



Strengthening the foundation

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KIWIS ARE FACING NEW CHALLENGES IN 2023, PARTICULARLY IN THE BUILDING, PROPERTY AND CONSTRUCTION SECTORS. PROPERTY COUNCIL NEW ZEALAND CHIEF EXECUTIVE LEONIE FREEMAN EXPLAINS THE VALUE OF ADVOCACY IN THIS AREA AND HOW REGULATORY CHANGE IS POISED TO IMPACT THE SECTOR’S PERFORMANCE OVER THE NEXT 12 MONTHS.

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YEARS IN THE MAKING, 2022 SAW a swathe of new policy initiatives announced by local and central governments directly aimed at improving the structural framework of New Zealand’s largest industry, the property sector.

“Growing some \$19.6 billion in just a decade, property as a sector employs nine percent of New Zealand’s workforce. It outguns other top industries, such as manufacturing and agriculture, to directly contribute \$41.2 billion or 15 percent to New Zealand’s total Gross Domestic Product,” says the chief executive of the Property Council New Zealand (PCNZ), Leonie Freeman.

Freeman is at the helm of one of New Zealand’s preeminent advocacy organisations, as PCNZ connects more than 10,000 property professionals with the interests of more than 50 organisations.

PCNZ members include some of the largest commercial and residential property owners and developers across Aotearoa, and the ultimate goal for this not-for-profit organisation is to unite the industry whilst increasing collaboration between those making policies and those impacted by outcomes.

“2023 is shaping up to be a massive year in terms of regulatory reform, with the Resource Management Act (RMA), National Policy Statement on Urban Development (NPS-UD), the energy transition and climate change open for discussion.”

“While policymakers’ intentions are good, we must focus on creating clarity to achieve building and construction objectives. However, challenges persist in a lack of regulatory coordination.”

Freeman says PCNZ uses member surveys, testing and networking forums with developers and key property and construction players to ensure ideas about shaping the sector’s structure are fit for purpose.

Results are reported to the Government, and the organisation proactively engages role with policymakers to craft viable initiatives, including consultation on transformative legislation like the initiatives below.

RESOURCE MANAGEMENT ACT

Late last year, the Government repealed the RMA (1991) to enact new laws which will transform how the Kiwi environment is managed.

Long-touted as the primary obstacle to efficient development and a scapegoat for our housing woes, the RMA will be replaced by three new pieces of legislation; the Spatial Planning (SP) Act, Natural and Built Environment (NBE) Act, and Climate Adaptation Act (CAA).

The SP and NB Bills aim to protect and restore the environment while developing long-term spatial strategies that better enable development. These were introduced to Parliament in November 2022, while the CAA will follow later this year.

Whilst welcoming critical reform, Freeman says that more thought on the RMA is required to ensure the review is executed correctly to provide a development flow and that planning costs are streamlined to avoid strain on New Zealand’s housing market.

“The RMA is like a foundation document, with the framework being the first step. However, the result is a high-level change that the industry won’t utilise properly for another decade.”

She says regional plans under the SP need to include collaboration from the development community at an early stage, and it’s paramount for those who

work within the planning system to have a seat at the table, ensuring decisions made today can be implemented down the line.

Changes to the RMA will have far-reaching implications for New Zealand’s cities and regions -given development is not just about property - but about creating communities with access to core infrastructure, including hospitals, schools, transport options and affordable housing.

“Overall, we need more detail. For example, we need to know how regional plans will be financed, which agency or ministry will lead the work, and how the Government will organise itself to ensure functions aren’t weighted down by bureaucracy.”

Freeman says this is where advocacy is essential in guaranteeing policies are fit for purpose and that Kiwis are consulted and engaged in contributing to the discussion.

THE CONSTRUCTION SECTOR ACCORD

Similarly focused on building stability across the sector, the Construction Sector Transformation Plan 2022-2025 is a three-year action plan that outlines a roadmap for change. It focuses on tackling the building and construction sector’s systemic issues to ensure efficiency and resilience.

“This is important because historically economic downturns have resulted in mass liquidations, rising unemployment and crucial development which falls off once the property and construction sectors face economic headwinds,” Freeman says.

“These industries are vital contributors to the New Zealand economy, employing thousands nationwide and supporting our goals of delivering more efficient housing at scale and pace, in addition to schools, healthcare facilities, high-quality roads and transit routes.

“By addressing issues such as fragmentation, a scarcity of skilled labour and the sector’s cyclical boom-bust performance, we can minimise the huge ups and downs experienced by the sector and work to address issues like high construction costs that deliver products and ultimately accelerate change.”

Freeman says the Construction Sector Accord is ground-breaking for Kiwis as it takes a holistic approach to structural issues currently holding the sector at ransom.

“It’s undeniable that New Zealanders want more houses and key infrastructure projects to be built faster and more efficiently, but there is no silver bullet. The economic environment remains challenging for developers impacted by rising costs, and it has become much harder to make feasibility studies work.



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LEONIE FREEMAN, CHIEF EXECUTIVE OF THE PROPERTY COUNCIL NEW ZEALAND

“Despite this, we are hopeful the Construction Sector Accord will contribute positive, long-term change across the industry by addressing systemic issues and paving the way for more efficient development processes and regulation.

“This will serve as a pathway rather than an impediment to creating liveable cities and communities.”

BUILD-TO-RENT

An emerging market in New Zealand but well-established overseas, the Build-to-Rent (BTR) sector is the construction of large, often multi-unit and high-density residential properties within walking distance of key transport links.

These properties are typically owned by institutional investors and managed by specialist operators to ensure they remain only available as long-term rental supply.

Freeman says BTR could be transformative for New Zealand’s issues with high rental costs and housing supply, and it is encouraging that the Government is finally supporting development in the space.

“As far as initiatives like BTR go, it’s not enough to pave the way for construction. We have to ensure regulators are resourced enough to meet the demands of the market, particularly an emerging market in New Zealand.

“We need to ensure outcomes work for everyone. Our research indicates PCNZ members stand to deliver more than 25,000 BTR homes over the next decade, but only if the policy settings – like tax implications, commercial depreciation and access to institutional investment via the Overseas Investment Act – are attractive enough to encourage investment.

“We’re continuing to work closely with the Government to highlight the untapped potential of BTR in supporting New Zealand’s urban intensification and climate ambitions, and we look forward to more positive progress his year,” Freeman says.

Whilst old challenges have carried over into the new year, Freeman is hopeful that bright spots for the building, property and construction sectors are everywhere.

From reform mapped by the Construction Sector Accord to the possibilities offered by BTR housing, PCNZ is optimistic legislative reform can make positive change, but only if there is meaningful consultation between the private and public sectors.

“For PCNZ members, it is important to be the squeaky wheel, ensuring policymakers engage with communities impacted to ensure optimal outcomes and resolve unintended consequences of quickfire changes,” she says.

For more information about the Property Council New Zealand, visit propertynz.co.nz

PROPERTIES FOR SALE

WELLINGTON CITY	4-11
HUTT VALLEY	12-25
KAPITI COAST	26-28
WAIRARAPA	29-31
MANAWATŪ	32-36
WHANGANUI	37-42

The property featured on the cover at Camborne, Wellington can be found on page 7.
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