

Monitoring Report for the year to 30 June 2019

NATIONAL POLICY STATEMENT ON

Urban Development Capacity

BLENHEIM URBAN AREA



MARLBOROUGH
DISTRICT COUNCIL



National Policy Statement on Urban Development Capacity Annual Monitoring Report

1 July 2018 to 30 June 2019

Introduction

This report provides a summary of housing and commercial development market indicators for the financial year 1 July 2018 to 30 June 2019. Previous quarterly reports can be located on the Council's website [here](#).

The purpose of these reports is to monitor urban development activity in Marlborough. It is a requirement of the National Policy Statement on Urban Development Capacity (NPS UDC).

Note that the reporting timeframes for the annual monitoring reports have been adjusted to financial year reporting to better align with other related planning and reporting timeframes - for example the Long Term Plan and Infrastructure Plan.

Review of the National Policy Statement on Urban Development Capacity

The NPS UDC is currently under review. Council has recently made a submission on the proposed replacement policy - the National Policy Statement on Urban Development. The Ministry for the Environment estimates the new policy is likely to take effect in the first half of 2020. If the proposed changes are retained, the requirement for Council to monitor market indicators quarterly will not change, however a report is only required to be published annually.

Census 2018 Results

Statistics NZ has released initial 2018 Census results for population and dwelling counts.

Marlborough's usually resident population (as at March 2018) is recorded at 47,340 – an increase of 9% on the 2013 Census. In comparison, New Zealand's population increased by 10.8% to 4,699,755 over the same period. Nelson's population increased by 9.6% and Tasman's by 11.1%.

The revised population estimates recently released by Statistics New Zealand (StatsNZ) estimate Marlborough's population at 48,800 in 2018, which is over 2,000 more than the previous estimate for the same year. The change is attributed to a better understanding by StatsNZ of migration flows since 2013 and where new migrants settled. The estimate for Marlborough in 2019 is 49,200.

StatsNZ has indicated that updated population projections based on the 2018 Census won't be released until December 2020. This means that they won't be available to inform the next Housing and Business Development Capacity Assessment or the 2021 Long Term Plan and Council will need to produce its own population projections.

StatsNZ recently released its Dwelling Count statistics which are intended to show the total dwelling count in the region, including dwellings under construction and the number of dwellings occupied and unoccupied at the time of the Census. There was an error in the collection of addresses for Marlborough which has resulted in a significant under-count of approximately 800 dwellings in the region, 700 of which were in the Marlborough Sounds. StatsNZ has advised council that the total increase in dwellings in the region over the five year period between census counts is likely to be 1050 (or an average of around 210 per year). This is close to the 1083 consents issued for new houses in Marlborough over the same time period.

Indicators Used in This Report

The responsibility for the NPS UDC and associated support for Councils has shifted from the Ministry of Business, Innovation and Employment to the Ministry of Housing and Urban Development (MHUD). As a result the NPS UDC dashboard, which contains the majority of data used by Councils to monitor urban development activity, is being moved and upgraded. The dashboard is therefore currently unavailable. However, MHUD has provided some raw data to enable Council to continue to report on some key indicators. The indicators covered in this report include:

- Dwelling sales prices
- Dwelling rents
- Ratio of dwelling sales prices to rents
- Dwelling stock
- Housing affordability (note there has been a change to this indicator)
- Building consent trends for residential and commercial activity (Council's own data)
- Resource consent trends for residential activity (Council's own data)

Summary of Key Trends

Residential Activity

Overall, the indicators show a slight slowing of activity in the residential market in the year to 30 June 2019 with sales prices and rents increasing at a slower rate than the previous two years. The Housing Affordability Measure and Ratio of Dwelling Sales Prices to Rents indicate that it is still more affordable to rent in Marlborough than it is to buy, however affordability for potential first home buyers has remained relatively stable over the past two years.

Building activity also slowed with a significant decrease both in the number of building consents for new dwellings, and the number of resource consents issued for new subdivisions, as the Omaka Landing and Taylor Pass subdivisions move towards completion.

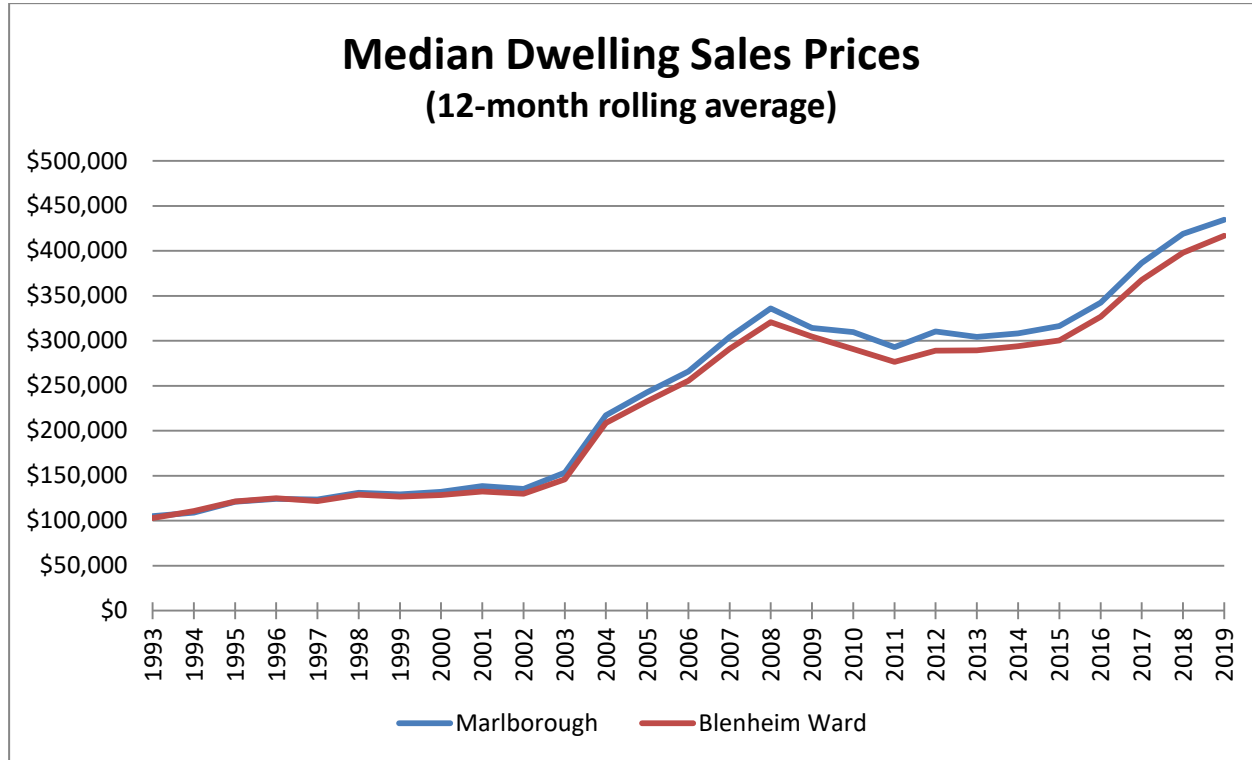
Commercial Activity

The number of consents issued for commercial building activity increased in the year to 30 June 2019. With 19 consents issued, commercial building activity hasn't been this high since 2013/14.

1. NPS UDC Dashboard Indicators

(a) Dwelling Sales Prices

The median dwelling sale price rose by 4% in the Marlborough District and 5% in the Blenheim Ward in the year to 30 June 2019. This is not as high as previous increases of approximately 8% in 2018 and 13% in 2017 (for both the Marlborough District and Blenheim Ward).

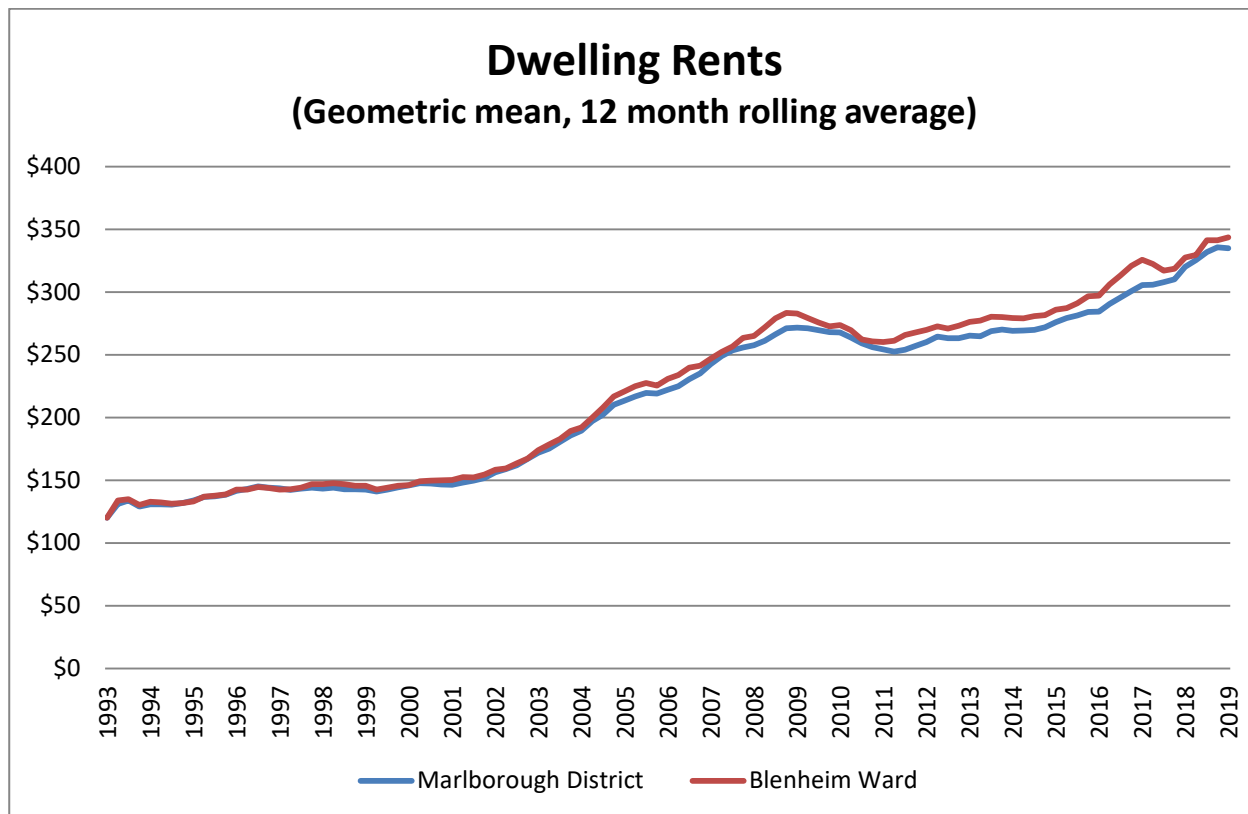


Median Dwelling Sales Prices

Reporting Area	June 2019	June 2018	Change
Blenheim Ward	416,688	397,875	5%
Marlborough District	434,469	418,788	4%

(b) Dwelling Rents

The mean weekly rent increased by 5% in the Marlborough District and Blenheim Ward in the year to 30 June 2019. This is on par with the previous year, but not as high as increases of 7% (Marlborough) and 10% (Blenheim) in 2017. Note that this is a 12 month rolling average. In real terms, there was a decrease in the mean weekly rent in Marlborough of \$3 per week, and an increase of \$10 per week in Blenheim over the reporting period.

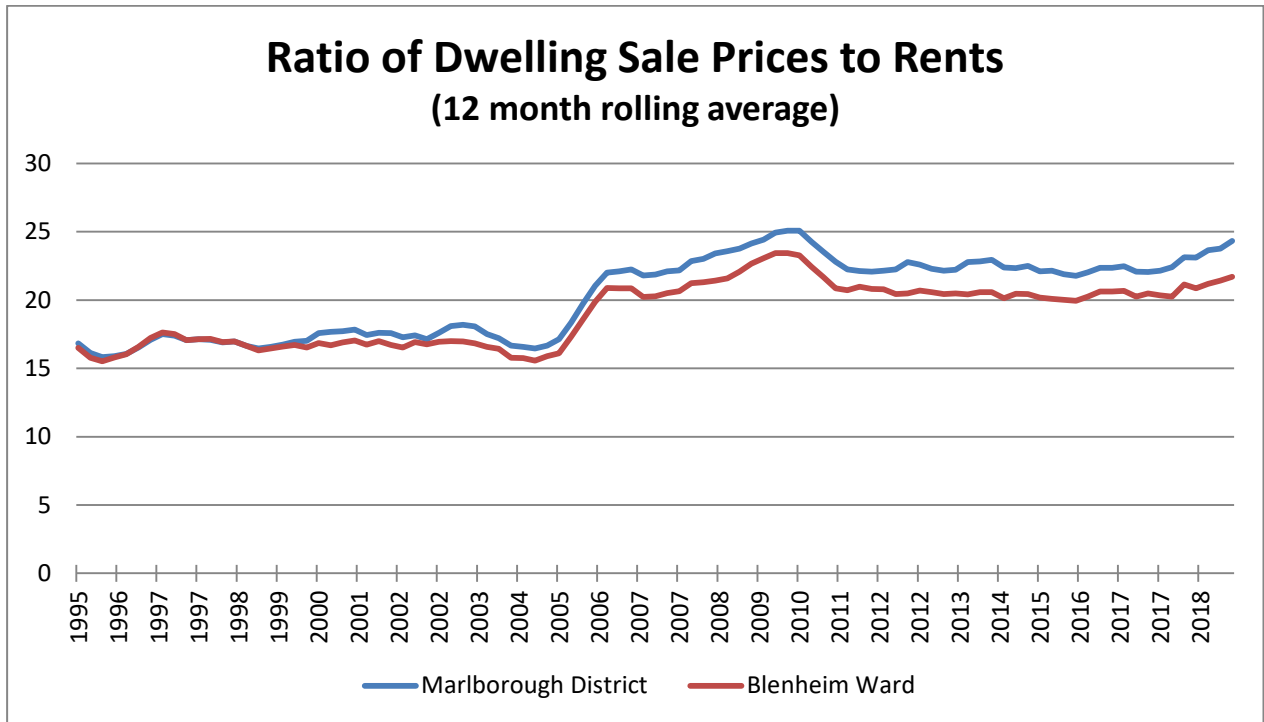


Mean Weekly Rents for Dwellings

Reporting Area	June 2019	June 2018	Change
Blenheim Ward	344	328	5%
Marlborough District	335	320	5%

(c) Ratio of Dwelling Sales Prices to Rents

This indicator shows the ratio of nominal median dwelling prices to nominal (geometric) mean rents. It reflects the relationship between median house prices and mean rents, and indicates changes in the ease of moving from renting to home ownership. The higher the ratio, the greater the financial gap between renting and buying. Average returns to investors from renting out a dwelling decrease as the ratio increases. The ratio increased only minimally over the year to June 2019, after a steady increase in the two years prior.

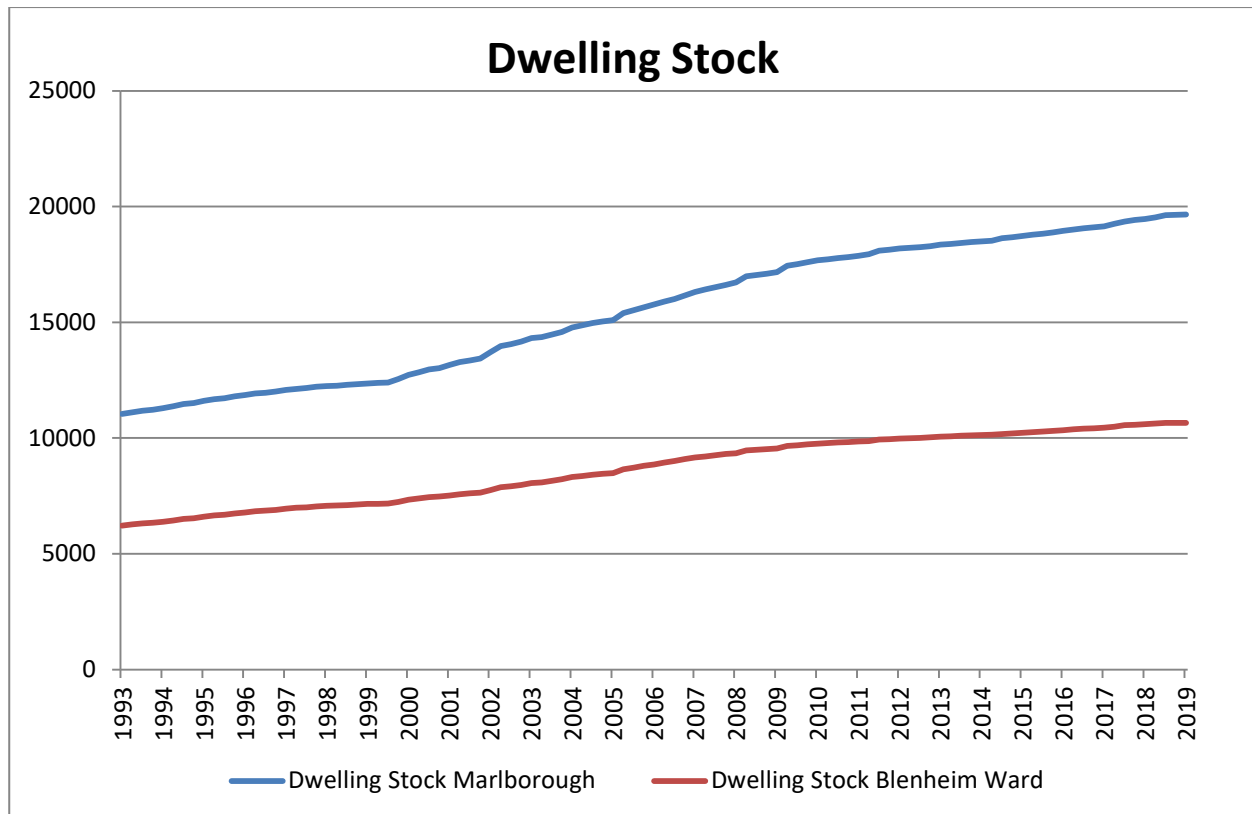


Ratio of Dwelling Sales Prices to Rents

Reporting Area	June 2019	June 2018	Change
Blenheim Ward	23	23	0
Marlborough District	25	25	0

(d) Dwelling Stock

This indicator is an estimate of total residential stock sourced from Corelogic. Dwelling stock has steadily increased over the past 20 years, but growth has slowed somewhat, with an estimated increase of 58 new dwellings in the Blenheim Ward and 192 in the Marlborough District in the year to 30 June 2019 (compared with increases of 155 for the Blenheim Ward and 326 for the Marlborough District in the 2017/2018 financial year).



Dwelling Stock

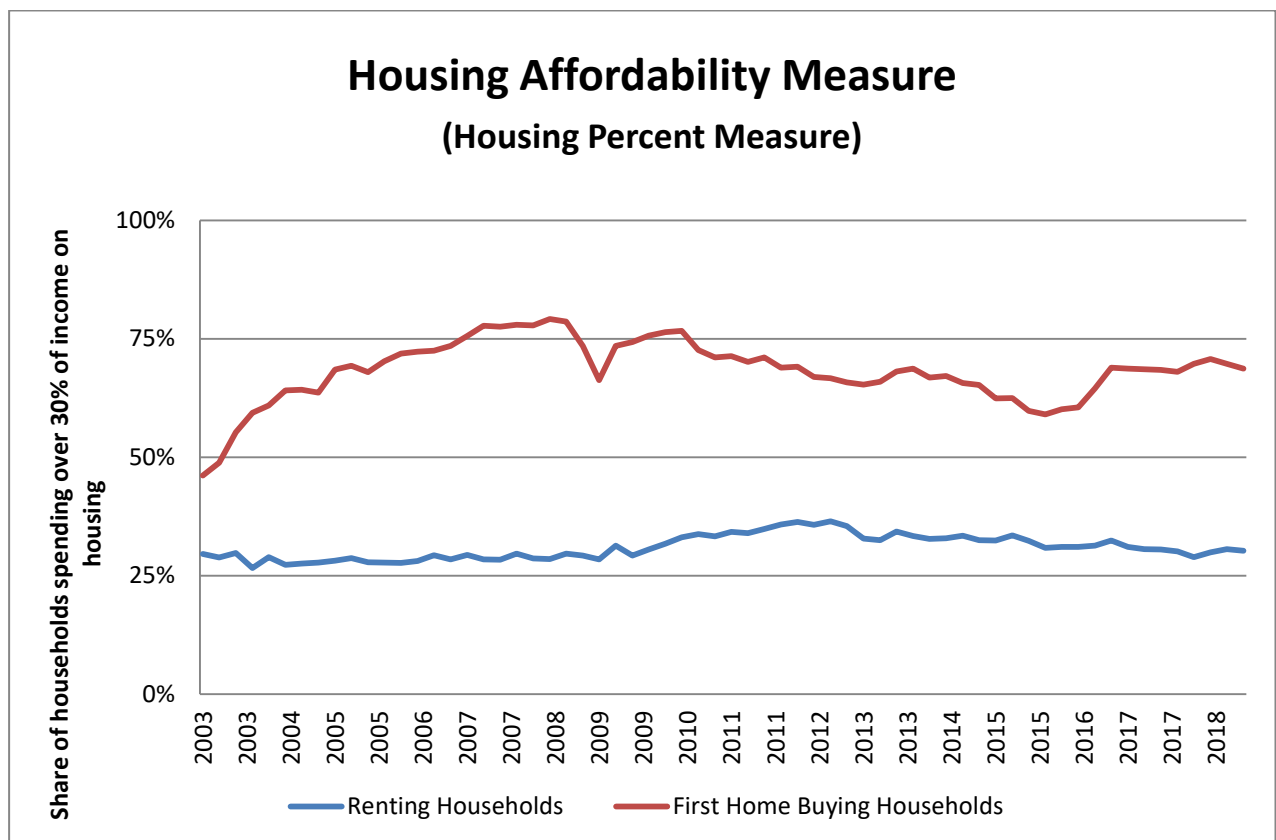
Reporting Area	June 2019	June 2018	Change
Blenheim Ward	10,662	10,604	58
Marlborough District	19,663	19,471	192

(e) Housing Affordability Measure

This measure has recently undergone some changes. There are multiple versions of the indicator available. MHUD advises that the majority of Councils are now using the Housing Percent Measure in their regular monitoring. This version of the measure of affordability estimates the share of households spending over 30% of their household income on housing costs. The rent version of the Housing Percent Measure identifies the proportion of renters in an area whose rent is more than 30 percent of their household income. Housing Percent Rent indicates housing affordability pressures experienced by renters and whether these are improving or not.

The buy version of the Housing Percent Measure looks at the same incomes of the same renters. Housing Percent Buy is an estimate of how many renters would spend more than 30 percent of their income on housing costs if they bought a lower quartile house with the same number of bedrooms as their current house, in the area that they currently live in. Housing Percent Buy indicates whether renters can afford to buy a home in their area.

The latest available data is at December 2018. In the Marlborough District there has been minimal change in affordability for both scenarios (renting or buying) in the year to December 2018.



Housing Affordability Measure – Share of households spending over 30% of income on housing

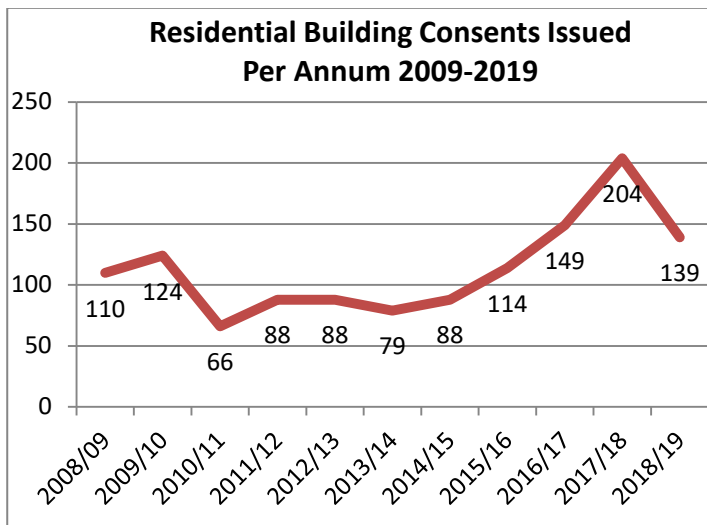
Reporting Area	December 2018	December 2017	Change
Renting households	30%	30%	0%
First home buying households	69%	68%	1%

2. Council Building and Resource Consent Data

Council's consent data is sourced using GIS to capture consents issued within the Blenheim Urban Area only. See Maps 1 and 2 below for the geographical extent of the area. This is the area of investigation used for the NPS UDC monitoring, reporting and assessments as it most accurately reflects the urban area of Blenheim, including the industrial zones to the south east of the town.

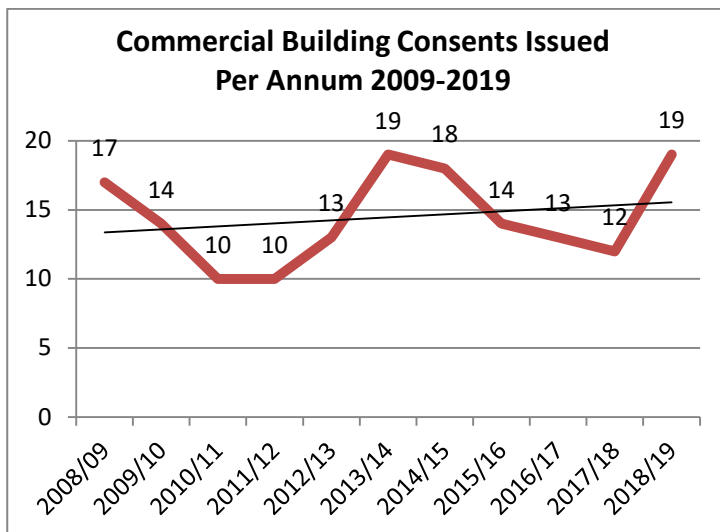
(a) Building Consents issued for New Dwellings

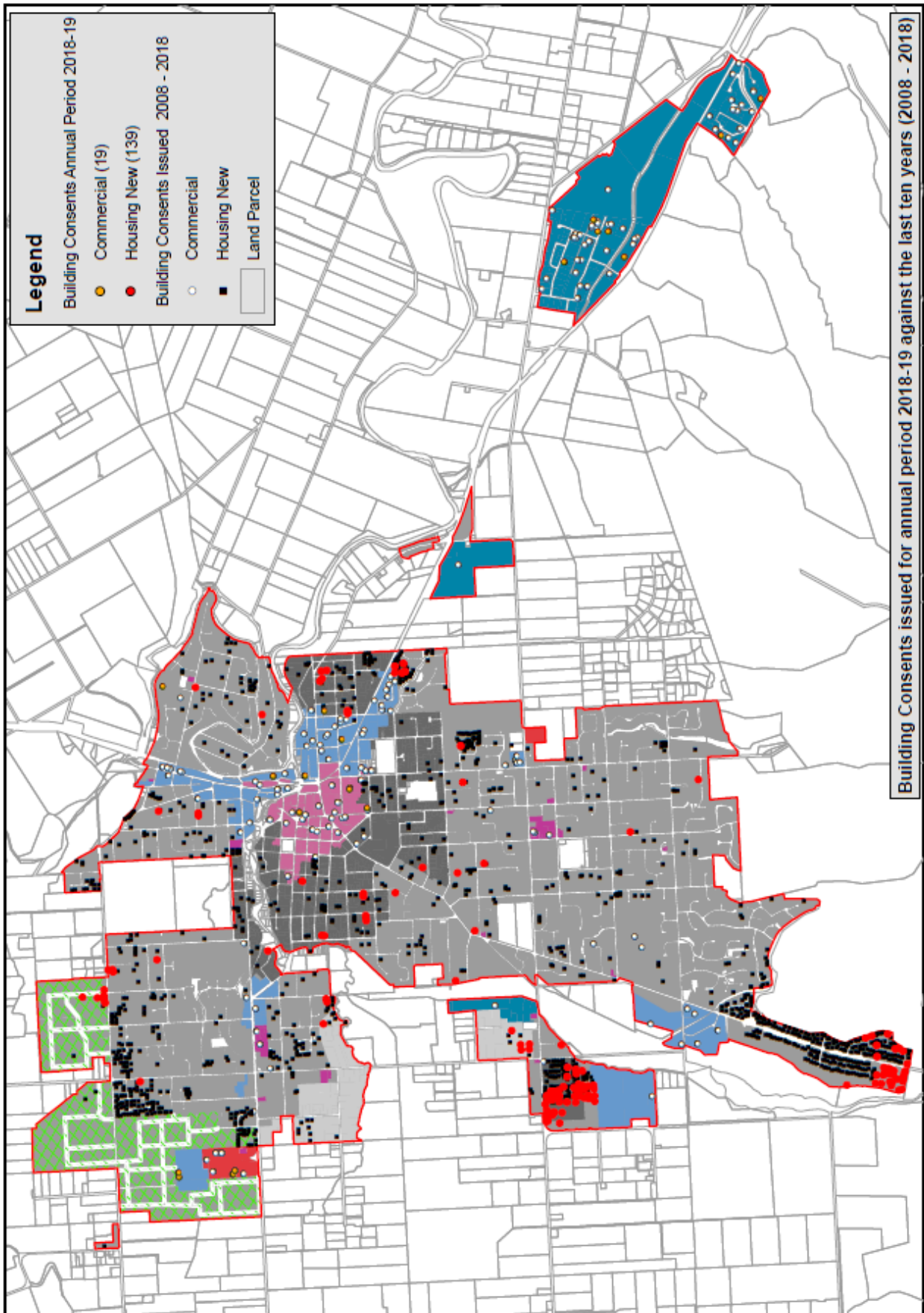
New dwelling consents in the Blenheim Urban Area typically account for around 60% of all consents in the Marlborough district. In the year to June 2019, Council issued 139 building consents for new dwellings within the Blenheim Urban Area, 57% of the 242 consents issued in the Marlborough District. The majority of consents were for new dwellings in the Taylor Pass and Omaka Landing subdivisions. This is lower than the previous year's 204, and brings the annual average to 114.



(b) Building Consents issued for Commercial Builds

There were 19 building consents issued for commercial builds within the Blenheim Urban Area. 7 consents were issued for activity in the Riverlands/Cloudy Bay Business Park and 4 in the Westwood area, with the majority of the remaining 8 consents in the central business and industrial areas.

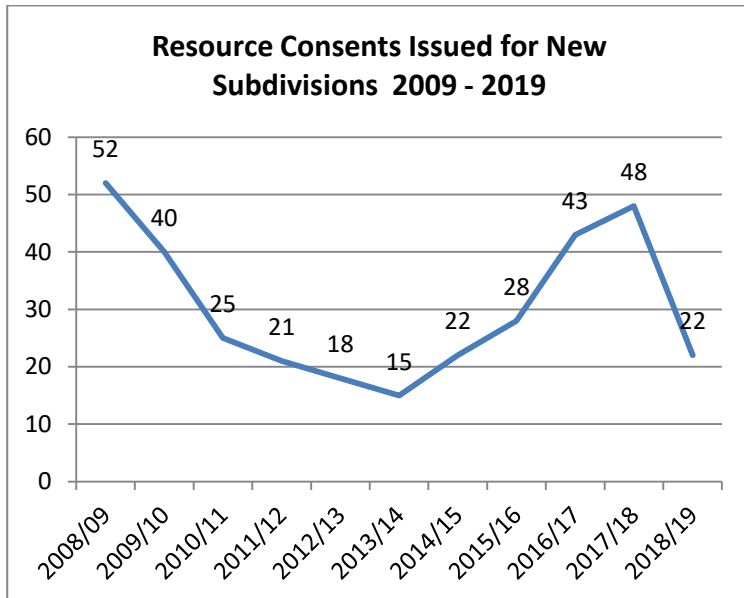




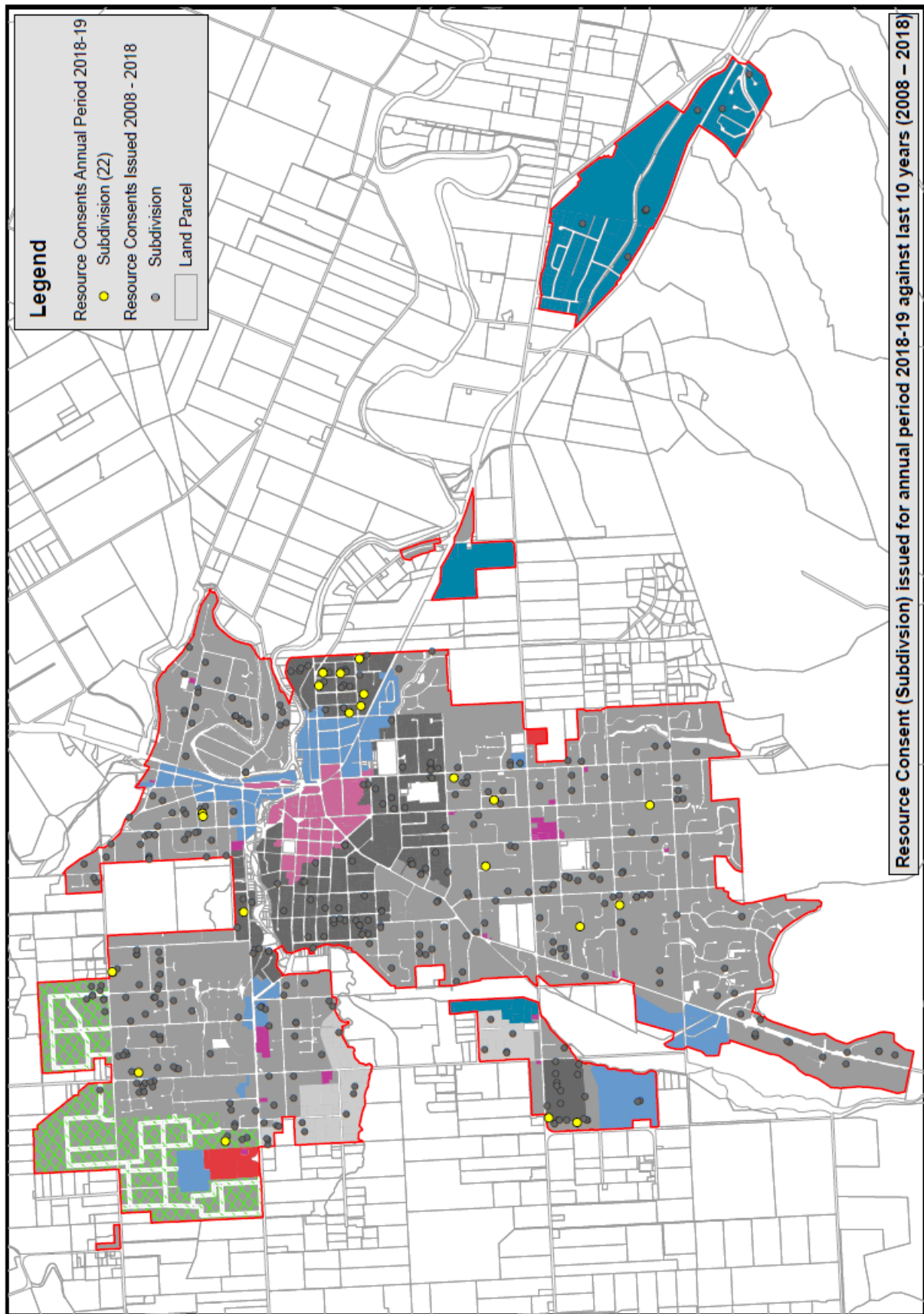
Map 1 – Location of building consents issued in the 2018/19 year vs the previous ten years

(c) Resource Consents issued for New Subdivisions

Council issued 22 resource consents for new subdivisions for residential activity in the financial year to 30 June 2019. This is significantly lower than the two years previous which reflects the near completion of Taylor Pass and Omaka Landing subdivisions. In total, the new subdivisions were for the creation of 97 residential lots, 40 of which were in the Omaka Landing subdivision.



As shown in map 2 overleaf, there were two consents issued in Omaka Landing, 8 consents in other Urban Residential One zone areas (dark grey areas) and one in the Urban Growth Area at Rose Street (green areas). The remaining consents were issued for subdivision within the Urban Residential Two zone (light grey areas).



Map 2 – Location of resource consents for new subdivision issued in the 2018/19 year vs the previous ten years



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