

ALL OVER DEVELOPMENT LAND SALES



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

We're currently seeing the heartening green shoots of a spring uplift, with more opportunities coming to the market. This year, the seasonal effect is being amplified by a 'springtime' in the interest rate cycle, with the Reserve Bank taking the knife to the Official Cash Rate and cutting in earnest.

What a difference a few months can make, with the outlook transformed since second-quarter inflation data sprang a downside surprise earlier this year – finally signalling that an end is in sight for the recent era of spiralling costs.

The Reserve Bank followed up its 25 basis point cut in August with two successive 'double-cuts' slicing a further 50 points from the OCR in October and 50 more in November, taking it to 4.25%. A further 50 point cut is expected in February. With consumer price inflation now back within its 1% to 3% target range, and converging on the 2% midpoint, further cuts are expected over the next year.

Major lenders have been passing on lower rates but most were already improving their offerings for borrowers as they battled for their slice of what had been a subdued lending market pie.

In this new environment, with inflation seemingly now well in check and rates steadily falling, the land development market overall is looking more positive.

Participants we speak to – owners, vendors, investors and developers – are moving noticeably from a more cautious

or defensive recession-focused mindset to one which sees them looking ahead to a rebound, with a keen eye out for the opportunities this will bring.

We are still seeing options available that were bought in the peak, and this stock is slowly moving now as we see optimism rise and the financial costs for purchasers come down. We expect to see a further pick-up in activity as the new, more positive market realities bed in.

Overall, the trends and movements we're seeing in the latter part of 2024 signal that the challenging period of recent times may be coming to an end. This bodes well for 2025, which we see shaping as a positive year for participants in the land and development sales market. After a period of stabilisation, the current environment offers fertile ground for a ramping up of development activity and in the values of development land.

We're focused on maximising the financial outcomes for our clients and customers. If you'd like to know more about how you can capitalise on the evolving environment or to discuss your needs, please get in touch.

Your Future Urban and Development Land sales experts,

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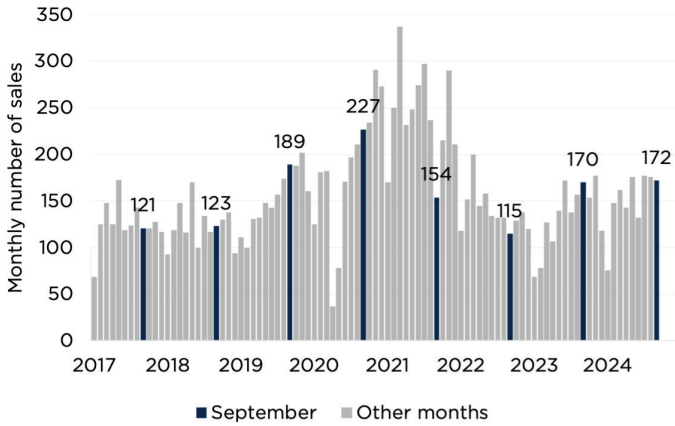
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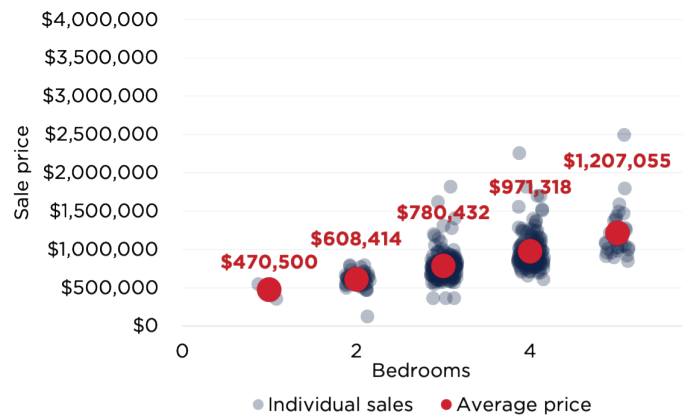
Market insights

Residential market update: South Auckland

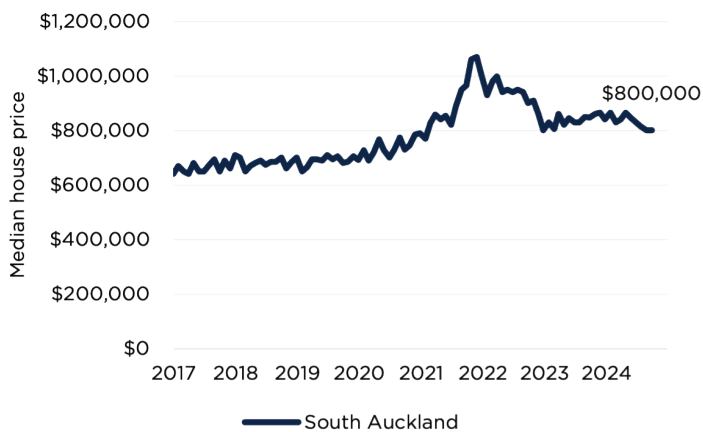
Monthly number of sales



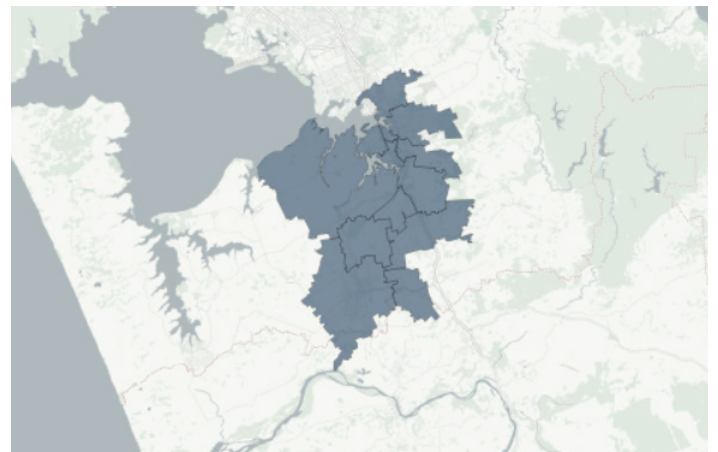
Sale price by bedroom count (past 3 months)



Price trend



Catchment map



Data: REINZ

Development Contributions Policy

Development Contributions Policy 2025 - Sharing the cost of growth

What are development contributions?

Development contributions are fees imposed by local councils on developers to fund infrastructure and services necessitated by new developments. These contributions ensure that the additional demand for public amenities—such as roads, schools, parks, and utilities—resulting from new construction is adequately addressed. By requiring developers to bear a portion of these costs, councils aim to maintain and enhance community facilities without placing undue financial strain on existing residents. This approach promotes sustainable growth and equitable sharing of development-related expenses.

Summary of key development contributions proposals

Rationale for increasing development contributions (DC)

- Auckland's population is projected to grow by 200,000 by 2034 and 409,000 by 2054, requiring significant infrastructure investment.
- The Auckland Council plans to invest \$39.3 billion over the next 10 years, with \$10.3 billion specifically for growth-related infrastructure.
- The increase in DC aims to ensure developers contribute fairly to these infrastructure costs.

Longer-term investment horizon

- The policy extends the planning horizon to 30 years for key development areas (Investment Priority Areas or IPAs), including Drury, Tāmaki, Red Hills, Westgate, Whenuapai and others.
- This change ensures early developers contribute to long-term infrastructure investments.

Impact on DC prices

- DC will rise substantially, with average contributions increasing significantly:
 - a) Drury's DC will rise from \$70,000 to \$83,000 per household equivalent unit (HUE).
 - b) Inner Northwest will see an increase to around \$98,000 per HUE.
 - c) Tāmaki's DC will rise to \$119,000 per HUE.
- These increases aim to distribute the cost of infrastructure more equitably among developers.

Infrastructure focus

- The DC will fund transport, parks, stormwater, and community facilities, with \$6.5 billion allocated to transport and \$1.2 billion for parks.

- Long-term planning ensures necessary infrastructure is in place to support Auckland's growth.

Concerns

- Developers have expressed concerns about the impact of higher DC on land prices, but the council report suggests these costs will likely be absorbed by land values, not passed directly to homebuyers.
- The policy protects ratepayers by ensuring developers fund growth-related infrastructure.

Future policy

Auckland Council have signalled to roll out new DC contribution policies as the Council identifies areas of growth with a lack of infrastructure to support that growth. The Council has signalled the inner city for the 2026 DC policy to capture the CRL network area.

Changes to contribution pricing

Area	Current development contribution	Total proposed development contribution
Drury East	\$90,700	\$113,200
Drury West 1	\$69,900	\$77,900
Drury West 2	\$58,800	\$73,800
Opaheke	\$66,300	\$77,400
Southern Growth area 1	\$17,200 - \$45,000	\$22,500 - \$88,600
Southern Growth area 2	\$17,700	\$28,800
Southern Growth area 3	\$33,100	\$58,600

Changes to average contribution pricing

Area	Current development contribution	Proposed development contribution: Investment within LTP period incl. regional and sub-regional development contribution	Proposed development contribution: Investment beyond LTP period 2024	Total proposed development contribution
Northwest	\$25,167	\$27,000 (\$27,000 - \$34,000)	\$71,000 (\$61,000 - \$75,000)	\$98,000 (\$89,000 - \$101,000)
Whenuapai	\$25,230	\$27,000	\$75,000	\$102,000
Redhills	\$25,230	\$27,000	\$62,000	\$89,000
Westgate	\$22,645	\$34,000	\$61,000	\$95,000
Mangere	\$18,123	\$22,000 (\$21,000 - \$23,000)	\$7,000	\$29,000 (\$28,000 - \$30,000)
Mount Roskill	\$20,406	\$32,000 (\$25,000 - \$59,000)	\$20,000	\$52,000 (\$46,000 - \$80,000)
Tamaki	\$31,157	\$40,000	\$79,000	\$119,000

Highly productive land: government proposals and council's stance

The government is proposing changes to allow infrastructure projects, like solar farms, and intensive indoor farming, such as greenhouses and poultry farms, to be developed on highly productive land (HPL). Auckland Council opposes this, warning it could reduce the availability of top-quality soil for local food production and affect our region's resilience to climate change. The Council argues these developments should be directed to less valuable or non-agricultural land, like rooftops or industrial zones, to protect Auckland's limited HPL. Local boards and community groups support the Council's stance, advocating for the continued protection of HPL to secure our future food supply and preserve the region's natural assets. The Council is tabling a submission to this effect to the central government.

Fast-track Approvals Bill expresses both support and significant opposition

The government's Fast-track Approvals Bill aims to speed up approvals for large-scale infrastructure projects, but Auckland Council has serious concerns. The Council warns that the bill could lead to developments approved without enough environmental checks, minimal community input, and limited regard for Māori rights, potentially sidelining local voices in key decisions. There's also concern that councils might bear unexpected infrastructure costs without proper funding plans, impacting ratepayers. While the Council supports faster project approvals, it's calling for the bill to balance development needs with environmental protection, Māori engagement, and respect for local authority roles.

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

Completed sales



Waiau Pa, Auckland 425 Clarks Beach Road

Sale price	\$2,750,000
Land area	2.93ha
Zoning	Residential-Rural and Coastal Settlement

Northerly aspect with Manukau Harbour views, quality new homes nearby, and a scheme plan for nine super-sized lots.



Bombay, Auckland 285 Razorback Road

Sale price	\$7,000,000
Land area	164ha
Zoning	Rural

Auckland high-country station, currently running 1,100 sheep and 50 cattle comfortably.



Pukekohe, Auckland 29 Arrowville Road

Sale price	\$7,000,000
Land area	7.3ha
Zoning	Rural

Returning \$956,193pa + GST and outgoings, with water bore, filtration, grain/feed silos, and rolling Brinks NZ contract.

Current listings



Pukekohe, Auckland

4 Red Barn Lane

Land area	5,855sqm
Zoning	Residential

[bayleys.co.nz/1905597](https://www.bayleys.co.nz/1905597)



Drury, Auckland

201 Sutton Road

Land area	9.23ha
Zoning	Future Urban

[bayleys.co.nz/1905606](https://www.bayleys.co.nz/1905606)



Mercer, Auckland

157 Mercer Ferry Road

Land area	46.18ha
Zoning	Rural

[bayleys.co.nz/1905633](https://www.bayleys.co.nz/1905633)



Glenbrook, Auckland

80 McLarin Road

Land area	7.9ha
Zoning	Residential

[bayleys.co.nz/1905488](https://www.bayleys.co.nz/1905488)



Waiau Pa, Auckland

106 Wright Road

Land area	62.03ha
Zoning	Rural

[bayleys.co.nz/1905531](https://www.bayleys.co.nz/1905531)

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

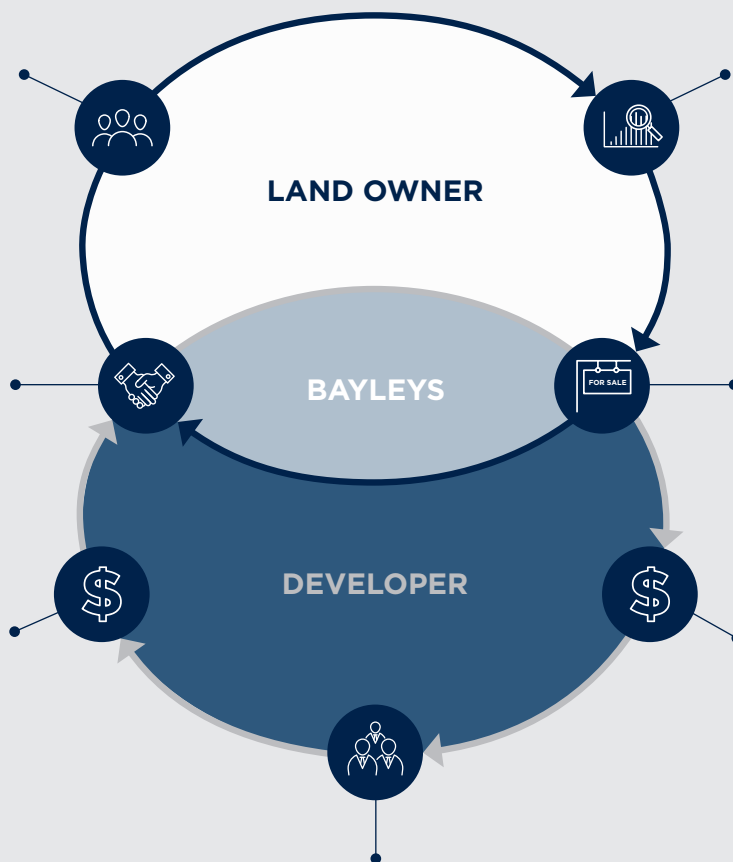
The strength of the Bayleys brand, and our passion for real estate means we're now New Zealand's largest full-service real estate company. We offer in-depth expertise not only in the Commercial sector – but across Residential, Rural and Property Services.

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.