ In the short term (2025-2028) floorspace demand is around 1,300m², which is insufficient for a standalone LFR store, implying little or no land demand.
- ❖ Over the medium term (2025-2035) floorspace demand rises to about 4,200m², equivalent to 1-2 stores and suggesting potential demand for around 0.5-1ha of land.
- ❖ The long term (2025-2055) floorspace demand reaches approximately 22,000m², or around 5-10 stores, equating to about 3-6ha of LFR land in total.

At this level of uptake, this would translate into long-term demand of less than 0.2ha per annum over the period 2025-2055. This represents relatively modest demand in the context of Dunedin and could be accommodated within existing commercial, trade related, or only in industrial zones via resource

consent as this activity is non-complying. Over such a long-time horizon, even if all of this demand were to locate in Andersons Bay, it would not materially affect the overall development outcomes in that area.

With respect to Northern Kaikorai Valley Road, there is no evidence to suggest that this demand would be directed to this location, and we consider there to be a low risk of this having any material impact on future land use outcomes in that area.

6.4 Harbourside Transition

The Harbourside and Steamer Basin areas in Dunedin have a long history of maritime and industrial land use, reflecting their strategic location on the Otago Harbour edge. Historically, these areas were reclaimed and developed to support port-related activities, including shipping, storage, engineering, and associated industrial operations that underpinned Dunedin's role as a major commercial centre in the late 19th and early 20th centuries.

Over time, as port activities progressively shifted toward more modern facilities and containerised operations, parts of the Harbourside and Steamer Basin have undergone gradual transition away from heavy industrial use. Today, the area reflects a transitional waterfront landscape where historic port infrastructure coexists with light industrial and some office space and a few examples of mixed-use.

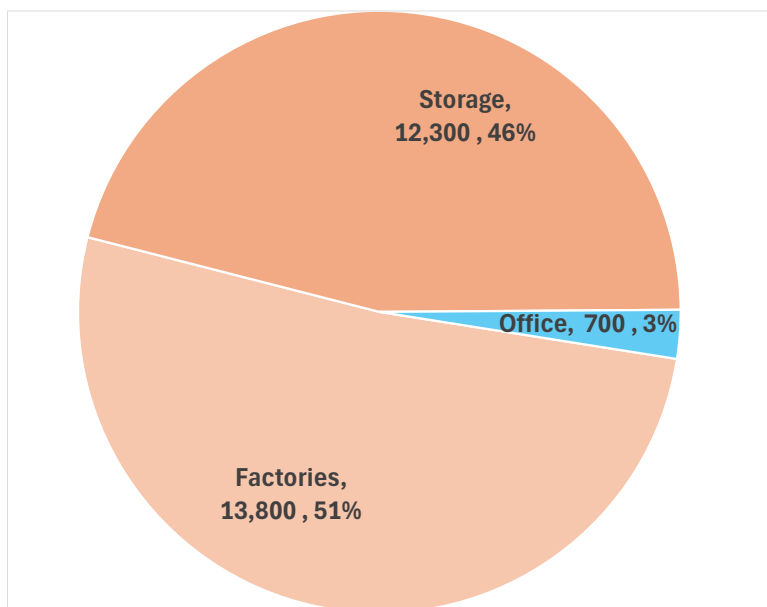
The Harbourside area is predominantly zoned for industrial activities, with some areas around Steamer Basin identified for mixed-use development. This zoning framework is intended to enable a gradual transition toward a more mixed-use environment, incorporating commercial, recreational, and public realm activities alongside continued industrial and port-related functions. DCC is interested in understanding how the natural evolution of land use and economic activity, commonly observed in older urban areas with strategic locations, may occur as redevelopment shifts land from low-intensity industrial uses to higher-intensity mixed use activities in this area.

First, this area was identified by most stakeholders as presenting a redevelopment opportunity, with many existing buildings considered to be of poor quality and subject to low intensity use. It was noted that it would be transformational for Dunedin if this area could be redeveloped to support higher-value and more productive business activities, and potentially accommodate a mix of commercial and mixed-use development. However, stakeholders also acknowledged that in reality the financial returns from redevelopment in this location have not been sufficient to justify investment. Constraints associated with leasehold tenure were highlighted as misaligning incentives for redevelopment, whereby building owners would not receive sufficient returns within the remaining lease term to justify investment in new buildings. In addition, refurbishment is complicated by earthquake strengthening requirements and heritage considerations, which further increase costs and complexity.

While there was optimism regarding the long-term potential of the area, the practical constraints mean that most stakeholders considered large-scale redevelopment to be currently unviable.

Second, the data for this area of Dunedin indicates that while there have been some instances of mixed-use development, these remain relatively uncommon. Building consent data between 2010 and 2025 shows that approximately 26,800m² of new floorspace was consented within Harbourside, equating to around 1,800m² per annum on average. However, development activity has been limited in recent years, with very few consents issued over the last five years. The majority of consented floorspace was for industrial uses, with storage buildings accounting for 51% of total floorspace and factories a further 46%. Mixed use development represented only a small share of activity, comprising around 3% of consented floorspace.

Figure 6-4: Harbourside New Floorspace Consents, 2010-2025



We note that there have been some examples of mix-use refurbishment. In 2024, the former Loan and Mercantile Building at Dunedin's Steamer Basin waterfront precinct was renovated and converted into commercial space on the ground floor, 30 social housing apartments leased to the Salvation Army in the mid floor, and market apartments and short-stay visitor accommodation in the loft. The project is highly innovative and is believed to be the first heritage-listed building in New Zealand to be repurposed for social housing, demonstrating how heritage preservation and social outcomes can be successfully integrated within a single development. We understand that some of the ground floor may also be converted into further social housing apartments.

We found no other examples of mixed-use development occurring in the harbourside area. There are a few examples of new offices buildings (Naylor Love at 78 Ward Street, and 10 Aurora at 10 Halsey Street) and there are a few lunch bars.

In the past there has also been a proposal for government-led transformational redevelopment within the Steamer Basin area. However, this proposal did not progress beyond the concept stage, and initial seed funding from central government was subsequently withdrawn in 2022.

Based on economic data, stakeholder feedback, and other available information on activity within the Harbourside area, we consider that while some mixed-use redevelopment may occur in the future, the area is unlikely to attract or accommodate significant change under a market-led future. Any such redevelopment is likely to be incremental and uncoordinated, occurring in isolated locations across the wider area rather than as a cohesive transformation. A common theme throughout the stakeholder engagement was the main constraint to transformation was not based around land suitability or infrastructure constraints, but rather the leasehold structure. Accordingly, it would be speculative to model a mixed-use future for this area, as any substantial change in development outcomes is most likely to be driven by non-market, government-led planning processes.

An exemplar of government-led redevelopment is Auckland's Wynyard Quarter, which is broadly comparable to Harbourside in Dunedin in that it involved the transformation of low-value industrial uses on reclaimed waterfront land into a mixed-use area, much of which is held under leasehold tenure. The redevelopment also required the reallocation and restructuring of a mix of port, Crown, and council-controlled land holdings. The Council-led redevelopment of Wynyard Quarter facilitated the transformation of this strategic land into a mixed-use environment. However, this type of development would not have occurred without coordinated planning and delivery led by the Council and its development agency, Eke Panuku Development Auckland (Panuku).

Importantly, we note that Wynyard is substantially smaller than Harbourside (less than a third its size), is located within a much larger urban environment, and will dedicate a significant proportion of its land area to public open space. Accordingly, if DCC sought to achieve a comparable scale of development in Harbourside, only a relatively small portion of the Harbourside area would likely be required. Based on the relative size of Wynyard Quarter and Auckland's population compared with Dunedin, we estimate that approximately 3 hectares of Harbourside would be sufficient to provide a broadly commensurate development opportunity for the Dunedin urban economy.

Furthermore, we have provided economic research across a series of studies over the past decade supporting Panuku's redevelopment plans. In those assessments, we provided advice that⁴⁴:

- ❖ Development of Wynyard Quarter should occur in stages to ensure that supply did not outpace market demand. Given the scale of the redevelopment, there was a risk that demand would be insufficient in the short to medium term, which could undermine

⁴⁴ Yeoman. R, et al (2020) Wynyard Point Redevelopment Demand and Supply Assessment, Panuku

development outcomes and potentially divert investment and activity away from other parts of the CBD.

- ❖ Demand for retail and service space was unlikely to support active ground-floor uses across all buildings in the redevelopment area, as projected residents, office workers, and visitors alone would not generate sufficient demand. Instead, activity should be concentrated along the waterfront and key access routes, where pedestrian flows are strongest. Urban design practice increasingly recognises that mandating retail at ground floor level can be counterproductive where underlying demand is insufficient, resulting in high vacancy and inactive frontages that can detract from overall urban vibrancy. As an example, the redevelopment of Melbourne's Docklands provides an example where persistent ground-floor vacancy has been observed, and the area has at times been associated with negative perceptions arising from this under-activity.
- ❖ That industrial activities should be accommodated and allowed to continue in the area while the development stages occur, and in some case key activities be maintained (i.e. marine sector such as Orams Marine with 820 tonne travel lift, Sealink terminal, and other marine engineer operations).

We consider that these issues will also be important in planning for potential mixed-use development in Harbourside. Without a government-led planning approach, it is unlikely that market-led redevelopment alone would materially change development outcomes or result in a significant amount of mixed-use activity in the area. However, such a government-led approach should not outpace market demand, as there is a risk that the area could become underutilised and that the intended transformational benefits may not be fully realised, as evidenced in Melbourne's Docklands.

Finally, while it would be speculative to estimate the potential demand for mixed-use development in Harbourside, we consider that at most 10-20% of Central City demand could be captured by a government-led redevelopment. At this level of uptake, this would translate into long-term demand over 30 years (2025-2055) for approximately 2-3ha of land under the medium growth scenario or 2-4ha under the high growth scenario. This is broadly comparable to the land area used in the Wynyard case study example (of 3ha) and around half of the land in Steamer Basin (8ha).

Accordingly, we consider that there is likely to be sufficient land to accommodate mixed-use development in the Harbourside area, and that the Steamer Basin area represents a strong opportunity relative to other parts of Harbourside. However, given the status quo it is likely that most of the industrial land in the Harbourside area will remain to be used for industrial activities for the foreseeable future. Without government-led development, a transformational shift in land use is unlikely to be achieved, and therefore we have not included such outcomes within the growth scenarios.

6.5 Regional Business Links

Finally, this research question relates to the linkages between the Dunedin economy and neighbouring districts. While the focus of this report and research is on demand within Dunedin's Urban Environment, the associated modelling does also require an assessment of the flows of economic activity to and from other districts in New Zealand. The macroeconomic analysis, discussed in the previous subsection, is used to provide insight into these flows, particularly between Dunedin and the wider Otago region.

The trade flows within the Otago Region provide a detailed picture of the economic interconnections between its subregions: Rest of Coastal Otago (comprising Waitaki District and Clutha District combined), Central Otago District, Queenstown-Lakes District, to and from Dunedin City. Only flows within these districts are analysed, with the intra- and inter-regional flows below being estimates based on a mix of survey data and economic modelling present in the ELM (see Appendix A: Model Description for more details) and should be interpreted with this in mind.

Figure 6-5: Estimated economic flows within Dunedin and neighbouring districts (\$m NZD₂₀₂₃)

	To:				Total Regional Exports
	Rest of Coastal Otago	Central Otago District	Queenstown-Lakes District	Dunedin City	
From: Rest of Coastal Otago	2,232	104	107	310	522
Central Otago District	213	987	112	286	612
Queenstown-Lakes District	75	77	2,471	255	407
Dunedin City	467	285	358	4,911	1,110
Total Regional Imports	755	466	578	851	

Large values are set against darker green fill, the smallest values against white

Figure 6-5 shows that Dunedin City stands out as the dominant trade hub of the region, with an estimated intra-regional self-trade value of \$4,911m. Dunedin is also the largest exporter to other Otago subregions, supplying \$467m to the Rest of Coastal Otago, \$285m to Central Otago District, and \$358m to Queenstown-Lakes District, totalling \$1,110m of exports to other Otago districts, the highest regional export total of any subregion.

Reading down the Dunedin column, it imports \$310m from the Rest of Coastal Otago, \$286m from Central Otago, and \$255m from Queenstown-Lakes, totalling \$851m of regional imports. Dunedin therefore runs a positive intra-regional trade balance of approximately \$259m, reinforcing its role as a net supplier of goods and services to the rest of the region. This reflects Dunedin's concentration of professional services, health, education, retail and manufacturing activity that serves the wider Otago economy.

The Rest of Coastal Otago, comprising Waitaki District to the north and Clutha District to the south of Dunedin, has a combined internal trade value of \$2,232m, with its local economy anchored by agriculture, dairy farming and associated processing industries. Its total exports to other Otago subregions are \$522m, with the relationship with Dunedin City the most significant. These districts export \$310m to Dunedin and imports \$467m from Dunedin, a net deficit of \$157m that reflects Dunedin's role as the primary supplier of services, retail, health and professional activity to these rural districts. Trade flows with Central Otago (\$104m exported, \$213m imported) and Queenstown-Lakes (\$107m exported, \$75m imported) are comparatively modest. It is worth noting that while the two districts are combined here for modelling purposes, their individual relationships with Dunedin are likely to differ, Clutha District sits directly to the south of Dunedin and has smaller towns (Milton with an approximate population of 2000 and Balclutha with a population of 4,400), while Waitaki District to the north has a larger town in Oamaru (population 14,350) which can serve as a local centre.

Central Otago District, known for its horticulture, viticulture and increasingly tourism-related activity, has an internal trade value of \$987m and total regional exports of \$612m, the second highest of the region. Its most significant external trade relationship within the region is with Dunedin City, to which it exports \$286m and from which it imports \$285m. This notably balanced trade relationship suggests strong two-way economic linkages between the district and the city. Overall, Central Otago runs a positive intra-regional trade balance, with total regional exports of \$612m against total regional imports of \$466m, a surplus of \$146m.

Queenstown-Lakes District presents a distinctive trade profile, with an internal trade value of \$2,471m driven predominantly by its internationally significant tourism economy. Despite its substantial economic size, its total regional exports are the lowest of any subregion at just \$407m, reflecting the degree to which its economy is oriented toward national and international visitor flows rather than supplying goods and services to neighbouring districts. Its most significant intra-regional relationship is with Dunedin City, to which it exports \$255m and from which it imports \$358m, making Dunedin a net supplier to Queenstown-Lakes, reflecting the flow of professional services, logistics, health services and retail supply chains from Dunedin to support the district's rapid growth. Queenstown-Lakes runs the largest intra-regional trade deficit of any subregion, with total regional imports of \$578m against exports of \$407m (a deficit of \$171m) underscoring its dependence on the broader Otago economy to service its population and visitor base.

In conclusion, the intra-regional trade flows of the Otago Region highlight Dunedin City's position as the central economic hub, functioning as a net exporter of goods and services to all other subregions and accounting for the largest share of intra-regional trade activity. The Rest of Coastal Otago (Waitaki and Clutha Districts) maintains the closest dependency on Dunedin, reflecting rural Otago's reliance on the city for services, retail and professional activity. Central Otago's relationship with Dunedin is notably balanced and two-way, reflecting the maturation of its horticulture and tourism economy.

Queenstown-Lakes stands somewhat apart from the regional economy in terms of its supply relationships, its trade profile shaped more by tourism than by intra-regional supply chains, yet it runs the largest trade deficit within the region and remains a significant net importer of Dunedin-sourced goods and services.

7 Conclusion

This research into Dunedin City Business Land Demand covered four main areas: (1) the baseline situation in the economy, (2) a Stakeholder engagement process, (3) the development of demand scenarios to meet the requirements of the National Policy Statement on Urban Development, and (4) an assessment of specific research questions relevant to specific opportunities and challenges facing Dunedin City.

First in terms of baseline situation, the Dunedin District economy is large and relatively diverse, supporting around 69,800 jobs and generating approximately \$7.4 billion in GDP in 2025. Employment growth over the past 25 years has been steady but uneven, increasing by around 13,600 jobs between 2000 and 2025 at an average rate of 0.9% per annum. Health Care and Social Assistance is the largest employment sector, followed by Education and Training, reflecting the city's role as a major regional service and tertiary education hub. Over time, the economy has become increasingly service-oriented, with stronger growth in health, education, construction, and professional services, and long-term decline in traditional sectors such as manufacturing and agriculture. This shift aligns with broader national trends in urban economic development.

Spatially, most economic activity and employment has been located within the Urban Environment and predominantly on business-zoned land, although growth has increasingly occurred at major institutional sites such as University and Hospital which are not business zones. The Central City remains the largest employment centre, but much of the recent growth has occurred in suburban areas such as Kaikorai Valley and South Dunedin. Development activity has been “peaky” over time, with fluctuating levels of commercial and industrial floorspace consented, and recent years showing relatively modest levels compared to earlier peaks. Market conditions also indicate elevated vacancy rates in parts of the office and retail sectors, suggesting existing capacity within the current urban land supply.

Second, Stakeholder engagement was undertaken as part of the research to complement the economic modelling and provide qualitative insight into business land demand and growth scenarios. The engagement drew on perspectives from a cross-section of sectors including logistics, port operations, manufacturing, health, education, construction and property. The stakeholders provided an understanding of market conditions and ‘on the ground knowledge’ of opportunities and challenges in the city that our quantitative modelling alone cannot capture. This local intelligence was particularly valuable in identifying drivers of demand that are not yet visible in historical data, such as the anticipated effects of the new Dunedin Hospital, the proposed Southern Link Inland Port, constraints on industrial land supply in the harbourside area.

Overall, stakeholders generally described a mixed but steady growth outlook for Dunedin, with future expansion expected to be concentrated in higher-value and knowledge-intensive sectors such as healthtech, education-linked services, professional services, and niche manufacturing and engineering, alongside infrastructure-related opportunities such as logistics and inland ports. Traditional sectors such as retail and parts of manufacturing were seen as flat or in structural decline, while construction growth is currently elevated due to major projects (such as the new Hospital) but expected to ease in the longer term. Across all sectors, stakeholders emphasised relatively static land use intensity, high vacancy levels in parts of the market, and limited need for significant new zoning, instead favouring better utilisation of existing land. Key constraints identified included housing affordability, planning and heritage restrictions, fragmented tourism coordination, and land ownership structures in some industrial areas (leasehold in Harbourside and South Dunedin).

Third, growth scenarios were developed to understand the range of likely economic outcomes and meet the requirements of the National Policy Statement on Urban Development. This involved developing three core growth scenarios (medium, high, and low), along with a separate Inland Port scenario to assess the potential effects of the proposed Southern Link Inland Port on economic activity and business land demand.

The medium growth scenario is treated as the most likely outcome and forms the basis for NPS-UD reporting. Under this scenario, Dunedin's population grows moderately to around 148,100 by 2055, supporting steady employment growth from around 70,100 jobs to 87,600 jobs. Employment growth is expected to be increasingly concentrated in service-based industries such as health, education, and professional services, while traditional sectors remain stable or decline. The economic and employment growth in this scenario translate into sustained demand for commercial and industrial floorspace, with total long-run demand estimated at around 456,000m² across the urban environment, which is equivalent to approximately 15,000m² per annum.

The key results for planning purposes and NPS-UD reporting indicate a medium-term land requirement of 7ha and a long-term requirement of 25ha in Commercial Zones. In Industrial Zones, the corresponding requirements are 13ha in the medium term and 56ha in the long term.

Figure 7-1: Dunedin Urban Environment Business Land Demand Medium plus Competitiveness Margin

Land Demand (ha) and NPS-UD Margin	Medium Scenario		
	2025-28 Short	2025-35 Medium	2025-55 Long
Commercial	2	7	25
Industrial	3	13	56
Total	5	19	80

At a submarket level, demand is distributed across Dunedin's urban environment, reflecting revealed preferences and land availability. The Central City remains the dominant location for commercial activity, while Kaikorai Valley and Mosgiel capture the largest shares of industrial demand. Mosgiel in particular is expected to account for around 44% of total industrial land demand over the long term, reflecting both its available land supply and emerging logistics role. Overall, the modelling indicates that while growth is spatially concentrated, the city-wide system remains interdependent, with future demand shaped by both economic fundamentals and the capacity of different locations to accommodate development.

Finally, the research addressed five issues identified by Dunedin City Council: the Southern Link Inland Port in Mosgiel, Dunedin Hospital relocation, large-format retail demand in Andersons Bay and Northern Kaikorai Valley Road, Harbourside transition, and regional business linkages. The following findings are important for each:

- ❖ **Southern Link Inland Port:** is expected to have a modest positive impact on overall economic growth in Dunedin, increasing employment by around 750 jobs and generating demand for an additional 9.1ha of industrial land and 1ha of commercial land by 2055 compared with the medium growth scenario. Its more significant effect is likely to be on the spatial distribution of industrial activity, with Mosgiel attracting a larger share of future industrial development due to the benefits of co-location with freight, warehousing, and logistics infrastructure. While this will reduce projected demand growth in other industrial areas such as Kaikorai Valley and the Central City, overall growth remains positive across all submarkets. Much of the additional co-location demand is likely to be accommodated within the proposed 40ha inland port site itself.
- ❖ **Dunedin Hospital Relocation:** is not expected to materially change overall commercial land demand within the Central City. However, it is likely to create a spatial redistribution of food and beverage spending and floorspace demand as staff and visitor activity shifts toward the new site. The analysis suggests that between 500m² and 1,200m² of hospitality floorspace demand, equivalent to around 5–12 cafés, restaurants, or takeaway outlets, could relocate from the vicinity of the existing hospital to the new precinct. While this may affect the viability of some hospitality businesses around the current hospital site, most other retail activity is expected to remain largely unaffected due to the relatively short relocation distance and the destination-based nature of wider retail spending.
- ❖ **Andersons Bay and Northern Kaikorai Valley Road:** The research found little evidence that large-format retail or trade supplier activity will generate significant future land demand in Dunedin. Most major retailers are already present in the city, historical development activity has been limited, and broader retail trends suggest weakening demand for traditional LFR formats due to changing consumer behaviour and growth in

e-commerce. Under the medium growth scenario, projected demand equates to only 3-6ha of land over the next 30 years, or less than 0.2ha per annum. This level of demand could easily be accommodated within existing commercial or industrial areas and would not materially influence development outcomes in Andersons Bay. There is no evidence to suggest Northern Kaikorai Valley Road would attract this demand or experience any significant land use change as a result.

- ❖ **Harbourside Transition:** was widely identified by stakeholders as having long-term redevelopment potential due to their strategic waterfront location and generally low-intensity industrial uses. However, redevelopment activity to date has been limited, with very few examples of mixed-use development and most recent investment remaining industrial in nature. Stakeholders consistently identified leasehold tenure, heritage constraints, and redevelopment costs as the key barriers preventing large-scale transformation. The assessment concludes that significant mixed-use redevelopment is unlikely to occur under a market-led future and would require coordinated government intervention similar to Auckland's Wynyard Quarter. Even under a government-led redevelopment scenario, demand is likely to be relatively modest, with around 2-4ha of mixed-use land required over 30 years, suggesting that Steamer Basin could accommodate much of the potential future demand.
- ❖ **Regional Business Links:** the analysis of regional trade flows confirms Dunedin's role as the primary economic hub for Otago, acting as a major supplier of goods and services to surrounding districts. Dunedin exports approximately \$1.1 billion annually to other parts of Otago and imports around \$851 million, resulting in a positive regional trade balance. The strongest relationships are with Waitaki and Clutha districts, which rely heavily on Dunedin for professional services, health care, retail, and education. Central Otago maintains a particularly balanced two-way trading relationship with Dunedin, while Queenstown-Lakes, despite its large tourism economy, remains a significant net importer of Dunedin-based services. Overall, the findings highlight the importance of Dunedin's role as the region's principal service, education, health, and business centre, supporting economic activity well beyond its urban boundaries.

In summary, over the coming 30 years there is expected to be continued demand for additional floorspace and land within Dunedin's business zones. The preferred (medium) growth scenario indicates that economic activity and employment will continue to grow, albeit at a slower rate than in higher-growth urban environments across New Zealand. Relative to the previous business land assessment, projected demand for both commercial and industrial land is higher, largely driven by upward revisions in population growth assumptions for Dunedin.

Finally, the results of this demand assessment will be compared with supply estimates prepared by Council officers. We would expect that where a shortfall in supply is identified relative to projected

demand, Dunedin City Council will initiate planning processes to address the resulting land capacity requirements.

Appendix A: Model Description

Economic Linkages Model

The ELM is a proprietary model that has been developed to quantify and measure the economic activity and relationships within the New Zealand economy. In summary, the ELM measures the flows of money and goods through the economy, at a sector and subnational level.

The ELM records the interactions and relationships between actors in the economy, including businesses, households, government, exporters, and importers. The interactions in the ELM describe how each industry responds to changes in the economy, which ripple out to influence a range of other outcomes (e.g. household decisions).

The ELM measures the economy using a range of standard economic metrics, which includes gross output⁴⁵, GDP⁴⁶, value added, employment⁴⁷, incomes⁴⁸, consumption⁴⁹, tax⁵⁰, and trade. The model uses a subnational Input-Output Table that has been regionalised by Formative. This subsection outlines the nature of the Input-Output table, the underlying assumptions within the ELM and the key modelling steps.

The Subnational Input-Output Table (SIOT) has been developed by Formative to provide detail on the economic linkages between sectors and geographies within New Zealand. The table has been defined to include 109 economic sectors and 40 geographies.

The 109 'sectors' have been defined using New Zealand's standard industry classification (ANZSIC06), with each sector being defined by a grouping of industries based on cluster analysis of their supply chains and economic rationale. The 40 'geographies' have been defined according to either territorial or regional authority boundaries, with more disaggregation provided where there is more economic activity (e.g. upper North Island and east coast of the South Island) and aggregation where there is less economic activity (e.g. West Coast of the South Island). The ELM is specified as follows:

- ❖ The SIOT has a base year of 2023.
- ❖ All transactions in the table are in 2023 dollars, and all economic impacts (for instance GDP, gross output, consumption, taxes) are also in 2023 dollars.

⁴⁵ Similar to company revenue.

⁴⁶ There is a key difference between GDP and value added. The value added of a sector is measured net of taxes (for instance GST) and subsidies on products. In the GDP in the national accounts for New Zealand product taxes (minus subsidies) are recorded for the economy as a whole and includes as part of the value added.

⁴⁷ Formative uses BED measure of Total Employment Count (TEC) which includes both employment count and working proprietors.

⁴⁸ Includes salaries, wages and profits.

⁴⁹ Including household and government.

⁵⁰ Including income taxes, GST, government transfers and subsidies.

- ❖ The SIOT is based on a national level 2020 Input-Output table released by Statistics New Zealand which has been converted to 2023 based on Statistics New Zealand national account data for 2023.⁵¹

The national level table has been regionalised using a hybrid approach. The hybrid approach of combining survey and non-survey (i.e. modelled) methods to regionalise an IO table which is considered the gold standard when an official SIOT is not available. The survey data sources used in generation of the SIOT include a range of customised datasets that Formative have purchased and developed:

- ❖ **Total employment:** Formative maintains a detailed database of employment, by geographies and industry (Business Employment Database, BED), which records the total employment in each of 506 ANZISC06 industry classes and for Statistics New Zealand's Statistical Areas, including both employees and working proprietors.⁵²
- ❖ **Electronic Card Transactions:** Formative has purchased detailed electronic card transaction data from Marketview, which records the origin and destination of four retail and services spend types by the 40 geographies.⁵³
- ❖ **Subnational Economic Data:** a range of information that provides valuable insight into the scale of economic activity that is located within each geography. This includes regional GDP, Gross Output and household income.

The above datasets have been combined along with non-survey regionalisation techniques to allocate the national economic activity into each of the geographies. The key method used to accomplish this is the Industry-Specific Flegg's Location Quotient (SFLQ)⁵⁴. This method employs location quotients (LQ) to understand the specialisations and structure of regional economies compared to the national economy. The use of LQs has been known to understate the amount of regional trade, however the SFLQ approach combats this by allowing for industry specific rates of cross hauling (where regions both import and export a product or service).

This approach has been shown to create accurate estimations of regional multipliers and outperform other non-survey approaches.⁵⁵ The SFLQ method was supplemented by a gravity model to help inform regional flows. The SIOT has been calibrated to better match the relationships in the national Input-Output table and has been balanced using an iterative proportional fitting procedure to ensure

⁵¹ This includes gross output by sector, and national subsidies, exports, imports, change in inventories, gross fixed capital formation, consumption spending (includes households, local and central government and non-profit expenditure), compensation of employees, taxes, consumption of fixed capital and operating surplus.

⁵² Formative (2021) Business and Employment Database – Employment Count, Working Proprietors, Total Employment.

⁵³ Marketview (2021) Card transaction data – four spend types and 39 geographies for the 2019 calendar year.

⁵⁴ Julia Kowalewski (2015) Regionalization of National Input-Output Tables: Empirical Evidence on the Use of the FLQ Formula, *Regional Studies*, 49:2, 240-250.

⁵⁵ Anthony T. Flegg, Leonardo J. Mastronardi & Carlos A. Romero (2016) Evaluating the FLQ and AFLQ formulae for estimating regional input coefficients: empirical evidence for the province of Córdoba, Argentina, *Economic Systems Research*, 28:1, 21-37.; Zhao, X., Choi, SG. On the regionalization of input-output tables with an industry-specific location quotient. *Ann Reg Sci* 54, 901-926 (2015).

that the table reflects regional gross output and input. The resulting SIOT table provides a modelled estimate of the relationships within the economy. This means that the economic linkages between sector-geography combinations as of 2023 are captured in the SIOT.

The ELM uses the SIOT to estimate the potential economic activity that can be expected from changes in the economy. All economic models apply assumptions because economies and communities are too complex to replicate exactly in a mathematical system. The structure of the ELM utilises the following assumptions:

- ❖ Leontief production function, which assume linear relationships between the production and inputs. This means change in the output for an industry will translate into a proportional change in demands for inputs.
- ❖ No supply constraints, which assumes that businesses can source sufficient resources (labour, capital, land, etc) to meet new demands.
- ❖ Constant returns to scale, which means that there are no economics of scale or diminishing returns in the model.
- ❖ Static prices, which assumes that prices remain at 2023 values. The model does not account for substitution effect or dynamic feedback from changes in demand and prices.

Macroeconomic Forecast Model

The business employment floorspace, and land projections used in this report are produced from Formative's proprietary Macroeconomic Forecast Model (MFM). The projections provide future estimates of economic indicators such as gross output, household income, GDP and employment by industry. The MFM applies a two-stage process, involving economic and statistical modelling in stage 1, with Input-Output modelling based on the ELM in stage 2 (see above section).

For stage 1, real world historical data and industry insights are used to forecast the expected level of 'final demand' in the short, medium and long terms (typically out 30-50 years). Final demand refers to the total expenditure on goods and services by end users.

End users includes household consumption, business investment (also known as gross fixed capital formation), government spending (both local and central government), non-profit institutions serving households (NPISH) and exports, but does not include intermediate purchases made between businesses in the production process. It represents the ultimate destination of economic output, and is the basis for projecting economic growth as it captures the underlying drivers of demand that ripple through the entire economy (the relationships of which are captured and modelled in the ELM).

Each final demand component is projected using methods suited to its nature. Business investment and exports are modelled econometrically using historical data drawn from Statistics NZ, the Ministry

of Business, Innovation and Employment, and the Ministry for Primary Industries, with industry or official forecasts incorporated where available, for example, forestry and dairy industry bodies publish export projections that feed directly into the model.

Household consumption is driven by population projections and per-person consumption factors, which account for observed long-run increases in individual spending over time. NPISH expenditure is projected using a combination of econometric modelling and population growth, and typically makes up a relatively small share of total final demand.

Where relevant, region-specific adjustments are also applied, for instance, factoring in known planned developments such as an inland port or major construction activity such as hospitals.

Total final demand is then split by region and industry using the ELM, or by applying specific regional and industry forecasts where these exist. For instance, regional population projections are used to allocate household consumption across regions, with the industrial breakdown supplied by the ELM. The output of stage 1 is a set of final demand projections by industry and region, covering the full forecast horizon. These feed directly into stage 2.

In stage 2, the final demand forecasts produced in stage 1 are fed through the ELM. Because all economic activity in an economy is ultimately driven by final demand, increasing final demand from the base year and applying it to the ELM's multi-regional input-output (MRIO) table produces a complete picture of the economic activity required to meet it. This works because the MRIO table captures how every industry in the economy relates to every other, so when final demand rises, the model calculates not just the direct output required, but all of the intermediate production that must occur across the supply chain to support it. The employment required to produce this output, summed across all industries and regions, therefore represents total employment in the economy. The result is a projection of employment and GDP by industry and region that grows organically from the underlying demand forecasts, covering the full forecast period.

A key aspect of the employment projections is Multi-Factor Productivity (MFP). In simple terms, MFP captures the fact that over time, economies produce more output per unit of labour, meaning that the same level of demand can be met by fewer workers as productivity improves. As an example, in the 1990s the average dairy farmer managed a herd of around 200 cows per farmer, which has increased to approximately 500 cows per herd today. This reflects a substantial lift in productivity per farmer over time. Similar productivity gains have occurred across the broader economy and are likely to persist.

Without accounting for this, employment projections would overstate the number of jobs required to meet future demand. Formative's MFP estimates are derived from econometric analysis of nearly 40 years of historical data and are applied at the industry level, reflecting the fact that productivity

growth varies significantly across sectors. By applying industry-specific MFP adjustments to the raw employment estimates produced by the MRIO model, the projections account for the expected improvement in productive efficiency over the forecast period.

While the employment projections are largely a business as usual (BAU) model, they do include a self-sufficiency factor, as local and regional economies grow, they rely less on regional trade (imports and exports) and greater shares of household spend remain in the region. Increased self-sufficiency is calculated every 5 years (2023, 2028, 2033 etc. out to 2053).

Appendix B: Floor area and Workspace Ratios

Figure 1 Appendix B: Floor area Ratios

Zones	Floor Area Ratio
Commercial (Other)	0.64
Commercial (CBD)	1.70
Industrial	0.49

Figure 2 Appendix B: Workspace Ratios

Zones	Building Type	Workspace Ratio
Commercial Zones	Office, administration, and public transport buildings	15
	Shops, restaurants, and bars	44
	Hotels, motels, and other short-term accommodation	100
	Education buildings	44
	Hospitals, nursing homes, and other health buildings	19
	Other	36
Industrial Zones	Factories, warehouses and other industrial buildings	165

Appendix C: Floorspace Demand by DCC

Sectors

The following table presents data using a concordance developed by DCC between the standard industry classification (Australian and New Zealand Standard Industrial Classification – ANZSIC) and DCC activity types used for planning purposes.

We acknowledge that each ANZSIC industry class may contain a range of different activities, meaning the concordance between ANZSIC industries and DCC activity types is necessarily approximate. Consequently, the allocation of demand to individual DCC activity types should be interpreted with caution. These results are not required for the NPS-UD and are provided for illustrative purposes only. More detailed modelling would be required to accurately estimate demand for individual activity types and sub-activities.

Medium Scenario Demand Floorspace ('000 m ²)	2025-28 Short	2025-35 Medium	2025-55 Long
Manufacturing - light	6	22	82
Manufacturing - heavy	4	6	26
Electricity, Gas, Water and Waste Services	0	0	5
Construction	-5	-3	18
Wholesale	3	8	36
Transport, Postal and Warehousing	2	8	36
Small format retail	3	9	36
Large format retail	1	4	21
Hospitality	1	5	15
Office	4	15	52
Education	1	2	8
Health	5	17	58
Arts and Recreation Services	5	18	64
Total Floorspace Demand	31	111	456