



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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Auckland Housing Accord Monitoring Report #2

Oct 2013 – Mar 2014

Based on:

- building consent data to month ended March 2014
- new sections data to week ended 28 March 2014
- consenting activity to 20 May 2014



Executive summary

The number of consented dwellings continues to grow at pace (up 34% on the previous year) and the rate at which new sections are being created has also accelerated.

- Half way through the first year of the Auckland Housing Accord, a net total of 5,100 new sections have been created and dwellings consented – more than half way to the Year 1 target.
- At this rate, the Year 1 target of 9,000 dwellings and sections is likely to be exceeded by almost 1,300 (14%).
- More new dwellings were consented in the first six months of the Accord (3,417) than in the six months to March of any year since 2006.
- The number of new sections created in Year 1 is on track to be 400 higher than it was in the previous 12 months.
- The number of new apartments consented has dropped since the last quarter of 2013, reducing the overall monthly average of dwellings consented since the beginning of the Accord. This is not unexpected, given that the number of consented apartments is always highly variable when viewed on a monthly basis. But when viewed more generally, the number of new apartments consented in the last 12 months has increased to levels last seen in 2008.
- Development activity will need to continue to accelerate in order to meet the more ambitious targets in the second and third years of the Accord.
- Within the 63 special housing areas created so far, activity is increasing, but as expected this is yet to impact the headline figures. The Housing Project Office is working with customers on 18 qualifying development pre-applications (for 1,374 sites/dwellings), has approved or is considering 22 consents (for 317 sites/dwellings), and is facilitating master-planning of a further 18 developments.
- Dwelling prices in Auckland continue to trend upwards, with the average median price for the last 12 months increasing to \$585,000.
- Over the last 2 years, the real price paid for vacant residential sections has increased back to pre-GFC levels.
- The 63 special housing areas created to date are expected to supply 10,000 dwellings or sections over the 3 years of the Accord.
- Over the next 12 years, just over 73,000 new dwellings are known to be in the pipeline, of which 30,000 are expected from special housing areas. Additional supply will come from numerous small developments that are not currently visible for the purposes of Housing Accord monitoring.

Targets

The Auckland Housing Accord targets are based on the net number of new dwellings consented and sections created in Auckland each year.

Auckland Housing Accord

Paragraph 26

“The agreed goals, set out below, include all new dwellings and new sites consented under existing regulations or through the application of the new tools enabled through this Accord and are based on new building and subdivision consents in greenfield and brownfield areas.”

Year 1	Year 2	Year 3	Total
Oct 2013 – Sep 2014	Oct 2014 – Sep 2015	Oct 2015 – Sep 2016	Oct 2013 – Sep 2016
9,000	13,000	17,000	39,000

- **Dwellings**

- The number of new dwellings that receive building consent, as recorded in the monthly building consent data available from Statistics New Zealand.

- **Sections**

- The number of new residential sections of up to 5,000m² that are legally created in the land register, as recorded weekly by Land Information New Zealand.

Overview

Half way through Year 1, the net number of new sections created and dwellings consented (5,134) is more than half of the Year 1 target (9,000).

Net number of new dwellings consented and sections created

Auckland; Oct 2012 – Mar 2014; adjusted for dwelling /section combinations (see next page)

- Net number of new dwellings consented and sections created
- Likely total (based on monthly average)
- ▲ Housing Accord Targets

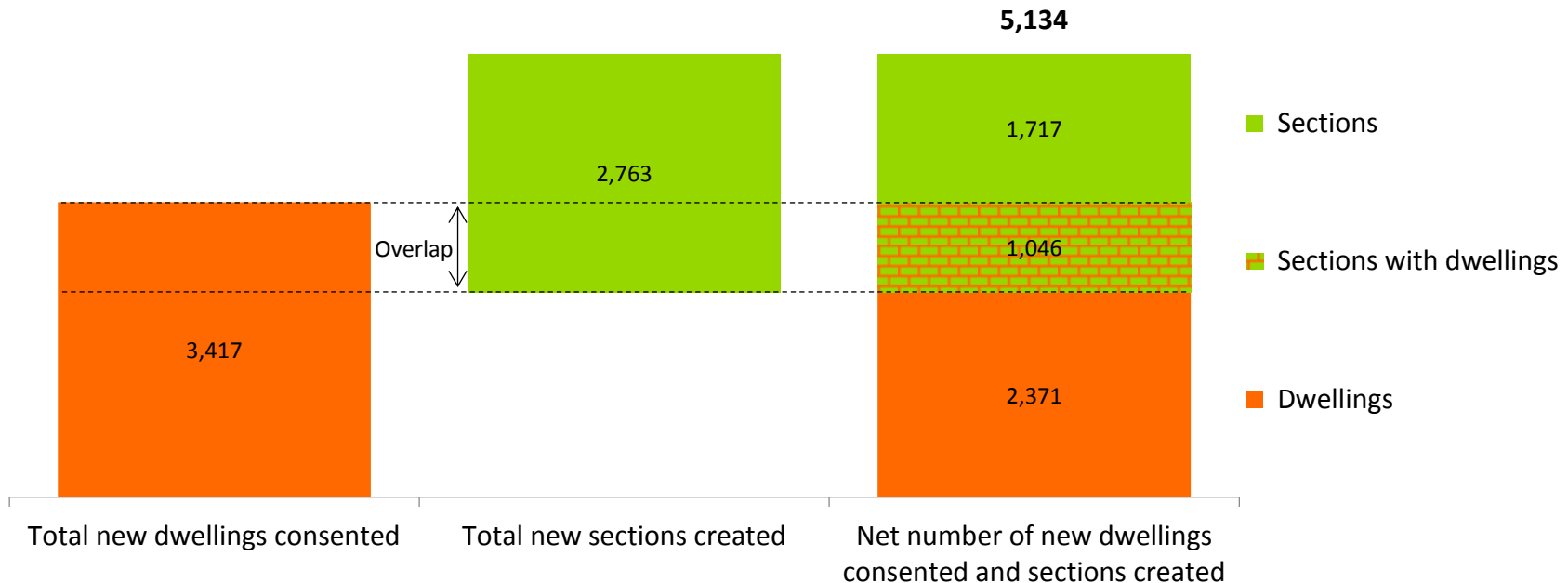


Net total in Year 1

The number of new dwellings consented and the number of new sections created must each be adjusted for the 1,046 occasions on which they overlap.

Net number of new dwellings and sections created*

Auckland; Oct 2012 – Mar 2014; adjusted for dwelling/section combinations; Statistics NZ (dwellings); Land Information NZ (sections)



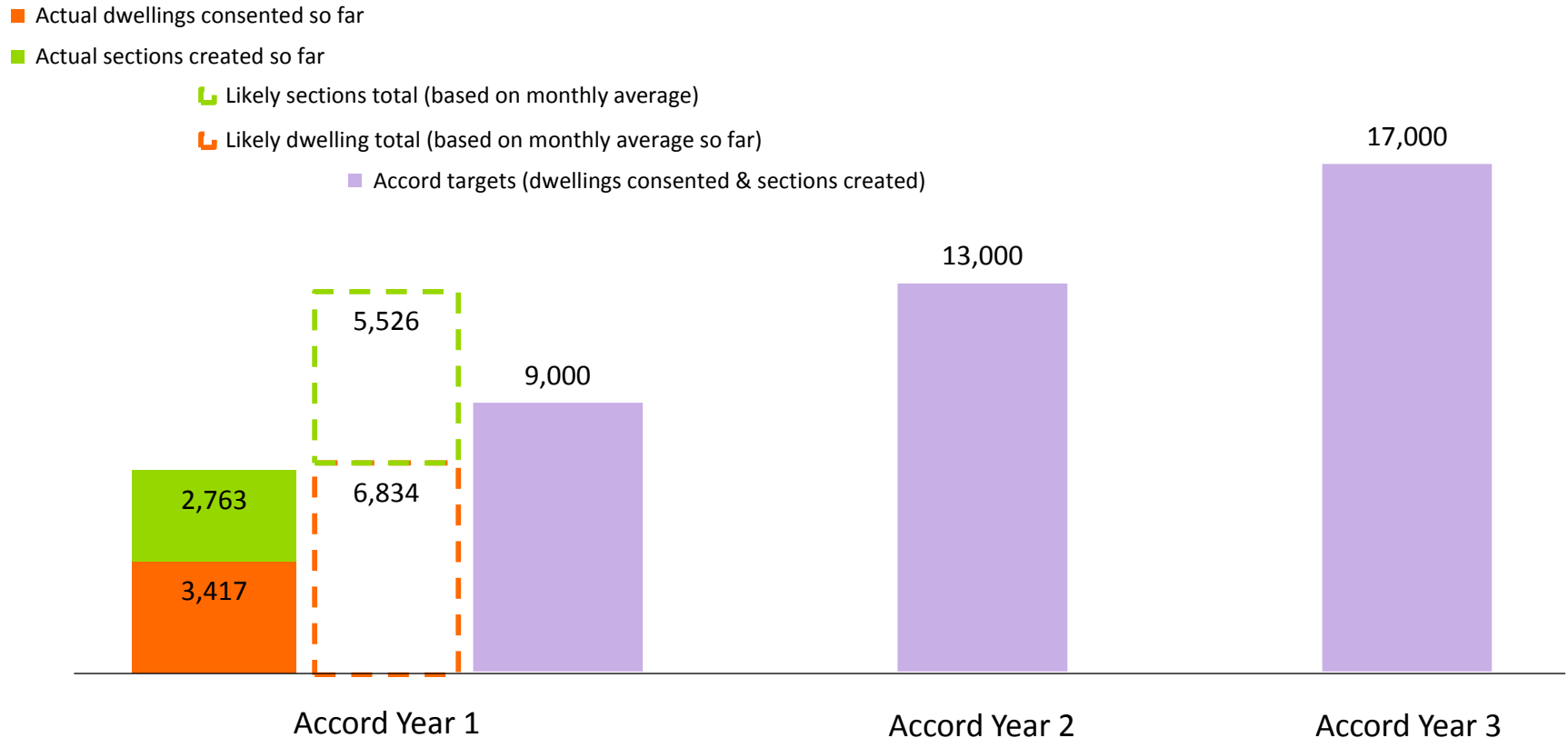
* As illustrated in the graph above, **the net total** adjusts for any overlap between new sections created and the dwellings that are consented on those sections (i.e. it avoids double-counting). Where a newly created section has a dwelling consented on it, the section and dwelling are counted as one. If more than one dwelling is consented on the section, then the additional dwellings are also counted. In the first year of the Accord, this overlap is minimal, but will become more pronounced in Years 2 & 3 as more new sections are converted into dwellings.

New dwellings and sections

At the current rate of growth, almost 7,000 new dwellings are likely to be consented in the first year of the Accord and about 5,500 new residential sections created.

Number of new dwellings consented and sections created

Auckland; cumulative totals to Mar 2014; not adjusted for the overlap; Statistics New Zealand (Infoshare) & Land Information New Zealand



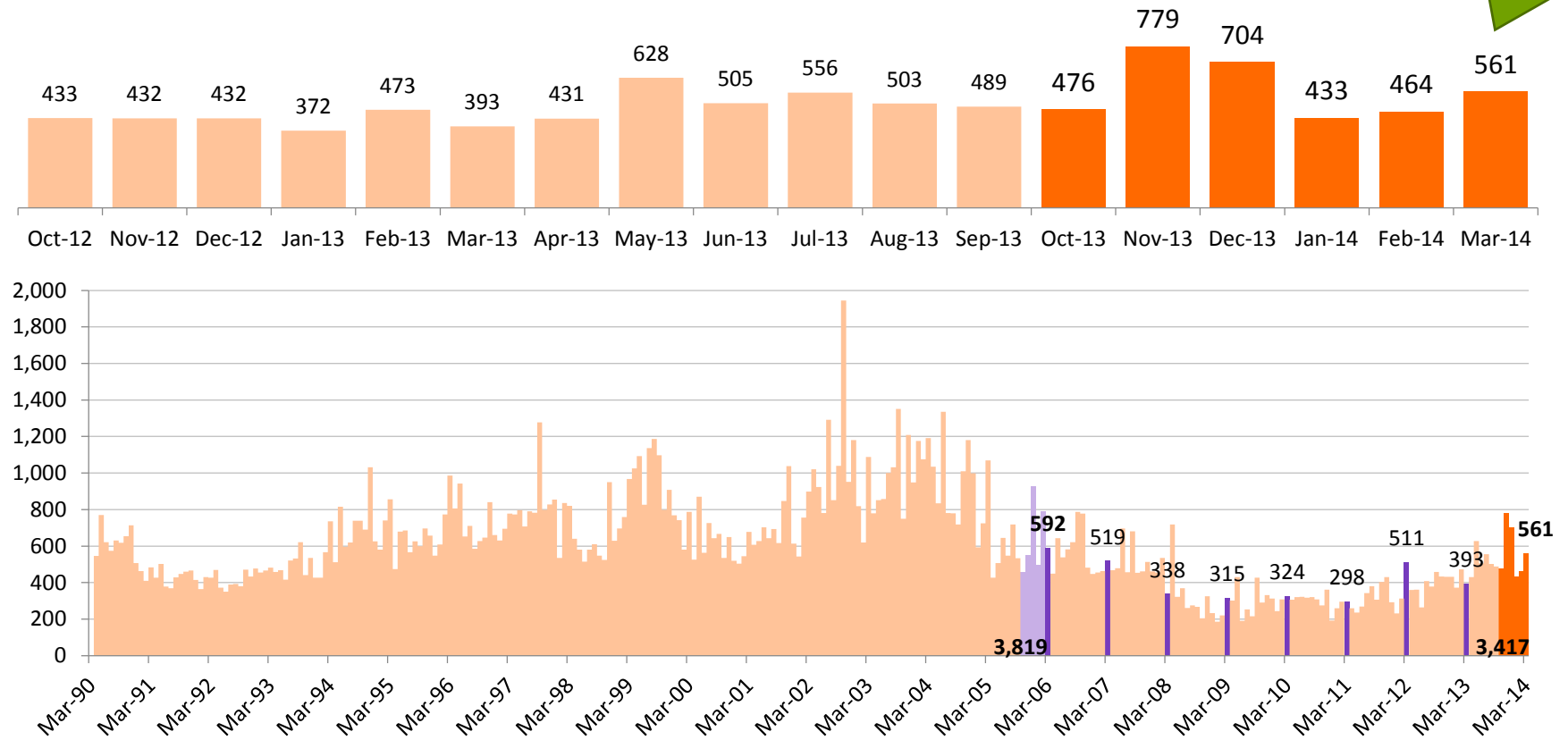
Consented dwellings – monthly

More new dwellings were consented in the first 6 months of the Accord (3,417) than in the 6 months to March of any year since 2006.

Number of new dwellings that received building consent

Auckland; monthly total; Statistics New Zealand (Infoshare)

The highest number of new dwellings consented in March since 2006.

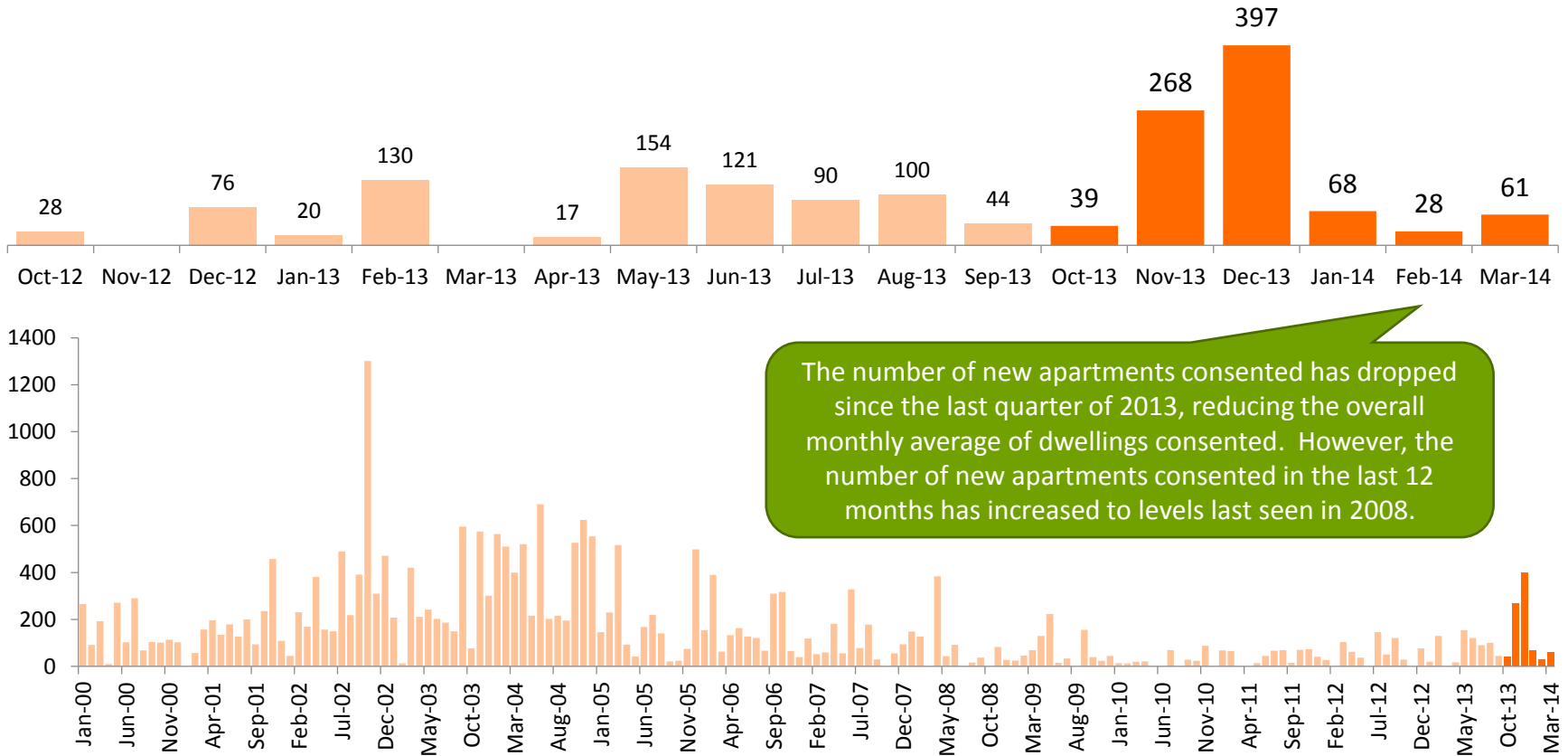


Consented apartments – monthly

More apartments have been consented in the 6 months since October (861) than in the whole of any year to October since 2008.

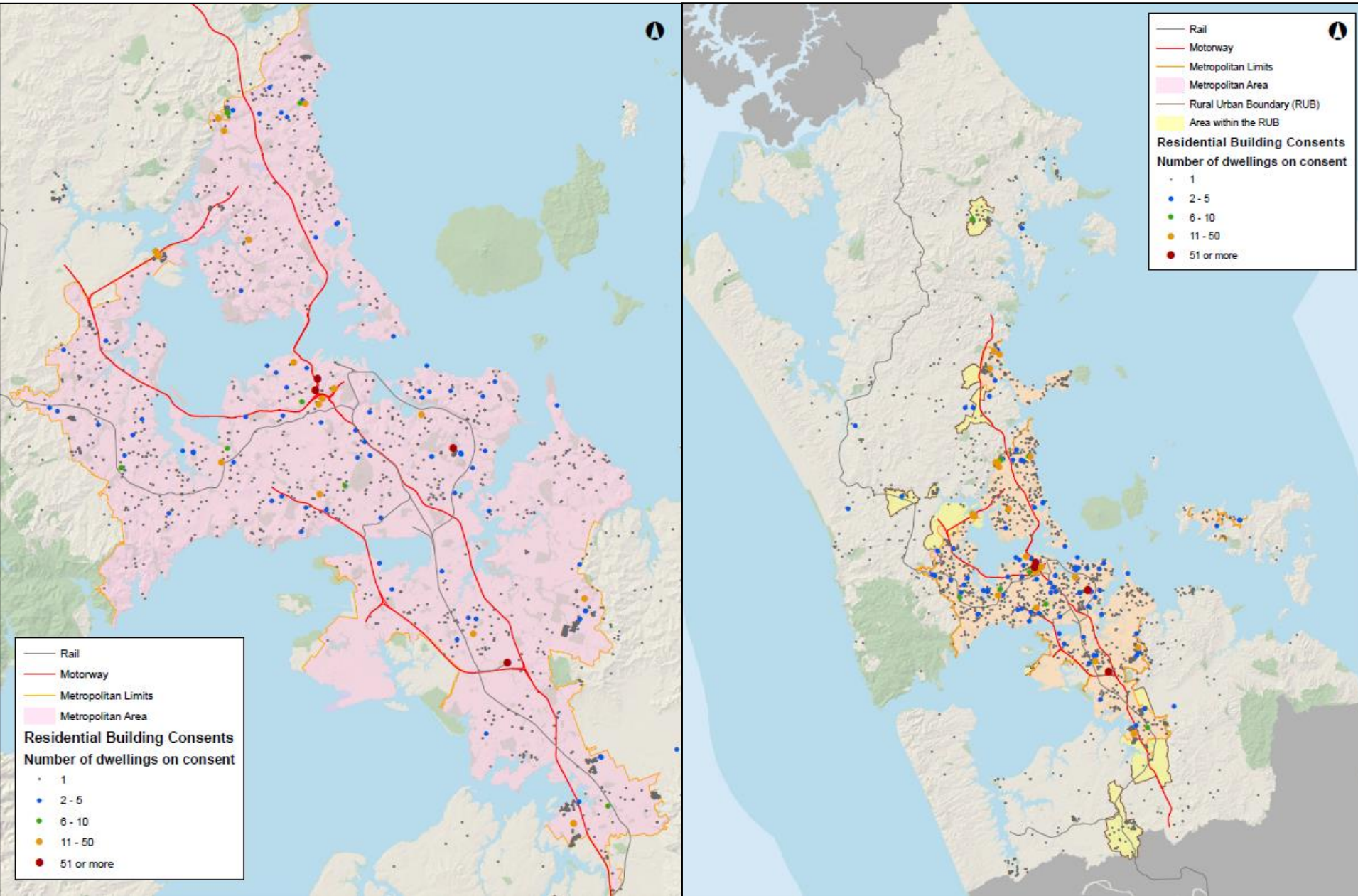
Number of new apartment dwellings that received building consent

Auckland; Jan 2000 – Mar 2014; monthly total; Statistics New Zealand (Infoshare)



The number of new apartments consented has dropped since the last quarter of 2013, reducing the overall monthly average of dwellings consented. However, the number of new apartments consented in the last 12 months has increased to levels last seen in 2008.

Location of new residential building consents: Oct 2013 – Mar 2014

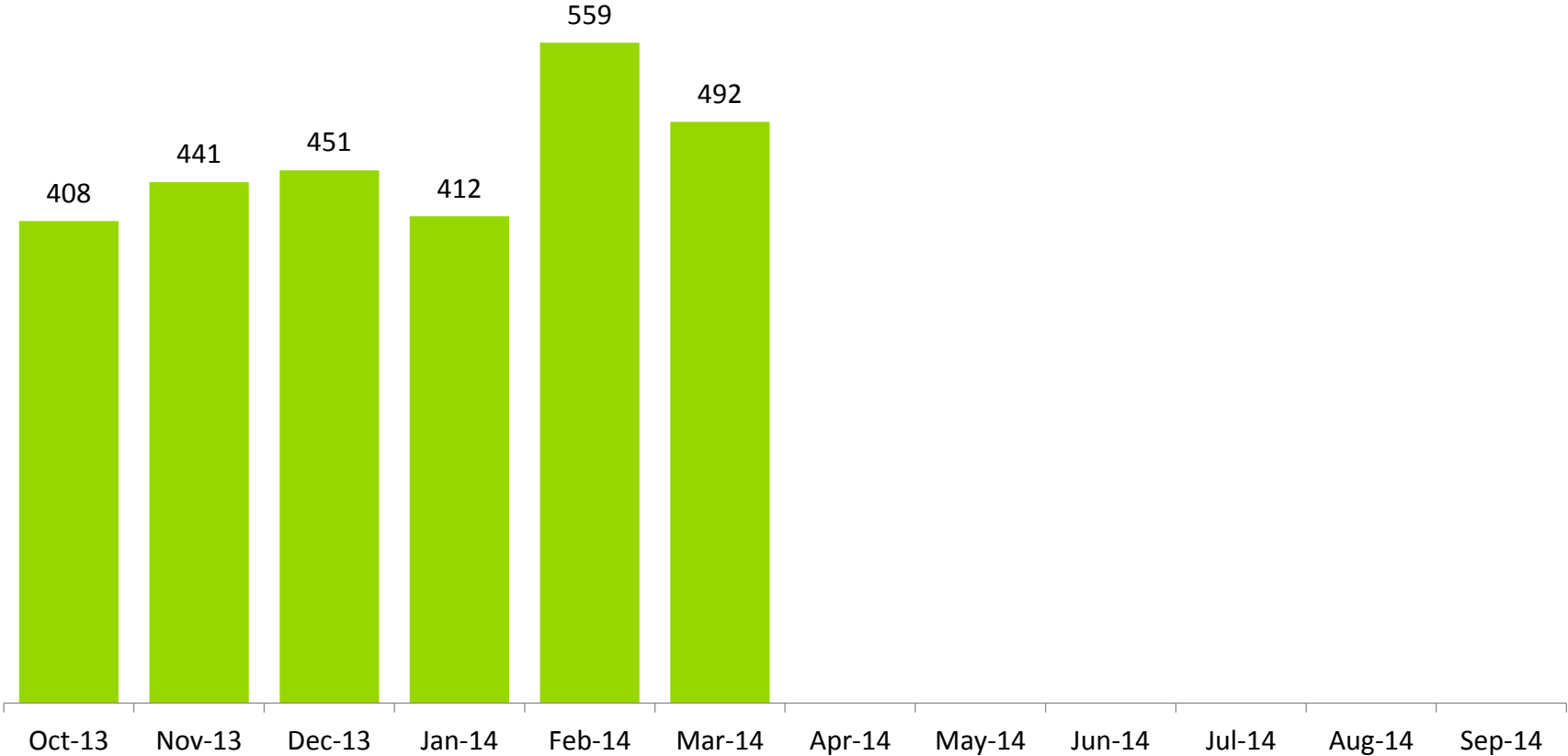


New sections – monthly

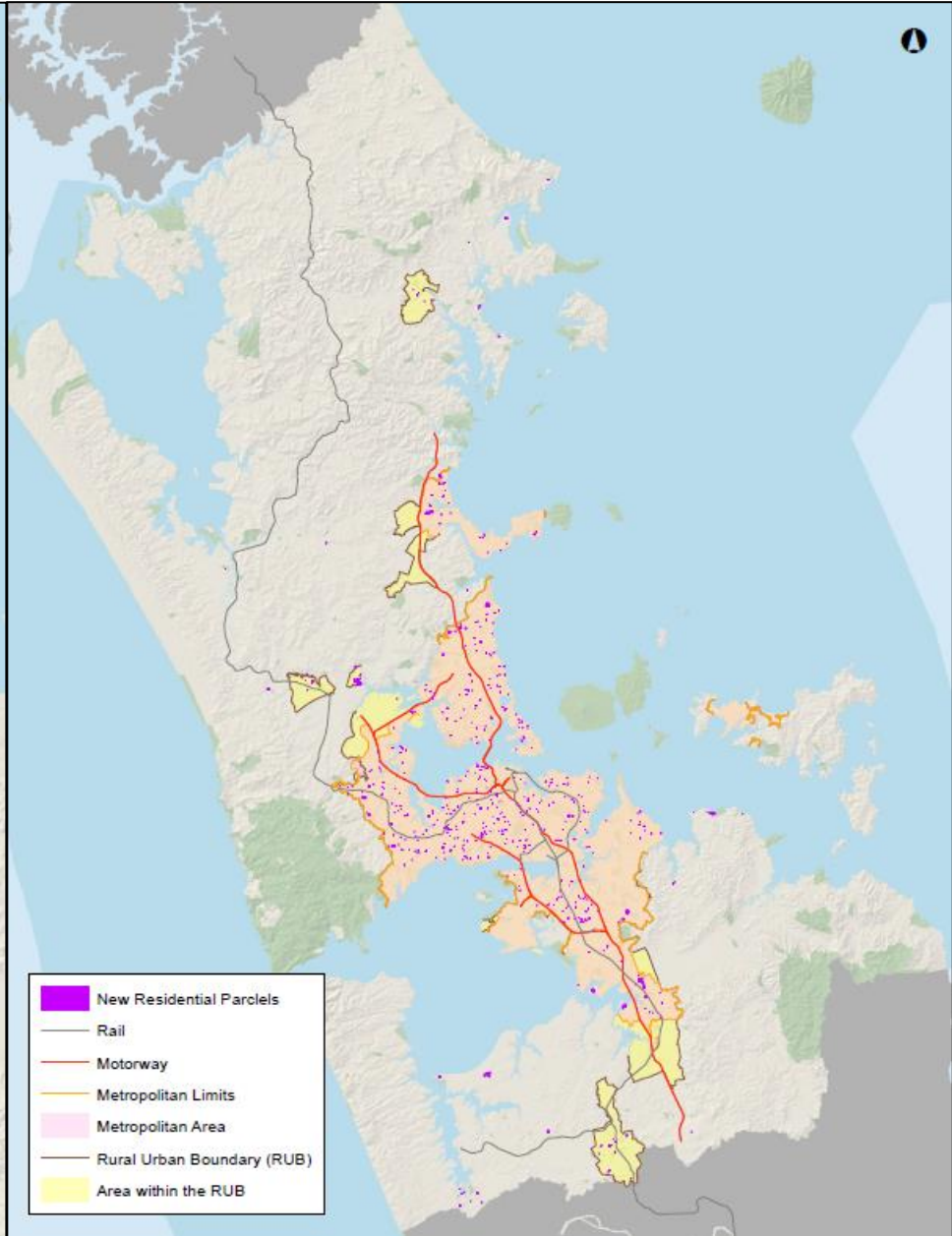
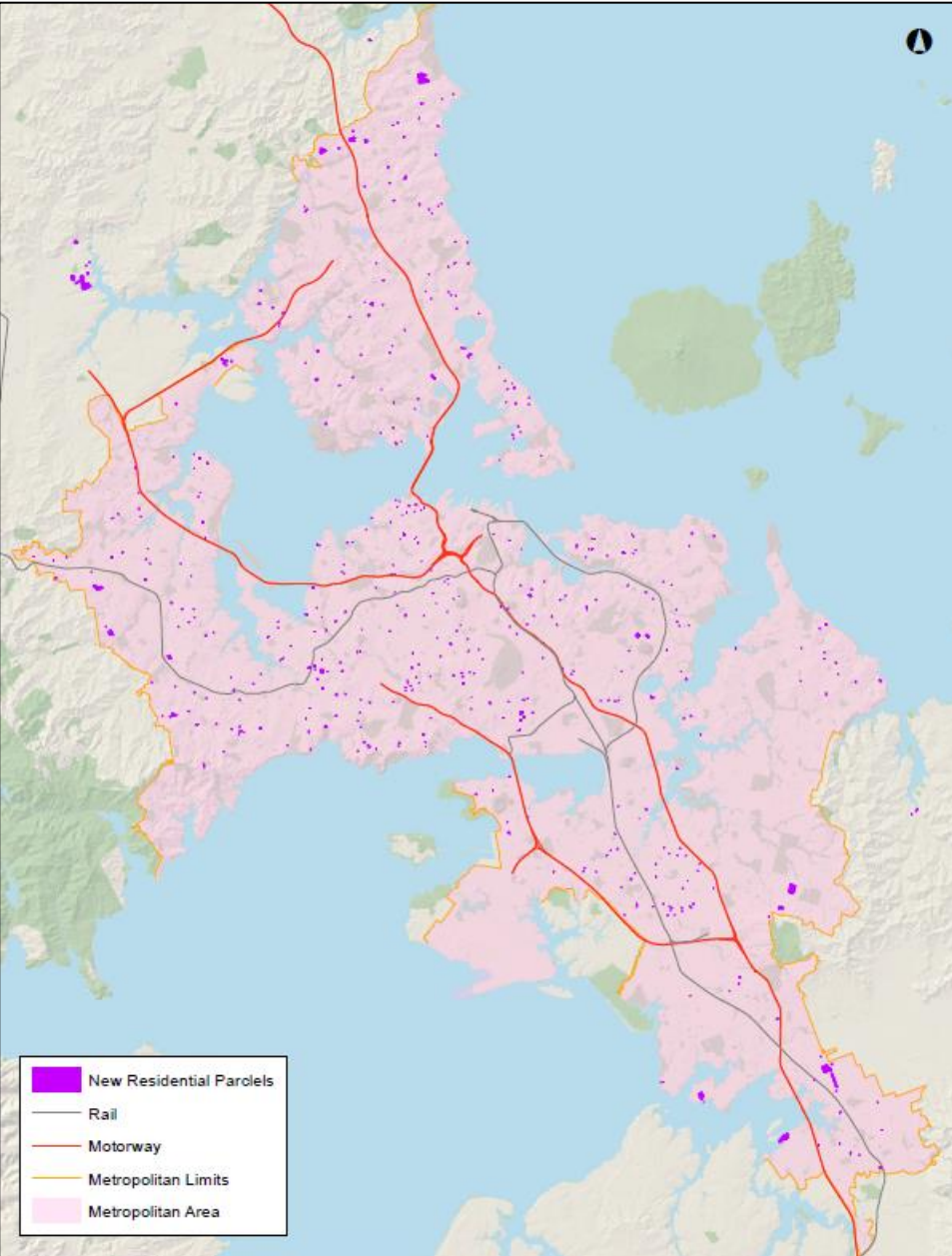
The average number of new sections created has increased to 461 per month, from 428 per month over the first four months of the Accord.

Number of new residential sections legally created

Auckland; monthly from Oct 2013; new sections < 5,000m2 in areas zoned for residential housing; Land Information New Zealand



Location of new residential sections created: Oct 2013 – Mar 2014

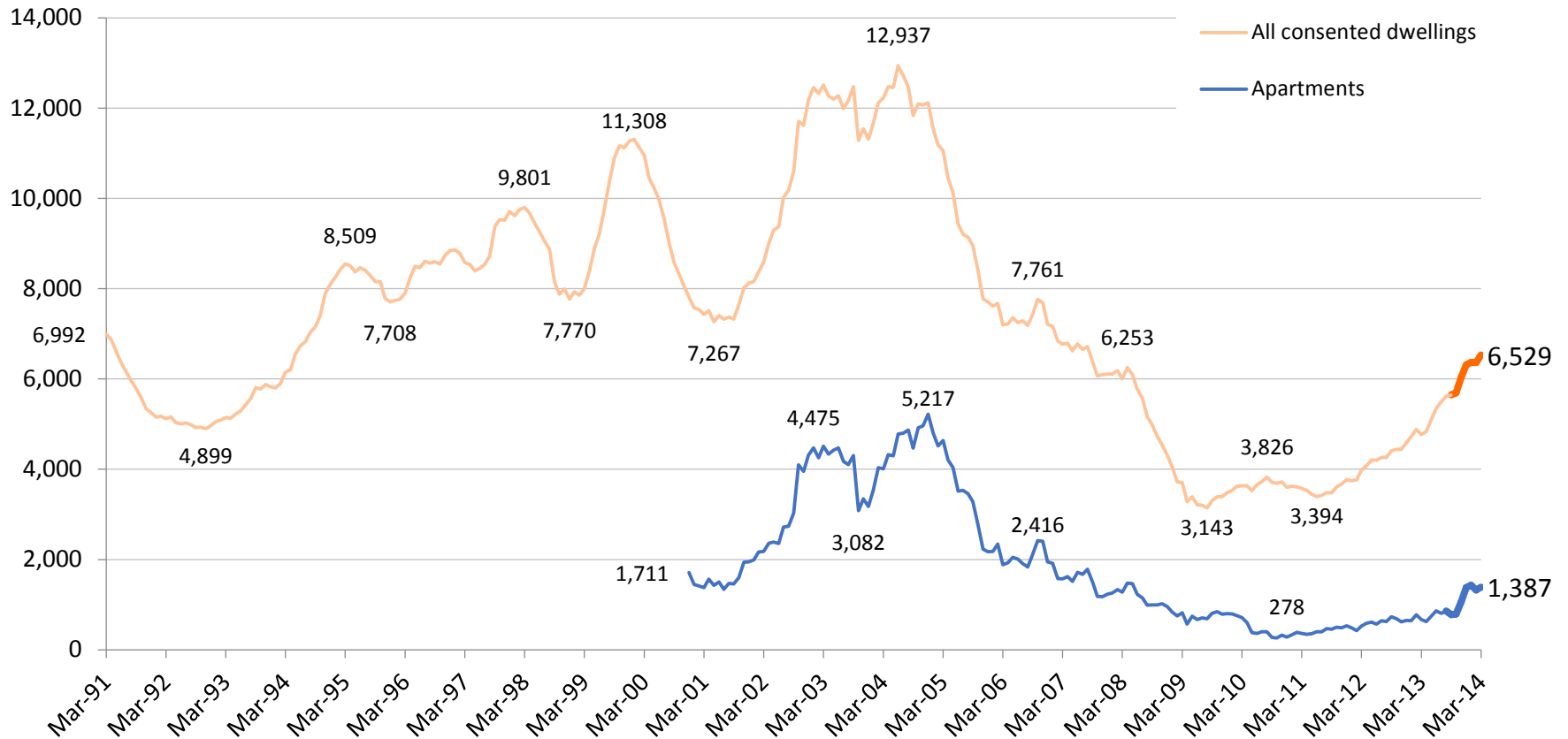


Consented dwellings – yearly

More new dwellings were consented in the 12 months to March 2014 (6,529) than in any 12 months to March since 2007, but this is still only half of the previous peak.

Number of new dwellings that received building consent in the last 12 months

Auckland; Mar 1991 – Mar 2014; 12-month running total; Statistics New Zealand (Infoshare)

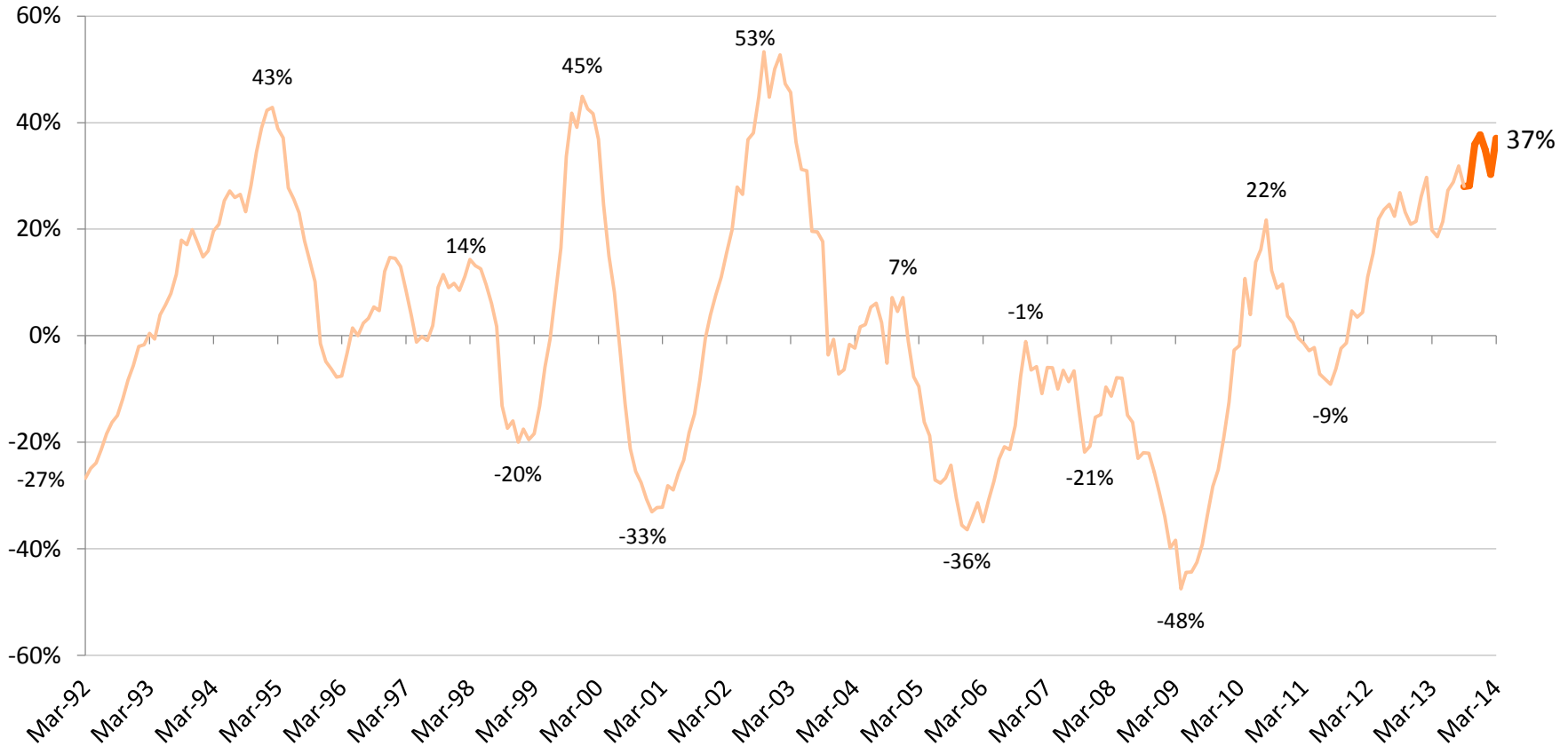


Consented dwellings – growth

The monthly annual growth rate continues to average 34% since the Accord took effect, peaking in December at 38% – its highest level since March 2003.

Growth in consented new dwellings compared to the same month in the previous year

Auckland; Mar 1992 – Mar 2014; change in the number of consented dwellings; Statistics New Zealand (Infoshare)

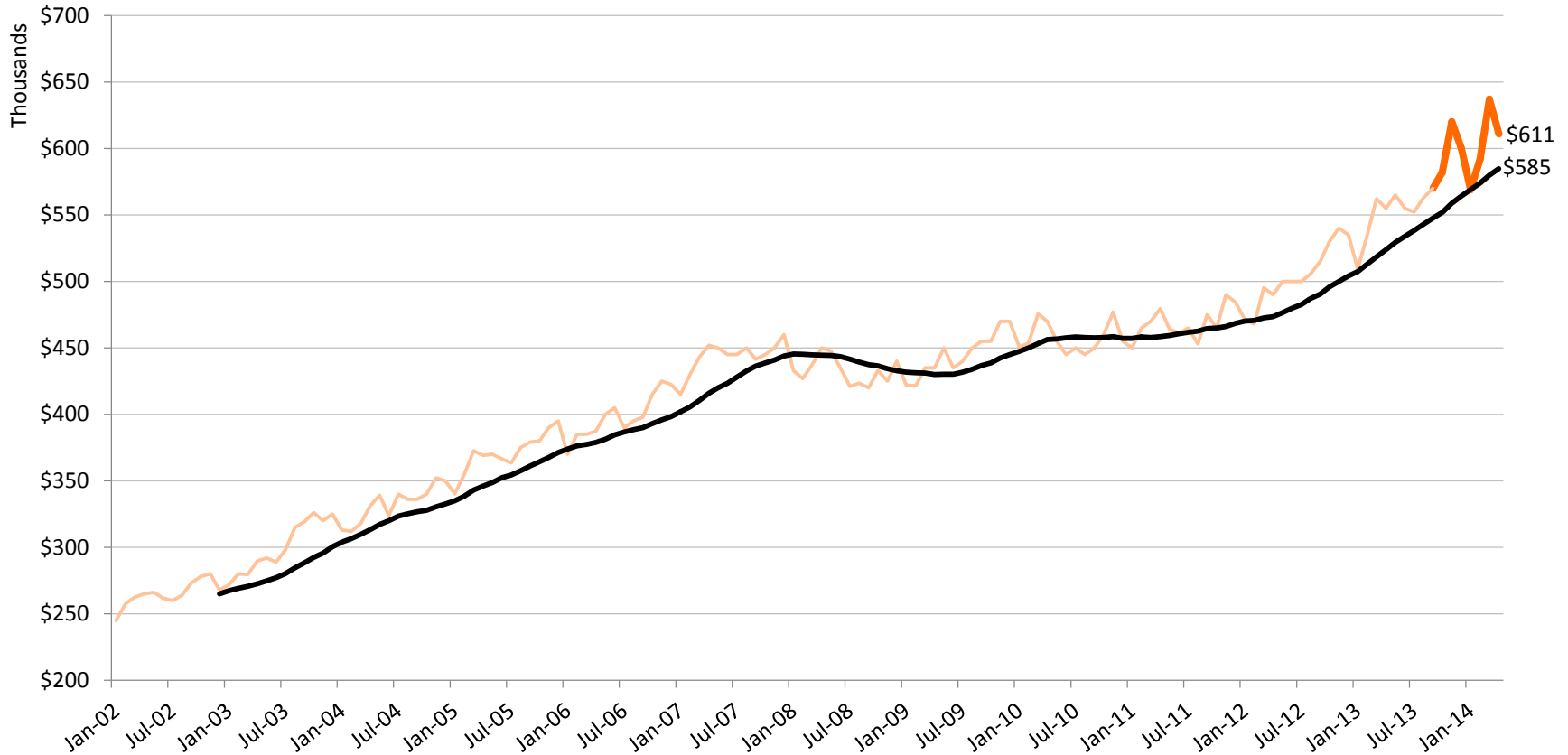


Dwelling sales prices

Dwelling prices in Auckland continue to trend upwards, with the average median price for the last 12 months increasing to \$585,000.

Median dwelling price

Auckland; Jan 2002 – Apr 2014; monthly median and 12-month moving average; Real Estate Institute of New Zealand

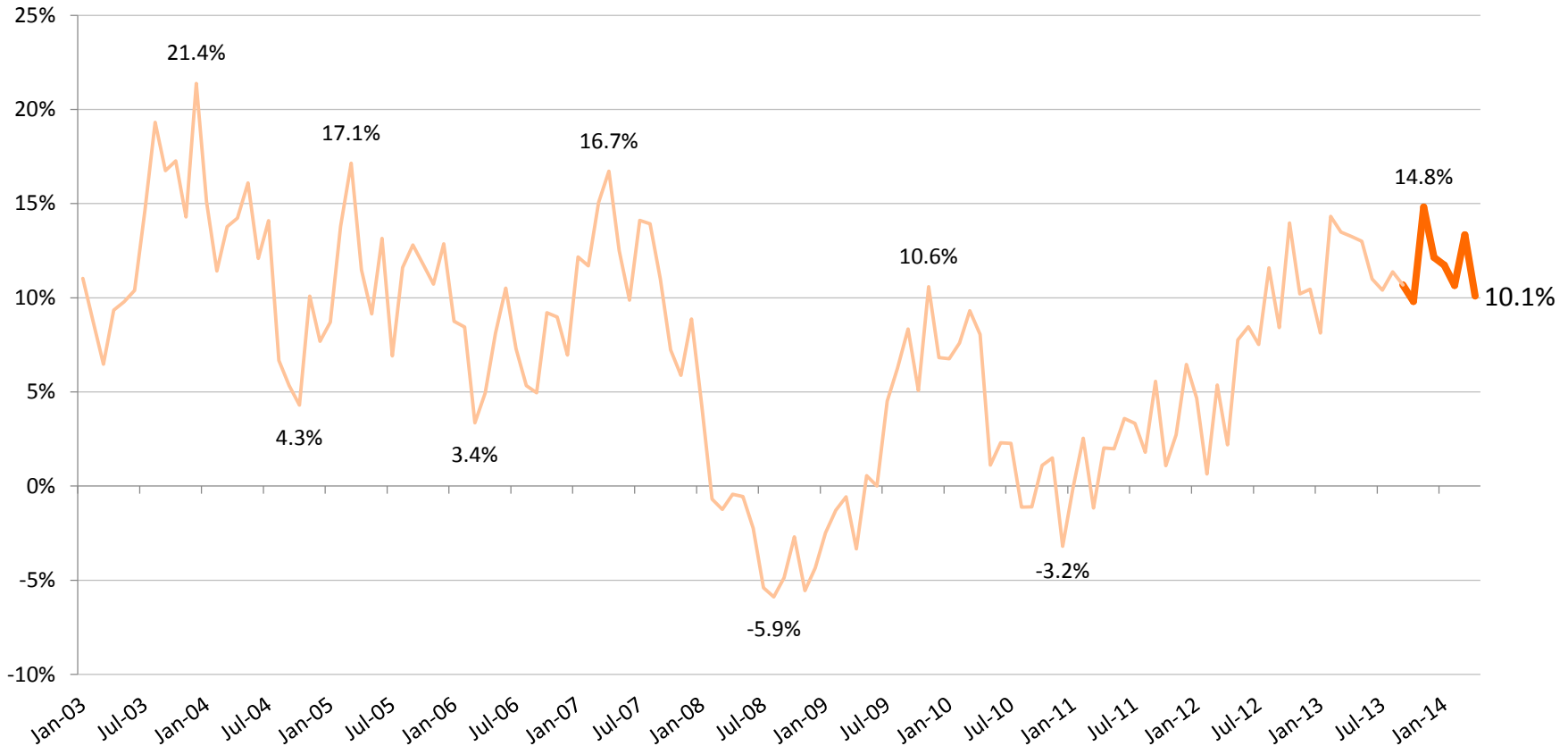


Dwelling sales prices – growth

The monthly annual growth rate in the median sales price for dwellings in Auckland has remained above 10% for all but 3 months since August 2012, averaging 11.6%.

Growth in the median sales price compared to the same month in the previous year

Auckland; Oct 2008 – Apr 2014; change in the median sales price; Real Estate Institute of New Zealand

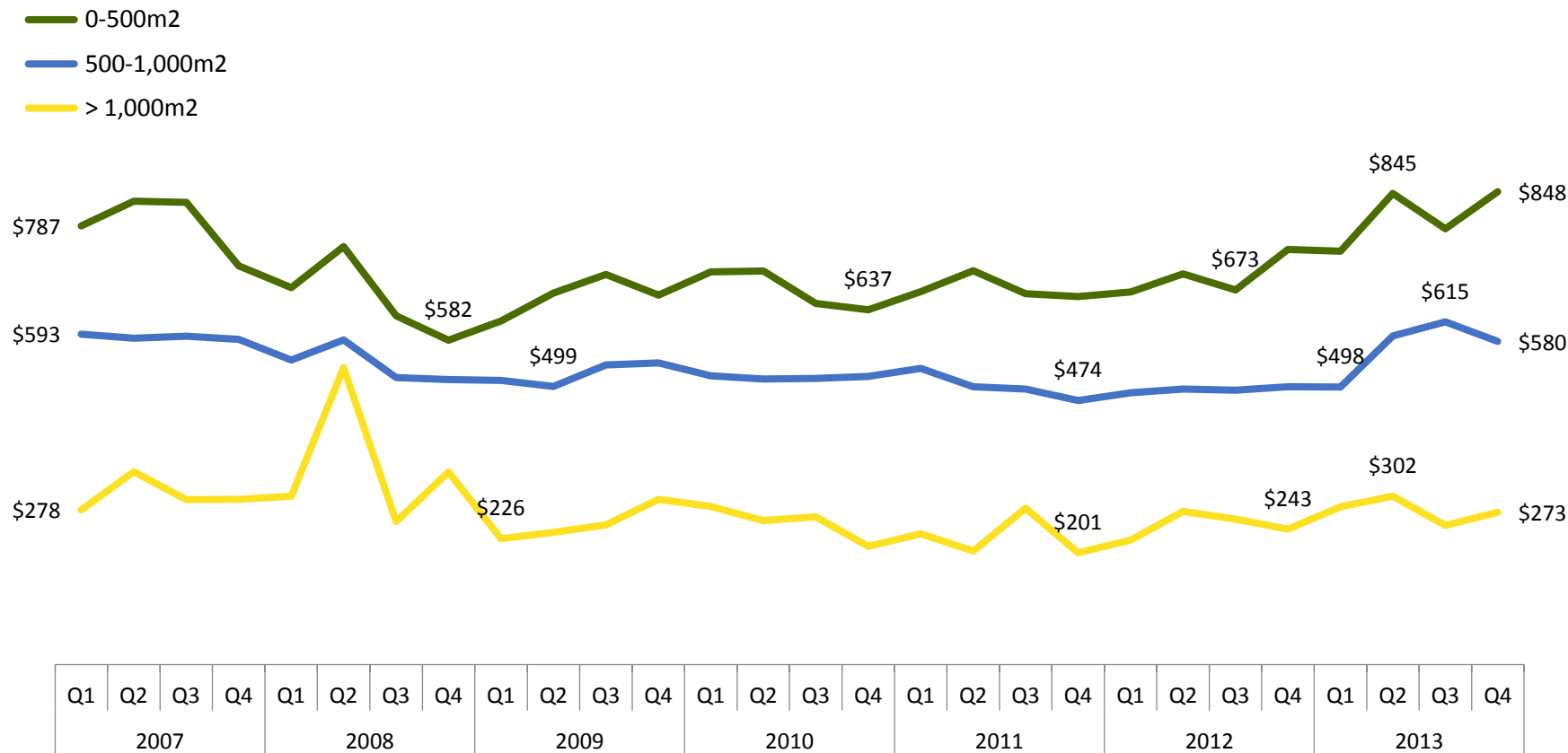


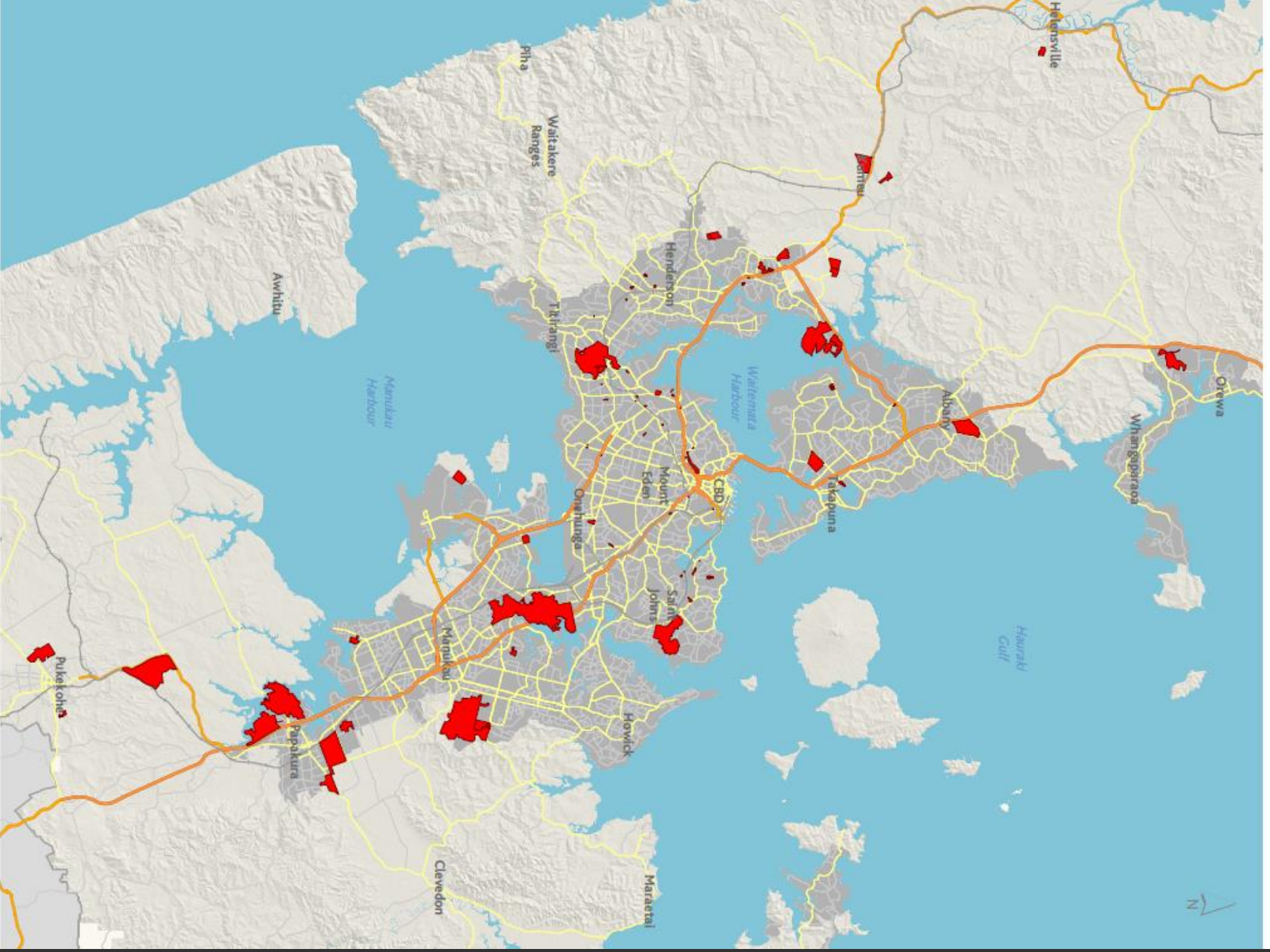
Section sales prices

After declining from mid-2008, the real price paid for vacant residential sections has increased back to pre-GFC levels over the last 2 years.

Real average sales price per square metre, by land size

Auckland; quarterly; Q1 2007 – Q4 2013; adjusted for inflation; Core Logic





0 2 4 8 km
 Date: 13 May 2014
 Scale @ A4 #: 300,000

Special Housing Area (SHA)
 Metropolitan Urban Area
 Railway

Motorway
 Major Road
 Arterial Road
 Medium Road



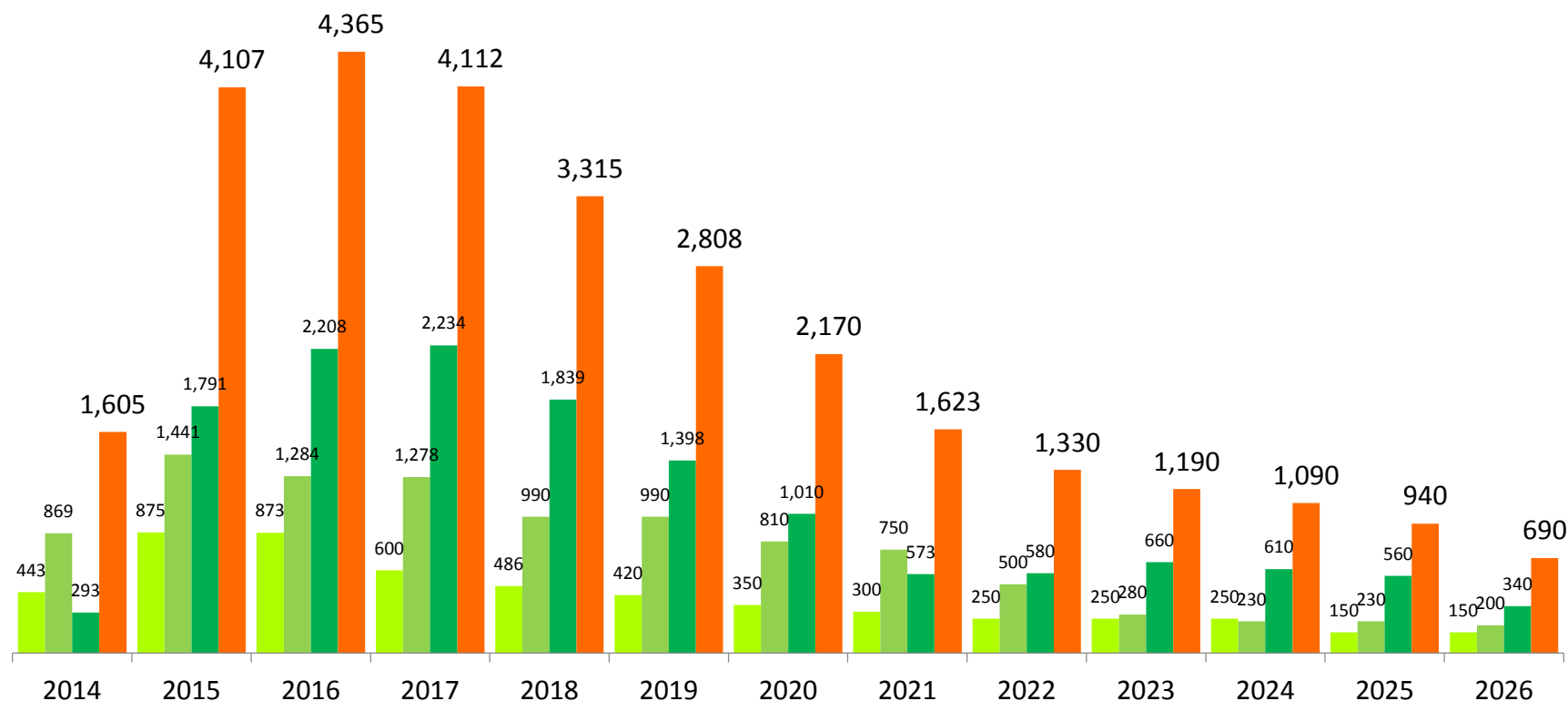
Special housing areas – expected supply

The 63 special housing areas are expected to supply about 10,000 dwellings or sections over the 3 years of the Accord and will eventually deliver some 30,000 new dwellings.

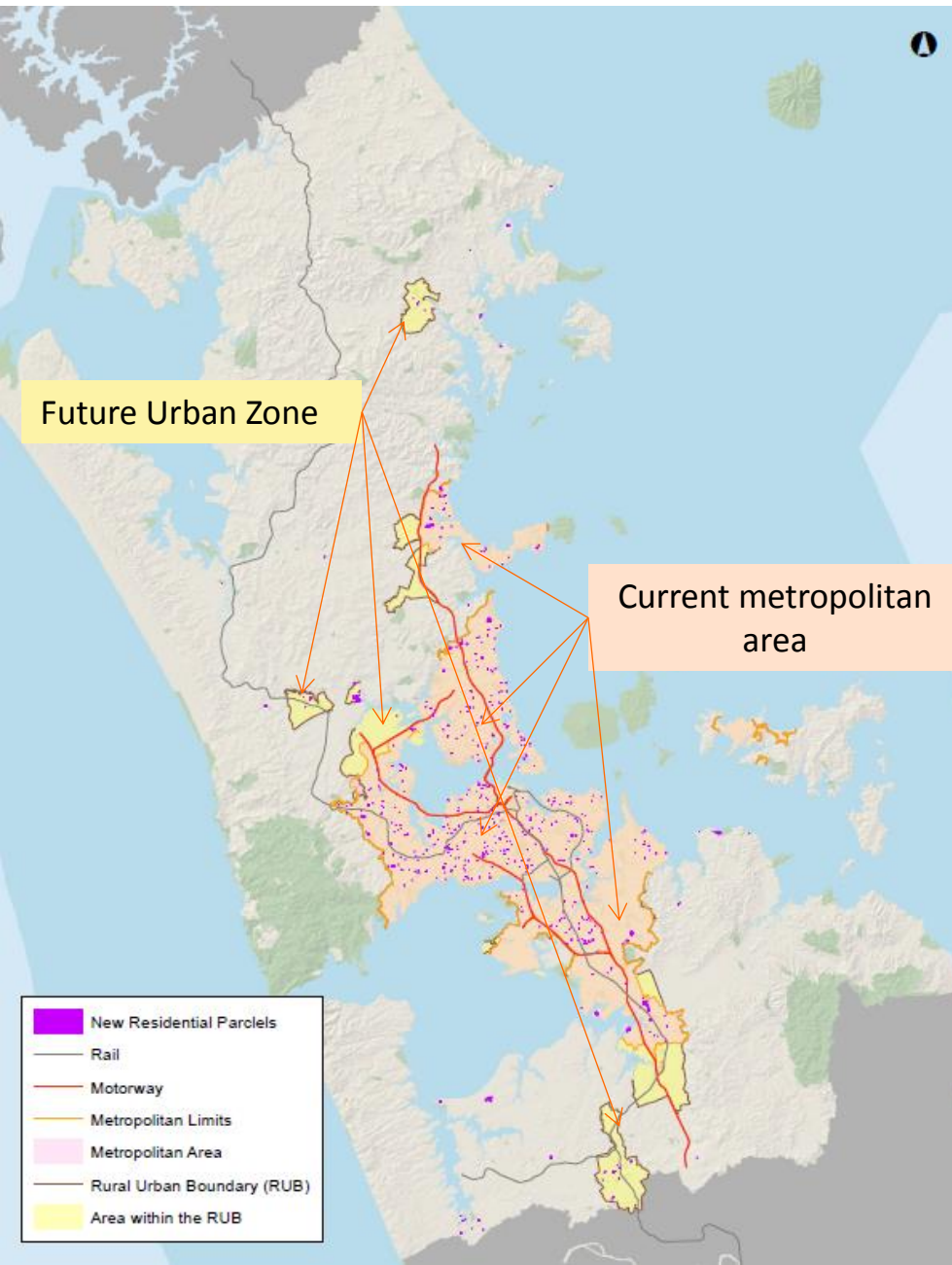
Expected supply of new dwellings from special housing areas

Auckland; 2014–2026

Tranche 1 Tranche 2 Tranche 3 Combined total



SHAs and future urban land supply outside the 2010 MUL



- There are 10,600 ha of Future Urban Zoned land *outside* the 2010 MUL, nearly 20% more than the extent of the current metropolitan area.
- This could accommodate around 200,000 people, close to the current population of Hamilton, New Zealand's fourth biggest city.
- Since the Accord was signed, 10 of the 63 SHAs are *outside* the MUL.
- These 10 SHAs could accommodate over 10,000 dwellings or 25,000 people (more than the population of Taupo) once plan variations under the Accord are lodged and approved.

Special housing areas – planning activity

Increasing numbers of consent applications are being received from developers in the 63 special housing areas that have been created since October 2013.

Consenting activity in special housing areas

Oct 2013 – Apr 2014; Auckland Council (Housing Project Office)

Special housing areas	Expected dwellings / sections during the Accord period	Total expected new dwellings / sections over the long term
63 created to date*	10,077*	29,345*

* including the 41 special housing areas recommended in April 2014

Stage	Under consideration	Approved	Total expected new dwellings / sections
Qualifying development pre-applications	18	N/A	1,374*
Consent applications	4	18	317
Masterplanning pre-applications	18	N/A	

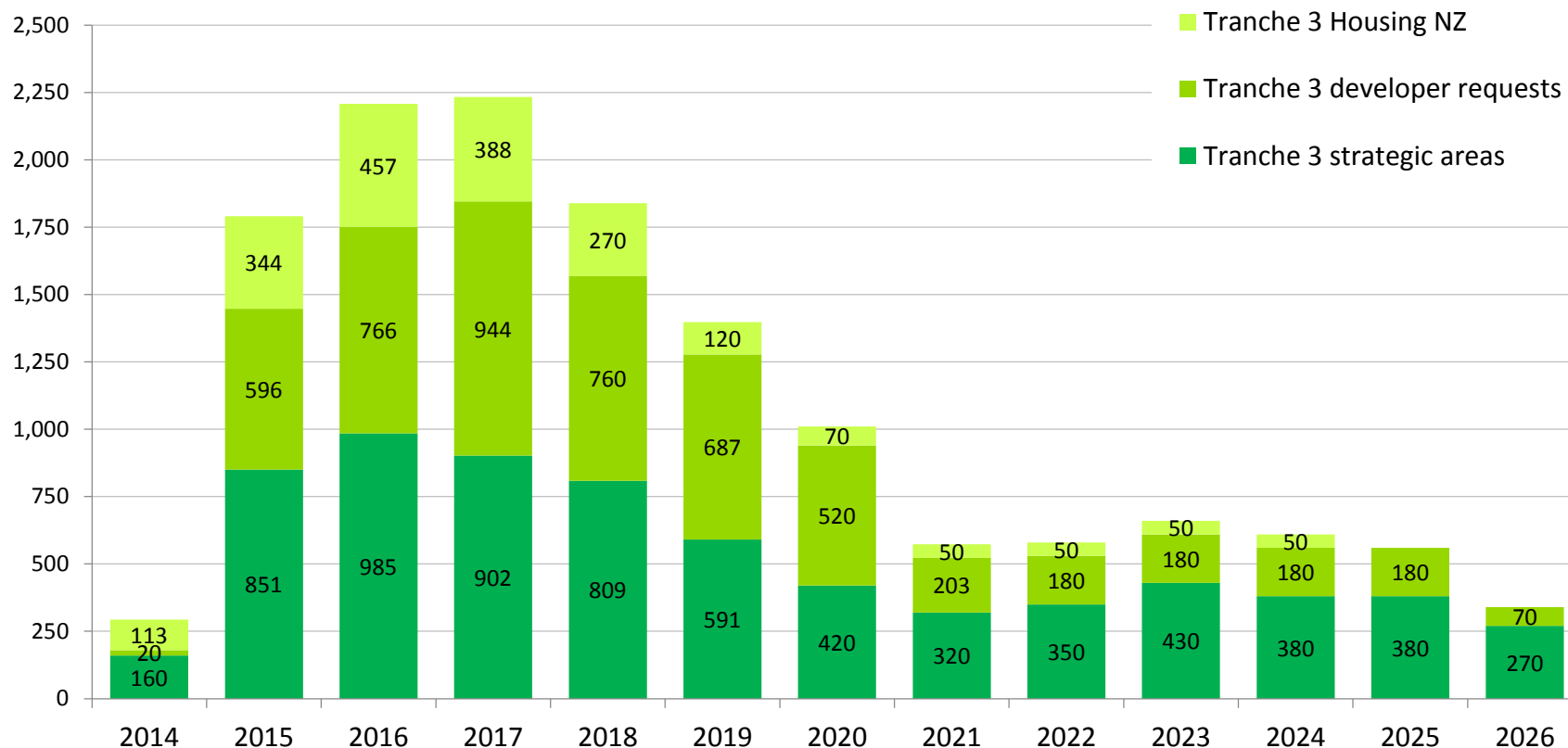
*subject to change through the development process

Tranche 3 – expected supply

The 7 strategic areas are expected to supply 50% of the dwellings generated by the 41 special housing areas created in the third tranche.

Expected supply of new dwellings from Tranche 3 of special housing areas

Auckland; 2014–2026

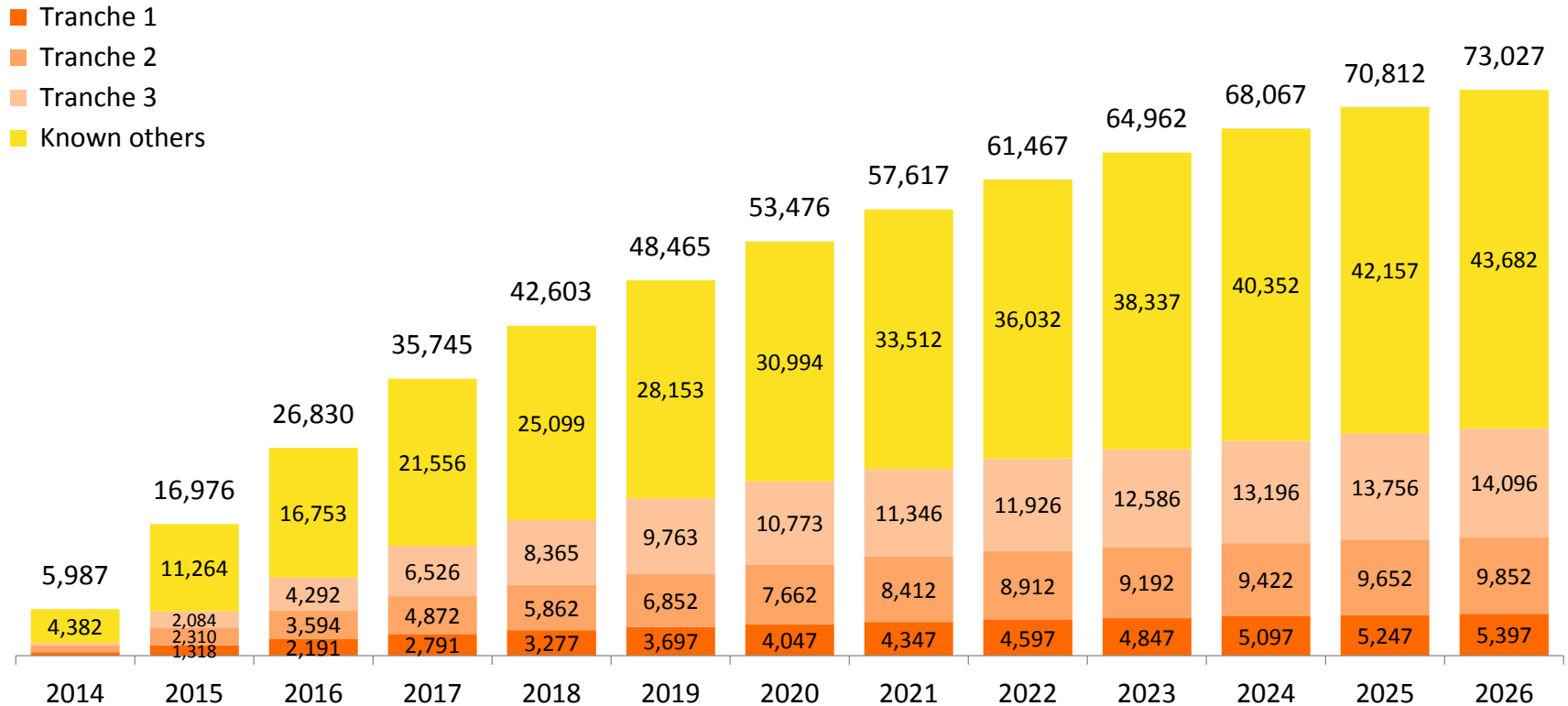


Cumulative long term dwelling supply forecast

Over the next 12 years, just over 73,000 new dwellings are known to be in the pipeline.

Number of new dwellings that developers are known to be planning*

Auckland; 2014–2026; cumulative; calendar years; Auckland Council (Forward Land & Infrastructure Programme)



* Known developments understate dwelling supply, as these figures only capture known developments of 5 or more dwellings.