



26 August 2021

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Economic Assessment for:
Retirement Village & Local
Retail/Commercial
Development, 1092
Coatesville-Riverhead
Highway

PREPARED FOR
Matvin Group



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CONTENTS

1.	EXECUTIVE SUMMARY	4
2.	INTRODUCTION	5
2.1.	The Proposal	5
3.	STUDY AREA	7
4.	POTENTIAL DEVELOPMENT SITES	8
5.	COMMERCIAL FLOORSPACE MARKET ASSESSMENT	10
6.	IMPACT OF COVID-19	13
6.1.	Economic Contribution of Proposal from Construction	14
6.2.	Ongoing Operation Employment Impact	15
7.	OTHER FAST TRACK ASSESSMENT CONSIDERATIONS	16
8.	NPS-UD ASSESSMENT	17
9.	CONCLUSION	18
10.	APPENDIX 1: FTE EMPLOYEES BY INDUSTRY CALCULATIONS	19



1. Executive Summary

- The proposal is for a large modern retirement village and a small amount of associated commercial floorspace.
- There is a current shortage of 120 retirement village units within Riverhead, and this is estimated to increase to 240 retirement village units by 2040.
- There is currently no land of a suitable size and suitably zoned within Riverhead to meet this demand.
- There are currently no vacancies within the existing commercial floorspace market which indicates a shortage of commercial floorspace within the current market.
- To meet the demands of a growing population an additional 5,440m² of commercial floorspace is required within the catchment by 2030. The Future Urban Land Supply Strategy identifies a need for an additional 400 hectares of commercial zone land across Auckland within the Future Urban Zone.
- The proposal would create 64 FTE jobs on an ongoing basis across the medical, retail, hospitality, childcare, aged care and theatre sectors.
- It is estimated that the construction of the retirement village and associated commercial floorspace would generate 850 FTE jobs. This number can be interpreted as the number of FTE jobs created on an annualised basis, i.e., if construction takes three years and is split evenly between the years then 283 FTE jobs would be created in each year.
- The construction of the retirement village and associated commercial floorspace is expected to add \$113.1 million to construction sector 'GDP over the construction process.



2. Introduction

This report provides an economic assessment to support a fast-tracking application for a proposed retirement village and local retail/commercial development located at 1092 Coatesville-Riverhead Highway, Riverhead.

2.1. The Proposal

The proposed site is outlined in Figure 1. It is 9.9 hectares and is zoned 'Future Urban Zone'. The proposed development is for a retirement village and local retail/commercial development. The retirement village has approximately 494 units. The village contains a variety of dwelling types, including both villas, apartments and a range of care home facilities. A summary of the proposed development floorspace is displayed in Figure 2.

Figure 1: Proposed Development Site



Source: Corelogic



Figure 2: Proposed Units & Commercial Floorspace

Retirement Village	Units
Villas	158
Apartments	264
Care Home	72
Total	494

Retirement Village Amenities	Floorspace (m ²)
Public Playground	93
Hub 1	114
Hub 2	66
Raised Gardens	786
Glasshouse	124
Golf Putting Green	406
Petanque	120
Lawn Bowls	765
Total	2,474

Retail/Commercial	Floorspace (m ²)
Medical	154
Retail	86
Café	180
Childcare Centre	474
Total	894

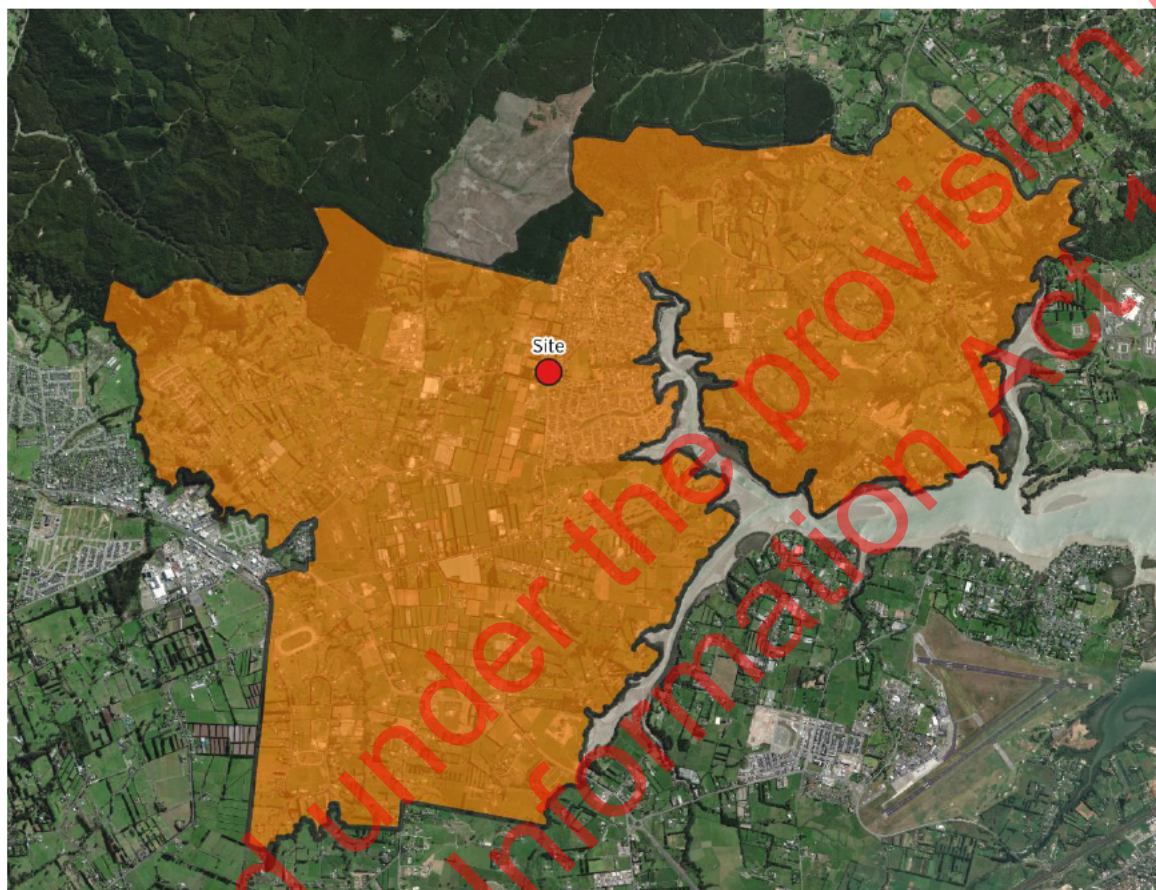
Source: Gel Architects



3. Study Area

The following study area is used to evaluate the local market for the proposed development. This area covers the Riverhead urban area and its rural surrounds.

Figure 3: Study Area Map



Source: Statistics NZ, Urban Economics



4. Potential Development Sites

The proposal is for a large modern retirement village with a small amount of associated commercial floorspace. A large modern retirement village typically requires 4 - 5 hectares of suitably zoned flat and vacant land to meet its needs. Land needs to be suitably zoned to enable integrated residential development of a moderate - high density.

The majority of the catchment has a rural zoning, while Riverhead itself is primarily comprised of Single House zone, which is generally not suitable for a multiple level retirement village.

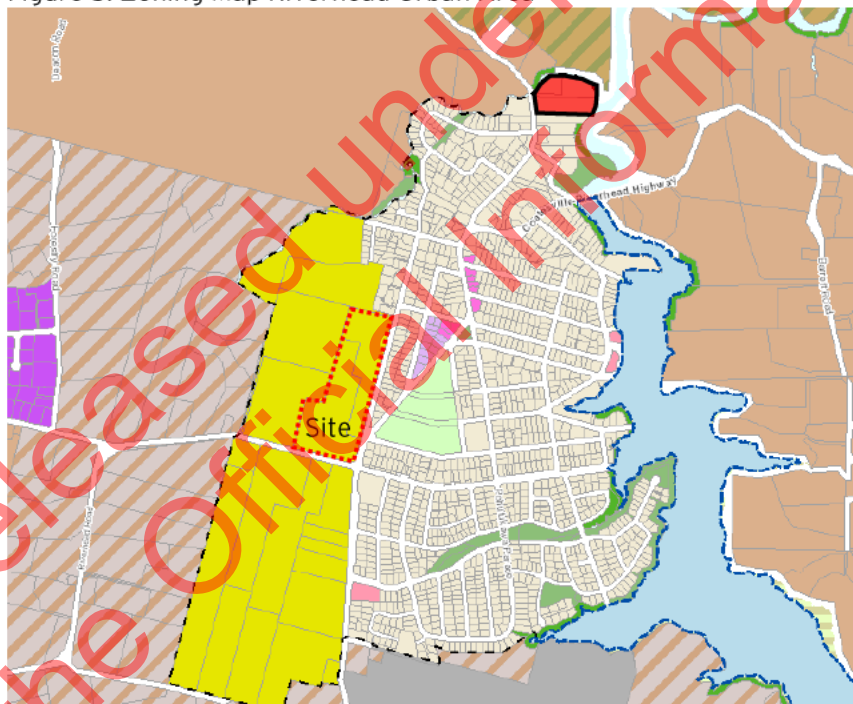
Within Riverhead's urban area there are no existing live zoned 4 - 5 hectare sites that are suitable for a modern, large retirement village. There is one site in the north of Riverhead that is large enough to meet the demands of a medium scale retirement village at 2.5 hectares which is Single House zone. Given the limitations of development within the Single House Zone, it is expected that this site could provide 80 - 100 retirement village units, which is smaller than a conventional modern retirement village, of 200-500 units. This is significantly less than the 494 units in the proposal and significantly less than required to meet forecast demand across the catchment (see section 7). In conclusion, there are no sites within the catchment that are suitably zoned, and sufficiently large enough to meet the demand for a large modern retirement village in Riverhead.

Figure 4: Potential Development Sites Riverhead Urban Area



Source: Corelogic

Figure 5: Zoning Map Riverhead Urban Area



- Countryside Living
- Single House
- Mixed Use
- Local Centre
- Neighbourhood Centre
- Future Urban
- Light Industrial
- Rural Conservation
- Mixed Rural

Source: Auckland Unitary Plan



5. Commercial Floorspace Market Assessment

The inclusion 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 – 5,000m² in size, in terms of gross floor area, and are often co-located with a children's playground. This centre is smaller, at 894m² and will provide on-site amenity that supports the overall commercial viability of the development. At this size, this centre will not have a competitive impact on the existing network of centres within the catchment.

The following figures evaluate the current commercial land market within the catchment.

The local commercial floorspace market was assessed for vacancies. There are currently no vacancies within the commercial floorspace market in Riverhead which indicates a shortage of commercial floorspace.

Figures 7 and 8 display an estimated population growth and commercial floorspace demand within the catchment. There are currently 0.96m² of commercial floorspace per capita within the catchment. The catchment has experienced significant growth over the past seven years, growing from 4,140 people in 2013 to 7,040 people in 2020. It is worth noting that statistics NZ's 2013 base projections didn't expect the catchment to reach this level of population until 2030.

The catchment has experienced strong building consent growth over the past 5 – 10 years averaging 110 – 130 dwellings per annum or 1,100 – 1,300 household per decade (Figure 9). This equates to population growth of 2,750 – 3,250 per decade, at the current persons per dwelling ratio.

Based on recent population and building consent growth, the catchment population is expected to reach 10,040 by 2030, and 11,540 by 2040. Riverhead currently has no supermarket. While smaller settlements can function without a supermarket, once a settlement reaches a critical mass of around 7,000 – 8,000 people a modern supermarket becomes supportable. Based on these projection, Riverhead will support a small-medium scale supermarket, in addition to the proposed commercial floorspace, over the next 3-5 years.



Figure 6: Business Zoned Land - Riverhead



Source: Urban Economics

Figure 7: Recent Population Growth and Historic Projections

Year	Historic			Projections		
	2013	2018	2020	2025	2030	2040
Population	4,140	6,080	7,040	8,540	10,040	11,540
2013 Base Projections	3,710	4,810	5,230	6,200	7,010	8,610

Source: Statistics NZ, Urban Economics

Figure 8: Commercial Floorspace (m²) Demand Estimates

	2020	2025	2030	2040
Current Floorspace	6,610	-	-	-
Population	7,040	8,540	10,040	11,540
Current Floorspace per Capita	0.96	-	-	-
Floorspace Demanded	8,450	10,250	12,050	13,850
Additional Floorspace Required	1,840	3,640	5,440	7,240

Source: Statistics NZ, Corelogic, Urban Economics



Figure 9: Catchment Residential Building Consents (2012 - 2021)

Year	Stand Alone	Apart ment	Retire ment	Terrace	Total
2012	20	0	0	0	20
2013	25	0	0	5	30
2014	80	0	0	0	80
2015	130	0	0	5	135
2016	150	0	0	5	155
2017	100	0	0	25	125
2018	95	0	0	20	115
2019	165	0	0	15	180
2020	95	0	0	15	110
2021	50	15	0	50	115
Total	910	15	0	140	1,065
5 Year Avg	100	0	0	30	130
10 Year Avg	90	0	0	10	110

Source: Statistics NZ

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6. Impact of Covid-19

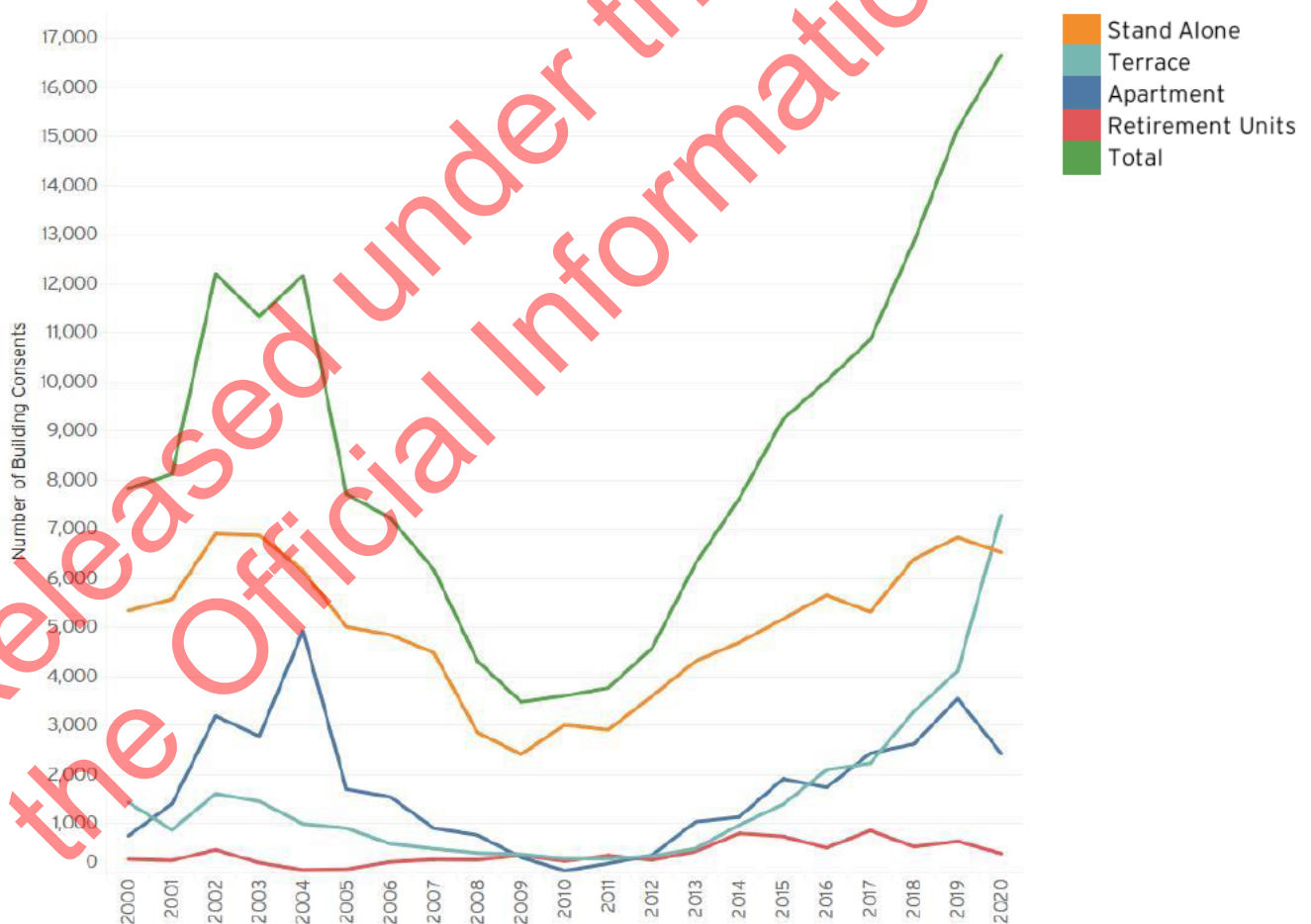
The COVID-19 Recovery (Fast-track Consenting) Act 2020 requires consideration of costs and benefits of those involved in the construction sector, as follows.

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 to close. Record high international immigration has been replaced with near to zero international immigration. This is likely to result in a decline in the number of houses demanded and constructed and may place considerable pressure on the construction sector over the coming years. However, additional capacity for residential development would help meet Auckland's housing shortage, which is estimated at 40,000 dwellings.

Figure 10: Building Consents by Product Type: Auckland Region (2000 - 2020)





6.1. Economic Contribution of Proposal from Construction

The proposed development 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. It is estimated that the construction of the retirement village and associated commercial floorspace at 1092 Coatesville Riverhead Highway would generate 850 FTE jobs. This number can be interpreted as the number of FTE jobs created on an annualised basis, i.e., if construction takes three years and is split evenly between the years then 283 FTE jobs would be created in each year.

In addition, the construction of the proposed retirement village and associated commercial floorspace would add \$113.1 million to construction sector GDP over the life of the project. This is an economic benefit.

Figure 11: FTE Employee Estimates and Value Added from Construction of Proposed Development

Product	Units	Value (Millions)	Value Added (Millions)	FTE Employees
Villas	158	\$109.0	\$32.0	240
Apartments	264	\$223.9	\$65.7	494
Care Home	72	\$19.2	\$5.6	42
Non-Residential Construction	3,370m ²	\$33.7	\$9.9	74
Total	494	\$385.7	\$113.1	850

Source: Statistics NZ, Urban Economics

The ongoing operation of the retirement village and associated commercial floorspace will create jobs in medical, retail, hospitality, childcare, aged care and theatre in the course of day-to-day operations.

Figure 12 shows the estimated national 'value added per FTE employee'. These value added per employee figures are used to estimate the FTE employees created by the construction project expenditure outlined in Figure 11. Figure 12 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 12: 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



6.2. Ongoing Operation Employment Impact

The proposal involves a 494 unit large retirement village and a small associated commercial development. It will create jobs in the medical, retail, hospitality, childcare, and aged care sectors.

The following table estimates the number of FTEs created in each industry in the ongoing operations of the proposal. Methodology for estimating the FTE employees for each industry is in Appendix 1. The proposal creates 45 FTE jobs on an ongoing basis in the operation of the retirement village and an additional 19 FTE jobs on an ongoing basis in the associated commercial development. This is an economic benefit.

Figure 13: FTE Employment from Ongoing Operation

Sector	Total Floorspace (m ²)	Total FTE Employees
Childcare	474	10
Retail	86	2
Medical	154	1
Café	180	5
Aged Care	-	45
Total	-	64

Source: Urban Economics,
Statistics NZ



7. Other Fast Track Assessment Considerations

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

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 approximately 494 retirement units to the market. In particular, the project would provide housing in a segment of the market with high forecast demand. The following figure displays both the projected proportion of the population that is retirement age, the total number of retirees across Auckland and the catchment, and current stock and forecast demand for retirement units. By 2040 the retiree population is estimated to reach 1,670 within the catchment, and 386,720 within Auckland.

Figure 14: Projected Retiree Population Growth and Retirement Village Units Demanded

		2020	2025	2030	2040
65+ Population	Catchment	870	1,070	1,270	1,670
	Auckland	213,400	257,640	305,180	386,720
Current Retirement Village Units	Catchment	15	-	-	-
	Auckland	33,600	-	-	-
Projected Retirement Village Unit Demand	Catchment	135	165	195	255
	Auckland	32,830	39,635	46,950	59,495

Source: Statistics NZ, Corelogic, Urban Economics

There are currently 33,600 retirement village units in the Auckland region and 15 within the catchment. Based on a 20% penetration rate, there is projected demand for 46,950 retirement village units in Auckland by 2030 and 59,495 village units in Auckland by 2040.

Within the catchment there is currently demand for 135 units, projected demand for 195 units by 2030 and projected demand for 255 units by 2040. There is **currently unmet demand for 120 units within the catchment area**. There is only one retirement village operator within the catchment - The Lady Bug - which provides dementia care services only. Since the only retirement village services offered within the catchment area are for dementia care, elderly residents requiring their other retirement village services would need to relocate to other parts of Auckland. Increasing the supply of retirement village units will allow residents to find suitable retirement housing locally, and this would help alleviate the current shortage and meet demand growth within the catchment over the next twenty years.



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

The project would provide employment and a diverse range of retirement housing types. Most notably, the project would have a positive impact on the social and cultural well-being of current and future generations by providing a dwelling type for which demand is projected to increase rapidly over the next thirty years.

A shortage of retirement units has consequences across the housing spectrum. A shortage of retirement units would place upward pressure on the price of this type of housing. This may result in inadequate housing being supplied to less financially well-off retirees as they are unable to afford to participate in the retirement village market.

Retirement villages have also been shown to provide environments that generate opportunities for formal and informal social activity, promote community engagement and active and independent ageing¹. This is a notable social and economic benefit.

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 850 FTE jobs in the construction process. These jobs would be in roading, construction, landscaping, planting, land surveying, administration and support services and other related activities. The project would create an additional 64 FTE jobs on an ongoing basis in medical, retail, hospitality, childcare, aged care and theatre as part of the day-to-day operations of the development post-construction.

8. 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 retirement village segment of the market, which has high demand growth and is currently undersupplied within the catchment. The proposal therefore provides housing which meets the market demand for housing of the type proposed.

¹ Schwitter. N, *Social Capital in Retirement Villages: A literature Review*, Cambridge University Press, November 2020



9. Conclusion

The proposal would provide a range of retirement village housing options and retail floorspace to the market, both of which are currently undersupplied. This would result in a net increase in construction sector output, with an additional 850 FTE jobs generated directly from the proposal. The proposal is forecast to create an additional 64 FTE jobs on an ongoing basis across the medical, retail, hospitality, childcare, aged care and theatre sectors.

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10. Appendix 1: FTE Employees by Industry Calculations

Statistics NZ data for each industry was gathered on the number of businesses and number of employees in each of these businesses for a selection of similar sized towns to Riverhead across New Zealand. This approximates the density outcomes likely to occur in this location in each industry. Floorspace requirements for each of these businesses were then derived based on Corelogic data on the amount of floorspace utilized by each of these businesses. This process enables the estimation of employees per sqm of floorspace for similar sized businesses. The proposed floorspace for each use is then used to estimate the FTE employees created by the proposal.

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