



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI



Auckland Housing Accord First Report for Accord Year 2

October 2013 to December 2014

Based on:

- building consent data to month ended 31 December 2014
- new sections data to month ended 31 December 2014
- Housing Project Office consenting activity to 31 December 2014



Executive summary – City wide

- Auckland Housing Accord Year 2 has started positively and we are on track to meet the target of 13,000 new section and/or dwellings
- With adjustments for ‘double counting’ the net number of new sections created and dwellings consented was 3,291, just over 25% of the Year 2 target of 13,000
- First quarter city-wide results (Oct-Dec 2014) show:
 - 2,188 new dwellings consented, **up by over 220 from** 1,959 in the same quarter of the previous year.
 - 967 new dwellings consented in November 2014, **the highest single monthly total since March 2005** – almost 10 years earlier
 - 768 new apartments consented in the quarter **up from** 704 in the same quarter of the previous year
 - 442 new apartments consented in November 2014, **the highest single monthly total since December 2005** – 9 years earlier
 - Apartments accounted for 35% of new dwellings consented in the quarter
 - Average monthly new residential **section creation continued to strengthen** up from an average 460 per month in Accord Year 1 to 510 per month in the first quarter of Accord Year 2



Executive summary - Special Housing Areas

At the end of the first quarter of Accord Year 2 SHAs have enabled:

- 14 plan variation pre-applications for **4,875** dwellings/ sections
- 6 variations lodged and in progress for **11,400** dwellings/ sections
- 62 qualifying development pre-applications for **7,043** dwellings/ sections, up from 42 pre-applications for **3,031** dwellings/sections at the end of Accord Year 1
- 56 qualifying development consents for **747** dwellings/ sections, up from 21 consents for **628** dwellings/sections at the end of Accord Year 1
- 59 qualifying development resource consents to be approved which are capable of providing **929** dwellings / sections, up from 41 consents for **477** dwellings at the end of Accord Year 1

Executive summary – Special Housing Areas

- SHAs have significantly increased the greenfield land supply situation
- 10 of the 80 declared SHAs are *outside* the 2010 MUL
- The SHAs contribute 1,360 ha of the Future Urban Zone outside the MUL
- These SHAs could accommodate 14,116 dwellings or 35,000 people



Meeting Accord targets



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.”

- **Dwellings**

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

- **Sections**

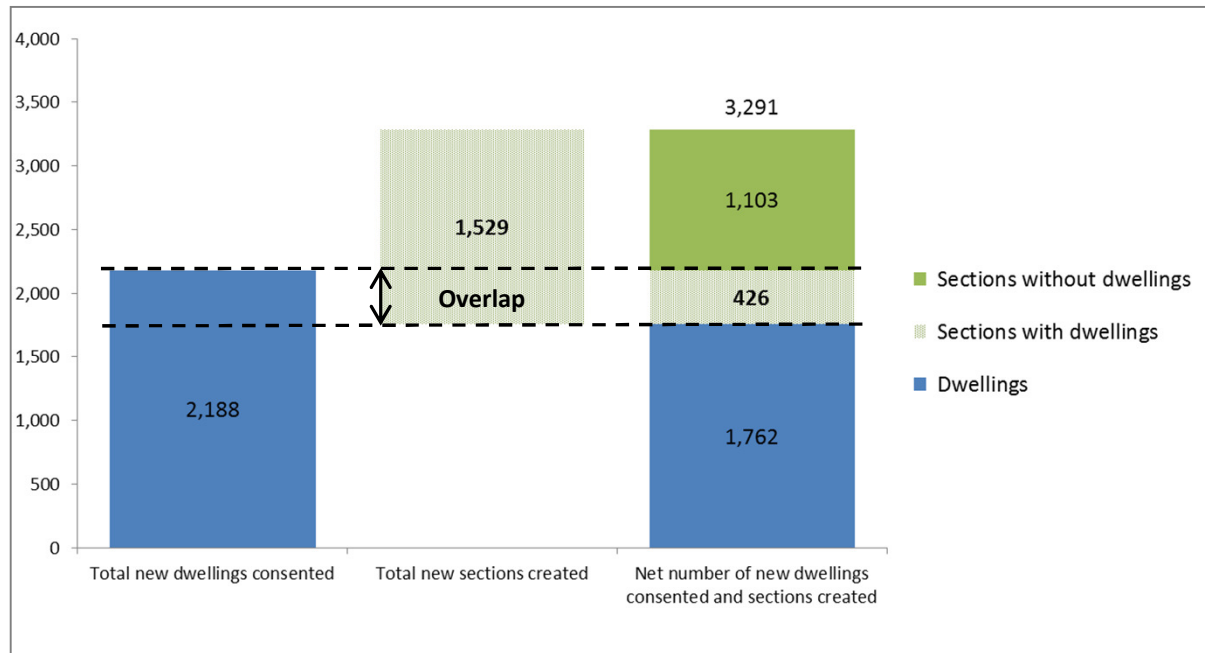
- The number of new residential sections of up to 5,000m² that are legally created in the land register, as recorded weekly by Land Information New Zealand.

Net total Dwellings and Sections in Accord Year 1

The number of new dwellings consented (2,188) and the number of new sections created (1,529) in the first quarter of Accord Year 2 must each be adjusted for the 426 occasions on which they overlap. After adjustment there were net 3,291 dwellings consented and sections created.

Net number of new dwellings and sections created*

Auckland; Oct 2014 – Dec 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.

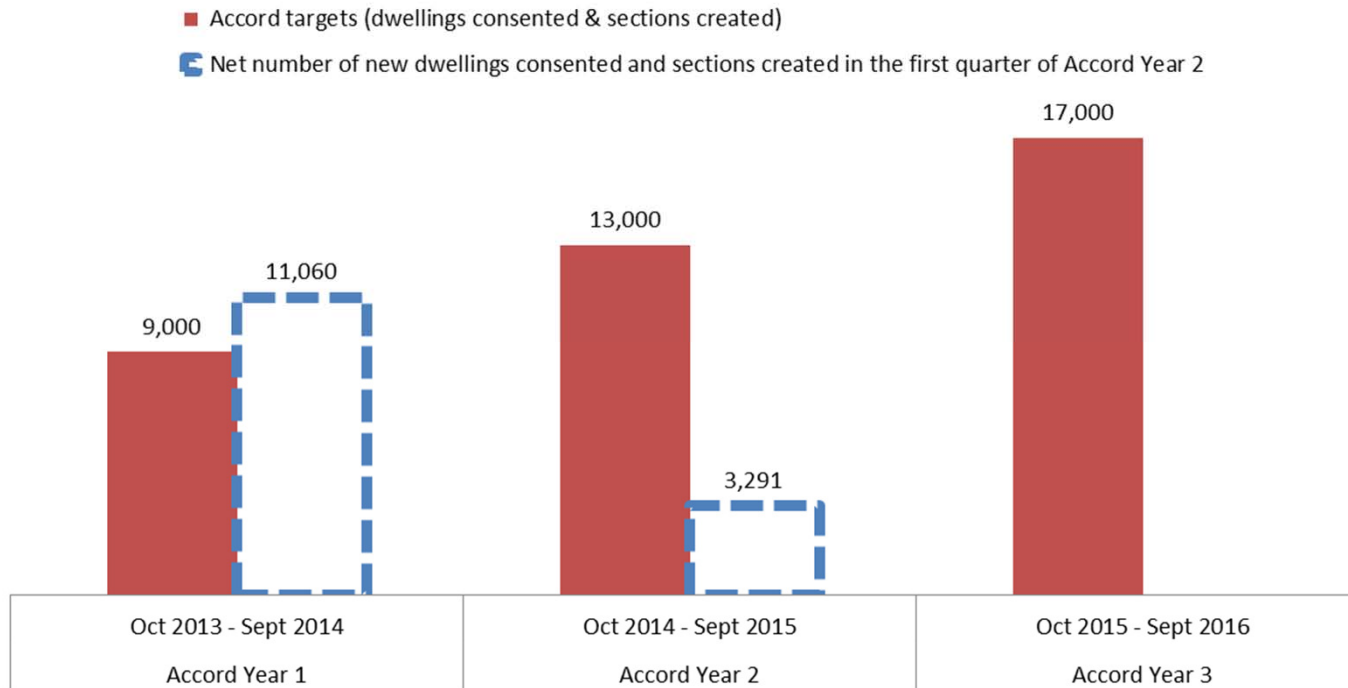
Overview

The net number of new sections created and dwellings consented in Accord Year 1 (11,060) exceeded the target (9,000).

In the **first quarter of Accord Year 2** the net number of new sections created and dwellings consented (3,291) was just over 25% of the Year 2 target of 13,000

Net number of new dwellings consented and sections created

Auckland; Oct 2014 – Dec 2014; adjusted for dwelling /section combinations



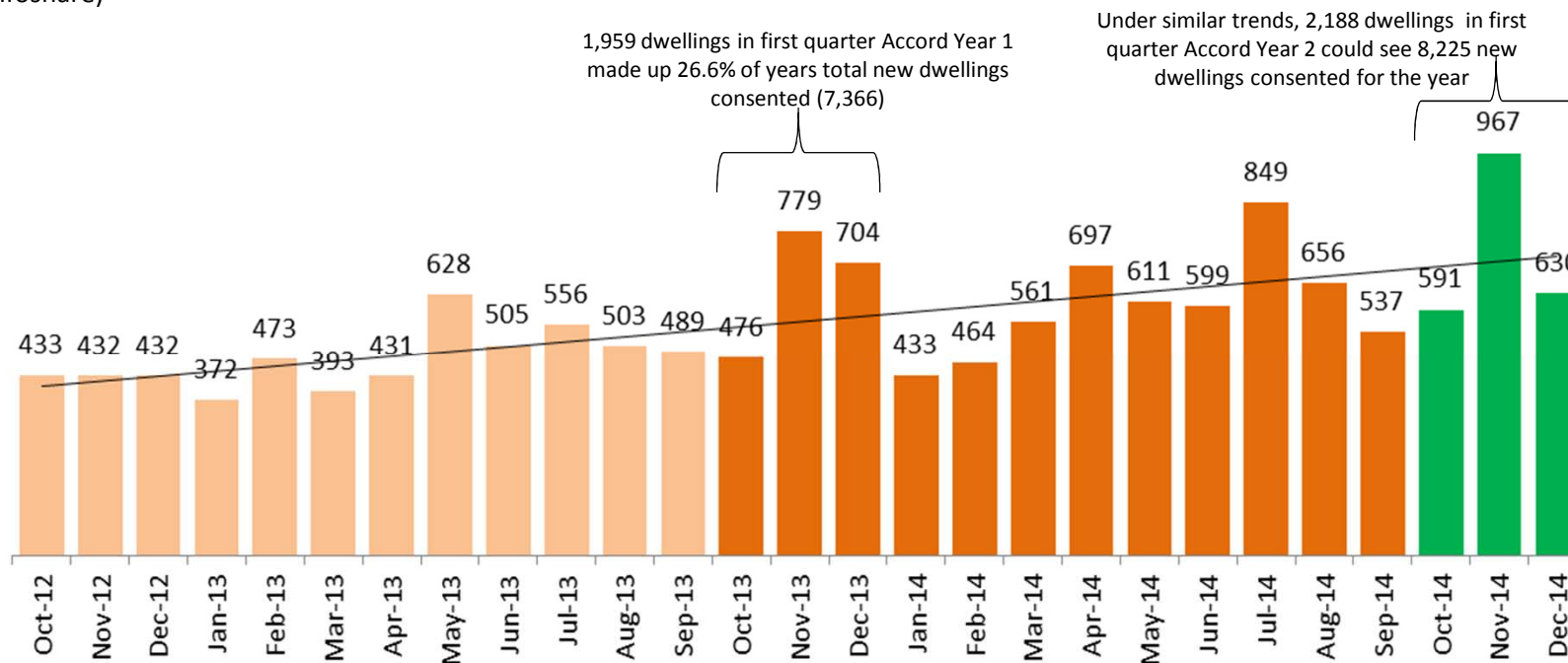
Dwellings



Consented dwellings – monthly

In the first quarter of Accord Year 2, starting Oct-14, **2,188** new dwellings were consented, up from **1,959** in the same period of the previous year. The medium-term trend line in new dwelling consents remains positive. If current rates were to continue, new dwelling consented in Accord Year 2 would total **8,752** – compared with **7,366** new dwellings consented in Accord Year 1.

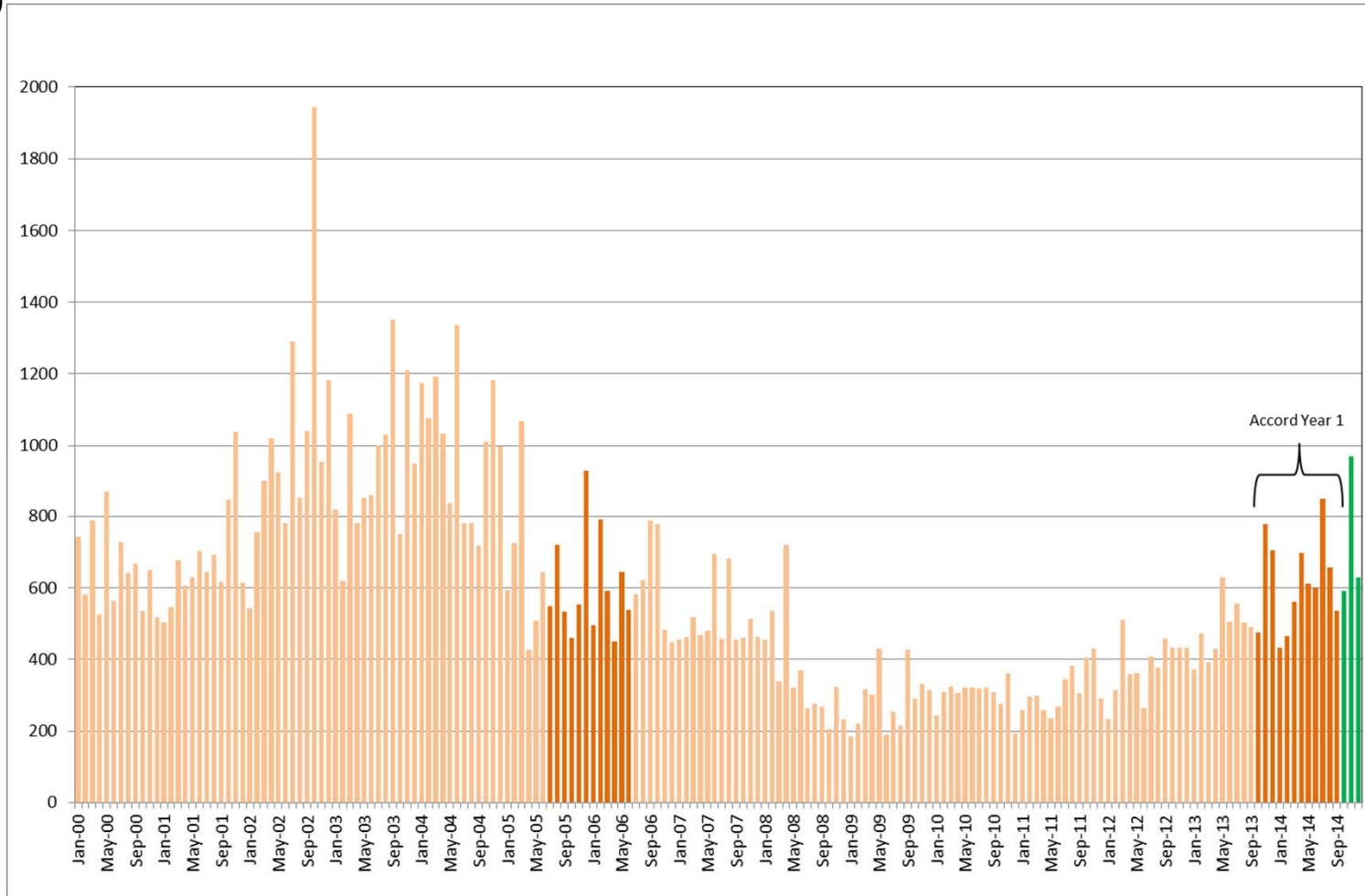
Number of new dwellings that received building consent Auckland; October 2012 – December 2014; monthly total; Statistics New Zealand (Infoshare)



Consented dwellings – long term trends

Accord Year 1, recorded the highest annual total in new dwellings consented since 2006. Initial indications are that new dwelling consents in Accord Year 2 will exceed the numbers in Accord Year 1.

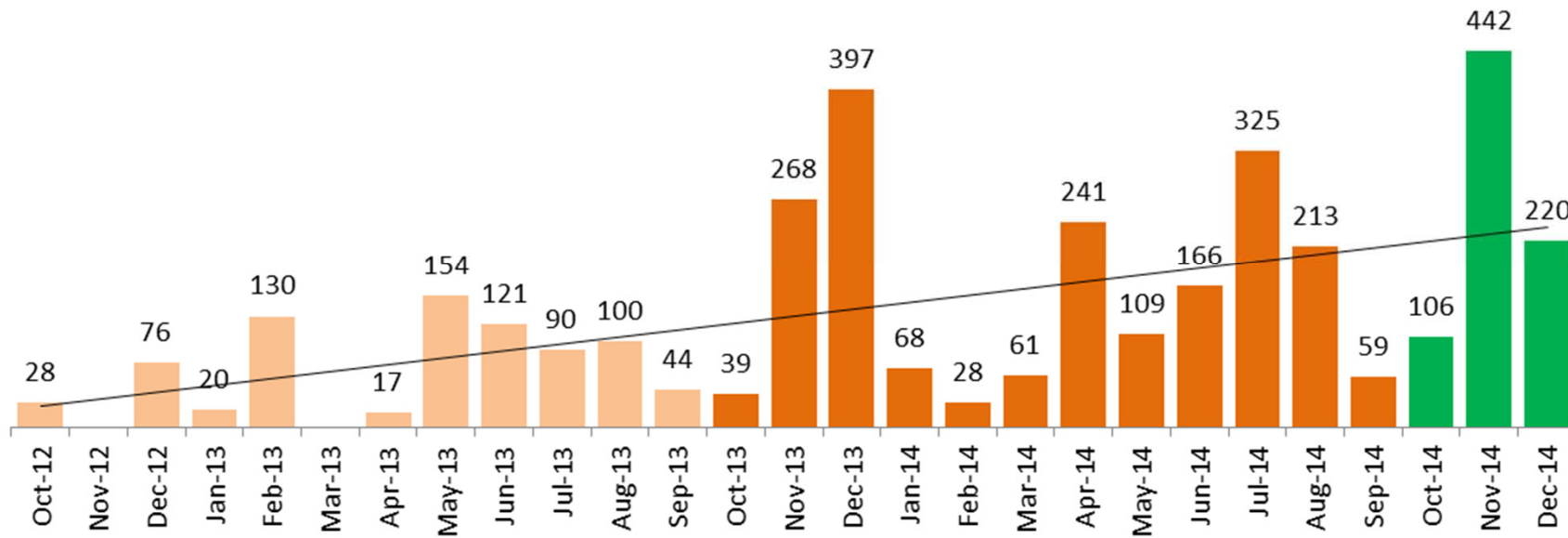
Number of new dwellings that received building consent Auckland; January 2000 – December 2014; monthly total; Statistics New Zealand (Infoshare)



Consented apartments – monthly

In the first quarter of Accord Year 2, starting Oct-14, **768** new apartments were consented– up from **704** in the same period of the previous year. Apartments accounted for 35% of new dwellings consented. The medium-term trend line in new apartment consents remains positive

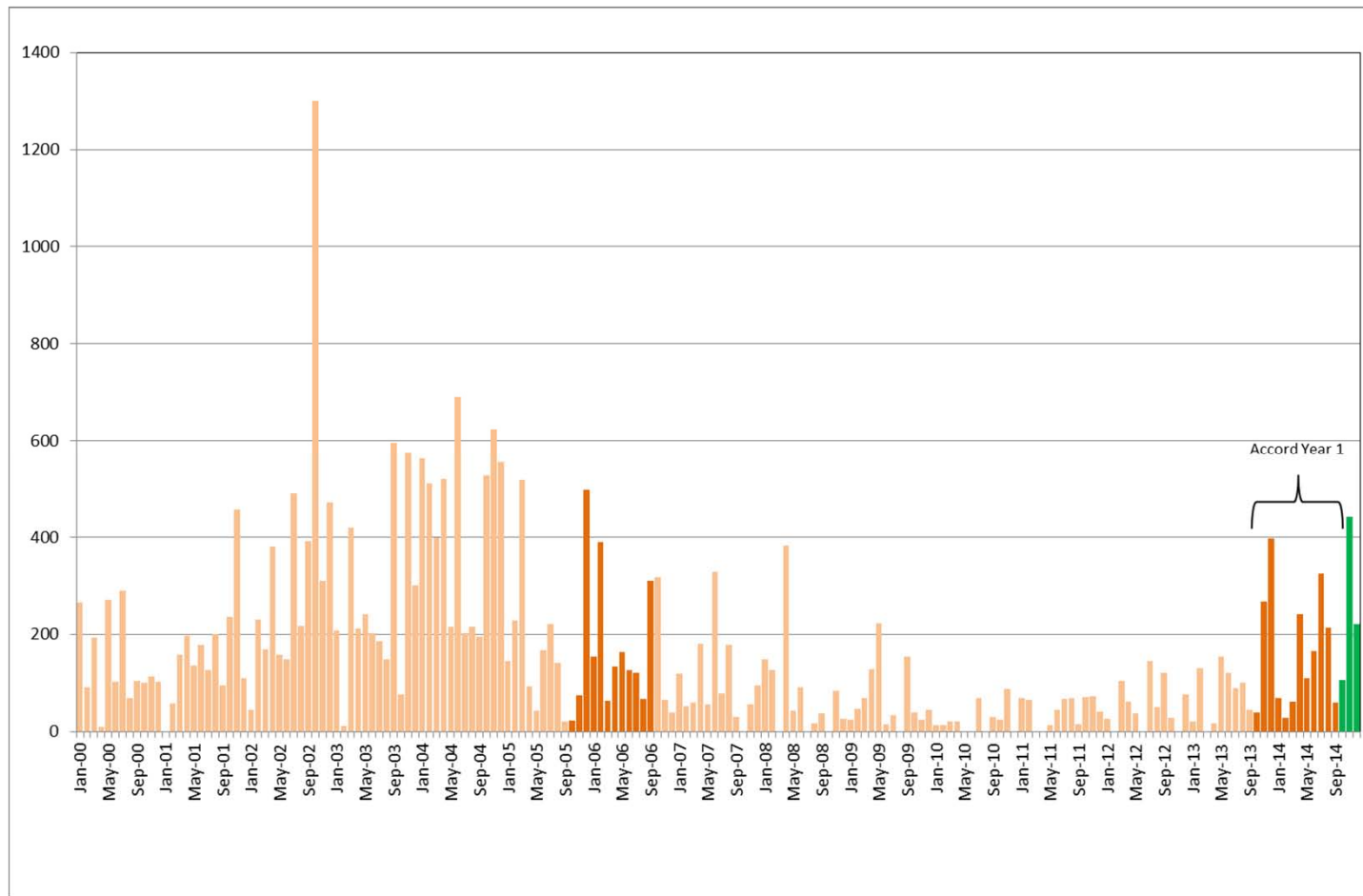
Number of new apartment dwellings that received building consent Auckland; October 2012 – December 2014; monthly total; Statistics New Zealand (Infoshare)



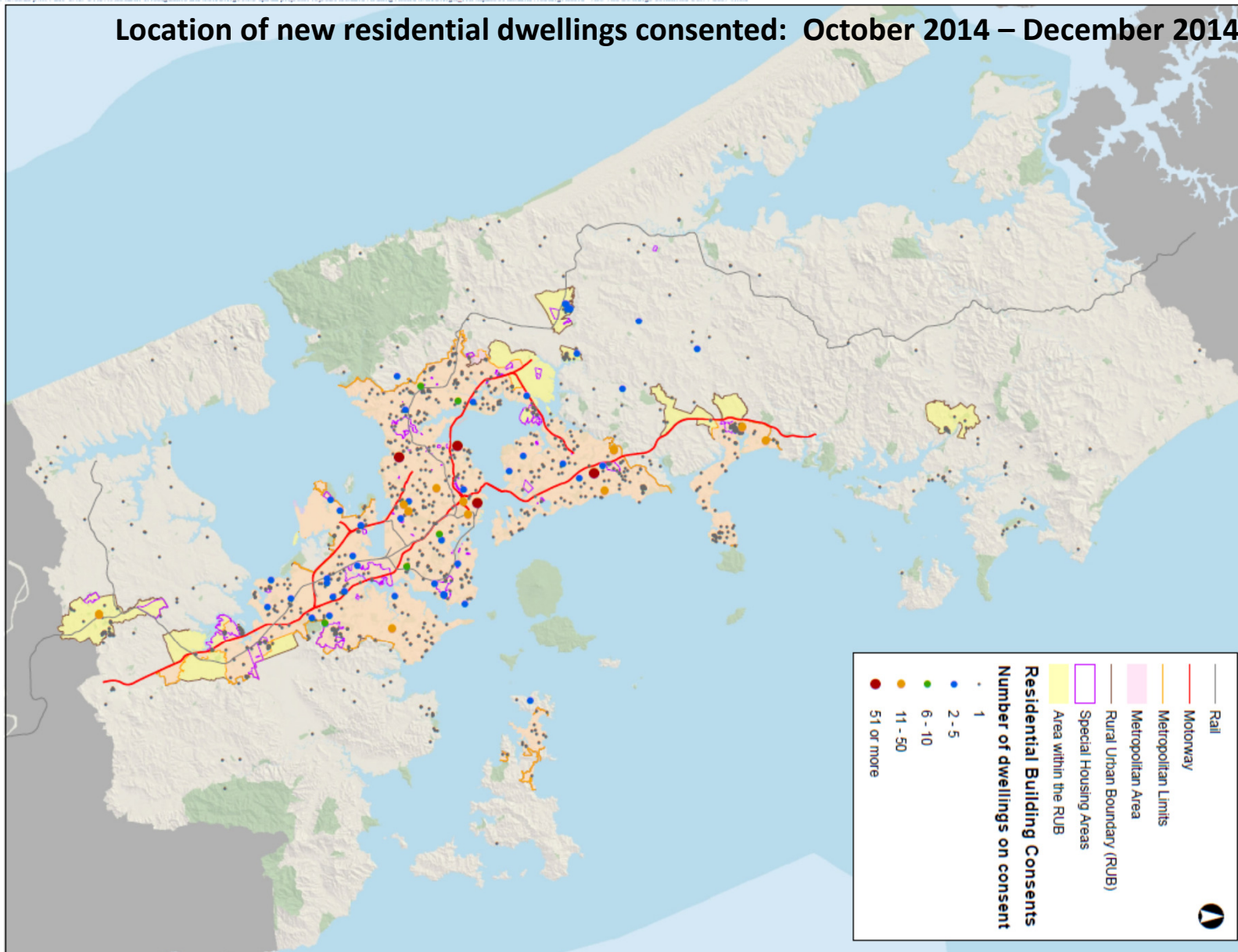
Consented apartments – long term trends

For Accord Year 2 starting Oct-14, **768** new apartments were consented to 31 December 2014 – up from **704** in the same period of the previous year. Apartments accounted for 35% of new dwellings consented. The number of apartments consented in November **(442)** was the highest monthly total since December 2005 **(498)**.

Number of new apartment dwellings that received building consent Auckland; October 2012 – December 2014; monthly total; Statistics New Zealand (Infoshare)



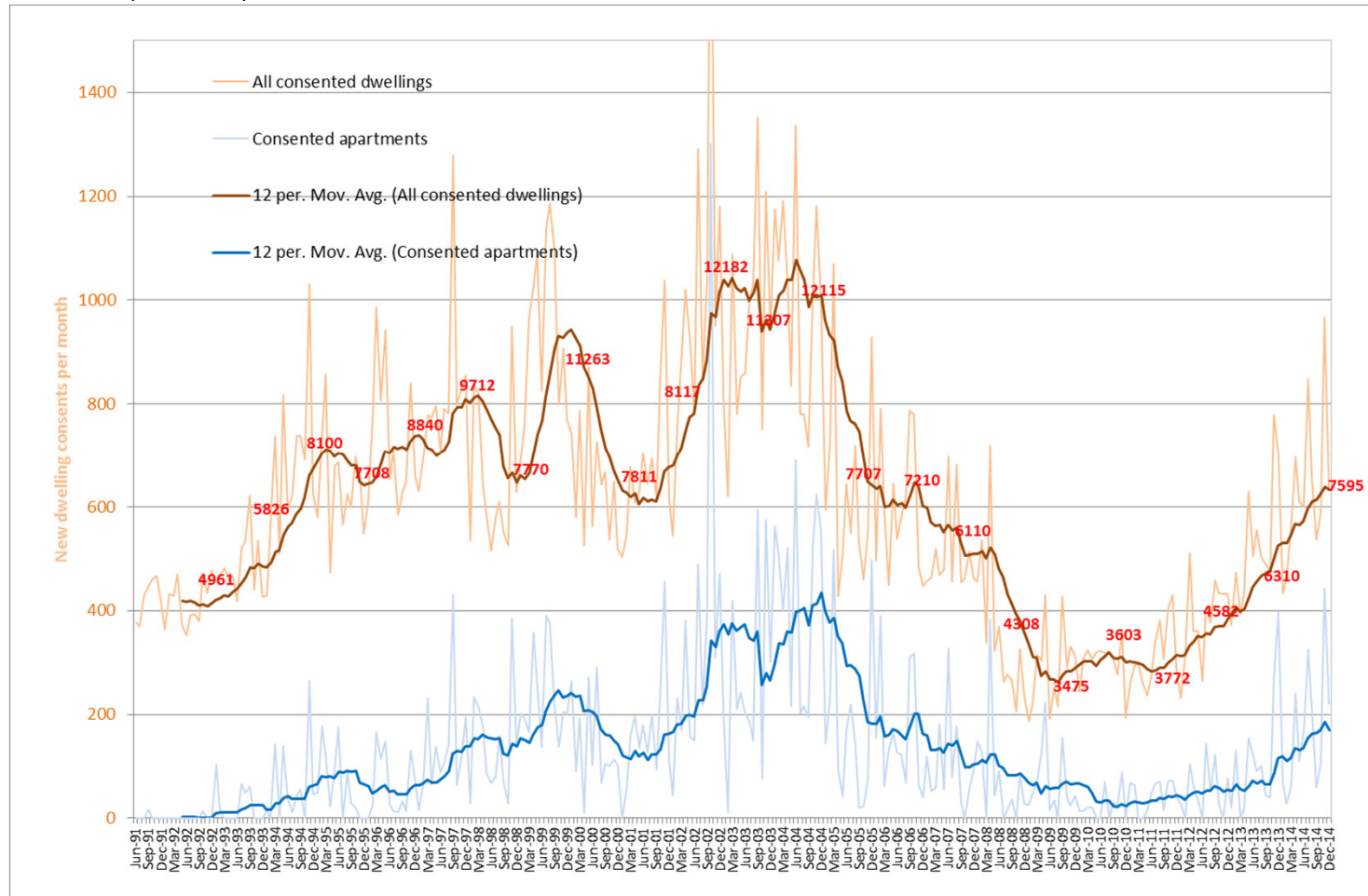
Location of new residential dwellings consented: October 2014 – December 2014



Consented dwellings – yearly

More new dwellings were consented in the 12 months to December 2014 (7699) than in any 12 month period since December 2005 (7,690), but this is still only 59% of the previous peak of 12,937 in June 2004

Number of new dwellings that received building consent in the last 12 months Auckland; Jun 1991 – Dec 2014; 12-month moving average; Statistics New Zealand (Infoshare)

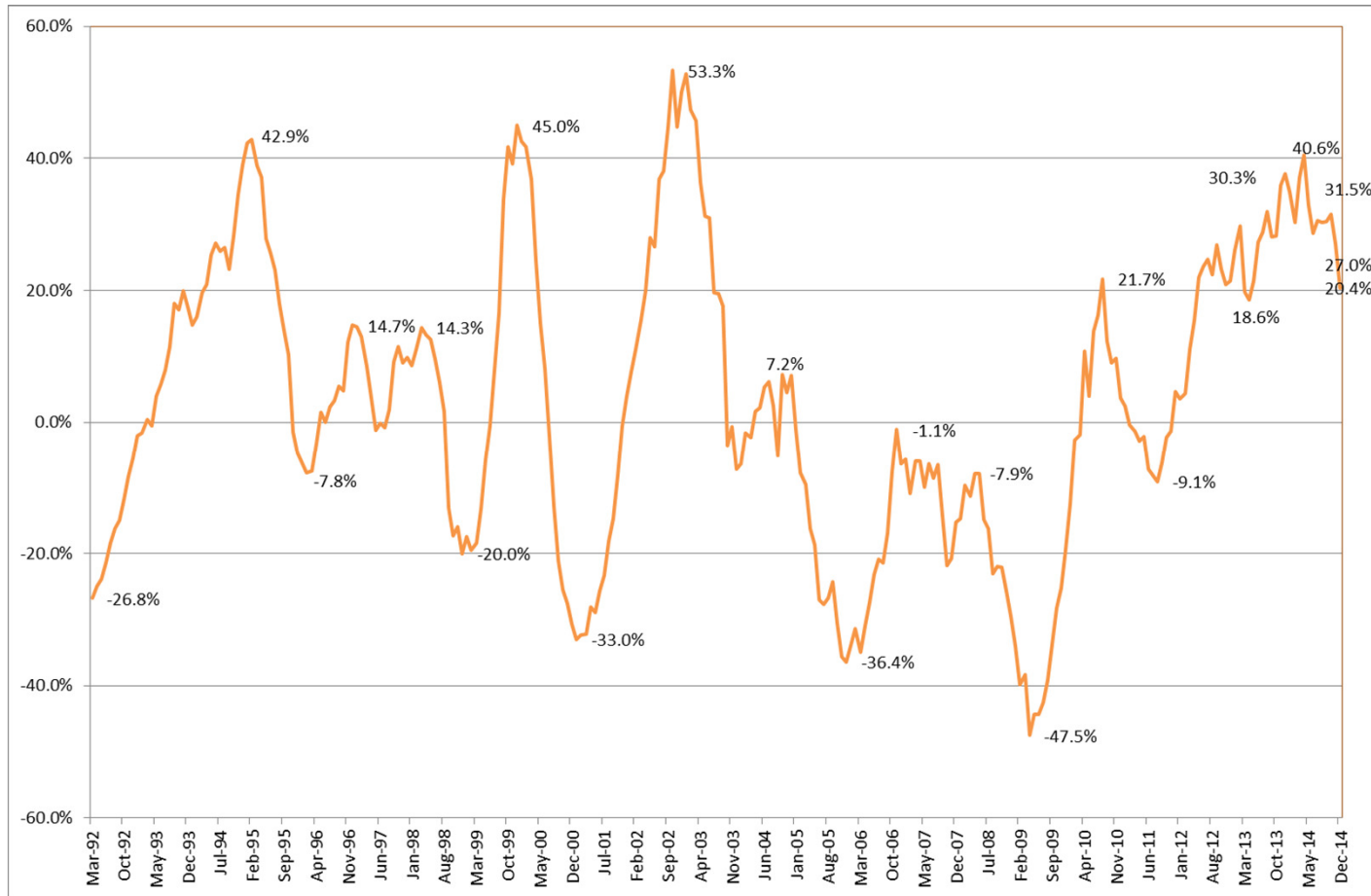


Consented dwellings – growth

The annual monthly growth rate in consented dwellings since the Accord took effect in October 2013 is averaging 31.8%, peaking in April 2014 at 41%.

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

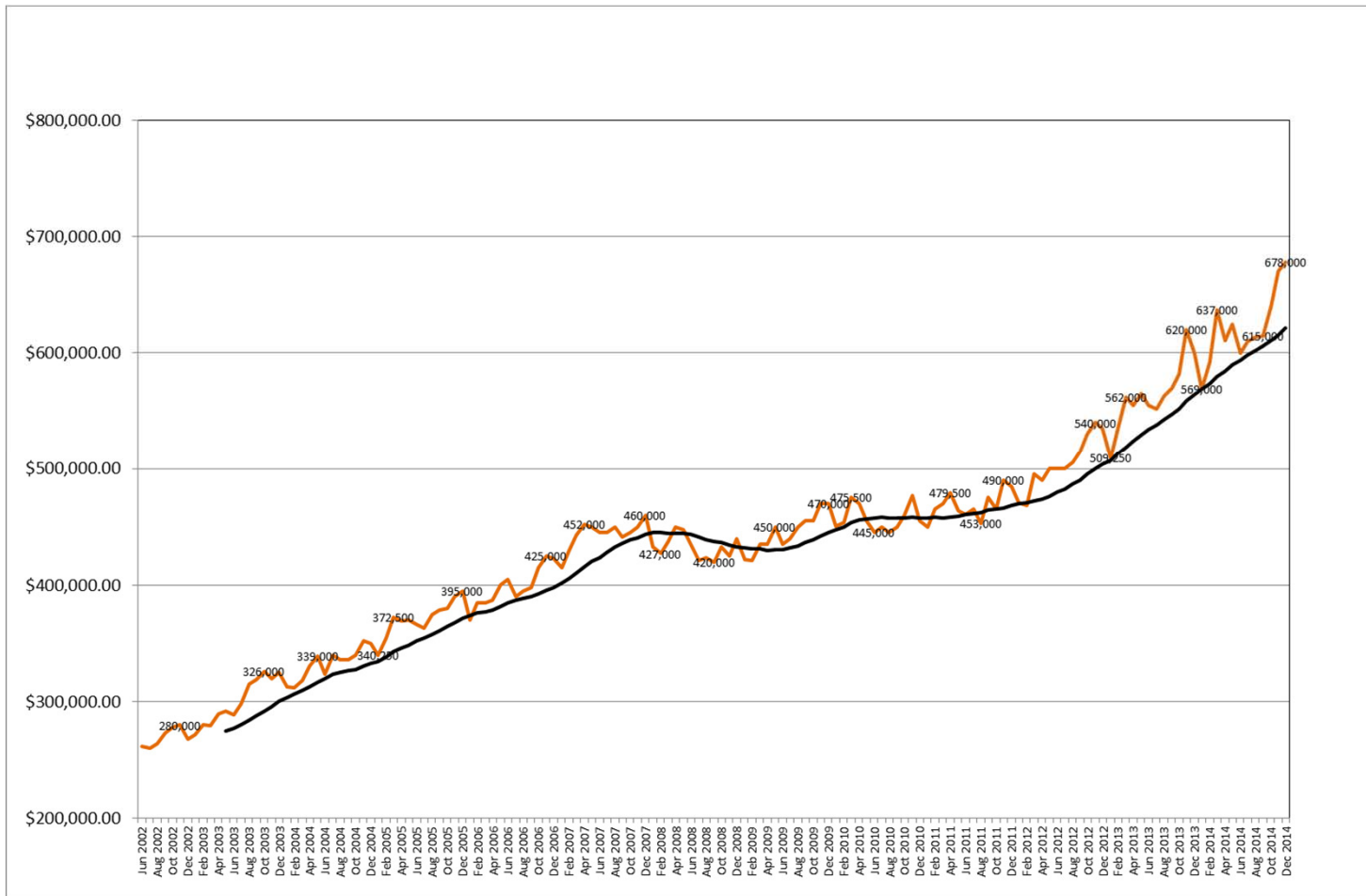
Auckland; June 1992 – Dec 2014: change in the number of consented dwellings; Statistics New Zealand (Infoshare)



Dwelling sales prices

Dwelling prices in Auckland continue to trend upwards, with the average median price for the 12 months to December 2014, increasing to \$621,795 from \$564,020 in the previous year. The Auckland median monthly house price in December 2014 was \$678,000

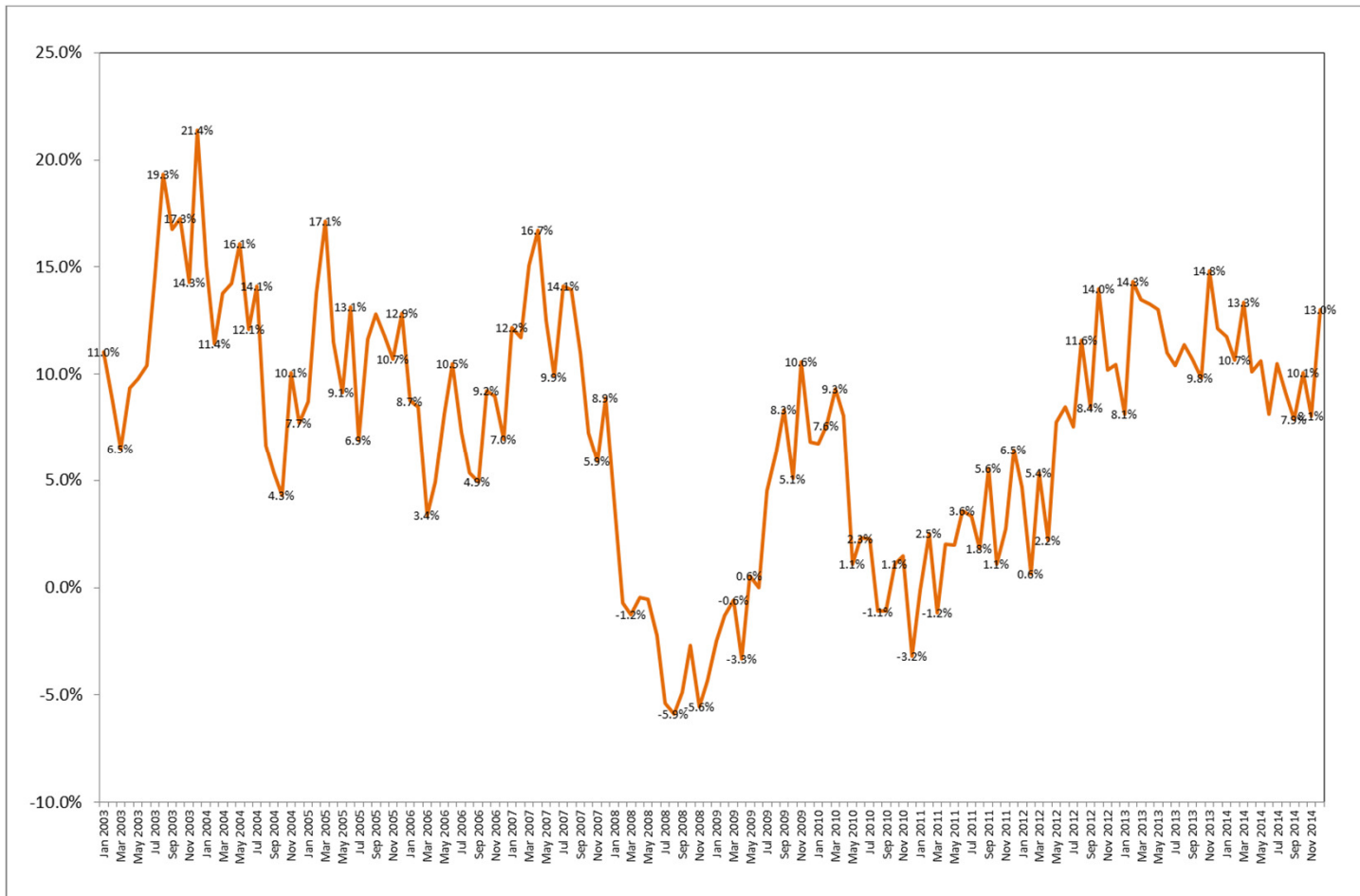
Median dwelling price Auckland; Jan 2002 – Dec 2014; monthly median and 12-month moving average; Real Estate Institute of New Zealand



Dwelling sales prices – growth

The monthly annual growth rate in the median sales price for dwellings in Auckland has trended downward since November 2013 early in Accord Year 1 to a low of 7.9% in September, rising again to 13% in December 2014

Growth in the median sales price compared to the same month in the previous year Auckland; Jan 2003 – Dec 2014; change in the median sales price; Real Estate Institute of New Zealand



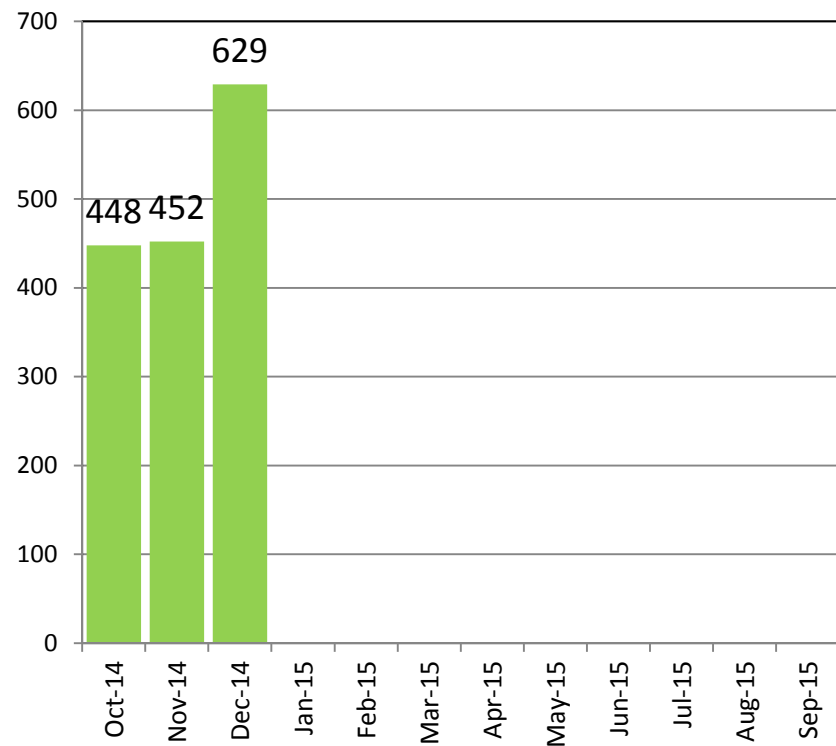
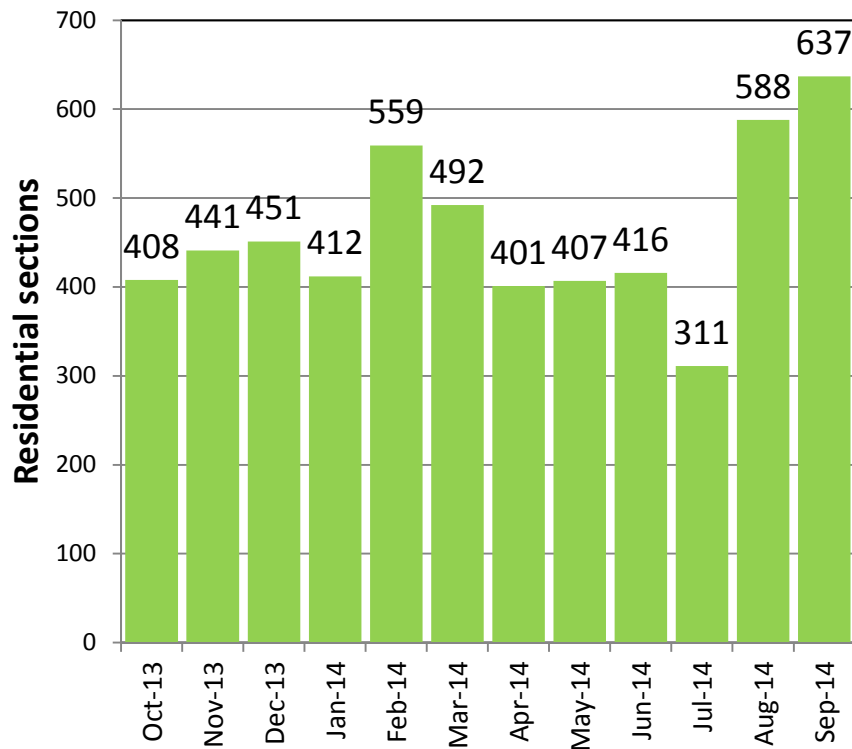
Sections

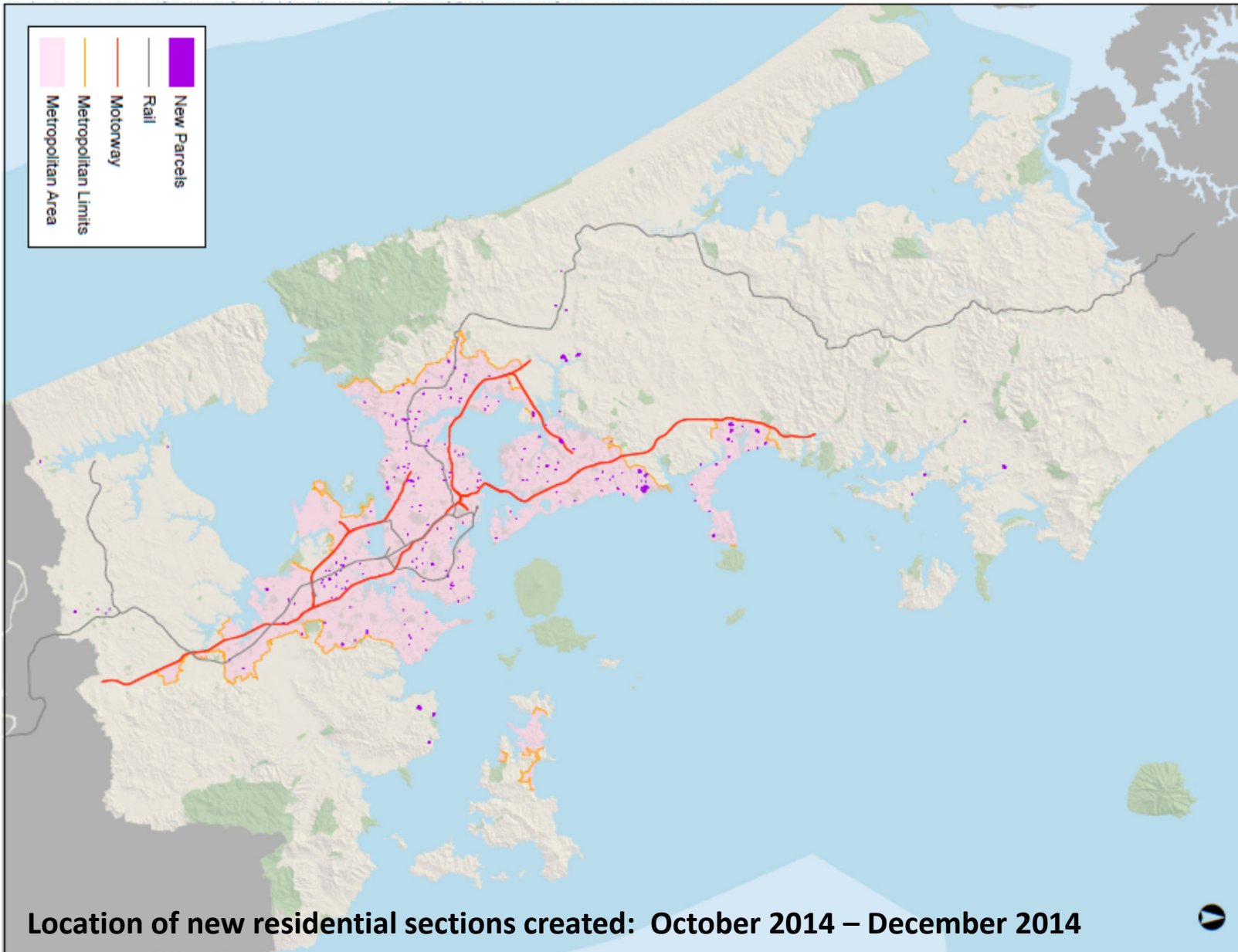


New residential sections – monthly

The average monthly number of new sections created in Accord Year 1 has increased from **428** per month in the year prior to the Accord, to **460** in Accord Year 1 and to **510** per month in the first quarter of Accord Year 2. Note – many of these sections were consented prior to the Accord and indicate a upturn in general activity.

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

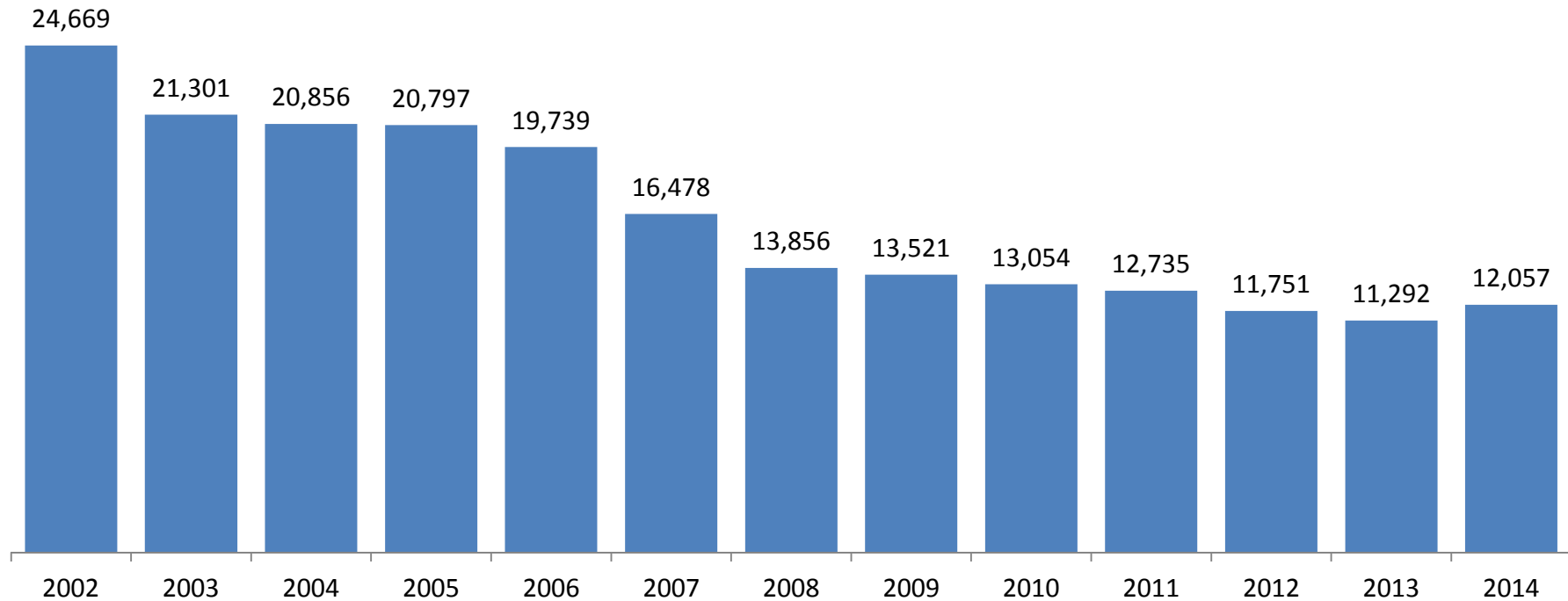




First increase in vacant sections in over a decade

There were over 12,000 vacant residential sections suitable for a single dwelling across all of Auckland last year, up by 800 from the year before – the first increase in over a decade.

Number of vacant sections suitable for a single dwelling
2002-2014; as at 1 July; district valuation roll; Auckland-wide



Source: CoreLogic

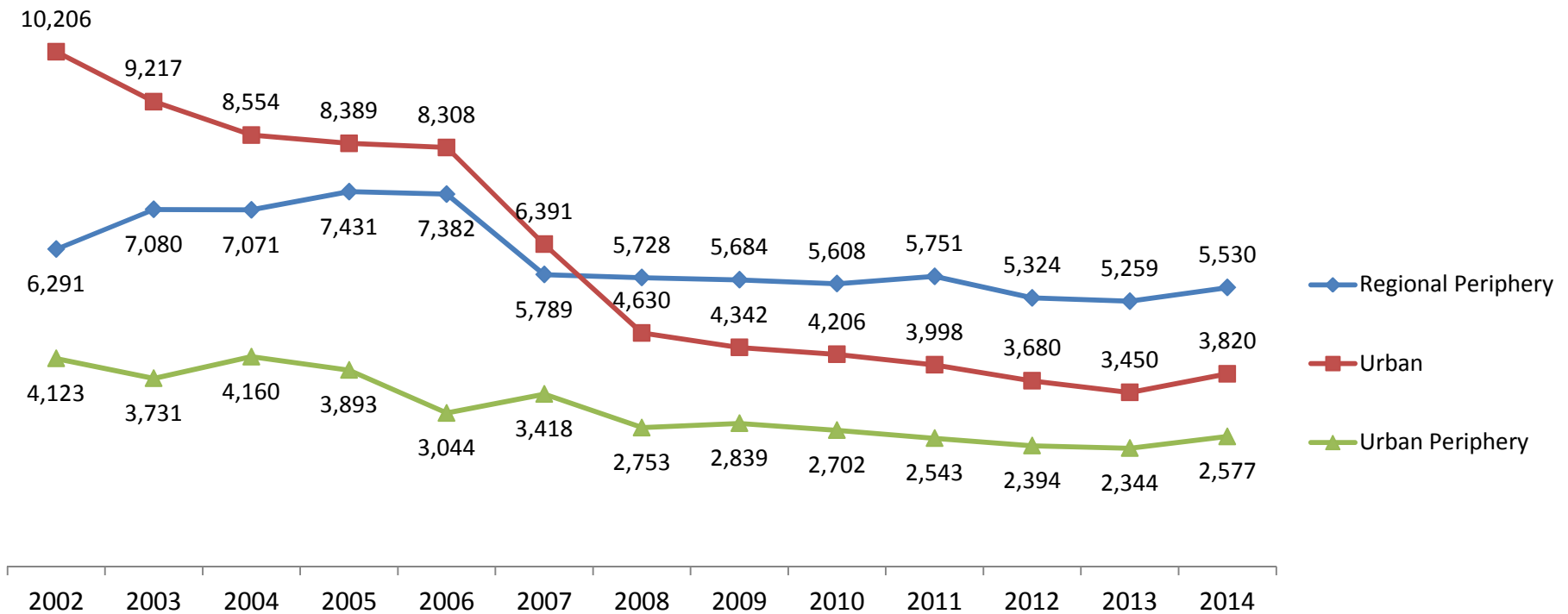


More vacant sections in both existing urban areas and elsewhere

New vacant sections have appeared both in existing urban areas of Auckland (up to 25km from the CBD), at the urban fringe and in the rural areas of the regional periphery.

Number of vacant sections suitable for a single dwelling, by general area

District valuation roll; as at 1 July; 2002-2014;



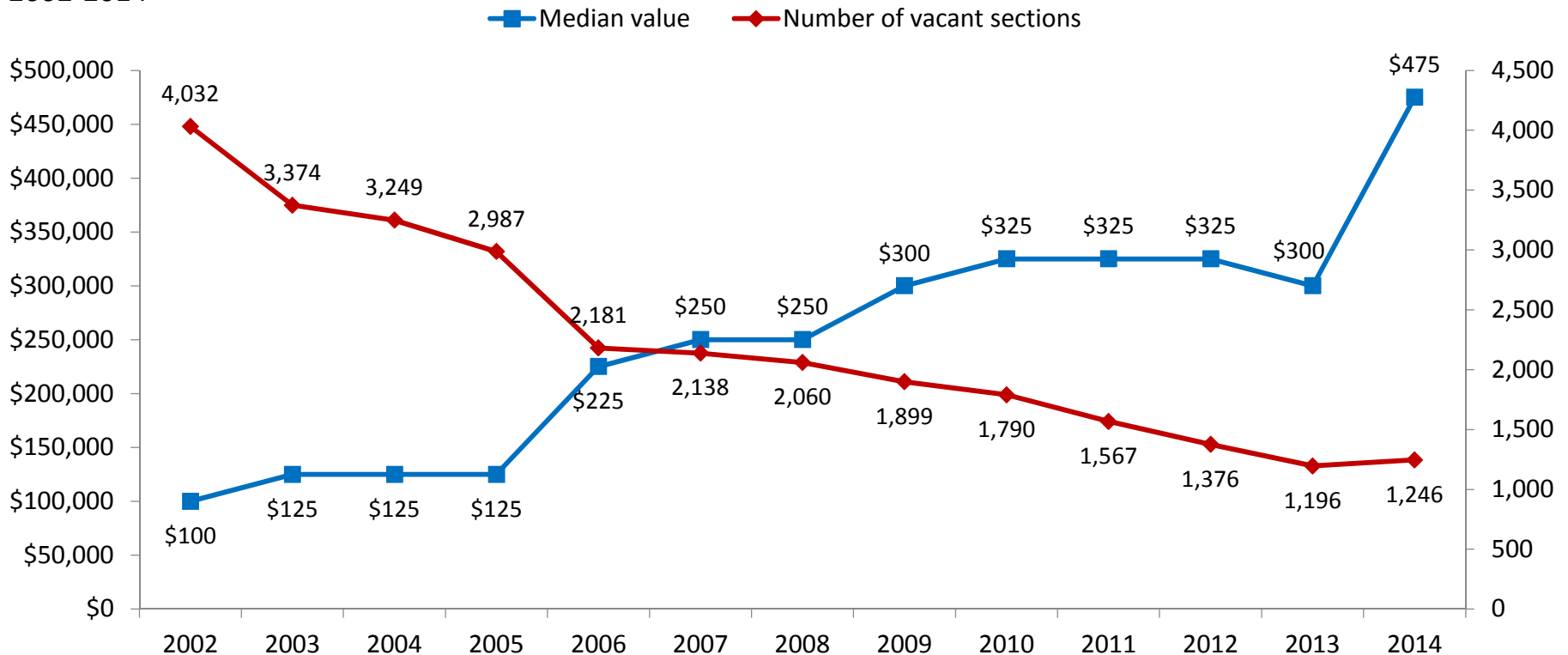
Source: CoreLogic

NB - There is a small difference between the total sections on this slide and the previous slide due to the inability to geo-locate some of the section data

Land values of standard size sections are up by 46% since 2011

Although the number of vacant sections of the desirable size within 25km of Queen Street is finally increasing, there have been too few to prevent a large increase in land values. An expected response to rising land values would be the aggregation and redevelopment to higher densities of land parcels already in urban use, which is not captured by this data.

350-650 m² vacant sections suitable for a single dwelling, in established urban areas
2002-2014

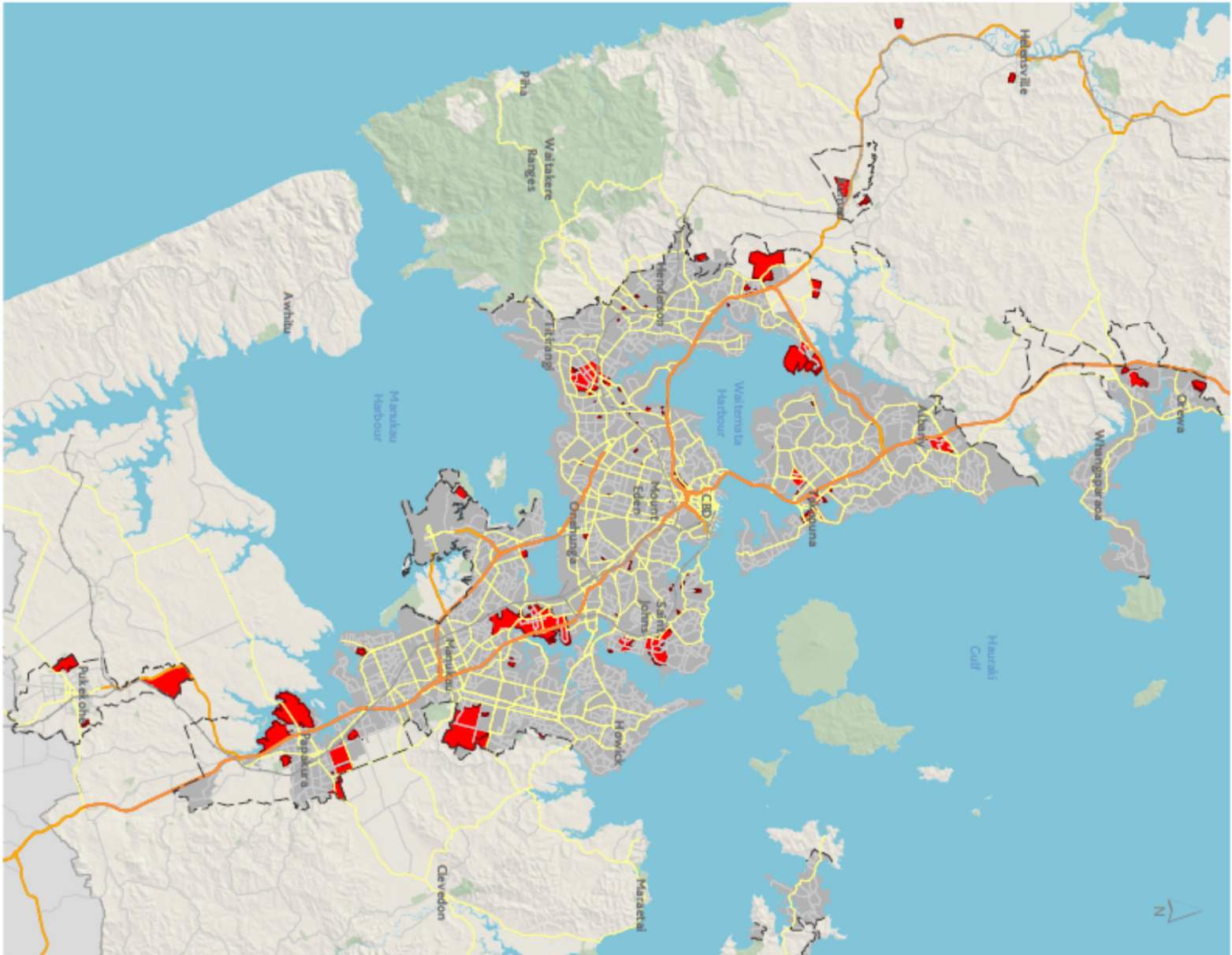


Source: QV

Special Housing Areas



Special Housing Areas (Tranches 1 - 4)



0 2 4 8 km
Date: 03 Mar 2015

Special Housing Area
Metropolitan Urban Area
Rural Urban Boundary (RUB)
Railway

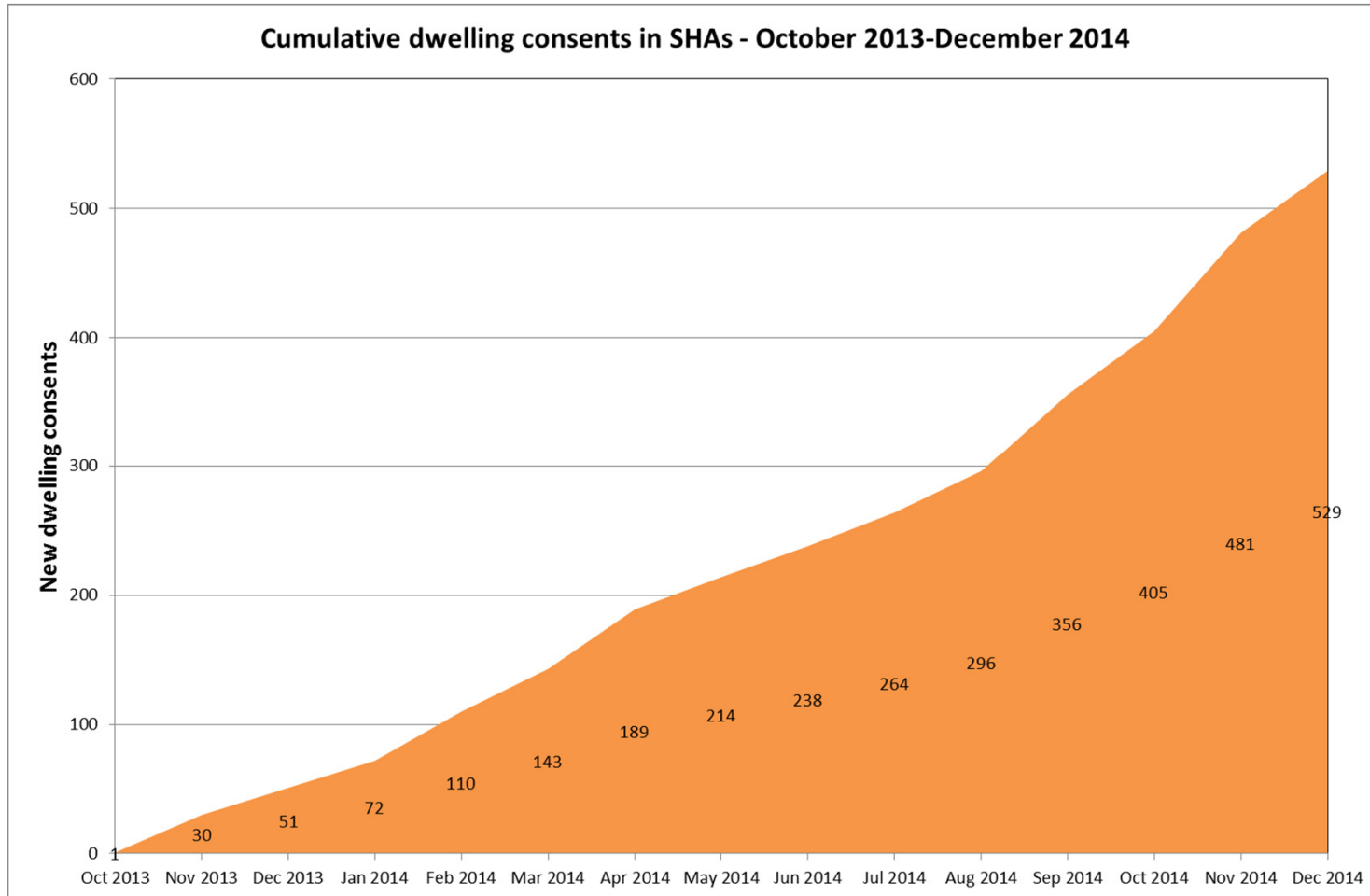
Motorway
Major Road
Arterial Road
Medium Road



Dwelling creation in special housing areas

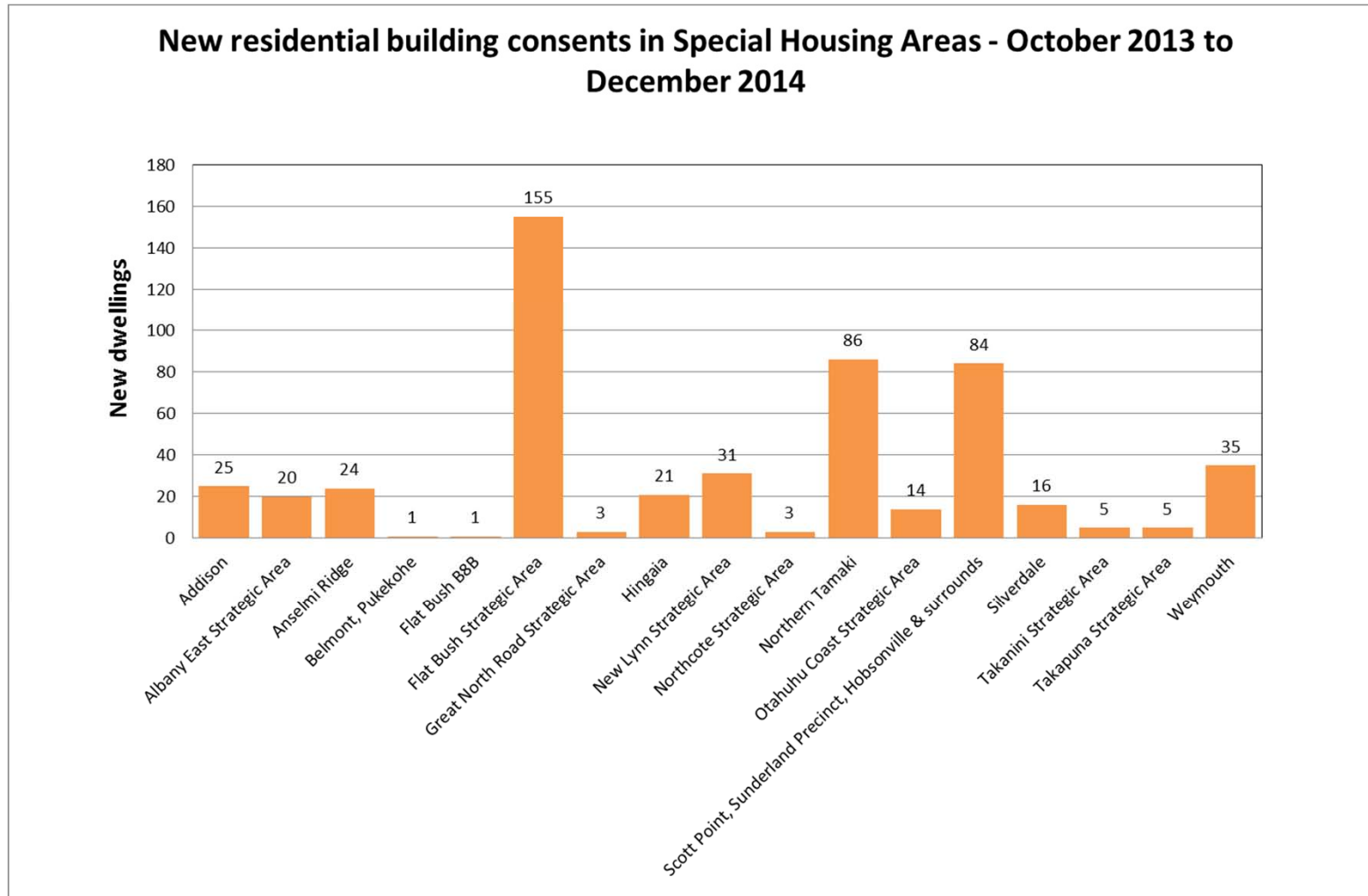
In Accord Year 1 to September 2014, **356** new residential dwellings were consented in Special Housing Areas. In the first quarter of Accord Year 2, a further **173** dwellings were consented bringing total dwelling consents in SHAs since the start of the Accord to **529**

(Source RIMU, Auckland Council)



Dwelling creation in special housing areas

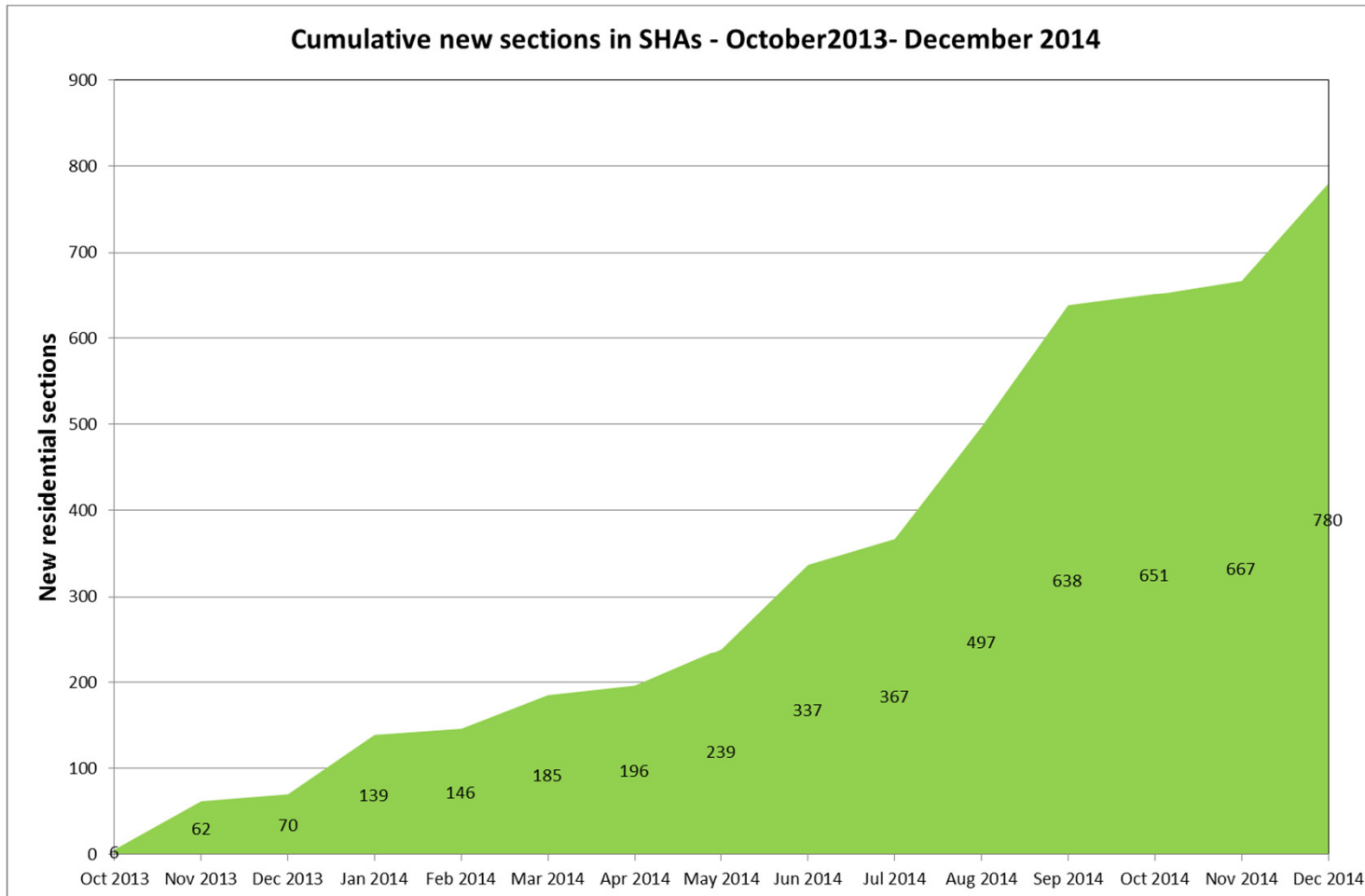
Most new dwelling consents continue to be issued in areas already under development such as Flat Bush, Northern Tamaki and Hobsonville – although the first new dwelling consents are starting to be seen in strategic SHAs like Albany East, New Lynn, Otahuhu Coast and Takanini. The development of Weymouth SHA started to show dwelling yield in the first quarter of **Accord Year 2**



Section creation in special housing areas

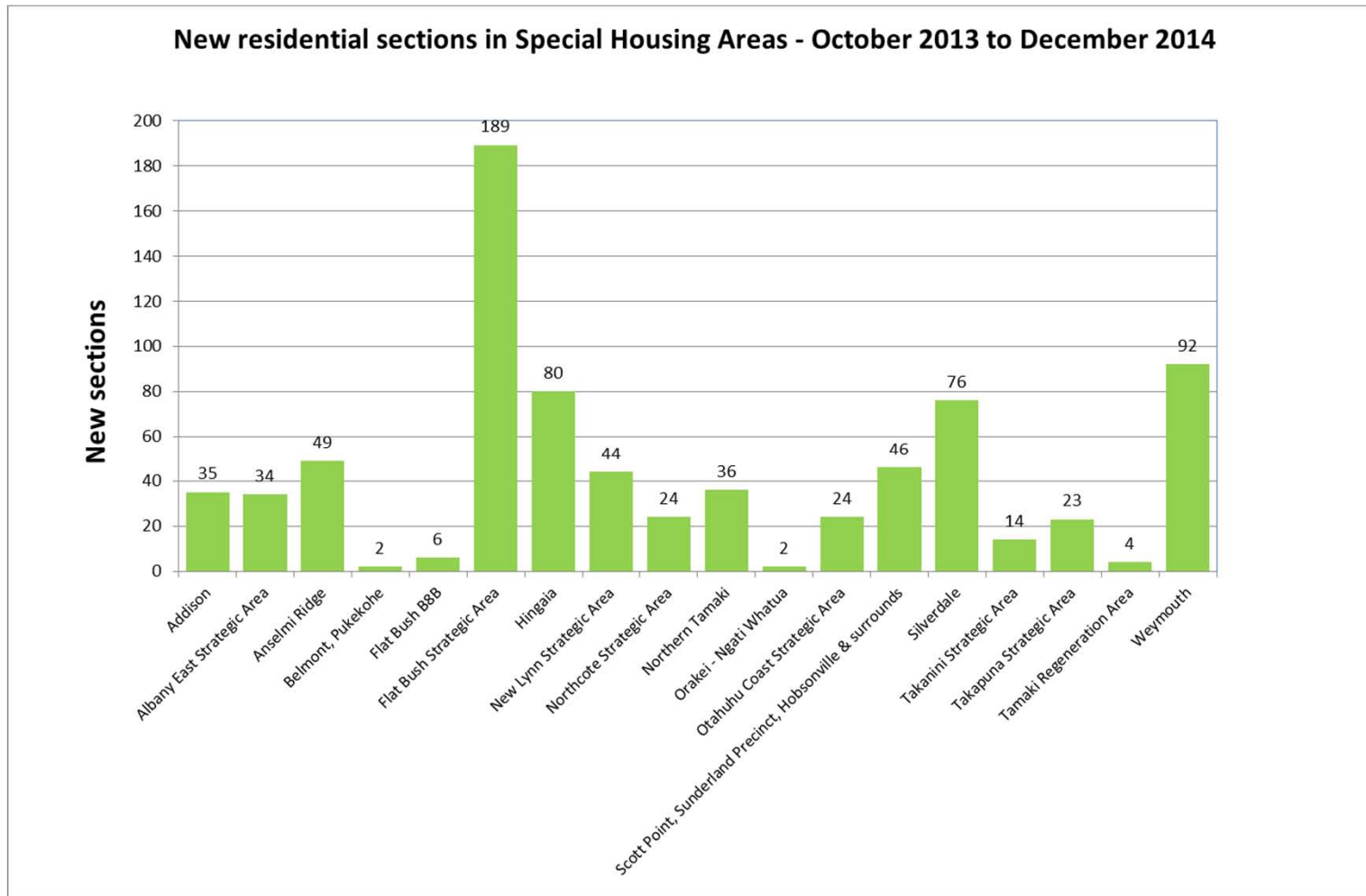
In Accord Year 1 to September 2014, **638** new residential section titles were created in Special Housing Areas. In the first quarter of Accord Year 2 a further **142** sections were created bringing total sections created in SHAs since the started of the Accord to **780**

(Source RIMU, Auckland Council)



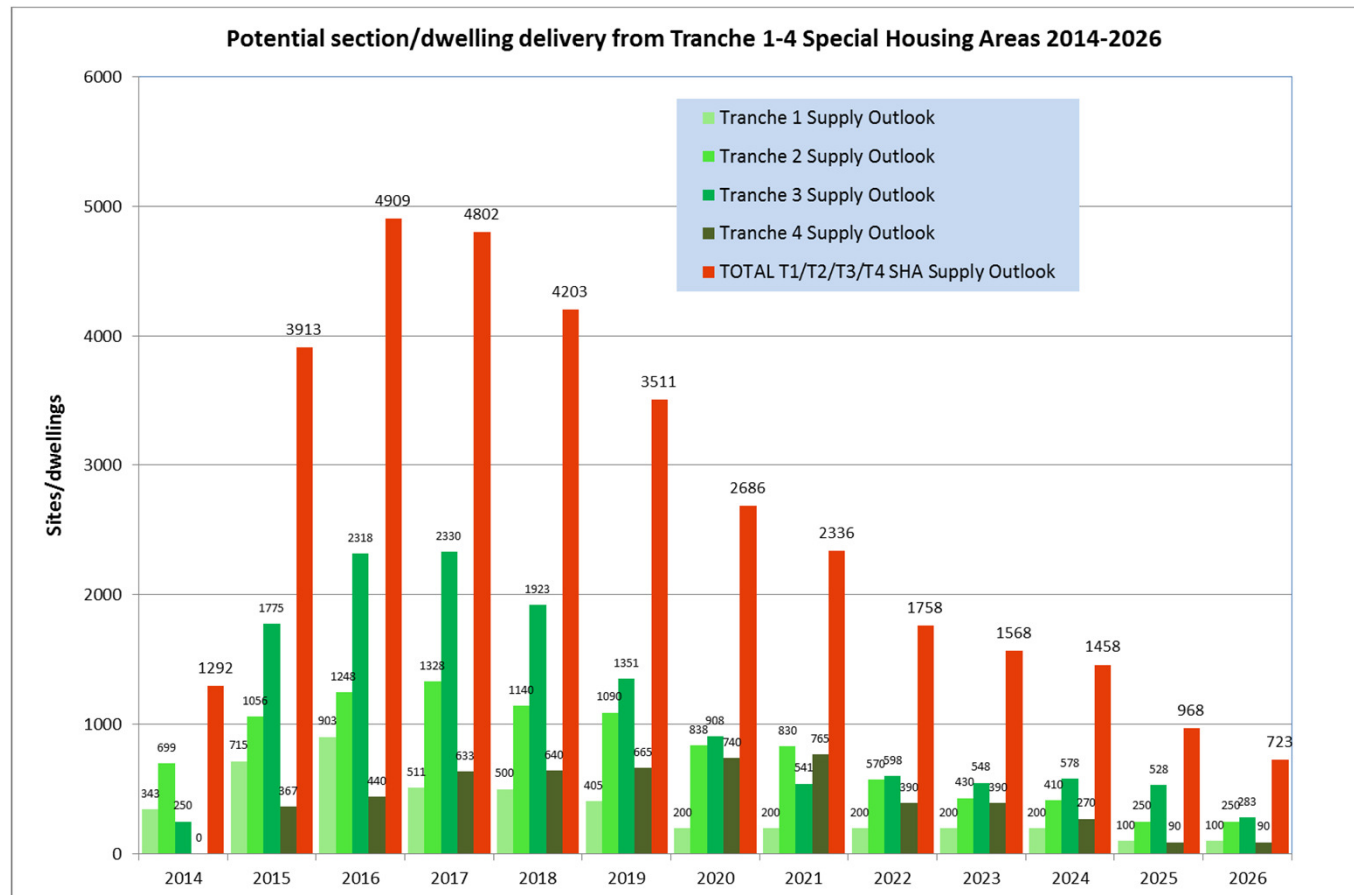
Section creation in special housing areas

Most section creation activity is from subdivisions already in progress at the start of Accord Year 1 in places like Flat Bush, Hingaia and Silverdale. Section creation as a direct result of the Accord is now starting to be seen in places like Weymouth, Northern Tamaki, Tamaki Regeneration Area and Sunderland Precinct at Hobsonville



Special housing areas – expected supply

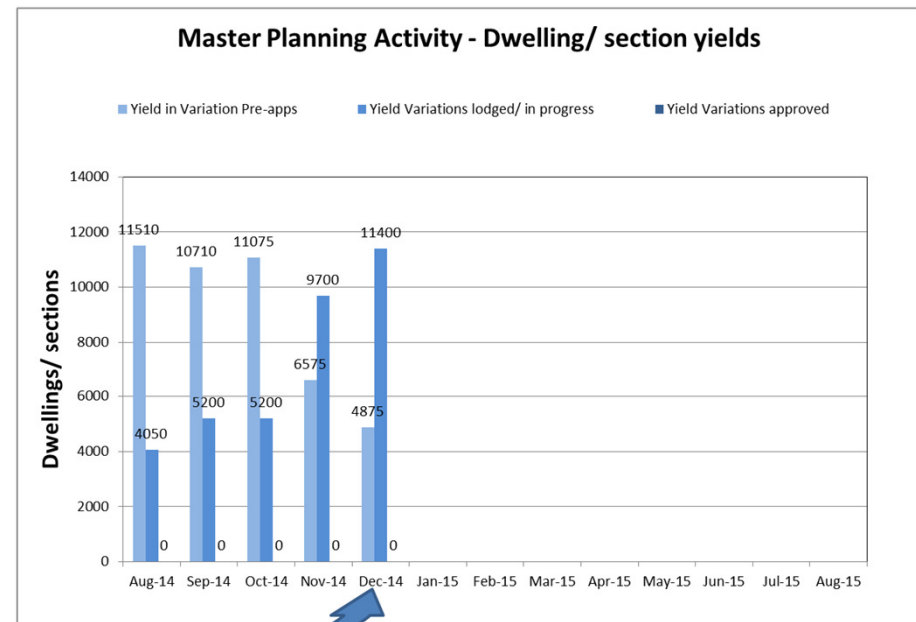
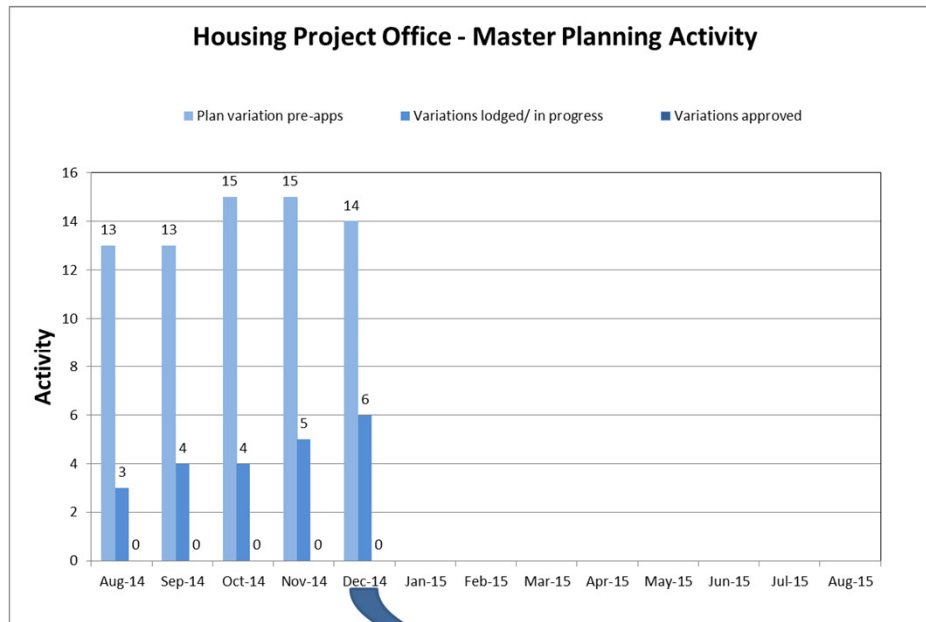
The 80 special housing areas are expected to supply about 11,000 dwellings or sections over the 3 years of the Accord. Over time, these will eventually deliver some 43,000 new dwellings. In Accord year 1 to September 2014 **1,292** dwellings and sections were expected in the 2014 calendar year from SHAs. From the start of the Accord period to December 2014, (15 months) a total of **1,309** new dwelling consents were granted and sections created in SHAs.



HPO Master planning and consenting



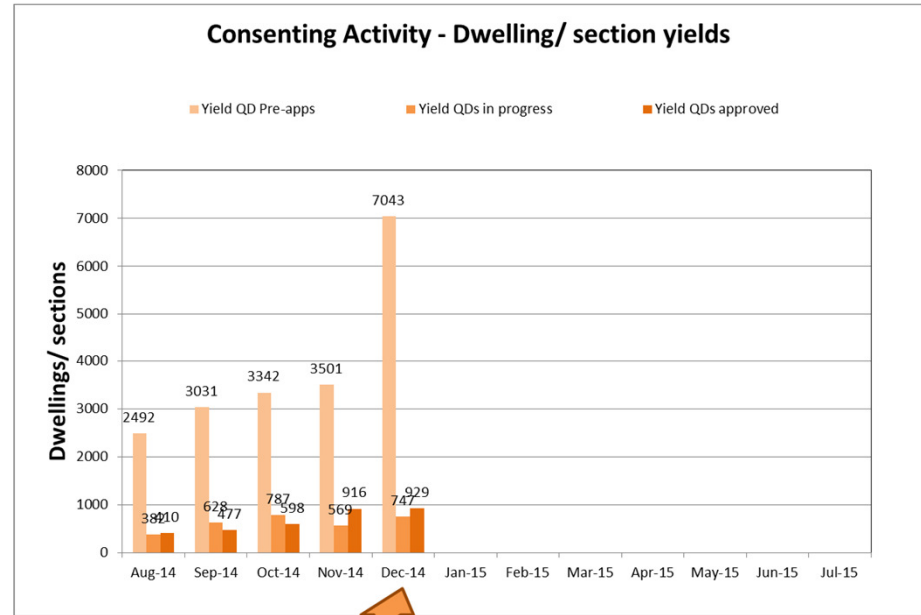
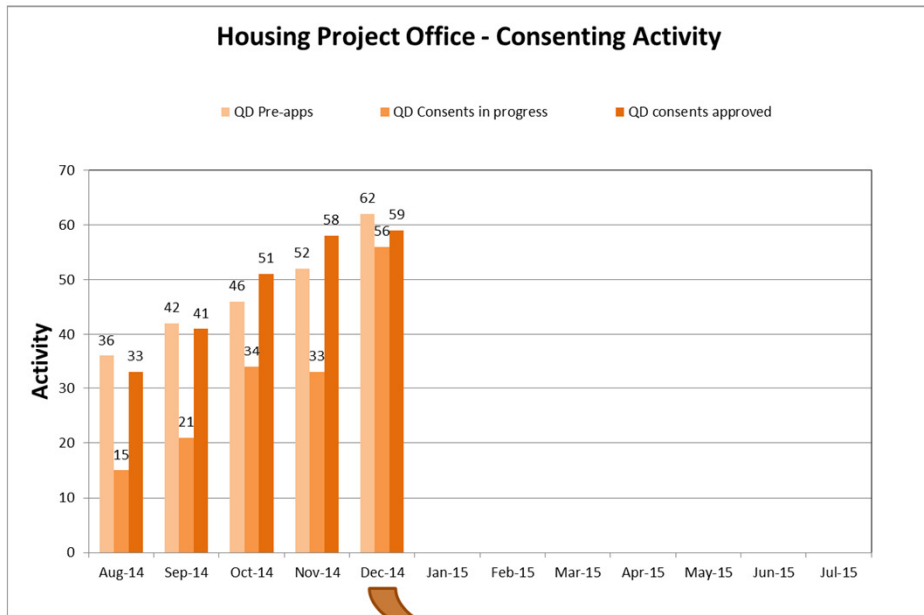
HPO Master planning activity – First Quarter Accord Year 2



At the end of the first quarter of Accord Year 2

- 14 Master planning variation pre-applications were in progress for **4,875** dwellings/ sections
- 6 variations were lodged and in progress for **11,400** dwellings/ sections
- No variations were yet approved

HPO Consenting activity – First Quarter Accord Year 2



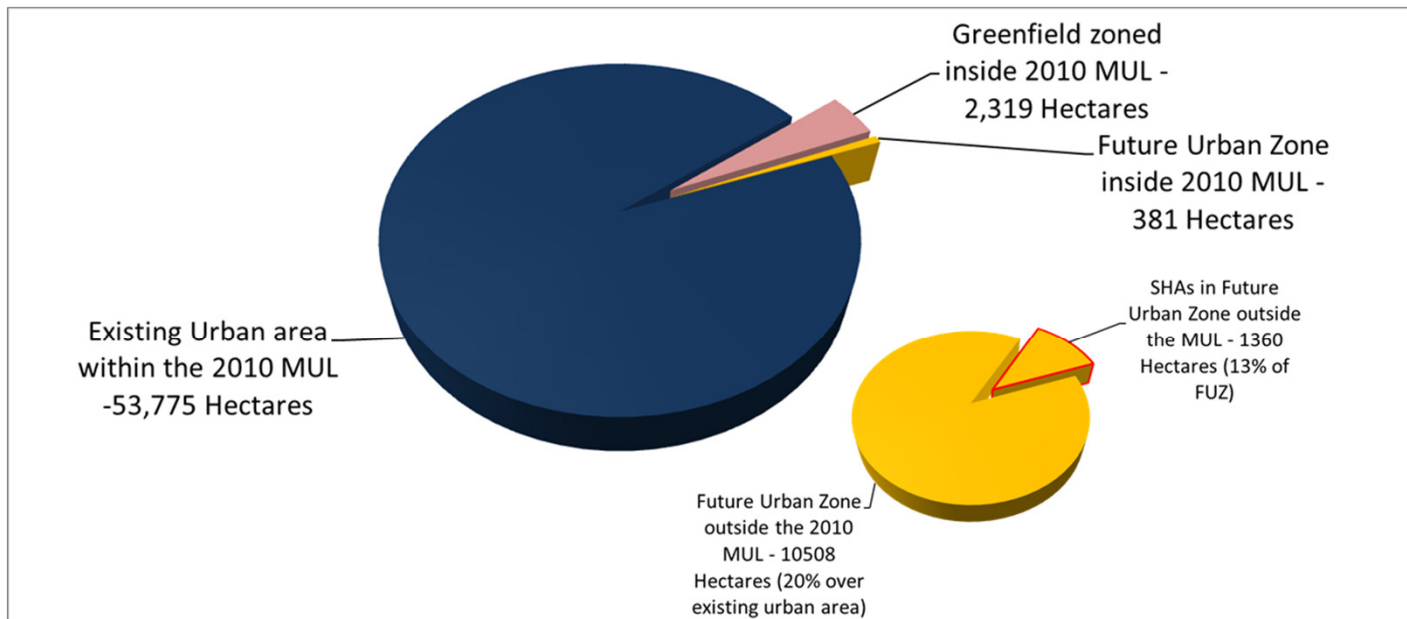
At the end of the first quarter of Accord Year 2

- 62 Qualifying development pre-applications under consideration for **7,043** dwellings/ sections, up from 42 pre-applications for **3031** dwellings/sections at the end of Accord Year 1
- 56 Qualifying development consents were in progress for **747** dwellings/ sections, up from 21 consents for **628** dwellings/sections at the end of Accord Year 1
- 59 Qualifying development consents were approved for **929** dwellings / sections, up from 41 consents for **477** dwellings / sections at the end of Accord Year 1

Land supply



SHAs and future urban land supply outside the 2010 MUL



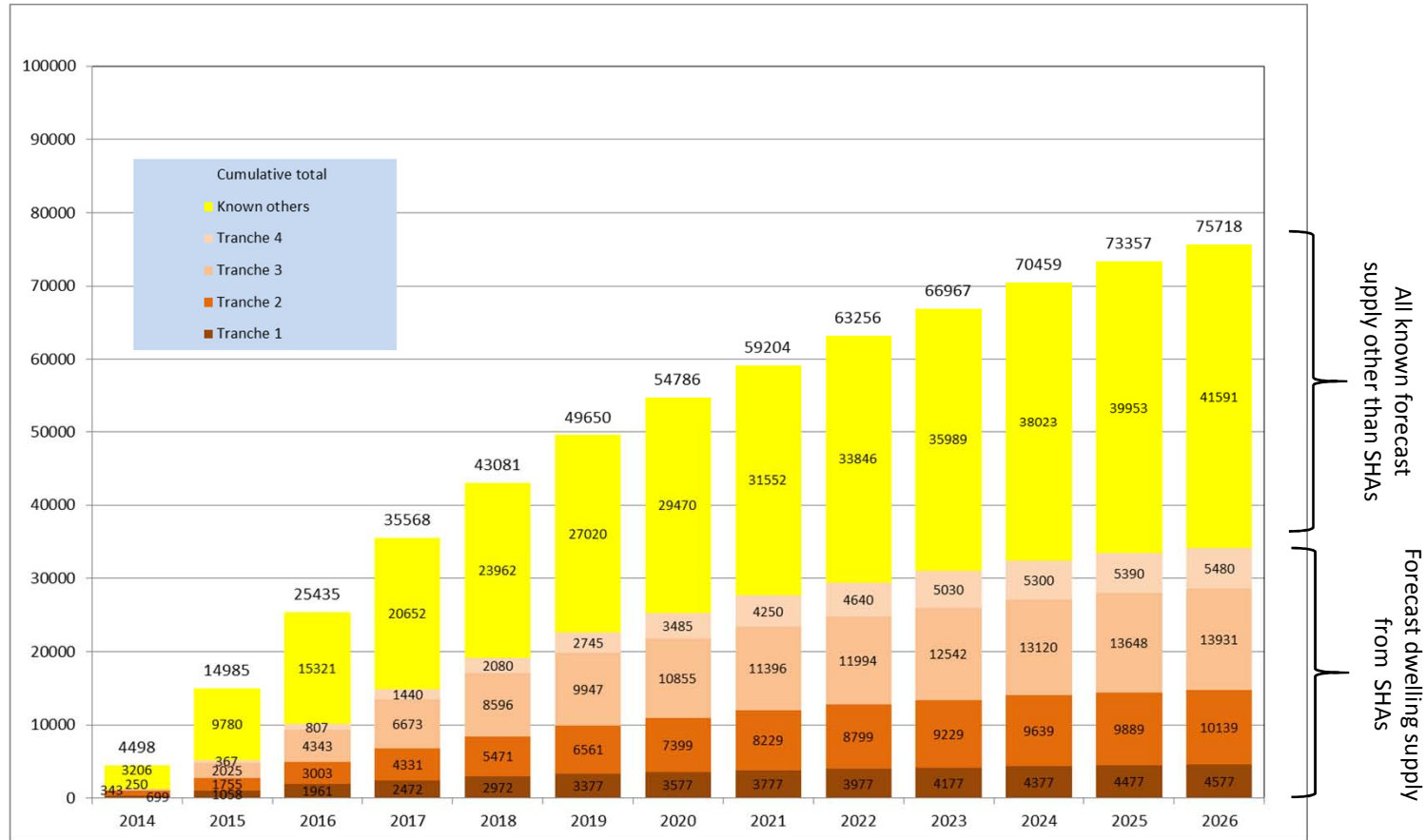
- There are 10,508 ha of Future Urban Zoned land *outside* the 2010 Metropolitan Urban Limit (MUL), nearly 20% more than the extent of the current metropolitan area (53,775 ha).
- This could accommodate around 200,000 people, close to the current population of Hamilton, New Zealand’s fourth biggest city.
- 10 of the 80 declared SHAs are *outside* the 2010 MUL and make up 1,360 ha of the Future Urban Zone. These SHAs could accommodate 14,116 dwellings or 35,000 people
- At the end of Accord Year 1, Auckland had between **5.9 and 6.5** years’ worth of G1 greenfield land supply – land zoned and serviced with bulk infrastructure.
- Following plan variations under the Accord, a number of Future Urban Zoned SHAs will combine to provide another **3.3 to 3.6** years of G1 supply.

Cumulative long term dwelling supply forecast

Over the next 12 years, nearly 76,000 new greenfield and brownfield dwellings and sections 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.