

Technical Memo

To:	Rachel Morgan	From:	Insight Economics
Date:	Friday, 25 July 2025	Page:	3 (including this page)
Subject:	Milldale Stages 4C and 10-13 Fast-track Application - RFI		

Rachel,

Thank you for contacting us regarding the Request for Information (**RFI**) from the Expert Panel relating to the Milldale Fast-track application. This memo sets out our response to the request.

Context

Fulton Hogan Land Development Limited (**FHLDL**) is seeking consent for Milldale Stages 4C and 10-13 under the Fast-track Approvals Act 2024 (**FTAA**). Insight Economics was engaged to prepare an economic assessment of the proposal to accompany FHLDL's substantive application.¹

Minute 3 of the Expert Panel, issued on 15 July 2025, requests further information on several matters. This memo responds to point (2)(c) of that Minute from an economic perspective.

Information Request

The information requested under item (2)(c) relates to the rationale for the proposed density of development within Stage 4C. Specifically, the Panel seeks further detail on how the proposed density supports efficient use of resources and development outcomes, as well as its market saleability and alignment with the relevant objectives and policies of the Auckland Unitary Plan (**AUP**), including those within the Regional Policy Statement (**RPS**) and the Terrace Housing and Apartment Buildings (**THAB**) zone.

In addition, clarification is sought regarding the dwelling yield assumption for Stage 4C used in the economics report. We begin with this clarification before addressing the broader density rationale.

Dwelling Yield Assumptions

The economic assessment assumes that Stage 4C will yield a total of 236 dwellings, comprising 168 townhouses and a future opportunity for approx. 68 apartments to be developed on superlot 4050. This equates to a net density of approximately 65 households per hectare or 51 dwellings per hectare if we only account for the 168 dwellings that land use consent is sought for. See Section 6.12 of our report for further detail.

Efficiency Of Proposed Density

In our view, the proposed density strikes a deliberate and appropriate balance between what is enabled under the THAB zoning and what the market is currently willing to absorb in this location. Apartments are an important and necessary part of Auckland's housing mix, helping to increase supply, improve affordability, and make more efficient use of land. However, their success is highly dependent on context. Delivering apartments at scale typically requires strong public transport links,

¹ Insight Economics Ltd. *Economic Assessment of Milldale Stages 4C and 10-13 Fast-track Application*, prepared for Fulton Hogan Land Development Limited, 27 March 2025.

established local amenity, and proximity to employment centres, all factors that support demand for higher-density living.

Current conditions at Milldale do not support widespread apartment delivery. The Local Centre zone is yet to be developed, and the surrounding area lacks the supporting amenity and connectivity needed to make apartments an attractive proposition for buyers.

This is consistent with feedback from local real estate agents, as provided by Fulton Hogan, which confirms that there is little to no buyer interest in apartments in Milldale or the surrounding areas. Agents from Barfoot & Thompson and Harcourts indicated that demand for apartments in this part of the city is extremely limited, with buyers overwhelmingly preferring standalone or terrace homes. They noted that apartments tend to perform better in areas such as Takapuna, Milford, and Albany, where they are supported by more established amenities, higher surrounding density, and centralised public transport. In this environment, apartment development remains a high-risk proposition that is unlikely to proceed at scale.

Recent experience in Milldale reinforces the importance of aligning development typologies with market demand. Several developers have attempted to deliver apartments on THAB zoned land, with limited success. For example, Jalcon Homes released 12 apartments for pre sale in 2023 and, despite price reductions and auction campaigns, has sold only four units in more than two years. Universal Homes has similarly paused its apartment programme and redesigned its THAB sites for terrace housing. By contrast, developers that pursued terrace housing from the outset, including YC Homes and Sweet Castle Homes, have successfully delivered and sold their units. This is not an isolated case. Developers across Milldale, including those in Stages 4F and the earlier developed portion of 4C, are now adjusting their designs in response to what the market will support.

This pattern is echoed in other emerging city-fringe locations. Using CoreLogic data accessed via the Property Guru tool, we previously examined building activity on THAB-zoned land across South Auckland. Despite enabling zoning provisions, only around 20% of dwellings constructed since 2017 were apartments. The majority were terrace houses or duplexes – typologies that offer a more viable and appealing middle ground in suburban settings. While South Auckland is a distinct submarket, the findings underscore a wider point: enabling density does not automatically lead to its uptake, particularly outside high-amenity areas.

In fact, imposing overly ambitious density requirements carries its own risks. It can delay development, stall capital investment, and result in inefficient use of serviced land. This has occurred elsewhere in New Zealand, where inflexible density expectations have slowed delivery and ultimately undermined development outcomes. By contrast, developers are strongly incentivised to make efficient use of their land – not simply by maximising unit count, but by delivering homes that people want to buy and progressing development in a timely and viable manner.

Importantly, meaningful density can still be achieved through well-designed terrace housing, which comprises the majority of housing proposed for Stage 4C. This typology provides a substantial uplift over standalone homes while better aligning with current buyer preferences. It enables efficient land use and supports walkability by enabling compact and connected neighbourhoods.

In short, the proposed density reflects a pragmatic and market-responsive approach. It supports housing delivery in a form that is realistic, efficient, and appropriate for its context. It also aligns with the underlying intent of the AUP's intensification objectives while recognising that successful urban development must respond to both place and timing. In our view, this represents the most effective pathway to achieving positive housing and urban form outcomes on the Stage 4C land.

I trust that this memo provides all the information that you need for now, but please let me know if you need anything further.

Sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Fraser Colegrave
Managing Director