



# NEW ZEALAND DEVELOPMENT LAND MARKET UPDATE

## New Zealand development land market in 60 seconds

### Biggest trends



#### Land prices soften after a big boost

Persistent shortages of development land have led to substantial growth in land prices over the past decade. The downturn across the property markets has weakened demand and softened prices for land, although prices for land in highly sought-after locations have been surprisingly resilient.



#### Infrastructure remains a challenge

Infrastructure constraints have been a major challenge for developers in delivering land and completed buildings to the market. The new government's focus on cutting red tape may help with the supply of developable land in the longer term, but the time and cost to make improvements mean this will remain a challenge in the short-term.



#### Feasibilities struggling

Lower values for completed assets and elevated construction costs mean feasibilities are difficult to stack up in the prevailing market conditions. This is translating to weaker demand for development land.

### Outlook for the next 12 months



#### Prices for completed assets stabilising

Signals that inflation and long-term interest rates are peaking means asset prices are likely to stabilise after a period of softening. The residential market appears to have hit its floor and is showing signs of recovery. Low turnover in the commercial property market means trends have been harder to gauge.



#### Construction cost relief on the horizon

Industry commentators are increasingly of the view that construction costs are starting to reduce. Cost relief is primarily being seen in labour costs, with material costs remaining elevated. Smart design and planning remain critical to achieving cost efficiencies and enabling feasibilities to stack.

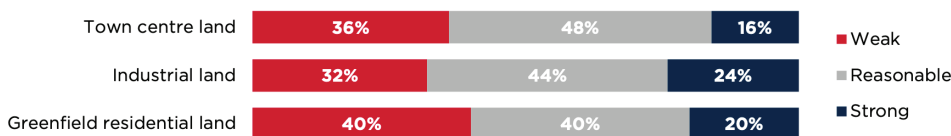


#### Migration building up demand

Surging migration is adding pressure, particularly within the housing market. This is mainly impacting the rental market given migrants tend to rent first and will typically be subject to the foreign buyer ban. Rising rents will encourage more activity by investors.

### Broker sentiment across New Zealand

#### How is buyer demand for these properties?



#### How is the supply of properties for sale?



Market sentiment based on a survey of Bayleys brokers across New Zealand

### Need help?

Use this form to request help from your local Bayleys team



# Market indicators

## Land price by urban area (\$ p.s.m)

	Town/city centre land	Industrial land	Residential section
Whangarei	\$800 ■ \$1,800	\$300 ■ \$400	\$550 ■ \$690
Hibiscus Coast and Warkworth	\$1,000 ■ \$2,000	\$800 ■ \$1,100	\$820 ■ \$1,510
Auckland North Shore	\$2,000 ■ \$5,000	\$800 ■ \$1,200	\$1,540 ■ \$3,580
West Auckland	\$900 ■ \$1,500	\$800 ■ \$1,100	\$970 ■ \$1,900
Auckland CBD	\$6,000 ■ \$30,000	Insufficient data available	Insufficient data available
Auckland Metro	\$2,000 ■ \$8,000	\$900 ■ \$1,100	\$1,500 ■ \$3,440
South Auckland	\$700 ■ \$1,200	\$700 ■ \$1,500	\$830 ■ \$1,640
Hamilton	\$800 ■ \$1,200	\$350 ■ \$650	\$950 ■ \$1,120
Tauranga	\$2,500 ■ \$3,250	\$700 ■ \$1,200	\$790 ■ \$1,330
Rotorua	\$1,500 ■ \$2,000	\$300 ■ \$800	\$520 ■ \$630
Gisborne	\$500 ■ \$750	\$200 ■ \$500	\$360 ■ \$520
Napier and Hastings	\$1,000 ■ \$2,000	\$250 ■ \$450	\$540 ■ \$1,090
New Plymouth	\$1,000 ■ \$1,500	\$150 ■ \$250	\$450 ■ \$820
Whanganui	Insufficient data available	\$245 ■ \$285	\$350 ■ \$490
Palmerston North	\$800 ■ \$1,500	\$375 ■ \$450	\$550 ■ \$860
Hutt Valley and Porirua	\$1,100 ■ \$1,500	\$400 ■ \$700	\$560 ■ \$1,020
Wellington CBD	\$2,000 ■ \$7,500	Insufficient data available	Insufficient data available
Richmond	\$1,000 ■ \$1,200	\$250 ■ \$350	\$670 ■ \$810
Nelson	\$1,200 ■ \$1,800	\$300 ■ \$350	\$580 ■ \$800
Blenheim	Insufficient data available	\$300 ■ \$400	\$510 ■ \$680
Greymouth	Insufficient data available	Insufficient data available	\$560 ■ \$660
Christchurch	\$1,000 ■ \$4,000	\$350 ■ \$500	\$740 ■ \$880
Dunedin	\$800 ■ \$1,250	\$400 ■ \$700	\$450 ■ \$660
Queenstown	Insufficient data available	\$1,500 ■ \$2,200	\$850 ■ \$1,090
Invercargill	Insufficient data available	\$215 ■ \$265	\$190 ■ \$280

## Benchmark properties

We use these benchmark properties for our insights:

**Town/City Centre Development Land:** Zoned to suit development. Good central location. Land area 3,000sqm. Bare site or demolition completed. Flat contour.

**Industrial Development Land:** Zoned for industrial use. Reasonable industrial location. Land area 3,000sqm. Bare section. Flat contour.

**Residential Section:** Upper and lower quartiles of REINZ sales data for bare sections. Land area 150sqm to 750sqm.

We revise our methodology from time to time. Our latest results may not be fully interchangeable with historic results. The benchmarks do not represent the minimum or maximum rates in the market. Benchmark properties may not be available in all markets. Land prices may vary between locations because the benchmark cannot be accurately applied in some locations. All findings are indicative only.



## Sample of recent transactions



### 314-318 Beaver Road, Bombay, Auckland

Land area 5.59ha  
 Sale price \$4,900,000  
 Contact Shane Snijder, Beterly Pan, Tony Chaudhary



### 65 Swanson Road, Henderson, Auckland

Land area 4,789sqm  
 Sale price \$6,193,000  
 Contact Wesley Gerber, Craig Smith, Brendan Graves



### 84A Morrin Road, St Johns, Auckland

Land area 3,437sqm  
 Sale price Confidential  
 Contact Gerald Rundle, Layne Harwood



### 130 Ascot Avenue, Remuera, Auckland

Land area 14,307sqm  
 Sale price Confidential  
 Contact Gerald Rundle, Paula Bennett



### 18 Kennedys Road, Whenuapai, Auckland

Land area 65,400sqm  
 Sale price \$15,000,000  
 Contact Wesley Gerber



### 1-19 Wellington Street and 94 Harris Street, Pukekohe, Auckland

Land area 5,465sqm  
 Sale price \$2,250,000  
 Contact Shane Snijder, Mike Houliker



### 46 Reta Crescent, Kerepehi, Waikato

Land area 2,425sqm  
 Sale price \$900,000  
 Contact Josh Smith



### 162 Higgins Road, Frankton, Hamilton

Land area 60,000sqm  
 Sale price \$19,000,000  
 Contact Alex ten Hove, Luke ten Hove



### 13-23 Shakespeare Road, Napier City

Land area 5,118sqm  
 Sale price \$3,050,000  
 Contact Kerry Geange



### 38-52 Barton Avenue, Marea, Napier

Land area 5,081sqm  
 Sale price \$3,000,000  
 Contact Kerry Geange



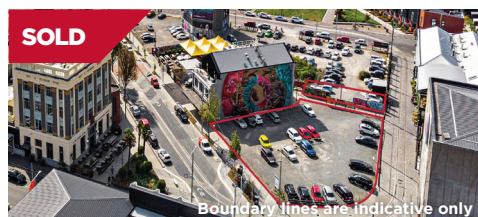
### Lot 3 and 4, 4 Twyford Road, Hastings

Land area 13,765sqm  
 Sale price \$5,000,000  
 Contact Rollo Vavasour



### Lucas Terrace, Stepneyville, Nelson

Land area 31,200sqm  
 Sale price \$1,450,000  
 Contact Wesley Gerber



### 146-150 High Street, Christchurch Central

Land area 1,403sqm  
 Sale price \$4,500,000  
 Contact Jeremy Speight



### 126-130 Hereford Street, Christchurch

Land area 307sqm  
 Sale price \$1,753,750  
 Contact Jeremy Speight

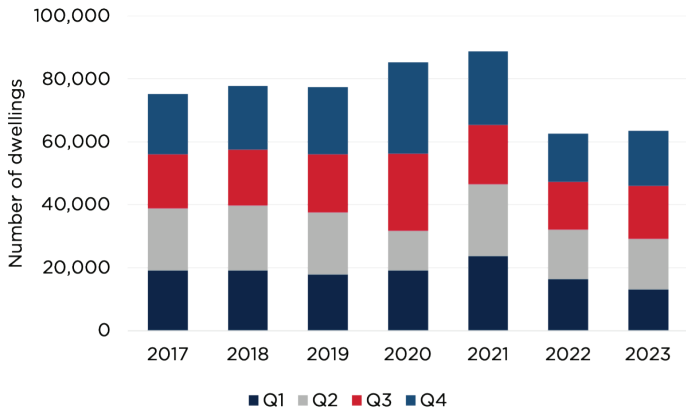


### 178 Tuam Street and 620 Colombo Street, Christchurch

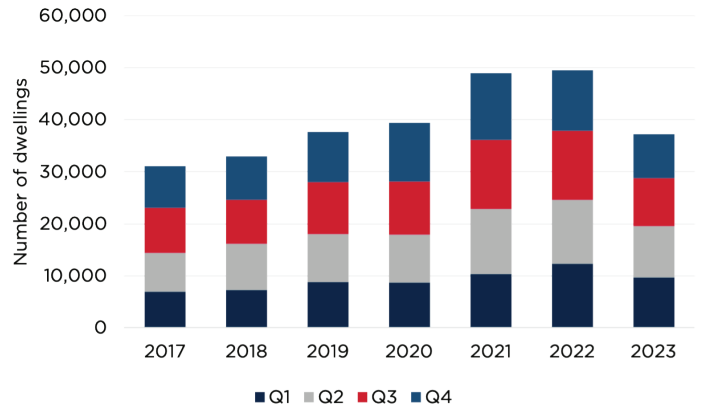
Land area 1,032sqm  
 Sale price \$2,718,000  
 Contact Jeremy Speight

# Other indicators

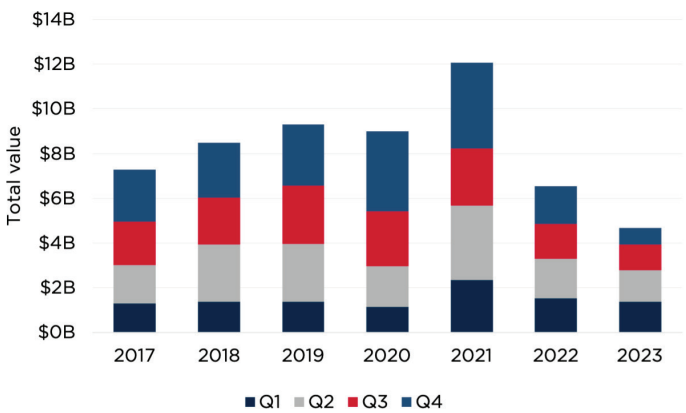
Residential sales over time



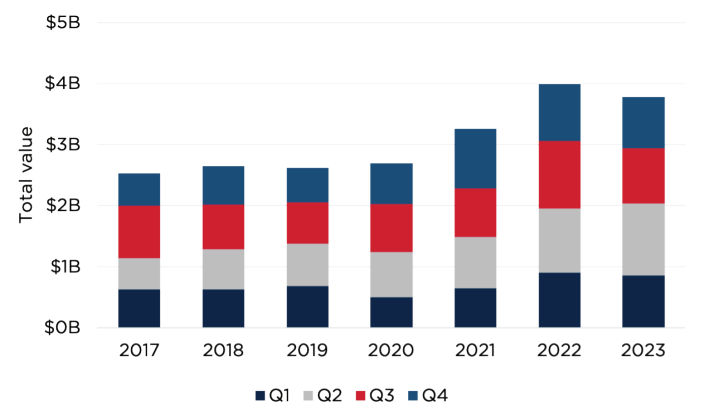
Residential building consents over time



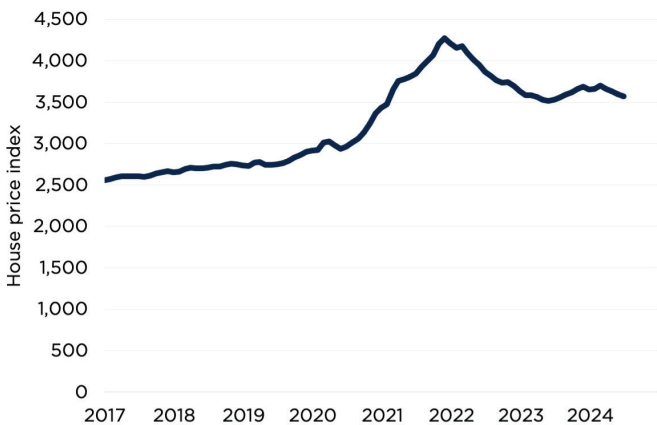
Commercial and industrial sales over time



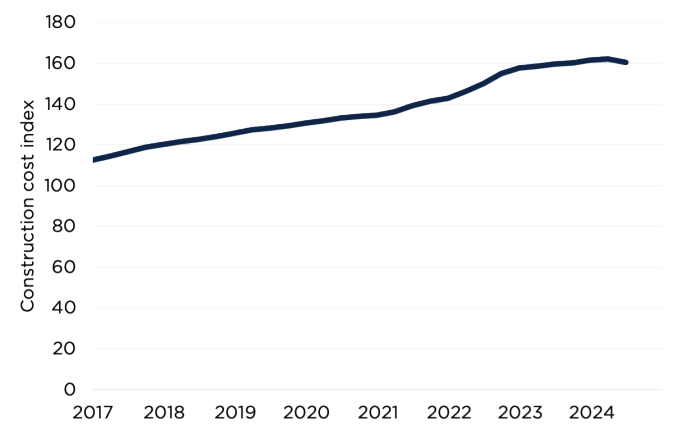
Commercial and industrial building consents over time



House price index: New Zealand



Cordell Construction Cost Index: New Zealand



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