Quarterly Monitoring Report on Urban Development Indicators Report No.3

March 2019

National Policy Statement on Urban Development Capacity

Te Kaunihera-ā-Rohe o Ngāmotu
New Plymouth District Council

Taranaki Regional Council

Contents

Executive Summary

This report provides an overview of New Plymouth housing and business development capacity for the March 2019 quarter. The report is designed to meet the monitoring requirements of the Government's *National Policy Statement on Urban Development Capacity* (NPS-UDC), which requires local authorities to be well informed about urban development activity and outcomes. As such, the report uses a selection of nationally agreed indicators.

This is our third quarterly report reviewing statistical indicators of house prices, housing affordability and housing development, as well as business land (retail, commercial, and industrial) and floor space for the New Plymouth district. Statistical analysis of each data set provides a qualitative overview of our monitoring and the implications for the district.

Summary of findings:

- The New Plymouth district is expected to experience high population growth.
- Housing: In general, all housing indicators show upward trends. The cost of building or buying a first home in New Plymouth has increased, with housing affordability also on the rise in the short term.
- Rent has continued to increase but the rate of change remains steady, alongside rental affordability.
- Subdivisions: The increase in sub-dividable lots and residential consent applications has naturally given rise to an increase in the number of dwellings.
- Business sector growth: Business growth has had a small increase in the short term, returning to employment numbers similar to 2008.
- Business Indicator Group 2: Short to medium capacity for growth is provided in the current vacant land/floorspace available.

Introduction

The *National Policy Statement on Urban Development Capacity* (NPS-UDC) was introduced by the Ministry for the Environment (MfE) in 2016. At the same time, MfE also defined New Plymouth as a high growth district (i.e. projected to grow by more than 10 per cent from 2013 to 2023).

As a high growth district, the NPS-UDC requires the Council to assess housing and business demand and capacity across the district. The New Plymouth District Council and the Taranaki Regional Council must provide sufficient development capacity for the New Plymouth district to meet demand over a 30-year period. This includes providing 15 to 20 per cent additional development capacity to ensure there is competition in the housing and business markets.

Both the New Plymouth District Council and Taranaki Regional Council recognise that affordable housing is important for people's well-being. For example, high housing costs can leave lower income households with insufficient income to meet other basic needs. Expenditure on housing is a major component of household spending and a key factor in the assessment of housing affordability.

To determine the level of development capacity required to meet the estimated population growth of the New Plymouth district, the NPS-UDC requires the New Plymouth District Council and Taranaki Regional Council to:

- Undertake quarterly monitoring of market indicators and use indicators of price efficiency (Policies PB6 and PB7), and
- Prepare housing and business development capacity assessments (HBAs) on at least a three-yearly basis which forecast demand and "feasible" development capacity, including the likely uptake of capacity (Policies PB1 to PB5). HBAs are informed by quarterly monitoring of market indicators.

This report gives effect to the first requirement above. NPDC's first HBA is currently under review. The final report will fulfil the second requirement of the NPS-UDC.

Purpose

The purpose of this report is to review indicators of house prices, housing affordability and housing development, as well as business land (retail, commercial, and industrial) and floor space in the New Plymouth district, for the quarter ending March 2019. The report fulfils the requirements of Policy PB6 in the NPS-UDC, summarising quarterly information for a range of indicators including:

- Current house and rental prices and residential and business land capacity by location and type, including changes over time;
- the number of resource consents and building consents granted for urban development relative to population growth;
- indicators of housing and rental affordability; and business indicators, including supply of business space.

Scope and structure of quarterly report

This report contains updated residential and business indicators for the March 2019 quarter. To identify and understand trends, and better develop an overview of the impacts for the New Plymouth District, indicators are organised into groups. The five residential baseline indicator groups are:

- Housing.
- Rentals.
- Price Efficiency.
- Housing affordability.
- Provision of new houses.

The three business baseline indicators groups are:

- Employment and growth.
- Supply of business space.
- Price Efficiency.

Each data set data is presented graphically and accompanied by written explanation or analysis, as well as the data source. Data used in this report is from 2007 to 2018. However, issues with one of the Ministry of Business, Innovation and Employment (MBIE) core data sources means that for some indicators, there is no updated data available for the final quarter of 2018. In this case, an indication is given in the body of the report. A full update will be provided at a later date.

Updated data on housing affordability indicators for March 2019 was sourced from the MBIE Urban Development Capacity Dashboard.

To understand general trends around New Zealand and for comparative purposes, this report includes information on other high growth urban areas of a similar size and growth rate as the New Plymouth District; namely, Whangarei, Hastings and Nelson.

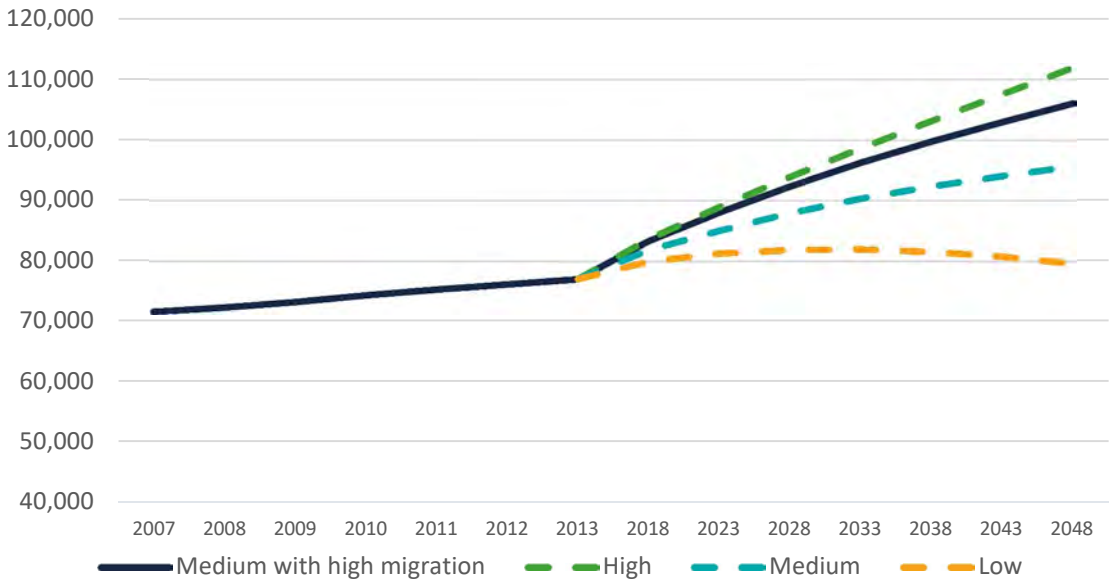
For the purpose of this report, all indicators relate to the wider New Plymouth District area. In the future, we intend to monitor and report on specific urban areas and suburbs.

Overview of population growth in the New Plymouth District

The New Plymouth District is situated in the wider Taranaki region and covers an area of 2,205 square kilometres, including both rural and urban areas. One of the resource management issues the district faces is planning for growth and development, whilst ensuring that the needs of the community are met and any adverse effects on the environment are avoided, remedied or mitigated.

Statistics New Zealand predicts that there will be high population growth in the New Plymouth District over the next ten years. The population is projected to grow from an estimated 83,400 in 2018 to 92,400 in 2028, and to 106,100 by 2048. This equates to growth of 22,700 (27.2%) and will include people with a wide range of social, housing, environmental and economic requisites.

New Plymouth District Population Growth



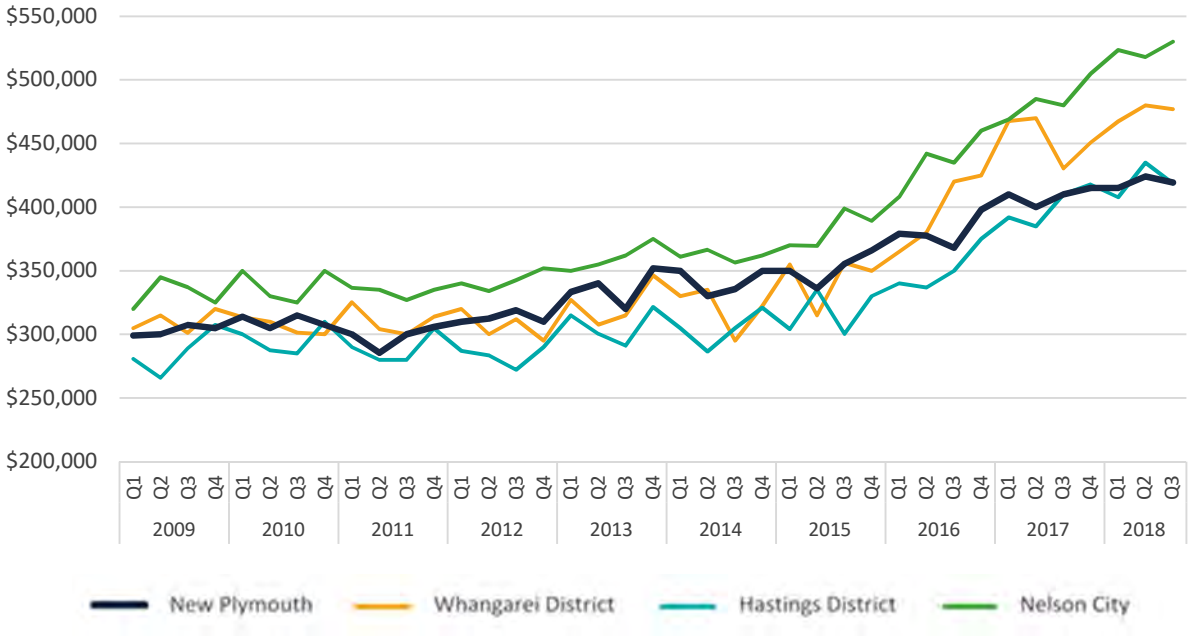
Source: Statistics New Zealand

Residential Indicators

This section summarises information on residential trends on supply and demand sourced from MfE, MBIE's UDC-Dashboard, and Statistics NZ. It has been supplemented by specific local authority measures of housing age and type.

Residential Indicators Group 1: Housing

Indicator 1: Price for housing-dwelling sale price (actual)



Source: MBIE Urban Development Capacity Dashboard, March 2019

Observations

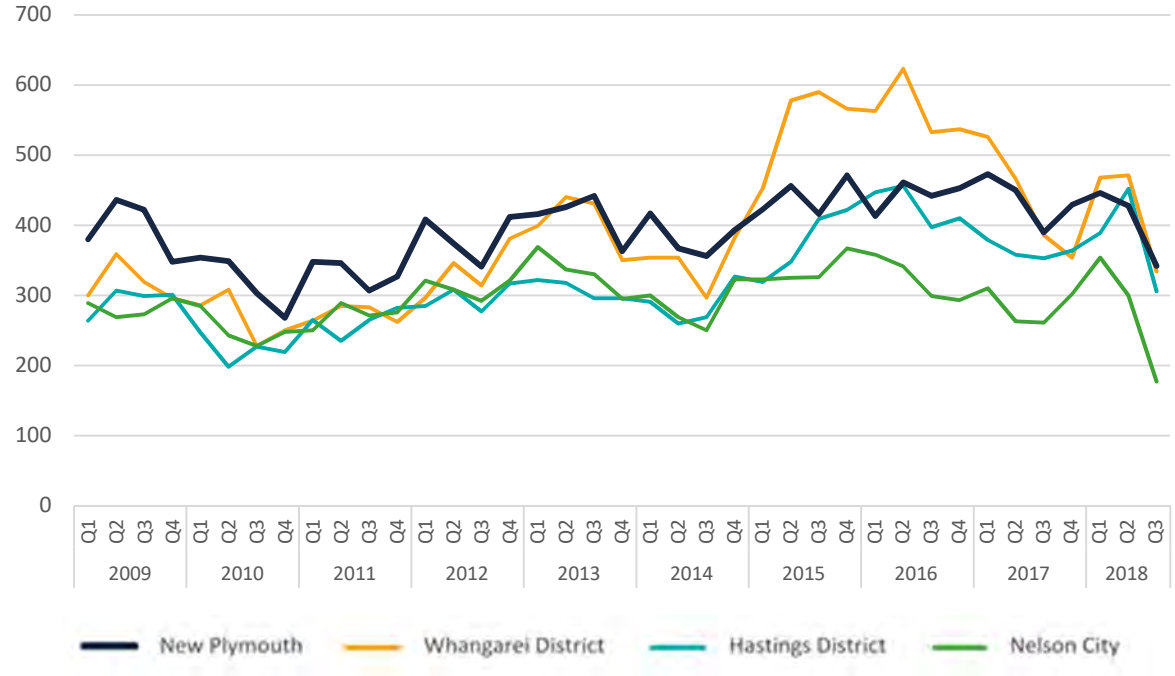
Sale Price	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
New Plymouth	302,900	351,900	419,400	19% ↑	38% ↑
Whangarei	310,300	344,100	474,800	38% ↑	53% ↑
Hastings	285,800	317,300	420,500	33% ↑	47% ↑
Nelson	331,800	381,900	523,800	37% ↑	58% ↑

Between 2009 and 2018, there was an increase in house prices across the New Plymouth District both in the short to medium term. However, the average house price has remained consistently lower than other 'high' growth areas such as Whangarei and Nelson. The table below shows the sale prices for different housing types within the New Plymouth district. Over the ten year period, the average annual increase in New Plymouth district house prices was 3.8 per cent per annum. The average price of an empty section in New Plymouth is just under $260,000.

New Plymouth District	Number of Sales	Median Sale Value
Houses	332	$458,705
Apartments	7	$432,714
Flats	51	$352,940
Sections	41	$257,341

Source: Quotable Value, for the three months up to March 2019

Indicator 2: Dwellings sold



Source: MBIE Urban Development Capacity Dashboard, March 2019

Observations

Dwellings Sold	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
New Plymouth	1,360	1,770	1,220	-31% ↓	-10% ↓
Whangarei	1,080	2,190	1,270	-42% ↓	18% ↑
Hastings	980	1,500	1,150	-23% ↓	17% ↑
Nelson	920	1,340	830	-38% ↓	-10% ↓

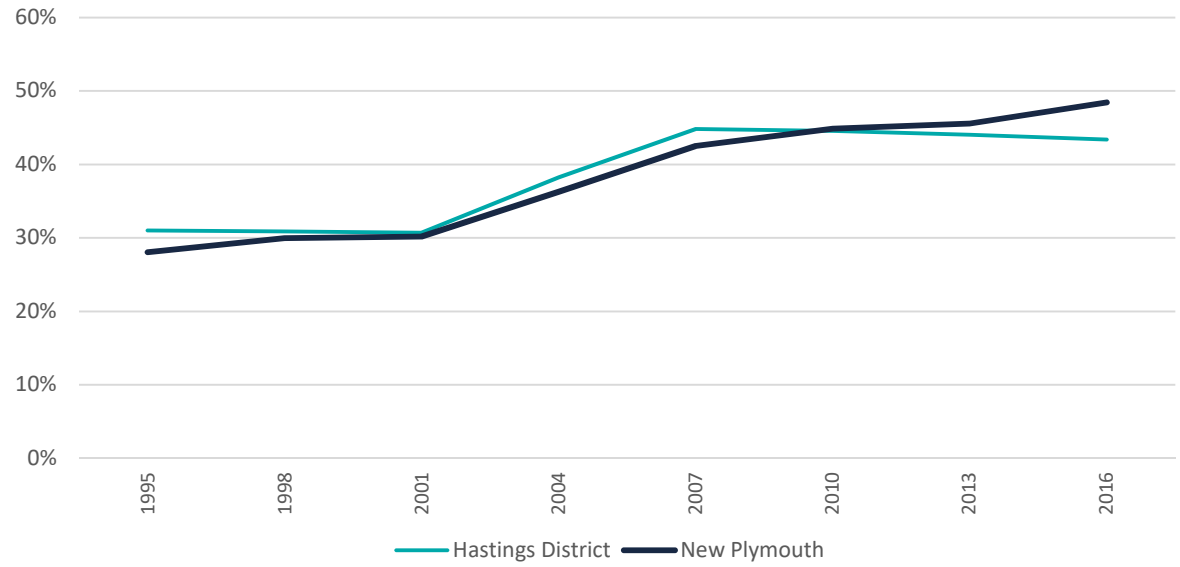
In the last ten years, on average, 305 dwellings were sold across the New Plymouth District, per quarter (or 1,220 per annum). In this time, the number of sales per quarter has consistently been in the 300-500 bracket. Trends show a slight decrease in the number of house sales in the second half of 2018, across all comparative districts. As a district, we will continue to monitor this trend to determine if it represents the current market.

There is a consistent decrease in the number of house sales in the fourth quarter of each year. This is common in the property market, generally coinciding with the beginning of the festive season.

The number of dwellings sold relates to both the housing-dwelling sale price, and the equilibrium between supply and demand of housing in these areas. Generally, the number of dwellings traded in the housing market is positively related to changes in price. For example, in the event of decreasing or stagnant house prices, the number of dwellings traded tends to decrease.

Future quarterly reports will include information on supply and demand to identify any emerging trends that might affect the district and future urban capacity.

Indicator 3: Land value as percentage of capital value



Source: MBIE Urban Development Capacity Dashboard, March 2019

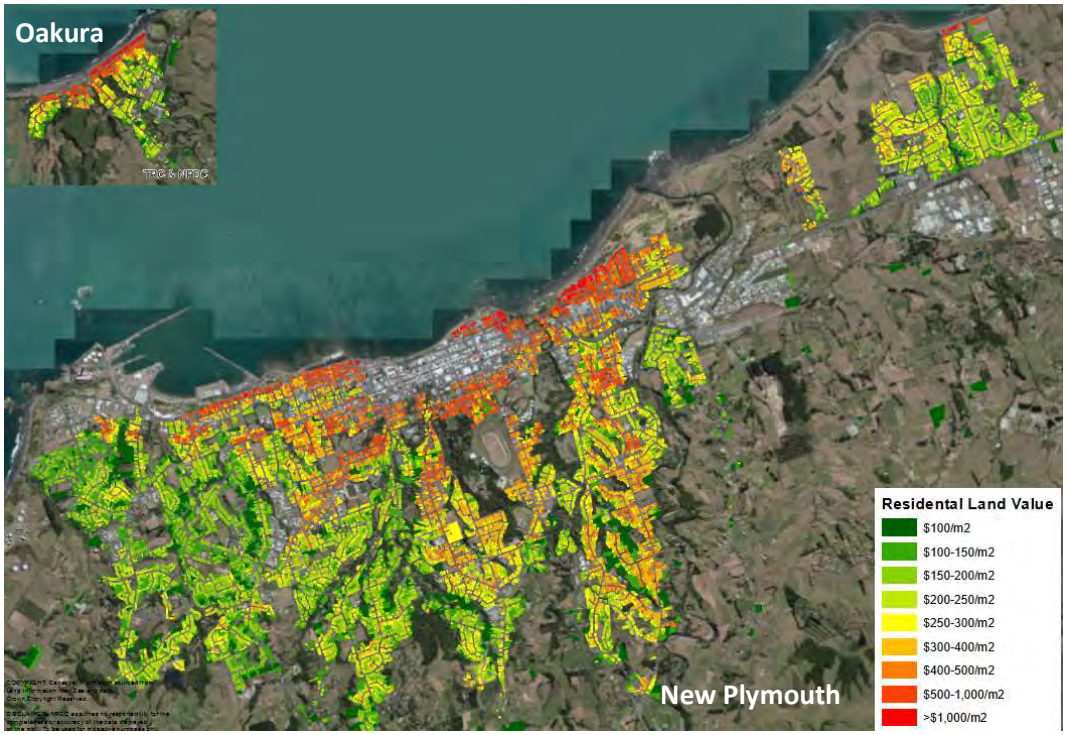
Data on land value as a percentage of capital value is sourced from Quotable Value on a three-yearly basis. Currently, only data from the Hastings area is available for comparative purposes. There has been no update of this data for the New Plymouth district since the last quarterly report. The next update for this indicator will be available in 2020, following Quotable Value revaluations of the district.

Available data on this indicator shows the estimated proportion of house values related to land prices at each valuation period. A higher ratio indicates that land is more valuable in relation to the buildings that occupy it.

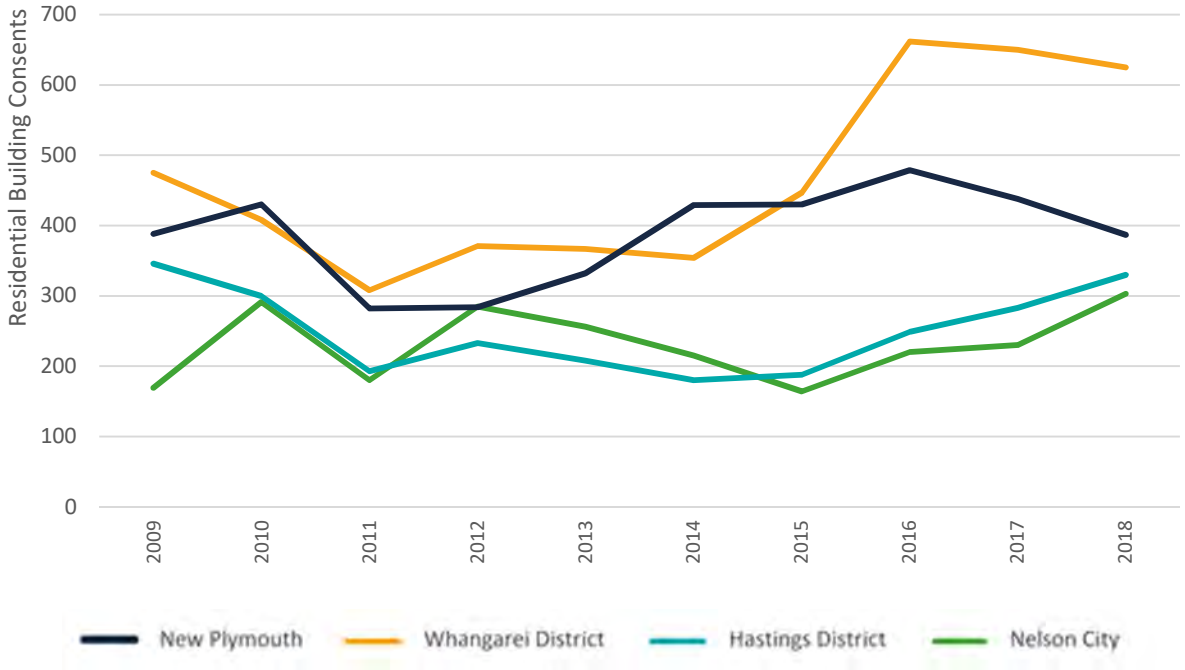
Observations

LV % CV	2007	2013	2016	Short Term % Change 2013-2016	Medium Term % Change 2006-2016
New Plymouth	43%	46%	49%	3% ↑	6% ↑
Hastings	45%	44%	44%	0% ↑	-1% ↓

Land value as a percentage of capital value slowly increased across the New Plymouth District in the nine years between 2007 and 2016. The higher ratio indicates that over time, land is becoming more valuable in relation to the buildings that occupy it. Increases in land value is mainly related to the proximity of properties to specific amenities such as the beach, sea views or the city centre, as shown in the map below.



Indicator 4: Number of residential building consents



Source: Statistics NZ (InfoShare), March 2019

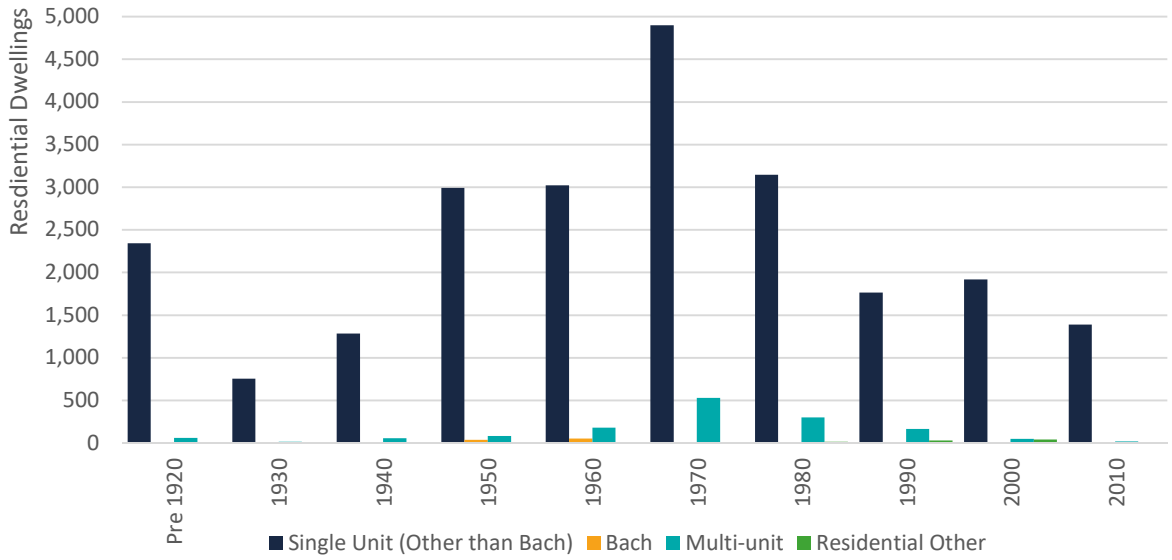
The number of consents for residential dwelling construction across the New Plymouth District per calendar year can be determined up to 2019. These are classified as: dwellings, houses, apartments, townhouses, units and others, retirement villages, flats, units and other dwellings.

Observations

Building consents	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
New Plymouth	388	430	387	-10% ↓	0% →
Whangarei	475	447	625	40% ↑	32% ↑
Hastings	346	188	330	76% ↑	-5% ↓
Nelson	169	164	303	85% ↑	79% ↑

The number of building consents granted across the New Plymouth District dropped briefly during 2011/2012 but has increased again in the past five years. Since 2014, New Plymouth District Council has received 400+ consent applications. Based on this, the Long Term Plan (LTP) predicts that over the next five years, 387 houses will be built per annum, and 353 houses per annum in the following five years. However, the NPS-UDC requires NPDC to add an additional 20 per cent margin to infrastructure and land supply in the first ten years. Including this margin, we estimate that between 2018 and 2023, 464 new houses will be built per annum with 425 new houses per annum between 2023 and 2028.

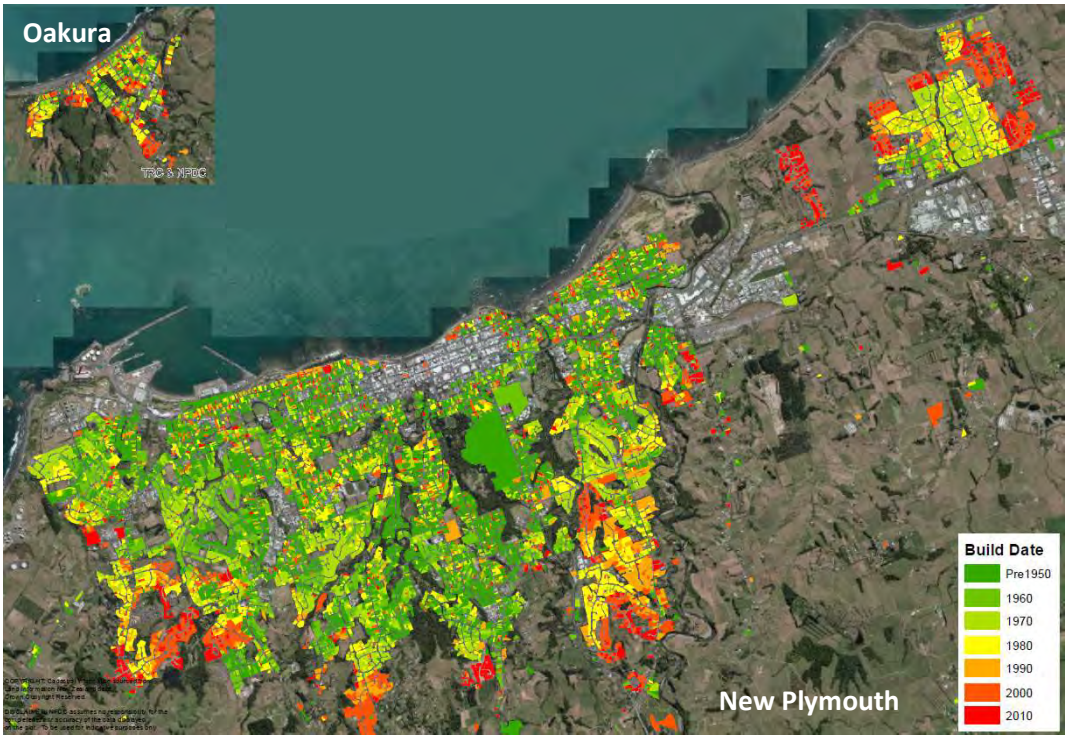
Dwelling build age and type



Source: Quotable Value 2016 – No update till 2019

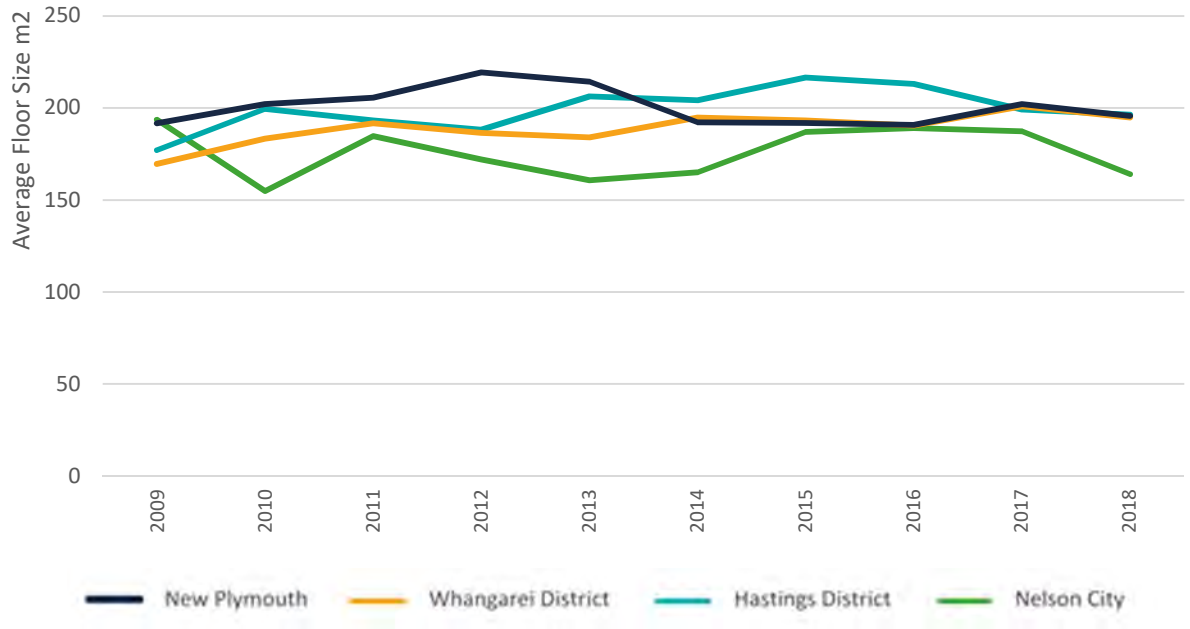
The greatest number of houses within New Plymouth District were built in the 1970s.

Age of dwellings by location to 2017



Source: Quotable Valuation Data 2017

Indicator 5 –Average Floor Size per Residential Building



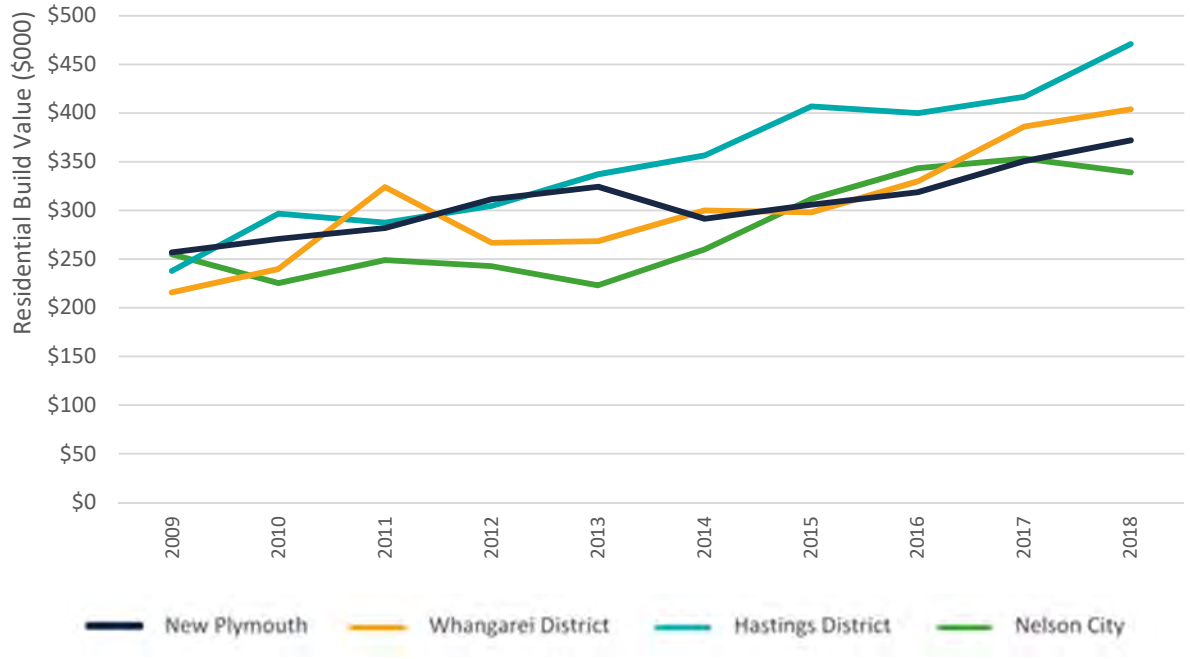
Source: Statistics NZ (InfoShare), March 2019

Observations

Average Floor Size	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
New Plymouth	192m^2	192m^2	196m^2	2% ↑	2% ↑
Whangarei	170m^2	193m^2	195m^2	1% ↑	15% ↑
Hastings	177m^2	217m^2	196m^2	-9% ↓	11% ↑
Nelson	194m^2	187m^2	164m^2	-12% ↓	-15% ↓

The average house size across New Plymouth District over the past ten years has remained consistent, at around 200m^2 years. Factors such as building costs, section size, and growth have had little effect on the size of houses being built.

Indicator 6: Average value per residential building dwelling consent



Source: Statistics NZ (InfoShare), March 2019

Observations

Average Build Cost $	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
New Plymouth	$257,000	$306,000	$372,000	22% ↑	45% ↑
Whangarei	$216,000	$298,000	$404,000	36% ↑	87% ↑
Hastings	$238,000	$407,000	$471,000	16% ↑	98% ↑
Nelson	$255,000	$312,000	$339,000	9% ↑	33% ↑

The average build cost for residential houses across the New Plymouth District over the past ten years has increased, at an average of around 4.5% per annum. The average build cost is consistently lower than Whangarei and Hastings.

Summary on housing indicators for New Plymouth District

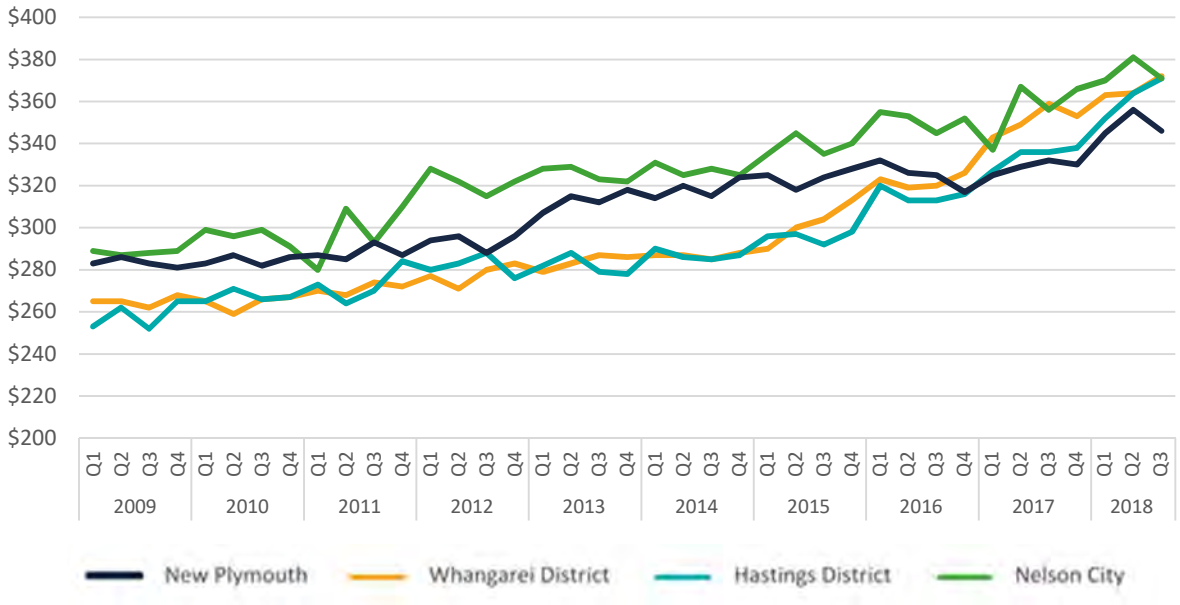
	New Plymouth District	
	Short Term % Change	Medium Term % Change
1. Dwelling sales price	↑	↑
2. Dwellings sold	↓	↓
3. LV % CV	↑	↑
4. Number of Consents	↓	→
5. Average floor size	↑	↑
6. Average value	↑	↑

In summary, the housing indicators discussed above provide information on the relative 'health' of the property market across the New Plymouth District, including major trends and how they could be influenced by growth and development.

With the exception of 'dwellings sold, all of the housing indicators for New Plymouth District have increased. Consequently, the cost of building or buying a home in New Plymouth has become more expensive. The largest increases can be seen in dwelling sale price and building costs. These upward trends are expected to continue into the future.

Residential Indicators Group 2: Rent

Indicator 7: Dwelling Rents



Source: MBIE Urban Development Capacity Dashboard, March 2019

Observations

Average Rent	2009	2015	2018	Short Term % Change (2015-2018)	Medium Term % Change (2009-2018)
New Plymouth	$283	$324	$349	8% ↑	23% ↑
Whangarei	$265	$302	$366	21% ↑	38% ↑
Hastings	$258	$296	$362	23% ↑	40% ↑
Nelson	$288	$339	$374	10% ↑	30% ↑

Rents across the New Plymouth District have increased over the past ten years, at an average rate of around 2.3% per annum. However, the overall increase in rent is less than the overall increase in house prices (3.8%). Rents are expected to continue to increase in the long term, as they have done previously, alongside an increase in general commodity. Of note, in 2018, average rents for New Plymouth were cheaper than for comparative cities. This has not always been the case.

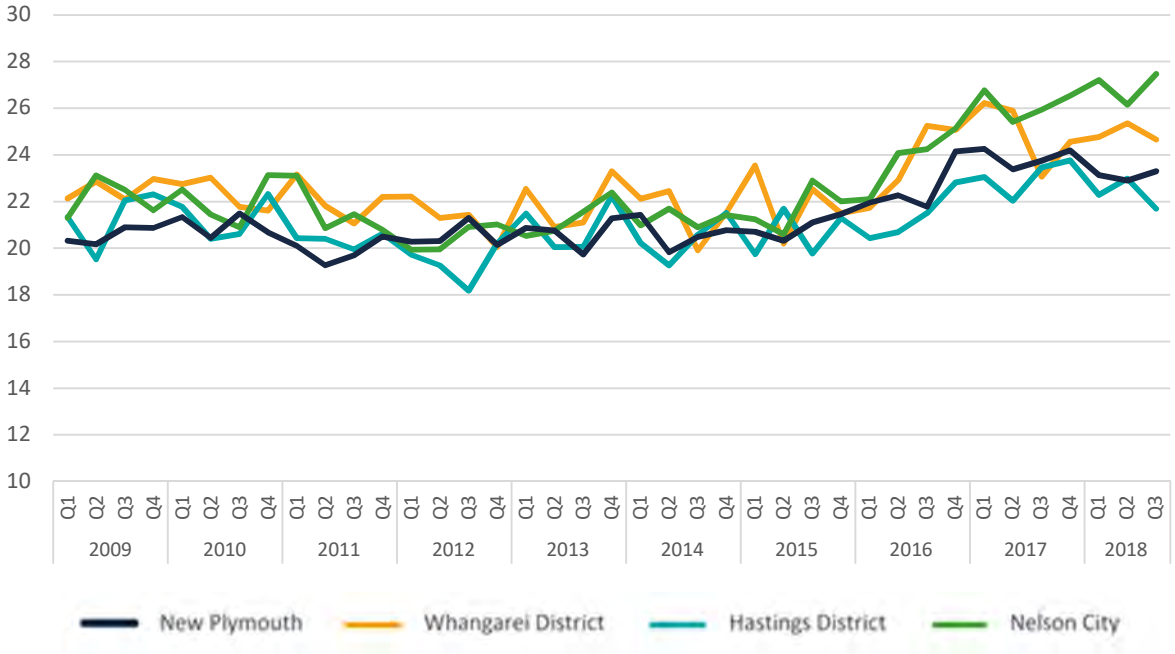
Indicator 8: Rentals per dwelling type New Plymouth

	Suburb	Median Rent Oct 17	Median Rent Feb 19	Growth %
One bedroom	Central	$237	$248	5%
	Outer	$243	$242	0%
Two bedrooms	Central	$304	$321	6%
	Outer	$304	$329	8%
	Rural	$300	N/A	N/A
Three bedrooms	Central	$360	$389	8%
	Outer	$380	$398	5%
	Rural	$335	$330	-1%
Four bedrooms	Central	$420	$450	7%
	Outer	$480	$480	0%
	Rural	$340	$500	47%
Five+ bedrooms	Outer	$455	$552	21%

Source: Tenancy New Zealand – Market Rent Data, February 2019

Small increases in rental costs can been seen across the board for all dwelling types, excluding larger houses. A significant increase in rent for rural four bedrooms houses has occurred (47%). Within this category, the data set was small (only nine bonds received), so there is potential that results for median rent are skewed. We will continue to monitor this data in future reports to determine any trends.

Indicator 9: Ratio of dwelling sales prices to rent



Source: MBIE Urban Development Capacity Dashboard, March 2019

Observations

	2009	2015	2018	Short Term % Change (2015-2018)	Medium Term % Change (2009-2018)
New Plymouth	21.9	20.9	23.6	13% ↑	8% ↑
Whangarei	25.2	21.4	24.9	16% ↑	-1% ↓
Hastings	21.5	21.3	22.7	7% ↑	6% ↑
Nelson	23.2	21.4	25.3	18% ↑	9% ↑

The ratio of dwelling sale prices to rents in New Plymouth is currently 23.6, which indicates that the median house price is 23.6 times the mean annual rent paid. The ratio has increased slightly in the short term. While both house prices and market rentals have increased, the data suggests that it is currently more affordable to rent in New Plymouth than to purchase a home.

Summary on rental indicators for New Plymouth District

	Short Term % Change	Medium Term % Change
7. Dwelling rents	↑	↑
8. Rentals per dwelling type	↑ Oct 2017 to Feb 2019	
9. Ratio of dwelling sale prices to rent	↑	↑

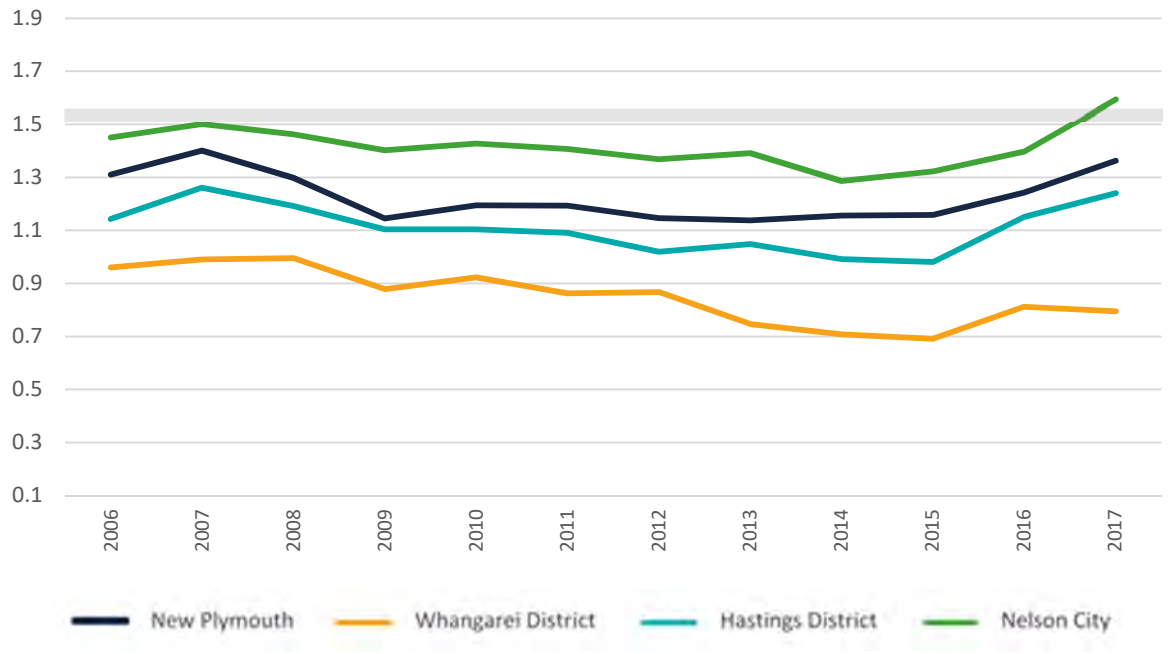
In summary, over the past ten years, both rental costs and the ratio of dwelling sale prices to rents have increased. The rental increase in New Plymouth has followed a similar pattern to house sale prices, but at a slower rate.

Residential Indicators Group 3: Price Efficiency

Indicator 10: Price Cost Ratio

The price cost ratio indicator shows the proportion of house prices in relation to construction and other costs for the New Plymouth District. This indicator monitors how much housing prices are driven by land costs. It includes the degree to which land supply and development opportunities are constrained in relation to demand for housing. There is no updated data available for this indicator so results are based on the last quarterly data available from 2018.

A price cost ratio of 1.5 or more means that land costs exceed 1/3 of the total house price. A higher ratio may indicate insufficient land supply. It can also illustrate the impact of a surge in house prices or a lag in the supply of houses.



Source: MBIE Urban Development Capacity Dashboard, March 2019

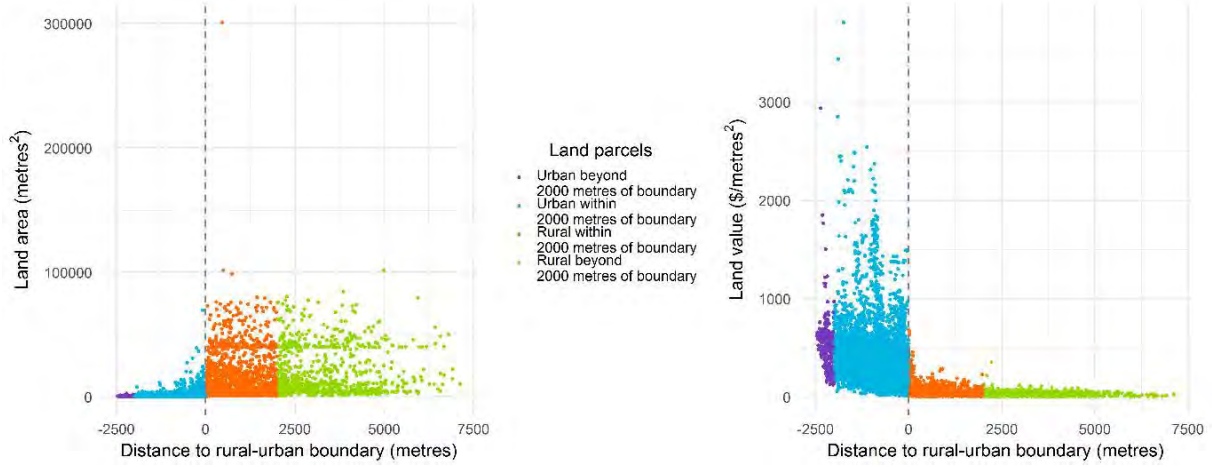
As shown in the graph, except for Whanganui, comparable districts have followed a very similar trend in relation to the price cost ratio for housing. New Plymouth has consistently stayed below the 1.5 threshold, which suggests that land supply and development opportunities have kept up with demand.

Indicator 11: Rural-Urban value differentials

Rural-urban value differentials have been calculated for the New Plymouth District. This entails comparing the values of residential land 2km either side of the boundary between urban and non-urban zones, after removing non-regulatory factors affecting land values. A jump in land value at the point where the zone changes may indicate that various land-use regulations are constraining urban development capacity. The rural-urban value differential is a key indicator of whether the District Plan provides sufficient development capacity.

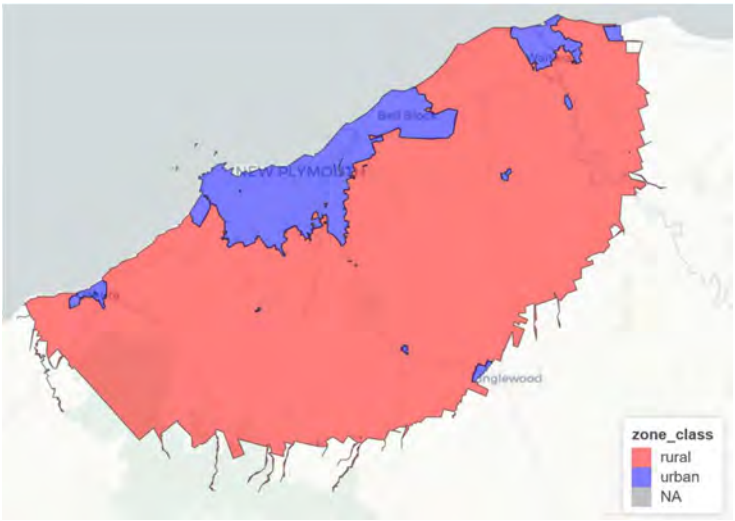
Urban Area	Ratio	Difference ($/m2)	Difference ($/600m Section)
New Plymouth	1.61	$92	$55,080
Whangarei	2.00	$80	$48,064
Nelson	2.10	$153	$91,671

New Plymouth: Parcel land values near rural-urban boundary



Source: MBIE Urban Development Capacity Dashboard, March 2019

As shown in the scatterplots above, land areas increase and land values drop at the rural-urban boundary of the district. After removing major non-regulatory factors that affect land values, urban residential land close to the rural-urban boundary is worth just over 1.61 times the value of adjoining rural land ($92 more per square meter). A rural-urban differential over 1 signals that zoning and/or other regulations are constraining development capacity enough to increase urban land values.



The New Plymouth District Council is currently reviewing its District Plan. The Proposed District Plan will include changes to residential zonings within New Plymouth that we anticipate will decrease the urban-rural ratio.

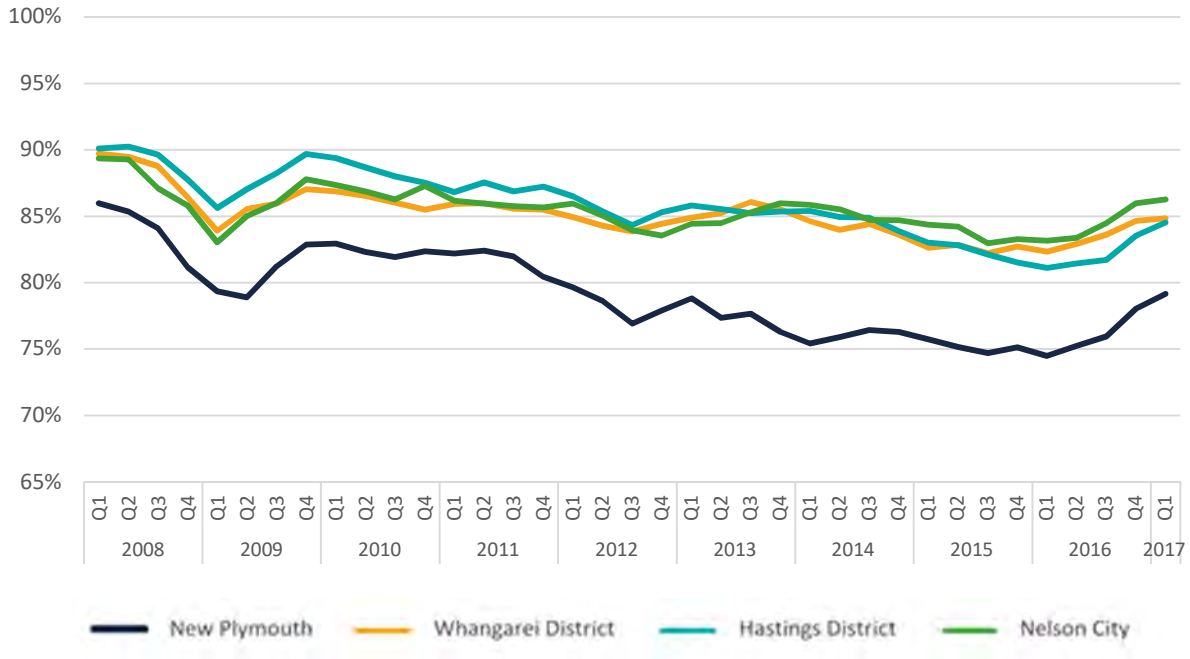
Summary on price efficiency for New Plymouth District

In summary, the price cost ratio for New Plymouth indicates that both the supply of land and development opportunities have kept up with housing demands. The report also confirms that land areas increase and land values drop at the rural-urban boundary.

Information identifying current restraints on land availability both within and bordering the urban area is provided by MBIE and MfE and will inform development of the HBA.

Residential Indicators Group 4: Housing Affordability

Indicator 12: Housing Affordability Measure (HAM) - Buy



Source: MBIE Urban Development Capacity Dashboard, March 2019

HAM[1] indicators combine the impact of changes in house prices or rents, mortgage interest rates and incomes to provide an overview of housing affordability trends. MBIE's HAM Buy calculates the residual income of potential home-owning households after housing costs, if they were to buy a modest first home, in the area in which they currently live.

Data for this indicator is published with a one-year lag and is currently available up to the first quarter of 2017 only. There has been no update in data since the last quarterly report of 2018. Therefore, it does not show recent trends.

Observations

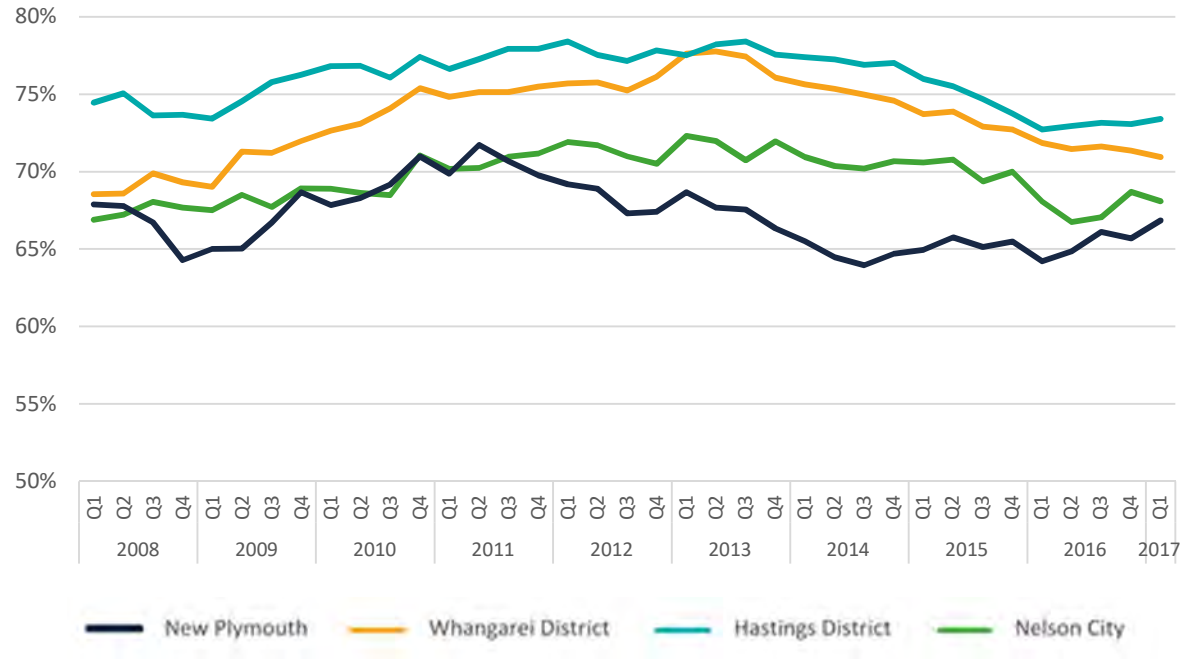
HAM - Buy	2008	2014	2017	Short Term % Change 2014-2017	Medium Term % Change 2008-2017
New Plymouth	86%	75%	79%	5% ↑	-8% ↓
Whangarei	90%	85%	85%	0% →	-5% ↓
Hastings	90%	85%	85%	-1% ↓	-6% ↓
Nelson	89%	86%	86%	0% →	-3% ↓

According to MBIE's HAM Buy indicator, housing affordability in the district has improved over the past ten years, with a small increase in the short term. A decrease in the medium term is the combined result of low interest rates, wage growth and slower house price inflation, helping improve buyer affordability. While the improvement in housing affordability is positive, housing is still expensive. For

[1] As determined by MBIE's national affordability benchmark developed in 2013. This is the amount of income the median New Zealand household had after paying for their housing costs in June 2013. The 2013 national affordability benchmark is residual income of $662 per week for a one person household, plus $331 per additional adult and $199 per child.

example, as at March 2017, 79 per cent of first-home buyers in New Plymouth could not comfortably afford typical 'first-home' prices.

Indicator 13: Housing Affordability Measure (HAM) – Rents



Source: MBIE Urban Development Capacity Dashboard, March 2019

Observations

HAM - Rent	2008	2014	2017	Short Term % Change 2014-2017	Medium Term % Change 2008-2017
New Plymouth	68%	66%	67%	2% ↑	-2% ↓
Whangarei	69%	76%	71%	-6% ↓	3% ↑
Hastings	74%	77%	73%	-5% ↓	-1% ↓
Nelson	67%	71%	68%	-4% ↓	2% ↑

Even though the cost of renting in New Plymouth has increased over the past ten years, rental affordability has improved over time. This is because rental increases have been fairly small and still lower than increases in house prices. Consequently, affordability has improved. It is also due to other affordability factors, such as wage growth and improvements in other housing costs.

As mentioned above, the housing affordability measure for renting in New Plymouth is lower than that of buying. Therefore, it is currently more affordable to rent in New Plymouth than to purchase a home. There is no updated data available since the previous report for this indicator in 2018.

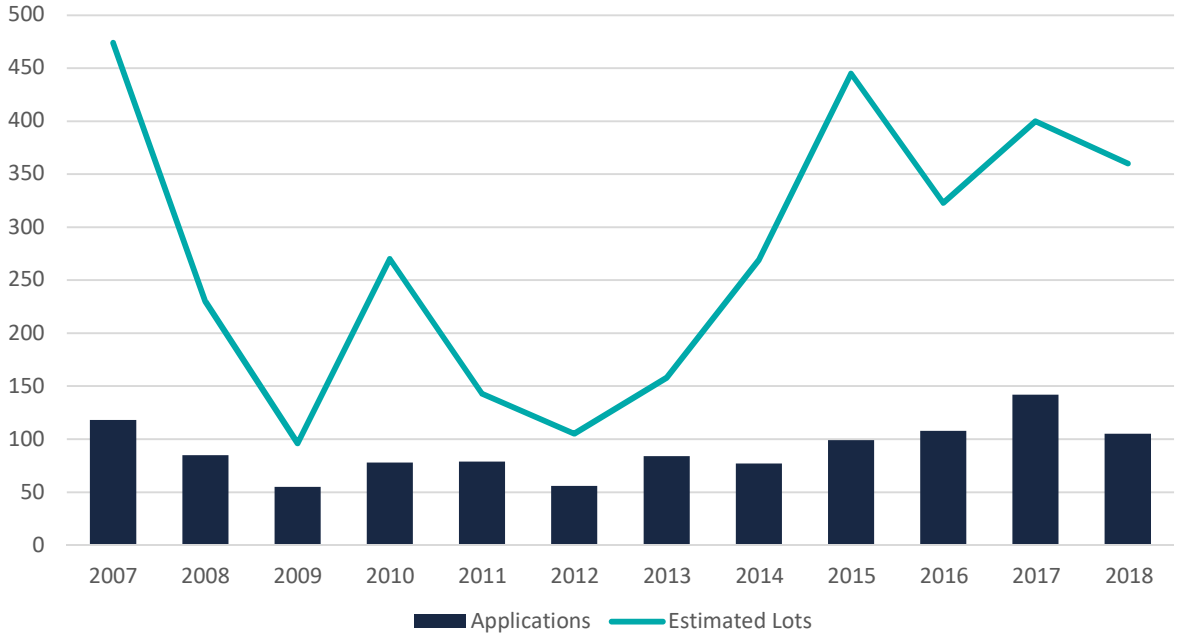
Summary of housing affordability for New Plymouth District

	Short Term % Change	Medium Term % Change
12. HAM - Buy	↑	↓
13. HAM - Rent	↑	↓

In summary, both house prices and rents have increased. The housing affordability measure did drop in the medium term but that is on the increase again. This trend requires continued monitoring to understand affordability in the long term.

Residential Indicators Group 5: Provision of new houses

Indicator 14: Residential subdivision consents – approved and the number of lots created



Source: NPDC Data, March 2019

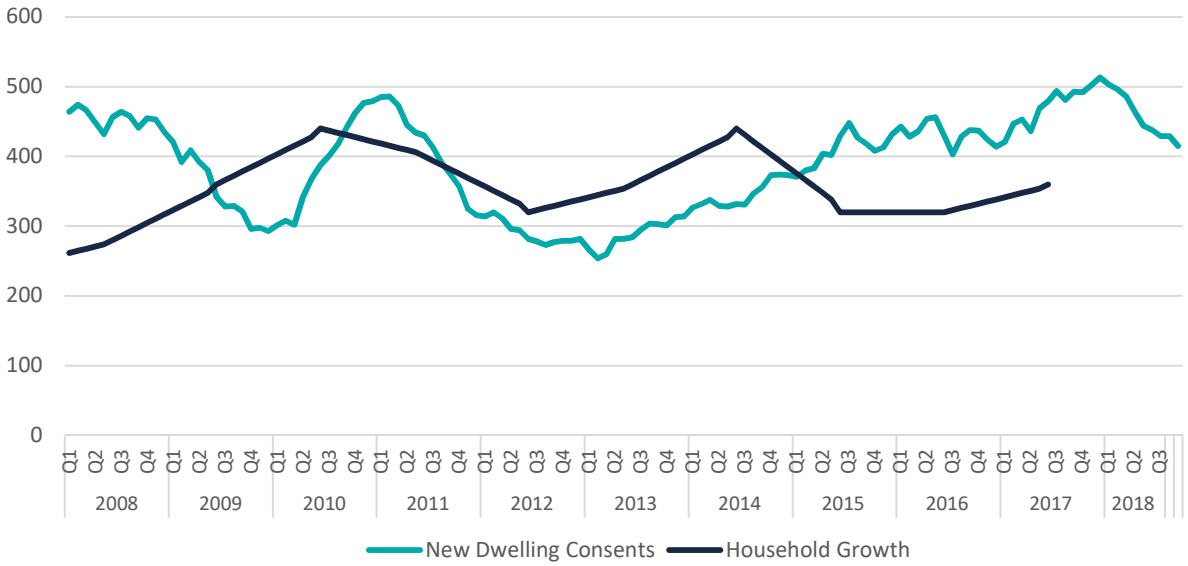
Note: This data will be refined in future reports.

Observations

	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
Applications	55	99	105	6% ↑	91% ↑
Estimated number of lots	96	445	360	-19% ↓	275% ↑

The number of residential subdivision applications across the New Plymouth District over the previous ten years has been slightly varied, with a drop in number during the 2011-2013 period. One of the more obvious changes in the short term is the increase in larger lot subdivision applications (>10 estimated lots). An increase in the number of subdivision applications for two or more lots will make a greater number of lots available and help make building a new house a more accessible option.

Indicator 15: New dwellings compared to household growth



Source: MBIE Urban Development Capacity Dashboard. March 2019

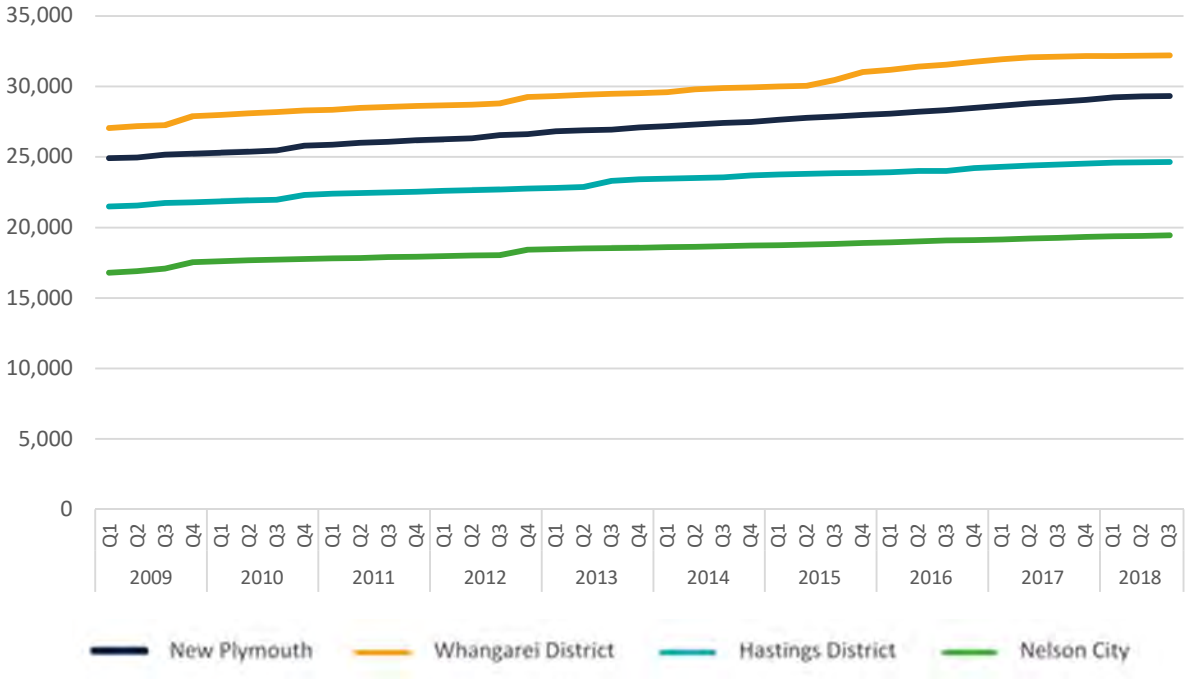
Data on the quantity of building consents for new dwellings across the New Plymouth District has a six month lag. This accounts for the time taken from consent approval to completion, as recommended by MBIE. There is no updated data on Household Growth available from MBIE for 2018; however, we do have updated consent data for this quarter.

Observations

	2007	2014	2017	Short Term % Change 2014-2017	Medium Term % Change 2007-2017
Household growth	240	440	360	-22% ↓	33% ↑
New consents	533	332	473	30% ↑	-19% ↓
% Comparison	45%	133%	76%		

Generally over the past ten years, the rate of household growth and number of new residential dwellings in the New Plymouth District have been consistently on par. During 2012 to 2014, household growth was 133% above the number of consented dwellings, which may have affected increases in residential sale price and building costs. However, in the past two years, the number of residential consents has caught up with the rate of household growth, which should assist maintaining reasonable sale prices and housing affordability.

Indicator 16: Dwelling stock



Source: MBIE Urban Development Capacity Dashboard, March 2019

Observations

Dwelling stock	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
New Plymouth	25,070	27,819	29,291	5% ↑	14% ↑
Whangarei	27,352	30,384	32,178	6% ↑	15% ↑
Hastings	21,640	23,822	24,630	3% ↑	12% ↑
Nelson	17,080	18,813	19,411	3% ↑	12% ↑

Available housing stock in the New Plymouth District has increased, mirroring increases in population. This increase has been consistent over the past ten years, with no major spikes indicating a dramatic change.

Summary in the provision of new houses in the New Plymouth District

	Short Term % Change	Medium Term % Change
14. Subdivision consents	↑	↑
15. Growth v. consents	Combined measure	
16. Dwelling stock	↑	↑

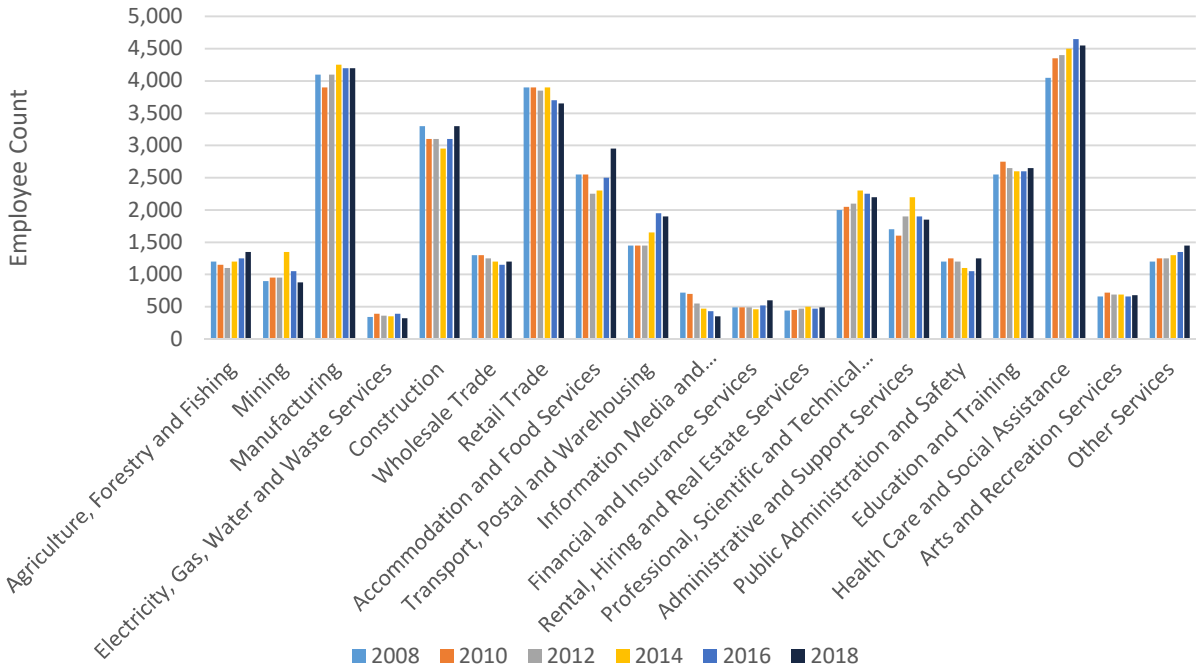
An increase in sub-dividable lots available and in residential consent applications indicates an increase in the number of dwellings available across the New Plymouth District. This level of change is evident in positive changes in both Group 1 and Group 2 Indicators for housing provision.

Business Indicators

This section summarises information on business trends, business supply and demand, and specific local authority measures of business capacity, freely available from various sources.

Business Indicators Group 1: Employment and growth

Indicator 1: Employment current economy and recent past



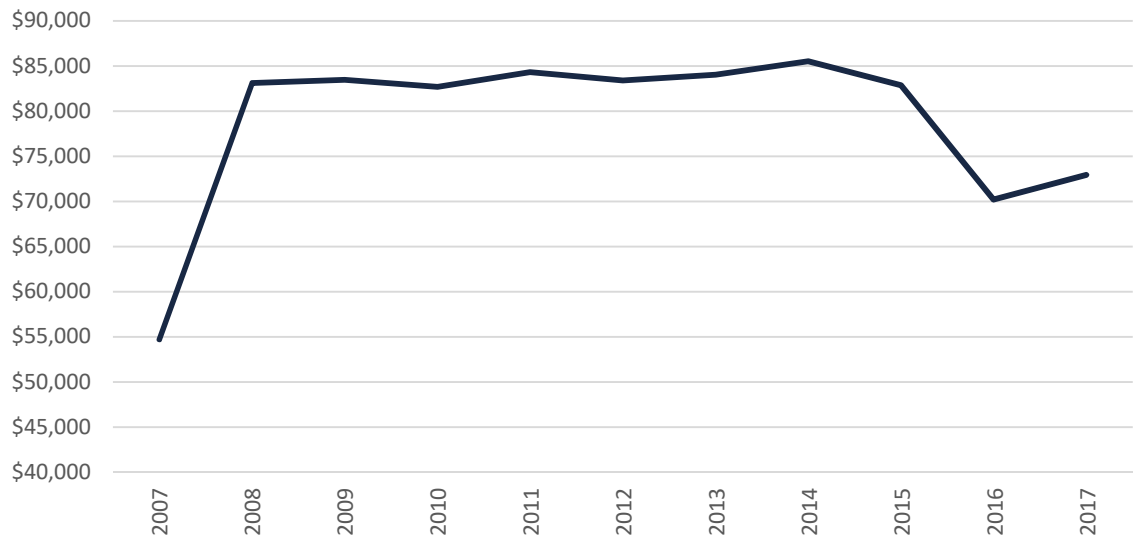
Source: Statistics New Zealand, March 2019

Observations

Employment Growth	2009	2015	2018	Short Term % Change 2015-2018	Medium Term % Change 2009-2018
Agriculture	1,300	1,300	1,350	3.8% ↑	3.8% ↑
Retail	3,850	2,950	3,300	11.9% ↑	-5.2% ↓
Healthcare	4,150	4,600	4,550	-1.1% ↓	9.6% ↑
Construction	3,450	2,950	3,300	11.9% ↑	-4.3% ↓

The New Plymouth District has seen a slight resurgence in employment growth in the short term, with the exception of the healthcare sector. Whilst neither the retail or construction sectors are experiencing the employment counts of 2008, results are positive and indicate and the district is on the right track.

Indicator 2: Nominal Taranaki GDP per capita



Source: MBIE Regional Economic Activity Web Tool, March 2019

Notes The GDP per capita indicator is of interest in understanding changes in average incomes, a key factor in housing affordability. Updated data for this indicator was not available for this report.

Observations

	2007	2014	2017	Short Term % Change (2013-2016)	Medium Term % Change (2006-2016)
GDP per capita	$54,735	$85,544	$72,942	-14.7% ↓	33.3% ↑

Nominal GDP improved significantly over the long term, but there has been a slight drop in the short term. Despite the recent drop in GDP, Taranaki's GDP remains ahead of the national average.

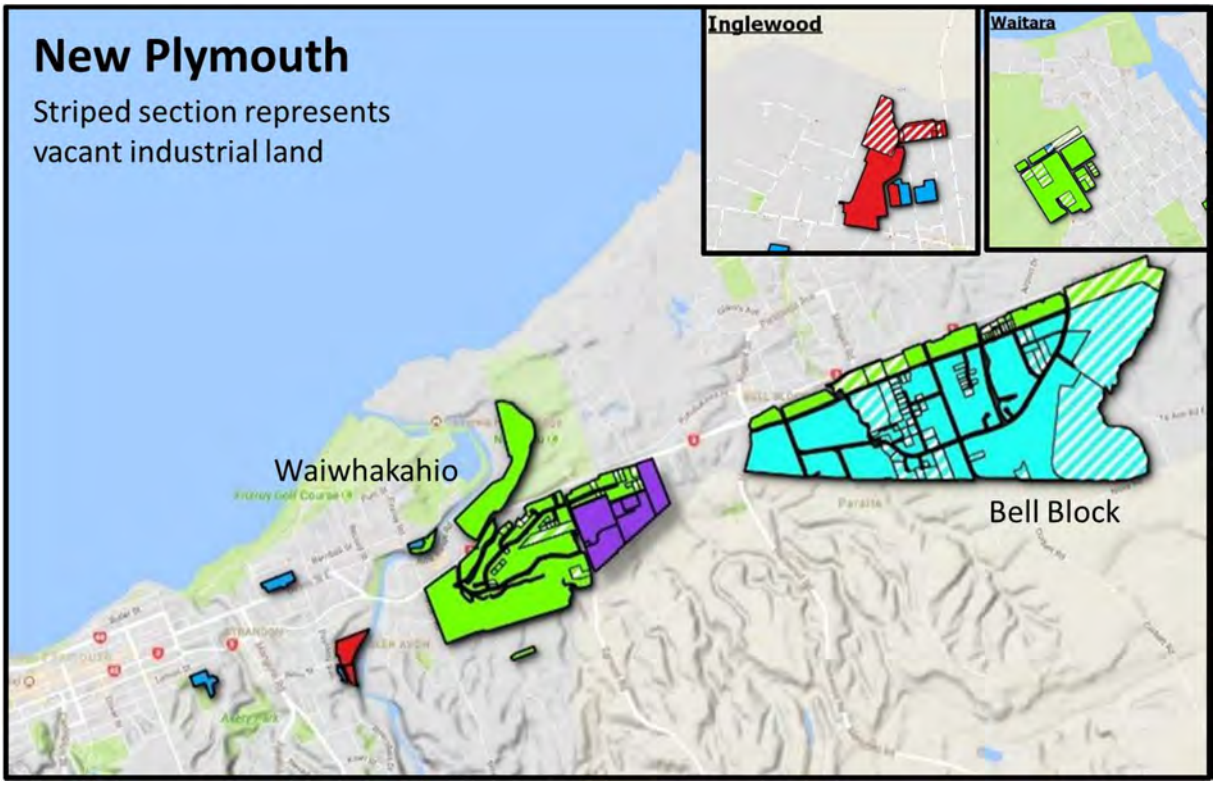
Summary of employment and growth for the New Plymouth District

	Short Term % Change	Medium Term % Change
1. Employee current economy and recent past	↑	↑
2. GDP per capita	↓	↑

In summary, while there have been gains in employment growth and GDP in the New Plymouth District over the medium term, in recent times these gains have been offset by a decline for both indicators.

Business Indicators Group 2: Supply of business space

Indicator 3: Vacant industrial land by location



Area (ha)	Operative District Plan
Vacant Land Bell Block	170.8
Vacant Land Inglewood	3.8
Vacant Land Waitara	4.4
Vacant Land Waiwhakaiho	12.7
Total	**191.8**

Source: Internal GIS Analysis, October 2018

Indicator 4: Capacity within existing and new built facilities – industrial

To understand retail, industrial and commercial capacity within existing built facilities, we utilised data from Real Estate NZ[2]. This data set includes the majority of listings that are currently for lease or sale by multiple real estate agencies, including the location and estimated gross floor area (GFA) of listings. Because it assumes that any existing capacity would be listed for lease or sale via a real estate agency, this measure may not capture 100 per cent of potential capacity, but is a good tool for indicating vacancy.

[2] www.realestate.co.nz

Suburb	Vacant Gross Floor Area SQM	Percentage %
Bell Block	11,214	25%
Fitzroy	669	2%
Inglewood	770	2%
Moturoa	661	1%
New Plymouth City Centre	3,158	7%
Paraite	12,025	27%
Port Taranaki	6,982	16%
Spotswood	864	2%
Strandon	895	2%
Waiwhakaiho	3,314	7%
Warea	3,830	9%
	44,382	

Currently, there is around 44,382 square meters (4.4 ha) of existing vacant industrial or new build facility space available in the New Plymouth District. Combined with Paraite, Bell Block holds over 50 per cent of all vacant capacity–the largest proportion in the district.

Indicator 5: Capacity within existing and new built facilities – retail

As per Indicator 4 above, the following data was obtained from Real Estate New Zealand.

Suburb	Vacant Gross Floor Area SQM	Percentage %
Inglewood	190	2%
Marfell	130	1%
Motunui	112	1%
New Plymouth City Centre	9,333	76%
Paraite	204	2%
Strandon	522	4%
Upper Vogeltown	268	2%
Waiwhakaiho	1,254	10%
Whalers Gate	83	1%
Kaitake	250	2%
	12,346	

There is currently around 12,346 square meters (1.2 ha) of existing vacant retail or new built facility space in New Plymouth District. The majority of this capacity is located the Central City. We will continue to monitor Real Estate NZ data at least every a six months.

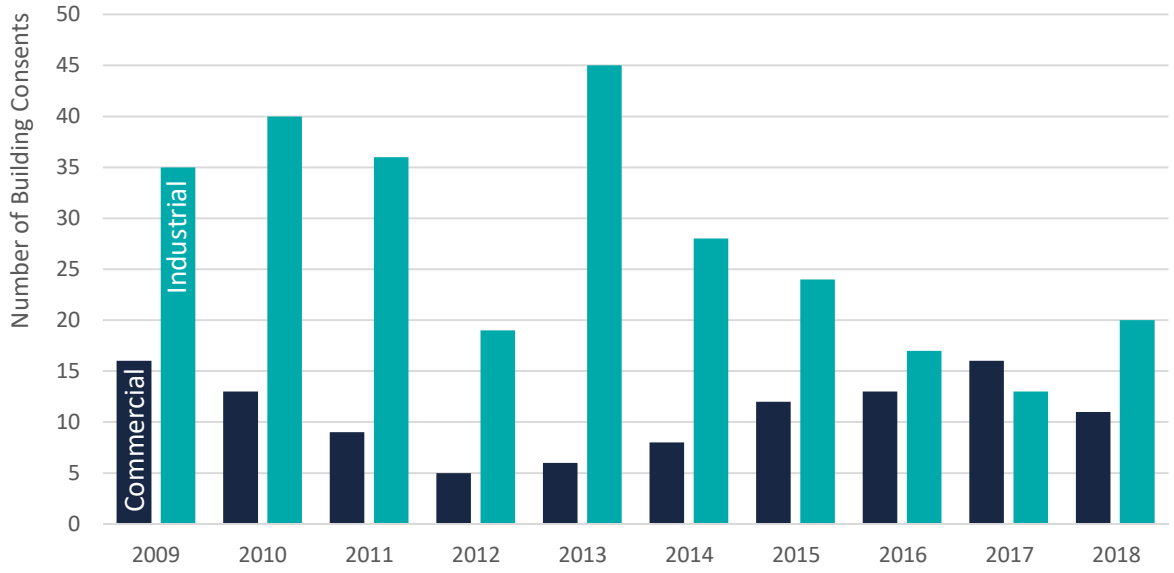
Indicator 6: Capacity within existing and new built facilities – commercial/office

As per Indicator 5, the following data was obtained from Real Estate New Zealand.

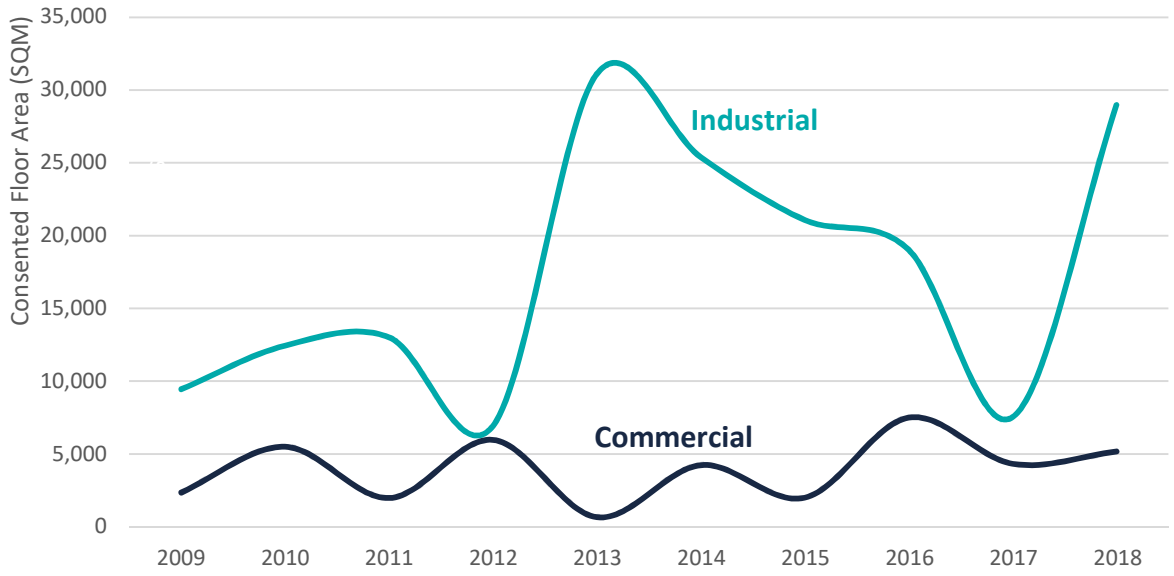
Suburb	Vacant Gross Floor Area SQM	Percentage %
New Plymouth City Centre	14,804	70%
Paraite	6,068	29%
Strandon	110	1%
Waiwhakaiho	127	1%
	21,109	

There is currently around 21,109 square meters (2.1 ha) of existing vacant commercial/office or new built facility space in New Plymouth district. Similar to the retail market, the majority of this capacity is within the Central City.

Indicator 7: Building Consents



Source: NPDC Data, March 2019



Source: NPDC Data, March 2019

Observations

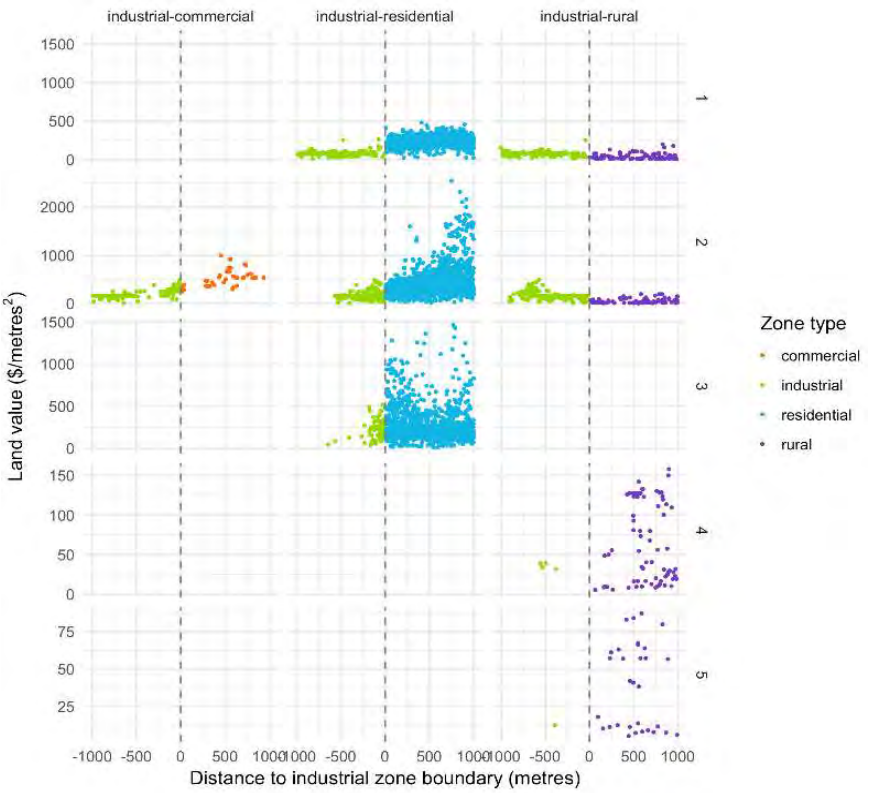
	2009	2015	2018	Short Term % Change (2015-2018)	Medium Term % Change (2009-2018)
Floorspace					
Commercial	2,300	2,000	5,200	160% ↑	121% ↑
Industrial	9,400	21,100	29,000	37% ↑	207% ↑
Applications					
Commercial	16	12	11	-8.3% ↓	-31.3% ↓
Industrial	35	24	20	-16.7% ↓	-42.9% ↓

Consent applications for commercial and industrial activities have decreased across the board. When we translate this into potential floorspace available, aside from a spike in 2008 available floorspace for commercial activities has been fairly consistent. The industrial market varies significantly from year to year, but overall it is positive in the short term.

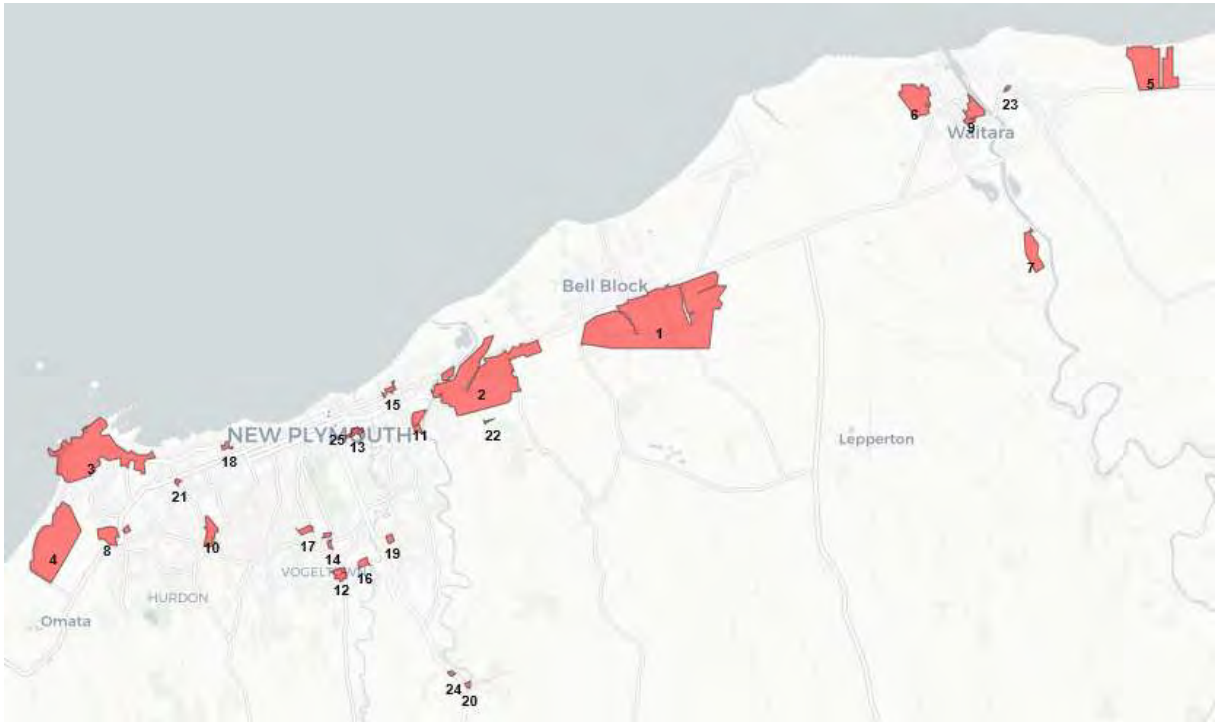
Indicator 8: Industrial zone differentials

Industrial zone differentials across the New Plymouth District are calculated by comparing the value of land within 250m either side of the boundary between the industrial zone and 'other' zones. A significant jump in land value where zoning changes between an industrial zone and other activity zones indicates that zoning and other regulations may not be constraining demand for different land uses in the same location. Consistent differentials over time may indicate insufficient development capacity for more expensive land uses throughout the district.

New Plymouth district currently has 25 industrial zones. The location of the largest five industrial zones is shown on the on the map below with the data displayed on the scatterplots. A majority of the boundaries are adjacent to residential zones. The graphs show a small jump in land value in zones one and three, and that residential land in these two zones is worth more than industrial land. This suggests a greater demand for residential land rather than a shortfall of industrial land.



Source: MBIE Urban Development Capacity Dashboard, March 2019



Source: MBIE Urban Development Capacity Dashboard, March 2019

Summary of business space supply for the New Plymouth District

	Short Term % Change	Medium Term % Change
3. Industrial vacant land	New indicator	
4. Retail capacity	New indicator	
5. Industrial capacity	New indicator	
6. Commercial/office capacity	New indicator	
7. Commercial consents per square metre	↓	↑

In summary, there does not appear to be any shortfall of industrial land in New Plymouth. However, expanded monitoring of these indicators and other datasets will be incorporated into future quarterly reports.

Future Quarterly Reports

The New Plymouth District Council is committed to improving quarterly reporting over time. In particular, some information required by the NPS-UDC has not yet been collected. This is due to insufficient information being available, or to challenges in sourcing accurate and reliable data nationally or locally, including for the following indicators:

- Residential Indicator 8: Dwellings rents (include graph with time-series data).
- Residential Indicator 14: Subdivision consents (data refinement).

Future quarterly reports will be adjusted to incorporate or refine information or data sources for the above indicators.