



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

January to March 2024

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January to March Snapshot

The Manawatū District continues to see lower residential building consent numbers, which reflects what has been occurring nationally. The continued high cost of building materials and high interest rates contributed to these numbers and will likely do so for the remainder of 2024.

The median house price has seen a slight decrease since the previous quarter, now sitting at \$533,777 for the Manawatū District as a whole. It is likely that the housing market will continue to stabilise or reduce slightly over 2024 due to continued high interest rates expected. With the shortening of the bright line test from 1 July 2024 we may see more housing coming into the market.

The median days to sell has seen an increase in the latest quarter as buyers are likely taking their time to find the house and “bargain” they want. While number of days to sell is up, so is the number of houses that were sold in the last quarter. This shows that while the house market may be slower, there are still plenty of purchases occurring.

The median rental price across the Manawatu District is now at \$506 a week. While there continues to be an overall increasing trend of rent increases, the rate of increase has slowed, with both Feb and Mar recording the same weekly price.

The percentage of annual income going towards rent has seen a recent increase. In the last two months, however, this has levelled out, closely aligning with the rental price trends. The percentage of annual income going towards a mortgage has continued to see a steady decline since its last peak in May 2022. This trend correlates with the overall decline in median house prices.

The number of households on the Ministry of Social Development Housing Register has seen a slight increase in this latest quarter but has not reached the peak levels seen in both Jun and Sep 2022. There are now 111 applicant households on the register.

The number of businesses registered in the Manawatū District continues to steadily increase. It is worth noting that while these businesses are registered, they may not all be operational currently and not all business would have something like a “shop front.”

The self-employment rate for 2023 saw a marginal decline of 0.4% and is now sitting at 26.1% for 2023, over 10% above the national average.

The number of filled jobs in the construction industry has increased again in 2023, with a total of 1505. The GDP of the construction industry has also continued to increase in 2023, now at \$109 million, a \$50.4 million increase since 2015.

Introduction

This is the sixth 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 4 years, which is reflected in this report.

To fill some of the remaining data gaps, the Manawatū District Council is progressing work on a model to estimate the urban area housing development capacity, and the proportion of that development capacity which has been realised.

Growth Trends

All the following data is based on the Manawatū District 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. 36 new dwellings were consented over the March 2024 quarter.

Figure 1 shows the new residential building consents at a quarterly scale for the Manawatū District. As shown in figure 2 in the Manawatū District’s most building consents issued for dwellings are for standalone houses.

There has been some significant variation in the number of new dwelling consents, however the last four quarters have begun to stabilise with consent numbers sitting in the 30s. The variations can happen for several reasons, such as market demand, the nature of developments underway (e.g. a rest home or speculative development by a developer may see consents for multiple dwellings applied for concurrently) interest rates, migration patterns, availability of materials, and the cost of those materials. Given the continued high cost of building materials as well as the high interest rates the dwelling consent numbers are likely to continue to sit at this lower rate seen since Apr-Jun 2023. Nationally there has been the same trend of a reduction in the number of consents.

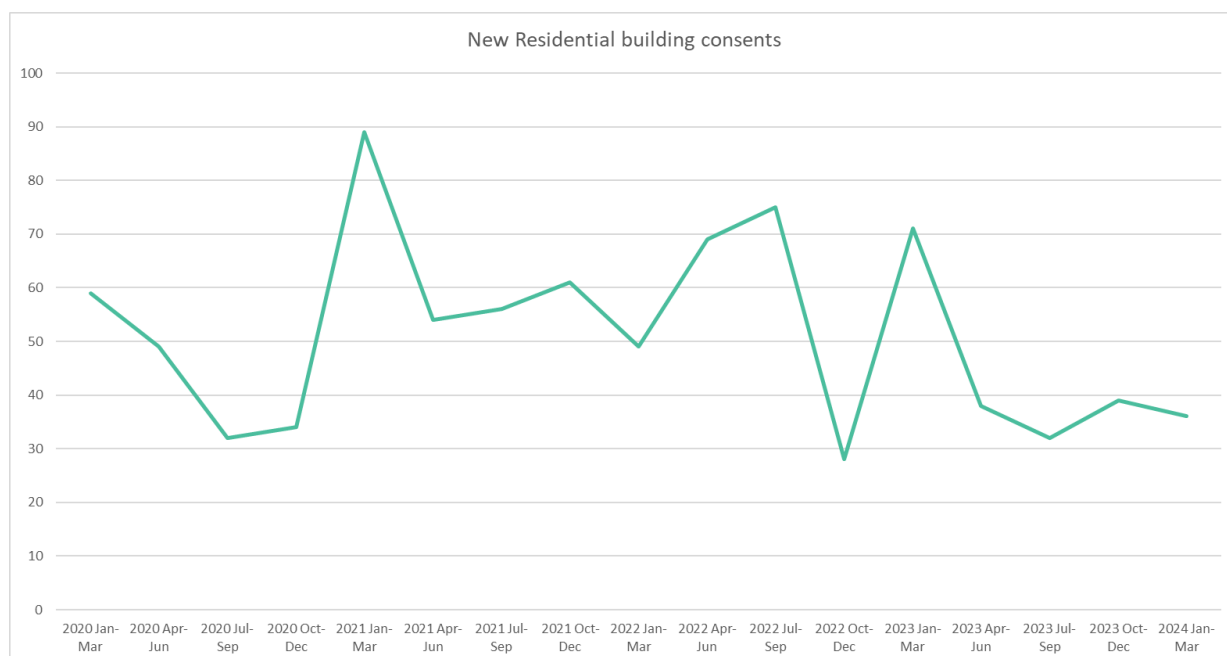


Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

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, 2021 and 2023 as new units in these types of facilities are built in groups.

There was a significant peak in 2021 this is likely due to increase seen in construction after the lockdowns of 2020 and very low interest rates. This has since gradually declined in 2022 and 2023. What will happen in 2024 is still unknown but if the trend of ~35 consents, as seen in the last four quarters, continues then 2024 may be closer to 140 and be less than 2023.

The notable trend has been a gradual (but variable) increase in the number of townhouses and flats built since 2016. Already for the first quarter of 2024 there have been 12 townhouses etc consented this is more than the total for other years. Retirement village unit numbers remain ‘lumpy,’ reflecting that retirement villages are built new, or in distinct stages whereby multiple units are built around the same time.

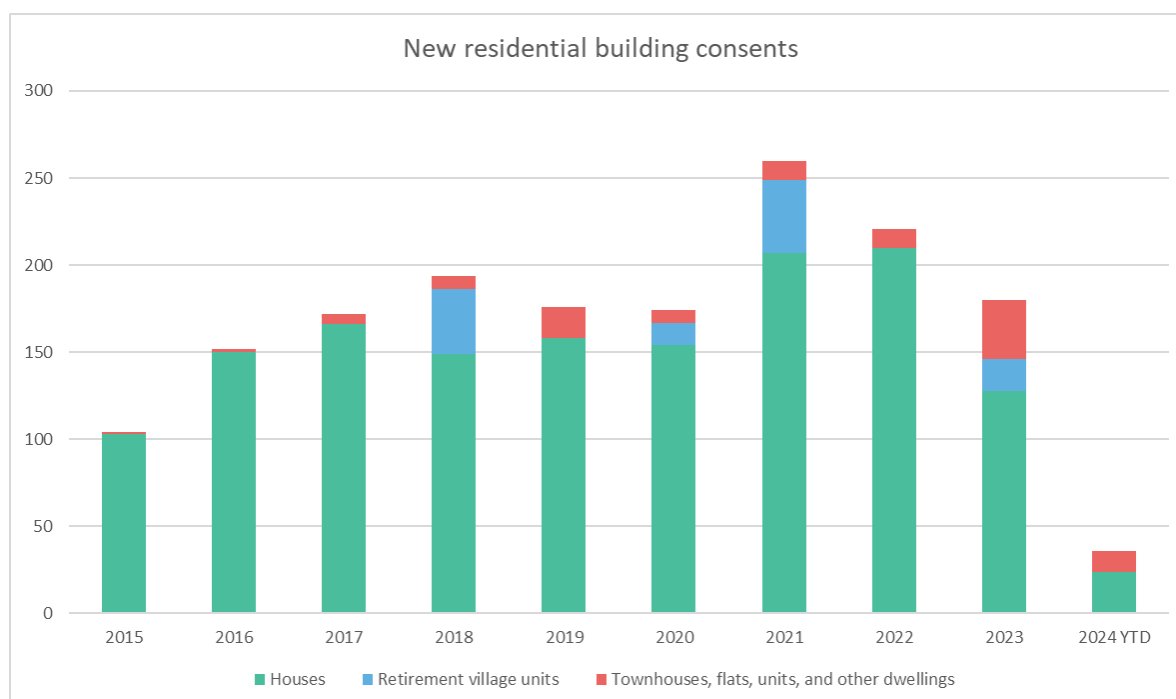


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data is over each quarter not monthly. Due to the overall number of sales within the Manawatū being low, monthly data may give an inaccurate reading of the true nature of overall house prices.

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

The median house price had seen a stabilisation in the last year. For the March 2024 quarter we have seen another slight decline, now sitting at \$533,777 for the Manawatū District as a whole. It is likely that the housing market will continue to stabilise or reduce slightly over 2024 due to continued high interest rates expected. With the shortening of the bright line test from 1 July 2024 we may see more housing coming into the market.

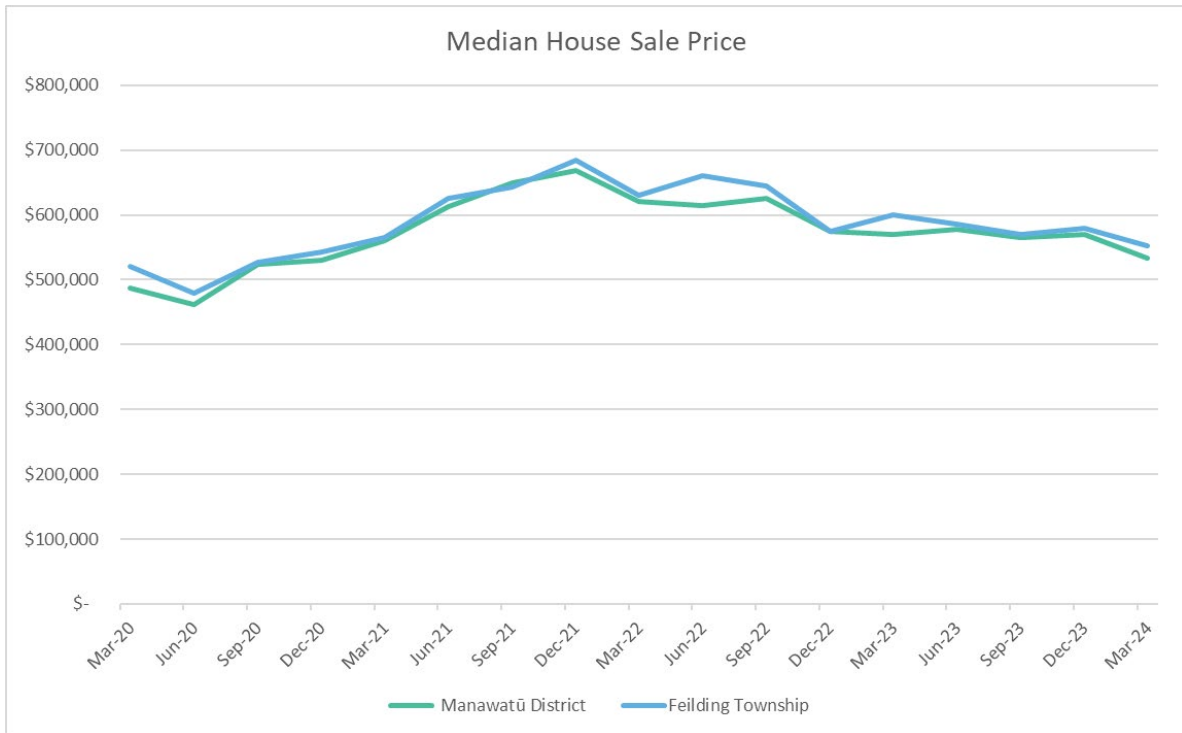


Figure 3: Quarterly median house sale prices (Source: REINZ)

Figure 4 shows the median house price over a year. There has been a steady decline in the median house price from the peak seen in 2021. The scale of decline or increase for 2024 cannot yet be determined as the YTD figure for 2024 only has the March quarter contributing. The decline seen between 2021 and 2023 is at a much slower rate than the rate of increase seen between 2016 and 2021.

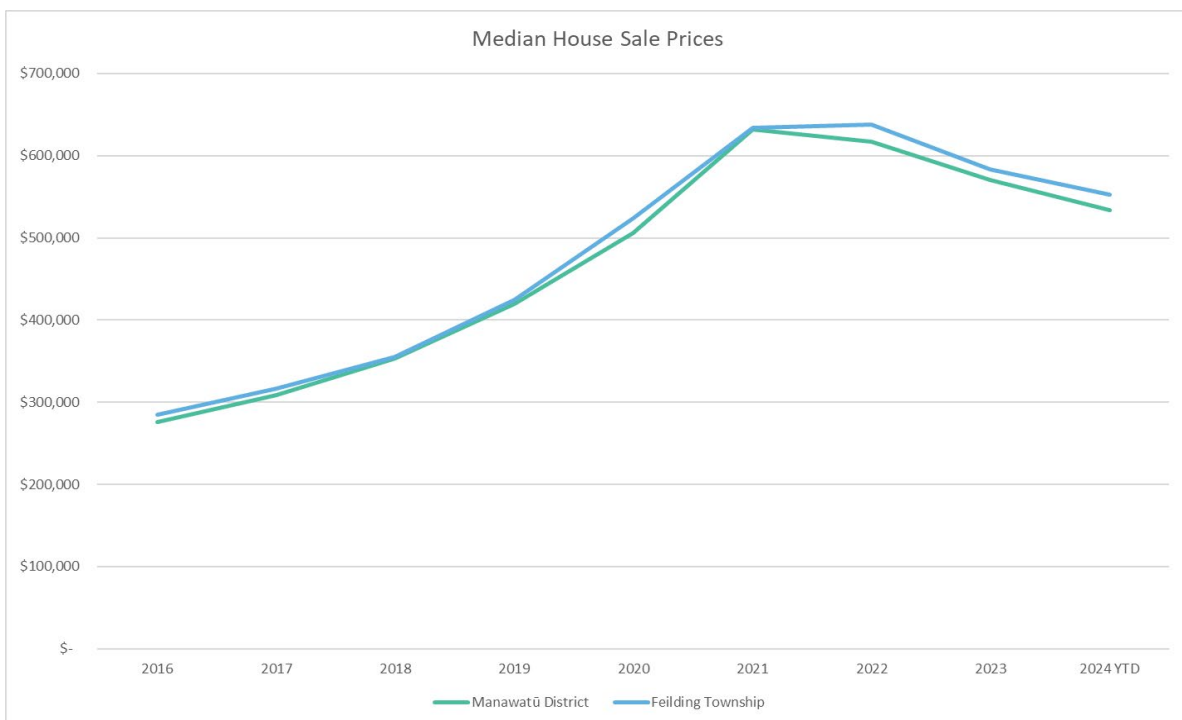


Figure 4: Median house sale price shown yearly (Source: REINZ)

Median Days to Sell

Figure 5 shows the median number of days to sell a house over each quarter. Currently the median number of days to sell is sitting at 48 days, with Feilding township at 42 days. The length of time a house is on the market is determined by several factors, such as house prices (particularly differences in buying and seller expectations), the volume of housing stock on the market, interest rates, and the number of people looking to buy in the region. The days to sell has increase in the last quarter as buyers are taking their time to find the “bargain” and house that they want.

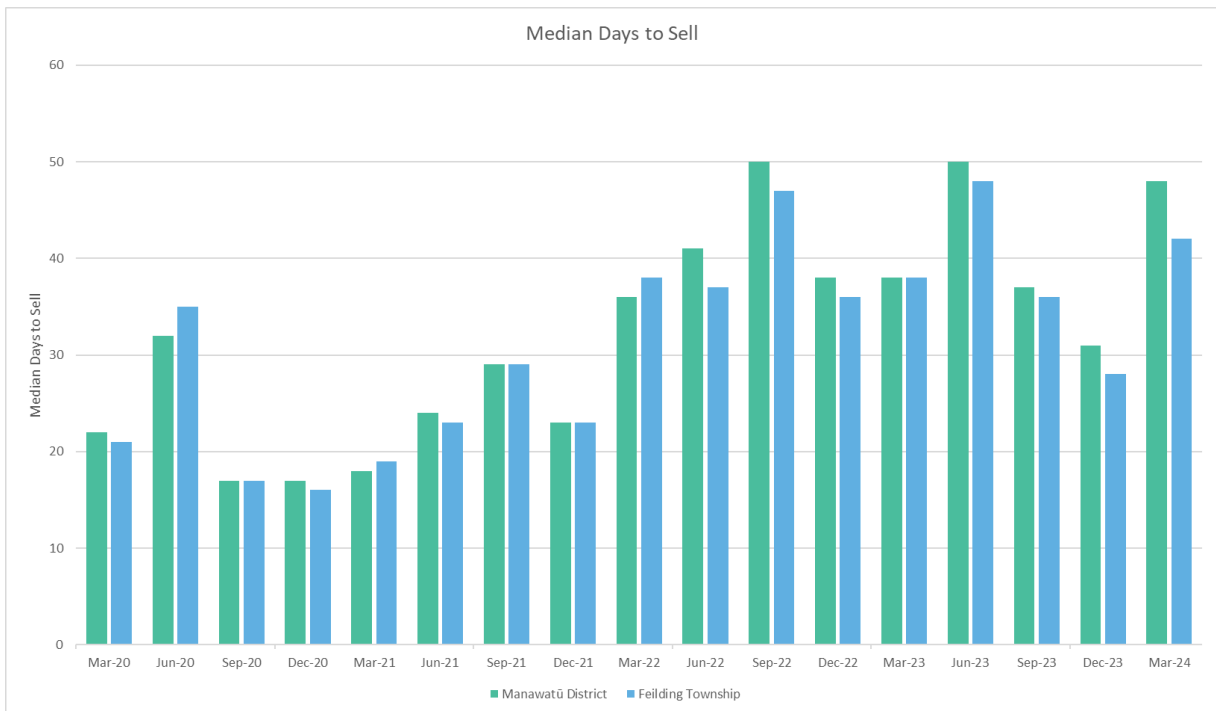


Figure 5: Median days to sell over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. The trend had been showing a slight decline in the numbers since Sep 2022, but in the last two quarters there has been an increase in the number of houses sold. The most significant increase seen is in this most recent quarter (although the total number is still below 2020 levels, even allowing for the impact of COVID-19).

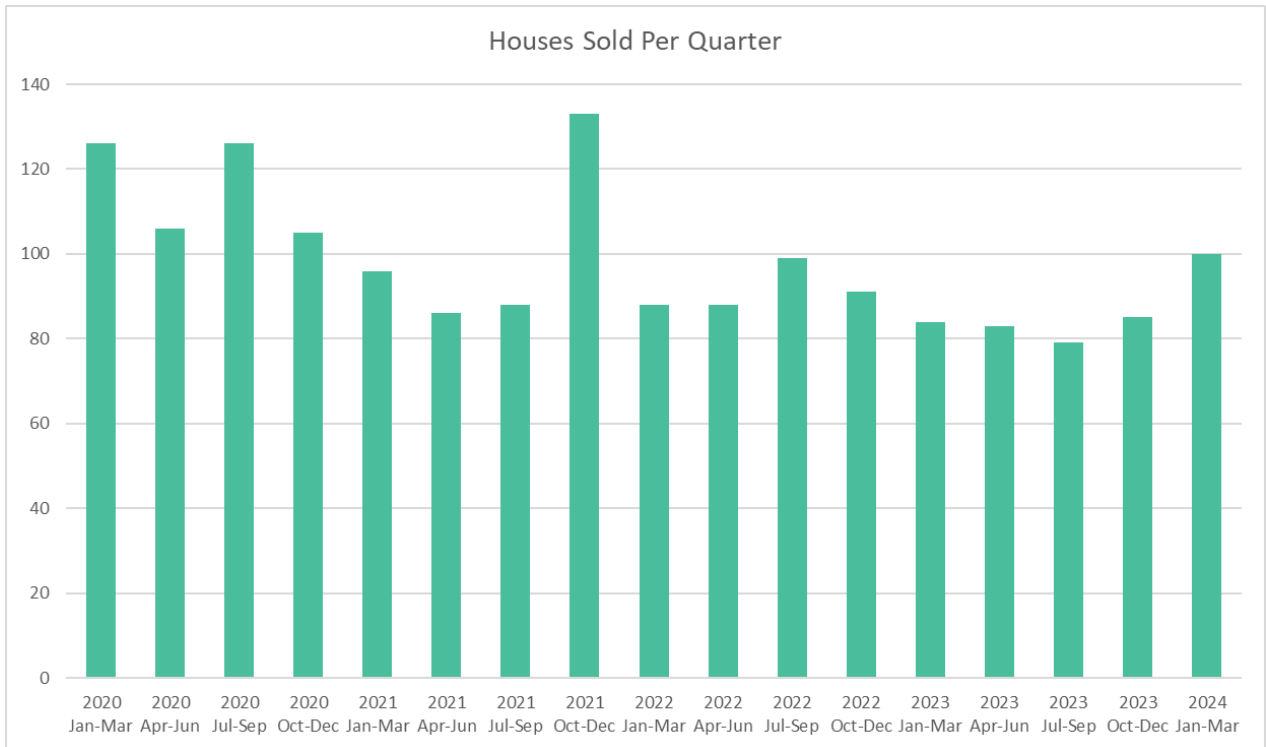


Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 7 shows the median weekly rent price for each month. This continues to show the same overall pattern of steady increase seen since 2019. The median rent price is now at \$506. However, over the past 4 months there has been a slowing down of rental price increases with both Feb and Mar 2024 sitting at the same median price. Given current economic conditions, rental growth is likely to slow over 2024 but is unlikely to decrease.

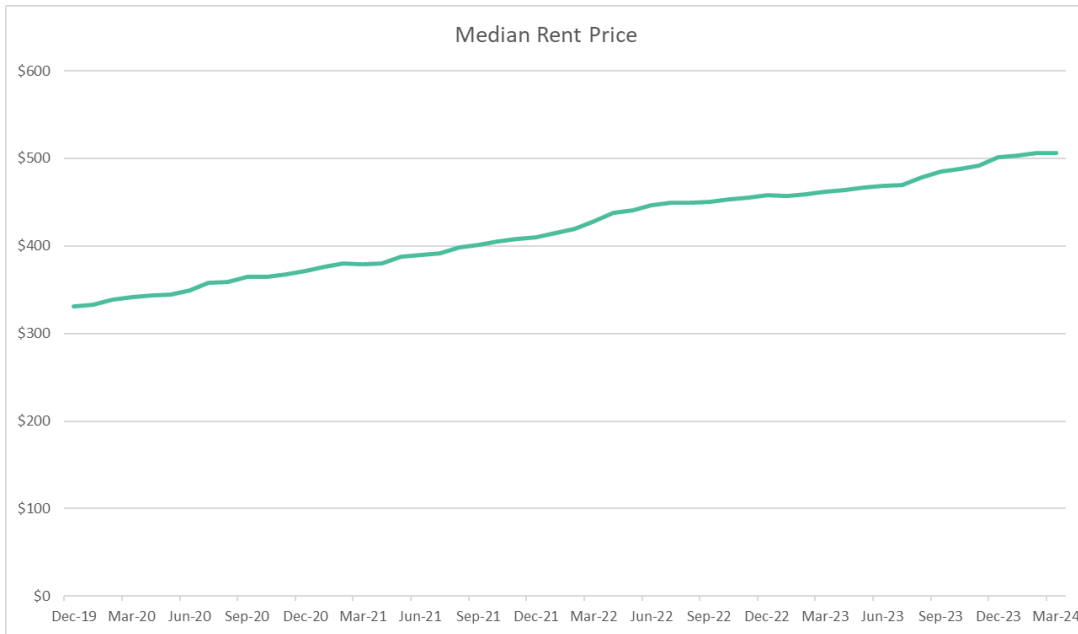


Figure 7: Median rent price shown quarterly (Source: Dot Loves Data)

Figure 8 shows the trend in median weekly rental prices over each year since 2016. While it shows that the median weekly rent has been increasing, it also shows a stable period between 2022 and 2023 without significant increases. The rate of increase between 2023 and YTD 2024 has risen, capped at a \$31 a week increase.



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

Affordability (for renting and buying)

Figure 9 shows the percentage of the median annual income going towards mortgage payments and rent. Mortgage payments are based on the current median house price with an assumed 30-year mortgage with an interest rate of 4% and a 20% deposit. Recent reductions in the median house price have resulted in a decline in the percentage of annual income going towards a mortgage. The changes in interest rates are not a factor due to the way affordability is calculated. Although the percentage of annual income going towards rent has stabilised over this last quarter it does continue to show an overall increase of 0.3% between December 23 and March 2024.

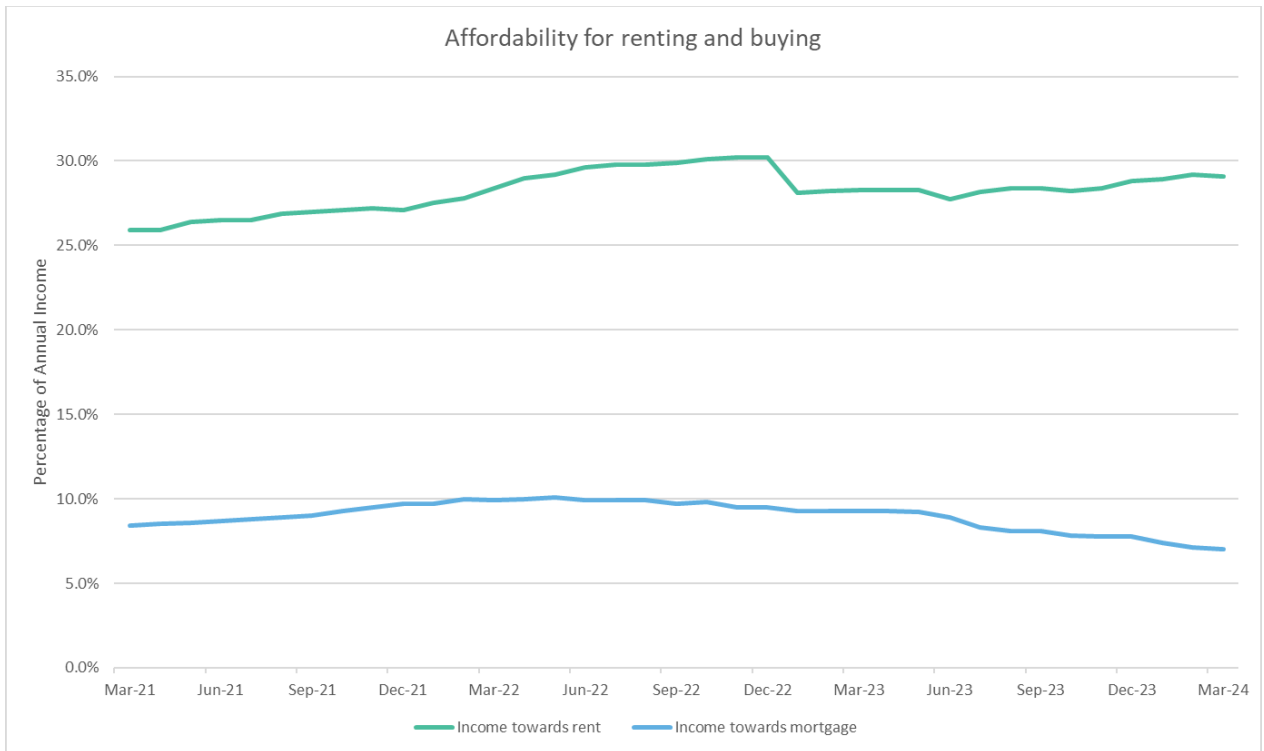


Figure 9: Percentage of annual income going towards mortgage and rent (Source: Dot Loves Data)

Housing Register

The Manawātū Community Trust (MCT) are currently housing 210 tenants across 199 units, with a further six units unoccupied as they are undergoing renovations. The MCT have currently go 28 applications on their waitlist. There are 156 Kāinga Ora houses in the Manawātū District and 23 transitional housing places. Figure 10 shows the number of applicants assessed as eligible for social housing on the Ministry of Social Development Housing Register who are ready to be matched to a suitable property. Note that one application is one household and potentially involves more than one person. From the three-year low seen in Dec 23 there has now been a small increase in those on the register to 111 applicants.

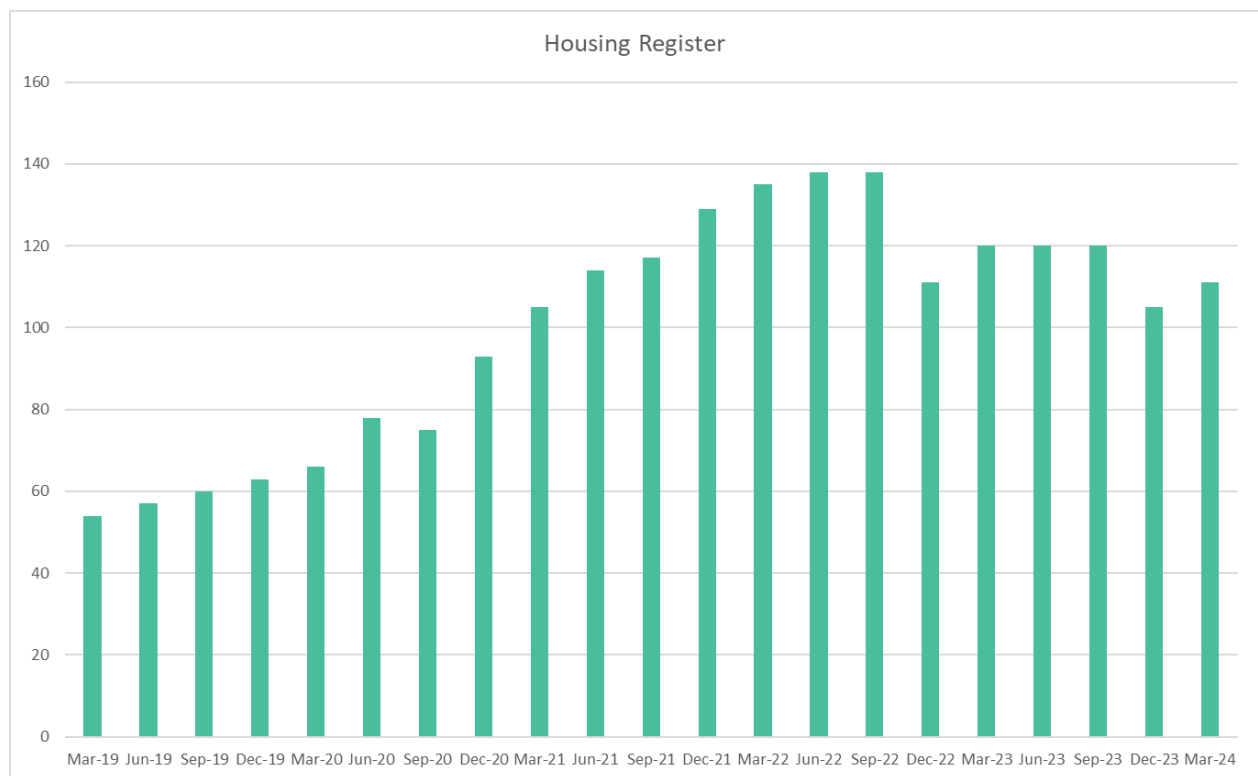


Figure 10: Number of applicants on the Housing Register (Source: Ministry of Social Development)

Business

Figure 11 shows the total number of registered businesses across the Manawatū District over each month. The total number of businesses registered continues to see a slight increase month by month. It is worth noting that while these businesses are registered, they may not all be operational currently and not all business would have something like a “shop front.”

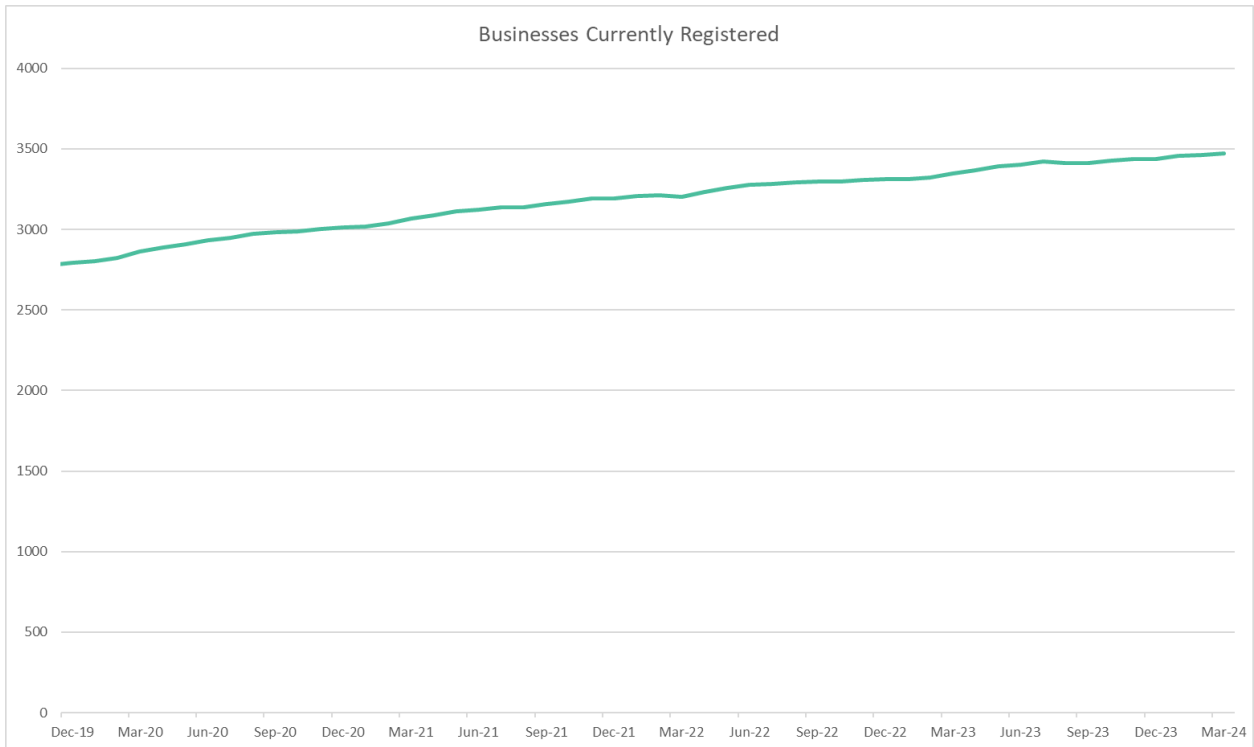


Figure 11: Number of businesses currently registered per month (Source: Dot Loves Data)

Figure 12 shows the annual self-employment rate for the Manawatū District. This rate has remained within a 1.7% bracket, with very slight variation and an overall downward trend. However, this change has shown to be marginal over time. There has been a decline of 0.4% between 2022 and 2023. The industries with the highest trend of self-employment are construction services, and sheep, beef cattle and grain farming.

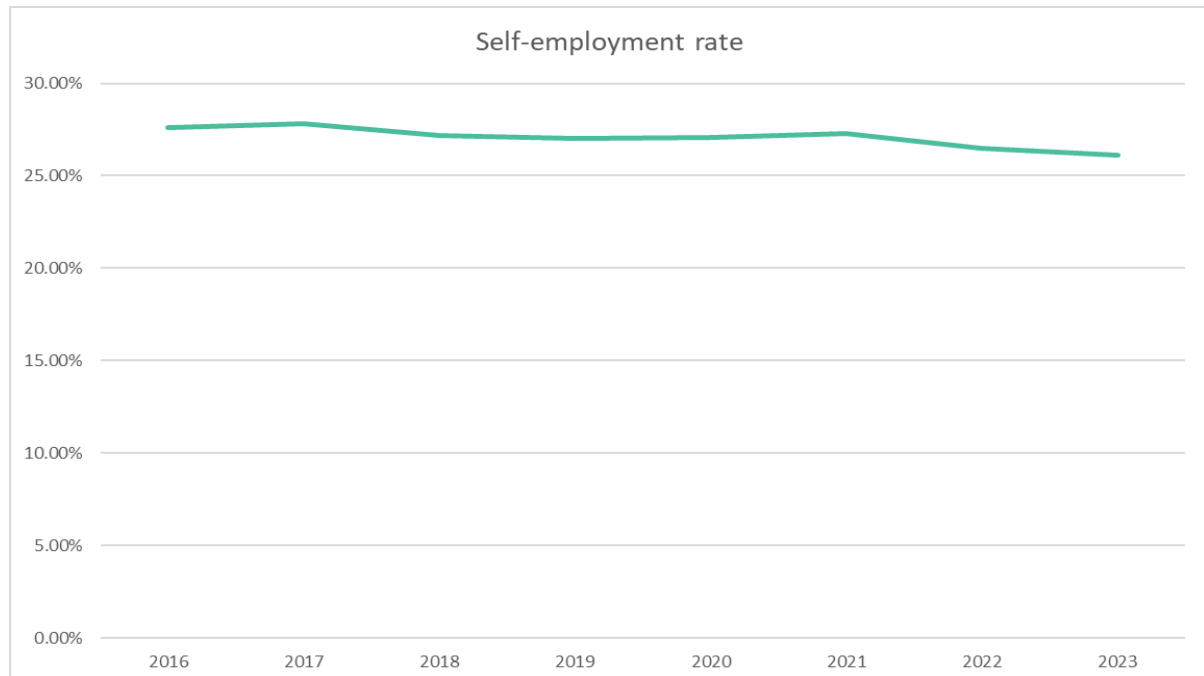


Figure 12: Self-employment rate (Source: Infometrics)

Construction Industry

Figures 13 and 14 show yearly data about the construction industry. Trends in the construction industry provide insight into what might be built in the Manawatū District, although the boom-bust cyclical nature of the construction industry often lags behind the wider economic cycle (e.g. it takes time for companies to recruit additional staff and scale-up during an economic upswing, while the time it takes to complete projects can delay the point at which a downward trend in wider economic conditions impacts on employment numbers).

Both the filled jobs and Gross Domestic Product (GDP) of the construction industry in the Manawatū District continued to see year on year growth through to the end of 2023. For 2023, construction continued to be second largest industry contributor to GDP growth, and the top contributor to employment growth in the District. A continuation of trends would put the District in a good place for future housing growth, although broader national indicators (e.g. new residential consents issued) suggest there has been a slowdown in construction activity nationwide over the first part of 2024.

Between 2015 and 2023 the construction industry has grown by 709 jobs and has almost doubled its GDP contribution with an increase of \$50.5 million.

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

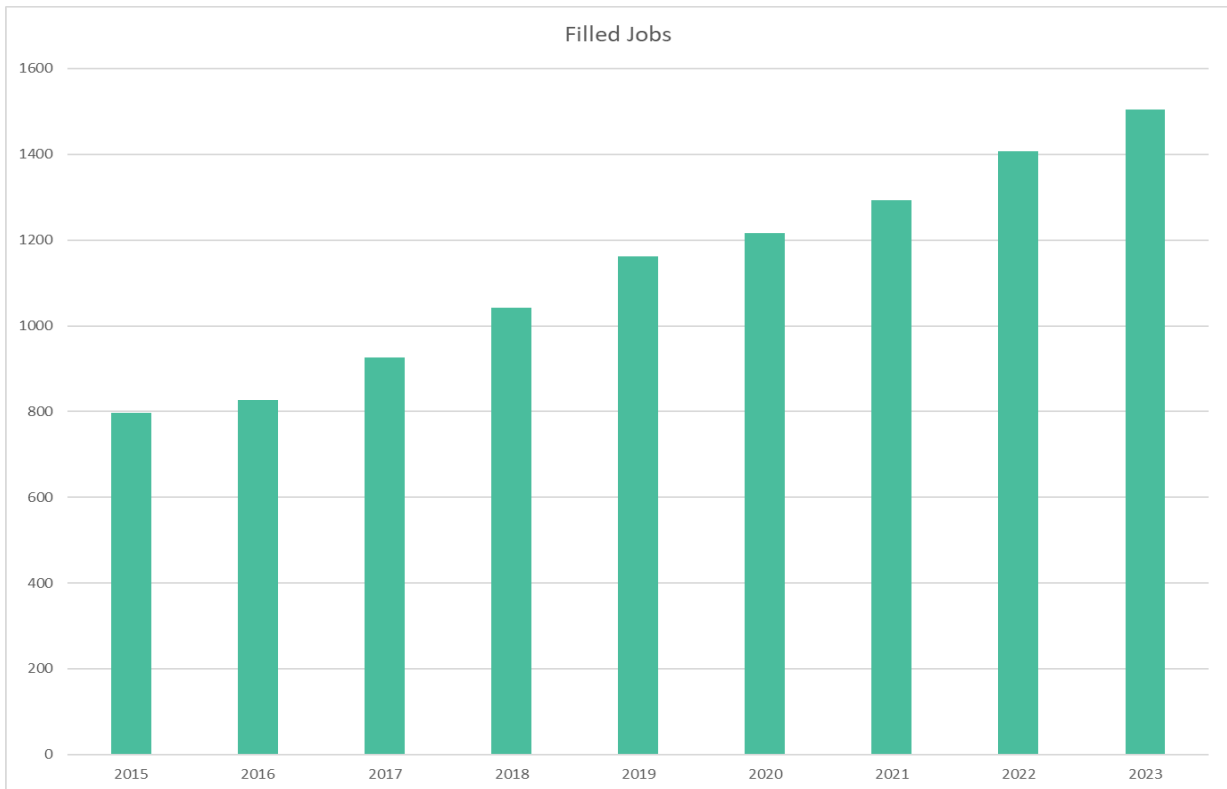


Figure 13: Filled jobs in Construction industry.

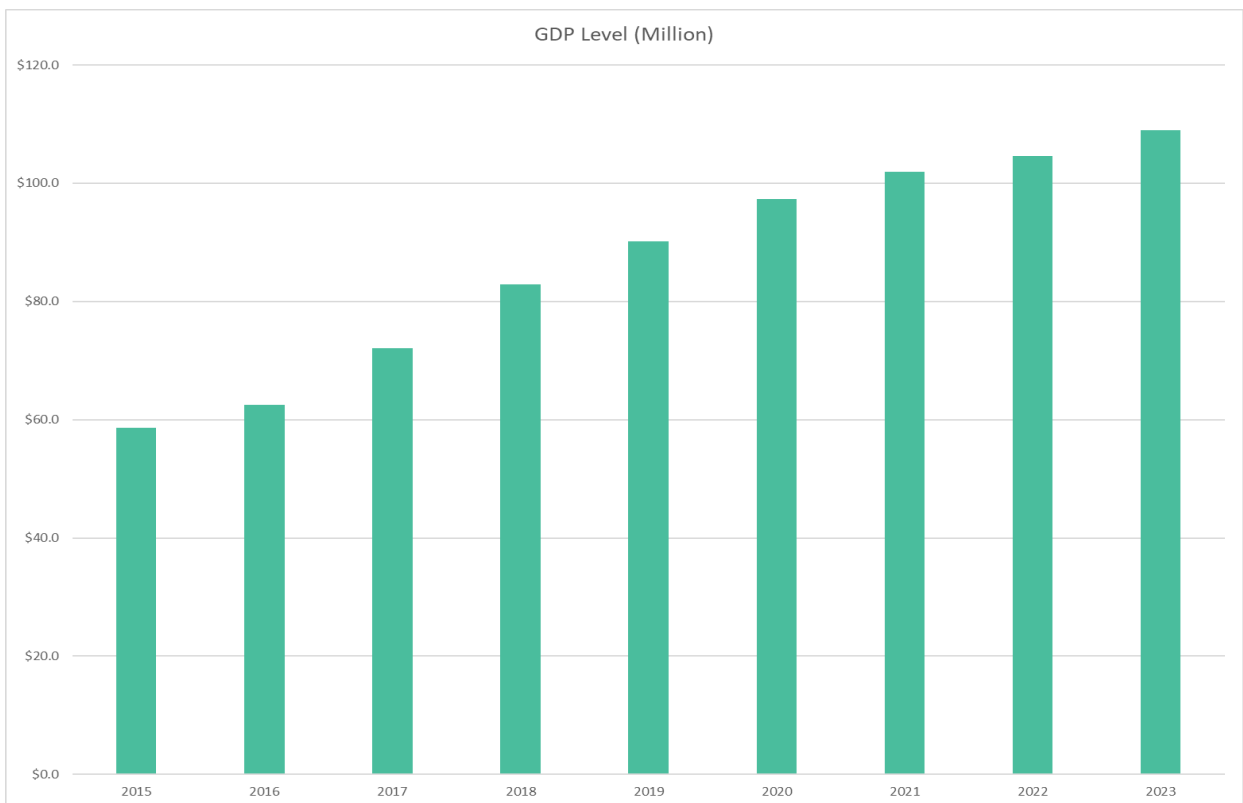


Figure 14: GDP of the construction industry.