BRIEF | Future Cities

Impact of apartment supply on house prices

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Over the past decade that Auckland has had it's Unitary Plan, the apartment housing sector has grown significantly. From what had been very CBD dominated stock totalling 25,000 units back in 2014, to a much more geographically diverse total of 50,000 units achieved during Q3 2026, CBRE's supply forecasts indicate that suburban apartment stock levels will exceed those of the CBD before the end of next year.

With suburban apartments being a relatively new feature of our housing market, there is little research data looking at how new apartments impact house prices in the suburbs that they occur. In this research brief we analyse a subset of our apartment data in an attempt to isolate the impact that this new supply has had on existing market pricing, using long term price changes to smooth any short term fluctuations. The aim of this research is to help interested parties understand how completed apartment projects have impacted house prices in areas in which they have occurred.

Apartment stock in 2014

25,000

Apartment stock in 2026

50,000

Methodology

We have assessed all 20 saleable apartment projects that completed in 2015. This year was chosen because it balances the length of time the apartments have been in existence (so the full impacts have flown through to house prices) against data availability (suburban apartment development prior to this year was sparse). Of these 20, there were 15 unique suburbs, including five projects in Orewa.

We then identified the REINZ median sale price of houses in those suburbs for the 2015 calendar year and the 2025 calendar year to calculate the percentage change over the ten year timeframe. Choosing house prices rather than general residential prices was deliberate to prevent the new build apartment prices themselves from having an influence. Some of the suburbs had insufficient data and were removed from the analysis; these were typically CBD and Fringe suburbs that have little to no stock of standalone housing.

This left us with 10 unique suburbs for the price change assessment. There was wide price variation between them because supply during 2015 was region-wide, enabled by both planning legislation and broader housing market growth aiding feasibilities across multiple markets.

Completions in 2015

20

Unique suburbs assessed

10

Results

Overall Auckland region price growth was 35%, moving from $800,000 in 2015 to $1.08m in 2025. For the fifteen apartment projects completed during 2015 that had suburb level house price data, most of them occurred in suburbs that experienced house price growth at a level above the regional average. This indicates that the existence of new build apartment supply has been correlated with above average future house price growth in a suburb.

The suburbs exhibited decent variation between themselves. The lowest rate of decade long change was Mt Eden, where house prices moved from $1.55m in 2015 to $1.86m in 2025 (+20%). The highest rate was Orewa, where house prices moved from $800k in 2015 to $1.32m in 2025 (+65%). Interestingly, Orewa also had the most completions in 2015 with five apartment buildings completed during that year.

There is a noticeable distinction between the quality grade of the completed apartment project and the house price growth in its suburb. Suburbs that experienced Prime (Premium + Grade A) grade project deliveries had growth of 56%, well ahead of Auckland region's average. In contrast, suburbs that had Secondary (Grade B, + Grade C of which there were no completions for during this year) grade project deliveries had growth that was on par with the overall average.

Auckland resi price growth

35%

Prime grade – suburb growth

56%

2ndary grade – suburb growth

34%

FIGURE 1: Saleable apartment projects completed in 2015, sorted by grade, and ten year change in house prices

Project Suburb	Average $/sqm at launch	2015 House Price	2025 House Price	% Change	Project Grade
Orewa	$9,693	$800,000	$1,320,000	65%	P
Orewa	$7,273	$800,000	$1,320,000	65%	A
Orewa	$7,352	$800,000	$1,320,000	65%	A
Orewa	$6,873	$800,000	$1,320,000	65%	A
Orewa	$6,794	$800,000	$1,320,000	65%	A
Herne Bay	$13,456	$2,360,000	$3,580,000	52%	A
Stonefields	$7,425	$1,250,000	$1,770,000	42%	A
Freemans Bay	$10,576	$1,720,000	$2,190,000	27%	A
Stonefields	$8,083	$1,250,000	$1,770,000	42%	B
Pukekohe	$5,805	$586,000	$824,000	41%	B
Millwater	$5,669	$1,020,000	$1,380,000	35%	B
Albany	$8,389	$1,000,000	$1,350,000	35%	B
Grey Lynn	$11,410	$1,490,000	$2,000,000	34%	B
Hobsonville	$6,965	$930,000	$1,210,000	30%	B
Mt Eden	$9,073	$1,550,000	$1,860,000	20%	B
	Auckland Region	**$800,000**	**$1,080,000**	**35%**	

Source: REINZ, CBRE

Conclusion

Prior to undertaking this research there appeared to be no consensus on exactly how apartment supply impacts residential pricing in a suburb. This research brief aims to fill some of this data gap by looking at the areas in which apartment supply occurred and how their house prices changed over the following decade.

The suburb of Orewa was an interesting case, having had both the highest apartment supply and the highest ten year house price growth. With development of detached housing having been present in the local area over the past decade we expect that the 65% growth is not fully attributable to property price growth but rather is also reflective of a composition change to include bigger and better houses. Irrespective of this, high apartment supply and high price growth reflects the desirability of Orewa as a place to live, and the broader civic and social infrastructure improvements needed to support the additional apartment dwelling population may have also played a part in adding value. Proven development feasibility through plentiful supply could have also helped to increase the value of the remaining developable land.

A key finding is that the quality grade of the new build apartment supply is probably more influential on future house price growth than commonly assumed. Premium and Grade A project suburb growth was 56%, well ahead of Auckland region's 35%. Even with the Orewa projects excluded, the suburb growth across Premium and Grade A projects remained ahead of the average, at 40%.

This implies that high quality apartment supply is not a drag on surrounding house prices, instead, it is more likely to support, and potentially help drive, long-term value growth across the surrounding suburb. When done well, new build apartments can help set new price benchmarks in their market, improve perceptions of an area, and encourage further investment and development, ultimately creating a cycle of wider neighbourhood transformation.