

THE MEGA REAL ESTATE PROJECTS

SHAPING NZ'S SOUTH ISLAND



Significance of the South

24%

of NZ's population are living in the South Island

28%

of NZ's residential building consents are within the South Island

26%

of NZ's non-residential building consents are within the South Island

The South Island property market in 60 seconds

Fundamentals

Population underpins the South Island



Population growth was fastest in the South Island between 2018 and 2023, compared with the North Island. The fastest growing regions in the South Island were Tasman and Canterbury. This helps to underpin the performance of the property markets.

Transport infrastructure enables business



Investment into road networks is progressively improving transport connectivity in the South Island. This connectivity enables a range of industrial activities and other commercial activities that support the wider economy.

Fast-track projects to supercharge growth



The Government has announced a range of fast-track projects across the South Island. These include housing, land and various infrastructure projects to support growth. These projects will help drive the next cycle of development.

Outlook for the market

Interest rates' the one to watch



The Reserve Bank has recently lowered interest rates, with further reductions anticipated over time. The immediate impact has been more enquiries by buyers and it has become easier to reach agreement on prices. That said, the market has not yet seen any substantial rise in prices.

Wider residential market starting its recovery



Independent forecasters are typically predicting house prices will rise over the next two years. Constrained housing supply will likely continue to drive long-term price growth. In the short-term, price growth has been constrained by the impact of high supply of homes on the market for sale.

Commercial property market entering recovery



Lower funding costs will translate to more demand for commercial property. Leasing activity is expected to remain robust, albeit tempered by softer economic conditions. Constrained supplies of zoned development land within the South Island will help support land prices and demand from developers.

Investment drivers

Demographic

- Population growth and urbanisation
- Strength of tourism and hospitality sector
- Ageing population driving investment into healthcare, retirement and aged care facilities

Economic

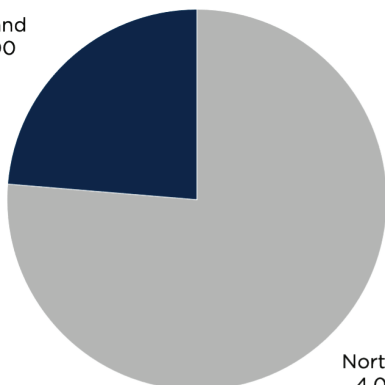
- Significant opportunities for growth
- Visitor destination for travel and business
- Strong agriculture and agribusiness
- Housing remains comparatively affordable in most locations

Government policy

- Infrastructure development and upgrades
- Migration policies
- Investor-friendly taxation policies

Population

South Island
1,242,500
24%

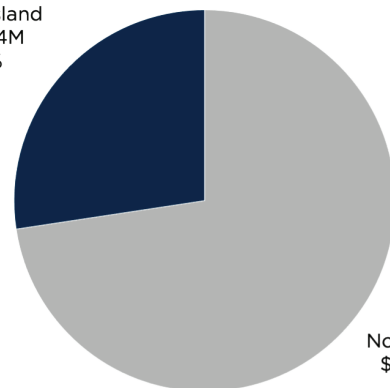


North Island
4,001,800
76%

Data: Stats NZ (2023)

Total value of building consents

South Island
\$6,384M
27%



North Island
\$16,929M
73%

Data: Stats NZ (2023)

Fast-track projects (housing and land development)

During October 2024, 149 projects across New Zealand were identified for inclusion in the Government's one-stop-shop Fast-track Approvals Bill. The bill will help to streamline the process for approving the large and complex projects, all of which were selected for their significant regional or national benefits.

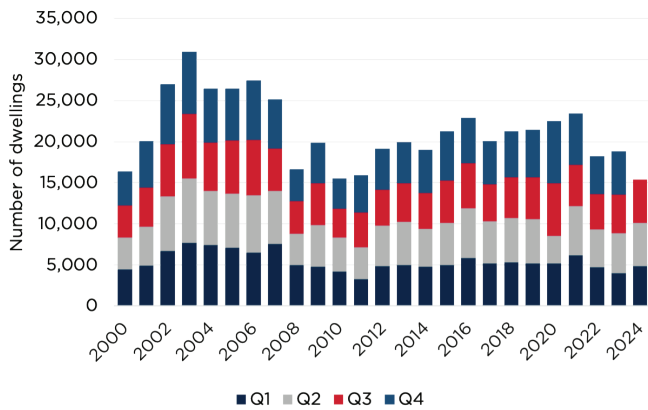
Project name	Project description
West Coast	
Arahura Papakāinga Housing	The Arapura Papakāinga Housing project will enable the development of Papakāinga by Te Rūnanga o Ngāti Waewae beside their marae.
Canterbury	
Birchs Village	The project will comprise 527 residential allotments and a commercial area along Birchs Road, opposite existing Kakaha Park.
Ryans Road Industrial Development	The project will comprise 56ha of industrial activities adjacent to the Christchurch International Airport.
Pound Road Industrial Development	The project will comprise development of industrial land in Canterbury.
Ōhoka Residential Subdivision	The project will comprise 850 houses and a commercial mixed-use centre, and a school and/or retirement village.
West Rangiora Residential Development	Staged subdivision and development of approximately 40ha of land, to create approximately 700-780 residential units (400-480 in stage one, and 300 in stage two), with associated road and service areas.
Rolleston West Residential Development	The Rolleston West Residential Development project is to construct a housing development comprising 4,200 new residential sites and four commercial centres to the west of Rolleston, 25km southwest of Christchurch's central business district.
Grassmere Residential Development	The Grassmere Residential Development project will consist of the development of approximately 17ha of Residential zoned land in Papanui, Christchurch. The project will enable 528 residential units in total, in a range of housing densities, and upgrades to transport and three-waters infrastructure.
Gressons Road Development	The project will enable the subdivision and development of approximately 1,500 homes, along with supporting community features such as public and active transport connections, green spaces and infrastructure on a site adjoining existing residential and commercial development.
Implementation of the Ōtākaro Avon River Corridor Regeneration Plan	To provide the infrastructure and facilities to regenerate the Ōtākaro Avon River in response to the Canterbury earthquakes.
Project Kea	Project Kea is a waste-to-energy plant, incinerating waste otherwise destined for landfill to covert to electricity or steam.
Otago	
The Hills Resort Development	The project is to construct and operate a golf resort, an 18-hole championship course, and construction of resort facilities, including visitor accommodation, staff accommodation and residential activities.
Flint's Park Urban Intensification	The project includes the construction of 501 residential dwellings in a residential neighbourhood, around the existing heritage building that will contain a neighbourhood mixed-use centre and an automated cable way to access residential development of the lower slopes of Slope Hill.
Summerset Retirement Village - Mosgiel	The Summerset Villages - Mosgiel project is to construct and operate a comprehensive care retirement village, with 260 units on a 17ha project land area.
Gibbston Village	The Gibbston Village project is a residential and commercial development project, including 900 dwelling units, a 2.4ha commercial area for day-to-day amenities, provision for a 3ha primary school for about 350 students and associated infrastructure.
Mt Iron Junction Housing Scheme	The Mt Iron Junction Housing Scheme project is a housing project in Wānaka proposing to establish 263 high-density units.
Coronet Village	The project will develop a new alpine village immediately below Coronet Peak, with a new gondola providing access up to the existing Coronet Peak ski area, new ski area development, and supporting infrastructure. The project will comprise a new transport hub improving access to Coronet Peak, a mountain bike facility, a restaurant at the summit of Coronet Peak, a facility for Te Tapu o Tāne, a boarding high school, a primary school, a comprehensive subdivision up to 780 residential units, public roading and public wastewater infrastructure.
Silver Creek	The Silver Creek project is to provide for residential development and subdivision enabling approximately 1,050 dwelling units across 32ha of urban land zoned for development.
Remarkables Ski Area Upgrade and Doolans Expansion	The project is to upgrade the Remarkables existing infrastructure and expand the existing Remarkables.
Homestead Bay	The Homestead Bay project is a residential development of 2,800 residential units, subdivision, and development at the southern end of Queenstown.
Cardrona Valley Ski Gondola and Ski Area Development	The project is to establish on-mountain visitor accommodation, guest facilities and workers accommodation, and to establish and operate a high-speed electric passenger lift system to provide an access link from the Cardrona Valley to the Cardrona and Soho ski areas.

Market indicators

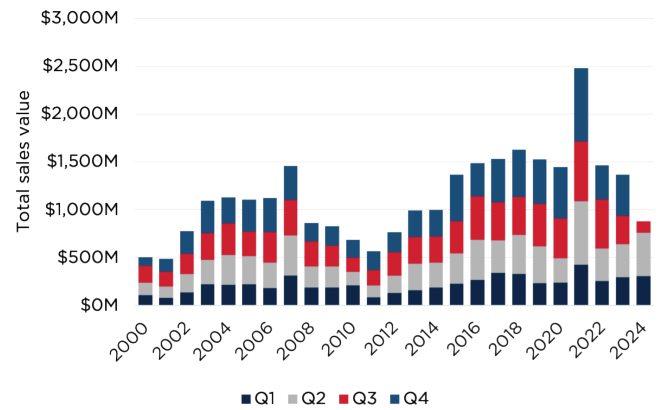
Pricing indicators

	Modern industrial rental range	Modern office rental range	Median house price
Richmond	\$90 ■ \$110	\$250 ■ \$280	\$795,000
Nelson	\$105 ■ \$125	\$260 ■ \$295	\$670,000
Blenheim	\$195 ■ \$205	\$200 ■ \$290	\$680,000
Greymouth	\$105 ■ \$115	\$150 ■ \$170	\$390,000
Christchurch	\$120 ■ \$135	\$300 ■ \$500	\$682,000
Dunedin	\$175 ■ \$195	\$260 ■ \$310	\$605,000
Queenstown	\$215 ■ \$235	\$350 ■ \$425	\$1,340,000
Invercargill	\$105 ■ \$115	\$300 ■ \$400	\$479,000

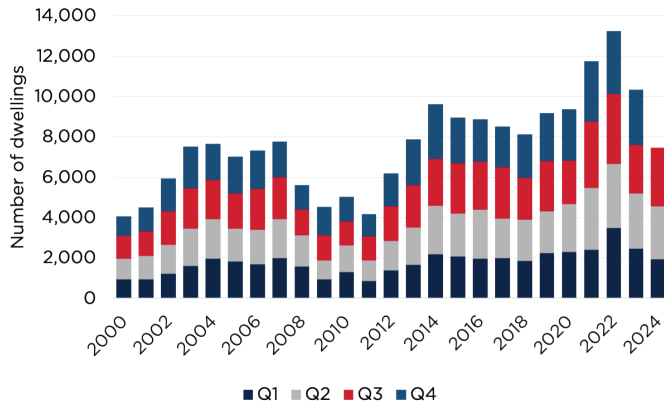
Total sales: residential property



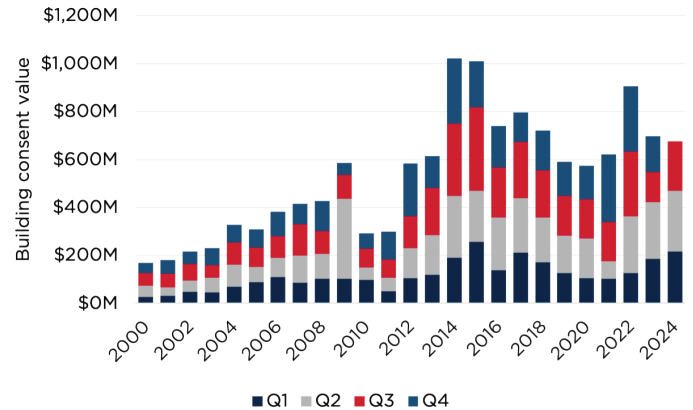
Total sales: commercial property



Building consents: residential property



Building consents: commercial property



Benchmark properties for pricing indicators:

Modern industrial: Built after 2000. Good industrial location. Warehouse 2,000sqm. 10m stud under the knee.

Modern office: Built after 2000 (excludes new-builds). Good location. Single floor tenancy. Open-plan layout. Warm shell (no or minimal fit-out).

Median house price: REINZ median house price. Past 12 months.

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