

PROPERTY **E**CONOMICS



CANNON POINT

UPPER HUTT FAST-TRACK

ECONOMIC IMPACT ASSESSMENT

Client: Cannon Point Development Limited

Project No: 52602

Date: June 2026



SCHEDULE

Code	Date	Information / Comments	Project Leader
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1. INTRODUCTION

Property Economics has been commissioned by Cannon Point Development Limited to assess and quantify the economic benefits that will flow from the proposed development of Stages 3 and 4 of the Cannon Point Development in Tōtara Park, Upper Hutt (the “**Project**”), under the Fast-track Approvals Act 2024 (“**FTAA**”).

Project Overview

The subject sites are located within Stages 3 and 4 of the Cannon Point Development in the suburb of Tōtara Park, Upper Hutt and are zoned Rural Lifestyle and General Rural under the Upper Hutt District Plan, respectively.

The surrounding environment of the sites is characterised by a combination of established residential neighbourhoods and natural open space. Immediately to the west are Stages 1 and 2 of the Cannon Point Development, both of which have been developed for residential purposes, with additional established housing in Tōtara Park and beyond.

The Stage 3 site (the Western Block) is located at 43 Tacoma Drive and has a land area of 1.47ha, while the Stage 4 site (the Eastern Block) is located at the end of Colorado Road and Larchmont Grove and has a land area of 8.45ha.

Overall, the Project seeks to enable the subdivision and development of 192 dwellings across the Stage 3 and 4 sites, together with the construction of small commercial areas within the Stage 4 site.

Additionally, to contribute to more affordable housing supply within the local and regional residential market, it is proposed that dwellings comprising Type 3 and Types 5A, 5B, 5C and 5D (around 10% of the total yield) will be made available to first-home buyers at a price 10% below the Upper Hutt median price for comparable typologies.

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:

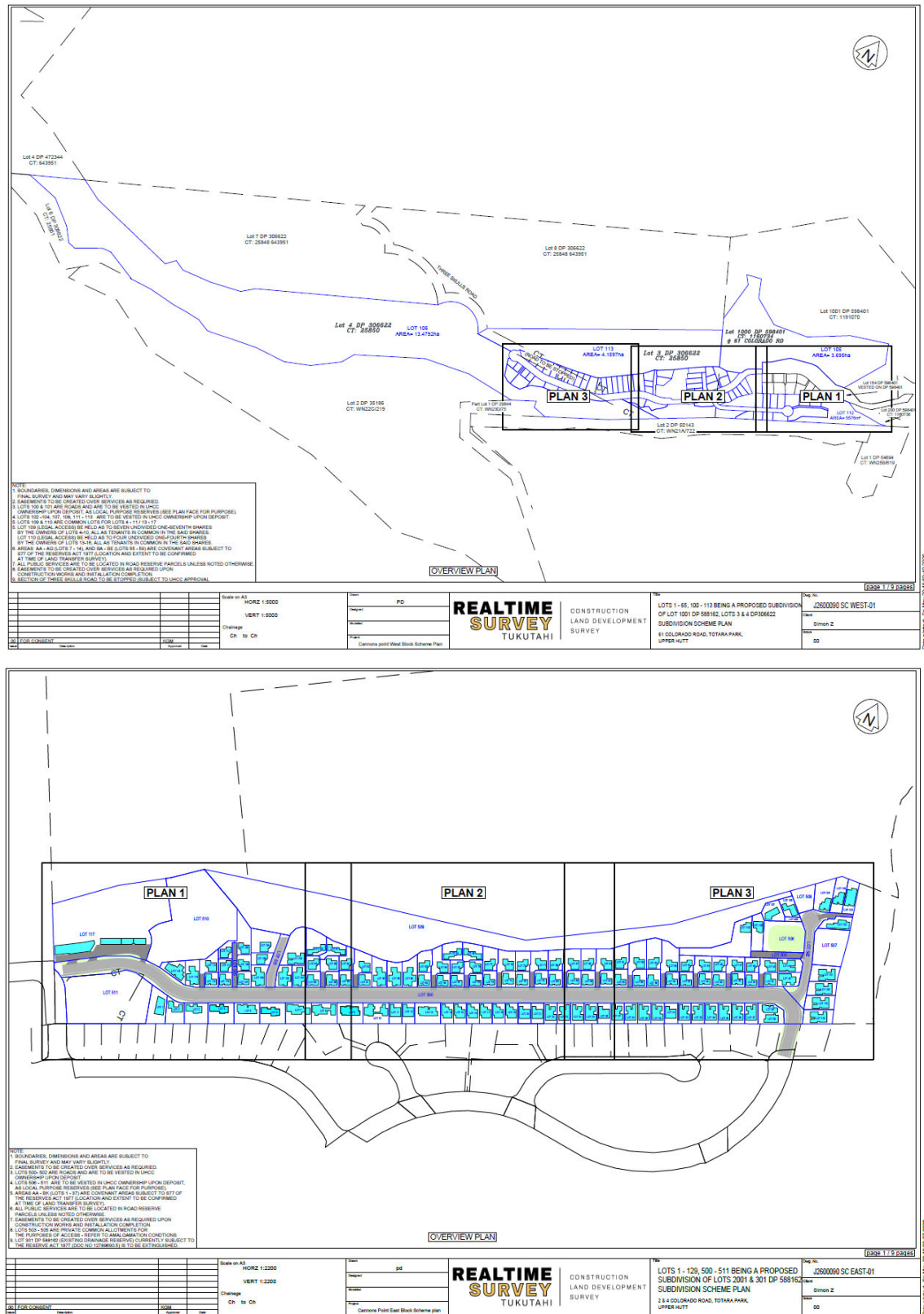
- Section 3 which states that, "*The purpose of this Act is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits.*"
- Section 13 which outlines the information requirements for a referral application.
- Section 22 which outlines the criteria 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 enable the continued functioning of existing regionally or nationally significant infrastructure.
- Whether the project will increase the supply of housing, address housing needs, or 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.

Figure 1 following provides an outline of the Project site plans.

FIGURE 1: PROJECT SITE PLANS (STAGE 3 AND STAGE 4)



Source: Prime Designs and VECTA

2. EXECUTIVE SUMMARY

The project involves the subdivision and development of Stages 3 and 4 of the Cannon Point Development to deliver 192 residential lots in Tōtara Park, Upper Hutt, under the FTAA.

The total quantitative economic impact on business activity (value added GDP) to the Wellington Region as a result of the Project is summarised in the following table.

Snapshot of Key Economic Benefits:

Estimated Quantitative Economic Impacts on Wellington Regional Economy:	
Total direct expenditure over a 5-year ¹ development period (excluding land)	\$129.1m
Total NPV ² at 8% over a 5-year development period	\$126.6m
Total NPV at 2% ³ over a 5-year development period	\$149.6m
FTE years ⁴ during the peak development year	261 FTE years
Total FTE years over the 5-year development period	744 FTE years
Total direct employment over the development period	352 FTE years
Total indirect and induced employment over development period	392 FTE years

In addition to these quantifiable economic impacts outlined above, the Project is likely to generate 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:

- Increased housing supply and capacity
- Increased and diversified choice of housing location
- Potential for lower housing prices through increased competition, increased supply and improved affordability in Upper Hutt
- Delivering more affordable residential capacity with greater certainty
- Enhanced access to existing and planned infrastructure networks

¹ Note that 5-year development period includes allocation to pre-construction activities such as planning, design work, procurement and contracting rather than actual construction.

² Net Present Value.

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

⁴ 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 economic activity through increased construction and contributions to local employment, both during the development period and ongoing
- Potential impetus for greater levels of local and regional growth

Cumulatively, in Property Economics' view, the Project would generate economic benefits (quantitative and qualitative, direct, indirect and induced) through the generation of both direct capital expenditure and employment opportunities during construction of the proposed development. It will also enable residential development to respond to growing demands and facilitate future growth in Upper Hutt and the broader Wellington Region.

Property Economics considers that advancing the proposed development would yield significant economic benefits for the regional economy and community. Overall, our assessment supports the proposed development from an economic perspective in the context of the Resource Management Act 1991 (RMA) and FTAA.

3. GENERAL INFORMATION

STATEMENT OF EXPERIENCE

Philip Osborne - I am an economic consultant and Director of 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 FTAA applications (including under the Covid-19 Recovery Fast Track Consenting Act 2020).

Tim Heath – I am 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.

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 us that might alter or detract from this EIA.

INFORMATION AND DATA SOURCES

To support our assessment, information has been obtained from a variety of reliable data sources and publications available to Property Economics, including:

- Business Frame Data - Stats NZ
- Household Labour Force Survey – Stats NZ
- Input / Output Tables – Stats NZ
- Median House Price – Infometrics
- New Residential Building Consents – Stats NZ
- Proposed Development Costings (estimates) – Cannon Point Development Limited
- Proposed Site Plans - Cannon Point Development Limited
- Regional Economic Profile – Infometrics

GLOSSARY OF TERMS

Below is a list of terms relevant to this EIA. 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 does not affect the economic analysis conducted in this report or our economic position.

TERM	DEFINITION
Agglomeration Benefits	Where businesses and employees cluster together in a geographic area, offering several benefits. These include increased productivity, lower transportation costs, and knowledge spillovers.
ANZSIC	Australian 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.
Direct economic impacts	Derived from the actual spending / expenses incurred through the construction of the anticipated development.
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	Usually gains that can be expressed in financial terms as the result of an improvement in facilities provided by a government, local authority, etc.
Employment multipliers	The level of indirect and induced employment activity generated through the expenditure on and off site.
FTE years	Full time equivalent 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.
GDP	Gross domestic product.
Net Present Value (NPV)	Net present value - the difference between the present value of cash inflows and the present value of cash outflows over a period of time – calculated using an associated 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.
Well-functioning urban environment	as defined in Policy 1 of the NPS-UD: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: (a) have or enable a variety of homes that: (i) meet the needs, in terms of type, price, and location, of different households; and (ii) enable Māori to express their cultural traditions and norms; and (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and (c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and

	(d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and (e) support reductions in greenhouse gas emissions; (f) and are resilient to the likely current and future effects of climate change.
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4. ECONOMIC CONTEXT

In assessing the potential economic impacts, it is important to first 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 Wellington Region. This EIA assessment focusses primarily on the extent of economic impacts and activity that will be retained⁵ within the Region.
- 2) The economic impacts are those resulting from the proposed residential development over the proposed 5-year development period. Wider flow-on economic effects are not quantified as part of the EIA but are discussed qualitatively in Section 7 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 “*the 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*”⁶.

The Project is likely to have economic impacts that are felt beyond the specific benefits within the Wellington region.

Additionally, there are likely to be other, non-economic impacts identified in the various environmental assessment reports prepared in support of the application for referral of the Project into the FTAA. These potential additional non-economic impacts are excluded from this analysis to avoid double counting of effects. For the most part, these other, non-economic effects, e.g., environmental effects or traffic impacts, have not been addressed in this report but we understand are otherwise addressed in the referral application material.

⁵ 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.

⁶ Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2nd edition), Harper Collins, Page 148

5. TOTAL ECONOMIC ACTIVITY FROM DEVELOPMENT

This section assesses the potential economic activity generated within the Wellington Region specifically attributable to the Project through spending on the general demolition, construction, design, infrastructure and development works. It anticipates development across a 5-year period, with the first year (2027) involving non-construction activities only (e.g. earthworks, civil works, and civil consultants). There is no indication of any material factors present which might delay progression of the Project and consequently delay the onset of any economic impact.

5.1. INJECTION INTO THE WELLINGTON REGIONAL ECONOMIC ACTIVITY

Table 1 following outlines the resulting impacts on the Wellington regional economy as a result of the Project applying 8% NPV

TABLE 1: TOTAL GROSS GDP WELLINGTON REGIONAL ECONOMIC INJECTION (\$M)

	2027	2028	2029	2030	2031	Total
Direct Expenditure (\$m)						
Earthworks / Civil Works/Infrastructure	\$1.5	\$4.4	\$5.1	\$3.7		\$14.6
Civil Consultants	\$1.3	\$1.6	\$0.3			\$3.2
Other	\$0.1	\$0.2	\$0.2			\$0.5
Levies		\$0.3	\$1.1	\$1.1	\$0.6	\$3.2
Total Development Costs (excl. land)	\$2.8	\$6.5	\$6.8	\$4.8	\$0.6	\$21.6
Construction		\$10.6	\$26.5	\$37.1	\$31.8	\$106.0
Total Construction and Development Costs (excl. Land)	\$2.8	\$17.1	\$33.3	\$41.9	\$32.4	\$127.6
Total Direct Expenditure (excl. land)	\$2.8	\$17.2	\$33.5	\$42.4	\$33.1	\$129.1
Level 2 Multiplier Impacts						
Total Wellington GDP NPV (48 sector multipliers)**	\$3.2	\$18.5	\$34.2	\$40.5	\$30.3	\$126.6
Employment (FTE Years)						
Development Employment	18	39	36	23	3	
Construction Employment		47	119	187	151	
Other Employment	1	8	15	52	44	
Total Employment (FTE years)	20	95	170	261	198	744

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 Wellington Region as a result of direct, indirect and induced activities.

Economic Activity

Two key values are represented in Table 1. The first is the Economic Activity generated in the Wellington Region. The Project will generate a direct expenditure of approximately \$129.1m which represents the total cost of the development (excluding land). The Project will result in approximately \$126.6m of total value added (GDP) for the Wellington Region over the life of the 5-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 Wellington Region. An explanation of how the outputs in Table 1 were calculated is provided in Appendix 2.

Employment

The second aspect is the generation of employment. The Project will also contribute around 261 FTE jobs⁷ during the peak construction year within the Wellington Region, with a total estimated 744 FTE years over the development period.

5.2. ASSUMPTIONS, UNDERPINNING DATA AND EXCLUSIONS

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): 'residential construction', '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 Statistics NZ based on 2023 data. However, employment data has been updated as per the Statistics NZ Business Demography Statistics data⁸ to March 2025.
4. This report deals with the economic impact of the proposed development on the Wellington regional economy. These are specifically the direct impacts related to the construction and development of the Project.
5. The economic activity generated is based on the development's gross activity and does not consider redirecting growth opportunities from elsewhere in the catchment. This assessment is not site specific but is development specific.

⁷ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).

⁸ Business Frame Data – provides Statistics NZ measure of employment in an area by ANZSIC sector.

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 Treasury⁹. 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 Wellington 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 Wellington Region are based on the movement of resources (including labour) between other districts and regions.

This EIA estimates the total additional gross economic output¹⁰ into the Wellington regional economy that would be facilitated about by the Project. The initial specifications and details have been provided by Cannon Point Development Limited 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 Wellington Region will benefit economically. It assesses the likely economic impacts on aggregate Wellington regional business activity given the composition of activities proposed.

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 (CAPEX¹¹) of the facilitated activities and the proportion of those costs that are retained within the Wellington 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.

⁹ <https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates>

¹⁰ For example, this has not taken into account the short-term loss of operational employment currently on site

¹¹ CAPEX – Capital Expenditure

5.3. 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%¹². In this section, sensitivity testing is undertaken using the 2% discount rate to quantify the scale of the Project's economic contribution to Wellington regional economy under this scenario.

The results indicate that, when applying the Treasury's mandatory 2% discount rate, the proposed development at the site is estimated to generate approximately \$149.6m in total business activity across the Wellington Region over the full development timeframe.

TABLE 2: SENSITIVITY ANALYSIS (2% NPV \$M)

Discount Rate	Total Wellington Regional GDP NPV (\$m)					Total
	2027	2028	2029	2030	2031	
2%	\$3.2	\$19.7	\$38.8	\$48.9	\$39.0	\$149.6

Source: Property Economics

5.4. TOTAL WELLINGTON REGIONAL DIRECT AND INDIRECT EMPLOYMENT

Figure 2 below disaggregates employment generated by sector and Direct and Indirect (including induced) FTE employment over the identified period. It illustrates the significant direct impact on the Construction sector (as well as Construction Services).

The figure illustrates the sectors associated with direct employment measure approximately 352 FTE years with the remaining around 392 FTE years resulting from indirect and induced activity.

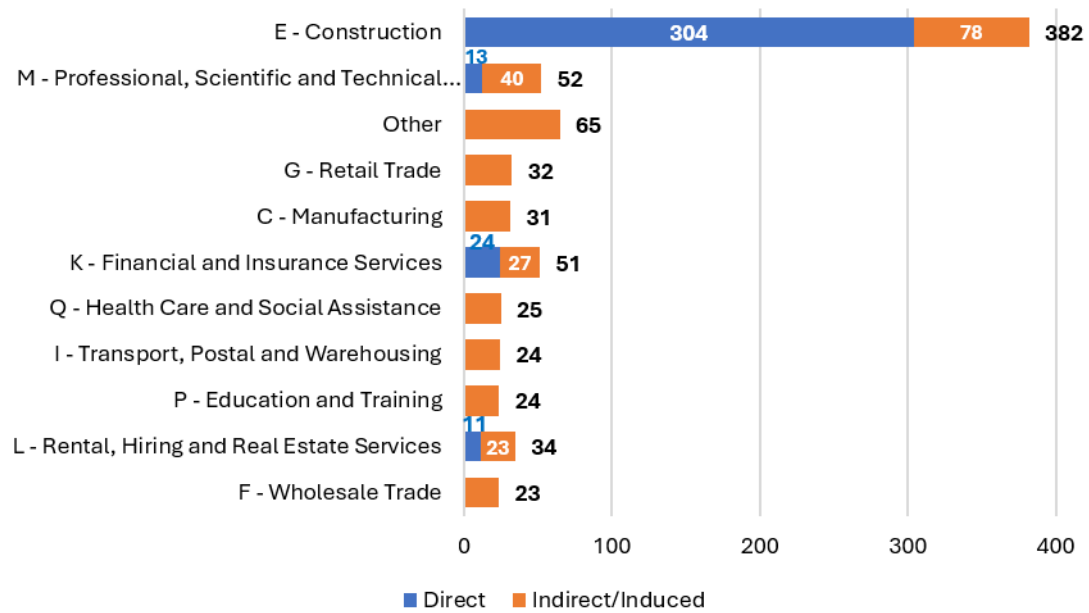
For context, according to Stats NZ¹³, the Wellington regional unemployment rate increased from 2.9% in Q3 2022 to 6.3% in Q1 2026, equivalent to around 21,600 people currently unemployed across the region. Against this backdrop, the Project will make a direct and positive contribution to supporting regional employment levels.

In addition, Wellington Region's labour underutilisation rate was approximately 13.8% as at Q1 2026, the second-highest level recorded over the past decade and up from 8.7% in Q3 2021. This represents an estimated 47,100 underutilised / underemployed¹⁴ workers in Q1 2026. The Project can be expected to support better labour utilisation by expanding employment opportunities and providing work for those who are currently underemployed.

¹² Source: <https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates>

¹³ Source: Stats NZ Household Labour Force Survey - Labour Force Status by Sex by Regional Council

¹⁴ Part-time workers who have both the desire and availability to work more hours.

FIGURE 2: WELLINGTON REGIONAL EMPLOYMENT GENERATION BY SECTOR

Source: Property Economics

6. RESIDENTIAL MARKET OVERVIEW

This section provides a high-level overview of residential market trends in the Wellington Region and Upper Hutt (the relevant markets for the Project), helping to contextualise the economic efficiency and benefits of the Project in delivering additional residential capacity to the wider regional housing markets.

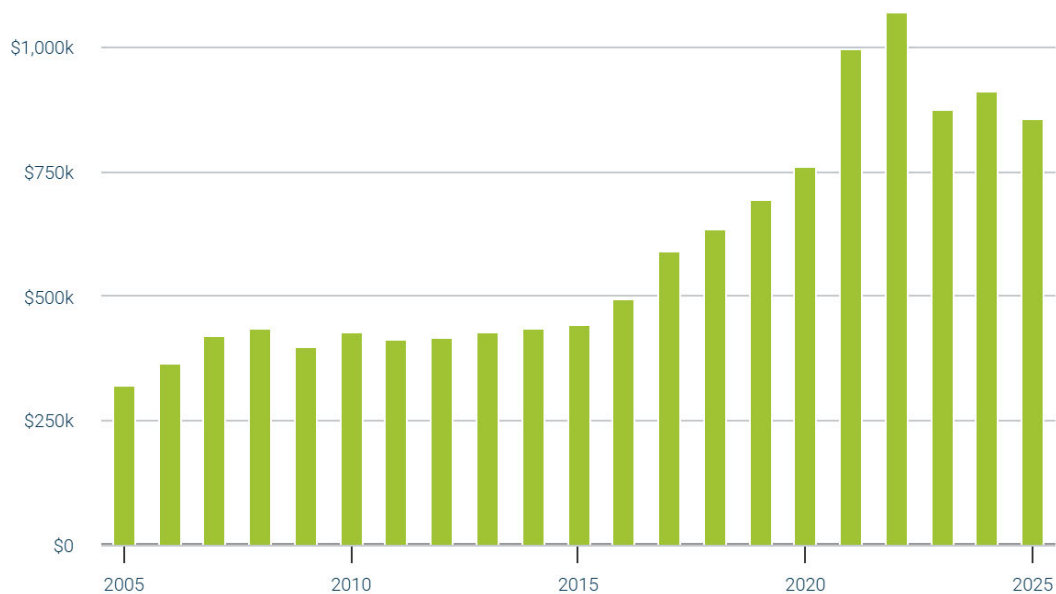
AVERAGE HOUSE VALUE TRENDS

The figure below illustrates average house prices in the Wellington Region over the last two decades. House prices increased from just under \$320,000 in March 2005 to a peak of approximately \$1m in March 2022. Although values softened following this peak during 2023, median prices remain materially above long-term historic levels, with values still around \$857,000 as of March 2025. This indicates that, notwithstanding recent market correction, housing affordability across the Wellington Region remains significantly more constrained than in earlier periods.

From an economic perspective, the sustained uplift in house prices over time reflects an imbalance between housing demand and available supply, compounded by land and infrastructure constraints, population growth, and construction cost escalation. While cyclical factors such as higher interest rates have moderated values in the short term, the longer-run trend remains one of significant house price inflation relative to household incomes. As a result, barriers to home ownership remain elevated for many households, particularly first-home buyers and lower to middle income earners.

FIGURE 3: AVERAGE HOUSE PRICES TRENDS IN THE WELLINGTON REGION

March years, current prices



Source: Infometrics

Within this context, the proposed development is economically relevant as it would add to housing supply in both the Upper Hutt and wider Wellington regional markets. While no individual project is likely to materially resolve housing affordability constraints in isolation, the cumulative effect of incremental supply additions is important in improving overall market responsiveness, increasing consumer choice, and moderating the extent to which growth in demand places upward pressure on house prices and rental costs over time.

The location of the development in Upper Hutt is also significant. Relative to more central Wellington locations, Upper Hutt has historically provided comparatively attainable housing opportunities for households seeking entry into the regional market. Additional supply in this area therefore has the potential to improve access to more affordable ownership and occupancy options, while supporting population retention within the region.

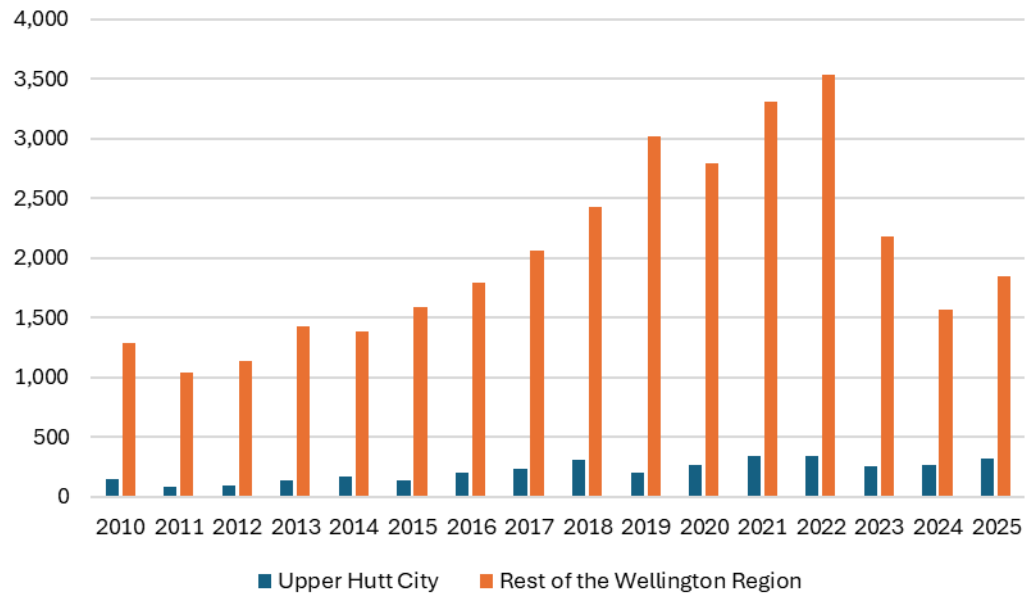
NEW RESIDENTIAL BUILDING CONSENTS

Figure 4 shows the level of new residential building consents issued in Upper Hutt City and the wider Wellington Region (excluding Upper Hutt) between 2010 and 2025 based on data from Stats NZ. This provides a useful basis for assessing the relative scale and economic significance of the proposed development.

From an Upper Hutt perspective, the proposed development is significant in scale. Annual dwelling consents within Upper Hutt have generally fluctuated between around 100 and 350 dwellings over the period shown, with stronger levels of activity occurring from 2021 onwards. On this basis, a one-off addition of 192 dwellings is equivalent to a substantial proportion of a typical year's residential consenting activity within the entire Upper Hutt City.

For instance, the average number of new dwellings consented within Upper Hutt City over the past 15 years is estimated at 218 dwellings per annum. On this basis, the proposed development, with a supply of additional 192 dwellings, is equivalent to almost an entire years' new dwelling consents across the whole district, and would therefore represent one of the most significant residential developments in Upper Hutt.

The timing of the Project is also relevant in the current economic context. Residential construction activity across the Wellington Region has eased from the peak levels recorded in 2021 and 2022, reflecting softer market conditions, higher financing costs, and broader cyclical moderation in the housing sector. The Project therefore can be expected to help support construction sector activity at a time when private sector momentum has slowed, helping maintain work for builders, subcontractors, suppliers, and professional service providers.

FIGURE 4: NEW RESIDENTIAL BUILDING CONSENTS IN UPPER HUTT CITY AND WELLINGTON REGION

Source: Stats NZ

7. OTHER 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 analysis outlines the key non-monetised economic benefits of the proposed development within the framework of the RMA and the FTAA Section 22(2)(iii) and (iv).

- + **Increased housing supply and capacity:** The Project will deliver an additional 192 dwellings to the market. This represents a significant new residential development for Upper Hutt and will help accommodate anticipated population growth across both the local and wider regional markets, particularly in the short to medium term. It would also provide clear direction to the market regarding both its ability to meet future demand pressures and its provision through an efficient site location and size.

From an economic perspective, greenfield residential development is typically considered easier and faster to deliver than brownfield or urban redevelopment, thereby allowing the market to be more responsive reducing market failure. This scale of supply within the development timeframe is highly likely to help relieve house price appreciation pressures.

- + **Increased and diversified choice of housing location:** The proposed development will also provide residents additional choices in their living environment in respect of location and potentially impact the overall price point resulting from supply, within the local market and the wider region.

The opportunity for an increase in the level of competitive residential land is likely to be coupled with an increase in the relative attractiveness of the area with wider markets. In addition, enabling a greater mix of housing types in more locations would also improve affordability and help match the housing stock to match the future population's needs.

- + **Potential for improved affordability in Upper Hutt:** From a theoretical perspective, accelerating the proposed development through the Fast-track process has the potential to improve housing affordability by increasing supply through a significant number of additional residential units and housing capacity. This quantum of development is broadly equivalent to around one year of consented new dwellings in Upper Hutt.

This scale of supply has the potential to lead to downward pressure on house prices, driven by an increase in supply, benefiting first home buyers and renters. This increase in supply would help create a more balanced housing market, making homeownership more attainable and easing the financial burden on renters.

In addition to the supply benefits, there is the proposed 'more affordable' homes condition to construct some of the proposed typologies for first-home buyers at price points 10% less than the median market rate for the same typology. This provides an alternative home ownership pathway that makes it more accessible, and therefore affordable.

- **Delivering residential capacity with greater certainty:** Landowner-led development through a vertically integrated development company is economically more efficient than traditional developer-led models in terms of market certainty, as it could reduce transaction costs and time delays, and provides greater certainty of capacity delivery.

Without the need to purchase land at market rates, landowners face lower holding and financing costs, which could better support the committed 'more affordable' pricing. Streamlined decision-making, better alignment with local needs, and a reduced risk of project delays, particularly during market fluctuations, further enhance the reliability and speed of capacity delivery.

- **Enhanced access to existing and planned infrastructure networks:** The proposed development has the potential to make more efficient use of the existing infrastructure, community services, and amenities already available in surrounding areas and the wider Upper Hutt market. By increasing the local population base, the development would enhance the viability and utilisation of existing schools, healthcare facilities, recreational spaces, and public transport networks.

This improved utilisation reduces marginal infrastructure costs, supports service retention, and can justify future upgrades or expansions. Additionally, a larger resident base would strengthen the customer pool for local businesses, contributing to the vitality of existing town centres and helping to sustain a diverse range of amenities and services across the region.

- **Increased economic activity and local employment:** The proposed development would generate considerable economic stimulus through direct construction activity and supporting services. This includes employment opportunities in the building industry, engineering, landscaping, materials supply, and project management sectors. The construction-led growth would extend over a decade, supporting regional employment levels and contributing to GDP through multiplier effects across the economy.

In addition, the growing local population as a result of the proposed development will lead to a net increase in the number of FTE employees within the region. This influx will serve as a boost to the local and regional economy, fostering further growth and enhancing amenities in the area.

- **Potential impetus for greater levels of local and regional growth:** The proposed development has the potential to act as a catalyst that stimulates broader economic and urban development within the market, through unlocking further opportunities for additional housing, commercial activities, and complementary land uses.

As the local population increases, so too does the demand for goods, services, and employment, providing significant impetus for both local and regional economic growth. Over time, this additional growth would contribute to the development of a more self-sustaining and vibrant urban community.

We have not endeavoured to quantify in dollar terms potential benefits arising from the proposal or to undertake a full assessment of the economic costs, given that this is a referral application. A more detailed analysis will be undertaken at the substantive application stage if the proposal is referred to the fast-track approvals process.

Considering the qualitative (non-monetised) economic benefits outlined above, and the quantitative economic injection into the regional economy and employment benefits described in section 5, Property Economics considers that advancing the proposed development would contribute significantly to the economic benefits for the regional economy and community.

It would positively contribute to increasing the supply of housing and accommodating housing needs within the Wellington Region, giving effect to the NPS-UD Policies, and meet the purpose of the FTAA by delivering a development project with significant benefits.

8. CONCLUSION

Considering the qualitative and quantitative economic benefits described above, Property Economics considers that enabling the Project under the FTAA would yield significant economic benefits for not only Upper Hutt but also the regional economy and community within the Wellington Region.

These regional economic benefits include but are not limited to:

- Total direct expenditure over a 5-year development period (excl. land) \$129.1m
- Total NPV at 8% over a 5-year development period \$126.6m
- Total NPV at 2% over a 5-year development period \$149.5m
- FTE years during the peak development year 261 FTE years
- Total FTE years over the 5-year development period 744 FTE years
- Total direct employment over the development period 352 FTE years
- Total indirect and induced employment over development period 392 FTE years
- The qualified economic benefits described in section 7 of this report.

APPENDIX 1. EXPLANATIONS OF EIA MODELLING PROCESS

The EIA assesses the potential economic activity generated within the Wellington 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 Wellington 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 Wellington regional catchment for the proposed development 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 Wellington 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 5 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 (i.e., cost of the physical built structure (the buildings).
- The Direct Expenditure line includes all expenditure on the Project, both in and externally to the region.

The “Level 2 Multiplier Effects” section identifies the proportion of the direct expenditure that is experienced in the Wellington 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 Wellington regional economy. Multipliers, a key component of EIA, quantify how initial changes in spending lead to larger, ripple effects throughout the Wellington regional economy¹⁵. 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 retained within the Region. This is based on business and employment composition, business size, capital

¹⁵ 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.