



Simplicity Research Hub

**Economics Impact Assessment for
Simplicity Living Te Pūtahi/Ladies
Mile Build-to-Rent Development,
Queenstown**

Economic Impact Assessment

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Executive summary

This report has been prepared in support of a substantive application to be submitted by Simplicity Living Limited ("**SLL**") under the Fast-track Approvals Act 2024 ("**FTAA**").

The Project is to develop and construct a comprehensive residential development at 12-14 Lower Shotover Road, Queenstown ("**Project**"). The Project will deliver approximately 1,085 residential apartments, predominantly one- and two-bedroom homes (93%), adding the equivalent of 4.7 years of recent rental stock growth. The Project is a referred Project under the FTAA.

The Project will have a range of key economic benefits. The estimated quantifiable benefits of the Project are summarised below:

- The total direct expenditure from the development and construction phase of the Project (excluding land) is \$461m. The main construction activity will occur over the period of 2027-2030.
- The total Net Present Value ("**NPV**") of economic activity (direct, indirect, and induced effects) over the development and construction period is \$919m, discounted at 8% annually from 2025-2030. Of this, \$327m is value added GDP.
- The number of FTEs generated by the development and construction of the Project will peak at around 880 FTEs nationally in 2029.
- The total direct employment over the development and construction period is 912 FTE years. In addition, post-construction, the Project creates 40-50 permanent FTEs in property management and maintenance.
- The total indirect and induced employment over the development and construction period is 2,309 FTE years. 1,686 of these are produced indirectly

via other suppliers. A further 622 are via induced demand (through spending of supported jobs).

Of the above quantifiable economic benefits, approximately 40% of economic activity and employment is retained within the Queenstown-Lakes District (QLD), with total economic activity worth over 4% of the local economy and over 2% of local jobs. This is a regionally significant contribution for a single project. Upon completion, the Project will create 40-50 permanent management and maintenance positions.

The Project will also:

- Add approximately 1,085 rental homes to a market where rental stock has grown by just 228 additional rentals per year. The Project will inject one- and two-bedroom apartments into the market - the typology in shortest supply according to Queenstown Lakes District Council's (QLDC) Housing and Business Development Capacity Assessment.
- Provide tenure security in a district where 24% annual worker turnover (1.5x what I would expect given industry composition) results in costs to local employers (through recruitment, training, disruption and productivity costs) and local community (uneven demographic and social mix).

In addition to the above quantifiable benefits, the Project is likely to generate a wide range of other qualitative economic benefits for the wider regional community, including:

- Increased housing supply and capacity in the Queenstown Lakes District
- Rental supply in the district's most undersupplied dwelling typology
- Long-term, secure rental tenure
- Labour market retention

- Affordable rentals
- Increased density and upzoning around transport nodes and corridors, supporting the need for improved public transport services and associated mode shift

Where possible, these ongoing housing supply, tenure, and labour market benefits are presented qualitatively; my high-level estimate of these social and economic benefits, using the Treasury's excel based CBAX model is \$381m on a net present value (NPV) basis at 2% social rate of time preference (SRTP).

In my assessment, the Project will generate significant economic benefits for the regional economy and improve housing supply in the Queenstown community. These benefits include both the significant capital expenditure and employment opportunities during the development and construction period for the Project. They also include the qualitative benefits, which will benefit the wider Queenstown community. Overall, I consider the Project will generate significant regional economic benefits in the context of the FTAA.

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1. Introduction and Overview of the Project

This report has been prepared in support of SLL's substantive application being made under the FTAA. The Project has been referred by the Minister as a project with significant regional or national benefits able to use the fast-track process.

Qualifications and experience

This report has been prepared by Shamubeel Eaquib.

I have worked as an economist for over 20 years at various banks and consultancies, in Wellington, Melbourne and Auckland. I have worked on economic matters across social, strategic, and policy contexts.

I hold a BCom with Honours in Economics from Lincoln University and I am a Chartered Financial Analyst ("CFA") charter holder. I have worked as a macro-economist at the ANZ Bank in Wellington and Melbourne, as a macro-economist and financial analyst at Goldman Sachs JBWere in Auckland, as an economic consultant at the New Zealand Institute of Economic Research ("NZIER"), and as a Partner at Sense Partners. I currently balance a portfolio of consulting, advisory, and governance roles through Eaquib & Eaquib Limited, and I am also currently the Chief Economist at Simplicity NZ Limited ("Simplicity").¹

My areas of work (both at Eaquib & Eaquib Limited and Simplicity) tend to focus on housing, construction, economic development, economic measurement and evaluation, finance, overseas investment, and cost benefit analysis. My role as an economic consultant has included giving expert economic evidence in court and in human rights cases and arbitrations.

¹ Simplicity is the manager of the Simplicity KiwiSaver and Investment Funds retail schemes. Diversified funds in the retail schemes get exposure to unlisted BTR property via Simplicity's Wholesale Funds Scheme, which is managed by a wholly owned subsidiary, Simplicity Investment Management Limited. The retail schemes have an allocation to invest in Simplicity's wholesale Property Fund, which currently owns 100% of the unlisted shares in Simplicity Living Limited. Therefore, SLL is currently 100% funded by investment from Simplicity's retail KiwiSaver and Investment Funds schemes.

Although I am not an independent expert (as I am employed by Simplicity), I confirm that I have read the Code of Conduct for expert witnesses contained in the Environment Court Practice Note 2023 and have complied with the Code in the preparation of this report. Unless I state otherwise, this assessment is within my area of expertise, and I have not omitted to consider material facts known to me might alter or detract from the opinions I express.

Overview of the Project

SLL proposes a build-to-rent development at Te Pūtahi/Ladies Mile, Lower Shotover, Queenstown comprising approximately 1,085 rental apartments in a mix of three-eight level apartment buildings.

At a high level, the key elements of the Project include:

- approximately 1,085 residential units in a mix of three-level walk-up apartments and five to eight-level apartment blocks;
- community spaces, a local park, carparking buildings and commercial / retail activities;
- establishment of internal roading network to support the development;
- upgrades to the external infrastructure network, including the provision of a bus lane and signalised intersection on SH6; and
- establishment of infrastructure (both internal and external to the site) to service the development, including water, wastewater, stormwater, telecommunications and power.

The total development cost is estimated to be approximately **\$570 million** (\$61.5 million land, \$431 million construction, \$39 million statutory and development contributions, and contingency). The Project has a staged construction programme over 2025-2030, with the main construction activity occurring over 2027-2030, and an estimated total local spend of **\$472 million** flowing through the construction

sector. I have used this as the shock in my modelling, rather than the total Project cost.

The residential units are intended to be used long-term as rental residential stock by SLL. They are not intended to be sold to absentee owners, converted to short-term rentals, or left empty as holiday homes. The 150-year design life concrete and masonry construction means this is permanent housing infrastructure.

As set out above, the Project will provide a range of internal and external infrastructure works (eg transport and three waters infrastructure) which will benefit the Queenstown community. Some of these external infrastructure upgrades would otherwise sit as the responsibility of others to fund and deliver however SLL is proposing to fund and deliver them as part of this Project to support its development. In this regard, I understand that SLL is working collaboratively with QLDC and NZTA Waka Kotahi on infrastructure delivery and cost-sharing with the expectation that developer-funded delivery will be earlier than the Council's long-term plan. The infrastructure investment will also unlock capacity for future housing development in the upstream Ladies Mile area.

Considerations under the FTAA

Provisions of the FTAA that are directly relevant to my assessment of potential economic impacts of the Project include:

- **Section 3** (purpose), which states that the purpose of the Act is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits.
- **Section 81** (decisions on approvals sought in substantive application), which provides that a Panel, when considering a project under the Act, must consider the extent of the project's regional or national benefits.
- **Section 85** (when a panel must or may decline approvals), which provides that a panel may decline an approval where the adverse impacts of the project are

sufficiently significant to be out of proportion to the project's regional or national benefits. This is after taking into account any conditions proposed by the applicant, or imposed by the Panel.

- **Schedule 5**, which provides a range of clauses specific to the consideration of approvals relating to the RMA. In particular:
 - **Clauses 5 and 7** requires a consent application to include an assessment of the activities actual or potential effects on the environment. This includes an assessment on any effect on the people in the neighbourhood, and if relevant, the wider community, including any social economic or cultural effects.
 - **Clause 5** also requires an assessment of the activity against relevant documents, including the NPS-UD.
 - **Clause 17** sets out the criteria for assessing consent applications and provides that the greatest weight is to be given to the purpose of the FTAA.

Information and data sources

Information used in this economic impact assessment has been obtained from a variety of data sources available, including:

- Census Data – Statistics New Zealand
- Building Consents Data – Statistics New Zealand
- Business Frame Data – Statistics New Zealand
- Business Data Collection - Statistics New Zealand
- Input / Output Tables (2024) – Statistics New Zealand
- House Prices – REINZ
- Rent Prices – Tenancy Services

2. Economic context – the region

In assessing the potential economic impacts, it is important to first establish the context in which they will be assessed. In this regard, I have focused largely on the region benefiting from this Project, being the Queenstown Lakes District, for the assessment of the potential economic impacts.

In my view, given the scale of growth and development in Queenstown, a Project which is considered "significant" in the context of Queenstown will also be significant in an Otago Regional context and would meet the significant regional benefit threshold in the FTAA. Queenstown Lakes accounts for around a quarter of the Otago Region's economy: \$4.5bn of the region's \$18.2 bn GDP (25%), 32,700 of its 126,500 employed (26%), and 53,800 of its 253,900 residents (21%), and around 70% of tourism spend in the region. A development significant at the district scale is therefore significant at the regional scale.

The locality of the planning and infrastructure decisions is known to be in the Queenstown Lakes District. SLL have already worked extensively with QLDC to coordinate on planning, consenting and infrastructure discussions.

The economic and social effects will be largely focussed in this area. The 2023 Census data show this is the geography where most people work and live: 98.6% of employed residents who live in the district also work within the district (24,705 out of 25,062). Outward commuting is negligible, just 357 people travel to work outside the district, almost all to Central Otago. Inward commuting is similarly small: 711 people commute into the district, 93% from Central Otago (predominantly Cromwell).

The district's largely self-contained labour market means most economic activity happens within its boundaries.

This has two implications for the assessment of potential economic impacts of the Project:

- First, the direct economic benefits of the construction activity will be largely felt within the district, with some spillover towards Central Otago and further south.
- Second, the longer-term benefits of increased rental housing will benefit the local community, where most people live and work. This will also have economic benefits, because it allows the local labour market to function better. It will give options to workers who previously could not afford to live locally or easily commute from further afield (the geography, the distances, and the absence of public transport options are constraints for the district). I view housing located close to where the jobs are as a high impact intervention for the local economy.

The Queenstown Lakes District - Defining the area against which I have primarily assessed the economic impacts of the Project

The clearest test of whether an area functions as a single local economy is how far its residents travel to work. If most people both live and work within the same boundary, the boundary describes a real labour market; if large numbers cross it each day, the area is really part of something bigger. Figure 1 below shows that very few Queenstown worker commute out of the district.

Resident workers employed within their own district, 2023

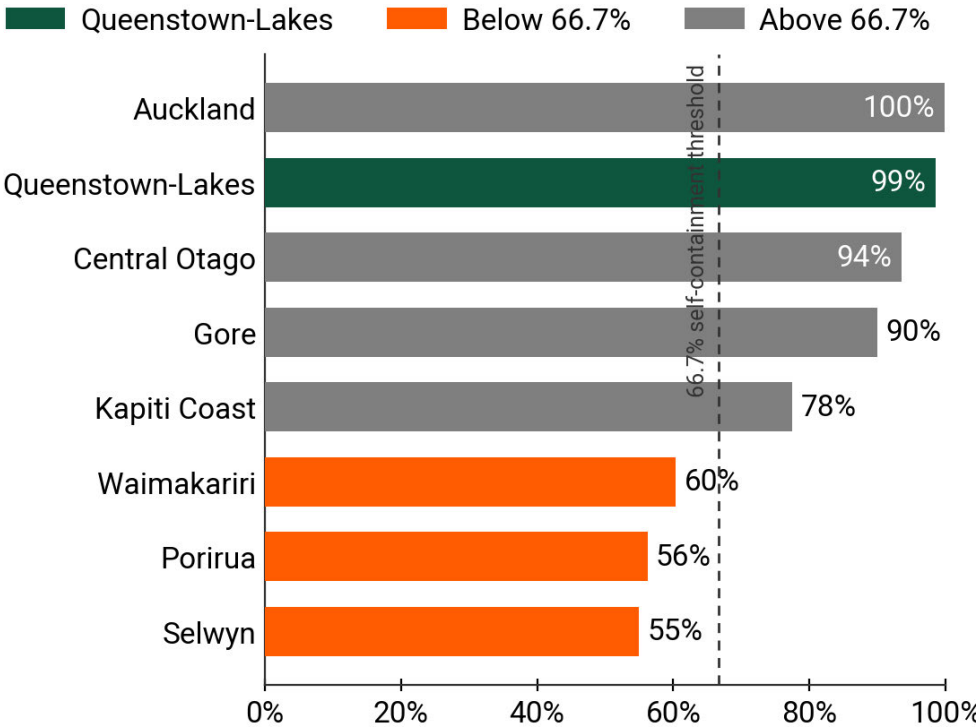


Figure 1: Resident workers employed within their own district, 2023.
Source: Statistics NZ

The 2023 Census shows that 98.6% of the district's employed residents also work within the district (24,705 of 25,062). Outward commuting is negligible: just 357 residents leave the district for work, almost all of them (351) to neighbouring Central Otago. Inward commuting is similarly modest: 711 people travel into the district to work, 93% of them from Central Otago, predominantly Cromwell. Measured from the demand side, the share of the district's jobs filled by people who also live there, self-containment is 97.2%.

This degree of self-containment is unusual compared to other districts, as shown in the chart above. The 'standard' threshold for defining a self-contained "travel-to-work area" is around two-thirds (66.7%). Queenstown-Lakes clears it by more than thirty percentage points, placing it alongside Auckland (by its curiously large political boundary) and other isolated towns such as Central Otago and Gore. I provide a contrast with Waimakariri, Porirua and Selwyn, which are commuter suburbs and

should be considered part of the larger labour market when assessing economic impacts.

The functional labour market

A more formal way is the method of Davies and Maré (2020)² which uses community detection on the full matrix of Census commuter flows between Statistical Areas to group together places that share workers.

Run across the whole of the South Island, this method groups Queenstown-Lakes together with neighbouring Central Otago into a single “Southern Lakes–Central Otago” labour market.

When the method is applied at a finer resolution, re-running the analysis within that wider cluster, as Maré’s approach allows, the cluster decomposes cleanly, and it does so exactly along the district boundary. Queenstown-Lakes resolves into two highly stable sub-markets: the Wakatipu basin (Queenstown, Frankton, Arrowtown and surrounds) and the Wānaka / Upper Clutha basin, separated from one another by the Crown Range.

Cromwell and Alexandra form their own, separate Central Otago sub-market. Critically, no sub-market straddles the district boundary: every functional unit is either wholly inside Queenstown-Lakes or wholly outside it, and this result holds across a range of resolution settings.

Figure 2 below shows the distinct local market areas.

² Davies, B, D C Maré. 2020. “Delineating functional labour market areas with estimable classification stabilities” Motu Working Paper 20-08. Motu Economic and Public Policy Research. Wellington, New Zealand. <https://motu.nz/our-research/urban-and-regional/regions/delineating-functional-labour-market-areas-with-estimable-classification-stabilities>

Functional sub-markets within the Southern Lakes–Central Otago labour market area

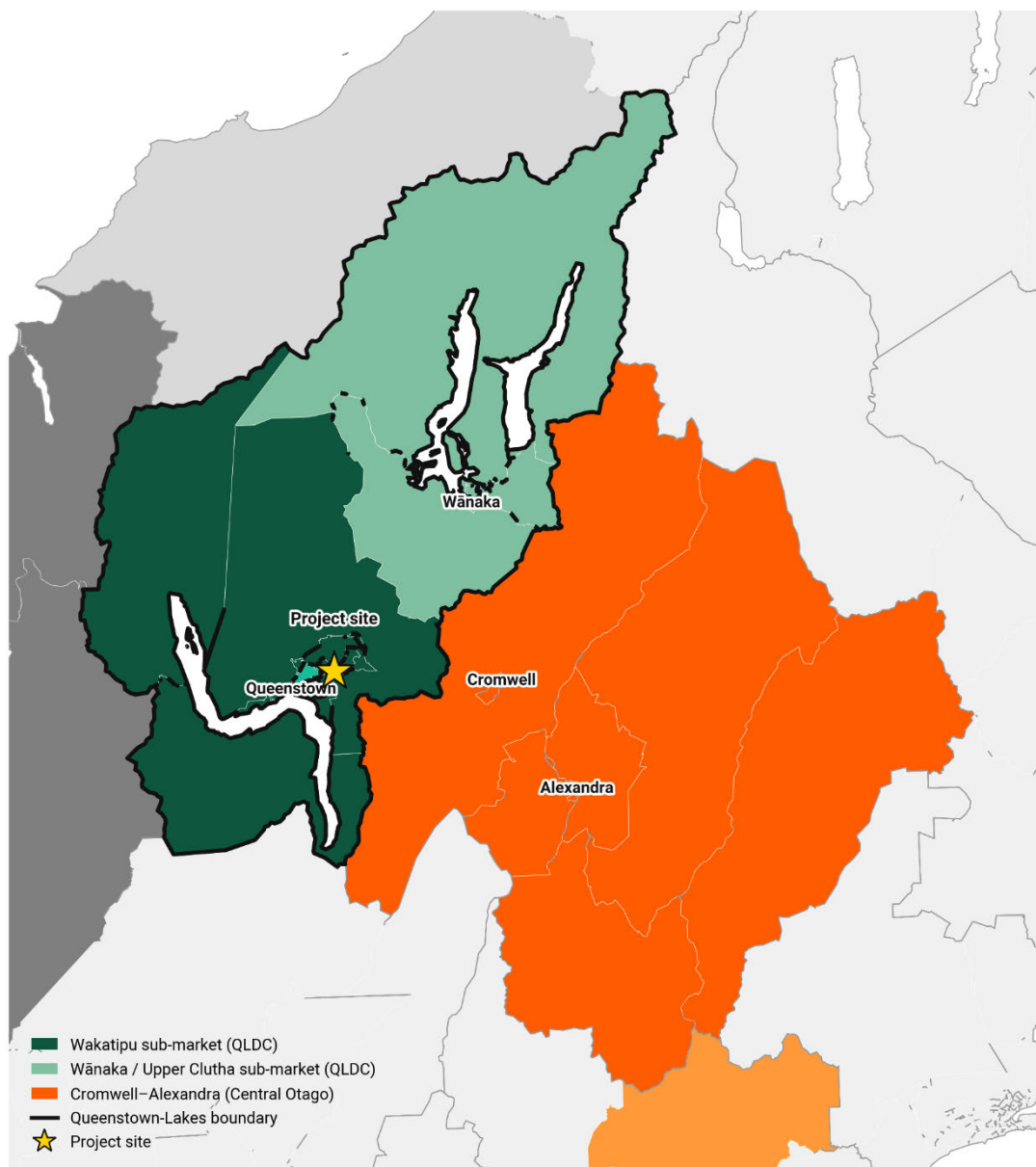


Figure 2: Several distinct local labour market areas

Source: Statistics NZ

The chart in Figure 3 below shows the commuter flows that reach this conclusion. Each line is a commuting flow between two areas, weighted by the number of workers. The dense green web of internal flows – centred on Queenstown and, separately, on Wānaka – is contained within the district boundary. The flows that

cross the boundary (orange) are fewer and thinner, running mainly to Cromwell and Alexandra.

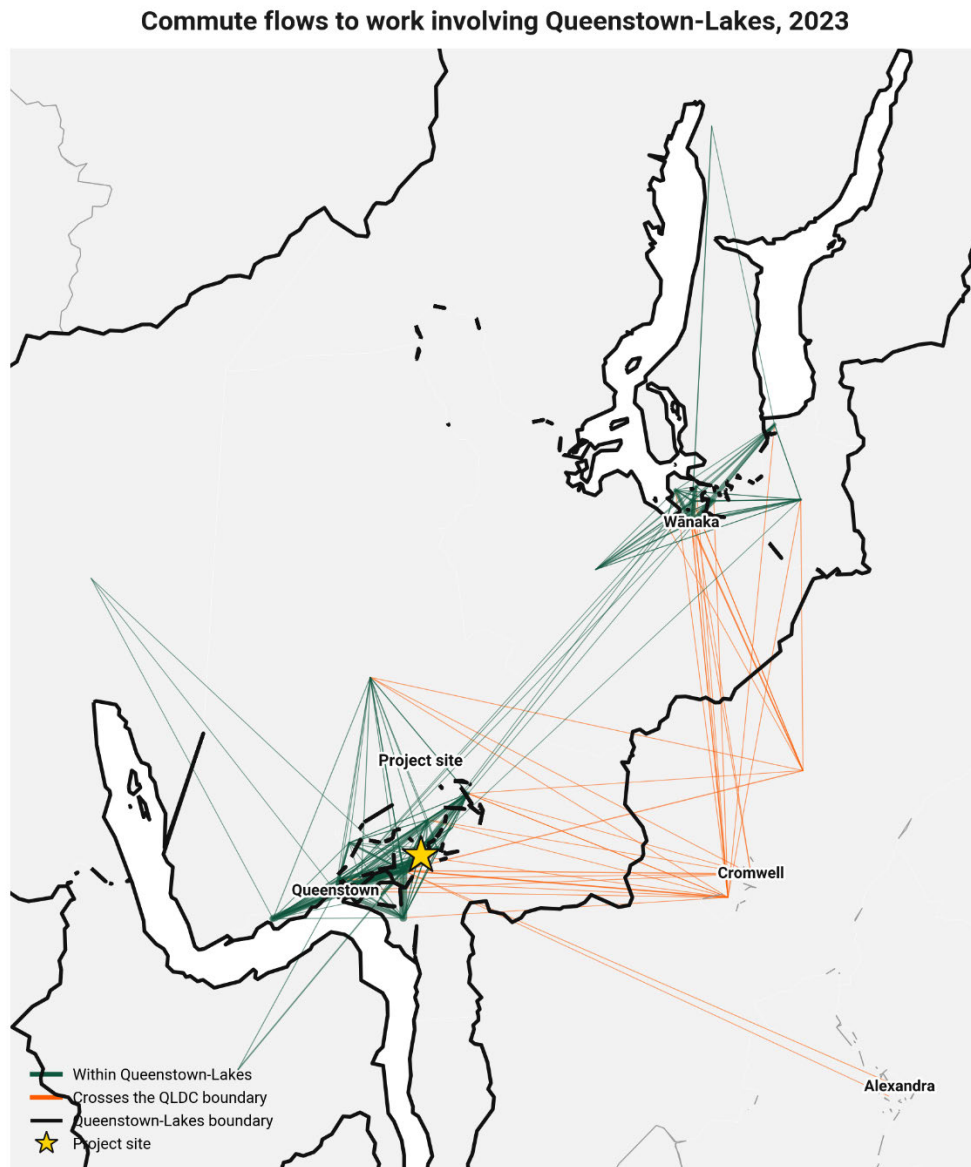


Figure 3: Commuting patterns show the density of connections

Source: Statistics NZ

Conclusion on the local area

Taken together, these tests support assessing the Project's economic impacts against the Queenstown-Lakes District. There may be some argument to expand the coverage to Cromwell, but that would create an unwieldy geography, for which

economic data is not easily available and thus not easily comparable. I believe district boundary provides the most satisfactory economic area for this analysis.

3. Economic context – the Queenstown housing and job context

To assess the potential economic impacts of the Project within the region, it is also necessary to identify the current context of the housing market.

It is widely understood that there are issues in the Queenstown housing context and that the supply of long-term rentals is beneficial. The issue is nuanced. There is strong demand for housing as a result of population growth and other sources. Although housing supply is strong, it is not strong enough, and housing costs are considerably high for workers. There are also a range of factors which means rental housing supply is not readily accessible for the local population (ie proportion of new dwellings which flow through to holiday homes).

Queenstown's population has grown fast in recent decades. This growth has been far in excess of past projections. The resident population of 53,800 in 2025 is 69% higher than the medium projection made in 2001, 49% than the projection made in 2006 and 18% higher than the projection made in 2018. Figure 4 below shows the rapid growth in the district's population.

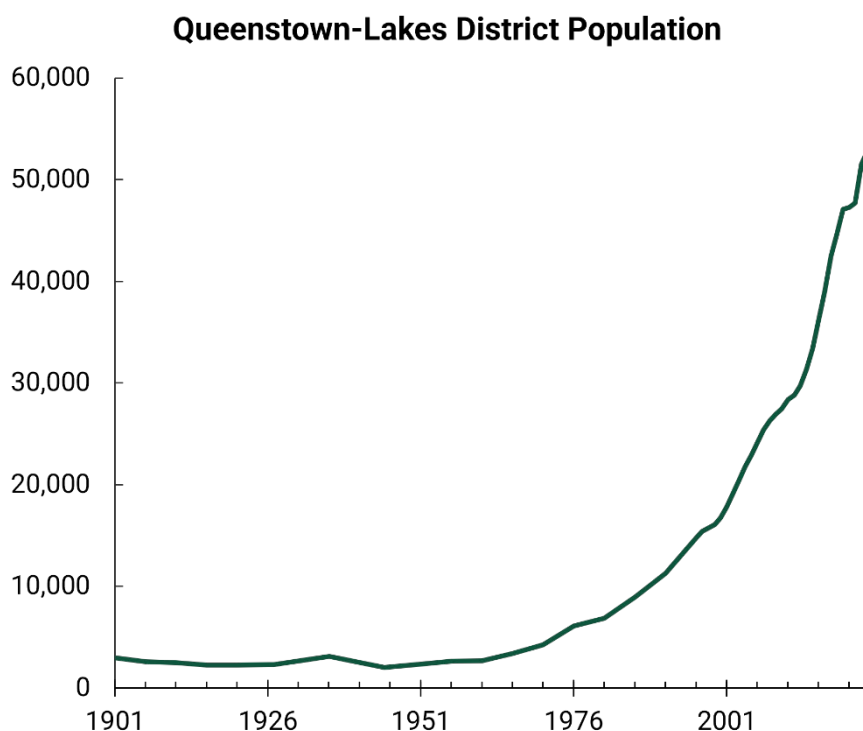


Figure 4: Queenstown Lakes District's population has grown very rapidly in recent decades

Source: Statistics NZ, Simplicity Research Hub

The population growth has come from different sources: internal migration initially, international migration more recently. This persistently rapid population growth has meant that planning, infrastructure and housing supply have not kept pace. These components are illustrated in Figure 5 below.

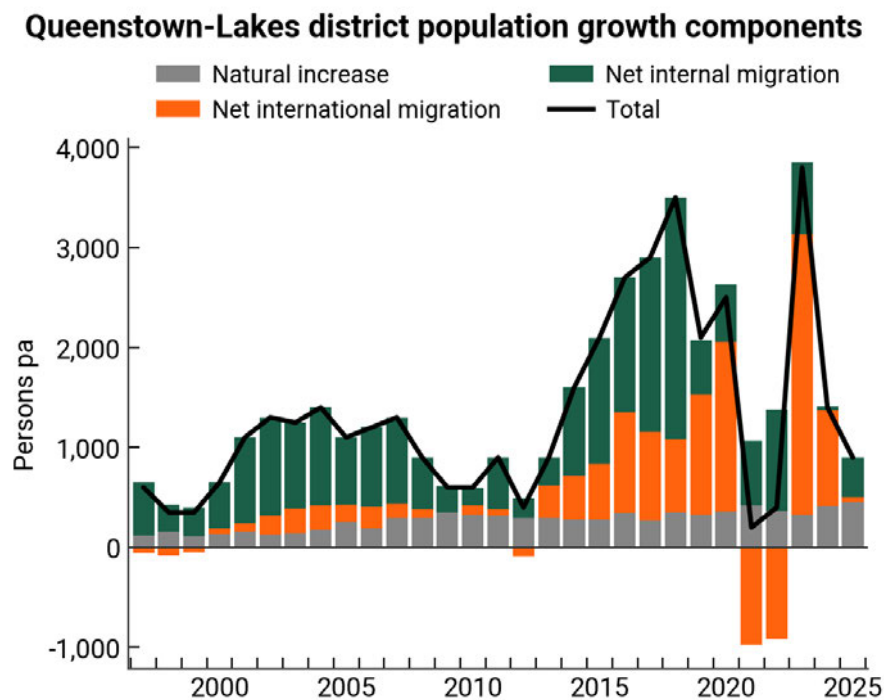


Figure 5: Sources of population growth have changed over time.

Source: Statistics NZ, Simplicity Research Hub

This is not to say the district has not accelerated the supply of housing. Measured as dwelling consents per capita, it is one of the best building areas in New Zealand.

This is displayed in Figure 6.

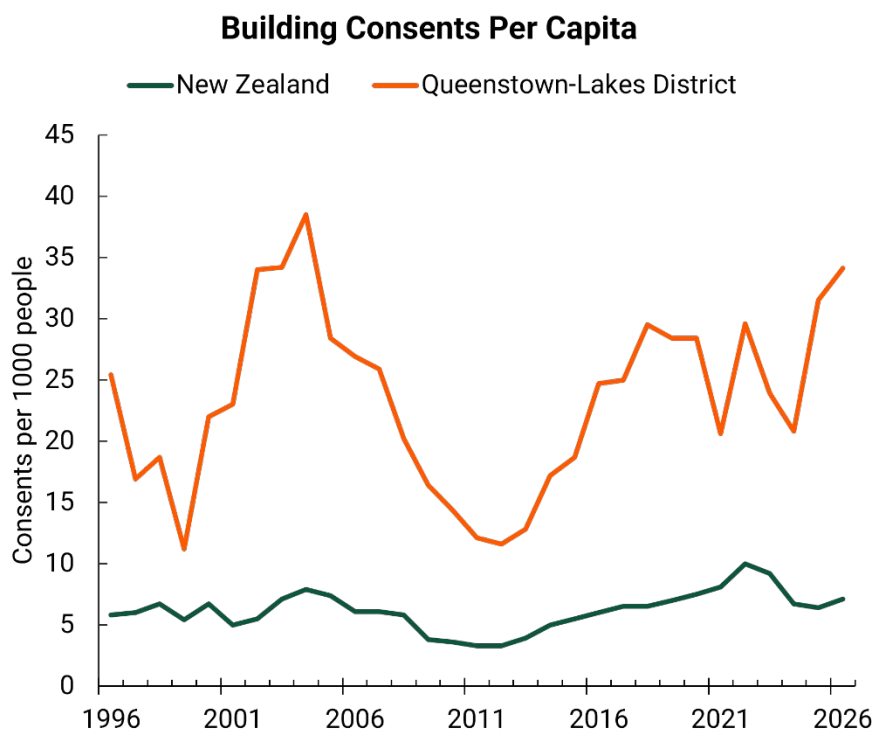


Figure 6: Queenstown builds at roughly 3.8x the national rate, for the size of its resident population
Source: Statistics NZ, Simplicity Research Hub

A small note of caution on interpreting consents. Consents allow a house to be built but are not always realised. Further, there can be demolitions of homes, meaning consents do not equate to a net increase in the housing supply.

A cross-check for this is residential electricity meters (Figure 7). The growth of which should roughly mirror increases in housing supply (there can be some complications from shared meters for multi-unit developments or off grid). As the chart below shows, net growth in residential electricity meters has been running behind consents. Meaning the development pipeline is not being fully realised.

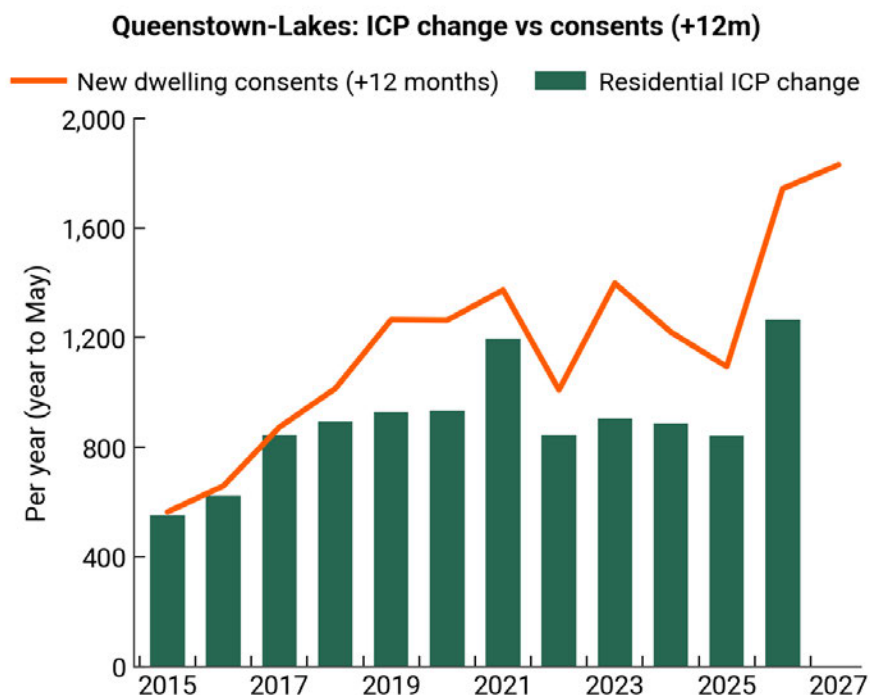


Figure 7: Consents have not been fully realised into net additional residential electricity meter connections

Source: Statistics NZ, EMI, Simplicity Research Hub

But despite this growth, the supply has not kept pace with demand. This is reflected in rents and house prices rising sharply relative to local incomes.

I specifically refer to local incomes, because the work in the area is dominated by the tourism industry, which are often relatively lower in pay and less secure in their hours and tenure. The other reason is that many homeowners in the area are wealthy (that is their affordability constraint isn't income from a local job), and many live out of the district (and own holiday homes in this district) and many homes are short term rentals (meaning they are functionally not in the housing market, but in the commercial accommodation sector, and respond to signals from tourism demand rather than local incomes).

Figure 8 illustrates that house prices are consistently very high relative to local incomes, and double that of the national average. Similarly, Figure 9 shows that rent

prices are much higher relative to local incomes in Queenstown than in the rest of New Zealand, around 15 percentage points higher.

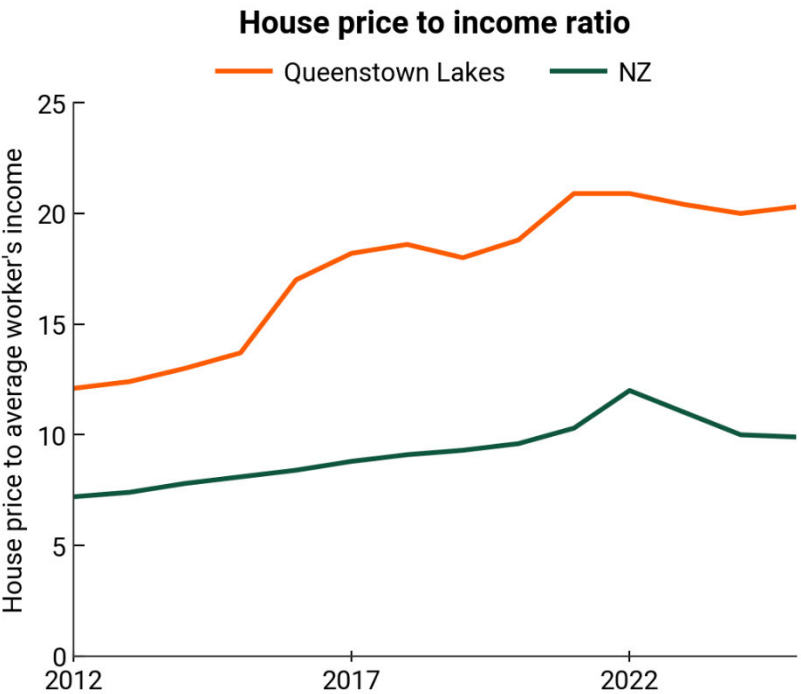


Figure 8: House price income relative to Queenstown Lakes and rest of NZ.
Source: Statistics NZ, Simplicity Research Hub

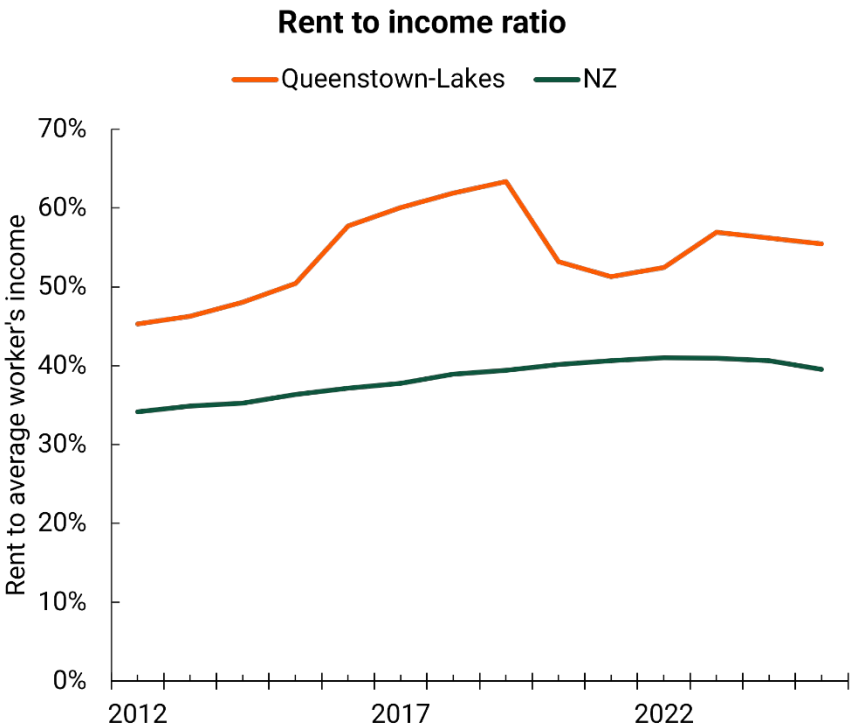


Figure 9: Rents are much more expensive relative to local incomes.
Source: Statistics NZ, Simplicity Research Hub

Figure 10 below, shows a breakdown of housing supply accruing in the district between 2013 and 2023.

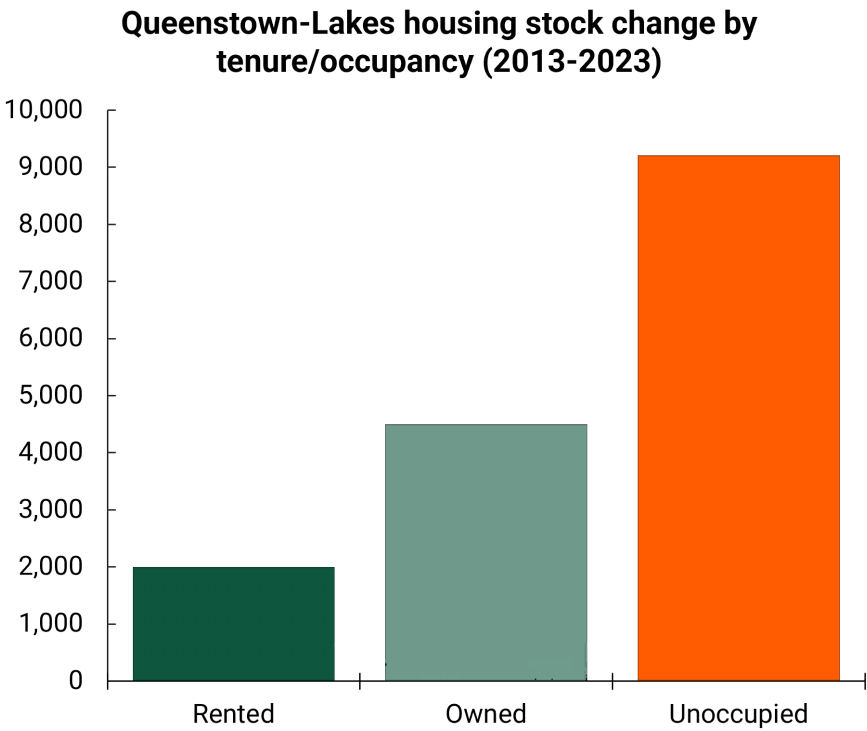


Figure 10: Housing Stock change, 2013-2023
Source: Statistics NZ, EMI, Simplicity Research Hub

Although housing supply is growing in the area, as the chart above shows, the increase in housing supply is most likely to go to unoccupied (mainly holiday homes and short-term rentals), followed by owner-occupiers and then renters. The consequence is that housing supply must increase at a very large volume for rental growth to keep up with population growth, and demand from workers.

For example, over the decade to 2025, population has grown by 61%. The number of homes (proxied by residential electricity meters, adjusted for a classification change in the data) has grown by 57%, meaning supply has broadly kept pace. But the number of rentals (active tenancy bonds) has increased by 26%. This illustrates that housing supply in Queenstown Lakes does not filter through to rental stock proportionately.

The demand for housing in Queenstown is not just from population growth, but also from additional sources such as holiday homes for non-residents, and short-term rentals. This demand is so strong that when housing supply increases, it disproportionately accrues to the those with the best ability to pay, rather than renters. As a result, rental supply growth has been slower than population growth and housing supply growth. Consequently, I believe that this project is doubly valuable for the Queenstown Lakes District, because it will increase housing supply, for long term rentals – the most at need part of the housing market.

Worker / job context

Housing costs in Queenstown Lakes directly impact the workforce. When rental housing is unaffordable, the workforce gets priced out and leave the district rather than the job market, turning a housing problem into a workforce problem. There is a documented “seniority ceiling” effect: housing costs drive mid-career professionals out of the district, hollowing out the experienced workforce.

Figure 11 demonstrates that worker turnover in Queenstown is higher than explained by industry makeup alone. Part of this is due to other local factors, such as many short-term visiting workers from overseas, but also to housing affordability.

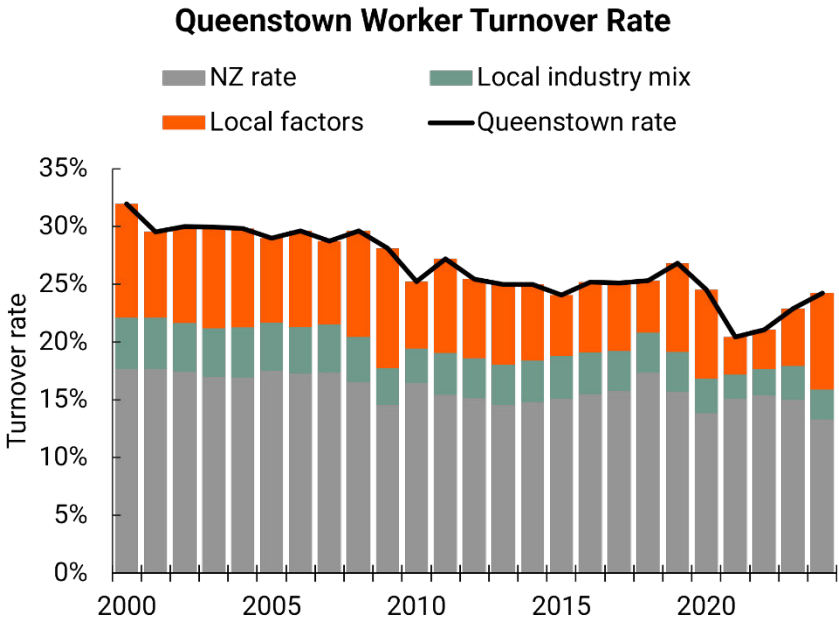


Figure 11: Queenstown Worker Turnover Rate.
Source: Statistics New Zealand, Simplicity Research Hub

Figure 12 sets out the makeup of local jobs, and illustrates that the majority of workers in the area are in the tourism and construction sectors.

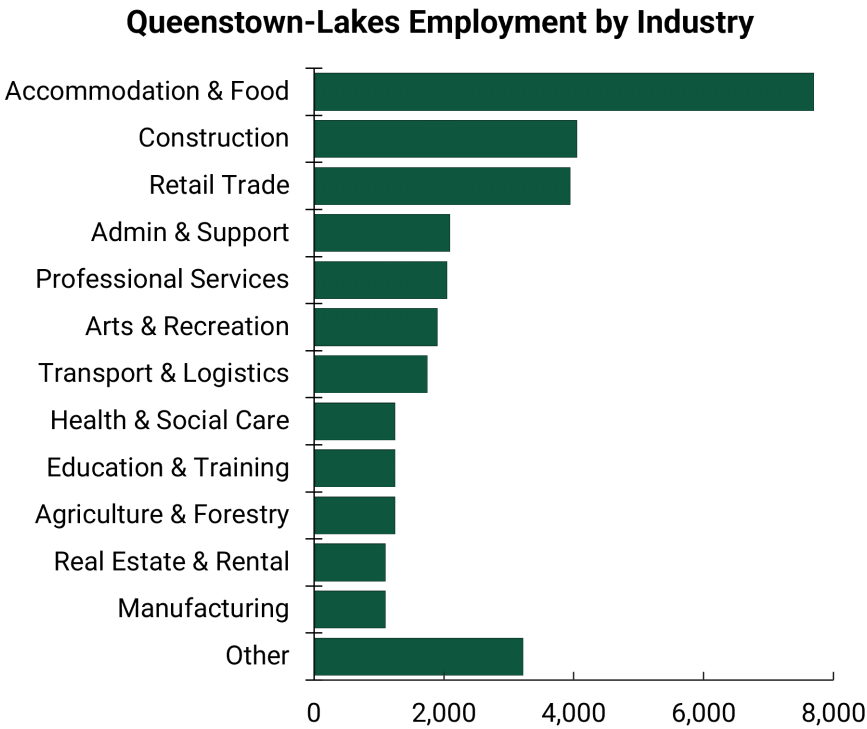


Figure 12: Local jobs are dominated by tourism and construction sectors.
Source: Statistics New Zealand, Simplicity Research Hub

Conclusion on the Queenstown housing and job context

The above context in the district creates particularly challenging housing conditions for local workers, who are more likely to work in hospitality and construction sectors. This likely contributes to the higher labour turnover in Queenstown-Lakes, which cannot be explained by industry composition alone. This I believe adds to the cost of doing business in Queenstown-Lakes and is a handbrake on the local economy.

4. Economic impacts of the Project

This is an economic impact assessment in terms of the FTAA, looking at the effect of the local capital injection and associated economic and employment effects for the regional and national economies. The assessment I have done is an input-output analysis, which does not consider any activity that may be displaced. Rather, it looks at the economic impact of the Project itself (further detailed in the caveat below).

The economic impacts of the Project can be considered in two parts:

- The quantitative economic effects associated with the construction and development of the Project itself; and
- The qualitative wider economic benefits from Project.

The quantitative benefits are relatively easy to identify, the latter less so. I have supplied both (with appropriate caveats) below.

4.1 Quantitative Economic effects

This section assesses the potential economic effects from the Project which are quantifiable. These impacts are directly attributable to the Project due to the spending associated with the construction of the Project (i.e., construction, design, and development works).

In this section, we refer to 'Direct Expenditure' as the Project's direct spending on construction, design and development. 'Economic activity' (or total activity impact) is larger, and traces that spending through supply chains (indirect effects) and household spending (induced effects).

The construction-phase impacts have been modelled using a TA-level Multi-Regional Input-Output Model covering 66 territorial authorities and 109 industries, with Type II closure incorporating household feedback effects. The model produces direct, indirect (supply chain), and induced (household consumption) effects. I present

effects for both the local area of QLD and New Zealand, to enable understanding of the economic impact at regional and national levels.

The National method treats the Project's full cost – including Auckland-based professional services and head-office spend as the shock, and tracks where it lands. The Local method instead isolates the localised effect of direct expenditure in Queenstown-Lakes, stripping out the Auckland-based costs – a smaller total, but a QLD share independent of any assumptions about money flowing back from Auckland.

Total New Zealand Economic Activity of the Project

The following section sets out the National analysis, which treats a small share of the shock, professional services and head-office costs, as based in Auckland, tracing the flow-on effects across the whole country from there.

Table 1 below displays the Project's direct costs by category, along with the associated direct, indirect, and induced GDP impacts nationwide, as well as the annual supported FTEs. Over a six-year period, the Project is estimated to generate a total activity impact of \$919m (NPV, 8% discount rate) in New Zealand, of which \$327m is GDP value added. Around \$110m of this GDP value added is in the Queenstown-Lakes District.

The economic multiplier³ of 2.42 means every dollar of direct construction spending generates \$2.42 in total economic activity through supply chain and household consumption effects.

³ **Multiplier caveats:** Input-output multipliers are a standard tool for estimating the economic footprint of construction activity but, as with all I/O-based analysis, they are likely to overstate real flow-on effects relative to computable general equilibrium (CGE) models. They do not account for resource displacement or capacity constraints in tight labour markets. This is nevertheless the standard approach applied in most FTAA applications to date to understand the breadth of potential economic impact.

Table 1: Total New Zealand economic impact from the construction of the SLL project

Direct Expenditure (\$m)	2025	2026	2027	2028	2029	2030	Total - NPV @ 8%
Total Local Development Costs (excl. land)	0.6	8.5	94.1	131.9	136.3	125.6	351.5
Residential construction	0.0	3.0	84.0	120.0	120.0	94.3	298.6
Professional services	0.0	0.2	0.7	1.5	8.2	10.8	14.2
Development contributions (civil)	0.1	0.1	0.2	0.2	0.2	0.2	0.8
Construction contingency	0.0	1.7	4.5	6.0	6.7	19.8	26.5
Project management / head office	0.5	3.5	4.8	4.2	1.2	0.5	11.5
Total Multiplier Impact - GDP (value added, \$m)							
NZ Total	0.7	8.4	81.5	113.4	116.3	107.8	303.0
Direct	0.3	3.3	22.3	30.3	30.2	29.0	81.9
Indirect	0.2	3.0	39.7	56.0	58.3	52.7	148.3
Induced	0.2	2.2	19.5	27.1	27.7	26.2	72.8
of which QLD	0.1	2.3	30.0	40.3	43.7	40.3	110.6
of which rest of NZ	0.6	6.1	51.5	73.2	72.6	67.5	192.4

Source: TA-level Multi-Regional Input-Output Model (66 TAs × 109 industries). Type II closure with household feedback.

Table 2 breaks the Project's employment impact into direct, indirect and induced FTEs nationally, then shows how many of those jobs sit in Queenstown-Lakes versus the rest of New Zealand. Regarding employment multipliers, this is projected to generate approximately 880 jobs during the peak construction years, with a total of 2,944 FTE years over the development and construction period.

Table 2: Employment impact (FTEs)

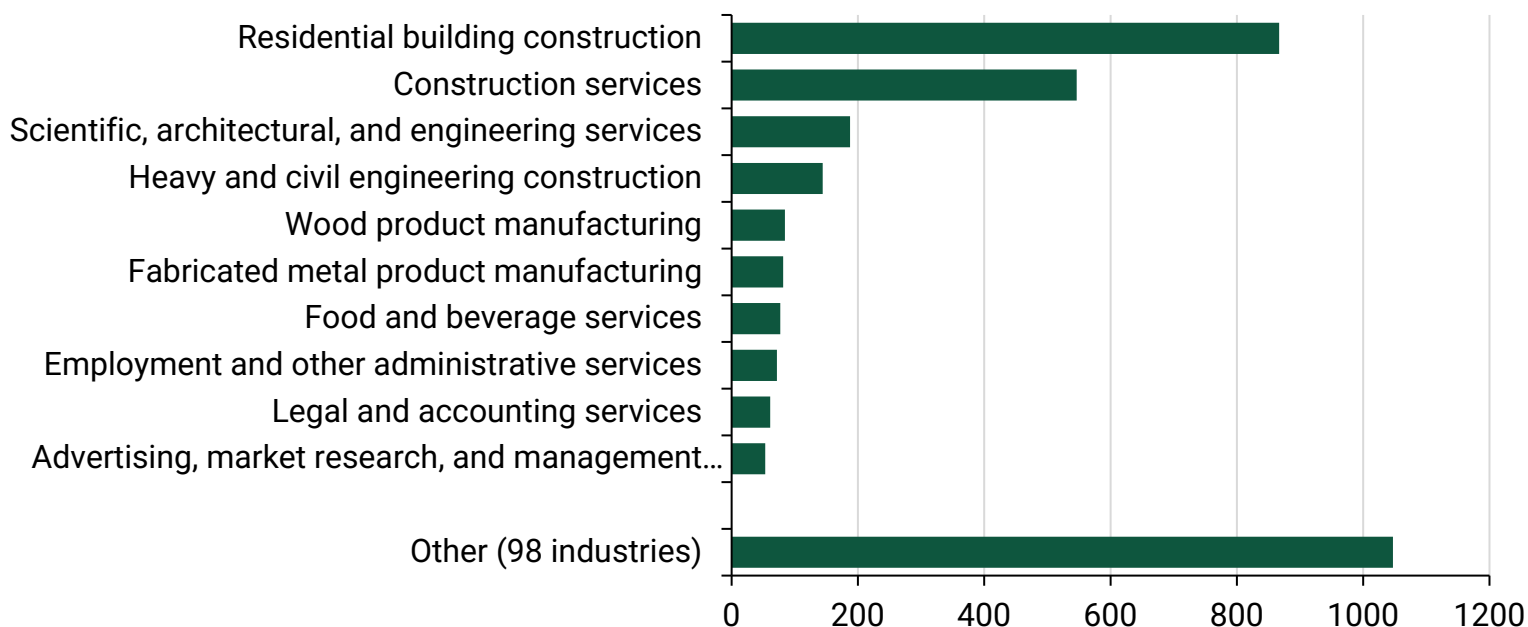
Employment (FTEs)	2025	2026	2027	2028	2029	2030	Total
Total	4	53	574	806	828	679	2944
Direct	2	23	239	333	341	279	1,217
Indirect	1	16	220	312	325	267	1,141
Induced	1	15	116	160	162	133	587
of which QLD	1	22	370	528	553	453	1927
of which rest of NZ	3	31	203	278	275	225	1015

FTEs = full-time equivalent positions supported during each year of construction. Direct = industries directly receiving spend. Indirect = supply chain. Induced = household consumption effects.

Source: TA-level Multi-Regional Input-Output Model (66 TAs × 109 industries). Type II closure with household feedback.

Figure 13 below shows the combined impact on employment, as a result of the direct, indirect, and induced impact of the Project. Around two-thirds (67%) of the impact is accounted for in the top 10 industries, with the remainder spread across a variety of other industries.

Figure 13: Top 10 Industries by FTE years Generated during Development and Construction



Source: TA-level Multi-Regional Input-Output Model (66 TAs × 109 industries). Type II closure with household feedback.

This section represents the difference driven by professional services and head offices being located in Auckland. The following section excludes these services.

Total Queenstown-Lakes District Economic Impact

The following section sets out the localised method of analysis, which focuses only on direct expenditure from the Project in Queenstown-Lakes - it excludes the Auckland-based professional services and head-office spend captured in the National method.

Based on the modelling, \$110m (39%) of the total added value GDP impact (\$284m), including direct, indirect, and induced effects, is localised to Queenstown-Lakes, with the remainder spread across the rest of New Zealand.

Table 3 below shows Queenstown-Lakes' share of the direct, indirect, and induced GDP impact. Table 4 shows the FTEs the Project supports each year locally.

Table 3: Total Queenstown Lakes District economic impact from the construction of the SLL project

Direct Expenditure (\$m)	2025	2026	2027	2028	2029	2030	Total - NPV @ 8%
Total Local Development Costs (excl. land)	0.1	5.6	90.1	123.8	133.4	118.8	333.2
Residential construction	0.0	3.0	84.0	120.0	120.0	94.3	298.6
Professional services	0.0	0.2	0.7	1.5	8.2	10.8	14.2
Development contributions (civil)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction contingency	0.0	1.7	4.5	1.5	5.0	13.6	18.1
Project management / head office	0.1	0.7	1.0	0.8	0.2	0.1	2.3
Total Multiplier Impact - GDP (value added, \$m)							
NZ Total	0.1	5.1	76.9	105.2	113.3	101.4	283.8
Direct	0.1	1.6	20.0	26.9	29.0	26.7	73.7
Indirect	0.0	2.2	38.5	53.4	57.3	50.3	142.4
Induced	0.0	1.3	18.3	24.9	26.9	24.4	67.7
of which QLD	0.1	2.3	30.0	40.3	43.7	40.3	110.6
of which rest of NZ	0.0	2.7	46.9	64.9	69.7	61.2	173.3

Source: TA-level Multi-Regional Input-Output Model (66 TAs × 109 industries). Type II closure with household feedback.

Table 4: Employment impact (FTEs)

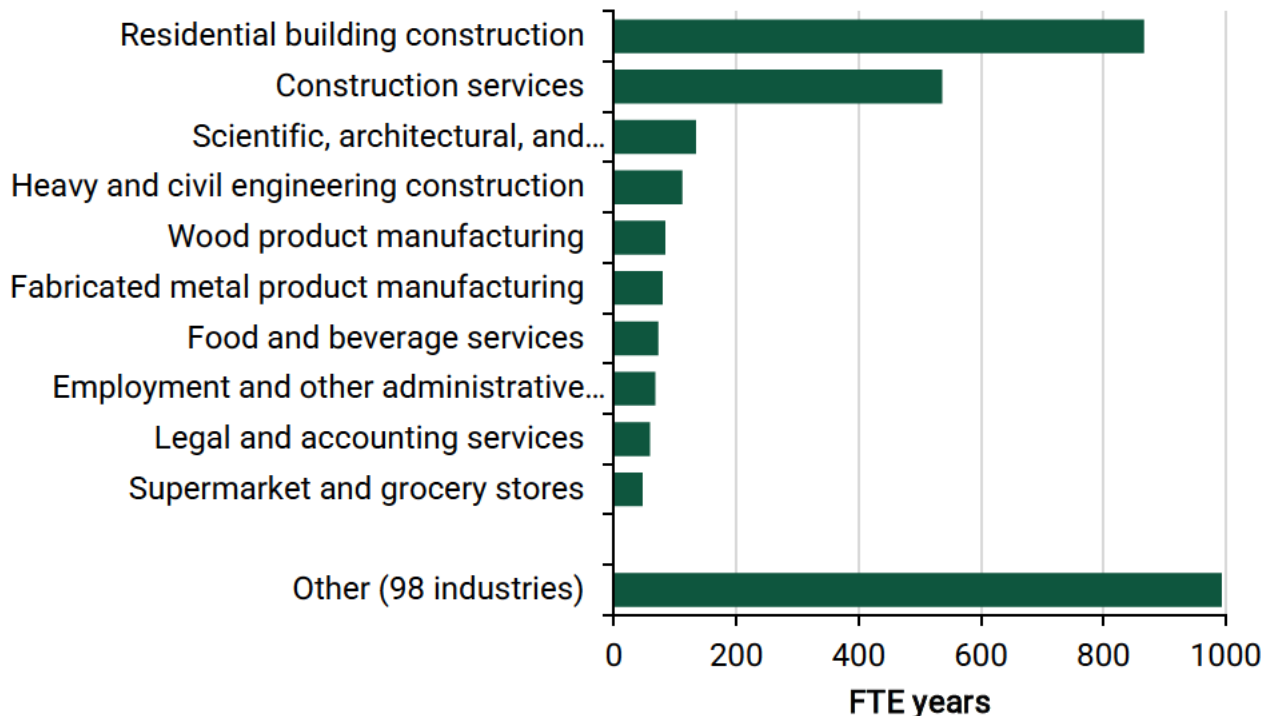
Employment (FTEs)	2025	2026	2027	2028	2029	2030	Total
Total	1	38	583	798	860	770	3,050
Direct	1	13	160	214	232	216	836
Indirect	0	17	311	432	464	406	1,631
Induced	0	8	111	151	164	148	583
of which QLD	1	26	424	604	632	519	1,302
of which rest of NZ	0	10	136	194	203	168	1,235

FTEs = full-time equivalent positions supported during each year of construction. Direct = industries directly receiving spend. Indirect = supply chain. Induced = household consumption effects.

Source: TA-level Multi-Regional Input-Output Model (66 TAs × 109 industries). Type II closure with household feedback.

Figure 14 shows the combined impact on employment due to the direct, indirect, and induced impacts of the Project, with 46% of FTE in Residential Building Construction and Construction Services. In total, the top 10 industries account for two-thirds (67%) of FTE years.

Figure 14: Top 10 Industries by FTE years Generated during Development and Construction



Post-construction, the Project creates 40-50 permanent FTEs in property management and maintenance.

QLD's GDP in 2024 was \$4,473m⁴. Project-related economic activity in the region during construction (2027-2030) is equivalent to over 4%pa of the regional economy. That's a total economic activity, not a GDP value added contribution: it hasn't been adjusted for leakages, meaning imports and spending that flow outside the region. Even so, a 4% economic activity contribution from any single project or business is economically significant. For context, the entire Transport, Postal and Warehousing sector in Queenstown Lakes District accounts for 4% of the regional economy.

Table 4 also shows the effect on employment. The 2023 Census recorded 25,062 employed residents living in Queenstown Lakes District, and more recent data shows similar levels. The Project will be equivalent to an average of 363 FTEs in QLD during the main construction period (2027-2030), or over 1% of the district's employed-resident base. This is a regionally significant project in employment terms too.

I consider both the GDP and employment effects to be economically significant at a regional level.

4.2 Qualitative economic impacts

In addition to the previously quantified economic effects, the Project also generates a number of further economic benefits. Some of these are quantified within the CBA; others are discussed qualitatively below. These include:

- **Increased housing supply and capacity in the Queenstown Lakes District:**
The Project will result in an additional approximately 1,085 residential units in the Queenstown Lakes District, accounting for 4.7 years of rental supply. Queenstown's rental stock has grown by 228 homes (excluding bonds for rooms) per year over the decade to 2025. Even though housing supply is strong in QLD relative to the size of the local population, it does not lift the rental stock proportionately. The new supply tends to go to owner-occupiers,

⁴ MBIE Modelled TA GDP, available at: <https://www.mbie.govt.nz/business-and-employment/economic-growth/regional-economic-development/modelled-territorial-authority-gross-domestic-product>

holiday homes and short-term rentals (accounting for nearly half of all new housing supply growth in the last three years).

- **Rental supply in the district's most undersupplied dwelling typology:**
Between the 2013 and 2023 censuses, only 1,800 of the district's 6,500 added dwellings were one- or two-bedroom. Two-thirds were three and four-bedroom homes. QLDC's 2025 Housing and Business Development Capacity Assessment confirms three-quarters of projected household growth will be in smaller one-to-two-person households. This Project delivers 489 one-bedroom and 524 two-bedroom apartments, directly targeting the typology in shortest supply.
- **Long-term, secure rental tenure:** On census night 2023, 28% of Queenstown houses were empty. There are approximately 4,200 active short-term rental listings as of February 2026, an increase of 1,100 from February 2023. The housing market produces holiday accommodations because that is what the economics reward. Build-to-rent offers permanent tenure security; they are intended to be used long-term as rental residential stock. They are not intended to be sold to absentee owners, converted to short-term rentals, or left empty as holiday homes. A study for QLDC on Community Housing showed a consistent "weight lifted" effect of tenure security, with residents reporting better health, greater community involvement, and higher school completion rates.
- **Labour market retention:** The increase in affordable, long-term rental options will in turn have an impact on whether workers can afford to stay in the district instead of leaving. Worker turnover in Queenstown Lakes runs at 22% per year, compared to 16% nationally, adjusted for industry mix (QLD has more jobs in industries like hospitality, which are high turnover). Higher turnover costs businesses through recruitment, retraining, lost productivity, and the loss of institutional knowledge. There is a documented "seniority ceiling" effect: housing costs drive mid-career professionals out of the

district, hollowing out the experienced workforce. Stable, affordable rental housing directly addresses workforce retention failures. District employment is projected to grow from approximately 37,000 to 60,500 by 2053.

- **Affordable rentals.** The district's median rent-to-wage ratio sits at 55% in 2025, fifteen percentage points higher than the national average. Median weekly rents are \$550 for a one-bedroom and \$800 for a two-bedroom, having increased 77% since 2015. The house price-to-wage ratio of 20 is double the national figure of 10. QLDC's HBA documents a cumulative shortfall of 3,120 dwellings below \$700,000 in 2026, rising to 5,150 by 2053. As a build-to-rent operator, SLL sets rents to maintain high occupancy and low turnover. In Auckland, SLL's one- and three-bedroom rents are below local area medians, and two-bedroom rents are comparable.
- **Increased density and upzoning around transport nodes and corridors, supporting the need for improved public transport services and associated mode shift:** The Project sits within an existing bus corridor and has a number of proposed nodes. Greater density here makes the case for more frequent and better-covered public transport that would otherwise be commercially unviable. Once that service is in place, proximity and service quality together could drive a mode shift away from private vehicles for trips within walking distance of stops.

Where possible, I aim to cover these qualitative economic benefits in the CBA analysis. These fall under four broader categories, and include:

Warmer, better-quality housing: Removing cold, damp and poor-condition homes from the mix, and with them the physical health problems they cause.

Tenure security and mental health: the "weight lifted" effect of a secure, long-term tenancy, showing up as better life satisfaction and mental health.

Labour-market retention: income and tax revenue retained locally when workers can afford to stay in the district instead of leaving.

Social connection: reduced loneliness and greater community participation from settling in one place long-term.

Notwithstanding the below section, the economic benefits of this Project under the FTAA does not, in my view, depend on a cost-benefit analysis. The tests are met by the increase in housing supply and the construction-phase economic effects set out earlier in this report.

I have nonetheless prepared an indicative assessment of the Project's longer-term social benefits, using the Treasury's CBAX tool, to give the Panel a sense of their likely scale and of the thinking behind them. This exercise suggests a benefit of \$381m on an NPV basis, and \$158m under a very pessimistic scenario. These are substantial in my view.

These benefits are real but harder to monetise than the construction effects, and the figures below should be read as orders of magnitude rather than precise estimates.

Context of CBA Analysis

Before diving into the analysis, the Project context is important to keep in mind.

This is a privately funded project with \$570 million (total development costs) in private capital and private financial returns. However, it also provides community benefits like warmer housing and secure tenancies, which have no direct fiscal cost to the Crown, QLDC, and taxpayers. CBAX measures these social benefits.

First, this Project adds 1,085 permanent rental homes in a single development, equivalent to 4.7 years of recent rental stock growth. I believe this will be the largest addition to the district's rental stock in its history.

Second, the dwelling typology meets known need in the district. Between the 2013 and 2023 censuses, the district added 6,500 dwellings, but two-thirds were three- and four-bedroom homes. Only 1,800 were one or two bedrooms. QLDC's 2025 Housing and Business Development Capacity Assessment confirms three-quarters of projected household growth will be in smaller one-to-two person households. This

Project delivers 489 one-bedroom and 524 two-bedroom apartments, directly targeting the typology in shortest supply.

The need is well known at the sharp end of the housing market. Only 93 social rental dwellings exist district-wide (0.4% of stock versus 3.8% nationally). The Queenstown Lakes Community Housing Trust (QLCHT) waiting list has crossed 1,480 households. Private build-to-rent supply directly reduces pressure on the social housing system and offers alternatives to renters.

CBA Findings

CBAx is the cost-benefit analysis tool the Treasury maintains for use across government to value the wellbeing impacts of policies and investments. It draws on a database of monetised impact values, sourced from New Zealand and international research, covering health, housing, income and social outcomes. For each impact, the analyst specifies how many people are affected, the expected success rate, when the benefit begins and how long it lasts; the tool then discounts the resulting stream of benefits to a present value over the appraisal period. I have used a 35-year horizon and a 2% real discount rate, and more conservative assumptions for success rates and an 8% discount rate for transparency.

I applied this framework to the approximately 1,085 households who will live in the development, drawing on the housing and wellbeing literature and on my earlier work for the Queenstown-Lakes District Council on community housing.⁵

I included ten impacts, which fall into four broad groups: warmer, better-quality housing (eliminating cold and poor-condition homes); tenure security and mental health (the “weight lifted” effect of a secure, long-term tenancy, expressed as improved life satisfaction and mental health); labour-market retention (income and tax revenue retained when workers can afford to remain in the district rather than

⁵ Sense Partners (2022). *The Economic Case for Inclusionary Zoning in QLDC: An Important Piece of the Puzzle*. Prepared for Queenstown Lakes District Council, 13 July 2022.

leave); and social connection (reduced loneliness and greater community participation).

Throughout I have used deliberately conservative assumptions: only a portion of households is assumed to experience each benefit, success rates are set below 100%, benefits are lagged by four to five years to allow for occupation and settling, and I have flagged the impacts that rest on weaker evidence (social connection).

Table 5: Monetised social benefits arising from the project

Source of benefit	Evidence	Optimistic	Base case	Conservative	Very cons. (8%)
Worker retention – income	Medium	123	98	49	41
Tenure security (life satisfaction)	Medium	115	92	46	38
Mental health	Medium	93	74	37	31
Cold housing eliminated	Medium	50	47	24	20
Housing condition improved	Medium	25	23	11	9
Worker retention – tax	Medium	25	20	10	8
Reduced loneliness	Low	16	13	6	5
Physical health	Medium	7	6	3	2
Community participation	Low	6	5	2	2
Reduced crime	Low	4	3	2	1
Total social value		464	381	190	158

Scenarios: Optimistic = higher success rates; Base case = central assumptions at the 2% social rate of time preference; Conservative = success rate of impacts halved; Very conservative = Conservative at 8% real discount rate (the social opportunity cost of capital). Figures are present values over 35 years.

On these assumptions, the Project generates social value of \$381 million in present-value terms over 35 years. Roughly \$17.6 million a year once the development is occupied, or about \$16,500 per household each year. The largest detailed contributions are worker retention (\$98 million), the life-satisfaction gains from tenure security (\$92 million), improved mental health (\$74 million) and warmer housing (\$47 million), which sit within the four broader benefit groups summarised in Table 5.

A deliberately pessimistic scenario, combining lower success rates with a higher discount rate, still produces social value of \$158 million. I regard these as substantial sums, while acknowledging the uncertainty around them.

Two points of interpretation are important.

First, this is a privately funded project. The roughly \$570 million of capital is private, and its financial returns (rents) are private. The social value described above sits on top of that investment; it is the community benefit, or externality.

This assessment has not addressed any specified community costs arising from the project. The potential adverse effects on the environment of the Project have been addressed in the other expert reports provided with the substantive application, which describe how those externalities have been mitigate, manage or offset through design and proposed consent conditions. The cost of any residual externalities will be difficult to quantify.

For that reason, a conventional benefit-cost ratio, which would weigh the costs and benefits, is not presented here.

Second, CBAX is designed primarily to appraise government spending; applying it to a private development is an adaptation, and a number of the underlying impact values carry medium-to-low evidence ratings. The estimates are therefore indicative.

I include this analysis to set out the criteria and reasoning behind the Project's wider benefits. The Project's significance under the FTAA rests on the housing it delivers and the economic activity it generates during construction. The CBAX assessment simply confirms, in indicative monetary terms, that the longer-term social benefits are also material.

5. The Counterfactual

Without this Project:

- Rental stock continues to grow at just 228 units per year against demand projected to nearly double over 30 years. The QLDC HBA projects non-owner households growing from 7,230 to 14,460 by 2053, with only approximately one-third of this demand met by projected supply.

- The cost of excess worker turnover compounds. The seniority ceiling continues to push mid-career professionals out of the district.
- The QLCHT waiting list grows beyond 1,480 households. More families live in overcrowded conditions, cars, tents, and hostels.
- The opportunity to introduce a more productive building method, delivering above-average housing quality at below-market cost, is foregone. SLL's construction model delivers more homes for lower capital cost than conventional approaches.

6. Methodology Note

Construction-phase impacts are modelled using a 2024 TA-level Multi-Regional Input-Output Model covering 66 territorial authorities and 109 industries, with Type II closure incorporating household feedback effects. The model disaggregates spending across three IO industry categories: residential building construction, scientific and architectural services, and heavy and civil engineering construction. Spending is phased according to the Project plan based on the Project's cashflow model.

The NPV of future cash flows in this report has been calculated with reference to an 8% discount rate, which is consistent with the default rate for commercial proposals set by the Treasury.

CBAX modelling uses the NZ Treasury's Excel-based CBA model. It is provided as an illustrative aid.

Four CBAX scenarios are presented: base case (central success rate assumptions, discounted at 2% - the social rate of time preference); optimistic (higher success rates); conservative (success rates halved); and very conservative (halved success

rates, discounted at 8% - the social opportunity cost of capital, Treasury's mandatory sensitivity rate). All figures are present values over a 35-year appraisal period.

7. Conclusion

Overall, my assessment above demonstrates that the Project will generate wide ranging significant benefits to the regional economy and community of Queenstown Lakes District. The region economic benefits include, but are not limited to:

- The total direct expenditure from the development and construction phase of the Project (excluding land) is \$461m. The main construction activity will occur over the period of 2027-2030.
- The total Net Present Value ("NPV") of economic activity (direct, indirect, and induced effects) over the development and construction period is \$919m, discounted at 8% annually from 2025-2030. Of this, \$327m is value added GDP.
- The number of FTEs generated by the development and construction of the Project will peak at around 880 FTEs nationally in 2029.
- The total direct employment over the development and construction period is 912 FTE years. In addition, post-construction, the Project creates 40-50 permanent FTEs in property management and maintenance.
- The total indirect and induced employment over the development and construction period is 2,309 FTE years. 1,686 of these are produced indirectly via other suppliers. A further 622 are via induced demand (through spending of supported jobs).
- The qualitative economic benefits described in section 3.2 of this report.

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