PENCARROW ROAD RACECOURSES

FAST TRACK APPLICATION

ECONOMIC IMPACT ASSESSMENT

Client: Waikato Thoroughbred Racing

Project No: 52576

Date: April 2026

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SCHEDULE

Code	Date	Information / Comments	Project Leader
52576.9	April 2026	Report	Phil Osborne / Tim Heath

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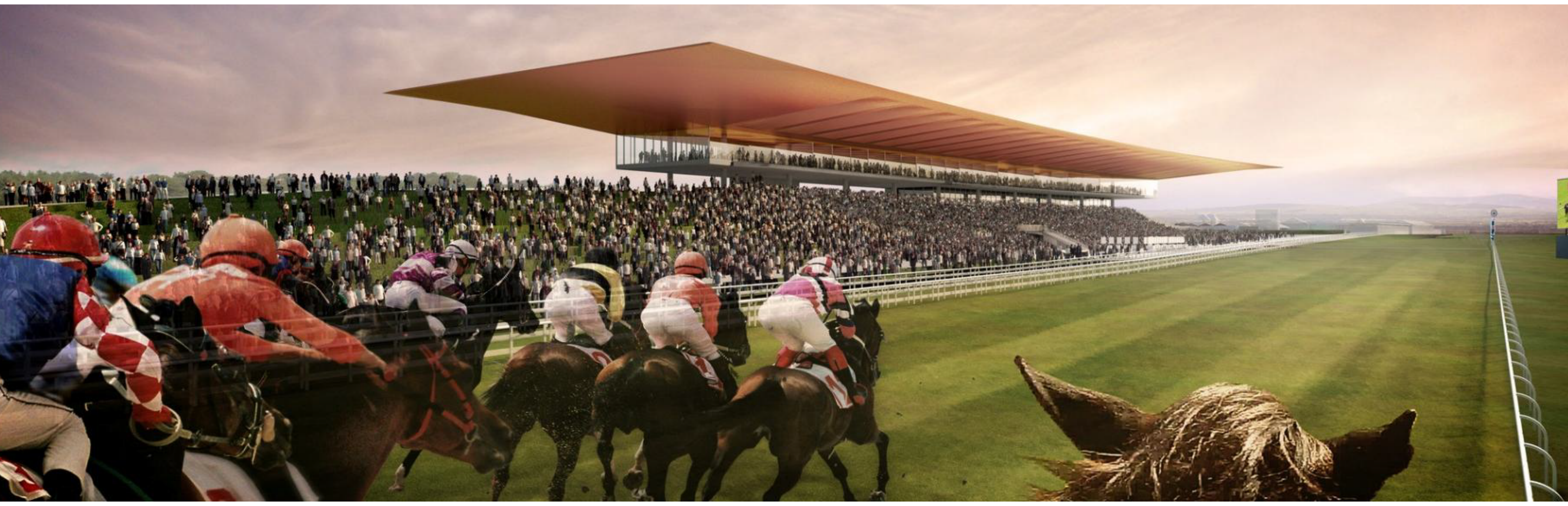


1. INTRODUCTION

Property Economics has been commissioned by Waikato Thoroughbred Racing (**WTR**) to assess the economic impacts and efficiency associated with the proposed new greenfield equine hub and racecourses with a mix of other land uses at a circa 163.9ha site ("the **Site"**) at Pencarrow Road, Tamahere ("the **Project**"), under the Fast-track Approvals Act 2024 ("**FTAA**").

The Project Overview

The purpose of the Project is to create a unique, world class greenfield racing hub designed for horse training, racing and other equine related activities, while bringing the expertise and strength of the local racing fraternity together in a centralised location.

This enables the local racing industry to be more streamlined, competitive, sustainable and future focused while bringing potential international investment and creating a 'destination' for horse racing in New Zealand, also increasing tourism opportunities for the wider region.

A key driver behind the proposed greenfield equine hub and racecourses is enabling the consolidation of four separate racecourse facilities (Te Rapa Racecourse, Te Awamutu Racecourse, Cambridge Racecourse, and Cambridge harness track).

These facilities duplicate assets and resources and, given their current condition require significant levels of upgrades and investment to provide fit-for-purpose facilities that meet the higher standards of the modern-day racecourse experience. The retirement of these areas also frees up significant tracts of land within existing urban areas for future development, increasing housing supply.

To support the development's financial viability and enhance the site's long-term vibrancy as a racing, entertainment, commercial and community precinct, the proposal includes a range of complementary activities on the remaining land. These include equine support services, rural residential housing, a retirement living community, a village centre and a bloodstock sales precinct.

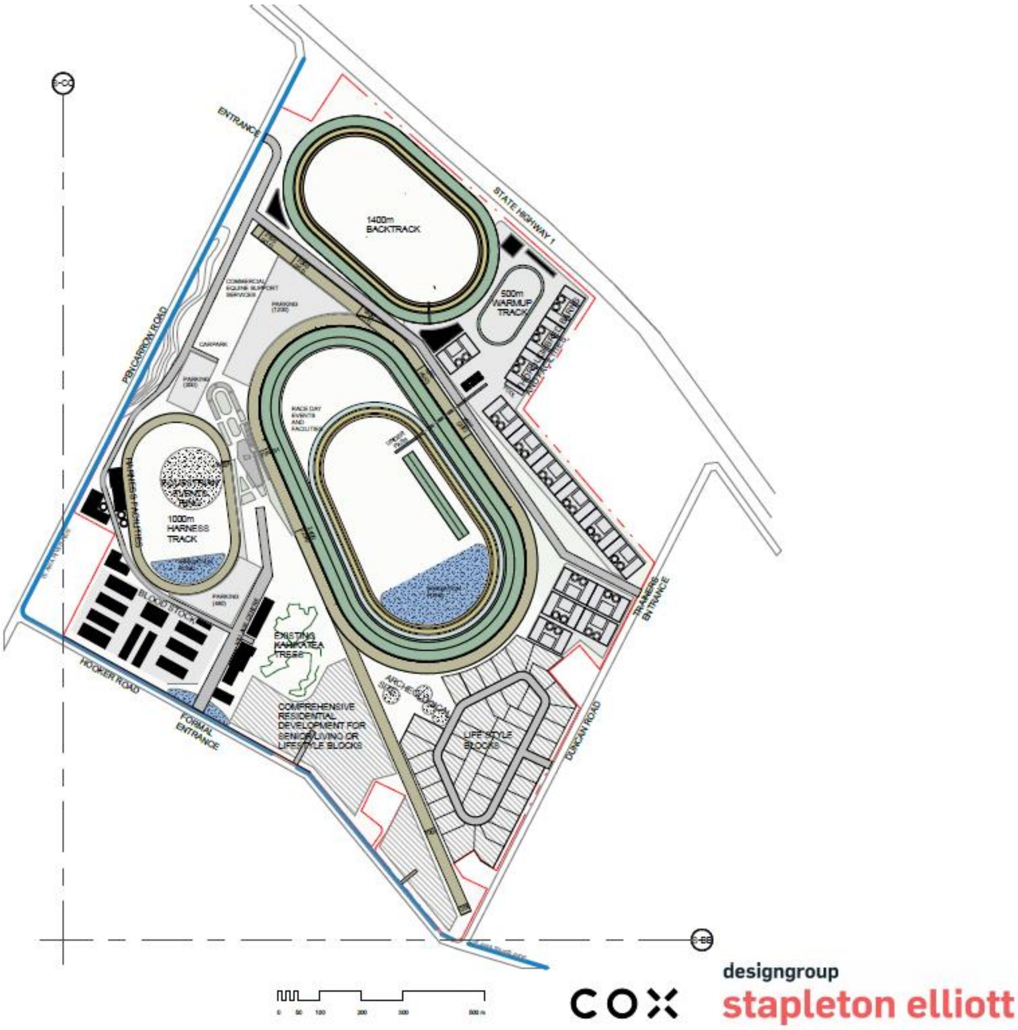
Project Land Uses

Specifically, the Project involves the following land uses:

- Racetracks (thoroughbred and harness tracks), training tracks, racing infrastructure, buildings, stabling, training facilities, etc.
- Bloodstock sale yard and stabling: 15,000sqm
- Commercial development: 4,000sqm
- Senior living development: 70 villas, 200 units, and a 600sqm community centre
- Residential lifestyle lots: around 40 blocks
- Commercial equine services: 5,000sqm

Figure 1 following provides an outline of the Project's proposed master plan.

FIGURE 1: PROPOSED MASTER PLAN



Source: Designgroup Stapleton Elliott + COX

Considerations under the Fast-track Approvals Act

This economic impact assessment ("EIA") addresses the economic injection, employment, and scale of economic impacts / benefits of the Project. The provisions of the FTAA that are directly relevant to this report are:

- Section 3 which states that, "*The purpose of this Act is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits.*"
- Section 13 which outlines the information requirements for a referral application.
- Section 22 which outlines the criteria for assessing a referral application.
- Schedule 5 Clause 2 which outlines information about the proposed resource consent application required in a referral application.

In short, the FTAA seeks to facilitate infrastructure and development proposals where the proposed development results in significant regional or national benefits. In assessing whether a project has such benefits, the following matters (of particular relevance to the current Project) may be considered:

- Whether the project will contribute to a well-functioning urban environment (as per Policy 1 of National Policy Statement on Urban Development 2020 ("NPS-UD")).
- Whether the project will deliver significant economic benefits.

2. ECONOMIC SUMMARY

The Waikato Region has long been recognised as one of New Zealand's most influential centres of thoroughbred breeding, training, and racing. With a history stretching back to the late 19th century, the region has produced many of the country's leading studs, trainers, and racehorses, shaping both the national racing landscape and New Zealand's international reputation in the equine sector.

The Waikato racing industry continues to play a significant economic role, supporting a wide network of breeders, trainers, jockeys, veterinarians, farriers, transport providers, and event-related businesses. Anchored by its strong bloodstock base, high-quality pasture, specialist workforce, and proximity to major markets such as Hamilton, Cambridge, and Matamata, the region's equine infrastructure contributes substantially to employment, export earnings, and visitor activity.

According to the 2024 NZ Racing Industry Report by IER, in the 2022–23 season, Waikato hosted 120 TAB race meetings (around 25% of North Island's total) and contributed $505.3m in value-added GDP, representing 27% of the national racing industry's total of $1.88b. Most of this stems from direct spending on breeding, training, and racing activities, supporting approximately 3,810 full-time equivalent jobs and a wider network of over 6,000 individuals involved in the industry.

Beyond these direct impacts, Waikato's racing sector stimulates local supply chains and regional businesses, from agriculture to hospitality. The consolidation of thoroughbred and harness racing assets in the Waikato Region represents critical infrastructure investment for the sustainable future of the region's racing sector. This consolidation forms part of a wider national rationalisation of racing infrastructure, intended to improve the long-term sustainability, efficiency, and resilience of the wider racing industry in New Zealand.

As a consequence of the consolidation, the new greenfield Site proposes to facilitate the development of a world class equine 'super hub' at Pencarrow Road, bringing the expertise and strength of the local racing fraternity together in one centralised location.

Property Economics understands that this approach is the most viable option for the industry and avoids the duplication of assets, resources and facilities that have unsustainably existed across multiple racecourses within close proximity and enables the provision of modern, fit-for-purpose racing, training, and support infrastructure at a single, strategically located site.

Based on our assessment, the total quantitative economic impacts as a result of the Project are summarised in the following table.

Snapshot of Key Economic Benefits:

Estimated Quantitative Economic Impact on the Waikato Regional Economy:	
Total direct expenditure over an 8-year development period[1] (excl. land)	**$406.3m**
Total GDP NPV[2] at 8% over an 8-year development period	**$138.0m**
Total GDP NPV at 2%[3] over an 8-year development period	**$169.0m**
FTEs during the peak development year[4]	**399 FTE years**
Total FTE years[5] over the 8-year development period	**1,156 FTE years**
Total direct employment over the development period	**439 FTE years**
Total indirect and induced employment over development period	**717 FTE years**

2030 Development Scenario

Under a scenario where Project development starts two years earlier in 2030 and spans 8 years, this would lead to an estimated increase in total value added (GDP) of around $161m for the Waikato Region over the life of the 8-year development timeframe. Applying a 2% discount rate, the Project is estimated to generate approximately $197m in total business activity across the Waikato Region over the development timeframe.

Qualitative Benefits

In addition to the quantified economic impacts outlined above, the Project would also deliver a wide range of other (non-monetised) qualitative economic benefits for the wider regional market and communities, extending well beyond the local market, which include:

- Strengthening of Waikato region's nationally significant racing industry
- Long-term industry sustainability and productivity gains
- Regional employment and income generation

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[1] *Note that the 8-year period assessed in this EIA does not represent a full 8 years of active economic activity, as the initial period is primarily allocated to pre-construction activities such as planning, design work, procurement and contracting rather than actual construction. In addition, there are no construction activities expected in 2038 and 2039.*

[2] *Net Present Value*

[3] *Sensitivity analysis applying 2% NPV as per Treasury guidelines for commercial development.*

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

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

- Increased event-based expenditure and visitor economy benefits
- Enhanced local and regional profile
- Improved bloodstock sales market efficiency
- Increased competition in rural lifestyle housing options
- More productive use of existing racecourse land resources (indirect)

The Waikato region plays a central role in New Zealand's thoroughbred breeding and training ecosystem, and the development of a single, high-quality racing hub strengthens this position. The scale and functionality of the new facility can be expected to support significant racing events, attract industry participants from outside the region, and sustain employment across racing, training, veterinary, and associated service sectors.

In addition, the consolidation will enable racing land at former or underutilised racecourse sites to be released for more productive and efficient uses. This supports broader urban development objectives, including housing supply and land use intensification, while avoiding the inefficiencies associated with retaining redundant or underperforming specialised infrastructure. Although these benefits are not directly part of the Project, they represent economic efficiency unlocked as a result of the Project.

In light of this economic assessment, Property Economics considers that enabling the Project would yield regionally significant economic benefits and market efficiencies for the racing industry, regional economy and community. Overall, our assessment supports the Project from an economic perspective in the context of the FTAA and the RMA.

3. GENERAL INFORMATION

3.1. STATEMENT OF EXPERIENCE

Philip Osborne is an economic consultant for the company Property Economics Limited, based in Auckland.

My qualifications include Bachelor of Arts (History / Economics), Masters in Commerce, and Masters in Planning Practice from the University of Auckland.

I have 25 years' experience advising local and regional councils, central government agencies, and private developers throughout New Zealand in respect of a wide range of property issues, including economic impact assessments, commercial and residential market assessments, economic cost benefit analyses and forecasting market growth and land requirements across all property sectors. I have undertaken numerous Economic Impact Assessments for fast-track applications (under the Covid-19 Recovery Fast Track Consenting Act 2020 and the FTAA).

Tim Heath is the founder and Managing Director of Property Economics Limited with 30 years' experience undertaking strategic property market analyses for major commercial and government clients.

My qualifications include Bachelor of Arts (Geography) and Bachelor of Planning from the University of Auckland.

My areas of specialisation include economic profiling of markets, property sector analysis, market demand / supply assessments, economic impact assessments, capacity modelling, development feasibility assessments, business land assessments, and cost-benefit analysis.

My comprehensive knowledge of property market drivers allows me to deliver research that bridges planning ideology and commercial realities to ensure recommendations have 'real world' practicality and can be successfully implemented.

I have extensive experience and am frequently commissioned to provide expert evidence in the Environment Court. I have also been involved in undertaking economic assessments for dozens of Fast Track applications under the Covid-19 Recovery Fast Track Consenting Act 2020 and the FTAA.

3.2. CODE OF CONDUCT

Although this Application is not before the Environment Court, we have approached this EIA on the basis that it is prepared in the same way as it would be for expert evidence in Environment Court proceedings.

We therefore confirm that we have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and confirm that we have complied with it in preparing this EIA. We confirm that the issues addressed in this EIA are within our area of expertise, except where we have indicated that we are relying on others' opinions. We have not omitted material facts known to me that might alter or detract from this EIA.

3.3. INFORMATION & DATA SOURCES

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

- Business Classifications - Stats NZ
- Business Demographic Statistics – Stats NZ
- Input / Output Tables - Stats NZ
- Population Estimates and Projections – Stats NZ
- Proposed Development Costings – WTR
- Review of the New Zealand Racing Industry (31 July 2018) – John Messara AM
- Size and Scope of the New Zealand Racing Industry (January 2024) – IER
- National Yearling Sale Data – New Zealand Bloodstock
- House Price Data – Infometrics
- Residential Sales Data - Cotality

3.4. GLOSSARY OF TERMS

Below is a list of terms relevant to this economic impact assessment. Note that the definitions of some terms may differ from those provided in the relevant statutory definitions and are intended solely for the purposes of this economic analysis. This will not affect the economic analysis conducted in this report or our economic position.

TERM	DEFINITION
ANZSIC	Australia New Zealand Standard Industrial Classification 2006 - A standard method used to classify businesses and organisations based on their primary economic activity. It provides a framework for analysing and comparing economic data across industries in Australia and New Zealand. ANZSIC is widely used by government agencies, researchers, and businesses for statistical, policy, and planning purposes.
CAPEX	capital expenditure.
Development contributions	fees that developers pay to territorial authorities for the provision of infrastructure and upgrades required as a consequence of development, which may include water supply, sewerage connections, roads and community infrastructure.
Direct economic impacts	derived from the actual spending / expenses incurred through the construction of the anticipated development.
Economic costs	the value of what is given up when choosing one economic activity over another. Economic costs also include opportunity costs, which are the value of the next best alternative that is forgone.
Employment multipliers	the level of indirect and induced employment activity generated through the expenditure on and off site.
FTE years	these are all jobs created through the direct construction phase and ongoing operation of the development including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.
Indirect economic impacts	the increased spending brought about by those firms / households and their employees / occupants, who supply the development.
Induced economic impacts	measured in terms of the additional income that will be spent in the area due to increased business activity.
Economic benefits	refer to the positive outcomes that enhance the well-being of individuals, businesses, and communities, typically arising from an activity, development, or policy. These benefits may be expressed in financial or non-financial terms. In the context of urban development, economic benefits reflect the extent to which a proposal contributes to local and regional prosperity, market efficiency, and the effective alignment of supply with demand.

GDP	gross domestic product.
Net Present Value (NPV)	the present value of future cash inflows and / or cash outflows which in this report has been calculated with reference to an 8% discount rate.
Transaction costs	costs that arise as part of engaging in an economic trade. This can include compliance costs, planning costs, variation costs, etc.

4. ECONOMIC CONTEXT FOR THE EIA

In assessing the potential economic impacts, it is important to firstly establish the context in which they will be assessed. For the purposes of this assessment the three important parameters are:

1) The geospatial extent of the economic impact. While facilitation of the Project and spend is likely to have a national economic impact, the majority of impacts are likely to be retained within the Waikato Region. This EIA assessment focusses primarily on the extent of economic impacts and activity that will be retained[6] within the Region.

2) The economic impacts are those resulting from the residential development over an 8-year period. Ongoing operational and wider flow-on economic effects are not quantified as part of the EIA but are discussed qualitatively in Section 8 of this report.

3) Regarding statutory considerations, the RMA provides context in terms of the utilisation of resources and the resulting impact on their price and provision. It calls for the "*efficient use and development of natural and physical resources*" (Part 2 section 7 (b) RMA).

   This can be considered from the perspective of economic efficiency which can be defined as "t*he effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor* inputs"[7].

In addition to the regional benefits quantified in the following assessment, the Project is likely to have economic impacts that extend beyond the specific benefits to the region and generate national benefits.

Additionally, as addressed in the various environmental assessment reports prepared in support of the application for referral of the Project into the FTAA, there are likely to be other,

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[6] *In this context retention relates to the level of direct spend that is attributable to the Region. This is based on a large number of factors e.g. the origin of machines, businesses that service this development.*

[7] *Pass, Christopher and Lowes, Bryan, 1993, Collins Dictionary of Economics (2nd edition), Harper Collins, Page 148*

non-economic effects that may result in further economic impacts, such as changes in traffic patterns, noise levels, amenity, or community wellbeing.

These potential additional economic impacts are excluded from this analysis to avoid double counting of effects. Other non-economic effects, for example environmental or social impacts, have not been addressed in this report.

5. TOTAL ECONOMIC ACTIVITY

This section assesses the potential economic activity generated within the Waikato Region specifically attributable to the Project through spending on the general design, infrastructure and development works.

5.1. INJECTION INTO THE WAIKATO REGIONAL ECONOMIC ACTIVITY

Table 1 following outlines the resulting impacts on the Waikato regional economy as a result of the Project.

TABLE 1: TOTAL GROSS WAIKATO REGIONAL ECONOMIC INJECTION OF THE PROJECT ($M)

	2032	2033	2034	2035	2036	2037	2038	2039	Total
Direct Expenditure ($m)									
Land									$0.0
Other	$1.1	$1.6	$2.7	$3.7	$1.6				$10.6
Earthworks / Civil Works / Consultants	$3.8	$5.7	$9.5	$13.3	$5.7	$1.7		$1.7	$41.4
Civil Consultants	$5.0	$6.0	$8.0	$1.0					$19.9
Levies				$0.9	$0.9	$0.1		$0.1	$2.0
Infrastructure				$19.6	$19.6				$39.3
Total Development Costs (excl. land)	$9.8	$13.3	$20.1	$38.5	$27.8	$1.8	$0	$1.8	$113.2
Construction			$73.3	$102.6	$117.2			$0	$293.1
Total Construction and Development Costs (excl. Land)	$9.8	$13.3	$93.4	$141.1	$145.1	$1.8	$0	$1.8	$406.3
Total Direct Expenditure (excl. land)	**$9.8**	**$13.3**	**$93.4**	**$141.1**	**$145.1**	**$1.8**	**$0**	**$1.8**	**$406.3**
Level 2 Multiplier Impacts									
Total Waikato GDP NPV (48 sector multipliers)**	**$5.2**	**$7.0**	**$32.8**	**$45.2**	**$46.9**	**$0.5**	**$0**	**$0.5**	**$138.0**
Employment (FTE Years)									
Development Employment	31	41	61	114	81	5		5	
Construction Employment			191	252	261				
Other Employment	8	11	21	18	57	0		0	
Total Employment (FTE years)	**39**	**52**	**272**	**384**	**399**	**5**	**0**	**5**	**1,156**

Source: Property Economics

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

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

Two key values are represented in the following table. The first is the Economic Activity generated in the region. The Project will generate a direct expenditure of approximately $406.3m which represents the total cost of the development (excluding land).

The Project will result in approximately $138m of total value added (GDP) for the Waikato Region over the life of the 8-year development timeframe.

This capital expenditure then is assessed through the process indicated in Appendix 1 which includes calculating the amount of direct spend that is retained within the Waikato Region. An explanation of how the outputs in Table 1 were calculated is provided in Appendix 2.

The second aspect is the generation of employment. The Project will also contribute around 399[8] jobs during the peak construction year within Waikato, with a total number of approximately FTE years at 1,156 over the development period.

2030 DEVELOPMENT SCENARIO

Table 2 shows an additional scenario where development starts two years earlier in 2030 and spans eight years. This would lead to an estimated increase in total value added (GDP) of around $161m for the Waikato Region over the life of the 8-year development timeframe.

TABLE 2: ADDITIONAL SCENARIO - DEVELOPMENT COMMENCES IN 2030 ($M)

	2030	2031	2032	2033	2034	2035	2036	2037	Total
Direct Expenditure ($m)									
Land									$0.0
Other	$1.1	$1.6	$2.7	$3.7	$1.6				$10.6
Earthworks / Civil Works / Consultants	$3.8	$5.7	$9.5	$13.3	$5.7	$1.7		$1.7	$41.4
Civil Consultants	$5.0	$6.0	$8.0	$1.0					$19.9
Levies				$0.9	$0.9	$0.1		$0.1	$2.0
Infrastructure				$19.6	$19.6				$39.3
Total Development Costs (excl. land)	$9.8	$13.3	$20.1	$38.5	$27.8	$1.8	$0	$1.8	$113.2
Construction			$73.3	$102.6	$117.2			$0	$293.1
Total Construction and Development Costs (excl. Land)	$9.8	$13.3	$93.4	$141.1	$145.1	$1.8	$0	$1.8	$406.3
Total Direct Expenditure (excl. land)	**$9.8**	**$13.3**	**$93.4**	**$141.1**	**$145.1**	**$1.8**	**$0**	**$1.8**	**$406.3**
Level 2 Multiplier Impacts									
Total Waikato GDP NPV (48 sector multipliers)**	**$6.0**	**$8.2**	**$38.3**	**$52.7**	**$54.7**	**$0.6**	**$0**	**$0.6**	**$161.0**
Employment (FTE Years)									
Development Employment	31	41	61	114	81	5		5	
Construction Employment			191	252	261				
Other Employment	8	11	21	18	57	0		0	
Total Employment (FTE years)	**39**	**52**	**272**	**384**	**399**	**5**	**0**	**5**	**1,156**

Source: Property Economics

5.2. SENSITIVITY ANALYSIS

The Treasury's most recent review (February 2025) sets discount rates for commercial proposals at 8% (applied in the earlier analysis), with a mandatory sensitivity test at 2%[9]. In this section,

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[8] *NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).*

[9] *Source: https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates*

sensitivity testing is undertaken using the 2% discount rate to quantify the scale of the Project's economic contribution to the Waikato regional economy under this scenario.

The results indicate that, when applying the Treasury's mandatory 2% discount rate, the proposed development is estimated to generate approximately $169m in total business activity across the Waikato Region over the full development timeframe.

TABLE 3: DEVELOPMENT SENSITIVITY ANALYSIS (2% NPV)

Discount Rate	Total Waikato Region GDP NPV ($m)								
	2032	2033	2034	2035	2036	2037	2038	2039	Total
2%	$6.7	$9.0	$42.2	$49.4	$60.4	$0.7		$0.7	**$169.0**

Source: Property Economics

As shown in Table 4, under the additional scenario with development commencing in 2030, the proposed project is projected to generate around $197m in total business activity across the Waikato Region over the full development period

TABLE 4: SENSITIVITY ANALYSIS (2% NPV) FOR THE ADDITIONAL 2030 DEVELOPMENT SCENARIO

Discount Rate	Total Waikato Region GDP NPV ($m)								
	2030	2031	2032	2033	2034	2035	2036	2037	Total
2%	$7.8	$10.5	$49.3	$57.6	$70.4	$0.8		$0.8	**$197.1**

Source: Property Economics

5.3. ASSESSMENT ASSUMPTIONS

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

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

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

3. The origin of labour has been assessed based on regional labour movements furnished by Stats NZ based on 2023 data. However, employment data has been

updated as per the Statistics NZ Business Demography Statistics data[10] (at February 2025).

4. This report deals with the economic impact of the proposed development on the Waikato regional economy. These are specifically the direct impacts related to the construction of the proposed development.

5. The economic activity generated is based on the development's gross activity and does not consider this redirecting growth opportunities from elsewhere in the catchment. This assessment is not site specific but is development specific.

6. For the purposes of this report an 8% discount rate has been applied, consistent with the default rate for commercial proposals set by the Treasury[11]. Additionally, a 2% discount rate has been applied as a sensitivity test, also directed by Treasury.

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

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

This EIA estimates the total additional gross economic output[12] into the Waikato Region economy that would be facilitated about by the Project. The initial specifications and details have been provided by the Applicant and represent the development's configuration and costings at this point in time.

Additionally, the assessment has not endeavoured to identify the extent to which particular parts of the Waikato Region will benefit economically. It assesses the likely economic impacts upon aggregate Waikato business activity given the composition of activities proposed.

[10] *This data provides Stats NZ measure of employment count in an area by ANZSIC sector.*

[11] *https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates*

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

The economic impacts likely to be experienced as a result of the Project are broken down by the development phase which includes the construction costs (CAPEX[13]) of the facilitated activities and the proportion of those costs that are retained within the Waikato Region.

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

Indirect economic impacts are the increased spending brought about by those firms / households and their employees / occupants, who supply the development.

The induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity.

5.4. TOTAL WAIKATO REGION DIRECT AND INDIRECT EMPLOYMENT

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

The figure illustrates the sectors associated with direct employment are estimated to generate approximately 439 FTE years with the remaining around 717 FTE years resulting from indirect and induced activity.

This scale of employment generation is significant in the regional context. By way of comparison, based on Infometrics' data, the regional unemployment rate increased from 3.5% in 2022 to 5.7% in 2025, representing the highest level recorded over the past decade. This equates to an estimated increase of approximately 6,460 unemployed persons over the three-year period, or around 2,150 additional people per annum. Against this backdrop, the Project will make a meaningful direct contribution to supporting and stabilising regional employment levels.

In addition, as of September 2025, New Zealand's labour force has an underutilisation rate of approximately 12.9%, the highest in five years and up from 9% in early 2023[14]. This equates to an estimated 138,000 underemployed[15] people in the September 2025 quarter. The Project can be expected to support better labour utilisation by expanding employment opportunities and providing work for those who are currently underemployed.

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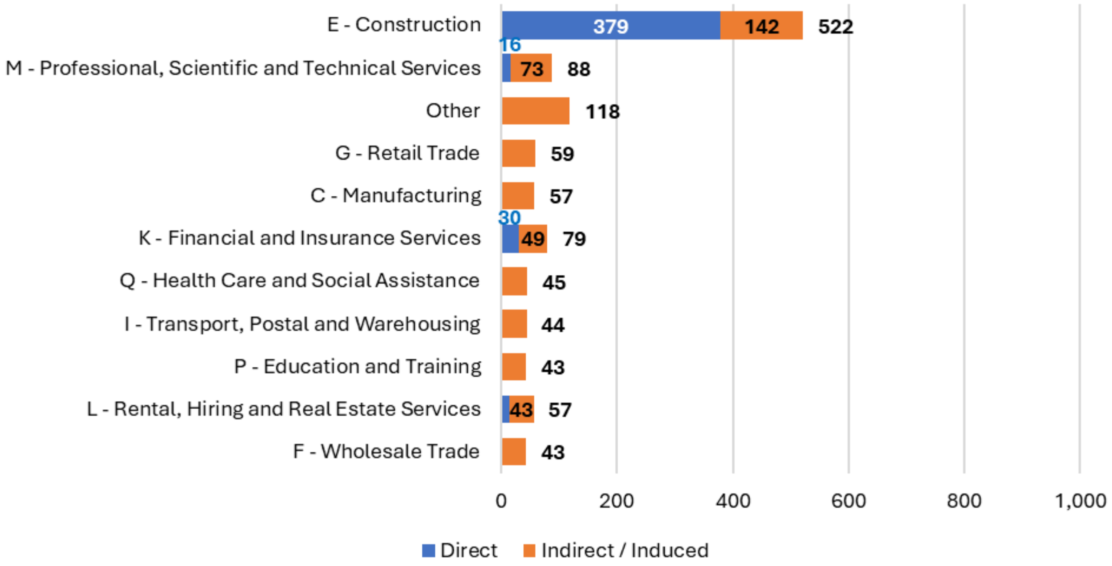
[13] *CAPEX – Capital Expenditure*

[14] *Source: https://www.stats.govt.nz/news/unemployment-rate-at-5-3-percent-in-the-september-2025-quarter/*

[15] *Part-time workers who have both the desire and availability to work more hours.*

FIGURE 2: WAIKATO REGION EMPLOYMENT GENERATION BY SECTOR



Source: Property Economics

6. RACING INDUSTRY OVERVIEW

This section outlines key trends in the racing industry within the Waikato Region, providing context for assessing the economic significance of the Project in supporting the industry and its contribution to the wider regional economy.

6.1. RACING INDUSTRY ECONOMIC CONTRIBUTION AND IMPACTS

According to the latest 2024 NZ Racing Industry Report by IER, there are 92 racing clubs in New Zealand across the three codes of racing. Racing clubs not only provide the opportunity for participants and spectators to participate in the sport of racing, but they also provide an important social destination and, in many regions, are an important part of the social fabric of the community. Appendix 1 shows the locations of existing race tracks in the country.

The Waikato Region has long been recognised as one of New Zealand's most influential centres of thoroughbred breeding, training, and racing. With a history stretching back to the late 19th century, the region has produced many of the country's leading studs, trainers, and racehorses, shaping both the national racing landscape and New Zealand's international reputation in the equine sector.

Today, the Waikato racing industry continues to play a significant economic role, supporting a wide network of breeders, trainers, jockeys, veterinarians, farriers, transport providers, and event-related businesses. Anchored by its strong bloodstock base, high-quality pasture, specialist workforce, and proximity to major markets such as Hamilton, Cambridge, and Matamata, the region contributes substantially to employment, export earnings, and visitor activity.

According to IER, in the 2022-23 racing season, there were 950 TAB race meeting in New Zealand. These race meetings attracted attendances more than 639,000. Of which the Waikato Region (120) accounts for around 25% of North Island's total TAB race meeting and around 12.6% of the national total.

In the 2022-23 racing season, the economic contribution of the racing industry to the Waikato Region reached an impressive $505.3m in value-added GDP. This figure represents around 27% of the total value-added generated by New Zealand's entire racing industry of around $1.88b.

TABLE 5: WAIKATO REGION RACING INDUSTRY ECONOMIC IMPACTS BREAKDOWN

ECONOMIC IMPACTS

	Thoroughbred	Harness	Greyhound	TOTAL
Direct Spending on Training Activities	$149.0m	$7.0m	$1.6m	$157.7m
Direct Spending on Breeding Activities	$202.9m	$2.5m	$0.6m	$206.0m
Direct Spending on Racing & Wagering Activities	$49.6m	$12.5m	$8.6m	$70.6m
Total Direct Expenditure	$401.5m	$22.1m	$10.8m	$434.3m
Total Value-Added	**$466.2m**	**$26.1m**	**$13.0m**	**$505.3m**
Full-Time Equivalent Employment	3,536	191	85	3,812

TOTAL ROLES OCCUPIED IN RACING

	Thoroughbred	Harness	Greyhound	TOTAL
Breeders	325	118	5	448
Owners	2,120	399	120	2,639
Trainers	245	44	29	318
Racing Club & Industry Staff	150	11	30	191
Staff employed by participants	1,339	295	19	1,653
Jockeys & Drivers	78	49	0	127
Volunteers	640	174	44	858
Total roles in New Zealand Racing	**4,897**	**1,090**	**247**	**6,234**

Source: IER

Most of this contribution stems from direct spending, including the costs associated with racing, breeding, and training activities. The industry's direct expenditure alone totalled $434.3m. Of this, $206m was channelled into breeding operations, $157.7m into training and a further $70.6m supporting racing and wagering activities. These figures reflect the significant scale and scope of the racing industry's influence on the regional economy, not only through expenditure but also through the steady circulation of income and the support of regional supply chains.

The racing sector plays a pivotal role in employment generation in the region. It supports around 3,810 full-time equivalent jobs across a range of roles, including breeders, trainers, jockeys, club officials, and support staff. Beyond these FTE positions, the broader ecosystem comprises approximately 6,230 individuals actively engaged in the industry. This includes 448 registered breeders who, alongside their 1,653 employed staff and 858 dedicated volunteers, ensure the continued success and quality of Waikato's bloodstock. On the training side, 318 licensed thoroughbred trainers are responsible for overseeing horses currently in training, supported by a team of 191 staff members and 858 volunteers.

Despite the direct economic contribution from the Waikato racing industry, the indirect and induced economic impacts due to higher rates of imported goods and services, nonetheless support a web of local businesses and industries, from agriculture and logistics to hospitality and accommodation. The racing industry acts as a catalyst for economic activity that reverberates well beyond the racetrack.

Based on the above overview, racing industry is a prominent and growing sector in New Zealand. The proposed development of a world class greenfield racecourse facility at the Site has the potential to leverage the existing equine assets of the region to create a more attractive racing proposition for the market (nationally and globally). A rise in the number of visitors to the region can be expected to generate substantial flow-on benefits to the wider region by supporting local businesses and services.

6.2. RACECOURSE DEVELOPMENT TRENDS

In recent years, New Zealand has seen a marked shift in how racecourse land is used, reflecting broader trends in urban growth and changes within the racing industry. Many racecourses are now being redeveloped, either partially or entirely, into residential, commercial, or mixed-use precincts. This trend is not only a response to the declining frequency of local race meetings in some areas but also a strategic effort to consolidate courses, avoid unnecessary duplication of racecourse assets, unlock the economic value of these large landholdings and provide a financially sustainable basis to build the industry in the future. Interactive (AI) and experiential race day opportunities are also growing trend to attract the younger market.

The following list summarises recent and ongoing racecourse redevelopment projects nationwide, helping to illustrate the potential and appropriate range of activities for the proposed greenfield racecourse development at the Pencarrow Road site.

- Ellerslie Racecourse, Auckland: In 2021, Fletcher Living purchased a 6.2ha parcel of land from Auckland Thoroughbred Racing to redevelop the former Ellerslie Racecourse site for residential use, planning to deliver 357 dwellings, including apartments, terraced homes, and retirement villages. Previous land sales at Ellerslie involved the development of a private medical hospital, hotel and office buildings.

- Avondale Racecourse, Auckland: The Avondale Jockey Club has submitted a proposal to Auckland Council to rezone the 35ha Avondale Racecourse site for terrace housing and apartment development. Racing activities are scheduled to cease at the venue in July 2026, after which the land will be sold.

- Hokitika Racecourse, West Coast: The Westland District Council has approved the sale of three super lots within the former Hokitika Racecourse site, enabling the creation of at least 110 residential sections.

- Riccarton Park, Christchurch: A 38ha area on the edge of the racecourse site is being redeveloped to accommodate 600 new residential homes including a retirement village.

- Paeroa Racecourse, Hauraki: The former Paeroa Racecourse site is being transformed into a mixed-use neighbourhood featuring housing, retail, hospitality, and community facilities.

- Dargaville Racecourse, Kaipara: Dargaville Racecourse Inc. has applied to rezone 47ha of land to accommodate a mix of housing, a retirement village, light industry, a neighbourhood centre, and open space (PPC81). This application has been approved by the Council and became operative in September 2024.

In addition to the redevelopment of existing racecourses, greenfield racecourse projects across the country are increasingly adopting diversified land-use models that balance economic outcomes, community needs, and strategic planning objectives.

As an example, the Southern Parallel Equine Centre (SPEC) in Canterbury is a purpose-planned international-standard greenfield equine precinct developed to consolidate a wide range of equine-related activities into a single, strategically located site. This equine centre has been designed as a fully integrated industry hub rather than a single-use racecourse, with land uses structured to support day-to-day operations, major events, and long-term sector growth while remaining compatible with surrounding rural land uses.

This SPEC project has obtained land use consent in May 2024 and is aiming to open the event and competition aspects in the fourth quarter of 2027 and in readiness for major Ashburton equestrian events commencing 2028.

Primary land uses within the wider SPEC development include[16]:

- Racing and training facilities
- Equine support services (veterinary, feed, transport)
- Administration, education, and research
- Event, hospitality, and visitor facilities

[16] *Source: https://southernparallelcampus.nz/*

- Homes
- Wellness clinic, health spa
- High performance gym
- Medical and therapy suites
- Nutrition centre, cafe
- Open space, biosecurity buffers, etc

The above spread of activities is designed to broaden the asset's income base and increase usage and appeal of the facility. From an economic perspective, the SPEC project demonstrates how a greenfield equine development can accommodate a diversified yet functionally integrated mix of activities. The co-location of racing, training, industry services, and small-scale commercial uses creates operational efficiencies, reduces transport demand, and supports clustering benefits that would not be achievable through dispersed rural zoning.

6.3. DEVELOPMENT POTENTIAL OF THE PENCARROW ROAD SITE

Waikato Region has a deep and active equine economy, breeding, spelling, training and racing, so demand for a full suite of equine activities at a new regional racecourse is likely to be strong if the proposed greenfield racecourse is positioned and marketed efficiently.

Demand drivers of the proposed greenfield racecourse include an established local and national trainer/owner network that needs modern training infrastructure, commercial breeders seeking proximate agistment and spelling facilities, race meeting organisers who require spectator and service infrastructure, allied-service suppliers (veterinary, farriery, feed, transport) and event/tourism demand.

A world class, multifunctional equine hub that provides high-quality training surfaces, stabling capacity, and support services can capture displaced demand from smaller or ageing venues, generate new training throughput by attracting inter-regional trainers, and support ancillary economic activity (hospitality, conferences, equipment suppliers).

Comparing the market's existing provision with international standard horse complexes highlights several potential gaps that the site could fill to be truly competitive.

First, there is increasing demand for year-round, all-weather training surfaces for inclement weather, facilities many older country tracks lack.

Second, advanced veterinary and high-dependency care (on-site surgical suites, advanced imaging, rehabilitation pools and isolation/quarantine facilities meeting international biosecurity standards) are often provided only at a small number of specialist centres. A co-located, high-capability vet hospital would materially increase the hub's ability to host horses and high-stakes events.

Third, modern ancillary infrastructure, purpose-built spelling paddocks with rotational systems, secure high-standard stabling with integrated drainage and waste management, dedicated farrier and saddlery workshops, equine treadmill and aqua-walker rehabilitation facilities, and accredited track maintenance and surface testing services, are commonly cited as differentiators for international-standard complexes.

Finally, event and spectator infrastructure (grandstands, corporate boxes, integrated betting/media facilities, high-quality hospitality and short-stay accommodation) are required to convert training-only throughput into viable race-day income and visitor economic impact.

Overall, there is strong demand driven by international quality regional racing, training, event and equine related facilities to future proof the racing industry in the Waikato region, grow industry participation and improve NZs international competitiveness. An ongoing requirement for large-scale, equine facilities that cannot be efficiently accommodated or replicated within urban environments.

In addition, Bloodstock sales centre would add value, profile and credibility to the development domestically and internationally.

6.4.IMPLICATIONS OF THE MESSARA REPORT 2018

The proposed greenfield racecourse development is consistent with the recommendations of the Messara Report, an independent, Government-commissioned assessment of the domestic racing industry. This earlier report identified structural challenges facing the sector and recommended clear guidance on actions required to ensure long-term sustainability. It specifically recommended support for initiatives that would consolidate racing activities and develop fit-for-purpose facilities capable of sustaining the industry into the future.

In assessing existing facilities, the Messara Report found that Te Rapa Racecourse was located in an excellent location and supported training activities but had average infrastructure that would require substantial investment to remain viable in the long term. Similarly, Te Awamutu Racecourse was considered to have a good location for training but poor infrastructure, also necessitating major upgrades to maintain operational standards.

The report therefore concluded that incremental improvements to these existing facilities would be insufficient to address the long-term operational, infrastructure, and efficiency needs of the Waikato racing industry.

Accordingly, the Messara Report made two key recommendations relevant to this proposal:

> *"4. Build an exceptional new racing and training venue in the Waikato within the next 8 to 10 years at an estimated cost of at least $110 million, and then close and sell the Te Rapa, Cambridge, and Te Awamutu racecourses to fund the development."*
>
> *"15. …Support the development of the Waikato Greenfields Project."*

These recommendations provide a clear strategic basis for the proposed greenfield racecourse. WTR's financial modelling demonstrates that a purpose-built, consolidated 'super hub' is the most economically viable solution to deliver long-term, fit-for-purpose racing and training facilities. By enabling the consolidation of resources, expertise, and operational activity into a single, modern facility, the project improves the overall efficiency of the Waikato racing industry, avoids duplication of investment across multiple ageing sites, and strengthens the regional racing economy.

From an economic perspective, the proposed greenfield racecourse represents both an efficient use of capital and a critical enabler of industry performance. Consolidating racing activity into a single, strategically located facility maximises the value derived from infrastructure investment, increases operational scale, and centralises expertise and services, which enhances the competitiveness and resilience of the Waikato racing sector.

Conversely, failing to establish the greenfield racecourse would leave existing facilities fragmented and underperforming, particularly in light of the closure of the Waipā Racing Club in Te Awamutu, and could undermine the broader financial and operational sustainability of the regional industry.

It is therefore important that the economic significance of the proposed greenfield racecourse is assessed in context, rather than in isolation. The Project addresses longstanding infrastructure deficits, operational inefficiencies, and facility limitations across Te Rapa, Cambridge, and Te Awamutu. By providing a single, fit-for-purpose venue, the Project ensures that the Waikato racing industry can operate effectively, deliver nationally significant racing events, and support employment and associated economic activity in the region.

6.5. BLOODSTOCK SALE MARKET

New Zealand's thoroughbred breeding and sales industry is highly concentrated within the Waikato Region, which accommodates a majority of the national breeding stock and associated equine services. This spatial concentration has fostered a well-developed industry cluster characterised by strong agglomeration benefits, including access to specialised labour, veterinary services, and supporting infrastructure.

Within this context, the Karaka sales complex operated by New Zealand Bloodstock serves as the primary national marketplace for bloodstock transactions, particularly for yearling sales. According to New Zealand Bloodstock, across both books, 848 yearlings were catalogued in 2026 compared to 1,008 in 2025. After four straight years sitting around the 1,100 marks, the shape of the sale materially changed. Fewer lots meant more competition per horse, and a clearer lift in the floor, reflected in the averages, medians, and clearance rates.

TABLE 6: BOOK 1 AND 2 OF OVERALL 5-YEAR METRICS NZB NATIONAL YEARLING SALE

Book 1

Year	Catalogued	Offered	Sold	Clearance	Gross	Median
2026	567	520	422	81%	$79,022,500	$140,000
2025	661	588	457	78%	$75,332,500	$110,000
2024	682	607	473	78%	$79,585,500	$120,000
2023	644	582	461	79%	$70,063,000	$130,000
2022	636	558	430	77%	$63,127,500	$100,000

Book 2

Year	Catalogued	Offered	Sold	Clearance	Gross	Median
2026	281	248	188	76%	$12,247,000	$60,000
2025	427	355	270	76%	$9,759,000	$26,750
2024	443	378	265	70%	$11,444,000	$32,500
2023	435	376	267	71%	$11,516,000	$32,000
2022	466	385	247	64%	$10,036,000	$30,000

Source: New Zealand Bloodstock

As shown in Table 6, a notable feature of the market is its strong reliance on international buyers, particularly from Australia, who frequently account for 43-48% of total expenditure.

TABLE 7: NEW ZEALAND BLOODSTOCK GROSS SPEND BY BUYER LOCATION

Funding buyer	2026 lots	2026 gross	2025 lots	2025 gross
Australia	242	48%	438	43%
New Zealand	283	34%	227	41%
Hong Kong	49	9%	44	10%
China	24	4%	16	0%
South Africa	9	2%	5	1%
Singapore	9	1%	8	1%

Source: New Zealand Bloodstock

From an economic perspective, the establishment of a modern purpose built bloodstock sales facility within the Waikato Region has the potential to improve overall market efficiency by providing greater flexibility in the timing and format of sales. Such a facility could accommodate overflow demand, support specialised or secondary sales segments, and extend the sales calendar, thereby reducing peak congestion at Karaka.

At the same time, the introduction of a competing venue has the potential generate positive competitive effects, incentivising improvements in service quality, buyer experience, and operational efficiency across the sector. Importantly, these effects are not necessarily redistributive, rather, they can enhance allocative efficiency by improving the matching of buyers and vendors and increasing the likelihood that horses are sold at values that more accurately reflect underlying demand.

Quantitatively, the scale of the existing market suggests that even marginal improvements in performance could yield noticeable economic benefits. For illustrative purposes, applying current market parameters (e.g. catalogues of approximately 1,000 horses and median prices in the order of $100,000-$140,000), a 5%-10% increase in clearance rates would result in a meaningful uplift in realised sales. This equates to approximately 50-100 additional horses sold per annum, which, at prevailing price levels, could generate on the order of $5-14m in additional turnover per annum.

Given the high proportion of international buyers, improvements in the quality, accessibility, and capacity of sales infrastructure may also support increased offshore participation, further strengthening export earnings. The proposed Waikato-based sale yard is particularly well positioned to realise these benefits due to its proximity to the core breeding catchment and established industry environment. Reduced transport distances lower costs and minimise stress on animals, while accessibility to Auckland Airport supports the movement of both international buyers and exported horses. These locational advantages reinforce the strategic rationale for additional sales infrastructure within the region.

Overall, the proposed development of a new bloodstock sales yard in Waikato will be an important investment in enabling infrastructure that supports the continued growth and resilience of a high-value export industry. Rather than creating additional supply, the proposed development has the potential to unlock latent value within the existing market by improving efficiency, enhancing competition, and strengthening New Zealand's position in the global bloodstock sector.

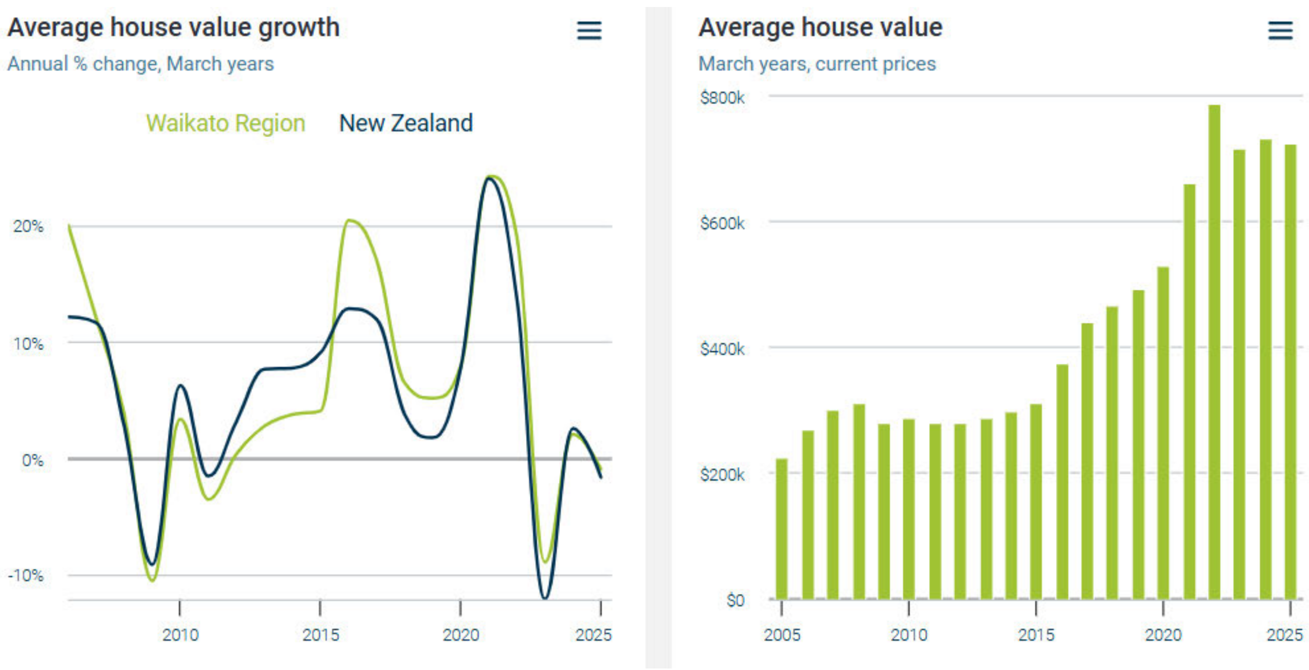
7. RESIDENTIAL MARKET OVERVIEW

The Waikato regional housing market has experienced both significant cyclical volatility in house price growth and a sustained long-term increase in house values. Annual house price growth has fluctuated between approximately +20% and -10% over the past two decades, and at times has exceeded the national average, indicating periods where the region has outperformed broader national trends.

This suggests that the Waikato market is relatively responsive to demand pressures, including spillover effects from Auckland, while also being more exposed to cyclical corrections.

As a result, the region's average house values have increased from just above $200,000 in the mid-2000s to approximately $700,000 in recent years, representing a more than threefold increase. This growth suggests persistent pressure on housing supply, likely driven by population growth, spillover demand from Auckland, and constraints on the supply of serviced land.

FIGURE 3: WAIKATO REGION HOUSE PRICE AND GROWTH TRENDS



Source: Infometrics

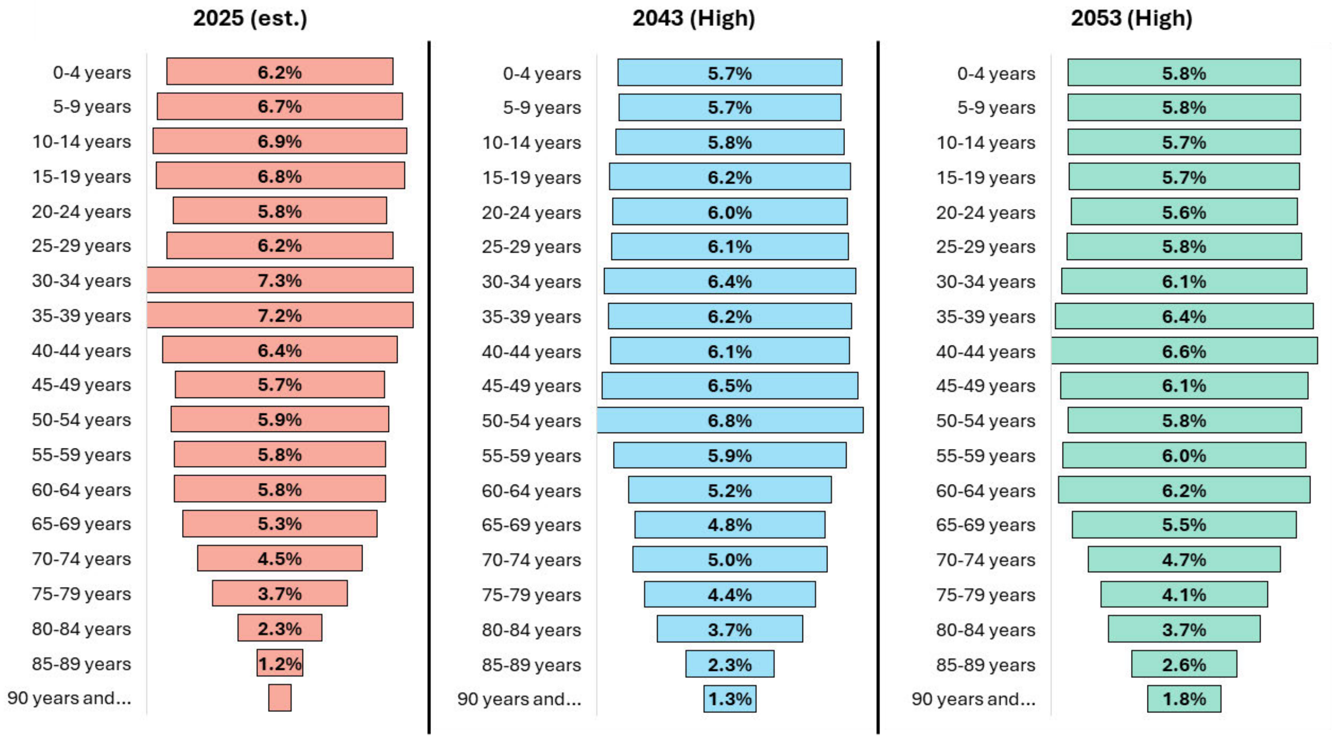
7.1. POPULATION AGE COMPOSITION CHANGE

Figure 4 on the following page illustrates the present (2025) and projected (2053) population bases for the wider Waikato Region categorised by age groups.

According to Stats NZ's estimates, the wider region currently has a population base of around 532,000 people in 2025, with an estimated average household size of approximately 2.7. Among this existing population, the predominant demographic group comprises Babies, Kids, Teenagers, and Young Adults (0-24 years), constituting approximately 32.3% of the total population. Additionally, around 93,370 people are retirees / aged 65+ years, representing around 17.5% of the overall population. This ratio is slightly higher than the average of around 16.9%.

Looking forward, the total population of the wider Waikato Region is projected to reach approximately 703,430 people by 2043 under the Stats NZ (2023 Base) High growth scenario, indicating a projected increase of around 171,400 people or a significant growth of around 32% over the next 18 years. By 2053, the total population base will grow to around 797,600 people, representing a 50% growth or +265,500 additional people from the 2025 population.

FIGURE 4: WAIKATO REGION CURRENT AND FUTURE POPULATION AGE PROFILE



Source: Stats NZ

Specifically, the projected growth in retirees (65+ years) amounts to around 57,460 people by 2043 and 86,340 by 2053 within the wider regional market, constituting around one-third of Waikato Region's total population growth. This equates to a significant +62% expansion by 2043 and a significant growth of +92% from the current population base of the 65+ age group, making it the group of residents with the most significant growth over the next 28 years.

As a result, the demographic contribution of the 65+ age group is anticipated to around 22.5% as a proportion of total population by 2053 from 17.5% in 2025. This represents a significant structural ageing trend that will drive sustained growth in demand for a range of retirement village products, from independent living to higher-care accommodation. Even at current market penetration rates, this shift implies a material uplift in required supply, strengthening the potential and efficiency for additional retirement village development, particularly in well-located areas with access to services and amenities.

Waikato Region is not the only council having to grapple with increasing pressure to accommodate the burgeoning 65+ year cohort. This is a challenge across New Zealand at present, and one that is only going to quickly amplify unless a supply pipeline can start to be established now given planning and development lead times.

7.2. RECENT LIFESTYLE SALES TRENDS

Based on the residential sales data from Cotality[17], Figure 5 shows the spatial pattern of rural lifestyle property activity within a 10km radius catchment surrounding the site (indicated by the blue dashed circle). The yellow dots, representing lifestyle sales over the past five years (1 Dec 2020 - 1 Dec 2025), are distributed across the wider peri-urban and rural areas between Hamilton and Cambridge. Their pattern provides a strong indication of where lifestyle-focused residential demand and investment have been most active in the localised market.

Overall, within a 10km radius catchment of the proposed development, there have been 263 transactions over the same period, equating to a sale rate of around 53 lots per annum over the last five years.

Within the northern portion of the 10km radius catchment, towards Ruakura, Matangi, and the eastern outskirts of Hamilton, there is a moderately dense cluster of sales. This reflects the popularity of rural-residential living in locations that retain convenient access to Hamilton's urban amenities, employment centres, and main transport corridors. The relatively high frequency of sales in the Tamahere area further reinforces this trend.

South and southwest of the site, towards Hamilton Airport and the rural areas extending outward, the distribution of sales is similarly strong. This indicates steady lifestyle investment in areas offering a mix of open rural character and accessibility to regional infrastructure, including the airport and arterial routes. The pattern suggests that households seeking larger land parcels and semi-rural amenity value remain active in this part of the market.

To the southeast, closer to Cambridge, another noticeable cluster of sales reflects Cambridge's reputation as a rural-lifestyle hub. The concentration of activity around Cambridge highlights

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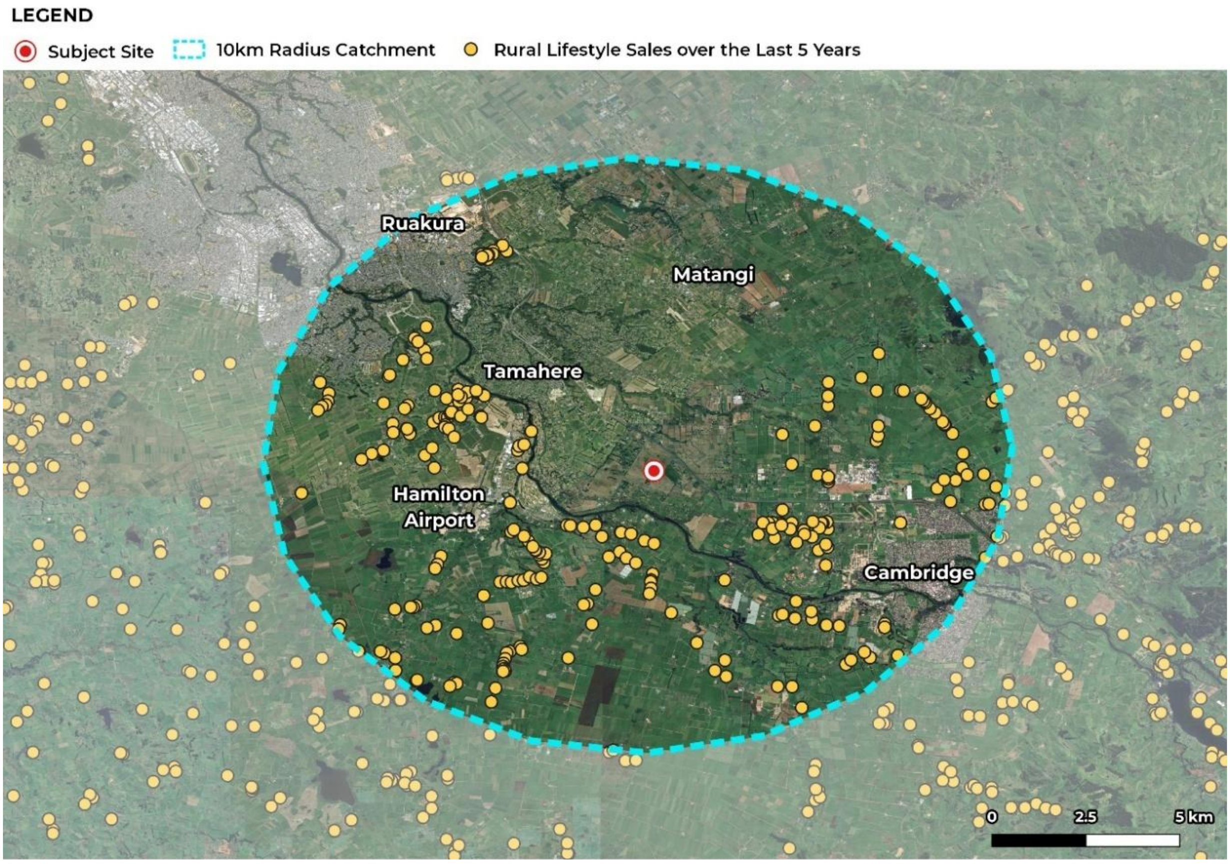
[17] *Source: https://www.cotality.com/nz*

demands for lifestyle properties that benefit from the town's established services and recreational amenities, as well as its strong connectivity to the surrounding region.

When considering the site's location, centrally positioned between Hamilton and Cambridge within an area where sales clusters effectively converge, the distribution of rural lifestyle transactions suggests the site sits within an active and attractive lifestyle property market. Its proximity to established lifestyle areas, transport routes, and two major urban centres positions it well to capture future demand and investment.

FIGURE 5: GEOSPATIAL DISTRIBUTION OF RECENT RURAL LIFESTYLE SALES (1 DEC 2020 - 1 DEC 2025)



Source: Cotality, Google Maps

8. OTHER NON-MONETISED (QUALITATIVE) ECONOMIC BENEFITS

In addition to the previously quantified economic injection, the Project would create a variety of potential (non-monetised) economic benefits. The following outlines the key qualitative economic costs and benefits generated as a result of the proposed development, including direct and flow-on operational economic benefits.

ECONOMIC BENEFITS

- Strengthening of Waikato's nationally significant racing industry: Waikato is a core region for thoroughbred breeding and training in New Zealand. Establishing a modern 'super hub' reinforces this cluster by centralising expertise, infrastructure, and industry participants. Economic clustering generates agglomeration benefits, including knowledge transfer and service specialisation, which enhance industry competitiveness and potentially attract participants and investment from outside the region.

- Long-term industry sustainability and productivity gains: The greenfield racecourse enables the consolidation of fragmented and ageing facilities into a single, purpose-built hub. This improves operational efficiency, reduces duplication of maintenance and capital expenditure, and enhances productivity across racing, training, broadcasting, and event delivery. A modern facility designed to current standards improves race quality, animal welfare outcomes, and wagering performance, all of which are key revenue drivers for the industry. Sustaining the racing sector supports associated supply chains including breeding, veterinary services, feed suppliers, transport operators, and professional services.

- Regional employment and income generation: Once operational, the consolidated racecourse will support direct employment (racing operations, training, administration, events) and indirect employment across the wider racing ecosystem. By strengthening the viability of the regional racing sector, the proposal protects and enhances long-term employment opportunities in the Waikato, particularly in rural and peri-urban areas where racing-related activities are concentrated.

- Increased event-based expenditure and visitor economy benefits: A modern, consolidated facility capable of hosting high-quality race meetings and major events will attract participants and spectators from outside the immediate catchment. This generates visitor expenditure across accommodation, hospitality, transport, and retail sectors. Event-based tourism contributes to regional GDP and supports local businesses, particularly in sectors aligned with the visitor economy.

- Enhanced local and regional profile: The proposed development has the potential to attract residents and tourists from beyond the broader Waikato Region as well as the rest of the country and internationally. This would enhance the region's profile, triggering further economic investment and growth. As mentioned earlier, a defining feature of the New Zealand racing industry and bloodstock sale market is its reliance on international purchasers. Offshore participants and buyers account for a substantial share of total expenditure at major bloodstock sales, contributing significantly to aggregate turnover and price formation.

- Improved bloodstock sales market efficiency: The development of a new bloodstock sales facility at the site would enhance the efficiency and capacity of New Zealand's thoroughbred industry by complementing existing operations at New Zealand Bloodstock. By accommodating additional or more flexible sales, reducing congestion, and improving buyer-vendor matching, the facility has the potential to increase clearance rates and sale values, generating additional annual turnover. The site's location within the core breeding cluster, with access to Auckland Airport, would also support international participation and export growth, reinforcing the industry's competitiveness.

- Increased competition in rural lifestyle housing options: The proposed residential component (comprising rural lifestyle and senior living) increase competition and options available to residents. In doing so, it responds to increasingly diverse household preferences, including demand for lower-density living environments, ageing-in-place opportunities, and more specialised forms of accommodation.

  Importantly, the development would introduce housing options within a distinctive, racecourse-integrated setting, offering an alternative to more conventional urban or rural lifestyle opportunities. This unique environment has the potential to attract niche segments of the market seeking amenity, open space, and a strong sense of place.

- More productive use of existing racecourse land resources (indirect): Although not part of this Project, it does represent a real world outcome as a result of the Project with existing racecourse land being unlocked for more productive and efficient uses. This represents a significant opportunity cost benefit, a large, centrally located landholdings can be repurposed for housing, mixed-use, or commercial development, generating higher economic output and contributing to urban growth objectives. This improves overall land-use efficiency and contributes to a well-functioning urban environment.

We have not endeavoured to undertake a full economic cost / benefit analysis, given that this is a referral application. A more detailed analysis will be undertaken at the substantive application stage following referral to the Panel. Based on our experience and our reading of the Project, however, we consider that the economic benefits of the proposal would comfortably outweigh any potential disbenefits.

9. CONCLUSION

Having undertaken the economic analysis outlined earlier, Property Economics considers that enabling the Project under the FTAA would yield significant economic benefits for the regional racing industry and broader economy.

Overall, our assessment supports the Project from an economic perspective giving effect to the NPS-UD Policies and meet the purpose of the FTAA.

These regional economic benefits include but not limited to:

• Total direct expenditure over an 8-year development period (excl. land)	$406.3m
• Total GDP NPV at 8% over an 8-year development period	$138.0m
• Total GDP NPV at 2% over an 8-year development period	$169.0m
• FTEs during the peak development year	399 FTE years
• Total FTE years over the 8-year development period	1,156 FTE years
• Total direct employment over the development period	439 FTE years
• Total indirect and induced employment over development period	717 FTE years

Under a scenario where development starts earlier in 2030 and spans 8 years, this would lead to an estimated increase in total value added (GDP) of around $161m for the Waikato Region over the life of the 8-year development timeframe. Applying a 2% discount rate to this scenario, the Project is estimated to generate approximately $197m in total business activity across the Waikato Region over the full development timeframe.

Overall, our assessment supports the Project from an economic perspective in the context of the RMA, NPS-UD Policies and FTAA.

APPENDIX 1. EXPLANATIONS OF EIA MODELLING PROCESS

The EIA assesses the potential economic activity generated within the Waikato Region specifically attributable to the Project through spending on the general civil works and residential development. This includes construction costs, which have been valued for the overall development.

The impact of this injection on the initial business cycle has been calculated. This 'construction multiplier' was based on the national input-output tables produced by Stats NZ (based on 48 sectors), which were then assessed at a district level based on Waikato regional economic activity, composition and productivities.

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

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

Total output impacts to the Waikato region catchment for the proposed developments include:

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

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

This capital expenditure then is assessed through the process indicated at the beginning of this section which includes calculating the amount of direct spend that is retained within the Waikato Region.

Then utilising the appropriate economic multipliers for each of the affected sectors the economic model produces both indirect outputs and induced outputs. Given that the development will take place over a proposed period of 8 years, development beyond the first year is discounted to provide a Net Present Value (NPV).

APPENDIX 2. EXPLANATIONS OF EIA MODELLING OUTCOMES

By way of explanation of the items listed in Table 1:

- The reference to "*Levies*" is referring to external land and building costs such as Council costs.
- The reference to "*Development Costs*" includes costs associated with the development of the land, earthworks, etc. Note these costs are separated out from Construction costs due to the high level of capital (machinery) to labour ratio.
- The reference to "*Construction Costs*" includes built form costs.
- The Direct Expenditure line includes all expenditure on the Project, both in and externally to the Waikato Region.

The "*Level 2 Multiplier Effects*" section identifies the proportion of the direct expenditure that is experienced in the Waikato Region only. This incorporates consideration of the economic multipliers described in the following section.

This EIA evaluates the total economic effects of the specific project on the Waikato regional economy. Multipliers, a key component of EIA, quantify how initial changes in spending lead to larger, ripple effects throughout the Waikato regional economy[18]. These effects include direct, indirect, and induced impacts, reflecting changes in output, employment, income, and other economic variables.

Aggregating Impacts:

The following steps form the basis for the value and employment multipliers to quantify the number of FTE years generated by the project.

Step 1: Allocate total project expenditure by ANZSIC category.

Step 2: Apportion the extent of each expenditure category that is likely to be retain within the Region. This is based on business and employment composition, business size, capital

[18] *Multipliers are coefficients that translate direct changes in economic activity into the total economic impact. For example, a job multiplier shows how many jobs are created in total (directly, indirectly, and induced) for each new job created directly. Similarly, an output multiplier indicates how much total output increases for each dollar increase in output in a specific industry. Relevant key multiplier types include Output Multiplier: Measures the total change in economic output resulting from a change in demand for a specific industry; and Employment Multiplier: Measures the total change in employment resulting from a change in employment in a specific industry.*

formation, inflows of GDP (technically GRP), etc. This is direct regional spend and hence smaller than the total generated.

Step 3: Utilising Stats NZ Input / Output tables generate regionally specific Level 1 multipliers (i.e. where each $1 spent goes through the first cycle). These multipliers are specific for each of the 48 sectors and are proportionally combined to produce the development multiplier: earth works, fees, etc (due to these having a materially different labour to capital breakdown) and the construction multiplier - built form.

Step 4: Utilise a similar process to assess the Level 2 multipliers for indirect and induced activities.

Step 5: These three (direct, indirect and induced impacts) are then aggregated and discounted to get the NPV seen in Table 1.