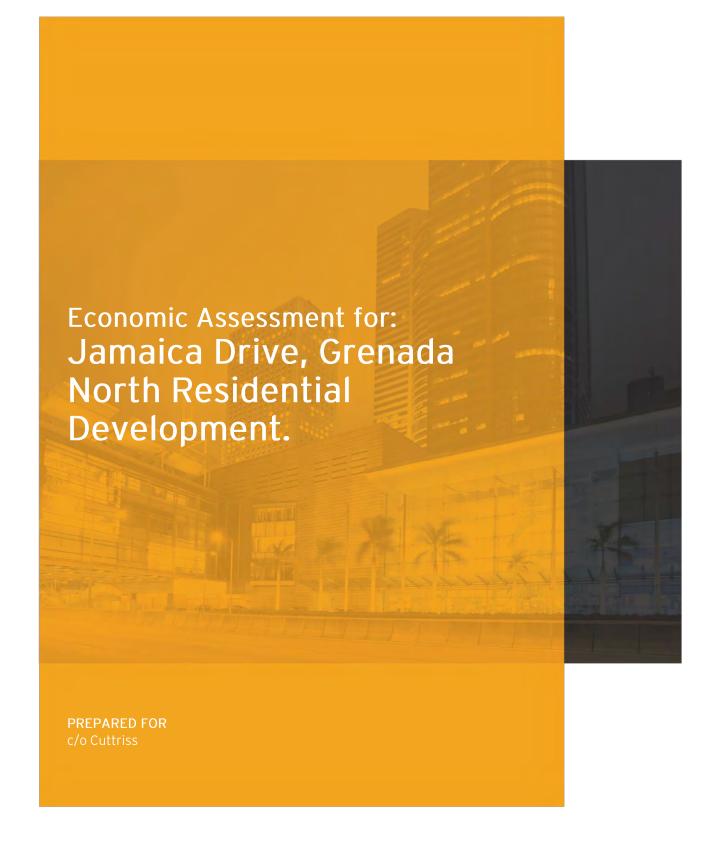


22 March 2023 AUTHOR Adam Thompson 51938.5.03





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## 1. Executive Summary

The proposal is to develop 121 standalone houses, 31 terrace houses and 56 apartments, resulting in a total of 208 dwellings at Jamaica Drive, Grenada North.

Within the study area, terrace housing is shown to be the most affordable type with an average sale price of \$780,000 while stand alone dwellings achieved the highest average of \$1,100,000. Apartments achieved an average sale price of \$850,000.

Within the study area, the majority of stand alone dwellings were sold in the \$800,000-\$1,200,000 price range. Terrace houses typically achieved a sale price between \$700,000-\$900,000 price range. Apartments typically achieved a sale price between \$500,000 and \$600,000 for affordable units and between \$1,100,000 and \$1,200,000 for premium units.

Over the last 5 years, the study area has had an average of 290 dwellings completed annually, of which stand alone accounted for 165 dwellings, terrace houses accounted for 100 dwellings and apartments accounted for 15 units.

There are currently 7 residential developments within the study area, with 106 units remaining for sale, across these developments. This is 36% of the total annual demand of 290 dwellings per annum as outlined in section 5. 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. Tawa Plaza, several supermarkets and a wide range of educational facilities are approximately 5-10 minutes' drive from the proposed development. There are approximately 13,100 businesses and approximately 57,200 jobs within a 15 min drive time from the proposed development.

The construction of the proposed 208 residential dwellings would result in a total of 344 FTE jobs and would contribute \$45.7 million to GDP.

The proposal would provide additional housing within the \$540,000-\$1,240,000 with 87 (or 42%) of these dwellings priced in the relatively affordable range of \$540,000-\$870,000. The proposal, therefore, provides housing some of which meet the market demand for relatively affordable housing. Additionally, supplying new dwellings up to modern building standards reduces the social pressures caused by inadequate 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 at Jamaica Drive, Grenada North.

#### 2.1. The Proposal

Figure 1 outlines the location of the proposed development site. It has a total site area of approximately 20.9 hectares, of which the total developable area equates to 11.9 hectares and the remaining 9.0 hectares is retained for the proposed reserve. The site is currently zoned Urban Development Area. The proposal is to develop approximately 121 standalone dwellings, 31 terrace houses and 56 apartments, resulting in a total of 208 new dwellings. The estimated market price for standalone dwellings ranges between \$980,000 and \$1,240,000, terrace houses ranges between \$800,000 and \$870,000 and apartments ranges between \$540,000 and \$790,000.

Figure 1: Proposal Site



Source: Cuttriss



# 3. Study Area

Figure 2 outlines the study area which is used to evaluate the local residential market for the proposed development. It includes the suburbs of Grenada Village, Johnsonville, Newlands, Woodridge, Churton Park, Tawa, Ranui Heights and Cannons Creek.

Figure 2: Study Area



Source: Statistics NZ



## 4. Housing Market Assessment

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

#### 4.1. Existing Housing Stock (Recent Valuation)

Figure 3 shows the 'existing housing stock' capital valuation for the study area. The main points to note are:

- The majority of stand alone dwellings are valued in the \$900,000 \$1,300,000 price range.
- The majority of terrace houses are valued in the \$700,000 \$900,000 price range.
- The majority of apartments are valued in the \$800,000-\$1,100,000 price range.

Figure 3: Study Area Residential Market Stock Profile (Current Capital Valuation)

Price Bracket	Stand Alone	Terrac e	Apart ment	Total
Less Than \$500,000	0	0	0	0
\$500,000-\$600,000	5	40	0	45
\$600,000-\$700,000	5	155	5	165
\$700,000-\$800,000	65	525	5	595
\$800,000-\$900,000	440	635	20	1,095
\$900,000-\$1,000,000	1,525	385	5	1,915
\$1,000,000-\$1,100,000	2,285	200	15	2,500
\$1,100,000-\$1,200,000	1,770	95	0	1,865
\$1,200,000-\$1,300,000	1,245	50	0	1,295
\$1,300,000-\$1,400,000	875	15	0	890
\$1,400,000-\$1,500,000	685	5	0	690
\$1,500,000-\$1,600,000	415	5	0	420
\$1,600,000-\$1,700,000	250	5	0	255
\$1,700,000-\$1,800,000	170	10	0	180
\$1,800,000-\$1,900,000	110	0	0	110
\$1,900,000-\$2,000,000	65	5	0	70
\$2,000,000+	65	5	0	70
Total	9,975	2,135	50	12,160

CoreLogic



### 4.2. Recent Residential Sales Analysis

Figure 4 shows the distribution of dwelling sales by price over the August 2021-2022 period. The highest priced locations within the study area are parts of Churton Park and Grenada Village, which typically achieve sale prices above \$1,500,000. The proposal site is located on the periphery of Tawa which is moderately priced suburb and Grenada Village which is a relatively higher-priced suburb. Hence, the proposed development is generally expected to achieve sale prices between \$1,000,000 and \$1,500,000.

O SITE \$0 - \$500k \$500k - \$1m \$1m - \$1.5m \$1.5m - \$2m \$2m plus

Figure 4: Study Area Residential Sales August 2021-2022

Source: CoreLogic

Figure 5 displays the average residential sale price achieved over the August 2021-2022 period in the study area. Stand alone dwellings achieved the highest average price of \$1,100,000, while terrace housing is the most affordable type with an average sale price of \$780,000. Apartments achieved an average sale price of \$850,000.



Figure 5: Study Area Average Residential Sale Price by Dwelling Type August 2021-2022

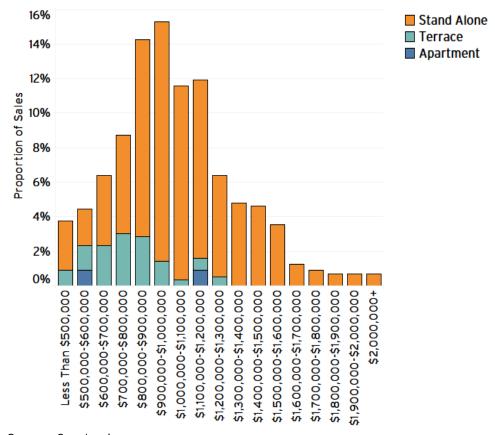
Dwelling Type	Average Gross Sale Price
Stand Alone	\$1,100,000
Terrace	\$780,000
Apartment	\$850,000
Total	\$1,050,000

Source: CoreLogic

The following figures display the proportion of residential sales for dwellings in the study area and the Wellington Region for the August 2021 -2022 period. Within the study area, the majority of stand alone dwellings were sold in the \$800,000-\$1,200,000 price range, terrace houses were sold in the \$700,000-\$900,000 price range. Apartments typically achieved a sale price between \$500,000 and \$600,000 for affordable units and between \$1,100,000 and \$1,200,000 for premium units.

Conversely, within the Wellington Region, the majority of stand alone dwellings are sold in the \$900,000-\$1,300,000 price range, terrace houses were sold in the \$700,000-\$1,000,000 price range and apartments were sold for less than \$500,000-\$800,000 price range, with the majority of apartments achieved a sale price below \$500,000. The lower sale price for apartments can be attributed to smaller apartments in Wellington City.

Figure 6: Study Area Sales August 2021-2022



Source: CoreLogic



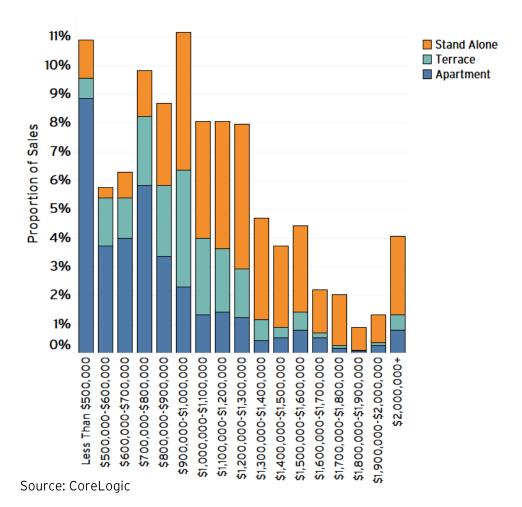


Figure 7: Wellington Region Sales August 2021-2022

## 5. New Dwelling Construction 2018-2022

The following figures show dwellings consented since 2018 within the study area and the Wellington Region. The main points to note are:

- Over the last 5 years, an average of 290 dwellings per annum were consented within the study area. Of which, standalone dwellings accounted for 165 dwellings, terrace houses accounted for 100 dwellings and apartments accounted for 15 units consented per annum.
- Over the last 5 years, an average of 3,155 dwellings per annum were consented within the Wellington Region. Of which, standalone dwellings accounted for 1,520 dwellings, terrace houses accounted for 965 dwellings and apartments accounted for 520 units consented per annum.
- The study area has a lower proportion of apartments (6%) when compared to the Wellington region (19%). This is due to the majority of apartments being within Wellington City.



Figure 8: Study Area Building Consents August 2018 - 2022

Year	Stand Alone	%	Terra ce	%	Apart ments	%	Retire ment	%	Total
2018	180	69%	75	29%	5	2%	0	0%	260
2019	200	52%	110	29%	30	7%	45	12%	380
2020	170	60%	110	40%	0	0%	0	0%	285
2021	160	62%	100	39%	0	0%	0	0%	260
2022	110	42%	110	42%	45	17%	0	0%	260
Average (p.a)	165	64%	100	39%	15	6%	10	4%	290

Source: Statistics NZ

Figure 9: Wellington Region Building Consents August 2018 - 2022

Year	Stand Alone	%	Terr ace	%	Apart ments	%	Retire ment	%	Total
2018	1,520	56%	425	16%	560	20%	230	8%	2,735
2019	1,555	57%	730	27%	295	11%	140	5%	2,725
2020	1,500	48%	895	29%	630	20%	105	3%	3,125
2021	1,600	49%	970	30%	605	19%	90	3%	3,270
2022	1,415	36%	1,815	46%	505	13%	190	5%	3,925
Average (p.a)	1,520	56%	965	35%	520	19%	150	5%	3,155

Source: Statistics NZ

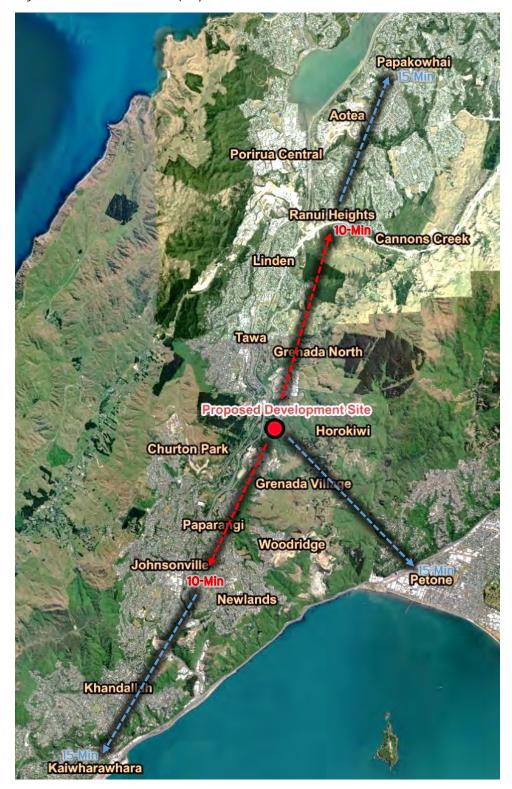
## 6. Access To Amenity & Employment

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

- The proposed development is approximately 10 mins from Tawa Plaza and several supermarkets.
- The proposed development is within a 15 minute drive to Porirua Central, Johnsonville, Newlands, Petone and Kaiwharawhara giving the residents access to 13,100 businesses offering a total of approximately 57,200 jobs.
- The proposed development is within close proximity (2 km) to the motorway, train and bus station.
- The residents of the proposed development would have access to a wide range of educational facilities, with 6 primary and 2 secondary schools within a 10-minute drive-time.
- The proposed development is within a 15-minute drive-time to several beaches, churches, medical centres, a public library, parks, walkways and playgrounds.

1

Figure 10: Drive Time to Employment Nodes



Source: GoogleMaps



## 7. Comparable Developments

Figure 11 provides an outline of the comparable developments presently selling in the study area. Some of the key points to note are:

- There are 7 developments currently selling within the study area, with a total supply of 160 new dwellings.
- All new residential developments within the study area are for terrace houses.
- Willowbank Heights is the only medium scale development, supplying 82 dwellings or 54% of the total supply of new dwellings. All other developments are small scale developments between 5 and 25 units.
- Currently there are 106 dwellings available for sale. This is 36% of the total annual demand of 290 dwellings per annum as outlined in section 5. This indicates there is a shortage of new residential dwellings resulting in unmet demand within the study area.

Figure 11: Comparable Developments

Development	Suburbs	Type	Total Units	Units Sold	Units Remaining	GFA (m2)	Price	Price/m2
Willowbank Heights	Tawa	Terrace	82	22	60	80-120	\$825,000-\$995,000	\$7,700-10,300
6 Bushland Grove	Paparangi	Terrace	25	18	6	112-138	\$945,000-1,075,000	\$7,800-\$8,400
6 Oswald Crescent	Paparangi	Terrace	21	1	20	80	\$795,000	\$9,900
7-11 Spitfire Place	Newlands	Terrace	3	-	3	185	\$1,350,000+	\$7,300
203 Newlands Road	Newlands	Terrace	15	12	3	120-180	\$1,350,000-\$1,850,000	\$7,400-\$10,500
1 Robert Street	Newlands	Terrace	8	-	8	68-100	\$719,000-\$849,000	\$8,500-10,500
44 Philip Street	Johnsonville	Terrace	6	-	6	130	\$1,150,000	\$8,900
Total			160	53	106	•		

Source: Various

### 8. Impact of Covid-19

This section assesses the impact of Covid-19 on the residential sector.

#### 8.1. Residential

The NZ Treasury commissioned a report on the impact of Covid-19 on the national economy<sup>1</sup>. 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 the costs and benefits of those involved in the construction sector, as follows.

 $<sup>^{\</sup>rm 1}$  The effects of COVID-19 on the regional economies of New Zealand for The Treasury, October 2020, Infometrics



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 Wellington Region's building consents recovered to the previous peak of 2,400 consented dwellings per annum last seen in 2003.

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.

### 9. Economic Contribution of The 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. This methodology accounts for both the direct and indirect jobs to be generated from the proposed development. However, it doesn't account for the induced or flow-on jobs generated from the proposed development, and for this reason is considered to be a conservative estimate of the economic impact.

Figure 12 outlines the value-added and FTEs that the proposed development would generate. It is estimated that the construction of the proposed 208 residential dwellings would result in a total of 344 FTE jobs and would contribute \$45.7 million to GDP. In broad terms the direct and indirect impact each account for 50% of the total GDP and employment impact. As such, it is estimated that the proposed residential development would directly contribute 172 FTE jobs and \$22.85 million to construction sector GDP, and similarly, would indirectly contribute 172 FTE jobs and \$22.85 million to construction sector GDP.

Figure 12: FTE Employee Estimates

					FTE Employees				
Proposed Development	Product	Count	Project Value (\$M)	Value Added (\$M)	Building Construct ion	Constru ction Services	Architectural, Scientific & Engineering Services	Total	
Standalone	Type-1	46	\$36.1	\$10.6	18	43	18	80	
	Type-2	36	\$31.3	\$9.2	16	37	16	69	
	Type-3	31	\$28.6	\$8.4	15	34	14	63	
	Type-4	8	\$7.9	\$2.3	4	9	4	17	
Sub Total		121	\$103.9	\$30.5	53	124	52	229	
Terrace	Type-1	18	\$11.5	\$3.4	6	14	6	25	
	Type-2	13	\$9.1	\$2.7	5	11	5	20	
Sub Total		31	\$20.6	\$6.0	10	24	10	45	
Apartment	Type 1	20	\$8.6	\$2.5	4	10	4	19	
	Type 2	36	\$22.8	\$6.7	12	27	12	50	
Subtotal		56	\$31.5	\$9.2	16	38	16	70	
Total		208	\$155.9	\$45.7	80	186	78	344	

Source: Urban Economics



The proposed development is expected to be developed in four stages over a four year period. Figure 13 outlines the number of FTE jobs created at each stage of the proposed development. Some of the key points to note are:

- The proposed developed is expected to develop approximately 52 dwellings at each of the four stages, resulting in total of 208 dwellings.
- The proposed development is expected to result in a total of 344 FTE jobs across Stage 1-Stage 4.
- The proposed development would generate approximately 80 FTE jobs in the building construction sector. This equates 20 FTE jobs per annum.
- The proposed development would generate approximately 186 FTE jobs in the construction service sector. Stage I is expected to generate 93 FTE jobs, Stages II & III are expected to generate 37 FTE jobs each, and Stage IV is expected to generate 19 FTE jobs.
- The proposed development would generate approximately 78 FTE jobs in the architectural, scientific and engineering services sector. Stage I is expected to generate 47 FTE, Stage II is expected to generate 16 FTE jobs each, and Stages III & IV are expected to generate 8 FTE jobs.

Figure 13: FTE jobs at Different Stages of Development

				FTEs		
Development	Timeframe	No of Dwellin gs	Building Construct ion	Constr uction Servic es	Architectura I, Scientific & Engineering Services	Total
Stage I	2023-2024	52	20	93	47	160
Stage II	2024-2025	52	20	37	16	73
Stage III	2025-2026	52	20	37	8	65
Stage IV	2026-2027	52	20	19	8	46
Total		208	80	186	78	344

Source: Urban Economics, Civix

Figure 14 shows the estimated national 'value-added per FTE employee'. These values added per employee figures are used to estimate the FTE employees created by the construction project expenditure outlined in Figure 12. Figure 14 shows that the construction sector contributes \$18.5 billion to the national GDP, employing 139,800 FTEs, resulting in a value-added of \$133,000 per FTE employee.

Figure 14: Industry GDP and Value Added per Employee

Sector	Value Added GDP (\$M)	FTE Workers	Value Added GDP Per Employee	
Construction	\$18,540	139,800	\$133,000	

Source: Statistics NZ, Urban Economics



### 10. 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 standalone and terrace houses in the Kapiti Coast District. These are expected to be priced between \$540,000 and \$1,240,000 with 87 (or 42%) of these dwellings priced in the relatively affordable range of \$540,000 - \$870,000. Additionally, supplying new dwellings up to modern building standards reduces the social pressures caused by inadequate housing.

Figure 15: Jamaica Drive Development Composition

Development	Product Type	GFA (m2)	Estimated Price	Count	Propor tion
	Type-1	140	\$980,000	46	22%
Standalone	Type-2	160	\$1,090,000	36	17%
	Type-3	180	\$1,150,000	31	15%
	Type-4	200	\$1,240,000	8	4%
Terrace	Type-1	84	\$800,000	18	9%
Terrace	Type-2	105	\$870,000	13	6%
Apartmont	Type-1	40	\$540,000	20	10%
Apartment	Type-2	65	\$790,000	36	17%
Total				208	

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, the project would create an estimated 344 FTE jobs and contribute \$45.7 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 notable 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 208 new dwellings to the market.



### 11. NPS-UD Assessment

The NPS-UD 2020 requires planning decisions to contribute to well-functioning urban environments, which are urban environments that 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 \$540,000-\$1,240,000 price range with around 87 (42%) of dwellings selling for an estimated price between \$540,000 and \$870,000. The proposal, therefore, provides housing that meets the market demand for additional dwellings.

### 12. Conclusion

The proposal would provide a range of stand alone and terrace houses to the market within the study area.

The proposal would result in a significant increase in construction sector output, with an additional 344 full-time equivalent employees (FTEs) with a value-added contribution of \$45.7 million to GDP.

The proposal would meet the economic requirements of the fast-track consenting process and is recommended for approval.