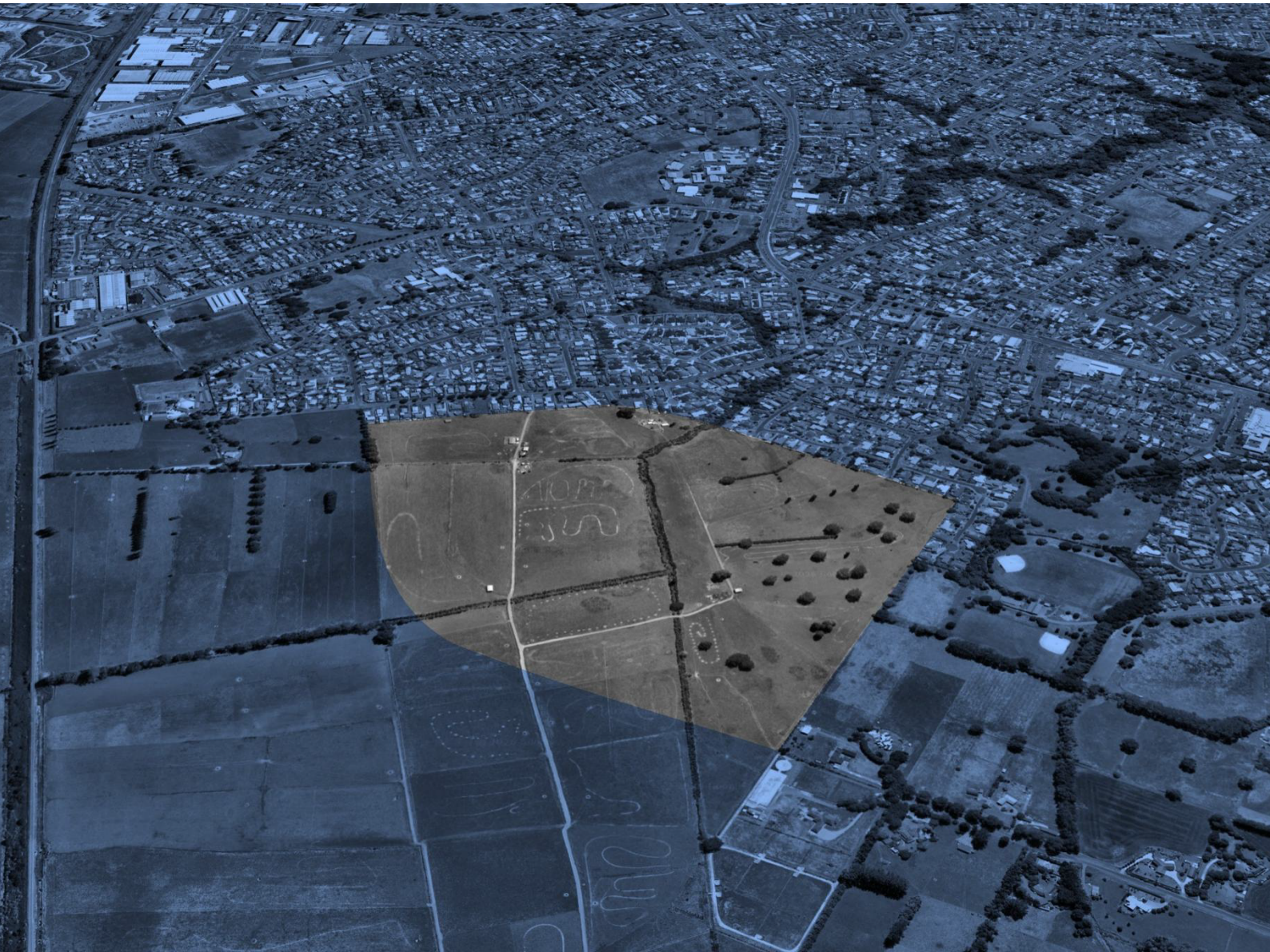




Final Report: 28 August 2026

Economic Assessment of Southern Links 1 - Residential Development for Fast-track Substantive Application

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Statement of Qualifications & Experience

Fraser Colegrave

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

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

Danielle Chaumeil

I am a Consultant at Insight Economics. I have been employed at Insight Economics since 2020. I hold a BCom (Actuarial Studies) / BAppFin from Macquarie University and a BDes (Architecture) from the University of Sydney.

I have 20 years of professional experience in insurance, consulting, and architecture, including roles as an Actuary in both Australia and France. My experience includes economic and retail impact assessments, market supply and demand studies, resource consents, and plan changes.

Nicholas Keith

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

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

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

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

Executive Summary

Context

The Applicant seeks substantive approvals under the Fast-track Approvals Act 2024 (FTAA) for the Southern Links 1 project (SL1 or the Project). This assessment relates to the residential portion of SL1, referred to as the **Residential Area** and **Residential Development** in this report. The Residential Area is located on the southern side of Saxbys Road within the Deanwell suburb at Hamilton's south-western urban edge. The subject site comprises approximately 46 hectares of rural-zoned land within the broader SL1 growth cell in the Waipā District.

The proposal comprises a comprehensively master-planned residential neighbourhood delivering approximately 938 dwellings across a range of typologies, together with a neighbourhood centre, local roads, stormwater and riparian networks, and open space. This report assesses the economic effects of the proposal relative to a counterfactual in which the site remains in rural production.

Monetised Effects (TEV Framework)

Monetised effects are assessed using a Total Economic Value (TEV) framework over a 50-year horizon, with all values expressed in net present value (NPV) terms at an 8 percent discount rate. The results are summarised in the table below.

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

Direct Use Values	Costs	Benefits	Net Benefits
NPV of Construction GDP		\$231.7	\$231.7
NPV of Future Onsite GDP		\$7.7	\$7.7
NPV of Consumer Surplus		\$34.4	\$34.4
NPV of Forgone Rural GDP	-\$4.5		-\$4.5
Direct Use Sub-Totals	-\$4.5	\$273.8	\$269.2
Indirect Use Values	Costs	Benefits	Net Benefits
Loss of Ecosystem Services	-\$1.7		-\$1.7
Non-use Values	Costs	Benefits	Net Benefits
Loss of option/bequest value	-\$1.7		-\$1.7
Total Economic Values	Costs	Benefits	Net Benefits
TEV Summary	-\$7.9	\$273.8	\$265.9

Under the baseline scenario, the proposal generates a net economic benefit of approximately \$266 million (NPV), comprising total benefits of approximately \$274 million and costs of approximately \$8 million.

The quantified benefits are driven primarily by construction-phase GDP (\$232 million), with additional contributions from consumer surplus associated with increased housing supply (\$34 million) and ongoing onsite activity generated by the neighbourhood centre (\$8 million).

Quantified costs are modest and largely reflect forgone rural production, together with associated environmental and non-use values. These costs also represent the tangible and intangible economic costs of losing highly productive land that clause 3.10(1)(c) of the NPS-HPL requires to be weighed; on the analysis in this report they are outweighed by the proposal's benefits by a wide margin.

Employment Effects

The proposal generates significant employment impacts, particularly during the construction phase. Development of the site is estimated to support approximately **1,830 FTE-years** of employment, equivalent to around **203 full-time roles per annum** over an indicative nine-year build period.

Once complete, the proposal will support ongoing employment associated with the neighbourhood centre and servicing of the resident population. On a net basis, this represents a modest increase in employment relative to the counterfactual, under which activity is limited to rural production.

Qualitative Economic Effects

In addition to the quantified impacts, the proposal delivers a range of important economic benefits that are not readily quantifiable. These include:

- A substantial contribution to housing supply and capacity within a market facing persistent shortfalls;
- Improved housing affordability and choice, and more efficient functioning of the land and housing market;
- Support for well-functioning urban environments through coordinated, master-planned development, including integrated infrastructure, open space, and amenity provision; and
- A defined demand base that supports the delivery and sequencing of strategic infrastructure, including the Southern Links Road of National Significance and the Southern Wastewater Treatment Plant.

The proposal also aligns with key growth strategies, including the Future Proof Strategy¹ and the Hamilton Urban Growth Strategy, and contributes to the Government's Going for Growth agenda. The FTAA pathway enables these benefits to be realised more quickly than would otherwise occur.

Conclusion

Overall, the proposal delivers significant regional economic benefits that clearly outweigh its costs. The quantified benefits are substantial, the employment impacts are significant, and the broader qualitative benefits reinforce the proposal's contribution to housing outcomes and urban development.

The identified adverse economic effects are limited in scale, localised, and manageable. On balance, the proposal is strongly supported on economic grounds.

¹ A Waikato Regional Council growth strategy specific to the Hamilton, Matamata-Piako, Waipa, and Waikato sub-region.

1. Introduction

1.1. Context

Southern Links 1 (**SL1** or the **Project**) is a listed project under the Fast-track Approvals Act 2024 (**FTAA**). It comprises a combined development area of approximately 106 hectares, incorporating both residential and industrial components. This report relates to the residential component, referred to herein as the **Residential Area** (the land) and the **Residential Development** (the development proposed on it).

The Project sits within the wider Southern Links Growth Cell, a contiguous land area of approximately 440 hectares on Hamilton's south-western edge, within the Waipā District and contiguous with Hamilton City Council's (**HCC**) boundary. The growth cell includes the Hamilton Southern Links Road of National Significance (**RoNS**) designation and, once fully developed, is estimated to accommodate more than 9,000 new homes, approximately 110 hectares of industrial land, several neighbourhood centres, and a network of open spaces and roading infrastructure.

The growth cell is divided into two parts by Collins Road: the **Southern Block**, which is intended primarily for residential development, and the **Northern Block**, which is proposed to accommodate a mix of residential and industrial activities. The Residential Area lies within the Southern Block, on the southern side of Saxbys Road in Deanwell. It covers a gross site area of approximately 46 hectares, is held in single ownership, and is currently used for rural farming activities.

The Applicant is seeking approval for a substantive application under the FTAA for the Residential Development (the **proposal**): a comprehensively master-planned and staged residential development delivering approximately 938 dwellings across a range of lot sizes, together with a neighbourhood centre, open spaces, waterbodies, and supporting infrastructure. The application includes all necessary resource consents under the Resource Management Act 1991 (**RMA**), including regional and district approvals where required.

Following listing of the Project under the FTAA in October 2024, the Applicant is now advancing the substantive application phase. This report provides the economic assessment required under the FTAA to assist the Expert Panel in evaluating the proposal's merits. It is focused on the Residential Development; the industrial component of SL1 is addressed in a separate assessment.

1.2. Criteria for Assessing Substantive Applications

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

Table 2: Economic Matters Relevant to Substantive Assessment under the FTAA

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

1.3. Scope & Purpose of Report

This report assesses the likely economic effects of the proposal against the criteria in Table 2. It focuses on the regional benefits of the Residential Development, including the proposal’s capacity to boost housing supply, generate employment, support well-functioning urban environments, and contribute positively to regional economic performance, including impacts on GDP, household incomes, and wider economic outcomes. The assessment is intended to assist the Panel in determining whether the proposal provides sufficient benefit to justify FTAA approval.

1.4. Structure of this Document

The remainder of this document is structured as follows:

- Section 2 describes the subject site and its surrounding environment.
- Section 3 sets out the two options assessed: the proposal and the counterfactual.
- Section 4 describes the analytical framework and methodology used in the assessment.
- Section 5 presents the key inputs and assumptions underpinning the analysis.
- Section 6 estimates the one-time impacts of construction activity on GDP, jobs, and wages.
- Section 7 assesses the proposal’s housing market effects.
- Section 8 compares ongoing onsite economic activity under the proposal and counterfactual.
- Section 9 discusses wider long-term economic impacts, including strategic alignment.
- Section 10 considers the effects of accelerated delivery through the FTAA.
- Section 11 presents the overall conclusion, including an assessment against the FTAA criteria.

2. About the Subject Site

This section describes the subject site and its surrounding environment.

2.1. Site Location and Description

The Southern Links Growth Cell is an emerging growth area on the south-western fringe of Hamilton City, within the Waipā District. It spans approximately 440 hectares, is contiguous with Hamilton City Council's south-western boundary, and extends from south Frankton to the south-western edge of Peacocke. The growth cell includes the Hamilton Southern Links RoNS designation.

The Residential Area comprises approximately 46 hectares within the Southern Block, located on the southern side of Saxbys Road in Deanwell. It adjoins established residential areas at Forth Crescent and MacMurdo Avenue to the north-east, with rural land to the south and west. The landholding is in single ownership and comprises five land parcels.² The site is currently used for pastoral dairy farming, with approximately 10 percent of the site occupied by non-productive land, including buildings, farm races, drains, and modified soils.

Key natural features of the site include the upper tributaries of the Mangakōtukutuku Stream and associated drains. These features are proposed to be protected and enhanced through the design of the Residential Development, as described in Section 3.1. The location of the Residential Area within the Southern Links Growth Cell is shown in Figure 1 below.

Figure 1: Southern Links Growth Cell and Site Context



² Legally described as Lot 2 DP 589463; Part Lot 2 DP 25668 and Part Lot 1 DP 25668; Lot 3 DP 394366 and Lot 1 DP South Auckland 51518; Lot 1 DPSA 69842, Lot 2 DPSA 11357, Lot 1 DPSA 75305 and Section 1 SO 60814; and Part Lot 1 DP 25668.

3. Development Options

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

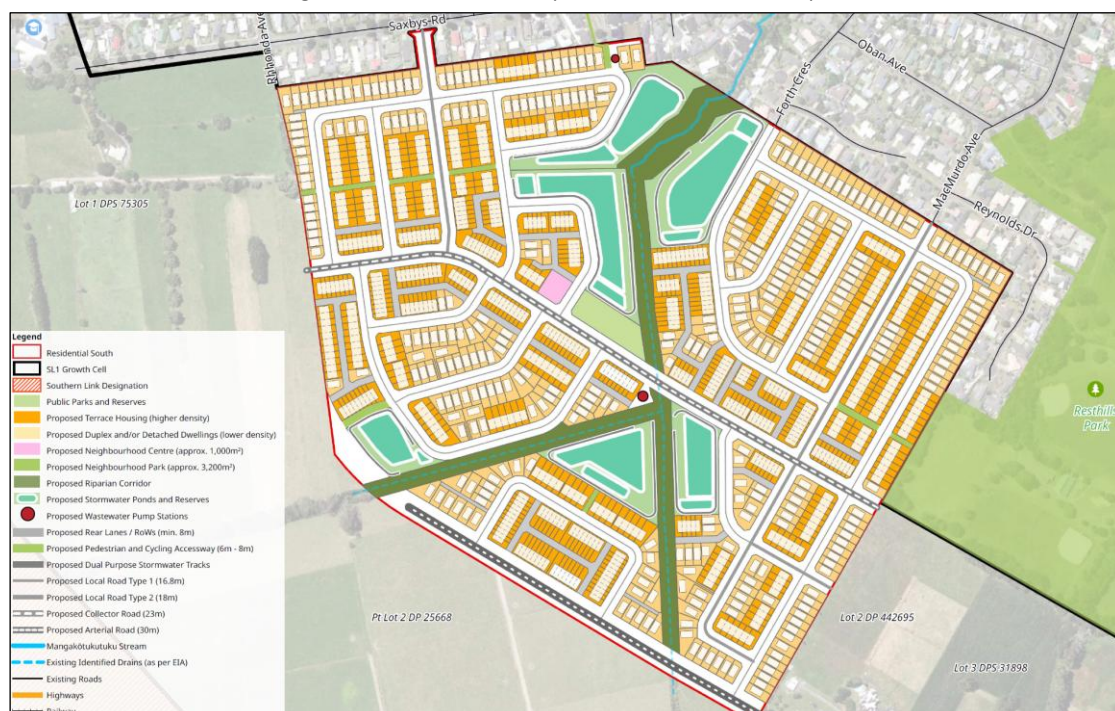
3.1. Option 1: Proposal

The proposal is a comprehensively master-planned and staged residential development of the Residential Area. It provides for the establishment of approximately 938 dwellings across a range of typologies, including terraces, duplexes, and standalone homes, together with a neighbourhood centre, open spaces, waterbodies, and supporting infrastructure. The neighbourhood centre is expected to accommodate four to five ground-floor commercial tenancies serving immediate local needs (such as a cafe, takeaway, dairy, laundromat, and small office), along with rear parking.

The proposal includes substantial enabling works to establish developable land, including bulk earthworks across the site. Stormwater is managed through an integrated system comprising wetlands, detention/attenuation devices, and treatment ponds. Ecological restoration is integrated into the development through riparian and corridor planting, with design measures adopted to enhance and protect key natural features, including the upper tributaries of the Mangakōtukutuku Stream and associated drains.

Access and integration with the surrounding Hamilton urban area is provided through a connected transport framework, including a street network with an arterial spine, new intersections, and pedestrian and cycling connections, together with upgrades to existing transport infrastructure. The development will be serviced via a coordinated infrastructure strategy, including the extension and upgrade of public networks and the installation of appropriate infrastructure. A neighbourhood park and mid-block walking connections complete the open space network. The indicative masterplan is shown in Figure 2 below.

Figure 2: Residential Development – Indicative Masterplan



The design seeks to deliver a residential community that connects logically with the existing urban area to the north and east, while providing a managed transition to future development within the growth cell to the south and west.

3.2. Option 2: Counterfactual

The counterfactual represents the most likely use of the subject site in the absence of the proposal and provides the benchmark against which the proposal's net economic effects are assessed. In this case, having regard to the detailed site assessment undertaken by Landsystems,³ we consider that the site would continue to be used for pastoral dairy farming.

3.3. Key Differences

The proposal and the counterfactual represent fundamentally different uses of the site. Under the counterfactual, the site would remain in pastoral dairy farming, generating modest economic output. By contrast, the proposal enables a comprehensively planned residential development, introducing a substantially higher intensity of land use and a broader range of economic activities, including construction, ongoing residential activity, and supporting local services.

These differences in land use give rise to a number of economic effects, which form the basis of the assessment that follows. They comprise a combination of monetised, employment, and qualitative effects, as summarised in Table 3 below.

Table 3: Economic Effects of the Proposal by Category

Category	Effect	Description
Monetised effects	Construction activity	One-off GDP, employment and income effects during development
	Ongoing onsite activity	Economic activity associated with neighbourhood centre
	Consumer surplus	Benefits from increased housing and commercial supply
	Forgone rural production	Loss of existing dairy farming activity
	Environmental / non-use values	Loss of ecosystem services and option values
Employment effects	Construction employment	FTE employment generated during build period
	Ongoing employment	Net change in employment relative to counterfactual
Qualitative effects	Housing supply and affordability	Increased capacity and improved market outcomes
	Housing choice	Greater typological diversity
	Urban form and infrastructure	Master-planned development and coordinated servicing
	Strategic alignment	Consistency with growth strategies
	Infrastructure support	Supports delivery of key infrastructure

³ Soil and Land Use Capability classification assessment, Landsystems. 16 June 2026.

4. Approach to Assessment

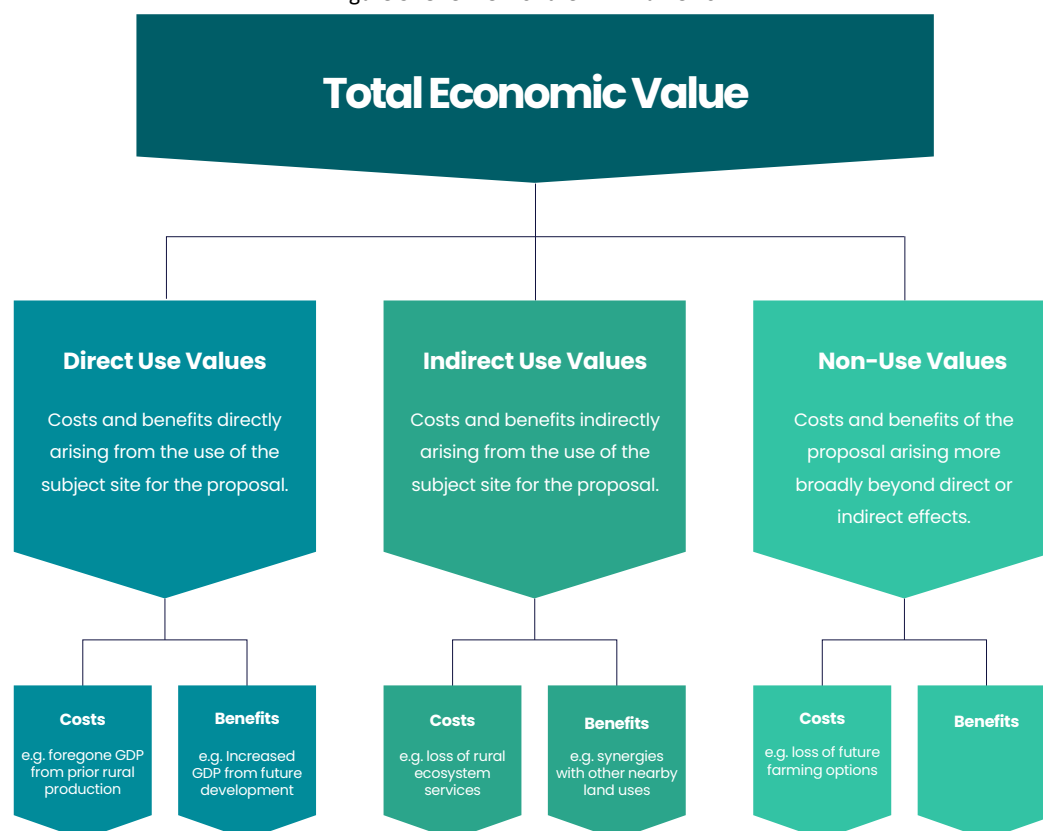
This section sets out the analytical framework and methodology used to assess the economic effects of the proposal. The approach has been developed iteratively over time to reflect our experience across numerous projects and the directions taken by expert panels on other fast-track applications. We note that the FTAA does not prescribe any particular economic methodology, and its evaluation framework is expressly a proportionality assessment (see s85(3)) rather than a mathematical balancing of monetised costs and benefits. Consistent with this, multiplier-based economic impact analysis of the kind applied here has been adopted in the majority of fast-track economic assessments to date. The purpose of this assessment is to provide a robust, transparent and proportionate evaluation of the proposal's economic effects, with an emphasis on the gross economic benefits it would generate.

4.1. Summary of Overall Approach

Our assessment adopts the total economic value (TEV) framework to quantify the *monetised* costs and benefits of the proposal relative to the counterfactual. The analysis is undertaken over a 50-year horizon, with all costs and benefits converted to net present values (NPV) at an 8% discount rate.

The TEV framework classifies monetised economic values as direct use, indirect use, or non-use values. An overview of this framework is illustrated in Figure 3, with further detail provided in **Appendix A**.

Figure 3: Overview of the TEV Framework



To ensure a conservative assessment, we assume that the proposal precludes rural production across the entire site from day one, rather than reflecting a staged development approach.

4.2. Mapping of Monetised Costs & Benefits to TEV Framework

Table 4 below maps the monetised costs and benefits of the proposal to the TEV categories outlined above. In summary, the key monetised benefits comprise construction-phase economic activity, ongoing onsite economic activity, and consumer surplus associated with increased housing and commercial supply. The principal monetised cost is the loss of rural production, along with associated environmental and non-use values.

Table 4: Mapping of Monetised Costs and Benefits to TEV Elements

TEV Category	Benefits of Proposal vs Counterfactual	Costs of Proposal vs Counterfactual
Direct Use Value	Construction-phase economic activity (GDP)	Loss of rural production (dairy)
	Consumer surplus from increased housing and commercial supply	None considered
	Ongoing onsite economic activity (neighbourhood centre)	None considered
Indirect use value	None considered	Loss of ecosystem services (e.g. regulating functions)
Non-use value	None considered	Loss of option and bequest values associated with rural land

4.3. Treatment of Employment and Qualitative Effects

While wages and salaries associated with employment are reflected within the GDP-based measures included in the monetised analysis, employment itself (measured in FTEs) is assessed separately from the TEV framework.

Other economic effects that are not readily monetised are assessed qualitatively. These include impacts on housing supply and affordability, housing choice, urban form, and strategic infrastructure. Together, these approaches ensure that all material economic effects are captured in the analysis.

4.4. Use of Multiplier Analysis

We use a widely known technique called multiplier analysis to quantify the proposal's one-off effects on GDP, jobs, and wages (plus the effects of forgone rural production). It utilises the supply chains that comprise an economy so that a change in one sector can be traced through to estimate its overall impacts, including flow-on (i.e., supply chain) effects. Multiplier analysis is particularly well-suited to assessing construction projects like the proposal, because much of the work is usually subcontracted out, rather than being done by the main contractor, which multiplier analysis is designed to address.

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

- **Direct effects** – which capture the economic impacts of entities directly engaged to complete the project (e.g., the main building contractor); plus
- **Indirect effects** – which arise when the main contractor sources goods and services from their suppliers (i.e., subcontractors), who in turn may need to source goods and services from their own suppliers, and so on; and

- **Induced effects** – which occur when a share of the additional wages and salaries generated by the project (either directly or indirectly) are spent in the local/regional economy and therefore give rise to additional rounds of economic impacts.

Despite the intuitive appeal and widespread use of multiplier analysis, it does face some limitations. Our assessment recognises these and seeks to mitigate them in several ways so that the proposal's economic benefits are not systematically overstated. See **Appendix B** for further details.

5. Key Inputs & Assumptions

5.1. Introduction

This section sets out the key inputs and assumptions used in our economic assessment, including the anticipated staging and timing of development, dwelling yields by lot size, estimated construction costs, and the value of forgone rural production. Where possible, inputs have been drawn from project-specific data and complemented with the latest available industry data to fill any gaps. All cost figures are expressed in current (2026) dollars unless otherwise stated. All values reported in tables are calculated from unrounded model outputs and are individually rounded for presentation; as a result, components may not sum exactly to the totals shown.

5.2. Staging & Timing

The proposal is intended to be delivered in a series of five staged residential precincts, reflecting the overall scale of the masterplan. Stage 1 will enable delivery of residential lots in the area adjacent to existing residential dwellings, with access via Forth Crescent and MacMurdo Avenue. Subsequent stages are structured to progress counterclockwise from the initial development area, with later stages incorporating additional residential precincts and supporting infrastructure. Each stage is further divided into a number of sub-stages, which may be delivered sequentially or, where practicable, in parallel, to optimise delivery efficiency. An overview of the proposed staging is provided in Figure 4 below.

Figure 4: Indicative Development Staging Plan



The staging and timing adopted in this assessment reflect an illustrative delivery programme based on the current masterplan. We note that the actual sequencing of later stages may be influenced by infrastructure triggers outside the Applicant's direct control – for example, thresholds linked to the delivery of Southern Links or alternative upgrades to the surrounding network. Our analysis is not intended to model these contingencies on a conditional basis; rather, it presents the economic effects under a single representative timeline. Importantly, such triggers would affect the timing of activity rather than its overall magnitude: deferral of later stages would shift when the associated economic impacts occur, with a modest effect on net present values through discounting.

5.3. Anticipated Yields by Typology

While final residential yields will be confirmed through detailed design and subdivision consent processes, the latest masterplan indicates a notional yield of 938 residential lots. The proposed lot sizes range from approximately 110 m² to 630 m², with an average of approximately 250 m². The distribution of lots by average size and indicative dwelling typology is summarised in Table 5.

Table 5: Anticipated Dwelling Yields by Typology

Dwelling Typology	Approx Average Lot Size (m ²)	Count of New Dwellings	Share of New Dwellings
Terrace	165	219	23.3%
Terrace and duplexes	245	454	48.4%
Duplexes and detached	320	265	28.3%
Total	250	938	100.0%

The dwelling mix reflects a deliberate gradation of density across the site. Terrace dwellings on smaller lots averaging around 165 m² provide higher-density options suited to smaller households or those seeking a lower price point. The terrace and duplex category, averaging approximately 245 m², forms the largest share of the development at nearly half of all lots. Duplex and detached dwellings on larger lots averaging around 320 m² are typically located along the site's periphery, providing a lower-density interface with the existing urban area.

In addition to the residential lots, the proposal provides for a neighbourhood centre on a lot of approximately 1,000 m². Assuming a floor area ratio of 0.5, this yields approximately 500 m² of commercial gross floor area (GFA).

A centre of this scale is consistent with our experience of comparable new residential communities, where early demand typically supports only a small cluster of convenience-oriented tenancies, in the order of four to five shops of roughly 100 to 150 m² each, serving the immediate, day-to-day needs of residents within walking distance. At approximately 500 m² of GFA, the proposed centre is an order of magnitude smaller than a typical neighbourhood centre (which may extend to several thousand square metres and serve a much wider catchment). It is therefore appropriately sized for the Stage 1 population and, by virtue of that limited scale and purely local catchment, would not draw trade from or otherwise undermine Hamilton's existing centres hierarchy.

5.4. Building GFA & Construction Costs

Building costs are estimated on a per-dwelling basis, differentiated by typology and reflecting conservative unit rates drawn from regional benchmarks.⁴ A cost escalation rate of 3 percent per annum is applied in the modelling to account for construction cost inflation over the development period. Because dwelling construction is staged rather than occurring all at once, the total cost reflects the cumulative effect of this escalation as later stages are delivered at progressively higher price levels. Table 6 summarises estimated GFA and construction costs by building type, including cost escalation.

Table 6: Estimated Construction GFA & Costs by Building Typology

Dwelling Typology	Count	Total GFA (m ²)	Construction Cost (\$m)
Terrace	219	24,090	\$79.7
Terrace and duplexes	454	56,750	\$207.6
Duplexes and detached	265	38,425	\$145.1
Subtotal	938	119,265	\$432.4
Neighbourhood centre	n/a	500	\$2.3
Total	938	119,765	\$434.7

Total residential and commercial construction expenditure across all stages is estimated at approximately \$435 million, inclusive of cost escalation.

5.5. Other Development Costs

The development will require significant upfront investment in site-wide enabling works before staged residential construction can commence. In addition, each development stage will require further detailed design, local civil works, and other stage-related expenditures. This suite of broader costs was estimated using project-specific information wherever possible, with any gaps filled via broad industry averages (gleaned from our experience with dozens of other, similar developments across NZ). These other development costs are summarised in the table of total costs below (Table 7).

5.6. Total Estimated Proposal Cost

Table 7 brings together the estimated total development cost of the proposal based on the information summarised above, which is approximately \$523 million. This expenditure forms the basis for the one-time economic impact assessment presented in Section 6.

Table 7: Summary of Estimated Project Investment

Cost Category	Estimated Cost (\$m)	Share of Cost
Scheme finalisation	\$2.0	0.4%
Site-wide enabling works	\$17.0	3.2%
Staged land development costs	\$52.2	10.0%
Staged building-related costs	\$17.4	3.3%
Residential construction	\$432.4	82.6%
Non-residential construction costs	\$2.3	0.4%
Total estimated project cost	\$523.3	100.0%

⁴ Build costs were based on average values over the two years to January 2026 in the Waikato region, as reported in building consent data.

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

As outlined above, the proposal enables the development of 938 new dwellings and a small amount of supporting commercial floorspace at a total cost of approximately \$523 million. Delivery is expected to occur over an indicative period of approximately nine years. This section estimates the one-time economic impacts of this activity.

6.1. Estimated Gross Impacts

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

Table 8: Estimated Gross One-Time Economic Impacts by Stage

Employment (FTE-Years)	Direct	Indirect	Total
Upfront/Site-wide	29	38	67
Stage 1	122	289	411
Stage 2	129	307	436
Stage 3	130	307	437
Stage 4	136	321	457
Stage 5	143	338	481
Project Totals	689	1,600	2,289
Wages & Salaries (NPV \$m)	Direct	Indirect	Total
Upfront/Site-wide	\$3.2	\$3.5	\$6.7
Stage 1	\$9.1	\$21.3	\$30.4
Stage 2	\$8.9	\$20.8	\$29.7
Stage 3	\$8.2	\$19.3	\$27.5
Stage 4	\$7.6	\$17.9	\$25.5
Stage 5	\$6.9	\$16.0	\$22.9
Project Totals	\$43.9	\$98.7	\$142.6
GDP (NPV \$m)	Direct	Indirect	Total
Upfront/Site-wide	\$7.3	\$7.7	\$15.1
Stage 1	\$19.0	\$42.4	\$61.3
Stage 2	\$18.6	\$41.4	\$60.0
Stage 3	\$17.2	\$38.3	\$55.5
Stage 4	\$15.9	\$35.6	\$51.5
Stage 5	\$14.3	\$31.9	\$46.2
Project Totals	\$92.3	\$197.4	\$289.7

In gross terms, the proposal's development activity is estimated to support a total of approximately 2,290 FTE-years of employment, contribute approximately \$143 million in wages and salaries over the nine-year development period, and generate around \$290 million in GDP. This is equivalent to an average of approximately 254 full-time positions sustained for each year of the programme.

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

6.2. Scaled Impacts

As discussed in Appendix B (Section 13.5), we scale down the direct and indirect effects presented above to reflect potential resourcing or capacity constraints that could affect their realisation. Three scenarios are run: a low scenario (where we scale gross impacts down by 50%), a baseline scenario (which scales them down by 20%), and a high scenario (that applies no scalar). The estimated net impacts under each scenario are summarised below.

Table 9: Scaled One-Time Economic Impacts by Scenario

Low Scenario	Direct	Indirect	Total
Employment (FTE-Years)	344	800	1,145
Wages & Salaries (NPV \$m)	\$22	\$49	\$71
GDP (NPV \$m)	\$46	\$99	\$145
Baseline Scenario	Direct	Indirect	Total
Employment (FTE-Years)	551	1,280	1,831
Wages & Salaries (NPV \$m)	35	79	\$114
GDP (NPV \$m)	74	158	\$232
High Scenario	Direct	Indirect	Total
Employment (FTE-Years)	689	1,600	2,289
Wages & Salaries (NPV \$m)	\$44	\$99	\$143
GDP (NPV \$m)	\$92	\$197	\$290

Under the scaled baseline scenario, the proposal is estimated to generate one-time impacts of approximately 1,830 FTE-years of employment, \$232 million in GDP, and \$114 million in wages and salaries. This is equivalent to approximately 203 full-time positions sustained for each year of the nine-year development programme.

Even under the low scenario, net impacts remain substantial, with approximately 1,145 FTE-years of employment, \$145 million in GDP, and \$71 million in wages. The range across scenarios reflects uncertainty about the extent of displacement, but in all cases the one-time economic contribution of the proposal is significant at a regional scale.

6.3. Summary

The proposal will generate substantial one-time economic impacts during the nine-year development period. Under the baseline scenario, construction activity is estimated to support more than 1,830 FTE-years of employment, contribute around \$232 million in GDP, and generate about \$114 million in wages and salaries.

7. Future Onsite Economic Activity

This section compares the ongoing economic activity that would be generated onsite under the proposal with the activity that could hypothetically be sustained under the counterfactual. The difference represents the opportunity cost of the proposal in terms of forgone productive output.

7.1. Future Activity Under Proposal

While the proposal is primarily residential in nature, it does include a small neighbourhood centre intended to accommodate four to five tenancies serving the immediate catchment. As noted in Section 5, a centre of this scale is intended to serve the immediate convenience needs of the local population only, and is not of a size capable of affecting the viability or function of established centres elsewhere in Hamilton.

To estimate the ongoing economic activity generated by this commercial component, we have applied average employment density benchmarks for small-format retail and service uses. Table 10 shows the estimated ongoing annual economic activity generated by the neighbourhood centre at full operation.

Table 10: Estimated Annual Onsite Economic Activity Under the Proposal

Impact	FTEs	Wages	GDP
Direct	6.7	\$371,000	\$577,000
Indirect	1.4	\$138,000	\$317,000
Direct + Indirect	8.1	\$509,000	\$894,000

At full operation, the neighbourhood centre is estimated to sustain total annual employment of approximately eight FTEs (including flow-on effects), generate around \$0.9 million in GDP, and support wages and salaries of approximately \$0.5 million.

NPV Summary

The neighbourhood centre is proposed as part of Stage 2 of the development, with construction expected to commence approximately four to five years from the project start. Ongoing economic activity from the centre is therefore modelled as commencing from that point and continuing over the balance of the 50-year analysis period. Consistent with the approach set out in Appendix B, a baseline scaling factor of 80 percent is applied to account for the possibility that not all gross activity represents net additional economic output.

On this basis, the net present value of ongoing onsite economic activity under the proposal is summarised in Table 11 below.

Table 11: Scaled Activity Sustained by the Proposal – NPV Summary

Impact	FTEs	Wages (\$m)	GDP (\$m)
Direct	304	\$3.2	\$5.0
Indirect	65	\$1.2	\$2.7
Direct + Indirect	369	\$4.4	\$7.7

In net present value terms, the neighbourhood centre is estimated to support nearly 370 FTE-years of employment over the analysis period, contribute around \$7.7 million in GDP, and generate approximately \$4.4 million in wages and salaries.

7.2. Future Activity Under Counterfactual

As set out in Section 3.2, the counterfactual assumes that the site would continue to operate as dairy farmland. To provide an indicative picture of the site's productive capacity, we have drawn on publicly available industry data for the Waikato region. Dairy farming in the Waikato typically operates at stocking rates of around 2.8 cows per hectare on conventional seasonal systems, producing approximately 1,100 kg of milksolids per hectare per year. On this basis, a site of this scale could plausibly support a herd of around 130 cows and produce about 50,600 kg of milksolids annually, though actual output will depend on the specific soil conditions, drainage, and management of the property. We conservatively assume that the entire 46-hectare site could be farmed, notwithstanding that approximately 10 percent of the site is currently occupied by non-productive land (buildings, farm races, drains, and modified soils). This approach overstates the productive area and thereby maximises the estimated opportunity cost of the proposal.

Table 12 below shows the estimated annual per hectare rural production for the subject site under the dairy farming scenario.

Table 12: Estimated Annual Rural Production for Subject Site – Per Hectare

Metric	Value Per Hectare
Milksolids (kg)	1,100
Milksolids (\$/kg)	\$9.7
Gross Output (\$) ⁵	\$10,670
GDP (\$)	\$4,360
FTEs	0.01
Wages and Salaries (\$)	\$980

Estimated Annual Production

Applying these metrics to the site yields the total estimated annual economic activity that the site could hypothetically sustain under the counterfactual. The results are presented in Table 13 below.

Table 13: Estimated Annual Production of Counterfactual Activity

Impact	FTEs	Wages	GDP
Direct	0.5	\$45,080	\$200,560
Indirect	0.8	\$75,195	\$161,070
Direct + Indirect	1.3	\$120,275	\$361,630

Accordingly, the counterfactual could theoretically sustain total annual employment of approximately one full-time equivalent, generate around \$0.36 million in GDP, and support wages and salaries of approximately \$0.12 million.

⁵ The assumed dairy output of \$10,670 per hectare is based on the latest farmgate price of \$9.70 (\$9.40 - \$10.00 range midpoint) per kg of milk solids. Lower prices will lead to lower output per hectare, and vice versa.

As discussed in **Appendix A**, the IO-based estimates of GDP, employment, and wages capture approximately two-thirds of the total economic value for the agriculture ecosystem. To account for the additional regulating and other ecosystem service values not reflected in standard economic output metrics, an uplift of approximately 49 percent is therefore applied to the GDP estimates for the dairy farming scenario. This adjustment is reflected in the *indirect use value* row in the summary table below.

50-Year NPV Summary

Modelling the counterfactual over a 50-year period, and discounting at 8 percent, yields the following net present value estimates.

Table 14: Counterfactual Production – 50-Year NPV Summary

Metric	Direct	Indirect	Total
FTE-Years	25	40	65
NPV Wages (\$m)	\$0.6	\$0.9	\$1.5
NPV GDP (\$m)	\$2.5	\$2.0	\$4.5
NPV Indirect Use Value (\$m)	\$1.0	\$0.8	\$1.7

In net present value terms, the counterfactual could theoretically support approximately 65 FTE-years of employment over 50 years, \$4.5 million in GDP and \$1.5 million in wages. The indirect use value uplift (capturing the broader ecosystem service values) adds a further \$1.7 million.

7.3. Net Future Onsite Activity

The table below compares the ongoing economic activity generated under the proposal with the forgone rural production under the counterfactual, to derive the net change in future onsite economic activity.

Table 15: Net Future Onsite Economic Activity – 50-Year NPV Summary

Activity	FTEs	Wages (\$m)	GDP (\$m)
Future Onsite Activity	369	\$4.4	\$7.7
Forgone Rural Production	-65	-\$1.5	-\$4.5
Net Future Onsite Activity	304	\$2.9	\$3.2

On a net basis, the proposal results in a positive outcome across all three metrics. The neighbourhood centre is estimated to generate approximately \$3.2 million more in GDP, support more than 300 more FTE-years of employment, and produce approximately \$2.9 million more in wages and salaries than would be sustained under dairy farming over the same period.

This outcome reflects the relatively low labour intensity and economic output of dairy farming at this scale. While the proposal's ongoing onsite commercial activity is itself modest in scale, it is sufficient to broadly offset the forgone rural production.

7.4. The Role of Highly Productive Land

The subject site is rural-zoned Land Use Capability (LUC) Class 2 land and is therefore highly productive land (HPL) for the purposes of the National Policy Statement for Highly Productive Land (NPS-HPL).

The applicant's assessment against the NPS-HPL is set out in the report prepared by AgFirst, which concludes that the site meets the exemption pathway in clause 3.10. Our economic assessment is directed to one limb of that pathway, clause 3.10(1)(c), which requires that the environmental, social, cultural and economic benefits of the development outweigh the long-term costs of losing the land for land-based primary production, taking into account both tangible and intangible values.

The TEV framework used throughout this report captures those values. The tangible economic cost of losing the site from rural production is measured by the forgone rural GDP (a direct use value), while the intangible economic costs are captured by the loss of ecosystem services (an indirect use value) and the loss of option and bequest values (non-use values). As set out in Section 7 and **Appendix A**, these costs total approximately \$7.9 million in NPV terms over 50 years, comprising about \$4.5 million of forgone rural production, \$1.7 million of ecosystem-service value and \$1.7 million of option and bequest value. By contrast, the quantified benefits of the development total approximately \$274 million. The economic benefits therefore outweigh the full economic cost of the lost primary production, including its intangible components, by a wide margin.

This conclusion is conservative. Our counterfactual credits the site with positive rural production value across its full 46-hectare gross area, whereas the agricultural assessment by AgFirst finds that the most likely farming options are not economically viable over the long term, generating negative net cash once operating, redevelopment, financing and family-living costs are met. The true opportunity cost of the site's rural use is therefore likely to be lower than the value adopted here.

For completeness, the other limbs of clause 3.10, including whether the land is subject to permanent or long-term constraints on economic viability (clause 3.10(1)(a)) and the assessment of reasonably practicable options to retain productive capacity (clause 3.10(2)), are matters for the agricultural and planning assessments rather than this economic assessment. We note that clause 3.10(3) directs that the potential economic benefit of using the land for purposes other than primary production is not to be taken into account in that viability assessment. The benefit comparison in this report is directed only to the weighing required by clause 3.10(1)(c), and not to the question of viability under clause 3.10(1)(a).

8. Housing Market Impacts

This section assesses the housing market effects of the proposal.

8.1. The Role & Importance of Housing

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

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

8.2. Overall Contribution to Housing Supply

The proposal acknowledges and directly responds to the need for more residential dwellings to meet growth in demand over time, by enabling the development of approximately 938 new homes. In our view, this represents a highly significant contribution to local housing supply. It is worth noting that many of the benefits discussed elsewhere in this section, including the impacts on prices and affordability, land market competition, and housing choice, stem directly from this supply contribution and are therefore inherently interrelated.

8.3. Consumer Gains from the Proposal

One of the direct economic effects of a large-scale development is the benefit it creates for purchasers in the relevant market. In economics, this is commonly described as consumer surplus. Put simply, consumer surplus is the difference between what a buyer would have been willing to pay for a good or service and what they actually pay. If that difference is measured across all transactions in a market, it provides a useful indication of the total benefit that buyers receive. In this context, the concept is used to estimate the benefit to households or businesses that can purchase new homes on more favourable terms than would otherwise have been the case.

A development proposal can affect that benefit by changing market supply and, in some cases, market demand. The most direct effect is typically on supply: by introducing additional dwellings and/or non-residential floorspace, the proposal increases the quantity of space available in the market. Large-scale master planned developments may also attract some additional demand, because they can bring to market products, locations, or combinations of uses that were not previously available. These changes in supply and demand alter the market equilibrium, including both the number of transactions and the price at which they occur. Where the increase in supply is greater than any associated increase in demand, the proposal will tend to increase total market activity and place

downward pressure on prices relative to the status quo. That, in turn, increases the benefit accruing to buyers.

Our assessment measures that effect by estimating consumer surplus both with and without the proposal and then comparing the two results. The difference represents the proposal's net benefit to consumers and is treated as a direct use benefit within the broader total economic value framework. While economic theory also recognises a corresponding benefit to sellers, that aspect is addressed elsewhere in the analysis through GDP-related measures, including construction activity, ongoing onsite activity, and forgone rural production. For that reason, this part of the assessment focuses specifically on the change in benefits to consumers arising from the proposal's effects on market prices and quantities.

According to our calculations, the proposal could increase consumer surplus in the local market for new dwellings and retail space by more than \$34 million in NPV terms. See **Appendix C** for further information.

8.4. Impacts on Prices & Affordability

As detailed in **Appendix D**, Hamilton's housing market has experienced sustained price growth and declining affordability over the past decade. Median dwelling prices have risen from \$419,000 in 2015 to approximately \$735,000 by September 2025, underlying land values have nearly tripled, and the city's value-to-income ratio currently sits at 7.5, well above its long-term average of 6.3. On the supply side, while building consent volumes have been elevated in recent years, the 2023 Housing Capacity Assessment (**HCA**) identifies material dwelling shortfalls across all timeframes, with medium-term capacity concentrated in a narrow price band between \$700,000 and \$900,000.⁶ While the 2023 HCA predates the FTAA, we consider its conclusions remain sound and, if anything, conservative; we also recognise that other FTAA projects in the wider area may contribute future supply, although that quantum is currently speculative. Both matters are addressed in **Appendix D**.

Against this backdrop, the proposal's contribution of approximately 938 dwellings represents a meaningful increase in deliverable supply within a defined timeframe. All else being equal, additional supply of this scale helps to moderate upward pressure on dwelling prices relative to the status quo. While individual developments cannot resolve affordability pressures driven by macroeconomic factors such as interest rates, population growth, and income levels, they can influence outcomes through the quantity and timing of housing delivered, and the mix of dwelling types and sizes brought to market. By enabling a substantial volume of housing across a range of typologies, including smaller and more compact formats, the proposal supports improved market responsiveness and a broader range of price points for prospective purchasers.

8.5. Helping Foster Land Market Competition

In addition to directly boosting dwelling capacity, the proposal will also help to foster competition in the local land market. This is important because, as recognised through Objective 2 of the NPS-UD, competition is the cornerstone of economic efficiency. When the land market becomes more

⁶ Available here: <https://www.futureproof.org.nz/resource/>

competitive, land developers have a greater incentive to bring their product to the market in a more timely and cost-effective manner, thus further helping to keep local housing as affordable as possible.

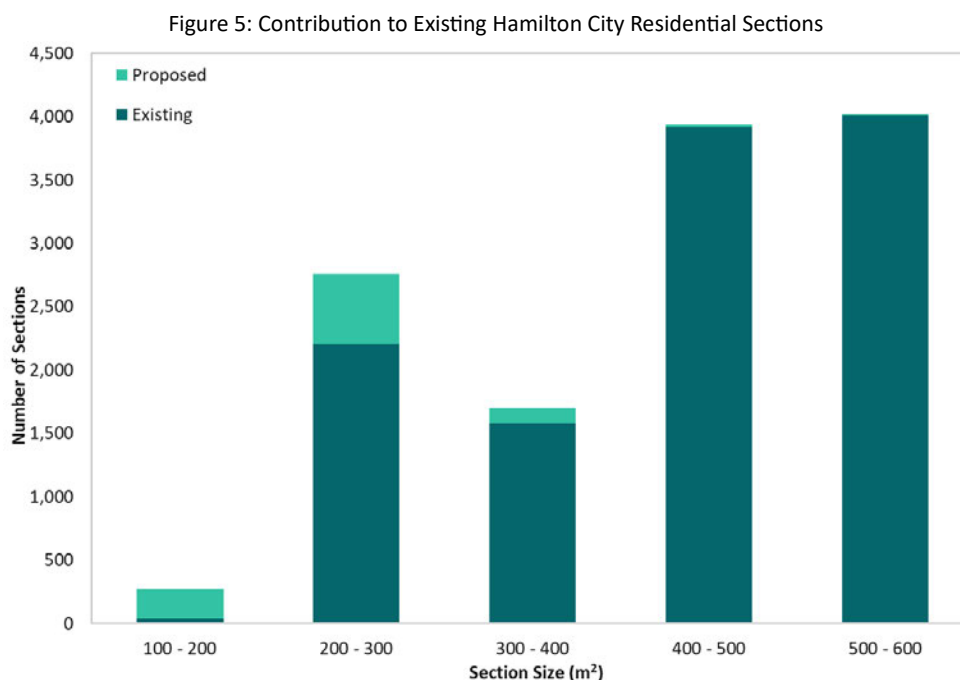
Absent competition, landowners may experience “market power”, which enables them to charge more for land and be slower in releasing it to the market. Both outcomes conspire against affordability and reduce the overall efficiency of the housing market.

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

8.6. Catering to a Variety of Needs & Preferences

The proposal will enable a mix of dwelling types and lot sizes that support choice across household structures, life stages, and budget preferences. This includes opportunities for smaller and more compact housing forms alongside more traditional residential options, contributing to a more diversified housing supply.

Importantly, the proposal provides for residential sections that are materially smaller than the existing housing stock in Hamilton City. The average proposed section size is approximately 250 m², compared to an average of around 980 m² across Hamilton City’s residential areas.⁷ This shift in section size distribution is illustrated in the figure below, which compares existing Hamilton City sections with those enabled by the proposal for lot sizes up to 600 m², being the range within which 99.8 percent of the proposed lots fall.



⁷ Based on Hamilton City residential section size data as reported in Cotality’s *Property Guru* database.

Accordingly, by enabling smaller sections and a wider range of housing formats, the proposal makes a material contribution to housing choice in Hamilton City and the wider Waikato region.

8.7. Support for Well-functioning Urban Environments

Master-planned communities like the proposal provide a strategic and coordinated approach to urban growth, delivering superior economic and social benefits compared to the alternative (i.e., fragmented development). For example, these developments:

- **Achieve economies of scale:** Large-scale development lowers per-unit costs through efficient planning and resource allocation.
- **Optimise infrastructure investment:** Coordinated delivery of roads, utilities, and public services reduces inefficiencies and ensures infrastructure is right-sized and cost-effective.
- **Generate employment:** Provide steady employment for local contractors and tradespeople.

Further, master-planned developments like the proposal create well-connected, vibrant areas by:

- **Prioritising walkability and accessibility:** Integrated transport networks encourage active transport, reducing car dependency and promoting healthier lifestyles.
- **Enhancing safety through CPTED principles:** Thoughtful urban design improves visibility, deters crime, and promotes secure public spaces.

Finally, unlike fragmented growth, which often leads to inefficiencies, master-planned communities:

- **Prevent inconsistent urban form:** Coordinated development ensures a seamless integration of infrastructure, housing, and amenities.
- **Avoid land banking:** Large-scale projects encourage timely development, addressing housing and infrastructure needs efficiently.
- **Reduce reliance on external infrastructure:** Self-sufficient communities alleviate pressure on existing networks, supporting sustainable urban expansion.

At the same time, the proposal delivers publicly vested infrastructure – including neighbourhood parks, open space, and connected pedestrian and cycle networks linking into the wider Hamilton system – that generates benefits beyond those directly associated with enabling new dwellings. Importantly, such amenities are only typically feasible at scale through large, master-planned developments. In contrast, piecemeal subdivision, redevelopment, or infill projects are generally too small to support their delivery.

The shared paths and cycle connections provided as part of, or enabled by, the proposal are a good example. These deliver amenity, health, and accessibility benefits for residents and the wider

community, and recent studies suggest such amenities create significant and enduring value, both through measurable uplifts in property values and through health and wellbeing benefits.^{8 9 10}

⁸ In Auckland, apartments next to parks sell for 14-16% more than comparable units 500 metres away. Maritz, A. (2016). *How Do Aucklanders Value Their Parks? A hedonic analysis of the impact of proximity to open space on residential property values*. AC Technical Report 2016/031.

⁹ International studies find that single-family homes near greenway trails attract premiums of 3-5%. See: Crompton, J. & Nicholls, S. (2019). *The Impact of Greenways and Trails on Proximate Property Values: An Updated Review*. *Journal of Park and Recreation Administration*, 37(3).

¹⁰ Waka Kotahi (2023) *Monetised Benefits and Costs Manual* values walking and cycling benefits at approximately \$9.90 per pedestrian kilometre (capped at \$3,100 per user annually) and \$4.90 per cyclist kilometre (capped at \$6,200 per user annually).

9. Other Long-term Impacts

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

9.1. Alignment with Government Growth Agenda

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

The proposal aligns well with several of these priorities:

- **Developing Talent:** Construction of circa 938 dwellings and supporting infrastructure will generate employment for more than 1,830 FTE-years over the nine-year development period, creating opportunities for apprentices, tradespeople, and professionals. This will help sustain and develop the skills base of the local labour force.
- **Building Competitive Business Settings:** By bringing a large supply of new dwellings to market, the proposal will foster greater competition in the land and housing markets, directly supporting the efficiency objectives of the NPS-UD.
- **Promoting Trade and Investment:** The scale of the development represents a major private sector investment of approximately \$523 million, which signals confidence in the local economy and strengthens its attractiveness as a destination for further domestic and international investment.
- **Driving Innovation, Science and Technology:** The master-planned design of the development incorporates integrated transport networks, ecological enhancement, and sustainable infrastructure solutions. These reflect best-practice urban design and infrastructure planning, providing a model for future growth in the region and beyond.
- **Investing in Infrastructure for Growth:** The proposal includes significant investment in essential infrastructure such as stormwater management, wastewater treatment capacity, and supporting roads, cycling, and pedestrian networks. These upgrades will not only service the development itself but also strengthen the resilience and efficiency of the wider urban system.

9.2. Alignment with Future Proof Strategy

The proposal aligns with the Future Proof Strategy, which explicitly recognises the SL1 growth cell as a strategically significant area for urban expansion.¹¹ Table 9 of the strategy identifies SL1 as part of Hamilton’s urban enablement area under the NPS-UD, with planned intensification supported by

¹¹ Future Proof Strategy: Future Development Strategy Update 2024 – 2054. Available here: www.futureproof.org.nz/our-strategic-direction/

future public transport. The strategy also identifies the Southern Links corridor as critical enabling infrastructure for the growth cell's development.

The inclusion of SL1 in the Future Proof Strategy, and the active advancement of development by the Applicant, signals a high level of certainty around planning and infrastructure timing. This reduces delivery risk, increases investor confidence, and supports earlier and more sustained private sector investment. The proposal's alignment with the strategy is therefore not only a matter of planning consistency but also contributes to more efficient and timely economic outcomes.

9.3. Alignment with Hamilton Urban Growth Strategy

The Hamilton Urban Growth Strategy (HUGS), published in April 2023, provides a long-term spatial vision for managing the city's growth. It establishes principles for releasing "out of sequence" or "out of boundary" areas for development, recognising that Hamilton's growth cannot be fully accommodated within the city's administrative boundary. The proposal, as an out-of-boundary development within the Waipā District, falls to be assessed against these principles. The key requirements are that such developments must enhance the overall wellbeing of current and future residents and create quality communities.

The proposal is well aligned with these requirements across the following dimensions:

- **Compact and accessible neighbourhoods with key services close by.** The development provides a neighbourhood centre, neighbourhood park, and connected pedestrian and cycling networks within the site. The Hamilton CBD is approximately five to six kilometres to the north, with existing neighbourhood centres at Glenview and Deanwell within close proximity. The site is also well positioned relative to existing bus routes and future public transport corridors identified in the Future Proof Strategy, including the potential for enhanced public transport along the Ohaupō Road corridor. Development of this scale and density supports the patronage base on which such investment depends, aligning with the spatial outcomes sought through regional planning.
- **Affordable housing choices.** With an average lot size of approximately 250 m² and over 80 percent of lots below 300 m², the proposal delivers a housing product that is materially more compact than the existing Hamilton housing stock. This supports a lower entry price point and provides options for households that are currently underserved by the market, including first-home buyers and smaller households.
- **Sustainable and integrated infrastructure solutions.** The proposal incorporates a comprehensive infrastructure strategy, including stormwater wetlands, detention and treatment devices, and riparian and corridor planting, and a connected roading hierarchy designed to integrate with the wider SL1 growth cell. These systems are designed to service both the proposal and future stages of SL1 development.
- **Places for recreation and best-practice urban design.** The masterplan provides for a 3,200 m² neighbourhood park, distributed stormwater and riparian open spaces, and mid-block walking paths. The density gradation across the site, transitioning from higher-density terrace forms

to lower-density duplex and detached typologies, reflects a considered design response to the site's context and constraints.

- **Enhancing Hamilton's economy.** As assessed in Section 6, the proposal will generate substantial construction-phase employment and GDP, alongside ongoing economic activity from the neighbourhood centre. Beyond these directly assessed effects, the new resident population will contribute to the local economy through household expenditure on goods and services, supporting employment and activity across Hamilton's wider retail and service sectors.
- **Meeting the costs of infrastructure.** All infrastructure required to service the development is expected to be funded by the developer. The proposal does not rely on public funding for its delivery.
- **Not compromising planned investment.** The proposal supports, rather than compromises, the delivery of regionally significant infrastructure. By establishing residential development within the SL1 growth cell, the proposal helps anchor demand for both the Southern Links transport corridor – a confirmed Road of National Significance designed to support housing growth in the southern Hamilton area – and the planned Southern Wastewater Treatment Plant, strengthening the underlying business cases for these investments.

On this basis, the proposal is well matched to the requirements of the Hamilton Urban Growth Strategy for out-of-boundary developments.

9.4. Investment Signal Effects

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

Such signalling effects are particularly relevant in sectors characterised by high upfront costs and long payback periods, where investment decisions are sensitive to perceptions of risk and uncertainty. The establishment of a significant new development can help reduce perceived market risk by demonstrating that funding, consenting, and delivery barriers can be successfully navigated in the region.

Over time, this can help bring forward or unlock complementary investment, including associated residential, commercial, or service-based development, as well as supporting infrastructure.

10. Project Acceleration

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

10.1. Timing of Economic Benefits

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

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

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

11. Summary and Conclusion

This section brings together the full range of economic effects assessed throughout this report and presents our overall conclusions on the regional significance of the proposal for the purposes of the FTAA.

11.1. Monetised Effects

The table below summarises the monetised costs and benefits of the proposal in NPV terms, organised by TEV category.

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

Direct Use Values	Costs	Benefits	Net Benefits
NPV of Construction GDP		\$231.7	\$231.7
NPV of Future Onsite GDP		\$7.7	\$7.7
NPV of Consumer Surplus		\$34.4	\$34.4
NPV of Forgone Rural GDP	-\$4.5		-\$4.5
Direct Use Sub-Totals	-\$4.5	\$273.8	\$269.2
Indirect Use Values	Costs	Benefits	Net Benefits
Loss of Ecosystem Services	-\$1.7		-\$1.7
Non-use Values	Costs	Benefits	Net Benefits
Loss of option/bequest value	-\$1.7		-\$1.7
Total Economic Values	Costs	Benefits	Net Benefits
TEV Summary	-\$7.9	\$273.8	\$265.9

Under the baseline scenario, the proposal generates a monetised TEV of approximately \$266 million (NPV). Benefits of around \$274 million are driven predominantly by construction activity, with additional contributions from consumer surplus and ongoing onsite activity. Quantified costs are modest at approximately \$8 million, largely reflecting forgone rural production.

11.2. Employment Effects

In addition to the monetised effects set out above, the proposal generates significant employment impacts, particularly during the construction phase. Development of the site is estimated to support approximately 1,830 FTE-years of employment over the construction period, equivalent to an average of around 203 full-time roles per annum. These effects arise across a range of sectors, including construction, professional services, and supporting industries. Once complete, the proposal will also support ongoing employment associated with the neighbourhood centre, which represents a net increase in employment relative to the counterfactual.

11.3. Qualitative Effects

Finally, the assessment has identified a number of economic benefits of the proposal that are not readily quantified. These include:

- Contribution to housing supply and capacity;
- Improved housing affordability and price moderation;
- Increased land market competition and responsiveness;
- Greater housing choice and typology diversity;
- Master-planned urban form and coordinated infrastructure;
- Alignment with strategic growth frameworks; and
- Support for delivery of key infrastructure.

11.4. FTAA Criteria Checklist

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

Table 17: Assessment Against FTAA Criteria

Criterion	Signpost	Assessment Summary
Contributes to the purpose of the Act – facilitates projects with significant regional or national benefits (s3; s81(2)(b); Sch 5 cl 17)	Sections 8 – 12	The proposal delivers significant regional benefits through a substantial and timely increase in housing supply, significant construction-phase employment and GDP, and a range of wider economic benefits including support for housing affordability, land market competition, well-functioning urban environments, and the delivery of strategic infrastructure. These outcomes align directly with the FTAA’s purpose.
Benefits outweigh adverse effects (s85)	Sections 8 – 13	The economic benefits of the proposal are substantial, well-evidenced, and durable, with a quantified net TEV of approximately \$266 million. Identified adverse economic effects, including forgone rural production, temporary construction-phase disruption, and loss of rural amenity, are limited in scale, manageable, and not material in the context of the benefits delivered.
Nature and scale of benefits, including economic, employment, environmental, cultural, and social (s81(4))	Sections 8 – 12	The proposal delivers significant economic and employment benefits at the regional level, alongside important social benefits through increased housing choice, improved affordability, and support for well-functioning urban environments. The proposal also supports the sequencing of regionally significant infrastructure. Environmental and cultural matters are addressed separately within the AEE and specialist assessments.
Consistency with national direction and planning documents, including under the RMA (s81(2)(aab))	Sections 9 & 12	The proposal is strongly aligned with the NPS-UD, particularly in relation to housing supply, diversity, affordability, competitive land markets, and well-functioning urban environments. It is consistent with the Future Proof Strategy (which identifies SL1 as part of Hamilton’s urban enablement area), the Hamilton Urban Growth Strategy, and the Government’s Going for Growth agenda. Detailed statutory planning matters are addressed separately within the planning assessment.
Greatest weight given to purpose of FTAA (Sch 5 cl 17)	Sections 8 – 13	The proposal squarely advances the FTAA’s purpose by facilitating a development with clear and significant regional benefits and by accelerating the delivery of those benefits through a streamlined approval pathway. The scale of benefits, the certainty of delivery through a master-planned approach, and the timing advantages of the FTAA pathway collectively warrant substantial weight.

11.5. Conclusion

The economic evidence presented in this report confirms that the proposal delivers significant regional benefits for the purposes of the FTAA.

In monetised terms, the proposal generates a net benefit of approximately \$266 million (NPV), driven predominantly by construction activity, with additional contributions from consumer surplus and ongoing onsite economic activity. Quantified costs are modest and primarily reflect forgone rural production.

The proposal also generates substantial employment impacts, particularly during the construction phase, alongside a net increase in ongoing employment relative to the counterfactual.

These quantified effects are complemented by a range of important qualitative benefits, including a significant contribution to housing supply and capacity, improved housing affordability, increased housing choice, and support for well-functioning urban environments and strategic infrastructure delivery.

The identified adverse economic effects are limited in scale and are localised, temporary, or otherwise manageable. None are material in the context of the benefits delivered.

The FTAA pathway enables these benefits to be realised more quickly than would otherwise occur, accelerating the delivery of housing, employment, and associated economic outcomes.

On balance, and having regard to the purpose of the Act, the proposal delivers significant regional economic benefits that clearly outweigh its potential adverse effects and is strongly supported on economic grounds.

12. Appendix A: Methodology Description

12.1. Summary of Overall Approach

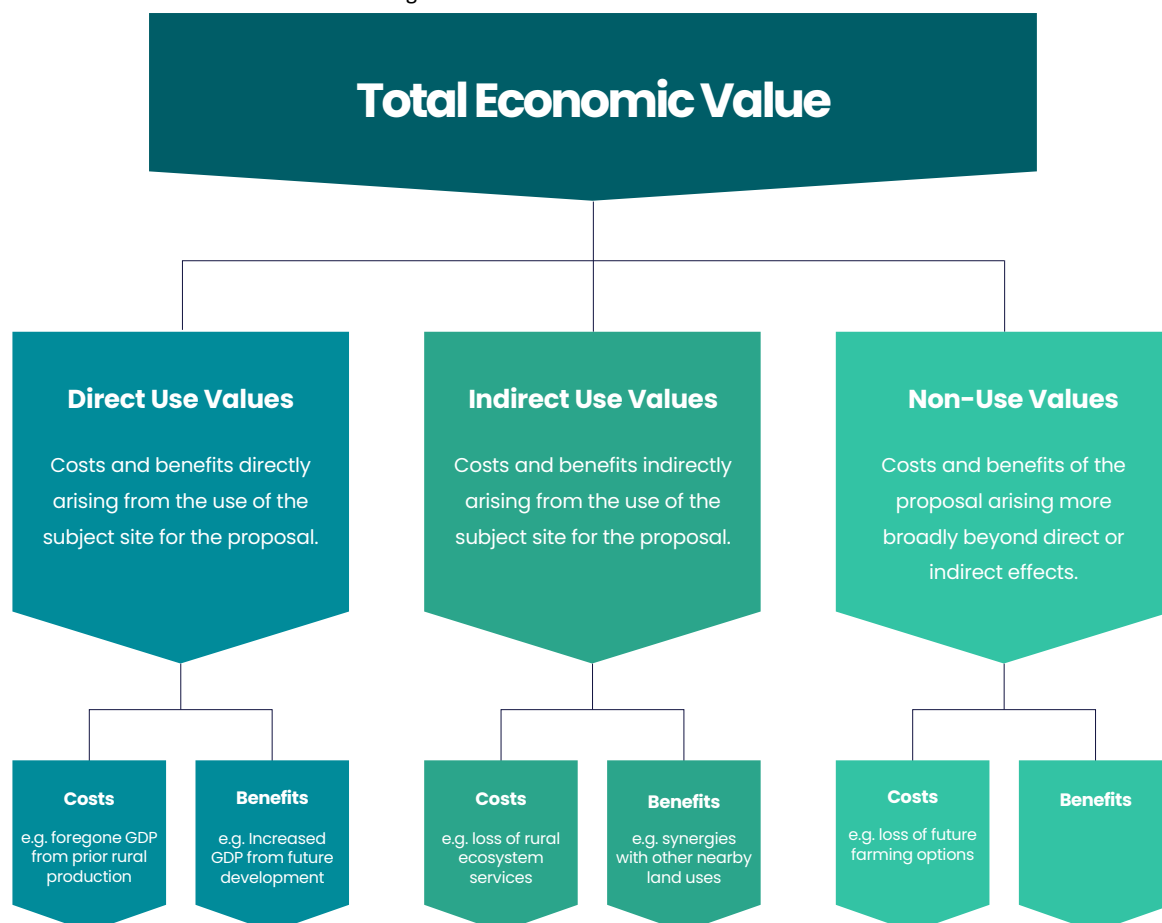
Our assessment adopts the total economic value (TEV) framework to compare all relevant economic costs and benefits of the proposal to the most likely use of the site absent it, which is called the counterfactual. To keep the analysis as conservative as possible, amongst other things, we assume that the proposal precludes rural production across the entire site from day 1, rather than in a phased manner, as usually occurs with staged build outs in large-scale developments. We also account for the time value of money by converting quantified costs and benefits to net present values before weighing them up to assess the regional and/or national significance of the proposal's economic benefits.

12.2. Introduction to the TEV Framework

The TEV framework has been widely used since the 1980s to capture the full spectrum of economic effects associated with changes in land use, not just those readily quantifiable. By structuring the analysis around TEV, we ensure that all relevant economic effects are identified and considered, irrespective of the extent to which they can be quantified.

The TEV framework splits all relevant economic costs and benefits into those driven either directly or indirectly by the proposal, plus 'non-use' impacts arising more generally. Figure 6 below illustrates this classification of effects within the TEV framework.

Figure 6: Overview of the TEV Framework



12.3. Mapping of Proposal Impacts to TEV Framework

Table 18 below shows how the key option differences identified in Section 3 are mapped to the various TEV cost and benefit categories illustrated in Figure 6 above.

Table 18: Mapping of Proposal Economic Costs and Benefits to TEV Elements

TEV Category	Benefits of Proposal vs Counterfactual	Costs of Proposal vs Counterfactual
Direct Use Value	Construction-phase economic activity (GDP)	Loss of rural production (dairy)
	Consumer surplus from increased housing and commercial supply	None considered
	Ongoing onsite economic activity (neighbourhood centre)	None considered
Indirect use value	None considered	Loss of ecosystem services (e.g. regulating functions)
Non-use value	None considered	Loss of option and bequest values associated with rural land

Several observations can be made about this mapping. First, the proposal's **direct use values** are broad, and mostly readily quantifiable. As a result, they form the focus of this assessment, including one-time construction impacts (which are estimated via multiplier analysis), ongoing employment impacts, and the efficiency gains of increased housing supply (as estimated through its effects on consumer surplus). Direct use costs are centred on forgone rural production, which are also quantified herein via multiplier analysis.

Second, the **indirect use values** are more mixed and less readily quantifiable. Costs include that the urbanisation of rural land will reduce the site's contribution to certain ecosystem services. On the benefit side, the master-planned nature of the development is expected to deliver improved social connectivity, walkability, and proximity to open space and amenity — outcomes that would not arise under the low-intensity counterfactual.

Third, the **non-use values** are inherently difficult to quantify and outside our area of expertise. The theoretical loss of the option for future generations to use the land for farming is acknowledged, but is tempered by the fact that the site's productive potential is already constrained by its peri-urban context, and the pending development of the Southern Links transport corridor.

In summary, the TEV framework confirms that the proposal's benefits are concentrated in direct use values that are both significant and quantifiable, while its costs are spread across direct, indirect, and non-use categories and are generally modest, partially offset by design responses within the proposal, or limited by the existing condition of the site.

12.4. Indirect Use & Non-use TEVs of Rural Production

To calculate the indirect and non-use values of forgone rural production, we rely on a seminal New Zealand study by Patterson and Cole,¹² which itemises the indirect and non-use values of various rural land uses per hectare basis across various ecosystem services, which are grouped into four types:

- **Provisioning services:** the direct production of goods such as food, fibre, and fresh water;
- **Regulating services:** the regulation of biophysical and ecological processes, including climate regulation, flood control, waste treatment, and biological pest control;
- **Cultural services:** non-material benefits including recreation, aesthetic value, spiritual fulfilment, and contributions to cultural identity; and
- **Supporting services:** foundational ecological processes such as nutrient cycling, soil formation, and pollination that underpin the delivery of all other services. Because supporting services are already reflected in the value of provisioning, regulating, and cultural services, they are excluded from the aggregation of TEV to avoid double counting.

Overlaying our independent estimates of forgone rural output with these values, we fully capture the economic values of rural production forgone by development proposals. The counterfactual for this site involves dairy farming only (no horticulture or cropping), so the relevant Patterson and Cole values are those for agriculture ecosystems, as set out in the table below.

Table 19: Use Value of Ecosystem Services Derived from **Agriculture** Ecosystems (\$2012 million)

Ecosystem service	Supporting value	Regulating value	Provisioning & cultural value	Provisioning & cultural excl. GDP	Gross value	Net value
Water provisioning			85	68	85	85
Food production			8,363		8,363	8,363
Raw materials			514		514	514
Recreation			57	57	57	57
Cultural			57	57	57	57
Gas regulation		200		200	200	200
Waste treatment		2,488		2,488	2,488	2,488
Biological control		657		657	657	657
Soil formation	28			28	28	0
Erosion control	7,008			7,008	7,008	0
Pollination	715			715	715	0
Total	7,751	3,345	9,076	11,278	20,172	12,421

According to Table 19, food production accounts for approximately 67 percent of net TEV.¹³ The remaining third is attributable to regulating services, principally waste treatment (\$2,488m), biological control (\$657m), raw materials production (\$514m), and gas regulation (\$200m), as well as smaller contributions from water provisioning, recreation, and cultural services. This means that the GDP,

¹² Patterson & Cole. (2013). *Total Economic Value of New Zealand's Land-Based Ecosystems and Their Services*.

¹³ Calculated as 8,363 net value of food production divided by 12,421 total net value.

employment, and wage estimates for the dairy farming counterfactual capture around two-thirds of the total ecosystem service value of those land uses. To derive the full TEV of those counterfactual scenarios, the production estimates need to be scaled up by approximately 49 percent to account for the additional regulating and other service values not captured in standard economic output metrics.¹⁴

These indirect use and non-use values are the intangible economic costs that clause 3.10(1)(c) of the NPS-HPL directs be taken into account when weighing the loss of HPL, and are quantified here so that the weighing can be undertaken on a full-TEV basis (see Section 7.4).

12.5. Analysis Horizon & Time-Value of Money

The analysis spans 50-years from the day that FTAA approval is (assumed to be) granted. This time horizon is much longer than the 30-year long-term planning period required under the NPS-UD, and ensures that the full stream of costs and benefits, including those associated with long-term forgone rural production, are adequately captured. All quantified effects are expressed in NPV terms to account for the time value of money. A discount rate of 8 percent is applied, consistent with the rate commonly used for public sector cost-benefit analysis and infrastructure investment appraisal.

¹⁴ The scalar equals the total net value of 12,421 for agriculture ecosystems divided by the net value of food production of 8,363. This results in a scalar of 48.5 percent to capture the other elements of TEV over and above our estimates of food production.

13. Appendix B: About Multiplier Analysis

13.1. Introduction

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

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

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

13.2. Example

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

13.3. Types of Effects Estimated

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

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

As alluded to above, these effects are typically measured in terms of:

- **Contributions to value-added (or GDP).** GDP measures the difference between a firm's outputs and the value of its inputs. It captures the value that a business adds to its own inputs to produce its outputs. From an accounting perspective, GDP equals a firm's earnings before interest, tax, depreciation, and amortisation (**EBITDA**), plus the wages and salaries paid.

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

13.4. Importance for Assessing Construction Projects

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

For context, according to the latest multipliers, for every dollar of GDP generated by the building construction sector, an extra \$2.76 of GDP is generated in the industries supporting it.¹⁵ Similarly, for every FTE directly employed in building construction, an extra 2.82 FTEs are employed in the sectors that comprise its supply chain. Accordingly, multiplier analysis is critical to capturing the overall effects of economic activity enabled (or forgone) by large-scale development proposals.

13.5. Multiplier Analysis Limitations & Mitigation Strategy

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

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

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

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

¹⁵ As measured by the indirect effect, i.e., excluding induced effects.

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

Strategy 2: Scaling direct & indirect effects: We also scale down the estimated direct and indirect impacts of the proposal (on GDP, jobs, and wages) to reflect the impacts of potential capacity or resourcing constraints on their realisation. Specifically, three scenario-based scaling factors are applied to account for the likely effects of capacity and resource constraints, namely a:

- Low scenario, which scales direct and indirect effects down by 50%;
- Baseline scenario, which scales direct and indirect effects down by 20%, and is our ‘best guess’ estimate of likely impacts; and
- High scenario, which assumes no scaling down of direct and indirect effects.

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

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

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

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

14. Appendix C: Consumer Surplus Impacts

14.1. Context

Our TEV assessment framework captures the likely impacts of a proposal on consumer surplus as a type of direct use benefit. For each transaction, consumer surplus equals the difference between what a buyer would have been willing to pay for the good or service minus what they do pay. For example, if a family buys a new home for \$800k, but they would have been willing to pay up to \$900k for it, the consumer surplus on that transaction is \$100k.¹⁶

By aggregating these consumer surpluses across all transactions in a market over a given period, the total consumer surplus can be estimated. In addition, calculating these consumer surpluses both with and without a specific proposal enables its marginal effects to be directly estimated. Indeed, that is how we capture the consumer benefits of increased supply in our analysis.

The remainder of this section illustrates how consumer surplus is measured across each sub-market (with and without the proposal) to calculate its direct use benefits in our TEV framework.

14.2. Introduction to Supply & Demand Analysis

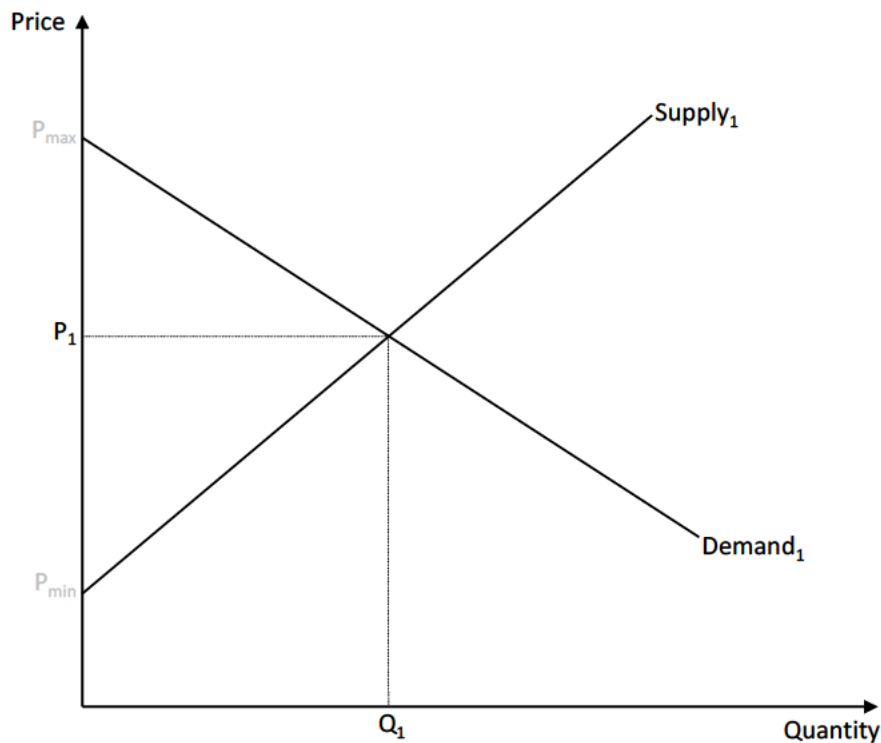
Economic analyses often use a graphical technique called supply and demand analysis to assess the potential impacts of future market changes, like the impacts of large-scale development proposals. Three key features of supply and demand analysis are the:

- **Supply curve:** which shows the minimum price that sellers will accept at each market quantity. The supply curve slopes up because, all other things being equal, higher prices are more profitable than lower ones, thereby enticing greater levels of supply.
- **Demand curve:** which shows the maximum price that consumers are willing to pay for any given quantity. It slopes down because, all other things being equal, lower prices make goods and services more attractive and affordable, inducing greater demand in the process.
- **Intersection of the supply and demand curves:** which determines the equilibrium market price and quantity because it represents the only combination that both (i) sellers are willing to accept, and (ii) consumers are willing to pay. No other combination of price and quantity satisfies this condition, so the intersection of the two curves defines the market equilibrium.

Bearing these concepts in mind, the figure below depicts a hypothetical market in equilibrium at Price P_1 and Quantity Q_1 .

¹⁶ Calculated as \$900k minus \$800k

Figure 7: Supply & Demand Intersecting to Set Equilibrium Price & Quantity



14.3. Consumer Surplus & Producer Surplus

According to economic theory, the gains that buyers and sellers realise from trading with one another can be directly measured via their respective “surpluses.” For example, as noted above, the benefits accruing to buyers are measured by the consumer surplus. This is mirrored (in a graphical way) by a corresponding measure called producer surplus, which represents the benefits to sellers. It equals the difference between the market price and the minimum that sellers would have been willing to receive.

Consider a simple example, where a family buys a new home for \$800k. Let us further assume that:

- The family would have been willing to pay up to \$900k for the property; and
- The developer would have been willing to take as low as \$750k for it.

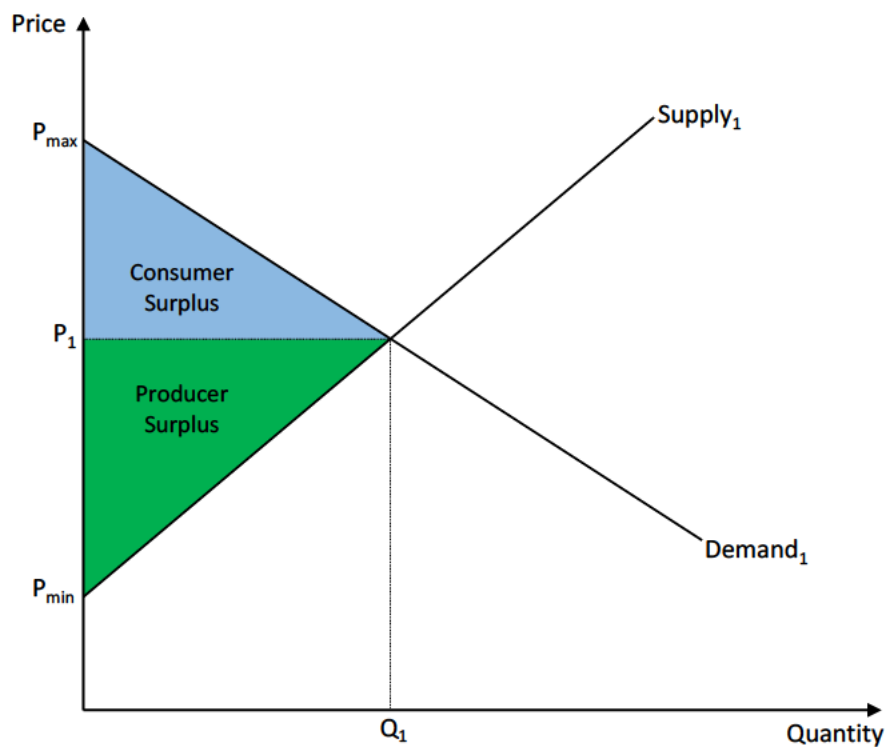
In this example, the consumer surplus is \$100k¹⁷ and the producer surplus is \$50k.¹⁸

The figure below graphically depicts the consumer and producer surplus for all transactions up to and including the hypothetical market equilibrium quantity Q_1 using the supply and demand curves from Figure 7 above. It utilises the fact that the demand curve represents the maximum price that buyers are willing to pay for each given quantity (which feeds into consumer surplus), while the supply curve represents the minimum that sellers are willing to take (which feeds into producer surplus).

¹⁷ Calculated as \$900k minus \$800k

¹⁸ Calculated as \$800k minus \$750k

Figure 8: Graphical Illustration of Consumer Surplus & Producer Surplus



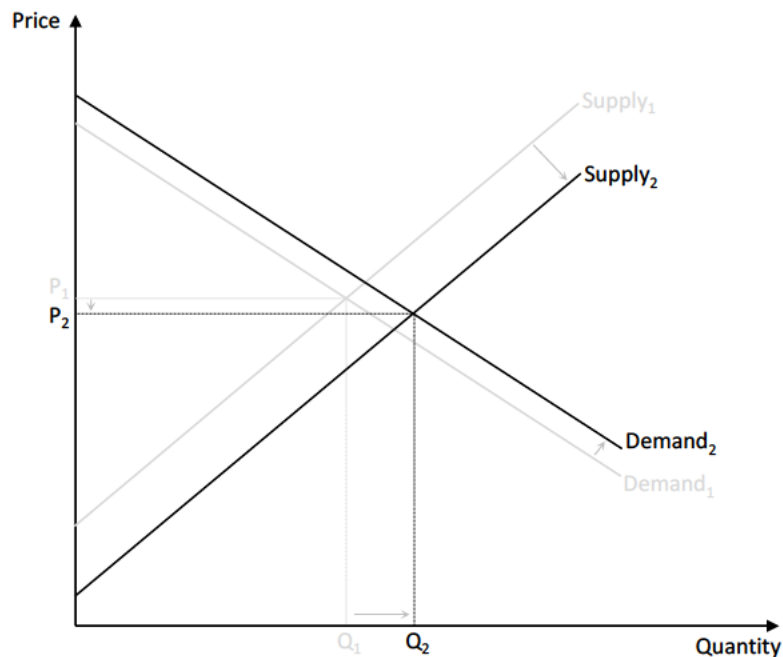
Note: while producer surplus is a theoretically sound and widely used measure of economic benefits too, we omit it because it is already captured in our GDP analysis. Accordingly, the rest of this section concerns only the calculation of consumer surplus, not also producer surplus.

14.4. Impacts of Proposal on Market Price & Quantity

Under the proposal, the market supply curve shifts out due to the development's direct injection of new homes and/or non-residential buildings into the local market. In addition, because large-scale master plan developments may attract buyers whose needs were not previously met in the local market, they may also cause the demand curve to shift out too. Both movements affect the equilibrium price and quantity from which the consumer and producer surplus are calculated.

The figure below portrays the potential impacts of a proposal on the market supply and demand curves, plus the associated equilibrium market price and quantity. In this example, the supply curve shifts out by more than the demand curve, causing the market price to fall as the equilibrium market quantity increases.

Figure 9: Impacts of Proposal on Market Supply, Demand, Price, and Quantity



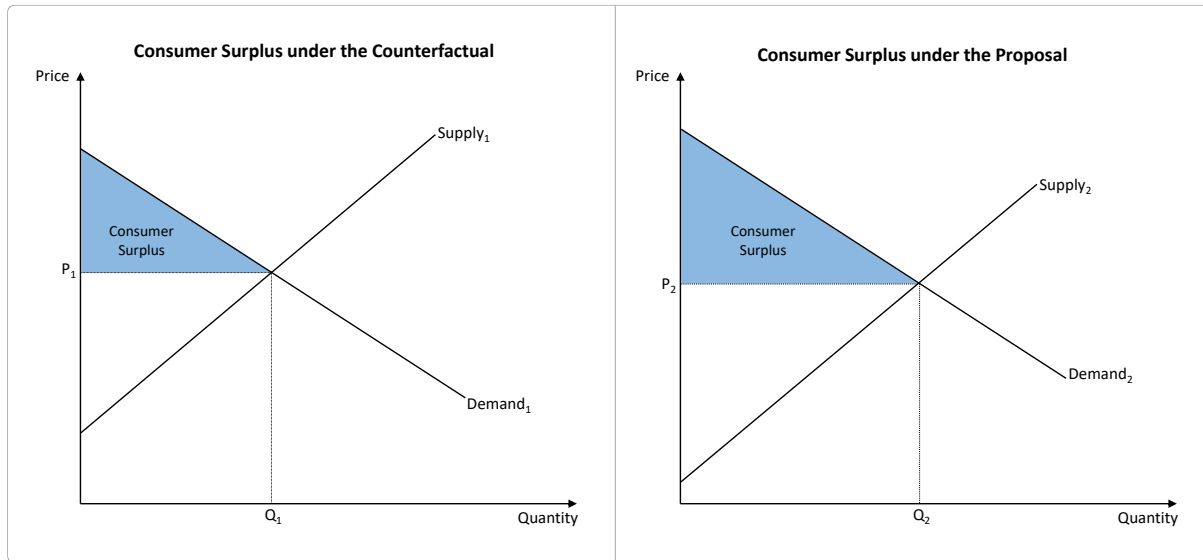
14.5. Impacts of Proposal on Consumer Surplus

Our model enables the (potential) two-sided effects of proposals on market supply and demand to be explicitly captured in the calculations of market prices and quantities, which then all flow into the calculation of consumer surplus. To elaborate, the diagram below shows the calculation of consumer surplus for the market equilibria under the counterfactual and proposal scenarios, respectively. In this diagram:

- The lefthand panel shows the counterfactual consumer surplus based on the supply and demand curves of Supply₁ and Demand₁, respectively; and
- The righthand panel shows the proposal consumer surplus based on the revised supply and demand curves of Supply₂ and Demand₂, respectively.

As we can see, the outward movement of both the supply and demand curves due to the proposal increases the consumer surplus for buyers, which is a direct use benefit of the proposal. We note for completion, however, that the proposal would increase consumer surplus even if its effects were confined only to shifts of the market supply curve. However, those increases would be lower than if the demand curve is also pushed out (albeit to a lesser degree) by the proposal.

Figure 10: Consumer Surplus With & Without the Proposal



Note that, while the modelled shifts in market supply and demand both increase the equilibrium quantity, their effects on price offset one another, with the net price effect depending on both the shapes of the curves, plus the extent to which each curve shifts due to the proposal. In general, though, since the proposal will likely have greater impacts on supply than demand, it is also more likely to *reduce* prices relative to the counterfactual, than increase them.

14.6. Calculating the Change in Consumer Surplus

The rest of this section mathematically derives the consumer surplus, with and without the proposal, to show how the proposal's impact is captured analytically.

Calculating the Counterfactual Equilibrium Price & Quantity

To advance the discussion, let the (inverse) market demand and functions be defined as follows:

- Supply: $P_s = a + bQ$
- Demand: $P_d = c - dQ$

Where **a** is the minimum price that seller is willing to receive, **c** is the most that any consumer is willing to pay, and **b** and **d** are the slopes of the inverse market supply and demand curves, respectively.

In equilibrium, supply equals demand. This, in turn, requires that:

$$a + bQ = c - dQ$$

Rearranging this, the equilibrium market quantity can be derived as:

$$Q = \frac{c - a}{b + d}$$

Plugging this into the market supply equation yields the corresponding equilibrium price of:

$$P = a + bQ = a + b \left(\frac{c - a}{b + d} \right)$$

Calculating Consumer Surplus Under the Counterfactual

Based on the formula for the area of a triangle, the value of consumer surplus equals half the market quantity multiplied by the difference between the (i) maximum price that any consumer would be willing to pay (as denoted by the parameter c) and the price they do pay, i.e., P . Plugging the algebraic solutions for market price (P) and quantity (Q) into this equation yields the following formula for Counterfactual consumer surplus:

$$\begin{aligned} \text{Consumer Surplus (Counter Factual)} &= \frac{Q}{2} [c - P] \\ &= \frac{c - a}{2(b + d)} [c - P] \\ &= \left[\frac{c - a}{2(b + d)} \right] \times \left[c - a - b \left(\frac{c - a}{b + d} \right) \right] \end{aligned}$$

With some rearrangement and simplification, this expression reduces to:

$$\text{Consumer Surplus (Counter Factual)} = \frac{d(c - a)^2}{2(b + d)^2}$$

Calculating Consumer Surplus Under the Proposal

Assuming the proposal causes the inverse market supply curve to shift out by a user-defined scalar i , and the inverse market demand curve to shift out by a user-defined scalar j , the value of consumer surplus under the proposal can be expressed as follows (via simple extrapolation of the corresponding formula for the Counterfactual scenario):

$$\text{Consumer Surplus (Proposal)} = \frac{jd(jc - ia)^2}{2(ib + jd)^2}$$

Calculating the Proposal's Net Impacts on Consumer Surplus

Subtracting the equation for the consumer surplus under the counterfactual from that of the proposal, the net Consumer effects on consumer surplus equal:

$$\text{Net Impacts on Consumer Surplus} = \frac{jd(jc - ia)^2}{2(ib + jd)^2} - \frac{d(c - a)^2}{2(b + d)^2}$$

Accounting for Transfers

Some of the additional consumer surplus calculated in the equation above represents a “transfer” from producers to consumers, which cancels out and has no net impact on society. Accordingly, the

final step is to remove these transfers. Employing some intermediate algebra, it can be shown that the final equation for the change in consumer surplus net of transfers is as follows:

$$Consumer\ Benefit = \frac{jd(jc - ia)^2}{2(ib + jd)^2} - \frac{d(c - a)^2}{2(b + d)^2} - \left[\frac{c - a}{b + d} \right] x \left[\frac{ad + bc}{b + d} - \frac{ij(ad + bc)}{ib + jd} \right]$$

This is the formula used to calculate the month-by-month impacts of the proposal on consumer surplus, which are then converted to net present value terms for inclusion in the TEV framework.

15. Appendix D: Housing Market Context

Although the subject site is located within the Waipā District, it is functionally part of Hamilton's urban housing market. The site is approximately five kilometres from Garden Place in the Hamilton CBD, making it closer to the city centre than several established Hamilton suburbs, including Rototuna, Rotokauri, Flagstaff, and Temple View. In practical terms, the site falls within Hamilton's functional labour and housing market and is shaped by Hamilton's growth trajectory, land supply constraints, and affordability pressures. These affordability conditions are therefore directly relevant to the assessment of the proposal's housing market effects.

15.1. Housing Market Indicators

Despite a recent cyclical downturn, dwelling prices in Hamilton City remain stubbornly high relative to household incomes and continue to present barriers to home ownership for many residents. This is illustrated in the figure below, which charts the quarterly median prices of residential dwellings across Hamilton City using data published under the NPS-UD.¹⁹

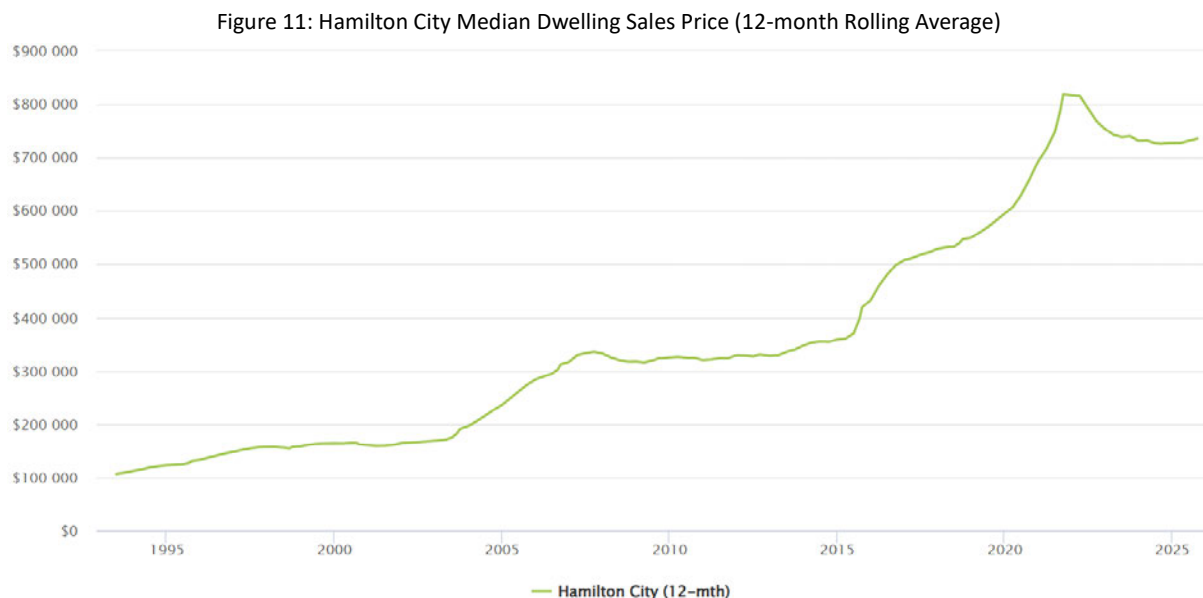
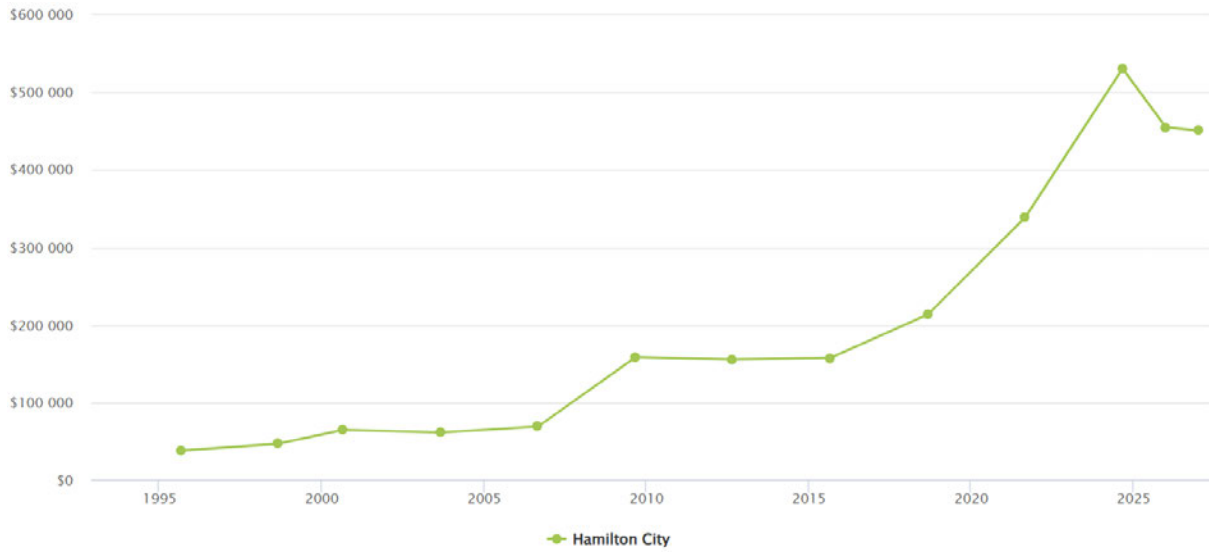


Figure 11 shows that the median dwelling sales price has risen significantly over the past decade, increasing from \$419,000 in September 2015 to \$735,235 by September 2025, an increase of more than \$315,000 in just 10 years. This equals a compound annual growth rate (CAGR) of 5.8 percent, which is clearly unsustainable.

The ongoing increases in dwelling prices reflect strong underlying land value inflation, with values in the local housing market nearly tripling in a decade, from approximately \$157,500 in August 2015 to \$454,800 in December 2025 (a CAGR of 10.8%). Figure 12 plots the trend over time since the mid-1990s.

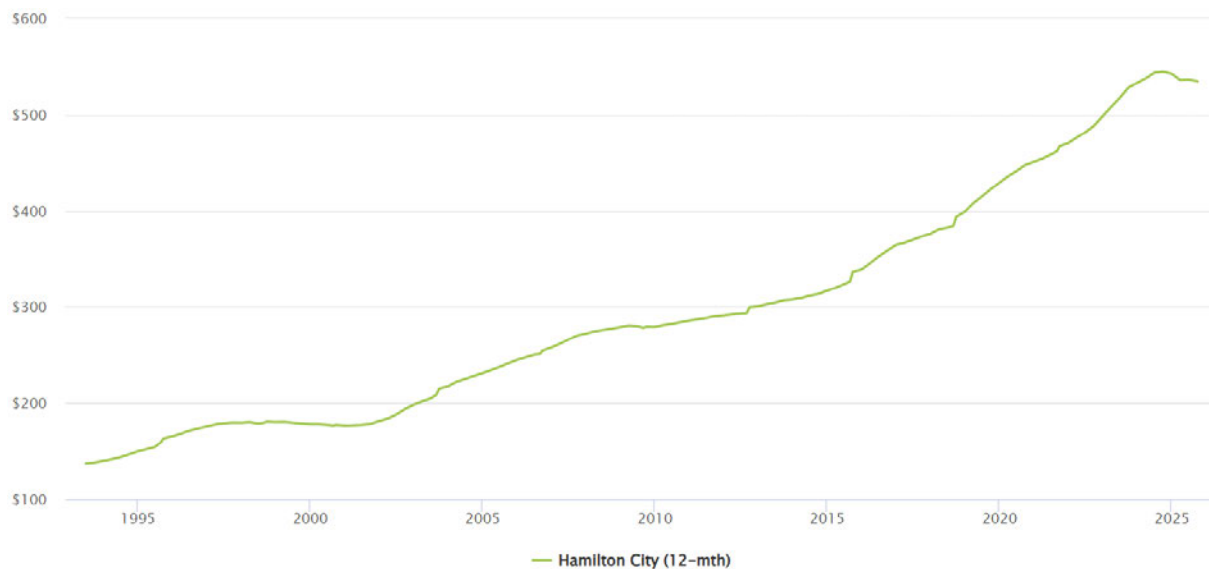
¹⁹ Available here: <https://huddashboards.shinyapps.io/urban-development/>

Figure 12: Hamilton City Average Dwelling Land Value



Weekly rents have also grown steadily, increasing from approximately \$335 in September 2015 to \$535 by September 2025, a CAGR of around 4.7 percent.

Figure 13: Hamilton City Average Weekly Rental Values (12-month Rolling Average)



15.2. Housing Affordability

Cotality's latest data show that Hamilton's housing affordability has improved from the 2021-22 market peak but remains less favourable than its long-term averages.

As summarised in Table 20, Hamilton's value-to-income ratio currently sits at 7.5, down from around 9.5 in 2021 but still above the long-term average of 6.3. Mortgage serviceability has eased to 44 percent of gross household income, compared with a long-term average of around 39 percent, reflecting a combination of moderating house values and lower mortgage rates. The time required to save a 20 percent deposit is currently 9.9 years, while rental affordability remains stable at around 29 percent of household income.

Table 20: Summary of Cotality Results for Main Centres

Main centre	Value to Income ratio		Share of income for repayments		Years to save deposit		Rent to income ratio	
	Latest (Q2 2025)	Average (2004-25)	Latest (Q2 2025)	Average (2004-25)	Latest (Q2 2025)	Average (2004-25)	Latest (Q2 2025)	Average (2004-25)
Auckland	7.9	7.7	47%	48%	10.5	10.3	25%	25%
Hamilton	7.5	6.3	44%	39%	9.9	8.4	29%	26%
Tauranga	8.5	8.2	50%	52%	11.3	11.0	34%	30%
Wellington	6.4	6.4	38%	40%	8.6	8.6	23%	23%
Christchurch	7.4	6.0	44%	38%	9.8	8.0	30%	26%
Dunedin	6.6	5.7	40%	36%	8.9	7.6	30%	25%
NZ	7.5	6.8	44%	43%	10.0	9.1	28%	26%

Relative to other main urban centres, Hamilton sits mid-range nationally – less affordable than Christchurch and Dunedin, but more affordable than Auckland, Tauranga, and Wellington. This pattern aligns with Hamilton’s role as a major growth centre within the upper North Island, where strong population and employment growth continue to support housing demand.

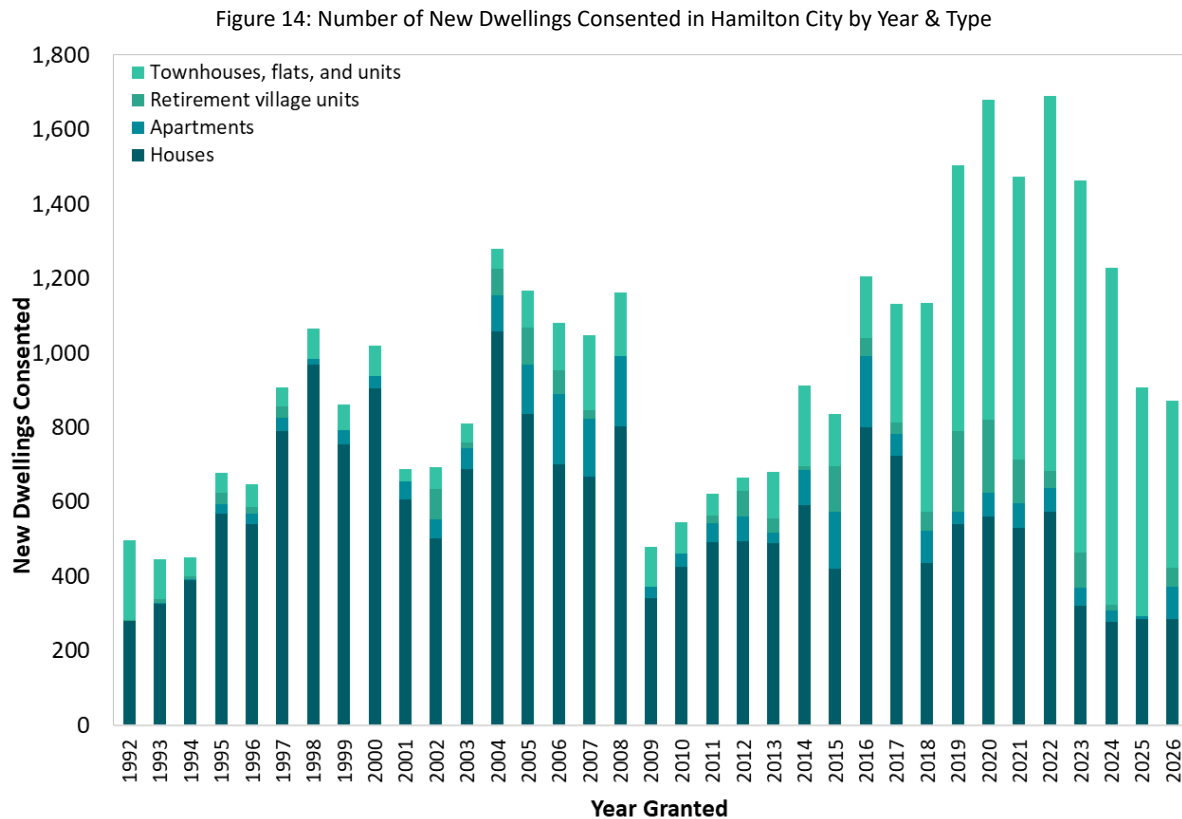
Further detail is provided in Table 21, which traces changes in Hamilton’s key indicators over time. The data show that while median household incomes have risen by approximately 66 percent since 2010, median property values have more than doubled over the same period. Consequently, the value-to-income ratio has climbed from 5.3 to 7.5, and the share of income required for mortgage repayments has increased from 37 percent to 44 percent. The rent-to-income ratio has also edged higher, from 25 percent to 29 percent, underscoring that affordability pressures extend across both the ownership and rental markets. As explained in Section 8.4, this project’s scale may improve housing affordability.

Table 21: Housing Affordability Indicators – Hamilton City

		15 years ago (Q2 2010)	10 years ago (Q2 2015)	5 years ago (Q2 2020)	Latest (Q2 2025)
Median property value	\$	\$329,346	\$372,098	\$629,494	\$764,977
	% Change		13%	69%	22%
Median annual household income	\$	\$61,699	\$69,035	\$84,358	\$102,657
	% Change		12%	22%	22%
Value to income ratio		5.3	5.4	7.5	7.5
Share of income for repayments		37%	32%	37%	44%
Years to save deposit		7.1	7.2	9.9	9.9
Rent to income ratio		25%	24%	27%	29%

15.3. Building Consent Trends

We used building consent data to analyse trends in the number, types, and sizes of new dwellings consented in the city since 1992. To begin, Figure 14 plots the number of new dwellings consented by calendar year and dwelling type. It reveals that consent volumes have tended to move in cycles (like the national and regional property markets). However, the number of new dwellings consented has remained relatively high since 2016. Between 2016 and 2026, 1,300 new dwellings have been consented annually on average, approximately 51 percent higher than the average consented annually during the 20 years prior (i.e., from 1996-2015).



The data also indicates a decline in the average floorspace of new dwellings and a shift towards smaller typologies, with townhouses comprising more than 50 percent of new consents over the last ten years.

15.4. Housing Capacity vs Demand

This section considers the balance between projected housing demand and likely housing supply according to the 2023 Future Proof Housing Capacity Assessment (HCA)²⁰ prepared under the NPS-UD.

The HCA assesses housing development capacity across three statutory timeframes: short term (2022-2025), medium term (2022-2032), and long term (2022-2052). Capacity is expressed as feasible development capacity filtered to reasonably expected to be realised (RER) capacity, taking into account planning controls, infrastructure servicing, market feasibility, and development likelihood.

²⁰ Available here: <https://www.futureproof.org.nz/resource/>

The HCA evaluates sufficiency under two alternative growth allocation scenarios: the *Conservative Allocation RER* scenario, which distributes household growth broadly across catchments based on recent patterns and forms the primary basis for statutory sufficiency testing; and the *HCC Growth Model* scenario, which reallocates a greater share of future growth into central and intensification areas within Hamilton City, reducing greenfield allocations to outer catchments.

Hamilton City Dwelling Sufficiency

At the Hamilton City level, the HCA identifies material shortfalls in dwelling capacity relative to projected demand across all three timeframes, and under both modelling scenarios, as summarised in Table 22 below.

Table 22: Net Sufficiency of Projected Dwelling Capacity – Hamilton City²¹

Timeframe	Conservative Allocation RER	HCC Growth Model RER
Short Term	-3,000	-2,000
Medium Term	-2,800	-4,500
Long Term	-4,800	-8,200

These shortfalls are significant. They indicate that, even after accounting for all feasible and reasonably expected development capacity, Hamilton City does not have sufficient housing capacity to meet projected demand under either scenario. The shortfalls are most pronounced over the long term under the HCC Growth Model, reflecting the challenge of accommodating growth primarily through intensification within the existing urban area.

Medium-term capacity is also concentrated within a limited set of price bands, with the majority of feasible capacity falling within the \$700,000 to \$900,000 range. All other value bands show shortfalls, including both lower-priced and higher-priced dwellings. This concentration of supply makes it harder for lower-income households and first-home buyers to enter the market, and underscores the importance of enabling new supply across a range of price points.²²

15.5. Currency of the 2023 HCA

We acknowledge that the 2023 HCA predates both the FTAA and the most recent phase of the housing market cycle, and that a Panel may reasonably ask whether its conclusions remain valid in mid-2026. In our view they do, for three reasons.

First, the 2023 HCA remains the operative dataset prepared under the NPS-UD. Capacity assessments are updated on a three-yearly cycle; the next iteration, nominally due in 2026, is not expected to be published until 2027. There is no more recent statutory assessment on which to rely.

Second, consenting activity since the 2023 baseline does not represent additional capacity beyond that already counted. The HCA models the feasible and reasonably-expected-to-be-realised capacity of land already enabled under operative and proposed planning instruments. Consents granted since

²¹ Short- and medium-term results reflect the HCA's "current prices" feasibility scenario, while long-term results reflect the "market growth" scenario, consistent with HCA methodology.

²² Our demand assessment is based on the existing consented and operative planning environment. We have not sought to account for other prospective developments that may be advanced under the FTAA or other future planning processes. While such projects may or may not eventuate, they do not currently form part of the consented environment and therefore carry no legal status or weight for the purpose of this assessment. Consistent with standard practice, our analysis therefore models the proposal against the environment as it exists at a fixed point in time, rather than against a speculative future state.

2023 are therefore predominantly the progressive realisation of capacity the HCA had already assumed would come forward, rather than supply additional to it. At the same time, the demand side of the equation has continued to grow, with Waikato population growth running above the national average in recent years. We are not aware of any development consented since the 2023 baseline of a scale that would materially close shortfalls of the magnitude identified in Table 22.

Third, and more fundamentally, the 2023 sufficiency conclusions are in our professional opinion more likely to understate than overstate the true shortfall. Capacity assessments implicitly assign a near-certain probability of development to plan-enabled capacity, much of which is held by owners – farmers, trusts, lifestyle owners, and long-term investors – with neither the intention nor the means to develop within any NPS-UD timeframe. With no general land tax and minimal holding costs, the annual cost of not developing is close to zero, and rising land values make deferral rational. On the demand side, household formation is itself suppressed by housing scarcity: when supply is tight, young adults remain in the parental home, couples living separately double up, and older owners cannot downsize, so projections anchored to observed household sizes understate latent demand. Both effects bias the headline sufficiency arithmetic in the same direction – towards optimism about supply. The shortfalls in Table 22 should accordingly be read as a likely lower bound.

15.6. Other Fast-track Projects in the Wider Area

Several other residential projects in and around Hamilton are at various stages of the FTAA pipeline, having been listed in Schedule 2 of the Act, referred by the Minister, or lodged as substantive applications. We anticipate the Panel may wish to understand how this prospective supply bears on the assessment, and offer the following observations.

As at the date of this report, the quantum of supply represented by these projects is speculative. Listing or referral confers no certainty of approval, approval confers no certainty of delivery, and delivery timeframes for large master-planned developments span many years. A consent is an option, not an obligation: whether and when consented capacity is built out depends on the owner's intent, capital position, and market conditions, and the probability of full, timely realisation is well below 100 percent. Prudent practice is therefore to place limited weight on unrealised pipeline supply. This is the same discipline the NPS-UD applies in distinguishing plan-enabled capacity from capacity reasonably expected to be realised.

Even if every project in the local FTAA pipeline were delivered in full and on time, shortfalls would likely remain across the medium and long terms. The relevant question is therefore not whether other projects might also contribute supply, but whether the market can absorb supply from multiple concurrent sources. The economic evidence indicates that it can, and that it benefits from doing so: Objective 2 of the NPS-UD seeks competitive land and development markets precisely because capacity spread across many independent owners disciplines land pricing and release rates in a way that the same capacity concentrated in few hands does not. Concurrent FTAA projects are in this sense complements rather than substitutes, as each additional credible source of supply strengthens the contestability that the NPS-UD, and the Government's wider growth agenda, seek to achieve.

Finally, the costs of any over-provision are modest and largely private, while the costs of under-provision are large, public, and slow to unwind. Zoned or consented capacity that is not taken up

simply remains in its existing use at negligible public cost; a binding shortage, by contrast, is capitalised into land and house prices and transfers wealth from aspiring buyers and renters to incumbent owners. Declining or discounting credible supply on the basis that other speculative supply may eventuate would repeat the “just enough” rationing that has contributed to the sustained shortfalls documented above – an asymmetry of risk the Panel may wish to weigh in the proposal’s favour.