

ALL OVER DEVELOPMENT LAND SALES



Welcome to the first issue of Bayleys' Development Land newsletter for 2025, your trusted update on Auckland's land and development sales sector.

I hope the new year finds you rested, refreshed and ready to pursue the opportunities the year ahead brings.

Following on from its decisive cuts to the official cash rate over the second half of last year, the Reserve Bank has just carved a further 50 basis points off the OCR in its first review of 2025. This cut, taking the OCR closer to long-term 'neutral' territory at 3.75%, was well signalled in advance. While noting uncertainties around international geopolitics, the Reserve Bank sees scope to lower the OCR further through 2025 if economic conditions evolve as projected.

Improving business and consumer sentiment have added weight to the view that domestic economic challenges may have bottomed out and improvement is in the wings.

The residential property market appears to have hit its floor and is showing signs of recovery.

Dovetailing with the improving picture around inflation, interest rates and housing market activity, we're seeing a noticeable uptick in sentiment in the land development market. Buyers are eyeing opportunities and developers are increasingly ready to consider projects, with many now running the numbers to make sure they stack up.

Some light may be on the horizon for construction costs, with labour costs in particular starting to ease. While cost pressures remain for many materials, astute developers are sharpening their focus on smart design and planning to achieve efficiencies and project feasibility.

Going forward, lower inflation is likely to bring more competitiveness to tendering for construction work, which bodes well for the affordability of future developments.

Infrastructure constraints do remain a challenge for developers in delivering land and completed buildings.

In particular, unanticipated restrictions from WaterCare will curb new connections to water services across significant tracts of the city. This is forcing developers to take a closer look at serviceability – and in some cases to re-evaluate existing plans – for brownfield developments. This, in turn, is likely to turn down the tap on new housing supply. We take a closer look at these changes in this newsletter.

In the longer term, the Government's focus on cutting red tape may boost the supply of developable land, albeit the time and cost of futureproofing infrastructure means the benefits won't be immediate.

In summary, the year ahead gives cause for optimism, but the complexity and rate of change make keeping abreast of developments more important than ever for navigating the opportunities and challenges ahead.

We pride ourselves on working closely with clients and customers to keep them informed and help them capitalise on the evolving environment. I encourage you to get in touch to discuss your needs and how to optimise your financial outcomes through 2025 and beyond.

Your Future Urban and Development Land sales experts,

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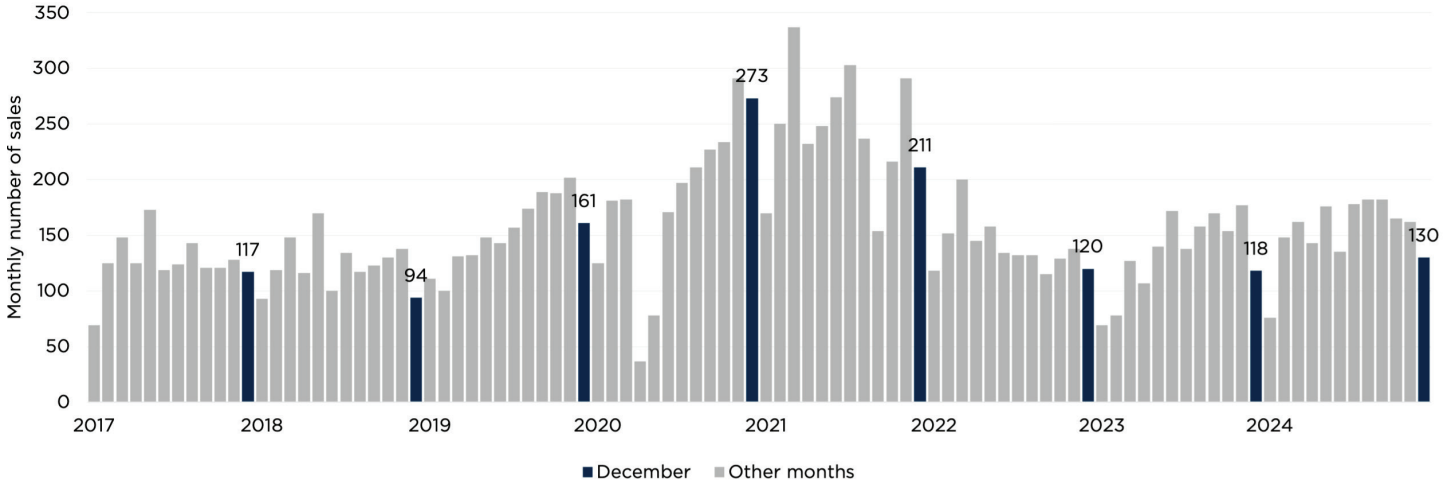
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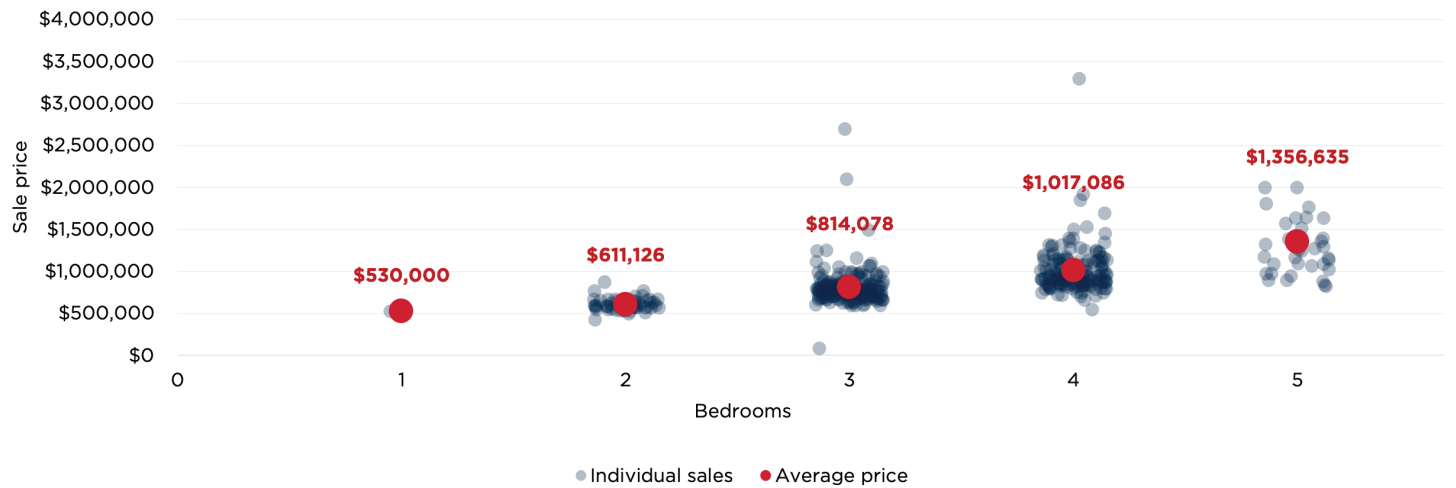
Market insights

Residential market update: South Auckland

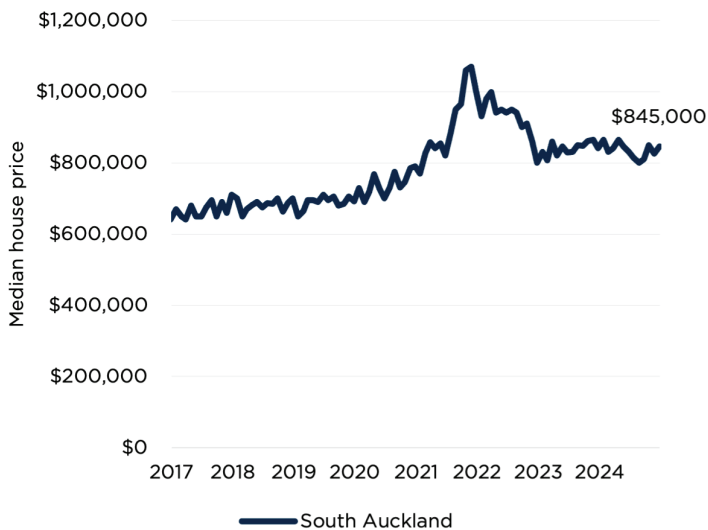
Monthly number of sales



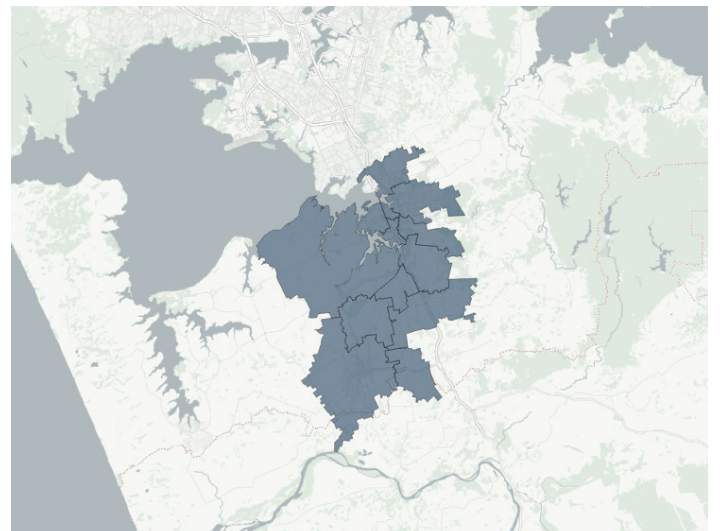
Sale price by bedroom count (past 3 months)



Price trend



Catchment map



Water infrastructure constraints

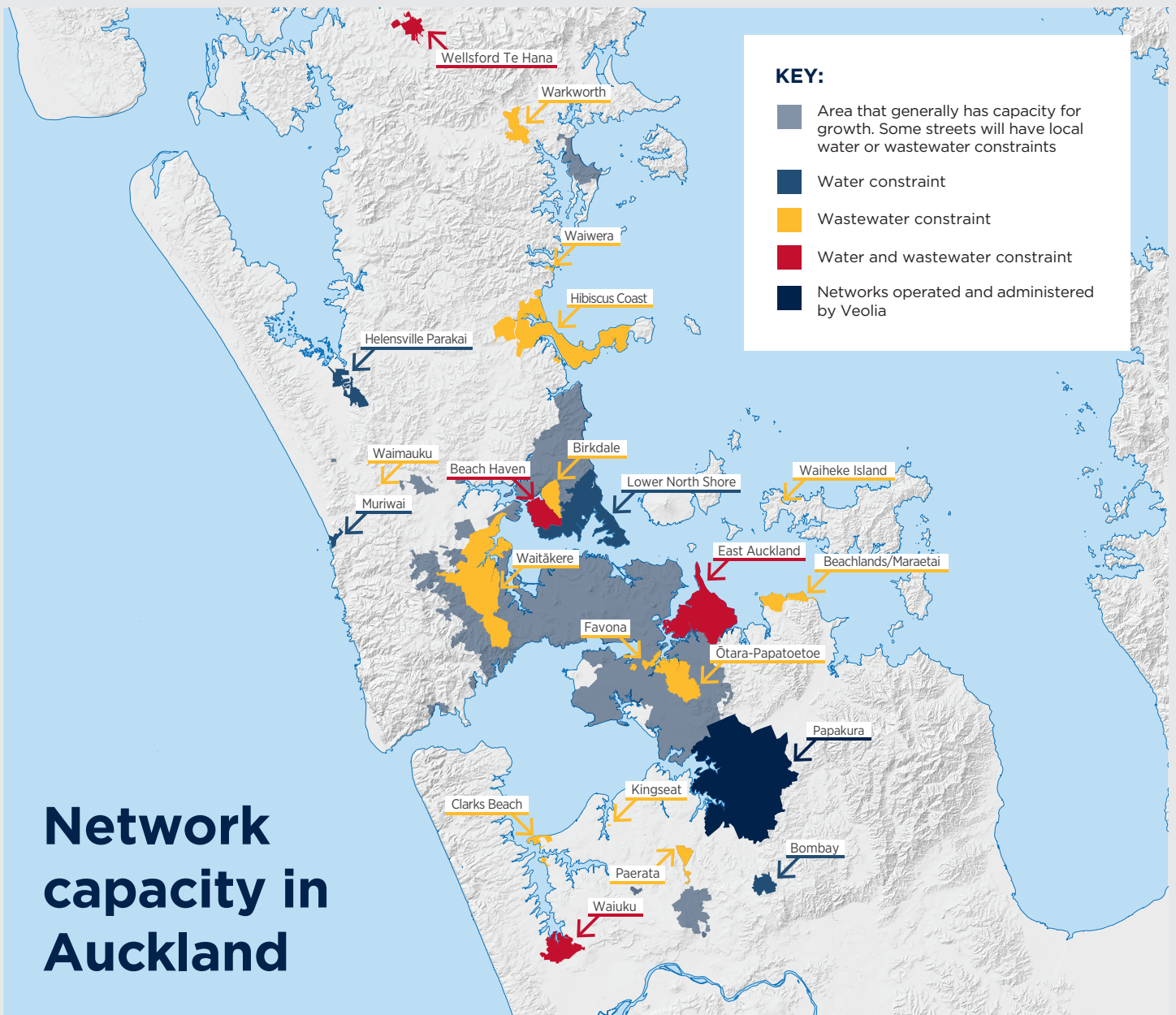
The impact on brownfield development potential

Auckland's population is expected to grow by 13% over the next decade, bringing in another 215,000 residents and placing greater demand on water and wastewater infrastructure. To manage this, Watercare has aligned its asset management strategy with Auckland Council's Future Development Strategy. This collaboration is intended to ensure infrastructure investment is strategically targeted to support development. Over \$13.7 billion will be invested in the next 10 years, with \$6.8 billion earmarked for projects that support growth. The 2025 financial year alone will see \$1.2 billion spent on new and upgraded infrastructure.

However, despite these efforts, constraints remain, especially in brownfield redevelopment areas, where limited capacity can restrict development potential. To address this, Watercare has introduced a network

capacity map that highlights areas where infrastructure can support new housing and where further upgrades are necessary. In areas identified as constrained, Watercare will assess applications for connections on a case-by-case basis. Developers will now need to undertake more extensive due diligence when evaluating land with limited capacity.

These infrastructure constraints are having a growing impact on the lending environment as well. Many financial institutions now require guarantees of water and wastewater service availability before approving financing for development projects. Without these assurances, developers may face delays in securing funding, adding another layer of complexity to project planning and execution.



Importantly, the capacity map currently focuses on brownfield areas and does not factor in the unique challenges of greenfield development. In greenfield locations, the absence of existing wastewater infrastructure adds a significant level of complexity. These areas typically require bespoke infrastructure solutions, which must be negotiated between Watercare and the developer. In most cases, the full cost of building the necessary infrastructure, including water and wastewater services, falls on the developer. This can significantly increase the capital requirements for projects and extend timelines for approvals and construction.

Between 2010 and 2019, Watercare’s infrastructure investment ranged from \$200 million to \$400 million annually. This grew to over \$1 billion in the 2023/2024 financial year as the company works to balance Auckland’s growth needs with regulatory compliance and environmental protection.

For developers, these factors underline the importance of strategic planning and close collaboration with both Watercare and Auckland Council. By aligning their projects with infrastructure availability, developers can mitigate risks and optimise their chances of success in Auckland’s competitive property market.

AREAS WITH LIMITED CAPACITY AT PRESENT		
AREA	CONSTRAINT	EXPECTED TIMEFRAME FOR SOLUTION
Beach Haven	Water and wastewater network capacity	2040-2045
Birkdale	Wastewater network capacity	2030-2035
East Auckland	Water and wastewater network capacity	2035-2040
Favona	Wastewater network capacity	2025-2030
Lower North Shore	Water network capacity	2040-2045
Ōtara-Papatoetoe	Wastewater network capacity	2035-2040
Waitākere	Wastewater network capacity	2035-2040

AREAS WITH NO CAPACITY AT PRESENT*		
Beachlands/Maraetai	Wastewater treatment plant capacity	2025-2030
Clarks Beach	Wastewater treatment plant capacity	2026
Helensville/Parakai	Water treatment plant capacity	2025-2030
Hibiscus Coast	Wastewater treatment plant capacity	2031
Kingseat	Wastewater treatment plant capacity	2030-2035
Paerata	Wastewater network capacity	2028-2032
Waiuku	Water and wastewater treatment plant capacity	2025-2030
Waiwera	Wastewater treatment plant capacity and water network capacity	2025-2030
Warkworth	Wastewater treatment plant capacity and network capacity	2025-2030
Wellsford/Te Hana	Water and wastewater treatment plant capacity	2026-2028

*There is some capacity at present to accommodate developments with current consents on the Hibiscus Coast and in Warkworth and Wellsford/Te Hana.

AREAS WITH NO CAPACITY LONG TERM		
Bombay	Water treatment plant capacity	n/a
Muriwai	Water treatment plant capacity	n/a
Waiheke Island	Wastewater treatment plant capacity	n/a
Waimauku	Wastewater treatment plant capacity	n/a

KEY: ■ Water constraint ■ Wastewater constraint ■ Water and wastewater constraint

November 2024

For further information and or questions, please don’t hesitate to contact us.

Current listings



Waiuku, Auckland

37 and 41 Taurangaruru Road

Maranui is a 15.63ha property across two titles, featuring a productive kiwifruit orchard with 5.44 canopy hectares (c/ha) of SunGold G3 and 6.23 canopy hectares (c/ha) of Hayward green. It includes a 240sqm workshop, commercial bore, and strong development potential. With proven kiwifruit production for APAC and Zespri, it offers both immediate income and future growth opportunities.

Property details

Land area	15.63ha
Sale method	Tender
Zoning	Mixed Rural



Takanini, Auckland

155 Phillip Road

This 6.25ha export kiwifruit orchard, is planted with 4.4 canopy hectares (c/ha) of licensed G3 SunGold kiwifruit. Featuring rich soils, a 180m commercial bore, and a pack-out area, it offers strong yields and potential for packhouse management. With level contour, this property provides a prime land-banking opportunity with holding income.

Property details

Land area	6.15ha
Sale method	Tender
Zoning	Mixed Rural



Drury, Auckland

201 Sutton Road

A fee-simple title in a high-demand area. Positioned near a proposed arterial road and major developments such as Drury South Industrial Park, it offers an exceptional investment prospect in this fast-growing region.

Property details

Land area	9.23ha
Sale method	Auction
Zoning	Future Urban

Contact Roman on 027 313 8803 or Wesley on 021 647 117 for more details on the current listings above or to discuss your development land requirements.

ALTOGETHER CONNECTED

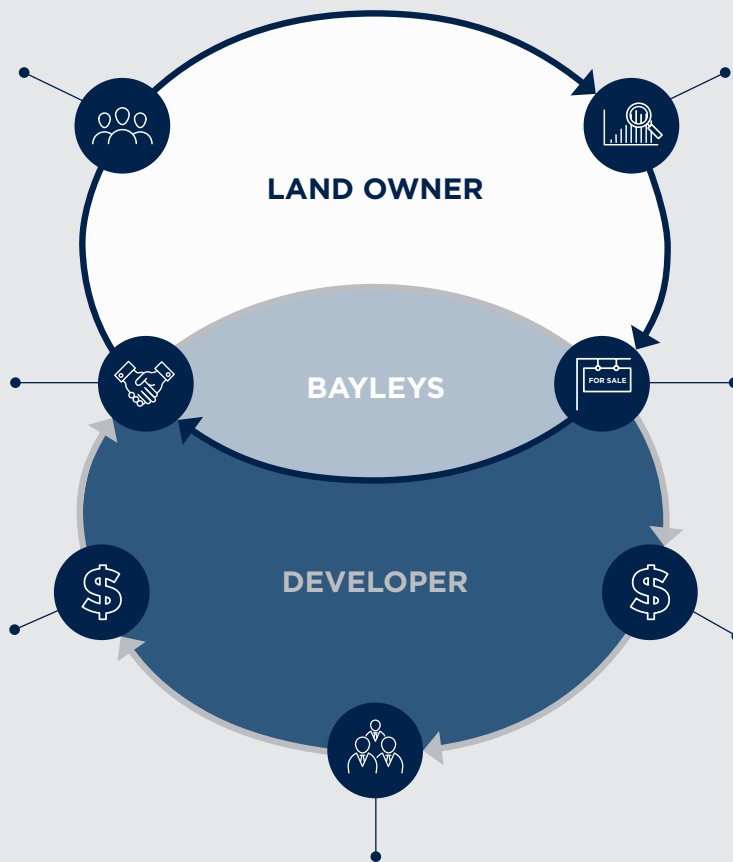
The strength of the Bayleys brand, and our passion for real estate means we're now New Zealand's largest full-service real estate company. We offer in-depth expertise not only in the Commercial sector – but across Residential, Rural and Property Services.

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.