

# PROPERTY **E**CONOMICS



**EMBRACING A CAR-FREE**

**FUTURE – BENEFITS FOR**

**SUNFIELD RESIDENTS**

Project No: 52463

Date: December 2024

Client: Winton Land Limited



## SCHEDULE

Code	Date	Information / Comments	Project Leader
52463.3	December 2024	Report	Tim Heath / Phil Osborne

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## 1. INTRODUCTION

Winton Land Limited has commissioned Property Economics to assess the potential benefits associated with a 'car less' environment proposed through the Sunfield development. This includes the provision of significant levels of localised employment, amenity and household services in order to encourage a 'car less' environment'.

The assessment includes an overview of Auckland Regional average for car ownership and usage. It then looks at the potential financial savings as a result of residents moving into Sunfield. Specifically, the assessment includes:

- Assessment of average vehicle costings in Auckland including the average number of vehicles per household.
- Proportion of households without cars and a geospatial overview of the households without cars.
- The net financial benefit to potential households including any mitigating costs of not owning a car including public transport costs.
- Average Income of wider catchment and resulting savings as a portion of total.
- Household Savings effect on housing affordability including the proportion of the wider catchment which shifts into affordable housing as a result.

### 1.1. INFORMATION AND DATA SOURCES

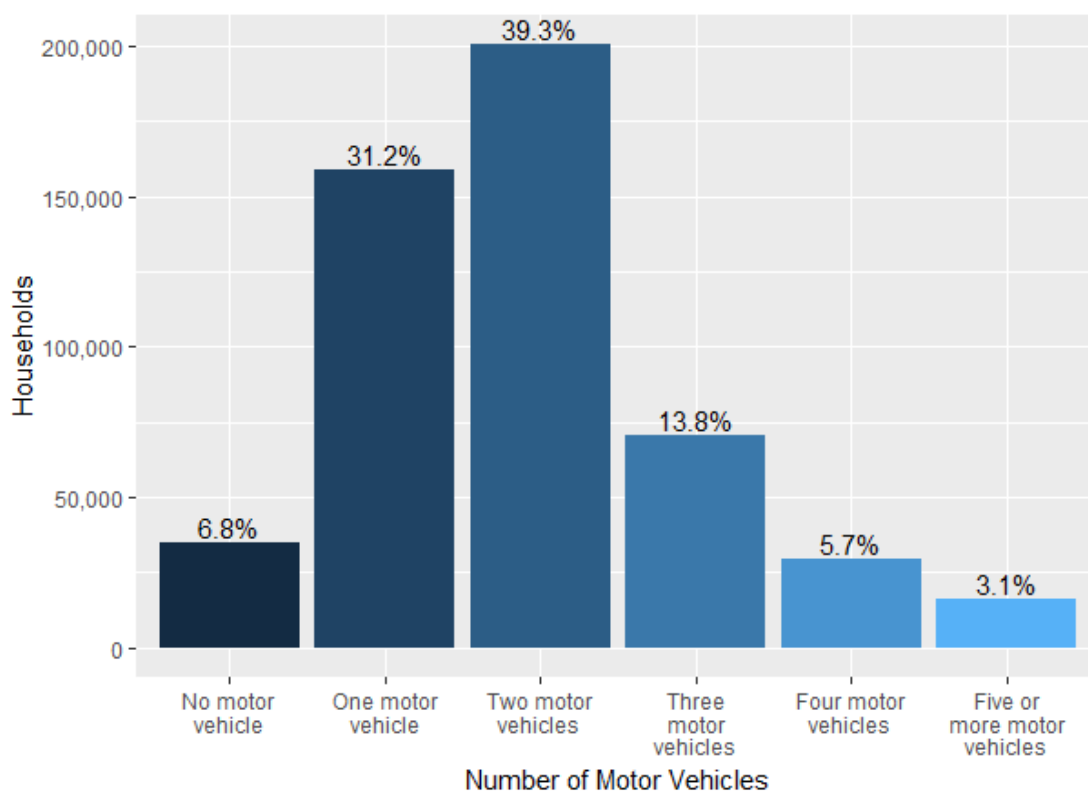
Information have been obtained from a variety of reliable data sources and publications available to Property Economics, including:

- Business Demography Statistics – Stats NZ
- Catchment Map – Google Maps, ESRI, LINZ
- New Zealand 2023 Census Data – Stats NZ
- Population Estimates 2023
- Household Expenditure Survey – Statistics NZ

## 2. AUCKLAND VEHICLE OWNERSHIP

Figure 1 below shows the number of motor vehicles Auckland Households have access to for personal use according to the 2023 Census. Although this is not the same as direct ownership<sup>1</sup> it is used here as a proxy. This shows that the vast majority of Auckland Households (93%) have access to at least one motor vehicle and that over 60% have access to two or more.

**FIGURE 1: NUMBER OF MOTOR VEHICLES BY AUCKLAND HOUSEHOLD**



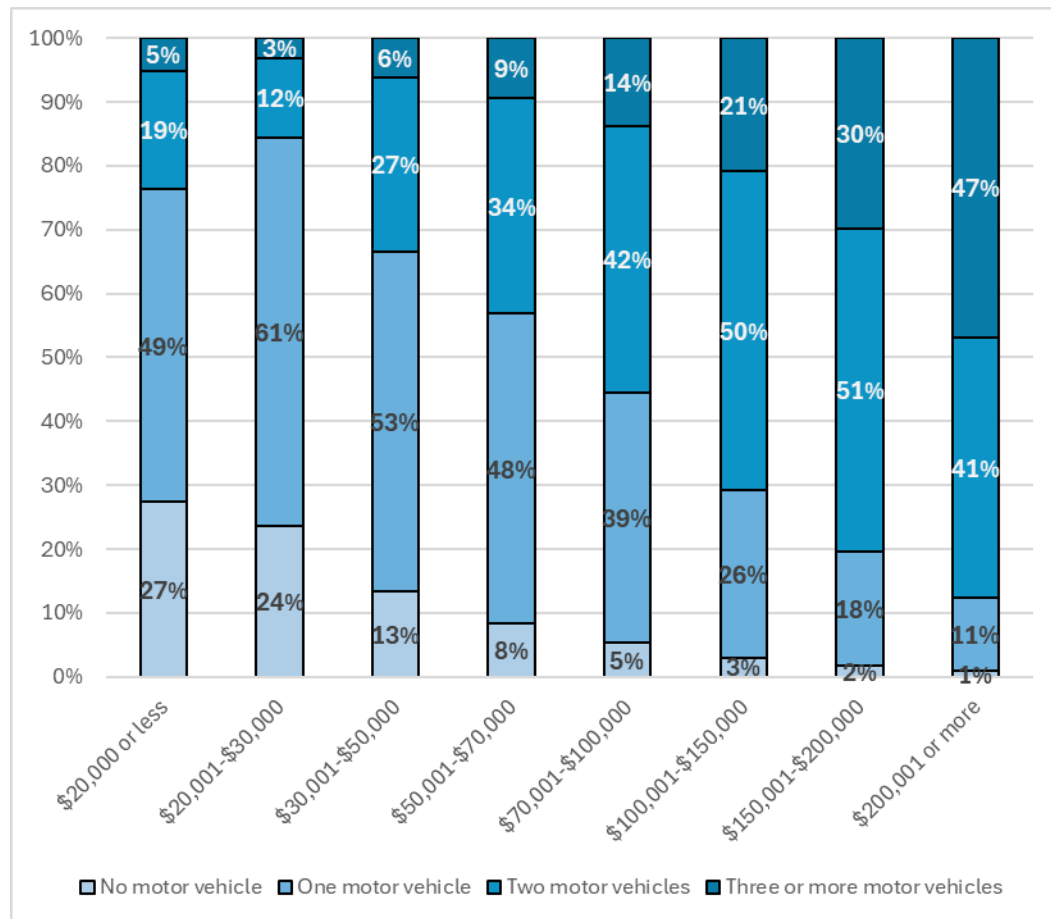
Source: StatsNZ, Property Economics

### 2.1. MOTOR VEHICLE OWNERSHIP BY INCOME

Figure 2 illustrates how car ownership changes by household income. As anticipated, this shows a clear correlation and increasing ratio between the average number of motor vehicles per household and household income.

<sup>1</sup> The data does exclude vehicles borrowed occasionally from another household and vehicles that can only be used for work.

**FIGURE 2: NUMBER OF VEHICLES PER HOUSEHOLD BASED ON HOUSEHOLD INCOME  
AUCKLAND**



Source: Property Economics, Stats NZ

Specifically, the proportion of households that own two or more cars strictly increases as the household income increases. The income band that is most representative of potential first-home buyers is those who were earning over \$100,000 as will be identified in the following chapters.

As Figure 2 shows, only 3% of these households do not own a motor vehicle. The majority of households who do not have access to a car are those in the lower income brackets. Note that this is a combination of both households being unable to afford a vehicle, but also retired residents who despite their low income could afford a car due to savings / established wealth but cannot drive for health reasons.

This is to say that the majority of households who have the potential means to purchase even the most affordable homes available on the market are most likely to own a car.

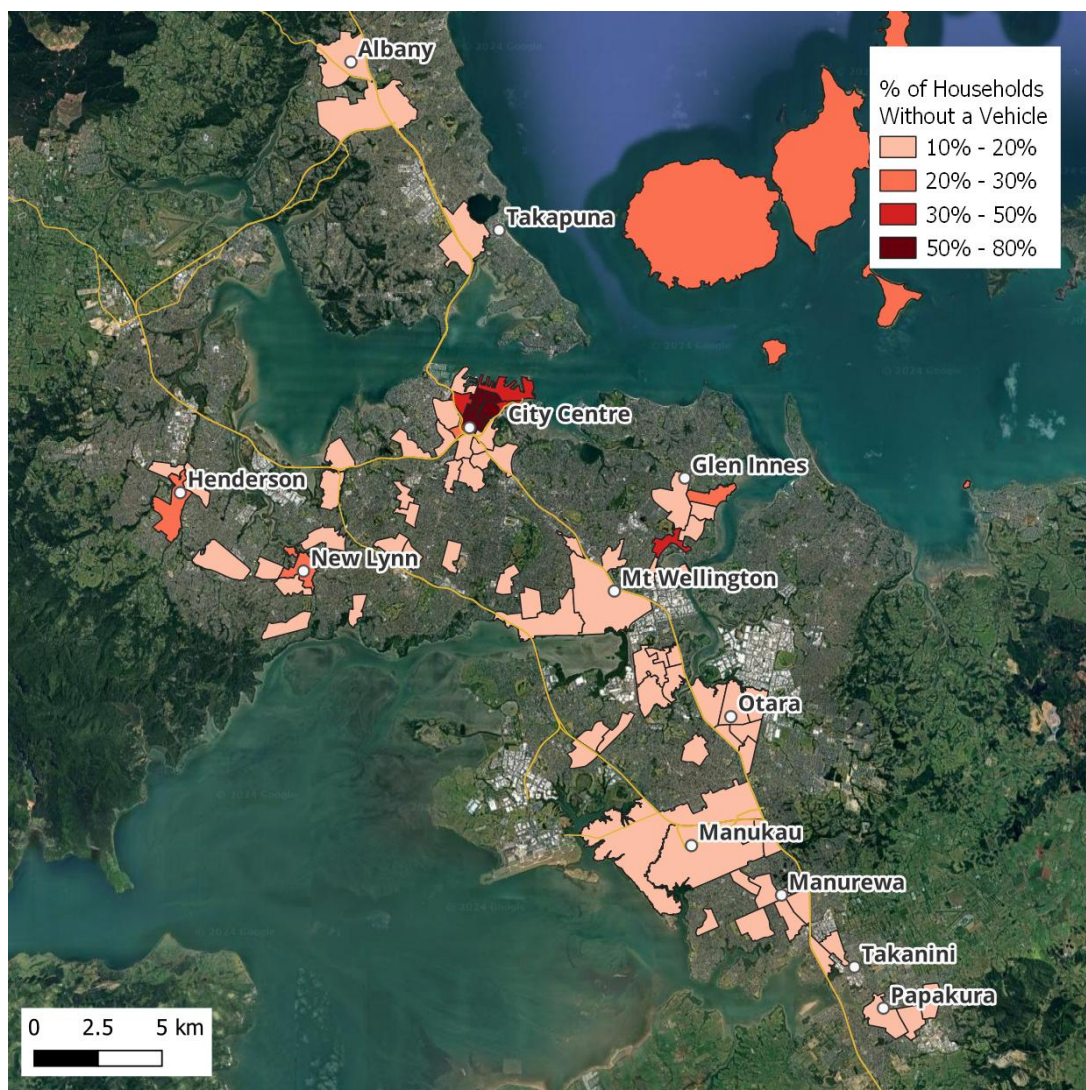


## 2.2. MOTOR VEHICLE OWNERSHIP BY LOCATION

Figure 3 visualises the geospatial distribution of where these “No Motor Vehicle” households live. This can assist in understanding what factors aside from income affect a household's decision to go carless.

Figure 3 highlights all the SA2's<sup>2</sup> where the proportion of households who do not have access to a private motor vehicle exceeds 10%. Furthermore, Table 1 following highlights some of the key commercial centres in Auckland which have above average proportion of households without cars.

**FIGURE 3: AUCKLAND SA2's PROPORTION OF HOUSEHOLDS WITHOUT A VEHICLE – 2023 CENSUS**



Source: Google Maps, StatsNZ, Property Economics







Unsurprising, the SA2 with the highest concentration of households without a motor vehicle are within the Auckland CBD. Specifically, the Symonds Street Northwest (just south of AUT)

<sup>2</sup> Statistical Areas – Stats NZ term to describe a defined geographic area.

and the Auckland University SA2's have ratios exceeding 70%. These two SA2's cover a high portion of student accommodation units. However, the ratio is lower for other areas of the CBD.

Table 1 shows the carless proportions and key statistics for relevant Metropolitan Centres<sup>3</sup> in Auckland.

**TABLE 1: KEY STATISTICS FOR CITY CENTRE AND KEY METROPOLITAN CENTRES**

	Households 2024	Employment 2023	% Without Cars	Cars per HH
City Centre	37,320	134,850	 54%	0.5
Albany Central	685	9,700	 13%	1.2
Newmarket	1,222	18,600	 18%	1.2
New Lynn Central	319	5,500	 22%	1.2
Henderson Central	1,035	8,500	 29%	1.0
Manukau	528	19,600	 16%	1.2

Source: Property Economics, StatsNZ

Outside of the City Centre, the proportion of households without a vehicle drops to below 30%. The only exception is the Panmure West SA2 (Train Station and Harvey Norman Centre) although this is mostly a business area with only 200 households.

The Henderson Central area has the highest ratio of the Metropolitan Centre's with about 29% of its over 1,000 households not having access to a motor vehicle. This is likely a result of the local demographics with 37% of residents receiving superannuation (i.e. are retired) and a further 20% receiving other forms of government benefits including unemployment.

Consequently, the median household income is only \$41,000 per annum which is less than half of the Auckland median of \$117,000. In a similar vein, the areas between Glen Innes and Panmure, (which have a high proportion of state housing) also have higher rates of households without vehicles.

Overall, these results highlight Aucklanders' reliance on personal motor vehicles. Despite having good public transport access and job opportunities in areas like Metropolitan Centres, most households do not seem motivated to forgo car ownership. The City Centre stands out as an exception, offering unmatched amenities, walkability, recreation, cultural, employment and education options, and public transport access.

The Sunfield proposal is unique because it is inherently designed as a "15-minute neighbourhood". The Sunbus provides dedicated internal transport to places of work, education, town centre and recreation.

<sup>3</sup> City Centre has been defined as the SA2's bounded by SH1 and SH16



### 3. POTENTIAL SAVINGS

#### Cost of Vehicle Ownership

Statistics New Zealand undertake a Household Expenditure Survey (HES) every three years with respondents being asked to keep a diary of all their costs for a week. The result is an average weekly cost breakdown by category including detailed costs for the purchasing and servicing of private vehicles. From this survey, Property Economics has estimated the average cost of owning a car is about \$9,200 as broken down in Table 2. Accounting for potential public transport costs results in an estimated annual savings of just under \$6,800 or \$130 per week.

**TABLE 2: ESTIMATED SAVINGS POTENTIAL**

Annualised Average Costs	Value
Car Purchase (Second Hand)	\$ 3,286
Less Sales and Trade in's	-\$ 624
<b>Cost of Purchasing a Vehicle</b>	<b>\$ 2,662</b>
Private transport supplies and services	\$ 5,350
Vehicle Insurance	\$ 1,185
Operating Costs	\$ 6,535
<b>Total Cost of Owning a Vehicle 2023</b>	<b>\$ 9,197</b>
Less Public Transport Costs	-\$ 2,400
<b>Annual Savings</b>	<b>\$ 6,797</b>

Source: StatsNZ Household Expenditure Survey, Auckland Transport

These calculations include several assumptions and adjustments from the raw data of the HES. Specifically, the stated cost is the average across all households including those who do not own a car. Therefore, adjustments are incorporated based on the proportion of households reporting each expenditure category to find the actual cost to car owners.

Some of the key adjustments and calculations made in assessing the costs were as follows:

- The target market is assumed to buy cheaper, second-hand vehicles as opposed to brand-new cars. Anyone who can afford a brand-new car is less likely to consider a home without access to a car park. This cost of \$3,286 is the average amount households spend in a year on second-hand cars according to the HES, noting that a car is not an annual purchase.
- Vehicle insurance is included as a cost even though it is a non-compulsory cost. Although households could choose to opt out of purchasing insurance, that opens them up to additional risk (i.e. the expected financial loss as a result of a car accident).
- Households without a car will invariably be more dependent on public transport. Although employment is provided within Sunfield with the intention that many residents will be able to live and work within Sunfield, this is unlikely to be the case for everyone. Even in the Auckland CBD, which has the highest number of local

employment opportunities, approximately one-third of workers commute to jobs elsewhere.

- The average public transport cost for Aucklanders based on those who reported that expenditure in the Household Expenditure survey is estimated at \$2,350 per annum. Alternatively, we can estimate the average cost of one member of the household having to commute to work via public transport at \$2,400. This is based on Auckland Transport 7-day fare cap of \$50 a week multiplied by 48 working weeks per year. Based on the closeness of these two estimates, we have taken the higher of the two.

In 2015 the Australasian Railway Association assessed the potential savings of commuting via public transport in favour of not owning a car. A comparison / cross-check of the above results to this assessment is provided in Appendix 1.

### Mortgage Servicing

In this section, we have utilized the ASB Borrowing Calculator to evaluate how income and expenses impact mortgage serviceability. This online tool helps determine the amount the bank is willing to lend based on these variables.

According to this tool, a reduction of weekly expenses by \$130 increases the amount you can borrow by \$70,300. Assuming a 20% deposit is required, and the potential new homeowners can save up the difference, this increases the total potential house value by \$88,000.

To show more practically the effect this could have on the ability of people to purchase a house, we have tested the income and expense levels of one potential household. The household utilised for this scenario is a 'young professional' couple with no children and weekly expenses (excluding rent and mortgage) of \$900 per week<sup>4</sup> which is reduced to \$770 without a car. This is a below-average weekly expense estimate that assumes the couple is living a more affordable lifestyle than the average to afford the mortgage. It also assumes that both people are working which means the household income is split evenly, thereby reducing their tax burden.

Additionally, we assume that the lowest house price that could be offered to the market is \$529,000<sup>5</sup>. This is the cheapest new home advertised for sale in the area which is located within Fletcher's Waiata Shore's development

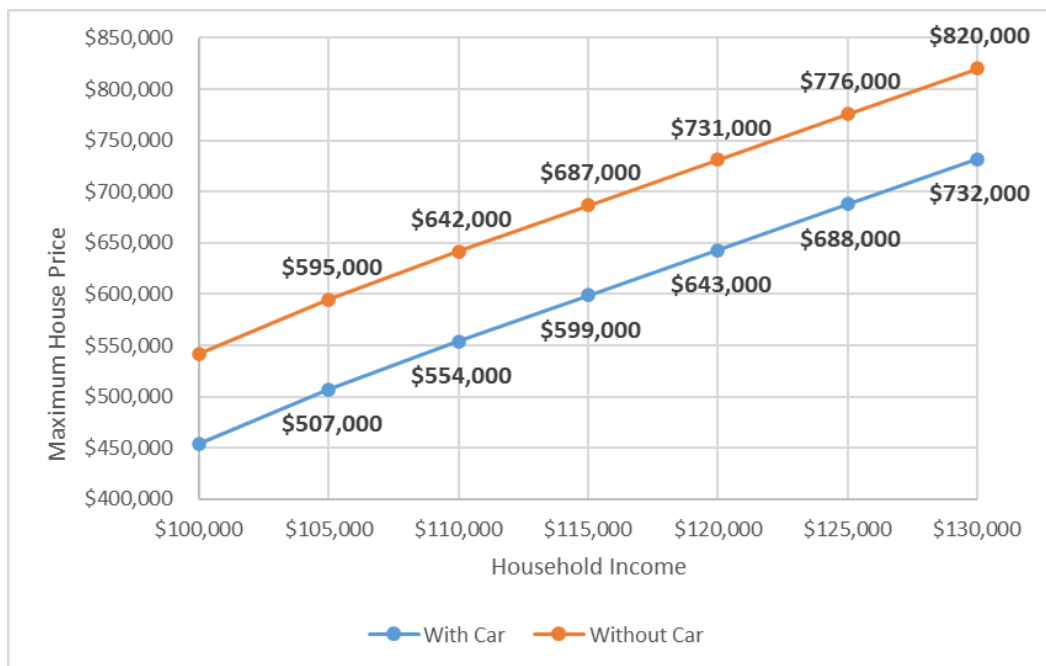
Figure 4 shows the potential maximum house price this couple could afford based on a range of household incomes between \$100,000 - \$130,000. This shows that if the couple retained their car but had a household income of only \$100,000, then they could only afford a home worth \$454,000, which is below the market minimum.

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<sup>5</sup> [The Collective » Fletcher Living](#) – \$529,000 for a one-bedroom, 52sqm unit with an upper loft bedroom and no car park. One of these units were sold in August 2024 for \$525,000 (1/58 Gosper Road)

On the other hand, going carless would increase their mortgage potential and potentially enable them to purchase a home worth up to \$542,000, i.e. over the minimum.

**FIGURE 4: MORTGAGE SERVICEABILITY OF SAMPLE HOUSEHOLD**



Source: Property Economics, ASB

On the upper end of the income spectrum, the couple may not need to go carless to afford a one-bedroom home. However, the couple may be looking to have a child and need to drop one of their incomes. Or it may make the difference between them being able to afford a larger two-bedroom home. In essence, the effect of going carless is equivalent to increasing a household's pre-tax income by approximately \$10,000 per annum. This figure will therefore be utilised in the following assessment.

### Effect of going carless on affordability for houses in the catchment

Property Economics has retained the same residential catchments identified in the original Economic Assessment A map of these catchments<sup>6</sup> is included in Appendix 2.

Table 3 shows the household income distribution for these catchments. This shows that for the wider area, the average household income before tax is \$113,000 although for the Manurewa /

<sup>6</sup> The Franklin Catchment encompasses the Franklin Local Board Area, the Manurewa / Papakura Catchment covers the combined Manurewa and Papakura Local Board Area, while the South / East Auckland Catchment encompasses the Howick, Mangere-Otahuhu and Otara-Papatoetoe Local Board Areas.

Papakura market which is most closely aligned with Sunfield's location, the median household income is slightly lower.

As indicated in our previous assessment, a couple with two incomes and no dependents earning \$100,000 could just afford the cheapest home available on the market assuming they forgo owning a car. Consequently, this is considered the minimum income upon which home ownership is possible<sup>7</sup> and the target market is households earning between \$100,000 - \$150,000. This is not to say that households earning over \$150,000 would not financially benefit by going carless, but that those households are less likely to require it to afford a home.

**TABLE 3: HOUSEHOLD INCOME FOR RESIDENTIAL CATCHMENTS 2023 CENSUS**

Household Income	South / East Auckland	Manurewa / Papakura	Franklin	Combined
\$20,000 or less	6%	7%	4%	6%
\$20,001-\$30,000	5%	6%	6%	6%
\$30,001-\$50,000	10%	10%	11%	10%
\$50,001-\$70,000	9%	10%	8%	9%
\$70,001-\$100,000	13%	14%	12%	13%
\$100,001-\$150,000	21%	22%	20%	21%
\$150,001-\$200,000	16%	16%	17%	16%
\$200,001 or more	19%	16%	21%	18%
<b>Median Income</b>	<b>\$114,536</b>	<b>\$107,978</b>	<b>\$119,037</b>	<b>\$113,318</b>

Source: Property Economics

The effect of not owning a car is the equivalent of increasing your household income by \$10,000. Assuming a uniform distribution within the income bracket, 20% of households within this income bracket (\$100,000 - \$150,000) could afford a home by not owning a car where they would have otherwise not been able to.

Approximately 57% of households in the catchment own their own home although this varies by income level. In the 2018 Census, the homeownership rate for the \$100,000 - \$150,000 income bracket was 65%, whereas it was only 56% for the \$70,000 - \$100,000 income bracket.

Accounting for income inflation and the slight decrease in homeownership rates overall, Property Economics estimates the ownership rate currently for households in this bracket to be around 60%.

This is to say that of the 190,600 households currently living within the catchment area:

- 57% or almost 82,000 do not own their own home.

<sup>7</sup> Although it is possible that households below this income could afford to buy a house with additional sources of funding (i.e. financial assistance from family), there will also be families who cannot afford a house with only \$100,000 of income due higher weekly costs (i.e. having a child).

- Of these, 16,300 have a household income between \$100,000 and \$150,000.
- Of these, an estimated 20% or almost 3,300 households are expected to be able to afford an affordable home as a result of going carless.

## 4. CONCLUSION

This assessment has examined how Sunfield could help improve housing affordability in Auckland by facilitating the ability for households to go carless. Most households in Auckland have access to at least one motor vehicle, and among those who can afford to buy a home, this figure rises to nearly 98%.

The geospatial overview of car ownership highlighted that although employment opportunities, public transport access and local amenities are determinates in where these carless households reside, they do not in and of themselves motivate most households to forego car ownership altogether. This is particularly evident in the CBD in which 46% of households have access to at least one motor vehicle. Although the Sunfield proposal has some unique elements, the propensity for households to go carless directly as a result of these innovations is difficult to estimate at the outset.

For those who do choose to go carless, the average household is expected to save approximately \$6,800 per annum. This is equivalent to increasing their annual pre-tax household income by roughly \$10,000 and could make the difference between being able to afford a home or not for roughly 3,300 of the households currently living within the catchment.

What is not included in this estimate however is the potential savings on the property price itself. The removal of car parking will presumably make each unit cheaper to build and therefore relatively more affordable for first-home buyers. This price differential is entirely dependent on the costs incurred by the developer and no attempt has been made to incorporate this into this analysis.



## APPENDIX 1 – COMPARISON OF ESTIMATED SAVINGS WITH AT ASSESSMENT

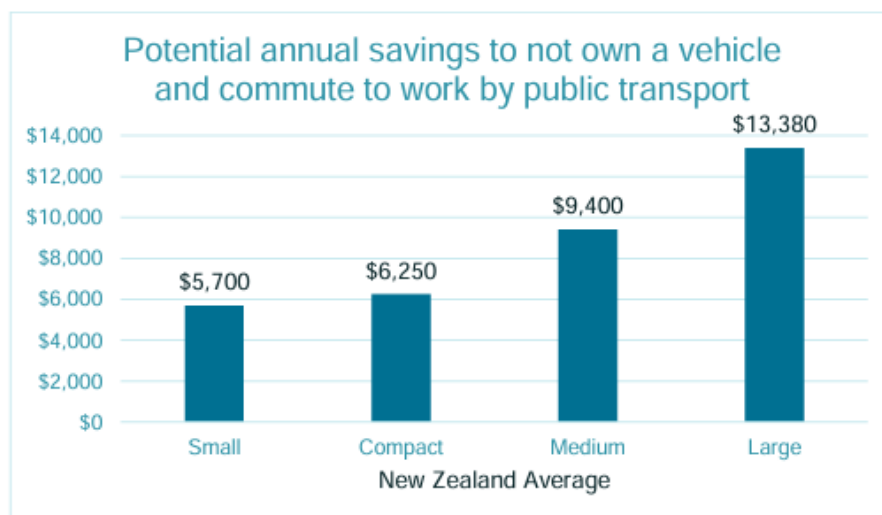
In 2015 the Australasian Railway Association assessed the potential savings residents could achieve by not owning a vehicle and commuting to work by public transport. Although these numbers are almost a decade old, we can use the assessment as a cross-check.

According to the assessment:

- A commuter travelling from the now-closed Waitakere Train Station to the inner city and deciding not to purchase a car could save between \$4,678 for a small car (i.e. Mazda 2) or \$11,904 for a large car (i.e. Toyota Land Cruiser).
- A commuter travelling from Pukekohe to the inner city on the other hand could save between \$6,434 to \$15,184 for a small and large car respectively.

The potential savings for car sizes between small and medium were not given for Auckland specifically Figure 5 below displays the potential savings as an average of New Zealand (which included Wellington).

**FIGURE 5: POTENTIAL ANNUAL SAVINGS TO NOT OWN A VEHICLE AND COMMUTE TO WORK BY PUBLIC TRANSPORT.**



Source: Auckland Transport [Commuter-costs-potential-savings-report.pdf](#) (

Making a comparison between these results and our assessment of potential savings for an Aucklanders deciding to move to Sunfield involves several mitigating factors.

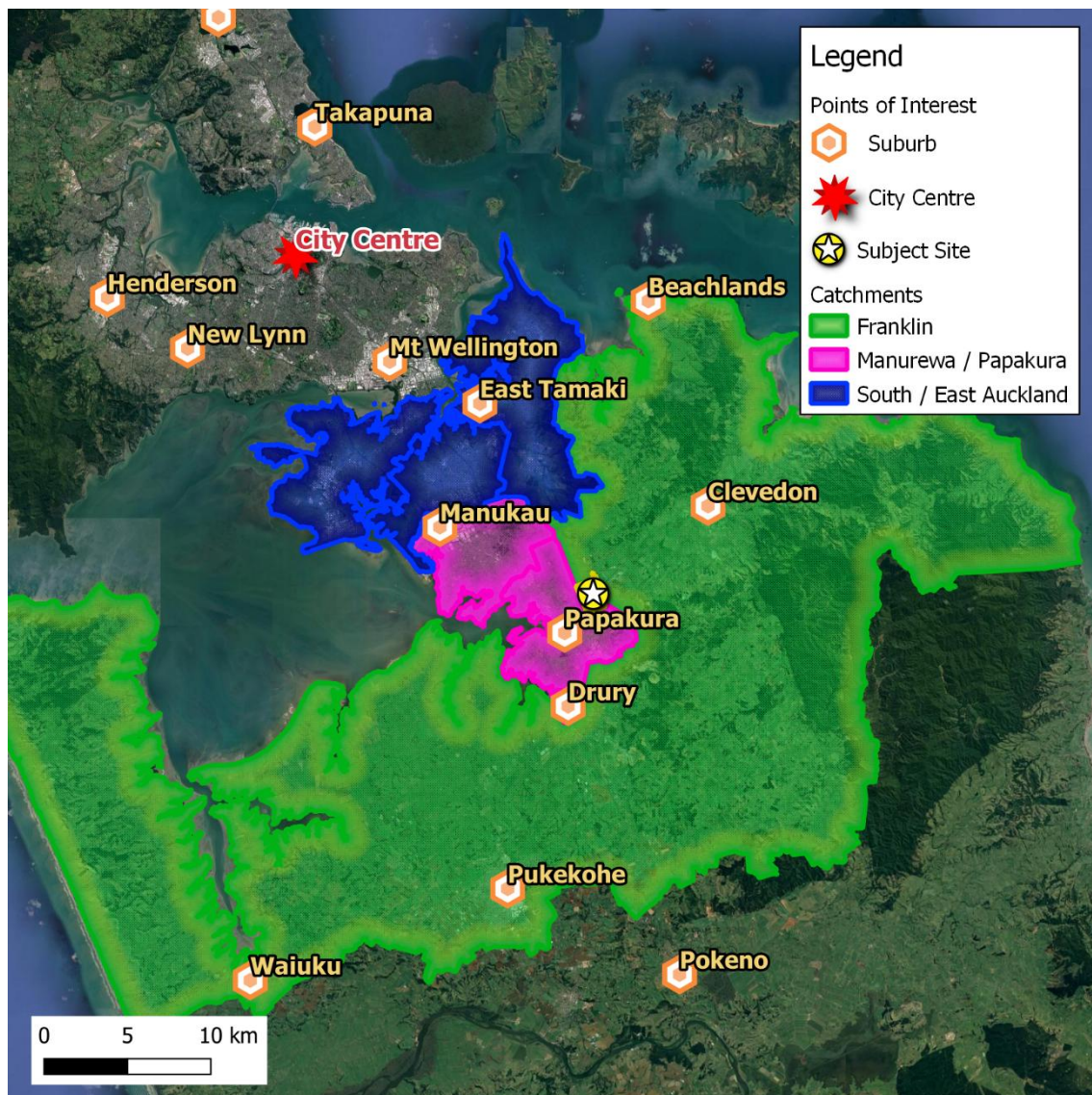
Costs of running a car and using public transport have both increased since this assessment was undertaken. On the other hand, this assessment was undertaken for residents travelling from either Waitakere or Pukekohe all of the way into the City Centre. Sunfield is a roughly similar distance to the City Centre as Waitakere which was the cheaper of the two and more importantly, not all workers are going to be travelling into the CBD.

Although the assessment excluded insurance costs, it had higher estimated parking costs (\$1,000) (due to the inner-city assumption) than the HES would suggest households spend on average (\$580).

Finally, our analysis assumed workers would purchase a more affordable second-hand car, which brings down the average expected cost price of the vehicle. On the balance of these factors, Property Economics considers the estimated savings of \$6,800 per annum to be reasonable.

## APPENDIX 2 – CATCHMENT MAP

FIGURE 6: SOUTHERN AUCKLAND RESIDENTIAL MARKETS



Source: Property Economics, Auckland Council