INSIGHT ECONOMICS

Final Report: 14 May 2026

Peer Review of Queenstown Lakes District Council Housing and Business Capacity Assessment

Prepared for:
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Authorship

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Executive Summary

Context

Arrowsouth Properties Limited is considering a private plan change to rezone land on McDonnell Road, Arrowtown from the Arrowtown South Special Zone under the Operative District Plan (**ODP**) to the Suburban Residential Zone under the Proposed District Plan (**PDP**). The rezoning would enable approximately 44 residential lots to be developed over time.

To help assess the likely need for, housing supply benefits of, and economic merits of the proposal, this report peer reviews recently-released 2025 Housing and Business Capacity Assessment (**HBCA**) by Market Economics for Queenstown-Lakes District Council (**QLDC**). It provides the latest "official" snapshot of local housing supply and demand in Arrowtown, against which the economic costs and benefits of the proposal can broadly be assessed.

Key findings from the 2025 HBCA

The HBCA projects very limited demand for additional housing Arrowtown, with approximately 190 additional dwellings allegedly required over the 30-years to 2053. Despite this modest projection, the HBCA identifies housing shortfalls in Arrowtown across all timeframes when assessed under the NPS-UD sufficiency test, including shortfalls of approximately:

- 60 dwellings in the short term;
- 90 dwellings in the medium term; and
- 80 dwellings in the long term.

This reflects the limited capacity of Arrowtown's existing urban area to accommodate future growth.

Peer Review of 2025 HBCA

While the HBCA provides a robust assessment of housing demand at the district level, we consider its reliability to be more limited at the local Arrowtown level. In particular:

- The allocation of demand to Arrowtown is derived from a modelled spatial distribution process that reflects planning assumptions and infrastructure provision, rather than a direct assessment of local market demand. This is likely to understate demand in constrained locations like Arrowtown, where a lack of opportunity has historically suppressed the ability for demand to be met and thus express itself on observable population growth. This is also consistent with local market indicators, including elevated dwelling prices, high land values, and low transaction volumes.

- The HBCA assumes that all commercially feasible capacity will be realised. In other words, Reasonably Expected to be Realised (**RER**) capacity is treated as equivalent to feasible capacity. This differs from standard practice and is likely to overstate the amount of housing that will be delivered in practice.

- Infrastructure constraints, particularly in relation to transport, are not fully reflected in the assessment of infrastructure-ready capacity, further contributing to an overstatement of effective supply.

In summary, the identified shortfalls are likely conservative, given the considerations above, which point to the likelihood that both demand is understated, and supply is overstated.

Housing market context

Market indicators show clear evidence of high demand and/or constrained supply in Arrowtown. For example, the housing market is characterised by:

- high and rapidly increasing dwelling and land values;
- low levels of sales activity; and
- a predominance of older, low-density housing stock.

Together, these indicators are consistent with a constrained supply environment and suggest that underlying housing demand is likely stronger than indicated by observed development trends.

On-the-ground capacity

A detailed parcel-level assessment indicates that Arrowtown has very limited realistic capacity to accommodate additional housing within its existing urban area. While a small number of vacant parcels remain, these are limited in scale and spatially dispersed.

Contribution of the proposed rezoning

The proposed rezoning could deliver approximately 44 residential lots (around half of the identified medium-term shortfall) but it is unlikely to contribute over the short term due to lead times.

Given the lack of feasible and readily deliverable capacity within Arrowtown's existing urban area, the proposal would provide a significant and timely source of new housing supply. It would reduce reliance on uncertain redevelopment opportunities and help address persistent supply constraints in the local market. While modest in scale relative to district-wide growth, the proposal represents a material intervention in the Arrowtown context.

Conclusion

Arrowtown faces a persistent shortfall in feasible and deliverable housing capacity, even under the modest demand projections contained in the HBCA. However, the HBCA appears to both understate demand and overstate effective supply, so the shortfalls are likely to be worse in practice.

In this context, the proposed rezoning provides a practical and effective means of increasing housing supply in a location where little capacity currently exists. It would make a meaningful contribution toward meeting identified housing needs and supporting a well-functioning urban environment, consistent with the objectives of the NPS-UD. We therefore support it on economic grounds.

1. Introduction

1.1. Context

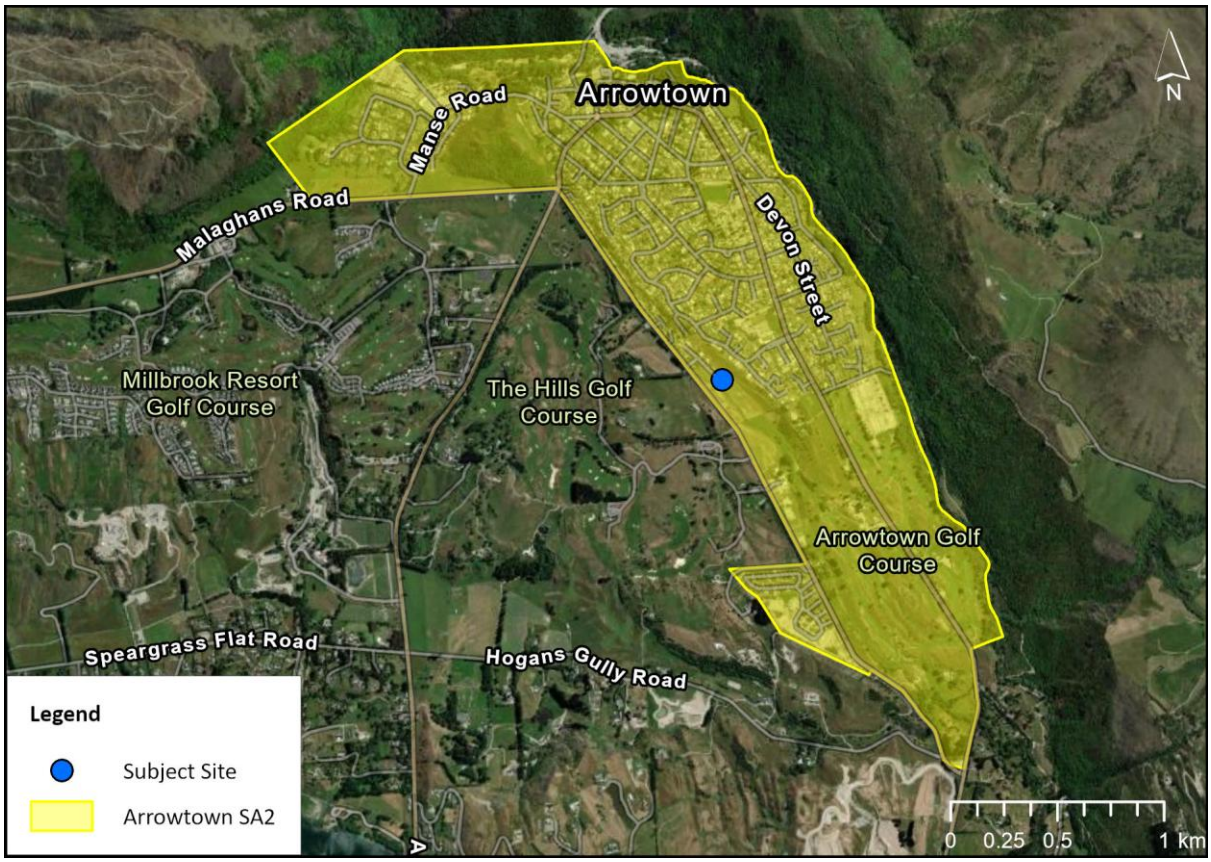
Arrowsouth Properties Limited has applied for a private plan change to rezone land on McDonnell Road, Arrowtown from the Arrowtown South Special Zone under the current ODP to the Suburban Residential Zone under the PDP. The rezoning would enable approximately 44 residential lots, depending on the applicable minimum lot size.

Queenstown Lakes District Council (**QLDC**) released a new Housing and Business Capacity Assessment (**HBCA**) in September 2025 prepared by Market Economics (**M.E.**),[1] under the requirements of the National Policy Statement on Urban Development (**NPS-UD**). It provides the latest "official" snapshot of local housing supply and demand in Arrowtown, against which the economic costs and benefits of the proposal can broadly be assessed.

1.2. Study Area

The study area used in the HBCA to define Arrowtown, which we adopt here too for consistency, is defined as the Arrowtown Statistical Area 2 unit (hereafter referred to simply as "Arrowtown"). This geography closely aligns with the urban footprint of the Arrowtown township and its immediate surrounds, as shown below, and it also contains the subject site.

Figure 1: Study Area



[1] Available here: https://www.qldc.govt.nz/media/naadbhlm/qld_2025_hba_final_23sep25.pdf

1.3. Scope and Structure of this Document

The remainder of this document is structured as follows:

- **Section 2** summarises the key findings of the HBCA for Arrowtown.
- **Section 3** considers the accuracy and relevance of the HBCA.
- **Section 4** provides context on the Arrowtown housing market.
- **Section 5** provides an assessment of Arrowtown housing capacity.
- **Section 6** assesses the impact of the proposed rezoning on the Arrowtown housing market.

2. HBCA Findings

This section summarises the key findings of the HBCA for Arrowtown.

2.1. Housing Demand

Arrowtown's existing dwelling stock is comprised of approximately 1,300 resident dwellings (79% of Arrowtown's total dwelling stock) and 300 holiday dwellings (21%), forming approximately 6% of Queenstown Lakes District's (QLD) total dwellings.

The HBCA projects very modest residential growth for Arrowtown to 2053, with demand for just 190 additional dwellings over the 30-year period (about 6 per year),[2] or growth of about 15%. This is a slight increase compared to the 2021 report with 118 additional dwellings over a 30-year period. However, it is still the smallest increase for an urban environment (the second smallest is Cardrona, at 500), and less than 1% of the total district growth for that period. While Arrowtown's total dwellings grows at approximately 12%, QLD's total dwellings grows at 96%.

The projected dwelling demand by location in the HBCA is derived from district-wide household and dwelling projections, which are spatially allocated using the QLDC Growth Model. The model distributes demand across location types and wards based on assumptions regarding planning-enabled capacity, historical development patterns, and intended urban form. As such, the table reflects a modelled allocation of demand under a given planning scenario, rather than a direct measure of market demand at specific locations.

2.2. Housing Capacity

To assess housing capacity, the HBCA assesses plan enabled capacity, then infrastructure ready capacity, then commercially feasible capacity, subsequently Reasonably Expected to be Realised ("RER") Capacity, and finally applies the sufficiency test as required by the NPS-UD.

Plan Enabled Capacity

Plan enabled capacity reflects the theoretical number of additional dwellings that could be accommodated if each parcel were developed to the maximum potential enabled by planning provisions. The short-term estimate adopts the current ODP and PDP rules, while the medium-term estimates take into consideration any changes anticipated to the PDP within the next ten years, including the Urban Intensification Variation provisions. The long-term estimate includes the planned future growth areas as indicated in the Spatial Plan.

Arrowtown is assessed as having 860 net additional dwelling capacity in existing urban areas in the short-term, and 1,200 in the medium and long-term, and zero in greenfield across short, medium, and long-term.[3]

[2] Table 5-4, p. 74

[3] Table 7-2, p. 89.

Infrastructure Ready Capacity

The test for development capacity being infrastructure ready in the short, medium, and long-term is set out by clause 3.4(3) of the NPS-UD. The HBCA calculates infrastructure ready capacity on the basis of water supply and wastewater networks only (excluding transport networks).

From here, results for Arrowtown are provided in graph form and, due to the graph scale, cannot be precisely determined. Across QLD, there is relatively little infrastructure-served capacity compared to plan enabled capacity in the short-term.[4] Arrowtown appears to have no short-term infrastructure-served capacity, but approximately 250 dwellings in the medium term,[5] and a small quantity in the long term.

Commercially Feasible and Reasonably Expected to be Realised ("RER") Capacity

Commercially feasible capacity refers to the subset of plan-enabled development capacity that is economically viable to deliver under prevailing market conditions. Importantly, feasible capacity represents a theoretical upper bound of potential development under favourable conditions, rather than what will necessarily be delivered in practice. In most HBAs, a further adjustment is applied to reflect the proportion of feasible capacity that is likely to be realised over time, recognising real-world delivery constraints.

The HBCA sets RER capacity as equal to commercially feasible capacity. Due to zero infrastructure capacity in the short term, Arrowtown has zero RER capacity in this time frame. In the medium term, there is a small quantity of RER capacity, which could be in the range of 25-50 dwellings.[6] In the long term, Arrowtown has a slightly larger RER capacity, potentially in the range of 150-250.[7]

Sufficiency (Application of NPS-UD test)

The sufficiency test assesses whether there is enough development capacity to meet projected housing demand over the short, medium, and long term, as required by the NPS-UD.[8] This involves comparing projected dwelling demand with available capacity that is plan-enabled, infrastructure-ready, commercially feasible, *and* reasonably expected to be realised (**RER**). The reliability of this test depends critically on the realism of the assumptions used, particularly regarding realisability. Where this is overstated, capacity sufficiency may be systematically overstated, and often is in practice.

At the district level, the HBCA identifies a shortfall in the short term of 1,000 dwellings, followed by surpluses in the medium and long term (6,100 and 2,800 subsequently). However, Arrowtown has an assessed housing shortfall of: [9]

- Approximately 60 dwellings in the short term;

[4] The bulk of QLD short-term infrastructure ready capacity is in Cardrona greenfield, with the remainder in Wanaka urban and greenfield, and Te Tapuae Frankton greenfield.

[5] Figure 10-2, p. 109.

[6] Figure 10-2, p. 109.

[7] Figure 10-3, p. 110.

[8] See in particular clauses 3.2 and 3.3 of the NPS-UD, which require local authorities to provide at least sufficient development capacity to meet expected demand for housing in the short, medium, and long term, and clause 3.22, which requires a competitiveness margin of 20% in the short and medium term and 15% in the long term to be added to projected demand.

[9] Table 11-2, p. 113

- Approximately 90 dwellings in the medium term; and
- Approximately 80 dwellings in the long term.

2.3. Conclusion

According to the HBCA, Arrowtown is projected to experience only limited demand for 190 extra dwellings over the next 30 years. This is reflected in the Spatial Plan, where Arrowtown was not classed as a growth area, and no provision for growth-related infrastructure or higher-density development was made. This confirms that Arrowtown's role in accommodating future growth story is marginal at most. At the same time, though, the HBCA shows in an Arrowtown wide sense that there is no feasible and infrastructure-ready capacity available in the short-term to meet even the modest demand projected for Arrowtown.

3. Review of HBCA

This section considers the accuracy and relevance of the HBCA to the proposal.

3.1. Demand Projections

The projected dwelling demand by location in the HBCA is derived through a spatial allocation process within the Growth Model. This process distributes district-wide demand based on planning assumptions, infrastructure provision, and expected development patterns, rather than directly observing market demand at the local level. As a result, the relatively low level of projected demand for Arrowtown is more reflective of its limited role within the Spatial Plan and infrastructure constraints than an independent assessment of underlying demand.

In our view, this approach is likely to understate Arrowtown-specific demand. The historic growth patterns that inform the model are themselves influenced by limited development capacity and infrastructure provision. This creates a feedback loop whereby constrained supply suppresses observed growth and, in turn, projected demand.

This is not consistent with the market indicators outlined in Section 4.2, which point to a supply-constrained market, including strong price growth, high land values, and low transaction volumes. Taken together, these indicators suggest that underlying demand for housing in Arrowtown is likely stronger than reflected in the HBCA projections.

3.2. Supply Projections

As outlined in Section 2.2, commercially feasible capacity represents the upper bound of development that is economically viable under current conditions. In standard practice, this is typically adjusted to reflect the proportion of capacity that is likely to be realised over time.

The HBCA appears to equate Reasonably Expected to be Realised (RER) capacity with total feasible capacity, effectively assuming that all feasible development will occur. No justification is provided for this assumption. This approach differs from other HBA methodologies in New Zealand, where RER capacity is typically assessed as a proportion of feasible and infrastructure-ready capacity to reflect real-world delivery constraints.

In practice, development delivery is influenced by a range of factors beyond feasibility, including landowner willingness, access to capital, staging of development, and broader market conditions. These constraints are particularly relevant in existing urban areas such as Arrowtown, where redevelopment depends on fragmented land ownership and individual decision-making. As a result, only a proportion of feasible capacity is typically realised within any given planning horizon.

The assumption of full realisation is therefore likely to materially overstate the amount of development that can reasonably be expected to occur, particularly in the short to medium term. Even a modest reduction in assumed realisation rates would materially increase the reported medium and long-term shortfalls.

Impact of Infrastructure

The HBCA adopts a structured approach to capacity assessment, distinguishing between plan-enabled, infrastructure-ready, commercially feasible, and RER capacity. In particular, infrastructure-ready capacity is assessed primarily with reference to water and wastewater networks, with limited explicit consideration of transport constraints. This is notable given that previous assessments identified transport infrastructure, including the Shotover Bridge, as a key constraint on development in the Whakatipu Ward (which includes Arrowtown).[10] The omission of transport from the infrastructure-ready assessment risks overstating the amount of capacity that can realistically be delivered, particularly in the short to medium term.

The 2021 Queenstown Lakes Spatial Plan (**Spatial Plan**),[11] adopts a consolidated growth model that aims to "increase density in appropriate locations" and focus infrastructure in targeted growth areas. The Spatial Plan concentrates future urban growth in locations such as the Queenstown Town Centre to Frankton Corridor, Ladies Mile, Wanaka, and the Southern Corridor.

Arrowtown is not identified as a Priority Development Area. It is shown only as a small existing settlement and is not marked for urban expansion, higher-density development, or strategic infrastructure investment. This suggests that no significant future growth is anticipated or encouraged by Council, notwithstanding clear evidence of ongoing demand for housing in Arrowtown as described later in this report.

3.3. Sufficiency Assessment

The HBCA identifies ongoing shortfalls for Arrowtown across all timeframes, even under its own assumptions. However, these results are highly sensitive to the assumptions underpinning RER capacity. If RER capacity is overstated, as discussed above, then the reported medium and long-term surpluses may not be realised in practice. When considered alongside the likelihood that demand is understated and capacity overstated, this indicates that the true shortfall is likely to be more significant than reported.

Capacity and demand are unevenly distributed in the HBCA across locations, location types (greenfield versus urban), typologies, and timeframes. There is a persistent shortfall of detached greenfield dwellings across short, medium, and long-term across the district.[12] Capacity in other locations is not necessarily a substitute for demand in Arrowtown, given differences in location preferences, housing typologies, and market segments.

3.4. Overall Assessment

Overall, while the HBCA provides a useful strategic assessment of housing demand and capacity at the district level, its application to Arrowtown is limited. The allocation of demand is influenced by

[10] HBCA Section 12.3, pp. 135-137 notes that previous assessments have identified the Kawarau, Arthurs Point, and Shotover bridges as constraints on growth within the outer parts of the Whakatipu Ward, and that these constraints are not yet incorporated within the QLDC Growth Model.

[11] Available here: Queenstown Lakes Spatial Plan

[12] See HBCA Tables 11-1 to 11-6 (pp. 113–118), which show projected detached greenfield shortfalls across each ward and timeframe under the baseline RER scenario.

planning assumptions rather than direct market evidence, and the estimation of RER capacity is both sensitive and likely to overstate the amount of development that will be delivered in practice.

As a result, the HBCA should be treated with caution when assessing housing demand and capacity at the local level. In particular, it is likely to understate demand and overstate effective supply in Arrowtown, leading to an underestimation of the extent of the local housing shortfall.

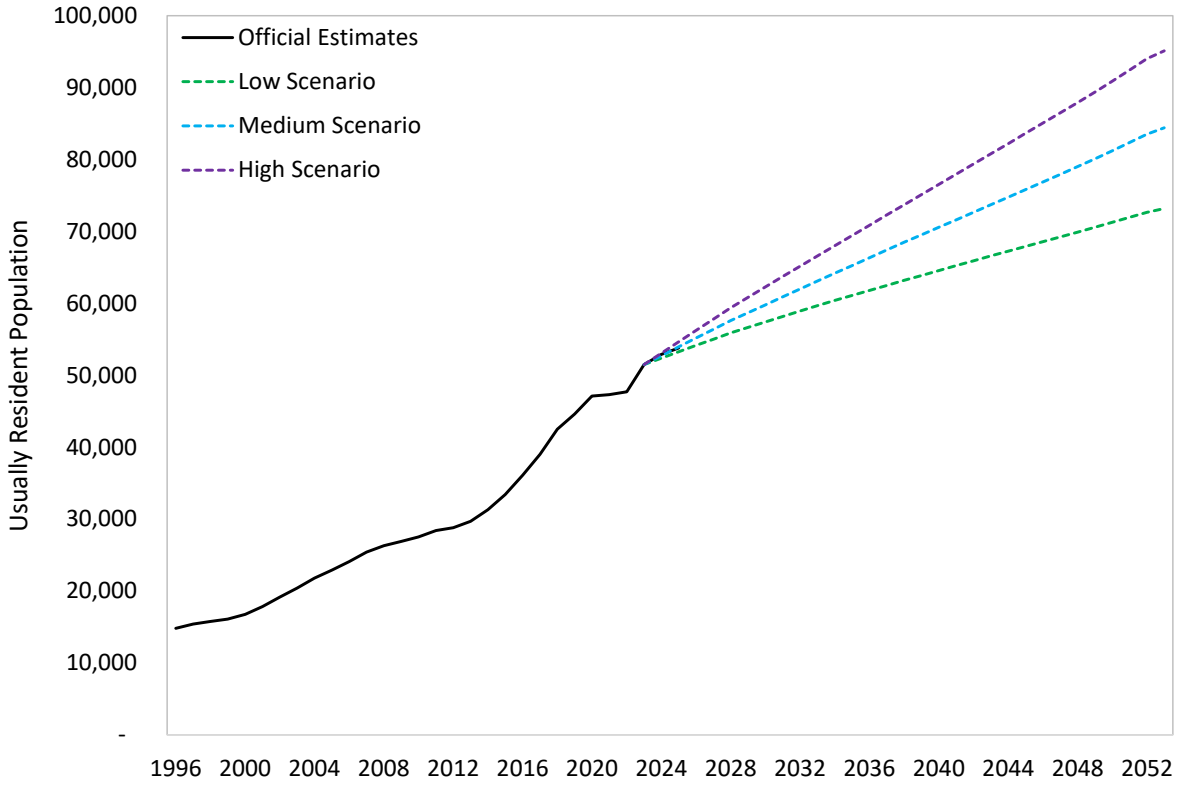
4. Housing Market Context

This section provides context on the local housing market to inform the remainder of the assessment.

4.1. District Population Growth

Queenstown-Lakes has grown strongly over the last two decades, increasing from just under 17,000 residents in 2000 to nearly 54,000 by June 2025. Growth briefly plateaued during the Covid-19 period, but has since resumed strongly. The latest Stats NZ population estimates are now tracking in line with the official medium growth projections, as illustrated in Figure 2 below.

Figure 2: Queenstown-Lakes District Official Population Estimates to 30 June 2025 vs Official Projections



4.2. Arrowtown Housing Market Indicators

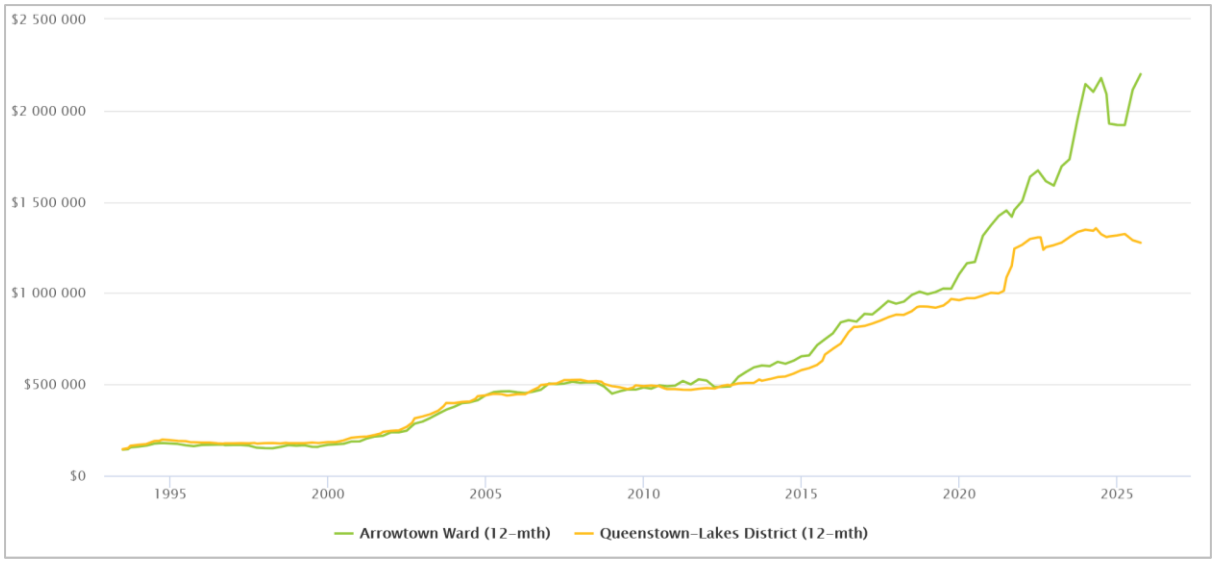
We used the Ministry for the Environment's NPS-UD Monitoring Dashboard[13] to compare dwelling sale price trends in Arrowtown and Queenstown-Lakes District. The data reflects the nominal median sale price of residential dwellings using a 12-month rolling average, based on LINZ sales data.

Median sale prices in Arrowtown tracked closely with the district average until late 2019, after which they decoupled sharply, peaking at around $2.2 million in June 2024 compared to around $1.3 million district-wide. Trade Me's March 2026 Property Pulse Report identified Arrowtown as New Zealand's

[13] Ministry for the Environment, NPS-UD Monitoring Dashboard, available at https://www.mfe.govt.nz/urban/national-policy-statement-urban-development/nps-ud-monitoring.

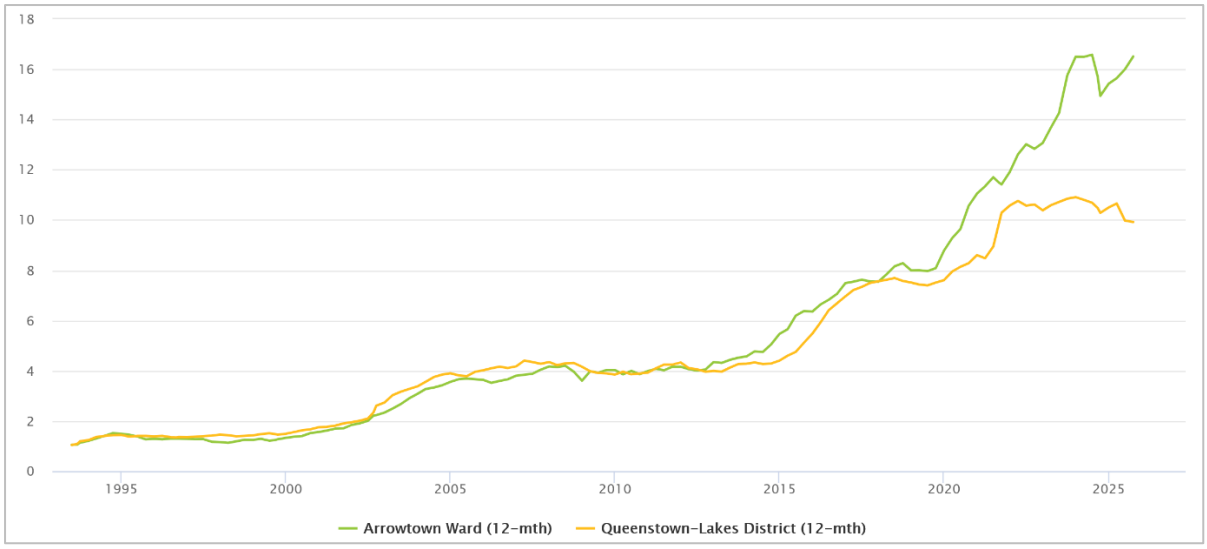
most expensive suburb, with an average asking price for January-March 2026 of more than $3 million (followed by Parnell at $2.6 million).[14]

Figure 3: 12-month rolling average nominal dwelling sale prices – Arrowtown vs Queenstown-Lakes District[15]



The Fisher Index, which adjusts for sales volumes and locational effects to provide a more stable view of relative price movements, reinforces this pattern. From 2020 onward, the Arrowtown index rose more steeply than the district average, peaking above 16.4 compared to 11.2 for the district.

Figure 4: 12-month rolling dwelling sales prices (Fisher Index) – Arrowtown vs Queenstown-Lakes District[16]



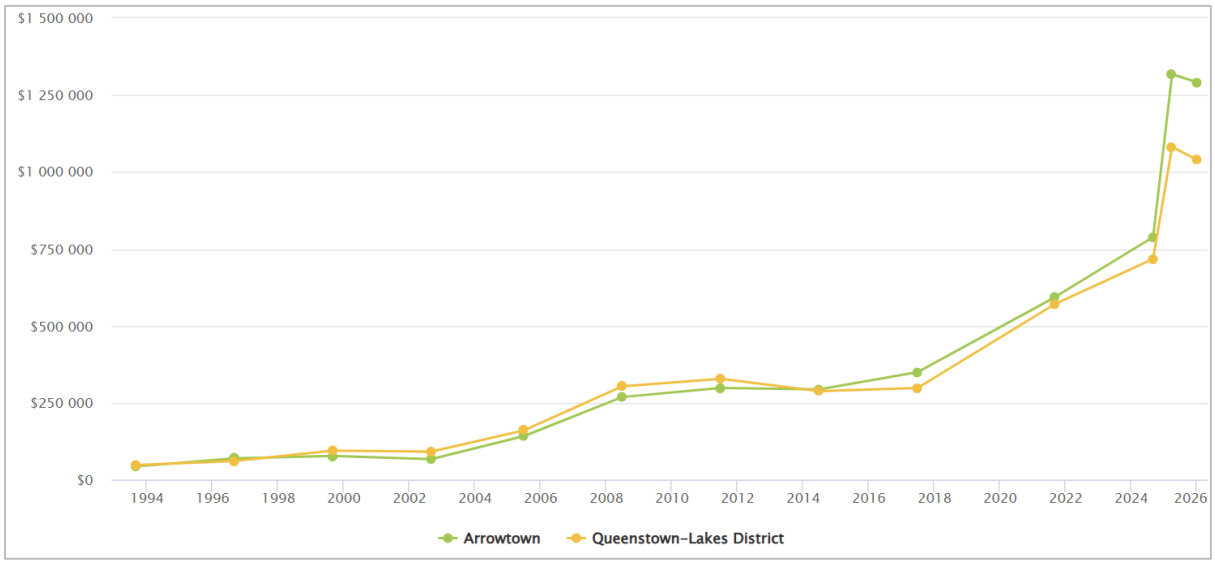
Together, these indicators suggest that Arrowtown has experienced faster price appreciation relative to the rest of the district. This divergence may indicate heightened demand pressure and constrained

[14] Trade Me "The 20 most expensive suburbs of 2026" (March 2026).
[15] Data for June 1993 to September 2025.
[16] Data for June 1993 to September 2025.

supply in Arrowtown relative to the broader district. This aligns with the supply constraints discussed in the previous section of this report and helps establish a case for additional housing provision.

Like dwelling prices, land values in Arrowtown have also outpaced district growth. The average land value of dwellings in Arrowtown rose sharply in the four years to December 2025, increasing by approximately 121%, from $596,000 (August 2021) to $1.32 million (December 2025). Over the same period, the district average rose by around 89%.

Figure 5: Arrowtown vs Queenstown-Lakes District Average Dwelling Land Value (12-month rolling average)[17]

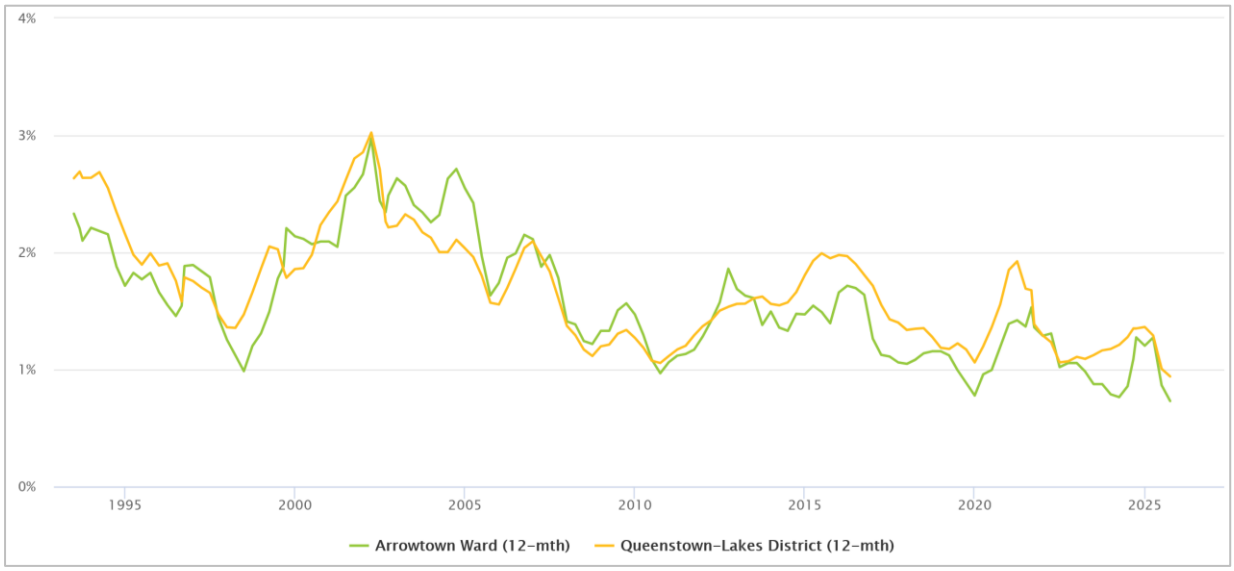


This steep increase in land value, particularly over such a short time frame, further signals a tightening of the local land market.

Finally, the level of sales activity in the local housing market is now lower than at any other time in the past 30 years, which may indicate a lack of suitably priced homes available for purchase. This is illustrated in Figure 6 below, which charts the volume of residential properties bought and sold relative to the total estimated residential stock.

[17] Data for August 1993 to March 2026.

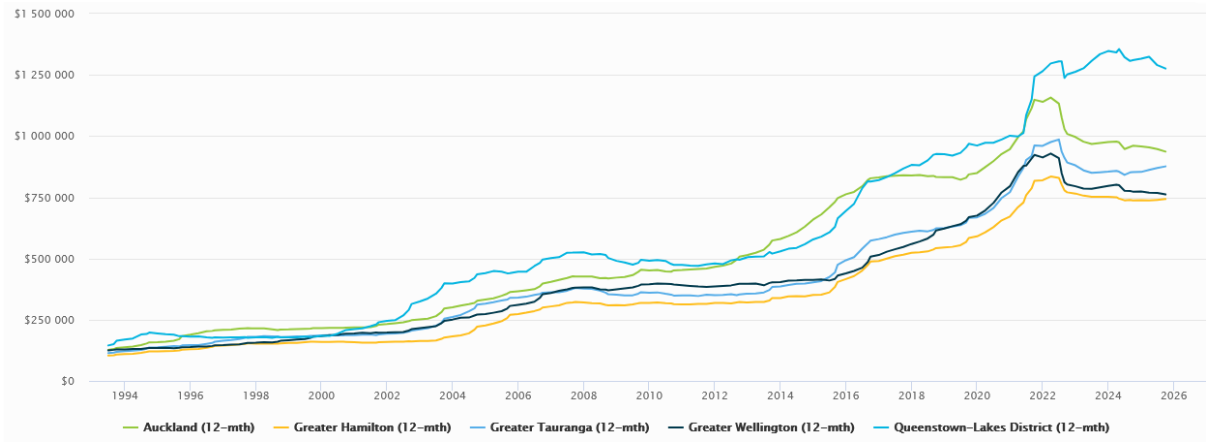
Figure 6: Dwelling Sales Volume as a Proportion of Total Residential Stock[18]



4.3. District Housing Market Indicators

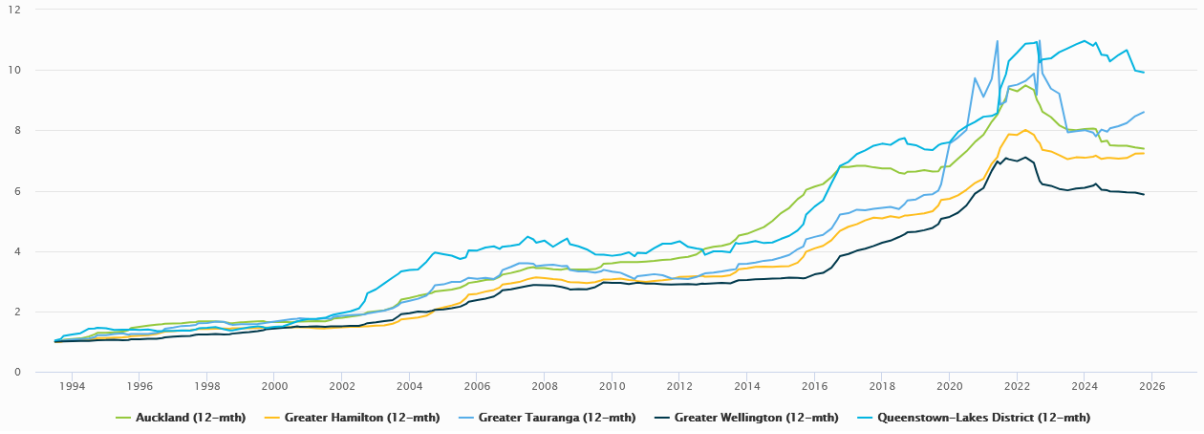
While the previous discussion indicated that Arrowtown's housing market faces higher demand pressure relative to the Queenstown-Lakes District, the district appears to be similarly be outperforming major New Zealand centres in price growth, as demonstrated in Figure 7 and Figure 9. This underscores the severity of the unmet housing demand in Arrowtown.

Figure 7: 12-month rolling average nominal dwelling sale prices – Major NZ centres



[18] Data for June 1993 to September 2026.

Figure 8: 12-month rolling dwelling sales prices (Fisher Index) – Major NZ centres



4.4. Existing Dwelling Stock

To gain a better understanding the study area's existing dwellings, we used Cotality's Property Guru tool to profile all existing dwellings within the Arrowtown urban area (see Table 2 in **Appendix A**). The average dwelling within the study area is a three-bedroom house with a gross floor area of 175 m², situated on a 750 m² section. This reflects relatively low-density development, with a floor area ratio of 0.3.

The study area's dwelling stock is relatively mature. Nearly two-thirds of dwellings were built before 2000, with the largest development wave occurring between 2000 and 2009, when nearly a quarter of the current dwelling stock was constructed. Construction activity has declined since, with fewer than 15% of homes built after 2010.

Property values are high by national and district standards, with an average capital value of $2.09 million and land value of $1.29 million. By comparison, the district-wide average house price was valued at $1.75 million as at December 2025,[19] according to Cotality's latest Housing Affordability Report. Land values in the study area account for more than 60% of capital value on average, reflecting the premium placed on land in the area. This is consistent with the high land values presented in Figure 5 above.

[19] This figure differs from that shown in the NPS-UD Monitoring Dashboard, which reports the *nominal median sale price* of residential dwellings, calculated as a 12-month rolling average of actual sales in each quarter. In contrast, the Cotality Housing Affordability Report reports *average property values* based on rating valuations, not recent sales. In addition, the NPS-UD notes that results for the most recent quarters should be considered provisional, as administrative lags can occur between sales and data collection.

5. Assessment of Housing Capacity

To test for residual capacity that could realistically contribute to meeting future demand, we undertook a detailed parcel-level analysis of Arrowtown's residential zones, examining the extent of genuinely vacant parcels.

5.1. Assessment of Vacant Potential Capacity

To understand the extent of remaining undeveloped land within Arrowtown's residential zones, we undertook a high-level spatial analysis combining LINZ parcel and building outline data with QLDC's Operative and Proposed District Plan zoning layers. Parcels were considered vacant where no building outlines were present. These results were then cross-checked using Cotality's Property Guru tool to remove any sites that had recently been developed.

This assessment was further refined through a ground-truthing exercise undertaken by the applicant. Vacant lots identified on aerial imagery were cross-referenced with QLDC's eDocs system, with any sites showing building consent history indicating construction of a residential dwelling within the past two years excluded from the vacant land supply.

Figure 9 illustrates the location of identified vacant residential parcels within the Arrowtown urban area. While there are some undeveloped sites remaining, they are limited in number and area, particularly within the more centrally located zones.

Figure 9: Location of Identified Vacant Parcels within Arrowtown Urban Area

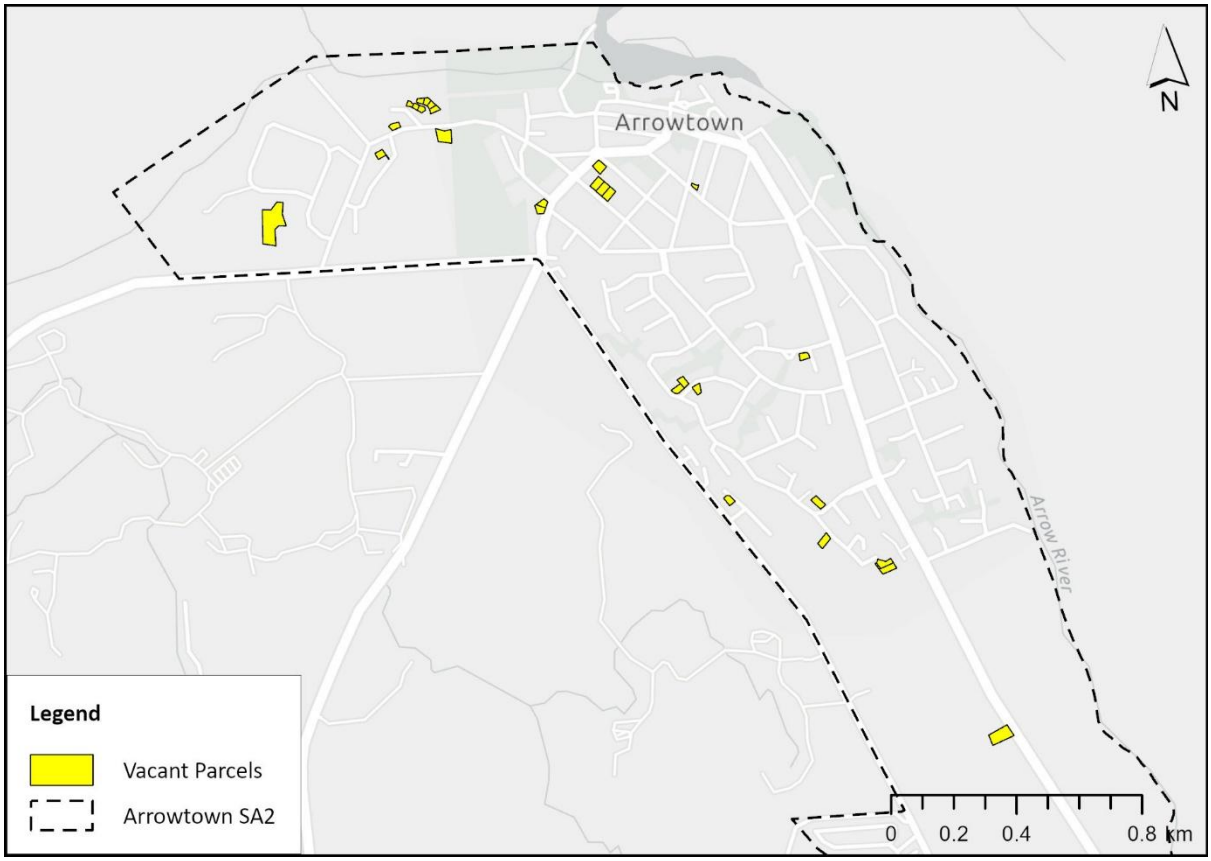


Table 1 summarises the number and size of these parcels by zone type. In total, 28 vacant parcels were identified, with a combined area of 2.8 hectares.[20] Much of this vacant capacity resides in the Suburban Residential Zone, which accounts for 44% of the total vacant land area.

Table 1: Summary of Identified Vacant Parcels within Arrowtown Urban Area by Zone

District Plan Residential Zones	Count of Parcels	Share of Parcels	Parcel Area (ha)	Share of Area
Suburban Residential	18	64%	1.2	44%
Meadow Park Zone (ODP Zoning)	2	7%	0.7	26%
Arrowtown Residential Historic Management	6	21%	0.5	18%
Special Zone: Arrowtown South	2	7%	0.3	12%
Total	**28**	**100%**	**2.8**	**100%**

In addition, our estimate of vacant capacity excludes 68 lots associated with the Tewa Banks affordable housing development, located on the southeastern edge of the Suburban Residential Zone. While these appear vacant in both LINZ and Property Guru data, development is underway. The lots are retained in perpetuity by the Queenstown Lakes Community Housing Trust (**QLCHT**) and will not be available for sale on the open market. According to QLCHT, Stages 1 and 2, totalling 33 homes, are complete and occupied, and Stages 3 and 4 are under construction, with the entire development scheduled for completion by early 2027.

5.2. Assessment of Redevelopment Potential

Redevelopment can, in principle, provide additional capacity where existing residential lots are subdivided or intensified. To test whether this is a realistic supply channel for Arrowtown, we analysed past redevelopment patterns.

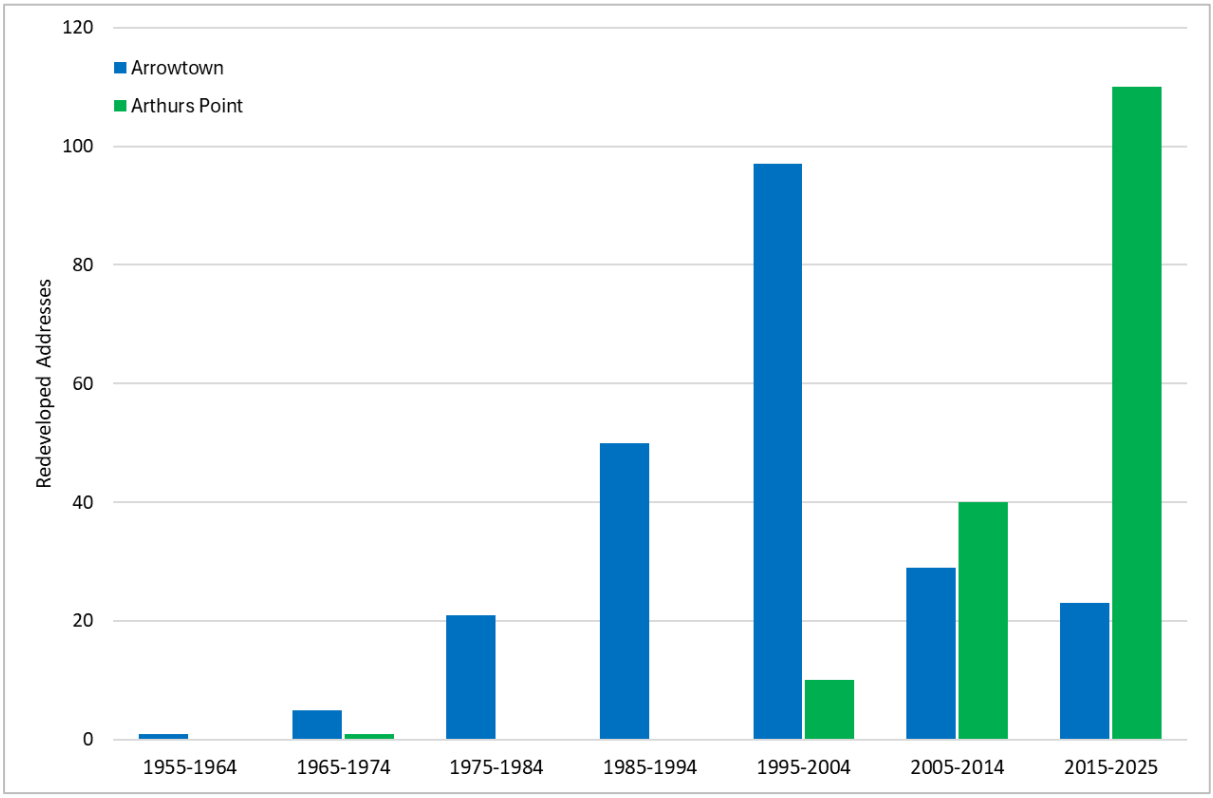
Historic Development Trends

To assess development trends, we used "child addresses" (e.g., 10B Kent Street or 2/23 Devon Street) as a proxy for redevelopment activity, since these typically occur when original parcels are subdivided to create additional dwellings. Across Arrowtown, approximately 13% of the current dwelling stock can be categorised as redeveloped in this way. By contrast, the comparable figure for nearby Arthurs Point is more than 30%, indicating that Arrowtown has historically seen far less redevelopment activity.

The timing of redevelopment is also instructive. In Arrowtown, two-thirds of these redevelopments occurred between 1985 and 2004, with activity peaking around 2000 before declining steadily. In recent years, redevelopment has delivered relatively fewer new homes. Arthurs Point, by contrast, has seen redevelopment activity accelerate since the mid-1990s and continue at pace through the 2010s and 2020s. Figure 10 below provides the detail.

[20] This excludes 21.5 ha of land that appears vacant within the Meadow Park Zone, but cannot be used for residential purposes under Rule 12.17.5.2 of the ODP. The remaining Meadow Park vacant parcel area shown in Table 1 is also subject to precinct-specific controls and structure plan requirements, including open space areas, prerequisite consent requirements, and overall dwelling caps, which may limit the extent to which identified parcels can practically contribute to residential capacity. To the extent that some of this land is not available for residential development, the table overstates vacant capacity and is conservative for the purposes of this assessment.

Figure 10: Redevelopment Activity by Decade – Arrowtown vs. Arthurs Point



These patterns suggest that Arrowtown's pool of readily redevelopable sites was largely exhausted 20-30 years ago. Unlike Arthurs Point, which shows an increasing pipeline of infill opportunities, Arrowtown likely no longer has a significant stock of feasibly subdividable parcels.

Conclusion

Neither vacant parcels nor redevelopment can deliver the quantum of additional dwellings needed to meet Arrowtown's future housing requirements. While some undeveloped parcels remain, they are limited in scale and scattered across the township.

This limit persists even against the modest demand outlook in the HBCA projections. In our view, underlying demand is likely suppressed by supply-side constraints and therefore stronger than official forecasts suggest. Yet even under conservative assumptions, Arrowtown faces a persistent shortfall in feasible, serviced capacity.

6. Implications for the Plan Change

This section assesses the likely impacts of the proposal on the local housing market in light of the HBCA.

6.1. Contribution to Effective Housing Supply

The proposed rezoning would enable approximately 44 residential lots. This is broadly comparable to the medium-term housing shortfall identified for Arrowtown in the HBCA (approximately 90 dwellings), and would therefore make a material contribution toward addressing identified unmet demand. Furthermore, when considering the likelihood that effective capacity is lower than modelled and demand is higher than projected, the relative contribution of the proposal becomes more significant.

As outlined in Sections 4 and 5, Arrowtown currently has very limited vacant land available for development; and has potentially exhausted its readily redevelopable sites.

This means that, in practical terms, there is little to no capacity that is both feasible and deliverable in the short to medium term. The proposed rezoning would therefore introduce new, deliverable capacity, rather than relying on uncertain redevelopment or fragmented infill opportunities.

6.2. Suitability to Address Identified Need

Arrowtown is a distinct housing market within the district, characterised by:

- high land and dwelling values;
- low levels of turnover; and
- strong evidence of constrained supply.

Housing supply in other parts of the district is not a perfect substitute for housing in Arrowtown, given differences in location, amenity, and housing preferences. As a result, capacity identified elsewhere in the HBCA does not fully address demand within Arrowtown itself.

The proposed rezoning is contiguous with the existing urban area and consistent with the established low-density residential character of the township. It would therefore provide housing that aligns with the prevailing form and market expectations of the area.

Furthermore, the proposal is contiguous with the existing urban environment, and forms the second part of a broader development, with the first part already developed. It is also located in a high-amenity area adjacent to the Arrowtown Golf Course.

To the extent that future transport capacity issues relate to the Shotover Bridge, the LTP indicates that replacement of the bridge is scheduled around 2031. Assuming that project proceeds broadly on schedule, the bridge is likely to have been replaced by the time the development is complete and

occupied, or any interim contribution to congestion would be limited to a relatively short period. Any broader transport network effects may also be partly moderated by self-selection effects, as the proposal is likely to appeal to households with relatively flexible commuting and travel patterns.

6.3. Timing and Delivery

A key issue identified in the HBCA is the gap between theoretical capacity and capacity that is likely to be delivered within relevant planning horizons. The proposed development provides an opportunity to bring forward housing supply in the short to medium term, when it is most needed.

This is particularly important given that:

- the HBCA identifies a district-wide shortfall in the short term; and
- Arrowtown has no identified infrastructure-ready or feasible capacity in the short term.

By enabling development on a single, coordinated site, the proposal reduces reliance on fragmented redevelopment and improves the likelihood that additional housing will be delivered in a timely manner.

6.4. Overall Impact

Overall, the proposed rezoning would:

- make a material contribution toward addressing identified housing shortfalls in Arrowtown, delivering approximately 44 lots – equivalent to around half of the medium-term shortfall identified in the HBCA;
- provide a well-located source of feasible and deliverable housing supply where little currently exists; and
- improve the functioning of the local housing market by alleviating supply constraints in a market where median sale prices have decoupled sharply from the rest of the district and where transaction volumes sit at 30-year lows.

In the context of the limitations identified in the HBCA, the proposal represents a practical and effective means of increasing housing supply in a location where existing capacity is unlikely to be realised. As such, it is consistent with the objectives of the NPS-UD to ensure sufficient development capacity to meet expected demand and support well-functioning urban environments.

7. Appendix 1: Arrowtown Housing Stock

To gain a better understanding of the study area's existing dwellings, we used Cotality's Property Guru tool to profile all existing dwellings within the Arrowtown urban area.[21] Table 2 presents the results.

Table 2: Summary of Study Area's Existing Dwelling Stock

Summary Statistics	Total
Number of Dwellings	1,441
Avg Dwelling GFA (m^2)	175
Avg Section Size (m^2)	750
Avg No. of Bedrooms	3.2
Average Property Values	**Total**
Land Value	$1,294,500
Capital Value	$2,086,500
Decade Built	**Total**
Pre-1950	2.9%
1950 - 1959	3.3%
1960 - 1969	8.5%
1970 - 1979	14.7%
1980 - 1989	18.4%
1990 - 1999	14.6%
2000 - 2009	22.6%
2010 - 2019	9.5%
2020 - 2029	5.4%

[21] Data extracted July 2025.