PROPERTY ECONOMICS

TAUPŌ LOW DENSITY

RESIDENTIAL DEMAND FORECAST

ECONOMIC UPDATE

Client: Taupō District Council

Project No: 52512

Date: May 2025

W: www.propertyeconomics.co.nz E: tim@propertyeconomics.co.nz M: 021 557713 PO: Box 315596, Silverdale 0944

27 May 2025

ECONOMIC MEMORANDUM

To: Hilary Samuel
Senior Policy Planner
Taupō District Council
Email: hsamuel@taupo.govt.nz

RE: ECONOMIC UPDATE OF TAUPŌ LOW DENSITY RESIDNETIAL DEMAND FORECAST

INTRODUCTION

Property Economics has been commissioned by Taupō District Council (**TDC**) to assess the projected demand for Low Density Residential (**LDR**) lots in the Taupō District over the short (by 2027), medium (by 2034) and long term (by 2054), based on the latest growth scenario provided.

The objectives of this economic overview are threefold:

- First, to conduct a high-level analysis of building consent activity over the past six years (post 2019's original LDR report), with a focus on identifying recent demand trends for LDR lots. This information provides a factual foundation for forecasting future demand.
- Second, to utilise the growth scenario provided by TDC to quantify total residential demand across the district over the short (3-year), medium (10-year), and long-term (30-year) planning horizons.
- Third, to specifically project potential demand for LDR lots within the district across these same timeframes, allowing for a more specific understanding of this particular residential typology.

This updated forecast will assist TDC's decision-making regarding the appropriate scale and distribution of LDR zone capacity, taking into account key demand drivers and economic factors.

EXISTING LOW DENSITY RESIDENTIAL ENVIRONMENTS

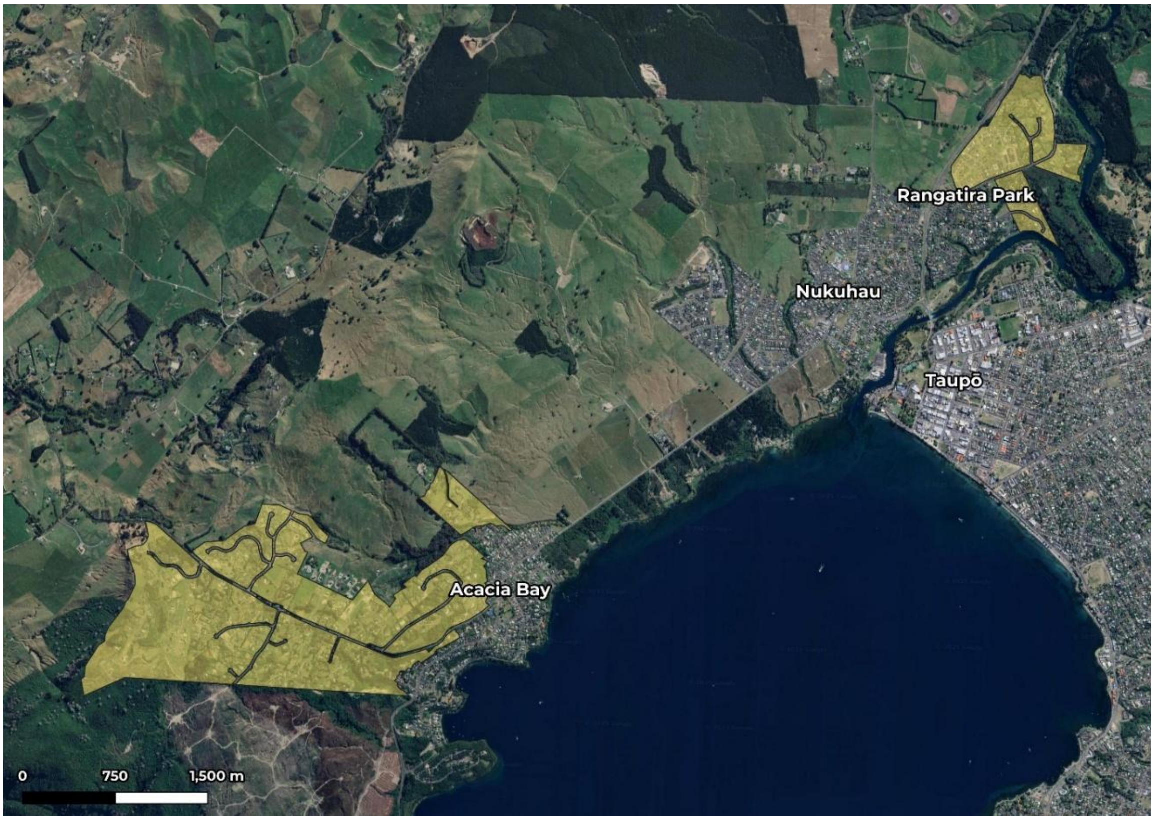
Figure 1 below illustrates the locations of LDR zones currently identified in the district under the Taupō District Plan. These zones are only located in Acacia Bay and Rangatira Park.

Acacia Bay contains the largest continuous area of LDR zoning, comprising approximately 303ha, or about 83% of the total LDR land. Rangatira Park includes around 62ha of LDR-zoned land, located immediately east of Wairakei Drive. These areas are typically characterised by standalone dwellings in larger sections, contributing to a low-density, semi-rural residential environment of the district.

Collectively, these LDR zones represent roughly 10% of all residentially zoned land within the district under the District Plan.

It is also noted that under Rule 3.10.6.3 of the Waikato Regional Plan, the minimum allotment size for a new domestic on-site wastewater treatment system is 5,000sqm, subject to additional rules / provisions. Alongside the 2ha minimum lot size enabled in 'rural lifestyle' environments, these thresholds help define the focus of the following forecast, which focuses on projecting demand for residential lots in the 0.5 to 2ha size range.

FIGURE 1: LOCATION AND EXTENT OF EXISTING LOW DENSITY RESIDENTIAL ZONES



Source: TDC, Google Maps

RECENT TAUPŌ LOW DENSITY RESIDENTIAL BUILDING CONSENTS TREND

Table 1 following outlines the residential building consents issues from 2019 to 2024, based on information provided by TDC. Over this recent 6-year timeframe, a total of around 2,025 building consents have been consented, equating to an average annual of around 338 consents.

This represents an increase of approximately +70% compared to the annual average of around 200 building consents issued between 2008 and 2018. It highlights the growing demand for housing and the rising appeal of Taupō as a place to live and work, driven by its distinctive natural character and high amenity values.

A breakdown of these consents by land area indicates that approximately 6% of residential lots sized between 0.5 and 2ha were consented in 2019. However, this proportion has declined significantly to just 1.2% in 2024. This reduction is likely partly due to a slower rate of supply of parcels within this size range compared to earlier periods.

Over the past six years, a total of 91 consents have been issued for residential lots in the 0.5-2ha range. This equates to an average share of approximately 4.5% of total residential building consents during this period.

TABLE 1: TAUPŌ DISTRICT BUILDING CONSENTS TREND

Year	Total No. of Building Consents	No. of Building Consents between 0.5-2ha
2019	300	17
2020	301	20
2021	336	22
2022	356	17
2023	400	11
2024	332	4
Total	**2,025**	**91**

Source: TDC

FUTURE LOW DENSITY RESIDENTIAL DEMAND FORECAST

Table 2 shows that the wider district has a current (2024) residential base of around 43,000 people in just under 17,000 dwellings. Under TDC's Medium growth scenario, this is expected to grow by around +5% over the short term and around +16% over the medium term.

Over the long term, the population of the district is projected to increase by around +20,880 people or around +42% by 2054. This equates to an annual average growth of around +700 additional people over the next 30 years.

In terms of households, cumulative growth is projected to be around 9,190 dwellings over the next 30 years, equating to a requirement of additional +9,190 dwellings or around 306 additional dwellings per annum over the forecast period, on a one household per dwelling basis. Note that this does not include unoccupied dwellings such as empty homes / residents away / homes used for baches and holiday homes.

These projections provide a basis for the forecast of LDR demand within the district over the short, medium and long term.

TABLE 2: TAUPŌ DISTRICT POPULATION AND HOUSEHOLD MEDIUM PROJECTIONS

Taupō District	Medium Growth Scenario				Projected Growth		
	2024	2027	2034	2054	Short Term	Medium Term	Long Term
Population	42,290	44,560	49,370	63,170	+2,270	+7,080	+20,880
Households (Occupied)	16,970	17,930	20,010	26,160	+960	+3,040	+9,190
Household Size	2.49	2.49	2.47	2.41			

Source: TDC

The LDR demand forecast presented in Table 3 below considers two different demand scenarios. The first scenario (Current Composition) applies the current LDR proportion exhibited in the market (i.e., an average of 4.5% over the last six years) and assumes this would remain constant over the forecast period.

The second scenario (Expected Composition) assumes a potential decline in the proportion of LDR development in the Taupō residential market, based on factors such as a shift in planning policy favouring more compact and efficient urban forms, and growing demand for more affordable and accessible housing typologies. These influences have the potential to reduce the feasibility and availability of large-lot residential parcels, thereby reducing the overall presence of LDR developments in the future.

Accordingly, for the purposes of this analysis, Property Economics has applied an average rate of 3% over the forecast period to estimate likely demand for LDR lots under a scenario of declining proportional demand.

TABLE 3: ESTIMATED DISTRICT LDR DEMAND BY SCENARIO (DWELLINGS)

Taupō District LDR (0.5-2ha) Residential Demand	Short Term (By 2027)	Medium Term (By 2034)	Long Term (By 2054)
Current Composition	43	137	414
Expected Composition	29	91	276

Source: TDC, Property Economics

As presented above, the projected demand for LDR lots under the Current Composition scenario is approximately 414 dwellings over the long term, equating to an average of around 14 dwellings per year across the district over the next 30 years.

If a declining proportion of LDR development is considered, total projected demand would be reduced to around 276 dwellings, representing an annual average of approximately 9 dwellings over the same 30-year period.

Note that these scenarios should not be interpreted as definitive, as they may evolve in response to future changes in economic conditions, policy provisions, planning frameworks, and market dynamics. Ongoing monitoring and review will be essential to ensure that land use planning remains responsive to actual demand trends and development feasibility over time.

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

Kind Regards

Tim Heath

Director

M: 021 557713

PO: Box 315596, Silverdale 0944, AUCKLAND

E: tim@propertyeconomics.co.nz

www.propertyeconomics.co.nz