INSIGHT ECONOMICS

Final Report: 27 March 2025

Economic Assessment of Milldale Stages 4C and 10-13 Fast-track Application

Prepared for: **Fulton Hogan Land Development Limited**

Authorship

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Statement of Qualifications and Experience

Fraser Colegrave

I am the Founder and Managing Director of Insight Economics, New Zealand's leading economic consultancy on resource management, property development, and local infrastructure. Prior to that, I was a founding director of another economics consultancy – Covec – for 12 years.

I hold a first-class honours degree in economics from the University of Auckland.

Over the past 25 years, I have successfully completed more than 500 projects across a wide range of sectors—including large-scale residential developments—and have appeared as an expert witness before various judicial authorities up to the High Court of New Zealand.

Danielle Chaumeil

I am a Consultant at Insight Economics. I have been employed at Insight Economics since 2020.

I hold a BCom (Actuarial Studies) / BAppFin from Macquarie University and a BDes (Architecture) from the University of Sydney.

I have 20 years of professional experience in insurance, consulting, and architecture, including roles as an Actuary in both Australia and France. My experience includes economic and retail impact assessments, market supply and demand studies, resource consents, and plan changes. I have worked with some of New Zealand's largest property developers, as well as a range of private sector and local government clients.

Nicholas Keith

I am a Consultant at Insight Economics. I have been employed at Insight Economics since 2023.

I hold a BSc (Statistics) from the University of Auckland and a first-class honours MSc (Analytics) from Massey University.

I have two years of professional experience in economic consulting, with a background in statistical and econometric analysis. Since joining Insight Economics I have contributed to significant projects across retail, residential, tourism, industrial, and local infrastructure sectors, including Fast-track applications for some of New Zealand's largest property developers.

We are collectively responsible for preparing this report on behalf of Insight Economics. We confirm that, in our capacities as authors of this report, we have read and agree to abide by the Environment Court of New Zealand's Code of Conduct for Expert Witnesses Practice Note 2023.

For more information about Insight Economics, including our extensive experience securing planning approval for major projects (including numerous Fast-track applications), please visit our website: www.insighteconomics.co.nz

1. Executive Summary

Fulton Hogan Land Development (**FHLD**) is one of New Zealand's largest property developers. Since 2015, it has been working on its emerging Milldale development, which is approximately five kilometres west of Silverdale, in Auckland's northern reaches. Milldale currently accommodates more than 1,200 homes and is expected to house approximately 4,500 households at full build-out, along with supporting commercial areas, cycle and walking paths, reserves, and other amenities.

To continue to advance development, FHLD is seeking consent for development Stages 4C and 10-13 of Milldale (the **proposal**). This will enable over 1,100 new residential sites to be created, plus a small amount of supporting commercial land. To enable this development to occur, the proposal includes the establishment of a temporary wastewater treatment plant (**WWTP**) to service future households until additional capacity is provided at the Army Bay WWTP.

FHLD successfully applied to have the proposal listed in Schedule 2 of the Fast-track Approvals Act 2024 (**FTA Act**). Now, it is preparing a substantive submission to be assessed by an Expert Panel administered by the Environmental Protection Authority (**EPA**). To assist, this report assesses the likely economic effects of the proposal.

Having identified the site and briefly described the proposal, we then summarise Auckland's housing market for context. We show that strong pre-pandemic population growth has now resumed and is set to continue into the foreseeable future. At the same time, the latest available housing market indicators demonstrate that living in Auckland has become increasingly unaffordable.

We then outline the likely economic impacts of the proposal on the region's housing market. These include:

- **Significant boost in market supply** – All other things being equal, this will help the market to be more responsive to growth in demand, thereby reducing the rate at which regional house prices grow over time (relative to the status quo).

- **Land market competition** – The proposal will help to foster competition in the land market. This is important because competition is the cornerstone of economic efficiency.

- **Caters to a variety of needs and preferences** – The proposal enables the future development of a variety of dwelling types and sizes. Further, it is likely to cater to a specific demographic profile that differs from the regional average.

- **Location and developer benefits** – The proposal represents an orderly expansion of the Milldale community by a willing and able developer with a proven track record of delivering quality outcomes.

In addition, the proposal will have a range of wider regional and national economic benefits. These include:

- **One-off economic stimulus** – Constructing the new dwellings enabled by the proposal will generate significant one-off economic impacts. We estimate that this will provide

employment for 3,550 FTE-years, provide $295 million in household wages/salaries, and generate more than $492 million in national GDP.

- **Critical mass to support local service provision** – As the sections enabled by the proposal are developed and fill up with residents, they will help create critical mass to support the ongoing growth of the Milldale Local Centre, thereby improving amenity for the local community.

- **Land use efficiency** – The high-density nature of the proposal represents a highly efficient use of the site's land.

Next, we consider the suitability of the proposed commercial land provision, which differs from the underlying zoning pattern. We show that current centres land provision significantly exceeds Milldale's likely future requirements. In addition, the original location of the neighbourhood centre (**NC**) within the fast-track stages is too close to the large local centre to be economically viable. Conversely, the proposed changes in size and location will help improve viability, increase the opportunity for passing trade, and ensure its long-term viability. Accordingly, we support them from an economic perspective.

Finally, we assess the scope for increasing density within several of Milldale's Single House Zone (**SHZ**) superlots. While the SHZ typically provides for detached dwellings on lots of around 600 m² or more, recent data confirms that Milldale is achieving densities more urban in character, with section sizes that closely align with mixed housing urban outcomes. Recent development within Milldale reflects a strong market preference for smaller, more affordable homes, and indicates that intensifying SHZ superlots would be both feasible and consistent with wider policy directions on urban development.

Overall, the proposal aligns with the purpose of the FTA Act by enabling the timely delivery of critical housing and infrastructure with significant regional and national benefits. It will generate a wide range of enduring economic benefits while avoiding any material economic costs. The Fast-track process ensures these benefits are realised sooner than traditional development pathways would allow. Accordingly, we support it on economic grounds.

2. Introduction

2.1 Context & Purpose of Report

Fulton Hogan Land Development (**FHLD**) is one of New Zealand's largest property developers. Since 2015, it has been working on its emerging Milldale development, which is approximately five kilometres west of Silverdale, in Auckland's northern reaches. Milldale currently accommodates more than 1,200 homes and is expected to house approximately 4,500 households at full build-out, along with supporting commercial areas, cycle and walking paths, reserves, and other amenities.

To continue to advance development, FHLD is seeking consent for development Stages 4C and 10-13 of Milldale (**the proposal**). This will enable over 1,100 new residential sites to be created, plus a small amount of supporting commercial land. To enable this development to occur, the proposal includes the establishment of a temporary wastewater treatment plant (**WWTP**) to service future households until additional capacity is provided at the Army Bay WWTP.

FHLD successfully applied to have the proposal listed in Schedule 2 of the Fast-track Approvals Act 2024 (**FTA Act**). Now, it is preparing a substantive submission to be assessed by an Expert Panel administered by the Environmental Protection Authority (**EPA**). To assist, this report assesses the likely economic effects of the proposal.

2.2 Purpose of the Fast-track Approvals Act 2024

The FTA Act is a permanent Fast-track approvals regime for projects of national and regional significance, like the proposal. It aims to remove barriers that have historically made it difficult to build the projects New Zealand needs.[1]

2.3 Structure of Report

The remainder of this report is structured as follows:

- **Section 3** describes the subject site and proposal.
- **Section 4** discusses the current state of Auckland's housing market.
- **Section 5** discusses the impacts of the proposal on the housing market.
- **Section 6** analyses the wider economic impacts generated by the proposal.
- **Section 7** discusses the suitability of the proposed commercial area within Milldale.
- **Section 8** discusses the suitability of increasing density within the SHZ superlots.

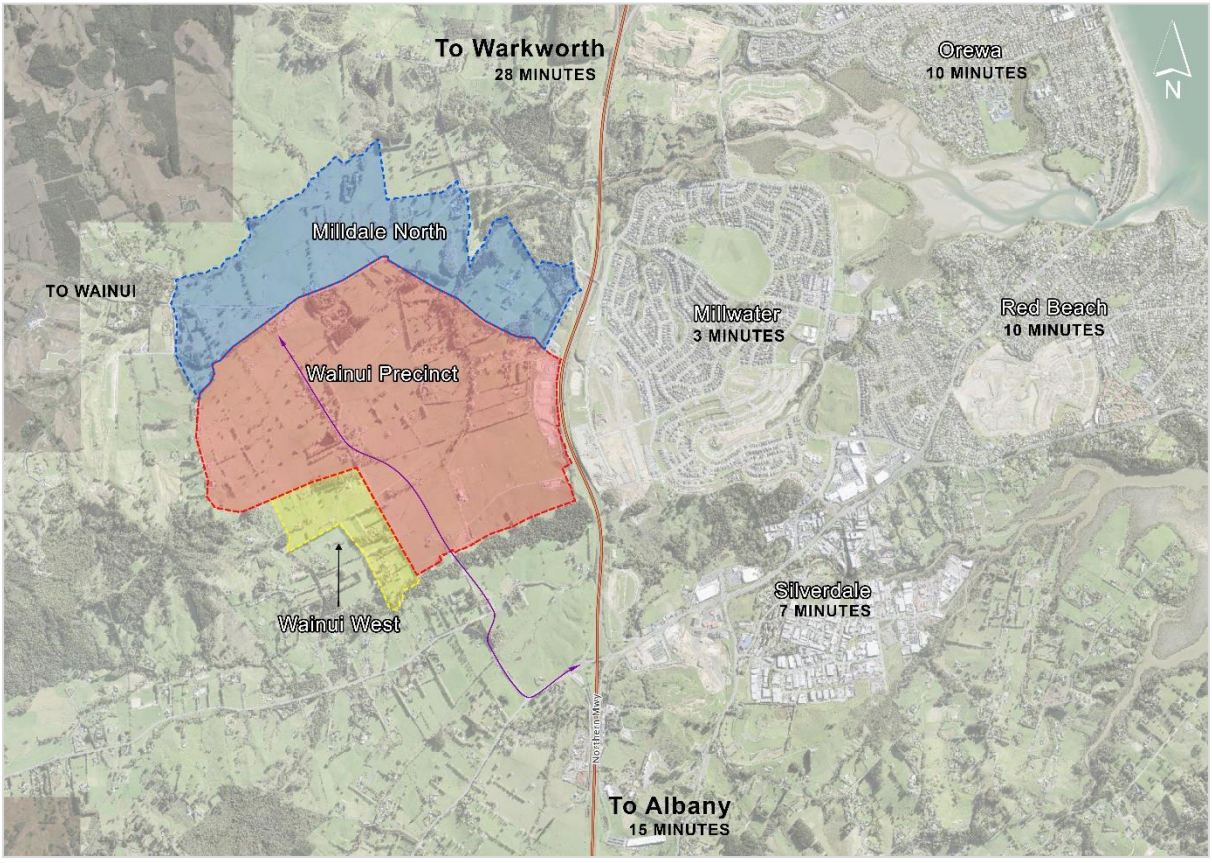
[1] New Zealand Parliament. (2024). *Fast-track Approvals Act 2024* (s. 3, Purpose). Ministry for the Environment. https://www.legislation.govt.nz

3. About the Subject Site and Proposal

3.1 About Milldale

The emerging Milldale community is located about 13 kilometres north of the Albany Metropolitan Centre, across State Highway One from Millwater, another recent development that FHLD has undertaken with a joint venture partner. It comprises the live-zoned Wainui Precinct, plus two tracts of adjacent Future Urban Zoned (**FUZ**) land known as Milldale North and Wainui West. See Figure 1 below.

Figure 1: Location of Milldale

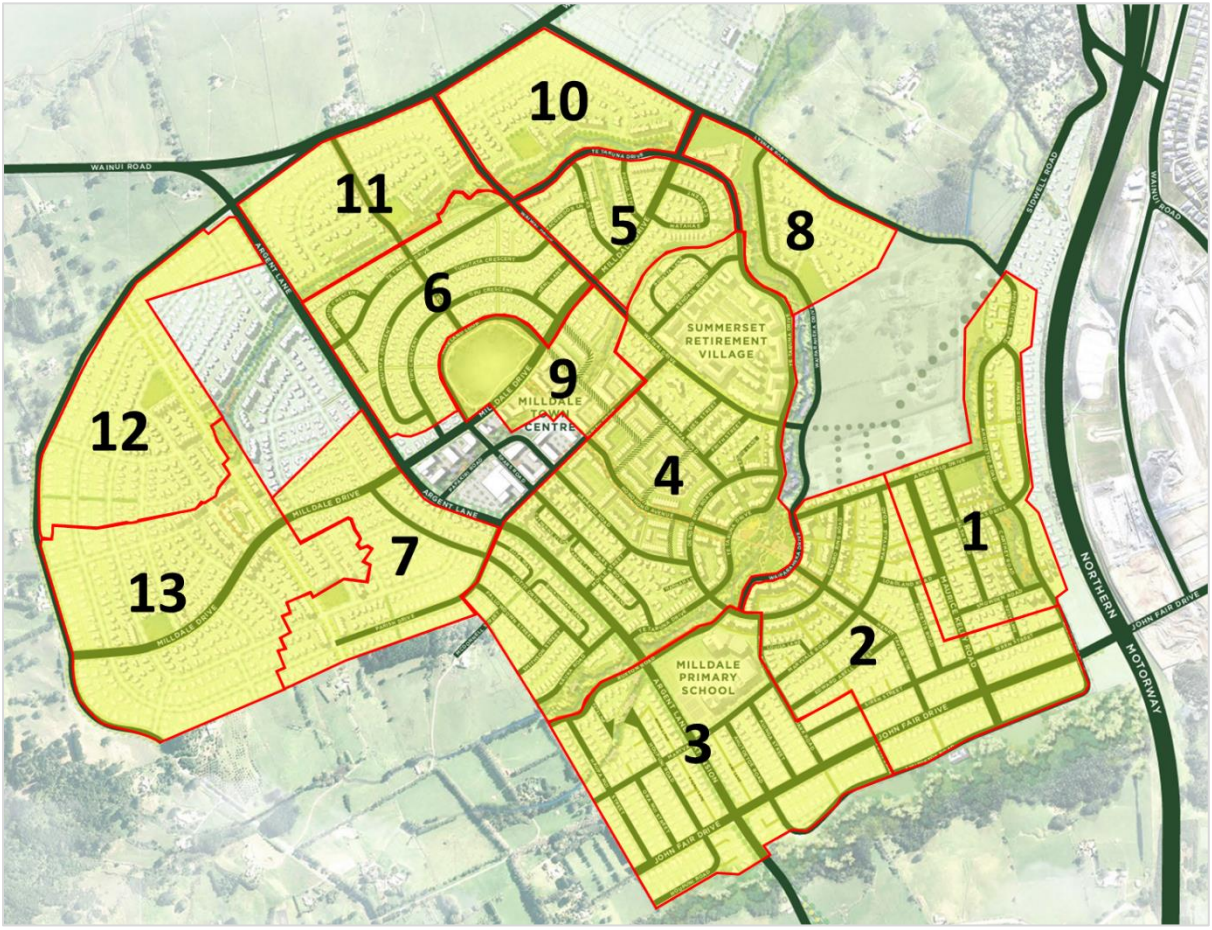


The Wainui Precinct area (shown in red above) is expected to house approximately 4,500 households at full build-out, along with supporting commercial areas, cycle and walking paths, reserves, and other amenities. While plans are still evolving, Milldale North is currently expected to add a further 2,100-odd homes, and Wainui West approximately 450, giving a total for the three areas of approximately 7,050 new households (or up to 20,000 people).

3.2 Current State of Development

Development at Wainui Precinct is progressing in stages according to the Milldale masterplan, as illustrated in Figure 2 below.

Figure 2: Wainui Precinct Staging Plan



Development stages 1 to 5 are now complete, with civil works on Stage 6 well underway. Stages 7 and 9 are currently under construction, as is the Local Centre. As at late 2024, more than 1,220 homes had been constructed in Milldale,[2] with a further 960 or so enabled by subdivision.[3] In addition, the Ahutoetoe primary school is now open, and a Summerset retirement village is nearing completion, having held its inaugural open day in January 2025. The first neighbourhood centre is emerging within Stage 2, and currently accommodates the following tenancies:

- Ray White Real Estate
- Official Cuts Barber
- Milldale Bakery
- Liquor Library
- Sunshine Nails & Beauty
- Milldale Superette
- Milldale Fish & Chips
- Kasuri Indian Takeaways
- Juno Café
- Pizza Hut

[2] According to CoreLogic's Property Guru data.

[3] Across Stages 1 to 5, Stage 6A, 6B, 6C, 21 Sidwell Road and 332 Wainui Road.

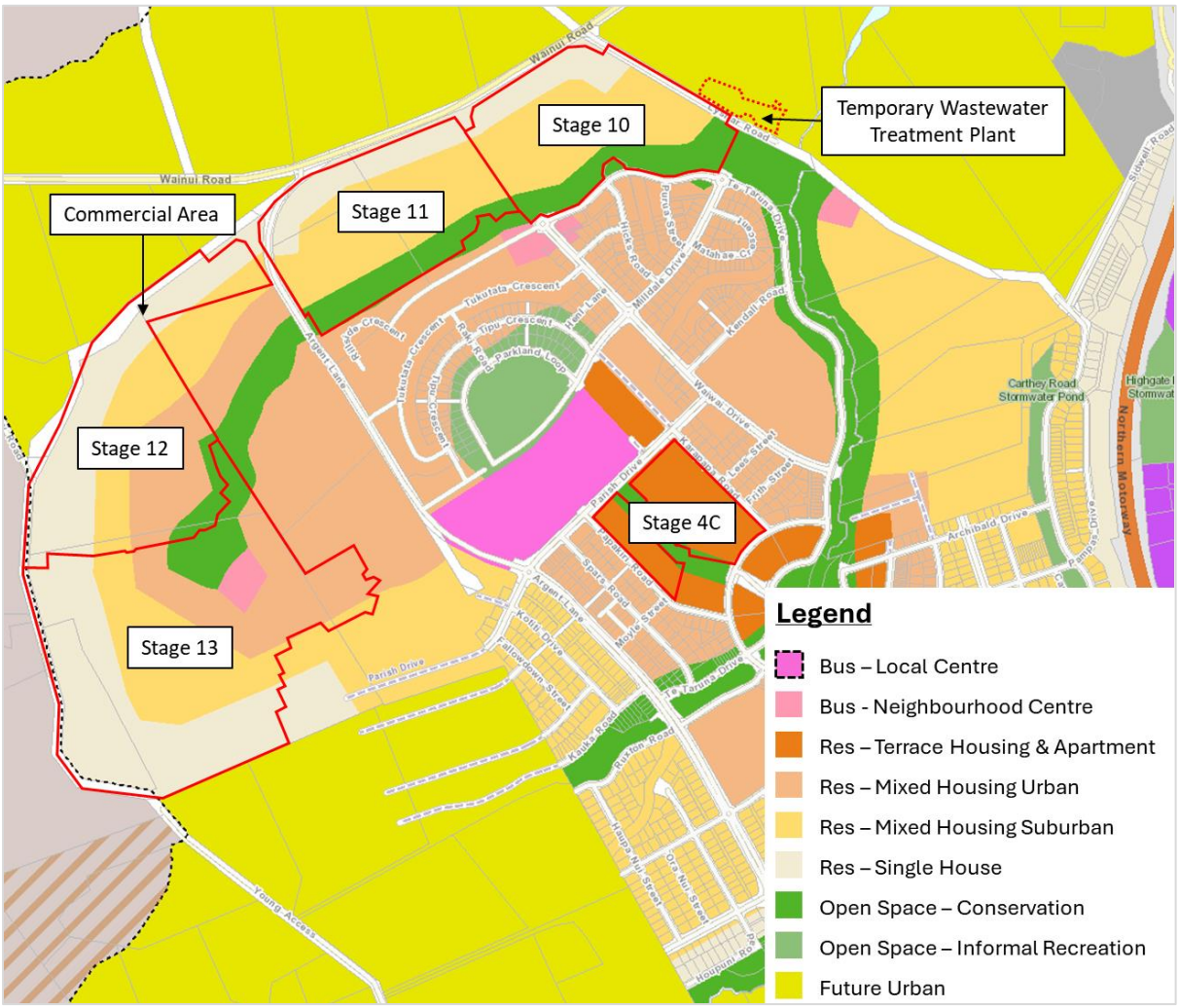
Figure 3 below provides a recent satellite image of the Wainui Precinct, which shows the current state of development there.

Figure 3: Current State of Development at the Wainui Precinct

3.3 Fast-track Stages

The proposal concerns development Stages 4C and 10-13. These Fast-track stages are delineated in red in Figure 4 below, which shows the current zoning under the Auckland Unitary Plan (**AUP**).

Figure 4: Fast-track Development Stages



The following development is enabled by the proposal:

Residential – The proposal enables the development of approximately 76 hectares of residential-zoned land, including Terrace Housing and Apartment Buildings Zone (**THAB**), Mixed Housing Urban Zone (**MHUZ**), Mixed Housing Suburban Zone (**MHSU**), and Single House Zone (**SHZ**). In total, the proposal is anticipated to enable more than 1,100 new residential lots of various shapes and sizes across the Fast-track stages.

Commercial – In addition, the proposal provides for approximately 1,289 m^2 of commercial land to help meet the day-to-day needs of future residents. This is located at Cemetery Road Link intersection within Stage 12, as identified in Figure 4.

Wastewater Treatment Plant – Finally, the proposal provides for a temporary wastewater treatment plant (**WWTP**) to service future households. This is critical to unlocking the future development enabled by the proposal because the Army Bay WWTP, which services the WP, is nearly at capacity.

3.4 Focus of Assessment

The remainder of this assessment focuses on the likely economic impacts of the proposed residential and commercial development, acknowledging that these impacts are contingent on the proposed WWTP. We do not consider the economic impacts of the WWTP over and above its role as enabling infrastructure.

First, though, we briefly discuss the current state of Auckland's housing market to provide important context for the assessment.

4. Housing Market Context

4.1 Population Growth

Auckland's population grew strongly in the first two decades of the century, up from 1.2 million in 2000 to over 1.7 million in 2020. However, it then contracted in 2021 and 2022, as international immigration stalled due to Covid-19 travel restrictions. Now, growth has resumed, with Auckland's population expanding by 104,300 residents in the 24 months to June 2024. As a result, the latest Statistics New Zealand's (**Stats NZ**) population estimates are now tracking above the high growth population scenario. Figure 5 and Table 1 below provide further details.

Figure 5: Official Population Estimates to 30 June 2024 vs Official Projections

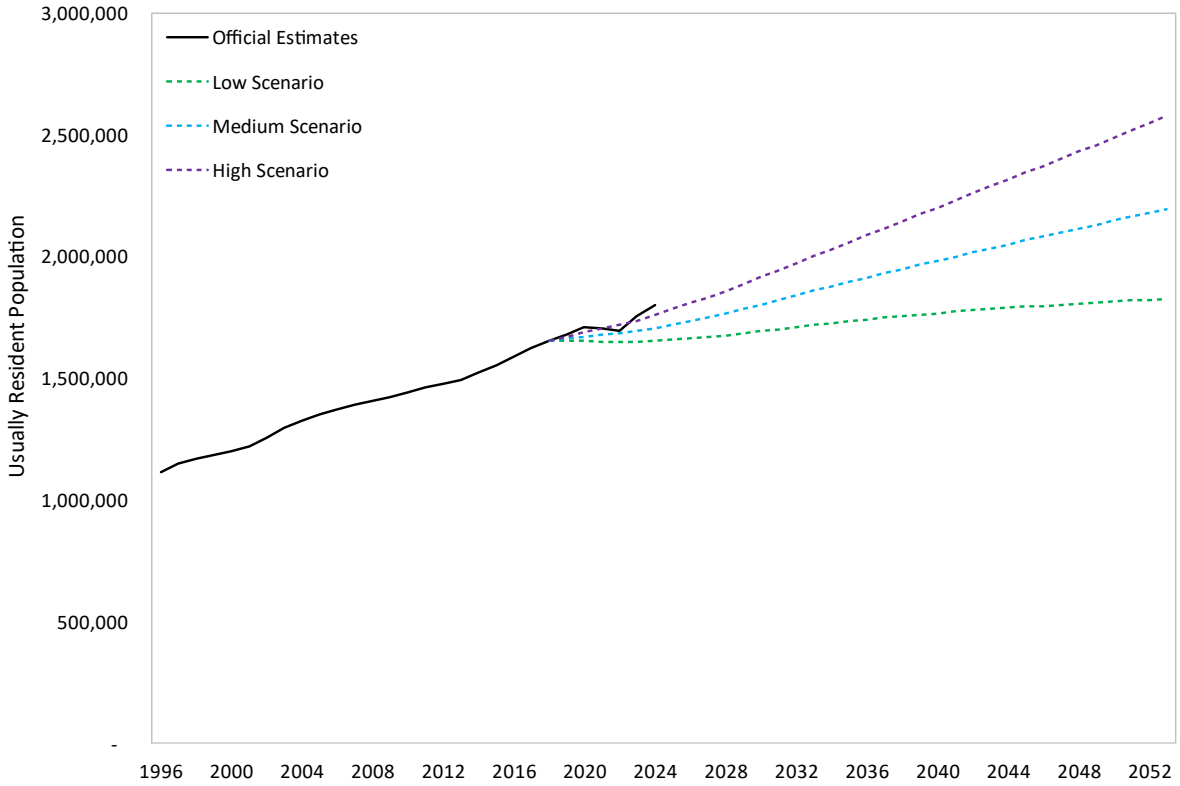


Table 1: Official Population Projection by Scenario

Year	Low	Medium	High
2023 (Estimate)	1,753,700	1,753,700	1,753,700
2028	1,674,800	1,765,500	1,856,600
2033	1,718,700	1,859,400	2,001,100
2038	1,755,300	1,948,700	2,144,900
2043	1,784,800	2,034,100	2,288,200
2048	1,805,700	2,114,000	2,430,000
2053	1,826,840	2,197,040	2,580,590
30-yr change	**73,140**	**443,340**	**826,890**
30-yr % change	4%	25%	47%
CAGR	**0.1%**	**0.8%**	**1.3%**

Under the medium growth scenario, Auckland's population is forecast to grow by a further 443,000 people in the next 30 years. This swells to nearly 827,000 additional residents under the high growth scenario. These translate to compound annual growth rates (**CAGR**) of 0.8% and 1.3% respectively.

Accordingly, new homes like those enabled by the proposal will be required to help keep pace with demand over time.

4.2 Housing Market Indicators

Auckland's dwelling prices have been the subject of significant media attention for several years due to their sustained, high growth rates. Despite a recent downturn, prices remain stubbornly high and out of reach of many Aucklanders. This is illustrated in Figure 6 below, which charts the quarterly median prices of residential dwellings in the region.

Figure 6: Median Dwelling Price[4]

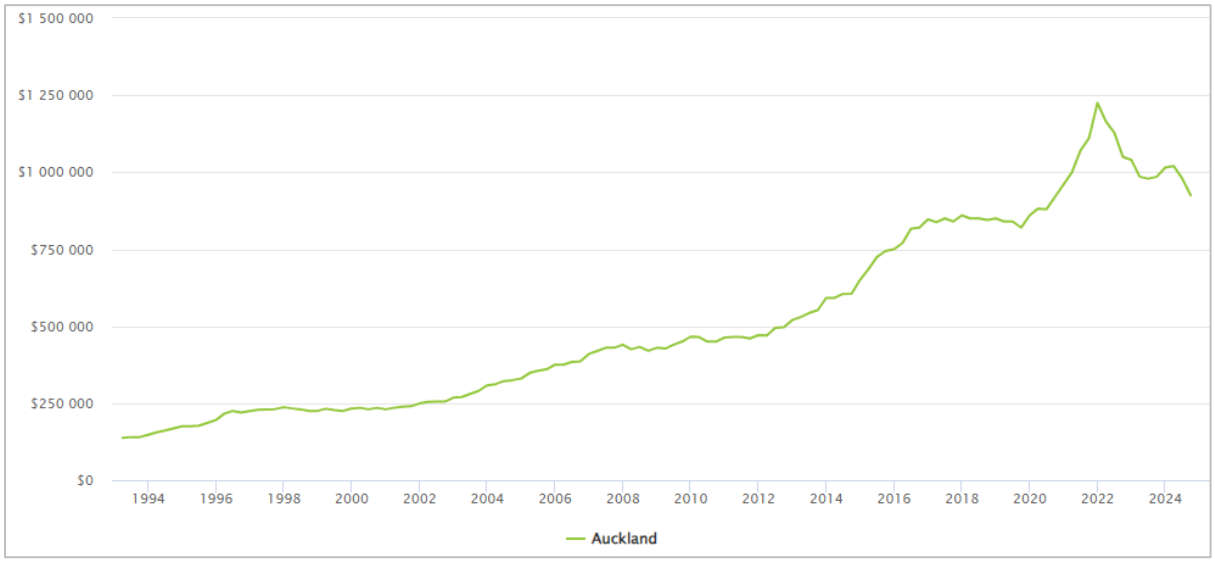
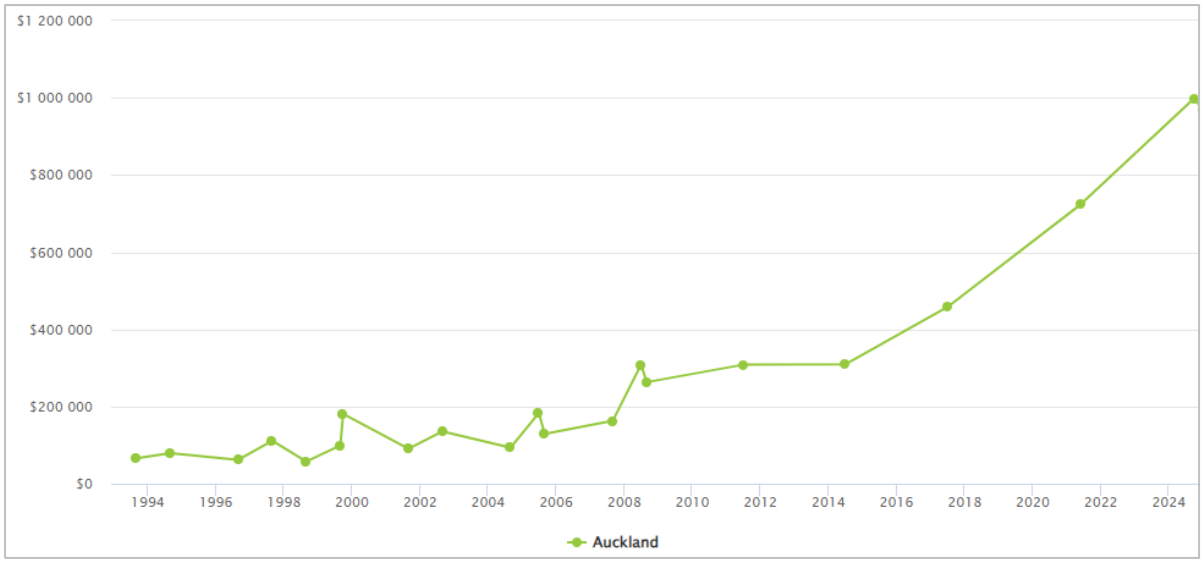


Figure 6 shows a significant increase in the median sales price for the Auckland region over the past two decades. In 2004, the median stood at around $290,000. This grew to approximately $925,000 by September 2024, translating to a CAGR of 6.0% over the 20-year period.

At the same time, the average land value of dwellings has skyrocketed. In fact, it has more than tripled in the past 10 years, from $310,000 in June 2014 to $999,000 in September 2024, representing a CAGR of 12.1%. This is illustrated in the chart below, which shows the mean land prices per dwelling over time.

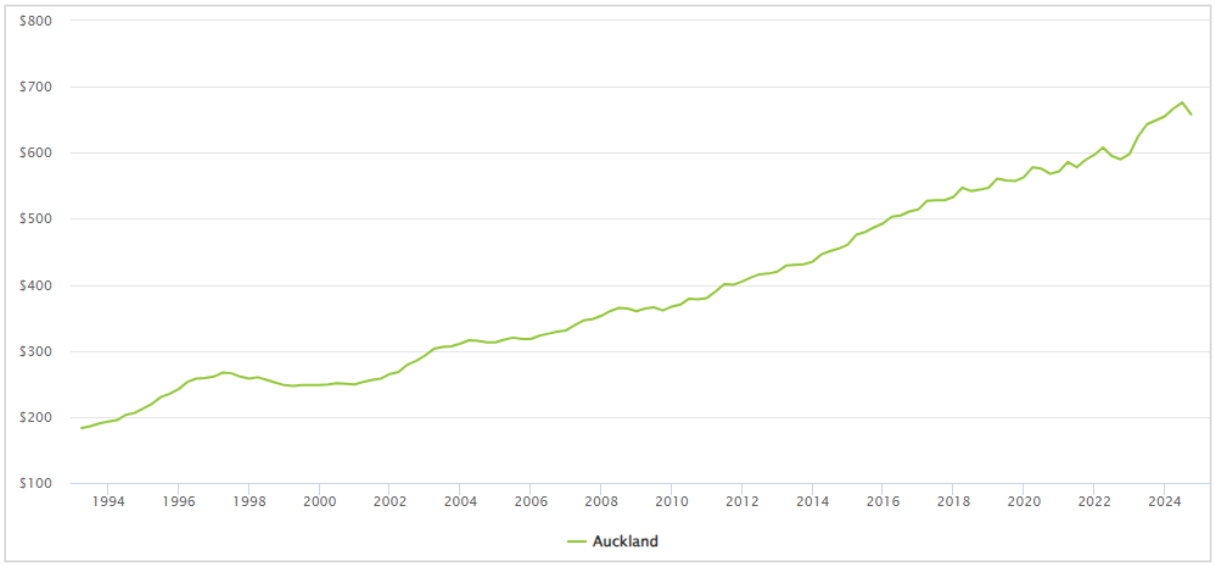
[4] All housing market indicator charts sourced from the Ministry of Housing and Urban Development's (MHUD's) Urban Development Dashboard, which is available here: https://huddashboards.shinyapps.io/urban-development/

Figure 7: Average Dwelling Land Value



Weekly rents have also grown steadily too, but to a lesser extent. As illustrated in the chart below, average weekly rental values[5] in Auckland increased from approximately $185 in 1993 to just under $660 in September 2024. This represents a CAGR of around 4.1%.

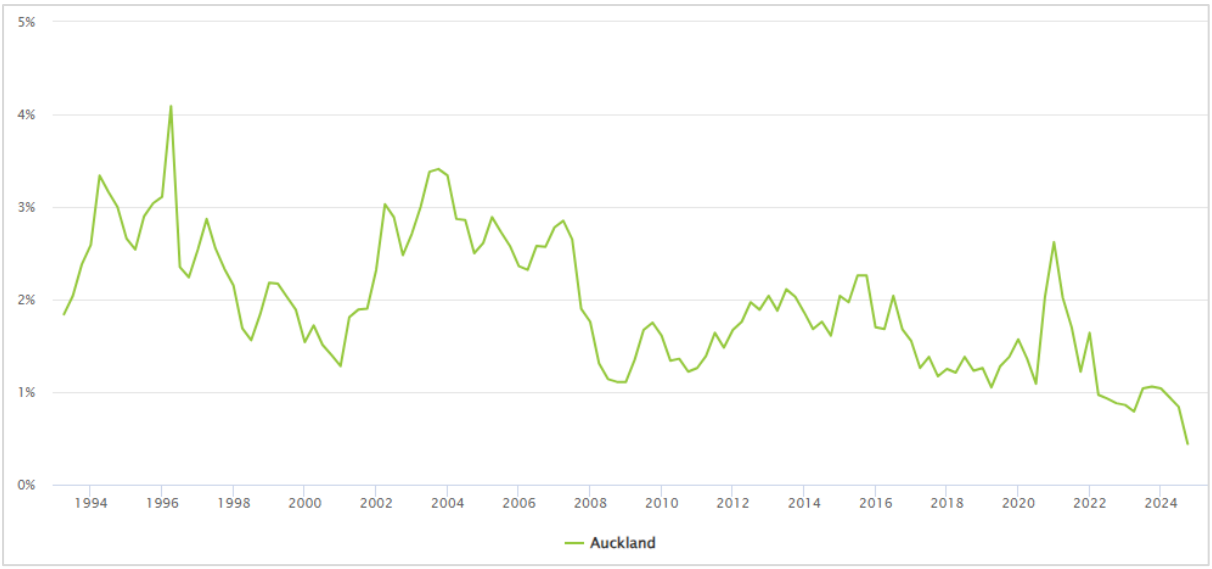
Figure 8: Average Weekly Rental Values



The level of sales activity in the local housing market is now lower than at any other time in the past 30 years, which indicates a lack of suitably priced homes being available for purchase. This is illustrated in Figure 9 below, which charts the volume of residential properties bought and sold relative to the total estimated residential stock.

[5] Calculated using rental bond data

Figure 9: Dwelling Sales Volume as a Proportion of Total Residential Stock



The charts above show that regional dwelling prices, land values and rental values have all increased significantly over the last 20 to 30 years, with market sales activity now at a historic low. Amongst other things, these persistent trends have made living in Auckland increasingly unaffordable.

4.3 Housing Affordability

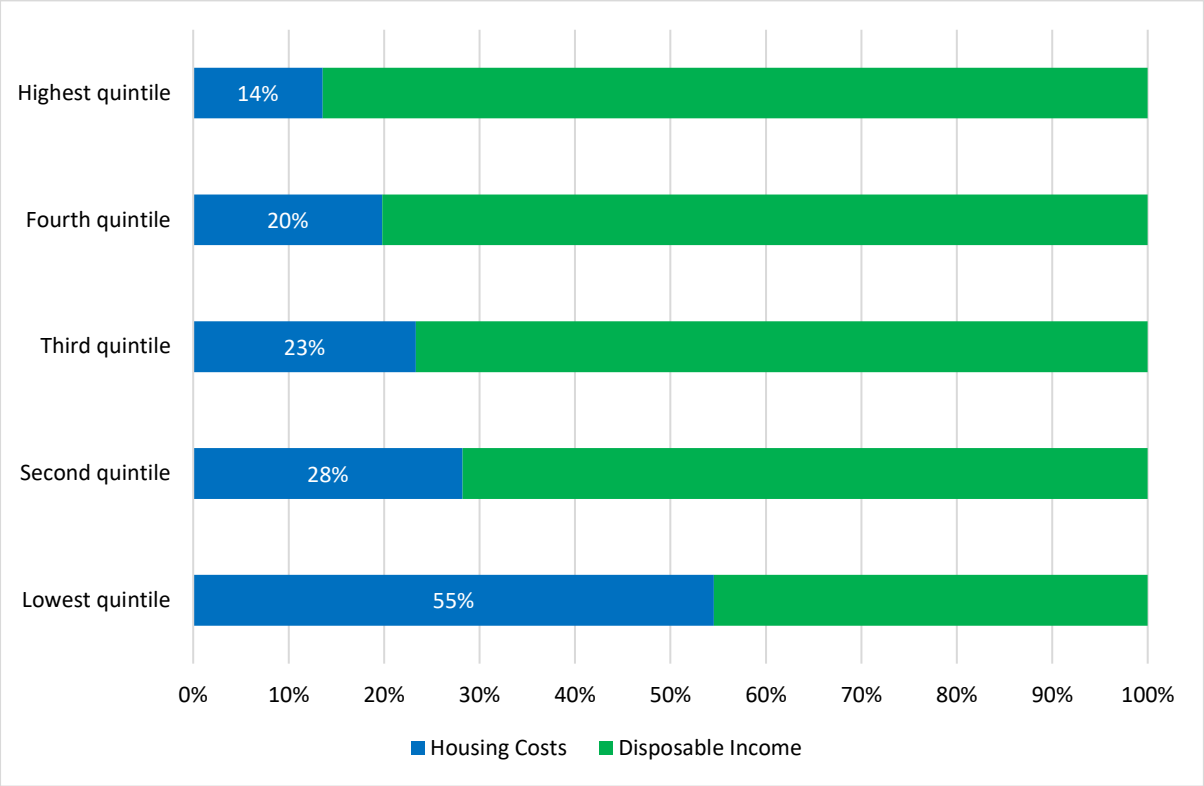
Access to affordable housing is a persistent long-term challenge for New Zealand, in general, and Auckland specifically. While housing affordability can be measured in various ways, a common approach is to compare housing cost to disposable income. The latest data from the Household Economic Survey (**HES**)[6] provides a national perspective on this trend. It shows that the share of annual household equivalised disposable income[7] spent on housing costs increased in the 12 months to June 2023 across all income brackets assessed.

Higher-income households spend a smaller proportion of their income on housing, while lower-income households spend a significantly larger share, as illustrated in Figure 10 below.

[6] Available here: https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2023/

[7] Equivalised disposable household income is household disposable income adjusted for the size and composition of the household. This allows more accurate comparisons between different types of households.

Figure 10: Housing Costs as Share of Equivalised Income (YE June 2023)



Housing costs place severe strain on low-income households, with 3 in 10 families in the lowest two income quintiles spending more than 40% of their disposable income on housing. At this level, households struggle to afford essentials like food, healthcare and education, often forcing difficult trade-offs between basic needs.

The latest data from REINZ[8] provides a regional perspective. It considers the so-called "median multiple", which divides the median dwelling price by median household incomes. The higher the resulting multiple, the less affordable it is to buy a dwelling, and vice versa. With growth in property prices continuing to outstrip income growth, the median multiple is now 8.1 for the Auckland region, meaning the median house price in Auckland is now more than eight times the median household income. By comparison, the benchmark for affordability is a ratio of only three.

It also now takes 11 years just to save the deposit for an average value home in Auckland, with 58% of gross earnings then required to service the mortgage thereafter.[9]

This very high level of unaffordability is not just confined to those trying to purchase a median value dwelling, either. Instead, the November 2024 edition of the loan affordability report by interest.co.nz[10] showed that first home buyers in Auckland would struggle to even save for the deposit on a first quartile home (which only 25% of dwellings are cheaper than). Specifically, the report shows

[8] Available here: https://www.interest.co.nz/property/house-price-income-multiples

[9] Available here: https://www.corelogic.co.nz/news-research/reports/housing-affordability-report

[10] Available here: https://www.interest.co.nz/property/130828/first-home-buyers-less-20-deposit-may-be-able-get-low-equity-mortgage-they-may-not

that couples aged 25 to 29 saving 20% of their joint income would take 7.1 years to save 20% of the price of a first quartile home – the minimum amount most banks require as deposit. Thus, not only are dwelling prices themselves far out of reach, but even the task of saving for the deposit on a home is now unachievable for many would-be first-home buyers.

5. Housing Market Impacts

5.1 Significant Boost in Housing Supply

Milldale is one of the largest residential developments currently underway in New Zealand, with about 4,500 new households anticipated in the Wainui Precinct alone at full build. The proposal enables development at Milldale to continue to advance, including the creation of more than 1,100 new residential sections. In our view, and from an economic perspective, this represents a highly significant boost in housing supply for the Auckland region. See Appendix A for further information.

Not only does the proposal help keep pace with the demand for new dwellings, it also helps Council to meet its obligations under the National Policy Statement on Urban Development (**NPS-UD**) to provide at least sufficient capacity, at all times, to meet expected demand.

5.2 Improved Supply Responsiveness

The significant boost in residential sections enabled by the proposal will help to narrow the gap between likely future supply and demand. All other things being equal, this supply boost will help the market to be more responsive to growth in demand, thereby reducing the rate at which Auckland's house prices grow over time (relative to the status quo).

This is particularly important given the chronic affordability concerns described in the previous section, which appear to have been exacerbated by land supply constraints. To explain, in supply-constrained markets, improvements in external factors like interest rates and construction costs are primarily capitalised into land values rather than stimulating new housing supply. As shown in section 4.2 above, this dynamic is evident in Auckland, where land values have outpaced both house price growth and rental growth. The proposal helps address this by introducing substantial new residential land supply, which will help moderate land values while encouraging housing construction.

5.3 Housing Affordability

Access to affordable housing has far reaching consequences on social, cultural and economic outcomes. According to a recent report by the Housing Technical Working Group, it can impact inequality, homelessness, child poverty, financial stability risks, and the redistribution of wealth.[11]

With housing costs consuming an increasing share of household incomes, families face heightened financial stress and reduced quality of life. Many households are forced to compromise on location, safety, or housing quality, while high housing costs can trap families in a cycle of financial insecurity. Beyond immediate shelter needs, when families spend less on housing than they would have otherwise, they can invest more in education, healthcare, and local businesses. This increased disposable income creates positive spillover effects throughout the regional economy.

5.4 Land Market Competition

In addition to directly boosting the region's residential capacity, the proposal will also help to foster competition in Auckland's land market. This is important because, as recognised through Objective 2

[11] https://www.treasury.govt.nz/sites/default/files/2022-08/htwg-assessment-housing-system-hamilton-waikato-aug22.pdf

of the NPS-UD, competition is the cornerstone of economic efficiency. When the land market becomes more competitive, land developers have a greater incentive to get their product to the market in a more timely and cost-effective manner, thus further helping to keep district housing as affordable as possible.

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

5.5 Catering to a Variety of Budgets and Preferences

The subject land is zoned for a mix of residential uses under the AUP, from higher density dwellings (**THAB**) through to lower density SHZ. Accordingly, the proposal enables the future development of a variety of dwelling types and sizes.

Further, the proposal is likely to cater to a specific demographic profile. To demonstrate, we used detailed data from the 2023 census to compare the demographic profile of existing Milldale residents to those of the both the Rodney Local Board Area (**LBA**) and the Auckland region. Appendix B: Census Demography Data provides the details.

To summarise, compared to the **LBA** averages, Milldale residents are:

- Significantly younger;
- Far more likely to be under 15 years of age, and far less likely to be 65 years or older;
- More likely to identify as Asian and less likely as to identify as European;
- More likely to be in a long-term relationship;
- More likely to be employed full-time; and
- More likely to earn $100,000 or more.

Compared to the **regional** averages, Milldale residents are:

- Significantly younger;
- More likely to identify as European and less likely to identify as Māori or Pacific Peoples;
- Far more likely to be in a long-term relationship;
- More likely to be employed full-time;
- More likely to work as mangers or professionals; and
- Far more likely to earn $100,000 or more.

This suggests that the developed stages of Milldale serve a unique demographic. It is likely that the development enabled by the proposal will continue to serve a similar segment of the population.

This, in turn, helps give effect to of Policy 1 of the NPS-UD, which requires high growth areas, like Auckland, to provide a range of housing choices to meet a wide range of needs and preferences.

5.6 Location and Developer Benefits

The development represents an orderly expansion of the Milldale community. Further, the proposal's economic merits are bolstered by the fact that it will be completed by a willing and able group with a proven track record of delivering quality outcomes in the region.

6. Wider Economic Impacts

6.1 Impacts on GDP, Jobs, and Wages

6.1.1 One-off Construction Impacts

The various processes associated with designing, consenting, and constructing the 1,100 or so additional dwellings enabled by the proposal will have significant one-off economic impacts on GDP, jobs, and wages. We quantified these using a technique called multiplier analysis, which traces the impacts of additional economic activity in one sector – such as construction – through supply chains to estimate the overall impacts. These impacts include:

- **Direct effects** – which capture onsite activities directly enabled by the project, plus the impacts of businesses that supply goods and services directly to the project; plus

- **Indirect effects** – which arise when businesses working directly on the project source goods and services from their suppliers, who in turn may need to source goods and services from their own suppliers, and so on; and

The economic effects are usually measured in terms of:

- **Contributions to value-added (or GDP).** GDP measures the difference between a firm's outputs and the value of its inputs (excluding wages and salaries). It captures the value that a business adds to its inputs to produce its own outputs.

- **The number of FTEs employed** – this is measured in terms of full-time equivalents, which combines part-time and full-time workers to provide a single employment metric.

- **Total wages and salaries** paid to workers, which are reported as 'household incomes.'

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

6.1.2 Inputs and Assumptions

Our analysis adopts the following key assumptions.

Table 2: Construction Cost Assumptions

Typology	# of Units	Assumed GFA	Cost per m^2	Construction Cost ($m)
Apartment	68	75	$6,730	$34.3
Townhouse	168	150	$3,140	$79.1
Dwelling	928	185	$3,010	$516.8
Total / Average	**1,164**	**185**	**$3,065**	**$630.2**

This dwelling mix assumes the Stage 4C THAB land is developed at a net density of 65 households per hectare, yielding an approximate split of 68 apartments and 168 townhouses. The remaining 928 dwellings are assumed to be standalone houses. The adopted dwelling sizes and build costs reflect averages from the existing Milldale residential development.[12]

In addition, we estimated planning/design/consent and land development costs based on the known costs of similar, previous projects. However, we do not disclose them here for commercial sensitivity reasons (because they are not publicly available like construction costs are in building consent data).

6.1.3 Estimated One-off Economic Impacts

Having defined our methodology and set out our assumptions, the following table now presents the estimated one-off economic impacts of the development enabled by the proposal.[13]

Table 3: One-Off National Economic Impacts of Construction

Planning / Design / Consent	**Direct**	**Indirect**	**Total**
FTEs – 1.5 years	10	7	17
GDP $m	$2.4	$1.5	$4.0
Wages/Salaries $m	$1.7	$1.0	$2.6
Site Preparation			
FTEs – 2 years	81	85	166
GDP $m	$21	$27	$48
Wages/Salaries $m	$14	$15	$29
Construction			
FTEs – 5 years	175	464	639
GDP $m	$103	$336	$440
Wages/Salaries $m	$66	$197	$263
Project Totals			
FTE-years[14]	1,050	2,500	3,550
GDP $m	$127	$365	$492
Wages/Salaries $m	$82	$213	$295

In summary, future construction activity enabled by the proposal could boost national GDP by $492 million, including flow on effects, generate employment for 3,550 FTE-years, and generate $295 million in household incomes. Assuming (say) a 6-year construction period, these translate to annual impacts of $82 million in GDP, employment for 592 people, and $49 million in household incomes.

[12] Specifically, build costs are based on improvement value data from Core Logic. These have been reduced by 20% to reflect developer profit margins, which may not translate to economic benefits.

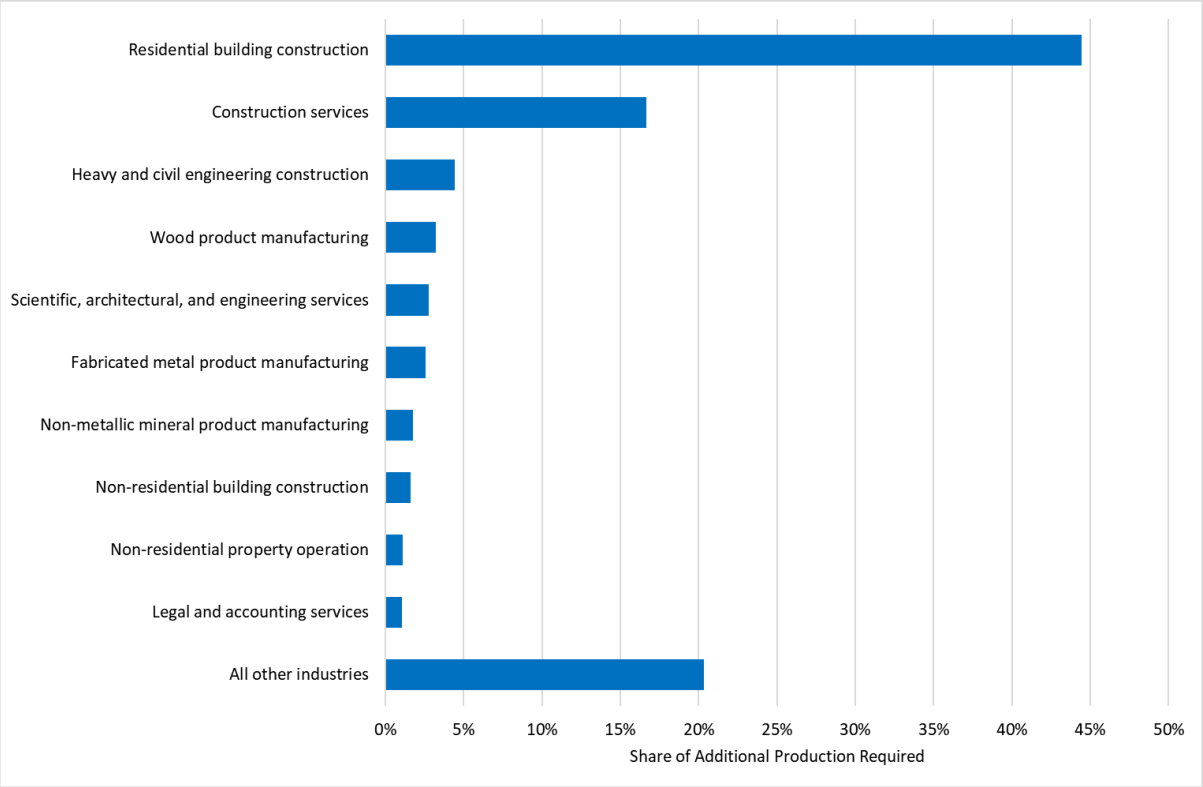
[13] The estimated one-off economic impacts presented here do not account for the proposed commercial area (NC4) included in Stage 12 of the development. As a result, the estimates are conservative and likely understate the full benefits of the proposal.

[14] FTEs are given as annualised figures. FTE-years for each project phase are calculated by multiplying FTEs by the phase duration (e.g., 10 direct FTEs over 1.5 years = 15 FTE-years). FTE-years across all phases are summed in the Project Totals.

6.1.4 Construction Output Impacts

Figure 11 below shows the corresponding stimulation in production by industry, based on Stats NZ's national IO inverse matrix[15]

Figure 11: Industry Share of Additional Production Required by Proposal



The greatest share of additional production naturally falls to the construction sector, with residential building construction comprising 44% of the total, followed by construction services at 17% and heavy and civil engineering construction at 4%.

Supporting industries also experience significant uplifts in output, including wood product manufacturing, fabricated metal manufacturing, and non-metallic mineral product manufacturing, which collectively comprise approximately 8% of additional production required. Professional services, including scientific, architectural, engineering, and legal services, account for about 4% of the total production impact.

6.2 Ongoing Onsite Employment

The proposal provides for a small commercial area, spanning around 1,289 m^2 of land. While future tenancies will be determined by the market, they may include, for example, a dairy, a small café, or takeaway food outlets. Once operational, this future onsite activity will provide ongoing employment for an estimated 10 FTE employees.

[15] Specifically, industry by industry total requirements (direct & indirect) per unit of final demand.

6.3 Project Acceleration

Not only will the project provide meaningful employment for a wide range of local workers, as illustrated above, but it will likely progress considerably faster via the FTA Act process than would otherwise be the case.

Absent Fast-track approval, the proposal is likely to be subjected to a protracted resource consent process that would invariably take significantly longer. Accordingly, the proposal enables the project to commence sooner, thereby allowing the associated economic benefits to be realised sooner too.

6.4 Critical Mass to Support Emerging Centres

As the new sections enabled by the proposal are developed and new residents move to the area, they will help to create critical mass to support the ongoing growth of the Milldale Local Centre (**LC**).

To put this in context, we estimated likely future spending originating on the subject site at full build-out by applying regional average spending from the latest Household Economic Survey. To be conservative, these estimates ignore ongoing growth in annual household income over time. The results are tabulated below and reflect total annual spending by the 1,164 households enabled by the proposal.

Table 4: Projected Future Spending Originating Onsite

Expenditure Group	**Annual Spend per Household**	**Total Annual Spend ($ millions)**
Food	$17,600	$20.5
Alcoholic beverages and tobacco	$1,350	$1.6
Clothing and footwear	$2,650	$3.1
Housing and household utilities	$24,350	$28.3
Household contents and services	$2,950	$3.4
Health	$2,650	$3.1
Transport	$15,350	$17.9
Communication	$2,000	$2.3
Recreation and culture	$7,350	$8.6
Education	$1,550	$1.8
Miscellaneous goods and services	$7,300	$8.5
Other expenditure	$11,350	$13.2
Total Household Expenditure	**$96,450**	**$112.3**

Table 4 shows that future residents of the proposal will spend just over $112 million per annum on a wide range of household goods and services, assuming they spend at the same rate as the average regional household. It is likely that a high proportion of their household purchases will occur close to the site.

As such, future development of the land enabled by the proposal will provide significant commercial support for the growth of the LC. This, in turn, will significantly boost the amenity for existing and future residents and visitors, by providing a commercial and social hub for the local community.

6.5 Highest and Best Use of Land

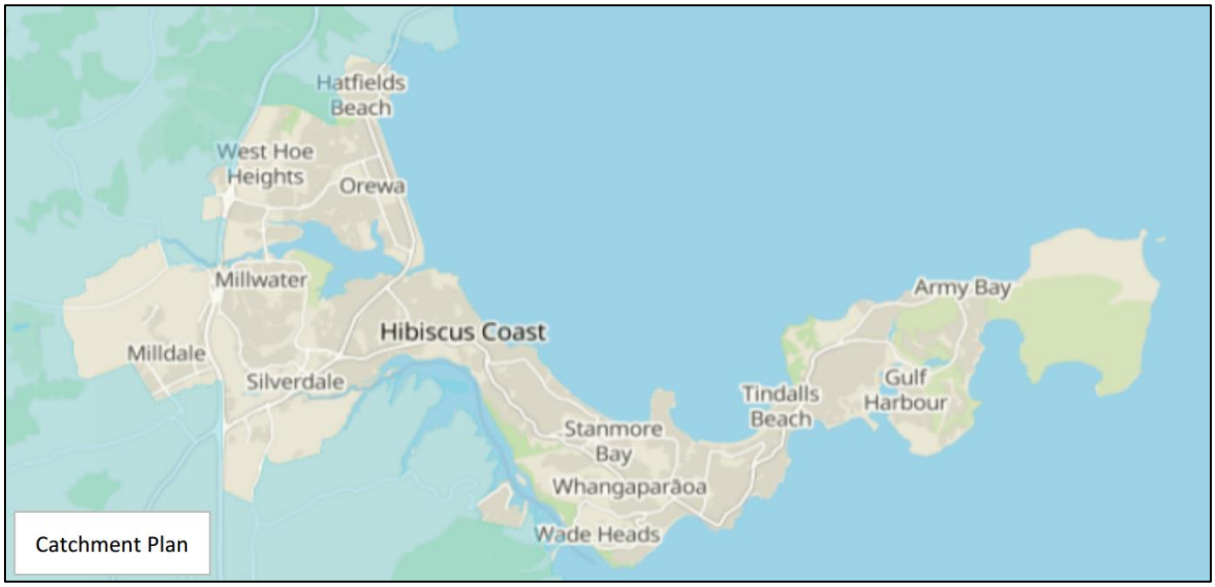
The proposal will enable the land to be put to its highest and best use, which is a precondition for economic efficiency to hold in the underlying land market.

6.6 Infrastructure Servicing Cost and Risk

While growth is widely considered an important policy target, it also carries significant costs. For councils, one of the most pressing costs of growth is the need to provide local infrastructure, such as water, wastewater, and roads.

The provision of wastewater services is the most pressing issue at Milldale, because the Army Bay WWTP is nearly at capacity. As at March 2024, only 2,000 additional Dwelling Units Equivalents could connect prior to its next planned upgrade in 2031. This constraint poses significant risks to the planned development of land serviced by the WWTP, which serves the catchment area illustrated in Figure 12 below.

Figure 12: Army Bay Wastewater Treatment Plant Catchment



The Army Bay catchment area has averaged 700 new residential consents per annum in recent years. However, this growth is projected to halt by 2027 due to wastewater capacity at Army Bay being exhausted by then. These constraints threaten to impact not only construction, but also broader economic and demographic growth in the region, including future commercial, industrial, and retail development.

Fortunately, the proposal provides for the establishment of a temporary WWTP at Milldale to serve future households until additional capacity is provided at Army Bay. This enables the proposed development to occur sooner than it otherwise would have, while diminishing the economic fallout of Army Bay failing to provide sufficient capacity to keep pace with growth.

6.7 Summary and Conclusion

The proposal aligns with the purpose of the FTA Act by enabling the timely delivery of critical housing and infrastructure with significant regional and national benefits. At a national level, development will generate $492 million in GDP, create 3,550 FTE-years of employment, and contribute $295 million in

wages through construction and related industries. Regionally, the proposal addresses critical infrastructure constraints through its temporary WWTP solution, enabling continued growth in the Army Bay catchment that would otherwise stall by 2027. The development will catalyse Auckland's economic growth by introducing more than 1,100 new households, contributing over $112 million in annual spending to the economy. By accelerating housing delivery and infrastructure through the Fast-track process, the proposal ensures these significant economic and social benefits are realised sooner than traditional development pathways would allow.

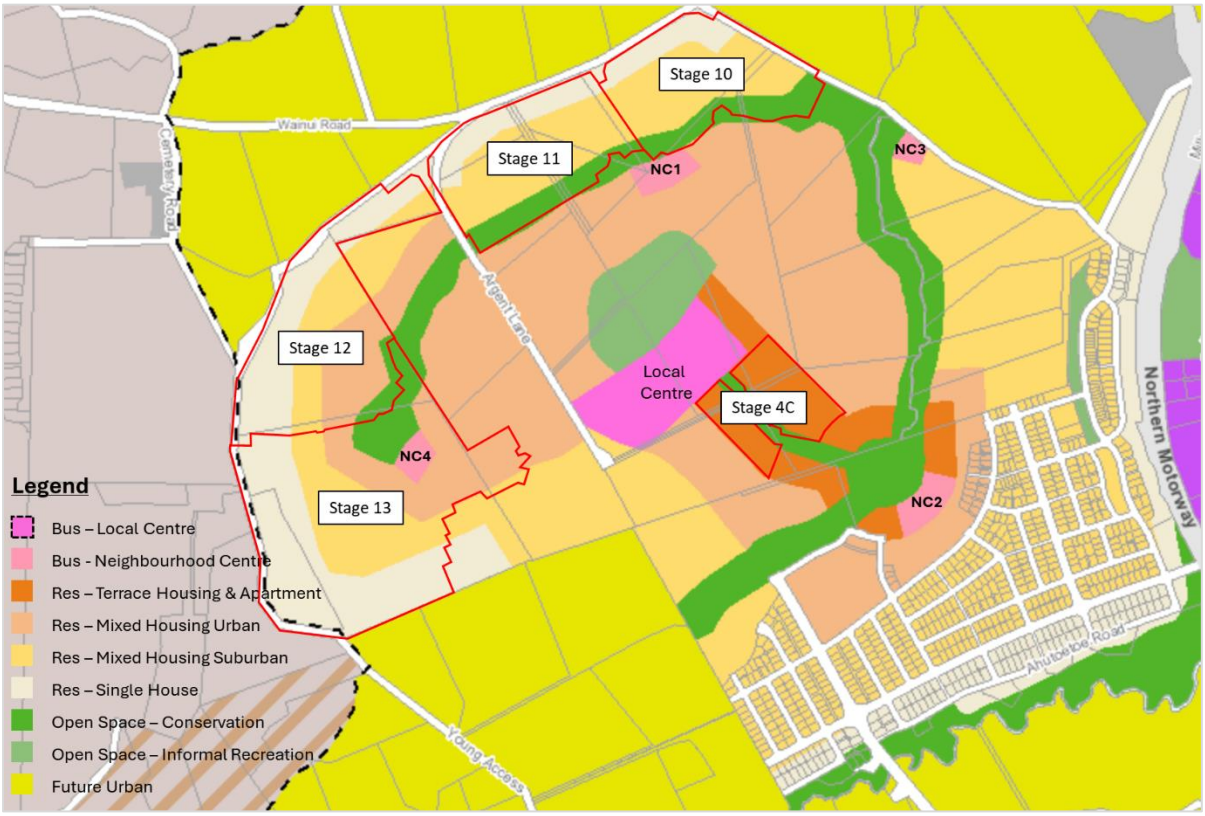
7. Suitability of Proposed Commercial Area

7.1 Zoned Centres Provision

Figure 13 displays the types and locations of centres currently zoned within Wainui Precinct, which include a large local centre (**LC**) in the middle of the development, plus four smaller neighbourhood centres (**NC**s) dotted around it. These NCs collectively span 3.64 hectares, with the LC providing a further 7.25 hectares, bringing the Wainui Precinct's total centre land provision to nearly 11 hectares.

Neighbourhood centre 4 (**NC4**) is located within Fast-track development stage 13, as indicated below.

Figure 13: Wainui Precinct's Centre Zones



7.2 Context

Planning for the Milldale centres network occurred almost a decade ago, based on projections that we completed for FHLD during the Proposed Auckland Unitary Plan (**PAUP**) process. However, the PAUP rezoned far more centre land than we projected to be required, and it also placed the centres very close to one another.

While that tightly knit (proposed) centres network would boost accessibility via active modes, it also challenges financial viability, particularly with a large LC at the development's core. To address that oversupply, significant work has been completed to ensure that the future centres network performs optimally. This includes proposed changes to right-size the NCs, remove some, and move others to minimise catchment overlaps (again, particularly with the local centre). To date, this has resulted in FHLD obtaining consent to develop "NC1" for residential purposes.

Now, the planned NC4 located within fast-track stage 13 is proposed to be:

a) Downsized from approximately 7,520 m^2 to 1,290 m^2; and

b) Relocated northward towards Wainui Road.

The following section considers the suitability of these departures from the underlying zoning pattern from an economic perspective.

7.3 Assessment of Proposed Changes to NC4

To begin, we consider the economic rationale for reducing the size of NC4.

7.3.1 Rationale for Downsizing NC4

Overall Zoned Provision Exceeds Likely Centre Requirements

To better understand Milldale's likely future centre needs, we first reviewed the structure plans for other major Auckland developments—namely Warkworth, Whenuapai, and Pukekohe-Paerata—plus the Auckland regional average. In each case, we compared their gross centre land area (Local Centre and Neighbourhood Centre) per 1,000 households at full build-out.

Table 5 below summarises the results. Milldale's figures refer to the total land zoned for its existing Local and Neighbourhood Centres compared against its 4,500 future households.

Table 5: Gross Centre Land Area per 1,000 Households (ha)

Structure Plan Area	Local Centre	Neighbourhood Centre	Total
Warkworth	0.1	0.1	0.3
Whenuapai	0.4	0.1	0.5
Pukekohe-Paerata	0.2	-	0.2
Auckland Region	0.3	0.5	0.7
Milldale	**1.6**	**0.8**	**2.4**

As shown, Milldale's Local Centre land per 1,000 households (1.6 ha) is more than five times the Auckland average, while its Neighbourhood Centre provision (0.8 ha) is nearly twice the regional norm. Hence, Milldale's zoned centre land provision is several times that of the other structure plan areas per future household. To provide another perspective, we also used Auckland Council GIS data to identify the net developable area of all LCs and NCs across the region. Then, we converted them to gross land areas assuming a 70% net yield, and divided by the number of Auckland households to get the average rate of provision. Finally, we applied those regional averages to the 4,500 households expected at Milldale to identity its likely future centre needs. Table 6 sets out the details.

Table 6: Comparison of Milldale Centre Zoning to Regional Average

Milldale Requirements	Milldale Hhlds	Ha Land per 1,000 Hhlds	Milldale Requirement (ha)	Current Zoning (ha)	Excess Land Zoning (ha)
Local Centre	4,500	0.68	3.06	7.25	4.19
Neighbourhood Centre	4,500	0.38	1.69	3.64	1.95
Total		**1.06**	**4.75**	**10.89**	**6.14**

Table 6 shows that, when the regional average level of provision is applied to future Milldale households, it is likely to require just over 3 hectares of LC land, and nearly 1.7 hectares of NC land. However, Milldale's LC land provision is nearly 7.3 hectares, and its NC land exceeds 3.6 hectares. Consequently, its zoned centre land provision is far higher than any likely future requirements.

Local Market Context

NC2 is located near the Ahutoetoe School and Waterloo Reserve. It currently accommodates around 13 separate tenancies that collectively span about 1,200 m^2 of GFA. Including adjacent parking, the total land area in use is approximately 3,000 m^2. This relatively compact centre effectively meets residents' day-to-day needs, indicating that a substantially larger zone is unnecessary for a neighbourhood centre in this market context.

Projected Catchment Demand

Relocating NC4 toward Cemetery Road Link in Stage 12 positions it for modest passing trade, although not to the same degree as a busy arterial. Market analyses of similar developments suggest up to four or five tenancies (around 500 m² of total GFA) could be viable. With parking and setbacks included, 1,000 m² to 1,300 m² of land is sufficient to accommodate these uses—thus making the proposed 1,290 m² appropriately scaled to meet likely demand.

Site Constraints and Passing Trade

The Stage 12 area's northern extent near Cemetery Road Link does not benefit from high traffic volumes. Further, the topography of Stages 12 and 13 creates practical limitations to development, with moderately steep contours that limit the number of viable development sites. Larger-scale commercial developments often struggle to fill tenancies under such conditions. Keeping NC4 to a smaller "neighbourhood-scale" footprint avoids the risk of oversupply and ensures any commercial activity that does emerge is in line with realistic market demand. Further discussion on how relocating NC4 better addresses passing trade and other constraints is provided in the following section.

Land Use Efficiency

Oversized centres in low-demand settings can suffer from long-term vacancies or underuse. By limiting NC4 to 1,290 m², any land that might have remained underutilised is freed up for other potentially higher-value uses as needed.

7.3.2 Rationale for Relocating NC4

Figure 14 below shows the current location of NC4 relative to the remaining centres in the Wainui Precinct. The dashed blue line represents a 600 m ped-shed for NC4, and the black dashed line is a 1,000 m ped-shed for the local centre.[16]

[16] While 400 m, 800 m, and 1,200 m are typically used as proxies for 5-, 10-, and 15-minute walks respectively, we have adopted 600 m and 1,000 m here for consistency with Auckland Transport's Roads and Streets Framework (2018), which recommends up to a 600 m walkable radius for new neighbourhood centres, and up to a 1,000 m walkable radius for larger centres. The 600 m and 1,000 m radii therefore correspond approximately to 5–10-minute and 10–15-minute walkable catchments, respectively.

Figure 14: Centre Ped-Sheds (600m for the Neighbourhood Centre and 1,000 m for the Local Centre)

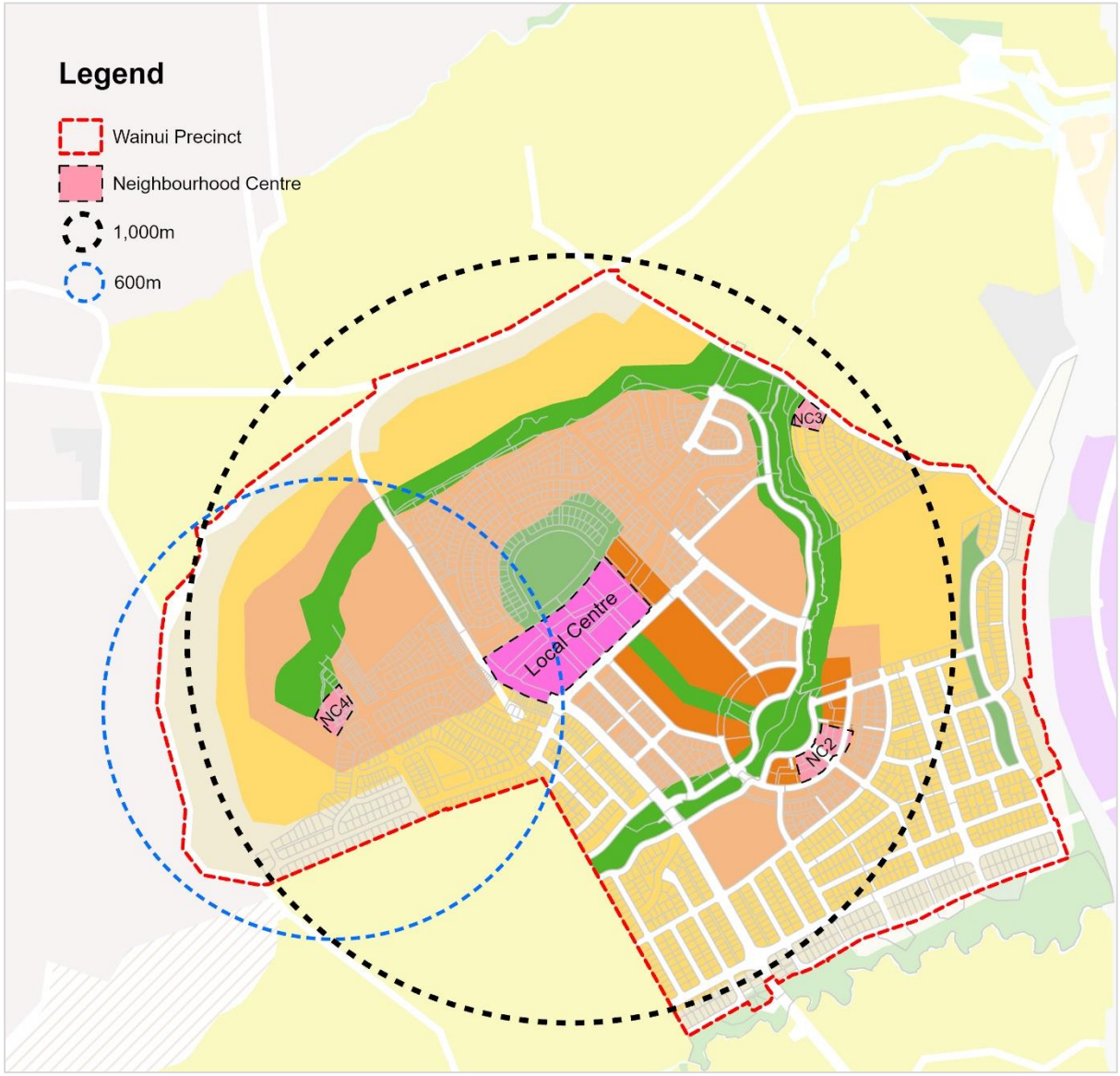
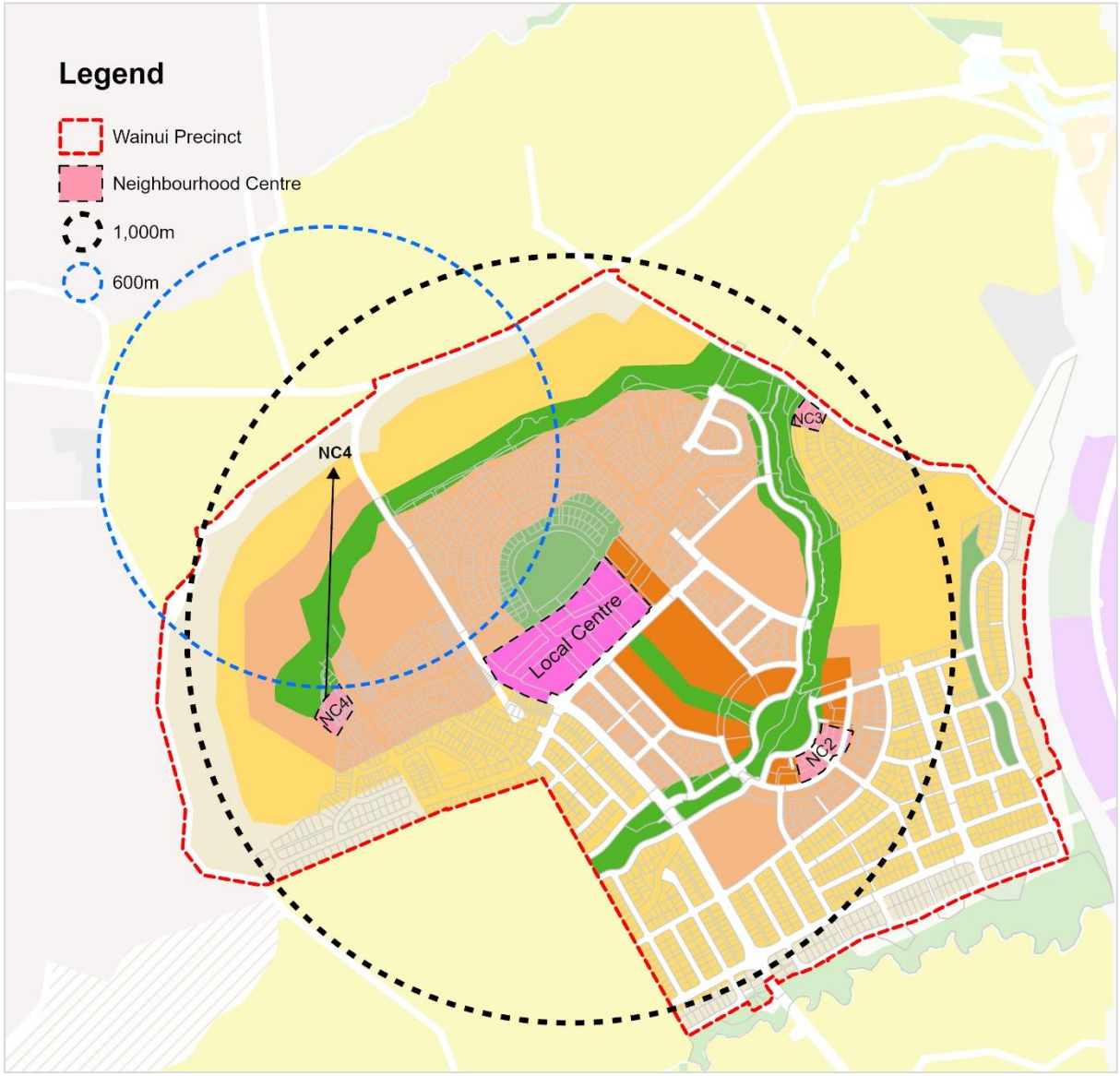


Figure 14 shows that the 600 m ped-shed for NC4 falls almost entirely within the Local Centre's 1,000 m walkable catchment. This will undermine its viability by reducing its ability to attract businesses, thereby increasing the likelihood of vacant tenancies. Accordingly, FHLD propose relocating NC4 northward to near the intersection of Wainui Road and Argent Lane within Stage 12. This causes the 600 m ped-shed for NC4 to now cover the western extent of Milldale North while also increasing separation from the Local Centre (as per the map below).

Figure 15: Impacts of Relocating Neighbourhood Centre 4



Shifting NC4 northward will improve its viability by reducing its overlap with the Local Centre's walkable catchment and thus allowing both centres to perform better than they likely would have otherwise, improving overall land use efficiency. Locating NC4 near Cemetery Road Link in Stage 12 also capitalises on greater visibility and modest passing trade—an advantage over a more internal site flanked by a blue-green network with frontage to a local road—and thereby boosts its prospects as a small convenience hub. Although a few residents will be farther from NC4 than before, they remain within reasonable walking distance of the Local Centre[17] and are supported by Milldale's growing pedestrian and cycle networks.

7.4 Conclusion

The proposed changes to NC4 will help improve visibility, increase the opportunity for passing trade, and ensure the NC's long-term viability. More broadly, they help optimise the distribution of

[17] Measured from Cemetery Road to the western edge of the Local Centre, the walking distance is approximately 800 metres (about 10 minutes).

commercial land at Milldale and foster a stronger network of local amenities. Accordingly, we support the proposed changes from an economic perspective.

8. Suitability of Increased SHZ Density

8.1 Introduction

FHLD is considering higher densities on certain Single House Zone (**SHZ**) superlots[18] in Milldale. In particular, FHLD would like to deliver densities more akin to the Mixed Housing Urban Zone (**MHUZ**).

8.2 Demand Considerations

FHLD advises that Milldale sections continue to sell very quickly, with recent stages reportedly selling out within weeks, indicating that demand for new dwellings is high. Early feedback suggests that smaller homes and lots are particularly popular among both first-home buyers and 'downsizers' looking for lower-maintenance properties. This aligns with Auckland's broader housing trend towards more compact, affordable options, rather than traditional large-lot standalone homes.

By offering a greater number of smaller sections, FHLD will continue to meet the needs of buyers seeking lower-cost entry points to Milldale—particularly younger households and families—and help ease wider affordability pressures in Auckland.

8.3 Infrastructure Capacity

A prerequisite for successful intensification is adequate infrastructure. As discussed elsewhere in this report:

- Wastewater capacity is being unlocked via the proposed temporary treatment plant at Milldale, which will support additional dwellings until Army Bay WWTP capacity is expanded.
- Transport upgrades, including roading and active transport links, are progressively being rolled out in tandem with Milldale's staged development.
- Stormwater solutions (e.g., water-sensitive design and blue-green corridors) are already embedded in Milldale's masterplan, which should continue to manage run-off effectively even with additional dwelling yields.

Although specific engineering solutions lie outside our area of expertise, we understand from the relevant technical specialists that no overarching infrastructure constraints would prevent the SHZ superlots from accommodating increased densities, provided that engineering and design solutions are appropriately managed at the subdivision and building consent stages.

8.4 Planning and Regulatory Context

Under the AUP, the SHZ typically provides for detached dwellings on lots of around 600 m² or more, while the MHUZ generally enables development at around one dwelling per 300 m².

The NPS-UD encourages higher-density housing in well-serviced urban areas like Milldale, signalling that well-designed intensification in a growing greenfield area will align with national policy objectives.

[18] Specifically, Lots 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1017, 1018, 1019, 1020, 1021 and 1027.

8.5 Market Feasibility and Recent Lot Sizes

We used data from Core Logic's Property Guru and LINZ to analyse lot sizes delivered in Milldale's Stages 1–4. On average, these lots measure around 430 m², producing net densities of about 23 dwellings per hectare—significantly above the 16.7 dwellings per hectare nominally associated with the SHZ (i.e., 600 m² per lot). In practice, Milldale is therefore delivering a more urban character, with section sizes that align more closely with MHSZ and MHUZ standards than with traditional SHZ outcomes.

From a commercial standpoint, higher lot yields on SHZ superlots:

- Lower per-lot land costs, aiding housing affordability;
- Better reflect market demand for smaller dwellings, thereby reducing time on market; and
- Provide a wider mix of housing typologies, catering to a diverse range of budgets and preferences.

8.6 Summary and Conclusion

In summary, strong demand at Milldale supports the delivery of additional, smaller lots within the SHZ superlots. Existing and planned infrastructure can accommodate the proposed increase in density, aligning with regulatory frameworks like the NPS-UD that encourage intensification where services are adequate. Market feasibility is evidenced by swift sales, the success of smaller lots elsewhere, and growing demand for affordable, compact homes. In turn, higher densities broaden housing choices and help ease affordability pressures by creating more dwellings on the same land footprint.

Overall, there are no evident economic, demand-side, or servicing barriers to intensifying these superlots beyond the SHZ's minimum 600 m² lot size. From an economic perspective, increasing density on the SHZ superlots will improve Milldale's ability to provide affordable, diverse housing stock in a rapidly growing part of Auckland.

Appendix A: Significance of Boost in Housing Supply

In our view, and from an economic perspective, the proposal represents a significant boost in residential supply. To demonstrate, we used data from a high-growth city Council in the North Island, which details the nature and scale of all residential subdivision consents granted there over the past six or seven years. The data covered 1,666 consents and enabled the creation of nearly 13,000 new residential lots.

Of those 1,666 consents:

- The median number of new lots created was only 4;
- Only the top 10% provided 10 lots or more;
- Only the top 3% provided 30 lots or more; and
- Only the top 1% provided 75 lots or more.

While these data apply to a different city – which is smaller than Auckland – we consider them to provide a reliable basis for assessing the likely significance of the proposal.

Based on these data, and drawing on our vast experience with more than 80 residential subdivisions across New Zealand over the past 20 years, we have derived the following rules of thumb for assessing the significance of development proposals, particularly under the relevant parts of the National Policy Statement on Urban Development (**NPS-UD**):

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

Applying these rules of thumb to the proposal, it follows that the 1,100 or so additional lots enabled by the proposal represent an extremely significant increase in development capacity.

Appendix B: Census Demography Data

Table 7: 2023 Census Demographic Profile of Milldale, Rodney LBA, and Auckland Region

Age in broad groups	Milldale	Rodney LBA	Auckland
Under 15 years	28%	19%	19%
15-29 years	15%	15%	21%
30-64 years	52%	47%	47%
65 years and over	5%	18%	13%
Median age	33	40.0	37
Gender			
Female	50%	50%	50%
Male	50%	50%	49%
Another gender	0.1%	0.3%	0.4%
Ethnic Group			
Asian	30%	8%	27%
European	58%	74%	43%
Māori	5%	11%	11%
Middle Eastern/Latin American/African	3%	1%	2%
Other ethnicity	2%	1%	1%
Pacific Peoples	1%	4%	15%
New Zealander	0%	1%	0%
Partnership status in current relationship			
Partnered	72%	60%	51%
Non-partnered	26%	37%	44%
Not stated	2%	4%	5%
Study participation			
Not studying	72%	77%	75%
Full-time study	24%	20%	22%
Part-time study	4%	3%	3%
Work and labour force status			
Employed Full-time	72%	51%	53%
Employed Part-time	11%	16%	12%
Not in the Labour Force	15%	31%	31%
Unemployed	3%	2%	3%
Status in employment			
Paid employee	84%	71%	84%
Self-employed and without employees	11%	18%	11%
Employer	4%	8%	5%
Unpaid family worker	1%	3%	1%
Occupation, by usual residence address			
Clerical and Administrative Workers	11%	11%	11%
Community and Personal Service Workers	6%	7%	8%
Labourers	4%	7%	7%
Machinery Operators and Drivers	4%	4%	6%

Managers	22%	24%	18%
Professionals	37%	25%	29%
Sales Workers	6%	7%	8%
Technicians and Trades Workers	10%	14%	12%
Total personal income			
$10,000 or less	10%	14%	17%
$10,001-$20,000	5%	10%	10%
$20,001-$30,000	7%	13%	12%
$30,001-$50,000	10%	17%	16%
$50,001-$70,000	16%	15%	17%
$70,001-$100,000	21%	15%	14%
$100,001 or more	30%	16%	15%
Tenure of household			
Dwelling owned or partly owned	66%	59%	48%
Dwelling not owned and not held in a family trust	29%	25%	40%
Dwelling held in a family trust	6%	17%	11%
Number of bedrooms			
Average - number of bedrooms	4.0	3.1	3.1
Usual residence 5 years ago			
Elsewhere in New Zealand	74%	45%	44%
Overseas	9%	3%	5%
Not born five years ago	12%	6%	6%
Same as usual residence	2%	44%	42%
Unknown	3%	2%	2%
Weekly rent paid by household			
Under $200	1%	5%	14%
$200-$299	1%	6%	5%
$300-$399	1%	11%	8%
$400-$499	7%	19%	14%
$500-$599	12%	22%	21%
$600-$699	13%	15%	18%
$700-$799	25%	9%	9%
$800 and over	37%	11%	11%
Not Elsewhere Included	0%	2%	1%