



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

October to December 2023

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October to December Snapshot

New dwelling consents continue to be low with a slight increase seen in the Oct-Dec 2023 quarter. Continued high interest rates, inflation and building material costs, as well as other factors are likely contributing to this. The Oct-Dec 2023 quarter saw 39 dwellings consented in the Manawatū District. This figure includes both standalone houses and dwellings which may be part of a larger complex (such as flats, apartments and retirement village units).

Median house prices for Feilding and Manawatū District have mostly stabilised below \$600,000 in the last 9 months with only slight changes over the period. The Oct-Dec quarter saw a very small increase in Feilding. The median number of days to sell has been dropping since June 2023, and now sits at 31 days. The number of houses sold in the Oct-Dec quarter has increased marginally up to 85.

The rate of increase has seen a pick up since June 2023. The overall median weekly rent for 2023 is at \$474. Between 2022 and 2023 the median weekly rent went up \$14 compared with \$34 between 2021 and 2022, reaching its peak of \$48 between 2020 and 2021.

The percentage of household income going towards rent has seen a slight increase in the Oct-Dec quarter, likely due to the continued trends which have seen the rate of rent increases being more than increases in income. The percentage of household income going towards mortgages has seen a marginal decrease in the same quarter, likely due to the stabilisation of median house prices.

The Ministry of Social Development Housing Register has seen a decrease in the number of applicants from the September 2023 quarter (120) to now stand at 105. The overall trend appears to have been relatively stable since December 2022 with the number of applications staying within the 105 to 120 range.

The number of businesses continues to increase steadily with a slight drop in some areas in 2023. Between 2022 and 2023 the number of registered businesses increased by 18. The self-employment rate for 2023 saw a marginal decline of 0.4% and is now sitting at 26.1% for 2023, over 10% above the national average.

The number of filled jobs in the construction industry has increased again in 2023, with a total of 1505. The GDP of the construction industry has also continued to increase in 2023, now at \$109 million, a \$50.4 million increase since 2015.

Introduction

This is the fifth 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.

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.

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. 39 dwellings were consented over the December 2023 quarter.

Figure 1 shows the new residential building consents at a quarterly scale for the Manawatū District. As shown in figure 2 in the Manawatū District’s the majority of building consents issued for dwellings are for standalone houses.

There is significant variation in the number of building consents from quarter to quarter. Variations can happen for a number of 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. 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. Though for Oct-Dec 2023 we have seen a small increase over the September 2023 quarter.

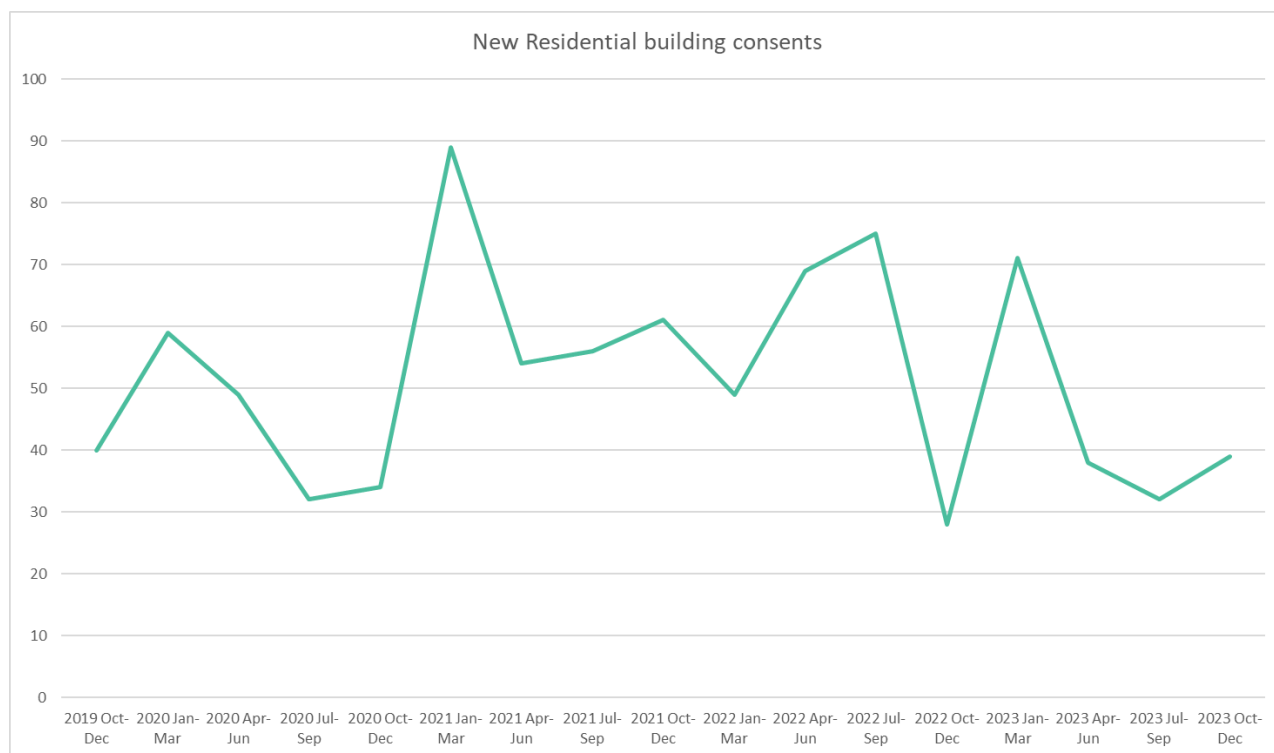


Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

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 these types of facilities are likely built in groups.

There are 41 fewer new dwelling consents for 2023 than seen in 2022. 2023 is higher than both 2019 and 2020. Seen together, this may indicate a slowing of the post-COVID-19 rebound in the number of new dwellings. The notable trend has been a gradual (but variable) increase in the number of townhouses and flats built since 2016. 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.

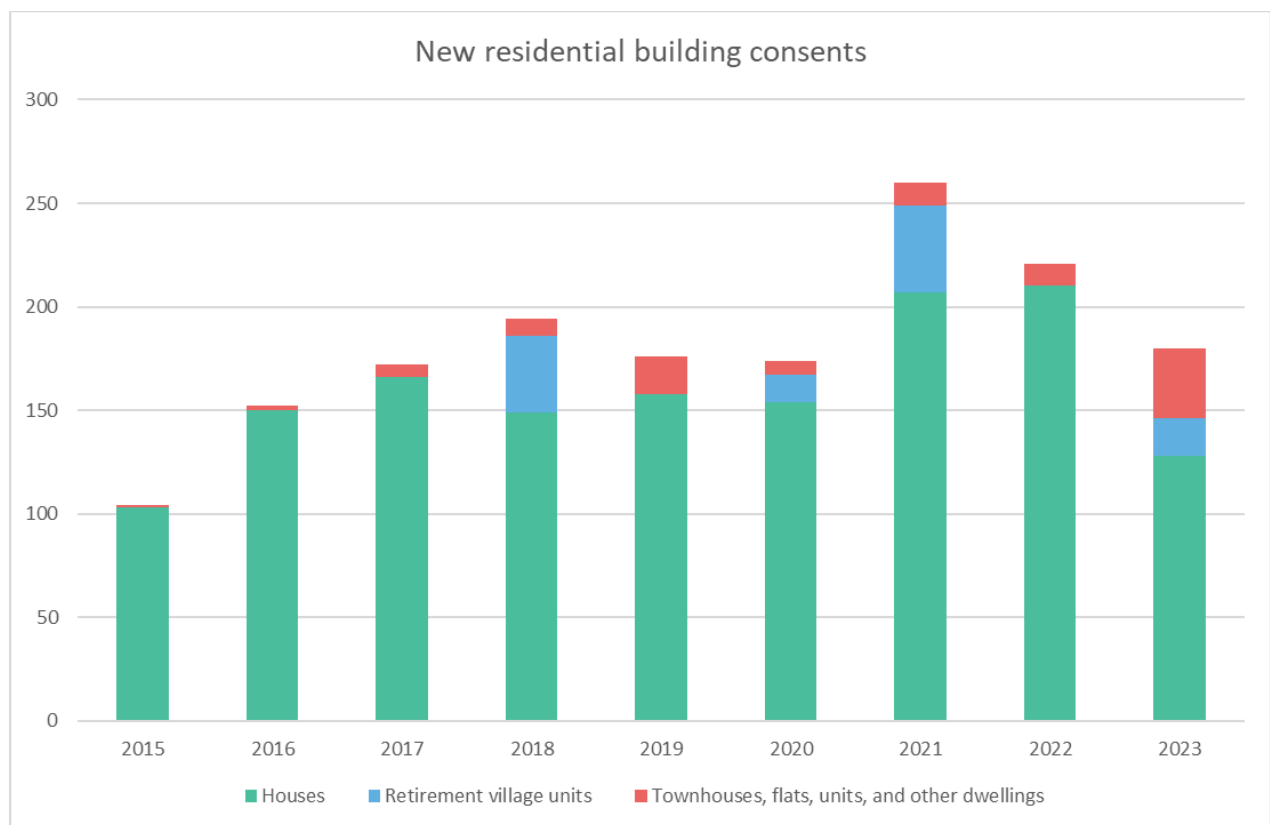


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data is over each quarter not monthly. Due to the overall number of sales within the Manawatū being low, monthly data may give an inaccurate reading of the true nature of 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 significant.

The median house price has seen an overall stabilisation with a slight increase seen in the Oct-Dec quarter.

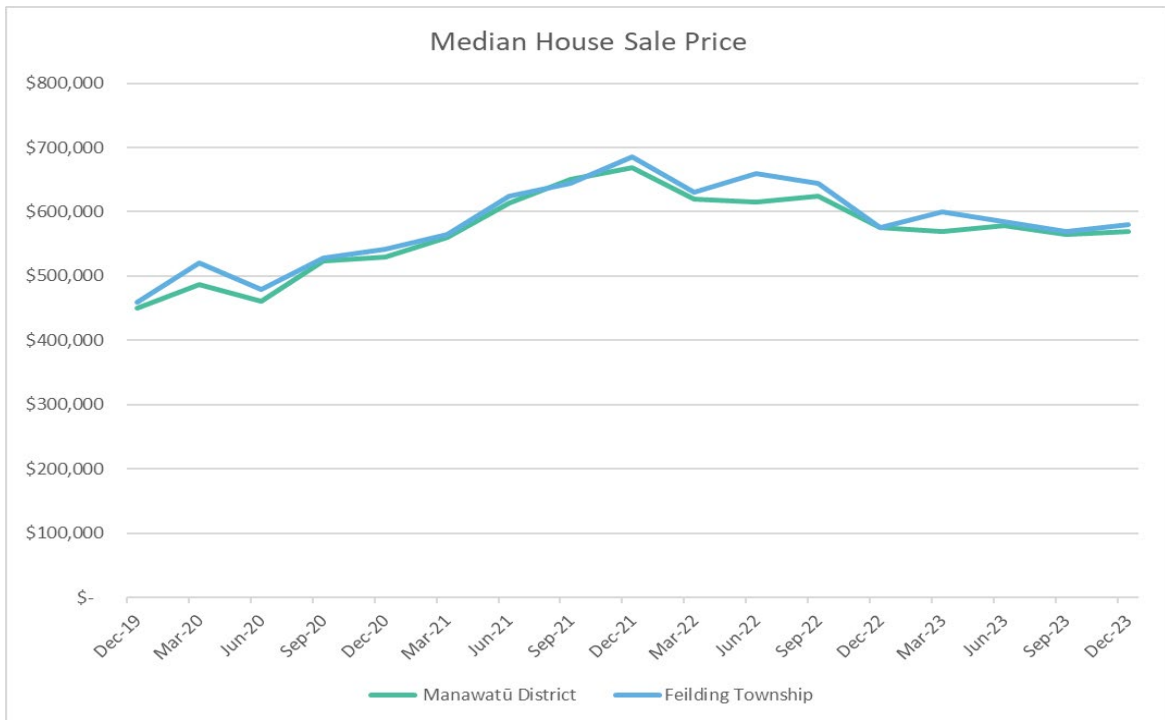


Figure 3: Quarterly median house sale prices (Source: REINZ)

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 the District has experienced an overall decline in the median house price between 2022 and 2023, the 2023 house price still sits above the 2020 figure.

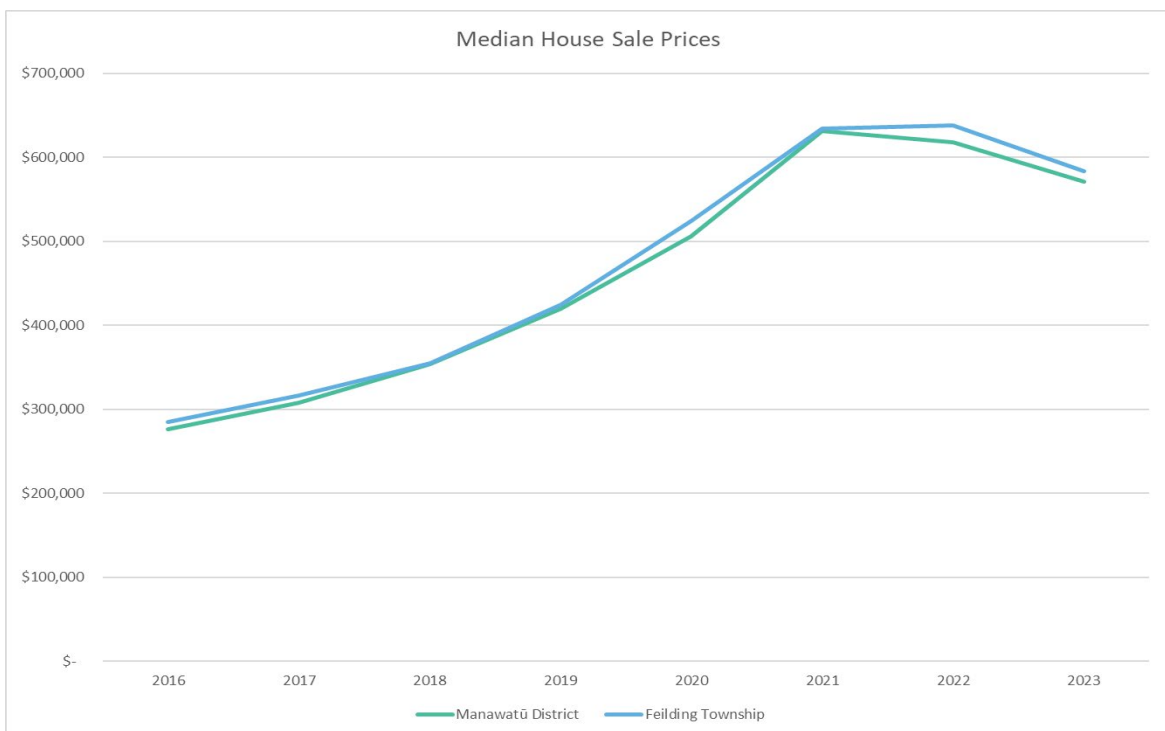


Figure 4: Median house sale price shown yearly (Source: REINZ)

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 31 days, with Feilding township at 28 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, and interest rates.

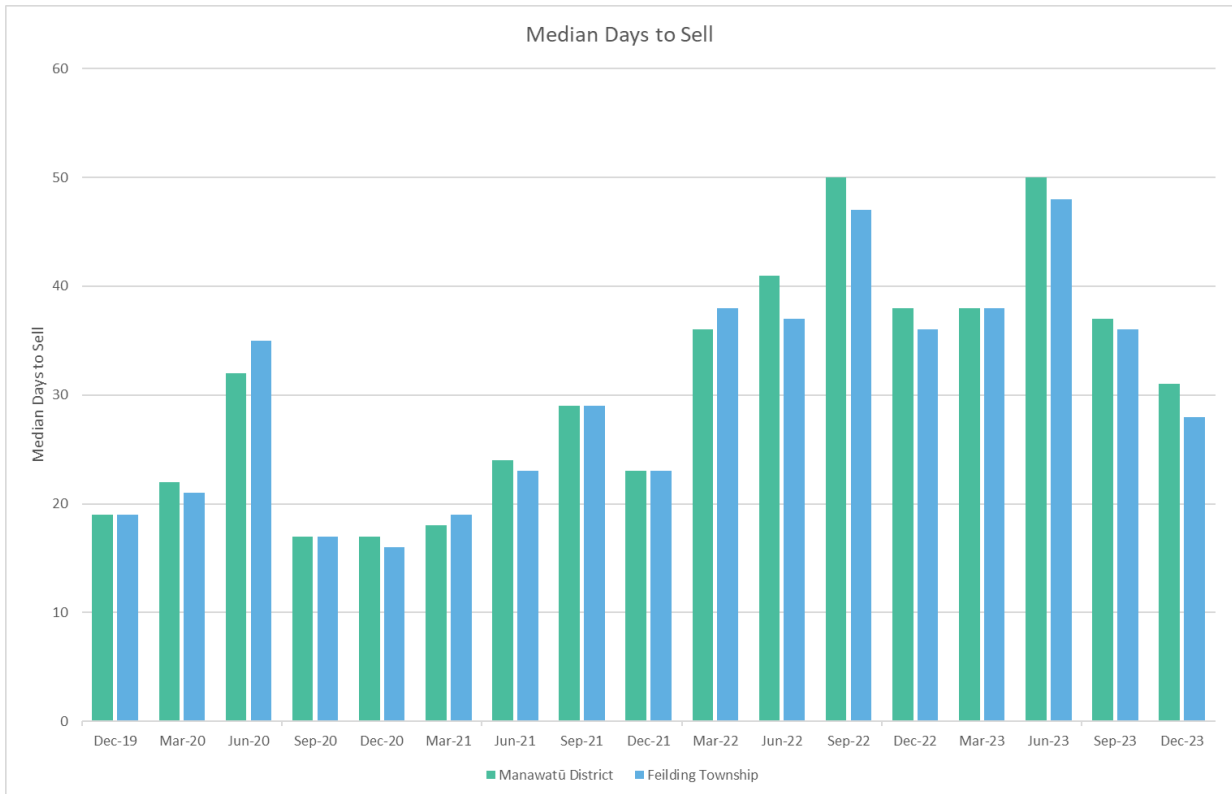


Figure 5: Median days to sell over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. The trend shows a gradual decline in the number of houses sold over the past year. For Oct-Dec 2023 there has been a small increase of 6 houses compare with the previous quarter. The pick up may be due potential purchased buying into a narrative that the Reserve Bank may start to drop interest rates during 2024.

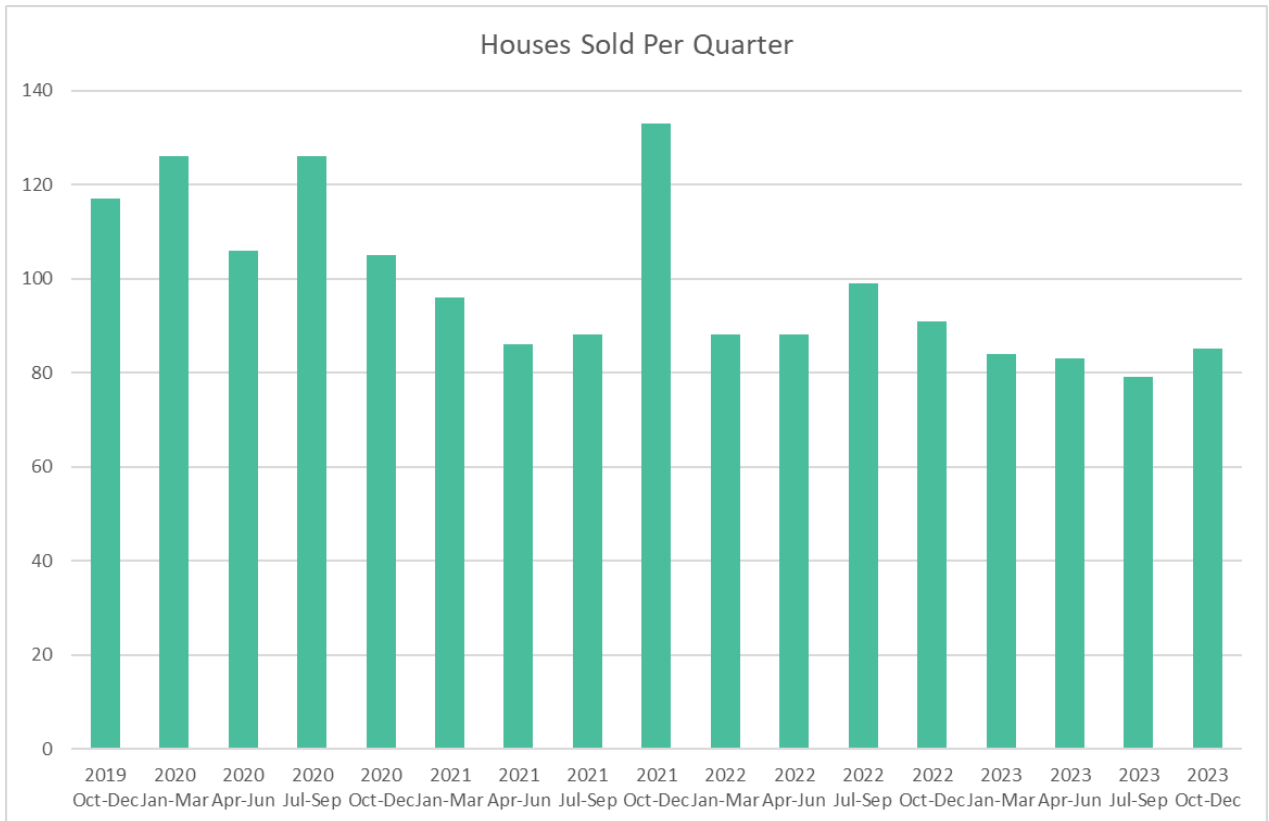


Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 7 shows the median weekly rent price for each month, which continues to steadily increase. With the December 2023 quarter showing the median rent price to now be in the \$500s.

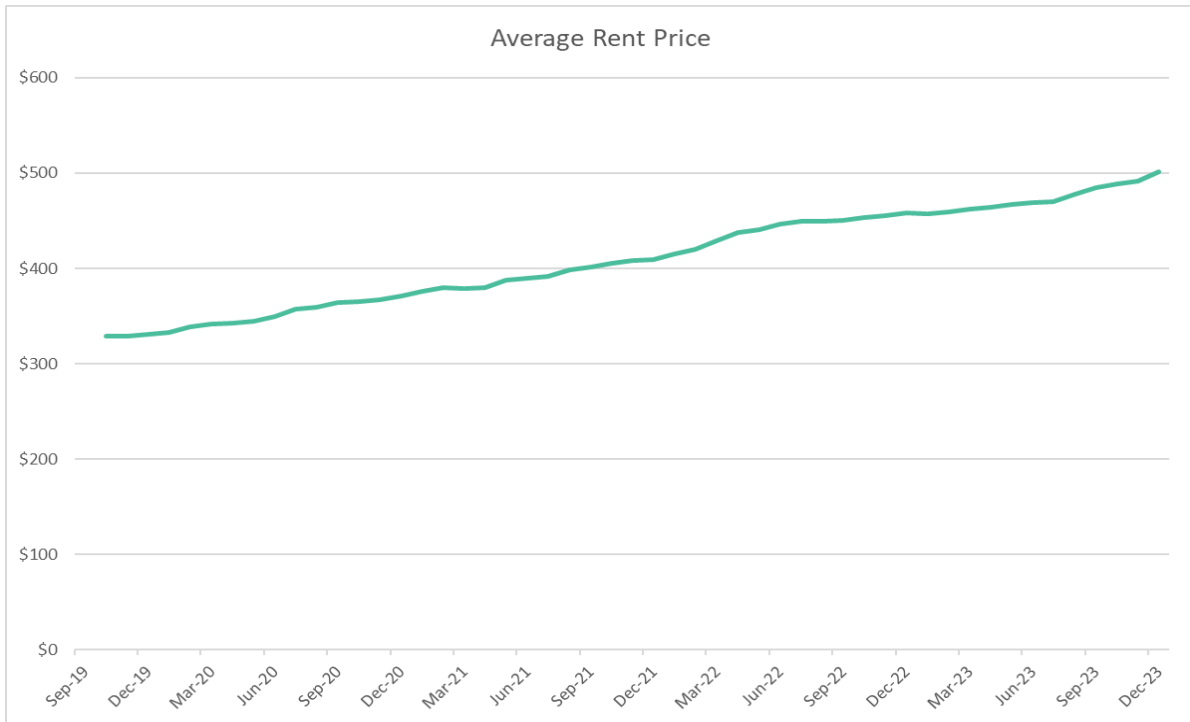


Figure 7: Median rent price shown quarterly (Source: Dot Loves Data)

Figure 8 shows the trend in median weekly rental prices over a year since 2016. The annual data shows that the rate of increase between 2022 and 2023 is more than the yearly increase between 2021 and 2022.

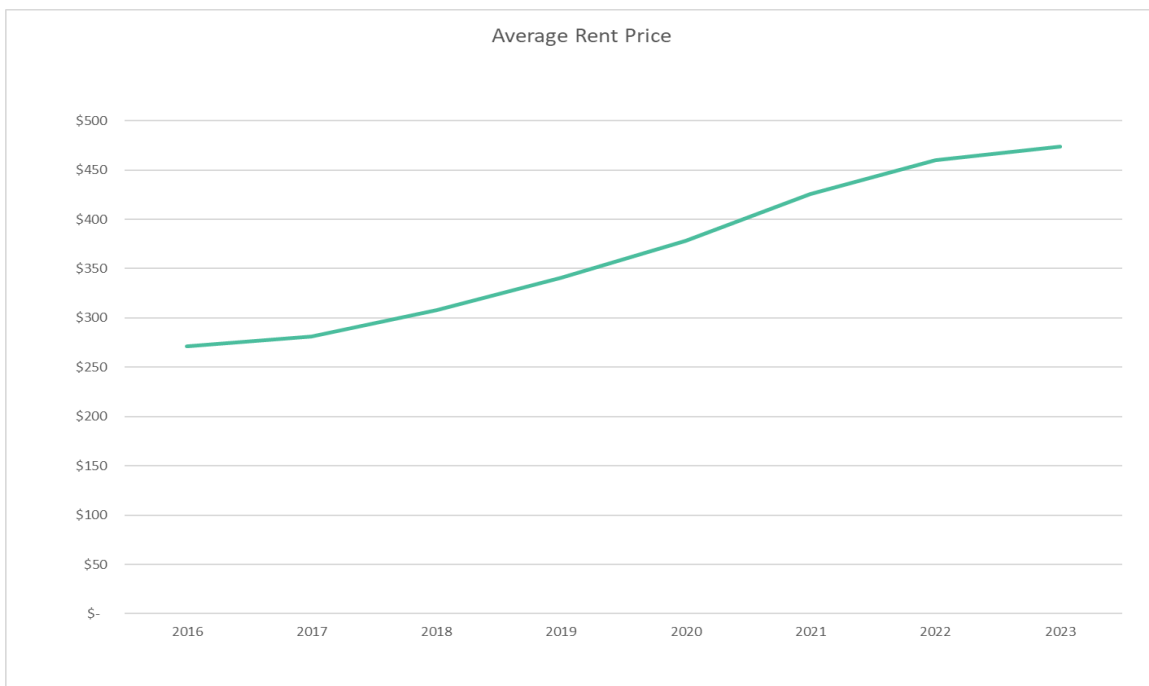


Figure 8: Median rent price shown yearly (Source: Dot Loves Data)

Affordability (for renting and buying)

Figure 9 shows the percentage of the median annual 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%. Housing affordability is still seeing a very slight decrease and stabilisation in recent months. The data shows an increase in the percentage of annual income going towards rent payments, which is likely due to ongoing increases in the median rent.



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

Housing Register

The Manawatū Community Trust are currently housing 225 tenants in 205 units across the Manawatū District, and there are 156 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 number of applicants on the housing register has been stable for most of 2023, but with the December quarter dropping again to 105.

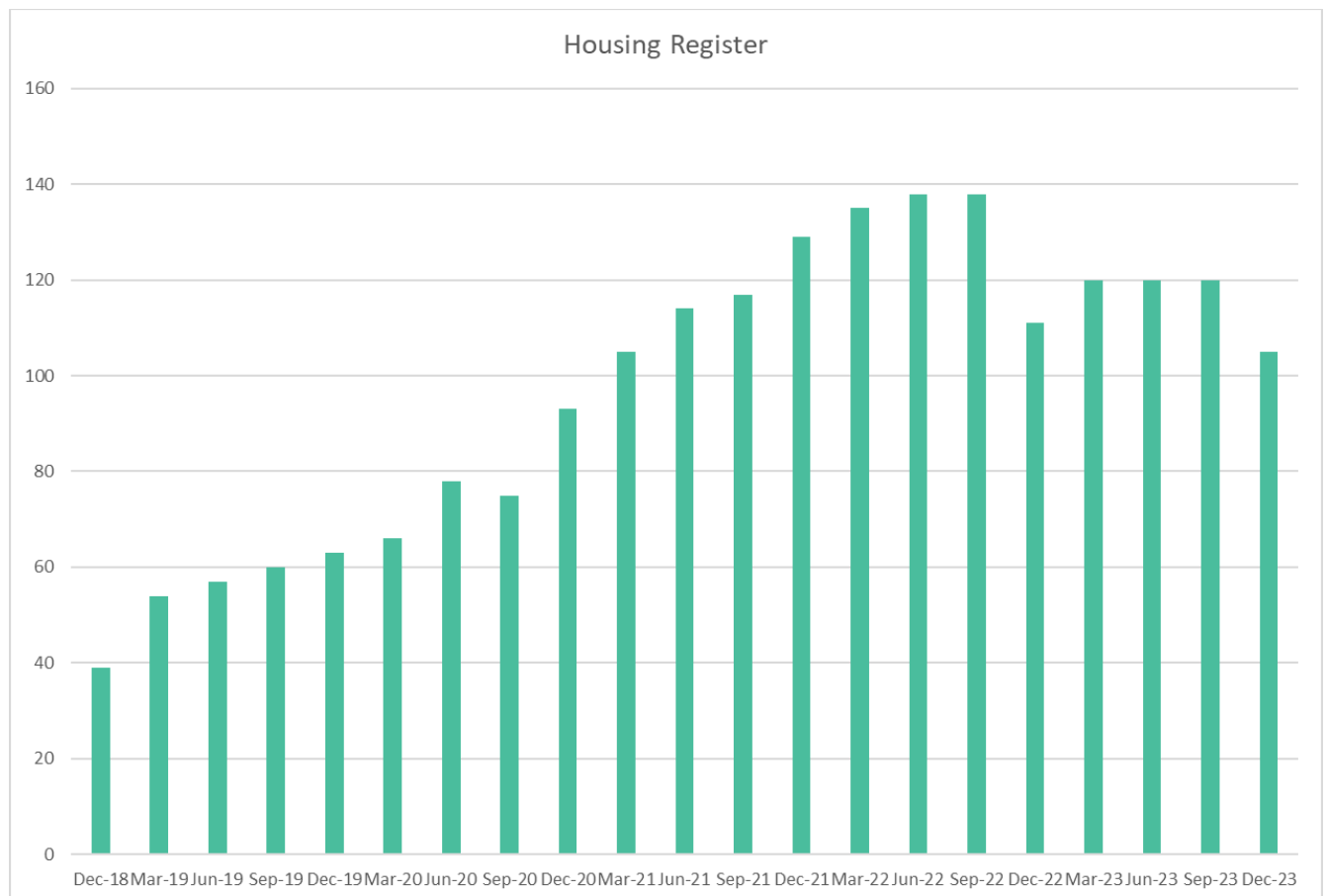


Figure 10: Number of applicants on the Housing Register (Source: Ministry of Social Development)

Business

Figure 11 shows the number of registered businesses across the Manawatū District over each month. The number of businesses that have registered has increased by 18 between 2022 and 2023 but with a slight drop in the September 2023 quarter. Overall, however, the number of registered businesses in the District continue to steadily increase.

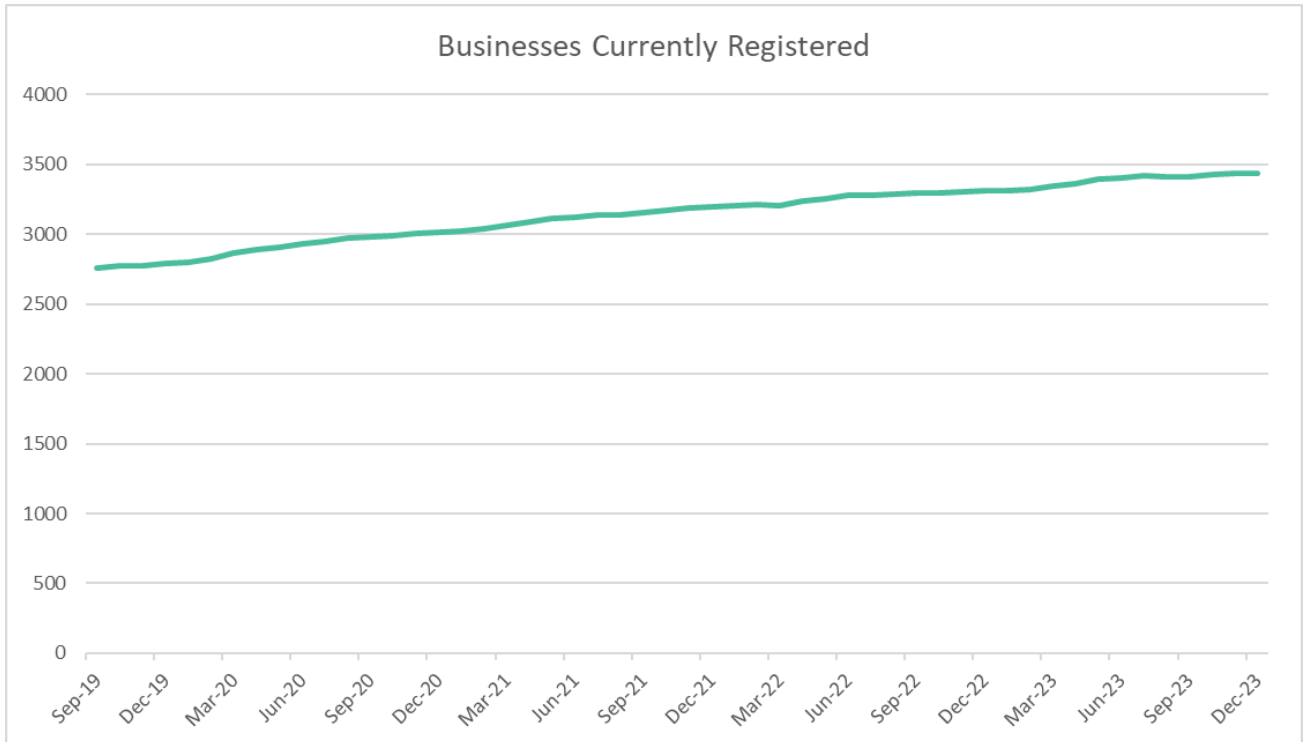


Figure 11: Number of businesses currently registered per month (Source: Dot Loves Data)

Figure 12 shows the annual self-employment rate for the Manawatū District. This rate has remained within a 1.7% bracket, with very slight variation and an overall downward trend. However, this change has shown to be marginal over time. There has been a decline of 0.4% between 2022 and 2023. The industries with the highest trend of self-employment are construction services, and sheep, beef cattle and grain farming.

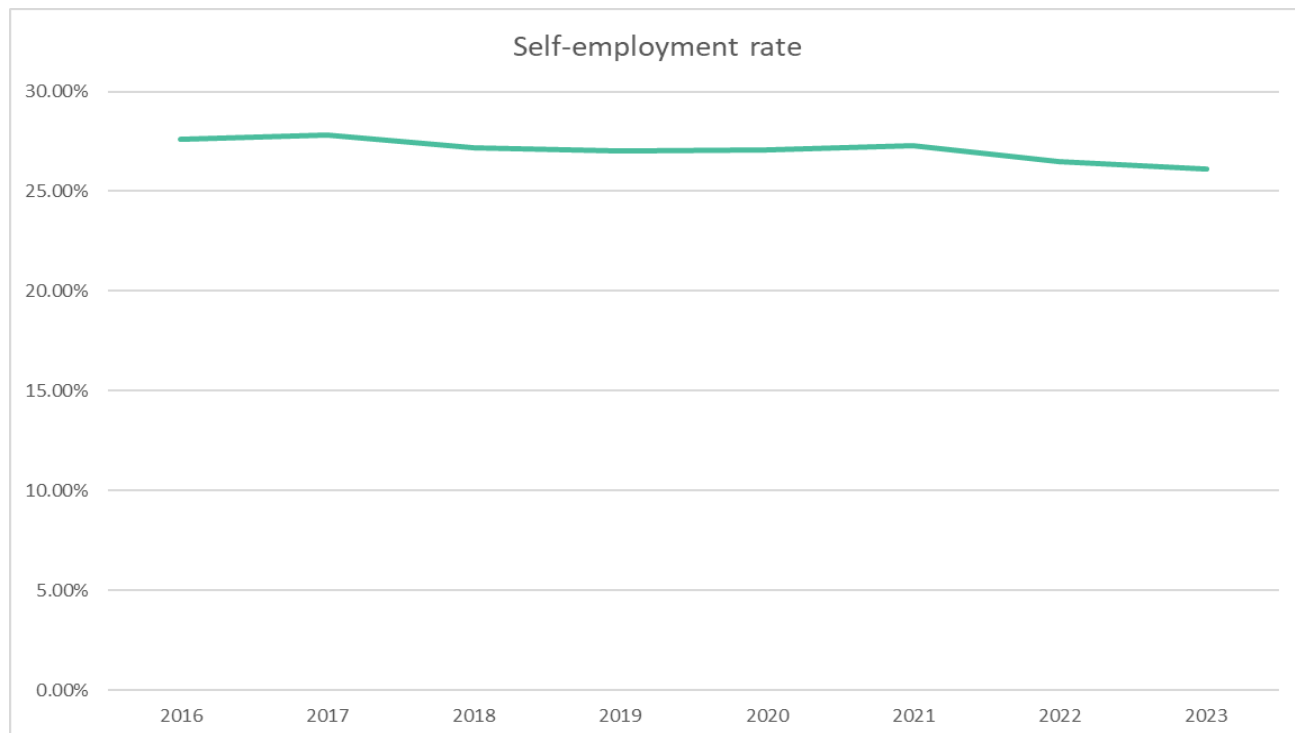


Figure 12: Self-employment rate (Source: Infometrics)

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 continues to see year on year growth in this District. For 2023, construction continues 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.

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.

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

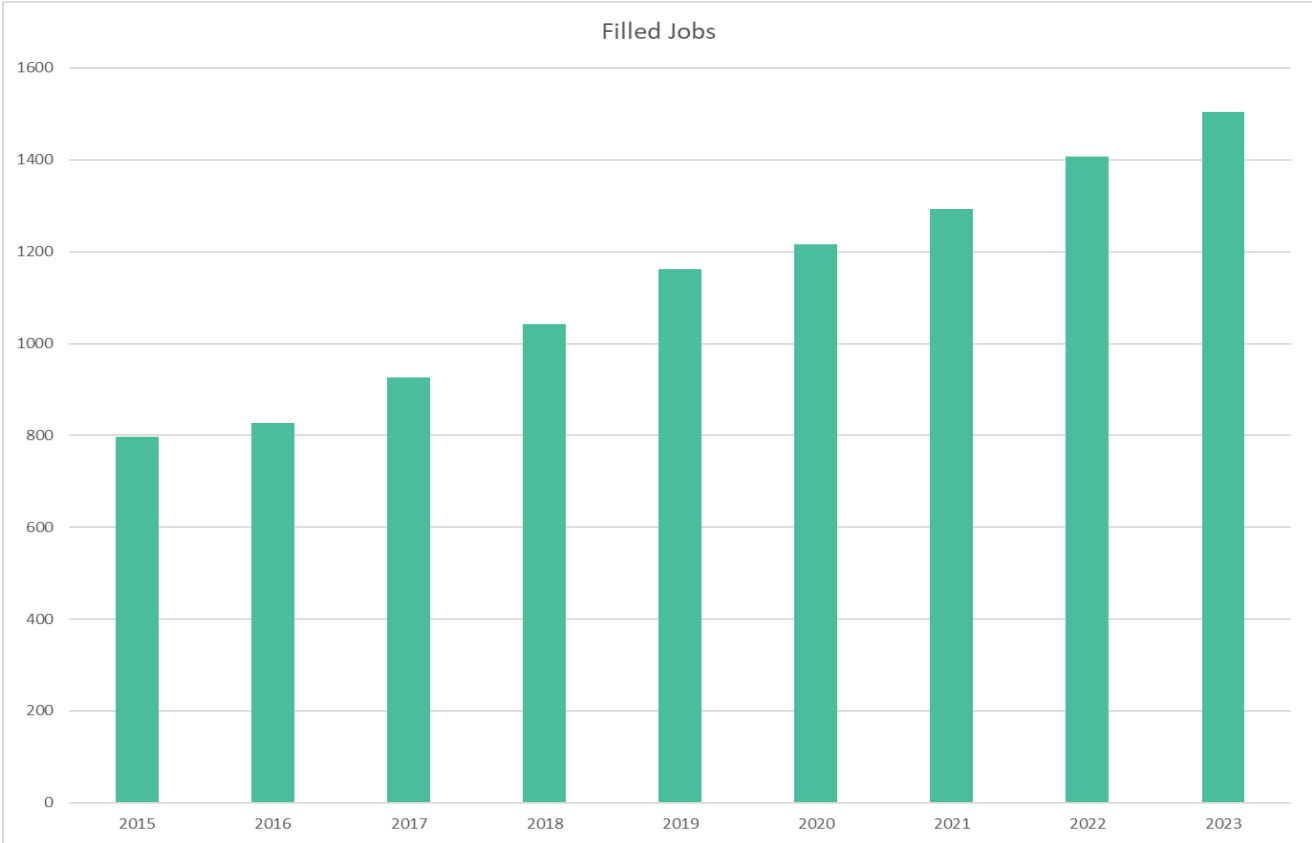


Figure 13: Filled jobs in Construction industry

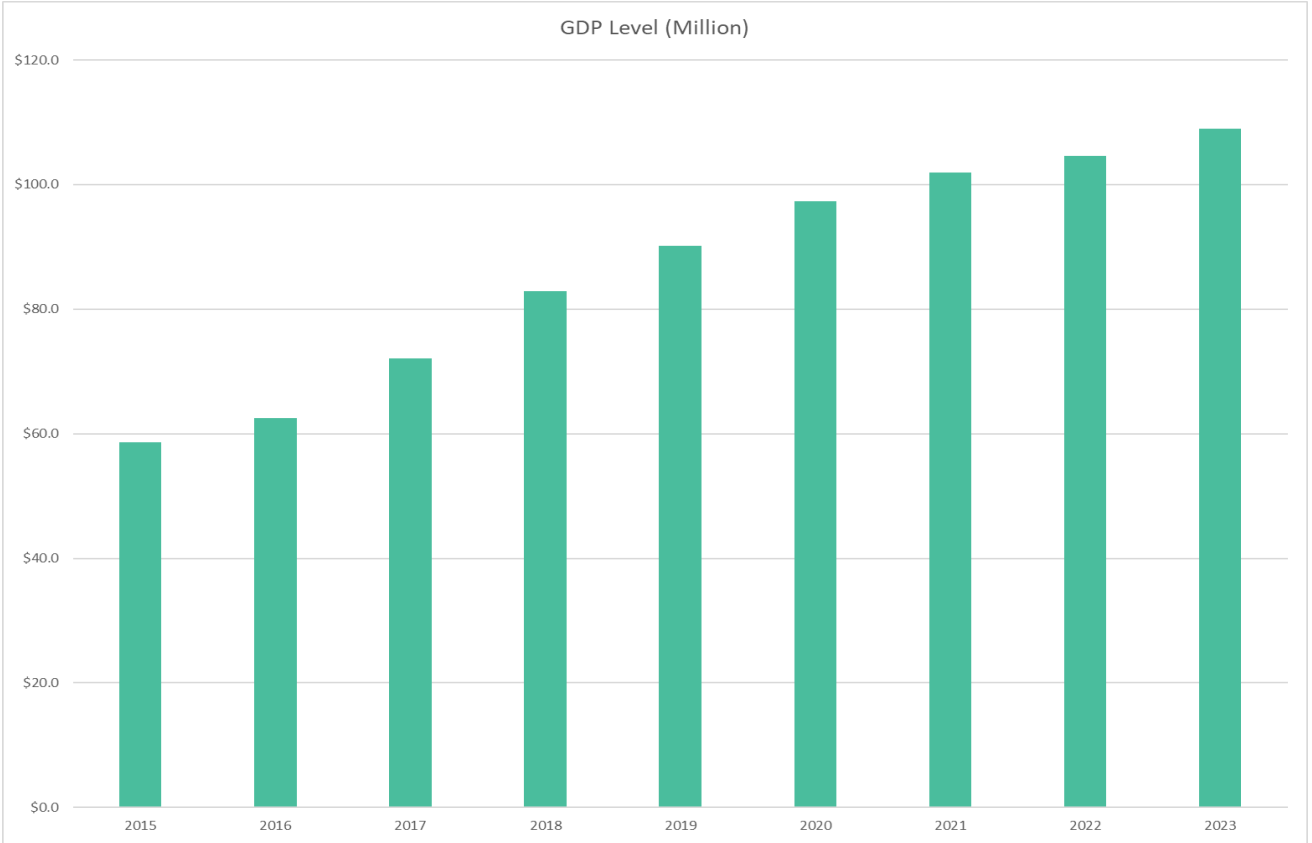


Figure 14: GDP of the construction industry.