



**PAPAIOEA**  
PALMERSTON  
NORTH  
CITY

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# **PALMERSTON NORTH CITY COUNCIL**

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AGENDA

**MINUTES ATTACHMENTS**  
**ECONOMIC GROWTH**  
**COMMITTEE**

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**9:00 AM, WEDNESDAY 19 JUNE 2024**

COUNCIL CHAMBER, FIRST FLOOR  
CIVIC ADMINISTRATION BUILDING  
32 THE SQUARE, PALMERSTON NORTH

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# ECONOMIC GROWTH COMMITTEE MEETING

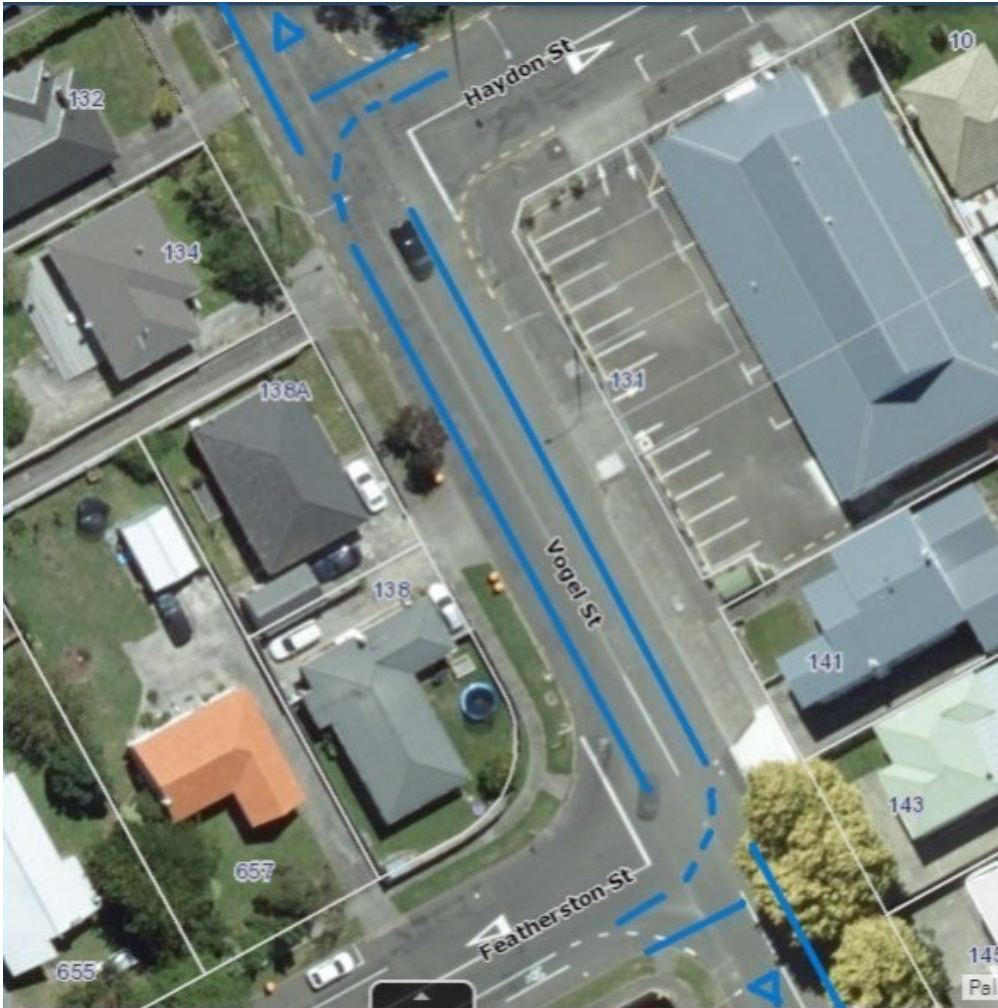
19 June 2024

## **Public Comment**

1. Public comment - Peter French - Vogel Street draft street markings regarding Featherston & Haydon Street 4

## **Tamakuku Terrace Six Monthly Update**

1. Tamakuku Terrace Report Update 5



# Tamakuku Terrace Sales Update

## Development Performance

Tamakuku Terrace continues to perform well despite the challenging market conditions. In the last 6 months, 12 sections have sold at Tamakuku Terrace including house and land packages and prices remain at or very close to the asking prices. The sales performance this year represents an improvement to the levels of activity seen in 2023. We are receiving consistent levels of enquiry and a notably improved quality of enquiry, we are dealing with better-informed and more realistic buyers than we have been in the past. There is a significant amount of activity on site now which helps build confidence with new buyers.

The development is considered to be superior in quality to much of the competing stock in the market, and the house and land packages represent excellent value in the current market.

Below is a summary of market conditions and buyer feedback we have received over the past 24 months.

## Market Conditions

The market for residential sections in Palmerston North has faced some significant changes in the last few years. Transaction volumes have decreased significantly as have prices in segments of the market. In Q1 of 2021, REINZ\* reported 47 section sales in Palmerston North versus 12 in Q1 of 2024. Since the beginning of April this year, REINZ has reported only 4 section sales in the city.

One of the key drivers of low section sales is the cost of buying existing versus building new. We are indirectly competing with existing homes for sale. The median sale price of residential property in Palmerston North decreased by 19.1% between the peak of the market in December 2021 and the trough in April 2023. Purchasing an existing home became significantly cheaper throughout this period as opposed to building. Stock levels peaked in May this year and days on market remains high. Buyers have a significant amount of choice.

In general, the market continues to be defined by interest rates. Many commentators expect that rates have now peaked and should begin to decline early next year.

\*Sales data as reported by the Real Estate Institute of New Zealand, there is difficulty in capturing all section sales as many are conducted through group builders etc. This data set is based on all sales reported by real estate agents and all council-reported sales so is still useful to illustrate market trends.

## Buyer Feedback

We have received a diverse range of feedback over the course of the marketing campaign. We faced some key objections early on however these have mostly subsided as the communication strategy has been adjusted over time. The summary below highlights some of the main objections buyers have had and how they have changed over time as well positive feedback we receive.

### Social Housing:

Many members of our community misunderstood there to be a social housing component to the development and viewed it in a very negative light. It was a consistent major objection for some time. Over the past 12 months this objection has faded away, buyers have a greater understanding of the development and can see for themselves the quality of the homes being built at the development.

### Design Guidelines:

The covenants for this development were presented to the market in a way that was different to what was typical in Palmerston North previously. Although similar to what is standard in most larger centers they were met with a degree of resistance early on. The design guidelines were an easy objection to point to for builders in particular who were already frustrated with the rising cost of building.

However, they are now widely accepted and no longer an objection we field from buyers, at all. Many homes have been completed within the development, showing the positive design outcomes the design guidelines are achieving. I am confident that they have helped to cement the quality perception of the development in the market.

### Section Sizes:

Buyers have had varying feedback on the size of the sections. With an average section size of 463 sqm, it is simply a reality of the market that some buyers will consider a typical Tamakuku Terrace section to be too small. The sales evidence suggests that despite this feedback the range of section sizes available at Tamakuku Terrace is catering to the market well. 46% of sections comprising 300 sqm or less have sold and if you include sections of up to 400 sqm or less 60% of the available sections have sold.

### Pricing:

The sections at Tamakuku Terrace have been consistently achieving sales at their listed prices. This highlights that despite many cheaper options being available buyers are electing to purchase what they consider to be a superior product at Tamakuku Terrace. Sales evidence over the last 6 months in particular highlights that the pricing is correct.

### Quality of the development:

When we have the opportunity to show buyers around the development in person the feedback is always very positive. Many buyers spend a lot of time viewing potential options and are always impressed with the quality and presentation of the development. It is considered to be superior to much of the competition in this regard.

Cemetery:

Early on we had been making efforts to minimise the visual presence of the cemetery next to Tamakuku Terrace. This is no longer something we are concerned about. Buyers who for religious reasons avoid it do not engage anyway (we have no way of quantifying this and it is likely minimal) and we have found that it is an attraction for some buyers. We have worked closely with three widows so far who were attracted to the development to be near their loved ones.

House and Land:

Key to recent sales success at Tamakuku Terrace has been collaborating effectively with our build partners. The ability to showcase what is achievable at certain price points has been invaluable. Having good people to refer buyers to work with is important and quickly makes what can be a complicated process for some buyers very simple. Jennian Homes, in particular, have been very effective.

Buyer Profiles:

Many of our buyers continue to be from within the region and are either downsizers or young families. We are still seeing positive net migration to the Manawatu and we do continue to field enquiry from outside of the region. In the last fortnight, we have had enquiries from Wellington and New Plymouth.

Developers have shown very little interest in the development recently although we are aware of one that is about to commence a build on lot 105.

I hope the insights in this summary prove useful, should you have any further questions or require clarification please be in touch.

Regards,

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