

ALL OVER DEVELOPMENT LAND SALES



Welcome to the third edition of the land development newsletter for 2024, designed to inform and add value for stakeholders across Auckland's land and development sales sector.

It's notoriously hard to time a market, but experience shows the most opportune time to buy is often just before the market bottoms out. The data we're seeing across our sector suggests we may now be close to that point.

Following a period of stabilisation in development land values, the stars appear to be aligning for an upswing in the sector. Inflation data sprang a downside surprise, with the 3.3% second-quarter CPI figure confirming inflation is coming sharply off the boil.

Interest rate cuts have been brought forward accordingly – with the Reserve Bank trimming the official cash rate by 25 basis points to 5.25%. There is an expectation the OCR will be further cut to 5% by the end of the year and at least 4.5% by June next year.

Major lenders were quick to pass on lower rates to borrowers. Many were already sharpening their pencils, offering more competitive rates as they jostle for their share of lending in what has been a subdued residential market.

We are now starting to see more buyers returning to the market.

While the appetite for land-banking has been subdued, there's renewed interest from development companies to step up purchases of land for new projects. Having completed numerous developments over the past few years, many are now turning their hand to building a pipeline of landholdings for future projects. This paves the way for a ramping up of development activity.

We're also seeing an emerging trend of residential developers opting to branch into a broader mix of typologies. Where they may have previously set their sights on high yields through a concentration of terraced housing, many are now looking to offer a blend of standalone and duplex housing. Through these diversified offerings, they're giving themselves market exposure to a wider cross-section of purchasers – not just first-home buyers seeking entry-level homes, but also the likes of up-sizers, down-sizers, and a variety of investors.

Adding further interest in this quarter was the Government's announcement in July of its Going for Housing Growth policy. This aims to free up land for development and improve housing affordability. The exact implications for Auckland will take time to understand as the policy changes will require Auckland Council to rework and update various planning documents. We take a deeper dive into the new policy in the following pages.

If you have questions on how you can best capitalise on this evolving environment, or would like to discuss your needs, please feel free to get in touch.

Your Future Urban and Development Land sales experts,

Tom Davison
021 880 733
tom.davison@bayleys.co.nz
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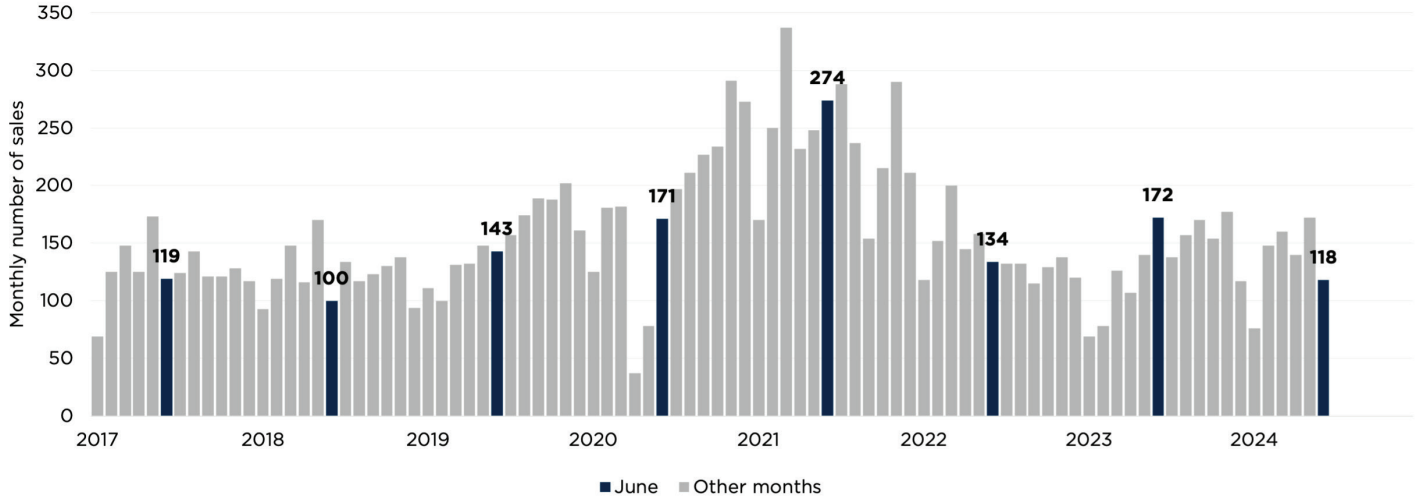
Wesley Gerber
021 647 117
wesley.gerber@bayleys.co.nz
BAYLEYS REAL ESTATE LTD,
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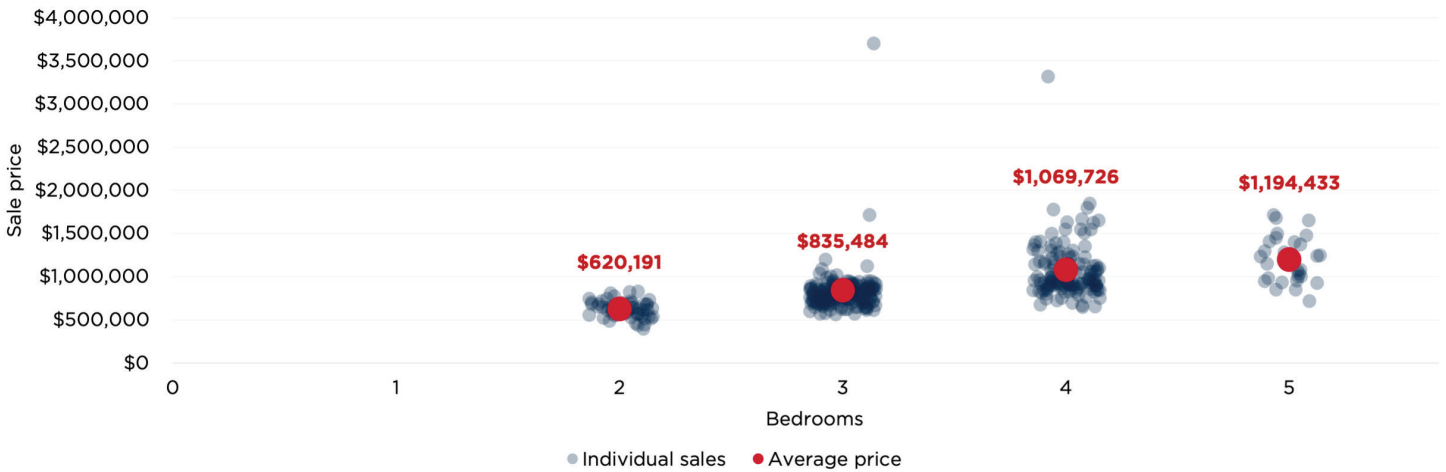
Market insights

Residential market update: South Auckland

Monthly number of sales



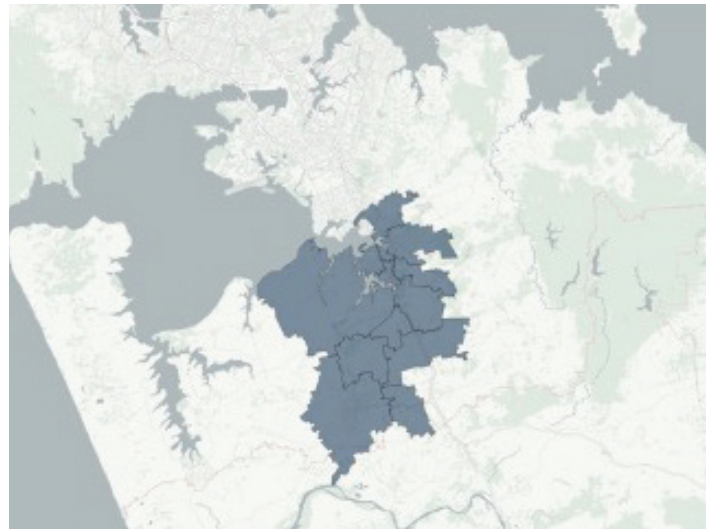
Sale price by bedroom count (past 3 months)



Price trend



Catchment map



Central Government – going for housing growth

The government's Going for Housing Growth policy consists of three pillars that are designed to improve housing affordability and address the underlying causes of the housing supply shortage.

These are:

- Freeing up land for urban development, including removing unnecessary planning barriers.
- Improving infrastructure funding and financing to support urban growth.
- Providing incentives for communities and councils to support growth.

The government announced its Going for Housing Growth policy on the 4th of July 2024, talking to the first pillar, which consists of six changes that aim to free up land for development and improve housing affordability.

The changes are:

- Introducing new Housing Growth Targets for tier 1 and 2 councils (Auckland Council is a tier 1 local authority).
- New rules requiring cities to expand outwards at the urban fringe, by removing the ability for the council to impose a rural-urban boundary (land outside of the Future Urban Zoned area) in the Auckland Unitary Plan (AUP), provided the infrastructure cost of the new development are covered, and growth pays for growth.
- Strengthening of the intensification provisions.
- New rules requiring councils to enable mixed-use development.
- The abolition of floor area and balcony requirements.
- New provisions making Medium Density Residential Standards (MDRS) optional for councils.

The Government's fact sheets indicate that it is considering options for the Future Development Strategies to plan for 50 years of growth (up from 30 years), using a high population growth scenario whilst requiring councils to be even more responsive to private plan change requests.

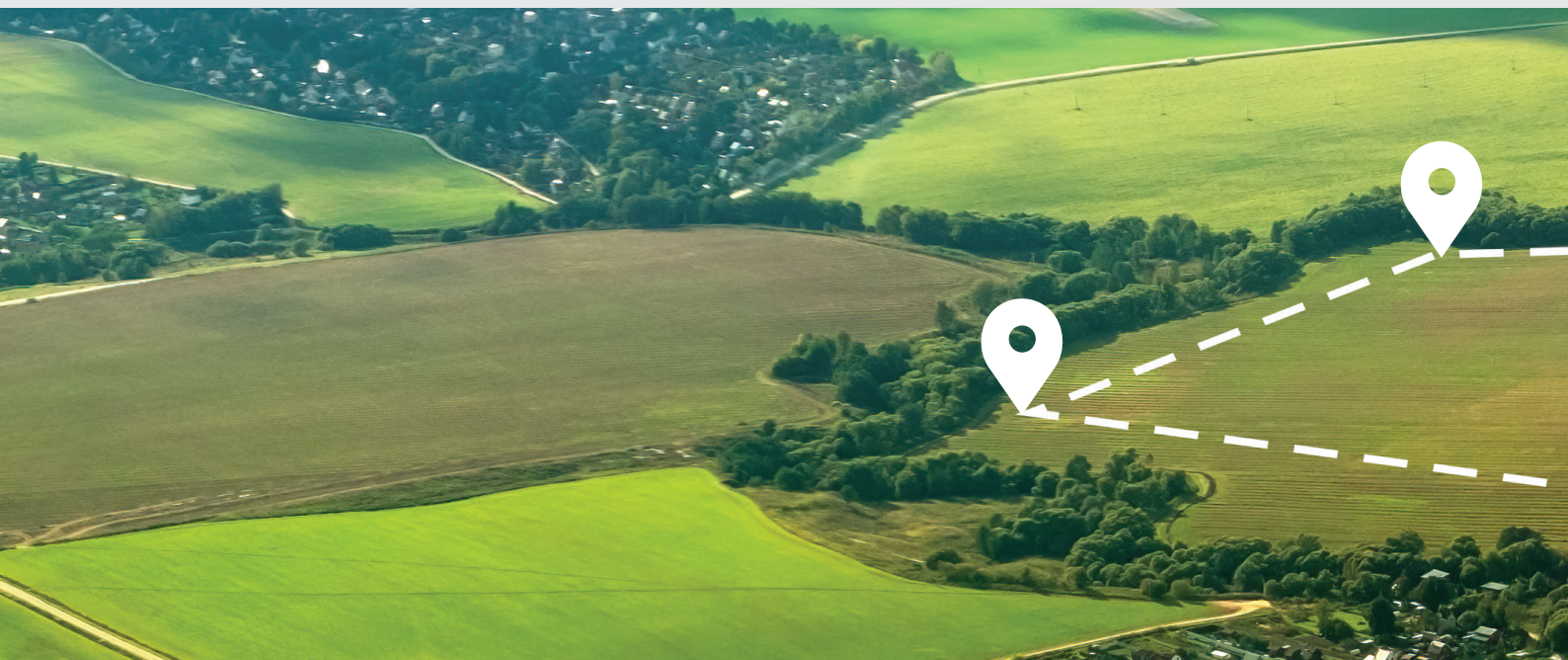
In particular, the proposal to introduce new Housing Growth Targets to ensure enough development capacity is live-zoned to provide for at least 30 years of (high) housing demand.

The changes will be progressed through a Resource Management Amendment Bill and national direction processes with the requirements expected to be in place by mid-2025.

Cabinet decisions on the other two pillars - 'Infrastructure Funding and Financial System' and 'Incentives for Growth' are expected to be announced over the course of 2024/2025.

Indicative implications for Auckland Council as outlined to the Planning Environment and Parks Committee on the 25th of July 2024 (focusing on the greenfield development part)

Unexpected events and legislative changes increase uncertainty and make planning harder and many of the proposed changes will directly require or result in rework and updates to many council documents that have recently been adopted. These include the Future Development Strategy (FDS) (adopted November 2023), the Housing and Business Capacity Assessment 2023 (HBA) and will have implications for Proposed Plan Change 78: Intensification (PC78), the council's intensification planning instrument.



Introducing new Housing Growth Targets

The proposed requirement to live-zone land for at least 30 years of housing demand at any one time will require significant updates to council's strategic approach to growth in the FDS, the long-term plan and the infrastructure strategy. It will also require substantial work to update the AUP. This work will need to be informed by a careful assessment of 'infrastructure readiness'.

The council's existing HBA shows the AUP technically meets current housing capacity requirements at the aggregate level for projected future growth over the next 30 years. However, challenges still exist below the aggregate level in terms of housing affordability, infrastructure constraints and funding, and spatial mismatches between demand and supply. The proposal for new prescriptive rules and guidance raises questions over how councils calculate 30 years of feasible housing capacity in the future. Proposed changes will require the councils to update the HBA, and potentially live-zone more land in the AUP if existing zoning is determined to be insufficient, to meet the new requirements.

New rules requiring cities to expand outwards at the urban fringe

Tier 1 and 2 councils are currently required to prepare a FDS to spatially identify locations where growth can occur, the infrastructure required to service that growth, and any constraints on developments over a 30-year time period. The current Auckland FDS 2023-2053 was adopted in November 2023.

The government is looking to strengthen requirements to ensure that the FDS is more responsive to development opportunities. This may include embedding "an effective 'right to build' on city fringes", on the condition that the infrastructure costs of the new development are addressed. It is proposed that councils are prohibited from imposing Rural-Urban Boundary lines (RUB) in planning documents but can still have ruraly zoned land.

The Government has also signalled it will make changes to the National Policy Statement on Highly Productive Land to remove some of the barriers it presents to development taking place on highly productive soils.

The Government is also looking to strengthen the responsiveness policy in the NPS-UD, to better support developers to progress private plan changes.

The council has indicated it supports development occurring in greenfield areas as part of a balanced approach to planning for Auckland's population growth, the council sights it should be timed for when new infrastructure can be funded and built, to ensure communities have access to the services and amenities they need.

The changes are intended to result in the abolition of RUB as a planning instrument in Auckland. The effect of removing the RUB will make it easier for developers to apply for private plan changes on greenfield land outside the RUB (outside of Future Urban Zoned land) and re-zone that land for urban development, including businesses and residential uses. The council is concerned this will have a significant impact on how the city grows, and the cost of providing bulk infrastructure and community facilities, transportation and schools. It may also come into conflict with the rural economy by reducing the amount of highly productive land available for food security.

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



Current listings



Pukekohe, Auckland

93 Mill Road

Property details

Land area	2ha
Zoning	Rural
Sale method	Auction

bayleys.co.nz/1905381



Pokeno, Auckland

219 State Highway 2

Property details

Land area	4.37ha
Zoning	Rural
Sale method	Asking price - \$2,325,000

bayleys.co.nz/2315542



Tuakau, Auckland

105 Bollard Road and 191 Whangarata Road

Property details

Land area	31ha
Zoning	Industrial
Sale method	Price by negotiation

bayleys.co.nz/1971205

Completed sales



Pukekohe, Auckland

29 Stuart Road

Went through a successful tender campaign.

Property details

Sale price	Confidential
Sale date	February 2024
Land area	3.9ha
Zoning	Rural



Bombay, Auckland

287 Mill Road

Fantastic auction with a full room, generating over 140 bids.

Property details

Sale price	\$2,535,000
Sale date	May 2024
Land area	0.98ha
Zoning	Rural



Buckland, Auckland

Lot 2 Parker Lane

Fantastic bare land, flat and ready for building a new home.

Property details

Sale price	\$900,000
Sale date	July 2024
Land area	3.3ha
Zoning	Rural Lifestyle

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

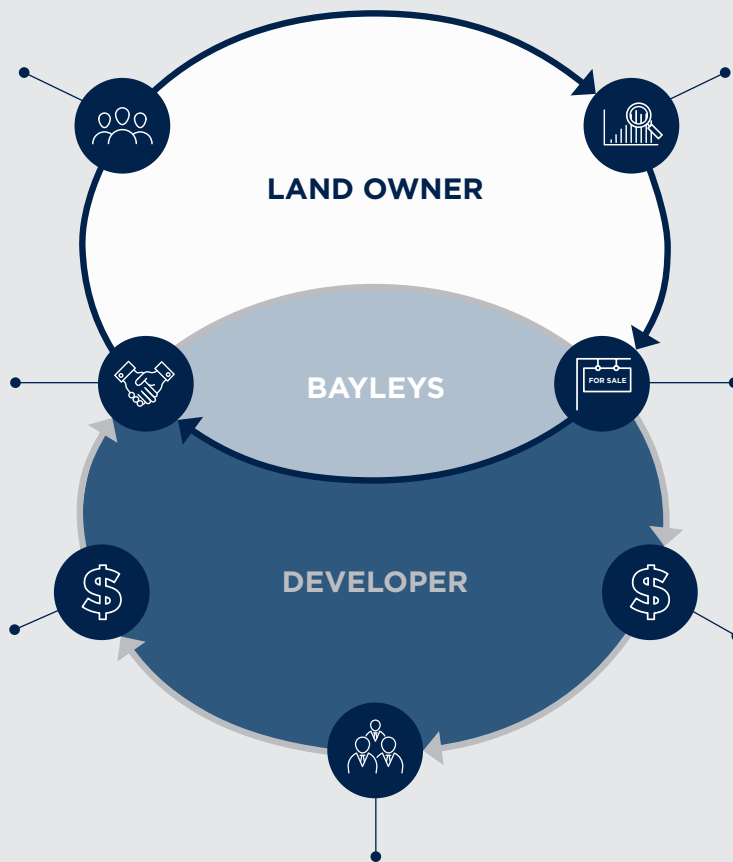
The strength of the Bayleys brand, and our passion for real estate means we're now New Zealand's largest full-service real estate company. We offer in-depth expertise not only in the Commercial sector – but across Residential, Rural and Property Services.

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.

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

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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.