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Technical Memo

To:	Barker and Associates	From:	Insight Economics
Date:	Thursday, 13 March 2025	Page:	10 (including this page)
Subject:	Ashbourne Fast Track Referral – Request for Information		

CONTEXT

Matamata Development Limited (**MDL**) has lodged a fast-track application for a mixed-use development in Ashbourne, on the edge of Matamata (the **proposal**). We understand that the Ministry for the Environment has requested additional information about the regional significance of the proposal. To assist, this memo provides additional context and detail on the following matters from an economic perspective:

1. Local demographic profile;
2. Anticipated employment;
3. Review of the latest Housing Capacity Assessment; and
4. Need for additional housing capacity.

We now work through each matter below.

LOCAL DEMOGRAPHIC PROFILE

We used detailed 2023 Census data to compare the demographic profile of Matamata residents to both the Waikato regional and national averages. Appendix A sets out the details. In summary, compared to the Waikato region and to New Zealand overall, Matamata residents in 2023 were:

- Significantly older, with a median age of 47 vs regional/national averages of 39;
- Less likely to be in employment or studying;
- Less likely to hold a bachelor's degree or higher qualification, and more likely to have no qualifications;
- Likely to earn lower incomes on average;
- More likely to be of European ethnicity and born in New Zealand;
- More likely to be owner-occupiers and less likely to be renting; and
- Living in larger homes, but with fewer people per household.

These differences indicate that Matamata's population has a different demographic profile to the rest of the Waikato Region and to New Zealand overall. Accordingly, the proposed residential development will likely cater to a specific market.

ANTICIPATED EMPLOYMENT

Planning for, designing, consenting, and constructing the various components that make up the proposal will generate significant one-off employment impacts. We quantified this using a technique called multiplier analysis, which uses detailed supply chain matrices to estimate total impacts. The table below presents the estimated one-off full-time equivalent (**FTE**) jobs generated by the proposal during construction, which total nearly 2,175 FTE-years.

Table 1: One-Off National Employment Impacts of Construction

FTE-Years by Project Phase	Direct	Indirect	Total
Residential Construction	385	945	1,330
Retirement Village Construction	165	370	535
Solar Farm Construction[1]	85	204	289
Commercial Construction	5	15	20
Project Totals[2]	**640**	**1,534**	**2,174**

Post-construction, the proposal will also sustain permanent jobs through various ongoing operations:

- **Solar Farm Operation and Maintenance:** Ongoing staffing requirements for maintenance, monitoring, and ancillary activities are estimated at approximately 5 FTEs, including on-site management, panel maintenance, and electrical servicing.

- **Commercial Centre:** The proposal includes approximately 1,350m² of commercial floorspace. Assuming around one employee per 30m² of floorspace, the centre could support around 45 permanent positions once fully tenanted and operational.

- **Retirement Village:** Once operational, the retirement village will provide jobs across a range of services, including facilities management, caretaking, gardening and groundskeeping, maintenance, hospitality, personal care, and cleaning. We estimate approximately 10-15 FTEs based on comparable retirement village developments of similar scales.

In total, these ongoing roles could sustain more than 60 permanent FTEs across the solar farm, commercial centre, and retirement village. This will help diversify local employment opportunities in Matamata and provide a steady source of economic activity beyond the initial construction phase.

REVIEW OF LATEST HOUSING CAPACITY ASSESSMENT

Matamata-Piako District Council (**MPDC**) is a Tier 3 urban environment under the National Policy Statement on Urban Development (**NPS-UD**) and is therefore not required to complete a Housing Capacity Assessment (**HCA**). Despite that, an HCA has helpfully been commissioned by the council, with the latest version updated in November 2023.[3] The HCA finds that Matamata has sufficient capacity to meet demand over the short-medium term, with extra capacity required over the longer term.

We acknowledge the considerable effort involved in preparing the HCA and commend the council for undertaking it despite not being mandatory. It provides a valuable starting point for understanding housing supply in Matamata. However, in our view, the HCA has several limitations that cause it to systematically overstate the likely extent of future housing supply to meet demand over time. Those limitations include:

[1] Estimates are based on a review of comparable solar farm projects and are subject to change.
[2] Employment associated with Agrivoltaics is expected to contribute minimal additional FTEs and thus excluded.
[3] *Housing Assessment 2022 Matamata-Piako District Council*, Paula Rolfe Consultancy Ltd, Updated 20 November 2023.

- **Methodology and Analytical Tools:** The HCA adopts a high-level approach to estimating capacity without employing the analytical tools typically required to yield reliable results. This may result in an overstatement of plan-enabled capacity, as the assessment does not fully consider constraints such as planning overlays and site-specific restrictions.

- **Feasibility and Realisation of Capacity:** The assessment does not explicitly evaluate the commercial feasibility of development, nor the likelihood of it occurring. However, in our experience, only a tiny fraction of plan-enabled capacity is typically developed within a given timeframe.

- **Infrastructure Assumptions:** The HCA implicitly assumes that infrastructure needs will be met in a timely and cost-effective manner. This approach fails to acknowledge financial and logistical challenges that could delay or limit service provision, such as competing demands on Council finances and the long lead times associated with large-scale infrastructure works.

- **Infill Development Capacity:** The HCA suggests that a significant number of new dwellings can be accommodated through infill development. However, our review suggests that these estimates are overly optimistic, because:

    - Many residential lots identified as having subdivision potential contain existing dwellings. In many cases, demolition or significant site modification would be required, making redevelopment costly and complex; and

    - Comprehensive redevelopment is highly unlikely to be commercially feasible, particularly given the relatively high improvement values and modest property prices in Matamata.

- **Greenfield Development Capacity:** The HCA may overstate the extent and timing of greenfield development, because:

    - It assumes that all identified greenfield capacity will be developed within the short to medium term and does not account for the staged nature of large subdivisions.

    - It does not consider the financial feasibility of constructing new dwellings on each lot, which is particularly important given the current economic environment, which includes high construction costs and financing challenges.

    - Some estimated yields assume densities higher than those typically achieved in more provincial areas like Matamata.

Further, the HCA demand figures may not accurately reflect Matamata's true potential for growth, particularly given:

- **Latent Demand:** Suppressed demand in Matamata may remain unrecognised due to a lack of opportunities to express itself. A master-planned community, such as Ashbourne, could unlock this latent demand, attracting new residents seeking an alternative to high housing costs in larger cities and nearby metro areas.

- **Strategic Location:** Matamata's proximity to key urban centres, such as Tauranga and Hamilton, provides a compelling locational advantage. Combined with its desirable rural-urban character, these factors position Matamata as an attractive destination for growth once further capacity is made available.

- **Alignment with Regional Growth Trends:** As seen across New Zealand, growth in rural-adjacent areas is accelerating. Matamata is well-positioned to benefit from this trend, offering an attractive alternative for those prioritising lifestyle, affordability, and remote working opportunities.

In short, we agree with the HCA's conclusion that additional capacity is required to meet expected demand for housing in Matamata over the long term. However, we consider this looming shortfall potentially more imminent than the HCA foresees.

NEED FOR ADDITIONAL HOUSING CAPACITY

The analysis above confirms that the council is unlikely to be meeting its NPS-UD obligations to provide at least sufficient capacity, at all times, to meet ongoing growth in housing demand. We emphasise that the capacity requirements set out in the NPS-UD are **minima**, not targets, and that the risks of an oversupply of housing pale in comparison to those of an undersupply. Accordingly, additional capacity like the proposal should be planned for, and enabled, as soon as possible to ensure a continuous supply of new lots in Matamata.

In our view, and from an economic perspective, the dwelling yield envisaged by the proposal represents a substantial boost in housing supply. To assess whether this supply boost satisfies the definition of "significant" in Objective 6(c) of the NPS-UD, we used data from a Tier 1 city Council in the North Island, which details the nature and scale of all residential subdivision consents granted there over the past six or seven years. The data covered 1,666 consents and enabled the creation of nearly 13,000 new residential lots.

Of those 1,666 consents:

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

While these data apply to a different part of New Zealand we consider them to provide a reliable basis for assessing the likely significance of the proposal.

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

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

Applying these rules of thumb to the proposal, it follows that the 520 dwellings and 218 retirement units envisaged by the proposal represent an extremely significant increase in development capacity for the purposes of the NPS-UD.

Further, master-planned communities (like the proposal) provide an opportunity for developers to deliver superior economic and social outcomes compared to the alternative of piecemeal development amongst existing growth nodes. Unlike fragmented and ad hoc growth, master-planning establishes a coordinated, strategic framework that delivers an efficient, equitable, and quality urban form. These benefits not only enhance day-to-day life for residents but also establish a foundation for sustainable, long-term growth that supports a well-functioning urban environment.

We also recommend prioritising land in advanced states of readiness, like the proposal, for infrastructure allocation. This helps to ensure timely and meaningful contributions to market supply while discouraging land banking, directly supporting implementation of the NPS-UD through responsive planning and infrastructure provision.

SUMMARY AND CONCLUSION

This brief memo has shown that:

1. Matamata's demographic profile differs from the Waikato regional and national averages.
2. The proposal will generate significant employment, both during construction and also on a permanent/ongoing basis.
3. While the HCA identifies a shortfall in residential capacity in Matamata over the long term, we consider this potentially more imminent than the HCA foresees.
4. The proposal provides a significant boost in housing supply that will help address existing and emerging housing needs in Matamata.

I trust that this memo provides all the information that you need for now, but please let me know if you need anything further.

Sincerely,

Fraser Colegrave
Managing Director
Insight Economics Limited

APPENDIX A: CENSUS DEMOGRAPHY DATA

Table 2: 2023 Census Demographic Profile of Matamata, Waikato Region, and New Zealand

Dwellings	**Matamata**	**Waikato**	**New Zealand**
Dwelling occupancy status			
Occupied Dwelling	93%	83%	88%
Dwelling Under Construction	1%	1%	1%
Empty Dwelling	2%	9%	5%
Residents Away	4%	7%	6%
Dwelling type			
Separate house	82%	83%	78%
Joined dwelling	17%	15%	20%
Other private dwelling	0%	1%	1%
Private dwelling not further defined	0%	0%	0%
Non-private dwelling	0%	1%	1%
Number of bedrooms			
One bedroom	6%	5%	7%
Two bedrooms	17%	17%	19%
Three bedrooms	49%	44%	42%
Four bedrooms	24%	27%	24%
Five or more bedrooms	4%	7%	8%
Not elsewhere included	0%	0%	0%
Average - number of bedrooms	3.1	3.2	3.1
Families	**Matamata**	**Waikato**	**New Zealand**
Count of families in households			
Count of families in households in occupied private dwellings	2,484	128,451	1,294,548
Extended family type			
One-Generation Extended Family	5%	6%	6%
Two-Generation Extended Family	28%	36%	35%
Three- or More Generation Extended Family	67%	58%	59%
Extended Family not Classifiable	0%	0%	0%
Family type			
One Parent With Child(ren)	14%	17%	16%
Couple With Child(ren)	33%	41%	42%
Couple Without Children	53%	42%	42%
Number of people in family			
Two People	61%	52%	51%
Three People	17%	20%	21%
Four People	14%	18%	18%
Five People	7%	7%	6%
Six People	1%	2%	2%
Seven or More People	0%	1%	1%
Average - number of people in family	2.7	2.9	2.9
Households			
Household composition			
One-family household (with or without other people)	63%	65%	65%
Two-family household (with or without other people)	2%	3%	3%
Three or more family household (with or without other people)	0%	0%	0%
Other multi-person household	5%	5%	5%
One-person household	28%	21%	22%
Household composition unidentifiable	2%	5%	4%
Household crowding index			
One bedroom spare	31%	29%	31%
One bedroom needed (crowded)	3%	4%	4%
Two or more bedrooms needed (severely crowded)	1%	2%	2%

No bedrooms needed and none spare	15%	18%	20%
Two or more bedrooms spare	48%	43%	39%
Not stated	2%	5%	4%
Number of motor vehicles			
No motor vehicle	4%	4%	6%
One motor vehicle	39%	29%	31%
Two motor vehicles	34%	37%	36%
Three motor vehicles	11%	12%	12%
Four motor vehicles	4%	5%	5%
Five or more motor vehicles	1%	3%	3%
Not elsewhere included	7%	10%	9%
Number of usual residents in household			
Number of usual residents unidentifiable	2%	4%	3%
One usual resident	28%	21%	22%
Two usual residents	39%	33%	32%
Three usual residents	13%	16%	16%
Four usual residents	10%	14%	15%
Five usual residents	5%	7%	7%
Six usual residents	2%	3%	3%
Seven usual residents	1%	1%	1%
Eight or more usual residents	0%	1%	1%
Average - number of usual residents in household	2.3	2.7	2.8
Tenure of household			
Dwelling owned or partly owned	66%	55%	55%
Dwelling held in a family trust	9%	11%	11%
Dwelling not owned and not held in a family trust	25%	34%	34%
Not elsewhere included	0%	0%	0%
Total household income			
$20,000 or less	5%	6%	6%
$20,001-$30,000	12%	8%	8%
$30,001-$50,000	20%	13%	13%
$50,001-$70,000	11%	10%	10%
$70,001-$100,000	15%	14%	14%
$100,001-$150,000	18%	21%	20%
$150,001-$200,000	10%	12%	13%
$200,001 or more	6%	11%	14%
Not stated	2%	4%	3%
Median ($) - total household income	$70,560	$94,890	$101,690
Total households in occupied private dwellings			
Count of households in occupied private dwellings	$3,678	$177,522	$1,780,530
Weekly rent paid by household			
Under $ 200	10%	15%	16%
$201-$249	12%	13%	9%
$250-$299	21%	17%	14%
$300-$349	34%	22%	18%
$350-$399	17%	19%	18%
$400-$449	4%	9%	12%
$450-$499	0%	2%	6%
$500-$549	0%	1%	6%
Median ($) - weekly rent paid by household	$410	$420	$460
Not elsewhere included	1%	1%	1%
Individuals	**Matamata**	**Waikato**	**New Zealand**
Age (lifecycle groups)			
Under 15 years	17%	20%	19%
15-29 years	16%	19%	19%

30-64 years	38%	44%	45%
65 years and over	30%	17%	17%
Median - age	46.7	38.7	38.8
Birthplace (broad geographic areas)			
Other	0%	0%	1%
Pacific Islands	1%	2%	4%
New Zealand	81%	77%	71%
Asia	4%	8%	12%
Australia	2%	2%	2%
Europe (excl. United Kingdom and Ireland)	1%	1%	2%
Middle East and Africa	3%	3%	3%
United Kingdom and Ireland	6%	5%	5%
North America	0%	1%	1%
Not elsewhere included	1%	1%	1%
Census night population count			
Census night population count	9,087	505,548	5,090,511
Census usually resident population count			
Census usually resident population count	9,135	498,759	4,993,896
Ethnicity			
Other ethnicity	1%	1%	1%
Pacific Peoples	2%	5%	9%
Asian	6%	12%	17%
European	84%	72%	68%
Māori	17%	25%	18%
Middle Eastern/Latin American/African	1%	1%	2%
Not elsewhere included	0%	0%	0%
Highest qualification			
No qualification	24%	17%	15%
Overseas secondary school qualification	4%	4%	6%
Level 1 certificate	15%	11%	10%
Level 2 certificate	12%	11%	9%
Level 3 certificate	9%	12%	12%
Level 4 certificate	11%	10%	8%
Level 5 diploma	5%	5%	5%
Level 6 diploma	4%	4%	5%
Bachelor degree and Level 7 qualification	8%	13%	15%
Post-graduate and honours degrees	3%	5%	6%
Masters degree	1%	3%	4%
Doctorate degree	0%	1%	1%
Not elsewhere included	4%	4%	4%
Hours worked in employment per week			
1-9 hours worked	5%	5%	5%
10-19 hours worked	7%	7%	7%
20-29 hours worked	9%	9%	9%
30-39 hours worked	15%	15%	15%
40-49 hours worked	43%	46%	49%
50-59 hours worked	13%	11%	10%
60 hours or more worked	8%	7%	6%
Not elsewhere included	0%	0%	0%
Average - hours worked in employment per week	37.7	37.2	36.7
Languages spoken			
English	97%	96%	95%
None (e.g. too young to talk)	2%	2%	2%
Other	7%	12%	18%
Māori	3%	6%	4%

New Zealand Sign Language	1%	1%	0%
Samoan	0%	1%	2%
Not elsewhere included	0%	0%	0%
Legally registered relationship status			
Civil Union (Not Separated)	0%	0%	0%
Divorced or dissolved	9%	8%	8%
Married (Not Separated)	45%	43%	43%
Never married and never in a civil union	30%	36%	38%
Widowed or surviving civil union partner	9%	5%	5%
Separated	3%	3%	3%
Not elsewhere included	3%	5%	5%
Occupation, by usual residence address			
Clerical and Administrative Workers	11%	11%	11%
Community and Personal Service Workers	8%	9%	9%
Labourers	12%	10%	9%
Machinery Operators and Drivers	9%	6%	6%
Managers	16%	20%	18%
Technicians and Trades Workers	17%	14%	12%
Professionals	18%	23%	27%
Sales Workers	9%	8%	8%
Residual Categories (Operational Codes only)	0%	0%	0%
Sources of personal income			
No source of income during that time	4%	6%	6%
Other government benefits	7%	10%	9%
Other sources of income	1%	2%	2%
Other superannuation, pensions, or annuities	3%	2%	2%
Sole Parent Support	2%	3%	2%
Interest, dividends, rent, other investments	21%	17%	18%
Jobseeker Support	4%	6%	6%
New Zealand Superannuation or Veteran's Pension	34%	19%	18%
Student Allowance	0%	1%	2%
Supported Living Payment	3%	3%	3%
Wages, salary, commissions, bonuses etc paid by my employer	53%	59%	61%
Regular payments from ACC or a private work accident insurer	2%	2%	2%
Self-employment or business I own and work in	11%	15%	14%
Status in employment			
Paid employee	83%	81%	83%
Employer	7%	6%	5%
Unpaid family worker	1%	2%	1%
Self-employed and without employees	9%	11%	11%
Not elsewhere included	0%	0%	0%
Study participation			
Not studying	82%	76%	76%
Part-time study	2%	3%	3%
Full-time study	16%	21%	21%
Not elsewhere included	0%	0%	0%
Total personal income			
$10,000 or less	10%	14%	14%
$10,001-$20,000	13%	11%	11%
$20,001-$30,000	20%	16%	15%
$30,001-$50,000	20%	18%	17%
$50,001-$70,000	16%	18%	17%
$70,001-$100,000	13%	14%	14%
$100,001 or more	7%	10%	12%
Not stated	0%	0%	0%

Median ($) - total personal income	$35,530	$41,590	$42,840
Usual residence 1 year ago indicator			
Same as usual residence	82%	79%	79%
Elsewhere in New Zealand	16%	18%	17%
No fixed abode one year ago	0%	0%	0%
Overseas	2%	2%	3%
New Zealand not further defined	0%	0%	0%
Not born one year ago	1%	1%	1%
Response unidentifiable	0%	0%	0%
Usual residence 5 years ago indicator			
Same as usual residence	40%	41%	44%
Elsewhere in New Zealand	50%	47%	44%
No fixed abode five years ago	0%	0%	0%
Overseas	3%	4%	4%
New Zealand not further defined	0%	0%	0%
Unable to match to admin data	2%	2%	2%
Not born five years ago	5%	6%	6%
Response unidentifiable	0%	0%	0%
Work and labour force status			
Not in the Labour Force	41%	33%	32%
Employed Full-time	45%	50%	51%
Employed Part-time	13%	13%	13%
Unemployed	2%	3%	3%
Work and Labour Force Status Unidentifiable	0%	0%	0%
Years since arrival in New Zealand			
Less than one year	8%	8%	8%
1 year	2%	2%	2%
2 years	1%	1%	1%
3 years	6%	6%	5%
4 years	3%	5%	5%
5-9 years	17%	19%	19%
10-19 years	20%	25%	25%
20 years or more	42%	34%	35%
Not elsewhere included	1%	1%	1%
Average - years since arrival in New Zealand	23.5	20.1	19.4