



SOMETHING IN THE *water*

27 Waimana Place, Wānaka

Market-leading analysis of sales data from around the country confirms that buyers will pay a premium to secure a spot by the water.

COINCIDING WITH THE 30TH EDITION OF Bayleys' *Waterfront* portfolio's release is the Bayleys Insights and Data team's *Waterfront Residential Update Q3 2023*.

This report is a New Zealand first using a data-driven method to identify waterfront sales around New Zealand.

Bayleys insights, data and consulting analyst, Eos Li says the detailed analysis of the waterfront market allows a better understanding of its nuances.

"Until now, insights into the waterfront market have tended to rely on anecdotes rather than robust data.

"Our latest report clearly demonstrates where the waterfront hotspots are around the country, and how the pricing for coastal, riverside and lakeside properties vary by region."

Li says there were an estimated 1,139 waterfront property sales concluded across the market between April 2022 and March 2023, with an average sale price of \$1,618,460.

"We found that there was an average price premium for waterfront properties of 71 percent compared with surrounding non-waterfront homes, and while we knew anecdotally that a waterfront property came with a premium price tag, that figure solidified the theory."

The regions with the most expensive average sale prices for waterfront properties were Auckland, Bay of Plenty and Otago – also reflected in the most expensive suburbs being Ōrākei (Auckland), Wānaka (Otago) and Campbells Bay (Auckland).

The biggest surprise for Li was the way lakefront property has come to the fore when looking at locational sales data around the country.

"People tend to think of 'waterfront' as being by the sea, however across New Zealand, the average price premium for lakeside waterfront properties is higher than it is for coastal or riverside properties.

"Lakeside sales were mainly noted in Otago, Bay of Plenty and the Waikato and the higher price premium may be influenced by the generally larger average land area and the fact that lakeside properties are typically located away from our biggest cities, meaning surrounding homes may be cheaper."

Another commonly held view that Bayleys' analysis debunks is not all waterfront properties are "trophy" homes.

"The majority of waterfront property sales involve more modest properties – often backing onto smaller rivers or inlets and this is particularly apparent in the Auckland region which had the highest variation in waterfront prices due to many properties being located in lower-priced sectors of the market."

"There were also some tenure complexities such as the prevalence of leasehold properties along the waterfront in Auckland CBD."

With independent forecasters typically predicting house prices will rise in 2024,



"While expat and offshore buyers are included, they are not the main market driver."

SHARON HALL, BAYLEYS MT MAUNGANUI

Victoria Bidwell, Bayleys North Shore waterfront specialist covering the broader Milford, Takapuna and Devonport market says waterfront property continued to transact well in the last year, even when the rest of the residential market pulled back.

"Waterfront property commands a premium in the North Shore market, with the bulk of sales over \$5 million in value being waterfront properties.

"High value is placed on properties with an unobstructed view and the only way to guarantee this is to be in absolute waterfront position."

Bidwell says the buyer profile for North Shore waterfront stock is diverse and of the last five waterfront properties she's sold in the late \$6 million to \$17 million bracket, two were to local buyers, one to an expat returning from the UK, and two to families immigrating to New Zealand from Singapore and the United States.

"New Zealand's sensitive land thresholds, and the time it takes for someone to go through the qualification process if they don't automatically meet these requirements, means that the higher end of the waterfront market has a limited pool of buyers, but the tight supply creates desirability.

"Waterfront property prices on the North Shore are only going to go one way – and that's up."

In the seaside resort towns of Mt Maunganui and Papamoa in the Bay of Plenty, Sharon Hall says the easy accessibility, great infrastructure and high levels of amenity provide the feel-good factor that New Zealanders absolutely love.

"The buyer mix is a fruit salad and while expat and offshore buyers are included, they are not the main market driver.

"The domestic market has the biggest emotional tie to this area and while many think of the Bay of Plenty as a retirement destination, the pool of buyers looking for waterfront property has broadened, with under-50-year-olds seriously in the market as often their parents have a place here or they have good memories of time spent at these beaches."

Hall says you can now count on one hand the number of traditional and original Kiwi baches along Mt Maunganui's ocean-facing strip, with the last sale recorded for a very modest dwelling being \$7.6 million.



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VICTORIA BIDWELL, BAYLEYS TAKAPUNA

and long-term interest rates thought to be peaking, Li says buyers of waterfront property are increasingly looking outside of their local areas.

"This trend is most noted among metropolitan Auckland-based buyers who are purchasing outside of the Auckland region, often enabled by post-pandemic remote working trends and ability to be flexible around travel."



"There's simply not a lot of prime waterfront property, so anything that does come to the market tends to be fiercely contested."

SHARON DONNELLY, BAYLEYS WĀNAKA

Further south, Jimmy Allen from Bayleys Queenstown is active in the Queenstown and Lake Hayes waterfront market and says activity has remained strong as lakefront listings are rare.

"Aucklanders and Australians remain the key buyers, but waterfront stock is extremely tight and there's a limited pipeline of property in the wings.

"There are some emerging areas with waterfront capacity including Homestead Bay by Hanley's Farm which is expected to kick-off in 2025, with another developer planning a marina and commercial precinct for that area which could further enhance its appeal."



"Waterfront stock is extremely tight and there's a limited pipeline of property in the wings."

JIMMY ALLEN, BAYLEYS FRANKTON