

PROPERTY **E**CONOMICS



ARATAKI DEVELOPMENT

FAST TRACK ECONOMIC

IMPACT ASSESSMENT

Client: CDL Land NZ Limited

Project No: 52443

Date: July 2025



SCHEDULE

Code	Date	Information / Comments	Project Leader
52443.11	July 2025	Report	Phil Osborne / Tim Heath

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1. INTRODUCTION

Property Economics have been commissioned to summarise the economic impacts that are estimated to be generated from the application by CDL Land Development Limited (CDL) for an application under the Fast Track Approvals Act 2024 relating to the development and construction of 170 residential properties (**"the Project"**). The site, of 11.2 hectares, is currently zoned Plains Production.

The Project is a listed project and this EIA relates to the substantive application under section 42 of the FTAA.

This EIA is designed to provide an economic assessment in terms of the Fast-Track Approvals Act (2024) (**'the FTAA'**) based around economic injection, employment, and scale of economic impacts / benefits for the economy. Provisions of the FTAA that are directly relevant to this report include:

- 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 85 which records when a panel must or may decline approval and specifies that a panel may decline consent where *"adverse impacts are sufficiently significant to be out of proportion to the project's regional or national benefits."*
- Schedule 5 Clause 7 which requires economic effects to be assessed in the Assessment of Environmental Effects.
- Schedule 5 Clause 17 which specifies the criteria for assessing consent applications and provides that the greatest weight is to be given to the purpose of FTAA.

In short, the FTAA supports development proposals to expedite the consent process where the proposed development results in significant regional or national benefits, the efficient operation of the consenting process and contributes to a well-functioning urban environment (as per Policy 1 of the National Policy Statement on Urban Development (NPS-UD)).

This economic impact estimates the total additional gross economic output¹ (GDP, employment) into the Hawkes Bay regional 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. It is important to note that this is not site specific.

The CDL site represents an efficient location for future growth given it is adjacent to the existing Havelock North urban area and its proximity and ease of connection to existing roading, water, wastewater and other infrastructure networks.

The assessment has not endeavoured to identify the extent to which particular parts of the Hawkes Bay Region will benefit economically. It assesses the likely economic impacts upon aggregate Hawkes Bay business activity given the composition of the development 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 (CAPEX²) of the facilitated activities and the proportion of those costs that are retained within the 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, while induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity.

¹ For example, this has not taken into account the short-term loss of operational employment currently on site.

² CAPEX – Capital Expenditure

Figure 1 following provides an outline of the concept plan of CDL's proposed Arataki development.

FIGURE 1: ARATAKI DEVELOPMENT PLAN OUTLINE



Source: Woods

2. EXECUTIVE SUMMARY

The CDL application proposes to develop 170 residential dwellings on around 11 2ha of Plains Production land.

The total economic impact on business activity within Hawkes Bay region as a result of the subject CDL development over a 5-year period is estimated to be just over \$78 million (NPV)³.

In terms of employment multipliers⁴ this would contribute 230⁵ FTEs during the peak development year within region, with a total of 629 FTE years over the 5-year development.

In addition to these quantifiable regional contributions, the CDL development can be expected to generate a wide range of qualitative economic benefits to the wider market and communities, including:

- Increased short-medium term residential capacity / dwelling supply (particularly relevant considering the long-term shortfall in the FDS)
- Increased and diversified choice of housing location and price point
- Diverse buyer pool and more competitive residential market
- Higher level of certainty in short-medium term development and residential capacity
- Increased efficiency of infrastructure
- Potential for lower residential land prices in the district and the wider sub-region, as a consequence of the increased housing supply and greater choice reducing upward pressure on prices
- Increased local employment opportunities
- Potential to cater for greater levels of growth in the region in the long term by adding to the total housing supply, thereby making it easier for migrants to the region to find housing.

These economic benefits, in conjunction with the development's quantified economic injection into the regional economy and employment opportunities, would significantly outweigh the limited economic costs associated with loss of highly productive land.

³ Net Present Value

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.

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 RMA and FTAA.

3. GENERAL INFORMATION

3.1. 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 fast track applications (including under the Covid-19 Recovery Fast Track Consenting Act 2020).

I have extensive experience and am frequently commissioned to provide expert evidence in the Environment Court.

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.

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:

- Input / Output Tables - Statistics NZ
- Business Frame Data - Statistics NZ
- Proposed Development Costings – CDL
- Development Concept Plan – Woods
- Assessment of the Productive Capability of the Land - Fruition

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 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.
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
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 a 6% 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

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 additional business development and spend is likely to have a national economic impact, the majority of impacts are likely to be retained within the Hawkes Bay Region. As identified, for the purposes of this assessment, the extent of economic impacts is focussed on the retention of activity within this area.
- 2) The economic impacts are those resulting from the residential development over a three-year period.
- 3) In terms of the statutory considerations the RMA provides context in terms of the utilisation of resources and the resulting impact on the price and provision of these resources. It calls for the *"efficient use and development of natural and physical resources"* (Part II section 7 (b) RMA), with economic efficiency being 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.

As identified the proposed development is likely to have economic impacts that are felt beyond the specific costs and benefits identified as occurring within the region. Additionally, there are likely to be non-economic effects, such as environmental. While these effects may result in economic impacts (negative or positive) for the most part they have not been addressed here.

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

5. TOTAL ECONOMIC ACTIVITY

This section assesses the potential economic activity generated within the Hawkes Bay 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 Statistics New Zealand (based on 48 sectors), which were then assessed at a district level based on Hawkes Bay 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 Hawkes Bay 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.

5.1. 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 Economic Impact Assessment, 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 2018 data. However, employment data has been updated as per the Statistics NZ Business Frame data⁷ to March 2024.
4. This report deals with the economic impact of proposed development on Hawkes Bay. These are specifically the direct impacts related to the operation and 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. As stated, this assessment is not site specific.
6. For the purposes of this report a 6% discount rate has been applied.
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 Hawkes Bay 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 Hawkes Bay are based on the movement of resources (including labour) between other districts and regions.

Table 1 following outlines the resulting impacts on the Hawkes Bay regional economy as a result of the development.

⁷ Business Frame Data – provides Statistics NZ measure of employment in an area by ANZSIC sector.

5.2. TOTAL HAWKES BAY ECONOMIC ACTIVITY

TABLE 1: TOTAL GROSS HAWKES BAY REGIONAL ECONOMIC INJECTION OF PROJECT (FAST TRACK)

	2025	2026	2027	2028	2029	Total
Direct Expenditure (\$m)						
Land						
Earthworks / Civil Works	\$6.1	\$14.3				\$20.4
Civil Consultants	\$2.0	\$1.1				\$3.1
Other			\$0.9	\$0.6		\$1.5
Levies				\$1.8	\$5.4	\$7.3
Total Development Costs (excl. land)	\$8.1	\$15.4	\$0.9	\$2.4	\$5.4	\$32.2
Total Construction		\$20.3	\$20.3	\$32.4	\$8.1	\$81.0
Total Construction and Development Costs (excl. Land)	\$8.1	\$35.6	\$21.1	\$34.8	\$13.5	\$113.2
Increased Local Spend*			\$0.5	\$1.3	\$2.1	\$3.9
Total Direct Expenditure (excl. land)	\$8.1	\$35.6	\$21.6	\$36.1	\$15.6	\$117.1
Level 2 Multiplier Impacts						
Total Hawkes Bay Output (48 sector multipliers)						
Total Hawkes Bay Output NPV (48 sector multipliers)**	\$6.0	\$25.3	\$14.7	\$23.0	\$9.6	\$78.6
Employment (FTE Years)						
Development Employment	35	78	4	10	23	
Construction Employment		115	97	136	26	
Other Employment	5	38	26	28	8	
Total Employment (FTE years)	40	231	127	174	57	629

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 Hawkes Bay as a result of direct, indirect and induced activities.

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 Hawke Bay and externally to the region.
- The total employment generated through the development and construction works is 629 full time equivalent years.

The “*Level 2 Multiplier Effects*” section identifies the proportion of the direct expenditure that is experienced in the Hawkes Bay 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 Hawkes Bay regional economy. Multipliers, a key component of EIA, quantify how initial changes in spending lead to larger, ripple effects throughout the Hawkes Bay economy⁸. These effects include direct, indirect, and induced impacts, reflecting changes in output, employment, income, and other economic variables.

The EIA aims to understand the overall economic consequences of the Arataki project for the Hawkes Bay region. It considers the direct effects (the immediate changes caused by the activity), indirect effects (changes in spending by suppliers to the activity), and induced effects (a cascade of changes in spending by households in the region due to increased income from the development). The induced effects arise because injection of funding into a region results in increased income and hence expenditure by successive parties.

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 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.

⁸ 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.

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.

Table 1 estimates that the net present values of the total impact on business activity within Hawkes Bay region as a result of the CDL development over a 5-year period is estimated to be in the order of \$79 million.

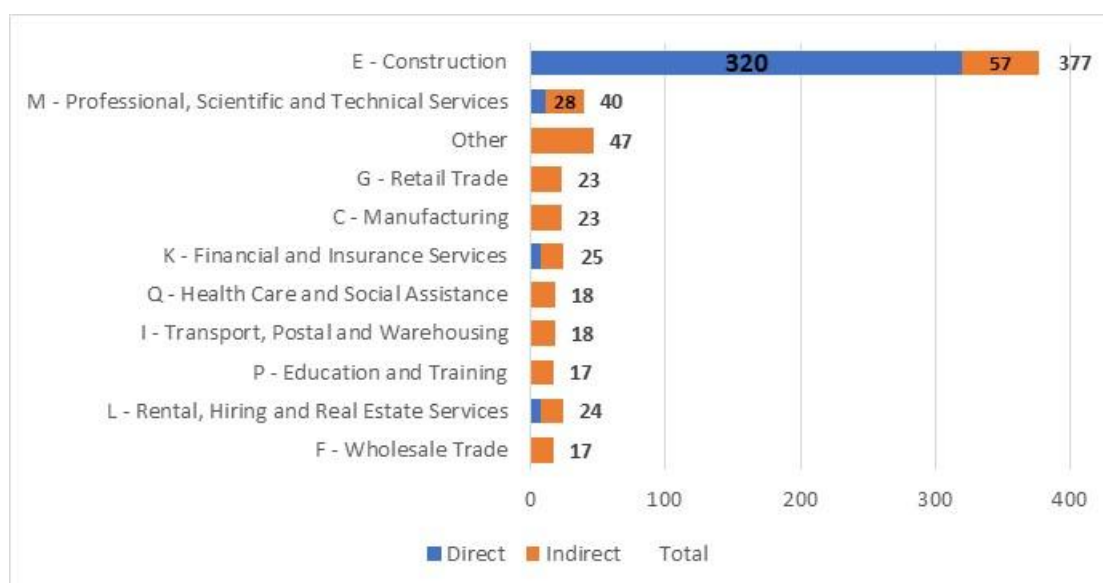
In terms of employment multipliers this Project would contribute an estimated 231⁹ jobs during the peak construction year within Hawkes Bay, with a total number of FTE years at 629 over the development period.

5.3. TOTAL HAWKES BAY DIRECT AND INDIRECT EMPLOYMENT

Figure 2 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 below illustrates the sectors associated with direct employment measure approximately 348 FTE years with the remaining around 281 FTE years resulting from indirect and induced activity

FIGURE 2: HAWKES BAY EMPLOYMENT GENERATION BY SECTOR (DIRECT, INDIRECT AND INDUCED)



Source: Property Economics

⁹ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).

6. OTHER ECONOMIC COSTS AND BENEFITS

The proposed development would create a variety of potential economic costs and benefits compared to the alternative of deferring development until the New Greenfield Development Areas ('NGD') areas are scheduled for long-term development. The following analysis outlines the key economic costs and benefits of the proposed development within the framework of the RMA and the NPS-UD.

Economic Benefits

- + **Increased short-medium term residential capacity / dwelling supply:** The proposed development would supply the market with an increase in net residential capacity of circa 11.2ha of land (or 170 dwellings). This represents a net increase in the overall residential capacity for the local and broader regional market and contributes to accommodating the anticipated population growth of the markets, particularly in the short to medium term.

This proposed development 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. It is also important to note that unlike some of the assessed feasible urban capacity in the Residential Capacity Assessment¹⁰ the propensity for this 'greenfield' development on an easily serviced large block adjacent to existing urban areas to be realised speedily is greater than for infill redevelopment and for 'piecemeal' development within the greenfield locations.

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

The proposed development would efficiently satisfy growing demand in the market for residential products that are lower maintenance, smaller sites and more affordable relative to other product in the local market.

- + **Locational attractiveness:** Unlike most zoned / consented greenfield areas in the District (e.g., the Wairatahi Project in Flaxmere, Howard Street and Lyndhurst Stage 2 in Hastings, and Iona), the proposal is located alongside an existing major urban area, has direct access to employment, retail, community and entertainment activities, and will be relatively easy to service.

¹⁰ Residential Capacity Assessment – Intensification options, dated 17 May 2024

That is likely to add to its attractiveness to potential purchasers and the extent to which it contributes to the functionality of the Havelock North urban environment. 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 within wider markets.

- **Diverse buyer pool:** In the surrounding area, a large portion of the Brookvale land HN6 is designated for a retirement village. This development will accommodate the specific demand for senior living options, rather than offering residential products that appeal to / are needed by a broader range of buyers.

In contrast, CDL's proposed development will attract a more diverse group of buyers, including families, retirees, young professionals, and couples, resulting in greater market and community benefits.

- **Higher level of development and residential capacity certainty in the short-medium term:** The subject site would provide for seamless development. This means that the additional residential capacity provided by the proposed development is more likely to be delivered (due to minimal fragmentation) than other NGD areas which have a multitude of land ownerships.

Given that sufficiency of residential capacity within the sub-region is anticipated to be largely dependent on the realisation of the zoned urban capacity under the 'urban intensification' scenario (RCA), greater level of development certainty would be critical to ensure a continuous population and economic growth of the district and the wider sub-region in the future.

- **Increased efficiency of infrastructure:** Greater density in and close to the existing urban areas typically provides more efficient use of infrastructure. The larger number of people in an area means greater returns on the use of the local infrastructure. This has the potential to enhance the sustainability of utility services, as fixed costs are spread over a larger user base, thus reducing the per capita cost of infrastructure provision.
- **Potential for lower residential land prices in the district and the wider sub-region:** Accelerating the development of the subject site has the potential to enhance housing affordability by increasing the supply of residential units. Increased housing supply could lead to a reduction in house prices, benefiting those who do not currently own property, including existing renters who pay for housing on a weekly basis and first-time buyers, particularly young residents.

This increase in supply would help create a more balanced housing market, making homeownership more attainable and easing the financial burden on renters.

- + **Increased local employment opportunities:** The growing local population as a result of the proposed development will lead to an increase in demand for goods and services which will contribute to economic and employment growth within the district. This influx will serve as a boost to the local economy, fostering further growth and enhancing amenities in the area.

Additionally, the construction of the new dwellings will generate temporary jobs, particularly in construction-related fields, delivering substantial benefits to the local community during the development phase.

- + **Potential to cater for greater levels of growth:** Growth from residential developments can often work as a catalyst that spurs further growth in the area. The proposal to accommodate a large-scale residential development could also trigger interest for additional residential / small-scale commercial activity within the local market and provide significant impetus for growing its local economy.

Economic Costs

- **Additional infrastructure investment and servicing requirements:** Land and associated infrastructure costs are one of the biggest cost components of residential housing development costs and tend to scale according to the size of the network. This means that expanding networks to new greenfield areas will tend to lead to a proportional increase in long-term operating, maintenance, and renewal costs.

In Property Economics' view, these capital costs are likely to be mitigated, at least in part, through either development contributions or the level at which the developer provides the infrastructure itself.

Furthermore, as the site is identified both in the HPUDS and the draft FDS as new residential greenfield development area, the extent to which this can be considered an economic cost depends on the relative cost of servicing the infrastructure at a later point in time or in a less efficient location.

In that regard, the site's location at the existing edge of the urban area means that the additional infrastructure required is likely to be minimal. By way of explanation, the roading network is already in place, stormwater is being dealt with on-site, and trunk water and wastewater infrastructure is already adjacent to the site.

- **Loss of small amount of rural productive land:** The site is classified as Land Use Capability (LUC) Class 3 soil, which is the lowest category of highly productive land according to the NZLRI classification system.

However, as identified in the Fruition report¹¹ site has limited LUC 3 land that is materially constrained, not only due to its size and proximity to the existing residential edge, but due to water unavailability. These limitations aside the extent of HPL and the soil conditions would severely limit the productive value of the associated land.

A high-level estimate would place the value-added loss to the region (while still acknowledging the lack of viability) in the order of \$13,000 per annum.

In addition, the site is identified in both the Heretaunga Plains Urban Development Strategy and the recommended version of the Future Development Strategy (May 2025) as Greenfields Development Areas anticipated to provide for the required future residential capacity in the district, meaning that the loss of productive land in this location will inevitably be required in the future.

Our understanding is that the land around the main townships of the district all encompass highly productive soil. This indicates that there are no alternative locations which would accommodate the proposed rezoning in a more economically efficient manner (with respect to productive land).

As such, Property Economics considers that the opportunity cost of the site for more intensive rural uses and activities would be minimal in the context of the NPS-HPL.

- **Potential generation of effects on neighbouring rural properties (relative to no additional residential activities at the subject site):** New residential development at the subject site may have adverse off-site effects on adjacent or nearby rural properties and environment. These may be effects such as noise, visual effect of new residential buildings and resulting increased traffic.

These potential effects are addressed in the AEE submitted with the application and we understand that they will be avoided, remedied or mitigated through the proposed subdivision design and conditions of consent.

We have not endeavoured to quantify in dollar terms potential adverse effects arising from the proposal (that have been identified in other expert reports) or to undertake a full economic cost / benefit analysis.

Based on our experience and our reading of the application, the AEE and the supporting reports, however, we consider that the economic benefits of the proposal will comfortably outweigh any potential disbenefits.

Considering the economic cost benefit analysis outlined above as a whole (including the quantitative economic injection into the regional economy and employment benefits),

¹¹ *Arataki Rd Assessment of the Productive Capability of the Land, March 2025.*

Property Economics considers that advancing the proposed development, given the shortfall of long-term residential capacity in the draft FDS, would yield significant economic benefits for the regional economy and community. This approach would positively contribute to the facilitation of a well-functioning urban environment within the Hawke's Bay sub-region, giving effect to the NPS-UD Policies.