PROPERTY ECONOMICS



SUMMERSET OTAIHANGA PROJECT

FAST-TRACK APPLICATION

ECONOMIC IMPACT ASSESSMENT

Date: October 2026

Project No: 52451

Client: Summerset Villages (Paraparaumu) Limited

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SCHEDULE

Code	Date	Information / Comments	Project Leader
52451.12	October 2026	Report	Phil Osborne / Tim Heath

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1. INTRODUCTION

Property Economics has been commissioned by Summerset Villages (Paraparaumu) Limited ("**Summerset**") to evaluate the economic impacts associated with a proposed Otaihanga retirement village development at 65 and 73 Ratanui Road, Paraparaumu (the **Project**). The Project comprises 257 independent living units ("**ILU**"), 50 full-time care units, and 40 serviced apartments across a 12.7ha site.

In addition to these senior living facilities, the development will include an 894sqm GFA community centre and 2,272sqm of commercial floorspace to provide essential services and amenities for the future community.

Considerations under the Fast-track Approvals Act

This economic impact assessment ("**EIA**") addresses the gross 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 81 which provides that when a panel is making a decision on a substantive application, the panel must consider the extent of the project's regional or national benefits.
- Section 85 which provides that a panel may decline an approval where it forms the view "adverse impacts are sufficiently significant to be out of proportion to the project's regional or national benefits" (after taking into account conditions the panel may set in relation to adverse impacts).
- Schedule 5 Clauses 5(4) and 6 require a consent application to include an assessment of the activity's actual or potential effects on the environment. Schedule 5 Clause 7 outlines this assessment must include any effect on the people in the neighbourhood and, if relevant, the wider community, including any social, economic or cultural effects.

- Schedule 5 Clauses 5(1)(h) and 5(2) requires an assessment of the activity against relevant documents including the National Policy Statement on Urban Development 2020 ("NPS-UD").
- 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.

Figure 1 following provides an outline of the concept plan of the proposed development.

FIGURE 1: OTAIHANGA RETIREMENT VILLAGE CONCEPT PLAN



SITE AREA INFORMATION	
Total site area	127025 m²
SITE COVERAGE %	27.2%
Total ILU footprint area	29049 m²
Total MB footprint area	5031 m²
Total ancillary buildings footprint area	432 m²
TOTAL BUILDING FOOTPRINT AREA	34512 m²

TYPOLOGIES	COTTAGES			VILLAS						TOWNHOUSE		TERRACE			TOTAL ILU's
	1.5B C1 C3	2B C2 C4	1B C5 C6	2B Mid V1	2B End V2	2B End V3	3B End V4	3B End V5	3B End V6	2B Lwr TH1	3B Upr TH2	2B NPT16	2B U2	3B U3	
COUNT	8	10	0	53	53	40	51	4	6	16	16	0	0	0	257
ROUNDED % MIX	3.1%	3.9%	0.0%	20.6%	20.6%	15.6%	19.8%	1.6%	2.3%	6.2%	6.2%	0.0%	0.0%	0.0%	100%
ILU RATIO %	7.0%			80.5%						12.5%		0.0%			

MAIN BUILDING				
1B ALS	CARE BEDS CB	MC SUITES MCS	TOTAL MB	GRAND TOTAL
40	30	20	90	347
44.4%	33.3%	22.2%	100%	

Source: Summerset

2. EXECUTIVE SUMMARY

The Project involves the development of 257 ILUs, 50 care units, 40 serviced apartments an 894sqm community centre, and 2,272sqm of commercial floorspace at 73 Ratanui Road, Paraparaumu.

The total gross economic impact on business activity within Wellington Region as a result of the proposed development is summarised in the following table.

Snapshot of Key Economic Benefits:

Estimated Gross Economic Impacts on Wellington Regional Economy:	
Total direct capital expenditure (excluding land)	**$265.8m**
Total NPV[1] at 8% over a 7-year development period[2]	**$202.4m**
Total NPV at 2%[3] over a 7-year development period	**$258.7m**
FTEs[4] during the peak development year	**495 FTEs**
Total FTE years over the 7-year development period	**1,943 FTE years**
Total direct employment over the development period	**738 FTE years**
Total indirect and induced employment over development period	**1,205 FTE years**

In addition to these quantifiable regional contributions, the Project is likely to generate a wide range of (non-monetised) qualitative economic benefits for the broader regional market and communities, extending well beyond the Kapiti local market, including:

- Increased senior housing supply and residential land capacity
- Improved residential care facility supply
- Increased and diversified choice of housing location and price point
- Increased economic activity and employment
- Impetus for greater levels of local and regional growth
- Increased amenity

1 Net Present Value

[2] The development period includes allocation to pre-construction activities such as planning, design work, procurement and contracting rather than actual construction.

[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.

Cumulatively, Property Economics considers the Project would generate economic benefits (quantitative and qualitative, direct, indirect and induced) through the generation of both significant direct capital expenditure and employment opportunities during construction of the Project.

From an economic perspective, Property Economics does not consider the Project would generate any material costs that would offset these benefits. The site is already zoned for residential purposes and is therefore anticipated to accommodate residential development as part of the District's future growth.

Property Economics also understands that the additional infrastructure requirements, both on-site and off-site, will be delivered by Summerset as part of the consents sought. This ensures that the delivery of the Project is not delayed by public funding constraints or infrastructure sequencing issues, nor places an additional financial burden on the community, supporting more timely and coordinated growth.

Overall, the Project represents an efficient use of residentially zoned land to accommodate an important and growing component of regional housing demand. Combined with the significant quantified economic injection and employment generated by the Project, the additional senior housing and care capacity, wider housing market benefits and improved housing choice are considered to materially outweigh the limited economic opportunity costs identified.

Property Economics considers that enabling this significant urban development through the fast-track process would support the more efficient, coordinated, and timely realisation of the development capacity already anticipated by the site's urban zoning. Overall, based on our economic assessment, the Project would generate significant economic benefits to the Wellington regional economy in the context of the FTAA and the Resource Management Act 1991 (**RMA**).

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).

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.

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 us that might alter or detract from this EIA.

1.1. INFORMATION & DATA SOURCES

Information has been obtained from a variety of reliable data sources and publications available to Property Economics, including:

- Input / Output Tables - Stats NZ
- Business Frame Data – Stats NZ
- Proposed Development Costings – Summerset
- Development Concept Plan - Summerset
- Projected Population Age Structure (2023-base, medium projection) – Stats NZ

1.2. 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 does 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	refer to the positive outcomes that enhance the well-being of individuals, businesses, and communities, typically arising from an activity, development, or policy. These benefits may be expressed in financial or non-financial terms. In the context of urban development, economic benefits reflect the extent to which a proposal contributes to local and regional prosperity, market efficiency, and the effective alignment of supply with demand.
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
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
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 an 8% 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; (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.

4. INTRODUCTION OF THE METHODOLOGY

There has been some discussion in recent Fast-track applications regarding the appropriate approach to assessing economic benefits under the FTAA, particularly whether an assessment should take the form of an EIA or a Cost Benefit Analysis (CBA).

These approaches serve different purposes. A CBA is generally used to assess the net welfare effects of a proposal by comparing its costs and benefits, often against a counterfactual or alternative options. An EIA instead focuses on identifying the nature, scale and significance of the economic activity and benefits generated by a project, together with any material economic disbenefits.

For the purposes of this assessment, an EIA is considered the more appropriate framework. The FTAA requires consideration of the significant regional or national benefits of a project alongside its potential adverse impacts. The economic assessment provides an input into that wider evaluation by identifying the Project's economic contribution and any material economic costs. It is not intended to provide a single monetised measure of all project effects or determine whether the Project represents the most economically efficient use of resources compared with all possible alternatives.

There are several reasons why a full CBA is not considered necessary for this purpose.

First, many of the costs and benefits relevant to an FTAA decision extend beyond matters that can readily or reliably be monetised. These effects are addressed through the wider specialist assessments and ultimately weighed by the Panel as part of its overall assessment. An economic assessment can inform that process without attempting to convert all environmental, social, cultural or amenity effects into monetary values.

Second, CBA and EIA treat development expenditure differently. Under a CBA, labour, materials and capital used to deliver a project represent resources with an opportunity cost and are therefore treated as costs. An EIA, by contrast, identifies the economic activity generated through that expenditure, including business activity, employment and value added. This is relevant where the purpose of the assessment is to understand the significance of the economic activity associated with a project.

Third, undertaking a CBA would require a range of assumptions regarding matters such as:

- the appropriate counterfactual and the timing and likelihood of alternative development;
- future market demand, supply responses and price effects;
- the opportunity cost of labour, materials and capital;
- the magnitude and monetary value of environmental, amenity and other external effects; and
- the appraisal period, discount rate, residual values and treatment of taxes and financing flows.

The results of a CBA can be sensitive to these assumptions, particularly where effects that do not have observable market values need to be monetised.

CBA is commonly used in public investment and policy contexts where decisionmakers are allocating limited public resources between competing projects, programmes or options. In those circumstances, assessing relative economic efficiency is an important part of the decision-making process.

The purpose of the present assessment is different. It is to identify the scale and significance of the Project's economic benefits and any material economic disbenefits relevant to the FTAA assessment. The FTAA does not prescribe CBA as the required form of economic assessment.

Accordingly, this assessment adopts an EIA framework. This provides a proportionate basis for identifying the Project's anticipated economic contribution, while allowing other project effects to be assessed through the relevant specialist evidence and considered collectively within the wider FTAA decision-making process.

5. ECONOMIC CONTEXT FOR THE EIA

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 four 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 Wellington Region. As identified, for the purposes of this assessment, the extent of economic impacts is focussed on the retention[5] of economic activity within the Region.

2) The economic impacts are those resulting from the retirement village development over a 7-year period. Ongoing operational and wider flow-on economic effects are not quantified as part of the EIA but are discussed qualitatively in Section 8 of this report.

3) Regarding 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].

4) In parallel, the FTAA places emphasis on proposals that deliver "*significant regional or national benefits*", which explicitly include economic benefits. Accordingly, this assessment considers the Project's contribution to both efficient resource use under the RMA and its ability to generate regionally and nationally significant economic benefits consistent with the FTAA framework.

Additionally, there are likely to be other, non-economic effects that may result in further economic impacts, such as changes in traffic patterns, noise levels, amenity, or community wellbeing. These potential additional economic impacts are excluded from this analysis to avoid double counting of effects. Other non-economic effects, for example positive

[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*

environmental or social impacts, have not been addressed in this report but we understand are otherwise addressed in the referral application material.

6. TOTAL ECONOMIC ACTIVITY

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 7-year period. 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.

6.1. INJECTION INTO THE WELLINGTON REGIONAL ECONOMIC ACTIVITY

The table following outlines the resulting impacts on the Wellington regional economy as a result of the Project.

TABLE 1: TOTAL GROSS WELLINGTON REGIONAL ECONOMIC INJECTION OF PROJECT

	2028	2029	2030	2031	2032	2033	2034	Total
Direct Expenditure ($m)								
Land								
Other	$0.3							$0.3
Earthworks / Civil Works / Consultants	$6.1	$22.5	$12.3					$40.9
Civil Consultants	$2.7	$4.4	$3.8					$10.9
Levies			$1.4			$4.8	$3.3	$9.5
Infrastructure	$2.1	$4.2	$0.7					$7.0
Total Development Costs (excl. land)	$11.2	$31.0	$18.2	$0	$0	$4.8	$3.3	$68.6
Construction	$0.0	$19.4	$29.1	$48.6	$68.0	$19.4	$9.7	$194.3
Total Construction and Development Costs (excl. Land)	$11.2	$50.5	$47.4	$48.6	$68.0	$24.2	$13.1	$262.9
Increased Local Spend*					$0.1	$1.3	$1.6	$3.0
Total Direct Expenditure (excl. land)	**$11.2**	**$50.5**	**$47.4**	**$48.6**	**$68.1**	**$25.5**	**$14.7**	**$265.8**
Level 2 Multiplier Impacts								
Total Wellington GDP NPV (48 sector multipliers)**	**$10.1**	**$42.1**	**$37.7**	**$36.8**	**$48.5**	**$17.5**	**$9.6**	**$202.4**
Employment (FTE Years)								
Development Employment	68	214	126	0	0	33	23	
Construction Employment	0	126	189	316	442	126	63	
Other Employment	9	36	23	37	53	32	26	
Total Employment (FTE years)	**77**	**376**	**338**	**353**	**495**	**191**	**112**	**1,943**

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

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 $265m which represents the total cost of the development (excluding land). The Project will result in approximately $202.4m of total value added (GDP) for the Wellington Region over the 7-year development timeframe.

This capital expenditure is then 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.

The second aspect is the generation of employment. The Project will also contribute around 495 FTE jobs[7] during the peak construction year within Wellington, with a total estimated 1,943 FTE years over the development period.

6.2. 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.

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 Stats NZ based on 2023 data. However, employment data has been updated as per the Stats NZ Business Demography Statistics[8] (2025).

4. The economic activity generated is based on the Project's gross activity and does not consider this redirecting growth opportunities from elsewhere in the catchment. The assessment undertaken for the EIA is not site specific but is development specific.

5. For the purposes of this report an 8% discount rate has been applied, consistent with the default rate for commercial proposals set by the Treasury[9]. Additionally, a 2% discount rate has been applied as a sensitivity test, also directed by Treasury.

6. Labour movements are based on average retention rates rather than specific company locations.

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[7] *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 Demography Statistics – provides Statistics NZ measure of employment in an area by ANZSIC sector.*

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

7. The proportion of materials and labour internalised in direct benefits to the 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 output[10] (value-added GDP) into the Wellington regional economy that would be facilitated 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.

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 (CAPEX[11]) 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.

The induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity.

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

[11] *CAPEX – Capital Expenditure.*

6.3. 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's regional economy under this scenario.

The results indicate that, when applying the Treasury's mandatory 2% discount rate, the proposed retirement village development is estimated to generate approximately $258.7m in total business activity across the Wellington Region over the full development timeframe.

TABLE 2: PROPOSED RV DEVELOPMENT SENSITIVITY ANALYSIS (2% NPV)

Discount Rate	Total Wellington Region GDP NPV ($m)							
	2028	2029	2030	2031	2032	2033	2034	Total
2%	$10.8	$47.7	$45.5	$47.4	$66.6	$25.6	$15.0	$258.7

Source: Property Economics

6.4. TOTAL WELLINGTON REGION DIRECT AND INDIRECT EMPLOYMENT

The figure 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 below illustrates the sectors associated with direct employment measure 738 FTE years with the remaining around 1,205 FTE years resulting from indirect and induced activity.

This scale of employment generation is significant in the regional context. For comparison, the Wellington regional unemployment rate is around 4.9% in Q2 2026[13]. This equates to around 16,700 unemployed people within the Wellington Region. Against this context, the Project will make a direct contribution to supporting regional employment levels.

In addition, Wellington Region's labour force has an underutilisation rate of approximately 12.9% in Q2 2026, increasing from the lowest at 7.8% in Q3 2022. This equates to an estimated 43,600 underemployed[14] people currently. The Project can be expected to support better labour utilisation by expanding employment opportunities and providing work for those who are currently underemployed.

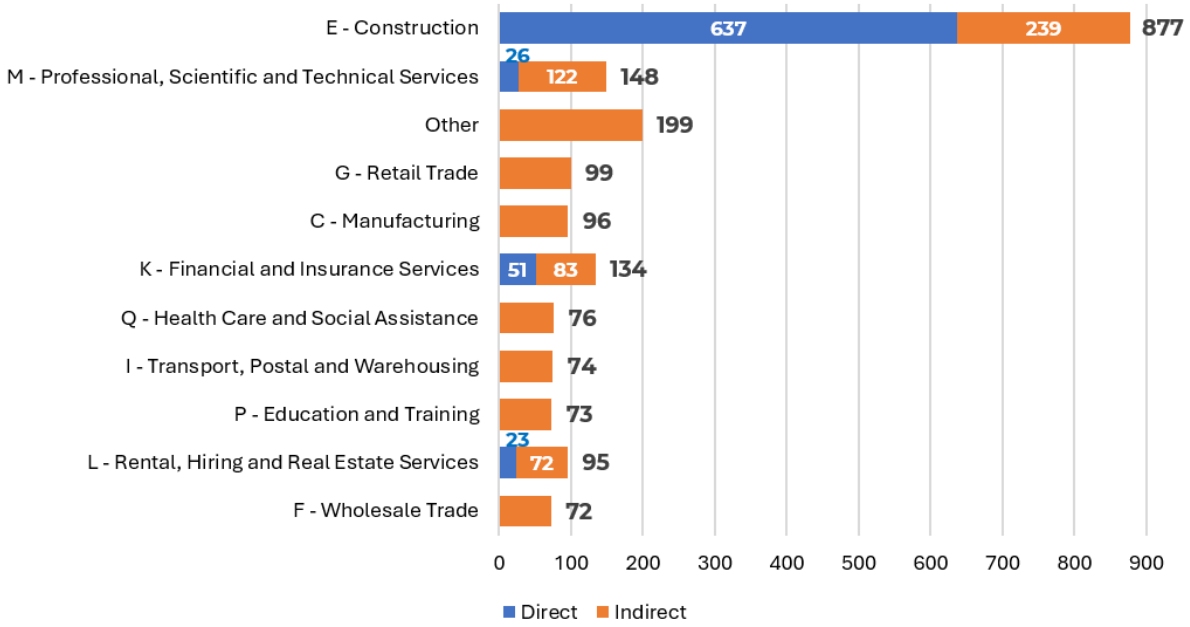
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[12] *Source: https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates*

[13] *Source: Stats NZ – Household Labour Force Survey*

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

FIGURE 2: WELLINGTON REGION EMPLOYMENT GENERATION BY SECTOR



Source: Property Economics

7. SENIOR LIVING DEMAND AND LOCATIONAL CONTEXT

This section provides a high-level overview of the projected growth in the Wellington Region's senior (65+) population and assesses Kāpiti District's role and economic advantages in accommodating this growing demand, with particular regard to the accessibility and locational characteristics of the District and the proposed development site.

7.1. WELLINGTON REGION'S SENIOR POPULATION PROJECTION

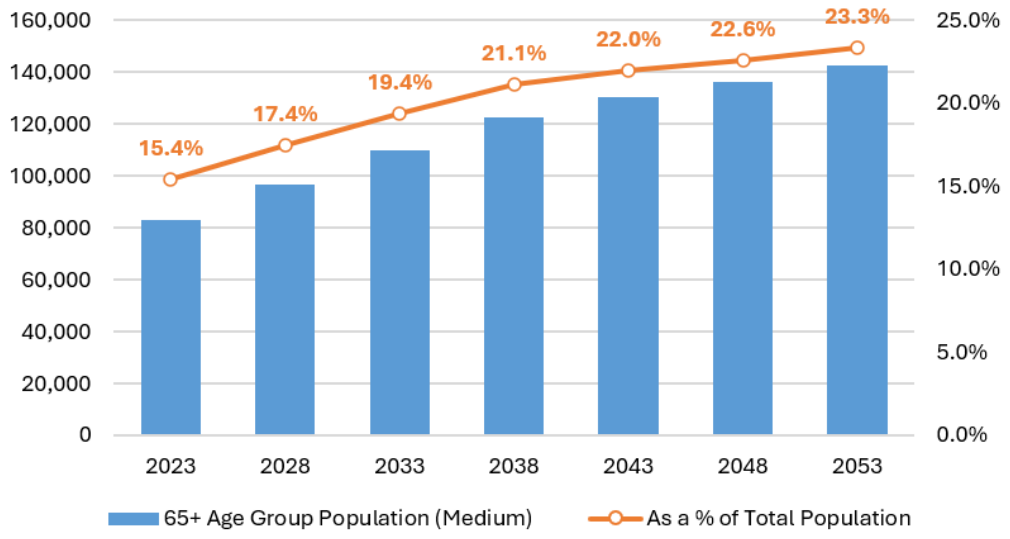
The Wellington Region is projected to experience a significant ageing of its population over the next 30 years, providing a strong underlying demographic driver for future retirement living demand.

The Region's 65+ population is projected to increase from approximately 83,000 people in 2023 to around 143,000 by 2053 under the Medium projection. This represents growth of around +60,000 people, or around +72%. Over the same period, the proportion of the Region's population aged 65+ is projected to increase from 15.4% to 23.3%, meaning almost one in four Wellington Region residents is expected to be aged 65 or over by 2053.

This demographic shift is expected to occur progressively over the short to medium term, with the 65+ population reaching approximately 110,000 by 2033 and 123,000 by 2038. This equates to around +27,000 additional residents aged 65+ within the next decade and approximately +40,000 within 15 years compared with 2023.

The scale and timing of this growth indicate that accommodating an ageing population is an increasingly important housing consideration within the Wellington Region in the future, including over the short to medium term.

FIGURE 3: WELLINGTON REGION 65+ AGE GROUP POPULATION PROJECTIONS (MEDIUM)



Source: Stats NZ

From a retirement living perspective, not all residents aged 65+ will choose to live in a retirement village. Nevertheless, the substantial expansion of this age cohort will materially increase the underlying pool of households seeking housing options that better respond to changing lifestyle, accessibility, maintenance and care requirements as they age. This is expected to support increasing demand for independent retirement living as well as progressively higher levels of aged-care accommodation and services.

In this context, the proposed retirement village would contribute to accommodating the housing needs generated by this structural demographic change. It would increase the range and capacity of age-appropriate housing available within the wider Wellington regional market and enable more older households to transition into accommodation specifically designed for their changing needs.

There are also wider housing market benefits associated with this form of development. To the extent that future residents relocate from existing conventional dwellings, retirement village development can facilitate greater movement through the housing market by releasing established homes for occupation by other households. The economic benefit is therefore not limited to accommodating retirement living demand itself but also includes more efficient use of the wider housing stock.

Overall, the projected increase of approximately +60,000 residents aged 65+ across the Wellington Region represents a substantial expansion in the underlying market for retirement living. The increasing share of older residents suggests that this represents a structural demographic trend rather than simply growth associated with the Region's population as a whole. Given this context, increasing retirement living capacity in efficient locations such as the subject site represents a proactive response to the progressively growing housing need.

7.2. LOCATIONAL CONTEXT

Kāpiti Coast District is well positioned to accommodate a growing share of senior living demand across the Wellington Region. According to Stats NZ's estimates, the district already has a comparatively mature demographic profile, with around 26% of its population aged 65+, compared with approximately 15.4% regionally and 16% nationally.

Under the Stats NZ Medium scenario, this share is projected to increase to around 34% over the next 27 years. This established concentration of older residents, together with the district's coastal environment, urban amenities and community infrastructure, reinforces Kāpiti Coast's existing and continuing role as an attractive retirement location.

Importantly, the practical market served by Kāpiti Coast is not confined to the District itself. Significant investment in the Wellington Northern Corridor has materially improved its accessibility to Wellington City, Porirua and the wider lower North Island.

The Mackays to Peka Peka section of the Kāpiti Expressway provides approximately 18km of four-lane expressway through Paraparaumu and Waikanae, improving the safety and

efficiency of travel within and through the District[15]. This has subsequently been complemented by the Peka Peka to Ōtaki Expressway to the north and Transmission Gully to the south. Transmission Gully provides a 27km motorway connection between the Kāpiti Expressway and the Porirua–Johnsonville motorway, strengthening the reliability and resilience of the connection between Kāpiti and metropolitan Wellington[16].

This strategic corridor will continue to improve. Construction of the Ōtaki to north of Levin expressway commenced in October 2025 and is expected to be completed in late 2029. The Project will extend the higher-standard SH1 corridor northwards and improve the safety, reliability and efficiency of connections between Kāpiti, Horowhenua and the wider lower North Island.

Kāpiti also benefits from an established passenger rail connection to metropolitan Wellington. The Kāpiti Line provides frequent services between Waikanae and Wellington, including Paraparaumu, seven days a week. The recently completed Paraparaumu Transport Hub has further strengthened integration between rail, local buses and active modes, improving access both within the District and to the wider regional public transport network[17].

Taken together, these investments have increased Kāpiti's accessibility and strengthened its economic integration with the wider Wellington Region. This is particularly relevant to the retirement living market. Retirement location and living decisions are influenced not only by the quality of the immediate living environment, but also by residents' ability to maintain access to family and social networks, health and other comprehensive services. Improved regional connectivity and accessibility therefore broadens the potential market from which a Kāpiti retirement village can attract residents while reducing some of the locational trade-offs associated with moving away from metropolitan Wellington.

At a site-specific level, the Project also represents an efficient and logical residential use of land that is already zoned for residential purposes and forms part of Kāpiti's existing urban environment. The site is therefore already anticipated to contribute to meeting the District's future residential demand, rather than requiring the conversion of land otherwise intended for employment, rural or other productive activities.

The proposed retirement village would retain this underlying residential function while directing the site's development towards a segment of the housing market facing particularly strong demographic growth. In this respect, the Project represents a targeted response to Kāpiti's and the broader region's changing housing needs, providing purpose-built accommodation for older residents within an established urban area and making efficient use of land already zoned for residential development.

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[15] *NZTA - Mackays to Peka Peka Project*

[16] *NZTA - Transmission Gully motorway*

[17] *Greater Wellington Regional Council - Metlink Public Transport*

7.3. LOCALISED KĀPITI MARKET RETIREMENT UNIT CAPACITY AND SUFFICIENCY

The Kāpiti Coast Housing Needs Assessment 2022[18], which was based on a large-scale survey conducted in the district, indicated that "*a key barrier identified that old people don't have many options, and the ones they do have are already almost oversubscribed*". Additionally, the survey results noted that "*being able to age in place and have real choices is seen as important*".

This indicates that access to senior housing options is increasingly becoming a significant issue for the district's senior community.

One approach to address the need for senior living options is through the development of retirement villages rather than general residential properties, which are not specifically tailored to older adults and typically lack specialised amenities or services for seniors so may not meet their unique needs. These specialised senior living products cater to individuals typically aged 65 years or older and offer amenities like community centres, fitness facilities, healthcare services, and various social and recreational activities. Such amenities are designed to support active and engaged living for senior residents.

To assess the market potential and economic benefits of the proposed Project in accommodating the demand for senior housing in the district, the following analysis will provide forecasts for the Kāpiti Coast retirement village market from both supply and demand perspectives.

KĀPITI RETIREMENT UNIT SUPPLY

The table following provides an overview of the district's existing and potential major retirement villages along with their capacities (i.e., number of retirement units). This helps to illustrate the current senior housing stock in the wider district and identify potential competitors for the proposed retirement village.

Kāpiti Coast District Council's Older Persons Housing Portfolio (OPHP) includes 118 one-bedroom senior units throughout the district, with over half located in Ōtaki (66 units), 44 units in Paraparaumu, and 7 units in Waikanae and Paekākāriki, cumulatively.

These OPHP units are not considered comparable to the proposed modern comprehensive care retirement village concepts, as they are designed to provide affordable housing for local seniors with limited financial means at below-market rates. For this reason, the OPHP senior housing units are excluded from the existing retirement village capacity, as they do not offer the same level of amenities found in larger, modern retirement villages.

[18] *'Not just a house, a life – Understanding Real Housing Need in the Kāpiti Coast', prepared by the Urban Advisory for the Kāpiti Coast District Council, May 2022*

Additionally, there are several rest home facilities in the district. Similar to the council-owned senior housing, these rest home units cater to a different segment of the market: individuals who cannot live independently and require 24-hour care, including assistance with daily activities, medical support, and supervision.

The district also includes a few smaller retirement facilities, such as Muriwai Court (14 units) and Bishop Sneddon (20 units). Like the OPHP senior housing, these smaller retirement units do not provide the comprehensive care available at a comprehensive care retirement village which may be enabled on the Project site, thus targeting a different segment of the market.

After excluding the OPHP units, rest home facilities, and smaller retirement units, the district's current retirement village capacity stands at approximately 1,380 units. The largest established retirement villages include Charles Flemming Retirement Village (280 units), Metlifecare Kāpiti (225 units), and Parkwood (209 units).

In addition to these existing villages, the Summerset Waikanae and Arvida Waikanae Beach retirement villages are currently under development and are expected to provide 217 and 185 units, respectively upon completion. Currently, these two projects provide a total of only 54 units.

In the short term, the retirement unit stock could increase to around 1,490 units by 2027. Assuming both villages are fully developed within the medium term (by 2034), and if no additional retirement villages are established, the total retirement unit stock in the district is projected to reach up to 1,730 units over the medium to long term (2034 – 2054).

TABLE 3: KĀPITI COAST EXISTING AND EXPECTED RETIREMENT UNITS SUPPLY

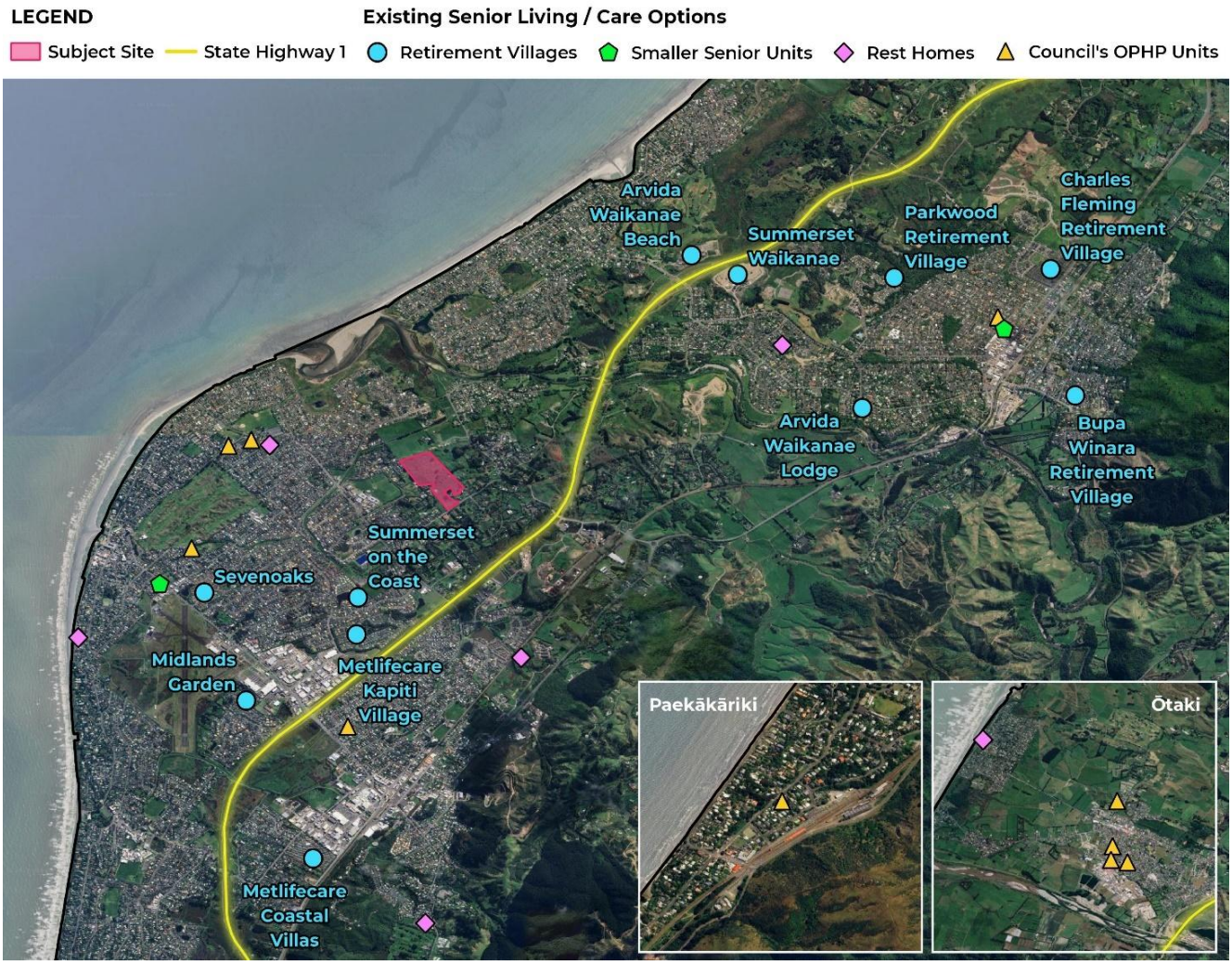
Village Name	Distance to the Site	Capacity (units)
Metlifecare - Coastal Villas	5.3km or 8 mins	181
Metlifecare Kapiti	3.5km or 4 mins	225
Midland Gardens	4.5km or 7 mins	93
Sevenoaks	4.1km or 6 mins	158
Summerset on the Coast	1.9km or 3 mins	114
Charles Flemming Retirement Village	6.8km or 10 mins	280
Arvida Waikanae Lodge	6.2km or 8 mins	24
Parkwood	7.4km or 11 mins	209
Winara Village	6.6km or 8 mins	45
Summerset Waikanae	7.8km or 9 mins	30 / 86 / 217
Arvida Waikanae Beach	9.1km or 12 mins	24 / 72 / 185
Total Retirement Village Capacity (Existing/ST/MT-LT) (Rounded)		**1,380 / 1,490 / 1,730**

Source: Aged Advisor NZ, Google Maps.

The following figure provides a geospatial map of the locations of major retirement villages, along with the OPHP units, rest home facilities, and smaller senior housing providers.

In general, most existing retirement villages are situated near the Paraparaumu Metro Centre or north of the Waikanae River. Among these, Summerset on the Coast and Metlifecare Kāpiti are the closest major retirement villages to the Project site. These two facilities serve as the primary competitors for any future development of a retirement village on the Project site.

FIGURE 4: KĀPITI COAST SENIOR LIVING AND CARE OPTIONS SUPPLY



Source: Google Maps, KCDC, LINZ, Property Economics

RETIREMENT VILLAGE UNIT SUFFICIENCY

The Kāpiti Coast District has one of the oldest populations in the country, with its median age rising from 47.9 years in 2018 to 48.8 years in 2023, according to Stats NZ's 2023 Census data. In contrast, the national and regional median ages are significantly younger, at 38.1 years and 37.9 years, respectively.

Of particular relevance to the retirement village and aged care sector is the growing population of individuals aged 75 years and older, which will drive ongoing demand for accommodation. As indicated in Table 4, the population of those aged 75+ years is projected to reach

approximately 14,000 to 14,840 individuals by 2054 under the 50th and 75th Percentile scenarios, respectively. This anticipated growth underscores the increasing demand for retirement village lifestyle options and other accommodations tailored to the needs of this age cohort in the district.

A key metric used in this analysis to estimate demand for retirement units is the retirement village penetration rate, which represents the percentage of individuals aged 75 years and older residing in retirement villages. According to the latest retirement village sector research from JLL[19], the current penetration rate in the broader Wellington Region is approximately 14.2%, reflecting a slight decline of 0.1% over the past decade.

This regional downward trend aligns with the national average, which decreased from around 14.3% in 2020 to 14% in 2023. This decline has been influenced by fluctuations in the general residential market, including a drop in house prices across New Zealand, which has affected retirees' willingness to sell their homes and transition into retirement living options. It is also a potential indication of new retirement village supply not keeping pace with growing retirement village unit demand.

From an economic perspective, this trend is likely to be temporary and is not expected to hinder the medium to long-term growth in demand in the retirement village market, given the ongoing ageing of both the national and district populations.

Although JLL's research does not provide a specific penetration rate for the Kāpiti Coast District, Property Economics is aware of the Retirement Village Association (RVA)'s submission on PC2[20], which highlights that:

> "*In Kāpiti, retirement villages play an even more significant role than elsewhere in New Zealand, with* ***23.1%*** *of the 75+ age group population living in a retirement village*" (Paragraph 44, Page 8).

Therefore, Property Economics has used this RVA-estimated 23.1% as a basis for forecasting retirement unit demand for the 75+ age group population in the district, and as a conservative baseline assumes this rate remains constant from 2024 to 2054.

The penetration rate may rise in the future due to increased acceptance of retirement living options among seniors and the expansion of retirement villages supply in the market. Should this occur, a higher future penetration rate would further increase the projected demand for retirement units in this economic analysis, making the current 23.1% a conservative baseline.

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[19] *New Zealand Retirement Villages Whitepaper August 2024, JLL*

[20] *Retirement Village Associated of New Zealand's Submission on PC2, dated 27 September 202. Available at https://www.Kāpiticoast.govt.nz/media/lzon5jqs/s197-retirement-villages-association-of-new-zealand-pc2-submission-27-09-2022.pdf.*

In addition to the 75+ year age group, Property Economics also considers the demand of the 65 – 74-year age group, as retirement villages usually have an age entry criterion of 70+ years and some allow entry as young as 65 years. It is therefore assumed that the penetration rate of this 65 – 74 age group is about 2% in the short term with the potential to increase to 3% in the long term.

The two tables following outline the projected population growth for these age categories, the resulting estimated demand for retirement village units and net position (i.e., sufficiency) of the district over the short, medium, and long terms. For completeness, the estimated retirement units demand under both 50th and 75th Percentile scenarios are presented.

TABLE 4: KĀPITI RETIREMENT UNITS DEMAND AND SUFFICIENCY FORECASTS

50th Percentile / Median Scenario	Base Year 2024	Short-term By 2027	Medium-term By 2034	Long-term By 2054
75 and Over Age Group Total Population	8,220	8,740	10,200	14,040
75 and Over Age Group Retirement Village Residents	1,890	2,010	2,350	3,230
65 - 74 Age Group Total Population	7,390	8,650	10,430	11,820
65 - 74 Age Group Retirement Village Residents	150	170	260	350
65 and Over Age Group Total Population	**15,610**	**17,390**	**20,630**	**25,860**
65 and Over Group Retirement Village Residents	**2,040**	**2,180**	**2,610**	**3,580**
Retirement Village Units Demanded in the Market	**1,570**	**1,680**	**2,010**	**2,750**
Existing and Expected Retirement Units Supply	**1,380**	**1,490**	**1,730**	**1,730**
Estimated Sufficiency (Units)	**-190**	**-190**	**-280**	**-1,020**

75th Percentile / High Scenario	Base Year 2024	Short-term By 2027	Medium-term By 2034	Long-term By 2054
75 and Over Age Group Total Population	8,220	8,900	10,430	14,840
75 and Over Age Group Retirement Village Residents	1,890	2,050	2,400	3,410
65 - 74 Age Group Total Population	7,390	8,770	10,670	12,930
65 - 74 Age Group Retirement Village Residents	150	180	270	390
65 and Over Age Group Total Population	**15,610**	**17,670**	**21,100**	**27,770**
65 and Over Group Retirement Village Residents	**2,040**	**2,230**	**2,670**	**3,800**
Retirement Village Units Demanded in the Market	**1,570**	**1,720**	**2,050**	**2,920**
Existing and Expected Retirement Units Supply	**1,380**	**1,490**	**1,730**	**1,730**
Estimated Sufficiency (Units)	**-190**	**-230**	**-320**	**-1,190**

Source: Sense Partners, Retirement Village Association, JLL, Property Economics

It is projected that the district will have a total of 25,860 – 27,770 people aged 65+ years by 2054 under the growth scenarios. Applying the respective penetration ratios for different senior age groups, the total potential retirement village residents would be around 3,580 people under the 50th Percentile scenario and around 3,800 people under the 75th Percentile scenario by 2054.

Based on JLL's estimated ratio of 1.3 residents per retirement unit, the Kāpiti Coast District, with an estimated 2,040 retirement village residents in 2024, would currently require an existing stock of circa 1,570 retirement units. This demand is projected to rise significantly, reaching between 1,680 and 1,720 units by 2027, 2,010 to 2,050 units by 2034, and 2,750 to 2,920 units by 2054.

With a current supply of 1,380 units, this indicates a latent demand for approximately 190 additional retirement units within the district. Despite an anticipated short-term increase to about 1,490 units, driven by ongoing developments like Summerset Waikanae and Arvida Waikanae Beach, this shortfall is expected to grow to around 230 units by 2027 under the 75th Percentile scenario. In the long term, the projected deficit may reach 1,000 to 1,200 units, highlighting the need for significant additional senior housing options within the district.

Using an average village size of about 150 units (based on the retirement village audit in Table 3), this projected shortfall of 1,000 to 1,200 units would require the development of approximately 7 to 8 additional retirement villages within the district by 2054.

Given the estimated current latent demand and projected future demand for additional retirement units within the district, the proposed retirement village is economically beneficial, not only in retaining retired residents who may otherwise choose to move outside the district, but also by offering greater housing choice to better meet the needs and wants of the district's retired population.

From an economic perspective, inadequate matching of projected demand in the market to supply would likely put further pressure on an already tight housing market, or equally see 65+ year residents living in typologies not aligned to their dwelling preference, i.e., forced to remain living in homes they no longer want to live in, as there would be limited alternatives available.

Any potential negative impact on existing and planned retirement village developments in the district due to increased competition can be expected to be temporary and insignificant. This can be quickly and sufficiently offset by the anticipated significant market growth and the growing acceptance of retirement village living in the wider Wellington Region.

8. OTHER QUALITATIVE ECONOMIC COSTS AND BENEFITS

In addition to the previously quantified economic injection, the Project would create a variety of potential (non-monetised) economic costs and benefits. The following outlines the key qualitative economic benefits generated as a result of the proposed development.

Economic Benefits

- Increased senior housing supply and residential land capacity: The Project will supply the market with 257 ILUs, 50 full-time care units, and 40 serviced apartments. This provides not only the ability for the area to improve its responsiveness to growing demands but will in itself facilitate further growth within the area as a result of the increase in overall competitiveness and market efficiency.

  Specifically, the Project will provide certainty to the market regarding both the market's ability to contribute to meeting future senior housing demand pressures and its provision through an efficient form of development on a site that is well sized and located. In an economic environment where the market identifies a diverse range of circumstances, expanding the residential typologies or choices available to consumers enables them to make decisions that better suit their personal needs and preferences. In this regard, the provision of any additional residential product provides more options that, putting aside the costs element, will improve community wellbeing.

- Increased aged care facilities: The Project's proposed 50 care units will directly contribute to accommodating this anticipated future need and help reduce pressure on the region's aged care facilities over the short to medium term.

- Increased and diversified choice of housing location: The proposed development would 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.

  It would provide for housing products within a distinguished living 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 with wider markets.

- Freeing up existing housing stock: The proposed senior living products would help unlock existing housing stock by providing downsizing opportunities for older residents, thereby increasing the availability of family homes for younger buyers, such as couples and growing families, resulting in greater market and community benefits.

- 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 several years, supporting regional employment levels and contributing to GDP through multiplier effects across the economy.

In addition, the proposed full-time care units will create additional employment opportunities across various roles, including healthcare professionals, support staff, and facility management, etc., during both the development and ongoing operational phases. This will not only support local job creation but also enhance the overall functionality of the facility, improve the liveability of the senior living environment, and strengthen the long-term viability of the development.

- Impetus for greater levels of local growth: Growth from large-scale residential developments can often act as a catalyst that stimulates broader economic and urban development within an area. The proposed development has the potential to unlock 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.

- Increased amenity: Large residential developers are able to provide high amenity, better environments with purpose built, and targeted amenity values such as associated community facilities.

  This is particularly true for large retirement village operators as they can provide dedicated facilities for aged care and wellbeing for target demographics (aged population). These come purpose built with highly specialised improvements to appeal to their clientele and benefit that community.

Economic Costs

Property Economics does not consider there to be any material economic costs associated with the Project that would offset the economic benefits identified above to any material degree. The site is already zoned for residential purposes and is therefore anticipated to accommodate residential development as part of the District's future growth. As such, the Project does not result in the loss or displacement of land required for productive, employment or other economically significant activities.

While development of the site as a retirement village may substitute for conventional residential development that could otherwise occur on the site, this represents a change in the form and target market of the anticipated residential activity rather than a loss of residential land capacity for an unrelated use. Given the projected growth in the senior population, the

proposed development represents an economically appropriate response to an important component of future residential demand.

On this basis, any economic opportunity costs associated with the Project are considered limited and are materially outweighed by the economic benefits identified above.

Infrastructure investment and servicing requirements is an economic cost to consider. Land and associated infrastructure costs are one of the biggest cost components of urban development costs and tend to scale according to the size of the network.

It is Property Economics' understanding that the additional infrastructure requirements, both on-site and off-site, will be delivered by Summerset as part of the consents sought. This ensures that the delivery of the Project is not delayed by public funding constraints or infrastructure sequencing issues, nor places an additional financial burden on the community, supporting more timely and coordinated growth.

Considering the qualitative (non-monetised) economic benefits outlined above, and the quantitative economic injection into the regional economy and employment benefits outlined in Table 1, 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 by enabling existing development capacity to be realised 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 regional benefits.

9. 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 the regional economy and community within the Wellington Region. This conclusion is strengthened by the fact that all necessary on-site and off-site infrastructure for the Project will be delivered by Summerset.

These regional economic benefits include but are not limited to:

- Total direct expenditure over a 7-year development period (excl. land) $265.8 million
- Total NPV at 8% over a 7-year development period $202.4 million
- Total NPV at 2% over a 7-year development period $258.7 million
- FTE years during the peak development year 495 FTE years
- Total FTE years over the 7-year development period 1,943 FTE years
- Total direct employment over the development period 738 FTE years
- Total indirect and induced employment over the development period 1,205 FTE years
- The qualitative economic benefits described in section 8 of this report.

Overall, our assessment supports the Project from an economic perspective in the context of the RMA, NPS-UD Policies and FTAA.

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 Region 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.

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 development period, 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.
- The Direct Expenditure line includes all expenditure on the Project, both in and externally to the Wellington 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 economy[21]. 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 retain 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.

[21] *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 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.