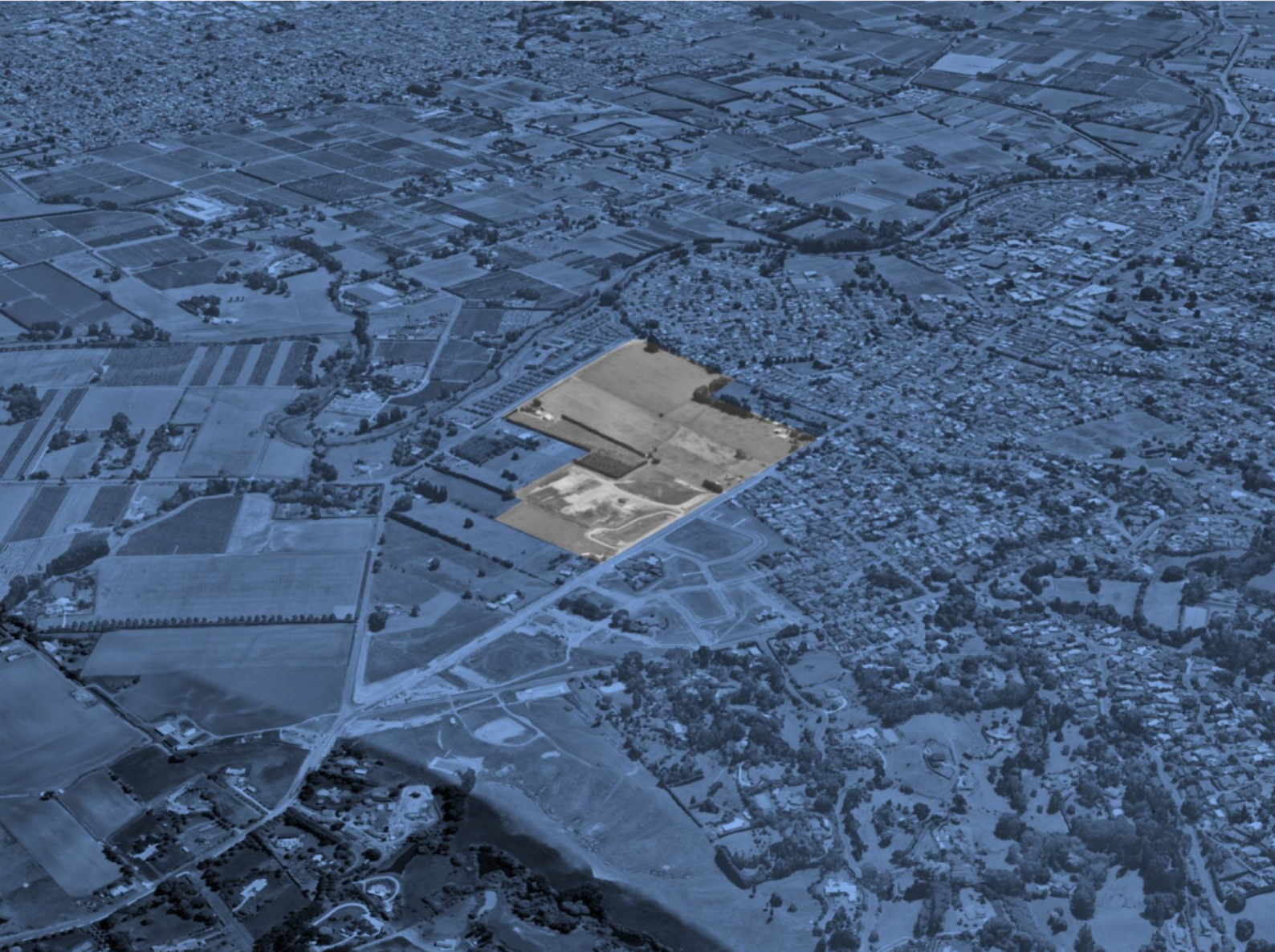




Final Report: 30 September 2026

Economic Assessment of Middle Road Development for Fast-track Substantive Application

Prepared for:
CDL Land New Zealand Limited

Authorship

This document was written by Fraser Colegrave, Danielle Chaumeil, and Nic Keith.

Contact Details

For further information about this document, please contact us at the details below:

Fraser

Phone: [REDACTED]

Email: [REDACTED]

Nic

Phone: [REDACTED]

Email: [REDACTED]

Disclaimer

Although every effort has been made to ensure the accuracy and integrity of the information and analysis presented in this document, Insight Economics Limited and this document's authors accept no liability for any actions or inactions arising from its contents and conclusions.

While this document is subject to a standard disclaimer stating that the document is not for use by persons other than the applicant, this document's authors confirm that the document can be relied upon by the Panel and participants for the purposes of considering the Application under the FTAA.

Cover Image Credit

Google Earth

Copyright

© Insight Economics Ltd, 2026. All rights reserved.

Contents

Statement of Qualifications & Experience	1
In Brief.....	2
Executive Summary	3
1. Introduction	5
1.1. Context.....	5
1.2. Criteria for Assessing Substantive Applications	5
1.3. Scope & Purpose of Report.....	6
1.4. Structure of this Document	6
2. About the Subject Site	7
2.1. Site Location and Description	7
2.2. Receiving Environment	8
3. Development Options.....	9
3.1. Option 1: Proposal	9
3.2. Option 2: Counterfactual	11
3.3. Key Differences	12
4. Approach to Assessment	13
4.1. Summary of Overall Approach.....	13
4.2. Approach to Quantitative Analysis	13
4.3. Analysis Horizon & Time Value of Money.....	15
5. Key Inputs & Modelling Assumptions	16
5.1. Introduction	16
5.2. Regional Attribution.....	16
5.3. Realisation of Economic Impacts	16
5.4. Anticipated Development Yields.....	16
5.5. Development Staging & Timing	17
5.6. Residential GFA & Construction Costs	18
5.7. Other Development Costs.....	18
5.8. Total Estimated Proposal Cost	18
5.9. Forgone Rural Production Assumptions	19
6. One-Time Impacts on GDP, Jobs & Wages.....	21
6.1. Estimated One-Time Impacts.....	21
6.2. Top 10 Industries by FTEs Employed	22
7. Future Onsite Economic Activity.....	23
7.1. Future Activity Under Proposal.....	23
7.2. Future Activity Under Counterfactual.....	23
8. Net Quantified Impacts of the Proposal	24
8.1. Net GDP Effects.....	24
8.2. Net Employment & Wage Effects	24
8.3. The Role of Highly Productive Land	25
8.4. Interpreting the Quantified Results	25
9. Housing Market Benefits	26

9.1.	A Significant Boost in Housing Supply, When It Is Needed	26
9.2.	Overall Contribution to Housing Supply	27
9.3.	Helping Foster Land Market Competition.....	28
9.4.	Catering to a Variety of Needs & Preferences	29
9.5.	Helping Foster Well-Functioning Urban Environments	30
9.6.	Feasibility and Delivery of Enabled Capacity	31
9.7.	The Role & Importance of Housing.....	32
10.	Other Long-term Impacts.....	33
10.1.	Alignment with Government Growth Agenda	33
10.2.	Alignment with Local and Regional Strategies.....	33
10.3.	Investment Signal Effects.....	34
11.	Project Acceleration.....	35
11.1.	Timing of Economic Benefits.....	35
12.	Summary and Conclusion	36
13.	Appendix A: About Multiplier Analysis	37
13.1.	Introduction	37
13.2.	Example.....	37
13.3.	Types of Effects Estimated	37
13.4.	Importance for Assessing Construction Projects	38
13.5.	Multiplier Analysis Limitations & Mitigation Strategy	38
14.	Appendix B: Housing Market Context.....	40
14.1.	Housing Market Indicators.....	40
14.2.	Housing Affordability	41
14.3.	Building Consent Trends	42
14.4.	Housing Capacity vs Demand	43
15.	Appendix C: Total Economic Value	46
15.1.	Introduction to the TEV Framework	46
15.2.	Applying the Scaling to the Counterfactual	48
15.3.	Comparison of Long-term Values	48
15.4.	Conclusion.....	48

Statement of Qualifications & Experience

Fraser Colegrave

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

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

Danielle Chaumeil

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

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

Nicholas Keith

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

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

We have been engaged by CDL Land New Zealand Limited to assess the economic effects of the Middle Road project and to prepare this report in support of the substantive application under the FTAA.

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

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

In Brief

The Proposal

A comprehensively master-planned residential development of approximately 317 lots on 30.6 hectares at Middle Road, on the southern edge of Havelock North, advanced under the Fast-track Approvals Act.

The Market

Hastings housing is stretched, with the median home costing 6.3 times the median household income and a long-term greenfield capacity shortfall of around 330 dwellings.

The Benefits

\$277 million of investment, GDP of \$92 million, 735 FTE-years of construction employment, and a significant, deliverable boost to housing supply, choice, and land market competition.

The Costs

About 1.3 jobs and \$180,000 of GDP a year in forgone grazing and pipfruit production, deliberately overstated and, in present-value terms, still barely 2 percent of the construction benefits.

The Net Result

Approximately +\$90 million of GDP (NPV) and +697 FTE-years of employment, measured over 30 years.

The Conclusion

The proposal is strongly supported on economic grounds.

Executive Summary

Context

CDL Land New Zealand Limited (CDL) seeks substantive approval under the Fast-track Approvals Act 2024 (FTAA) to enable the staged development of approximately 317 dwellings at Middle Road, on the southern edge of Havelock North within the Hastings District (the **proposal**). The proposal comprises a comprehensively master-planned residential area spanning approximately 30.6 hectares, delivering a range of general and medium-density residential lots, together with associated three waters infrastructure, roading, stormwater management, and open space. This report assesses the economic effects of the proposal to inform consideration of its significance and merits under the FTAA.

Quantified Economic Effects

The quantified economic effects of the proposal are assessed using multiplier analysis over a 30-year period, with results expressed in net present value (NPV) terms. The results represent regional economic impacts (Hawke's Bay) and reflect both direct activity and supply chain (indirect) effects.

To ensure a conservative assessment, the modelling excludes induced (consumption-driven) effects and counts only 80 percent of the estimated direct and indirect impacts. That 80 percent is a deliberate margin of conservatism for the recognised limitations of multiplier analysis, including the possibility that some modelled activity is displaced from, or moderated by, activity elsewhere in the economy, rather than any doubt about delivery of the development itself.

Table 1: Summary of Quantified Costs and Benefits

Activity	FTE-Years	NPV Wages (\$m)	NPV GDP (\$m)
One-time construction activity	735	\$44	\$92
Forgone rural production	-38	-\$1	-\$2
Proposal net impacts	697	\$43	\$90

In summary, the proposal generates a net GDP benefit of approximately \$90 million (NPV), comprising benefits of approximately \$92 million and costs of approximately \$2 million. This is driven entirely by construction activity associated with development enabled by the proposal, with benefits partially offset by forgone rural production.

The proposal also generates substantial employment impacts during construction. Development of the site is estimated to support approximately 735 FTE-years of employment during the construction period, equivalent to an average of around 92 full-time roles per annum over an indicative eight-year build period.

After accounting for the loss of employment associated with rural production, the proposal generates a net increase of approximately 697 FTE-years of employment, alongside approximately \$43 million in net wages (NPV).

Housing Market Benefits

Beyond these quantified effects, the proposal delivers a range of significant housing market benefits that are central to its regional significance:

- It enables a highly significant increase in greenfield housing supply within a district that faces a long-term shortfall in greenfield capacity under the adopted Future Development Strategy, materially improving the capacity of the local market to respond to demand.
- It supports improved affordability outcomes by increasing deliverable supply within a defined timeframe, moderating upward price pressure relative to the status quo.
- It strengthens land market competition by introducing a large, master-planned development that increases contestability and incentivises timely and efficient development by other landowners.
- It provides greater housing choice through a diversified mix of lot sizes, with an average section size of approximately 500 m², materially below the existing Havelock North average of around 1,450 m².

Wider Economic Benefits

The proposal also delivers a range of broader economic benefits. The master-planned nature of the development enables coordinated infrastructure delivery, integrated open-space provision, and a logical extension of the existing urban boundary. The proposal is strongly aligned with both the Government's Going for Growth agenda and local and regional growth strategies, and its delivery signals confidence in the region's medium- to long-term economic outlook. The FTAA provides a streamlined approval pathway that materially accelerates delivery of all of these benefits relative to standard RMA processes.

Conclusion

From an economic perspective, the proposal delivers clear and significant regional benefits. It provides a substantial and deliverable boost to housing supply, generates significant construction-phase employment and GDP, improves housing market efficiency, strengthens land market competition, and supports the logical and efficient expansion of the Havelock North urban area. The identified adverse economic effects are limited in scale, manageable, and not material in the context of the benefits delivered. The proposal is strongly supported on economic grounds.

1. Introduction

1.1. Context

CDL Land New Zealand Limited (the **applicant**, or **CDL**) is seeking consent for a residential development known as the Middle Road project, located on the southern edge of the Havelock North urban area (the **proposal**). The proposal seeks to enable residential subdivision and development across a gross site area of approximately 30.6 hectares, delivering in the order of 317 dwellings across a range of lot sizes, together with associated local roads, three waters infrastructure, stormwater management, open space, and supporting works.

The referral application for the project was lodged on 9 April 2026, and the project was accepted for referral on 20 June 2026. The applicant is now preparing its substantive application for all necessary approvals for the proposal under the Fast-track Approvals Act 2024 (FTAA).

1.2. Criteria for Assessing Substantive Applications

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

Table 2: Economic matters relevant to substantive assessment under the FTAA

Provision	Relevance to this assessment
Purpose of the Act (s3; refer also to s43(1)(b)(i); s81(2)(b))	The central purpose of the FTAA is “to facilitate infrastructure and development projects with significant regional or national benefits.” The Panel must take into account this purpose in making a decision.
Balancing Benefits and Adverse Effects (s85(3)-(4))	The Panel may decline an approval if it considers the adverse impacts are sufficiently significant to be out of proportion to regional or national benefits.
Nature and Scale of Benefits (s81(4))	The Panel must consider the extent of the project’s regional or national benefits.
Consistency with Government Policy Statements (s81(2)(aab)) ¹	The Panel must also consider the extent to which a project aligns with a relevant Government policy statement.
Schedule 5, Clause 7	Requires an assessment of economic effects as part of the Assessment of Environmental Effects (AEE).
Schedule 5, Clause 17	Directs that greatest weight be given to the purpose of the FTAA when considering consent applications.

¹ Inserted by the Fast-track Approvals Amendment Act 2025; applies from 16 December 2025.

Taken together, these provisions confirm that substantive applications are to be assessed primarily on the extent to which they deliver significant regional or national benefits, and whether those benefits outweigh any adverse impacts.

1.3. Scope & Purpose of Report

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

1.4. Structure of this Document

The remainder of this document is structured as follows:

- **Section 2** describes the subject site, its surrounding environment, and other relevant context.
- **Section 3** sets out the two options assessed: the proposal and the counterfactual.
- **Section 4** describes the analytical framework and methodology used in the assessment.
- **Section 5** presents the key inputs and assumptions underpinning the analysis.
- **Section 6** estimates the one-time impacts of construction activity on GDP, jobs, and wages.
- **Section 7** compares ongoing onsite economic activity under the proposal and counterfactual.
- **Section 8** presents the net quantified impacts of the proposal.
- **Section 9** assesses the proposal's housing market effects.
- **Section 10** discusses wider long-term economic impacts, including strategic alignment.
- **Section 11** considers the effects of accelerated delivery through the FTAA.
- **Section 12** presents the overall conclusion.

2. About the Subject Site

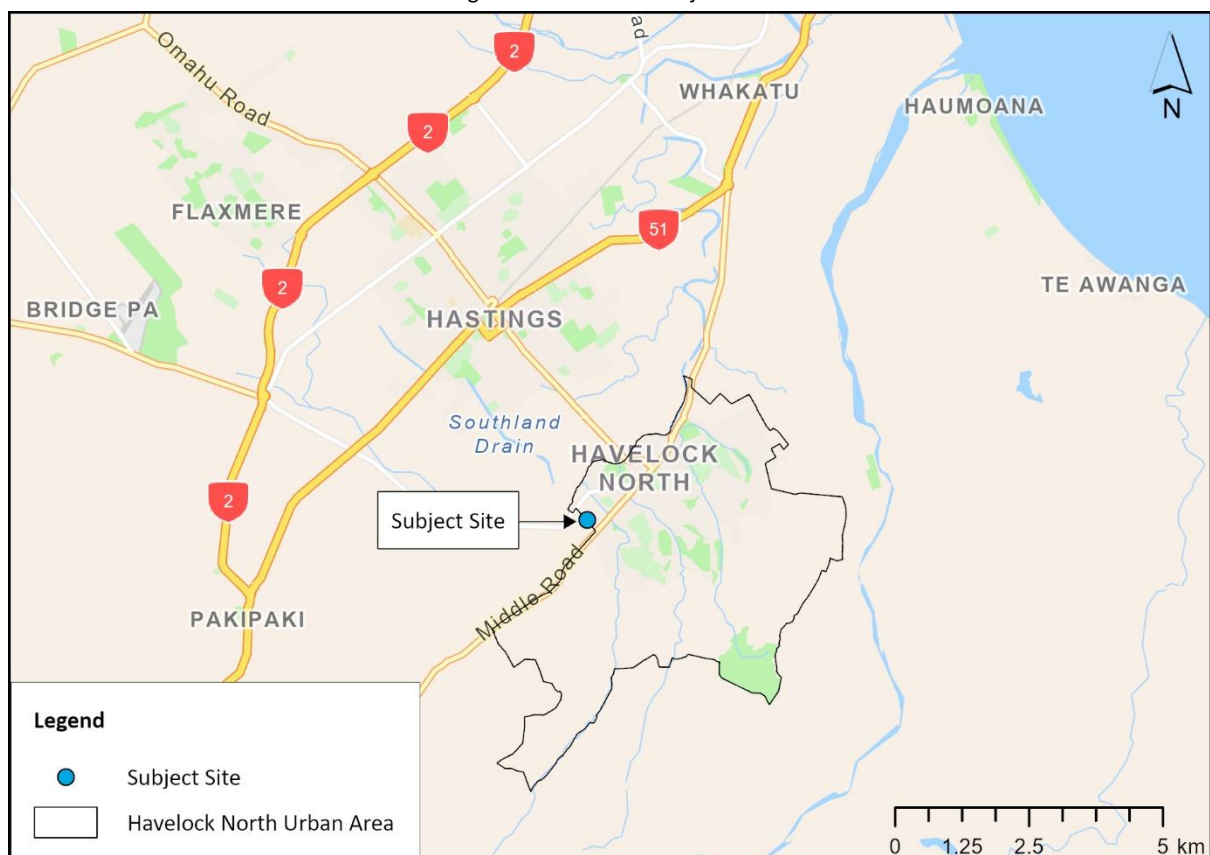
This section describes the subject site, its surrounding environment, and other relevant context.

In short: The site spans approximately 30.6 hectares on the southern edge of Havelock North, about 900 metres from the town centre. It adjoins established residential development on three sides, and around 60 percent already lies within the Havelock North urban area as defined by Stats NZ. Development would result in a contiguous extension of the existing town rather than an isolated greenfield release.

2.1. Site Location and Description

The subject site is located at 92, 108 and 148 Middle Road and 139 Te Aute Road, on the southern edge of Havelock North within the Hastings District. It sits approximately 900 metres south of the Havelock North town centre and occupies a transitional location between the established urban area and the surrounding rural land. The site is bounded by Middle Road to the east, Te Aute Road to the west, established residential neighbourhoods to the north and north-east, a retirement village to the north-west, and rural land and a stream corridor to the south. The site's location is shown in Figure 1 below, together with the current Havelock North urban residential boundary.

Figure 1: Location of Subject Site



The site spans approximately 30.6 hectares across five land parcels and is relatively flat. It is currently used for rural-residential, grazing and orchard purposes and contains four existing dwellings. The land is classified as Land Use Capability (LUC) Class 2 and is zoned Plains Production under the Operative

Hastings District Plan, which does not provide for urban development. Notably, approximately 18.5 hectares of the site (around 60 percent) already lies within the Havelock North urban area as defined by Stats NZ.

2.2. Receiving Environment

The site sits within a mixed urban-rural receiving environment that reflects its position at the edge of Havelock North's existing residential footprint. Figure 2 below provides a satellite view of the site in its immediate receiving environment.

Figure 2: Receiving Environment



As the map above illustrates, established residential neighbourhoods adjoin the site to the north and east, on the town side of Middle Road. These areas are characterised by predominantly low-density detached housing, supported by local schools, reserves, and community facilities, with a retirement village to the north-west.

To the south, the site adjoins rural-residential land that transitions to horticulture, viticulture and grazing further afield, with orchards and vineyards also located beyond the stream corridor to the west. Middle Road forms the site's eastern boundary and provides direct access into the Havelock North town centre a short distance to the north, while Te Aute Road defines the western boundary and connects to the wider rural road network.

3. Development Options

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

In short: The proposal would develop the site into a comprehensively master-planned residential community of approximately 317 dwellings across a range of lot sizes. The counterfactual is continued low-intensity rural use, modelled conservatively as grazing across most of the site plus about 3.1 hectares of productive pipfruit.

3.1. Option 1: Proposal

The proposal seeks to develop the site into a comprehensively planned residential area comprising approximately 317 dwellings. It provides for a range of lot sizes to enable conventional detached housing alongside some medium-density development, with indicative lot sizes ranging from around 300 m² to over 800 m² and the bulk of lots in the 400 to 600 m² range. The subdivision is supported by integrated three waters and transport infrastructure and an open-space network.

The project will be developed in two phases:

- **Phase 1 – Land Development:** CDL will undertake the subdivision, bulk earthworks, infrastructure, roads, stormwater works, reserves, landscaping and creation of the residential lots.
- **Phase 2 – Dwelling Construction:** CDL's build partners and future landowners will construct dwellings and associated site works in accordance with the consent notices applying the relevant Havelock North General Residential Zone or Medium Density Residential Zone provisions.

The final master plan is provided in Figure 3 below, with the subject site outlined in red.

Figure 3: Middle Road Master Plan



3.2. Option 2: Counterfactual

The counterfactual represents the most plausible future use of the subject land in the absence of the proposal, and provides the benchmark against which the proposal's net economic effects are assessed. While we understand that a counterfactual assessment is not strictly required under the FTAA, it is put forward here as an evaluative tool, providing a baseline against which the additional housing, infrastructure and economic activity generated by the proposal can be assessed.

Although the site is predominantly lightly grazed through a grazing agreement intended to maintain the land condition (rather than as a commercial farming arrangement), it is not used exclusively for grazing. One of the properties within the site, with a gross land area of approximately 3.1 hectares, appears to be used for pipfruit (apple and pear) production and includes a dwelling and packing shed. That said, the applicant's Productive Capacity Assessment records only around 2.15 hectares of that property as orchard, which is low-intensity, non-irrigated and showing notable dead and missing trees. To avoid understating the opportunity cost of retaining the land in rural use, the counterfactual reflects this existing horticultural use and, to maximise the counterfactual output, conservatively assumes that the entire 3.1-hectare property is in productive pipfruit at Hawke's Bay average yields, overstating both the area in orchard and its likely productivity. Accordingly, the counterfactual is modelled as a blend of two rural uses:

1. **Grazing (low output):** applied to the balance of the site (approximately 27.5 ha), representing a realistic baseline of ongoing low-intensity pastoral production, drawn from Beef + Lamb New Zealand's Sheep and Beef Farm Survey; and
2. **Pipfruit – apple and pear (high output):** applied to the approximately 3.1-hectare property that appears to be in orchard use, valued at Hawke's Bay average yields.

Grazing reflects the low-intensity pastoral use across the balance of the site, consistent with its rural-residential character. Pipfruit reflects the apparent existing orchard use on (parts of) the 3.1-hectare property. Assuming the whole of that property is in productive pipfruit, including the land occupied by its dwelling and packing shed, deliberately maximises the counterfactual output and therefore provides a generous, upper-bound estimate of the economic value the land could sustain in ongoing rural use.

Taken together, the counterfactual provides a conservative basis for comparison. By assuming productive rural use across the entire gross site area, the assessment adopts a generous view of the rural output that would be forgone. As discussed in Section 5.9, this deliberately overstates the site's realistic productive value, since the gross area includes non-productive land such as the existing dwellings, the stream corridor, setbacks and roading, and therefore ensures that the net benefits of the proposal are not overstated.²

² We also understand from the applicant's Productive Capacity Assessment (sections 10.1.1-10.1.4) that the site is subject to permanent and long-term constraints, including soil wetness and flooding, the lack of any water allocation for irrigation, and reverse sensitivity from adjoining residential activity, which mean that land-based primary production on the site cannot be economically viable for at least 30 years. This reinforces the conservative nature of the counterfactual adopted in this assessment.

3.3. Key Differences

The two options represent materially different uses for the subject land, both in the intensity and nature of economic activity and in their respective contributions to the wider community. Under the counterfactual, the site would continue to support low-intensity rural production, generating modest economic output relative to the land area involved. By contrast, the proposal would transition the site to an intensive, master-planned residential use, generating substantial economic activity during development followed by a permanent increase in the region's residential capacity. These differences provide the basis for the economic assessment that follows, which evaluates the nature, scale, and distribution of effects associated with the proposal relative to any ongoing rural production.

4. Approach to Assessment

This section sets out the analytical framework and methodology used to assess the economic effects of the proposal.

In short: Economic effects are assessed against the counterfactual using multiplier analysis over a 30-year horizon, with results expressed in NPV terms at an 8 percent discount rate. The modelling is deliberately conservative: induced effects are excluded, only 80 percent of direct and indirect impacts are counted, and the value of forgone rural production is maximised.

4.1. Summary of Overall Approach

The economic effects of the proposal are assessed by comparing the proposal against the counterfactual described in the previous section – in which the site continues in low-intensity rural use in the interim. The assessment identifies a range of economic costs and benefits of the proposal relative to that counterfactual, evaluated using a combination of quantified and qualitative methods, reflecting the nature of the effects being assessed. See Table 3 below, which also identifies a set of broader outcomes to which these effects contribute; these are not additional effects and are not counted separately.

Table 3: Summary of Economic Effects by Assessment Approach

Assessment Approach	Economic Effects
Quantitative	Construction activity (one-time impacts)
	Forgone rural production
	Net economic impacts (GDP, employment, wages)
Qualitative	Housing supply contribution
	Housing affordability
	Housing choice and typology mix
	Land market competition
	Economic efficiency of master-planned development
	Investment signal effects
Outcomes	Alignment with Government growth agenda
	Alignment with local and regional strategies
	Acceleration of anticipated benefits

4.2. Approach to Quantitative Analysis

Our assessment uses multiplier analysis to estimate the impacts of the proposal on GDP, employment, and household incomes, relative to the counterfactual. Multiplier analysis utilises the supply chains that comprise an economy, enabling changes in one sector to be traced through to estimate economy-wide impacts, including flow-on (i.e., supply chain) effects. It is particularly well-suited to assessing

construction projects like the proposal, because much of the work is usually subcontracted out, rather than being done by the main contractor, which multiplier analysis is designed to address.³

The analysis adopts a regional framing, with impacts assessed at the Hawke's Bay level. The region is adopted as the assessment scale because it is the smallest area at which impacts can be robustly attributed: construction labour markets and supply chains operate region-wide, and finer-grained attribution would imply a precision the method cannot support. The sub-regional housing market context is addressed separately in Section 9 and **Appendix B**. Official input-output tables are not produced at the regional scale in New Zealand. Accordingly, national multipliers are applied, with a proportion of the resulting impacts attributed to the Hawke's Bay region (see Section 5.2).

Within this framework, the approach is applied to both:

- **One-time effects**, associated with development of the site; and
- **Ongoing effects**, associated with the loss of ongoing rural production.

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

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

While multiplier analysis is widely used in economic impact assessment, it has recognised limitations. In particular, it assumes that businesses use inputs in fixed proportions, does not account for capacity constraints within the economy, and does not capture price effects that may occur in practice. These limitations are acknowledged in this assessment and addressed through a suite of measures, including:

- **Ignoring induced effects**, which are considered the least reliable component of multiplier analysis and are therefore excluded to avoid overstating economic impacts;
- **Scaling direct and indirect effects**, counting only 80 percent of estimated impacts. This is a deliberate margin of conservatism reflecting the recognised limitations of multiplier analysis – including the possibility that some modelled activity would displace, or be moderated by,

³ For context, according to the latest multipliers, for every dollar of GDP generated by the building construction sector, an extra \$2.76 of GDP is generated in the industries supporting it. Similarly, for every FTE directly employed in building construction, an extra 2.82 FTEs are employed in the sectors that comprise its supply chain.

activity elsewhere in the economy through capacity, resourcing or price responses that fixed-proportion, fixed-price models cannot capture. It is not a judgement that delivery of the development itself is at risk; rather, it ensures the modelled flow-on impacts are treated as indicative and not overstated;

- **Using the most up-to-date multipliers**, derived from current official data to ensure the results reflect current economic conditions rather than outdated input-output relationships;
- **Maximising the value of forgone production**, by conservatively assuming that rural activity ceases immediately across the site under the proposal; and
- **Applying conservative construction cost rates**, based on building consent data that is understood to understate true costs, thereby reducing estimated development-related impacts.

This ensures that the resulting impact estimates do not overstate project benefits and instead provide a sound and reliable basis for decision-making. Refer to **Appendix A** for further detail.

4.3. Analysis Horizon & Time Value of Money

Quantified economic effects are estimated over a 30-year horizon, consistent with long-term planning periods. Where appropriate, these are expressed in monetised terms, with all costs and benefits converted to net present values (**NPV**) to account for the time value of money. A discount rate of 8 percent is applied, consistent with the rate commonly used for public sector cost-benefit analysis and infrastructure investment appraisal.⁴

⁴ While there is no prescribed discount rate for economic impact assessments, this assessment adopts a real discount rate of 8%, consistent with the New Zealand Treasury's recommended Social Opportunity Cost of Capital (SOC) discount rate for commercial proposals in cost-benefit analysis. This provides a recognised benchmark for discounting future economic benefits to present values. See: New Zealand Treasury (2024), Public Sector Discount Rates for Cost Benefit Analysis. Available here: www.treasury.govt.nz/publications/guide/soc-public-sector-discount-rate-cost-benefit-analysis

5. Key Inputs & Modelling Assumptions

This section presents the key inputs and assumptions underpinning the quantitative assessment.

In short: Development is assumed to deliver 317 dwellings in five stages over roughly eight years from 2028, at a total estimated cost of approximately \$277 million, with 75 percent of proposal impacts attributed to the Hawke's Bay region. Forgone rural production is valued conservatively by applying grazing and pipfruit output across the entire gross site area, with all impacts accruing to the region.

5.1. Introduction

Inputs have been drawn from project-specific data and complemented with the latest available industry data to fill any gaps. All cost figures are expressed in current (2026) dollars unless otherwise stated. All values reported in tables are calculated from unrounded model outputs and are individually rounded for presentation; as a result, components may not sum exactly to the totals shown.

5.2. Regional Attribution

For the purposes of the regional economic assessment, it is assumed that 75 percent of the total estimated national impacts of the proposal accrue to the Hawke's Bay region.⁵ This is a modelling assumption informed by a high-level understanding of the location of the site, its labour catchment, and the regional concentration of residential construction supply chains. It is intended to provide a reasonable basis for regional attribution rather than represent an empirically derived estimate. By contrast, all economic impacts associated with forgone rural production are assumed to accrue to the Hawke's Bay region.

5.3. Realisation of Economic Impacts

Consistent with the approach described in the previous section, our modelling counts only 80 percent of the estimated direct and indirect impacts of the proposal. This scaling is a conservatism margin addressing the recognised limitations of multiplier analysis, including potential displacement of activity from elsewhere in the economy and the capacity, resourcing and price responses that fixed-proportion, fixed-price models cannot capture, rather than a judgement about the deliverability of the development itself, which Section 9.6 addresses. To ensure a conservative comparison, forgone rural activity is not scaled and is assumed to be fully realised over the modelling period.

5.4. Anticipated Development Yields

The masterplan represents a notional yield of 317 lots. An indicative distribution by lot size is summarised in Table 4.

⁵ The remaining 25 percent of impacts accrue to the rest of New Zealand. These are valid impacts of the proposal but are excluded from the reported results, adding a further layer of conservatism at the regional level.

Table 4: Anticipated Lot Yields by Size

Lot Size	Count of Lots	Share of Lots
300 – 399 m ²	53	17%
400 – 599 m ²	188	59%
≥ 600 m ²	76	24%
Total Lots	317	100%

The lot mix reflects a gradation of density across the site. Around 17 percent of lots are smaller (300 to 399 m²), providing higher-density, more affordable options; the largest share, around 59 percent, falls in the 400 to 599 m² range typical of conventional detached housing; and around 24 percent are larger lots of 600 m² or more, located primarily along the rural interface. This distribution enables a broad range of household types, life stages and price points to be accommodated. For context, this mix implies an average section size of approximately 500 m², compared with an average of around 1,450 m² across Havelock North as a whole. That comparison, and its implications for housing choice, is discussed in Section 9.4.

5.5. Development Staging & Timing

Our modelling assumes that the proposal is delivered over a period of approximately eight years, commencing in 2028. Development begins with a period of scheme finalisation followed by site-wide enabling works, including bulk earthworks, internal roading, trunk three waters infrastructure and utility connections. This initial phase is assumed to take approximately two years, after which staged residential subdivision and construction commence and progressively extend across the site.

For modelling purposes, housing development is consolidated into five grouped stages (1 to 5). Table 5 presents the assumed dwelling yield by stage and construction typology.⁶

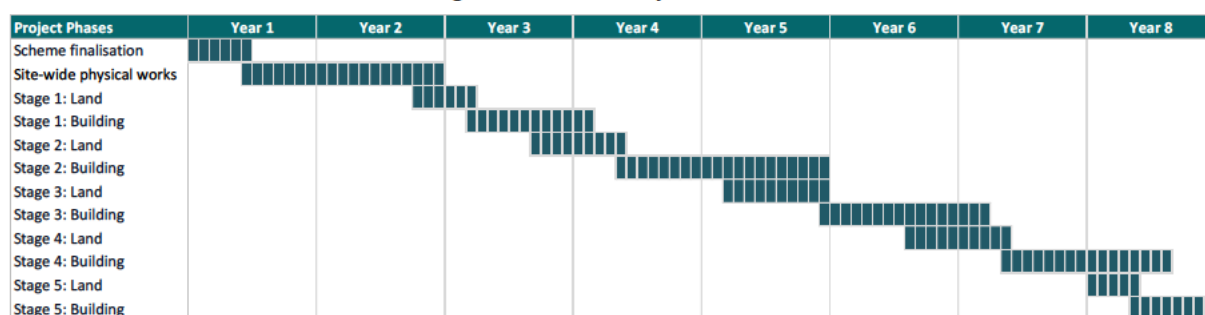
Table 5: Assumed Dwelling Yield by Stage and Typology

Dwelling Typology	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Total
Small stand-alone	5	9	7	7	3	31
Medium stand-alone	20	33	25	27	13	118
Large stand-alone	28	47	36	38	19	168
Totals	53	89	68	72	35	317

Within each of the five grouped stages, land development is assumed to take between five and ten months. Building activity is then assumed to occur over approximately eight to twenty months. Each subsequent stage starts before the previous one finishes, enabling a degree of overlap between stages that ensures a seamless stream of supply over time. Figure 4 illustrates this indicative timeline.

⁶ The small, medium and large typologies used in Table 5 and Table 6 are a construction-cost classification and are distinct from the lot-size bands in Table 4; they are grouped by dwelling scale for the purpose of estimating GFA and build cost, and are modelled as stand-alone dwellings on a per-dwelling cost basis.

Figure 4: Indicative Project Timeline



5.6. Residential GFA & Construction Costs

Building costs are estimated on a per-dwelling basis, differentiated by typology and reflecting conservative unit rates drawn from regional benchmarks.⁷ Table 6 summarises estimated GFA and construction costs by dwelling type.

Table 6: Residential Construction GFA & Costs by Typology

Dwelling Typology	Total GFA (m ²)	Build Cost (\$/m ² GFA)	Construction Cost (\$m)
Small stand-alone	4,650	\$3,650	\$17
Medium stand-alone	20,650	\$3,650	\$75
Large stand-alone	33,600	\$3,650	\$123
Totals	58,900	\$3,650	\$215

Overall, residential construction expenditure across all stages is estimated at approximately \$215 million.

5.7. Other Development Costs

The development requires significant upfront investment in site-wide enabling works before staged construction can commence (approximately \$32 million), together with scheme finalisation costs (approximately \$2 million). Each development stage then requires further detailed design, local civil works, and other stage-related expenditure, comprising approximately \$15 million of staged land development costs and \$13 million of staged building-related costs. These were estimated using project-specific information wherever possible, with gaps informed by benchmarks from comparable New Zealand developments. The full breakdown is summarised in the following section.

5.8. Total Estimated Proposal Cost

Table 7 brings together the estimated total development cost of the proposal based on the information summarised above, which is approximately \$277 million. This expenditure forms the basis for the one-time economic impact assessment presented in Section 6.

⁷ Build costs were based on average values over the two years to May 2026 in the Hawke's Bay region, as reported in building consent data.

Table 7: Summary of Estimated Project Investment

Cost Category	Estimated Cost (\$m)	Share of Cost
Scheme finalisation	\$2.1	0.8%
Site-wide enabling works	\$32.2	11.6%
Staged land development costs	\$15.0	5.4%
Staged building-related costs	\$12.9	4.7%
Residential construction	\$215.0	77.5%
Total estimated project cost	\$277.3	100.0%

5.9. Forgone Rural Production Assumptions

Consistent with the conservative approach taken throughout this assessment, we model continued grazing across the majority of the site, drawn from Beef + Lamb New Zealand's Sheep and Beef Farm Survey,⁸ together with a portion of the site (approximately 3.1 hectares) in high-value pipfruit at Hawke's Bay average yields.⁹

The resulting per-hectare production metrics are summarised in Table 8 and applied across the full gross site area of approximately 30.6 hectares. This deliberately overstates the productive area, and therefore the opportunity cost, as the gross area includes non-productive land that would not be farmed in practice, such as the four existing dwellings and their curtilage, the stream corridor, and land taken up by setbacks and roading. The applicant's Productive Capacity Assessment identifies around 5 hectares of the site (about 16 percent) as having no productive capacity, being occupied by existing residential curtilage and a stormwater infiltration basin under construction for the adjoining Iona development. Of the remaining 25.6 hectares, it records around 19.1 hectares in pastoral grazing and 2.15 hectares in low-intensity, non-irrigated orchard.

Moreover, as lightly grazed rural-residential land, the site is unlikely to be farmed at commercial intensity, so applying full pastoral and horticultural production across the whole area is, in our view, conservative. In addition, the pipfruit assumption treats the entire 3.1-hectare orchard property as productive, including the land occupied by its dwelling and packing shed, which further inflates the counterfactual and ensures the net effects of the proposal are not overstated.

Finally, as noted in Section 3.2, the applicant's Productive Capacity Assessment concludes that permanent and long-term constraints, most notably soil wetness, flooding, and the lack of any water allocation for irrigation, mean that land-based primary production on the site cannot be economically viable for at least 30 years. Modelling full production across the site nonetheless further reinforces the conservatism of this assessment.

The table below summarises the estimated annual per-hectare production for the two rural uses that make up the counterfactual.

⁸ The assumed output of \$1,235 per hectare is based on the Sheep and Beef Farm Survey: Class 5 N.I. Finishing – East Coast 2023-2024 per hectare analysis figure. Available here: beeflambnz.com/industry-data/farm-data-and-industry-production/sheep-beef-farm-survey

⁹ Pipfruit output of approximately \$66,995 per hectare is derived from the Apple and Pear Industry Economic Contribution Review 2024 (MartinJenkins), reflecting total Hawke's Bay orchard revenue of approximately \$490 million across around 7,300 planted hectares.

Table 8: Estimated Rural Production per Hectare by Activity Type

Measure	Grazing	Pipfruit
Gross output (\$)	\$1,235	\$66,995
GDP (\$)	\$405	\$23,055
FTEs	0.002	0.209
Wages & salaries (\$)	\$115	\$12,060

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

This section estimates the one-time economic impacts of the development enabled by the proposal.

In short: Development enabled by the proposal is estimated to support approximately 735 FTE-years of employment, \$44 million in wages (NPV), and \$92 million in GDP (NPV) in the Hawke's Bay region, with more than two-thirds of the impact flowing through supply chains beyond the construction site itself.

6.1. Estimated One-Time Impacts

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

Table 9: Estimated One-Time Regional Economic Impacts by Stage

Employment (FTE-years)	Direct	Indirect	Total
Upfront/Site-wide	35	50	85
Stage 1	30	75	105
Stage 2	55	130	185
Stage 3	40	100	140
Stage 4	45	105	150
Stage 5	20	50	70
Project totals	225	510	735
Wages & Salaries (NPV \$m)	Direct	Indirect	Total
Upfront/Site-wide	\$4	\$4	\$8
Stage 1	\$2	\$5	\$7
Stage 2	\$3	\$8	\$11
Stage 3	\$2	\$6	\$8
Stage 4	\$2	\$5	\$7
Stage 5	\$1	\$2	\$3
Project totals	\$14	\$30	\$44
GDP (NPV \$m)	Direct	Indirect	Total
Upfront/Site-wide	\$7	\$8	\$15
Stage 1	\$5	\$11	\$16
Stage 2	\$7	\$16	\$23
Stage 3	\$5	\$11	\$16
Stage 4	\$5	\$10	\$15
Stage 5	\$2	\$5	\$7
Project totals	\$31	\$61	\$92

The proposal's development is estimated to support approximately 735 FTE-years of employment. This is equal to an average of approximately 92 full-time positions sustained for each year of the eight-year programme. In present value terms, the proposal is estimated to contribute approximately \$44 million in wages and salaries and generate around \$92 million in GDP over the development period.

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

6.2. Top 10 Industries by FTEs Employed

To better understand the likely impacts of the proposal's future development, Table 10 reveals the 10 industries likely to experience the greatest employment boosts. Those top 10 industries account for more than 80 percent of all FTE-years generated by the proposal, with the balance spread across numerous other sectors. As expected for a development of this nature, construction-related sectors lead – building construction and construction services alone account for almost half of the total – followed by professional services, wholesale trade, and a range of manufacturing industries.

Table 10: Top 10 Industries by FTE-years Generated during Development

Industries	FTE-years	Shares
Building Construction	182	25%
Construction Services	151	21%
Professional, Scientific and Technical Services	75	10%
Heavy and Civil Engineering Construction	48	7%
Wholesale Trade	33	4%
Fabricated Metal Product Manufacturing	31	4%
Wood Product Manufacturing	27	4%
Administrative and Support Services	25	3%
Water, Sewerage, Drainage and Waste Services	15	2%
Non-Metallic Mineral Product Manufacturing	14	2%
Top 10 Subtotal	601	82%
All other industries	134	18%
Total all industries	735	100%

7. Future Onsite Economic Activity

This section estimates the ongoing economic activity under both the proposal and the counterfactual, using the inputs and assumptions outlined in Section 5.

In short: The proposal includes no commercial or institutional uses, so its future onsite economic activity is treated as nil. The counterfactual could theoretically sustain about 1.3 FTEs and \$180,000 of GDP per annum, worth approximately 38 FTE-years and \$2.1 million of GDP (NPV) over 30 years.

7.1. Future Activity Under Proposal

Unlike some other master-planned developments, which may include commercial premises, retail space, or institutional uses such as retirement villages, the proposal does not incorporate any activities that would directly generate meaningful ongoing onsite employment or economic output. For the purposes of this section, the future onsite economic activity under the proposal is therefore nil.

7.2. Future Activity Under Counterfactual

Table 11 presents the total estimated annual economic activity that the site could hypothetically sustain under the counterfactual, in which the site continues to be used for rural production.

Table 11: Estimated Annual Production of Counterfactual Activity

Metric	FTEs	Wages	GDP
Direct	0.7	\$40,500	\$82,600
Indirect	0.6	\$47,900	\$97,400
Total	1.3	\$88,400	\$180,000

In short, absent the proposal, the counterfactual could theoretically sustain total annual employment of approximately 1.3 full-time equivalent employees, generate around \$180,000 in GDP, and support wages and salaries of approximately \$88,000, including flow-on effects. The pipfruit component accounts for the large majority of this output, reflecting its far higher productivity per hectare relative to grazing.

The corresponding NPV estimates are summarised in the table below.

Table 12: Counterfactual Production – 30-Year NPV Summary

Metric	FTE-Years	NPV Wages (\$m)	NPV GDP (\$m)
Direct	21	\$0.5	\$0.9
Indirect	17	\$0.5	\$1.1
Total	38	\$1.0	\$2.1

In net present value terms, the counterfactual is estimated to support approximately 38 FTE-years of employment over 30 years, \$2.1 million in GDP and \$1.0 million in wages.

8. Net Quantified Impacts of the Proposal

This section compares the quantified impacts of the proposal to the counterfactual to derive the net impacts of the proposal on GDP, jobs and wages.

In short: The proposal generates net quantified impacts of approximately +\$90 million of GDP and +\$43 million of wages (NPV), and +697 FTE-years of employment, over 30 years. Forgone rural production offsets only around two percent of the construction-phase GDP benefits.

8.1. Net GDP Effects

The table below summarises the estimated impacts of the proposal on GDP, expressed in NPV terms.

Table 13: Summary of Quantified GDP Impacts

Activity	NPV GDP (\$m)
One-time construction activity	\$92
Forgone rural production	-\$2
Proposal net impacts	\$90

Overall, the proposal generates a net positive GDP impact of approximately \$90 million (NPV). Benefits of around \$92 million are entirely driven by construction activity. Quantified costs are modest at approximately \$2 million, reflecting the value of forgone rural production. To put this in perspective, the NPV of forgone GDP is equivalent to only around 2.2 percent of the estimated one-time GDP contribution of the proposal's construction activity, even when assessed over a period of 30 years. Forgone rural production is therefore very small relative to the economic benefits enabled by the proposal.

8.2. Net Employment & Wage Effects

In addition to the GDP effects outlined above, the proposal generates a substantial net increase in employment relative to the counterfactual. Construction of the development is estimated to support approximately 735 FTE-years of employment over the development period. These effects are broad-based, extending beyond the construction sector to include professional services, manufacturing, transport, and other supporting industries.

These gains are partially offset by the loss of employment associated with ongoing rural production, which is estimated to account for approximately 38 FTE-years over a 30-year analysis period, as illustrated in Table 14.

Table 14: Summary of Employment Impacts

Activity	FTE-Years	NPV Wages (\$m)
One-time construction activity	735	\$44
Forgone rural production	-38	-\$1
Proposal net impacts	697	\$43

Overall, the proposal is therefore estimated to generate a net increase of approximately 697 FTE-years of employment, alongside a net increase in wages and salaries of approximately \$43 million (NPV).

8.3. The Role of Highly Productive Land

As discussed in Section 2.1, the subject site is classified LUC Class 2 and is therefore highly productive land for the purposes of the National Policy Statement for Highly Productive Land (**NPS-HPL**). The NPS-HPL requires the full economic cost of losing highly productive land for land-based primary production to be weighed, and clause 3.10(1)(c) directs that this includes not only the tangible value of the production forgone but also its intangible, non-market economic values, such as the land's regulating, cultural and non-use values.

The quantified counterfactual in this section measures the tangible, market value of that forgone production, which is very small and is deliberately overstated by applying full grazing and pipfruit output across the entire gross site area. To test whether the intangible components could alter that conclusion, we have also valued the forgone rural production on a Total Economic Value (**TEV**) basis, following the ecosystem-service framework of Patterson & Cole (2013). Because the counterfactual is dominated by pipfruit, for which market production accounts for almost all (about 99.8 percent) of TEV, capturing the full range of intangible values increases the estimated cost of forgone rural production by less than seven percent. Even on this fuller basis, the forgone rural value remains equivalent to less than 3 percent of the proposal's construction-phase GDP benefit. The TEV assessment is set out in **Appendix C**. This quantified cost should also be read alongside the applicant's Productive Capacity Assessment, which concludes that the site's permanent and long-term constraints mean land-based primary production cannot be economically viable for at least 30 years. On that basis, it is best read as an upper bound.

The economic benefits of enabling development therefore exceed the full economic cost of the forgone primary production, including its intangible components, by a wide margin. The remaining environmental, social and cultural dimensions of the NPS-HPL assessment, and the associated planning tests, are addressed in the applicant's planning and other specialist evidence.

8.4. Interpreting the Quantified Results

One further point assists in reading these results, concerning the distinction between economic impacts and economic benefits. The modelled results are measures of economic activity, not direct measures of economic welfare or wellbeing. Modelled impacts translate into benefits to the extent that the activity is additional, that is, would not otherwise have occurred elsewhere in the economy, and that the resources employed would otherwise have been idle or less productively used. Our deliberately conservative treatment, which excludes induced effects, scales direct and indirect effects to 80 percent, attributes only 75 percent of impacts to Hawke's Bay, and maximises the estimated opportunity cost of forgone rural production, is designed to close that gap.

On that basis, we consider the reported net impacts a reasonable, indicative proxy for the scale of economic benefit the proposal would generate in the Hawke's Bay region, though they should be read as indicative of scale rather than as precise welfare estimates.

While the quantified assessment captures the direct and indirect economic impacts of the proposal within the Hawke's Bay region, a number of additional effects, particularly those relating to housing outcomes and market functioning, are more appropriately assessed on a qualitative basis. These are considered in the following sections.

9. Housing Market Benefits

This section assesses the housing market effects of the proposal.

In short: The proposal would add approximately 317 well-located dwellings, enough to close almost all of the district's identified long-term greenfield shortfall of around 330 dwellings. It would also strengthen land market competition, broaden housing choice with sections around a third of the current Havelock North average, and is advanced by a capable developer with a strong track record of delivery.

9.1. A Significant Boost in Housing Supply, When It Is Needed

The proposal will enable approximately 317 new dwellings within a single, comprehensively master-planned site on the southern edge of Havelock North. Adding ready-to-deliver supply of this scale in an established, high-amenity location directly helps narrow the persistent gap between housing demand and delivery in the Hastings District, improving the responsiveness of the local market and helping to moderate the rate of house-price and rent growth relative to the status quo.

This matters given the entrenched affordability pressures across the district. As set out in **Appendix B** and summarised in Table 15 below, housing in the Hastings District remains stretched: as at Q4 2025 the median home cost around 6.3 times median household income (above the 2004-2025 average of 5.6), it took approximately 8.4 years to save a 20 percent deposit, and mortgage payments absorbed around 36 percent of gross median household income for a new purchaser. First-home buyers in particular continue to face significant barriers to saving a deposit and servicing a mortgage.¹⁰

Table 15: Summary of Cotality Results by Territorial Authority – Hawke's Bay Region

	Value to income ratio		Share of income for repayments		Years to save deposit		Rent to income ratio	
Territorial Authority	Latest (Q4 2025)	Average (2004 - 25)	Latest (Q4 2025)	Average (2004 - 25)	Latest (Q4 2025)	Average (2004 - 25)	Latest (Q4 2025)	Average (2004 - 25)
Napier City	7.4	6.6	43%	41%	9.9	8.8	35%	28%
Hastings District	6.3	5.6	36%	35%	8.4	7.4	28%	24%
Central Hawke's Bay District	5.9	5.3	34%	33%	7.9	7.0	29%	20%
Wairoa District	5.2	6.1	30%	39%	6.9	8.1	27%	19%
National	7.2	6.8	42%	42%	9.6	9.0	28%	26%

Turnover in the existing housing market is also low by historical standards. Figure 5 shows residential dwelling sales as a percentage of total residential stock for the Hastings-Havelock North General Ward.¹¹ On a 12-month rolling basis, turnover currently sits at around 1.3 percent of stock, above the series low of about 1 percent recorded in 2022 and 2023, but well below the levels that prevailed for most of the period before 2008. In our view this reflects both the current point in the interest rate and confidence cycle and a shortage of suitably located and suitably priced homes coming to market. It is

10 Cotality, NZ Housing Affordability Report – Q4 2025 (published March 2026), Hastings District. Available at: www.cotality.com/nz/resources/downloads/housing-affordability-report

11 Ministry of Housing and Urban Development, urban development dashboard, dwelling sales volume as a percentage of total residential stock, Hastings Ward. Available at: huddashboards.shinyapps.io/urban-development/

a measure of activity in the existing housing market rather than of plan-enabled development capacity, which is addressed separately in **Appendix B**.^{12 13}

Figure 5: Hastings-Havelock North General Ward Dwelling Sales Volume as a Percentage of Total Residential Stock



Well-located, deliverable supply of the kind the proposal provides therefore contributes to easing longer-term cost pressures. Absent the proposal, the site would likely remain in low-intensity rural use for the foreseeable future, and the affordability and turnover pressures documented here would receive no relief from this land. The housing market benefit of the proposal is therefore not additional capacity in the abstract; it is deliverable capacity brought to market while the shortage is live.

We note, finally, that the indicators presented here aggregate the Hastings and Havelock North markets. In practice, Havelock North operates as a distinct, high-amenity submarket within the district, in which well-located stock is scarce and prices are materially higher than in Hastings. Many households aspire to live in Havelock North but are unable to find, or afford, a suitable home there and instead settle elsewhere in the district. Additional supply in Havelock North therefore serves demand that the aggregated district-wide figures tend to understate, while also releasing stock elsewhere in the district as households relocate.

9.2. Overall Contribution to Housing Supply

As outlined in **Appendix B**, the Hastings District faces a long-term shortfall of greenfield development capacity. That shortfall sits alongside material latent demand, representing households that would form separately if suitable housing were available.¹⁴ Reliance on intensification to absorb a substantial

¹² This comparison is indicative rather than precise, since current turnover reflects the existing stock changing hands, whereas the capacity enabled by the proposal would be delivered progressively over the build period, subject to the usual consenting, servicing and construction lead times. The turnover data therefore provide market context, rather than implying that enabled capacity converts into sales on a like-for-like or immediate basis.

¹³ We are also mindful of CDL's recent experience at its neighbouring Iona subdivision, where section sales have reportedly been slower than anticipated. In our view, this reflects the current cyclical weakness in demand, with elevated interest rates and subdued buyer confidence tempering transaction volumes across the wider market, rather than an absence of underlying housing need.

¹⁴ According to the latest HBA.

share of future demand introduces further downside risk, given that higher-density delivery is typically more sensitive to feasibility, financing, and market absorption than greenfield subdivision.

Against that backdrop, the proposal's enablement of approximately 317 new dwellings represents a highly significant and timely contribution to local housing supply. On its own, it would address almost the entirety of the district's identified long-term greenfield shortfall of approximately 330 dwellings, a shortfall identified under HDC's adopted capacity position (discussed in **Appendix B**), which enabling this well-located site, immediately adjoining the existing Havelock North urban area, would directly help to address.

The contribution is not, however, limited to dwelling counts. The mix of lot sizes enabled by the proposal materially broadens the range of housing options available within the local market. In particular, the proposal enables smaller, medium-density lots alongside conventional detached dwellings, on sections that are materially smaller than the existing Havelock North stock (further discussed in Section 9.4).¹⁵

9.3. Helping Foster Land Market Competition

In addition to directly boosting dwelling capacity, the proposal will also help to foster competition in the local land market. This is important because, as Objective 2 of the NPS-UD recognises, supporting competitive land and development markets improves housing affordability. When the land market becomes more competitive, land developers have a greater incentive to bring their product to the market in a more timely and cost-effective manner, thus further helping to keep local housing as affordable as possible.

Absent competition, landowners may hold market power, which enables them to charge more for land and be slower in releasing it to the market. Both outcomes conspire against affordability and reduce the overall efficiency of the housing market. By contrast, the release of a large, master-planned development increases contestability by introducing an additional source of supply to the market. This places competitive pressure on other landowners to either advance development, adjust pricing, or bring alternative sites forward. Over time, this dynamic improves the speed and certainty with which land is converted into housing, supporting more responsive supply outcomes.

The economic significance of this goes beyond simply adding inventory. In our view, the active ingredient in a competitive land market is contestability: additional capacity disciplines prices only if it is held by parties who will actually compete to supply. A large, master-planned release of the kind proposed adds a genuine, deliverable source of supply to a market in which developable, well-located greenfield land is scarce, placing competitive pressure on other landowners to advance development, adjust pricing, or bring alternative sites forward. Auckland's upzoning experience illustrates the payoff: empirical work following the 2016 Unitary Plan found tens of thousands of additional consents

¹⁵ Many of the benefits discussed elsewhere in this section, including land market competition, impacts on prices and affordability, and housing choice, stem directly from this supply contribution and are inherently interrelated.

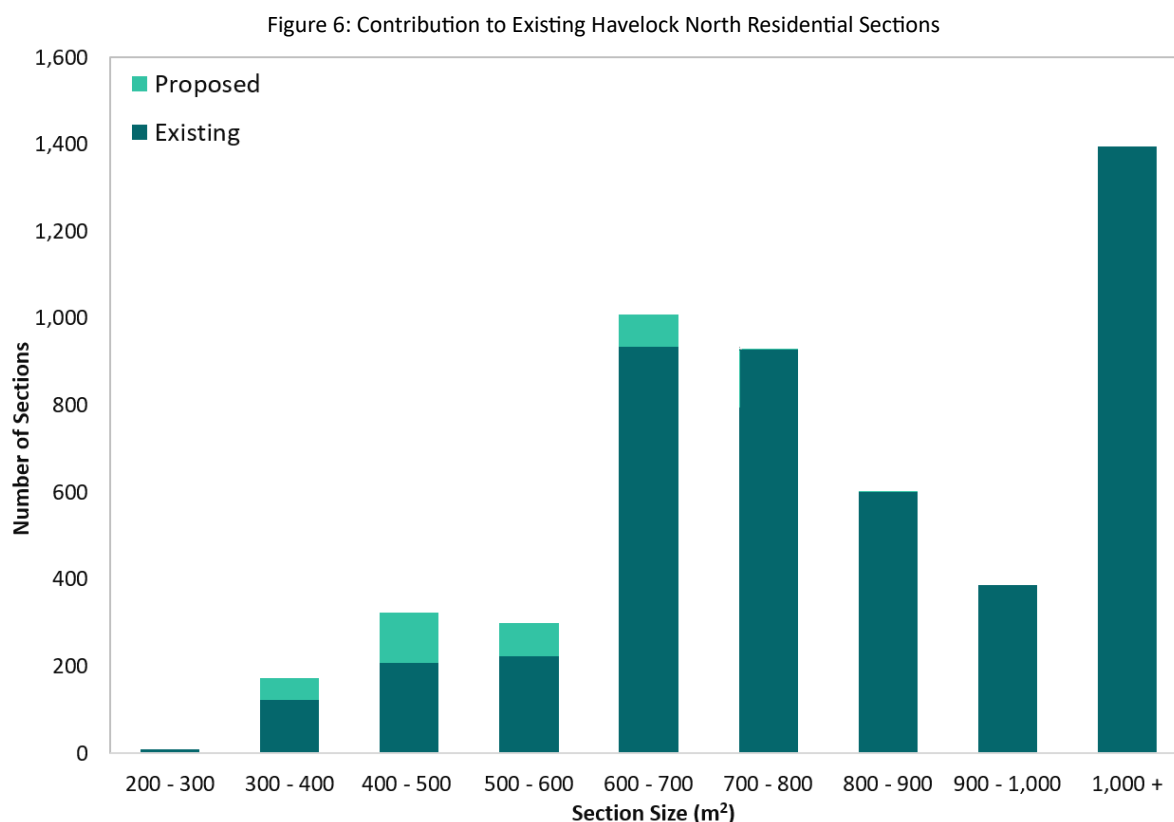
and rents materially lower than they would otherwise have been, evidence that enabling contestable, well-located capacity of the kind the proposal provides delivers more housing at lower cost.¹⁶

These competition effects are also timing-dependent: capacity disciplines land prices only once it is genuinely contestable. Under the counterfactual, the site remains in rural use and outside the contestable urban land supply, exerting no competitive pressure; the proposal brings that discipline forward, applying it while affordability pressures are most acute.

9.4. Catering to a Variety of Needs & Preferences

The proposal provides for a range of residential lot sizes and configurations, which in turn enables a variety of dwellings to be developed on the site over time. This variety supports choice across household structures, life stages, and budget preferences and thereby helps the proposal give effect to Policy 1(a)(i) of the NPS-UD, which requires planning decisions to contribute to well-functioning urban environments that provide a variety of homes to meet the needs of a diverse population.

Importantly, the proposal provides for residential sections that are materially smaller than the existing stock in Havelock North. The average proposed section size is approximately 500 m², compared to an average of around 1,450 m² across Havelock North as a whole. This shift in section-size distribution is illustrated in the figure below, which compares existing sections with those enabled by the proposal.¹⁷



16 Greenaway-McGrevey, R. and Phillips, P.C.B. (2023). The impact of upzoning on housing construction in Auckland. *Journal of Urban Economics*; Greenaway-McGrevey, R. and So, Y. (2024). Can zoning reform reduce housing costs? Evidence from rents in Auckland. *Economic Policy Centre, University of Auckland Working Paper*. For a review, see Donovan & Maltman (2025).

17 Based on Havelock North residential section size data as reported in Cotality's Property Guru database.

The economic relevance of this typology mix extends beyond price point. Higher-density product of the kind proposed provides a credible downsizing option for older households who wish to remain in the community, close to established social networks, services, and family, but who no longer require, or wish to maintain, a large, detached dwelling and section.

It similarly provides an option for younger professionals and dual-income households who may place a higher weight on access to amenity, recreation, and public facilities than on private outdoor space. In a market currently dominated by large, detached sections, the absence of these intermediate typologies effectively forces these groups to either over-consume housing or leave the area.

The proposal therefore contributes not only to overall supply, but to supply that better matches the composition of underlying demand.

9.5. Helping Foster Well-Functioning Urban Environments

Master-planned communities like those enabled by the proposal provide a strategic and coordinated approach to urban growth, delivering superior economic and social benefits compared to the alternative (of fragmented, ad-hoc development). For example, master-planned developments:

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

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

- **Prioritising walkability and accessibility:** Integrated transport networks encourage active transport, reducing car dependency and promoting healthier lifestyles.
- **Enhancing safety through CPTED principles:** Thoughtful urban design improves visibility, deters crime, and promotes secure public spaces.
- **Expanding local amenity and household choice:** coordinated master-planned development supports the timely provision of local reserves, open space and connections, and locates new households close to Havelock North's existing schools, shops and services.

Finally, unlike fragmented, ad hoc development, which characterises much of the remaining rural-residential land around Havelock North's fringes, master-planned communities:

- **Prevent inconsistent urban form:** Coordinated development ensures a seamless integration of infrastructure, housing, and amenities.

- **Avoid land banking:** Large-scale projects encourage timely development, addressing housing and infrastructure needs efficiently.
- **Reduce reliance on external infrastructure:** Self-sufficient communities alleviate pressure on existing networks, supporting sustainable urban expansion.

In these respects the proposal directly advances the NPS-UD's Policy 1 conception of a well-functioning urban environment – one that enables a variety of homes meeting the needs of different households by type, price and location, supports the competitive operation of land and development markets, and is well-integrated with infrastructure.

9.6. Feasibility and Delivery of Enabled Capacity

In our view, it is important to consider whether nominally enabled housing capacity actually translates into completed homes in a timely manner. Plan-enabled capacity only contributes to a well-functioning urban environment if it is genuinely deliverable, and in practice a material share of greenfield capacity is held in fragmented, passive or capital-constrained ownership that is unlikely to develop within any relevant timeframe. Owner capability and intent are therefore decisive: a proposal advanced by a capable party with genuine intent to deliver at pace and scale is worth far more, in realisable-supply terms, than the same nominal capacity attributed to owners who will not execute.

The same distinction applies to how uptake of zoned land should be read. A multi-year stock of zoned capacity is drawn down by an annual flow of construction, so a low rate of uptake over a short period measures the pace at which capacity is converting into completed homes rather than showing that the capacity is surplus to requirements. The partner councils' own monitoring records 117 new greenfield dwellings consented across Napier and Hastings in the year to the end of 2024, being less than 9 percent of the available zoned and developing subdivision capacity, while also finding that current dwelling construction rates are not sufficient to meet both growth and the demand backlog.¹⁸

The proposal is being advanced by CDL Land New Zealand Limited, an established residential developer with a demonstrated track record of delivering master-planned communities. CDL is progressing other residential projects in Havelock North, including the neighbouring Iona development and the nearby Arataki project, and its parent, CDL Investments New Zealand Limited, is one of the country's largest listed residential land developers, with subdivisions across multiple regions. This is precisely the capability, scale and genuine delivery intent that distinguishes real supply from paper capacity, and it materially increases the likelihood that the capacity enabled by the proposal will translate into completed homes in a timely and coordinated manner. We also understand from the applicant that its ownership of the site is subject to consent under the Overseas Investment Act 2005, which carries conditions requiring the development to be given effect within defined timeframes. While the terms of that consent are a matter for the applicant and its legal advisers, an obligation of that kind adds a regulatory incentive, over and above the ordinary commercial one, to develop the land promptly rather than to hold it undeveloped.

¹⁸ Napier City, Hastings District and Hawke's Bay Regional Councils, Hastings & Napier Urban Area Housing and Business Market Indicator Monitoring Report, 2024 Report (published April 2025), paragraphs 7.7 and 7.10.

The applicant's preparedness to commit capital, design and consenting effort, and up-front infrastructure investment at risk further strengthens this point. The proposal provides integrated three waters and transport infrastructure delivered as part of a single coordinated development, rather than relying on incremental, piecemeal provision.

Taken together, these factors give a high degree of confidence that the capacity enabled by the proposal will convert into completed dwellings – and will do so on the accelerated timeline that underpins this assessment – supporting the NPS-UD objective of providing housing capacity that is feasible, contestable and responsive to demand.

9.7. The Role & Importance of Housing

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

These considerations are relevant to how the economic evidence in this assessment should be interpreted. The discussion presented above, of supply contributions, efficiency gains, price-moderation effects, and market competition, captures the proposal's housing market benefits in terms that are easily describable. But those metrics are ultimately proxies for something more fundamental: whether more people will have access to a range of safe, secure, and fit-for-purpose homes due to the proposal. In our view, the proposal makes a material contribution to that outcome.

These wellbeing stakes are why the economic framing of housing supply matters. New Zealand's planning framework requires high-growth councils to enable "at least sufficient" development capacity to meet demand, plus a competitiveness margin. In our view, however, sufficiency is a floor, not a ceiling – yet it is routinely treated as a target. In growing, supply-constrained markets, having just enough capacity "on paper" may not be enough in practice: plan-enabled capacity can be over-counted relative to what is actually delivered, latent demand is often understated because high housing costs suppress household formation, and point-estimate "surpluses" create false confidence.¹⁹

A well-functioning market needs more than a narrow arithmetic surplus; it needs capacity that is genuinely contestable, deliverable, and spread across willing, capable suppliers. That is the lens through which the proposal's housing benefits should be read: it brings forward a well-located, master-planned supply, advanced by a capable developer with a demonstrated track record – precisely the kind of capacity the economic case supports enabling.

¹⁹ This is a general observation about capacity accounting rather than a criticism of any particular council's assessment; its relevance here is that capacity quality (i.e., deliverability, contestability, and spread across willing suppliers) matters alongside capacity quantity.

10. Other Long-term Impacts

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

In short: The proposal aligns strongly with the Government's Going for Growth agenda and with local and regional growth strategies, while the investment itself signals confidence in the region's medium-to long-term economic outlook.

10.1. Alignment with Government Growth Agenda

The Going for Growth agenda, launched by the New Zealand Government in early 2025, outlines a long-term strategy for lifting national productivity and living standards. It is built around five interrelated pillars: developing talent; building competitive business settings; promoting trade and investment; driving innovation, science and technology; and investing in infrastructure for growth. The proposal aligns well with several of these priorities:²⁰

- **Developing Talent:** construction of the circa 317 dwellings and supporting infrastructure will generate approximately 735 FTE-years of employment over the eight-year development period, creating opportunities for apprentices, tradespeople and professionals and helping to sustain and develop the local labour force.
- **Building Competitive Business Settings:** By bringing a large supply of new dwellings to market, the proposal will foster greater competition in the land and housing markets, directly supporting the efficiency objectives of the NPS-UD.
- **Promoting Trade and Investment:** the development represents a major private-sector investment of approximately \$277 million, which signals confidence in the local economy and strengthens its attractiveness as a destination for further domestic and international investment.
- **Driving Innovation, Science and Technology:** The master-planned design of the development incorporates integrated transport networks, ecological enhancement, and sustainable infrastructure solutions. These reflect best-practice urban design and infrastructure planning, providing a model for future growth in the region and beyond.
- **Investing in Infrastructure for Growth:** The proposal includes significant investment in essential infrastructure such as stormwater management, wastewater treatment capacity, and supporting roads, cycling, and pedestrian networks. These upgrades will not only service the development itself but also strengthen the resilience and efficiency of the wider urban system.

10.2. Alignment with Local and Regional Strategies

The subject site occupies a transitional location on the southern edge of Havelock North's existing urban footprint and adjoins established residential neighbourhoods to the north, east, and west.

²⁰ These alignments are presented to assist the Panel's assessment of strategic fit; they are outcomes of the effects already described in Sections 6-9 rather than additional impacts, and are not additive to the quantified results.

Around 60 percent of the site (approximately 18.5 hectares) already lies within the Havelock North urban area as defined by Stats NZ. Development of the site would therefore represent a logical, contiguous extension of the existing urban area rather than a detached or isolated greenfield release.

The site also has a long-standing history of being identified for urban growth. Under the former Heretaunga Plains Urban Development Strategy, the Middle Road land was identified, in part, as a Reserve residential growth area. More recently, the recommendations on the Napier-Hastings Future Development Strategy (FDS) included the site as a potential growth area at the southern edge of Havelock North, with the supporting technical analysis considering it suitable for future urban development given its proximity to the Iona Special Character Zone and existing infrastructure corridors. While the FDS as adopted by Hastings District Council and Hawkes Bay Regional Council (but not Napier City Council) did not ultimately include the site, its repeated identification through successive strategies confirms that urban development here is consistent with the long-anticipated growth direction for Havelock North. The background to its treatment in the *adopted* FDS is set out in **Appendix B**.

The proposal's integration with the urban area is reinforced by its position adjoining established neighbourhoods and the nearby Iona Special Character Zone. Rather than extending the urban edge into open countryside, the proposal largely infills and rounds out land that is already substantially enclosed by the existing town, enabling coordinated infrastructure provision and improved connectivity between neighbourhoods.

From an urban economics perspective, development in locations contiguous with the existing urban area is generally more efficient than dispersed growth. Such locations allow new households to access established infrastructure networks, community facilities, employment centres, and retail services with minimal additional travel distances. They also support more efficient utilisation of existing public and private infrastructure investment.

Accordingly, the proposal is well positioned to function as an integrated extension of Havelock North's urban area. Rather than creating a new isolated settlement, it reinforces an identified growth direction and contributes to the orderly and coordinated expansion of the town's residential footprint.

10.3. Investment Signal Effects

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

Such signalling effects are particularly relevant in sectors characterised by high upfront costs and long payback periods, where investment decisions are sensitive to perceptions of risk and uncertainty. The establishment of a significant new development can help reduce perceived market risk by demonstrating that funding, consenting, and delivery barriers can be successfully navigated in the region. Over time, this can help bring forward or unlock complementary investment, including associated residential, commercial, or service-based development, as well as supporting infrastructure.

11. Project Acceleration

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

In short: No alternative consenting pathway could plausibly deliver the development on a comparable timeframe. The FTAA materially accelerates construction, bringing forward the one-off construction stimulus and the proposal's wider housing and economic benefits.

11.1. Timing of Economic Benefits

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

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

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

The value of this acceleration is amplified by current economic conditions. With the regional and national economies subdued, bringing forward approximately \$277 million of investment would provide a timely counter-cyclical stimulus, supporting construction-sector employment and incomes at a time when spare capacity is available to absorb it. Deployed now, that investment is less likely to crowd out other activity than it would be in a capacity-constrained market, and its benefits arrive when they are most valuable.

12. Summary and Conclusion

In short: The proposal's benefits clearly and substantially outweigh its modest costs, generating net impacts of approximately +\$90 million of GDP (NPV) and +697 FTE-years of employment over 30 years, alongside significant housing market benefits. We support the proposal on economic grounds.

This assessment has considered the full range of economic effects associated with the proposal, relative to a counterfactual in which the site continues to support rural production.

From a quantitative perspective, the proposal generates a substantial net positive economic impact, including approximately \$90 million in GDP (NPV) and a net increase of around 697 FTE-years of employment. While the proposal results in the loss of some existing rural production, these effects are estimated to be very modest in scale.

Table 16: Summary of Quantified Costs and Benefits (Hawke's Bay Region, Scaled, NPV \$m)

Activity	FTE-Years	NPV Wages (\$m)	NPV GDP (\$m)
One-time construction activity	735	\$44	\$92
Forgone rural production	-38	-\$1	-\$2
Proposal net impacts	697	\$43	\$90

Importantly, the quantified results do not fully capture the proposal's broader economic contribution. Beyond the quantified benefits, the proposal:

- provides a significant and genuinely deliverable increase in the district's housing supply, sufficient on its own to address almost all of the identified long-term greenfield shortfall, advanced by a capable developer with the track record to convert enabled capacity into completed homes;
- strengthens competition and contestability in a land market in which developable, well-located greenfield land is scarce;
- makes efficient use of infrastructure through a coordinated, master-planned approach on land largely enclosed by the existing town; and
- improves housing choice and affordability outcomes over time.

Taking these factors together, we consider that the proposal delivers significant regional economic benefits that clearly and substantially outweigh the identified costs, and we support it on economic grounds.

13. Appendix A: About Multiplier Analysis

13.1. Introduction

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

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

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

13.2. Example

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

13.3. Types of Effects Estimated

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

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

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

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

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

13.4. Importance for Assessing Construction Projects

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

For context, according to the latest multipliers, for every dollar of GDP generated by the building construction sector, an extra \$2.76 of GDP is generated in the industries supporting it.²¹ Similarly, for every FTE directly employed in building construction, an extra 2.82 FTEs are employed in the sectors that comprise its supply chain. Accordingly, multiplier analysis is critical to capturing the overall effects of economic activity enabled (or forgone) by large-scale development proposals.

13.5. Multiplier Analysis Limitations & Mitigation Strategy

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

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

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

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

²¹ As measured by the indirect effect, i.e., excluding induced effects.

values we consider implausibly high for a regional economy over the longer run, so we exclude induced effects entirely in our assessments.

Strategy 2: Scaling direct & indirect effects: We count only 80 percent of the estimated direct and indirect impacts. This scaling provides a margin of conservatism against the limitations described above – particularly the potential for displacement of activity from elsewhere in the economy, and for capacity, resourcing and price responses to moderate realised impacts in ways fixed-proportion models cannot capture. It reflects the indicative nature of multiplier-based estimates rather than any site-specific deliverability concern.

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

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

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

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

14. Appendix B: Housing Market Context

14.1. Housing Market Indicators

Despite a recent cyclical downturn, dwelling prices in the district remain stubbornly high relative to household incomes and continue to present barriers to home ownership for many residents. This is illustrated in Figure 7 below, which charts the quarterly median prices of residential dwellings across the Hastings district using data published under the NPS-UD.²²

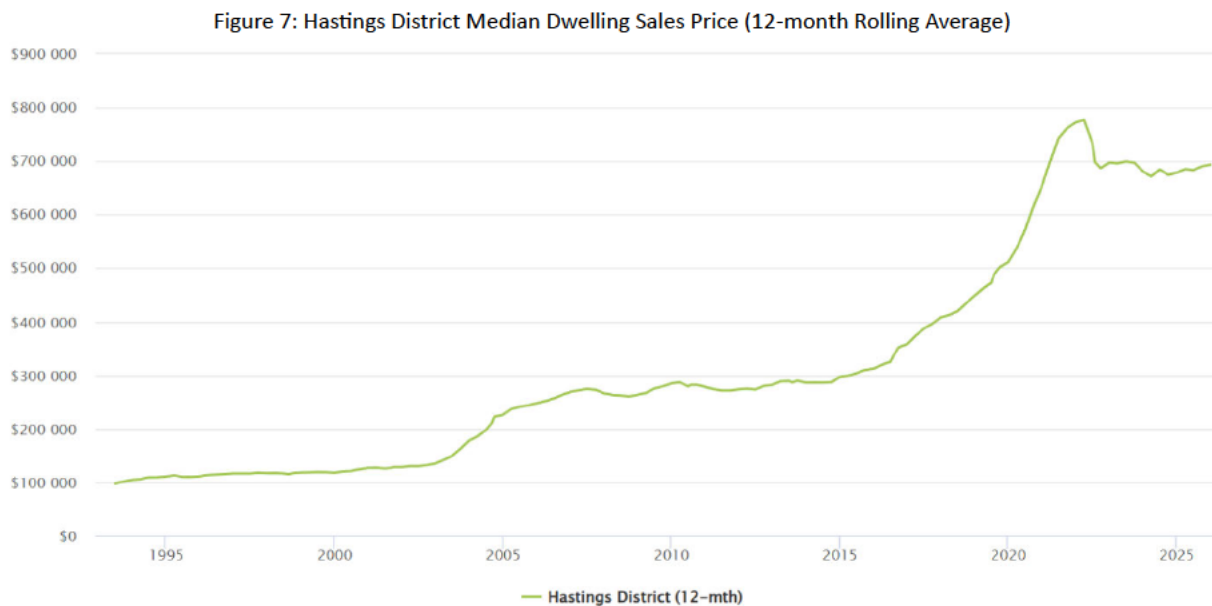


Figure 7 shows that the median dwelling sales price has risen significantly over the past decade, increasing from \$321,000 in March 2016 to \$677,000 by March 2026, an increase of nearly \$360,000 in just 10 years. This equals a compound annual growth rate (CAGR) of 7.7 percent, which substantially outpaces income growth over the same period.

In fact, median dwelling prices across the region have also increased significantly over the past decade. Table 17 provides further detail on long-run price trends for each of the region's territorial authorities.²³

Table 17: 12-month Rolling Average Median Dwelling Sales Price Summary by Territorial Authority

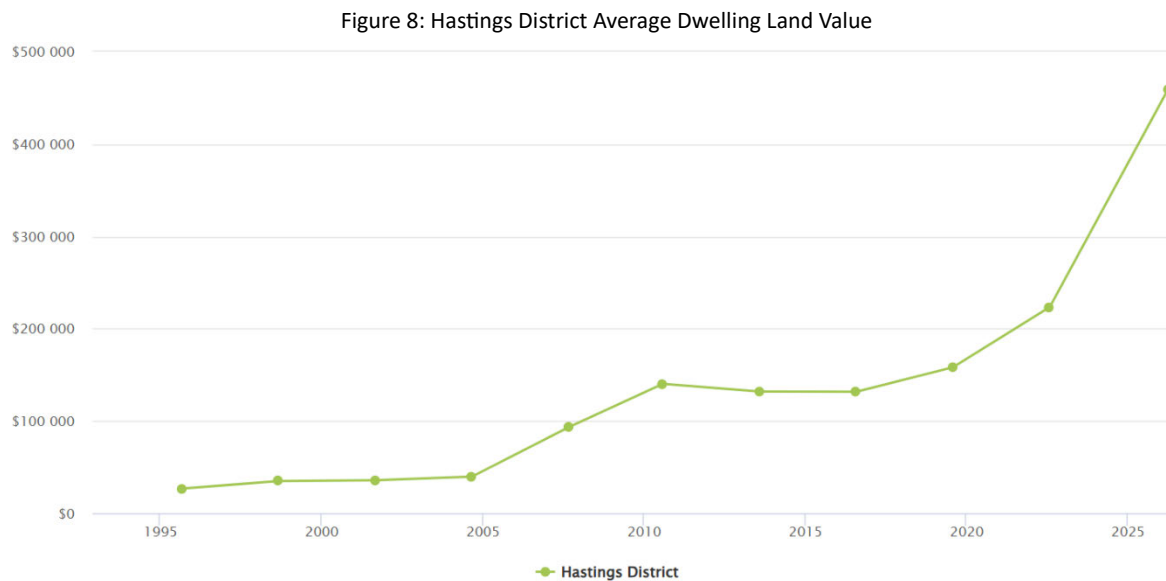
Territorial Authority	2016	2026	Change	CAGR
Napier City	\$329,000	\$683,000	\$354,000	7.6%
Hastings District	\$321,000	\$677,000	\$356,000	7.7%
Central Hawke's Bay District	\$204,000	\$620,000	\$416,000	11.8%
Wairoa District	\$106,000	\$330,000	\$224,000	12.0%

The ongoing increases in dwelling prices reflect strong underlying land value inflation, with values in the local housing market more than tripling in less than a decade, from approximately \$131,700 in July

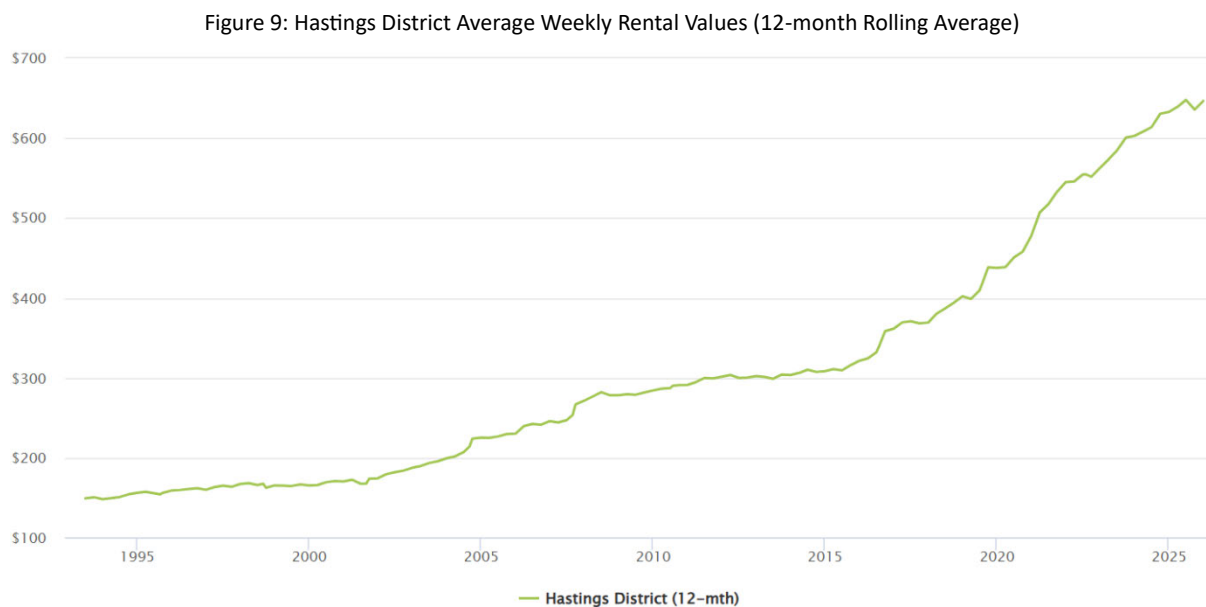
²² Available here: <https://huddashboards.shinyapps.io/urban-development/>

²³ Excluding the parts of Taupo and Rangitikei district that intersect with the regional boundary.

2016 to \$459,000 in March 2026 (a CAGR of 13.8%). Figure 8 plots the trend over time since the mid-1990s.



Weekly rents have also grown steadily, increasing from approximately \$315 in December 2015 to more than \$660 by December 2025, a CAGR of around 7.7 percent.



14.2. Housing Affordability

With dwelling prices increasing far quicker than household incomes for most of the past 30 years, housing in the district has become increasingly unaffordable. According to Cotality's latest housing affordability report, it now takes around 8.4 years to save the deposit on an average-valued home in the district, with approximately 36 percent of gross earnings required thereafter to service the mortgage. The district's value-to-income ratio currently sits at 6.3, above the long-term average of 5.6. Rental affordability has remained comparatively stable, with rents accounting for around 28

percent of household income. Table 18 summarises these metrics for the Hastings District and the other territorial authorities within the Hawke's Bay region.²⁴²⁵

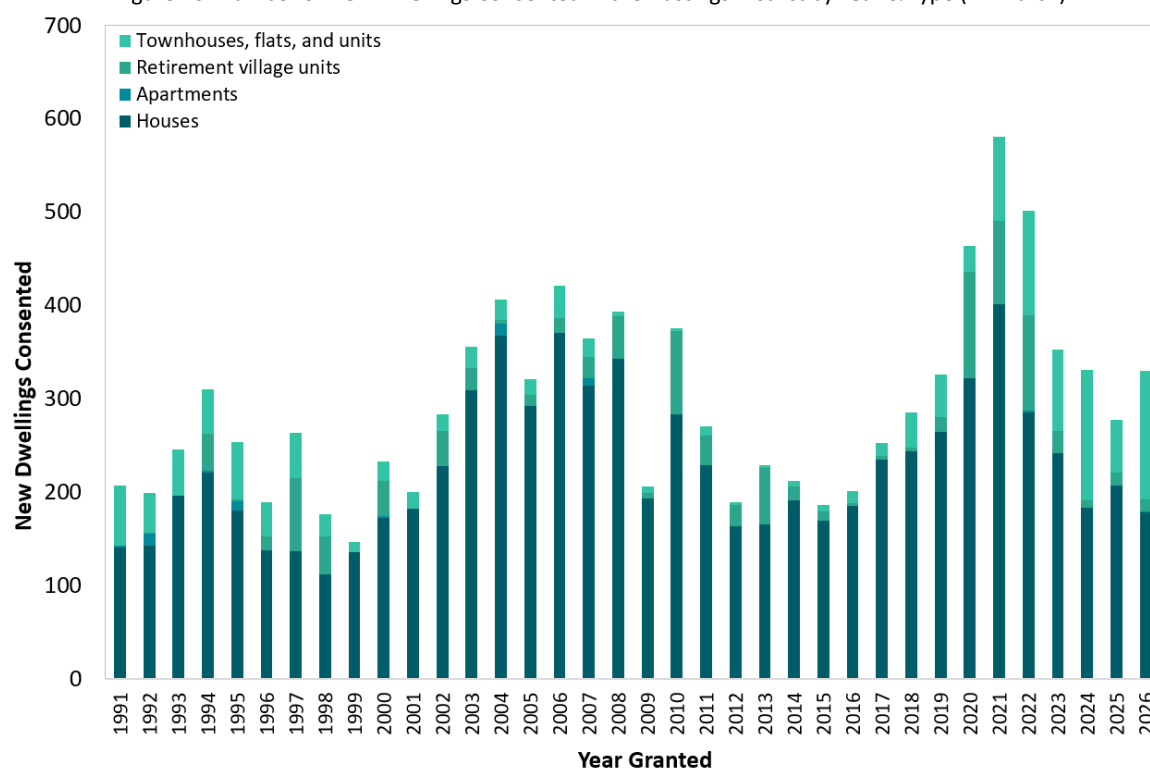
Table 18: Summary of Cotality Results by Territorial Authority

	Value to income ratio		Share of income for repayments		Years to save deposit		Rent to income ratio	
Territorial Authority	Latest (Q4 2025)	Average (2004 - 25)	Latest (Q4 2025)	Average (2004 - 25)	Latest (Q4 2025)	Average (2004 - 25)	Latest (Q4 2025)	Average (2004 - 25)
Napier City	7.4	6.6	43%	41%	9.9	8.8	35%	28%
Hastings District	6.3	5.6	36%	35%	8.4	7.4	28%	24%
Central Hawke's Bay District	5.9	5.3	34%	33%	7.9	7.0	29%	20%
Wairoa District	5.2	6.1	30%	39%	6.9	8.1	27%	19%
National	7.2	6.8	42%	42%	9.6	9.0	28%	26%

14.3. Building Consent Trends

We used building consent data to analyse trends in the number, types, and sizes of new dwellings consented in the district since 1991. To begin, Figure 10 plots the number of new dwellings consented by calendar year and dwelling type. It reveals that consent volumes have tended to move in cycles (like the national and regional property markets). However, the number of new dwellings consented has remained relatively high since about 2018. Between 2018 and 2026, 385 new dwellings have been consented annually on average, approximately 42 percent higher than the average consented annually during the 20 years prior (i.e., from 1998-2017).

Figure 10: Number of New Dwellings Consented in the Hastings District by Year & Type (YE March)



24 Available here: www.cotality.com/nz/resources/downloads/housing-affordability-report

25 Excluding the parts of Taupo and Rangitikei district that intersect with the regional boundary.

The data also indicates that, despite a decline in the average floorspace of new dwellings and a shift towards smaller typologies such as townhouses, standalone homes remain the most popular typology by far, accounting for more than three quarters of all new dwellings consented in the district since 1991.

14.4. Housing Capacity vs Demand

The Napier-Hastings urban environment is identified as a Tier 2 urban environment under the NPS-UD. Hastings District Council (HDC) is therefore a Tier 2 territorial authority for the purposes of the NPS-UD.

Under Policy 2 and clause 3.2 of the NPS-UD, Tier 1, 2 and 3 local authorities must, at all times, provide at least sufficient development capacity to meet expected demand for housing in the short, medium and long term. For Tier 2 authorities, this obligation includes ensuring that development capacity is plan-enabled, infrastructure-ready, and feasible and reasonably expected to be realised.

Tier 2 local authorities are also required to prepare a Housing and Business Development Capacity Assessment (HBA) and a Future Development Strategy (FDS) to inform long-term planning and infrastructure decisions. The adopted *Napier Hastings Future Development Strategy 2025-2054* and associated HBA²⁶ therefore provide the relevant policy and evidential context for assessing whether sufficient residential development capacity exists within Hastings District.

Against that framework, the following section considers the residential capacity and sufficiency position for Hastings District.

Need for Additional Housing

The adopted FDS identifies a requirement for 9,620 additional dwellings in Hastings District over the 30-year period. Across Napier and Hastings combined, projected demand totals 16,320 dwellings.

The FDS records differing partner council positions in relation to several new residential greenfield development areas. The demand and supply estimates throughout the document use the Napier City Council decision as the base position, under which Hastings has a theoretical surplus of development capacity over the long term.

However, HDC adopted a different position in relation to three sites. In particular, HDC excluded Wall Road (H5) and two Middle Road sites (HN3a and HN3b) as new residential greenfield development areas.

The capacity figures that follow are the Council's own. On the greenfield side they include the zoned and consented capacity within Havelock North, being Brookvale Road, Iona, the Arataki Road extension and the Oderings site, each of which is recorded in the FDS and each of which forms part of the 4,820 dwellings of greenfield capacity from which the position below is derived. The greenfield shortfall identified below therefore arises after that capacity is counted. Capacity that is not yet

²⁶ Both available here: <https://www.hastingsdc.govt.nz/hastingsnapierfuturedevelopment/>

approved is not counted, consistent with the NPS-UD's treatment of development capacity as capacity that is plan-enabled, infrastructure-ready, feasible and reasonably expected to be realised.²⁷

When the HDC position is applied, the residential capacity and sufficiency position for Hastings District is as set out in Table 19 below.

Table 19: Hastings District Residential Capacity and Sufficiency Estimates

Measure	Dwellings
Total intensification capacity ²⁸	5,840
Total greenfield capacity ²⁹	4,070
Total intensification demand: 40% short term – 60% long term	5,220
Intensification sufficiency	620
Total greenfield demand: 60% short term – 40% long term	4,400
Greenfield sufficiency	-330

On that basis, Hastings exhibits a shortfall of approximately 330 dwellings in greenfield development capacity over the long term. Although the intensification component shows a nominal surplus of around 620 dwellings, so that the district's combined position is a small notional surplus, that combined figure should be read with three further qualifications, both of which erode it:

First, the FDS assumes that a substantial share of future demand will be met through intensification within the existing urban area. While this shift toward a more compact urban form is supported strategically, the delivery of higher-density housing is typically more sensitive to feasibility, financing, market absorption, and landowner behaviour than conventional greenfield subdivision. Not all theoretical intensification capacity will necessarily be realised within the required timeframe.

Second, the HBA identifies latent demand in Hastings of between 620 and 1,065 dwellings. This represents households who would form separately if suitable housing were available but are currently living in shared arrangements. This demand sits over and above projected population growth and is not fully reflected in the headline demand figures.

Third, and more fundamentally, netting the two components against one another assumes that intensification capacity and greenfield capacity are substitutes, which in economic terms they are not. They deliver different products, in different locations, at different price points and to different buyers: the intensification surplus is largely attached and infill typologies within the existing urban area, whereas the greenfield shortfall falls on standalone dwellings, which have accounted for more than three quarters of all new dwellings consented in the district since 1991. Clause 3.2(1) of the NPS-UD reflects that distinction, requiring sufficient development capacity in existing and new urban areas,

27 This includes the Brookvale Green proposal, which has been lodged under the FTAA but not yet determined. Counting an undetermined application as committed supply would also be circular in this context, since it would require the proposal assessed in this report to be counted on the same basis.

28 Redevelopment / infill within the existing urban area.

29 Excluding Middle and Wall Road. Calculated as 4,820 dwellings less 110 dwellings at Wall Road and 640 dwellings at Middle Road.

for both standalone and attached dwellings, and in each of the short, medium and long term. For a tier 2 authority, clause 3.2(2)(d) further requires that capacity meet expected demand plus the appropriate competitiveness margin, and the demand figures in Table 19 already include that margin, so the shortfall is measured against that standard rather than against bare demand. Whether the Council's position satisfies those requirements is a planning matter beyond the scope of this assessment. What the economics indicate is that the district's headline surplus overstates the capacity genuinely available to meet demand for standalone housing in new urban areas, which is the demand the proposal responds to.

In this context, the availability of deliverable greenfield land becomes increasingly important. Where intensification uptake is slower than anticipated, or where latent demand materialises more strongly, reliance on a constrained greenfield supply risks upward pressure on land prices and a reduction in market responsiveness.

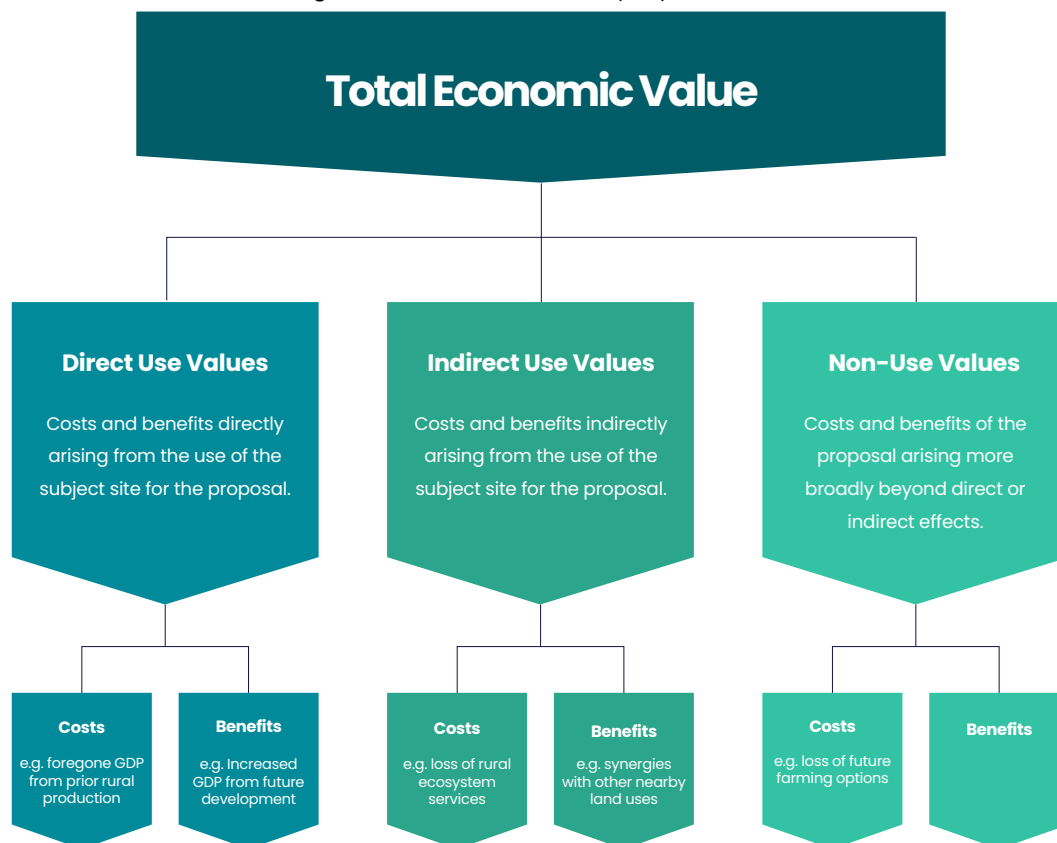
15. Appendix C: Total Economic Value

This appendix assesses the economic implications of removing the subject site from rural production, including the intangible, non-market economic costs that clause 3.10(1)(c) of the NPS-HPL directs be considered. It complements the quantified counterfactual in Section 7 by valuing the forgone rural production on a Total Economic Value (TEV) basis.

15.1. Introduction to the TEV Framework

This assessment adopts the TEV framework, which has been widely used in environmental economics since the 1980s to capture the full spectrum of economic values associated with a natural resource, not just those that are readily traded in markets. While the exact structure of the framework varies between studies, its key components are shown in Figure 11.

Figure 11: Total Economic Value (TEV) Framework



In the TEV framework, economic value is divided into values arising from both the use and non-use of a resource, including possible future use (known as option value). Use values are subdivided into those that flow directly from use, such as food production, and those that flow indirectly, such as the effect of land management on air or water quality. Non-use values include the benefit people gain from knowing a resource exists (existence value), and from preserving it for others now (altruism) and in the future (bequest).

Patterson & Cole (2013)³⁰ apply this framework to 12 land-based ecosystems in New Zealand to quantify the economic value each provides, splitting use values into provisioning, regulating, cultural and supporting services. Supporting services are usually excluded from TEV totals to avoid double-counting. The resulting estimates are summarised in Table 20.

Table 20: TEV of Land-Based Ecosystems from Patterson & Cole (2013) (\$2012 million)

Ecosystem type	Use value				Passive value	Gross value ³¹	Net value ³²
	Supporting value	Regulating value	Provisioning & cultural value	Total			
Standard ecosystems							
Horticulture & cropping	23	3	2,265	2,291	n/a	2,291	2,268
Agriculture ³³	7,751	3,345	9,075	20,171	n/a	20,171	12,420
Intermediate agric-scrub	1,897	1,630	1,112	4,639	n/a	4,639	2,742
Scrub	609	531	5	1,144	n/a	1,144	535
Intermediate agric-forest	402	352	218	973	n/a	973	571
Forest-scrub	704	614	129	1,447	n/a	1,447	743
Forest	3,495	3,056	7,631	14,182	n/a	14,182	10,687
Wetlands	3,599	4,103	1,020	8,722	350	9,072	5,473
Estuaries	1,026	314	109	1,449	211	1,659	634
Mangroves	0	103	0	103	41	144	144
Lakes	1,735	544	4,671	6,950	885	7,836	6,101
Rivers	1,289	404	3,470	5,164	1,434	6,597	5,309
Heritage ecosystems							
National parks	n/a	n/a	n/a	n/a	7,164	7,164	7,164
Forest parks	n/a	n/a	n/a	n/a	743	743	743
Land reserves	n/a	n/a	n/a	n/a	1,218	1,218	1,218
Total	22,530	15,000	29,705	67,235	12,045	79,280	56,749

The two ecosystems relevant to the site's counterfactual are agriculture (corresponding to the grazed balance of the site) and horticulture and cropping (corresponding to the pipfruit orchard). Table 20 reports provisioning and cultural services together, in the form published. Within that combined figure, Patterson & Cole separately identify the value of food production, which is the component measured by our quantified counterfactual in Section 7. For both ecosystems, food production accounts for the great majority of total economic value, as Table 21 shows.

Table 21: Provisioning share of net TEV, relevant ecosystems (Patterson & Cole 2013, \$2012 million)

Ecosystem	Provisioning (food production) net value	Net TEV	Provisioning share of TEV
Agriculture	\$8,363	\$12,421	67.3%
Horticulture & cropping	\$2,263	\$2,268	99.8%

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

31 Gross value = use value + passive value

32 Net value = use value + passive value – supporting value

33 Table 20 reproduces the figures as published in the summary table of Patterson & Cole (2013). Their individual ecosystem tables differ by up to \$1 million through rounding: for agriculture, the detailed table records provisioning and cultural value of \$9,076 million, gross value of \$20,172 million and net value of \$12,421 million. Table 21 draws on those detailed tables, which report food production separately within the combined provisioning and cultural figure, being \$8,363 million of the \$9,076 million for agriculture and \$2,263 million of the \$2,265 million for horticulture and cropping. These differences are immaterial to the analysis.

This has an important implication. Our quantified estimates of the GDP, employment and wages forgone from rural production (Section 7) already capture the provisioning value of the land. For horticulture, those estimates therefore capture virtually all (99.8 percent) of TEV, leaving essentially no additional intangible value to add. For agriculture, the food production estimate captures about two-thirds of TEV, so it must be scaled up by roughly one-half (a factor of about 1.49) to capture the remaining regulating, cultural and non-use values.

15.2. Applying the Scaling to the Counterfactual

The counterfactual comprises pipfruit on approximately 3.1 hectares (horticulture) and grazing on the balance of approximately 27.5 hectares (agriculture). Pipfruit accounts for about 87 percent of the counterfactual's direct rural GDP, reflecting its far higher productivity per hectare. Because the high-value component has negligible intangible value, and only the low-value grazing component attracts the roughly one-half uplift, the blended effect of moving from a market basis to a full-TEV basis is small. Table 22 sets out the calculation. The direct GDP figures are those underpinning Table 11: the total of \$82,580 per annum is the direct GDP of approximately \$82,600 reported there, shown unrounded and split between the two land uses.

Table 22: TEV scaling of forgone rural production

Land use (ecosystem)	Area (ha)	Direct GDP (\$/yr)	Provisioning share of TEV	Full TEV (\$/yr)
Grazing (agriculture)	27.5	\$11,110	67%	\$16,580
Pipfruit (horticulture)	3.1	\$71,470	99.8%	\$71,610
Total	30.6	\$82,580	n/a	\$88,190

Grossing up to full TEV increases the estimated value of forgone rural production by approximately 6.8 percent.

15.3. Comparison of Long-term Values

Table 23 applies this uplift to the 30-year NPV of forgone rural production reported in Section 7 (which includes supply-chain effects) and compares it with the quantified benefits of the proposal. Even valued on a full-TEV basis, and deliberately overstated by applying full production across the entire gross site area, the forgone rural production is equivalent to around 2.4 percent of the proposal's construction-phase GDP.

Table 23: Comparison of values (NPV, 30 years at 8%)

Basis	GDP (\$m)	FTE-years	Wages (\$m)
Forgone rural production, market (provisioning) basis	2.1	38	1.0
Forgone rural production, full TEV basis	2.2	41	1.1
Proposal (construction)	92	735	44

15.4. Conclusion

The TEV analysis confirms that the intangible economic costs of removing the site from rural production, which clause 3.10(1)(c) of the NPS-HPL directs be considered, are immaterial to the overall economic assessment. This is because the counterfactual is dominated by pipfruit, for which market

production already captures almost all economic value, and the balance of the site is in low-intensity grazing whose total economic value is modest even after scaling. Valued on the fullest reasonable basis, the forgone rural production remains equivalent to only around 2.4 percent of the proposal's quantified GDP benefit. On that basis, the proposal represents a substantially higher and better economic use of the site.