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1. Executive Summary

The Proposed Development is a mixed-use development comprised of two storey terrace houses and four storey apartment buildings, resulting in a total of 70 units, of which 12 are terrace houses, and 58 are apartments. When compared with the Permitted Baseline scenario under the AUP and the MDRS, the Proposed Development would result in 61 and 28 additional units respectively.

Within the study area, terrace housing is shown to be the most affordable type with an average sale price of \$1,100,000, while stand alone dwellings achieved the highest average of \$1,520,000. Apartments achieved an average sale price of \$1,380,000.

Within the study area, the majority of stand alone dwellings were sold in the \$1,000,000-\$1,800,000 price range. Terrace houses typically achieved a sale price between \$800,000 and \$1,400,000. Apartments typically achieved a sale price between \$1,200,000 and \$1,400,000.

Over the last 3 years, the study area has an average of 180 dwellings completed annually. Around 37% (or 60 p.a) are stand alone dwellings, 58% (or 110 p.a.) are terrace houses. Apartments accounted for 10 units consented per annum.

There are currently 8 terrace house developments and 1 apartment development within the study area, with 49 units remaining for sale, across these developments. This indicates there is a shortage of new dwellings in this location

The proposed development is located in an attractive location, offering a wide range of amenities that support residential development. Howick Central, Botany Town Centre, various supermarkets and wide range of educational facilities are approximately 5-7 minutes' drive from the proposed development. There are approximately 32,800 businesses and 125,000 jobs within a 10 km radius of the proposed development.

The construction of the proposed development would generate 177 FTE jobs and contribute \$23.5 million to GDP, resulting in a net addition of 155 FTE jobs and \$20.7 million to GDP under the Permitted Baseline Single House zone scenario, and a net addition of 107 FTE jobs and \$14.2 million to GDP under the Permitted Baseline MDRS Scenario.

The cost of construction for apartment buildings are relatively high at approximately \$6,300/sqm, around twice the cost of other types of housing. Additionally, the proposed site has existing buildings valued at over \$2.1m which is a significant cost and requires a relatively intensive development to occur to offset this cost and become commercially feasible.

The proposal would provide additional housing within the \$780,000 - \$2,140,000 price range with the majority (66%) of residential dwellings selling below the average sale price of \$1,460,000. The proposal therefore provides housing some of which meets the market demand for relatively affordable housing. It is accordingly considered that the proposal would meet the economic requirements of the fast track consenting process.



2. Introduction

This report provides an economic and market assessment to support a fast-track consent application for a proposed residential development located at 30 & 40 Sandspit Road and 2 & 4 Reydon Road, Howick.

2.1. The Proposal

The proposed site is outlined in Figure 1. It is approximately 5,420m² and is zoned Residential-Single House Zone. However, the site is proposed to be rezoned as Residential-Mixed Housing Urban Zone ("MHU-M") under the Auckland Council's MDRS plan change (PC78).

The proposal is to develop approximately 12 terrace houses and 58 apartments, resulting in a total of 70 new dwellings. In addition, the proposal is also to develop communal socialising areas including BBQ, lounge and a swimming pool and 96 car parks. The market price for terrace dwellings is estimated to be \$950,000 and from \$780,000-\$2,140,000 for apartments.





Source: Civix

Figure 2 outlines the total units and GFA under the Permitted Baseline scenario under both the residential Single House zone of the Auckland Unitary Plan ("AUP") and the RMA (Enabling Housing Supply and Other Matters) Amendment Act 2021 ("MDRS"), as compared to the Proposed Development.



The Permitted Baseline scenario under the residential Single House zone of the AUP enables the development of stand-alone dwellings on a minimum site size of 600m² with GFA not exceeding 35% of the site area. Under this scenario, 9 stand alone dwellings are expected to be built.

The Permitted Baseline scenario under the MDRS would enable the development of dwellings with a maximum height of up to three storeys. Under this scenario, 42 terrace dwellings are expected to be built.

Conversely, the Proposed Development is a mixed-use development comprised of two storey terrace houses and four storey apartment buildings. This would result in approximately 12 terrace houses, and 58 apartments. In general, the proposed development has 70 units, 61 more than the Permitted Baseline scenario under the residential Single House zone which has 9 units and 28 more than the Permitted Baseline scenario under the MDRS which has 42 units.

Figure 2: Total Units and GFA under the Permitted Baseline and the Proposed Development

		Permitted Baseline -Single House Zone			1	ropose elopm	Net Addition		
Development	Product Type	Total Units	Unit (m2)	GFA (m2)	Total Units	Unit (m2)	GFA (m2)	Total Units	GFA (m2)
Standalone	4-bed	9	210	1,890	-	-	-	-9	-1,890
Terrace	3-bed	-	-	-	12	105	1,260	12	1,260
	1-Bed	-	-	-	13	50	650	13	650
	2-bed	-	-	-	21	100	2,100	21	2,100
Apartment	3-bed	-	-	-	18	115	2,070	18	2,070
	3-bed	-	-	-	6	175	1,050	6	1,050
	Sub-Total	-	-	-	58	440	5,870	58	5,870
Total		_					- 40.0		
IUldi		9	210	1,890	70	545	7,130	61	5,240
ıvldı			210 ermitte			545 ropose			
TOLAI		Pe		ed	Р		ed		5,240 ddition
Development	Product Type	Pe	ermitte	ed	Р	ropose	ed		
		Po Base Total	ermitte line -M Unit	ed IDRS GFA	P Dev Total	ropose relopm Unit	ed ient GFA	Net Ac	ddition GFA
Development	Type	Po Base Total Units	ermitto line -M Unit (m2)	ed IDRS GFA (m2)	P Dev Total Units	ropose velopm Unit (m2)	ed ent GFA (m2)	Net Ac Total Units	ddition GFA (m2)
Development	Type 3-bed	Po Base Total Units 42	ermitto line -M Unit (m2) 105	ed MDRS GFA (m2) 4410	P Dev Total Units 12	ropose velopm Unit (m2) 105	ed ent GFA (m2) 1,260	Net Ad Total Units -30	GFA (m2)
Development	Type 3-bed 1-Bed	Po Base Total Units 42	ermitto line -M Unit (m2) 105	GFA (m2) 4410	Potal Total Units 12 13	ropose velopm Unit (m2) 105 50	ed ent GFA (m2) 1,260 650	Net Ac Total Units -30	GFA (m2) -3,150 650
Development Terrace	Type 3-bed 1-Bed 2-bed	Po Base Total Units 42	ermitto line -M Unit (m2) 105	ed IDRS GFA (m2) 4410 -	Poev Total Units 12 13 21	ropose velopm Unit (m2) 105 50 100	ed ent GFA (m2) 1,260 650 2,100	Net Ac Total Units -30 13 21	GFA (m2) -3,150 650 2,100
Development Terrace	Type 3-bed 1-Bed 2-bed 3-bed	Po Base Total Units 42 - - -	ermitte line -M Unit (m2) 105 - -	ed IDRS GFA (m2) 4410 - -	Potal Units 12 13 21 18	ropose velopm Unit (m2) 105 50 100 115	ed ent GFA (m2) 1,260 650 2,100 2,070	Net Ad Total Units -30 13 21 18	GFA (m2) -3,150 650 2,100 2,070

Source: Civix, Urban Economics



3. Study Area

Figure 3 outlines the study area which is used to evaluate the local residential market for the proposed development.

Figure 3: Study Area



Source: Statistics NZ, Google Maps



4. Housing Market Assessment

This section provides an overview of the current housing market in the study area.

4.1. Existing Housing Stock Valuation

Figure 4 shows the capital values of the existing housing stock profile for the study area. The main points to note are:

- The majority of stand alone dwellings are valued in the \$1,200,000 \$1,700,000 price range. However, there are a significant number of stand alone dwellings valued between \$1,700,000 and \$2,000,000 plus.
- The majority of terrace houses are valued in the \$900,000 \$1,100,000 price range.
- The majority apartments in the study area are valued between \$1,100,000-\$1,300,000.

Figure 4: Study Area Residential Market Stock Valuation

Price Bracket	Stand Alone	Terr ace	Apart ment	Total
Less Than \$500,000	0	0	0	0
\$500,000-\$600,000	0	20	0	20
\$600,000-\$700,000	0	10	0	10
\$700,000-\$800,000	0	90	0	90
\$800,000-\$900,000	20	180	10	210
\$900,000-\$1,000,000	80	260	0	340
\$1,000,000-\$1,100,000	330	240	0	570
\$1,100,000-\$1,200,000	780	110	10	900
\$1,200,000-\$1,300,000	1,010	110	20	1,140
\$1,300,000-\$1,400,000	1,160	40	5	1,205
\$1,400,000-\$1,500,000	1,240	20	0	1,260
\$1,500,000-\$1,600,000	1,060	10	5	1,075
\$1,600,000-\$1,700,000	1,010	10	5	1,025
\$1,700,000-\$1,800,000	640	10	0	650
\$1,800,000-\$1,900,000	380	10	0	390
\$1,900,000-\$2,000,000	330	0	0	330
\$2,000,000 plus	730	30	0	760
Total	8,770	1,150	55	9,975

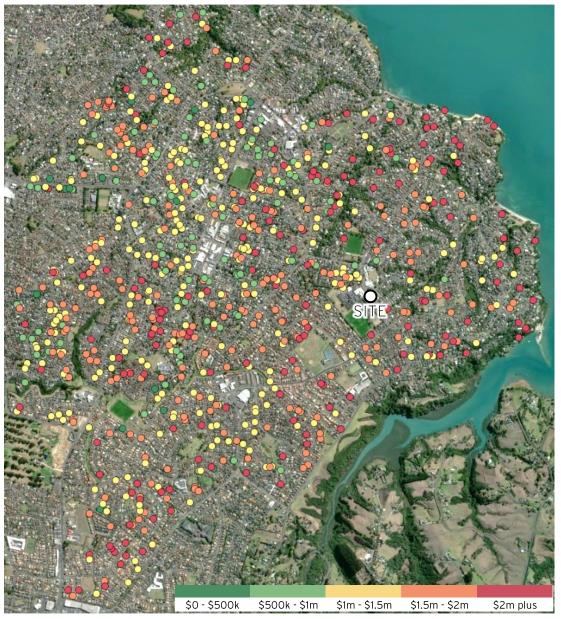
Source: CoreLogic



4.2. Recent Residential Sales

Figure 5 shows the distribution of dwelling sales by price over the July 2021-2022 period. The highest priced locations within the study area are Cockle Bay, Shelly Park and Somerville, which typically achieve sale prices above \$1,500,000. The proposal site is located on the periphery of Shelly Park, typically achieving sale prices above \$1,000,000.

Figure 5: Study Area Sales July 2021-2022



Source: CoreLogic



Figure 6 displays the average sale price achieved over the past year in the study area. Terrace housing is shown to be the most affordable type with an average sale price of \$1,100,000, while stand alone dwellings achieved the highest average of \$1,520,000. Apartments achieved an average sale price of \$1,380,000.

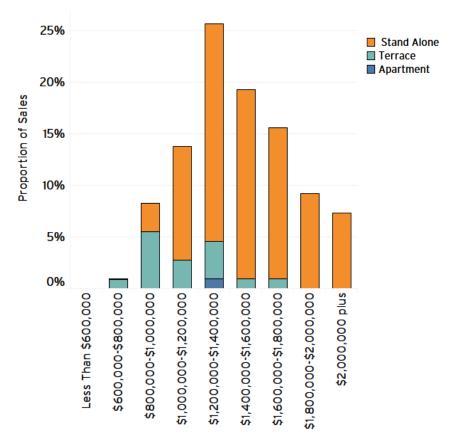
Figure 6: Average Sale Price by Dwelling Type July 2021-2022

Туре	Average Sale Price
Stand Alone	\$1,520,000
Terrace	\$1,100,000
Apartment	\$1,380,000
Total	\$1,460,000

Source: CoreLogic

The following figures display residential sales for new dwellings in the study area and the Auckland Region over the July 2021-2022 period. In the study area, the majority of stand alone dwellings were sold in the \$1,000,000-\$1,800,000 price range. Terrace houses typically achieved a sale price between \$800,000 and \$1,400,000. Apartments typically achieved a sale price between \$1,200,000 and \$1,400,000.

Figure 7: Study Area Sales July 2021-2022



Source: CoreLogic



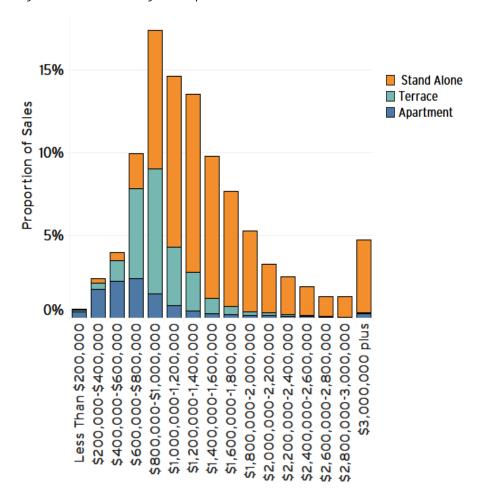


Figure 8: Auckland Region July 2020-2021

Source: CoreLogic

5. New Dwelling Construction 2017-2022

The following figures show dwellings consented since 2017 within the study area and the Auckland region. The main points to note are:

- Over the last 3 years, the study area has an average of 180 dwellings completed annually. Around 37% (or 60 p.a) are stand alone dwellings, 58% (or 110 p.a.) are terrace houses. Apartments accounted for 10 units consented per annum.
- Across the Auckland Region, terrace houses have increase from 21% of all dwellings built in 2017, to 51% of all dwellings built in 2022. In terms of quantity, there are around 10,900 terrace houses built per annum in Auckland currently. This is one of the most significant emerging trends in the housing market, and is being driven by the increase in price of houses, which is incentivising buyers to purchase more affordable terrace houses over stand alone houses, and the increase in land that enables terrace houses to be built, which is in large part due to the changes to the Auckland Unitary Plan in 2016.



 Within the Auckland Region, the number of standalone dwellings consented each year have increased from 5,500 in 2017 to 6,500 in 2022. However, its share has declined from 54% to 30% of all dwelling consented over the same period, due to the rapid increase in terrace house development.

Figure 9: Study Area Building Consents July 2017 - 2022

Year	Stand Alone	%	Terr ace	%	Apart ment	%	Retire ment	%	Total
2017	40	67%	20	33%	0	0%	0	0%	60
2018	40	57%	30	43%	0	0%	0	0%	70
2019	70	78%	20	22%	0	0%	0	0%	90
2020	70	50%	60	43%	10	7%	0	0%	140
2021	60	35%	110	65%	0	0%	0	0%	170
2022	60	26%	150	65%	20	9%	0	0%	230
3-year Average	60	37%	110	58%	10	5%	0	0%	180

Source: Statistics NZ

Figure 10: Auckland Region Building Consents July 2017-2022

Year	Stand Alone	%	Terra ce	%	Apart ment	%	Retire ment	%	Total
2017	5,550	54%	2,170	21%	1,950	19%	540	5%	10,210
2018	5,420	48%	2,420	22%	2,530	23%	820	7%	11,190
2019	6,870	50%	3,260	24%	3,090	22%	650	5%	13,870
2020	6,640	44%	4,870	33%	2,910	19%	510	3%	14,930
2021	6,510	37%	7,700	44%	2,840	16%	450	3%	17,500
2022	6,470	30%	10,870	51%	3,250	15%	890	4%	21,480
3-year Average	6,540	37%	7,813	42%	3,000	17%	617	3%	17,970

Source: Statistics NZ

6. Comparable Developments

Figure 11 provides an outline of the comparable apartment developments presently selling in the study area. There are currently 8 terrace house developments and 1 apartment development within the study area, with 49 units remaining for sale, across these developments. This indicates there is a shortage of new dwellings in this location.

Figure 11: Comparable Apartment Developments

Type	Location	Suburb	Total Units	Avaliab Ie Units	GFA (m2)	Sale Price	Sale Price/m2
	61 Andrew Road	Howick	6	6	112	\$880,000	\$7,900
	24 Andrew Road	Howick	6	6	103	\$810,000	\$7,900
	75 Vincent Street	Howick	9	6	52	\$729,000	\$14,000
Terrace	4 O'Halloran Road	Howick	8	7	200	\$1,600,000	\$8,000
rerrace	12 Borrowdace Avenue	Botany Downs	4	4	166	\$1,450,000	\$8,700
	12 Waterloo Street	Howick	8	1	164	\$1,390,000	\$8,400
	15 Matterhorn Crescent	NorthPark	5	3	131	\$1,450,000	\$11,000
	1C Sirius Place	Botany Downs	8	2	116	\$986,000	\$8,500
Apartment	1 Willoughby Avenue	Howick	19	14	35-	\$550,000-	\$15,400-
Apartment	I Willoughby Avenue	HOWICK	יו	1-4	48	\$740,000	\$15,700
Total			73	49			

Source: TradeMe, Various



7. Access To Amenity & Employment

The proposed development is located in an attractive location, offering a wide range of amenities that support residential development. Most notably:

- Howick Central, Botany Town Centre and various supermarkets are approximately 5-7 minutes' drive from the proposed development.
- There are approximately 32,800 businesses and 125,000 jobs within a 10 km radius of the proposed development.
- The residents of the proposed development would have access to a wide range of educational facilities, with several schools and colleges within a 5 minutes' drive time.
- The proposed development is within a 10-15 minutes' drive-time to several beaches, churches, medical centres, a public library, parks, walkways and playgrounds.

8. Impact of Covid-19

The NZ Treasury commissioned a report on the impact of Covid-19 on the national economy¹. This concluded that over the two years ending March 2022, total employment was expected to decline from 2.59 million jobs to 2.47 million jobs, or a decline of 120,000 jobs. The construction sector was similarly expected to decline, from 260,000 jobs to 239,000 jobs, or a decline of 21,000 jobs.

The COVID-19 Recovery (Fast-track Consenting) Act 2020 requires consideration of costs and benefits of those involved in the construction sector, as follows.

The project's economic benefits and costs for people or industries affected by COVID-19 (see section 19(a)).

Historically the construction sector has followed the wider economy closely. The global financial crisis of 2008 saw an accompanying drop off in new dwellings consented. It wasn't until 2017 that building consents in the Auckland Region recovered to the previous peak of 12,000 consented dwellings per annum last seen in 2005.

Covid-19 forced New Zealand's borders to close for over two years. Over this time, record high international immigration was replaced with near to zero international immigration. The ongoing effects of this border closure are likely to result in a decline in the number of houses demanded and constructed which may place pressure on the construction sector over the coming years.

¹ The effects of COVID-19 on the regional economies of New Zealand for The Treasury, October 2020, Infometrics



9. Economic Contribution of Proposal

The project would create a considerable number of jobs within the construction industry. The national 'value-added per employee' for each sector has been used to estimate the full-time equivalent (FTE) employment for this project.

Figure 12 outlines the value-added and FTEs that the Proposed Development would generate. It is estimated that the construction of the proposed residential development would generate 177 FTE jobs and contribute \$23.5 million to GDP.

Compared with the Permitted Baseline scenario under residential Single House zone of the AUP, the proposed residential development is likely to result in a net addition of 155 FTE jobs and \$20.7 million to GDP.

Compared with the Permitted Baseline Scenario under the MDRS, the proposed residential development is likely to result in a net addition of 107 FTE jobs and \$14.2 million to GDP. More generally, it would support the overall commercial viability of the project which would ensure the economic benefits are realised.

Figure 12: FTE Employee Estimates

Permitted Baselin House Zone	e-Single	Prod Tyj		Cou	nt	Proje Valu (\$M	ie	Value Added (\$M)	FTE Emplo yees	-
Stand alone		4-b	ed	9		\$9.		\$2.9	21	-
Permitted Baseline-MDRS		Prod Tyj		Cou	nt	Proje Valu (\$M	ıe	Value Added (\$M)	FTE Emplo yees	
Terrace		3-b	ed	42	2	\$31.	8	\$9.3	70	
Proposed Development		Product Type		Cou	nt	Proje Valu (\$M	ıe	Value Added (\$M)	FTE Emplo yees	-
Terrace		3-b	ed	12)	\$9.	1	\$2.7	20	
		1-b	ed	13	}	\$8.	1	\$2.4	18	-
Apartment		2-b	ed	2		\$23.	9	\$7.0	53	
Apartment		3-b	ed	18	}	\$22.	.5	\$6.6	50	
		3-b	ed	6		\$10.	2	\$3.0	23	
Sub-Total				70)	74		22	163	
Car Parks				96	5	\$6.4	4	\$1.9	14	
Total				16	5	\$80	.2	\$23.5	177	
Comaprision	Permit Baseline-: House Z	Single	Dev	osed elop ent		Net dition	Ва	rmitted seline- MDRS	Proposed Develop ment	
Project Value (\$M)	\$9.7	7	\$8	0.2	\$	70.5	:	\$31.8	\$80.2	
Value Added (\$M)	\$2.9	9		3.5	٠.	20.7		\$9.3	\$23.5	
FTE Employees	21		17	77		155		70	177	L

Source: Urban Economics



Figure 13 shows the estimated national 'value added per FTE employee'. This value added per employee figures are used to estimate the FTE employees created by the construction project expenditure outlined in Figure 12. Figure 13 shows that the construction sector has a \$18.5B contribution to national GDP and a workforce of 139,800 FTEs. This results in a value added of \$133,000 per FTE employee.

Figure 13: Industry GDP and Value Added per Employee

Industry	Contribution to GDP (\$m)	FTE Workers	Value Added Per Employee
Construction	\$18,540	139,800	\$133,000

Source: Statistics NZ, Urban Economics

10. Commercial Viability of Proposed Development

The additional intensity of the proposed development would support its commercial viability by providing economies of scale and additional revenue to offset the fixed costs (e.g. land and existing capital improvements). This would increase the likelihood that the development proceeds and the resulting economic output and employment occur in the short term.

The cost of construction for apartment buildings are relatively high at approximately \$6,300/sqm, around twice the cost of other types of housing. Additionally, the proposed site has existing buildings valued at over \$2.1m which is a significant cost and requires a relatively intensive development to offset this cost and be commercially feasible.

11. Other Fast Track Assessment Considerations

The COVID-19 Recovery (Fast-track Consenting) Act 2020 requires several other economic considerations, which are addressed as follows.

The project's effect on the social and cultural well-being of current and future generations (see section 19(b)).

The proposed development would provide additional employment and increase the range and relative affordability of housing in the study area. The project would have a positive impact on the social and cultural well-being of current and future generations by increasing the housing supply within the study area.

The following figure displays the proposed composition of the development. Prices have been estimated based on the current market prices of new terrace houses and apartments across the study area. Terrace houses are expected to be priced at \$950,000 and apartments are expected to be priced between \$780,000 and \$2,140,000. Providing new dwellings up to modern building standards reduces the social pressures caused by inadequate housing.



Figure 14: Proposed Residential Development Composition

Development	Product Type	GFA (m2)	Price	Count	Proport ion
Terrace	3-bed	105	\$950,000	12	17%
	1-bed	50	\$780,000	13	19%
Apartment	2-bed	100	\$1,420,000	21	30%
Apartment	3-bed	115	\$1,570,000	18	26%
	3-bed	175	\$2,140,000	6	9%
Total				70	100%

Source: Urban Economics

If applicable, whether the project may result in a public benefit by generating employment (see section 19(d)(i)).

As outlined above, construction of the project would create an estimated 177 FTE jobs and contribute \$23.5 million to GDP. These jobs would be in roading, construction, landscaping, planting, land surveying, administration and support services and other related activities. This is a significant economic benefit.

If applicable, whether the project may result in a public benefit by increasing the housing supply (see section 19(d)(ii)).

The project would increase the residential housing supply by providing 70 new dwellings (12 terrace houses and 58 apartments) to the market.

12. NPS-UD Assessment

The NPS-UD 2020 requires planning decisions to contribute to well-functioning urban environments, which are urban environments which have (or enable) housing that is of a range, type and price that meets demand (Policy 1).

The proposal helps to achieve the NPS-UD objectives as it increases the range of housing available to the market. As outlined above, the proposal would provide additional housing within the \$780,000 - \$2,140,000 price range with the majority (66%) of residential dwellings selling below the average sale price of \$1,460,000. The proposal therefore provides housing some of which meets the market demand for relatively affordable housing.

13. Conclusion

The proposal would provide a range of housing types, some of which are relatively affordable to the market within the study area. Construction of the proposal would result in an increase in construction sector output, with an additional 177 full time equivalent employees (FTEs) with a value-added contribution of \$23.5 million to GDP. Accordingly, it is considered that the proposal would meet the economic requirements of the fast track consenting process.