CLIENT
Pukerua Property Group LP

7/11/2025

Economic and Property Research

Proposed Mt Welcome Residential Development, Pukerua Bay, Porirua

Fast-Track Approval Act 2024
Economic Assessment

About us

Our Areas of Expertise

Economic Analysis

Our work aims to bridge the gap between land-use planning and urban economics. Our focus is on the interaction between land markets, land-use regulations, and urban development. We have developed a range of methodologies using a quantitative approach to analyse urban spatial structure and audit land-use regulations.

Property Research

We provide property and retail market research to assist with the planning and marketing of new projects. This includes the identification of new sites and market areas, assessments of market potential and positioning, and the evaluation of market feasibility of specific projects.

Development Advisory

We provide development planning and costing advisory services to support small and large-scale developments.

Contents

1. Executive Summary

The proposal is for a large development of 949 allotments to enable 949 residential dwellings and a neighbourhood centre.

The proposal is estimated to supply dwellings to the market at an average price of $1,060,000, with 318 (34%) priced below $1,000,000. These dwellings will be approximately $75,000 - $160,000 (7-15%) less expensive than the average sale price of the surrounding key developments in the study area, providing a substantial quantity of relatively affordable new dwellings, placing downward price pressure on the overall housing market. As such, the proposal is considered to address a gap in the lower-mid priced new-build market, helping to meet the needs of a market segment that is currently underrepresented (e.g. lower-middle income households seeking relatively affordable new homes). This demonstrates the proposal's ability to provide comparatively affordable new housing in Porirua City and the wider region.

The proposal is considered to make a significant contribution towards a well-functioning urban environment by adding another major greenfield development to the study area, which would contribute towards ensuring there is a wider range of housing available to the market at more affordable prices, as well as increasing competition which would put downward pressure on prices.

Over the short to medium-term (10 years), there is estimated greenfield capacity of 2,445 dwellings in the study area (excluding the proposal). This equates to approximately 8.9 years of greenfield dwelling capacity based on annual greenfield demand for 275 dwellings, which is not sufficient to meet the short to medium-term requirements of Policy 2 of the NPS-UD. At 949 dwellings, the proposal represents a 39% increase to the current and pipeline greenfield supply and increases the number of years of capacity to 12.3 years, which would meet the medium-term capacity requirements for the study area, in terms of dwelling quantity. This demonstrates the scale and significance of the proposal to the future function of the study area's greenfield development market.

Since 2015, the annual average house price in Porirua City increased from $381,000 to $825,000 or by 12% p.a.. Historically, greenfield development has played an important role in moderating price pressures. Maintaining this supply is critical to supporting housing affordability, and the proposal would help contribute to this outcome. The Porirua City 2023 Housing and Business Assessment ("HBA") highlights significant housing affordability challenges in the district, noting that there is a significant shortfall in the number of houses currently being supplied to the market to meet demand and that the undersupply of new dwellings will continue to be a key contributor to housing affordability in Porirua. An important economic implication is that the proposal will, therefore, represent a net addition to the greenfield market in the study area.

The proposal is considered to make a significant contribution towards retaining population that would otherwise likely be forced to relocate to other regions across the country, as a result of the ongoing high housing prices. The proposal will contribute towards Porirua City's long-term social and economic resilience, which will rely on attracting and retaining younger households. This, however, may be difficult to achieve if housing remains unaffordable, as addressed in the HBA.

The construction of the proposal would contribute approximately $236.0 million to GDP and support 1,450 FTE jobs in total. Once constructed, it is estimated that the expenditure of future residents would contribute approximately $23.0 million to GDP and support 205 FTE jobs p.a., and the operation of the proposed retail centre would contribute $8.9 million and support approximately 90 FTE jobs p.a.. These are considered to be net economic benefits to the district/region.

The construction of the proposal would also make a significant contribution towards primary sector GDP and FTE employment (e.g. the Construction sector generates demand for primary sector products, such as timber, from the 'Forestry and logging' sector). In total, the development of the project is estimated to result in a total contribution to regional and national primary sector GDP of $52.4 million, which would support an estimated 320 FTE jobs.

Overall, the proposed development will increase the range and affordability of new greenfield housing in the study area, and result in several significant net economic benefits to the district/region from the construction and ongoing household expenditure. The proposal therefore would result in significant benefits to Porirua City and Wellington region.

2. Introduction

This report evaluates a proposed residential and commercial development located at 34 Muri Road and 422, 422A and 422B State Highway 59, Pukerua Bay, Porirua, against the Act's purpose, as outlined in Section 3 of the Act.

2.1 Qualifications and Experience

The author of this report (the "author"), Adam Thompson, is the Director of Urban Economics (UE) Limited, who has over 25 years of experience providing consulting services in urban economics, property market analysis, and property development advisory. Over the past 23 years, the author has owned and managed two consulting firms operating in these fields. The author holds a Bachelor of Resource Studies from Lincoln University, a Master of Planning from the University of Auckland, and a Dissertation in Urban Economics from the London School of Economics and Political Science. The author has undertaken more than 2,500 economic and property market assessments for a wide range of private and public sector clients. The author was a primary developer of the Auckland Council Development Capacity Model (2016) on request of the AUP IHP Chair (Judge Kirkpatrick) and conducted a review of all Housing and Business Assessments under the National Policy Statement on Urban Development for the Ministry for the Environment (2021).

2.2 Code of Conduct

Although this is not a hearing before the Environment Court, the author records that he has read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and agrees to comply with it.

The author confirms that the issues addressed in this report are within the authors area of expertise, except where the author states they have relied on the information of other persons. The author has not omitted to consider material facts known to them that might alter or detract from the opinions the author has expressed.

2.3 The Proposal

The proposed developments (the "proposal") underlying zone is Medium Density Residential and forms part of the Northern Growth Development Area (N.G.D.A) under the Proposed Porirua District Plan (PDP) to the South of Pukerua Bay.

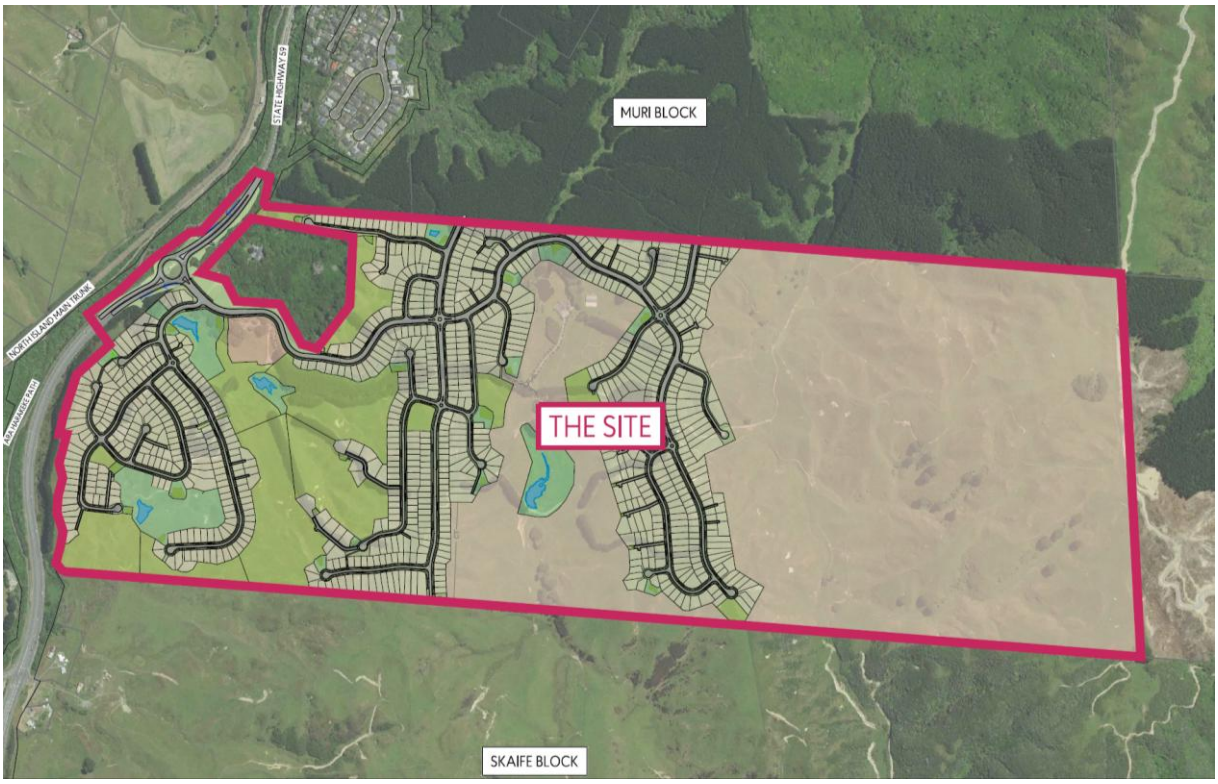
A concept plan is shown in Figure 1. As outlined in Figure 2, the proposal comprises approximately 949 residential dwellings at relatively affordable price points, and approximately 1.3 ha of commercial land, which would yield approximately 4,500m² of retail and commercial floorspace. It is the general market preference that dwellings are sold as house-and-land packages, from the build partners.

The proposal will deliver a range of lot sizes and dwelling floor areas to cater for different household needs. Homes on smaller lots (below 400m²) are expected to have an average floor area of 160m², while those on larger lots (between 400m² and 600m²) are expected to average around 190m². In total, 949 dwellings are anticipated, with an overall average lot size of 470m² and an average GFA of 180m².

The proposal is anticipated to supply dwellings to the market at an average price of $1,060,000. It is estimated that of these dwellings, 318 (34%) will be provided for below $1,000,000. These dwellings will be $75,000 - $160,000 (7-15%) less expensive than the average sale price of the surrounding key developments in the study area, providing a substantial quantity of affordable housing relative to new housing supply. As such, the proposal is considered to meet a gap in the

lower-mid priced new-build market, helping to meet the needs of a market segment that is currently underrepresented (e.g. lower-middle income households seeking relatively affordable new homes). This demonstrates the proposal's ability to provide comparatively affordable new housing in Porirua City and the wider region.

Figure 1:
Mt Welcome Residential Development Concept Site Plan



Source: Envelope

Figure 2:
Indicative Dwelling Yield & Price

Activity	Lot Density*	Dwelling Type / Industry Type	Total Dwellings/ GFA (m²)	Avg Lot Size (m²)	Avg GFA Estimate (m²)	Avg Section Price Estimate	Avg Total Sale Price Estimate
Residential	<400m²	Stand Alone	312	370	160	$430,000	$960,000
	400-600m²	Stand Alone	637	520	190	$500,000	$1,110,000
	Total	-	**949**	**470**	**180**	**$480,000**	**$1,060,000**
Commercial	-	Retail	4,500m²**	-	-	-	-

*A maximum lot size of 600m² has been applied to the residential lots to reflect topographical site constraints that restrict the practicality of larger sections.

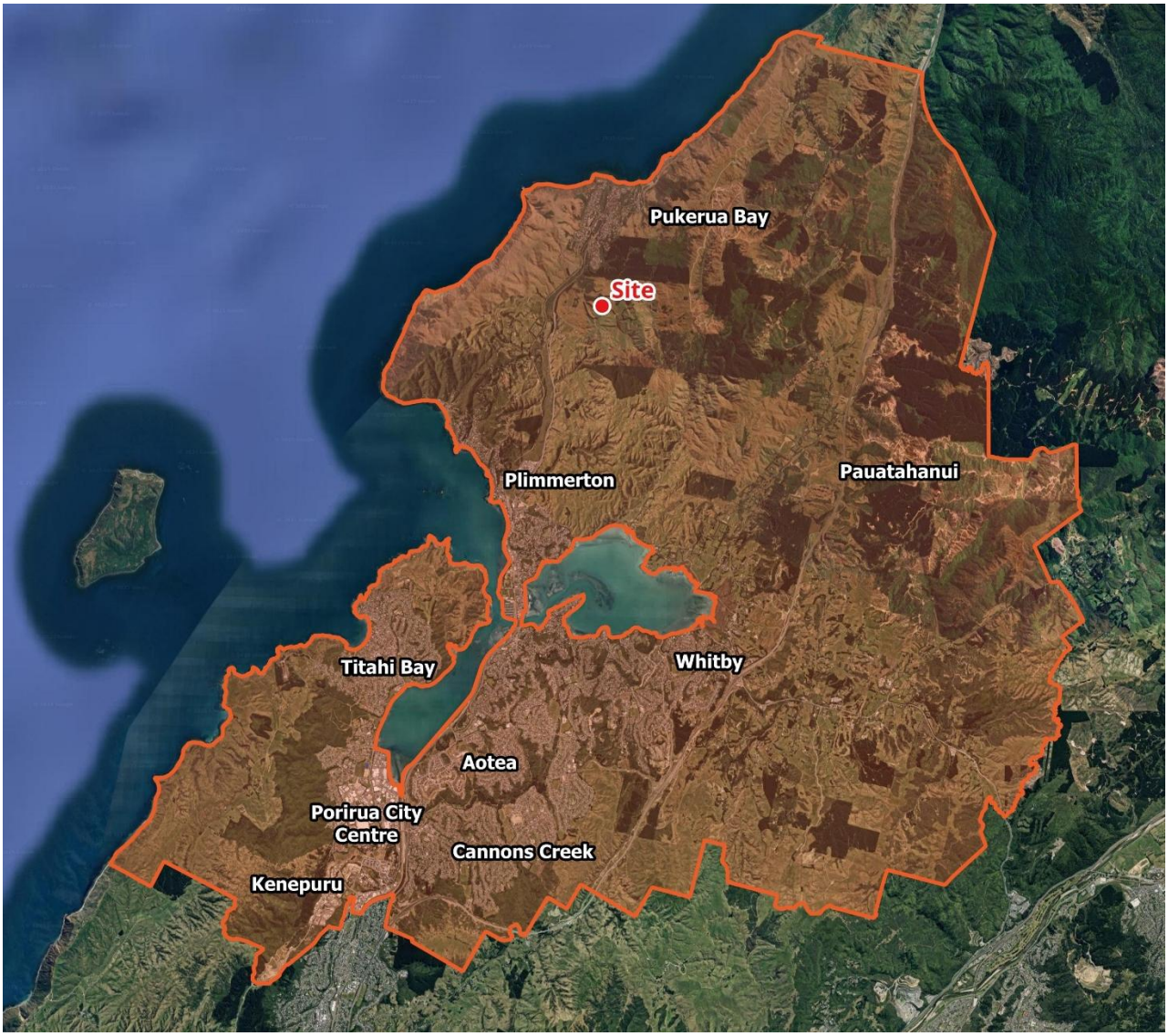
**Across a total commercial land area of 1.3 ha approx.

Source: Envelope, UE

3. Study Area

Figure 3 outlines the study area adopted in this report. The study area includes all SA2's (Statistical Area Unit 2) that make up Porirua City, encompassing suburbs such as Pukerua Bay, Whitby, Aotea and the Porirua City Centre.

Figure 3:
Study Area



Source: LINZ, UE

4. Greenfield Residential Capacity Analysis

This section profiles the existing and pipeline medium-large scale (50+ lots/dwellings) greenfield developments (i.e. capacity) with remaining capacity in the study area.

Figures 4-5 provide a profile of the existing and pipeline greenfield developments within the study area[1]. This reflects the medium-term (10 year) 'reasonably expected to be realised' greenfield capacity in the study area, as identified in Table 4.10 (page 171) of the Porirua City Council Housing Capacity Assessment 2023 (HBA) as it reflects the developments that are zoned, serviced and expected to occur over this period. The medium-term capacity is considered to be the most relevant period, when determining whether the housing market will function efficiently, and meet demand in terms of dwelling type, price and location. The main points are:

- There are currently three greenfield developments supplying dwellings/lots within the study area.
- In total, these developments will supply approximately 2,600 dwellings/lots, of which, 700 remain to be developed/sold.
- There are three pipeline greenfield developments in the study area. These are expected to provide approximately 1,115 dwellings to the market.
- Across the study area, the HBA identifies 'reasonably expected to be realised' medium-term capacity of 4,345 dwellings, of which, an estimated 3,715 dwellings/lots will be supplied in current and pipeline greenfield developments, and a further 630 dwellings/lots are estimated to be supplied over the medium term in other, currently unknown, developments. The proposal would increase the medium-term capacity in the study area, to 5,294 dwellings/lots.

Figure 4:
Current and Pipeline Greenfield Residential Developments

Status	Development	Total Dwellings/Lots	Sold	%Sold	Currently Selling	Remaining Supply
Current	Kenepuru Landing	880	320	36%	125	560
	Silverbrooke	220	130	59%	10	90
	Aotea	1,500	1,450	97%	10	50
Current Subtotal		**2,600**	**1,900**	**73%**	**145**	**700**
Pipeline	Plimmerton Farm Stage 1	890	-	-	-	890
	Muri Road Stage 1	140	-	-	-	140
	Talima Estate	85	-	-	-	85
	Other Medium-Term Supply*	630	-	-	-	630
Total Medium-Term Capacity*		**4,345**	**-**	**-**	**-**	**2,445**
Proposed Mt Welcome**		**949**	**-**	**-**	**-**	**949**
Total		**5,294**	**1,900**	**36%**	**145**	**3,394**

*As identified in Table 4.10 of the HBA 2023

**Mt Welcome represents a 39% increase to the supply of current & pipeline greenfield dwellings in the study area.

Source: CoreLogic, Development Websites, LINZ, UE

[1] Development of largely vacant land, informed by publicly available information and sources (i.e. development websites, news articles, Council plan changes, etc.).

Figure 5:
Location of Current Greenfield Developments

Source: LINZ, CoreLogic, Developer Websites, LINZ, UE

5. Greenfield Residential Demand & Sufficiency Analysis

The following sections provide an assessment of greenfield residential demand, in terms of quantity and price, within the study area.

5.1 Dwelling Sales

Figure 6 below displays the distribution of recent dwelling sales (2022-2024) by price bracket and type in the study area. This provides market information to inform the economic assessment. The dwelling sales in this section cover all dwellings in the study area, including existing and new homes. A more detailed comparison of the proposal's pricing relative to other new greenfield developments is provided in Section 11. The main points to note are:

- Stand alone dwellings accounted for the majority of dwellings sales (88%), followed by terrace houses (12%). There were no apartment sales over this period.
- The majority (59%) of stand alone dwellings were sold within the $600,000 - $1,000,000 price range. In addition, a considerable proportion (34%) of stand alone dwellings were sold for above $1,000,000.
- By comparison, the majority of terrace houses were sold in the $600,000 - $900,000 price range (63%).
- Over this period, a total of 1,980 dwellings were sold. This equates to annual sales of approximately 660 dwellings. Of these sales, approximately (18% or 348 dwellings) were new dwellings (built after 2010).

The sale prices in Figure 6 reflect prices across the existing housing stock. It is worth noting that, new houses can have higher prices than older existing houses, reflecting older houses having depreciated capital values, however new infill houses are typically more expensive than new greenfield houses, when compared 'like-for-like' (i.e. same size lot and dwelling). This is addressed in more detail in Section 7.

Figure 6:
Recent Sales by Price Bracket for the Study Area 2022 - 2024

Price Bracket ($)	Number of Properties			Percentage Distribution (%)		
	Stand Alone	Terrace	Total	Stand Alone	Terrace	Total
Less than $500,000	30	20	50	2%	9%	3%
$500,000 - $600,000	90	35	125	5%	15%	7%
$600,000 - $700,000	255	45	300	15%	19%	17%
$700,000 - $800,000	280	40	320	16%	17%	18%
$800,000 - $900,000	275	60	335	16%	26%	19%
$900,000 - $1,000,000	220	20	240	13%	9%	14%
$1,000,000 - $1,100,000	155	5	160	9%	2%	9%
$1,100,000 - $1,200,000	145	5	150	8%	2%	9%
$1,200,000 - $1,300,000	120	0	120	7%	0%	7%
$1,300,000 - $1,400,000	75	0	75	4%	0%	4%
$1,400,000 - $1,500,000	30	0	30	2%	0%	2%
$1,500,000 - $1,600,000	25	0	25	1%	0%	1%
$1,600,000 - $1,700,000	10	0	10	1%	0%	1%
$1,700,000 - $1,800,000	15	0	15	1%	0%	1%
$1,800,000 - $1,900,000	10	0	10	1%	0%	1%
$1,900,000 - $2,000,000	0	0	0	0%	0%	0%
$2,000,000 Plus	15	0	15	1%	0%	1%
Total	**1,750**	**230**	**1,980**	**88%**	**12%**	**100%**

Source: CoreLogic, UE

Figure 7 outlines the average sale price for different dwelling types within the study area over the 2022 - 2024 period. Terrace housing is shown to be the more affordable housing type (in nominal terms) with an average sale price of $740,000. Stand alone dwellings achieved a higher average sale price of $930,000.

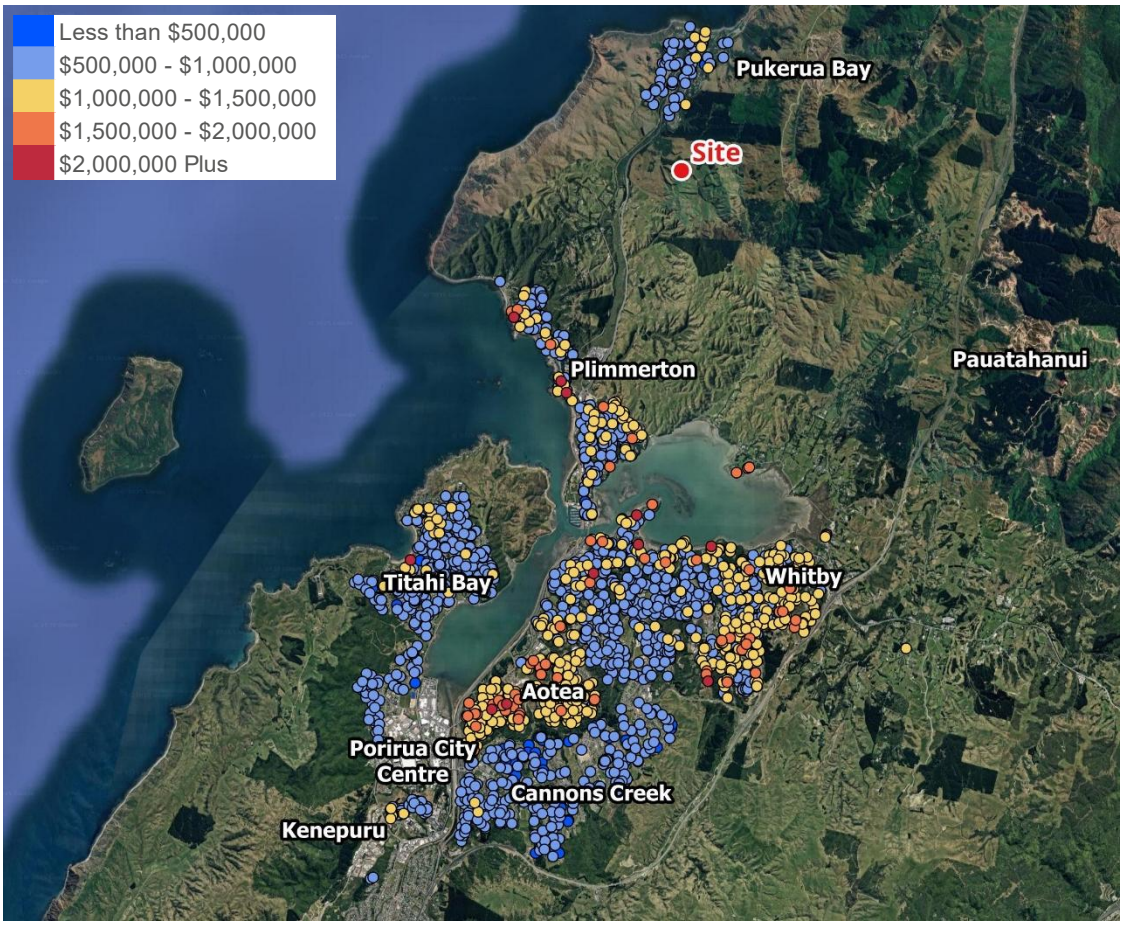
Figure 7:
Average Sale Price by Dwelling Type for the Study Area 2022 - 2024

Dwelling Type	Avg. Sale Price
Stand Alone	$930,000
Terrace	$740,000
Total	**$910,000**

Source: CoreLogic, UE

Figure 8 illustrates the distribution of dwelling sales by price over the 2022 - 2024 period. The highest priced locations within the study area are Whitby and Aotea. These areas have predominantly achieved prices of $1,000,000 plus. This is likely driven by the relatively newer housing stock in these areas. The proposal site is located south of Pukerua Bay, where the sales volume is relatively low, however, prices are generally within the $500,000 and $1,000,000 range.

Figure 8:
Recent Sales by Location 2022 - 2024



Source: CoreLogic, LINZ

5.2 Dwelling Consents by Location

Figure 9 provides a breakdown of the location of new dwellings consented in the study area over the 2018-2024 period. This provides market information to inform the economic assessment. It shows that on average, over this period, approximately 33% of all new dwellings consented occurred within infill locations, 63% occurred within new greenfield areas and 4% occurred within rural areas.

Figure 9:
Study Area New Dwellings Consented by Location (2018 - 2024)

Year	New Dwellings Consented			
	Infill*	Greenfield **	Rural***	Total
2018	55	180	5	240
2019	130	230	5	365
2020	90	205	5	300
2021	65	235	40	340
2022	65	225	15	305
2023	130	50	0	180
2024	75	60	10	145
Avg	**85**	**170**	**10**	**270**
Total	**610**	**1,185**	**80**	**1,875**
%	**33%**	**63%**	**4%**	**100%**

*SA1's where no greenfield developments have occurred.

**SA1's where residential growth has predominantly occurred through greenfield development.

***SA1's that are predominantly rural in character.

Source: Statistics NZ, UE

5.3 Porirua City Dwelling Demand

Figure 10 summarises Porirua City's projected dwelling demand over the short (1-3 years), medium (4-10 years) and long term (11-30 years), as reported in the 2023 HBA. It reflects estimated demand for additional dwellings after applying the National Policy Statement on Urban Development (NPS-UD) buffer of 20% for short and medium-term demand and 15% for the long-term. On an annualised basis, the HBA forecasts annual demand for approximately 675 dwellings over the 2021-2023 period, 555 dwellings over the 2027-2030 period and 405 dwellings from 2031 onwards.

The HBA highlights significant housing affordability challenges in Porirua City. It notes that: *"there is a significant shortfall in the number of houses currently being supplied to the market to meet demand. This undersupply of new dwellings continues to be a key contributor to ongoing housing affordability issues in Porirua."* (page 166). The HBA identifies that approximately 75% of future housing capacity is expected to come from infill and redevelopment. However, infill housing is typically more expensive to deliver than greenfield development and may not effectively address the district's housing affordability challenges into the future. It should be noted that the HBA does not consider/provide price points in its housing sufficiency analysis, suggesting the shortfall could be substantially higher than estimated when considered across different price brackets.

The PCC 2024-2034 Long Term Plan (Page 22) provides a future expected greenfield growth allocation of 55%. Applying this share to the total dwelling demand figures from the HBA results in greenfield demand of 370 dwellings p.a. over the 2021-2023 period, 305 dwellings p.a. over the 2024-2030 period and 225 dwellings p.a. from 2031. This results in an estimated annual greenfield demand of approximately **275 dwellings over the short to medium-term.**

In many other urban centres across the country (and historically) greenfield housing typically accounts for 60-70% of demand, reflecting the ability of greenfield developments to provide dwellings at more affordable price points. The future greenfield allocation of 55% identified in the LTP is slightly lower than the historic pattern of greenfield growth in the study area. As such, the adopted 55% greenfield demand is considered to be a conservative estimate, i.e. in practise demand is likely to be higher.

Figure 10:
Porirua City Council Dwelling Demand 2021 - 2051

Porirua City	2021-2023	2024-2030	2031+
PCC Total Dwelling Demand*	2,030	3,890	8,060
PCC Total Dwelling Demand p.a.*	675	555	405
PCC Greenfield Dwelling Demand**	1,115	2,140	4,435
PCC Greenfield Dwelling Demand p.a.**	370	305	225

*Sourced from 2023 HBA Update, inclusive of 20% and 15% demand buffer.

**Based on 55% of demand allocated to greenfield land in LTP 2024, p. 22

Source: Porirua City Council

Based on the above, Figure 11 estimates the remaining years of greenfield capacity in the study area. The main points to note are:

- In total, there is estimated to be a fundamental annual greenfield dwelling demand of 275 dwellings including the NPS-UD demand buffer of 20% over the medium term, as determined by the 2023 HBA and LTP 2024-2034.
- There is a remaining medium-term reasonably expected to be realised capacity of approximately 2,445 dwellings.
- The proposal would increase total remaining medium-term capacity to 3,394 dwellings.
- Based on the expected rates of greenfield demand, there is an estimated 8.9 years of greenfield capacity remaining. This is not sufficient to meet the short to medium-term requirements (10 years) of Policy 2 of the NPS-UD.
- If the proposed development is approved, the remaining greenfield capacity would increase to 12.3 years and therefore, meeting the short to medium-term capacity in the study area.

Figure 11:
Study Area Estimated Greenfield Dwelling Sufficiency

Greenfield Areas	Total
Medium-Term Dwelling Demand (incl. NPS-UD Demand Buffer)	2,730
Annual Dwelling Demand (incl. NPS-UD Demand Buffer)	275
Remaining Medium-Term Capacity (Current + Pipeline Developments)	2,445
Proposed Mt Welcome Dwelling Supply	949
Proposed Mt Welcome (% Contribution to Study Area Supply)	39%
Remaining Medium-Term Capacity (Current + Pipeline + Proposal)	3,394
Remaining Years of Capacity (Current + Pipeline)	**8.9**
Remaining Years of Capacity (Current + Pipeline + Proposal)	**12.3**

Source: Various, UE

6. Infrastructure Provision

This section outlines the infrastructure-related benefits of the proposal, with a focus on the economic efficiencies enabled by a large-scale, masterplanned development.

The proposal represents a large, masterplanned development that will deliver a substantial number of new dwellings over the medium-term. Developments of this scale typically enable more cost-effective infrastructure provision compared to a number of smaller separated developments. The economies of scale inherent in large masterplanned developments support efficient infrastructure staging, reduce per-dwelling costs, and lower overall delivery risk.

In addition, the scale of the proposal will support a more efficient cost recovery period through increased development contributions and rateable units, due to faster sale rates that can be expected. This improves the economic efficiency of infrastructure delivery.

It is understood that the proposal includes upgrades to the existing network, on-site wastewater storage facilities and flow mitigation to manage sewage. The provision of the upgrade and on-site infrastructure is considered a benefit, as it enhances the self-sufficiency of the development and may mitigate further pressure on Porirua City's existing infrastructure network, which is understood to be facing capacity and funding constraints in accommodating future residential growth.[2]

7. Affordability of New Greenfield & Infill Housing

Housing in new greenfield developments is typically able to be brought to the market at lower prices than new infill housing. This is due to greenfield developments offering greater economies of scale for land development and house construction and lower raw land prices.

Figure 12 shows the sale price per m² of GFA of new greenfield and infill dwellings in the study area (this is to adjust for different dwelling sizes). Overall, greenfield dwellings are brought to the market for 80% of the price of infill dwellings on a per square metre basis (i.e. greenfield dwellings 20 percentage points more affordable). For example, a house that has a price per m² of $8,000 in an infill location could be brought to the market at a price of $6,400 per m² in a greenfield location. The lower cost of greenfield dwellings is a trend seen in other major cities, including Auckland and Wellington. Generally, successful markets see 60 - 70% of housing demand met through greenfield housing in order to maintain affordability. Ensuring a continued pipeline of greenfield supply is therefore critical to support accessible housing outcomes for the study area.

In addition, several studies confirm that greenfield housing can be produced at more affordable prices than infill housing. For example, a study completed by Urbis Ltd in 2011 found that greenfield housing was significantly less expensive than infill housing (32% cheaper in Brisbane, 10% cheaper in Adelaide, 5% cheaper in Sydney, 22% cheaper in Melbourne and 32% cheaper in Perth).

This highlights that Mt Welcome, as a new greenfield development, is expected to deliver new dwellings that are significantly more affordable than typical infill housing (with an estimated average price of approximately $5,900 per m²). This highlights the benefit of greenfield development in helping to address the shortage of dwellings in Porirua by providing new homes at more affordable price points.

[2] Porirua City Long-term Plan 2024-34, Infrastructure Strategy, page 132.

Figure 12:
Average Sale Price/m² of New Build Properties 2022-2024 (Study Area)

Location Type	Sale Price/m²		
	Stand Alone	Terrace	Average
Greenfield	$6,200	$6,800	$6,400
Infill	$7,300	$8,800	$8,000
Greenfield % Infill	**85%**	**77%**	**80%**

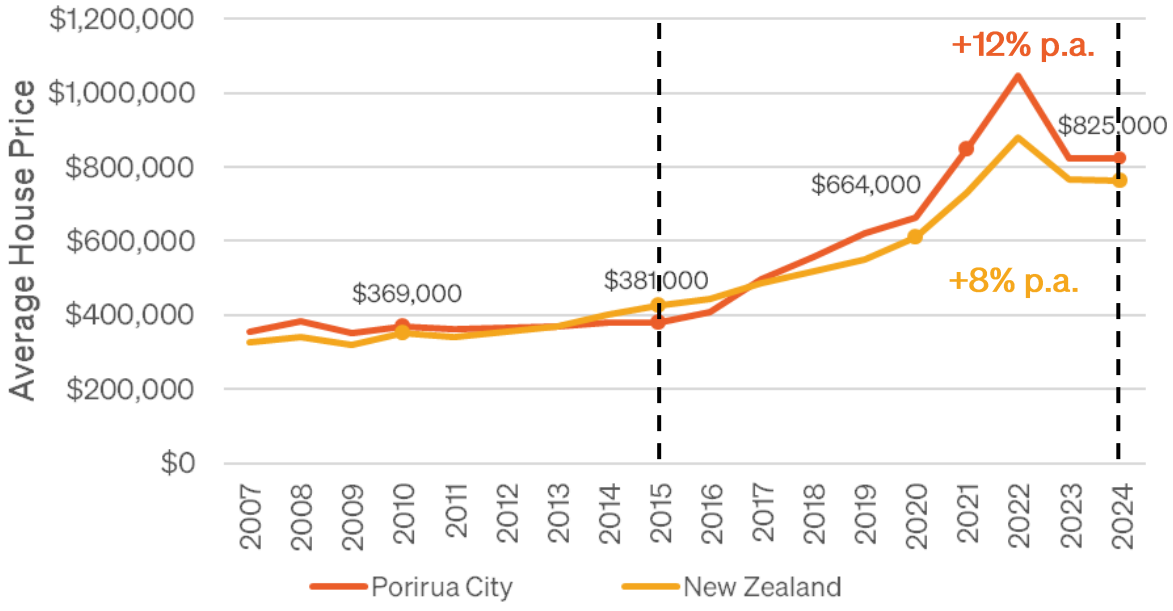
Source: CoreLogic

7.1 Porirua City Average House Price Growth 2007 – 2024

Figure 13 shows that the average house price in Porirua City has increased since 2007 and is now around $825,000.

Since 2015, the annual average house price in Porirua City increased from $381,000 to $825,000 or by 12% p.a.. This is relatively higher than the rate of price growth seen at the national level of 8% p.a. (increase from $425,000 to $763,000). This indicates a shortage of dwellings supplied to the market relative to demand. Historically, greenfield development has played an important role in moderating price pressures in the study area, given its relative affordability to infill housing, which has a higher average price, and the significant role it has played in meeting housing demand to date (as discussed in Section 5.2). As such, maintaining this supply is critical to supporting housing affordability, and the proposal would help contribute to this outcome.

Figure 13:
Porirua City Average House Price Growth 2007-2024



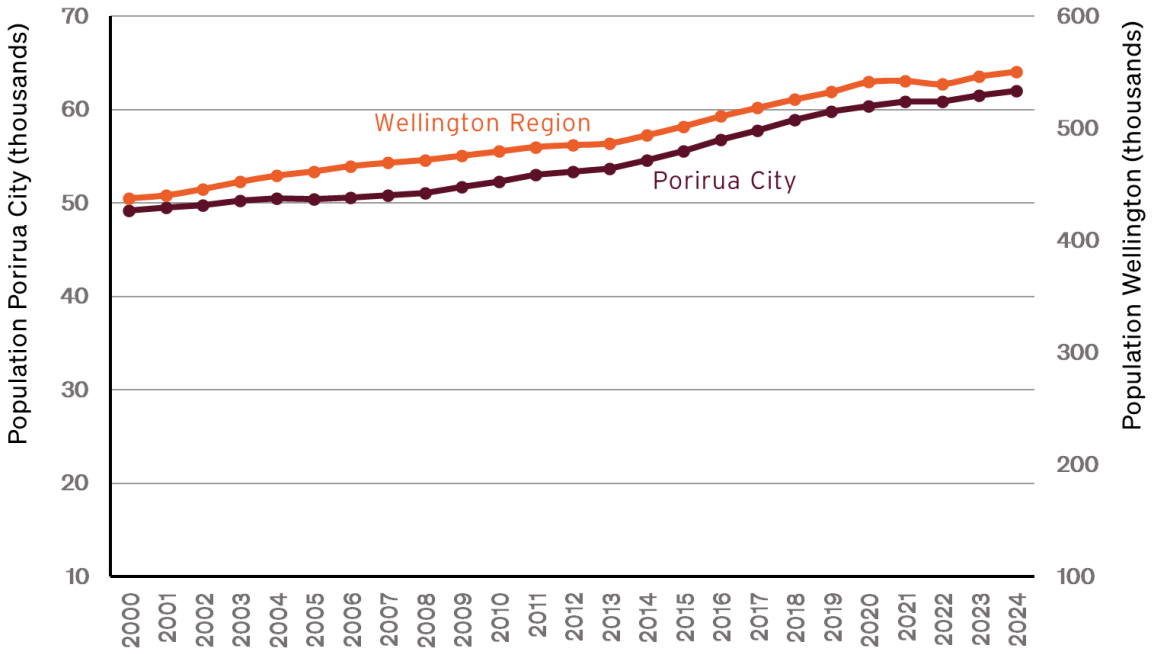
Source: CoreLogic, REINZ

8. Porirua City Population Growth

This section evaluates population growth in Porirua city which provides relevant background information for the economic assessment. Figure 14 compares the population growth in Porirua City and the Wellington region. Porirua's population has grown steadily from 49,000 in 2000 to 62,000 in 2024, representing a net increase of 13,000 people (27%) over this period. Over the same period, the Wellington Region grew from 438,000 to 551,000 (26%). This means Porirua's growth slightly outpaced regional growth. However, Porirua maintained steady growth during periods of regional decline, as seen through the 2020-2022 period (COVID-19).

This is an indicator of Porirua's growing attractiveness as a place to live within the wider region and suggests demand for housing is expected to remain strong.

Figure 14:
Porirua City and Wellington Region Growth 2000 - 2024



Source: Statistics NZ

9. Access to Employment Nodes & Services

Porirua City has had significant employment growth between 2015 - 2024. As shown in Figure 15 below, employment through this period has increased by 37%. This is tracking considerably higher than the population growth of 12% over the same period, indicating an increase in the self-sufficiency of Porirua City, which demonstrates that Porirua City is a key employment hub within the region. Porirua City currently has approximately 0.3 jobs per capita. This is slightly below the regional average of 0.5 jobs per capita, which reflects the large employment within the Wellington CBD and the districts relatively peripheral location.

Strong employment growth in Porirua City is expected to continue, supported by the identification of approximately 60 - 70 hectares of net developable land in the Judgeford Flats area, earmarked for future up-zoning to industrial use. Once developed, this area is expected to support in the

order of 2,000 to 3,000 new jobs, providing significant additional employment opportunities for future residents and enabling more people to live closer to their place of work.

Figure 15:
Porirua City Employment and Population Growth (2015-2024)

Porirua City	2015	2024	Growth (2015-2024)	
			Nominal	%
Employment	14,860	20,340	5,480	37%
Population	55,590	62,030	6,440	12%

Source: Statistics NZ, UE

Figure 16 demonstrates that there is significant employment in close proximity to the proposal site, with future residents having access to more than 16,000 jobs within a 20-minute drive time. This includes the major employment nodes of Porirua Central, the Plimmerton Mixed Use area, and future employment at Judgeford Flats.

This demonstrates that the Site is appropriately located to provide good accessibility between housing and jobs, consistent with Policy 1(c) of the NPS-UD, supporting the development of a well-functioning urban environment.

Figure 16:
Employment Within a 20-Minute Drivetime

Source: Statistics NZ

10. Economic Contribution to GDP & Employment

This section assesses the impact of the project and the proposed shift to urban use on employment and GDP. This assessment confirms that the proposal will "deliver significant economic benefits" for the Wellington region and the study area, and is consistent with the purpose of the Fast-track Approvals Act 2024.

10.1 Employment & GDP Contribution from Construction

The national 'value-added per employee' for each sector has been used to estimate the full-time equivalent (FTE) employment for this proposal. This methodology includes both direct and indirect impact of the proposal.

Figure 17 shows the estimated national 'value-added per FTE employee'. These figures are used to estimate the FTE employees created by the construction of the proposal.

Figure 17:
Industry GDP and Value Added per Employee

Sector	Value Added GDP ($M)	FTE Workers	Value Added GDP Per Employee
Construction	$29,159	179,300	$163,000
Agriculture	$13,252	78,900	$168,000

Source: Statistics NZ

Figure 18 outlines the total FTEs and value-added[3] to the construction sector GDP that the proposal would generate. The FTE employment generated from construction is derived by dividing the total GDP contribution (value added) by the value added per employee in the construction sector. It is estimated that the development of the site would support/generate approximately 1,450 FTE jobs and contribute $236.0 million to the construction sector's GDP.

Figure 18:
Value-Added GDP & FTE Employee Estimates

Development Component	Count	Value ($M)	Value Added GDP ($M)	FTE Employees
Residential	949	$804.8	$232.3	1,430
Commercial	4,500m²	$12.6	$3.6	20
Project Total	**-**	**$817.4**	**$236.0**	**1,450**

Source: Statistics NZ, UE

[3]The value added of an industry, also referred to as gross domestic product (GDP)-by-industry, is the contribution of a private industry or government sector to overall GDP. The components of value added consist of compensation of employees, taxes on production and imports less subsidies, and gross operating surplus. Value added equals the difference between an industry's gross output (consisting of sales or receipts and other operating income, commodity taxes, and inventory change) and the cost of its intermediate inputs (including energy, raw materials, semi-finished goods, and services that are purchased from all sources).

Figure 19 compares the economic impact of the existing use (the 'Base Case' scenario) and the proposed development.

The Base Case scenario evaluates the economic value of the existing rural use of the site. The existing use is estimated to contribute approximately $0.6 million to GDP and support approximately 5 FTE jobs.

In contrast, the proposal will develop 949 lots + dwellings, contributing an estimated $236.0 million to GDP and supporting approximately 1,450 FTE jobs.

Overall, the proposal would result in a net additional contribution of $235.3 million to GDP and support 1,445 additional FTEs, when compared to the Base Case.

Figure 19:
GDP and FTE Comparison Base Case vs The Proposal

Scenario	Value ($M)	Value Added GDP ($M)	FTE Employees
The Proposal	$817.4	$236.0	1,450
Rural Base Case	$1.6	$0.6	5
Net Benefit	**$815.7**	**$235.3**	**1,445**

Source: UE, CoreLogic, Statistics NZ

The economic benefits are in this instance considered to be a net addition, i.e. they would not otherwise occur. The HBA highlights that there is a shortfall in the number of houses currently being supplied to the market to meet demand and that the undersupply of new dwellings will continue to be a contributor to housing unaffordability in Porirua. As such, the proposed new development will increase the total supply of lower cost housing in the region. In turn, this will increase the overall supply of housing in Porirua which will place downward pressure on overall house prices.

10.2 Flow-on Effect of the Proposal on the Primary Industries

The contribution of the proposal to GDP and FTE employment is estimated using the value-added approach. This is further refined to estimate the direct and indirect contributions to GDP based on an evaluation of the interrelationship between different sectors of the economy (using input-output tables sourced from Statistics NZ), with a particular focus on the proposal's impact on primary industries.

Figure 20 outlines the value-added GDP and breaks this down into direct and indirect impacts and FTE employment. GDP contributions for each sector are allocated from the total value-added GDP proportion of their respective sector multipliers, based on the total multiplier of 2.13. The key points to note are:

- The proposal's direct impact on the construction sector is estimated to be $110.9 million in GDP and will support approximately 680 FTE jobs. This includes building construction and related services.
- The indirect (flow-on) impact of the construction of the development on primary industries is estimated to be $52.4 million in GDP and will support approximately 320 FTE jobs. This includes, for example, jobs in the 'Agriculture, forestry and logging' sector resulting from the purchasing of raw materials to construct the proposed dwellings (e.g. timber).

Figure 20:
Economic Impact of The Proposal on Primary Industries

Impact	Sector	Multiplier	Project Value ($M)	GDP ($M)	FTE
Direct	Construction	1.00	$384.0	$110.9	680
Indirect	Primary	0.47	$181.6	$52.4	320
	Other	0.66	$251.8	$72.7	445
Total Impact	-	**2.13**	**$817.4**	**$236.0**	**1,450**

Source: Statistics NZ, UE

10.3 Employment & GDP Generation from Ongoing Expenditure

Figure 21 shows the estimated national 'value-added per FTE employee'. These value-added per employee figures are used to estimate the FTE employees created from the ongoing household expenditure from future residents of the proposed development and spend at the proposed retail centre. The sectors that have been included contribute approximately $26 billion to national GDP and employ approximately 268,000 FTEs. This results in a value-added of $97,000 per employee.

Figure 21:
Industry GDP and Value-added per Employee

Sector	Value Added GDP ($M)	FTE Workers	Value Added GDP Per Employee
Retail Trade	17,400	166,000	$105,000
Accommodation and Food Services	8,600	102,000	$84,000
Total	**26,000**	**268,000**	**$97,000**

Source: Statistics NZ

Figure 22 outlines the national retail sector GFA and total retail sector contribution to GDP. In total, there are approximately 13.2 million m² of retail GFA across NZ and a total retail sector contribution to GDP of $26 billion. This equates to a total retail sector contribution to GDP of $1,970/m². When this rate is applied to the estimated 4,500m² retail centre this equates to a total contribution of $8.9 million to GDP p.a..

Figure 22:
Retail Sector GDP Contribution per GFA (m²)

Retail Sector	Total
GFA Total (m^2)	13,180,000
Total GDP Contribution ($m)	$26,000
GDP Contribution/GFA	**$1,970**
Proposed Retail GFA (m^2)	4,500
Estimated GDP Contribution ($m)	**$8.9**

Source: Statistics NZ, Property Council NZ, Data Insight, UE

Figure 23 provides an estimate of the ongoing household expenditure expected upon completion of the proposal (i.e. 2036). The main points to note are:

- Upon completion, the average household expenditure is forecast to be approximately $45,100 p.a.. This generates a value-added contribution to GDP of approximately $24,200 p.a..
- The total ongoing household expenditure from the residents is estimated to be approximately $42.8 million p.a.. This generates a value-added contribution to GDP of approximately $23.0 million p.a., supporting approximately 205 FTE jobs (based on a value-added per employee ratio of $97,000).

Figure 23:
Employment & GDP Generation from Ongoing Household Expenditure

Ongoing Household Expenditure	Number of Households	Average HH Spend ($p.a.)*	Value Added GDP (p.a.)	HH Expenditure Per Annum ($M)	Value Added GDP Per Annum ($M)	FTE Employees (p.a.)
Proposal	949	$45,100	$24,200	$42.8	$23.0	205

Source: UE, Statistics NZ

*Upon completion of proposed development (approximately 2036).

11. Market Positioning Analysis

This section provides an analysis of the market positioning of other key developments within the study area in terms of price, lot size and dwelling type. This is to determine whether the proposal would add additional supply to the market, that would not otherwise be available.

Figure 24 provides a summary of dwelling sales by price, type, lot size and floor area in these key developments over their recent sales. The main points to note are:

- During this period, Kenepuru Landing achieved an average sale price of $920,000, Silverbrooke achieved an average sale price of $885,000 and Aotea achieved an average sale price of $1,220,000.
- The total average sale price of across all key developments (excluding Mt Welcome) is $1,075,000.
- Kenepuru Landing and Silverbrooke are relatively more affordable, where approximately 80% of their sales occurred below $1,000,000. Conversely, Aotea is significantly more expensive, where 90% of sales occurred over $1,000,000.
- While Kenepuru Landing and Silverbrooke show a higher share of sales below $1,000,000, this reflects their relatively smaller average lot sizes and floor areas.
- During this period, Aotea supplied the largest product across the developments assessed, with average floor areas of 210m^2 and section sizes of 690m^2.
- By comparison, Kenepuru Landing and Silverbrooke provided slightly smaller product, with average floor areas of 140m^2 and 130m^2 respectively, and section sizes of 290m^2 and 390m^2.
- Mt Welcome is estimated to provide stand alone dwellings with an average sale price of $1,060,000. This is more affordable than stand alone dwellings at Silverbrooke ($1,170,000) and Aotea ($1,225,000).
- Approximately one-third of Mt Welcome's dwellings are expected to sell below $1,000,000. These dwellings will be $75,000 - $160,000 (7-15%) less expensive than the average sale price (of all dwellings) in the surrounding key developments in the study area, providing a substantial quantity of affordable housing relative to new housing supply. As such, the

proposal is considered to meet a gap in the lower-mid priced new-build market, helping to meet the needs of a market segment that is currently underrepresented (e.g. lower-middle income households seeking relatively affordable new homes). This demonstrates the proposal's ability to provide comparatively affordable new housing in Porirua City and the wider region.

- Overall, this is a key benefit of the proposal, and reflects the outcome from a competitive land and development market.

Figure 24:
Key Development (including the Proposal) Benchmark Summary Table

Kenepuru Landing	Stand Alone	Terrace	Total
Average Sale Price	$965,000	$860,000	$920,000
Average Lot Size (m²)	380	180	290
Average Floor Area (m²)	140	150	140
% Sold Below $1m	71%	100%	83%
% Sold Above $1m	29%	0%	17%

Silverbrooke	Stand Alone	Terrace	Total
Average Sale Price	$1,170,000	$805,000	$885,000
Average Lot Size (m²)	710	300	390
Average Floor Area (m²)	210	110	130
% Sold Below $1m	0%	100%	78%
% Sold Above $1m	100%	0%	22%

Aotea	Stand Alone	Terrace	Total
Average Sale Price	$1,225,000	$1,180,000	$1,220,000
Average Lot Size (m²)	690	490	690
Average Floor Area (m²)	210	200	210
% Sold Below $1m	10%	0%	9%
% Sold Above $1m	90%	100%	91%

Mt Welcome	Stand Alone	Terrace	Total
Average Sale Price	$1,060,000	-	$1,060,000
Average Lot Size (m²)	470	-	470
Average Floor Area (m²)	180	-	180
% Sold Below $1m	34%	-	34%
% Sold Above $1m	66%	-	66%

Source: CoreLogic, UE

Figure 25 provides a comparison of the price and lot size composition of the key developments over their recent sales against the proposed development.

As shown below, Mt Welcome is anticipated to supply new dwellings at the lower-mid end of the new-build market, in terms of price, when compared against the surrounding key developments. As such, Mt Welcome is considered to meet the needs of a market segment that is currently underrepresented (i.e. new housing for lower-middle income households). This confirms the proposed development will offer wider economic benefits relating to the type and price of dwellings available in the market and would reflect a net addition to current supply (i.e. supply that would not otherwise occur overall). This would contribute to lower house prices in the district.

Figure 25:
Key Development Price Range

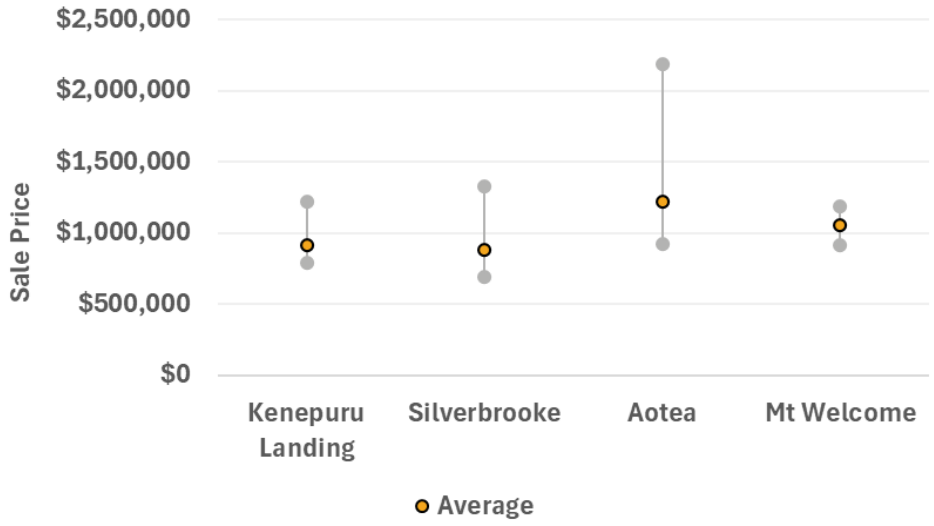
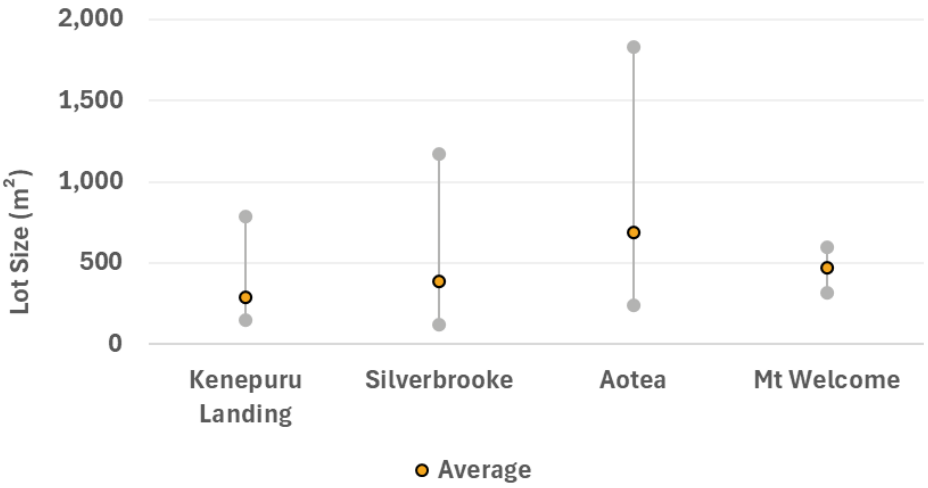


Figure 26:
Key Development Lot Size Range (m²)



Source: CoreLogic
Note: A maximum lot size of 600m² has been applied to Mt Welcome estimates to reflect topographical site constraints that restrict the practicality of larger sections.

12. Analysis of Competitive Land & Development Markets

The NPS-UD requires an evaluation of whether there is a competitive land and development market. The Herfindahl-Hirschman index (H-H)[4] is an industry best practice tool used to measure market concentration. Authorities that deal with regulating the competitiveness of markets such as the Commerce Commission domestically and the US Department of Justice use the Herfindahl-Hirschman (H-H) Index to measure whether markets are or will become too concentrated. Most notably, the Commerce Commission has used the H-H index to assess the competitiveness of the supermarket and telecommunications sectors in New Zealand over recent years. The US Department of Justice considers HH index values between 1,500 – 2,500 to be moderately concentrated markets and values over 2,500 to be highly concentrated markets.

The H-H index is considered to be the best tool in determining the competitiveness of an urban land market, with respect to achieving the following objectives and policies from the NPS-UD:

> *"Objective 2: "Planning decisions improve housing affordability by supporting competitive land and development markets",*
>
> *Policy 1: "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:*
>
> *(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 reduction in greenhouse gas emissions; and*
>
> *(f) are resilient to the likely current and future effects of climate change.*

With regard to Policy 1, this section of the report focuses on Policy 1(a)(i) and Policy 1(d), which are most relevant to the operation of competitive land markets and the supply of housing that meets a variety of household needs.

Highly concentrated land and development markets (H-H values greater than 2,500) lead to a monopolistic market structure, whereby the developers have exclusive power of the supply of dwellings to the market and therefore are to an extent price-makers. This discourages competition and leads to higher prices. As a result, a highly concentrated land and development market is unlikely to meet the above relevant economic policies and objectives of the NPS-UD.

[4] The Herfindahl-Hirschman index is calculated by squaring each supplier's market shares and then summing them. The maximum value is 10,000.

Figures 27-28 display the H-H index values likely to occur in the study area greenfield land market over the next ten years, both with and without the proposal. This is calculated based on the currently selling/planned supply from known greenfield developments in the study area (Figure 4) a greenfield annual dwelling demand of 275 dwellings and an individual developer supply capped at 100 dwellings p.a. (this generally reflects the maximum amount a greenfield developer can supply to the market in any given year accounting for physical and market limitations). The main points to note are:

- The Porirua greenfield housing market is currently highly concentrated, with an H-H index of 6,615. This is in large part due to the existence of only a small number of developers in the market.
- With the addition of the proposal entering the market from approximately 2028, the Porirua greenfield market concentration falls, from 4,360 in 2027, to 3,610, but remains 'highly concentrated' overall. The market as a result is relatively more competitive than before and therefore contributes towards the Porirua residential land market better meeting Objective 2 of the NPS-UD.
- The number of competitors and the supply of lots in a residential greenfield market contribute significantly to the level of concentration that occurs. As shown below, the impact of one large development (the proposal) entering the market results in a notable decrease in market concentration. With the addition of more medium-large competitors, the concentration in Porirua would continue to fall, and a more efficient greenfield land market would result.
- Ensuring a competitive greenfield land market in Porirua requires attention not only to the total quantity of lots supplied, but also to the number of active competitors delivering those lots. Both factors are required to meet Objective 2 of the NPS-UD, which seeks to promote well-functioning urban environments by enabling competitive land markets.

In conclusion, the proposal supports Objective 2 of the NPS-UD by addressing the shortage of medium-term greenfield capacity and improving the competitiveness of the greenfield residential market in Porirua, contributing to improved housing affordability.

Figure 27:
Herfindahl-Hirschman Index, Study Area Greenfield Residential Land Market (Without Proposal)

Year	Number of Competitors	Development Dwelling Supply	Herfindahl - Hirschman Index	Market Concentration
2025	3	700	6,615	High
2026	1	460	10,000	High
2027	4	1,475	4,360	High
2028	4	1,200	5,310	High
2029	2	925	6,640	High
2030	1	725	7,670	High
2031	1	530	10,000	High
2032	1	430	10,000	High
2033	1	330	10,000	High
2034	1	230	10,000	High

Source: UE

Figure 28:
Herfindahl-Hirschman Index, Study Area Greenfield Residential Land Market (With Proposal)

Year	Number of Competitors	Development Dwelling Supply	Herfindahl - Hirschman Index	Market Concentration
2025	3	700	6,615	High
2026	1	460	10,000	High
2027	4	1,475	4,360	High
2028	5	2,155	3,610	High
2029	4	1,880	4,010	High
2030	3	1,605	4,290	High
2031	3	1,330	4,730	High
2032	2	1,085	5,080	High
2033	2	885	5,115	High
2034	2	685	5,195	High

Source: UE

13. Fast-track Approvals Act Economic Considerations

This section assesses the proposal against the relevant economic matters related to regional or national significance in the Fast-track Approvals Act.

The relevant sections for an economic analysis are outlined as follows.

Section 3: *"The purpose of this Act is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits."*

The following sections may provide some guidance on how to determine significant regional or national economic benefits. While Section 22 of the Act relates to referral decisions, it provides useful context for identifying regional or national economic benefits that may be considered significant.

Section 22(1): "The criteria for accepting a referral application are that-

(a) the project is an infrastructure or development project that would have significant regional or national benefits…"

Section 22(2): *"For the purposes of subsection (1)(a), the minister may consider-*

(a) 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

(v) will support primary industries, including aquaculture:

…

(x) is consistent with local or regional planning documents, including spatial strategies."

Each of the subsections outlined above are addressed below.

Section 22(2)(a)(iii): Housing Supply and Contribution towards Well-Functioning Urban Environment

The proposal would make a significant contribution to the supply of housing and contribute towards a well-functioning urban environment. The reasons for this are summarised below.

Policy 1 of the National Policy Statement on Urban Development (NPS-UD) reads as follows:

> ***Policy 1:*** *"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:*
>
> *(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 reduction in greenhouse gas emissions; and*
>
> *(f) are resilient to the likely current and future effects of climate change.*

This report comments specifically on Policy 1(a)(i), (c), and (d), which are most relevant to the scope of this economic assessment, particularly with regard to housing supply, location relative to employment and services, and the operation of land and development markets.

The proposal is estimated to supply dwellings to the market at an average price of $1,060,000, with 318 (34%) priced below $1,000,000. These dwellings will be approximately $75,000 - $160,000 (7-15%) less expensive than the average sale price of the surrounding key developments in the study area, providing a substantial quantity of affordable housing relative to new housing supply.

As such, the proposal is considered to address a gap in the lower-mid priced new housing market, helping to meet the needs of a market segment that is currently underrepresented (e.g. lower-middle income households seeking relatively affordable new homes).

The proposal site is well located to provide good accessibility to employment and services, with over 16,000 jobs within a 20-minute drive time for future residents.

The proposal would make a substantial contribution to the operation of the greenfield residential land and development market within the study area, which is currently undersupplied relative to future demand.

Currently there is approximately 8.9 years of greenfield dwelling capacity remaining in the study area. This is not sufficient to meet the medium-term requirements of Policy 2 of the NPS-UD, which states that:

"Tier 1, 2, and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term."

The proposal would increase greenfield capacity to an estimated 12.3 years, meeting the medium-term capacity requirements of the study area.

As such, the proposal contributes towards achieving a well-functioning urban environment by supplying relatively affordable new housing that puts downward pressure on house prices, with efficient access to employment and services, and improving the operation of the residential land market in the study area.

The proposal is considered to meet Section 22(2)(a)(iii) of the Fast-track Approvals Act.

Section 22(2)(a)(iv): Significant Economic Benefits

This proposal is estimated to contribute $236.0 million to GDP and support 1,450 FTE jobs. This is considered to be a significant economic benefit.

The proposal would supply a significant number of new dwellings to a supply constrained market, ensuring there is sufficient housing to meet demand, and that housing becomes more affordable over time.

The proposed project is therefore considered to meet Section 22(2)(a)(iv) of the Fast Track Approvals Act.

Section 22(2)(a)(v): Contribution towards Supporting Primary Industries

The proposal is estimated to result in a total contribution to primary sector GDP of $52.4 million, which would support an estimated 320 FTE jobs. This is considered to be a significant contribution to primary sector industries.

The proposal is considered to meet Section 22(2)(a)(v) of the Fast-track Approvals Act.

In conclusion, the proposal is considered to meet Section 3 of the Fast-track Approvals Act as it offers significant regional benefits, including a significant contribution to GDP, significant additional employment opportunities and supports a well-functioning urban environment, by providing a large quantity of relatively affordable housing in a market that has faced ongoing house price increases.

14. Conclusion

The proposal would result in significant economic benefits to Porirua City and the wider Wellington region. In particular it would:

- contribute approximately 949 additional dwellings to a supply constrained market,
- provide affordable dwellings and put downward pressure on housing prices due to its overall large scale and potential contribution to the market,
- enable more efficient infrastructure cost-recovery through increased development contributions and rateable units, improving financial efficiency and reducing the risk of delayed uptake,
- support net additional construction sector GDP and employment, of $236.0 million and 1,450 FTE jobs, and
- enable ongoing population growth, leading to significant net additional GDP and employment, of $31.8 million and 295 FTE jobs.

The proposal is considered to deliver significant regional economic benefits.