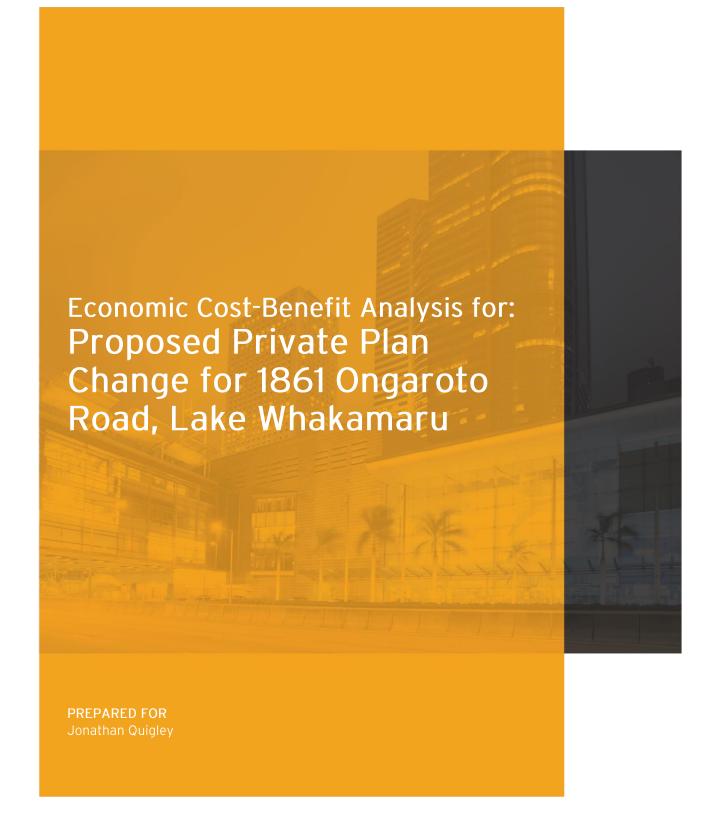


9 September 2022 AUTHOR ADAM THOMPSON 51912.5.02





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CONTENTS

1.	EXEC	UTIVE SUMMARY	4
2.	INTRO	DDUCTION	5
	2.1.	The Proposal	5
3.	RESID	DENTIAL DEMAND ANALYSIS	6
	3.1.	Net Internal Migration	6
	3.2.	District Population Growth (2000-2020)	9
	3.3.	Population Growth in Lifestyle Locations (2000-2020)	10
	3.4.	New Dwelling Construction in Lifestyle Locations	11
	3.5.	Household Relocation Preference Survey	13
4.	DEMC	GRAPHIC DRIVERS OF LIFESTYLE LOCATION GROWTH	14
5.	RETIF	REE POPULATION GROWTH 2012-2031	14
6.	COMF	PARABLE DEVELOPMENT RECENT SALES PROFILE	16
	6.1.	Anticipated Occupant Mix & Origin of Proposed Development	16
7.	LOCA	L AMENITY & SERVICES	16
8.	EMPL	OYMENT & GDP IMPACT	17
	8.1.	Employment & GDP Generation from Construction	17
	8.2.	Employment & GDP Generation from Ongoing Operation	18
	8.3.	Financial Contributions & Rates	19
	8.4.	Summary of Employment & GDP Generation	20
9.	ECON	OMIC COSTS AND BENEFITS	21
10.	NPS-l	JD & RMA PROVISIONS	22
11.	CONC	LUSION & RECOMMENDATIONS	22



1. Executive Summary

The proposal is to rezone 31.6ha of Rural Zone land to Rural Residential Zone at 1861 Ongaroto road and develop 55 waterfront sections adjacent to Lake Whakamaru. The proposed development is well positioned to attract households in demand of lifestyle housing, as Lake Whakamaru is a popular holiday and lifestyle location that offers a high level of natural amenity.

Over the 2018-2020 period approximately 11,000 people migrated out of Auckland to other regions in New Zealand per annum. The largest beneficiaries have been the neighbouring districts that offer high levels of natural amenity. This trend is driven in large part by high house prices and the increasing demand for lifestyle locations.

A sample of lifestyle locations (e.g. Coromandel and the Far North) have experienced a 325% increase in population growth over the 2014 - 2020 period, when compared to the 2000 - 2013 period. This rapid increase in growth is in large part a result of the 'baby boomer' generation reaching retirement age with a notable proportion seeking high amenity lifestyle locations for retirement.

The North Island is expected to see a substantial 229,000 additional retirees over the 2021-2031 period, approximately the size of Hamilton City. A large proportion of this age group prefer to relocate to lifestyle locations

The majority of Aucklanders surveyed (55%) indicated that they have considered relocating out of Auckland over the past two years, while in Wellington and Canterbury 41% of households surveyed have considered relocating to other locations over the past two years. The main reason for considering relocation is the high rent/mortgage cost, accounting for 24% of the total response. This was evident from first home buyers through to retirees. The second main reason for considering relocation is the 'lifestyle' offered in other locations, which in many instances related to areas with high levels of natural amenity, such as waterfront locations.

The most useful benchmark for the proposed development is the Waipamu Station subdivision. Of the total completed houses, approximately 55% are utilised as holiday homes and 45% are utilised for permanent use. A similar split is anticipated for the proposed development.

The proposed development would result in either retaining or increasing population within the South Waikato District. This is growth that otherwise would occur elsewhere, i.e. if demand for this type of lifestyle housing is not met, then households that demand waterfront properties would relocate out of the district (e.g. to Coromandel or the Far North).

Over a 30-year period, the proposed development would result in a net present value of \$22.7 million and an additional 237 FTE jobs over the base case.

The proposed rezoning would result in significant economic benefits and minor economic costs. The proposal therefore presents a net economic benefit and is recommended for approval.



2. Introduction

This report provides an evaluation of the economic costs and benefits of a proposed rezoning of 31.6ha of Rural Zoned land, at 1861 Ongaroto Road, Lake Whakamaru, to Rural Residential Zone. The proposal is for approximately 55 sections with an average lot size of 5,000m².

2.1. The Proposal

The proposal is to develop 55 sections ranging in size from 2,500m² - 1.5ha. It is estimated that approximately half of the lots will have permanent residents, while the remaining half will have temporary/holidaying residents (holiday homes). The estimated market price of the dwellings is between \$1,500,000 and \$2,000,000.

Figure 1: Site Potential Yield



Source: CKL



Figure 2: Site Potential Yield Lot Size and Market Price

	Lot	Size	Market Price Estimate		
Number of Lots	Range	Average (m²)	Range	Average	
55	2,500m ² - 1.5ha	5,000	\$1,500,000 - \$2,000,000	\$1,750,000	

Source: CKL, Urban Economics

3. Residential Demand Analysis

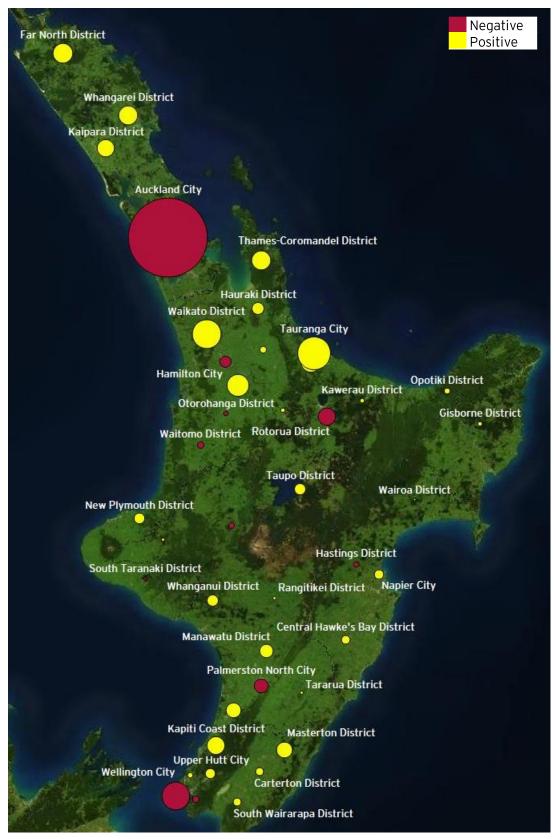
This section evaluates the market demand for the proposed development. This considers the recent trends of internal migration (people moving within New Zealand) and population and building consent growth trends in comparable lifestyle locations and districts.

3.1. Net Internal Migration

The following figures display net internal migration (i.e. migration within New Zealand) for the North Island over the 2018-2020 period. Over this period a net 22,500 people migrated out of Auckland to elsewhere in New Zealand, shown in red (i.e. 22,500 fewer existing Auckland residents live in Auckland). The largest beneficiaries have been the neighbouring districts, with the Waikato, Waipa, Western Bay of Plenty, Whangarei and Tauranga City districts all experiencing high growth from net internal migration (shown in yellow). This trend is driven in large part by an exodus from the Auckland Region due to high house prices and the increasing demand for lifestyle locations, particularly for retirees and empty nesters. The exodus from Auckland to these locations is expected to continue. Additionally, remote working is becoming more commonplace following COVID-19, which has also increased demand for lifestyle locations.

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Figure 3: Net Internal Migration for North Island Districts 2018 - 2020



Source: Statistics NZ

1

Figure 4: Net Internal Migration for North Island Districts 2018 - 2020

District	2018 - 2019	2019 - 2020	2018 - 2020
Tauranga City	1,800	2,100	3,900
Waikato District	1,300	1,700	3,000
Waipa District	750	1,000	1,750
Western Bay Of Plenty District	730	720	1,450
Far North District	640	770	1,410
Whangarei District	690	620	1,310
Thames-Coromandel District	520	750	1,270
Kapiti Coast District	510	640	1,150
Kaipara District	440	600	1,040
Masterton District	400	520	920
Horowhenua District	360	450	810
Manawatu District	290	370	660
Hauraki District	220	310	530
Taupo District	230	270	500
Whanganui District	260	200	460
New Plymouth District	250	170	420
Upper Hutt City	310	60	370
Napier City	220	100	320
Central Hawke'S Bay District	100	170	270
South Wairarapa District	100	130	230
Carterton District	100	110	210
Matamata-Piako District	60	90	150
Opotiki District	60	70	130
Porirua City	110	-10	100
South Waikato District	20	60	80
Gisborne District	50	30	80
Kawerau District	40	20	60
Rangitikei District	30	20	50
Stratford District	20	20	40
Tararua District	40	0	40
Wairoa District	0	20	20
Whakatane District	0	-20	-20
South Taranaki District	-40	-10	-50
Otorohanga District	-40	-20	-60
Hastings District	0	-90	-90
Ruapehu District	-60	-60	-120
Waitomo District	-80	-80	-160
Lower Hutt City	-140	-40	-180
Hamilton City	-70	-410	-480
Palmerston North City	-220	-490	-710
Rotorua District	-570	-510	-1,080
Wellington City	-1,000	-1,800	-2,800
Auckland	-11,400	-11,100	-22,500

Source: Statistics NZ



3.2. District Population Growth (2000-2020)

The following figures display the population growth trends for a sample of districts that include well known lifestyle locations (e.g. the Far North and Queenstown). The main points to note are:

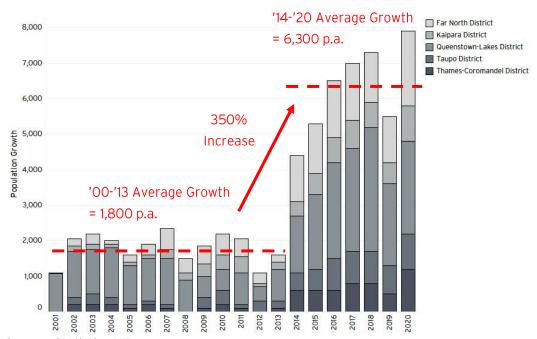
- From 2000-2010, the annual rate of population growth in the districts remained relatively constant, at a rate of 1,790-1,960 per annum. Over the subsequent 2010-2015 period, population growth increased to 2,890 per annum. Population growth has increased substantially over the 2015-2020 period, more than doubling the previous 5-year annual growth to a rate of approximately 6,840 per annum.
- Lifestyle districts have seen a 350% increase in average annual population growth over the 2014-2020 period, when compared to the 2000-2013 period (Figure 6). This rapid increase in growth is in large part a result of the 'baby boomer' generation reaching retirement age (starting in 2014) with a notable proportion seeking high amenity lifestyle locations for retirement.

Figure 5: Population Growth in Lifestyle Districts (2000-2020)

		Popu	ılation Gr	owth		Per Annum				
District	2000- 2005	2005- 2010	2010- 2015	2015- 2020	Total	2000- 2005	2005- 2010	2010- 2015	2015- 2020	Total
Far North	800	2,400	3,700	8,000	14,900	160	480	740	1,600	750
Kaipara	500	1,300	1,750	3,800	7,350	100	260	350	760	370
Thames-Coromandel	700	600	1,400	3,900	6,600	140	120	280	780	330
Taupo	800	900	1,700	4,500	7,900	160	180	340	900	400
Queenstown-Lakes	6,150	4,600	5,900	14,000	30,650	1,230	920	1,180	2,800	1,530
Total	8,950	9,800	14,450	34,200	67,400	1,790	1,960	2,890	6,840	3,370

Source: Statistics NZ

Figure 6: Population Growth in Lifestyle Districts (2000-2020)



Source: Statistics NZ



3.3. Population Growth in Lifestyle Locations (2000-2020)

The following figures display the population growth trends for a sample of popular 'lifestyle locations' (e.g. the Pauanui and Wanaka). The main points to note are:

- From 2000-2010, the annual rate of total population growth in the lifestyle locations was 580-590 per annum. Over the 2010-2015 period, this increased to 820 per annum.
- The lifestyle locations experienced a significant increase in annual population growth over the 2015-2020 period, to 2,100 per annum.
- Lifestyle locations have seen a 325% increase in average annual population growth over the 2014 - 2020 period, when compared to the 2000 - 2013 period (Figure 8). This rapid increase in growth is in large part a result of the 'baby boomer' generation reaching retirement age (starting in 2014) with a notable proportion seeking high amenity lifestyle locations for retirement.

Figure 7: Summary of Population Growth in Lifestyle Locations (2000-2020)

		Population Growth				Per Annum				
Town	2000- 2005	2005- 2010	2010- 2015	2015- 2020	Total	2000- 2005	2005- 2010	2010- 2015	2015- 2020	Total
Acacia Bay	130	140	210	220	700	30	30	40	40	40
Jacks Point	20	100	260	1,120	1,500	0	20	50	220	80
Mangawhai	500	730	920	2,360	4,510	100	150	180	470	230
Marsden Bay	50	370	490	810	1,720	10	70	100	160	90
Pauanui	90	-10	80	220	380	20	0	20	40	20
Waipu	320	280	300	680	1,580	60	60	60	140	80
Waitahanui	-70	-60	120	110	100	-10	-10	20	20	10
Wanaka	1,550	920	930	3,190	6,590	310	180	190	640	330
Whangamata	-270	-100	260	490	380	-50	-20	50	100	20
Whitianga	550	550	530	1,330	2,960	110	110	110	270	150
Total	2,870	2,920	4,100	10,530	20,420	580	590	820	2,100	1,050

Source: Statistics NZ



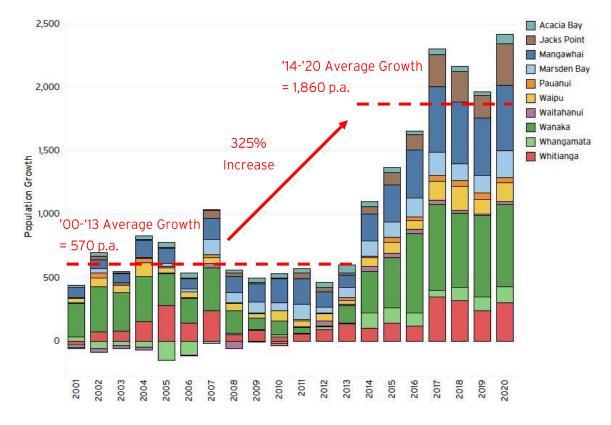


Figure 8: Distribution of Population Growth in Lifestyle Locations (2000-2020)

Source: Statistics NZ

3.4. New Dwelling Construction in Lifestyle Locations

Figures 9 and 10 display the residential buildings consent trends for the sample of lifestyle locations (as assessed in Section 3.3). The main points to note are:

- Prior to the Global Financial Crisis (GFC) an average of 570 building consents were issued in the small lifestyle locations assessed annually (Figure 10).
- Following the GFC there was a small decline in the number of consents issued, with an average of approximately 400 per annum.
- There was a significant increase in building consents following the GFC, with an average of 830 building consents issued over the 2014-2020 period. This is a 140% increase over the pre-GFC period and reflects the growing number of retirees seeking lifestyle locations.

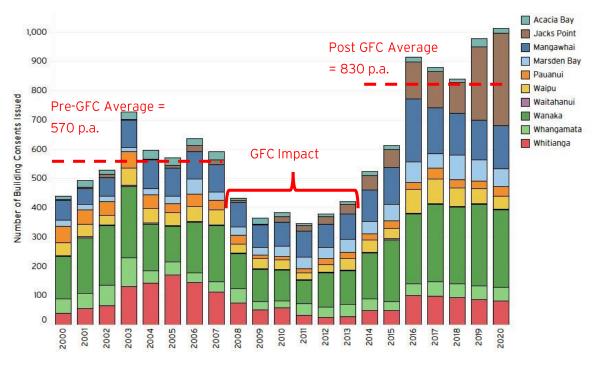


Figure 9: Building Consents Issued in Lifestyle Locations (2000-2020)

Year	Acacia Bay	Jacks Point	Manga whai	Marsde n Bay	Pauanu i	Waipu	Waitah anui	Wanaka	Whang amata	Whitian ga	Total
2000	10	0	70	20	60	40	0	140	50	40	430
2001	20	10	50	20	50	40	0	190	50	60	490
2002	20	10	60	20	50	30	0	200	70	70	530
2003	30	0	100	20	60	60	10	240	100	130	750
2004	30	0	100	20	50	50	10	160	40	140	600
2005	30	10	100	30	30	40	0	120	50	170	580
2006	20	20	90	50	40	50	0	170	30	150	620
2007	30	20	90	30	30	50	0	190	40	110	590
2008	10	10	80	30	30	30	0	120	50	70	430
2009	20	0	80	30	10	40	0	110	30	50	370
2010	10	20	80	40	10	30	0	110	20	60	380
2011	10	20	90	40	10	30	0	80	40	30	350
2012	10	30	80	40	20	30	0	120	40	30	400
2013	10	30	90	50	20	40	0	120	40	30	430
2014	10	50	110	40	20	40	0	160	40	50	520
2015	20	60	130	60	30	40	0	210	30	50	630
2016	20	130	220	70	20	80	0	240	40	100	920
2017	10	120	160	50	40	80	0	270	50	100	880
2018	10	110	140	80	30	60	0	260	50	90	830
2019	30	250	140	70	30	50	0	280	50	90	990
2020	20	320	150	60	30	40	0	270	50	80	1,020

Source: Statistics NZ

Figure 10: Distribution of Building Consents Issued in Lifestyle Locations (2000-2020)



Source: Statistics NZ



3.5. Household Relocation Preference Survey

The following figures provide a summary of results from a recent survey of relocation preferences, that surveyed 240 households from the Auckland Region, 150 households from the Wellington Region and 150 households from the Canterbury Region. The main points to note are:

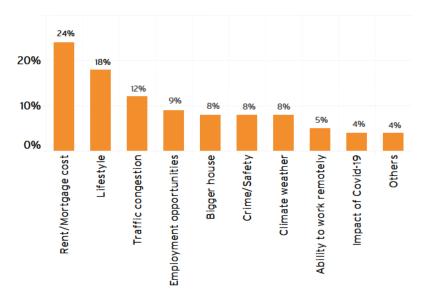
- The majority of Aucklanders surveyed (55%) indicated that they have considered relocating out of Auckland over the past two years, while in Wellington and Canterbury 41% of households surveyed have considered relocating to other locations over the past two years.
- The main reason for considering relocation is the high rent/mortgage cost, accounting for 24% of the total response. This was evident from first home buyers through to retirees.
- The second main reason for considering relocation is the 'lifestyle' offered in other locations, which in many instances related to areas with high levels of natural amenity, such as waterfront locations.

Figure 11: Household's Considering Relocating to Other Locations

	Considering Relocating				
Region	Yes (%)	No (%)			
Auckland	55%	45%			
Wellington	41%	59%			
Canterbury	41%	59%			

Source: Urban Economics

Figure 12: Reasons for Considering Relocating to Other Locations



Source: Urban Economics



4. Demographic Drivers of Lifestyle Location Growth

The following figure displays the proportion of population growth in the lifestyle locations, by age group. The main points to note are:

- Over the 2000-2010 period, population growth in the lifestyle locations was predominantly driven by the '40-64 Years' age group.
- Over the 2000-2020 period, population growth in the lifestyle locations assessed was primarily driven by the '65 Years and over' age group. There was however also an increase in the 15-39 year age group, indicating that some first home buyers were choosing these locations also.

Figure 13: Population Growth by Age Group in Lifestyle Locations

		Popu	lation Gr	owth		Proportion of Growth				
A a a Craun	2000-	2005-	2010-	2015-	Total	2000-	2005-	2010-	2015-	Total
Age Group	2005	2010	2015	2020	2020 Total	2005	2010	2015	2020	Total
0-14 Years	230	490	480	1,440	2,640	8%	17%	12%	14%	13%
15-39 Years	930	360	750	3,290	5,330	32%	12%	18%	31%	26%
40-64 Years	1,270	1,100	990	2,370	5,730	44%	38%	24%	23%	28%
65+ Years	440	970	1,880	3,430	6,720	15%	33%	46%	33%	33%
Total	2,870	2,920	4,100	10,530	20,420	-	-	-	-	-

Source: Statistics NZ

5. Retiree Population Growth 2012-2031

The following figure displays the Statistics NZ growth projections for the 65+ Years population for the North Island for the 2021-2031 period. The North Island is expected to see a substantial 229,000 additional retirees over the 2021-2031 period, approximately the size of Hamilton City. This is due to the retiring baby boomer generation.

A large proportion of this age group prefer to relocate to lifestyle locations. The main reason for this is to access the value of their existing property. Retirees also do not require to be near major employment centres, and therefore are more able to relocate to lifestyle locations.

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Figure 14: North Island 65+ Years Population Projections (2021 - 2031)

		ion			
	Actual		ctions	Gro	wth
District	2021	2026	2031	2021 - 2031	Per Annum
Auckland	220,800	267,260	314,520	93,720	9,370
Wellington City	23,600	29,220	34,360	10,760	1,080
Tauranga City	30,900	35,720	40,620	9,720	970
Hamilton City	21,600	26,240	30,460	8,860	890
Whangarei District	19,900	23,420	26,760	6,860	690
Lower Hutt City	15,800	19,580	22,460	6,660	670
Waikato District	11,600	14,680	17,920	6,320	630
New Plymouth District	16,200	19,160	21,720	5,520	550
Hastings District	15,500	18,300	20,940	5,440	540
Far North District	14,800	17,440	20,040	5,240	520
Western Bay Of Plenty District	13,000	15,420	17,820	4,820	480
Palmerston North City	13,400	15,800	17,880	4,480	450
Rotorua District	11,400	13,660	15,520	4,120	410
Napier City	13,600	15,660	17,580	3,980	400
Waipa District	11,100	13,020	15,040	3,940	390
Porirua City	7,700	9,740	11,580	3,880	390
Kapiti Coast District	15,300	17,160	19,080	3,780	380
Upper Hutt City	7,200	8,860	10,340	3,140	310
Whanganui District	10,400	11,960	13,380	2,980	300
Gisborne District	8,400	9,860	11,220	2,820	280
Horowhenua District	9,000	10,400	11,780	2,780	280
Kaipara District	6,200	7,640	8,860	2,660	270
Taupo District	8,500	9,700	11,020	2,520	250
Thames-Coromandel District	10,900	12,100	13,240	2,340	230
Matamata-Piako District	7,600	8,820	9,900	2,300	230
Manawatu District	6,200	7,320	8,400	2,200	220
Whakatane District	7,200	8,280	9,280	2,080	210
Hauraki District	5,500	6,400	7,220	1,720	170
South Taranaki District	4,900	5,580	6,380	1,480	150
Masterton District	6,300	7,040	7,820	1,520	150
South Waikato District	4,400	5,080	5,760	1,360	140
Central Hawke's Bay District	3,300	3,970	4,550	1,250	130
Tararua District	3,750	4,320	4,900	1,150	120
Rangitikei District	3,150	3,710	4,220	1,070	110
Carterton District	2,450	2,870	3,230	780	80
Opotiki District	1,850	2,270	2,600	750	80
Ruapehu District	2,300	2,690	3,060	760	80
South Wairarapa District	2,700	3,070	3,460	760	80
Otorohanga District	1,700	2,010	2,300	600	60
Stratford District	1,850	2,110	2,400	550	60
Waitomo District	1,640	1,880	2,120	480	50
Kawerau District	1,650	1,910	2,140	490	50
Wairoa District	1,640	1,900	2,080	440	40
Total	606,880	723,230	835,960	229,080	22,910

Total
Source: Statistics NZ



6. Comparable Development Recent Sales Profile

An assessment of comparable development sales has been undertaken to enable an estimate of the land and property values within the proposed development. The most useful benchmark for the proposed development is the Waipamu Station subdivision. This has similar properties in terms of size and amenity. It is located on the southern side of the Lake Whakamaru. Sales have been collected for the 2020-2022 period and are summarised in Figure 15. The main points to note are:

- Vacant sections ranged in size between 3,340m² and 4,600m² and sold for between \$300,000 and \$495,000.
- The size of dwellings ranged between 223m² and 248m², with land areas between 3,010m² and 3,550m². The dwellings sold for between \$1,030,000 and \$1,595,000.

Figure 15: Recent Sales Profile of Waipamu Station Lifestyle Properties

	Address	Sale Date	GFA (m ²)	Land Area (m²)	Sale Price
	23/387 Pokuru Road North	2020	248	3,460	\$1,130,000
House &	32/387 Pokuru Road North	2020	225	3,550	\$1,030,000
Land	33/387 Pokuru Road North	2020	223	3,310	\$1,090,000
	51/387 Pokuru Road North	2021	233	3,010	\$1,595,000
	39/387 Pokuru Road North	2020	0	4,000	\$495,000
	41/387 Pokuru Road North	2020	0	3,830	\$375,000
Vacant	61/387 Pokuru Road North	2020	0	4,600	\$325,000
Section	5/387 Pokuru Road North	2021	0	3,540	\$490,000
	30/387 Pokuru Road North	2021	0	3,550	\$300,000
	49/387 Pokuru Road North	2022	0	3,340	\$400,000

Source: Corelogic

6.1. Anticipated Occupant Mix & Origin of Proposed Development

Of the total completed dwellings in the Waipamu Station subdivision, approximately 55% are utilised as holiday homes and 45% are utilised for permanent use. A similar split is anticipated for the proposed development.

In addition, it is considered reasonable to expect that approximately 50% of the occupants of the proposed development will come from within the South Waikato District, thereby retaining population that would otherwise relocate to other waterfront locations outside of the district (e.g. to Coromandel or the Far North).

7. Local Amenity & Services

The proposed development is located in an attractive location, offering a wide range of amenities that support the proposed residential development. Most notably:



- The proposed development is situated adjacent to Lake Whakamaru, which is a popular holiday location.
- The proposed development is an approximate 2-3-minute drive from the Whakamaru township, giving future residents access to a small primary school, hair salon, gas station, a vet, dairy and a café.
- The proposed development is an approximate 20-minute drive from Tokoroa, giving future residents access to a small airport, supermarkets, hospital, several schools and approximately 2,200 jobs.

8. Employment & GDP Impact

This section assesses the impact of the proposed rezoning on employment and GDP. This is required under Section 32(2)(a) of the RMA and requires the identification of costs and benefits with particular emphasis on economic growth and employment generation.

8.1. Employment & GDP Generation from Construction

The national 'value-added per employee' for each sector has been used to estimate the full-time equivalent (FTE) employment for this proposal.

Figure 16 outlines the FTEs and value-added to GDP that the proposed development would generate. It is estimated that the construction of 55 residential dwellings would result in a total of 165 FTE jobs and would contribute \$23.5 million to GDP.

The employment number can be interpreted as the number of FTE jobs created on an annualised basis, i.e. if construction takes three years and is split evenly between the years then 55 FTE jobs would be created in each year.

The 'base case' activity for the proposal is forestry. The FTEs and value-added to GDP have been estimated to determine the net benefit resulting from the construction of the project. It is estimated that if the site was utilised for a forestry use, it would result in a total of 1 FTE job and would contribute \$0.2 million to GDP.

The proposal would result in an estimated net benefit over the 'base case' of 164 FTEs and a \$23.3 million contribution to GDP.



Figure 16: FTE Employment & GDP Generation from Construction of Proposed Development

	Lots	Project Completion Value (@80%)	Value Added GDP (\$M)	FTE Employees
Proposal	55	\$77.0	\$23.5	165
Base Case (Forestry)	1	\$0.6	\$0.2	1
Net Benefit from Proposal	-	\$76.4	\$23.3	164

Source: Statistics NZ, Urban Economics

Figure 17 shows the estimated national 'value-added per FTE employee'. These value-added per employee figures are used to estimate the FTE employees created by the construction project expenditure, and if the site was utilised for forestry use. Figure 17 illustrates that the construction sector contributes \$22.5 billion to national GDP, employing 157,000 FTEs, resulting in a value-added of \$143,000 per employee. Additionally, the forestry sector contributes \$4.5 billion to national GDP, employing 13,000 FTEs, resulting in a value-added of \$346,000 per employee.

Figure 17: Industry GDP and Value-added per Employee

Sector	Value Added GDP (\$M)	FTE Workers	Value Added GDP Per Employee
Construction	\$22,500	157,000	\$143,000
Forestry	\$4,500	13,000	\$346,000

Source: Statistics NZ, Urban Economics

8.2. Employment & GDP Generation from Ongoing Operation

Figure 18 provides an estimate of the ongoing expenditure expected upon the completion of the development. This considers an estimate of the average annual household expenditure applied to the permanent residents and an approximate 25-week occupancy for temporary/holidaying residents (this is approximately the average occupancy achieved for Airbnb product across the country in 2021). The main points to note are:

- Upon completion of the project, the average household expenditure is forecast to be \$38,500 per household, per annum. This generates a value-added to GDP of approximately \$22,000 per annum.
- The total ongoing household expenditure from the residents of the proposed development is estimated to be \$1,570,000 per annum. This generates a value-added to GDP of approximately \$900,000 per annum, equating to approximately 10 FTE jobs.

 $[\]label{lem:https://www.westpac.co.nz/rednews/airbnb-vs-long-term-rental-whats-the-best-rental-yield-for-your-investment-property/#:~:text=However%2C%2Oof%2Othe%2O29%2CO00%2Ohomes,by%2OProperty%2OEconomist%2OEd%2OMcKn ight.$



Figure 18: Employment & GDP Generation from Ongoing Operation

Annual Expenditure	Spend (p.a.)	Value Added GDP (p.a.)	FTE Employees (p.a.)
Estimate per Household	\$38,500	\$22,000	-
Ongoing Household Expenditure	\$1,570,000	\$900,000	10

Source: Statistics NZ, Urban Economics

Figure 19 shows the estimated national 'value-added per FTE employee'. These value-added per employee figures are used to estimate the FTE employees created from the ongoing household expenditure from future residents of the proposed development. The sectors that have been included contribute \$86.8 billion to national GDP and employ 1,002,000 FTEs. This results in a value-added of \$87,000 per employee.

Figure 19: Industry GDP and Value-added per Employee (Household Expenditure)

Sector	Value Added GDP (\$M)	FTE Workers	Value Added GDP Per Employee
Retail Trade	13,800	163,000	\$85,000
Accommodation and Food Services	6,800	104,000	\$66,000
Transport, Postal and Warehousing	13,400	83,000	\$162,000
Financial and Insurance Services	17,400	58,000	\$303,000
Education and Training	13,100	245,000	\$53,000
Health Care and Social Assistance	18,300	163,000	\$112,000
Arts and Recreation Services	4,000	186,000	\$21,000
Total	86,800	1,002,000	\$87,000

Source: Statistics NZ

8.3. Financial Contributions & Rates

Figure 20 displays the financial contribution to the district as a result of the proposed development. The South Waikato District Council require a contribution for roading and reserves in rural areas, with a charge per lot of \$3,339 and \$1,725 respectively. This equates to an estimated total contribution from the 55-lot development of \$278,500. This is a notable economic contribution to the district.

Figure 20: Proposed Development Financial Contributions

	Financial Contribution per Lot	Total Financial Contributions
Roading	\$3,339	\$183,600
Reserves	\$1,725	\$94,900
Total	\$5,064	\$278,500

Source: South Waikato District Council



Figure 21 provides an estimate of the annual rates contribution per lot following the completion of the development. This is estimated based on the current rates/capital value ratio applied to the estimated average end value of the new lots (\$1,750,000). This results in estimated rates of \$5,465 per lot, per annum.

Figure 21: Proposed Development Council Rates Estimate

	C.V.	Council Rates (p.a.)	
Site (Current)	\$725,000	\$2,265	
Proposed Development (per Lot)	\$1,750,000	\$5,465	
Source: South Waikato District Council Urban Economics			

8.4. Summary of Employment & GDP Generation

Figure 22 provides a summary of the estimated economic contribution from the construction and ongoing operational benefits of the proposed development and compares it with the 'base case' scenario. A 4% discount rate has been applied in calculating the present value of the economic costs/benefits. In addition, the development is expected to retain population within the district, that would otherwise relocate to other lifestyle locations. It is considered reasonable to expect that 50% of occupants within the proposed development would otherwise relocate outside the district, if it did not proceed. The main points to note are:

- The construction of the proposed development would result in a net additional value-added to GDP per annum of \$3.9 million, a present value of \$11.3 million over the construction period, generating approximately 83 FTE jobs.
- The net additional household expenditure is estimated to result in a value-added to GDP per annum of approximately \$0.4 million. This equates to a present value of \$8.5 million over a 30-year period. This would generate approximately 155 FTE jobs within the district.
- The proposed development would result in an estimated \$0.3 million financial contribution to the council. This equates to a net addition of approximately \$0.1 million to the district.
- Upon completion, the proposed development would contribute approximately \$5,465 in rates per lot, per annum. Over a 30-year period, the net additional rates equate to a present value of \$2.9 million, thereby retaining a significant quantity of rates contributions within the South Waikato District.
- The value-added per annum of the displacement of land suitable for forestry is approximately \$0.01 million with a present value of \$0.1 million over a 30-year period.
- Over a 30-year period, the proposed development would result in a net present value of \$22.7 million and an additional 237 FTE jobs over the base case. This is a considerable net economic benefit.



Figure 22: Summary of Employment & GDP Generation from Proposed Development

			Value Added per Annum (\$M)	Present Value (\$M)	Time Period (Years)	FTE Employe es
Proposal Benefits	Construction Period	House Construction	\$7.8	\$22.7	3*	165
		Net Additional House Construction**	\$3.9	\$11.3	3*	83
	Ongoing Benefits	Household Expenditure	\$0.9	\$17.0	30	310
		Net Additional Household Expenditure**	\$0.4	\$8.5	30	155
		Financial Contributions	-	\$0.3	-	-
		Net Additional Financial Contributions**	-	\$0.1	-	-
		Rates Contribution Estimate	-	\$5.8	30	-
		Net Additional Rates Contribution Estimate**	-	\$2.9	30	-
Proposal Costs 'Base Case' (Forestry) Displacement		\$0.01	\$0.1	30	1	
Net Present Value			-	\$22.7	30	237

Source: Statistics NZ, Urban Economics

9. Economic Costs and Benefits

The economic benefits from the proposed rezoning are:

- The proposed development would result in either retaining or increasing population within the South Waikato District. This is growth that otherwise would occur elsewhere, i.e. if demand for this type of lifestyle housing is not met, then households that demand waterfront properties would relocate out of the district (e.g. to Coromandel or the Far North).
- The relocation of households to the proposed development would free up housing in other parts of the district/region. This will enable households to relocate to the vacated properties and contribute to growing the district and region.
- The construction of the proposed development would contribute a net addition to the district of 83 FTE's and \$11.8 million value-added to GDP.
- The resulting household expenditure from the proposed development would contribute approximately \$0.4 million value-added to GDP per annum and generate approximately 155 jobs. This is a net addition to the district.
- The proposed development would increase the range and quality of accommodation on offer for tourists in the surrounding area.
- The proposed development would result in a net present value of \$22.7 million and an additional 237 FTE jobs over the base case.

^{*}Estimate

^{**@50%}



The economic costs from the proposed rezoning are:

• The proposed development would result in the loss of land suitable for forestry, with an estimated value-added per annum of \$0.01 million and present value of \$0.1 million over a 30-year period.

10. NPS-UD & RMA Provisions

The following objectives/policies from the NPS-UD relate to the proposal. It is noted that while the site is not within an urban environment, the NPS-UD does however establish useful principles for ensuring there is sufficient capacity to meet demand, across a range of housing types, locations and prices. For example:

Objective 4: "New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations"

Policy 1(a)(i): "Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: Have or enable a variety of homes that meet the needs in terms of type, price, and location, of different households..."

The proposed development would provide a range of high amenity, lifestyle housing that meets the needs of a range of household types, however most notably retiree and temporary/holiday home seeking households. The proposed development is therefore consistent with the principles established in the NPS-UD relating to the supply and demand for housing.

Sections 30(1)(ba) and 31(1)(aa) of the RMA require sufficient development capacity with respect to housing demand at both the district and regional level. The findings from the report confirm that there is increasing demand for housing in lifestyle locations. The proposal would contribute towards meeting this growing demand and is therefore meets this provision of the RMA.

Section 32(2)(a) of the RMA requires the identification and assessment of costs and benefits including particular emphasis on economic growth and employment generation. The proposal would result in a net present value of \$22.7 million (contribution to GDP) and would generate an additional 237 FTE jobs over the base case.

11. Conclusion & Recommendations

The proposed rezoning would result in significant economic benefits and minor economic costs. The proposal therefore presents a net economic benefit and is recommended for approval.