



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

April to June 2023

Contents

April to June Snapshot2
Introduction3
Growth Trends4
 Building Consents4
 House prices5
 Median Days to Sell6
 Houses sold7
 Rental prices8
 Affordability (for renting and buying)9
 Housing Register9
 Business10
 Construction Industry11

April to June Snapshot

The cost of goods and living continue to impact the building environment in the Manawatū District with fluctuations in the number of new dwelling consents. We have seen a stabilisation in the median house price and very low numbers in sales.

While we continue to see increases in the rental market, we have seen the portion of income used on rent decrease due to increasing median household incomes. Concurrently, the rate of increase in rent prices has started to even out.

Significant shortages in social housing is a country-wide issue. While the Manawatū District's housing register has decreased slightly in the last two quarters, we anticipate that this would not signify an overall downward trend. Further social housing will be needed in the Manawatū to help fill this waitlist. We know that we have 363 units across both Manawatū Community Trust and Kāinga Ora with a further 18 slots for transitional housing.

Development of Awa Park at Maewa is likely to significantly raise consent numbers in late 2024 and into 2025. The development will bring 600 homes and a retirement village. Continued growth in the construction industry, especially in the filled job, indicates that the Manawatū would be in a good position to see housing growth in the short term.

Introduction

This is the second 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 primarily support 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 organisations being at the consent stage, availability of materials, and the cost of those materials. With high interest rates continuing it is unlikely that we will see any increasing trends in the number of new residential building consents.

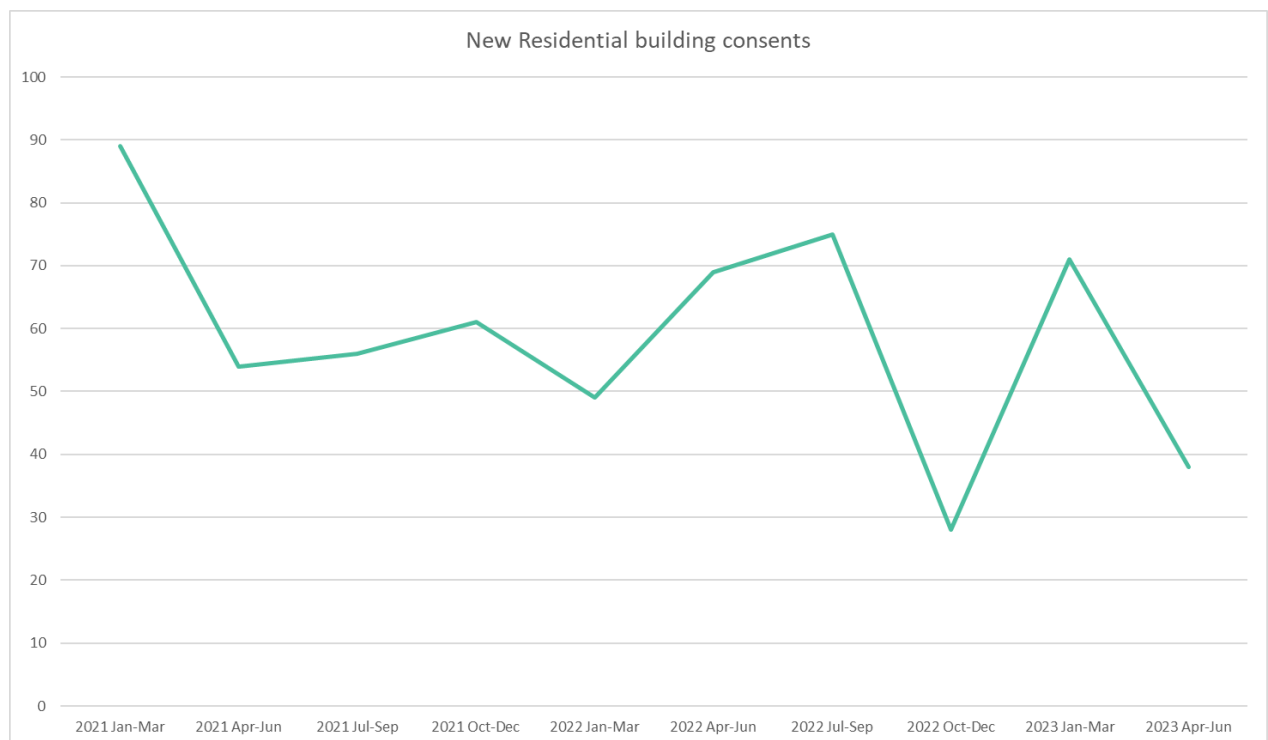


Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

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 and 2021 as these types of facilities are likely built in groups. However, the majority of these consents have been granted for standalone houses.

We have seen significant variation in the 2023 consent figures, which makes accurately anticipating the completed 2023 figures difficult.

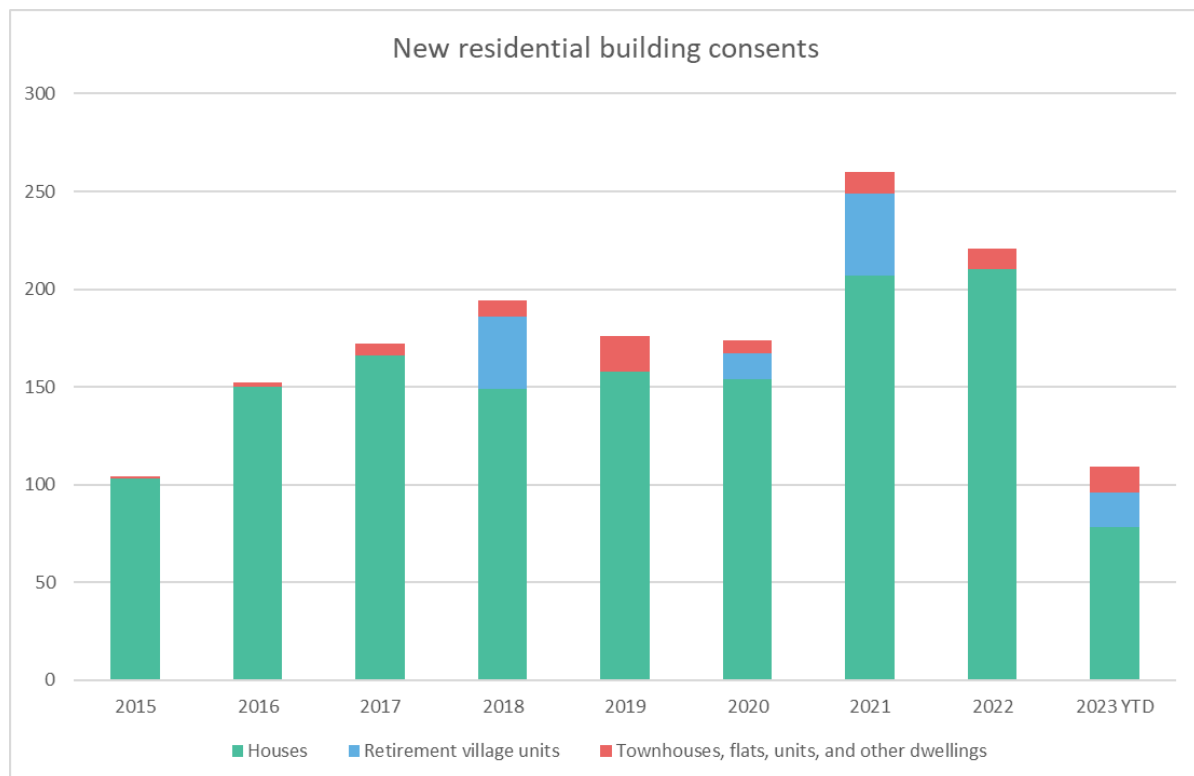


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

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.

For the Manawatū District as a whole there has not been a significant shift in the median sale price between Dec 22 and Jun 23. There is no significant difference in house prices for Feilding town and for the Manawatū District.

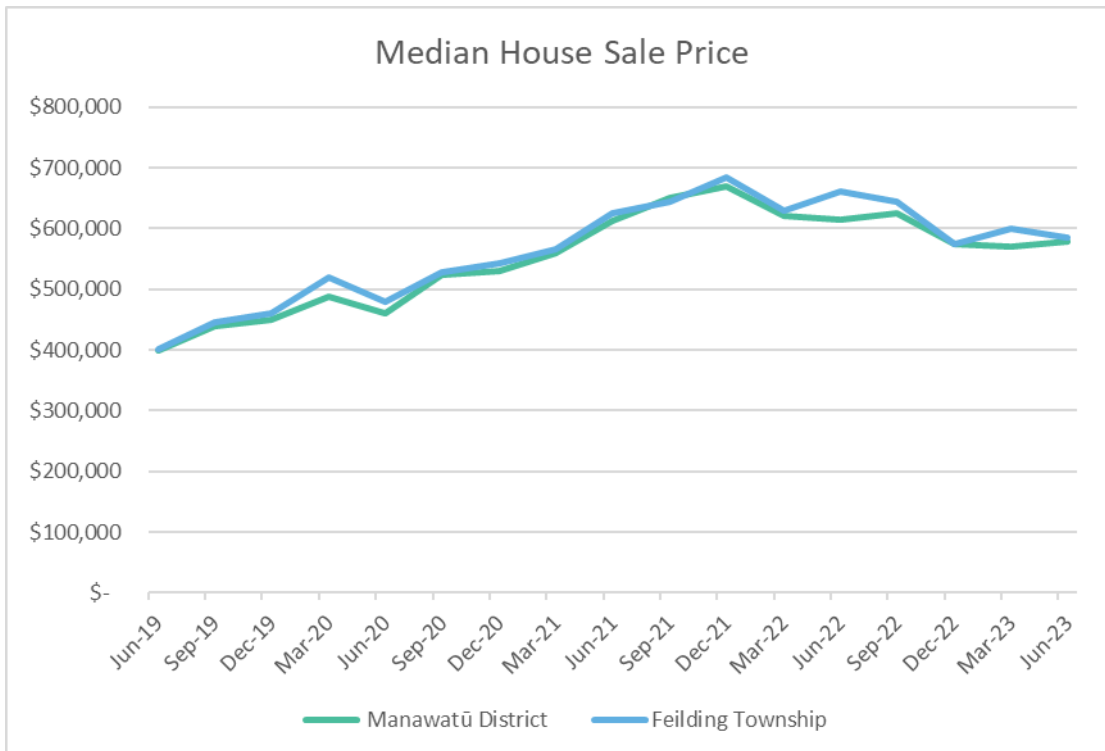


Figure 3: Quarterly median house sale prices (Source: REINZ)

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. Based on 2023 data to date, this trend is likely to continue.

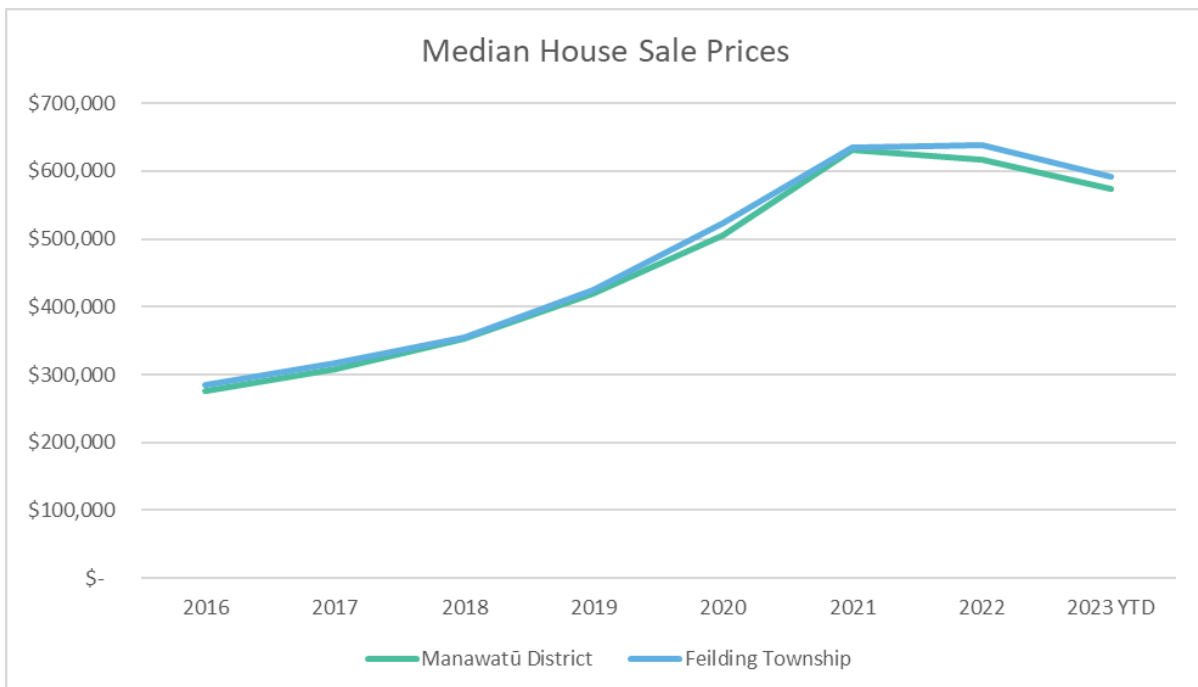


Figure 4: Median house sale price shown yearly (Source: REINZ)

Median Days to Sell

Figure 5 shows the median number of days to sell a house averaged over each quarter. There has been an increase in the median days to sell for the Apr-June quarter. The length of time a

house is on the market is determined by several factors, such as house prices and interest rates.

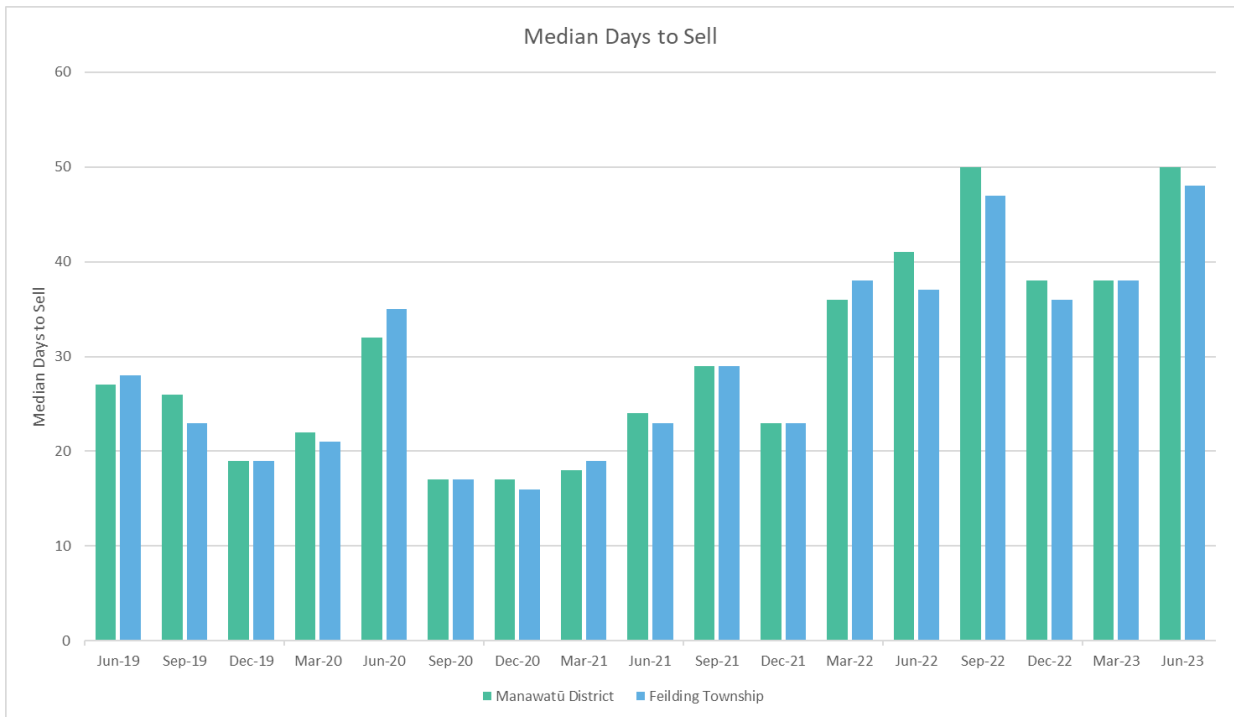


Figure 5: Median days to sell averaged over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. The trend of fewer house sales across the District has continued into the Apr-Jun quarter.

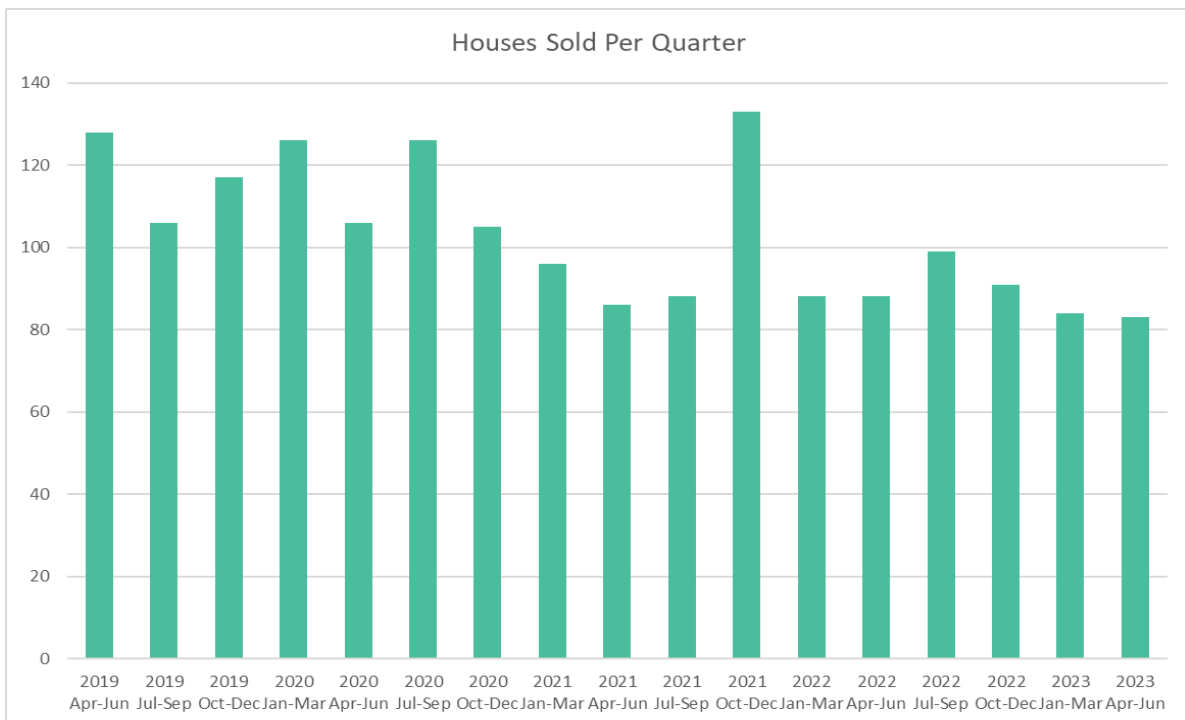


Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 7 shows the average weekly rent price for each month, where rent has increased and evened out slightly. Due to the stabilisation of interest rate increases and other costs the rate of increasing has slowed down.

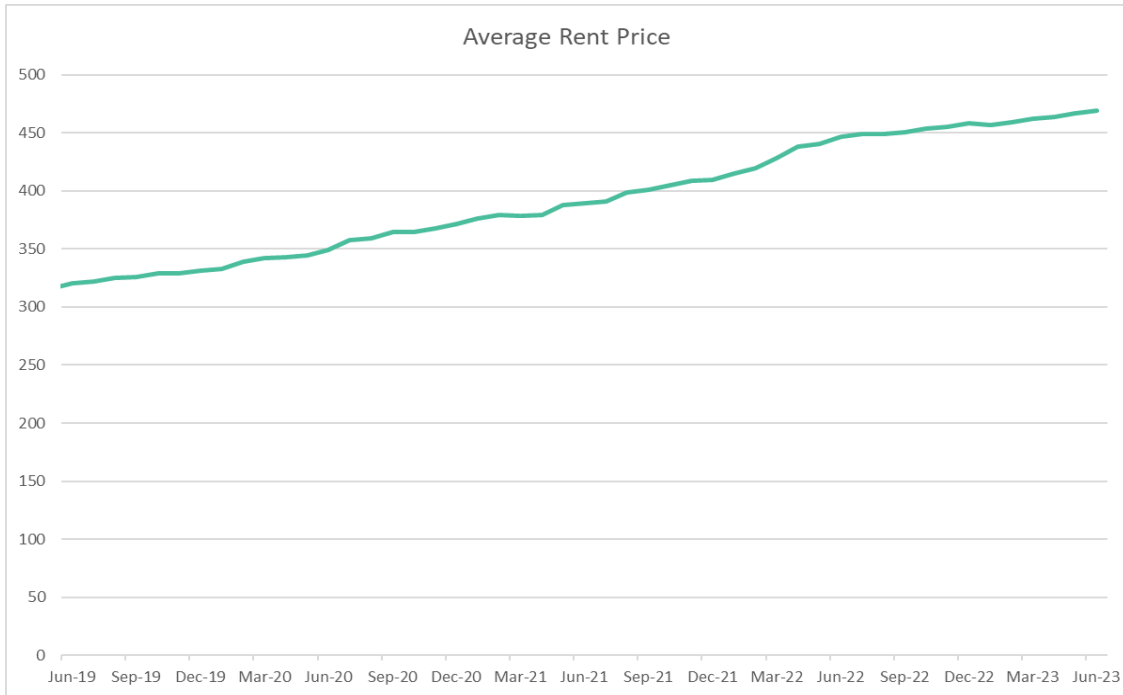


Figure 7: Average rent price shown quarterly (Source: Dot Loves Data)

Figure 8 shows the trend in average weekly rental prices over a year since 2016. Annual data shows a stabilisation in rent increases on average, consistent with monthly data trends.

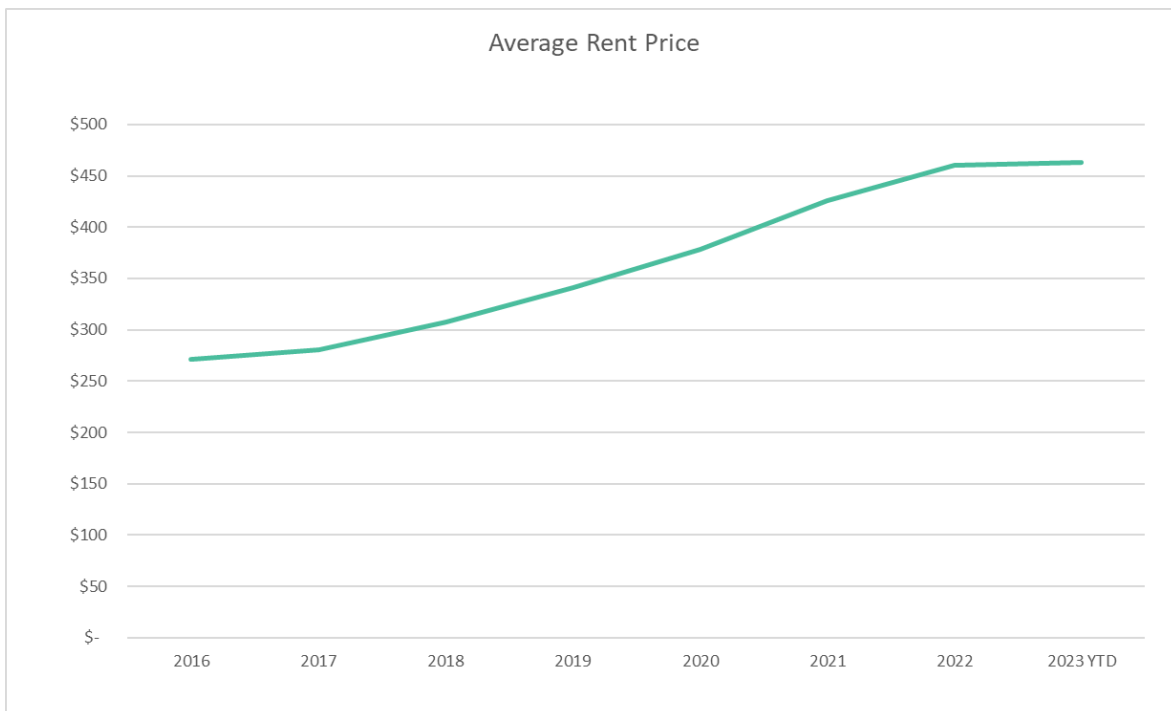


Figure 8: Average rent price shown yearly (Source: Dot Loves Data)

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. There has also been an increase to the median household income which has led to the reduction seen in the percentage going towards rent.



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. As at June 2023 there were 158 Kainga Ora houses in the Manawatū District and 18 transitional housing places.

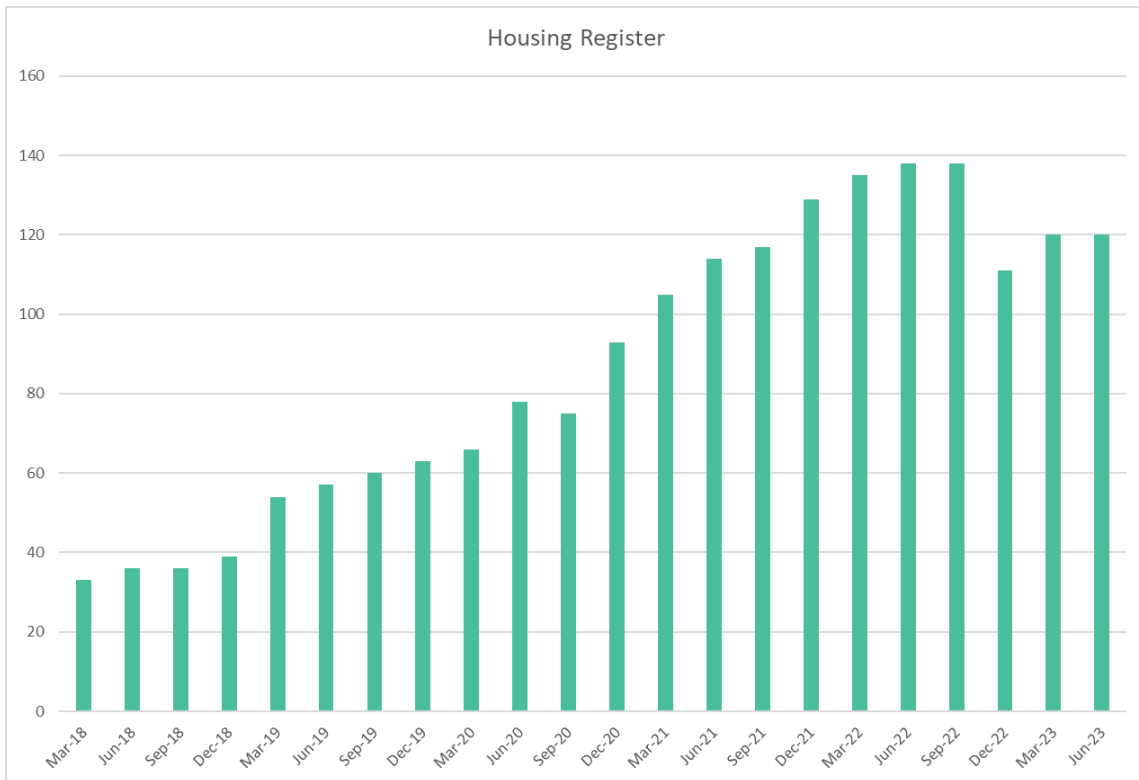


Figure 11: Number of applicants on the housing register (Source: Ministry of Social Development)

Business

Figure 11 shows the number of registered businesses across the Manawatū District over each month. Business registrations have steadied in recent years, but registration rates have decreased overall. 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.

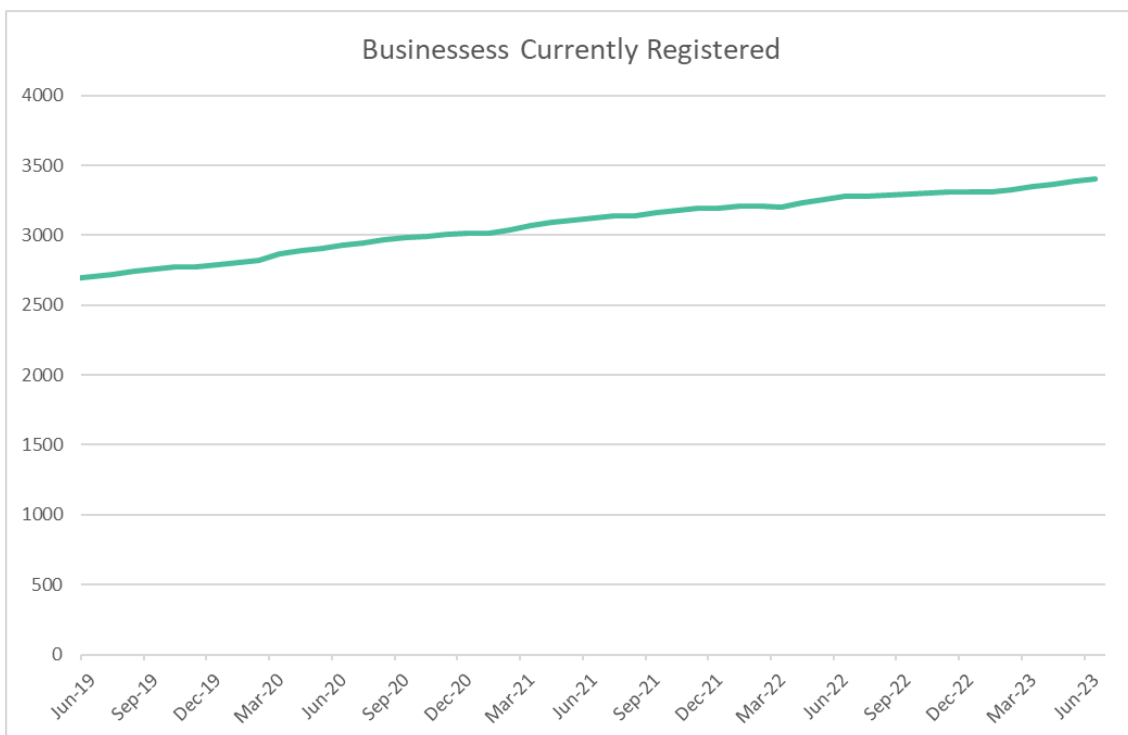


Figure 11: Number of businesses currently registered per month (Source: Dot Loves Data)

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.

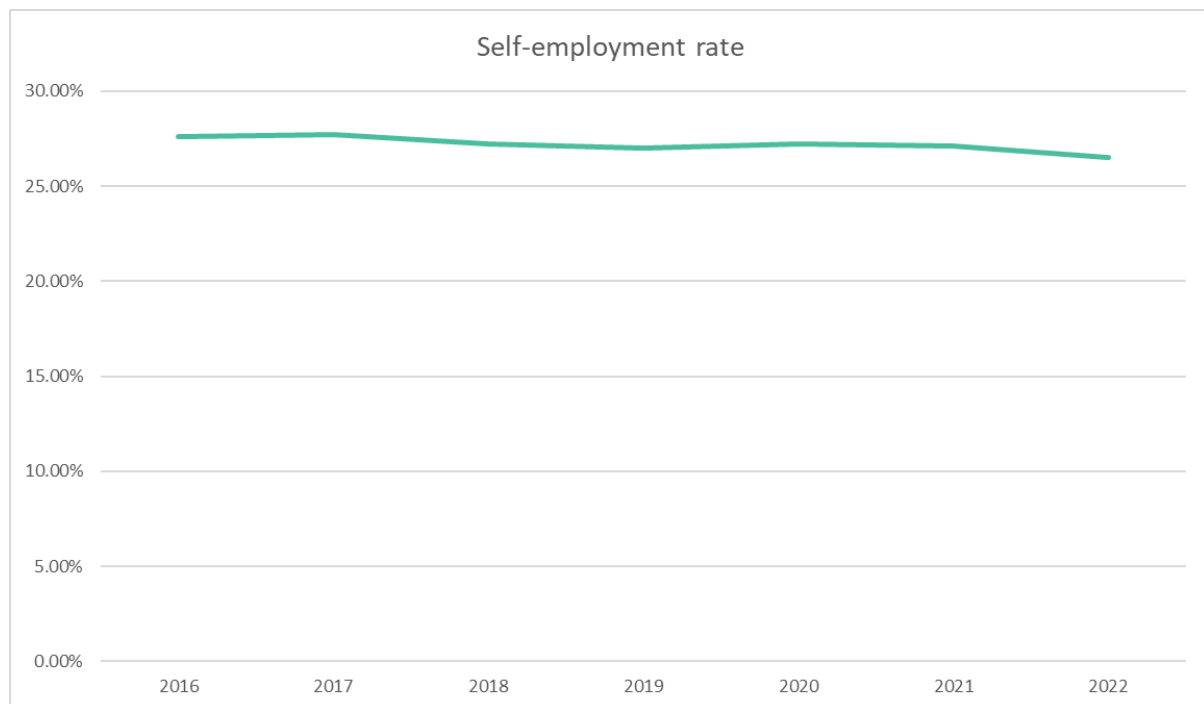


Figure 12: Self-employment rate (Source: Infometrics)

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

Construction Industry

Figures 13 and 14 below is yearly data regarding the construction industry. Trends in the construction industry provide insight to 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.

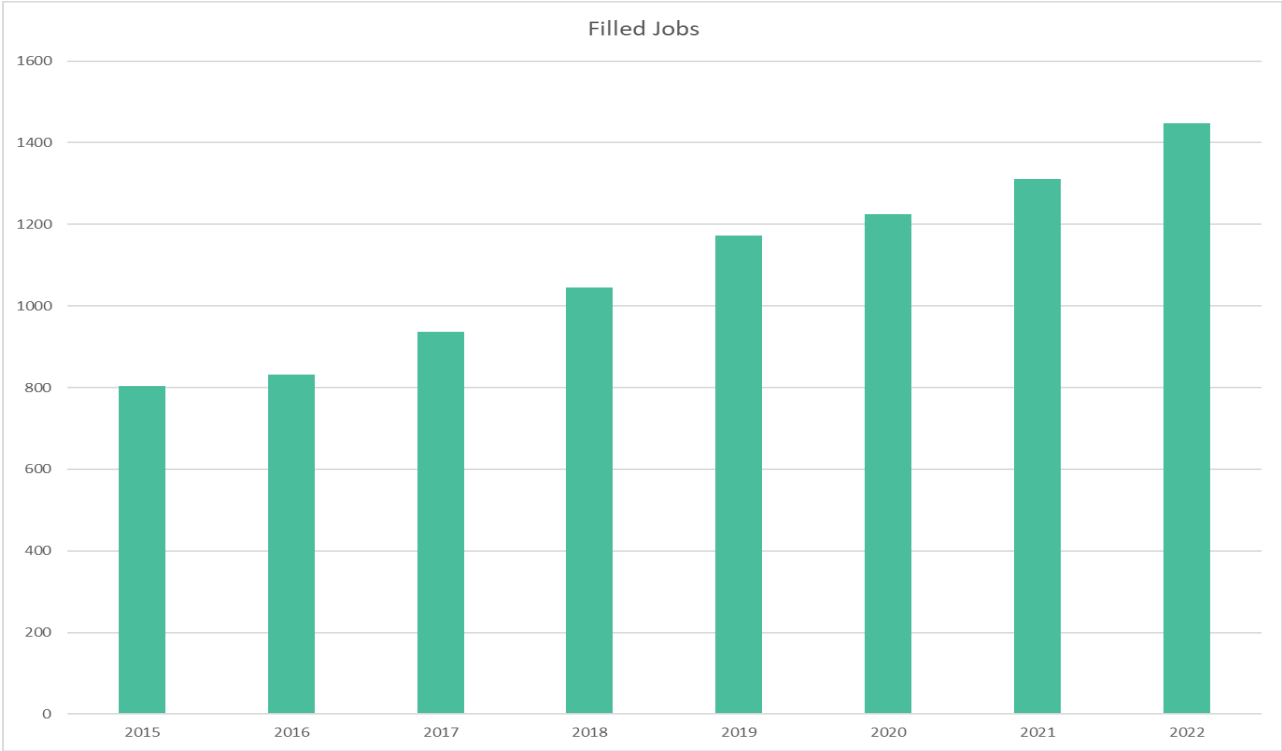


Figure 13: Filled jobs in Construction industry.

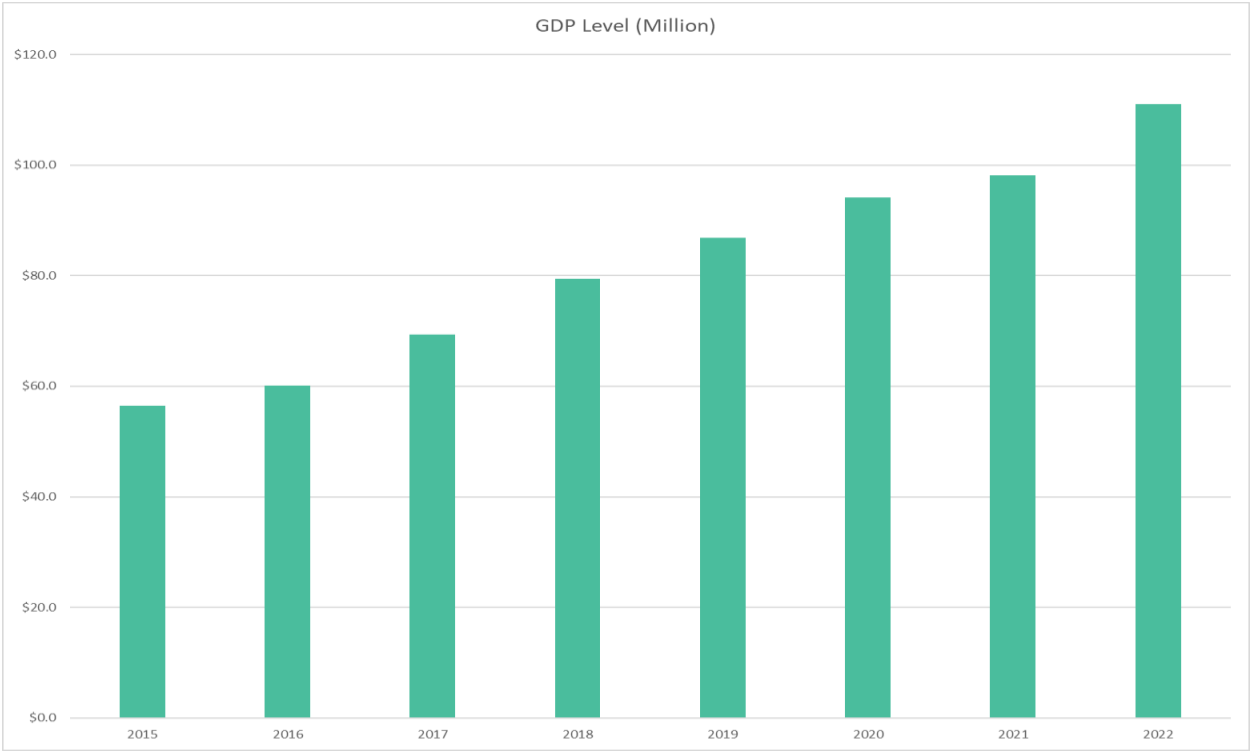


Figure 14: GDP of the construction industry.