QUEENSTOWN LAKES DISTRICT COUNCIL

Quarterly Monitoring Report

National Policy Statement on Urban Development Capacity

June 2017

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Contents

Data Sources and Ongoing Monitoring

This quarterly report draws on data contained on the Ministry for Business, Innovation and Employment's Urban Development Capacity Dashboard. It also includes data collected by QLDC and sourced from CoreLogic. Some indicators are updated quarterly, while others are updated annually or less frequently. Indicators updated annually are included in the more comprehensive June Quarter report only. The September, December and March Quarter reports are more condensed. Over time, QLDC may add, remove or replace indicators included in these regular reports to better align them with local data and local issues.

Any queries on this report should be directed to the Planning Policy Team.

1 Executive Summary

The NPS-UDC came into effect on the 1 December 2016. The purpose of the NPS-UDC is to provide direction to local authorities to ensure sufficient and feasible urban development capacity is provided to support housing and business growth. Its emphasis is to ensure there is enough feasible capacity to meet the growing housing and business demands over a 30 year period. The Queenstown Lakes District (QLD) is recognised as one of New Zealand's "high growth areas" and is anticipated to see a doubling of the usually resident population between 2018 and 2058 increasing from approximately 38,000 to just under 75,000[1]. In accordance with the NPS-UDC, QLDC is required to deliver on the legislative requirements of the High Growth Area policies as set out in the NPS-UDC.

This is the first Quarterly Monitoring Report prepared under the NPS-UDC. As a high growth area, Queenstown Lakes District Council (QLDC) must develop a robust, comprehensive and frequently updated evidence base to inform planning decisions in urban environments (Objective B1). Specifically, QLDC must monitor on a quarterly basis:

a) Prices and rents for housing, residential land and business land by location and type; and 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 (Policy B6).

In order to understand how well the market is functioning and how planning may affect this, and when additional development capacity might be needed, QLDC must also use information provided by indicators of price efficiency in their land and development market, such as price differential between zones. This relates to Policy B7 of the NPS-UDC and these indicators are available from the Ministry of Business, Innovation and Employment. As they are updated infrequently, QLDC has provided a review of these in its three yearly Housing and Business Development Capacity Assessment reports. Further detail on Council's monitoring and evidence base requirements can be found here.

QLD has the highest median house prices of all the high growth areas in New Zealand[2] ($873,469 YE June 2017), having recently surpassed Auckland[3]. House prices are rising in all high growth areas except Greater Christchurch, highlighting that QLD is not alone in dealing with rising prices. However, the rate of growth in house prices in QLD is significant, increasing by $133,781 (18%) in the last year alone.

Demand for dwellings continues to be strong and it is a 'sellers' market'. The share of total dwellings being sold each year is only small but is currently within the range of other New Zealand cities. This may change in the short term as the number of houses sold each year has

[1] Rationale Population Projections 2017
[2] Includes QLD, Auckland, Greater Hamilton, Greater Christchurch, Greater Tauranga, Gisborne, New Plymouth and Whangarei as defined under the NPS-UDC.
[3] The median is the middle price when ranked in order and differs from the average price.

been reducing steadily since 2016 (down to 245 for the year ending June 2017 – a 17% reduction on the same time a year ago)[4].

The overall size of the district's dwelling estate is growing steadily, although growth in Arrowtown Ward is limited as a result of little vacant capacity remaining inside the urban growth boundary. Overall, there were 791 new dwellings in the district in the year ending June 2017, reaching a total estate of 15,971 dwellings. A spatial breakdown of that growth has not been prepared, but it is expected that the major share of growth has occurred in greenfield areas like Northlake, Kirimoko, Shotover Country, Remarkables Park and Jack's Point. In Queenstown, Special Housing Areas have also contributed to this growth. There were 953 new dwelling consents issued in those same 12 months (a record level compared to the previous three years). This indicates that supply increases in the next 12 months (allowing for construction time) will again be high. Supply of new dwellings appears to be closely aligned with growth of resident households – the key driver of demand.

Similar to house prices, rent prices in QLD are also rising rapidly and have recently surpassed Auckland to be the highest rents of the high growth areas. The average rent (across all housing types) is now $522 per week (up $80/week on the previous year). Arrowtown is the most expensive ($575/week on average) followed by Queenstown ($558/week). Wanaka is cheapest in relative terms, but still high nationally at $447/week. Conversely, the ease of moving from renting to home ownership is consequently easiest in Arrowtown and hardest in Wanaka in terms of the step-up in costs from renting to potential mortgage payments. However, this transition remains difficult or out of reach for a significant number of residents due to the districts lower than average wages.

When comparing median incomes with median house prices, QLD is the least affordable location in New Zealand and is getting rapidly worse due to rising prices. Caution is advised in interpreting these results as people earning the median income will be in the market for dwellings in the lower quartile rather than in the median. This is especially the case in QLD, where the median house price is heavily distorted by a large share of very high value homes that are not linked to local earning potential.

Alternatively, first home affordability in QLD is in the middle of the range of all high growth areas (June 2017), but equally, all high growth areas show very low levels of affordability for this market segment. Data suggests it has been gradually improving since 2005, but currently 77% of first home buyers would have a below average residual income after paying housing costs. Given that QLD has income levels below the national average[5] (as used for this particular indicator), this result is expected to under-represent the situation for first home buyers in the district.

Monitoring of development capacity[6], price and rent patterns, population growth, resource and building consent numbers and housing affordability indicators shows that QLD is experiencing significant levels of growth and faces some of the most significant challenges in

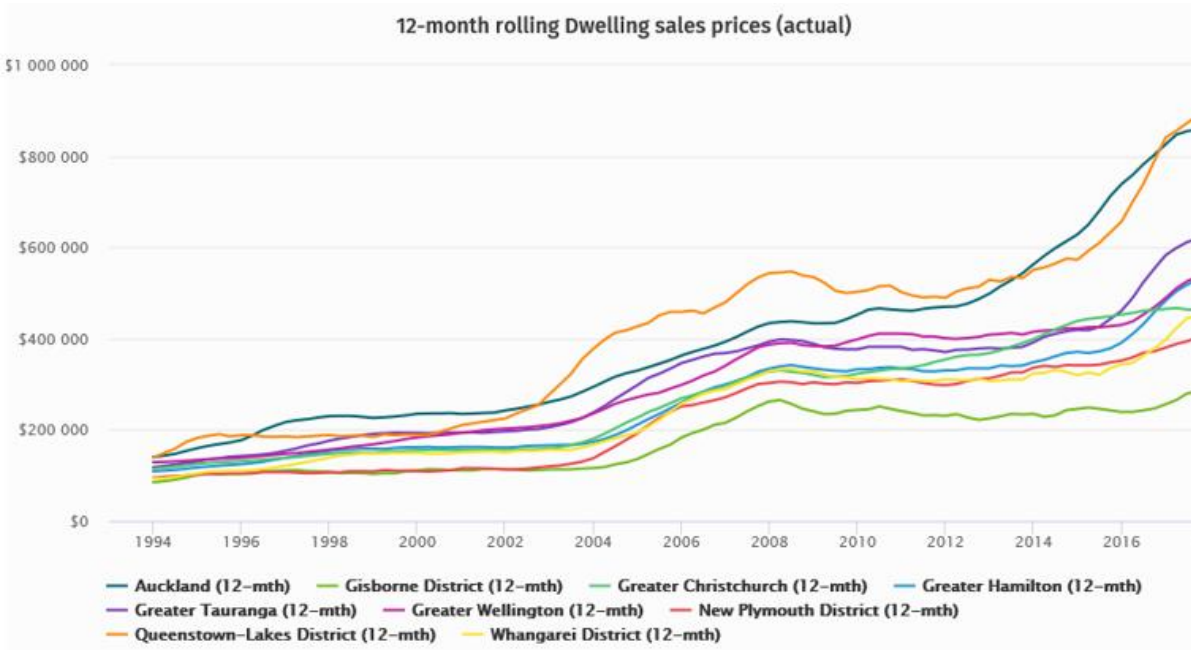
[4] Equivalent data on section sales has not been sourced but is especially relevant in QLD.
[5] Largely driven by the large hospitality sector.
[6] Covered in detail in the 2017 Housing and Business Development Capacity Assessment Reports.

terms of the cost of housing (and also commercial/industrial land and space). The next quarterly report (September 2017) will provide an update of these local indicators.

2 Sales Prices, Housing Stock, Rents and Affordability

2.1 Sales Prices – Wider Context

About this indicator: This indicator shows the median prices of residential dwellings sold in each quarter for selected high growth areas (including amalgamated areas). This median price series is not adjusted for size and quality of dwellings. Prices are presented in nominal terms; they have not been adjusted for general price inflation.



Latest Results:

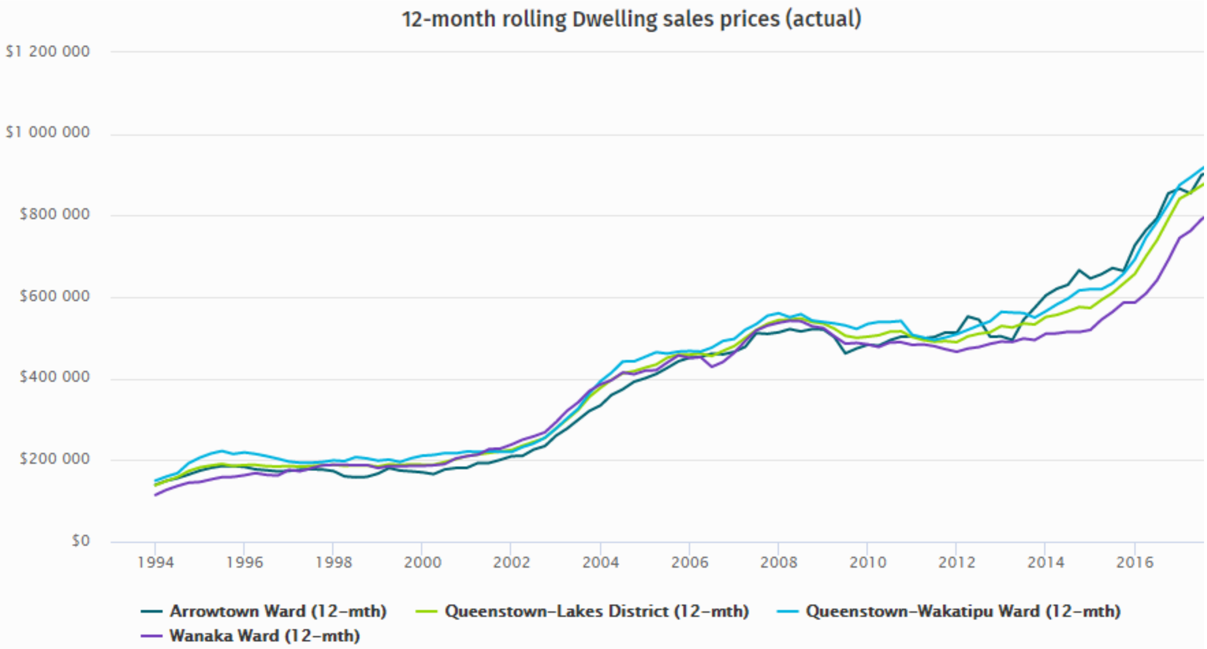
- The 12 month rolling average dwelling sales price data shows that QLD sales prices remain (on average) the highest in the country.
- At June 2017, the medium house price for QLD was $873,469, while the Auckland medium house price was slightly less on $855,000.
- All high growth areas had positive growth in sales prices in the last 12 months (i.e. since June 2016). The QLD average house price has increased by 18.1% in that time. Only Whangarei District had a higher percentage increase in prices in that period (22.9%). By contrast, Auckland prices increased by 9.3% and Greater Christchurch prices showed almost no change (0.6%).
- In dollar terms, the growth over the last 12 months was highest in QLD ($133,780), followed by Greater Tauranga (up $88,125) and Greater Hamilton (up $86,750).

Commentary:

Sale prices are determined by the interaction of demand and supply, including for investment property. The national trend over the past 2-3 years indicates that average house prices have been increasing at a steady rate in all high growth areas (with the exception of Christchurch), although QLD and Auckland have shown steady growth for longer (since 2012). This indicates that increasing house prices is a national problem not confined to Auckland and QLD.

2.2 Sales Prices

About this indicator: This indicator shows the median prices of residential dwellings sold in each quarter. This median price series is not adjusted for size and quality of dwellings. Prices are presented in nominal terms; they have not been adjusted for general price inflation.



Latest Results:

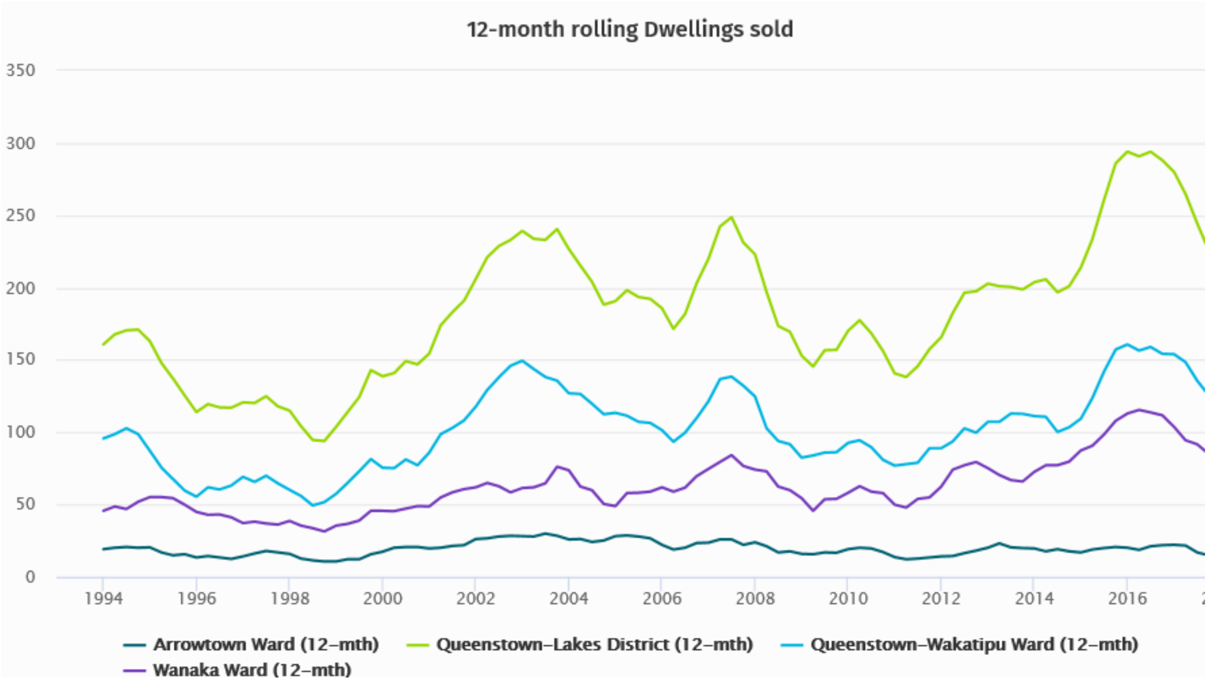
- In the year ending June 2017, the medium house price for QLD was $873,469.
- This is an increase of 2.0% ($17,500) above the previous quarter (March 2017) and a 18.1% ($133,781) increase compared to the same time a year ago.
- Medium dwelling prices are highest in the Queenstown Ward ($913,750 YE June 2017) and lowest in the Wanaka Ward ($790,625).
- Over the last 12 months, prices have increased strongly in Arrowtown (13.4%, $106,250) and Queenstown (16.5%, $129,437) and more rapidly in Wanaka (23.3%, $149,375).
- Since the last quarter (March 2017) there has been a 5.3% ($45,250) increase in prices in Arrowtown, a 2.3% increase ($20,375) in Queenstown Ward and a 3.7% increase ($28,375) in the Wanaka Ward.

Commentary:

House prices in QLD are impacted by strong household growth, demand from international and domestic buyers (i.e. holiday homes) and increasing visitor numbers. Within QLD, median sales prices in the Wakatipu Ward have consistently been higher than the median in the Wanaka Ward, certainly since 2005. Median prices in the small Arrowtown Ward have fluctuated above and below both Wakatipu and Wanaka Wards in recent years, but presently they sit between the two and just below Wakatipu. Over the past four quarters, median prices have increased at a similar rate in Wakatipu and Wanaka, while prices have shown both positive and negative movement in Arrowtown during the same period.

2.3 Dwellings Sold

About this indicator: This is the quantity of all dwellings sold.



Latest Results:

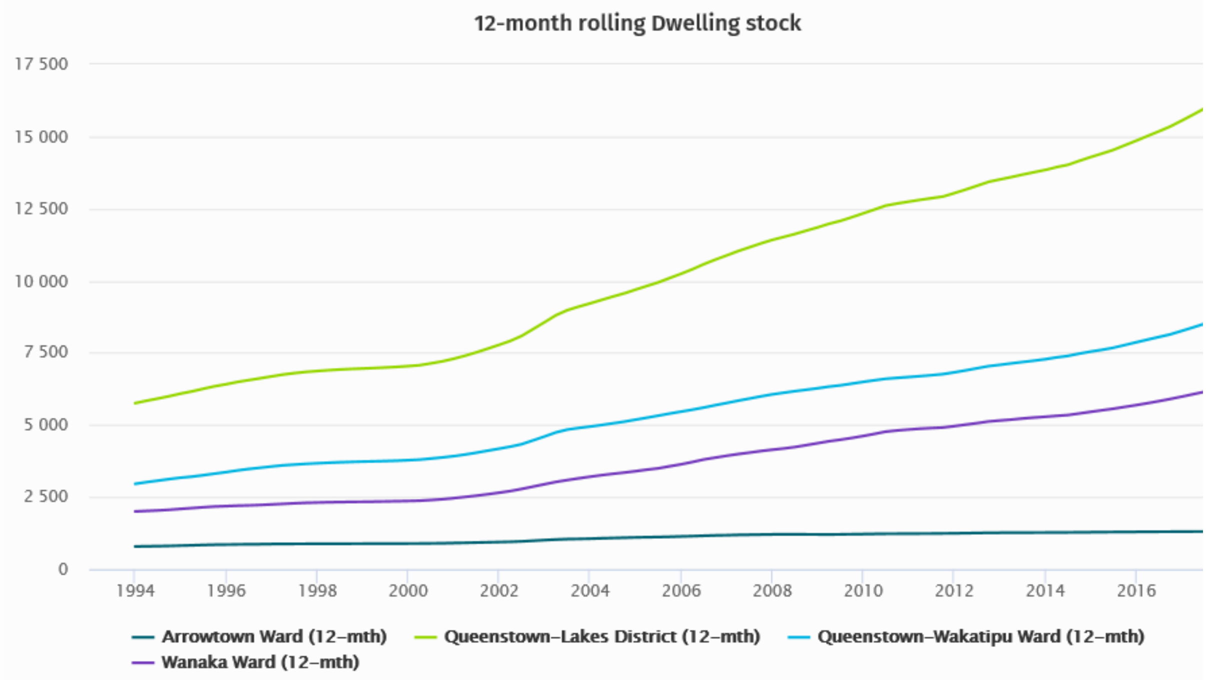
- In the June 2017 quarter, the total number of dwellings sold in QLD was 245.
- This is a decrease of 7.5% (20 less dwellings sold) compared to the previous quarter (March 2017) and a 16.7% decrease (49 less dwellings sold) compared to the same time a year ago.
- Over the last 12 months, the count of dwellings sold in Queenstown Ward has decreased from 159 (June 2016) to 136 (YE March 2017) (down 14.5%). In Wanaka, the count has decreased from 114 to 92 (down 19.3%) and Arrowtown has decreased from 21 to 17 (down 19.0%).

Commentary:

The number of dwellings sold in the Queenstown and Wanaka Wards has continued to decline from the high point in 2016. An analysis of the building consent records below indicates that it is not a slowing down of the new dwelling construction sector. This indicates that the trend is being driven by fewer existing houses coming onto the market or fewer sections being used for construction company-led 'build and sell' dwellings and more being used for commissioned building contracts where the owners occupy the dwelling upon completion. The Arrowtown market is only small (geographically) but is generally more stable than in the other Wards. In all parts of the District however, the reducing count of houses available to buy has created a 'sellers' market' and this has driven prices up in the face of strong demand, as seen in the previous indicator.

2.4 Housing Stock

About this indicator: This is the estimate of dwelling stock. It is the total count of dwellings allowing for new builds each quarter and taking into account any demolition of dwellings. Dwellings include standalone houses, attached dwellings and apartments. This indicator informs growth in overall dwelling supply.



Latest Results:

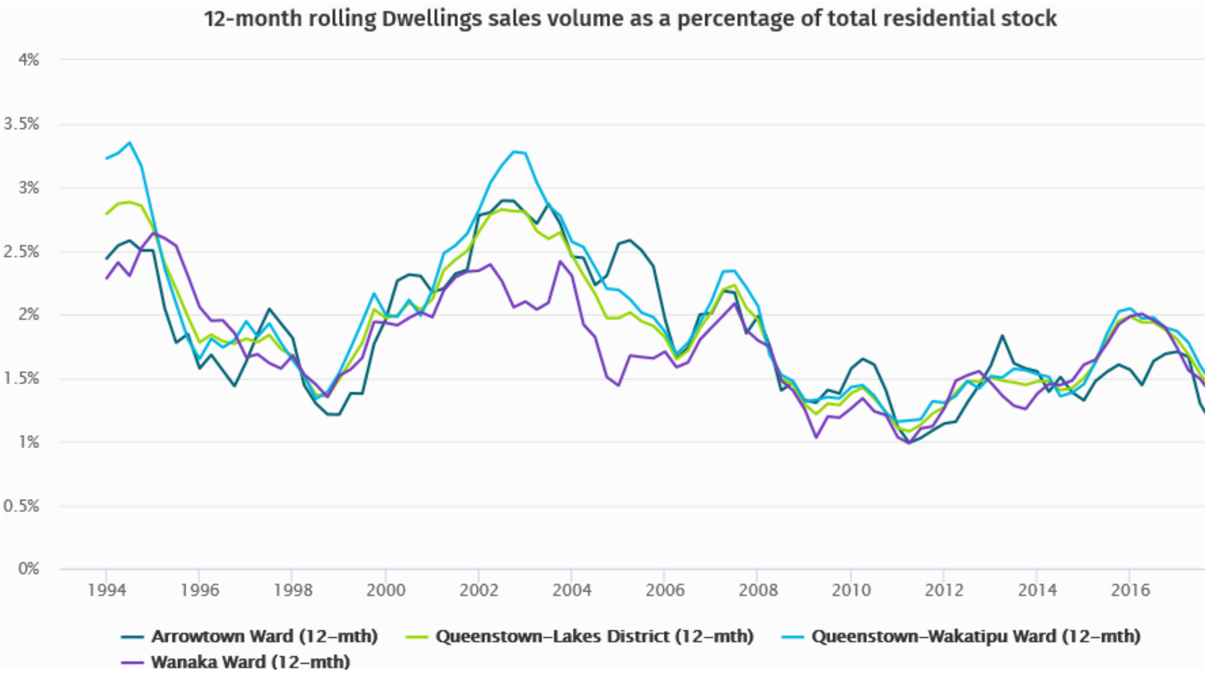
- In the year ending June 2017, the total number dwellings in QLD was 15,971.
- This is an increase of 1.35% (213 more dwellings) compared to the previous quarter (YE March 2017) and a 5.2% increase (791 more dwellings) compared to the same time a year ago.
- Over the last 12 months, the count of dwellings in the Queenstown Ward has increased from 8,051 (YE June 2016) to 8,509 (YE June 2017) (up 5.7% or 458 additional dwellings). In Wanaka, the count has increased from 5,827 to 6,151 (up 5.6% or 324) and Arrowtown has increased by 9 dwellings (0.7%) to reach 1,310.

Commentary:

The increase in the average sales price, the availability of land and the high demand for property are the key factors that impact on this trend. The growth of the District's overall housing stock continues to increase at a steady rate although the Arrowtown Ward has contributed very little to this growth (relative to the other Wards) due to limited vacant capacity within its urban growth boundary. Queenstown Ward makes up 53.3% of the total dwelling stock, while Wanaka and Arrowtown make up 38.5% and 8.2% respectively. Over time, it is expected that Arrowtown will account for a relatively smaller share of the total given the significant greenfield and infill growth capacity enabled in Wanaka and Queenstown.

2.5 Dwelling Sales as Share of Dwelling Stock

About this indicator: This indicator measures the quantity of all dwellings being bought and sold relative to the total stock. It is a measure of activity in the local housing market.



Latest Results:

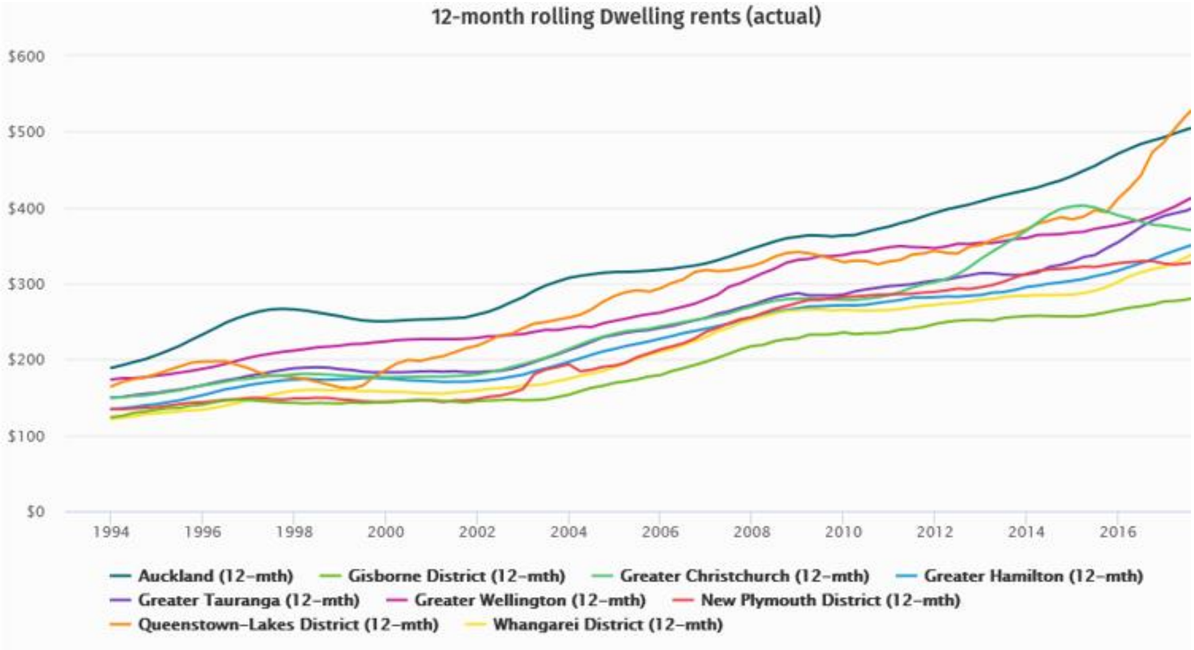
- In the year ending June 2017, the total number dwellings sold in QLD as a share of the dwelling stock was 1.531%.
- This is down on the previous quarter (March 2017) of 1.684%. The same time a year ago (June 2016), the percentage share was higher again on 1.936%. This is 6th quarter in a row of decline (i.e. since the last peak December 2015).
- The latest figures for Wanaka and Queenstown are very similar to the district overall (1.492% and 1.596% respectively). Arrowtown continues recent trends of a lower share of dwellings bought and sold (1.298% (June 2017).

Commentary:

This indicator shows a similar trend to the dwellings sold indicator above, with a declining ratio of dwellings sold relative to total dwelling stock. That is, a declining share from the recent peak in early 2016. Relative to other large cities in New Zealand, QLD shows a similar level of activity in its housing market – with Auckland, Greater Wellington and Greater Christchurch having a slightly lower share of dwellings being sold and Greater Tauranga having a slightly higher share (June 2017). All of these cities have shown a similar downward trend in recent quarters and this is to be expected as steady growth represents a smaller and smaller share of the total. Unless growth is accelerating, this will be the case. The much lower 'churn' of the market in Arrowtown again reflects a very stable market with strong demand and limited opportunities for growth.

2.6 Dwelling Rents – Wider Context

About this indicator: This indicator reflects nominal mean rents as reported in new rental bonds lodged with MBIE for selected high growth areas (including amalgamated areas). The mean used is a geometric mean. The reason for using this mean is that rents cluster around round numbers and tend to plateau for months at a time. This makes analysis of time series difficult and using the geometric mean is a way of removing this clustering effect. The data is for private bonds only and so excludes social housing.



Latest Results:

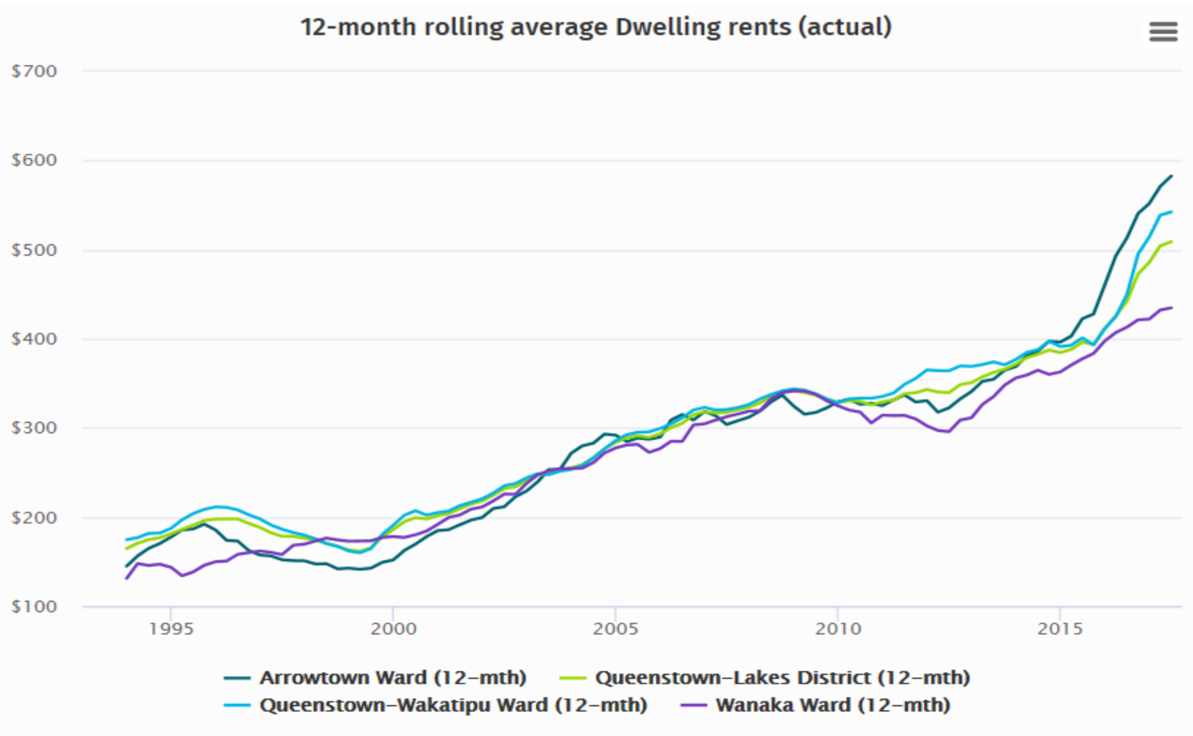
- All high growth areas except for Greater Christchurch and New Plymouth have shown a general increasing rental trend in the 12 months ending June 2017.
- QLD rents have surpassed average rents in Auckland for the last two quarters.
- In June 2017, average rents in Auckland are $503, while QLD average rents are $522. All other high growth areas have average rents below $400 per week.
- Percentage growth in average weekly rents over the last 12 months has been lead by QLD with a significant 18.1% increase. This compares with the next highest growth rate of 6.4% per annum (YE June) in Greater Hamilton and 6.3% in Whangarei. Rents increased by just 3.9% in Auckland over that period.
- In dollar terms, average rent increased by $80 per week over the last 12 months. In Whangarei they experienced a $20 increase, Greater Hamilton and Greater Tauranga experienced a $21 increase and Auckland a $19 increase per week.

Commentary:

QLD now has the highest average rents of all the high growth areas. Care is however needed because the type of rental properties available in the market influences the rental price. QLD has relatively few attached dwellings (flats and apartments) compared cities like Auckland and standalone dwellings tend to be larger and support higher rentals. Notwithstanding this, rent increases in QLD underwent a clear step change in September 2005, which was not mirrored by any of the other markets.

2.7 Dwelling Rents

About this indicator: This indicator reflects nominal mean rents as reported in new rental bonds lodged with MBIE. The mean used is a geometric mean. The reason for using this mean is that rents cluster around round numbers and tend to plateau for months at a time. This makes analysis of time series difficult and using the geometric mean is a way of removing this clustering effect. The data is for private bonds only and so excludes social housing.



Latest Results:

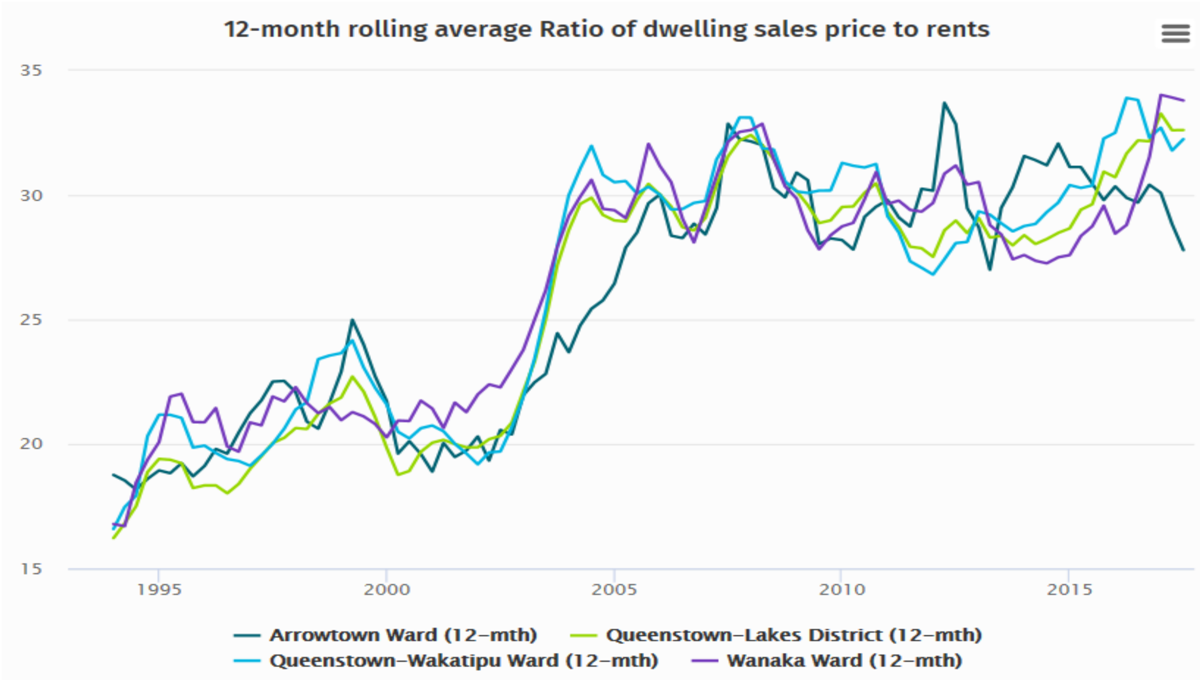
- The average weekly dwelling rent in QLD currently stands at $522. This is up $17 per week (3.4%) compared to the previous quarter (March 2017). Compared to the same time 12 months ago (June 2016), average weekly rent has increased by $80 or 18.1%.
- Rent in Wanaka is below the district average at $447 per week. This has increased by $34 compared to the same time a year ago (June 2016). Queenstown Ward has shown the fastest rate of increase over that period (24.0%, up $108) compared to the change in Arrowtown (up 12.1% or $462).
- Average rent in Queenstown Ward currently sits at $558 and is only slightly lower than Arrowtown ($575 per week).

Commentary:

Rising rents in QLD continues to be a very big concern given the large number of residents who are transient (i.e. seasonal workers) and/or are low-income earners. Rents are rising due to an undersupply of long-term rental properties and strong demand. This is despite the large number of unoccupied dwellings in the District which are retained as holiday homes or used for short stay visitor accommodation. Key implications of rising rents are overcrowding and severe difficulties with recruiting and retaining workers from outside the District.

2.8 Sales Prices to Rent Ratio

About this indicator: This indicator measures the ease of moving from renting to home ownership, and also shows trends in possible investor yields. A higher house price/rent ratio reflects a larger gap between renting and buying. Higher ratios also indicate that rental yields for investors are lower.



Latest Results:

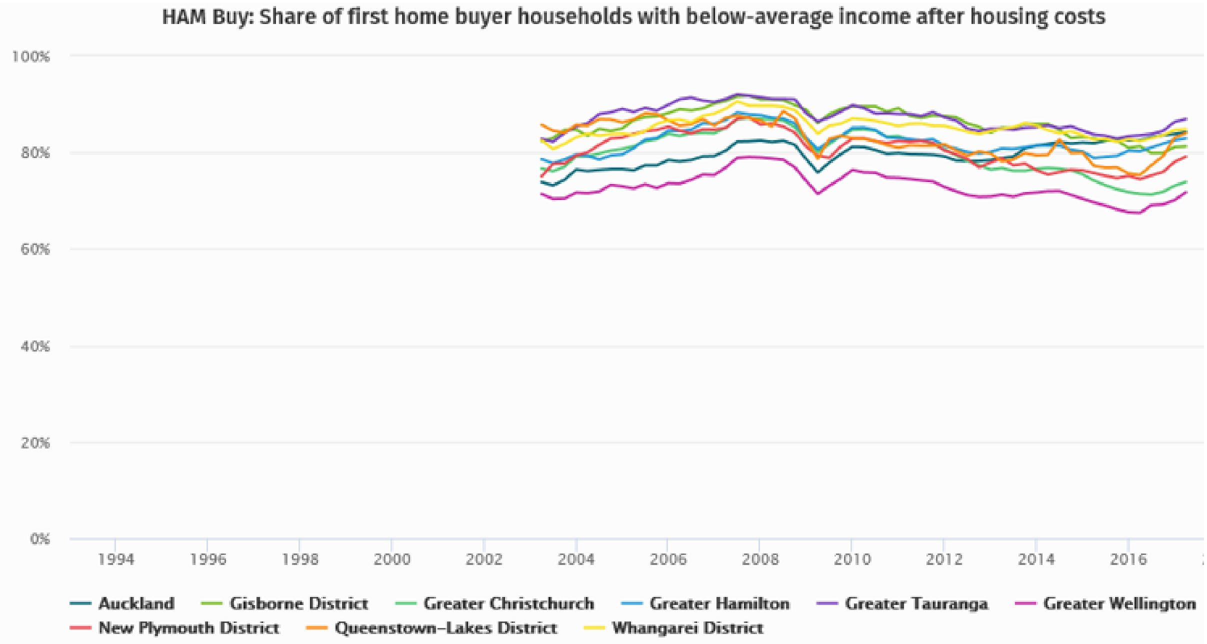
- The QLD current price to rent ratio is approximately 32.254 (decreasing slightly from the previous quarter (March 2017) where it was 32.657. Compared to the same time a year ago (June 2016), the average ratio is up (from 32.155) (that is, the gap between renting and buying has increased very slightly).
- Wanaka remains the hardest place to transition from renting to home ownership. The current ratio is 34.065 (June 2017). The gap between renting and buying has slightly decreased in Queenstown Ward in the last year (31.616) but has increased in Arrowtown (30.321) in that same period.

Commentary:

This indicator is supposed to measure the ease of moving from renting to home ownership, but it compares the average rental with the median sales price and does not capture the actual movements that would occur. I.e., someone paying the average rental would not be in the market for the medium house. Notwithstanding this limitation, the recent decline for the district overall followed two years of strong rises – yet overall the ratio has not changed significantly in net terms since 2007. In more recent years (since 2012), the price to rent ratio has increased for all high growth areas, however QLD and Auckland remain high compared to the others. Transitioning from renting to home ownership continues to remain a struggle for QLD residents.

2.9 Housing Affordability Measure - Buy – Wider Context

About this indicator: The HAM - Buy measures trends in housing affordability for the first home buyer household. For potential home-owning households, HAM - Buy calculates the residual income after housing costs if they were to buy a modest first home in their area. Affordability is affected by dwelling prices, mortgage interest rates and the incomes of rental households. Average income is determined using the average New Zealand household, both homeowners and renters, nation-wide, in June 2013. A higher number indicates a lower level of affordability and compares selected high growth areas (including amalgamated areas).



Latest Results: (There is a 12-month lag in this indicator - current data is for June 2016).

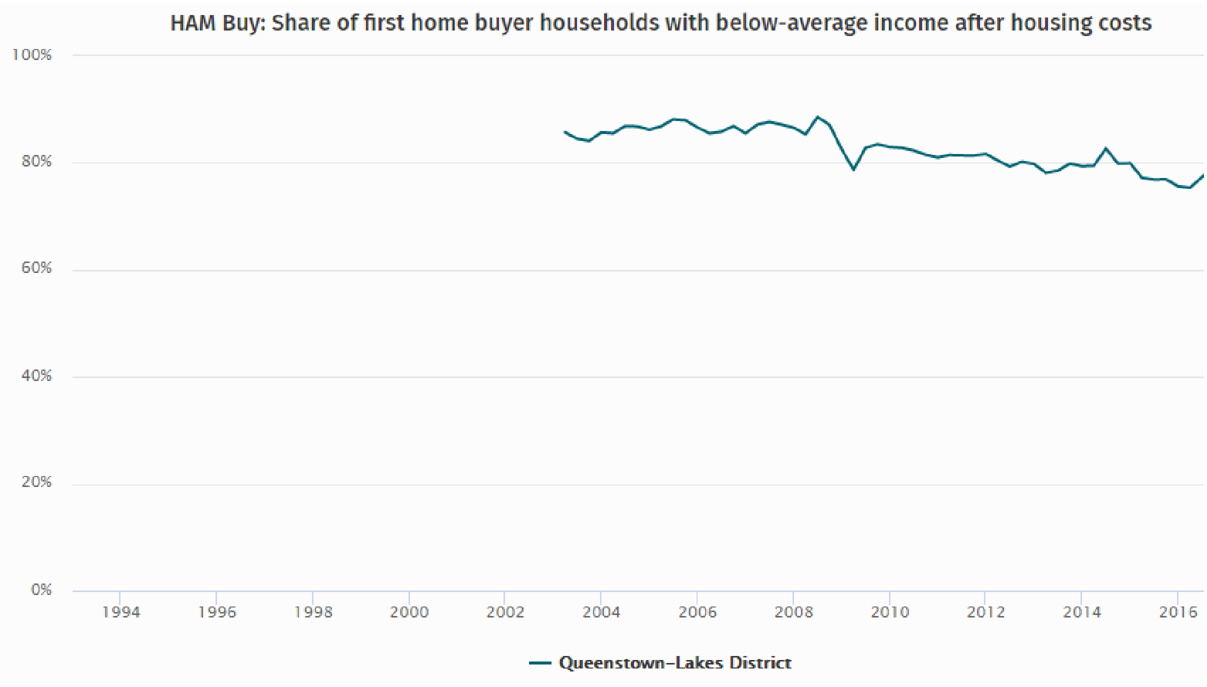
- The latest data shows that Greater Tauranga has the highest share (83.926%) of first home buyer households that would have a below average residual income after paying housing costs, followed by Auckland (83.140%) and Whangarei (82.916%).
- By comparison, the share in QLD is 77.350%, with only New Plymouth and Greater Christchurch having relatively better affordability for first home buyers.
- QLD has the third highest annual increase in percentage points of the high growth areas (0.48 since June 2015) after Greater Hamilton (1.95) and Auckland (0.73). In Gisborne and Greater Christchurch there were slight improvements.

Commentary:

This indicator needs to be interpreted with care as the average NZ income does not reflect local earning conditions in QLD – where the average income is generally lower due to the significance of the tourism and hospitality sectors. The indicator suggests on the one hand, a general trend of improving first home buying affordability in most high growth areas over the past 10 years (although not in Auckland and Hamilton). On the other hand, it shows that affordability overall is very low, with approximately 80% of households having a below average residual income after paying housing costs.

2.10 Housing Affordability Measure – Buy

About this indicator: The HAM - Buy measures trends in housing affordability for the first home buyer household. For potential home-owning households, HAM - Buy calculates the residual income after housing costs if they were to buy a modest first home in their area. Affordability is affected by dwelling prices, mortgage interest rates and the incomes of rental households. Average income is determined using the average New Zealand household, both homeowners and renters, nation-wide, in June 2013. A higher number indicates a lower level of affordability.



Latest Results: (There is a 12-month lag in this indicator - current data is for June 2016).

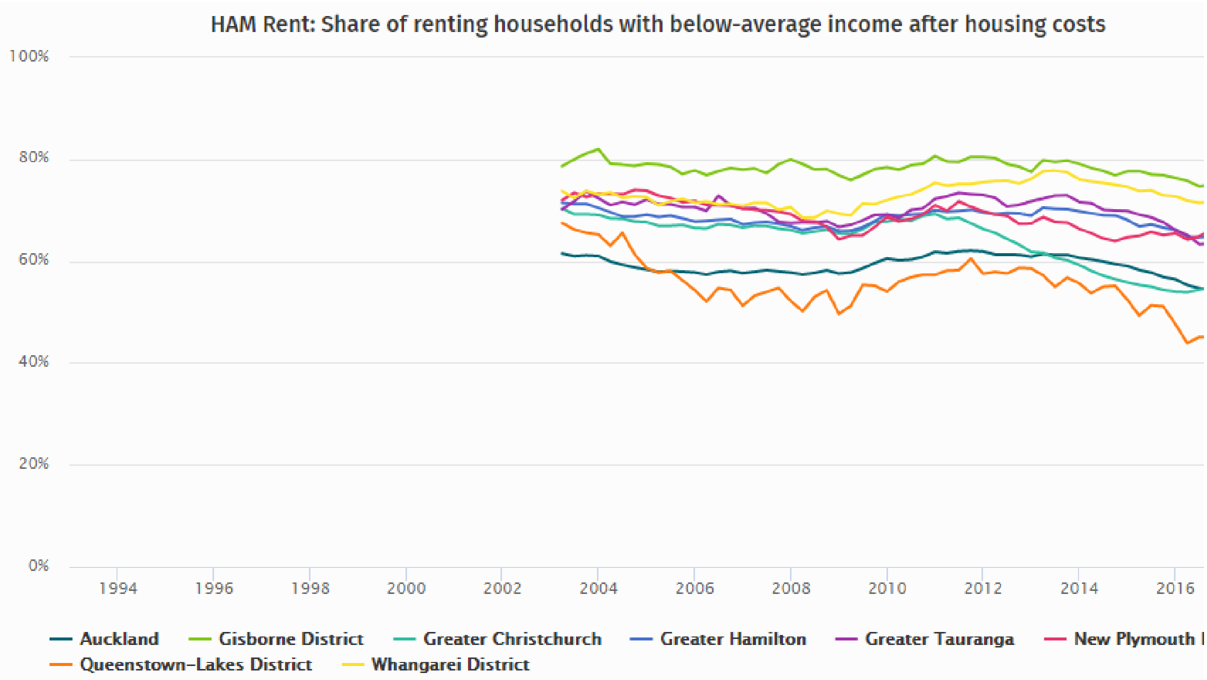
- The latest data shows that on average across QLD, 77.35% of first home buyer households would have a below average residual income after paying for housing costs.
- This percentage share has risen in the last quarter by 2.011 percentage points.
- Compared to the same time a year ago (June 2015), the percentage has risen by 0.478 percentage points (from 76.872).

Commentary:

As above, this indicator needs to be interpreted with care as the average NZ income does not reflect local earning conditions in QLD – where the average income is generally lower. There has been variability in this indicator over the time series with frequent ups and downs, although a generally improving trend is evident for first home buyer affordability since 2005. Overall, this indicator shows that affordability for first home buyers is low across QLD despite recent improvements. It is too soon to tell if the increase in percentage share over the last quarter will continue or if it is another minor and short-term fluctuation.

2.11 Housing Affordability Measure - Rent – Wider Context

About this indicator: The HAM - Rent indicator measures trends in housing affordability for the renting household. For renting households, HAM - Rent calculates what their residual income would be after housing costs. Average income is determined using the average New Zealand household, both homeowners and renters, nation-wide, in June 2013. A higher number on the chart indicates more households are below the average and a lower level of affordability. This chart compares selected high growth areas (including amalgamated areas).



Latest Results: (There is a 12-month lag in this indicator - current data is for June 2016).

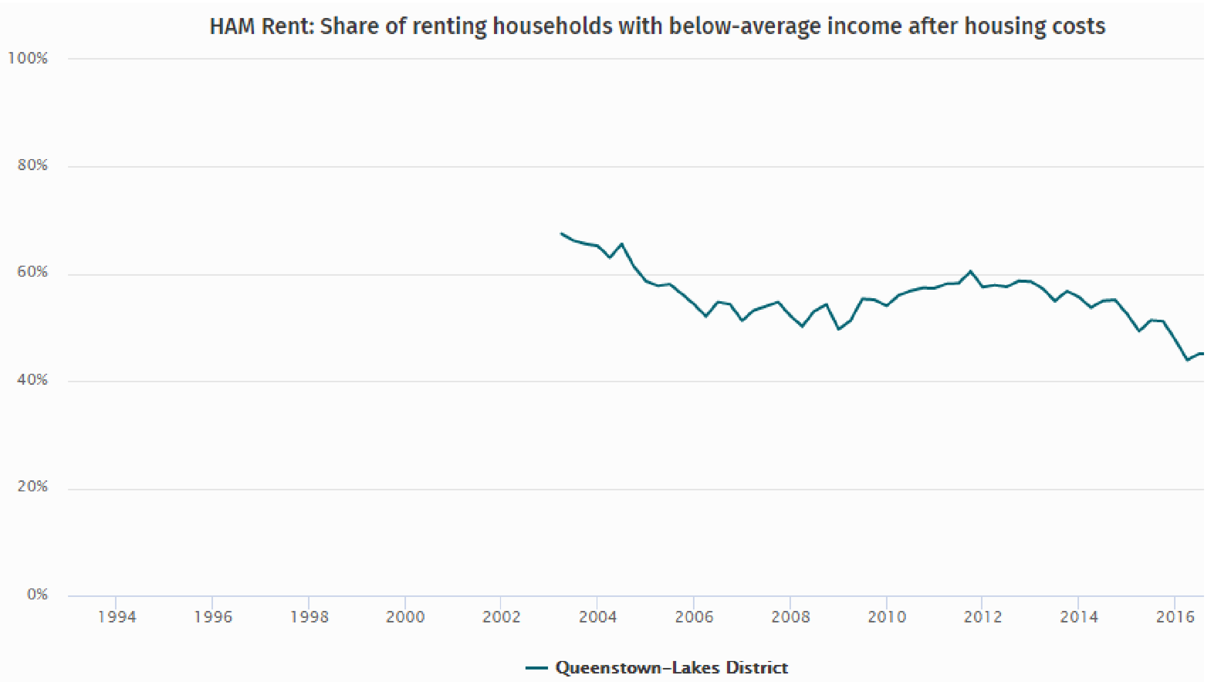
- The latest data shows that on average Gisborne has the highest share (74.675%) of renting households that would have a below average residual income after paying for housing costs, followed by Whangarei with 71.452% and New Plymouth (64.844%).
- By comparison, the share in QLD is 45.085%, the lowest of the high growth areas.
- Rental affordability has improved over the last 12 months in all high growth areas. QLD has the highest annual reduction in percentage points (-6.24 since June 2015). This was followed by the reduction in Greater Tauranga (-5.31).

Commentary:

This indicator needs to be interpreted with care as the average NZ income does not reflect local earning conditions in QLD – where the average income is generally lower due to the significance of the tourism and hospitality sectors. The indicator suggests a general trend of improving renting affordability in most high growth areas since 2013. It also shows a much wider spread of renting affordability across the high growth areas compared to first home buying affordability where the high growth areas were more tightly grouped. Relative to the HAM – Buy indicator, renting is more affordable compared to buying in Auckland, QLD and Greater Christchurch. Elsewhere, renting or buying results in a similar share of households with below average residual incomes.

2.12 Housing Affordability Measure – Rent

About this indicator: The HAM - Rent indicator measures trends in housing affordability for the renting household. For renting households, HAM - Rent calculates what their residual income would be after housing costs. Average income is determined using the average New Zealand household, both homeowners and renters, nation-wide, in June 2013. A higher number on the chart indicates more households are below the average and a lower level of affordability.



Latest Results: (There is a 12-month lag in this indicator - current data is for June 2016).

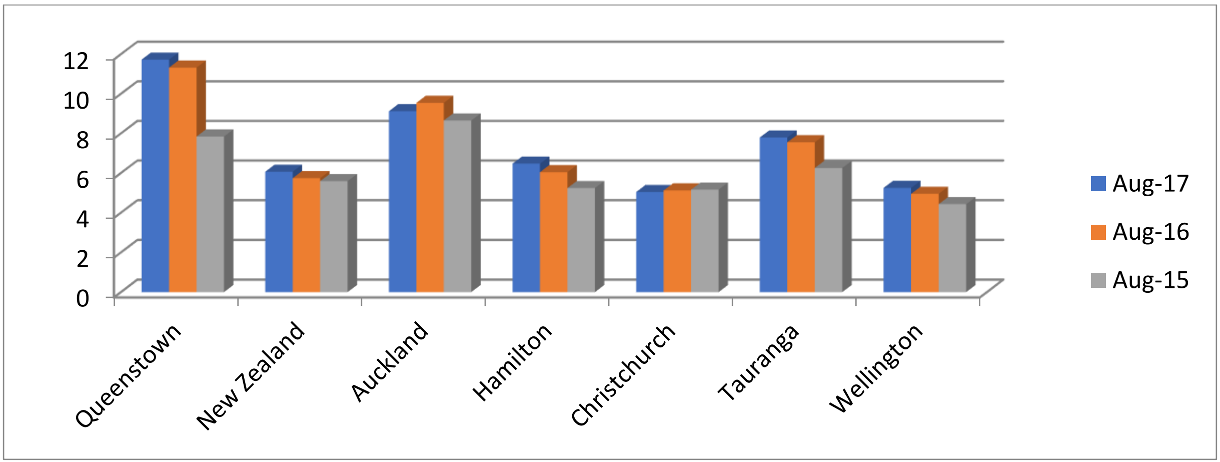
- The latest data shows that on average across QLD, 45.085% of renting households would have a below average residual income after paying for housing costs.
- This percentage share has risen in the last quarter by 1.194 percentage points (from 43.891% in March 2016 - the lowest level since the time series began in March 2003).
- Compared to the same time a year ago (June 2015), the percentage has however decreased by -6.237 percentage points (from 51.322%).

Commentary:

As above, this indicator needs to be interpreted with care as the average NZ income does not reflect local earning conditions in QLD – where the average income is generally lower. This measure indicates that rental affordability has generally improved across the QLD between 2011 and 2017. Given that rental prices have been rising rapidly in the District during that time, this implies that average incomes (NZ) have been rising at a faster rate. This raises some concern about how accurate this indicator is in the context of QLD. Particularly as there is evidence of overcrowding and sub-letting of bedrooms in Queenstown rental properties in particular to help manage/share high and rising costs.

2.1 House Price to Income – Wider Context

About this indicator: This indicator shows the ratio between median house prices and median annual household incomes, otherwise known as the median multiple. Unlike the HAM – Buy indicator, it is not limited to first home buyers. This analysis is an important summary measure of the affordability of the housing market for "average" households, noting that the composition and incomes of different households vary significantly.



(Source: https://www.interest.co.nz/property/house-price-income-multiples, August 2017)

Latest Results:

- This indicator shows that QLD is the least affordable place of those areas compared.
- Affordability has sharply decreased over the past two years.
- With the exception of Auckland and Christchurch, all areas indicate increasing rates of unaffordability over the previous 12 months. Christchurch is the only area that has improving affordability over the previous 24 months.
- All areas are sitting above the marker for housing affordability, which is 3, further highlighting that the increasing cost of housing is a national issue, with Queenstown and Auckland being the least affordable.

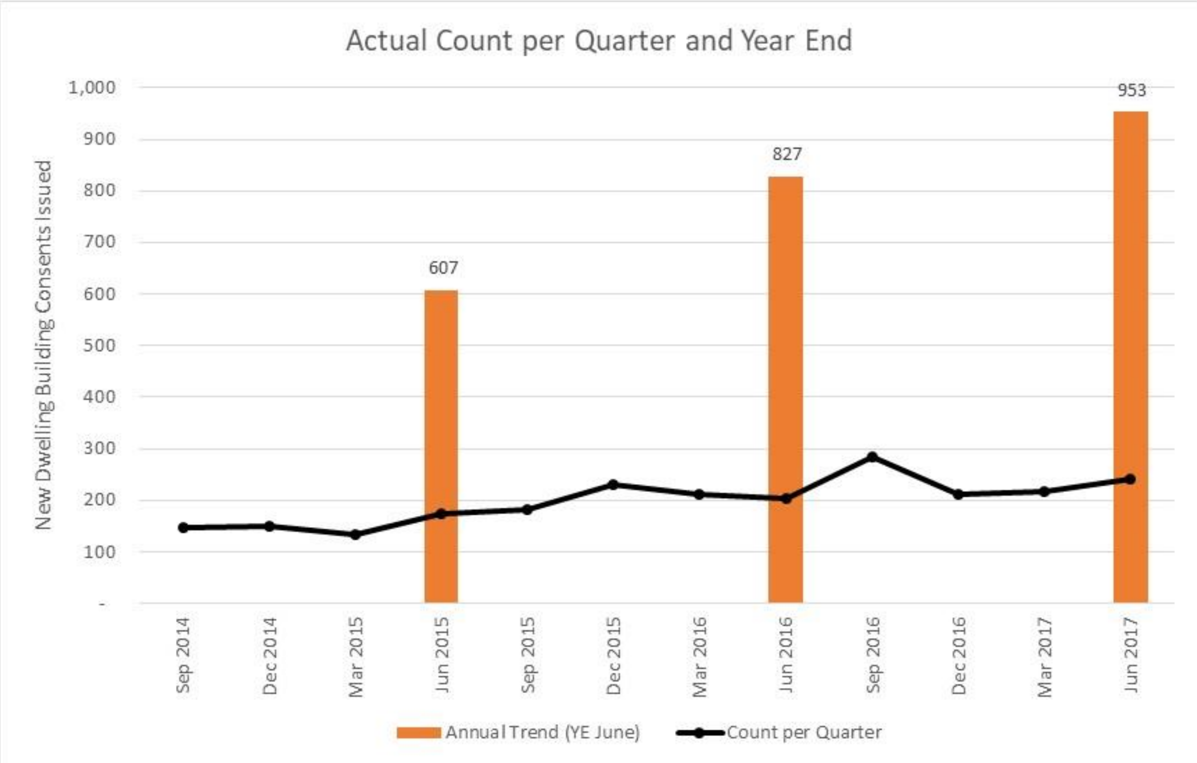
Commentary:

This provides an alternative to the HAM – Buy indicator and is based on actual average incomes in each location rather than the NZ average. Caution is advised in interpreting these results as people earning the median income will be in the market for dwellings in the lower quartile rather than in the median. This is especially the case in QLD, where the median is heavily distorted by a large share of very high value homes. All areas are sitting above the accepted median multiple of 3.0 or less, which is generally considered to be a good marker for housing affordability. Queenstown, Auckland and Tauranga are the least affordable of the areas shown. This indicator highlights the sharp decrease in housing affordability for Queenstown over the past 2 years (note, the HAM indicator is not as up to date as this indicator and is for first home buyers) and is consistent with the significant increases in house prices over that time.

3 Building Consents

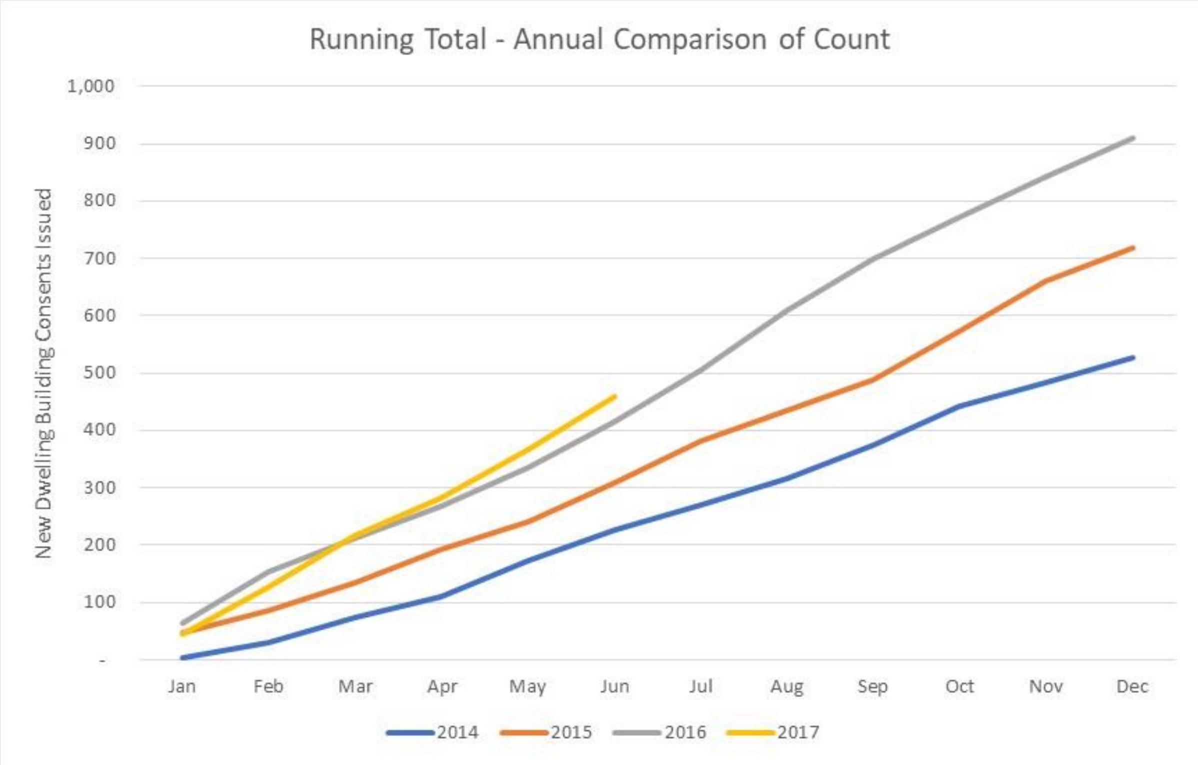
3.1 New Dwelling Consents Issued

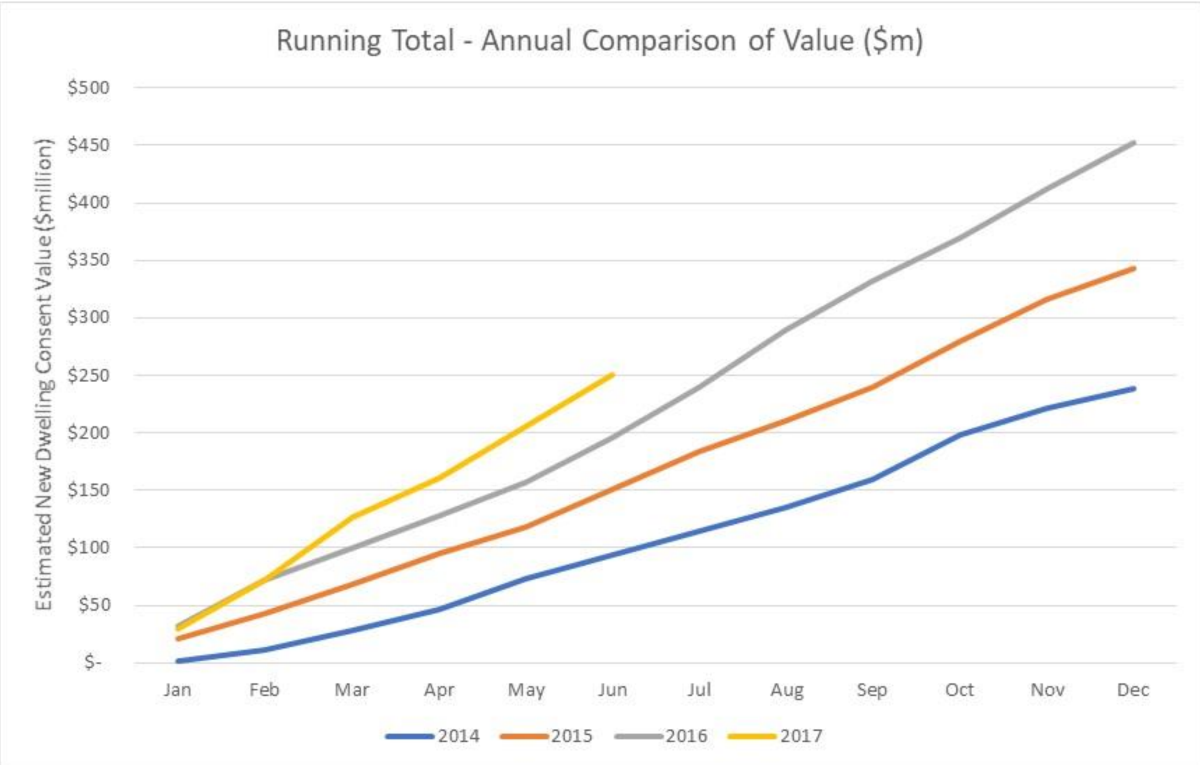
About this indicator: This indicator tracks the actual count of new dwelling building consents issued by QLDC each quarter and year (compiled from total district monthly data). Estimated value of consents is also monitored.



Latest Results:

- There were 242 new dwelling consents issued in the June 2017 quarter. This is 26 more consents issued compared to the March 2017 quarter (12%).
- This is also higher than the same quarter a year ago (June 2016) where there were 204 dwelling consents issued.
- Over the last 12 months (YE June 2017), there have been a total of 953 new dwelling consents issued. This is an increase of 126 consents (15%) compared to the previous year (827 in YE June 2016).
- In terms of the estimated value of new dwelling consents, the total value in the June 2017 quarter was approximately $123m, which is significantly above the equivalent quarter in 2016 ($96m) and well above the same quarter in earlier years.
- The average value of new dwelling consents issued in June 2017 was $510,175. This was approximately $77,610 lower than in March 2017 ($587,780, down 13%).



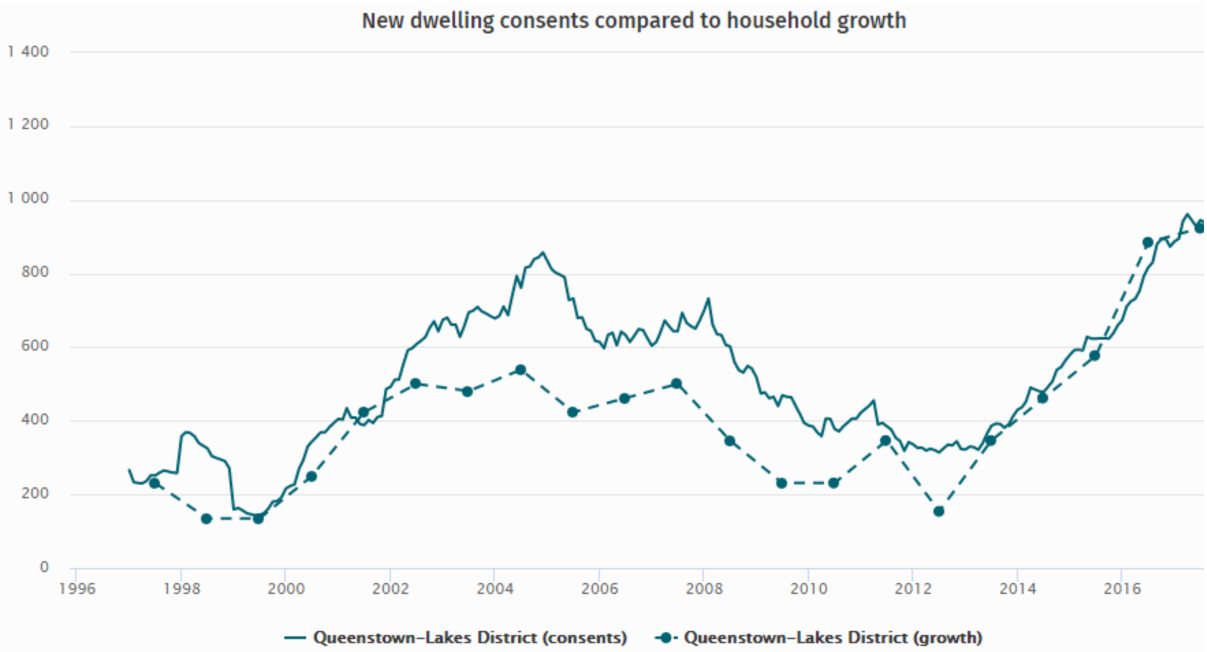


Commentary:

The count of dwelling consents got off to a slow start in 2017, with counts close to those in 2015 and contrary to the consistent increase year on year between 2014 and 2016. As at June 2017, the running total suggests there is going to be a slightly greater overall count for the full year compared to 2016 if current trends continue. In value terms however, so far in 2017, the annual trend of increasing dwelling consent values continues.

3.2 New Dwelling Consents vs Household Growth

About this indicator: This indicator approximates the demand for, and supply of, new dwellings. It measures changes in demand and how responsive supply is. The number of new dwelling building consents is lagged by six months (presented as a 12-month rolling average), to account for the time taken from consenting to completion. It is used as a proxy for supply. The most recent resident population (updated each June), divided by the local average housing size, is used as a proxy for demand.



Latest Results:

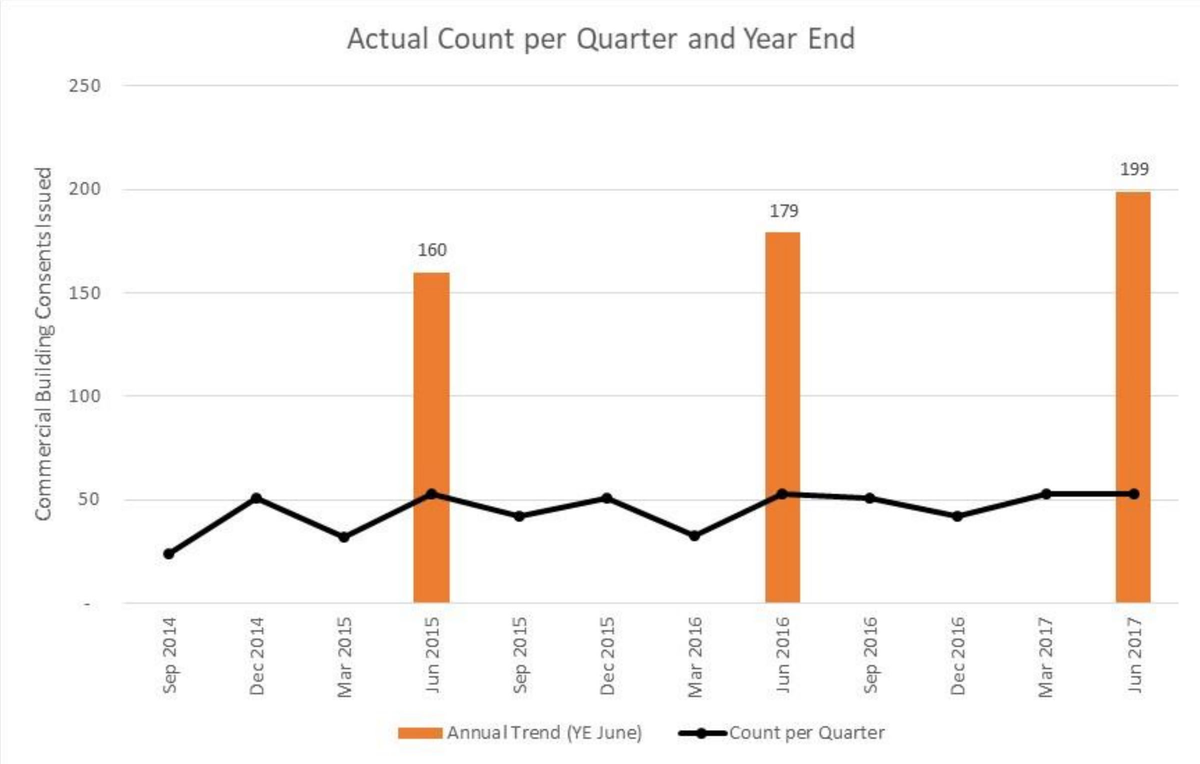
- This indicator contains new dwelling consents and estimated household growth up to June 2017. Due to built-in lags, care is needed when comparing new dwelling consent data with the previous indicator.
- The results show an increase in dwelling supply relative to the previous month (YE May 2017), but equally, there have been ups and downs in the rolling average of supply in the previous few months, so this may be a short-lived climb.
- Relative to the June 2017 household growth estimate, supply of new dwellings is only marginally higher (945 additional dwelling consents compared to 923 additional resident households over the last 12 months).

Commentary:

Since June 2013, household and new dwelling growth in QLD have been relatively close. That is, supply kept pace with resident demand (or vice versa) and consent and household growth have increased at generally the same rate. However, not all dwellings being built are available for resident households (i.e. they may be used for holiday homes, for non-local residents – including seasonal workers - or used for residential visitor accommodation). Care is therefore needed, as the two indicators are not directly comparable. Rising sales and rent prices indicate strong dwelling demand that may not be being met by the market.

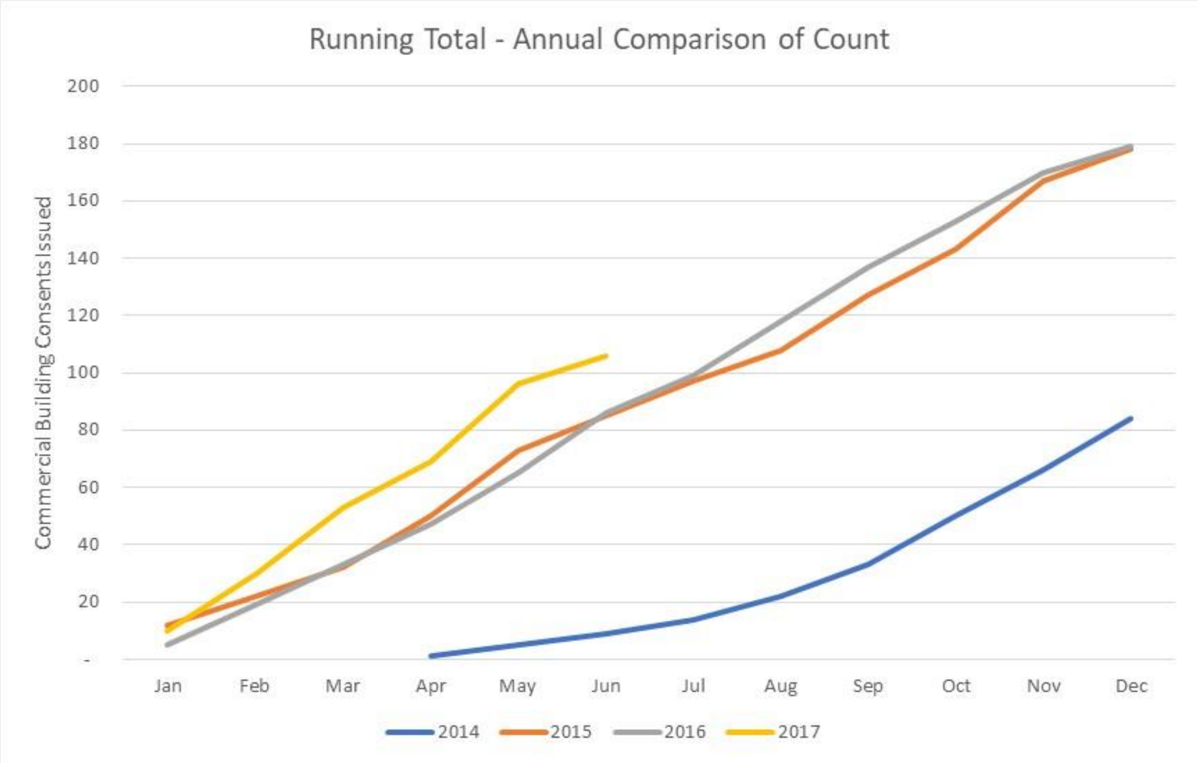
3.3 Commercial Building Consents Issued

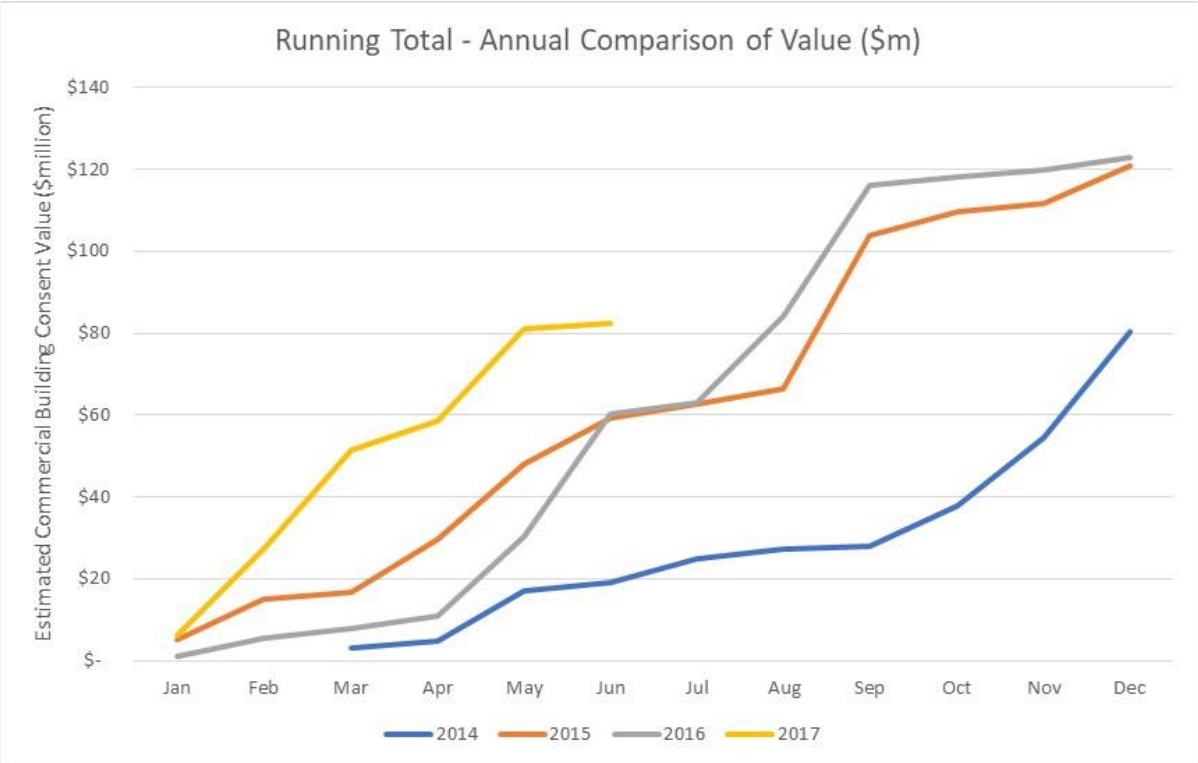
About this indicator: This indicator tracks the actual count of commercial building consents issued by QLDC each quarter and year (compiled from total district monthly data). Estimated value of consents is also monitored.



Latest Results:

- There were 53 commercial building consents issued in the June 2017 quarter. This is the same count of consents issued in the March 2017 quarter.
- This is the same count to the June quarter a year ago (June 2016) where there were also 53 commercial building consents issued.
- Over the last 12 months (YE June 2017), there have been a total of 199 commercial building consents issued. This is an increase of 20 consents (11%) compared to the previous year (179 in YE June 2016).
- In terms of the estimated value of commercial building consents, the total value in the June 2017 quarter was approximately $31m, significantly less than the equivalent quarter in 2016 ($52m).
- The average value of commercial building consents issued in June 2017 was $584,460. This was approximately $389,010 lower than the March 2017 average ($973,470, down 40%).





Commentary:

Commercial buildings have a less steady supply increase and are heavily influenced by a smaller number of large developments in new greenfield or brownfield commercial zones. Consent value is strongly influenced by the type of consent with greater variability in commercial consents than residential consents. So far (i.e. as at June), 2017 outstrips the count and value of commercial consents issued in the previous three years.