

Auckland Council
Quarterly Monitoring Report
for the National Policy Statement
on Urban Development Capacity
November 2017



Auckland Council Quarterly monitoring report

for the National Policy Statement on Urban Development Capacity

Background

This report provides an overview of Auckland's housing market using a selection of indicators. It is designed to meet the government's National Policy Statement on Urban Development Capacity (NPSUDC) monitoring requirements that require local authorities to be well informed about urban development activity and outcomes. This is achieved through the use of indicators on house prices, housing affordability and housing development¹. The report also includes information on business land and floor space.

The housing and business indicators must be considered within the context of Auckland's housing market and national economic factors. New Zealand continues to experience strong population growth, particularly due to record numbers of immigrants, many of whom settle in Auckland. Nationally, unemployment is low, around five per cent. Mortgage rates remain low despite a recent increase in floating and two-year fixed rates, however, access to capital for housing construction and purchasing is tightening. Demand for housing is high, which is reflected in large sales volumes and increased average sales prices.

Summary of findings:

- Detached dwellings remain the dominant type of housing consented, which makes up more than half of the total number of dwellings consented
- The 12-month consents for attached dwellings have grown by 18 per cent at the end of September 2017 compared to the same period in 2016
- Three quarters of all consented residential dwelling growth is within Auckland's urban area
- Average residential sale prices have declined in recent months
- Understanding the distribution of sale prices is important; there is major price variation by type and location
- Most residential properties (39%) are sold to individuals that own multiple properties
- Average rents vary considerably throughout Auckland and by dwelling type
- Large amounts of non-residential floor space has been consented.

Disclaimer: Information in this report is sourced from a range of organisations, government departments and agencies. Every effort has been made to ensure the accuracy of the information is correct however we cannot guarantee that it is error free. Auckland Council accepts no responsibility for decisions or actions taken by other organisations on the basis of the information contained within this report.

¹ See the National Policy Statement for more detail, particularly the group B objectives and policies.
<http://www.mfe.govt.nz/publications/towns-and-cities/national-policy-statement-urban-development-capacity-2016>

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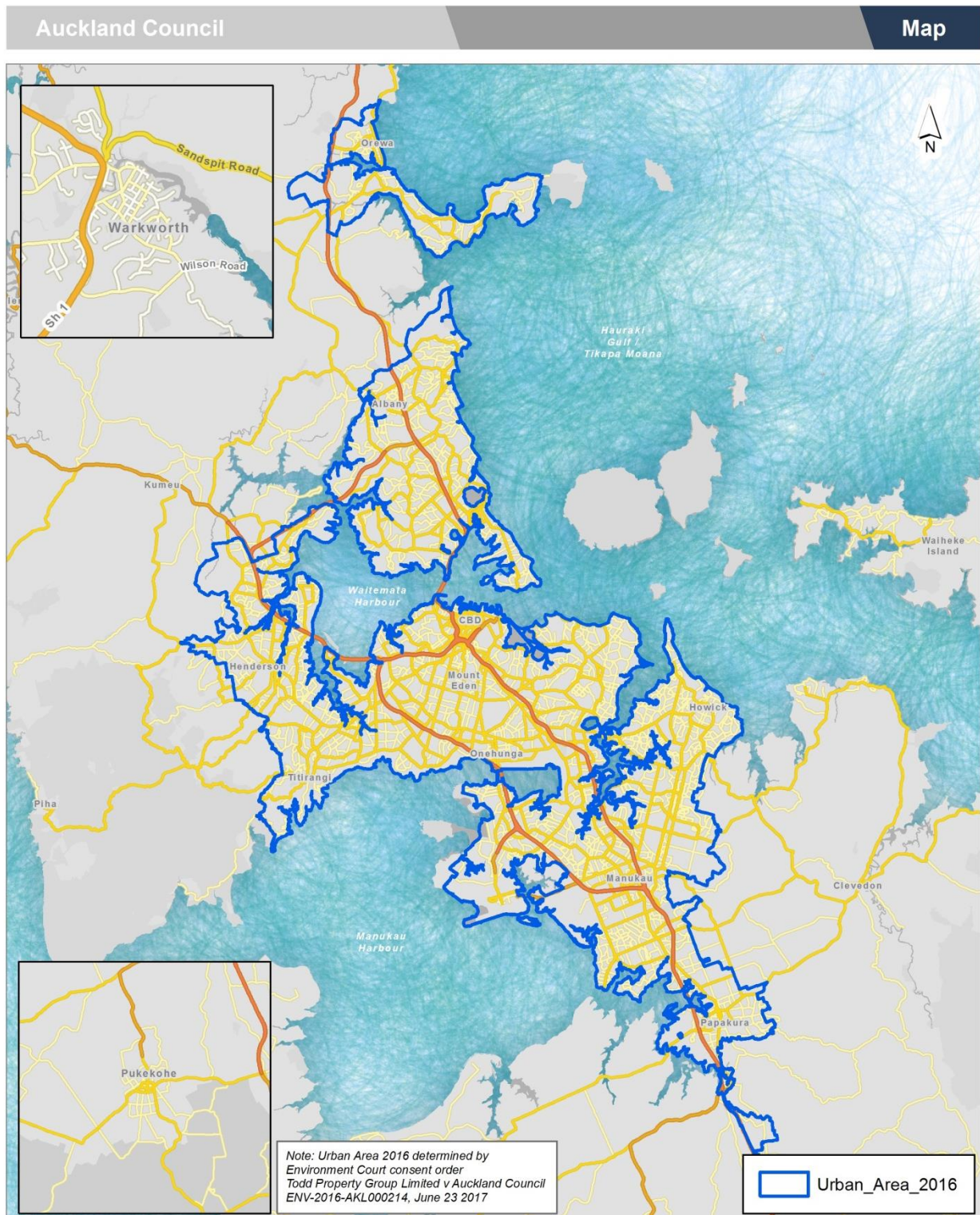
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1.0 Monitoring baseline - Auckland's urban growth and form

The National Policy Statement on Urban Development Capacity requires councils to provide sufficient opportunities for current and future residential and business development within their urban environments. In order to effectively monitor Auckland's evolving urban environment, a geographic monitoring baseline is required. As stated in the Regional Policy Statement B2.2.1 (2) of the Auckland Unitary Plan, future 'urban growth is primarily accommodated within the urban area 2016²'. Therefore, the Urban Area 2016 (illustrated in Figure 1) has been selected to differentiate the location of development activities, as well as measure the effectiveness of Auckland's plans, policies and strategies in promoting urban development.

² Urban area 2016 has replaced metropolitan area 2010 as a result of the Environment Court's consent order *ENV-2016-AKL-000214 Todd Property Group Limited v Auckland Council* issued on June 23rd, 2017.

Figure 1: Auckland urban area 2016



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This map/plan is illustrative only and all information should be independently verified on site before taking any action. Copyright Auckland Council. Land Parcel Boundary information from LINZ (Crown Copyright Reserved). Whilst due care has been taken, Auckland Council gives no warranty as to the accuracy and plan completeness of any information on this map/plan and accepts no liability for any error, omission or use of the information. Height datum: Auckland 1946.

Urban Area 2016 Auckland

0 1,500 3,000 4,500
Meters
Scale @ A4
= 1:300,000
Date Printed:
1/11/2017



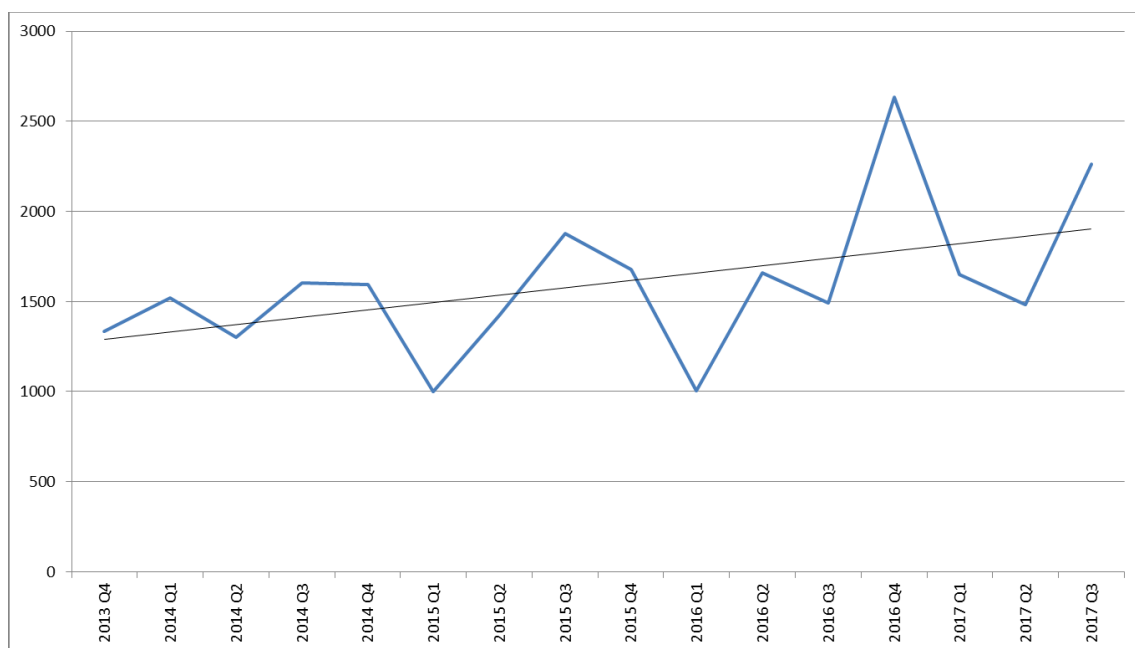
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2.0 Residential

2.1 Land supply

Land supply is a key focus of the National Policy Statement on Urban Development Capacity. Since 2013 approximately 25,500 parcels³ have been created in residential zones within Auckland. The monthly creation rate has slowly increased too (Figure 2). Residential parcel size has an influence on the types of dwellings that are built. Figure 3 shows the distribution of parcel size inside and outside the Urban Area 2016.

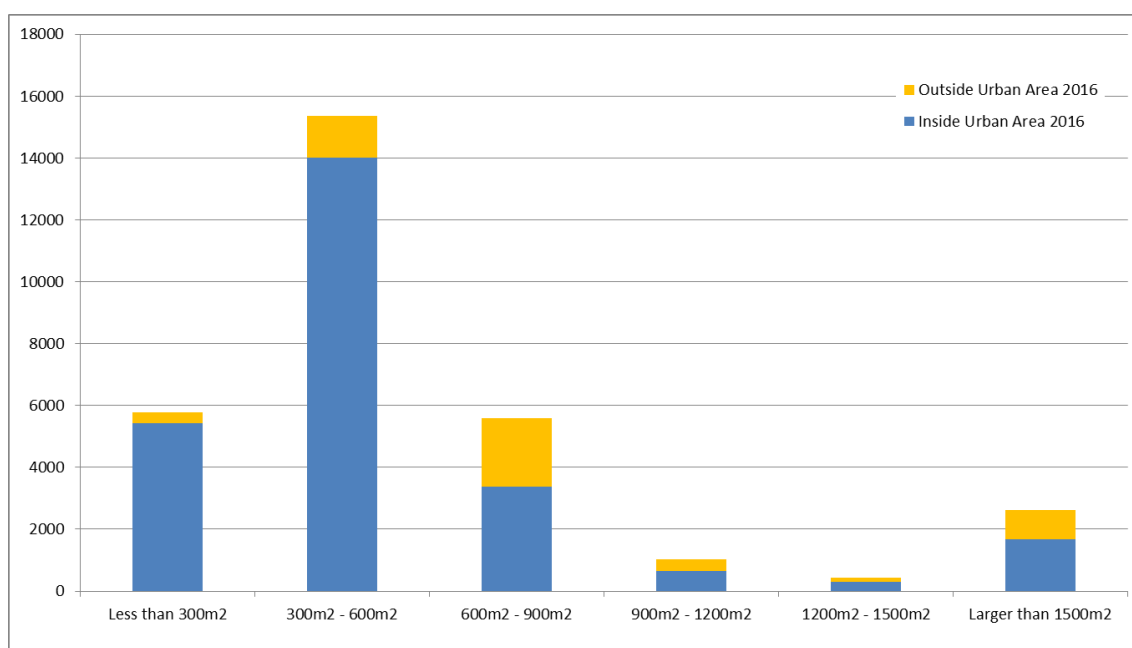
Figure 2: New residential parcels created between 2013 (Q4) – 2017 (Q3)



Source: Auckland Council

³ Parcel: A cadastral polygon with a legal description (can also be known as a property, section or lot). See also Glossary of Terms.

Figure 3: Size of new residential parcels created by location 2013 (Q4) – 2017 (Q3)



Source: Auckland Council

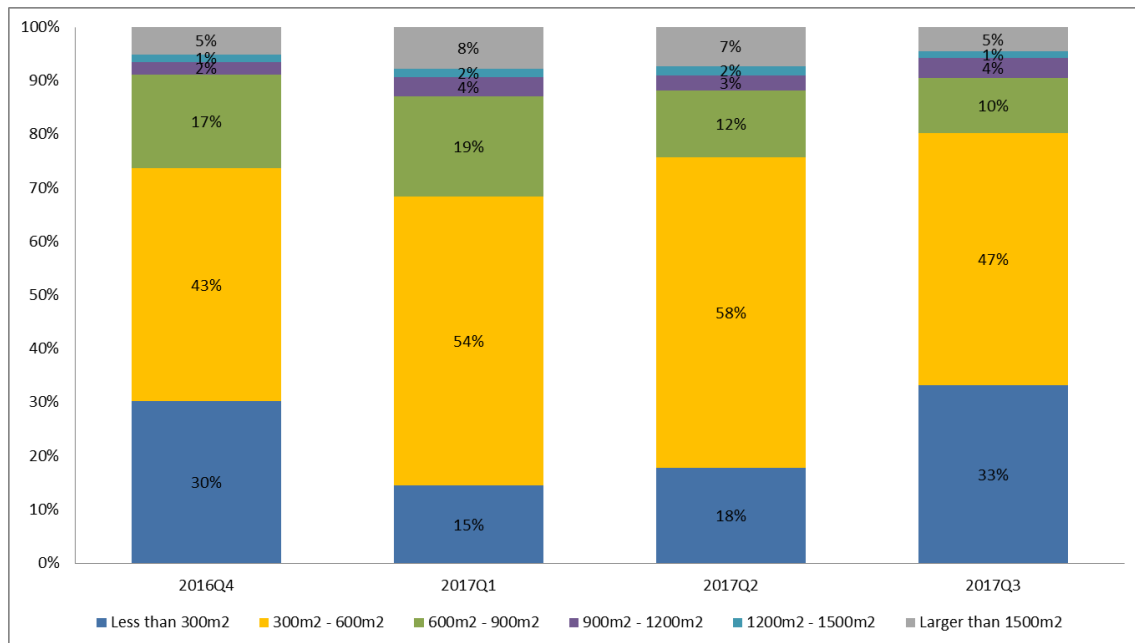
Table 1 and Figure 4 provide a closer breakdown of residential parcels created in the last four quarters. The majority of the residential parcels created in Auckland fall within the 300m² to 600m² category.

Table 1: Residential parcels created in the last four quarters

	Less than 300m ²	300m ² - 600m ²	600m ² - 900m ²	900m ² - 1200m ²	1200m ² - 1500m ²	Larger than 1500m ²	Quarterly total
2016Q4	797	1,144	460	63	37	134	2,635
2017Q1	240	890	309	58	26	129	1,652
2017Q2	264	858	185	42	25	108	1,482
2017Q3	752	1,066	231	85	27	103	2,264

Source: Land Information New Zealand and Auckland Council

Figure 4: Residential parcel size distribution in the last four quarters



Source: Land Information New Zealand and Auckland Council

2.2 Residential dwelling supply

The number of residential dwellings⁴ consented in Auckland has risen steadily since the end of 2011. Detached dwellings⁵ (houses) continue to be the most consented typology, but attached forms of development (apartments⁶ and terraced houses⁷) are a growing contributor to Auckland's housing future (Figure 5).

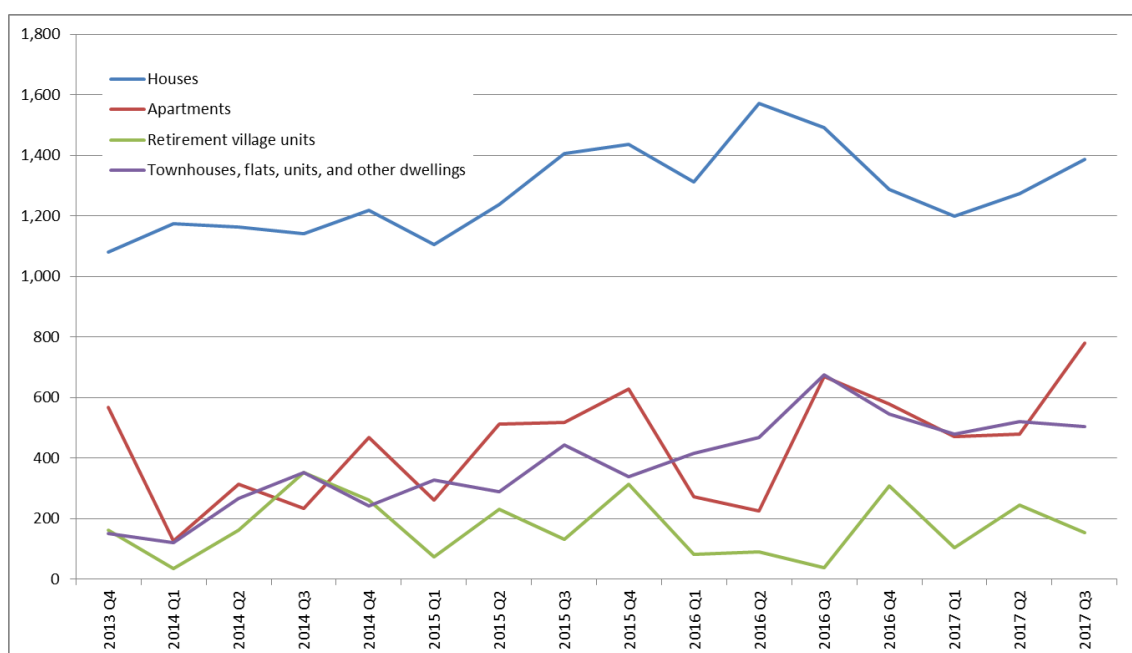
⁴ A dwelling is any building or structure, or part thereof, that is used (or intended to be used) for the purpose of human habitation.

⁵ Dwellings that are not connected to another dwelling. This can include traditional suburban houses on small or large lots and housing in rural areas.

⁶ Multiple dwellings which are attached vertically or horizontally with shared access, parking, open space and other facilities (Auckland Regional Growth Forum, 1999)

⁷ Three or more attached dwellings, side by side, on an individual site (normally without shared land or facilities) (Auckland Regional Growth Forum, 1999).

Figure 5: Number of new residential dwellings consented by type from 2013 (Q4) to 2017 (Q3)



Source: Statistics New Zealand

Table 2: Number and type of new residential dwellings consented in the last four quarters

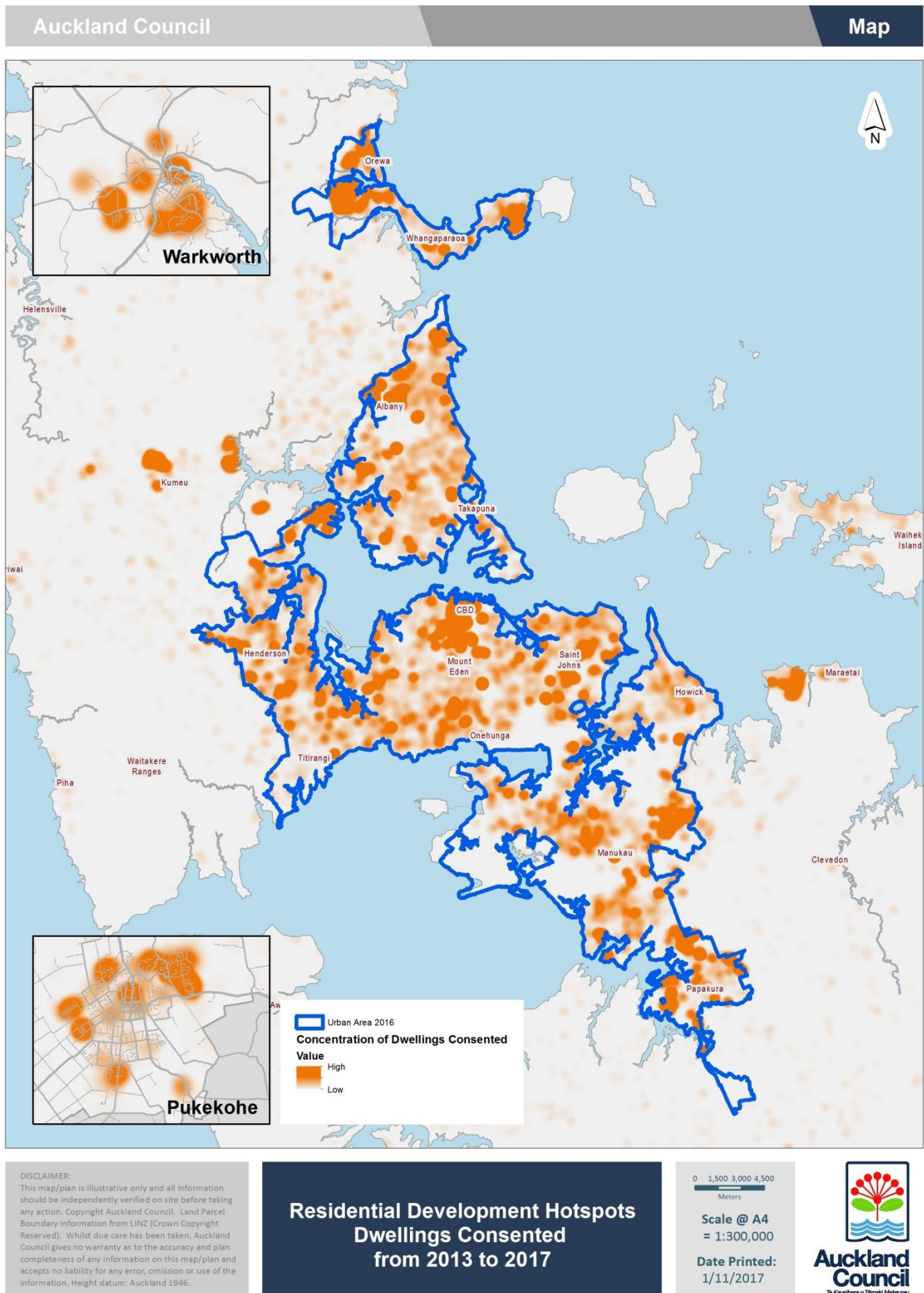
	Houses	Apartments	Retirement village units	Townhouses, flats, units, and other dwellings	Quarterly total
2016Q4	1,287	579	308	546	2,720
2017Q1	1,200	472	103	479	2,254
2017Q2	1,273	478	245	521	2,517
2017Q3	1,387	780	155	504	2,826

Source: Statistics New Zealand

As summarised in Table 2, there has been a surge of apartment building consents in the third quarter of 2017. The number of houses (detached dwellings) consented remains at over 1,200 units per quarter since 2015. The 12 months rolling total of residential building consents (from fourth quarter 2016 to third quarter 2017) is 10,317.

There is a distinct spatial distribution of consented residential dwellings. Most residential dwellings are consented within Auckland's Urban Area 2016. There are particular hotspots, such as Silverdale, Albany, Hobsonville, Henderson, New Lynn, city centre, Glen Innes, Flat Bush, Beachlands and Takanini (Figure 6).

Figure 6: Location of residential dwellings consented from 2013 (Q4) to 2017 (Q3)



Source: Statistics New Zealand and Auckland Council

While the detached dwelling is still the dominant form of residential development, the numbers of attached dwellings⁸ consented, such as apartments, terrace houses, and town houses⁹, have increased significantly.

As shown in Figures 7a and 7b (orange dots¹⁰), attached dwellings consented were mainly concentrated in the CBD area and a few spots around Auckland's isthmus. In contrast, the concentration of consented attached dwellings has increased in many parts of Auckland's urban area in 2017. This translates to a total of 3,234 attached dwellings with building consent granted in the first nine months of 2017, which is 1.6 times more than attached dwellings consented in the entire year of 2013.

⁸ A dwelling that is connected in some way to one or more other dwellings. This includes apartments (high-, medium- and low-rise) terraced houses, and duplexes.

⁹ A type of terrace house.

¹⁰ Concentration of dwelling consented is calculated based on the number of dwellings consented rather than number of consents.

Figure 7a: Location of attached residential dwellings consented in 2013

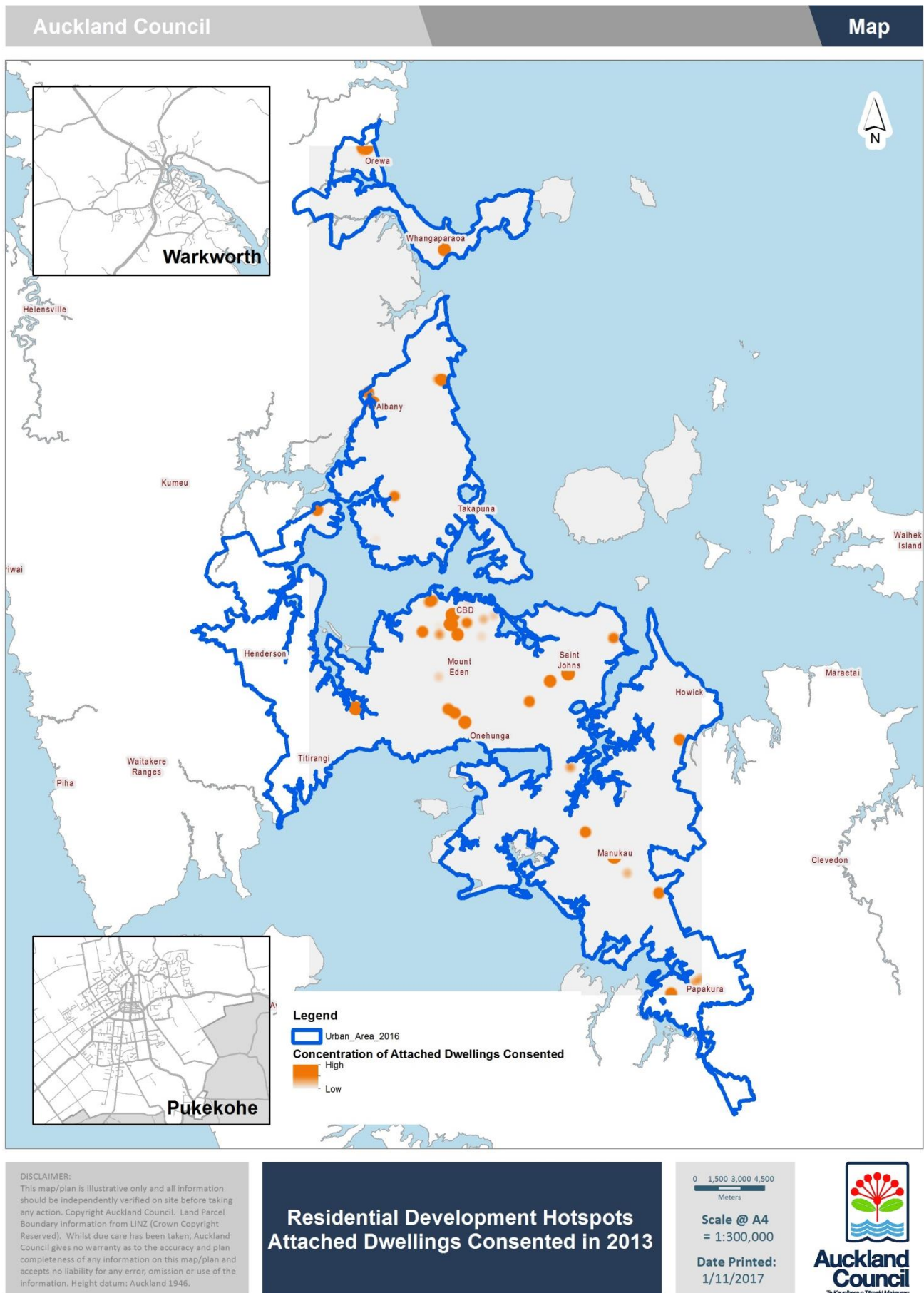
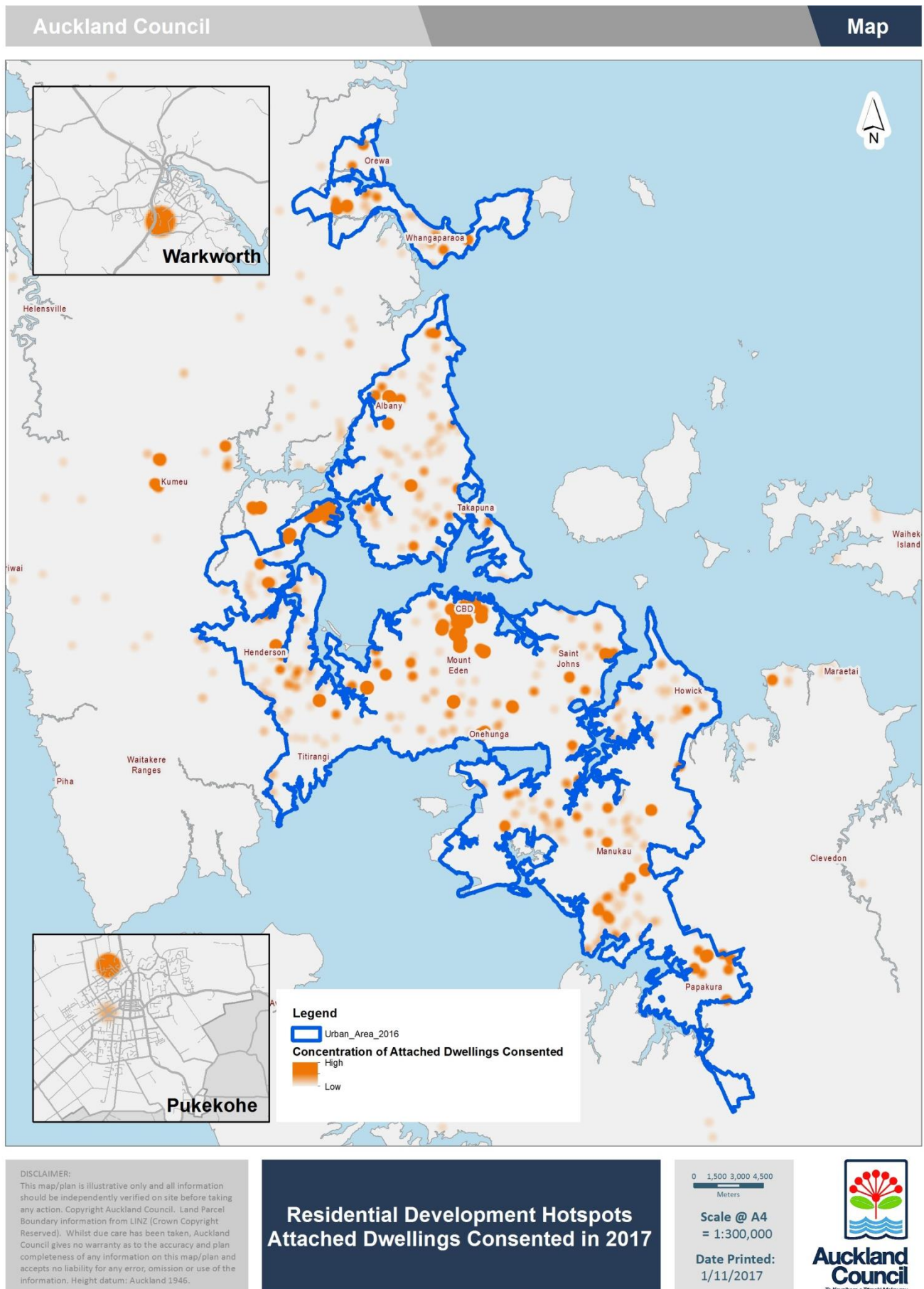


Figure 7b: Location of attached residential dwellings consented in 2017 (Q1 – Q3)



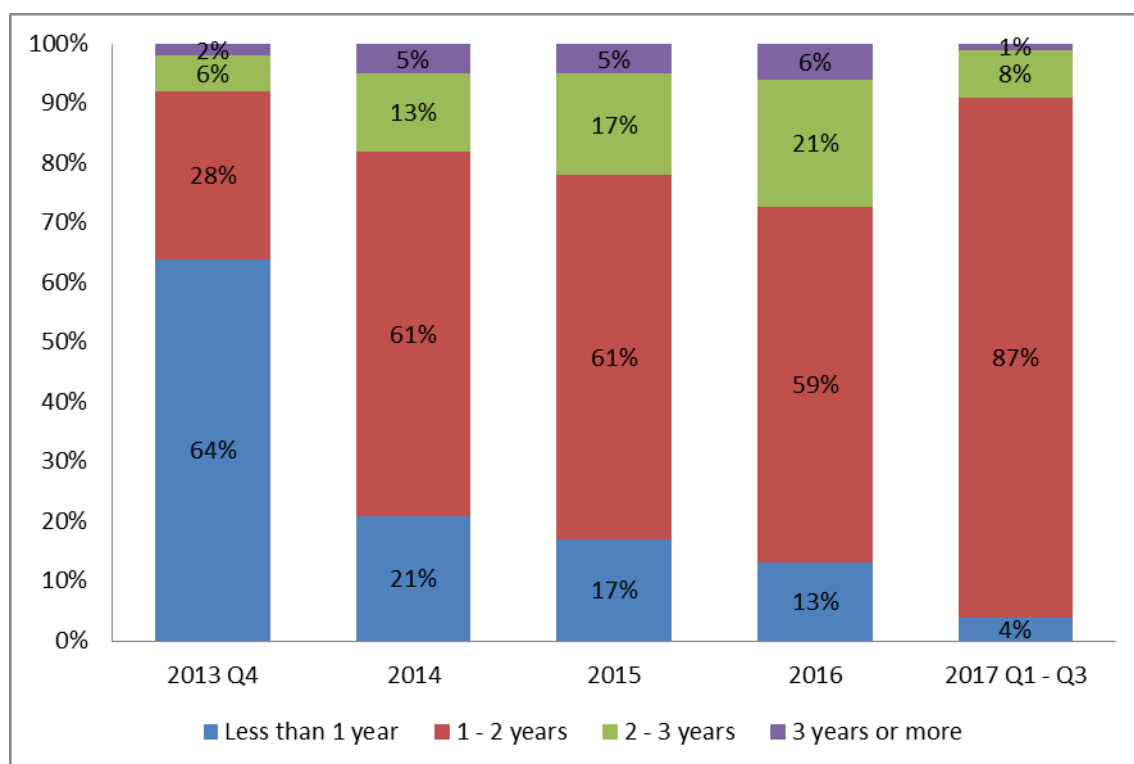
Source: Statistics New Zealand and Auckland Council

2.3 Code Compliance Certificate

A Code Compliance Certificate ¹¹(CCC) is a formal statement under the Building Act 2004 that the building works comply with the corresponding building consent. It can be combined with building consent data as a proxy for understanding how many new dwellings are being built. Five thousand CCCs were issued on average each year from January 2013 to September 2017. From January to September 2017 that number is approximately 5,700.

The majority of the CCCs were issued against building consents that were less than two years old (Figure 8). These are dwellings added to the housing stock.

Figure 8: Total CCCs issued per annum by building consent issue date¹²



Source: Auckland Council

¹¹ A code compliance certificate (CCC) is a formal statement issued under section 95 of the Building Act 2004, that building work carried out under a building consent complies with that building consent. For more information refer to the Building and Housing section of the Ministry of Business, Innovation and Employment. (Ministry of Business Innovation and Employment, 2013)

¹² Caution must be taken with this data as the identification number of CCCs issued by Manukau Building Consultants (previously operated as an independent Council Controlled Trading organisation) cannot be accurately matched due to data migration issue. Some data records are manually readjusted.

2.4 Residential sales prices¹³

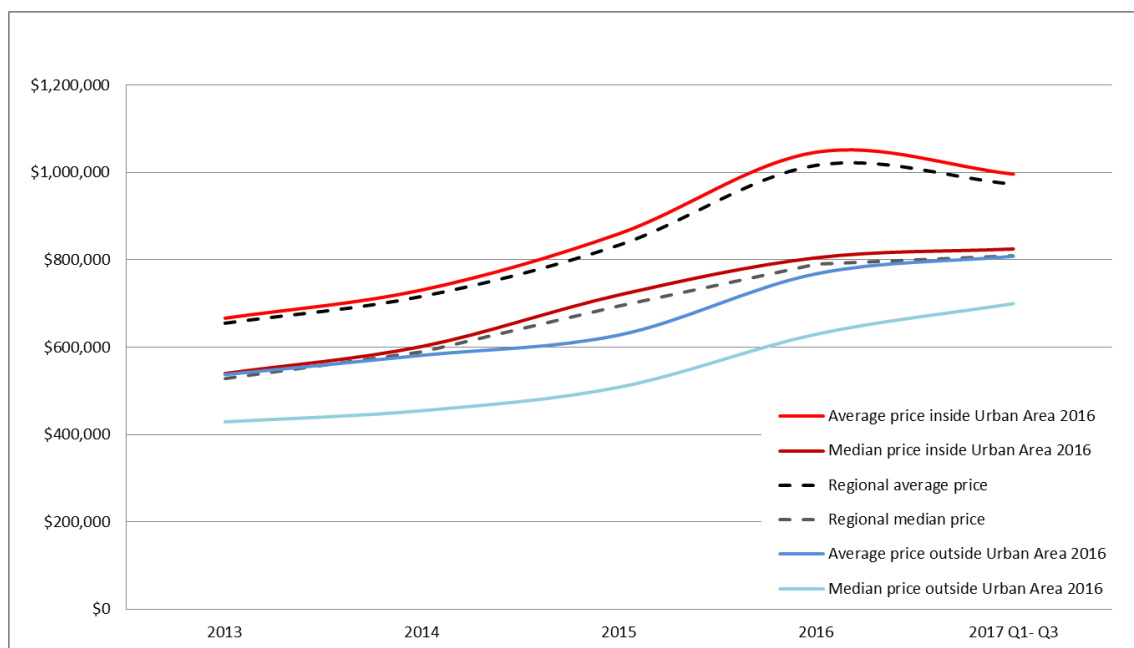
The average¹⁴ and median¹⁵ residential sales prices for Auckland houses have increased significantly since 2013. The current average regional sale price is just under \$1 million and the median price is approximately \$810,000 (Table 3 and Figure 9). Since 2016 average sales prices have declined while the growth in the median sales prices have flattened. This trend is also evident for residential dwellings sold outside Auckland's urban area 2016.

Table 3: Average and median residential sales price by year

	Average price	Median price
2013	\$655,196	\$529,000
2014	\$716,638	\$590,000
2015	\$833,975	\$695,000
2016	\$1,016,520	\$790,000
2017 Q1 – Q3	\$973,336	\$810,000

Source: Auckland Council

Figure 9: Average and median residential sales price since 2013 (Q1)



Source: Auckland Council

While the average and median residential sales prices provide an overall picture of the market, understanding price distribution is equally important. Approximately 50 per cent of residential

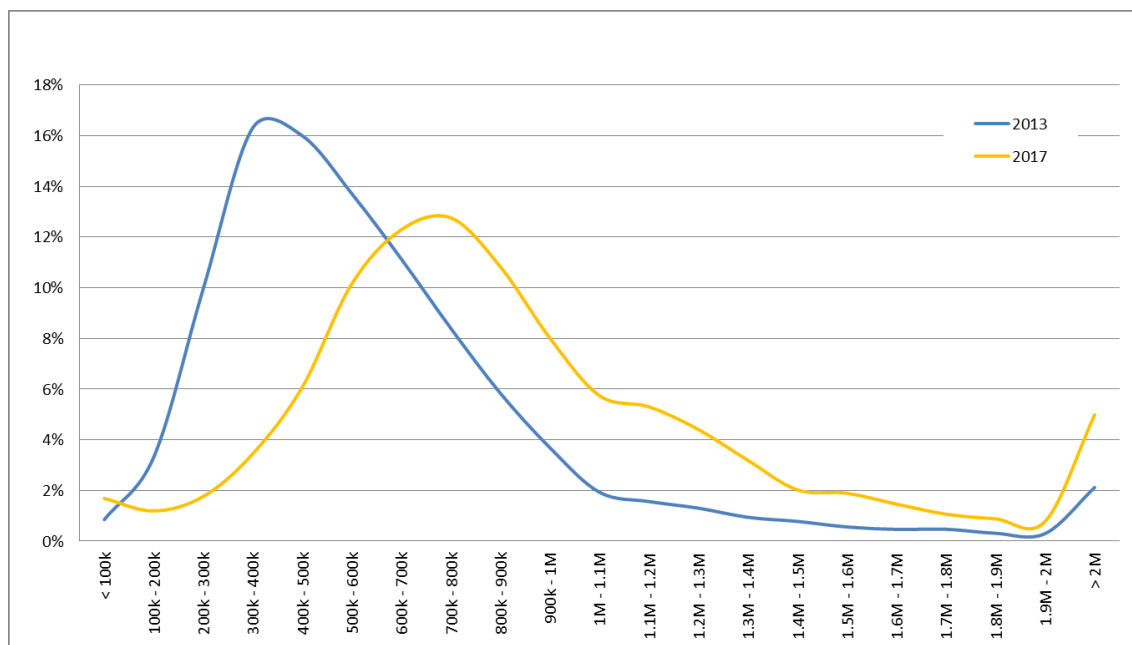
¹³ All sales price data is sourced from Auckland Council's District Valuation Role (DVR). The sales price analysis includes sales for \$0 and \$1 as well as transactions that are significantly below the CV. The average prices reported will differ from other sources, such as REINZ, because the DVR includes private sales as well as notional transfers.

¹⁴ A number expressing the central or typical value in a set of data, which is calculated by dividing the sum of the values in the set by their number.

¹⁵ The median is the middle number.

property sales were between \$300,000 and \$700,000 in 2013, \$500,000 and \$1,000,000 in 2017. The distribution will have an impact on the regional median and average (Figure 10).

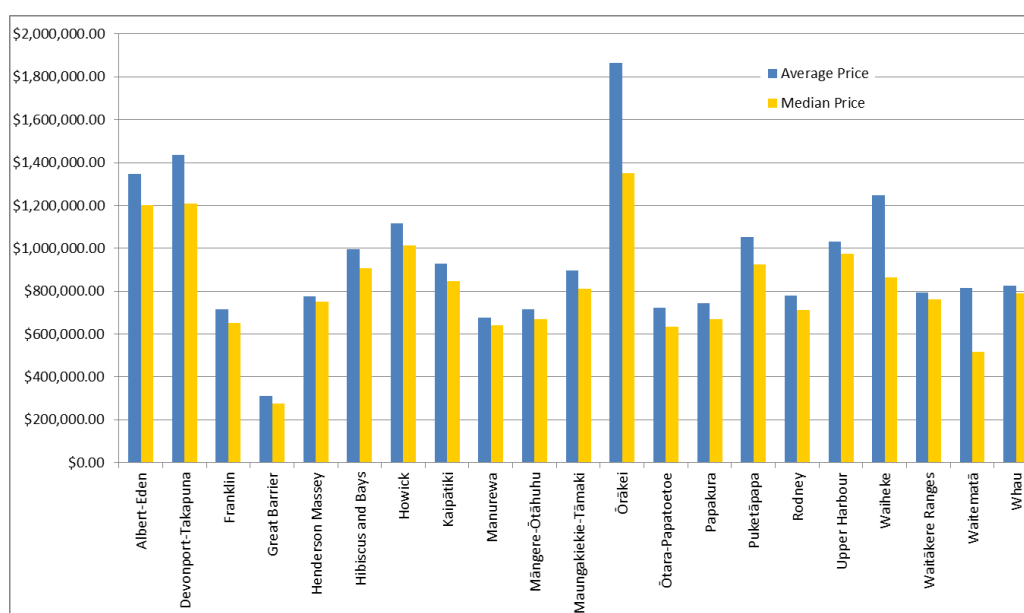
Figure 10: Percentage of residential sales \$100k price band 2013 vs 2017 (Q1 – Q3)



Source: Auckland Council

There is significant intra-Auckland variation in sales prices. Local boards for instance exhibit major variation (Figure 11). Twelve out of all 21 local boards in the Auckland area have seen residential properties selling above \$800,000 on average in 2017.

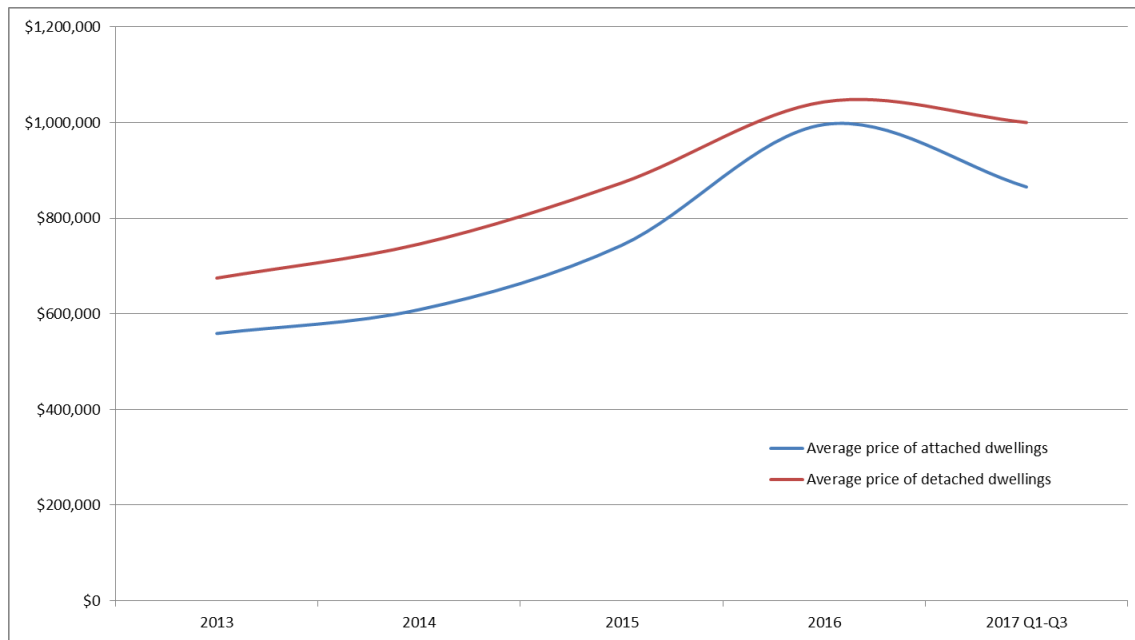
Figure 11: Average and median residential sales price by local board in 2017 (Q1 - Q3)



Source: Auckland Council

Price variation is evident in the different types of residential dwellings being sold. Figure 12 illustrates the average price difference between attached and detached dwellings sold from 2013 to 2017. The price gap between the two types of dwellings has narrowed in 2016, but sales records show that the gap is diverging since 2016.

Figure 12: Average sales price of attached and detached dwellings since 2013 (Q1)

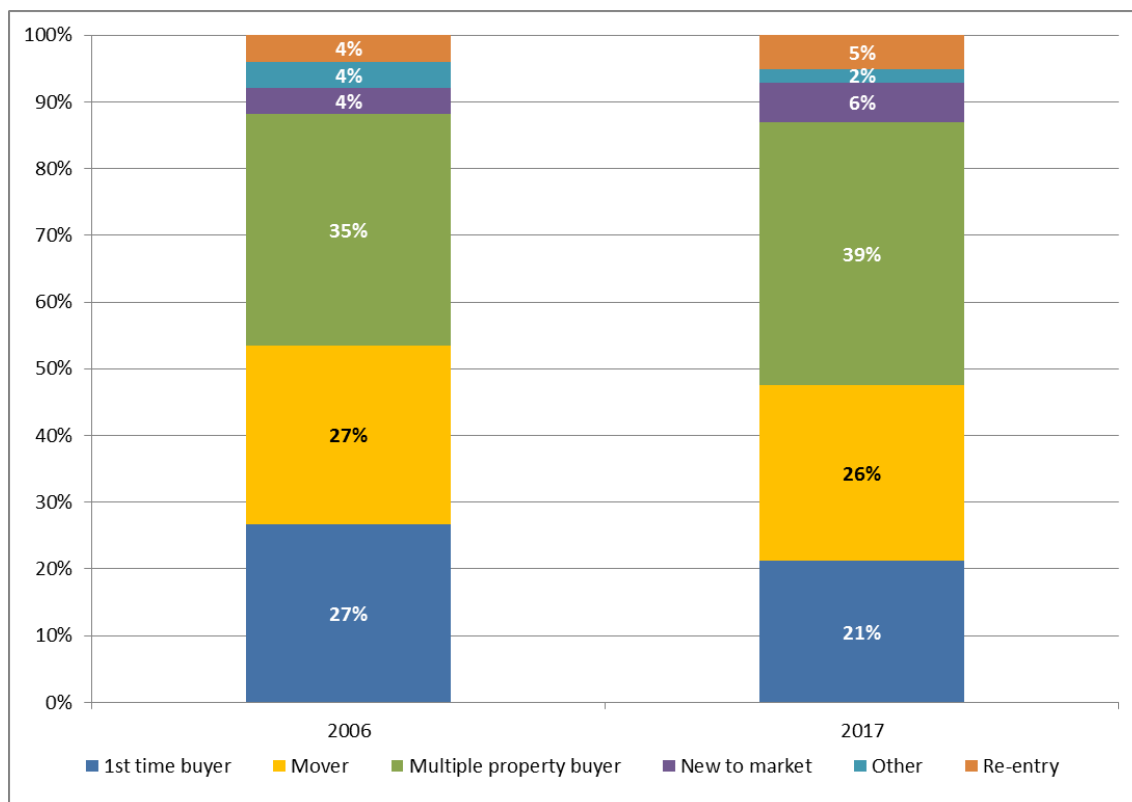


Source: Auckland Council

2.5 Buyer classification¹⁶

CoreLogic has produced a classification data set that shows the types of buyers purchasing residential property¹⁷. Over the last 10 years the percentage of residential sales to owners of multiple properties has increased. The proportion of sales to people identified as first time buyers has declined to around one-fifth.

Figure 13: Residential property sales by buyer types 2006 vs. 2017 (Q3)



Source: CoreLogic

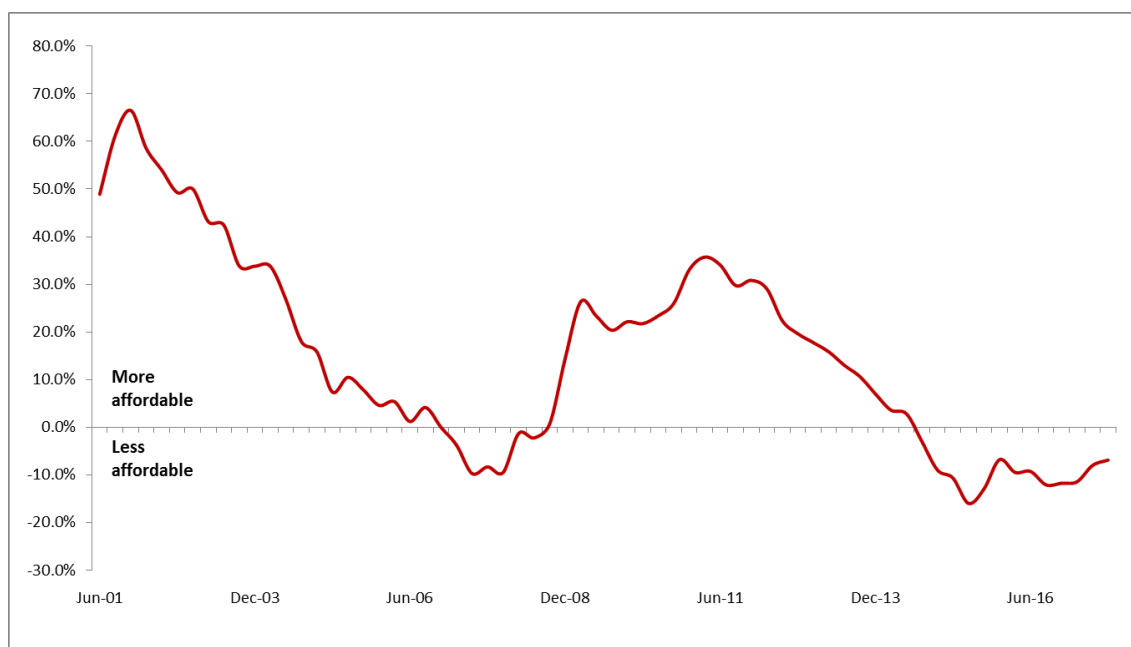
¹⁶ This data is sourced from CoreLogic's 2017 New Zealand Monthly Property Market and Economic Update. The buyer classification determines the type of buyer for every purchase of property based on their current and previous ownership of NZ property. RIMU is purchasing this data by local board which will be included in future quarterly reports.

¹⁷ Term used by CoreLogic, no further typology breakdown is given. Therefore, it is assumed to be including all types of dwellings.

2.6 Residential affordability

Housing affordability is a significant issue. Affordability is a function of housing costs on the one hand, and household incomes, interest rates and deposit requirements on the other.

Figure 14: Serviceability affordability model (SAM)



Source: Auckland Council's Chief Economist Unit; Real Estate Institute of New Zealand; Reserve Bank of New Zealand

The serviceability affordability model (SAM), developed by Auckland Council's Chief Economist Unit, combines the above factors and tracks how affordability has changed using 2006 as its baseline reporting year. Different to the housing affordability index provided by the Ministry of Business, Innovation and Employment, SAM accounts for additional factors to measure housing affordability. For example, though the recent income statistics have shown an increased trend in the household income level in Auckland, this increase is partially due to the growing number of adults living in the same house. SAM adjusts the latest household income data to reflect the ability of a typical household to afford a 20 per cent deposit on a median priced dwelling in the region. Furthermore, SAM also incorporates the Official Cash Rate figure issued by the Reserve Bank of New Zealand. This is then used to estimate the amount a home loan repayment of a median priced dwelling would be and is used to track how home loan repayment variations affect housing affordability.

SAM shows that affordability has changed significantly over the past 15 years (Figure 13). The latest decline of housing affordability started in June 2011 and was at the lowest point in June 2015. The recent decrease in the average and median residential sales prices suggest that housing affordability has improved slightly.

2.7 Rental market

Understanding rental affordability in Auckland is important, especially as the percentage of home ownership declines. Rents vary significantly by type and location. Figures 15(a) and 15(b) show the weekly market rents difference across four common rental types¹⁸ in 2013 and 2017. Average rents have risen across all rental types.

Figure 15a: Average market rents in Auckland by typology 2013

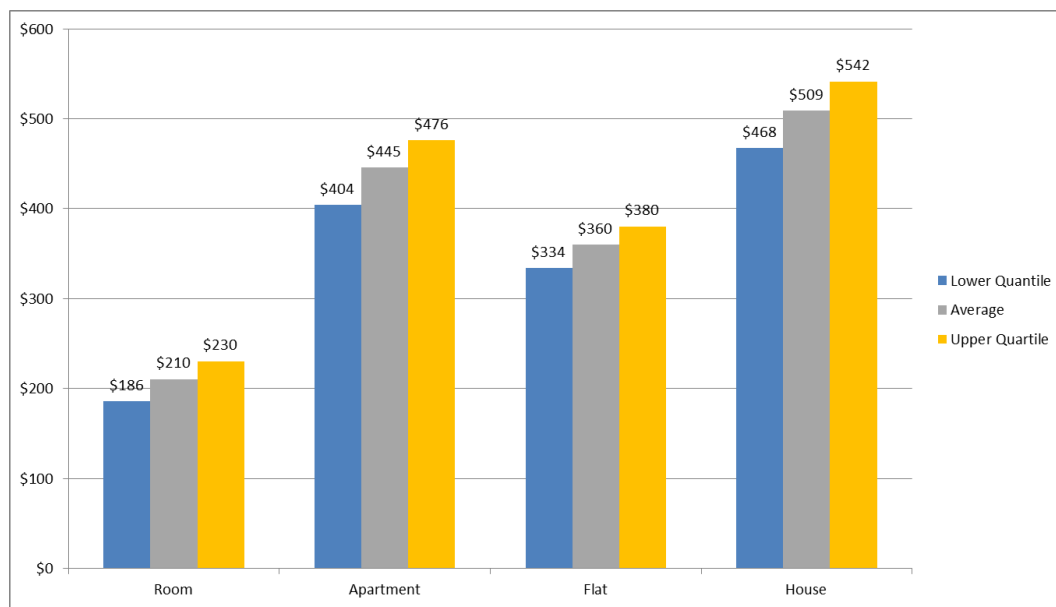
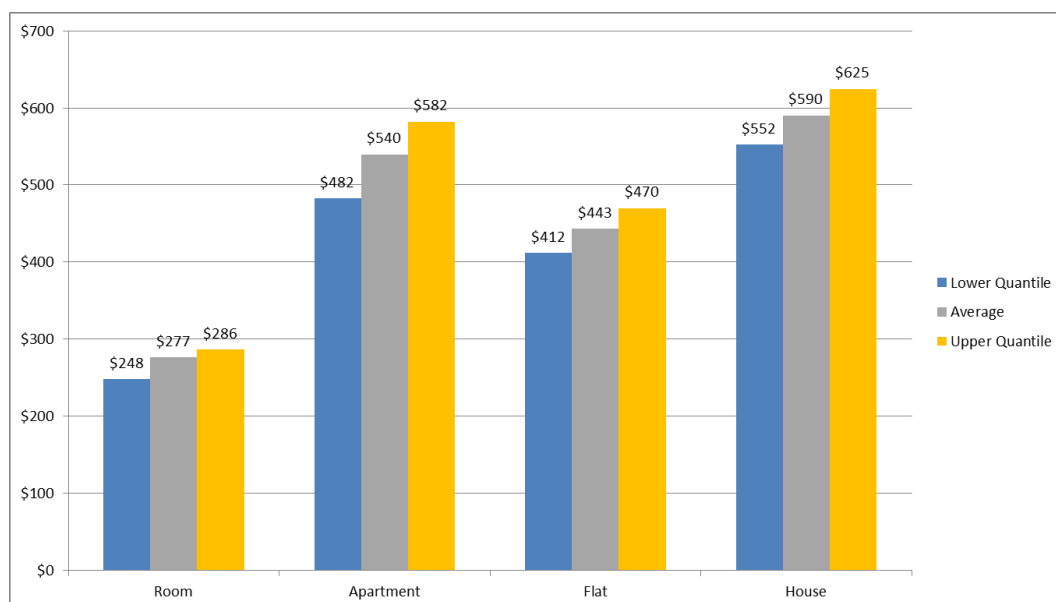


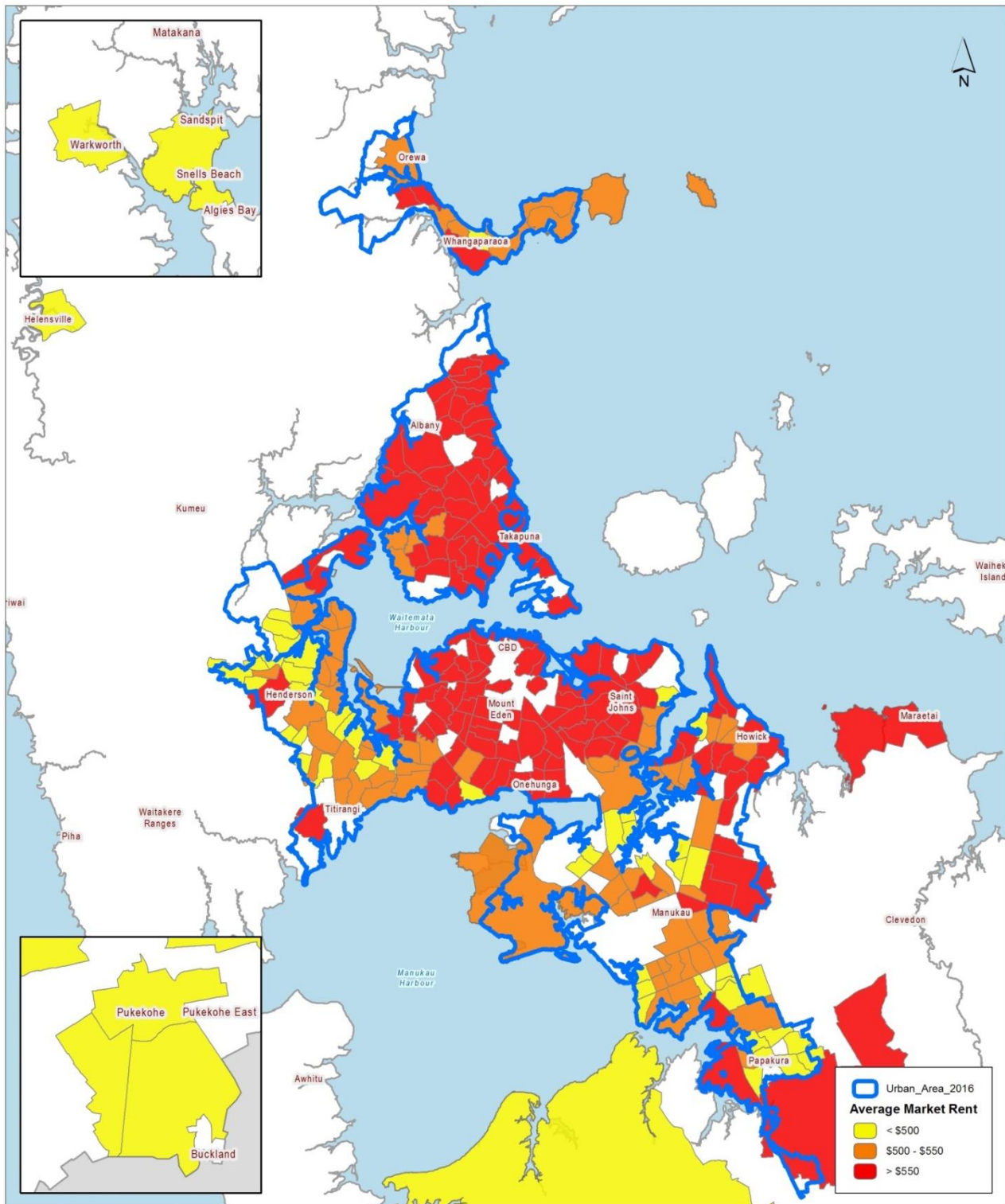
Figure 15b: Average market rents in Auckland by typology 2017 (Q3)



Source: Ministry of Business, Innovation and Employment

¹⁸ Terms adopted from Tenancy Services.

Figure 16: Average market rent for a three-bedroom house in 2017(Q1 - Q3)¹⁹



Source: Auckland Council and Ministry of Business, Innovation and Employment

As shown in Figure 16, average weekly rent for most areas is greater than \$550, which is almost a third of Auckland's median household income²⁰.

¹⁹ Tenancy Services automatically removes any category that has less than five bonds lodged to prevent individual rental properties being identified. Therefore, data for some areas are absent on this map.

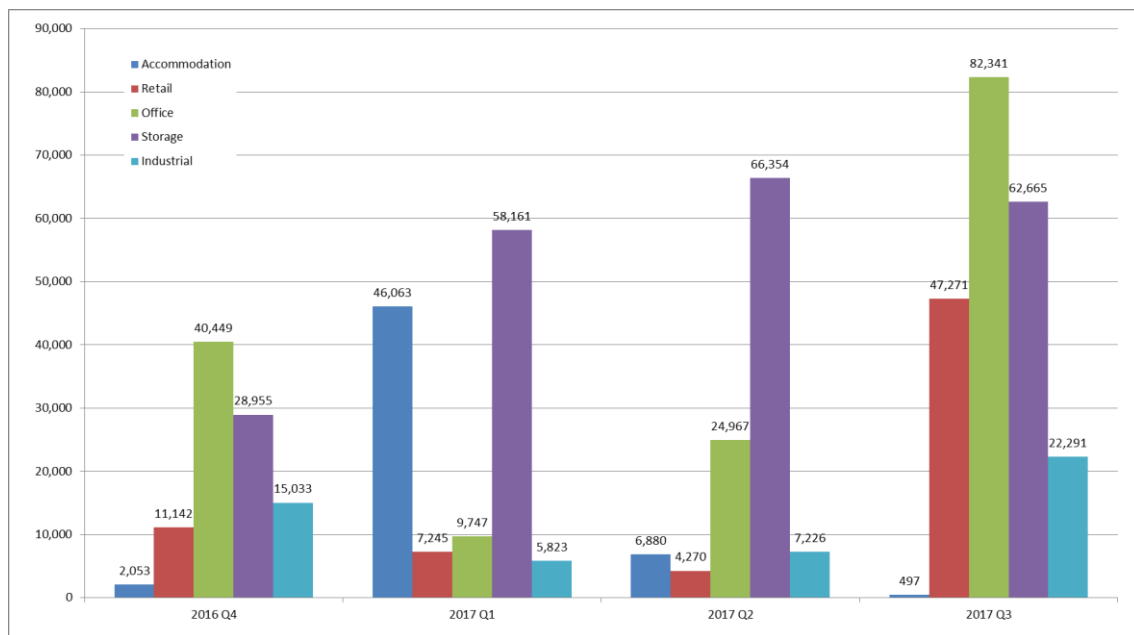
²⁰ Median household income from all sources collected for Auckland region is at \$1778 per week, according to Statistics New Zealand's income survey.

3.0 Business

3.1 Business floor space

Business land and floor space is a significant land use in Auckland. Since the beginning of 2017 over 450,000m² of business floor space has been consented. This has a value of works in excess of \$1 billion dollars (Table 4).

Figure 17: Square metres of business floor space consented by type by quarter since 2016 Q4



Source: Statistics New Zealand

Table 4: Estimated value of consented business construction work

	Accommodation	Retail	Office	Storage	Industrial
2016 Q4	\$9,000,000	\$33,388,959	\$156,753,990	\$34,556,518	\$16,865,000
2017 Q1	\$173,818,000	\$48,749,000	\$121,289,956	\$64,211,155	\$19,090,224
2017 Q2	\$46,050,000	\$15,555,000	\$44,683,000	\$82,866,840	\$14,865,500
2017 Q3	\$3,600,000	\$119,142,957	\$175,018,000	\$82,358,845	\$37,010,599

Source: Statistics New Zealand

3.2 Business sites created

The distribution of business land is not even. A large number of created sites are less than 300m² as well as greater than 1500m². This site size is likely to be a function of use; retail activities require less land (on average) than do commercial or industrial uses that occupy large sites (Figure 18). Figure 19 shows that one-third of business sites are created within industrial zones, another third are scattered across different business centres, and the remaining are located in general business and mixed use zones.

Figure 18: Business sites created since 2013

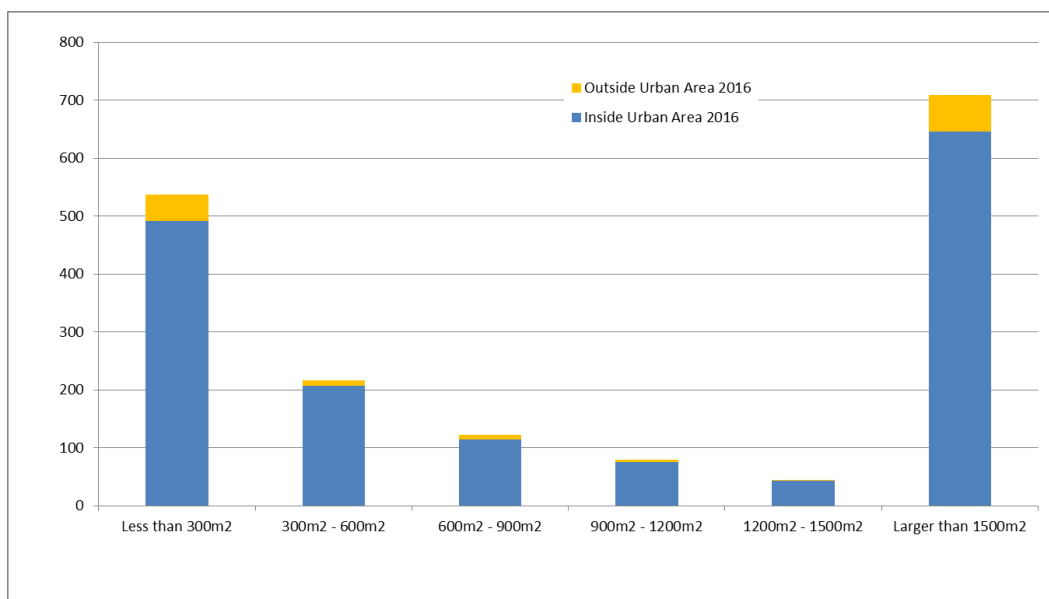
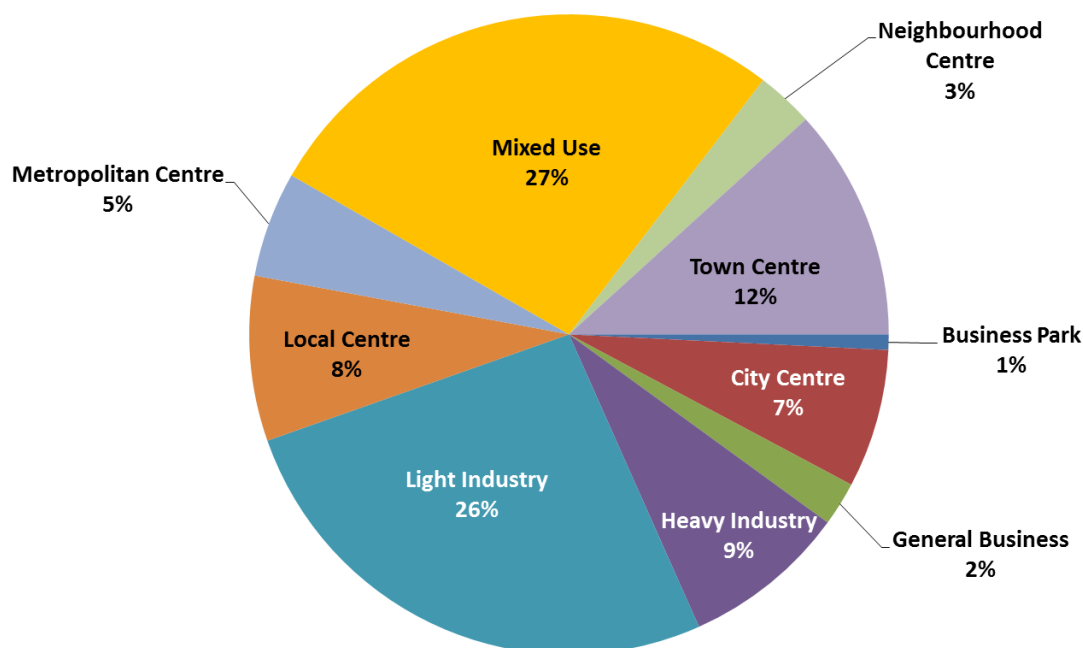


Figure 19: Distribution of business sites created by zones since 2013 Q1



Source: Auckland Council and LINZ

4.0 Glossary of terms

Apartment

Multiple dwellings which are attached vertically or horizontally with shared access, parking, open space and other facilities.

Attached dwelling

A dwelling that is connected in some way to one or more other dwellings. This includes apartments (high-, medium- and low-rise) terraced houses, and duplexes.

Average

A number expressing the central or typical value in a set of data, which is calculated by dividing the sum of the values in the set by their number.

Building consent

A building consent is the formal approval, under section 49 of the Building Act 2004, for an applicant to undertake building work. Building work includes work in connection with the construction, alteration, demolition or removal of a building.

The reporting of building consent data has two important aspects: (1) the number of consents issued and (2) the numbers of structures (including dwellings) that are consented.

Code Compliance Certificate (CCC)

A code compliance certificate (CCC) is a formal statement issued under section 95 of the Building Act 2004 that building work carried out under a building consent complies with that building consent. For more information refer to the Building and Housing section of the Ministry of Business, Innovation and Employment.

Deposited Plan (DP)

Sometimes also known as a 'Title Plan', these are plans recording land transfer subdivisions that have been deposited by the Registrar General of Lands. This could be a simple plan of the property's boundaries, area and dimensions, a detailed survey plan or a combination of both. Plans are identified by a number and a DP prefix such as 'DP 12345'. Most modern land transfers are identified by their position on a specific deposited plan, e.g. Lot 123 DP 4567.

Detached dwelling

Dwellings that are not connected to another dwelling. This can include traditional suburban houses on small or large lots and housing in rural areas.

District Valuation Roll (DVR)

Territorial authorities (including Auckland Council) are required under the Rating Valuations Act 1998 to prepare and maintain a district valuation roll which contains the information, including valuation, for each rating unit within the district.

Dwelling

A dwelling is any building or structure, or part thereof, that is used (or intended to be used) for the purpose of human habitation.

Floor space

Floor space is the measurement of the floor area of a building or buildings, usually measured in square metres.

Lot

An area of land which is: (i) comprised in a single certificate of title; or (ii) contained in a single allotment on an approved survey plan of subdivision for which a separate certificate of title could be issued without the further consent of the territorial local authority, being in any case the smaller land area of (i) or (ii); or (b) an area of land which is composed of two or more contiguous allotments held together in one certificate of title in such a way that the allotments cannot be dealt with separately without the prior consent of the territorial local authority; or (c) an area of land which is composed of two or more contiguous allotments held in two or more certificates of title where such titles are held together in such a way that they cannot be dealt with separately without the prior consent of the territorial local authority; except that where an area of land is contained or described in a title issued under the Unit Titles Act 2010 or is a cross-lease form of title, the site is the underlying land out of which the unit title or cross-lease title has been, or is proposed to be issued.

Commonly used to describe a Parcel of land, specifically on a Deposited Plan. Can also be known as a site, section or property.

Median

The median is the middle number.

Mode

The mode is the number which occurs most often in a set of data.

Parcel

A cadastral polygon with a legal description (can also be known as a property, section or lot). See also Lot.

Section

Can also be known as a site, or lot. Generally a reference to a parcel.

Service affordability model (SAM)

An housing affordability measurement developed by Auckland Council's Chief Economist Unit, which measures affordability by using a wide range of factors including, median sales prices, Official Cash Rate, household size, median household income, etc. and reports affordability by comparing the current situation to the affordability level in 2006.

Suburb

An identifiable area within a local authority area, usually urban in character, with facilities such as those for education, transport and shopping.

Auckland Council does not set the boundaries or the names of suburbs in any formal manner. The most commonly used suburb names and geographic definitions used across New Zealand, including in Auckland, are maintained and supplied by the emergency services (led by the New Zealand Fire Service).

Before its amalgamation into the new Auckland Council, the former North Shore City Council undertook a process to geographically define and name suburbs within its jurisdiction. The final suburb extents and their names were gazetted by New Zealand Geographic Board in 2007 and 2008.

Terraced Housing

Three or more attached dwellings, side-by-side, on an individual site (normally without shared land or facilities).

Townhouse

A type of terrace house. See Terraced Housing.