NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

January to March 2023

Contents

January to March Snapshot

Data from this quarter shows that, for the most part, trends are stable. Some variability is present in building consent data which has experienced a sharp increase. Building consents issued from the beginning of the year to date include a significant number of retirement village units, this is not seen in every year. Housing development has otherwise continued to rise in value, leading to a steady upward trend, but is not experiencing more extreme upward swings such as those seen in 2021.

Rent has continued to increase incrementally, with only minor changes since the last quarter. Applicants to the housing register are also on the rise compared to last quarter, but numbers have not caught up to previous years. Registration rate of new businesses has decreased slowly over time, with self-employment also on a downward trend.

Other than a few outliers, the Jan-Mar quarter has not experienced significant shifts in overall trends.

Introduction

This is the second quarterly monitoring report implementing the National Policy Statement on Urban Development (NPS-UD). The NPS-UD states that all tier 1, 2 and 3 local authorities must report quarterly on the demand and development capacity for housing. Subpart 3 of the NPS-UD requires local authorities to monitor the following indicators:

(a) the demand for dwellings

(b) the supply of dwellings

(c) prices of, and rents for, dwellings

(d) housing affordability

(e) the proportion of housing development capacity that has been realised:

  (i) in previously urbanised areas (such as through infill housing or redevelopment); and

  (ii) in previously undeveloped (i.e., greenfield) areas

(f) available data on business land

This quarterly report identifies key trends and changes in the urban environments of the Manawatū District. The Manawatū District has one key urban environment, Feilding, and several rural and semi-rural satellite villages.

The purpose of monitoring reports is to provide input into decision-making that responds to the real-time trends of growth in the District. This ensures that any future development is appropriate and able to sustain communities.

Some data is not available past a certain point, which has resulted in some minor variations for data showing trends over the past 5-7 years. The influence of the Covid-19 pandemic has also impacted data over the past 3 years, which is reflected in this report.

Growth Trends

All the following data is based on the Manawatū District as a whole unless otherwise stated. The data comes from a range of sources and is accurate at the time of reporting.

Building Consents

Data from building consents indicates the trends for new residential buildings in all parts of the District, and these trends have been shown below on an annual and quarterly scale. Building consent data has been broken down into house, retirement village unit and townhouses, flats, units, and other dwellings.

Figure 1 shows the new residential building consents at a quarterly scale for the Manawatū District. The Manawatū District's urban and peri-urban environments primarily support detached housing, and the majority of new residential consents are for standalone houses.

For the Jan-March 2023 quarter there was a significant increase in the number of new residential consents going from 28 to 71. The significant decline in Oct-Dec 22 is likely attributed to the rise in interest rates and the rising cost of building materials, as well as the Christmas shut-down period.

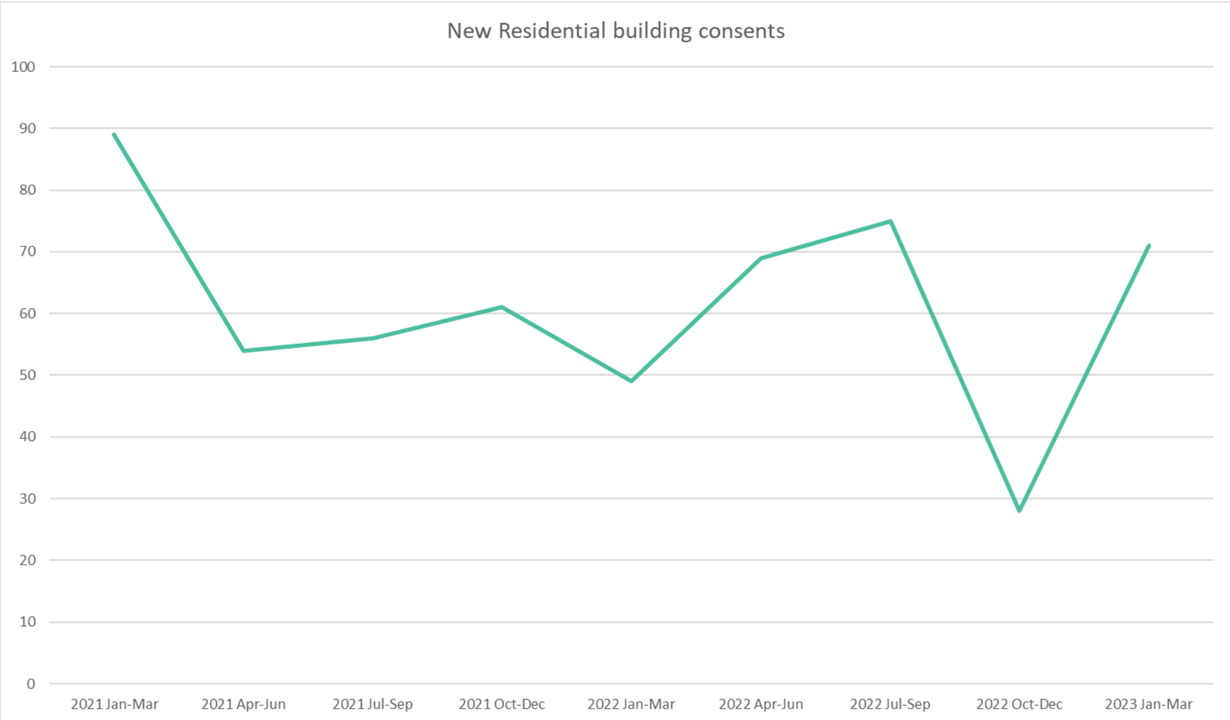

Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

Figure 2 shows the new residential building consents on an annual scale for the Manawatū District. Unit consents for retirement villages have experienced increases in 2018, 2020 and 2021, but the majority of these consents have been granted for standalone houses.

If the rate of consent numbers continue the same as what has seen in Jan-Mar 2023 then we could expect 2023 to be similar to the consent numbers seen in 2021. The 2023 YTD bar in

Figure 2 only includes the Jan-Mar 2023 numbers. As the year progresses, we can anticipate that the 2023 numbers will grow.

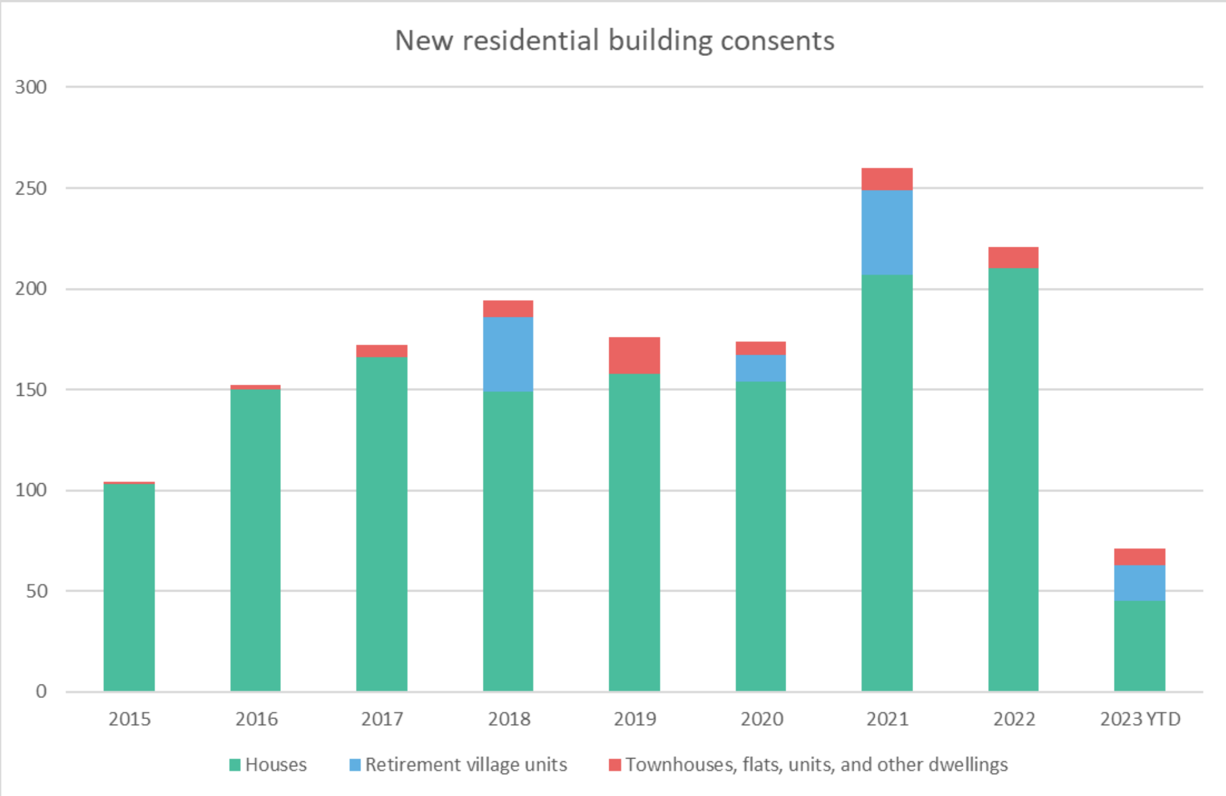

Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data has been averaged over each quarter. Due to the overall number of sales within the Manawatū being low, monthly data may give an inaccurate reading of the overall house prices.

Figure 3 shows the median house price of the Manawatū District as a whole as well as the Feilding township separately. House prices in the Feilding township sit marginally higher than the overall Manawatū District, but this variation is not statistically significant.

For the Manawatū District as a whole there has not been a significant shift in the median sale price between Oct-Dec 22 and Jan-Mar 23. For the Feilding township there has been a slight rebound in the price up to $600,000.

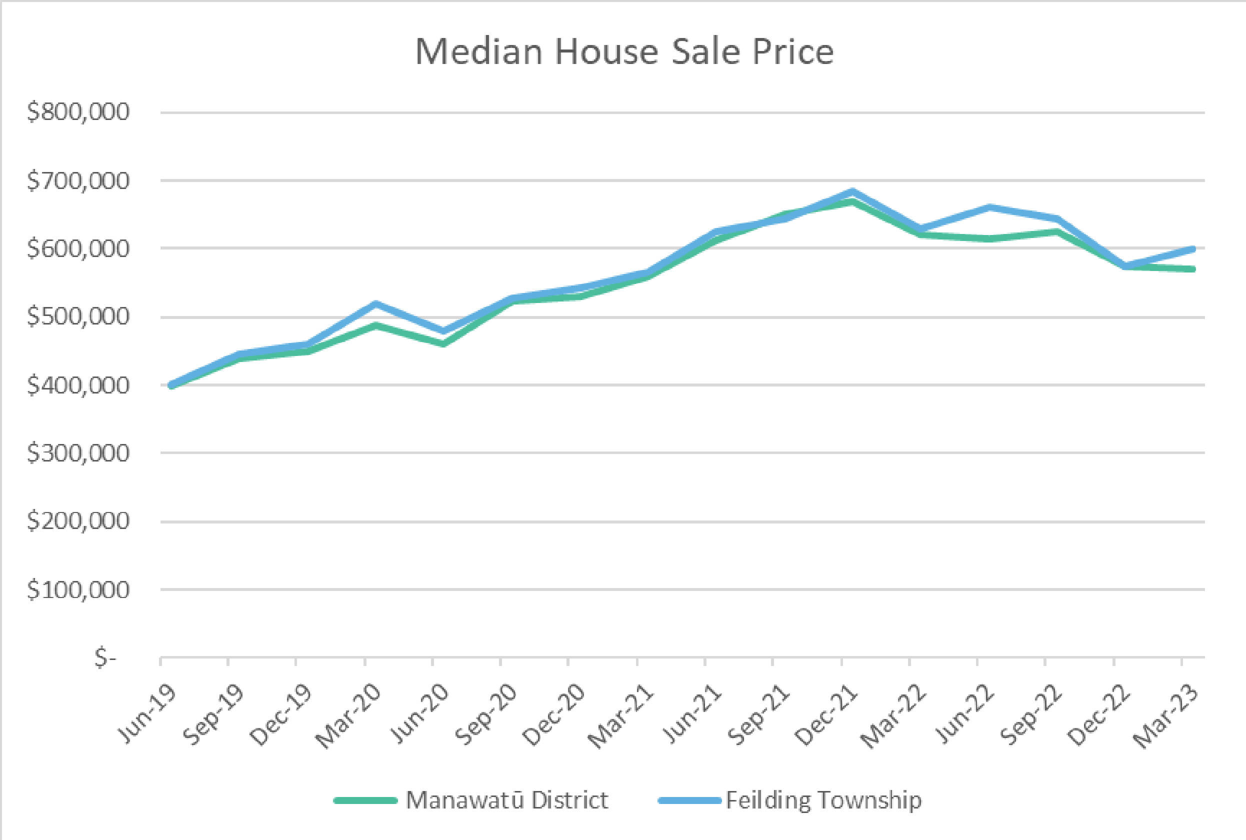

Figure 3: Quarterly median house sale prices (Source: REINZ)

Figure 4 shows the median house price over a year. Current trends indicate a steady increase in house prices across Manawatū with a slight reduction or stabilisation between 2021 and 2022. Based on 2023 data to date, this trend is likely to continue.

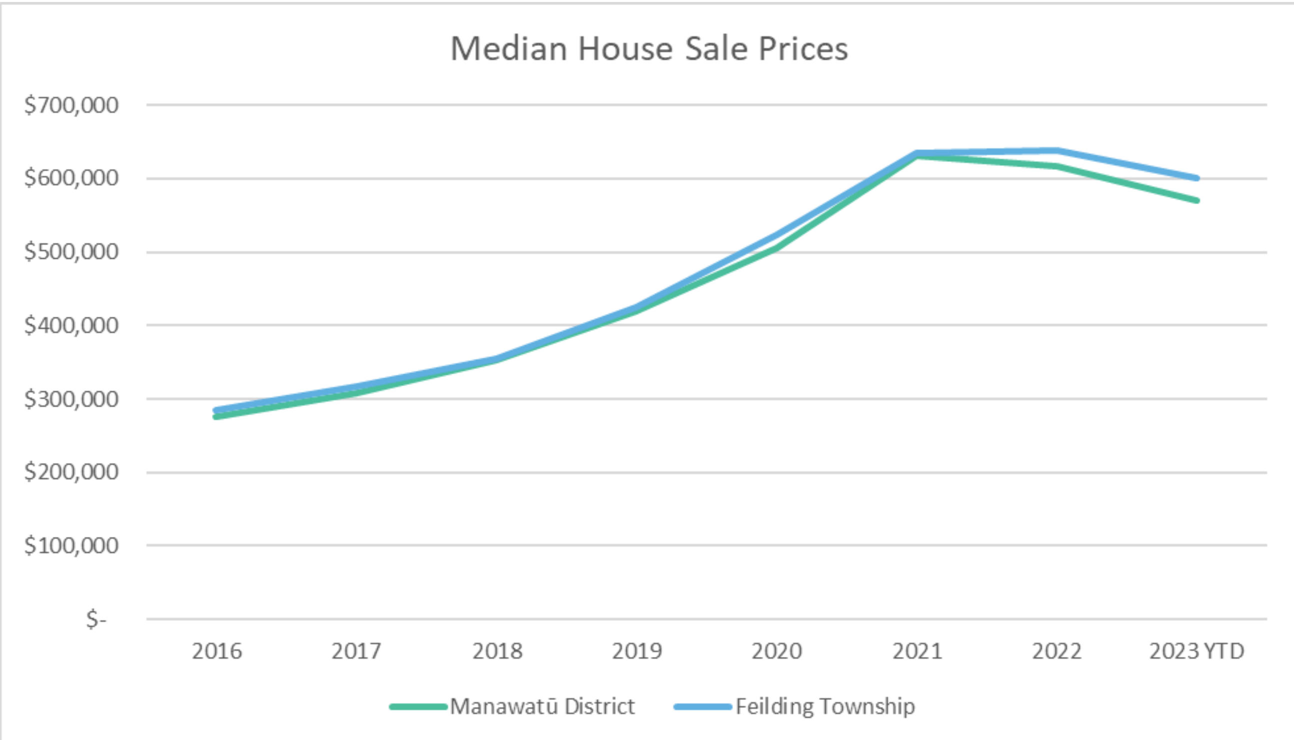

Figure 4: Median house sale price shown yearly (Source: REINZ)

Median Days to Sell

Figure 5 shows the median number of days to sell a house averaged over each quarter. This trend has not changed between Oct-Dec 22 and Jan-Mar 23 for the Manawatū District as a whole. Higher interest rates for home loans and more expensive housing may have contributed to this trend.

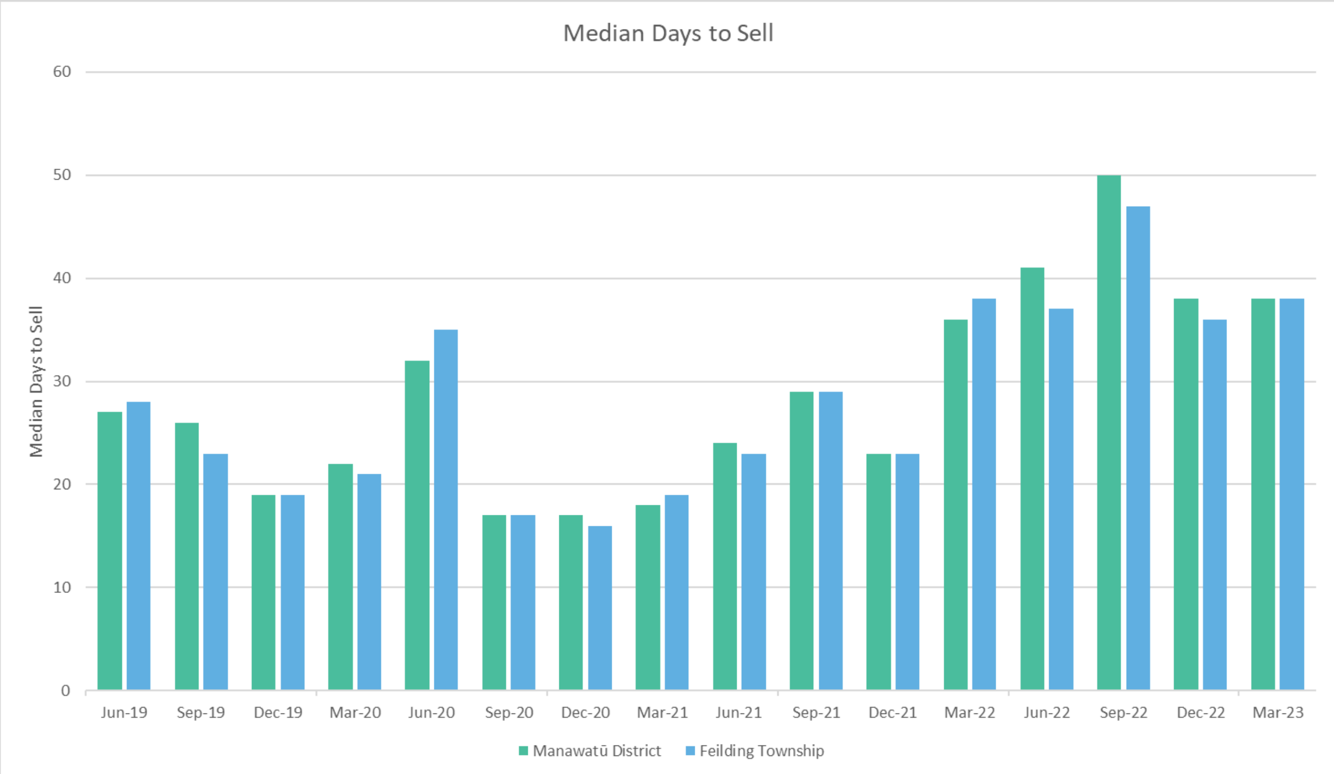

Figure 5: Median days to sell averaged over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. Across the District, fewer houses have been sold between 2019 and 2023 – with the exception of a spike in 2021 sales. National trends for New Zealand have followed the same pattern.

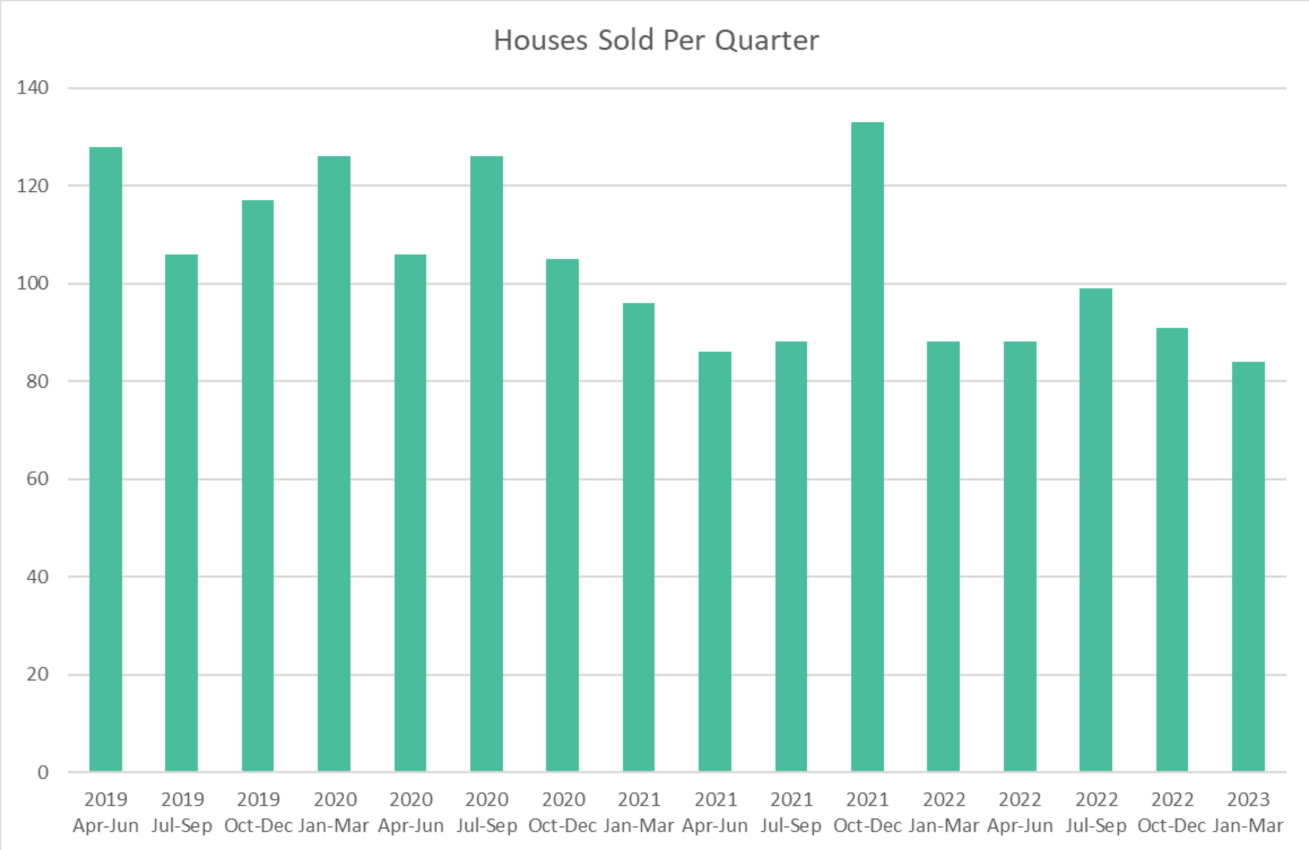

Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 7 shows the average weekly rent price for each month. Over the past 10 months, rent increases have stabilised. Between June 2022 and March 2023, rent has increased by $14 to an average of $461.

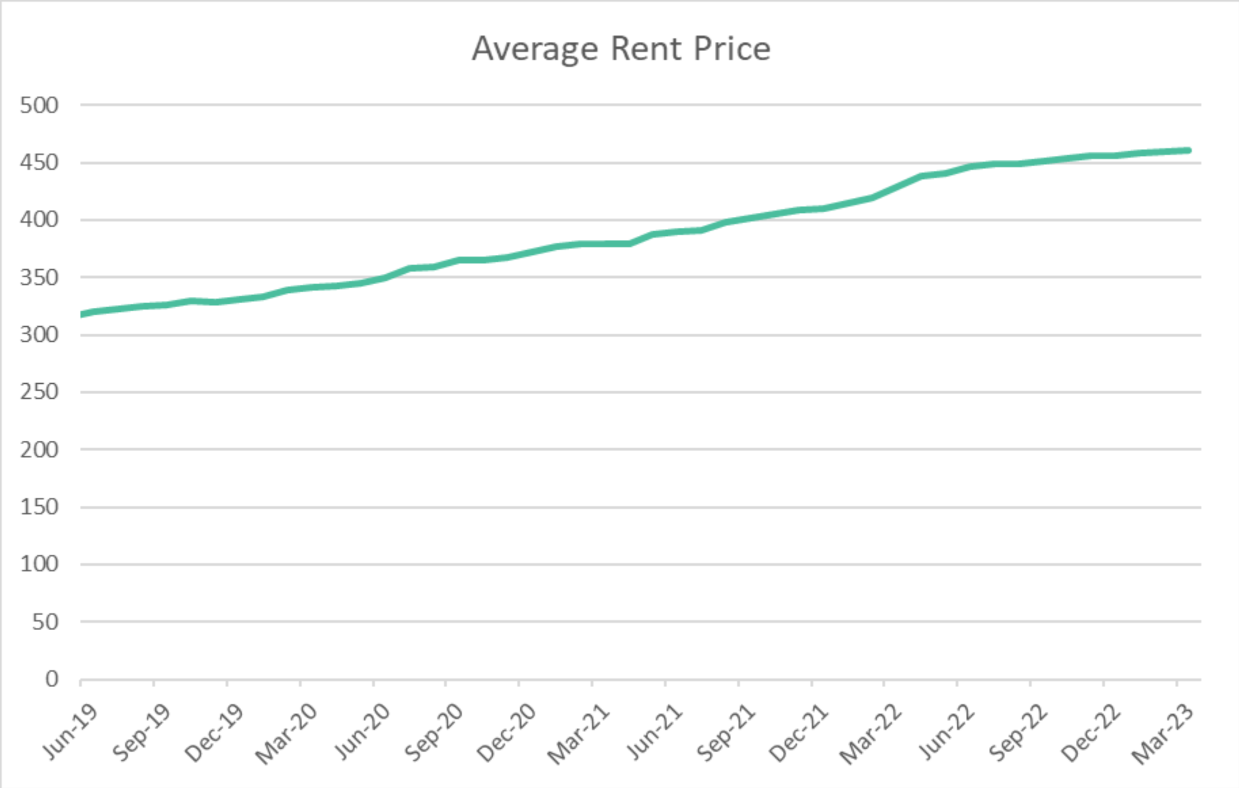

Figure 7: Average rent price shown monthly (Source: Dot Loves Data)

Figure 8 shows the trend in average weekly rental prices over a year. Annual data is showing a stabilisation in rent increases on average, consistent with monthly data trends.

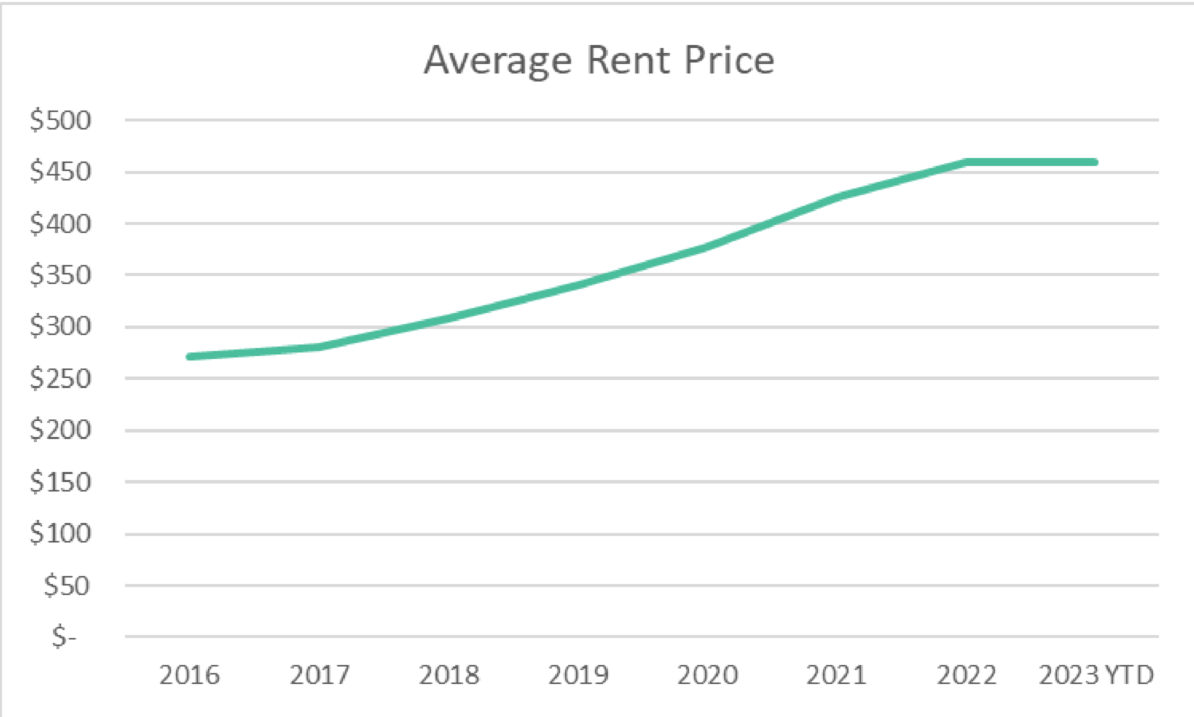

Figure 8: Average rent price shown yearly (Source: Dot Loves Data)

Affordability (for renting and buying)

Figure 9 shows the percentage of the average annual income going towards mortgage payments and rent. This is based on the current median house price with an assumed 30-year mortgage with an interest rate of 4%. As house prices have decreased, so too has the percentage of income going towards mortgage payments. There has also been an increase to the median household income which has led to the reduction seen in the percentage going towards rent.

Figure 9: Percentage of annual income going towards mortgage and rent (Source: Dot Loves Data)

Housing Register

Figure 10 shows the number of applicants assessed as eligible for social housing who are ready to be matched to a suitable property, one application is one household and is potentially more than just one person. Following a dip seen in Dec-22 Quarter there has now been an increase in the number of applicants on the housing register, this is likely due to the continued increase of cost of living, as well as average rent continuing to increase.

Figure 11: Number of applicants on the housing register (Source: Ministry of Social Development)

Business

Figure 11 shows the number of currently registered businesses across the Manawatū District over each month. There has been a steady increasing in the number of businesses registered the rate of this increase has been reducing over the past 3 years.

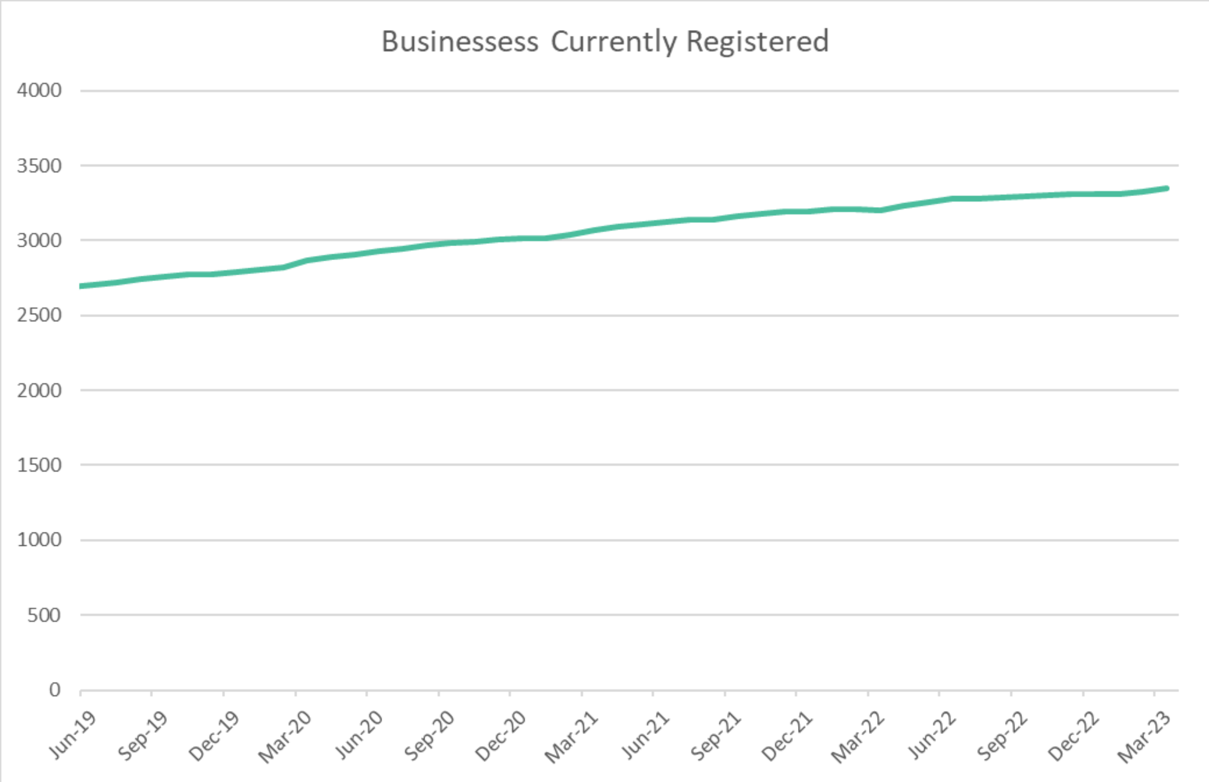

Figure 11: Number of businesses currently registered per month (Source: Dot Loves Data)

Figure 12 shows the annual self-employment rate for the Manawatū District. The self-employment rate has remained within a 1.2% bracket, with very slight variation and an overall downward trend. However, this change has shown to be marginal over time.

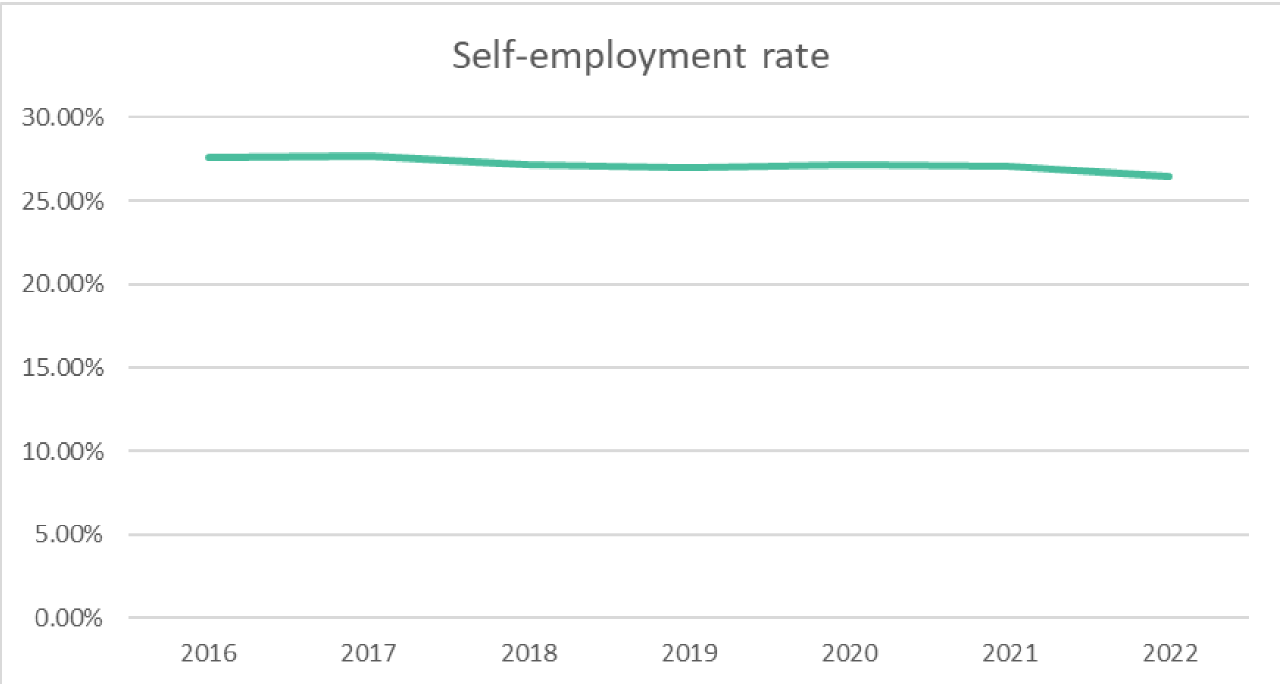

Figure 12: Self-employment rate (Source: Infometrics)

Future iterations of this quarterly report may include data on vacant lots showing growth potential in the Manawatū District.