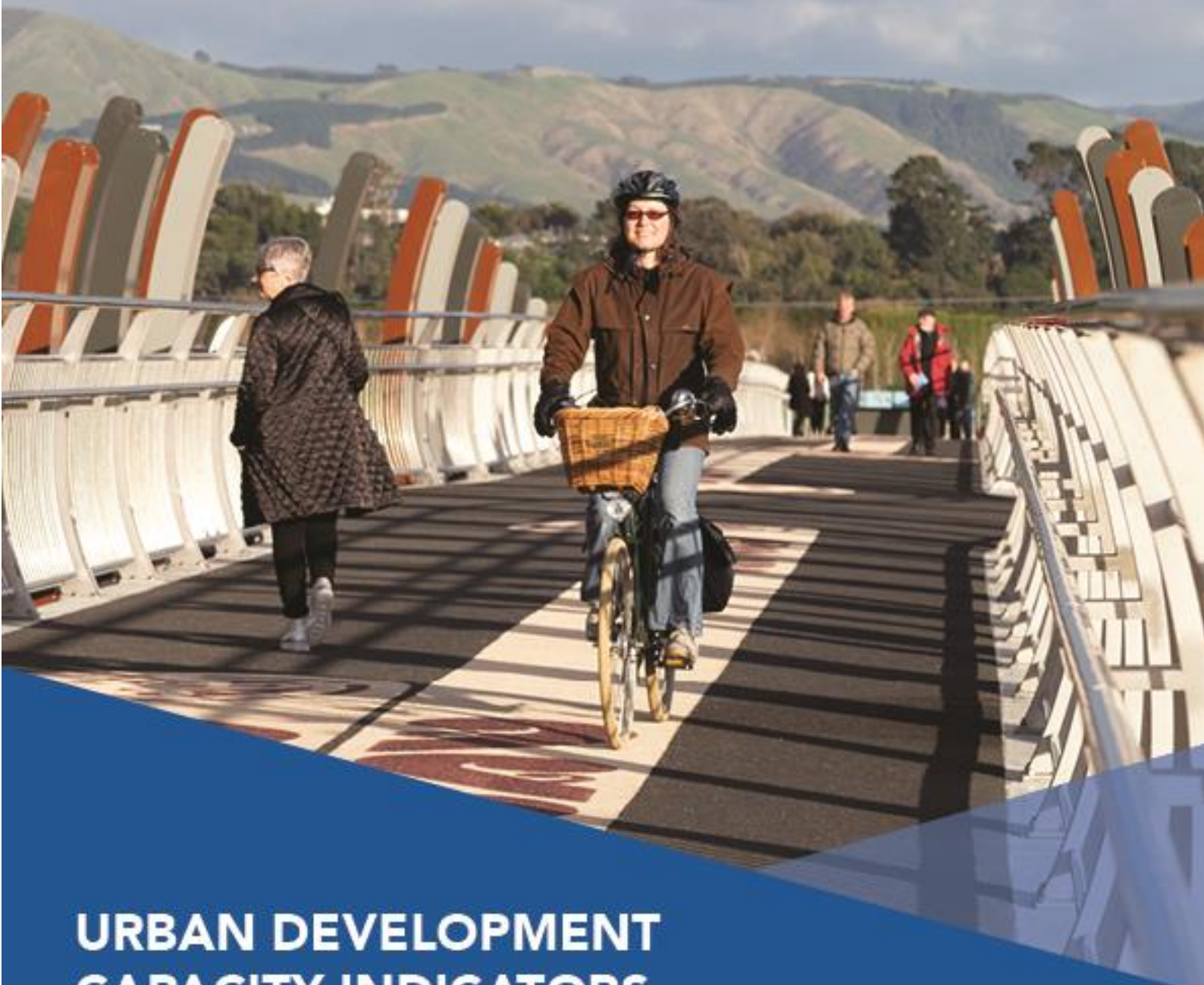


**SMALL CITY BENEFITS  
BIG CITY AMBITION**



# **URBAN DEVELOPMENT CAPACITY INDICATORS FOR PALMERSTON NORTH**

March 2019 Quarter



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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**

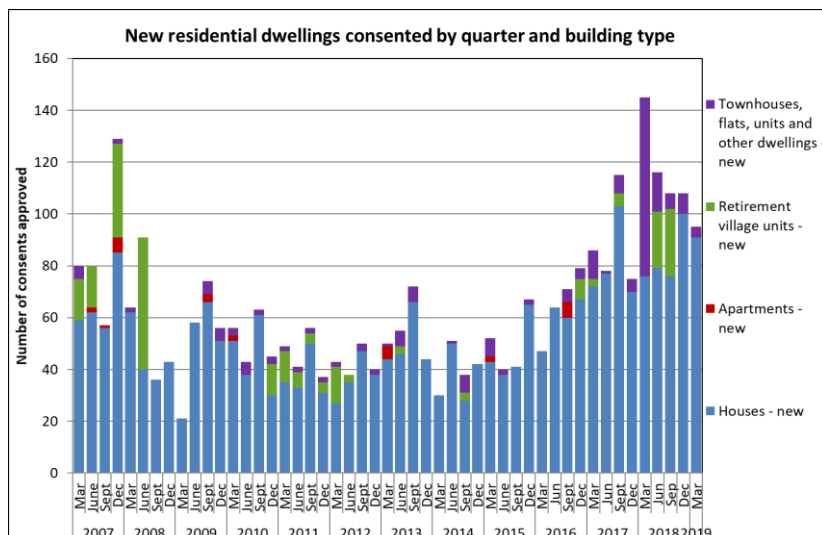
Strategy and Planning Unit  
Palmerston North City Council  
Private Bag 11034, Palmerston North 4444  
Phone: 06 356 8199

## Number of new dwellings consented by type and value

Consents for 95 new residential dwellings were issued in the March 2019 quarter, a decline of 34 percent from the March 2018 quarter.

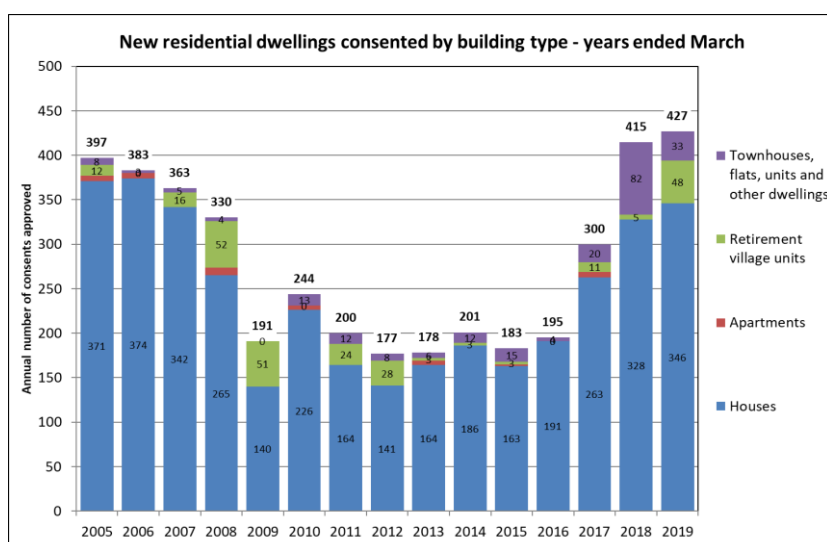
The March 2018 quarter was the highest March total recorded in the consents series, which began in 1990. There were 48 City Council housing units and 11 Housing New Zealand units approved during the March 2018 quarter.

(Source: Statistics NZ)



In the year to March 2019, 427 consents for new residential dwellings (houses, apartments, townhouses and units in retirement villages), valued at \$142 million were approved for construction in Palmerston North. This compares to 415 new dwellings in the year to March 2018, an increase of 12 dwellings (3 percent). The value of new dwellings approved increased by 20 percent due to the increased number of stand-alone houses consented.

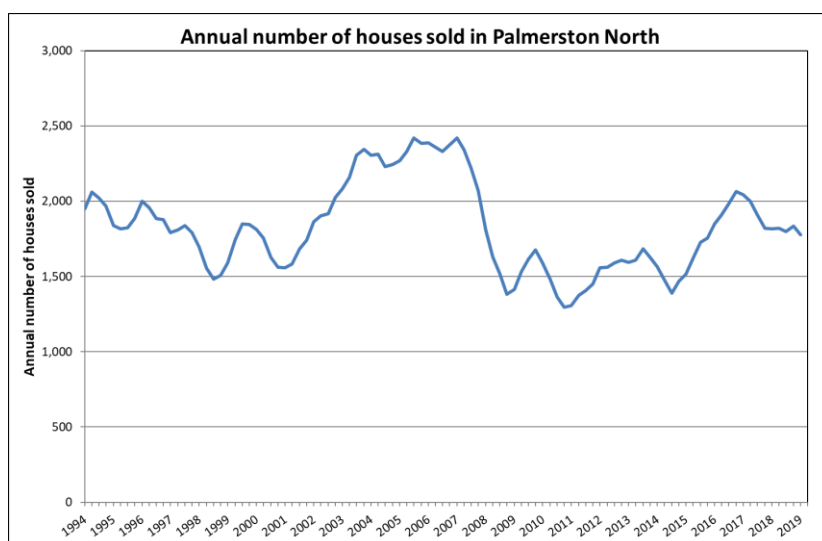
(Source: Statistics NZ)



## Annual number of houses sold

There was a 2 percent decline in the number of houses sold in Palmerston North in the year ended March 2019 compared with the previous year. Loan-to-value restrictions were introduced on 1 September 2016 for home owners and on 1 October 2016 for investors, resulting in a decline in the number of new loans approved by banks. There was a slight easing to the restrictions at the beginning of 2018 and a further easing at the beginning of 2019.

(Source: MBIE)

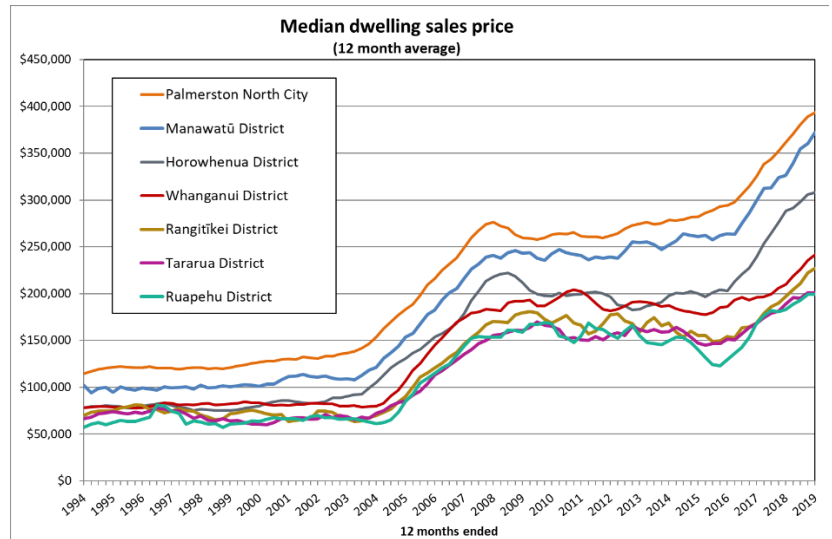


## Dwelling sales price

The median house sales price in Palmerston North was \$394,000 in the 12 months ended March 2019, an increase of 8.8 percent (\$32,000) from the previous year.

The strongest increase in median house sales prices in the region was in Rangitikei, where prices increased by 15.2 percent, while the weakest increase was in Tararua, where the increase was 6.4 percent.

(Source: MBIE)

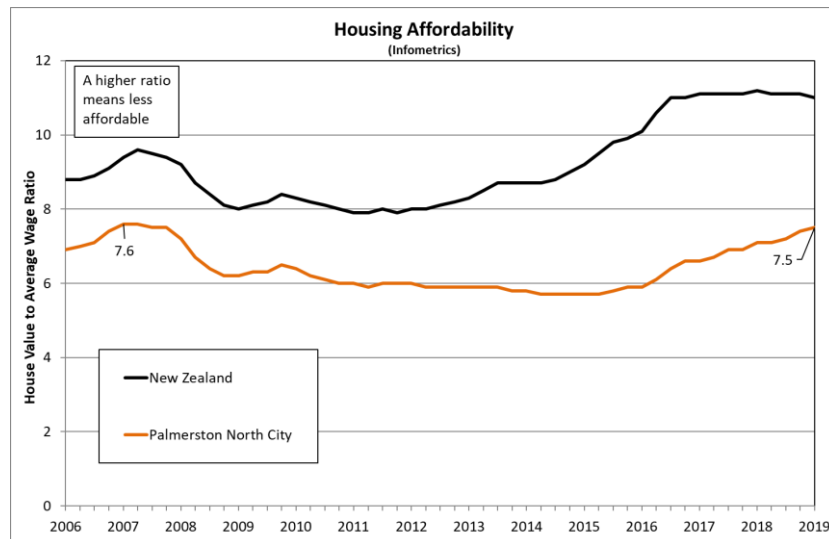


## Housing affordability (buy)

Housing affordability in Palmerston North deteriorated between March 2017 and March 2018. Average house values in the city increased from 7.1 times average annual salaries in the year to March 2018 to 7.5 times in the year to March 2019.

The affordability ratio for New Zealand improved from 11.1 to 11.0

(Source: Infometrics)

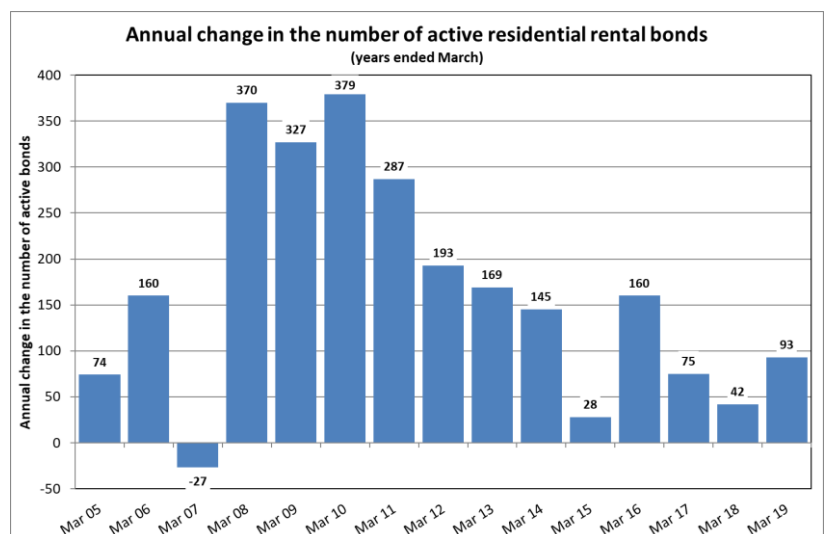


## Change in the supply of rental housing

There were 92 more active residential rental bonds in Palmerston North registered by the Ministry of Business, Innovation and Employment (MBIE) at the end of March 2019 compared with March 2018.

Annual change in rental stock has been volatile since 2012.

(Source: MBIE)

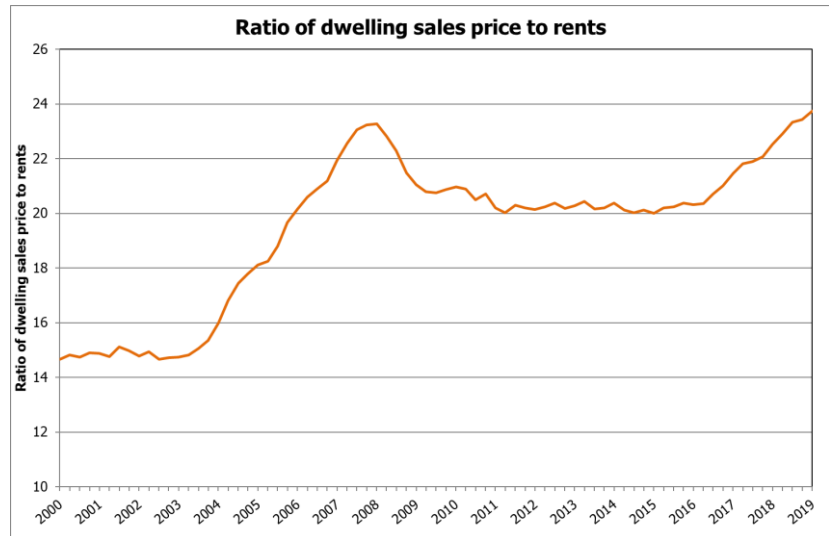




## Ratio of dwelling sale price to rents

The average dwelling price in Palmerston North was 23.7 times the average rent in the year ended March 2019. The average has been increasing over the past three years due to house prices increasing faster than rents

(Source: MBIE)



## Dwelling rents

Average weekly dwelling rents in Palmerston North were \$325 in the year ended March 2019 (annual average), increasing by \$16 per week (5.2 percent) from 2018.

The average weekly dwelling rents in other centres were:

New Plymouth - \$354

Hastings - \$375

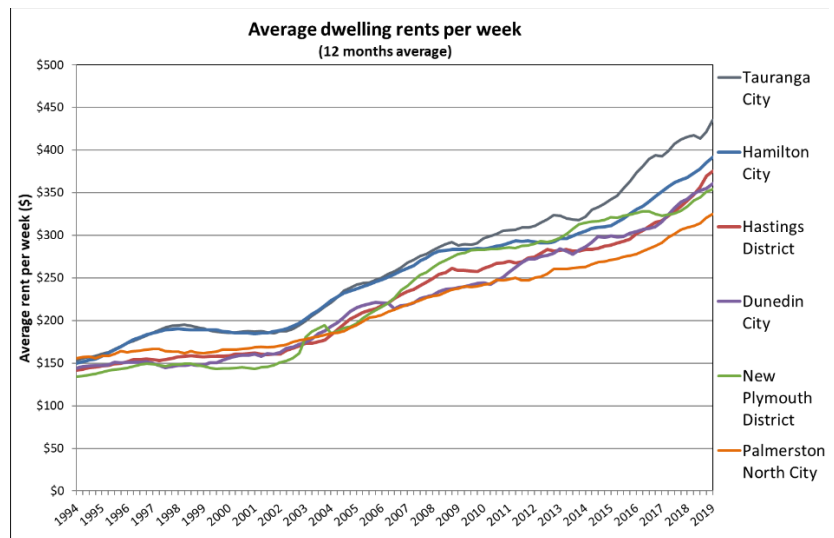
Dunedin - \$361

Whangarei - \$382

Hamilton - \$405

Tauranga - \$452

(Source: MBIE)

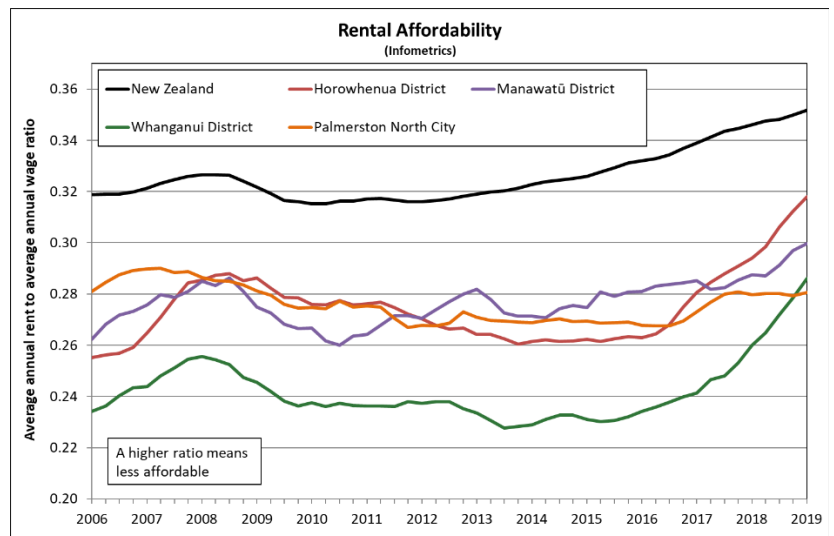


## Rental affordability

Rental affordability in Palmerston North has been stable over the past 18 months. Average rents increased slightly from 28.0 percent of average annual salaries and wages in March 2018 to 28.1 percent in March 2019. The affordability score for New Zealand was 35.2 percent in March 2019.

The biggest decline in affordability among the selected local authorities in the region was in Whanganui, which increased from 26.0 percent in March 2018 to 28.6 percent in March 2019.

(Source: Infometrics)

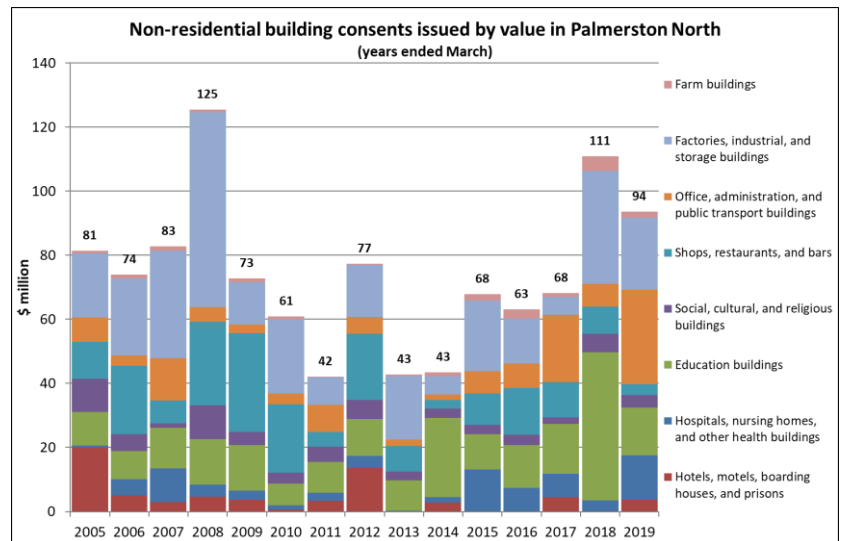


## Value of non-residential consents issued by type

The value of non-residential consents issued in the year ended March 2019 was \$94 million, a decline of 16 percent from 2018.

The largest contributors were office, administration and public transport buildings (\$29 million) and factories, industrial and storage buildings (\$22 million).

(Source: Statistics NZ)

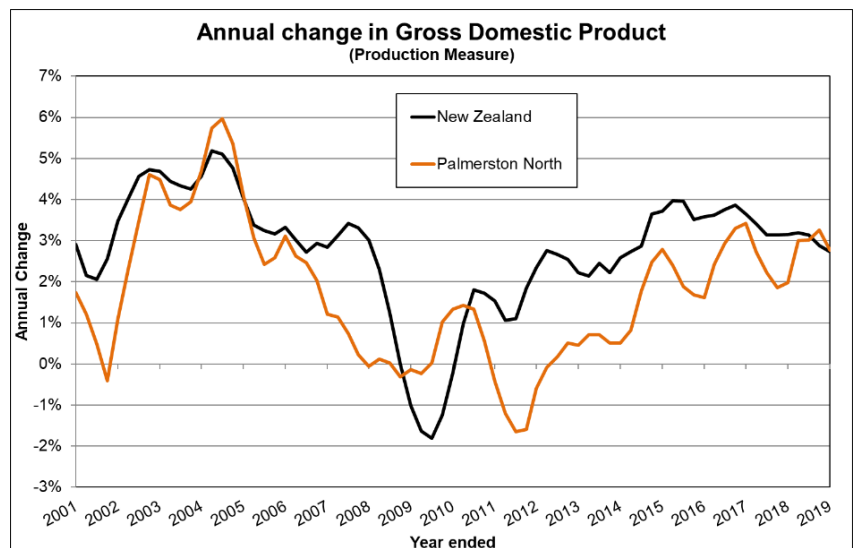


## GDP Growth

Infometrics GDP estimates suggest Palmerston North GDP growth over the 12 months ended March 2019 was 2.8 percent, while total GDP growth for New Zealand increased by 2.7 percent.

GDP growth is expected to strengthen during 2019, as work continues on major construction projects, and housing construction continues to increase.

(Source: Infometrics/Statistics NZ)



## Major construction projects

Major development and construction projects announced recently for Palmerston North and the Manawatū region amount to more than \$3 billion of construction activity over the period to 2030.

Some projects are still waiting for final approval, the largest being the MidCentral DHB investment plan.

(Source: Palmerston North City Council)

Development	\$ million	Timing
Manawatū Gorge	450 - 500	start late 2019
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	cost to be confirmed, finish by 2023	
NZTA regional roading investment	200	2018 - 2024
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
Te Manawa upgrade	58	2023 - 2028