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Avondale Housing Profile

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1.6 Future Growth and Commercially Realistic Rate of Supply

- According to Statistics NZ population projections, New Lynn is expected to grow the fastest between 2018 and 2043. We believe that this level of growth has been assumed because it is supported by Unitary Plan zoning and its place in Auckland's centres hierarchy.
- The direction and scale of population growth can be highly uncertain and can be completely flipped with substantive policy.
- There is likely to be an extra 5,250-5,700 people living in Avondale in 20 years' time.
- The 2018 Census showed a ratio of 3.12 people per household. This indicates need for 1,755 extra dwellings by 2038. This requires a pick up on the rate of supply. Smaller future household sizes will lift this dwelling requirement to 2,656 extra dwellings by 2038.
- We think that a commercially realistic rate of supply in Avondale is 2,000 to 3,000 dwellings over the 20 years to 2040. Realising the higher end of this estimate would rely on the development potential provided by a comprehensive, large scale and high-density development of the 36 ha Racecourse site.
- Our market realistic estimate without the racecourse redevelopment indicates 100 new dwellings per annum. This rate is below the 1,200 that occurred during the 1960s, but ahead of the 800 per decade infill era of 1990 - 2010. It is also double the circa 500 dwellings delivered between 2010 -2020, so a significant step up.
- Amongst its residential zoned capacity, Avondale has 146 vacant sites with an average size of 828 sqm. There are also 2,712 brownfield opportunities.
- The Unitary Plan provides additional planning enabled capacity potential to absorb demand.
- The underlying effective demand for apartments was smaller than what it was for terraces, which was smaller than houses. However, the relative gap between available stock and underlying demand is far larger for apartments than it is for standalone houses.
- The weight of underlying demand means that it is probable that over half of future housing supply in Avondale will be the apartment typology.
- Unit sizes are expected to be compact. This enables price points to be affordable to the widest group of buyers.

Based on the effective demand analysis combined with the identified supply potential enabled by both theoretical capacity (plan enabled) and practical capacity (taking into consideration physical and market constraints such as land value to property value ratios) we think that a commercially realistic rate of supply in Avondale is around 2,000-3,000 dwellings over the 20 years to 2040.

Realising the higher end of this estimate would rely on the development potential provided by a comprehensive, large scale and high-density development of the 36 ha Racecourse site. If done well and able to attract households across the full spectrum of the housing continuum, such a development would likely be a game changer for the area, creating its own defined market that would work in conjunction with the wider suburb but also act independently in some respects.

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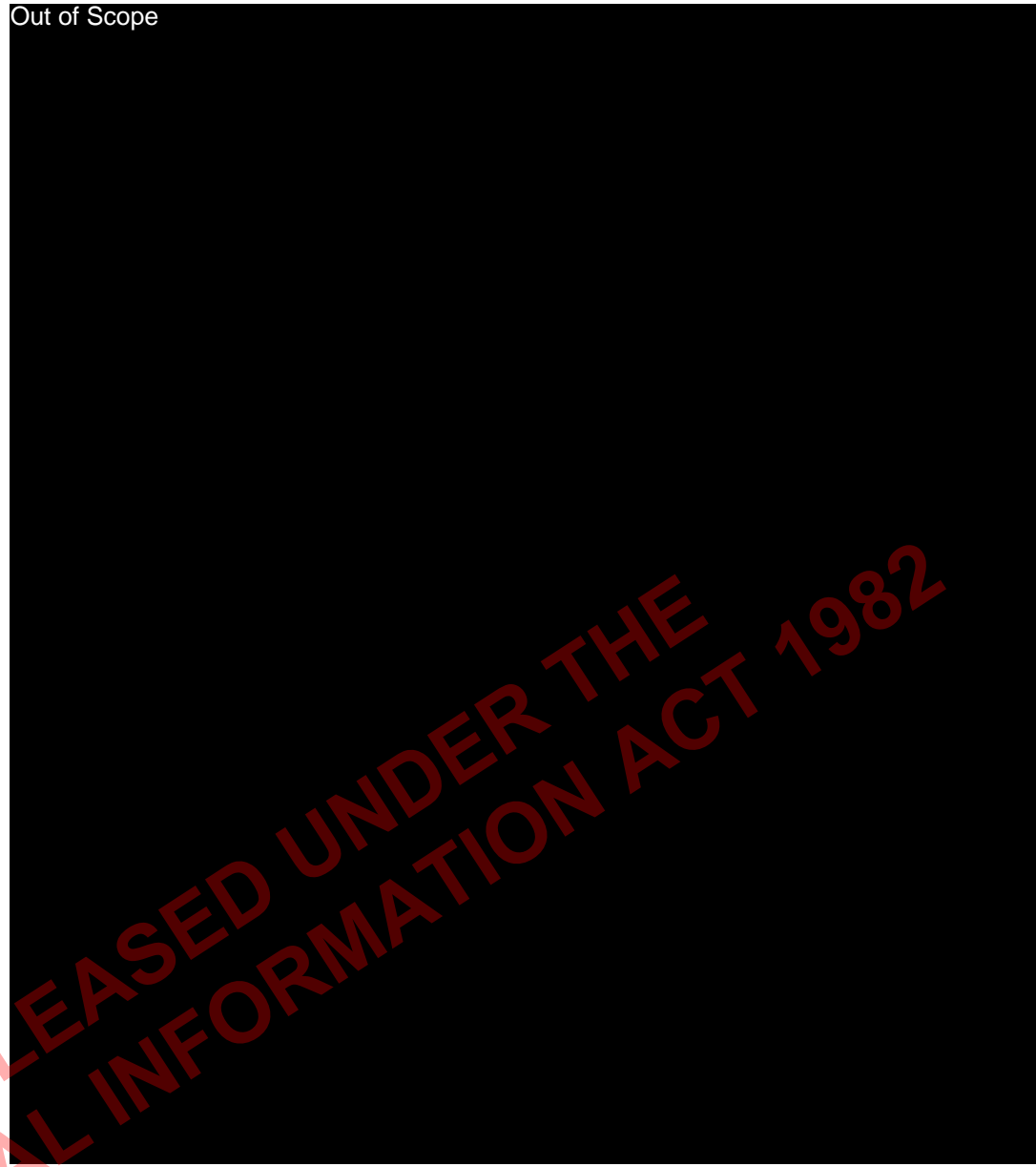
This level of supply is supported by both land capacity and the effective demand results. Analysis of vacant sites showed that there are 146 vacant sites in Avondale, with an average size of 828 sqm. Depending on site attributes and zoning, an 800 sqm site could provide capacity for not only terrace but also apartment typologies. We are aware of an example of this size on Finch Street in Western Springs/Morningside zoned for THAB that recently sold with development plans for 36 apartment units.

This demonstrates how much of a game changer the Unitary Plan has potential to be for an area. Without it, it would be impossible for Avondale to achieve a material lift in supply approaching our forecast without a very high density redevelopment of the Racecourse land. With the Unitary Plan, most of Avondale has potential to turn a single storey stand alone dwelling into a three storey or more building. This provides additional planning enabled capacity potential to absorb demand in the existing residential zoned through vacant and brownfield redevelopment sites.

In total, 2,712 Avondale sites have a high land value component that indicate current development potential. For many of these sites there is opportunity for apartment development. This indicates that practical capacity exists to realise the plan enabled theoretical capacity.

So far, apartment development in Avondale has been limited. There have been few examples of success, and projects that have experienced quick sell-down have typically be located within a tight town centre radius.

Out of Scope



8.3 Avondale Racecourse, 22 Elm Street

The 36ha, 130-year-old racecourse owned by Avondale Jockey Club (AJC) is zoned as a major recreational facility in the Unitary Plan. The racecourse is popular with locals and the buildings are used as community facilities. Land fronting Ash Street is used for a popular Sunday market.

While we understand that future land use options (and their timing) on this site are some way from being resolved the land size allows significant opportunity for a master planned residential development. The scale achievable means that this site is well suited to provide solutions across the housing continuum, although carefully managed urban design and development would be needed for a successful outcome that fulfils the needs and wants of the spectrum of stakeholders from market to social housing.

Efficiency through standardised design and scale enables cost savings that are not accessible to smaller developments. This means that the site has potential to have a meaningful impact on the quality and quantity of affordable housing in Avondale and beyond.

To optimise construction cost and aid affordability, we recommend most of the development to be three storeys tall. This is commonly referred to as walk-up style housing and is generally cheaper and easier to build than traditional apartment blocks of four or more storeys tall. In some Auckland locations the higher cost of a 4+ storey building can be hard to justify with the scale benefits often not able to be realised until at least level eight.

This location could draw from a wide catchment area including existing locals seeking low maintenance new build dwellings designed to suit their life stage, Aucklanders priced out of their current suburb as well as those from cheaper suburbs aspiring to the amenity and lifestyle of the area. This means that a wide range of typologies and configurations could be required to suit individual household needs.

Based on our market experience an indicative market feasible configuration could be;

Apartments – 50%

One-bedroom units of 40 sqm, circa \$350,000

Two-bedroom units of 60 sqm, circa \$525,000

Three-bedroom units of 80 sqm, circa \$640,000

Terraces – 30%

Two-bedroom terraces of 60 sqm, circa \$550,000

Three-bedroom terraces of 90 sqm, circa \$700,000

Houses – 20%

Three-bedroom houses of 80 sqm, circa \$750,000

Four-bedroom houses of 100 sqm, circa \$850,000

Five-bedroom houses of 120 sqm, circa \$950,000

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