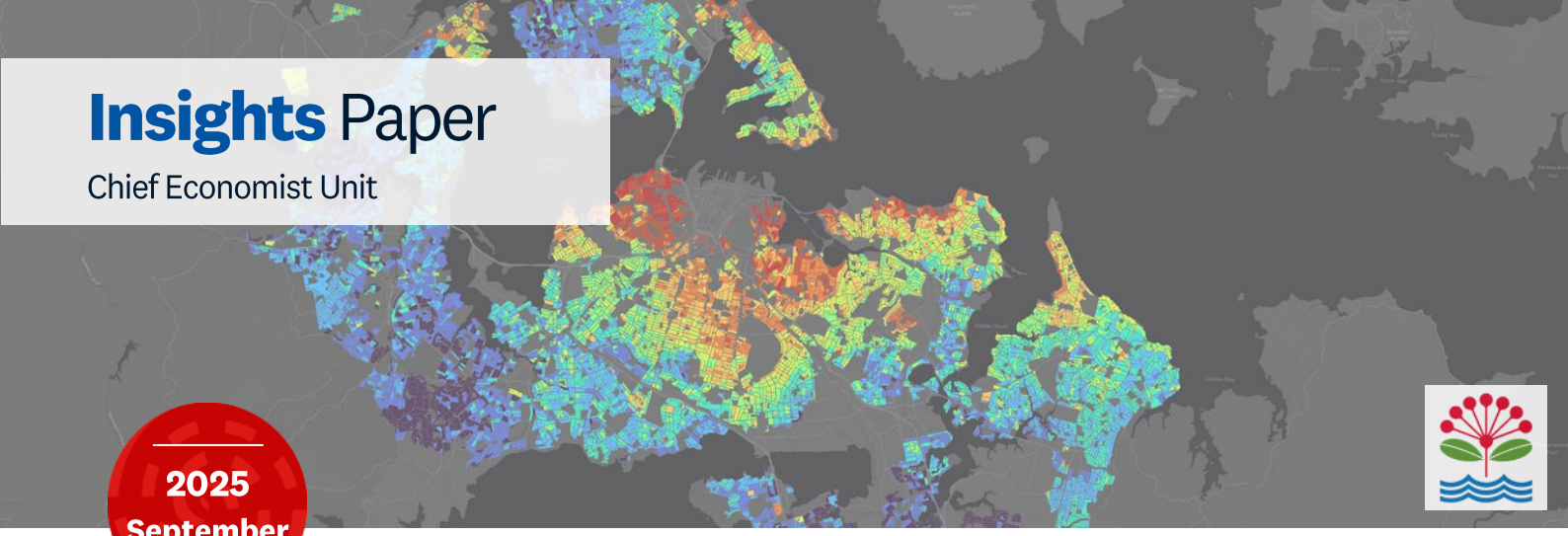

Insights Paper

Chief Economist Unit

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Where Auckland wants to live

What land values tell us about demand for housing

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Summary

- Land values reveal demand for where people want to live
- Demand for housing is strongest near jobs, transport, and services
- Zoning shapes development potential and how land can be used productively and flexibly
- Development capacity enabled in high-demand areas is more likely to be feasible, offering people the choice to live near what they value

Where do people in Auckland want to live? Land values hold the answer. To better understand the demand for housing across locations, the Chief Economist Unit has developed a spatial model to analyse land values and uncover what drives them.

What do we mean by demand?

In this context, demand refers to the price people are willing to pay for land for housing, given its location, local characteristics and development potential.

People's housing preferences vary. Some prefer more space and live further out, travelling to access what they need. Others forgo space to be closer to jobs, transport, or amenities like shops, schools, and parks. In general, people optimise their location by trading off what they want against what they can afford.

Higher land values indicate stronger demand, as people are willing to pay more for land in those areas. This doesn't imply that other locations are not valued by those who live there – it simply reflects that the strength of demand varies across Auckland.

A new spatial demand model

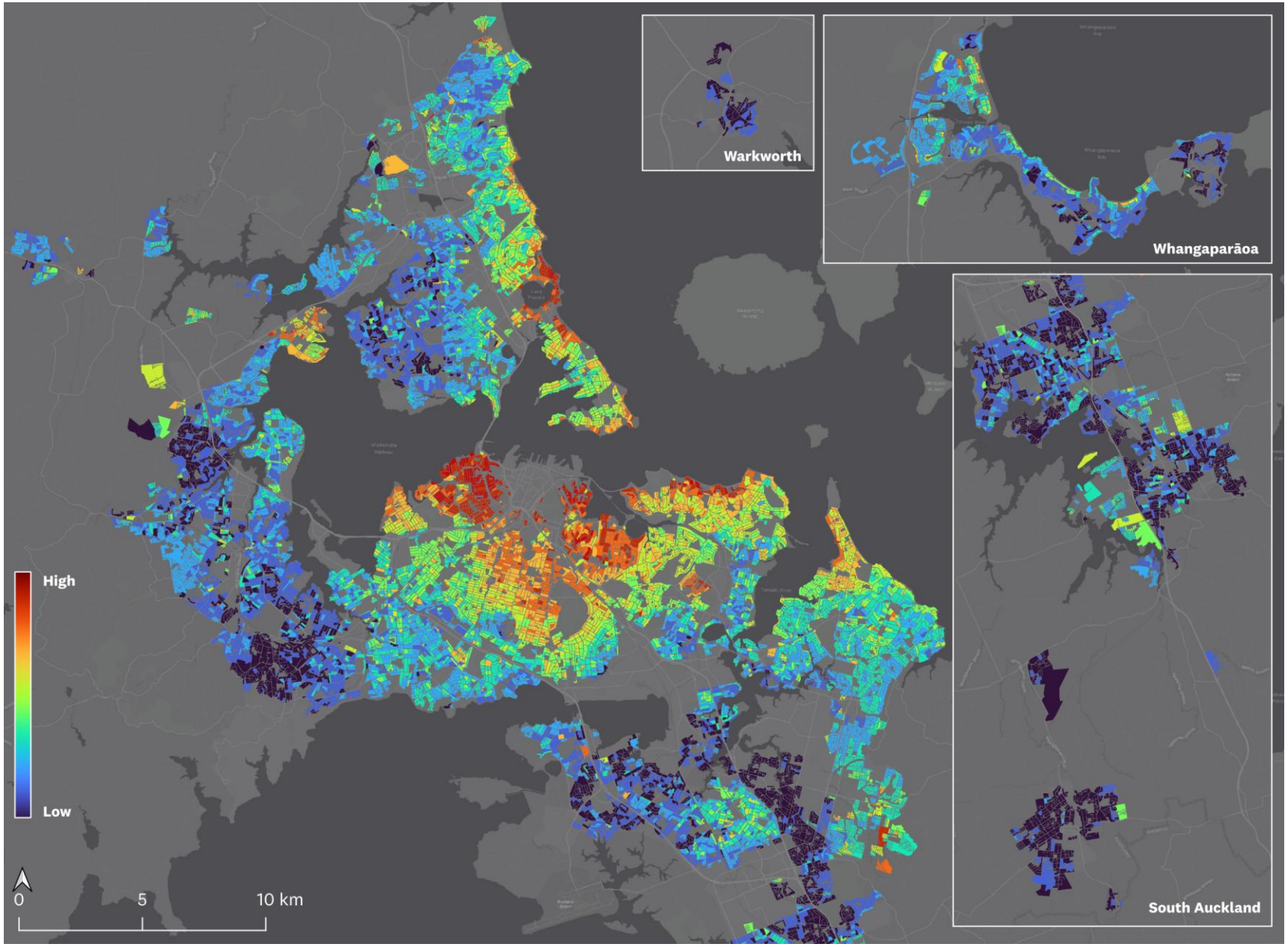
Using 2024 property valuations, the model estimates land values per square metre to assess how location influences demand. It covers land zoned residential or business mixed use. Regression analysis identifies factors affecting land values. To isolate demand for location, the model adjusts for two key factors.

- Zoning policy — the value of land is partly driven by its development potential, with land zoned for more intensive use generally having higher value. The model controls for how zoning varies across locations to separate out this effect.
- Local characteristics —differences in land value due to neighbourhood-level factors, such as the built form, are controlled for at the meshblock level (small geographic units).

A picture of location-driven demand

Mapping the model's estimated land values reveals how demand for location varies across Auckland. Figure 1 presents this spatial pattern as a heat map.

Figure 1: Estimated residential land values per square metre, 2024 valuation base



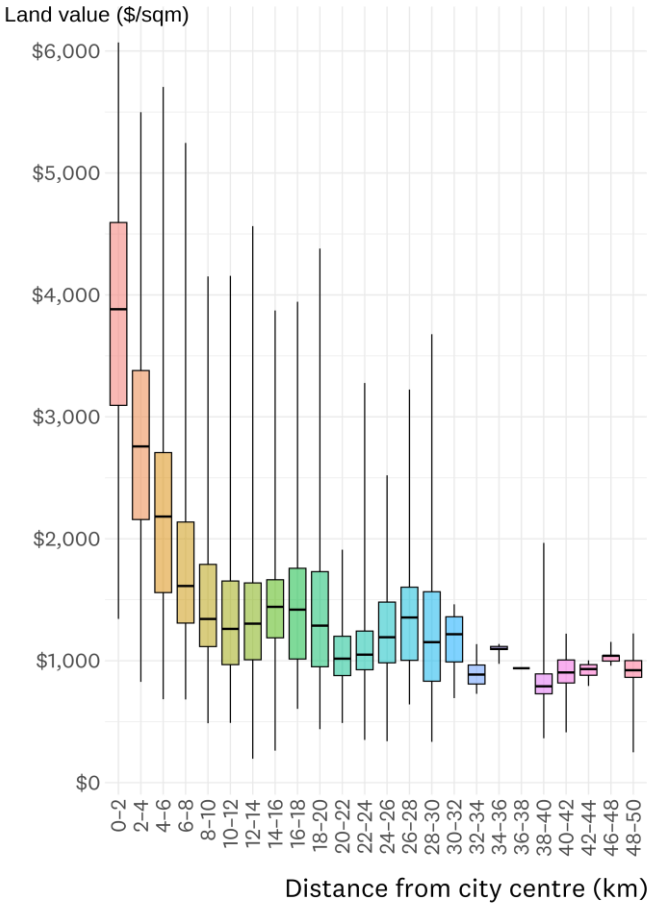
Note: Includes land zoned Single House, Mixed Housing Suburban, Mixed Housing Urban, Terrace Housing and Apartment Buildings, and Business – Mixed Use
Source: Auckland Council Chief Economist Unit

Demand tends to be higher in more central locations, reflecting their proximity to jobs, transport, and urban amenities. Demand is often higher in coastal areas too, reflecting the appeal of their natural amenity. In general, the closer a location is to these features, the higher the land value.

Another way to visualise demand is to plot land values by distance from the city centre. Figure 2 shows a box and whisker plot with 2km bands: the box show the middle 50% of values, the line marks the median, and the whiskers indicate the range. Land values tend to decline with distance – a common urban pattern – but with some variation at each distance that reflects the influence of other centres and natural amenities.

While Auckland has a network of centres offering jobs and services, the data suggests it is more monocentric (a dominant city centre in a hierarchy of centres) than polycentric (multiple centres, none dominant).

Figure 2: Land values by distance from the city centre



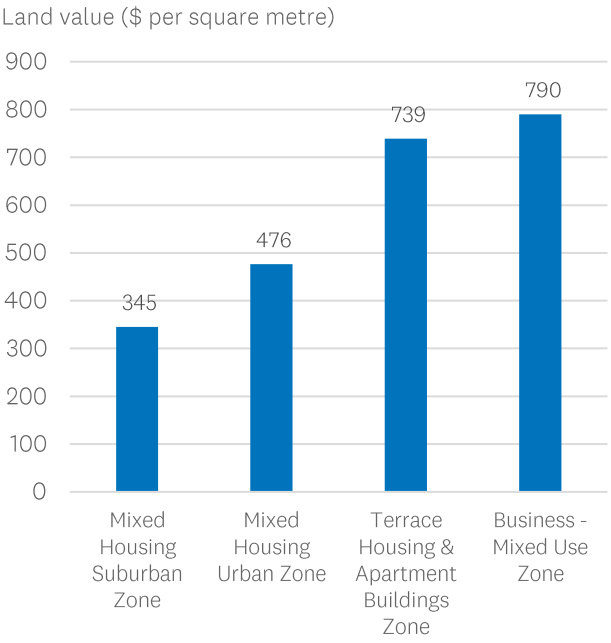
Note: Includes residential zones and Business Mixed Use; Distance is from Waitematā (Britomart) station

Source: Auckland Council Chief Economist Unit

Zoning and land value

Zoning policy influences land values. Land zoned for more intensive development tends to have higher value, reflecting its potential for more productive use and the option to use less land per home. Figure 3 shows how, on average, land values rise with enabled development intensity relative to the Single House Zone. This finding aligns with research showing that upzoning under the Auckland Unitary Plan increased the redevelopment premium for properties, with the effect depending on the extent of zoning change and existing development intensity.[1]

Figure 3: Average premium relative to Single House Zone



Source: Auckland Council Chief Economist Unit

Policy implications

Land values show demand for housing is higher near things people want to access. Enabling higher density makes land more valuable, reflecting its potential for redevelopment. This means zoning influences how and where housing supply can respond to demand.

These insights help us understand the government's direction to Auckland Council to enable more density, such as heights of 10-15 storeys around some stations on the Western Line. Adding capacity for development in higher-demand locations improves commercial feasibility as developers can have more confidence in buyer interest. This approach also makes better use of existing infrastructure and services, while offering people choice to live closer to what they need.

[1] Greenaway-McGrevy, R., Pacheco, G., & Sorensen, K. (2021). "The effect of upzoning on house prices and redevelopment premiums in Auckland, New Zealand", *Urban Studies*, 58(5).

Find out more at: Auckland Council Chief Economist webpage
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