

Economic Impact Assessment for:  
Riverbend Development  
Napier Fastrack Consent  
Application

PREPARED FOR  
Tawanui Developments Ltd c/o Development Nous



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Our work aims to bridge the gap between land-use planning and urban economics. Our focus is on the interaction between land markets, land-use regulations, and urban development. We have developed a range of methodologies using a quantitative approach to analyse urban spatial structure and audit land-use regulations.

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#### **Development Advisory**

We provide development planning and costing advisory services to support small and large-scale developments.

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## 1. Key Points

- New Zealand has experienced ongoing strong growth of around 90,000 per annum over the past 2 - 3 years. This is above the Statistics NZ projected growth of around 60,000 per annum. This high level of growth is due in large part to strong net international migration.
- Auckland, Wellington and Christchurch cities have experienced a net loss from internal migration, with many households choosing to relocate to the regions which offer affordable housing, comparable incomes and attractive lifestyles.
- The districts that have seen the strongest net internal migration are the Far North, Whangarei, Waikato, Waipa, Tauranga, Tasman, Waimakariri, Selwyn and Queenstown. These destinations are either relatively close to the main cities or are popular holiday destinations.
- These internal migration trends are also evident within the main cities, with the population moving from central to peripheral suburbs for new housing, and the central areas being attractive to international migrants (including expatriates), who are likely to be able to afford the higher house prices.
- The most notable trend overall is the relocation from the three large cities to the smaller regional towns and cities. Actual growth in the smaller regional towns and cities has been 2-3 times higher than expected in many cases. This may support notably higher population growth projections by Statistics NZ for many locations across New Zealand. (to be released early-mid 2021).
- Over the 2013-2020 period, Napier-Hastings experienced growth of 2,500 people and 900 dwellings per annum.
- By comparison, the projected growth rate over the 2013-2018 period was for 1,160 people and 410 additional dwellings per annum.
- Over the 2018-2020 period, Napier-Hastings experienced a slightly higher growth rate of 2,700 people and 980 dwellings per annum.
- Statistics NZ projected 700 additional people and 250 additional dwellings per annum.
- Napier-Hastings grew at more than twice the projected growth rate over the 2013 - 2018 period, and almost four times the projected growth rate over the 2018 - 2020 period.
- Across both Napier and Hastings (combined) the majority of growth in the 2018 - 2020 period has come from international immigration (53%) and internal migration (33%). Only a small fraction has come from natural growth (14%). This trend was approximately the same for the 2013-2018 period, so has occurred for over five years.
- The likely driver of Napier and Hastings rapid increase in internal and international





migration is the high house prices in Auckland and other major cities across New Zealand, which in turn has resulted in an unexpected exodus of Aucklanders to the regions, fewer New Zealanders choosing to move to Auckland, and a large number of new international migrants seeing small and medium size regional towns being more attractive overall, when incomes, lifestyle and house prices are weighed up.

- Napier achieved a peak of 250 building consents per annum in 2017, however since then it has declined slowly to 160 building consents per annum in 2020.
- Hastings has continued to increase, from 290 building consents per annum in 2017 to 440 building consents per annum in 2020.
- An additional 920 households per annum moved into Napier and Hastings over the last seven years. Given building consents of 500-600 (including retirement village units), this suggests that many new residents are sharing existing dwellings (with relatives or as shared accommodation) or living in dwellings previously used for short-term rental or holiday homes. It also suggests that there may be an underlying shortage of between 500-600 dwellings per annum being built to keep pace with population growth, as the majority of the additional 920 households moving into Napier and Hastings annually would prefer their own accommodation.
- The majority of new construction is occurring in new greenfield developments on the periphery of Napier and Hastings main urban areas.
- Over the past two years existing urban areas tend to achieve sales in the \$300,000 - \$600,000 range, the new greenfield development areas have achieved sale prices in the \$600,000 - \$900,000 range, and the prime coastal and elevated areas achieved sale prices in the \$900,000 plus ranges.
- There is only one large scale development in Napier and Hastings, namely Parklands Residential Estate in Napier, which has circa 300 lots remaining.
- Across both Napier and Hastings, the main greenfield developments currently on the market have a total of 1,282 lots, of which approximately 478 are still available. This equates to approximately one year of supply.
- In total there is plan enabled capacity for 7,100 dwellings, of which 5,500 are commercially feasible (i.e accounting for current land prices, development costs and lot sale prices).
- If land banking is accounted for (both speculative and long term ownership) there is likely to be in the order of 3,000 - 4,000 potential lots that can be developed, over the next ten years. The large majority of these are in Napier 90% and Hastings has only 10% of total capacity. This is evident in the supporting maps that show the location of plan enabled capacity.
- Given recent population growth, construction rates and rising prices, the Napier and



Hastings markets are able to support 4-5 medium-large greenfield subdivisions, each of which would sell in the order of 50-100 lots/dwellings per annum. This rate of growth is expected to continue over the foreseeable (5-10 year) future, given Auckland's high house prices are expected to continue to result in growth being diverted to the regions, and New Zealand's attractiveness to international migrants is expected to continue.

- The proposal is to build in the order of 600 dwellings, including apartments, terrace houses and detached houses. These would predominantly fall within the \$550,000 - \$800,000 price range.
- Given the current shortage of dwellings in Hastings and Napier, the proposal would make a notable contribution to market supply.
- Hastings and Napier have a shortage of dwellings, and this shortage is primarily for affordable family (3 bedroom) dwellings. The proposal would contribute to this shortage and would therefore represent a net increase in housing and economic activity in the construction sector.
- This would result in a net increase in construction sector output, with an additional 502 construction sector FTEs expected over the life of the project.
- The proposal would utilise an accessible site on the urban periphery of Napier that is presently underutilized.



## 2. Introduction

This report provides an economic and market commentary to support a fast-tracking application for a Resource Consent application for a proposed residential development located at 20 Waterworth Avenue, Onekawa, and 195 and 215 Riverbend Road, Meeanee.

The economic assessment in this report is supported with an analysis of the Napier and Hawke's Bay residential property market.

### 2.1. The Proposal Site

The proposed development site is outlined in Figure 1. It is a large site on the periphery of Napier and is able to accommodate approximately 600 dwellings, including apartments, terrace houses and detached houses. These would predominantly fall within the \$550,000 - \$800,000 price range.

Figure 1: Proposal Site



Source: Google Earth





## 2.2. Study Area

The following study area, extending over the Napier and Hastings area, is used to evaluate the local residential market for the proposed development.

Figure 2: Study Area Map



Source: Urban Economics



### 3. Housing Demand

This section provides an overview of housing demand in the Hastings and Napier areas.

#### 3.1. Historic and Projected Population & Household Growth

Figure 3 shows the actual population and households in Napier and Hastings over the past two decades. The main points to note are:

- Growth over the 2001-2013 period averaged around 1,000 people and 350 dwellings per annum.
- Growth over the 2013-2020 period increased significantly, to around 2,520 people and 900 dwellings per annum.
- More recently, over the 2018-2020 period, growth has increased to 2,700 people and 980 dwellings per annum.

Figure 3: Actual Population (Census & Statistics NZ Population Estimates 2001 – 2020)

		Growth Per Annum							
		2001	2006	2013	2018	2020	2001 - 2006	2006 - 2013	2018 - 2020
Population	Napier	55,200	56,800	59,600	64,200	66,300	320	400	1050
	Hastings	69,600	73,200	76,700	84,700	88,000	720	500	1650
	<b>Total</b>	<b>124,800</b>	<b>130,000</b>	<b>136,300</b>	<b>148,900</b>	<b>154,300</b>	<b>1,040</b>	<b>900</b>	<b>2,700</b>
Households	Napier	21,230	21,850	22,920	24,690	25,500	120	150	410
	Hastings	24,000	25,240	26,450	29,210	30,350	250	170	570
	<b>Total</b>	<b>45,230</b>	<b>47,090</b>	<b>49,370</b>	<b>53,900</b>	<b>55,850</b>	<b>370</b>	<b>320</b>	<b>980</b>

Source: Statistics NZ



Figure 4 outlines projected population and household growth for Napier and Hastings, as prepared by Statistics NZ. It is useful to compare the projected growth with the actual growth (Figure 3) to determine whether Napier and Hawke's Bay is over or under-performing. The main points to note in Figure 2 are:

- The projected growth over the 2013-2018 period was for 1,160 people and 410 households. The actual growth was more than double this (2,520 and 900 respectively).
- Statistics NZ projected a rapid decline in the rate of population growth over the 2018-2020 period, when compared to the previous 2013-2018 period. In particular, Statistics NZ projected an additional 700 people and 250 dwellings per annum, however actual growth was around 4 times this amount (2,700 and 980 respectively).
- Statistics NZ projects a significant decline in the rate of population growth, to around 600 people or 200 dwellings per annum over the next decade. These projections are based on 2013 data and are considered by Statistics NZ to be out-of-date.

Figure 4: Projected Population (2013 - 2038)

								Growth Per Annum				
		2013	2018	2020	2023	2028	2038	2013 - 2018	2018 - 2020	2020 - 2023	2023 - 2028	2028 - 2038
Population	Napier	59,600	62,100	62,620	63,400	64,400	65,300	500	260	260	200	90
	Hastings	76,700	80,000	80,880	82,100	83,900	86,000	660	440	410	360	210
	<b>Total</b>	<b>136,300</b>	<b>142,100</b>	<b>143,500</b>	<b>145,500</b>	<b>148,300</b>	<b>151,300</b>	<b>1,160</b>	<b>700</b>	<b>670</b>	<b>560</b>	<b>300</b>
Households	Napier	21,290	22,180	22,360	22,640	23,000	23,320	180	90	90	70	30
	Hastings	27,390	28,570	28,890	29,320	29,960	30,710	240	160	140	130	80
	<b>Total</b>	<b>48,680</b>	<b>50,750</b>	<b>51,250</b>	<b>51,960</b>	<b>52,960</b>	<b>54,030</b>	<b>410</b>	<b>250</b>	<b>240</b>	<b>200</b>	<b>110</b>

Source: Statistics NZ

Figures 3 and 4 provide a more detailed breakdown of the composition of growth in Napier and Hastings, in respect to natural growth, internal migration (from elsewhere in NZ) and international migration. The key points to note are:

- Across both Napier and Hastings (combined) the majority of growth over the 2018 - 2020 period has come from international immigration (53%) and internal migration (33%). Only a small fraction has come from natural growth (14%). This trend was approximately the same for the 2013-2018 period, so has occurred for over five years.
- By contrast, Statistics NZ projections indicated only 17% of growth to come from net migration (internal and international). As an example, Statistics NZ projections indicated there would be growth from net migration of 100 people per annum over the most recent 2018-2020 period. Actual growth from net migration over this period has been 3,010, around thirty times higher than predicted.
- The likely driver of Napier and Hastings rapid increase in internal and international net migration is the high house prices in Auckland and other major cities across New Zealand, which in turn has resulted in an unexpected exodus of Aucklanders to the regions, fewer New Zealanders choosing to move to Auckland, and a large number of new international





migrants seeing small and medium sized regional towns being more attractive overall, when incomes, lifestyle and house prices are all considered.

Figure 5: Actual Population Growth by Source (2001 - 2020)

			Total				Per Annum			
			2001 - 2006	2006 - 2013	2013 - 2018	2018 - 2020	2001 - 2006	2006 - 2013	2013 - 2018	2018 - 2020
Population	Napier	Natural increase	1,200	2,100	810	210	240	300	160	110
		Internal Migration	1,910	3,870	2,130	480	380	550	430	240
		International Migration	-1,500	-2,860	1,670	1,390	-300	-410	330	700
		Subtotal	1,610	3,110	4,610	2,080	320	440	920	1,050
	Hastings	Natural Increase	2,400	3,800	2,100	720	480	540	420	360
		Internal Migration	4,330	4500	1850	470	870	340	760	1,050
		International Migration	-3,130	-4,810	4,150	2,040	-630	-690	830	1,020
		Subtotal	3,600	3,490	8,100	3,230	720	190	2,010	2,430
	Total	Natural Increase	3,600	5,900	2,910	930	720	840	580	470
		Internal Migration	6,240	8370	3980	950	1,250	890	1,190	1,290
		International Migration	-4,630	-7,670	5,820	3,430	-930	-1,100	1,160	1,720
		Total	5,210	6,600	12,710	5,310	1,040	630	2,930	3,480
Households	Napier	Natural increase	460	810	310	80	90	120	60	40
		Internal Migration	730	1,490	820	180	150	210	160	90
		International Migration	-580	-1,100	640	530	-120	-160	130	270
		Subtotal	610	1,200	1,770	790	120	170	350	400
	Hastings	Natural increase	860	1,360	750	260	170	190	150	130
		Internal Migration	1,550	1,610	660	170	310	230	130	90
		International Migration	-1,120	-1,720	1,480	730	-220	-250	300	370
		Subtotal	1,290	1,250	2,890	1,160	260	170	580	590
	Total	Natural Increase	1,320	2,170	1,060	340	260	310	210	170
		Internal Migration	2,280	3100	1480	350	460	440	290	180
		International Migration	-1,700	-2,820	2,120	1,260	-340	-410	430	640
		Total	1,900	2,450	4,660	1,950	380	340	930	990

Source: Statistics NZ

Figure 6: Projected Population Growth by Source (2013 - 2038)

			Total					Per Annum				
			2013 - 2018	2018 - 2020	2020 - 2023	2023 - 2028	2028 - 2038	2013 - 2018	2018 - 2020	2020 - 2023	2023 - 2028	2028 - 2038
Population	Napier	Natural Increase	1,000	320	480	500	-100	200	160	160	100	-10
		Net Migration	1,500	200	300	500	1,000	300	100	100	100	100
		Subtotal	2,500	520	780	1,000	900	500	260	260	200	90
	Hastings	Natural Increase	2,300	880	1,320	1,800	2,100	460	440	440	360	210
		Net Migration	1,000	0	0	0	0	200	0	0	0	0
		Subtotal	3,300	880	1,320	1,800	2,100	660	440	440	360	210
	Total	Natural Increase	3,300	1,200	1,800	2,300	2,000	660	600	600	460	200
		Net Migration	2,500	200	300	500	1,000	500	100	100	100	100
		Total	5,800	1,400	2,100	2,800	3,000	1,160	700	700	560	300
Households	Napier	Natural Increase	360	110	170	180	-30	70	60	60	40	0
		Net Migration	540	70	110	180	360	110	40	40	40	40
		Subtotal	900	180	280	360	330	180	90	90	70	30
	Hastings	Natural Increase	820	310	470	640	750	160	160	160	130	80
		Net Migration	360	0	0	0	0	70	0	0	0	0
		Subtotal	1,180	310	470	640	750	240	160	160	130	80
	Total	Natural Increase	1,180	420	640	820	720	240	210	210	160	70
		Net Migration	900	70	110	180	360	180	40	40	40	40
		Total	2,080	490	750	1,000	1,080	420	250	250	200	110

Source: Statistics NZ



### 3.2. National Internal Migration Trends

Figure 7 shows the projected versus actual growth for each region across New Zealand, for the 2013 - 2018 and 2018 - 2020 periods. This shows there has been a trend across many small-medium sized regions to outperform their expected rate of growth, for both the 2013 - 2018 and 2018 - 2020 periods. In contrast, Auckland has underperformed its growth expectations, particularly in the 2013 - 2018 period, and the primary reason has been the relative unaffordability of house prices to incomes in Auckland. Auckland has a shortage of housing and consequently, the house prices are not expected to decline over the next 5-10 years, all else being equal. It is therefore reasonable to expect that the small-medium sized regional towns and cities will continue to outperform their expected rates of growth. This confirms that Napier and Hastings are not isolated occurrences of high growth.

Figure 7: Population Growth Trends by Region

Area	Projected Growth Per Annum		Actual Growth Per Annum		Actual Growth vs Projected Annum	
	2013 - 2018	2018 - 2019	2013 - 2018	2018 - 2019	2013 - 2018	2018 - 2019
Bay of Plenty	4,760	2,980	8,950	8,360	4,190	5,380
Waikato	8,520	5,260	9,490	10,490	970	5,230
Wellington	5,700	3,460	7,880	7,930	2,180	4,470
Canterbury	12,060	8,200	11,590	11,630	-470	3,430
Otago	3,400	2,040	5,610	5,180	2,210	3,140
Northland	2,280	1,440	4,200	4,400	1,920	2,960
Manawatu-Wanganui	1,860	820	3,230	3,400	1,370	2,580
<b>Hawke's Bay</b>	<b>1,220</b>	<b>660</b>	<b>2,850</b>	<b>3,120</b>	<b>1,630</b>	<b>2,460</b>
Taranaki	1,100	680	1,540	1,690	440	1,010
Tasman	500	340	1,040	1,200	540	860
Southland	640	180	920	950	280	770
Marlborough	260	180	800	750	540	570
Nelson	620	380	800	950	180	570
Gisborne	300	180	500	600	200	420
West Coast	-100	0	-110	-50	-10	-50
Auckland	41,340	31,880	32,320	31,350	-9,020	-530
Total Regional Council Areas	84,460	58,680	91,610	91,950	7,150	33,270

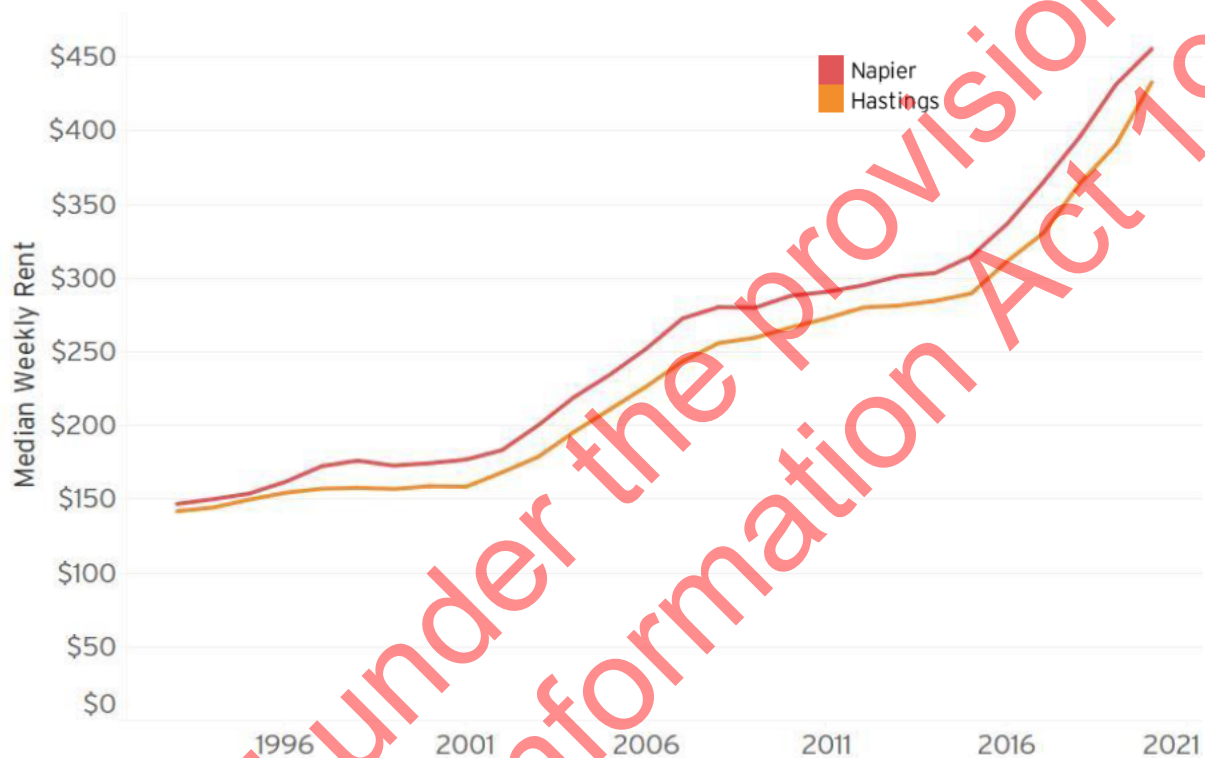
Source: Statistics NZ



### 3.3. Rental Rates

Figure 8 shows historic rental rates in Napier and Hastings. This shows a steady increase over the past 2 - 3 decades. Since 2016, both Napier and Hastings have experienced a notably higher rate of increase, from around \$300 weekly rent, to \$400 - \$450. This indicates a strong demand for residential property in Hastings, relative to supply.

Figure 8: Median Weekly Rent, All Dwelling Types, 1993 - 2020





### 3.4. Sources of Growth

The following figures show the demographic composition of growth for Napier/Hastings area, in terms of age, income and ethnicity. The main points to note in these graphs are:

- Overseas migrants tended to be younger (18-40 years).
- Migrants from Auckland tended to be younger (18-40 years) and middle aged (41-64 years).
- The majority of people moving to Napier/Hastings are on lower individual incomes (under \$50,000).
- There is a wide range of ethnicities moving into Napier/Hastings, both from overseas and from key origins, such as Auckland.

Figure 9: Sources of Growth for Napier/Hastings by Broad Age Bracket (2013 - 2018)

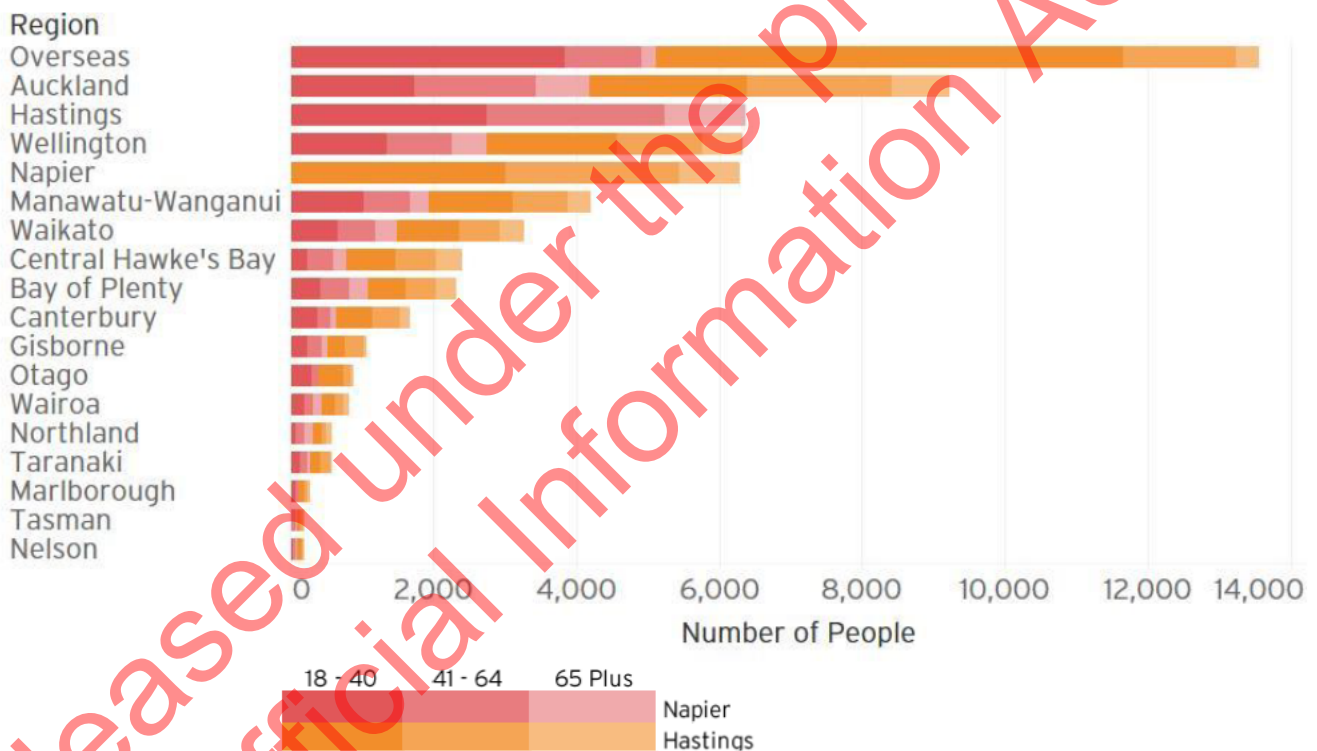




Figure 10: Sources of Growth for Napier/Hastings by Broad Income Bracket (2013 - 2018)

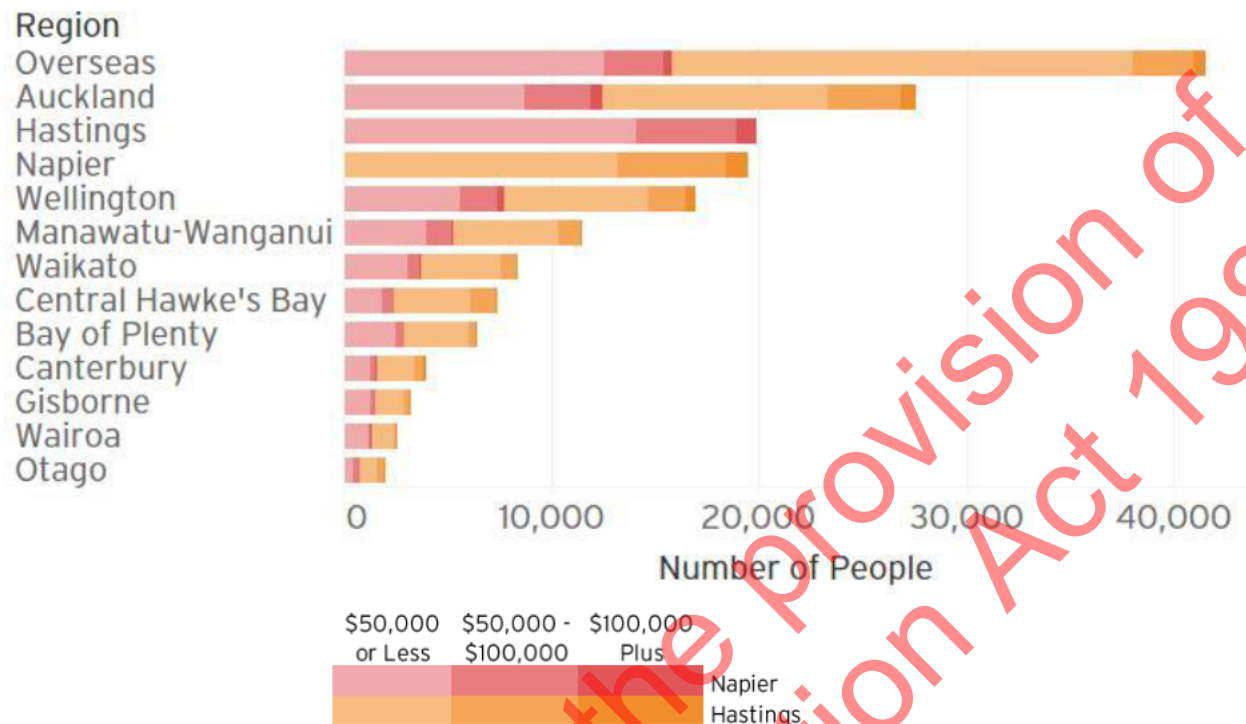


Figure 11: Sources of Growth for Napier/Hastings by Broad Ethnicity (2013 - 2018)

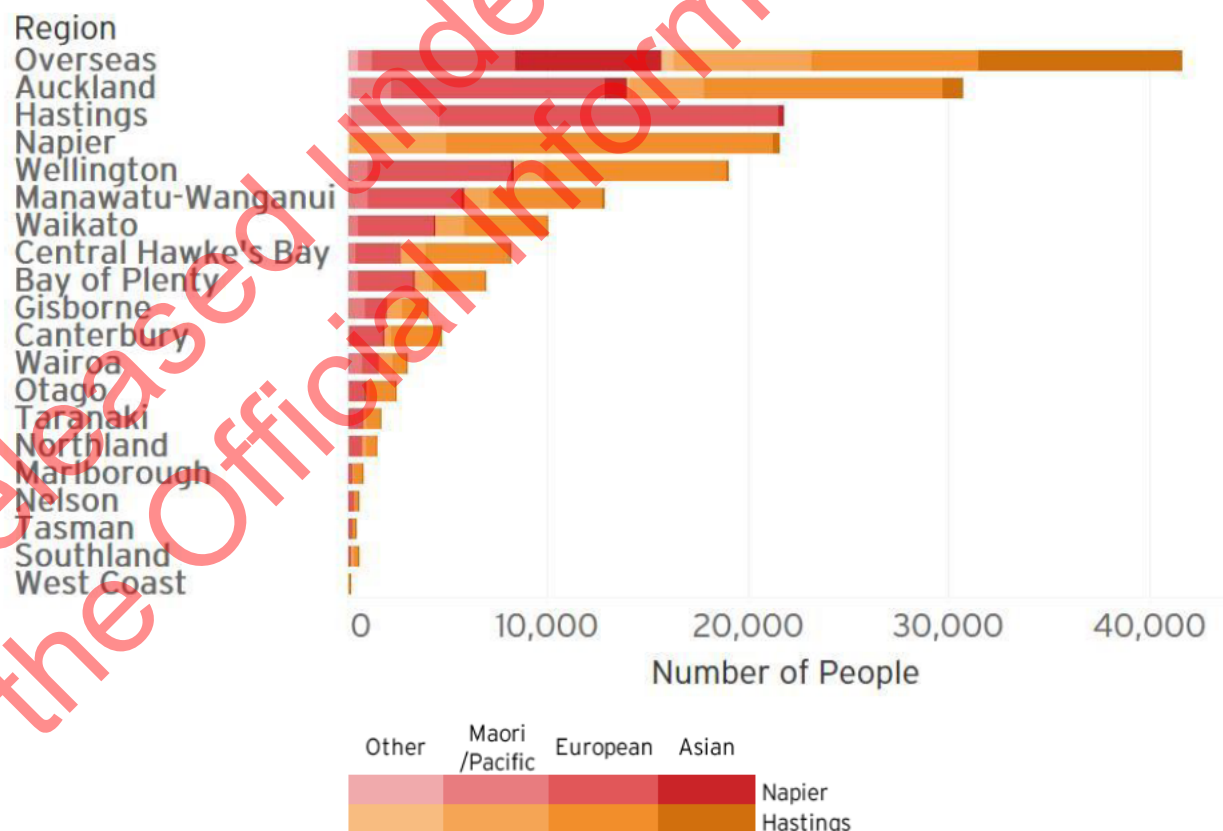






Figure 12: Sources of Growth Characteristics (2013 - 2018)

		Hastings	Napier	Total
Age	18 - 40	34%	32%	34%
	41 - 64	42%	41%	42%
	65 years plus	23%	27%	25%
Ethnicity	European	65%	73%	69%
	Asian	11%	11%	11%
	Maori/Pacific	23%	15%	19%
	Other	1%	1%	1%
Income	Less than \$50,000	78%	76%	77%
	\$50,000 - \$100,000	18%	21%	19%
	\$100,000 Plus	4%	4%	4%
Origin	Overseas	25%	19%	23%
	Auckland	15%	16%	15%
	Hastings	0%	24%	11%
	Napier	19%	0%	11%
	Wellington	10%	10%	10%
	Manawatu-Wanganui	7%	7%	7%
	Waikato	5%	6%	5%
	Central Hawke's Bay or Wairoa	6%	5%	6%
	Bay of Plenty	4%	4%	4%
	Canterbury	3%	2%	3%
	Gisborne	2%	2%	2%
	Otago	1%	1%	1%
	Northland	1%	1%	1%
	Taranaki	1%	1%	1%
	Marlborough	0%	0%	0%
	Southland	0%	0%	0%
	Tasman	0%	0%	0%
	Nelson	0%	0%	0%
	West Coast	0%	0%	0%

Source: Statistics NZ

### 3.5. Demographic Profile

Figure 13 provide a demographic profile of Napier and Hastings as well as the New Zealand average.

The key points to note are:

- Napier and Hastings have a slightly older population.
- Napier and Hastings have a slightly higher NZ born population
- Napier and Hastings have a lower proportion of Asian people compared to NZ.
- Home ownership in Napier and Hastings is marginally below the national average.
- Incomes in Napier and Hastings is marginally below the national average.





Figure 13: Demographic Profile 2018 Census

		Hastings District	Napier City	New Zealand
Population and Households	Total Population	81,500	62,200	4.7m
	Total Households	28,100	23,700	1.6m
	Average Household Size	2.9	2.6	2.8
Sex	Male	49%	48%	49%
	Female	51%	52%	51%
Age	Under 18	26%	23%	25%
	18 - 40	25%	24%	28%
	41 - 64	32%	32%	32%
	65 Plus	17%	20%	15%
Birthplace	NZ Born	82%	83%	72%
	Overseas Born	17%	16%	28%
Ethnicity	European	63%	71%	63%
	Māori	24%	20%	15%
	Pacifica	7%	3%	7%
	Asian	5%	4%	13%
	MELAA	0%	1%	1%
	Other	1%	1%	0%
Home Ownership	Own Home or in a Trust	55%	57%	65%
	Renting	45%	43%	35%
Income	\$30,000 or less	52%	52%	48%
	\$30,000 - \$50,000	22%	22%	20%
	\$50,000 - \$70,000	13%	14%	14%
	\$70,000 Plus	13%	13%	17%
	Median Income	\$26,500	\$26,000	\$31,800

Source: Statistics NZ



## 4. Housing Supply

This section looks at recent construction, sale prices and existing greenfield land within Napier and Hastings.

### 4.1. Building Consents

Figure 14 shows the historic residential building consents for Napier and Hastings. The main points to note are:

- Napier achieved a peak of 250 building consents per annum in 2017, however since then it has declined slowly to 160 building consents per annum in 2020.
- Hastings has continued to increase, from 290 building consents per annum in 2017 to 440 building consents per annum in 2020.
- This indicates that Hastings has a stronger supply of new sections relative to Napier.
- In total, Napier and Hastings have seen in the order of 500 new dwellings constructed annually over the past 4 years, when retirement village units are not included.
- Figure 1 identified an additional 920 households per annum moved into Napier and Hastings over the last seven years. Given building consents of 500-600 per annum (including retirement village units), this suggests that many new residents are sharing existing dwellings (with relatives or as shared accommodation) or living in dwellings previously used for short-term rental or holiday homes. It also suggests that there may be an underlying shortage between 500-600 dwellings per annum being built to keep pace with population growth, as the majority of the additional 920 households moving into Napier and Hastings annually would prefer their own accommodation.

Figure 14: Building Consents by Type 2011 - 2020

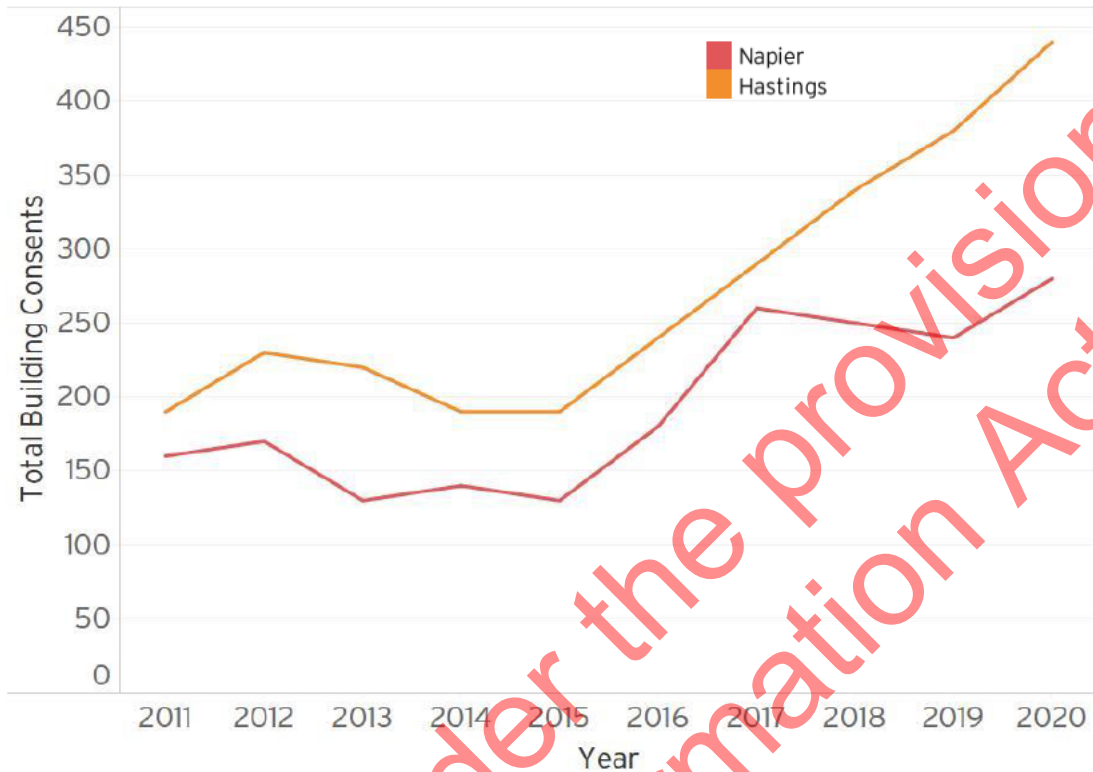
Year	Napier					Hastings				Total				
	Stand Alone	Apart ment	Retire ment Unit	Terra ce	Subto tal	Stand Alone	Terra ce	Retire ment Unit	Subto tal	Stand Alone	Apart ment	Retire ment Unit	Terra ce	Total
2011	130	10	0	20	160	170	0	20	190	300	10	20	20	350
2012	150	0	0	20	170	170	0	60	230	320	0	60	20	400
2013	110	0	0	20	130	190	10	20	220	300	0	20	30	350
2014	130	0	0	10	140	170	10	10	190	300	0	10	20	330
2015	120	0	0	10	130	170	10	10	190	290	0	10	20	320
2016	170	0	0	10	180	230	10	0	240	400	0	0	20	420
2017	210	10	0	40	260	240	40	10	290	450	10	10	80	550
2018	180	10	10	50	250	270	50	20	340	450	10	30	100	590
2019	180	0	30	30	240	290	30	60	380	470	0	90	60	620
2020	130	0	120	30	280	300	40	100	440	430	0	220	70	720

Source: Statistics NZ



Figure 15 provides an illustration of the historic building consents in Napier and Hastings.

Figure 15: Building Consents for All Dwellings, 2011 - 2020





Figures 16, 17 and 18 shows the location of new construction, including a breakdown of stand-alone and terrace housing. The main point to note is that the majority of new construction is occurring in new greenfield developments on the periphery of Napier and Hastings main urban areas.

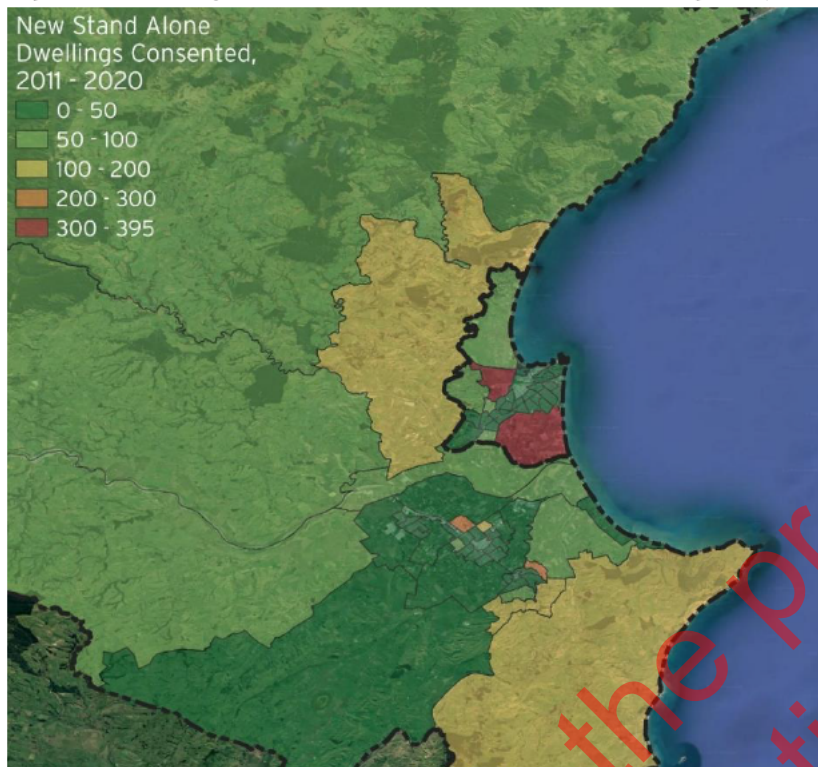
Figure 16: Building Consent Map Napier and Hastings 2011 - 2020



Source: Statistics NZ



Figure 17: Building Consents for New Stand Alone Dwellings, Napier and Hastings, 2011 - 2020



Source: Statistics NZ

Figure 18: Building Consents for New Terrace Dwellings, Napier and Hastings, 2011 - 2020



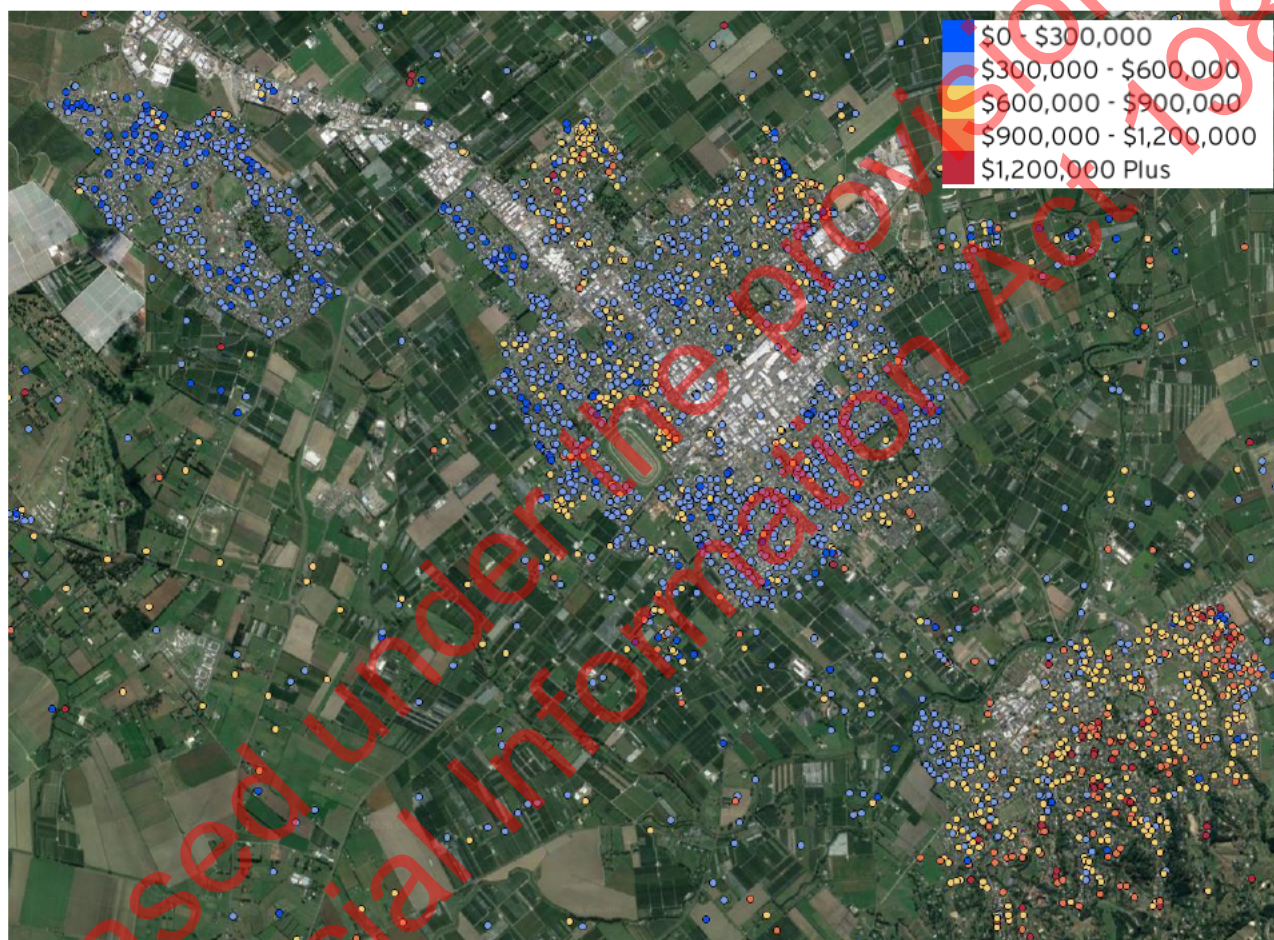
Source: Statistics NZ



## 4.2. Recent Sales

Figure 19 and 20 show the price of recent residential sales for Napier and Hastings. The existing urban areas tend to achieve sales in the \$300,000 - \$600,000 range, the new greenfield development areas achieve sale prices in the \$600,000 - \$900,000 range, and the prime coastal and elevated areas achieve sale prices in the \$900,000 plus ranges.

Figure 19: Recent Sales by Price, Hastings, Oct 2018 - Oct 2020

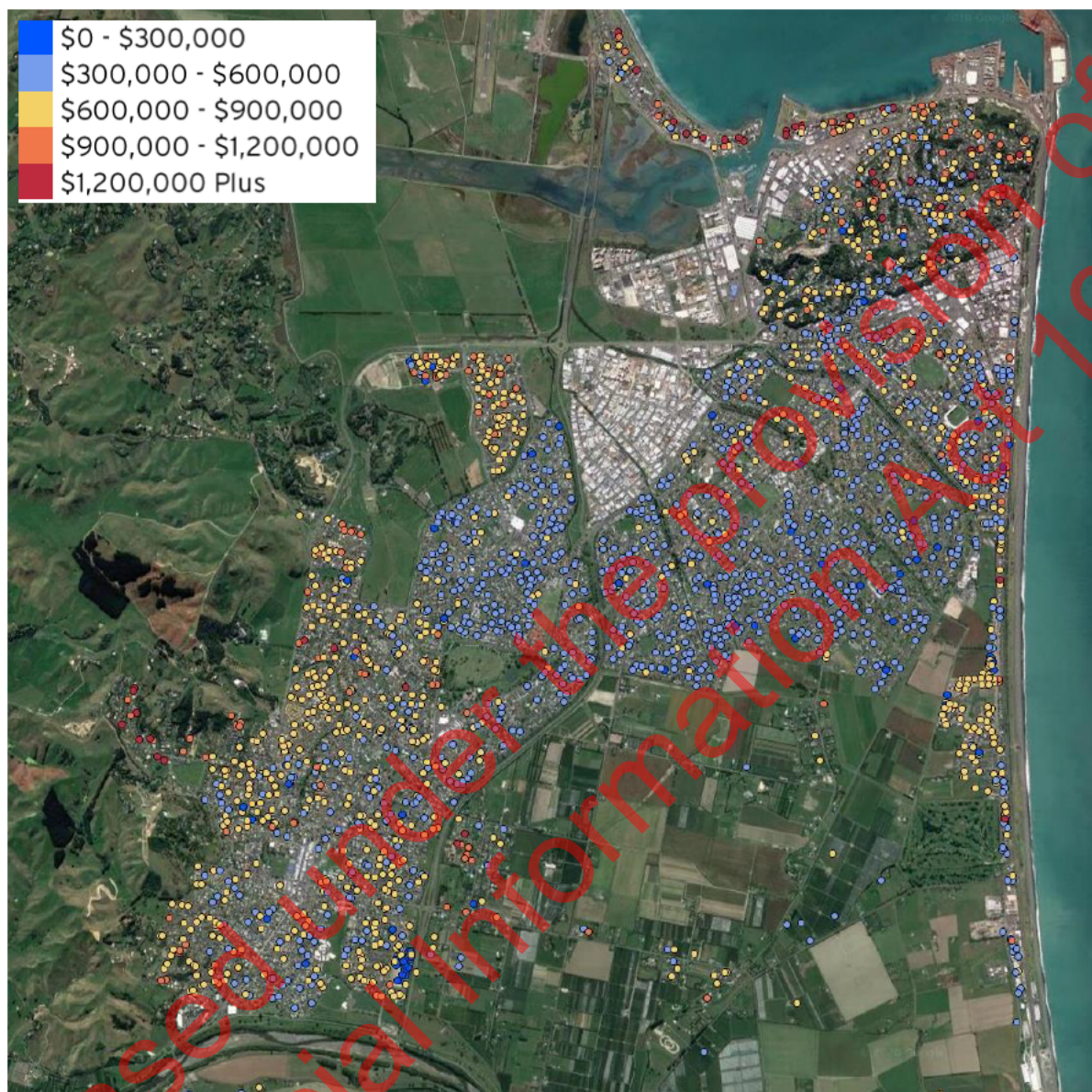


Source: Corelogic





Figure 20: Recent Sales by Price, Napier, Oct 2018 - Oct 2020

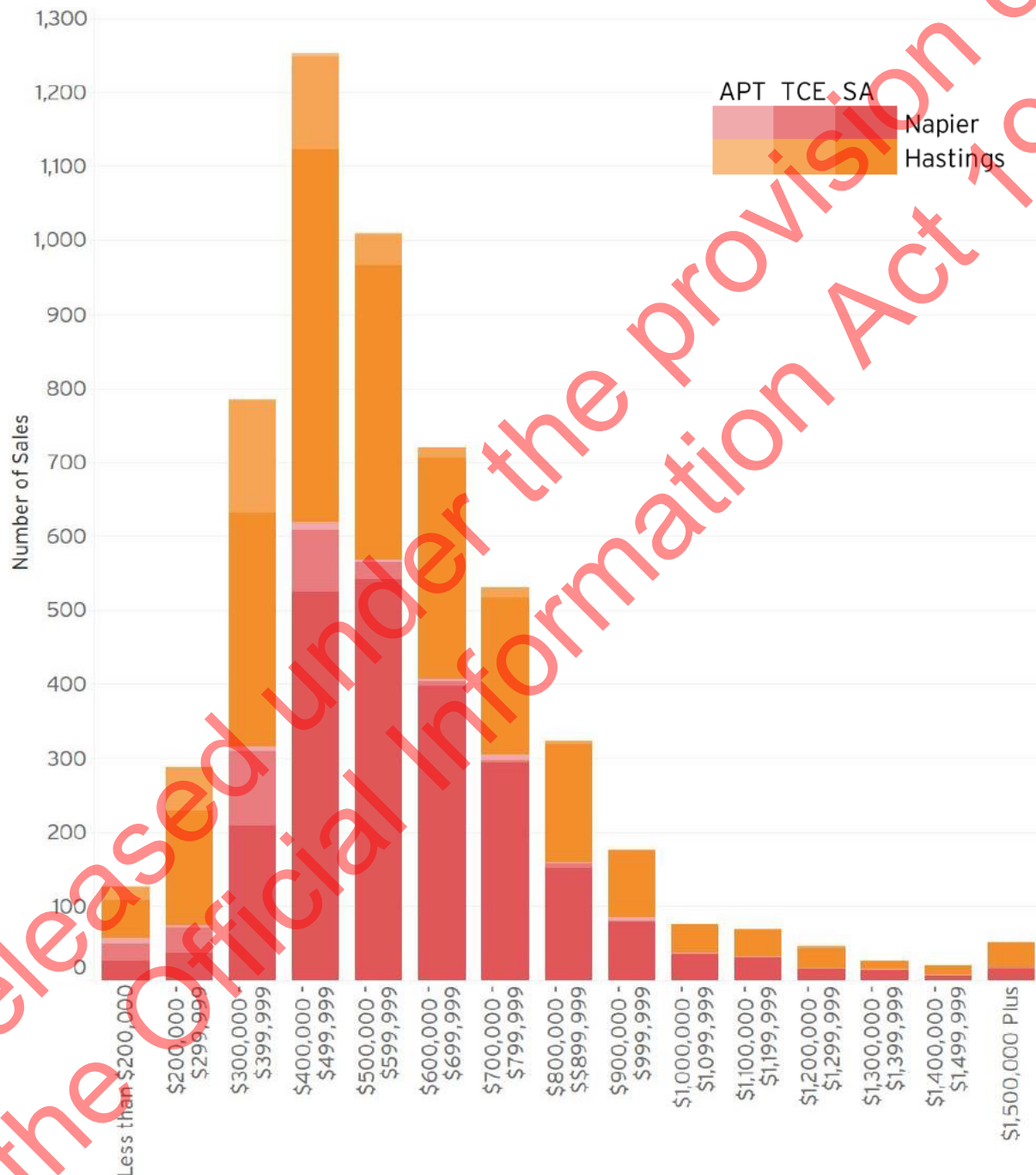


Source: Corelogic



Figures 21, 22 and 23 provide detailed sale price data for Napier and Hastings. The majority of sales occur in the \$300,000 - \$900,000 range. New developments in non-elevated/coastal locations should target the upper half of this range, and provide a range of dwellings price between \$600,000 and \$900,000. These would have lot prices of \$280,000 - \$400,000.

Figure 21: Recent Sales by Price, Type and Location, Oct 2018 - Oct 2020



Source: Corelogic



Figure 22: Recent Sales in Napier by Type and Price, Oct 2018 - Oct 2020

Price Bracket	Stand Alone			Terrace			Apartments			Total		
	Floor Area (m2)	Land Area (m2)	Total Sales	Floor Area (m2)	Land Area (m2)	Total Sales	Floor Area (m2)	Land Area (m2)	Total Sales	Floor Area (m2)	Land Area (m2)	Total Sales
Less than \$200,000	130	660	25	60	0	23	50	0	9	110	350	48
\$200,000 - \$300,000	110	670	37	80	0	34	90	0	3	100	350	71
\$300,000 - \$400,000	100	610	208	90	470	101	80	0	6	100	570	309
\$400,000 - \$500,000	110	630	525	100	230	84	100	0	10	110	580	609
\$500,000 - \$600,000	120	630	541	120	0	23	120	0	5	120	610	564
\$600,000 - \$700,000	150	660	397	150	590	6	120	0	5	150	660	403
\$700,000 - \$800,000	180	740	293	170	1,840	4	150	0	8	180	760	297
\$800,000 - \$900,000	200	840	151	220	460	7	160	0	1	200	820	158
\$900,000 - \$1,000,000	220	870	79	220	290	1	160	0	4	230	870	80
\$1,000,000 - \$1,100,000	240	990	35	0	0	0	140	0	2	250	1,000	35
\$1,100,000 - \$1,200,000	240	970	30				100	0	1	240	970	30
\$1,200,000 - \$1,300,000	270	1,250	15				110	0	1	280	1,260	15
\$1,300,000 - \$1,400,000	270	1,170	13				140	0	1	280	1,180	13
\$1,400,000 - \$1,500,000	260	1,150	6				150	0	1	290	1,180	6
\$1,500,000 Plus	290	890	16	250	0	1				290	840	17
Total	140	700	2,371	100	550	284	110	0	57	140	690	2,655

Source: Corelogic

Figure 23: Recent Sales in Hastings by Type and Price, Oct 2018 - Oct 2020

Price Bracket	Stand Alone			Terrace			Apartments			Total		
	Floor Area (m2)	Land Area (m2)	Total Sales	Floor Area (m2)	Land Area (m2)	Total Sales	Floor Area (m2)	Land Area (m2)	Total Sales	Floor Area (m2)	Land Area (m2)	Total Sales
Less than \$200,000	100	990	52	90	3,600	18				100	1,660	70
\$200,000 - \$300,000	100	770	155	80	250	59				90	630	214
\$300,000 - \$400,000	110	730	317	90	280	152	90	0	1	100	580	469
\$400,000 - \$500,000	110	710	504	100	300	125	90	0	5	110	630	629
\$500,000 - \$600,000	130	790	397	130	420	42	90	0	1	130	750	439
\$600,000 - \$700,000	150	950	297	140	550	15				150	930	312
\$700,000 - \$800,000	170	1,180	213	150	2,020	12				170	1,220	225
\$800,000 - \$900,000	200	1,420	161	180	4,290	4				200	1,490	165
\$900,000 - \$1,000,000	220	1,400	90	240	5,020	3				220	1,520	93
\$1,000,000 - \$1,100,000	230	1,270	39							230	1,270	39
\$1,100,000 - \$1,200,000	250	1,640	37	300	4,400	1	170	320	1	260	1,720	38
\$1,200,000 - \$1,300,000	230	2,450	27	260	870	3				230	2,290	30
\$1,300,000 - \$1,400,000	250	2,340	12							250	2,340	12
\$1,400,000 - \$1,500,000	320	2,470	13							320	2,470	13
\$1,500,000 Plus	300	4,080	35							300	4,080	35
Total	140	1,010	2,349	100	1,580	434	100	320	8	130	1,100	2,783

Source: Corelogic





### 4.3. Existing Greenfield Subdivision Capacity

Figures 24 and 25 shows the current mid-large-scale greenfield developments occurring within Napier and Hastings.

There is only one large scale development in Napier and Hastings, namely Parklands Residential Estate in Napier, which has circa 300 lots remaining.

Across both Napier and Hastings, the main greenfield developments currently on the market have a total of 1,282 lots, of which approximately 478 are still available. This equates to approximately one year of supply.

Figure 24: Greenfield Development Lots Count & Remaining Lots

Development	Location	Lot Size (Sqm)	Total Size	Remaining Lots	Pricing
Parklands Residential Estate	Napier	400-800	800	300	200,000 - 400,000
Greenstone Te Awa	Napier	400-600	75	25	300,000 - 400,000
Silverhills	Napier	500-3000	45	20	300,000 plus
Oak Road Poraiti	Napier	500-2000	45	35	300,000 - 600,000
Tangoio Beach	Napier	800-1000	37	28	200,000 - 500,000
Taruna Place	Hastings	700-1000	20	10	200,000 - 500,000
Greenstone Frimley	Hastings	500-1400	185	0	-
Greenstone Te Awanga	Hastings	600-2000	45	45	-
Endsleigh Park	Hastings	1000-2000	30	15	600,000 - 800,000
<b>Total</b>			<b>1,282</b>	<b>478</b>	

Source: Urban Economics



Figure 25: Greenfield Development Lots Count & Remaining Lots Maps



Source: Urban Economics

#### 4.4. Remaining Greenfield Land

The following table and maps show the plan enabled and commercially feasible capacity for greenfield land development in Napier and Hastings.

In total there is plan enabled capacity for 7,100 dwellings, of which 5,500 are commercially feasible (i.e. accounting for current land prices, development costs and lot sale prices).

If land banking is accounted for (both speculative and long-term ownership) there is likely to be in the order of 3,000 - 4,000 potential lots that can be developed, over the next ten years. The large majority of these are in Napier 90% and Hastings has only 10% of total capacity. This is evident in the supporting maps that show the location of plan enabled capacity.

Figure 26: Remaining Greenfield Land In Napier & Hastings

	Zone	Plan Enabled	Commercially Feasible
<b>Hastings</b>	General Residential	1,600	400
<b>Napier</b>	Main Residential	4,400	4,000
	Mission Hill Character Zone	1,100	1,100
<b>Total</b>		7,100	5,500

Source: Urban Economics, Hastings District Council, Napier City Council

Figure 27: Remaining Greenfield Land in Napier



Source: Urban Economics, Property Guru



Figure 28: Remaining Greenfield Land in Hastings



Source: Urban Economics, Property Guru



## 5. Economic Impact

### 5.1. Impact of Covid 19

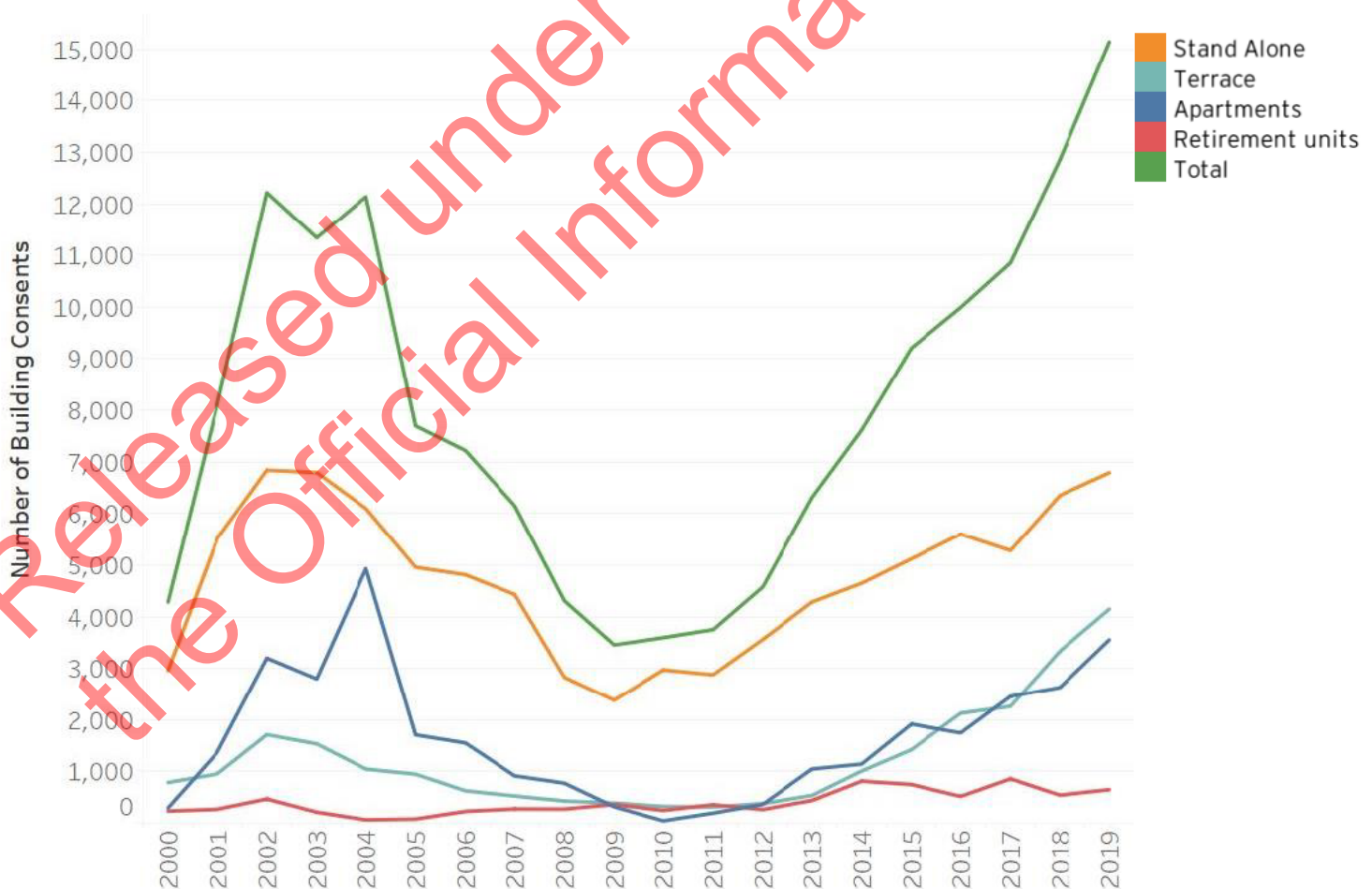
The COVID-19 Recovery (Fast-track Consenting) Act 2020 requires consideration of costs and benefits of those involved in the construction sector, as follows.

*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. As displayed in the following figure, recovery was also particularly slow. It wasn't until 2017 that building consents recovered to the previous peak of 12,000 consented dwellings per annum last seen in 2005.

Covid-19 has forced New Zealand's borders shut. Record high immigration has been replaced with near to zero immigration. This is likely to result in a decline in the number of houses demanded and thus constructed, and places considerable pressure on the construction sector over the coming years.

Figure 29: Building Consents by Product Type: Auckland Region (2000 - 2019)





## 5.2. Economic Contribution of Proposal

As shown in figure 30, the project would create a considerable number of jobs across several industries. The national 'value added per employee' for each industry has been used to estimate the full time equivalent (FTE) employment for this project. It is estimated that the construction of Riverbend would generate 502 FTE jobs in the construction sector. If the project takes 3 years to complete, this means approximately 168 FTE jobs are created per year.

The addition of a small commercial centre is common for large master planned developments. This provides local access to a range of convenience retailers, for example a cafe, takeaway, dairy and chemist, and a range of other commercial services, for example medical, gym and real estate agents. These centres tend to be 3,000 – 5,000m<sup>2</sup> in size, in terms of gross floor area, and are often co-located with a children's playground. The centre will provide on-site amenity that supports the overall commercial viability of the development.

A small center of 4,500m<sup>2</sup> of commercial floorspace is anticipated. This will add to the overall value of the project and will create an economic benefit of 26 FTE jobs over the construction of the project.

Figure 30: FTE Employee Estimates

	Size	Building Construction		Construction Services		Professional Services		Total (Construction Sector)	
		Expenditure (\$m)	FTE Employees	Expenditure (\$m)	FTE Employees	Expenditure (\$m)	FTE Employees	Expenditure (\$m)	FTE Employees
Apartment	2 bed	\$1.0	7	\$2.2	17	\$1.4	7	\$4.7	32
	3 bed	\$1.2	9	\$2.6	20	\$1.7	9	\$5.6	37
	<b>Subtotal</b>	<b>\$2.3</b>	<b>16</b>	<b>\$4.8</b>	<b>37</b>	<b>\$3.2</b>	<b>16</b>	<b>\$10.3</b>	<b>69</b>
Terrace	2 bed	\$2.3	16	\$4.8	37	\$3.2	16	\$10.3	69
	3 bed	\$2.6	19	\$5.6	43	\$3.7	18	\$12.0	80
	<b>Subtotal</b>	<b>\$4.9</b>	<b>35</b>	<b>\$10.5</b>	<b>80</b>	<b>\$6.8</b>	<b>34</b>	<b>\$22.3</b>	<b>149</b>
Detached	2 bed	\$4.0	28	\$8.5	65	\$5.5	28	\$18.0	121
	3 bed	\$4.5	32	\$9.7	74	\$6.3	32	\$20.5	138
	<b>Subtotal</b>	<b>\$8.5</b>	<b>60</b>	<b>\$18.2</b>	<b>139</b>	<b>\$11.8</b>	<b>59</b>	<b>\$38.5</b>	<b>258</b>
Commercial	4,500sqm	\$0.9	6	\$1.8	14	\$1.2	6	\$3.9	26
	<b>Subtotal</b>	<b>\$0.9</b>	<b>6</b>	<b>\$1.8</b>	<b>14</b>	<b>\$1.2</b>	<b>6</b>	<b>\$3.9</b>	<b>26</b>
<b>Total</b>		<b>\$16.6</b>	<b>116</b>	<b>\$35.3</b>	<b>271</b>	<b>\$23.0</b>	<b>115</b>	<b>\$74.9</b>	<b>502</b>

Source: Urban Economics

## 5.3. 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 employment and a diverse range of housing types. In particular, the project would have a positive impact on the social and cultural well-being of current



and future generations by providing affordable family housing within the Hawkes Bay region.

The following figure displays an indicative composition of the development. In the order of 50% of dwellings will be 2-bedroom with a price of approximately \$550,000 - \$700,000. Half of the dwellings will be 3-bedroom with a price of approximately \$650,000 - \$800,000.

Figure 31: Development Composition

	Size	Price	Number	Proportion (Residential)
Apartment	2 bed	\$550,000	50	8%
	3 bed	\$650,000	50	8%
	<b>Subtotal</b>		<b>100</b>	<b>17%</b>
Terrace	2 bed	\$600,000	100	17%
	3 bed	\$700,000	100	17%
	<b>Subtotal</b>		<b>200</b>	<b>33%</b>
Detached	2 bed	\$700,000	150	25%
	3 bed	\$800,000	150	25%
	<b>Subtotal</b>		<b>300</b>	<b>50%</b>
Commercial		\$5,000/sqm	4,500	-
	<b>Subtotal</b>		<b>4,500</b>	-
<b>Total (Residential)</b>			<b>600</b>	<b>100%</b>

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 502 FTE jobs. 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 housing supply (see section 19(d)(ii)).*

The project would increase housing by supplying 600 new 2 and 3-bedroom dwellings to the market. In particular, the project would provide housing in a currently undersupplied location.

## 6. 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 supply of housing in a location that is experiencing shortages and consequently rapid price increases.





## 7. Conclusions

Given recent population growth, construction rates and rising prices, the Napier and Hastings markets are able to support 4-5 medium-large greenfield subdivisions, each of which would sell in the order of 50-100 lots/dwellings per annum. This rate of growth is expected to continue over the foreseeable (5-10 year) future, given Auckland house prices are expected to continue to result in growth being diverted to the regions, and New Zealand's attractiveness to international migrants is expected to continue.

The proposal would provide additional housing in a location which is currently undersupplied. This would result in a net increase in construction sector output, with an additional 502 construction sector FTEs expected over the life of the project. This is a significant economic benefit.