INSIGHT ECONOMICS

Final Report: 1 October 2025

Economic Assessment of Proposed Parkburn Development for Fast-track Referral

Prepared for:
Fulton Hogan Land Development Limited

Authorship

This document was written by Fraser Colegrave, Danielle Chaumeil, and Nic Keith.

Contact Details

For further information about this document, please contact us at the details below:

s 9(2)(a)

Disclaimer

Although every effort has been made to ensure the accuracy and integrity of the information and analysis presented in this document, Insight Economics Limited and this document's authors accept no liability for any actions, or inactions, arising from its contents and conclusions.

Cover Photo Credit

https://woodforestearthworks.com/

Copyright

Contents

1. Executive Summary

Context

Fulton Hogan Land Development Limited (**FHLDL**) wishes to develop 118 hectares of land adjacent to Pisa Moorings, Cromwell. The proposed development comprises approximately 1,000 dwellings, about 3.0 hectares of commercial land to support those living in the area and 2.8 hectares for a possible new primary school (the **proposal**). To expedite development, FHLDL is seeking consent for the proposal under the Fast-track Approvals Act 2024 (**FTAA**).

To assist, this report provides a high-level assessment of the proposal against Criteria 22(2)(a)(iii) and 22(2)(a)(iv) of the FTAA from an economic perspective.

Key Findings

The proposal will create significant one-time boosts in GDP, jobs, and incomes, particularly during construction. Over a 10-year period, including flow-on effects, we estimate that the development could have the following **regional impacts**:

- A one-time boost in GDP of around $472 million;
- Employment for 3,313 FTE-years (or 331 people employed full-time for 10 years); and
- Additional household incomes of $283 million.

In addition, the proposal's non-residential areas could sustain the following activity at full build-out:

- Full-time employment for 147 people;
- Annual GDP of more than $14 million; and
- Approximately $9 million paid annually in salaries / wages.

The proposed development will also generate the following housing market impacts:

- **Significant Increase in Housing Supply**: The proposal enables approximately 1,000 new dwellings, which will help the market be more responsive to growth in demand, thereby reducing the rate at which local house prices grow over time (relative to the status quo).
- **Land Market Competition**: The proposal will help to foster competition in the local land market, which is a cornerstone of economic efficiency.
- **Providing a Variety of Dwellings**: The proposal caters to a variety of needs and preferences by providing for a range of dwelling typologies, including standalone homes of various sizes and configurations as well as terraces / duplexes.
- **Fostering Well-Functioning Urban Environments**: Master-planned communities like the proposal provide a strategic and coordinated approach to urban growth, delivering superior economic and social benefits compared to fragmented development.

Finally, the proposal will generate a range of wider economic and social benefits, including:

- **Improved Local Retail / Service Provision**: As future development enabled by the proposal occurs and new residents move to the area, they will help create critical mass to support greater local retail / service provision.

- **Highest and Best Use of Land**: The proposal enables the subject land to be put to its highest and best use, which is a precondition for economic efficiency to hold in the underlying land market.

- **Investment Signal Effects**: The development will provide a strong signal of confidence in the local economy, which may help spur on, accelerate, or bring forward other developments.

Conclusion

The Cromwell Ward's population is growing rapidly, and a steady supply of new homes is needed to accommodate this growth. This proposal addresses that need directly and:

- Makes a **significant contribution to regional housing supply**; and
- Generates **significant regional economic benefits**.

The fast-track process ensures these benefits are realised sooner than traditional development pathways would otherwise normally allow. On that basis, we consider the proposal meets criteria 22(2)(a)(iii) and 22(2)(a)(iv) of the FTAA and we support it on economic grounds.

2. Introduction

2.1. Context

Fulton Hogan Land Development Limited (**FHLDL**) wishes to develop 118 hectares of land adjacent to Pisa Moorings, Cromwell. The proposed development comprises approximately 1,000 dwellings, about 3.0 hectares of commercial land to support those living in the area and 2.8 hectares for a possible new primary school (the **proposal**). To expedite development, FHLDL is seeking consent for the proposal under the Fast-track Approvals Act 2024 (**FTAA**).

2.2. Criteria for Assessing Referral Applications

The FTAA is a new, permanent fast-track approvals regime. The purpose of the Act is to facilitate the delivery of infrastructure or development projects with significant regional or national benefits. Under section 22 of the Act, proposals may be referred to an expert panel for fast-track consenting where the Minister is satisfied that the project meets the purpose of the Act.

In considering whether to refer a project, the Minister may consider a range of factors set out in Section 22(2)(a). To assist decision makers, this report provides an assessment of the proposal against two of those criteria from an economic perspective. Specifically, it considers whether the project:

iii. Will increase the supply of housing, address housing needs, or contribute to a well-functioning urban environment (within the meaning of policy 1 of the National Policy Statement on Urban Development 2020).

iv. Will deliver significant economic benefits.

2.3. Scope and Structure of this Document

This report provides a high-level assessment of the proposal against the criteria above from an economic perspective. The remainder of this document is structured as follows:

- **Section 3** identifies the subject site and provides indicative development yields.
- **Section 4** provides context on the local housing market.
- **Section 5** discusses the need for the proposal.
- **Section 6** estimates the one-time impacts of the proposal's future development.
- **Section 7** estimates the annual impacts of non-residential activities sustained on-site.
- **Section 8** assesses the likely impacts of the proposal on the local housing market.
- **Section 9** assesses the likely impacts of the proposal on the local industrial market.
- **Section 10** considers a range of wider economic impacts of the proposal.
- **Section 11** provides a checklist against the FTAA referral criteria.

3. About the Proposal

This section identifies the subject site and provides indicative development yields.

3.1. Site Location and Description

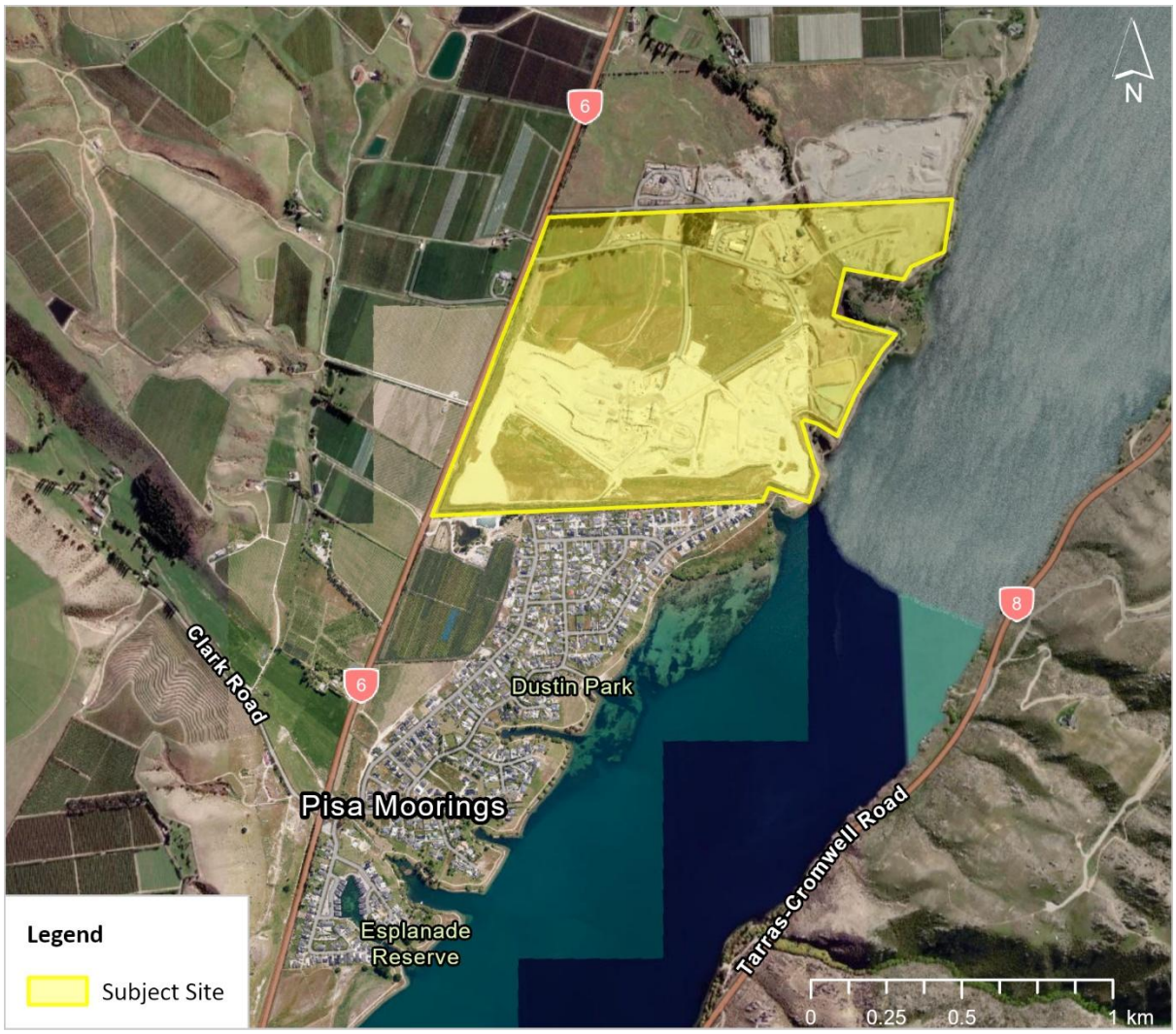
The subject site is located between SH6 and Lake Dunstan directly adjacent to Pisa Moorings north of Cromwell. Its location is denoted by the blue dot in Figure 1 below.

Figure 1: Location of Subject Site

The site spans an area of approximately 118 hectares and is currently used as an aggregate quarry. With the quarry now reaching the end of its useable life, the land is transitioning towards consideration of alternative uses. It is bound by the Parkburn Quarry to the north[1], Lake Dunstan to the east, and State Highway 6 (**SH6**) to the west. The southern boundary abuts a cherry orchard and the residential enclave of Pisa Moorings. This is illustrated in Figure 2, which shows a satellite view of the site in its immediate receiving environment.

[1] Owned by HWR.

Figure 2: Receiving Environment



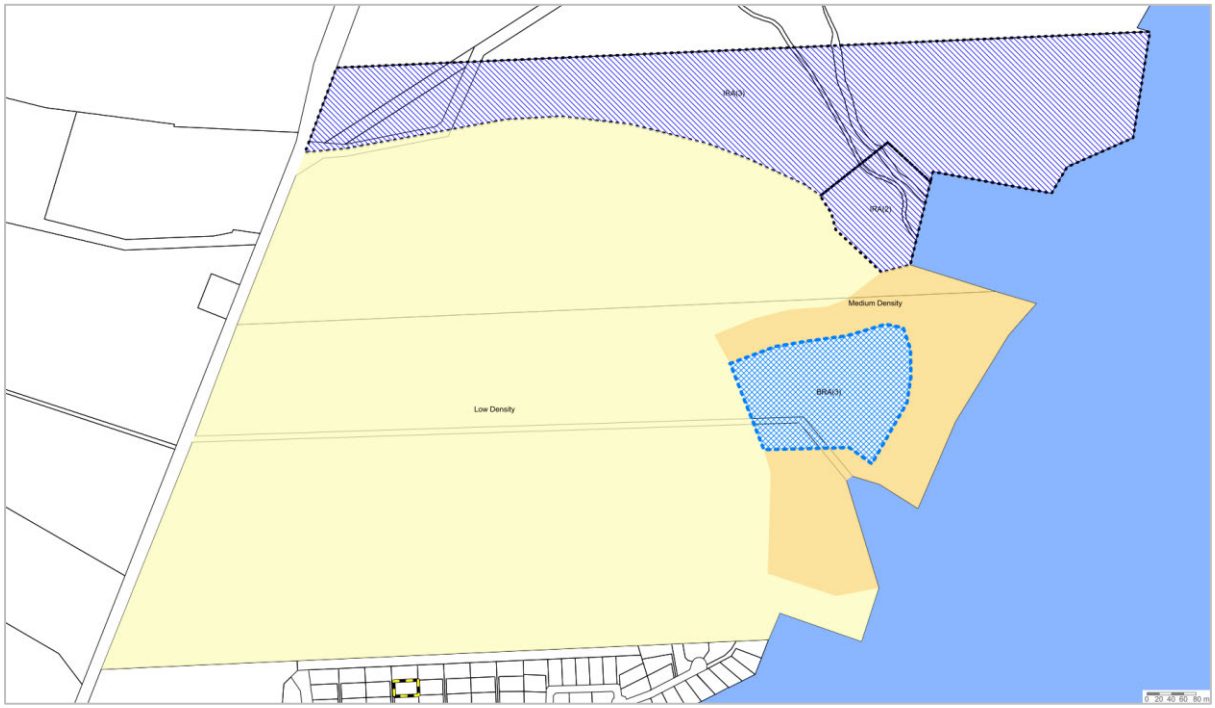
Under the Central Otago District Council (**CODC**) Operative District Plan (**ODP**) the recently approved Private Plan Change 21 (**PC21**)[2] rezones the site from Rural Resource Area to enable a mix of urban development, including residential, business, and industrial uses, as illustrated in Table 1 and Figure 3 below.

Table 1: PC21 Proposed Zoning Land Areas

PC21 Zoning	**Approximate Land Area (ha)**
Low Density Residential	81.2
Medium Density Residential	10.1
Business Resource Area (3)	4.7
Industrial Resource Area (2)	2.3
Industrial Resource Area (3)	22.3
Total	**120.6**

[2] Approved by Council in August 2024.

Figure 3: Subject Site Zoning under PC21



3.2. Anticipated Development Yields

Figure 4 shows an indicative masterplan for the proposal, which is expected to deliver 999 residential lots of varying sizes, about 3.0 hectares of commercial land for a neighbourhood centre, and 2.8 hectares for a possible new primary school.

Figure 4: Indicative Masterplan

Table 2 provides further detail on the anticipated residential yields, which will support a mix of homes in a range of sizes and configurations.

Table 2: Anticipated Residential Development Yields

Residential Category	**Lot Size (m^2)**	**Count of Lots**	**Share of Lots**
Higher Density	200 - 400	61	6%
Urban Density	401 - 600	390	39%
Suburban Density	601 - 800	338	34%
Large Lots	801 - 1,000	100	10%
Premium Lots	> 1,000	110	11%
Total Residential Lots	**n/a**	**999**	**100%**

To estimate the non-residential development enabled by the proposal, an indicative floor area ratio (**FAR**)[3] of 0.50 is applied to the neighbourhood centre, and 0.10 to the primary school site.[4] Overall, this equates to approximately 17,925 m^2 of new non-residential floorspace, as illustrated below.

Table 3: Indicative Non-Residential Development Floorspace

Non-Residential Category	**Land Area (ha)**	**Indicative FAR**	**Estimated GFA (m^2)**
Neighbourhood Centre	3.02	0.50	15,115
Primary School	2.81	0.10	2,810
Totals	**5.83**	**n/a**	**17,925**

[3] The floor area ratio (FAR) is calculated by dividing GFA by land area.

[4] Based on a review of similar activity types using Core Logic's Property Guru tool.

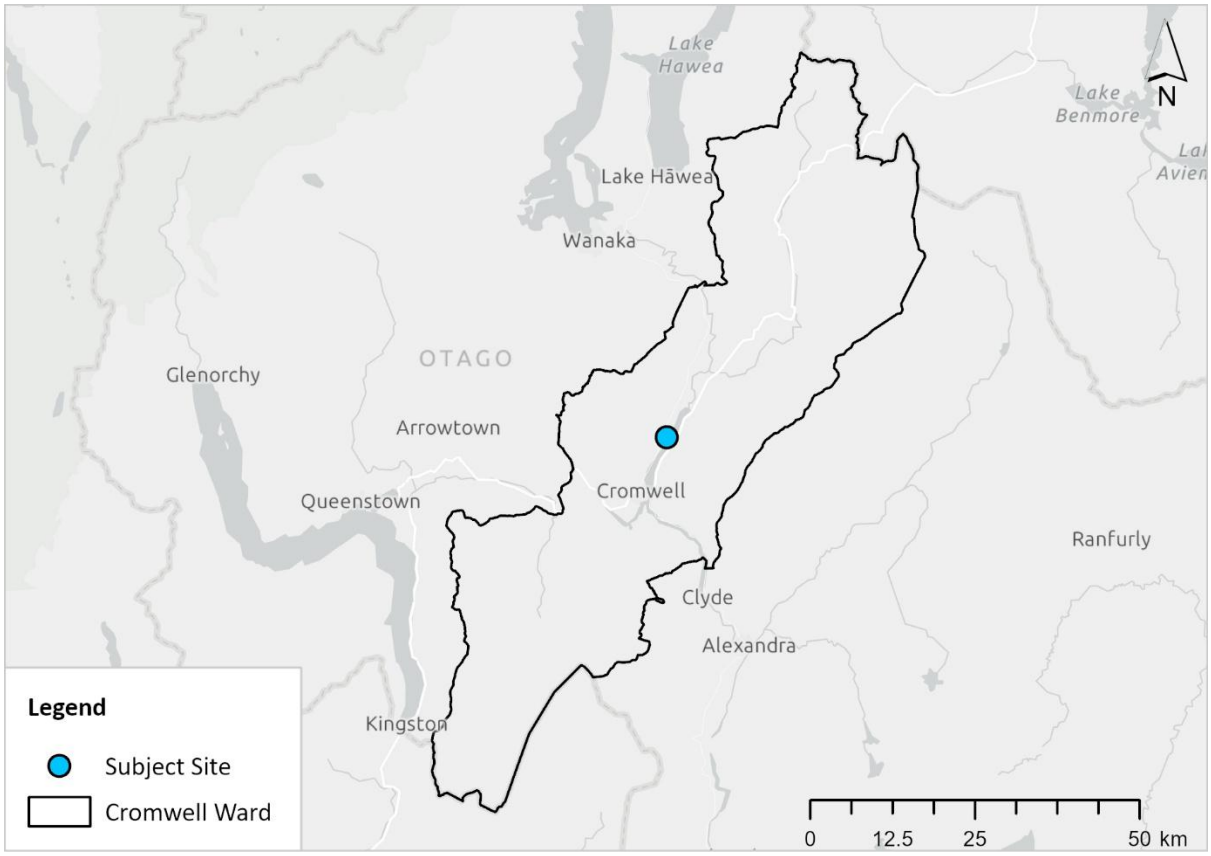
4. Housing Market Context

This section provides context on the local housing market to inform the remainder of the report.

4.1. Study Area

The study area adopted for this section corresponds to the Cromwell Ward[5], as delineated in Figure 5 below.

Figure 5: Study Area



4.2. Population Growth

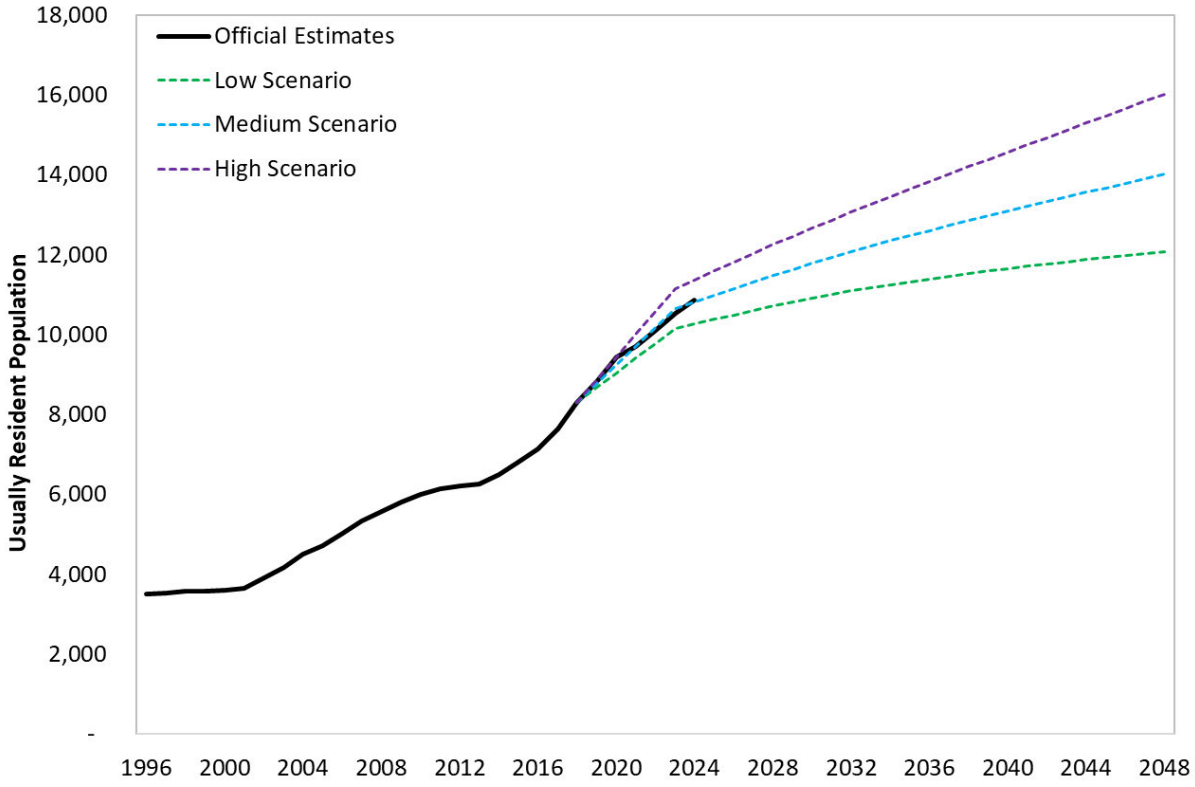
The study area has experienced rapid growth over the past decade, with the population increasing from just over 6,800 residents in 2015 to nearly 10,900 in 2024 (an increase of 60%) with no signs of slowing. The latest data point shows that growth within the ward's population increased by 3.2% for the year ended 30 June 2024. This annual growth rate far outpaced the rest of the district, where the population rose only 1.9% over the same period.

As illustrated in Figure 6 below, the latest Stats NZ population estimate has surpassed the 2024 medium growth scenario. While all three projection scenarios show some moderation in future

[5] The Cromwell Ward, in turn, conveniently maps to three statistical areas (Cromwell East, Cromwell West, and Lindis-Nevis Valley), which allowed us to readily summarise key statistical information, as set out in subsequent sections of this report.

growth from 2023 onwards, this reflects a modelled levelling off rather than an observed slowdown in growth to date.

Figure 6: Official Population Estimates to 30 June 2024 vs Official Projections



4.3. Demographic Summary

We used detailed data from the 2023 census to compare the demographic profile of existing residents in the study area with regional averages. To summarise, compared to Otago averages, **residents** of the study area are:

- Slightly older, with a median age of 41.7 compared to 40.1 for Otago;
- More likely to have been born in New Zealand;
- More likely to be married or in a relationship;
- More likely to be in the labour force and less likely to be studying;
- More likely to be self-employed and less likely to be a paid employee; and
- More likely to have a personal income greater than $70,000, with a median income of $47,490 compared to $40,670 for Otago.

In addition, compared to Otago averages, **dwellings** in the study area are:

- Less likely to be rented; and
- More likely to be standalone homes.

These differences indicate that the study area has a different demographic profile to the rest of the Otago Region.

4.4. Building Consent Trends

We analysed building consent data over the last 35 years to assess trends in the volume and types of new dwellings constructed in the study area over time. Figure 7 shows the number of new dwellings consented each year by type.

Figure 7: Cromwell Ward New Dwellings Consented

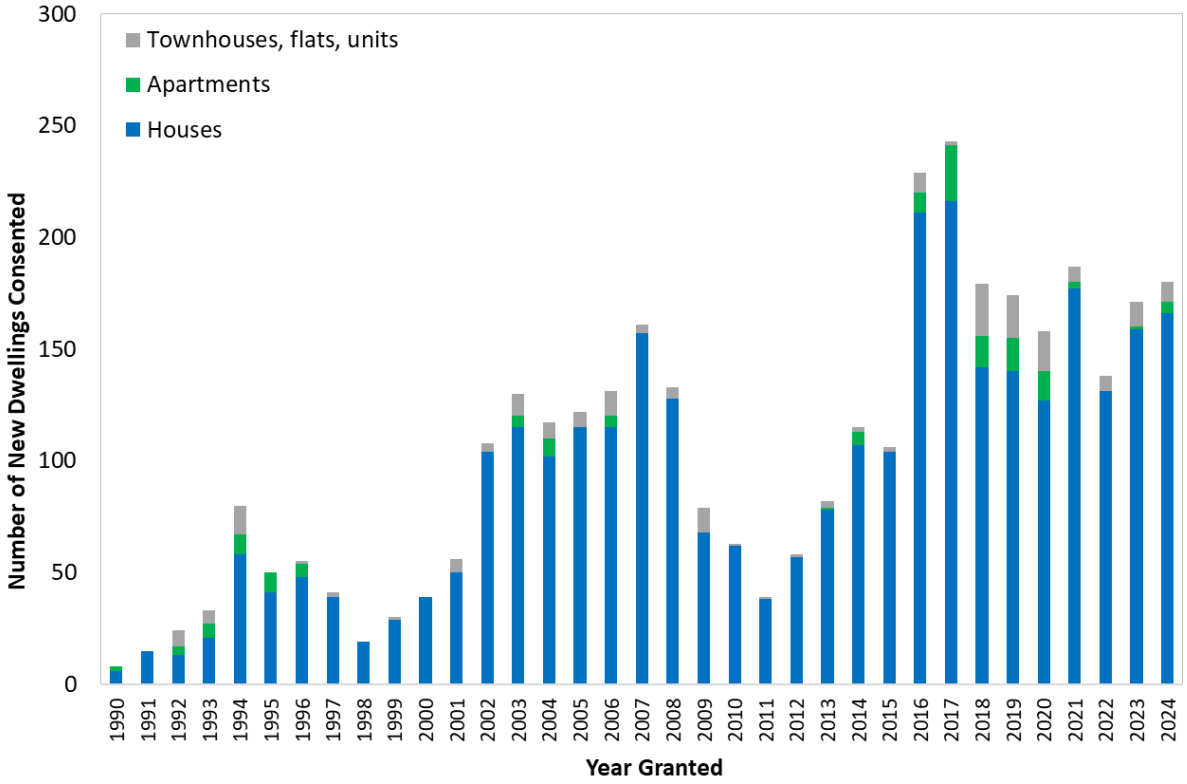


Figure 7 shows that consents have been sustained at high levels for the past nine years, with an average of 185 per annum, compared to less than 75 per annum for the 26 years prior. While attached dwellings have become slightly more common in recent years, standalone houses still account for 90% of all new dwellings consented in the study area over the 35-year period.

5. Need for the Proposal

Although the Cromwell Ward's population now exceeds 10,000 residents, as shown above, it is not yet explicitly defined as an urban environment under the National Policy Statement on Urban Development (**NPS-UD**). Accordingly, no official Housing Capacity Assessment has been undertaken for Cromwell. The most recent evidence is Rationale's Cromwell Yield Assessment (September 2022), which formed part of the Plan Change 19 (**PC19**) process.[6]

The yield assessment projected demand for around 5,100 dwellings across the Cromwell Ward by 2054 , with most growth concentrated within the Cromwell township and Pisa Moorings. The yield assessment concluded that, at a ward-wide level, PC19, together with several private plan changes (including the Parkburn proposal), would provide sufficient capacity to meet this demand.

While we agree with the demand figures in the Rationale report, which broadly align with Stats NZ's latest high-growth population projections, we disagree with aspects of the supply calculations, as several methodological issues systematically overstate feasible capacity.

First, the estimation of plan enabled capacity appears to include small brownfield lots that are too small to subdivide individually, aggregates them, and then calculates their subdivision potential when considered as one. This is highly unorthodox, and systematically overstates plan enabled capacity. Indeed, such capacity can *only* be realised via site amalgamation, which virtually all developers consider to be prohibitively expensive, inordinately time-consuming, and thus highly undesirable. Accordingly, this element of plan enabled capacity should be removed from the analysis.

Second, more generally, the plan enabled capacity assessment seems to ignore the broader planning envelope, such as setbacks, yard requirements, recession planes, etc., which jointly determine site potential, and instead imposes only a minimum lot size. This does not reflect how development works in the real world, where each site's potential depends on the full suite of plan provisions that apply. When that approach is adopted, the plan enabled capacity figures estimated in the report will decrease even further.

Third, the new figures suggest that there is feasible capacity for more than 6,200 extra dwellings within and around the existing Cromwell township. Since most of that land is already developed, much of this capacity could be achieved only via comprehensive site redevelopment. This is extremely unlikely in Cromwell, though, because its land and dwelling prices are too low to make this financially viable. Indeed, the cost of purchasing an existing dwelling, then demolishing and removing it, before remediating the site and rebuilding new dwellings in its place, is exorbitant. Consequently, the feasible capacity inferred via redevelopment is misleading and should also be disregarded.

Digging a little deeper, it appears that feasibility is not explicitly modelled on a parcel-by-parcel basis as per best practice (i.e., by comparing the total costs of development with revenues to see an

[6] Available here: https://lets-talk.codc.govt.nz/84141/widgets/422738/documents/277596

acceptable return could be made). Instead, feasibility appears to be stated as a target to aspire to. This is highly unusual, so limited weight should be placed on the results of the feasibility assessment.

Finally, the analysis does not appear to consider the proportion of feasible capacity that is likely to be realised, which is the most relevant measure of future supply. Absent this critical step in the process, the capacity figures adopted in the report are of limited inferential value for decision making.

We note that similar issues were raised by economist Natalie Hampson during the PC19 process.[7] We support her analysis and agree with her concerns.

When these factors are accounted for, the sufficiency of supply is likely far more constrained than suggested. Cromwell's population is already above 10,000, building consent activity is rising sharply, and the Ward's growth continues to outpace the rest of the district. Even if plan-enabled capacity appears ample on paper, there is a real risk that insufficient land will be available in practice to support competitive, responsive housing markets.

Against this background, the proposal plays a critical role in ensuring adequate and timely supply. It enables around 1,000 dwellings in a well-located, master-planned setting that directly responds to Cromwell's ongoing growth pressures. In doing so, the proposal reduces reliance on uncertain redevelopment supply, enhances competition in the local land market, and contributes to a more resilient housing pipeline. On this basis, the proposal is demonstrably needed to meet projected demand and to support the efficient operation of the local housing market.

[7] https://ehq-production-australia.s3.ap-southeast-2.amazonaws.com/a16c850f0ec60d5d486b38470f85809e436ddd81/original/1693360108/f7662d7ae52a89844fe3d08baded8c81_9._PC_19_Rationale_Response_to_Late_Evidence_Submitted_by_Natalia_Hampson_.pdf

6. One-Time Impacts of Development

This section estimates the one-time impacts of future development enabled by the proposal.

6.1. Introduction

In a previous section we showed that the proposal could deliver approximately 1,000 new homes plus 17,925 m^2 of non-residential floorspace. Constructing these new buildings, and preparing the land for development (not to mention installing all necessary infrastructure and obtaining all necessary consents and construction approvals) will have significant one-time economic impacts on GDP, jobs, and wages.

6.2. Methodology

We quantified these one-time economic impacts using a special technique called multiplier analysis, which traces the impacts of additional economic activity in one sector – such as construction – through its supply chain to estimate the overall impacts, including flow-on effects. These comprise two parts:

- **Direct impacts** – which capture all on-site and off-site activities directly related to the proposal's development, e.g., home builders and their various subcontractors and suppliers, some of which will be on-site, and some of which will be off-site.

- **Indirect effects** – which capture additional (supply-chain) impacts arising when businesses working directly on the project source goods and services from their suppliers, who in turn may need to source goods and services from their own suppliers, and so on.

These economic impacts are measured in various ways, including:

- **Contributions to GDP (**or **value-added)** – GDP measures the difference between a business' inputs (excluding wages and salaries) and the value of its outputs. It captures the value that a business adds to its inputs to create its own outputs, hence the term "value-added."

- **Total FTEs** – which equals the total number of full-time equivalent workers employed.

- **Total Jobs** – which is the total number of people employed, i.e., including both part-time and full-time workers.

- **Total wages and salaries** – which equals the total amount paid in wages and salaries.

For example, when a construction firm wins a new project, they will subcontract various parts of the build to other companies, such as glaziers, tilers, plumbers, electricians, etc. Those subcontractors, in turn, will then usually need to source additional materials and services from their suppliers, who may then need to source materials and services from their suppliers, and so on. Multiplier analysis enables the impacts of these supply chain interactions to be captured to estimate the overall impact of the new building project, including its direct and flow-on (supply chain) effects.

6.3. Development Assumptions

Based on the location and nature of the proposal, we assume that 75% of the direct and indirect national one-time impacts accrue to the Otago region.[8]

In addition, our analysis incorporates various assumptions about the likely scale and cost of future development. Because reliable information was available on likely residential and non-residential yields, we started with those. Specifically, we first estimated the costs of all residential and non-residential construction. Then, we estimated planning/consenting and earthworks/infrastructure costs as percentages of those. Specifically, we estimated planning and consenting costs equal to 2% of total construction costs, and earthworks/infrastructure equal to 20% of construction costs (based on our experience with similar developments elsewhere in New Zealand).

Table 4 displays our residential development assumptions, which include average dwelling sizes by type and associated build costs[9], for the 999 new dwellings enabled. Overall, residential construction costs are estimated at $630 million in today's dollars.

Table 4: Residential Development Assumptions

Dwelling Types	Count of New Dwellings	Average Size GFA (m^2)	Build Cost ($/$m^2$ GFA)	Total Build Cost ($m)
Higher Density	61	125	$3,950	$30
Urban Density	390	140	$3,950	$215
Suburban Density	338	165	$3,950	$220
Large Lots	100	185	$3,950	$75
Premium Lots	110	210	$3,950	$90
Totals	**999**	**160**	**n/a**	**$630**

Next, Table 5 combines our notional estimates of non-residential floorspace with their associated build costs to yield estimated total construction costs of $70 million in today's dollars.

Table 5: Non-Residential Development Assumptions

Non-Residential Uses	Land Area (ha)	Average Size GFA (m^2)	Build Cost ($/$m^2$ GFA)	Total Build Cost ($m)
Neighbourhood Centre	3.02	15,115	$4,020	$60
Primary School	2.81	2,810	$4,010	$10
Totals	**5.83**	**17,925**	**n/a**	**$70**

Based on the tables above, total construction costs equal $700 million, from which we then derived:

- $14 million for planning, designing, and consenting costs (i.e., 2% of build costs); and
- $140 million for infrastructure and civil works costs (i.e., 20% of build costs).

[8] In some countries, regional I-O tables are commonly used to estimate subnational economic impacts. However, in New Zealand, the regions are generally too small and economically interlinked to produce reliable standalone I-O tables. Regional data is often sparse, outdated, or lacks the industry granularity required for robust modelling. Accordingly, we have used national multipliers and attributed a share of national impacts to the Otago region.

[9] Build costs were based on average values over the year to June 2025 in Otago Region, as reported in building consent data.

6.4. Summary of Development Costs

Table 6 summarises the estimated total cost of the proposal across the four key activities based on the assumptions set out above, which equal $854 million in today's dollars.

Table 6: Summary of Estimated Development Costs ($ millions)

Development Activity	**$ millions**
Planning, Design, & Consenting	$14
Civil Works & Infrastructure Provision	$140
Residential Construction	$630
Non-Residential Construction	$70
Total Development Cost	**$854**

Finally, we mapped these costs[10] to sectors of the regional/national economy, then overlaid the latest economic multipliers to derive the one-off impacts of the proposal, as set out below.

6.5. Estimated Impacts on GDP, Jobs, and Wages

Table 7 presents the one-time impacts of the proposal's development based on the methodology, inputs, and assumptions described above. All activities are assumed to occur over a 10-year period.

Table 7: One-Time Economic Impacts of the Proposal by Activity (spread over 10 years)

	Planning & Design	**Infrastructure & Civil**	**Residential Construction**	**Non-Resi Construction**	**Development Totals**
Annual Jobs					
Direct	4	25	69	7	105
Indirect	3	32	192	21	248
Total	**7**	**57**	**261**	**28**	**353**
Annual FTEs					
Direct	4	24	66	7	101
Indirect	2	30	179	19	230
Total	**6**	**54**	**245**	**26**	**331**
Total Wages $m					
Direct	$4	$24	$49	$7	$84
Indirect	$2	$27	$153	$17	$199
Total	**$6**	**$51**	**$202**	**$24**	**$283**
Total GDP $m					
Direct	$6	$33	$77	$11	$127
Indirect	$4	$48	$263	$30	$345
Total	**$10**	**$81**	**$340**	**$41**	**$472**

[10] This exercise is straightforward for property development projects like this because three of the four key activities identified map directly to sectors in the economic multipliers dataset. Only the fourth activity – planning, design, and consenting – required a more detailed mapping. It was allocated to three sectors: scientific, architectural, and engineering services; legal and accounting services; and advertising, market research, and management services.

In summary, we estimate that:

- Future planning/design/consenting will create full-time employment for 6 people over the 10-year development period, generating total wages/salaries of $6 million;

- Land development (including infrastructure provision and all other civil works) will create full-time work for 54 people, with $51 million paid in wages/salaries;

- Residential construction will provide full-time work for nearly 245 people, with $202 million paid in wages and salaries; and

- Non-residential construction will provide full-time work for 26 people, with $24 million paid in wages and salaries.

Overall, the proposal's development is estimated to provide full-time work for 331 people for 10 years, generating approximately $283 million in wages/salaries, and boosting GDP by $472 million.

6.6. Top 10 Industries by FTEs Employed

To better understand the likely impacts of the proposal's future development, Table 8 reveals the 10 industries likely to experience the greatest employment boosts. Those top 10 industries account for three-quarters of all full-time employment generated by the proposal's development, with the balance spread across numerous other sectors.

Table 8: Top 10 Industries by Annual FTEs Generated during Development

Industries	**Annual FTEs**	**Shares**
Residential building construction	79	24%
Construction services	70	21%
Heavy and civil engineering construction	29	9%
Scientific, architectural, and engineering services	16	5%
Public order, safety, and regulatory services	12	4%
Fabricated metal product manufacturing	11	3%
Wood product manufacturing	11	3%
Legal and accounting services	7	2%
Employment and other administrative services	7	2%
Non-residential building construction	7	2%
Top 10 Subtotal	**249**	**75%**
All Other Industries	82	25%
Total FTE-years (all industries)	**331**	**100%**

7. Ongoing Impacts of Future Uses

This section estimates the annual impacts of the proposal's future non-residential uses once built out.

7.1. Introduction

In addition to the one-off economic impacts of the proposal's development just estimated, its future non-residential areas will also sustain ongoing economic activity over time. Accordingly, this section briefly estimates those impacts in terms of annual contributions to GDP, jobs, and wages.

7.2. Methodology

We estimated the potential annual economic impacts of future activity sustained by the proposal by:

1. Overlaying "land per worker ratios" for each non-residential area to derive total workers per area at full build-out.

2. Applying the same economic multipliers from the previous section to translate future ongoing employment into corresponding measures of annual GDP and wages/salaries.

We now briefly work through each step.

7.3. Inputs & Assumptions

Table 9 shows the land areas and land per worker ratios[11] used in our analysis. Together, they indicate that the proposal's non-residential activity could sustain employment for approximately 180 workers at full build-out, mostly in retail and commercial services, but also in school roles.

Table 9: Non-Residential Land Areas and Workers at Full Build Out

Non-Residential Areas	Total Land (ha)	Land/Worker (m^2)	Future Workers
Neighbourhood Centre	3.02	200	150
Primary School	2.81	1,000	30
Total	**5.83**	**n/a**	**180**

7.4. Annual GDP, Jobs, and Wages

Next, Table 10 summarises the annual economic impacts of future activity sustained by the proposal in terms of FTEs employed, GDP contributed, and wages generated.

Table 10: Estimated Annual Economic Impacts of the Non-Residential Areas (at full build-out)

Non-Residential Areas	Jobs	FTEs	GDP ($m)	Wages ($m)
Neighbourhood Centre	150	123	$12.1	$7.3
Primary School	30	25	$2.4	$2.0
Total	**180**	**148**	**$14.5**	**$9.3**

[11] Derived from Land per Worker ratios provided by Market Economics in the 2023 QLDC Business Capacity Assessment.

In summary, the proposal's non-residential development could sustain the following activity at full build-out:

- Full-time employment for 148 people;
- Annual GDP of more than $14 million; and
- Approximately $9 million paid annually in salaries / wages.

8. Housing Market Impacts

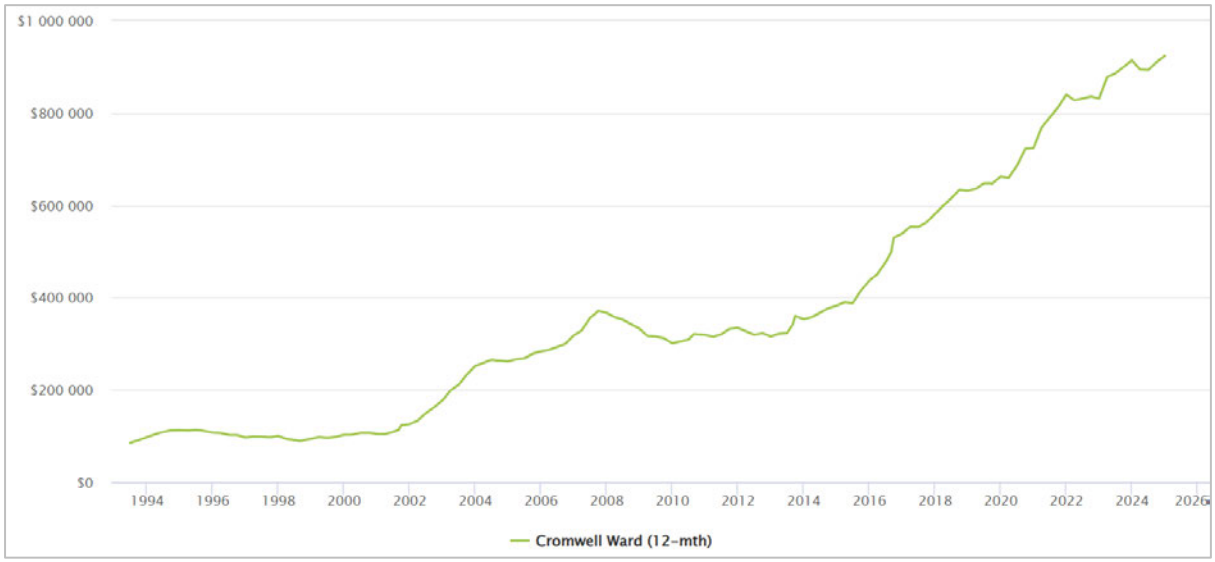
This section assesses the likely impacts of the proposal on the local housing market.

8.1. Significant Boost in Housing Supply

The proposal acknowledges and directly responds to the need for more residential land to meet growth in demand over time, by enabling the development of approximately 1,000 new homes. All other things being equal, this supply boost will help the market to be more responsive to growth in demand, thereby reducing the rate at which city house prices grow over time (relative to the status quo).

This is important as house prices in the study area have risen sharply over recent years, which has led to significant affordability issues. In fact, the median dwelling price in the Cromwell Ward rose by more than 2.5 times over the past decade, from $392,000 in March 2015 to $997,500 in March 2025, a compound annual growth rate of 9.8%. See Figure 8 below.

Figure 8: Cromwell Ward Median Dwelling Sales Prices[12]



To assess whether this supply boost satisfies the definition of "significant" in Objective 6(c) of the National Policy Statement of Urban Development (**NPS-UD**), we used data from a Tier 1 City Council in the North Island, which details the nature and scale of all residential subdivision consents granted there over the past six or seven years. The data covered 1,666 consents and enabled the creation of nearly 13,000 new residential lots.

Of those 1,666 consents:

- The median number of new lots created was only 4;
- Only the top 10% provided 10 lots or more;
- Only the top 3% provided 30 lots or more; and

[12] Available here: https://huddashboards.shinyapps.io/urban-development/

- Only the top 1% provided 75 lots or more.

Based on these data, and drawing on our vast experience with more than 80 residential subdivisions across New Zealand over the past 20 years, we have derived the following rules of thumb for assessing the significance of development proposals:

- 15 to 30 lots represent a significant increase in capacity;
- 30 to 100 lots represent a highly significant increase; and
- More than 100 lots represent an extremely significant increase.

Applying these rules of thumb to the proposal, it follows that the approximately 1,000 additional residential dwellings enabled by the proposal represent an extremely significant increase in development capacity. Importantly, FHLDL has been one of New Zealand's largest greenfield developers over the past 20 years and has the experience, resources, and capability to successfully deliver a project of this scale.

8.2. Land Market Competition

In addition to directly boosting dwelling capacity, the proposal will also help to foster competition in the local land market. This is important because, as recognised through Objective 2 of the NPS-UD, competition is the cornerstone of economic efficiency. When the land market becomes more competitive, land developers have a greater incentive to bring their product to the market in a more timely and cost-effective manner, thus further helping to keep city housing as affordable as possible.

Absent competition, landowners experience "market power", which enables them to charge more for land and be slower in releasing it to the market. Both outcomes conspire against affordability and reduce the overall efficiency of the housing market.

8.3. Providing for a Range of Dwelling Types

The proposal also enables a wide range of dwelling types and sizes to be constructed on the land over time, such as terraced, duplex, and detached dwellings. This diversity of end use helps the proposal give effect to Policy 1(a)(i) of the NPS-UD, which requires planning decisions to contribute to well-functioning urban environments that provide a variety of homes to meet the needs of a diverse population.

Importantly, the proposal includes sections that are considerably smaller than the existing housing stock, with an average section size of approximately 650 m^2 compared to a ward average of approximately 875 m^2. Developments like this help to provide a range of smaller and more affordable dwellings to meet Cromwell's rapidly evolving needs.

8.4. Helping Foster Well-Functioning Urban Environments

Master-planned communities like the proposal provide a strategic and coordinated approach to urban growth, delivering superior economic and social benefits compared to the alternative (fragmented development). For example, these developments:

- **Achieve economies of scale –** Large-scale development lowers per-unit costs through efficient planning and resource allocation.
- **Optimise infrastructure investment –** Coordinated delivery of roads, utilities, and public services reduces inefficiencies and ensures infrastructure is right-sized and cost-effective.
- **Generate employment –** Provide steady employment for local contractors and tradespeople.

Further, master-planned developments like the proposal create well-connected, vibrant neighbourhoods by:

- **Prioritising walkability and accessibility –** Integrated transport networks encourage active transport, reducing car dependency and promoting healthier lifestyles.
- **Providing essential amenities on-site –** Such as the retail and commercial services (indicatively) anticipated in the proposed commercial node.
- **Enhancing safety through CPTED principles –** Thoughtful urban design improves visibility, deters crime, and promotes secure public spaces.

Finally, unlike fragmented growth, which often leads to inefficiencies, master-planned communities:

- **Prevent inconsistent urban form –** Coordinated development ensures a seamless integration of infrastructure, housing, and amenities.
- **Avoid land banking –** Large-scale projects encourage timely development, addressing housing and infrastructure needs efficiently.
- **Reduce reliance on external infrastructure –** Self-sufficient communities alleviate pressure on existing networks, supporting sustainable urban expansion.

In short, master-planned communities like the proposal not only enhance day-to-day life for residents but also establish a foundation for sustainable, long-term growth that supports a well-functioning urban environment.

9. Industrial Market Impacts

This section presents the current demands for industrial land and the likely impact of the loss of industrial zoned land.

9.1. Industrial Land Use Profile

Cromwell Ward's industrial land is concentrated to the south of the Cromwell township. We used fine-grained employment data to profile the mix of activities within the industrial zoned area, which currently houses a wide range of industrial and trade-related uses. It is especially strong in construction, logistics, and forms of manufacturing. Key sectors include:

- **Construction**, such as heavy and civil engineering construction, building installation, and residential building construction.
- **Freight and logistics**, including road freight transport and warehousing.
- **Manufacturing**, including structural metal product manufacturing, beverage manufacturing, and various small-scale producers in food, furniture, polymer, and wood products.
- **Automotive services**, including repair and maintenance.

Table 11 highlights the ten largest industrial employment categories as at February 2024. These figures show that Cromwell's industrial base is weighted toward construction and trade-related activities, with relatively little activity in higher-value or specialist manufacturing (e.g., food processing, electrical equipment, or printing). This indicates that Cromwell functions more as a service and logistics hub supporting local growth, rather than as a specialised manufacturing precinct.

Table 11: Top 10 Industrial Employment Categories in Cromwell West (2024)

ANZSIC Code	Industry Description	Employment
E310	Heavy and Civil Engineering Construction	190
F333	Timber and Hardware Goods Wholesaling	170
E323	Building Installation Services	150
I461	Road Freight Transport	130
E301	Residential Building Construction	120
C222	Structural Metal Product Manufacturing	95
C121	Beverage Manufacturing	65
S941	Automotive Repair and Maintenance	50
E322	Building Structure Services	40
E329	Other Construction Services	35

9.2. Vacant Industrial Land

To assess current development capacity, we reviewed all parcels within Cromwell Ward's industrial zones using Cotality's *Property Guru* tool and confirmed their status via desktop checks. This process identified a total of 65 vacant or underutilised parcels, equating to around 9.6 hectares of land that is realistically available for industrial development.

While this represents a modest supply of developable land, it is important to note that this estimate is likely conservative, as significant amounts of land classified as vacant by Cotality appear to be in use by yard-based activities and have been excluded.

For context, a recent economic assessment (September 2024) undertaken by Savvy Consulting for Plan Change 23 estimated a much larger stock of vacant industrial land in Cromwell Ward, at around 41 hectares (excluding the subject site).[13] While the two figures differ considerably, our lower estimate demonstrates that even on a conservative basis, Cromwell retains a measurable supply of industrial land.

9.3. Need for Additional Industrial Land

Future industrial demand to 2048 was projected by linking growth in Cromwell Ward's working-age population to likely changes in employment and translating these into floorspace and land requirements. The steps in this analysis are set out as follows:

i. Identify projected increases in Cromwell Ward's working age population.
ii. Translate growth in working age population to growth in employment.
iii. Estimate the share of additional employment going to industrial sectors.
iv. Convert additional industrial employment to additional industrial floorspace.
v. Convert extra industrial floorspace to additional demand for industrial land.

Table 12 shows the results of applying this process to three future growth scenarios – low, medium, and high.

Table 12: Projected Demand for Additional Industrial Zoned Land

Reference	Steps in the Analysis	Low	Medium	High
a	Projected growth in the working age population	620	1,360	2,080
b	Future employment rate	60%	59%	58%
c	Share of extra employment in industrial activities	30%	30%	30%
d = a * b * c	Projected future increase in industrial employment	110	240	360
e	Average industrial floorspace per employee (m^2)	100	100	100
f = d * e	Total additional industrial floorspace (m^2)	11,000	24,000	36,000
g	Average floor area ratio for industrial uses	0.4	0.4	0.4
h = f / g / 10,000	Additional demand for industrial land (ha)	2.8	6.0	9.0

In summary, demand is estimated at 2.8 hectares under a low-growth scenario, 6.0 hectares under the medium-growth scenario, and 9.0 hectares under the high-growth scenario to 2048.

By comparison, our capacity assessment identified 9.6 hectares of vacant industrial-zoned land, which equates to around 1.6 times the most-probable (medium) demand estimate. On this basis, the rezoning of the subject site from industrial to residential use is unlikely to constrain Cromwell's ability to meet future industrial needs. If the larger 41 hectares of vacant capacity identified in Savvy Consulting's 2024 assessment is adopted, surplus supply would exceed projected demand by a

[13] Available here: www.codc.govt.nz/publications/plans/2district-plan/05-district-plan-changes/plan-change-23-hartley-road-partnership

substantial margin, reinforcing that the impact of losing the subject site's industrial zoned land will be negligible.

It is also relevant to point out that the site's existing industrial zoning is effectively tied to quarry-related activities. In our view, once quarrying ceases, these activities are unlikely to relocate to Cromwell's industrial areas, as they are specific to quarry operations rather than general industrial demand. Any that continue operations are more likely to collocate with another quarry.

Finally, we note that the high-level analysis above considers only the likely impacts of the proposal on industrial land supply given the remaining stock of vacant industrial land. In addition, however, extra industrial floorspace capacity can be provided via the potential intensification or redevelopment of existing sites. When this potential is accounted for, the overall impact of the proposal on the local industrial land market is expected to be less than minor.

10. Wider Economic Impacts

This section considers a range of wider economic impacts of the proposal.

10.1. Project Acceleration

Not only will the proposal provide meaningful employment for a wide range of local workers, as illustrated above, but it will likely progress considerably faster via the FTAA process than would otherwise be the case. Absent fast-track approval, the proposal is likely to be subjected to a protracted resource consent process that would invariably take significantly longer. Accordingly, the proposal enables the project to commence sooner, thereby allowing the associated economic benefits to be realised sooner too.

10.2. Critical Mass & Support for Local Retail/Service Provision

As future development enabled by the proposal occurs and new residents move to the area, they will help create critical mass to support a small amount of onsite commercial provision to meet daily needs (potentially) without the need for private motor vehicle travel. In addition, spending by future residents will provide support for the ongoing health and vitality of nearby centres, including Cromwell, Clyde, Alexandra, Queenstown, and Wanaka.

To put this in context, we estimated likely future spending originating on the subject site at full build-out by applying average spending from the latest Household Economic Survey.[14] To be conservative, these estimates ignore ongoing growth in annual household income over time. The results are tabulated below and reflect total annual spending by 999 new households.

Table 13: Projected Future Spending Originating On-site

Expenditure Group	Annual Spend per Household	Total Annual Spend ($ millions)
Food	$13,950	$13.9
Alcoholic beverages and tobacco	$2,200	$2.2
Clothing and footwear	$1,650	$1.6
Housing and household utilities	$17,950	$17.9
Household contents and services	$2,700	$2.7
Health	$1,800	$1.8
Transport	$11,250	$11.2
Communication	$2,000	$2.0
Recreation and culture	$6,700	$6.7
Education	$700	$0.7
Miscellaneous goods and services	$6,450	$6.4
Other expenditure	$7,500	$7.5
Total Household Expenditure	**$74,850**	**$74.8**

Table 13 shows that future residents of the proposal will spend an estimated $74.8 million per annum on a wide range of household goods and services.

[14] For the South Island (excluding Canterbury).

10.3. Infrastructure Efficiency

Although the existing quarry operates largely with self-contained water, wastewater, and stormwater systems, the site's location adjacent to the Pisa Moorings residential enclave means it is close to established public infrastructure. Redevelopment for residential use would enable the connection to nearby water, wastewater, and stormwater networks without the need for extensive new network extensions. This proximity reduces the scale of new public infrastructure investment required, lowers financial risk to Council, and supports more efficient use of existing assets. It also helps to contain development costs, supporting housing affordability.

10.4. Highest and Best Use of Land

The proposal will also enable the land to be put to its highest and best use, which is a precondition for economic efficiency to hold in the underlying land market.

10.5. Investment Signal Effects

Finally, the development will provide a strong signal of confidence in the district economy, which may help spur on, accelerate, or bring forward other developments.

11. Conclusion and Checklist

11.1. Conclusion

The Cromwell Ward's population is growing rapidly, and a steady supply of new homes is needed to accommodate this growth. This proposal addresses that need directly and:

- Makes a **regionally significant contribution to housing supply**; and
- Generates **significant regional economic benefits**.

The fast-track process ensures these benefits are realised sooner than traditional development pathways would otherwise normally allow. On that basis, we consider the proposal meets criteria 22(2)(a)(iii) and 22(2)(a)(iv) of the FTAA and we support it on economic grounds.

11.2. FTAA Criteria Checklist

The following table provides a signpost to where each of the relevant criteria listed in Section 22(2)(a) of the FTAA are addressed in this report.

Table 14: Assessment Against Section 22(2)(a) Criteria of FTAA

Ref	Criterion	Signpost
(i)	Identified as a priority project in government plans or strategies	n/a
(ii)	Delivers new or supports existing regionally/nationally significant infrastructure	n/a
(iii)	Increases housing supply, addresses housing needs, or contributes to a well-functioning urban environment	Sections 5, 8 & 10
(iv)	Delivers significant economic benefits	Sections 6, 7 & 10
(v)	Supports primary industries, including aquaculture	n/a
(vi)	Supports development of natural resources, including minerals and petroleum	n/a
(vii)	Supports climate change mitigation (e.g. reducing greenhouse gas emissions)	n/a
(viii)	Supports climate change adaptation, reduces risk from natural hazards	n/a
(ix)	Addresses significant environmental issues	n/a
(x)	Consistent with local/regional planning documents and spatial strategies	n/a