

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 expert,

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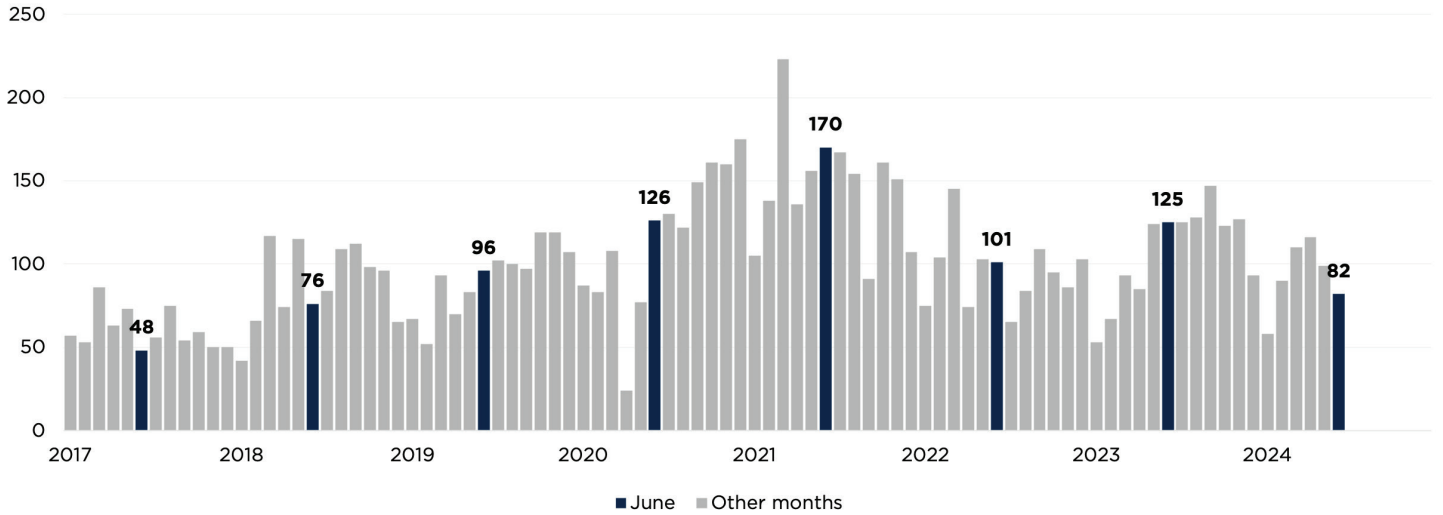
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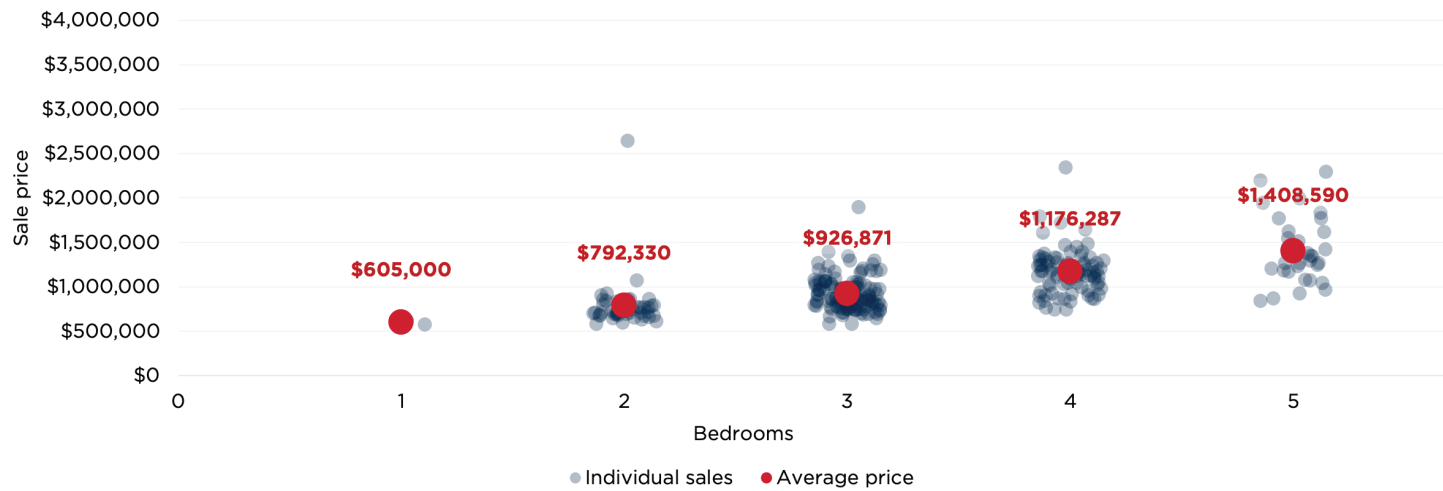
Market insights

Residential market update: Northwest Auckland

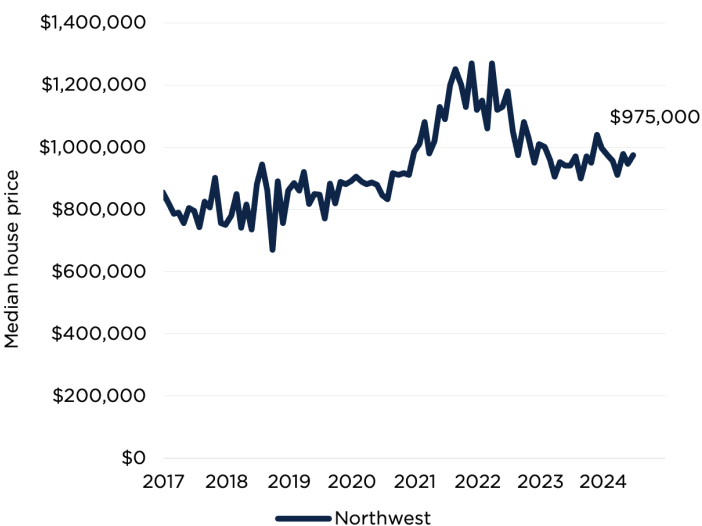
Monthly number of sales



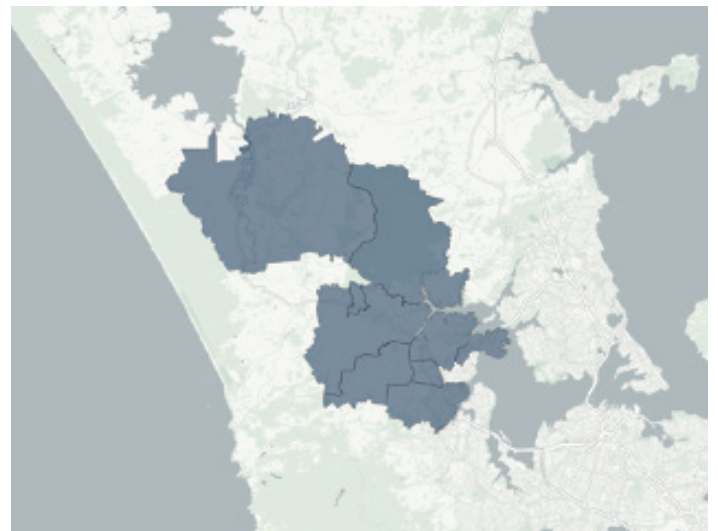
Sale price by bedroom count (past 3 months)



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.

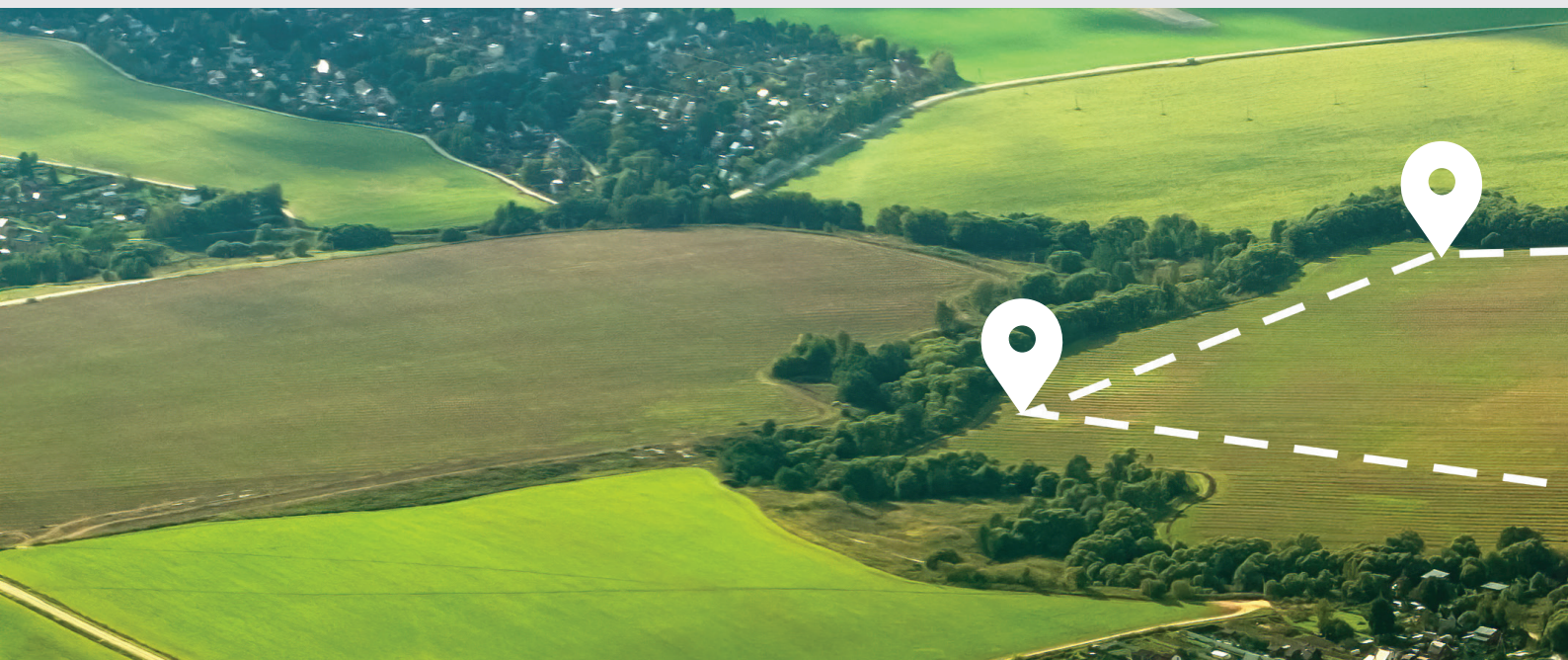
In particular, the proposal to introduce new Housing Growth Targets to ensure enough development capacity is live-zoned to provide for at least 30 years of (high) housing demand.

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 rurally 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 me.



Current listings



Coatesville, Auckland 326 and 328 Sunnyside Road

A 48.95-hectare (approximately 121 acres) property held in two titles, with Resource Consent already issued for a 21-lot subdivision. Subject to instruction, a Stage 2 application is ready to be lodged, proposing an additional 13 lots, creating a comprehensive subdivision of 34 lots in total. Located in Coatesville, on the upper north side of the North Shore, this area is one of Auckland's most sought-after lifestyle destinations and is home to many stunning country estates and landholdings.

Property details

Land area	48.95ha
Sale method	Price by negotiation
Zoning	Countryside Living

[bayleys.co.nz/1697492](https://www.bayleys.co.nz/1697492)



Kumeu, Auckland 49 Tawa Road

6.31 hectares (approximately 15 acres) of land located close to Kumeu Township. The property features 107 metres of road frontage and minimal flood-prone areas. Zoned as Countryside Living under the Auckland Unitary Plan, this zoning permits subdivision into 2-hectare (more or less) sites. Alternatively, you can explore acquiring Transferable Rural Site Subdivision rights (TRSS), allowing for a minimum of approximately 0.8-hectare sites, with an average of 1-hectare sites across the existing title. 49 Tawa Road currently generates \$1,940 per week in rental income.

Property details

Land area	6.31ha
Sale method	Price by negotiation
Zoning	Countryside Living

[bayleys.co.nz/1697494](https://www.bayleys.co.nz/1697494)

Completed sales



Titirangi, Auckland 234 Atkinson Road

A unique opportunity that was once home to the Titirangi Presbyterian Church. The property boasts a sizeable 2,489sqm (more or less) freehold site.

Property details

Sale price	\$1,750,000
Sale date	17 July 2024
Land area	2,489sqm
Zoning	Large Lot Residential

Contact Wesley today on 021 647 117 or wesley.gerber@bayleys.co.nz for more details on the current listings above or to discuss your development land requirements.

ALTOGETHER CONNECTED

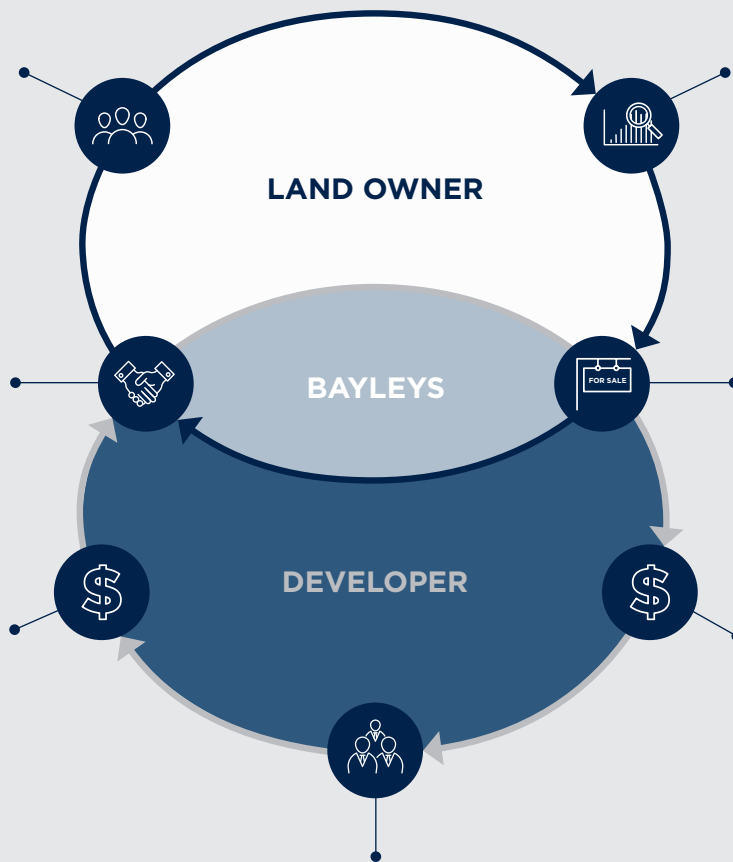
The strength of the Bayleys brand, and our passion for real estate means we're now New Zealand's largest full-service real estate company. We offer in-depth expertise not only in the Commercial sector – but across Residential, Rural and Property Services.

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.

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.