National Policy Statement on Urban Development

Waitaki District Council

Monitoring Report - 2023

January 2024

Waitaki
DISTRICT COUNCIL
TE KAUNIHERA Ā ROHE O WAITAKI

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Purpose

The purpose of this report is to fulfil Waitaki District Council's (Council) monitoring requirements under clause 3.9 of the National Policy Statement on Urban Development 2020 (NPS-UD). This report provides a monitoring report for the 2023 calendar year.

Executive summary

This yearly NPS UD monitoring report provides an update and analysis of changes across the Waitaki District for housing and business supply, demand and capacity over 2023. Future updates will be provided annually as resourcing allows.

Introduction

The NPS-UD came into effect August 2020 and identifies Council as tier 3 local authority due to the Waitaki District (District) containing areas of land that are predominantly urban in character and also containing an urban environment that is part of a housing and labour market of at least 10,000 people (Ōamaru). As a tier 3 local authority, clause 3.9.1 of the NPS-UD requires Council to monitor quarterly:

(a) the demand for dwellings

(b) the supply of dwellings

(c) prices of, and rents for, dwellings

(d) housing affordability

(e) available data on business land.

The purpose of monitoring under the NPS-UD is to allow Council to make planning decisions informed by robust and frequently updated information about some of the district's development indicators. The data that informs this update report is sourced from the Urban Development Dashboard (UDD). The UDD is a platform on the Ministry of Housing and Urban Development website and is provided to help territorial authorities to give effect to the monitoring requirements of the NPS-UD. Some indicators on the UDD are updated quarterly, while others are updated annually or less frequently.

Overview of Population growth in the Waitaki District

The Waitaki District is situated in both the Otago and Canterbury regions and covers an area of 7,107.73 km2. 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.

The 2018 census had the Waitaki District with a total population of 22,308 people.

Understanding Data Ltd and Statistics NZ predict that there will be population growth in the Waitaki District.

The potential population growth is estimated below with three scenarios possible; medium, high, and higher. The low growth figure of an additional 250 people by 2030 and another 460 people by 2050 is not considered further as this scenario is already likely superseded by actual growth to date. This will be confirmed once data from Census 2023 is released and updated in the 2024 annual monitoring report.

	2019	2020	2023	2030	2050
Medium (rebased)	15990	16110	16191	16354	16815
High (rebased)	15990	16110	16463	17358	19500
Higher (2013-18 growth trend continues)	15990	16110	16767	18301	22683

Understanding Data

Table 1: Future population change scenario results (rounded) for the Ōamaru area. (source: Housing Demand Assessment for Ōamaru)

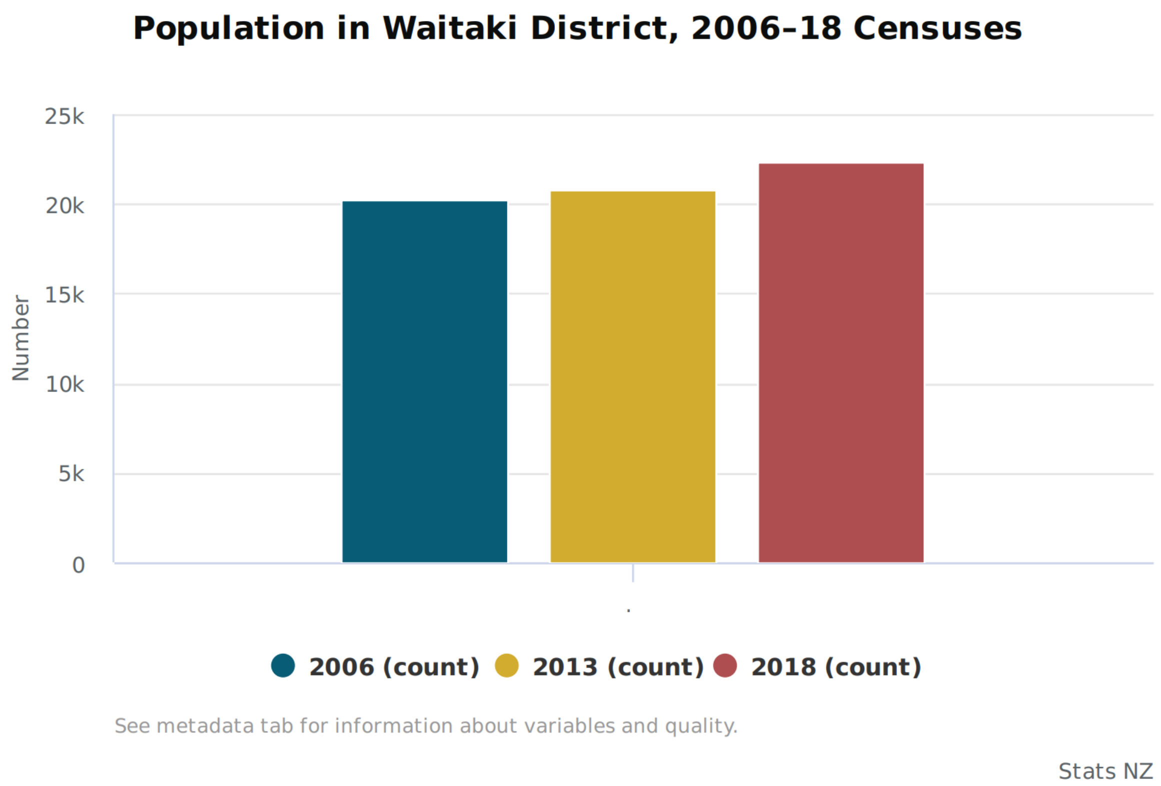

Figure 1: Previous population growth in the Waitaki District ([Place Summaries | Waitaki District | Stats NZ)](Place Summaries | Waitaki District | Stats NZ)

Supply and Demand for dwellings

Population change is the key driver underlying the District's increased supply and demand for new housing with our population now reaching record levels.

Housing supply can be measured using building consent data. The difference between supply and demand for new dwellings can be calculated by comparing building consent data and household growth.

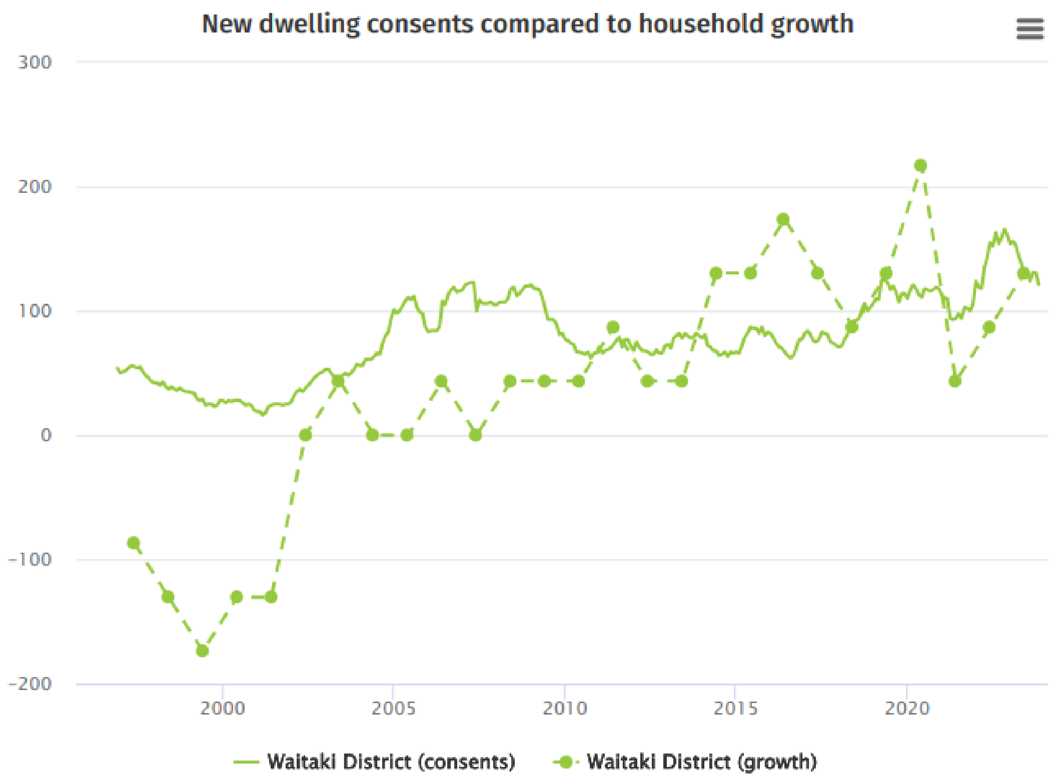

Figure 2: New dwelling consents compared to household growth in the Waitaki District (Urban Development (shinyapps.io))

Figure 2 above shows the annual supply of new housing by way of new building consents issued as well as household growth changes. Figure 2 also provides an indication of the changes in demand (household growth) and how responsive supply is (consents). This indicator approximates the demand for, and supply of, new dwellings. The information will also be used to inform the review of the Ōamaru, Weston and Kakanui Spatial Plan in the next few years. It will help to track the rate of dwelling growth so as to determine if additional land/increased density provisions will be needed sooner than anticipated by the Spatial Plan.

The number of new dwelling building consents is lagged by six months (presented as a 12 month rolling average), to account for the time taken from consenting to completion. It is not adjusted for non-completions, or for demolitions. It is used as a proxy for supply. The most recent resident population, divided by the local average housing size, is used as a proxy for demand. Both sets of data are sourced from Statistics New Zealand.

Prices of, and rents for, dwellings

The price of rents for dwellings has been steadily increasing. This is in line with national trends.

Figure 3: 12-month rolling dwelling rents (actual weekly amount) in the Waitaki District (Urban Development (shinyapps.io))

Housing affordability

Housing affordability is measured by the ratio between average house values and average annual household income.

Data from Infometrics in Table 2 shows that the affordability of houses in the Waitaki (%) remains reasonably steady. The peak came in September 2021 through until December 2022, with more recent data showing a downward trend. There has been no further analysis of whether this recent trend is caused by changing incomes or house prices.

Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
4.3	4.4	4.4	4.6	4.9	4.9	5.2	5.5	5.6	5.5	5.4	5.2	4.9	4.8	4.8

Table 2: Housing affordability in Waitaki District in the last 3 years (the lower the number the better) (Infometrics home)

Massey University publishes a quarterly Home Affordability Report with a home affordability index by region. The index takes into account house prices, the cost of borrowing (interest rates), and wage levels. The June 2023 report shows a decline of home affordability in the Otago and Canterbury regions over the last 12 months. It is noted that the figures shown in tables 2 and 3 are from different sources and use different index measures but are useful in showing overall trends.

Housing affordability at a regional level is noted in the table below.

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 2022	February 2023	May 2023	Improvement	Decline	Improvement	Decline
Northland	34.0	41.9	39.7		16.9%	5.0%	
Auckland	41.1	46.6	44.4		8.0%	4.6%	
Waikato	34.8	41.5	38.3		9.9%	7.9%	
Bay of Plenty	40.5	45.8	42.3		4.4%	7.6%	
Gisborne	33.0	35.3	35.8		8.7%		1.6%
Hawke's Bay	34.0	38.5	37.0		9.0%	3.9%	
Manawatu/Whanganui	26.8	29.3	27.9		4.3%	4.6%	
Taranaki	29.5	33.5	29.4	0.3%		12.2%	
Wellington	32.5	34.9	34.3		5.6%	1.6%	
Tasman	40.9	50.3	41.3		1.0%	17.8%	
Nelson	32.5	36.4	39.0		20.3%		7.2%
Marlborough	32.2	38.5	34.3		6.3%	11.0%	
West Coast	18.2	16.7	20.3		11.5%		21.5%
Canterbury	33.6	39.8	38.4		14.3%	3.6%	
Otago	33.7	39.7	36.9		9.5%	7.0%	
Southland	21.3	25.2	24.6		15.3%	2.4%	
All Regions	34.2	38.6	38.1		11.3%	1.2%	

Overall, home affordability has improved in this quarter. This was broadly driven by an increase in income and decrease in median house prices in majority of the regions.

Table 3: Regional housing affordability in the last 12 months. (Home_Affordability_June_2023.pdf (massey.ac.nz))

The Waitaki District has seen a slight improvement in housing affordability in the last 3 months. However, the graphs below show that there has been a gradual trend in the Waitaki District of residential housing becoming less affordable over the last few years (the yellow line).

(The higher the percentage the more affordable housing is).

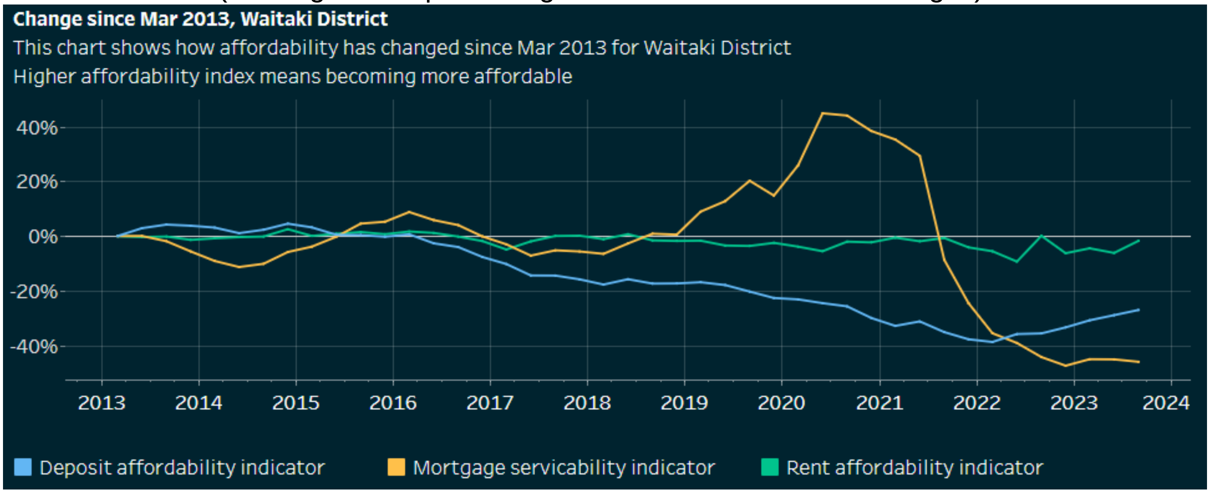

Figure 4: The affordability of housing in the Waitaki District in the last decade (Urban Development (shinyapps.io))

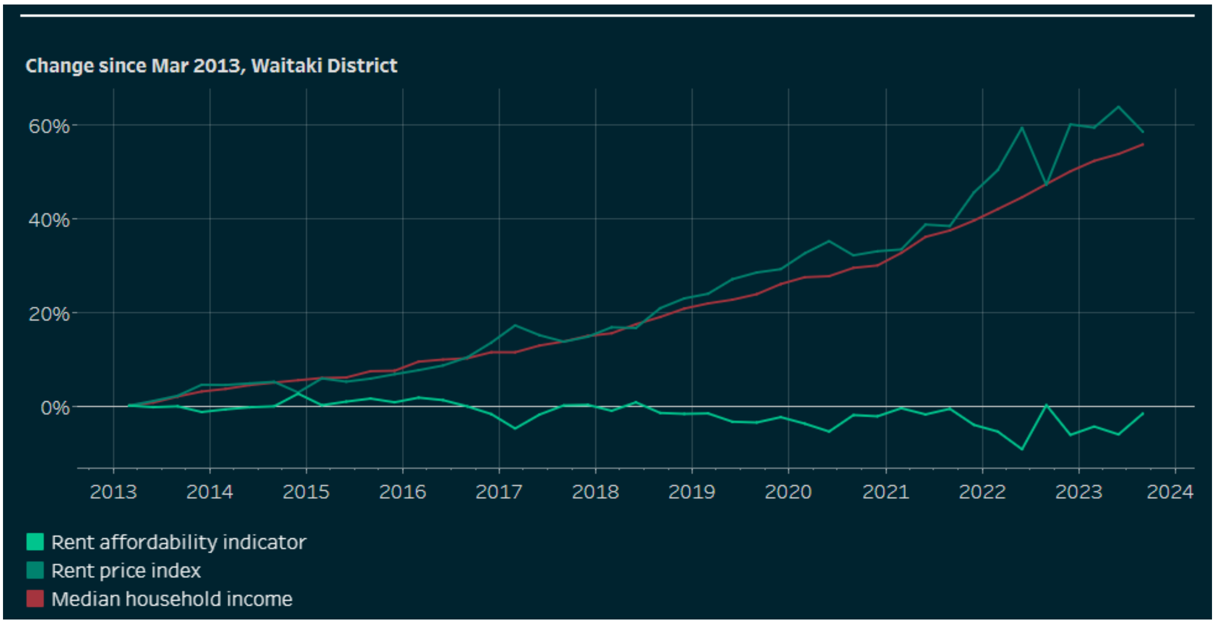

Figure 5: How affordable rent has been in the last decade in the Waitaki District (Urban Development (shinyapps.io))

The above trends support other observations around housing affordability across the district.

Available data on business land

The central business area of Ōamaru (CBD) has shown no definitive trend towards either growth or shrinkage in the last three years. Changes in the number of vacant buildings (ground floor only) can be noticed but trends either way are not extreme. Roughly 10% of the ground floor main street buildings have been vacant during the observed time period.

The number of vacant buildings in the CBD is suggestive of there being enough retail/business space and opportunities available, although more investigation would be needed to assess the appropriateness of the availability for the type of businesses (e.g. larger format retail).

Discrepancies in numbers result from variations in recording methods as well as changes in building occupancy spaces (e.g. two smaller shops going to one larger shop).

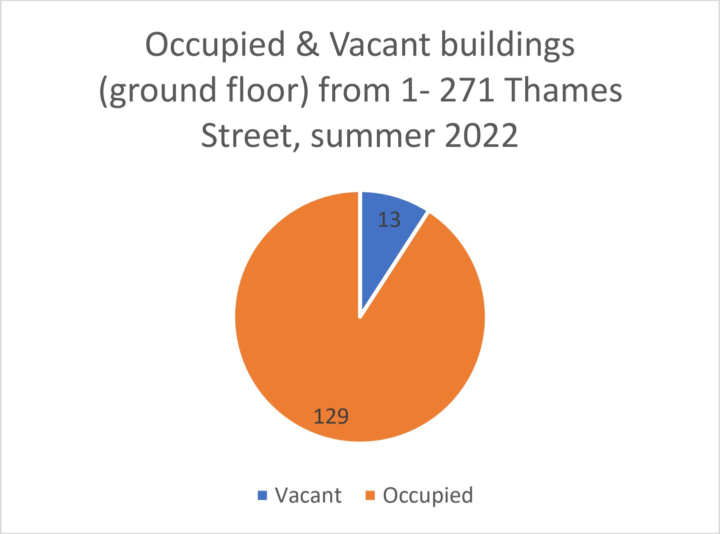

Figure 6: 2022 CBD occupied and vacant buildings

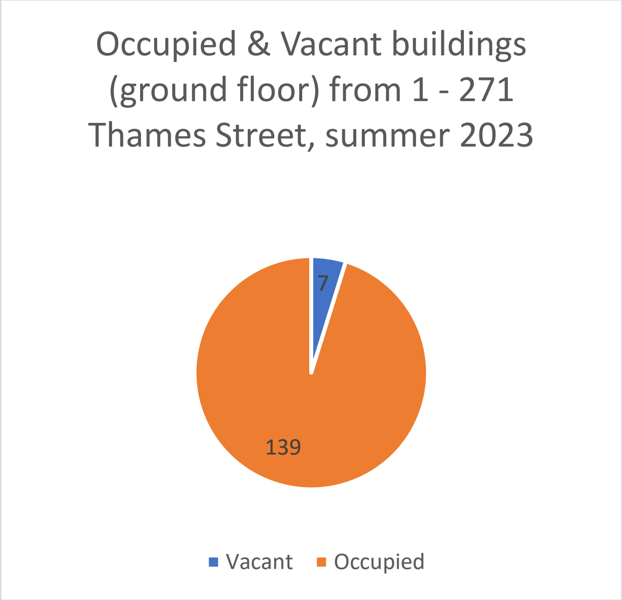

Figure 7: 2023 CBD occupied and vacant buildings

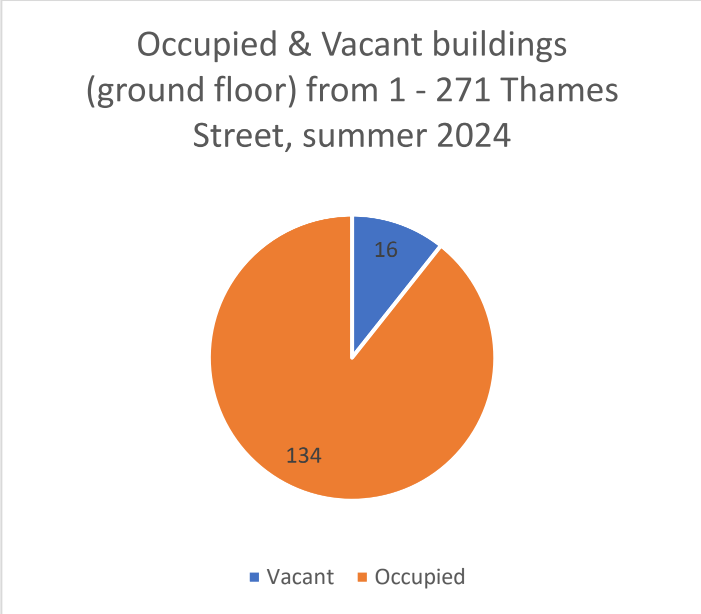

Figure 8: 2024 CBD occupied and vacant buildings

The current year suggests slightly more building vacancies but is a very short-term record.

The types of occupancies for the ground floor buildings are shown over the last three years below.

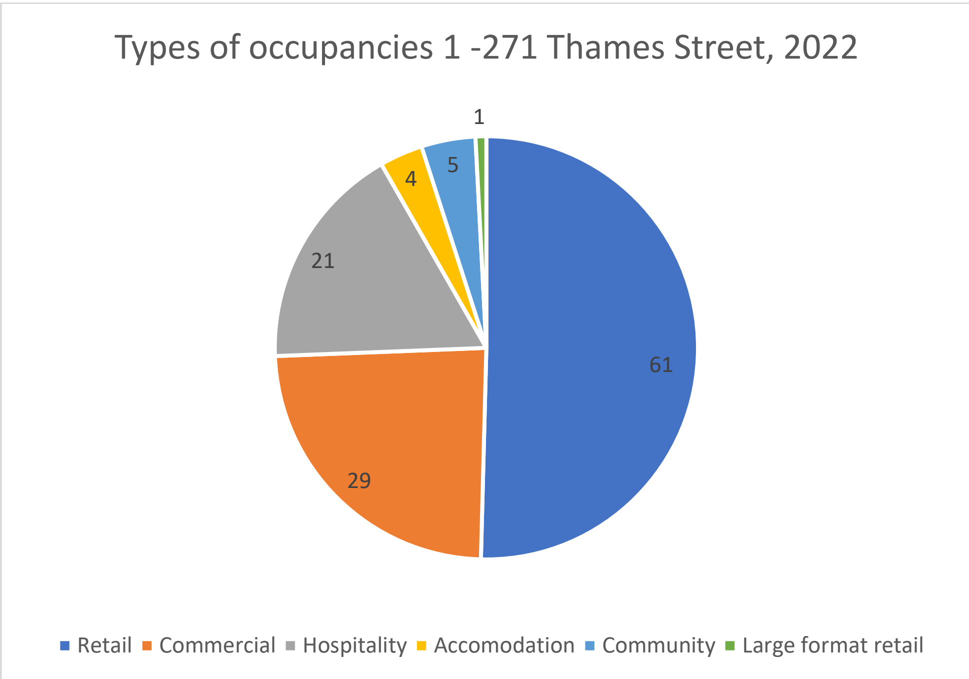

Figure 9: Occupancy types 2022

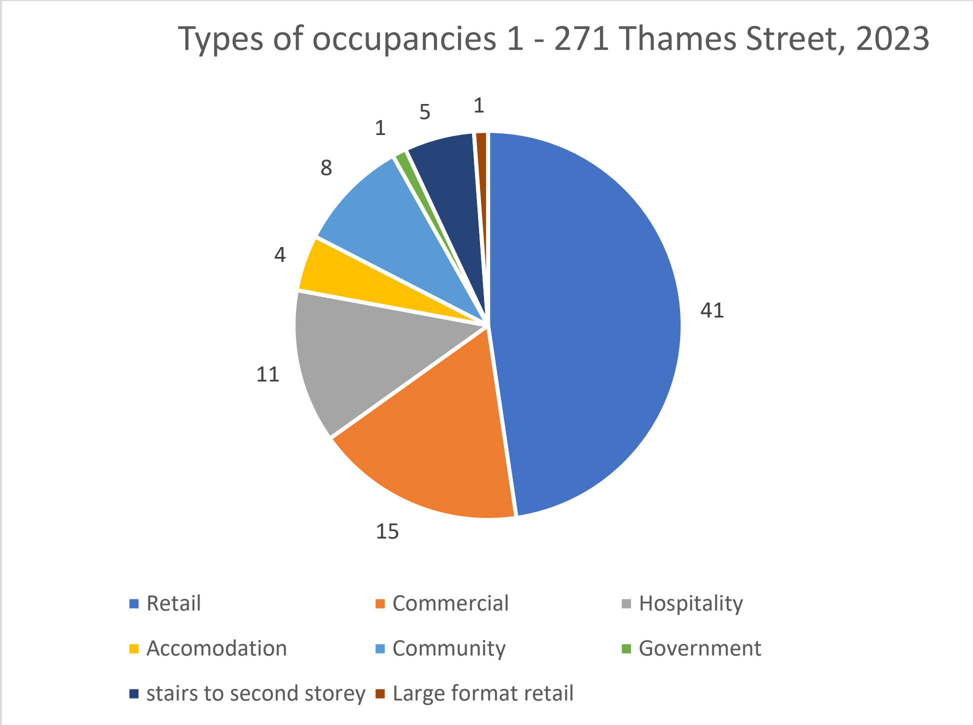

Figure 10: Occupancy types 2023

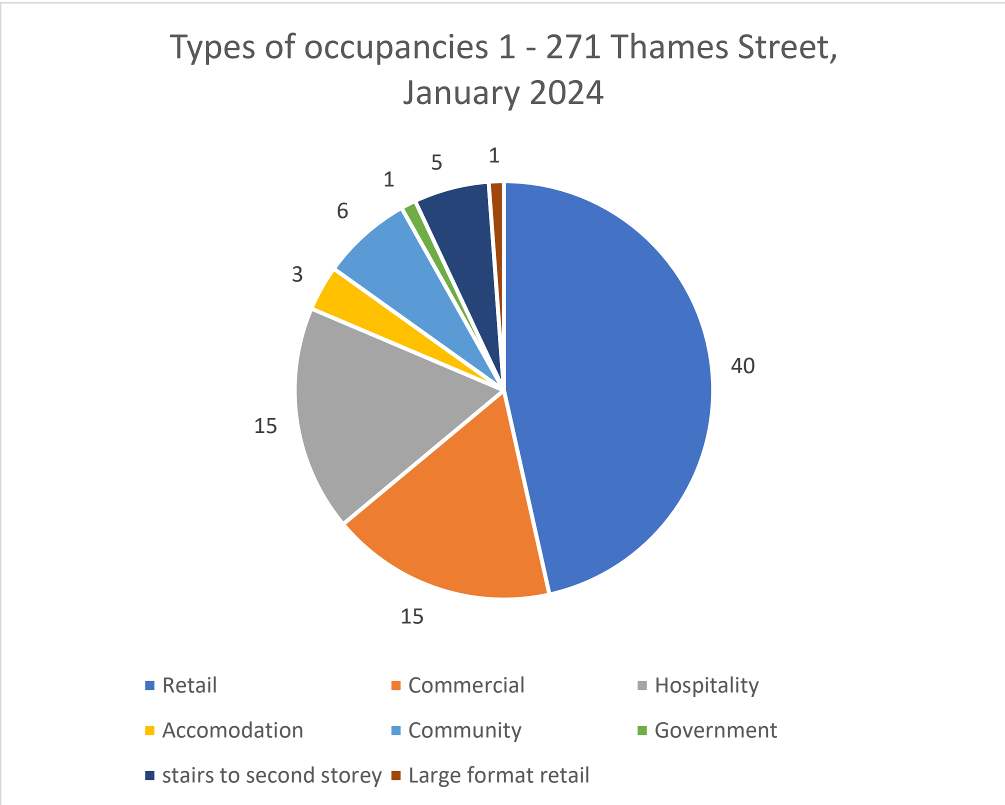

Figure 11: Occupancy types 2024

A trend of reduced retail and commercial occupancy is noticeable, with other smaller occupancy types filing the spaces. This is not uncommon and work is being done by the

Economic Development team and business community to better understand this and realise other opportunities.

It is anticipated that longer term trends will start to emerge as this report is updated annually, however at this stage the trends are not particularly alarming or unexpected.