

# PROPERTY ECONOMICS



**ASHBOURNE FAST TRACK PROJECT**

**RESIDENTIAL CAPACITY ASSESSMENT**

**PEER REVIEW RESPONSE**

Client: Matamata District Council

Project No: 52544

Date: November 2025

27 November 2025

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## ECONOMIC MEMORANDUM

To: Expert Panel Ashbourne FTA

c/- Matamata Piako District Council

Attn: Marius Rademeyer

Resource Management Consultancy Limited

Email [REDACTED]

RE: MINUTE 3 OF THE EXPERT PANEL – RESPONSES TO ECONOMIC QUERIES

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### INTRODUCTION

Minute 3 of the Expert Panel dated 21 November 2025 has invited MPDC to provide an evidence-based response to Mr Colgrave's second memorandum on the Ashbourne Fast Track project.

My response to the expert panel this memorandum covers the following specific economic matters:

- (a) Residential capacity sufficiency
- (b) The ability of the Ashbourne project to stimulate further demand for housing.
- (c) Retirement Village supply and location considerations.
- (d) Loss and efficient use of highly productive land.
- (e) Displacement of economic activity and net regional benefit.

#### Residential capacity sufficiency:

My more fulsome responses to the technical questions raised by Mr Colegrave in his second memorandum are contained in a separate memorandum I have prepared dated 27 November 2025. As a summary, in that memorandum I reject Mr Colegrave's claims that our Residential Capacity Assessment is unreliable. Most of Mr Colegrave's criticisms are either baseless or reflect a misunderstanding of how a residential capacity assessment process is undertaken to meet the NPS-UD requirements. Having reviewed each matter raised, none of Mr Colegrave's comments raise concerns or change the position expressed in my evidence. .

I provided a thorough critique of Mr Colegrave's approach in my initial review of the Ashbourne application highlighting how his approach to realisable capacity appeared to be inconsistent with market realities. Mr Colegrave has not responded to this critique or provided any further quantified analysis to support his approach.

A couple of final points I wish to make. Mr Colegrave suggests that the NPS-UD discourages a "just-in-time" approach to land supply. I agree. It does so by requiring councils to demonstrate that they have provided for long-term growth over a 30-year horizon. Property Economics capacity assessment

determines that Matamata has more than 30 years of residential capacity available to meet a High growth projection. On that basis, there is no evidence that MPDC is adopting a “just-in-time” approach. In fact, the scale of capacity already provided clearly demonstrates the opposite.

I also note that it is not my position that any Council should wait till a land shortage is imminent before rezoning additional residential land, but my analysis determines that for the Matamata Piako District this is not necessary to do so now. There is a likelihood that Matamata’s growth may align with the Medium Projections rather than the High, in which case, Matamata could have sufficient capacity beyond a 30-year timeframe.

#### Ability of the proposal to stimulate additional demand

Mr Colegrave asserts that the *“development’s scale and unique features will expand the overall pie of growth... by inducing additional migration and household formation that would not occur otherwise.”*

However, he does not identify a credible economic mechanism through which this would occur. Households do not typically form simply because a large or integrated development becomes available. Household formation is driven by underlying demographic, economic, and labour-market conditions, none of which are materially altered by the presence of a single greenfield project.

In practical terms, Ashbourne would need to produce a significant improvement in regional housing affordability to meaningfully affect household formation within the Region. No information is provided by Mr Colegrave to show this is a likely outcome at the Matamata Piako district level, let alone the regional level.

However, his evidence suggests Matamata and indeed the Waikato Region’s housing supply is already competitive. Multiple greenfield developers are already active in Matamata, and buyers are not confined to this market. If prices at Ashbourne diverge from market expectations, demand will simply shift to nearby alternatives. Given that Matamata’s housing market is not constrained, the additional competition introduced by Ashbourne is unlikely to materially influence prices.

Mr Colegrave further argues that *“Hybrid remote workers, retirees seeking a tranquil but well-serviced community, and families priced out of the larger cities are all potential sources of net new demand for Matamata that Ashbourne can capture.”* This simply describes the types of people who are already relocating to Matamata, the continued growth of which is already factored into the demand projections. Ashbourne is not creating new demand segments, it is tapping into existing ones.

Finally, Mr Colegrave contends that Ashbourne’s scale and unique features will induce additional migration to Matamata. The residential product is similar to that already supplied by other greenfield developers, and Matamata’s compact urban form means that access to community and commercial amenities is not materially different across development areas. While a neighbourhood centre is a positive inclusion, in my view (within the specific context of Matamata), it does not meaningfully differentiate Ashbourne in a way that would stimulate additional household demand.

As such, I do not consider these features are capable of inducing migration or altering demand patterns, in a district or regional context.

In essence, the fundamental point of disagreement between Mr Colegrave and myself appears to be whether a market imbalance exists. Mr Colegrave characterises the additional demand as “a classic case of supply driving demand when an unmet need is addressed.” I do not consider there to be an unmet need in either the local Matamata or the Regional housing market, and there is no evidence provided to suggest there is.

#### Retirement village supply and location considerations

**Demand:** Mr Colegrave first contends that his use of an 18% market penetration rate for the local catchment is more appropriate, yet he does not address the questions I raised regarding how this figure was derived. As outlined in my evidence, I was concerned that the IE report overstated retirement village demand by conflating projected 2025 supply with demand and then comparing this against a 2023 population estimate. Mr Colegrave’s failure to engage with this line of questioning reinforces my view and that this concern remains unaddressed.

Mr Colegrave states *“Importantly, new supply itself can raise the penetration rate over time – when a modern retirement village becomes available, more seniors choose that lifestyle, whereas previously they had no local option”*

Mr Colegrave appears to assume that there is a constraint on supply without any evidence that this is in fact the case (at least for the next 10 years or more). It is also difficult to understand whether Mr Colegrave’s argument is that the retirement villages presently being constructed (e.g. Matamata Country Club and Longlands) are not “modern” by his standards. If so, I would disagree.

This is not to say that there are no benefits to more competition and supply in the Retirement Village market, but that I am less optimistic about Ashbourne’s proposed Retirement Village to stimulate significant additional demand.

**Supply:** Mr Colegrave states *“While it’s theoretically true that other zoned sites could host retirement developments, the reality is that large, well-located parcels suitable for a comprehensive retirement village are scarce. Retirement village operators require substantial contiguous land, preferably near services and amenities, with proper infrastructure. Much of the “available” land Mr Heath alludes to may be fragmented, lacks infrastructure, or is held by owners with no intent to sell or develop. “*

It is important to note that IE’s demand assessment for Retirement Villages covered a 45-minute Drive Time Catchment that not only covers most of Matamata-Piako District but also extends to the West into Waipa (including Cambridge) and into the South Waikato District beyond Tokoroa. Although I have not assessed all these alternative locations outside the district, my assessment of the three Matamata-Piako towns revealed several large vacant greenfield sites that could accommodate a Retirement Village. In Matamata, this includes the 12.43ha unconsented section of the Tower Road Subdivision and the two blocks of Future Residential Policy Area, which are 26ha

and 38ha. Elsewhere in the district (but within the catchment), the Seales Road block in Morrinsville is nearly 27ha, and there are a couple more sites in Te Aroha over 10ha<sup>1</sup>.

As I stated in my evidence, it is my view that there appear *“to be no land supply constraints that would prevent the development of additional retirement village capacity on already zoned land.”* (para 4.31). This does not guarantee that additional Retirement Villages will be built in the existing zoned area, but it is reasonable to expect that they have that capability, particularly if the demand for Retirement Villages in this catchment is as high as Mr Colegrave claims. Even if some landowners are not willing to sell right now, this is a short-term consideration that can change within a year or two, and planning decisions are not based on such transient owner preferences.

It is necessary to emphasise here that this consideration of alternative zoned or identified growth sites is distinctly relevant to the Retirement Village because it is predominantly located on HPL and is therefore a relevant consideration on the NPS-HPL.

In short, I stand by my conclusion that this position of supply and demand *“diminishes [but does not eliminate] the net economic benefit of this component of the Ashbourne Project.”* (Para 4.32)

#### Loss and efficient use of highly productive land

I firstly note that this section of Mr Colegrave's response appears to cover several different issues, only part of which directly relate to the HPL. I have attempted to isolate the fundamental arguments and address them in turn below.

Mr Colegrave argues that the FTAA does not require a proposal to consider alternatives. However, my understanding is the FTAA explicitly requires decision-makers to consider alignment with national directions, including the NPS-HPL. It is under this framework that I consider it appropriate to consider alternative sites to the proposed uses of the HPL.

I do not agree with Mr Colegrave's implication that economic efficiency is concerned solely with the level of economic activity of the subject site in isolation. If that were the case, it would logically follow that upzoning every HPL site in the country would be economically efficient. Clearly, this is not the case. It is for this reason that the NPS-HPL directs us to consider alternative sites.

As discussed in my evidence, I consider there to be sufficient alternative opportunities for the proposed urban activities on HPL to occur on existing zoned or identified sites (refer also to my discussion on Retirement Village supply above). Therefore, I consider the proposal to represent an inefficient use of highly productive land, i.e. there are zoned alternatives available to accommodate Ashbourne's componentry without requiring the use of HPL.

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<sup>1</sup> I should note that the supply of these alternative sites for Retirement Villages do not offset capacity necessary to accommodate Matamata-Piako's projected demand as retirees form part of this demand and Retirement Villages are often built at a higher density than standard Residential.



Mr Colegrave subsequently makes further arguments in his fourth and fifth paragraphs that appear to largely be a repeat of his arguments in relation to displacement. As I address in more detail later, I would agree that there are no alternative zoned sites in Matamata large enough to accommodate a development of Ashbourne's scale. However, that was never my point. The argument I made is that a significant proportion of the individual components, that being the residential sites, is reasonably expected and zoned to be realised elsewhere.

In this regard, (aside from the Solar Panels which represent only a small component), there are realistic alternatives for the activity (not individual development) of comparable benefit to materialise on vacant zoned capacity.

Finally, Mr Colegrave turns to the issue of Rural Lifestyle land loss and asserts that Ashbourne introduces a wider range of housing options not currently available in the market. However, Section 5.2 of his Substantive Application Report describes the residential offering as standard residential lots, with only 16 percent below 400 m<sup>2</sup>. It is not clear whether Ashbourne is proposing to construct the dwellings themselves, and it is likely that these lots will simply result in more standalone homes on smaller sites. On this basis, it is unclear how Ashbourne is providing for alternative dwelling options that are not already provided for in the existing residential capacity.

In conclusion, Mr Colegrave acknowledges the loss of HPL and lifestyle land as costs but concludes that these are "decisively outweighed" by the project's regional benefits. It is not my position that Ashbourne should be declined or does not meet regional economic significance because of these two costs alone, but that these are adverse impacts that were not identified or considered in the determination of Ashbourne's regional economic benefits that warrant consideration by the Panel in its proportionality tests.

It also appears that Mr Colegrave and I differ in our assessment of the significance of these costs. This difference largely stems from a fundamental disagreement about whether Ashbourne provides anything genuinely unique to the Matamata market, or whether it simply replicates development patterns already well provided for. Again, this difference is a matter for the panel to consider.

#### [Displacement of economic activity and net regional benefit](#)

I firstly note Mr Colegrave's agreement that net effects are an important consideration, although he argues that it is not convincing in this context.

Mr Colegrave's dismissal of displacement rests on the assertion that no comparable development could occur elsewhere if Ashbourne did not proceed. However, the counterfactual is not that an identical project would materialise on a single site of equivalent scale; rather, it is that the same economic activity is likely to occur in other parts of the district or region (i.e. its not unique), as demand is met through existing zoned capacity and ongoing existing development.

Matamata has more than 30 years of residential capacity already zoned, and multiple greenfield developers are active in the market. There is no strong evidence, in my view, that Ashbourne is

uniquely positioned to generate additional demand. I therefore consider it reasonable to expect that the majority of proposed activities (solar farm aside) will be realised by the market over the same timeframe.

As outlined in my evidence, the additional competition introduced by Ashbourne is expected to slow the pace of development elsewhere, as other developments will take longer to sell each stage of their project, given in my view, demand will not be materially higher with Ashbourne in the market, thereby delaying their investment spending in favour of Ashbourne. This is the displaced activity in question, not the propensity of another development of a similar size.

Consequently, I disagree with Mr Colegrave's position on the significance of the displacement effect. I stand by my conclusion that most (but not necessarily all) of Ashbourne's projected economic injection benefits are likely to reflect a redistribution of existing development and investment rather than a genuine increase in overall economic activity. In markets where the development is not going to generate new demand and sufficient zoned capacity already exists to accommodate projected demand, the cost of the absorption of HPL is greater. Not necessarily fatal, but given more weighting in terms of costs of the development.

It is important to emphasise that in coming to this conclusion, I have taken into account the variables relevant to Ashbourne within the context of both the Matamata housing market and the wider regional market. Each Fast Track project must be assessed on its own merits, and the significance of displacement as a mitigating adverse effect will vary depending on the specific circumstances of the proposal and market. While Property Economics has not considered displacement effects in some earlier Fast Track reports, the issue has been raised in subsequent correspondence and dealt with through responses.

In the case of Ashbourne, my position on the relative significance of displacement is informed by several factors:

- My view that Matamata's housing supply is not constrained.
- The relatively small size of the local demand pool, which is in the order of 50–60 dwellings per year.
- The lack of any substantive differentiating features in the Ashbourne proposal when compared with the greenfield developments already occurring in Matamata (as outlined in the earlier discussion on its ability to stimulate demand).
- My view that Ashbourne is unlikely to stimulate new demand for the Matamata market.

I emphasise that I have not considered the solar farm component as displaced economic activity. Whereas residential and commercial activities can readily occur on other zoned land, there is no equivalent provision for solar generation, and therefore no existing alternative that would materialise under the status quo. However, the solar farm is less than 7% of total construction

costs, and according to the<sup>2</sup>overview report, the larger of the two solar farms is intended to be delivered in the long-term (10+ years).

Likewise, some of the infrastructure provision may represent additional activity as services are required to be duplicated to service the Ashbourne site. Essentially, net additional activity at the cost of undermining the efficiency of Council's existing infrastructure provisions.

However, this still leaves about 80 to 85 percent of total development expenditure tied to the other components, and I consider that most of this activity would likely have occurred elsewhere, meaning it is far more indicative of displacement than a net gain.

Mr Colegrave then claims that Ashbourne will have several other Regional Benefits. I address these as follows:

**Multi-year construction stimulus:** I agree that Ashbourne will provide for significant construction activity, however I consider that a significant proportion (potentially in the order of three-quarters or so) of this activity will result in a displacement either from Matamata itself or to a greater degree from the Region. I therefore consider the actual significance of this benefit to fall well short of the \$500 million.

**Accelerated housing availability:** Fundamentally, it is my view that Mr Colegrave has not shown there to be pressure on Matamata or Waikato's housing market at any stage over the Short, Medium or Long Term. Therefore, I disagree as to the relative significance of the following benefits he has prescribed.

**Diversification of housing typologies:** Ashbourne has proposed to deliver a range of lot sizes, not different housing typologies. I therefore do not agree that this contributes to housing diversity, as there is no evidence that anything other than standalone homes will be built (retirement village excluded).

**Expansion of the labour pool:** *"By growing Matamata's population beyond the status quo trend, the project effectively adds human capital to the region."* This outcome would only eventuate if Ashbourne were to attract additional people to the region, an assumption which, for the reasons already outlined, I do not consider to be well-founded.

**Renewable energy generation:** I agree that the provision of Solar Panels is a positive economic benefit.

**Increased competition and choice in the development market:** While I accept that greater competition in the housing market has value, the magnitude of that benefit is determined by the level of competition already present. Based on the available evidence, the Waikato market is already highly competitive, and recent price trends do not point to any significant pressure that would elevate the value of further competition.

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<sup>2</sup> [Volume-1 Ashbourne-Overview-Report.pdf](#) Section 8.5



In summary, I consider that Mr Colegrave has overstated the net economic benefits of the Ashbourne project. This is, in essence, a consequence of our conflicting positions on both the uniqueness and the need for additional housing supply in Matamata's / Waikato Region's housing market. If the Panel were to disagree with my position on Residential Sufficiency and the ability for Ashbourne to stimulate demand, not just at a Matamata level, but from a regional perspective, then it would follow that many of the benefits identified by Mr Colegrave could reasonably be attributed to the project.

However, if the Panel accepts my assessment of Ashbourne's limited contribution to the housing market, then it follows that the scale of economic benefits claimed for the project will need to be reconsidered.

## CONCLUSION

Having reviewed Mr Colegrave's memorandum response, I retain the view outlined in my statement of evidence. Mr Colegrave claims that the projects benefits are "overwhelming" and "substantial". However, in this instance I disagree with Mr Colegrave's hyperbole around the project's benefits and his fundamental claims as to the project's contribution to the housing market.

In my view, the proposed Ashbourne development is unlikely to generate new residential demand for Matamata; but rather result in a redistribution of Matamata / Waikato Region's projected growth. This represents a significant propensity to displace rather than generate additional economic activity.

I also believe that many of Mr Colegrave's claims are unsubstantiated. This includes:

- The assumption that there is unmet or latent demand without any strong evidence (in my view) to demonstrate that this is indeed the case.
- The misapplication of the counterfactual in my evidence to refer to a project of similar size or scale. My position is not that Ashbourne will occur somewhere else, but that a similar number of homes (including the retirement village) would be delivered in other locations in the absence of Ashbourne.
- That the loss of HPL is seemingly inconsequential compared to the claimed economic benefits. In my view, this remains an adverse impact that the panel should consider.
- That there is something inherently attractive to the market in large-scale developments like Ashbourne and that its offer is unique. In my view, the Ashbourne proposal is predominantly to deliver residential lots akin to those already provided in Matamata's market. Contrary to what Mr Colegrave claims it does not appear that Ashbourne will deliver anything other than lots of various sizes for households to build more standalone homes on. In this regard, the additional 'choice' offered is limited to the option of living

on the West side of Matamata, instead of the East where most of the vacant land is located.

Tim Heath

3 November 2025