Stillhaven Development

Economic Assessment

Fast Track Referral Application

22 July 2026

m.e consulting

Prepared for

Stillhaven Limited

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Executive Summary

The proposed Stillhaven development is located near Te Kowhai, approximately 15km northwest of Hamilton. The development will occupy an 104ha site and include a mix of residential dwellings, a retirement village, limited commercial space, and supporting infrastructure and open space. Key components of the development include:

- Approximately 700 residential dwellings,
- A retirement village with approximately 200 independent living units and 40-50 aged care beds,
- Around 1,500m2 of commercial space,
- Infrastructure including roads, utilities and open space to support the development.

The total capital costs for the residential component are estimated at around $146.7m, to be invested over a 12-year development period. For the retirement village, the aged care hospital is costed at $18m, with a further $5m for the main village facility and building. These costs are indicative and will be refined in line with further planning and adjustments.

Hamilton and Waikato District are facing a short-fall in housing capacity with recent research indicating that the population growth rates underpinning the Housing and Business Capacity Assessment (HBA) completed under the National Policy Statement on Urban Development (NPS-UD) undershot growth. Greenfield developments, such as Stillhaven, will continue to provide for housing growth. Stillhaven's contribution of circa 700 dwellings, as well as additional retirement units, is expected to make a meaningful contribution to addressing this shortfall and meeting projected housing demand.

The Stillhaven development will also expand the Waikato District rating base, providing an ongoing revenue stream to support local infrastructure and services, and will improve the utilization and efficiency of existing assets through population growth.

In terms of the economic impacts that the proposed project will deliver, a Multi-regional Input-Output (MRIO) model is used to capture the direct, indirect (supply chain), and induced (household spending) effects across six spatial areas, including the Waikato District, Hamilton and other parts of the Waikato (and NZ).

In terms of direct and indirect GDP impacts, the modelling estimates the total development will generate between $94.7m and $120.7m, depending on the choice of discount rate (2% or 8%). Once induced effects are included, the total GDP impact rises to between $135.9m and $173.0m. Most (62%) of the direct and indirect GDP effect is estimated to accrue to Hamilton City, reflecting its role as a major source of construction materials, labour and services. The Waikato District is expected to capture a more modest 9% share initially.

Employment impacts are reported as Modified Employee Counts (MECs), a measure of job numbers (employee counts) adjusted for working proprietors. In total, the development is estimated to directly and indirectly support 1,344 MEC-years[1], increasing to 1,816MEC-years when induced effects are incorporated. Again, these employment impacts are concentrated in Hamilton City.

[1] A MEC-year is annual jobs multiplied by the number of years in the assessment. This is useful because the proposal will be delivered over multiple years, with jobs spread out over time.

Considering the opportunity cost of the development, the report assesses the opportunity cost of foregone dairy farming on the site. Over a 35-year period, this is estimated to have a total impact of $12.9m to $26.1m. This is substantially lower than the GDP impact of the proposed residential development and weighted more heavily towards the Waikato District (70-78% share).

Beyond the construction impacts, several other economic effects are associated with the proposed development. Indicatively, the development will accommodate $49m in annual household spending, including $23m in retail spend, generated by the development. This will support a range of local businesses and services. The retirement village will also generate ongoing demand for (and deliver) health, aged care, and other support services.

In summary, the proposed development is expected to generate substantial economic impacts, primarily through the large economic impulse, but also via its ongoing contribution to housing supply, household expenditure, and local services in the Waikato District and Hamilton City. While there is an opportunity cost in terms of forgone dairy farming, the assessed economic impacts of the residential development significantly outweigh this. Overall, Stillhaven is expected to make a positive contribution to economic activity, employment, and the efficient functioning of the housing market and wider urban environment in the Hamilton-Waikato area.

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1 Introduction

The Fast-track Approvals Act 2024 (FTAA) came into effect towards the end of 2024 to provide a streamlined approvals process for projects that are expected to deliver significant regional or national benefits. Stillhaven, a multi-purpose development, is being proposed near Te Kowhai. This economic assessment is prepared in support of the referral application in accordance with the Fast Track Approvals Act (FTAA). The assessment demonstrates benefits of the proposed development, specifically the regional significance.

Section 22(2) of the FTAA outlines the matters that the Minister may consider when determining whether a project should be referred to the fast-track process. The criteria most relevant to the proposed development are whether the project:

- Section 22(2)(a)(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)",
- Section 22(2)(a)(iv): "will deliver significant economic benefits".

Market Economics Limited (M.E)[2] was commissioned to undertake an economic assessment of the proposed development with a view to identify and assess the economic effects, including the likely scale of effects.

1.1 Purpose

The purpose of this assessment is to review relevant information about the proposed development and to estimate the potential economic change that it will facilitate. The assessment considers the potential national and regional economic impacts in terms of GDP, employment and income arising from the investment impulse. These metrics are used as proxies for the economic benefits that the project would facilitate. A high-level narrative covering the wider economic effects is also included.

The economic assessment is framed in a way that reflects the economic considerations associated with the Fast-Track Approvals Act 2024 (FTAA) as well as the Resource Management Act (RMA). With reference to the FTAA, the purpose of the Act is to:

"facilitate the delivery of infrastructure and development projects with significant regional or national benefits"

In the context of the FTAA and the clause relating to the referral process (clause 22), the following points are relevant (from an economic perspective):

- The scale of the regional or national benefits,
- The contribution in terms of the well-functioning urban environment.

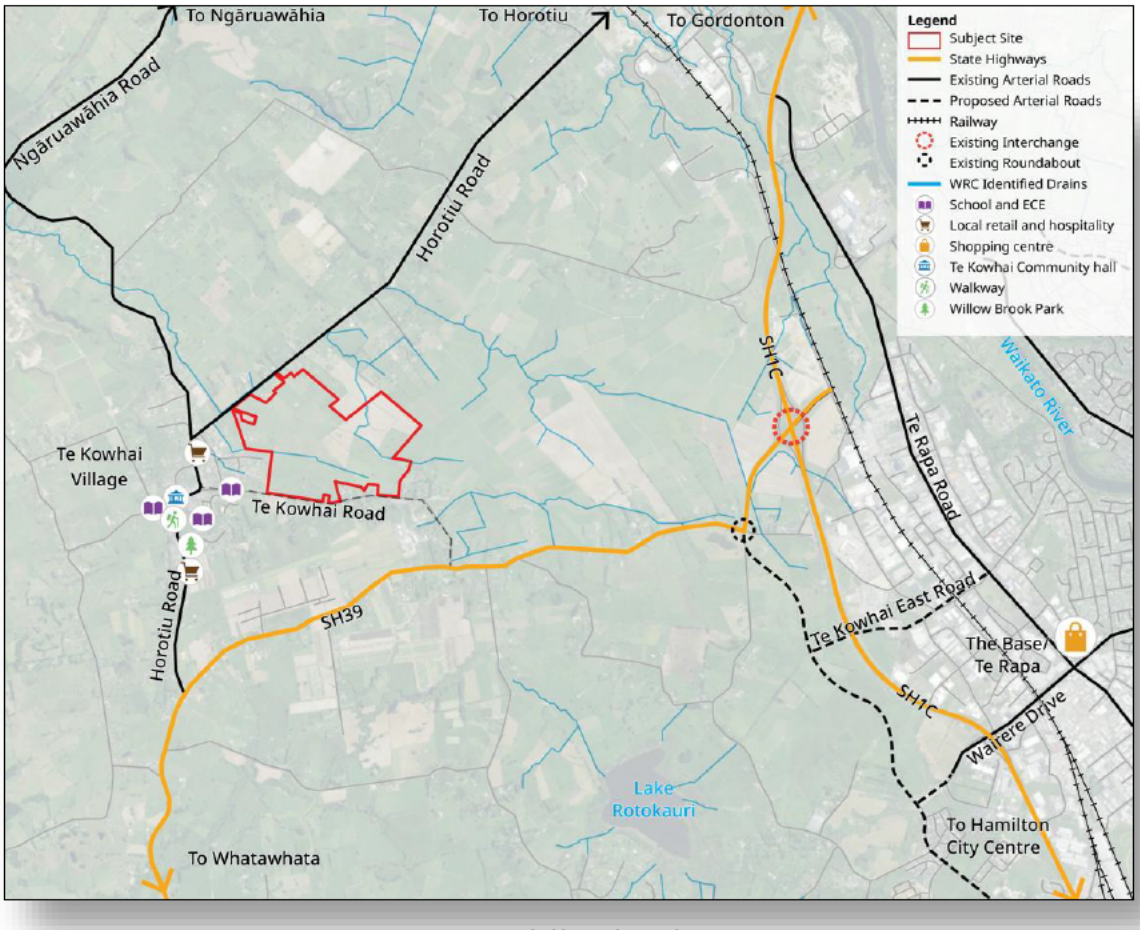
Beyond these immediate economic effects, the report considers the proposal's longer-term contribution to housing supply and choice in the context of the efficient functioning of the urban land market.

[2] The assessment was completed by Lawrence McIlrath a director of Market Economics, and Dr Maggie Hong.

1.2 Proposed development

The Stillhaven Development is envisaged on an 104-hectare site located east of the Te Kowhai township within the Waikato District. The site is around 15km northwest of Hamilton and approximately 8-10 minutes from the Te Rapa/The Base employment area. This location near Hamilton means that it is likely to function as part of the Hamilton residential market, while also being part of the Waikato District's housing market. The site fronts both Te Kowhai Road and Horotiu Road, providing convenient access to Hamilton and the surrounding transport network (see Figure 1-1).

Figure 1-1: Location of the Stillhaven Residential Development



Source: Provided by Barker and Associates

The site is currently used predominantly for rural farming and rural residential activities. It is generally flat in topography, making it well suited to urban development, while its proximity to the existing township enables future residents to access local community facilities, including:

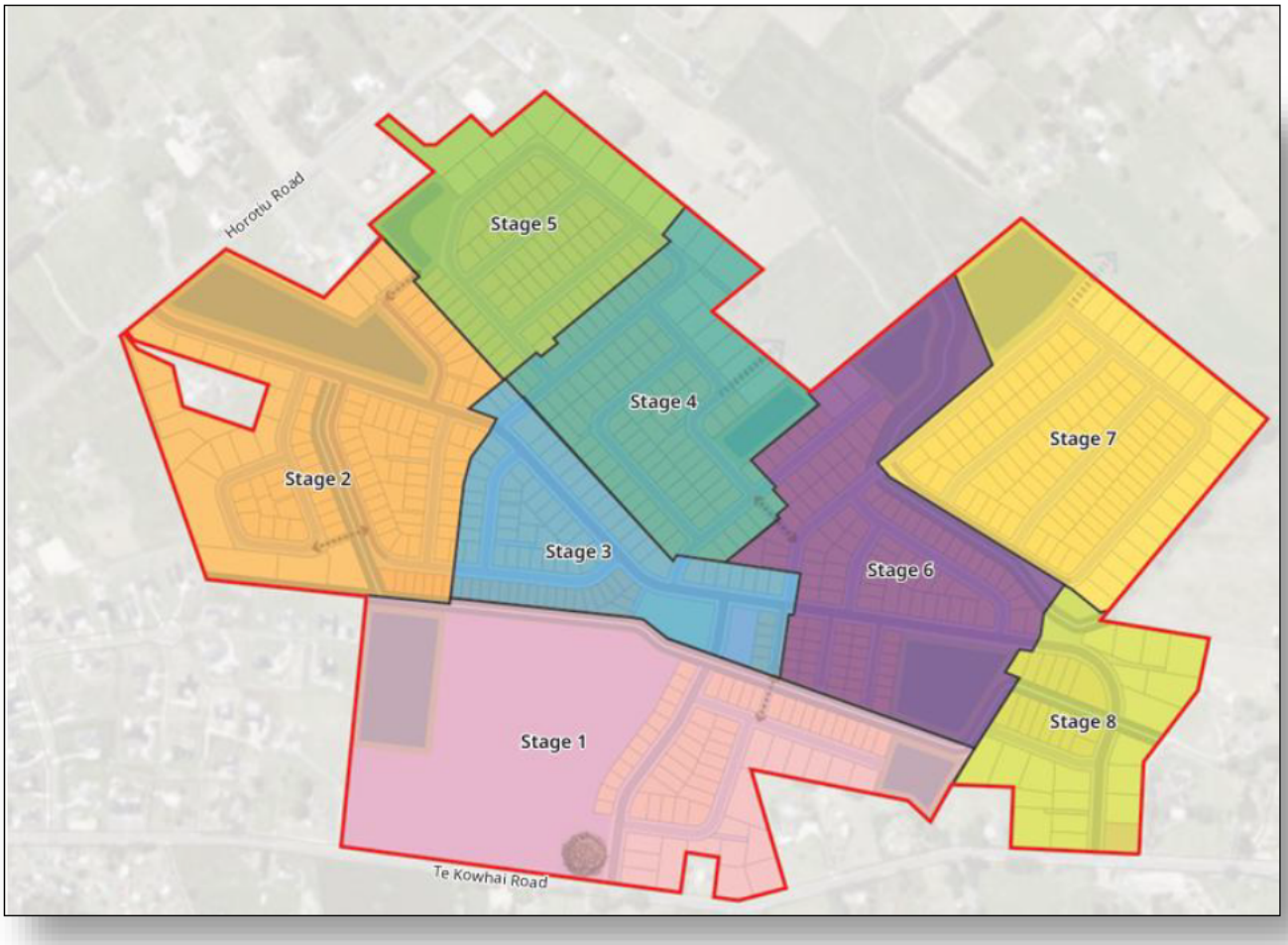
- Te Kowhai School,
- community hall,
- local retail services and
- recreational amenities within walking distance.

The site comprises multiple land parcels held in separate ownerships. While the land is generally unconstrained from a topographical perspective, development design has been informed by several existing features and constraints, including an existing gas transmission pipeline requiring appropriate setbacks, existing drainage channels and culverts, and the site's classification as Highly Productive Land. These matters have been

incorporated into the master planning process and will be addressed through the technical assessments supporting the Fast-track substantive application.

Figure 1-2 shows the indicative layout and staging. Importantly, these are indicative and a work in progress. These will be refined as additional information is generated (sourced from B&A).

Figure 1-2: Layout and Staging (Indicative)



The proposed development will be delivered over eight stages with the mixed-use development comprising of:

- in the order of 700 dwellings,
- a retirement village with approximately 200 independent living units and 40–50 aged care beds,
- approximately 1,500m² of neighbourhood commercial floorspace, and
- supporting public open space and riparian planting, and
- infrastructure.

Using a set of assumptions, the assessment considers the construction impacts associated with the one-off capital spending and expresses the impacts in terms of GDP contribution, employment supported and income returned to households.

1.3 Information and data sources

A range of data and information sources were consulted[3] in undertaking the assessment, including the following:

- Stats NZ data (e.g. SA1-level sectoral employment, and producers price deflators),
- M.E proprietary models and regional datasets:
    - Waikato Multi-regional Input-Output Model.
- Stillhaven Residential Masterplan
    - Information prepared by B&A Urban and Environmental.
- Other information:
    - Housing and Business Capacity Assessments.

1.4 Report Structure

The rest of the report is structured as follows:

- Section 2 outlines the wider context within which the proposed development will occur, especially the residential development capacity over time, and the submarket that the development will operate in.
- Section 3 presents the results of the economic impact assessment.
- The report concludes with section 4 that offers concluding remarks.

2 Context and qualitative effects

The proposed development will add to the housing supply in Waikato and Hamilton and contribute to the residential and retirement markets. The potential role that the development would play is determined by the overall market context i.e., the existing and anticipated size of the market as well demand patterns. The residential real estate market is driven by construction activity that adds new capacity and the estimated growth patterns. There are different sub-markets or market segments within the residential market as housing stock is not a one-size-fits all. The demand and supply segments all interact with each other.

This section provides a context against which to consider the proposed development. The context is based on existing work completed for the Future Proof Partners, specifically the 2023 Housing and Business Capacity Assessment. Additional information reflecting recent development is presented to provide a slightly more nuanced picture of the housing demand and the anticipated capacity position. The section concludes with commentary of the proposal's benefits using a qualitative perspective.

2.1 Context

The Future Proof Partners (FPP) completed the Housing and Business Development Capacity Assessment (HBA) in 2023 as required under the National Policy Statement on Urban Development (NPS-UD). This assessment provides the most recent (official) assessment of projected housing demand, feasible development capacity, and housing sufficiency across Hamilton City, Waikato District and Waipā District.

Te Kowhai is classified in the HBA as a smaller urban settlement and it was not subject to detailed commercial feasibility or housing sufficiency modelling. It is however included within the district-wide dwelling demand

[3] Artificial Intelligence was used in the literature research component of the research and inputs were checked.

projections. Given its proximity to Hamilton and the Te Rapa employment area, the Stillhaven residential development is expected to function as part of the broader Hamilton housing market. Accordingly, the housing demand and capacity issues identified in the HBA for Hamilton City and the lower Waikato settlements surrounding northern Hamilton (particularly Ngāruawāhia, Te Kowhai, Horotiu and Taupiri) provide the relevant context for assessing the proposal.

The HBA identifies continued strong population and housing growth across the Future Proof area, comprising Hamilton City and the surrounding Waikato and Waipā districts. Urban dwelling demand across is projected to increase by:

- approximately 66% over the long term,
- require around 58,700 additional urban dwellings,
- increasing to approximately 68,500 dwellings once the NPS-UD competitiveness margin is applied.

Hamilton City is projected to accommodate approximately two-thirds of the region's future housing demand. This share translates into demand for 38,000 dwellings between 2022 and 2052. Adding the competitive margin sees the demand projections increase to 44,400 dwellings. While Plan Change 12 substantially increased plan-enabled residential capacity through intensification, the HBA concluded that infrastructure constraints limit the amount of development capacity that is expected to be realised. Consequently, Hamilton is projected to experience housing capacity shortfalls across the short, medium and long term, with long-term shortfalls estimated to range between approximately 4,800 and 15,900 dwellings depending on the growth scenario adopted.

The Waikato District is projected to experience the fastest rate of urban growth within the Future Proof area, with urban dwelling demand expected to more than double, increase by 105%, over the long term. The demand translates 12,400 urban dwellings between 2022 and 2052, increasing to approximately 14,400 dwellings after applying the required competitiveness margin.

Spatially, growth is expected to be concentrated area with strong connections to Hamilton, including:

- Ngāruawāhia,
- Horotiu,
- Taupiri, and
- northern growth areas (Pōkeno, Tuakau and Te Kauwhata).

The HBA concluded that Waikato District faces a short-term housing capacity shortfall due to limited availability of infrastructure-served greenfield land. In the medium and long term, overall district-wide capacity is projected to exceed demand; however, this surplus is concentrated in selected growth areas. A shortfall is projected in lower-value housing sub-markets where higher-density residential development is not yet commercially feasible, while settlements surrounding northern Hamilton continue to experience infrastructure-related constraints in the short to medium term.

Since publication of the 2023 HBA, additional information regarding population growth, housing demand and development capacity has become available. The HBA is a key document influencing planning and development activities. The more recent information is intended to provide a more refined context of the development context and how the proposed development will fit into the housing market. The next section summarises the refined information.

2.2 Recent shifts

There have been material shifts in the Hamilton and Waikato District housing markets. These are summarised in terms of the demand projections and development capacity.

2.2.1 Demand projections

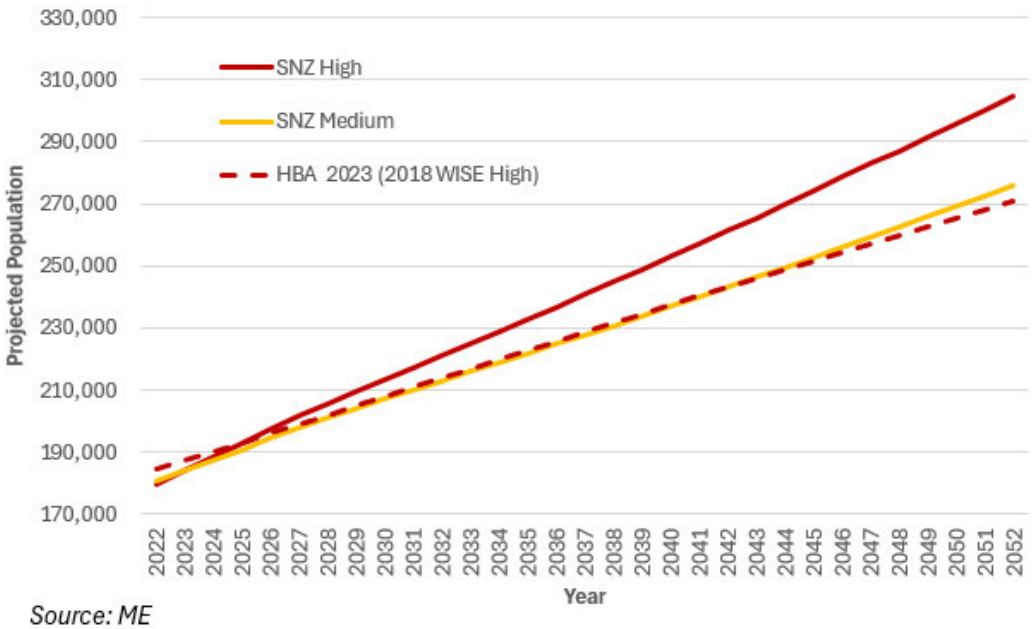
Understanding the expected growth in housing demand across the relevant market area is a critical component in assessing the economic benefits that the proposed development will generate. The relationship between projected housing demand and the capacity of planned urban areas to accommodate that growth influences the extent to which the proposal will increase the overall housing supply, rather than displacing development that would otherwise occur elsewhere.

In the post-HBA (2023) period, Hamilton and the Waikato have seen material changes to growth projections, development patterns and the spatial distribution of growth across Hamilton City and the Waikato District. These changes materially alter the housing demand outlook as anticipated in the analysis associated with the HBA. Updated subnational population projections published by Statistics New Zealand (SNZ), together with new information relating to urban growth capacity and infrastructure provision, indicate stronger long-term housing demand across Hamilton and the Waikato than previously anticipated.

The revised SNZ population projections are higher than those underpinning the 2023 HBA capacity assessment. Figure 2-1 compares the population projections used in the HBA[4] with the updated SNZ projections for Hamilton City.

Under the updated medium projection, Hamilton City's population is projected to be approximately 2% higher by 2052 than assumed in the HBA. This is despite the HBA adopting the previous high projection. Overall, the population is now projected to be materially larger than the projections that underpin the HBA. Under the updated high-series projection, Hamilton's projected 2052 population is approximately 12% higher than the HBA assumptions.

Figure 2-1: Comparison of Population Projections for Hamilton – HBA 2023 vs latest SNZ Projection



Source: ME

[4] The Waikato Integrated Scenario Explorer (WISE) projections for 2018–2068 are based on 2018 Census data and were completed in March 2021.

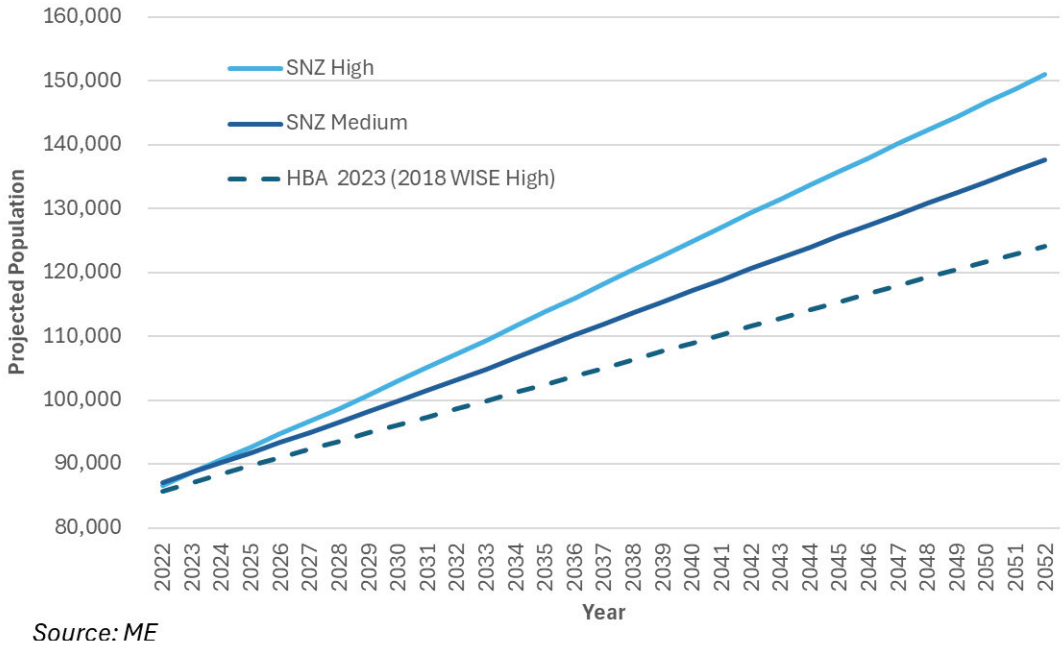
The differences are even more pronounced for the Waikato District (see Figure 2-2). By 2052, the updated projections indicate a population that is between approximately 11% and 22% higher than the HBA projections. The increase (change) in population over the projection period, the principal driver of future housing demand, is between 31% and 67% greater than previously projected with the spread relating to the medium- and high projections.

These revised population projections mean that the growth that is now anticipated for Hamilton and surrounding area (Waikato District) is even higher than anticipated in the assessment period underpinning the HBA. This suggests that housing demand is likely to exceed (be greater than) the levels anticipated in the 2023 HBA.

2.2.2 Updated Development Capacity

While projected housing demand has increased since the HBA 2023, changes have also occurred to the level of development capacity expected to be realised within the existing urban environment. An updated assessment has therefore[5] been undertaken to estimate the capacity available to accommodate future housing demand across Hamilton City and the lower Waikato housing market, and the balance between brownfield and greenfield development.

Figure 2-2: Comparison of Population Projections for Waikato District – HBA 2023 vs latest SNZ Projection



Source: ME

The HBA 2023 identified three waters infrastructure constraints as a key limitation on the realisation of plan-enabled capacity within Hamilton's existing urban area. Although recent planning changes increased residential development capacity through intensification, the HBA concluded that much of this capacity could not be realised because of infrastructure servicing constraints, resulting in projected housing capacity shortfalls.

[5] As part of other workstreams (not solely for this assessment).

Since the HBA was completed, Hamilton City Council has released updated infrastructure servicing information, including revised three waters constraint mapping and guidance on the management of development within constrained areas. This information suggests that more brownfield capacity is likely to be realised than previously assumed. Regardless, infrastructure constraints remain across parts of the urban area, limiting the extent to which housing demand can be accommodated through intensification alone.

To reflect this updated information, this assessment estimates the proportion of future housing demand likely to be accommodated within brownfield and greenfield locations. The assessment combines updated infrastructure information, recent residential development patterns, commercially feasible development capacity, and revised population and dwelling demand projections to estimate the likely spatial distribution of future residential growth.

The updated assessment indicates that around half of projected housing growth is expected to occur within greenfield areas over the short term (2025–2028). This proportion increases to around 60% over the medium term (2028–2035) as infrastructure constraints increasingly limit redevelopment opportunities within established urban areas. Beyond 2035, further investment in infrastructure is expected to increase the proportion of growth accommodated within brownfield locations. However, greenfield development will continue to play an important role and account for half of all future residential growth.

Within the lower Waikato housing market, including Te Kowhai and surrounding settlements, the assessment assumes that approximately 90% of future housing demand will continue to be accommodated through greenfield development. This reflects the predominantly greenfield nature of urban expansion in settlements surrounding northern Hamilton.

Applying these assumptions to the updated dwelling demand projections indicates a substantial requirement for additional greenfield development capacity across Hamilton City and the lower Waikato. Table 2-1 summarises the projected demand for greenfield dwelling capacity under the updated Medium Series population projection, including the NPS-UD competitiveness margin.

Table 2-1: Greenfield Dwelling Demand

Period	Greenfield Demand (Medium Series, incl. margin) Hamilton City and Lower Waikato
Short-term (2025–2028)	2,700 dwellings
Medium-term (2028–2035)	10,800 dwellings
Long-term (2035–2055)	29,800 dwellings

Under a high population growth scenario, consistent with the proposed Going for Housing Growth framework, the long-term demand for greenfield housing capacity increases to approximately 38,700 dwellings across the Hamilton and lower Waikato housing market.

These findings indicate that, notwithstanding the increased potential for brownfield redevelopment, the scale of housing demand will require a substantial ongoing supply of serviced greenfield land. **The Stillhaven Residential Development would contribute approximately 700 additional dwellings within the lower Waikato housing market, increasing the supply of serviced residential land in a location well connected to Hamilton and the Te Rapa employment area. In doing so, the proposal would make a meaningful contribution towards accommodating projected housing demand while complementing, rather than displacing, growth planned elsewhere within the wider urban area.**

2.3 Qualitative benefits

The Stillhaven development will make a significant contribution to housing supply within the lower Waikato housing market and the wider Hamilton urban area. The proposal is expected to deliver in the order of 700 additional dwellings, together with a retirement village providing approximately 200 retirement living units and 40–50 aged care beds. As demonstrated earlier, there is a substantial and ongoing requirement for additional greenfield housing capacity to accommodate population growth across Hamilton City and the lower Waikato. The proposal will contribute directly towards meeting this identified demand.

Beyond the overall increase in housing supply, the proposal will broaden the range of housing opportunities available within the market. The indicative yield analysis provides for a mix of residential lot sizes, ranging from 300m² - to 400m^2 to over 1,251m². This includes a proportion of conventional suburban lots between approximately 400m² and 800m², together with larger rural-edge lots of >1,251m².

This mix of lot sizes addresses an identified gap within the Hamilton and lower Waikato housing market. Much of the recent greenfield development surrounding Hamilton has increasingly comprised smaller residential sections as developers have responded to affordability pressures and planning provisions encouraging higher-density development. These developments play an important role in increasing housing supply but they provide only limited opportunities for households seeking traditional, suburban sections and larger lifestyle-oriented residential lots. Consequently, the Stillhaven development will complement, rather than compete directly with, existing greenfield developments by broadening housing choices to meet differing household preferences and life stages. The envisaged typology will contribute to the market functioning by providing opportunities in a way that lessens direct competition for lower-priced options because households can satisfy their housing needs (for slightly larger sites and dwellings thereby these households do not compete for smaller dwellings).

The inclusion of a retirement village further strengthens the diversity of housing supply by providing purpose-built accommodation for older residents. In addition to meeting growing demand for retirement living, this creates opportunities for existing residents to transition to age-appropriate housing within their local community, supporting greater turnover within the wider housing market and increasing the availability of existing family housing.

The proposal also contributes to the efficient functioning of the urban environment by extending the existing Te Kowhai township in a logical and integrated manner. Its location provides convenient access to Hamilton and the Te Rapa employment area while enabling future residents to access existing community facilities, schools and local services. The neighbourhood centre incorporated within the masterplan will further improve local service provision, reducing the need for longer-distance travel for day-to-day activities.

By providing a well-planned extension to the existing urban settlement, supported by integrated infrastructure, open space and neighbourhood services, the Stillhaven Residential Development will increase housing supply, improve housing choice, and contribute to a more efficient and well-functioning urban environment within the lower Waikato and Hamilton housing market.

3 Economic Impacts (Quantitative)

This section reports the economic impacts of the proposed development activity. Given the early stage of the consenting process, the focus is on the infrastructure component and the anticipated spending, and how those economic transactions flow through the economy. The resulting economic impacts are reported using GDP, income and employment metrics.

Before the results are presented, the assumptions used in the assessment are summarised.

3.1 Assumptions

The following assumptions were used in the assessment.

3.1.1 Development costs

The capital costs of the proposed development are based on similar developments across the Waikato. The capital spending was mapped the economic sectors with the following spread used (see Table 3-1).

Table 3-1: Spread of development capex (residential components)

Component	% of total
Earthworks and site preparation	18%
Roads, kerbs, footpaths, pavements	30%
Stormwater (pipes, ponds, treatment)	15%
Water supply	8%
Wastewater	10%
Power, telecommunications, street lighting	7%
Landscaping, reserves, fencing, street furniture	5%
Engineering design, surveying, planning, project management	7%
Total	**100%**

The development costs associated with the residential component is estimated at around $147m and it is assumed that the development will occur over a 12-year period.

The spatial distribution of the spending is weighted towards Hamilton due to its proximity to the site. Specialist goods and services are sourced from the rest of the North Island (Auckland) with the following shares assumed:

- Hamilton City 71%
- Rest of the North Island 17%
- Waikato District 12%.

With reference to the retirement village component, the capital costs are estimated as:

- Aged care hospital $18m,
- Main facility and building $5m.

The retirement village is assumed to be developed early in the overall development timeline (year 1-3). Spatially, the inputs are mostly sourced from Hamilton (75%) and the rest of the North Island (16%) and 9% from the Waikato District.

With reference to the construction spending associated with the residential dwellings, the main cost assumptions applied for this component are:

- Construction costs $4,200/m^2,
- Units 683,
- Average size 190m^2 (this is a conservative position).

The development costs include:

- Building structure,
- Internal finishes,
- Plumbing and electrical,
- Standard kitchen and bathrooms,
- Builder's overhead and profit.

However, this excludes:

- Land purchase,
- Items already accounted (civil works and infrastructure),
- Development contributions,
- Professional fees (architect, engineering, surveying),
- Resource/building consent fees,
- Landscaping, fencing and driveways,
- Finance costs and contingencies.

3.1.2 Discount rates

Discount rates are a key parameter in evaluating the economic impacts of a project when the impacts arise over time. Discount rates are used to reflect the time value of money and are used to express future values in today's-terms.

The choice of discount rate can have an impact a project's net present value (NPV). Higher discount rates place greater weight on near-term impacts, while lower rates give more consideration to long-term effects. The Treasury in New Zealand recommends a discount rate of 2%[6] and 8% with the selection depending on the type of project being assessed:

- 2% for projects that are non-commercial/public policy in nature and have impacts over an intergenerational timeframe, and
- 8% for commercial investments seeking a market return.

In this analysis both discount rates are assessed. The 2% rate places greater weight on long-term impacts, while 8% focuses on the near-term, commercially-oriented impacts. Considering both gives a more complete picture than either rate in isolation.

In general, higher discount rates will favour projects with front-loaded impacts. Conversely, lower rates benefit projects with large upfront costs and benefits that accrue further into the future.

[6] And 1.5% for impacts past year 30.

3.1.3 Model and spatial areas

This analysis uses a bespoke Multi-regional Input-Output (MRIO) model to assess the economic impacts of the proposed development across six areas:

- Waikato District,
- Hamilton City,
- Waipa District,
- the rest of the Waikato region,
- the rest of the North Island, and
- the rest of New Zealand.

Input-output analysis is a robust and widely used tool for evaluating the flow-on effects of economic shocks or investments. Input-output models separate economic impacts into three main categories:

- Direct impacts arise from the initial round of spending or economic activity, such as the construction expenditure and jobs associated with a new development.
- Indirect impacts capture the flow-on effects to industries supplying inputs to the directly affected businesses. For instance, a construction project will generate demand for raw materials, professional services, transportation and other inputs along the supply chain.
- Induced impacts represent the additional spending by households earning income from the direct and indirect activities. As workers in the affected industries spend their wages on goods and services, this stimulates further economic activity across a wide range of sectors.

The total impact is the sum of direct, indirect and induced effects. The results express the total impact per unit of initial spending, quantifying the extent to which the additional economic spending propagate through the wider economy.

While input-output analysis has limitations around price and structural assumptions, it remains a highly practical tool. The MRIO approach applied here provides a comprehensive and regionally-disaggregated picture of the proposed development's economic footprint. Appendix 2 provides additional information about IO modelling.

3.2 Economic impacts

The development proposal will deliver a range of economic effects. In addition to qualitative effects discussed in the preceding section, the project will deliver a clear economic impulse through the construction activity. The construction impacts are one-offs and not durable (ongoing in nature). For the referral application, understanding these impacts are sufficient. Any ongoing effects, such as those arising from household spending (after accounting for displacement and transfers) will be in addition to those reported here. While there is a degree of uncertainty around the one-off impacts, they are generally more certain that the ongoing impacts. This is due to uncertainties associated with attributing a share of household spending to the project, these will need to be addressed as part of the next stage (substantive application).

3.2.1 GDP and income impacts

The anticipated economic effects of the Project are illustrated based on the Dollar values associated with the one-off effects of development, including:

- residential capital expenditure,
- retirement village capital expenditure, and
- Total development (combined residential and village).

The GDP (Table 3-2) and income (Table 3-3) impacts are summarised in present value terms. The tables report the impacts for the residential and retirement village components separately and use two discount rates as outlined by Treasury guidance. The results are reported for two distinct parts:

- The direct and indirect impacts, and
- The total impacts (direct, indirect and induced).

Six spatial areas are used to show the spatial distribution of the impacts. In this section the figures are rounded so may not add exactly. Percentages have been calculated on the un-rounded values so again there might be minor differences from the values in the report.

Table 3-2: Economic impacts – GDP ($'m)

	Residential Capex		Retirement Village Capex		Total Development	
Region	**2%**	**8%**	**2%**	**8%**	**2%**	**8%**
Direct and Indirect						
Waikato District	9.5	7.2	1.3	1.2	10.8	8.4
Hamilton City	64.2	48.3	11.1	10.7	75.2	59.0
Waipa District	0.7	0.5	0.1	0.1	0.8	0.6
Rest of Waikato	2.5	1.9	0.4	0.4	2.9	2.3
Rest of North Island	20.7	15.6	4.2	4.1	25.0	19.7
Rest of New Zealand	5.1	3.8	0.8	0.8	5.9	4.6
SUM	***102.7***	***77.3***	***17.9***	***17.4***	***120.7***	***94.7***
Total (Direct, Indirect and Induced)						
Waikato District	12.1	9.1	1.6	1.5	13.7	10.6
Hamilton City	86.8	65.3	15.0	14.5	101.7	79.8
Waipa District	1.2	0.9	0.2	0.2	1.5	1.1
Rest of Waikato	3.9	3.0	0.7	0.7	4.6	3.6
Rest of North Island	34.3	25.8	6.9	6.7	41.2	32.5
Rest of New Zealand	8.9	6.7	1.5	1.5	10.4	8.1
SUM	***147.2***	***110.8***	***25.8***	***25.0***	***173.0***	***135.9***

Table 3-3: Economic impacts – Income ($'m)

	Residential Capex		Retirement Village Capex		Total Development	
Region	**2%**	**8%**	**2%**	**8%**	**2%**	**8%**
Direct and Indirect						
Waikato District	5.7	4.3	0.7	0.7	6.4	5.0
Hamilton City	38.9	29.3	6.7	6.5	45.6	35.8
Waipa District	0.4	0.3	0.1	0.1	0.4	0.3
Rest of Waikato	1.2	0.9	0.2	0.2	1.4	1.1
Rest of North Island	11.3	8.5	2.3	2.3	13.6	10.8
Rest of New Zealand	2.7	2.0	0.4	0.4	3.1	2.4
SUM	60.1	45.2	10.5	10.2	70.6	55.4
Total (Direct, Indirect and Induced)						
Waikato District	6.3	4.7	0.8	0.8	7.1	5.5
Hamilton City	48.1	36.2	8.3	8.0	56.4	44.3
Waipa District	0.6	0.4	0.1	0.1	0.6	0.5
Rest of Waikato	1.6	1.2	0.3	0.3	1.9	1.5
Rest of North Island	17.4	13.1	3.5	3.4	20.9	16.5
Rest of New Zealand	4.4	3.3	0.7	0.7	5.1	4.0
SUM	***78.3***	***58.9***	***13.8***	***13.3***	***92.1***	***72.3***

For the overall development (residential and retirement village components), the direct and indirect GDP impacts are estimated at **between $94.7m and $120.7m.** The spread reflects the two discount rates that were used. This is also the case for the rest of this section i.e., unless otherwise specified, the spread is due to the discount rate. Hamilton City captures the largest share (62%) of the direct and indirect GDP impacts, varying between $59.0m to $75.2m. This high concentration reflects the city's role as the principal source of construction materials, trades and professional services supplied into the development. Waikato District itself, as host to the development, captures a comparatively modest direct and indirect share (around $8.4m to $10.8m, or 9%), with the balance spread across the remainder of the Waikato region and wider New Zealand supply chains. A notable portion of the GDP impacts (21%) is felt in the rest of the North Island. These supply chain effects are with Auckland with most goods and services sourced (indirectly) from New Zealand's largest economy.

Including the wider flow-on (induced) effects of household spending (i.e., salaries and wages that are returned to households) lifts the total GDP impact of the development to between $135.9m and $173.0m. The regional share moderates marginally under the expanded measure but most of the GDP impacts (70%) remains within the four Waikato region territorial authorities combined, as induced household spending is more widely dispersed than the direct procurement of construction inputs.

Comparing the two components reveal that in terms of the direct and indirect GDP impacts, the two component both generate material impacts, including:

- Residential component $77.3m to $102.7m,
- Retirement village component $17.4m to $17.9m.

Both components display a similar spatial pattern, with Hamilton City capturing the largest share of direct and indirect impacts (60–62%) ahead of Waikato District (7–9%).

A similar pattern is evident for income and is as expected because income is part of GDP. In fact, the modelling suggests that the share (income as a share of GDP) is between 42% and 61%, with an average value of 52% for the selected regions, and across the direct and indirect impacts, and total impacts. The direct and indirect income returned to households from Total Development is estimated at $55.4m to $70.6m, increasing to $72.36m to $92.1m once induced effects are included. Hamilton City households capture the largest share of this income (around 61%), with Waikato District households receiving a smaller, though still material, share (around 8–9%).

3.2.2 Employment

Employment impacts are measured using Modified Employee Counts (MECs), a headcount of employees adjusted for working proprietors. Unlike GDP and income, employment cannot be meaningfully discounted and expressed in present value terms. Therefore, the employment numbers are presented as the sum of employment over time – this is in effect a MEC-year (annual jobs time number of years). The approach reflects employment over time. Table 3-4 represent the estimated MEC-year impacts associated with each effect (independent of discount rate).

Total Development is estimated to support 1,344MEC-years on a direct and indirect basis, rising to 1,816MEC-years when induced effects are included. As with GDP and income, Hamilton City accounts for most of this employment (around 64% to 67%, or roughly 894 to 1,160MEC-years), reflecting the concentration of construction-related trades and services in the city. Waikato District accounts for a further 8–9% (125 to 136MEC-years).

Table 3-4: Economic impacts – Employment (MEC-years)

Region	Residential Capex	Retirement Village Capex	Total Development
Direct and Indirect			
Waikato District	111	14	125
Hamilton City	774	120	894
Waipa District	8	1	10
Rest of Waikato	20	3	23
Rest of North Island	192	36	228
Rest of New Zealand	56	8	64
SUM	***1,162***	***182***	***1,344***
Total (Direct, Indirect and Induced)			
Waikato District	121	15	136
Hamilton City	1,004	156	1,160
Waipa District	13	2	15
Rest of Waikato	29	5	33
Rest of North Island	306	56	361
Rest of New Zealand	95	15	110
SUM	***1,567***	***248***	***1,816***

The temporal distribution of employment is a function of the delivery timelines. Based on the assumed development patterns, the annual maximums (at peak) employment is estimated at:

- Direct and indirect (all areas)
  - Residential component 155MECs
  - Retirement village 105MECs
- Total (all areas)
  - Residential component 210MEC
  - Retirement village 142MEC.

3.2.3 Other impacts (dwelling construction)

In addition to the construction spending associated with developing the land (residential capex as presented above), constructing the individual dwellings (houses) will also generate an economic impulse. The size of this economic impulse is a function of:

- The type of dwellings constructed (typology),
- size of the dwellings (influenced by lot sizes),
- construction costs, and
- the timing of construction.

While the proposed development is still in the early stage (i.e., referral), details about these factors remain unknown but they are normally clarified as part of refinements that occur during the next stages such as the substantive application process. This value is indicative with large uncertainty bounds (e.g., +/- 20%) only and will need to be refined but it is included in the assessment to illustrate the anticipated scale of the additional economic impacts that the proposed development will facilitate. The values are undiscounted.

Table 3-5: Indicative Economic Impacts of Residential (Dwelling Construction)

Region	GDP ($m)	Income ($m)	MEC-years
Direct and Indirect			
Waikato District	50.8	26.5	576
Hamilton City	298.9	158.7	3,414
Waipa District	2.7	1.4	30
Rest of Waikato	10.7	5.4	100
Rest of North Island	37.6	19.5	289
Rest of New Zealand	19.6	10.3	201
SUM	**420.3**	**221.9**	**4,610**
Total (Direct, Indirect and Induced)			
Waikato District	62.2	29.1	617
Hamilton City	389.6	195.5	4,241
Waipa District	4.9	2.2	46
Rest of Waikato	17.0	7.5	134
Rest of North Island	71.3	34.7	534
Rest of New Zealand	33.0	16.4	325
SUM	**578.1**	**285.4**	**5,896**

The proposed residential construction (of the dwellings) is estimated to generate significant economic impacts across the Waikato region and New Zealand. Direct and indirect effects are expected to add $420.3m to GDP, $221.9m to household income, and support 4,610 jobs (MECs). The largest impacts will be concentrated in Hamilton City, with $298.9 m in GDP, $158.7m in income, and 3,414MECs.

When induced effects are included, the total impacts rise to $578.1m in GDP, $285.4m in household income, and 5,896MEC. Hamilton City remains the biggest beneficiary, capturing $389.6m million of the GDP impact, $195.5m in income, and 4,241MECs. However, positive spillovers extend across the Waikato region and to the rest of the North Island and New Zealand.

In summary, the construction activity will deliver a substantial economic boost, particularly in the Waikato, while also supporting employment and incomes throughout the country. The impacts are driven by the direct activity itself as well as flow-on effects through supplier industries and employee spending.

3.2.4 Local centre expenditure effects

Beyond the construction phase, the completed Stillhaven Residential Development will establish a substantial new residential community that will generate ongoing economic activity through household expenditure, and increased demand for local services and facilities.

The proposal is expected to deliver in the order of 700 dwellings, together with a retirement village comprising approximately 200 retirement living units and 40–50 aged care beds. Based on an average household size of 2.7 persons per dwelling, the residential component of the development is expected to accommodate approximately 1,620 residents. Applying average household expenditure assumptions of approximately $72,000 per household per annum, future residents are expected to generate at least $49m in annual household expenditure, including around $23m in annual retail expenditure. This expenditure will support a broad range of businesses and services, including retail, hospitality, health care, education, recreation, personal services and professional services. However, considering the housing sub-market that the proposal will target (i.e., larger household lots) suggests that the spending is likely to be even greater.

The masterplan includes approximately 1,500m² of neighbourhood-scale commercial floorspace intended to provide convenience retailing and local services for residents. The concentration of households within a single master-planned community will provide a customer base capable of supporting these local businesses while also strengthening the role of the existing Te Kowhai township. Although residents will continue to rely on Hamilton, Te Rapa and other surrounding centres for higher-order retail, employment and commercial services, the neighbourhood centre will reduce the need for some day-to-day travel by providing convenient access to local goods and services.

The retirement village will further contribute to the local economy by generating demand for (and delivering some of these services onsite) health, aged care, retail and personal services, while also supporting employment associated with the operation of the retirement village and associated care facilities.

The additional resident population will also increase utilisation of existing community facilities, schools, parks, recreational assets and public services within Te Kowhai and the surrounding area. As the community grows, the increased population base will support future investment in local infrastructure, community facilities and transport services by improving the utilisation and efficiency of these assets.

The completed development will also expand the Waikato District Council rating base, providing an ongoing source of revenue to contribute towards the funding, operation and maintenance of local infrastructure and community assets. Together, these ongoing expenditure, employment and fiscal effects represent an important component of the Stillhaven development's long-term contribution to the Te Kowhai community and the wider Hamilton and lower Waikato economy.

3.3 Dairy farming – opportunity cost

The proposed development will generate a significant economic impulse, that will flow through the local and regional economies. However, by developing the land, other economic opportunities will be foreclosed. The opportunity cost must be considered. Using dairy farming as an alternative land use provides an ability to estimate the GDP value associated with the forgone opportunity. This opportunity cost is reported separately as a counterfactual comparator and does not form part of the economic impacts of the development reported above – the value of the foregone dairy activity should be weighed against, rather than added to or netted within, the development impacts. The impacts are assessed over a thirty-five-year period. Table 3-6 summarises the economic impacts.

The dairy farming opportunity cost is materially smaller than the development impacts reported above, estimated at $10.5m to $21.3m in terms of the direct and indirect GDP (rising to $12.9m to $26.1m on a total impacts basis). Unlike the development impacts, the opportunity cost is concentrated overwhelmingly within Waikato District itself (around 77–78%), consistent with dairy farming's reliance on local and regional input supply chains rather than the Hamilton-based construction and professional services sector that supports the development.

The income forgone under the dairy farming counterfactual is estimated at $3.8m to $7.6m (direct and indirect), rising to $3.8m to $7.6m on a total impact basis, and is again concentrated within Waikato District (around 68%).

The dairy farming opportunity cost is estimated at 210 MEC-years (direct and indirect), rising to 251 MEC-years on a total impact basis. Consistent with the GDP and income results, this employment is concentrated within Waikato District (69% to 74%), underlining the localised nature of agricultural employment relative to the construction-related activity associated with the development.

Table 3-6: Dairy farming – opportunity cost

	GDP ($m)		Income ($m)		Employment (MEC-year)
Region	**2%**	**8%**	**2%**	**8%**	**SUM**
Direct and Indirect					
Waikato District	16.5	8.2	5.2	2.6	159
Hamilton City	0.6	0.3	0.3	0.2	9
Waipa District	0.0	0.0	0.0	0.0	1
Rest of Waikato	0.1	0.1	0.1	0.0	1
Rest of North Island	3.3	1.7	1.7	0.8	32
Rest of New Zealand	0.6	0.3	0.3	0.2	9
SUM	**21.3**	**10.5**	**7.6**	**3.8**	**210**
Total (Direct, Indirect and Induced)					
Waikato District	18.4	9.1	5.2	2.6	167
Hamilton City	0.9	0.5	0.3	0.2	13
Waipa District	0.1	0.0	0.0	0.0	1
Rest of Waikato	0.2	0.1	0.1	0.0	2
Rest of North Island	5.4	2.7	1.7	0.8	53
Rest of New Zealand	1.1	0.5	0.3	0.2	15
SUM	**26.1**	**12.9**	**7.6**	**3.8**	**251**

The opportunity costs illustrated above represent the economic impacts associated with the farming activity and its upstream supply chain (backward linkages). It is also important to consider the potential reduction in milk supply available to processors. The potential loss of milk production is estimated to be in the order of 0.02% of Waikato's total milk solids (in value terms). This reduction is unlikely to have a material impact on the wider regional milk processing sector or its associated economic activity. The assessment of agricultural opportunity costs presented in this report is necessarily preliminary and has been prepared to inform the referral application. This issue will be examined in greater detail as part of any substantive Fast-track application, supported by more detailed information on rural productivity, land capability and agricultural production.

4 Conclusions

The proposed Stillhaven development near Te Kowhai is expected to generate substantial economic benefits for the Waikato District, Hamilton City, and the wider region through an economic impulse and by supporting the housing market. The development represents a significant investment that will help address the shortfall in housing capacity facing Hamilton and the Waikato District.

The economic impact assessment, using a Multi-regional Input-Output model, estimates that the development will generate between $94.7m and $120.7m in direct and indirect GDP impacts, depending on the discount rate used. When induced effects are included, the total GDP impact rises to between $135.9m and $173.0m. Most of these impacts are expected to accrue to Hamilton City, reflecting its role as a major source of construction materials, labour, and services.

In terms of employment, the development is estimated to support between 1,344 and 1,816MEC-years, with the majority concentrated in Hamilton City.

While there is an opportunity cost associated with the foregone dairy farming on the site, estimated at $12.9m to $26.1m over a 35-year period, this is substantially lower than the GDP impact of the proposed residential development. Beyond the construction phase, the development is expected to accommodate $49m in annual household spending, supporting local businesses and services. The retirement village will also generate ongoing demand for health, aged care, and other support services.

In conclusion, the Stillhaven development is expected to make a significant positive contribution to economic activity, employment, housing supply, and the efficient functioning of the urban environment in the Hamilton-Waikato area. The economic benefits generated by the development are expected to substantially outweigh the opportunity cost of forgone dairy farming on the site.

Appendix 1: Expertise & Experience of Report Authors

Dr. Maggie Hong joined Market Economics in late 2023 and brings over 15 years of experience in both the public and private sectors in New Zealand. Prior to joining ME, she was a Principal Analyst in Waikato District Council's Growth and Analytics Team, where she provided economic advisory and analytical support to the Executive Leadership Team and elected members. In recent years, Maggie has worked extensively on projects related to the National Policy Statement on Urban Development (NPS-UD) monitoring, demographic analysis, and business and residential land use analysis. She holds a PhD in Economics from the University of Canterbury and has published research in edited books and international peer-reviewed journals, including Applied Economics and the Journal of Economic Surveys. Maggie has expertise in econometrics, cost-benefit analysis, geographic information systems (GIS), and spatial analysis. She is highly proficient in working with large datasets and analytical tools such as SQL, Power BI, QGIS, and Python.

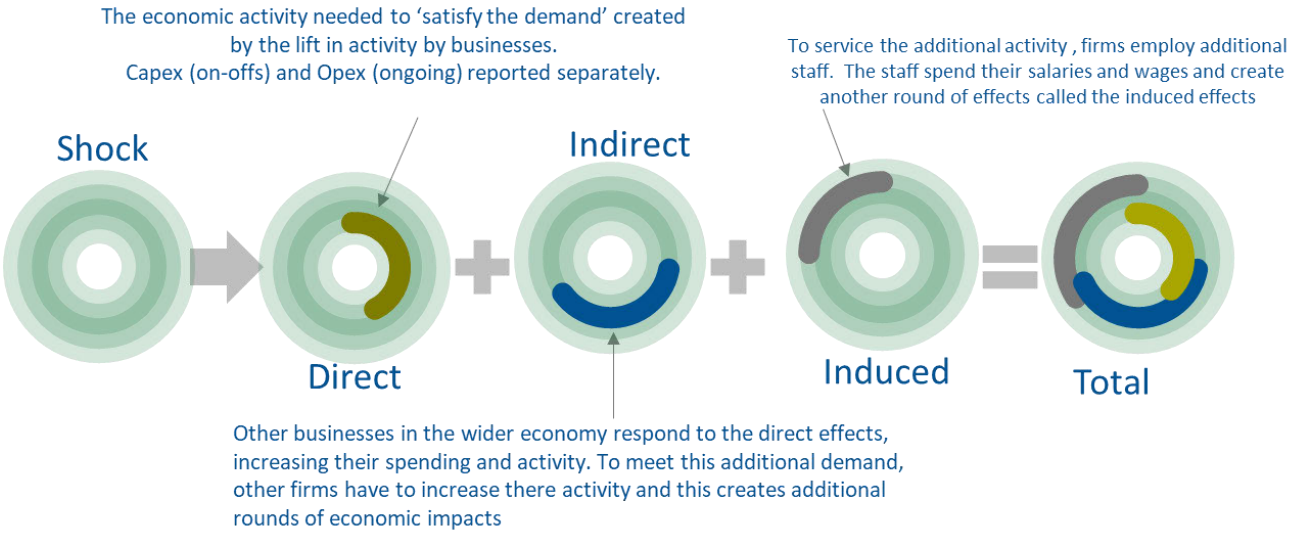
Lawrence McIlrath is a director of Market Economics. He has 25 years consulting experience working in both the private and public sectors, as well as working at a Big Four consulting business. Lawrence has worked on numerous projects assessing and evaluating the economic and market aspects of projects, policies, and investment programmes. These assessments reflected the interplays between, and spatial distribution of, market segments. He has a BA et Sc (Planning), majoring in Economics from the Potchefstroom University of Christian Higher Education (South Africa, 1999), as well as a Master of Business Administration from North-West University (South Africa, 2024).

Appendix 2: Introduction to IO Modelling

One of the strengths of Input-Output modelling is that the results are easy to interpret. Similarly, IO models are easy to use and cost-effective to develop for different areas. However, IO analysis is not without limitations, despite being widely applied in New Zealand and around the world. The most common limitations relate to the historical nature of IO Tables. We use IO tables derived from recent Supply and Use Tables.

With reference to IO modelling in general, a key assumption is that input structures of all industries (i.e. technical relationships) are fixed. In the real world, however, technical relationships will change over time. These changes are driven by new technologies, relative price shifts, product substitutions and the emergence of new industries. For this reason, IO analysis is generally regarded as suitable for short-run analysis, where economic systems are unlikely to change greatly from the initial snapshot of data used to generate the base IO tables. In addition to the 'fixed structure' assumption, other important assumptions (and limitations) of IO models are:

- Constant return to scale: This means that the same quantity of inputs is needed per unit of output, regardless of the level of production. In other words, if output increases by 10 per cent, input requirements will also increase by 10 per cent.
- No supply constraints: IO assumes there are no restrictions to inputs requirements and assumes there is enough to produce unlimited products.
- The model is static: No price changes are built in meaning that dynamic feedback between price and quantity (e.g. substitution between labour and capital) is not captured.



The M.E Multi-regional IO tables have 109 sectors, six primary inputs, six final demand categories and international imports are included in the model. The spatial resolution varies and can be changed to reflect the matter being assessed.

The MRIO is developed using official information, including national level IO and Supply-Use Tables. For the SUT tables, we use two optimisation models to produce symmetric input-output tables (SIOTs). The techniques are published[7] – both authors are directors of M.E. The first model produces commodity-by-commodity SIOTs

[7] McDonald, Nicola & McDonald, Garry. (2011). Estimation of symmetric input-output tables: An extension to Bohlin and Widell. Economic Systems Research. 23. 49-72.

derived from the selection of appropriate technology assumptions, while the second produces industry-by-industry SIOTs derived through the selection of appropriate sales structure assumptions. Both models address the problem of negative coefficients and permit the use of rectangular SUTs as base input data.