



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

January to March 2025

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January to March Snapshot

Variability continues in the building consent space with lower numbers than those seen in 2021 and early 2022. The most recent quarter saw 39 new dwellings consented. This is a very slight increase compared to the two previous quarters. Nationally, while the total number of consents is low compared to recent years, it is now reaching pre-Covid levels. For 2024, no new retirement home dwellings were consented. This was the same as what was seen in 2022.

The median house sales price continues to see minor fluctuations each quarter. In the Manawatū District there has been an overall stabilisation with the sales price staying between \$530,000 and \$625,000. The yearly median house sales price is showing a very slight decline in recent years. The number of houses sold per quarter is sitting less than the last quarter but still close to 100 homes.

Rental prices have seen a small decrease in the most recent quarters, this is likely to the reduction in interest rates. Across the region there has been an increase in the number of rentals on the market this could also be driving rental prices down with more choice being available to those looking to rent. A similar pattern has been seen in other parts of the nation.

Housing affordability has improved, with less annual income in being now being spent on buying and owning a home. The improvement appears to be due to the slight decrease in housing costs and a slight increase seen in the average household income. A reduction of rents recently has also seen a decrease in the percentage of annual income going towards rent (which now sits at 20.8%, just below the New Zealand rate of 22.1%).

People looking for housing, as shown on the housing register, has seen a steady decline over the past two years. Their number currently sits below 100 people. For the Manawatū District 64% of the people on the housing register require one bedroom accommodation.

Business numbers continue to see a steady increase in numbers, even with a slowing growth rate there were still four new companies registered 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. 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. An aggregate total of 39 new dwellings were consented over the January to March 2025 quarter.

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

There continues to be significant fluctuations in the number of new dwelling building consents over multiple quarters, although there appears to be overall downward trend over recent years. This most recent quarter shows a very small increase. The number of consents has stayed in that 30-40 range for the last 9 months. Quarter-to-quarter variations 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.

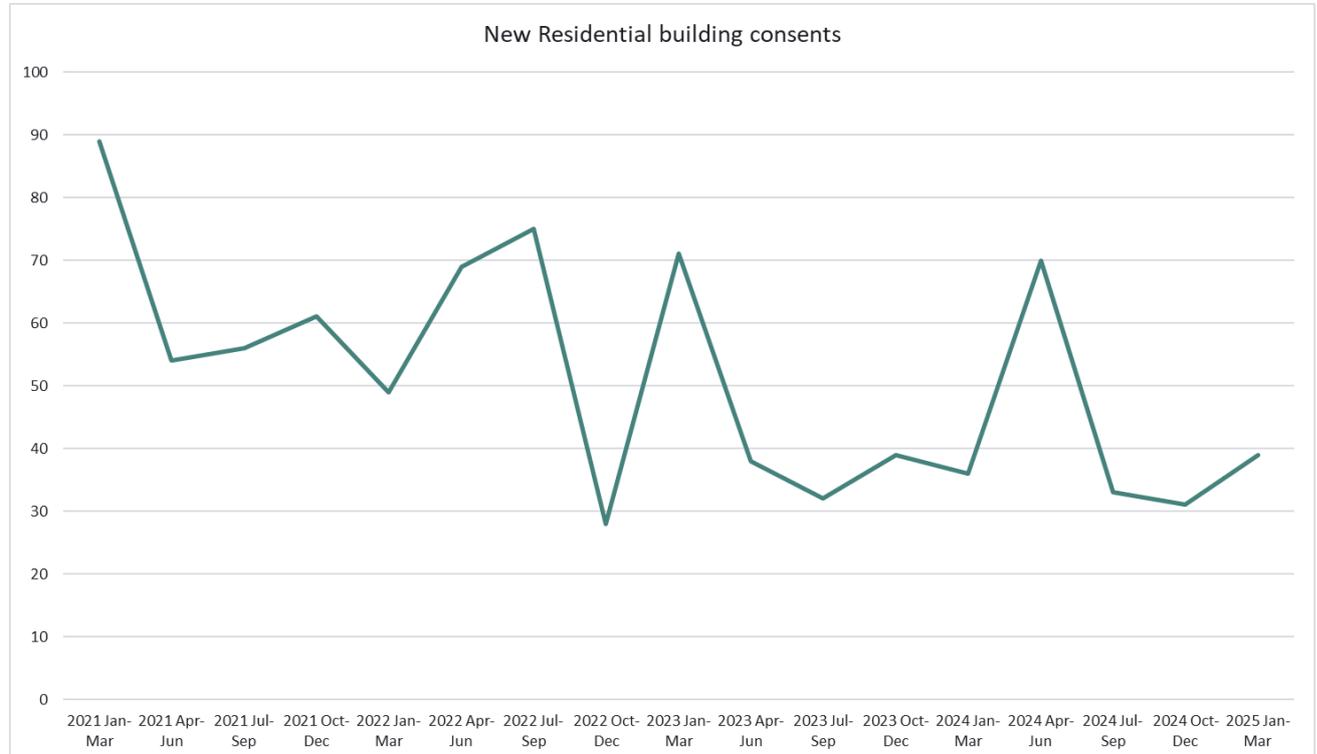


Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

Figure 2 shows the new residential building consents on an annual scale for the 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. This trend did not hold for 2024, which saw no new retirement units consented.

The significant peak in 2021 was likely due to increase seen in construction after the lockdowns of 2020 and very low interest rates. Activity has since declined between 2021 and 2024 as interest rates rose steeply, but are yet to show much increase since interest rates began to decline again from mid-2024. This pattern follows are similar trends to what appears to have been happening nationwide, with a peak in 2022 of 49,538 to 33,600 in 2024.

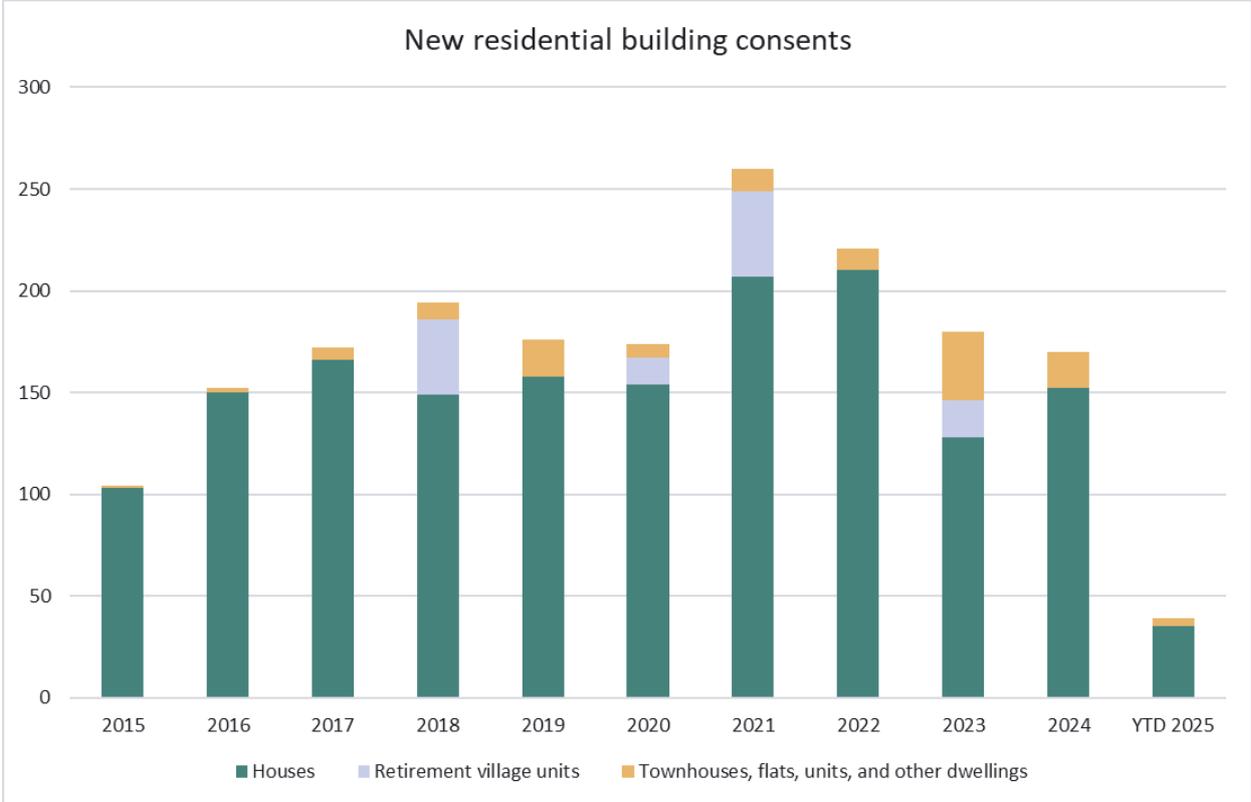


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data is presented over each quarter. This gives a more accurate representation of the median house prices for the District (as monthly sales numbers can be both low and prices highly variable).

Figure 3 shows the median quarterly house price of the Manawatū District. After significant house increases seen between 2020 and 2021 there now seems to be an overall stabilisation of the house market (albeit with some quarterly variations). The most recent quarter shows a slight decline on the previous quarter, to \$555,000. This is a trend seen in the more provincial areas rather than the peaks and lows seen more in the cities.

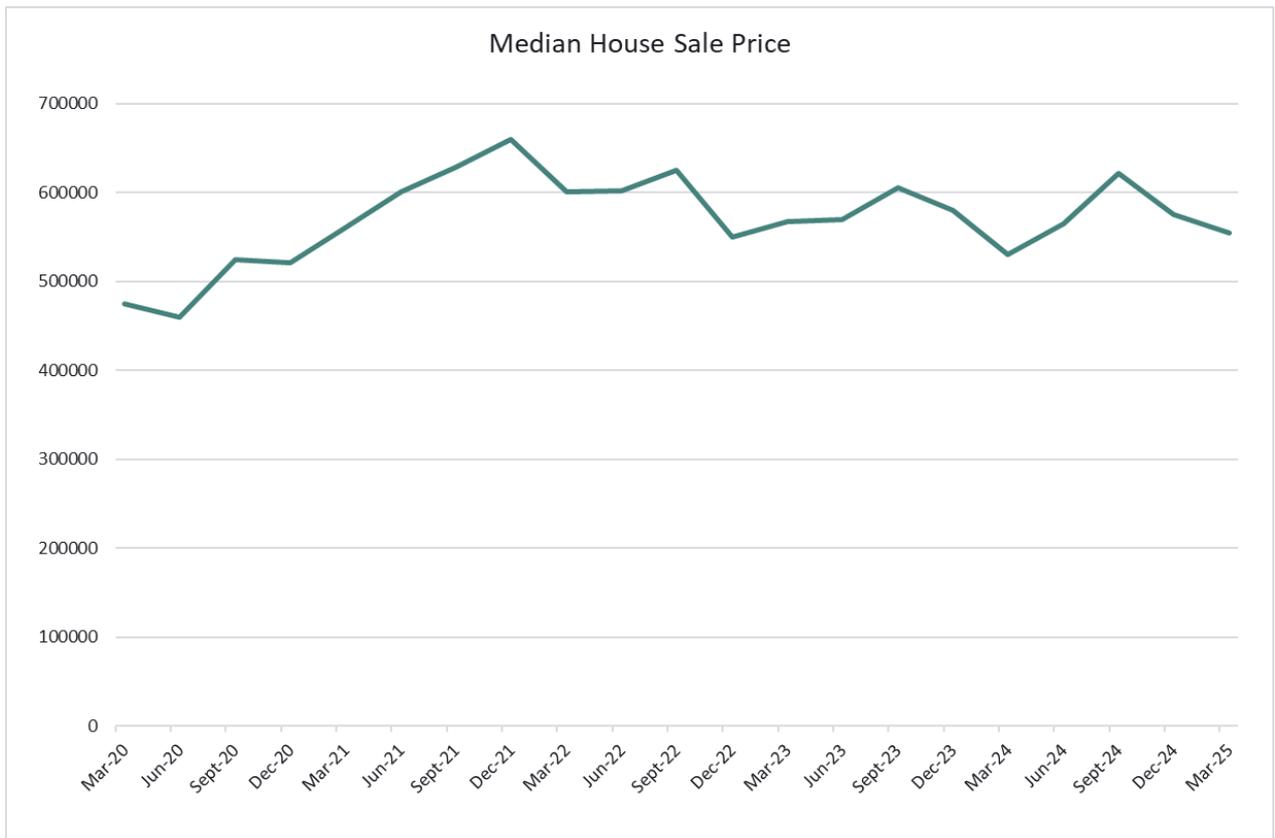


Figure 3: Quarterly median house sale prices (Source: REINZ)

Figure 4 shows the median house price for the Manawatū District year-on-year. Smoothing out the data through yearly figures more clearly shows a slow and steady decline in the yearly median sale prices since 2021. The pace of decline is significantly less than the pace of increase pre-2021.

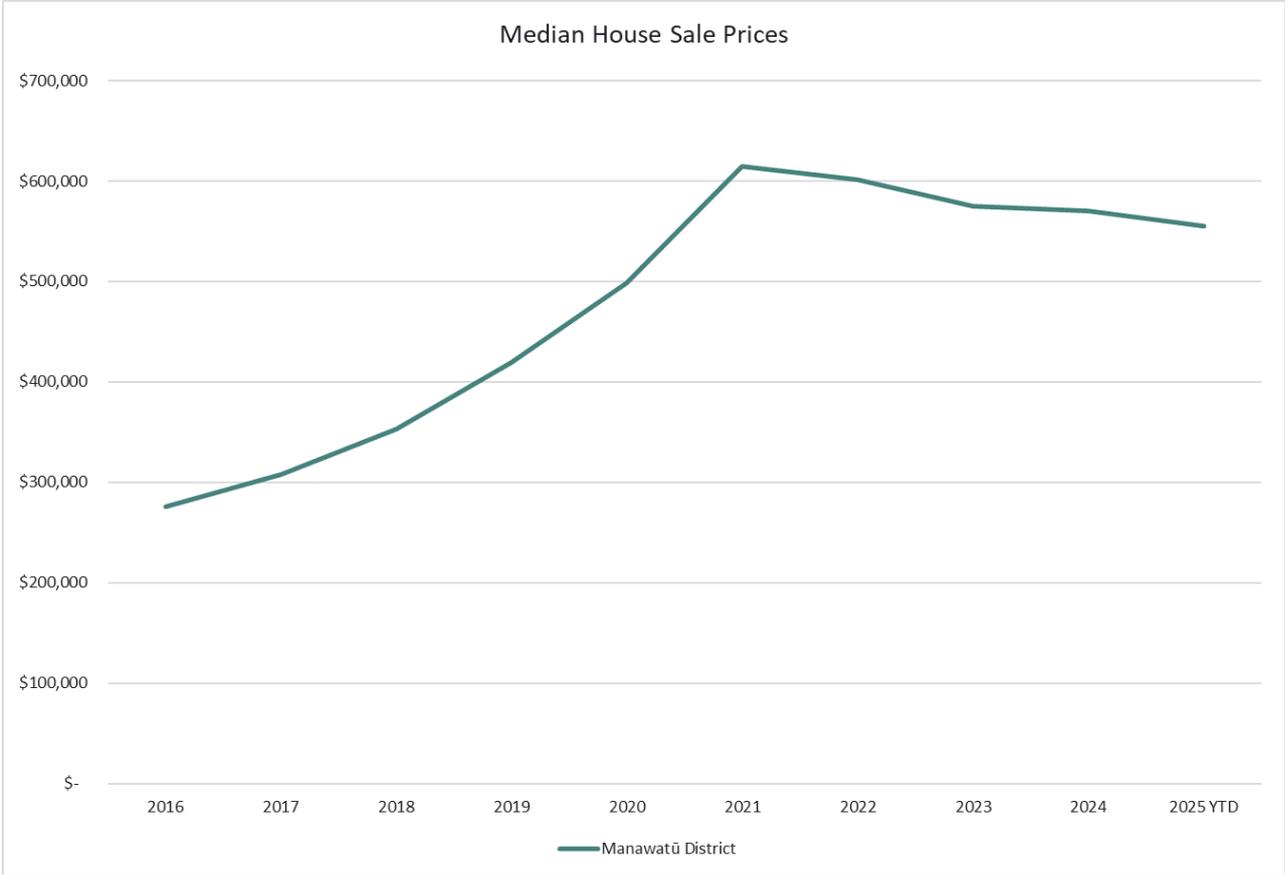


Figure 4: Median house sale price shown yearly (Source: REINZ)

Houses sold

Figure 5 shows the number of houses sold within the Manawatū District per quarter. This most recent quarter shows a similar number to what was seen in Apr-Jun and Jul-Sep 2024. For the most recent quarter there were 93 houses sold.

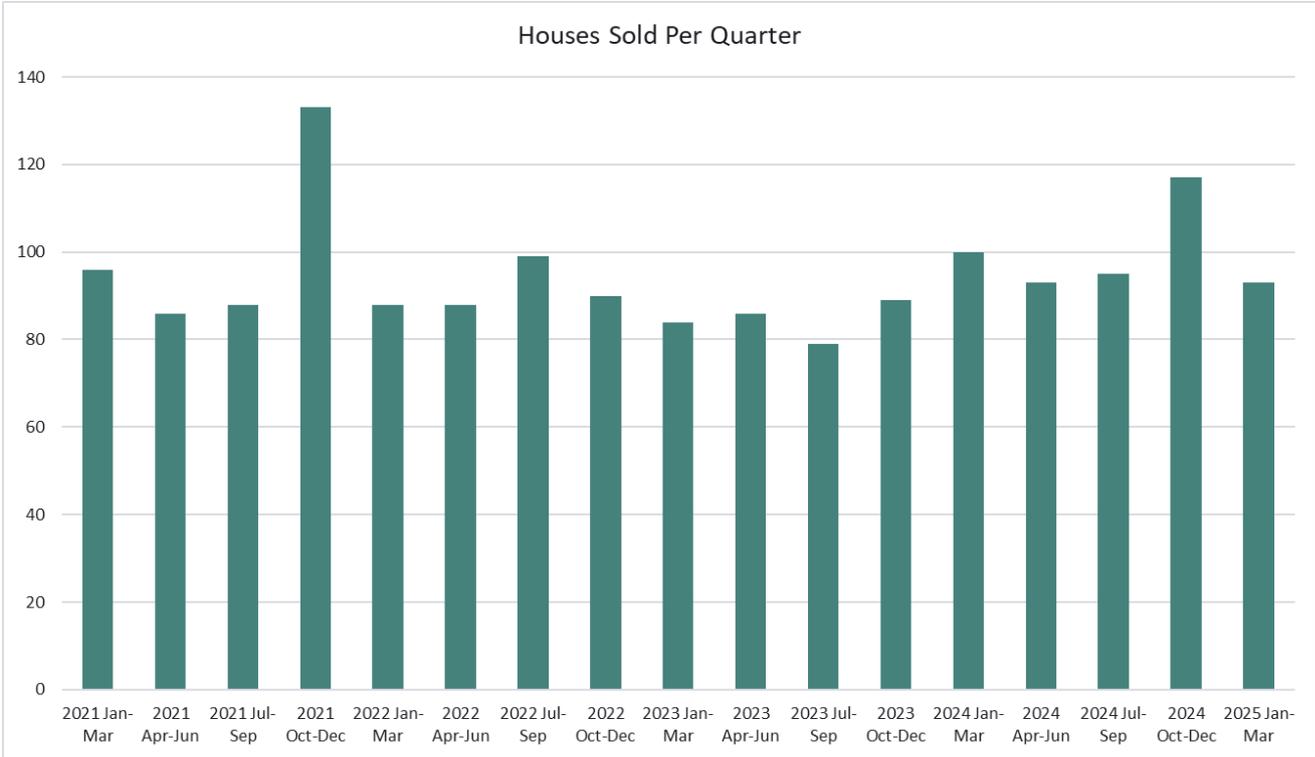


Figure 5: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 6 shows the average weekly rent price for each month. The last two quarters have seen a very minor decrease on their predecessors. This is likely due continuing drop in interest rates. Across the region has a whole we are also seeing more houses available for rent leading to a more competitive market. This is consistent with trends seen in other parts of New Zealand also.

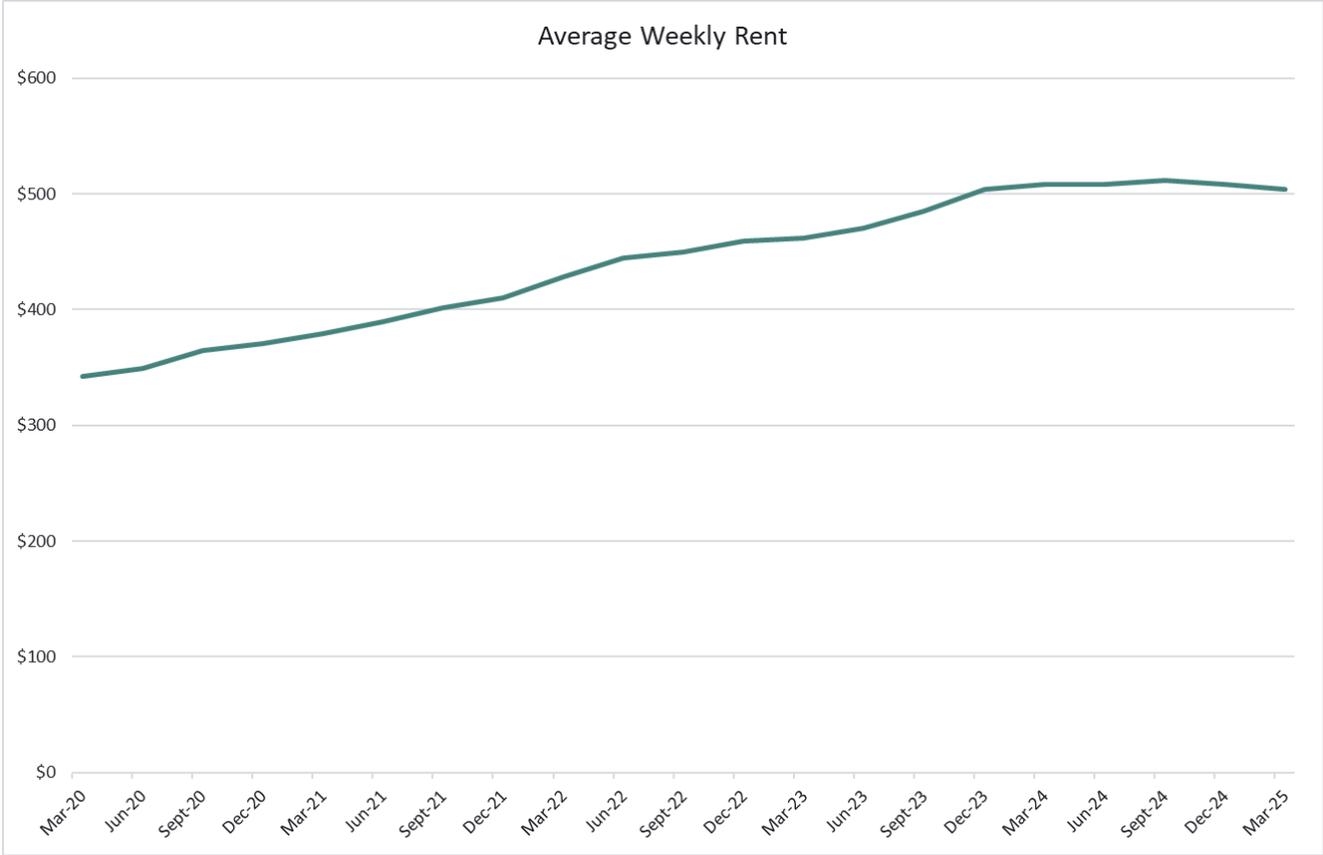


Figure 6: Average rent price shown quarterly (Source: Infometrics)

Figure 7 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 there has been an increase in rental prices of \$2 a week which suggests a more stable rental market. For 2025 is it currently sitting just marginally lower than 2024.

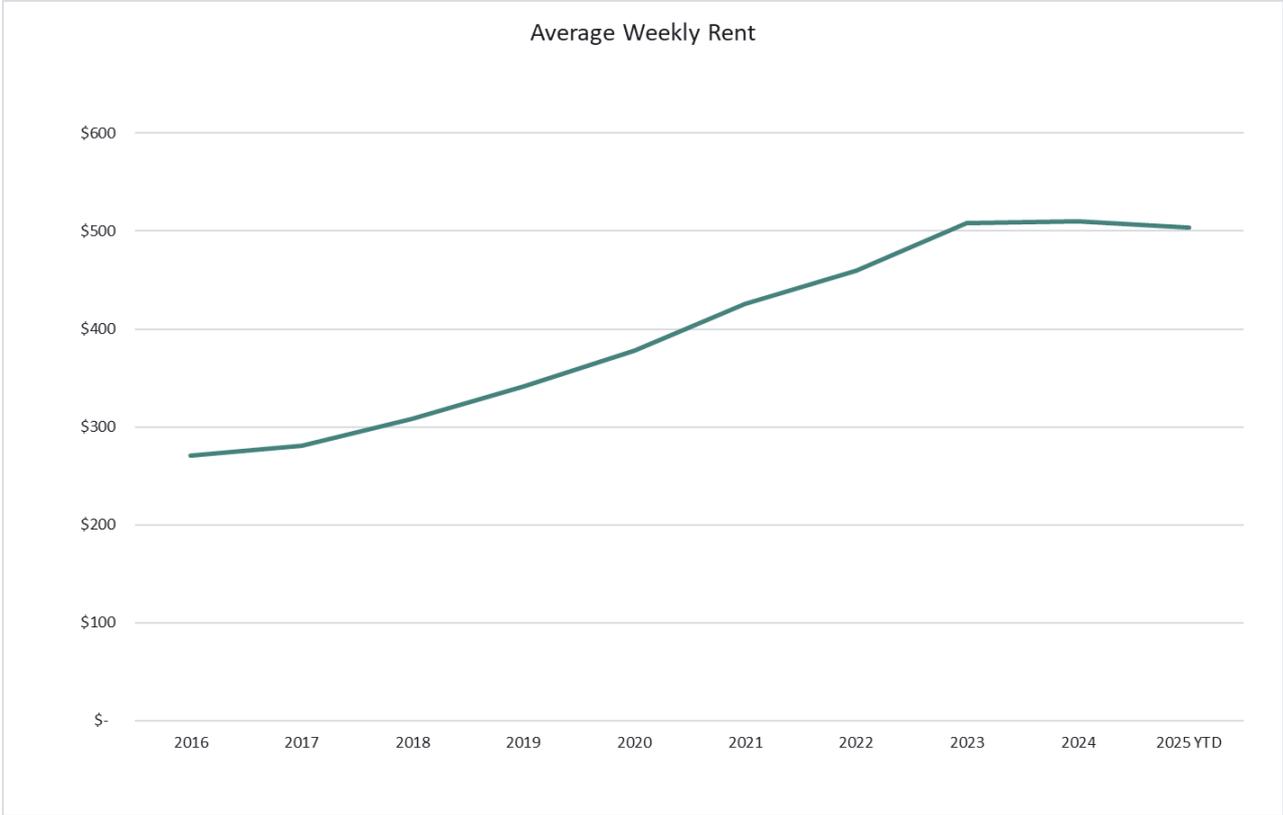


Figure 7: Average rent price shown yearly (Source: Infometrics)

Affordability (for renting and buying)

Figure 8 shows the ratio of average house values to average household incomes.

Housing affordability is measured by comparing average current house values from CoreLogic with Infometrics' estimate of annual average household income. Household incomes are a better measure for housing affordability than individual incomes as it reflects the true ability of a household to afford housing. A higher ratio (value), therefore, suggests that average houses cost a greater multiple of typical incomes, which indicates lower housing affordability.

Unaffordability peaked in December of 2021 when housing prices were at their highest. Since this time there has been a slow and steady decline showing that housing has become slightly more affordable. The Manawatū sit at 4.4 this is below the New Zealand ratio of 6.5.



Figure 8: Housing Affordability Ratio (Source: Infometrics)

Figure 9 shows rental affordability. This is measured by comparing average annualised rents from CoreLogic with Infometrics' estimate of annual average household income. Household incomes are a better measure for housing affordability than individual incomes as it reflects the true ability of a household to afford housing.

Generally, the percentage of household income spent on rent has steadily been increasing as rental prices increase at a high rate than household incomes. However, for this most recent quarter a slight decrease in rental prices has seen a reduction in the percentage of income going towards rent. The Manawatū District is now sitting at 20.8% while the national rate is at 22.1%.

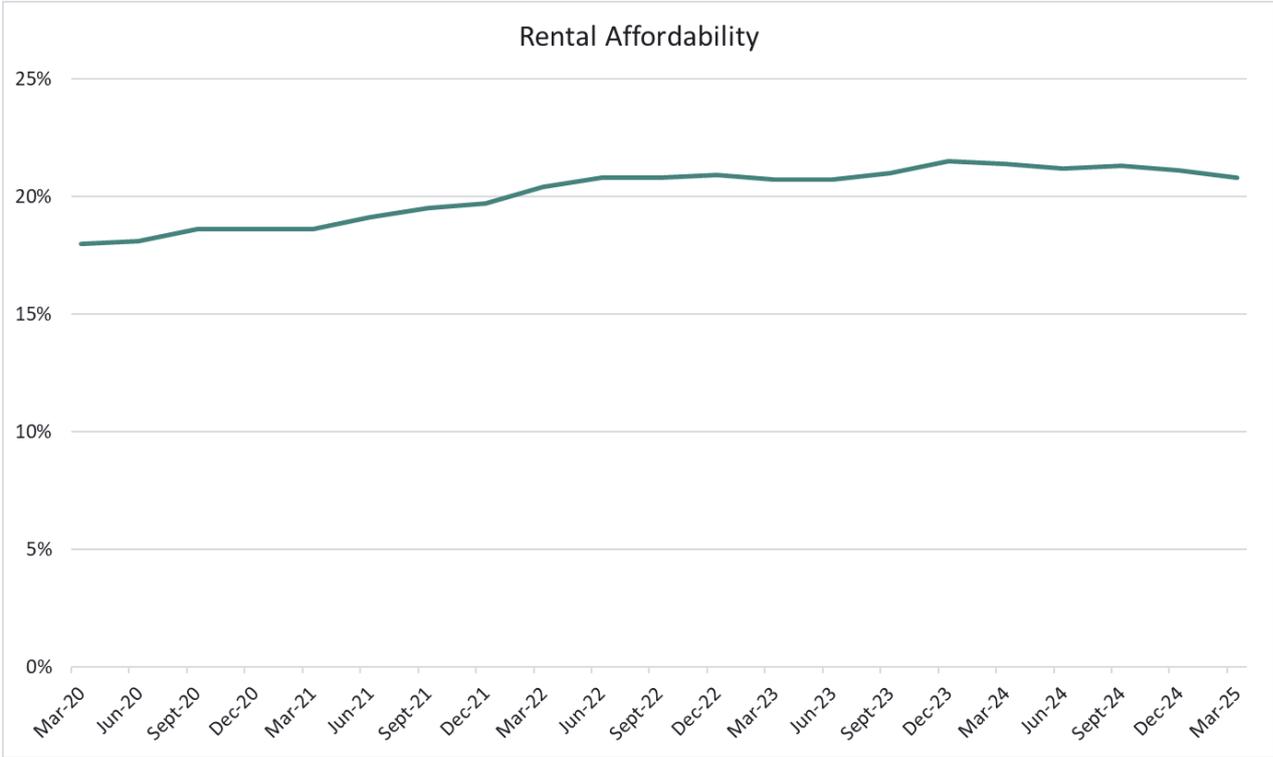


Figure 9: Percentage of annual income going towards rent (Source: Infometrics)

Housing Register

The Manawātū Community Trust (MCT) has 205 housing units. There are 175 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 has stabilised in the last nine months.

There has been a slight reduction in the number of people on the waitlist for a home in the Manawatu District from the previous quarter. At the same time there are several additional houses near completion also (which may further reduce the waitlist in future quarters).

For the Manawātū District 64% of the people on the housing register 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, although the rate of increase has slowed since June 2023. Between this quarter and the previous quarter there was an increase of four compared to December 22 to March 23 which saw an increase of 21.

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.”

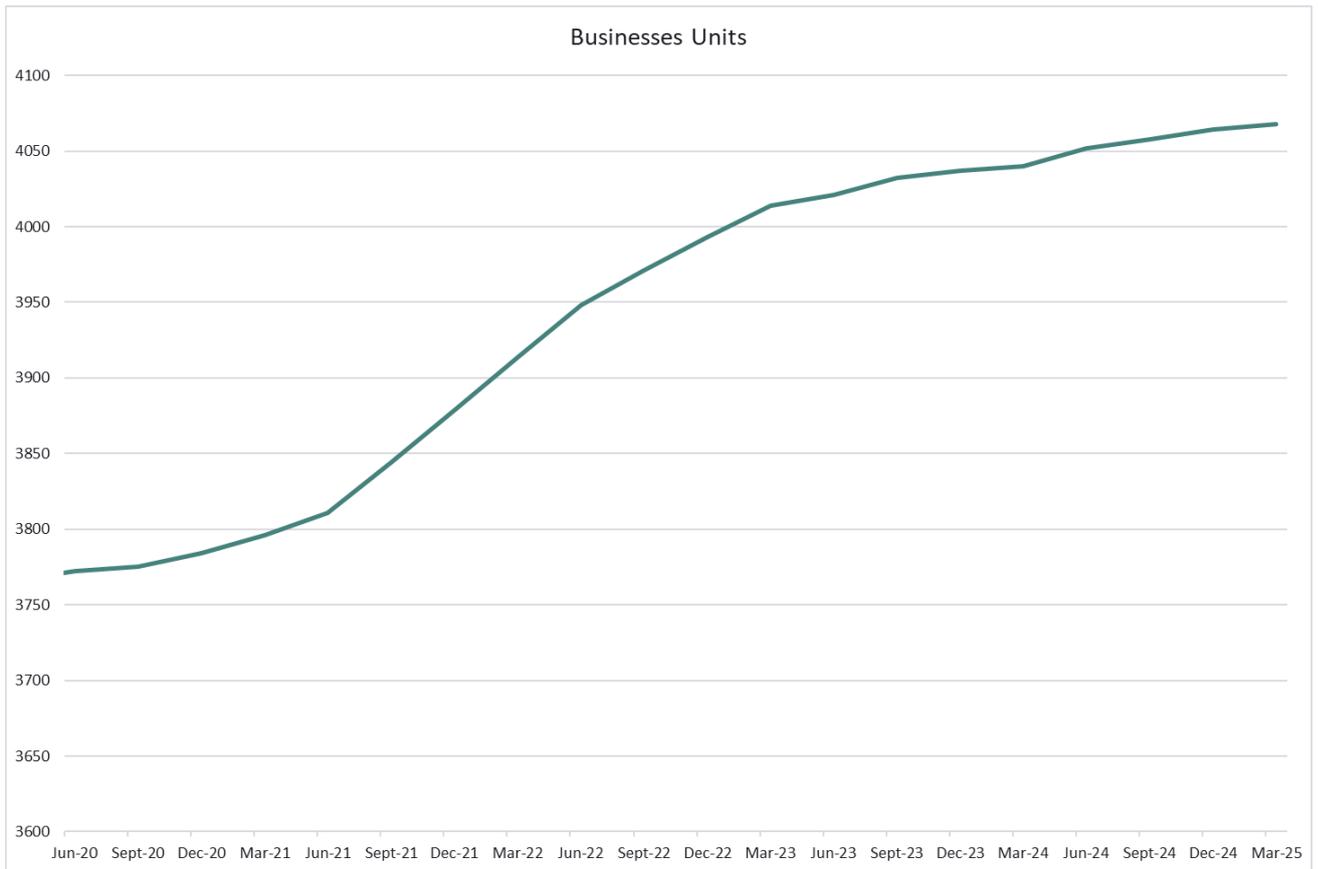


Figure 11: Number of businesses units in the Manawatū (Source: Infometrics)

Figure 12 shows, on an annualised basis, proportion of people across the Manawatū District who are self-employed. The proportion has had minor variations (within range of 2.1%) since 2016 but shows a slight overall downward trend. There has been a decline of 0.4% in self-employment rates between 2023 and 2024.

The industries with the highest proportion of self-employed people are construction services, and sheep, beef cattle and grain farming.

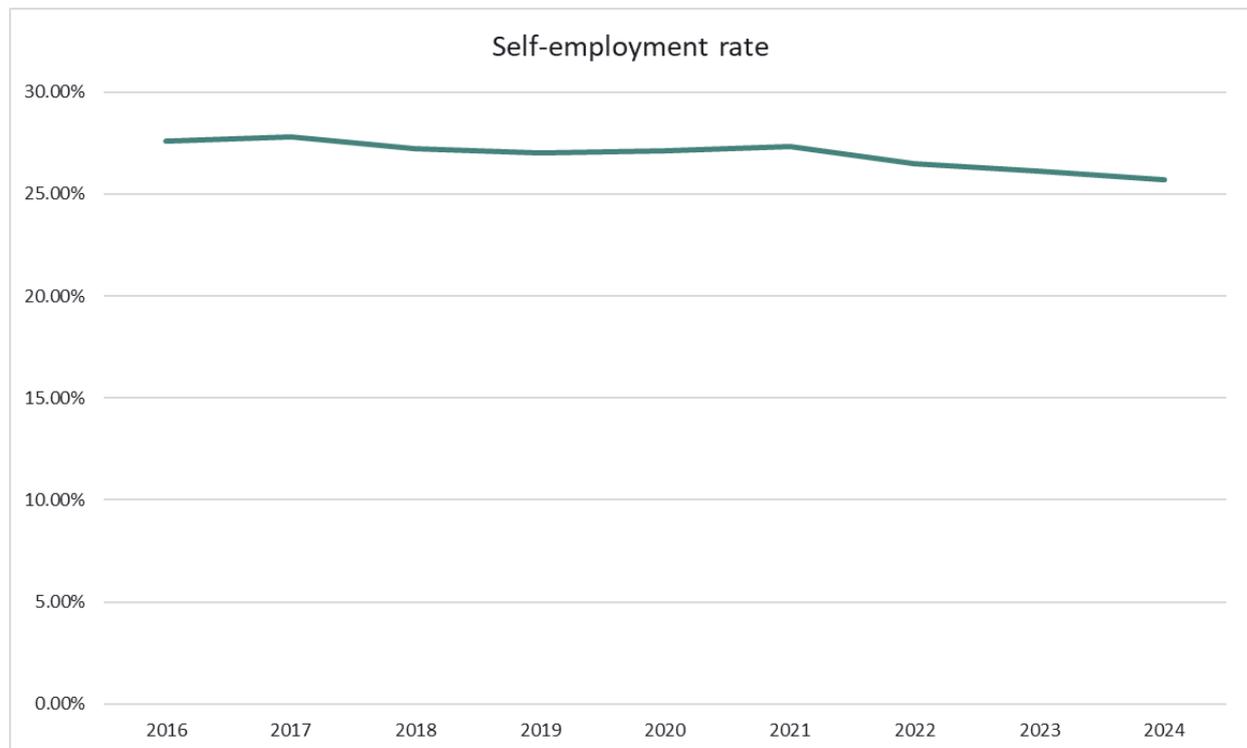


Figure 12: Self-employment rate (Source: Infometrics)

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, with slower growth seen in 2024. While the growth rate is not as significant as what was seen in 2023 the rate of GDP contribution growth is larger than what is seen nationally. The employment growth is very similar to what has been seen nationally.

Between 2015 and 2024 the construction industry has grown by 724 jobs and has almost doubled its GDP contribution with an increase of \$60.8 million.

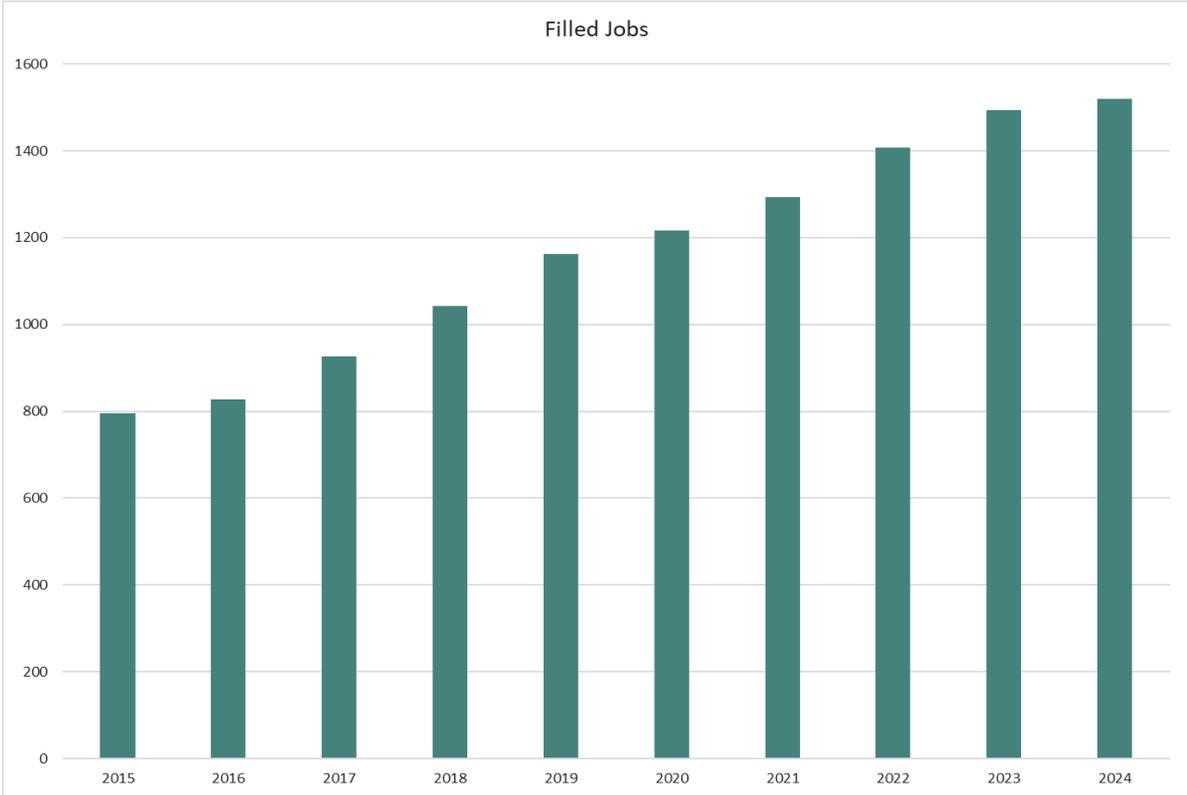


Figure 13: Filled jobs in Construction industry.

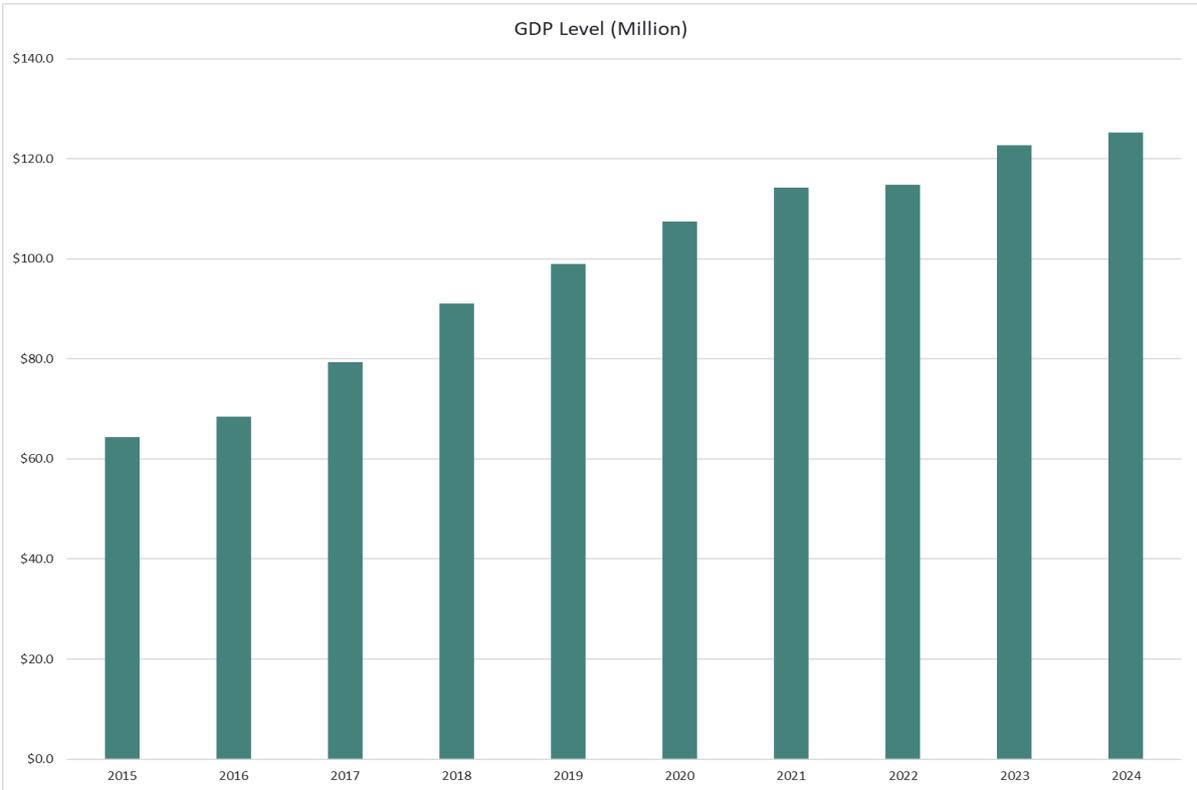


Figure 14: GDP of the construction industry.

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.