

PROPERTY **E**CONOMICS



122 MORVEN FERRY ROAD

FAST TRACK ECONOMIC IMPACT

ASSESSMENT OVERVIEW

Client: Ridgeburn Limited

Project No: 52509

Date: May 2025



SCHEDULE

Code	Date	Information / Comments	Project Leader
52509.9	May 2025	Report	Phil Osborne / Tim Heath

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1. INTRODUCTION

Property Economics have been commissioned to summarise the economic impacts that are estimated to flow from the proposed development (the **Project**) by Ridgeburn Limited to construct a total of approximately 1,240 dwellings at 122 Morven Ferry Road, Arrow Junction, Queenstown Lakes.

The Project includes the construction of 180 higher density 'more affordable' dwellings and 1,062 terraced houses. Below are proposed typologies and price points of the 'more affordable' homes:

1. One-bedroom home with carpad: **\$599,000 x 54 dwellings**
2. Two-bedroom home with garage: **\$899,000 x 46 dwellings**
3. Three-bedroom home with garage: **\$999,000 x 12 dwellings**
4. Two-bedroom with rear yard / front patio: **\$779,000 x 16 dwellings**
5. Dual-Key with car park: **\$749,000 x 52 dwellings**

In addition, the Project includes the proposed development of approximately 13,200sqm of GFA for commercial, retail and community tenancies located at the northeastern corner of the site, including:

- Supermarket: 2,000sqm
- Business Centre: 2,200sqm
- Daycare: 1,500sqm
- Worker / Visitor Accommodation: 6,000sqm
- Community: 1,500sqm

This EIA is designed to provide an economic assessment in terms of the Fast-Track Approvals Act (2024) (**the FTAA**) based around economic injection, employment, and scale of economic impacts / benefits for the economy.

Section 22 of FTAA sets out the following criteria for assessing referral applications:

- Whether the proposal “*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)*” (Section 22(2)(a)(iii)); and
- Whether the proposal “*will deliver significant economic benefits*” (Section 22 (2)(a)(iv)).

In short, the FTAA supports development proposals to expedite the consent process where the proposed development results in significant regional or national benefits, the efficient operation of the consenting process and contributes to a well-functioning urban environment (as per Policy 1 of the National Policy Statement on Urban Development (**NPS-UD**)).

This economic impact estimates the total additional gross economic output¹ into the Otago regional economy that would be facilitated by the Project. The initial specifications and details have been provided by the applicant and represent the development’s configuration and costings at this point in time. It is important to note that this is not site specific but is Project specific.

Additionally, the assessment has not endeavoured to identify the extent to which particular parts of the Otago Region will benefit economically. It assesses the likely economic impacts upon aggregate Otago business activity given the composition of the development proposed.

The economic impacts likely to be experienced as a result of the Project are broken down by the development phase which includes the construction costs (CAPEX²) of the facilitated activities and the proportion of those costs that are retained within the Region.

Direct economic impacts are derived from the actual spending / expenses incurred through the operation of the facilitated development.

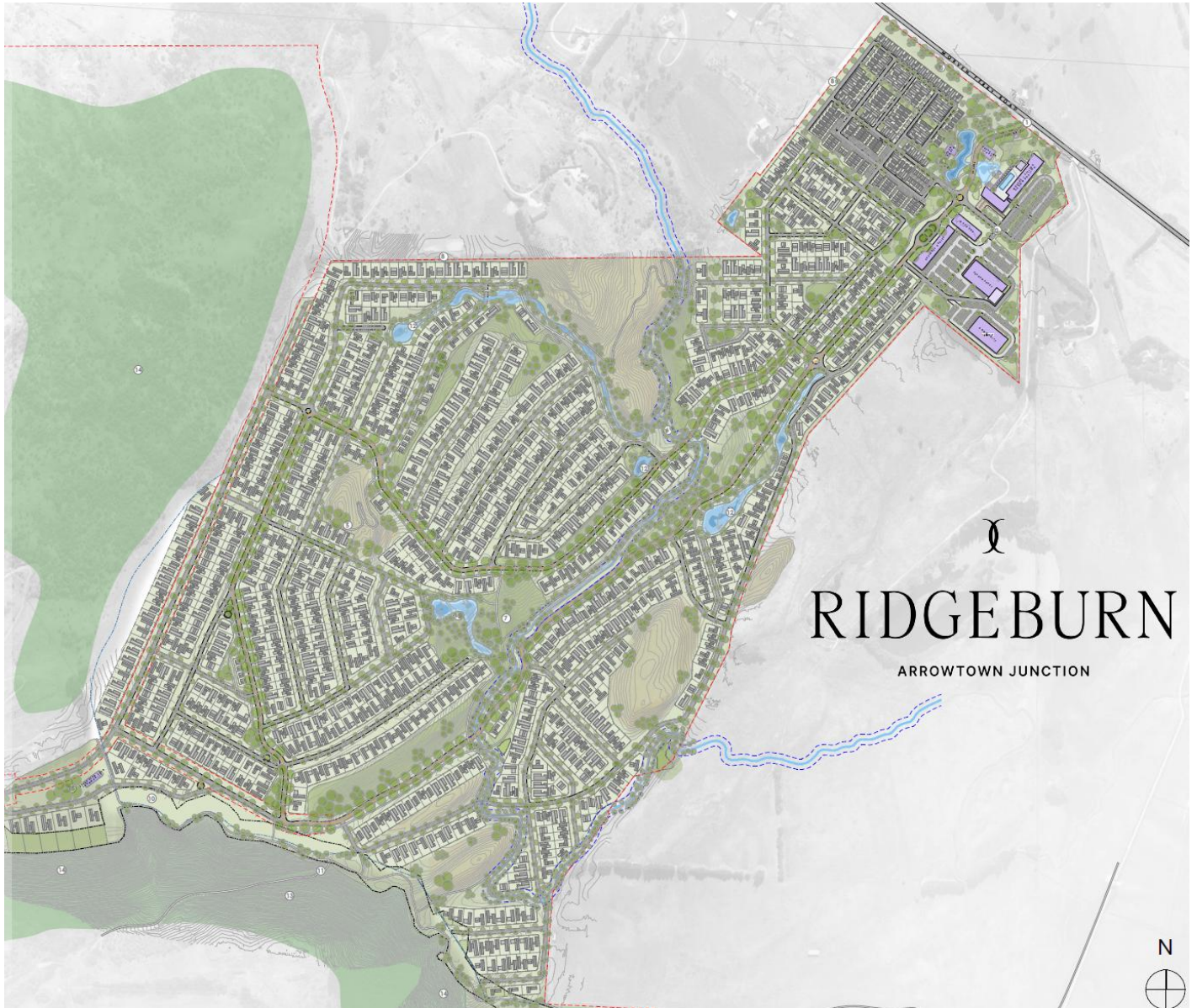
Indirect economic impacts are the increased spending brought about by those firms / households and their employees / occupants, who supply the development.

Induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity.

Figure 1 following provides an outline of the site master plan of the proposed residential development.

¹ For example, this has not taken into account the short-term loss of operational employment currently on site

² CAPEX – Capital Expenditure

FIGURE 1: PROPOSED DEVELOPMENT SITE MASTER PLAN

Source: Novak + Middleton Limited & Ridgeburn Limited

2. EXECUTIVE SUMMARY

The Project seeks to construct approximately 1,240 dwellings (including 180 'affordable' homes) and a mix of commercial, retail, recreational spaces and workers accommodation activities within circa 200ha of land to the south of Arrow Junction in the Queenstown Lakes District.

The total economic impact on business activity within Otago Region as a result of the proposed development is summarised in the following table.

Snapshot of Key Economic Benefits:

Estimated Quantitative Economic Impacts on Otago Regional Economy:	
Total NPV ³ over a 7-year development period	\$710m
FTEs ⁴ during the peak development and operation year	1,462 FTEs
Total FTE years over the 7-year development period	6,555 FTE years

In addition to these quantifiable regional contributions, the Project can be expected to generate a wide range of qualitative economic benefits for the broader market and communities, including:

- Increased housing supply and residential land capacity
- Increased and diversified choice of housing location and price point
- Potential for lower housing prices and improved affordability in the region
- Increased economic activity and local employment
- Better utilisation of the existing infrastructure, facilities, services and amenities already provided in Queenstown and neighbourhood districts
- Impetus for greater levels of local and regional growth
- Improved local convenience and amenity value
- Delivering (more affordable) capacity with greater certainty
- Supporting the tourism economy with workers accommodation

Over the past two years, only 465 residential properties in the Queenstown Lakes District were sold for less than \$1 million, accounting for just 20% of total market transactions. This highlights

³ Net Present Value

⁴ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.

a persistent and substantial shortage of housing within an accessible price range for many households.

Against this context, the committed delivery of 180 homes priced between \$599,000 and \$999,000 represents a significant and urgently needed contribution to the district's constrained supply of more affordable housing. These 'more affordable' homes would increase the number of below-\$1m sales by nearly +40% relative to recent market volumes, an impact that is both material and strategically aligned with the district's affordability objectives.

Taken together, the Project represents a timely, well-targeted approach in an increasingly unaffordable housing market. By significantly boosting the below-\$1m housing stock and enabling earlier delivery, the Project has potential to play a significant role in easing affordability pressures in both Queenstown Lakes and the wider Otago Region.

Furthermore, in a tourism-oriented market with a high proportion of lower paid tourism and hospitality employment, this is critical to servicing the region's ongoing economic and tourism growth. It would also potentially reduce seasonal labour shortages and improve staff retention by offering more affordable, accessible housing options.

Overall, these economic benefits, in conjunction with the development's quantified economic injection into the regional economy and employment opportunities, would outweigh the economic costs associated with the loss of rural land, and impact on existing residential land uptake and intensity impetus.

Property Economics considers that advancing the proposed development would yield significant economic benefits for the regional economy and community. Overall, our assessment supports the proposed development from an economic perspective in the context of the RMA and FTAA.

3. DATA SOURCES AND GLOSSARY

3.1. INFORMATION AND DATA SOURCES

Information has been obtained from a variety of reliable data sources and publications available to Property Economics, including:

- Input / Output Tables - Statistics NZ
- Business Frame Data - Statistics NZ
- Proposed Development Costings – Ridgeburn Limited
- Site Master Plan – Novak + Middleton Limited & Ridgeburn Limited
- Residential Building Consents Data – Stats NZ
- Housing Affordability Report Q4 2024 – CoreLogic
- The Queenstown Lakes Spatial Plan (July 2021) – Queenstown Lakes District Council
- Site Landscape Master Plan – RMMLA
- Residential Sales Data (1 April 2023 – 31 March 2025) – CoreLogic

3.2. GLOSSARY OF TERMS

Below is a list of terms relevant to this economic impact assessment. Note that the definitions of some terms may differ from those provided in the relevant statutory definitions and are intended solely for the purposes of this economic analysis. This does not affect the economic analysis conducted in this report or our economic position.

TERM	DEFINITION
ANZSIC	Australia New Zealand Standard Industrial Classification 2006 - A standard method used to classify businesses and organisations based on their primary economic activity. It provides a framework for analysing and comparing economic data across industries in Australia and New Zealand. ANZSIC is widely used by government agencies, researchers, and businesses for statistical, policy, and planning purposes.
CAPEX	capital expenditure
Development contributions	fees that developers pay to territorial authorities for the provision of infrastructure and upgrades required as a consequence of development, which may include water supply, sewerage connections, roads and community infrastructure
Direct economic impacts	derived from the actual spending / expenses incurred through the construction of the anticipated development
Economic benefits	<p>refer to the positive outcomes that enhance the well-being of individuals, businesses, and communities, typically arising from an activity, development, or policy.</p> <p>These benefits may be expressed in financial or non-financial terms.</p> <p>In the context of urban development, economic benefits reflect the extent to which a proposal contributes to local and regional prosperity, market efficiency, and the effective alignment of supply with demand.</p>
Economic costs	the value of what is given up when choosing one economic activity over another. Economic costs also include opportunity costs, which are the value of the next best alternative that is forgone.
Employment multipliers	the level of indirect and induced employment activity generated through the expenditure on and off site.
FTE years	these are all jobs created through the direct construction phase and ongoing operation of the development including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee
Indirect economic impacts	the increased spending brought about by those firms / households and their employees / occupants, who supply the development
Induced economic impacts	measured in terms of the additional income that will be spent in the area due to increased business activity.

GDP	gross domestic product
Net Present Value (NPV)	the difference between the present value of cash inflows and the present value of cash outflows over a period of time.
Transaction costs	costs that arise as part of engaging in an economic trade. This can include compliance costs, planning costs, variation costs, etc.
Wellbeing	<p>Wellbeing is a broad concept that aims to capture the essence of a fulfilling and meaningful life, encompassing physical, mental, social, and spiritual aspects of well-being, as well as the ability to thrive and cope with life's challenges.</p> <p>Individuals and communities with a higher state of wellbeing are generally happier and feel more connected.</p> <p>The Local Government (Community Wellbeing) Amendment Act encourages local government to promote the social, economic, environmental and cultural wellbeing of communities in the present and for the future.</p>
Well-functioning urban environment	<p>as defined in Policy 1 of the NPS-UD: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: (a) have or enable a variety of homes that:</p> <ul style="list-style-type: none"> (i) meet the needs, in terms of type, price, and location, of different households; and (ii) enable Māori to express their cultural traditions and norms; and. (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and (c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and (d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and (e) support reductions in greenhouse gas emissions; (f) and are resilient to the likely current and future effects of climate change.

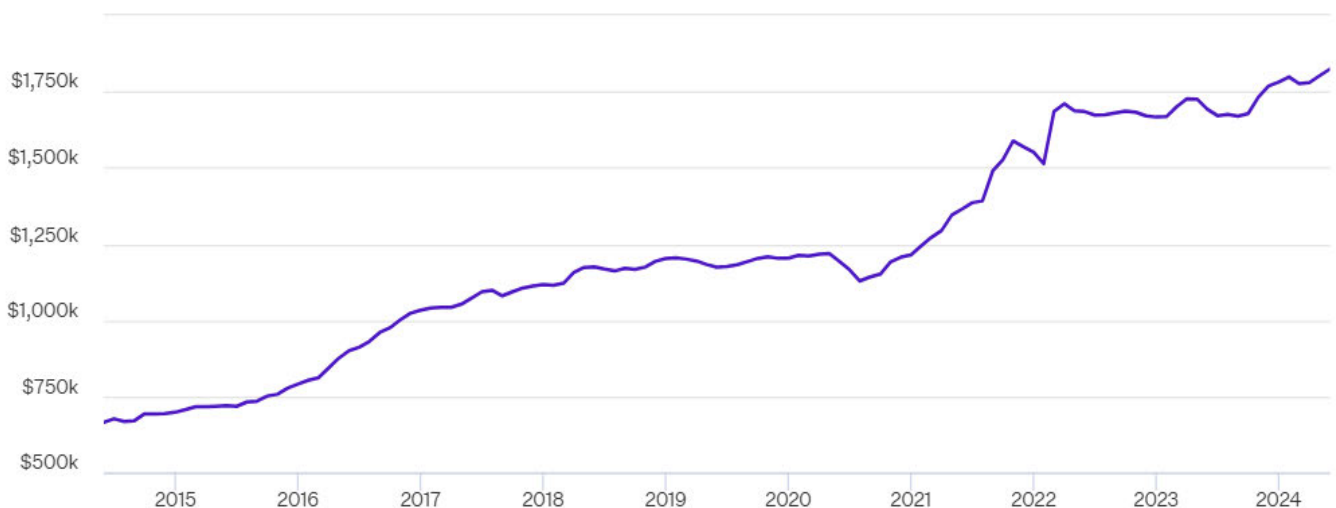
4. RESIDENTIAL MARKET TRENDS

This section provides a high-level overview of residential market trends in the Queenstown Lakes District (the relevant market for the Project), helping to contextualise the economic efficiency and benefits of the Project in delivering additional and 'more affordable' residential capacity to both the district and the wider regional housing markets.

The figure below shows that the average house prices in the Queenstown Lakes District rose by an average of +6.59% per year over the 20-year period from December 2004 to December 2024⁵. As shown in the figure below, the average house price in the district is now approximately \$1.82m, a significant +174% higher than 10 years ago (mid-2014).

As a result, the district's house prices are about +34.5% overvalued compared to where they have been historically – relative to NZ's average house price, according to REINZ and Opes Partners data⁶.

FIGURE 2: QUEENSTOWN LAKES AVERAGE HOUSE PRICES TREND OVER THE LAST DECADE



Source: CoreLogic, Opes Partners

In addition, CoreLogic's latest Housing Affordability Report 2024⁷ (released in March 2025) highlights the district's continuing housing affordability challenges, identifying it as one of the top districts with the most severe unaffordability issues.

The key metrics / measures provided in this report include:

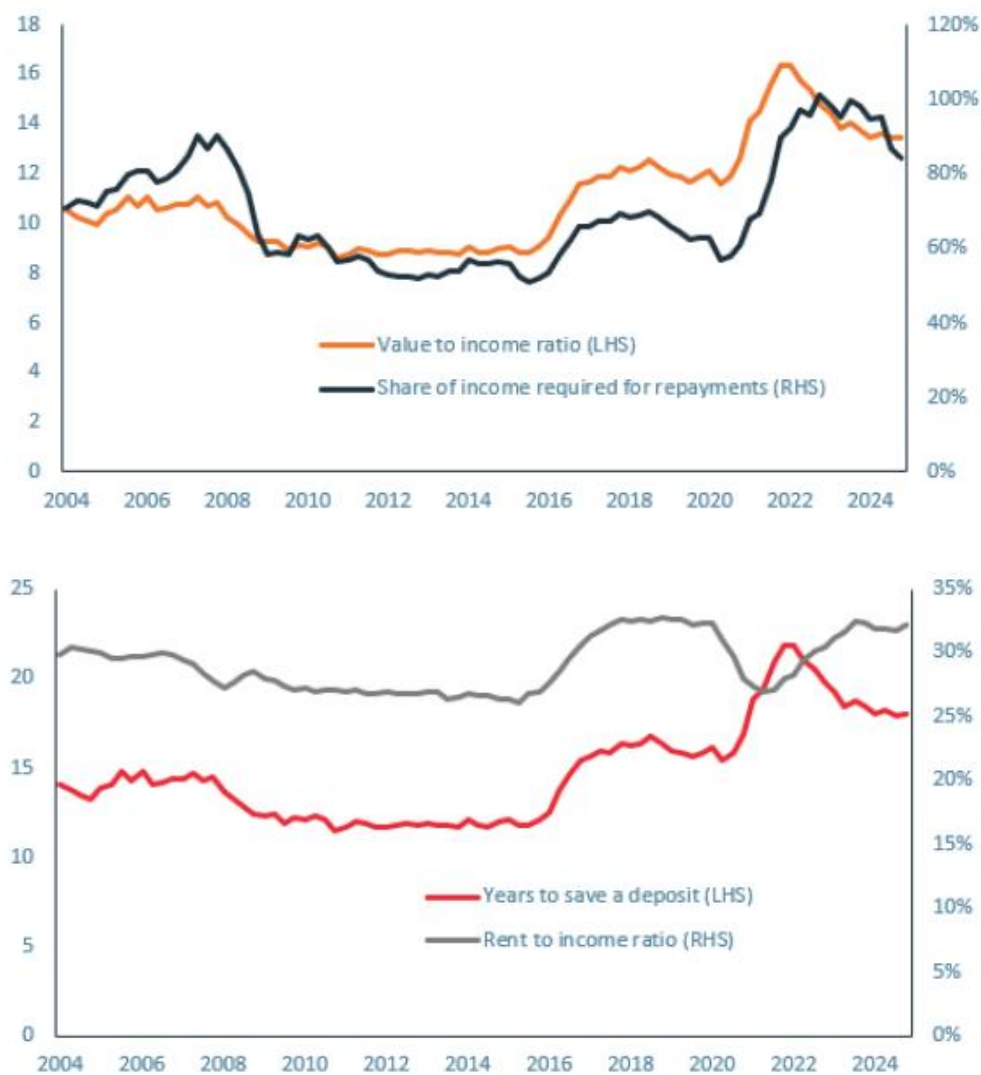
⁵ <https://www.opespartners.co.nz/property-markets/otago/queenstown-lakes>

⁶ Source: <https://www.opespartners.co.nz/property-markets/otago>

⁷ Source: <https://www.corelogic.co.nz/news-research/reports/housing-affordability-report>

- The district's current (median house) value-to-income ratio is estimated at approximately 13.5%, representing a +3% increase over the past 20 years and nearly double the current national average of 7.3%.
- The proportion of income needed for mortgage repayments is around 84%, up roughly +35% from its low point of about 50% in 2016. By comparison, the current national figure is approximately 46%.
- It now takes residents at least 18 years to save for a deposit, an increase of 6 years from the minimum of around 12 years recorded in 2016. For context, the national average is about 9.8 years, roughly half the time required in the district.
- The district's rent-to-income ratio currently sits at 32%, about 4% higher than the national average of 28%.

FIGURE 3: HOUSE AND RENT AFFORDABILITY MEASURES FOR QUEENSTOWN LAKES DISTRICT



Source: CoreLogic

Although the district's housing unaffordability is not solely driven by planning or infrastructure constraints, given the additional demand from non-resident buyers, the proposed scale of additional residential land supply and capacity will play a significant role in alleviating affordability pressures. This increase in supply, including the committed supply of 180 'more affordable' dwellings within the Project, will place downward pressure on the district's housing trends and contribute to a more liveable, well-functioning urban environment. Such outcomes hold broader regional significance for the Otago residential market.

To provide context on recent residential supply within the district, Table 1 below summarises residential sales by price band, based on CoreLogic sales data covering the two-year period from 1 April 2023 to 31 March 2025. During this time, a total of 2,380 property transactions were recorded. However, the data indicates a significant skew in the district's residential property market toward high-end housing, with a significant imbalance in the availability of lower-priced properties demanded.

Specifically, approximately 80% of all property sales occurred at prices above \$999,000. For newer builds⁸ sold in particular, this upper price band still accounted for a substantial 15% of total sales. This concentration of sales in the highest price category points to a housing market that is largely unaffordable for many households, particularly first-home buyers and low-to-moderate income earners.

In contrast, properties priced below \$600,000 made up only 2.3% of all sales and a mere 0.9% of newer build sales. Expanding this to include homes sold for less than \$749,000 still yields a very limited pool, just 6.8% of total sales and 2.7% of newer builds. Even when including sales up to \$899,000, only 14% of all transactions and 4.2% of newer builds fall within this band.

These ratios demonstrate the strategic importance of the Project in delivering more affordable priced homes to the market and that the lower and mid-price tiers are significantly underrepresented in the market, particularly among newly built properties.

The metrics, including Figure 3, clearly indicate a high demand / low supply dynamic for more affordable lower priced dwellings in the district residential market with this project alone contributing a significant 180 such dwellings.

⁸ Note that for the purpose of this analysis, 'Newer Builds' are defined as properties constructed in and after 2022, while properties constructed before 2022 are categorised as 'Older Homes'

TABLE 1: QUEENSTOWN LAKES RESIDENTIAL SALES BY PRICE BRAND (1 APRIL 23 – 31 MAR 25)

Sales Price Band	Newer Builds		Total Sales	
	No. of Sales	Share of Total Sales	No. of Sales	Share of Total Sales
≤ \$599k	22	0.9%	55	2.3%
≤ \$749k	65	2.7%	163	6.8%
≤ \$779k	73	3.1%	199	8.4%
≤ \$899k	101	4.2%	324	14%
≤ \$999k	126	5.3%	465	20%
> \$999k	360	15%	1,915	80%

Source: CoreLogic, Property Economics

Over the past two years, only 465 residential properties in the Queenstown Lakes District were sold for less than \$1 million, accounting for just 20% of total market transactions. This highlights a persistent and substantial shortage of housing within an accessible price range for many households.

Against this context, the committed delivery of 180 homes priced between \$599,000 and \$999,000 represents a significant and urgently needed contribution to the district's constrained supply of more affordable housing. These 'more affordable' homes would increase the number of below-\$1m sales by nearly +40% relative to recent market volumes, an impact that is both material and strategically aligned with the district's affordability objectives.

Furthermore, if this Project were required to proceed through the standard RMA consenting process, delivery would likely be delayed by 3 to 4 years, thereby deferring the economic and social benefits associated with improved affordability. Delayed delivery would also risk exposing the Project to rising construction costs and market shifts, further undermining development feasibility and the delivery of the more affordable homes to the market.

Additionally, the Project benefits from being landowner-led and directly developed being a vertically integrated development company⁹, which could reduce costs, enhance delivery certainty and potentially mitigate the risks associated with speculative or market-driven delays.

This direct delivery model would ensure that the committed supply of 'more affordable' housing is brought to market efficiently, reliably, and within a shorter timeframe.

⁹ Vertically integrated in this context refers to a developer who sources, purchases and develops the land, and then builds the homes and sells directly to the market. This integrated development structure has the potential to save on developer margins all through the development process and sale of product to the market.

Taken together, the Project represents a timely, well-targeted approach in an increasingly unaffordable housing market. By significantly boosting the below-\$1m housing stock and enabling earlier delivery, the Project has potential to play a significant role in easing affordability pressures in both Queenstown Lakes and the wider Otago Region.

In a tourism-oriented market with a high proportion of lower paid tourism and hospitality employment, this is critical to servicing the region's ongoing economic and tourism growth. It would also potentially reduce seasonal labour shortages and improve staff retention by offering more affordable, accessible housing options.

5. ECONOMIC CONTEXT

In assessing the potential economic impacts, it is important to firstly establish the context in which they will be assessed. For the purposes of this assessment the three important parameters are:

- 1) The geospatial extent of the economic impact. While facilitation of additional business development and spend is likely to have a national economic impact, the majority of impacts are likely to be retained within the Otago Region. As identified, for the purposes of this assessment, the extent of economic impacts is focussed on the retention of activity within this area.
- 2) The economic impacts are those resulting from the construction of the residential and commercial development over the expected seven-year period construction period.
- 3) In terms of the statutory considerations the RMA provides context in terms of the utilisation of resources and the resulting impact on the price and provision of these resources. It calls for the *“efficient use and development of natural and physical resources”*, with economic efficiency being defined as *“the effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs”*, Part II section 7 (b) RMA.

As identified the proposed development is likely to have economic impacts that are felt beyond the specific costs and benefits within the region. Additionally, there are likely to be non-economic effects, such as environmental. While these effects may result in economic impacts for the most part they have not been addressed here.

6. TOTAL ECONOMIC ACTIVITY

This section assesses the potential economic activity generated within the Otago Region specifically attributable to the Project through spending on the general civil works, residential and commercial development.

This includes construction costs, which have been valued for the overall development.

The impact of this injection on the initial business cycle has been calculated. This 'construction multiplier' was based on the national input-output tables produced by Statistics New Zealand (based on 48 sectors), which were then assessed at a district level based on Otago economic activity, composition and productivities.

This estimates the 'leakage' from the regional economy (within specified sectors), and therefore the overall regional production (within a given business cycle) for each \$1 injected.

This was performed for the general and commercial construction sectors. These multipliers are based on 'net' flows by broad sector type and are therefore approximations.

Total output impacts to the Otago catchment for the proposed developments include:

- Direct Construction Cost x 'Construction Multiplier' +
- Direct Development Cost x 'Development Multiplier' +
- Direct Increased Commercial Spending x 'Commercial Multiplier' +
- Indirect Business Spend x 'Commercial Multiplier' +
- Induced Retail Spending x 'Retail Multiplier'

Each identified multiplier relates simply to the economic sector from which the activity is generated.

6.1. ASSUMPTIONS

The following assumptions have been applied in this impact analysis in order to assess the level of economic injection into the overall economy at this time. This has some (limited) impact on the distributional effects of the costs and benefits but can be quickly adjusted to accommodate more specific construction and on-going costs and injections.

1. For the purposes of this Economic Impact Assessment, it has been assumed that the construction costs will fall within the definition of the following categories (based on a standard 'special' commercial ratio): 'residential construction', 'non-residential construction', 'non-building construction', 'other construction services.'

2. Financial or loan costs on capital primarily fall outside of the local catchment and impact the national economy.
3. The origin of labour has been assessed based on regional labour movements furnished by Statistics NZ based on 2018 data. However, employment data has been updated as per the Statistics NZ Business Frame data¹⁰ to March 2024.
4. This report deals with the economic impact of proposed development on Otago. These are specifically the direct impacts related to the construction of the proposed development.
5. The economic activity generated is based on the development's gross activity and does not consider this redirecting growth opportunities from elsewhere in the catchment. As stated, this assessment is not site specific.
6. For the purposes of this report a 6% discount rate has been applied.
7. Labour movements are based on average retention rates rather than specific company locations.
8. The proportion of materials and labour internalised in direct benefits to Otago are based on standardised labour movements as well as employment and production composition within the Region. The amount of each 'flow-on' dollar retained in Otago are based on the movement of resources (including labour) between other regions.

Table 2 following outlines the resulting impacts on the Otago regional economy as a result of the development.

¹⁰ Business Frame Data – provides Statistics NZ measure of employment in an area by ANZSIC sector.

6.2. TOTAL OTAGO ECONOMIC ACTIVITY

TABLE 2: TOTAL GROSS OTAGO REGIONAL ECONOMIC INJECTION OF PROJECT (FAST TRACK)

	2025	2026	2027	2028	2029	2030	2031	Total
Direct Expenditure (\$m)								
Land								
Earthworks / Civil Works		\$33.1	\$57.9	\$24.8	\$33.1	\$16.5		\$165
Civil Consultants	\$4.2	\$8.5	\$2.1	\$4.2	\$2.1			\$21
Other		\$7.4	\$11.1	\$18.6	\$14.8	\$14.8	\$7.4	\$74
Infrastructure								
Total Development Costs (excl. land)	\$4.2	\$49.0	\$71.1	\$47.6	\$50.0	\$31.4	\$7.4	\$261
Total Construction		\$23.2	\$92.7	\$154.5	\$130.3	\$159.3	\$154.5	\$715
Total Construction and Development Costs (excl. Land)	\$4.2	\$72.2	\$163.9	\$202.1	\$180.3	\$190.7	\$161.9	\$975
Increased Local Spend*			\$1.4	\$2.9	\$4.4	\$5.9	\$7.4	\$22
Total Direct Expenditure (excl. land)	\$4.2	\$72.2	\$165.3	\$205.0	\$184.7	\$196.5	\$169.3	\$997
Level 2 Multiplier Impacts								
Total Otago Output NPV (48 sector multipliers)**	\$3.2	\$55.2	\$126.2	\$153.9	\$129.2	\$132.4	\$109.9	\$710
Household Income								\$398
Employment (FTE Years)								
Development Employment	42	490	695	448	430	255	57	2,418
Construction Employment		120	476	767	599	694	642	3,298
Other Employment	8	53	216	247	133	111	70	839
Total Employment (FTE years)	51	663	1,388	1,462	1,163	1,059	770	6,555

Source: Property Economics

* Increased Local Spend by residents, employees, construction workers and additional local business spend through the different stages of development.

**The impacts on Otago as a result of direct, indirect and induced activities.

Two key values are represented in the preceding table. These include the \$997m which represents the total cost of the development (excluding land). This capital expenditure then is assessed through the process indicated at the beginning of this section which includes calculating the amount of direct spend (\$997m) that is retained within the Otago Region.

Then utilising the appropriate economic multipliers for each of the affected sectors the economic model produces both indirect outputs and induced outputs. Given that the development will take place over a period of 7 years, development beyond the first year is discounted to provide a Net Present Value. The result of this process yields the \$710m of total value added for Otago Region over the life of the development timeframe.

The preceding table illustrates that the total impact on business activity within Otago as a result of the Project over a 7-year period is estimated to be in the order of \$710 million.

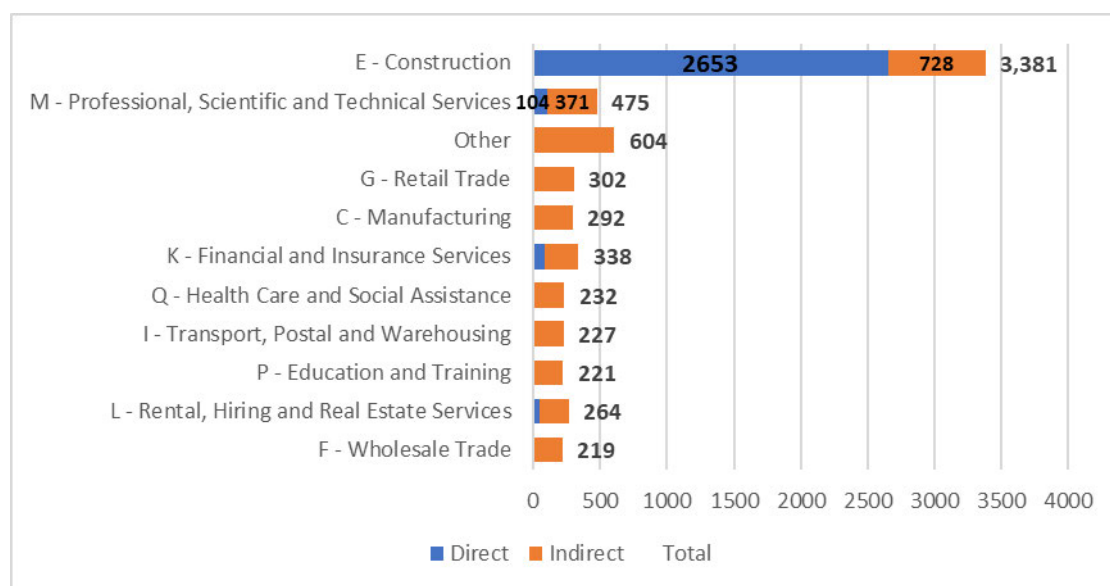
In terms of employment multipliers this would contribute around 1,462¹¹ jobs during the peak construction year within Otago, with a total number of FTE years at 6,555 over the development period.

6.3. TOTAL OTAGO DIRECT AND INDIRECT EMPLOYMENT

Figure 4 below disaggregates employment generated by sector and Direct and Indirect (including induced) FTE employment over the identified development period. It illustrates the significant direct impact on the Construction sector (as well as Construction Services).

The figure below illustrates the sectors associated with direct employment measure approximately 2,888 FTE years with the remaining around 3,666 FTE years resulting from indirect and induced activity

FIGURE 4: OTAGO EMPLOYMENT GENERATION BY SECTOR (DIRECT, INDIRECT AND INDUCED)



Source: Property Economics

¹¹ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).

7. OTHER ECONOMIC COSTS AND BENEFITS

In addition to the previously quantified economic injection, the Project would create a variety of potential economic costs and benefits. The following analysis outlines the key economic costs and benefits of the proposed development within the framework of the RMA and the NPS-UD.

Economic Benefits

- + **Increased housing supply and residential land capacity:** The proposed development would supply the market with a significant increase in residential capacity of approximately 1,240 dwellings. This represents an increase in the overall residential capacity for the local and broader regional market and contributes to accommodating the anticipated population growth of the markets, particularly in the short to medium term. It would also provide clear direction to the market regarding both its ability to meet future demand pressures and its provision through an efficient site location and size.

For context, between 2020 and 2024, an average of approximately 2,200 new dwellings¹² were consented annually across the Otago Region, including around 1,270 dwellings per annum within the Queenstown Lakes District. The proposed development alone, if enabled, would therefore account for more than half of the region's average annual residential consents and is comparable in scale to Queenstown Lakes' annual average. This scale of supply within the development timeframe is highly likely to relieve house price appreciation pressures.

These high-level figures highlight the significant contribution the development would make to the district's and region's residential supply. This is particularly important given the significant housing affordability challenges in Queenstown Lakes, which are discussed in further detail later in this report.

- + **Increased and diversified choice of housing location and price point:** The proposed development would also provide residents additional choices in their living environment in respect of location and potentially impact upon the overall price point resulting from supply, within the local market and the wider region.

It would provide for housing products with stunning views and living environments. The opportunity for an increase in the level of competitive residential land is likely to be coupled with an increase in the relative attractiveness of the area with wider markets. In addition, enabling a greater mix of housing types in more locations would also

¹² These figures are sourced from Stats NZ's new building consents data and include consented houses, townhouses, flats, units, retirement village units, apartments and other dwellings.

improve affordability and help match the housing stock to match the future population's needs.

- **Potential for lower housing prices and improved affordability in the region:** According to the Queenstown Lakes Spatial Plan (July 2021), the supply of affordable housing is identified as one of the most pressing issues for the district¹³. Accelerating the proposed development has the potential to enhance housing affordability by increasing the significant supply of additional residential units / housing capacity.

This could lead to a reduction in house prices, benefiting those who do not currently own property, including existing renters who pay for housing on a weekly basis and first-time buyers, particularly young residents. This increase in supply would help create a more balanced housing market, making homeownership more attainable and easing the financial burden on renters.

- **Supporting tourism economies (workers accommodation):** Providing workers' accommodation within the development would generate economic benefit by ensuring a stable, local workforce essential to supporting local tourism-driven businesses. It would potentially reduce seasonal labour shortages, lowers commuting costs and pressures on regional transport infrastructure, and improves staff retention by offering more affordable, accessible housing options.

- **Increased economic activity and local employment:** The proposed development would generate considerable economic stimulus through direct construction activity and supporting services. This includes employment opportunities in the building industry, engineering, landscaping, materials supply, and project management sectors. The construction-led growth would extend over several years, supporting regional employment levels and contributing to GDP through multiplier effects across the economy.

In addition, the growing local population as a result of the proposed development will lead to a net increase in the number of FTE employees within the region. This influx will serve as a boost to the local and regional economy, fostering further growth and enhancing amenities in the area.

- **Better utilisation of the existing infrastructure, facilities, services and amenities already provided in Queenstown and neighbourhood districts:** The proposed development has the potential to make more efficient use of the existing infrastructure, community services, and amenities already available in Queenstown and surrounding districts. By increasing the local population base, the development would enhance the viability and

¹³ The Queenstown Lakes Spatial Plan July 2021, Page 77

utilisation of existing schools, healthcare facilities, recreational spaces, and public transport networks.

This improved utilisation reduces marginal infrastructure costs, supports service retention, and can justify future upgrades or expansions. Additionally, a larger resident base would strengthen the customer pool for local businesses, contributing to the vitality of existing town centres and helping to sustain a diverse range of amenities and services across the region.

- **Impetus for greater levels of local and regional growth:** Growth from large-scale residential developments can often act as a catalyst that stimulates broader economic and urban development within an area. The proposed development, by enabling large-scale residential expansion, has the potential to unlock further opportunities for additional housing, commercial activities, and complementary land uses.

As the local population increases, so too does the demand for goods, services, and employment, providing significant impetus for both local and regional economic growth. Over time, this additional growth would contribute to the development of a more self-sustaining and vibrant urban community.

- **Delivering (more affordable) residential capacity with greater certainty:** Landowner-led development through a vertically integrated development company is economically more efficient than traditional developer-led models in terms of market certainty, as it could reduce transaction costs and time delays, and provides greater certainty of capacity delivery.

Without the need to purchase land at market rates, landowners face lower holding and financing costs, which could better support the committed 'more affordable' pricing. Streamlined decision-making, better alignment with local needs, and a reduced risk of project delays, particularly during market fluctuations, further enhance the reliability and speed of capacity delivery.

Economic Costs

- **Infrastructure investment and servicing requirements:** Land and associated infrastructure costs are one of the biggest cost components of residential housing development costs and tend to scale according to the size of the network.

Property Economics understands that all infrastructure required for this Project will be fully funded by the developer, with no reliance on public infrastructure investment or cost to ratepayers. This would ensure that the delivery of capacity / 'more affordable' homes is not delayed by funding constraints or infrastructure sequencing issues, supporting more timely and coordinated growth.

- **Loss of productive land and the potential primary output potential on the land:** The site is currently zoned Rural General under the Operative District Plan and comprises a mix of Rural and Wakatipu Basin Rural Amenity (WBRA) Zones under the Proposed District Plan. According to the NZLRI, the site contains a mix of Land Use Capability (LUC) Class 2 and 3 soils, which are versatile and productive soils. This means that enabling the Project would result in the loss of land with productive potential, along with its associated economic value and wider flow-on effects to the local and regional economy.

While the loss of rural land represents an opportunity cost associated with the Project, opportunities to deliver substantial new residential capacity in alternative locations to ease housing affordability in Queenstown Lakes are likely to be limited. This is largely due to the district's distinctive glacially sculpted alpine environment, characterised by steep mountain ranges, deep lakes, wide basins, and complex river systems, which significantly constrain settlement patterns, land use, and development potential.

Although fragmented, smaller-scale greenfield developments could contribute to housing supply, consolidating residential growth in a single location offers some additional economic benefits. These include agglomeration benefits and lower marginal infrastructure costs at per dwelling basis.

Given the above considerations, in Property Economics' view, the opportunity cost of rural land loss should be balanced against the broader economic benefits of the Project.

- **Decreased residential intensity impetus and vacant residential land uptake:** As with any new residential development in previously undeveloped areas, the provision of greenfield land has the potential to reduce the demand for intensification within existing urban areas. This is because greenfield housing typically acts as a substitute for brownfield and infill development, potentially lowering the uptake of intensified options.

However, as noted earlier, the wider Queenstown Lakes District is experiencing significant housing affordability issues that need to be addressed to efficiently accommodate residential demand.

In a high-demand location such as Queenstown, driven not only by local residents but also by strong interest from property investors, residential demand is persistent. Given these factors, as evidenced by rising house prices and ongoing affordability challenges, it is unlikely that the proposed development would generate consequential implications or materially undermine the demand for or uptake of other residential land across the district and the broader Otago Region.

Considering the economic cost benefit analysis outlined above as a whole (including the quantitative economic injection into the regional economy and employment benefits),

Property Economics considers that advancing the proposed development would yield significant economic benefits for the regional economy and community. This approach would positively contribute to the facilitation of a well-functioning urban environment within the Otago Region, giving effect to the NPS-UD Policies and meet the purpose of the FTAA.