



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

July to September 2024

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July to September Snapshot

Building consents continue to fluctuate with a drop to 33 new dwelling consents in the Jul-Sep quarter. Looking at the yearly statistics, the 2024 YTD is approximately 30 lower than for the 2023 figures but one quarter left to come in 2024. It is estimated that the total for 2024 will align closely with the 2023 yearly figures.

House prices have seen a small increase in Jul-Sep after having been relatively steady since Dec 2022. The yearly statistics are showing mostly a stable 2023 and 2024 housing market. Median days to sell has seen a significant increase up to 47 days compared with 34 days last quarter. The number of houses sold has also seen an increase up to over 100 for Jul-Sep.

The average rental price increases have slowed compared to the sharper increase seen in the previous years and the 1st half of 2023. The slight reduction in cost pressures (e.g. via the return of tax deductions and lower interest rates) to landlords are likely impacting this. The average for 2023 is only \$2 less a week than the YTD for 2024 currently.

Housing affordability has seen a decline in 2023 and a levelling off in 2024 it now sits at around 28% of the annual income. Rental affordability has been reasonably steady in the last 9 months remain at around 29% of annual income.

There has been a stabilisation of the housing register with this most recent quarter sitting the same as the previous quarter. There has also recently been a small increase in the number of Kāinga Ora houses in the Manawatū it is now 171. The majority (61%) of people on the housing register require only one bedroom, this is likely to be single people or couples.

Business numbers continue to see a slow and steady increase. Between 2021 and 2023 the self employment rate saw a very slight decrease.

Introduction

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. This report includes the first indicative numbers from the first use of the model, based on existing district plan zonings and settings). It is expected that these numbers will vary over time as both a reflection of actual (as opposed to theoretically enabled) development patterns and refinements to the model itself.

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. These trends are 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. 33 new dwellings were consented over the July-September 2024 quarter.

Figure 1 shows the new residential building consents at a quarterly scale for the Manawatū District.

There continues to be significant variation in the number of new dwelling building consents. With the most recent quarter dropping back down to 33. 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.



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. 2024 looks like it will be around a similar number to what was seen in 2023. This pattern follows are similar trends to what appears to have been happening nationwide since 2021, where the total of all new dwellings consented has dropped from 47, 819 to 33,467.

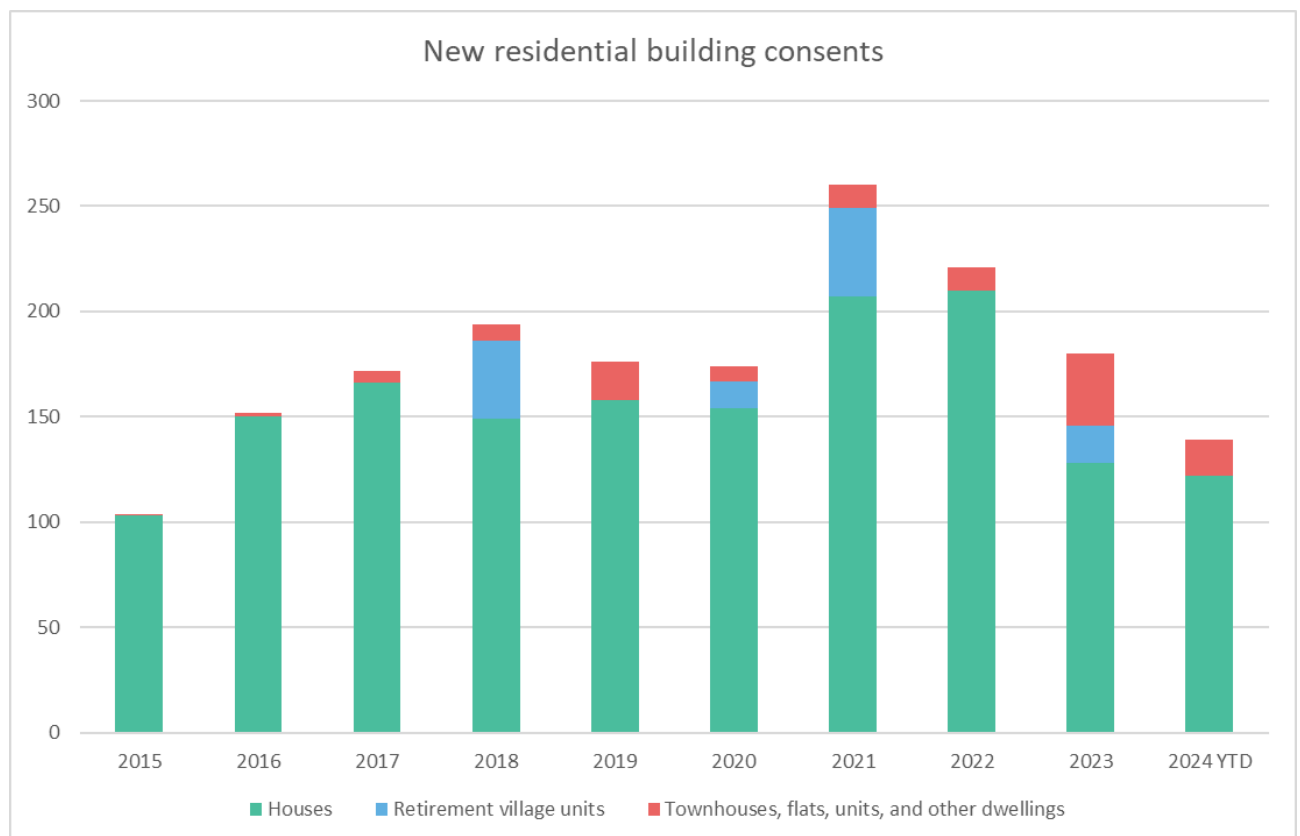


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data is over each quarter not monthly. This gives a more accurate representation of the median house prices for our region (as monthly sales numbers can be both low and prices highly variable).

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.

Between December 2022 and June 2024, house prices have remained relatively stable. In this most recent quarter we have seen a small increase up to \$585,000 for the district and \$605,000 for Feilding.

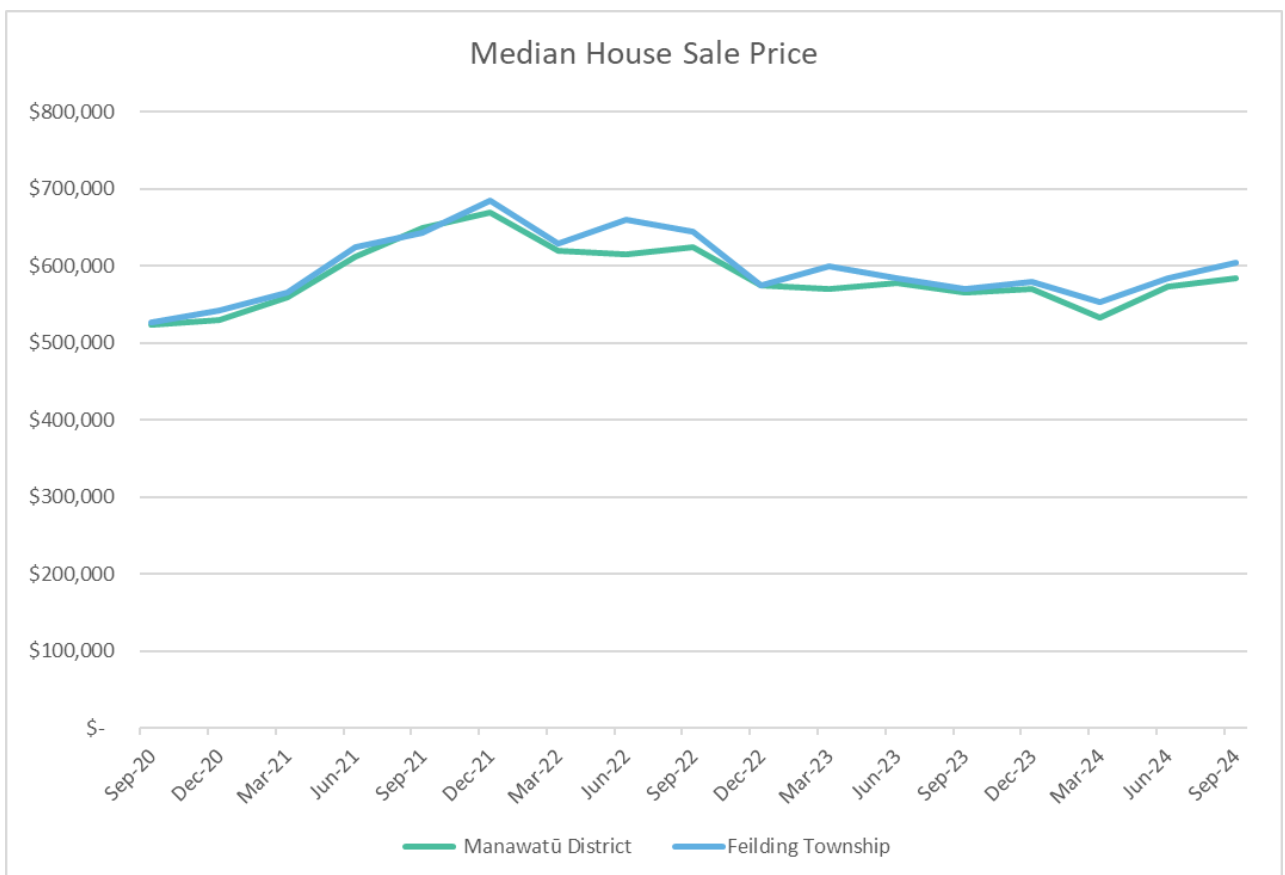


Figure 3: Quarterly median house sale prices (Source: REINZ)

Figure 4 shows the median house price for Feilding and the Manawatū District over a year. There has been a steady decline in the median house price from the peak seen in 2021 through to 2023. Between 2023 and 2024 there is a levelling out. This is consistent with the pattern seen across New Zealand as a whole.

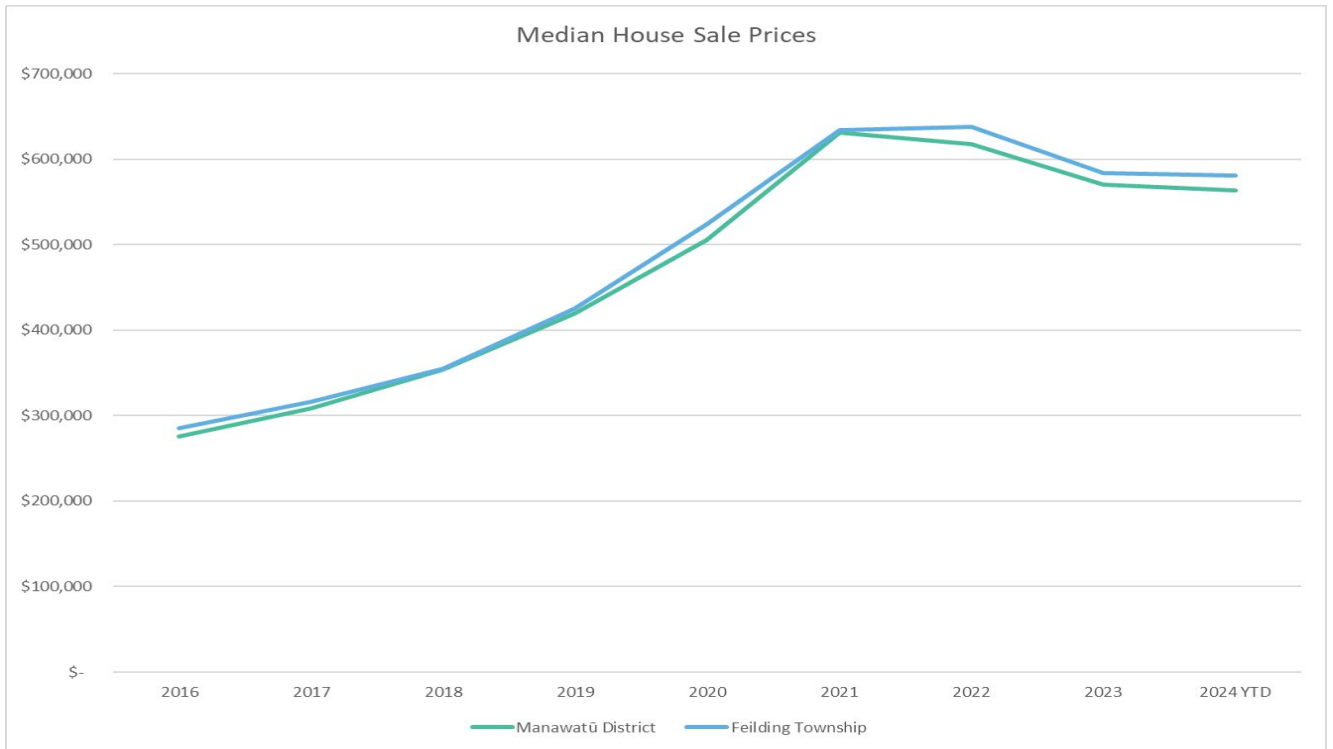


Figure 4: Median house sale price shown yearly (Source: REINZ)

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 47 days for the Manawatū District, with Feilding township at 46 days. This is a significant increase compared with the previous quarter. 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.

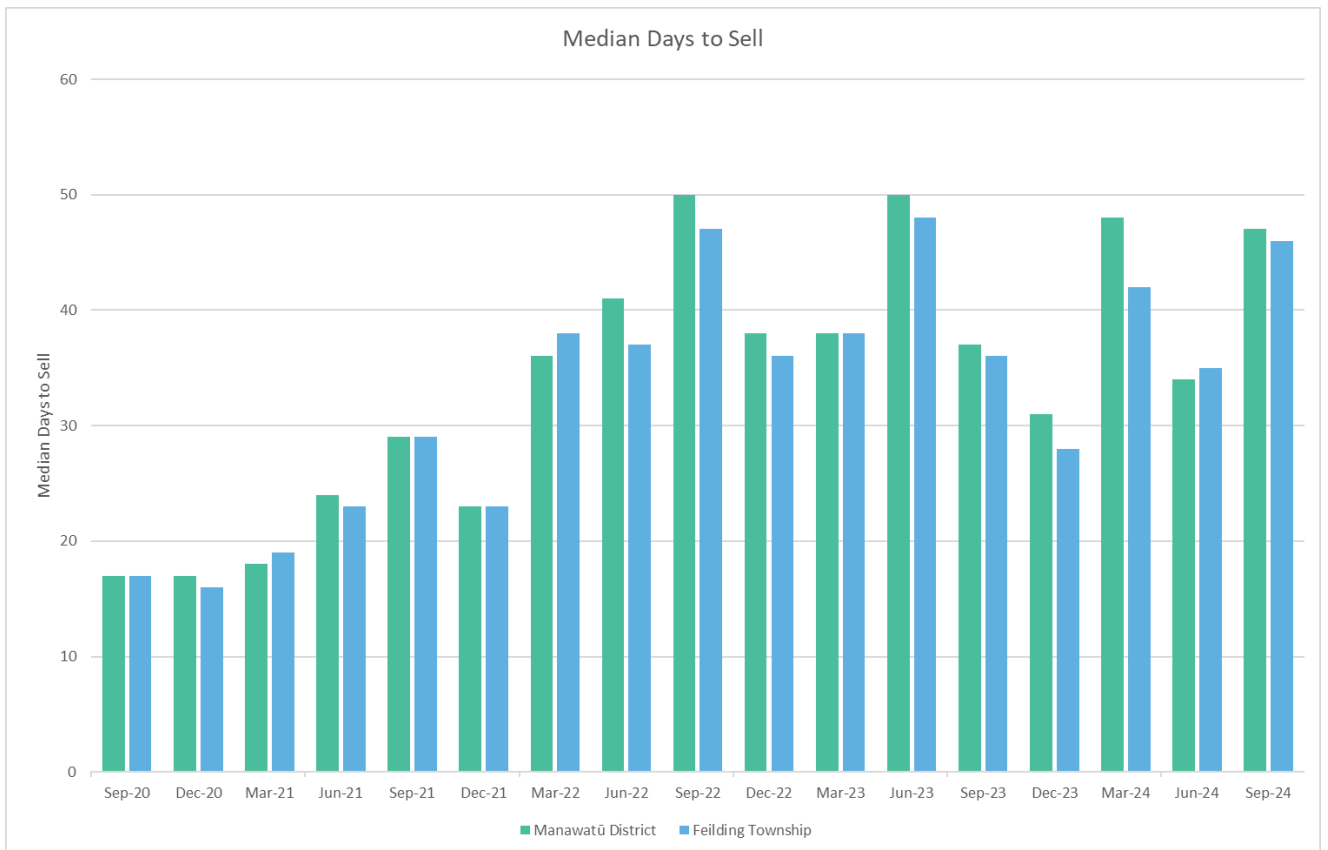


Figure 5: Median days to sell over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. This most recent quarter has increased again. The number of sales in 2024 is sitting is the highest since Oct-Dec 2021 (when pent up demand was high and interest rates at or near record lows).

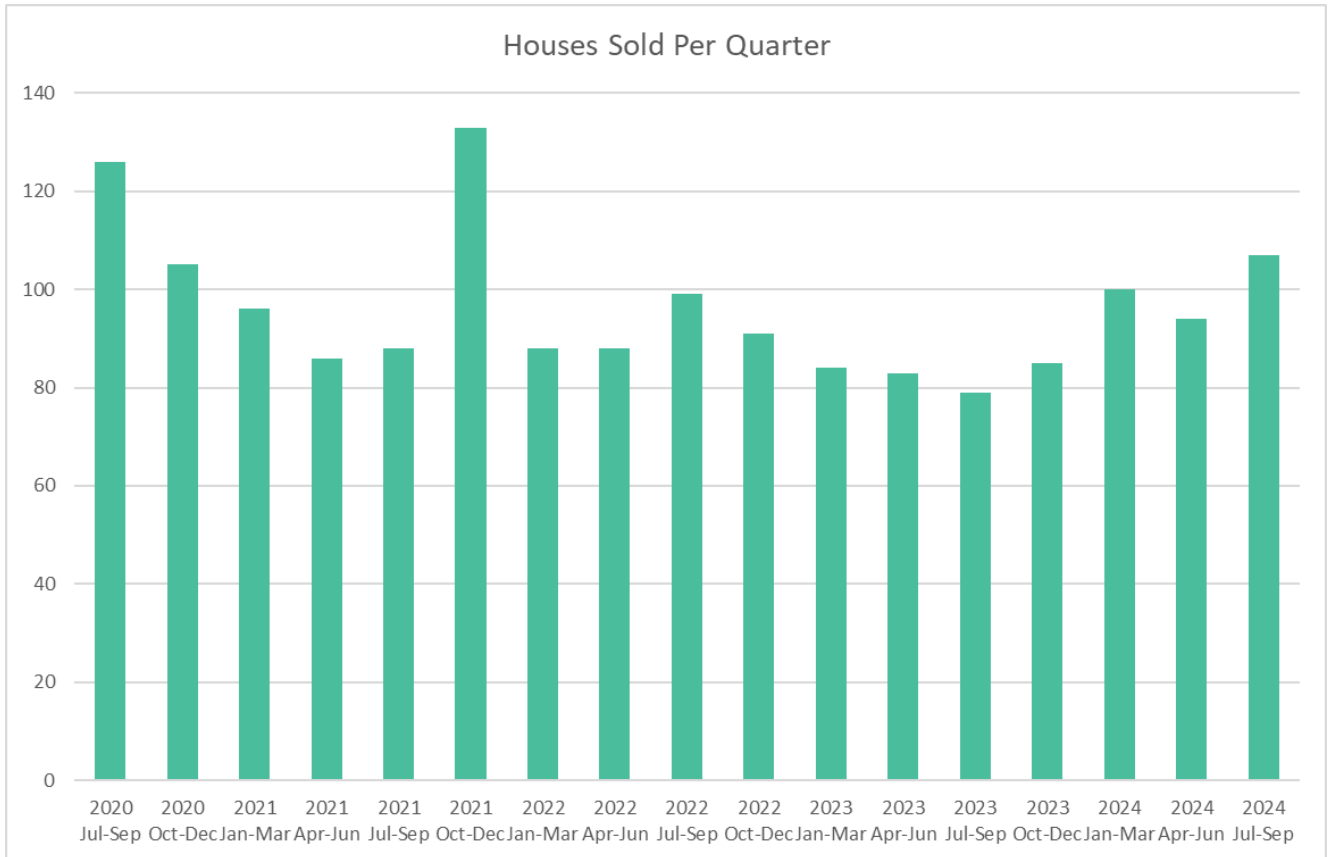


Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 7 shows the average weekly rent price for each month. Weekly rent prices continue to see an increase. Since Dec 23 the rate of increase has seen a slowing down with it only going up by \$8 in the past year. With less cost pressure on landlords reducing though means such as lowering lending interest rates and the reinstatement of tax deductibility for landlord interest expenses (at 80% as of April 2024), there is potential for the increase in rent prices to continue on this slower increase rate.

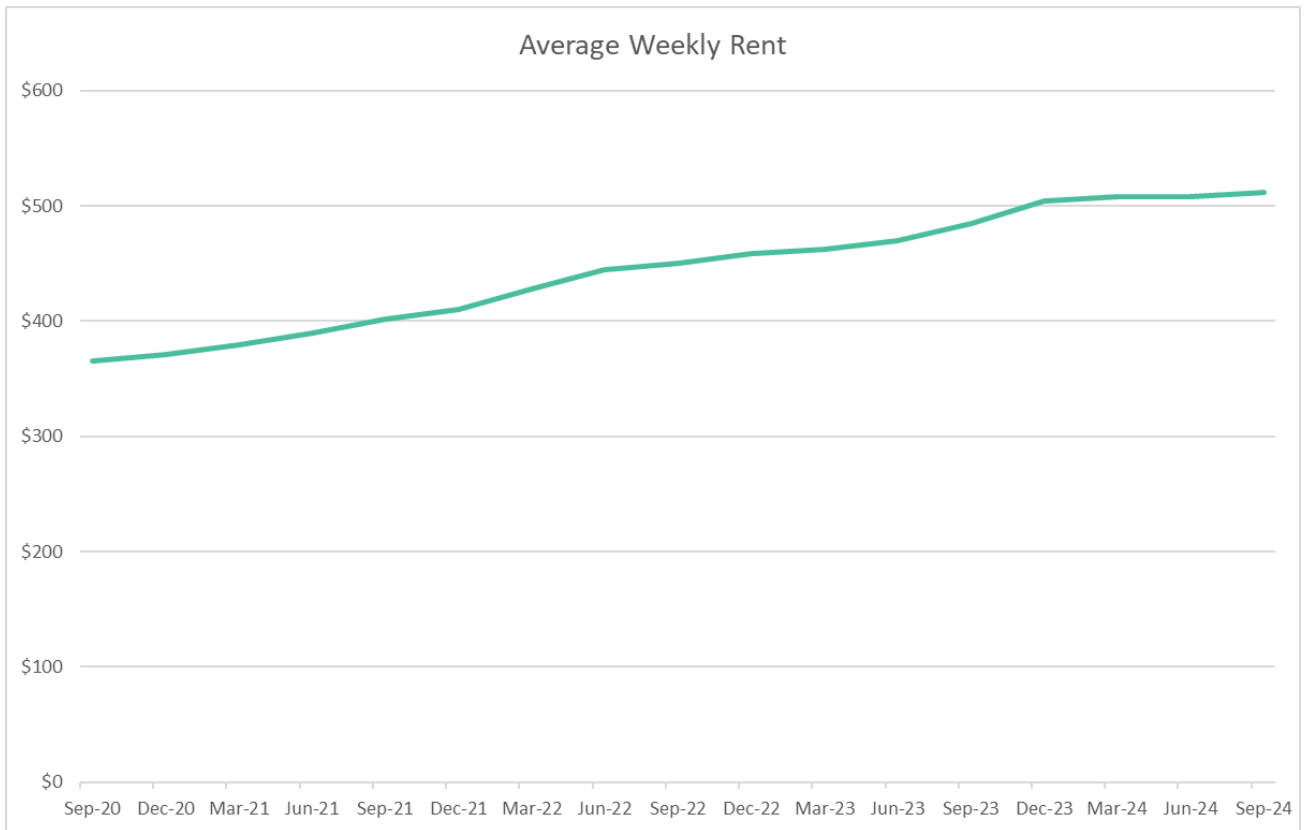


Figure 7: Average rent price shown quarterly (Source: Infometrics)

Figure 8 shows the trend in average weekly rental prices over each year since 2016. There is an overall trend of increasing rent prices year on year. Between 2023 and the 2024 year to date there has been an increase in rental prices of \$2 a week which is showing a more stable rental market.

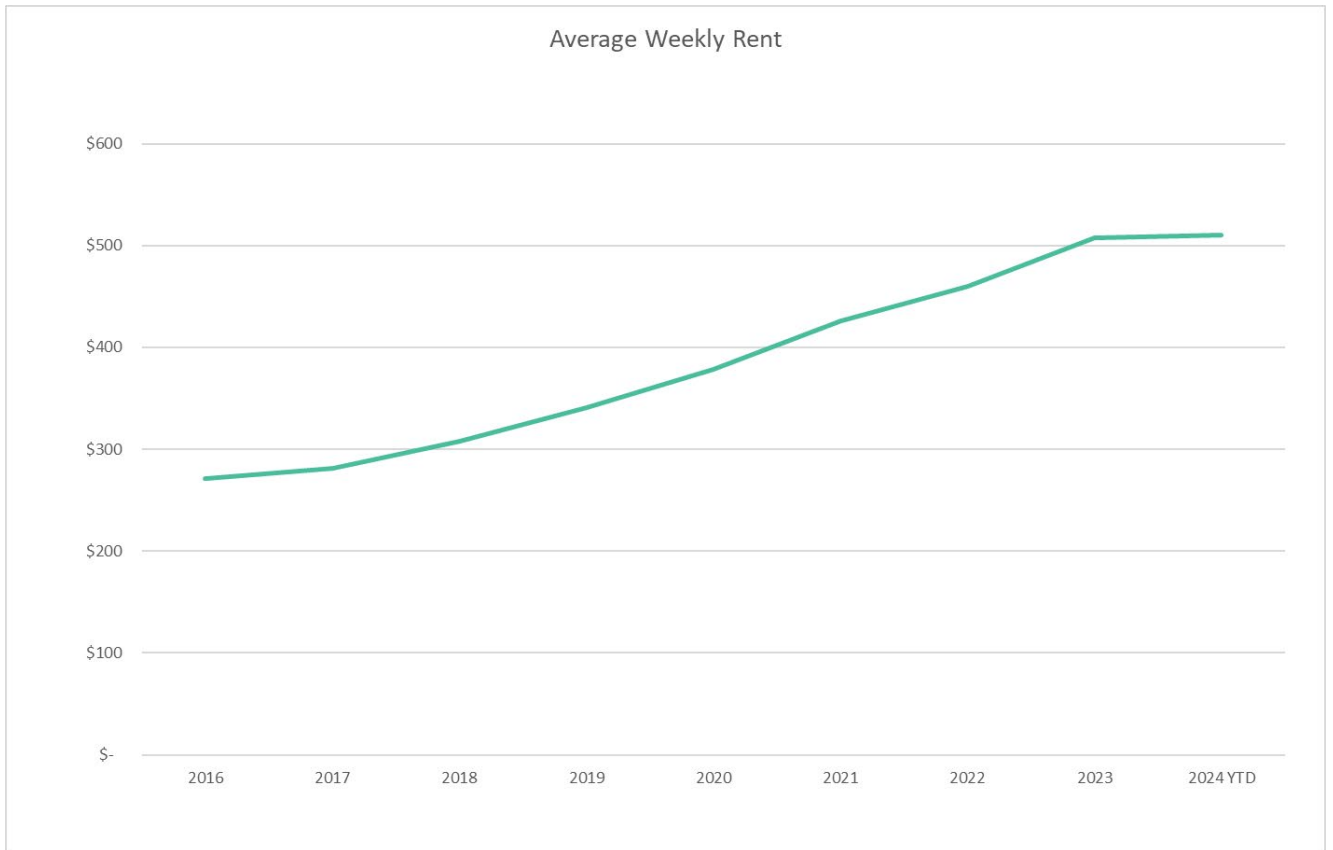


Figure 8: Average rent price shown yearly (Source: Infometrics)

Affordability (for renting and buying)

Figure 9 shows the percentage of the median annual household income going towards house purchase price and rent. Purchase 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 purchase price. Dot loves data had recently reviewed their calculation of annual income going towards purchase price and realised they had made an error. This has resulted in the figures now being significantly higher than what had been seen in previous reports, the overall trend has remained very similar. The changes in interest rates are not a factor due to the way affordability is calculated.

With prices in the housing market overall being reasonably stable in the past year, while incomes have risen, affordability has slowly improved. Rental affordability is mostly stable sitting around the 29% mark of income for the past 9 months.

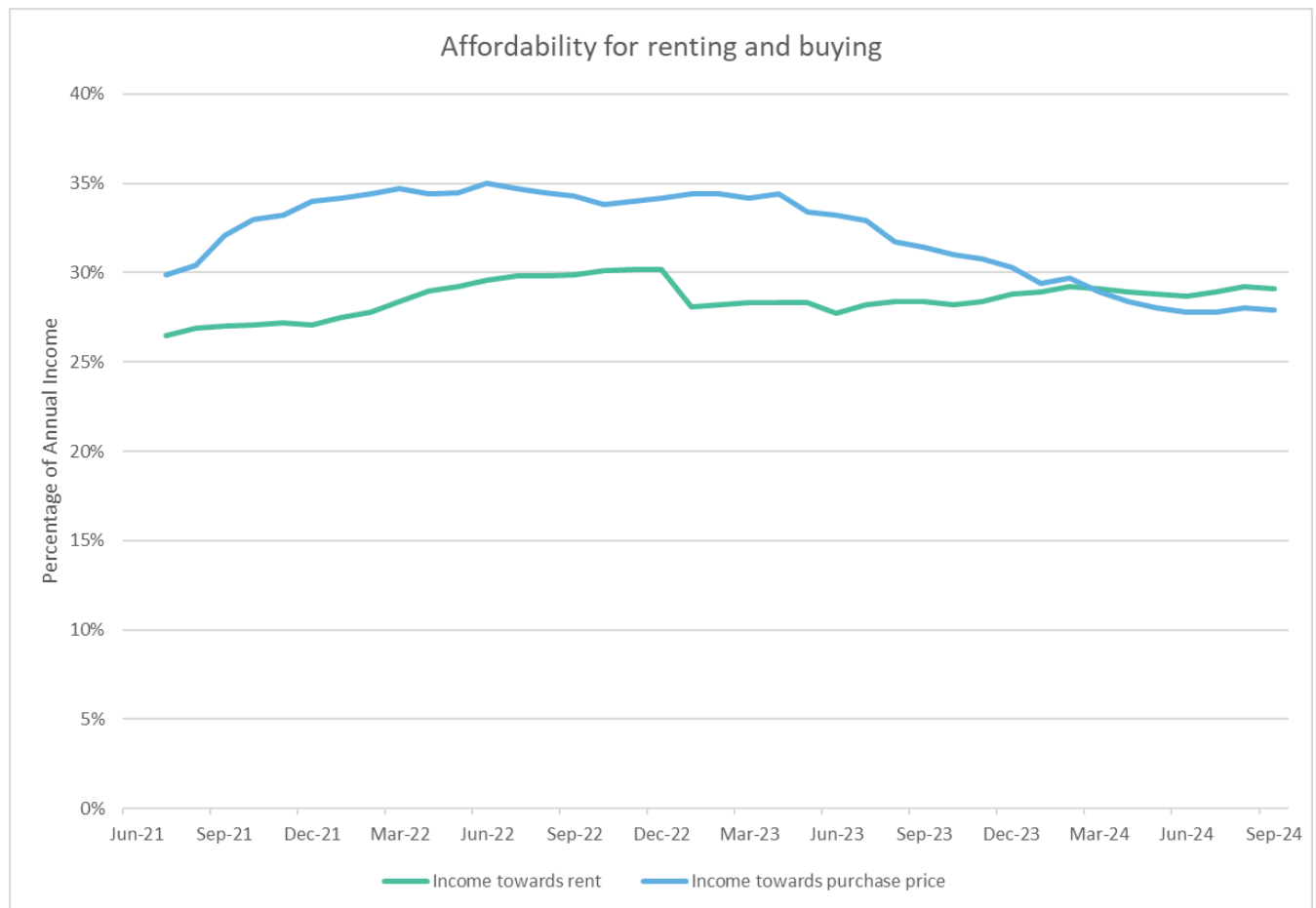


Figure 9: Percentage of annual income going towards mortgage and rent (Source: Dot Loves Data)

Housing Register

The Manawatū Community Trust (MCT) are housing 210 tenants across 199 units, with a further six units unoccupied (as they are undergoing renovations). There are 171 Kāinga Ora houses in the Manawatū 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. The housing register has stabilised in the last 6 months.

In the past year there has been an increase in eleven homes in Kāinga Ora homes. For the Manawatū the majority of the people on the housing register (61%) require one bedroom accommodation.



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.”

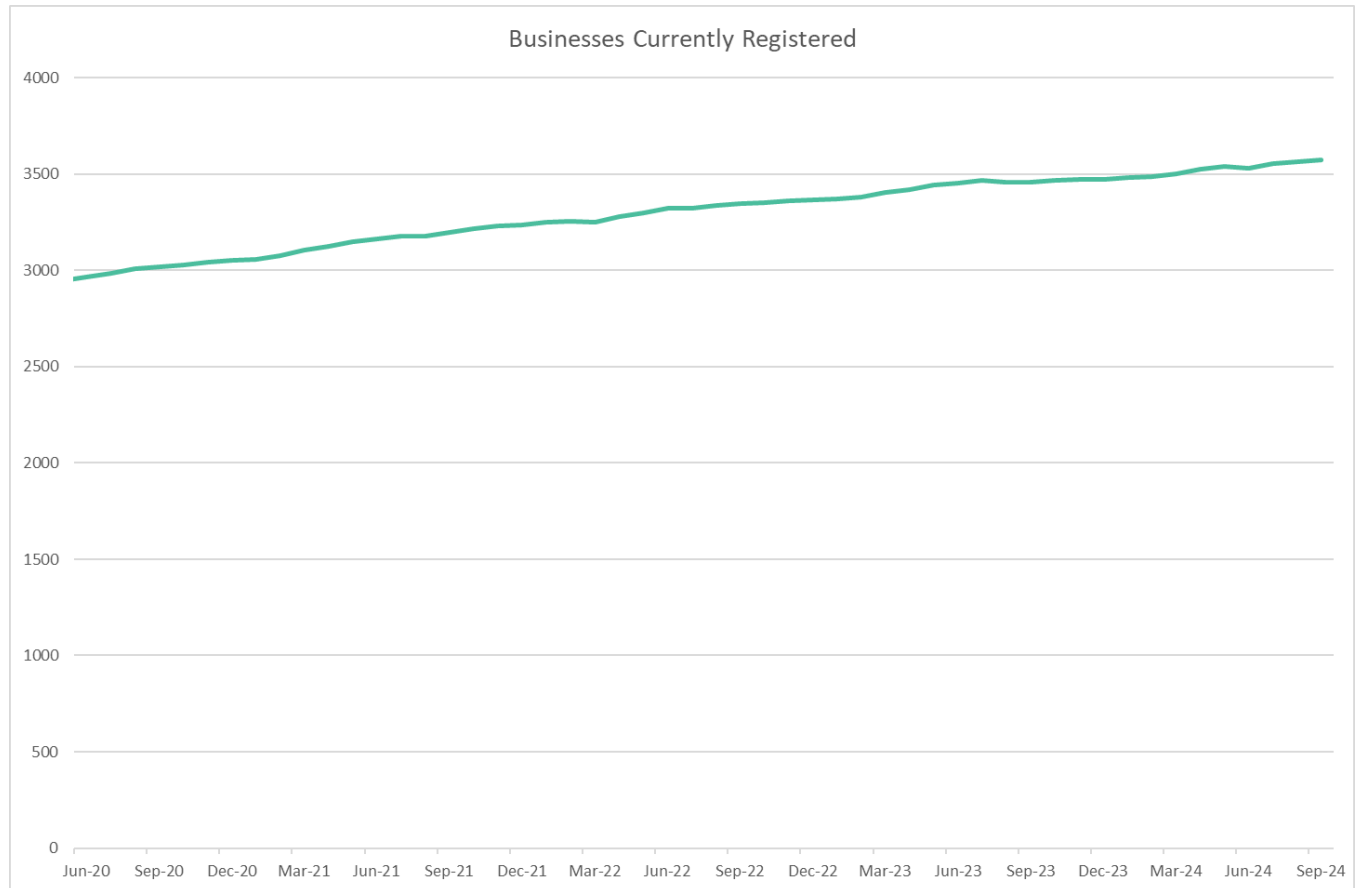


Figure 11: Number of businesses currently registered per month (Source: Dot Loves Data)

Figure 12 shows the annual self-employment rate for the Manawatū District. This rate has had minor variations (within range of 1.7%) but shows a slight overall downward trend. There has been a decline of 0.4% in self-employment rates between 2022 and 2023. The industries with the highest trend of self-employment are construction services, and sheep, beef cattle and grain farming.

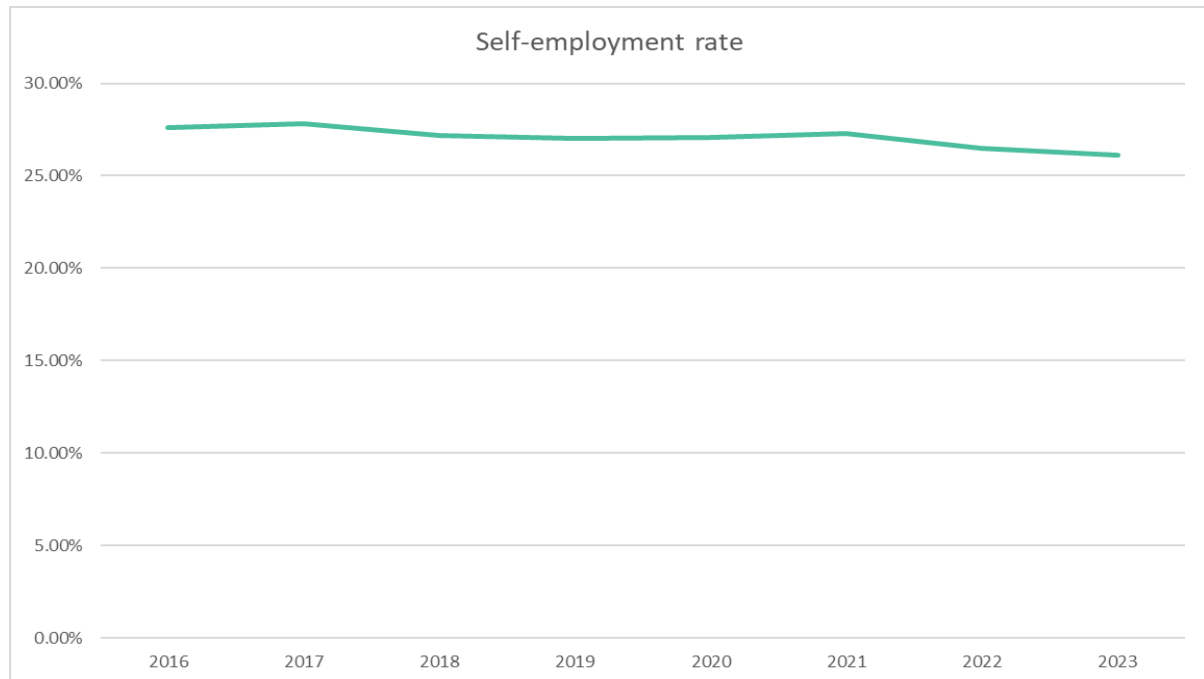


Figure 12: Self-employment rate (Source: Infometrics)

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 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.

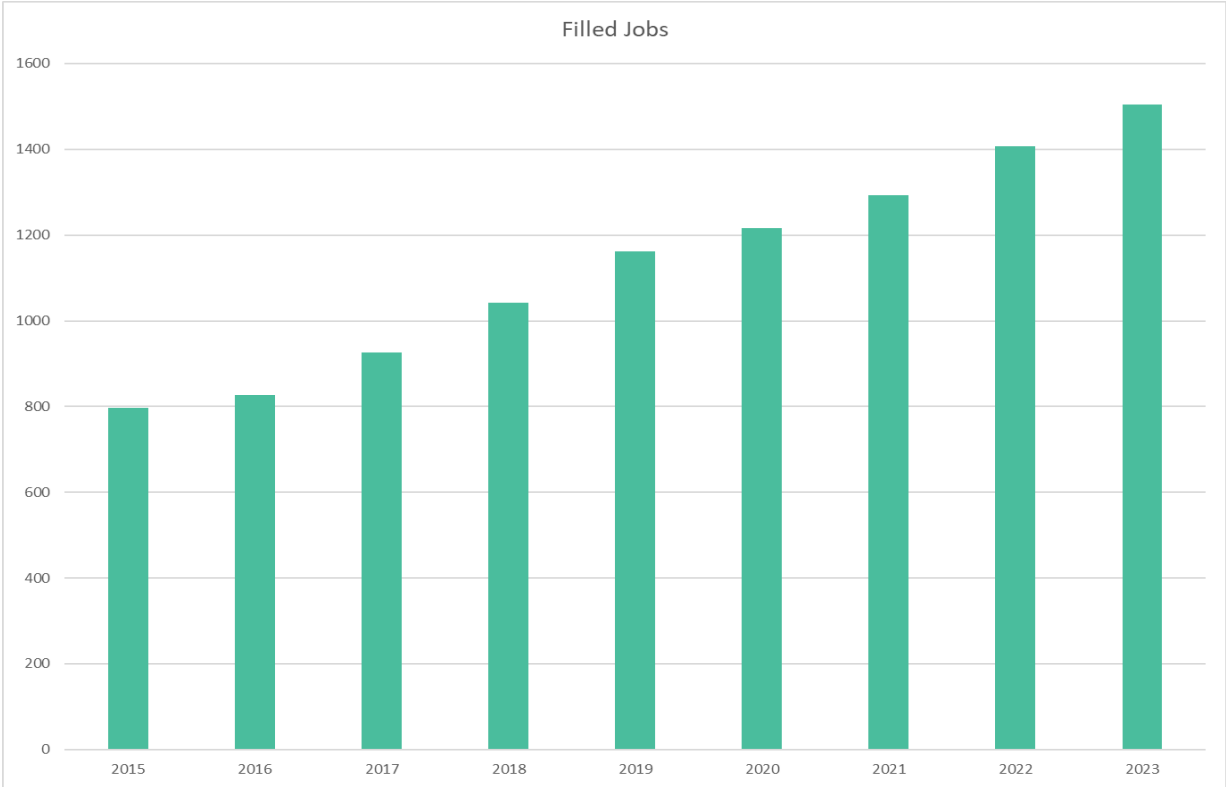


Figure 13: Filled jobs in Construction industry.

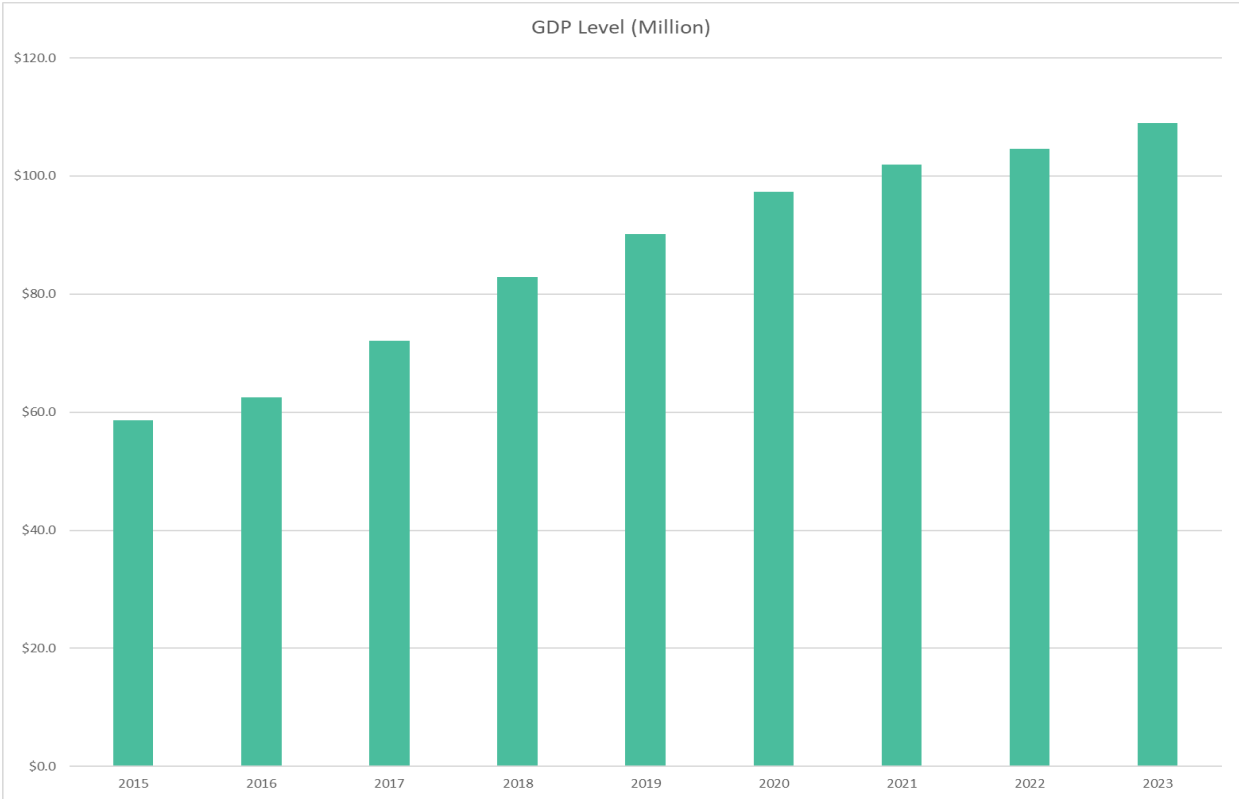


Figure 14: GDP of the construction industry.

Estimates of new remaining new housing capacity

The National Policy Statement on Urban Development 2020 requires all councils to provide at least sufficient development capacity for housing over the short-term (next 3 years), medium-term (next 3-10 year) and long-term (next 10-30 years).

The National Policy Statement strongly encourages smaller ‘tier 3’ councils such as the Manawatū District Council to undertake similar assessments of capacity as larger councils (although there is no legal compulsion on ‘tier 3’ councils to do so).

The consideration of housing capacity has two distinct aspects:

- a) understanding how much housing is needed to meet expected population (and business) growth over the short, medium and long terms; and
- b) estimating the how much capacity is currently available (e.g. how many houses can be accommodated on suitably zoned, but vacant, land) to meet the capacity needed.

Household projections prepared for the Manawatū District by Infometrics suggest the number of additional houses required across the district (including a 15% margin to reflect requirements to maintain a competitive supply) is as follows:

Timeframe	Estimated additional houses required to meet demand
Short term (0-3 years)	548
Medium term (3-10 years)	2,017
Long term (10-30 years)	4,343

The Manawatū District Council has undertaken mapping of suitable, zoned, vacant or developable land. Initial modelling of capacity based on that mapping and development densities permitted under the District Plan suggests there is more than sufficient land to meet anticipated demand for housing.

The modelling indicates that approximately 1,600 houses could be accommodated in the short-term, and over 2,800 in the medium term. Depending on when and whether more land able to be provided with infrastructure in long-term, there is the potential for up for more than 7,000 houses to be accommodated in areas identified within the District Plan.