

Settlement Pattern Review

Urban Development Indicators - Quarterly Monitoring Report (Nos.3 and 4)
meeting the requirements of the National Policy Statement on Urban Development Capacity (PB6)

Greater Christchurch Partnership
Covering July 2017 to December 2017

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Executive Summary

This report provides key indicator analysis in response to the National Policy Statement on Urban Development Capacity (NPS-UDC) monitoring requirements, and is designed to keep decision makers well informed about housing and business development markets, and urban development activities, and impacts on capacity for future development.

The report finds that supply for residential activities driven by building construction and subdivision of greenfields is increasing availability of dwellings for householders (home owners and renters) . This has generally lead to a stabilisation of house prices and of market rental rates. Housing for first time buyers is continuing to be available at affordable levels, relative to household income.

The report finds average residential housing construction costs are rising, which may lead to future pressure on new house prices.

The report finds that there is significant business floorspace for commercial retail uses, in central locations. Suburban commercial retail market rents are facing strong competition from desirable recently completed central areas. Central retail occupier demand is interspersed within a growing range of options.

The report finds central commercial office vacancy is reducing as suburban tenants and committed entrants move to occupy newly built space. This is anticipated to continue. The suburban office market has growing vacancy rates, which are anticipated to grow further as the attraction of new central premises attracts tenants.

The construction of new commercial office and retail space has been declining since 2015 as the post earthquake rebuild transitions to ongoing business growth construction.

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 September 2017.

The GCP Monitoring Group, comprising staff from the Councils and other partners has developed this 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.

¹ Previously known as the Greater Christchurch Urban Development Strategy Partnership

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.

Third and Fourth Quarterly Report – July to December 2017

This third and fourth combined quarterly report contains updated residential indicators. The residential baseline indicators are comprised of three groups. These are:

- Housing
- Rentals
- Provision of new houses

The business baseline indicators comprise 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.

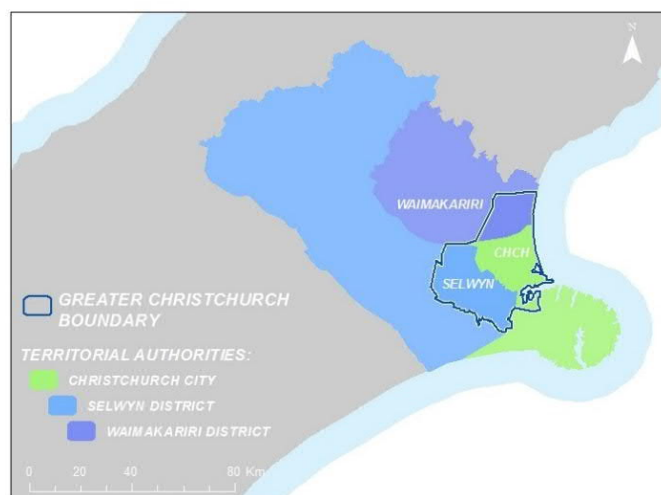
For each indicator, the data is shown in a graphical format along with an explanation on what the indicator is and the identified source for the data. At the end of each indicator, brief observations are included where appropriate.

For some indicators, to help understand the change over time, information on the most recent period changes have been included along with the previous quarterly report 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.

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 District 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.

Updating 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.

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.

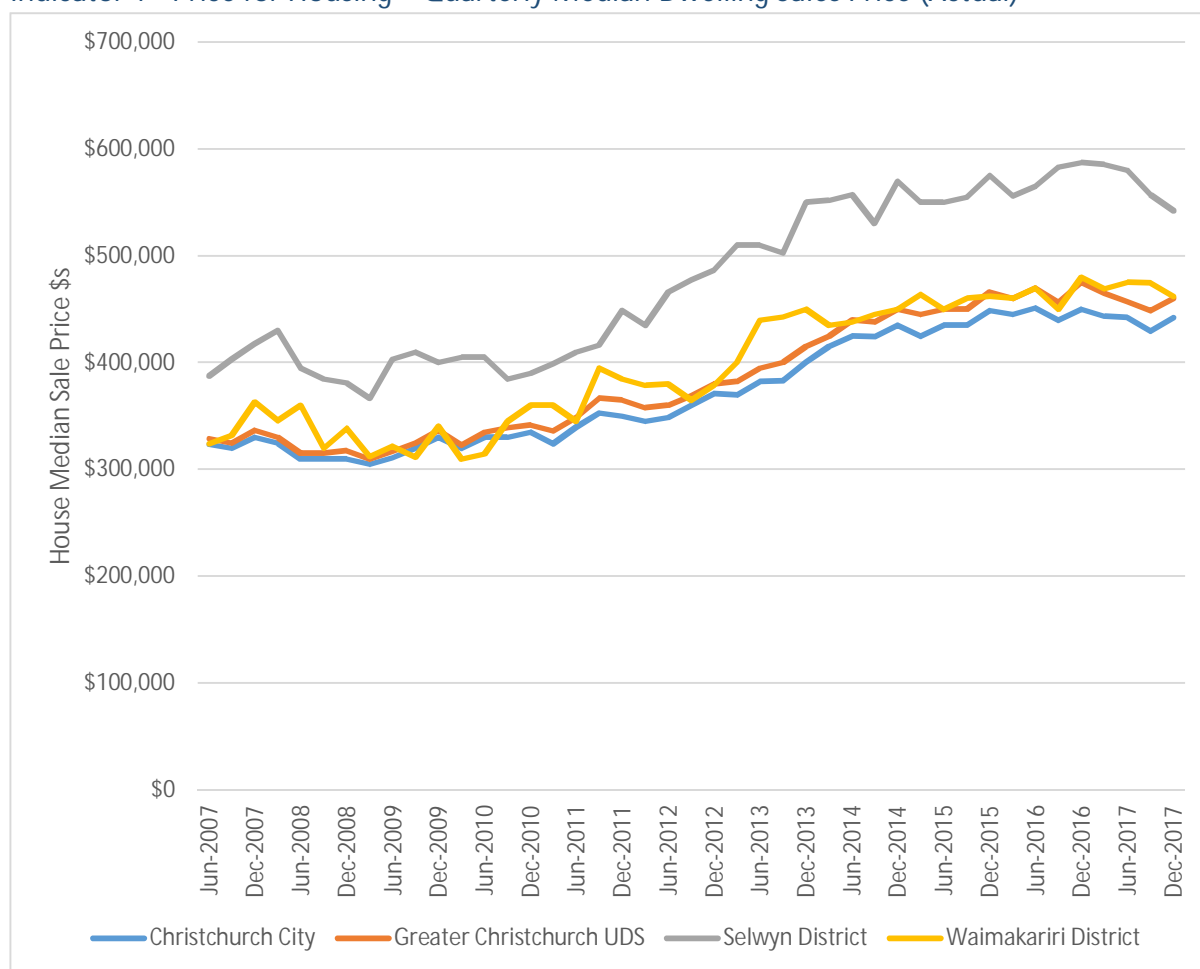
Residential Baseline Indicators

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 – Quarterly Median Dwelling Sales Price (Actual)



Source: Corelogic – MBIE Urban Development Capacity Dashboard

Notes

This indicator shows the median sale 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. The chart is detailed to the end of December 2017.

Observations June to September 2017

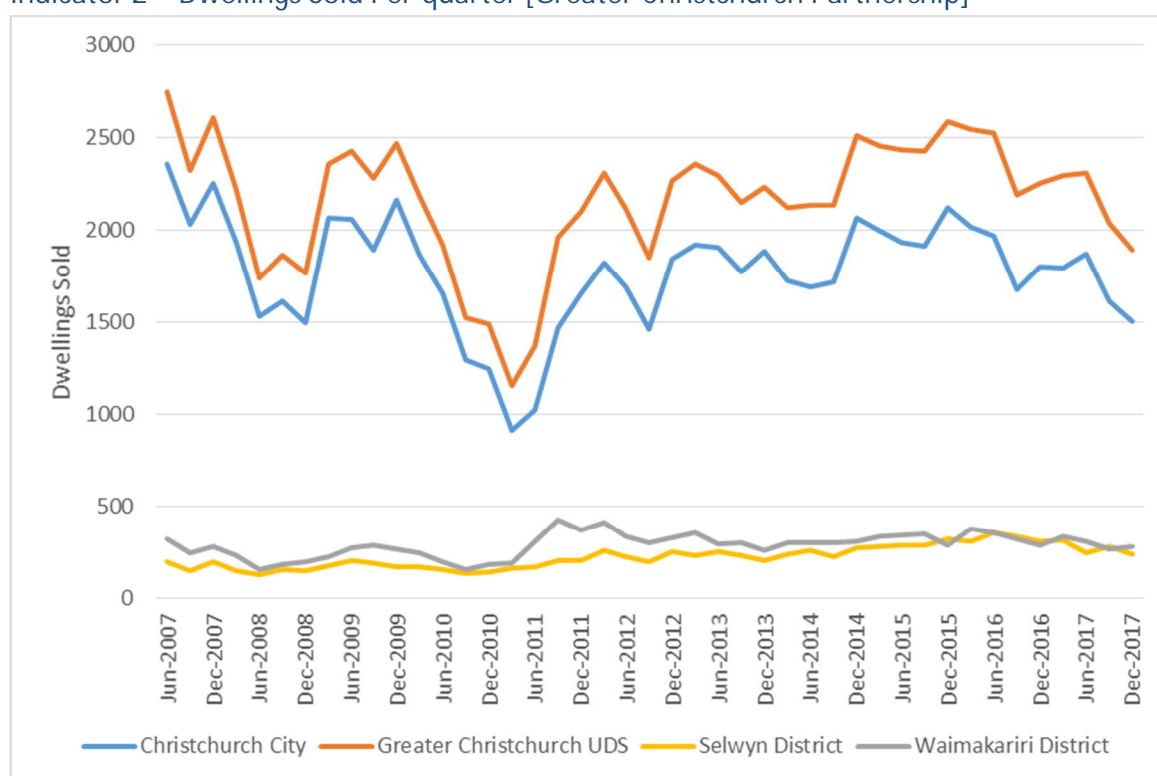
	Sales Price June 2017	Sales Price September 2017	Quarterly % Change (June to September 2017)
Christchurch City	\$442,000	\$429,500	2.8% decrease
Greater Christchurch UDS	\$457,000	\$449,000	1.8% decrease
Selwyn District	\$580,000	\$557,500	3.9% decrease
Waimakariri District	\$475,000	\$474,500	0.1% decrease

Observations September to December 2017

	Sales Price September 2017	Sales Price December 2017	Quarterly % Change (September to December 2017)
Christchurch City	\$429,500	\$442,000	2.9% increase
Greater Christchurch UDS	\$449,000	\$460,000	2.4% increase
Selwyn District	\$557,500	\$542,000	2.8% decrease
Waimakariri District	\$474,500	\$462,000	2.6% decrease

There were decreases in average sale prices for the Greater Christchurch area overall between June and September. This was a likely result of the level of demand through the winter season, and of the cooling housing market that was evident nationwide. Increases in the City and Greater Christchurch from September can be attributed to increases in sales volumes in spring after the winter lull in the months of October and November (REINZ Monthly Property Report Dec 2017). In Selwyn and Waimakariri, the level of sales prices has potentially reached a peak and is now on a decreasing trajectory. The previous strong construction in the districts may reflect sales in predominantly new housing stock; current reductions in price may reflect the rebalancing of demand over the entire stock range.

Indicator 2 – Dwellings Sold Per quarter [Greater Christchurch Partnership]

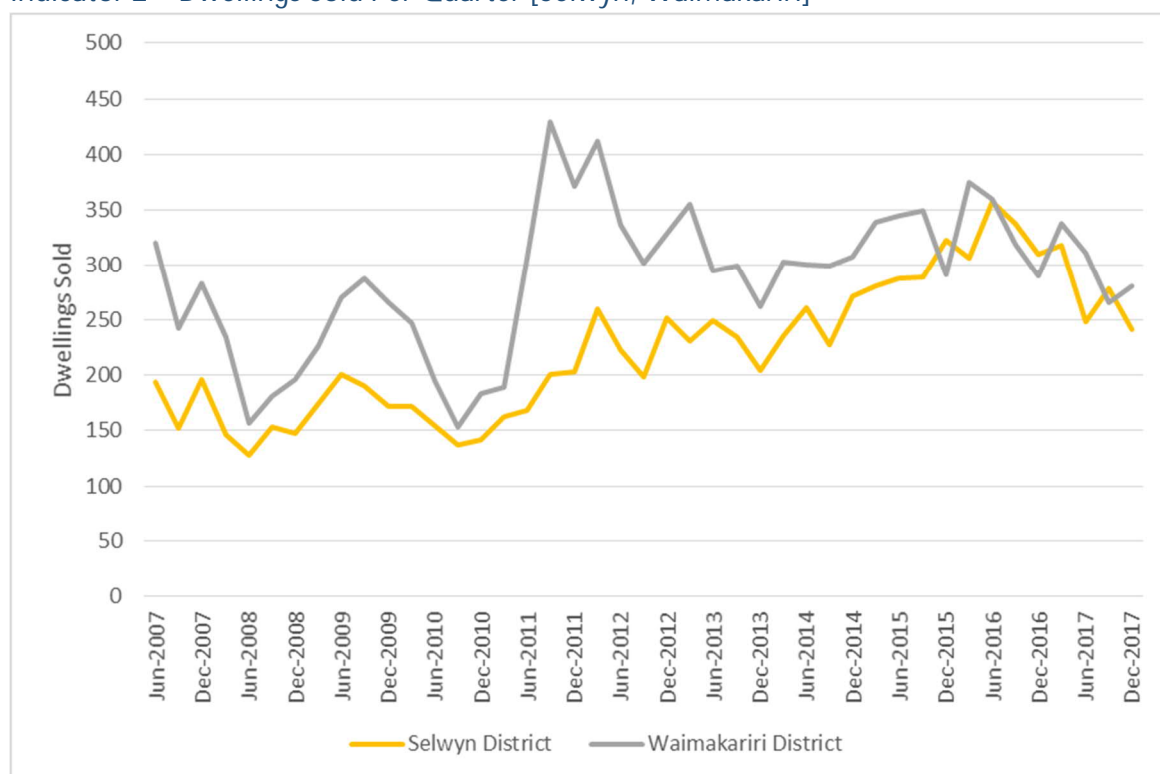


Source: MBIE Urban Development Capacity Dashboard

Notes

This is the quantity of all dwellings sold in each local authority. Charts for this indicator are detailed to the end of December 2017

Indicator 2 – Dwellings Sold Per Quarter [Selwyn, Waimakariri]



Observations June to September 2017

	Dwellings Sold June 2017	Dwellings Sold September 2017	Quarterly % Change (June to September 2017)
Christchurch City	1874	1614	13.9% decrease
Greater Christchurch UDS	2313	2039	11.8% decrease
Selwyn District	248	278	12.1% increase
Waimakariri District	311	266	14.5% decrease

Observations September to December 2017

	Dwellings Sold September 2017	Dwellings Sold December 2017	Quarterly % Change (September to December 2017)
Christchurch City	1614	1503	6.9% decrease
Greater Christchurch UDS	2039	1897	7.0% decrease
Selwyn District	278	241	13.3% decrease
Waimakariri District	266	281	5.6% increase

There has been an overall decrease in dwellings sold in Greater Christchurch in the current quarterly period to December 2017. This will relate to the market conditions of Indicator 1. 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 (shown in indicator 1) have decrease (prices peaked around September 2016). Future quarterly reports will monitor this to note if the number of dwellings sold is now returning to pre-quake numbers or if the number reflects a new normal level.

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.

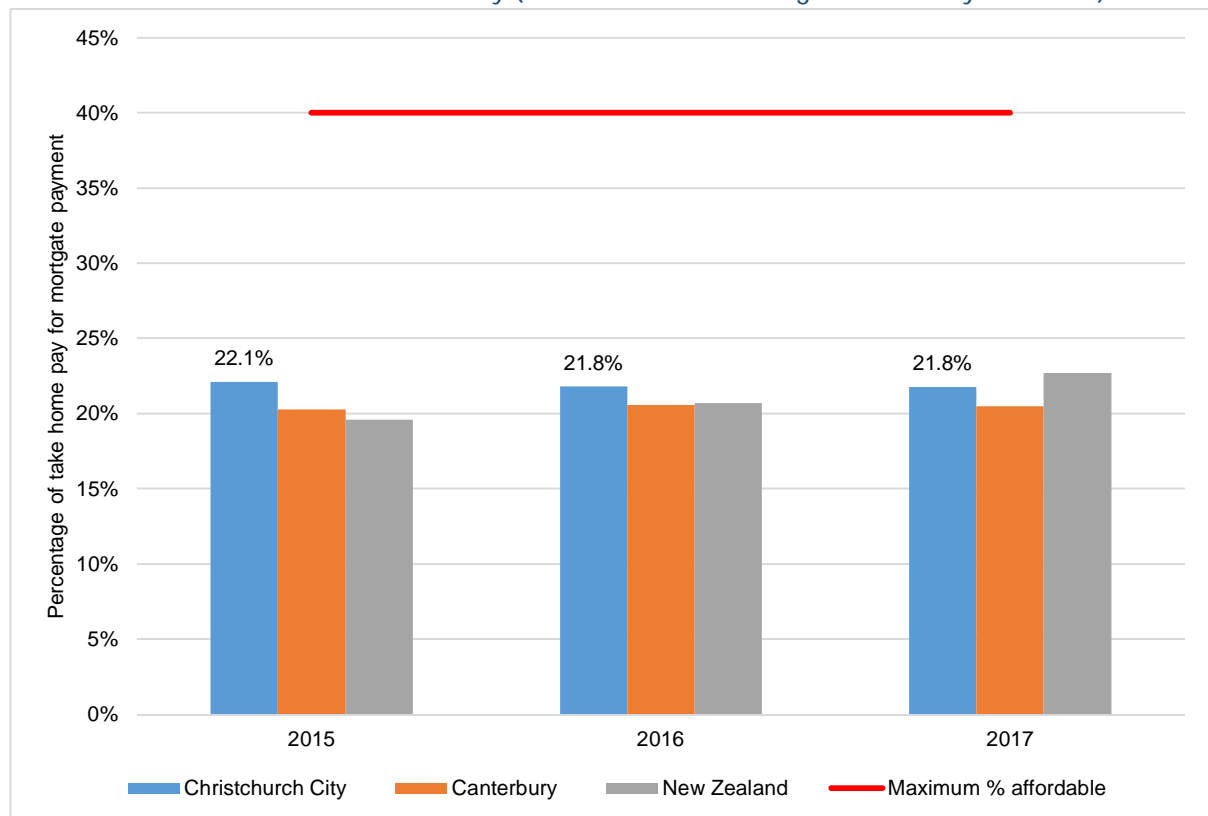
Indicator 3 - Housing Affordability Measure (HAM) – Buy (12 month rolling average)

No further data updates have been produced for the HAM since March 2016

Notes

Review the previously published results and the discussion of limitations to the HAM indicator in the the first quarterly report at: <http://greaterchristchurch.org.nz/assets/Uploads/SPR-NPS-UDC-Quarterly-Monitoring-Report-for-GCP-Committee-final.pdf>

Indicator 3a – Home Loan Affordability (Interest.co.nz Housing Affordability Measure)



Source: Interest.co.nz Home Loan Affordability Report, December 2017 (Christchurch, Canterbury, NZ)

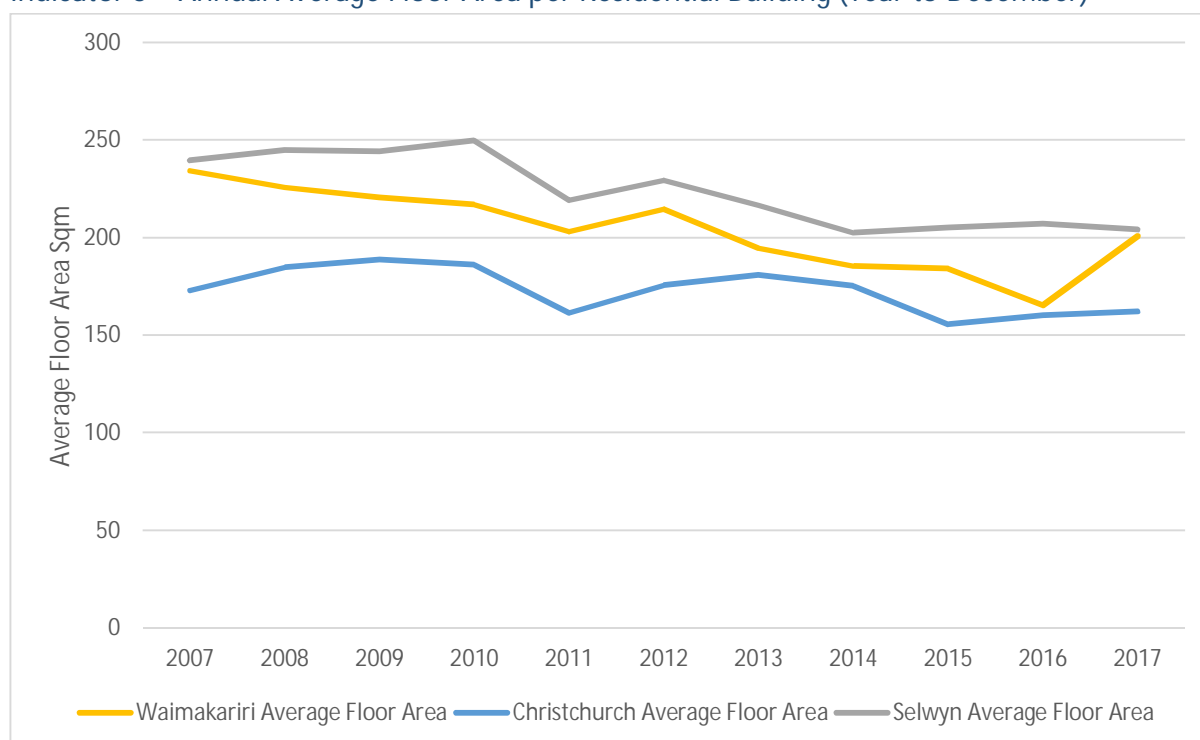
This measure estimates how affordable it would be for a couple, both aged 25–29, and are working full time, to buy a first home at the lower quartile price in the region or town where they live. Affordability is measured as the proportion of take-home pay that is needed to make mortgage payments for a first-time buying household. A value below 40% is considered affordable. This assumes saving a 20% deposit over 4 years accumulated from 20% of their weekly pay, and purchasing a house at the lower quartile price (Christchurch: \$367,000 ; Canturbury \$347,500; NZ \$375,000 in December 2017). On that basis it would be affordable for a young couple earning the median pay rate to buy a lower quartile-priced home in Christchurch/Canturbury. Overall, the affordability of a lower quartile-priced home has had little change since 2015.

Indicator 4 - Land Value as Percentage of Capital Value

Notes

Review the previously published results of this indicator in the the first quarterly report at: <http://greaterchristchurch.org.nz/assets/Uploads/SPR-NPS-UDC-Quarterly-Monitoring-Report-for-GCP-Committee-final.pdf>

Indicator 5 – Annual Average Floor Area per Residential Building (Year to December)



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 12 month rolling average floor area for dwellings constructed in a calendar year can be determined. This averaged data is to computed for the calendar year, except for the report period to September 2017.

Observations Year to September 2017

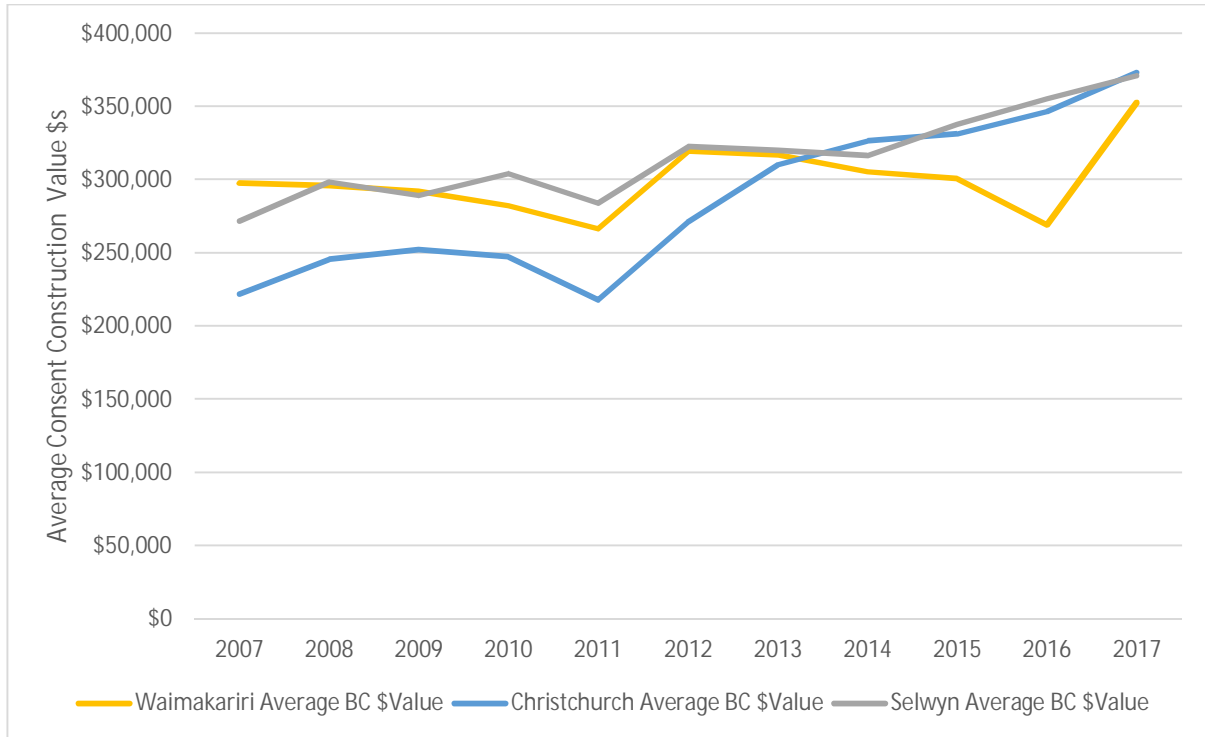
	Previous Annual Average Value	Current Average Floor Area per Residential Building Sep 2017	Floor Size Change Dec 2016 - Sep 2017
Waimakariri District	165m ²	205m ²	39m ² increase
Selwyn District	207m ²	204m ²	3m ² decrease
Christchurch City	160m ²	164m ²	4m ² increase
Greater Christchurch	No Data Available		

Observations Year to December 2017

	Previous Annual Average Value	Current Average Floor Area per Residential Building Dec 2017	Floor Size Change Dec 2016 - Dec 2017
Waimakariri District	165m ²	201m ²	35m ² increase
Selwyn District	207m ²	204m ²	3m ² decrease
Christchurch City	160m ²	162m ²	2m ² increase
Greater Christchurch	No Data Available		

Over the year to December 2017 Christchurch City and Selwyn average house sizes have reduced where Waimakariri has seen gains in size. This may be due in part to a reduction of retirement sized units being constructed over that period; these would otherwise reduce the average size. The largest average residential buildings are constructed in the Selwyn District, followed by Waimakariri and then Christchurch City.

Indicator 6 - Average Construction Value per Residential Building Dwelling Consent (Year To December)



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). This averaged data is to computed for the calendar year.

Observations Year to September 2017

	Previous Annual Average Value	Current Average Value per Residential Building (quarter3)	Percentage Change Dec 2016 - Sep 2017
Waimakariri District	\$269,111	\$353,689	31% increase
Selwyn District	\$355,465	\$366,274	3% increase
Christchurch City	\$346,478	\$373,003	8% increase
Greater Christchurch	No Data Available		

Observations Year to December 2017

	Previous Annual Average Value	Current Average Value per Residential Building (quarter4)	Percentage Change Dec 2016 - Dec 2017
Waimakariri District	\$269,111	\$352,551	31% increase
Selwyn District	\$355,465	\$371,131	4% increase
Christchurch City	\$346,478	\$373,207	8% increase
Greater Christchurch	No Data Available		

For the year to Q4 of 2017, the average construction value of residential buildings in Waimakariri has increased as the consents represent standalone houses, contrasting with the large number of smaller retirement units that contributed to a reduced average to December 2016 as shown in indicator 5. For Christchurch, the average value of recorded consents was larger and given the average floor area of construction is relatively stable, this could indicate increased costs in construction, giving an 8% increase in value compared with 2016. Geotech considerations for foundation construction, labour and other material costs may be influencing the high price of construction in the City. Selwyn District has consistently had high consent values, and shows parity with the City values at the end of the current monitoring period; the larger size of residential developments in Selwyn, and therefore building materials and labour costs, will be factors contributing to the high values. Ongoing monitoring of this indicator will be important to understand the potential trends moving through 2018, plus an additional indicator showing construction cost per square metre could provide supplementary information.

Summary to December 2017 – Updated Group 1 Indicators

Indicator	Selwyn	Waimakariri	Christchurch City	Greater Christchurch
	Quarterly Trend to December 2017			
1. Dwelling Sales Price	↓	↓	↑	↑
2. Dwelling Sold	↓	↓	↓	↓
3. Housing Affordability – interest.co.nz	N/A	N/A	Static	N/A
4. Land value as % of Capital Value	No update for this quarterly report			
5. Average New House Floor Area	↓	↑	↑	N/A
6. Average Construction Value of Residential Buildings	↑	↑	↑	N/A

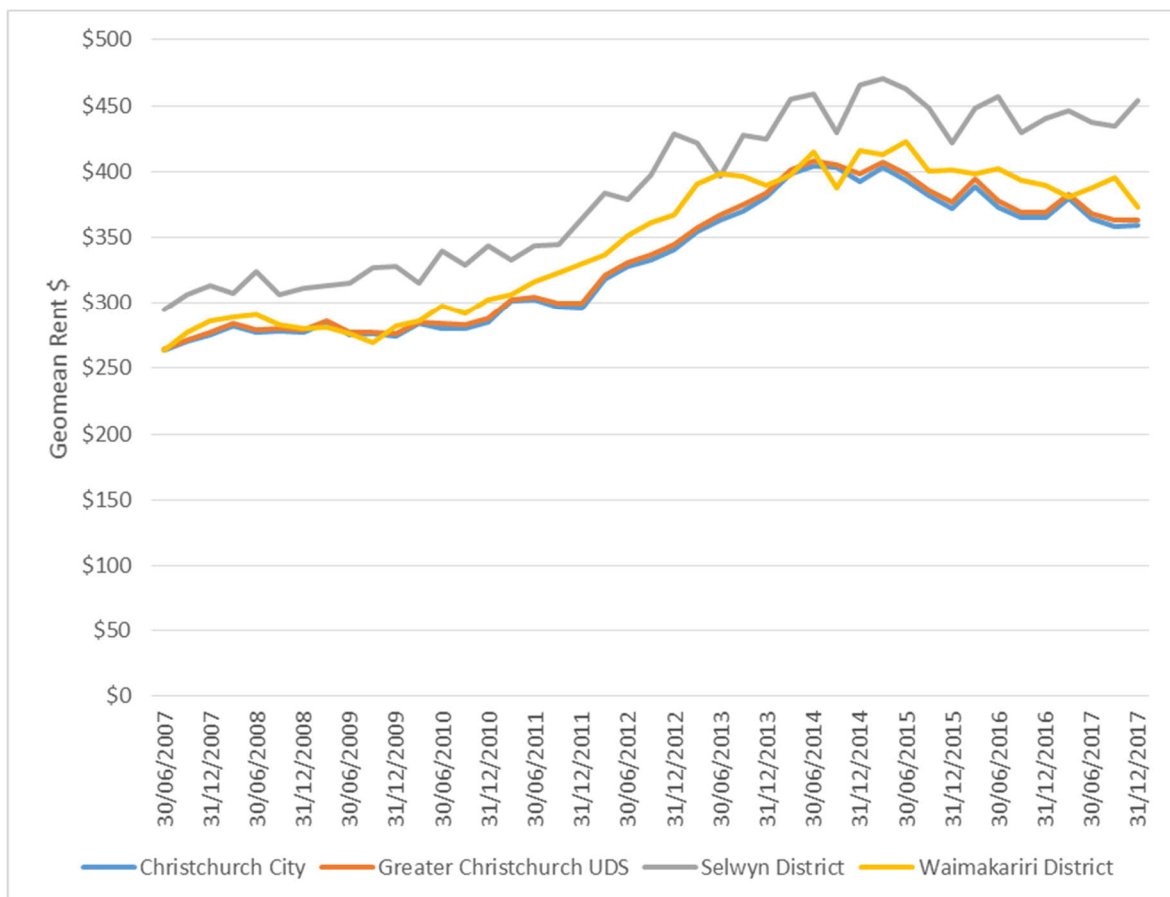
Overall Observations for Updated Group 1 Indicators

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 for first time buyers (interest.co.nz measure) indicated a static level since the last quarter, sales prices for dwellings have increased over the same period in Christchurch City, with fewer dwellings sold; this may point to higher value dwellings, not affordable dwellings, forming the majority of sales. In addition, the indicators have shown that there are differences in the housing market values between the districts and the City, although trends are in similar directions. Continued analysis is required to form a more complete picture of property markets and inter-relationships between Selwyn, Waimakariri and Christchurch City markets and how to interpret the data provided.

Residential Indicators Group 2 – Residential Rentals

Indicator 7 – Quarterly Dwelling Rents to December 2017



Source: MBIE Urban Development Capacity Dashboard

Notes

This indicator reflects nominal quarterly mean rents as reported in lodged new rental bonds with MBIE. The mean used is a geometric mean. The reason for using this statistic 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

Median rental costs have declined in Christchurch, and overall in Greater Christchurch, since the peak of the post quake increases in 2014/15. Rental costs in Selwyn have fluctuated but are on an increasing trajectory. Waimakariri rents reached peak post quake later than the City, but is on a declining trend since 2015.

Indicator 8 – Rental price per dwelling type – Example information for Riccarton and Rangiora/Kaiapoi

Christchurch – Riccarton: Quarter to December 2017					Waimakariri - Rangiora/Kaiapoi: Quarter to December 2017				
Flat					Flat				
Size	Bonds received	Lower Quartile \$\$	Mean Rent \$\$	Upper Quartile \$\$	Size	Bonds received	Lower Quartile \$\$	Mean Rent \$\$	Upper Quartile \$\$
1 bedroom	13	120	220	293	1 bedroom	NA	NA	NA	NA
2 bedrooms	41	312	337	360	2 bedrooms	12	294	316	336
3 bedrooms	8	287	397	489	3 bedrooms	NA	NA	NA	NA
4 bedrooms	NA	NA	NA	NA	4 bedrooms	NA	NA	NA	NA
5+ bedrooms	NA	NA	NA	NA	5+ bedrooms	NA	NA	NA	NA
Houses					Houses				
2 bedrooms	34	325	358	388	2 bedrooms	18	318	334	349
3 bedrooms	40	367	430	486	3 bedrooms	42	364	392	418
4 bedrooms	24	404	511	603	4 bedrooms	12	462	487	511
5+ bedrooms	14	671	795	901	5+ bedrooms	NA	NA	NA	NA

Source Tenancy New Zealand – Market Rent Data – supplied via MBIE.

Notes

Tenancy New Zealand directly collects data as new bonds are lodged with them. Data is confidentialised (“NA”) where there are less than six bonds lodged in an area for any given reporting period. The information contained in Indicator 8 is an example of data Councils can currently source; Rental data by dwelling type is only available for the suburbs within Christchurch and for Rangiora/Kaiapoi urban areas of Waimakariri. Data for townships within the Selwyn District is unavailable at the present time.

Observations

Christchurch rental costs for flat type one room accommodation have dropped in the Riccarton area more than other classes of rented accommodation: a 15% reduction in average 1 bedroom flat rents from \$259 to \$220 in the quarter to December. Mean rent for flat type accommodation with multiple rooms has also reduced, but the upper range cost has increased since June from \$472 to \$486 for 3 bedroom flats, indicating higher demand or higher specification supply for that type is pushing prices up. Mean house type rent fluctuated in Christchurch over the period; this has reduced across 2 room types, but increased in the 3 or more bedroom categories in the quarter to December. Based on the Waimakariri sample, the districts have experienced marginal increases in flat accommodation prices - \$312 to \$316 average for 2 bedrooms since June. Waimakariri mean rental costs for house category property have varied fractionally up or down depending on the number of rooms available.

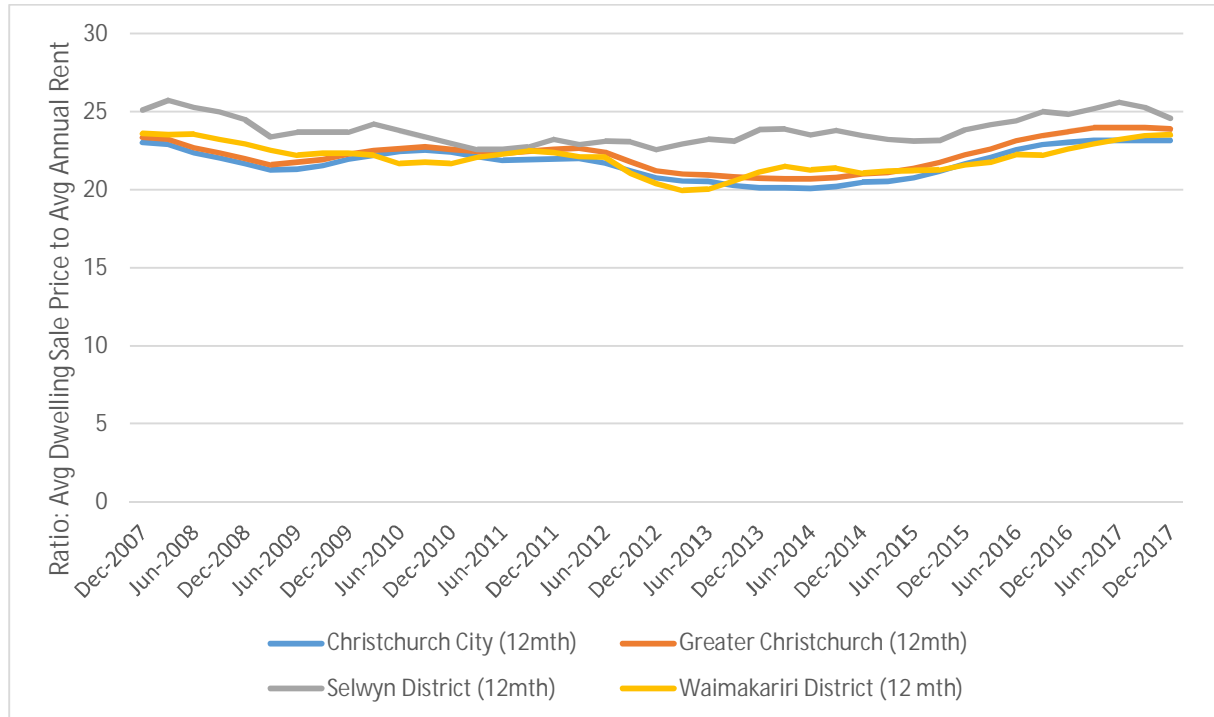
Indicator 9 - Housing Affordability Measure – Rents (12 month rolling average)

No further data updates have been produced for the HAM since March 2016

Notes

Review the previously published results of this indicator in the the first quarterly report at: <http://greaterchristchurch.org.nz/assets/Uploads/SPR-NPS-UDC-Quarterly-Monitoring-Report-for-GCP-Committee-final.pdf>

Indicator 10 - Ratio of dwelling sales prices to rent (12 month rolling average)



Source: MBIE Urban Development Capacity Dashboard

Notes

This ratio augments the price and rent indicators by providing data about the relationship between the cost of owning and renting dwellings over time. The lower the value of the ratio the more affordable purchasing a house is relative to the cost of ongoing rent; It indicates changes in the ease of moving from renting to home ownership at current median house prices and rents, and shows trends in investor yields. As an example, in Greater Christchurch in December 2017, a ratio of 24.34 indicates that the price of a median house is 24.34 times the mean annual rent paid. The ratio can be affected by increasing or decreasing values in rent prices and in housing sale median values; it is most effectively analysed when one side of the of the balance is static.

Observations June to September 2017

	Ratio dwelling sales price to rent Jun 2017	Ratio dwelling sales price to rent Sep 2017	Quarter % Change (Jun 2017 to Sep 2017)
Christchurch City	23.35	23.07	-1.2% decrease
Selwyn District	25.52	24.70	3.2% decrease
Waimakariri District	23.54	23.10	1.9% decrease
Greater Christchurch	23.88	23.84	0.2% decrease

Observations September to December 2017

	Ratio dwelling sales price to rent Sep 2017	Ratio dwelling sales price to rent Dec 2017	Quarter % Change (Sep 2017 to Dec 2017)
Christchurch City	23.07	23.68	2.6% increase
Selwyn District	24.70	22.96	7.1% decrease
Waimakariri District	23.10	23.82	3.1% increase
Greater Christchurch	23.84	24.34	2.1% increase

Christchurch and Waimakariri have both experienced increases in the quarter to December 2017 as a likely effect of the continuing reductions in rent prices through increased developed supply and the stabilisation of house sale price; Selwyn has seen a decrease over the same period, indicating rental prices are increasing relative to the price of housing which is consistent with indicators 1 and 7.

Summary To December 2017 - Residential Indicators Group 2

Indicator	Selwyn	Waimakariri	Christchurch City
	Quarterly Trend		
7. Dwelling Rents	↑	↓	↓
8. Rental price per dwelling type	TBD	flat ↑ 2 bedroom house ↑ 3 bedroom house ↓ 4+ bedroom house ↑	flat ↓ 1 or 2 bedroom house ↓ 3+ bedroom house ↑
9. Housing Affordability Measure – Rent	N/A	N/A	N/A
10. Ratio of dwelling sales prices to rent (12mth avg)	↑	↓	↓

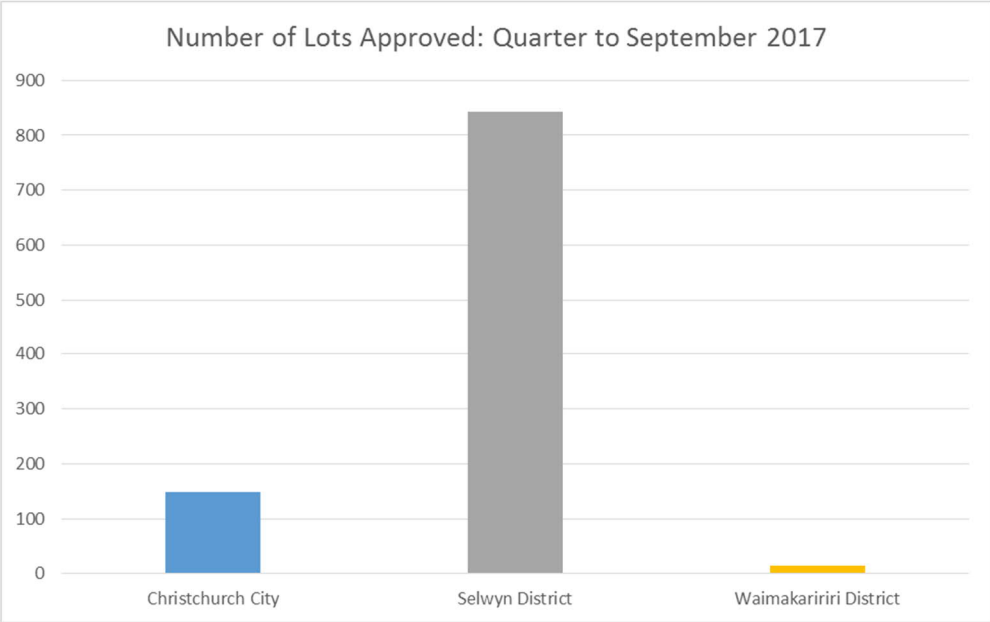
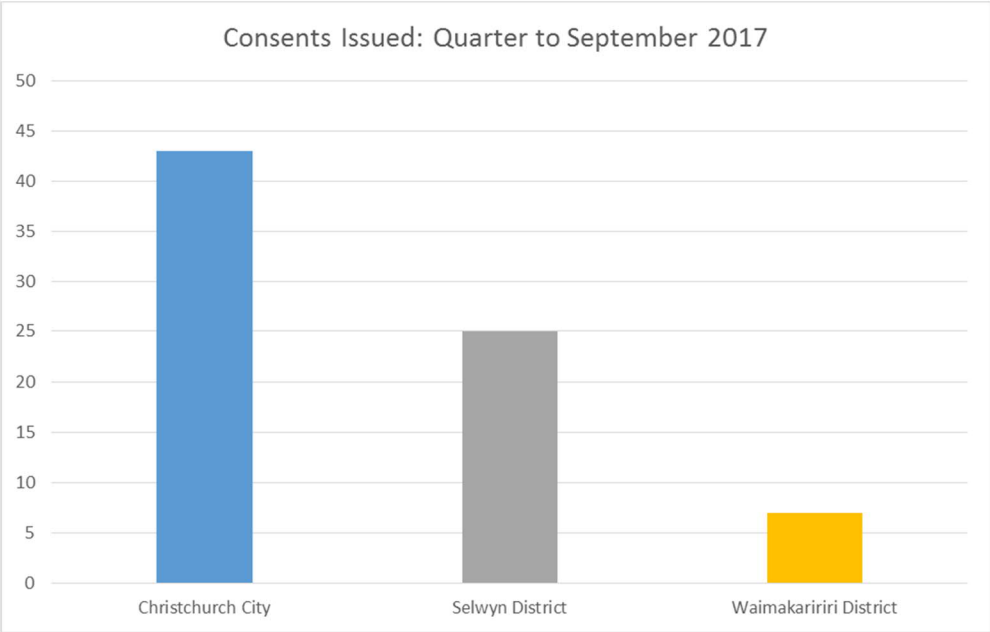
Overall Observations for Group 2 Indicators

Over the short term, rents have slowly decreased in all of the areas monitored in this report. This could be due to the reduction in demand that has occurred for temporary housing of workers and displaced households that were evident post quake.

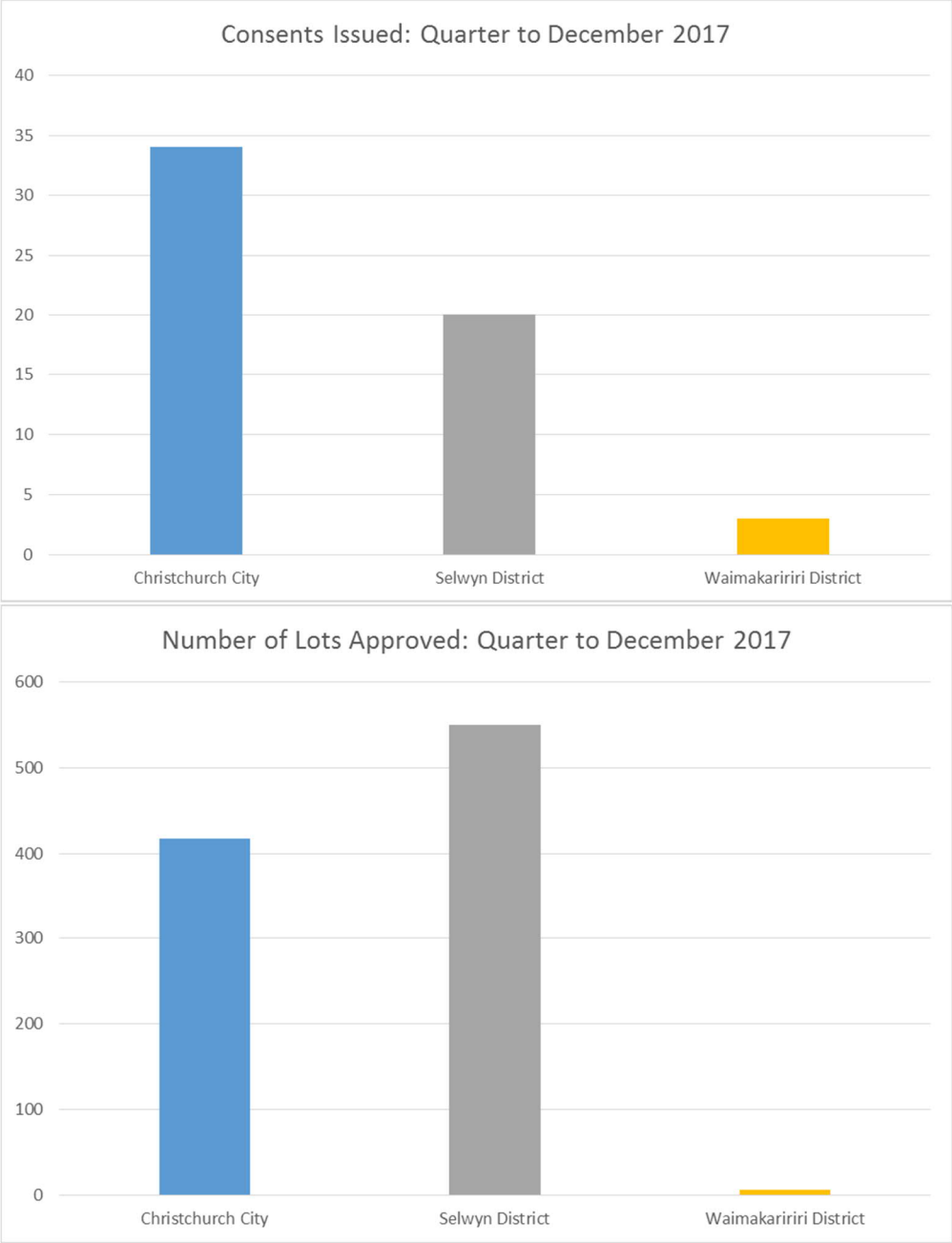
Additional indicators to consider for future monitoring for better understanding of changes in rental prices across a range of suburbs in Christchurch and the towns within Waimakariri and Selwyn Districts (within the Greater Christchurch area).

Residential Indicators Group 3 – Provision of new Houses

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



Indicator 11 continued– 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

Selwyn district has the highest number of new sections approved through a small number of issued consents. Christchurch is the next highest level which reflects its larger proportion of the Greater Christchurch population.

Some caution is required in making generalisations on capacity through number of new sections as significant developments, such as retirement villages, may not subdivide into individual lots, but rather manage a large number of units under a single entity. The number of cross lease and unit title subdivisions can also add significant dwelling capacity, but is not measured by this indicator.

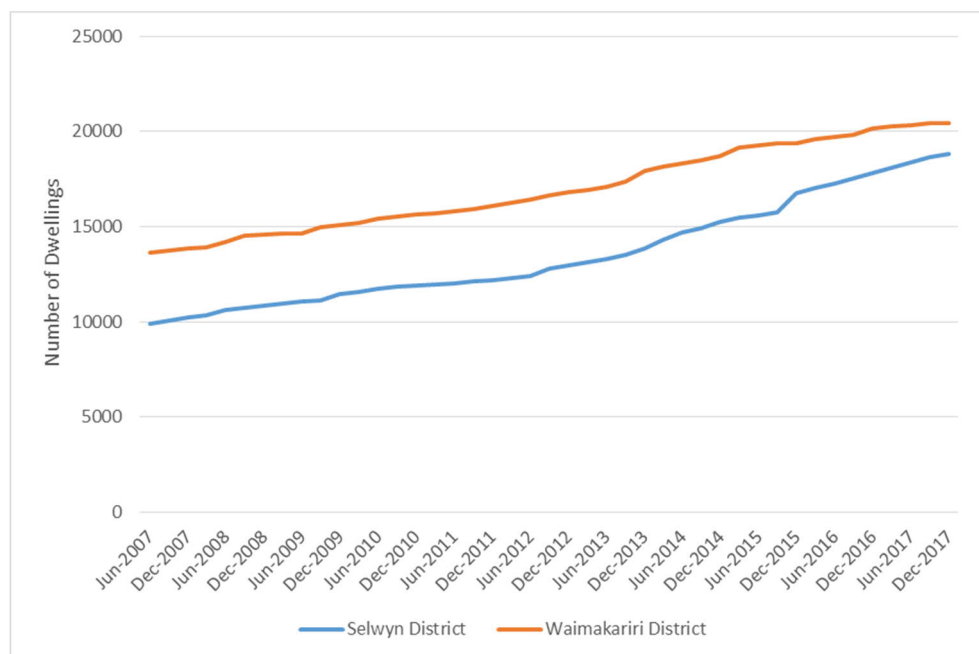
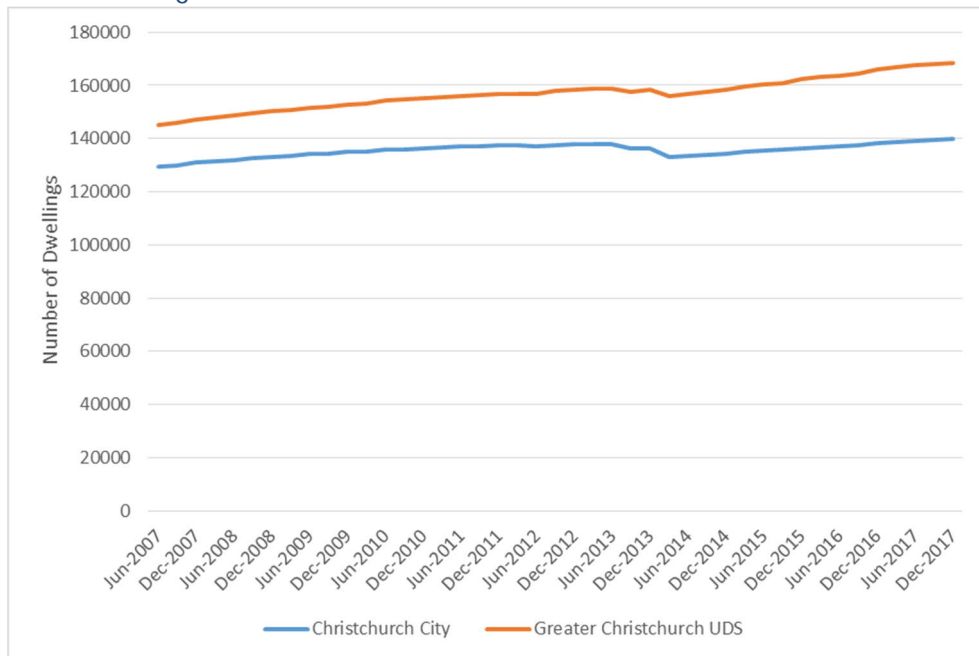
Indicator 12 – New dwelling consents compared to household growth

Notes

Data is only available to March 2016. Review the previously published results of this indicator in the the first quarterly report at:

<http://greaterchristchurch.org.nz/assets/Uploads/SPR-NPS-UDC-Quarterly-Monitoring-Report-for-GCP-Committee-final.pdf>

Indicator 13 – Dwelling Stock



Source: MBIE Urban Development Capacity Dashboard

Notes

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

Observations September to December 2017

	Dwelling Stock September 2017	Dwelling Stock December 2017	Quarterly % Change (September 2017 to December 2017)
Christchurch City	139,595	139,871	0.2% increase
Greater Christchurch UDS	168,064	168,526	0.3% increase
Selwyn District	18,647	18,818	0.9% increase
Waimakariri District	20,434	20,468	0.2% increase

The housing stock has increased in all areas monitored by this indicator during the current period. Dwelling stock is now estimated to be 168,526 dwellings in the Greater Christchurch area, which exceeds the estimated 155,094 dwellings estimated in December 2010. In Christchurch City, dwelling numbers dropped from ~136,500 in December 2010, to a low of ~133,000 in 2014. The number of dwellings in the City is estimated to be around 140,000 at December 2017. This is a significant result considering the level of decrease to the dwelling stock noted as a result of the impact of the Canterbury earthquakes.

Summary to December 2017 - Residential Indicators Group 3

	Selwyn	Waimakariri	Christchurch City	Greater Christchurch
Indicator	Short Term Trend	Short Term Trend	Short Term Trend	Short Term Trend
11. Subdivisions	No Trend Available			
12. Dwelling Consents / Growth	↑/no new data	↑/no new data	↓/no new data	No data available
13. Dwelling Stock	↑	↑	↑	↑

Overall Observations for Group 3 Indicators

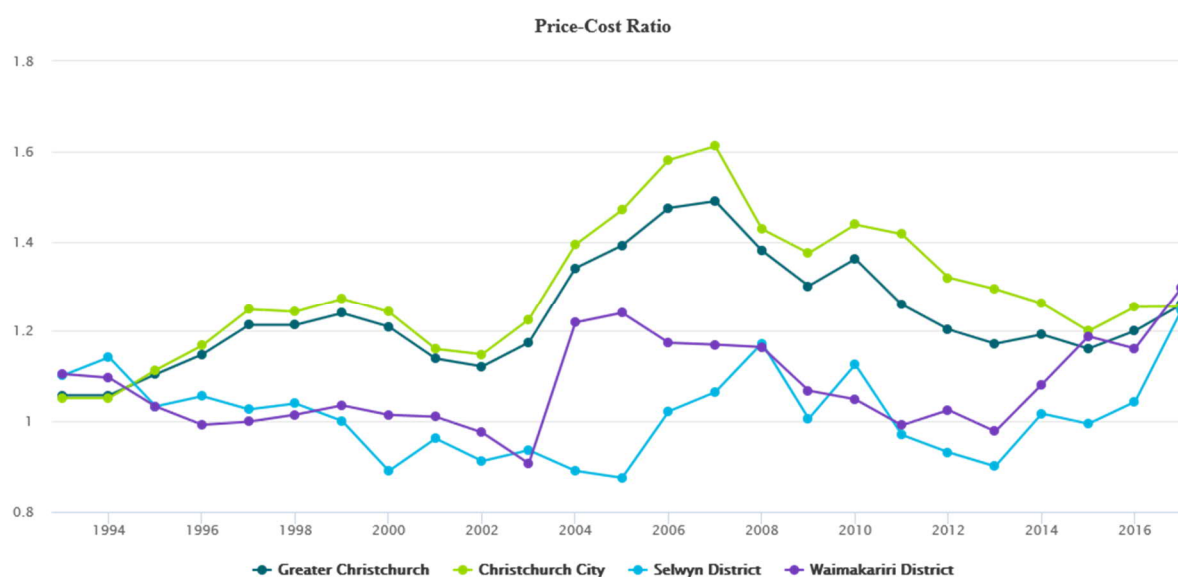
Subdivision and building consents activity continue to contribute to an increase in the number of dwellings. The level of change is evident in the positive changes in both Group 1 and 2 Indicators for housing provision. For example, the slower increase in dwelling sale prices and the reduction in rental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

Residential Indicators Group 4 – Price Efficiency Indicators

Cost efficiency measures have been introduced into the NPS monitoring dashboard; the housing price to cost data is available online, however the period covered is determined by valuation data collected on the valuation cycle, and is not aligned with the current quarterly report quarter (Q4 December 2017)

Price efficiency analysis detailed in this section relates to “extended urban areas” as provided by indicators on the dashboard on the Ministry of Business, Innovation and Employment’s website. An extended urban area comprises the full area of territorial authorities that have jurisdiction over an “urban area” as defined by Statistics New Zealand in 2017. Some urban areas cover several territorial authority areas and so all of these are included in the extended urban area. This reflects that fact that urban settlement has created a single housing and labour market crossing the boundaries of these local authorities. So for example, the greater Christchurch extended urban area, “Christchurch”, includes Christchurch city and Selwyn and Waimakariri districts.

Indicator 14 – Housing price to cost ratio



Source: MBIE Urban Development Capacity Dashboard

Notes

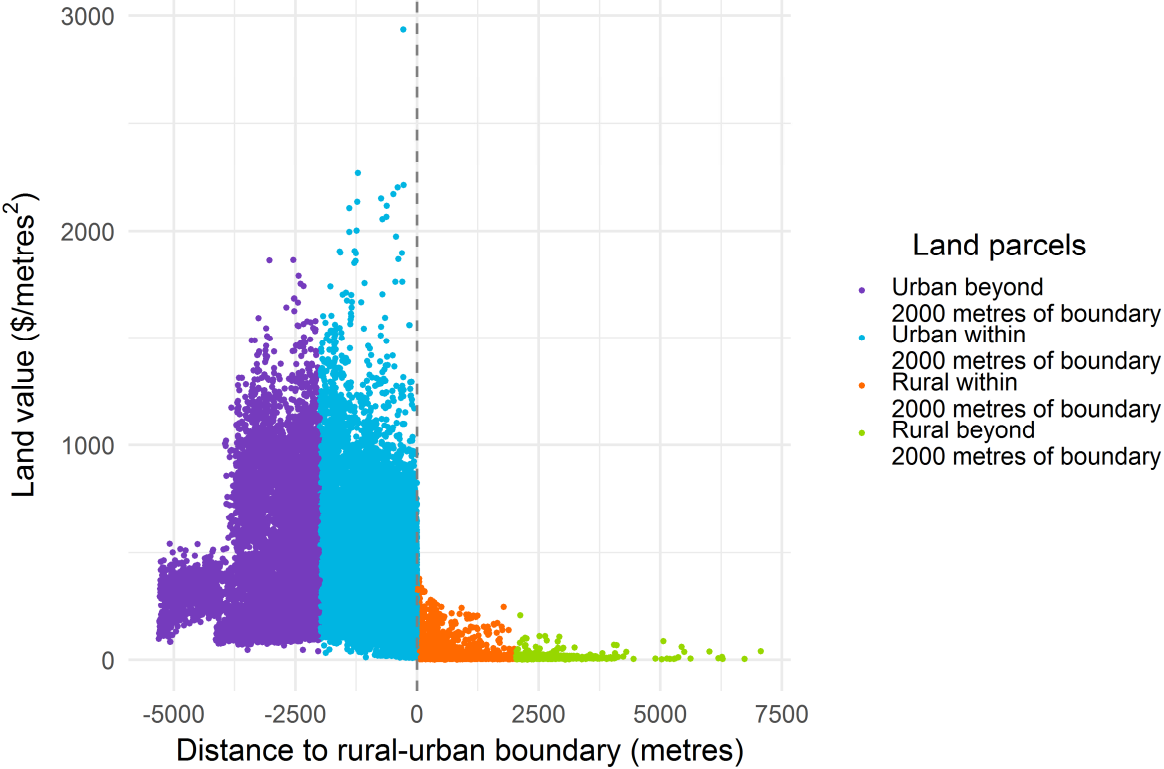
Price-cost ratios show the extent to which house prices are driven by construction costs versus the cost of land (infrastructure-serviced sections). Over time, except during periods of rapid growth, most areas in NZ show price cost ratios below 1.5. These results suggest a threshold of 1.5, below which land markets are operating well, and above which it appears there are constraints on the supply of infrastructure-serviced sections relative to demand.

Price efficiency analysis detailed in this section relates to “extended urban areas” as provided by indicators on the dashboard on the Ministry of Business, Innovation and Employment’s website. An extended urban area comprises the full area of territorial authorities that have jurisdiction over an “urban area” as defined by Statistics New Zealand in 2017. Some urban areas cover several territorial authority areas and so all of these are included in the extended urban area. This reflects that fact that urban settlement has created a single housing and labour market crossing the boundaries of these local authorities. So for example, the greater Christchurch extended urban area, “Christchurch”, includes Christchurch city and Selwyn and Waimakariri districts.

Observations

Christchurch city exceeded the 1.5 ratio threshold (see notes above) prior to the GFC, but, experienced a reduction, along with other areas monitored, and has stayed below that level since 2008. This suggests that price to cost levels are operating well and no significant constraints exist on supply of infrastructure; this as a likely result of the ongoing release of land and large infrastructure projects implemented since the earthquakes of 2010/2011. The ratio is on an increasing incline across the GCP area, in a time of rapid growth.

Indicator 15 – Christchurch Rural-urban zone boundary land value differential

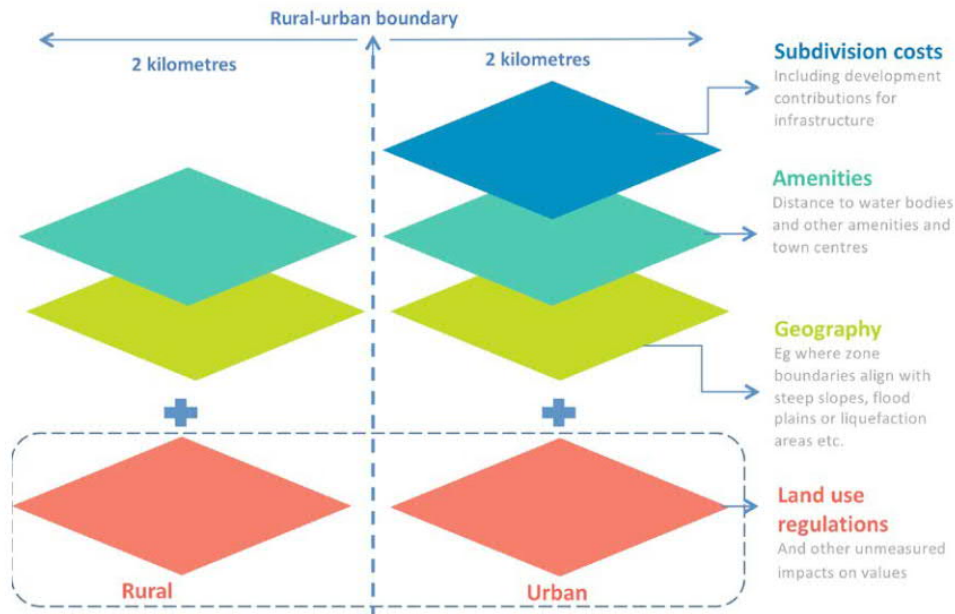


Source: MBIE Urban Development Capacity Dashboard; CoreLogic valuation data 2015/16

Notes

This is a new indicator for efficiency monitoring. The snapshot value is measured at the most recent CCC general valuation in 2016 and is not aligned with the current quarterly report quarter (Q4 December 2017).

The underlying concept of the rural-urban differential is that it should be a 'like for like' comparison of the value of similar land parcels that have been zoned for rural or urban uses. If there are large differences in the value of similar sites with different zoning, then it may indicate that urban planning policies and/or infrastructure funding and planning policies result in insufficient development capacity for urban uses. However, different land parcels are typically not identical – they differ in terms of their location and accessibility to various amenities, their physical geography, and infrastructure servicing. Therefore controls were applied to discount a variety of differences between parcels that may affect their value to obtain a meaningful estimate of land value differentials across rural-urban boundaries. See diagram over.



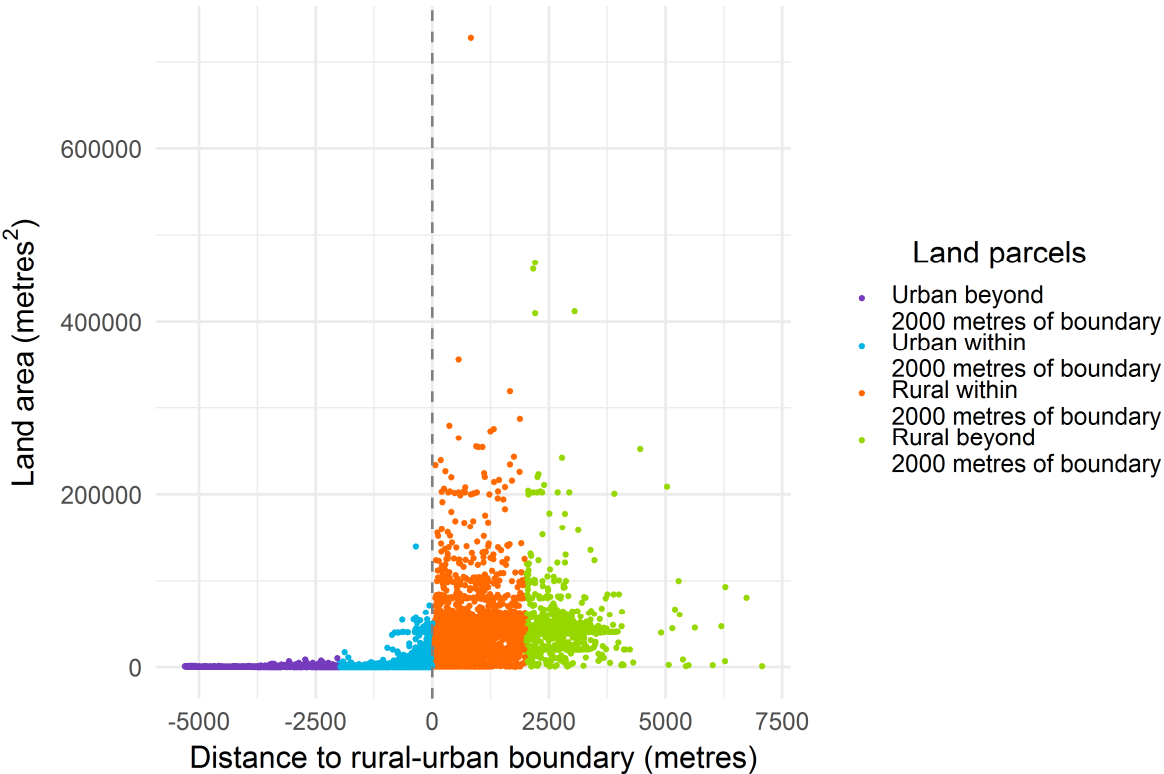
Source: MBIE technical report rural urban differentials

Observations

Christchurch has a distinctive post-quake value profile for urban zoned land due to the westward flight of residents from earthquake damaged and red zoned areas. The value of urban zoned land is persistently high even far from urban centres and close to the rural zones as demand levels for greenfield developments have had a strong influence on the market price of new sections. Urban price levels close to rural zones are, in some cases, explained by the local market nuances of amenity such as Port Hills properties which are adjacent to the rural zone, but command high prices due to the recreational opportunities and views. Urban zoned sites exhibit low prices across the distance to boundary spread, counter intuitive to the expected high prices of more urbanised areas, as a likely impact of the geotech ground conditions that require expensive remediation and or foundation design to facilitate urban development.

Rural land adjacent to the boundary is constrained as a consequence of slope and hazards (Port Hills), airport operations, quarrying and forest operations (Bottle Lake). As a consequence, the price for rural land follows a more typical profile where the distance away from urban centres correlates with a reduction in land prices.

Indicator 15 – Christchurch Rural-urban zone boundary land area differential



Source: MBIE Urban Development Capacity Dashboard; CoreLogic valuation data 2015/16

Notes

This is a new indicator for efficiency monitoring. The snapshot value is measured at the most recent CCC general valuation in 2016 and is not aligned with the current quarterly report quarter (Q4 December 2017).

The graph shows the distribution of parcel sizes around the rural-urban boundary.

Observations

The Christchurch distribution shows that urban land parcel sizes increase near the rural/urban boundary, reflecting the concentric size increases of urban zoned parcels as distance from main centres increases, and the variety of choices that provides. Parcel sizes increase yet further outside the boundary, which reflects the rural zoning restrictions and the absence of urban infrastructure as well as increased prevalence of lifestyle blocks and rural uses.

Business Baseline Indicators

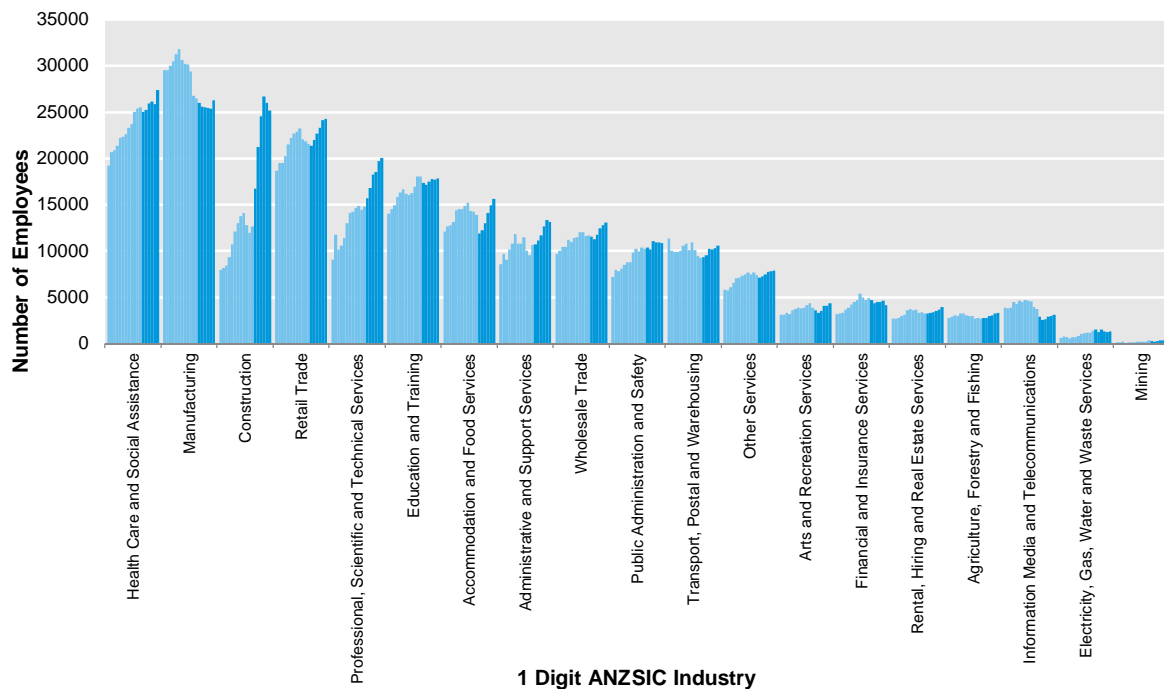
Business Baseline Indicators

This summary collates information sourced from 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 Indicator 2).

Business Indicators Group 1 – Employment and Growth

Indicator 1 Business sector employment current economy and recent past



Source: Statistics NZ Longitudinal Business Frame

Notes

The demand for business space is driven by the economic characteristics of the sectors of industry and the level of employment, shown by employee counts. This indicator shows the Greater Christchurch UDS area employee counts from 2000 to 2017 at February of each year.

Observations

Professional services have a strong growth trajectory after the earthquakes of 2010/11, consistent with the additional demand for engineers and consultants (professional scientific and technical services). Retail trade experience a decline from 2010 through to 2013, but is showing strong growth since 2014: consistent with a growing population, expanding suburban malls and the ongoing recovery of the central city. Health care is showing strong growth. Manufacturing, a large employment sector in the region, is declining overall, but still holds a significant number of jobs for the area, and has increased employee numbers in the 2017 year.

Indicator 2 Nominal GDP per capita

Notes

Data is only available to March 2016. Review the previously published results of this indicator in the the first quarterly report at:

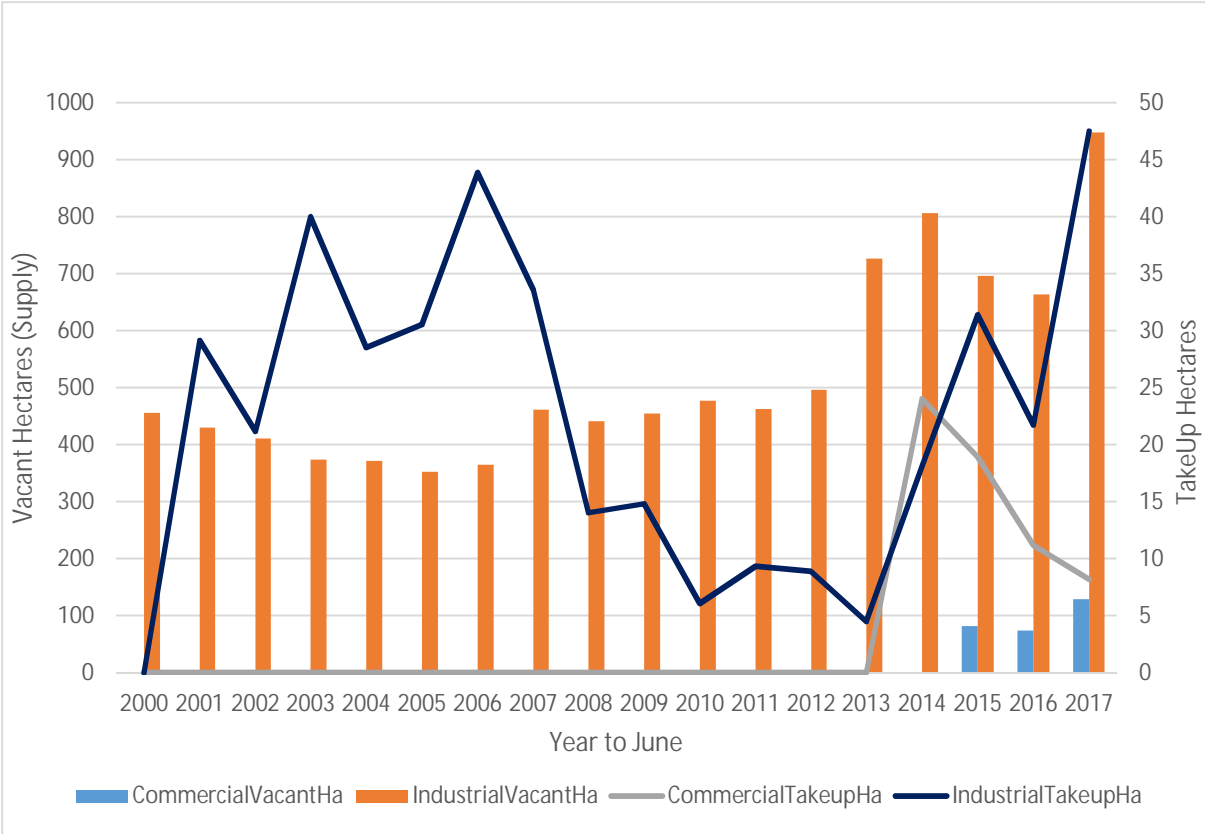
<http://greaterchristchurch.org.nz/assets/Uploads/SPR-NPS-UDC-Quarterly-Monitoring-Report-for-GCP-Committee-final.pdf>

Summary to December 2017 Business 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	No new data available	

Business Indicators Group 2 - Supply of Business Space

Indicator 3 Christchurch Commercial and Industrial vacant land register.



Source: CCC Vacant Land Register

Notes

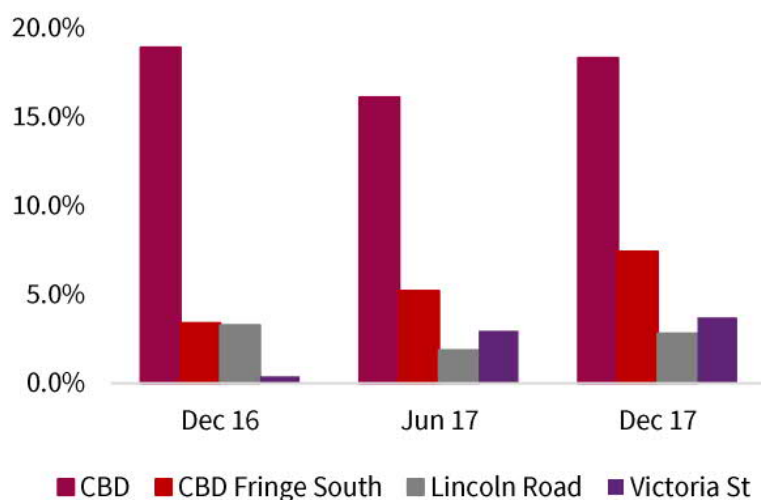
Data collected by the Christchurch City Council based on the ability of bare land to accommodate new construction derived from building consent, building footprint and land parcel data.

Observations

Christchurch City has a significant amount of vacant land zoned for industrial and commercial activity. Commercial vacant land has only been monitored since the Canterbury earthquakes, and shows a gradual increase in numbers as post-quake demolition continues to clear previously established commercial areas, and new commercial zoned land in the district centres was converted from rural or other zones in the District Plan review process.

	Vacant land Hectares 2014	Vacant land Hectares 2016	Vacant land Hectares 2017	Annual % Change (2016 to 2017)
Christchurch City Industrial	806	664	948	42.8% increase
Christchurch City Commercial	0	74	129	74.0% increase

Christchurch CBD retail vacancy by precinct



Source: JLL Research.

Notes

New and existing retail space in the Christchurch city area have capacity to fulfil expansion in these sectors.

Observations

DATE	CBD			CBD Fringe South			Lincoln Road			Victoria St		
	Total Stock (M ²)	Total Vacancy (M ²)	(%)	Total Stock (M ²)	Total Vacancy (M ²)	(%)	Total Stock (M ²)	Total Vacancy (M ²)	(%)	Total Stock (M ²)	Total Vacancy (M ²)	(%)
Dec-14	22,934	1,110	4.8%	54,773	740	1.4%	46,506	756	1.6%	20,283	950	4.7%
Jun-15	26,801	1,178	4.4%	58,570	740	1.3%	49,767	600	1.2%	19,983	800	4.0%
Dec-15	29,531	1,777	6.0%	60,775	1,137	1.9%	49,657	826	1.7%	18,463	0	0.0%
Jun-16	35,653	1,971	5.5%	60,775	2,346	3.9%	48,457	426	0.9%	19,253	120	0.6%
Dec-16	49,310	9,316	18.9%	74,280	2,511	3.4%	55,250	1,808	3.3%	24,783	100	0.4%
Jun-17	48,816	7,855	16.1%	72,734	3,774	5.2%	54,650	1,008	1.8%	27,645	819	3.0%
Dec-17	62,497	11,441	18.3%	77,494	5,717	7.4%	55,656	1,544	2.8%	27,645	1,029	3.7%

Source: JLL Christchurch Retail Market Data 2H 2017

Capacity for growth is high due to proportion of vacant business/retail space; total stock has increased in all monitored areas. Completions of re-builds and new commissioned retail areas contribute to the vacancy rate at December 2017. Occupier demand (total – vacancy) is interspersed with vacancies over a growing range of options.

Christchurch industrial vacancy by precinct



Source: JLL Research.

Notes

New and existing industrial space in the Christchurch city area is monitored to assess if vacant capacity is available to fulfil expansion in the industrial sectors.

supply.

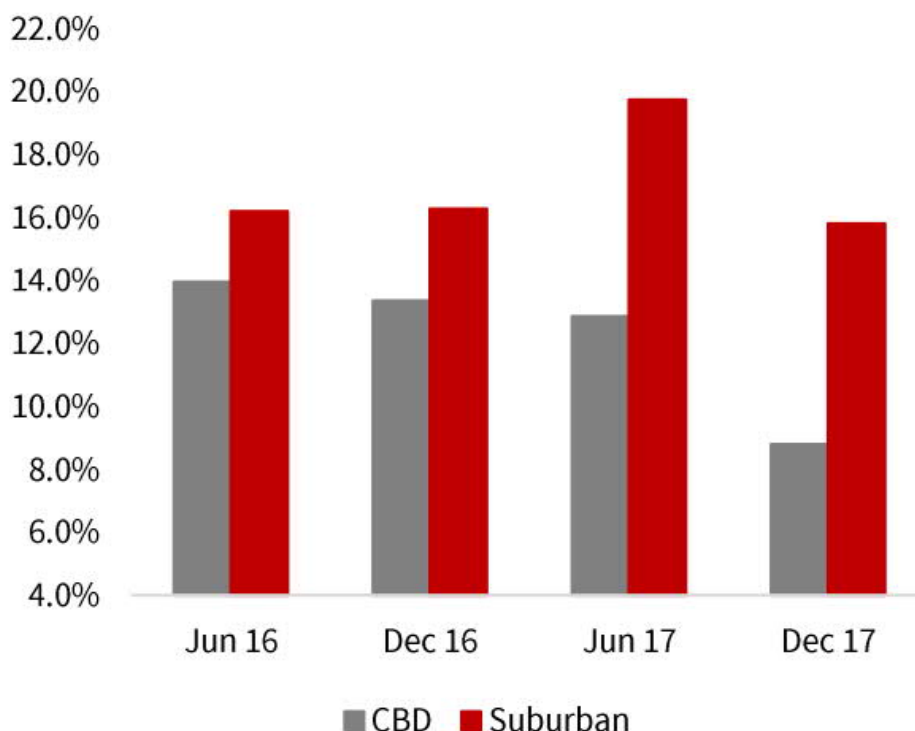
Observations

DATE	Hornby/Islington			Wigram/Middleton			South City/Sydenham			Woolston/Bromley		
	Total Stock (M ²)	Total Vacancy (M ²)	Total Vacancy (%)	Total Stock (M ²)	Total Vacancy (M ²)	Total Vacancy (%)	Total Stock (M ²)	Total Vacancy (M ²)	Total Vacancy (%)	Total Stock (M ²)	Total Vacancy (M ²)	Total Vacancy (%)
Dec-14	1,299,738	29,014	2.2%	859,204	12,306	1.4%	479,787	18,967	4.0%	716,100	54,298	7.6%
Jun-15	1,318,113	42,113	3.2%	859,895	26,700	3.1%	470,350	22,877	4.9%	716,025	48,688	6.8%
Dec-15	1,322,052	44,745	3.4%	875,116	24,660	2.8%	463,430	39,021	8.4%	723,653	66,289	9.2%
Jun-16	1,362,280	59,120	4.3%	919,373	45,785	5.0%	454,924	36,508	8.0%	733,079	79,962	10.9%
Dec-16	1,390,515	54,775	3.9%	951,998	65,888	6.9%	460,218	34,079	7.4%	685,715	57,439	8.4%
Jun-17	1,456,740	51,771	3.6%	967,026	74,947	7.8%	466,438	39,789	8.5%	697,120	49,296	7.1%
Dec-17	1,462,466	53,127	3.6%	976,144	85,604	8.8%	468,410	41,025	8.8%	696,346	46,418	6.7%

Source: JLL Christchurch Industrial Market Data 2H 2017

Hornby/Islington vacancy rates are generally stable at under 4%, with only modest increases in total stock, indicating that demand in that area is generally satisfied; vacancy in Wigram/Middleton is increasing to above 8%, alongside increases in total stock (~120,000sqm since Dec 2014) suggesting that supply is outpacing demand. South City/Sydenham is seeing increasing vacancy in a declining stock base. Woolston/Bromley has a declining vacancy rate, but considered alongside the reduction in the base stock, this indicates a relatively stable demand in the area met with sufficient

Christchurch office vacancy by precinct



Source: JLL Research.

Notes

CBD office vacancy is monitored to assess if vacant capacity is available to fulfil expansion in the office employment sectors.

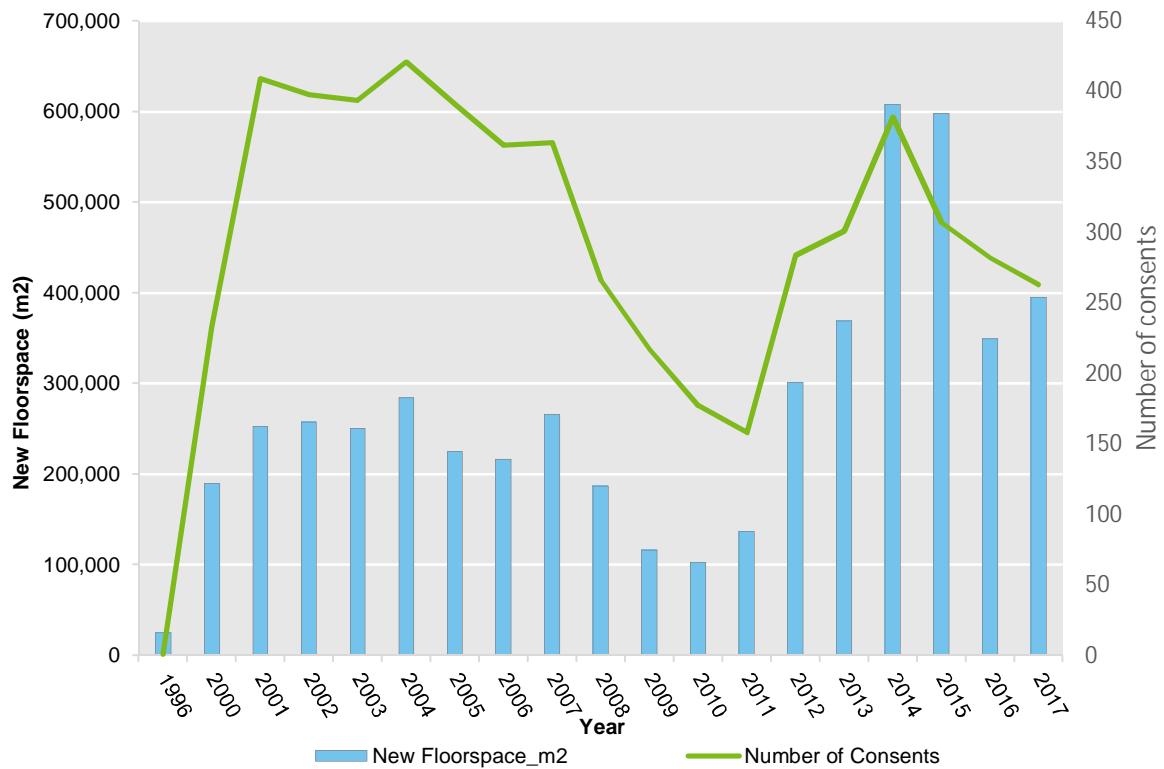
Observations

DATE	CBD			CBD Fringe South			Lincoln Road			Victoria Street			Airport		
	Total Stock (M ²)	Total Vacancy (M ²)	(%)	Total Stock (M ²)	Total Vacancy (M ²)	(%)	Total Stock (M ²)	Total Vacancy (M ²)	(%)	Total Stock (M ²)	Total Vacancy (M ²)	(%)	Total Stock (M ²)	Total Vacancy (M ²)	(%)
Dec-14	46,518	5,048	10.9%	74,541	2,977	4.0%	59,701	408	0.7%	32,578	1,578	4.8%	79,305	5,660	7.1%
Jun-15	64,276	8,348	13.0%	76,261	2,167	2.8%	61,012	3,045	5.0%	45,018	3,308	7.3%	88,560	6,834	7.7%
Dec-15	84,339	15,946	18.9%	84,580	6,377	7.5%	61,012	3,004	4.9%	46,388	3,555	7.7%	88,288	9,165	10.4%
Jun-16	93,338	21,115	22.6%	94,037	6,160	6.6%	68,265	12,935	18.9%	49,655	5,778	11.6%	87,268	12,253	14.0%
Dec-16	126,370	20,569	16.3%	94,792	9,349	9.9%	67,239	16,077	23.9%	41,568	5,168	12.4%	87,268	9,059	10.4%
Jun-17	148,618	22,001	14.8%	92,728	6,641	7.2%	69,251	18,226	26.3%	50,208	8,844	17.6%	86,389	12,444	14.4%
Dec-17	153,903	17,015	11.1%	138,289	4,059	2.9%	60,381	12,222	20.2%	50,208	8,935	17.8%	86,389	10,940	12.7%

Source: JLL Christchurch Office Market Data 2H 2017

CBD office vacancy is dropping back as tenants occupy newly built space. This trend is anticipated to continue as smaller tenancies are filled and suburban tenants return to CBD locations. The suburban market continues to have vacancy rates over 10% which are anticipated to grow as lease terms expire and tenants have the opportunity to relocate to premium newly built central premises. The suburban market may see price adjustments in rental rates as a response to the anticipated increases in vacancies.

Indicator 7 Christchurch City commercial floorspace consented to December 2017



Source: Christchurch City Council Building Consents

Notes

Christchurch city experienced increasing quantities of consented commercial floorspace in the years since the earthquakes. The number of consents and floor area consented in the current period is down on the peak construction of 2013/14. This is consistent with the level of rebuild development required to replace the demolished commercial buildings removed post quake. The numbers of consents are anticipated to return to pre-quake levels as the rebuild phase completes and the construction of new floor area demanded is driven by response to growth pressures.

Summary to December 2017 - Business Group 2 Indicators

	Christchurch City
Indicator	Direction of change
3. Christchurch Commercial and Industrial Vacant Land	↑
4. Capacity within existing and new built facilities Retail	↑
5. Capacity within existing and new built facilities – Industrial	↑
6. Capacity within existing and new built facilities – Commercial / Office	↑
7. Christchurch City Commercial consented Floorspace (SQM) to Dec 2017	↓