Memo

To: Novo Group, NTP Development Holdings Limited
From: Natalie Hampson, Savvy Consulting Limited
Date: 20 November 2025
Subject: Section 55 Response to Pound Road Fast Track Comments – Economics

Declaration and Qualifications

My name is Natalie Hampson. I am the owner and director of Savvy Consulting. I authored the economic report appended to the Pound Road Fast Track application. I have been an economic consultant for nearly 25 years. My project experience spans New Zealand and includes work for private and public sector clients, covering assessments for resource consents, plan changes, national, regional and district policy changes, funding applications and Fast Track applications. I am currently a member of an Expert Panel for the Taranaki VTM Fast Track application. Further detail of my experience in Greater Christchurch is appended to my main economic report.

I have been asked by NTP Development Holdings Limited ('NTP') to provide a response to the economic benefits and costs contained within the written comments on Pound Road Industrial Development from persons invited by the Panel to comment under Section 53 of the Act. My response is in regard to the Christchurch City Council (CCC) comments. In preparing this response, I have taken into consideration CCC's report prepared by Mr Ward, and Formative's Economic Review provided at Appendix 4 of the CCC comments. I have also reviewed the memo prepared by Mr Millner.

Although this is not an Environment Court proceeding, I confirm that I have read the Environment Court Code of Conduct for expert witnesses in the Environment Court Practice Note 2023 and agree to comply with it. I confirm that the opinions expressed in this statement are within my area of expertise except where I have relied on the evidence of other persons. I have not omitted to consider materials or facts known to me that might alter or detract from the opinions I have expressed.

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Matters in Agreement

Formative is supportive of key aspects of the Economic Assessment, including:

- The study area applied, which captures and acknowledges industrial zoning across Greater Christchurch.
- Published BDCA demand projections underestimating industrial and warehousing/logistics land demand and now being are out of date.
- Conclusions that at a district level, Christchurch City would likely have surplus zoned industrial zoning relative to expected demand in the medium term.
- Any future rezoning of central industrial land in Christchurch will place greater demand on other zoned industrial land in the future (over and above industrial employment growth).
- General acceptance of the lower range of vacant land demand scenarios modelled for Islington-Hornby South industrial area, being 8.8-13.3ha per annum of vacant parcel take-up over the medium term (excluding the competitiveness margin).
- Agreement that the scale of the development is significant in the context of the local area and would contribute to meeting long term demand.
- That the proposed site is suitable for industrial development and would likely contribute to a well-functioning urban environment (including but not limited to supporting more competition in the industrial land market).
- The construction and operation of the proposed industrial area represent positive economic benefits, likely to be significant at the regional level (even if lower than estimated in the Economic Assessment).

Overarching Matters

Formative is of the view that the NPS-HPL test (3.10(1)(c) has not been adequately assessed in the Economic Assessment. This aspect of Formative's review is not further addressed in this memo as CCC has already stated its position that this test is likely met, taking into consideration a range of Applicant and CCC reports, including the Economic Assessment.[1]

As a general point, while the Economic Assessment estimated the sufficiency of zoned industrial land in the Islington-Hornby South locality to provide context for the contribution of the proposed development to vacant capacity (and sufficiency in the medium and long

[1] Mr Ward, CCC, paragraph 268.

term), and that this is contested by Formative, Savvy acknowledges CCC's overarching position that the NPS-UD sufficiency test is useful but not fundamental to the assessment of benefits of the Project under the FTAA.[2] As Formative does not conduct their review from that perspective, the responses to Formative's review in relation to sufficiency, are provided for completeness only.

Key Issues Raised by Formative

1. **Demand and supply of industrial land should be assessed at a broader geographic area and not just within the Islington Hornby-South locality.**

- Savvy agrees that the drivers of industrial activity demand (particularly those arising from business activity) are widespread, including at a district or regional level. However, this does not automatically mean that that demand can and will be met across a range of industrial locations and in turn that demand and capacity assessment should be limited to a district or Greater Christchurch level. Demand for industrial activity should not be confused with demand for industrial land – as these operate in different spatial contexts. It is the industrial land demand that is of key relevance.
- Formative's view ignores the fact that different industrial locations within Greater Christchurch have different industrial zoning, which may limit certain types of industrial activity to some locations and not others.
- It also assumes that all industrial locations are equal in their accessibility, lot size, tenure and price attributes – i.e. are fully substitutable. There is clear evidence in the Savvy report that industrial locations in Greater Christchurch attract different types and quantities of demand, including different sized businesses. This aligns with co-location principles where some businesses prefer to locate in locations where their competitors or supporting industries locate – such that different industrial areas start to specialise over time. This again reduces the utility – for the purpose of this Fast Track application economic assessment – of simply adopting a district or Greater Christchurch wide demand and capacity assessment approach.
- Formative also ignore that vacant capacity is not available in all industrial locations and so demand and supply is geographically concentrated – reinforcing that demand is not substitutable or neutral between all industrial locations.
- Savvy therefore disagrees with Formative that industrial businesses do not have preferences to locate in particular parts of the Christchurch urban environment.

[2] Mr Ward, CCC, paragraph 46.

- Savvy has triangulated multiple sources of data and analysis to comprehensively understand industrial activity and industrial land demand across Greater Christchurch. This assessment showed that industrial land demand in Christchurch is not ubiquitous and neutral of location. Rather, it is strongly focussed on Islington-Hornby South. The Islington-Hornby South industrial location stands out from other industrial locations when assessed across multiple metrics. This evidence based approach informs the appropriateness of then focussing the rest of the economic assessment on Islington-Hornby South as opposed to a district or Greater Christchurch level assessment.
- Further, the methodology applied by Savvy to understand demand for industrial land in Islington-Hornby South in no way suggests that the drivers of industrial activity demand are not understood or acknowledged to be widely dispersed. Nor does it assume that the Islington-Hornby South industrial location does not compete (to some extent) with a limited number of other industrial locations (that have vacant capacity and similar location attributes for those type of businesses) for land take-up.[3]
- The method applied by Savvy accounts for how much of that wider demand translates into land demand (supply) specifically in that location. That is, it focusses on Islington-Hornby-South's market share of growth based on recent trends and does not ignore the fact that this location exists within a wider industrial economy.

2. Consent patterns at the Christchurch City level overstate land take-up estimates because they will include consents not given effect to, expansions of existing buildings and redevelopment (the latter two not equating to vacant site take up).

- At the outset, consent data is one of several data sources considered to understand industrial land demand growth in Christchurch City, and the conclusions of the report on the significance of the Project are not in any way dependent on this single data source. The value of the consent data is that it broadly corroborates other industrial demand data sources.
- CBRE commentary specifically refers to new buildings and identifies key examples of new supply that are in greenfield industrial locations.
- Page 36 of the Savvy report already acknowledges that while the consent data is limited to 'new' industrial buildings, it can include redevelopment of industrial sites, where old buildings are removed and replaced with new buildings. However, as

[3] Savvy did not state that Islington-Hornby South is not substitutable with other locations, as asserted by Formative.

noted in the report, when considered in conjunction with market commentary reports, Savvy considers that the consent data is weighted towards new buildings on greenfield vacant sites.

- Savvy does not accept that the consent data is overstated due to including expansions of existing buildings. The data is extracted from InfoShare and specifically excluded consents for 'Altered' buildings.
- Page 27 of the Savvy report sets out that there is strong alignment between industrial floorspace consented in the year ending June 2024 (112,000sqm) in Christchurch and the development of new industrial floorspace monitored by CBRE (105,000sqm). Notwithstanding acknowledged lags between consented and constructed floorspace, this shows that potentially 94% of consented industrial floorspace is being built. Even taken the midpoint of consented new industrial floorspace from the year ending June 2023 and 2024, the new supply monitored by CBRE would capture 80% of consented floorspace. This suggests a high realisation rate for consented industrial development in Christchurch City.

3. Vacant take up analysis overstates demand due to some parcel level errors and therefore demand scenarios are not reasonable.

- Savvy accepts that the parcel(s) at 59 Owaka Road have been incorrectly assigned to take-up between 2016-2020. The reason it was classified that way is that the only permanent building within the main site area (i.e. excluding the small building on the accessway entering the site) was constructed between 2016 and 2020 and building outlines were a key input to determining changes in permanent occupation. However, Savvy now acknowledges that the site has been occupied as a yard up to and including in the base year of 2016. The adjustments to the take-up scenarios calculated by Formative are therefore broadly accepted.[4]
- With regard to the example cited at 5 Industrial Place (which is 27 Enterprise Avenue according to data I hold), Savvy accepts that site does likely represent vacant capacity and is not tied to the occupation of the adjoining site prior to (and including) 2016. The site is still owned by the developer and is not vested as a reserve. This makes no difference to demand (take-up) scenarios but adds 1.98ha into the vacant capacity assessment.
- With regard to the example cited at 2 Establishment Drive owned by Oji Fibre. While Savvy accepts that there is a (maintained) grassed area on the site, the site remains

[4] There are two parcels in the site shown by Formative and as such, I deduct 10.37ha rather than 9.7ha stated by Formative.

as a single parcel today. I.e. that unoccupied land has not been subdivided off. In this instance, Savvy considers it too speculative to assume that the grassed area represents a vacant site that can be taken up by another business. No changes are accepted.

- With regard to the example cited at 69 Seymore Street, Formative note that it has been previously occupied since the 1970s. However, the site was vacant for just over 10 years before being developed between May and October of 2017. Savvy considers that such a prolonged vacancy means that it is valid to account the latest development of that site as take-up of vacant land between 2016 and 2020. No changes are accepted.
- All else being equal, only the 59 Owaka Road site alters the reported take-up scenarios. These are adjusted to 105.3-176.4ha[5] (including the margin) for the medium term (10 year outlook) and 307.1-514.6ha (including the margin) for the long term (30 year outlook).
- Formative is of the view that only the low and medium demand scenarios are likely to be reliable and discount the high demand scenario.
- Despite the one error identified, Savvy disagrees that the higher demand scenario is unreasonable to consider as a scenario of future demand. Savvy has (for the purpose of this comment response) updated the vacant parcel/take-up analysis using the latest Google Earth aerial images dated March 2025. Since the completion of the analysis contained in the report, vacant land in the Islington-Hornby South industrial area has further reduced by a significant 36.1ha. This was comprised of 35.4ha of take-up for new industrial development on otherwise vacant sites, and 0.66ha of vacant zoned industrial land instead being used for a residential subdivision. This additional take-up of 35.4ha is the most rapid period of take-up since 2016 when Savvy's monitoring begins.
- Even if spread over 12 months to be conservative (rather than October 2024-March 2025), this is a rate of 35.4ha per annum. Between January 2016 and March 2025, the average annual take up sits at 15.4ha/annum. This equates to medium term demand (including the competitiveness margin) of 185ha of land directed at the Islington-Hornby South industrial location.
- While Formative raise concerns about Savvy's demand projections for Islington-Hornby South relative to the latest CCC projections of 86-147ha including the margin over the medium term, it is relevant to note that the CCC modelling is employment driven and is therefore likely to reflect a net outcome of demand. As explained in

[5] I.e., 8.8ha-14.7ha/annum excluding the margin.

Savvy's report some industrial areas are experiencing reductions in industrial employment with corresponding reductions in industrial land required. Combined with potential transfer of existing industrial activities from central industrial areas (not likely to be captured in CCC's employment based model), it is entirely possible that Islington-Hornby South (which is already capturing the most industrial growth compared to other locations in Christchurch) could grow above the net average growth projected for the city as a whole.

4. Implication of non-developable land area (percentage) assumptions on greenfield land capacity within Islington-Hornby South industrial area.

- Formative state that they have calculated a 21% non-developable land portion from stages 1 and 2 of the Project's site plan and states that this is "comparable to other industrial developments". Therefore, Savvy's assumption of 30% non-developable underestimates zoned development capacity. Applying 21% instead changes total net developable capacity from 186.6ha (Full Vacant Capacity Scenario) to 193ha.
- Accounting for the one missed vacant land parcel identified (discussed above), the actual value would be 194.6ha based on Savvy's updated modelling.
- Given that this assumption only applies to a portion of vacant land assessed at the time as being greenfield, Formative's suggested changes (combined) increase vacant capacity by a minor 4%.
- More importantly, accounting for the most recent take-up of vacant land, correcting for the one vacant site error and applying Formative's suggested 21% non-developable area for greenfield land, vacant land in the Islington-Hornby South industrial location is now 15% lower than reported in Savvy's Economic report. In other words, further reductions in vacant land more than offset any changes in the assumptions used for net developable area in the analysis. Vacant capacity in the Islington-Hornby South currently ranges between 126.7ha (conservative capacity scenario) and 158.5ha (full capacity scenario).[6] Appendix 1 includes the original and latest vacant parcel maps.

5. Sufficiency in the medium term if exclude high demand scenario.

- Formative accept potential for long term insufficiency of zoned capacity in the Islington-Hornby South industrial location if the location continues to attract high shares of industrial demand growth. However, by discounting Savvy's higher

[6] And adopting Formative's 21% non-developable area ratio for greenfield sites.

demand scenario, and increasing greenfield capacity with a 21% non-developable assumption, they consider that there is sufficient zoned capacity in the medium term.

- As discussed above, very recent vacant land take-up rates in the Islington-Hornby South industrial location have far exceeded even the high demand scenario previously modelled. Incorporating that new period of take-up, I have retained the low demand scenario of 8.8ha/annum, what was the high demand scenario (adjusted for errors) now becomes the medium demand scenario (14.7ha/annum), and the new longer run average (based on January 2016-March 2025) becomes the new high demand scenario (15.4ha/annum). These demand scenarios exclude the competitiveness margin and the very high recent period rate (35.4ha/annum) is excluded as a scenario to be conservative.
- When combined with the latest vacant capacity scenarios (and adopting the 21% non-developable area for greenfield land), the medium term shortfalls are now higher in absolute terms and apply consistently to the updated medium and high demand scenarios. Only under the low demand scenario (which included the Covid period), would there be at least sufficient capacity in the next 10 years. Appendix 2 contains the updated and latest sufficiency assessment.

6. Construction assumptions do not align with the subdivision pattern and therefore construction impacts are over-stated.

- Formative do not raise any concerns with the calculation of construction impacts other than for the assumptions around total GFA (an input to the calculations).
- Savvy accepts Formative's feedback that there is an apparent error in future industrial building floorspace inputs to the economic impact modelling. Savvy's calculations were based on an older site plan that did not entirely match the one lodged (July 2025 version, as shown in the Formative report).
- The site plan has since been further revised (prior to comments being invited). Savvy has updated the economic impact modelling of construction impacts based on the September 2025 site plan. This also contains 74 lots (with two being super lots). While the number of future lots in the super lots (400 and 401) is unknown, Savvy has reduced these lots to account for future roads so that the relevant building floorspace on those lots can at least be applied in aggregate.[7] The same site coverage of 60% is applied to all lots. Total GFA if all sites contained a building would be 292,400sqm GFA (19% less than stated in the Savvy economic report).

[7] Savvy has reduced lot 400 by 10% to account for a single road through the site and has reduced lot 401 by 21% as per Formative's calculations.

- The updated economic impacts of the construction of the Project (land development and future building construction) are contained in Appendix 3. Cumulative total economic impacts have decreased by 17%, attributable to the lower building construction impacts. Savvy notes that land development impacts are considered understated as the unit cost of infrastructure per lot is based only on 74 lots and does not allow for the super lots to sustain additional roading and infrastructure connections etc.
- The construction of the Project is still considered to deliver significant cumulative employment and Value Added impacts for the Canterbury Region (now estimated at $_{2020}$470 million and 3,555 FTE years).[8] The Value Added impact includes $_{2020}$215 million in total household incomes. As per the Savvy report, long term operational impacts from future business occupying the Site (value added and employment) are additional to these construction impacts and this will generate significant economic benefits year on year for the region.

7. Assumption that all GDP and employment impacts from construction are net additional to the region and that transfer effects have not been acknowledged (which is common practice).
- This is inaccurate. Transfer effects are acknowledged at the beginning of section 6.2 of the Savvy report and in the caveats of the input-output modelling discussed on page 73).

8. Economic assessment has not considered (whether quantified or just recognised) all costs of the project, including infrastructure costs, transport effects and other intangible externalities (unspecified). Important that those potential costs are "at least recognised".
- Other costs (externalities) of the Project are addressed by other technical reports.
- Savvy's Economic assessment is an input to the application, setting out economic benefits and economic costs (impacts) that can be used in the proportionality assessment. It was not the role of the Economic Assessment to carry out the proportionality assessment for the application as a whole.
- Importantly, this has been addressed in the main application document – drawing on all the technical reports and taking into account proposed conditions which avoid or mitigate actual and potential adverse impacts.

[8] Present value of total construction value added across the estimated 16.5 year development period is $232.4m (8% discount rate) or $388.2 (2% discount rate).

- Based on Mr Ward's review, Council has been able to determine (subject to some recommended changes to conditions) that adverse impacts relating to the approval sought will not be sufficiently significant so as to be out of proportion to the Project's benefits. This is in reliance of the application documents as a whole which confirms that Council's evaluation is not dependent solely on the Economic Report for their evaluation.

Concluding Comments

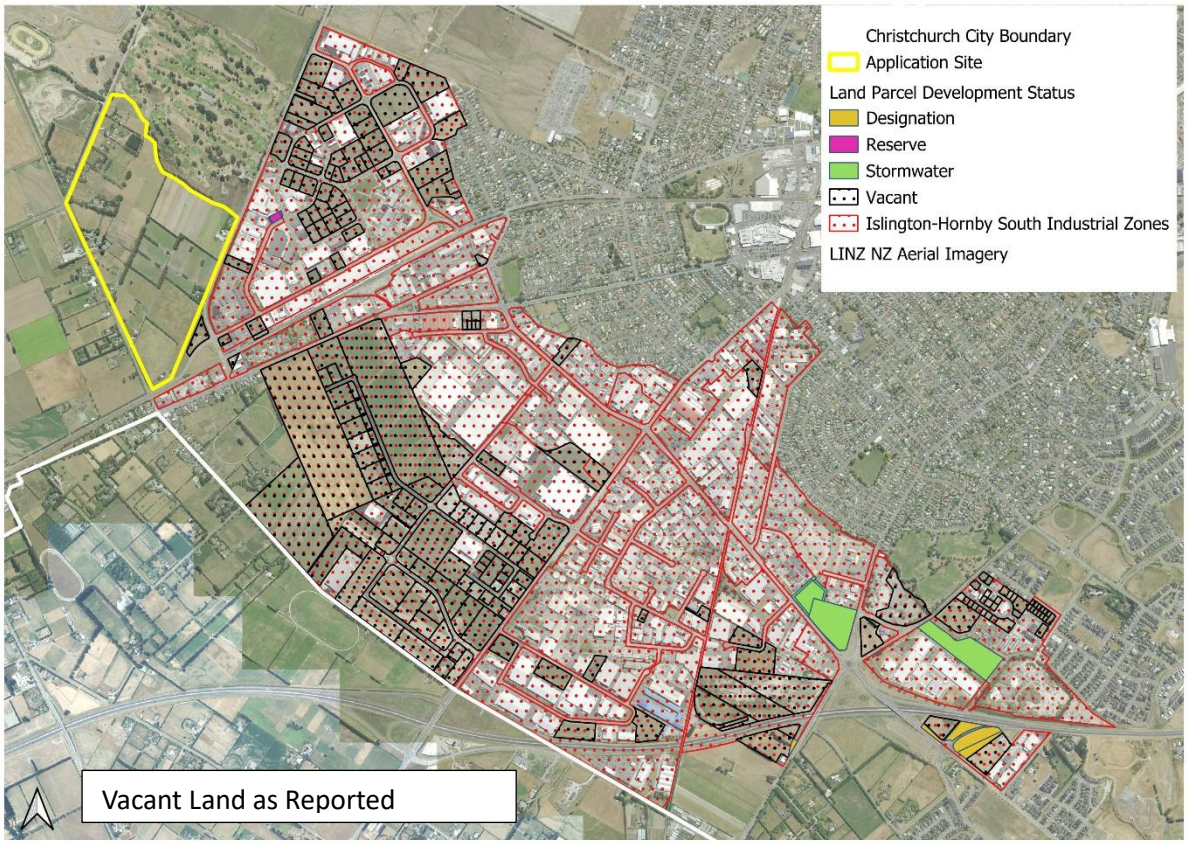
Savvy has taken into consideration some aspects of Formative's review (where agreed) and has updated aspects of the economic analysis accordingly. Importantly, those updates do not alter Savvy's conclusions on the significant economic benefits of the Project for the region and its alignment with the purpose of the FTAA. These benefits include:

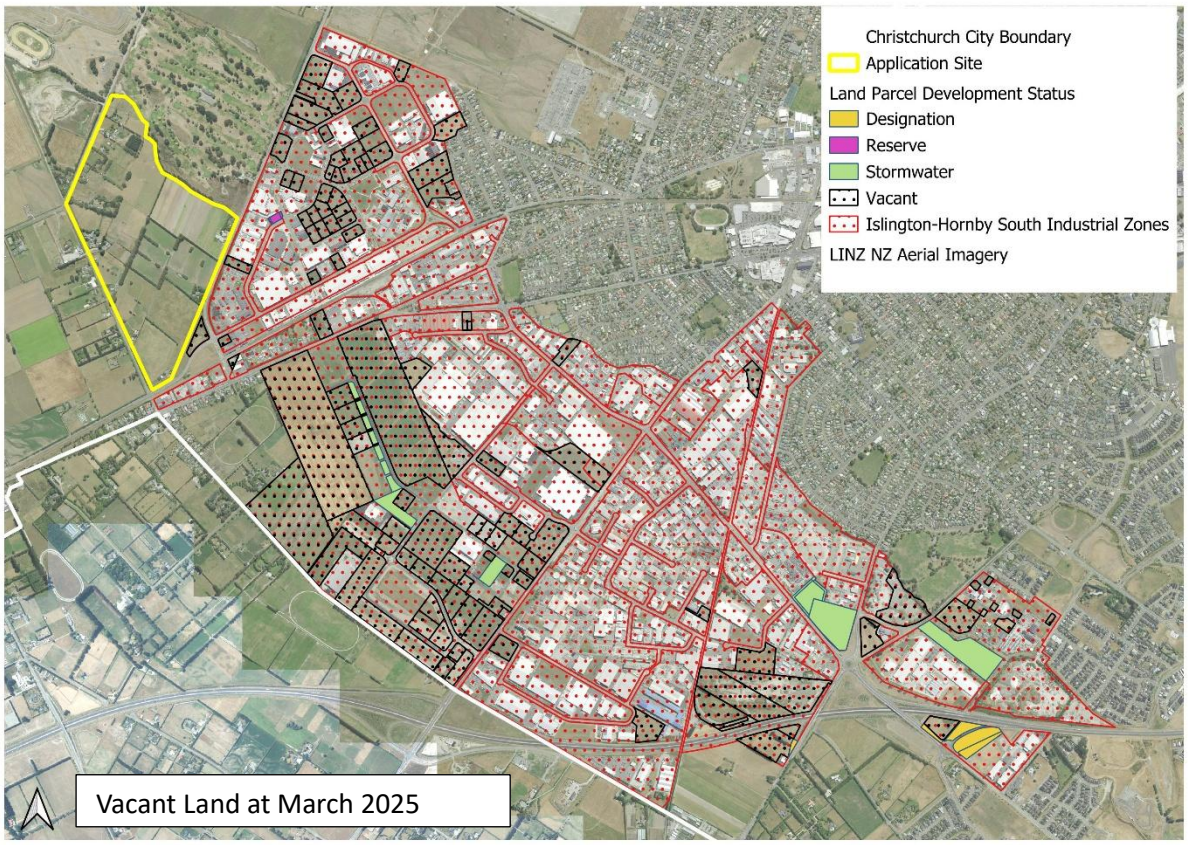
- Helping ensure that Greater Christchurch provides at least sufficient capacity to meet expected industrial land demand in the short, medium and long term.
- Contributing significant total value added and sustaining direct, indirect and induced employment during the land development and building construction stages (now estimated at $\$_{2020}$470 million ($\$_{2020}$232 million present value at an 8% discount rate) and 3,555 FTE years). This construction impact is not expected to displace other construction activity in Greater Christchurch. Christchurch's construction industry is large and requires a constant pipeline of projects to sustain its workforce. This Project will form part of that pipeline.
- Provides capacity to support a large number of industrial businesses which collectively will contribute significant net[9] total value added to the Canterbury economy annually and sustain significant net long term direct, indirect and induced jobs. Many businesses attracted to the locality are focussed on wholesaling, logistics, manufacturing, warehousing, transport and construction and serve regional or South Island catchments. The Project can be expected to attract a similar mix of activities.
- Expands an existing industrial locality and therefore supports greater agglomerations benefits in the locality.

[9] I.e. after accounting for foregone value added and employment sustained by continued status quo primary productive use of the Site. While operational economic impacts have not been quantified, the upstream multipliers for industrial activity substantially outweigh the multipliers from vegetable crop horticulture. Formative agree that construction and operational impacts will be significant and the LandVision Report by Mr Millar also confirms that the social and economic cost benefit is likely to be positive in favour of industrial development.

- Supports a competitive industrial land market by introducing more land that can be purchased (freehold) in a location of high relative demand that is highly suited for industrial development and supports a well-functioning urban environment.

Appendix 1 – Original and Latest Vacant Parcel Analysis – Islington-Hornby South Industrial Location





Appendix 2 – Revised and Updated Sufficiency Results

Demand and Capacity Scenario Description	Demand (ha)		Vacant Capacity (Net Developable) by Scenario (ha)	Sufficiency (ha)	
	Medium Term (2024-2034) Incl. Margin	Long Term (2024-2034) Incl. Margin		Sufficiency Medium Term	Sufficiency Long Term
Sawy Take Up Rate - Low & Conservative Capacity	105.3	307.1	126.7	21.4	- 180.4
Sawy Take Up Rate - Moderate & Conservative Capac	176.4	514.6	126.7	- 49.8	- 387.9
Sawy Take Up Rate - High & Conservative Capacity	185.0	539.6	126.7	- 58.3	- 412.9
Sawy Take Up Rate - Low & Moderate Capacity	105.3	307.1	140.4	35.1	- 166.7
Sawy Take Up Rate - Moderate & Moderate Capacity	176.4	514.6	140.4	- 36.0	- 374.2
Sawy Take Up Rate - High & Moderate Capacity	185.0	539.6	140.4	- 44.6	- 399.2
Sawy Take Up Rate - Low & Full Capacity	105.3	307.1	158.5	53.2	- 148.6
Sawy Take Up Rate - Moderate & Full Capacity	176.4	514.6	158.5	- 17.9	- 356.0
Sawy Take Up Rate - High & Full Capacity	185.0	539.6	158.5	- 26.5	- 381.1
Colliers Take Up Rate (18.4ha/annum) and Capacity	220.8	644.0	142.8	- 78.0	- 501.2

Source: Savvy, Colliers. Take up rates in each scenario are assumed to hold constant over the medium and long term.

Appendix 3 – Revised economic impacts of direct and facilitated project construction based on 74 lots shown in latest application version (dated September 2025) and updated average building size for that lot layout.

	Direct Impact	Indirect Impact	Induced Impact	**Total Impact**
Design/Planning/Consents				
FTEs (annual average)	0.7	0.4	0.4	**1.4**
Value Added ($$_{2020}$$m)	$ 0.0	$ 0.0	$ 0.0	**$ 0.1**
Gross Household Income ($$_{2020}$$m)	$ 0.0	$ 0.0	$ 0.0	**$ 0.1**
Land Development				
FTEs (annual average)	5	7	4	**15**
Value Added ($$_{2020}$$m)	$ 2.5	$ 3.5	$ 2.2	**$ 8.1**
Gross Household Income ($$_{2020}$$m)	$ 1.7	$ 1.8	$ 0.8	**$ 4.3**
Building Construction				
FTEs (annual average)	45	138	50	**233**
Value Added ($$_{2020}$$m)	$ 98.2	$ 258.1	$ 105.7	**$ 462.1**
Gross Household Income ($$_{2020}$$m)	$ 40.6	$ 130.3	$ 40.1	**$ 211.0**
Total Project (Undiscounted)				
FTEs - Years	693	2,100	762	**3,555**
Value Added ($$_{2020}$$m)	$ 101	$ 262	$ 108	**$ 470**
Gross Household Income ($$_{2020}$$m)	$ 42	$ 132	$ 41	**$ 215**

Source: StatisticsNZ, Savvy Consulting, Client Inputs. Results are in $2020 and employment terms.

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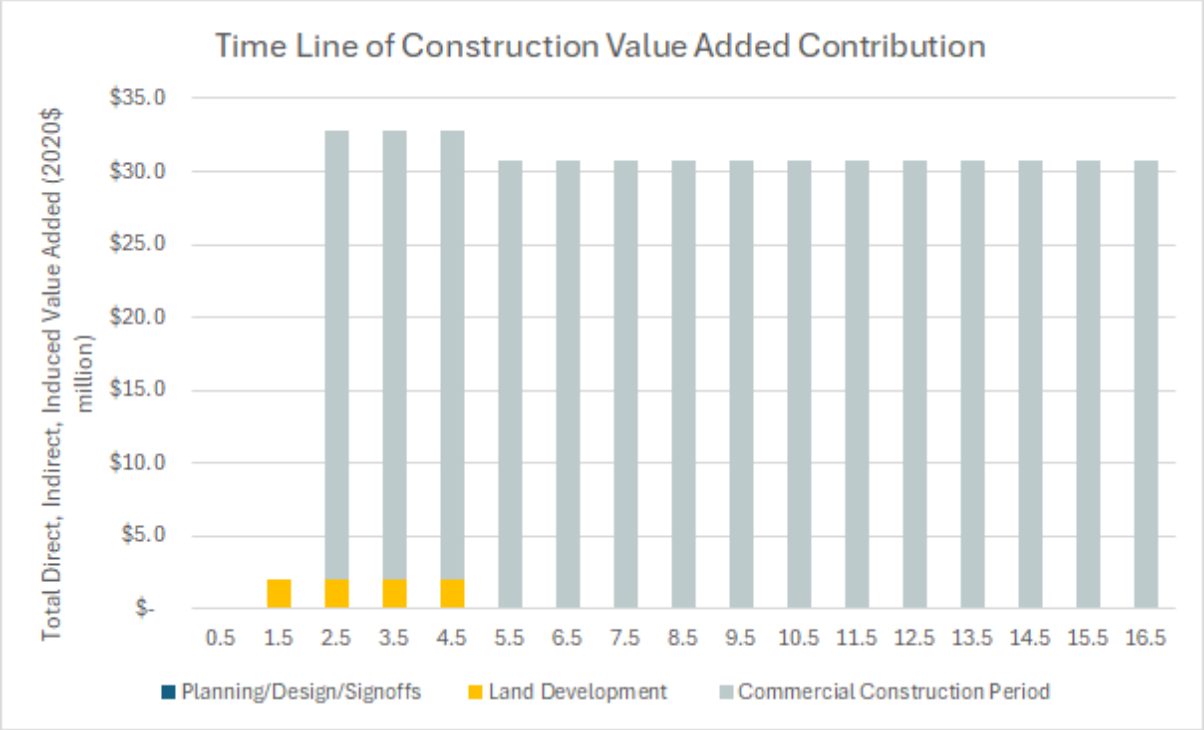
Time Line of Construction Value Added Contribution
Total Direct, Indirect, Induced Value Added (2020$ million)
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$-
0.5
1.5
2.5
3.5
4.5
5.5
6.5
7.5
8.5
9.5
10.5
11.5
12.5
13.5
14.5
15.5
16.5
Planning/Design/Signoffs
Land Development
Commercial Construction Period