

## Memo

To: Briar Belgrave and Fraser McNutt, Barker & Associates Ltd

From: Susan Fairgray, Associate Director, M.E Ltd

Date: 19 January 2026

Re: Further Economic Assessment of Proposed Ashbourne Residential Development – Response to Minute 9

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### Introduction and Background

An urban development (Ashbourne Development) containing a mixture of residential, retirement living and solar farms (2) land uses has been proposed in Matamata under the FTAA. The proposal is currently being assessed by a Panel via the FTAA.

The initial economic assessment to inform the application has been undertaken by Insight Economics Ltd (“the IE report”), with the author providing further responses during the hearing process. Matamata-Piako District Council (MPDC) have commissioned further assessment by Property Economics Ltd to review the IE report and update the district’s residential capacity and demand assessment (“the PEL HBA”) to inform the process. Resource Economics Ltd have been engaged by the Panel to review both assessments, providing a further economic perspective.

M.E Ltd have subsequently been requested by the applicant to further examine several issues raised in relation to the proposed Ashbourne FTAA application. These aspects (outlined below) have been identified through the Panel by a combination of the economic advisors engaged by MPDC and the EPA. I have read the above economic assessments (and their reviews), and further responses recorded during the process. I have also read the initial MPDC HBA (November 2023) relied on by the IE report as part of the initial economic assessment.

This memo contains my assessment of the housing affordability of the proposed development in response to the Panel’s Minute 9.

### Economic Assessment

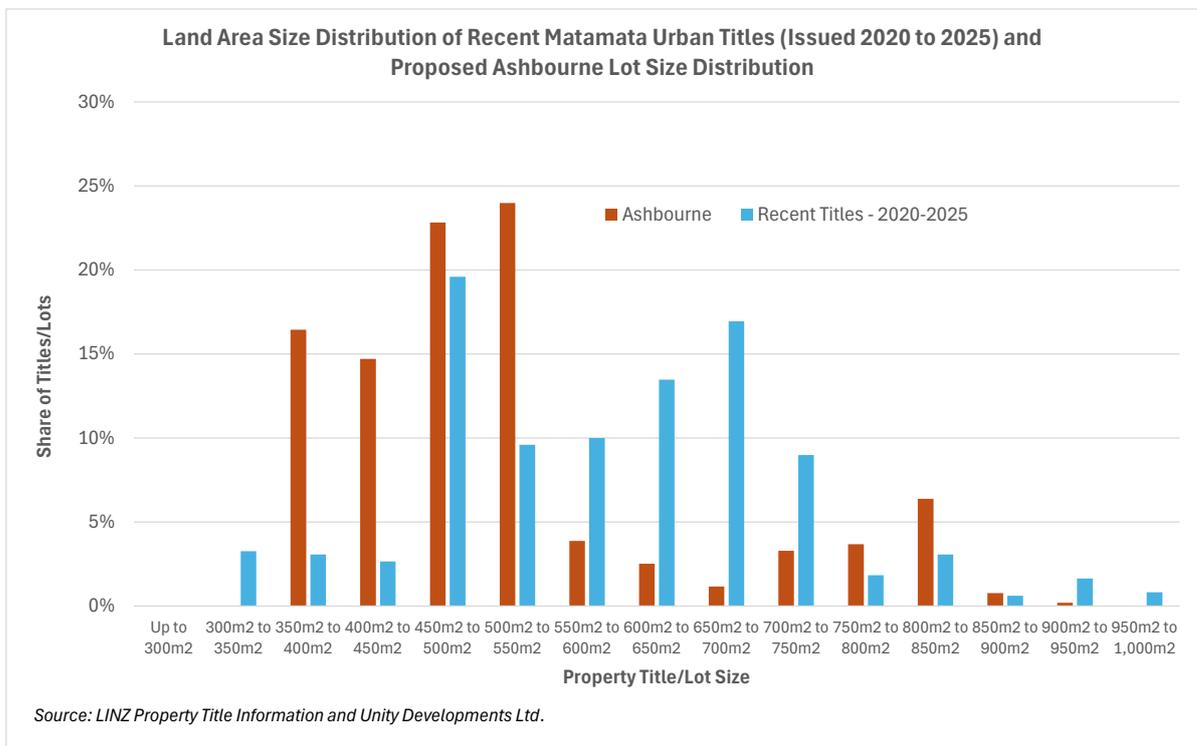
#### Dwelling Affordability

The proposed development is likely to contain a profile of new dwellings (value, size, typology) that would offer better affordability for first home buyer households than shown by recent patterns of greenfield development within Matamata. The anticipated development profile (supplied by the developer) is likely to offer dwellings which were affordable to a sizeable portion of the potential first

home buyer market (non-owners) within the district and surrounding areas, which make up a sizeable share of the total current rental market. My assessment is set out in the following paragraphs.

*Development Lot Size Structure*

The proposed lot size structure is smaller than that delivered in other Matamata greenfield areas over the past five years, which is shown in the Figure below. It contains a significantly greater share of smaller lots than other developments. Nearly one-third (31%) of the proposed lots are smaller than 450m<sup>2</sup>, with over three-quarters (78%) of lots less than 550m<sup>2</sup>. In comparison, only 9% of new suburban-scale (i.e. 250m<sup>2</sup> to 1,000m<sup>2</sup>) titles issued within Matamata within the last six years (2020-2025) were less than 450m<sup>2</sup>, and only 38% less than 550m<sup>2</sup>.

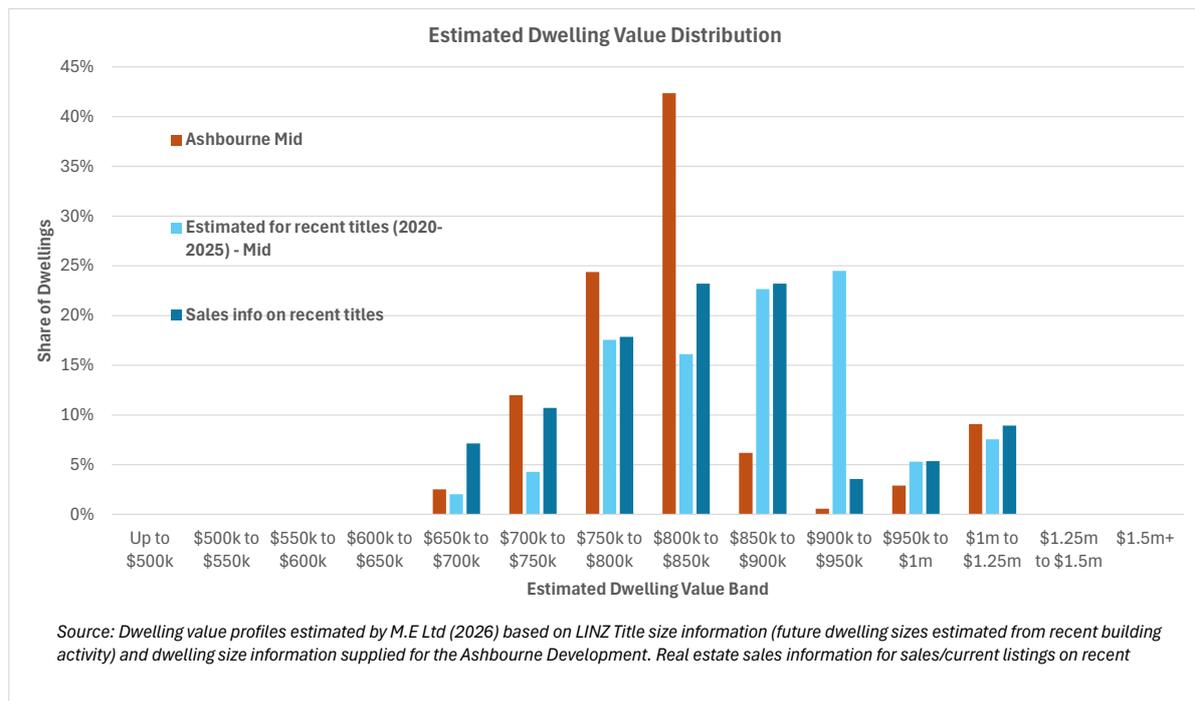


The smaller lot size distribution is an important factor that is likely to contribute toward lower prices and greater dwelling affordability within the Ashbourne Development relative to other recently developing greenfield areas. At a high level, smaller lots generally increase the viability of smaller dwellings in line with the dwelling type patterns of demand sustained by the local market. The smaller lots are likely to increase the number of smaller detached dwellings which provide viable dwelling price/size trade-offs for households in the local market context.

*Estimated Dwelling Value Distribution – Baseline Scenario*

I have also estimated the corresponding dwelling value profile likely to occur within the Ashbourne Development<sup>1</sup> (excluding retirement dwellings). I have compared it to that of recent development patterns within Matamata’s greenfield areas, as well as what I correspondingly estimate may occur across other recently developing greenfield areas generally based on their lot size distribution.

The Figure below shows my mid-range estimations based on the potential dwelling size profile supplied by the developer. An alternative range of dwelling values are considered subsequently based on a smaller dwelling size profile similar to current patterns of development.



My assessment indicates that the Ashbourne Development is likely to produce a lower dwelling value profile than other recently developing greenfield areas. While this is primarily due to the smaller lot size distribution (outlined above), my assessment also indicates that Ashbourne may have a more intensive pattern of development that contributes to a lower dwelling value profile.

In addition to a smaller lot/dwelling size structure, the dwelling information supplied shows that Ashbourne sites have a greater proposed level of development than other recent greenfield developments – i.e. on average, larger dwellings per site for each parcel size. This is likely to increase dwelling affordability where dwellings are likely to be cheaper than the same sized dwellings in other developments as a result of their smaller section sizes. My assessment indicates the effect is to spread

<sup>1</sup> This has been informed by potential dwelling size information supplied for each lot by the developer. I have also considered variations to this pattern of development in line with recent patterns of development within the local market.



affordability improvements more broadly across the lower to mid parts of the dwelling size/value profile.

I note that an increased development intensity may reduce the level of reduction in dwelling values on the smaller sites. While these sites would contain even lower value dwellings if the dwellings were smaller, the assessment shows that they remain important contributors to a lower overall dwelling value profile of the development.

I understand that there is the potential for these sites to be developed to contain smaller dwellings than provided for my assessment. This would further increase the affordability of the development, showing my assessment is conservative. I consider this further below.

*Affordability for First Home Buyers and Total Market Size – Baseline Scenario*

My assessment indicates that a sizeable share of the Ashbourne Development dwellings are likely to be affordable for current non-owner (rental) households. The estimated value profile is likely to align with a significant share of the potential first home buyer market within the Matamata-Piako District and Hamilton City.

The estimated alignment of the proposed development with the rental household markets (as potential first home buyers) is summarised in the table below. The first three columns show the share of dwellings likely to be affordable for households within each income group based on my above assessment of the likely dwelling value patterns. The remainder of the table shows the total potential market size of each of these groups (i.e. non-owner households).

The table shows the dwellings are likely to be affordable for the mid to higher income groups, with these groups making up a sizeable share of the total rental household market. Up to one-fifth of the dwellings are likely to be affordable for households in the \$100k to \$150k income groups, with all of the dwellings affordable for households in higher income groups. Overall, there is currently a market size (non-owner households for whom the Ashbourne Development would be affordable) of around 1,300 non-owner households within the Matamata-Piako District, and around 9,500 households within the adjacent Hamilton City urban economy. These households account for nearly one-third of the total rental households within each area.

Table 0-1 – Estimated Accessibility of Ashbourne Development for Non-Owner Households and Current Market Size

Household Income Group (Annual)	Estimated Share of Proposed Development Affordable			Total Current Market Size (Rental Households <sup>1</sup> ) - 2024		Estimated Share of Market Able to Afford Proposed Dwellings			
	Low	Mid	High	Matamata-Piako District	Hamilton City	Matamata-Piako	Share of Total Market	Hamilton City	Share of Total Market
Under \$30K	0%	0%	0%	700	5,600	-	0%	-	0%
\$30-50K	0%	0%	0%	600	3,900	-	0%	-	0%
\$50-70K	0%	0%	0%	600	3,900	-	0%	-	0%
\$70-100K	0%	0%	0%	900	5,200	-	0%	-	0%
\$100-150K	18%	13%	11%	700	5,100	400	60%	3,000	60%
\$150-200K	100%	88%	88%	600	4,500	600	100%	4,500	100%
\$200K+	100%	100%	100%	200	2,000	200	100%	2,000	100%
<b>Total</b>				<b>4,400</b>	<b>30,200</b>	<b>1,300</b>	<b>29%</b>	<b>9,500</b>	<b>32%</b>

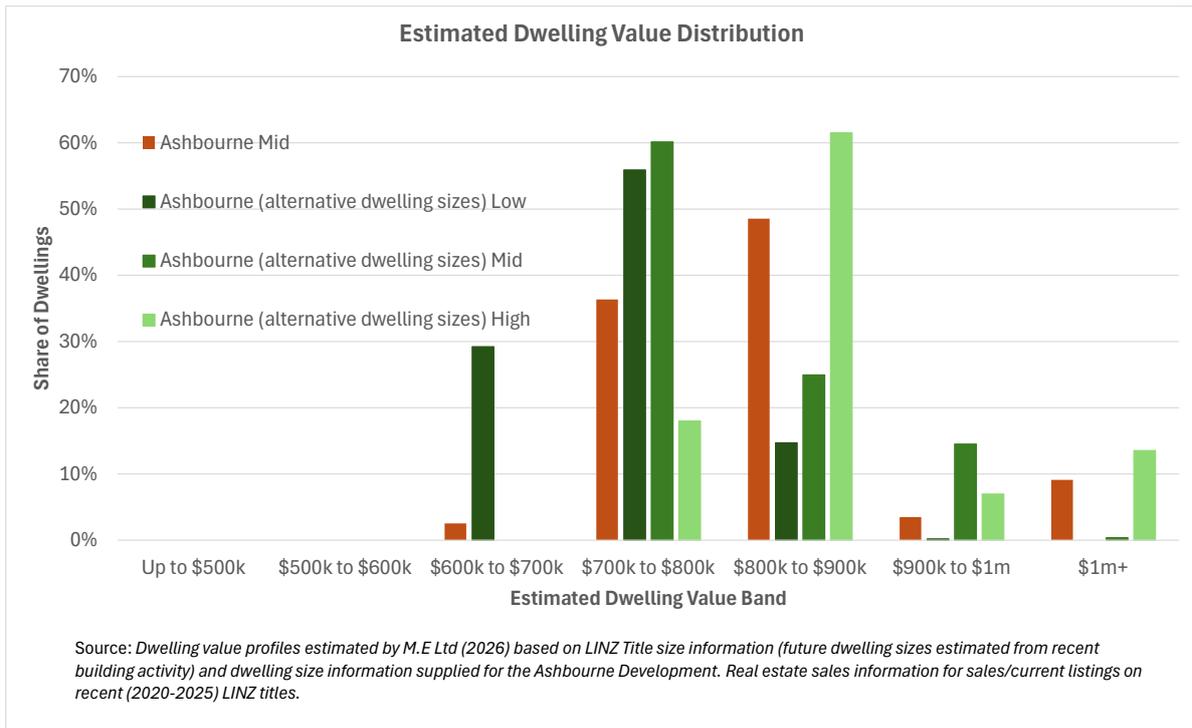
Source: M.E Ltd Rental Sector Housing Affordability Tracker, 2026; calculations based on dwelling yield information supplied by Unity Developments

<sup>1</sup> Households in the \$100k to \$150k income bracket include only the portion estimated to afford a share of the proposed dwellings.

### Estimated Dwelling Value Distribution – Alternative Development Scenario

I have estimated the effect of alternative development patterns within the proposed Ashbourne Development if sites were developed to contain dwellings at the same intensity as recent patterns of development. The lot size structure remains the same. Put simply, this scenario contains slightly smaller dwellings on each lot. The ‘high’ and ‘low’ ranges reflect the upper and lower ranges of dwelling values and sizes in recent patterns of activity.

The alternative dwelling value profile is shown in the green bars in the Figure below. My assessment indicates that if developed in this way, increased shares of dwellings would occur in the value bands of \$600,000 to \$700,000 (low scenario) and \$700,000 to \$800,000 (low and mid range scenarios).



*Alignment with District and Regional Housing Affordability Measures*

I have estimated the share of dwellings within the proposed development that are likely to be within the affordable dwelling definition under each potential development scenario. These are dwellings with a value corresponding to that of up to 30% of average household income spend on mortgage costs<sup>2</sup>. These are summarised in the table below which shows the share of dwellings estimated to be within the affordability measures as calculated at the district and regional levels (and the share that would sit up to 5% to 10% above the district threshold, for further context).

The left-hand side of the table shows the share of the proposed dwellings when the baseline dwelling size profile is applied, with the right-hand side showing the dwellings with the alternative size structure as described above. The high and low ranges show the upper and lower ranges of dwelling values and size variation observed within the recent patterns of market activity. In part, these may reflect differences in dwelling values as a result of differences in development costs within a subdivision.

The table indicates that around 7% to 13% of dwellings would have values within 10% of the district affordability threshold based on the mid-ranges applied within each scenario. Under the alternative development pattern, up to 9% of the dwellings would occur within the district-level affordable dwelling threshold based on the lower range scenario, and up to 17% within the regional benchmark, if dwellings were developed in this way.

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<sup>2</sup> I have assumed a 20% deposit and applied the RBNZ average 2-year fixed mortgage rate of 5.32% to a 30 year loan term.

These measures of housing affordability are high-level summary measures that are applied in aggregate at the district/regional level overall. They are impacted by the overall distribution of households across income bands, including those unlikely to form part of the potential first home buyer market. The rates of affordability of dwellings differs significantly across the market, with households in mid to higher income bands typically forming the main potential first home buyer market. The levels of affordability for different household income groups is covered in my initial assessment.

Table 0-2 – Application of District/Regional-Level Aggregate Housing Affordability Measures – Share of Proposed Development Dwellings Estimated by Affordability Measure

Housing Affordability Benchmark	Dwelling Development Scenario					
	Baseline Scenario (larger dwellings per site)			Alternative Scenario (recent development patterns)		
	Low	Mid	High	Low	Mid	High
30% of District Mean Household Income	0%	0%	0%	9%	0%	0%
30% of Regional Mean Household Income	0%	0%	0%	17%	0%	0%
5% above District Affordability Measure	3%	0%	0%	18%	0%	0%
10% above District Affordability Measure	12%	7%	7%	43%	13%	0%