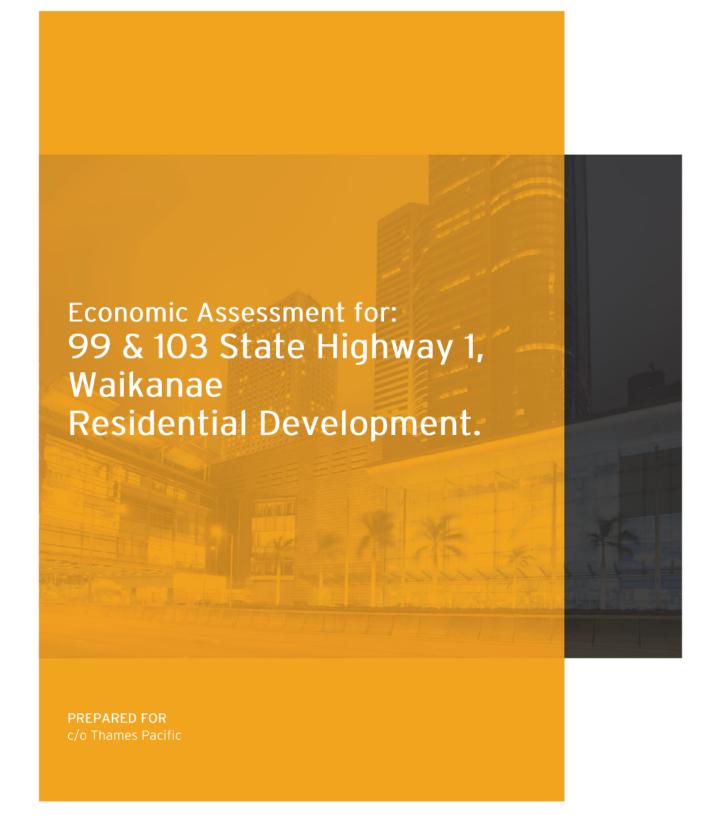


8 July 2022 AUTHOR Adam Thompson 51898.5.01





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CONTENTS

1.	EXECU	TIVE SUMMARY	4
2.	INTRO	DUCTION	.5
	2.1.	The Proposal	5
3.	STUDY	AREA	.7
4.	HOUSI	NG MARKET ASSESSMENT	8
	4.1.	Existing Housing Stock (Recent Valuation)	8
	4.2.	Recent Residential Sales Analysis	9
5.	NEW D	WELLING CONSTRUCTION 2017-2021	. 11
6.	ACCES	S TO AMENITY & EMPLOYMENT	12
7.	COMPA	RABLE DEVELOPMENTS	13
8.	IMPAC ⁻	T OF COVID-19	13
	8.1.	Residential	13
9.	ECONO	MIC CONTRIBUTION OF THE PROPOSAL	14
10.	OTHER	FAST TRACK ASSESSMENT CONSIDERATIONS	15
11.	NPS-U	O ASSESSMENT	16
12.	CONCL	USION	16



1. Executive Summary

The proposal is to develop 176 standalone houses and 234 affordable terrace houses (410 total houses) at 99 & 103 State Highway 1, Waikanae.

Within the Kapiti Coast District, the majority of the stand alone houses are valued in the \$500,000 - \$900,000 price range and the majority of terrace houses are valued in the \$400,000 - \$600,000 price range.

Within the Kapiti Coast District, the majority of the stand alone dwellings were sold in the range of \$600,000 - \$1,200,000 and the majority of terrace houses were sold in the range of \$400,000 - \$1,000,000 range.

Over the last 5 years, an average of 270 dwellings per annum were consented within the Kapiti Coast District. Of which, standalone dwellings accounted for 210 dwellings, terrace houses accounted for 50 dwellings and retirement dwellings accounted for 10 dwellings.

There are five developments currently selling within the study area, with 51 units remaining for sale. This indicates there is a shortage of new residential dwellings within the study area.

The proposed development is located at an attractive location, offering a wide range of amenities and employment opportunities that support residential development. The proposed development site is approximately 800m from the Waikanae Town Centre and within a 15-minute drive-time to Paraparaumu, Paraparaumu Beach, Otaihanga and Peka Peka giving the residents access to 3,690 businesses offering a total of approximately 10,650 jobs.

It is estimated that the construction of the proposed development would result in a total of 747 FTE jobs and would contribute \$99.3 million to GDP.

The proposal would provide additional housing within the \$610,000 - \$1,310,000 price range with 234 dwellings (57%) selling at the more affordable end of the price range for an estimated price between \$610,000 and \$750,000. The proposal, therefore, provides housing that meets the market demand and would be taken up quickly by the market.



2. Introduction

This report provides an economic and market assessment to support a fast-track consent application for a proposed residential development at 99 and 103 State Highway 1, Waikanae.

2.1. The Proposal

Figure 1 outlines the location of the proposed development site. It is located on the periphery of the Waikanae township and has a site area of approximately 32.9 hectares. The proposal is to develop approximately 176 standalone dwellings and 234 terrace houses, resulting in a total of 410 new dwellings. The estimated market price for standalone dwellings ranges between \$980,000 and \$1,310,000 and \$610,000-\$750,000 for terrace houses, which are at the more affordable end of the price range.

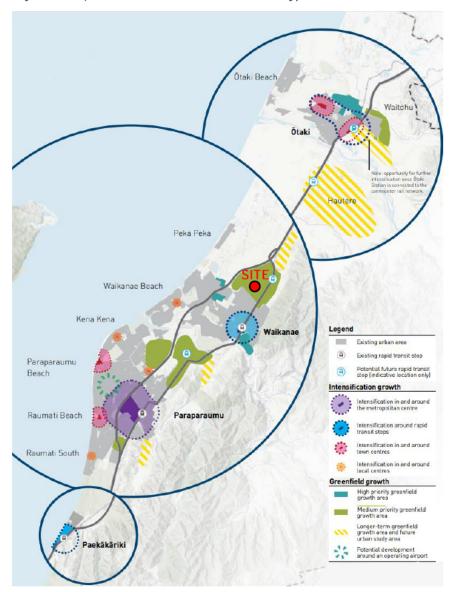
Figure 1: Proposal Site



Source: Thames Pacific

The proposed development site is currently zoned Rural however has been identified as a 'Medium Priority Greenfield Growth Area' in the District Council's growth strategy consultation document. This is outlined in Figure 2. This reflects the proposed development's locational benefits.

Figure 2: Kapiti District Council Growth Strategy



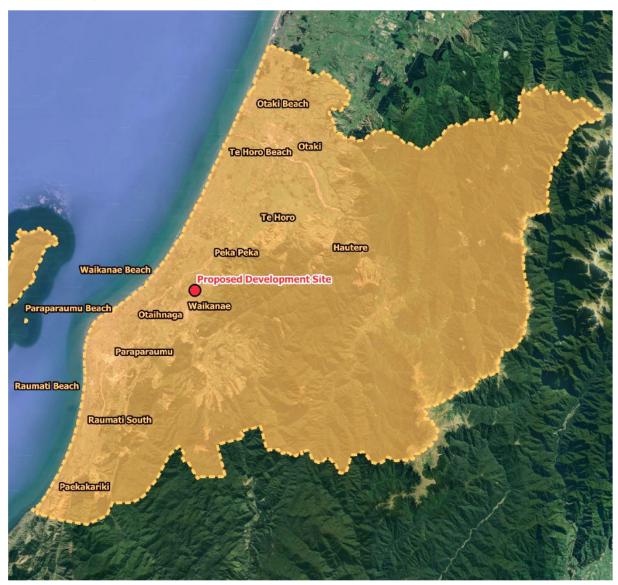
Source: Kapiti Coast District Council



3. Study Area

Figure 3 outlines the study area which is used to evaluate the local residential market for the proposed development. The study area includes all the SA2's (Statistics NZ) that make up the Kapiti Coast District.

Figure 3: Study Area



Source: Urban Economics



4. Housing Market Assessment

This section provides an overview of the current housing market within the Kapiti Coast District.

4.1. Existing Housing Stock (Recent Valuation)

Figure 4 shows the 'existing housing stock' capital valuation for the Kapiti Coast District. The main points to note are:

- The majority of stand alone dwellings are valued in the \$500,000 \$900,000 price range.
- The majority of terrace houses are valued in the \$400,000 \$600,000 price range.

Figure 4: Kapiti Coast District Residential Market Stock Profile (Current Capital Valuation)

Price Bracket	Stand Alone	Terra ce	Apart ment	Total
Less Than \$300,000	5	10	0	15
\$300,000-\$400,000	165	170	25	360
\$400,000-\$500,000	1,685	700	0	2,385
\$500,000-\$600,000	3,245	1,080	0	4,325
\$600,000-\$700,000	4,600	250	40	4,890
\$700,000-\$800,000	3,855	70	15	3,940
\$800,000-\$900,000	2,050	30	0	2,080
\$900,000-\$1,000,000	1,155	20	0	1,175
\$1,000,000-\$1,100,000	575	25	0	600
\$1,100,000-\$1,200,000	380	10	0	390
\$1,200,000-\$1,300,000	185	5	0	190
\$1,300,000-\$1,400,000	160	5	0	165
\$1,400,000-\$1,500,000	90	0	0	90
\$1,500,000-\$1,600,000	65	0	0	65
\$1,600,000-\$1,700,000	50	0	0	50
\$1,700,000-\$1,800,000	30	0	0	30
\$1,800,000-\$1,900,000	15	0	0	15
\$1,900,000-\$2,000,000	10	0	0	10
\$2,000,000+	35	5	0	40
Total	18,355	2,380	80	20,815

Source: CoreLogic



4.2. Recent Residential Sales Analysis

Figure 5 shows the distribution of dwelling sales by price over the April 2021-2022 period. The highest priced locations within the Kapiti Coast District are Paraparaumu and Waikanae, which typically achieve sale prices above \$1,000,000. The proposal site is located on the periphery of the Waikanae township which has a relatively higher price profile, typically achieving sale prices between \$1,000,000 and \$2,000,000.

Figure 5: Kapiti Coast District Residential Sales April 2021-2022



Source: CoreLogic



Figure 6 displays the average residential sale price achieved over the April 2021-2022 period in the Kapiti Coast District. Stand alone dwellings achieved the highest average price of \$1,000,000, while terrace housing is the most affordable type with an average sale price of \$750,000. Apartments achieved an average sale price of \$970,000.

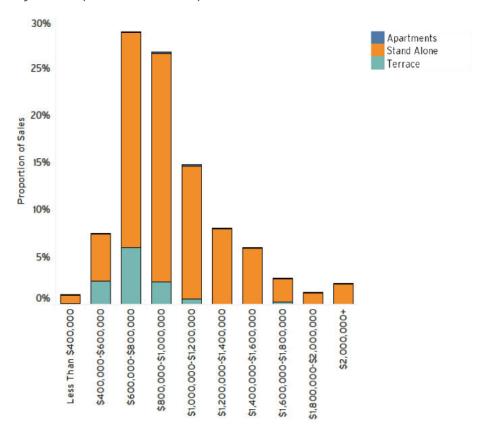
Figure 6: Kapiti Coast Average Residential Sale Price by Dwelling Type April 2021-2022

Туре	Average Sale Price
Standalone	\$1,000,000
Terrace	\$750,000
Apartment	\$970,000
Total	\$970,000

Source: CoreLogic

The following figures display the proportion of residential sales for dwellings in the Kapiti Coast District and the Wellington Region for the April 2021 -2022 period. Within the Kapiti Coast District, the majority of stand alone dwellings were sold in the \$600,000-\$1,200,000 range and terrace houses were sold in the range of \$400,000-\$1,000,000 range.

Figure 7: Kapiti District Sales April 2021-2022



Source: CoreLogic



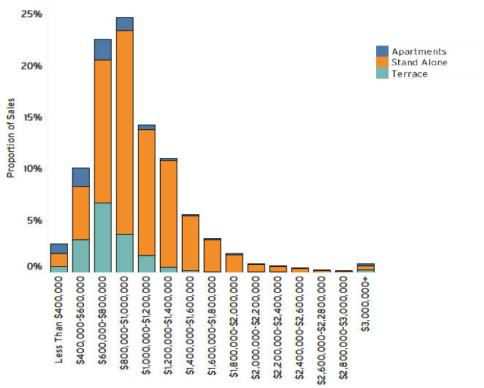


Figure 8: Wellington Region Sales April 2021-2022

Source: CoreLogic

5. New Dwelling Construction 2017-2021

The following figures show dwellings consented since 2017 within the Kapiti Coast District and the Wellington Region. The main points to note are:

- Over the last 5 years, an average of 266 dwellings per annum were consented within the Kapiti Coast District. Of which, standalone dwellings accounted for 214 dwellings, terrace houses accounted for 45 dwellings and apartments accounted for only 1 unit consented per annum.
- Over the last 5 years, an average of 2,990 dwellings per annum were consented within the Wellington Region. Of which, standalone dwellings accounted for 1,525 dwellings, terrace houses accounted for 820 dwellings and apartments accounted for 510 units consented per annum.



Figure 9: Kapiti Coast Building Consents (2017 - 2021)

Year	Stand Alone	%	Terr ace	%	Apart ment	%	Retire ment	%	Total
2017	225	83%	40	15%	0	0%	5	2%	270
2018	215	84%	20	8%	0	0%	20	8%	255
2019	210	91%	20	9%	0	0%	0	0%	230
2020	180	84%	25	12%	5	2%	5	2%	215
2021	240	67%	120	33%	0	0%	0	0%	360
Average (p.a)	214	82%	45	15%	1	0%	6	2%	266

Source: Statistics NZ

Figure 10: Wellington Region Building Consents (2017 - 2021)

Year	Stand Alone	%	Terr ace	%	Apart ment	%	Retire ment	%	Total
2017	1,430	62%	420	18%	275	12%	165	7%	2,290
2018	1,595	58%	575	21%	445	16%	120	4%	2,735
2019	1,540	48%	960	30%	570	18%	155	5%	3,225
2020	1,490	49%	790	26%	680	22%	95	3%	3,055
2021	1,565	43%	1,350	37%	570	16%	170	5%	3,655
Average (p.a)	1,525	52%	820	26%	510	17%	140	5%	2,990

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 800m from the Waikanae Town Centre and within a 15-minute drive-time to Paraparaumu, Paraparaumu Beach, Otaihanga and Peka Peka giving the residents access to 3,690 businesses offering a total of approximately 10,650 jobs.
- The proposed development is within close proximity (1.5 km) to the train and bus station.
- The residents of the proposed development would have access to a wide range of educational facilities, with several 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.



7. Comparable Developments

Figure 11: Comparable Developments provides an outline of the comparable developments presently selling in the study area. There are five developments currently selling within the study area, with only 51 units remaining for sale. This indicates there is a shortage of new residential dwellings within the study area.

Figure 11: Comparable Developments

Developments	Address	Price	GFA (m2)	\$/m2	Remai ning Units	Total Units
49 Matenga Street	Waikanae	\$1,390,000	218	\$6,400	9	36
Anderson Park	Waikanae	\$1,170,000	180	\$6,500	8	62
The Drive	Paraparaumu	\$1,725,000	215	\$8,100	2	24
Awatea Escape	Paraparaumu	\$1,200,000	124	\$9,700	3	38
215 Mill Road	Otaki	\$820,000	123	\$6,700	29	45
Total					51	205

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

Covid-19 has resulted in New Zealand's borders being largely closed. 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 which may place pressure on the

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



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.

Figure 12 outlines the value-added and FTEs that the proposed development would generate. It is estimated that the construction of the proposed 410 residential dwellings would result in a total of 747 FTE jobs and would contribute \$99.3 million to GDP.

The employment number can be interpreted as the number of FTE jobs created on an annualised basis, i.e. if construction takes four years and is split evenly between the years then 186 FTE jobs would be created in each year.

Figure 12: FTE Employee Estimates

Development	Product	Count	Value (\$M)	Value Added (\$M)	FTE Emplo yees
	Type-1	75	\$73.0	\$21.4	161
Stand alone	Type-2	41	\$44.6	\$13.1	98
Stariu alone	Type-3	40	\$47.9	\$14.0	106
	Type-4	20	\$26.0	\$7.6	57
Terrace	Type-1	191	\$115.0	\$33.7	254
rerrace	Type-2	43	\$32.1	\$9.4	71
Total		410	\$338.6	\$99.3	747

Source: Urban Economics

Figure 13 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 13 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 13: 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 \$610,000 and \$1,310,000 with 234 (or 57%) of these dwellings priced in the relatively affordable range of \$610,000 - \$750,000. Additionally, supplying new dwellings up to modern building standards reduces the social pressures caused by inadequate housing.

Figure 14: 99 & 103 State Highway 1 Development Composition

Development	Product Type	GFA (m2)	Estimated Price	Count	Propor tion
	Type-1	140	\$980,000	75	18%
Standalone	Type-2	160	\$1,090,000	41	10%
	Type-3	180	\$1,200,000	40	10%
	Type-4	200	\$1,310,000	20	5%
Terrace	Type-1	70	\$610,000	191	47%
	Type-2	90	\$750,000	43	10%
Total				410	

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 747 FTE jobs and contribute \$99.3 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 410 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 \$610,000-\$1,310,000 price range with around 234 (57%) of dwellings selling for an estimated price between \$610,000 and \$750,000. 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 747 full-time equivalent employees (FTEs) with a value-added contribution of \$99.3 million to GDP.

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