

2026
October



When more homes become possible

How proposed planning rules could make housing supply more responsive to demand

Authors

[Gary Blick](#)

Chief Economist

[Chao Li](#)

Senior Econometrician

[James Stewart](#)

Economist

Summary

- Proposed planning rule changes would enable more housing near larger centres and public transport
- Housing supply is forecast to be ~36% higher, equivalent to ~38,000 additional homes over 10 years
- A greater share is expected in accessible, higher-demand locations
- A more responsive housing supply could reduce pressure on house prices and support productivity

How much difference could Auckland's planning rules make to housing supply? Auckland Council's proposed changes to Plan Change 120 are focused on enabling more homes near larger centres and public transport stations and routes. Using the Auckland Housing Supply Model, this paper examines how these changes could affect the number and location of new homes, and what this could mean for house prices and productivity.

A revised proposal

The revised proposal would amend the Auckland Unitary Plan (the operative plan) by enabling housing capacity in places with good access to transport, jobs and services. These include locations around the city centre, metropolitan centres, town centres, rapid transit stations, and frequent transit routes within 10 km of the city centre. In other areas, the additional housing capacity proposed when Plan Change 120 was notified in November 2025 has been removed.¹

How might the market respond?

Planning rules determine where and how intensively housing can be built. More enabling rules create development opportunities, often referred to as housing capacity. By allowing more intensive development on some sites, planning rules can make redevelopment more commercially feasible.

However, housing capacity and housing supply are not the same thing. Whether these opportunities result in new homes depends on market conditions, such as demand for housing, as well as existing land use and the willingness of landowners to redevelop.

Experience since the Auckland Unitary Plan became operative in 2016 provides evidence of how housing supply responds to more enabling planning rules. Research finds that housing supply increased, with more homes being consented than would otherwise

¹ Auckland Council (2026), "[Aucklanders to have their say on proposed changes to Plan Change 120](#)", *Our Auckland*, 22 July 2026

have occurred, after accounting for other factors that influence housing development.^{2 3}

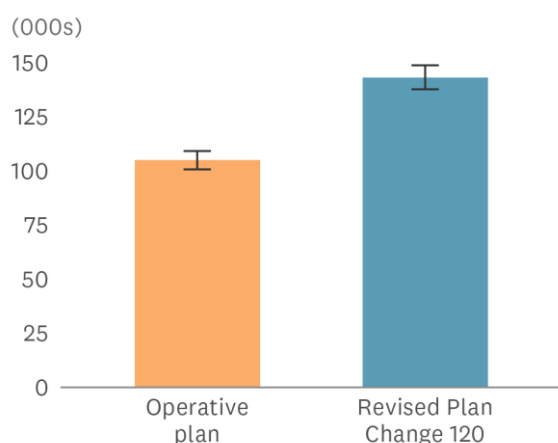
This evidence provides a foundation for forecasting the effects of further planning rule changes. Drawing on observed relationships between planning rules, housing demand and development, the Auckland Housing Supply Model estimates how the revised proposal could influence the number and location of new homes over the next decade.

More homes in different places

The model indicates that the revised proposal would increase housing supply relative to the operative plan, with a greater share of new homes in higher-demand, well-connected locations.

The revised proposal is forecast to result in 143,000 new homes over 10 years, compared with 105,000 under the operative plan (Figure 1). This would represent an increase of 36%, equivalent to around 38,000 additional homes over a decade.

Figure 1: Forecast new homes over 10 years

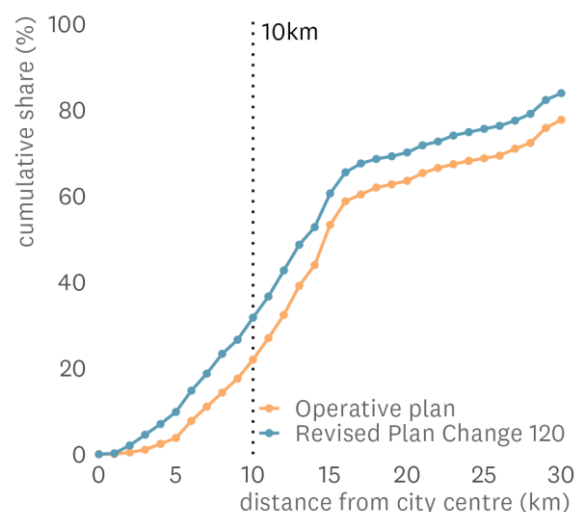


Notes: Error bars indicate forecast ranges: operative plan 101,000–109,000 homes; revised proposal 138,000–149,000. This equates to around 29,000–48,000 additional homes over 10 years, or a 27–48% increase in housing supply relative to the operative plan. Dwelling estimates are derived from forecast residential floorspace.

Source: Auckland Council Chief Economist Unit

Development is also forecast to be more spatially concentrated. Around 32% of new homes are forecast to be built within 10 kilometres of the city centre under the revised proposal, compared with 22% under the operative plan (Figure 2).

Figure 2: Distribution of forecast new homes by distance



Source: Auckland Council Chief Economist Unit

Additional housing is forecast across the urban area over the next decade, with larger increases around centres and public transport stations and routes. Figures 3 and 4 show the distribution of forecast new homes and where the revised proposal is expected to have the greatest effect relative to the operative plan.

Why might more homes be built?

Demand for housing arises not only from population growth but also from within the existing population. A period of housing shortages and high prices can lead to more people sharing accommodation, delaying household formation or living further from jobs and services than they would prefer. Planning rules influence the extent to which this demand can be met.

More enabling rules can make development feasible on more sites by allowing more homes to be built where demand is strong. Redevelopment costs can be spread across more homes, making more projects financially worthwhile. Creating more development opportunities can also increase competition among landowners, reducing upward pressure on the value of those opportunities and helping housing supply respond more readily to demand.

These mechanisms help explain why Auckland experienced a strong increase in housing supply following the Auckland Unitary Plan. They also help explain why supply is forecast to increase under the revised proposal relative to the operative plan.

² Ryan Greenaway-McGrevy and Peter C.B. Phillips (2023), “The impact of upzoning on housing construction in Auckland”, *Journal of Urban Economics*, Volume 136. The study compares upzoned and non-upzoned areas within Auckland and estimates that upzoning was associated with 21,800 additional dwelling consents between 2016 and 2021.

³ Ryan Greenaway-McGrevy (2026) “Can zoning reform increase housing construction? Evidence from Auckland”, *Economic Modelling*, Volume 160. The study compares Auckland with a counterfactual based on outcomes in other regions and estimates 52,200 additional dwelling consents between 2016 and 2023 relative to that scenario.

Figure 3: Forecast average annual new homes under the revised proposal

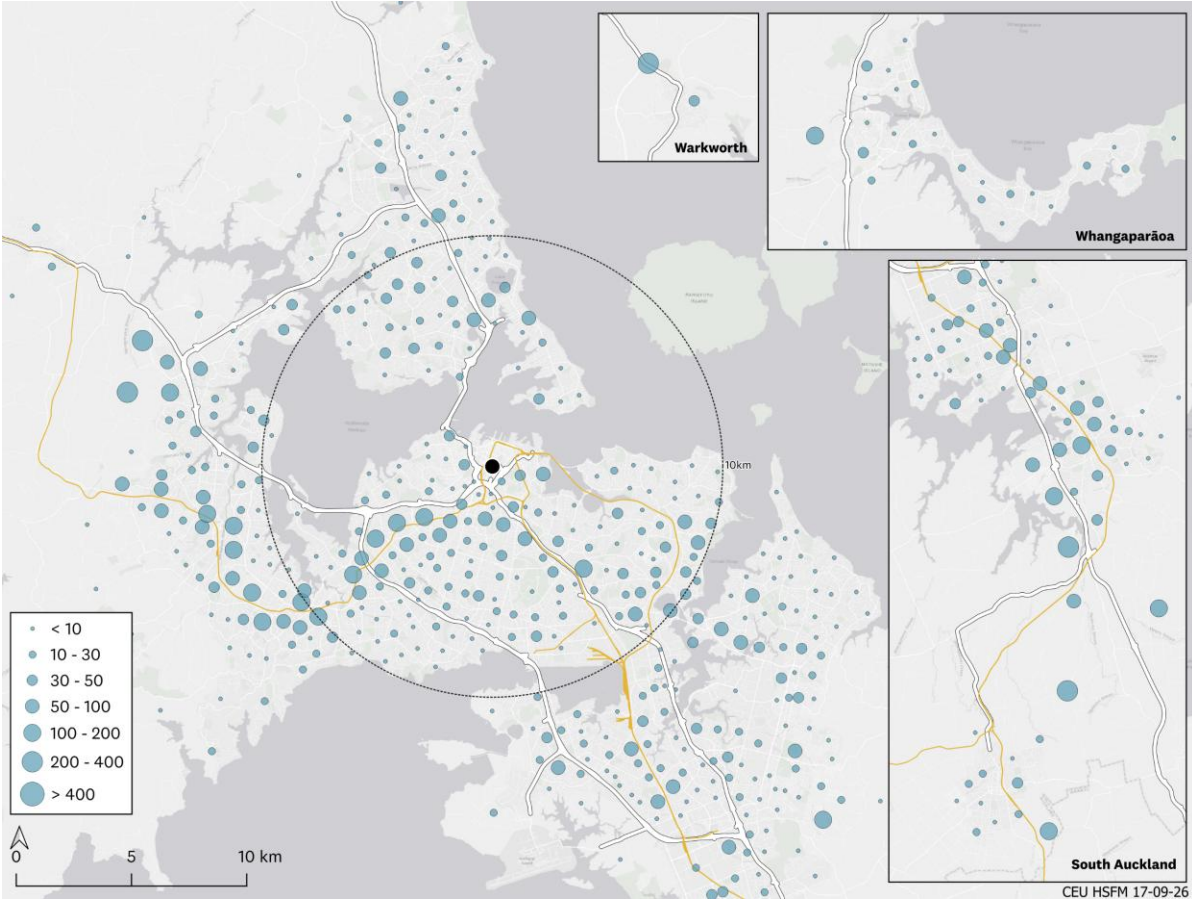
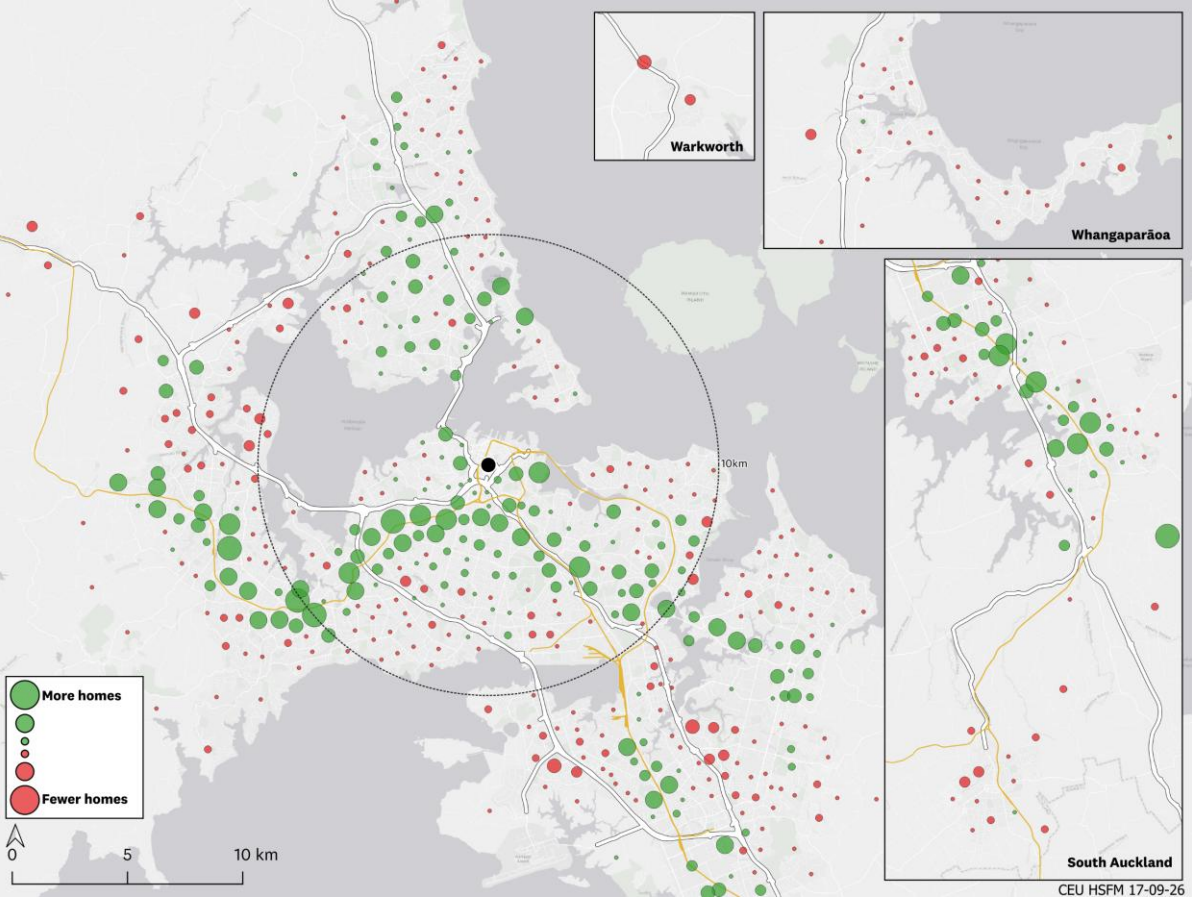


Figure 4: Forecast change in new homes under the revised proposal relative to the operative plan



Notes: Results represent SA2 centroids and use the version of Plan Change 120 approved by the Policy and Planning Committee on 21 July 2026. Includes residential zones (Single House, Mixed Housing Suburban, Mixed Housing Urban, Terrace Housing and Apartment Buildings, Large Lot) and business zones (Mixed Use, Neighbourhood Centre, Local Centre and Town Centre). Source: Auckland Council Chief Economist Unit

House prices and productivity outcomes

Auckland house prices remain high relative to incomes. When housing supply is constrained and slow to respond to demand, competition for existing homes tends to place upward pressure on prices.

The revised proposal is forecast to increase housing supply relative to the operative plan, reducing upward pressure on house prices. The scale of the effect is uncertain but future house prices could be around 3–5% lower than they would otherwise be.⁴ This does not necessarily mean house prices would fall in absolute terms.

The location of housing can be just as important as the number of homes built. Higher-density housing in accessible locations can improve access to services and employment, support better matching between workers and jobs, and make more efficient use of existing infrastructure. These effects have the potential to improve Auckland's productivity.

Annual regional GDP within ten years is estimated to be around 0.2–0.5% higher under the revised proposal relative to the operative plan. It reflects productivity gains as the economy becomes better connected.⁵ Table 1 summarises the estimated outcomes.

Table 1: Outcomes relative to the operative plan

Outcome	Estimated effect after 10 years
Housing supply	~36% higher (~38,000 more homes)
House prices	~3–5% lower than otherwise
Regional GDP	~0.2–0.5% higher than otherwise

Note: A 0.2–0.5% increase in Auckland's annual GDP equates to approximately \$400–800 million per year in today's prices.
Source: Auckland Council Chief Economist Unit

Broader considerations

Market outcomes such as housing supply, house prices and productivity are important, but urban planning decisions also involve other considerations. Communities also place value on other urban and natural amenity outcomes. The market outcomes examined in this paper represent one part of the broader trade-offs involved in planning decisions.

⁴ Ryan Greenaway-McGrevy (2025) "[Evaluating the long-run effects of zoning reform on urban development](#)", *Regional Science and Urban Economics*, Volume 111. The study estimates house price elasticities following zoning reform (–0.5 to –0.8), reflecting different migration responses to increased housing supply. These elasticities are applied to the forecast increase in the stock of floor area to estimate house-price effects.

When more homes become possible

More enabling planning rules can allow housing supply to respond more readily to demand. While the magnitude of the response remains uncertain, the direction of the effect is clearer: housing supply is expected to be higher under the revised proposal than under the operative plan, with more of that growth occurring in accessible locations. This could reduce upward pressure on house prices and support productivity by enabling more people to live closer to jobs, services and public transport.

About the Auckland Housing Supply Model

The Auckland Housing Supply Model uses a regression approach to estimate how housing supply responded to planning rules under the Auckland Unitary Plan between 2017 and 2024. It combines observed housing development with data on planning rules, housing demand, location, existing development intensity and economic conditions to estimate the relationships that influence housing supply.

The model forecasts the annual quantity and location of residential floorspace added under planning rule scenarios over a ten-year period. It covers residential, mixed use, neighbourhood, local and town centre zones. Dwelling estimates are derived from forecast floorspace using observed patterns of dwelling size across locations.

Since its introduction in 2025, the model has been refined and independently reviewed. Updates improve how housing demand and development opportunities are represented. In particular, the model now better accounts for how housing supply responds as aggregate housing stock increases relative to population. This helps reduce the risk of overstating future supply responses.

Forecasts should be interpreted as estimates rather than precise predictions. Uncertainty is greater around the magnitude of future outcomes than their direction.

⁵ Stuart Donovan *et al* (2022) "[Cities with forking paths? Agglomeration economies in New Zealand 1976–2018](#)", *Regional Science and Urban Economics*, Volume 95. The study estimates agglomeration elasticities for New Zealand ($\epsilon^* = 0.036$ in the preferred specification and 0.071 in Model A), which are used in this paper to translate forecast changes in effective population density into productivity effects.