

PROPERTY **E**CONOMICS



PC14 MANGAONE PRECINCT

HEARING PANEL DIRECTION #2

ECONOMIC RESPONSE

Client: Fonterra Limited

Project No: 52332

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ECONOMIC MEMORANDUM

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RE: ECONOMIC RESPONSES TO PC14 MANGAONE PRECINCT HEARING PANEL DIRECTION #2

ECONOMIC RESPONSES

Property Economics has been commissioned by Fonterra Limited to provide a high-level economic response to Direction #2 from the Hearing Panel¹ regarding economic matters related to Plan Change 14 (PC14) to the Waipā District Plan. Specifically, the Panel seeks further information to highlight industrial growth and demand in Cambridge – Karāpiro is trending faster than anticipated to support the rezoning of additional industrial land.

Note that Section 4.4 of our Economic Assessment² provided an overview of recent industrial employment trends within the district and the broader Future Proof Partners (FPP) sub-region³ at the time the assessment was completed. These trends indicated that actual employment growth in the wider FPP area is significantly outpacing projections in the BDCA 2023⁴, with a growth rate of +3.3% between 2022 and 2023 - nearly double the projected +1.7% per annum for the short term.

As the Panel has requested more specific information for Cambridge – Karāpiro, the following analysis presents key metrics to show that practical demand is running well ahead of the BDCA's projected demand for industrial land in the Cambridge – Karāpiro market using the updated data from Stats NZ and Infometrics.

Overall, Property Economics' analysis indicates strong demand for industrial land in the Cambridge – Karāpiro market has been maintained from its earlier assessment, significantly exceeding the forecasts outlined in the BDCA 2023. This conclusion is supported by the following important factual metrics.

¹ As outlined under 'Other Matters' (Point 5 – Economics) of the Hearing Direction #2

² Titled 'Plan Change 14 to the Waipā District Plan Mangaone Precinct Economic Assessment', Property Economics, dated May 2024

³ This considers Hamilton City, Waikato District and Waipā District.

⁴ Titled 'Business Development Capacity Assessment 2023 prepared for Future Proof Partners', M.E, dated 3 April 2024

Firstly, the Cambridge – Karāpiro market has continued to capture a growing share of industrial activity growth, as measured by industrial employment count⁵, within the context of both the wider district and the broader FPP sub-region - exceeding the projections in the BDCA 2023.

As shown in Table 1, industrial employment in the Cambridge – Karāpiro market has increased by around 300 employees over the past three years (2021–2024). This growth represents about 43% of the total industrial employment increase in the district (+690 employees) and approximately 9% of the cumulative industrial employment growth across the FPP sub-region (+3,510 employees) during the same period.

Importantly, the BDCA 2023 projected an average annual growth of +1.7% over the short term. The updated employment data for Cambridge-Karāpiro market shows this market is now experiencing average annual growth of +3.65%, up from the previously assessed +3.3% and significantly higher than the FPP sub-region's average of +2.8%.

These figures indicate that the Cambridge – Karāpiro market is playing a more significant role in accommodating industrial activity expansion within the wider district. This, in turn, has important implications for the demand for industrial land in the local Cambridge – Karāpiro market.

TABLE 1: INDUSTRIAL EMPLOYMENT COUNT GROWTH (2021-2024)

ANZSIC	Cambridge - Karapiro		Waipā District		FPP Sub-Region Total	
	2021	2024	2021	2024	2021	2024
A Agriculture, Forestry and Fishing	18	25	277	289	819	867
B Mining	3	0	5	2	52	54
C Manufacturing	927	1,019	2,443	2,544	15,280	15,833
D Electricity, Gas, Water and Waste Services	9	14	58	82	481	591
E Construction	1,154	1,203	2,427	2,592	13,618	14,809
F Wholesale Trade	407	552	932	1,327	6,001	7,127
I Transport, Postal and Warehousing	217	219	807	792	3,973	4,332
L Rental, Hiring and Real Estate Services	28	34	93	103	692	822
Total All Industries (Rounded)	2,760	3,060	7,040	7,730	40,920	44,430
3-Year Employment Count Growth	+300		+690		+3,510	

Source: Stats NZ, Property Economics

The BDCA 2023 projects that Cambridge – Karāpiro market will require only 2.5ha⁶ of industrial land in the short term (2022-2025), out of the total projected demand of only 7ha for the district and approximately 80ha⁷ across the broader FPP sub-region. Based on this forecast, Cambridge – Karāpiro is expected to account for 36% of Waipā's total industrial land demand (compared to the actual 43% it has achieved over the last 3 years). Furthermore, the BDCA 2023 apportioned an

⁵ This refers to 'Employment Count', which is a headcount of all salary and wage earners for the February reference month, as per Stats NZ Business Demography Statistics.

⁶ BDCA 2023, Figure 7-17, Page 99.

⁷ BDCA 2023, Figures 7-5, 7-11 and 7-17, on Page 94, 94 and 99, respectively.

allocation of just 3% to the Cambridge – Karāpiro market compared to the actual 9% achieved by Cambridge – Karāpiro market over the last 3 years. This shows the Cambridge – Karāpiro market has achieved triple the growth than anticipated under the BDCA 2023.

Although the timeframe of this high-level comparative analysis (2021–2024) does not perfectly align with the BDCA 2023 forecast period (2022–2025), both cover a recent three-year span. Given current trends, Property Economics does not anticipate any major shifts in 2025 that would suddenly diminish Cambridge – Karāpiro's appeal as an industrial location. Any resultant shift would be a reflection of a lack of industrial land supply. Its strategic locational advantages, including proximity to the Waikato Expressway (not considered in the BDCA 2023), will continue to elevate its position as a key industrial hub within the sub-region.

Secondly, industrial output in the Cambridge – Karāpiro market, measured by Industrial GDP, has been expanding at a significantly faster rate than both the rest of the district and the broader FPP sub-region average.

According to sectoral GDP data from Infometrics⁸, Cambridge – Karāpiro's industrial GDP has grown by approximately 15% over the past three years, increasing from around \$424m in 2021 to \$454m in 2024 (see Table 2). This growth accounts for roughly half of the district's total industrial GDP increase over the same period.

Moreover, Cambridge's industrial economy is expanding at a notably faster pace than both the wider Waipā District and the FPP sub-region, reinforcing its position as an accelerating industrial growth hub. Specifically, over the past decade (2014–2024), Cambridge's industrial GDP has grown by approximately +46%, outpacing the district-wide average of +42% and the broader FPP sub-region's +38% growth.

Notably, Cambridge has consistently contributed around 7% of the sub-region's total industrial GDP over the past decade. This further indicates that the BDCA 2023's projection - suggesting that only 3% of the sub-region's industrial land demand would come from Cambridge – Karāpiro is significantly underestimated and would restrict its economic growth potential unless additional industrial land supply is injected into the market.

TABLE 2: INDUSTRIAL GDP GENERATED BY CAMBRIDGE AND THE WIDER FPP MARKETS (\$M)

Industrial GDP (\$m)	2014	2019	2021	2024	10Y Growth (2014-2024)	5Y Growth (2019-2024)	3Y Growth (2021-2024)
Cambridge	\$310	\$392	\$424	\$454	46%	16%	7%
FPP Sub-region	\$4,768	\$5,887	\$6,230	\$6,602	38%	12%	6%
Waipā District	\$839	\$1,071	\$1,133	\$1,194	42%	11%	5%
Waikato District	\$817	\$1,094	\$1,221	\$1,288	58%	18%	5%
Hamilton City	\$3,112	\$3,722	\$3,875	\$4,120	32%	11%	6%

Source: Infometrics, Property Economics

⁸ Source: <https://rep.infometrics.co.nz/cambridge-urban-2023/economy/structure?compare=waipa-district>

Lastly, the recent industrial land uptake in Waipā, measured by consented industrial floorspace, has significantly surpassed the BDCA 2023's forecast for the district, suggesting that Waipā is attracting more industrial developments than projected.

Industrial building consent⁹ data from Stats NZ shows that approximately 55,300sqm of industrial floorspace has been consented within the Waipā District over the past two years (2023-2024), covering two-thirds of the BDCA 2023's short-term forecast period.

While there has been a general decline in consented industrial floorspace post-COVID-19 - driven by economic downturns and rising construction costs, trends observed in many markets across New Zealand including Waikato District, Waipā has still accounted for approximately 23% of the FPP sub-region's total industrial building consents during this period.

This 23% share is more than double the BDCA 2023's projected 9% contribution to industrial land demand in Waipā by 2025 (i.e., 7ha out of the FPP sub-region's projected 80ha). This significant discrepancy further reinforces that the BDCA 2023 significantly underestimates actual industrial land demand in the district, particularly given based on earlier identified employment data, the Cambridge – Karāpiro market is an increasing proportion of Waipā industrial market.

TABLE 3: CONSENTED INDUSTRIAL FLOORSPACE (SQM) IN THE FPP SUB-REGION

Year (Annual-Dec)	Consented Industrial Floorspace (sqm)		
	Waipā District	Waikato District	Hamilton City
2015	5,947	6,513	25,907
2016	17,156	20,938	28,852
2017	46,114	22,317	52,867
2018	18,599	39,435	57,242
2019	69,312	10,749	36,678
2020	68,936	25,908	31,367
2021	50,154	24,708	46,039
2022	35,490	20,004	94,604
2023	29,614	20,304	92,402
2024	25,732	49,081	21,140
10-Year Average	36,705	23,996	48,710
2023-2024 Total (rounded)	55,300	69,400	113,500

Source: Stats NZ

While industrial consent data for 2025 is not yet available, if the FPP sub-region maintains its 10-year average for consented industrial floorspace in 2025, Waipā's total for the BDCA 2023's short-term

⁹ This includes building consents of factories, industrial and storage activities.



forecast period (2022-2025) would likely reach 26% of the sub-region's total. This further reflects the substantial discrepancy between projected and actual industrial land demand (i.e., 9% vs 26%).

Overall, our previous Economic Assessment identified the Cambridge – Karāpiro industrial market was growing faster than the BDCA 2023 projected. The updated metrics in this Memo show industrial growth has increased even faster and continues to grow at a significantly faster rate than projected in the BDCA 2023, reinforcing the economic position outlined in my evidence at the PC14 hearing that additional industrial land supply in the Cambridge – Karāpiro market is crucial to facilitating local economic growth and employment opportunities.

If you have any queries, please give me a call.

Kind Regards



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