

Property Insider: Watch the Grey apartments rise; Auckland apartment-land woe; surprise at plans for new 310-berth Auckland marina; Vero Centre sold?



By **Anne Gibson**

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See 35 apartments rise on a Grey Lynn corner; hear a new catch-cry; dire apartment land news; what's the reaction to surprise plans for Auckland's new 310-berth Hopper Developments marina; and what's going on with the Vero Centre's sale?

Watch Grey Lynn's the Grey apartments rise

Covington Group developed the new 35-unit The Grey apartments, Grey Lynn.

The project rose at 387-393 Great North Road on the corner of Northland Street. Ward Demolition completed the removal part of the contract and CMP Construction built the block.

CMP said work took less than two years, showing speed can be achieved despite troubles in the sector with price escalation and material and labour shortages. Work on the corner site where a showroom was established started in April 2022.

The six-level project with an excavated basement was developed by interests associated with the Speedy family.

Mark Speedy and **Grant Burson** were Covington's development managers. Covington is also marketing Lake Tekapo's Station Bay.

Title information on The Grey shows a company, Great North, which was incorporated in 2020, owns 387 Great North Rd. **James Francis Speedy** is its sole director and Great North's industry classification is residential property operation and development, the Companies Office shows.

Mark Speedy said: "Many locals bought in this building, particularly downsizers who left villas, bungalows and other older homes. They wanted low maintenance but also modern facilities."

Some units remain ranging from 50-55sq m studios for \$860,000 up to 90sq m units for \$2 million.

He acknowledged the irony of his name and the pace of construction.

What are people saying?

A new catch-cry is going around property circles, referring to how difficult life is in this high-interest rate, low-sales environment when the economy continues to weaken, despite inflation falling.

"It's pretty grim out there," said one multimillion-dollar investor. "[Survive till '25](#) is the phrase."

He's not saying it applies to his business but he has heard others use this to summarise the intensity of their struggles due to the [economy being in recession](#).

Four of the last five quarters have recorded a contraction.

Kiwibank economists noted last week how the heavy-handed interest rate rises had slowed the heated housing market and halted household spending habits "and it hurts".

Business has lost confidence and investment intentions have been deeply negative. The [unemployment rate lifted to a three-year high of 4.3 per cent](#), as employment growth slowed to just 1.2 per cent annually, from 2.7 per cent "and most importantly, wage inflation continued to slow to 3.8 per cent, down from 3.9 per cent last quarter and a 2021 peak of 4.5 per cent, last Thursday's Kiwibank economics statement said.

Apartment land woes

Talking of struggle street, **Andrew Crosby** of Xpect Property Limited noticed many Auckland apartment projects nearing completion were planned during a time when pre-sales were strong and funding approvals easier to obtain.

Now, things look very different, leaving some to say they'll be sleepless after listening to his observations.

Crosby, ex-chief executive of Universal Homes, is now working on property developments nationally.

"Do the developers know what the unsold [units] are really worth? When did they last update the feaso [pre-development feasibility study]? What are they going to do?" he asks.

Crosby forecasts a crunch on some projects when some buyers can't settle and others who do so then immediately list new units because they can't afford the higher interest rates.

"Pre-sold units will hit the market as secondary stock. Initially, they will be priced too high, but as people capitulate, it will downgrade the developers' unsold stock pricing. Unsold still has a body corporate fee to pay and rates and if they stay unsold for 12 months, they no longer are brand new, for the first home grant," Crosby notices.

Renting has tax implications.

"Those who discounted early got sales. The 'be first' crowd like in the movie *Margin Call*. Now you need a bigger discount. And there is nothing like a discount when the project is finished and construction funding is over," he adds.

"The loan-to-value ratio for bridging on an apartment project unsold stock will not be high but the interest rate will be. And then every month you hold the completed product... you kick yourself for not reducing the price \$4000/month earlier. But now you are even further behind the market because there is a lot more stock out there."

A developer, board member or whoever is left in charge might be forgiven for putting their head in the sand if they have the balance sheet to keep on holding.

"For others, this time they will be folding," Crosby predicts.

And he hasn't even touched on job insecurity and rising unemployment.

Vero Centre sold?

What's the deal on [selling the 38-level Vero Centre for \\$458m?](#)

Last week, owner Kiwi Property announced that an unnamed Hong Kong-Chinese buyer was on the hook, subject to Overseas Investment Office approval.

That raised questions from one person.

"This is very weird as normally a sale like this would be to an entity named and paying a \$40m to \$50m deposit. The way the statement reads, it is a real sale and signed up but all involved are very quiet on the basic details investors would expect: deposit amount paid and the terms of the settlement," he said.

Kiwi's spokesman said in response: "The details provided in the NZX announcement are consistent with what we've shared for previous conditional asset sales".

Kiwi's result is out next Monday.

A second new Auckland marina

Hopper Developments surprised many people last week when it revealed plans for a [310-berth Gulf Harbour marina](#), especially after [2021 violence at Waiheke Island](#).

Opinions are flying around about the Hopper scheme, for and against.

A boat owner - a licensed skipper who has sailed the Pacific and taught courses in oceanography and marine science - told the *Herald* he had reservations about the Hobbs Bay scheme in front of Hopper's \$100m housing estate.

"I thought it might be useful to point out some aspects of the proposal that are problematic. I don't have a problem with the marina project per se, but I have serious concerns about the proposed design," he emailed.

The new marina uses the entrance fairway for the existing 1200-berth marina he said, referring to the long-serving Gulf Harbour Marina.

The new marina poses some congestion concerns, but that's a minor issue compared with the orientation of the new breakwater and entry channel, he thinks.

A boat planning to enter that new Hopper marina would need to follow the existing Gulf Harbour Marina entry marks, then take a hard right turn to pass between the end of the existing breakwater and the tip of the new breakwater for Hopper’s berths.

“On an incoming tide and with wind anywhere from the southerly quadrant, you will end up with boats parked on the Gulf Harbour breakwater. In a southerly inshore of the fairway marks, there are two-metre close-set waves that will make a broadside turn difficult to control, and the placement of the two breakwaters allows no margin for error. The design should be reconfigured to have a separate entry channel that parts ways with the Gulf Harbour Marina entry channel at or before the red/green entrance marks,” that boatie says.

In response, Hopper sales and marketing manager **Shana Hopper-McCully** said the plan was evolving.

“This submission is our first basic draft which we are actively working on and requires further detailed planning. We understand there are a few alternatives for the access channel to this marina, but as we get into the detailed design of the marina and seawall structures, we will leave no stone unturned in terms of manoeuvrability, practicality, aesthetics, and safety. We appreciate the considered thought of this knowledgeable reader,” she said.

Anne Gibson has been the *Herald's* property editor for 24 years, written books and covered property extensively here and overseas.

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