



# **HASTINGS & NAPIER URBAN AREA**

## **Housing and Business Market Indicator Monitoring**

***Quarterly Report to 30 June 2018***



**HASTINGS  
DISTRICT  
COUNCIL**



**HAWKE'S BAY**  
REGIONAL COUNCIL



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*

**Published September 2018**

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# HASTINGS & NAPIER URBAN AREA

## Housing and Business Market

### Indicator Monitoring

## *Quarterly Report to 30 June 2018*

#### 1. PURPOSE OF THIS REPORT

- 1.1. This report has been prepared by the Hastings District, Napier City and Hawke's Bay Regional Councils (the Partner Councils). It provides a quarterly update of the Napier Hastings property market using a selection of housing and business indicators to meet the monitoring requirements of the government's National Policy Statement on Urban Development Capacity (NPSUDC).
- 1.2. The NPSUDC Policy PB6 requires the three councils to monitor a range of indicators on a quarterly basis including:
  - a) prices and rents for housing, residential land and business land, by location and type; and the changes in these prices and rents over time;
  - b) the number of resource consents and building consents granted for urban development relative to the growth in population; and
  - c) indicators of housing affordability.
- 1.3. Previously, the three councils had prepared a baseline report<sup>1</sup> of housing and business market trends across a range of variables up to December 2017 (or 2016 in some cases depending on the time series data availability).

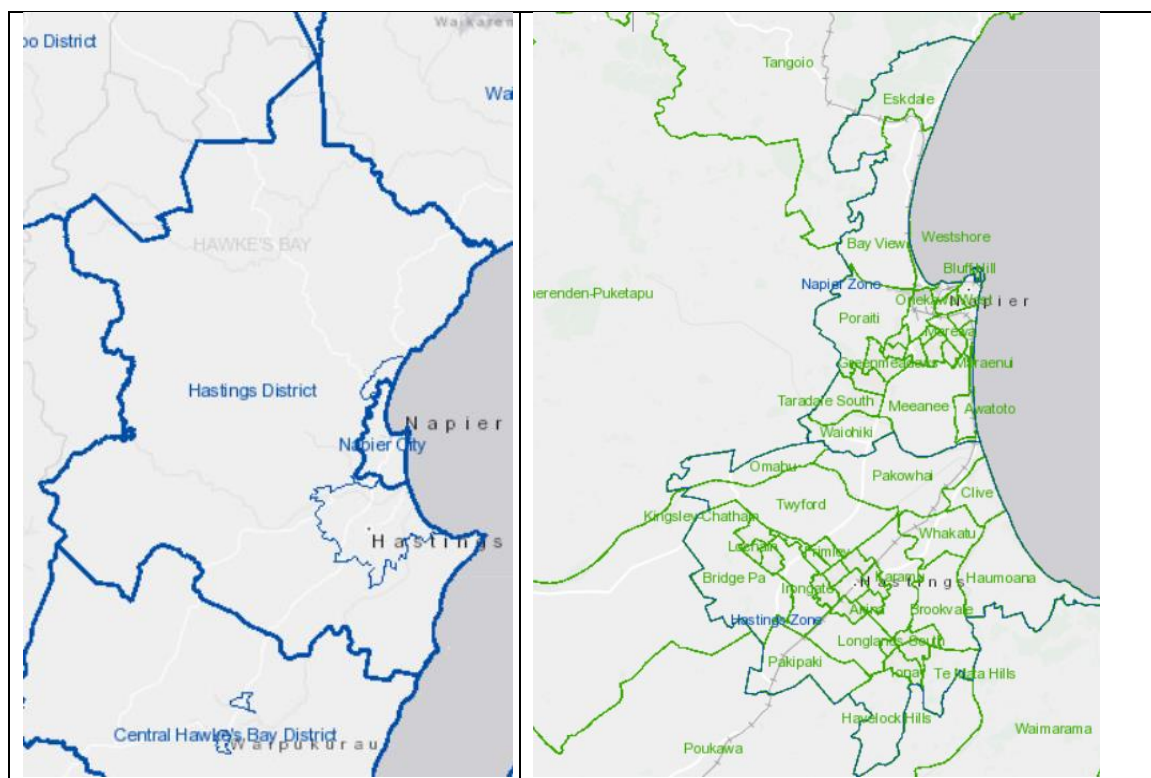
#### 2. ABOUT THIS REPORT

- 2.1. Where data is or will be available at three monthly intervals (i.e. quarterly), short monitoring reports for each of the three quarters between calendar years, will be produced. This report is the second of the intervening quarterly reports providing data for the period 1 January to 31 March 2018. The three quarterly reports will culminate in an annual updated version of the earlier baseline report.
- 2.2. In many cases, trends will remain the same from quarter to quarter, and unless there is a notable change in an indicator, detailed commentary on the indicators will be provided on an annual rather than quarterly basis.
- 2.3. The data used for this quarterly report has been drawn from a number of sources and therefore some of it is reported for the combined Napier Hastings Urban Territorial Areas and some for the Napier Hastings Urban Area, or in rare cases, for the Hawke's Bay region as a whole, depending upon the sources and data collection methods. **Figure 1** overleaf shows the boundary of the Napier Hastings Main Urban Area in relation to the census area units incorporated within it.
- 2.4. It is intended that over time the data can be arranged and reported in a manner more closely with the area of the Heretaunga Urban Development Strategy (HPUDS) that was prepared by three partner Councils in 2010 and reviewed in 2017.

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<sup>1</sup>Hastings and Napier Urban Area Housing and Business Market Indicator Monitoring Baseline Report to 31 December 2017.

**Figure 1: Napier-Hastings Urban Areas as defined by StatsNZ**



(Source StatsNZ)

- 2.6. **Table 1** sets out the indicators contained in this report, and Appendix 1 presents a map to illustrate the location of place names frequently mentioned in this report.

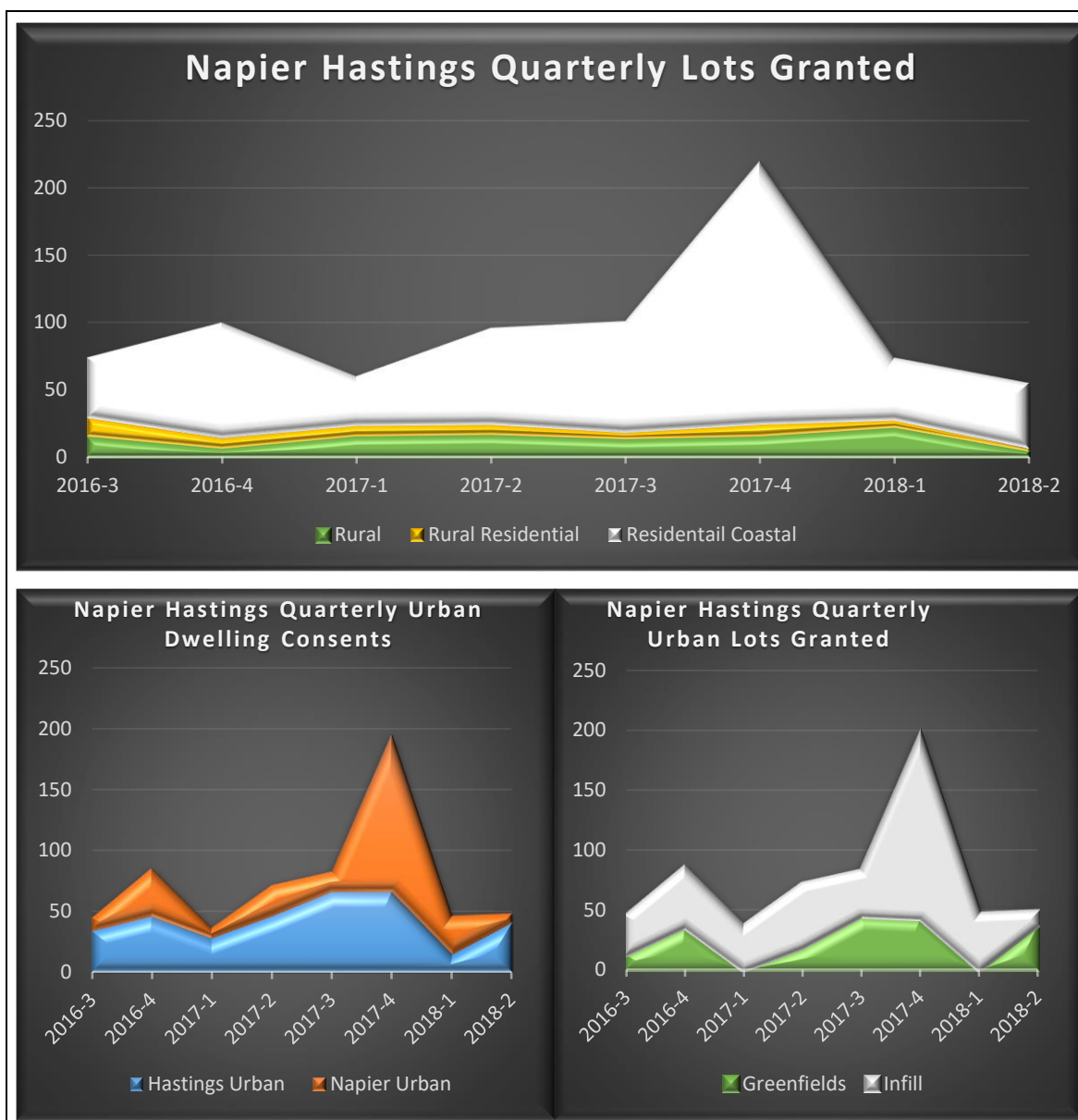
**Table 1: Summary of Indicators Reported**

NPSUDC-Ref	Type	Topic	Figure or Table	Quarterly Indicator
PB6 (b)	Residential	Land	Figure 2	House Lots Consented
PB6 (b)	Residential	Land	Table 2	Current Greenfields Residential Land Uptake
PB6 (b)	Residential	Land	Figure 3	Greenfield Residential Land Uptake Trend 2018
PB6 (b)	Residential	Land	Table 3	Changes Greenfield Residential Section Capacity
PB6 (a)	Residential	Land	Figure 4	Vacant Residential Section Sales Volume/Value
PB6 (a)	Residential	Dwellings	Figure 5	New Dwelling Consents Last Three Years
PB6 (a)	Residential	Dwellings	Figure 6	New Dwelling Consents by Greenfields Location
PB6 (a)	Residential	Dwellings	Figure 7	New Dwelling Consents by Housing Typology
PB6 (a)	Residential	Dwellings	Figure 8	Dwelling Sales Volume and Median Price
PB6 (a)	Residential	Dwellings	Figure 9	Average Weekly Dwelling Rental Movements
PB6 (c)	Residential	Affordability	Figure 10	Housing Affordability Index Movements
PB6 (c)	Residential	Affordability	Table 4	Housing Affordability Index Regional Comparison
PB6 (b)	Business	Building	Figure 11	Business Floorspace m <sup>2</sup> Consented
PB6 (b)	Business	Value	Figure 12	Industrial and Commercial Building Consent Value

### 3. RESIDENTIAL LAND CAPACITY

- 3.1. Overall residential land capacity comprises greenfield residential areas, infill development potential, brownfields developments<sup>2</sup> and other dispersed types of living environments such as coastal settlements, marae based communities and rural residential/lifestyle living.
- 3.2. **Figure 2** shows the estimated quarterly number of lots for which consent was granted with the urban lots broken down by Napier and Hastings and by infill and greenfields subdivision.

**Figure 2: Napier Hastings Quarterly Lots Granted Last Two Years**



(Source NCC and HDC)

- 3.3. After a spike in infill subdivision in Napier in the last quarter of last year due to the Guppy Road consent, infill subdivision rates have now returned to background levels in 2018, rural and lifestyle consented have dropped to historically low levels.
- 3.4. **Table 2** sets out the remaining vacant residential lot capacity within greenfield areas as at the end of June 2018 after allowing for building consents issued over the last quarter. It estimates the number of subdivided lots yet to be built on and the estimated capacity of larger zoned areas serviced with bulk infrastructure that have yet to be subdivided. Of the latter 209 lots in Napier (mostly Parklands) and 107 in Hastings (mostly Northwood) have resource consents for subdivision

<sup>2</sup> Brownfields means redundant or obsolete commercial or industrial properties available for redevelopment for residential purposes.



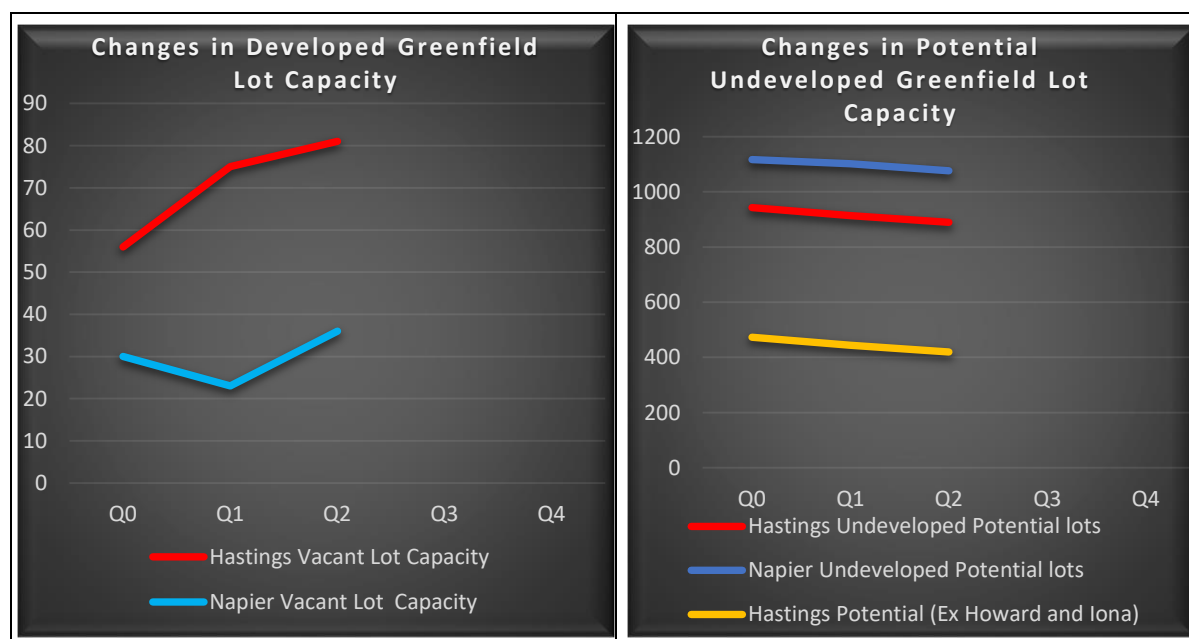
granted, but physical construction has not yet been completed. Overall unbuilt current lot capacity has decreased by 6 lots (with 4 dwellings being issued ahead of lots being pending confirmation approval to issue titles).

**Table 2: Quarterly Greenfield Residential Land Uptake 30 June 2018**

YTD 30/06/2018	Unbuilt Lot Capacity	New Lots Created Last Quarter	Building Consents Granted Last Quarter	Balance lots Unbuilt	Lots yet to be Created	Total Remaining Capacity
Area	31-Mar					
Arataki	10	9	2	17	55	72
Lyndhurst Stage 1	10	0	1	9	13	22
Lyndhurst Lifestyle Village	21	0	3	18	0	18
Lyndhurst Stage 2	29	15	12	32	272	304
Northwood	5	0	0	5	80	85
Parklands	4	25	4	25	156	181
Te Awa	19	0	8	11	921	932
<b>Total</b>	<b>98</b>	<b>49</b>	<b>30</b>	<b>117</b>	<b>1497</b>	<b>1614</b>

- 3.5. **Figure 3** is the beginning of a quarterly track of uptake and remaining capacity in these greenfield growth areas in total from March 2018. This will ultimately represent three years of quarterly data. The effect of a temporary shortage of vacant greenfield sections in Napier at present is likely to be eased by a 130 lot infill development in Guppy road approved in the first quarter and this should come on stream over the next 3-6 months. The pinch point in Hastings supply on the other hand continues to ease as new sections in Lyndhurst Stage 2 come on stream.

**Figure 3: Quarterly Greenfield Residential Land Uptake Trend 2018**



(Source HDC and NCC)

- 3.6. As well as these zoned and serviced areas **Table 3** shows the changes in future capacity planned to be provided through rezoning and infrastructure provision over the next two years, plus the total

remaining capacity of land identified in HPUDS for future development, which remains unchanged over this quarter.

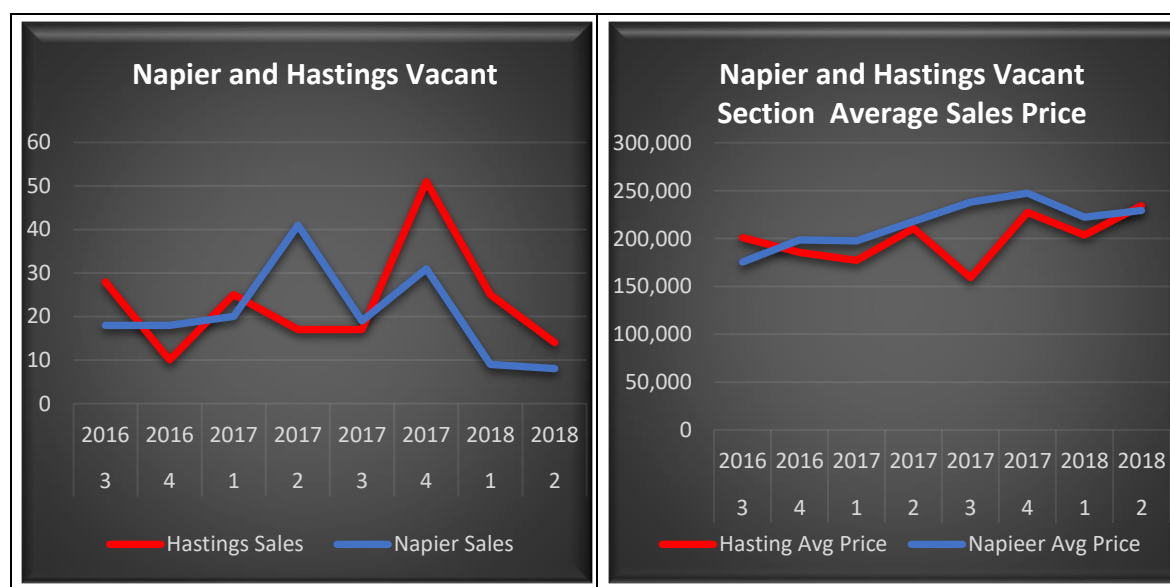
**Table 3: Changes in Current and Planned Residential Section Capacity**

Areas	Change from Last Quarter	Available Capacity
Currently Zoned	-32	1784 <sup>3</sup>
Planned Over Next Two Years	No Change	1300
Remaining HPUDS Areas	No Change	2635
Grand Total	No Change	5719

## 4. LAND PRICES /SALES

- 4.1. **Figure 4** shows Hastings and Napier vacant section sales and median sales prices over the last 2 years. This covers both infill and traditional greenfields sites. There may still be some under-reporting of the last fourth quarter of first two quarters quarter of 2018, due to slow sales notifications. While sales volumes have fluctuated, probably due to the lumpy nature of greenfield land supply releases, prices have generally risen fairly steadily.

**Figure 4: Napier and Hastings Vacant Residential, Quarterly Section Sales Volume and Prices Last Two Years**



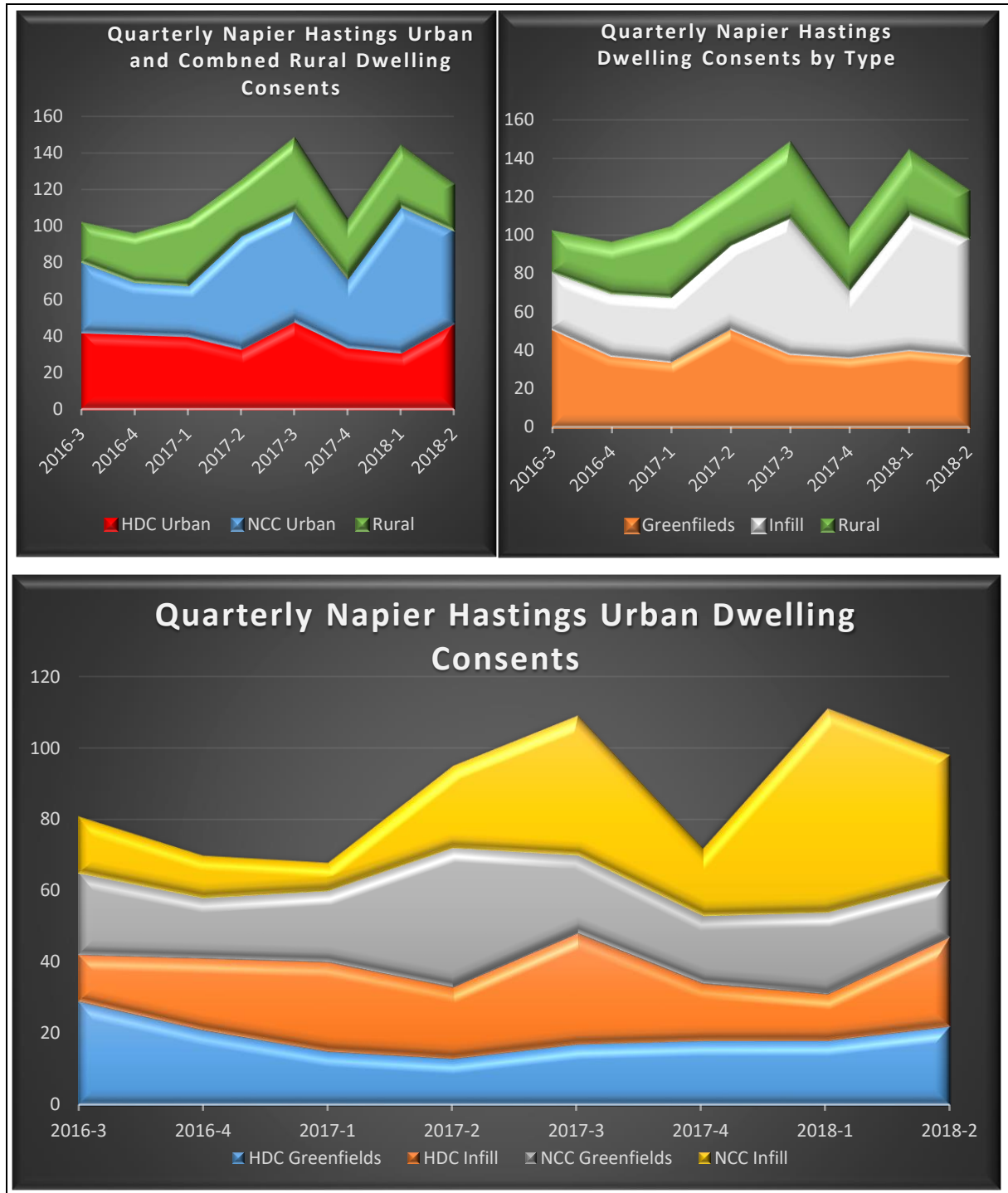
(Source Logan Stone Valuers)

## 5. BUILDING ACTIVITY

- 5.1. Building consent data in **Figure 5** shows a pick-up in new urban dwelling construction from around the beginning to middle of 2016 in both Hastings and Napier after a slow period following the GFC. A drop in activity in the last quarter of 2017 appears to have been temporary. However the first quarter 2018 increase in Infill in Napier was influenced by a large number of consents being granted for supplementary dwellings (generally as detached units) as part of Housing New Zealand's social housing programme. The resulting the drop in Napier infill rates in the last quarter has been offset to a degree by an increasing Hastings. Rural development and greenfield rates have remained steady although a drop in greenfield rates in Napier has again been offset by continuing increases in Hastings and land supply factors start to influences building patterns.

<sup>3</sup> Includes Park Island subject to Treaty Settlement processes of an estimated 170 lots. Also includes adjustment for previously underestimated capacity in Lyndhurst Stage 2 of approximately 50 lots

**Figure 5: Napier Hastings Quarterly New Dwelling Consents 2016-2018**

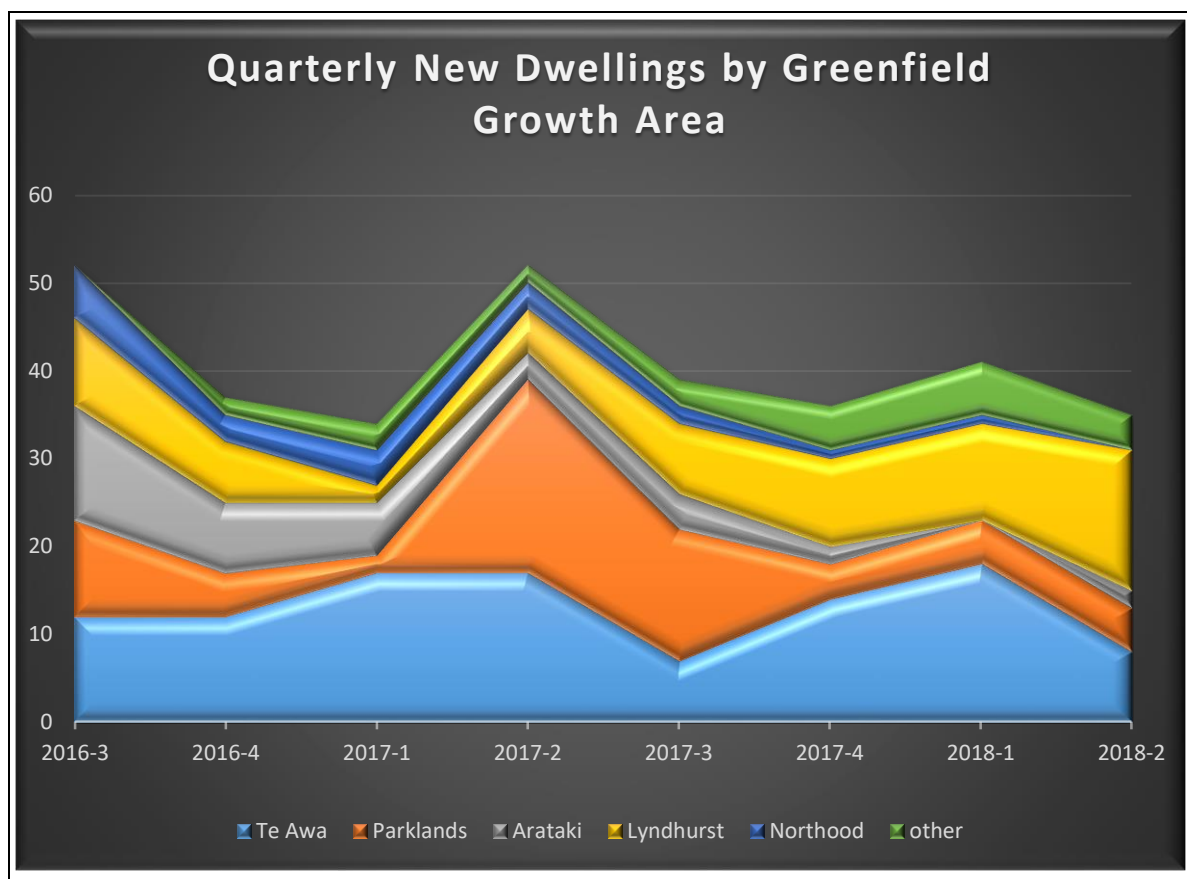


(Source HDC and NCC)

- 5.2. **Figure 6** shows improving section availability at Lyndhurst is starting to show through in building rates, while Northwood struggles to get its sections to market. A large release of sections at Parklands the first quarter of 2017 subsequently resulted in a building spike in the second quarter. However, this has been followed by a temporary shortage of available sections while the Napier City Council completes variations to its master plan associated with planning for the Park Island sportsground development. This has saw an increased uptake in Te Awa but the supply there is now also temporarily exhausted while new section construction struggles to keep up.



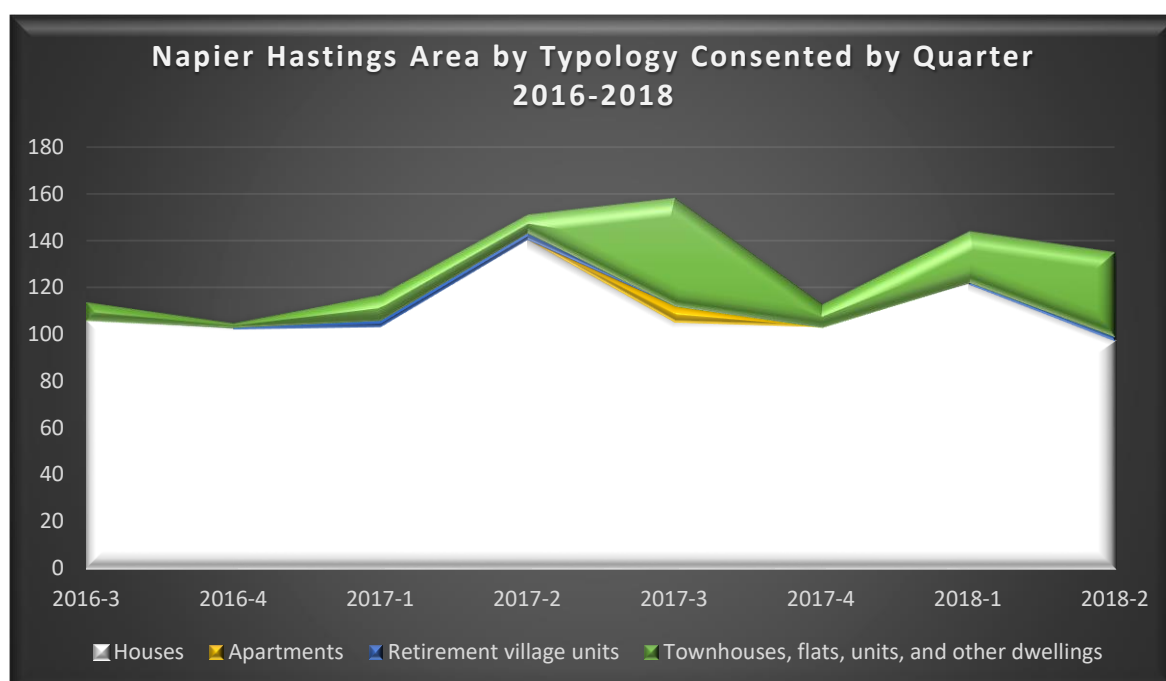
**Figure 6: Napier Hastings New Dwelling Consents 2016-2018 by Location**



(Source HDC and NCC)

- 5.3. **Figure 7** shows a continuation of the prevalent household typology in the detached dwelling format despite increased infill development, although from the middle of last year and again over the last quarter suggests there may be some signs of increasing diversity. Hastings District Council adopted a Medium Density Housing Strategy in November 2017 to encourage greater development of semi-detached and terraced forms of intensification in addition to traditional infill.

**Figure 7: Napier Hastings Quarterly New Dwelling Consents 2016 -2018 by Housing Typology**

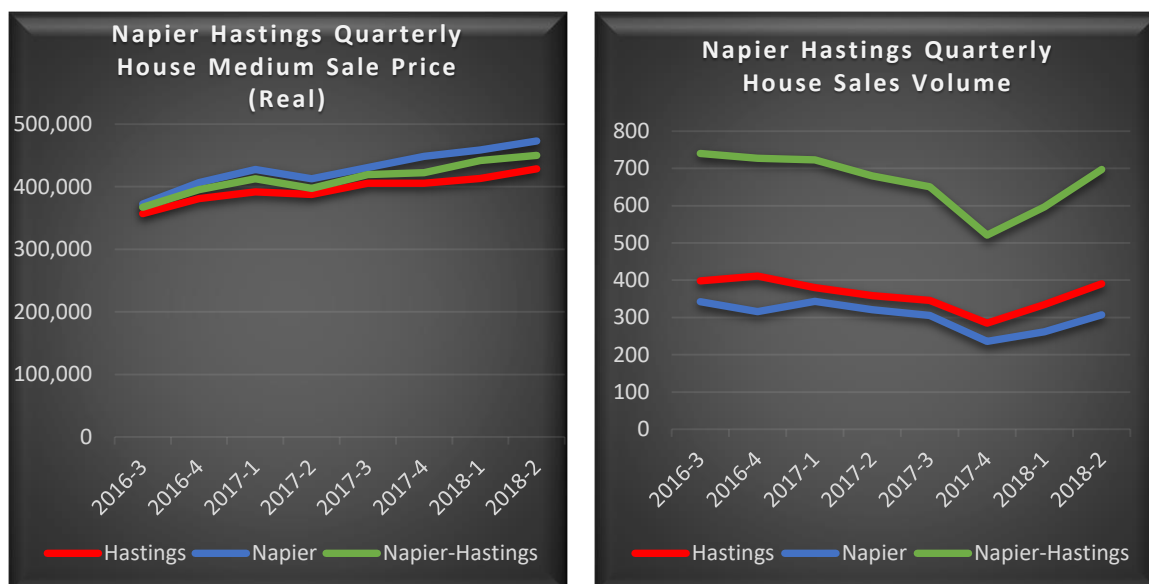


(Source StatsNZ)

## 6. HOUSE PRICES /SALES ACTIVITY

- 6.1. **Figure 8** presents the median sales price and sales volume for Napier and Hastings per quarter for the past two years. A reduction in sales volume is apparent accompanied by a steady rise in prices. This is similar to the vacant land sales track, but with less volatility in sales volume. NOTE: the MBIE update for Q2 2018 will not be available until the end of August so this will be reported in the Q3 report.

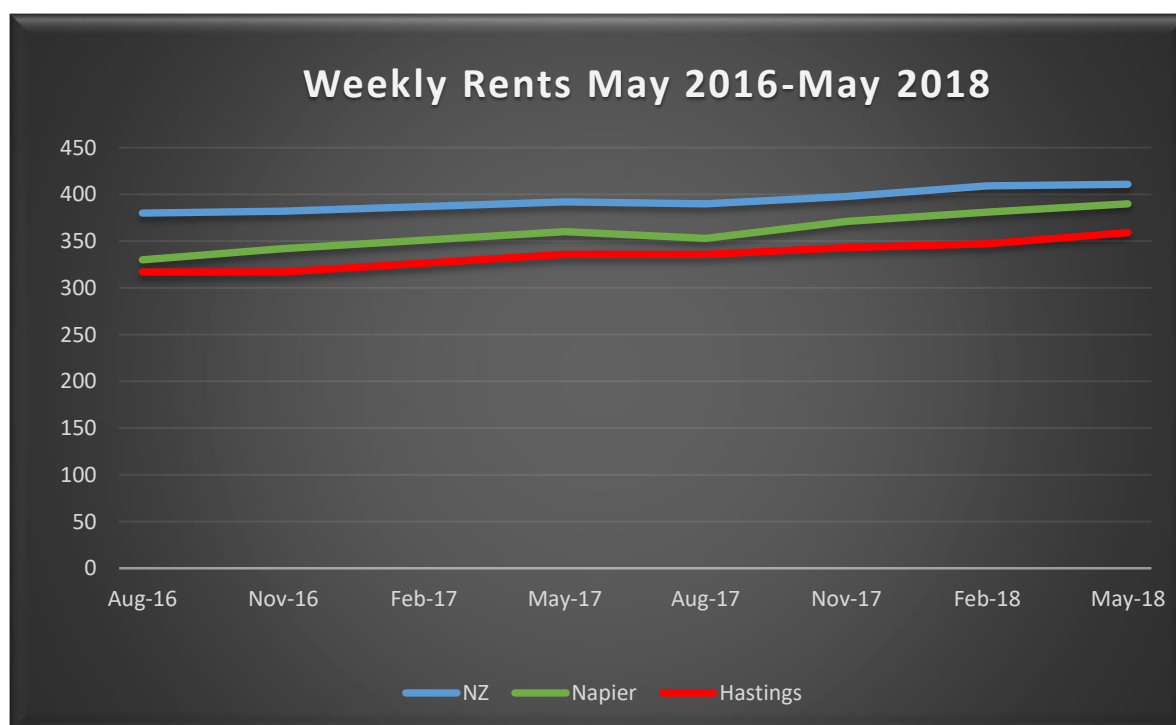
**Figure 8: Napier Hastings Quarterly House Sales Volume and Prices**



(Source MBIE)

- 6.2. **Figure 9** shows a continuation of a steady increase in weekly rents from 2016, into 2018, particularly in Napier from the later half of 2017 and into 2018.

**Figure 9: Napier Hastings Monthly Average Rental Movements 2016-2018**

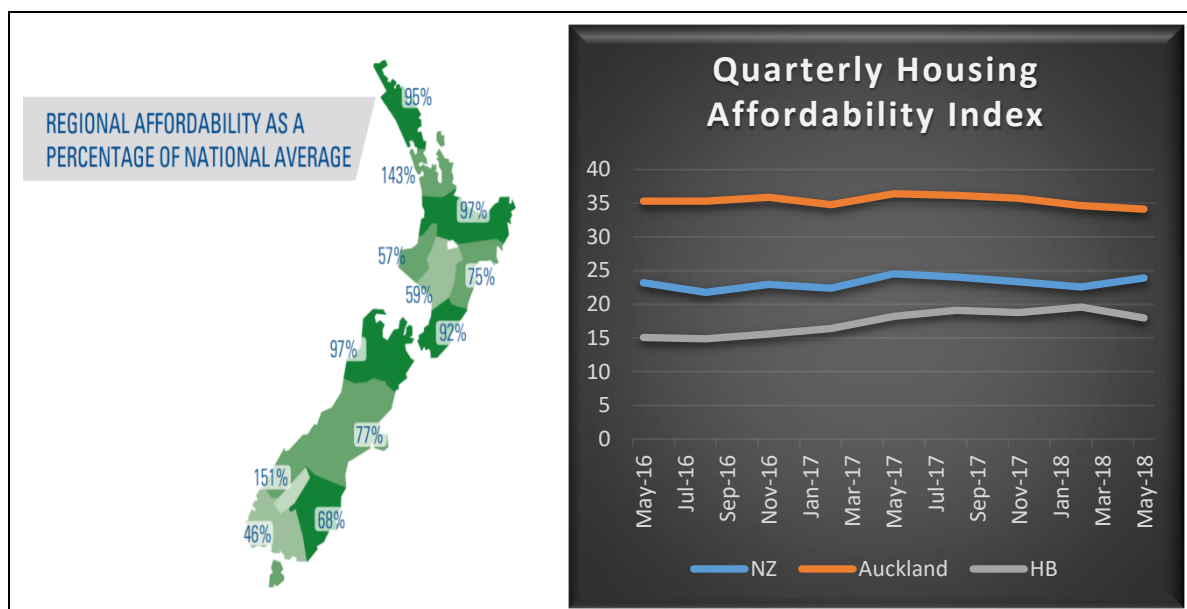


(Source Massey University)

## 7. HOUSING AFFORDABILITY

7.1. **Figure 10** shows the housing affordability quarterly track from 2016 using the Massey University index for Hawke's Bay relative to Auckland and New Zealand from 2016 to March 2018. **Table 4** compares Hawke's Bay with the other New Zealand regions since 2016. A trend of decreasing housing affordability from around mid 2016 continued over the first quarter of 2018, against the national trend over the last three quarters of 2017.

**Figure 10: Hawke's Bay Massey University Quarterly Housing Affordability Index 2016-2018**



(Source Massey University)

**Table 4: Massey University Home Affordability Index Regional Comparison Nov 2017-Nov 2018**

HOME AFFORDABILITY INDEX				PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 12 MONTHS		PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 3 MONTHS	
Region	May 2017	February 2018	May 2018	Improvement	Decline	Improvement	Decline
Northland	22.7	21.14	22.6	0.3%			7.0%
Auckland	35.0	34.63	34.1	2.6%		1.6%	
Waikato/Bay of Plenty	23.0	22.79	23.2		1.2%		1.9%
Hawke's Bay	17.5	19.58	18.0		2.7%	8.1%	
Taranaki	14.5	14.05	13.5	6.7%		4.0%	
Manawatu/Whanganui	12.8	13.38	14.2		10.6%		6.0%
Wellington	20.9	21.14	21.9		4.4%		3.4%
Nelson/Marlborough	23.3	22.77	23.2	0.8%			1.7%
Canterbury/Westland	19.2	19.00	18.5	3.7%		2.7%	
Otago	15.0	15.70	16.3		8.9%		4.0%
Central Otago Lakes	40.1	40.78	36.1	10.0%		11.5%	
Southland	11.3	10.62	10.9	2.9%			3.0%
New Zealand	23.6	22.57	23.9		1.1%		5.8%

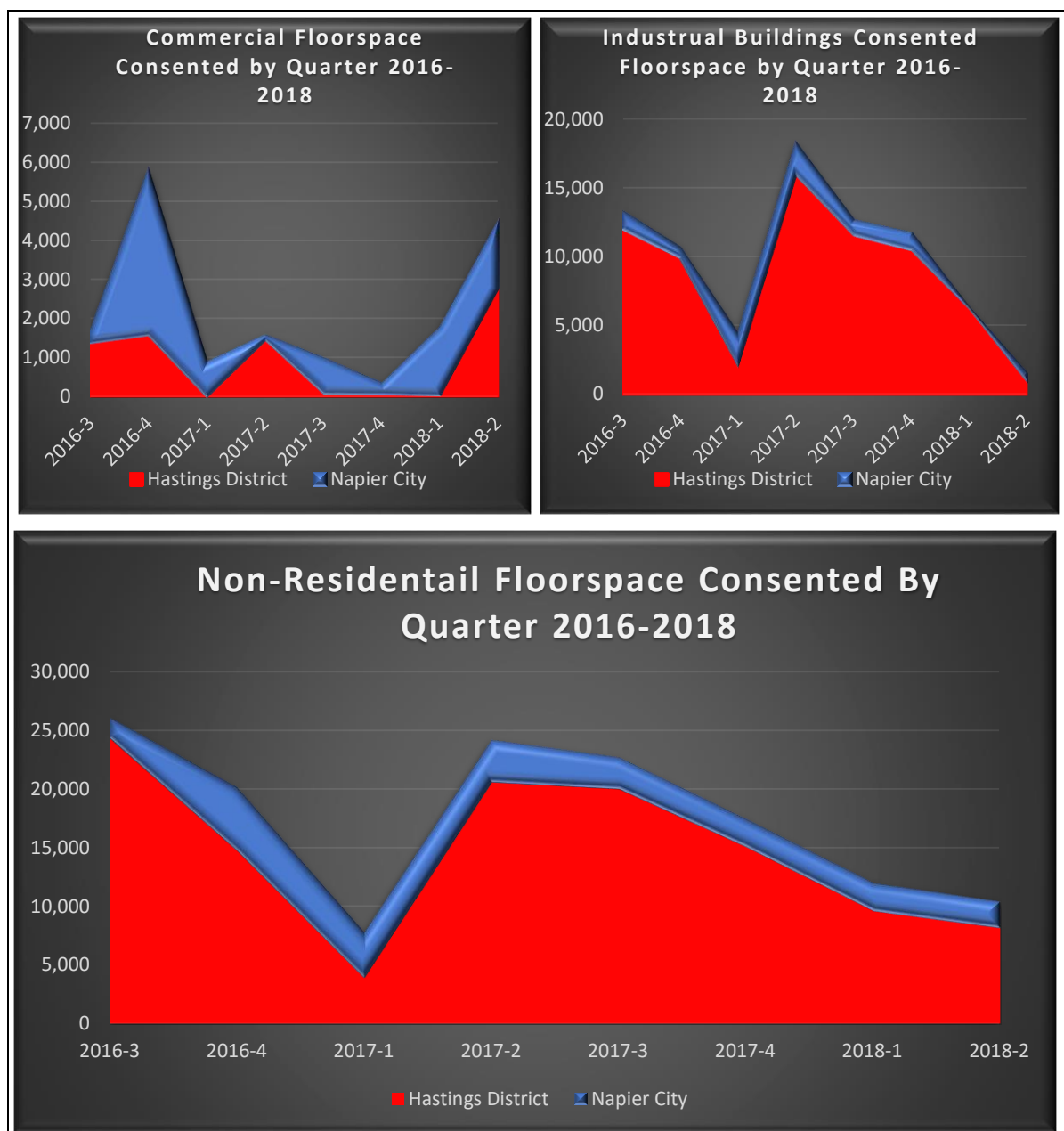
(Source Massey University)

- 7.2. Hawke's Bay's housing affordability deteriorated over 2017 against the national trend with Hawke's Bay's position relative to other regions slipping to 6th most affordable from 5th. However the last quarter has possibly signalled a turn around with Hawke's Bay affordability improving while the rest of New Zealand worsening.
- 7.3. Overall home affordability in the region sits well relative to the rest of New Zealand, and Hawke's Bay has regained its position as the 5<sup>th</sup> most affordable.

## 8. BUSINESS BUILDING ACTIVITY

- 8.1. The lumpy nature of business land development is highlighted in quarterly building consents for commercial, industrial and total non-residential building floorspace consents as shown in **Figure 11**. A slight rise in commercial floorspace consents in Napier is due to expansion at the airport while industrial floorspace consents have dropped across both cities over the last quarter. Given the spikey nature of industrial and commercial building rates this does not necessarily signal cause for immediate concern.

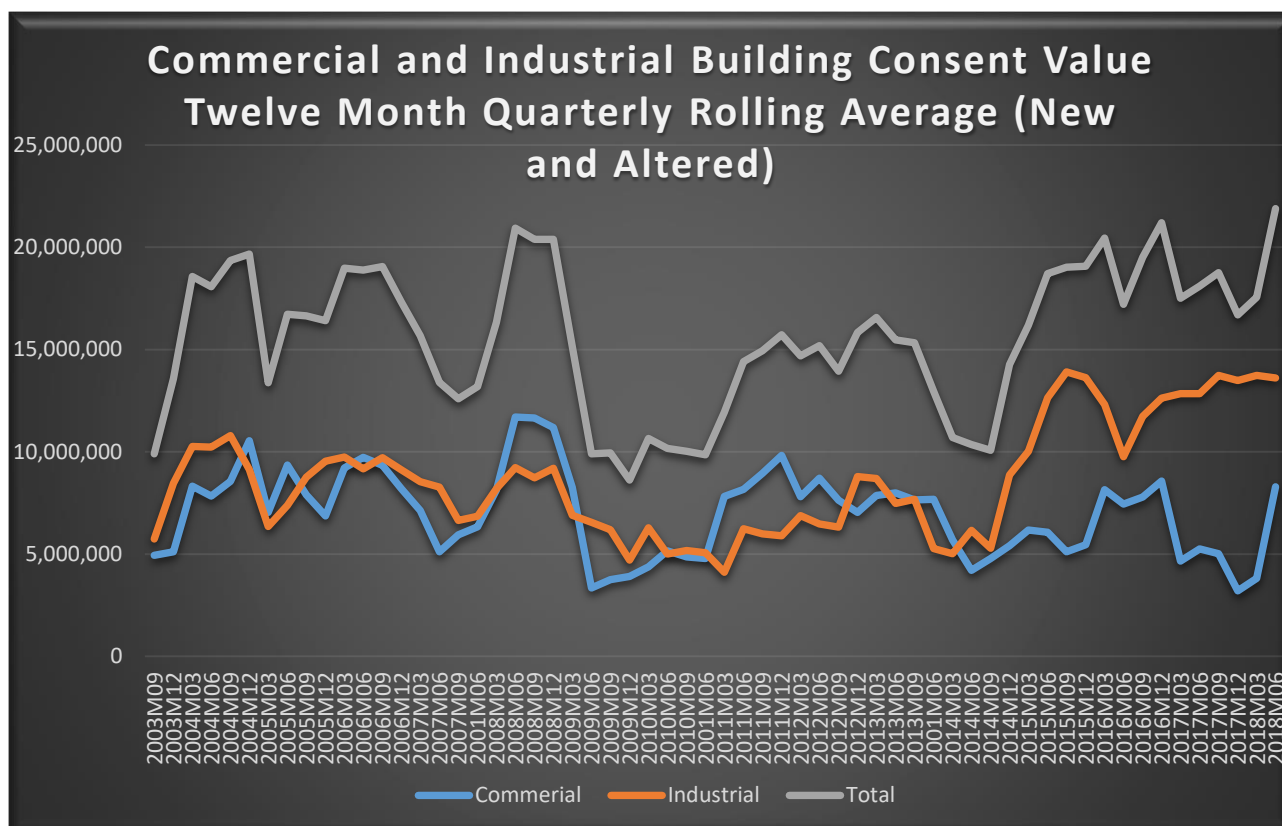
**Figure 11: Napier Hastings Quarterly Commercial Industrial and Total Non-Residential Floorspace m2 consented last two years**



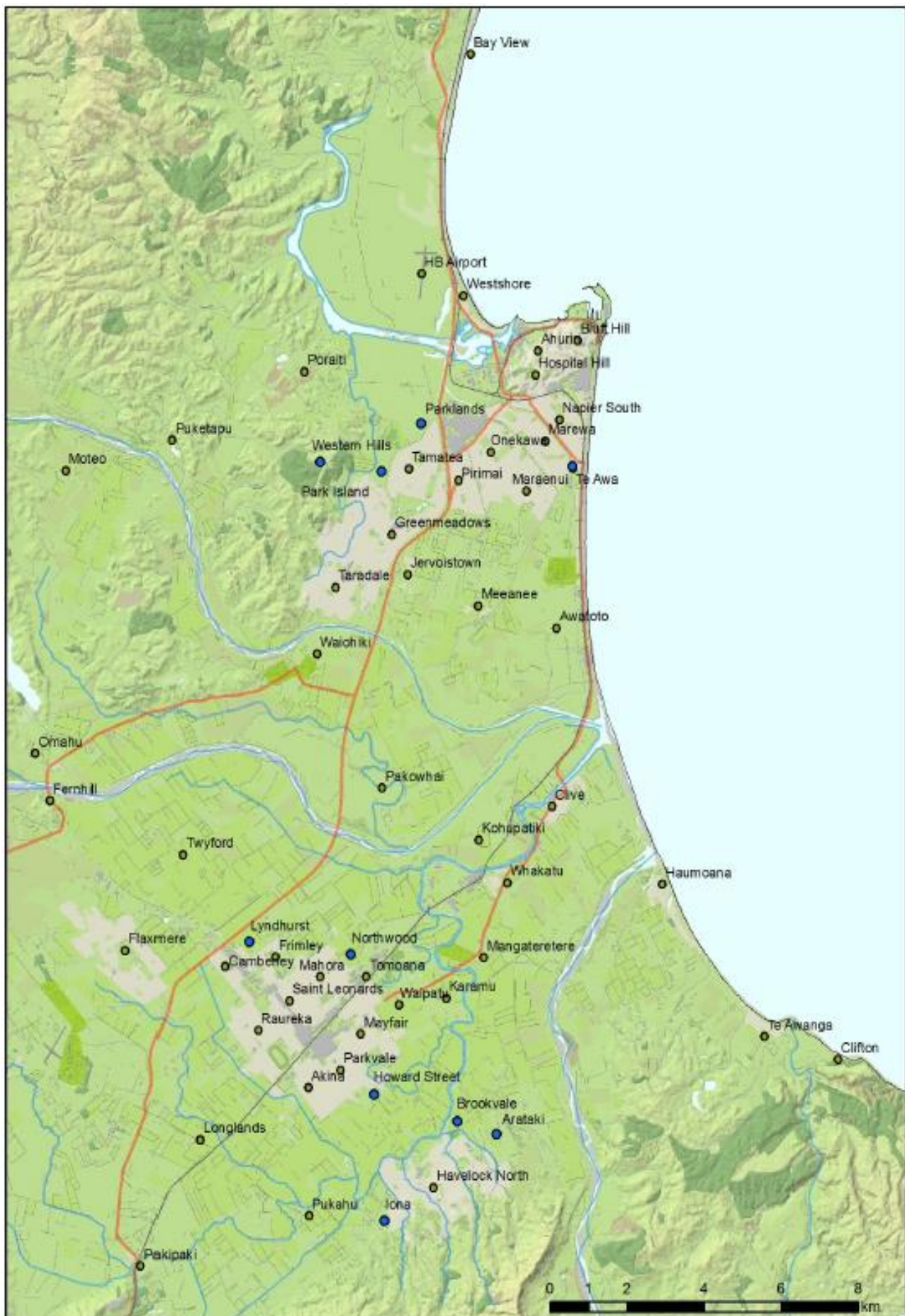
(Source StatsNZ)

- 8.2. Despite this **Figure 12** indicates a significant rise in the value of commercial over the previous three months, due largely to the new Police Station (\$10m) in Hastings and airport terminal expansion in Napier (\$9m), otherwise commercial consents have been at the lower ebb of the historical cycle. Industrial values continue to be a historic highs, but mainly in Hastings.

**Figure 12: Napier Hastings Industrial Consented Building Value last 15 Years**







Appendix 1 - Common placenames in Hastings/Napier urban area