



NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

October to December 2024

Contents

July to September Snapshot2
Introduction.....3
Growth Trends4
 Building Consents.....4
 House prices6
 Median Days to Sell.....8
 Houses sold9
 Rental prices 10
 Affordability (for renting and buying) 12
 Housing Register..... 14
 Business 15
 Construction Industry 16

October to December Snapshot

The new dwelling consents continue to be low in this most recent quarter. This is likely due to the cooling down in the construction sector. Overall, the whole of 2024 saw 10 less new dwelling consents than for the whole of 2023, while this is a decline it is not as significant as what was seen in previous years.

House prices have continued to be stable with no significant change seen in this most recent quarter. Between December 2023 and December 2024 the median house prices for the Manawatū District decreased by \$1,618. The median days to sell saw a significant drop down to just less than a month. The number of houses sold increased by over 100.

Rental prices stabilised during 2024. With cost pressures on landlords reducing there is an expectation that rents will continue to see a stabilisation. The average weekly rent for 2024 was only \$2 different than 2023.

Housing affordability data shows that during Dec 2021 at the peak of house prices there was a peak of unaffordability. Unaffordability has since dropped and levelled out. The Manawatū District sits significantly lower than the national rate, meaning that the District is slightly more affordable than nationally. Rental affordability is showing a steady increase in the proportion of household income going towards rent. The proportion sits at above 20% but just below the national rate of 22%.

The housing register has seen a levelling out over the last nine months. For this most recent quarter it is sitting at 96. The majority (56%) require a one-bedroom unit.

The total number of business units has continued to see an increase. Though the rate of increase has since reduced. Between this quarter and the previous quarter there was an increase of six compared to 2023 which saw an increase of 22.

The self-employment rate has continued to see an overall trend of a slight decline from 26.1% to 25.7% over the last year.

While the construction industry has seen an increase in both GDP and employment this rate has significantly reduced compared to the growth seen in 2023. This is consistent with the national trend.

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. 31 new dwellings were consented over the October-December 2024 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, with the most recent quarter staying low, dropping only slightly to 31. 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.

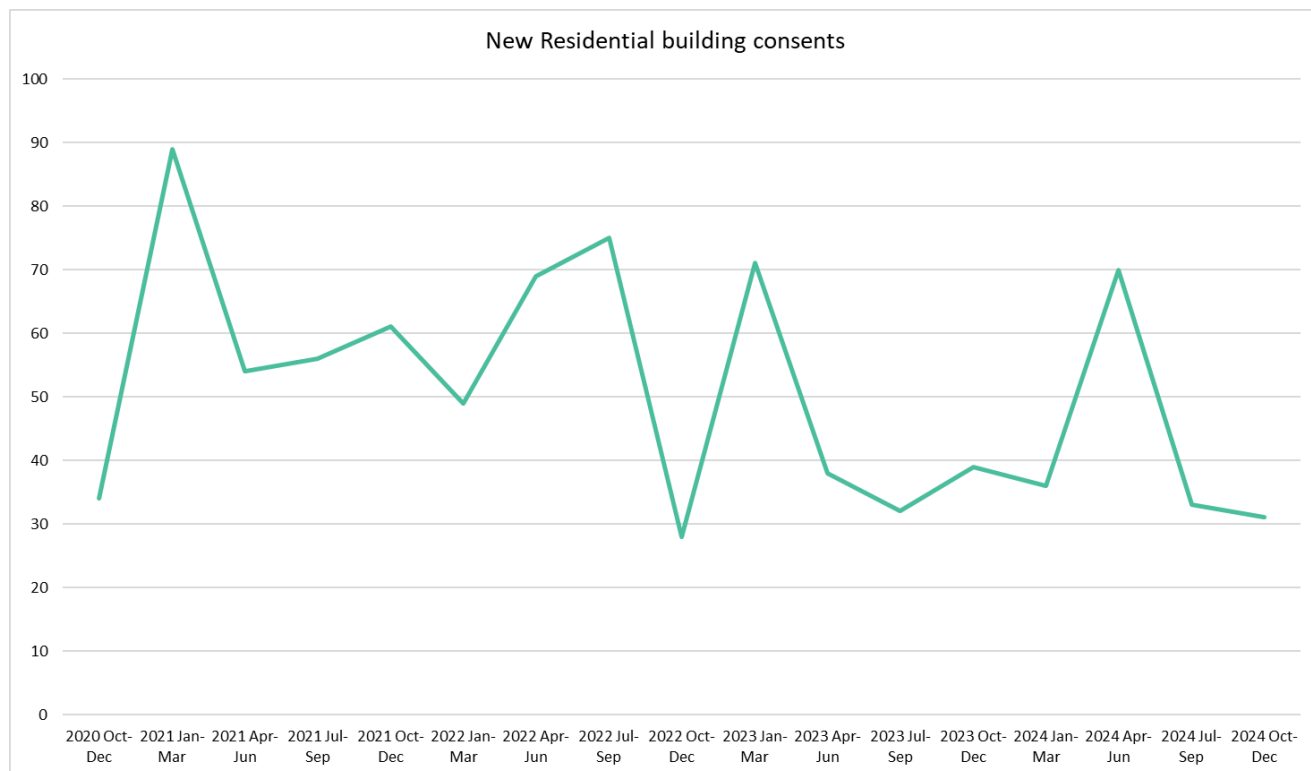


Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

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 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 gradually declined in 2022 and 2023. 2024 sits just slightly below 2023 with around 10 fewer consents issued over the whole year. This pattern follows are similar trends to what appears to have been happening nationwide, where the total of all new dwellings consented has dropped from 37,239 in 2023 to 33,600 in 2024.

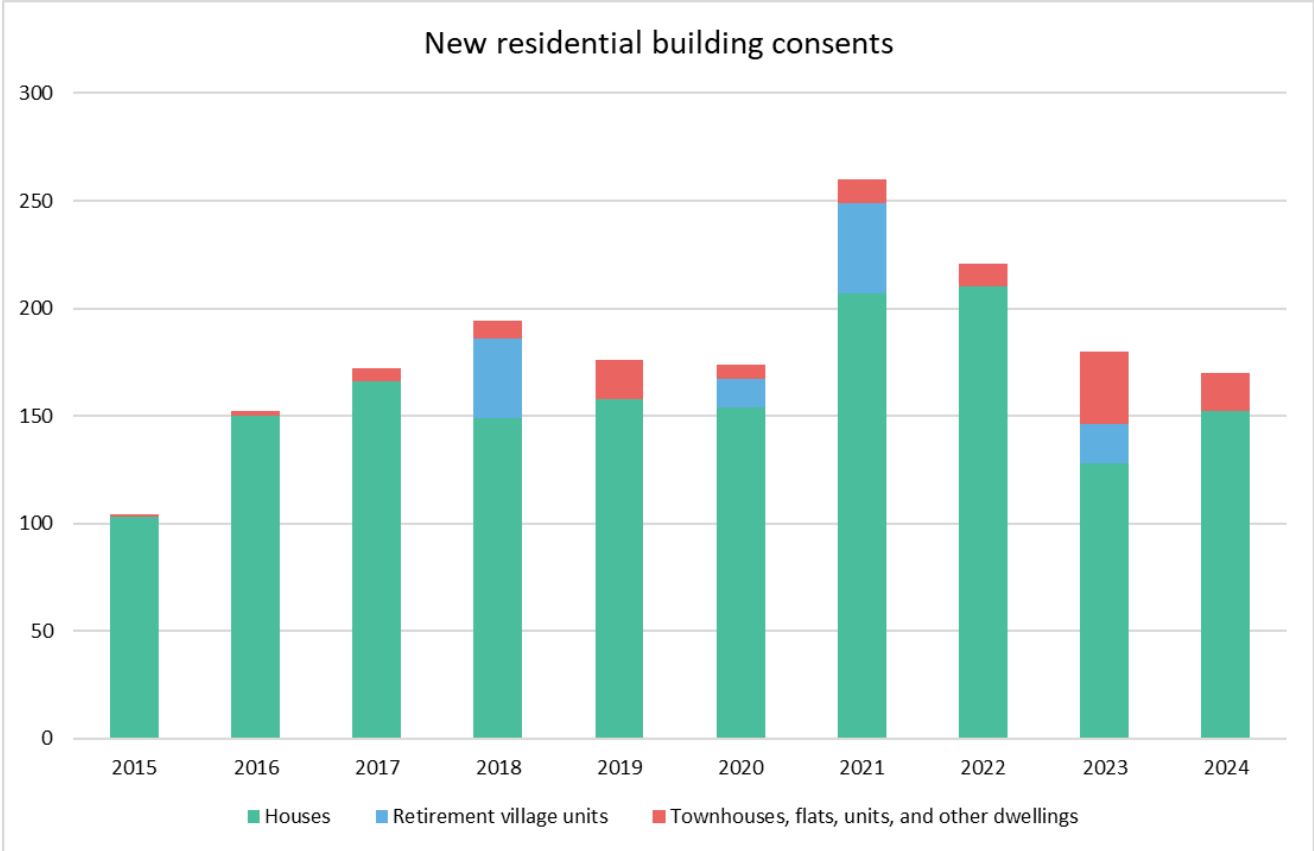


Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data is presented over each quarter. This gives a more accurate representation of the median house prices for 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.

Between the previous quarter and this quarter, the median house price for the Manawatū District as a whole remained the same. The house prices in Feilding saw a slight decrease of about \$9,000 from the previous quarter.

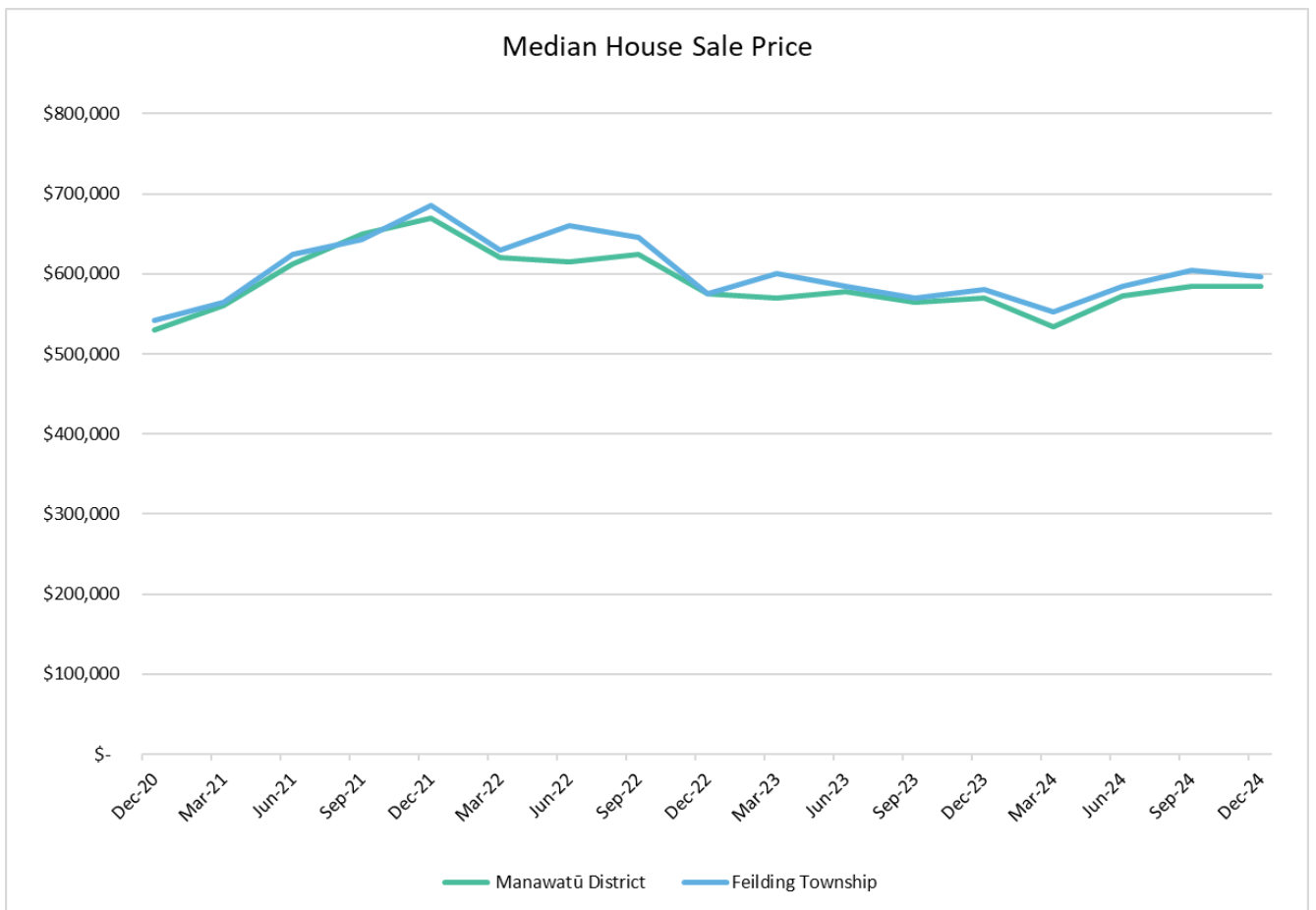


Figure 3: Quarterly median house sale prices (Source: REINZ)

Figure 4 shows the median house price for Feilding and the Manawatū District year- on-year. There has been a steady decline in the median house price from the peak seen in 2021 through to 2023. Between 2023 and 2024 there has been a levelling out.

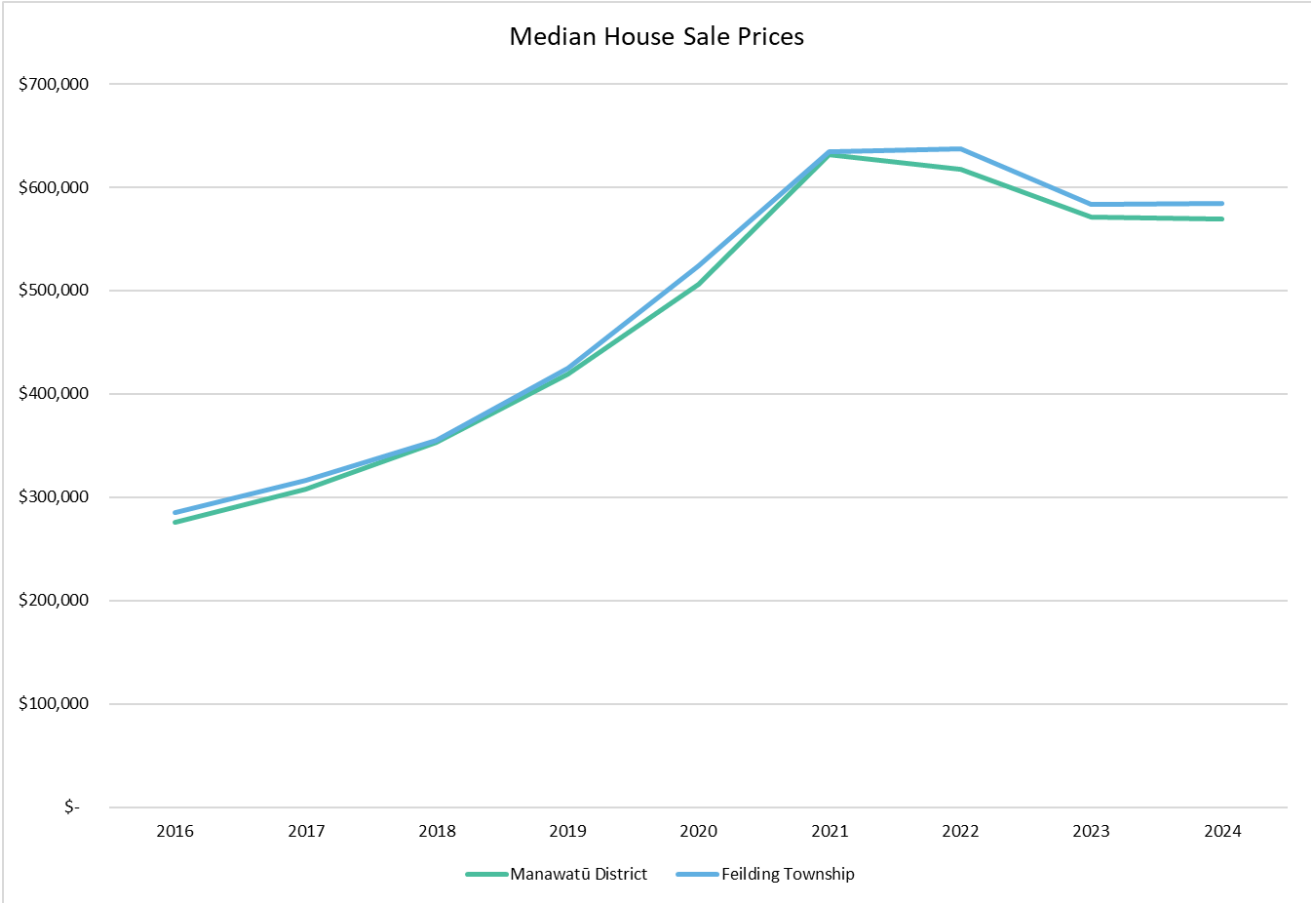


Figure 4: Median house sale price shown yearly (Source: REINZ)

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 29 days for the Manawatū District, with Feilding township also at 29 days. This is a drop compared to the previous quarter’s 46-47 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.

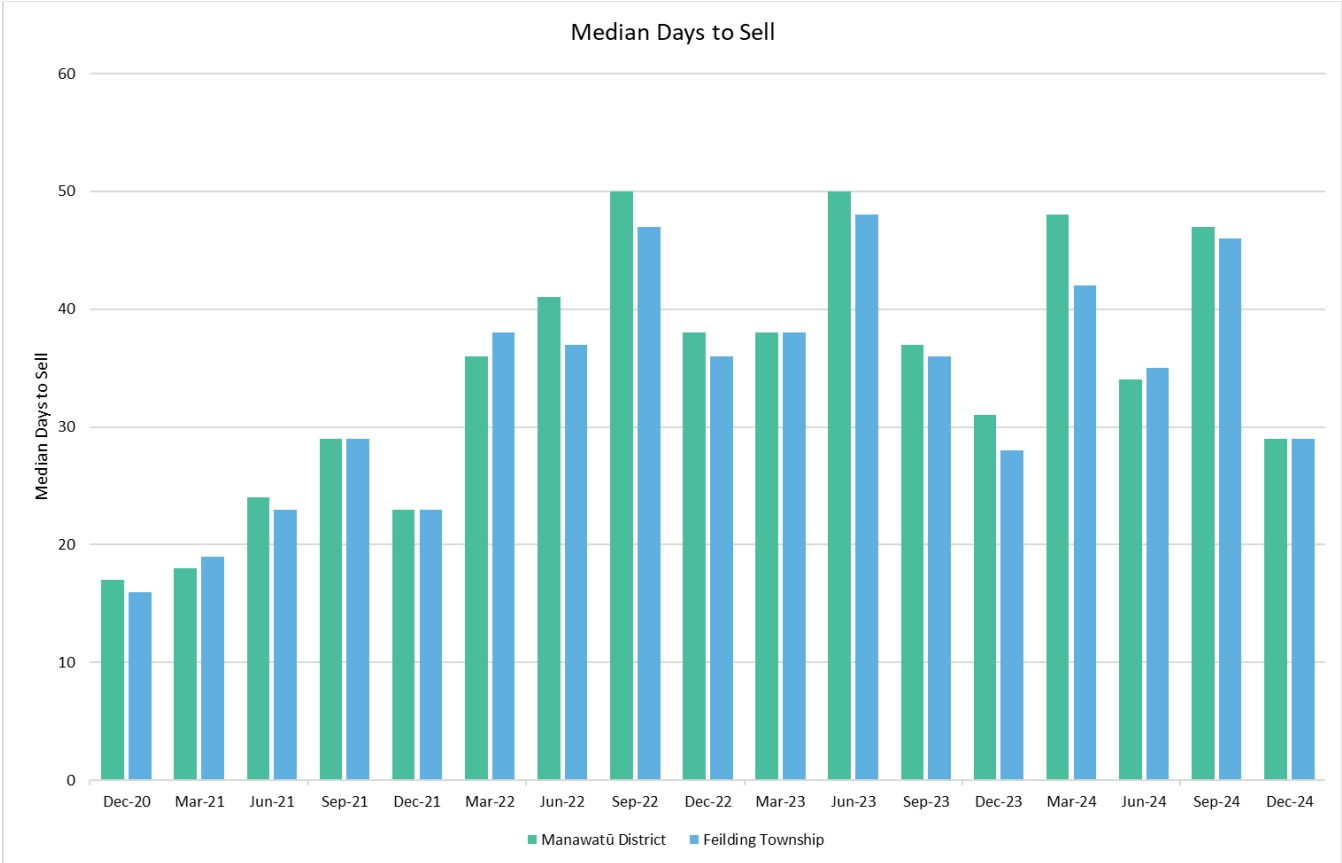


Figure 5: Median days to sell over each quarter (Source: REINZ)

Houses sold

Figure 6 shows the number of houses sold within the Manawatū District per quarter. This most recent quarter has another increase jumping up to 116. The number of sales in 2024 is sitting the highest since Oct-Dec 2021 (when pent up demand was high and interest rates at or near record lows).

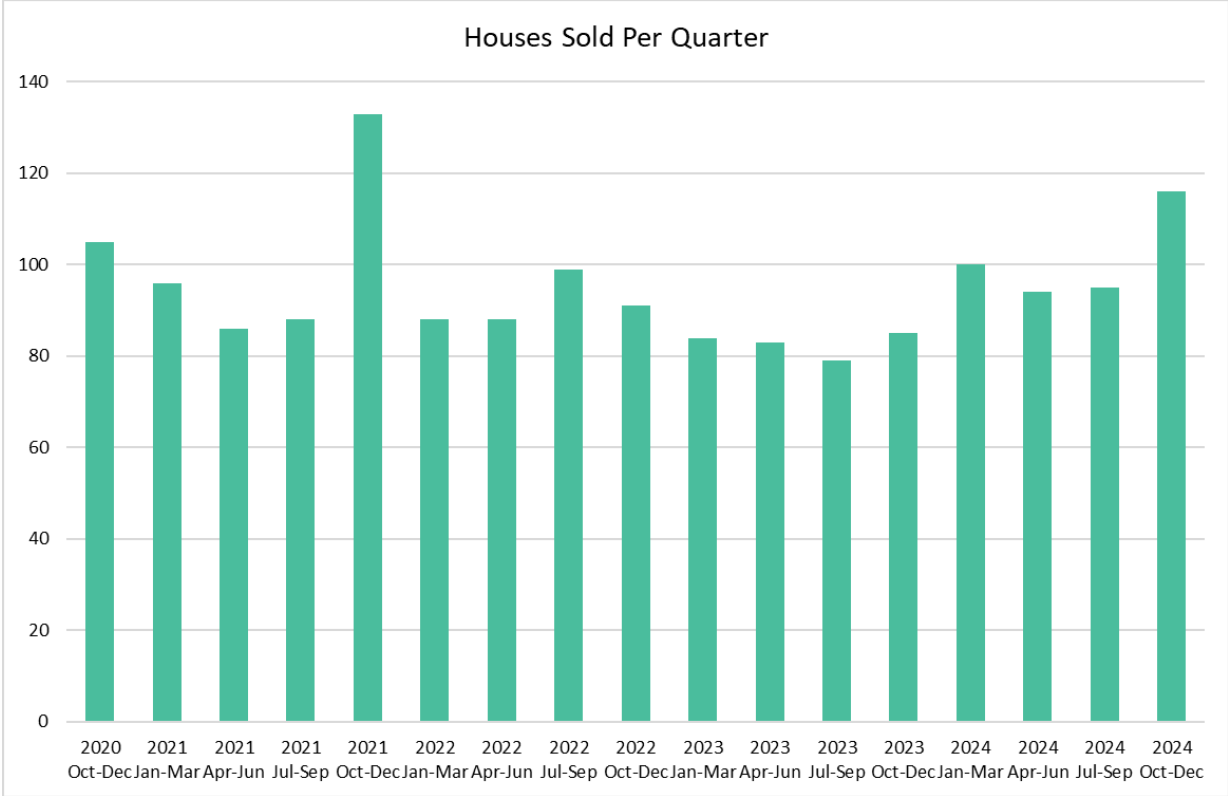


Figure 6: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 7 shows the average weekly rent price for each month. Weekly rent prices continue to see an increase. Since Dec 2023 the rate of increase has seen a slowing down with weekly rent only going up by \$8 in the past year, in this most recent quarter there has been a small decrease of \$4 per week. With less cost pressure on landlords reducing though means such as lowering lending interest rates and the reinstatement of tax deductibility for landlord interest expenses (at 80% as of April 2024), there is potential for the increase in rent prices to continue on this slower increase rate or it may even decrease slightly (all other things being equal).

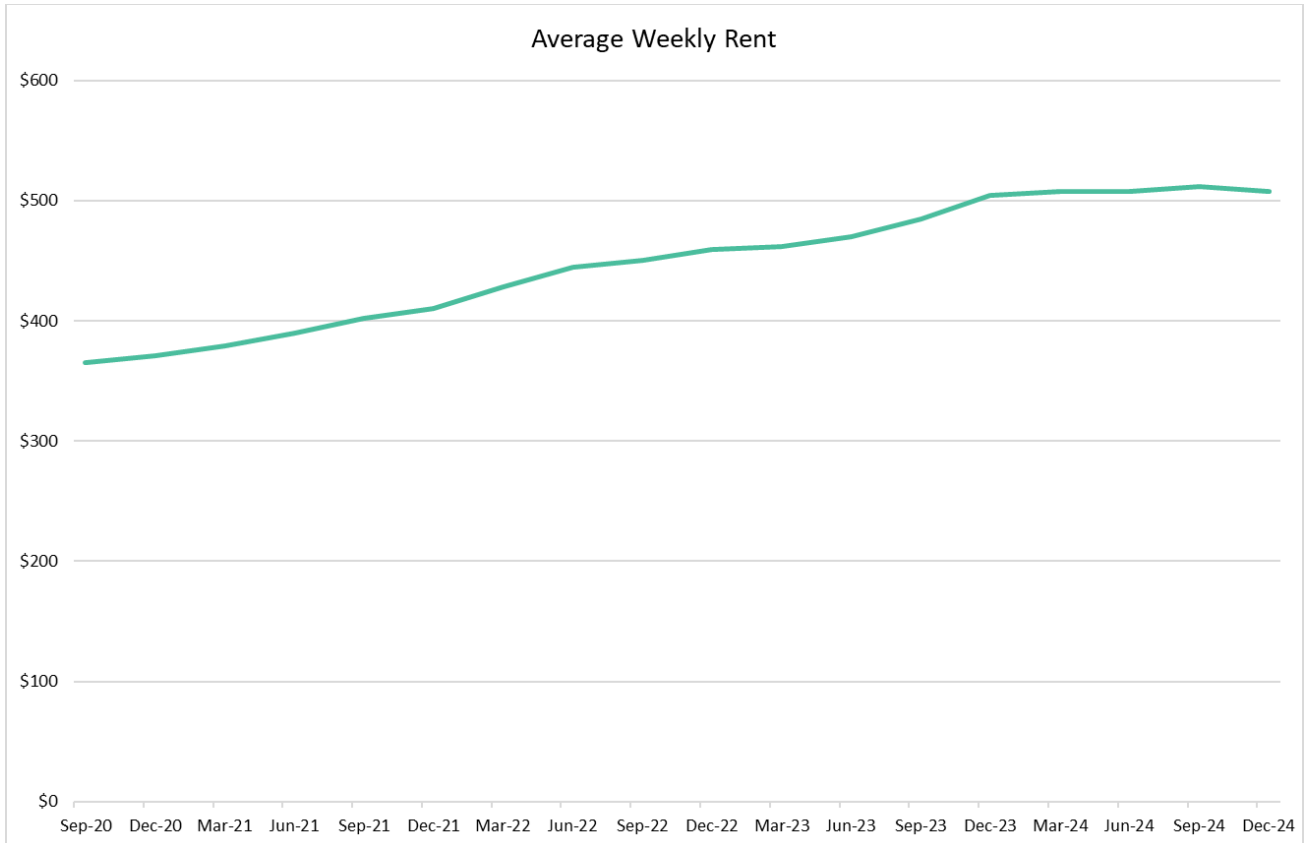


Figure 7: Average rent price shown quarterly (Source: Infometrics)

Figure 8 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.

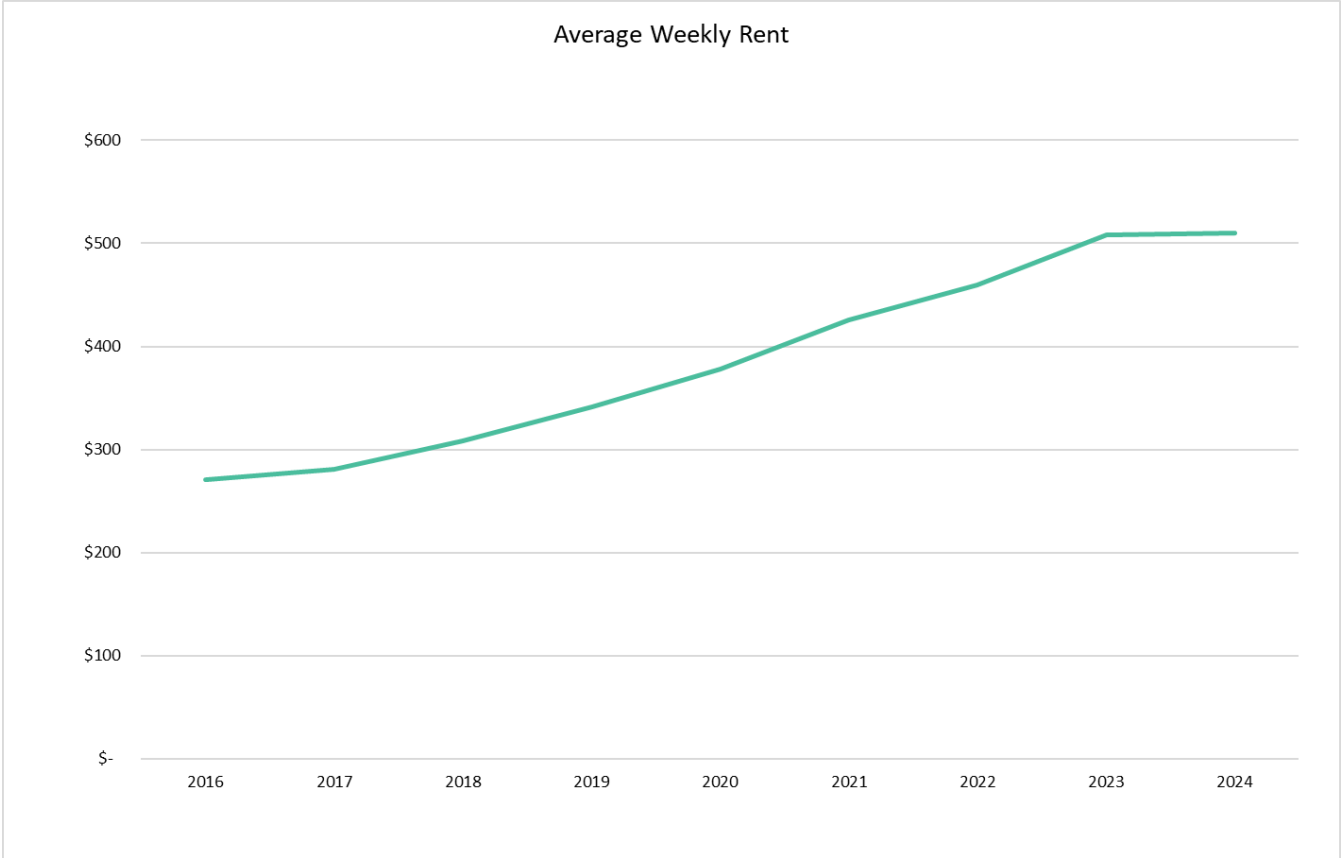


Figure 8: Average rent price shown yearly (Source: Infometrics)

Affordability (for renting and buying)

Figure 9 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 the housing process have become slightly more affordable. The Manawatū sit at 4.5 this is below the New Zealand ratio of 6.7.

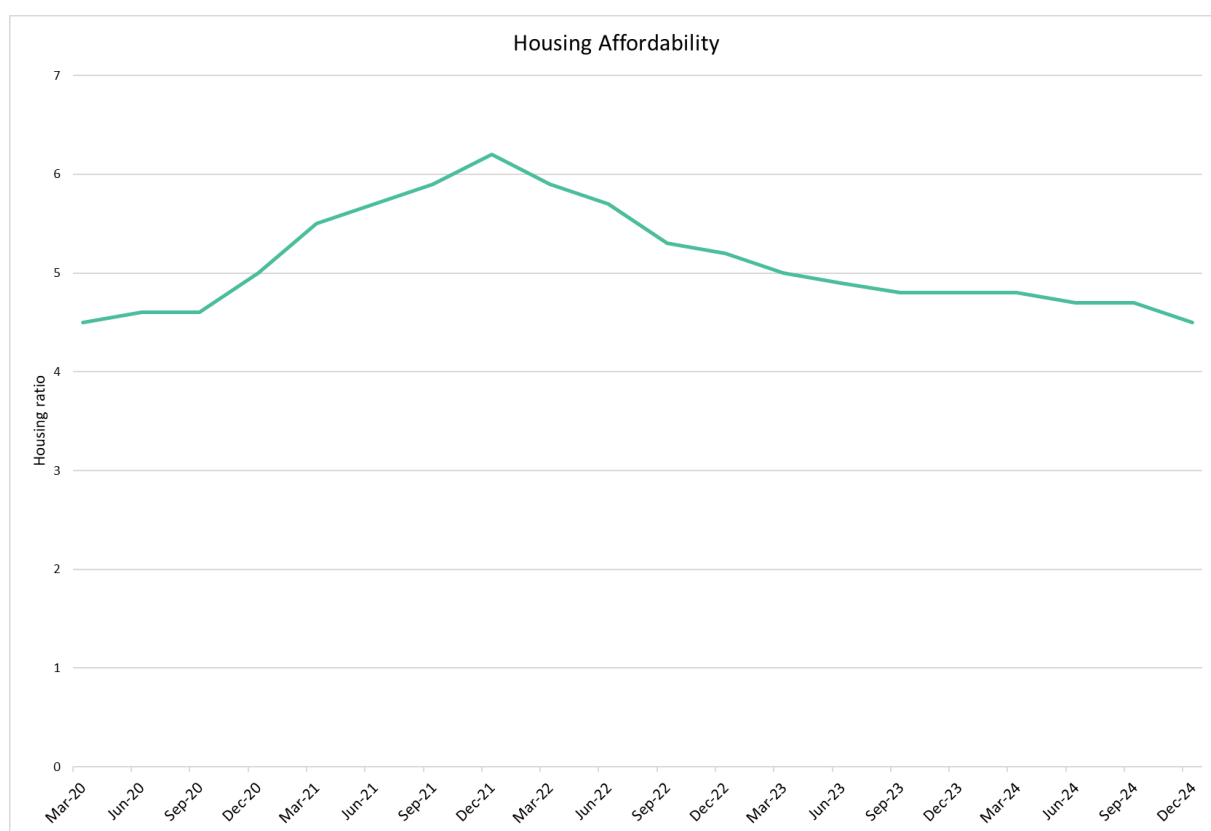


Figure 9: Housing Affordability Ratio (Source: Infometrics)

Figure 10 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.

The percentage of household income spent on rent has steadily been increasing as rental prices increase at a high rate than household incomes. The Manawatū District sits at 21.1% this is marginally below that the national rate of 22.0%.

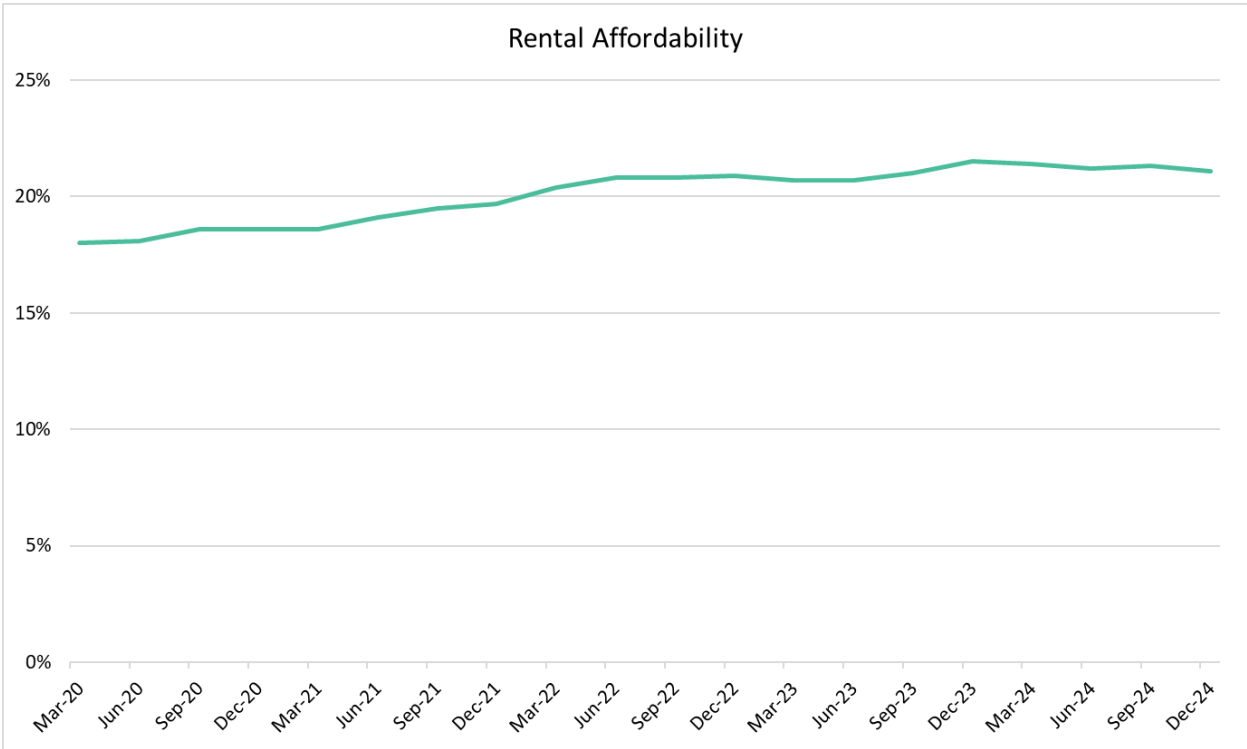


Figure 10: Percentage of annual income going towards rent (Source: Infometrics)

Housing Register

The Manawatū Community Trust (MCT) are housing 210 tenants across 199 units, with a further six units unoccupied (as they are undergoing renovations). There are 175 Kāinga Ora houses in the Manawatū District and 23 transitional housing places. Figure 11 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.

In the past year there has been an increase in 17 homes in Kāinga Ora homes. For the Manawatū the majority of the people on the housing register (56%) require one bedroom accommodation.

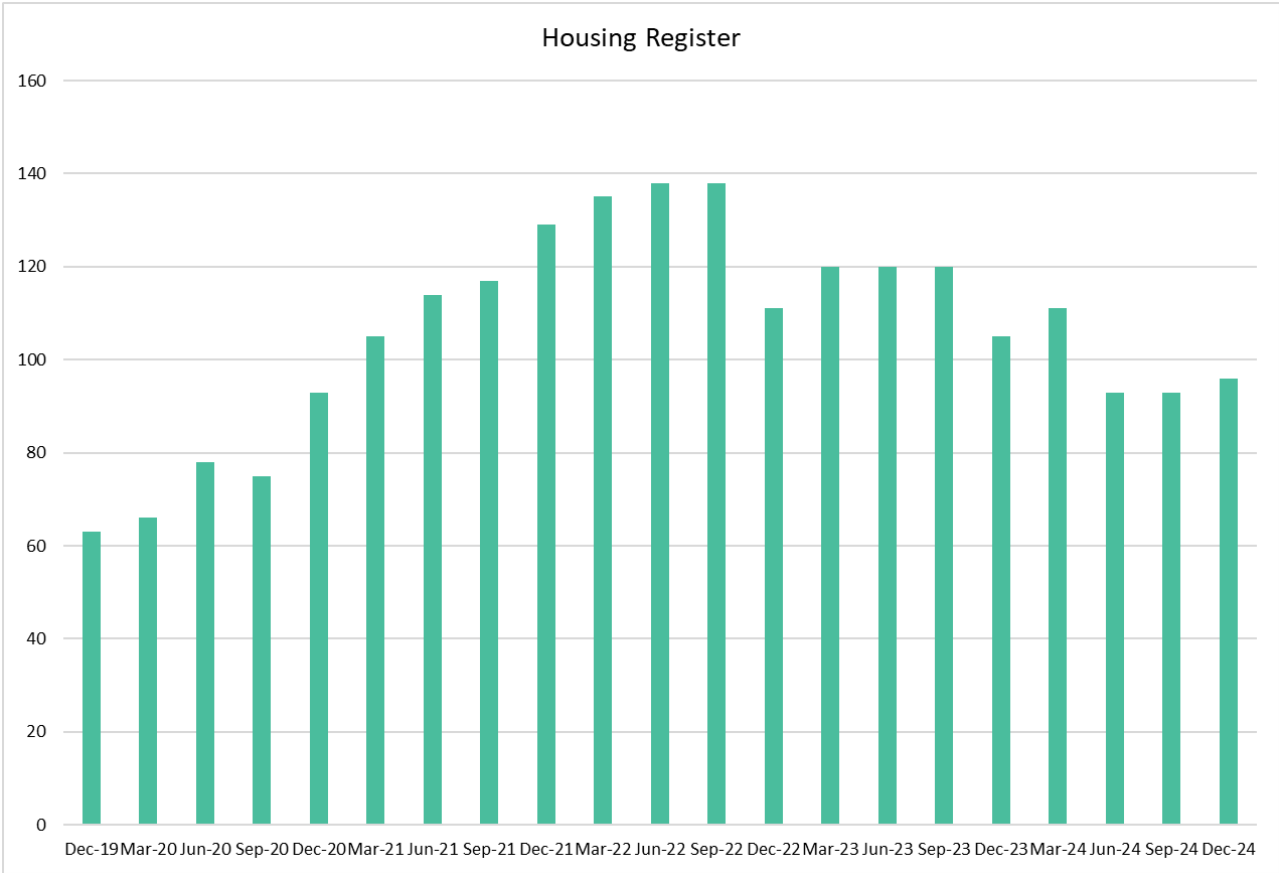


Figure 11: Number of applicants on the Housing Register (Source: Ministry of Social Development)

Business

Figure 12 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., though the rate of increase has reduced since 2023. Between this quarter and the previous quarter there was an increase of six compared to 2023 which saw an increase of 22.

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.”

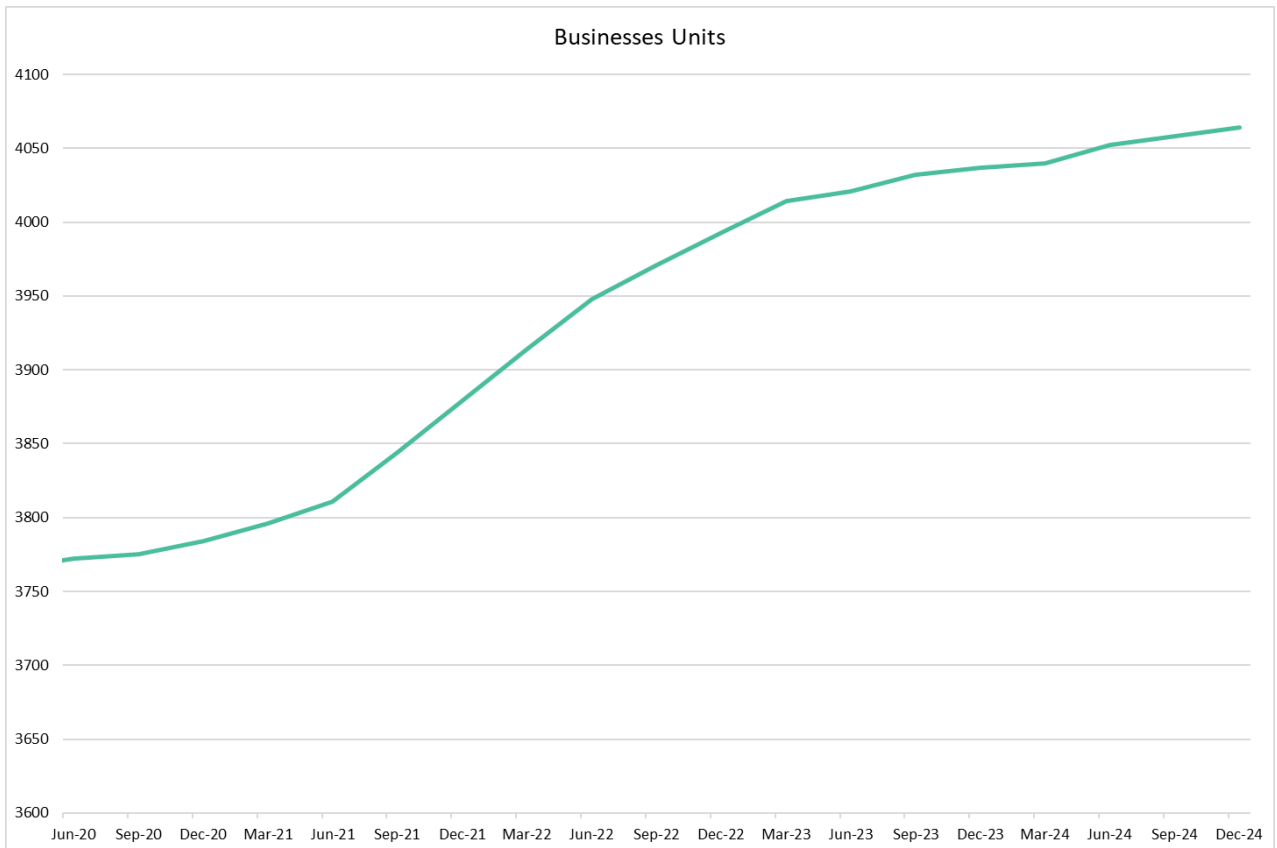


Figure 12: Number of businesses units in the Manawatū (Source: Infometrics)

Figure 13 shows the annual self-employment rate for the Manawatū District. This rate has had minor variations (within range of 2.1%) 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 trend of self-employment are construction services, and sheep, beef cattle and grain farming.

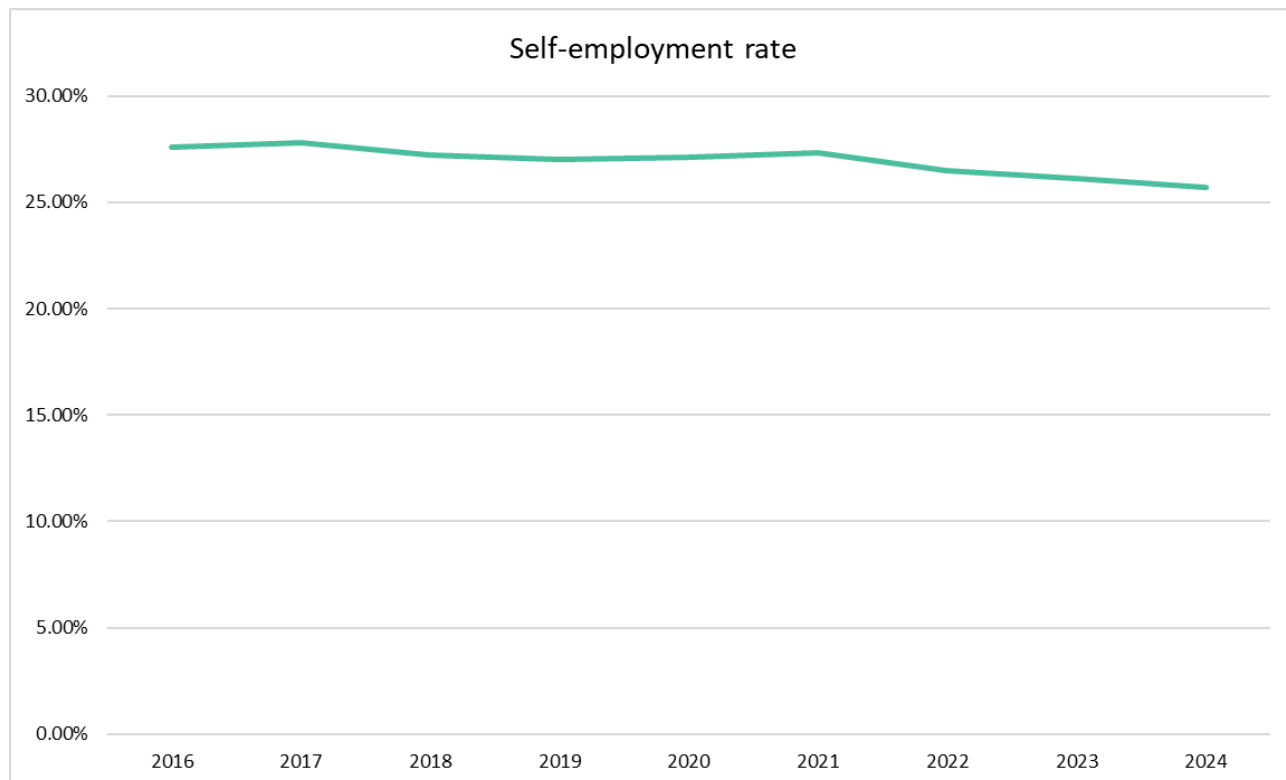


Figure 13: Self-employment rate (Source: Infometrics)

Construction Industry

Figures 14 and 15 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 small growth seen in 2024. While the growth is not as significant as what was seen in 2023 the GDP 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.

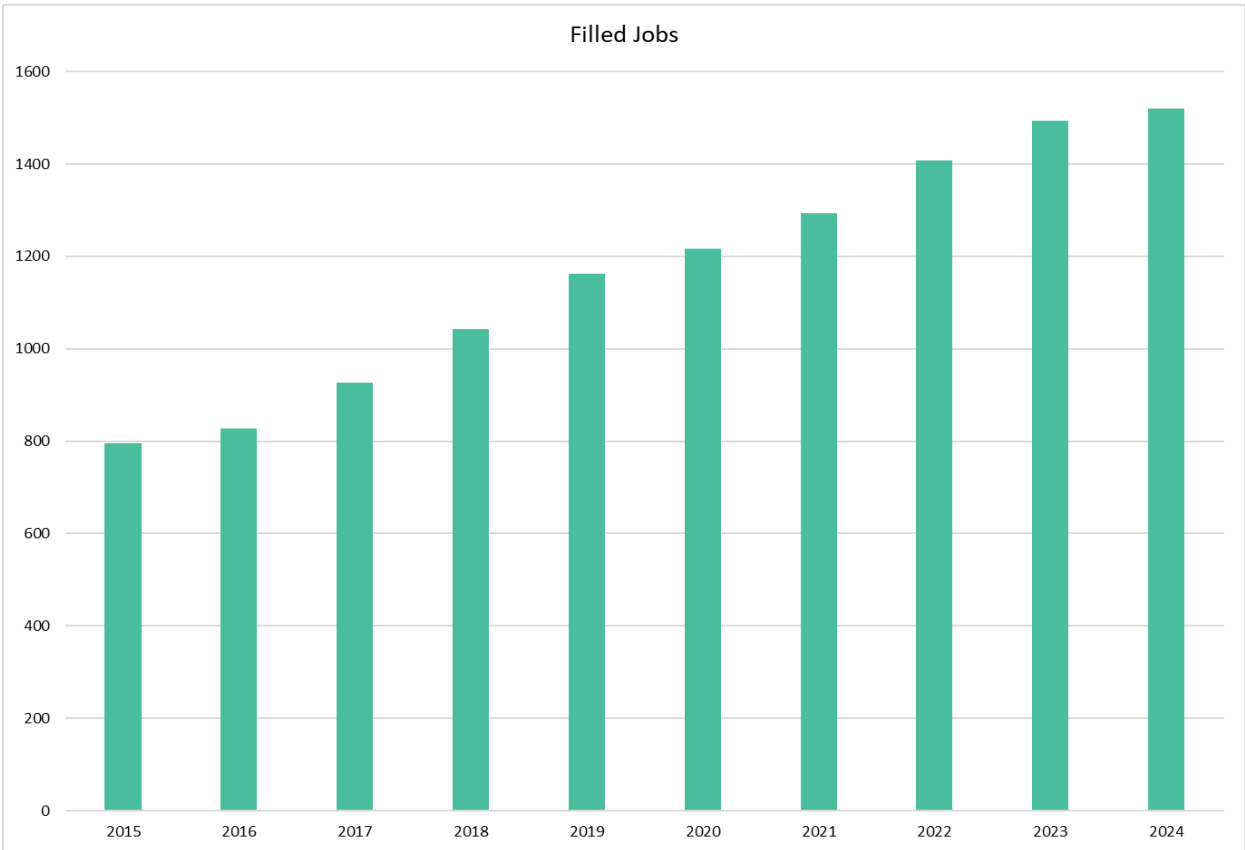


Figure 14: Filled jobs in Construction industry.

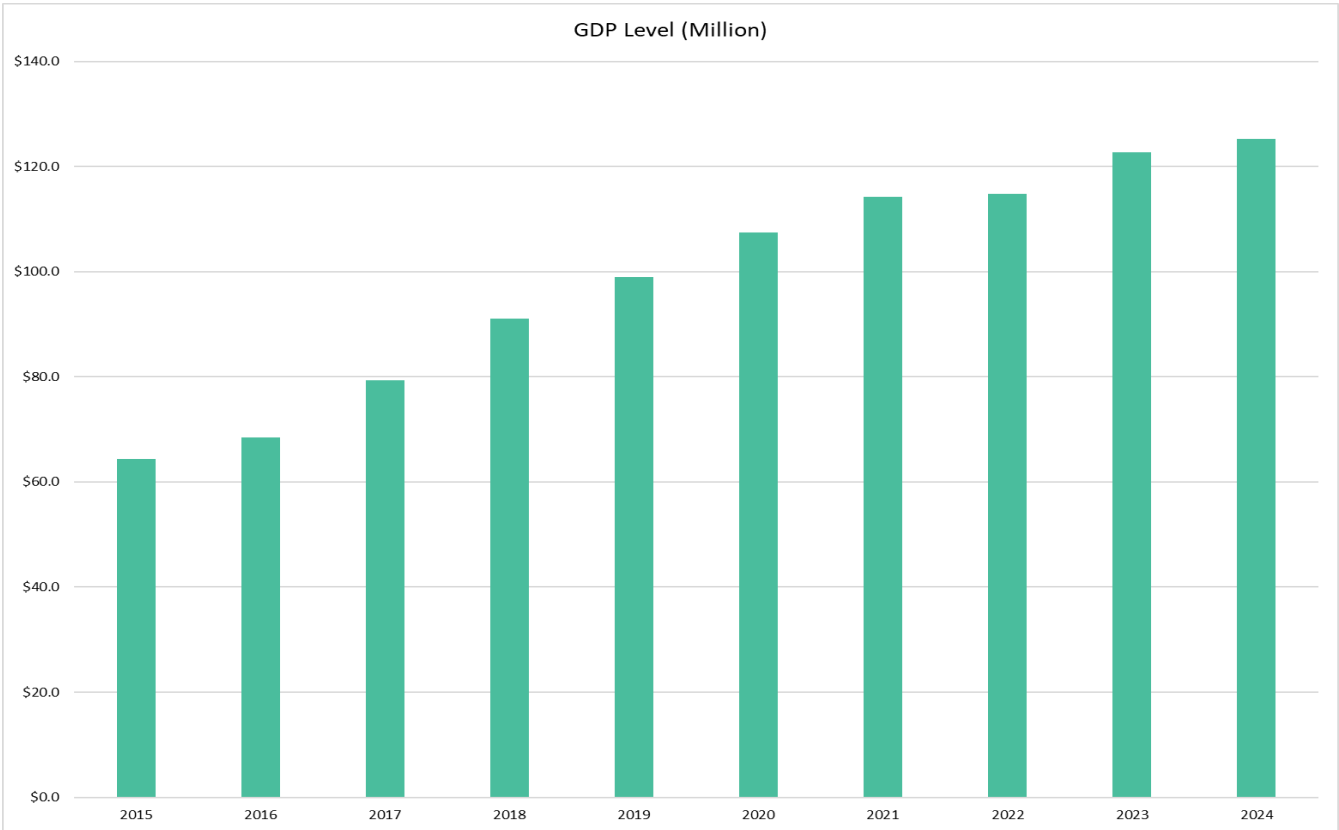


Figure 15: GDP of the construction industry.

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.