



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

April to June 2024

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April to June Snapshot

Building consents have seen an increase in this latest quarter, with some of this being attributed to Built Smart starting operations in our district. However, there is not expected to be much growth construction activity or building consents over the next year, either locally or nationally.

The median house price in the Manawatū District has seen a small increase in this latest quarter. For the last 18 months it has mostly been stable, sitting just under \$600,000. The median days to sell continues to fluctuate, this is caused by a range of factors including the volume of housing stock, interest rates, etc. The number of houses sold continues to sit between 80 to 100 per quarter since March 2022.

Median rental prices continue to see a steady increase, though the rate of increase has slowed. For June 2024 the median rental price is sitting at \$511.

In respect to rental affordability, there has been a steady increase in the percentage of income going towards rent. This shows that rent increases outweigh income increases.

In respect to housing affordability, income increases and a mostly stable median house price have seen a slight decrease in the percentage of income going towards house purchase prices.

The housing register has seen a decline in the Jun 2024 quarter. With the register now sitting below 100 people for the first time since December 2020. The majority (55%) of people on the housing register require only one bedroom.

The number of business number registered have continued to see a slow and steady increase over the last quarter.

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.

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

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. 70 new dwellings were consented over the April-June 2024 quarter.

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

There has been significant variation in the number of new dwelling consents. Over the last year the Manawatū District has seen a building consents sitting around 30 per quarter, however this most recent quarter saw significant increase to 70. 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. Also included within these statistics is the building on new dwellings at companies such a Built Smart, while these dwellings are built in the Manawatū they may subsequently be relocated elsewhere.



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 Manawātū 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. There has been a significant jump in consents seen in this last quarter it is unclear if this trend will continue.

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 13 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.

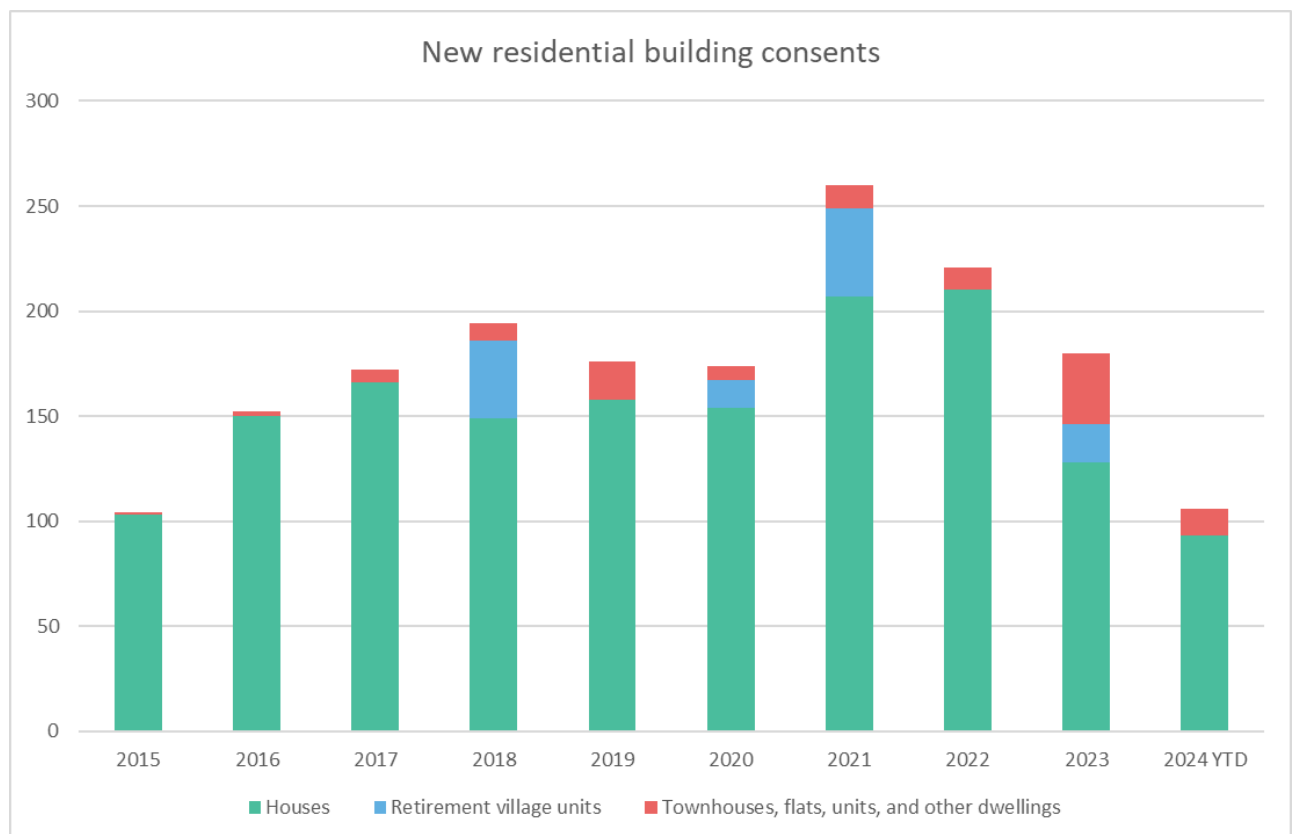


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data is over each quarter not monthly. 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.

The median house price has mostly been reasonably stable since December 2022. In the March 2024 quarter there was a small decrease seen, this has now bounced back up in the June quarter. Currently sales volume is about 85% of the average.

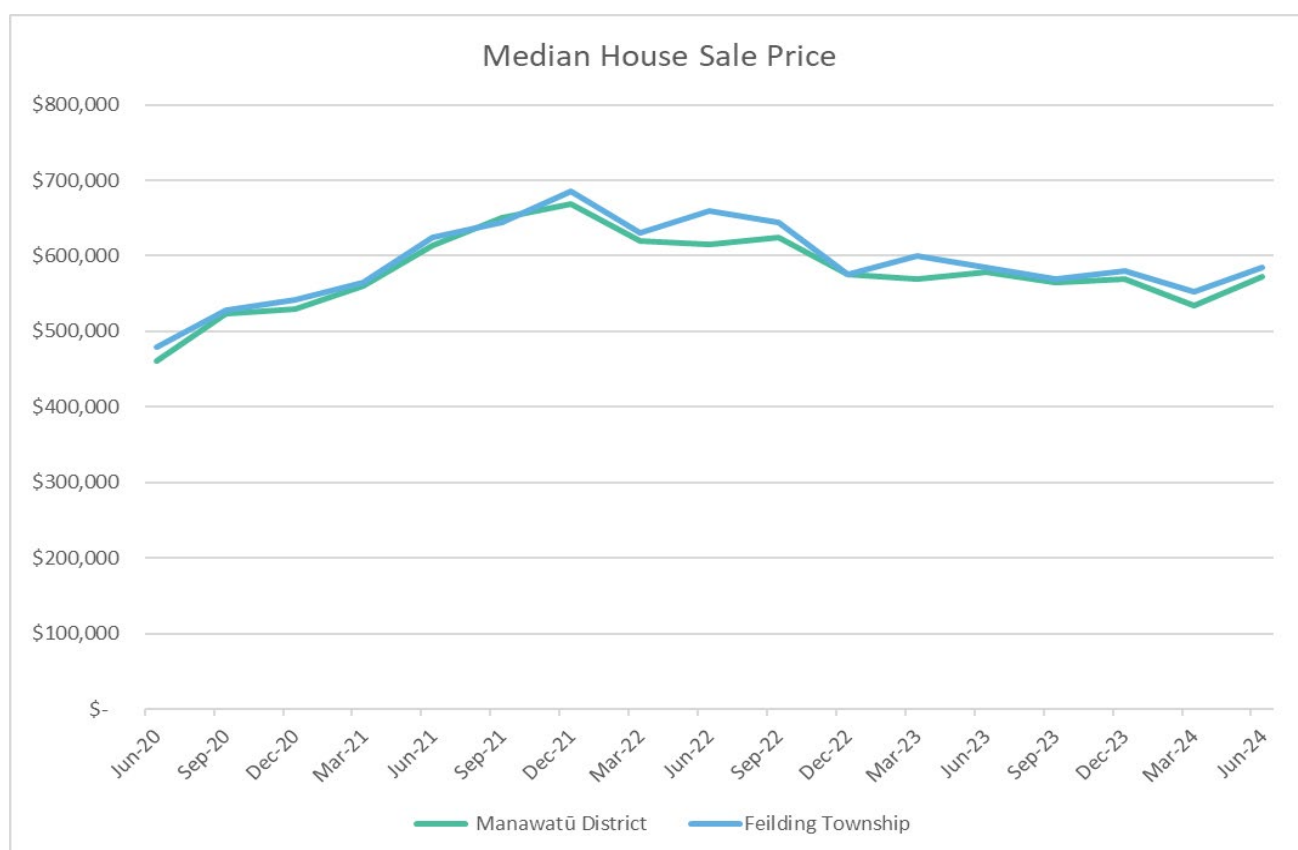


Figure 3: Quarterly median house sale prices (Source: REINZ)

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. Between 2023 and 2024 there seems to be a levelling out. This is consistent with the pattern seen across New Zealand as a whole. It is anticipated that the slight rebound seen in the June quarter will continue as the Reserve Bank signals an easing of interest rates (and retail banks factor these into mortgage rates).

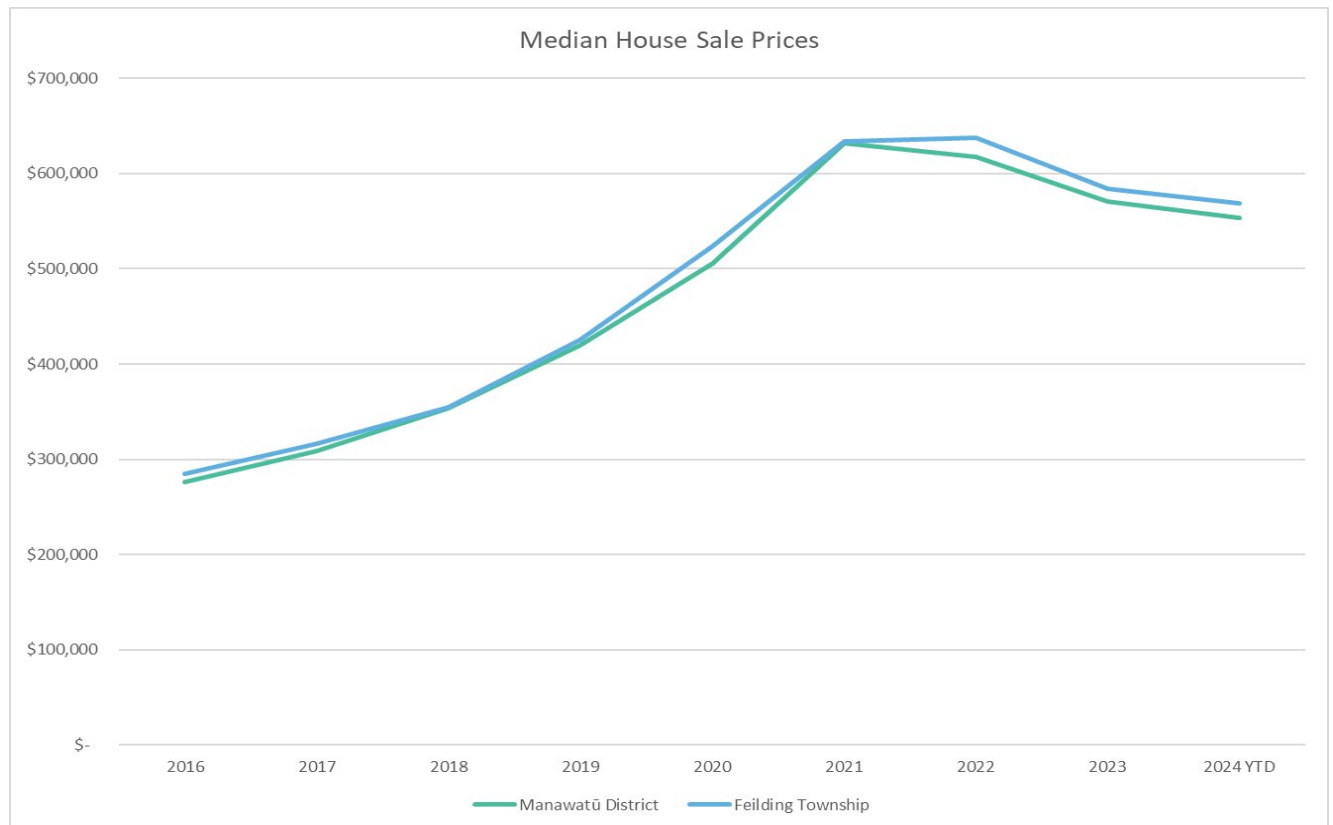


Figure 4: Median house sale price shown yearly (Source: REINZ)

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 34 days, with Feilding township at 35 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. For the Manawatū District as a whole there has been a decrease in number of days to sell by 14 days, to a seller this can feel very significant.

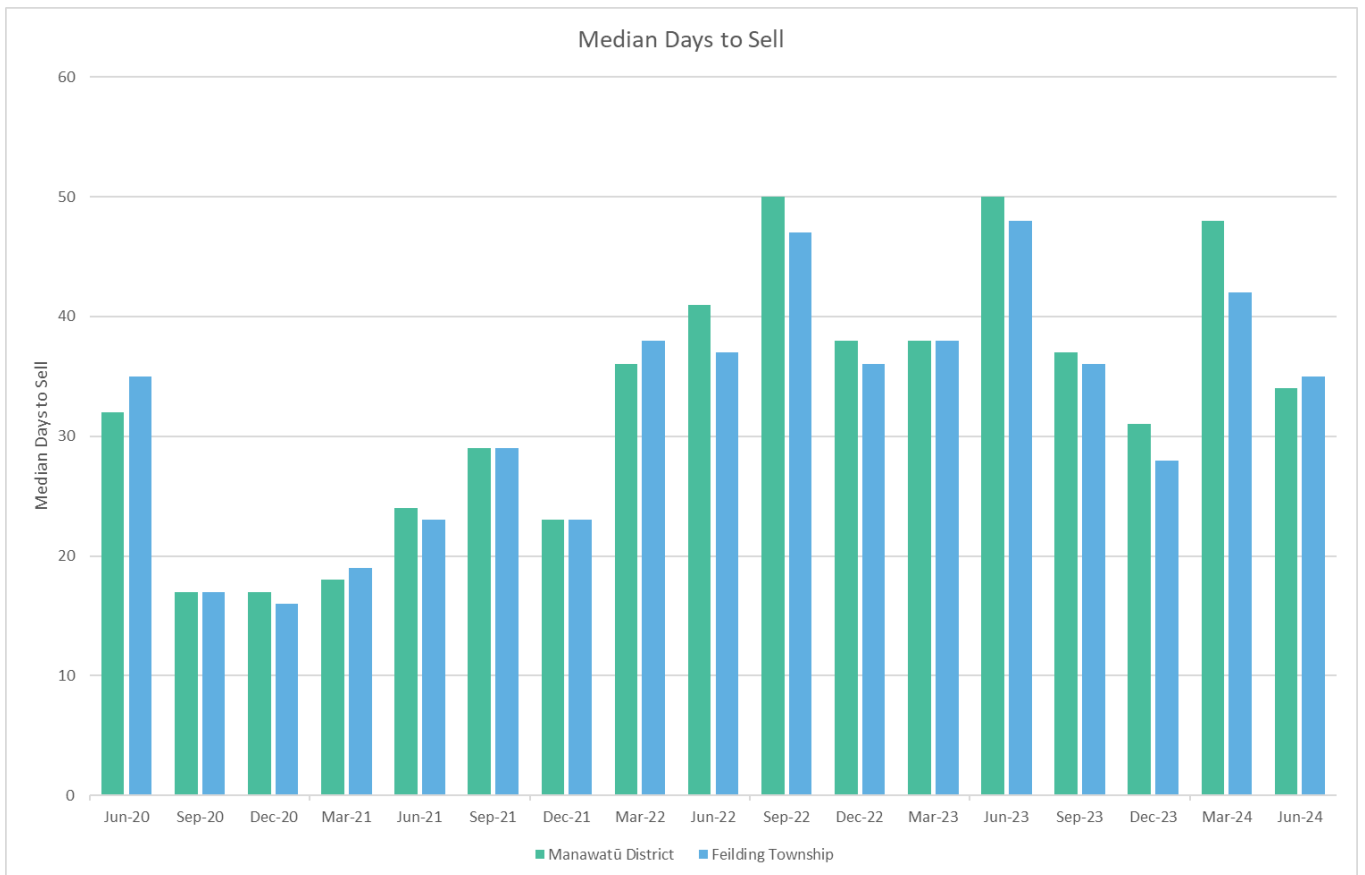


Figure 5: Median days to sell over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. There has been a small decrease in the number of houses sold in this last quarter. The June quarter is still sitting higher than the 2023 quarters.

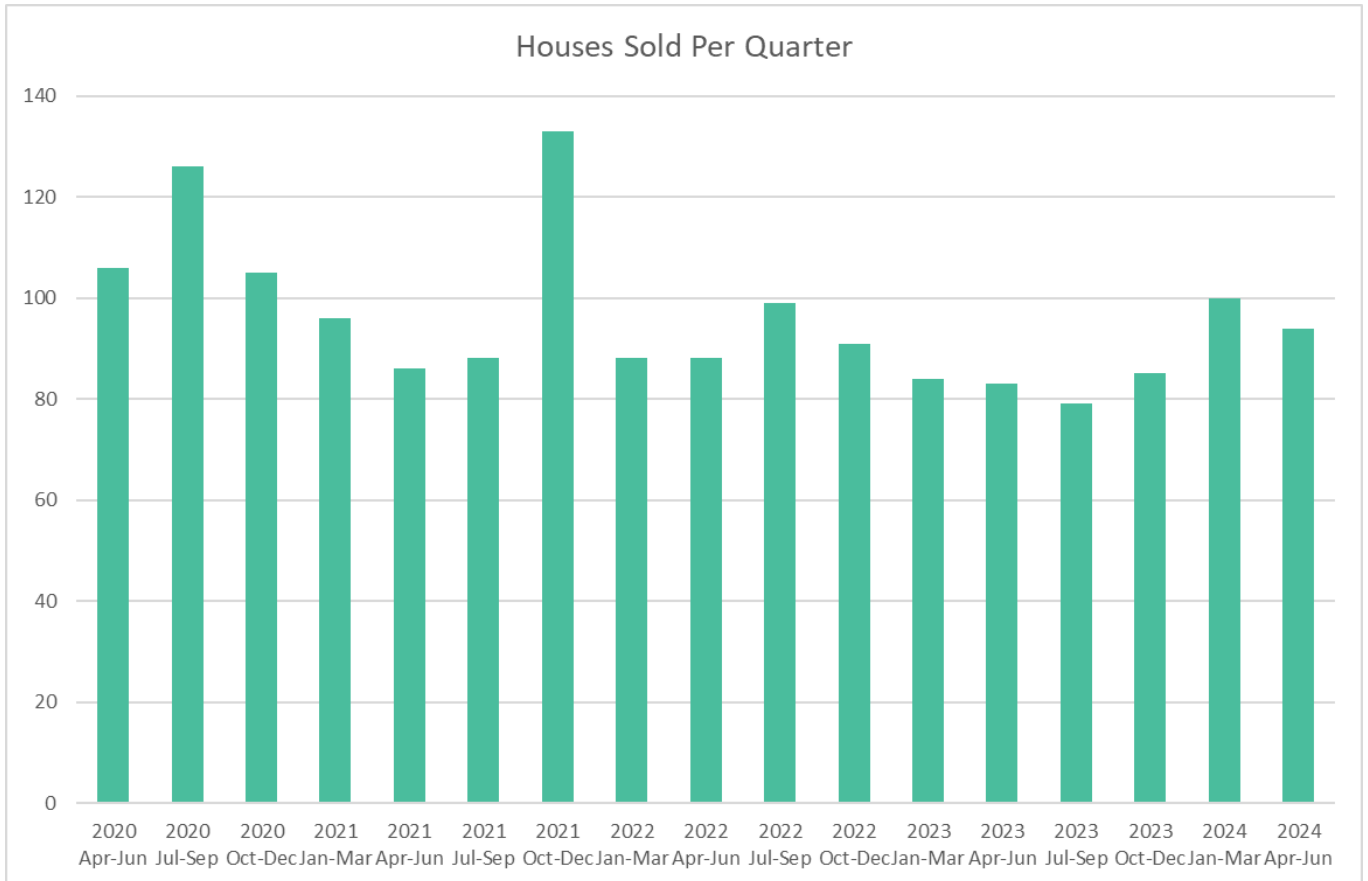


Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

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 \$511 per week. However, over the past 4 months there has been a slowing of the rate of rental price increases with February to April 2024 prices almost static. Given current economic conditions, rental growth is likely to continue to slowly increase over 2024.

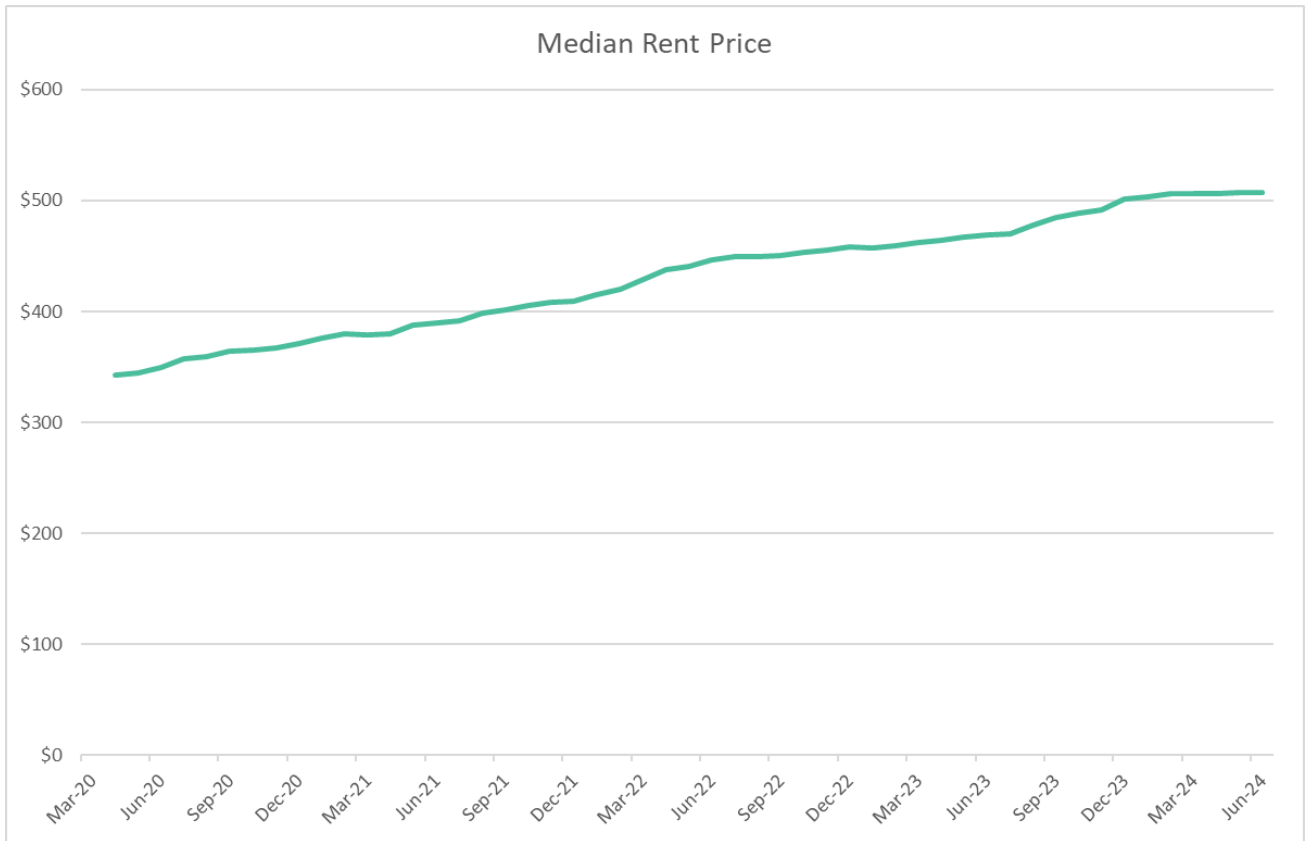


Figure 7: Median rent price shown quarterly (Source: Dot Loves Data)

Figure 8 shows the trend in median weekly rental prices over each year since 2016. 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 \$32 a week.

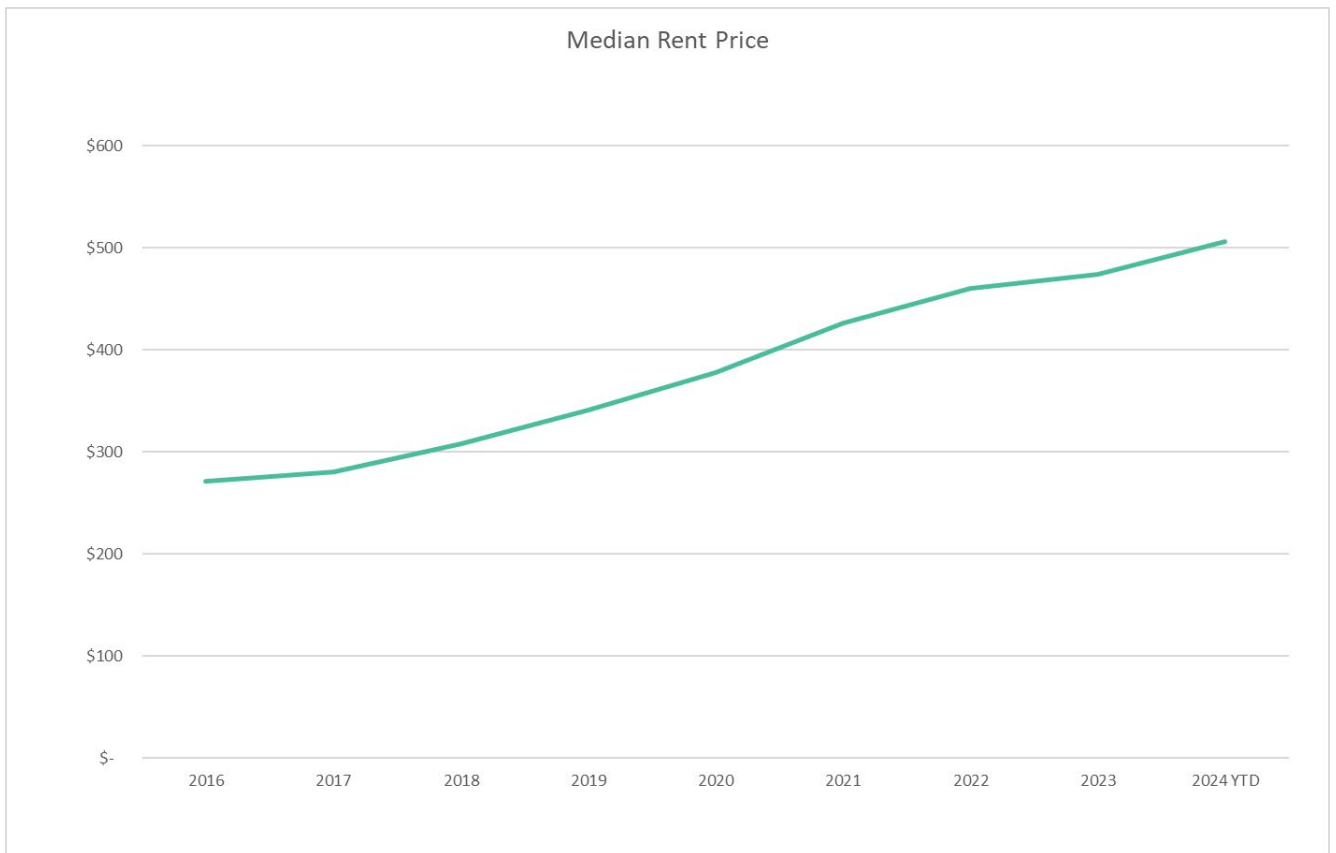


Figure 8: Median rent price shown yearly (Source: Dot Loves Data)

Affordability (for renting and buying)

Figure 9 shows the percentage of the median annual household income going towards 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. Conversely, rental affordability is seeing a marginal decrease as rent prices continue to rise.

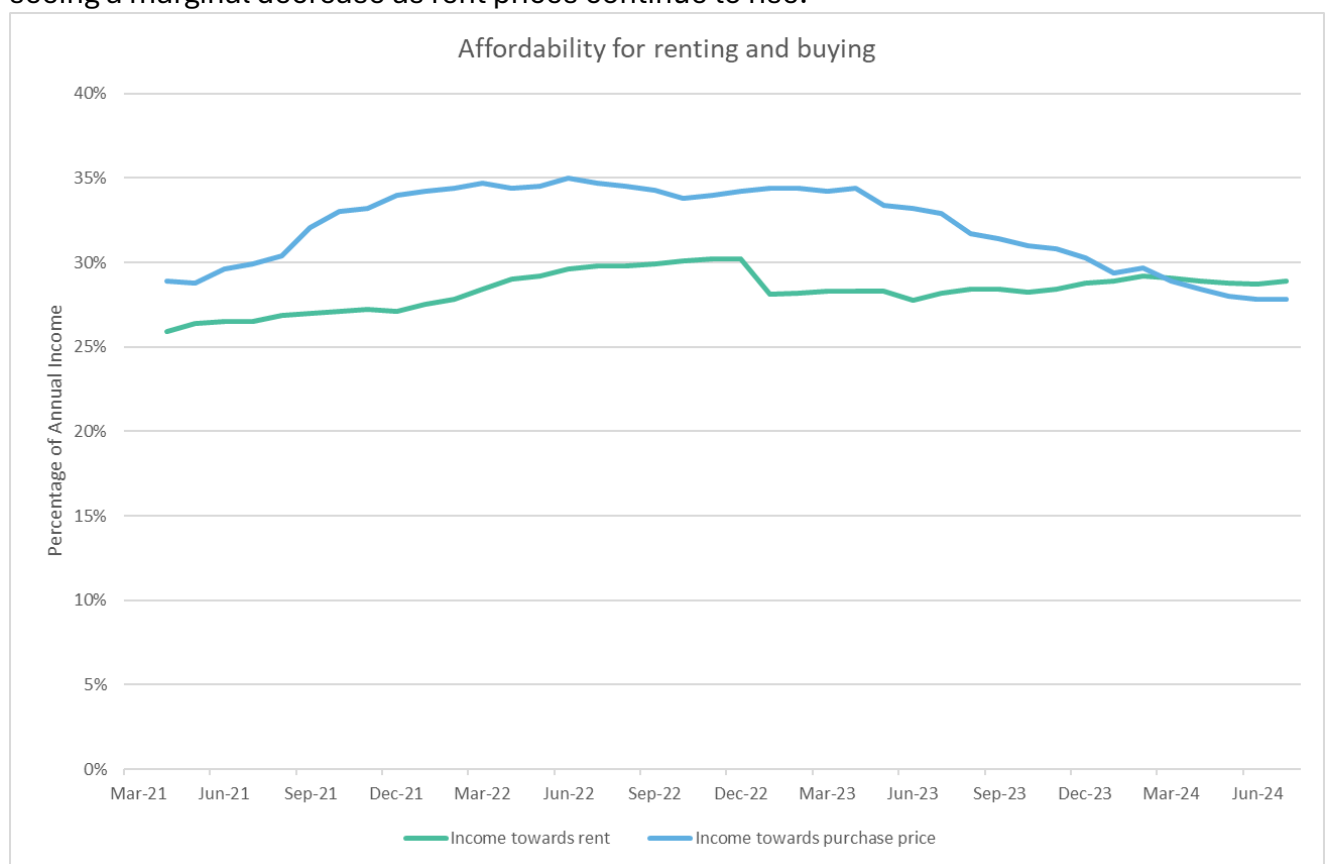


Figure 9: Percentage of annual income going towards mortgage and rent (Source: Dot Loves Data)

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 currently have 28 applications on their waitlist. There are 166 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. The housing register for June 2024 looks to have similar numbers as those seen in December 2020.

In the past year there has been an increase in eight homes in Kāinga Ora homes. For the Manawātū the majority of the people on the housing register (55%) 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.”

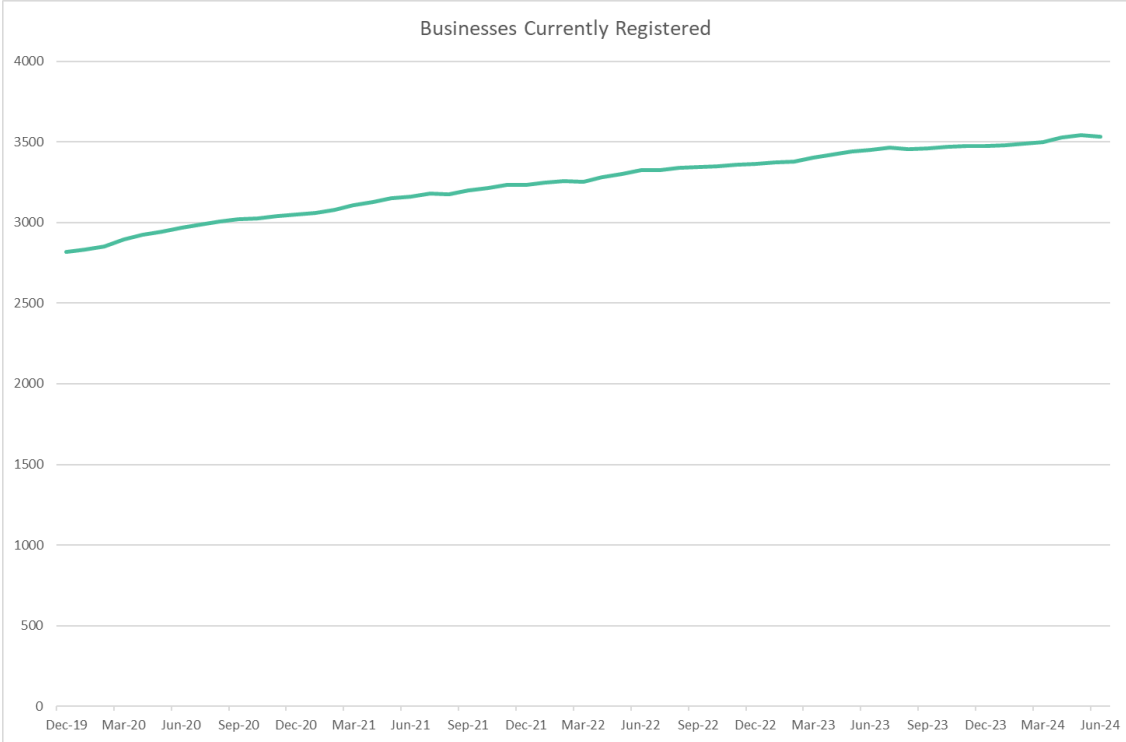


Figure 11: Number of businesses currently registered per month (Source: Dot Loves Data)

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.

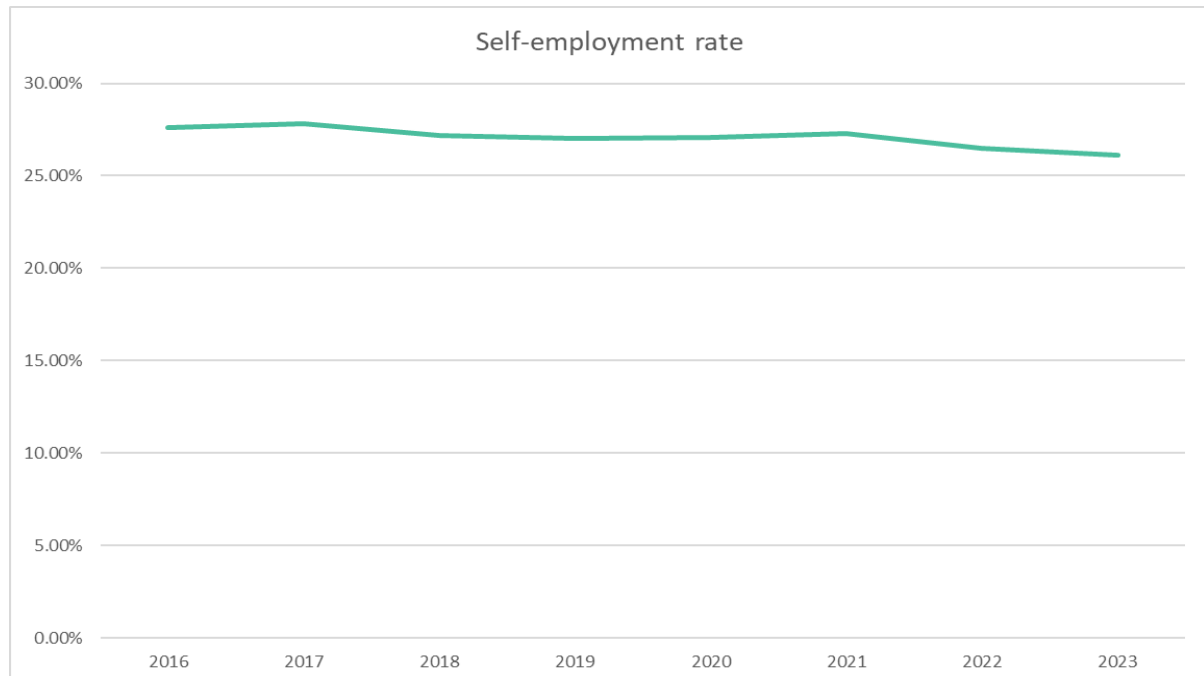


Figure 12: Self-employment rate (Source: Infometrics)

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.

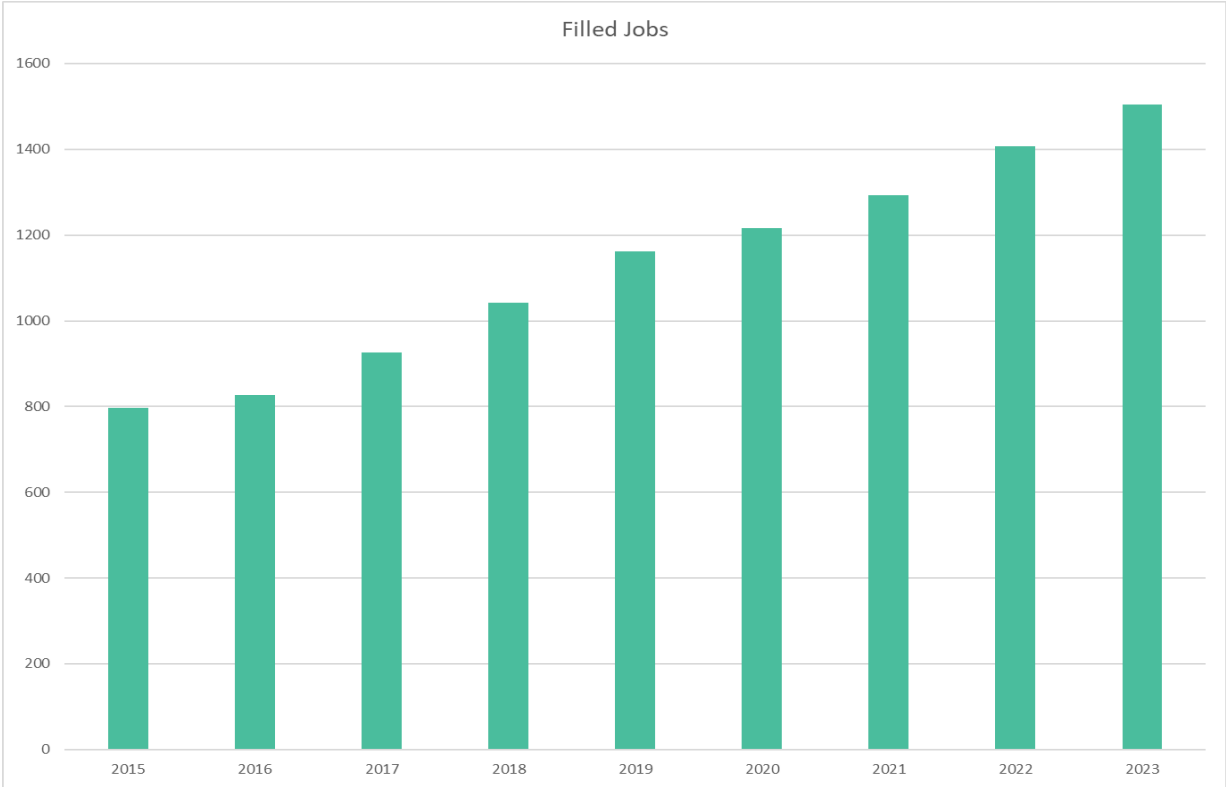


Figure 13: Filled jobs in Construction industry.

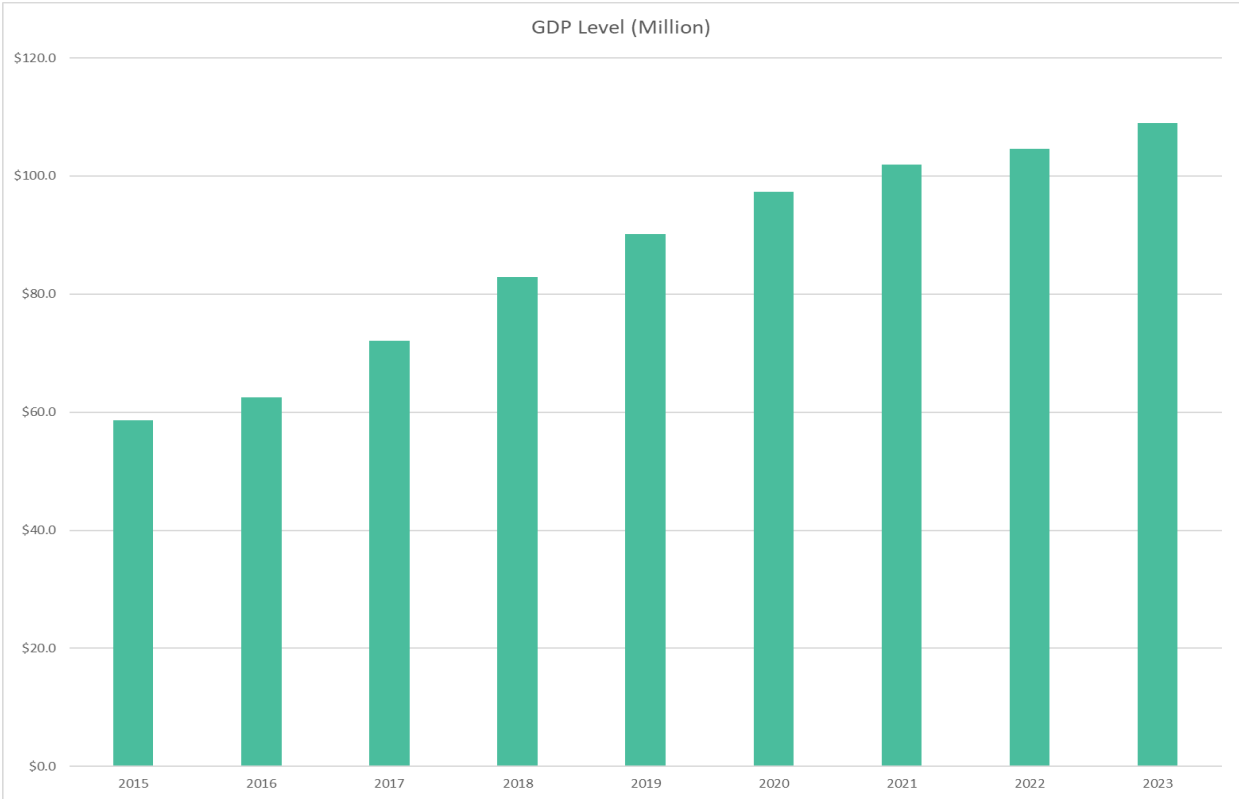


Figure 14: GDP of the construction industry.