

ALL OVER DEVELOPMENT LAND SALES



Welcome to the final edition of Bayleys' Development Land Sales Newsletter for 2023, with contents designed to inform and add value for stakeholders in the sector.

Between a general election, local government developments, and the continued hold on the Official Cash Rate, Kiwis have greater clarity, reflected in rising market confidence.

Preliminary evidence indicates a resurgence of market activity, aligning with greater economic certainty. This bodes positively for the development landscape, especially as the new year prompts reflection and a revaluation of potential opportunities.

Intense demand for development land is persistent, particularly following Auckland Council's decision to adopt its Future Development Strategy (FDS) at the beginning of November.

Councillors voted to withdraw zoning designations for approximately 4,800 hectares of land on the fringes of the city's boundaries while pledging to prioritise infrastructure spending in areas where growth is already occurring.

Although there has been a slight decrease in the allocation of greenfield land originally designated for urban development in Takanini and Drury-Ōpaheke, other areas, including Māngere and Puhinui, have been recognised as a priority for infrastructure investment.

Zoning roadblocks, particularly around Future Urban overlays, are poised to increase the value of development-ready land, reflected by significant local investment from the private sector.

This is demonstrated by Fisher & Paykel's recent \$275 million acquisition in Karaka, and a planned new Auckland

metropolitan hub at Drury. The latter, tipped to be the size of Napier eventually, will see Kiwi Property, Fulton Hogan, and Oyster Capital reimagine the precinct with transport infrastructure and amenities to accommodate the growth of circa 60,000 new people over the next three decades.

These initiatives speak to meaningful confidence in the region's development, which, for landowners, presents a significant value capture opportunity.

Proliferation across Auckland's southern corridor – the northern gateway to the Golden Triangle economic hot zone – and the fortification of key infrastructure will continue as a focus for investors.

The market is picking up pace, and our primary focus remains optimising financial results for clients and customers through strategic land sales. This juncture presents an advantageous moment to position your property in a reviving market.

We welcome you to reach out at any time to delve into the details of this newsletter or to discuss your specific needs. Together, we anticipate capitalising on new opportunities in 2024.

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Market insights

South Auckland development land market in 60 seconds

National trends



Active brownfield development opportunities

A noticeable momentum is building within the brownfield and infill market, as an increasing number of development opportunities emerge, generating significant interest from developers who are eager to capitalise on these prospects.



Construction costs easing

The latest data shows a plateau in the rising construction costs. The easing of demand for materials and labour around the country with increasing competition should help to stabilise costs further.



Rents increasing quickly

The current scenario of record positive net migration is exerting upward pressure on rental prices, with the intensifying competition for housing contributing to a rapid and substantial increase in rents.

Outlook for the local market



Impact of Auckland's FDS still being realised

Greenfield land development remains subdued as the market digests the now-adopted Future Development Strategy with developers considering their options and opportunities.



Yields stabilising at higher levels

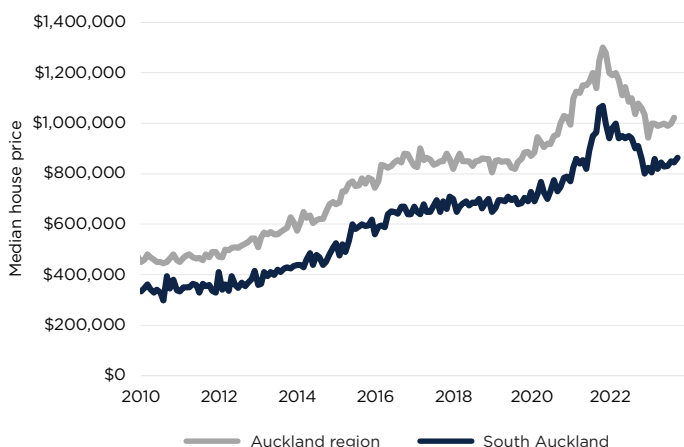
Rising interest rates have led to a softening of yields across most markets. Signals that inflation and long-term interest rates are peaking mean yields are likely to stabilise at higher levels. Lower numbers of sales transactions mean there is less evidence available to showcase this trend.



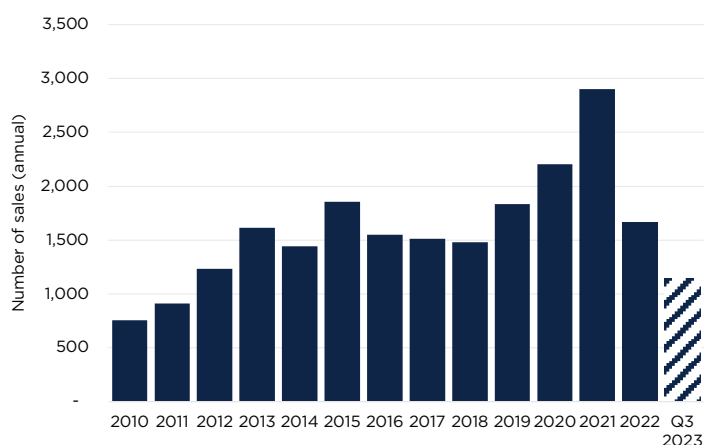
Developers taking a long-term view

Developers are actively seeking opportunities to solidify their land acquisitions, as they strategically plan to not only build but also formalise robust pipelines that will play a pivotal role in their business development strategies over the course of the next five to ten years.

Median house price



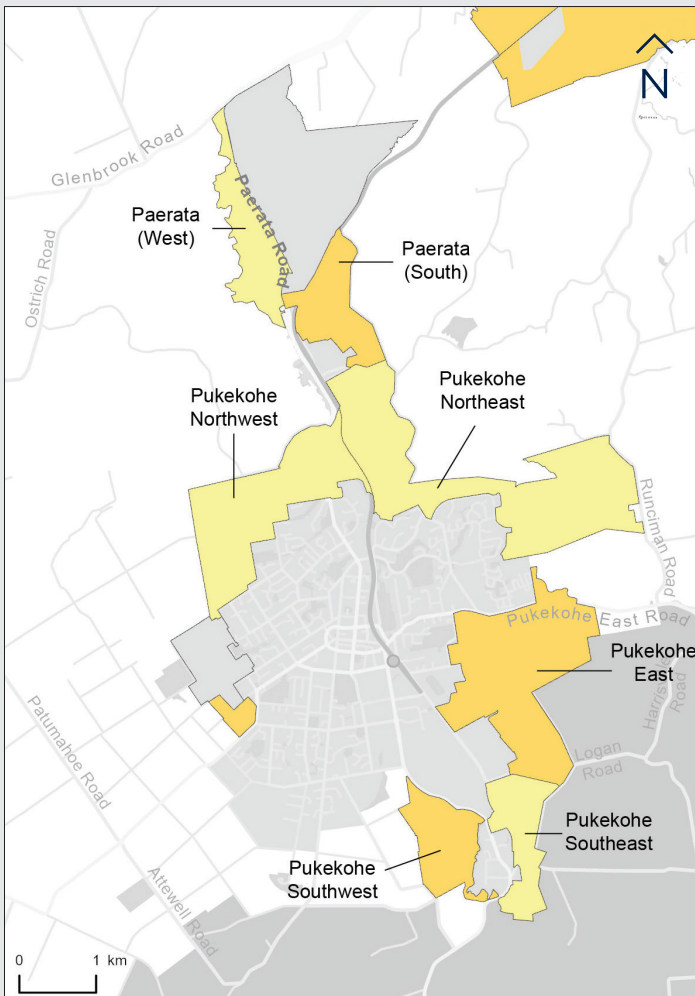
Number of sales (annual)



Auckland's Future Development Strategy (FDS) now adopted

On Thursday 2nd November, the Planning, Environment and Parks Committee voted in favour to adopt the new FDS strategy which will guide how Auckland will grow over the next 30 years. Through a public consultation process there were 10,084 submissions received. The Future Development Strategy largely follows the quality compact approach (restrict growing out and focus on growing up) Auckland Council has been pursuing since the first Auckland Plan. The FDS focuses on two major changes since previous Future Urban Land Supply Strategies (FULSS). A much stronger focus on adaptation, particularly in relation to flooding hazards and the protection of life and property. A greater

recognition of the financial challenges facing Auckland Council and ratepayers, giving the development sector clear signals about these constraints and when the Council is likely to be able to invest in infrastructure and services in respective areas, particularly in greenfield bulk infrastructure. The aim is to give the sector as much certainty as possible for their own planning, but also a 'pathway' for development that wishes to proceed earlier. Below is an overview of what this means for the South Auckland growth areas.



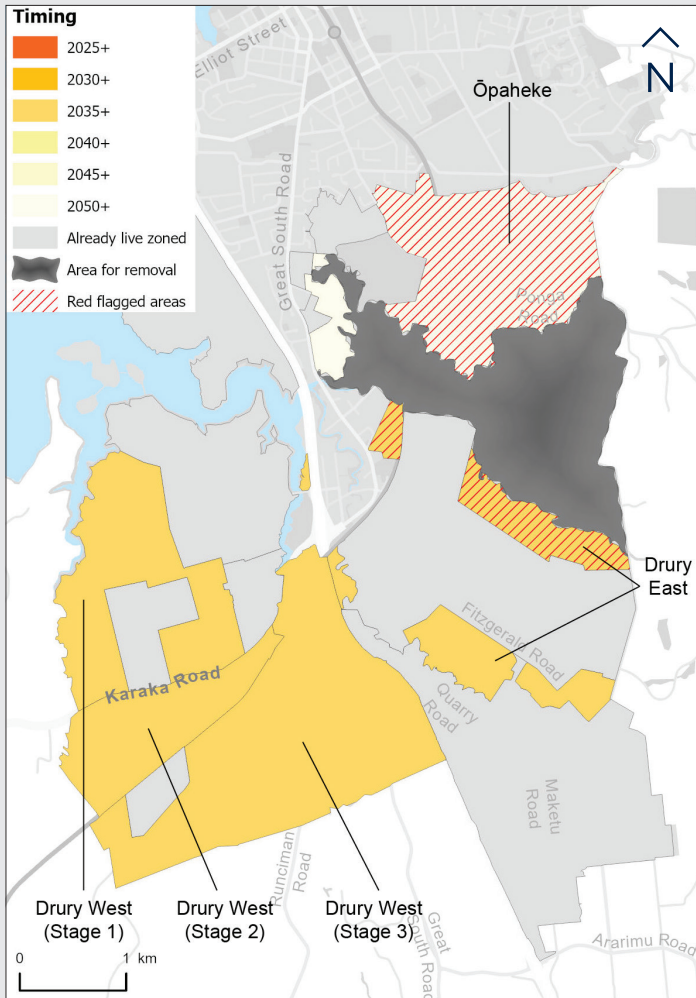
Pukekohe-Paerata Future Urban areas

Pukekohe and Paerata

Bulk infrastructure delivery for the Pukekohe-Paerata cluster is not planned to support development until the following timeframes:

- Paerata South - 2030 +
- Paerata West - 2040 +
- Pukekohe North-east - 2040 +
- Pukekohe North-west - 2040 +
- Pukekohe East - 2035 +
- Pukekohe South-east - 2040 +
- Pukekohe South-west - 2035 +

The reassessment of the Pukekohe-Paerata Future Urban area cluster did not identify significant challenges that would otherwise make development in the Future Urban area inappropriate, provided plan changes occur in line with the associated Auckland Council Structure Plan and after all infrastructure prerequisites are met.



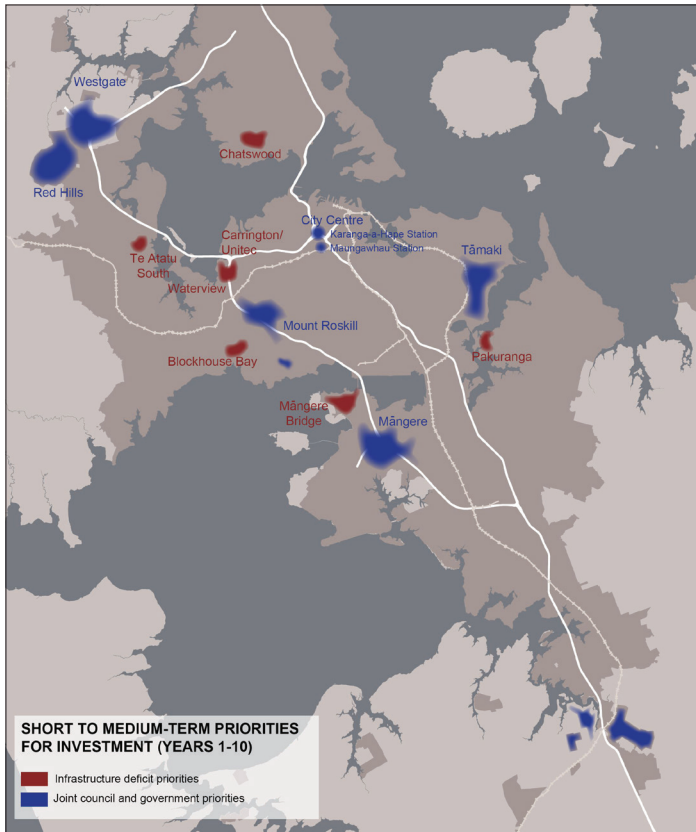
Drury-Ōpaheke cluster

Drury - Ōpaheke

Bulk infrastructure delivery for the Drury-Ōpaheke cluster is not planned to support development until the following timeframes:

- Ōpaheke - 2050 +
- Drury East - 2035 +
- Drury West (Stage 1) - 2035 +
- Drury West (Stage 2) - 2035 +
- Drury West (Stage 3) - 2035 +

The reassessment of the Ōpaheke-Drury cluster demonstrated a risk to life and property within the 1% AEP floodplain of the Otuwairoa Stream (Slippery Creek). This area, within the now superseded Ōpaheke Future Urban area, is removed for urban development and is no longer part of the Future Urban area within the FDS. As a result of this removal, land immediately to the east has also been removed as it would become geographically orphaned.



Council and government priorities for investment

Joint Council and Government Priorities

In line with a quality compact approach (limit sprawl and intensify/build-up) to growth, investment, whether by the Council or central government, needs to be prioritised in locations that will achieve the greatest benefits, across multiple outcomes. This means investing primarily but **not exclusively**, in existing urban areas with a strong focus on aligning land use and infrastructure.

These priorities focus on the Auckland Housing Programmes. This programme includes the development of significant areas where bulk infrastructure is needed to enable intensification/regeneration, housing, jobs, and recreation areas. Project timeframes span across two to three decades.

For further information, please don't hesitate to get in touch.

Current Listings



Pukekohe, Auckland

1-19 Wellington Street and 94 Harris Street

A rare chance to secure this development site of scale in the highly sought-after area of Pukekohe.

Property details

Land area	5,465sqm
Zoning	General Business

[bayleys.co.nz/1904538](https://www.bayleys.co.nz/1904538)



Waiau Pa, Auckland

524 Waiau Pa Road

Houston Farm is an extraordinary property, held in the family since the 1950's. More than 122ha in an outstanding location off Waiau Pa and McKenzie Roads, this one-of-a-kind property is situated within easy access of the Manukau Harbour, prestigious Karaka, the Taihiki River and the pristine coastal township of Clarks Beach.

Property details

Land area	122.31ha
Zoning	Mixed Rural

[bayleys.co.nz/1971999](https://www.bayleys.co.nz/1971999)



Kingseat, Auckland

1077 Linwood Road

This property offers the developer, investor or land banker a fantastic opportunity to secure a significant piece of commercial zoned land in one of the fastest-growing areas of the Kingseat, Franklin area.

Property details

Land area	9,172sqm
Zoning	Local Centre

[bayleys.co.nz/1904395](https://www.bayleys.co.nz/1904395)

Contact Shane on 021 730 488 or Wesley on 021 647 117 for more details on the current listings above or to discuss your development land requirements

ALTOGETHER CONNECTED

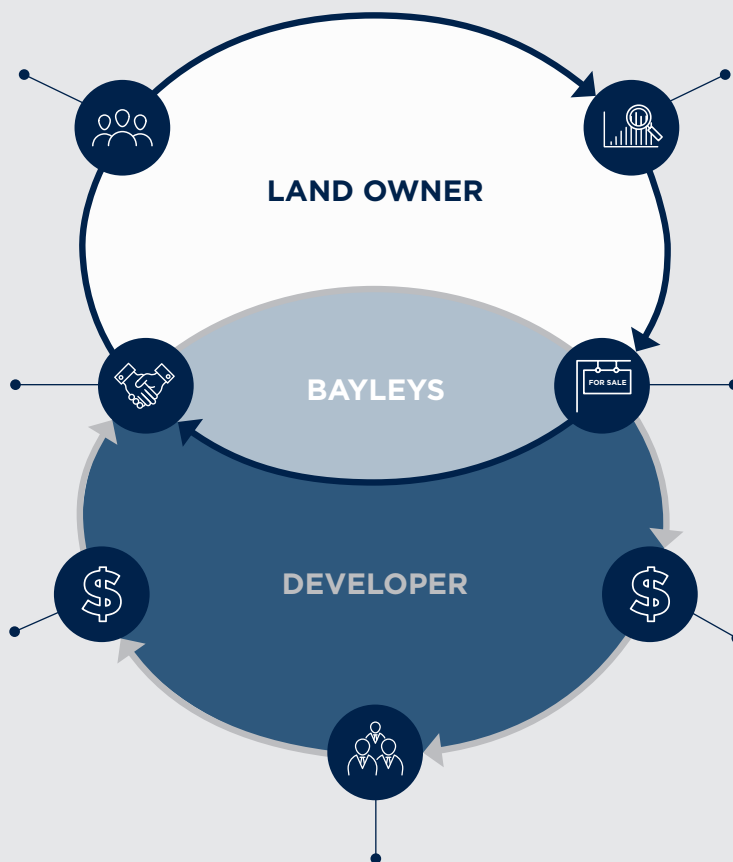
The strength of the Bayleys brand, and our passion for real estate means we're now New Zealand's largest full-service real estate company. We offer in-depth expertise not only in the Commercial sector – but across Residential, Rural and Property Services.

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.