



URBAN DEVELOPMENT CAPACITY INDICATORS FOR PALMERSTON NORTH

June 2019 Quarter

He Iti Rā, He Iti Pounamu
Small City Benefits, Big City Ambition



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Background

This report has been produced to meet the quarterly reporting requirements of the National Policy Statement on Urban Development Capacity 2016. These reporting requirements apply to all medium and high growth local authorities with urban area populations of 30,000 or more people.

These quarterly reports are produced to ensure that local authorities are well-informed about demand for housing and business development capacity, urban development activity and outcomes.

Indicators which local authorities are required to monitor on a quarterly basis include:

- a. Prices and rents for housing, residential and business land by location and type; and changes in these prices and rents over time;
- b. The number of resource consents and building consents granted for urban development relative to the growth in population; and
- c. Indicators of housing affordability.

Further information

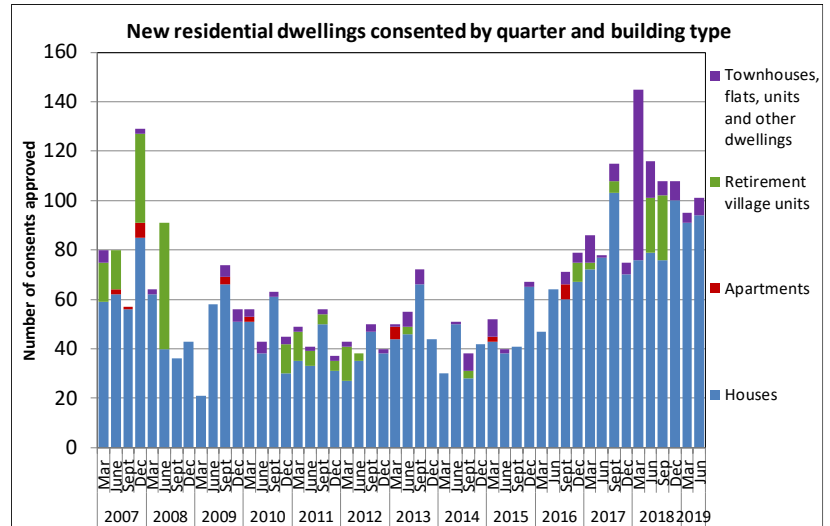
Strategy and Planning Unit
Palmerston North City Council
Private Bag 11034, Palmerston North 4444
Phone: 06 356 8199

Number of new dwellings consented by building type by quarter

Consents for 101 new residential dwellings were issued in the June 2019 quarter, a decline of 13% from the June 2018 quarter (115 fewer dwellings).

The number of new dwellings consented in the June 2018 quarter was boosted by the approval of 22 retirement village units.

(Source: Statistics NZ)

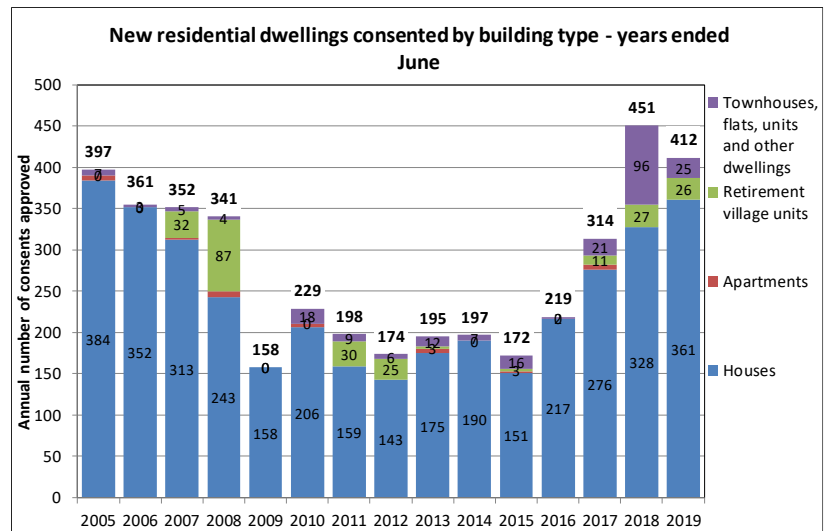


Annual number of new dwelling consents by building type

In the year to June 2019, 412 consents for new residential dwellings were approved in Palmerston North, with a value of \$135 million. This compares to 451 new dwellings in the year to June 2018, decline of 39 dwellings (six percent). There was a three percent increase in the value of consents for new dwellings.

Consents in the year to June 2018 were boosted by the approval of 48 Council housing units at Papaioea Place.

(Source: Statistics NZ)



Private dwelling counts (Census 2006, 2013 and 2018)

Census private dwelling counts show 32,730 dwellings in Palmerston North in March 2018, an increase of 1,014 from March 2013. Changes made to the way unoccupied houses were assessed resulted in a reduction in the number of empty houses between 2013 and 2018, while more houses were recorded as unoccupied because the residents were away.

The number of people counted in the city increased by 4,560 people between 2013 and 2018, suggesting an increase in the number of people per dwelling.

(Source: Statistics NZ)

Private dwelling counts in Palmerston North

Dwellings	2006	2013	2018	2006 - 2013 change	2013 - 2018 change
Total	30,378	31,716	32,730	1,338	1,014
Occupied	28,476	29,700	30,618	1,224	918
Unoccupied:	1,707	1,914	2,016	207	102
Residents away	687	624	1,155	-63	531
Empty	1,020	1,290	861	270	-429
Under construction	195	99	99	-96	0

Dwelling count change by area unit (2013 – 2018)

Census dwelling counts show growth in dwelling numbers across most area units in the city between 2013 and 2018, with just five of the 40 area units for the city experiencing a decline. Most of the areas experiencing decline had a decline in the number of Housing New Zealand houses.

Average annual growth in the number of dwellings in the city was 191 between 2006 and 2013 and 203 between 2013 and 2018.

Dwelling growth in the main urban area has been stable, accounting for 80 % of dwelling growth in the city.

There have been changes in where infill housing development is occurring in the city, with the Palmerston North Hospital, Ruahine and Maraetara experiencing the highest growth rates between 2013 and 2018. Between 2006 and 2013 Terrace End, Hokowhitu East and Papaioea South experienced the highest infill growth.

Census 2018 data shows an increase in housing stock in the Linton Camp area unit but most of the increase is due to the correction of data for 2013, which showed a loss of 66 dwellings between 2006 and 2013.

Data has not yet been published for the rural settlements of Bunnythorpe and Longburn.

(Source: Statistics NZ)

Change in dwellings by area unit between 2013 and 2018

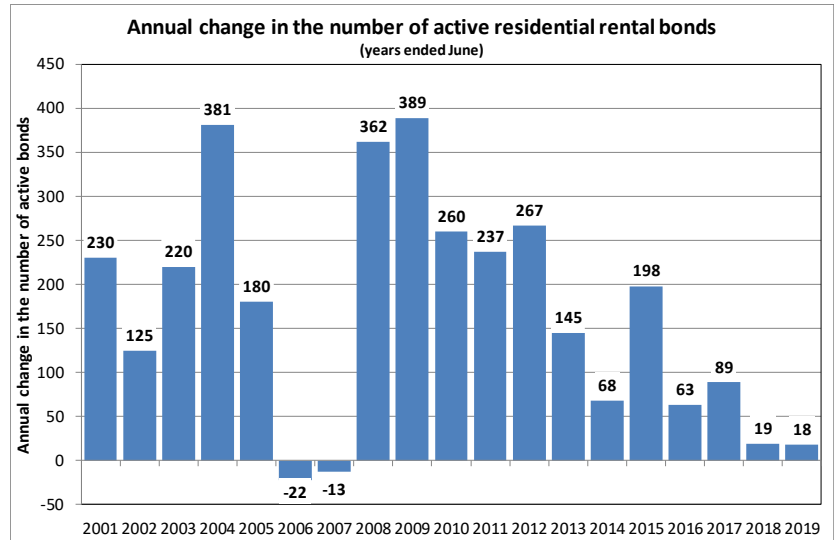
Area unit	2013	2018	2013 - 2018 change	
			Number	%
Linton Camp	327	405	78	23.9%
Poutoa	1,026	1,182	156	15.2%
Royal Oak	702	807	105	15.0%
Whakarongo	537	615	78	14.5%
Aokautere Rural	234	261	27	11.5%
Aokautere	231	249	18	7.8%
Ashhurst	1,050	1,113	63	6.0%
Park West	825	870	45	5.5%
Palmerston North Airport	117	123	6	5.1%
Palmerston North Hospital	1,005	1,056	51	5.1%
Ruahine	663	696	33	5.0%
Maraetarata	531	555	24	4.5%
Kelvin Grove North	741	774	33	4.5%
Takaro South	960	993	33	3.4%
Milson South	1,125	1,161	36	3.2%
Newbury	699	720	21	3.0%
Papaioea North	1,122	1,155	33	2.9%
Ruamahanga	1,014	1,041	27	2.7%
Roslyn	933	957	24	2.6%
Hokowhitu Central	960	984	24	2.5%
West End	1,209	1,239	30	2.5%
Pihauatua	444	453	9	2.0%
Milson North	942	960	18	1.9%
Takaro North	1,317	1,341	24	1.8%
Terrace End	1,344	1,365	21	1.6%
Awapuni South	1,257	1,269	12	1.0%
Milverton	726	732	6	0.8%
Hokowhitu East	1,224	1,233	9	0.7%
Palmerston North Central	483	486	3	0.6%
Westbrook	1,080	1,086	6	0.6%
Cloverlea	756	759	3	0.4%
Kelvin Grove West	936	939	3	0.3%
Esplanade	834	834	0	0.0%
Pioneer West	96	96	0	0.0%
Tremaine	162	162	0	0.0%
Highbury East	1,008	1,002	-6	-0.6%
Papaioea South	963	957	-6	-0.6%
Hokowhitu South	756	750	-6	-0.8%
Awapuni North	1,335	1,323	-12	-0.9%
Turitea	42	27	-15	-35.7%
Palmerston North City	31,716	32,730	1,014	3.2%

Annual change in the supply of private rental housing

There were 18 more active residential rental bonds in Palmerston North registered by the Ministry of Business, Innovation and Employment (MBIE) at the end of June 2019 compared with June 2018.

Annual growth in the number of residential rental properties in the City has slowed since peaking at 389 in the year to June 2009.

(Source: MHUD)

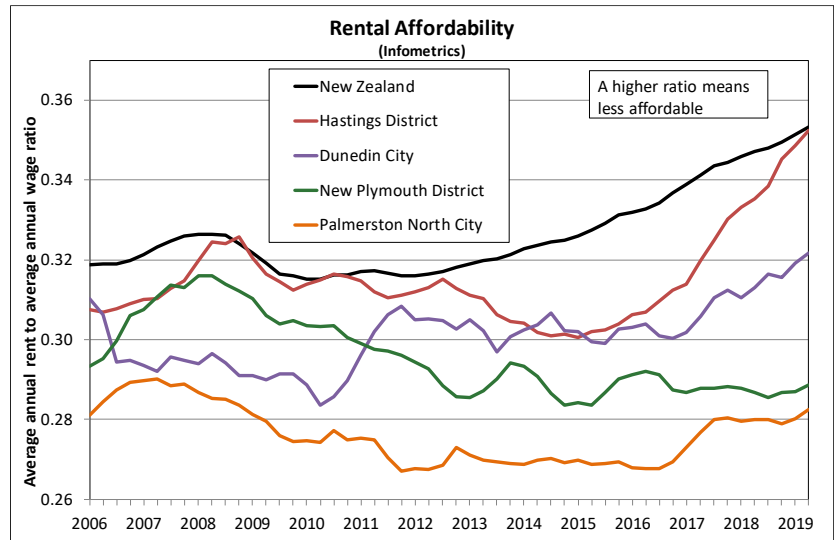


Rental affordability

Rental affordability in Palmerston North deteriorated slightly between June 2018 and June 2019.

Average rents increased from 28.0% of average annual salaries and wages in June 2018 to 28.3% in June 2019. The affordability score for New Zealand was 35.3% in June 2019.

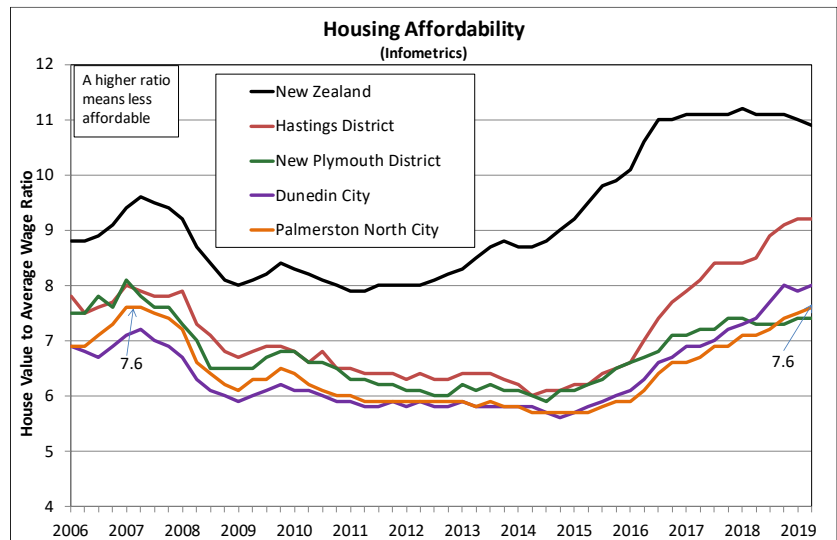
(Source: Infometrics)



Housing affordability

Housing affordability in Palmerston North deteriorated between June 2018 and June 2019. Average house values increased from 7.1 times average annual salaries and wages in June 2018 to 7.6 in June 2019. The affordability score for New Zealand was 10.9.

(Source: Infometrics)

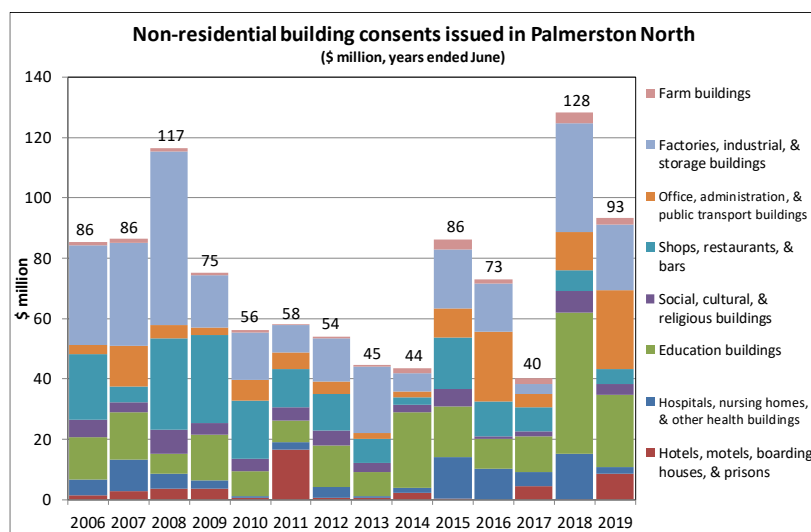


Value of non-residential consents issued by type

The value of non-residential consents issued in the year ended June 2019 was \$93 million, a decline of 27% from 2018.

The largest contributors to consents in the first half of 2018 were Food HQ, BUPA retirement village (apartments and care service building) and Toyota warehouse expansion and strengthening.

(Source: Statistics NZ)

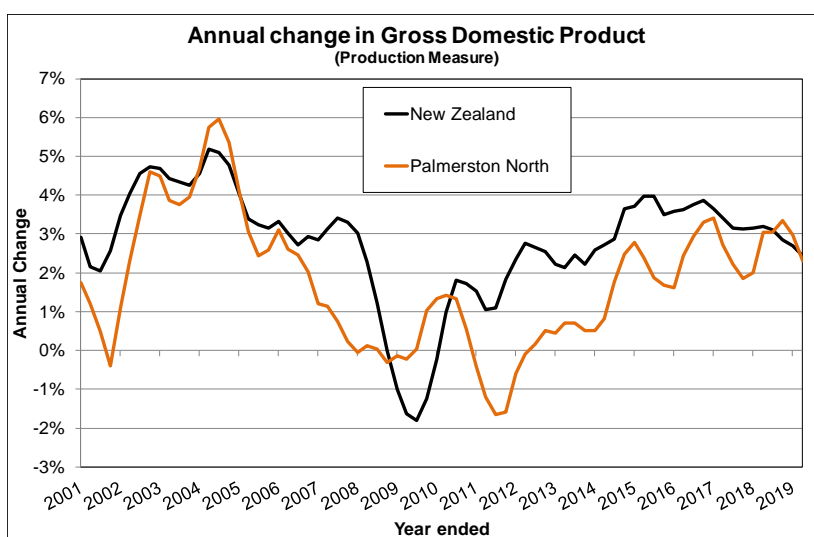


GDP growth

Infometrics GDP estimates suggest Palmerston North GDP growth over the 12 months ended June 2019 was 2.3 %.

GDP growth is expected to strengthen over the remainder of 2019 and in 2020 as work begins on major construction projects in the City and region.

(Source: Infometrics)



Major construction projects

Major development and construction projects announced for Palmerston North and the Manawatū region amount to more than \$3.0 - \$3.5 billion of construction activity over the period to 2030.

Some projects under development do not have final values for the project, such as the construction of the KiwiRail freight hub and MidCentral investment plan.

(Source: Palmerston North City Council)

Development	\$ million	Timing
Manawatū Gorge	650	start 2020
Linton and Ohakea regeneration plan	397	2018 - 2030
Mercury Energy - Turitea	256	start August 2019
Massey University capital plan	184	2016 - 2025
Powerco growth and security projects	150	2017 - 2024
Hokowhitu campus redevelopment	90 - 135	start 2019
P-8A Poseidon aircraft - infrastructure	300	finish by 2022
NZTA regional roading investment	cost and timing to be confirmed	
BUPA retirement village	40	started 2017
KiwiRail regional freight hub	cost and timing to be confirmed	
MidCentral DHB investment plan	282	timing uncertain
PNCC urban growth capital projects	48	2018 - 2028
PNCC city centre streetscape upgrade	29	2018 - 2028
Arena Master Plan	25	2018 - 2028