



Final Report: 22 May 2026

Economic Assessment of Proposed Brookvale Green Development for Fast-track Substantive Application

Prepared for:
Vermont Street Partners

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1. Statement of Qualifications & Experience

Fraser Colegrave

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

I hold a first-class honours degree in economics from the University of Auckland, where I received numerous prizes and scholarships for academic excellence. Over the past 25 years, I have successfully completed more than 600 consulting projects across a wide range of sectors, including dozens of large-scale commercial, industrial, and residential developments, and have appeared as an expert witness at more than 150 hearings before various judiciaries all the way up to the High Court.

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.

Nicholas Keith

I am a Consultant at Insight Economics, where I have been employed since 2023. I hold a BSc in Statistics from the University of Auckland and a first-class honours MSc in Analytics from Massey University.

I have three years' professional experience in economic consulting, with a background in statistical analysis. Since joining Insight Economics I have contributed to a range of significant projects across the commercial, residential, tourism, industrial, energy, and local infrastructure sectors, including economic input to 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 contained in the Practice Note 2023.

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

2. Executive Summary

Context

Vermont Street Partners seeks substantive consent under the Fast-track Approvals Act 2024 (FTAA) to enable the staged development of approximately 203 dwellings at Brookvale Road, on the north-eastern edge of Havelock North within the Hastings District (the **proposal**). The proposal comprises a comprehensively master-planned residential area spanning approximately 24 hectares, including a mix of terrace, duplex, and detached dwellings, together with associated infrastructure, stormwater management, roading, and open space. This report assesses the economic effects of the proposal to inform consideration of its significance and merits under the FTAA.

Quantified Economic Effects

The quantified economic effects of the proposal are assessed using multiplier analysis over a 30-year period, with results expressed in net present value (NPV) terms. The results represent regional economic impacts (Hawke's Bay) and reflect both direct activity and supply chain (indirect) effects. To ensure a conservative assessment, the modelling excludes induced (consumption-driven) effects, and assumes that 80 percent of the economic benefits of the proposal are realised, reflecting the impacts of potential capacity or resourcing constraints.

Table 1: Summary of Quantified Costs and Benefits (NPV, \$m)

Activity	FTE-Years	NPV Wages (\$m)	NPV GDP (\$m)
One-Time Construction Activity	400	\$26.0	\$52.4
Future Onsite Activity	Nil	Nil	Nil
Forgone Rural Production	-85	-\$2.3	-\$4.5
Proposal Net Impacts	315	\$23.7	\$47.9

In summary, the proposal generates a net GDP benefit of approximately \$48 million (NPV), comprising total benefits of approximately \$52.4 million and costs of approximately \$4.5 million. This is driven entirely by construction activity associated with development enabled by the proposal, with benefits partially offset by forgone rural production.

The proposal also generates substantial employment impacts during construction. Development of the site is estimated to support approximately 400 FTE-years of employment during the construction period, equivalent to an average of around 57 full-time roles per annum over an indicative seven-year build period.

After accounting for the loss of employment associated with rural operations, the proposal generates a net increase of approximately 315 FTE-years of employment, alongside \$23.7 million in net wages (NPV).

Housing Market Benefits

Beyond these quantified effects, the proposal delivers a range of significant housing market benefits that are central to its regional significance:

- It enables a highly significant increase in greenfield housing supply within a district that faces a long-term shortfall in greenfield capacity under the adopted Future Development Strategy, materially improving the capacity of the local market to respond to demand.
- It supports improved affordability outcomes by increasing deliverable supply within a defined timeframe, moderating upward price pressure relative to the status quo.
- It strengthens land market competition by introducing a large, master-planned development that increases contestability and incentivises timely and efficient development by other landowners.
- It provides greater housing choice through a diversified mix of dwelling typologies and lot sizes, with an average section size of approximately 530 m² – materially below the existing Havelock North average of around 1,450 m².

Wider Economic Benefits

The proposal also delivers a range of broader economic benefits. At full build-out, future households are estimated to generate more than \$15 million per annum in expenditure, supporting the vitality of Havelock North, Hastings, and Napier. The master-planned nature of the development enables coordinated infrastructure delivery, integrated open space provision, and logical extension of the existing urban boundary. The proposal is strongly aligned with both the Government's *Going for Growth* agenda and local and regional growth strategies, and its delivery signals confidence in the region's medium- to long-term economic outlook. The FTAA provides a streamlined approval pathway that materially accelerates delivery of all of these benefits relative to standard RMA processes.

Conclusion

From an economic perspective, the proposal delivers clear and significant regional benefits. It provides a substantial and deliverable boost to housing supply, generates significant construction-phase employment and GDP, improves housing market efficiency, strengthens land market competition, and supports the logical and efficient expansion of the Havelock North urban area. The identified adverse economic effects are limited in scale, manageable, and not material in the context of the benefits delivered. The proposal is strongly supported on economic grounds.

3. Introduction

3.1. Context

Vermont Street Partners (the **applicant**) is seeking consent for a residential development known as Brookvale Green, located on the north-eastern outskirts of the Havelock North urban area (the **proposal**). The proposal seeks to enable residential subdivision and development across a gross site area of approximately 24 hectares, delivering in the order of 203 dwellings across a range of lot sizes, together with associated local roads, infrastructure, stormwater management, open space, and supporting works.

Following the approval of a referral application, the applicant is now making its substantive application for all necessary approvals for the proposal under the Fast-track Approvals Act 2024 (FTAA).

3.2. Criteria for Assessing Substantive Applications

The FTAA establishes a permanent approvals regime designed to expedite projects that deliver significant regional or national benefits. When considering substantive applications, the Expert Panel is guided by the provisions in sections 81 to 85 of the FTAA, together with the matters set out in Schedule 5. Key provisions relevant from an economic perspective are provided in Table 2.

Table 2: Economic matters relevant to substantive assessment under the FTAA

Provision	Relevance to this assessment
Purpose of the Act (s3; s43(1)(b)(i); s81(2)(b))	The central purpose of the FTAA is “to facilitate infrastructure and development projects with significant regional or national benefits.” The Panel must have particular regard to whether projects achieve that purpose.
Balancing Benefits and Adverse Effects (s83(1)(b); s85)	The Panel may decline an approval if it considers the adverse impacts are out of proportion to regional or national benefits.
Nature and Scale of Benefits (s81(4))	The Panel must consider the extent of the project’s regional or national benefits.
Consistency with National Direction (s81(2)(aab))	The Panel must also consider the extent to which a project aligns with a relevant Government policy statement, including those under the Resource Management Act 1991 (RMA), such as the National Policy Statement on Urban Development (NPS-UD).
Schedule 5, Clause 7	Requires an assessment of economic effects as part of the Assessment of Environmental Effects (AEE).
Schedule 5, Clause 17	Directs that greatest weight be given to the purpose of the FTAA when considering consent applications.

Taken together, these provisions confirm that substantive applications are to be assessed primarily on the extent to which they deliver significant regional or national benefits, and whether those benefits outweigh any adverse effects.

3.3. Scope & Purpose of Report

This report assesses the likely economic effects of the proposal against those criteria. It focuses on the proposal's capacity to boost housing supply, generate employment, support well-functioning urban environments, and contribute positively to regional economic performance, including impacts on GDP, household incomes, and wider economic outcomes. The assessment is intended to assist the Panel in determining whether the proposal provides sufficient benefit to justify approval under the FTAA.

3.4. Structure of this Document

The remainder of this document is structured as follows:

- **Section 4** describes the subject site, its surrounding environment, and other relevant context.
- **Section 5** sets out the two options assessed: the proposal and the counterfactual.
- **Section 6** describes the analytical framework and methodology used in the assessment.
- **Section 7** presents the key inputs and assumptions underpinning the analysis.
- **Section 8** estimates the one-time impacts of construction activity on GDP, jobs, and wages.
- **Section 9** compares ongoing onsite economic activity under the proposal and counterfactual.
- **Section 10** presents the net quantified impacts of the proposal.
- **Section 11** assesses the proposal's housing market effects.
- **Section 12** discusses wider long-term economic impacts, including strategic alignment.
- **Section 13** considers the effects of accelerated delivery through the FTAA.
- **Section 14** presents the overall conclusion, including an assessment against the FTAA criteria.

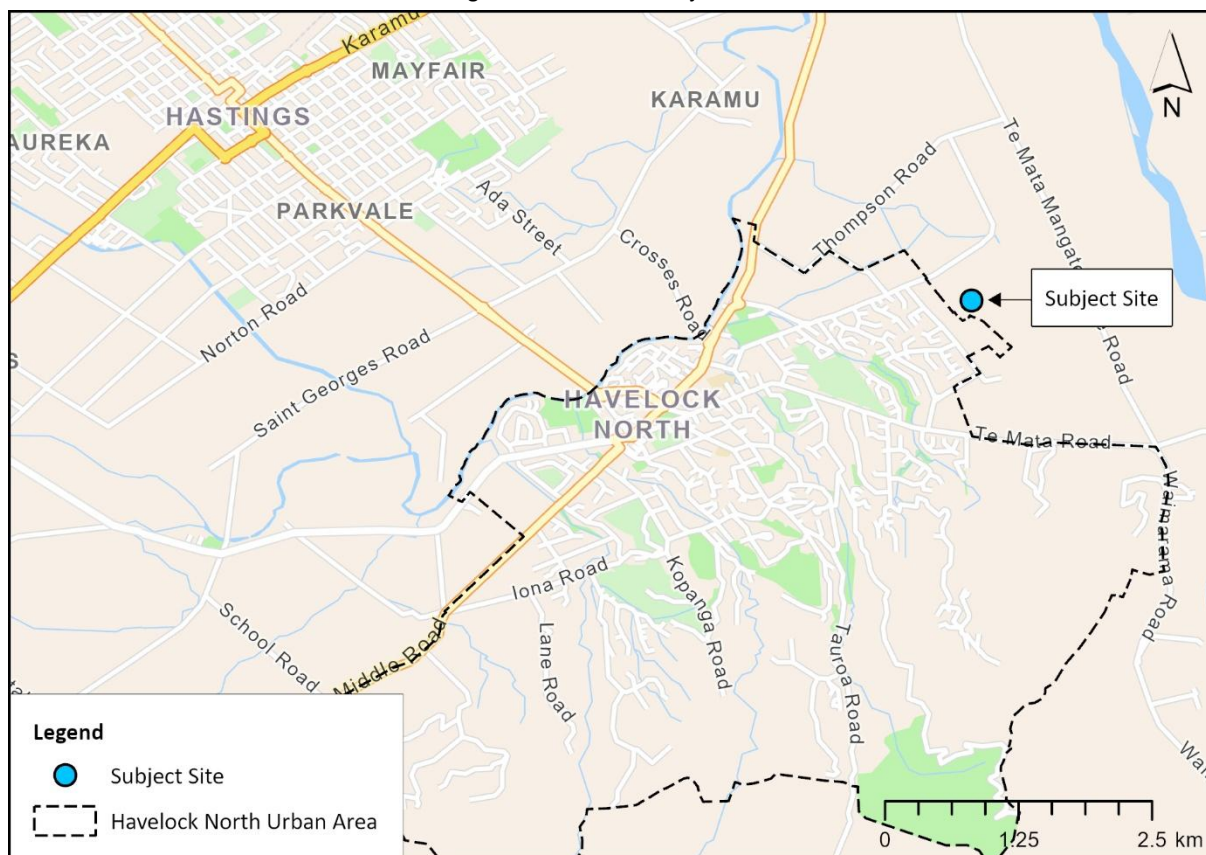
4. About the Subject Site

This section describes the subject site, its surrounding environment, and other relevant context.

4.1. Site Location and Description

The subject site is located at 174 to 176 Brookvale Road, approximately 3.5 kilometres east of the Havelock North town centre, within the Hastings district. The site occupies a transitional location on the north-eastern edge of the existing urban area. It is bounded by Brookvale Road to the north, existing and proposed residential activity to the west, rural land to the east, and the Te Mata Estate Vineyard to the south. The site's location is denoted by the blue dot in Figure 1 below, together with the current Havelock North urban residential boundary.

Figure 1: Location of Subject Site

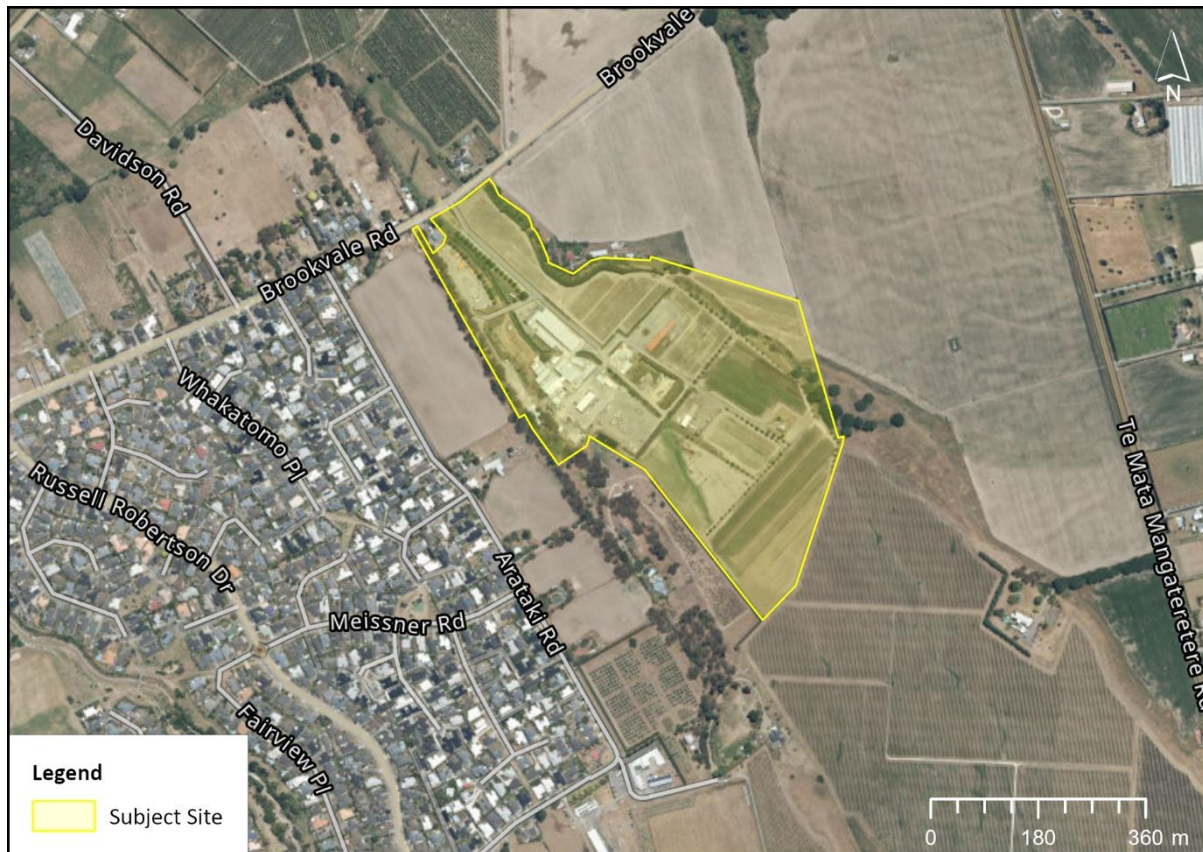


The site spans approximately 24 hectares across several land parcels. Historically, it supported a range of rural and rural-industrial activities. In recent years, the site has accommodated a mix of rural and rural-industrial uses, including earthmoving, contracting, joinery, bulk transport and waste-related activities. A mushroom production and composting operation operated on part of the site for several decades, with closure announced in early 2026. Portions of the site's northern extent have also been used intermittently for grazing and cropping.

4.2. Receiving Environment

The site sits within a mixed urban-rural receiving environment that reflects its position at the edge of Havelock North's existing residential footprint. Figure 2 below provides a satellite view of the site in its immediate receiving environment.

Figure 2: Receiving Environment



As the map above illustrates, established residential neighbourhoods lie immediately to the west, including Te Mata and surrounding suburbs. These areas are characterised by predominantly low-density detached housing, supported by local schools, reserves, and community facilities.

To the east and south, the site adjoins rural land used primarily for productive activities, including viticulture and grazing. The northern boundary is defined by Brookvale Road, a secondary collector road that provides direct access to Havelock North and connects eastward to the wider rural road network.

An important feature of the receiving environment is the adjoining Arataki Project located to the west and south-west of the subject site. This project has recently been approved under the FTAA and is intended to deliver a similarly sized residential development. Together, the two sites would create a contiguous area of urban expansion.

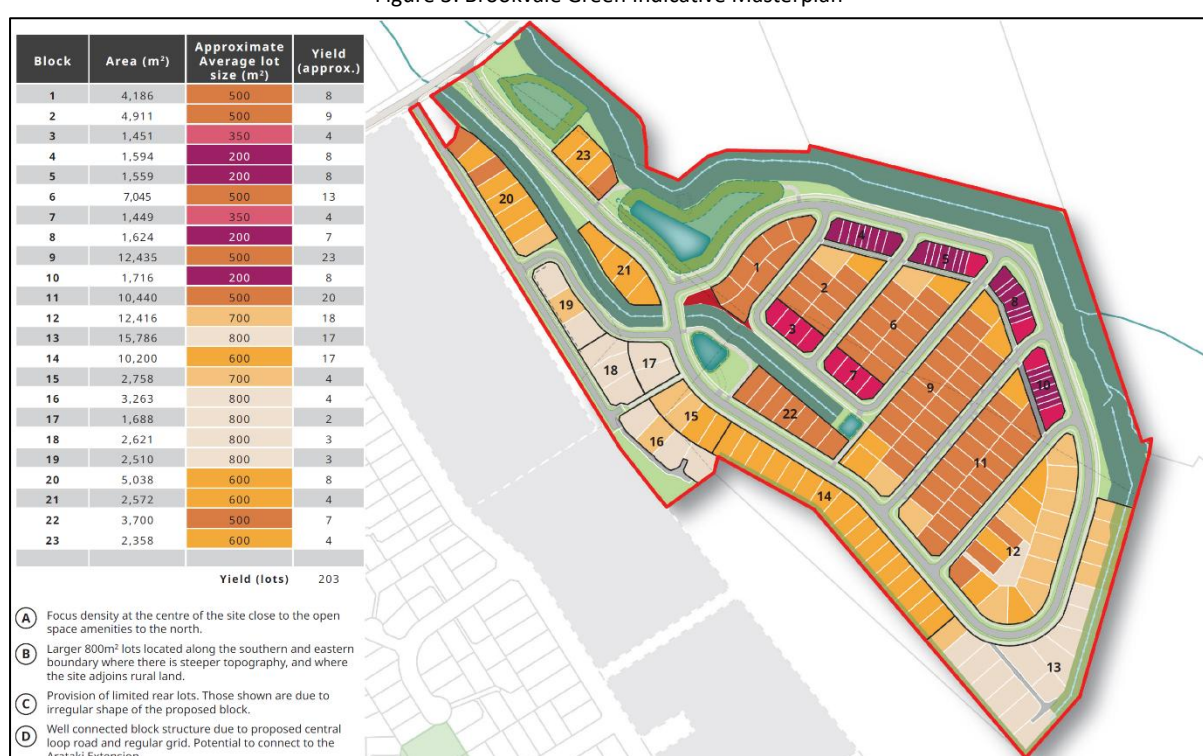
5. Development Options

This section describes two options for the site's future use.

5.1. Option 1: Proposal

The proposal seeks to redevelop the site into a comprehensively planned residential area comprising approximately 203 dwellings. Housing typologies will include a mix of detached dwellings and a smaller number of duplex and terrace-style units, with indicative lot sizes ranging from around 200 m² to 800 m². Density generally increases toward the centre and northern portions of the site, with lower densities along the rural interface and steeper southern and eastern edges. An indicative masterplan is provided in Figure 3 below.

Figure 3: Brookvale Green Indicative Masterplan



The masterplan has been informed by a range of site-specific opportunities and constraints, including topography, waterways, existing vegetation, and surrounding land uses. The resulting design response seeks to deliver a residential community that connects logically with the existing urban area to the west, while also providing a managed transition to rural land to the south and east.

5.2. Option 2: Counterfactual

The counterfactual represents the most plausible future use of the subject land without the proposal. It is described separately below for different parts of the site.

Existing Built Area: Mushroom Production

Much of the site's existing built area is occupied by the former Te Mata Mushroom Company's production facilities. Although its closure was announced recently, the counterfactual assumes that it will continue as-is. This is a deliberately conservative assumption, as mushroom production represents

a high-value use that is unlikely to resume – whether by the existing operator or a similar business – in the absence of the proposal.

Balance of Site: Rural Production Scenarios

The remainder of the site comprises rural land that has historically supported a mix of low-intensity activities. To provide a representative range of the economic value that this land could sustain under ongoing rural use, three production scenarios are assessed:

1. **Sheep and beef farming:** representing a low-output scenario;
2. **Hay and baleage:** representing a moderate-output pastoral use; and
3. **Viticulture:** representing a high-output scenario.

The first two scenarios reflect activities common in the region that are broadly consistent with the site's land capability classification. They provide a realistic baseline of potential rural output on the rest of the land. Viticulture is a well-established activity within parts of the surrounding area, including on land immediately to the south of the subject site, which forms part of the Te Mata Estate Vineyard. That said, viticulture is highly sensitive to site-specific factors such as soil profile, frost risk, irrigation access, and microclimatic conditions. While parts of the surrounding area are demonstrably suitable for grape production, there is no evidence confirming that the subject site would be viable for viticulture at a comparable scale, yield, or quality. On that basis, viticulture is not considered a highly probable future land use. It is instead included as an illustrative upper-bound scenario to demonstrate the maximum plausible economic value of retaining the land in rural production.

Taken together, the counterfactual provides a conservative basis for comparison. By assuming continued mushroom production on the built portion of the site, notwithstanding the recent closure, and by modelling a range of production scenarios on the balance of the land from low to high output, the assessment captures a broad spectrum of possible economic outcomes. This ensures that the net effects of the proposal are not overstated relative to the productive potential of the site under ongoing rural use.

5.3. Key Differences

The two options represent materially different uses for the subject land, both in the intensity and nature of economic activity, plus their respective contributions to the wider community. Under the counterfactual, the site would continue to support a combination of horticultural production and mixed-intensity rural uses, generating modest economic output relative to the land area involved. By contrast, the proposal would transition the site to an intensive, master-planned residential use, generating substantial economic activity during development followed by a permanent increase in the region's residential capacity.

These differences provide the basis for the economic assessment that follows, which evaluates the nature, scale, and distribution of effects associated with the proposal relative to any ongoing rural production.

6. Approach to Assessment

This section sets out the analytical framework and methodology used to assess the economic effects of the proposal.

6.1. Summary of Overall Approach

The economic effects of the proposal are assessed by comparing the proposed development to a counterfactual scenario in which the site continues to support a mix of rural production activity. The assessment identifies the full range of economic costs and benefits associated with the proposal relative to this counterfactual. These effects are then evaluated using a combination of quantified and qualitative methods, reflecting the nature of the effects being assessed. See Table 3 below.

Table 3: Summary of Economic Effects by Assessment Approach

Assessment Approach	Economic Effects
Quantitative	Construction activity (one-time impacts)
	Forgone rural production
	Net economic impacts (GDP, employment, wages)
Qualitative	Housing supply contribution
	Housing affordability
	Housing choice and diversity
	Land market competition
	Economic efficiency of master-planned development
	Critical mass and support for nearby centres
	Investment signal effects
	Alignment with Government growth agenda
	Alignment with local and regional strategies
	Project acceleration (FTAA pathway)

6.2. Approach to Quantitative Analysis

Our assessment uses multiplier analysis to estimate the impacts of the proposal on GDP, employment, and household incomes, relative to the counterfactual. Multiplier analysis utilises the supply chains that comprise an economy, enabling changes in one sector to be traced through to estimate economy-wide impacts, including flow-on (i.e., supply chain) effects. It is particularly well-suited to assessing construction projects like the proposal, because much of the work is usually subcontracted out, rather than being done by the main contractor, which multiplier analysis is designed to address.¹

The analysis adopts a regional framing, with impacts assessed at the Hawke's Bay level. In the New Zealand context, however, there are no reliable input-output tables available at this scale, as regions are typically too small and economically interlinked to support robust standalone modelling.

¹ For context, according to the latest multipliers, for every dollar of GDP generated by the building construction sector, an extra \$2.76 of GDP is generated in the industries supporting it. Similarly, for every FTE directly employed in building construction, an extra 2.82 FTEs are employed in the sectors that comprise its supply chain.

Accordingly, national multipliers are applied, with a proportion of the resulting impacts attributed to the Hawke's Bay region.

Within this framework, the approach is applied to both:

- **One-time effects**, associated with development of the site; and
- **Ongoing effects**, associated with the loss of ongoing rural production.

The economic impacts derived via multiplier analysis comprise three parts, namely:

- **Direct effects** – which capture the economic impacts of entities directly engaged to complete the project (e.g., the main building contractor); plus
- **Indirect effects** – which arise when the main contractor sources goods and services from their suppliers (i.e., subcontractors), who in turn may need to source goods and services from their own suppliers, and so on; and
- **Induced effects** – which occur when a share of the additional wages and salaries generated by the project (either directly or indirectly) are spent in the local/regional economy and therefore give rise to additional rounds of economic impacts.

While multiplier analysis is widely used in economic impact assessment, it has recognised limitations. In particular, it assumes that businesses use inputs in fixed proportions, does not account for capacity constraints within the economy, and does not capture price effects that may occur in practice. These limitations are acknowledged in this assessment and addressed through a suite of measures, including:

- **Ignoring induced effects**, which are considered the least reliable component of multiplier analysis and are therefore excluded to avoid overstating economic impacts;
- **Scaling direct and indirect effects** to reflect the likelihood that not all estimated impacts will be fully realised due to capacity or resourcing constraints;
- **Using the most up-to-date multipliers**, derived from current official data to ensure the results reflect current economic conditions rather than outdated input-output relationships;
- **Maximising the value of forgone production**, by conservatively assuming that rural activity ceases immediately across the site under the proposal; and
- **Applying conservative construction cost rates**, based on building consent data that is understood to understate true costs, thereby reducing estimated development-related impacts.

This ensures that the resulting impact estimates do not overstate project benefits and instead provide a sound and reliable basis for decision-making. Refer to **Appendix A** for further detail.

6.3. Analysis Horizon & Time Value of Money

Quantified economic effects are estimated over a 30-year horizon, consistent with long-term planning periods. Where appropriate, these are expressed in monetised terms, with all costs and benefits converted to net present values (**NPV**) to account for the time value of money. A discount rate of 8 percent is applied, consistent with the rate commonly used for public sector cost-benefit analysis and infrastructure investment appraisal.

7. Key Inputs & Modelling Assumptions

This section presents the key inputs and assumptions underpinning the quantitative assessment.

7.1. Introduction

Inputs have been drawn from project-specific data and complemented with the latest available industry data to fill any gaps. All cost figures are expressed in current (2026) dollars unless otherwise stated.

7.2. Regional Attribution

Based on the location and nature of the proposal, it is assumed that 75 percent of total estimated national impacts of the proposal accrue to the Hawke's Bay region. By contrast, all economic impacts of the counterfactual are assumed to accrue to the Hawke's Bay region.

7.3. Realisation of Economic Impacts

Consistent with the approach described in Section 6, our modelling assumes that 80 percent of the economic benefits of the proposal are realised, reflecting the impacts of potential capacity or resourcing constraints. To ensure a conservative comparison, counterfactual activity is assumed to be fully realised over the modelling period.

7.4. Anticipated Development Yields

While final residential yields will be confirmed through detailed design and subdivision consent processes, the latest masterplan indicates a notional yield of 203 dwellings. An indicative dwelling mix is summarised in Table 4.

Table 4: Anticipated Dwelling Yields by Typology

Dwelling Typology	Approx. Average Lot Size (m ²)	Count of New Dwellings	Share of New Dwellings
Terrace / Duplex	200	31	15%
	350	8	4%
Detached	500	80	39%
	600	33	16%
	700	22	11%
	800	29	14%
Total / Average	530	203	100%

The dwelling mix reflects a deliberate gradation of density across the site. Terrace and duplex dwellings on smaller lots will provide higher-density options suited to smaller households or those seeking a lower price point. Detached dwellings on lots of approximately 500 to 800 m² form the bulk of the development, with the largest lots located primarily along the southern and eastern edges, providing a lower-density interface with the adjoining rural land.

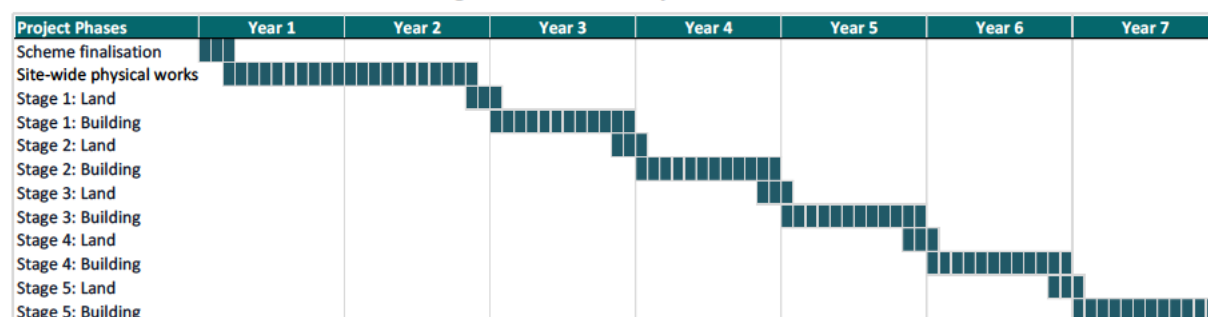
7.5. Development Staging & Timing

Our modelling assumes that the proposal is delivered over a period of approximately seven years. Development commences with a focus on areas with confirmed access and servicing capacity and

For modelling purposes, housing development is consolidated into five grouped stages (1 to 5). Table 5 presents the assumed dwelling yield by stage and typology.

Dwelling Typology	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Total
Terrace / Duplex	8	8	8	8	7	39
Detached	33	33	33	33	32	164
Total	41	41	41	41	39	203

Figure 4: Indicative Project Timeline



Building costs are estimated on a per-dwelling basis, differentiated by typology and reflecting conservative unit rates drawn from regional benchmarks.² Table 6 summarises estimated GFA and construction costs by dwelling type.

Dwelling Typology	Number of Dwellings	Total GFA m ²	Build Cost \$/m ² GFA	Construction Cost \$m
Terrace / Duplex	39	4,995	\$3,350	\$17
Detached	164	28,845	\$3,600	\$104
Total	203	33,840	n/a	\$121



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Overall, residential construction expenditure across all stages is estimated at approximately \$121 million.

7.7. Other Development Costs

The development will require significant upfront investment in site-wide enabling works before staged residential construction can commence. In addition, each development stage will require further detailed design, local civil works, and other stage-related expenditures. This suite of broader costs was estimated using project-specific information wherever possible, with any gaps informed by industry benchmarks drawn from our experience across a range of comparable developments in New Zealand.

7.8. Total Estimated Proposal Cost

Table 7 brings together the estimated total development cost of the proposal based on the information summarised above, which is \$151 million. This expenditure forms the basis for the one-time economic impact assessment presented in Section 8.

Table 7: Summary of Estimated Project Investment

Cost Category	Estimated Cost (\$m)	Share of Cost
Scheme finalisation	\$1.2	0.8%
Site-wide enabling works	\$14.5	9.6%
Staged land development costs	\$7.2	4.8%
Staged building-related costs	\$7.2	4.8%
Residential construction	\$120.6	80.0%
Total estimated project cost	\$150.7	100.0%

7.9. Forgone Rural Production Assumptions

National-level metrics of production per hectare for hay and baleage were extracted from a recent report by Beef + Lamb NZ (Cost of Feed),³ while region-specific data for sheep and beef farming and viticulture were sourced from Beef + Lamb NZ,⁴ and the Ministry for Primary Industries,⁵ respectively. Mushroom production metrics were derived from published data from the Cornell University College of Agriculture and Life Sciences, converted to reflect hectares of effective growing area.⁶ The resulting per-hectare production metrics are summarised in the table below.

Table 8: Production Metrics per Hectare (for Subject Site)

Productive Use	Output \$	GDP \$	FTEs	Wages \$
Sheep and Beef	\$1,445	\$470	0.002	\$130
Hay and Baleage	\$3,400	\$1,110	0.005	\$310
Viticulture	\$28,070	\$9,660	0.087	\$5,050
Mushrooms	\$556,460	\$191,500	1.733	\$100,180
Average	\$147,300	\$50,700	0.457	\$26,400

³ Available here: <https://beeflambnz.com/sites/default/files/factsheets/pdfs/fact-sheet-260-Cost%20of%20Feed.pdf>

⁴ Available here: <https://beeflambnz.com/industry-data/farm-data-and-industry-production/sheep-beef-farm-survey>

⁵ Available here: <https://www.mpi.govt.nz/resources-and-forms/economic-intelligence/farm-monitoring#viticulture>

⁶ Available here: <https://smallfarms.cornell.edu/>

For the first three rural production activities, the analysis applies each scenario to one-third of the balance of rural land not occupied by existing buildings (approximately 17.5 hectares, or 5.83 hectares per scenario). This equal-thirds approach is adopted because no single activity is likely plausible across the entire balance of the site. Sheep and beef farming and hay and baleage are realistic uses for parts of the land but would not occupy all of it in practice, while viticulture (as noted in Section 5.2) is an illustrative upper-bound scenario rather than a likely future use across the full area. Weighting the three scenarios equally therefore provides a representative composite of plausible rural output, without overstating the contribution of any single use. It also avoids the implausible alternative of assigning the entire balance to the highest-output activity (viticulture), which would materially inflate the counterfactual and understate the net benefits of the proposal.

Notwithstanding this approach, the total pastoral land area is conservatively assumed to be farmable in its entirety, even though in practice not all of the land would be available or suitable for productive use due to physical constraints and non-productive areas such as setbacks, roading, and waterways.

For the mushroom activity, the analysis adopts the total built area of the Te Mata Mushroom Company production facilities, approximately 5,975 m². This too is a conservative assumption: it treats the entire gross floor area as effective growing space, whereas in practice a significant share of the total footprint would be occupied by supporting infrastructure such as composting facilities, storage, loading areas, and circulation, meaning the actual productive growing area is likely to be materially less.

8. One-Time Impacts on GDP, Jobs & Wages

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

8.1. Estimated One-Time Impacts

The table below presents the estimated one-off regional economic impacts of the proposal's development, broken down by development stage, for each of the three key impact metrics: employment, wages and salaries, and GDP.

Table 9: Estimated One-Time Regional Economic Impacts by Stage

Employment (FTE-years)	Direct	Indirect	Total
Upfront/Site-wide	17	22	39
Stage 1	21	52	73
Stage 2	21	52	73
Stage 3	21	52	73
Stage 4	21	52	73
Stage 5	20	49	69
Project Totals	121	279	400
Wages & Salaries (NPV \$m)	Direct	Indirect	Total
Upfront/Site-wide	\$1.7	\$1.9	\$3.6
Stage 1	\$1.6	\$3.7	\$5.3
Stage 2	\$1.4	\$3.4	\$4.8
Stage 3	\$1.3	\$3.2	\$4.5
Stage 4	\$1.2	\$2.9	\$4.1
Stage 5	\$1.1	\$2.6	\$3.7
Project Totals	\$8.3	\$17.7	\$26.0
GDP (\$m)	Direct	Indirect	Total
Upfront/Site-wide	\$3.1	\$3.9	\$7.0
Stage 1	\$3.3	\$7.4	\$10.7
Stage 2	\$3.0	\$6.8	\$9.8
Stage 3	\$2.8	\$6.3	\$9.1
Stage 4	\$2.6	\$5.8	\$8.4
Stage 5	\$2.3	\$5.1	\$7.4
Project Totals	\$17.1	\$35.3	\$52.4

The proposal's development is estimated to support approximately 400 FTE-years of employment. This is equal to an average of approximately 57 full-time positions sustained for each year of the programme. At the same time, the proposal is estimated to contribute approximately \$26 million in wages and salaries over the seven-year development period, and generate around \$52 million in GDP.

Indirect effects account for more than two-thirds of the total impact across all three metrics, reflecting the significant upstream demand that residential construction generates for building materials, manufactured components, professional services, and transport and logistics.

8.2. Top 10 Industries by FTEs Employed

To better understand the likely impacts of the proposal's future development, Table 10 reveals the 10 industries likely to experience the greatest employment boosts. Those top 10 industries account for more than 80 percent of all full-time employment generated by the proposal, with the balance spread across numerous other sectors.

Table 10: Top 10 Industries by FTE-years Generated during Development

Industries	FTE-years	Shares
Building Construction	102	26%
Construction Services	84	21%
Professional, Scientific and Technical Services	41	10%
Heavy and Civil Engineering Construction	24	6%
Wholesale Trade	18	4%
Fabricated Metal Product Manufacturing	17	4%
Wood Product Manufacturing	15	4%
Administrative and Support Services	13	3%
Non-Metallic Mineral Product Manufacturing	8	2%
Petroleum and Coal Product Manufacturing	6	2%
Top 10 Subtotal	328	82%
All Other Industries	72	18%
Total All Industries	400	100%

9. Future Onsite Economic Activity

This section estimates the ongoing economic activity under both the proposal and the counterfactual, using the inputs and assumptions outlined in Section 7.

9.1. Future Activity Under Proposal

Unlike some other master-planned developments, which may include commercial premises, retail space, or institutional uses such as retirement villages, the proposal does not incorporate any activities that would directly generate meaningful ongoing onsite employment or economic output. For the purposes of this section, the future onsite economic activity under the proposal is therefore nil.

9.2. Future Activity Under Counterfactual

Table 11 presents the total estimated annual economic activity that the site could hypothetically sustain under the counterfactual, in which the site continues to be used for rural production.

Table 11: Estimated Annual Production by Counterfactual Activity

Direct	Sheep & Beef	Hay & Baleage	Viticulture	Mushrooms	Total
FTEs	0.01	0.03	0.51	1.04	1.58
Wages	\$755	\$1,805	\$29,420	\$59,860	\$91,840
GDP	\$2,740	\$6,465	\$56,275	\$114,420	\$179,900
Indirect	Sheep & Beef	Hay & Baleage	Viticulture	Mushrooms	Total
FTEs	0.02	0.04	0.38	0.77	1.21
Wages	\$1,415	\$3,370	\$33,075	\$67,295	\$105,155
GDP	\$3,205	\$7,565	\$66,485	\$135,175	\$212,430
Direct + Indirect	Sheep & Beef	Hay & Baleage	Viticulture	Mushrooms	Total
FTEs	0.03	0.07	0.89	1.81	2.79
Wages	\$2,170	\$5,175	\$62,495	\$127,155	\$196,995
GDP	\$5,940	\$14,030	\$122,760	\$249,595	\$392,325

In short, absent the proposal, and across all four scenarios combined, the counterfactual could theoretically sustain total annual employment of approximately 2.8 full-time equivalent employees, generate around \$392,000 in GDP, and support wages and salaries of approximately \$197,000. The mushroom production and viticulture scenarios account for nearly all of this output.

The corresponding NPV estimates are summarised in the table below.

Table 12: Counterfactual Production – 30-Year NPV Summary

Metric	FTE-Years	NPV Wages (\$m)	NPV GDP (\$m)
Direct	50	\$1.0	\$2.1
Indirect	35	\$1.2	\$2.4
Total	85	\$2.3	\$4.5

In net present value terms, the counterfactual is estimated to support approximately 85 FTE-years of employment over 30 years, \$4.5 million in GDP and \$2.3 million in wages.

10. Net Quantified Impacts of the Proposal

This section compares the quantified impacts of the proposal to the counterfactual to derive the net impacts of the proposal on GDP, jobs and wages.

10.1. Net GDP Effects

The table below summarises the estimated impacts of the proposal on GDP, expressed in NPV terms.

Table 13: Summary of Quantified GDP Impacts (NPV, \$m)

Activity	NPV GDP (\$m)
One-Time Construction Activity	\$52.4
Future Onsite Activity	Nil
Forgone Rural Production	-\$4.5
Proposal Net Impacts	\$47.9

Overall, the proposal generates a net positive GDP impact of approximately \$48 million (NPV). Benefits of around \$52 million are entirely driven by construction activity. Quantified costs are moderate at approximately \$4.5 million, reflecting the value of forgone rural production. To put this in perspective, the NPV of forgone GDP is equivalent to less than 10 percent of the estimated one-time GDP contribution of the proposal's construction activity, even when assessed over a period of 30 years. Forgone rural production is therefore small relative to the economic benefits enabled by the proposal.

10.2. Net Employment Effects

In addition to the GDP effects outlined above, the proposal generates a substantial net increase in employment relative to the counterfactual. Construction of the development is estimated to support approximately 400 FTE-years of employment over the development period. These effects are broad-based, extending beyond the construction sector to include professional services, manufacturing, transport, and other supporting industries.

These gains are partially offset by the loss of employment associated with ongoing rural production operations, which are estimated to account for approximately 85 FTE-years over a 30-year analysis period, as illustrated in Table 14.

Table 14: Summary of Employment Impacts (NPV, \$m)

Activity	FTE-Years	NPV Wages (\$m)
One-Time Construction Activity	400	\$26.0
Future Onsite Activity	Nil	Nil
Forgone Rural Production	-85	-\$2.3
Proposal Net Impacts	315	\$23.7

Overall, the proposal is therefore estimated to generate a net increase of approximately 315 FTE-years of employment, alongside a net increase in wages and salaries of approximately \$24 million (NPV).

While the quantified assessment captures the direct economic impacts of the proposal, a number of additional effects, particularly those relating to housing outcomes and market functioning, are more appropriately assessed on a qualitative basis. These are considered in the following sections.

11. Housing Market Impacts

This section assesses the housing market effects of the proposal.

11.1. The Role & Importance of Housing

Housing is a fundamental determinant of human wellbeing. It provides shelter and physical safety, but its impact extends much further. Where people live shapes their access to employment, education, health services, and social networks. Stable, adequate housing supports better physical and mental health outcomes, stronger educational attainment for children, and greater economic participation for adults. Conversely, housing stress, whether through unaffordability, insecurity of tenure, or overcrowding, is consistently associated with poorer outcomes across all such dimensions.

These considerations are relevant to how the economic evidence in this section should be interpreted. The analysis that follows, of supply contributions, efficiency gains, affordability effects, and market competition, captures the proposal's housing market impacts in terms that are easily describable. But those metrics are ultimately proxies for something more fundamental: whether more people will have access to a wider range of safe, secure, and fit-for-purpose homes due to the proposal. In our view, they will, and the significance of that outcome is not fully captured by any economic model.

11.2. Overall Contribution to Housing Supply

As outlined in **Appendix B**, the Hastings District faces a long-term shortfall of greenfield development capacity. That shortfall sits alongside material latent demand, representing households that would form separately if suitable housing were available. Reliance on intensification to absorb a substantial share of future demand introduces further downside risk, given that higher-density delivery is typically more sensitive to feasibility, financing, and market absorption than greenfield subdivision.

Against that backdrop, the proposal's enablement of approximately 203 new dwellings represents a highly significant and timely contribution to local housing supply. It would, on its own, address more than 60 percent of the identified greenfield shortfall, and forms part of a coordinated eastern growth area alongside the adjacent Arataki Project.

The contribution is not, however, limited to dwelling counts. The mix of typologies enabled by the proposal materially broadens the range of housing options available within the local market. In particular, the proposal enables terrace and duplex product alongside detached dwellings, on sections that are materially smaller than the existing Havelock North stock (further discussed in Section 11.5).

The economic relevance of this typology mix extends beyond price point. Higher-density product of the kind proposed provides a credible downsizing option for older households who wish to remain in the community, close to established social networks, services, and family, but who no longer require, or wish to maintain, a large, detached dwelling and section. It similarly provides an option for younger professionals and dual-income households who place a higher weight on access to amenity, recreation, and public facilities than on private outdoor space. In a market currently dominated by large, detached sections, the absence of these intermediate typologies effectively forces these groups to either over-consume housing or leave the area. The proposal therefore contributes not only to overall supply, but to supply that better matches the composition of underlying demand.

Many of the benefits discussed elsewhere in this section, including land market competition, impacts on prices and affordability, and housing choice, stem directly from this supply contribution and are inherently interrelated.

11.3. Helping Foster Land Market Competition

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

Absent competition, landowners may 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. By contrast, the release of a large, master-planned development increases contestability by introducing an additional source of supply to the market. This places competitive pressure on other landowners to either advance development, adjust pricing, or bring alternative sites forward. Over time, this dynamic improves the speed and certainty with which land is converted into housing, supporting more responsive supply outcomes.

11.4. Impacts on Prices & Affordability

Housing affordability in Havelock North and the wider Hastings District has deteriorated significantly over the past decade, reflecting sustained increases in dwelling prices and rents relative to incomes. Median dwelling prices have risen rapidly, while key affordability indicators, such as price-to-income ratios and deposit requirements, remain well above accepted benchmarks.

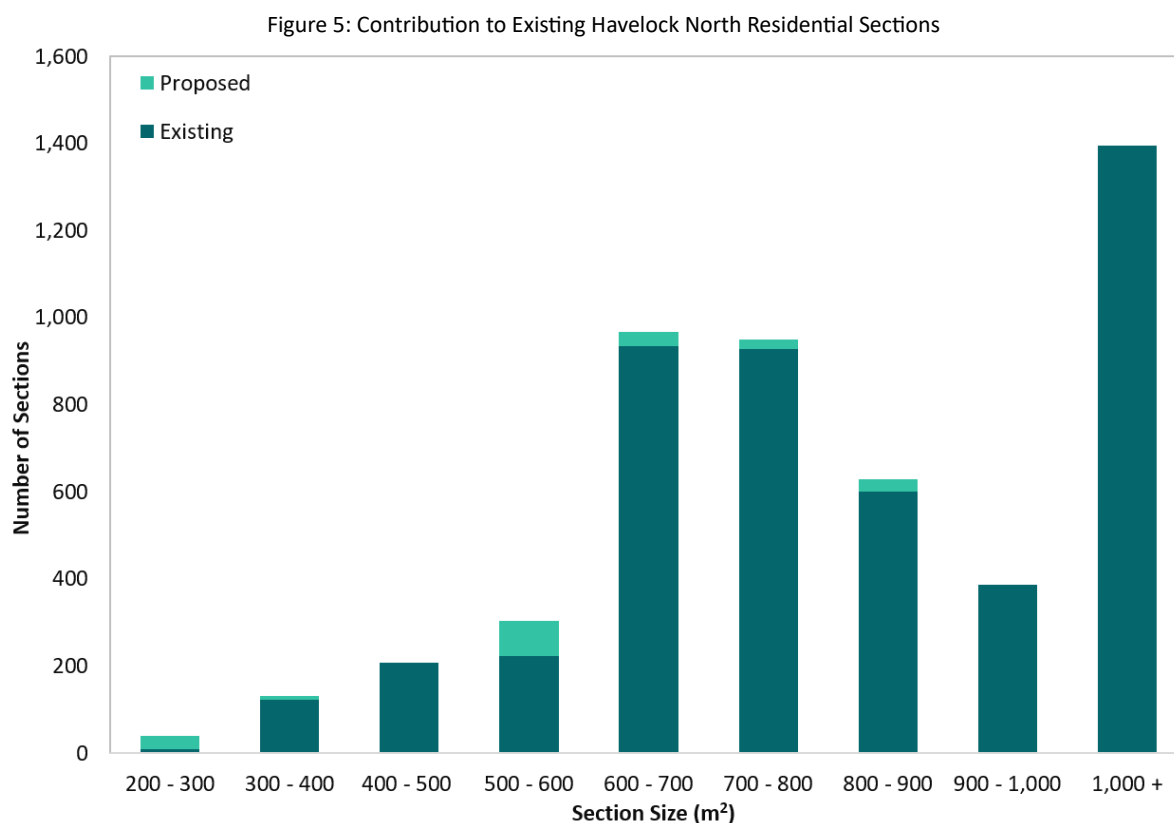
In this context, the proposal’s primary contribution to affordability arises through its scale, timing, and certainty of supply. By enabling a substantial number of new dwellings to be delivered over time, the proposal will make a meaningful contribution to meeting underlying housing demand. While the delivery of new housing at Brookvale Green is unlikely, in isolation, to reduce prices in absolute terms, it is expected to play a role in moderating the rate of future price growth relative to the status quo, in which supply remains more constrained. This reflects the well-established relationship between housing supply and price dynamics, particularly in growth areas.

Overall, the proposal contributes to improved housing outcomes by helping to moderate price pressures and supporting a more sustainable relationship between housing supply and demand over the long term. Further detail on local housing market trends is provided in **Appendix B**.

11.5. Catering to a Variety of Needs & Preferences

The proposal provides for a range of residential lot sizes and configurations, which in turn enables a variety of dwellings to be developed on the site over time. This variety supports choice across household structures, life stages, and budget preferences and thereby helps the proposal give effect to Policy 1(a)(i) of the NPS-UD, which requires planning decisions to contribute to well-functioning urban environments that provide a variety of homes to meet the needs of a diverse population.

Importantly, the proposal provides for residential sections that are materially smaller than the existing stock in Havelock North. The average proposed section size is approximately 530 m², compared to an average of around 1,450 m² across Havelock North as a whole.⁷ This shift in section size distribution is illustrated in the figure below, which compares existing sections with those enabled by the proposal.



11.6. Economic Efficiency of Master-planned Development

Master-planned communities like the proposal provide a strategic and coordinated approach to urban growth, delivering efficiency gains compared to more fragmented forms of development. For example, these developments:

- **Achieve economies of scale:** Large-scale development can lower per-unit costs through more efficient planning, procurement, and delivery of infrastructure and housing.
- **Optimise infrastructure investment:** Coordinated delivery of roads, utilities, and public services helps reduce duplication and ensures infrastructure is appropriately sized and timed to support growth.
- **Generate employment:** Provide a sustained pipeline of work for local contractors and tradespeople over the development period.

Further, compared to more fragmented patterns of growth, master-planned communities:

⁷ Based on Havelock North residential section size data as reported in Cotality's *Property Guru* database.

- **Encourage timely development:** The scale and structure of development can support a more predictable and continuous supply pipeline.
- **Enable efficient sequencing of infrastructure investment,** reducing the risk of under- or over-provision relative to demand.

At the same time, the proposal delivers publicly vested infrastructure that generates benefits beyond those directly associated with enabling new dwellings. Importantly, such infrastructure is typically more feasible to deliver efficiently at scale through a coordinated development approach, compared to smaller, piecemeal subdivision or infill projects.

12. Other Long-term Impacts

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

12.1. Critical Mass and Support for Nearby Centres

The proposed development is located less than 3 kilometres east of the Havelock North town centre, approximately 5 kilometres southeast of Hastings, and a 20-minute drive from Napier. These three centres are the largest urban areas in the region and collectively form the core of its commercial network. As future development enabled by the proposal occurs and new residents move into the area, they will help create critical mass to support the ongoing health and vitality of these and other nearby centres.⁸

To provide context, we estimated the level of future household spending that would originate from the site at full build-out. This was done by applying average expenditure profiles for households, drawn from the most recent Household Economic Survey.⁹ To be conservative, these estimates ignore ongoing growth in annual household income over time. The results are tabulated below and reflect total annual spending generated by 203 new households.

Table 15: Projected Future Spending Originating Onsite

Expenditure Group	Annual Spend per Household	Total Annual Spend (\$ millions)
Food	\$14,250	\$2.9
Alcoholic beverages and tobacco	\$1,550	\$0.3
Clothing and footwear	\$1,800	\$0.4
Housing and household utilities	\$17,600	\$3.6
Household contents and services	\$2,750	\$0.6
Health	\$2,450	\$0.5
Transport	\$10,950	\$2.2
Communication	\$1,950	\$0.4
Recreation and culture	\$5,900	\$1.2
Education	\$650	\$0.1
Miscellaneous goods and services	\$6,950	\$1.4
Other expenditure	\$7,600	\$1.5
Total Household Expenditure	\$74,400	\$15.1

The table shows that future residents of the proposal will spend more than \$15 million per annum on a wide range of household goods and services, assuming they spend at a rate equal to that of the average household. This additional spending will help support the region's largest centres, reinforcing their role as key service hubs and contributing to their ongoing vitality.

⁸ While these households will already be contributing to spending elsewhere, the proposal is still expected to result in a net increase in local spending. If residents move from outside the area, they expand the local spending pool. If they relocate from within the catchment, their former homes are likely to be reoccupied, with new residents contributing additional local expenditure.

⁹ For the North Island (excluding Auckland).

12.2. Alignment with Government Growth Agenda

The Going for Growth agenda, launched by the New Zealand Government in early 2025, outlines a long-term strategy for lifting national productivity and living standards. It is built around five interrelated pillars: developing talent; building competitive business settings; promoting trade and investment; driving innovation, science and technology; and investing in infrastructure for growth.

The proposal aligns well with several of these priorities:

- **Developing Talent:** Under our baseline scenario, construction of the circa 203 dwellings and supporting infrastructure will generate employment for nearly 400 FTE-years over the seven-year development period, creating opportunities for apprentices, tradespeople, and professionals. This will help sustain and develop the skills base of the local labour force.
- **Building Competitive Business Settings:** By bringing a large supply of new dwellings to market, the proposal will foster greater competition in the land and housing markets, directly supporting the efficiency objectives of the NPS-UD.
- **Promoting Trade and Investment:** The scale of the development represents a major private sector investment of approximately \$151 million, which signals confidence in the local economy and strengthens its attractiveness as a destination for further domestic and international investment.
- **Driving Innovation, Science and Technology:** The master-planned design of the development incorporates integrated transport networks, ecological restoration and enhancement, and sustainable infrastructure solutions. These reflect best-practice urban design and infrastructure planning, providing a model for future growth in the region and beyond.
- **Investing in Infrastructure for Growth:** The proposal includes significant investment in essential infrastructure such as stormwater management, wastewater treatment capacity, and supporting roads, cycling, and pedestrian networks. These upgrades will not only service the development itself but also strengthen the resilience and efficiency of the wider urban system.

In these ways, the proposal is strongly aligned with the Government's Going for Growth agenda, advancing national objectives for productivity, competitiveness, and sustainable urban expansion.

12.3. Alignment with Local and Regional Strategies

The subject site occupies a transitional location on the north-eastern edge of Havelock North's existing urban footprint and sits directly adjacent to established and emerging residential neighbourhoods to the west. Development of the site would therefore represent a logical outward extension of the existing urban area, rather than a detached or isolated greenfield development.

Strategic planning for the wider Napier-Hastings urban environment anticipates continued expansion of Havelock North toward the east and north-east over time. The FDS identifies several new residential

growth areas around the fringes of Havelock North, including sites along Arataki Road, Brookvale Road, and other locations adjoining the existing urban boundary. These areas collectively form part of the long-term settlement pattern intended to accommodate residential growth while maintaining a compact and integrated urban form. Within this context, the proposal represents an early and coordinated component of that broader eastern growth direction.

The proposal's integration with the urban area is further reinforced by the adjacent Arataki Project, which has recently been approved under the FTAA. Together, these developments will form a contiguous area of residential growth on the eastern side of Havelock North. This will enable coordinated infrastructure provision, improved connectivity between neighbourhoods, and a more coherent extension of the existing urban boundary.

From an urban economics perspective, development in locations contiguous with the existing urban area is generally more efficient than dispersed growth. Such locations allow new households to access established infrastructure networks, community facilities, employment centres, and retail services with minimal additional travel distances. They also support more efficient utilisation of existing public and private infrastructure investment.

Accordingly, the proposal is well positioned to function as an integrated extension of Havelock North's urban area. Rather than creating a new isolated settlement, it reinforces an identified growth direction and contributes to the orderly and coordinated expansion of the town's residential footprint.

12.4. Investment Signal Effects

Finally, the development will provide a strong signal of confidence in the region's medium- to long-term economic outlook. Large, capital-intensive developments typically require detailed due diligence, long investment horizons, and confidence in future population growth, labour availability, and infrastructure provision. As a result, their delivery can act as a market signal to other investors that underlying economic fundamentals are sufficiently robust to support further activity.

Such signalling effects are particularly relevant in sectors characterised by high upfront costs and long payback periods, where investment decisions are sensitive to perceptions of risk and uncertainty. The establishment of a significant new development can help reduce perceived market risk by demonstrating that funding, consenting, and delivery barriers can be successfully navigated in the region. Over time, this can help bring forward or unlock complementary investment, including associated residential, commercial, or service-based development, as well as supporting infrastructure.

13. Project Acceleration

This section describes how the FTAA process would accelerate delivery of the proposal.

13.1. Timing of Economic Benefits

The proposal will progress considerably faster through the FTAA than would otherwise be the case. The FTAA establishes a streamlined approvals pathway with tighter statutory timeframes, coordinated decision-making, and, importantly, no merits-based appeals on decisions made by Fast-track Panels.

In contrast, obtaining consent via the standard RMA pathways would likely involve a multi-stage and potentially appeal-prone process, resulting in substantial delays. Similarly large proposals often experience extended processing timeframes due to public notification, hearings, and Environment Court appeals.

The FTAA (as strengthened by the Fast-track Approvals Amendment Act 2025) is specifically designed to accelerate nationally and regionally significant projects, reduce consenting uncertainty, and bring forward the timing of economic activity. For the proposal, this means enabling the project to commence much sooner than under a conventional consenting pathway, thereby bringing forward the one-off construction-related stimulus and any wider economic benefits outlined in this report.

14. Summary and Conclusion

This assessment has considered the full range of economic effects associated with the proposal, relative to a counterfactual in which the site continues to support rural production.

From a quantitative perspective, the proposal generates a substantial net positive economic impact, including approximately \$48 million in GDP (NPV) and a net increase of around 315 FTE-years of employment. While the proposal results in the loss of existing rural production, these effects are estimated to be relatively modest in scale.

Table 16: Summary of Quantified Costs and Benefits (NPV, \$m)

Activity	FTE-Years	NPV Wages (\$m)	NPV GDP (\$m)
One-Time Construction Activity	400	\$26.0	\$52.4
Future Onsite Activity	Nil	Nil	Nil
Forgone Rural Production	-85	-\$2.3	-\$4.5
Proposal Net Impacts	315	\$23.7	\$47.9

Importantly, the quantified results do not fully capture the proposal's broader economic contribution. In particular, the development provides a significant and timely increase in housing supply, supports more competitive and efficient land market outcomes, and contributes to the development of a well-functioning urban environment.

The proposal also aligns strongly with relevant national policy direction and the Government's broader growth agenda, including through its contribution to infrastructure investment, employment, and regional development.

Taking these factors together, we consider that the proposal delivers significant regional economic benefits that clearly outweigh the identified costs and we support it on economic grounds.

14.1. FTAA Criteria Checklist

The following table identifies where the report addresses each of the criteria in sections 81-85 of the FTAA and the matters set out in Schedule 5, along with an indication of the degree of alignment.

Table 17: Assessment Against FTAA Criteria

Criterion	Signpost	Assessment Summary	Assessment
Contributes to the purpose of the Act – facilitates projects with significant regional or national benefits (s3; s83(1)(a); Sch 5 cl 17)	Sections 8 – 13	The proposal delivers significant regional economic benefits through a substantial construction programme, generating approximately \$52.4 million in GDP and 400 FTE-years of employment, alongside a major contribution to housing supply. Additional benefits include improved housing affordability outcomes over time, increased land market competition, and support for coordinated, master-planned urban development. These outcomes align directly with the purpose of the FTAA.	Very Strong
Benefits outweigh adverse effects (s83(1)(b); s85)	Sections 8 – 13	The proposal delivers substantial and well-demonstrated economic benefits, with a quantified net GDP impact of approximately \$48 million (NPV) and a net increase of around 315 FTE-years of employment. Identified adverse economic effects, primarily relating to forgone rural production, are estimated to be moderate in scale. On balance, benefits clearly outweigh costs.	Very Strong
Nature and scale of benefits, including economic, employment, environmental, cultural, and social (s83(2)(a))	Sections 8 – 12	The proposal generates significant economic and employment benefits at the regional level, alongside important social benefits through a substantial increase in housing supply, improved housing choice, and more efficient land market outcomes. It also supports the delivery and sequencing of infrastructure through a coordinated, master-planned approach. Environmental and cultural effects are addressed separately within the AEE and specialist reports.	Very Strong
Consistency with national direction and planning documents, including under the RMA (s82(a))	Sections 11 – 12	The proposal is strongly aligned with the NPS-UD, particularly in relation to housing supply, diversity, affordability, competitive land markets, and well-functioning urban environments. It also aligns with the Government's Going for Growth agenda and broader strategic objectives for regional development. Detailed statutory planning matters are addressed separately within the planning assessment.	Strong
Greatest weight given to purpose of FTAA (Sch 5 cl 17)	Sections 8 – 13	The proposal directly advances the purpose of the FTAA by facilitating a development that delivers clear and significant regional economic benefits, and by accelerating the timing of those benefits through a streamlined approvals process. The scale of benefits, combined with the certainty of delivery associated with a master-planned development, warrants substantial weight being given to the purpose of the Act.	Very Strong

15. Appendix A: About Multiplier Analysis

15.1. Introduction

Our assessment uses a widely known technique called multiplier analysis to estimate the GDP, jobs, and wages/salaries associated with one-time and ongoing economic activity enabled by the proposal, plus the GDP, jobs, and wages/salaries lost via forgone rural production. The underlying economic multipliers come from detailed matrices called input-output (IO) tables, which show the interrelated supply chains comprising an economy. Specifically, IO tables show both:

- the set of inputs that each industry needs to produce one unit of its output, plus
- the industries and end-users to which each sector sells its output.

By leveraging these supply-chain relationships, IO tables enable the effects of a change in one sector to be traced throughout the economy to estimate its overall impacts, including flow-on effects.

15.2. Example

Consider the following example. Suppose a local construction company wins a new building contract. In addition to boosting its own workforce to complete the job, the company will also need to engage various subcontractors and to source building products from its own suppliers. However, some of those suppliers, in turn, may then need to source various inputs from their suppliers, and so on. Multiplier analyses trace all these supply-chain interdependencies so that the wider economic effects of the new building work can be properly estimated, including all flow-on effects.

15.3. Types of Effects Estimated

The economic impacts derived via multiplier analysis comprise three parts, namely:

- **Direct effects** – which capture the economic impacts of entities directly engaged to complete the project (e.g., the main building contractor); plus
- **Indirect effects** – which arise when the main contractor sources goods and services from their suppliers (i.e., subcontractors), who in turn may need to source goods and services from their own suppliers, and so on; and
- **Induced effects** – which occur when a share of the additional wages and salaries generated by the project (either directly or indirectly) are spent in the local/regional economy and therefore give rise to additional rounds of economic impacts

As alluded to above, these effects are typically 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. It captures the value that a business adds to its own inputs to produce its outputs. From an accounting perspective, GDP equals a firm's earnings before interest, tax, depreciation, and amortisation (EBITDA), plus the wages and salaries paid.

- **The number of FTEs employed** – this is measured in terms of full-time employees, which include both part-time and full-time workers.
- **Total wages and salaries paid to workers**, which are sometimes called ‘household incomes.’

15.4. Importance for Assessing Construction Projects

Multiplier analysis is particularly useful for assessing the economic impacts of construction projects, because such a large proportion of the work is typically subcontracted to third parties, rather than all being done by the main contractor itself. Multiplier analysis therefore enables all the supply chain activity initiated by the main contractor to be properly captured to provide a comprehensive picture of overall economic impacts associated with its activities.

For context, according to the latest multipliers, for every dollar of GDP generated by the building construction sector, an extra \$2.76 of GDP is generated in the industries supporting it.¹⁰ Similarly, for every FTE directly employed in building construction, an extra 2.82 FTEs are employed in the sectors that comprise its supply chain. Accordingly, multiplier analysis is critical to capturing the overall effects of economic activity enabled (or forgone) by large-scale development proposals.

15.5. Multiplier Analysis Limitations & Mitigation Strategy

Despite the intuitive appeal and widespread use of multiplier analysis, it does face some well-known limitations. They include that it:

- **Assumes that businesses use inputs in fixed proportions**, i.e., without substituting towards more efficient options if/when they become available.
- **Ignores capacity constraints**. It assumes that labour, materials, and other inputs are always available when needed, which may be unrealistic in a tight economy.
- **Does not capture price effects**. Multiplier models are fixed-price frameworks, which ignore cost inflation, wage pressures, and so on.

Consequently, multiplier analysis is useful for showing how spending ripples through an economy’s supply chains to produce both direct and flow-on economic impacts, but it is not – on its face – a precise forecast of real-world net benefits. To help address these limitations and ensure that our analysis is as robust as possible, we adopted the following mitigation strategies and measures. They seek to moderate the raw outputs of the multiplier analysis to provide more robust and defensible estimates of overall economic impacts.

Strategy 1: Ignoring Induced effects: Induced effects are – in our view – the least reliable of the three types of economic impact estimated by multiplier analysis, because much of that spending would have likely occurred regardless of the proposal. Moreover, including induced effects can cause multiplier

¹⁰ As measured by the indirect effect, i.e., excluding induced effects.

analyses to produce implausible results, e.g., every \$1 spent generates more than \$1 of GDP. This is impossible, especially over the longer run, so we exclude induced effects entirely in our assessments.

Strategy 2: Scaling direct & indirect effects: We also scale down the estimated direct and indirect impacts of the proposal (on GDP, jobs, and wages) to reflect the impacts of potential capacity or resourcing constraints on their realisation.

Strategy 3: Using the most up-to-date multipliers: We regularly revise the industry-level multipliers used in our assessments to ensure they always reflect the latest official data, rather than relying on the 'official' IO tables from Stats NZ, which are for the year ended March 2020. Our multipliers, conversely, were derived from data covering the year ended September 2025.

Strategy 4: Maximising the value of forgone production: While not a direct response to the limitations of multiplier analysis *per se*, we further assume that forgone rural production ceases immediately sitewide under the proposal. In practice, however, former rural production is usually phased out in a staged manner as the site is developed. This assumption helps maximise the estimated opportunity cost of the proposal and therefore adds another layer of conservatism.

Strategy 5: Applying conservative construction cost rates: Finally, while again not a direct response to multiplier limitations, we also estimate construction cost rates for the proposal using regional building consent data. These are widely understood to systematically understate the true cost (for tax efficiency reasons). This, in turn, reduces the estimated economic benefits of the proposal's one-off development.

Collectively, these mitigation measures make our analysis inherently conservative, which we consider appropriate to avoid the inadvertent overstatement of proposal benefits.

16. Appendix B: Housing Market Context

16.1. Housing Market Indicators

Despite a recent cyclical downturn, dwelling prices in the district remain stubbornly high relative to household incomes and continue to present barriers to home ownership for many residents. This is illustrated in Figure 6 below, which charts the quarterly median prices of residential dwellings across the Hastings district using data published under the NPS-UD.¹¹

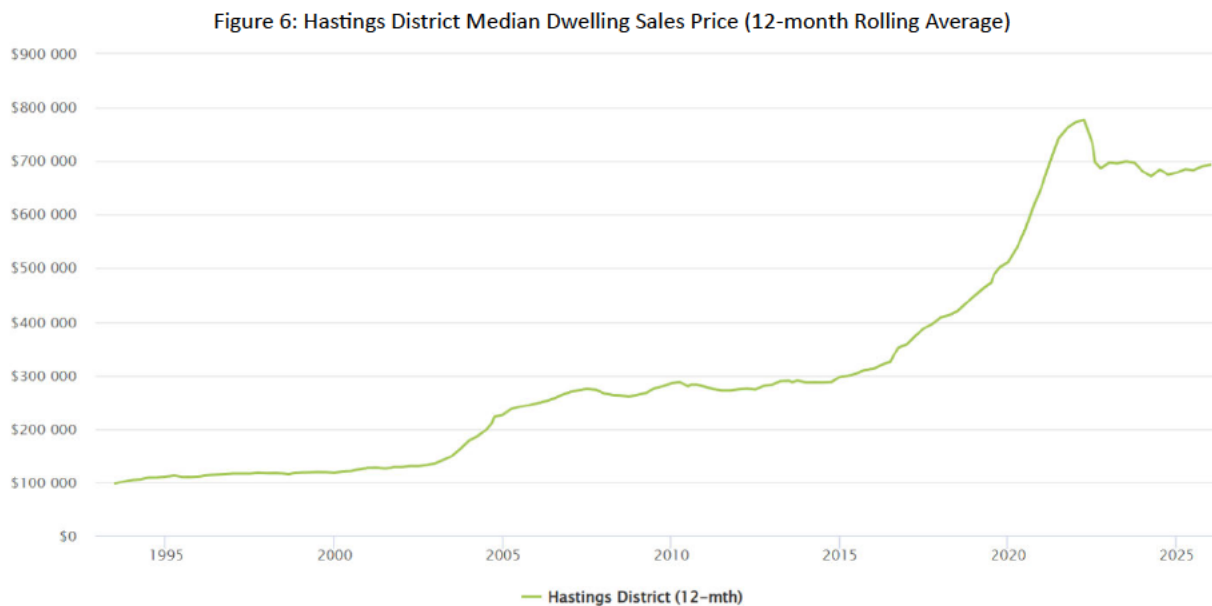


Figure 6 shows that the median dwelling sales price has risen significantly over the past decade, increasing from \$321,000 in March 2016 to \$677,000 by March 2026, an increase of nearly \$360,000 in just 10 years. This equals a compound annual growth rate (CAGR) of 7.7 percent, which substantially outpaces income growth over the same period.

In fact, median dwelling prices across the region have also increased significantly over the past decade. Table 18 provides further detail on long-run price trends for each of the region's territorial authorities.¹²

Table 18: 12-month Rolling Average Median Dwelling Sales Price Summary by Territorial Authority

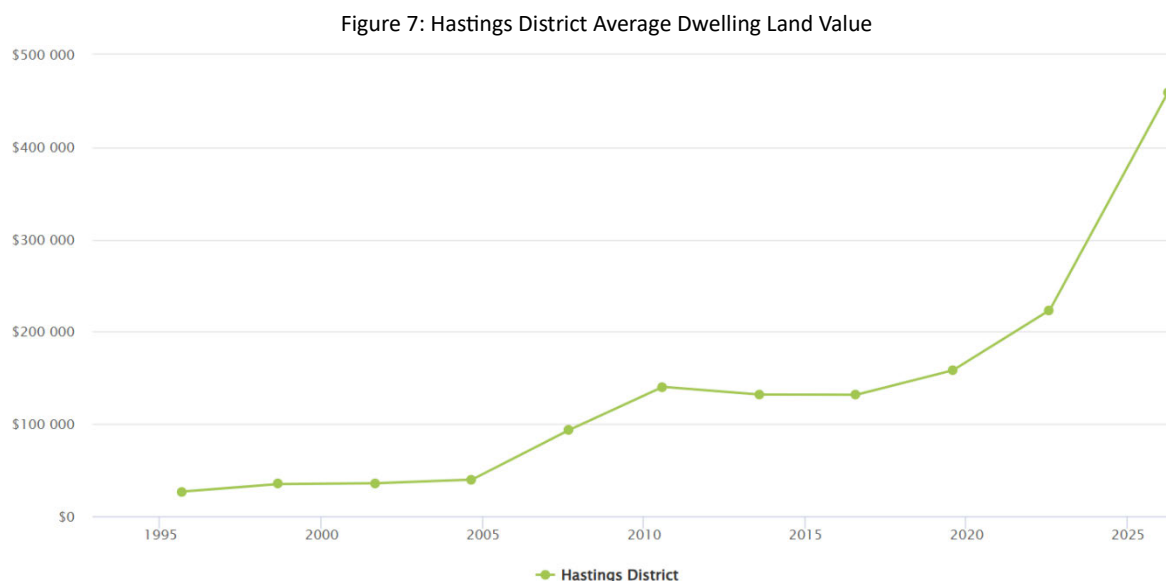
Territorial Authority	2016	2026	Change	CAGR
Napier City	\$329,000	\$683,000	\$354,000	7.6%
Hastings District	\$321,000	\$677,000	\$356,000	7.7%
Central Hawke's Bay District	\$204,000	\$620,000	\$416,000	11.8%
Wairoa District	\$106,000	\$330,000	\$224,000	12.0%

The ongoing increases in dwelling prices reflect strong underlying land value inflation, with values in the local housing market more than tripling in less than a decade, from approximately \$131,700 in July

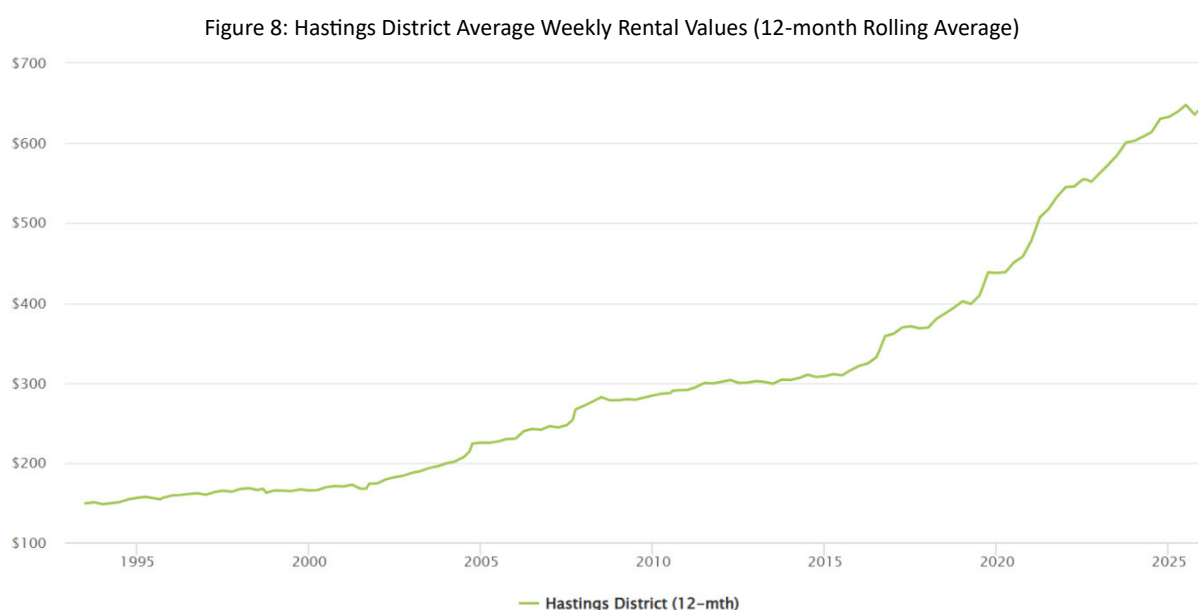
¹¹ Available here: <https://huddashboards.shinyapps.io/urban-development/>

¹² Excluding the parts of Taupo and Rangitikei district that intersect with the regional boundary.

2016 to \$459,000 in March 2026 (a CAGR of 13.8%). Figure 7 plots the trend over time since the mid-1990s.



Weekly rents have also grown steadily, increasing from approximately \$315 in December 2015 to more than \$660 by December 2025, a CAGR of around 7.7 percent.



16.2. Housing Affordability

With dwelling prices increasing far quicker than household incomes for most of the past 30 years, housing in the district has become increasingly unaffordable. According to Cotality's latest housing affordability report,¹³ it now takes nearly nine years just to save the deposit on an average valued home in the district, with 39 percent of gross earnings required thereafter to service the mortgage. The district's value-to-income ratio currently sits at 6.5, above the long-term average of 5.7. Rental

¹³ Available here: www.cotality.com/nz/resources/downloads/housing-affordability-report

affordability has remained comparatively stable, with rents accounting for around 29 percent of household income, though this sits above the national average. Table 19 summarises these metrics for Hastings District and the other territorial authorities within the Hawke's Bay region.¹⁴

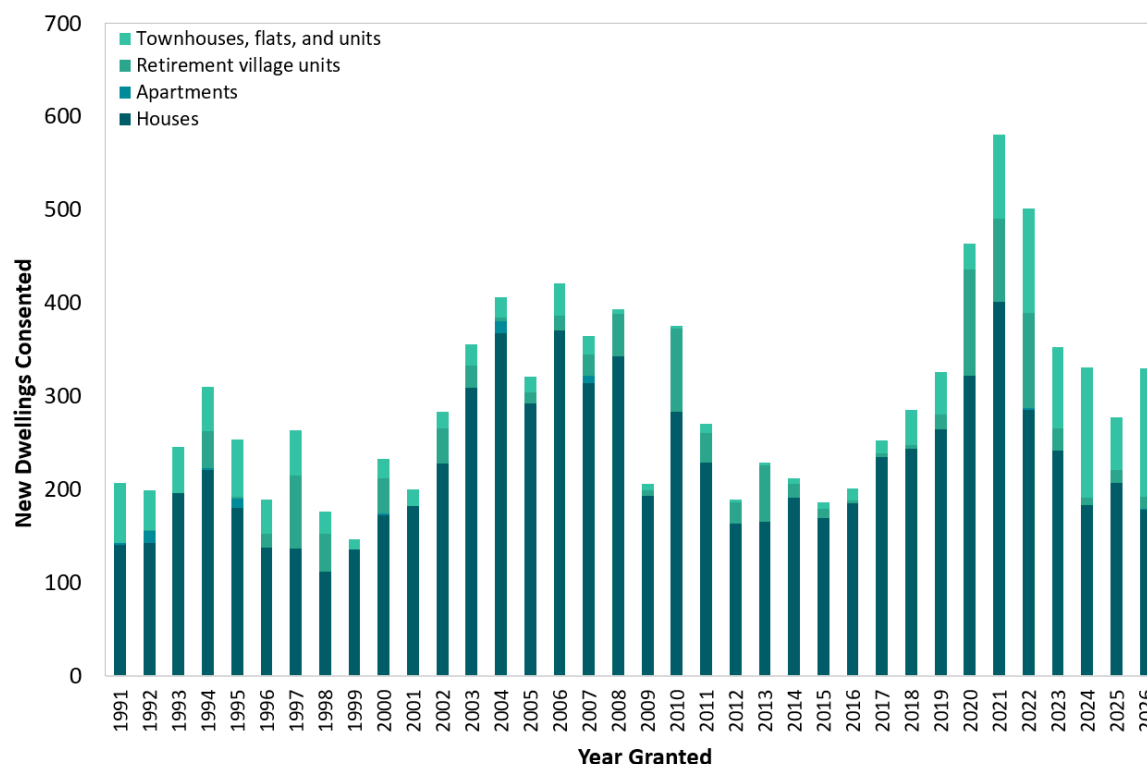
Table 19: Summary of Cotality Results by Territorial Authority

	Value to income ratio		Share of income for repayments		Years to save deposit		Rent to income ratio	
Territorial Authority	Latest (Q2 2025)	Average (2004 - 25)	Latest (Q2 2025)	Average (2004 - 25)	Latest (Q2 2025)	Average (2004 - 25)	Latest (Q2 2025)	Average (2004 - 25)
Napier City	7.5	6.4	45%	41%	10.0	8.6	36%	28%
Hastings District	6.5	5.7	39%	36%	8.6	7.6	29%	23%
Central Hawke's Bay District	6.2	5.2	37%	33%	8.2	7.0	30%	20%
Wairoa District	5.3	6.3	31%	40%	7.0	8.3	25%	19%
National	7.5	6.8	44%	43%	10.0	9.1	28%	26%

16.3. Building Consent Trends

We used building consent data to analyse trends in the number, types, and sizes of new dwellings consented in the district since 1991. To begin, Figure 9 plots the number of new dwellings consented by calendar year and dwelling type. It reveals that consent volumes have tended to move in cycles (like the national and regional property markets). However, the number of new dwellings consented has remained relatively high since about 2018. Between 2018 and 2026, 385 new dwellings have been consented annually on average, approximately 42 percent higher than the average consented annually during the 20 years prior (i.e., from 1998-2017).

Figure 9: Number of New Dwellings Consented in the Hastings District by Year & Type (YE March)



¹⁴ Excluding the parts of Taupo and Rangitikei district that intersect with the regional boundary.

The data also indicates that, despite a decline in the average floorspace of new dwellings and a shift towards smaller typologies such as townhouses, standalone homes remain the most popular typology by far, accounting for more than three quarters of all new dwellings consented in the district since 1991.

16.4. Housing Capacity vs Demand

The Napier-Hastings urban environment is identified as a Tier 2 urban environment under the NPS-UD. Hastings District Council (HDC) is therefore a Tier 2 territorial authority for the purposes of the NPS-UD.

Under Policy 2 and clause 3.2 of the NPS-UD, Tier 1, 2 and 3 local authorities must, at all times, provide at least sufficient development capacity to meet expected demand for housing in the short, medium and long term. For Tier 2 authorities, this obligation includes ensuring that development capacity is plan-enabled, infrastructure-ready, and feasible and reasonably expected to be realised.

Tier 2 local authorities are also required to prepare a Housing and Business Development Capacity Assessment (HBA) and a Future Development Strategy (FDS) to inform long-term planning and infrastructure decisions. The adopted *Napier Hastings Future Development Strategy 2025-2054* and associated HBA¹⁵ therefore provide the relevant policy and evidential context for assessing whether sufficient residential development capacity exists within Hastings District.

Against that framework, the following section considers the residential capacity and sufficiency position for Hastings District.

Need for Additional Housing

The adopted FDS identifies a requirement for 9,620 additional dwellings in Hastings District over the 30-year period. Across Napier and Hastings combined, projected demand totals 16,320 dwellings.

The FDS records differing partner council positions in relation to several new residential greenfield development areas. The demand and supply estimates throughout the document use the Napier City Council decision as the base position, under which Hastings has a theoretical surplus of development capacity over the long term.

However, HDC adopted a different position in relation to three sites. In particular, HDC excluded Wall Road (H5) and both Middle Road sites (HN3a and HN3b) as new residential greenfield development areas. HDC's summary reasons for excluding those sites were that:

- Middle Road and Wall Road are classified as Land Use Capability (LUC) class 2 land and are therefore highly productive;¹⁶
- Productive land, together with water and climate, is a cornerstone of the district's economic wealth;

¹⁵ Both available here: <https://www.hastingsdc.govt.nz/hastingsnapierfuturedevelopment/>

¹⁶ More information available here: <https://ourenvironment.scinfo.org.nz/help/land-use-capability>

- Neither site was considered necessary to meet the housing numbers required under the NPS-UD;
- Their exclusion would not render the FDS inoperable;
- Any imbalance could be addressed through the scheduled three-year review of the FDS; and
- Alternative locations on less productive land (i.e., LUC classes 3 and above) could be identified if further housing capacity were required.

When the HDC position is applied, the residential capacity and sufficiency position for Hastings District is as set out in Table 20 below.

Table 20: Hastings District Residential Capacity and Sufficiency Estimates

Measure	Dwellings
Total Intensification Capacity ¹⁷	5,840
Total Greenfield Capacity ¹⁸	4,070
Total Intensification Demand: 40% short term – 60% long term	5,220
Intensification Sufficiency	620
Total Greenfield Demand: 60% short term – 40% long term	4,400
Greenfield Sufficiency	-330

On that basis, Hastings exhibits a shortfall of approximately 330 dwellings in greenfield development capacity over the long term. Two further qualifications are relevant:

First, the FDS assumes that a substantial share of future demand will be met through intensification within the existing urban area. While this shift toward a more compact urban form is supported strategically, the delivery of higher-density housing is typically more sensitive to feasibility, financing, market absorption, and landowner behaviour than conventional greenfield subdivision. Not all theoretical intensification capacity will necessarily be realised within the required timeframe.

Second, the HBA identifies latent demand in Hastings of between 620 and 1,065 dwellings. This represents households who would form separately if suitable housing were available but are currently living in shared arrangements. This demand sits over and above projected population growth and is not fully reflected in the headline demand figures.

In this context, the availability of deliverable greenfield land becomes increasingly important. Where intensification uptake is slower than anticipated, or where latent demand materialises more strongly, reliance on a constrained greenfield supply risks upward pressure on land prices and a reduction in market responsiveness.

¹⁷ Redevelopment / infill within the existing urban area.

¹⁸ Excluding Middle and Wall Road. Calculated as 4,820 dwellings less 110 dwellings at Wall Road and 640 dwellings at Middle Road.