SMARTGROWTH: DEVELOPMENT TRENDS

TECHNICAL REPORT 2017

Tauranga City

Western Bay of Plenty District Council

Bay of Plenty Regional Council

SmartGrowth
Building our futures together

SmartGrowth: Development Trends Technical Report 2017

Including Housing and Business Market Indicators to meet the quarterly monitoring requirements of the National Policy Statement on Urban Development Capacity (PB6)

Western Bay of Plenty District
Tauranga City

2016 – 2017

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1. Executive Summary

1.1 Residential Building Activity

Sub-region

- In 2016/2017, building consents issued for new dwellings increased by 14% in the Western Bay of Plenty sub-region (the sub-region) compared to the previous year (refer Chart 1).

Tauranga City

- Dwelling consents issued for the 2016/2017 year increased in Papamoa, Wairakei and Pyes Pa West Greenfield Urban Growth Area's (Greenfield UGA's) while decreased in Bethlehem, Pyes Pa, Ohauiti and Welcome Bay Greenfield UGA's from 2015/2016 results (refer Table 1).
- The Greenfield UGA's remain the main dwelling activity areas accommodating 87% of new dwelling consents issued for Tauranga City in 2016/2017 (existing urban (Infill) areas accommodated 12% and rural areas 1%).

Western Bay of Plenty District - WBOPD

- Dwelling consents issued in Greenfield UGA's increased by 25% during 2016/2017 and the rural areas decreased by 2%. Most of the dwelling consents were issued in Omokoroa UGA with an increase of 29% during 2016/2017.
- The overall increase in dwelling consents issued for Western Bay of Plenty District was 11%.

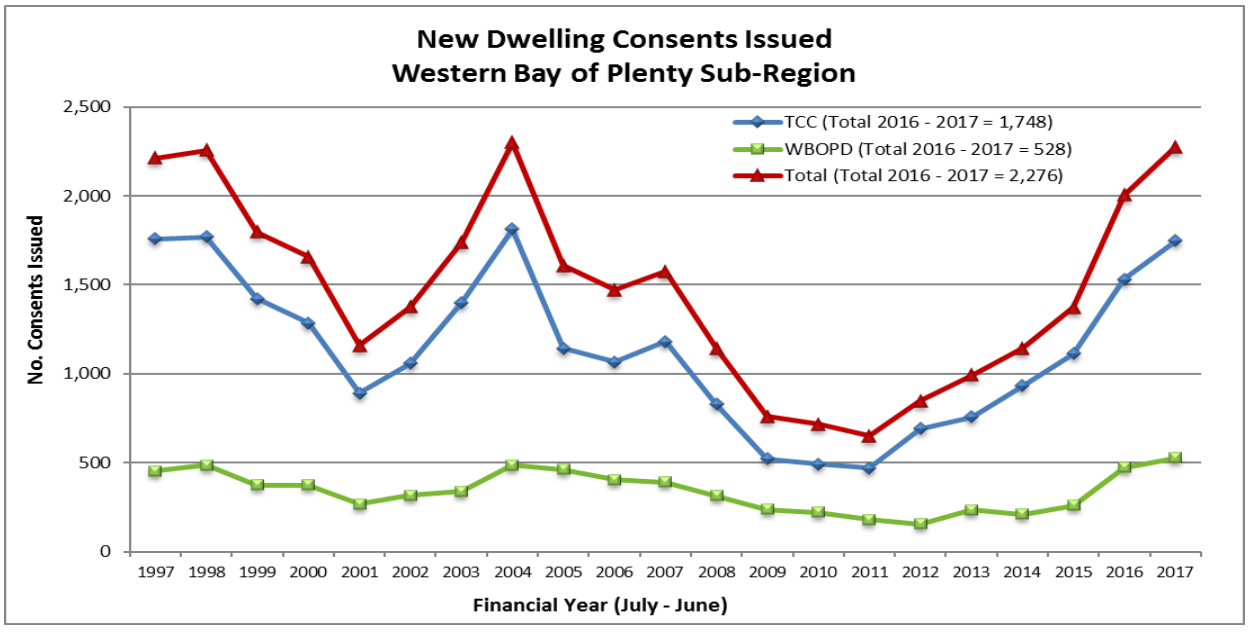


Chart 1 Observation:

The total number of dwelling consents issued in the sub-region has increased by 14% from 2015/2016 to 2016/2017 (from 2,005 to 2,276 dwelling consents). For Tauranga City there were 217 (or 14%) more dwelling consents issued during the July 2016 to June 2017 period compared to 2015/2016 results, while for Western Bay of Plenty District there was an increase of 54 (or 11%) dwelling consents issued.

1.2 Residential Subdivision Activity

Sub-region

- Subdivision development in the sub-region increased by 84% from 2015/2016 results.

Tauranga City

- The number of additional lots created increased by 89% in 2016/2017 compared to 2015/2016 and was 91% up on the last 5 year average.
- In Tauranga City 83% of additional lots were created in Greenfield UGA's in 2016/2017.

Western Bay of Plenty District

- The number of additional lots created at 224 stage has increased significantly in Omokoroa while it slowed down in Katikati due to less availability of land. Additional lots created increased by 46% from 2015/2016 to 2016/2017 for the District.
- The Greenfield UGA's showed an increase of 63%, with most of the additional lots created in Omokoroa and Te Puke, while the rural areas showed a slower increase of 44% in subdivision development.

Table 1. Trends Summary – Tauranga City – 2016/2017 Compared to 2015/2016

Area		Dwellings Consented	New Lots Created
Urban Growth Area	Bethlehem	↓	↑
	Pyes Pa	↓	↑
	Pyes Pa West	↑	↑
	Ohauiti	↓	↑
	Welcome Bay	↓	↑
	Papamoa	↑	↑
	Wairakei	↑	↑
Existing Urban Areas (infill/ Intensification)		↑	↓
Rural Areas		↓	↑

Table 2. Trends Summary - WBOPD – 2016/2017 Compared to 2015/2016

Area		Dwellings Consented	New Lots Created
Urban Growth Area	Waihi Beach	↑	↓
	Katikati	↑	↓
	Omokoroa	↑	↑
	Te Puke	↑	↑
	(Other than above)	↓	↓
Rural Areas	Waihi Beach & Katikati	↑	↓
	Te Puna / Minden	↓	↑
	Kaimai / Ohauiti-Ngapeke	↓	↑
	Maketu & Te Puke wards	↓	↑

1.3 Residential Development Capacity

Sub-region

- A comparison of SmartGrowth projections with actual growth at the sub-regional level indicates that the number of dwelling consents issued is 5% below the projection as at 30 June 2017.
- Of the total estimated yield for the Greenfield UGA's in the sub-region, 28% capacity remained as at 30 June 2017.

Tauranga City

- Tauranga City was 6% below the SmartGrowth dwelling projection as at 30 June 2017.
- Remaining Greenfield UGA capacity was 32% as at 30 June 2017.
- Wairakei (Papamoa East) Greenfield UGA has the highest percentage of capacity remaining (76%), while Pyes Pa UGA the least (15%).

Western Bay of Plenty District

- Western Bay District was 1% above the SmartGrowth dwelling projection as at 30 June 2017.
- Remaining Greenfield UGA capacity was 18% as at 30 June 2017.
- Waihi Beach UGA has the lowest theoretical remaining capacity available with 9% or 280 dwellings, while Omokoroa UGA has the largest capacity remaining in Western Bay of Plenty District with 41% or 1,080 dwellings (refer to Table 5).

1.4 Residential Sales and Rents

Tauranga City

- Median sale price has increased by 18.9% to $605,750 in last 12 months to 30 June 2017.
- Mean rent has increased by 6.9% to $418 in last 12 months to 30 June 2017.

Western Bay of Plenty District

- Median sale price has increased by 24.6% to 584,509 in last 12 months to 30 June 2017.
- Mean rent has increased by 6.8% to $355 in last 12 months to 30 June 2017.

1.5 Dwelling Typology

Tauranga City

- Mean floor size of residential building consents increased from 171m^2 in 2015/2016 to 181m^2 in 2016/2017.
- A higher proportion of dwelling consents were issued in 2016/2017 for "retirement village units" and "apartments" and less for standalone "houses" than the last 5 year average.

Western Bay of Plenty District

- Mean floor size of residential building consents has decreased from 191m^2 in 2015/16 to 187m^2 in 2016/2017
- A higher proportion of dwelling consents were issued in 2016/2017 for "townhouses, flats, units and other dwellings", and less for standalone "houses" than the last 5 year average.

1.6 Business Land and Activity

Sub-region

- Vacant industrial zoned land is currently available at Oropi, Te Maunga, Owens Place, Mount Maunganui, Tauriko, Sulphur Point, Greerton, Wairakei (Papamoa East), Katikati, Omokoroa, Te Puke, Rangiuru and Paengaroa.
- Vacant commercial land in Greenfield UGA's is available at Pyes Pa West/Tauriko, Bethlehem, Papamoa and Wairakei in Tauranga City and Omokoroa in Western Bay of Plenty.

Tauranga City

- The number of building consents issued increased for both new industrial buildings and new commercial buildings compared to 2015/2016.

Western Bay of Plenty District

- New industrial and commercial building consents issued increased from 2015/2016 for Western Bay of Plenty District. In 2016/2017, six new industrial building consents and five new commercial building consents were issued, of which most of the industrial and commercial consents were in Te Puke.

2 Introduction

Monitoring development trends in the Western Bay of Plenty District and Tauranga City assists both Councils in understanding the changing patterns of development in the sub-region. These statistics are collected as part of Councils Section 35 of the Resource Management Act 1991 obligations being a "duty to gather information, monitor and keep records".

This is the seventeenth year that development trends have been monitored for the Western Bay of Plenty sub-region. From 2007, the report has been expanded to incorporate measures related to development as required by the Bay of Plenty Regional Policy Statement (RPS), and the SmartGrowth Strategy.

The RPS requires annual reviews to be undertaken to monitor, assess and report on population distribution, dwelling yields, zoned business land, and the proportion of potential residential allotments approved. SmartGrowth requires uptake rates and land availability for both residential and business land, permanent versus holiday residences, and rural subdivision to be monitored. Also a comparison of actual growth against projected SmartGrowth dwelling growth is reported on.

The National Policy Statement on Urban Development Capacity (NPS-UDC), came into effect on 1 December 2016. Tauranga Urban Area (which relates to both Tauranga City and Western Bay of Plenty District[1]) is classified as a high growth urban area under the NPS-UDC. NPS-UDC Policy PB6 requires Council's to monitor a range of indicators on a quarterly basis including:

a) prices and rents for housing, residential land and business land, by location and type; and the changes in these prices and rents over time;
b) the number of resource consents and building consents granted for urban development relative to the growth in population; and
c) indicators of housing affordability.

The 2017 SmartGrowth Development Trends Report has been expanded to incorporate a number of relevant indicators to meet NPS-UDC monitoring requirements (refer table 3), while continuing the development trends data time series. This report will be produced annually for the period 1 July to 30 June. For interim NPS-UDC quarterly monitoring a simpler reporting framework will be introduced.

2.1 National Policy Statement on Urban Development Capacity Monitoring

A Technical Implementation Group (TIG) has been established by SmartGrowth, comprised of staff from the three Councils (Tauranga City Council, Western Bay of Plenty District Council, Bay of Plenty Regional Council) and other partners, to respond to requirements of the NPS-UDC.

The deliverables required by the NPS-UDC include (in sequence):

- establishing a monitoring regime (Policies PB6 and PB7);
- undertaking housing and business land assessments;
- setting development capacity targets for housing in statutory (Resource Management Act) planning documents – i.e. the Bay of Plenty Regional Policy Statement, Tauranga City Plan and Western Bay of Plenty District Plan; and
- developing (and consulting on) a Future Development Strategy to show how the identified targets will be met into the long term.

[1] Western Bay of Plenty District (WBOPD) indicators are displayed for total WBOPD (urban and rural) or only the urban growth areas which include Waihi Beach, Katikati, Omokoroa and Te Puke.

As indicated above, in addition to PB6 requirements, NPS-UDC PB7 requires local authorities to use indicators of price efficiency in their land and development market, to understand how well the market is functioning and how planning may affect this, and when additional capacity might be needed. MBIE is currently developing a number of price efficiency indicators which will be incorporated into future NPS-UDC monitoring reports once available.

Housing and business land assessments are currently being undertaken and are to be completed by 31 December 2017 as required by the NPS-UDC. The assessments will include information about the range of business uses and dwelling types, and provide evidence based estimates of demand and feasible capacity. The key outputs of these assessments, including estimates of remaining capacity and projected uptake rates, will be incorporated and monitored in future NPS-UDC monitoring reports once available.

The Ministry for the Environment (MfE) and Ministry of Business Innovation and Employment (MBIE) have released a guide to support the implementation of the NPS-UDC[2], and an online dashboard that provides charts, maps and underlying data on local housing markets. This was consulted in the preparation of this report, and the dashboard used to produce a number of graphs.

The indicators particularly relevant to the NPS-UDC PB6 monitoring requirement are outlined in Table 3. The majority of indicators have a residential focus due to the availability of residential data through the MBIE/ MfE dashboard, and Council records. SmartGrowth will work with its partners to source appropriate business indicators for future PB6 quarterly monitoring reports.

Table 3: NPS-UDC PB6 Indicators to be Monitored

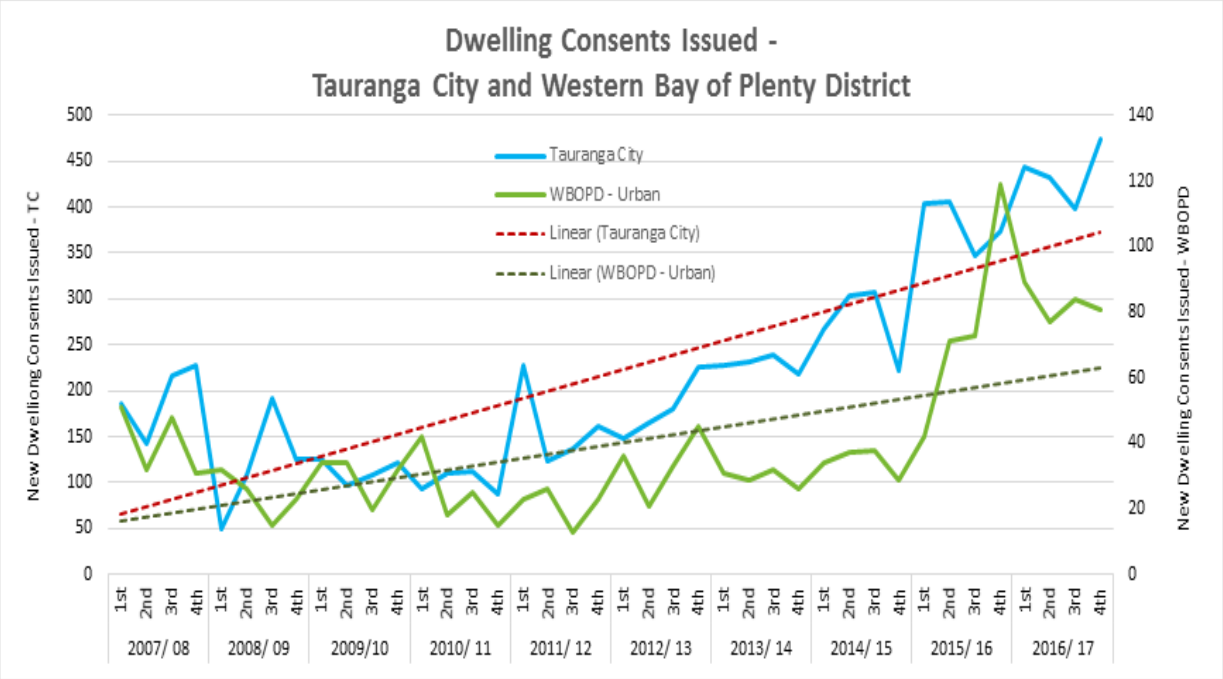
SGDT Ref	NPS-UDC Ref	Type	Topic	Indicator
3.1	PB6 b)	Residential	Dwelling Consents	New Dwelling Consents
3.1	PB6 b)	Residential	Location	Building Consents by Location
3.2	PB6 b)	Residential	New Lots	New Lots Created
3.2	PB6 b)	Residential	Location	New Lots Created
3.3	PB6 b)	Residential	Household Growth	Dwelling Consents Compared to Dwellings Projected
4.1	PB6 a)	Residential	Prices	Dwelling Sales Price
4.2	PB6 a)	Residential	Rents	Nominal Rents for Dwelling
4.3	PB6 a)	Residential	Prices	Dwellings Sold
4.4	PB6 a)	Residential	Prices/ Rents	Ratio of Dwelling Sales Prices to Rent
4.6	PB6 c)	Residential	Prices	Housing Affordability Measure (HAM) – Buy
4.6	PB6 c)	Residential	Rents	Housing Affordability Measure (HAM) – Rents
5.1	PB6 a)	Residential	Type	Floor Size per Residential Building
5.2	PB6 a)	Residential	Prices	Construction Value per Residential Building Dwelling Consent
5.3	PB6 a)	Residential	Type	Building Consents by Type
6.4	PB6 a)	Business	Type	Non-Residential Building Consents by Type
6.5	PB6 a)	Business	Prices	Building Consents by Construction Value

An explanation of indicators provided via the MBIE/MfE guidance or dashboard is provided in Appendix 1, and referenced under the relevant indicator through the report.

[2] National Policy Statement on Urban Development Capacity: Guide on Evidence and Monitoring, Ministry of Business, Innovation and Employment and the Ministry for the Environment, June 2017.

3 Supply and Demand

3.1 New Dwelling Consents Issued



Note: A "Linear" trend line has been included in Charts 2 and 5 to show the general trend over time. "Linear" trend line – a relationship of direct proportionality that, when plotted on a graph, traces a straight line.

Chart 2 Observation:

In Western Bay of Plenty District (WBOPD) there has been variation in dwelling consents issued in the Greenfield Urban Growth Areas (UGA's) over the last 10 years. Dwelling Consents Issued in the urban areas increased significantly in the last 2 years (305 in 2015/16 and 331 in 2016/2017). In 2007/2008 the monthly average for dwelling consents issued were 14, compared to the monthly average of 28 for 2016/2017.

In Tauranga City building consents issued for new dwellings increased by 14% (or 217 consents) from 2015/2016 (1,531 dwelling consents issued) to 2016/2017 (1,748 dwelling consents issued). The last 5 year average was 1,216 dwelling consents. In 2007/2008 the monthly average for dwelling consents was 69, compared to a monthly average of 145 for 2016/2017.

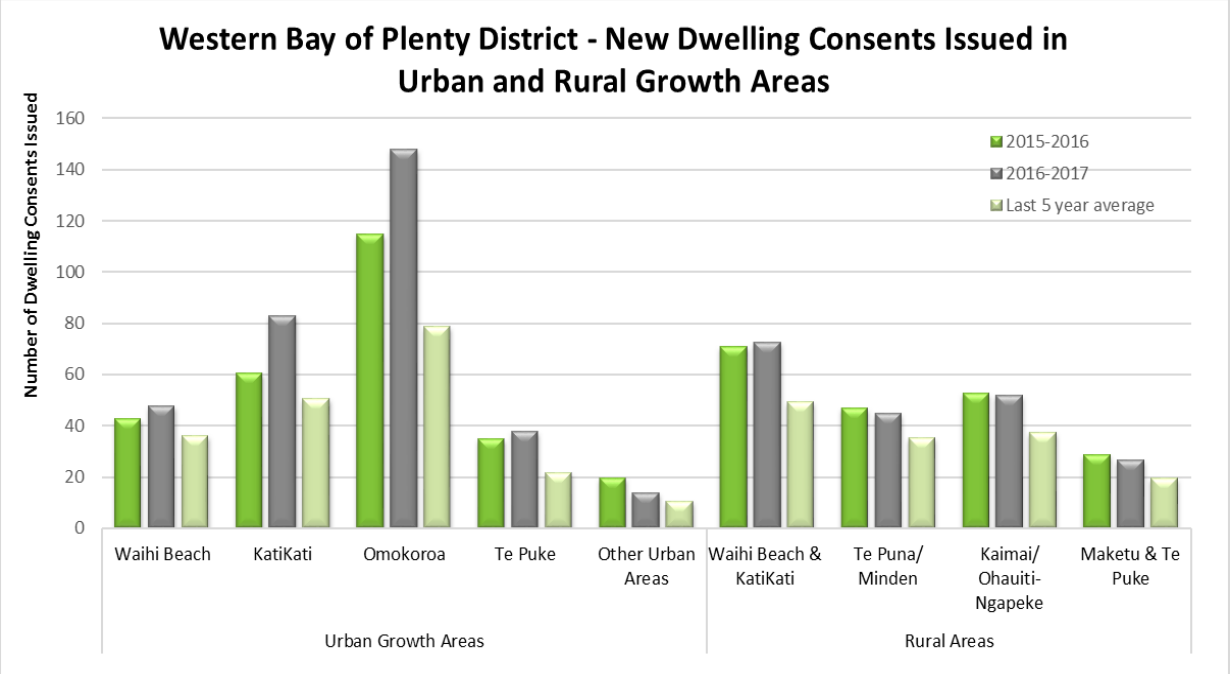


Chart 3 Observation:

Dwelling consents issued increased in all of the main Greenfield UGA's and only in the Waihi Beach/ Katikati rural areas. In the Greenfield UGA's there were an increase in new dwelling consents issued of 25% and in the rural areas there were a decrease of 2% from 2015/2016 to 2016/2017. In 2016/2017, dwelling consents issued in Omokoroa UGA increased by 29% compared to the previous year.

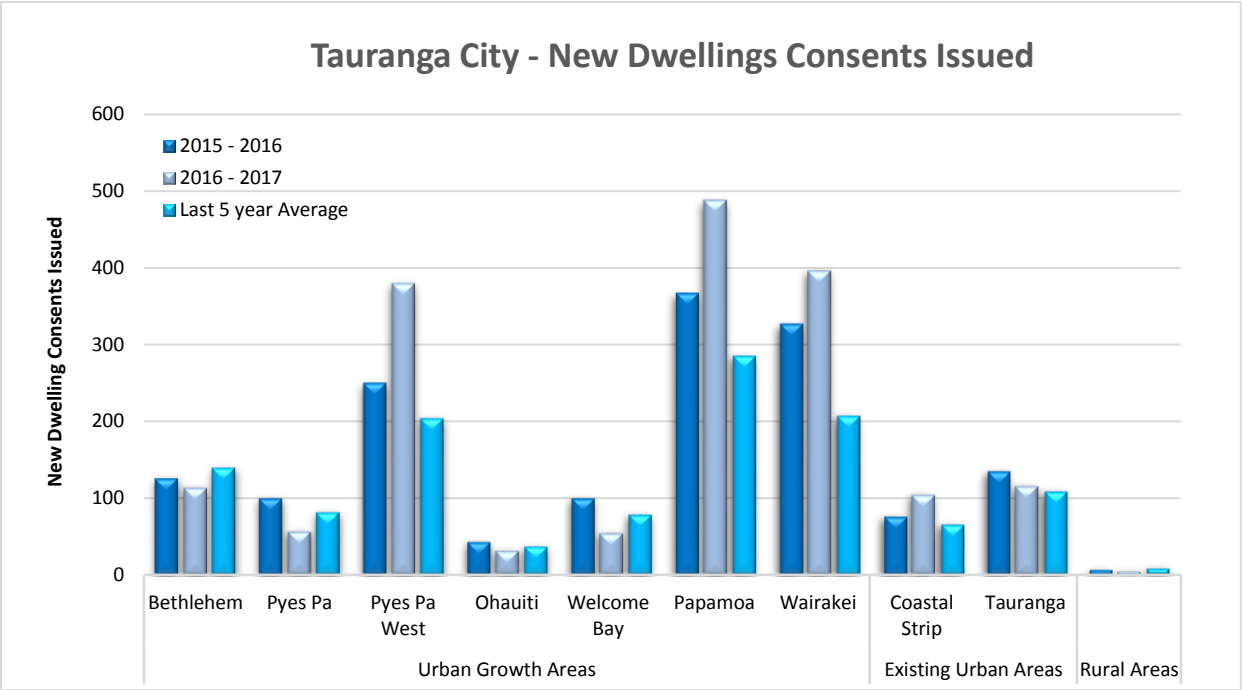


Chart 4 Observation:

During 2016/2017, 87% of new dwelling consents issued occurred within Greenfield UGA's 12% within existing urban areas, while less than 0.2% were issued in rural zoned areas. Dwelling consents issued in 2016/2017 in Greenfield UGA's (1,522 consents) were up 16% on 2015/2016 (1,313 consents) and up 47% on the last 5 year average (1,216 consents). Greenfield UGA's, with the exception of Bethlehem, Pyes Pa and Ohauiti UGA's, experienced increases in 2016/2017 from 2015/2016 results. For the existing urban areas, dwelling consents increased in existing urban areas increased from 211 to 2015/2016 to 221 dwelling consents in 2016/2017, while rural areas decreased from 7 to 5 consents.

3.2 New Lots Created

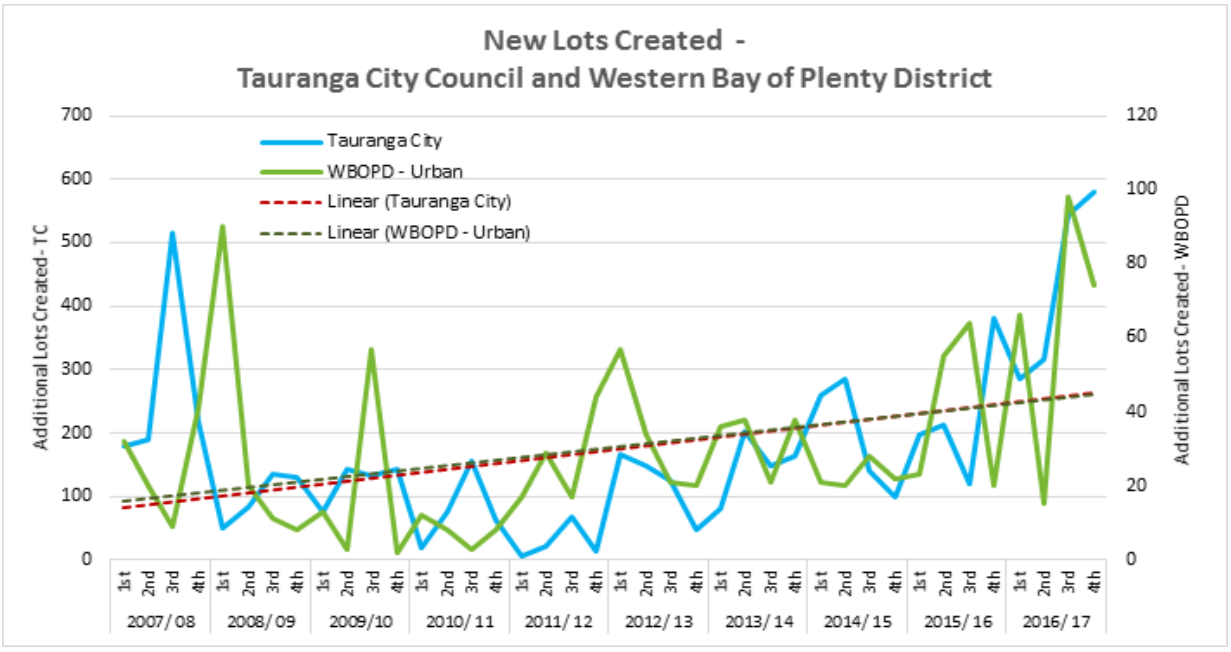


Chart 5 Observation:

In WBOPD new lots created in the UGA's were the lowest in 2010/2011 with an average of 8 new lots created per quarter, compared the 63 new lots created in 2016/2017. The number of new lots created in urban areas increased from 162 in 2015/2016 to 253 in 2016/2017.

For Tauranga City new lots created in 2016/2017 (1,723 new lots created) increased significantly by 809 lots (+89%) from 2015/2016 (914 new lots created). 2016/2017 results were 91% higher than the last 5 year average of 903 new lots created. Over the last ten years, new lots created were the lowest in 2011/2012 with an average of 9 new lots created, compared to 143 new lots created in 2016/2017 in Tauranga City.

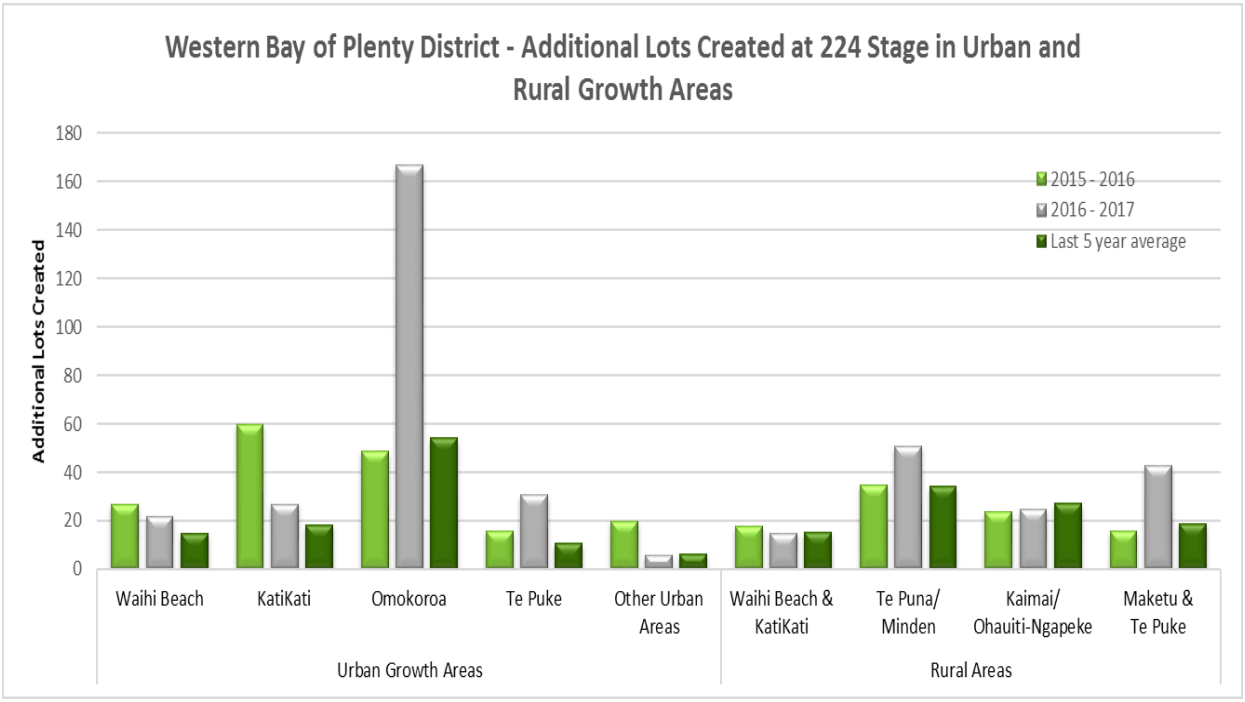


Chart 6 Observation:

In the Greenfield UGA's the number of additional lots created at 224 stage increased by 63% from 2015/2016 to 2016/2017 and the rural areas increased by 44% for the same period. Subdivision is lower in Waihi Beach and Katikati while in Omokoroa and Te Puke subdivision increased significantly for the 2016/2017 year. Additional lots created increased in most of the rural areas from 2015/2016 to 2016/2017 except for Waihi Beach/ Katikati rural areas where additional lots decreased by 17%.

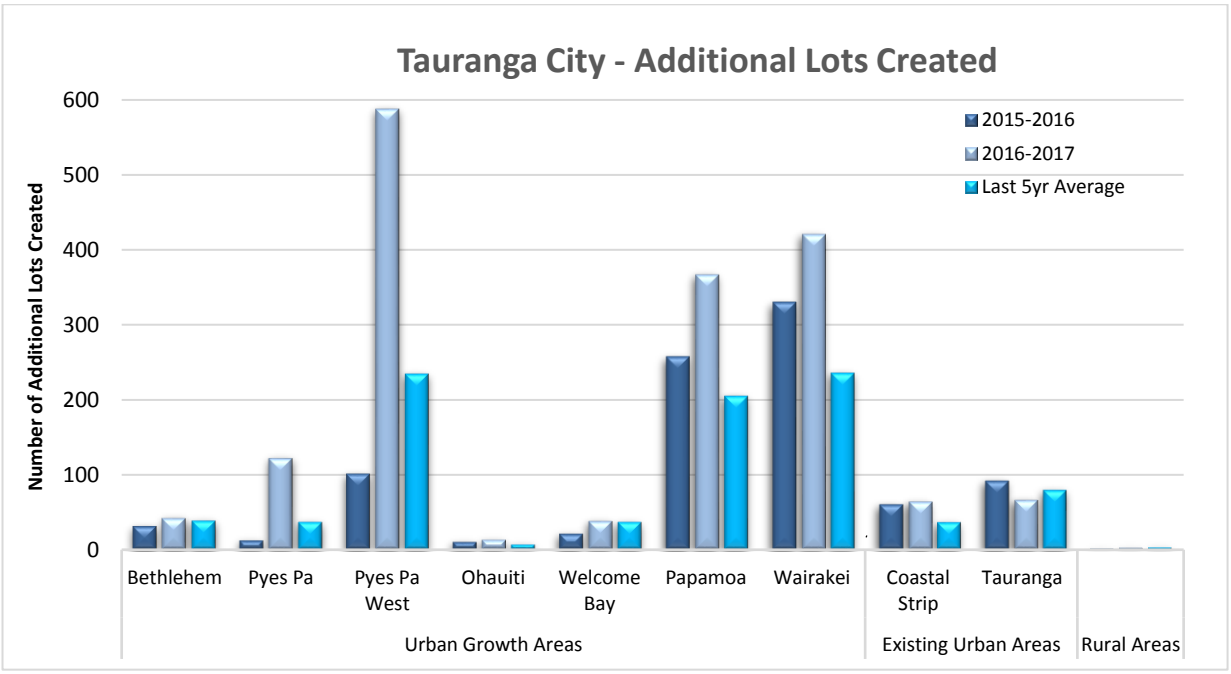


Chart 7 Observation:

The largest number of additional lots created during the 2016/2017 financial year were within Greenfield UGA's (1,591 lots or 92%), while 130 lots were created in existing urban areas. Subdivision development within all Greenfield UGA's increased in 2016/2017 in comparison with 2015/2016 results. In the existing urban areas Tauranga area decreased while Coastal Strip recorded an increase from 2015/2016 results in 2016/2017. During 2016/2017 most additional lots in Tauranga City were created within the Suburban and Wairakei residential zones (1,586 lots or 92%),

3.3 Comparison with SmartGrowth Projections

Detailed population and household projections have been produced for the SmartGrowth region by the National Institute of Demographic and Economic Analysis (NIDEA), University of Waikato[3]. NIDEA predict that population in the Western Bay of Plenty sub-region will increase from 165,910 people at 30 June 2013 to 261,248 people by 2063, while dwellings will increase from 70,423 to 129,997 over that period.

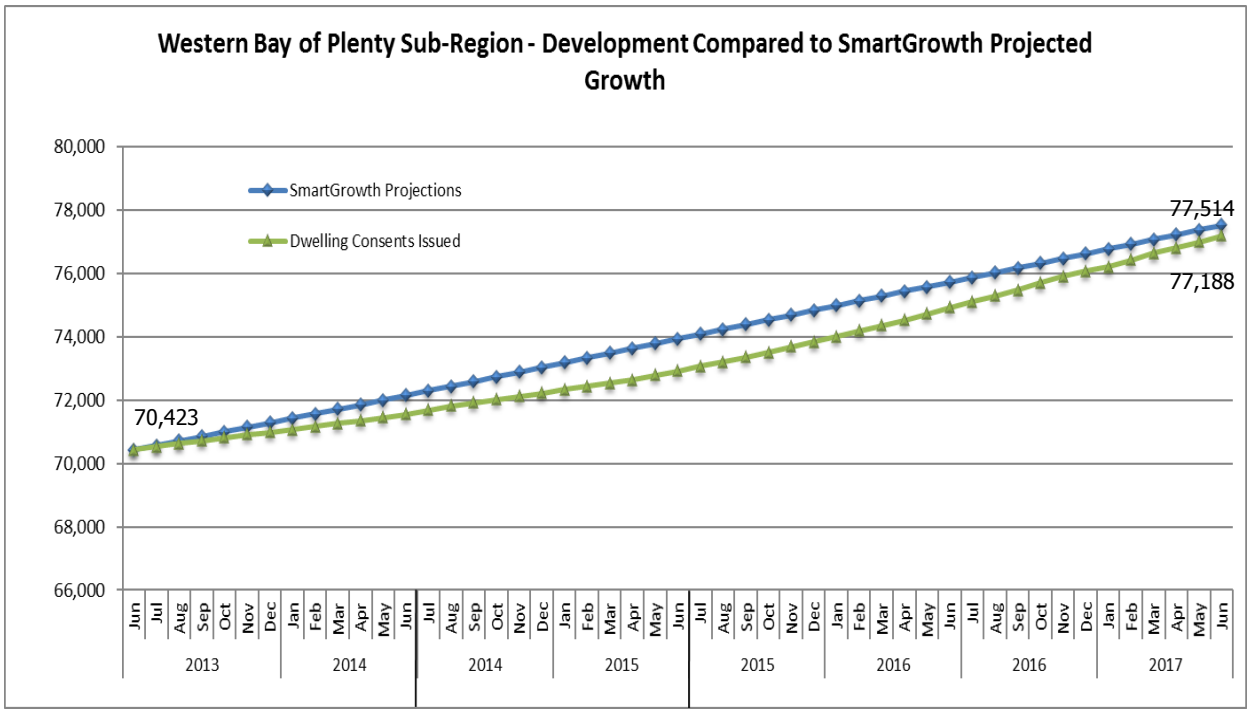


Chart 8 Observation:

Dwelling Consents Issued for the Sub-region is very close to the dwellings projected. Between 1 July 2013 and 30 June 2017, 4.6% less new dwellings consents were issued, than projected.

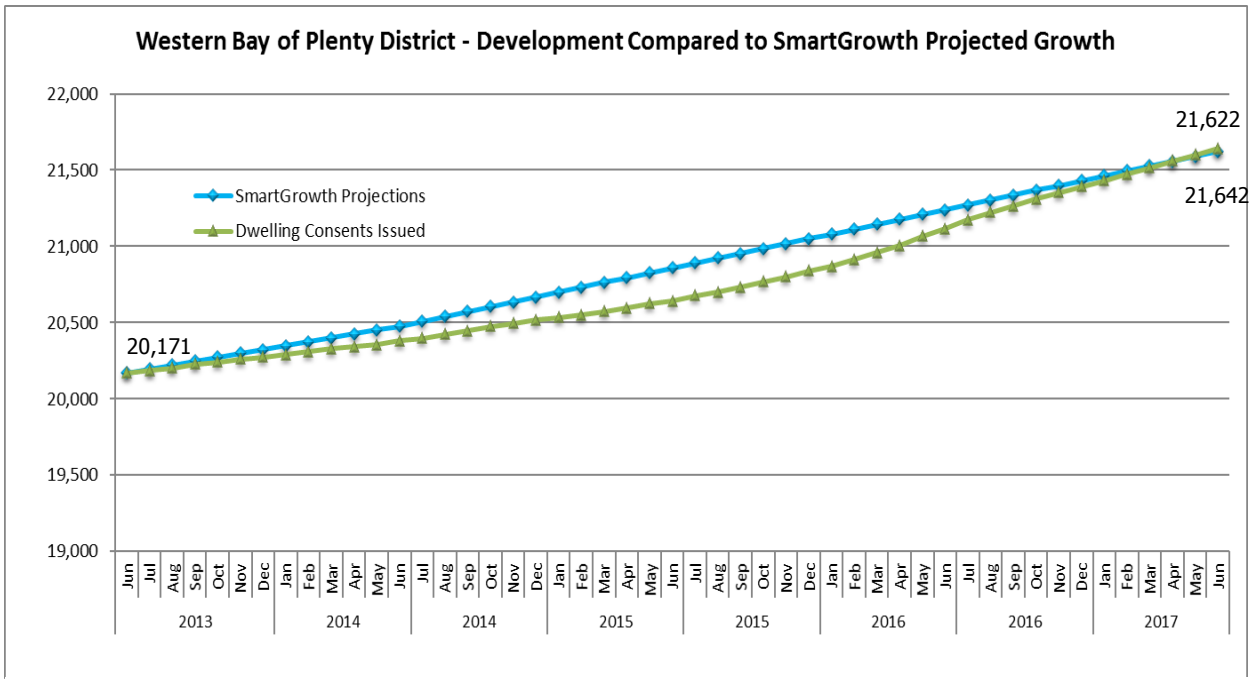


Chart 9 Observation:

Dwelling consents issued between 1 July 2013 and 30 June 2017, were 20 more than the 1,451 dwellings projected for this period under the current SmartGrowth Projection.

[3] The revised projections were adopted by the SmartGrowth Committee on 28 May 2014 and updated by both Councils in July 2017.

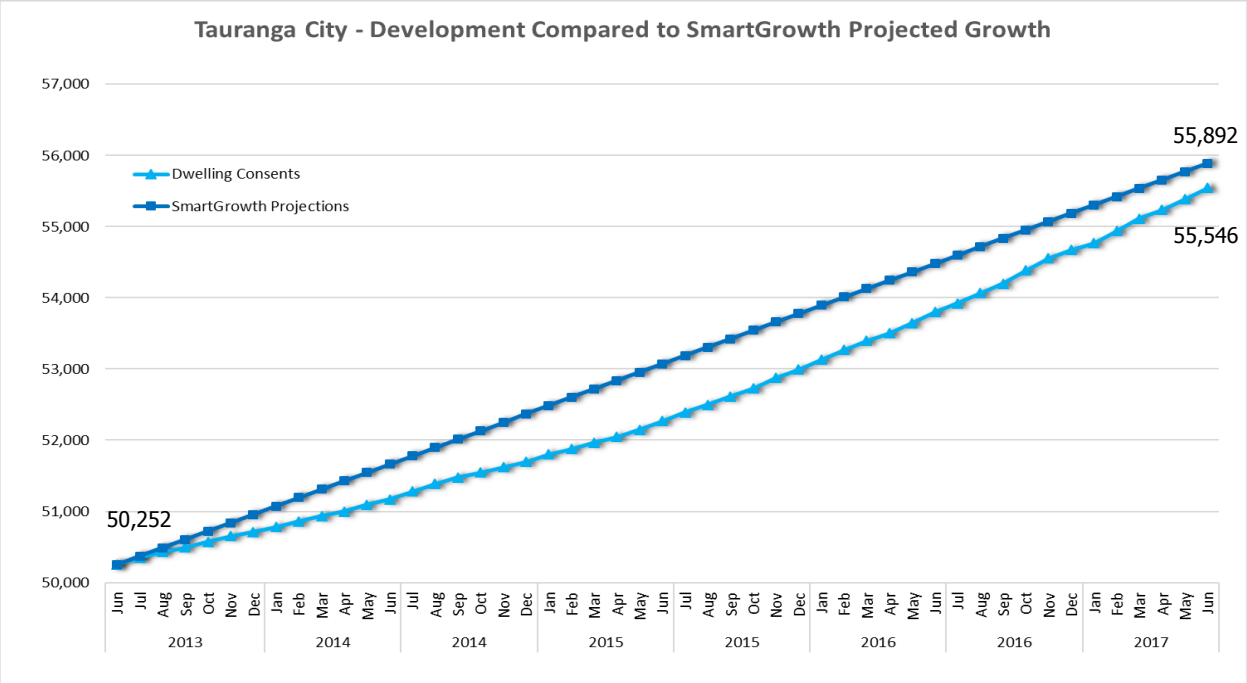


Chart 10 Observation:

Between 1 July 2013 and 30 June 2017 346 (or 6%) less dwellings consents were issued than the 5,640 dwellings projected. It is expected that by the end of the 5 year projection period at 30 June 2018 that dwelling consent issue will be very close to dwellings projected based on recent trends.

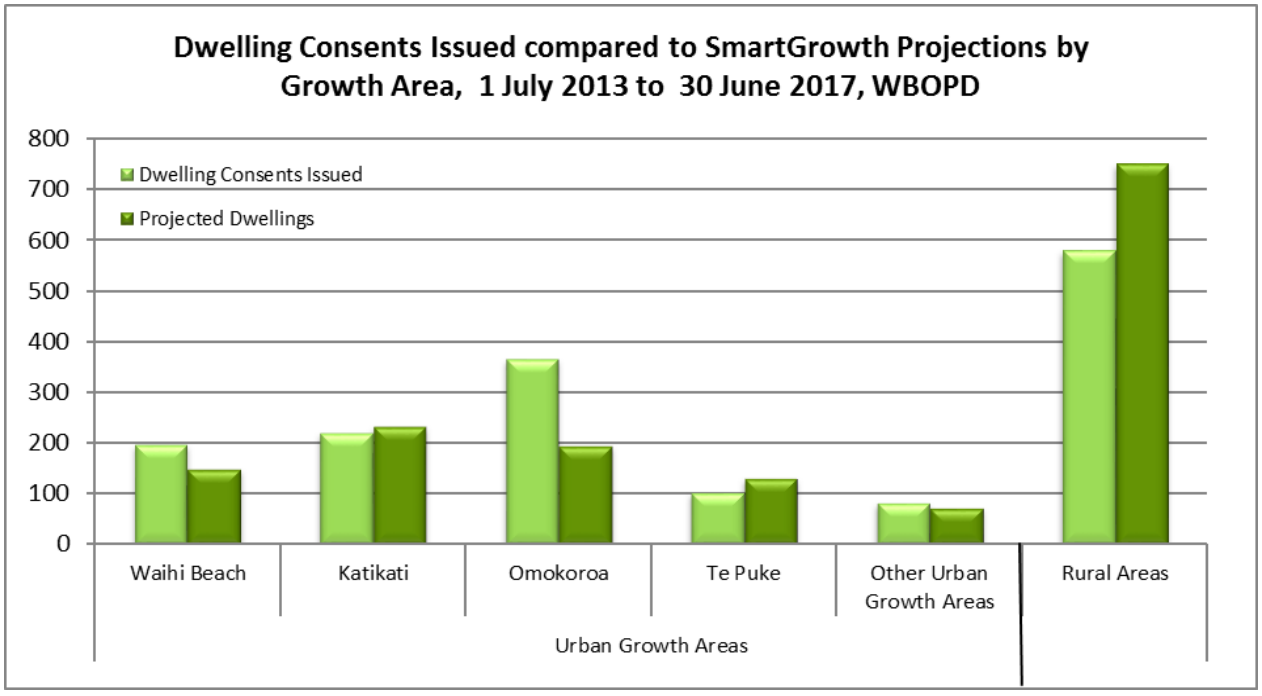


Chart 11 Observation:

In Western Bay of Plenty District, Katikati UGA has more dwellings projected (232) than new dwelling consents issued (220) from July 2013 to June 2017 and in Te Puke UGA there were 27 more dwellings projected than dwelling consents issued (103) for the same period. The projections (753 dwellings) for the rural areas are much higher than the actual dwelling consents issued of 581 dwellings. The rural area units with more dwellings projected than built were in the Kaimai, Minden, Ohauiti-Ngapeke and Rangiuru area units.

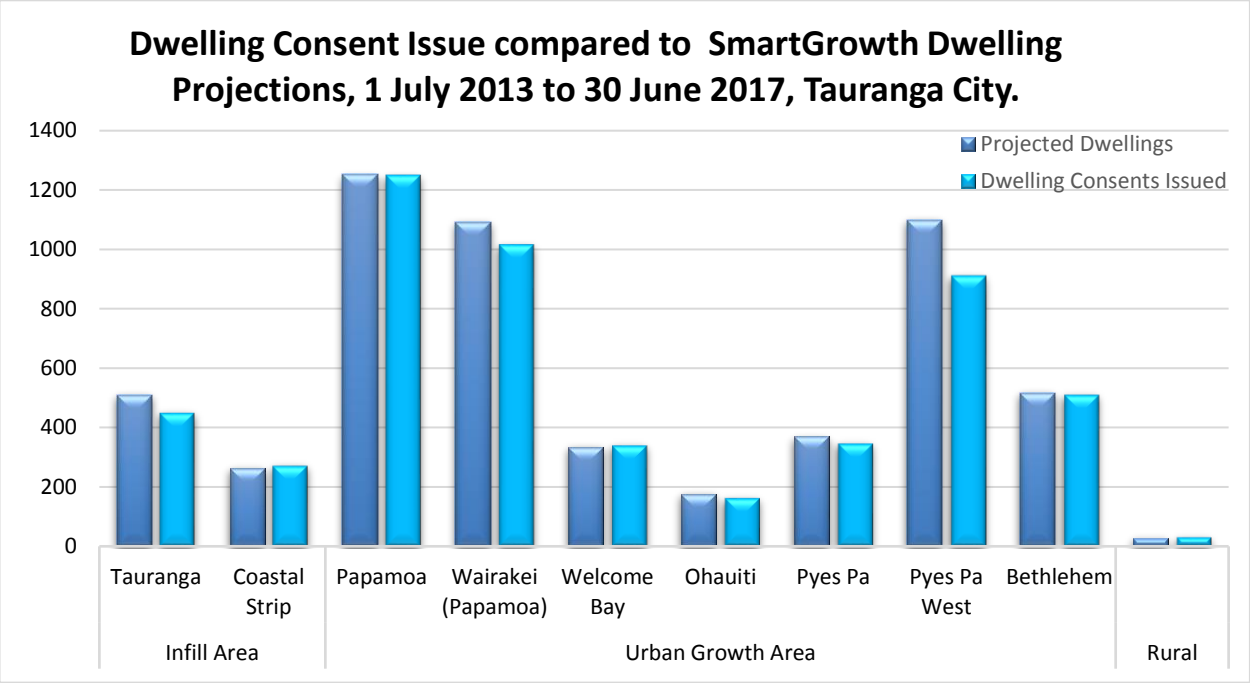


Chart 12 Observation:

In comparison to the current SmartGrowth Projection allocation between 1 July 2013 and 30 June 2017 more dwelling consents were issued than projected in Welcome Bay UGA, while all other UGA's recorded less consents issued than projected. Overall dwelling consents issued in UGA's were 299 (or 4%) below the 4,839 dwellings projected. Dwelling consents issued in Intensification\ Infill area, and Rural areas were 47 below (or 6% less) the 801 projected.

It is noted that the projection is for a 5 year period with growth rates anticipated to increase particularly in Pyes Pa West and Wairakei UGA's in the latter part of the 5 year projection period. Accordingly greater alignment is expected between projected growth and actual dwelling consent counts by 30 June 2018.

3.4 Growth Rates – Land Availability

SmartGrowth requires that uptake rates and land availability for residential development be monitored. This is based on zoned residential land across the sub-region.

Tauranga City

Of the operative Greenfield UGA's, Pyes Pa UGA has the lowest percentage of remaining dwelling capacity (15%), while Welcome Bay has the lowest remaining dwelling capacity (343 dwellings), refer to Table 4.

Papamoa UGA which has the largest expected yield, has estimated potential for a further 2,065 dwellings. The majority of these are expected to be constructed in the Maranui Street area which includes the Mangatawa Block, and at the eastern end of Doncaster Drive in the Parton Road area.

Wairakei UGA in Papamoa East was made operative in May 2011, providing further capacity for an estimated 4,220 dwellings. At 30 June 2017 it had the largest remaining dwelling capacity (3,196 dwellings) and highest percentage of capacity remaining (76%).

Other Greenfield areas have been identified for future urban development and their suitability is currently being considered through the SmartGrowth Settlement Pattern Review Project. Te Tumu in Papamoa East and Tauriko West future Greenfield UGA areas are currently being progressed through structure planning.

Table 4. Growth Rate of Urban Growth Areas in Tauranga City

Urban Growth Area	Estimated Yield - Total Dwellings[1]	June 2013 Total Dwellings	Dwelling Consents Issued July 2013 -June 2017	Remaining Capacity	% Capacity Remaining
Bethlehem	4,890	2905	511	1,474	30%
Pyes Pa	2,780	2013	348	419	15%
Pyes Pa West	3,060	327	912	1,821	60%
Ohauiti	1,800	1173	163	464	26%
Welcome Bay	2,150	1466	341	343	16%
Papamoa	12,040	8725	1,250	2,065	17%
Wairakei	4,220	9	1,015	3,196	76%
Total	**30,940**	**16,620**	**4,540**	**9,780**	**32%**

[1] Estimated Yields are currently being reviewed as part of the NPS-UDC capacity assessments which may result in adjustments. Approved Special Housing Areas in Bethlehem, Papamoa, Wairakei and Ohauiti UGA's combined with greater density being achieved particularly through Retirement Village developments is generally increasing UGA yields.

Western Bay of Plenty District

Te Puke UGA has the largest design capacity in the District followed by Waihi Beach UGA of just over 3,000 dwellings. Although Waihi Beach has a large design capacity, it has the lowest remaining capacity available of 9%. Omokoroa Stage 1&2 UGA has the largest dwelling capacity remaining in the District (1,080 dwellings), followed by Te Puke UGA with 510 dwellings. Katikati UGA does not include the Park Road dairy farm and Tetley Road orchard, and that leaves Katikati with only 300 dwellings remaining (refer to Table 5).

Table 5. Growth Rate of Urban Growth Areas in the Western Bay of Plenty District

Urban Growth Area	Total Capacity - Dwellings	June 2013 Total Dwellings	Dwelling Consents Issued July 2013 -June 2017	Remaining Capacity	% Capacity Remaining
Omokoroa – Stages 1 & 2	2663	1,228	355	1,080	41%
Katikati[1]	2380	1,886	194	300	13%
Waihi Beach	3230	2,766	184	280	9%
Te Puke	3550	2,940	100	510	14%
Total	11,823	8,820	833	2,170	18%

[1] Exclude Park Road Dairy and Tetley Road Orchard.

3.5 Occupied/Unoccupied Dwelling Ratio

SmartGrowth requires that "permanent" vs. "holiday residences" be monitored. A comparison of Census night occupied dwelling with unoccupied dwelling counts provides one indication of this. A table outlining occupied and unoccupied dwelling ratios is provided in Appendix 4 and a Census area unit map is provided in Appendix 5.

Western Bay of Plenty District

In the Western Bay of Plenty District the coastal settlements of Island View-Pios Beach and Waihi Beach show the highest ratios of unoccupied dwellings with 61% and 49% respectively signifying a high number of holiday homes in these areas, refer to Appendix 4.
Athenree and Matakana Island also indicate a relatively high proportion of non-permanent residences, each with more than 25% of homes unoccupied at Census time. Pongakawa despite being a rural area displays a reasonably high proportion of unoccupied dwellings (31%) largely due to the inclusion of the coastal settlement of Pukehina within the area unit. Maketu Community (26%), another settlement located on the Western Bay of Plenty District's coast has a similar ratio of unoccupied dwellings to Pongakawa (31%), while Katikati and Omokoroa has a smaller proportion of non-permanent residences than other coastal settlements, with 9% and 12% respectively.

Tauranga City

For Tauranga City the coastal strip Census area units of Mount Maunganui North, Omanu, Te Maunga, Papamoa Beach East, Palm Beach, and Palm Springs all registered an unoccupied dwellings proportion of 10% or greater on Census night suggesting a higher rate of holiday residence in these areas, refer to Appendix 4. These results correspond with the traditional holiday nature of the coastal strip. Outside the coastal strip only Tauranga Central, and Sulphur Point CAU's exceeded 10% unoccupied dwellings.

4 Dwelling Sale Price and Rent Trends

4.1 Dwelling Sales Price

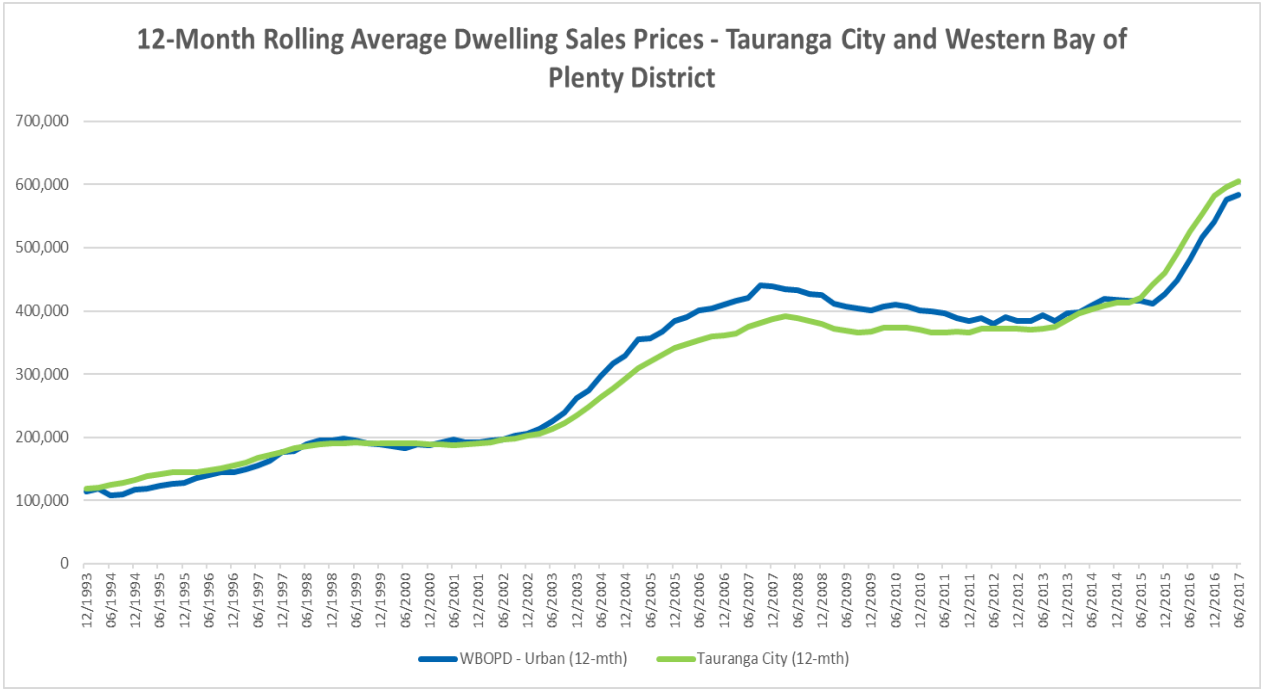


Chart 13 Observation:

As shown in the graph above and the table below both Tauranga City and Western Bay of Plenty District have experienced a significant increase in average median sales price in the 2016/2017 year. Refer Appendix 1 for an explanation of this indicator.
Source: Corelogic – MBIE Urban Development Capacity Dashboard.

Table 6. Dwelling Sales Prices

		Last Quarter		Last 12 months		Last 5 Years		Last 10 Years	
	Median sale price (at 30/06/2017)	Change	% Change	Change	% Change	Change	% Change	Change	% Change
Tauranga City	$605,750	$9,875	1.7%	$79,375	18.9%	$233,313	62.6%	$231,375	61.8%
Western BOP	$584,509	$8,339	1.4%	$102,188	24.6%	$205,111	54.1%	$163,848	39.0%

4.2 Dwelling Rents

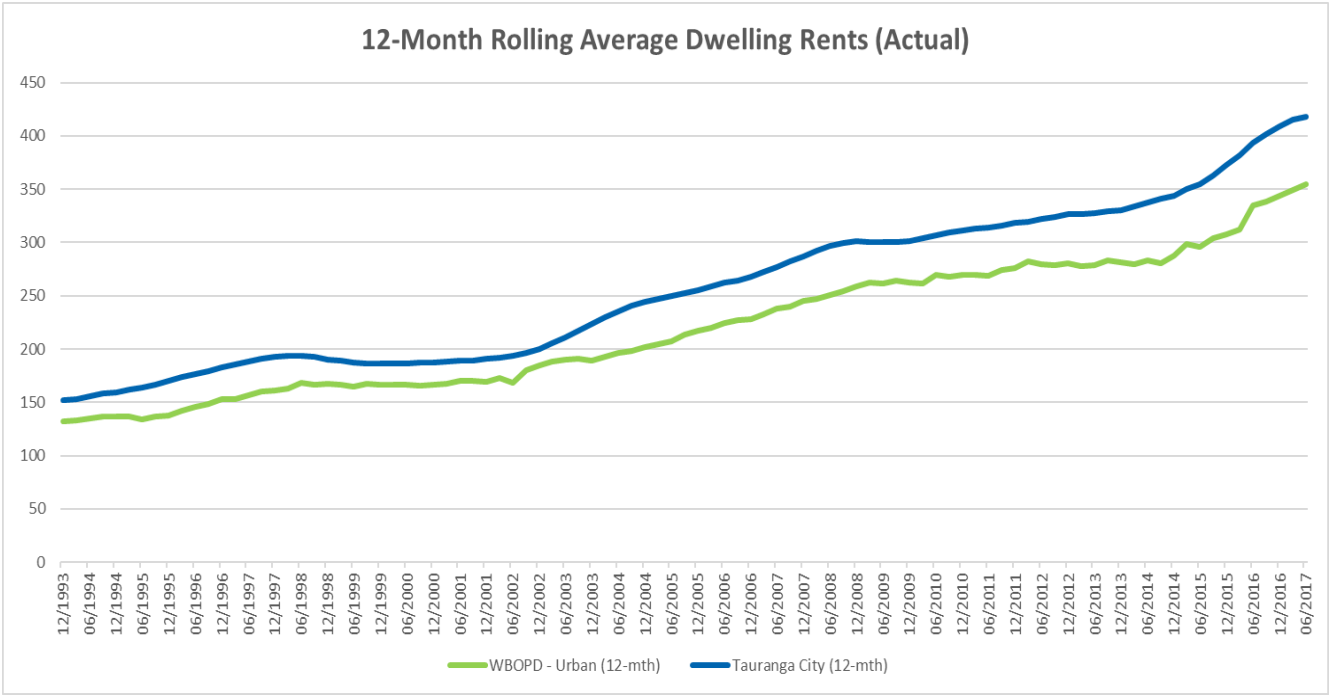


Chart 14 Observation:

As illustrated in the graph above and table below, dwelling rents have been increasing, with a steady increase observed from mid 2014 to the second quarter of 2017. This aligns with an increase in sales price over this period, though the percentage increase in rents has been considerably lower than that observed for sales prices. Refer Appendix 1 for an explanation of this indicator.
Source: Corelogic – MBIE Urban Development Capacity Dashboard

Table 7. Dwelling Rents

		Last Quarter		Last 12 months		Last 5 Years		Last 10 Years	
	Mean Rent (at 30/06/2017)	Change	% Change	Change	% Change	Change	% Change	Change	% Change
Tauranga City	$418	$3	0.7%	$25	6.9%	$96	29.8%	$142	51.3%
Western BOP	$355	$5	1.5%	$20	6.8%	$75	26.9%	$117	49.0%

4.3 Dwellings Sold

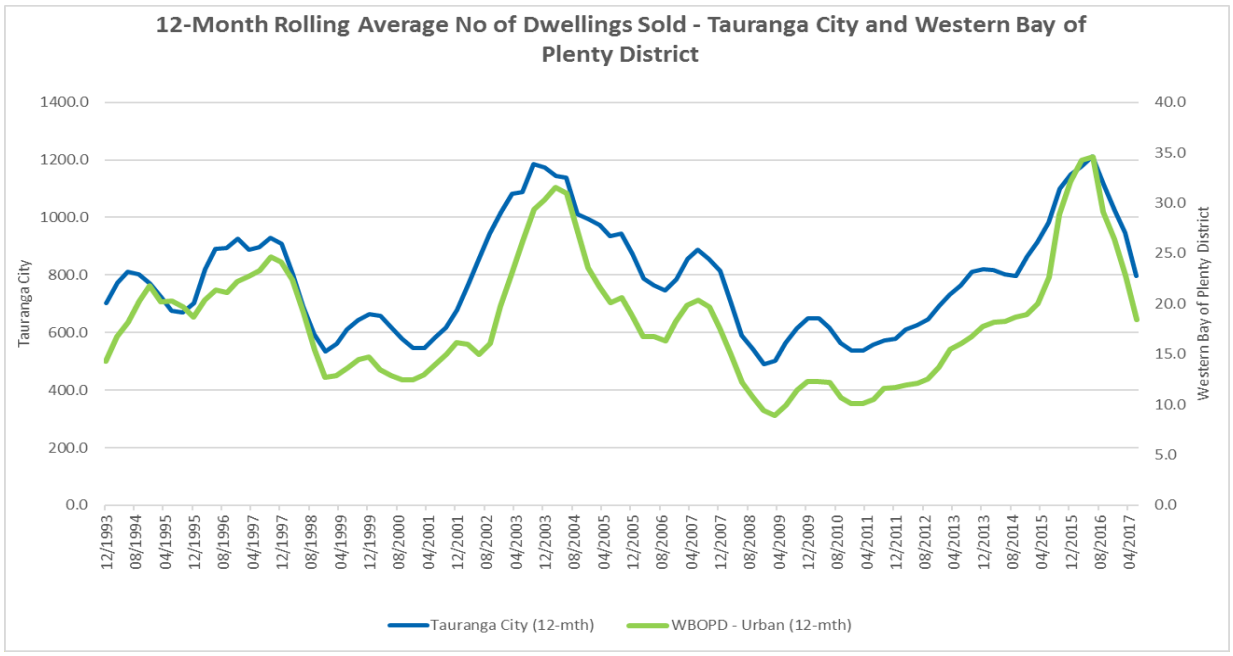


Chart 15 Observation:

As shown in the graph above Tauranga City and Western Bay of Plenty District have experienced significant fluctuations in the number of dwellings sold. While there is less variation observed it is noted that the number of sales has doubled in both areas in certain quarters from lowest to highest number of sales (eg: when 2004 and 2016 (high sales) are compared with 2001 and 2009 (low sales). Tauranga City and WBOP District follow similar trends in respect to periods of higher and lower sales. Refer Appendix 1 for an explanation of this indicator.

Source: Corelogic – MBIE Urban Development Capacity Dashboard.

4.4 Ratio of Dwelling Sales Prices to Rent

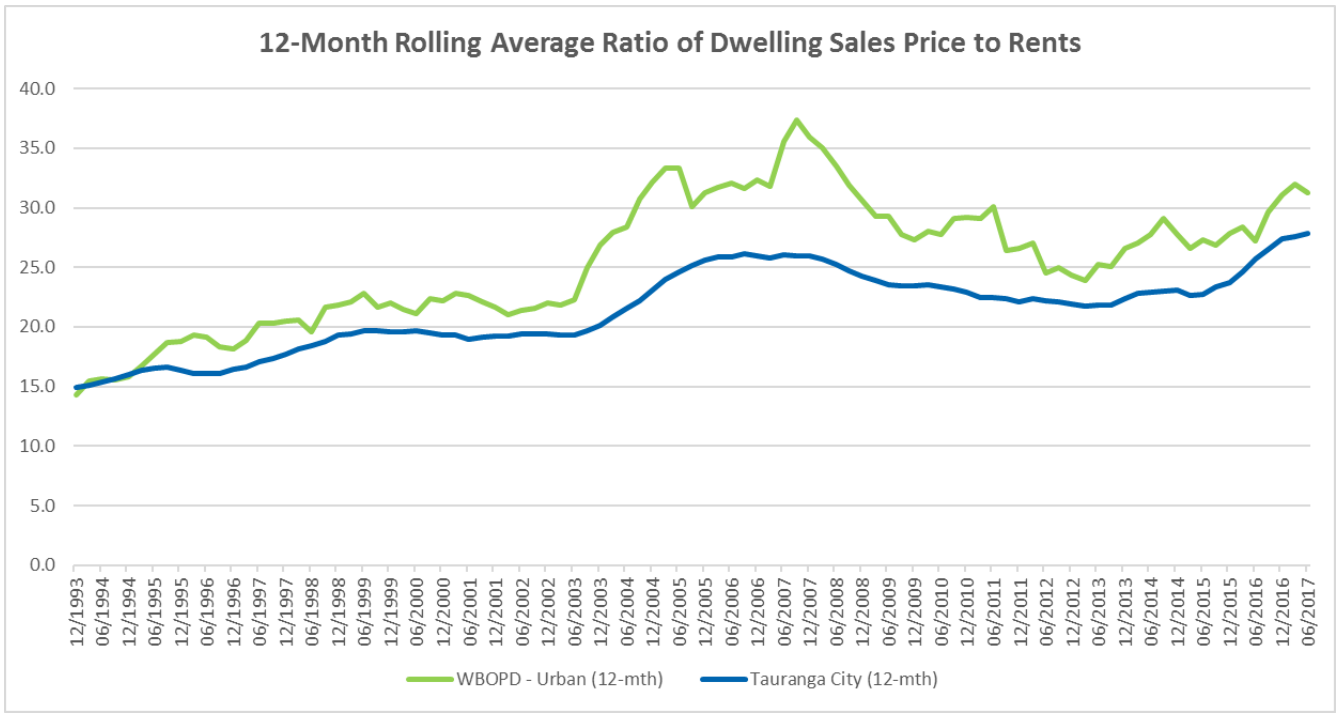


Chart 16 Observation:

As illustrated in the above graph, the ratios between house prices and rents increased in the urban areas of both local authorities between 2003 and 2008 and in the last few years (but fell noticeably for a few years following the global financial crisis). According to the MBIE/MfE Guide, this is because, while both house prices and rents have increased over the last 20 years, rent increases have been flatter and have lagged house price increases, and especially so at the peaks of the cycle. Refer Appendix 1 for an explanation of this indicator.

Source: Corelogic – MBIE Urban Development Capacity Dashboard

4.5 Residential Market Outlook

Colliers International runs a quarterly survey on Residential Market Outlook in a number of centres in New Zealand. In their June and September 2017 surveys, more than 50% of the respondents (net percent of optimists minus pessimists) in Tauranga and Mt Maunganui expect the median residential price to increase over the next twelve months.

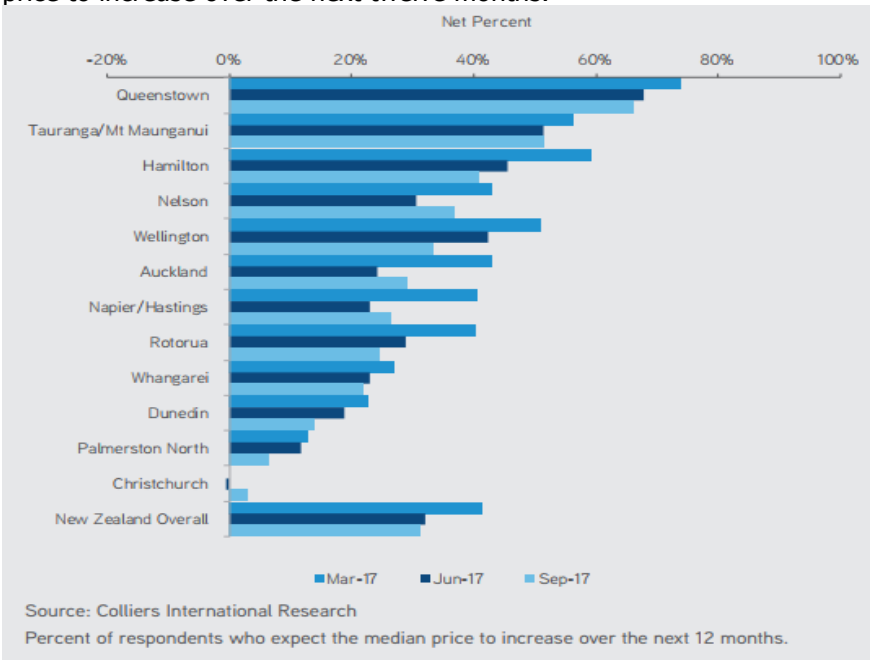


Chart 17 Observation:

As illustrated in the graph Tauranga/ Mt Maunganui was second only to Queenstown of the centres surveyed expecting residential prices to increase as at June 2017. This expectation increased in the last quarter to September 2017.

4.6 HAM – Housing Affordability Measure

HAM - Buy

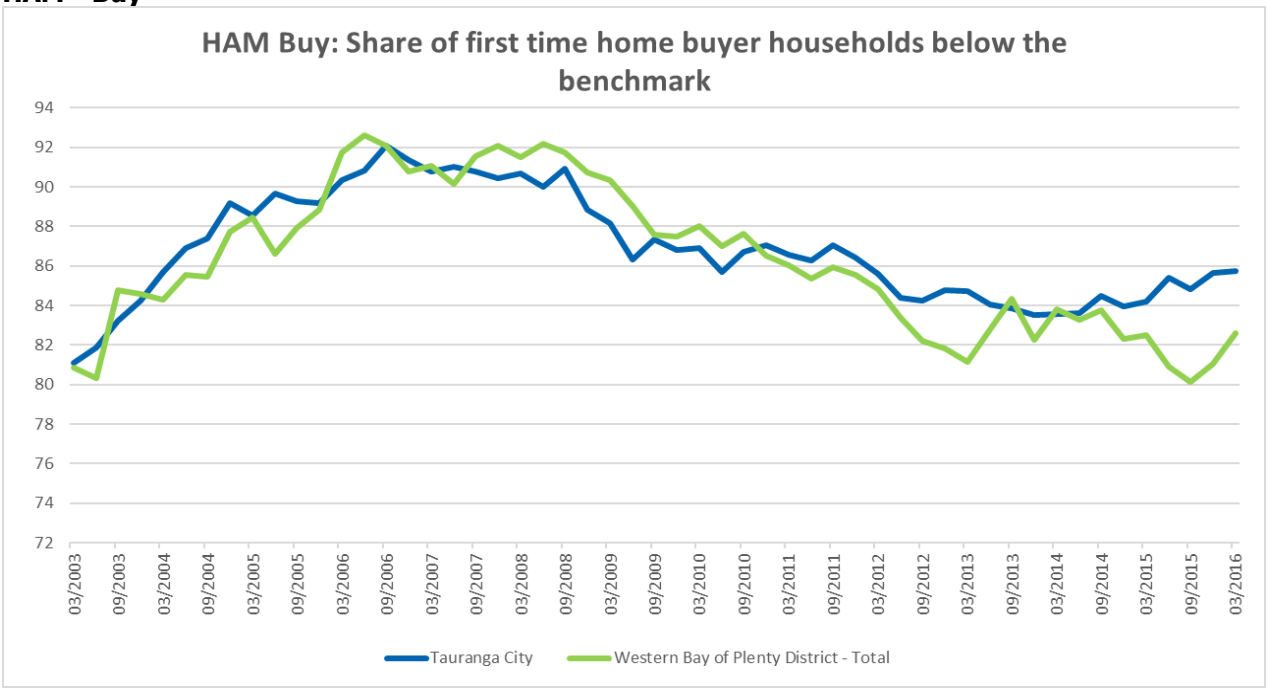


Chart 18 Observation:

As illustrated in the graph above and table below, over the quarter and twelve months to 31 March 2016 affordability had worsened in Western Bay of Plenty District and Tauranga City. However because of the age of this data the measure is not currently picking up the rapid house price inflation that has occurred in the last 1.5 years. As such it may not be an accurate representation of current affordability levels. Refer Appendix 1 for an explanation of this indicator.

Source: Corelogic – MBIE Urban Development Capacity Dashboard.

Table 8. HAM Buy

		Last Quarter		Last 12 months		Last 5 Years		Last 10 Years	
	HAM Buy at 31/3/16	Change	% Change	Change	% Change	Change	% Change	Change	% Change
Tauranga City	85.7	0.1	0.1%	1.6	1.9%	0.1	0.2%	-4.6	-5.1%
Western BOP	82.6	1.5	1.9%	0.1	0.1%	-2.2	-2.6%	-9.2	-10.0%

HAM - Rent

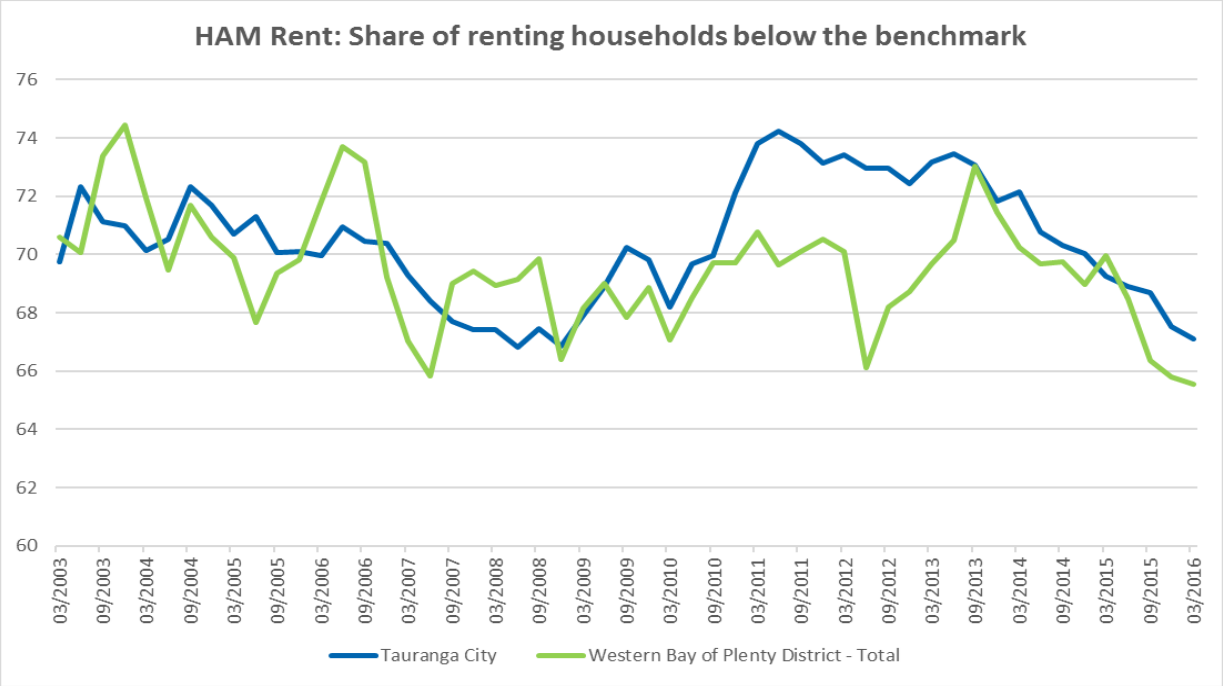


Chart 19 Observation:

As illustrated in the graph above and table below, the HAM Rent has improved in both local authority areas in the last quarter and last 12 months to 31 March 2016. The HAM Rent was lower than HAM Buy at 31 March 2016 in both Tauranga City and WBOP District, suggesting that it was more affordable to rent than buy. Refer Appendix 1 for an explanation of this indicator.

Source: Corelogic – MBIE Urban Development Capacity Dashboard.

Table 9. HAM Rent

		Last Quarter		Last 12 months		Last 5 Years		Last 10 Years	
	HAM Rent at 31/3/16	Change	% Change	Change	% Change	Change	% Change	Change	% Change
Tauranga City	67.1	-0.4	-0.6%	-2.1	-3.1%	-6.3	-8.6%	-2.8	-4.1%
Western BOP	65.5	-0.3	-0.4%	-4.4	-6.3%	-4.6	-6.5%	-6.3	-8.8%

5 Dwelling Typology

5.1 Floor Size per Residential Building

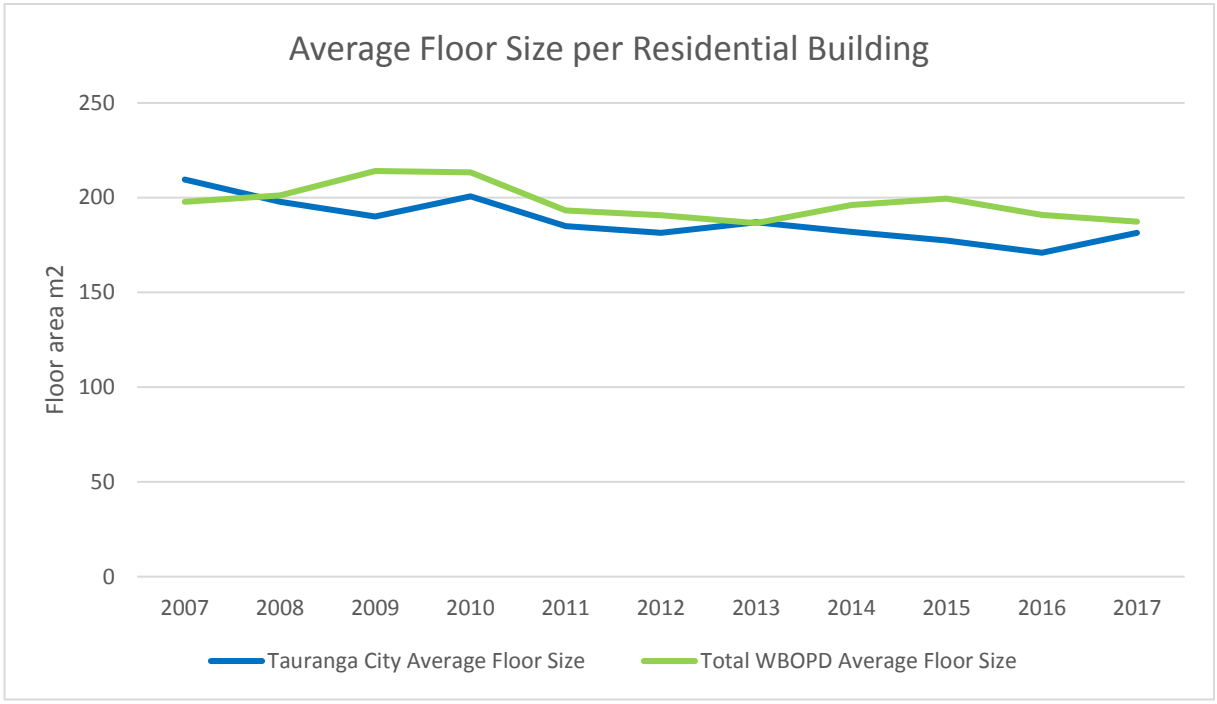
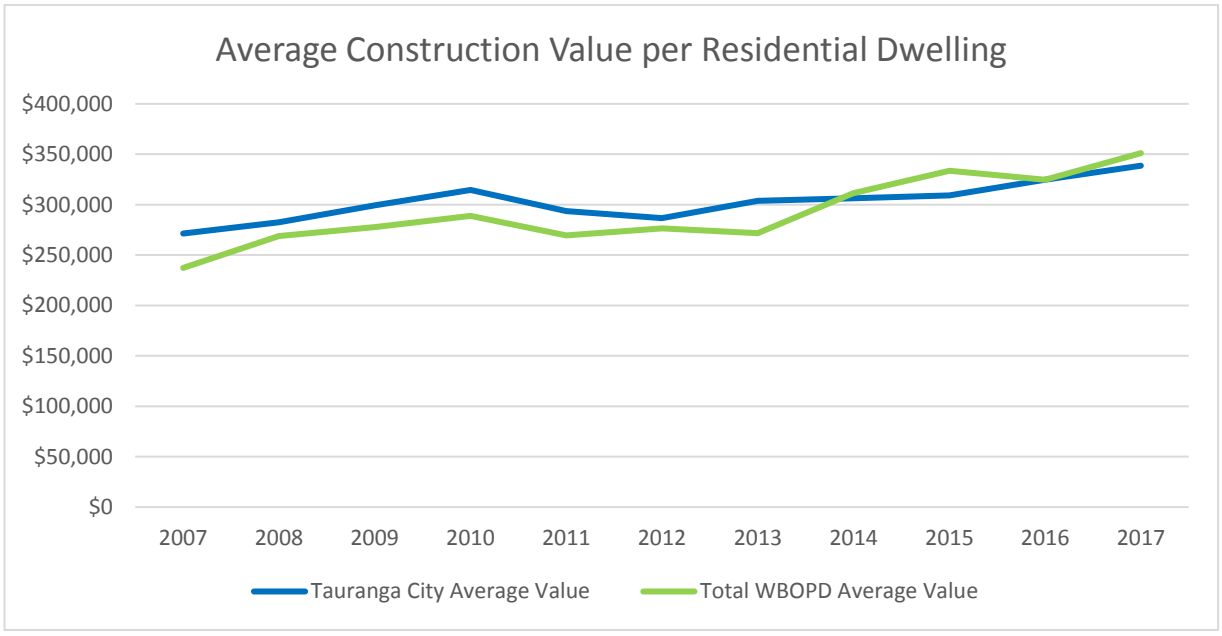


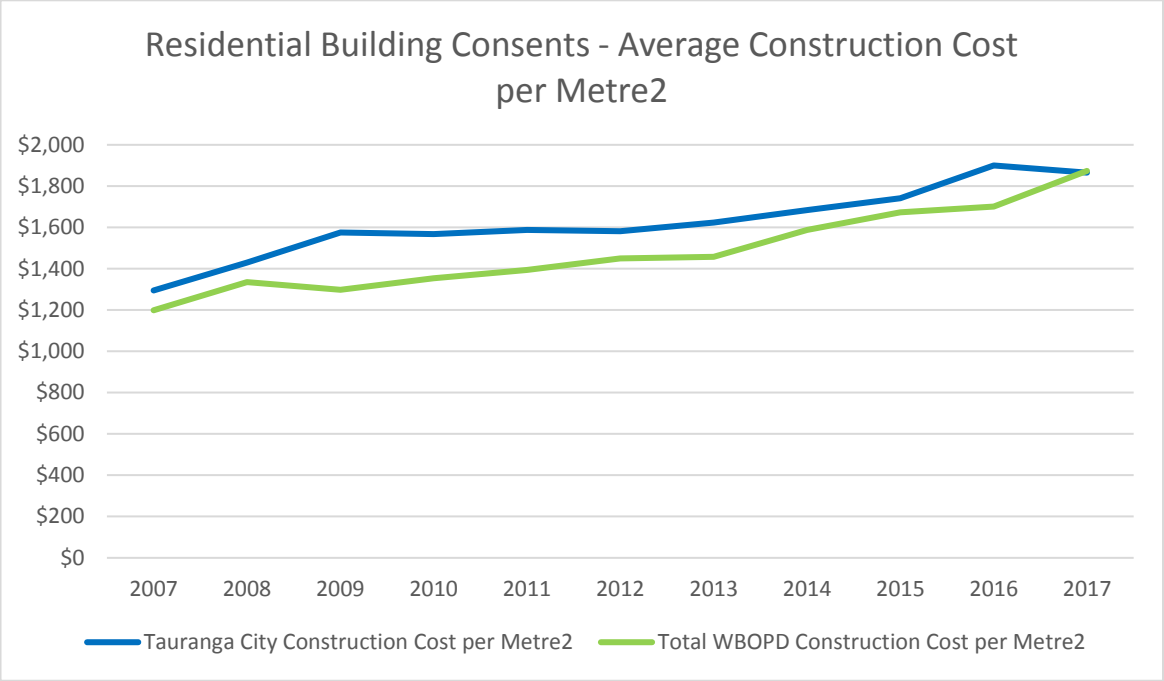
Chart 20 Observation:

Average floor area has declined from 2007 to 30 June 2017 for both local authority areas with variation over this period as illustrated in the above graph. In the last 12 months to June 2017 average floor area for residential dwelling consents has increased in Tauranga City from 171m^2 to 181m^2, while the WBOPD average floor area decreased from 191m^2 to 187m^2. Source: Stats NZ Infoshare

5.2 Construction Value per Residential Dwelling



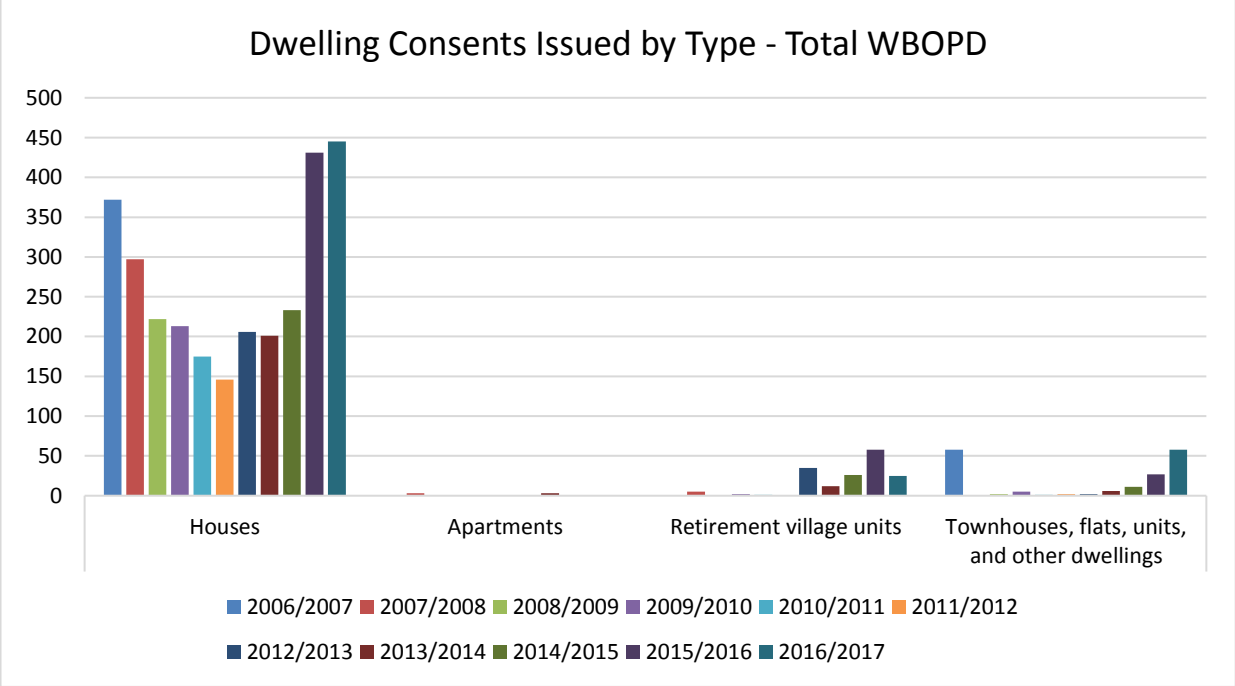
Source: Stats NZ Infoshare

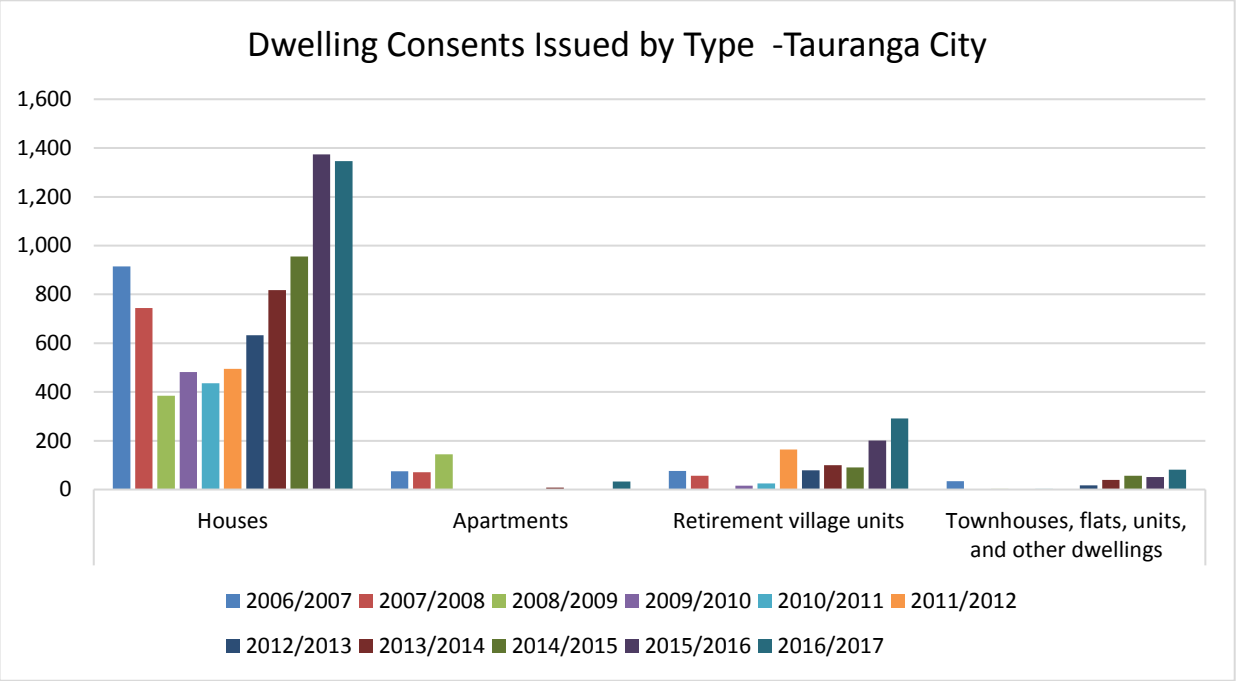


Charts 21 Observation:

Average value per residential dwelling has increased in both local authority areas from 2007 to June 2017. There have been fluctuations experienced over this 10 year period as illustrated in the above graphs. This value excludes land costs associated with new houses.
Source: Statistics NZ Info Share

5.3 Dwelling Consents Issued by Type





Charts 22 Observation:

As illustrated in the graph above and table below the proportion of standalone houses has decreased in both Tauranga City and WBOPD in the last 12 months, compared to the last 5 year results though remain the main form of dwelling provision. Retirement village units were the next largest type of dwellings consented in Tauranga City in the last 12 months, while it was the townhouses, flats, units and other dwellings type in the WBOPD.
Source: Statistics NZ Info Share

Table 10. DwellingType

		Houses	Apartments	Retirement village units	Townhouses, flats, units, and other dwellings
Last 12 months	Tauranga City	76.9%	1.9%	16.6%	4.6%
	WBOPD	84.3%	0.0%	4.7%	11.0%
Last 5 Years	Tauranga City	83.0%	0.7%	12.3%	4.0%
	WBOPD	85.2%	0.2%	8.8%	5.8%

Source: Statistics NZ Info Share

6 Business Land Trends

6.1 Zoned Business Land

SmartGrowth and the Regional Policy Statement (operative and proposed RPS) require that business land area, uptake rates and land availability be monitored in the sub-region. This is done by using zoned land as the basis for the assessment.

6.1.1 Commercial Zoned Land

Tauranga City

As at January 2017, there was 278.4 hectares of Commercial zoned land in Tauranga City. The two Parton Road commercial areas in Papamoa combined provide the largest area of 'Commercial' zoning at 39.3 ha, 2.6 ha greater in area than the Central Business District (CBD) in Tauranga Central, refer to Table 11. Smaller neighbourhood centres include Cherrywood, Bureta, and Welcome Bay. Supermarket based neighbourhood shopping centres include Bayfair, Bethlehem, Brookfield and Gate Pa. A new large shopping centre has opened at Tauriko near the State Highway 29/36 intersection (Tauranga Crossing).

Future rezoning of land for commercial business activity is planned in Te Tumu in Papamoa East. Te Tumu is proposed to be released for both business and residential development in the latter part of the 2018-2023 planning period. A map of Commercial zoned areas is provided in Appendix 7.

Table 11. Operative and Future Commercial Zoned Land in Tauranga City

Location	Commercial Land (Ha)	
	Operative	Future
Bay Central	8.7	
CBD	36.7	
Eleventh Avenue	16.2	
Greerton	6.2	
Gate Pa	4.7	
Fraser Cove	21.7	
Bethlehem	9.4	
Brookfield	1.5	
Palm Beach	8.6	
Fashion Island	7.4	
Mount Maunganui	12.7	
Bayfair	7.7	
Owens Place	3.2	
Central Parade	1.3	
Cherrywood	0.7	
Historic Village	6.2	
Welcome Bay	1.1	
Tauriko	13.5	
Bureta	0.5	
15th Avenue	3.6	
Parton Road (2 areas)	39.3	
Judea	2.7	
Wairakei Town Centre	27.0	
Wairakei Neighbourhood Centres	6.6	
Te Tumu[1]		1.4
Other[2]	31.2	
Total	**278.4**	**1.4**

[1] The Te Tumu figure is preliminary. It is anticipated that the 60.3 ha of future Te Tumu employment land classified in Table 14 as Industrial will also provide for some commercial activity.
[2] Includes smaller parcels of Commercial zoned land which generally accommodate convenience type activities (dairies, takeaways etc) such as those areas located on Cambridge and Ohauiti roads.

Of Tauranga City's Greenfield UGA's, vacant land was identified within the Bethlehem, Pyes Pa West/ Tauriko, Papamoa (Palm Beach and Parton Road) and Papamoa East (Wairakei) commercial zoned areas, refer to Table 12.

Table 12. Uptake of Commercial Zoned Land in Tauranga City

Urban Growth Area Commercial Centres[1]	Area Zoned Commercial (ha)	Vacant Commercial Zoned Land (ha)	Percentage (%) Vacant
Bethlehem	9.36	0.39	4
Papamoa - Palm Beach	8.55	1.73	20
Papamoa - Parton Road[2]	39.28	10.07	26
Pyes Pa West - Tauriko	13.51	6.28	47
Papamoa East - Wairakei	33.6	33.6	100
Total	**104.3**	**52.1**	**50**

[1]As at January 2017. Only Commercial zoned areas with remaining vacant land in Greenfield UGAs are included in this survey.
[2] The occupied area at Parton Road commercial area includes a retirement home (7.4 ha), a stormwater pond (2.8 ha), and a camp ground (1.2 ha). A number of housing developments have recently been approved and are currently under construction in this area.

Western Bay Of Plenty

Omokoroa has the largest commercial zoned land in Western Bay of Plenty District. The second largest areas of zoned commercial land are located in the urban areas of Te Puke and Katikati with 14.8 ha and 12.7 ha respectively, refer to Table 13. In Waihi Beach the 7.39 ha of commercial land, largely consists of the Wilson Road shopping centre and an additional 1.53 ha is zoned for future commercial purposes.

Smaller neighborhood centres are located in Te Puna and Paengaroa. Other settlements in the District such as Athenree, Island View/Pios Beach, Minden, Pukehina and Maketu are serviced by comparatively small commercial areas up to 3 ha in size.

Table 13. Operative and Future Commercial Zoned Land in the Western Bay of Plenty District

Location	Commercial Land (ha)	
	Operative	Future[1]
Waihi Beach	7.39	1.53
Athenree	0.40	
Island View-Pios Beach	0.12	
Katikati	12.74	1.46
Omokoroa	16.99	
Minden	2.21	
Te Puna	3.10	
Te Puke	14.76	
Pukehina	0.43	
Maketu	0.87	
Paengaroa	2.15	
Total	**61.16**	**14.53**

[1] Future Commercial zoned land is located in Waihi Beach and Katikati.

6.1.2 Availability and Uptake of Industrial Zoned Land

Tauranga City

For Tauranga City, the largest area of industrial zoning is at Mount Maunganui, while the smallest area is at Sulphur Point, refer to Table 14 and Appendix 4. In May 2011 rezoning of 101.1 hectares of land for industrial purposes (Papamoa East Employment zone) was made operative at Wairakei in Papamoa East. It is currently proposed that a large proportion of employment land at Wairakei be rezoned for residential activity following approval of a number of Special Housing Area's under the Housing Accord and Special Housing Area legislation in this locality. This will reduce the employment land by 58.6 hectares to 48.5 hectares. It is expected that loss of employment land at Wairakei will largely be provided for in the future Te Tumu urban growth area.

Table 14. Operative and Future Industrial Zoned Land in Tauranga City

Location	Industrial Land (Ha)	
	Operative	Future
Judea	23.7	
Mt Maunganui	268.0	
Greerton	12.3	
Oropi (Maleme St)	49.5	
Owens Place	6.1	
Sulphur Point	3.0	
Port Industrial	190.7	
Te Maunga	174.6	
Tauriko	256.1	
Wairakei	42.5	
Te Tumu[1]		60.3
Total	**1026.6**	**60.3**

[1]The Te Tumu figure is preliminary. It is anticipated that the 60.3 ha of future Te Tumu employment land classified in Table 14 as Industrial will also provide for some commercial activity.

Table 15. Uptake of Industrial Zoned Land in Tauranga City (as at January 2017)

Area	Vacant (ha) [1]	Partially Vacant (ha)	Total Vacant	Vacant but Not Available (ha)	Partially Vacant but Not Available	Occupied (ha)	Total Occupied (ha)	Total Area (ha)[3]
General Industrial Zoned Land[2]								
Judea	0.00	0.00	0.00	0.00	3.26	20.46	23.72	23.72
Mt Maunganui	12.50	9.61	22.11	0.82	0.00	245.04	245.86	267.96
Oropi	0.06	0.00	0.06	0.59	6.16	42.65	49.40	49.46
Greerton	0.33	0.53	0.86	0.00	0.00	11.43	11.43	12.28
Sulphur Point	0.18	0.00	0.18	0.06	0.00	2.79	2.85	3.03
Te Maunga	54.05	0.00	54.05	9.02	25.33	86.15	120.50	174.55
Owens Place	0.37	0.00	0.37	0.00	0.00	5.76	5.76	6.13
Tauriko	203.50	8.59	212.09	0.71	0.00	43.50	44.21	256.29
Wairakei[4]	42.48	0	42.48	0	0	0	0	42.48
Total	**313.47**	**18.72**	332.19	**11.2**	**34.75**	**457.77**	562.30	**835.90**
Port Industry Zone[3]								
Within Port Security Fence	0.58	0.00	0.58	0.00	0.00	156.56	156.56	157.14
Outside Port Security Fence	0.95	5.81	6.76	0.00	0.00	26.82	26.82	33.57
Total	**1.53**	**5.81**	**7.34**	**0.00**	**0.00**	**183.38**	**183.38**	**190.71**

[1] "Vacant" no structures and are largely clear of plant and material. "Partially Vacant" - up to and including 50% of the land contains structures, plant or material. "Not available" - land that is unsuitable or not available for development, due to being on unusable terrain, or designated for reserves, stormwater or future wastewater treatment use. "Occupied"– over 50% of the land contains structures, plant or material.
[2] General Industrial zoned land includes land zoned Tauriko Industry, Industry, and Papamoa East Employment. The next industrial land survey is programmed for January 2018. [3] Port Industry Zone land is surveyed separately as the majority of this zone applies to the Port of Tauranga which is not accessible for survey, and its function varies from the general industrial areas.
[4] 58.58 ha of Wairakei Employment land was rezoned to Wairakei Residential zone via Tauranga City Plan Change 25 (deemed operative September 2017 – formal resolution to Council December 2017).

In Tauranga City's general industrial zoned areas vacant land was identified at all industrial areas except Judea - refer to Table 15. Overall 40% (or 332.2 hectares) of the 835.9 hectares of zoned industrial land in Tauranga City was vacant as at January 2017, with 64% (or 212.1 hectares) of this vacant land located at Tauriko industrial area.

In the Port Industry zone 4% (or 7.3 hectares) of the 190.7 hectares of Port Industry zoned land was vacant as at January 2017.

It is noted that while 332.9 hectares is identified as vacant and theoretically "available" for industrial activity the development of certain industrial land is reliant on the provision of key infrastructure and/or works. The release of future stages at Tauriko requires completion of stormwater ponds and a number of roading projects. Development of industrial land at Wairakei requires construction of Te Okuroa Drive, and the completion of other key infrastructure projects. Te Maunga is subject to flood hazard in certain areas which may require substantial earthworks to raise building platforms depending on the industrial use proposed. A significant amount of zoned industrial land in Greenfield industrial areas will also be lost to road reserves as these areas are developed in the future (approximately 25% of undeveloped land is usually taken up by roads/local services).

Western Bay of Plenty District

The town in the Western Bay of Plenty District with the largest amount of Industrial land is Te Puke with 270 ha zoned, refer to Table 16. In Te Puke West an additional 72 ha of Industrial land is zoned to meet future needs in the town and is expected to yield an additional 45 ha. Katikati also contains a significant area of Industrial land with 66.05 ha zoned at present. Omokoroa has been identified as an area that will require Industrial land and 28.34 ha has been identified in Stage 2 of the Omokoroa Structure Plan which is now operative.

In the western end of the District the Te Puna Rural Business Zone contains 30.58 ha while Rangiuru in the eastern end contains 270.39 ha of Industrial land zoned in preparation for the Rangiuru Business Park.

Table 16. Operative and Future Industrial Zoned Land in the Western Bay of Plenty District

Location	Industrial Land (ha)	
	Operative	Future
Katikati	66.05	
Waihi Beach	25.58	
Omokoroa	28.34	
Te Puna	30.58	
Te Puke	270.39	
Maketu	0.11	
Paengaroa	9.57	
Rangiuru	270.39	
Total	**701.01**	**0.00**

Industrial land in Te Puke includes 72 Hectares from Plan Change 70 which is dependent on roading and infrastructure upgrades.

In the Western Bay of Plenty District, vacant areas of available (able to be built on now) industrial land exist in Katikati, Omokoroa, Te Puke, and Paengaroa. Of the 555.77 ha of industrial land in Western Bay of Plenty District, 26.6% is vacant of which the largest proportion is in Rangiuru (81.9 ha) and a smaller proportion in Te Puke (29.3 ha).

Table 17. Uptake of Industrial Zoned Land in the Western Bay of Plenty District

Industrial Zone - 2017						
Area	**Vacant (ha)**	**Partially Vacant (ha)**	**Total Vacant (ha)**	**Vacant - Not Available (ha)**	**Total Occupied (ha)**	**Total Area (ha)**
Waihi Beach	0	0	0	25.56	0	25.56
Katikati	21	3.73	24.73	14.82	23.57	63.12
Te Puna	0	0	0	30.58	0	30.58
Omokoroa	20.26	6.64	26.9	0	2.7	29.6
Te Puke	23.51	5.8	29.31	63.56	61.08	153.95
Rangiuru	81.92	0	81.92	157.87	29.04	268.83
Paengaroa	1.09	3.21	4.3	0	5.27	9.57
Maketu	0.11	0	0.11	0	0	0.11
TOTAL	147.91	19.37	167.28	266.84	121.65	555.77
%	26.61%	3.49%	30.10%	48.01%	21.89%	100.00%

6.2 Business Land/Population Ratio

SmartGrowth requires that the business land/ population ratio be monitored, refer to Table 18. The 'business land' ratio has been split into "Industrial" and "Commercial" zoned land for 2006 and 2013. For the sub-region land zoned industrial is considerably higher in total to that zoned commercial resulting in more industrial land per resident reflecting the more expansive nature of this type of business activity.

Table 18. Ratio of Industrial and Commercial Zoned Land per Person in the Western Bay of Plenty Sub region

Year	Territorial Authority	Usually Resident Population Census	Industrial Land (ha)	Area (ha) Industrial Land per resident	Commercial Land (ha)	Area (ha) Commercial Land per resident
2006	Tauranga City	103,635	1028.08	0.0099	243.78	0.0024
	Western Bay of Plenty District	42,075	399.88	0.0095	52.84	0.0013
2006 Total		**145,710**	**1,427.96**	**0.0098**	**296.62**	**0.0020**
2013	Tauranga City	114,789	1026.61	0.0089	278.4	0.0025
	Western Bay of Plenty District	43,695	555.77	0.0127	61.16	0.0014
2013 Total		**158,484**	**1,582.38**	**0.0100**	**339.56**	**0.0021**

6.3 Industrial and Commercial Building Consents Issued

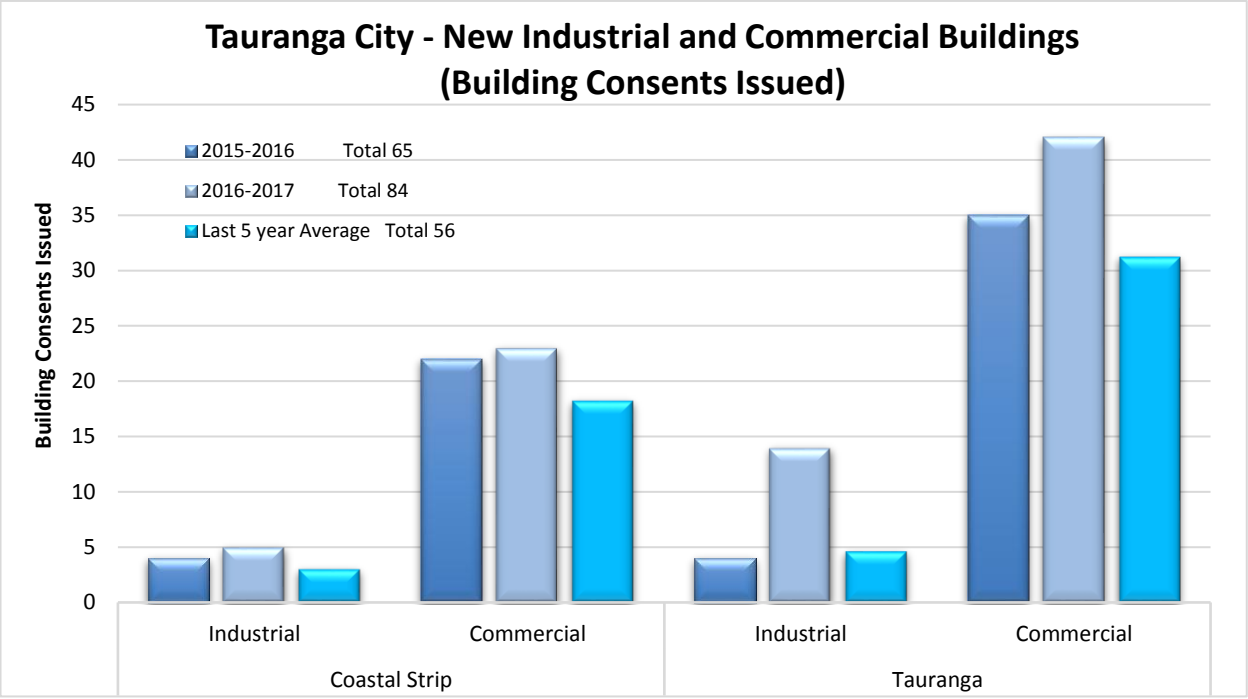


Chart 23 Observation:

Numbers of building consents issued for new industrial buildings and new commercial buildings increased in 2016/2017 in comparison with 2015/2016 results. New buildings consented for industrial activities in the Coastal Strip was 1 above 2016/2017 results while 2 above the 5 year average. The results for the Tauranga area were 10 above and 9 above respectively. New buildings consented for commercial activities in both the Coastal Strip and Tauranga area were higher than the previous year's result, and higher than the 5 year average.

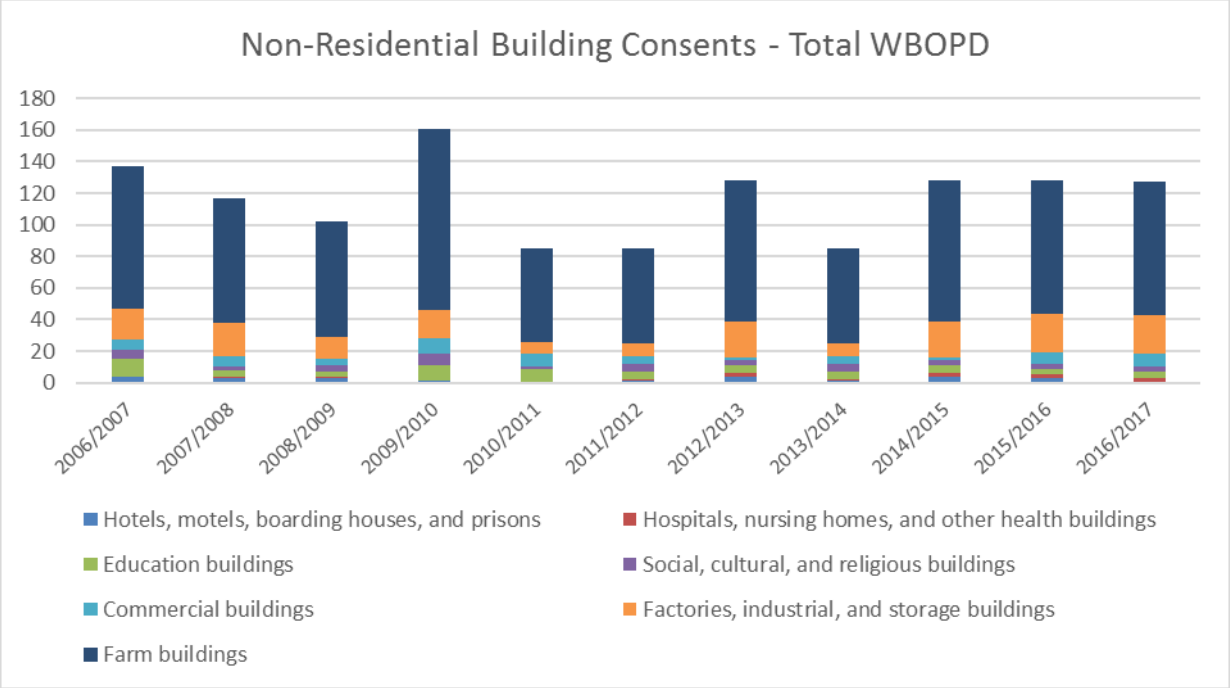
Western Bay of Plenty District

Six new building consents were issued for industrial buildings and five for commercial buildings within the Western Bay of Plenty District over the 2016/2017 period.

Table 19. Consents for Industrial and Commercial Buildings in the Western Bay of Plenty District

Year	Industrial Building Consents	Commercial Building Consents
01/7/2006 - 30/6/2007	10	6
01/7/2007 - 30/6/2008	13	8
01/72008 - 30/6/2009	3	2
01/7/2009 - 30/6/2010	5	4
01/7/2010 - 30/6/2011	9	2
01/7/2011 - 30/6/2012	2	0
01/7/2012 - 30/6/2013	0	0
01/7/2013 - 30/6/2014	0	0
01/7/2014 - 30/6/2015	0	0
01/7/2015 - 30/6/2016	4	2
01/7/2016 - 30/6/2017	6	5
5 Year Average	**2.0**	**1.4**

6.4 Non-Residential Building Consents Issued by Type



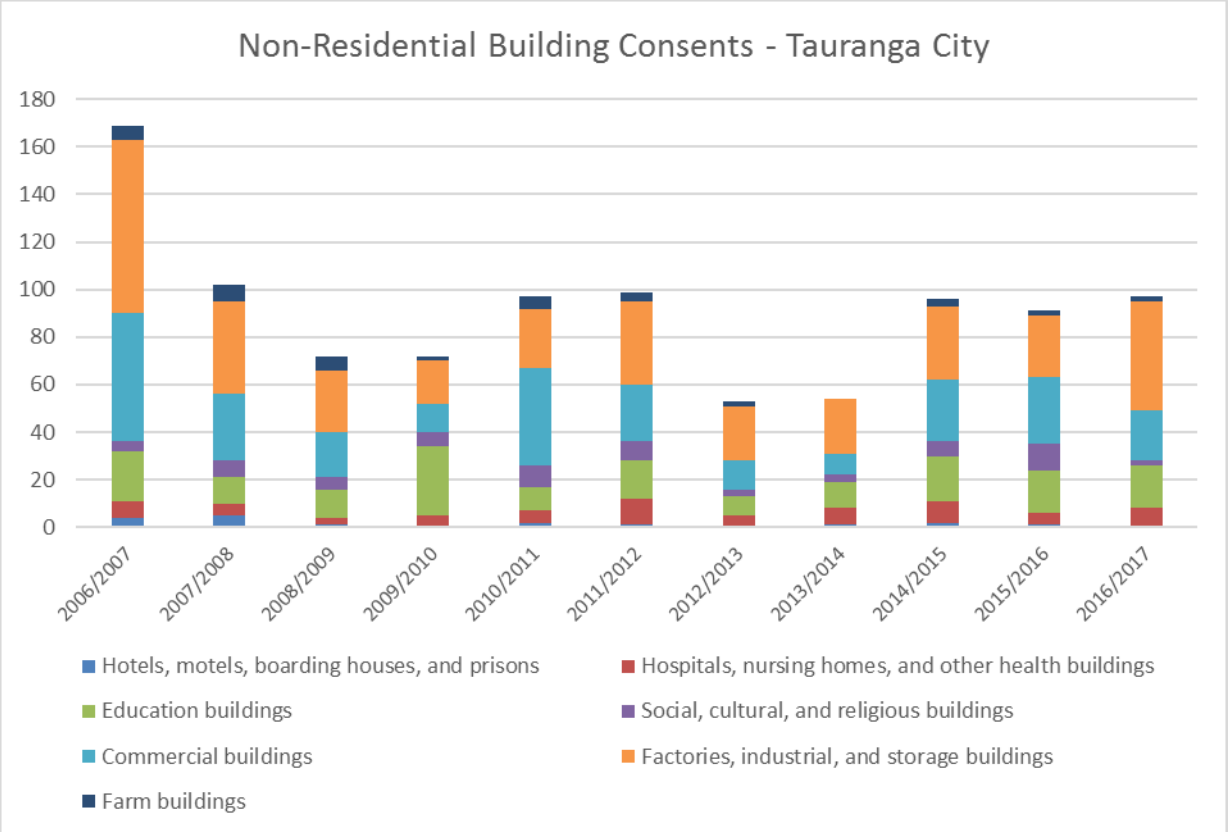


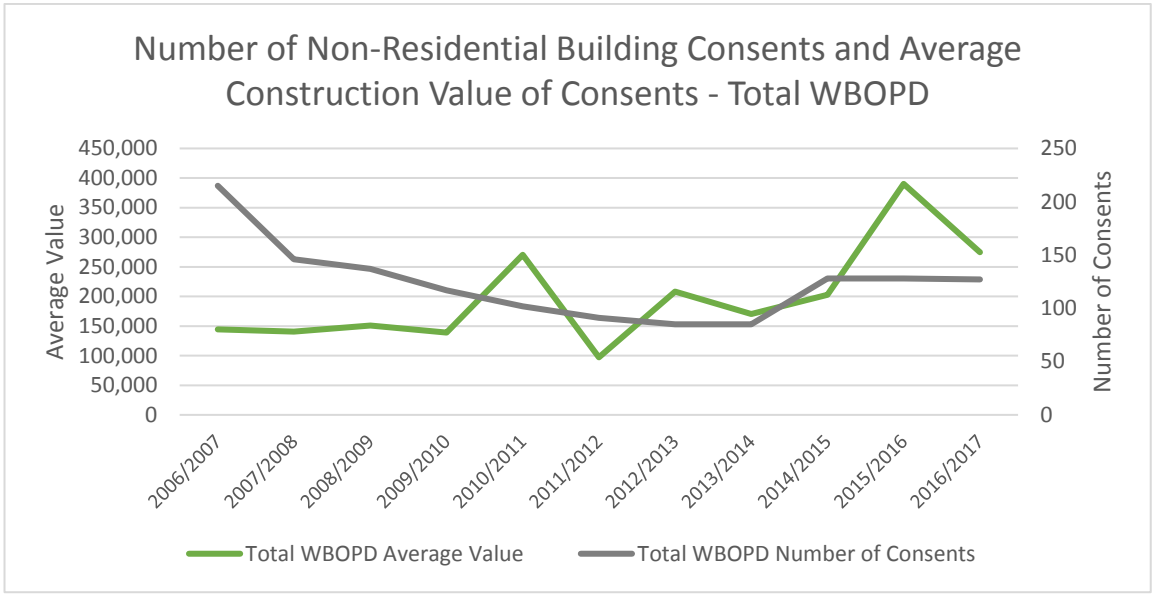
Chart 24 Observation:

As illustrated in the graphs above there is considerable variation between non-residential building consents issued in each local authority area. Building consents for Farm buildings are much higher in the WBOPD due to the more rural nature of activities in this area. In Tauranga City buildings associated with health, education, social/ cultural/ religious, business activities are most significant.

In both areas the number of building consents issued has been relatively high from July 2014 to June 2017.

Source: Statistics NZ Info

6.5 Non-Residential Building Consents by Construction Value



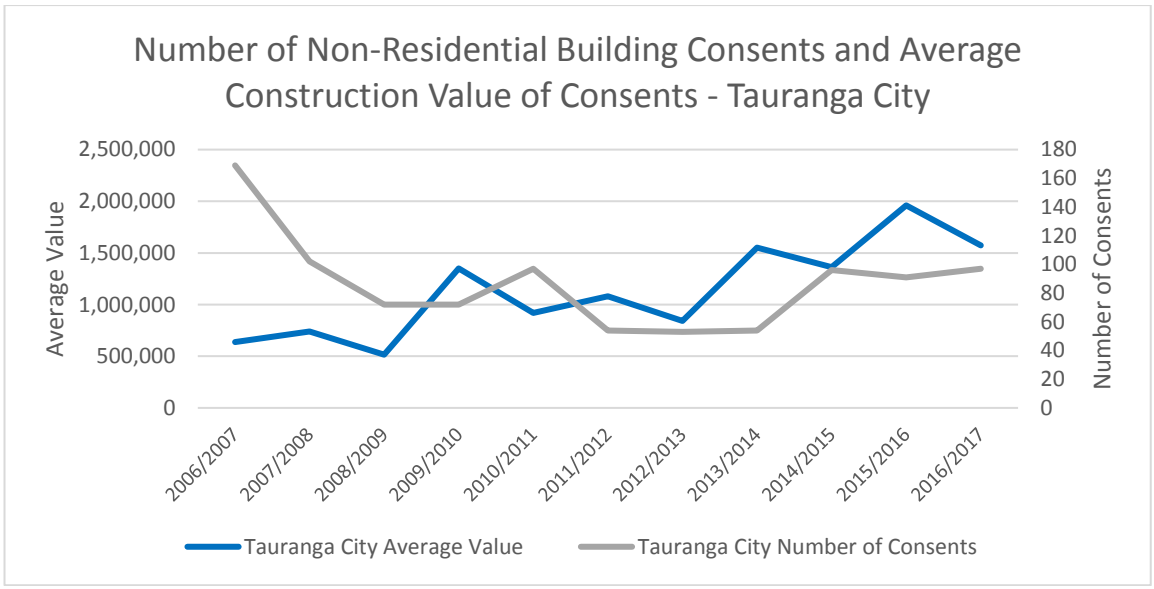


Chart 25 Observation:

As illustrated in the graphs above the change over time in total construction value and number of consents follows a similar trend line for both Tauranga City and WBOPD. A number of high value non-residential building consents has increased the total value above the number of consents from July 2014 to June 2017.

6.6 Industrial and CBD office market outlook

6.7.1 Tauranga Industrial Market

According to Collier's International the Tauranga industrial market currently has a record low vacancy, with the city's high population growth over the past few years. As such business confidence has become strong and the property market situation allowed investors to positively gear properties.

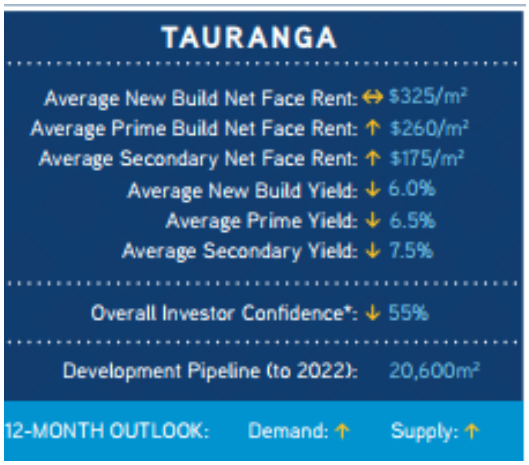
Further, construction on several industrial sites is set to commence at the Tauriko Business Estate. This is expected to provide more options for businesses who find it challenging to expand in the current tight conditions. The industrial stock insufficiency will likely push the rental growth on new builds and

prime grade premises upward over the next 12 months. On the other hand, rents on secondary grade premises are expected to get slightly lower as tenants and owners move into new premises.

After experiencing record low yields in the second half of 2016, yields have begun to soften by 25 to 50 basis points over the past 12 months. However, investor demand remains strong, in particular for prime properties, and yields are expected to remain steady over the next 12 months.

6.7.2 Tauranga CBD office market

In the September 2017 New Zealand CBD Office Report, Colliers International forecasts an improved demand and supply outlook for the Tauranga CBD office market for the next 12 months. Although the lack of available office stock continues to be a major constraint in the Tauranga CBD, the current development pipeline may lessen some of the demand pressures.



Source: Colliers International

Average net office rents in the CBD have risen to $293 per sqm for new build/prime grade and $175 per sqm for secondary grade on June 2017. Average new build/prime grade net office rents have increased by around $20 per sqm and $25 per sqm for secondary office space over the last year.

Over the last year, average new build/prime and secondary grade yields have firmed over 100 basis points. This is a reflection of Tauranga's strong investment demand driven by purchasers inside and outside the Tauranga market.

7 Future Monitoring Reports

As indicated in Section 2 of this report it is proposed that the SmartGrowth Development Trends report continue to report on key SmartGrowth, RPS and NPS-UDS indicators on an annual basis. For interim NPS-UDC quarterly monitoring a simpler reporting framework will be introduced.

The NPS-UDC under Policy PB7 requires indicators of price efficiency to be included in quarterly monitoring. Price efficiency indicators are currently being developed by MfE and MBIE and will be incorporated into future quarterly and annual reporting when available.

The quarterly monitoring report is a new tool for SmartGrowth to use to improve its understanding of housing and business markets. SmartGrowth is committed to improving these monitoring documents over time.

Appendix 1

Explanation of MBIE/ MfE Indicators for the National Policy Statement on Urban Development Capacity[4].

Dwelling sales prices (actual) – (SGDT Ref: Section 4.1)

Technical notes

Prices are presented in nominal terms; that is, they have not been adjusted for general inflation. Median prices are heavily influenced by the sale of existing stock, as new builds comprise a small proportion of total sales in any given period. They are also affected by the composition of sales, including the size and quality of dwellings, as well as type (houses, apartments etc.), which may vary by area and over time. This median price series is not adjusted for size and quality of dwellings.

Data source: CoreLogic, MBIE

Interpretation

This indicator shows the median prices of residential dwellings sold in each quarter. It provides a broad and recognisable picture of absolute price levels and is therefore a useful starting point for analysing price trends. Significant dwelling price growth can increase the feasibility of new developments (eg suburban apartments). On the other hand, rapid price increases can fuel land banking, where landowners expect continued future increases.

In general, if dwelling prices are rising, we would expect to see dwelling building consent numbers rise in response. If prices are rising without evidence of growth in consents, it may indicate a constraint on supply and should motivate further investigation.

Variations in prices between different areas may reflect a range of factors, including differences in demand for housing due to different wage levels or different levels of consumer and natural amenities; or imbalances between demand and supply due to constraints on housing development. Where price differences persist over long periods of time and coincide with similar rates of housing supply, they are more likely to reflect differences in demand.

Price trends reflect many different forces acting in the market, including but not limited to the effect of urban planning policies. Developing a narrative about which factors are driving price trends is challenging but can provide useful insights for a local authority's planning response to these trends.

Nominal dwelling rents – (SGDT Ref: Section 4.2)

Technical notes

This indicator reflects nominal mean rents as reported in bonds lodged with MBIE, in dollars.

The data is for private bonds (private landlords) and hence excludes social housing.

The mean used is the geometric mean. The reason for using this mean is that rents cluster around round numbers, and tend to plateau for months at a time (spiking up by say $10 or $20 at a time). This makes analysis of time series difficult and using the geometric mean is a way of removing this clustering effect.

There are a number of caveats on these data series:

- Property type is self-reported so can be inconsistent, particularly the distinction between apartment and flat as there is no clear separation between these categories.
- It captures bonds at the time of lodging (typically at the start of a tenancy), so doesn't reflect subsequent changes in these rents. It will therefore tend to understate the rent over the term of a tenancy.

  Data source: CoreLogic, MBIE

[4] National Policy Statement on Urban Development Capacity: Guide on Evidence and Monitoring, Ministry of Business, Innovation and Employment and the Ministry for the Environment, June 2017

Interpretation

Like the median dwelling sale price indicator shown in Figure 13, this measure provides a broad and recognisable picture of absolute rent levels, and should therefore be the starting point for analysing trends in rents. In general, strong and persistent growth in rents indicates, even more strongly than house price increases, that housing supply is insufficient to meet demand.

This is because rents tend to be more sensitive to income levels than dwelling prices, and on average, renters also have lower incomes than home owners. For this reason, rent increases tend to follow incomes more closely than house prices and are less volatile.

Estimates of mean rents at a local level may be affected by the composition of rental stock (ie the size and type of rental dwellings). This does not vary markedly between territorial authority areas. However, there may be significant differences between suburbs that may make a 'like for like' comparison difficult. For instance, the Auckland city centre has a high proportion of one bedroom apartments while other suburbs are dominated by three-bedroom stand-alone houses. More disaggregated data on rent trends for different types of rental accommodation is available on the MBIE website.

The rental stock is typically of lower quality and less well maintained than owner-occupied dwellings. This means that comparing average prices with average rents may be misleading as the characteristics of the average rental property are likely to be different than the characteristics of the average dwelling sale.

The chart above presents geometric median rents for five high-growth urban areas. It shows that:

- The cost of renting is highest in Auckland and lowest in Hamilton, which is consistent with differences in median sale prices between cities
- Rents in Christchurch rose rapidly after the 2011 Canterbury Earthquake, due to the shortage of housing resulting from earthquake damage, but they have fallen since the start of 2016.

To assist in interpreting data on rents, information on the share of households living in rented accommodation versus owner-occupied housing, and the characteristics of those households, is available on Statistics New Zealand's website45.

Ratio of dwelling sales prices to rents – (SGDT Ref: Section 4.4)

Technical notes

This indicator shows the ratio of nominal median dwelling prices to nominal (geometric) mean rents. The geometric mean is used to help smooth the data by removing the "clustering effect" (where rents cluster at round number amounts).

House prices relate to the whole housing stock in the selected area, not just the rented stock. As owner-occupied housing tends to be of better quality and of higher value than rented stock–this ratio tends to over-state house prices (relative to the median price for rented housing only).

This relationship between rents and house prices is often expressed as a rental yield to investors using the same data, which is calculated by mean rents divided by the median house price.

Data source: CoreLogic, MBIE

Interpretation

This indicator reflects the relationship between median house prices and mean rents in the same geographical area.

The higher the house price/rent ratio:

- *The greater the gap between renting and buying*. A ratio of 30 indicates that the price of a median house is 30 times the mean annual rent paid. High ratios will tend to reduce home ownership rates due to it being more attractive or affordable for many to rent than to buy a dwelling.

- *The lower the average yield to an investor from renting out a dwelling*. Investors vary in their motivations for purchasing rental properties, and in the types of properties they are interested in owning. Income-focused investors will seek to maximise rental yields while others may be more motivated by the expectation of capital gains over the longer term. When increases in rents don't keep pace with house prices, investors increasingly rely on capital growth as a source of returns rather than rental yield.

Further analysis of trends in home buyers may assist the interpretation of this measure. CoreLogic has a "buyer classification" that disaggregates sales according to whether the purchasers are first home buyers, existing owner 'movers', or investors. This data also records where investors are based or movers are from, so is a useful indicator of the impacts of one local area on another.'

Housing affordability indicators – (SGDT Ref: Section 4.6)

Technical notes

HAM Buy and Rent measures have been released as an 'experimental' series that will eventually be turned into official statistics on housing affordability.

These measures use data on household incomes and rents from Statistics New Zealand's Integrated Data Infrastructure, Corelogic sales price information, and mortgage interest rates.

For potential home-owning households, HAM Buy calculates what their residual income would be after housing costs if they were to buy a modest (ie lower quartile) first home in the area in which they currently live. For renting households, HAM Rent calculates what their residual income would be after paying the rent.

Households are then classified as being either above or below a 2013 National Affordability Benchmark. This is set as the median affordability for all homeowners and renters, nation-wide, in June 2013.

HAM measures are available for territorial authorities, and also for Auckland wards. At the time this guidance was released, they were only available through the first quarter of 2016, ie with a one-year lag. This indicator will be updated to be more timely in future releases. For further information, refer to MBIE's website.

Data Source: MBIE

Interpretation

The HAM indicators provide a picture of national and regional housing affordability trends, bringing together the impact of changes in house prices or rents, mortgage interest rates and incomes.

The indicators calculate how much money households have left over after paying for their housing costs. For renting households, HAM Rent reflects how much money is left over after paying rent for an appropriately sized dwelling in the area in which they currently live. For the population of potential first home buyers, HAM Buy reflects how much money they would have left over if they were to transition from renting to home ownership by purchasing a modest home in the area in which they currently live.

These residuals are then compared with a 2013 National Affordability Benchmark, which is the national average for all renting and home-owning households. Because renting households typically have lower incomes relative to housing costs than home owners, more than half of them fall below the 2013 National Affordability Benchmark.

A higher number on the charts indicates a lower level of affordability, as it indicates that more households fall below the affordability benchmarks, and vice versa.

It is most appropriate to use HAM Buy and HAM Rent to understand trends in housing affordability in a particular area. If the share of households that do not meet the affordability benchmark is rising, it indicates that housing is becoming less affordable in an area. Comparisons between cities may be less meaningful.

Differences in the level of HAM indicators between cities could reflect a combination of factors. For instance, Auckland and Wellington have lower HAM Rent indicators than other cities (indicating better

rental affordability) in spite of the fact that rents in these cities are generally higher. This reflects the fact that renting households in these cities also have higher incomes.

Given evidence that dwelling sale prices in several cities have risen significantly from 2016, it seems likely that home buyer affordability will have deteriorated. This should be picked up as the indicator is updated.

Appendix 2

Explanation of Development Terms

"Urban" refers to subdivisions or dwelling consents in:

Western Bay of Plenty District - Residential, Future Urban, Commercial, Industrial, or Multi zones.

Tauranga City – Suburban Residential, High Density Residential, City Living, Wairakei Residential, Papamoa East Employment, Town Centre Core (Wairakei), Town Centre Fringe (Wairakei) Marae Community (Urban), Rural-residential, Commercial and Industry zones.

"Rural" refers to subdivisions or dwelling consents in:

Western Bay of Plenty District - Rural, Rural-residential or Lifestyle zones.

Tauranga City – Rural, Rural Marae Community), and Te Tumu Future Urban zones.

Other terms used:

Western Bay of Plenty District – "Other urban areas" refers to minor urban areas such as Maketu, Pukehina, Paengaroa, Tanners Point, Kauri Point etc.

Tauranga City – "Coastal Strip" refers to Mt Maunganui-Papamoa, specifically the area units of Mt Maunganui North, Omanu, Matapihi, Arataki, Te Maunga, Pacific View, Palm Beach, Gravatt, Papamoa Beach East, Palm Springs, and Doncaster. "Tauranga" refers to all other area units in Tauranga City.

Greenfield UGA – Greenfield Urban Growth Area.

SP – Structure Plan.

Subdivision Process

Subdivisions go through a staged approval process that can last up to eight years.

Stage 1 Subdivision Plan

Subdivision is approved by the Council under section 104 of the Resource Management Act 1991 (RMA). This approval has a legal life of up to 5 years.

Stage 2 Survey Plan

This is approved under section 223 RMA. This approval has a legal life of up to 3 years.

Stage 3 Final Approval

Occurs under section 224 RMA. This is confirmation that all conditions of the subdivision consent have been complied with. After the Council issues a Section 224 Certificate individual property titles can be issued, once the subdivision proceeds to title issue under the Land Transfer Act. It is assumed for monitoring purposes that all Section 224 Certificates proceed to title issue.

A distinction is made between subdivisions approved and additional lots created at the Section 224 Certificate stage. The number of subdivisions approved does not necessarily indicate the likely future number of new lots created in the District, and hence the demand for services.

A more accurate indicator of growth is additional lots created at Section 224 approval stage. For monitoring purposes, this figure is used to interpret land uptake rates (along with dwelling consent data) and vacant land supply. In the Western Bay of Plenty District the ratio of urban land uptake in Greenfield UGA's to rural subdivision is expected to increase as infrastructure is improved at Waihi Beach, Katikati, Omokoroa and Te Puke.

In Tauranga City, the uptake of urban land in Greenfield UGA's is calculated from Section 224/new title information to indicate the proportion of planned capacity that has been "urbanised". The predictive value of this measure is reduced in the infill area primarily in areas where unit title developments are more common (such as Mount Maunganui and Tauranga Central) as these are issued at the time of, or after, the building consent has been approved.

Before a subdivision reaches final approval stage, variations to the original application can be submitted to the Council. Either a variation or the original application may go through to final approval stage. For this reason variations are not included in the total subdivisions approved, so as not to count them twice.

Subdivisions are only indicative of development where additional lots to the original title or titles are created. For this reason all subdivisions reported on do not include resource consent approvals for boundary adjustments or access ways etc. that do not result in additional lots being created.

Building Consent Issue for Dwellings

Western Bay of Plenty District

In the Western Bay of Plenty District, building consents issued for new dwellings provide a good indicator of growth rates in different areas. It should be noted that where dwelling consents are referred to in this report, the figures include consents for new and resited dwellings, but not for additions or alterations to existing dwellings.

Tauranga City

Building consents issued for new dwellings make up about 45% of all building consents issued. New dwellings are recorded in a similar manner to the Western Bay of Plenty District, including new dwellings, relocated dwellings and conversions of existing buildings to dwellings; it does not include additions or alterations to existing dwellings. Where dwellings are demolished or removed from a site, or changed in use to a non-residential activity, they are deducted from the "new dwelling" count to produce an "additional dwelling" count for comparison with the SmartGrowth dwelling projections in Section 3.3 of this report.

Residential Growth Areas

Western Bay of Plenty District

These areas are the settlements of Waihi Beach (including Island View, Pios Beach, and Athenree), Katikati, Omokoroa and Te Puke. These areas have been identified as the urban growth centres for the District in the Western Bay of Plenty District Council.

All residential growth areas in the District; Te Puke, Katikati, Waihi Beach and Omokoroa, are now serviced by comprehensive sewerage schemes while the communities of Maketu/Little Waihi and Pukehina are currently served by septic tanks. Plans for a wastewater collection, treatment and disposal system or transfer pipeline for these areas are currently progressing.

The Western Bay of Plenty District Plan contains different subdivision standards in recognition of the ability of areas to accommodate future growth. This is dependent upon infrastructure availability, particularly wastewater disposal.

- For unsewered urban areas, a minimum net lot size of 1600m^2 is required to subdivide, as the minimum net lot size is 800m^2. To allow for access ways, 1800m^2 is used for monitoring purposes for subdivision potential.
- For sewered urban areas, a minimum net lot size of 700m^2 is required to subdivide, as the minimum net lot size is 350m^2. To allow for access ways, 800m^2 is used for monitoring purposes for subdivision potential except in Omokoroa where a minimum lot size of 400m^2 is permitted in Stage 1 and a minimum of 600m^2 is allowed in the existing village.

For monitoring purposes, the future growth potential of areas is limited largely by the sewerage systems available.

Tauranga City

The Greenfield UGA's are the developing suburbs of Bethlehem, Pyes Pa, Pyes Pa West (the Lakes), Ohauiti, Welcome Bay, Wairakei (Papamoa East) and Papamoa. The Greenfield UGA's are part of a comprehensive infrastructure planning approach to "greenfield" urban development. Areas outside the identified Greenfield UGA's do not have services supplied to them. In this way the Council manages the uptake of land for development.

The other significant areas of urban development is infill development in established residential areas, and residential intensification (currently limited to the Mount Maunganui High Density Residential zoned area northwest of Banks and Salisbury avenues, and the City Living zoned areas surrounding the Tauranga CBD) within established residential areas of Tauranga.

Vacant Land

Vacant residential land is generally identified in the sub-region as either ***infill*** or ***greenfield***. Monitoring infill subdivisions tells us the rate of land uptake within established residential areas. Infill

subdivisions are expected to continue to accommodate a substantial proportion of projected growth, especially close to main commercial areas.

In Western Bay of Plenty District, a subdivision yield of 11 sections per hectare is used for determining the development potential of residential greenfield areas. This figure is reflective of current development patterns. In Tauranga City, the yield varies from 9 to 15 sections per hectare in response to physical constraints (e.g. topography) and to the strategic intent for each Greenfield UGA structure plan.

Western Bay of Plenty District

Vacant residential land is identified in the Western Bay of Plenty District as either ***infill*** or ***greenfield*** determined by the size of the land parcel. This is reported on for the residential growth areas in the District.

Residential infill — existing urban areas of Western Bay District where a land parcel is 800m^2 or with the potential to enable subdivision to a minimum lot size of 350m^2. Except in Omokoroa where a minimum lot size of 400m^2 is permitted in Stage 1 and a minimum of 600m^2 is allowed in the existing village.

Residential greenfield — any land parcel which is subdivided within Greenfield UGAs (constituting "traditional" rezoning of rural land to residential, and subdivision and development for residential purposes).

In the Western Bay of Plenty District a practical figure of potential infill development is calculated by taking the number of developed lots over 800m^2 (sewered) and 1800m^2 (unsewered) in a residential zone and multiplying this figure by 56%[1].

Tauranga City

Vacant residential land is classified in Tauranga City as either Infill, Rural Infill or Greenfield UGA Within the infill areas some residential intensification is expected within identified Residential Intensification Areas and within general residential infill/ intensification areas where appropriate.

Residential Intensification Areas — currently this classification is applied to development within the High Density Residential zoned area in Mount Maunganui North, and City Living and City Centre zoned areas where greater density is permitted.

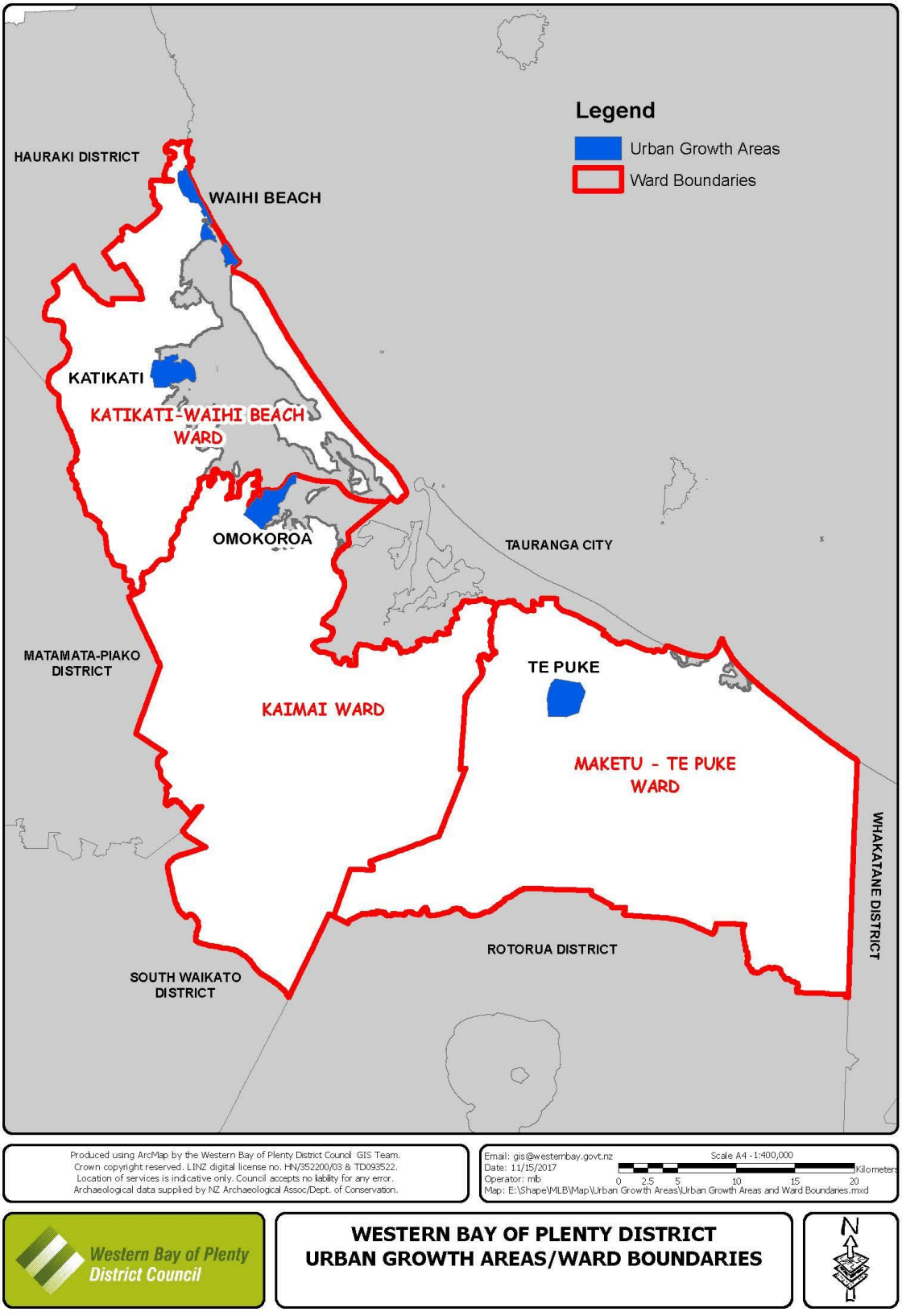
Residential infill/ Intensification — existing urban areas of Tauranga zoned Suburban Residential where a land parcel is 650 m^2 or with the potential to enable subdivision to a minimum lot size of 325 m^2. Includes

[1] Theoretical calculations assume that every developed lot has only one dwelling, and that it is positioned in such a way that there is enough spare land to locate an additional dwelling. This of course is incorrect and a theoretical figure is produced when all of these properties are calculated. To obtain a more realistic figure of properties that could be further developed, the theoretical figure is multiplied by 56% to give a practical figure. This percentage was obtained through a desktop analysis of aerial photographs of Waihi Beach in late 1998. A sample area was examined to obtain a realistic number of developed properties that had potential for further development, without shifting the existing dwelling, and a comparison made back to the theoretical figure calculated for that exercise.

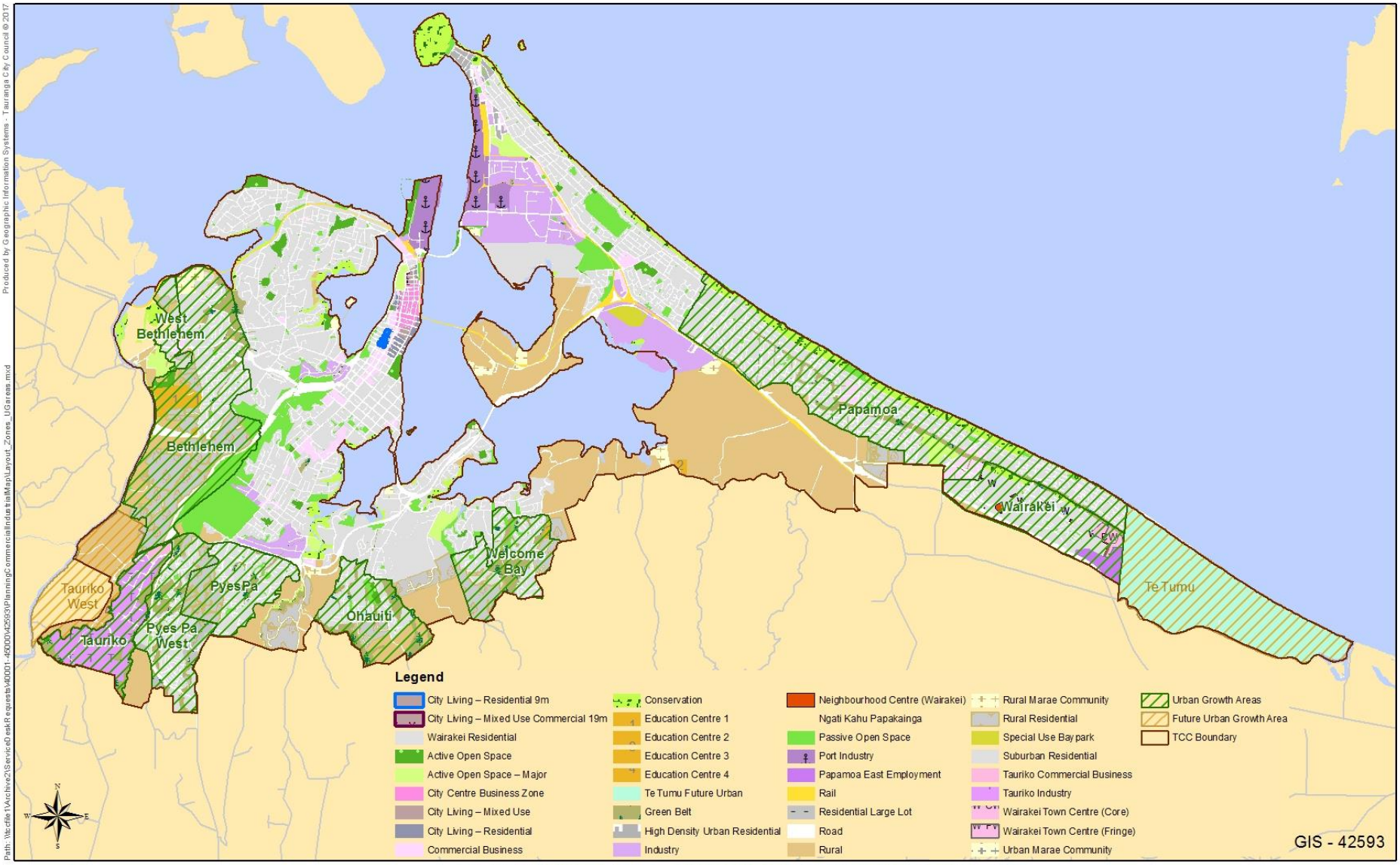
	residential growth in other zones within the infill area such as in Commercial Business zoned areas.
Rural Infill	Areas of Tauranga City with Rural zoning outside the Greenfield UGA's
Residential Greenfield UGA's	any land parcel which is subdivided within Greenfield UGA's (constituting "traditional" rezoning of rural land to residential, and subdivision and development for residential purposes).

Appendix 3

Western Bay of Plenty District Development Map



Tauranga City Development Map



PLANNING ZONES AND URBAN GROWTH AREAS

- Tauranga City Council -

0 1.25 2.5 5 7.5 10 Kilometers

Tauranga City

Appendix 4

Dwelling Occupancy By Census Area Unit – Western Bay of Plenty District and Tauranga City.

Western Bay of Plenty District (2013 Census)

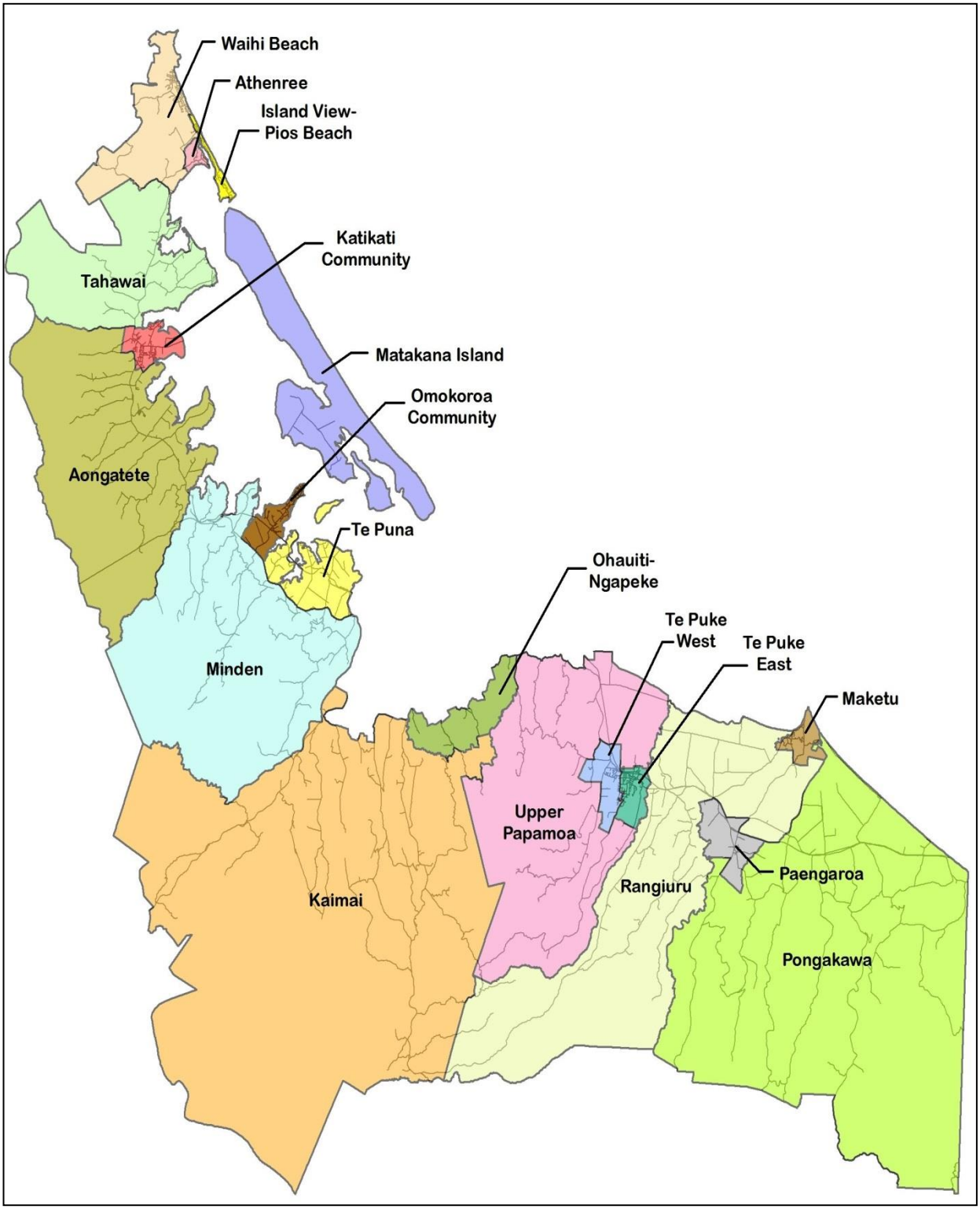
Census Area Unit	Population	2013 Occupied Dwelling Count	2013 Unoccupied Dwelling Count	2013 Total Dwelling Count	Unoccupied/ Total Ratio (%)
Waihi Beach	1,935	888	858	1,746	49
Athenree	672	267	105	372	28
Island View-Pios Beach	543	249	387	636	61
Matakana Island	255	87	45	132	34
Katikati	4,059	1,686	174	1,860	9
Tahawai	1,707	708	87	795	11
Aongatete	2,832	1,113	117	1,230	10
Omokoroa	2,547	1,071	147	1,218	12
Te Puna	2,439	918	54	972	6
Minden	4,401	1,662	111	1,773	6
Kaimai	5,286	1,956	123	2,079	6
Ohauiti-Ngapeke	711	279	18	297	6
Upper Papamoa	2,166	813	57	870	7
Maketu	1,047	405	144	549	26
Paengaroa	906	339	21	360	6
Rangiuru	2,097	747	78	825	9
Pongakawa	2,595	1,002	441	1,443	31
Te Puke	7,494	2,748	189	2,937	6
TOTAL	**43,692**	**16,938**	**3,156**	**20,094**	**16**

Tauranga City (2013 Census)

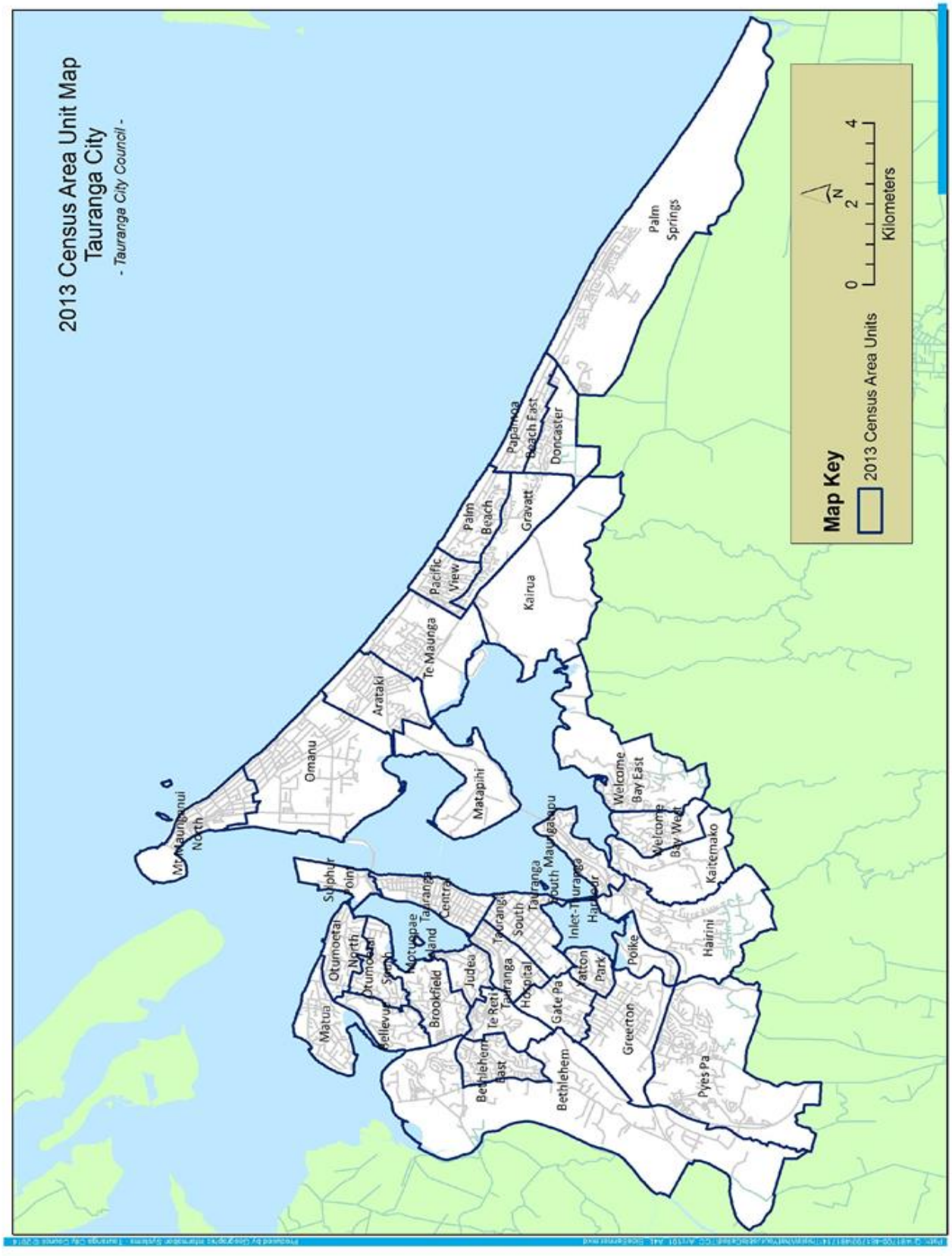
Census Area Unit	2013 Occupied Dwellings	2013 Unoccupied Dwellings	2013 Total Dwellings	Unoccupied/ Total Ratio (%)
Papamoa Beach East	1,269	147	1,416	10
Palm Springs	1,563	294	1,857	16
Doncaster	927	66	993	7
Matapihi	222	12	234	5
Inlet-Tauranga Harbour	9	-	0	0
Waikareao Estuary	-	-	0	0
Motuopae Island	-	-	0	0
Kairua	147	6	153	4
Bethlehem East	1,332	60	1,392	4
Bethlehem	1,353	102	1,455	7
Pacific View	1,125	117	1,242	9
Palm Beach	1,410	180	1,590	11
Gravatt	1,224	87	1,311	7
Mt Maunganui North	1,992	921	2,913	32
Omanu	2,133	357	2,490	14
Tauranga City-Marinas	51	3	54	6
Arataki	2,085	216	2,301	9
Te Maunga	2,199	234	2,433	10
Matua	2,067	111	2,178	5
Bellevue	1,248	51	1,299	4
Otumoetai North	1,767	147	1,914	8
Otumoetai South	1,413	78	1,491	5
Brookfield	1,920	108	2,028	5
Te Reti	594	39	633	6
Judea	975	78	1,053	7
Gate Pa	1,128	63	1,191	5
Greerton	1,830	105	1,935	5
Pyes Pa	2,145	141	2,286	6
Yatton Park	840	75	915	8
Poike	267	6	273	2
Hairini	2,280	123	2,403	5
Maungatapu	1,092	75	1,167	6
Tauranga Hospital	777	51	828	6
Tauranga South	1,926	135	2,061	7
Tauranga Central	1,041	123	1,164	11
Sulphur Point	15	3	18	17
Kaitemako	495	27	522	5
Welcome Bay West	1,221	51	1,272	4
Welcome Bay East	1,278	87	1,365	6
Total	**45,366**	**4473**	**49,839**	**9**

Appendix 5

Western Bay of Plenty District Census Area Unit Map

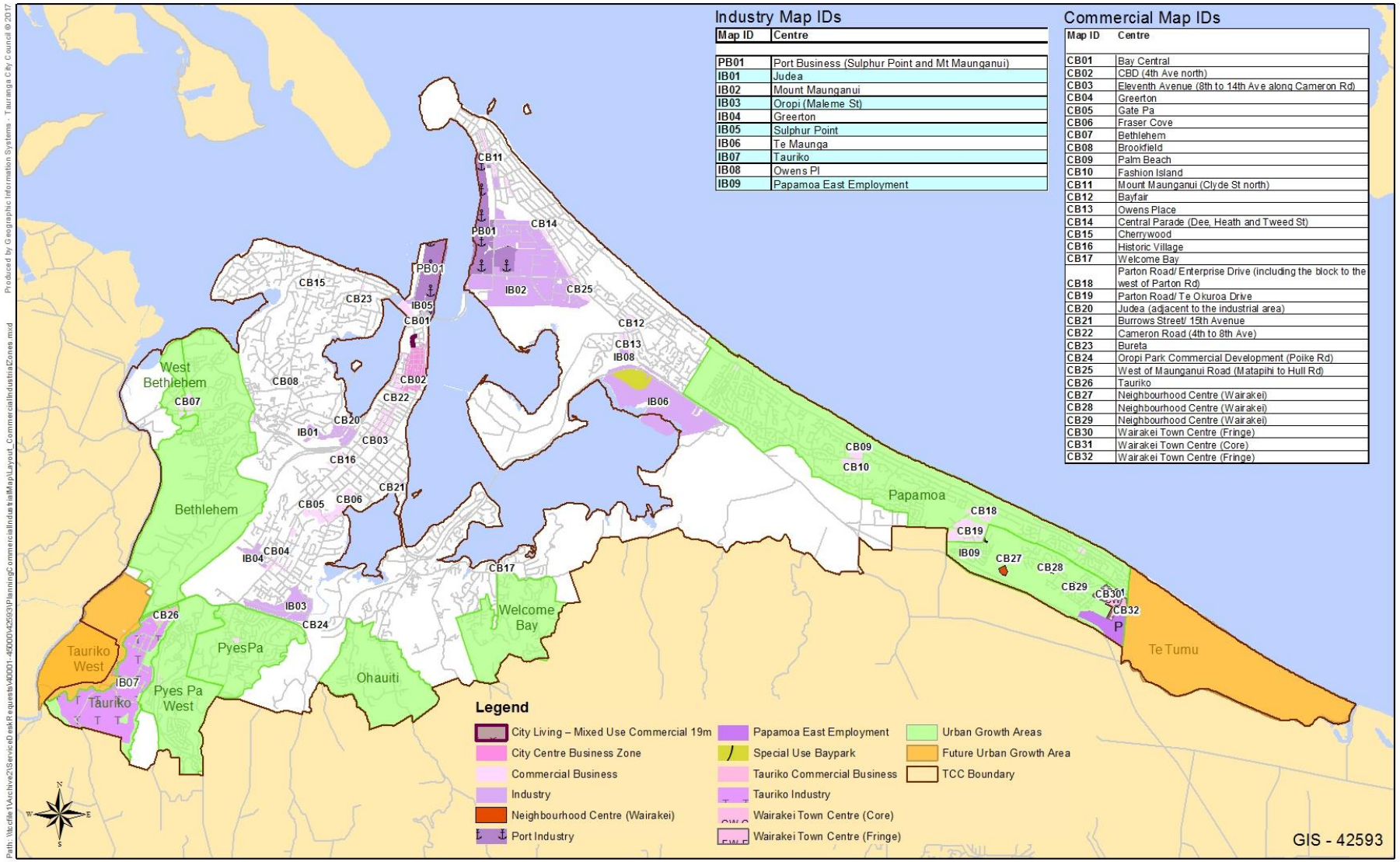


Tauranga City Census Area Unit Map (2013 Census)



Appendix 6

Tauranga City Commercial and Industry Zoned Areas



COMMERCIAL AND INDUSTRIAL AREAS

- Tauranga City Council -

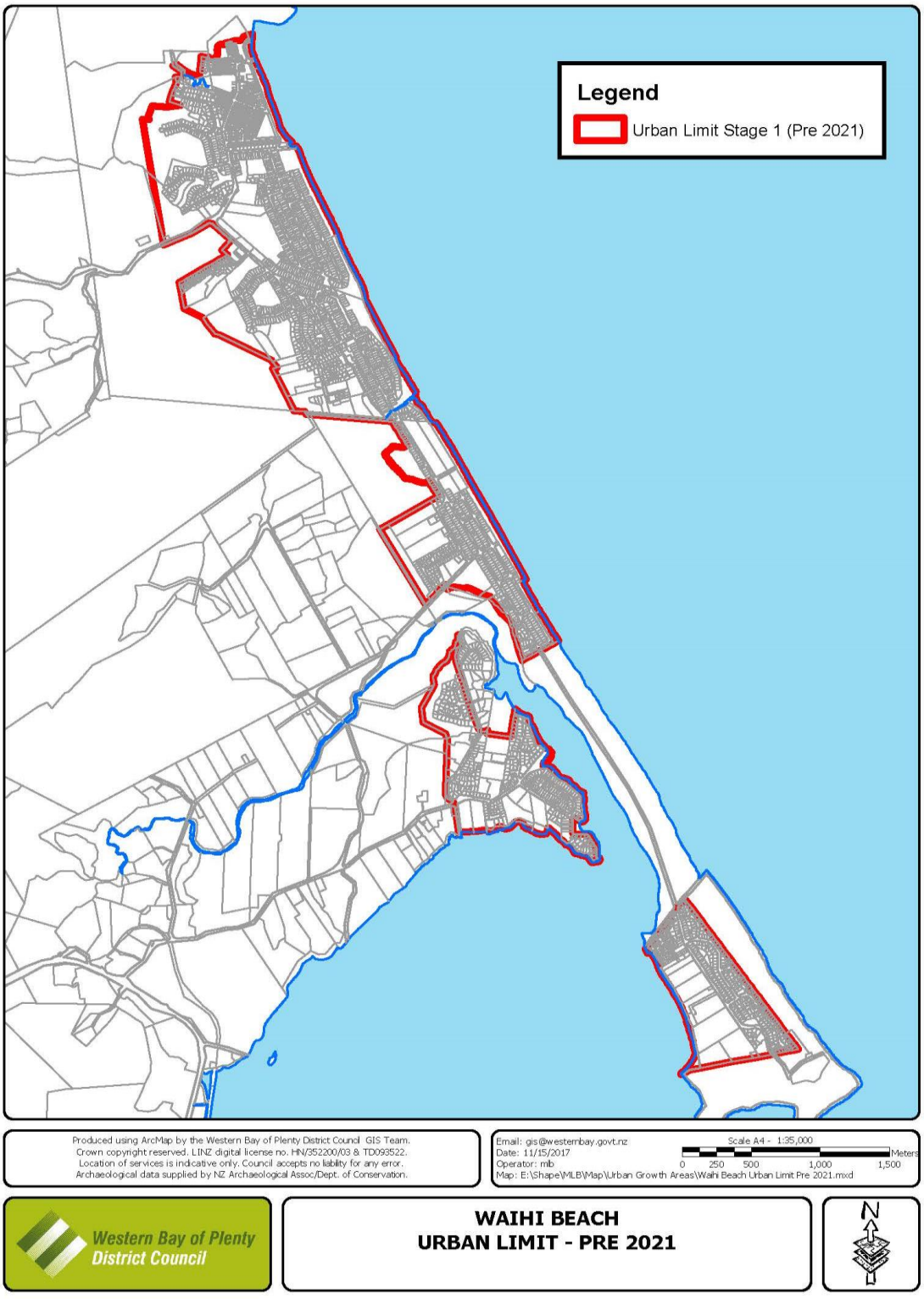
0 1.25 2.5 5 7.5 10 Kilometers

Tauranga City

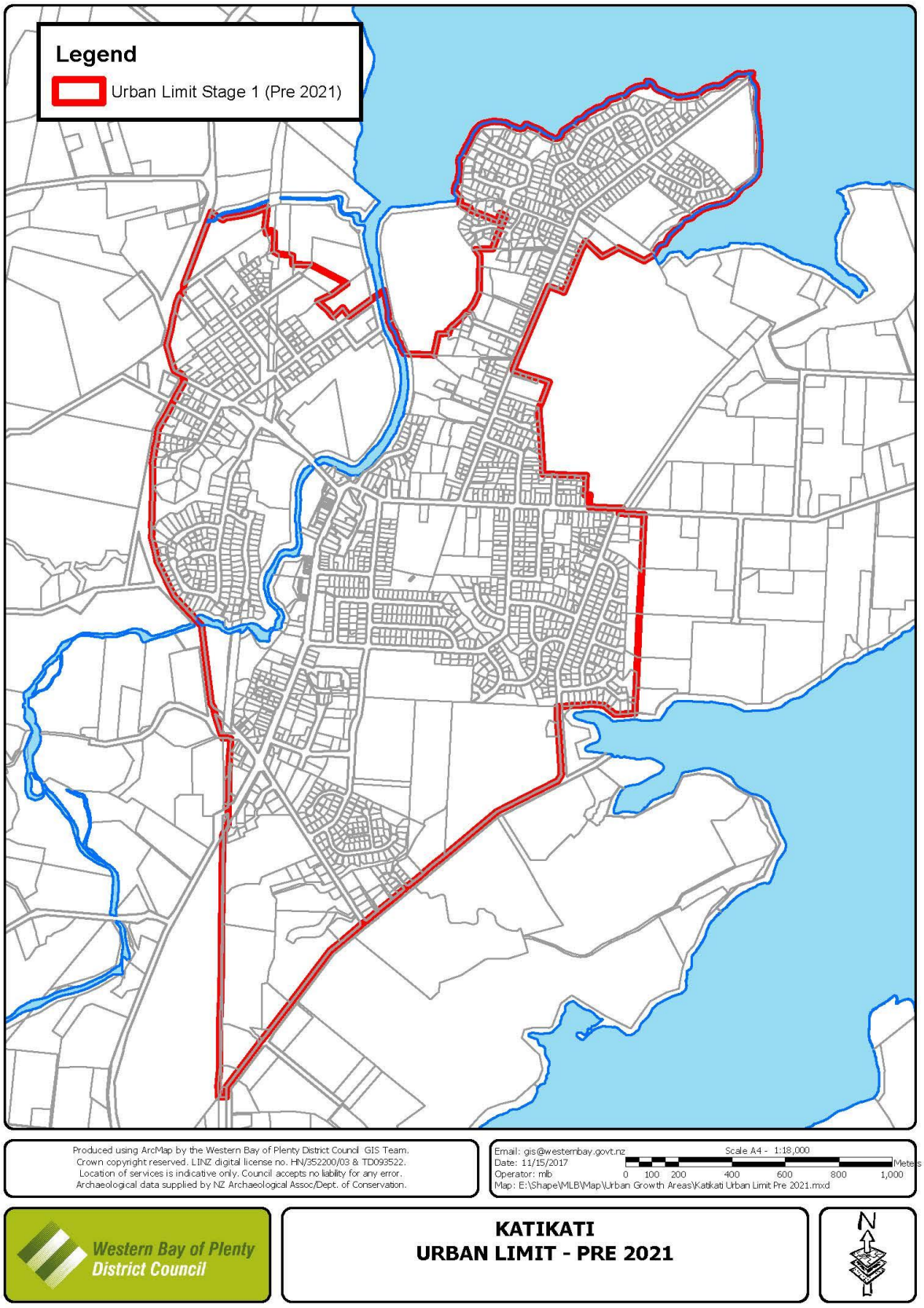
Appendix 7

Western Bay of Plenty District Stage 1 Areas For Urban Growth Area Sequencing

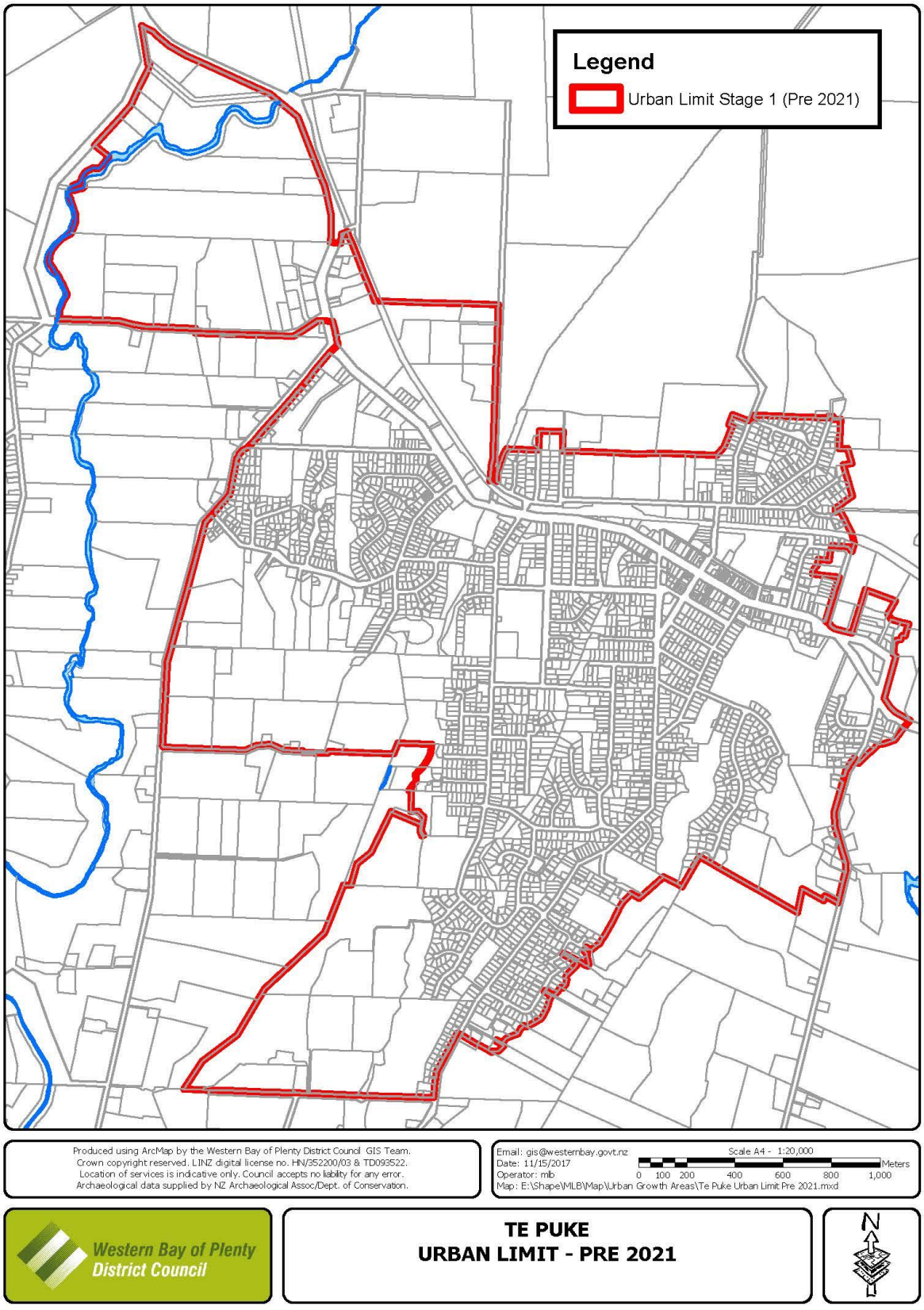
Waihi Beach



Katikati


Legend
Urban Limit Stage 1 (Pre 2021)
Produced using ArcMap by the Western Bay of Plenty District Council GIS Team.
Crown copyright reserved. LINZ digital license no. HN/352200/03 & TD093522.
Location of services is indicative only. Council accepts no liability for any error.
Archaeological data supplied by NZ Archaeological Assoc/Dept. of Conservation.
Email: gis@westernbay.govt.nz
Date: 11/15/2017
Operator: mlb
Map: E:\Shape\MLB\Map\Urban Growth Areas\Katikati Urban Limit Pre 2021.mxd
Scale A4 - 1:18,000
0 100 200 400 600 800 1,000
Meters
Western Bay of Plenty District Council
KATIKATI
URBAN LIMIT - PRE 2021
N

Te Puke


Legend
Urban Limit Stage 1 (Pre 2021)
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Archaeological data supplied by NZ Archaeological Assoc/Dept. of Conservation.
Email: gis@westernbay.govt.nz
Date: 11/15/2017
Operator: mlb
Map: E:\Shape\MLB\Map\Urban Growth Areas\Te Puke Urban Limit Pre 2021.mxd
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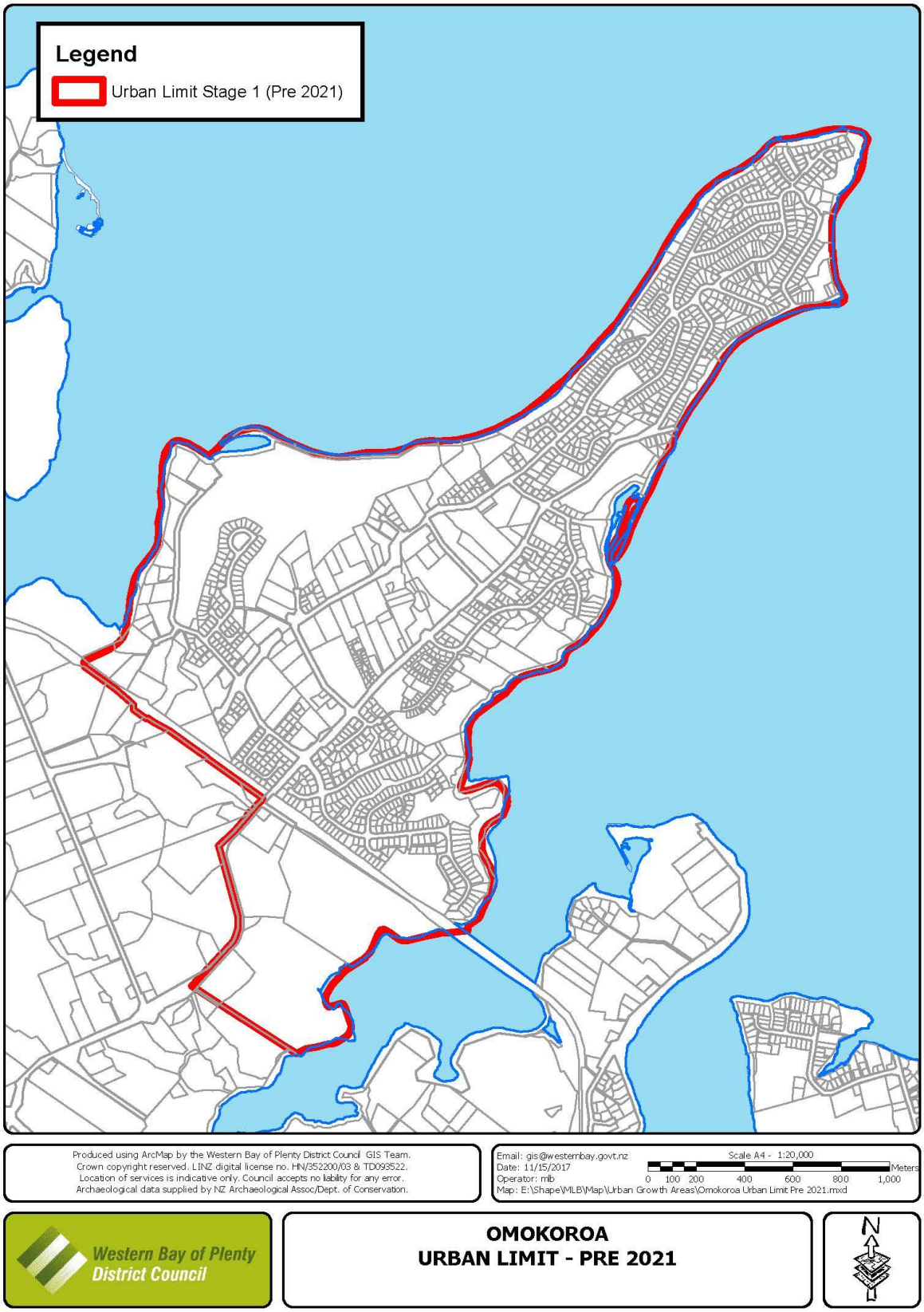
Western Bay of Plenty District Council
TE PUKE
URBAN LIMIT - PRE 2021
N

Omokoroa


Legend
Urban Limit Stage 1 (Pre 2021)
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Location of services is indicative only. Council accepts no liability for any error.
Archaeological data supplied by NZ Archaeological Assoc/Dept. of Conservation.
Email: gis@westernbay.govt.nz
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Operator: mlb
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Scale A4 - 1:20,000
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Meters
Western Bay of Plenty District Council
OMOKOROA
URBAN LIMIT - PRE 2021
N

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