

Australasia Property

New Zealand's Waiheke now on the map for international buyers

The island has moved upmarket in recent years attracting Auckland commuters as well as increasing interest from overseas



Kennedy Point on Waiheke. The island is 40 minutes by ferry from Auckland © Robin Bush/Getty Images

YESTERDAY by: **Dan F Stapleton**

Police prosecutor Martin Felton and his wife, Sharon, work long hours in downtown Auckland. Yet two years ago, the couple sold their centrally located house and moved to Waiheke, an island of undulating terrain, patches of dense forest and several large beaches, which lies about 11 miles off the coast. The ferry trip to and from work now takes 40 minutes each way.

“When you board the afternoon ferry at Quay Street and leave the CBD, the tension from your day just melts away,” Felton says. “We actively look forward to our commute home.”

The Feltons are two of a growing number of Auckland professionals ditching the mainland and buying up property on the island. Long considered an isolated destination for hippies and budget travellers, Waiheke's star has risen in the past two decades as Auckland proper has grown more congested. First, the island became a trendy spot for weekend breaks. Now, it's drawing city workers who are sick of spending an hour or more stuck in traffic each day.

Yet alongside Waiheke's rolling vineyards and farmland — both of which benefit from a climate that is noticeably more temperate than Auckland's — there have been several high-end hospitality openings of late: the Oyster Inn plus a restaurant on the Tantalus Estate Vineyard that cost NZ\$10m (\$7m) to develop. So is Waiheke going upmarket?

“A few years ago, if you said you were going to spend \$10m on a restaurant on Waiheke, no one would believe you,” says Graham Wall, whose real estate agency handles many of New Zealand's most expensive transactions.

Now, the population is sufficiently affluent to support several establishments of this type. “The island is being populated by prosperous, well-known Aucklanders,” says Wall, citing trucking tycoon Bruce Plested as an example. “Wealthy expat Kiwis who might live in London or Melbourne are buying holiday homes here, too.”



Yet Wall says the most striking development is the rise in overseas buyers. Last year the UK peer — and founder of the dance-music brand Ministry of Sound — James Palumbo (or Baron Palumbo of Southwark) bought a Waiheke property for NZ\$7.5m. Business magnate Li Ka-shing, whose \$33.1bn fortune makes him Hong Kong’s richest man, according to Forbes magazine, has built a private golf course at his coastal property on the island.

Wall says a greater number of international high-net-worth individuals are contacting him about buying homes in New Zealand because they see the country as safer, both geopolitically and economically, than many parts of the west. Billionaires are pouring into the resort of Queenstown, on the South Island, including Silicon Valley kingmaker and Donald Trump adviser Peter Thiel, who has purchased three properties there from Wall.

Waiheke still has fewer international buyers than Queenstown, but agents say its proximity to Auckland and bucolic atmosphere are increasingly attracting their attention. Those looking to buy on Waiheke will find remarkable variety, although volume is relatively low (the island’s stock only accommodates about 35,000 people in high season). In the main town, Oneroa, there are modest houses valued at less than NZ\$1m. Real estate company Bayleys is listing a two-bedroom house in Oneroa with sea views for NZ\$2.3m.

At the other end of the market, rural properties with private beaches and established vines or farmland can range from NZ\$10m to NZ\$15m. Graham Wall has a 34-acre property at Church Bay with a 1,800 sq metre home, a six-acre vineyard, landscaped gardens and a helipad on sale for NZ\$20m.



A 34-acre estate with vineyard in Church Bay, NZ\$20m (\$14m)

Greater Auckland house prices, which rose 80 per cent between late 2011 and late 2016, have begun to decline in the past two quarters, thanks in part to the introduction of tighter lending conditions and concern about a possible bubble. According to Nick Goodall, senior research analyst at CoreLogic, the median house price on Waiheke has fallen 10 per cent this calendar year. “But it’s worth noting that, with a much smaller sample size, the Waiheke island data is more volatile quarter-to-quarter,” he says. A more accurate representation of the market reality on Waiheke is price growth over the past year, which is at 3 per cent.

Also telling is the strengthening of Waiheke’s median house price against the median for central Auckland (known as Auckland City). At the start of 2012, Waiheke’s median price was about 10 per cent lower than Auckland City’s. By the start of 2017, it had risen to NZ\$878,000, overtaking Auckland City, which sat at NZ\$875,000.

Locals and mainlanders alike agree that Waiheke is evolving quickly. Sarah Hull, marketing director for the New Zealand real estate and private equity firm Cooper and Company, has lived there for 15 years. “It has certainly become more developed in that time,” she says. But, she adds, the island retains its independent spirit. “There are still no malls and the houses come in all shapes and sizes. It’s why I still live here and want my children to grow up here.” Felton says the locals are fiercely proud of their island. “You have to live here for a certain period of time to actually call yourself an islander,” he says.

“But everyone we’ve met in the past two years has been very welcoming. I’ve never met so many interesting people in such a short period of time.”

Buying guide

- There is no stamp duty in New Zealand, and properties held for longer than two years are exempt from capital gains tax
- A return ticket on the Fullers ferry to Waiheke costs NZ\$36 (\$25)
- Flight time in a helicopter from Auckland airport to Waiheke is 10 to 15 minutes

What you can buy for . . .

\$1m A two-bedroom house with a small garden close to the ferry terminal

\$4m A four-bedroom house on six acres on the edge of Oneroa

\$10m A 20-acre property with a large house, private beach and native bushland

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