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Tahimana Ltd

21/07/2026

Economic and
Property Research

Tahimana Residential Development, Tasman

Fast-track Approvals Act 2024 Economic Assessment

About us

Our Areas of Expertise

Economic Analysis

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

Property Research

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

Development Advisory

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

Contents

1. Executive Summary

The proposal is for a subdivision of a mix of residential and lifestyle lots, which will provide for approximately 145 lots, including 101 residential lots, 38 lifestyle lots, and 2 rural lots, and 4 lots for reserve, roading and services. It is estimated that these dwellings will have an average sale price of $1,140,000, which is notably (21%) lower than the average rural lifestyle dwelling price of approximately $1,445,000 (i.e. properties within the Rural 3 and Rural Residential Zones).

The rural lifestyle market is distinct within the Tasman District/region, providing housing primarily for middle-higher-income/wealth retiree/semi-retiree and work-from-home households. This market accounts for approximately 15% of the total residential market in Tasman, with demand for an additional 85 dwellings annually. It is therefore a significant niche housing market for Tasman District.

The proposal is considered to make a significant contribution towards the efficient function of the rural lifestyle market by adding a relatively large development, which would contribute towards ensuring a wider range of housing is available to the market.

Over the medium term, there is estimated remaining capacity (pipeline developments) in the rural lifestyle areas in the Tasman District/region of 148 dwellings. This equates to approximately 1.7 years of capacity based on an annual demand of 85 dwellings per annum. At 141 dwellings, the proposal represents a 95% increase to the current and pipeline dwelling supply and increases the number of years of remaining capacity to approximately 3.4 years. This demonstrates the scale of the proposal with respect to the rural lifestyle market and the significance of the proposal's contribution to the future function of this distinct market.

Since 2020, the annual average house price in the Tasman District/region has increased from $634,000 to $782,000, or 5% per annum. By comparison, the average house price in the rural lifestyle market has increased at over double this rate, from $873,000 to $1,445,000, or 13% per annum. This indicates a shortage of dwellings supplied to the market relative to demand, has been most evident in the lifestyle housing sector. This supports the view that the proposal will result in a net addition to the rural lifestyle market in the Tasman District.

Over the 2018-2023 period, approximately 54% of population growth was attributed to national migration (i.e. inter-district/region migration from elsewhere in NZ). This is a strong growth driver for the district/region, largely driven by the high levels of natural amenity and relatively affordable house prices. The rural lifestyle housing sector is important in this regard.

The proposal is considered to make a notable contribution towards retaining the high rates of national migration achieved by the district/region, which in part has been driven by the overall amenity and lifestyle offered by the district/region. In addition, the proposal would make a notable contribution towards retaining the population that may otherwise relocate to other regions across the country as a result of the ongoing shortage of lifestyle dwellings. The proposal is therefore considered to make a significant contribution towards the Tasman district/region's long-term social and economic resilience, which will rely in part on attracting and retaining high wealth/income households. This, however, is unlikely to be achieved under the current market conditions.

The construction of the proposal would directly contribute approximately $39.1 million to Construction sector GDP and support 240 Full-Time Equivalent (FTE) jobs. In addition, the construction of the proposal would indirectly contribute $37.3 million to national GDP and support approximately 181 FTE jobs. Of this indirect economic impact, the proposal would make a contribution towards the Primary Sector GDP and FTE employment, contributing approximately $2.2 million, which would support an estimated 1 FTE jobs.

Once constructed, it is estimated that the expenditure of future residents in the proposal would contribute approximately $3.7 million to GDP and support 30 FTE jobs annually.

The above economic benefits are considered to be net economic benefits to the district/region, given that the current and projected housing shortfalls are leading to higher rates of house price increases for rural lifestyle dwellings, which is potentially reducing the total potential growth of the Tasman District/region.

This is supported by UE's 'additive analysis' of new greenfield masterplanned developments in the Tasman region, which finds that the proposal would result in a net addition of at least 141 dwellings being added to the total housing market.

The proposal is largely self-servicing for infrastructure, with wastewater fully managed onsite and only a limited connection to the Council's water network, and transport upgrades funded by the developer. This enables housing delivery with no additional reliance on, or cost to, Tasman District Council and ratepayers.

Overall, the proposal would increase the range and supply of new rural lifestyle dwellings in the Tasman district/region, which would result in a range of significant net economic regional benefits, particularly as a result of the construction and ongoing household expenditure. The proposal is therefore considered to meet the purpose of the Fast-track Approvals Act, as stated in Section 3 of the Act, by facilitating a development with significant regional benefits.

2. Introduction

This report evaluates a proposed lifestyle development located at Stagecoach Road and Dicker Road, Tasman, against the Fast Track Amendment Act's (FTAA) purpose, as outlined in Section 3 of the Act.

2.1 Qualifications and Experience

The authors of this report (the "authors") are Adam Thompson and Conor Whyte.

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

Conor Whyte is a senior economic and property researcher at UE, with over 5 years of experience providing consulting services in urban economics, property market analysis, and property development advisory. Conor Whyte holds a Bachelor of Commerce from the University of Auckland, with majors in Economics and Management. During his time at UE, Conor Whyte has undertaken over 250 economic and property market assessments for a wide range of private and public sector clients.

As a company, UE has delivered insightful economic analysis and property research to property developers, industry partners and government agencies across New Zealand for over 20 years, ensuring they are well-informed with the necessary knowledge and evidence for the present and future. UE has a proven track record of providing economic and property market advisory services for approximately:

- 200+ expert evidence briefs,
- 100+ new housing developments,
- 50+ new retirement villages,
- 2000+ new retail stores,
- 100+ new mixed-use commercial developments,
- 50+ Fast-track Economic Assessments under the COVID-19 Recovery (Fast-track Consenting) Act 2020, and
- 10 Fast-track Economic Assessments under the Fast-track Approvals Act 2024.

2.2 Code of Conduct

Although this is not a hearing before the Environment Court, the authors record that they have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and agree to comply with it.

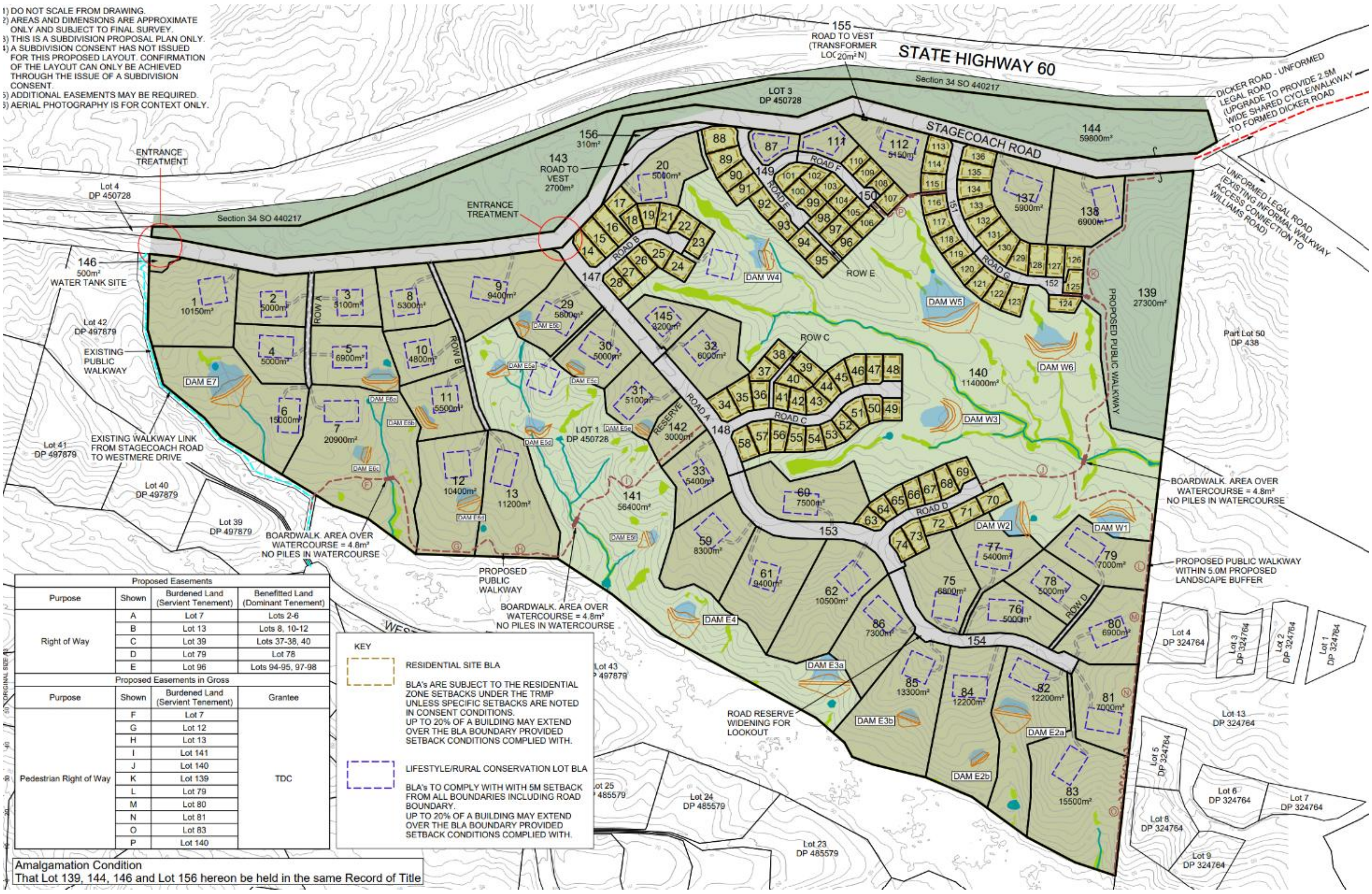
The authors confirm that the issues addressed in this report are within the authors area of expertise, except where the authors state they have relied on the information of other persons. The authors have not omitted to consider material facts known to them that might alter or detract from the opinions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

2.3 The Proposal

The proposed Tahimana residential development (the proposal) site is on Rural 3 Zone land in the Tasman District Council Tasman Resource Management Plan (TRMP). The proposal is to subdivide and create approximately 145 lots, including 101 residential lots, 38 lifestyle lots, and 2 rural lots, and 4 lots for reserve, roading and services. A concept plan is shown in Figure 1. As outlined in Figure 2, the proposal comprises approximately 141 lots, with a range of lot sizes (750m^2 - 85,400m^2) and average prices of $1,080,000 for residential properties, $1,275,000 for lifestyle properties, $1,610,000 for rural properties and an overall average of $1,140,000. However, more modest dwellings could also be constructed on the lots, particularly the residential lots. For example, dwellings of around 150m^2 to 175m^2 would result in more affordable house and land packages of approximately $880,000 to $960,000.

The development comprises 2 rural lots (5.7 ha and 11.4 ha), 38 lifestyle lots (around 7,900m^2) and 101 residential lots (750m^2). The residential lots are larger than those typically found in urban towns, and the majority have expansive rural outlooks. These are more attractive to households seeking rural amenity with lower maintenance, most notably these are attractive to older households that have previously lived on rural or lifestyle properties. In terms of price, these will be generally more expensive (more affordable) than residential lots in urban towns, however a large proportion of the dwellings (in the order of 98%) are below the average price of rural residential properties ($1.45m) so would generally have a distinct buyer demographic. However, there would be a degree of transferability (i.e. a small proportion of buyers, say 20%, would be relatively indifferent between urban town and residential lots in this development).

Figure 1:
Tahimana Subdivision Plan (August 2025)



Source: Tahimana Ltd, Staig & Smith Ltd

Figure 2:
Tahimana Indicative Dwelling Yield & Price

Development Component	Total Lots	Avg Lot Size (m²)	Avg GFA Estimate (m²)	Avg Section Price Estimate	Avg Total Sale Price Estimate		
					Lower	Upper	Total
Residential	101	750	210	$385,000	$1,075,000	$1,315,000	$1,080,000
Lifestyle	38	7,900	230	$510,000	$1,230,000	$1,400,000	$1,275,000
Rural Lots	2	85,400	250	$805,000	$1,395,000	$1,830,000	$1,610,000
Total	**141**	**3,900**	**220**	**$425,000**	**$1,075,000**	**$1,830,000**	**$1,140,000**

Source: CoreLogic, UE

3. Study Area

Figure 3 outlines the study area adopted in this report, with respect to assessing the housing market.

The study area encompasses the Tasman District/region. The proposal is located approximately within a 20 minute drivetime of the two major townships within the region, Motueka and Richmond.

Figure 3:
Tasman District Study Area

Source: LINZ, Google

4. Rural Lifestyle Market Analysis

This section provides an overview of the rural lifestyle market within the study area, including property values, dwelling consents, population and household growth and key demographic trends. For the purposes of this assessment, the rural lifestyle market is defined as properties located within the Rural Residential Zone and Rural 3 Zone.

4.1 Dwelling Valuation by Location

Figures 4-5 below display the valuation of dwellings and sections by price bracket and zone. The main points to note are:

- The rural lifestyle market within the study area comprises two distinct segments, traditional residential-scale dwellings[1] and lifestyle-scale dwellings[2].
- Lifestyle-scale dwellings in the Rural Residential Zone and Rural 3 Zone are typically priced between $1,000,000 and $2,000,000, with 76% of properties falling in this range.
- Residential-scale dwellings within the Rural Residential Zone and Rural 3 Zone achieve prices significantly lower, with all properties below $900,000.
- The majority (68%) of Rural 3 Zone lifestyle-scale sections were valued below $600,000 and in the Rural Residential Zone, 57% of were valued under $600,000.
- Residential-scale dwellings within residential zones tend to have lower prices overall, with 79% of properties below $900,000.

Figure 4:
Study Area Valuation by Zone

Price Bracket ($000)	Urban/Suburban Area*				Rural Residential Zone				Rural 3 Zone			
	Residential Dwelling**	Residential Section**	Lifestyle Dwelling	Lifestyle Section	Residential Dwelling**	Residential Section**	Lifestyle Dwelling	Lifestyle Section	Residential Dwelling**	Residential Section**	Lifestyle Dwelling	Lifestyle Section
<$600	2,685	415	5	5	10	5	20	85	0	0	0	65
$600 - 700	2,330	15	0	0	5	0	20	15	5	0	5	15
$700 - 800	2,505	10	5	0	10	0	45	10	0	0	10	5
$800 - 900	1,835	10	0	0	5	0	55	5	0	0	20	5
$900 - 1,000	1,015	0	5	0	0	0	60	15	0	0	15	5
$1,000 - 1,100	535	0	0	0	0	0	75	5	0	0	35	0
$1,100 - 1,200	310	5	0	0	0	0	110	5	0	0	60	0
$1,200 - 1,300	210	0	0	0	0	0	85	5	0	0	40	0
$1,300 - 1,400	125	0	0	0	0	0	80	0	0	0	40	0
$1,400 - 1,500	75	0	0	0	0	0	65	5	0	0	65	0
$1,500 - 1,600	60	0	0	0	0	0	50	0	0	0	35	0
$1,600 - 1,700	40	0	0	0	0	0	30	0	0	0	30	0
$1,700 - 1,800	25	0	0	0	0	0	25	0	0	0	25	0
$1,800 - 1,900	30	0	0	0	0	0	25	0	0	0	20	0
$1,900 - 2,000	15	0	0	0	0	0	25	0	0	0	15	0
$2,000 +	100	0	0	0	0	0	130	0	0	0	65	0
Total	**11,895**	**455**	**15**	**5**	**30**	**5**	**900**	**150**	**5**	**0**	**480**	**95**

Source: CoreLogic, TDC

*Includes Residential Zone, Residential Coastal Zone, Residential Closed Zone.

**Properties with a lot size of 1,500m^2 or less.

[1] Properties with a lot size of 1,500m^2 or less.
[2] Properties with a lot size greater than 1,500m^2.

Figure 5:
Study Area Valuation Percentage Distribution by Zone

Price Bracket ($000)	Urban/Suburban Area*				Rural Residential Zone				Rural 3 Zone			
	Residential Dwelling**	Residential Section**	Lifestyle Dwelling	Lifestyle Section	Residential Dwelling**	Residential Section**	Lifestyle Dwelling	Lifestyle Section	Residential Dwelling**	Residential Section**	Lifestyle Dwelling	Lifestyle Section
<$600	23%	91%	33%	100%	33%	100%	2%	57%	0%	-	0%	68%
$600 - 700	20%	3%	0%	0%	17%	0%	2%	10%	100%	-	1%	16%
$700 - 800	21%	2%	33%	0%	33%	0%	5%	7%	0%	-	2%	5%
$800 - 900	15%	2%	0%	0%	17%	0%	6%	3%	0%	-	4%	5%
$900 - 1,000	9%	0%	33%	0%	0%	0%	7%	10%	0%	-	3%	5%
$1,000 - 1,100	4%	0%	0%	0%	0%	0%	8%	3%	0%	-	7%	0%
$1,100 - 1,200	3%	1%	0%	0%	0%	0%	12%	3%	0%	-	13%	0%
$1,200 - 1,300	2%	0%	0%	0%	0%	0%	9%	3%	0%	-	8%	0%
$1,300 - 1,400	1%	0%	0%	0%	0%	0%	9%	0%	0%	-	8%	0%
$1,400 - 1,500	1%	0%	0%	0%	0%	0%	7%	3%	0%	-	14%	0%
$1,500 - 1,600	1%	0%	0%	0%	0%	0%	6%	0%	0%	-	7%	0%
$1,600 - 1,700	0%	0%	0%	0%	0%	0%	3%	0%	0%	-	6%	0%
$1,700 - 1,800	0%	0%	0%	0%	0%	0%	3%	0%	0%	-	5%	0%
$1,800 - 1,900	0%	0%	0%	0%	0%	0%	3%	0%	0%	-	4%	0%
$1,900 - 2,000	0%	0%	0%	0%	0%	0%	3%	0%	0%	-	3%	0%
$2,000 +	1%	0%	0%	0%	0%	0%	14%	0%	0%	-	14%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**-**	**100%**	**100%**

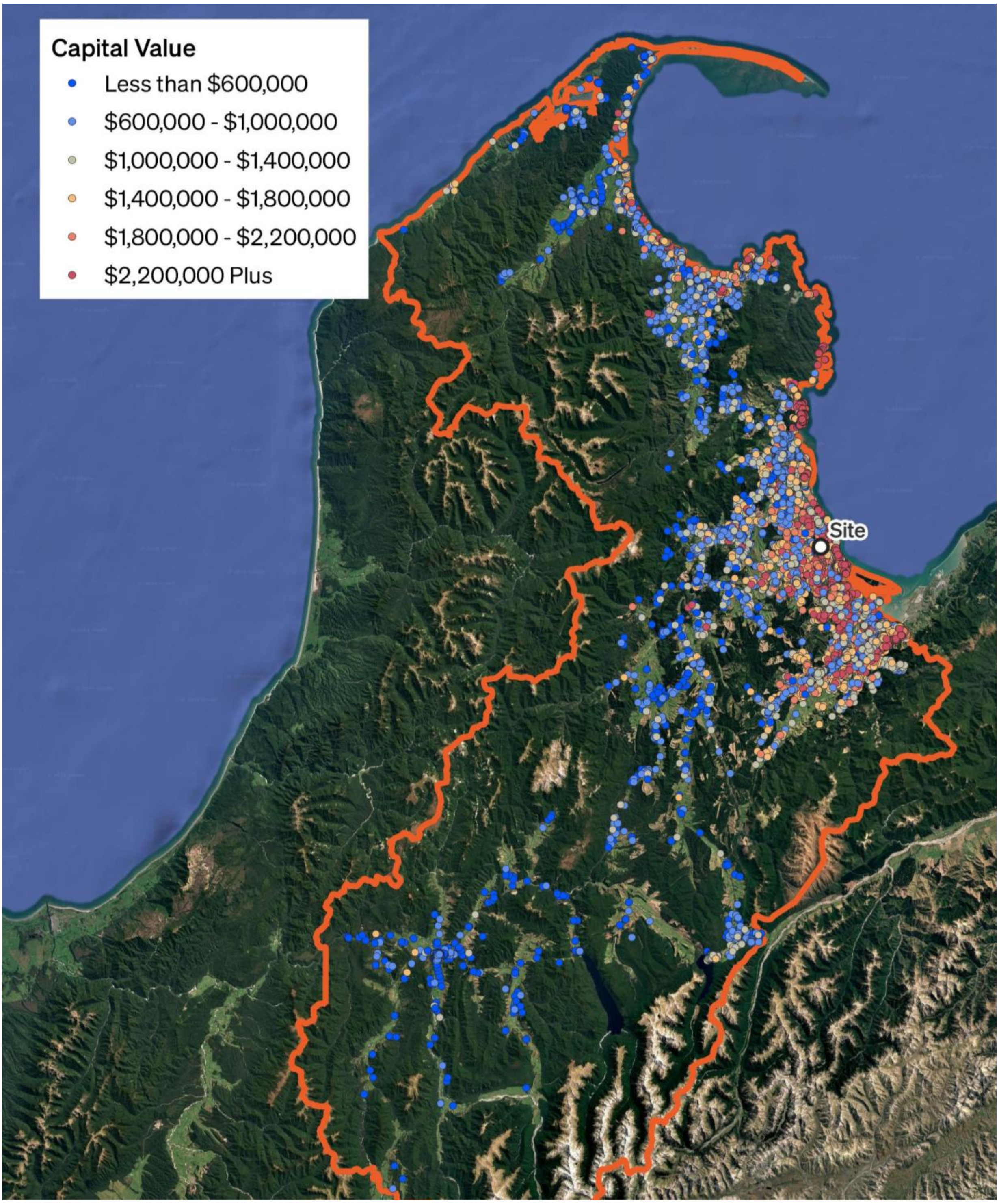
Source: CoreLogic, TDC

*Includes Residential Zone, Residential Coastal Zone, Residential Closed Zone.

**Properties w ith a lot size of 1,500m² or less.

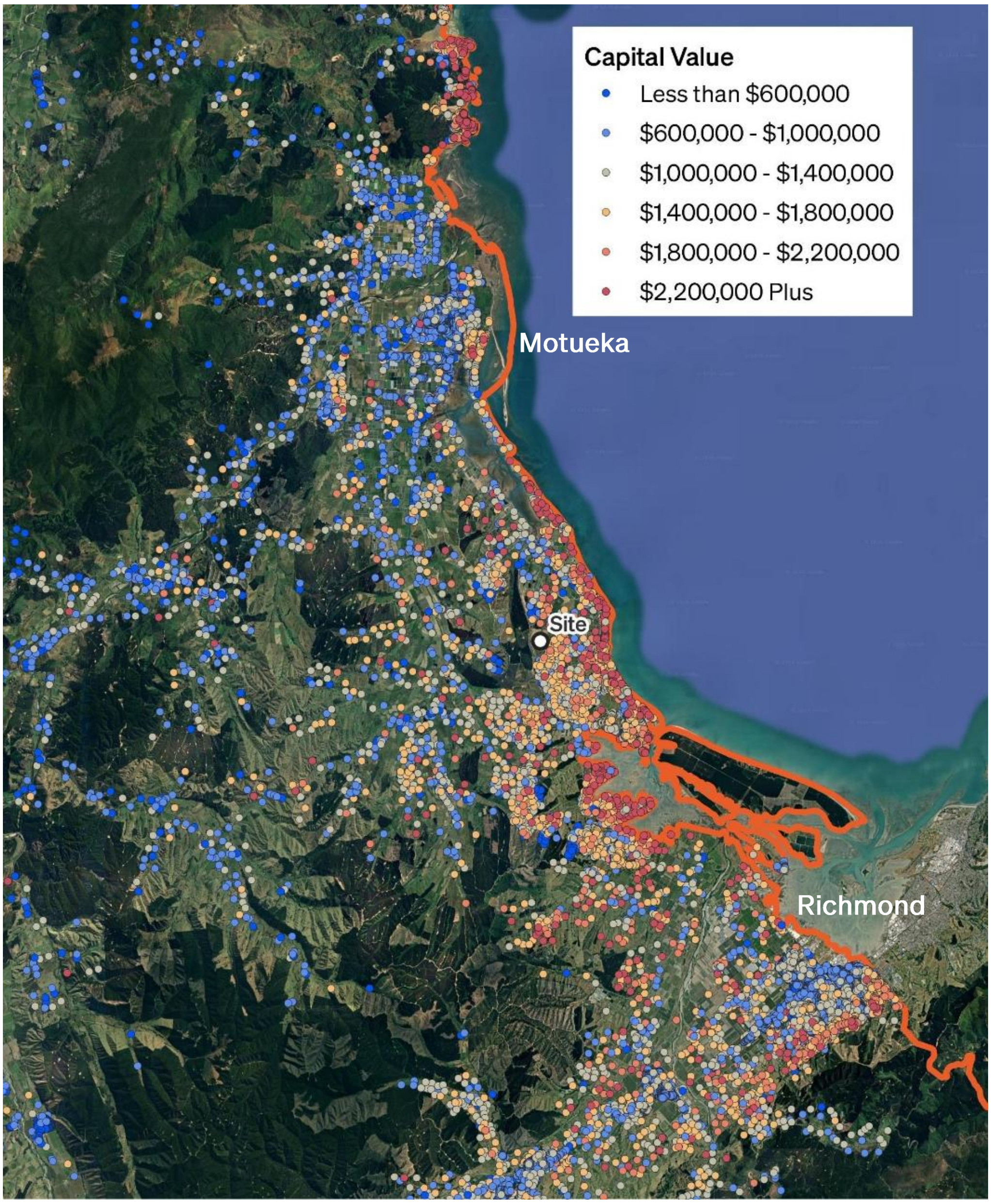
Figures 6-7 show the distribution of dwelling values by price bracket in the study area. The highest priced locations within the study area are coastal properties located in Ruby Bay, Mapua and in rural lifestyle subdivisions in Redwood Valley and south of Richmond, with lower prices in Richmond and Motueka. The proposal site is located west of Ruby Bay, at the northeastern edge of the study area.

Figure 6:
Study Area Total Stock Valuation (Residential and Lifestyle Properties)



Source: Corelogic, LINZ

Figure 7:
Study Area Total Stock Valuation - Close Up (Residential and Lifestyle Properties)



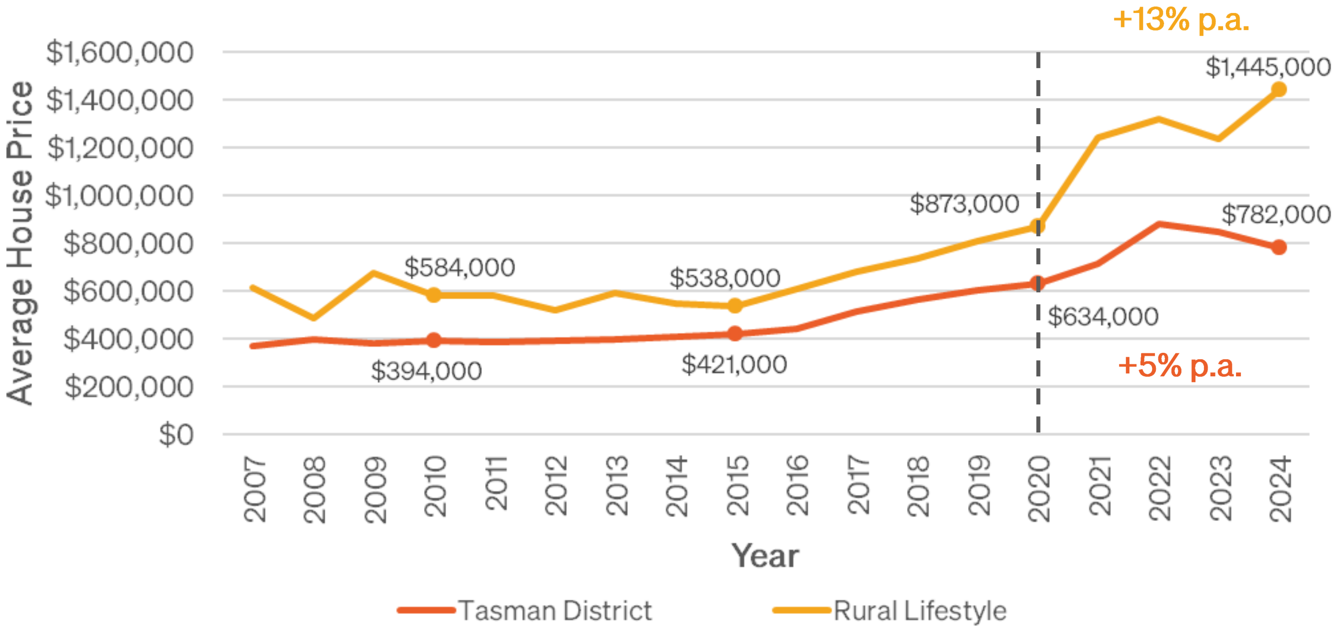
Source: Corelogic, LINZ

4.2 Average House Price Growth 2007-2024

Figure 8 shows that the average house price in the Tasman District has increased since 2007 and is now around $782,000.

Since 2020, the annual average house price in the Tasman District increased from $634,000 to $782,000, or by 5% p.a.. This is less than half the rate of price growth seen in rural lifestyle properties of 13% p.a. (increase from $873,000 to $1,445,000). This indicates a shortage of rural lifestyle dwellings supplied to the market relative to demand.

Figure 8:
Tasman District House Price Growth 2007 – 2024



Source: REINZ, CoreLogic

4.3 Dwelling Consents by Location

Figure 9 provides a breakdown of the location of new dwellings consented in the study area over the 2018-2024 period. It shows that on average, approximately 59% of all new dwellings consented occurred within the urban/suburban area, 14% occurred within rural lifestyle areas (e.g. Rural Residential & Rural 3 Zones), and 28% occurred within rural areas. The building consent data indicates a total annual dwelling demand of approximately 500 dwellings, of which 70 (14%) is for rural lifestyle dwellings[3].

Figure 9:
Tasman District New Dwellings Consented by Location (2018-2024)

Measure	Location	2018	2019	2020	2021	2022	2023	2024	Average
Number of New Dwellings	Urban/ Suburban Area	245	325	325	285	400	190	155	295
	Rural Residential	25	20	25	25	25	15	15	25
	Rural 3	40	50	65	50	40	25	30	45
	Rural Lifestyle Total	**65**	**70**	**90**	**75**	**65**	**40**	**45**	**70**
	Rural - Other	85	105	135	165	195	140	95	140
	Total	**395**	**500**	**550**	**525**	**660**	**370**	**295**	**500**
% of New Dwellings	Urban/ Suburban Area	62%	65%	59%	54%	61%	51%	53%	59%
	Rural Residential	6%	4%	5%	5%	4%	4%	5%	5%
	Rural 3	10%	10%	12%	10%	6%	7%	10%	9%
	Rural Lifestyle Total	**16%**	**14%**	**16%**	**14%**	**10%**	**11%**	**15%**	**14%**
	Rural - Other	22%	21%	25%	31%	30%	38%	32%	28%

Source: Statistics NZ

[3] Defined as all properties located within the Rural Residential Zone and Rural 3 Zone.

4.4 Population & Household Growth by Location

Figure 10 provides a breakdown of the population and household growth in the study area over the 2018-2023 period. The study area's population has grown steadily from 52,370 in 2018 to 57,855 in 2023, representing a net increase of 5,485 (10.5%) over this period. Over the same period, the number of households grew from 19,450 to 21,875, a net increase of 2,335 (12.0%). This highlights the strong growth achieved in the district.

Figure 11 provides internal (national) migration trends and highlights the Tasman region's appeal as a place to live. Between 2018 and 2023, the Tasman region experienced a net internal migration gain of 2,740 people, accounting for 54% of its total population growth over the period. This is one of the highest proportions of growth via national migration for any District in the country and highlights that this is an important driver of growth for Tasman.

This confirms that the study area's overall attractiveness as a place to relocate to within the wider region and nationally, suggesting that demand for housing is likely to remain strong, particular from the growing number of retirees seeking lifestyle locations.

Figure 10:
Study Area Population & Household Growth by Location 2018 - 2023

Location	Population				Households			
	2018	2023	2018-2023 (p.a.)	%	2018	2023	2018-2023 (p.a.)	%
Urban/Suburban Area	26,770	29,825	610	56%	10,310	11,760	290	62%
Rural Residential Zone	2,560	2,770	40	4%	935	1,045	20	4%
Rural 3 Zone	1,865	2,535	135	12%	710	920	40	9%
Rural Lifestyle Total	**4,425**	**5,305**	**175**	**16%**	**1,645**	**1,965**	**60**	**13%**
Rural - Other	21,175	22,725	310	28%	7,585	8,150	115	25%
Total	**52,370**	**57,855**	**1,095**	**100%**	**19,540**	**21,875**	**465**	**100%**

Source: Statistics NZ

Figure 11:
Regional Migration Trends

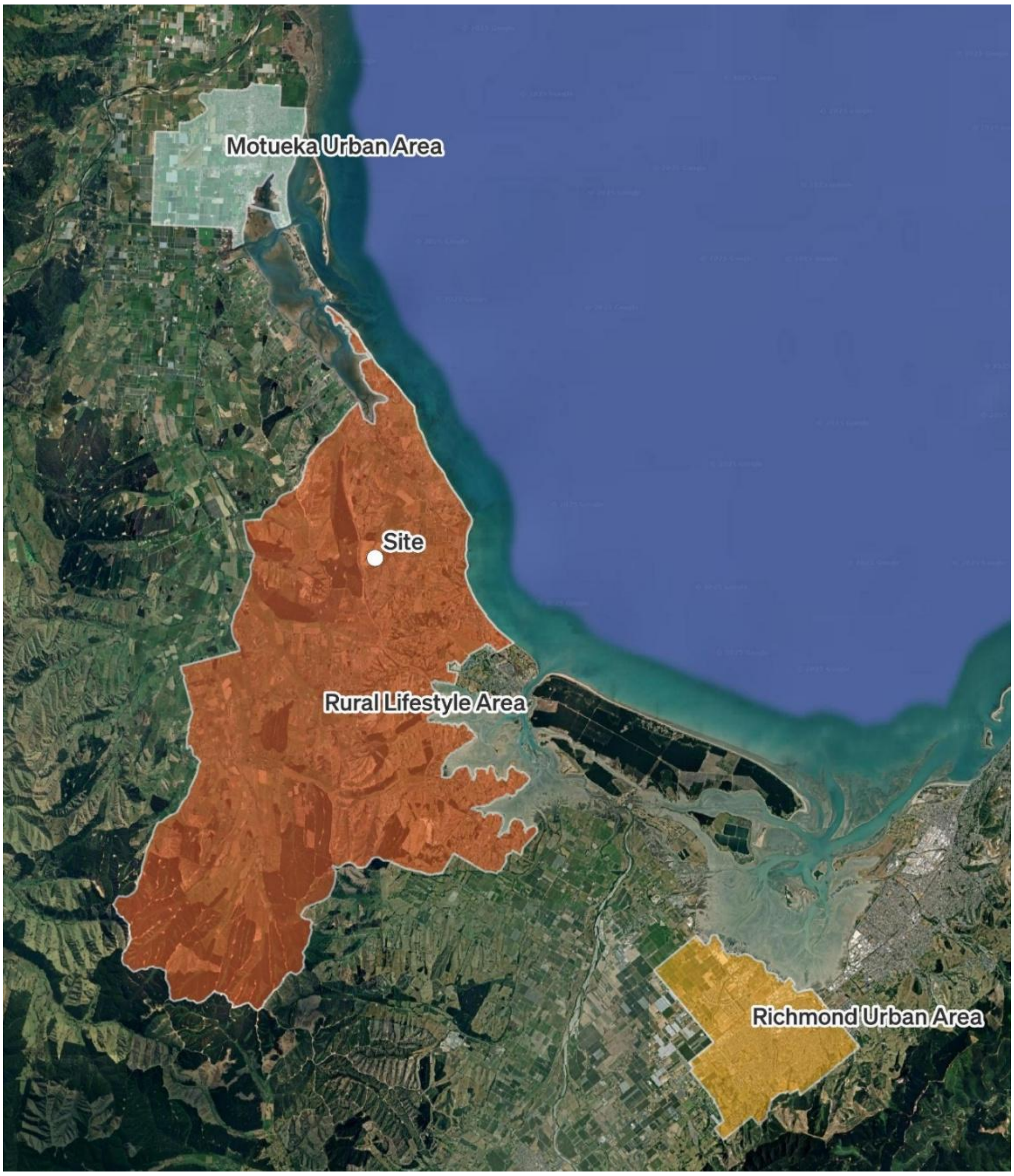
Region	2018-2023 Net Internal Migration	Population Growth	Net Internal Migration % of Population Growth
Northland	7,530	12,700	59%
Tasman	**2,740**	**5,100**	**54%**
Canterbury	25,500	53,800	47%
Otago	6,280	13,500	47%
West Coast	680	1,500	45%
Waikato	15,000	41,200	36%
Bay of Plenty	5,260	25,700	20%
Taranaki	1,570	8,200	19%
Manawatū-Whanganui	1,300	10,300	13%
Marlborough	240	2,100	11%
Hawke's Bay	-1,310	6,600	-20%
Gisborne	-620	2,800	-22%
Wellington	-6,500	12,100	-54%
Auckland	-109,200	200,800	-54%
Southland	-1,650	2,200	-75%
Nelson	-1,230	1,600	-77%

Source: Statistics NZ

4.5 Demographic Profile Analysis

Figure 12 illustrates the rural lifestyle area surrounding the proposal site, along with the nearby urban townships of Richmond and Motueka, each located within a 20-minute drive. These areas are used as comparative case studies to provide context on local demographic and income characteristics, and to better understand the profile of households likely to drive future housing demand in the study area.

Figure 12:
Demographic Profile Case Study Locations



Source: Statistics NZ

Figure 13 provides a breakdown of household income by age group for the rural lifestyle area surrounding the proposal site, compared with the nearby urban centres of Motueka and Richmond. A full detailed breakdown can be found in Appendix 2. The key points to note are:

- Middle-higher income households are more common in the rural lifestyle area, with 29% of all households earning over $150,000, compared to 21% in Richmond and just 11% in Motueka.
- Over half of households in the rural lifestyle area are in the 40 - 64 year age range indicating a strong presence of working family households. This is likely driven by the ability to work from home, while being within a short commute of work.
- Among residents aged 40 - 64 years, 20% of rural lifestyle households earn over $150,000, significantly higher than Richmond (15%) and especially Motueka (8%).

Figure 13:
Detailed Demographic Profile by Location Summary Table (2023)

Household Type	Age of Oldest Resident	Household Income	Household Count			% of Households		
			Rural Lifestyle*	Motueka Urban	Richmond Urban	Rural Lifestyle*	Motueka Urban	Richmond Urban
Total Households	Less than 39 Years	$70,000 or less	30	140	225	2%	5%	4%
		$70,001-$150,000	65	195	580	4%	6%	9%
		$150,000 Plus	35	50	255	2%	2%	4%
		Sub-total	**130**	**385**	**1,060**	**8%**	**13%**	**17%**
	40-64 Years	$70,000 or less	195	395	650	12%	13%	10%
		$70,001-$150,000	335	520	1,130	20%	17%	18%
		$150,000 Plus	335	235	955	20%	8%	15%
		Sub-total	**865**	**1,150**	**2,735**	**52%**	**38%**	**43%**
	65+ Years	$70,000 or less	325	1,145	1,880	19%	38%	29%
		$70,001-$150,000	235	295	560	14%	10%	9%
		$150,000 Plus	115	55	145	7%	2%	2%
		Sub-total	**675**	**1,495**	**2,585**	**40%**	**49%**	**41%**
	Total	**$70,000 or less**	**550**	**1,680**	**2,755**	**33%**	**55%**	**43%**
		$70,001-$150,000	**635**	**1,010**	**2,270**	**38%**	**33%**	**36%**
		$150,000 Plus	**485**	**340**	**1,355**	**29%**	**11%**	**21%**
		Sub-total	**1,670**	**3,030**	**6,380**	**100%**	**100%**	**100%**

Source: Statistics NZ

*Rural lifestyle zones surrounding the proposal site, i.e. in the Ruby Bay/Mapua area.

5. Rural Lifestyle Capacity & Demand Sufficiency Analysis

This section profiles the existing and pipeline rural lifestyle developments (i.e. capacity) with remaining capacity in the study area. It should be noted that rural lifestyle supply is dynamic and often comprises smaller developments that progress at different times, although in recent years there have generally been around three larger developments actively supplying the rural lifestyle market at any one time.

Figures 14-16 provide a profile of the existing and pipeline rural lifestyle developments within the study area[4]. This reflects the medium-term (10 year) 'reasonably expected to be realised' capacity in the study area, reflecting the developments that are zoned, consented, serviced and expected

[4] Developments located within the Tasman Resource Management Plan Rural 3 and Rural Residential Zones, informed from publicly available information and sources (i.e. development websites, news articles, Council plan changes, etc.).

to occur over this period. The medium-term capacity is considered to be the most relevant period, when determining whether the housing market will function efficiently, and meet demand in terms of dwelling type, price and location (i.e. the NPS-UD provisions provide a useful basis for determining market efficiency). The main points are:

- There are currently three rural lifestyle developments supplying lots in the District.
- In total, these developments will supply approximately 136 dwellings/lots, of which, 88 remain to be developed/sold.
- Most of the current developments entered the market recently, in the past 1-2 years.
- There is therefore a reasonably expected to be realised capacity in the study area of approximately 148 dwellings over the medium term.
- In total, there is estimated to be a fundamental annual rural lifestyle dwelling demand of 70 dwellings, as informed by recent building consents by location (Figure 9), or 85 dwellings p.a., including the NPS-UD demand buffer of 20% over the medium term (not a requirement however useful in principle).
- The proposal would increase total remaining medium-term rural lifestyle capacity to 289 dwellings.
- Based on the expected rates of rural lifestyle demand (i.e. UE estimate) there is an estimated 1.7 years of rural lifestyle capacity remaining.
- If the proposed development is approved, the remaining capacity would increase to 3.4 years and therefore, make a significant contribution towards meeting short-medium term rural lifestyle capacity in the district/region.

Figure 14:
Study Area Existing & Pipeline Rural Lifestyle Development Dwelling Supply

Status	Development	Total Dwellings/ Lots	Sold	% Sold	Currently Selling	Remaining
Current	Tasman Bay Estates*	96	31	32%	0	65
	Kamana Estate	26	11	42%	6	9
	204 Pomona Road	14	0	0%	14	14
Total Current		**136**	**42**	**31%**	**20**	**88**
Pipeline**	Harley Road***	110	49	45%	1	60
Proposed Tahimana		**141**	**-**	**-**	**-**	**141**
Total Current + Pipeline		**246**	**91**	**-**	**21**	**148**
Total + Proposal		**387**	**91**	**-**	**21**	**289**

Source: CoreLogic, Developer Websites, TradeMe, Google

* Total lots relates to the original 96 Lot consent.

** Developments that are zoned/consented, serviced and expected to occur over the medium term.

*** 1 lot remains in the original consented 50-lot development. Has applied for resource consent for an additional 60 lots, currently at RFI stage, with consent expected to be granted later this year.

Figure 15:
Study Area Existing & Known Pipeline Rural Lifestyle Development Locations

Source: LINZ, Corelogic, Developer Websites, Google, UE

Figure 16:
Study Area Estimated Rural Lifestyle Dwelling Sufficiency

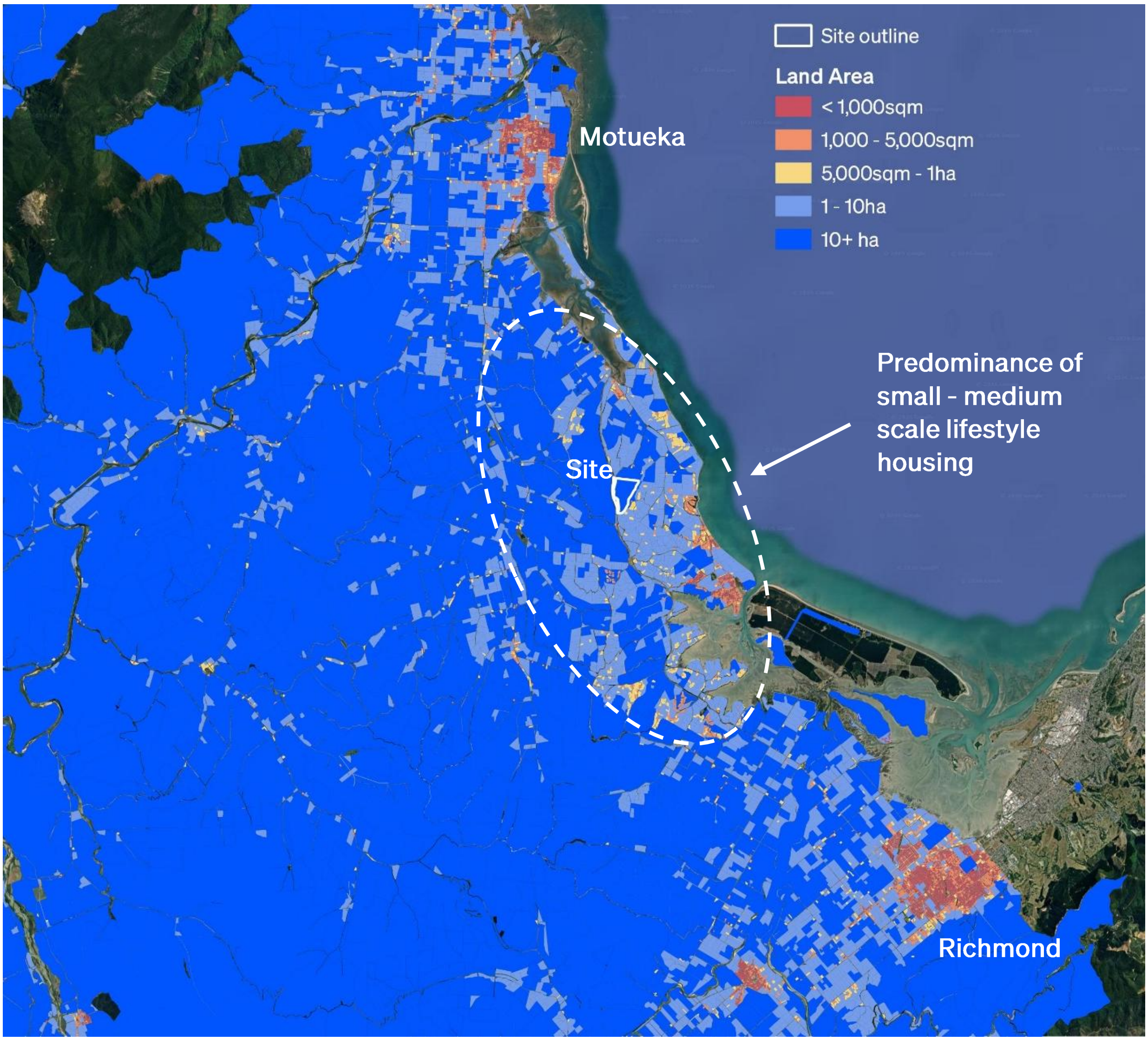
Rural Lifestyle	Total
UE Annual Dwelling Demand (incl. NPS-UD Demand Buffer)	85
Remaining Medium-Term Capacity (Current + Pipeline Developments)	148
Remaining Medium Term Capacity (Current + Pipeline + Proposal)	289
Remaining Years of Capacity (Current + Pipeline)	**1.7**
Remaining Years of Capacity (Current + Pipeline + Proposal)	**3.4**

Source: Statistics NZ, UE

5.1 Surrounding Rural Lifestyle Development Pattern

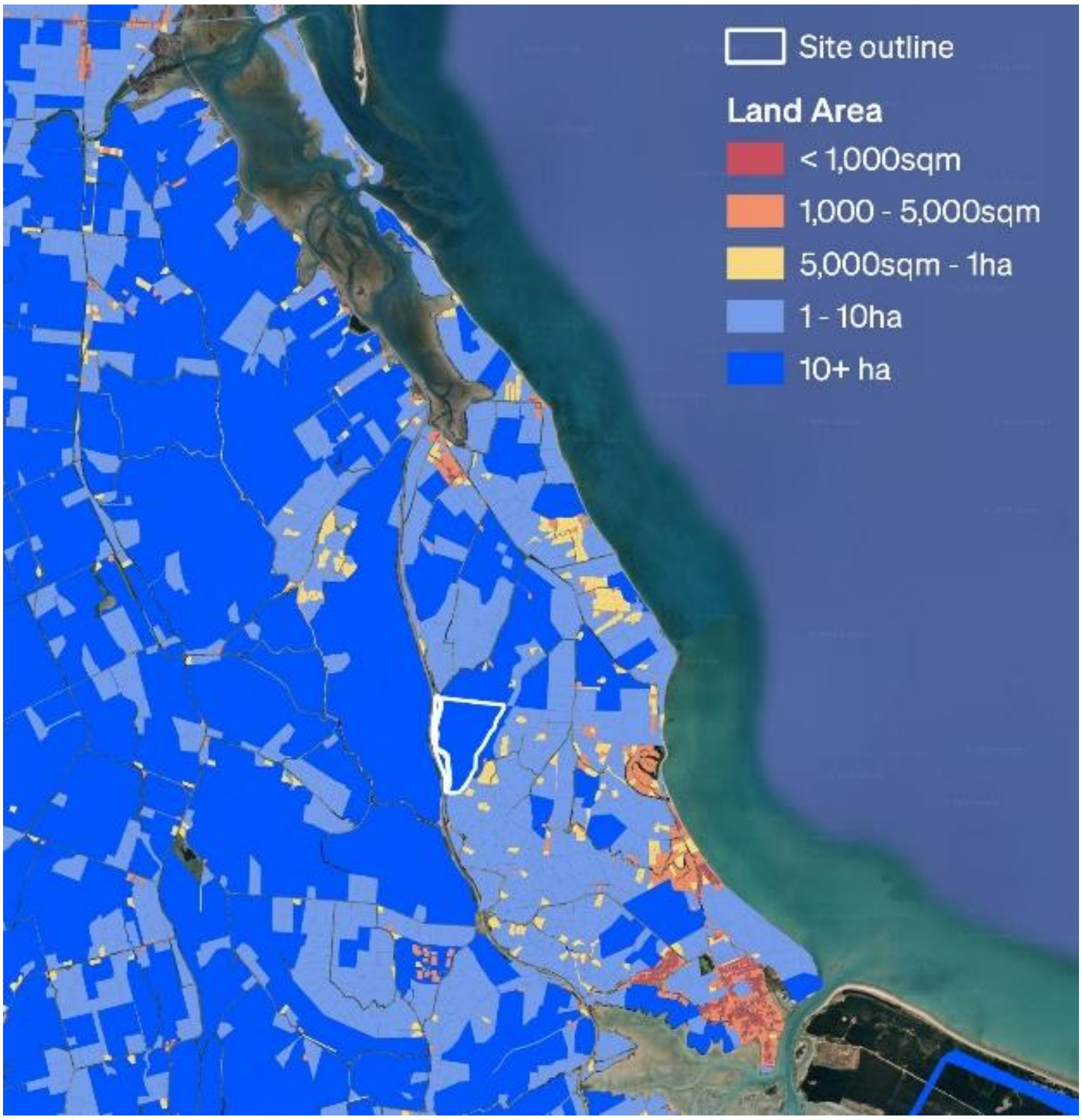
Figures 17 and 18 show the distribution of properties by parcel size surrounding the proposal site and across the wider Tasman regional area. It illustrates the location of existing lifestyle-scale properties (yellow and light blue in colour) particularly within the Ruby Bay/Mapua and broader Tasman rural-residential area. This indicates that the proposal is consistent with an established local market for rural lifestyle housing, near the coast, and between Motueka and Richmond, and therefore adds capacity within an area that is well established for this type of property.

Figure 17:
Surrounding Rural Lifestyle Land Area Pattern – Wider Context



Source: LINZ, UE

Figure 18:
Surrounding Rural Lifestyle Land Area Pattern – Site Context



Source: LINZ, UE

5.2 Tasman Housing & Business Assessment

Tasman District Council has completed the report "Housing and Business Assessment for Tasman 2024" to meet the requirements for the NPS-UD. This report concludes, in Table A (page 4) that the District will have a capacity shortfall of 550 dwellings over the medium term, due to low lying land, natural hazards, highly productive land and infrastructure constraints. The proposal will assist in meeting this shortfall, by providing 141 additional dwellings, that are not affected by these constraints. This is a significant benefit, notably with regard to the development being largely serviced on-site. There is expected to be a small degree of substitutability, between the suburban property in the towns and the smaller residential property in the proposed development, however this would be limited by the generally higher prices, which are suitable for middle-higher income households. It is worth noting that more generally, that all new housing supply increases total supply and places downward pressure on prices.

6. Study Area Infrastructure Capacity

Wastewater servicing for the proposal will be managed through a combination of systems. All of the residential allotments will connect to a communal onsite wastewater treatment system within the development, while the lifestyle and rural allotments will manage wastewater onsite within their individual property boundaries.

The communal and onsite wastewater systems are designed to operate independently of the Council reticulated infrastructure. As a result, the proposal will not place any burden on existing district wastewater networks or constrain their ability to service future urban growth. This mitigates the risk of relying on other parties to deliver infrastructure, and ensures new housing is able to be supplied to the market over the short-medium term.

The lifestyle and rural allotments will have onsite fresh water supply, while the residential allotments will be connected to the Council water system by way of a large communal water tank. As a result, the overall impact of the proposal on the existing district freshwater system is considered to be minor, and therefore not restrict growth within the urban areas of the rest of the district. The proposal will assist in addressing the District's housing shortage, which is in part due to infrastructure constraints, which is a significant benefit.

In addition to the above, the proposal includes a significant upgrade to public roading infrastructure. The developer will fund the upgrade and reconstruction of approximately 2.6 kilometres of Stagecoach Road, which will serve as the primary access route to the development. As part of this upgrade, a separated cycleway and walkway will also be delivered along Stagecoach Road, together with a gravel shared path along approximately 880m of Williams Road. These works will improve transport access and safety for pedestrians and cyclists. This investment supports the development but also delivers infrastructure benefits to the wider community.

7. Access to Employment Nodes & Services

The proposal site benefits from proximity to two growing employment centres. Within a 20-minute drive, Motueka and Richmond together support over 2,700 businesses and more than 12,600 jobs as of 2024. Job growth in these centres has been strong, with Richmond adding approximately 215 jobs per year since 2015, and Motueka contributing a further 60 jobs annually. This sustained employment growth enhances the appeal of the surrounding rural lifestyle areas, providing residents with convenient access to a growing local job market.

In addition to access to nearby employment centres, the proposal is likely to attract work-from-home households, given the growing flexibility of jobs and the appeal of rural lifestyle properties for home-based work.

Figure 19:
Business & Employment Growth within 20-Minutes Drivetime (2015-2024)

Location	Number of Businesses			Number of Jobs		
	2015	2024	Growth (p.a.)	2015	2024	Growth (p.a.)
Motueka	760	850	10	3,420	4,040	60
Richmond	1,470	1,920	45	6,470	8,600	215
Total	**2,230**	**2,770**	**55**	**9,890**	**12,640**	**275**

Source: Statistics NZ

8. Economic Contribution to GDP & Employment

This section assesses the impact of the proposal on employment and GDP. This assessment addresses whether the proposal will "deliver significant economic benefits", in regard to GDP and employment, for the Tasman Region, with respect to the purpose of the Act outlined in Section 3 of the Act.

8.1 Construction GDP & Employment Contribution

The economic contribution of the proposal has been assessed using a value-added approach[5]. This estimates the contribution to GDP and full-time equivalent (FTE) employment generated through construction.

The assessment includes direct and indirect economic effects. Direct effects relate to the construction activity generated by the proposal itself, while indirect effects relate to the wider supply chain activity generated across other sectors of the economy.

The national value-added per employee has been applied to estimate FTE employment for the direct construction activity and the rural productive Base Case. Economic multipliers have also been applied to estimate the wider indirect flow-on effects generated by construction activity.

Figure 20 outlines the national value-added per employee used to estimate FTE employment for the direct construction activity and the rural productive Base Case. These ratios provide the basis for converting the relevant GDP impacts into estimated employment effects.

Figure 20:
Construction and Agriculture Sector Value-Added per Employee

Sector	Value Added GDP ($M)	FTE Employees	Value Added GDP Per Employee
Construction	$32,410	204,200	$159,000
Agriculture	$12,206	79,500	$154,000

Source: Statistics NZ

Figure 21 applies these assumptions to the proposal and outlines the estimated **direct** GDP contribution and employment generated by each development component. The main points to note are:

- The residential component is estimated to generate approximately $87.3 million in construction value, $26.5 million in value-added GDP and support approximately 165 FTE jobs.
- The lifestyle component is estimated to generate approximately $38.8 million in construction value, $11.8 million in value-added GDP and support approximately 70 FTE jobs.

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

- The rural component is estimated to generate approximately $2.6 million in construction value, $0.8 million in value-added GDP and support approximately 5 FTE jobs.

In total, the proposal is estimated to directly generate approximately $128.6 million in construction value, $39.1 million in value-added GDP and support approximately 240 FTE jobs.

Figure 21:
Direct Construction Value, GDP and Employment by Development Component

Development Component	Count	Value ($M)	Value Added GDP ($M)	FTE Employees
Residential	101	$87.3	$26.5	165
Lifestyle	38	$38.8	$11.8	70
Rural	2	$2.6	$0.8	5
Total	**141**	**$128.6**	**$39.1**	**240**

Source: UE, Statistics NZ

Figure 22 provides the total estimated **indirect** GDP contribution and employment generated, including the impact on the primary sector (as required under Section 22(2)(v) of the FTAA). The indirect effects have been estimated using economic multipliers that reflect the interrelationship between different sectors of the economy, based on Statistics NZ input-output tables. This approach captures the flow-on activity generated through supply chain linkages, including increased demand for goods and services from manufacturing, transport, wholesale trade, professional services, primary industries and other supporting sectors.

The main points to note are:

- The indirect effects across all other sectors are estimated to generate a further $37.3 million in GDP and support approximately 181 FTE jobs.
- Within this indirect total, approximately $2.2 million in GDP is estimated to be generated within primary sectors, supporting approximately 1 FTE job. This reflects supply chain activity in agriculture, forestry, fishing and mining industries, including raw materials used in construction such as timber and aggregates.
- In total, the construction of the proposal is estimated to generate approximately $76.4 million in GDP and support approximately 421 FTE jobs, including both direct and indirect impacts.

While this analysis focuses on direct and indirect effects, additional induced effects are also likely to occur. These arise as workers employed directly and indirectly spend their incomes within the wider economy, generating further activity in sectors such as retail, food services, housing and local services. These induced effects have not been quantified, and as such the results presented in Figure 22 are considered conservative.

Figure 22:
Total Construction GDP and Employment Impact, Including Primary Sector Contribution

Impact	Sector	Output Multiplier	Value/ Output ($M)	Value Added Multiplier**	Value Added to GDP ($M)	FTE Employee Estimate
Direct	**Construction**	**1.00**	**$128.6**	**0.30**	**$39.1**	**240**
Indirect	Primary*	-	-	0.02	$2.2	1
	Other	-	-	0.27	$35.1	180
	Sub-total	**0.71**	**$91.3**	**0.29**	**$37.3**	**181**
Total Impact	**-**	**1.71**	**$219.9**	**0.59**	**$76.4**	**421**

Source: Statistics NZ, UE

*Comprising sectors related to Agriculture, Forestry, Fishing and Mining.

**Value added multipliers are expressed per dollar of direct construction output. Indirect output is shown at sub-total level only, as the sector breakdown focuses on the contribution to GDP and employment.

Figure 23 compares the total construction-related economic impact of the proposal, including both direct and indirect effects, against the existing rural use of the site, referred to as the Base Case.

The Base Case reflects the estimated economic value of the site under rural productive use, which is assessed as being suitable for stock grazing. This has been informed by the land productivity assessment of the site (completed by Landvision), which identifies that the site has relatively poor productive capacity and limited scope for more intensive farming activity. On this basis, the site is estimated to generate approximately $26,000 in annual rural productive revenue. Applying this annual revenue over a 30-year period, discounted at 8% per annum[6], results in an estimated rural productive value of approximately $0.3 million[7]. Under this scenario, the site's existing rural productive activity is estimated to contribute approximately $0.1 million to GDP and support approximately 1 FTE job.

By comparison, the proposal is estimated to generate approximately $76.4 million in GDP and support approximately 421 FTE jobs, once direct and indirect effects are included.

Overall, the proposal would result in a net additional contribution of approximately $76.3 million to GDP and support approximately 420 additional FTE jobs relative to the Base Case.

[6] Reflecting Treasury guidance on discount rates. https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates
[7] The estimated rural productive value is materially below the current Council valuation of $4.1 million, equivalent to approximately $60,000 per hectare. The Council valuation is considered to reflect a broader lifestyle/amenity value, whereas the Base Case estimate reflects the site's fundamental rural productive value under grazing use.

Figure 23:
Total Construction GDP and Employment Impact Compared with Rural Productive Base Case

Scenario	Value/ Output ($M)	Value Added to GDP ($M)	FTE Employees
The Proposal	$219.9	$76.4	421
Rural Base Case*	$0.3	$0.1	1
Net Benefit	**$219.6**	**$76.3**	**420**

Source: UE, CoreLogic, Statistics NZ

*Value/Ouput derived from NPV of $26,000 annual revenue discounted 8% p.a. over a 30 year period, reflecting Treasury guidance on discount rates.

Overall, this demonstrates that the proposal would generate a significant short-to-medium term economic contribution through construction activity. These benefits would extend beyond the direct construction sector into the wider economy, including notable flow-on contributions to primary industries.

8.2 Ongoing Household Expenditure Contribution to GDP & Employment

Figure 24 shows the estimated national 'value-added per FTE employee'. These value-added per employee figures are used to estimate the FTE employees created from the ongoing household expenditure from future residents of the proposed development. The sectors that have been included contribute approximately $113.7 billion to national GDP and employ approximately 900,800 FTEs. This results in a value-added of $126,000 per employee.

Figure 24:
Industry GDP and Value-added per Employee

Household Expenditure Sectors	Value Added GDP ($M)	FTE Workers	Value Added GDP Per Employee
Retail Trade	17,400	166,000	$105,000
Accommodation and Food Services	8,600	102,000	$84,000
Transport, Postal and Warehousing	16,800	86,800	$194,000
Financial and Insurance Services	23,600	67,000	$353,000
Education and Training	15,600	164,000	$96,000
Health Care and Social Assistance	26,700	218,000	$123,000
Arts and Recreation Services	5,000	97,000	$52,000
Total	**113,700**	**900,800**	**$126,000**

Source: Statistics NZ

Figure 25 provides an estimate of the ongoing household expenditure expected upon completion of the proposal (i.e. 2036). The main points to note are:

- Upon completion, the average household expenditure is forecast to be approximately $45,100 per annum. This generates a value-added contribution to GDP of approximately $25,900 per annum.
- The total ongoing household expenditure from the residents is estimated to be approximately $6.4 million per annum. This generates a value-added contribution to GDP of approximately

$3.7 million per annum, supporting approximately 30 FTE jobs (based on a value-added per employee ratio of $126,000).

Figure 25:
Employment & GDP Generation from Ongoing Household Expenditure

Ongoing Household Expenditure	Number of Households	Average HH Spend ($p.a.)*	Value Added GDP (p.a.)	HH Expenditure Per Annum ($M)	Value Added GDP Per Annum ($M)	FTE Employees (p.a.)
Tahimana	141	$45,100	$25,900	$6.4	$3.7	30

Source: UE, Statistics NZ

*Upon completion of proposed development (approximately 2036).

9. Tasman Region Greenfield Development Additive vs Redistributive Demand Analysis

This section assesses whether the proposed development is likely to represent a net addition to the housing market, or whether it primarily redistributes housing demand from other locations within the Tasman region.

This is an important economic consideration because the benefits of the proposal are stronger where new housing supply enables additional households to locate in the district, supports additional construction activity, and helps address an existing shortage of rural lifestyle housing.

The analysis below provides an indicative quantitative assessment of the historical relationship between greenfield dwelling activity and total dwelling activity in the Tasman region. This is then supported by a broader qualitative assessment of market conditions, including rural lifestyle capacity, price growth, buyer segmentation, migration patterns, and infrastructure constraints.

9.1 Methodology

A Statistical Area 2 dataset (suburb) of annual dwelling building consents from 2000 to 2024 was prepared for the Tasman region. This was disaggregated into greenfield and infill locations. Figure 26 identifies the greenfield and infill locations included in the analysis.

From this dataset, year-on-year changes were calculated for:

- greenfield dwelling uptake;
- infill dwelling uptake; and
- total dwelling uptake.

The purpose of the analysis is to test whether increases in greenfield dwelling activity have historically been associated with reductions in infill activity, or whether total dwelling activity has tended to increase alongside greenfield activity.

In economic terms, the key question is whether greenfield development appears to crowd out other housing activity, or whether it enables additional housing growth that would not otherwise have been realised.

The following relationship was estimated using Ordinary Least Squares regression:

$\Delta IF = a + b\Delta GF + e$

Where:

- ΔIF = annual change in infill dwelling uptake;
- ΔGF = annual change in greenfield dwelling uptake;
- a = constant term;
- b = estimated relationship between changes in greenfield and infill activity; and
- e = error term.

The effect of the proposed development on total dwelling activity is then inferred from the relationship between greenfield activity and infill activity. Because total dwelling activity is the sum of greenfield and infill activity, the implied additivity factor is:

Additivity Factor = 1 + b

This additivity factor can be interpreted as follows:

- less than 1.0: greenfield development is partially redistributive, as some activity is displaced from infill or other locations;
- equal to 1.0: greenfield development is broadly one-for-one additive;
- greater than 1.0: greenfield development is more than one-for-one additive, indicating that greenfield activity is associated with additional total housing activity beyond the greenfield dwellings themselves.

Robust standard errors were applied to the regression to reduce the influence of irregularities in the annual dwelling consent data. Annual additivity ratios were also reviewed as a diagnostic check.

This analysis should be interpreted as an indication of historical market relationships, rather than as a precise causal forecast for any individual development. It is therefore used as one input into the overall assessment, alongside the broader market evidence outlined in Section 9.3.

9.2 Results

The analysis indicates that greenfield dwelling uptake in the Tasman region has historically been associated with an increase in total dwelling uptake, rather than a corresponding reduction in infill activity.

The key result is:

- Estimated additivity factor: 1.14
- R^2: 0.83

This suggests that, historically, every additional 100 greenfield dwellings in the Tasman region have been associated with approximately 114 additional total dwellings across the region.

Applied to the Tahimana proposal of 141 dwellings, this indicative additivity factor would imply a total market uplift of approximately:

141 × 1.14 = 160 dwellings

This indicates that the proposal has the potential to support a level of total housing growth greater than the direct number of dwellings provided within the development itself. The proposal would therefore, conservatively, add at least the net amount of dwellings proposed to the total stock.

However, this result should be interpreted with appropriate caution. The analysis demonstrates a historical association between greenfield activity and total dwelling activity in the Tasman region. It does not, by itself, prove that every individual greenfield dwelling directly causes more than one dwelling of total regional growth. The result is therefore best understood as evidence that greenfield development in Tasman has not historically resulted in material crowding out of infill housing activity, and that greenfield development has generally been associated with higher overall dwelling delivery.

On this basis, the analysis supports the view that the proposal is likely to be substantially additive to the regional housing market. Even under a more conservative one-for-one assumption, which is adopted for this report, the proposal would add a net 141 additional dwellings in a supply-constrained rural lifestyle market.

9.3 Broader Supporting Reasons Why the Proposal is Likely to be Additive

In addition to the quantitative analysis above, there are several broader market and economic reasons why the proposal is likely to represent a net addition to growth rather than simply redistributing housing activity from elsewhere in the district.

These include:

- **The proposal responds to an identified capacity shortage**

The rural lifestyle market has limited remaining capacity relative to estimated demand. The report identifies approximately 148 dwellings of remaining medium-term rural lifestyle capacity, equivalent to around 1.7 years of demand. The proposal would materially increase this capacity and extend the market's ability to meet demand over the short to medium term.

- **Rural lifestyle price growth indicates unmet demand**

Rural lifestyle dwelling prices have increased significantly faster than the wider Tasman housing market. Since 2020, rural lifestyle prices have increased at around 13% per annum, compared with approximately 5% per annum across the district as a whole. This suggests that rural lifestyle supply has not kept pace with demand.

- **The proposal serves a distinct housing sub-market**

The development is not a direct substitute for conventional urban infill housing. It provides a rural lifestyle and rural-residential product, with larger lots, rural outlook, and a different price and amenity profile. This means that a substantial share of demand is likely to come from households specifically seeking rural lifestyle housing, rather than households who would otherwise purchase standard urban infill dwellings.

- **The buyer profile is likely to be different from the wider urban market**

The rural lifestyle market is more strongly associated with middle-to-higher-income households, semi-retirees, retirees, working-from-home households, and households seeking rural amenity within reasonable access of employment and services. This reduces the likelihood that the proposal would simply divert demand from lower-priced or more conventional urban housing.

- **Tasman has strong internal migration appeal**

A significant share of Tasman's recent population growth has been driven by internal migration from elsewhere in New Zealand. Where suitable lifestyle housing is unavailable, some of this demand may be delayed, suppressed, or diverted to other districts. Additional rural lifestyle supply can therefore help convert latent or displaced demand into realised local growth.

- **The proposal is largely self-servicing**

The proposal is not heavily dependent on constrained Council wastewater infrastructure and includes developer-funded infrastructure upgrades. This means it can add housing capacity without materially competing with infrastructure capacity that may otherwise be required to support urban or infill growth elsewhere in the district.

- **The development may support confidence and further market activity**

Larger greenfield developments can have a catalytic effect by demonstrating market depth, supporting local construction activity, and encouraging complementary investment. While this should not be overstated, it is consistent with the historical evidence that greenfield activity in Tasman has been associated with higher total dwelling activity rather than lower infill activity.

- **The proposal increases housing choice**

By increasing the range of rural lifestyle and rural-residential dwellings available, the proposal improves the ability of the housing market to meet different household preferences by type, price, and location. This is likely to support additional realised demand, particularly from households whose preferences are not currently well served by the existing supply pipeline.

9.4 Conclusion

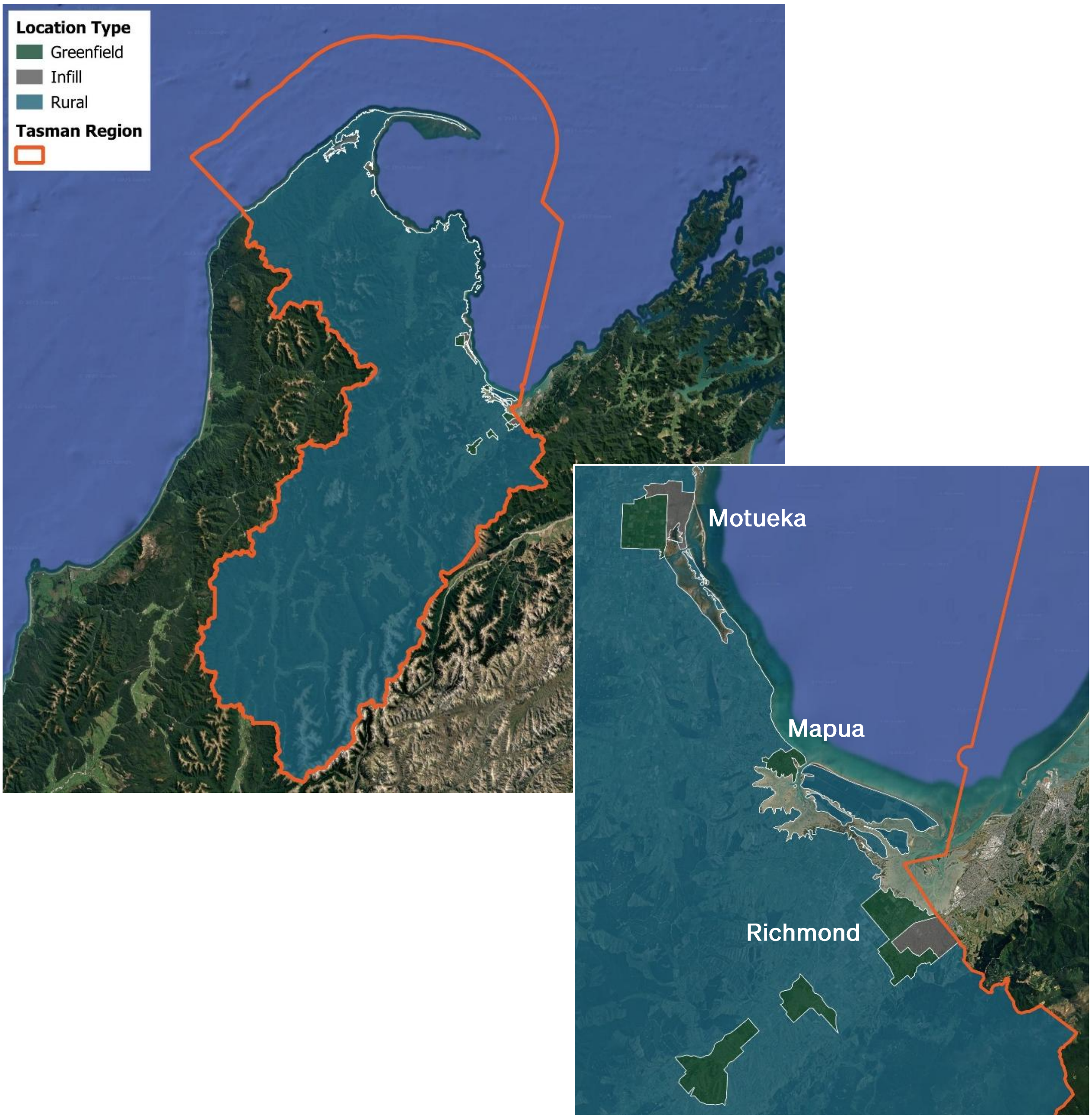
The quantitative analysis indicates that greenfield development in the Tasman region has historically been associated with higher total dwelling delivery, rather than a material reduction in infill or other housing activity. The estimated additivity factor of 1.14 suggests that greenfield development has been more than one-for-one additive at the regional level.

Applied to the Tahimana proposal, this would indicate a potential total market uplift of approximately 160 dwellings. However, this estimate should be interpreted as an indicative market-level result rather than a precise causal forecast.

Importantly, the conclusion that the proposal is likely to be additive does not rely solely on the econometric result. It is also supported by broader market evidence, including the current shortage of rural lifestyle capacity, strong rural lifestyle price growth, the distinct nature of the rural lifestyle housing market, Tasman's strong internal migration profile, and the proposal's largely self-serviced infrastructure model.

Overall, the proposal is likely to represent a substantial net addition to the Tasman housing market. Even under a conservative one-for-one assumption, the proposal would provide 141 additional dwellings in a constrained rural lifestyle market. On balance, it is reasonable to conclude that the proposal would increase total housing supply by at least 141 dwellings, and support additional economic activity, rather than simply redistribute existing housing demand from elsewhere in the district.

Figure 26:
Greenfield and Infill Locations - Tasman Region



Source: LINZ, Statistics NZ, UE

10. Fast-track Approvals Act Economic Considerations

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

The relevant section for an economic analysis is outlined as follows.

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

The following sections may provide some guidance on how to determine significant regional or national economic benefits.

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

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

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

(a) whether the project-

…

(iii) will increase the supply of housing, address housing needs, or contribute to a well-functioning urban environment (within the meaning of policy 1 of the National Policy Statement on Urban Development 2020)

(iv) will deliver significant economic benefits

(v) will support primary industries, including aquaculture:

Each of the subsections outlined above are addressed below.

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

While the proposal is located outside of a defined urban environment and is not subject to assessment under the National Policy Statement on Urban Development (NPS-UD), Policy 1 of the NPS-UD provides a useful set of economic principles that inform how developments can support a well-functioning housing market. These principles are relevant in determining whether the proposal contributes positively to housing supply and market efficiency in the wider district.

The proposal would make a significant contribution to the supply of housing, as confirmed in the 'additive vs redistributive' analysis in Section 9, and contribute towards a more efficient rural lifestyle housing market. The reasons for this are summarised below.

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

Policy 1: *"Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:*

(a) have or enable a variety of homes that:

(i) meet the needs, in terms of type, price, and location, of different households…

(c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and

(d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; ...."

The proposal would make a substantial contribution to the operation of the rural lifestyle land and development market within the study area, which is currently undersupplied relative to future demand. It is worth noting that rural lifestyle properties are located near to urban areas and substantially contribute to the overall function of the urban environment, e.g. through employment and expenditure in the towns/cities.

Currently there is approximately 1.7 years of rural lifestyle dwelling capacity remaining in the study area. This is not sufficient to meet the short or medium-term housing needs of the district as required by Policy 2 of the NPS-UD, which states that:

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

The proposal would increase rural lifestyle capacity to an estimated 3.4 years, significantly contributing towards meeting the medium-term capacity of the study area.

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

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

This proposal is estimated to directly contribute $39.1 million to Construction sector GDP and support 240 FTE jobs. This is considered to be a significant economic benefit. When indirect effects are included, the total construction impact is estimated at approximately $76.4 million in GDP and 421 FTE jobs.

The proposal would also generate ongoing economic benefits once complete. As outlined in Section 8.2, future household expenditure associated with the proposal is estimated to generate approximately $6.4 million in expenditure per annum, contributing approximately $3.7 million to GDP per annum and supporting approximately 30 FTE jobs annually.

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

As concluded in the Tasman Region Greenfield Development Additive vs Redistributive Analysis (Section 9), large greenfield developments in the Tasman region are additive, rather than redistributive. Therefore, the construction of the proposed development is considered to result in a net addition to the regional construction sector, beyond the development itself. As such, the net economic benefits stated above are conservative, given the estimated greenfield development additivity rate for the region is 114%.

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

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

The construction of the proposal is estimated to result in a total contribution to primary sector GDP of $2.2 million, which would support an estimated 1 FTE jobs. This represents a positive contribution to primary industries through construction supply-chain demand, including inputs such as forestry, aggregates, and other raw materials.

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

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

11. Tasman District Council Response

The following sections provide a response to the relevant economic matters raised in Tasman District Council (TDC) feedback on the referral application for the proposed development[8].

11.1 Project Scale & Regional Significance

The TDC makes the following comment:

> "*The development is primarily a large-scale rural lifestyle subdivision. While it would increase dwellings supply within that market segment, the proposal does not clearly evidence outcomes that are regionally significant in scale, nature, or effect when assessed against existing growth patterns, identified housing needs, or infrastructure constraints within the Tasman District*" (page 1)

From an economic perspective, regional significance should not be assessed solely by comparing the proposal's dwelling yield with total district-wide housing growth. The proposal is directed toward a specific rural lifestyle housing niche or sub-market, and its significance is more appropriately assessed relative to the scale, capacity, demand, and economic role of that sub-market.

The proposal would provide approximately 141 residential allotments, comprising 101 residential lots, 38 lifestyle lots, and 2 rural lots. While this is smaller in scale when compared with total district-wide housing stock, it is significant in the context of the rural lifestyle market in Tasman. The assessment identifies remaining medium-term rural lifestyle capacity of approximately 148 dwellings, equivalent to only around 1.7 years of demand. The proposal would increase this capacity to approximately 289 dwellings and extend remaining capacity to around 3.4 years. In this context, the proposal represents a substantial increase in the available rural lifestyle development pipeline.

This is important because the rural lifestyle market is a distinct component of the Tasman housing market. It is not simply a substitute for conventional urban housing in Richmond, Motueka, or other townships. The proposal provides a different housing product, with larger lots, rural outlook, proximity to natural amenity, and a price and buyer profile more closely associated with middle-to-higher-income households, semi-retirees, retirees, and work-from-home households. The report identifies that the rural lifestyle market accounts for around 15% of the total residential market in Tasman, with estimated demand for approximately 85 dwellings per annum.

The significance of the proposal is therefore a function of both scale and market context. A 141-dwelling proposal is material where the relevant market has only 148 dwellings of remaining identified medium-term capacity. On that basis, the proposal is considered to be significant in effect, even if its scale is smaller than some urban development projects.

[8] https://www.fasttrack.govt.nz/__data/assets/pdf_file/0014/23072/Combined-comments.pdf

This approach is also consistent with how regional significance has been considered for other fast-track housing projects. For example, the Arataki project in Havelock North was approved under the fast-track process and was a 171-lot residential subdivision, which is relatively large within the context of Havelock North. The relevance is that the proposal provides a meaningful addition to a constrained local housing sub-market.

In the case of Tahimana, the regional significance is further supported by the following factors:

- the proposal would make a substantial contribution to a constrained rural lifestyle market;
- rural lifestyle dwellings have experienced materially stronger price growth than the wider Tasman housing market, indicating unmet demand exists and the market is operating inefficiently;
- Tasman's recent growth has been strongly driven by internal migration, with lifestyle and amenity being important draw factors for these residents;
- the proposal would support the retention and attraction of households that may otherwise locate outside the district if suitable rural lifestyle housing is unavailable;
- the proposal is largely self-servicing for wastewater and involves developer-funded transport upgrades, reducing reliance on constrained public infrastructure; and
- the proposal would generate substantial construction and ongoing expenditure effects, including direct construction GDP and employment, indirect flow-on activity, and ongoing household expenditure.

Accordingly, while the proposal is correctly described as a rural lifestyle development, that does not diminish its regional economic significance. Rather, its significance arises because it provides a sizeable addition to a constrained and economically important niche sub-market that is closely linked to Tasman's growth, migration appeal, household choice, and long-term economic resilience.

11.2 Housing Supply & Housing Needs

The TDC makes the following comment:

> *"The supply of housing, address housing needs are key criteria in Section 22(2)(a)(iii). Housing affordability and supply are relied upon in the referral application as key grounds supporting fast-track eligibility. Council has significant concerns regarding the consistency and evidential basis of these claims…*
>
> *In Council's view, the claim that the proposal will deliver predominantly affordable housing is not demonstrated and cannot reasonably be relied upon to support fast-track eligibility."* (page 2)

The assessment does not rely on the proposal delivering "affordable housing" in the sense of lower-quartile, entry-level, or social housing. Rather, the relevant economic benefit is that the proposal would increase housing supply and choice within a constrained rural lifestyle sub-market, including by providing some dwellings at price points that are relatively affordable when compared with the established rural lifestyle market. This would help address housing needs in terms of type, price, and location.

This distinction is important. The proposal's estimated average sale price is approximately $1,080,000 for the smaller scale residential lifestyle component and $1,275,000 for the larger lifestyle component. While these prices mean the proposal is not primarily an affordable housing project in a conventional sense, they are relatively affordable within the context of Tasman's rural lifestyle market, where the average rural lifestyle dwelling price is approximately $1,445,000. In particular, the residential component provides a rural lifestyle or rural-residential living option at a price point materially below the current average rural lifestyle dwelling price, while still offering rural outlook, amenity, and proximity to Motueka and Richmond. This relative affordability would be further supported by the ability for purchasers to construct more modest dwellings on the residential lots. For example, dwellings of around 150m² to 175m² would be expected to result in total house and land packages of approximately $880,000 to $960,000, providing a rural lifestyle option below $1 million.

The proposal therefore addresses a particular form of housing need - rural lifestyle and rural residential housing within proximity of Motueka and Richmond, including options at lower price points than many established lifestyle properties. This market is important in Tasman because the district's growth has been strongly influenced by lifestyle and amenity driven migration. Between 2018 and 2023, Tasman recorded a net internal migration gain of 2,740 people, accounting for 54% of total population growth. This is one of the highest proportions of population growth attributable to internal migration of any District in the country. This indicates that Tasman's housing market is not driven solely by local household formation, but also by households choosing to relocate to the district because of its lifestyle, amenity, and accessibility attributes.

In that context, the proposal supports housing needs by helping to provide the type of dwelling and location that forms part of Tasman's competitive regional offer. If sufficient lifestyle housing is not available, or if the only available lifestyle properties are concentrated at higher price points, some households seeking this type of product may defer relocation, remain in existing housing, or choose alternative districts. The economic effect is not only a housing supply issue, but also a regional growth and retention issue.

The report also identifies clear evidence of unmet demand in the rural lifestyle market. Since 2020, average rural lifestyle house prices increased from approximately $873,000 to $1,445,000, or around 13% per annum, compared with approximately 5% per annum across the Tasman District as a whole. This indicates that rural lifestyle housing supply has not kept pace with demand. Additional supply in this segment is therefore expected to reduce upward price pressure within the rural lifestyle market, particularly by adding new rural-residential options below the current average rural lifestyle dwelling price.

The proposal is also relevant to Council's identified housing needs because the Tasman Housing and Business Assessment identifies a medium-term capacity shortfall of 550 dwellings, partly due to low-lying land, natural hazards, highly productive land, and infrastructure constraints. The proposal would contribute 141 additional dwellings and is largely serviced onsite, meaning it can provide additional capacity without placing material additional demand on constrained public wastewater infrastructure.

Overall, the proposal makes a material contribution to housing supply, choice, and market function in a constrained rural lifestyle segment. It should not be characterised as a conventional affordable housing project. However, it would improve relative affordability and choice within the rural lifestyle market by providing new dwellings, including residential lots with rural amenity, at price points below the average established rural lifestyle dwelling. This is consistent with Section 22(2)(a)(iii) of the Fast-track Approvals Act, which refers to increasing housing supply, addressing housing needs, or contributing to a well-functioning urban environment. The proposal contributes to these outcomes by adding a significant number of dwellings to a niche but important housing market that is under supply pressure and closely connected to Tasman's regional growth and lifestyle appeal.

TDC also raises concern that the proposal's benefits do not clearly exceed those ordinarily expected from a private residential development. While the proposal is a private residential development, that does not preclude it from delivering significant regional economic benefits. The relevant question is whether the project's effects and benefits are significant in the regional context. In this case, the benefits are not limited to the private sale of lots or the commercial return to the developer. As outlined in this assessment, the proposal would materially increase remaining rural lifestyle capacity from approximately 148 dwellings to 289 dwellings, extending capacity from around 1.7 years to 3.4 years; provide additional housing choice in a constrained niche market; support Tasman's lifestyle-led migration and household retention; deliver largely self-serviced infrastructure and developer-funded transport upgrades; and generate direct, indirect, and ongoing economic activity. These wider effects distinguish the proposal from an ordinary private residential development and support the conclusion that it would deliver significant regional economic benefits.

For the reasons above, TDC's comments do not alter the economic conclusion of this assessment. The proposal's significance arises from its sizeable contribution to a constrained rural lifestyle market, its role in supporting Tasman's lifestyle-led migration and household retention, its provision of relatively lower-priced rural-residential options within that market, its largely self-serviced infrastructure model, and its direct and ongoing economic contribution to the regional economy. On this basis, the proposal is considered to deliver significant regional economic benefits and to satisfy the relevant economic considerations under the Fast-track Approvals Act.

12. Conclusion

The proposal would result in significant economic benefits to the Tasman Region. In particular it would:

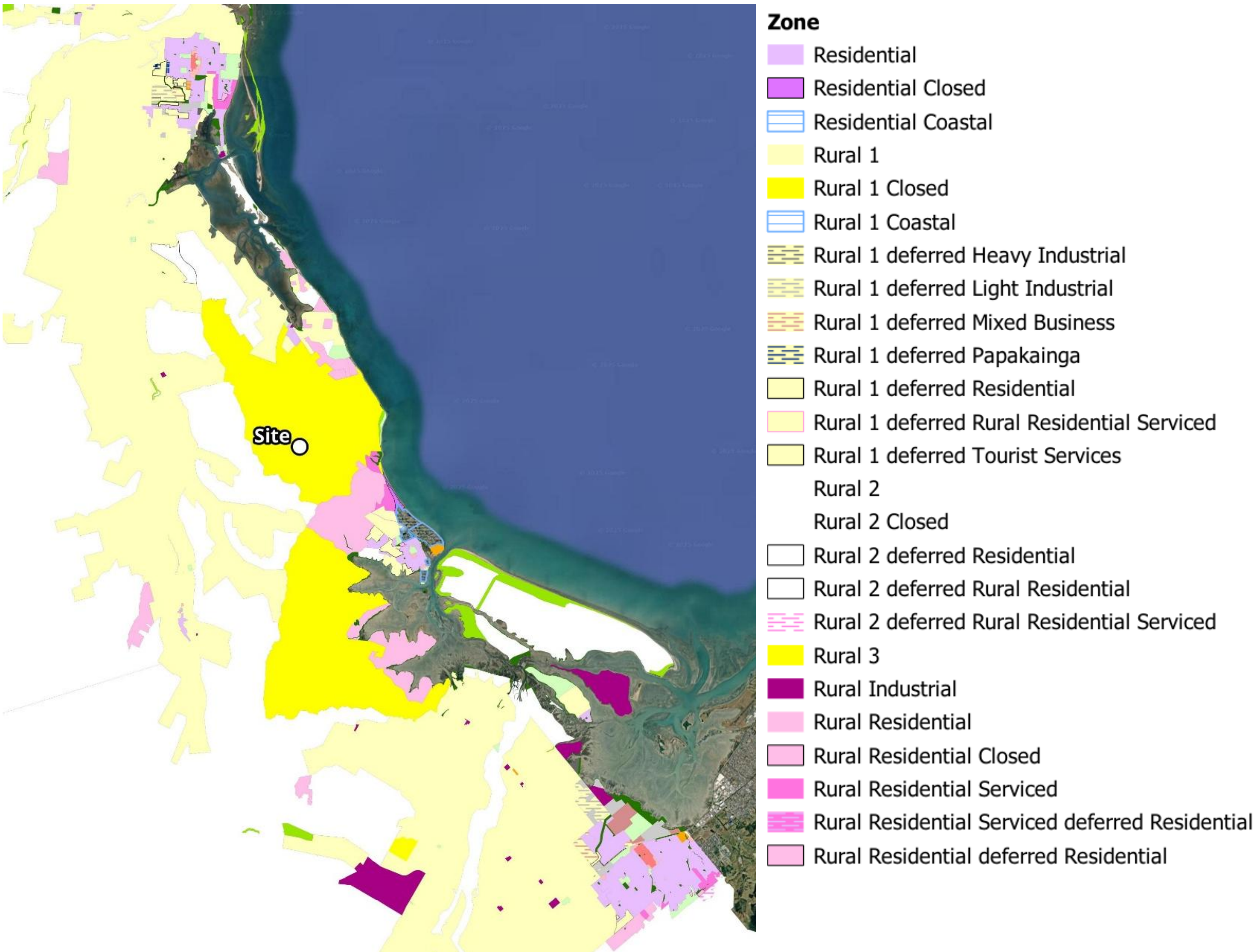
- contribute 141 additional dwellings to a supply constrained market[9],
- provide desirable dwellings and put downward pressure on housing prices generally by increasing supply,
- increase total medium-term rural lifestyle capacity to 289 dwellings, increasing remaining capacity from 1.7 to 3.4 years,
- support net additional direct construction sector GDP and employment, of $39.1 million and 240 FTE jobs,
- enable ongoing population growth, leading to significant net additional GDP and employment, of $3.7 million and 30 FTE jobs,
- provide an on-site wastewater system of a significant scale, which does not place additional demand on existing infrastructure and results in no additional cost to the Council or the ratepayer, and
- deliver an upgrade of approximately 2.6 km of Stagecoach Road, including a separated cycleway and walkway, providing transport and amenity benefits at no additional cost to the Council or ratepayers.

The proposal is considered to meet the economic requirements of the Fast-track Approvals Act and is recommended for approval.

[9] This aligns with Tasman District Council's 2024 Housing and Business Assessment, which confirms the district faces a medium-term housing shortfall due to land and infrastructure constraints.

13. Appendix 1: Tasman District Zoning Map

Figure 27:
Tasman District Zoning Map



Source: Tasman District Council, Google

14. Appendix 2: Detailed Demographic Profile Table

Figure 28:
Detailed Demographic Profile by Case Study Location (2023)

Household Type	Age of Oldest Resident	Household Income	Household Count			% of Households		
			Rural Lifestyle*	Motueka Urban	Richmond Urban	Rural Lifestyle*	Motueka Urban	Richmond Urban
Singles & Couples	**Less than 39 Years**	$70,000 or less	20	55	85	1%	2%	1%
		$70,001-$150,000	25	65	185	1%	2%	3%
		$150,000 Plus	0	10	95	0%	0%	1%
		Sub-total	**45**	**130**	**365**	**3%**	**4%**	**6%**
	40-64 Years	$70,000 or less	140	225	400	8%	7%	6%
		$70,001-$150,000	150	195	445	9%	6%	7%
		$150,000 Plus	125	55	265	7%	2%	4%
		Sub-total	**415**	**475**	**1,110**	**25%**	**16%**	**17%**
	65+ Years	$70,000 or less	320	1,065	1,810	19%	35%	28%
		$70,001-$150,000	190	175	410	11%	6%	6%
		$150,000 Plus	75	35	85	4%	1%	1%
		Sub-total	**585**	**1,275**	**2,305**	**35%**	**42%**	**36%**
	Total	$70,000 or less	480	1,345	2,295	29%	44%	36%
		$70,001-$150,000	365	435	1,040	22%	14%	16%
		$150,000 Plus	200	100	445	12%	3%	7%
		Sub-total	**1,045**	**1,880**	**3,780**	**63%**	**62%**	**59%**
Families with Children	**Less than 39 Years**	$70,000 or less	10	85	140	1%	3%	2%
		$70,001-$150,000	40	110	355	2%	4%	6%
		$150,000 Plus	35	35	125	2%	1%	2%
		Sub-total	**85**	**230**	**620**	**5%**	**8%**	**10%**
	40-64 Years	$70,000 or less	55	160	245	3%	5%	4%
		$70,001-$150,000	175	285	630	10%	9%	10%
		$150,000 Plus	195	155	620	12%	5%	10%
		Sub-total	**425**	**600**	**1,495**	**25%**	**20%**	**23%**
	65+ Years	$70,000 or less	5	50	55	0%	2%	1%
		$70,001-$150,000	35	70	120	2%	2%	2%
		$150,000 Plus	25	15	35	1%	0%	1%
		Sub-total	**65**	**135**	**210**	**4%**	**4%**	**3%**
	Total	$70,000 or less	70	295	440	4%	10%	7%
		$70,001-$150,000	250	465	1,105	15%	15%	17%
		$150,000 Plus	255	205	780	15%	7%	12%
		Sub-total	**575**	**965**	**2,325**	**34%**	**32%**	**36%**
Other	**Less than 39 Years**	$70,000 or less	0	0	0	0%	0%	0%
		$70,001-$150,000	0	20	40	0%	1%	1%
		$150,000 Plus	0	5	35	0%	0%	1%
		Sub-total	**0**	**25**	**75**	**0%**	**1%**	**1%**
	40-64 Years	$70,000 or less	0	10	5	0%	0%	0%
		$70,001-$150,000	10	40	55	1%	1%	1%
		$150,000 Plus	15	25	70	1%	1%	1%
		Sub-total	**25**	**75**	**130**	**1%**	**2%**	**2%**
	65+ Years	$70,000 or less	0	30	15	0%	1%	0%
		$70,001-$150,000	10	50	30	1%	2%	0%
		$150,000 Plus	15	5	25	1%	0%	0%
		Sub-total	**25**	**85**	**70**	**1%**	**3%**	**1%**
	Total	$70,000 or less	0	40	20	0%	1%	0%
		$70,001-$150,000	20	110	125	1%	4%	2%
		$150,000 Plus	30	35	130	2%	1%	2%
		Sub-total	**50**	**185**	**275**	**3%**	**6%**	**4%**
Total Households	**Less than 39 Years**	$70,000 or less	30	140	225	2%	5%	4%
		$70,001-$150,000	65	195	580	4%	6%	9%
		$150,000 Plus	35	50	255	2%	2%	4%
		Sub-total	**130**	**385**	**1,060**	**8%**	**13%**	**17%**
	40-64 Years	$70,000 or less	195	395	650	12%	13%	10%
		$70,001-$150,000	335	520	1,130	20%	17%	18%
		$150,000 Plus	335	235	955	20%	8%	15%
		Sub-total	**865**	**1,150**	**2,735**	**52%**	**38%**	**43%**
	65+ Years	$70,000 or less	325	1,145	1,880	19%	38%	29%
		$70,001-$150,000	235	295	560	14%	10%	9%
		$150,000 Plus	115	55	145	7%	2%	2%
		Sub-total	**675**	**1,495**	**2,585**	**40%**	**49%**	**41%**
	Total	**$70,000 or less**	**550**	**1,680**	**2,755**	**33%**	**55%**	**43%**
		$70,001-$150,000	**635**	**1,010**	**2,270**	**38%**	**33%**	**36%**
		$150,000 Plus	**485**	**340**	**1,355**	**29%**	**11%**	**21%**
		Sub-total	**1,670**	**3,030**	**6,380**	**100%**	**100%**	**100%**

Source: Statistics NZ

*Rural lifestyle zones surrounding the proposal site, i.e. in the Ruby Bay/Mapua area.