

ALL OVER DEVELOPMENT LAND SALES



Welcome to the first edition of Bayleys' Development Land Sales Newsletter in 2024, with contents designed to inform and add value for stakeholders in the sector.

A flurry of real estate activity as we closed out 2023 has provided a base level of momentum into the new year, and we are fielding enquiries from developers, actively searching for opportunities.

Globally, central banks in the United States, Europe and the United Kingdom are fuelling expectations for rate cuts for the year ahead, and at home, pessimism about the future is quietly reducing.

Between brighter interest rate expectations, easing inflation, and a more stable political outlook, the beat of an economic turning point is getting louder.

Demand-side dynamics like a migration-driven explosion of foreign entrants, falling construction activity, and forecast lending rate relief are a buoy for the residential sales market in 2024, leading well-capitalised developers to lay plans for the months ahead.

Auckland Council's recent decision to adopt its Future Development Strategy (FDS) has also offered a level of support for the development sector, with the document providing clarity around infrastructure and service investment, particularly in greenfield areas.

In an effort to provide a more practical and sustainable housing supply, the Council has reemphasised its commitment to density in brownfield growth nodes. This stance will see it undertake a consultation of policies for the inner Northwest, akin to progress in South Auckland areas like Drury.

Investing in infrastructure in a financially constrained environment remains a primary focus for the Council, which must align with the Central Government to achieve primary objectives and establish better funding

mechanisms. Following scheduled announcements regarding housing development priorities, we expect to gain further insight in the coming months.

We do know right now that the Government's stance is one in support of the National Policy Statement on Urban Development (NPS-UD), so we expect to see density in transport corridors, comprehensive future growth plans, and clarity around the funding mechanisms that enable greenfield development on Auckland's urban fringes.

For now though, the supply of appropriately zoned land available for immediate development continues to receive competitive bidding, which bodes well for activity as we get stuck into the new year.

Our team will continue to add value with insight and knowledge of this changing and complicated discipline, and we remain focused on land sales which maximise financial outcomes for our clients and customers. With buyers searching for opportunities, it is an advantageous time to consider your options.

Please feel free to contact us anytime to discuss the contents of this newsletter or your needs more specifically. Together, we look forward to leveraging new opportunities in 2024.

Your Future Urban and Development Land sales experts,

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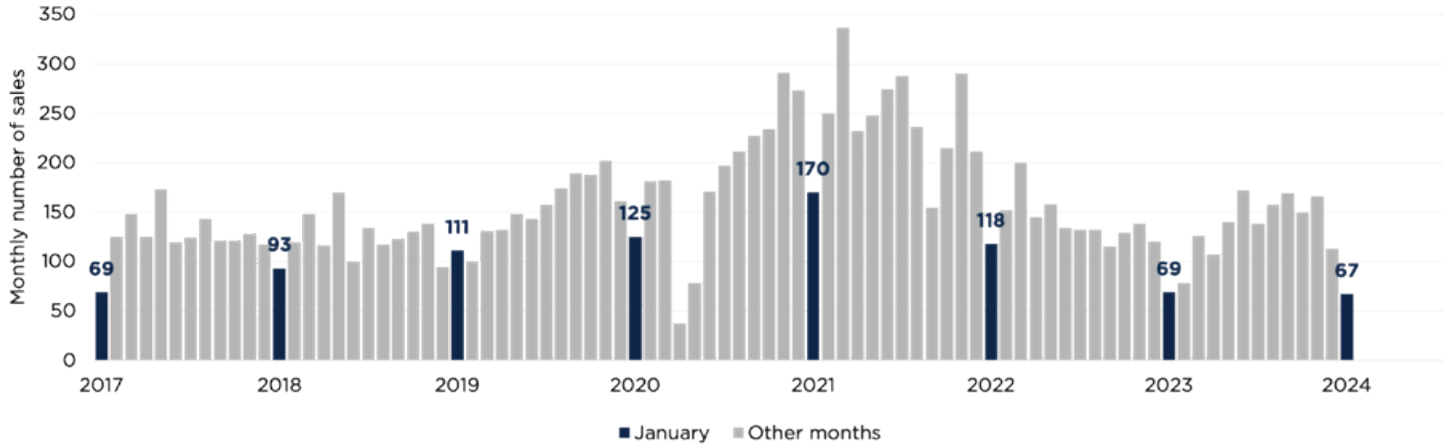
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Market insights

Residential market update: South Auckland

Monthly number of sales



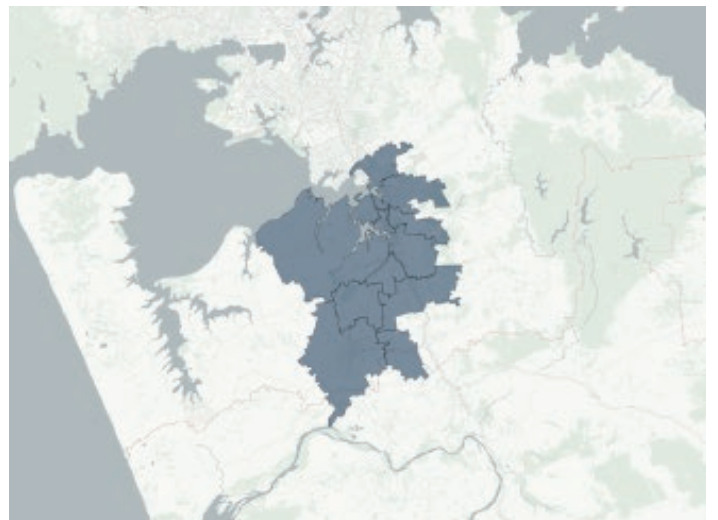
Sale price by bedroom count (Nov 23 - Jan 24)



Price trend



Catchment map



Plan Change 78 (infill housing intensification plans) update

The previous government passed legislation called the NPS-UD (National Policy Statement on Urban Development) and the MDRS (Medium Density Residential Standards). These two policies required councils across New Zealand to enable greater density in their cities and enact plan changes to change zonings to meet new housing density rules. You may be familiar with this being as a permitted activity up to three dwellings per title, three storeys high with reduced setbacks and height in relation to boundary changes.

Auckland Council's process to make the changes to zonings through a plan change, called PC78 (Plan Change 78) and its intentions are to align with the previous government policies as below:

- Enable more development in the city centre and at least six-storey buildings within walkable catchments from the edge of the City Centre, Metropolitan Centres and Rapid Transit Stops
- Enable development in and around neighbourhood, local and town centres
- Incorporate Medium Density Residential Standards that enable three-storey housing in relevant residential zones in urban Auckland
- Implement qualifying matters to reduce the height and density of development required by the Resource Management Act to the extent necessary to accommodate a feature or value that means full intensification is not appropriate

The above approach is in line with the now adopted FDS (Future Development Strategy) where the council wants to focus on infill housing rather than greenfield development due to infrastructure and funding deficiencies.

The now elected National government campaigned on scrapping the density rules and favoured greenfield development.

"National Party leader Christopher Luxon has revealed he intends to change the rules on housing density, if he forms the next government.

Greenfields development, which means converting farmland into suburbs, will be favoured.

The rules Luxon wants to scrap allowing three-storey dwellings on all residential land in the main cities.

Known as the Medium Density Residential Standards (MDRS), they are designed to prevent urban sprawl."
- NZ Herald

Though National is still supportive of density along transport corridors (NPS-UD). The government is now allowing councils to opt out of the MDRS legislation. A letter sent on behalf of Auckland Council on 1 February 2024 to Hon. Chris Bishop (Minister of Housing, Infrastructure, Resource Management Reform) and Hon. Penny Simmonds (Minister for the Environment) outlining the desire for Auckland Mayor, Wayne Brown, to opt out of MDRS in some areas of Auckland.

With the MDRS legislation no longer being mandatory, the termination of the Auckland Light Rail project and the flooding events of the 2023 Auckland Anniversary and Cyclone Gabrielle means PC78 needs a whole new rethink, therefore, the Auckland Council has formally requested an extension to publicly notify its decision for PC78 by 31 March 2026.



Fast track consenting here to stay

Fast track consenting was a tool introduced by the previous government to allow projects that will benefit New Zealand and provide economic benefits (spades in the ground). Auckland Council supported the fast track consenting process for the delivery of infrastructure. However, it recommended that housing be removed as an eligible activity. "Its retention will continue to allow large unplanned developments where the funding and financing of infrastructure is not in place nor fully met by the applicant". The government has announced its intention to introduce new, standalone fast track consenting legislation.

"The next phase is to introduce a permanent fast track consenting process for local, regional, and national significant infrastructure and developments. This was part of the Government's first 100 days in office, before the 7 March 2024. We recognise how important these developments are for New Zealand's prosperity. That is why providing certainty and a faster consenting pathway for significant projects is a priority for us." – NZ Herald

What is the Auckland Council Contributions Policy?

Contributions policy is a policy under the Local Government Act that sets out charges payable by developers to fund a share of the Council's capital expenditure on the infrastructure required to service growth. Contributions policy aims to ensure that the cost of new infrastructure is fairly shared between developers and ratepayers, based on who causes the need for and benefits from the investments. Development contributions are charges that recover an appropriate share of the investment costs from new development.

Consultation on reviewing DCs (Development Contributions)

Auckland is projected to continue to grow rapidly over the next 30 years with our population reaching 2.4 million by 2050.

Delivering infrastructure to support this growth is a key part of what the council does.

Through its 10-year budget and 30-year infrastructure strategy, the council acknowledged that its capacity to support growth with infrastructure is not unlimited, and it would need to prioritise.

The council has identified a few key locations to focus its limited resources. These are all joint priority areas with the government and include the Auckland Housing Programme (Mt Roskill, Oranga, Māngere, and Northcote), Tāmaki, the Northwest (including Red Hills, Whenuapai and Westgate), Drury, and the City Rail Link stations at Mt Eden and Karangahape.

Drury DCs have been finalised. Under the new policy in Drury, the average development contribution per home will increase from \$22,564 to \$74,142. The council will now start consultation on reviewing the DCs in the Northwest and other Investment Priority Areas (IPAs). We are expecting consultation on DC changes for the Northwest (along with other IPAs) in co-ordination with Auckland Council's Long Term Plan consultation (28 Feb 2024 - 28 March 2024). We don't have any information yet on specific details such as cost.

As soon as we learn more, we will send out expected DC increases across the region.

For further information on any of the above topics, please don't hesitate to get in touch.



Current Listings



Bombay, Auckland 314-318 Beaver Road

Property details

Land area	5.59ha
Sale method	Auction (unless sold prior)
Zoning	Rural Industrial

[bayleys.co.nz/1905016](https://www.bayleys.co.nz/1905016)



Pokeno, Auckland 30 Yashili Drive

Property details

Land area	4.80ha
Sale method	Tender (unless sold prior)
Zoning	Industrial

[bayleys.co.nz/1905018](https://www.bayleys.co.nz/1905018)



Pukekohe, Auckland 70 West Street

Property details

Land area	1,755sqm
Sale method	Auction (unless sold prior)
Zoning	Mixed Housing Suburban

[bayleys.co.nz/1905033](https://www.bayleys.co.nz/1905033)

Completed sales



Drury, Auckland 8 Jack Stevenson Road

Prime industrial development site, purchased by a large private owner occupier.

Property details

Sale price	\$27,316,000
Sale date	22nd December 2023
Land area	35,247sqm
Zoning	Heavy Industrial

Contact Tom on 021 880 733 or Wesley on 021 647 117 for more details on the current listings above or to discuss your development land requirements.

ALTOGETHER CONNECTED

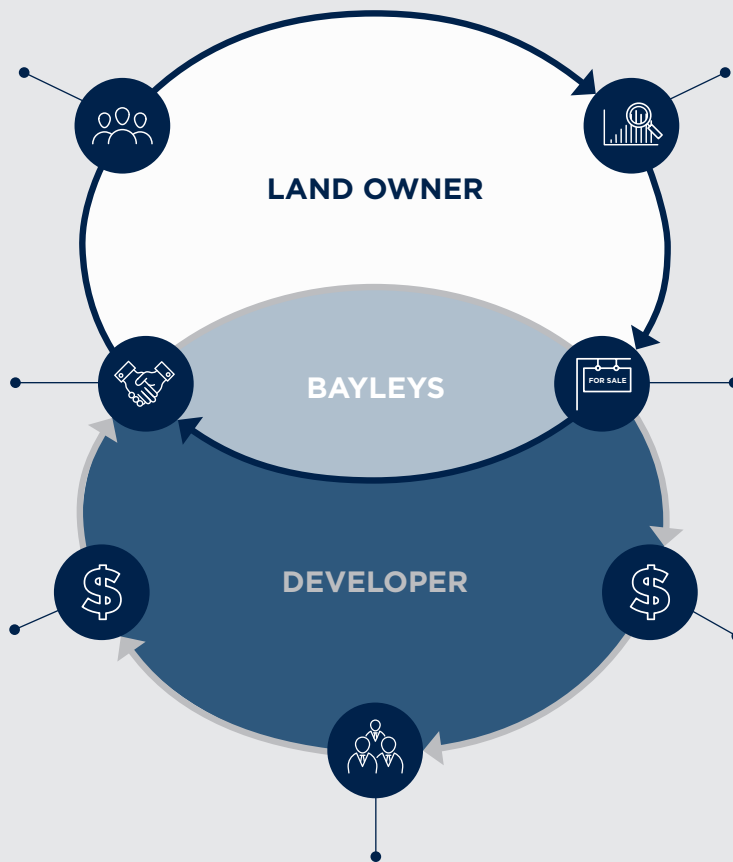
The strength of the Bayleys brand, and our passion for real estate means we're now New Zealand's largest full-service real estate company. We offer in-depth expertise not only in the Commercial sector – but across Residential, Rural and Property Services.

Understanding our clients and their requirements

With a diversified skill set founded upon strong local and national market knowledge and connections, our experienced team of experts specialise in development land sales throughout New Zealand.

Bayleys Insights, Data & Consulting

With significant market share across all the Commercial, Residential and Rural sectors, we have the ability to gather substantial volumes of transactional data and information across the whole market, to provide quality market insights.



Settlement of the land or project

with altogether better results delivered to our clients.

Deliver to market

We have ability to access and match high-net-worth individuals, developers and investors with unique properties of scale and impact.

Commercial and Residential Property Finance

Vegalend mortgage brokers have close relationships with all of the New Zealand banks as well as a range of international banks and non-bank lenders capable of assisting clients and end-users with financing at scale and competitive rates.

Development Property Finance

Maxcap Group is Australia and New Zealand's leading commercial real estate investment specialist, and has been actively providing capital to fund projects across New Zealand.

Bayleys Residential Projects

With more than 50 years of experience in product development, project marketing and sales of the end product.

Bayleys Valuation and Advisory Services

Experienced in providing valuation advice and feasibility studies for a range of corporate and private developers across the nation including Fulton Hogan, Winton, Kāinga Ora, Kirkdale Investments, The Property Group and Hamilton City Council.