



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

July to September 2023

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July to September Snapshot

There continues to be a decline in the number of new dwelling building consents. With the release of land in Maewa this is likely to translate into an increase in consents.

House prices are seeing a decline after a significant high in late 2021. The rate of decline is lower than the rate of increase seen before 2021. The median days to sell for houses in the Manawatū has seen a decrease in the September quarter. Though it is still sitting higher than in 2022. The number of houses sold continues to see a downward trend over the last year.

Rental prices have continued to increase, but the rate of increase for the average rental price has reduced in the past year.

Due to continuing factors like household income increasing slightly and the median house price decreasing we have see the percentage of annual income spent on a mortgage decrease. However this is not the case with income spent on rent, that has increased meaning more people are spending more of their income on rent. This increase has not reached the high that was seen in late 2022.

The housing waitlist has seen a stabilisation and still sits at 120 applicants. There are currently 158 Kāinga Ora homes in the Manawatū and there are plans for more to be built in the future.

Likely due to cost of goods and long term covid impacts we have seen a slow down in business growth. It would be likely that this would continue into the future.

Introduction

This is the fourth 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 have predominantly been detached housing, and the majority of new residential consents are for standalone houses.

There is significant variation in the number of building consents. Variations can happen for a number of reasons, such as market demand, 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, dwelling consents are likely to continue coming through at a lower rate.

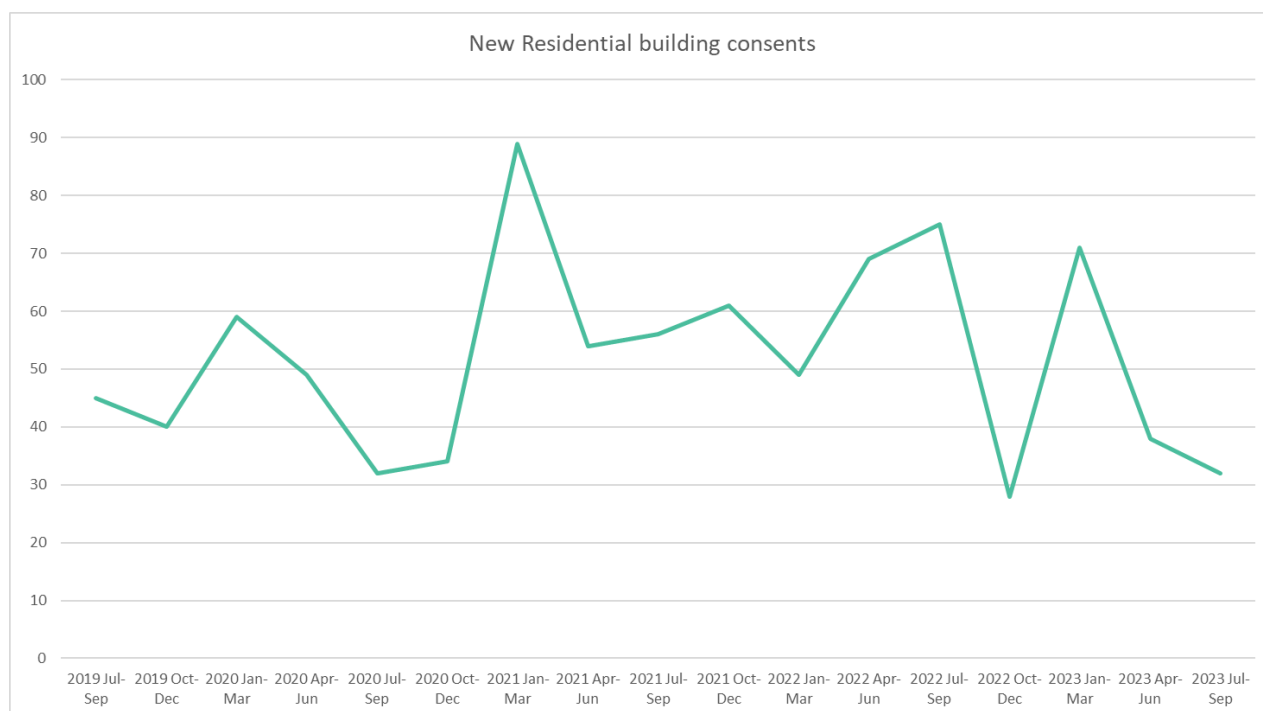


Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

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 as these types of facilities are likely built in groups.

The 2023 YTD figure is 98 new dwelling consents less than in 2022. Given trends over time, we would anticipate that the total of 2023 will be less than what was seen in 2022.

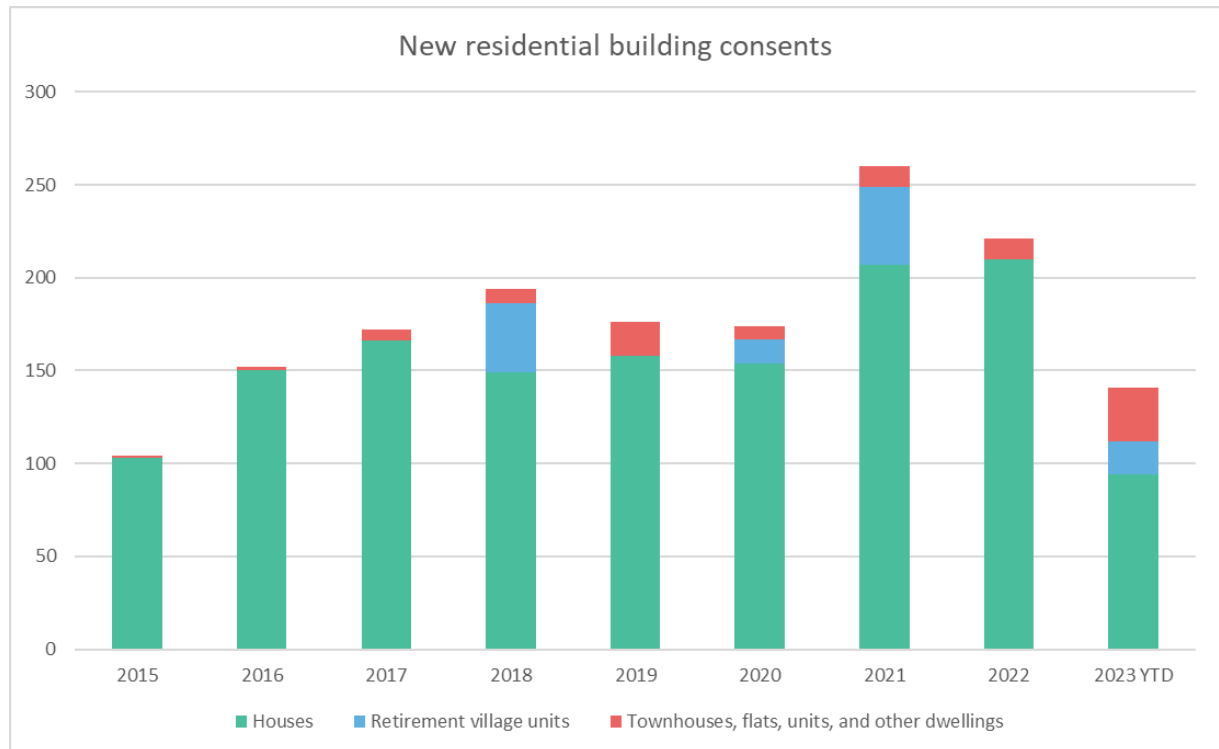


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

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. Usually house prices in the Feilding township sit marginally higher than the overall Manawatū District, but this variation is not statistically significant.

There has been a slight decline in the average house price since a peak seen in Dec 2021. As at Sep 2023 the average is sitting at \$565,000 for the Manawatū District. Over the past year there has not been significant change in the median house price.

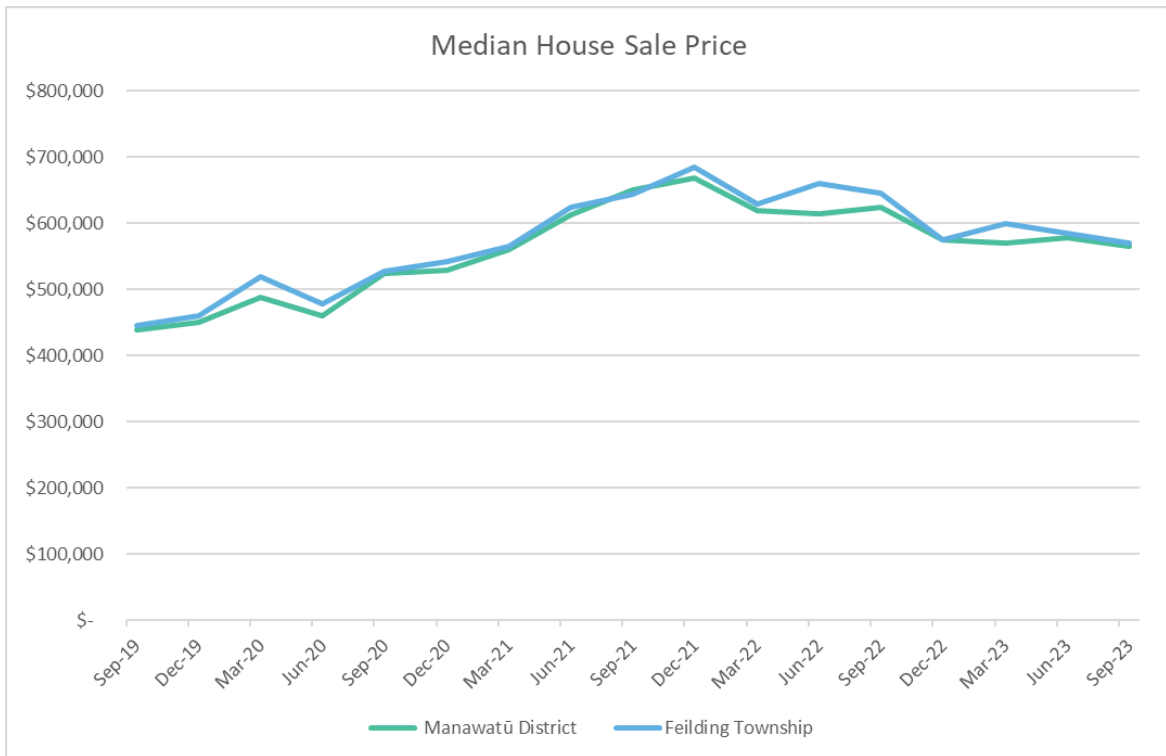


Figure 3: Quarterly median house sale prices (Source: REINZ)

Figure 4 shows the median house price over a year. Current trends indicate a steady increase in house prices across the Manawatū with a slight reduction or stabilisation between 2021 and 2022. While there is an overall decline in the median house price between 2022 and 2023, the 2023 YTD house price is still sitting above the 2020 median house price.

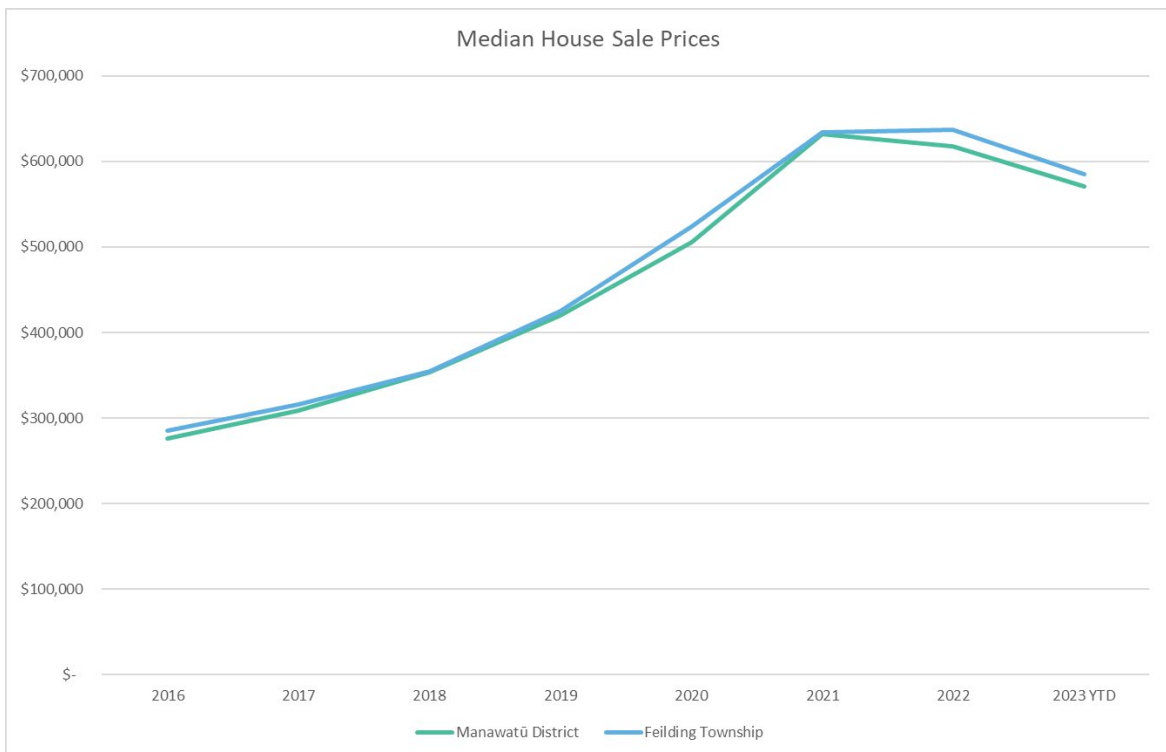


Figure 4: Median house sale price shown yearly (Source: REINZ)

Median Days to Sell

Figure 5 shows the median number of days to sell a house averaged over each quarter. This figure has reduced by 13 days since June 2023. The length of time a house is on the market is determined by several factors, such as house prices and interest rates.

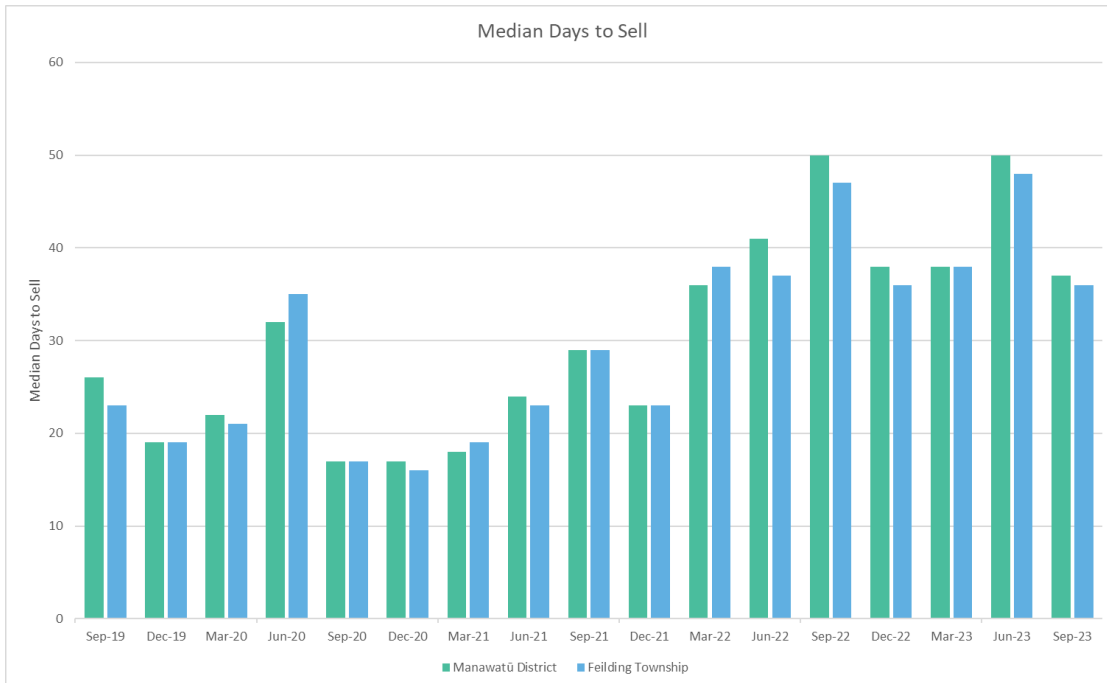


Figure 5: Median days to sell averaged over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. We are seeing a continued decline in house sales over the past year.

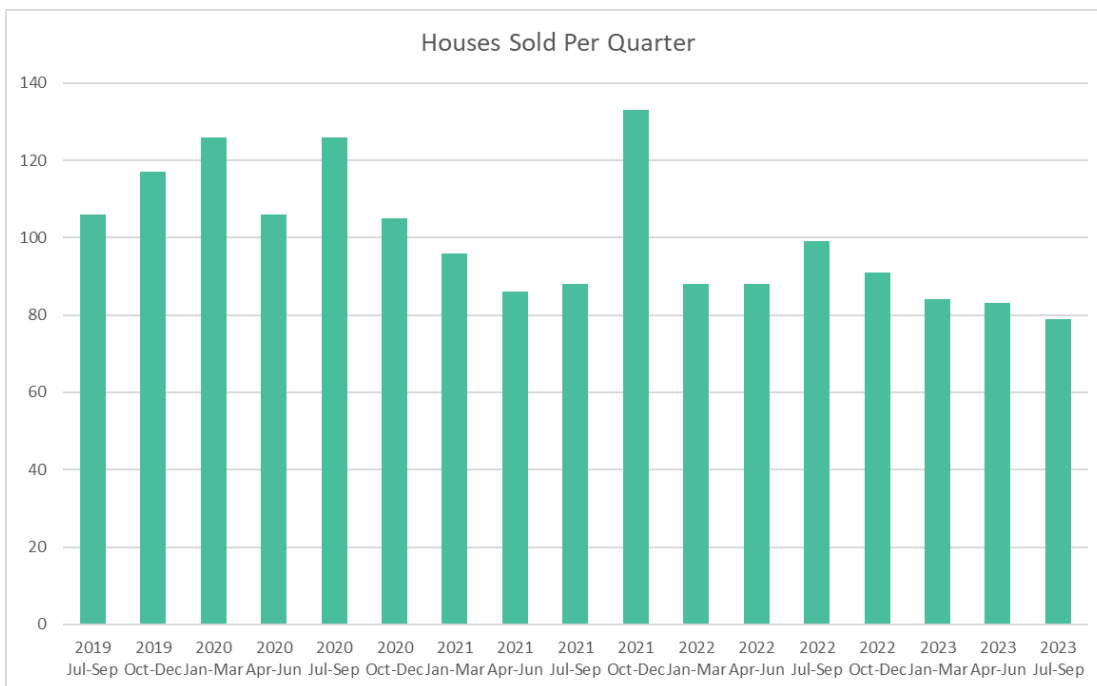


Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 7 shows the average weekly rent price for each month, which continues to steadily increase.

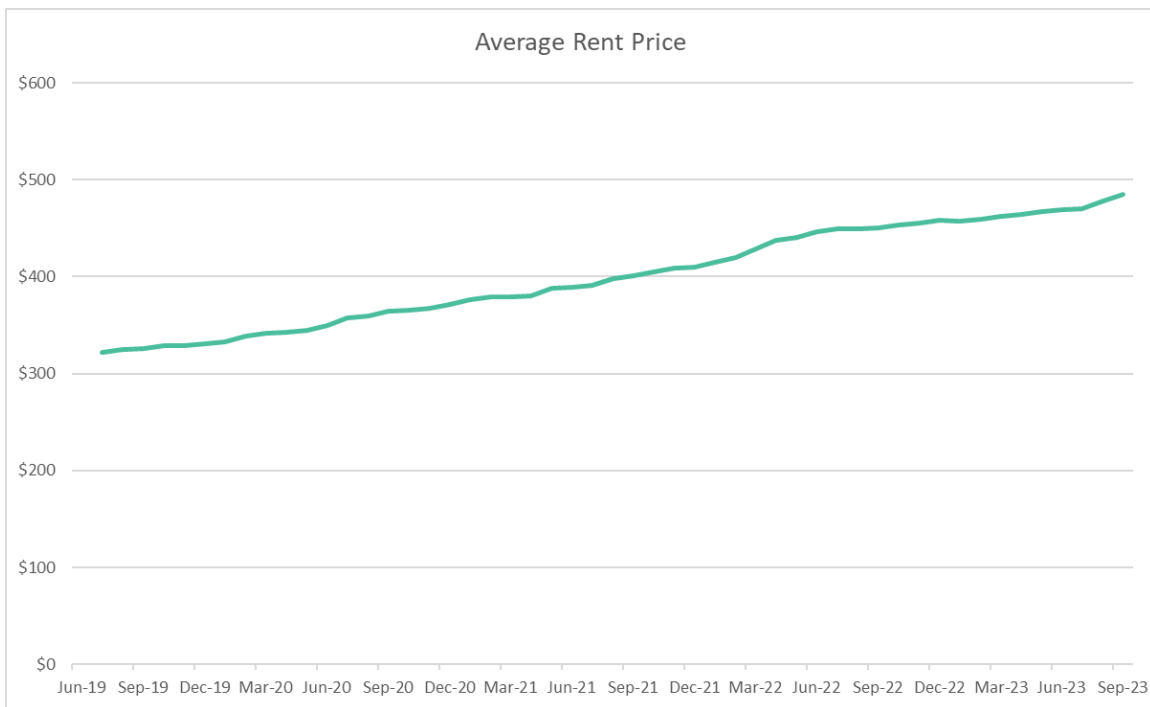


Figure 7: Average rent price shown quarterly (Source: Dot Loves Data)

Figure 8 shows the trend in average weekly rental prices over a year since 2016. The annual data shows that the rate of increase between 2022 and 2023 is less than the rate from previous years.



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 and interest rate of 4%. As house prices have decreased, so too has the percentage of income going towards mortgage payments. Even though the average household income has been increasing so too has the rent price, this has meant that there is a reasonable stable affordability for renting.



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. Note that one application is one household and potentially involves more than one person. The number of applicants on the housing register has stabilised in 2023. Cost of living issues and unemployment increasing means determining long-term trends can be difficult. We know that the Manawatū Community Trust are currently housing 225 tenants in 205 units across the Manawatū District. There are 158 Kāinga Ora houses in the Manawatū District and 18 transitional housing places.



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

Business

Figure 11 shows the number of registered businesses across the Manawatū District over each month. Business registrations have steadied in recent years, with a minimal increase in the Jul-Sep 2023 quarter. The increased cost of goods and services as well as impacts of Covid-19 have likely contributed to fewer businesses opening in the last three years.

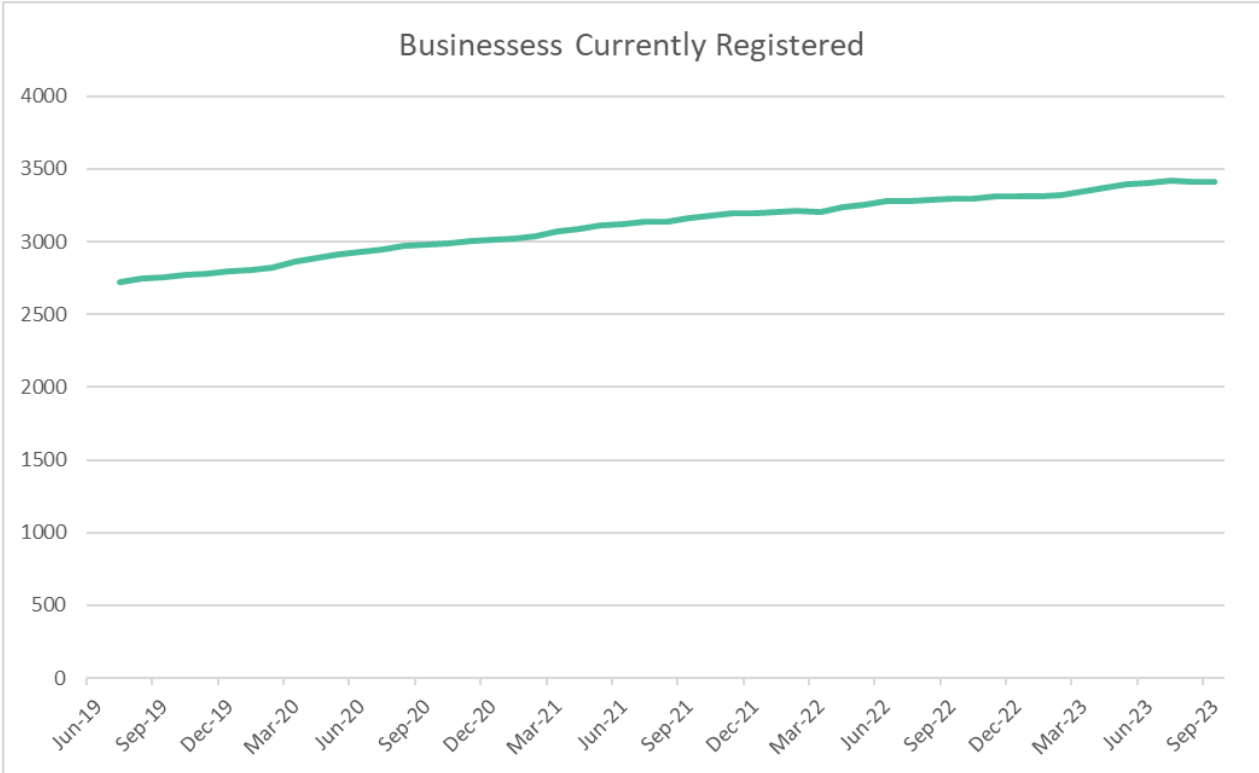


Figure 11: Number of businesses currently registered per month (Source: Dot Loves Data)

Figure 12 shows the annual self-employment rate for the Manawatū District. This 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.

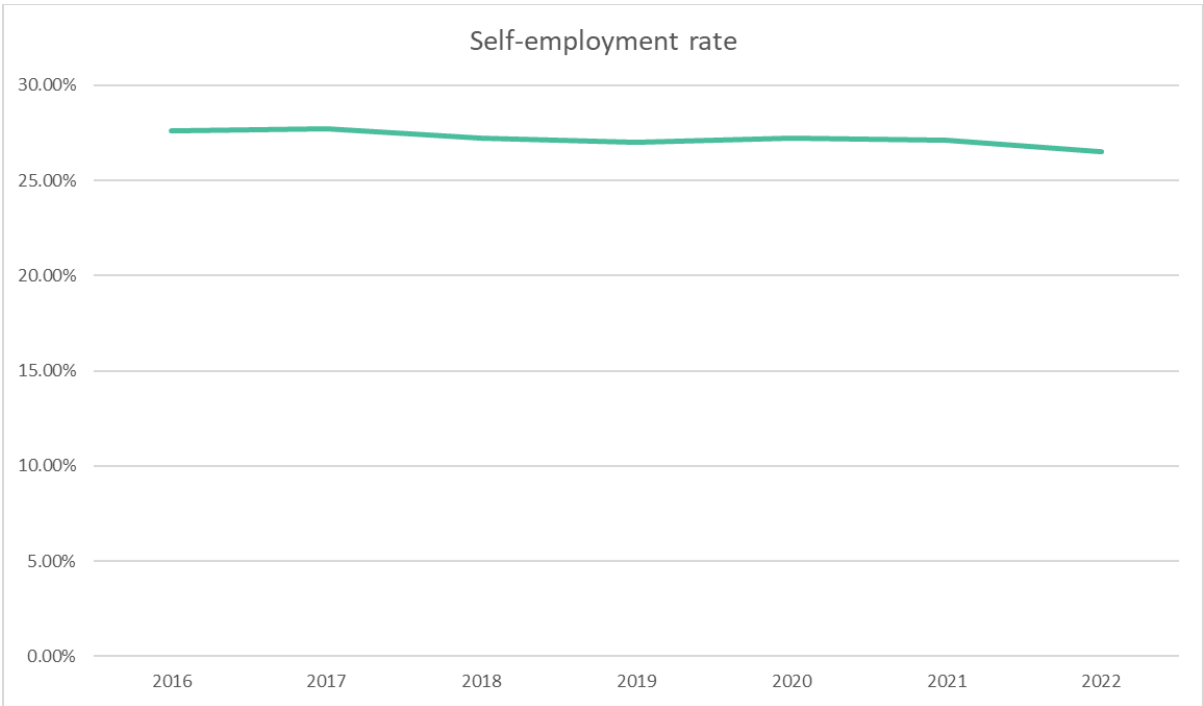


Figure 12: Self-employment rate (Source: Infometrics)

Construction Industry

Figures 13 and 14 below show yearly data about the construction industry. Trends in the construction industry provide insight into what might be built in the Manawatū District.

Both the filled job and Gross Domestic Product (GDP) of the construction industry continues to see year on year growth in this District. In 2022, construction was the 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.

Between 2015 and 2022 the construction industry has grown by 645 jobs and has almost doubled its GDP contribution with an increase of \$54.5 million.

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

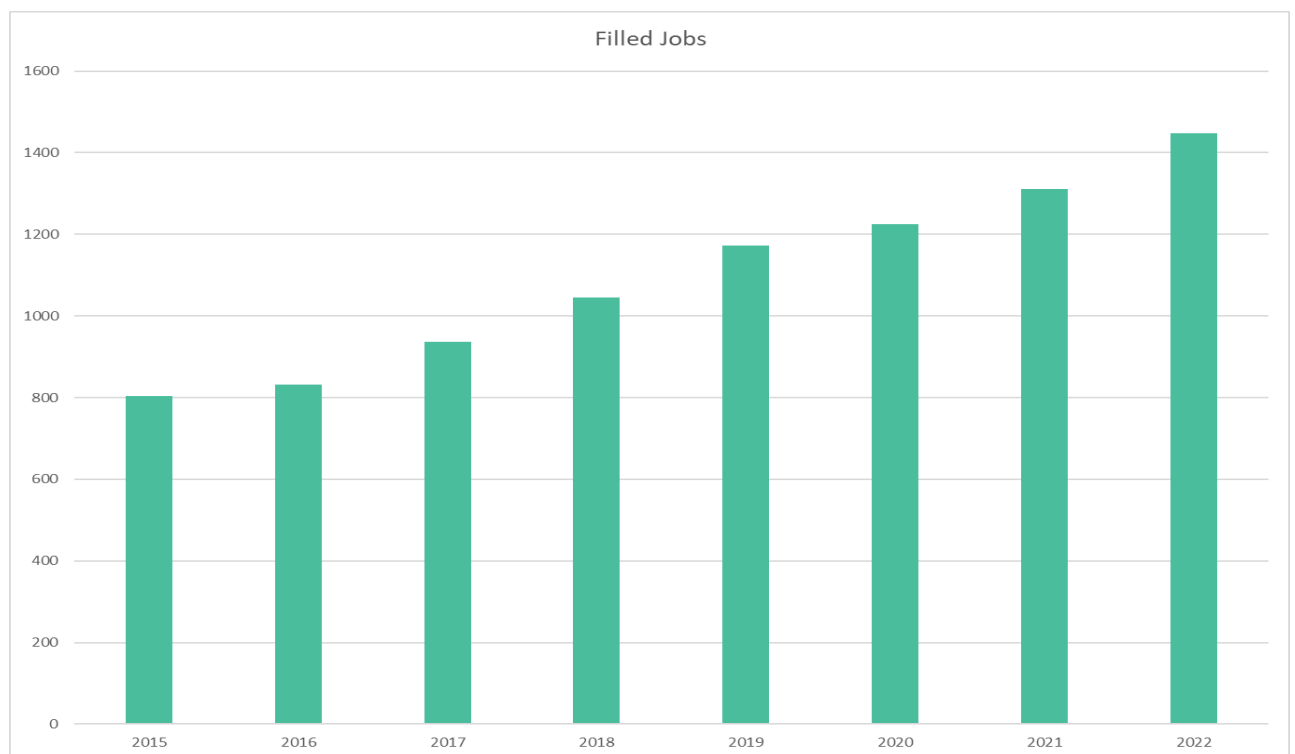


Figure 13: Filled jobs in Construction industry.

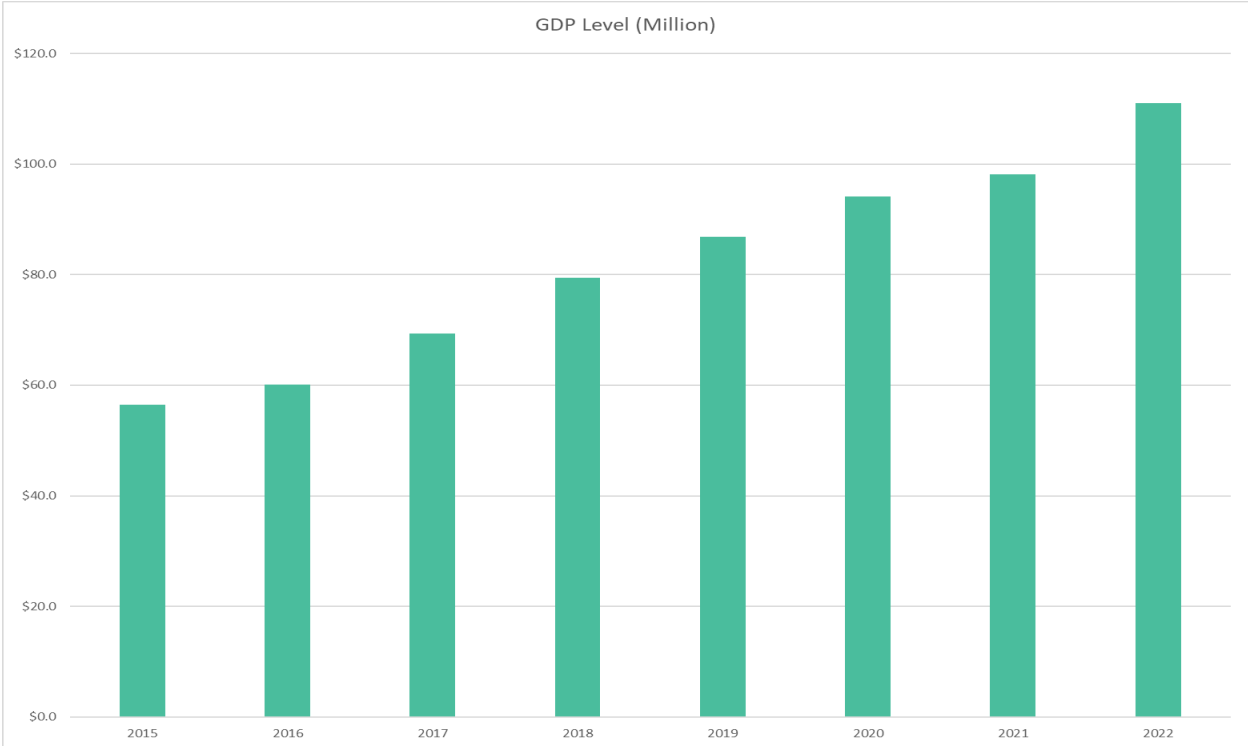


Figure 14: GDP of the construction industry.