BEFORE THE INDEPENDENT HEARING COMMISSIONER

IN THE MATTER of the Resource management Act 1991 (the Act)

AND

IN THE MATTER of proposed Plan Change 33 to the Waipā District Plan

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STATEMENT OF EVIDENCE OF TIMOTHY JAMES HEATH ON BEHALF OF THE HAUTAPU LANDOWNERS' GROUP (ECONOMICS)

DATED: 13 OCTOBER 2025

INTRODUCTION

1. My name is Timothy James Heath. I am a property consultant, market analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning research services to both the private and public sectors throughout New Zealand.

2. I hold a Bachelor of Arts (Geography) and a Bachelor of Planning both from the University of Auckland. I have undertaken property research work for 30 years, and regularly appear before Council, Environment Court and Board of Inquiry hearings on economic and property development matters.

3. I advise district and regional councils throughout New Zealand in relation to residential, retail, industrial and business land use issues as well undertaking economic research for strategic planning, plan changes, District Plan development and National Policy Statement on Urban Development 2020 ("NPS-UD"), National Policy Statement on Highly Productive Land 2022 ("NPS-HPL"), and Medium Density Residential Standards 2022 ("MDRS") capacity requirements.

4. I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential capacity assessments, retail, industrial, and commercial market assessments, development feasibilities, forecasting market growth and land requirements across all property sectors, and economic cost benefit analysis.

INVOLVEMENT IN AREA 7 PROPOSED LIVE ZONING

5. I was engaged by Hautapu Landowners Group ("HLG") to provide an economic overview of the economic efficiency and appropriateness of Proposed Private Plan Change 33 – Hautapu Area 7 ("PC33"), considering the latest market trends, economic indicators of the Cambridge market specifically.

6. PC33 seeks to live-zone a portion of the C9 Industrial Growth Cell (i.e., Area 7) at Hautapu, bounded by Peake Road, the Mangaone Stream, and existing Industrial Zone land, by rezoning it from Deferred Industrial Zone to Industrial Zone.

7. I prepared an Economic Memorandum which was appended to the request for PC33 (Appendix 3B). My earlier evidence prepared for PC17 was also appended (Appendix 3A). This evidence references my earlier Economic Memorandum and provides further commentary where appropriate.

CODE OF CONDUCT

8. I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise, except where I state that I am relying on the evidence of another person.

PURPOSE AND SCOPE OF EVIDENCE

9. My evidence will cover the following:

    i. A brief overview of PC33;

    ii. An update of industrial market conditions and trends within the Cambridge local market;

    iii. A response to the Council's Section 42A Report and relevant economic matters; and

    iv. A conclusion outlining the implications for the appropriateness and economic efficiency of PC33, informed by the preceding analysis and responses.

OVERVIEW OF PC33

10. PC33 seeks to rezone Area 7 (around 16.3ha) from its current zoning of Deferred Industrial Zone ("DIZ") to Industrial Zone and incorporate

appropriate rules within the Hautapu Structure Plan. Other expert evidence has dealt with the specific details of the proposed rezoning which I will avoid duplicating in this statement, but from an economic perspective the focus is on the potential economic effects of bringing forward the timing of development of Area 7 (i.e., "live" zoning and the ability to develop now, rather than when 80% of Area 6 is developed/or in 2030).

11. Given the "deferred" status of Area 7, the key economic consideration is not whether the site is suitable for industrial use, but rather the economic efficiency and appropriateness of advancing its development in light of recent industrial market trends and any relevant economic costs.

INDUSTRIAL MARKET UPDATE

12. Overall, my industrial market analysis indicates the industrial growth in the Cambridge - Karāpiro market is exceeding the forecasts outlined in the Future Proof Business Development Capacity Assessment 2023 ("BDCA")[1]. This conclusion is supported by the following factual metrics.

13. Firstly, the Cambridge - Karāpiro market has continued to capture a growing share of industrial activity growth, as measured by industrial employment count, within the context of both the wider district and the broader Future Proof Partners ("FPP") sub-region, exceeding the projections in the BDCA.

14. 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.

15. Importantly, the BDCA projected an average annual growth of +1.7% over the short term[2]. The updated employment data for Cambridge - Karāpiro

[1] Business Development Capacity Assessment 2023, M.E., dated 3 April 2024
[2] BDCA, Section 3.3.2, Page 54

market shows this market is now experiencing average annual growth of +3.65% (more than double the BDCA's projection) and significantly higher than the FPP sub-region's average of +2.8%.

16. 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, i.e. its accelerating.

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

18. Furthermore, the BDCA apportioned an allocation of just 3% across the sub-region to the Cambridge - Karāpiro market compared to the actual 9% achieved by the Cambridge - Karāpiro market over the last 3 years. This shows the Cambridge - Karāpiro market has achieved triple the growth anticipated under the BDCA.

19. The Cambridge-Karāpiro area, and in particular Hautapu, has strategic locational advantages such as proximity to the Waikato Expressway, and will therefore continue to elevate its position as a key industrial hub within the sub-region.

20. To provide further support for accelerated industrial growth (demand) in Cambridge, the recent industrial land uptake in the local market, measured by consented industrial floorspace, have significantly surpassed the BDCA's forecast for the district.

21. Table 2 shows industrial building consent data from Stats NZ and highlights approximately 35,600sqm of industrial floorspace has been

[3] BDCA, Section 4.2.3, Figure 4-13, Page 69

consented within the Cambridge - Karāpiro market over the past two years (2023-2024). This represents approximately 64% of Waipā District's total industrial building consents and about 14% of the total consented industrial floorspace across the wider FPP sub-region over the past two years.

22. Again, this 14% share is significantly more than the BDCA's projected 3% contribution to industrial land demand in the FPP sub-region by 2025. This significant proportion further reinforces that the BDCA significantly underestimates actual industrial land demand in the Cambridge - Karāpiro market and the Waipā District, particularly given earlier identified employment and this industrial building consents data.

23. This highlights the significant gap between projected and actual industrial land demand (i.e., 3% predicted compared to 14% actual) and reinforces the economic and market requirement, and justification, for PC33.

TABLE 1: CONSENTED INDUSTRIAL FLOORSPACE (SQM) IN THE FPP SUB-REGION

Year (Annual-Dec)	Consented Industrial Floorspace (sqm)			
	Cambridge - Karāpiro	Waipā District	Waikato District	Hamilton City
2015	1,438	5,129	5,733	25,795
2016	9,735	17,944	19,545	26,268
2017	1,980	44,247	20,700	54,498
2018	7,922	19,229	41,401	52,315
2019	51,298	64,667	10,715	37,262
2020	7,773	71,649	24,448	34,532
2021	13,745	40,420	24,674	33,048
2022	14,719	46,335	15,761	93,637
2023	18,022	24,984	24,344	106,509
2024	17,551	30,766	46,983	16,400
10-Year Average	**14,418**	**36,537**	**23,430**	**48,026**
2023-2024 Total (rounded)	**35,600**	**55,800**	**71,300**	**122,900**

Source: Stats NZ

24. Lastly, 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.

25. According to sectoral GDP data from Infometrics, 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.

26. 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.

27. 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's projection suggesting a decrease to 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. Note: 'Industrial GDP' is calculated using Infometrics' GDP by Industry Structure data, aligned with Property Economics' business classification framework.

28. Overall, the industrial metrics presented above indicate that industrial growth in the Cambridge - Karāpiro market has increased even faster and continues to grow at a significantly faster rate than projected in the BDCA. In my opinion, this supports advancing the development of Hautapu Area 7 to better enable local economic growth, provide greater market certainty, and provide a more competitive land market to mitigate land value appreciation.

OTHER ECONOMIC CONSIDERATIONS

M.E's Recent Responses to Cambridge Industrial Land Demand

29. Market Economics ("M.E"), the author of the BDCA, was recently engaged by Council to review Plan Change 14 - Rezoning Part of the C10 Growth Cell ("PC14")[4]. This review is directly relevant to the validity of the BDCA modelling outcomes and, which has implications for the economic and market efficiency of bringing Area 7 to market earlier than expected.

30. M.E's review, on Pages 7-10, states the following:

> "*Since the completion of the Waikato Expressway, Cambridge has experienced significant transformations, particularly in economic development and population growth.*
>
> …
>
> "*Consequently, Cambridge has evolved into a more dynamic and economically active community [sic], though these recent changes were not reflected in the 2023 BDCA.*"
>
> …
>
> "*M.E notes that these demand forces have not been incorporated into the BDCA work to date and are likely to increase demand at Cambridge significantly.*"

[4] Titled "PC14 Property Economics EIA Report: Peer Review", M.E, dated 5 November 2024

31. These statements align with my opinion that the industrial land demand projections for the Cambridge local market, as estimated in the BDCA, are underestimated.

32. Despite these statements, M.E consider the existing development triggers for Area 7 remain in place, albeit M.E identify no economic costs of bringing the development of Area 7 forward.

Economic Benefits of Bringing Forward Area 7

33. The recently consented (industrial) PC14 site in the C1 Growth Cell is currently used to receive by-product from Fonterra, a function expected to be replaced by a wastewater facility on Fonterra's existing site around 2028. As a result, the PC14 land is unlikely to be available for industrial development prior to 2028 and, more realistically, given development lead times may enter the market after 2030.

34. Given the higher-than-anticipated industrial land demand and the limited availability of serviced greenfield industrial land in the short term, I consider that live-zoning Area 7 can bring certainty to the market providing choice and competition and additional industrial land supply sooner than under its current deferred status.

35. From an economic perspective, the benefits of live-zoning Area 7 would likely significantly outweigh the associated economic costs. A summary of the key economic benefits is provided below:

    i. Improved market efficiency, more competitive industrial land market and increased short-medium term certainty of industrial land supply.

    ii. Improved ability to meet the strong and growing demand for industrial land in Hautapu.

    iii. Enhanced industrial location profile for Hautapu.

    iv. Potential mitigation of upward pressure on local industrial land prices.

    v. More efficient use of land resources in an efficient and anticipated future industrial location.

vi. Support for higher levels of economic and industrial growth sooner.

vii. Increased location options for industrial businesses.

viii. Accelerate benefits from business agglomeration and economies of scale.

ix. Accelerate local employment opportunities.

36. Overall, taking into account the economic analysis presented in this statement alongside my previous assessments of Area 7, I conclude that live zoning Area 7 is both appropriate and economically efficient. It will enhance market certainty, competition and support ongoing growth in the local and district industrial markets.

37. Economic efficiencies will also be gained through “live” zoning Area 7 now, rather than waiting to promulgate a plan change to live zone Area 7 once the Area 6 development “triggers” have been reached. This will avoid a time lag in land supply and enable a more integrated approach to industrial land release, while maintaining the sequencing of development of Area 6 followed by Area 7.

RESPONSE TO WDC’S SECTION 42A REPORT

38. Council’s Section 42A Hearing Report on PC33 recommends confirming the rezoning of Area 7 from DIZ to Industrial Zone and retaining a 2030 activation trigger under Rule 15.4.2.XX.

39. I note that the Section 42A Report does not provide any economic justification for retaining the 2030 activation trigger, and nor do they identify any economic costs of bringing the activation trigger forward. The rationale for maintaining this date appears to relate to non-economic matters (transport and access considerations). As outlined in Paragraph 4.2.20:

> *“Avoiding vehicle access from Peake Road is a key requirement and outcome of the Hautapu Industrial Structure Plan. Because of this it is recommended that part (b) should be amended to refer to 31 March 2030 being the date that was settled and agreed to as part of PC17.”*

40. Further, in Paragraph 4.2.21, the Report refers to M.E' position that "*it is important that the date of 31 March 2030 is retained*." On Page 16, the M.E Review[5] states that:

> *"retaining the 80% development threshold for Area 6 and the 31 March 2030 backstop, provides a clear and predictable pathway for achieving these benefits in a timely manner. This approach supports integrated and efficient development while safeguarding the district's sequencing and avoiding the risk of premature or duplicative release of capacity."*

41. In my view, from an economic perspective, the small scale of Area 7 in industrial terms, as highlighted in Table 3 of the M.E. Review, comprising approximately 5% of the total industrial land in Hautapu, suggests that its development would have only a minor effect on the wider industrial market. This is my view does not provide an economic basis to not rezone Area 7 given the economic benefits that can be realised in the market as a result of the rezoning.

42. As outlined earlier in this evidence, the Cambridge-Karapiro industrial market is growing faster than earlier BDCA assumptions anticipated. Early availability of Area 7 would reduce development uncertainty, allowing supply to respond to stronger-than-expected demand without delay.

43. In my view, retaining the 2030 activation trigger is no longer appropriate from an economic perspective and risks introducing unnecessary regulatory ambiguity. While a 2030 trigger may have been appropriate under previous slower growth assumptions, current market conditions indicate stronger demand. Purposely delaying development would restrict land choice, constrain supply, and risk local price inflation, resulting in economic inefficiency.

44. From a practical perspective, even if Area 7 were rezoned now, this would not translate into immediate development. In practice, the land is unlikely

[5] Appendix 3 – Market Economics Plan Change 33 Submission Review and Economic Advice, dated 15 September 2025

to be development-ready until around late 2027/2028 due to the time required for detailed subdivision design, consenting, infrastructure servicing, and securing development or tenant commitments. It also needs Road 4 to be vested in Council.

45. Overall, from an economic perspective, advancing the live zoning of Area 7 aligns land supply opportunity with market realities, improves flexibility, reduces regulatory risk, and supports efficient supply responses in the Hautapu industrial market. In my opinion, the 2030 date for development is not appropriate from an economic perspective and should be amended to 2027, unless the necessary roading infrastructure is in place in which case development may commence earlier.

CONCLUSION

46. Based on my economic analysis, I consider that PC33, which seeks to advance the development of Area 7, aligns with accelerated industrial market demand in the Cambridge area and represents an appropriate and economically efficient response within the framework of the District Plan, the RMA, and the NPS-UD.

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Tim Heath
13 October 2025