

Settlement Pattern Review

Urban Development Indicators - Quarterly Monitoring Report (No.1)
 meeting the requirements of the National Policy Statement on Urban Development Capacity (PB6)

Greater Christchurch Partnership

June 2017

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Introduction

The National Policy Statement on Urban Development Capacity (NPS-UDC), which came into effect on 1 December 2016, identifies the Christchurch City, Selwyn District and Waimakariri District as a high growth urban area (i.e. projected to grow by more than 10% from 2013 to 2023).

As a result, the NPS-UDC requires the relevant Councils (including the Canterbury Regional Council) to provide sufficient development capacity to meet demand for residential and business land over a 30-year period, including 15-20% additional development capacity to ensure there is competition in the housing and business markets.

To determine the required level of development capacity to meet the population growth in the District, the NPS-UDC requires Councils to undertake three key pieces of work. These are:

- quarterly reporting on indicators relating to housing and business development capacity (PB6 and PB7)
- complete a Housing and Business Development Capacity Assessments (PB1)
- prepare a Future Development Strategy (PC12)

NPS-UDC and the Settlement Pattern Review

The NPS-UDC encourages local authorities that have been identified as high growth to work together to implement the requirements of the NPS-UDC.

The four Councils that form part of the Greater Christchurch Partnership (GCP)¹ have been collaborating in this manner since 2004. Over this time, the Partnership has developed the Urban Development Strategy, Land Use Recovery Plan, the Greater Christchurch Transport Statement and a 2016 Update to the Urban Development Strategy.

At its meeting on 7 April 2017, the Partnership endorsed the scope and arrangements for a Settlement Pattern Review that will meet the requirements of the NPS-UDC. The first priority of the Settlement Pattern Review has been to ensure urban development indicators compliant with NPS-UDC requirements are being monitored from June 2017.

The GCP Monitoring Group, comprising staff from the Councils and other partners has developed this first quarterly report and provides advice on data to form part of the Settlement Pattern Review.

Requirements of the Quarterly Report

Policy PB6 in the NPS-UDC seeks to ensure that local authorities are well informed about demand for housing and business development capacity, urban development activity and outcomes. The NPS-UDC identifies that Councils shall monitor a range of indicators on a quarterly basis, including:

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

The policy encourages local authorities to publish the results of the monitoring under policy PB6. The Partnership is committed to publishing such reports on a quarterly basis on both the Partnership and the individual Council websites.

¹ Previously known as the Greater Christchurch Urban Development Strategy Partnership

First Quarterly Report – January to March 2017

The first Quarterly Report contains two sections, residential and business indicators. The residential baseline indicators are comprised of three groups. These are:

- Housing
- Rentals
- Provision of new houses

The business baseline indicators are comprised of two groups. These are:

- Employment and Growth
- Supply of Business Space

The indicators are presented in groups to help better identify and understand trends, which will assist in developing an overall picture on what each indicator could mean for the individual local authorities and the Greater Christchurch area.

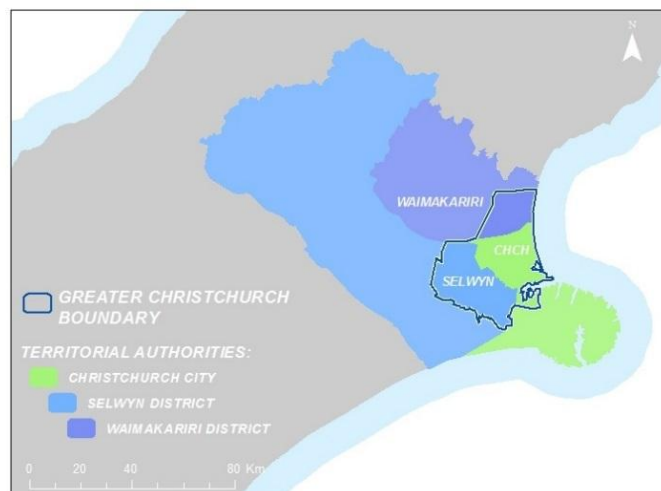
For each indicator, the data is shown in a graphical format along with an explanation on what the indicator is and the identified source for the data. For the first quarterly report, the data for each indicator is from the end of 2006 to either the end of 2016 or the end of March 2017 (depending on the availability of the data). At the end of each indicator, some brief observations have been included.

To help understand the change over time for each of the indicators included in the first quarterly report, information on the short term (last three years) and medium term (3-10 years) changes have been included in the observations. These periods align with the NPS-UDC requirements and are particularly relevant to the Greater Christchurch area to understand the change in the housing and business markets because of the Canterbury Earthquake sequence and the subsequent recovery.

At the end of each group of indicators, there is a summary table outlining the overall trends. For future quarterly reports, this will show the change between quarters (should the data be available to update) and yearly in the fourth quarter report.

Each of the indicators will have data for Selwyn, Waimakariri, Christchurch and the Greater Christchurch area (where available).

Data for each of the individual local authorities will be for its overall boundaries. However, for the Greater Christchurch UDS area this focuses on the metropolitan urban area of Christchurch and towns stretching from Lincoln, Prebbleton and Rolleston in the south to Kaiapoi, Rangiora and Woodend/Pegasus in the north².



² Data in this report for the “Greater Christchurch UDS” area includes some minor additional data, not part of the geographic area in the Urban Development Strategy, due to the configuration of StatsNZ Area Units.

Future Quarterly Reports

The quarterly monitoring report is a new tool for the Partnership to use to improve its understanding of housing and business markets. The Partnership is committed to improving this document over time. Some of the improvements being considered include:

- inclusion of additional indicators to help further interpret the trends outlined in this first quarterly report;
- comparing indicators between the Greater Christchurch area and other high growth areas that have been identified by the NPS-UDC, to provide a greater understanding of how the Greater Christchurch area is responding to housing and business capacity in relation to other areas in New Zealand. This could be on an annual basis;
- engaging external expertise or obtaining input from the development sector through the Property Council to ensure robust observations of the market indicators are being made;
- implementing internal monitoring system improvements to align datasets across the Partner Councils;
- testing the reliability of the datasets sourced from the MBIE/MfE Urban Development Capacity Dashboard;
- developing an understanding of the potential implications for Councils of changes in each indicator. Specifically, the policy options that could be implemented in reaction to changes in the indicators; and
- improvements to the format of this report.

For this first quarterly report, the Councils have identified challenges in securing data sources for the business indicators for both Selwyn and Waimakariri. Therefore, the business indicators in this report are primarily for Christchurch City. The Partnership will focus on addressing this issue for future quarterly reports.

Disclaimer: Information in this report is sourced from a range of organisations, government departments and agencies. Some of the data sets are relatively new and will require further refinement over time. As such the Greater Christchurch Partnership and its constituent partner organisations accept no responsibility for the accuracy of the information provided or how other organisations might use and rely on this information for their decision making.

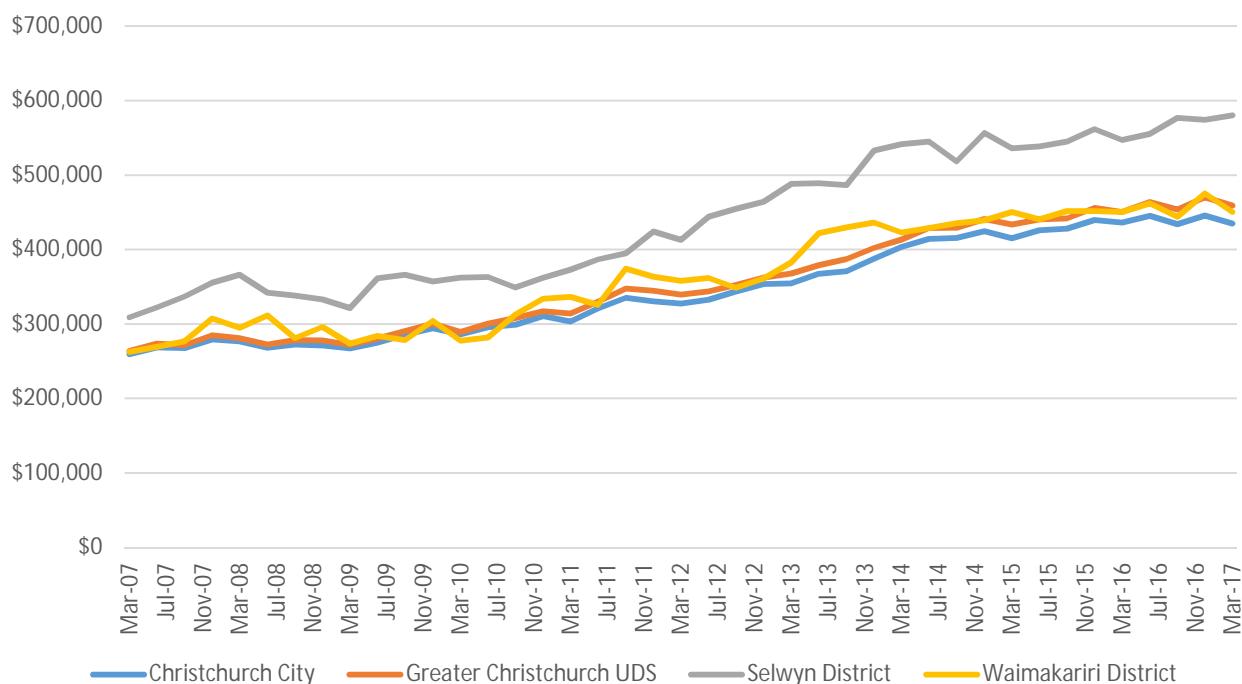
Residential Baseline Indicators

Residential Baseline Indicators

This summary collates information sourced from the MBIE/MfE UDC Dashboard and Statistics NZ which provides freely available information on residential trends on supply and demand, and has been supplemented by specific local authority specific measures of housing capacity.

Residential Indicators - Group 1 – Housing

Indicator 1 - Price for Housing – Dwelling Sales Price (Actual)



Source: Corelogic – MBIE Urban Development Capacity Dashboard

Notes

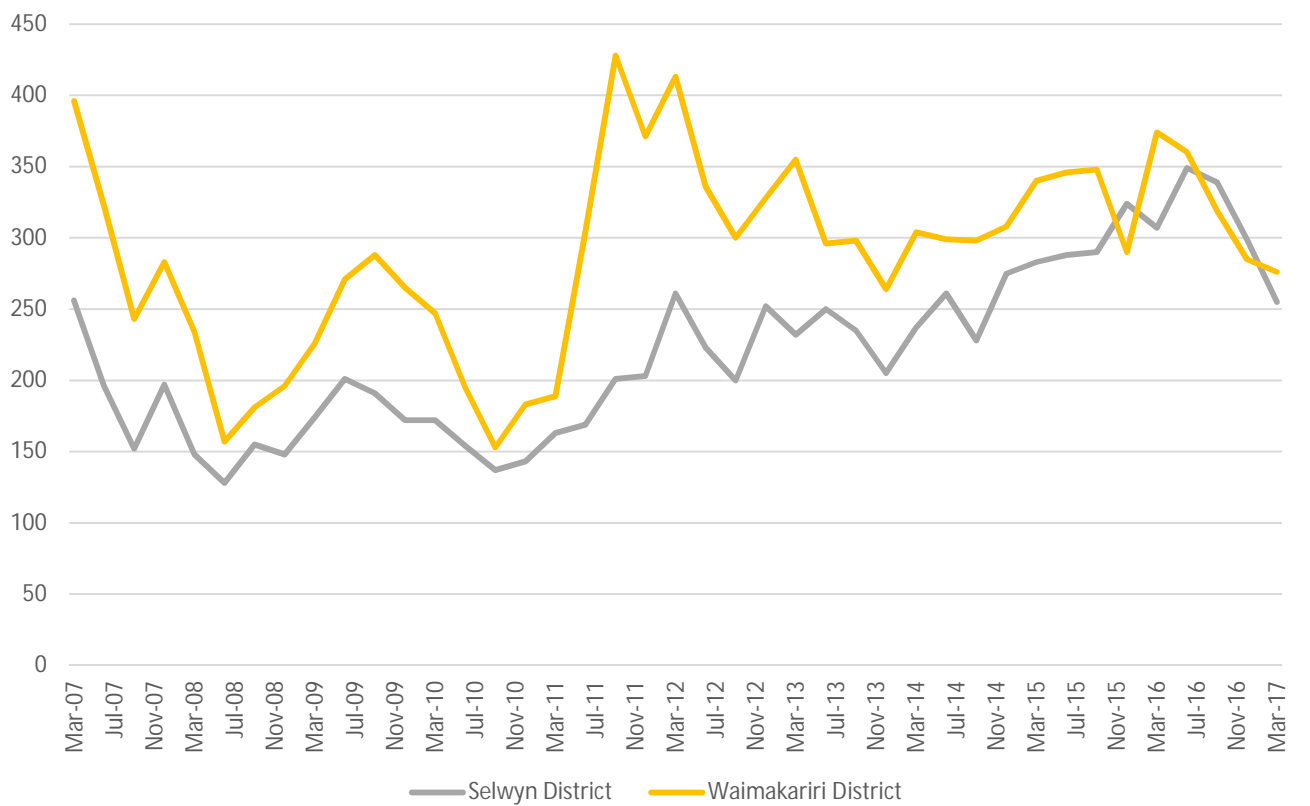
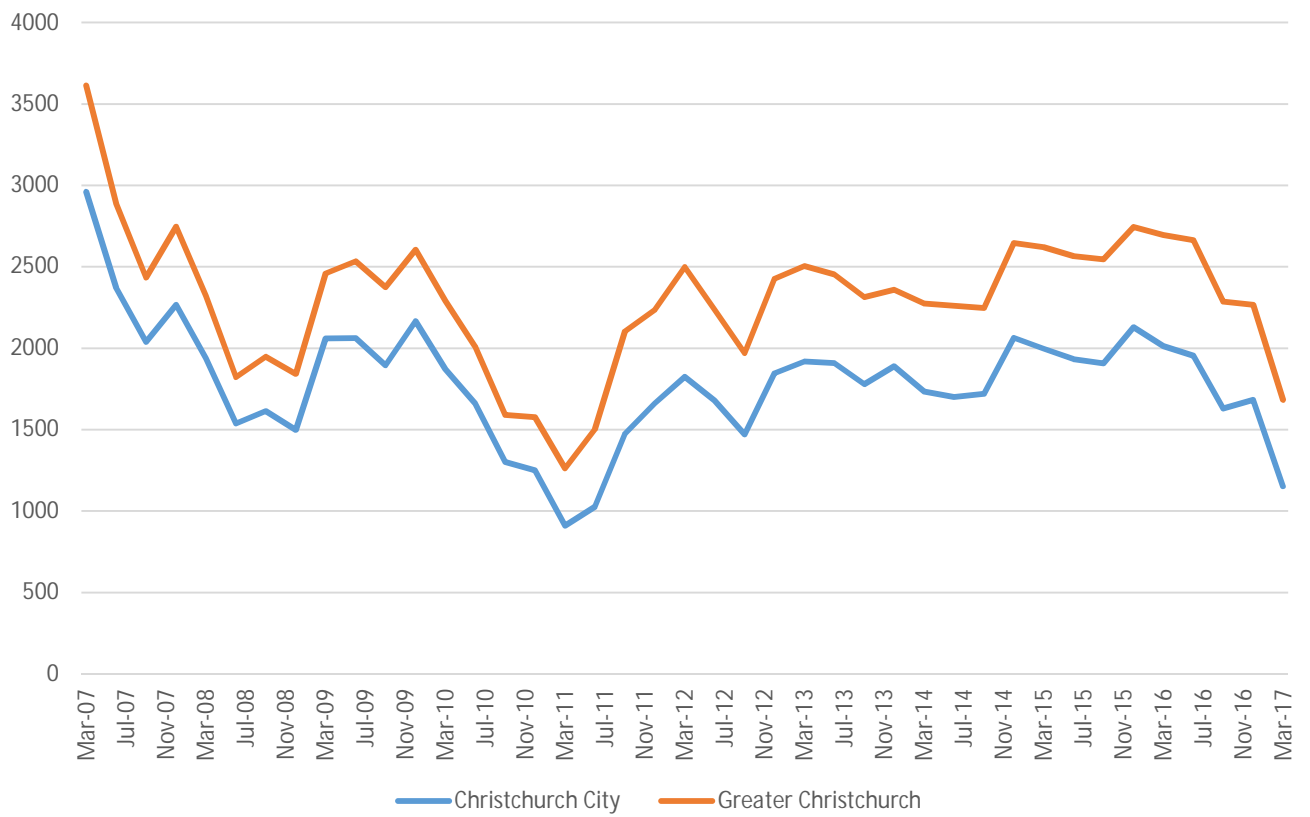
This indicator shows the median prices of residential dwellings sold in each quarter. This median price series is not adjusted for size and quality of dwellings. Prices are presented in nominal terms; they have not been adjusted for general price inflation. Data for this indicator is up to the end of March 2017.

Observations

	Sale Price March 2007	Sale Price March 2014	Sale Price March 2017	Short Term % Change (March quarter 2014 - 2017)	Medium Term % Change (March quarter 2007 – 2017)
Selwyn	\$308,931	\$541,553	\$580,000	7% á	88% á
Waimakariri	\$262,386	\$422,936	\$450,500	7% á	72% á
Christchurch City	\$259,502	\$403,491	\$435,000	8% á	68% á
Greater Christchurch	\$263,622	\$413,214	\$458,850	11% á	74% á

While there has been significant increase in the sale prices for all areas over the medium term, the short-term change has not been as large. This short term trend is likely to be because of the level of housing development that has occurred since the Canterbury Earthquakes and the market responding to the increase in supply. Sale prices for different types of dwellings will be included as part of Indicator 1 for future quarterly reporting.

Indicator 2 – Dwellings Sold



Source: MBIE Urban Development Capacity Dashboard

Notes

This is the quantity of all dwellings sold in each local authority. Data for this indicator is only available to the end of March 2017

Observations

	Dwellings Sold March 2007	Dwellings Sold March 2014	Dwelling Sold March 2017	Short Term Percentage Change (2014-2016)	Medium Term Percentage Change (2007 – 2016)
Selwyn	256	237	255	8% increase	0.4% decrease
Waimakariri	396	304	276	9% decrease	30% decrease
Christchurch City	2961	1733	1152	33% decrease	61% decrease
Greater Christchurch	3613	2274	1683	26% decrease	53% decrease

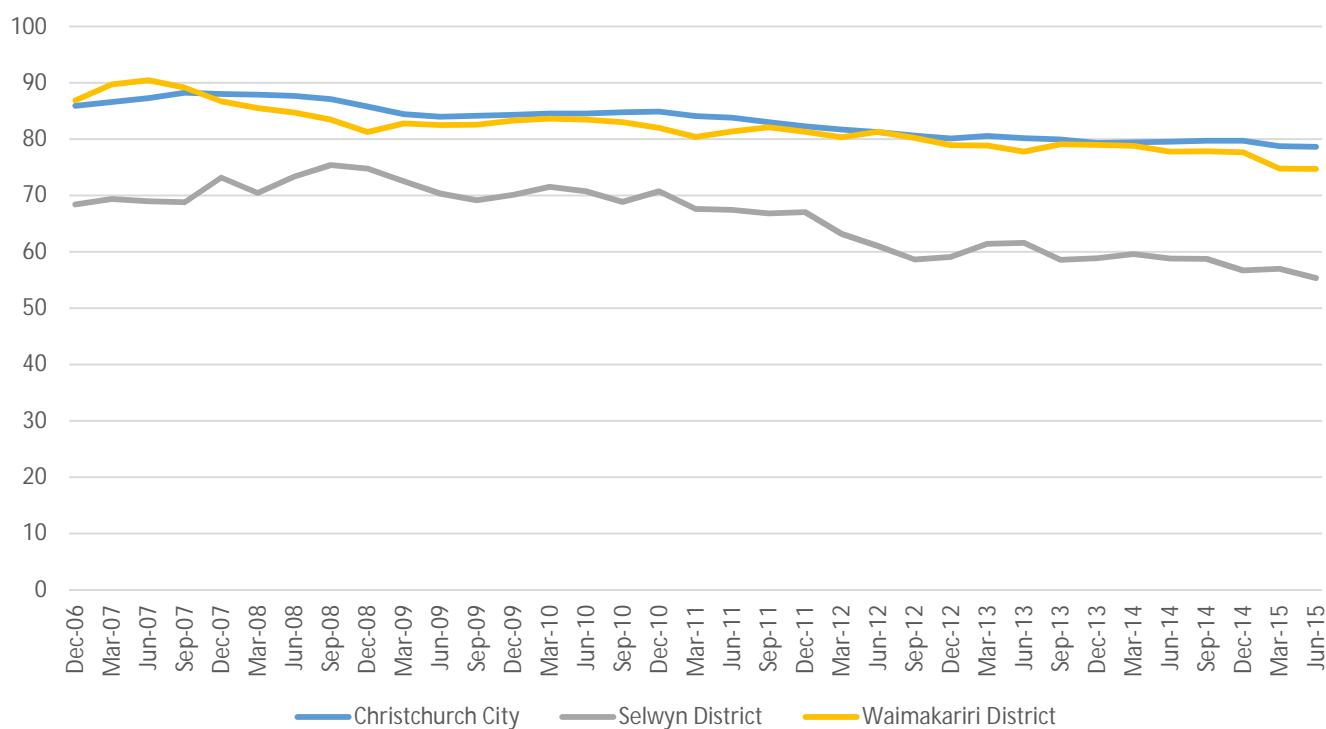
There has been a decrease in dwellings sold in each of the districts except for Selwyn (in the short term). This will relate to Indicator 1 and the equilibrium between supply and demand of housing in these areas. Generally, the number of dwellings traded in the housing market tends to be positively related to the changes in prices. In a housing market with stagnant house prices, the number of dwellings traded tends to decrease. For example in Selwyn there has been a decrease in the amount of dwellings sold over the past twelve months while house prices have stagnated (prices have stagnated since September 2016). For Waimakariri there was an increase in dwellings sold in the past quarter. Future quarterly reports will monitor this situation to determine if this is a developing trend for these Districts.

Currently at the end of March 2017, the level of dwellings sold is at the lowest point since:

- June 2014 - Selwyn
- December 2013 - Waimakariri and
- June 2011 for Christchurch City

It is important to note that there are seasonal fluctuations in this data during the year and between quarters, which depend on a range of factors. Future quarterly reports will monitor the change between quarters in the year and for the 4th quarter report, to record changes between the existing and previous calendar years.

Indicator 3 - Housing Affordability Measure (HAM) – Buy



Source: MBIE Urban Development Capacity Dashboard

Notes

The Housing Affordability Measure (HAM) measures trends in housing affordability for the first home buyer household. For potential home-owning households, HAM Buy calculates what their residual income would be after housing costs if they were to buy a modest first home in the area in which they currently live. Affordability is affected by dwelling prices, mortgage interest rates and the incomes of rental households.

There is no data for Greater Christchurch for this indicator. Data for this indicator is only available to June 2015.

Observations

	HAM End 2006	HAM End 2013	HAM Mid 2015	Short Term Percentage Change (2014-2016)	Medium Term (2007 – 2016)
Selwyn	68%	59%	55%	3% improvement	13% improvement
Waimakariri	86%	79%	74%	4% improvement	12% improvement
Christchurch City	85%	79%	78%	1% improvement	7% improvement
Greater Christchurch	No data available				

According to the MBIE HAM Buy indicator, housing affordability has been improving in each of the areas monitored, however the level remains high. For example in Selwyn, 55% of renters that would be first homebuyers cannot afford a house in that area. The figures are higher for Waimakariri (74%) and Christchurch City (78%).

While the improvement in housing affordability is positive, the level of improvement could be considered small against the significant increase in land supply in the Greater Christchurch area via the Land Use Recovery Plan (which occurred in the short-term percentage change timeframe). Further consideration of the relationship between this indicator and the others contained in this group needs to be better understood to determine the exact situation in the housing market (whether it be by comparing between local authorities or the wider Greater Christchurch area).

As Indicator 3 has recently been developed by Central Government, ongoing monitoring of trend and the reliability of the data from the indicator (and how it changes due to local authorities and developers' interventions in the housing market) will need to be reviewed by local authorities and Central Government on a regular basis to make sure that this indicator is accurately reflecting the housing market in each City/District.

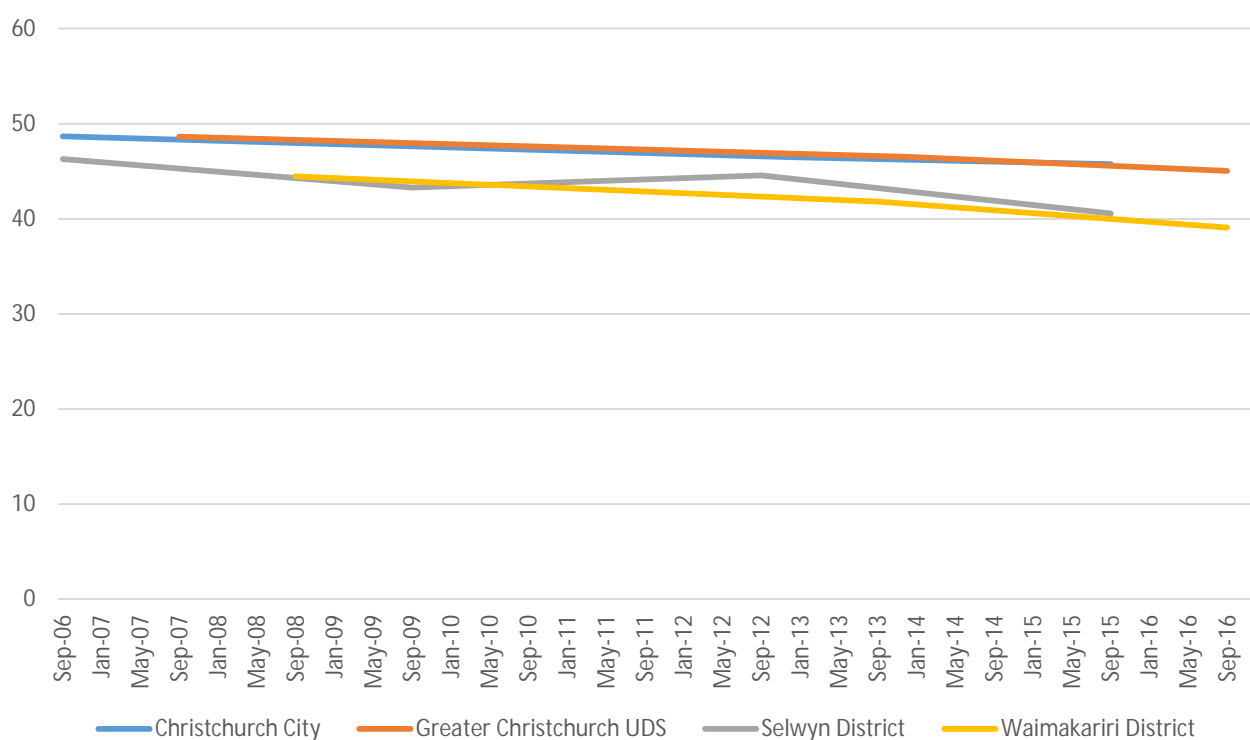
For example, this indicator is calculated using a 100% mortgage. Most households have a deposit, which will reduce the costs of buying and increase affordability. The Reserve Bank of New Zealand's loan to value ratio rules mean that it is unlikely that a household could receive a 100% mortgage from the bank. Therefore, this indicator could be estimating a fictional scenario in terms of affordability within the City and the Districts which cannot eventuate. There are other factors that may have an impact on the reliability of this measure, such as:

- only using the lower quartile dwelling price;
- stating that a first home buyer is only a one-person household; and
- that first home buyers will only purchase a one or two bedroom house.

In addition, it has been identified that this measure may not be using the correct interest rate that would be used for first home buyers seeking a mortgage. At the time of writing this report, MBIE was addressing this particular issue.

Finally, there has been no indication from MBIE on how often this indicator will be updated or when data for the last two years will become available. This will be difficult for the quarterly reports to understand the trend in this data if it is not released on a regular basis.

Indicator 4 - Land Value as Percentage of Capital Value



Source: MBIE Urban Development Capacity Dashboard

Notes

This indicator shows the share of house values that are estimated to be related to land prices at each valuation period. A higher ratio indicates that land is more valuable relative to the buildings that occupy it.

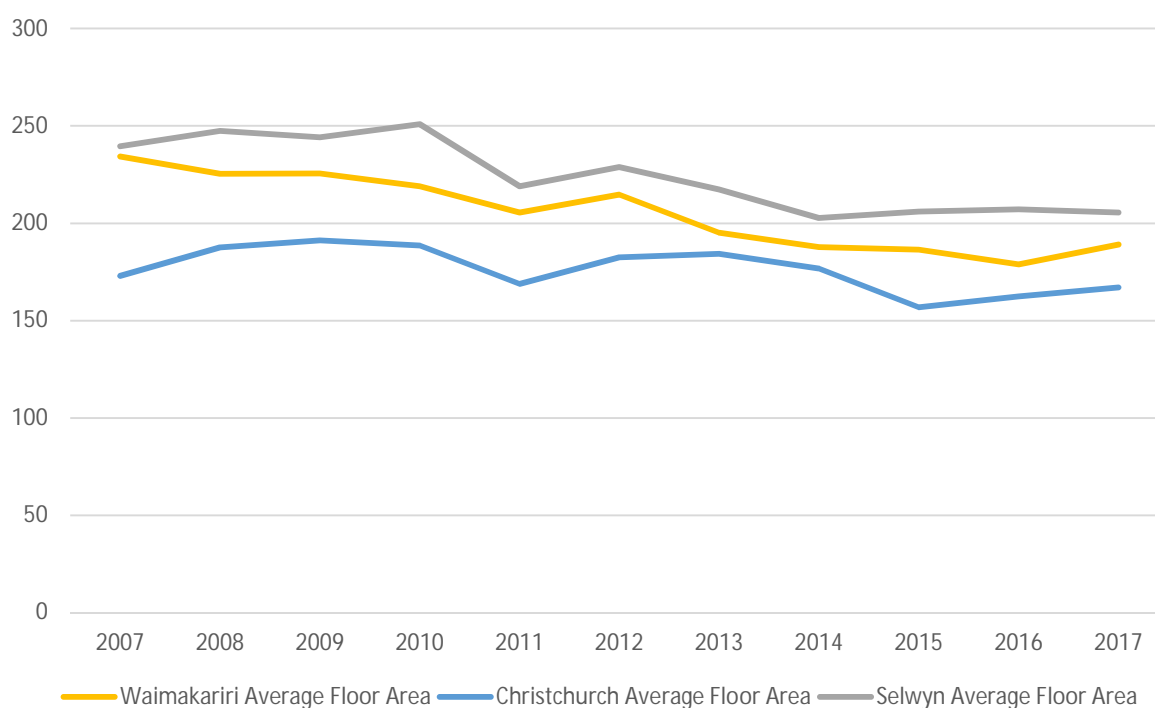
Data is not provided on an annual basis, but when revaluations occur via Quotable Value (every three years).

Observations

	Land Value as % of Capital Value 2006-2008	Land Value as % of Capital Value 2012-2013	Land Value as % of Capital Value 2015-2016	Short Term Percentage Change (2012-2016)	Medium Term Percentage (2007 – 2016)
Selwyn	46%	45%	40%	5% decrease	6% decrease
Waimakariri	44%	42%	39%	3% decrease	5% decrease
Christchurch City	49%	47%	46%	1% decrease	3% decrease
Greater Christchurch	49%	47%	45%	2% decrease	4% decrease

Land value as a percentage of capital value has been slowly decreasing over the past ten years. This would imply that improvement values to dwellings have increased at a faster rate. This could be because of the general costs of dwelling construction increasing as capacity within this sector has been under pressure due to the earthquake rebuild or smaller section sizes in the new greenfield areas. The following data on average floorspace of new dwellings indicates that the increase in capital value has not been driven by larger houses being constructed.

Indicator 5 - Average Floor Size per Residential Building



Source: Statistics New Zealand (Infoshare), Greater Christchurch Partnership Monitoring Group

Notes

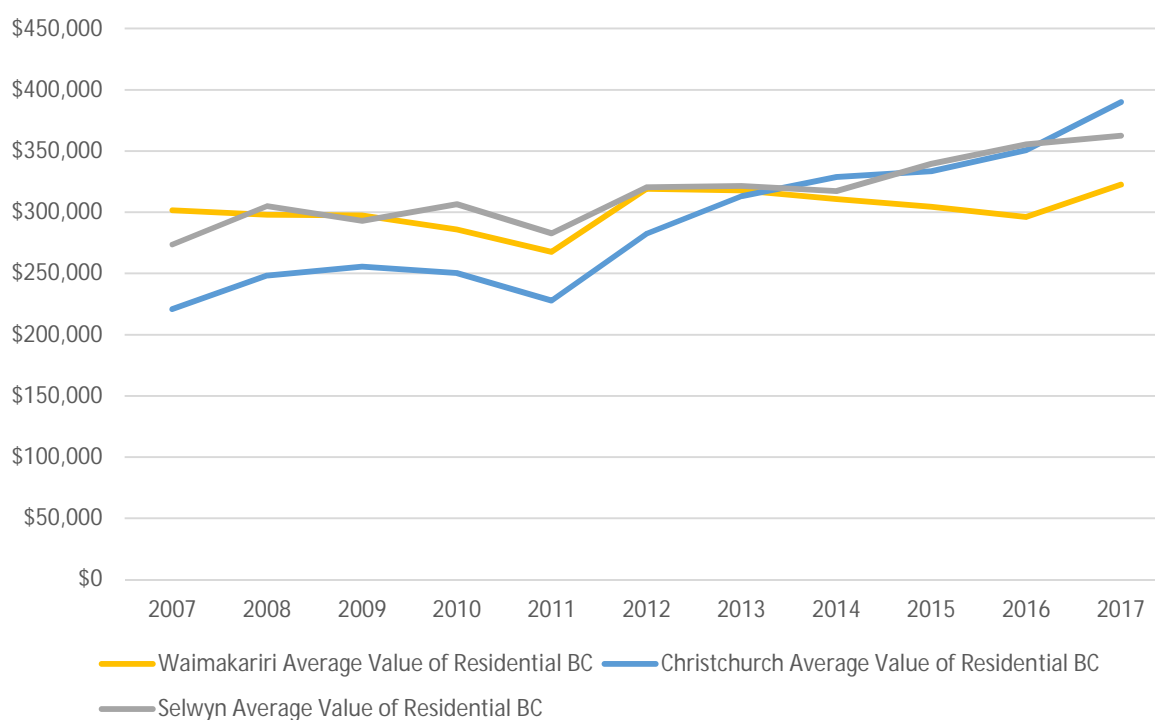
This indicator is taken from data contained in Statistics NZ Infoshare regarding building consents by territorial authority and selected wards (monthly). The data contains the number, value and floor area of residential building (building consents). Residential buildings are classified as dwellings, houses, apartments, townhouses, units and others, retirement villages, flats, units and other dwellings). From this data, the average floor area for dwellings constructed in a calendar year can be determined. The data for 2017 is for the first three months only.

Observations

	Average Floor Size 2007	Average Floor Size 2013	Average Floor Size 2017	Short Term Floor Size Change (2013-2016)	Medium Term Floor Size Change (2007 – 2017)
Selwyn	240m ²	217m ²	205m ²	12m ² decrease	35m ² decrease
Waimakariri	234m ²	195m ²	189m ²	6m ² decrease	45m ² decrease
Christchurch City	173m ²	184m ²	167m ²	17m ² decrease	6m ² decrease
Greater Christchurch	No data available				

Over the last ten years, average house sizes have reduced in all areas monitored. The largest average residential buildings are constructed in the Selwyn District, followed by Waimakariri and Christchurch City.

Indicator 6 - Average value per Residential Building Dwelling Consent



Source: Statistics New Zealand (Infoshare), Greater Christchurch Partnership Monitoring Group

Notes

This indicator is taken from data contained in Statistics NZ Infoshare regarding building consents by territorial authority and selected wards (monthly). The data contains the number, value and floor area of residential building (building consents). Residential buildings are classified as dwellings, houses, apartments, townhouses, units and others, retirement villages, flats, units and other dwellings). From this data, the average value for dwellings constructed in a calendar year can be determined (subject to the accuracy of the costs identified on each individual building consent). The data for 2017 is for the first three months only.

Observations

	Average Value per Res Building 2007	Average Value per Res Building 2013	Average Value per Res Building 2016	Average Value per Res Building 2017 (1 st Quarter)	Short Term Value Change (2013-2017)	Medium Term Value Change (2007 – 2016)
Selwyn	\$273,593	\$321,560	\$355,563	\$362,407	11% increase	30% increase
Waimakariri	\$301,735	\$317,780	\$296,201	\$322,433	7% decrease	2% decrease
Christchurch City	\$220,769	\$313,120	\$350,729	\$389,936	12% increase	59% increase
Greater Christchurch			No data available			

In terms of the data, for Waimakariri, in 2016, a Ryman's retirement village (Charles Upham) was built and with their size of individual dwellings typically smaller in nature, this has reduced the average value for that year. For the first three months of 2017, the value of residential buildings has increased as these consents are all for standalone houses. For the City, there was a large increase in

the level of residential building consents from 174 in February to 278 in March. The value of these consents was larger and evenly split between houses and apartments, townhouses and other dwellings and this has resulted in an increase compared with 2016. Ongoing monitoring of this indicator will be important to understand the potential trends moving through the remainder of 2017.

Summary – Group 1 Indicators

Indicator	Selwyn		Waimakariri		Christchurch City	
	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend
1. Dwelling Sales Price	↑	↑	↑	↑	↑	↑
2. Dwelling Sold	↑	↑	↓	↓	↓	↓
3. Housing Affordability Measure - Buy	Improving	Improving	Improving	Improving	Improving	Improving
4. Land value as % of Capital Value	↓	↓	↓	↓	↓	↓
5. Average House Size	↓	↓	↓	↓	↓	↓
6. Average Value of Residential Buildings	↑	↑	↓	↓	↑	↑

Overall Observations for Group 1 Indicators

Group 1 indicators have shown how complex the housing market is and how challenging it is to scrutinise the data with any certainty on its interpretation. Many of the indicators provide part of the picture, but not enough to understand the reasons behind the different results from each indicator.

For example, while housing affordability has improved in each of the three local authorities and this would align with the amount of additional land supplied for development (which occurred through the Land Use Recovery Plan), sales prices for dwellings have increased over the same period. In addition, the indicators have shown that there is a clear difference in the housing market between the districts/city. This does raise the question around what the indicators mean for each of the Districts. For example, there is a clear difference in average sales prices between Selwyn and Waimakariri/Christchurch yet this does not align with the data regarding “affordability”, especially when you consider this in relation to Selwyn.

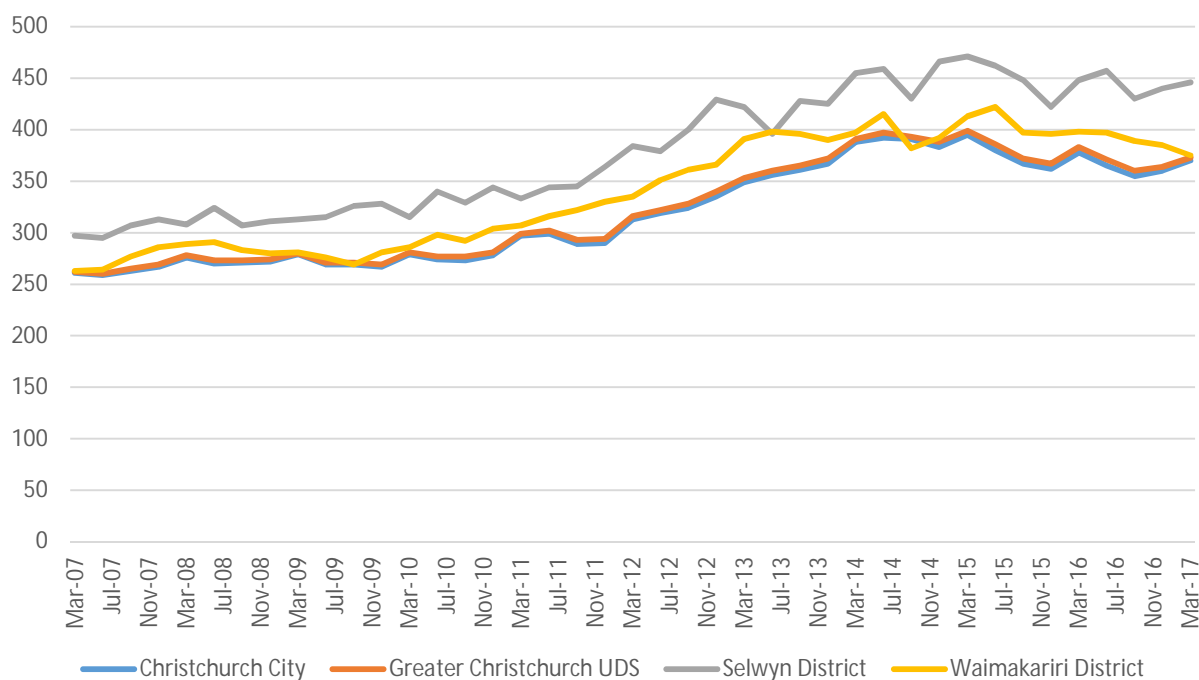
Further information and analysis is required to form a more complete picture of what is occurring in the Selwyn, Waimakariri and Christchurch City markets and how to interpret the information provided.

Additional indicators to consider for future monitoring

- improved breakdown of dwelling type for Sale Prices bands
- improved breakdown of the average size/value of specific types of residential buildings
- indicators that could help to improve understanding regarding housing affordability, eg home ownership levels, interest rates and income levels and alternative measures to housing.

Residential Indicators Group 2 – Residential Rentals

Indicator 7 – Dwelling Rents



Source: MBIE Urban Development Capacity Dashboard

Notes

This indicator reflects nominal mean rents as reported in lodged new rental bonds with MBIE. The mean used is a geometric mean. The reason for using this mean is that rents cluster around round numbers, and tend to plateau for months at a time (spiking up by say \$10 or \$20 at a time). This makes analysis of time series difficult and using the geometric mean is a way of removing this clustering effect. Prices are in nominal terms and are not adjusted for general price inflation. The data is for private bonds only and so excludes social housing.

Observations

	Mean rents March 2007	Mean rent March 2013	Mean rents March 2017	Short Term Percentage Change (2013-2017)	Medium Term Percentage Change (2007 – 2016)
Selwyn	\$297	\$455	\$446	2% decrease	50% increase
Waimakariri	\$263	\$397	\$375	6% decrease	43% increase
Christchurch City	\$261	\$388	\$370	5% decrease	42% increase
Greater Christchurch	\$262	\$391	\$373	5% decrease	42% increase

Rents have been increasing over the last twenty years (similar to residential sale prices). However, there is a downward trend in each of the Councils, probably due to the Canterbury earthquakes and the market responding to the increase dwelling stock in the Districts (see Indicator 11). The highest mean rents are being paid in the Selwyn District, which could be attributed to a high proportion of the rental stock being relatively new homes within the Greater Christchurch area of the district. However, there have been a number of fluctuations in the level of rents over the past three to four years for Selwyn.

Indicator 8 - Rentals per dwelling type – Example information for Riccarton and Rangiora/Kaiapoi

Christchurch - Riccarton 01 Nov 2016 - 30 Apr 2017					Waimakariri - Rangiora/Kaiapoi 01 Nov 2016 - 30 Apr 2017				
Flat					Flat				
Size	Bonds received	Lower Quartile	Median Rent	Upper Quartile	Size	Bonds received	Lower Quartile	Median Rent	Upper Quartile
1 bedroom	12	\$240	\$260	\$350	1 bedroom	5	\$217	\$220	\$285
2 bedrooms	80	\$320	\$345	\$367	2 bedrooms	24	\$300	\$310	\$322
3 bedrooms	21	\$380	\$400	\$422	3 bedrooms	6	\$360	\$432	\$435
5+ bedrooms	10	\$470	\$650	\$720					
Houses					Houses				
2 bedrooms	61	\$340	\$365	\$386	2 bedrooms	25	\$317	\$340	\$350
3 bedrooms	114	\$395	\$425	\$470	3 bedrooms	83	\$370	\$390	\$413
4 bedrooms	103	\$450	\$500	\$560	4 bedrooms	26	\$420	\$460	\$480

Source Tenancy New Zealand – Market Rent Data

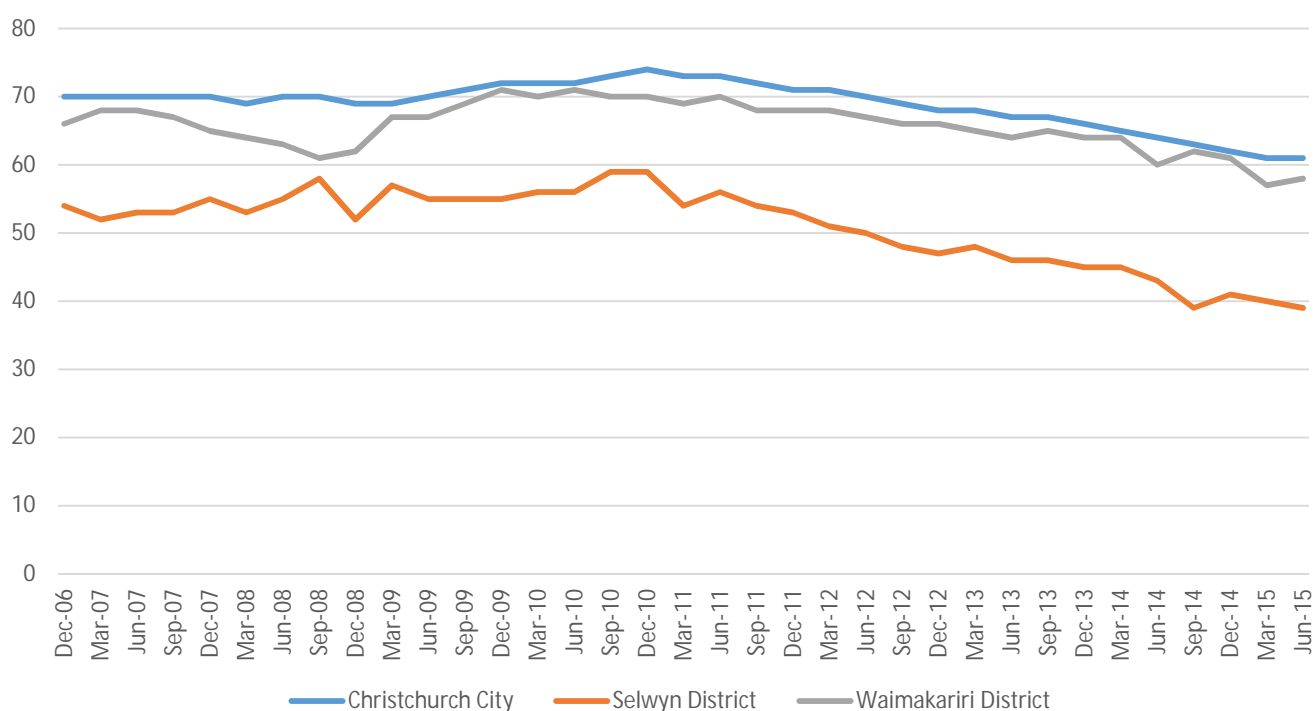
Notes

Tenancy New Zealand directly collects data as new bonds are lodged with them. Rental data by dwelling type is only available for the suburbs within Christchurch and for Rangiora/Kaiapoi. Data for townships within the Selwyn District is unavailable at the present time. Therefore, the information contained in Indicator 8 is an example of the type of data Councils can currently source.

Observations

Councils will monitor the ongoing trends and source additional data to provide a more comprehensive representation of the residential rental market in the Greater Christchurch area.

Indicator 9 - Housing Affordability Measure – Rents



Source: MBIE Urban Development Capacity Dashboard

Notes

This indicator addresses whether a household that rents can feasibly afford to live in its current accommodation.

Observations

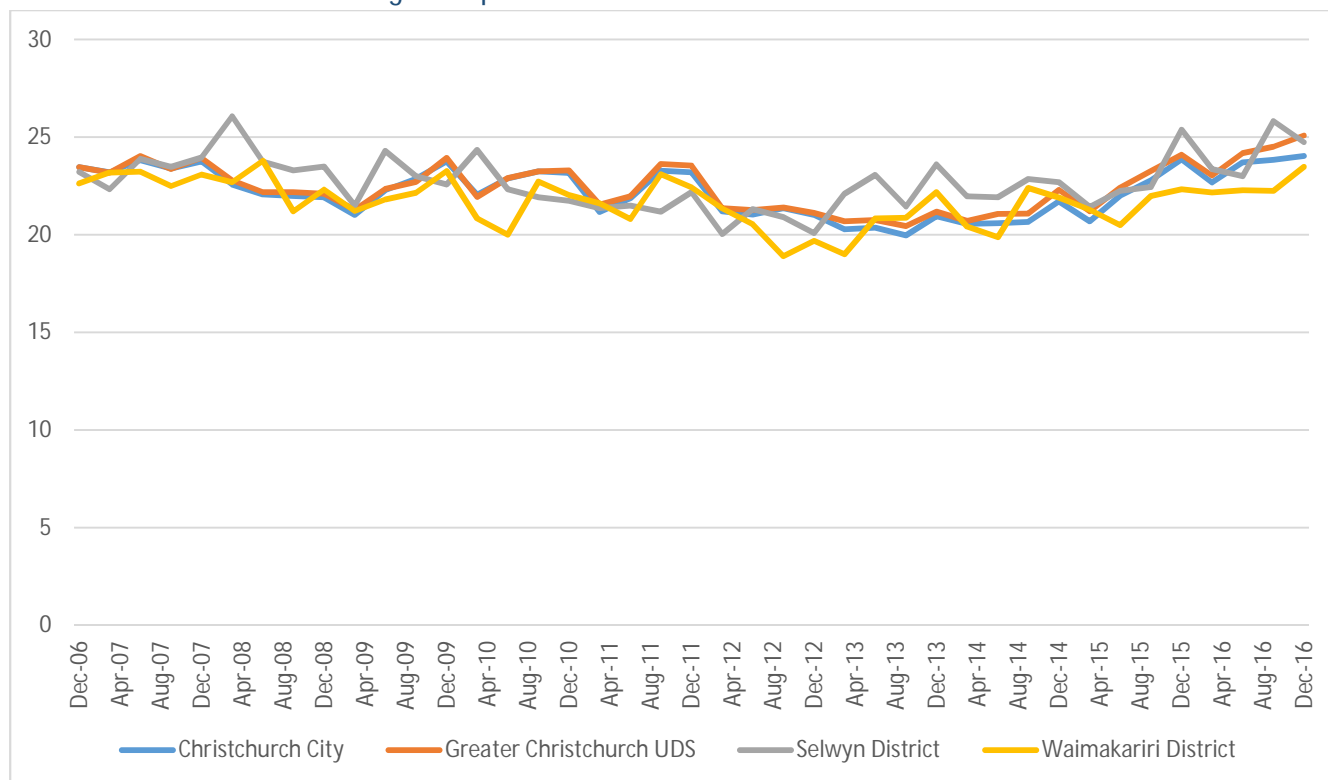
	HAM End 2006	HAM End 2013	HAM Mid 2015	Short Term Percentage Change (2014-2015)	Medium Term (2007 – 2016)
Selwyn	54%	48%	39%	9% improvement	15% improvement
Waimakariri	66%	64%	58%	6% improvement	8% improvement
Christchurch City	70%	68%	61%	7% improvement	9% improvement
Greater Christchurch	No data available				

While this data would seem to suggest that rental affordability has improved between 2011 and 2015, the data does not correlate with the data for rents as shown above in Indicator 7. From September 2010 to March 2015, rents increased by 41% to 44% throughout the Greater Christchurch area due to the shortfall of rental properties as a result of the Canterbury earthquakes. This trend in rentals has only recently changed (June 2015 to March 2017). Therefore, it is difficult to understand the relationship between this indicator and Indicator 7.

As stated by a MBIE official³ that the HAM indicators are “an experimental statistical series”, there are therefore some concerns around the reliability of this data and the methodology used to develop both indicators. Further engagement between Central Government, Councils and any other interested parties is suggested to test and improve the reliability of these indicators.

³ Stuff article by Henry Cooke – June 2017 “Government ignored concerns on new housing affordability measure before release”

Indicator 10 - Ratio of dwelling sales prices to rent



Source: MBIE Urban Development Capacity Dashboard

Notes

This ratio augments the price and rent indicators by providing data about the relationship between owning and renting dwellings over time. It indicates changes in the ease of moving from renting to home ownership, and shows trends in investor yields.

Observations

	Ratio Dwelling Sales Prices to Rent Dec 06	Ratio Dwelling Sales Prices to Rent Dec 2013	Ratio Dwelling Sales Prices to Rent Dec 2016	Short Term Ratio Change (2013-2017)	Medium Term Change (2007 – 2016)
Selwyn	23.22	23.61 times	24.74 times	á by 1.13	á by 1.52
Waimakariri	22.62	22.18 times	23.47 times	á by 1.29	á by 0.85
Christchurch City	23.46	20.95 times	24.03 times	á by 3.08	á by 0.57
Greater Christchurch	23.47	21.19 times	25.09 times	á by 3.9	á by 1.62

As an example as to what this indicator shows, a ratio of 24.03 (for Christchurch City) indicates that the price of a median house is 24.03 times the mean annual rent paid.

While Christchurch City has had a small increase to their ratio over the past ten years, the ratio dropped between 2006 and 2013 because of the Canterbury earthquakes. As rentals increased by 44% (as discussed in indicator 9) this affected the ratio. Subsequently as the rental price decreased (as the pressure on the housing market eased with new dwellings coming onto the market and damaged dwellings being repaired) the ratio increased. The change was not as pronounced in Selwyn or Waimakariri.

Summary Group 2 Indicators

Indicator	Selwyn		Waimakariri		Christchurch City	
	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend
7. Dwelling Rents	â	á	â	á	â	á
8. Rentals per dwelling type	TBD		TBD		TBD	
9. Housing Affordability Measure – Rent	â	â	â	â	â	â
10. Ratio of dwelling sales prices to rent	á	á	á	á	á	á

Overall Observations for Group 2 Indicators

Over the short term, rents have slowly decreased in all of the areas monitored in this report. This is due to the amount of development that has occurred in just a short amount of time, which has contributed to a rebalancing between supply and demand in the housing market and therefore the beginning of a levelling in rent prices.

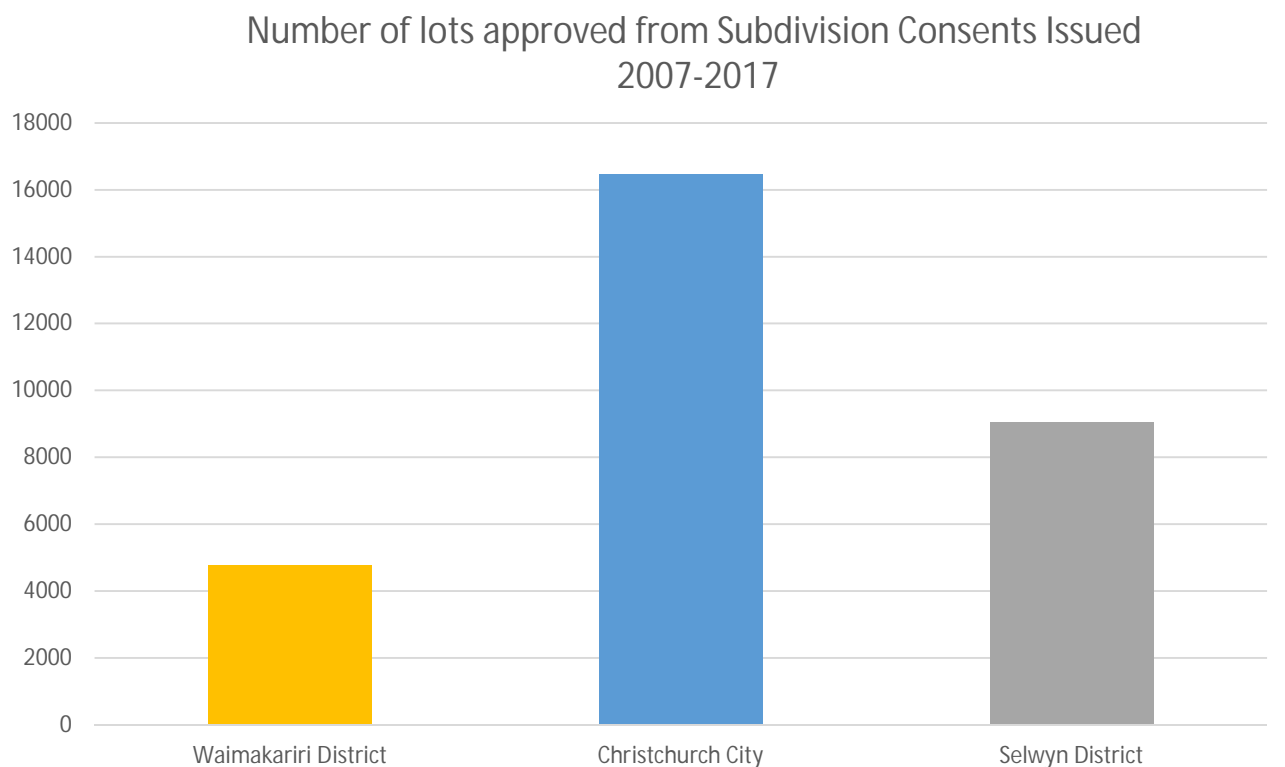
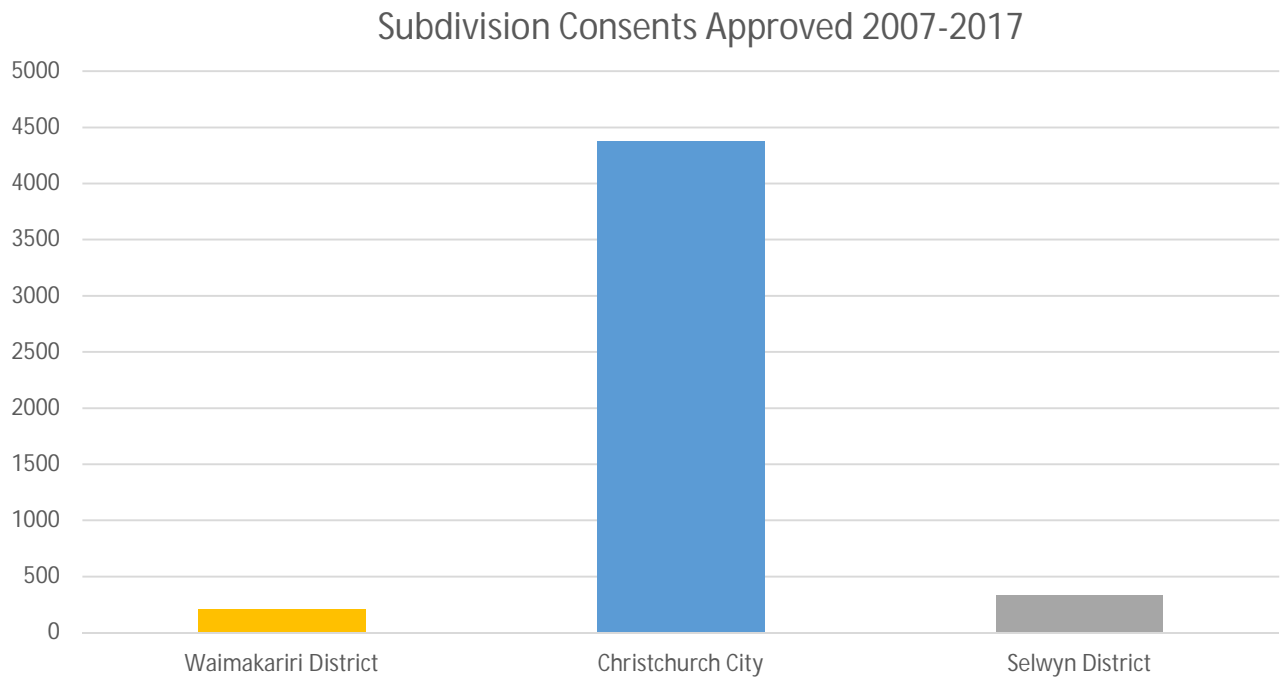
As outlined in Indicator 3 and 9, due to the concerns around reliability of the HAM indicators, it is recommend that results from these indicators should not be relied on at the present time. It is suggested that Central Government engage with Councils and any other interested parties to discuss and resolve these concerns.

Additional indicators to consider for future monitoring

- further information needs to be included in Indicator 8 to better understand changes in rental prices across a range of suburbs in Christchurch and the towns within Waimakariri and Selwyn Districts (within the Greater Christchurch area).

Residential Indicators Group 3 – Provision of new Houses

Indicator 11– Subdivision Consents – approved and the number of lots created



Source: Waimakariri District Council, Christchurch City Council and Selwyn District Council

Notes

Data collected from each Council on the number of subdivision consent applications approved and the number of lots that would be created from these approved consents. The approved consents are for the Greater Christchurch area only.

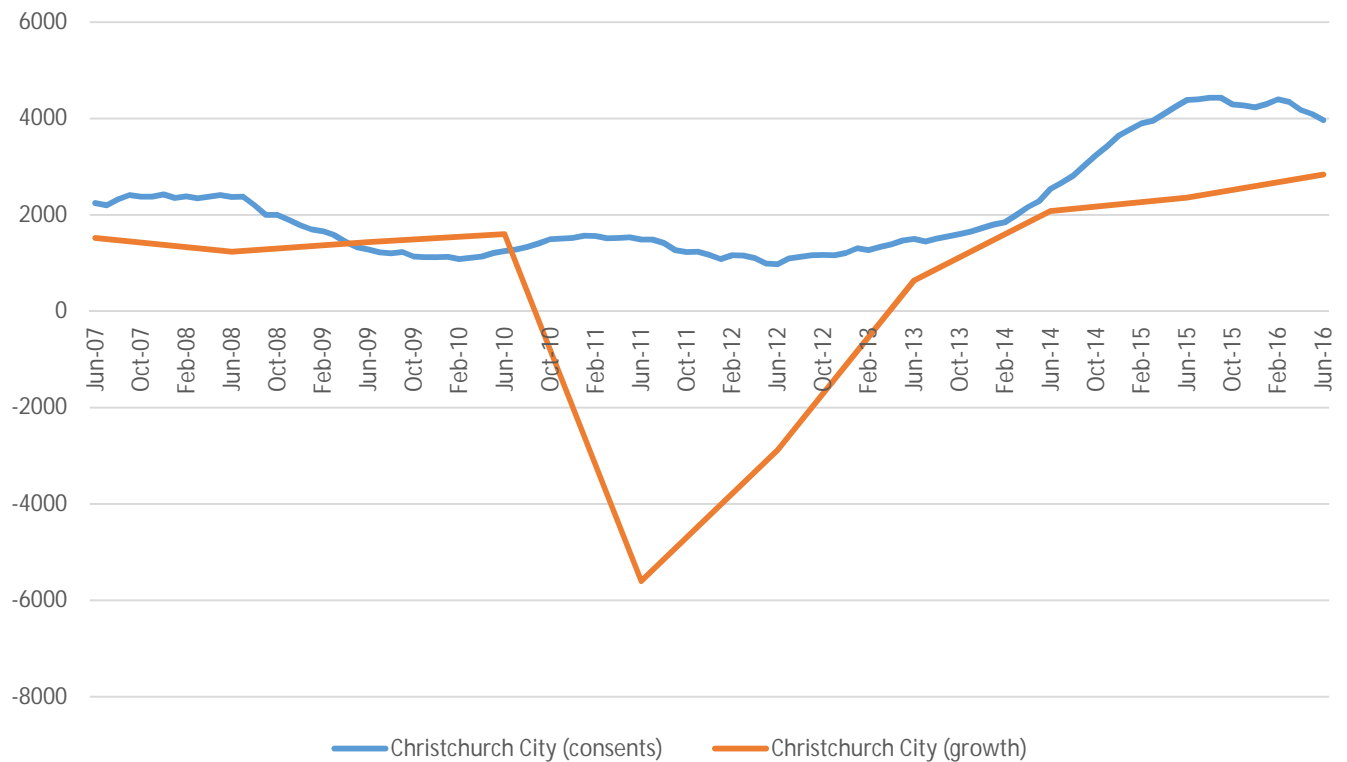
Observations

The level of subdivision consents and the lots created from these consents has been considerable because of initiatives stemming from the response to the Canterbury earthquakes. These were:

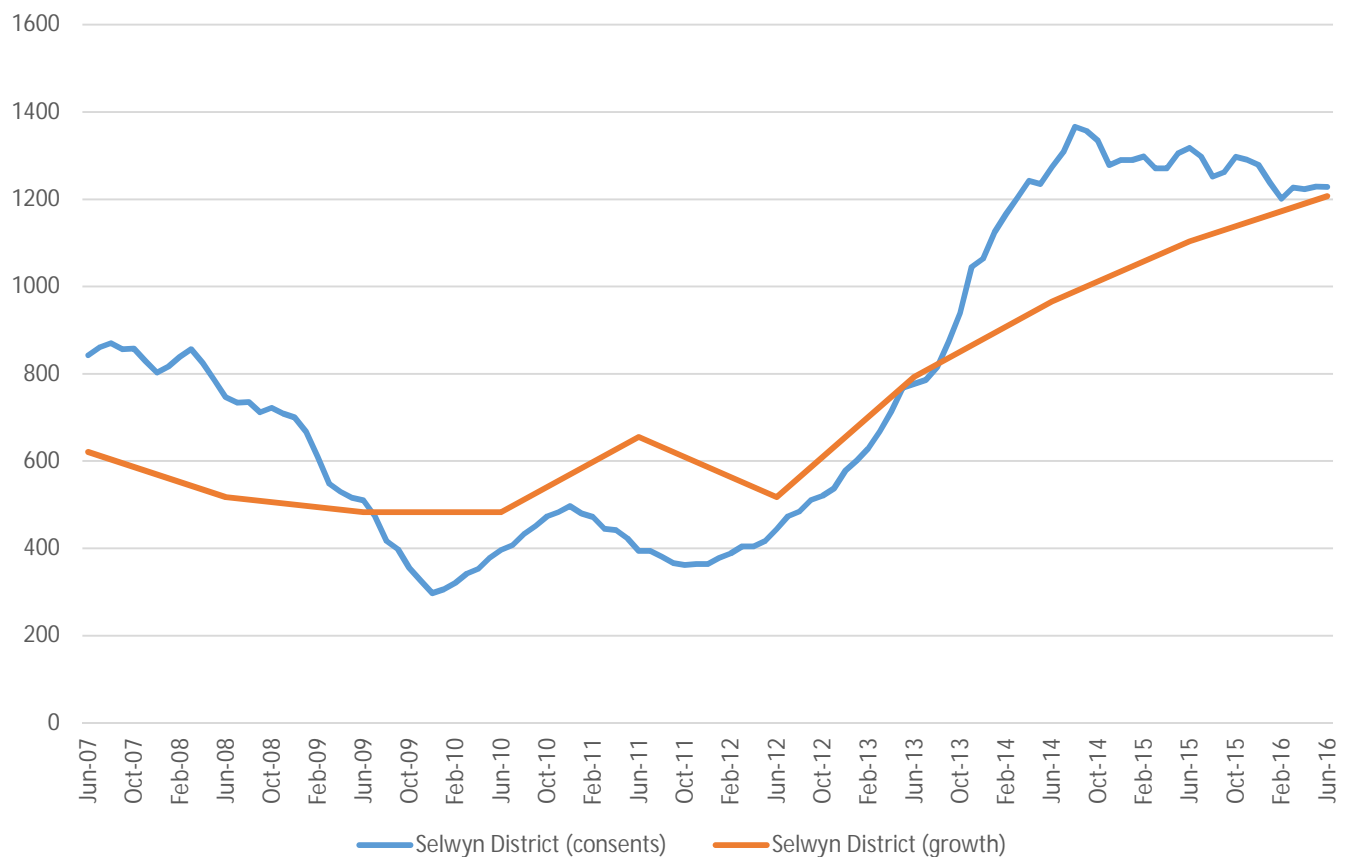
- individual Council Plan Changes (e.g. Plan Change 7 from Selwyn District Council)
- the Land Use Recovery Plan; and
- the Christchurch Replacement District Plan Process

For future quarterly reports, this data will be broken down into additional detail, such as the lots created per year etc. This will require a coordinated effort to align the various data sources currently being utilised by the three Councils.

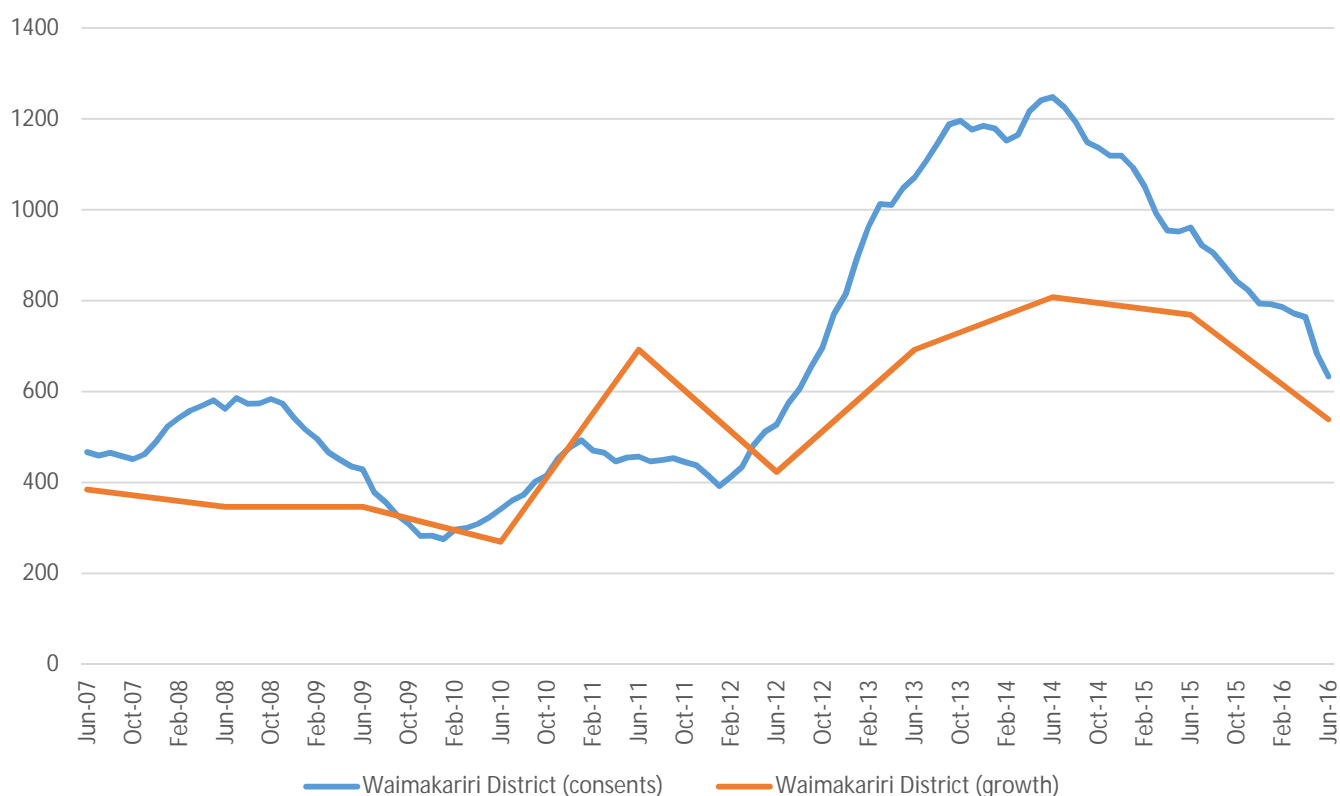
Indicator 12 – New dwelling consents compared to household growth
Christchurch City



Selwyn District



Waimakariri District



Source: MBIE Urban Development Capacity Dashboard

Notes

This indicator approximates the demand for, and supply of, new dwellings. It measures changes in demand and how responsive supply is. The number of new dwelling building consents is lagged by six months, to account for the time taken from consenting to completion. It is not adjusted for non-completions, or for demolitions. It is used as a proxy for demand. The most recent resident population, divided by the local average housing size, is used as a proxy for demand. Both sets of data are sourced from Statistics NZ. There is no data available for the Greater Christchurch for this indicator.

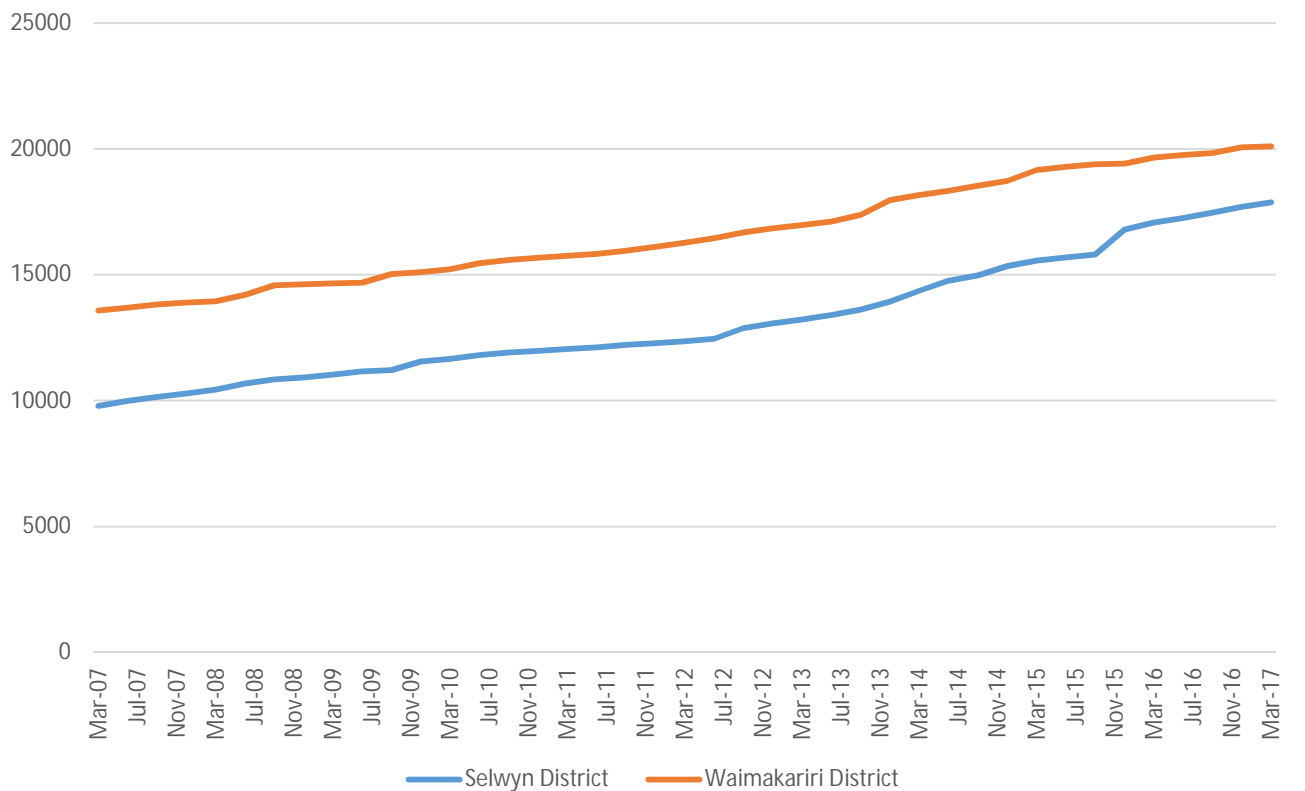
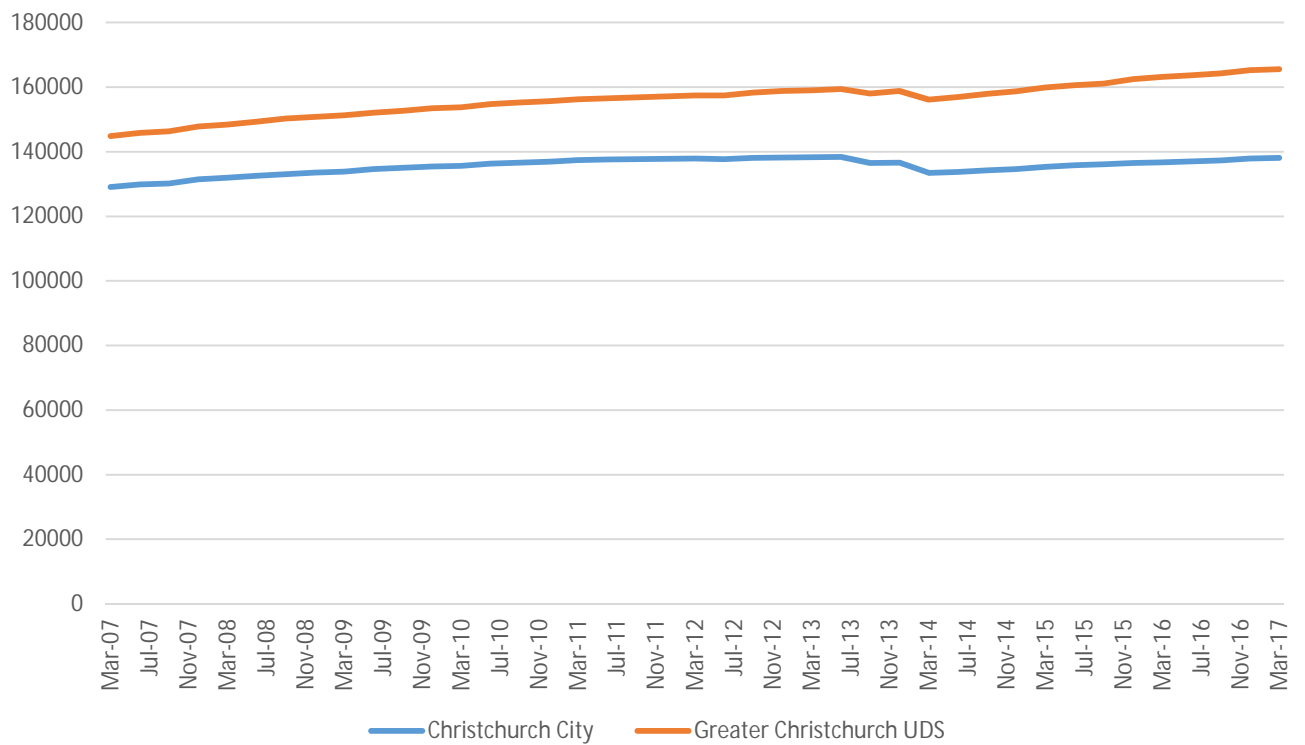
Observations

	Building Consents and Growth Mid 2007	Building Consent and Growth Mid 2013	Building Consent and Growth Mid 2016	Short Term Change (2013 and-2016 years only)	Medium Term Change (2007 and – 2016 years only)
Selwyn	BC=842 Growth=620	BC=777 Growth=793	BC=1228 Growth=1206	BC=58% ^á Growth=52% ^á	BC=46% ^á Growth=94% ^á
Waimakariri	BC=467 Growth=385	BC=1071 Growth=692	BC=1207 Growth=538	BC=41% ^â Growth=22% ^â	BC=36% ^ã Growth=40% ^ã
Christchurch City	BC=2245 Growth=1520	BC=1506 Growth=640	BC=3969 Growth=2840	BC=164% ^ä Growth=344% ^ä	BC=77% ^ä Growth=87% ^ä
Greater Christchurch	No data available				

The Canterbury earthquakes have had a significant impact on this indicator. It can be briefly summarised by growth being reasonably consistent with building consents up until the earthquakes.

Once the earthquakes occurred, it affected the areas within the Greater Christchurch in different ways. For Selwyn, it contributed to significant growth, with building consents largely increasing in direct correlation with the growth that occurred in the District (as the earthquakes did not affect this area to the extent of the other areas). For Waimakariri, there was a significant increase in building consents yet this did not correlate with growth as many of these consents were because of the rebuilding of dwellings and relocation of households affected by the red zoning in the District. The City suffered the largest impact from the earthquakes with negative growth directly after the earthquakes and then as recovery began to occur the number of building consents relating to the rebuilding of dwellings and relocation of households within the City increased (a similar situation to Waimakariri).

Indicator 13 – Dwelling Stock



Source: MBIE Urban Development Capacity Dashboard

Notes

This is the estimate of the number of dwelling in each of area .

Observations

	Dwelling Stock March 2007	Dwelling Stock March 2014	Dwelling Stock March 2017	Short Term Percentage Change (March 2014-2017)	Medium Term Percentage Change (March 2007-2017)
Selwyn	9,793	14,366	17,882	24% á	83%á
Waimakariri	13,578	18,169	20,102	11% á	48% á
Christchurch City	129,096	133,419	138,099	4% á	7% á
Greater Christchurch	144,836	156,168	165,603	6% á	14% á

In terms of quantum, the housing stock has increased in all areas monitored by this indicator. This is a significant result considering the level of decrease to the dwelling stock because of the impact of the Canterbury Earthquakes.

To put this into perspective for Christchurch City, the estimated dwelling stock was 138,230 in December 2012. By March 2014, this figure had dropped by 4,811 dwellings (to a total figure of 133,419). By March 2017, the dwelling stock had returned to the level seen in December 2012. Both Selwyn and Waimakariri Districts have seen large increases to the dwelling stock.

Summary Group 3 Indicators

Indicator	Selwyn		Waimakariri		Christchurch City	
	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend
11. Subdivisions	No Trend Available		No Trend Available		No Trend Available	
12. Dwelling Consents / Growth	á	á	â	á	á	á
13. Dwelling Stock	á	á	á	á	á	á

Overall Observations for Group 3 Indicators

The increase in subdivision and building consents activity has naturally given rise to an increase in the number of dwellings. The level of change is evident in the positive changes in both Group 1 and 2 Indicators for housing provision. For example, the slower increase in dwelling sale prices and the reduction in rental cost in the Greater Christchurch area.

Additional indicators to consider for future monitoring

- subdivision consents breakdown per year
- land Supply
 - quantum of land zoned over the past ten years.
 - quantum of vacant residential land in the Districts

Business Baseline Indicators

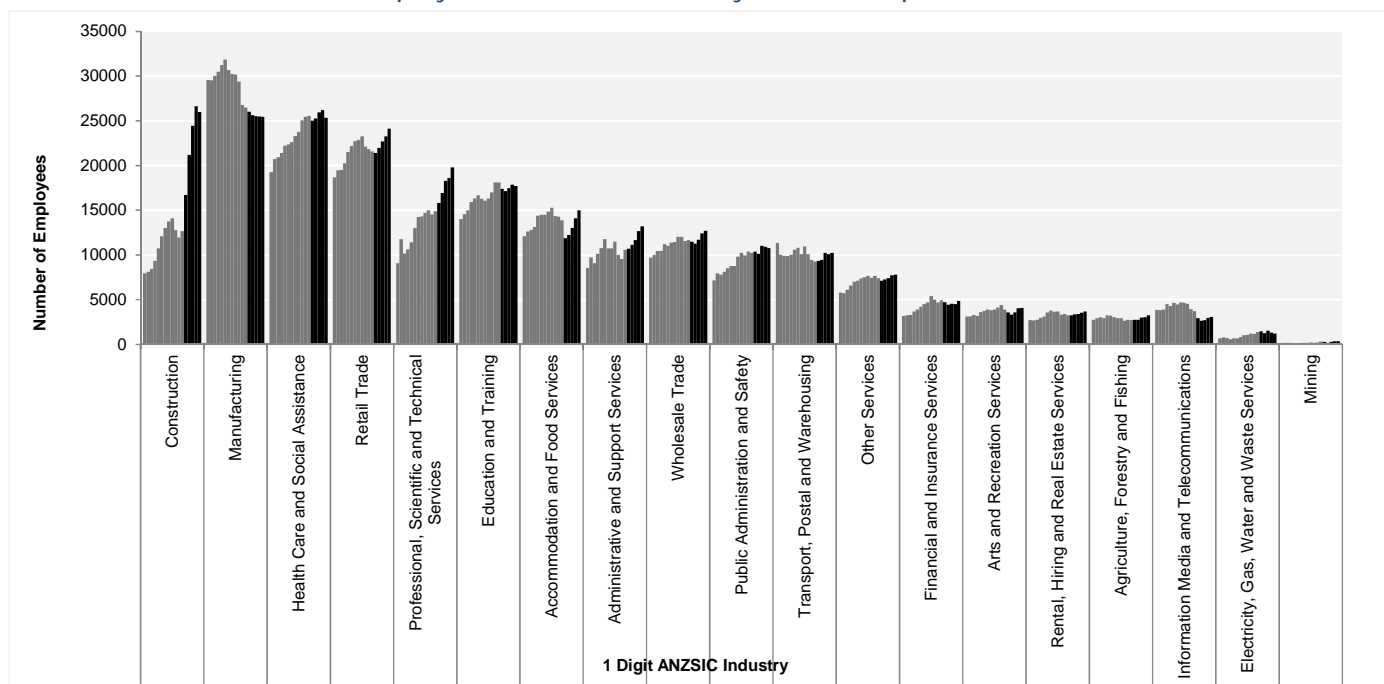
Business Baseline Indicators

This summary collates information sourced from freely available information on business trends on supply and demand, and specific local authority specific measures of business capacity.

Note: Business Baseline Indicators is limited to Christchurch City only (except in Indicator 3 and 8).

Business Indicators Group 1 – Employment and Growth

Indicator 1 Business sector employment current economy and recent past



Source: Statistics NZ Longitudinal Business Frame

Notes

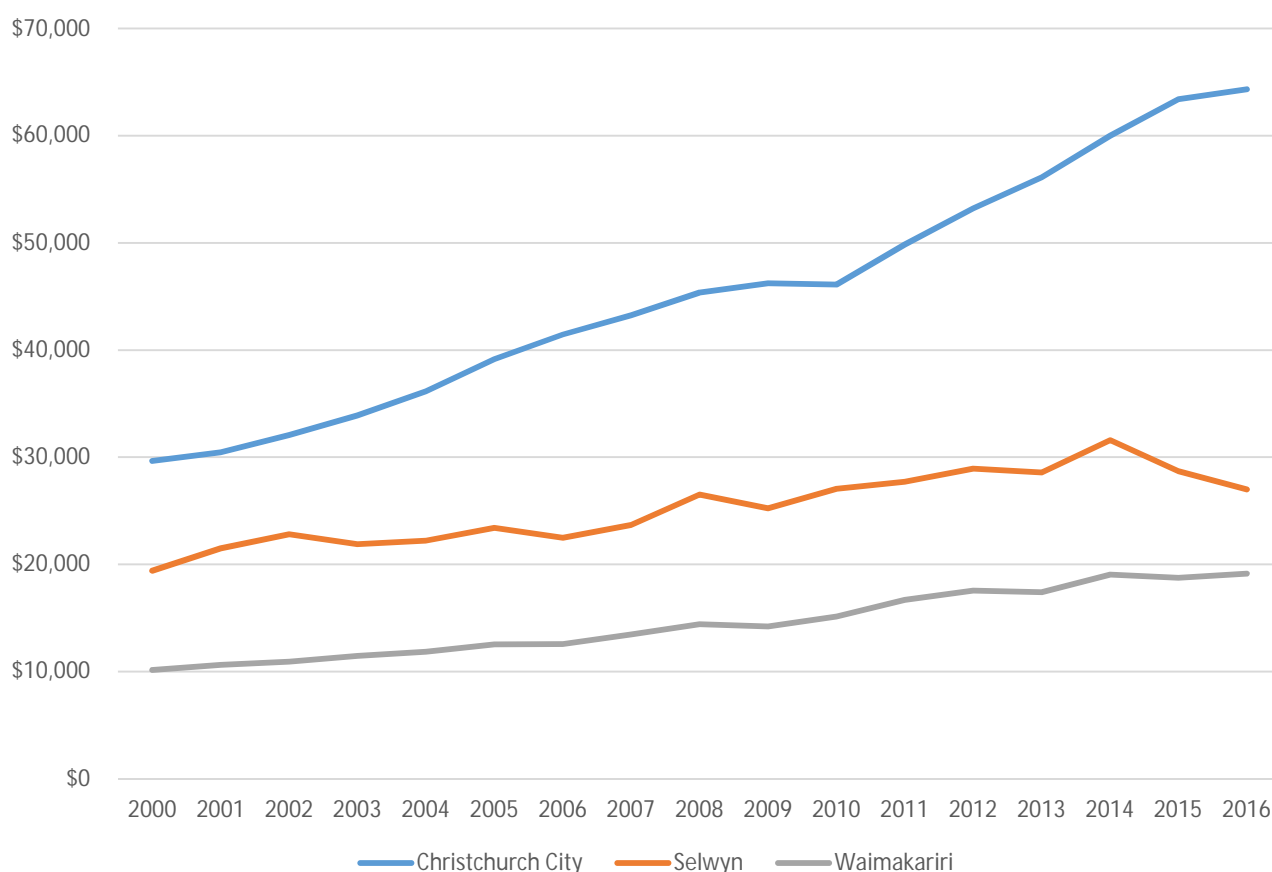
Economies are reflective of established investment patterns and the structures of their populations and institutions. Many of these characteristics or drivers of growth and change evolve slowly over time. Therefore, the existing structures will play an important role in the short to medium term. The demand for business space across Greater Christchurch is driven by the current economic characteristics as shown by the employee counts in key sectors between 2000 and 2016.

Observations

	Greater Christchurch
Healthcare	↗
Retail	↔
Professional Services	↗
Manufacturing	↘
Construction	↘

Healthcare, Retail, Professional Services are showing strong growth trends with Manufacturing showing a declining trend to a current plateau. The construction sector trend is consistent with the current stage of the earthquake rebuild, with a likely scale down as the (residential) demand for trades migrates to Auckland. However, this is still held at high levels as the commercial rebuild continues and as anchor projects and other key central Christchurch (re)builds are initiated.

Indicator 2 Nominal GDP per capita



Source: MBIE Regional Economic Activity Web Tool

Notes

This indicator shows the Gross Domestic Product (GDP) per capita in Christchurch, Selwyn and Waimakariri. Data is for the year to March 2016. Broadly, regional GDP is a measure of income generated within an economy. The GDP per capita indicator is of interest because it provides an understanding of the changes in average income, which is a key factor in the housing affordability measures.

Observations

	Nominal GDP 2007	Nominal GDP 2014	Nominal GDP 2016	Short Term Percentage Change (2014 - 2016)	Medium Term (2007 - 2016)
Selwyn	\$23,671	\$31,608	\$26,981	-15% \hat{a}	14% \acute{a}
Waimakariri	\$13,471	\$19,035	\$19,148	1% \acute{a}	42% \acute{a}
Christchurch City	\$43,234	\$60,014	\$64,345	7% \acute{a}	49% \acute{a}

Nominal GDP has improved for both Waimakariri and Christchurch City in the short and medium term. Selwyn has seen a decrease in the short term, which could be attributed to the downturn in dairy prices during the period.

Summary Group 1 Indicators

Indicator	Greater Christchurch	
1 Business sector employment current economy and recent past	Healthcare	↗
	Retail	↗
	Professional Services	↗
	Manufacturing	↘
	Construction	↔
2. GDP per capita	Short term – Selwyn ↘ , Waimakariri and Christchurch ↗ Medium term – All areas ↗	

Overall Observations for Group 1 Indicators

As shown in Indicator 1, a number of sectors are showing strong growth trends with only manufacturing showing a declining trend. While the construction sector is flat, it is still held at a high level as the commercial rebuild and anchor projects continue to occur.

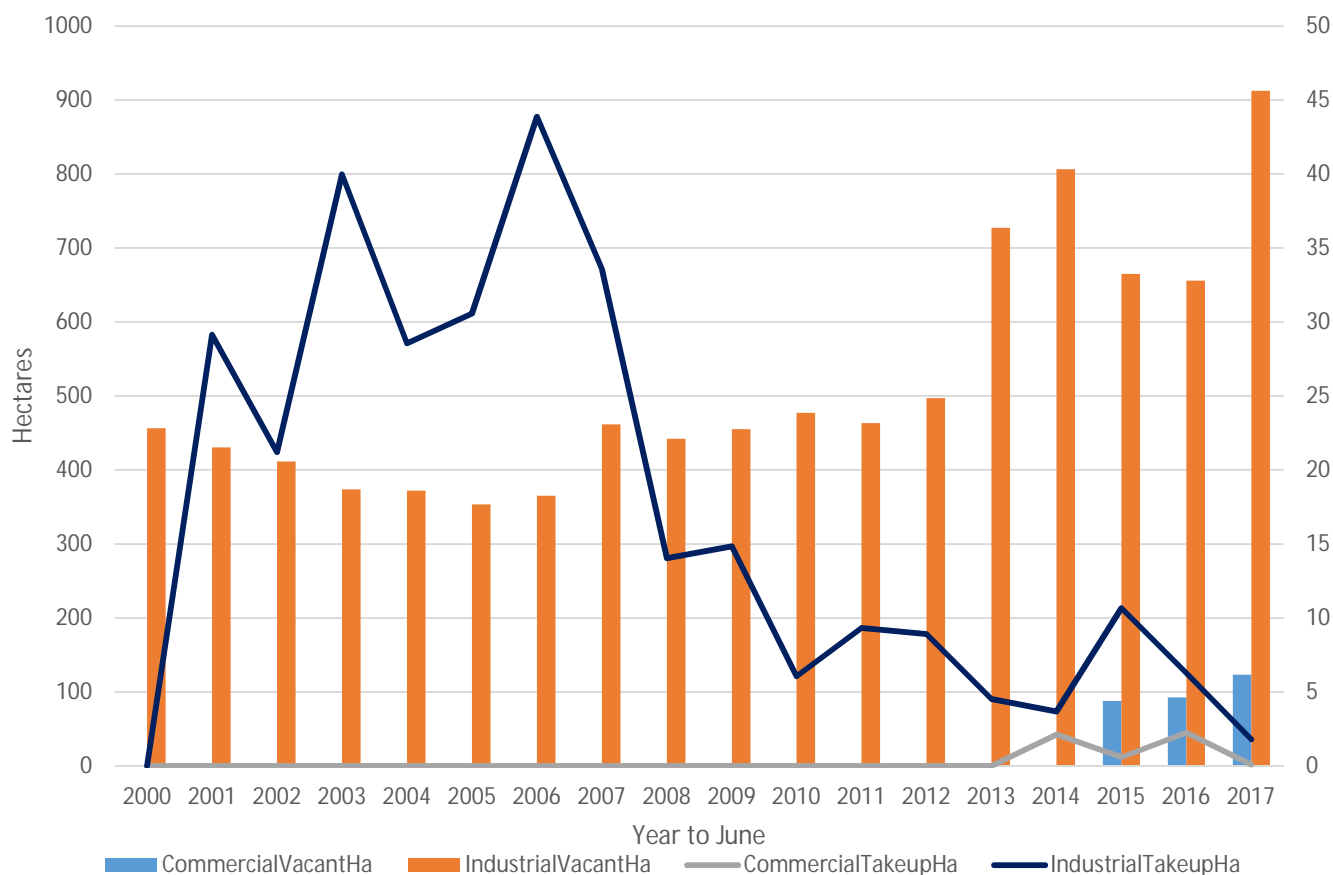
Nominal GDP has improved for both Waimakariri and Christchurch City in both time periods monitored. Selwyn has seen a decrease in nominal GDP over the past three years most likely to be a result of the downturn in dairy prices.

Additional indicators to consider for future monitoring

- breakdown for Selwyn and Waimakariri for Indicators 1.

Business Indicators Group 2 - Supply of Business Space

Indicator 3 Christchurch Commercial and Industrial vacant land register.



Source: CCC Vacant Land Register

Notes

Data collected from Christchurch City Council on the quantum of vacant commercial and industrial land in Christchurch City.

Observations

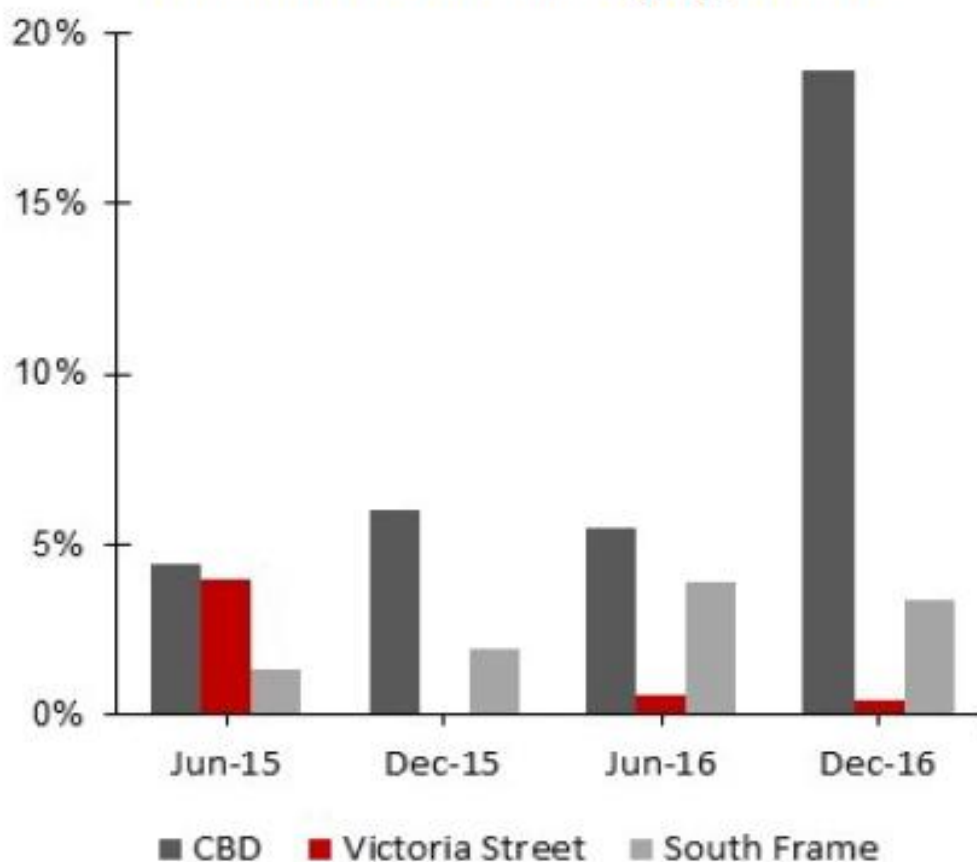
	Vacant Land 2007	Vacant Land 2014	Vacant Land 2017	Short Term Percentage Change (2014-end 2017)	Medium Term (2007 – end 2017)
CCC Industrial	462 Hectares	727 Hectares	912 Hectares	75% á	98% á
CCC Commercial	N/a	N/a	123 Hectares	N/a	N/a

Christchurch City has a significant amount of zoned vacant land for industrial activities. (912 Hectares). Much of the vacant land was zoned because of the Canterbury Earthquakes via the Land Use Recovery Plan and the Replacement District Plan process. There has also being a gradual increase in Commercial Vacant Land since 2015, with 123 Hectares currently vacant.

Due to the quantum of vacant land, Council will need to determine with the development market when feasible development can occur for both commercial and industrial activities.

Indicator 4 Capacity within existing and new built facilities – Retail

Christchurch CBD vacancy by precinct



Source: JLL Retail Pulse Q1.2017

Notes

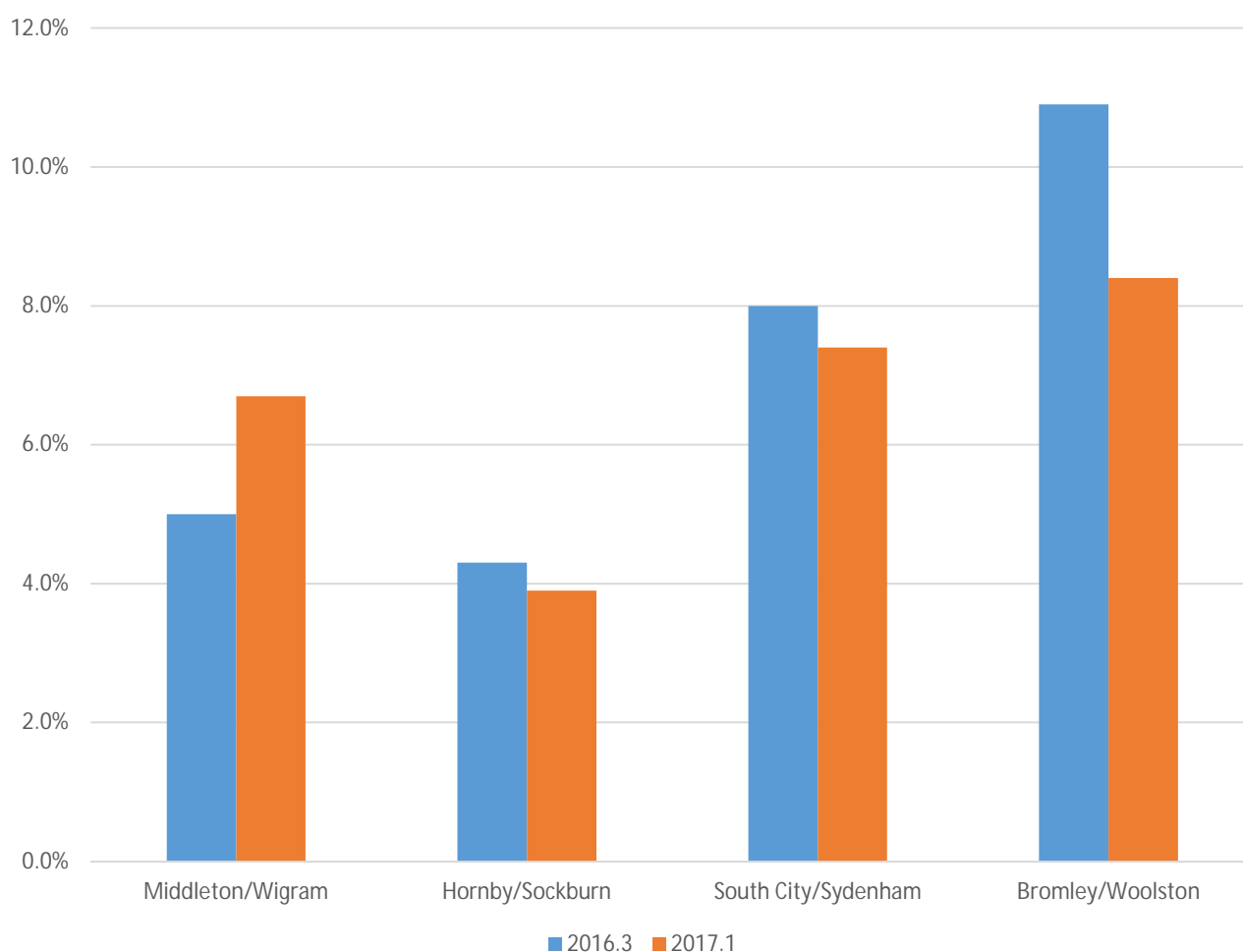
Vacancy rates in the Christchurch CBD by precinct

Observations

	Vacancy Rates Dec 2015	Vacancy Rates Dec 2016	Percentage Change
CBD	4.5% TBC	18.5% TBC	14% á
Victoria Street	4.2% TBC	0.5% TBC	3.7% â
South Frame	1.5% TBC	3.5% TBC	2%á

New and existing office and retail space in the Christchurch city area have the capacity to fulfil expansion in these sectors. Retail vacancy rates in the CBD remain high as of December 2016 at under 20%. This represents a sharp increase in retail supply, which is expected to balance out throughout 2017 following the traditional stronger take up rates seen in the last 12 months.

Indicator 5 Capacity within existing and new built facilities – Industrial



Source: CCC Vacant Land Register

Notes

Data collected from Christchurch City Council on the quantum of vacant industrial land in suburbs within Christchurch City.

Observations

	Vacant Land End 2016	Vacant Land End March 2017	Change between quarters
Middleton / Wigram	5% TBC	6.7% TBC	1.7% á
Hornby / Sockburn	4.3% TBC	3.9% TBC	0.4% â
South City / Sydenham	8% TBC	7.4% TBC	0.6% ã
Bromley / Woolston	10.9% TBC	8.4% TBC	2.5% ä

Industrial Vacant Land has decreased in the latter half of 2016. The decrease has been focused mainly within the Eastern and Southern precinct areas of the city; most notably Bromley/Woolston, which decreased by 2.5%. The Western precinct has seen a 0.6% increase in vacancy rates, mainly driven by industry movement within Western Precinct areas.

Indicator 6 Capacity within existing and new built facilities – Commercial / Office



Source: JLL Office Pulse Q1.2017

Notes

Vacancy rates in Christchurch CBD and Suburban areas for office activities.

Observations

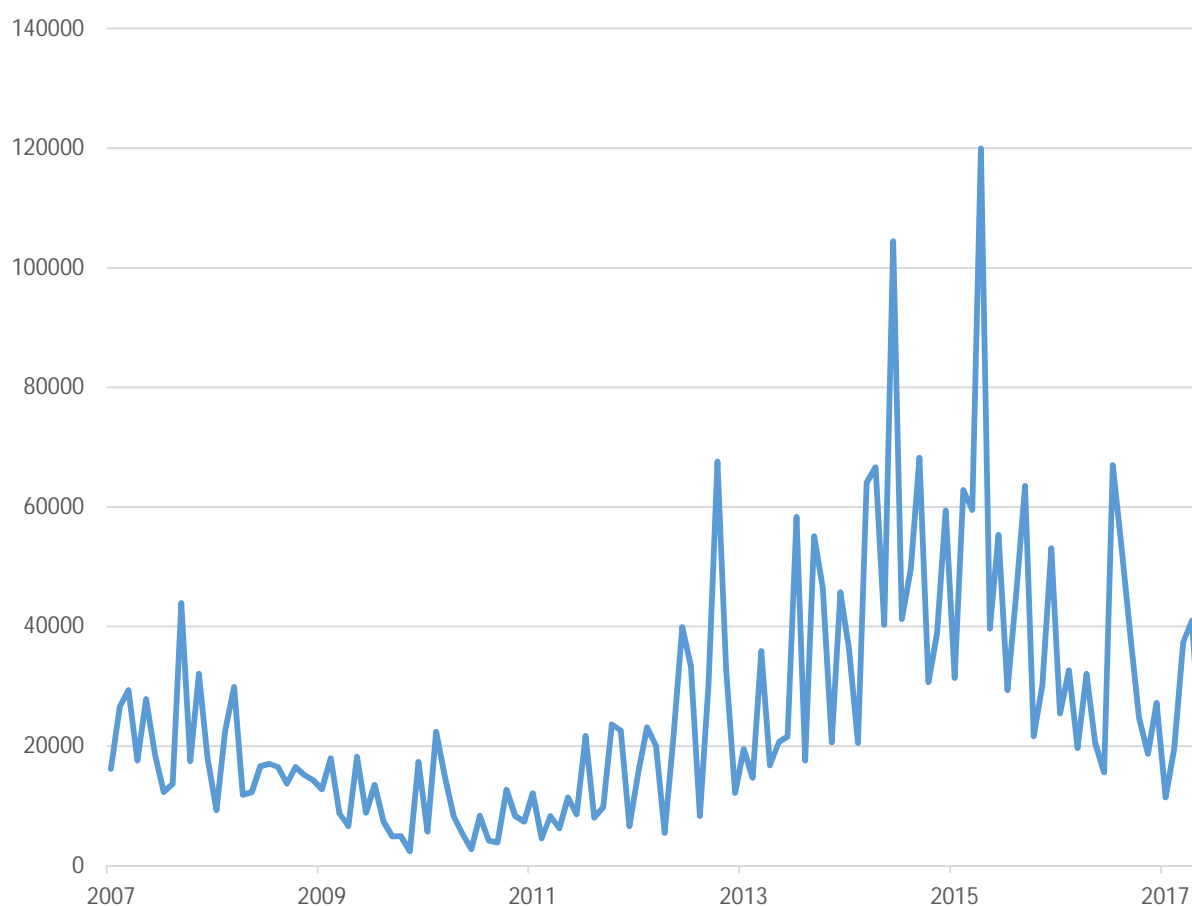
Prime vacancy sits at 14.3% representing 23,500m² of capacity, while secondary vacancy sits at 11.8% representing 11,500m² of capacity. The fringe markets have seen a spike in capacity as tenants opt for more central locations in the CBD.

As at December 2016 total office stock in the CBD sat at 263,000 sqm, 63% of which is prime quality. There is approximately 101,000 sqm of office still in the development pipeline (42,000 sqm of which constitutes the Justice Precinct). Once complete the size of the Christchurch CBD office market will sit at circa 360,000 sqm.

The suburban markets have seen increases in vacancy rates as businesses migrate back to CBD. Since December 2015, suburban vacancy has increased from 8.2% to 16.3% in December 2016.

Graphs and observations from Christchurch Office Pulse Q1 2017 prepared by JLL.

Indicator 7 Christchurch City Commercial Consents per square metre



Source: Christchurch City Council

Notes

Data collected from Christchurch City Council on the number of Commercial building consents issued by square metre.

Observations

	Building Consent by SQM 2007	Building Consent by SQM 2014	Building Consent by SQM 2016	Short Term Change (2014 and 2016)	Medium Term Change (2007 and 2016)
Christchurch City	273,672	560,813	386,455	31% ↑	41% ↓

Christchurch City has seen a large short term increase in Commercial building consents between 2014 and 2015. This increase was as a result of the Canterbury Earthquakes and the recovery of damaged or demolished buildings in the CBD. As commercial space has been developed in the CBD, demand for additional floor space has decreased and this can be seen in the level of Commercial consents per square metre lodged to Christchurch City Council in 2016 and early 2017.

Summary Group 2 Indicators

Indicator	Selwyn		Waimakariri		Christchurch City	
	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend	Short Term Trend	Medium Term Trend
3. Christchurch Commercial and Industrial Vacant Land	N/a		N/a		á	á
4. Capacity within existing and new built facilities Retail	N/a		N/a		á (Short Term Only)	
5. Capacity within existing and new built facilities – Industrial	N/a		N/a		â (Short Term Only)	
6. Capacity within existing and new built facilities – Commercial / Office	N/a		N/a		á (Short Term Only)	
7. Christchurch City Commercial Consents SQM	N/a		N/a		â	á

Overall Observations for Group 2 Indicators

There is a high level of commercial supply in Christchurch. This oversupply is expected to correct as businesses continue to return to the central city. CBD rents have been declining since 2015, but are expected to level out in the next 6 months. The migration of business to the CBD has seen Suburban vacancy rates double over the last 12 months, placing increased pressure on Suburban rents in the future.

There is currently 912 hectares of industrial vacant land and 123 Hectares of commercial vacant land. Industrial vacant land rates has decreased in the last 12 months, mainly resulting from take up in the Southern and Eastern Precincts.

Additional indicators to consider for future monitoring

- breakdown for Selwyn and Waimakariri for Indicator 4 and 7 and 9