PROPERTY ECONOMICS

SUNFIELD APPLICATION

ECONOMIC ASSESSMENT

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Client: Sunfield Developments Ltd

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SCHEDULE

Code	Date	Information / Comments	Project Leader
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1. INTRODUCTION

Property Economics has been commissioned by Sunfield Developments Limited (**Sunfield**) to undertake an economic assessment for the consent to develop circa 244.5ha of land currently zoned Future Urban Zone (**FUZ**) and Rural – Mixed Rural Zone (**MRZ**) on Cosgrave Road, Takaanini, to Residential - Mixed Housing Urban (**MHU**), under the Fast Track Approvals Act (when passed into law) .

This report is designed to address the relevant economic matters important to understanding the merits of the proposed development from an economic perspective under the RMA[1] and NPS-UD[2] context and to provide the relevant economic information to assist Sunfield in better understanding the appropriateness and efficiency of the proposed development.

In particular, this report evaluates the economic merits of the proposed development by scrutinizing parameters related to residential demand and supply in the context of Auckland's growth, with a specific emphasis on the southern Auckland residential markets.

Additionally, it conducts an appraisal of the retail, commercial, and industrial sectors to pinpoint potential business opportunities within the fully developed Sunfield area. The report presents an economic analysis of the costs and benefits of the proposed development and sheds light on the potential consequences of the loss of rural productive land in the NPS-HPL[3] context.

Furthermore, the report assesses the likely economic impacts of the proposed development on the Auckland regional economy, considering both Net Present Value and employment

[1] *Resource Management Act*

[2] *National Policy Statement on Urban Development*

[3] *National Policy Statement for Highly Productive Land*

generation. This analysis aims to quantify the potential economic impacts / benefits of the proposed development to Auckland's economy.

1.1. RESEARCH OBJECTIVES

The core research objectives of this economic assessment include:

Residential Market Assessment (Sections 4 - 6)

- Delineate and map the geospatial extent of the residential markets in which the residential development component of Sunfield would primarily operate and compete in.
- Provide a detailed profile of the key economic and social demographics of each of these different markets in order to provide a sound contextual base for residential development at Takaanini, and the likely purchaser demographics for the development.
- Examine and identify any necessary residential considerations and economic implications of the proposed development in the context of the Drury-Opāheke[4] and Pukekohe-Paerata[5] Structure Plans and the residential capacity they provide.
- Quantify the current population and household base of the Southern Auckland residential markets based on the latest population estimates and utilise the Stats NZ Medium and High growth projection series to estimate future residential demand.
- Update the future urban growth areas within the catchments in light of the FDS[6] and offer insights into the consequences of the FDS recommendation to remove Takaanini and Drury FUZ for the development potential of the Subject site.
- Provide commentary on the implications of PC78 and the MDRS.

Retail & Commercial Market Assessment (Section 7)

- Identify and geospatially map the locations of the existing commercial centres in the wider market (competing centres that form part of the RMA existing environment and impact considerations).
- Outline each centre's broad role and function in the community.
- Identify any new centres proposed in the future as part of relevant Structure Plans.

[4] *Drury – Opāheke Structure Plan, August 2019*

[5] *Pukekohe – Paerata Structure Plan, August 2019*

[6] *Auckland Future Development Strategy 2023 – 2053*

- identify a core catchment area for the commercial centres in Sunfield.
- Assess the 'at capacity' or fully developed residential yield of the catchment under the two growth scenarios.
- Quantify the retail demand for convenience retail activity on an annualised basis.
- Break down retail demand by activity / store types and highlight the types of retail and service store types appropriate for a commercial centre in Sunfield.
- Quantify the total retail GFA sustainable within the localised catchment at full capacity.
- determine the amount of land sustainable for a commercial centre in the proposed development based on generated demand.
- identify locational attributes that would maximise the performance, accessibility and amenity of a commercial centre in the proposed development from an economic perspective.
- Determine the composition and activity types suitable for the commercial centre provisions in Sunfield.

Medical Facility Development Potential (Section 8)

- Undertake an audit of the medical facilities within the surrounding core market by the services they offer to accurately determine the current competition.
- Map and identify geospatially the relative access to medical facilities on a per capita basis for the study area.
- Compare the level of medical provision in the study area with other markets across Auckland to identify whether the localised market is over- or under-provided in terms of medical services and medical employment on a comparative basis.

Industrial Employment Assessment (Section 9)

- Identify appropriate catchment for the purpose of industrial analysis and market potential for the proposed development area.
- Review the industrial land supply in the two Structure Plan documents for the areas of Drury-Ōpaheke and Pukekohe-Paerata. This includes the industrial areas, high-level capacity for each of the areas and broad timings (generally based on longer-term infrastructure investment).

- Assess the expected future employment growth in industrial activity across the wider South Auckland catchment across industrial ANZSIC[7] sectors.
- Project industrial employment growth over a forecast 30-year period using a top-down approach considering a range of micro and macro-economic factors.
- Segment demand into industrial business demand by industrial activity type and indicate the total amount of land required to accommodate and attract future growth.
- Cross reference future industrial requirements in the catchment with the proposed industrial land provision within Sunfield.

Economic Impact Analysis (Section 10)

- Quantify the economic impact of the economic activity generated by the construction of the site in terms of its distribution to the regional economy based on direct, indirect, and induced benefits to the regional economy and employment.

Impact of Loss of Productive Land Analysis (Section 11)

- Assess the economic cost of the loss of highly productive land to the wider Region resulting from rezoning the rural extent of the site in the context of the NPS-HPL statutory criteria, particularly the criteria in Clause 3.6.

Economic Costs and Benefits Overview (Section 12)

- Highlight the high-level economic costs and benefits associated with the proposed rezoning in light of the above analysis.

1.2. INFORMATION & DATA SOURCES

Information has been obtained from a variety of data sources and publications available to Property Economics including:

- Auckland Future Development Strategy 2023 – 2053 – Growth Scenario Evidence Report for Consultation – Auckland Council
- Auckland Future Development Strategy 2023 – 2053 – Auckland Council
- Auckland Future Urban Land Supply Strategy 2017 – Auckland Council
- Auckland Plan 2050 – Auckland Council
- Auckland Unitary Plan Operative in Part – Auckland Council
- Auckland Unitary Plan Zones – Auckland Council

[7] *Australia New Zealand Standard Industrial Classification 2006*

- Business Demography Statistics – Stats NZ
- Catchment Maps – Google Maps, LINZ, Stats NZ
- Drury - Opāheke Structure Plan – Auckland Council
- Household Economic Survey – Stats NZ
- Housing and Business Development Capacity Assessment for Auckland Region 2023 – Auckland Council
- Industrial Business Classifications – Property Economics
- Industrial Land Capacity Estimates – Property Economics
- Land Use Capability Classification – LRIS
- Market Maps – Google Maps, LINZ, Stats NZ, Property Economics
- National Policy Statement for Highly Productive Land 2022 – Ministry for the Environment
- National Policy Statement for Highly Productive Land assessment for the Sunfield site, Ardmore – Land Systems
- National Policy Statement on Urban Development 2020 – Ministry for the Environment
- NZ Census Data (2006, 2013 & 2018) – Stats NZ
- Population and Household Estimates and Projections – Stats NZ
- Pukekohe – Paerata Structure Plan – Auckland Council
- Statistical Areas 1 & 2 – Stats NZ

2. EXECUTIVE SUMMARY

The Sunfield site is an approximately 244.5ha land holding in Takaanini on the urban border in South Auckland. The application seeks to develop the site to provide circa 4,000 residential lots and units and accommodate a range of residential retail, commercial, medical, industrial, community and recreational land uses, under the Fast Track Approvals Act.

Property Economics has undertaken an extensive economic analysis in this report, concluding that the proposed Subfield development will deliver significant economic benefits and is suitable for approval under the Fast Track Approvals Act.

The main economic findings and assessment outcomes are summarised below:

Development land use efficiency:

i. The Sunfield development would serve as an efficient and timely replacement of the southern Takaanini and Slippery Creek Future Urban Areas removal in the FDS and would partly offset the loss of previously identified residential capacity (around 7,000 dwellings) in the local market.

ii. The proposed Sunfield development, with a cumulative retail provision of around 6ha[8], is sustainable and of an appropriate size to accommodate a portion of the anticipated demand and market growth, i.e., additional 15.7ha, over the next 20 years.

iii. Although the current level of supermarket provision in the local market is estimated to be sufficient, the area will require additional supermarket space as the market grows. By 2053, the level of additional supermarket sustainable GFA with the catchment would be around 12,250sqm GFA. This equates to approximately three additional full-service supermarkets in the catchment.

iv. Based on projected demand, locational attributes and the wider market growth expectations (coupled with the potential for any excess land impacts), there is an opportunity for approximately 150ha of Employment land (with an emphasis on light industrial activities) to be provided in the Sunfield development once fully developed.

v. There is a shortage of medical services in the area compared to other urban parts of Auckland on a per capita basis. The additional medical facilities and services included in the Sunfield development will better support both current and future communities by meeting their medical needs and enhancing access to healthcare.

[8] *50% of the proposed 12ha for a main and multiple small convenience centres*

Development economic impacts:

i. The total economic impact on business activity within Auckland as a result of the Sunfield development to 2044 is estimated to be around $3.2 billion (NPV)[9].

ii. In terms of employment multipliers[10], the Sunfield development would contribute around 8,130[11] FTEs during the peak development and operation year within Auckland, with a total number of FTE years at around 24,700 over the 20-year development period to 2044.

iii. The direct impact of the Sunfield development on the construction and construction services sectors associated with direct employment is approximately 10,290 FTE years over the anticipated 20-year construction period.

iv. In terms of the nominal expenditure from Sunfield, it is expected that over the life of the development there would be in the order of a $4.68b capital expenditure into the Sunfield development.

v. The Sunfield development has the potential to accommodate circa 11,000 jobs, which would be beneficial to the local economy and essential to ensuring there is a meaningful increase in employment internalisation within the localised area. That is, significant local employment opportunities for local Sunfield residents.

Beyond the quantifiable economic impacts outlined above, the proposed Sunfield development is expected to create a range of potential economic benefits for the local market and community, including but not limited to the following:

i. Increased residential capacity and greater range of housing typologies

ii. More affordable housing

iii. Increased choice of location and price points

iv. Decreased marginal infrastructure costs

[9] *Net Present Value*

[10] *Employment Multipliers relate to the level of indirect and induced employment activity generated through the expenditure on and off site.*

[11] *NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.*

v. Attraction of diverse buyer pool

vi. Greater level of market growth

vii. Increased amenities

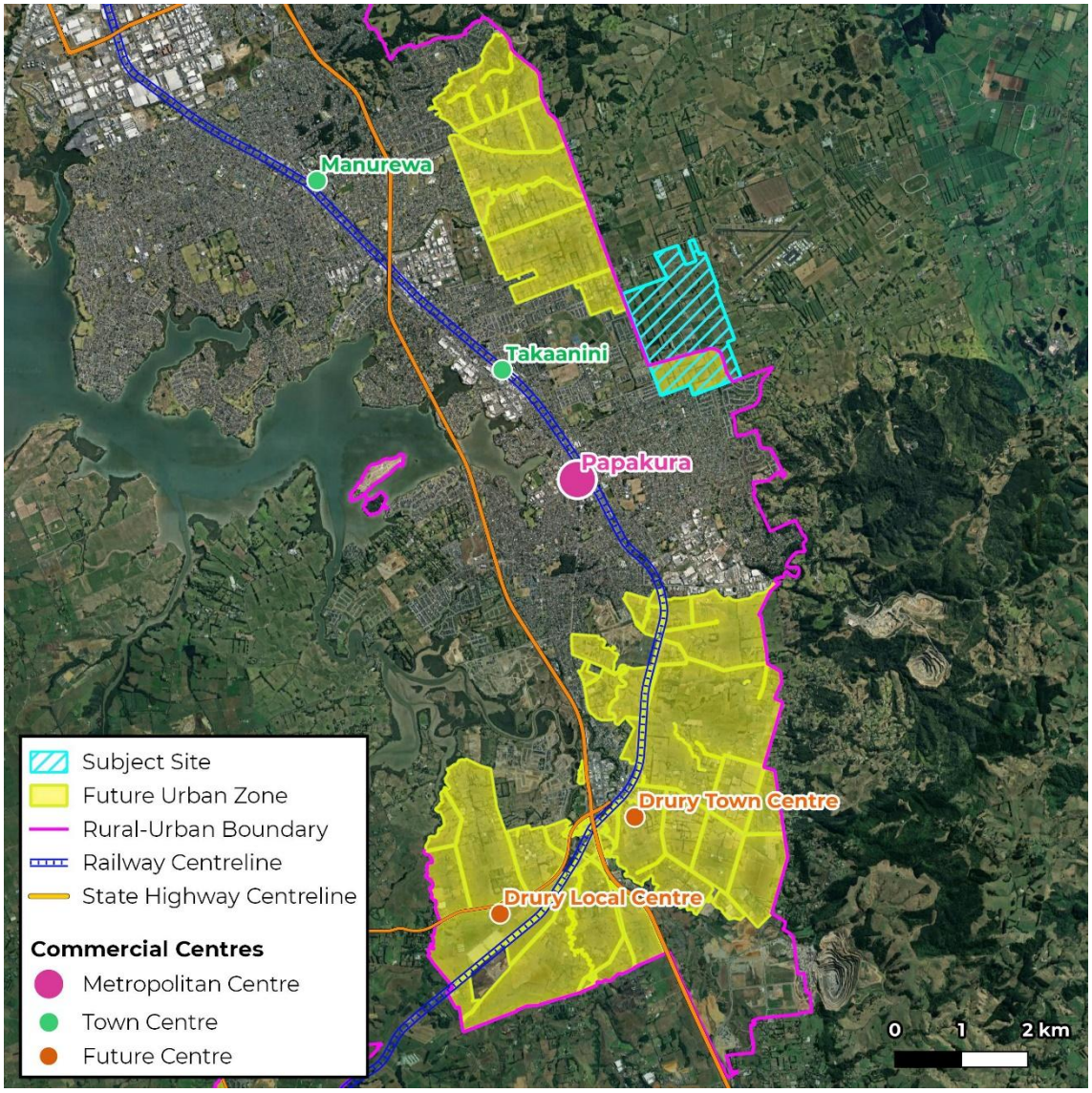
Given the substantial net economic benefits detailed in this report, Property Economics supports the proposed Sunfield development from an economic perspective, within the framework of the RMA and the Fast Track Approvals Act.

3. PROPOSED SUNFIELD DEVELOPMENT OVERVIEW

The Subject site is approximately 244.5ha of land located to the east of Takaanini, Auckland. The following figure shows the Subject site in context of the surrounding AUP(OIP) zoning provisions, established and proposed commercial centres and the existing urban areas.

Under the AUP(OIP) zoning provisions, the southern extent of the Subject site encompasses a tranche of land currently zoned Future Urban Zone (FUZ). This Takaanini - Cosgrave Road FUZ land was planned to be development ready during the second half of Decade One (i.e., 2023 – 2027), according to the FULSS. This planned timeframe, however, is recently rescheduled to be developed from 2050 and onwards, based on Council's adopted FDS.

FIGURE 1: SUBJECT SITE IN THE AUP(OIP) CONTEXT



Source: Google Maps, Auckland Council, Property Economics

The remaining extent of the Subject site spans around 194ha of land and is currently zoned Rural – Mixed Rural Zone (MRZ). As per the AUP(OIP), the purpose of the MRZ is to "*provide for rural production, generally on smaller rural sites and non-residential activities of a scale*

compatible with smaller site sizes". It is expected that sites in this zone "*provide flexibility to accommodate a range of rural production activities and associated non-residential activities while still ensuring good amenity levels for residents who use their land for rural lifestyle purposes*".

In terms of the surrounding environment, the Subject site directly adjoins the existing urban / residential areas in Takaanini to the immediate west and south. It is also within a short driving distance to the Takaanini Town Centre (3 minutes, approximately) and the Papakura Metropolitan Centre (5 minutes, approximately).

Furthermore, the Subject site can easily access State Highway 1 and railway line / stations which are both within a short distance (5-10 minutes' drive). Combined with the breadth of land uses and employment opportunities within Sunfield also means that development of the Subject site would potentially contribute to decreased CO2 emissions and increased travel efficiency.

The rural extent of the Subject site is located just outside the existing Rural-Urban Boundary (RUB) and adjoins the Ardmore Airport to the east. This means that the proposed development represents a natural 'plug in' of the Takaanini established urban environment and is located in a strategic location to accommodate future land demand for urban activities. The proposed development essentially fills in the gap between the two urban areas of Takaanini and Ardmore Airport.

The strategic location of the proposed development is also illustrated in the FDS Evidence Report[12], which conducted a comprehensive assessment of all Future Urban Area (FUA - the term used in the FDS to represent FUZ) clusters based on various variables including population, households, employment levels, Vehicle Kilometres Travelled (VKT) per car, and CO2 emissions per car, which serve as indicators of a location's distance from the CBD.

Based on the assessment outcome of the Evidence, the Takaanini FUZ cluster is among the top performing FUZ clusters (i.e., ranked the second highest out of 9 clusters) for all variables as *"it is close to a wide range of employment areas, schools and has both existing rail transport and a planned high frequency bus corridor on Mill Road*"[13].

As per the draft Masterplan of the proposed development , it is proposed that a total yield of around 4,000 residential lots and units will be delivered once the site is developed, including 3,400 homes and 600 retirement village units across 3 retirement villages within 94.8ha of land.

In addition to residential development, there is a range of retail, commercial / industrial, recreational, educational, medical and community land uses proposed to be established within the Subject site to enhance self-sufficiency, the living environment and amenities of the surrounding residential areas.

[12] *Future Urban Areas Evidence Report – for Consultation, Auckland Council, dated June 2023*

[13] *Future Urban Areas Evidence Report – for Consultation, Auckland Council, dated June 2023, Page 78*

This proposed development is seen by Sunfield as an opportunity to deliver residential development in Takaanini with meaningful capacity (and therefore efficiencies) and wide breadth of land uses that leverage the identified infrastructure investment for the Takaanini area that has been 'earmarked' for the surrounding residential growth.

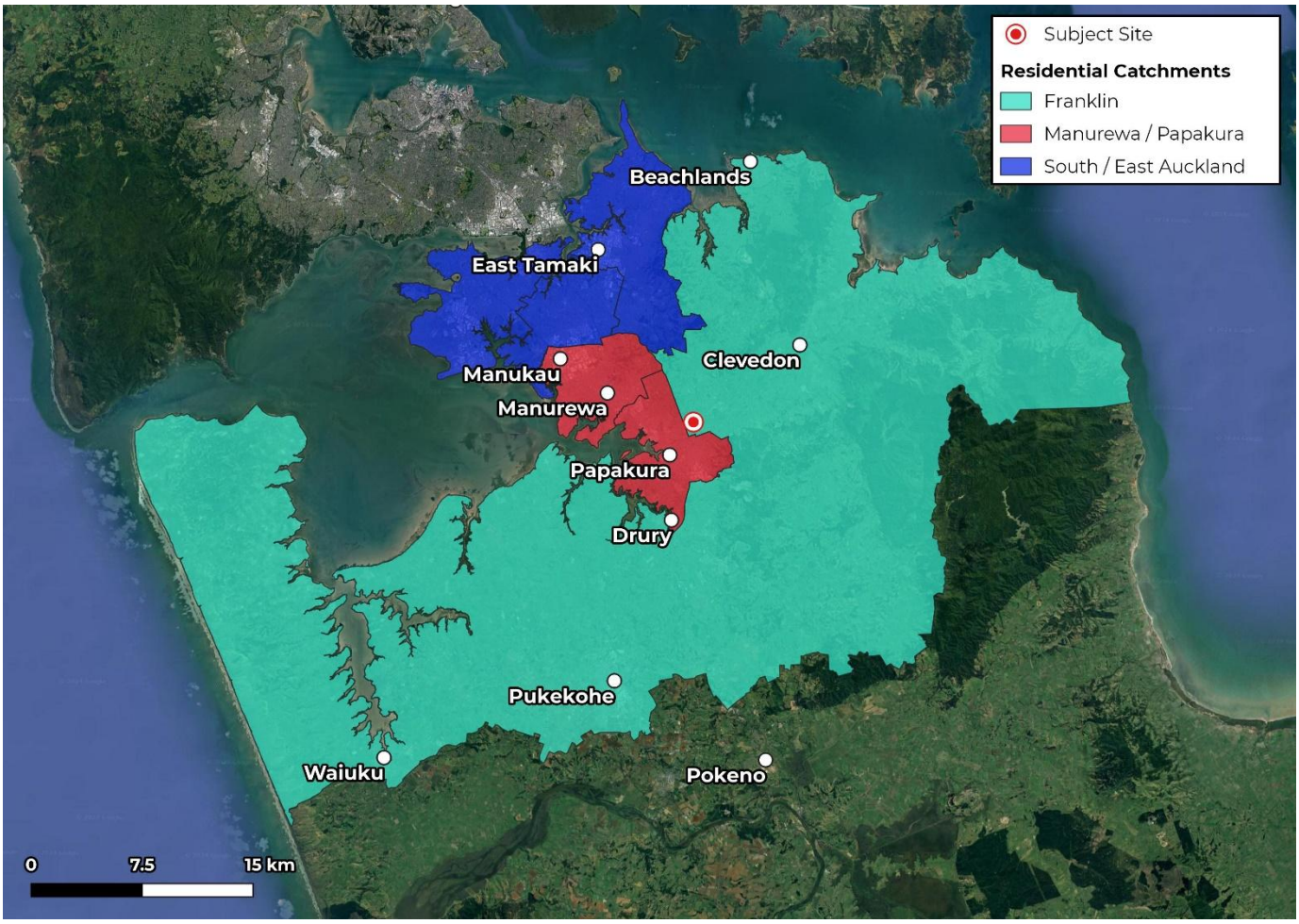
4. FUTURE RESIDENTIAL GROWTH

4.1. RESIDENTIAL MARKETS

To quantify the residential potential of the proposed development, it is important to delineate the area the residential product in the proposed development is likely to draw most of its purchasers.

The figure following illustrates the extent of the catchment split into three different residential markets for analytical purposes for which demand is more likely to be redirected, or conversely where residential dwellings in the proposed development area are likely to compete. These residential catchments have been based on the Local Board Areas so as to utilise Stats NZ's latest population projection.

FIGURE 2: SOUTHERN AUCKLAND RESIDENTIAL MARKETS



Source: Stats NZ, LINZ, Property Economics

The Subject site is located on the border of Manurewa / Papakura and Franklin catchments. The Manurewa / Papakura catchment covers the combined Manurewa and Papakura Local Board Area, while the South / East Auckland Catchment encompasses the Howick, Māngere-Ōtāhuhu and Ōtara-Papatoetoe Local Board Areas.

The Franklin Local Board area covers the vast majority of rural land and rural townships south of the Auckland urban area. Although the subject site (and the Takaanini area) is technically located in the Franklin Local Board area, the Manurewa and Papakura areas are more reflective of the direct local market.

The FUZ growth areas are designed to accommodate Auckland's growing population. The FULSS has timings attached to various FUZ areas. The FUZ extent of the Subject site had an identified timing of 2023-2027 in the FULSS and therefore the proposed development, at least the FUZ extent, fits in with Council's outlined timing. The adopted FDS has postponed this timing to 2050+, but that document is still to go through the statutory process and is subject to change.

Recent growth trends in Pokeno have shown for example, the rapidly rising house prices in the Auckland area has forced prospective homeowners further afield. In reality, prospective residents of the Sunfield development are likely to originate from all over the Auckland Region, particularly from areas where the infill capacity is insufficient to support the demand or house prices have reached unaffordable levels for a portion of the market. For the purposes of this report, Property Economics has broadly delineated three catchments to represent the core market and areas where the majority of purchasers are likely to be derived.

This is supported by the NPS-UD which articulates a combined '*up and out*' approach to cities accommodating their future demand and ensuring sufficient residential capacity is provided over the long term as well as location, price and typology choice in the market.

The significant rail infrastructure investment in the Pukekohe to Britomart rail network, and the close proximity of the Takaanini FUZ land and Sunfield to the Takaanini Train Station will provide opportunity for a direct and efficient 'non-road' public transport connection to the city and other key employment hubs. This has the potential to diminish any distance-decay concerns and generate efficiencies over other growth areas not so proximate to one of Auckland's primary pieces of public transport infrastructure. Increased patronage of the rail network improves the efficiency of the transport system and lowers the marginal cost of infrastructure of the train network.

The reality is the current 'distance-decay' factor is not likely to be a significant factor at all in the future for the Subject site and may potentially improve resident / employee proximity to employment and related amenity relative to being located in some suburbs of urban Auckland. This is a major driver of the Drury-Opāheke and Pukekohe-Paerata Structure Plans and the FUZ areas in Takaanini, to provide significant business, retail, educational, recreational accessibility and opportunities in close proximity to these new residential growth areas to improve economic and transport efficiencies and lower adverse impacts on the environment and existing infrastructure capacity.

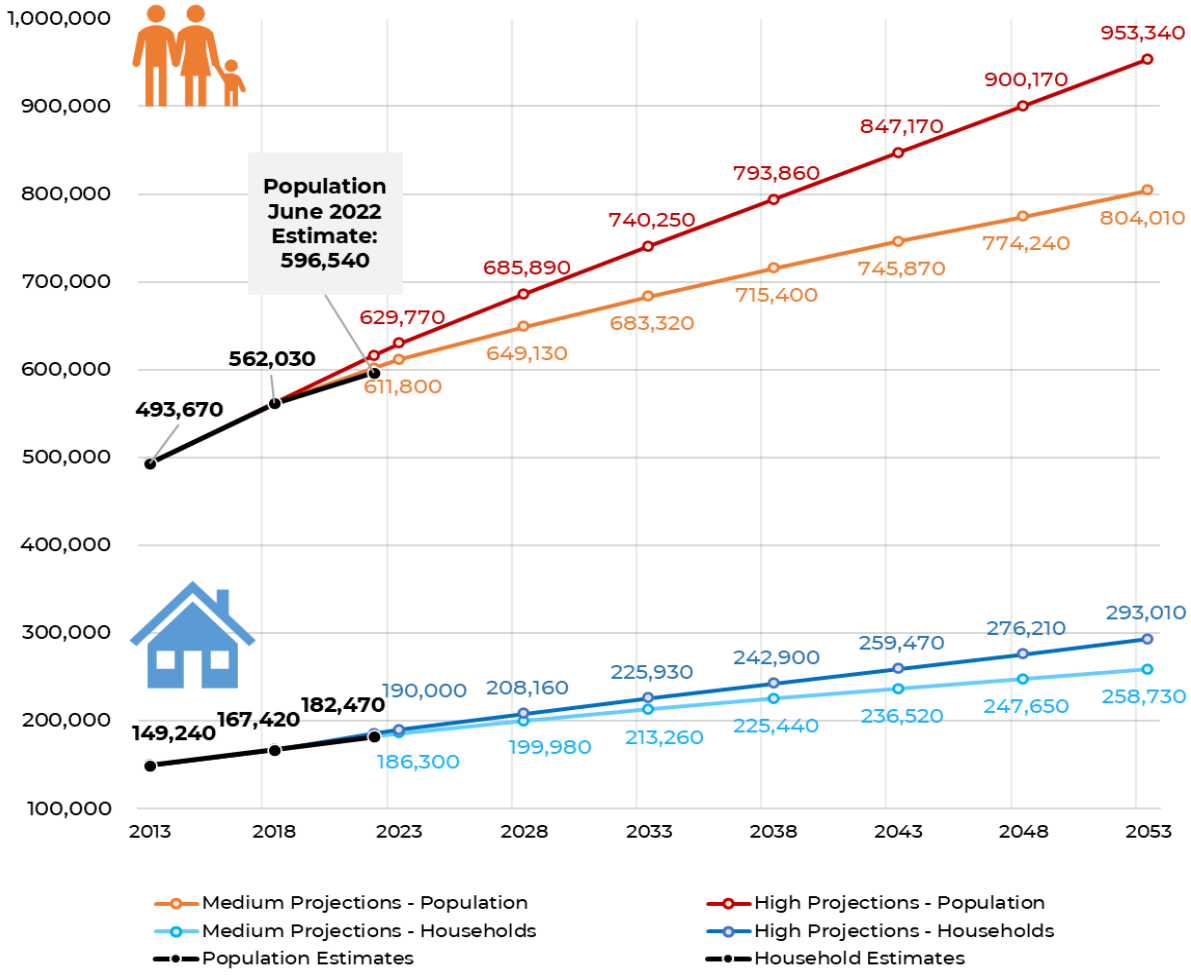
As such, Property Economics considers Sunfield to be an appropriate location for residential development as it is part of a larger urban corridor located within a 2km range on both sides of the Britomart to Pukekohe rail line and can be directly connected to existing urban areas and infrastructure.

4.2. POPULATION AND HOUSEHOLD GROWTH

The figure following displays the population and household growth projections within the combined area covered by the three identified southern Auckland residential markets. These projections are derived from the latest (June 2022) Stats NZ population growth projections for both the High and Medium growth series.

The identified residential markets cover approximately a third of Auckland's population with an estimated population base of over 596,500 as at June 2022. Although not shown on Figure 3, it is worthy to note that the population growth for the recent 7-year period (2013 – 2020 – pre-COVID) more closely aligned with the original 2017 High projection series having exceeded the Medium projected June 2022 population by almost 22,300 residents.

FIGURE 3: POPULATION PROJECTIONS AND ESTIMATES FOR COMBINED AREAS



Source: Stats NZ

Looking ahead, under the latest Medium projection series, there is expected to be an additional net 207,470 residents over next 31 years (2022 – 2053) across the assessed southern Auckland markets, and an additional circa 76,260 households. This net population growth in the catchment is proportionally equivalent to 35%.

In comparison, the High growth scenario projects population growth of 356,800 people net by 2053 (+60%), which is an additional 149,330 people increase in the net population growth above the Medium projection series. Additionally, the total number of households predicted for 2053 under this High growth scenario is around 293,000. This is nearly an additional 110,540 dwellings required to accommodate projected growth under this projection over the next 31 years on a one household per dwelling basis.

Average annual growth for these catchments over the 31-year period for the Medium projection equates to 6,690 people and around 2,460 dwellings net, while under the High scenario average annual growth equates to around 11,510 people and 3,570 dwellings net.

The latest net migration data from Stats NZ indicates net migration into NZ is at record levels reflecting a strong post-COVID rebound with NZ still being viewed as an attractive country for people to permanently migrate. High net migration puts increased pressure on Auckland's constrained housing stock, already under significant pressure, and amplifies the need for new residential capacity to be injected into the supply pipeline over the short term. If high levels of net migration are sustained, the current population growth projections for Auckland could be conservative.

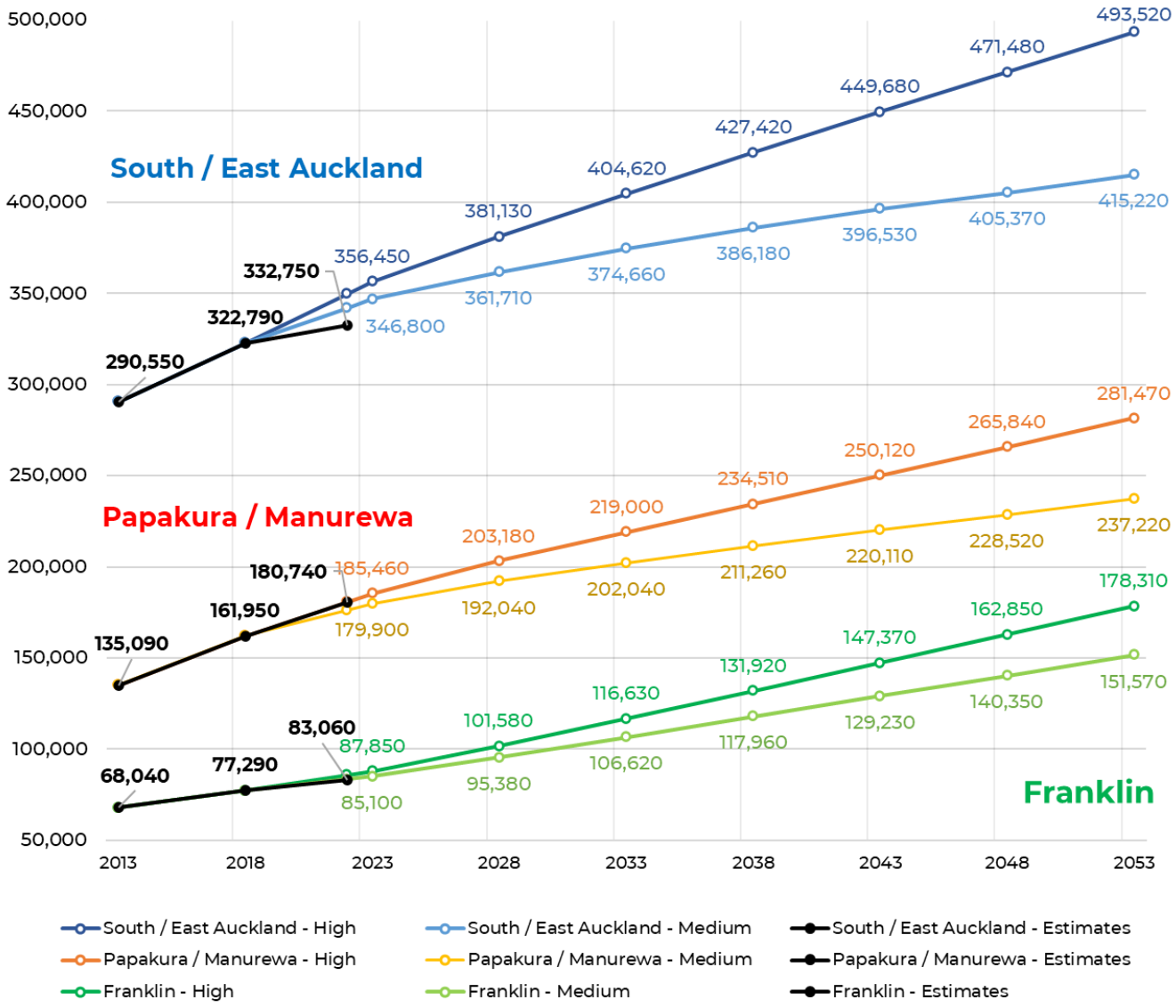
Despite robust population growth the number of households was slightly below what was originally projected according to the 2017 projections. Historically, the number of households under the projections series was forecast to increase at a faster proportional rate than the population. This was due to a projected fall in the person per household ratio over the forecast period. This anticipated trend was not isolated to the identified catchments but projected to occur across the whole country due to an ageing population, smaller families, and a higher proportion of 'split' or single households.

However, the results of the 2018 NZ Census and subsequent population estimates have shown that the reverse has been true. That is, that the population per household ratio has increased slightly across the country with this catchment being no exception, increasing from 3.31 to 3.51 between 2013 and 2018.

There are several potential reasons for this reversed trend, not the least of which relates to the slow progress of new housing stock being developed (relative to demand) and rising house prices that has occurred over the last intercensal period, which has driven an increase in multi-household and multi-generational dwellings. This demographic trend is likely to continue unless new housing product is enabled to be developed at a rate more commensurate with market demand.

The figure following disaggregates the three residential markets to show the recent and projected population growth across each market separately. It is important to note, that although South / East Auckland has numerically the highest growth of the three catchments, it is almost double the size of the Papakura / Manurewa Catchment.

FIGURE 4: POPULATION GROWTH BY RESIDENTIAL MARKET



Source: Stats NZ, Property Economics

On a proportional basis, the Franklin catchment is projected to have the most growth at 82% over the next 31 years under the Medium growth scenario. This is reflective of large stretches of the FUZ zone including the Drury-Opāheke and Pukekohe-Paerata Structure Plans being located within the wider Franklin area. In comparison over the same period, the Papakura / Manurewa catchment is expected to grow 31% (180,740 – 237,220) with South / East Auckland sitting slightly lower at 22% (332,750 – 415,220).

Under the High growth scenarios, proportional growth across the catchments increases significantly, and clearly highlights the scale of the potential increases in supply relative to the existing market that need to be accommodated and directed for increased capacity. The Franklin catchment under the High growth scenario is projected to experience a proportional net increase of 115%. Note this percentage could increase significantly if South Auckland and

Papakura / Manurewa catchments cannot provide the increased (feasible) capacity required to accommodate their respective projected growth.

Given the above projections, it can be expected that growth is projected to be strong and sustained within the catchments over the short, medium and long-term. Of the three assessed catchment, Papakura / Manurewa (the local market the Subject site forms part of) growth is still tracking closer to the High scenario with demand remaining strong. This gives confidence that the Subject site is in an area sought by the market and an area that would deliver increasing amenity and efficiency for purchasers.

4.3. DEMOGRAPHIC PROFILING

An economic and social demographic profile for each of the identified residential markets has been compiled in comparison to the wider Auckland average. This is to determine where each market sits relative to each other in terms of demographic characteristics and general profile and provides guidance on where the bulk of Takaanini purchasers are likely to be derived.

A more detailed breakdown of the demographic profiles has been attached in Appendix 1.

Some of the salient findings from the demographic profiling include:

- Of the three identified residential catchments, South / East Auckland is the largest with an estimated population base of around 332,750 residents in 2022. This is followed by Papakura / Manurewa with around 180,740 residents and the mostly rural catchment of Franklin with 83,060 people in which the proposed development is located. This is not unexpected given the two former catchments represent more established urban environments relative to the Franklin catchment.

- The former two catchments also have a substantially higher population per household ratios than the Auckland average of 3.38 and 3.34 respectfully compared to 2.93 for the regional average. In contrast, the average residents per household in Franklin is only 2.77.

- This difference in the person per household density is partially a reflection of an area's relative housing affordability, access to new residential land, the level of feasible development and the volume of new housing stock entering the market. Additionally, Franklin has a larger retired population with a high 21% of residents aged 60 years+ compared to only 15% and 13% in South / East Auckland and the Papakura / Manurewa markets respectfully. In areas of higher age profiles, the person per household ratio is typically lower.

- The South / East Auckland and Papakura / Manurewa catchments have higher rates of unemployment when compared against the Franklin catchment (5% and 6% vs 3% respectfully). This is reflected in the breakdown of income sources where 10% of Personal Income sources for residents of the Papakura / Manurewa market is Jobseeker Support, more than double the 4% proportion in Franklin.

- Consequently, the median household income of the South / East Auckland and Papakura / Manurewa catchments ($89k and $84k respectfully) is materially below the Auckland Median of $94,000. In particular, the largest discrepancy in the annual household income brackets is the $150,000+ category for which only 18% of households in the Papakura / Manurewa market achieve compared to 26% in the Auckland region (and 27% in Franklin).

- A high 46% of Franklin's dwelling base is 4+ bedrooms, over 12% above the regional average. This is driven by the lifestyle block dwellings which tend to be larger and more expensive. The proportion of 3-bedroom homes is likely to increase as a proportion of Franklin's market in the future to attract families from South Auckland and Papakura at a lower price point and better balance 'need' rather than preference.

- Almost three quarters (72%) of households in Franklin either own or partially own their own dwelling or are holding it in a family trust. This is significantly higher than both the regional average of 59%, and the other two catchments. This is the result of a higher house price, lower household income formula in play in the South / East Auckland and Papakura / Manurewa markets. This represents the 'flow over' market that Takaanini is likely to attract.

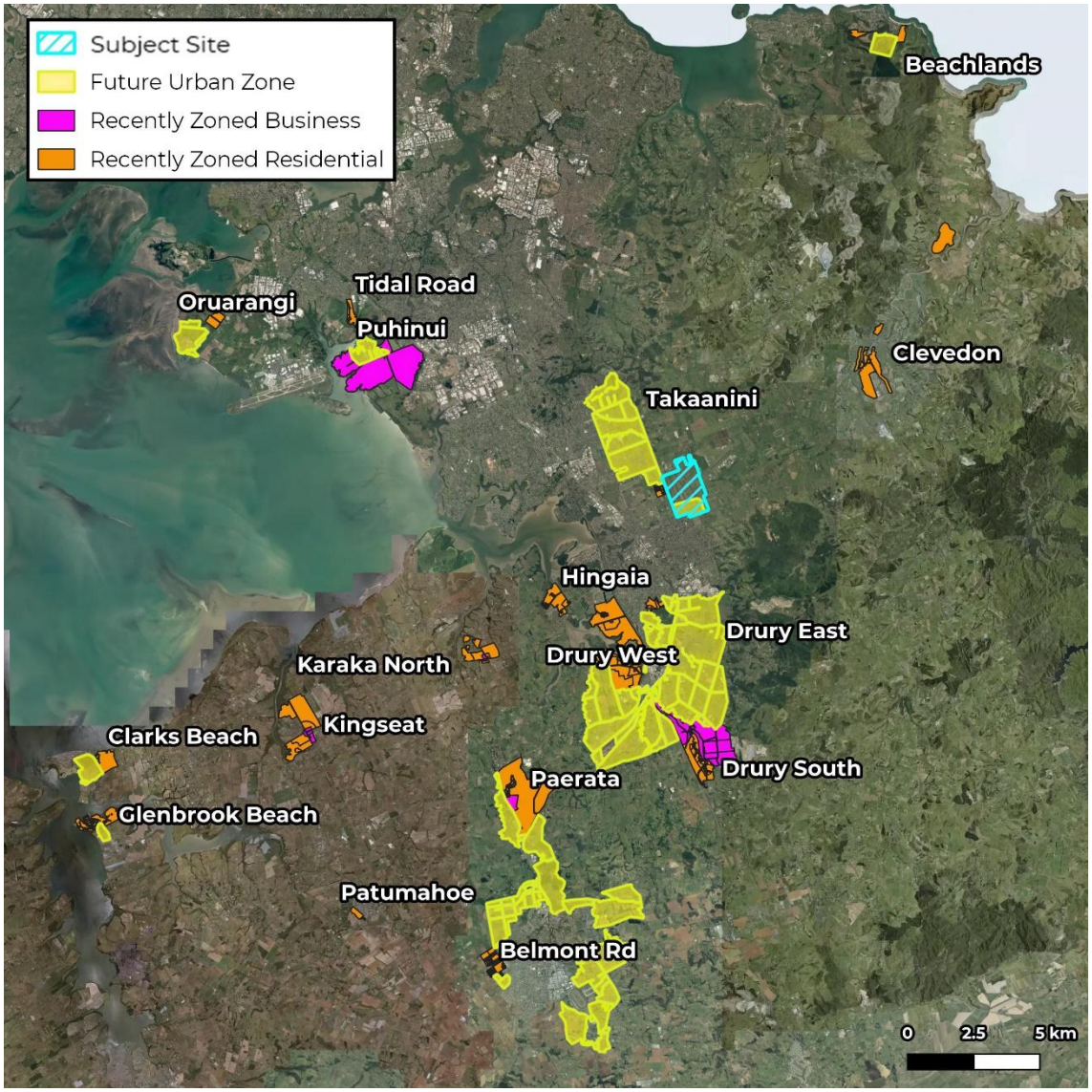
5. AUCKLAND FUTURE URBAN ENVIRONMENTS

FUTURE URBAN ZONE

The FUZ applies to greenfield areas that have been identified as appropriate locations to expand the urban boundaries to accommodate the city's future growth. Auckland Council will typically prioritise existing FUZ areas over zoning new areas given they have gone through a statutory process (as is required by the AUP(OIP)) and consequently, development of the subject land needs to take into account the existing identified future urban network.

The figure following outlines the FUZ and recently zoned residential areas across the broader southern Auckland market. The FUZ area shown totals just over 4,000ha of land, representing 40% of all FUZ land in the Auckland Region. Note that this does not mean 4,000ha of developable land, simply the extent of the zoned FUZ land area.

FIGURE 5: FUTURE URBAN ZONE IN SOUTHERN AUCKLAND



Source: Auckland Council, LINZ, Property Economics

There are two large FUZ areas of note which are subject to a structure plan exercise by Auckland Council. The largest of the two is Drury - Opāheke which covers 1,921ha, not inclusive of the Industrial and Residential activity recently zoned in Drury South.

The second FUZ area of note is the Pukekohe - Paerata FUZ which expands upon the well-established satellite township of Pukekohe. Pukekohe has for many years supported a large rural area at Auckland's southernmost extent.

Both these structure plan areas are considered medium to longer term propositions with significant levels of infrastructure investment required to enable the various land uses to be developed and capacity realised.

Additionally, in Takaanini, the area just to the north of the Cosgrave Road subject site is the third major urban FUZ area. According to the adopted FDS, this area is subject to significant natural hazards (i.e., flooding) and therefore is partly removed from the future urban growth areas. Details about this removal will be presented later in Section 5.1.

DRURY-OPĀHEKE AND PUKEKOHE-PAERATA STRUCTURE PLANS

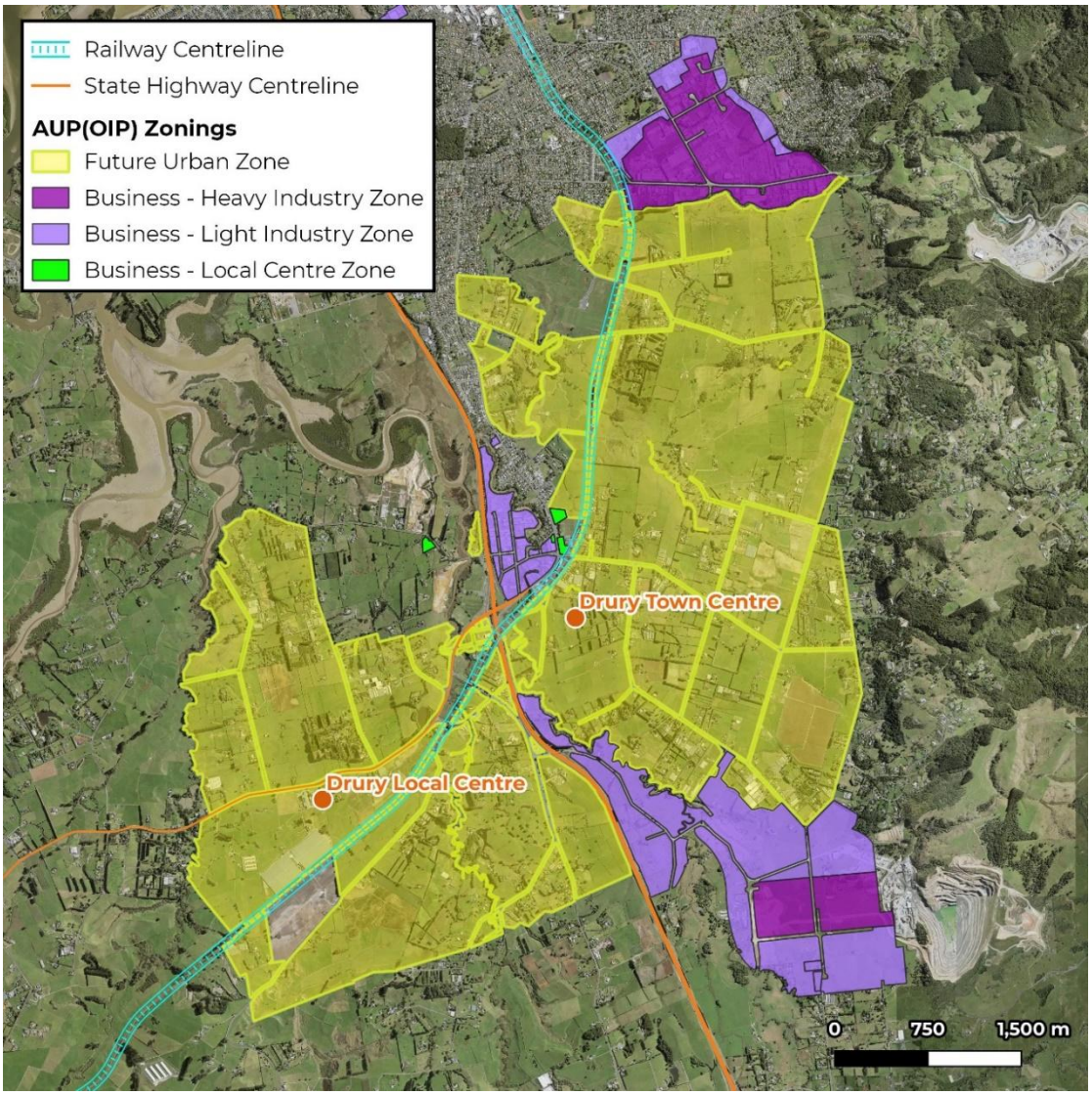
The Drury-Opāheke and Pukekohe-Paerata Structure Plans provide a framework of the intended extent and timing for development within the FUZ land in this growth area of Auckland. The more detailed planning maps of various land uses from the respective Structure Plan documents are provided in Appendix 2 for reference. This section outlines the key points identified from each of the Structure Plan documents.

The following figure below shows the extent of the Drury – Opāheke FUZ that provides additional context to the Structure Plan map in Appendix 23. Table 1 following shows the indicative breakdown of land uses for the 1,921ha area. The estimated developable land area is approximately 45% of this overall land area as it provides an allowance for roads, parks floodplains and streams that is not practically available for development.

Of the total FUZ area in this Structure Plan, 150ha or 18% is for industrial / business land providing an estimated 3,800 jobs. This is in addition to the large stretches of Industrial land evident in Drury South and Papakura in the figure above.

Furthermore, Drury is expected to have two commercial centres which the following table suggests will total 49ha in size. This is not exclusively retail GFA however with the potential for several (presumably higher density) housing developments. In total, the Drury Future Growth Area is anticipated to provide for around 22,000 houses or circa 60,000 people. For context this is over twice the size of Pukekohe's population as of 2019.

FIGURE 6: DRURY - OPĀHEKE FUTURE URBAN EXPANSION AND CURRENT BUSINESS ZONES



Source: Auckland Council, LINZ

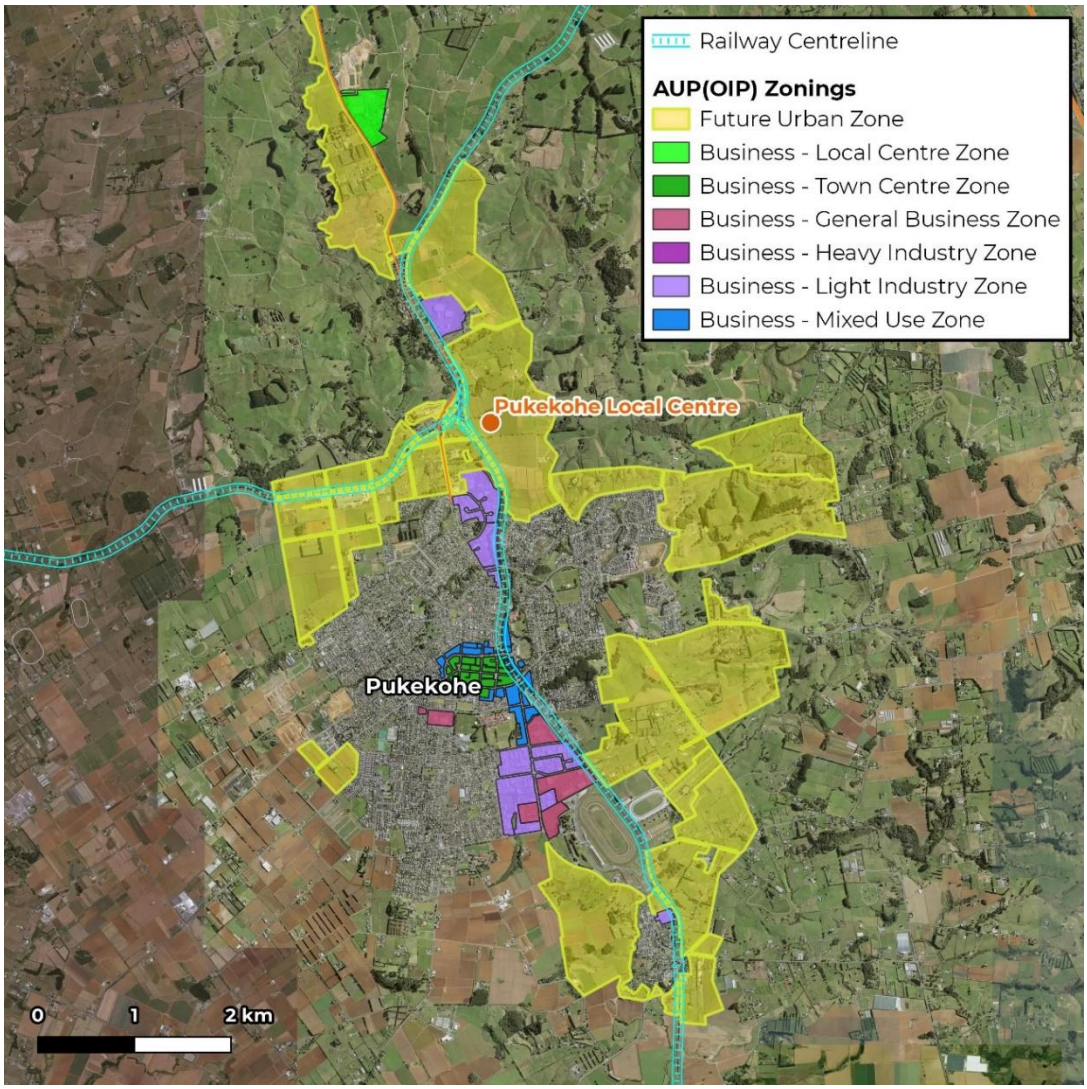
TABLE 1: DRURY – OPĀHEKE STRUCTURE PLAN INDICATIVE STATISTICS

	Net Developable Land Area (ha)*	Estimated Houses	Estimated Population	Estimated Jobs
Residential	624	21,600	59,000	3,700
Centre	49	400	1,000	4,500
Industry / business	150	0	0	3,800
Totals	823	22,000	60,000	12,000

*Source: Auckland Council. Note: *Net land area is the amount left over after allowance for land required for roads, parks, floodplains, and streams that are not built over. This leaves about 45 per cent of the land developable for building.*

Like the previous figure for Drury, the following figure shows the extent of the FUZ in the context of current business zoning in the Pukekohe-Paerata Structure Plan. Importantly, all of the industrial and business zones are centred along the rail line and major arterial routes (e.g., SH22).

FIGURE 7: PUKEKOHE – PAERATA FUTURE GROWTH AREA AND CURRENT BUSINESS ZONES



Source: Auckland Council, LINZ

The table below gives a breakdown for the Pukekohe – Paerata Structure Plan area. This identifies capacity for around 12,500 houses (or approximately 33,800 residents) and a single local centre of 1ha in net developable land area (about 2ha gross).

Considering the current population of Pukekohe in 2022 is only 26,900 people, in addition to the expansion of up to 4,500 homes in Paerata Rise, the urban population of Pukekohe has the potential to almost triple in size once these areas fully develop.

Additionally, the Structure Plan provides for 95ha of Light Industrial land. This is split between south of the town and an elongated strip along SH22 in the north-western section, just below the Subject site.

TABLE 2: PUKEKOHE – PAERATA STRUCTURE PLAN AREA INDICATIVE STATISTICS

	Net Developable Land Area (ha)	Potential Additional Houses / Dwellings	Potential Additional Population	Potential Additional Jobs
Residential	433	12,517	33,796	2,597
Local Centre	1	5	13	53
Light Industry	95	0	0	2,368
Totals	529	12,522	33,809	5,018

Source: Auckland Council

5.1. FUTURE URBAN AREAS IN THE FDS CONTEXT

Council has recently adopted the FDS as a replacement for sections of the current Auckland Plan 2050, Development Strategy 2018, and FULSS.

Under the NPS-UD, the purpose of this FDS is to "*promote integrated, long-term strategic planning to help the council set the high-level vision for accommodating urban growth over the long term and identify strategic priorities to inform other development-related decisions*".

Specifically, the FDS aims to:

- *achieve well-functioning urban environments.*
- *ensure there is sufficient development capacity.*
- *integrate planning and infrastructure planning and funding.*

It should be noted that the 56.5ha of FUZ land which forms Sunfield is not part of the Takaanini FUZ which is removed based on the FDS.

According to the assessment outcome of the FDS, the southern portion of the Takaanini FUZ (circa 310ha[14], gross) is removed from the region's wider FUZ areas due to significant flood plain extent and significant proportion of alluvium / colluvium geological formations which are typically overlain by peat / peat loam.

Given these constraints, appropriate mitigation will be costly and require council-led integrated catchment management planning / intervention. These constraints pose settlement risks (and potential dewatering) for development and infrastructure, resulting in ongoing hazard risks and / or likely incurring significant costs to appropriately mitigate.

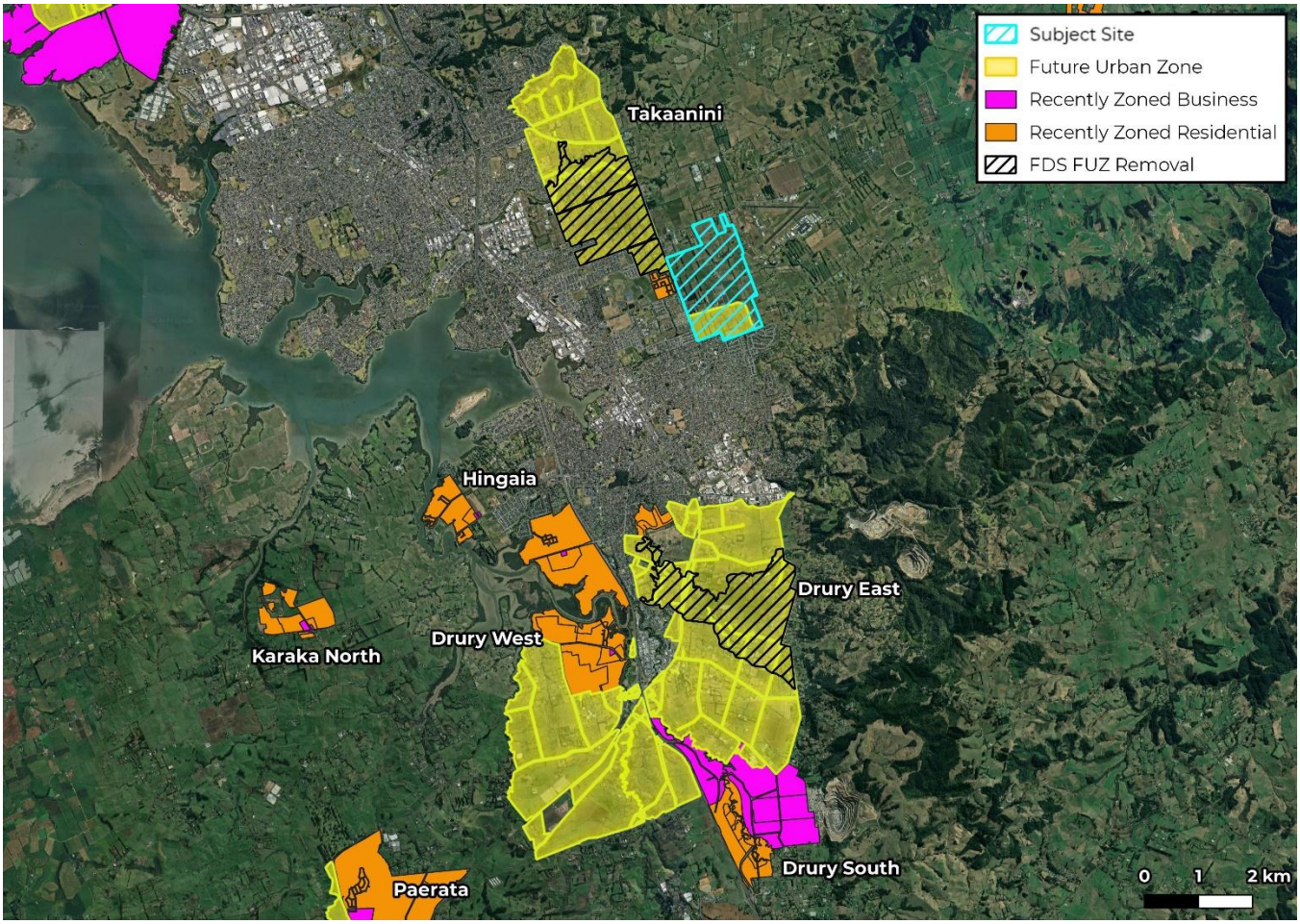
In addition, Ōpaheke-Drury FUZ is recommended for partial removal (of the area associated with the Slippery Creek flood plain and some land to the east adjacent to the floodplain, circa

[14] *Indicative only and estimated based on the boundaries of the removal outlined in the FDS and the distribution of flood plains in the area.*

330ha[15], gross) due to significant hazard constraints and the likely reverse sensitivity effects on the surrounding environments. The remaining parts of the FUZ are to be renamed Ōpaheke (north of Slippery Creek) and Drury East (for land not live-zoned).

The following figure shows the geospatial extent of the recommended FUZ removal in Takaanini and Slippery Creek. Having these two areas removed, the total FUZ land area in the South Auckland catchment would be reduced substantially by a cumulative land provision of approximately 640ha.

FIGURE 8: FUTURE URBAN ENVIRONMENTS IN THE CONTEXT OF THE FDS



Source: Auckland Council, LINZ

To understand the likely impact of these FUZ removals on local housing capacity, it is important to quantify the likely resulting residential capacity decline due to these removals.

As outlined in Auckland 2050, the entirety of the Takaanini FUZ was anticipated to provide for a total yield of circa 4,500 dwellings. Applying the removed southern proportion of around 54%, the estimated yield within this southern proportion is approximately 2,400 dwellings.

[15] *Indicative only and estimated based on the boundaries of the removal outlined in the FDS and the distribution of flood plains in the area.*

In addition, according to the Drury – Opāheke Structure Plan, the entirety of the Drury – Opāheke FUZ land was anticipated to provide for 21,600 dwellings within a 624ha of net developable land, on Council's 45% developable land estimate.

Using these figures as the basis, the recommended removal of 330ha (gross) of FUZ land in Drury East / Slippery Creek would lead to the loss of expected residential capacity in the order of 5,100 dwellings[16]. Consequently, the total residential capacity loss within the South Auckland FUZ areas due to the FDS removals would be around 7,500 dwellings.

Considering this expected loss of residential capacity, in Property Economics view, the proposed development to provide for a large master planned residential development in a strategically located area (i.e., the Subject site) would be an efficient and timely replacement of the southern Takaanini and Slippery Creek FUZ removals and would partially offset the loss of expected residential capacity in the area.

Enabling the proposed development therefore would ensure a more streamlined delivery of the region's growth strategy and can be expected to effectively mitigate the likely fluctuations in the local market led by the FDS FUZ removals.

In Property Economics view, any increased residential capacity enabled within the Auckland urban environment due to implementing the MDRS via PC78 does not automatically render any future greenfield residential developments unviable or economically inefficient. In addition to the demand and supply considerations, other economic factors must be considered.

These factors include the site's ability to '*plug into*' an existing urban environment, the net economic benefits associated with potential development, and that fact the development would contribute to a "*well-functioning urban environment*" as directed by NPS-UD Policy 1 and 3.

As PC78 is still going through the planning process, and final planning provisions are still to be determined, the level of extra capacity to be enabled across the wider region remains unclear at present. Nevertheless, given its proximity to existing infrastructure and efficient access to services and amenities in the surrounding areas, the proposed development is strategically situated to play an important role in accommodating future residential growth within the area and promoting a well-functioning urban environment in the catchment.

[16] *330ha * 0.45 / 624ha * 21,600 houses*

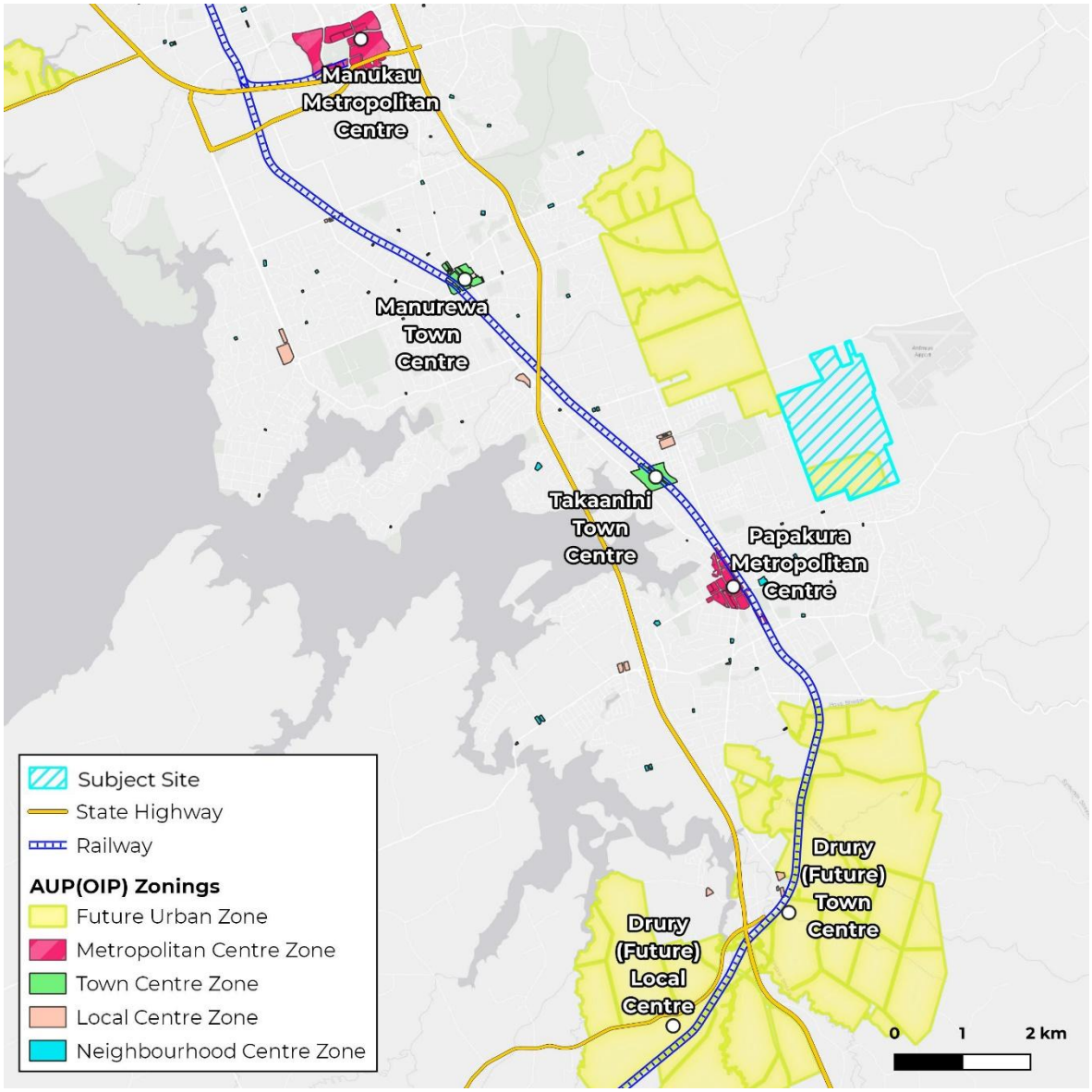
6. COMMERCIAL CENTRE DEVELOPMENT POTENTIAL

6.1. CURRENT COMMERCIAL ENVIRONMENT

This section provides the relevant background context for the assessment of potential commercial centres within the proposed development by providing a detailed overview of the current centre network and discussing the implications of the potential residential yield in the proposed development on the appropriate scale of commercial centres within the proposed development.

The following figure shows the location of each commercial centre in the surrounding catchment, having specific points for each Town Centre or Metropolitan Centres, while identifying the indicative location of future centres within Auckland Council's Drury-Ōpaheke Structure Plan.

FIGURE 9: COMMERCIAL CENTRES IN SOUTH AUCKLAND



Source: Auckland Council, Property Economics

There are four different levels of business zoning in the AUP(OIP) that forms a distinct commercial centre hierarchy with a clear role and function for each of the centres. The Business Zone types are as follows:

- **Neighbourhood Centre Zone** – Single corner stores or small shopping strips located in residential neighbourhoods. This commonly includes your local takeaway shop, dairy and convenience services like hairdressers. These centres provide frequent retail and commercial service needs to local community and passers-by and as such are scattered through the residential areas. This is evident in the almost poker dot appearance of each of these centres throughout the urban area on Figure 9.

  Ideally, residents are able to walk or have to drive only a short distance to their local Neighbourhood Centre and they are not designed to rely on public transport.

- **Local Centre Zone** – The Local Centre Zone provides for a larger retail centre that while often containing predominately convenience retail and services, are permitted to include a range of retail, office, and commercial service activities. Local Centres often take the form of a small to medium-sized shopping centre often anchored by a major supermarket brand.

  While retail with a larger reach like clothing may be facilitated within the centre, these activities are less common, instead focusing on convenience goods and services such as Food and Beverage, bookstores and Pharmacies.

  Under the AUP(OIP), the permitted commercial activities include retail up to 450sqm, Offices up to 500sqm and Supermarkets up to 2,000sqm. Activities that exceed these requirements are Restricted Discretionary.

- **Town Centre Zone** – This zone is applied to suburban centres throughout Auckland and satellite townships such as Pukekohe. The provisions in this zone allow for a wider range of activities including commercial, leisure, residential, tourist, cultural, community and civic services.

  A Town Centre is designed to service a broader catchment and permits large format retailing, a cinema complex and other entertainment facilities. In essence, it is a more fulsome range of commercial activities enabled to satisfy the surrounding suburbs, but not of a scale that would attract material custom from other areas of the city. Takaanini Town Centre is the closet major centre (2–3-minute drive) from the Sunfield development.

- **Metropolitan Centre Zone** – Metropolitan Centres are the largest centres outside of Auckland's CBD in both overall scale and intensity. Metropolitan Centres generally contain large malls such as Sylvia Park, Westfield Manukau and Albany, although the Metropolitan Centre in Papakura is an exception when assessed against key economic metrics.

> The Unitary Plan states, Metropolitan Centres are designed to act as "*focal points for community interaction and commercial growth and contain hubs serving high-frequency transport*". Metropolitan centres draw customers from a very wide catchment and are typically built on a large retail and commercial GFA base.

Within the Drury-Ōpaheke Structure Plan the Auckland Council has revealed plans for two potential commercial centres. Although the exact zone and therefore role and function of the centres was not specified ("a large main centre" and "a large centre"), both of these centres are being advanced through the planning process at the moment. It is likely one of these centres will become a Metropolitan Centre in the future.

6.2. RETAIL DEMAND

This section sets out the projected retail expenditure and sustainable GFA forecasts for a potential commercial centre within the Subject site. These forecasts have been based on Stats NZ growth scenarios, the expected development yield provided by Sunfield and have been prepared using Property Economics' Retail Model.

Ultimately, the extent of the retail catchment depends on the role and function of any commercial centre in the proposed development. Given the scale of the residential development proposed, the existence of a Town Centre in Takaanini and the Metropolitan Centre in Papakura, the retail activity in Sunfield will need to be subservient to these key activity centres. The retail provision in Sunfield should therefore be comprised of a few small neighbourhood centres or a consolidated local centre with a supermarket, or a combination of both.

If Sunfield decide to focus on a few neighbourhood centres, then these should be designed to service the needs of the Sunfield local residents and local workers. Centres of this size draw spend from a localised area predominantly and supported by convenience retailers. As such, the retail demand will be assessed on the growth in the Sunfield area itself which, for the purpose of this analysis, represents the retail catchment.

Alternatively, if Sunfield decide to build a larger consolidated local centre, this has the potential to include a supermarket as well as a larger range of convenience retailers. This necessitates a wider retail catchment as it will likely draw customers from a wider area than just the proposed development.

Note that the following retail analysis includes the demand generated by future employees working with the proposed industrial employment zone.

Development Yield and Likely Population Base

Sunfield seek to enable the development of circa 4,000 dwellings within the Subject site, including 3,400 homes and 600 retirement units across three retirement villages.

Based on Stats NZ's estimates, as shown earlier, the average household size within the Franklin local catchment area is around 2.8, which is slightly lower than Southern / East Auckland and

Manurewa / Papakura catchments (3.4 and 3.3 persons per dwelling, respectively) and the regional average of around 2.9 persons per dwelling.

Applying Franklin's average household size of 2.8 persons per dwelling, the estimated 'at capacity' population within the proposed 3,400 homes would be around 9,520 people.

As per JLL's latest retirement market research[17] , nationally, the estimated population density of NZ retirement units is around 1.3 residents per unit in 2022. Assuming this ratio is likely to remain constant over the long term, the estimated 'at capacity' retirement village population within the Subject site would be around 780 people.

As such, cumulatively, the total 'at capacity' population resulting from the Sunfield residential development would be around 10,300 people. The employment land would generate in the order of nearly 10,500 employees locally.

This 10,300 people and circa 10,500 employees are incorporated into the following analysis to quantify the additional retail and commercial demand generated by the proposed development. This would give an appropriate market demand spectrum to consider the full commercial development potential of the Sunfield development.

Supermarket Catchment

In order to estimate the retail development potential (or opportunity available) for the potential supermarket and assess its impacts, it is necessary to first identify its core economic market.

The following figure illustrates the geospatial extent of the identified supermarket catchment. This catchment takes into account the road network, natural and physical geographical barriers, other supermarkets in the area and the professional opinion of Property Economics in known shopping patterns and trade area dynamics for retail developments in New Zealand.

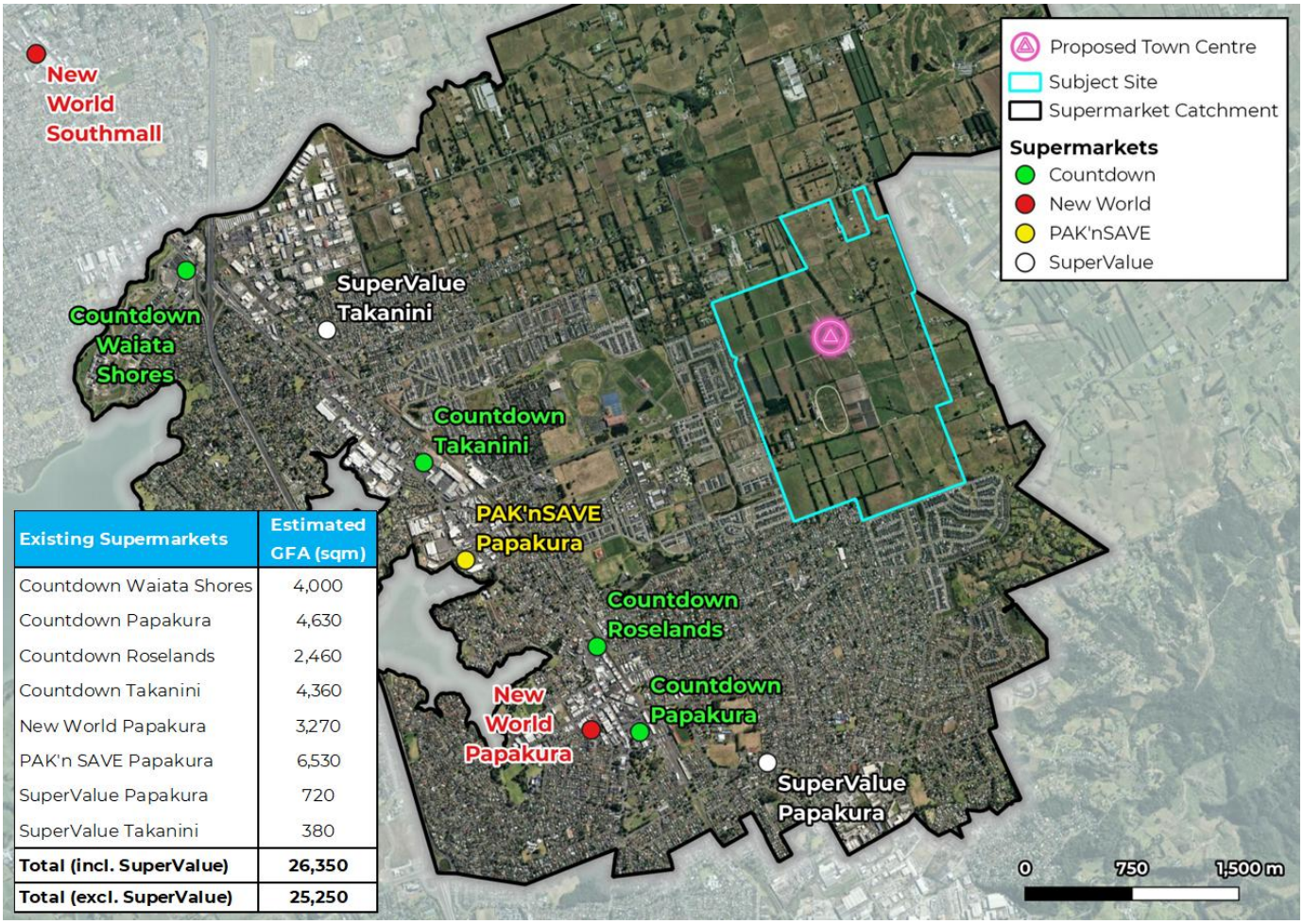
A Supermarket in Sunfield is likely to have a more localised / eastern core economic than the Supermarket Catchment shown on Figure 10 and is unlikely to draw significant spend from the areas to the west of the Takaanini and Papakura Centres.

However, this larger catchment enables us to assess the capacity for an additional supermarket within the primary catchment's for the supermarkets that would otherwise draw from the Ardmore area.

It should also be noted that in the current retail environment, these supermarkets would support the wider Opāheke and Drury suburbs. However, these areas have been excluded from the supermarket catchment as the future Drury centres are proposed to establish numerous supermarkets to provide for the retail needs of this area in the future.

[17] *New Zealand Retirement Villages and Aged Care, August 2023, JLL*

FIGURE 10: EXISTING SUPERMARKET NETWORK WITHIN THE SUPERMARKET CATCHMENT



Existing Supermarkets	Estimated GFA (sqm)
Countdown Waiata Shores	4,000
Countdown Papakura	4,630
Countdown Roselands	2,460
Countdown Takanini	4,360
New World Papakura	3,270
PAK'n SAVE Papakura	6,530
SuperValue Papakura	720
SuperValue Takanini	380
Total (incl. SuperValue)	**26,350**
Total (excl. SuperValue)	**25,250**

Source: Google Maps, LINZ, Stats NZ, Property Economics

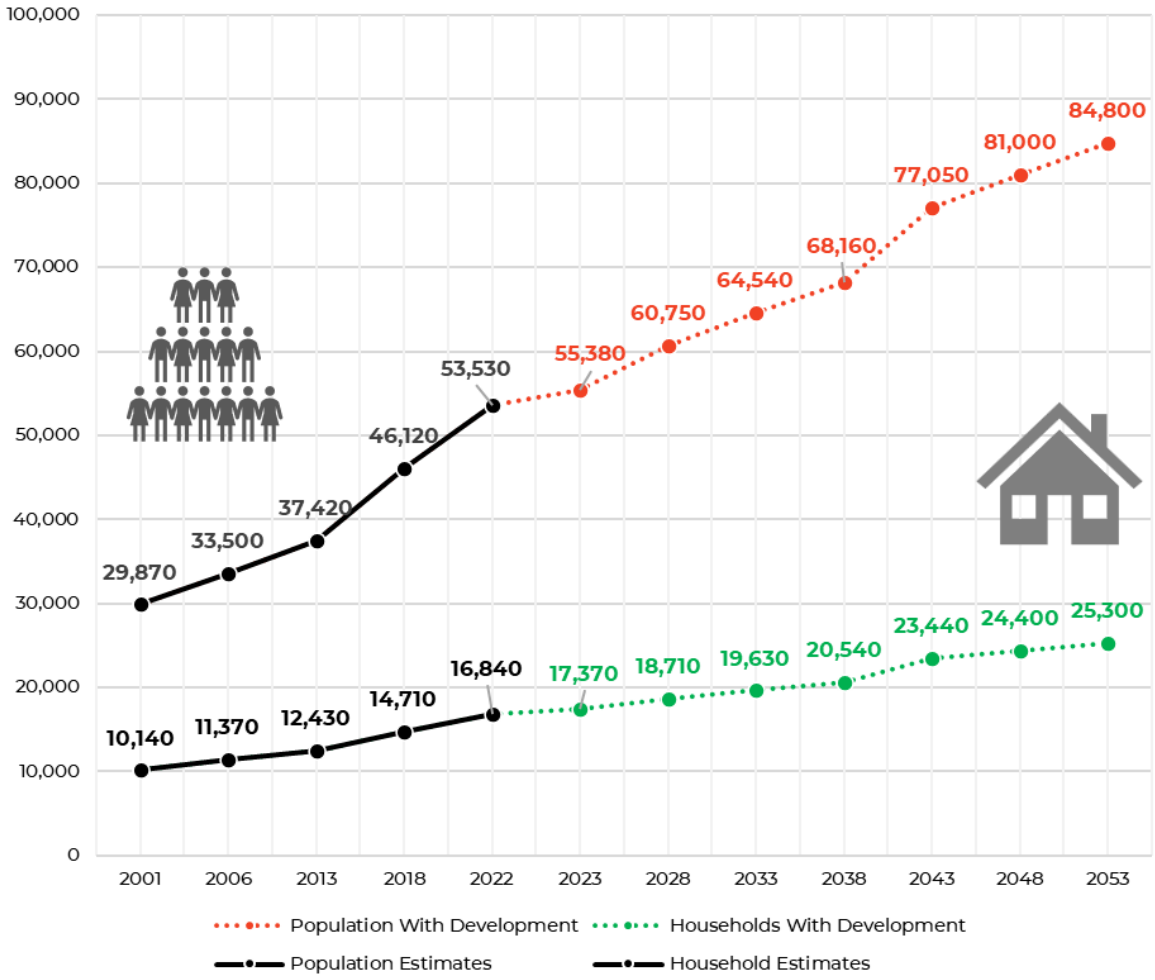
The above figure shows the location of nearby Supermarkets, totalling around 25,250sqm of GFA. The two SuperValue 'Supermarket' stores have been included for completeness as they compete for Grocery spend, albeit they are not considered supermarkets. This brings up the total supermarket GFA to 26,350sqm.

The supermarkets within the Supermarket catchment are all located within or in close proximity to either the Takaanini Town Centre or the Papakura Metropolitan Centre. While this is a strategic location that supports the respective retail centres, the urban suburbs around the Sunfield area have been the subject of rapid residential growth, as is projected to continue.

This is reflected in the population estimates and projections for the Supermarket Catchment shown on the following figure. This projection series is based on the Stats NZ High projection and assumes that half of the development will service the continued growth along this high projection and the other half is net additional. That is to say that the projected growth is equal to the Stats NZ High household / population projection plus half of the number of yield (i.e., 2000 dwellings) / estimated population (i.e., 5,150 people).

Under this analysis, the existing population base of 53,530 residents within the identified supermarket catchment is anticipated to grow to around 84,800 residents by 2053 if the proposed development is enabled and delivered. Meanwhile, the number of households within the supermarket catchment is anticipated to grow from 16,840 in 2022 to 25,300 by 2053 under the same growth scenario.

FIGURE 11: SUPERMARKET CATCHMENT GROWTH WITH PROPOSED DEVELOPMENT



Source: Property Economics, Stats NZ.

6.3. RETAIL GROWTH MODEL

The following flow chart provides a graphical representation of the Property Economics Retail Model to assist in better understanding the methodology and key inputs utilised.

GROWTH IN REAL RETAIL EXPENDITURE

For the purposes of projecting retail expenditure, growth in real retail spend has been incorporated into the model at a rate of 1% per annum over the forecast period. This 1% rate is based on the level of debt retail spending, interest rates and changes in disposable income levels, and is the average inflation adjusted increase in spend per household over the assessed period.

LAYERED RETAIL CATCHMENTS

It is important to note that the retail expenditure generated in the identified markets do not necessarily equate to the sales within that particular area. Residents can freely travel in and out of the area, and they will typically choose the centres with their preferred range of stores, products, brands, proximity, accessibility and price points. A good quality offering will attract customers from beyond its core market, whereas a low-quality offering is likely to experience retail expenditure leakage out of its core market.

Therefore, the retail expenditure generated in an area represents the sales centres or retail stores within that area could potentially achieve and is the key influence on what the market can potentially sustain. This should not be interpreted as a negative for any potential retail activity in Sunfield, but simply represents normal commercial market mechanisms (competition) and is a consideration that needs to be appropriately accounted for in any retail economic analysis.

EXCLUDED ACTIVITIES

The retail expenditure figures below are in 2023 NZ dollars and exclude the following retail activities, as categorised under the ANZSIC categorisation system:

- Accommodation (hotels, motels, backpackers, etc.)
- Vehicle and marine sales & services (petrol stations, car yards, boat shops, caravan sales, and stores such as Repco, Super Cheap Autos, tyre stores, panel beating, auto electrical and mechanical repairs, etc.)
- Hardware, home improvement, building and garden supplies retailing (e.g. Mitre 10, Hammer Hardware, Bunnings, PlaceMakers, ITM, Kings Plant Barn, Palmers Garden Centres, etc.)

The above retail sectors have been excluded because they are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, viability or functionality, particularly convenience centres like the proposed commercial centre in Sunfield. Modern retail centres do not rely on these types of stores to be viable or retain their role and function in the market as such stores have the potential to generate only non-consequential trade competition effects rather than flow-on retail distribution effects in the context of the RMA. Therefore, the retail centre network's economic wellbeing and social amenity cannot be unduly compromised.

The latter two bullet points contain activity types that generally have great difficulty establishing new stores in centres for land economic and site constraint reasons, i.e. the commercial reality is that for most of these activity types it would be unviable to establish new stores in centres given their modern store footprint requirements and untenable to remain located within them for an extended period of time (beyond an initial lease term) in successful centres due to property economic considerations such as rent, operating expenses, land value, operational and functional requirements and site sizes.

Trade orientated activities such as kitchen showrooms, plumbing stores, electrical stores and paint stores are also excluded from the model for similar reasons. This is not to imply that these activity types are not situated in centres, as in many instances some of these store types remain operating in centres as a historic overhang.

However, in the future, it is increasingly difficult from a retail economic perspective to see these store types establishing in centres (new or redeveloped), albeit they likely have equal planning opportunity to do so. As such, demand for these store types is additional to the retail demand assessed in this analysis. In essence, these store types are not convenience centre activities.

CONVENIENCE STORES

Convenience retailing can be generally defined as stores used for quick stop and frequently required shopping, used primarily due to their close proximity and easy accessibility for the customer. These stores are not exclusive to any one retail category with examples of such stores including, dairies, bakeries, fruit & vegetable stores, cafes and restaurants.

Supermarkets, albeit being a large footprint store, are also classified as convenience stores given they predominantly service more localised catchments, the products sold are largely homogenous between supermarket stores and they tend to be fairly evenly distributed right across an area's urban fabric.

SUSTAINABLE GFA

This analysis uses a sustainable footprint approach to assess retail demand. Sustainable floorspace in this context refers to the level of floor space proportionate to an area's retainable retail expenditure that is likely to result in an appropriate quality and offer in the retail environment. This does not necessarily represent the 'break even' point, but a level of sales productivity ($/sqm) that allows retail stores to trade profitably and provide a good quality retail environment, and thus economic wellbeing and social amenity.

It is also necessary to separate the Gross Floor Area into:

- Net retail floorspace (Sustainable Floorspace); and
- Back office floorspace that does not generate any retail spend (**Back Office Floorspace**).

A store's net retail floor area only includes the area which displays the goods and services sold and represents the area which the general public has access. By contrast, the Gross Floor Area typically represents the total area leased by a retailer. Back Office Floorspace in a retail store is the area used for storage, warehousing, staff facilities, admin functions, toilets and other 'back office' uses.

These activities on average occupy around 25-30% of a store's GFA but can vary (higher and lower) between individual retailers based on operational and functional requirements. It is important to separate out such back office floorspace from sustainable floorspace because back office floorspace does not generate any retail spend. For the purposes of this analysis a 30% ratio has been applied.

6.4. CORE CATCHMENT OF PROPOSED SUNFIELD TOWN CENTRE

Property Economics employs a growth-based approach to assess retail demand and sustainable GFA within the core catchment area of Sunfield's proposed main commercial centre. This serves as the baseline to identify the sustainable level of retail activities that can be supported within the proposed Sunfield centres. The sustainable GFA and land area is allocated between Sunfield's proposed main commercial centre and other smaller convenience centres.

The following figure delineates the core catchment that the proposed Sunfield Town Centre is designed to primarily service. This core catchment is essentially the geographic area from which the proposed development is likely to derive the majority of its sales or the area the development is designed to primarily service, and where the tenancies are considered to have a strategic locational advantage in terms of proximity over other competitors.

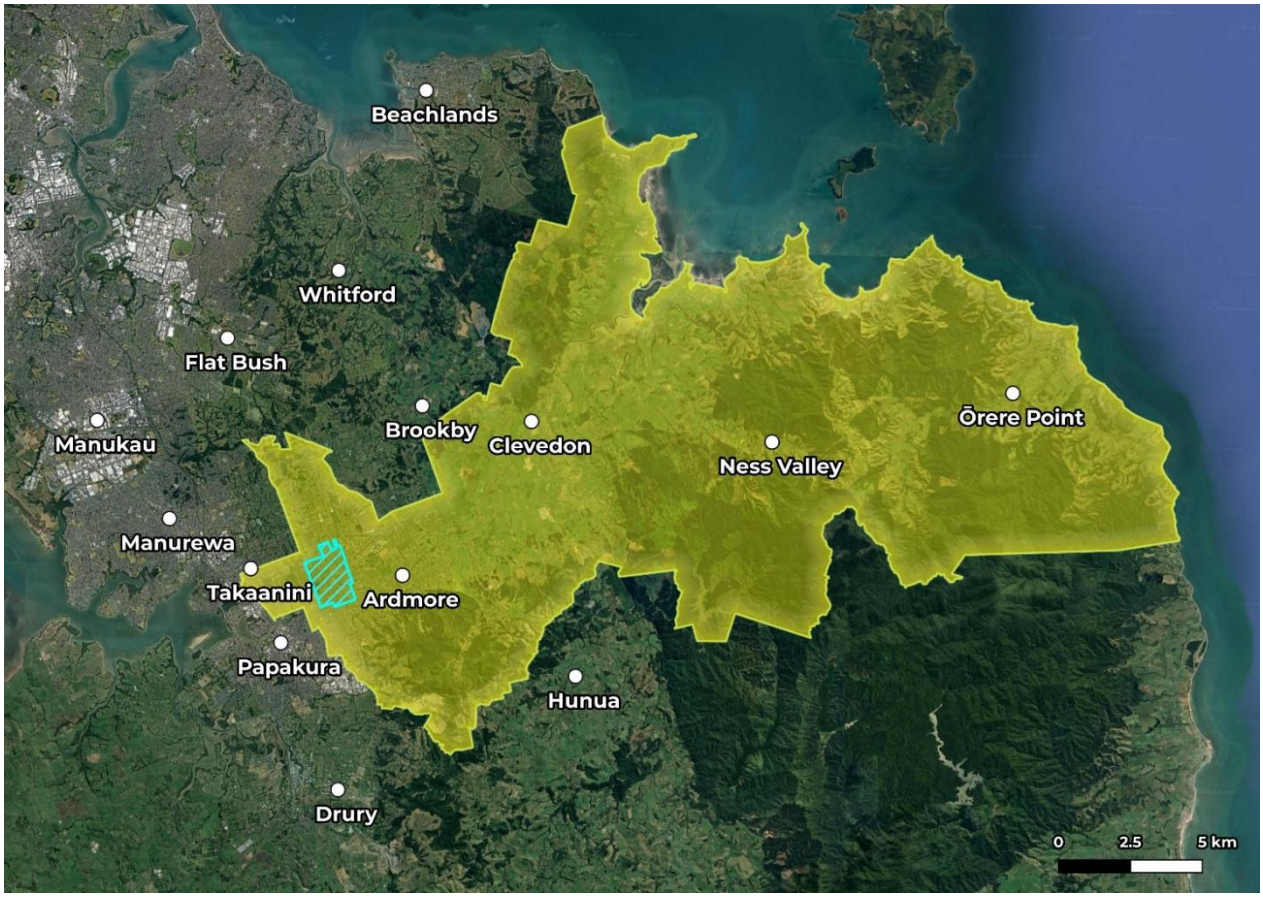
The determination of this catchment extent takes into account the existing retail / commercial centre network, road infrastructure, natural and physical geographical barriers, SA1 boundaries,

and the professional opinion of Property Economics in known shopping patterns and trade area dynamics for retail developments across New Zealand.

Considering the proximity of the existing Takaanini Village and the Papakura Metropolitan Centre, the main Sunfield Commercial Centre would primarily cater to communities within the development, immediate surrounds and the eastern rural areas including Ardmore and Clevedon.

This core catchment area serves as the foundation for subsequent economic retail analyses.

FIGURE 12: CORE ECONOMIC CATCHMENT OF THE PROPOSED SUNFIELD TOWN CENTRE



Source: Google Maps, LINZ, Stats NZ, Property Economics

6.5. CORE CATCHMENT RETAIL EXPENDITURE & GFA GROWTH FORECAST

According to Stats NZ's estimates, the present (2023) population of the core catchment is slightly above 32,000 residents. High projection suggests an anticipated expansion to just over 53,000 people by 2043, with the incorporation of 4,000 new homes by the Sunfield development. It is assumed for the purpose of this analysis that the development will reach its maximum capacity around 2043.

The demographic profile of the core catchment is based on the demographic composition and household income levels of those living in recent local Takaanini developments. The household income and average household size of these residential developments is slightly higher than

the wider residential markets and is considered likely to be closer to the type of residents that will reside in Sunfield.

The following table presents the projected growth in total retail expenditure on an annualised basis and sustainable GFA for Sunfield's core catchment from 2023 to 2048. Specifically, the GFA growth figures represent the additional retail GFA that can be supported within the core catchment, irrespective of the existing supply / retail provision.

TABLE 3: CORE CATCHMENT GENERATED ANNUALISED RETAIL EXPENDITURE ($M) AND SUSTAINABLE GFA (SQM) GROWTH

ANZSIC Sector	2023 - 2043 Growth	
	Spend ($m)	GFA(sqm)
Food retailing	+$144	+18,300
Clothing, footwear and personal accessories retailing	+$15	+3,000
Furniture, floor coverings, houseware and textile goods retailing	+$16	+5,600
Electrical and electronic goods retailing	+$25	+6,900
Pharmaceutical and personal care goods retailing	+$30	+7,400
Department stores	+$24	+8,500
Recreational goods retailing	+$8	+2,300
Food and beverage services	+$59	+10,700
Catchment Total Generated Retail Spend ($m) / Sustainable GFA (sqm) Growth	**+$321**	**+62,700**

Source: Property Economics

It is projected that the identified core catchment will generate additional retail expenditure of approximately $321m per annum by 2043. This anticipated retail expenditure growth can support an additional 62,700sqm of retail GFA by 2043.

Specifically, the majority of this market's retail expenditure is expected to be driven by food-related retailing and beverage services, constituting about half of the projected growth in the core catchment. Conversely, the expenditure growth in other 'non-convenience' sectors, such as Clothing, Footwear and Personal Accessories, and Department Stores, is comparatively lower.

Considering the sustainable retail GFA growth of 62,700sqm, it is estimated that the corresponding additional retail provision within the core catchment would require approximately 15.7ha based on a 0.4 FAR[18] ratio.

[18] *Floor Area Ratio to land*

It is important to note that this 15.7ha represents the retail land requirement within the core catchment and excludes areas designated for urban parks, civic spaces, roads, reserves, playgrounds, as well as community, education, and public transport facilities. These additional spaces would enhance the overall retail / commercial development, providing agglomeration benefits and amenity values for residents. Any land allocated for these activities is additional to the land identified for GFA / land area.

The Sunfield development, proposing a retail provision of approximately 12ha (7ha for the Main Commercial Centre and 5ha for multiple small convenience centres), is anticipated to allocate around 6ha for retail activities. This estimate is based on allocating at least 50% of the centre land for non-retail activities like parks, roads, reserves, playgrounds, and community spaces.

The distribution of retail and non-retail activities in New Zealand's established commercial centres often follows a similar pattern. This common practice involves allocating a substantial portion of the land for retail activities while also apportioning land to non-retail elements, reflecting the importance of creating multifunctional and inclusive spaces within commercial centres.

Given the sustainable retail land of additional 15.7ha, the Sunfield development, with a cumulative retail provision of 6ha, is considered sustainable and of an appropriate size to accommodate a portion of the anticipated demand and market growth over the next 20 years.

6.6. SUPERMARKET DEVELOPMENT POTENTIAL

By itself, the anticipated growth in retail expenditure is sufficient to sustain a large commercial centre with a range of retailing and commercial services. However, given the existence of the established Takaanini and Papakura centres and the additional competition faced by the large-scale commercial activity going into Drury, it is likely that there will be a large net outflow of retail spend from Sunfield across most non-convenience retail sectors.

As such, LFR and national banner brands (excluding supermarkets) typically found in larger town and metropolitan centres and shopping malls are less likely store types for any prospective commercial centre in the development. These store types such as Harvey Norman, The Warehouse, Noel Leeming, Farmers, Briscoes, etc. all draw from large catchments whereas Sunfield is more appropriately pitched at convenience retail and commercial service activities.

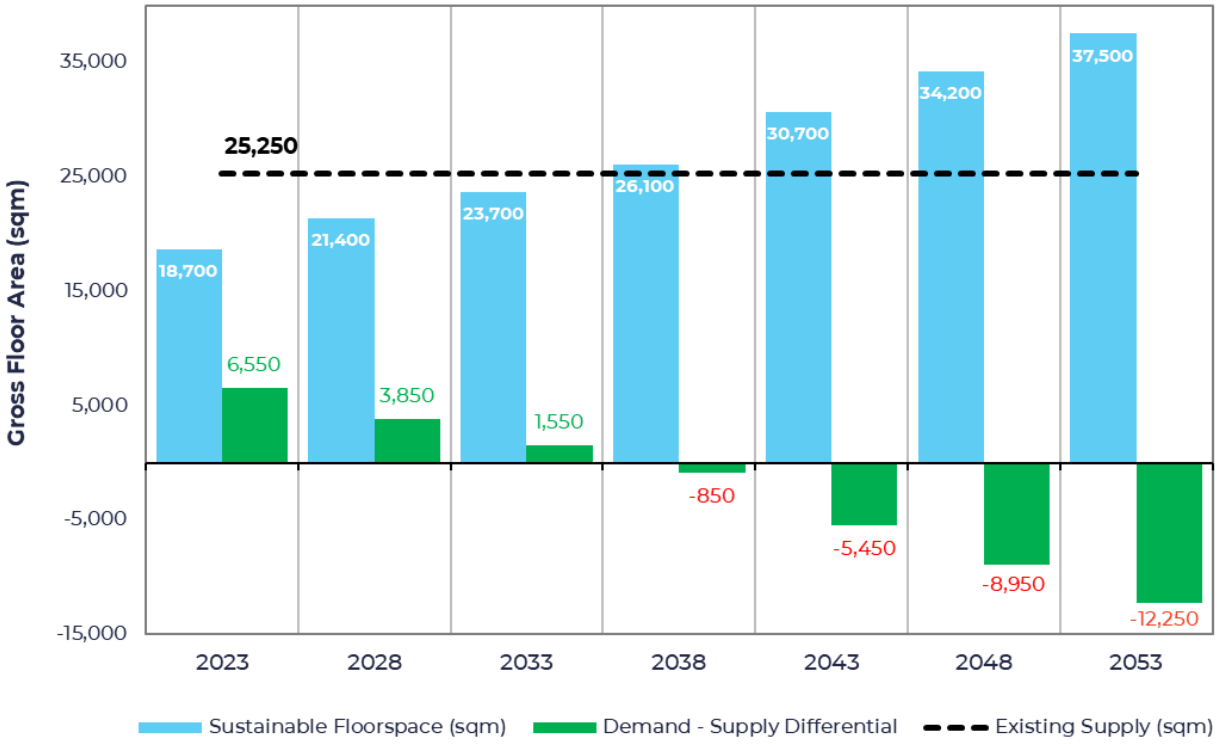
Consequently, Property Economics has limited the scope of the retailing to focus on convenience retail and Food Retailing spend. This retailing activity represents the spending typically done within a localised area and consumers are less willing to travel for, thereby giving the retail in Sunfield a competitive advantage to this market.

At a broad level, convenience retail spend is estimated to represent around 19% of all retail expenditure and this proportion has been adopted for the purpose of this analysis.

Furthermore, the possibility of a supermarket within a Sunfield centre has been assessed. By running the retail model across the wider Supermarket Catchment using the population projections shown, we are able to assess the appropriate level of supermarket provision moving forward.

The sustainable level of supermarket floorspace over the next 30 years (till 2053) is shown below in the figure following alongside the identified existing supply of 25,250sqm (excluding SuperValue). This graph then estimates the differential between the existing provision (supply) and demand to assess the opportunity available within this catchment. Note this does not represent an oversupply as some supermarkets in the catchment service suburbs beyond the Sunfield supermarket catchment, and therefore in reality is likely a market in approximate demand / supply equilibrium at present.

FIGURE 13: SUPERMARKET SUPPLY AND DEMAND DIFFERENTIAL



Source: Property Economics, Stats NZ

As of 2023, the current level of supermarket floorspace supply is sufficient to accommodate the existing population base within the catchment. However, with the rapid growth that is projected for this supermarket catchment, the level of supermarket retailing sustainable is estimated to rapidly increase meaning additional supermarket development will be required to service growth. The timing for a new supermarket would be commensurate with the rate of growth in the supermarket catchment.

By 2053, the level of supermarket sustainable GFA would reach 37,500sqm, which is 12,250sqm above the current supermarket GFA in the catchment. This equates to approximately three additional full-service supermarkets in the catchment.

Even though there is no immediate demand for additional supermarkets in the area, especially due to the recently (2021) opening of Countdown Waiata Shores, the anticipated rapid growth in population would generate significant demand for additional supermarket provision within the catchment over the medium to long term (i.e., a 10 – 30-year timeframe).

More importantly, this means a supermarket could be built within the proposed development, without causing detrimental effects on the Takaanini or Papakura centres in the foreseeable future and is considered appropriate in Sunfield to service a population base of around 10,300 people and circa 10,940 employees.

6.7. APPROPRIATE CONVENIENCE OPTIONS

The potential range of tenancy types considered suitable for a centre within the Sunfield development given its convenience role and function in the market is highlighted in the following list.

Note this is not intended to represent an exhaustive list, simply an indication of the types of convenience retail and commercial & professional services businesses that could fit seamlessly into such a centre that would meet the local community's convenience and frequently required commercial needs.

EXAMPLES OF CONVENIENCE RETAIL STORE TYPES

- Supermarket
- Superette / Dairy / Mini-mart
- Fish shop
- Butcher
- Bakery
- Post Shop / Stationery
- Fruit & Vege Shop
- Delicatessen
- Cake Shop
- Ice Cream Parlour
- Liquor / Wine Shop
- Takeaways (Fish & Chips, Pizza, Chinese, Thai, Turkish, Indian, etc.)
- Cafés & Restaurants
- Newsagent
- Pub / Bar / Tavern
- Florist
- Gift Shops
- Pharmacy

EXAMPLES OF CONVENIENCE COMMERCIAL / PROFESSIONAL SERVICE ACTIVITIES

- Optometrist
- Locksmith
- Hairdresser
- Drycleaners
- Doctors

- Accountants
- Physiotherapists
- Medical practitioners
- Dentists
- Travel agency
- Childcare facilities
- Banks
- Financial Advisors
- Gym
- Lawyers

6.8. SUMMARY

Property Economics has assessed the retail land requirement for the proposed main Sunfield Commercial Centre's core catchment, encompassing the full delivery and occupancy of 4,000 new homes within the development.

Considering the projected growth in retail spending and sustainable GFA over the upcoming two decades, the sustainable additional retail land provision within the core catchment is estimated to be approximately 15.7ha.

This 15.7ha is well above the proposed retail provision proposed within the Sunfield development. With Sunfield being the primary and central location for future growth in the area, the development of a main commercial centre servicing the growth in the market in Sunfield represents an efficient outcome. As such, in Property Economics' view, the proposed Sunfield Commercial Centre is sustainable and appropriate to accommodate a portion of the expected market growth over the next 25 years.

Note that these land areas are net and assume all the land is developable and efficiently developed. The assessed land areas also exclude any land allocation for other non-commercial activities / land uses that might form part of a local centre such as community hall, children's play area, civic square / urban parks, passive or active recreational spaces, library, early education facilities, etc. Land for these 'non-commercial' activities would be additional to the retail land areas identified.

Regarding the potential for supermarket development, rapid growth within the wider Takaanini and Papakura market indicates that although the current level of supermarket provision in the area is sufficient, the area will require additional supermarket space as the market grows.

7. EMPLOYMENT LAND DEMAND

7.1. KEY RESEARCH OBJECTIVES

This chapter analyses the Industrial / employment market for the Sunfield development.

7.2. EMPLOYMENT CATCHMENTS

SOUTHERN CATCHMENT

To assess the suitability for employment land (predominantly industrial and commercial) and associated activities within the proposed development, Property Economics has undertaken projections of the employment growth in the Southern Auckland area. This utilises a top-down approach by first projecting employment across the wider South and East Auckland markets (the markets any commercial and industrial activity in Sunfield would primarily service) and using this to inform growth for a more localised area.

In 2016 / 2017, Property Economics was engaged to undertake a similar employment land projection exercise for the Drury and West Franklin markets[19]. These projections were used to inform the business land allocation in both the Drury-Opāheke and Pukekohe-Paerata Structure Plans.

As the proposed development is located within the boundaries of the defined Drury catchment, it is considered that an update to these projections would be most relevant to assessing the appropriateness of business land. Although the Drury catchment is not centred on Ardmore, the potential impacts on the Drury and Pukekohe business land areas (for which the Drury and West Franklin catchments cover accordingly) are the primary consideration regarding any additional zoned land.

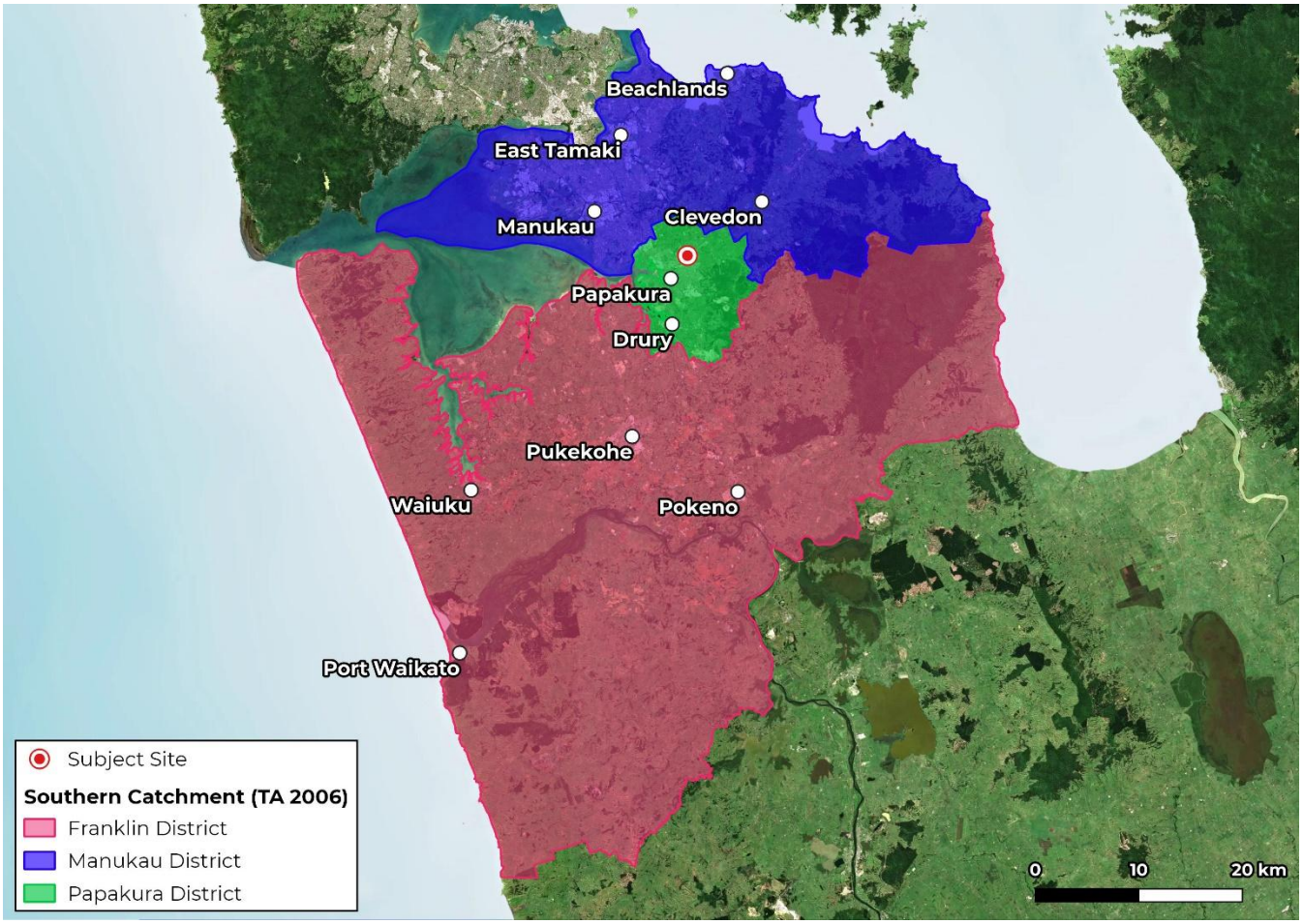
It is also specifically noted that these areas are different to the retail and residential catchments assessed earlier in the report, acknowledging the differences in the extent of economic markets and catchments between retail and commercial / industrial markets.

Retail catchments are generally more localised whereas the industrial activity typically services a significantly broader market - regional, national, and sometimes international markets. Consequently, the population estimates and projections within this employment land section are distinct from the graphs and tables produced earlier in the report for the residential catchments.

The 'Southern Catchment' illustrated on the figure below is the higher-level economic study area utilised in this analysis and the catchment areas on which the subsequent employment analysis in this assessment is based. This 'Southern Catchment' encapsulates (and is based on) the former Manukau City, Papakura District and Franklin District Territorial Authorities (2006).

[19] *51658.9 Drury West Franklin Business Land Assessment*

FIGURE 14: CORE ECONOMIC MARKETS OF THE SOUTHERN CATCHMENT



Source: Google Maps, Stats NZ

The Franklin District area extends further south into what is now the Waikato Region and reflects the market practicality of the Franklin area, in effect, servicing the employment and industrial demand of this area.

The following table displays the population estimates and growth projections within the Southern Catchment markets. These projections are derived from the latest available Stats NZ Medium and High growth scenarios. Property Economics has generated interpolated forecasts to 2053 based on these projections.

The 2022 estimate of population for the three areas that comprise the study area of the Southern Catchment is around 605,000 residents. This population base is anticipated to grow to around 820,000 and 970,500 residents by 2053, under the Medium and High growth scenarios, respectively. This equates to a +33% and +52% growth rate over the next 30 years, under the respective growth scenarios.

Specifically, Manukau City has the largest population base, by a considerable margin (population estimate of 440,260 in 2022 or just under three quarters of the Southern Catchment total), but also faces the largest challenge in providing sufficient industrial land supply to accommodate industrial demand over the next 30 years. This becomes further pronounced by Manukau traditionally being the industrial 'spill over' location for Auckland

central isthmus industrial demand constraints, which given the significant population growth projected for central Auckland will place increased pressure on the Southern Catchment's industrial land supply.

TABLE 4: INDUSTRIAL AND COMMERCIAL STUDY AREA POPULATION FORECASTS

	2022 Estimate	Stats NZ Projection	2023	2028	2033	2038	2043	2048	2053	2023 - 2053 Growth	
										#	%
Papakura District	78,120	Medium	75,690	85,940	95,050	103,940	112,830	121,830	130,760	+55,070	+73%
		High	78,490	91,880	104,340	116,810	129,560	142,750	155,650	+77,160	+98%
Franklin District	86,350	Medium	86,480	94,950	103,620	112,650	121,540	130,290	139,130	+52,650	+61%
		High	89,220	100,700	112,690	125,080	137,600	150,140	162,660	+73,440	+82%
Manukau District	440,260	Medium	456,160	476,090	493,770	509,560	523,910	536,230	549,900	+93,740	+21%
		High	468,890	501,610	532,940	563,480	593,330	622,550	652,080	+183,190	+39%
Southern Catchment Total	604,730	Medium	618,330	656,980	692,440	726,150	758,280	788,350	819,790	+201,460	+33%
		High	636,600	694,190	749,970	805,370	860,490	915,440	970,460	+333,860	+52%

Source: Stats NZ, Property Economics

Drury and Pukekohe catchments will become the new 'spill over' location for Auckland and Manukau industrial land supply. This has already been significant in the large industrial land provisions being developed within the Drury South area and wider Pukekohe areas.

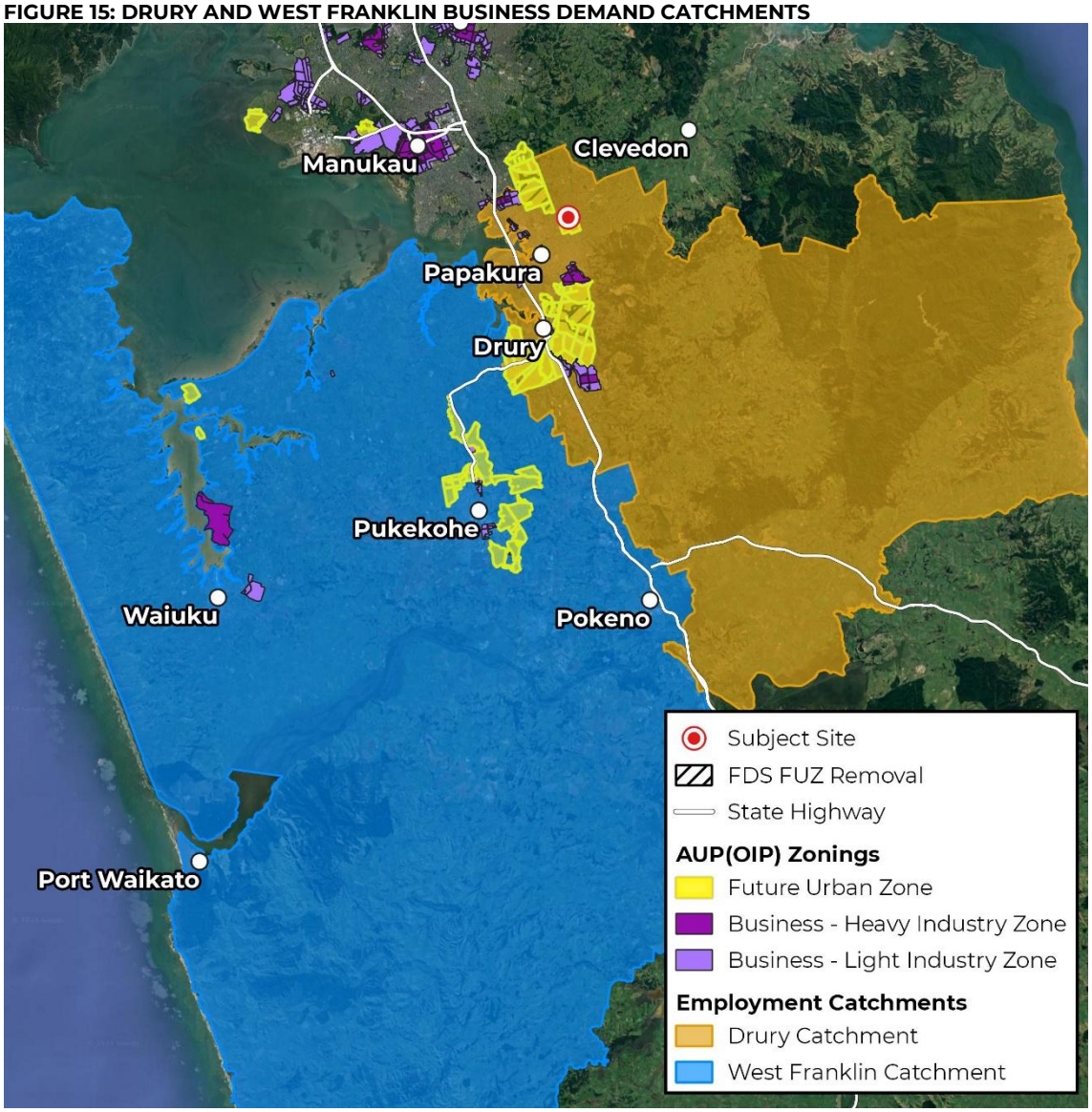
As such, industrial demand in the Drury and West Franklin catchments are not based on population growth within these markets specifically, but demand generally for the wider market also, with Manukau's market growth being a likely significant contributor to industrial and employment land demand in the Drury / West Franklin areas.

LOCALISED CATCHMENTS

In order to obtain a clearer picture of the commercial and industrial business activity, market potential and subsequent land requirements pertinent to the proposed development, more localised catchments are assessed.

The two more localised catchments are identified on the map below and termed Drury and West Franklin. These catchments are not intended to represent the entire market for these areas but the core markets driving their localised commercial and industrial land demand. Moreover, these catchments enable a more direct comparison of the business land supply and demand in light of the Drury and Pukekohe growth areas.

FIGURE 15: DRURY AND WEST FRANKLIN BUSINESS DEMAND CATCHMENTS

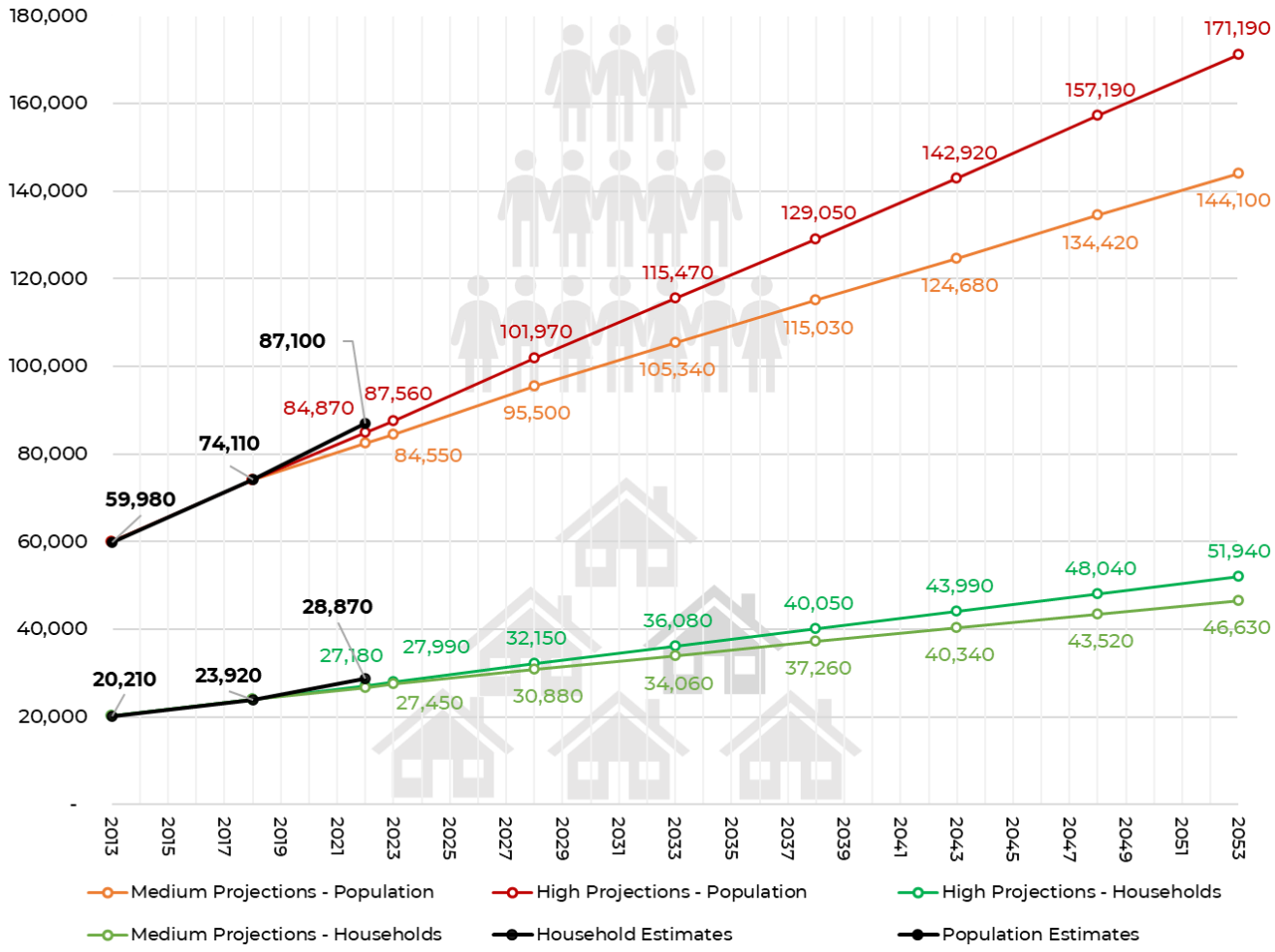


Source: Property Economics

The two figures following show the projected population growth profile for these two localised business catchments.

Over the forecast period, both the Drury and West Franklin catchments are expected to experience a significant acceleration in population and household growth compared to their past growth profiles. This is due to the urbanisation of the previously identified FUZ land within the AUP(OIP).

FIGURE 16: DRURY CATCHMENT POPULATION FORECASTS



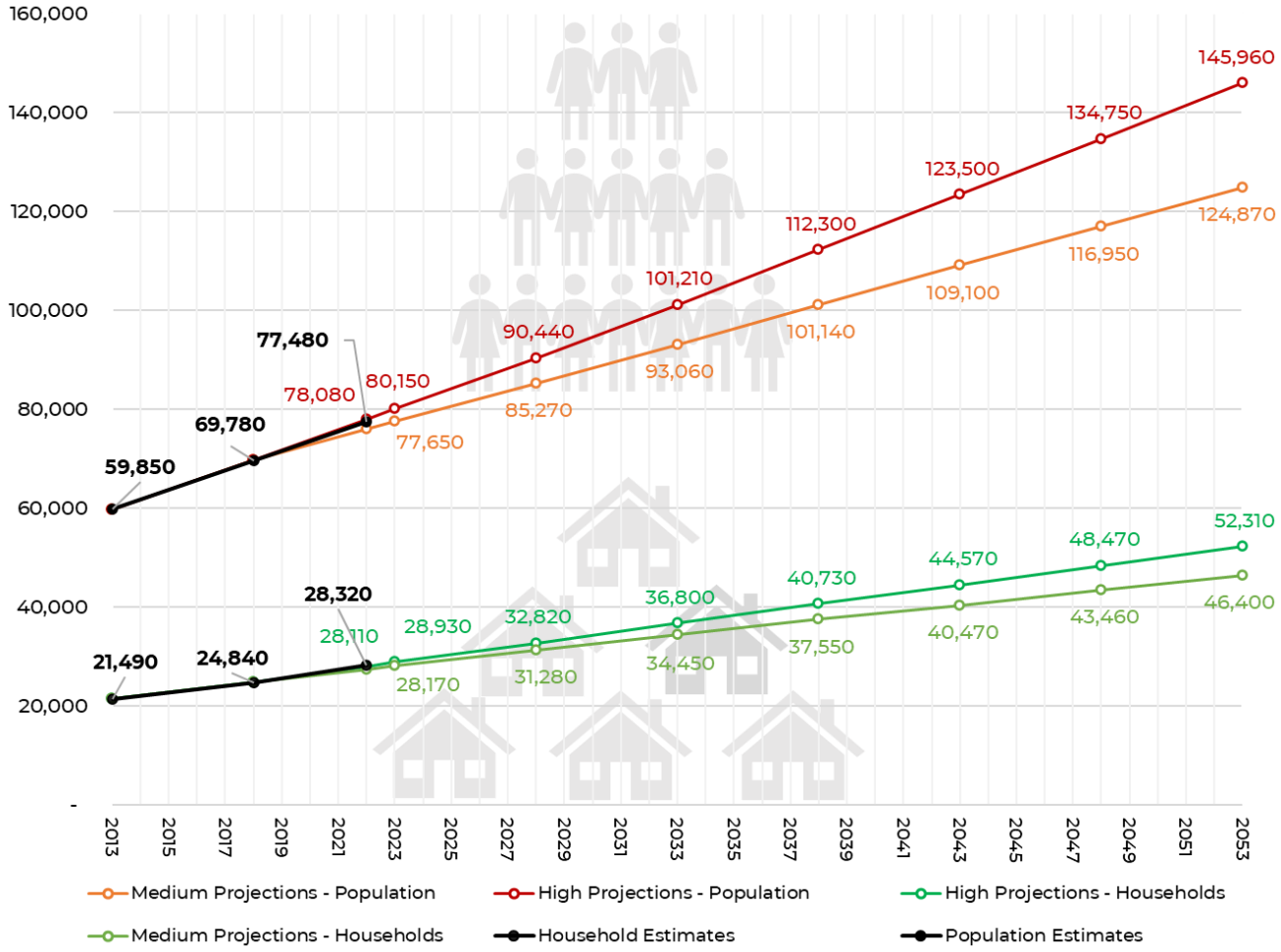
Source: Stats NZ, Property Economics

The size of these two catchments combined as measured by population is just larger than Tauranga with a June 2022 estimated population of over 164,000 people. Under the High growth scenario, population growth projections in both catchments are robust with a projected proportional increase of 96% for Drury and 82% in West Franklin over the 30-year period (2023 - 2053).

This significant population growth rate is a key driver behind the resulting employment base. Two factors result from this level of resident population growth, the increase in labour force and an increase in employment retention through the development of a critical mass and ability / requirement for the local area to cater for local services and employment.

The combined area (the size of Tauranga) will require significant business land opportunities to ensure efficient urbanisation of the area occurs, i.e., opportunities to provide / supply a diverse range of employment areas to internalise employment opportunities and grow the local economy, relative to the alternate of employment leakage, lost opportunities and constrained local economic growth (which flow over into lower population growth rates).

FIGURE 17: WEST FRANKLIN CATCHMENT POPULATION FORECASTS



Source: Stats NZ, Property Economics

7.3. BUSINESS LAND CAPACITY

The figure below illustrates the locations and latest (2023) estimates regarding the plan-enabled vacant and potential business land capacity in the catchments, based on the Housing and Business Development Capacity Assessment for the Auckland Region 2023 (HBA). According to the HBA, the combined plan-enabled[20] business land capacity in the West Franklin and Drury catchments exceeds 700ha, encompassing both vacant and vacant potential business-zoned land.

More specifically, the Drury catchment is estimated to have a plan-enabled business capacity of approximately 273ha, with about 85% or 231ha situated in industrial zones and only 42ha designated for commercial use.

[20] *i.e., capacity enabled in all land zoned or set aside for specified uses (such as business) without accounting for any constraints, as provided in the relevant plans or strategies.*

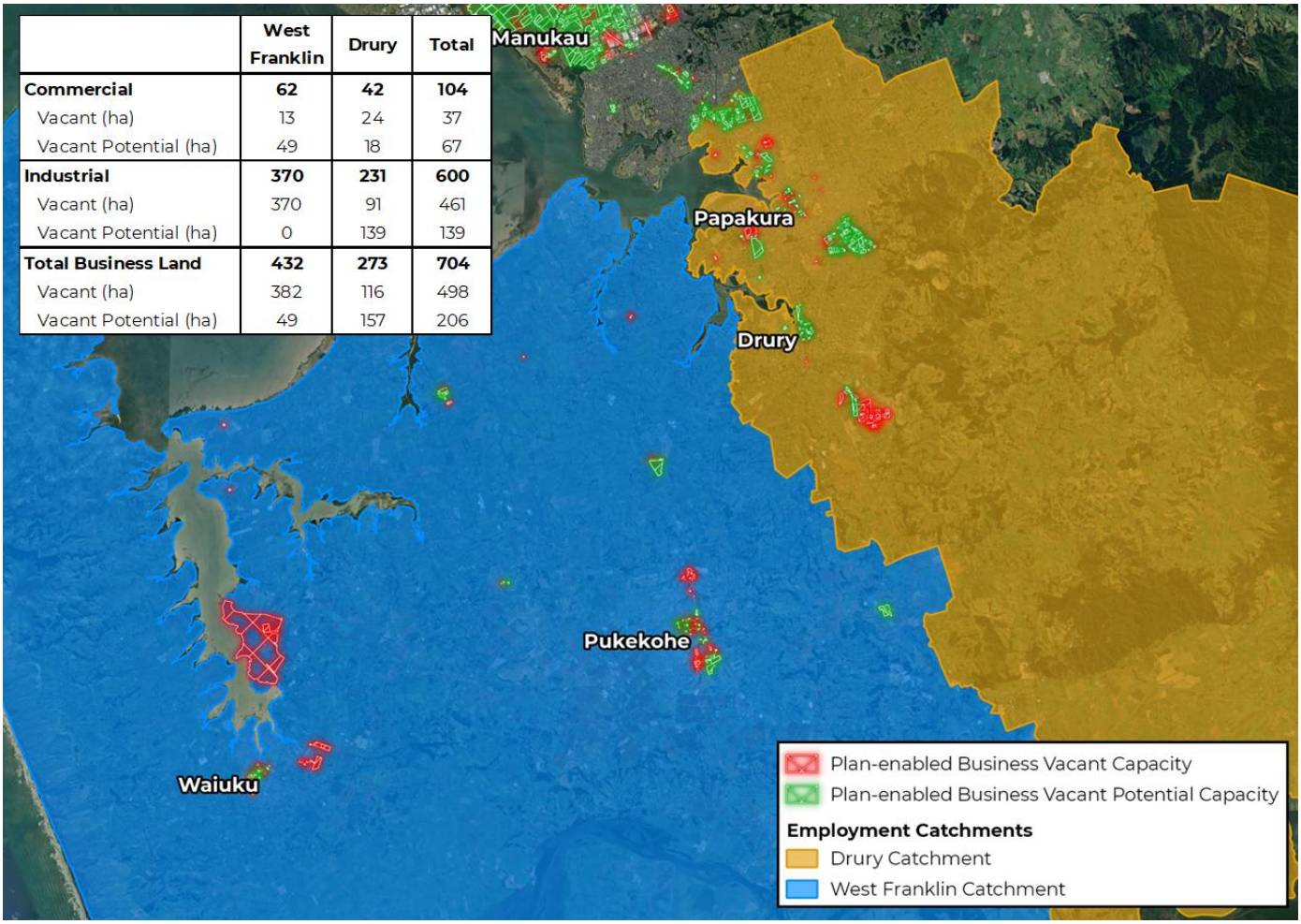
In the case of West Franklin, the overall estimated plan-enabled business land capacity is around 432ha. Within this, industrial zones constitute 86% of the capacity, while the remaining 14%, equivalent to 62ha, is allocated to commercial zoned land.

Section 5 of this report went into detail as to the planned Drury-Opāheke and Pukekohe Structure Plan land uses. It showed that in addition to the live zoned industrial land, the Drury - Opāheke Structure Plan allocates an additional 150ha of industrial / business land use while the Pukekohe-Paerata Structure Plan allocates 95ha.

The development of this land is subject to significant infrastructure investment with timing, allocation and costings yet to be confirmed. Both of these figures are based on Auckland Council's assessment of net land area assumptions of 45%[21] and 42%[22] respectfully.

FIGURE 18: PLAN-ENABLED BUSINESS LAND VACANT AND VACANT POTENTIAL CAPACITY (2023)

	West Franklin	Drury	Total
Commercial	**62**	**42**	**104**
Vacant (ha)	13	24	37
Vacant Potential (ha)	49	18	67
Industrial	**370**	**231**	**600**
Vacant (ha)	370	91	461
Vacant Potential (ha)	0	139	139
Total Business Land	**432**	**273**	**704**
Vacant (ha)	382	116	498
Vacant Potential (ha)	49	157	206



Source: Auckland Council, LINZ, Property Economics

[21] *Drury – Opāheke Structure Plan pg. 11*

[22] *Pukekohe – Paerata Structure Plan pg. 7*

7.4. EMPLOYMENT GROWTH

HISTORIC GROWTH

The table following shows the employment counts for the Drury Catchment from 2000 to 2022. Growth in employment over the past 22 years has been steady with overall employment rising by a net 9,200 employees from around 13,700 in 2000 to 22,900 in 2022. This represents growth of around 67% over the last 22 years.

TABLE 5: EMPLOYMENT COUNTS FOR DRURY CATCHMENT 2000 - 2022

ANZSIC	2000	2005	2010	2015	2020	2022	2000-22 Growth	
							#	%
A - Agriculture, Forestry and Fishing	913	866	843	828	870	777	**-136**	-15%
B - Mining	45	61	101	110	172	131	**86**	191%
C - Manufacturing	3,313	4,074	3,544	3,862	4,410	4,383	**1,070**	32%
D - Electricity, Gas, Water and Waste Services	39	77	57	34	84	89	**50**	128%
E - Construction	1,359	2,135	1,731	2,275	2,646	2,872	**1,513**	111%
F - Wholesale Trade	665	974	889	1,099	1,144	1,331	**666**	100%
G - Retail Trade	1,757	1,950	1,982	2,130	2,526	2,588	**831**	47%
H - Accommodation and Food Services	683	910	827	835	1,366	1,556	**873**	128%
I - Transport, Postal and Warehousing	686	1,186	720	962	1,157	1,165	**479**	70%
J - Information Media and Telecommunications	60	45	24	24	60	36	**-24**	-40%
K - Financial and Insurance Services	162	272	175	209	117	114	**-48**	-30%
L - Rental, Hiring and Real Estate Services	207	246	271	257	376	346	**139**	67%
M - Professional, Scientific and Technical Services	501	565	837	938	951	979	**478**	95%
N - Administrative and Support Services	199	391	406	340	929	963	**764**	384%
O - Public Administration and Safety	442	512	793	735	737	926	**484**	110%
P - Education and Training	1,265	1,475	1,693	1,795	2,056	2,086	**821**	65%
Q - Health Care and Social Assistance	721	960	1,089	1,042	1,092	1,432	**711**	99%
R - Arts and Recreation Services	212	242	216	220	191	178	**-34**	-16%
S - Other Services	457	614	591	620	873	909	**452**	99%
Total All Industries (Rounded)	**13,700**	**17,600**	**16,800**	**18,300**	**21,800**	**22,900**	**+9,200**	**+67%**

Source: Stats NZ

There were two periods of growth for the Drury catchment, the first of which occurred between 2000 and 2005 when employment grew by almost 3,900 employees with the Manufacturing, Construction and Transport, Postal and Warehousing sectors leading the charge. However, these were also the sectors that were hit the hardest by the 2008 Global Financial Crisis with all three sectors seeing negative growth between 2005 – 2010.

Following this, the 2013 – 2018 period was the second period of high growth with total employment growing from 16,860 employees in 2013 to 21,580 employees in 2018. Notably, it was the same three industries that experienced the highest growth. In particular, the Construction industry has doubled in size over the last 22 years.

The growth in the Manufacturing sector is likely attributed to the activity being pushed out of Auckland's more central urbanised industrial areas by more productive activities (on a per-sqm basis). Consequently, the Drury catchment has benefited from industrial sector relocating from Auckland and is increasingly seen as a viable Manufacturing sector location.

The table following shows the employment counts for the West Franklin Catchment from 2000 – 2022. The obvious difference between these two catchments is the size of the Agriculture, Forest and Fishing sector compared to Drury. While this is not unexpected, interestingly there has been no material net employment growth in this sector for 22 years, albeit some 'signs of life' in the sector are emerging in the recent years.

TABLE 6: EMPLOYMENT COUNTS FOR WEST FRANKLIN CATCHMENT 2000 - 2022

ANZSIC	2000	2005	2010	2015	2020	2022	2000-22 Growth	
							#	%
A - Agriculture, Forestry and Fishing	3,011	2,547	2,130	2,266	2,607	2,402	**-609**	-20%
B - Mining	96	84	83	93	73	63	**-33**	-34%
C - Manufacturing	2,932	3,030	2,650	2,680	3,334	2,987	**55**	2%
D - Electricity, Gas, Water and Waste Services	91	176	187	257	309	355	**264**	290%
E - Construction	921	1,171	1,249	1,643	2,453	2,592	**1,671**	181%
F - Wholesale Trade	770	957	774	888	1,023	990	**220**	29%
G - Retail Trade	1,461	1,897	1,994	2,012	2,422	2,426	**965**	66%
H - Accommodation and Food Services	692	800	1,009	1,271	1,607	1,423	**731**	106%
I - Transport, Postal and Warehousing	485	434	339	428	524	658	**173**	36%
J - Information Media and Telecommunications	104	185	129	87	72	81	**-23**	-22%
K - Financial and Insurance Services	153	217	205	254	207	205	**52**	34%
L - Rental, Hiring and Real Estate Services	150	168	195	273	281	282	**132**	88%
M - Professional, Scientific and Technical Services	458	556	639	719	855	1,055	**597**	130%
N - Administrative and Support Services	700	843	1,110	1,151	1,189	965	**265**	38%
O - Public Administration and Safety	288	288	372	271	265	304	**16**	6%
P - Education and Training	1,143	1,222	1,660	1,787	2,147	2,189	**1,046**	92%
Q - Health Care and Social Assistance	720	885	1,362	1,854	1,770	1,657	**937**	130%
R - Arts and Recreation Services	212	275	477	440	433	344	**132**	62%
S - Other Services	486	553	549	578	601	605	**119**	24%
Total All Industries (Rounded)	**14,900**	**16,300**	**17,100**	**19,000**	**22,200**	**21,600**	**+6,700**	**+45%**

Source: Stats NZ

Like Drury, the largest nominal employee growth was in the Construction Sector growing from only 920 employees in 2000 to around 2,600 in 2022 (+181% net), with over half of this net growth occurring over the last 5 years.

Other key points of comparison are a comparatively larger increase over the Drury catchment in both Accommodation and Food Services (H) and Health Care and Social Assistance (Q) industries. This is likely to be in part due to growing populations in Takaanini in particular, that are establishing these population driven activities. As the population bases of these respective

areas build critical mass these population driven sectors will continue to grow and be required to service their communities.

Both Drury and West Franklin have similar employment bases of circa 21,000 – 23,000 employees, albeit some subtle difference in the composition. Drury has strength in Manufacturing and Transport, Postal and Warehousing, while West Franklin strengths are Agriculture, Forestry and Fishing, Administration and Support Services and Arts and Recreation.

7.5. EMPLOYMENT PROJECTIONS

METHODOLOGY

This sub-section provides a forecast for the future employment trends within the identified catchments. The projected employment growth is primarily driven by both population growth estimates (under the Stats NZ High growth scenario) and a 'top down' assessment of the expected national and Auckland production growth within each sector. Additional factors include local economic development strategies and significant and realisable infrastructure changes.

The sector projected employment for the following areas is based on a variety of factors including:

- National and Regional GDP and employment projections
- Population and Household projections – these are key to both to labour force projections and population-based employment.[23]
- Labour Force projections (skilled / unskilled)
- Regional ability to accommodate growth.
- Auckland sub-regions relative business land supply and prices
- Trended growth
- Economic development directions
- Locational criteria by sector
- National / Regional and local supply of inputted goods and location of market

[23] *NB: The ratios to residents and employment that have been applied relate to both population and household growth. Over the past 19 years the provided data indicates growth of 13% for the employment to population ratio and an 18% ratio for households.*

The modelling allows for the decreasing household size and applies an 11% growth in the household to employment ratio over the next 20 years (to 2038). This is well below the ratios achieved throughout Auckland currently. It is important to note that the projection modelling also includes projected economic growth for the area.

- Business sector analysis
- Increasing working age

SOUTHERN CATCHMENT

The table following outlines the projected employment growth, to 2053, by sector for the Southern Catchment (combined Manukau, Papakura and Franklin areas defined earlier).

Our projections result in expected net growth of some 82,900 employees across all ANZSIC sectors from 2023 to 2053. The composition of this growth is relatively evenly spread with Regional growth following trended paths as well as the proportional growth experienced in southern Auckland over the past 15 to 20 years. This growth is expected to continue further south with increasing levels of competition from Hamilton and Tauranga.

TABLE 7: SOUTHERN CATCHMENT EMPLOYMENT PROJECTIONS (2023 – 2053)

ANZSIC	2022	2023	2026	2033	2053
A - Agriculture, Forestry and Fishing	3,743	3,518	2,845	2,537	3,093
B - Mining	334	329	313	321	391
C - Manufacturing	36,659	35,294	31,197	30,138	36,746
D - Electricity, Gas, Water and Waste Services	1,744	1,777	1,875	2,055	2,506
E - Construction	19,944	19,912	19,818	20,915	25,501
F - Wholesale Trade	19,917	20,654	22,866	25,770	31,421
G - Retail Trade	21,461	21,384	21,153	22,232	27,107
H - Accommodation and Food Services	12,420	12,838	14,091	15,804	19,269
I - Transport, Postal and Warehousing	21,375	21,505	21,896	23,458	28,602
J - Information Media and Telecommunications	1,000	1,019	1,075	1,178	1,437
K - Financial and Insurance Services	1,984	1,951	1,854	1,894	2,309
L - Rental, Hiring and Real Estate Services	2,955	2,972	3,024	3,239	3,949
M - Professional, Scientific and Technical Services	10,549	10,842	11,722	13,031	15,888
N - Administrative and Support Services	13,389	13,889	15,391	17,354	21,159
O - Public Administration and Safety	10,301	10,782	12,223	13,958	17,019
P - Education and Training	18,915	19,313	20,508	22,556	27,502
Q - Health Care and Social Assistance	22,176	23,087	25,820	29,266	35,683
R - Arts and Recreation Services	2,187	2,193	2,211	2,353	2,869
S - Other Services	7,055	7,301	8,040	9,034	11,015
Total All Industries (Rounded)	**228,100**	**230,600**	**237,900**	**257,100**	**313,500**

Source: Property Economics, Stats NZ

Typically, in the case of employment modelling, considering the overall employment projection and the relative competitiveness of both Drury and West Franklin, two growth scenarios would be explored.

The first scenario is based on the current level of industrial and commercial (office) activity experienced in both catchments historically and using historical trends, as a proportion of the

total southern area, is assessed. However, both the Drury and West Franklin catchments are expected to see substantial levels of residential growth over the next 30 years. Consequently, this scenario is considered a less robust methodology for assessing future land requirements and will not be used in this report.

Conversely, the second employment growth methodology places emphasis on how these trends are influenced by the projected population growth and changing demographics. This translates to a significant increase in both labour force and employment growth within each of these catchments. In essence, this approach utilises employment proportions and economic composition based on the size of future market and not simply adopting current proportions on a future (significantly larger) population base.

DRURY AND WEST FRANKLIN LOCALISED CATCHMENTS

Tables following outline these growth projections, with both West Franklin and Drury showing employment growth of over 35,000 employees in total business activity over the next 30 years. The rapid increase in population drives the localised demand for household and commercial services within the area and results in a significant increase in commercial employment within the forecast period.

TABLE 8: DRURY CATCHMENT EMPLOYMENT PROJECTIONS (2023 – 2053)

ANZSIC	2022	2023	2026	2033	2053
A - Agriculture, Forestry and Fishing	777	736	613	649	1,140
B - Mining	131	156	231	345	605
C - Manufacturing	4,383	4,366	4,315	5,241	9,204
D - Electricity, Gas, Water and Waste Services	89	99	130	184	322
E - Construction	2,872	2,906	3,009	3,768	6,617
F - Wholesale Trade	1,331	1,437	1,755	2,408	4,228
G - Retail Trade	2,588	2,626	2,739	3,446	6,051
H - Accommodation and Food Services	1,556	1,733	2,264	3,204	5,627
I - Transport, Postal and Warehousing	1,165	1,214	1,362	1,788	3,140
J - Information Media and Telecommunications	36	33	23	20	34
K - Financial and Insurance Services	114	105	77	73	127
L - Rental, Hiring and Real Estate Services	346	360	400	523	918
M - Professional, Scientific and Technical Services	979	1,051	1,268	1,729	3,036
N - Administrative and Support Services	963	1,376	2,615	4,212	7,397
O - Public Administration and Safety	926	1,010	1,264	1,754	3,079
P - Education and Training	2,086	2,162	2,389	3,109	5,460
Q - Health Care and Social Assistance	1,432	1,543	1,877	2,571	4,514
R - Arts and Recreation Services	178	167	133	135	237
S - Other Services	909	980	1,193	1,634	2,870
Total All Industries (Rounded)	**22,900**	**24,100**	**27,700**	**36,800**	**64,600**

Source: Property Economics, Stats NZ

In particular, there is the potential for both Drury and West Franklin to achieve a critical mass that supports greater levels of medium to large commercial and industrial businesses. The timeframes for growth within the West Franklin are somewhat differentiated from Drury as West Franklin is forecast to experience slower growth in the short to medium term but more rapid growth beyond the 10-year threshold.

Specifically, there is projected to be a rise in skilled commercial activities such as Professional, Scientific and Technical Services (M) which is anticipated to rise from around 2,220 across both catchments in 2023 to 6,530 in 2053, threefold the size. This type of commercial office activity has premises on both light Industrial and Business employment land. This sector represents a market opportunity for Sunfield to provide quality commercial premises.

These types of activities have a stronger focus on environment with quality building stock, high level of employee amenity in the business location and high level of accessibility and associated services with 'like' businesses. This is a niche business environment specifically built rather than an area that just evolves given its specific attributes.

TABLE 9: WEST FRANKLIN CATCHMENT EMPLOYMENT PROJECTIONS (2023 – 2053)

ANZSIC	2022	2023	2026	2033	2053
A - Agriculture, Forestry and Fishing	2,402	2,271	1,878	1,930	3,235
B - Mining	63	58	44	42	70
C - Manufacturing	2,987	2,917	2,706	3,065	5,138
D - Electricity, Gas, Water and Waste Services	355	490	897	1,395	2,338
E - Construction	2,592	2,689	2,978	3,788	6,351
F - Wholesale Trade	990	1,004	1,046	1,282	2,149
G - Retail Trade	2,426	2,516	2,788	3,546	5,944
H - Accommodation and Food Services	1,423	1,597	2,119	2,947	4,941
I - Transport, Postal and Warehousing	658	674	721	899	1,507
J - Information Media and Telecommunications	81	76	62	64	107
K - Financial and Insurance Services	205	209	223	277	464
L - Rental, Hiring and Real Estate Services	282	310	392	534	895
M - Professional, Scientific and Technical Services	1,055	1,170	1,514	2,082	3,490
N - Administrative and Support Services	965	991	1,070	1,340	2,246
O - Public Administration and Safety	304	298	282	323	542
P - Education and Training	2,189	2,338	2,783	3,679	6,168
Q - Health Care and Social Assistance	1,657	1,820	2,310	3,148	5,278
R - Arts and Recreation Services	344	365	428	562	942
S - Other Services	605	610	625	759	1,272
Total All Industries (Rounded)	**21,600**	**22,400**	**24,900**	**31,700**	**53,100**

Source: Property Economics, Stats NZ

Industrial growth in both areas is likely to outstrip both population and total employment growth rates. With both catchments experiencing the majority of their growth in the latter half of the assessed period, Drury and West Franklin are expected to accommodate approximately +13,600 and +8,700 more industrial employees over the next 30 years, respectively.

The basis for industrial growth in these two catchments is similar with access to a significant labour market, proximity to affordable housing accessibility to the lower North Island and potential to accommodate Auckland / Manukau industrial sector overflow driven by high land prices (comparatively) and lack of new industrial land supply relative to demand.

There are a number of potential risks to the growth projections outlined here. Firstly, the reliance of a suitable labour market. As Auckland house prices 'track up' the nominal values remain difficult to attain for the majority of new households. This along with the relativity of house prices in competing regions may impact upon the segment of the population necessary to drive the industrial business growth.

Similarly, the affordability of industrial land is both a function of land supply and the relative prices and supply within competing markets (primarily within the 'golden triangle' of Auckland, Hamilton and Tauranga).

For these growth projections to be realised it is fundamental that, at least, these two factors are adequately addressed to maintain the competitive nature of Drury and West Franklin in relation to industrial business activity.

7.6. INDUSTRIAL AND COMMERCIAL OFFICE GROWTH

The following table translates the employment growth, by ANZSIC category, to land requirement by both industrial and commercial (office) sectors. The ratios utilised are based on Level-2 ANZSIC categories assessed against both the floorspace and land requirement for each sector. Additionally, the above requirements are dynamic with both floorspace and land requirements changing, by sector, over time.

There are several practical reasons for this change with examples in the warehousing sector showing changes both in capital use (i.e., greater requirement for space without additional employees), as well as changing floorspace to land ratios, with greater utilisation of vertical space.

Estimates of the quantity of future business land demand based on the employment projections on a sector-by-sector basis have been compiled based on projected employment and sustainable land efficiencies. As a result, the projections presented, represent the industrial land demand of efficiently utilised land, or in other words efficiently developed business land.

The calculation of these requirements include:

- The ratio of net land to employee ratio by industrial sector (these estimates are based on specific sectors and have been compiled based on empirical data such as regional rating databases).
- A locational assessment of efficient land utilisation (i.e., whether the local price is such that industrial land will be efficiently used).
- Price
- Historical trends by sector towards increased land or labour efficiencies

- Changes in technology (capital)

These projections do not factor in changes in industrial land prices resulting from changes in price in surrounding areas. These factors can influence where businesses decide to locate, however given the unpredictability of land values, for the purpose of this report it has been assumed that relative prices between the southern Auckland markets and surrounding areas remain constant over the forecast period. Sunfield offsets this risk by having 4,000 residential dwellings located in close proximity to the employment opportunity.

The resulting 'at grade' commercial land demand is estimated at approximately 72ha and 45ha in the Drury and West Franklin catchments respectively by 2053. Similarly, the industrial land demand for these catchments is 439ha and 281ha, respectively.

Additionally, under the NPS-UD context, Councils are required to provide 15% additional capacity over the long term. This raises the total business (i.e., commercial plus industrial) land requirements to 587ha and 375ha in the Drury and West Franklin catchments respectively, combining both commercial (office) and industrial land uses.

TABLE 10: CATCHMENT EMPLOYMENT AND LAND REQUIREMENTS (2023 – 2053)

	Employment Land Projections	Drury	West Frankin	Total
Short Term (2023 - 2026)	Commercial Employment Growth	1,900	1,000	**2,900**
	Commercial Land Requirement (ha)	12	6	**18**
	Commercial Land Requirement + NPS-UD Buffer (ha)	14	7	**22**
	Industrial Employment Growth	500	300	**800**
	Industrial Land Requirement (ha)	16	10	**26**
	Industrial Land Requirement + NPS-UD Buffer (ha)	19	12	**31**
Medium Term (2023 - 2033)	Commercial Employment Growth	4,800	2,700	**7,500**
	Commercial Land Requirement (ha)	29	16	**45**
	Commercial Land Requirement + NPS-UD Buffer (ha)	35	20	**54**
	Industrial Employment Growth	3,400	2,100	**5,500**
	Industrial Land Requirement (ha)	110	68	**177**
	Industrial Land Requirment + NPS-UD Buffer (ha)	132	81	**213**
Long Term (2023 - 2053)	Commercial Employment Growth	11,800	7,500	**19,300**
	Commercial Land Requirement	72	45	**117**
	Commercial Land Requirement + NPS-UD Buffer (ha)	82	52	**135**
	Industrial Employment Growth	13,600	8,700	**22,300**
	Industrial Land Requirement (ha)	439	281	**719**
	Industrial Land Requirement + NPS-UD Buffer (ha)	505	323	**827**

Source: Property Economics, Stats NZ

To assess the appropriate extent of employment land to allocate within the Sunfield development, the employment land requirements (as shown above) need to be offset against

the current vacant supply of zoned business land. As detailed previously, the latest HBA 2023 identifies 370ha of vacant & vacant potential industrial land in the West Franklin catchment and 231ha in the Drury catchment.

These figures are significantly lower than the required Industrial Land Capacity between 2023 - 2053 of 505ha in the West Franklin catchment and 323ha in the Drury catchment, including the 15% long term NPS buffer. This suggests that additional 227ha of industrial land would be required within the Drury & West Franklin catchments over the next 30 years.

There is a potential material shortfall if the land identified in the Drury – Opāheke and Pukekohe – Paerata Structure Plans is not rezoned as proposed. They are Structure Plans at present and have to traverse a statutory process prior to being rezoned. This statutory process will test the merits of all proposed industrial areas in the Structure Plans so there remains potential for the industrial areas as proposed to be reduced, altered or delayed because of infrastructure investment and geotechnical considerations. Such an outcome would contribute to the economic merits of industrial land being provided in Sunfield.

Conversely, the land for commercial activities is expected to be undersupplied by around 30ha within the West Franklin and Drury catchments, based on the HBA 2023.

While the analysis in this report would suggest there is an opportunity in commercial office space, established commercial business place an expectation on sufficient local amenity and tend to locate in more central commercial hubs, of such scale any commercial employment activity in the Sunfield development is likely to be of a small scale.

An employment gap in the wider market is in sectors with Professional Scientific and Technical services (co-working / flexible/ collaborative spaces) with future opportunities for industry activity such as food tech industries, aeronautical related businesses, sustainable business initiatives, innovation hubs and collaborative enterprises. This would include AI, coding, gaming, and robotics engineering businesses. This commercial employment is likely to be ancillary to the predominantly industrial space.

These activity types are currently missing (or a proportionally lower component of employment in the local economy) that will likely require more of in the future to meet its future community's needs. These are often capital intensive / higher risk start-up businesses that target international capital and market to the global economy.

Innovation start-ups and new businesses that do not need a customer-facing location may be attracted to more affordable commercial locations outside of the central hubs on the basis appropriate amenity and support facilities are provided.

Property Economics would recommend consideration, based on the population scenario and the need to adequately provide for a growing industrial market in the Southern Auckland catchment, that up to 150ha of employment land, with an emphasis on light industrial activities, would be sustainable for Sunfield once fully developed. This would enable a range of activity types including higher tech industries and some office activities which may locate to efficiently service the local community and provide local employment opportunities, without compromising the wider industrial / business land provision.

8. MEDICAL FACILITY DEVELOPMENT POTENTIAL

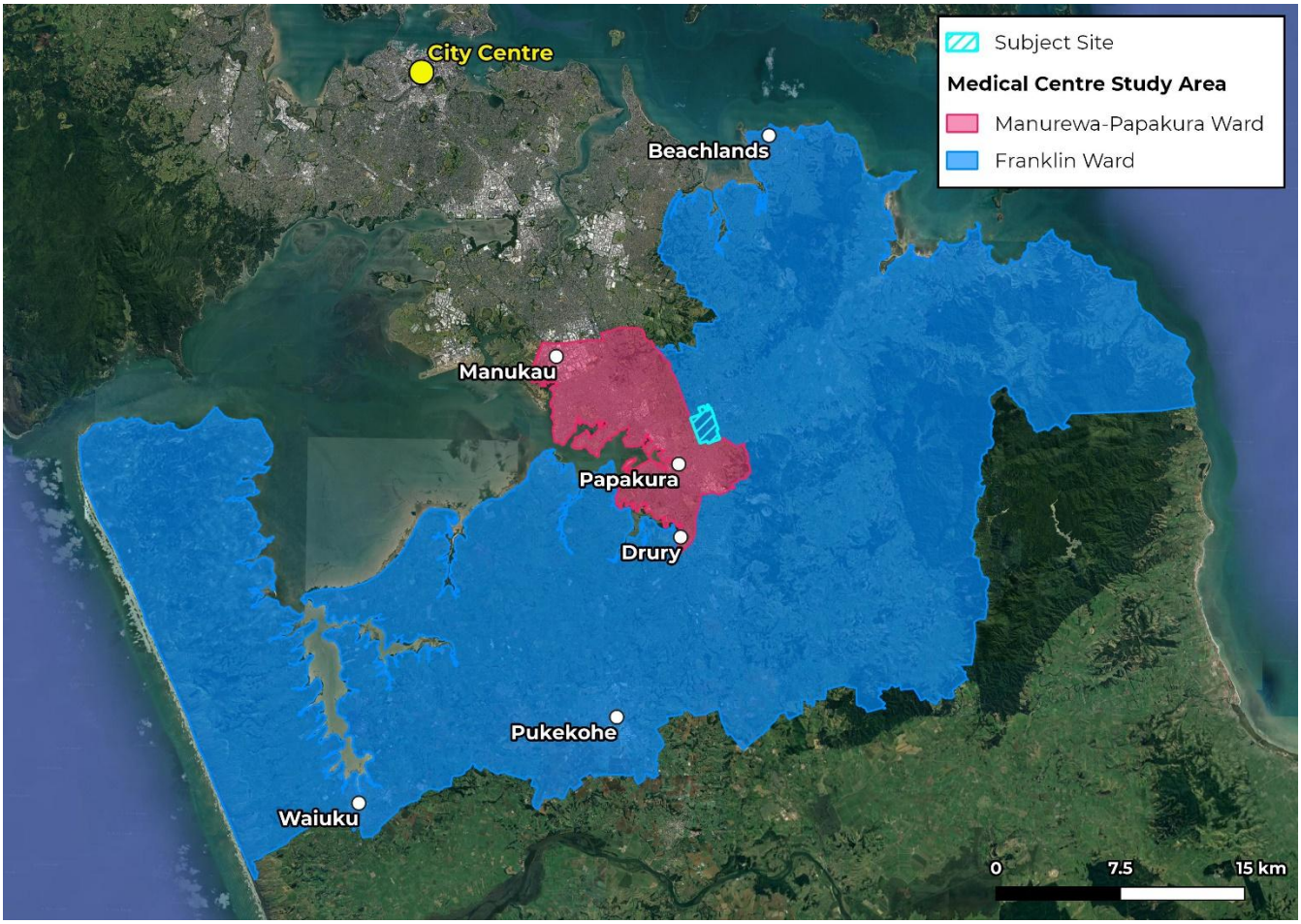
8.1. STUDY AREA

The Sunfield masterplan includes the development of a 2.2ha Heath Centre Zone. Given the wider Sunfield development's close proximity to the existing urban environment, Takaanini for the purposes of the report, Property Economics has focused the study area on the Franklin and Manurewa- Papakura Wards and considered that Sunfield will form part of Auckland's growing urban market. The extent of these wards is shown on the figure below.

Although the Franklin Ward is extensive geospatially, this is due to the ward encompassing a predominately rural area. A large portion of the projected growth in this Ward is likely to occur around the new Drury growth node, located south of the Manurewa Papakura Ward boundaries.

However, any meaningful development at Drury is likely to be at least a decade away given the significant infrastructure investment required to unlock the area's growth potential. It is considered more a longer-term growth proposition.

FIGURE 19: MEDICAL CENTRE STUDY AREA - FRANKLIN & MANUREWA-PAPAKURA WARDS



Source: Google Maps, Stats NZ, Property Economics

8.2. MARKET GROWTH SUMMARY

The population and household growth projections in the Franklin and Manurewa-Papakura Wards are depicted in Figure 4.3 of this report.

The following table provides a snapshot of the 2023 population estimates and the projected growth across the two wards applying the Stats NZ scenarios that are more likely to be realised (i.e., Medium growth scenario for Franklin and High growth scenario for Manurewa-Papakura).

Combined, the two wards are projected to have a population base of over 407,000 people by 2048. This is equivalent to net growth of 50% over the assessed timeframe and represents a high growth area for Auckland, and nominally one of the highest growth areas in the country.

TABLE 11: SUMMARY OF MARKET GROWTH (2023 – 2048)

Timeframe	Franklin Ward (Medium Scenario)	Manurewa-Papakura Ward (High Scenario)	Study Area Total
2023	85,740	186,610	272,350
2028	96,180	203,180	299,360
2038	118,880	234,510	353,390
2048	141,380	265,840	407,220
2023-48 Growth	**+55,640**	**+79,230**	**+134,870**

Source: Property Economics, Stats NZ

8.3. EXISTING MEDICAL CENTRE NETWORK

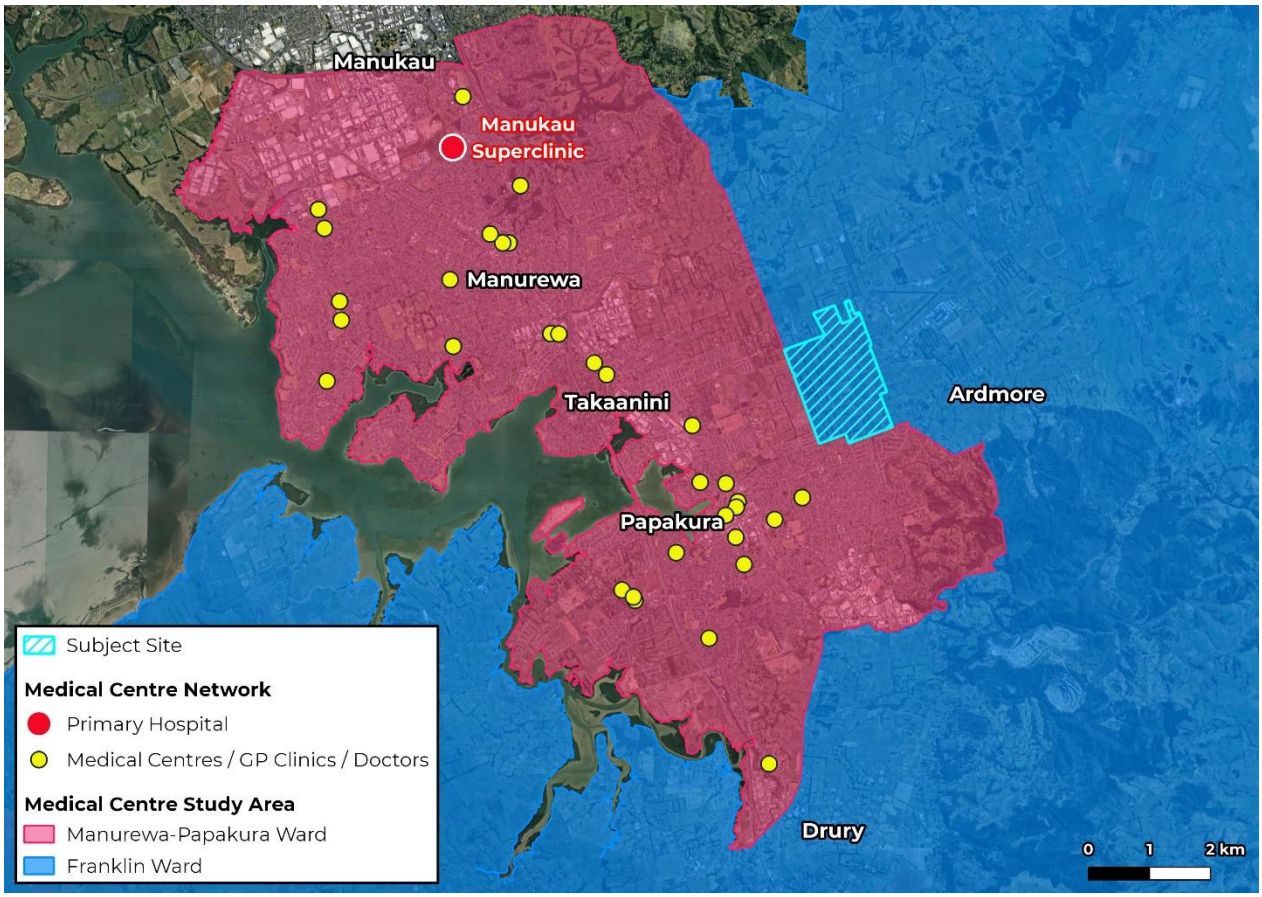
The following analysis highlights the location of medical facilities in the study area geospatially relative to the Sunfield location and the level of medical provision within the assessed wards relative to other areas in Auckland.

The following figure shows that there are numerous medical facilities within the identified study area. The primary hospital in this study area is the Manukau Super Clinic, which spans an extensive established land area of approximately 6ha.

In addition, there are 32 smaller medical facilities with the study area, including medical centres, GP practices and doctors. However, most of these smaller medical facilities are located proximate to the study area's main urban centres (Manurewa, Takaanini and Papakura) and are efficiently located to service the urban market.

However, as the new growth areas in the defined wards are developed, there will be an increase in demand for medical services that appear not well catered for at present.

FIGURE 20: GEOSPATIAL DISTRIBUTION OF MEDICAL FACILITIES

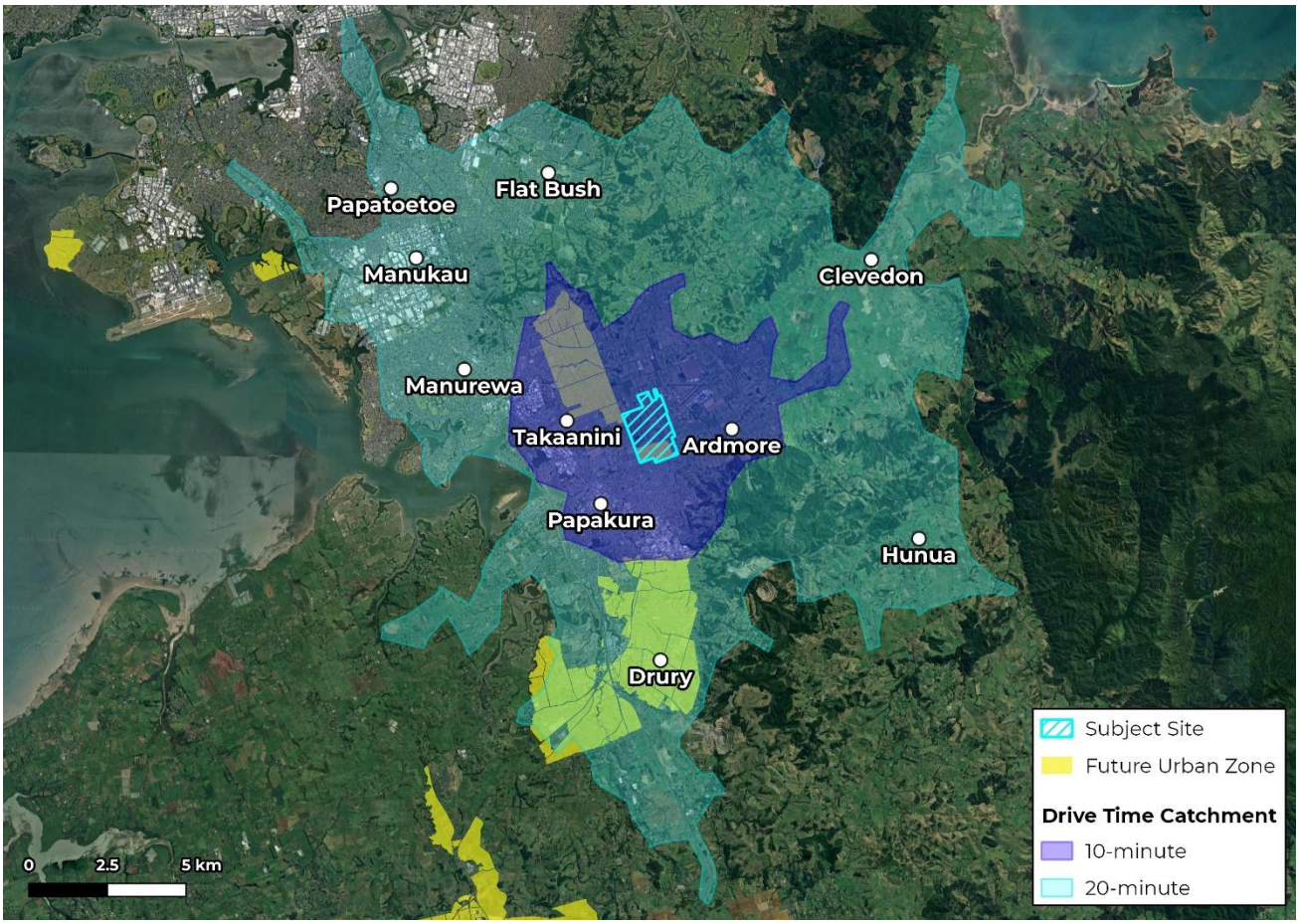


Source: Google Maps, LINZ, Property Economics

8.4. DRIVE TIME CATCHMENTS AND FUTURE URBAN GROWTH AREAS

The figure below depicts the 10 and 20-minute off-peak drive time catchments from the subject site. Also included are the FUZs identified for future urbanisation and growth nodes. It shows the Sunfield site is well placed in between both the main FUZ areas and is likely to service communities from both these new growth nodes.

FIGURE 21: DRIVE TIME CATCHMENTS



Source: Google Maps, Stats NZ, LINZ

8.5. RELATIVE SUPPLY OF MEDICAL FACILITIES IN AUCKLAND

The following table identifies the ratio of residents to non-hospital medical employees for each of the Auckland wards based on the latest population and employment data available. Medical employees include anyone working in GP Clinics, Specialist Clinics and Allied Health Services such as a Dentist or Optometry Clinics. This highlights the level of access to medical facilities and practitioners across Auckland on a per capita basis. This proxy is applied to highlight the level of over or under provision of medical facilities in the study area wards relative to other wards in Auckland.

The lower the number of residents per medical employees (last column in the following table) the higher the provision of, and therefore likely access to, medical services and facilities within the ward. For example, the Waitematā and Gulf Ward with a ratio of 14 residents per medical employee has the highest level of access, whereas the Whau Ward with a ratio of 174 residents per medical employee has the lowest provision / level of access.

TABLE 12: MEDICAL EMPLOYMENT COMPARATIVE ANALYSIS BY WARD (2023)

Ward	Ward Population (2023)	Medical Employees (2023)*	Residents per Medical Employee
Albany Ward	191,800	2,830	68
Albert-Eden-Puketāpapa Ward	165,400	3,390	49
Howick Ward	157,700	1,400	113
Manukau Ward	185,800	3,100	60
Maungakiekie-Tāmaki Ward	95,200	2,500	38
North Shore Ward	150,000	2,090	72
Ōrākei Ward	87,700	2,400	37
Rodney Ward	80,900	550	147
Waitākere Ward	186,900	1,750	107
Waitematā and Gulf Ward	78,700	5,430	14
Whau Ward	86,800	500	174
Franklin Ward	**85,700**	**550**	**156**
Manurewa-Papakura Ward	**186,600**	**1,340**	**139**
Auckland Region	**1,739,200**	**27,830**	**62**

*Source: Stats NZ, Property Economics. Note: * excludes Hospitals and refers to ANZSIC sector Q85 "Medical and Other Health Care Services".*

Both the Franklin and Manurewa-Papakura Wards have one of the lowest levels of local medical employment (excluding hospitals) across Auckland relative to their population base reflected in the high residents per medical employee ratios of 156 and 139 respectively. This suggests the level of medical facilities and services available to these communities at a local level is significantly lower on a comparative basis.

In order to provide the same level of medical employees to residents as other Auckland Wards, both the Franklin and Manurewa-Papakura Wards would need at least twice as many medical professionals. This in real terms represents a current unbalanced provision of medical services across Auckland. With high levels of sustained growth forecast for the Franklin and Manurewa-Papakura Wards over the next 30 years their local provision on a per capita basis would deteriorate unless significant new medical facilities are provided.

8.6. MEDICAL CENTRE ANALYSIS SUMMARY

The analysis of this section has shown that the local urban population (Manurewa Papakura Ward) has a demographic profile that on a comparative basis has a lower socio-economic composition than the balance of Auckland. This market has a higher proportion of Māori and Pacific peoples that traditionally in NZ have a higher risk to many health-related conditions and issues and a greater need for access to medical facilities and practitioners.

Despite this, there appears to be an under-supply of medical services in the area relative to other urban areas of Auckland on a per capita basis. The research indicates additional medical facilities and services are required to assist these communities and better meet their medical requirements and improve access.

Furthermore, the two wards identified in this report are expected to grow significantly by 2048. Therefore, this current shortfall of medical facilities will only become more pronounced in the future without additional medical facilities entering the market given the sustained high level of growth projected for these wards over the long term.

9. ECONOMIC IMPACT ANALYSIS

9.1. METHODOLOGIES

This chapter addresses the potential economic impact (economic injection) associated with the proposed development on the Auckland economy. The economic impact estimates the total additional gross economic injection[24] (added Gross Domestic Product (GDP)) into the Auckland economy that would be brought about by Sunfield. The initial specifications and details have been provided by Sunfield and represent the development's configuration and costings at this point in time.

This report also assesses the likely economic impacts upon aggregate Auckland business activity given the composition of activities proposed.

Although there are undoubtedly economic benefits that are specific to the location, they are primarily driven by proximity to transport corridors, efficiencies, ownership opportunities, site size and the opportunity costs associated with other sites.

The economic impacts likely to be experienced as a result of the Project are broken down by the development phase which includes the construction costs (CAPEX[25]) of the development and the proportion of those costs that are retained within the Region.

The direct economic impacts are derived from the actual spending / expenses incurred through the operation of the anticipated development.

Indirect economic impacts are the increased spending brought about by those firms / households and their employees / occupants, who supply the development, while induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity.

A development of Sunfield's size would inject billions of dollars into the Auckland economy through direct, indirect and induced impacts.

ECONOMIC BENEFITS

The first part of this phase is to quantify and qualify the potential economic benefits associated with the development of this site. The specific aspects include:

a) Potential impact on residential housing and business land pricing;

b) Impact on choice and diversity;

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[24] For example, this has not taken into account the short-term loss of operational employment currently on site

[25] CAPEX – Capital Expenditure

c) District and localised employment creation;

d) Increase in land value;

e) Overall contribution to economic activity and job creation / employment;

f) Benefits on existing residential, business and retail areas; and

g) Efficiencies on infrastructure provision and marginal costs.

Additionally, proportional costs will include those benefits associated with the 'next best alternative' for the site (opportunity cost) identifying the potential (and viable) economic benefits foregone through each proposed option.

The economic impact assessment of the proposed development is over a medium and long-term timeframe. This assessment summarises several findings from the economic analysis above but further include:

I. The potential benefits accrued directly to the market: including costs and an overall NPV for the 10 and 30-year timeframes.

II. The potential community / social benefits associated with the development.

III. The direct costs from relating to infrastructure provision and maintenance.

IV. The potential impact on price and choice.

V. The impact on the Auckland economy resulting from development land uses

VI. The Auckland community economic costs associated with underutilisation and wider economic efficiencies including diverted demand and opportunity costs.

The output is a breakdown of the positive economic impacts on the Auckland economy as a result of the proposed development.

TOTAL ECONOMIC ACTIVITY

This includes construction costs, which have been valued for the overall development.

The impact of this injection on the initial business cycle has been calculated. This 'construction multiplier' was based on the national input-output tables produced by Stats NZ (based on 106 sectors), which were then assessed at a regional level based on Auckland economic activity, composition and productivities.

This estimates the 'leakage' from the regional economy (within specified sectors), and therefore the overall regional production (within a given business cycle) for each $1 injected.

This was performed for the general residential / commercial construction sectors. These multipliers are based on 'net' flows by broad sector type and are therefore approximations.

Total output impacts to the Auckland region for the Project include:

- Direct Construction Cost x 'Construction Multiplier' +

- Direct Development Cost x 'Development Multiplier' +
- Direct Increased Commercial Spending x 'Commercial Multiplier' +
- Indirect Business Spend x 'Commercial Multiplier' +
- Induced Retail Spending x 'Retail Multiplier'

Each identified multiplier relates simply to the economic sector from which the activity is generated.

ASSUMPTIONS

The following assumptions have been applied in this impact analysis in order to assess the level of economic injection into the overall economy at this time. This has some (limited) impact on the distributional effects of the costs and benefits but can be quickly adjusted to accommodate more specific construction and on-going costs and injections.

1. For the purposes of this Economic Impact Assessment, it has been assumed that the construction costs will fall within the definition of the following categories (based on a standard 'special' commercial ratio): 'non-residential construction', 'residential construction' 'non-building construction', 'other construction services'.

2. Associated (and estimated) land costs have been included in the financial repayment assessment for the Project.

3. Financial or loan costs on capital primarily fall outside of the local catchment and impact the national economy.

4. The origin of labour has been assessed based on regional labour movements furnished by Stats NZ based on 2018 data. However, employment data has been updated as per the Stats NZ Business Frame data[26] to March 2022.

5. This report deals with the economic impact of the proposed development on Auckland. These are specifically the direct impacts related to the operation and construction of the Project.

6. The economic activity generated is based on the Project's gross activity and does not consider this redirecting growth opportunities from elsewhere in the catchments. As stated, this assessment is not site specific.

7. For the purposes of this report a 6% discount rate has been applied.

8. Labour movements are based on average retention rates rather than specific company locations.

[26] *Business Frame Data – provides Statistics NZ measure of employment in an area by ANZSIC sector.*

9. The proportion of materials and labour internalised in direct benefits to Auckland are based on standardised labour movements as well as employment and production composition within the Region. The amount of each 'flow-on' dollar retained in the Region are based on the movement of resources (including labour) between other districts and regions.

The following table outlines the resulting impacts on the Auckland economy as a result of the development.

9.2. TOTAL AUCKLAND REGION ECONOMIC ACTIVITY

Table 13 illustrates a total contribution to the economy through to 2044 of $3.2b with around 24,700 total FTE[27] year jobs created.

TABLE 13: TOTAL GROSS AUCKLAND REGION ECONOMIC INJECTION

	2024	2025 - 2029	2030 - 2034	2035 - 2039	2040 - 2044	Total
Direct Expenditure ($m)						
Land / Consenting / Rezoning	$130					$130.0
Earthworks / Civil Works/Infrastructure		$340.0				$340.0
Civil Consultants		$22.0				$22.0
Demolition		$0.2				$0.2
Other		$68.0				$68.0
Levies		$5.4	$52.2	$70.2	$52.2	$180.0
Infrastructure		$35.0				$35.0
Total Development Costs (excl. Land, etc)		$470.6	$52.2	$70.2	$52.2	$645.2
Construction		$265.3	$1,212.8	$1,478.1	$833.8	$3,790.0
Total Construction and Development Costs (excl. Land, etc)		$735.9	$1,265.0	$1,548.3	$886.0	$4,435.2
Increased Local Spend*		$1.3	$17.4	$77.3	$151.3	$247.3
Total Direct Expenditure (excl. Land, etc)		**$737.2**	**$1,282.4**	**$1,625.6**	**$1,037.3**	**$4,682.5**
Level 2 Multiplier Impacts						
Total Auckland Output (48 sector mutipliers)		$739.2	$1,020.2	$961.7	$469.1	$3,190.2
Total Auckland Output NPV (48 sector multipliers)**						
Employment (FTE Years)						
Development Employment		2,994	349	367	216	3,926
Construction Employment		1,727	6,885	6,545	2,976	18,133
Other Employment		453	892	749	544	2,638
Total Employment (FTE years)		**5,174**	**8,126**	**7,661**	**3,736**	**24,697**

Source: Property Economics

** Increased Local Spend by residents, employees, construction workers and additional local business spend through the different stages of development.*

*** The impacts on Auckland Region as a result of direct, indirect and induced activities.*

[27] *Full Time Equivalent*

In terms of the nominal expenditure from Sunfield, it is expected that over the life of the development there would be in the order of a $4.68b capital expenditure into the Sunfield development.

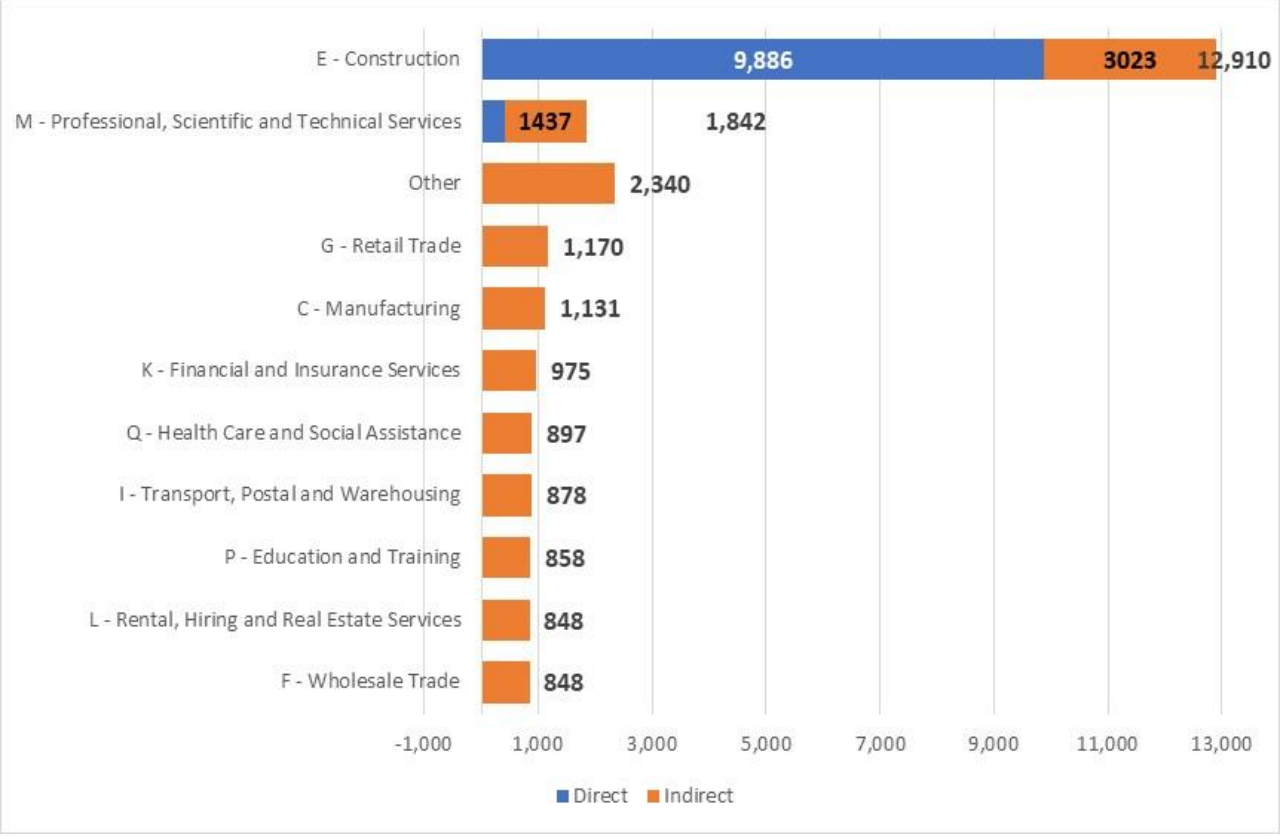
An important economic consideration of the proposed Sunfield development is the significance that circa 4,000 additional residential dwellings is likely to have on the market. While the obvious economies of scale and locational efficiencies that are associated with the proposed development are important benefits of the development, the nominal level of this scale of development is likely to have material impacts on the efficiency and competitiveness of the local housing market as a whole. At a regional level, market conditions that are currently leading to an overall shortfall of housing product are also likely to benefit from such a comprehensive land development option.

9.3. TOTAL AUCKLAND DIRECT AND INDIRECT EMPLOYMENT

The following figure disaggregates employment generated by sector and Direct and Indirect (including induced) FTE employment over the identified period. It illustrates the significant direct impact on the Construction sector (as well as Construction Services).

The figure illustrates the sectors associated with direct employment measure approximately 10,290 FTE years with the remaining around 14,406 FTE years resulting from indirect and induced activity.

FIGURE 22: AUCKLAND EMPLOYMENT GENERATION BY SECTOR (DIRECT AND INDIRECT)



Source: Property Economics

9.4. ONGOING EMPLOYMENT ACCOMMODATED

The following table summarises Property Economics projections for the level of employment that the Sunfield development would accommodate by land use type on an ongoing basis once fully developed.

The Structure Plan outlines the land uses proposed to be established within the subject land. The future employment accommodation within the subject land is considered essential to ensure there is a meaningful increase in employment internalisation within Sunfield. That is, more local employment opportunities for local Sunfield residents.

This is also important to providing a balanced community rather than simply a dormant residential suburb. A growing community requires increased local services to support and facilitate that growth. The Structure Plan and accompanying proposed development represent a positive step to satisfy the growing local employment opportunities and demand.

TABLE 14: SUNFIELD ESTIMATED ONGOING EMPLOYMENT ACCOMMODATED BY LAND USE

Activity	FTEs
1 School	150
3 Retirement Villages	200
Town Centre Retail / Commercial	1,500
Convenience Centre Retail / Commercial	450
Medical Centre	200
Employment Hub	8,300
6-8 Childcare Centres	140
Total Accommodated Employment (FTEs)	**10,940**

Source: Winton, Property Economics

The main Sunfield Commercial Centre is proposed to encompass around 7ha of land at a central location within the subject site. In total, this proposed Main Centre is estimated to provide roughly 1,500 retail and commercial employees.

The five smaller Convenience Centres span a cumulative land area of around 5ha and are estimated to provide a total of around 450 retail and commercial jobs to the local market.

The Employment Hub is proposed to span around 56ha of land. Assuming a mix of commercial / office and light industrial activities are developed, Property Economics estimates that this could accommodate circa 8,300 jobs in the localised area.

Additionally, Sunfield has proposed several other activities that will generate further employment within the development area. These include:

- Three Retirement Villages with around 600 units (estimate 200 employees)
- One School within 4ha of land (estimate 150 employees)

- One Medical Centre within 2.2ha of land (estimate 200 employees)
- 6-8 Childcare Centres (estimate 140 employees)

It is estimated that the proposed mix of activities at the subject site would provide a total of circa 10,940 employees. This projected level of employment generation is considered beneficial to ensure there is a meaningful increase in employment internalisation within the localised area. That is, more local employment opportunities for local Sunfield residents and as a result improved market efficiency.

10. IMPACT OF LOSS OF PRODUCTIVE LAND

10.1 POLICY CONTEXT

The NPS-HPL[28] come into effect on 17 October 2022. This policy aims to provide direction to improve the way highly productive land is managed under the RMA through clear and consistent guidance to councils on how to map and zone highly productive land and manage the subdivision, use and development of this non-renewable resource.

As defined by NPS-HPL, "*highly productive land*" is in a general rural zone or rural production zone that is predominantly Land Use Capability (LUC) Class 1, 2 or 3 and forms a large and geographically cohesive area.

Given this definition, the rurally zoned part of the subject site, with an estimated land area of approximately 194ha identifying as LUC Class 2 soil and therefore is subject to Clause 3.6 - Restricting Urban Rezoning of Highly Productive Land, under the NPS-HPL.

Clause 3.6(1) states that Tier 1 (e.g., Auckland Region) and 2 Territorial Authorities may allow urban rezoning of highly productive land only if:

(a) The urban rezoning is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the National Policy Statement on Urban Development 2020; and

(b) There are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment; and

(c) The environmental, social, cultural and economic benefits of rezoning outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.

Clause 3.6(2) states that in order to meet the requirements of subclause (1)(b), the territorial authority must consider a range of reasonably practicable options for providing the required development capacity, including:

(a) Greater intensification in existing urban areas; and

(b) Rezoning of land that is not highly productive land as urban; and

(c) Rezoning different highly productive land that has a relatively lower productive capacity.

Clause 3.6(3) defines that development capacity is within the same locality and market if it:

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[28] *National Policy Statement for Highly Productive Land 2022*

(a) *Is in or close to a location where a demand for additional development capacity has been identified through a Housing and Business Assessment (or some equivalent document) in accordance with the NPS-UD 2020; and*

(b) *Is for a market for the types of dwelling or business land that is in demand (as determined by a Housing and Business Assessment in accordance with the NPS-UD 2020).*

Clause 3.6(5) states that:

(5) Territorial authorities must take measures to ensure that the spatial extent of any urban zone covering highly productive land is the minimum necessary to provide the required development capacity while achieving a well-functioning urban environment.

It is within this policy context that the economic cost of productive land loss due to the rural extent of the proposed Subject site is assessed in the following analysis.

10.2 HPL STATUS OF THE SUBJECT SITE AND ITS SURROUNDS

The map on the left of the following figure shows the productive land status of the land in and around the proposed Subject site based on the NZLRI LUC classification. This higher-level classification shows that the rurally zoned extent of the Subject site is currently registered as LUC Class 2: "*Land with slight to moderate limitations for arable use and suitable for cultivated crops, pasture or forestry*".

Given this classification, rezoning the rural extent of the subject site would give rise to a loss of around 194ha of Class 2 soil to the wider region. The associated productive capacity and production value reduction with rezoning this Class 2 soil is considered as an economic opportunity cost of the proposed development.

However, the LUC has several limitations when assessing a specific site, particularly the limited scale of mapping and its ability to be used at a local / property boundary level. Therefore, the NZLRI LUC classes should serve as a general guide rather than an exact representation of the practical land use status within the Subject site.

The map on the right presents the 2020 land use capacity and soil field assessment conducted by Dr. Singleton, which is referenced in Land Systems' soil assessment[29] for the site. Land Systems, soil map information is considered of greater detail and accuracy compared to the regional scale NZLRI map information.

Specifically, the main difference between the regional scale (NZLRI) and the property scale (Singleton 2020) LUC map information is the extent of the 2w2 and 2s4 land. The property scale mapping identified a greater area of 2w2 and a smaller area of 2s4, which was mapped as

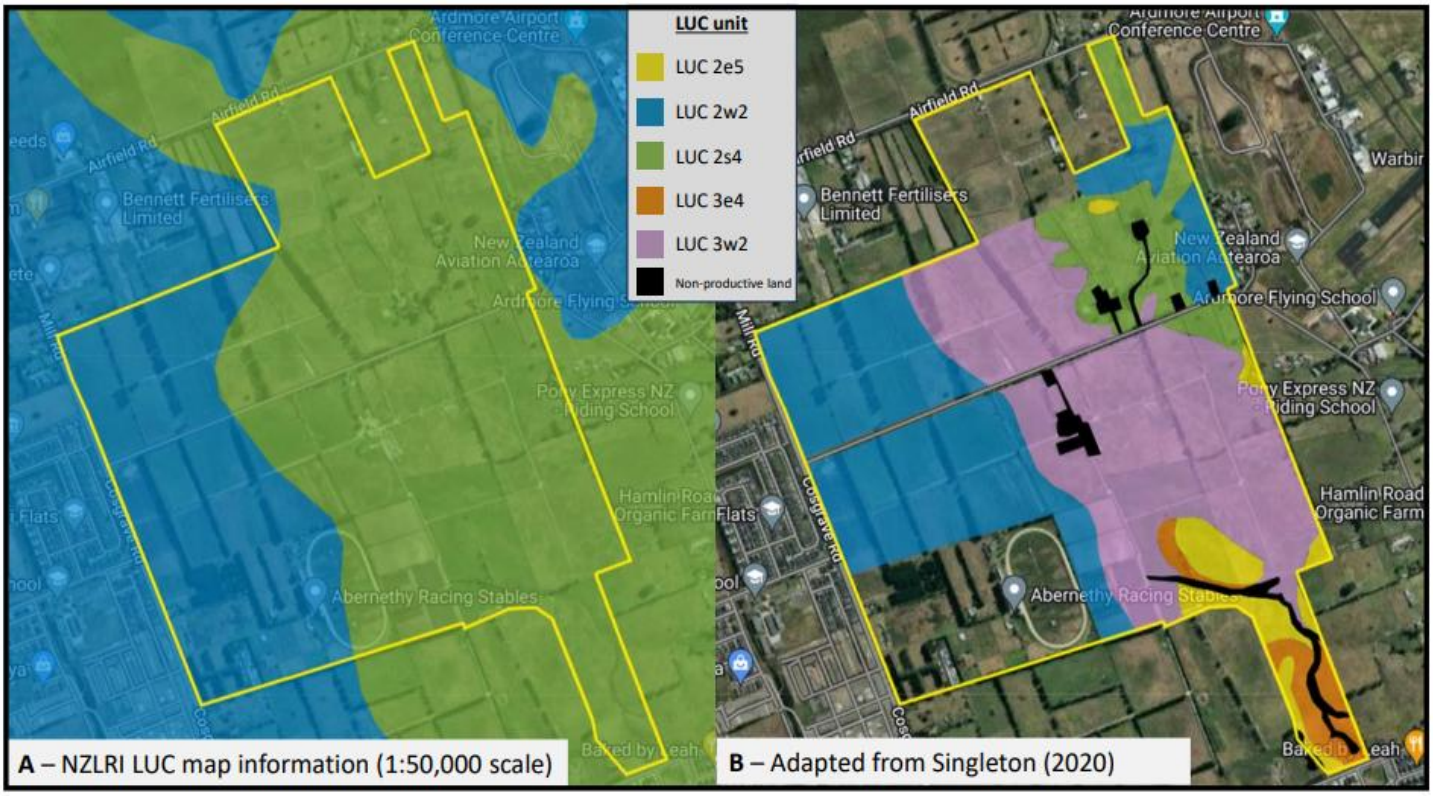
[29] *National Policy Statement for Highly Productive Land Assessment for the Sunfield Site, Ardmore, Land Systems, Version 3, dated 28 February 2024.*

predominantly 3w2. In general, Land Systems' assessment indicates the soil drainage of the site is poorer (not well drained) than indicated by the NZLRI map information.

According to Land Systems, there are several limitations on the site including soil textures and wetness which "*reduce the range of viable primary production land uses, making intensive horticulture and cropping during wet periods unsustainable*"[30]. As such, Land Systems pointed out that "the *poorly drained soils (LUC 3w2 and 2w2), although deemed to be highly productive land, are not LUC class 1 land (with deep and well drained soils) and are of lesser productive value and not suitable for intensive horticulture crops requiring deep, well drained soils.*"[31] Appendix 4 shows the soil wetness limitation map drawn by Land Systems.

From an economic perspective, the loss of productive land should not be the only economic factor considered when identifying the economic merits and efficiency of the proposed development. The extent of the affected high-class soil on the site, the practical suitability and likelihood of the site to be used for land-based rural production activities, the locational characteristics of the site, the market demand for additional residential and industrial capacity in the localised market, as well as the availability of alternative site(s) to provide the same level of economic efficiency are the factors that need to be considered.

FIGURE 23: A COMPARISON OF NZLRI LUC AND LAND SYSTEMS SOIL CLASSIFICATION FOR THE SITE



Source: Singleton, Land Systems.

[30] *Land Systems report, Page 2*

[31] *Land Systems report, Page 13*

10.3 PROVISON OF SUFFICIENT DEVELOPMENT CAPACITY

Under the NPS-HPL subclause 3.6(1)(a), urban zoning is required to provide sufficient development capacity to meet demand for housing land to give effect to the NPS-UD in the region.

As shown earlier, based on the updated residential capacity in the HBA, in combination with the most recent population and household projections of Stats NZ, the catchment area would have an estimated shortfall of around 2,260 dwellings over the medium term, increasing to 82,430 dwellings over the long term, under the Stats NZ High growth scenario.

These shortfalls are estimated to increase to around 12,960 dwellings over the medium term and around 93,130 dwellings over the long term, under the same scenario, if the Takaanini and Slippery Creek FUZ areas are to be removed as identified by the FDS.

These estimates suggest that the proposed development would be required to meet the medium to long-term requirements and achieve sufficient development capacity. This satisfies NPS-HPL Clause 3.6(1)(a).

10.4 ALTERNATIVE LOCATIONS

Under the NPS-HPL Clause 3.6(1)(b), it is required that "*there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment*".

This sub-section aims to provide a high-level economic analysis of alternative sites within the same "locality" or "market" to efficiently accommodate additional residential development, in the context of the NPS-HPL Clause 3.6(1)(b) and Clause 3.6(3). This sub-section also utilises the criteria of Clause 3.6(2)(a) to (c) to confirm that the proposed development meets the criteria of Clause 3.6(1)(b).

Property Economics utilises the southern Auckland catchment identified earlier in Section 4.1 as the same 'locality' or 'market' for the relevant NPS-HPL analysis in this section.

Note that even though the indicative southern Auckland catchment contains extensive rural environs, from an economic perspective, the practical 'market' or 'locality' of the proposed development should not extend into the surrounding rural environs for this analysis as those areas comprise predominantly lifestyle blocks, rural residential living options and farms. These are not typologies proposed within the proposed development and therefore not considered to represent the same market or locality.

Greater Intensification In Existing Urban Areas

Subclause 3.6(2)(a) of the NPS-HPL states that to satisfy Subclause 3.6(1)(b) the first reasonably practicable option to consider is greater intensification within existing urban areas.

According to the HBA 2021, the estimated maximum net redevelopment capacity within the Auckland South market is approximately 383,500 dwellings. This has not included the

additional dwellings that are likely to be enabled through the implementation of PC78 (if successful).

As per the FDS, the HBA assessment completed by Council indicated that the feasible capacity under the current form of PC78 would reach a total capacity of around 1.2 million dwellings across the wider region. This is more than double the existing dwellings within the wider region.

From an economic perspective, greenfield capacity often represents an easier development option (than redeveloping existing urban areas) due to the scale at which it can be developed, and the absence / reduction of lost capital associated with purchasing and demolishing existing dwellings.

Furthermore, higher density infill development is expected in some parts of the Region, it is considered prudent to provide for adequate greenfield development areas within which the development market can operate. Given this, from an economic perspective, land supply for greenfield development should not be completely restricted as a means of promoting higher density development within the existing urban areas. It provides location and typology choice in the market.

Therefore, while intensification through infill and redevelopment could potentially provide additional housing capacity within the local market and offer alternative locations for the proposed residential development within the existing urban area, it is important to consider that not all of the feasible capacity will be available for development in the market.

On the other hand, developing infill areas requires private landowners to have the requisite capital (or access to such finance), motivation, capability, and willingness to take the respective risks to complete development. Coupled with the high level of process uncertainty and development costs associated with infill and redevelopment, the Subject site is considered as an appropriate greenfield location to accommodate the expected market demand.

Furthermore, given that the FUZ portion of the Subject site has already been identified as suitable for future residential development, the rural zoned component of the site would represent an efficient natural '*plug in*' of the existing urban environment and would represent a more appropriate location than other greenfield sites in more remote rural locations.

Rezoning of Land that Is not HPL or has Lower Productive Capacity as Urban

Subclause 3.6(2)(b) of the NPS-HPL states that to meet the requirements of subclause 3.6(1)(b), the territorial authority must consider rezoning of land that is not highly productive land as urban.

Section 3.6(2)(c) states that to meet the requirements of subclause 3.6(1)(b), the territorial authority must consider rezoning different highly productive land that has a relatively lower productive capacity.

The figure below depicts the distribution of non-HPL (i.e., LUC Class 4 – 8) and lower-classed HPL (i.e., LUC Class 3) in and around the southern Auckland catchment. It reveals that land

with lower productive capacity is primarily situated outside the RUB, within the rural environment, or in areas unsuitable for residential development. Consequently, there is a lack of alternative non-HPL land within the southern Auckland catchment to support the proposed development.

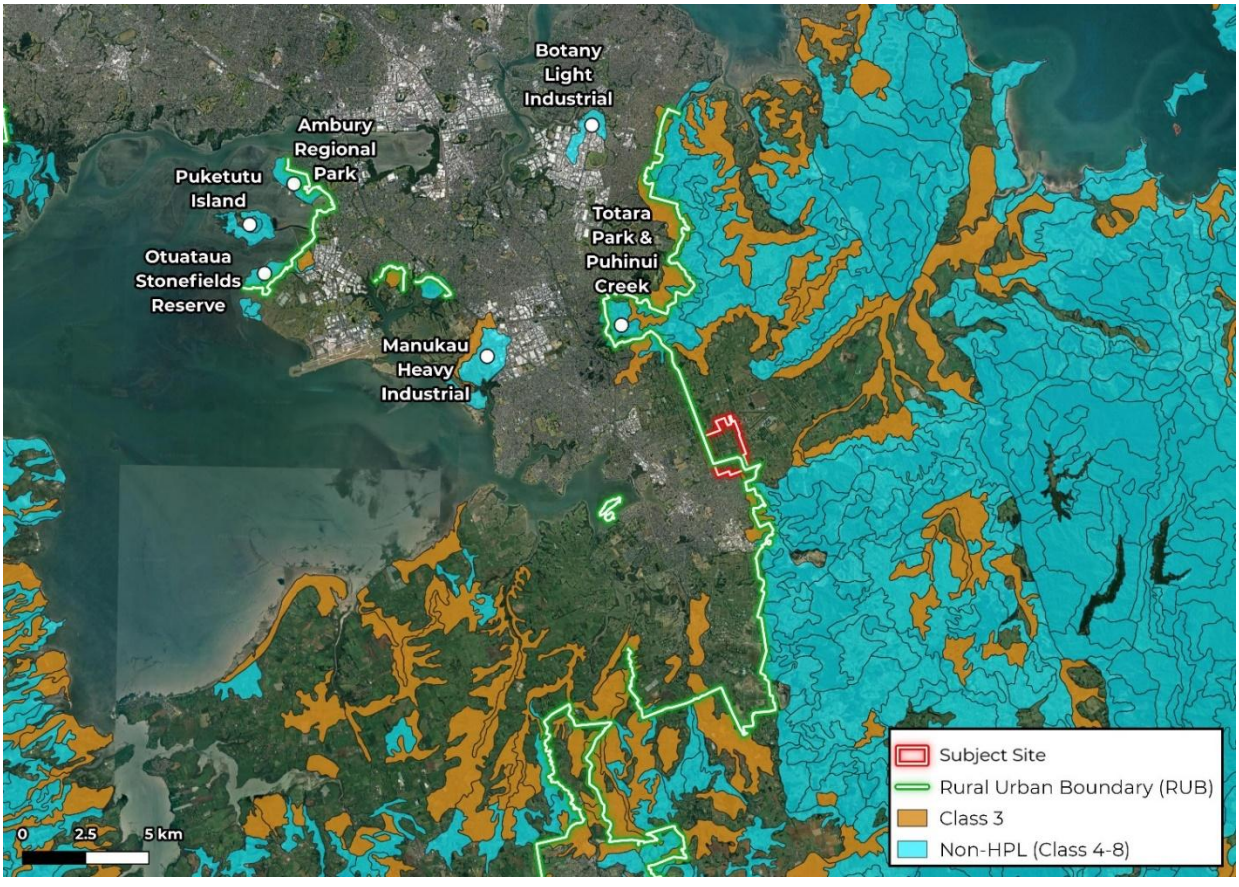
Specifically, the non-HPL and Class 3 soil closest to the Subject site is located southeast of the site, just beyond the RUB. This area is predominantly characterised by a rural lifestyle residential environment and poses challenges for accommodating a large master-planned development due to multiple ownership issues.

The Class 3 / non-HPL land to the north of the Subject site, surrounded by Totara Park and Puhinui Creek, is unsuitable for the Sunfield development. Similarly, the three tranches of non-HPL land to the north of Auckland Airport are designated as regional park / reserve and are inappropriate for residential development.

Within the existing urban environment, only two non-HPL soils exist – heavy industrial land in Manukau and light industrial land in Botany. However, both are zoned for industrial use and are unsuitable and unlikely to be utilised for Sunfield or any other residential development.

Other non-HPL or Class 3 lands are situated outside the RUB or in rural areas remote from the existing urban environment and established infrastructure. Consequently, these areas would not be more suitable for accommodating the proposed development.

FIGURE 24: LOWER CLASSED AND NON-HPL SOILS WITHIN THE SOUTHERN AUCKLAND CATCHMENT



Source: NZLRI, LINZ, Property Economics

Given the above analysis, in Property Economics view, undertaking a development of Sunfield's size on a non-HPL land within the southern Auckland catchment is not practical. As such, the proposed development satisfies the NPS-HPL subclause 3.6(2)(b) and 3.6(2)(c) that rezoning land that has a lower productive capacity or land that is not HPL within the same locality is not a reasonably practicable and feasible option to accommodate the Sunfield development while also promoting a well-functioning urban environment.

Although enabling greater intensification within existing urban areas could significantly increase residential opportunity and locations within the current Auckland environment, it should be noted that the implementation of PC78 (if operative) does not imply that future residential development in greenfield sites should be removed as an option, regardless of the site's efficiency or its potential contribution to a well-functioning urban environment.

In essence, considering the projected residential capacity shortfall within the urban areas of the southern Auckland catchment over the medium and long term (as shown earlier in Section 6), residential development in an economically efficient and feasible location like the Subject site is deemed appropriate to strike a balance between brownfield and greenfield residential supply in the local market. This would provide greater certainty regarding the sustainable growth of the town, improve land resource efficiency, and contribute to the creation of a well-functioning urban environment, aligning with the NPS-UD and NPS-HPL context.

Achieving a 'Well-functioning Urban Environment'

Under the NPS-UD Policy 1, '*well-functioning urban environment'* is defined as urban environments that, as a minimum:

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

(i) Meet the needs, in terms of type, price, and location, of different households; and

(ii) Enable Māori to express their cultural traditions and norms; and

(b) Have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and

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

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

(e) Support reductions in greenhouse gas emissions; and

(f) Are resilient to the likely current and future effects of climate change.

The proposed development's Masterplan demonstrates its capacity to offer a diverse range of housing options, catering to different price ranges and typologies, encompassing general residential to medium and higher density living options. This development is situated in a locale characterised by distinct locational characteristics, views, and enhanced amenity

proposed, setting it apart from the products provided in current urban environment. This aligns with Policy 1(a) of the NPS-UD.

Policy 1(b) can be satisfied due to the diverse range of business activities and employment opportunities available within Sunfield. The varied demands of business sectors, regarding both location and site size, can be effectively accommodated within the proposed centres and employment zone.

Additionally, the Masterplan includes the establishment of a commercial / employment area, a health care area, three aged care areas, a local community hub, multiple schools, multiple green connection / shared pathways, and local reserve spaces. These land uses align harmoniously with the NPS-UD, particularly addressing Policy 1(c), ensuring good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport.

Earlier analysis in this report has revealed a demand for additional housing supply within the southern Auckland residential catchment. Consequently, any potential competitive impacts on the development market are expected to be temporal and mitigated by the projected market growth and increased demand.

In other words, the proposed development has no real propensity to generate adverse impacts on the competitive operation of land and development markets. This satisfies NPS-UD Policy 1(d).

Policies 1(e) and 1(f) do not primarily focus on economic aspects. Therefore, these requirements are not a part of this economic analysis.

Considering the aforementioned factors, from Property Economics perspective, the Subject site would make a positive contribution to the establishment of a 'well-functioning urban environment' in both the southern Auckland catchment and the broader region.

Economic Benefits and Costs

Section 11 of this report addresses Section 3.6(1)(c) of the NPS-HPL, which requires the economic benefits of rezoning to outweigh the economic costs.

10.5 SPATIAL EXTENT PROPOSED FOR SUNFIELD

Subclause 3.6(5) states that Territorial authorities must take measures to ensure that the spatial extent of any urban zone covering highly productive land is the minimum necessary to provide the required development capacity while achieving a well-functioning urban environment.

In light of the earlier assessment in Section 6 of this report, the projected long-term development capacity needed over the next 30 years is an additional 88,600 – 126,000 dwellings within the southern Auckland catchment.

In contrast, the proposed development is proposed to enable the development of circa 4,000 dwellings within the site. If this projected yield is realised, it would only represent around 3.2% - 4.5% of the total required long term development capacity.

Furthermore, Property Economics considers that the Cosgrave Road FUZ site alone has less potential to achieve a well-functioning urban environment as losing the proposed activities in the rural extent such as the reserves / open space, school land, health care land, commercial area, would reduce the ability to provide a well-functioning urban environment. Allowing use of the expanded area results in a higher quality development with higher quality amenities more suitable for the long-term future of the community.

In light of the factors discussed above, Property Economics considers that the spatial extent of the Subject site would provide a more appropriate and efficient outcome that better achieves the establishment of a well-functioning urban environment. This aligns with the requirement of subclause 3.6(5).

10.6 SUMMARY

Based on the aforementioned analysis, and when considered in conjunction with the projected residential capacity insufficiency in the catchment (as previously presented), the proposed development aligns with subclauses 3.6(1)(a), 3.6(1)(b) (including subclause 3.6(2)), and 3.6(1)(c)) of the NPS-HPL.

It has also been considered that from an economic perspective the proposed area is the most appropriate to provide for additional development capacity while also achieving a well-functioning urban environment aligning with subclause 3.6(5). Consequently, the Subject site is an appropriate and efficient location for the provision of additional residential supply in the southern Auckland market, and this consideration is supported by four key factors.

Firstly, the soil assessment conducted by Dr Singleton (2020) and Land Systems indicates that a significant portion of the site is characterised by heavy clay soil textures, soil wetness limitations, and land use considerations. In practical terms, these factors diminish the productive potential of these areas. Consequently, the rural use of the site would not significantly contribute to the overall performance of the region's primary production, rendering it a negligible loss to the region.

Secondly, it is forecast that there is an anticipated shortage of residential capacity in the southern Auckland market over the next three decades. This underscores the Subject site's crucial role in providing market certainty for future growth in the local residential market, including partly offsetting the loss of capacity due to the removal of Takaanini and Slippery Creek FUZs. This aligns with Section 3.6(1)(a).

Thirdly, when considering alternative options within the same locality and market that are reasonably practical and efficient, it becomes apparent that the Subject site stands out as the most suitable greenfield choice for accommodating additional residential supply.

While intensification through infill and redevelopment could offer additional residential development capacities and locations, the Subject site is the appropriate location to achieving a well-balanced supply of both brownfield and greenfield residential options in the context of additional residential supply required in the southern Auckland catchment to accommodate projected demand, while also facilitating a well-functioning urban environment. This aligns

with subclause 3.6(1)(b), as well as subclause 3.6(2) indicating that development of existing urban areas has been considered, rezoning land that is not highly productive has been considered, as has land that has a lower productive value.

The economic benefits and costs of rezoning the Subject site are identified in the next section to provide an assessment of subclause 3.6(1)(c).

Lastly, the Council has already identified the Cosgrave Road FUZ proportion of the Subject site suitable for future urbanisation, recognising the appropriateness of the location in accommodating some of the local market's forthcoming growth.

All these considerations collectively reinforce the Subject site's status as an efficient location within the framework of the RMA and NPS-HPL.

11. ECONOMIC COSTS AND BENEFITS

The proposed development would generate a range of potential economic costs and benefits. This section outlines the high-level economic costs and benefits of the proposed development in the context of the AUP(OIP), RMA, and the economic benefits and costs associated with enabling a large master-planned residential development at the Subject site.

11.1. ECONOMIC BENEFITS

There are a number of potential economic benefits from the Sunfield proposed development including:

- Increased residential capacity and greater range of housing typologies
- More affordable housing
- Increased choice of location
- Decreased marginal infrastructure costs
- Increased economic activity / local employment
- High value residential area
- Diverse buyer pool
- Greater level of growth
- Increased amenities

These are outlined in more detail below.

Increased Residential Capacity and Greater Range of Housing Typologies: The proposed development would provide for additional residential capacity within the Auckland market, contributing to accommodating the projected population growth in the area. In an economic environment where the market identifies a diverse range of circumstances, expanding the residential typologies or choices available to consumers enables them to make decisions that better suit their personal needs and preferences. In this regard, the provision of any additional residential product provides more options that, putting aside the costs element, will improve the community wellbeing. However, what is important is the extent of this benefit or demand for the product in comparison to the costs.

A greater range of housing options (standalone, terraced and apartment dwellings) is enabled with higher density zoning. This provides existing residents and potential future residents with a greater range of choice for their living arrangements. In turn, this provides improved accessibility as well as price points. The additional capacity and range of typologies to be provided within the proposed development will assist meeting Policy 1(a)(i) of the NPS-UD.

More Affordable Housing: Auckland is well known to be one of the least 'affordable' cities in New Zealand across many different measures of affordability. Although there are several contributing factors, an undersupply of new homes in the market relative to the increase in

demand from the population growth, is one of the driving forces behind this house price inflation. Consequently, an increase in the supply of housing is generally positive for housing affordability. This is true even when more expensive homes are added to the market. As wealthier households upgrade to higher-priced housing, they free up lower-priced housing stock.

However, by developing homes at a higher density as proposed in Sunfield, the effects of this development go beyond simply adding supply to the market. A developer's average costs (price per dwelling) are decreased with higher allowable densities. This is the result of a higher land price being spread over more purchasers and is typically geared toward the lower end of the pricing brackets (i.e., an increase in affordability). This provides more affordable options for the consumer to buy similarly sized homes (i.e., a three-bedroom house) at a cheaper price by sacrificing the size of the backyard.

Increased Choice of Location: A significant proportion of capacity in the southern Auckland market is wrapped up in greenfield developments in Drury and other locations further away from the wider Auckland market. Although Drury is designed to provide significant employment and retail amenities, there is a multitude of other factors that go into a consumer's decision on where to live.

One of the advantages of the Sunfield development, therefore, is that it provides not only capacity and thereby opportunity for consumers to live in the local area but in a location more efficiently connected to the balance of Auckland than many of the identified growth areas in Drury. Being adjacent to the existing urban area essentially means the development area is a *'plug in'* extension of the urban environment. This supports Policy 1 of the NPS-UD by contributing positively to a well-functioning urban environment.

Decreased Marginal Infrastructure Costs: The opportunity to develop a large master-planned area has the potential to bring with it economies of scales and lower marginal infrastructure costs. Additionally, the future provision and identification of this area allows for the future proofing of the area, the community and private infrastructure requirements. The larger number of residents in an area means greater returns on the use of the local infrastructure. This can vary depending on the level of unused capacity of existing infrastructure and the cost of replacement / upgrade of said infrastructure.

The proposed Sunfield development would be a '*plug-in'* extension of urban infrastructure located adjacent to other residential zones and existing urban extent. This has the potential to minimise new infrastructure costs (relative to the growth areas in distant greenfield locations) and increases infrastructure efficiency.

Furthermore, greater density of development as proposed in Sunfield typically provides more efficient use of infrastructure. The larger number of residents in an area means greater returns on the use of the local infrastructure. This can vary depending on the level of unused capacity of existing infrastructure and the cost of replacement / upgrade of such infrastructure.

Increased Economic Activity / Local Employment: The increased local population base will result in a net increase in the number of full-time equivalent employees able to work within Ardmore / Takaanini and the surrounding suburbs due to the proposed development generating increased demand for local business and services. This will be a net gain for the local economy and stimulate further growth and amenity improvements for the area.

High Value Residential Area: Auckland's is a high value area where residential property is desired, which is reflected in the high property prices, and is therefore prime for increased residential activity. The proposed development would leverage off the existing amenity values for a greater number of people, with limited changes in marginal value.

Diverse Buyer Pool: Takaanini is a popular area for a broad range of homebuyers including young professionals, young couples and families and retirees. Additional residential development would likely stimulate demand within a diverse group of people, particularly with the increased diversity of residential typologies and range of dwelling price points.

Greater Level of Growth: Growth from residential developments can often work as a catalyst that spurs further growth in the area. The proposed development as a large-scale residential development, could increase interest for additional residential / small-scale commercial activity within the Takaanini market and provide significant impetus for growing its local economy.

Increased Amenities: Master-planned residential developers are able to provide high amenity, master planned environments with purpose built, and targeted amenity values such as parks, playgrounds and community facilities in a co-ordinated and integrated manner. This can significantly improve the amenities of the receiving environment and generate community benefits.

11.2. ECONOMIC COSTS

Some of the economics costs of the proposed development include:

Loss of Rural Productive Land: The strategic location of the Subject site mitigates the potential economic impact, making it not a significant cost. Significantly, when evaluating other feasible and efficient options within the same locality and market, it becomes evident that the Subject site emerges as the most suitable greenfield choice for accommodating additional residential supply.

Cost of Infrastructure: Although being directly adjacent to the Auckland urban boundary means the extent of required infrastructure upgrades is likely to be limited, the cost of any upgrades to the wider network will need to be serviced by the Council. These capital costs are likely to be mitigated, at least in part, through either developer contributions or the level at which the developer provides the infrastructure itself.

As additional residential capacity is required over the long term, the extent to which this can be considered an economic cost depends on the relative cost of servicing the infrastructure in an alternative location at a later point in time.

However, alternative locations in Drury are likely to require increased cost of infrastructure to service. Relevant to this, is the relative efficiency advantage of having a single developer service the infrastructure for the entire site, rather than requiring the Council to drive not only the wider infrastructure upgrades, but also service the sites in Council driven plan changes.

Also, the timing of development of the FUZ extent in the FULSS means any additional public sector infrastructure costs have already been considered. It is worth noting that Council has already purchased 2.9ha of land required for the stormwater solution for the proposed development land. This offsets the additional infrastructure costs associated with development of the proposed development land.

11.3. SUMMARY

In Property Economics' view, balancing all the economic considerations, the proposed development would generate significantly more economic benefits for the local and regional economy and communities than economic costs. As such, Property Economics supports the proposed development from an economic perspective in the context of the RMA.

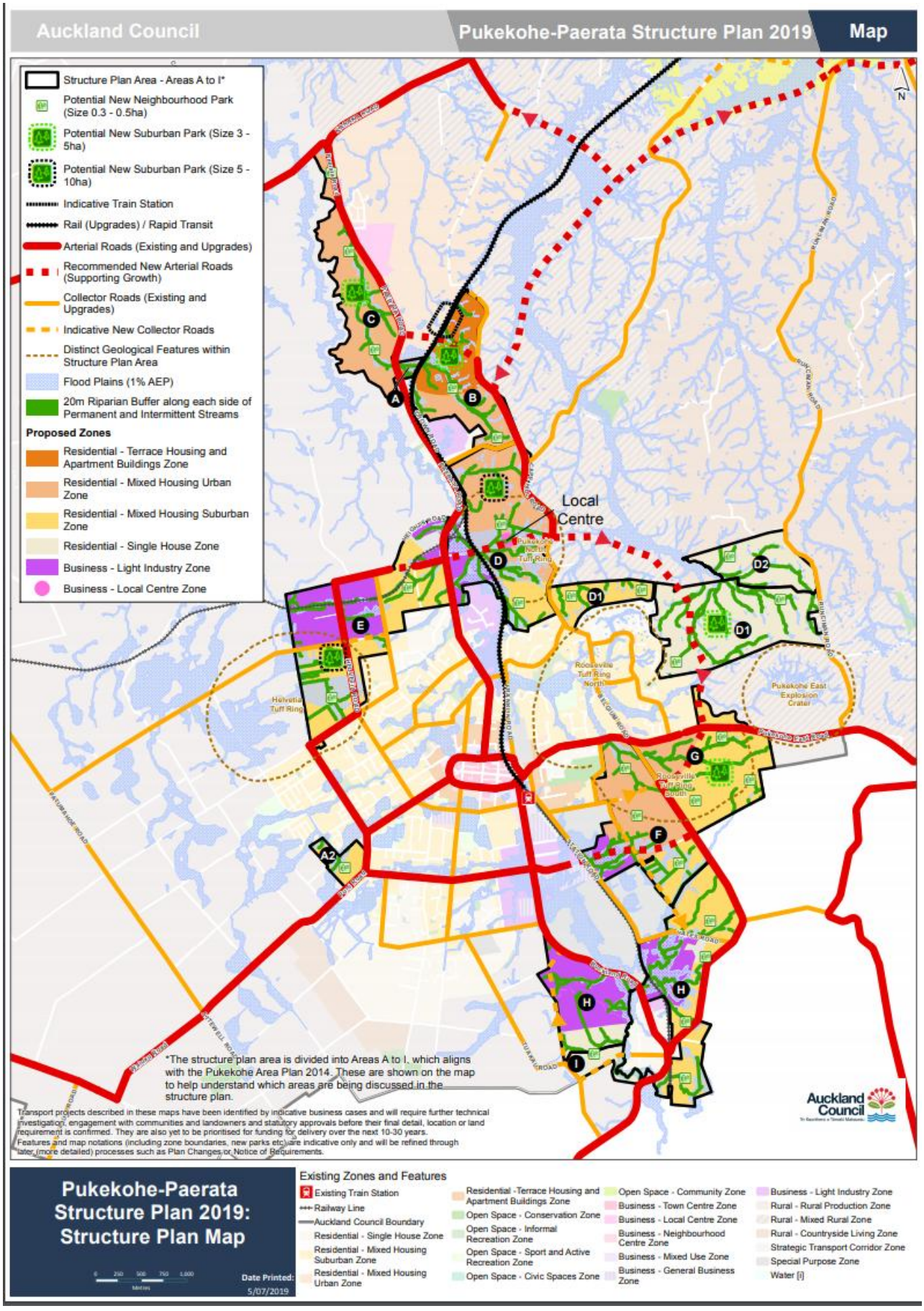
APPENDIX 1: DEMOGRAPHIC PROFILING

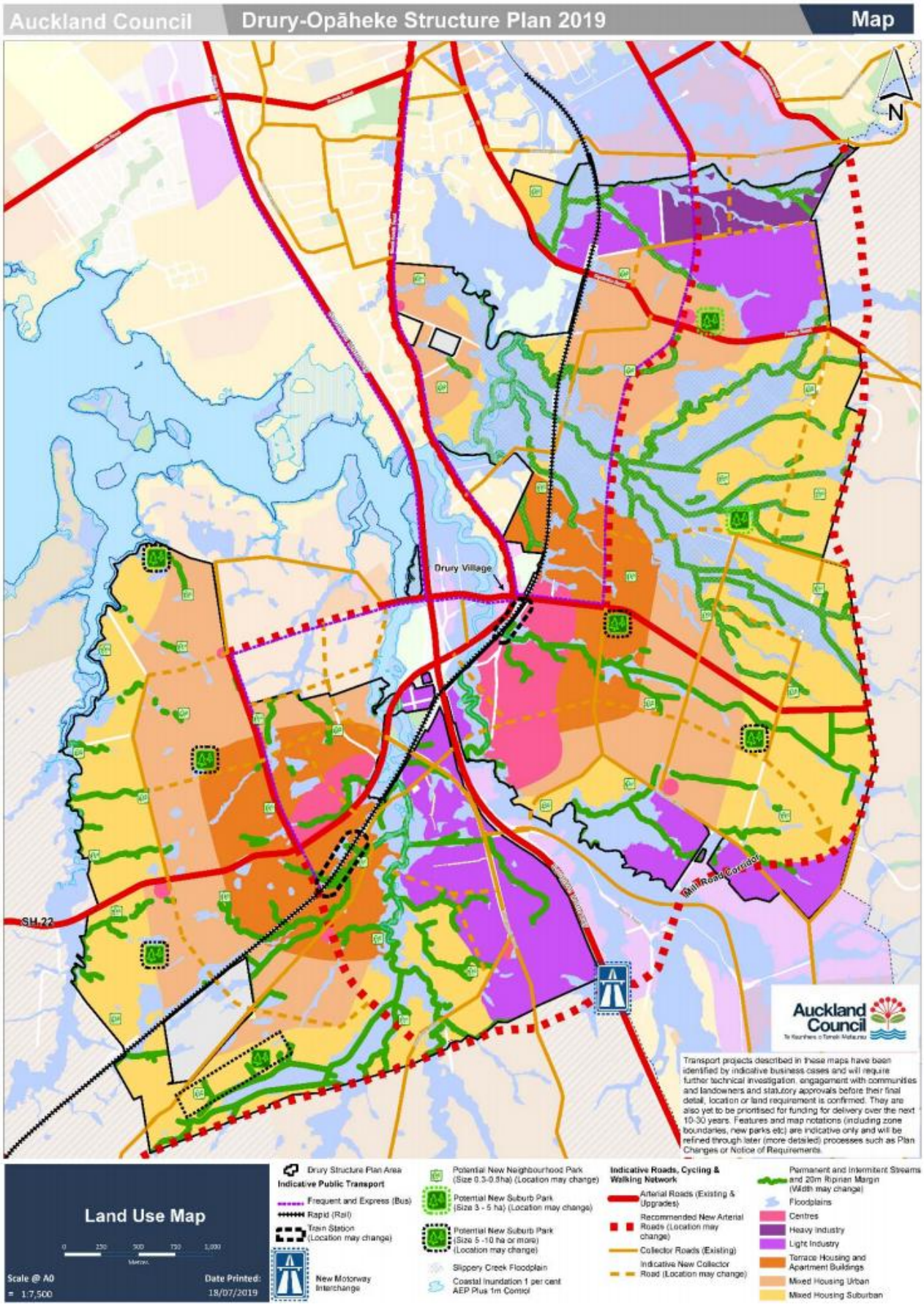
		South / East Auckland	Papakura / Manurewa	Franklin	Auckland Region
GENERAL	Population	332,750	180,740	83,060	1,695,260
	Households	98,440	54,160	29,970	578,080
	Person Per Household Ratio	3.38	3.34	2.77	2.93
	Intercensal Population Growth (Total | %	32,241 | 2.1%	26,865 | 3.7%	9,254 | 2.6%	161,882 | 2.1%
AGE PROFILE	0 - 9 Years	15%	17%	14%	13%
	10 - 19 Years	15%	15%	14%	13%
	20 - 29 Years	16%	17%	11%	16%
	30 - 39 Years	14%	15%	11%	15%
	40 - 49 Years	13%	12%	15%	13%
	50 - 59 Years	12%	11%	15%	12%
	60 - 69 Years	8%	7%	11%	9%
	70 - 79 Years	5%	4%	7%	5%
	80 Years and Over	2%	2%	3%	3%
	Median Age	**32.6**	**29.5**	**41.0**	**34.7**
Household Income	$20,000 or less	9%	10%	6%	8%
	$20,001-$30,000	7%	8%	8%	7%
	$30,001-$50,000	12%	13%	11%	12%
	$50,001-$70,000	12%	13%	11%	11%
	$70,001-$100,000	16%	16%	15%	15%
	$100,001-$150,000	22%	23%	22%	21%
	$150,001 or more	22%	18%	27%	26%
	Median Income	**$89,000**	**$84,000**	**$99,000**	**$94,000**
ETHNICITY	Asian	32%	21%	7%	25%
	European	27%	31%	72%	47%
	Maori	10%	22%	13%	10%
	Middle Eastern Latin American African	1%	2%	1%	2%
	New Zealander	0%	0%	1%	1%
	Other Ethnicity	1%	1%	1%	1%
	Pacific Peoples	27%	24%	5%	14%
QUALIFICATION ATTAINMENT	No qualification	19%	23%	19%	15%
	Overseas secondary school qualification	12%	8%	5%	9%
	Level 1 certificate	9%	11%	13%	9%
	Level 2 certificate	8%	9%	11%	8%
	Level 3 certificate	12%	13%	10%	12%
	Level 4 certificate	8%	9%	11%	7%
	Level 5 diploma	5%	5%	5%	5%
	Level 6 diploma	4%	4%	5%	5%
	Bachelor degree and Level 7 qualification	15%	12%	12%	19%
	Post graduate and honours degrees	4%	3%	5%	7%
	Masters degree	3%	2%	2%	5%
	Doctorate degree	0%	0%	0%	1%
LOCATION 5 YEARS AGO	Elsewhere in New Zealand	39%	47%	48%	41%
	No fixed abode five years ago	0%	0%	0%	0%
	Not born five years ago	9%	11%	7%	8%
	Overseas	11%	8%	4%	12%
	Same as usual residence	41%	35%	40%	40%

		South / East Auckland	Papakura / Manurewa	Franklin	Auckland Region
EMPLOYMENT	Employed Full time	50%	52%	54%	52%
	Employed Part time	12%	11%	15%	14%
	Not in the Labour Force	33%	32%	28%	30%
	Unemployed	5%	6%	3%	4%
EMPLOYMENT CLASSIFICATION	Clerical and Administrative Workers	13%	12%	12%	12%
	Community and Personal Service Workers	9%	9%	8%	9%
	Labourers	11%	13%	9%	8%
	Machinery Operators and Drivers	10%	13%	7%	6%
	Managers	14%	13%	23%	18%
	Professionals	20%	17%	20%	26%
	Sales Workers	11%	11%	8%	10%
	Technicians and Trades Workers	12%	13%	14%	11%
PERSONAL INCOME SOURCES	Wages, Salary, Commissions, Bonuses etc paid by my employer	62%	63%	60%	62%
	Interest, Dividends, Rent, Other Investments	10%	7%	17%	15%
	Jobseeker Support	7%	10%	4%	6%
	New Zealand Superannuation or Veteran s Pension	11%	10%	17%	13%
	Other government benefits, Payments or Pension	4%	5%	3%	4%
	Other Sources of Income	1%	1%	1%	2%
	Other Superannuation, Pensions or Annuities	2%	1%	2%	2%
	Regular payments from ACC or a Private Work Accident Insurer	1%	2%	2%	1%
	Self Employment or Business I own and work in	10%	8%	19%	14%
	Sole Parent Support	2%	3%	1%	2%
	Student Allowance	3%	2%	1%	3%
	Supported Living Payment	2%	2%	1%	2%
	No source of income during that time	10%	9%	6%	8%
INDUSTRY OF EMPLOYMENT	Accommodation and Food Services	6%	5%	4%	6%
	Administrative and Support Services	6%	6%	4%	5%
	Agriculture Forestry and Fishing	1%	1%	6%	1%
	Arts and Recreation Services	1%	1%	2%	2%
	Construction	8%	10%	13%	9%
	Education and Training	7%	7%	8%	8%
	Electricity Gas Water and Waste Services	1%	1%	1%	1%
	Financial and Insurance Services	3%	2%	2%	4%
	Health Care and Social Assistance	8%	8%	7%	9%
	Information Media and Telecommunications	2%	1%	1%	2%
	Manufacturing	14%	14%	13%	10%
	Mining	0%	0%	0%	0%
	Other Services	4%	4%	4%	4%
	Professional Scientific and Technical Services	8%	7%	8%	13%
	Public Administration and Safety	4%	5%	4%	4%
	Rental Hiring and Real Estate Services	2%	2%	2%	2%
	Retail Trade	9%	9%	8%	9%
	Transport Postal and Warehousing	8%	9%	5%	5%
	Wholesale Trade	8%	7%	7%	7%

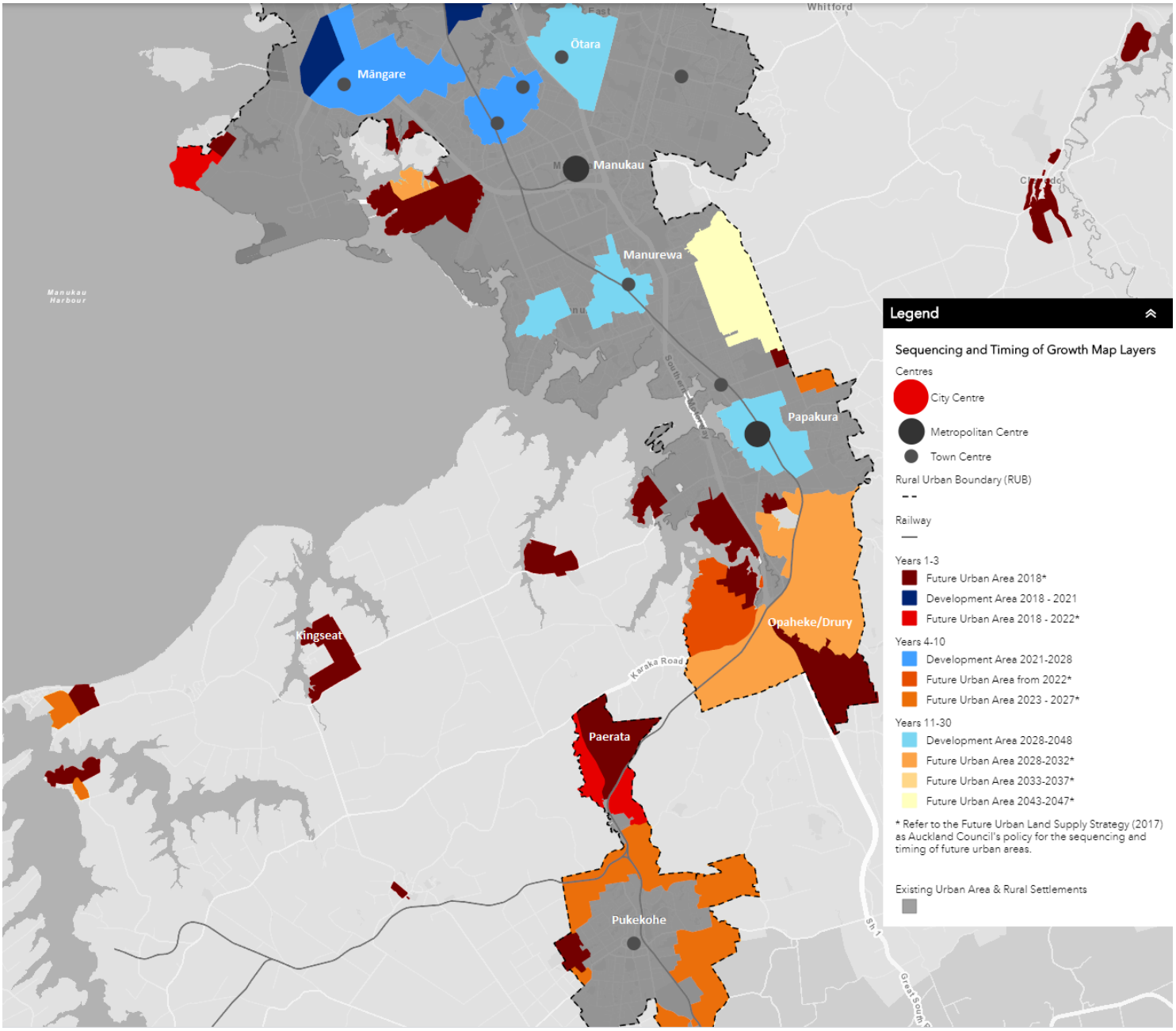
		South / East Auckland	Papakura / Manurewa	Franklin	Auckland Region
WEEKLY RENT PAID	Under $100	7%	7%	3%	6%
	$100 - 149	12%	14%	7%	8%
	$150 - 199	4%	4%	3%	3%
	$200 - 299	7%	6%	8%	6%
	$300 - 399	13%	14%	24%	14%
	$400 - 499	23%	30%	33%	25%
	$500 - 599	19%	17%	13%	19%
	$600 and over	14%	7%	8%	20%
DWELLING OWNERSHIP	Dwelling held in a family trust	11%	7%	18%	14%
	Dwelling not owned and not held in a family trust	45%	47%	28%	41%
	Dwelling owned or partly owned	44%	46%	54%	45%
DWELLING TYPE	Joined dwelling	16%	11%	8%	19%
	Other private dwelling	0%	0%	1%	0%
	Private dwelling not further defined	0%	0%	0%	0%
	Separate house	83%	89%	91%	80%
DWELLING OCCUPANCY	Dwelling Under Construction	1%	1%	1%	1%
	Empty Dwelling	2%	2%	4%	3%
	Occupied Dwelling	94%	94%	91%	91%
	Residents Away	3%	3%	4%	4%
NUMBER OF BEDROOMS	One bedroom	5%	4%	4%	7%
	Two bedrooms	17%	15%	12%	20%
	Three bedrooms	39%	46%	39%	39%
	Four bedrooms	26%	26%	34%	24%
	Five or more bedrooms	13%	10%	12%	10%
STUDYING	Full time study	23%	23%	21%	22%
	Not studying	74%	75%	77%	75%
	Part time study	2%	2%	2%	3%
Household Size	One usual resident	13%	15%	18%	18%
	Two usual residents	23%	24%	33%	29%
	Three usual residents	19%	19%	17%	18%
	Four usual residents	20%	18%	18%	19%
	Five usual residents	11%	11%	8%	9%
	Six usual residents	6%	6%	3%	4%
	Seven usual residents	3%	4%	1%	2%
	Eight or more usual residents	4%	4%	1%	2%
	Number of usual residents unidentifiable	4%	4%	4%	4%

APPENDIX 2: STRUCTURE PLANS




Auckland Council
Drury-Opāheke Structure Plan 2019
Map
N
Drury Village
SH 22
Mill Road Corridor
Auckland Council
Transport projects described in these maps have been identified by indicative business cases and will require further technical investigation, engagement with communities and landowners and statutory approvals before their final detail, location or land requirement is confirmed. They are also yet to be prioritised for funding for delivery over the next 10-30 years. Features and map notations (including zone boundaries, new parks etc) are indicative only and will be refined through later (more detailed) processes such as Plan Changes or Notice of Requirements.
Land Use Map
Scale @ A0
= 1:7,500
Date Printed:
18/07/2019
Drury Structure Plan Area
Indicative Public Transport
Frequent and Express (Bus)
Rapid (Rail)
Train Station (Location may change)
New Motorway Interchange
Potential New Neighbourhood Park (Size 0.3-0.9ha) (Location may change)
Potential New Suburb Park (Size 3 - 5 ha) (Location may change)
Potential New Suburb Park (Size 5 -10 ha or more) (Location may change)
Slippery Creek Floodplain
Coastal Inundation 1 per cent AEP Plus 1m Control
Indicative Roads, Cycling & Walking Network
Arterial Roads (Existing & Upgrades)
Recommended New Arterial Roads (Location may change)
Collector Roads (Existing)
Indicative New Collector Road (Location may change)
Permanent and Intermittent Streams and 20m Riparian Margin (Width may change)
Floodplains
Centres
Heavy Industry
Light Industry
Terrace Housing and Apartment Buildings
Mixed Housing Urban
Mixed Housing Suburban

APPENDIX 3: AUCKLAND 2050 GROWTH SEQUENCING



APPENDIX 4: SOIL WETNESS LIMITATION MAP FOR SUNFIELD SITE

Source: Land Systems