

Te Kowhai East Industrial Development, Hamilton

Assessment of Economic Effects



About us

Our Areas of Expertise

Economic Analysis

Our work aims to bridge the gap between land-use planning and urban economics. Our focus is on the interaction between land markets, land-use regulations, and urban development. We have developed a range of methodologies using a quantitative approach to analyse urban spatial structure and audit land-use regulations.

Property Research

We provide property and retail market research to assist with the planning and marketing of new projects. This includes the identification of new sites and market areas, assessments of market potential and positioning, and the evaluation of market feasibility of specific projects.

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We provide development planning and costing advisory services to support small and large-scale developments.

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1. Introduction

This report provides an evaluation of the economic impacts on GDP and Full-Time Equivalent workers (FTEs) from a proposed development (“the development”) at 270 Te Kowhai Road and 28 Mathers Road, Hamilton.

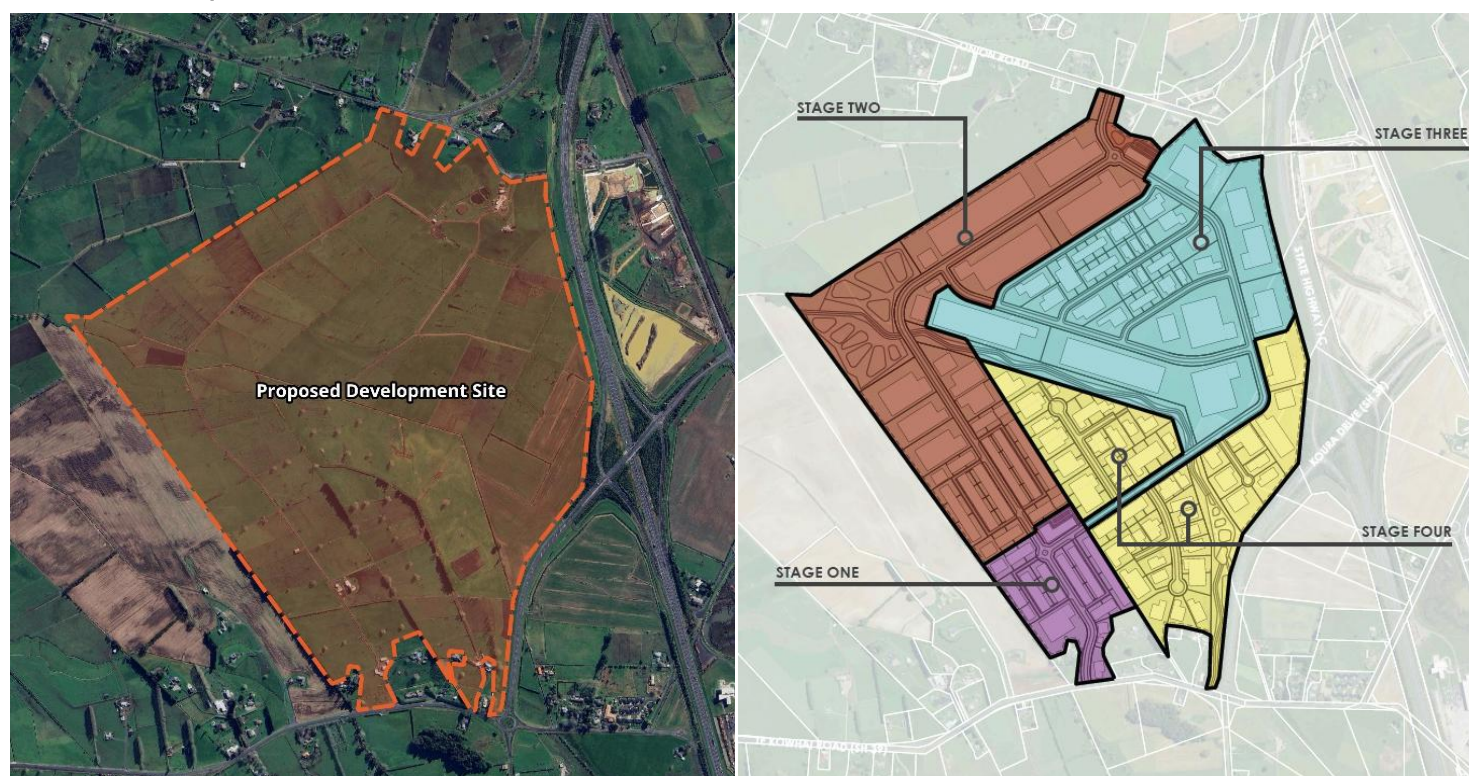
1.1 The Development

Figure 1 outlines the development site and the concept plan. The development is located towards the northwest of Hamilton City and is in close proximity to the Te Rapa industrial area. The development has a total area of approximately 187.4 hectares.

The proposal is for an industrial development with two small neighbourhood centre areas.

The development is expected to produce approximately 181 lots of between 0.25 - 10 ha.

Figure 1:
The Development Site



Source: LINZ, Te Kowhai East Limited Partnership

2. Economic Contribution

This section assesses the impact of the development on GDP and FTE employment during the construction phase and subsequent ongoing operation of industrial and commercial occupants.

2.1 Construction Phase

The construction of the development includes the subdivision of the land and construction of industrial and commercial buildings. The contribution that this makes to GDP and FTE employment is estimated using the value-added approach. This is further refined to estimate the direct, indirect and induced contributions to GDP and employment.

Figure 2 outlines the value-added GDP and employment, and breaks this down into direct, indirect and induced impacts and FTE employment. Some of the key points to note are:

- The direct impact on the construction sector of the development is estimated to be \$209.9 million in GDP and will support approximately 1,735 FTE jobs. This includes building construction and related services.
- The indirect impact on the construction sector of the development is estimated to be \$161.9 million in GDP and will support approximately 1,335 FTE jobs. This includes for example, real estate services, consultancy, manufacturing, banking, insurance, retail trade and transport.
- The induced impact on the construction sector of the development is estimated to be \$247.7 million in GDP and will support approximately 2,045 FTE jobs. This includes various sectors, most notably supermarket and grocery stores, accommodation, food and beverage services, gas and water supply, telecommunications, healthcare, retail trade, banking and insurance.
- In total, the development is estimated to contribute approximately \$619.4 million to GDP and support approximately 5,115 FTE jobs in the regional economy during this phase.

Figure 2:
Economic Impact of The Development

Impact	Multiplier	Project Value (\$M)	GDP (\$M)	FTE
Direct	1.0	\$682.7	\$209.9	1,735
Indirect	0.8	\$526.5	\$161.9	1,335
Direct + Indirect	1.8	\$1,209.2	\$371.8	3,070
Induced	1.2	\$805.6	\$247.7	2,045
Total	3.0	\$2,014.8	\$619.4	5,115

Source: Statistics NZ, UE

Figure 3 provides a breakdown of the development's contribution to GDP and FTE employment, for each property type.

The industrial part of the development is estimated to contribute approximately \$528.7 million to GDP and support approximately 4,365 FTE jobs. This includes direct contributions from building construction and construction and related services, indirect effects from supply chain activities, and induced impacts from increased consumer spending within the community, which further increases economic growth.

The neighbourhood centre part of the development is estimated to contribute approximately \$16.7 million to GDP and support approximately 135 FTE jobs.

Overall, the construction of the development will contribute approximately \$619.4 million to GDP and support approximately 5,115 FTE jobs. This reflects the combined direct, indirect and induced impacts of the development.

Figure 3:
Direct, Indirect & Induced Economic Impact by Property Type

The Development Property Type	GDP Contribution (\$M)					Full-Time Equivalent (FTE)**				
	Direct	Indirect	Direct+ Indirect	Induced	Total	Direct	Indirect	Direct+ Indirect	Induced	Total
Industrial	\$179.1	\$138.2	\$317.3	\$211.4	\$528.7	1,480	1,140	2,620	1,745	4,365
Neighbourhood Centre	\$5.6	\$4.4	\$10.0	\$6.7	\$16.7	45	35	80	55	135
Other*	\$25.1	\$19.4	\$44.5	\$29.6	\$74.1	205	160	365	240	605
Total	\$209.9	\$161.9	\$371.8	\$247.7	\$619.4	1,730	1,335	3,070	2,045	5,115

*Includes roads, reserves, parks, etc.

**Difference in totals is due to rounding.

Source: UE

The construction of the development, including the land subdivision and construction of the buildings, is estimated to be completed by 2036. Figure 4 outlines the direct, indirect and induced impact on GDP and the number of FTE jobs supported over the 2026 - 2036 period. Some of the key points to note are:

- Between 2026 and 2030, the direct, indirect and induced impact from the construction of the development will contribute approximately \$351.1 million to GDP and support approximately 2,915 FTE jobs.
- Between 2030 and 2036, the direct, indirect and induced impact from the construction of the development will contribute approximately \$268.4 million to GDP and support approximately 2,160 FTE jobs.
- Overall, between 2026 and 2036, the direct, indirect and induced impact from the construction of the development will contribute approximately \$619.4 million to GDP and support approximately 5,115 FTE jobs.

Figure 4:
Direct, Indirect & Induced Economic Impact by Development Timeframe

Year	Direct			Indirect			Direct + Indirect			Induced			Total		
	Project Value (\$M)	GDP (\$M)	FTE	Project Value (\$M)	GDP (\$M)	FTE	Project Value (\$M)	GDP (\$M)	FTE	Project Value (\$M)	GDP (\$M)	FTE*	Project Value (\$M)	GDP (\$M)	FTE*
2026	\$89.2	\$27.4	230	\$68.8	\$21.6	180	\$158.0	\$49.0	410	\$105.3	\$32.4	275	\$263.3	\$81.4	685
2027	\$89.2	\$27.4	230	\$68.8	\$21.6	180	\$158.0	\$49.0	410	\$105.3	\$32.4	275	\$263.3	\$81.4	685
2028	\$69.3	\$21.3	175	\$53.4	\$16.3	135	\$122.7	\$37.6	310	\$81.8	\$25.1	205	\$204.5	\$62.8	515
2029	\$69.3	\$21.3	175	\$53.4	\$16.3	135	\$122.7	\$37.6	310	\$81.8	\$25.1	205	\$204.5	\$62.8	515
2030	\$69.3	\$21.3	175	\$53.4	\$16.3	135	\$122.7	\$37.6	310	\$81.8	\$25.1	205	\$204.5	\$62.8	515
2031	\$69.3	\$21.3	175	\$53.4	\$16.3	135	\$122.7	\$37.6	310	\$81.8	\$25.1	205	\$204.5	\$62.8	515
2032	\$69.3	\$21.3	175	\$53.4	\$16.3	135	\$122.7	\$37.6	310	\$81.8	\$25.1	205	\$204.5	\$62.8	515
2033	\$69.3	\$21.3	175	\$53.4	\$16.3	135	\$122.7	\$37.6	310	\$81.8	\$25.1	205	\$204.5	\$62.8	515
2034	\$29.5	\$9.1	75	\$22.7	\$7.0	55	\$52.2	\$16.0	130	\$34.8	\$10.7	75	\$87.0	\$26.7	205
2035	\$29.5	\$9.1	75	\$22.7	\$7.0	55	\$52.2	\$16.0	130	\$34.8	\$10.7	75	\$87.0	\$26.7	205
2036	\$29.5	\$9.1	75	\$22.7	\$7.0	55	\$52.2	\$16.0	130	\$34.8	\$10.7	75	\$87.0	\$26.7	205
2026-2030	\$386.3	\$118.8	985	\$298.0	\$92.1	765	\$684.3	\$210.9	1,750	\$455.9	\$140.2	1,165	\$1,140.2	\$351.1	2,915
2030-2036	\$296.4	\$91.1	750	\$228.6	\$69.8	570	\$524.9	\$160.9	1,320	\$349.7	\$107.5	840	\$874.6	\$268.4	2,160
2026-2036	\$682.7	\$209.9	1,735	\$526.5	\$161.9	1,335	\$1,209.2	\$371.8	3,070	\$805.6	\$247.7	2,045	\$2,014.8	\$619.4	5,115

*Difference in totals is due to rounding.

Source: UE

Figure 5 compares the economic impact of the existing rural use (the “base case”) and the development.

Under the base case, the site is currently being used for dairy farming. This is estimated to contribute \$0.5 million to GDP and support approximately 5 FTE jobs.

In contrast, the development would contribute an estimated \$371.8 million to GDP and support approximately 3,070 FTE jobs.

Overall, the development will result in a net addition of approximately \$371.3 million to GDP and support approximately 3,065 FTEs, when compared to the base case scenario. This is considered to be a conservative approach as it does not account for economic benefits from the induced impact outlined in Figures 2-4.

Figure 5:
GDP and FTE Base Case vs The Development

Comparison	Project Value \$(M)	GDP (\$M)	FTE
Base Case	\$1.1	\$0.5	5
The Development	\$1,209.2	\$371.8	3,070
Net Difference	\$1,208.1	\$371.3	3,065

Source: UE

Figure 6 shows the estimated national ‘GDP per FTE employee’. These figures are used to estimate the FTE employees created by the construction project expenditure outlined in Figures 3-5.

Figure 6:
Industry GDP and GDP per Employee

Sector	GDP (\$M)	FTE Workers	GDP Per Employee
Construction	\$23,200	175,000	\$133,000
Industrial	\$111,000	740,250	\$150,000
Agriculture	\$14,100	84,900	\$166,000
Retail	\$17,000	232,700	\$73,100

Source: Statistics NZ

2.2 Ongoing Operation

Figure 7 outlines the direct and indirect economic contribution of the ongoing operation of the development. Some of the key points to note are:

- The ongoing economic impact from the base case scenario is estimated to be a \$0.5 million contribution to GDP and will support 5 FTE jobs per annum. This has a net present value of approximately \$8.0 million (estimated over a 30-year period with a discount rate applied at 5% per annum).
- The industrial part of the development is estimated to contribute \$616.1 million to GDP and support 4,105 FTE jobs per annum. This has a net present value of approximately \$9.9 billion (estimated over a 30-year period with a discount rate applied at 5% per annum).

- The retail part of the development is estimated to contribute \$4.0 million to GDP and support approximately 55 FTE jobs per annum. This has a net present value of approximately \$64.0 million (estimated over a 30-year period with a discount rate applied at 5% per annum).
- Overall, the development is estimated to result in a net addition of approximately \$619.6 million to GDP and support approximately 4,155 FTE jobs per annum, when compared to the base case. This will have a net present value of approximately \$10.0 billion (estimated over a 30-year period with a discount rate applied at 5% per annum).

Figure 7:
Economic Contribution and Employment

Land Use	Ongoing Operation Impact	Sector	Multiplier	GDP (\$M)	Net Present Value (\$M)	FTE
Base Case	Direct	Agriculture	1.00	\$0.2	\$4.3	3
	Indirect	Other	0.87	\$0.2	\$3.7	2
	Total Impact	-	1.87	\$0.5	\$8.0	5
Industrial	Direct	Industrial	1.00	\$329.0	\$5,311.1	2,190
	Indirect	Other	0.87	\$287.0	\$4,632.9	1,915
	Total Impact	-	1.87	\$616.1	\$9,944.0	4,105
Retail	Direct	Retail	1.00	\$2.3	\$37.7	30
	Indirect	Other	0.70	\$1.6	\$26.3	25
	Total Impact	-	1.70	\$4.0	\$64.0	55

Source: Statistics NZ, UE

3. Indicative Tenant Mix - Industrial Node

The development will provide a new industrial node within Hamilton, which due to its scale and location, will service the upper half of the North Island.

The potential tenant mix for the development has been estimated based on the assessment of similar-sized industrial nodes. This is outlined in Figure 8. Some of the key points to note are:

- The existing tenant mix in the comparable industrial nodes includes businesses that are mainly engaged in construction (42%), manufacturing (19%), and wholesaling (18%). A small proportion of businesses are also engaged in transport (9%) and agriculture (8%).
- The potential mix of tenants for the development will include predominantly construction, manufacturing, and wholesale trade. Additionally, a smaller proportion of transportation-related enterprises will be established in this location, supported by its access to Hamilton, Auckland and Tauranga.

Figure 8:
Tenants Mix Existing Industrial Nodes

Exisiting Businesses	Dairy Flat	Silverdale	Hobsonville	Westgate	Pokeno	Te Rapa	Mt Maunganui	Total	%
Construction	190	155	230	165	140	170	475	1,525	42%
Manufacturing	40	110	30	30	25	195	260	690	19%
Wholesaling	30	75	40	35	10	190	250	630	18%
Transport	20	10	30	25	60	35	135	315	9%
Agriculture	45	10	10	0	80	5	155	305	8%
Others	10	10	5	5	5	25	40	100	3%
Warehousing & Storage	5	5	0	0	5	5	25	45	1%
Total	340	370	340	260	325	625	1,340	3,600	100%

Source: Statistics NZ

4. Supply Analysis

The development directly responds to industrial land shortages identified in the Future Proof Partners Business Development Capacity Assessment (2023). The HBA highlights a shortfall of industrial land across the majority of Hamilton, particularly in Te Rapa, where industrial land is insufficient to meet demand in the medium to long-term. The development offers a significant and well-located addition to sub-regional industrial land supply. Its scale and proximity to key transport routes make it well suited to support industrial demand growth across the district and wider region.

5. Conclusion

The development will result in a significant direct, indirect and induced economic impact on GDP and FTE employment in the wider Hamilton areas.

- The 'construction phase' of the development will contribute **\$619.4 million in GDP** and support approximately **5,115 FTE jobs**.
- Overall, the 'construction phase' of the development will result in a net addition of approximately **\$371.3 million** to GDP and support approximately **3,065 FTEs**, when compared to the base case scenario.
- The 'ongoing operation' of the industrial and retail part of the development will contribute **\$10.0 billion in GDP** and support approximately **4,160 FTE jobs per annum**, resulting in a net addition of approximately **\$619.6 million** to GDP and support approximately **4,155 FTE jobs per annum**, when compared to the base case. This will have a net present value of approximately **\$10.0 billion** (estimated over a 30-year period with a discount rate applied at 5% per annum).
- The potential mix of tenants for the development will include predominantly construction, manufacturing, and wholesale trade. Additionally, a smaller proportion of transportation-related enterprises will be established in this location, supported by its access to Hamilton, Auckland and Tauranga.
- The development addresses industrial land shortfalls and will contribute to meeting medium and long-term demand in the sub-region.