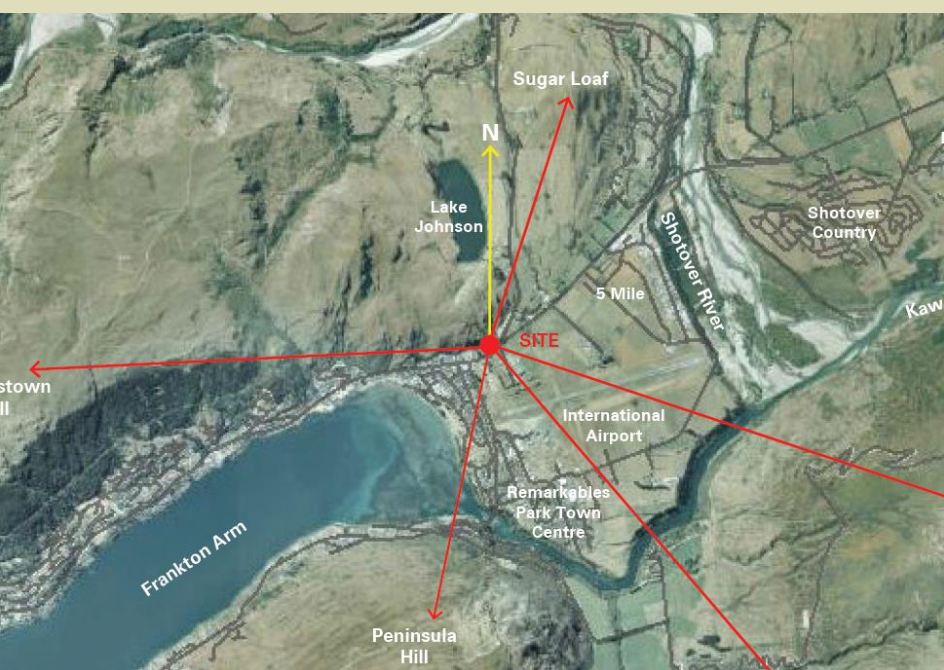


September  
2023

# Economic and social impacts of worker accommodation at 1 Hansen Road



Prepared for: No 1 Hansen Road Ltd

Prepared by: Benje Patterson  
Benje Patterson | People & Places  
[www.benjepatterson.co.nz](http://www.benjepatterson.co.nz)  
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## 2. Executive summary

This report has been prepared for the developers of 1 Hansen Road, Queenstown (No 1 Hansen Road Ltd). The analysis considers the economic and social impacts of a proposed worker accommodation complex at 1 Hansen Road that would contain 554 bedrooms (residential units) and house 710 people.

At its heart, the report helps answer the following questions:

- Who are the workers in Queenstown Lakes that might need worker accommodation?
- What is the current availability of worker accommodation in Queenstown Lakes and what proportion of anticipated future worker housing demand could 1 Hansen Road satisfy?
- How do housing shortages disrupt economic activity and how much economic activity could be unlocked from the workers who would be housed at 1 Hansen Road?
- What job opportunities are located within a close proximity to 1 Hansen Road, that are quickly accessible by active travel and public transport?

### 2.1. Key findings

- Approximately 50% of Queenstown Lakes residents currently live in rental accommodation<sup>1</sup> – which equates to around 25,060 individuals living in housing that they do not own. The typical renter is relatively young, with almost 63% of renters being aged under 35 years of age.
- There are currently acute rental shortages in Queenstown Lakes. These are well-documented in media articles, and are illustrated in bond lodgements, population growth, and rental listings.
- Almost three quarters of Queenstown Lakes businesses have said the availability of staff accommodation is more than just a minor issue for their business, with one in three businesses saying the housing situation represents the biggest barrier to achieving optimal staffing levels<sup>2</sup>.
- Worker accommodation demand is likely to be primarily among people in tourism-focussed industries, as well as in construction. These industries account for more than half of all jobs.
- Tourism-focussed industries have a high proportion of people who are new to Queenstown Lakes and so will be more likely to rent. Only 39% of people in these industries lived in Queenstown Lakes five years earlier, compared to 58% of workers in all other industries<sup>3</sup>.
- The proposed worker accommodation at 1 Hansen Road is anticipated to house 710 people, which would be sufficient to meet more than 10% of the expected increase in demand for rental accommodation (6,582 people) in Queenstown Lakes District over the next decade.
- The nature of tenancies and the living environment at Hansen Road will be orientated towards working age residents – and it is estimated that 694 of the 710 residents would be employed.
- Collectively the labour supplied by these workers living at 1 Hansen Road would generate around \$60 million of GDP annually in the Queenstown Lakes economy, which is the equivalent of 1.5% of Queenstown Lakes' current total GDP.
- Many existing job opportunities are situated close to Hansen Road, with more than 1 in 5 jobs (21.9%) in Queenstown-Lakes businesses located within two kilometres of 1 Hansen Road. This equates to 5,451 existing jobs close enough to be accessed by active travel. As a result, Hansen Road residents are likely to make less use of private vehicles during their daily routines, particularly compared to workers commuting from further afield, including those from Cromwell.

<sup>1</sup> Census 2018 showed that 50.3% of Queenstown Lakes' population lived in a dwelling that was not owned by them or held in a family trust.

<sup>2</sup> Source: Pulse check by Queenstown Business Chamber of Commerce, 30/31 January 2023, 82 respondents.

<sup>3</sup> Source: Calculations from Census 2018.

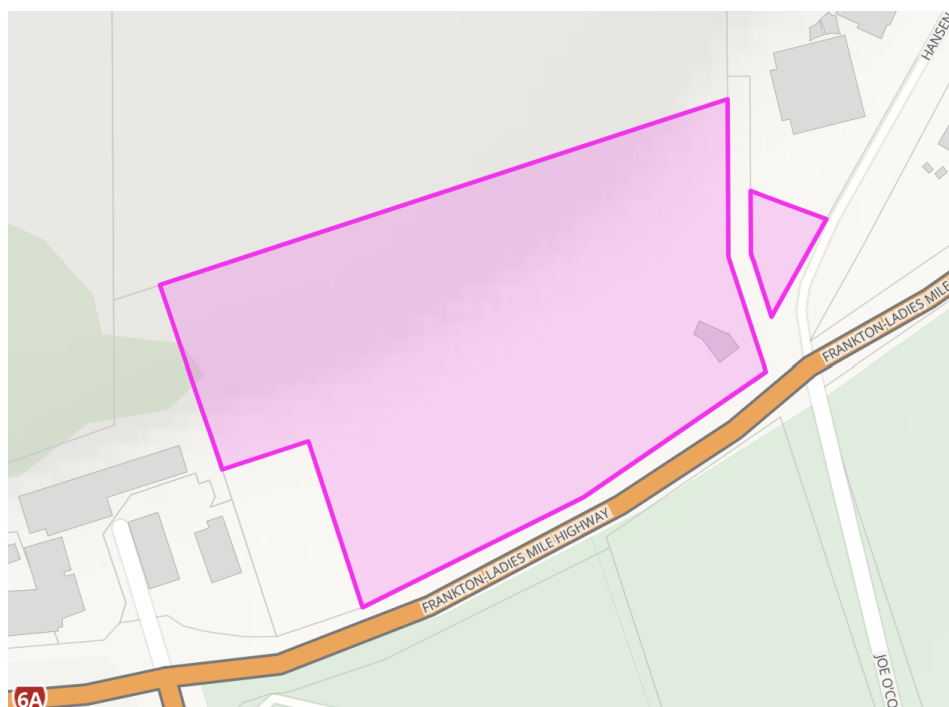
### 3. Overview of the proposed Hansen Road worker accommodation development

This section provides an overview of the proposed 1 Hansen Road worker accommodation development.

#### 3.1. Baseline description of the site

The owners of 1 Hansen Road (No 1 Hansen Road Ltd) are seeking to develop worker accommodation on the land holding. The land parcel in question is primarily bordered to its south boundary by Frankton-Ladies Mile Highway (State Highway 6) and is situated close to the State Highway 6/6A roundabout.

**Figure 1** – LINZ maps identifying 1 Hansen Road, Queenstown



#### 3.2. Proposed development

A car storage facility is currently under construction on part of the site, with the developers proposing to utilise the remaining undeveloped land for worker accommodation. The proposal as it stands is for eight accommodation blocks to be constructed – these will have a variety of different unit type configurations, ranging from hostel style private rooms with ensuites (Type A) through to one (Type B), two (Type C), and three-bedroom (Type D) apartments. The developer expects that hostel style private rooms will typically house one occupant, while there will be some co-habitation of bedrooms in the larger apartments.

**Table 1**

Overview of unit types, bedroom configurations and occupancy expectations			
<i>Mason &amp; Wales 18 September 2023 concept design + 1 Hansen Rd developer's assumptions</i>			
Unit type	Bedrooms per unit type	People per bedroom	People per unit type
A	1	1	1
B	1	1.5	2
C	2	1.5	3
D	3	1.33	4

The concept designs<sup>4</sup> used as the basis for economic impact assessments in this report showed a total of 554 bedrooms (residential units) across the four unit types. Approximately 710 residents are expected to be housed in them.

Table 2

Total numbers of proposed units and expected number of people housed <i>Mason &amp; Wales 18 September 2023 concept design + 1 Hansen Rd developer's assumptions</i>			
Unit type	Number of unit type	Number of bedrooms (residential units)	Number of people
A	232	232	232
B	116	116	174
C	88	176	264
D	10	30	40
<b>Total</b>	<b>446</b>	<b>554</b>	<b>710</b>

The developer's expectation that there will be approximately 710 residents across the 554 bedrooms equates to average occupancy of 1.28 people per bedroom. It is reasonable to anticipate that there would be slightly more than one person on average per bedroom – the assumption is the equivalent of about one in every four bedrooms being cohabitated across the development. The assumption is also consistent with empirical evidence from Census data – calculations from the 2018 Census show that the average rental property in Queenstown Lakes had 1.41 people per bedroom across all types of rentals.

Figure 2 – 1 Hansen Road, concept design (Mason &amp; Wales Architects, S12 – 18 September 2023)



<sup>4</sup> New worker accommodation, 1 Hansen Rd, Mason & Wales Architects, S12 – 18 September 2023.



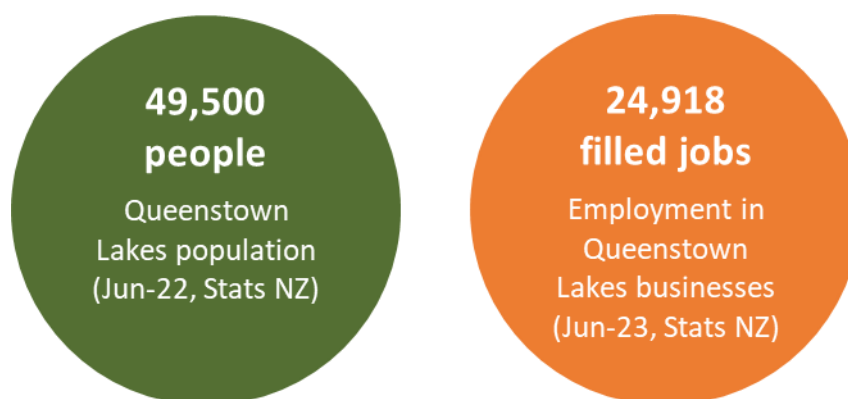
## 4. Context: Who lives, works and rents in the district?

This section provides context to the demographics and characteristics of people living and working in Queenstown Lakes who might require worker accommodation.

### 4.1. Population and workforce current overview

Population estimates from Statistics New Zealand show that Queenstown Lakes had a population of approximately 49,500 people in June 2022. Recent data from taxation records suggests that there were 24,918 filled jobs within Queenstown Lakes businesses in June 2023<sup>5</sup>.

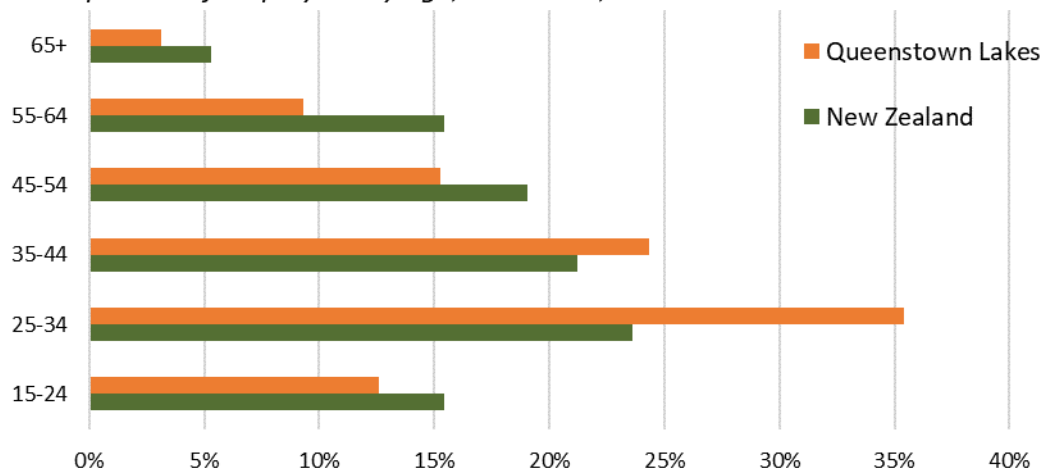
Figure 3



Queenstown-Lakes workforce is orientated towards a relatively young demographic. Almost half (48%) of Queenstown Lakes employees are aged under 35 years, compared to a 39% share nationally.

Graph 1

#### Queenstown Lakes has a relatively young workforce *Proportion of employees by age, June 2023, Statistics NZ*



<sup>5</sup> Source: Statistics New Zealand, Monthly Employment Indicators which are derived from payday tax filings of employees. This data excludes self-employment, which in March 2022 was estimated by Infometrics to account for another 6,357 people. The analysis within this report takes into consideration job opportunities for employees only as these are the target market for the worker accommodation development.

## 4.2. Many people are recent arrivals or working seasonally

Queenstown Lakes' youthful workforce is largely due to its popularity as a destination for migrants and travellers looking for seasonal work while enjoying the atmosphere and outdoor lifestyle.

Census 2018 showed that only 50% of Queenstown Lakes' population had lived within the district five years before, with 30% having arrived from overseas in the past five years, and 20% from other parts of New Zealand.

The combination of a highly mobile workforce, coupled with large differences between the types of winter and summer jobs on offer, means that there is a lot of churn in workers between the seasons.

Taxation records show that the workforce turnover rate (the proportion of jobs that need to be filled) each quarter averaged 25% in Queenstown Lakes before Covid-19, compared to 16% nationally<sup>6</sup>.

## 4.3. How many people in the local workforce are renters?

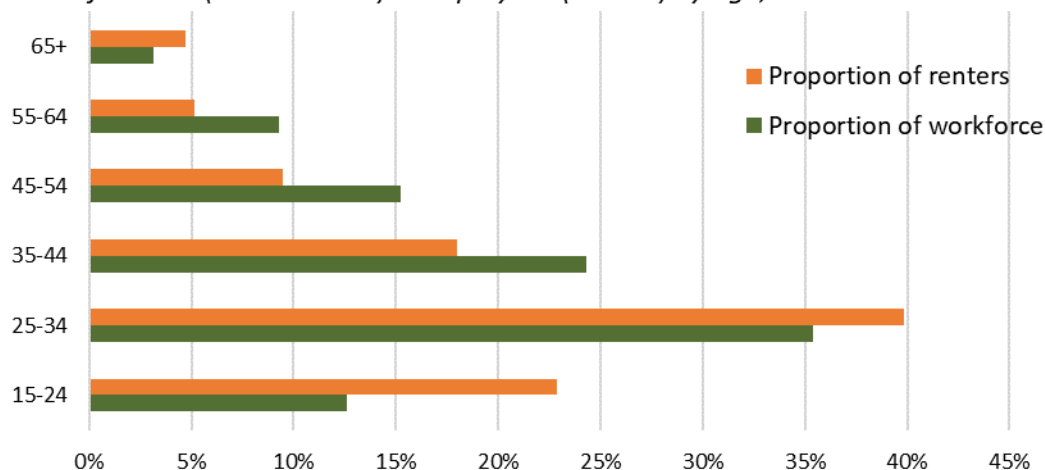
Queenstown Lakes' relatively young and transient workforce means that there is a high demand for rental accommodation in the district, with the seasonal nature of some employment meaning that worker accommodation demand pressures can be exacerbated between the seasons.

Approximately 50% of Queenstown Lakes residents currently live in rental accommodation<sup>7</sup> – which equates to around 25,060 individuals living in housing that they do not own. The typical renter is relatively young, with almost 63% of renters being aged under 35 years of age.

Graph 2

### Queenstown Lakes renters are often younger workers

% of renters (Census 2018) + employees (Jun-23) by age, Stats NZ



<sup>6</sup> Queenstown-Lakes labour market snapshot – April 2022, Benje Patterson.

<sup>7</sup> Census 2018 showed that 50.3% of Queenstown Lakes' population lived in a dwelling that was not owned by them or held in a family trust.



## 5. Hansen Road's role in addressing worker accommodation needs

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This section considers the current situation of renters in Queenstown Lakes and how the Hansen Road worker accommodation development could help address future worker accommodation needs.

### 5.1. Evidence of current shortages in rental accommodation

Shortages of rental accommodation in Queenstown-Lakes are a longstanding issue, but the recent flurry of media articles suggests the situation has deteriorated further over the past year.

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A google news search highlighted 251 articles mentioning key words related to "Queenstown housing shortages" over the 12 months to 11 August 2023.

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These media reports have identified case studies of workers struggling to find rentals, alongside comments from business owners singling out acuter-than-usual rental shortages as hampering their recruitment efforts.

There is other evidence related to a current lack of rental accommodation including:

- Rental bonds data from the Ministry of Business, Innovation and Employment (MBIE) shows that the number of rental houses rose by just nine over the 12 months to May 2023 (from 4,125 to 4,134).
- Nine additional tenanted rentals is insufficient to keep up with population growth, with health records published by Infometrics indicating there were at least 2,248 new residents in Queenstown-Lakes registered with a primary health provider over the March 2023 year.
- Trademe had just eight rental listings across Queenstown Lakes listed on its platform as at 11 August 2023.

### 5.2. Contributors to rental accommodation shortages

The root cause of shortages of rental housing for workers is challenging to unpack, but it appears to be largely related to how houses are used rather than an underlying lack of houses being constructed.

Over a recent three-year period there were 2,157 houses built over and above what population growth required<sup>8</sup>.

Unfortunately, the end use of these additional new homes is unknown. It is likely that many houses are unoccupied and have been constructed as holiday dwellings or homes to retire to in future, but there is no recent data on unoccupied dwellings. The most recent data on unoccupied dwellings was the 2018 Census, which at the time showed that 27% of Queenstown-Lakes' houses were unoccupied.

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Unoccupied dwellings seem to be a key unexplained piece of the rental shortage puzzle.

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Short-stay visitor accommodation can also contribute to rental housing shortages, but even then it would be unfair to solely point the blame at these platforms. Analysis to December 2022 showed that short-stay

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<sup>8</sup> Queenstown-Lakes labour market snapshot to December 2022, Benje Patterson.

visitor accommodation listings had risen by over 400 over a 12 month period but remained just over 500 below their pre-pandemic level from three years earlier<sup>9</sup>.

There has also been a reduction of alternate forms of worker accommodation that do not get captured in traditional housing datasets. Before Covid-19 it was very common for seasonal workers to stay in backpackers for extended periods. Unfortunately there was a large hollowing out of backpacker accommodation capacity over recent years and what is left can be prohibitively expensive.

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MBIE's Accommodation Data Programme to June 2023 shows that there are 809 fewer beds available in backpackers than there were two years ago, which has reduced the availability of an alternate form of accommodation for seasonal workers.

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The Mountain Scene recently reported<sup>10</sup> that a single bed in a dorm room in a backpackers currently costs as much as \$600 per week which is prohibitively expensive for many workers.

### 5.3. Housing vulnerability can undermine social wellbeing

Housing vulnerability is a key factor that can undermine social wellbeing of residents.

The 2022 Queenstown Lakes District Council Quality of Life Survey reported that:

- 16% of residents have a steady place to live but are worried about losing it in the future.
- 20% of people needed to move in the past 12 months. Of these people who moved, more than one third of moves were necessitated by leases expiring or access to the home being revoked because of a sale or change in housing use.

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The Quality of Life Survey also found a statistically significant link between people with low life satisfaction in Queenstown Lakes and people more likely to not have a steady place to live or who have accessed emergency housing.

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### 5.4. Hansen Road development can play a key role in helping meet future rental demand

Demand for rental accommodation for Queenstown Lakes workers is expected to grow strongly over the next decade and developments of the scale of 1 Hansen Road can play a significant role in helping meet that demand.

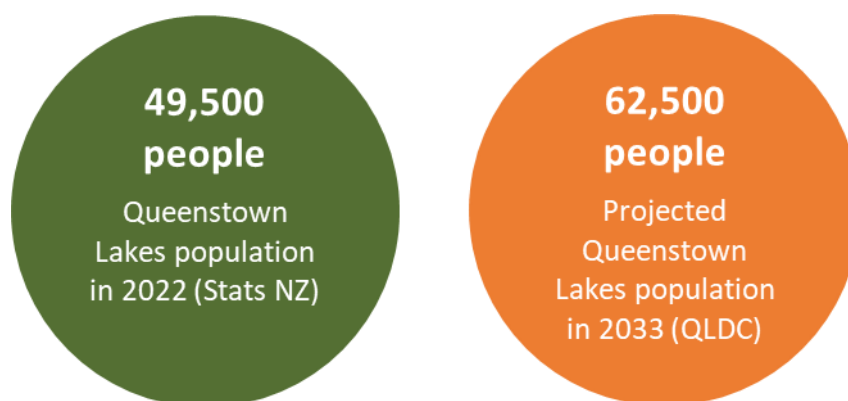
Population projections from Queenstown Lakes District Council<sup>11</sup> anticipate that there could be 62,500 people living in Queenstown Lakes by 2032, which would be an increase of 13,000 people from Statistics New Zealand's estimate of 49,500 people in June 2022.

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<sup>9</sup> Queenstown-Lakes labour market snapshot to December 2022, Benje Patterson.

<sup>10</sup> Mountain Scene, Hostel hikes push workers out (18 July 2023).

<sup>11</sup> QLDC Demand Projections, March 2022.

**Figure 4** – Current and projected population, Stats NZ and QLDC

With close to 50% of Queenstown Lakes residents living in a home they do not own, the 13,000 person population increase over the next decade is likely to mean approximately 6,582 extra people will be needing to find beds in rented accommodation by 2032.

**Table 3**

Projections of population growth and demand for rental accommodation			
<i>Author estimates and data from Statistics NZ (population estimates + Census) + QLDC projections</i>			
	2022	2032	Change
Queenstown Lakes population	49,500	62,500	13,000
Estimated number of people who rent	25,060	31,642	6,582

The proposed worker accommodation at 1 Hansen Road is anticipated to house 710 people, meaning that the development could house more than 10% of the expected increase in demand for rental accommodation (6,582 people) in Queenstown Lakes District over the next decade.



## 6. Potential economic impacts of the Hansen Road worker accommodation development

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This section considers the potential economic activity that could be supported by labour supplied by residents living at 1 Hansen Road.

### 6.1. Worker accommodation is needed for businesses to thrive

A lack of available worker accommodation can limit businesses' abilities to operate optimally and to maximise their contributions to the local economy. As such, the provision of worker accommodation, through developments such as 1 Hansen Road, could be an important enabler of economic activity for Queenstown Lakes.

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Almost three quarters of Queenstown Lakes businesses have said the availability of staff accommodation is more than just a minor issue for their business, with one in three Queenstown businesses saying the housing situation represents the biggest barrier to achieving optimal staffing levels<sup>12</sup>.

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Demand for worker accommodation is likely to be particularly concentrated on people employed within tourism-focussed industries, such as accommodation and food services, retail and wholesale trade, recreational services, administrative and support services, as well as in the construction sector. Collectively these industries account for about 59% of all jobs in Queenstown Lakes<sup>13</sup>.

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Tourism-focussed industries have the highest proportion of people who are new to Queenstown Lakes, including from overseas, and so will be more likely to rent. Only 39% of people working in these industries had lived in Queenstown Lakes five years earlier, compared to 58% of people working in all other industries<sup>14</sup>.

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Tourism-focussed industries are highly seasonal, with both large fluctuations in employment numbers between winter peaks and troughs, and the nature of many job opportunities changing between the different visitor activities demanded across the seasons (eg. skiing in winter and biking/hiking in summer).

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Taxation records show that workforce turnover rate (a proxy for seasonality) across accommodation and food services, retail and wholesale trade, recreational services, and administrative and support services averages about 30% each quarter, compared to 19% across all other industries<sup>15</sup>.

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<sup>12</sup> Source: Survey pulse check by Queenstown Business Chamber of Commerce, 30/31 January 2023, 82 respondents.

<sup>13</sup> Calculated from Statistics New Zealand Monthly Employment Indicators, June 2023.

<sup>14</sup> Source: Calculations from Census 2018.

<sup>15</sup> Source: Statistics New Zealand, LEED September 2019 year.

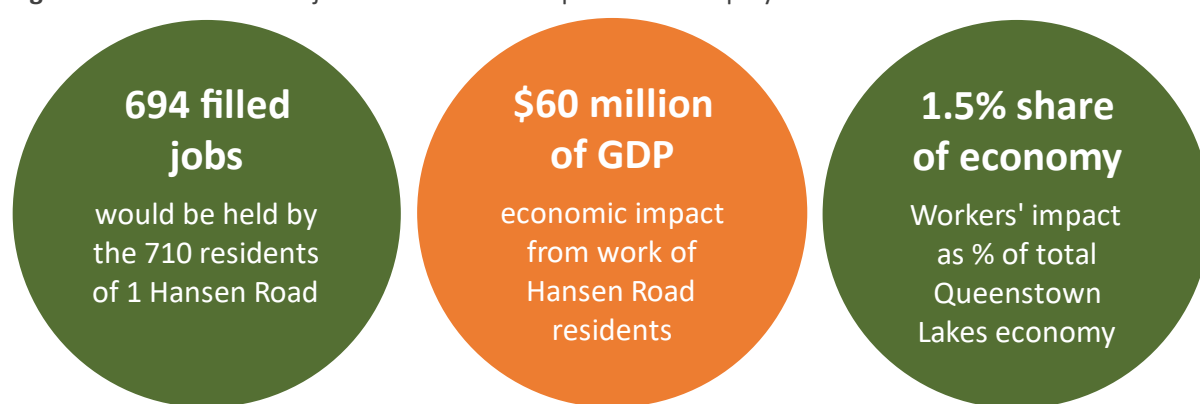
## 6.2. Economic activity supported by 1 Hansen Road residents

A significant amount of economic activity could be supported by the labour supplied by residents of 1 Hansen Road. The nature of tenancies and the living environment at Hansen Road will be orientated towards working age residents – and it is estimated that 694 of the 710 residents would be employed.

Collectively the labour supplied by these workers living at 1 Hansen Road would help generate \$60 million of GDP annually in the Queenstown Lakes economy.

To put things in perspective, the Queenstown Lakes economy was estimated to generate a total of \$3,910 million of GDP in the June 2023 year<sup>16</sup>, meaning that workers living at 1 Hansen Road could help generate the equivalent of 1.5% of all of Queenstown Lakes' current economic output.

**Figure 5** – Estimated filled jobs and economic impacts from employment of 1 Hansen Road residents



The economic impact calculations above rest on the following assumptions:

- 97.7% (694) of 1 Hansen Road (710) residents find employment – this is based on a recent estimate that only 2.3% of Queenstown Lakes residents wanting to work were unemployed<sup>17</sup>.
- Hansen Road residents predominantly find work in tourism-focussed industries (accommodation and food services, retail and wholesale trade, recreational services, and administrative and support services) as well as in the construction sector. These industries are estimated to have average productivity of \$86,766 of GDP per job<sup>18</sup>.

The idea that Queenstown Lakes businesses in future could demand enough extra workers to provide 694 filled jobs for 1 Hansen Road residents is reasonable considering long-term employment trends:

- Over the past decade, approximately 10,000 jobs were created within Queenstown Lakes businesses, at an average annual rate of about 1,000 jobs per year<sup>19</sup>.
- Even if we only consider job creation in the period since Covid-19 – employment in local businesses in June 2023 was already 3,000 jobs above what had persisted four years earlier<sup>20</sup>.

<sup>16</sup> Source: Infometrics Queenstown Lakes Quarterly Economic Monitor, June 2023.

<sup>17</sup> Source: Infometrics Queenstown Lakes Quarterly Economic Monitor, June 2023.

<sup>18</sup> Source: Calculated from Infometrics Queenstown Lakes Economic Profile 2022. Average productivity for tourism-focussed industries and construction (\$86,766 of GDP per job) gives more conservative economic impacts than if average productivity for all Queenstown Lakes industries were used (\$121,116 of GDP per job).

<sup>19</sup> Source: Statistics New Zealand LEED data showed 14,970 filled jobs in Queenstown Lakes businesses in June 2013, compared to 24,918 jobs identified in June 2023 in Monthly Employment Indicators.

<sup>20</sup> Source: Statistics New Zealand Monthly Employment Indicators showed 24,918 filled jobs in June 2023, compared to 21,932 in June 2019.



### 6.3. Site specific considerations related to 1 Hansen Road

The labour supplied by 1 Hansen Road residents could generate \$60 million of GDP annually and it is also worth noting that many jobs would be located very close to the development site. Having employment close to 1 Hansen Road means that there is a higher likelihood for residents to get to work via active travel (on foot or bike), as well as via convenient access to public transport corridors – this could reduce the hundreds of people who travel daily from places outside the district, such as Cromwell.

More than 1 in 5 jobs (21.9%) in Queenstown-Lakes businesses are situated in Frankton within approximately two kilometres of 1 Hansen Road – which equates to around 5,451 jobs close enough to be accessed by active travel.

**Table 4** – Calculations of existing employment opportunities within different parts of Queenstown Lakes

<b>Estimated employment within different parts of Queenstown Lakes District</b>		
<i>Author estimates using Stats NZ data (business demography + monthly employment), June 2023</i>		
	<b>Share of district employment</b>	<b>Estimated number of jobs</b>
Frankton	21.9%	5,451
Rest of Whakatipu Basin (Queenstown, Arrowtown, other)	46.3%	11,544
<b>Whakatipu Basin Total</b>	<b>68.2%</b>	<b>16,995</b>
<b>Queenstown Lakes Total</b>	<b>100.0%</b>	<b>24,918</b>

If you extend the workplace catchment for Hansen Road residents to cover the rest of the Whakatipu Basin and so capture Downtown Queenstown and Arrowtown, then around two thirds (68.2%) of all jobs in Queenstown Lakes businesses are situated within 20 kilometres of the site. This equates to approximately 16,995 jobs that could be accessed largely via the existing public transport network.

**Figure 6** – Considering job opportunities within close proximity to 1 Hansen Road, author calculations

