QUEENSTOWN LAKES DISTRICT COUNCIL

Quarterly Monitoring Report

National Policy Statement on Urban Development Capacity

December 2021

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Contents

Executive Summary

This report provides an overview of Queenstown Lakes housing and business development capacity for the December 2021 quarter as per the requirements of the National Policy Statement on Urban Development 2020, which requires local authorities to be well informed about urban development activity and outcomes.

This is the 18th quarterly report reviewing statistical indicators of house prices, housing affordability and housing development, as well as business land (retail, commercial, and industrial) for the Queenstown Lakes district.

The December 2021 Quarterly Monitoring Report provides the latest detailed overview of key trends and indicators in QLD. Key changes that have occurred between September 2021 and December 2021 are summarised below:

- Median house prices for the district rose by almost 8% ($88,750) to reach $1,470,000.
- The number of dwellings sold has decreased by 20 dwelling when compared with September 2021 to 288.
- No new dwelling stock to report on, with the last year of change data in 2018, the next year of change data will be in 2022.
- Dwelling sales as a share of the count of total dwellings is up on September 2021 but continues to decrease when compared to a year ago.
- Average weekly rents increased by $12/week to $535. Rents are highest in Queenstown-Wakatipu ward.
- The transition from renting to home ownership has increased by 2 percentage points (larger gap between renting and buying).
- Mortgage as a proportion of income is higher in the Queenstown Lakes District when compared to both Auckland and New Zealand as a whole (57.6%) compared to 50.7% in 2020.
- Rental affordability in the Queenstown Lakes District is similar when compared to both Auckland and New Zealand as a whole (21.4% compared to 20.8% and 21.7% respectively).
- 822 dwelling consents and 122 commercial building consents were issued (December quarter). Lower than the previous year.
- Greenfield development accounts for the majority of new residential development, mostly within the Upper Clutha (in 2020 it was the Whakatipu). Infill and redevelopment account for 10% of all new residential sections or units created (16% in 2020).
- The Wanaka Central SA2 area accounted for 37% of approved development, totalling 225 residential sections, followed by Wanaka North SA2 at 19% (113 lots).
- Consent growth has reduced significantly when compared to 2020, this drop in consent applications, is likely due to the residual effects of Covid-19 and may reflect the lack of international visitors to the district

1 Introduction

This report is designed to meet the monitoring requirements of the Governments National Policy Statement on Urban Development 2020 (**NPS-UD**). The NPS-UD came into effect on the 20 August 2020, replacing the National Policy Statement on Urban Development Capacity 2016 (**NPS-UDC**). Whilst this is the first report published under the NPS UD, this is Councils fifteenth Quarterly Monitoring Report prepared under the National Policy Statement on Urban Development Capacity.

As a Tier 2 local authority, the NPS-UD requires Councils to assess housing and business demand and capacity across the district. The Queenstown Lakes District Council must provide sufficient development capacity for the Queenstown Lakes district to meet demand over a 30-year period.

To determine the level of development capacity to meet the estimated population growth of the Queenstown Lakes District, the NPS-UD requires every tier 1, 2 and 3 local authority to monitor, quarterly, the following in relation to each urban environment in their region or district:

a. The demand for dwellings

b. The supply of dwellings

c. Prices of, and rents for, dwellings

d. Housing affordability

e. The proportion of housing development capacity that has been realised:

(i) In previously urbanised areas (such as through infill housing or redevelopment);

(ii) In previously undeveloped (i.e. Greenfield) areas

f. Available data on business land

1.1 Purpose

The purpose of this report is to review indicators on house prices, housing affordability and housing development, as well as business land (retail, commercial, and industrial) for the Queenstown Lakes district for the quarter ending December 2021.

This report fulfils the requirements of Clause 3.9 in the NPS-UD, summarising quarterly information for a range of indicators including:

- Current house and rental prices and residential and business land capacity by location and type, including changes over time (quarterly and yearly)
- The number of subdivision consents and building consents granted for urban development relative to population growth; and
- Indicators of housing and rental affordability, and supply of business space.

1.2 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[1]. It also includes data collected by QLDC and sourced from CoreLogic and Colliers. Some indicators are updated quarterly, while others are updated annually or less frequently.

Indicators updated annually are included in either the more comprehensive June Quarter report (includes New Zealand wide Analysis) or the December Quarter report (includes analysis on housing development by location).

The September 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.

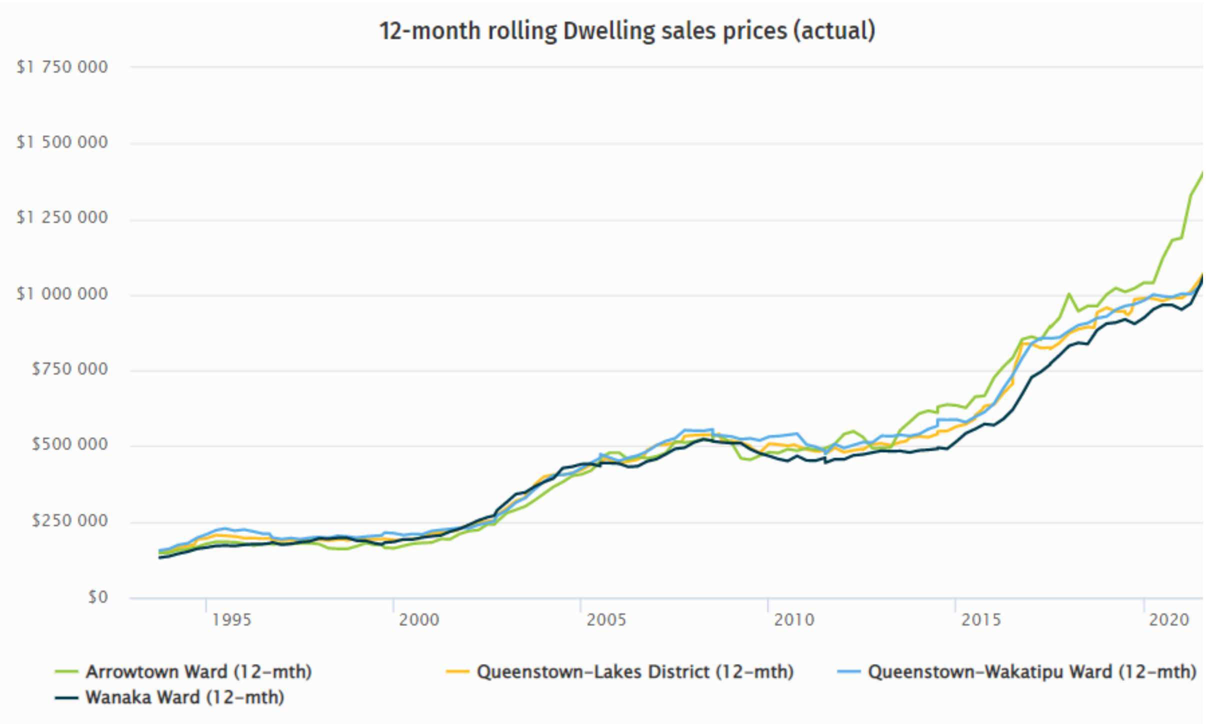
Any queries on this report should be directed to the Planning Policy Team.

[1] https://huddashboards.shinyapps.io/urban-development/#

2. Sales Prices, Housing Stock, Rents and Affordability

2.1 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:

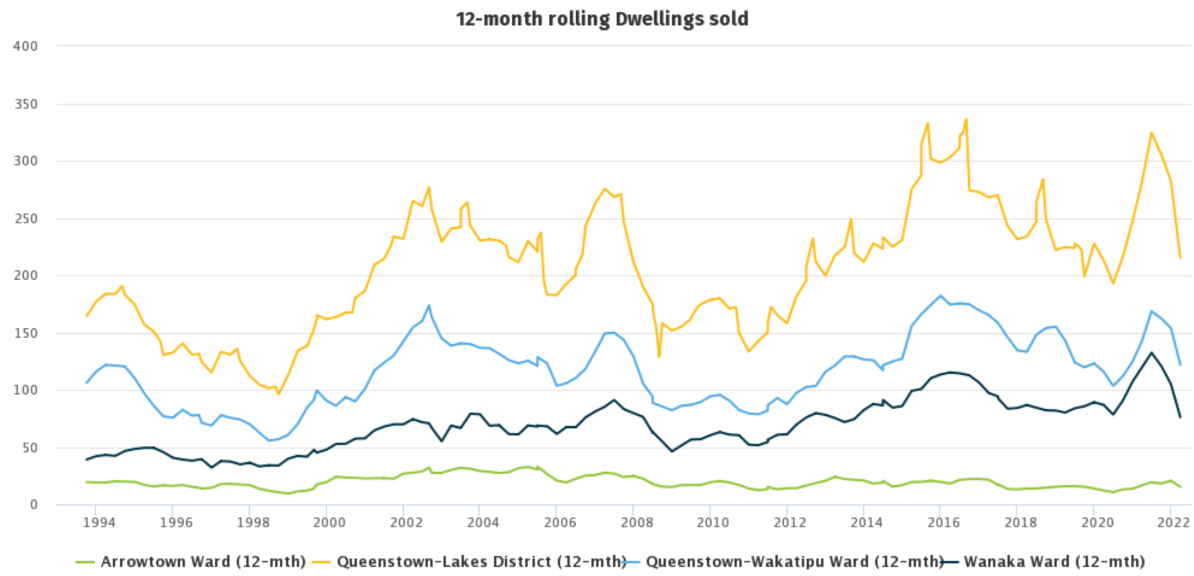
- In the year ending December 2021, the median house price for QLD was $1,470,000.
- This is an increase of 8.07% ($88,750) above the previous quarter (September 2021) and a 17% ($199,375) decrease compared to the same time a year ago.
- Median dwelling prices continue to be the highest in the Arrowtown Ward ($1,470,000-December 2021), followed by the Wanaka Ward ($1,286,875), which is a first for Wanaka as they have tended to be the lowest in the district previously. The lowest is in the Wakatipu Ward ($1,286,875).
- Over the last 12 months, prices have increased strongly in Wanaka (26%, $335,625), and increased in both Queenstown and Arrowtown, 11%, $126,517 and 19% $282,425 respectively.

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 Arrowtown Ward continue to be the highest in the district. Over the past four quarters, median prices have increased at a similar smooth rate in the Wakatipu. While prices have risen dramatically in Wanaka during the same period.

2.2 Dwellings Sold

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



Latest Results:

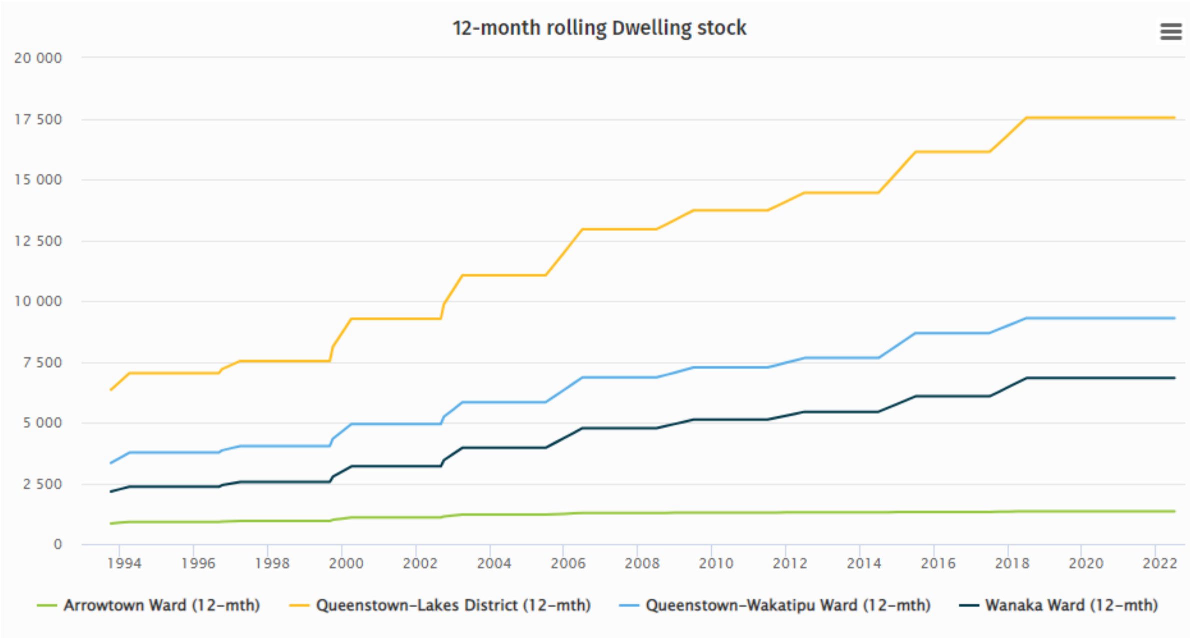
- In the December 2021 quarter, the total number of dwellings sold in QLD was 288.
- This is a decrease of 20 compared to the previous quarter (September 2021) and 40 more dwellings sold when compared to the same time a year ago (December 2020).
- Over the last 12 months, the count of dwellings sold in Queenstown Ward has increased by 31 dwellings sold (25%), from 125 (YE December 2021)
- In Wanaka, the count has decreased from 106 to 104 (-2%). Arrowtown has increased with 21 dwellings sold compared to 14 (50%).

Commentary:

The number of dwellings sold in the Queenstown and Wanaka Wards has declined from the high point in 2016. An analysis of the building consent records below indicates that there has been a period of decline between YE December 2017, and YE December 2021 but the count of new dwelling consents is still relatively high. This indicates that the trend was 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. Overall, it is still a 'sellers' market' and this is supported by the dwelling price indicator where prices continue to escalate in the face of strong demand.

2.3 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: (Note: There is rolling average which only shows one year of change, with two years of none, resulting in only one change being shown every three years. However due to Covid-19, the change was pushed out an additional year)

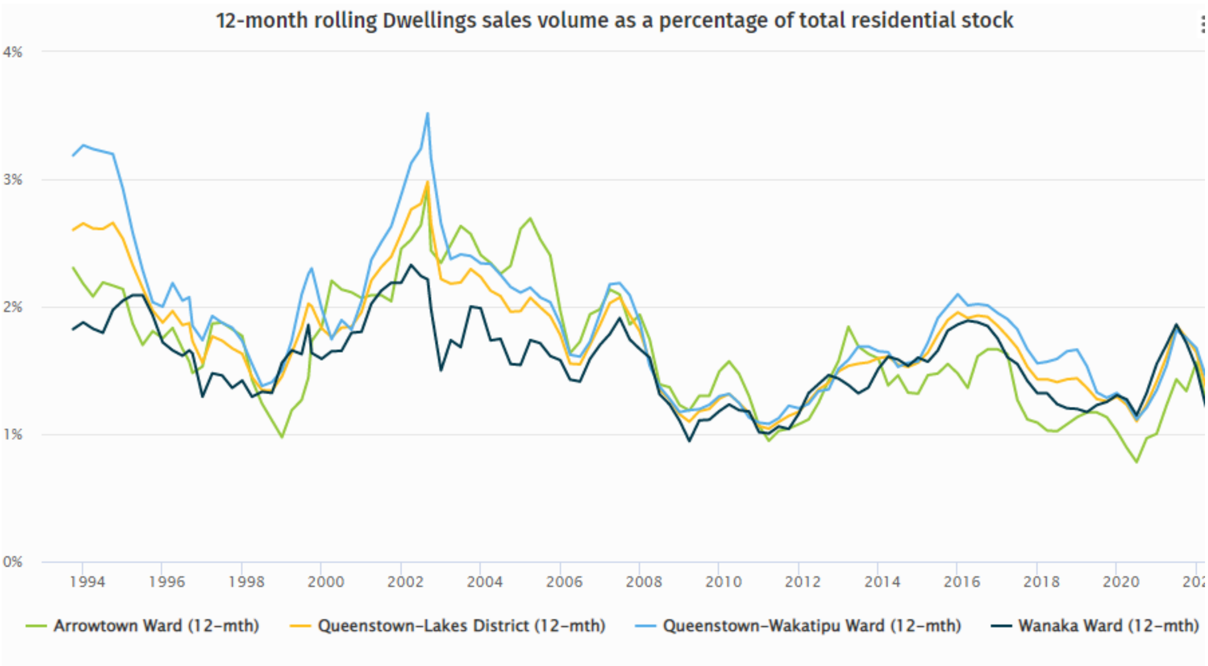
- In the year ending December 2021, the total number dwellings in the QLD was 17,534.
- The last year of change data was in 2018, the next year of change data will be in 2022.

Commentary:

The increase in the average sales price, the amount of zoned land available and 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 land capacity within its urban growth boundary. Queenstown Ward currently makes up 54% of the total dwelling stock, while Wanaka and Arrowtown make up 38% and 7% respectively (no change from the previous quarter). 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.

2.4 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 December 2021, the total number dwellings sold in QLD as a share of the dwelling stock was 1.640%.
- This is down on the previous quarter (September 2021) of 1.758%.
- The same time a year ago (December 2020), the percentage share was lower than December 2021 at 1.413%. (-0.138)
- The latest figures for Wanaka and Queenstown are 1.520% and 1.675% respectively. Arrowtown continues the trends of a lower share of dwellings bought and sold but has shown an increasing trend up and is now higher than Wanaka (1.563%) (December 2021).

Commentary:

This indicator shows a declining ratio of dwellings sold relative to total dwelling stock from the peak in early 2016, whilst there was a sharp increase between June 2020 and June 2021, this appears to have reversed with the December 2021 ratio of dwellings sold relative to total dwelling trending back down. Media reporting suggests that whilst Covid-19 resulted in a lack of international visitors to the district, construction rates remained high, and demand for property in the district remained high. This appears to have resulted in a surge in dwelling sales although this appears to be reducing back to pre-Covid-19 levels. This will be further examined in the March 2022 QMR.

2.5 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 $535. This is up $12 per week compared to the previous quarter (September 2021).
- Compared to the same time 12 months ago (December 2020), average weekly rent has increased by $26 or 5.1%.
- Rent in Wanaka continues to be below the district average at $497 per week. However, this has increased by $7 compared to the same time a year ago (December 2020).
- The biggest decrease over the past 12 months is Arrowtown Ward down -2.3% ($-12).
- Average rent in Queenstown-Wakatipu Ward is the highest and currently sits at $526, Arrowtown and Wanaka sit lower at ($499 and $497 respectively per week).

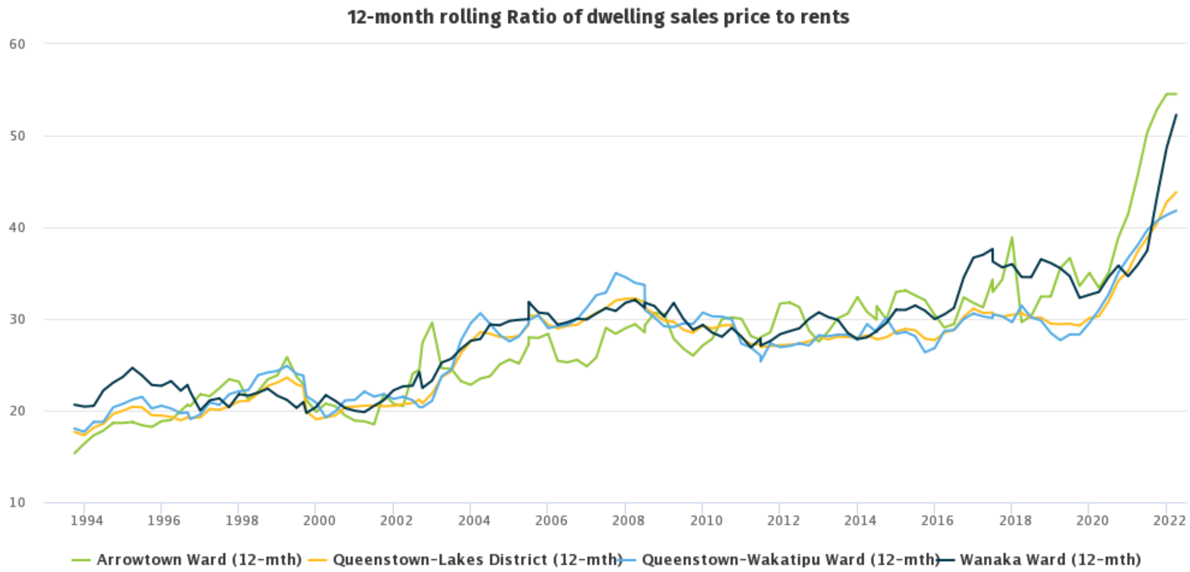
Commentary:

Historically rising rents in QLD have been a significant concern given the large number of residents who are transient, such as seasonal workers and/or are low-income earners combined with relatively static wage growth. Rising rents have been a result of an undersupply of long-term rental properties and strong demand. Implications of rising rents were seen in overcrowding and difficulties with recruiting and retaining workers from outside the district.

Since Covid-19 led to a lack of international visitors into the district, the number of transient residents also reduced, this led to an increase of more rental properties into the market and a corresponding reduction in rent. As of December 2021, the closed border situation has not changed and rents remain relatively compared to pre Covid, although appear to be rising again.

2.6 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 45.985, increasing from the previous quarter (September 2021) where it was 43.825.
- Compared to the same time a year ago (December 2020), the average ratio is up (from 35.032) (that is, the gap between renting and buying increased), and is the highest since the record keeping began (YE December 1994).
- Arrowtown is the hardest place to transition from renting to home ownership. The current ratio is 45.863.
- The ratio is trending up in Queenstown, Arrowtown and Wanaka in recent quarters.

Commentary:

This indicator is supposed to measure the ease of moving from renting to home ownership, comparing the average rental with the median sales price. There are inherent limitations in this measure; someone paying the average rental would not necessarily be in the market for the median house. Notwithstanding this limitation, the most recent results show a steep rise for the district. Transitioning from renting to home ownership continues to remain a struggle for QLD residents.

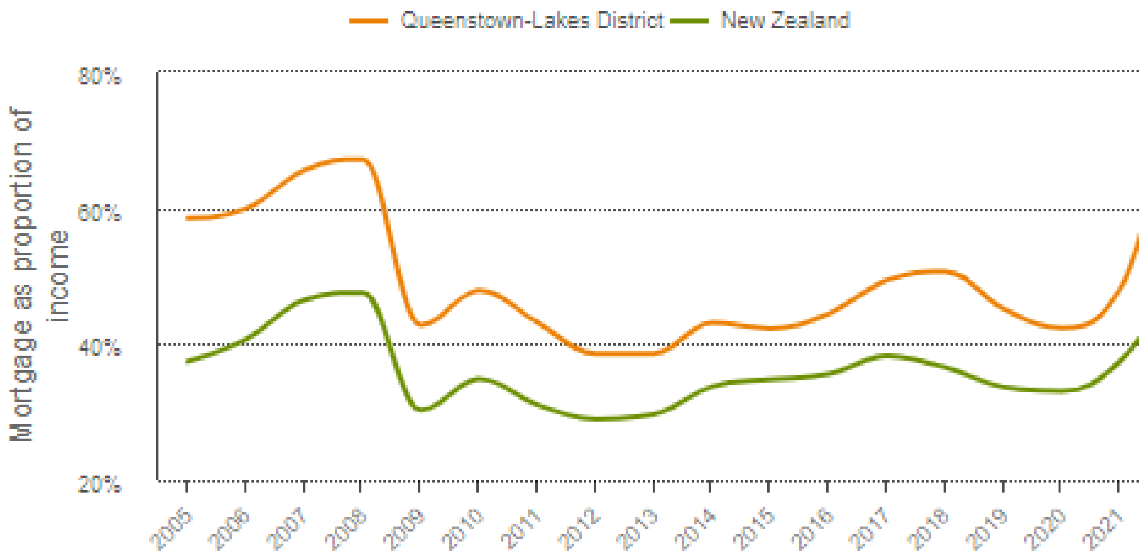
2.7 Housing Affordability Measure – Mortgage as a proportion of income

About this indicator: This indicator has been introduced to replace the HAM - Buy measure which is no longer available on the MHUD dashboard.

Affordable housing is important for people's well-being. For lower-income households, high housing costs relative to income are often associated with severe financial difficulty and can leave households with insufficient income to meet other basic needs such as food, clothing, transport, medical care and education. High outgoings-to-income ratios are not as critical for higher-income earners, as there is sufficient income left for their basic needs.

Infometrics provides a housing affordability index[2] which is the ratio of the average current house value to average household income. A higher ratio, therefore, suggests that median houses cost a greater multiple of typical incomes, which indicates lower housing affordability.

The below graph identifies the proportion of average household income that would be needed to service a 20-year mortgage on the average house value, with a 20% deposit at average 2-year fixed interest rates.



Latest Results:

- The mortgage affordability index for 2021 is 57.6% and has increased by almost 7% compared to 2020 (50.7%) which shows that a larger proportion of household income is required to service a mortgage compared to the previous year (and post 2009).
- Overtime the affordability of mortgages as a proportion of income has fallen from a high point in 2008, however there appears to be an upwards trend towards the 2008 levels which will be further monitored in the 2022 assessment.

[2] https://ecoprofile.infometrics.co.nz/queenstown-lakes%2Bdistrict/StandardOfLiving/Housing_Affordability

- Mortgage as a proportion of income is higher in the Queenstown Lakes District when compared to both Auckland and New Zealand as a whole (57.6% compared to 43.8% and 38% respectively).
- This indicator will be directly affected by the official cash rate and subsequent mortgage rates which from a low point in August 2021 has been consistently rising (rising from 0.25 to 0.75 by November 2021).

Commentary:

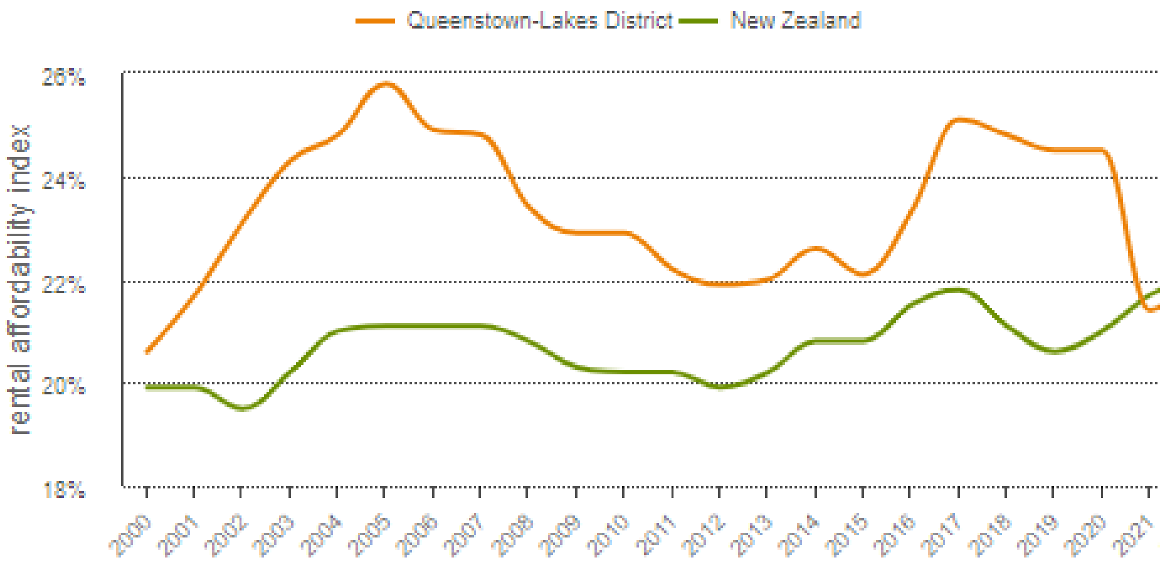
The data is consistently higher than the New Zealand average and consistently higher than Auckland (in comparison with incomes). This is bad news for first home buyers when affordability for first home buyers was already very low within the QLD.

2.8 Housing Affordability Measure – Rental affordability measure

About this indicator: This indicator has been introduced to replace the HAM - Rent measure which is no longer available on the MHUD dashboard.

Informetric presents data by investigating the affordability of renting by comparing average weekly rents with average weekly household income.

The below graph presents a rental affordability index which is the ratio of the average weekly rent to average household income. A higher ratio, therefore, suggests that average rents cost a greater multiple of typical incomes, which indicates lower rental affordability.



Latest Results:

- The rental affordability index for 2021 is 21.7%, which has decreased sharply compared from the high index between 2017 – 2020.

- Rental affordability in the Queenstown Lakes District is similar when compared to both Auckland and New Zealand as a whole (21.4% compared to 20.8% and 21.7% respectively).
- Rental affordability had shown improvement when compared to the high point of 2005 (25.8%). However, since 2015 rental affordability is showing an increasing trend back towards the 2005 rates.

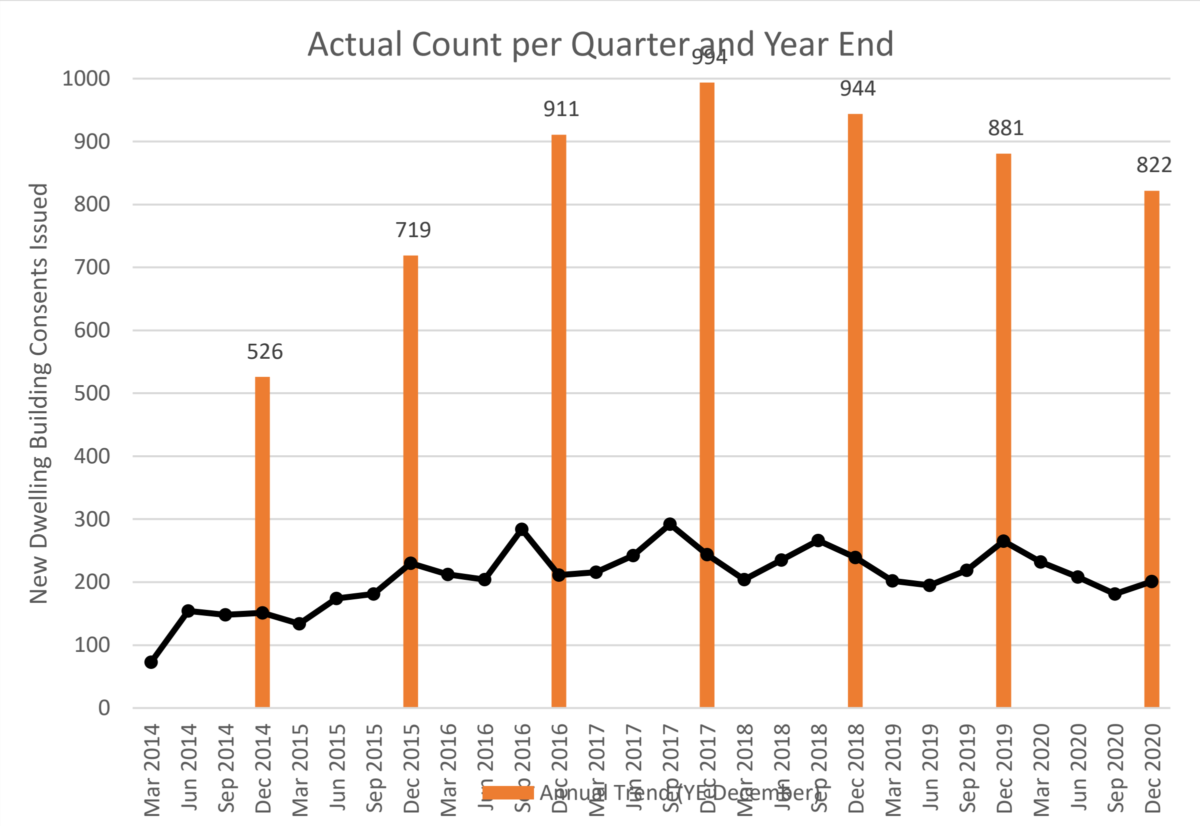
Commentary:

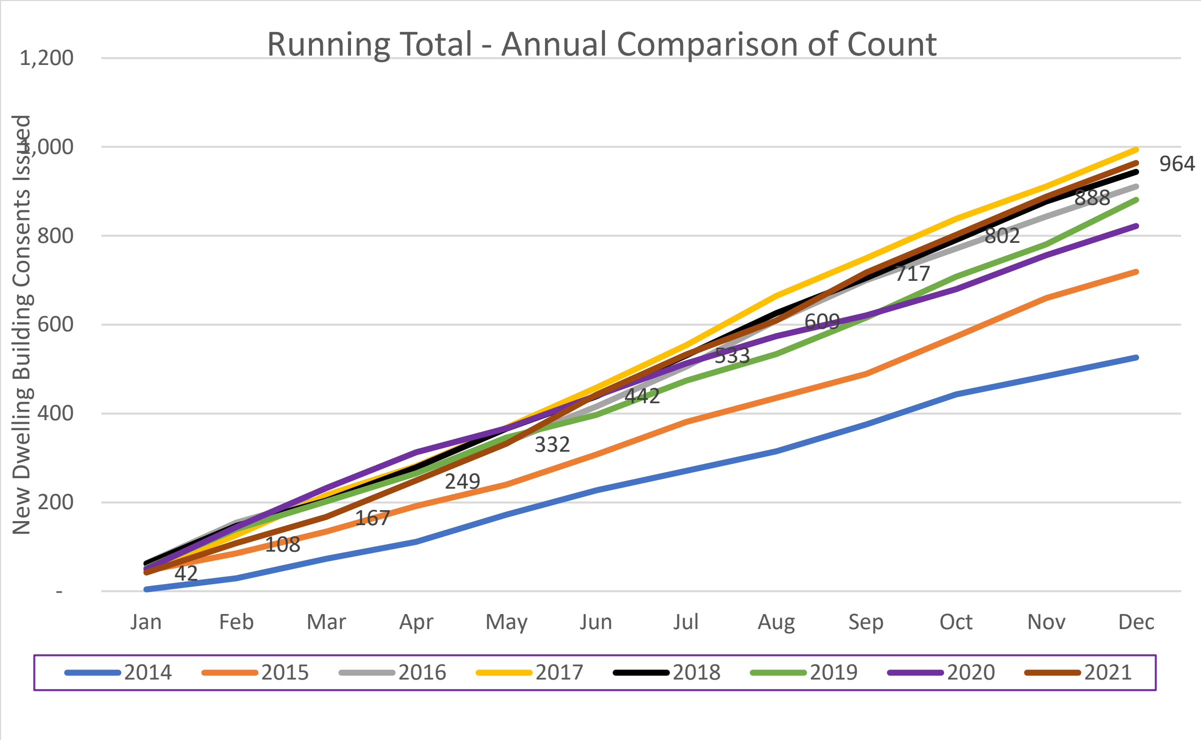
The data is higher than the New Zealand average and consistently higher than Auckland (in comparison with incomes). This is bad news for renters within the QLD. However, for the first time since 2020, rental affordability has improved, It is too soon to tell whether this low point is permanent or a result of Covid-19 and the general reduction in visitors to New Zealand.

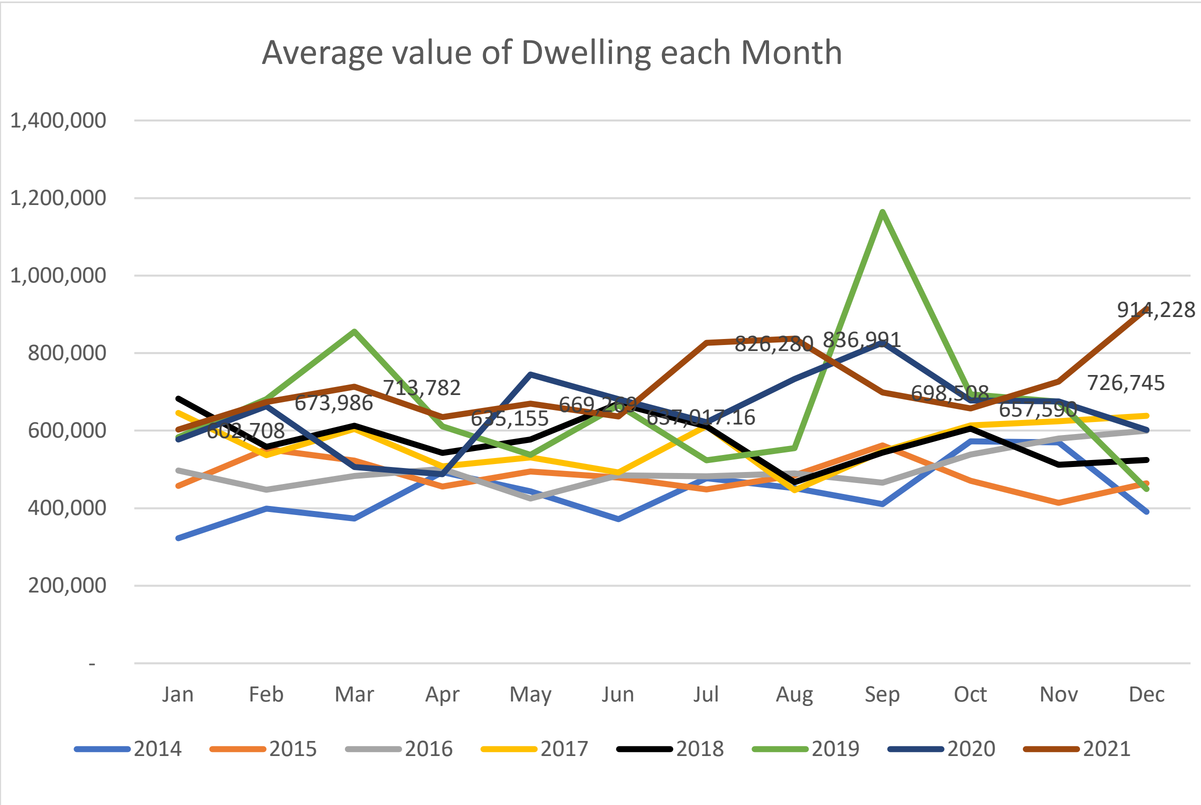
3 Building and Resource Consents

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.




Running Total - Annual Comparison of Count
New Dwelling Building Consents Issued
1,200
1,000
800
600
400
200
-
42
108
167
249
332
442
533
609
717
802
888
964
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2014
2015
2016
2017
2018
2019
2020
2021


Average value of Dwelling each Month
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
602,708
673,986
713,782
635,155
669,769
637,917.16
826,280
836,991
698,508
657,596
726,745
914,228
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2014
2015
2016
2017
2018
2019
2020
2021

Latest Results:

- There were 247 new dwelling consents issued in the December 2021 quarter. This is 28 less consents issued compared to the September 2021 quarter (-10%).
- This is up on the same quarter a year ago (December 2020) where there were 201 dwelling consents issued.
- Over the last 12 months (YE December 2021), there have been a total of 964 new dwelling consents issued. This is an increase of 142 consents (15%) compared to the previous year (822 in YE December 2020).
- In terms of the estimated value of new dwelling consents, the total value by December 2021 was approximately $692m, which is higher than all the previous years.
- The average value of consents issued in the December 2021 quarter was $187,876,543. This was approximately $56,860,104 higher than the average value in the December 2020 quarter and -$26,365,099 lower than the previous quarter (September 2021).
- The average value of a dwelling each quarter in December 2021 was $683,187. This was $53,301 higher than the average value a year ago (December 2020) (8%) and -$273,248 lower than a quarter ago (September 2021) (-9%).

Commentary:

The 2021 value of dwelling consents got off to a similar start when compared with 2020. However, by December, the running total is higher than all previous years. The consent numbers are also higher, though marginally lower than 2017. The higher dwelling prices are not unexpected, given that it has been reported that construction costs are rising. These cost increases are as a result of Covid-19 and the effect on supply chains as well as strong demand for housing[3].

3.2 New Dwelling Consents Issued by location

About this indicator: This indicator tracks the count proportion of housing development capacity that has been realised in previously urbanised areas (such as through infill housing or redevelopment) as well as land that was previously undeveloped (i.e. greenfield areas). This indicator will be assessed annually.

For the purpose of this indicator and as per three yearly housing business capacity assessments. Special Zones and/or Structure Plans identified within the Operative District Plan and the Proposed District Plan are treated as **greenfield**. The rest of the urban environment is treated as either infill/redevelopment, with the only exception being larger parcels that have not yet been previously developed/subdivided.

[3] https://www.mbie.govt.nz/assets/building-and-construction-sector-trends-biannual-snapshot-may-2022.pdf

Infill:

The number of additional dwellings that can be constructed within an existing urban area (not classified as a greenfield area) without the removal or demolition of any existing dwellings. Also includes additional development and/or subdivision on vacant (titled lots) not within a greenfield site.

Redevelopment

Redevelopment involves the demolition or removal of existing dwelling(s) on site and replacing with a greater number of dwellings on the same site without changes to the lot boundary. The assessment has been based on the SA2 Statistical Areas, within the Whakatipu and Upper Clutha Urban Environment and identifies residential subdivision consents issued between 01/01/2021 and 31/12/2021[4].

Residential Subdivision Consents –Development within the Urban Environment

SA2 AREA	Consent #	Greenfield	infill	redevelopment	Grand Total
Whakatipu 2021	**37**	**185**	**26**	**1**	**211**
Arrowtown	3	0	2	1	3
Arthurs Point	1	6	0	0	6
Frankton	5	30	10	0	40
Frankton Arm	5	0	6	0	6
Southern Corridor[5]	5	0	0	0	0
Kelvin Heights	3	0	1	0	1
Eastern Corridor[6]	4	104	1	0	105
Quail Rise	2	0	0	0	1
Queenstown Central	1	0	3	0	0
Queenstown East	3	0	0	0	1
Sunshine Bay-Fernhill	1	22	0	0	22
Warren Park	4	23	3	0	26
Upper Clutha Total	**72**	**417**	**39**	**2**	**459**
Albert Town	14	29	12	0	**41**
Cardrona	0	0	0	0	**0**
Lake Hawea	4	16	1	0	17
Wanaka Central	9	225	8	0	233
Wanaka North	20	113	0	0	113
Wanaka Waterfront	8	0	5	2	7
Wanaka West	17	34	13	0	48
Grand Total	**109**	**602**	**65**	**3**	**670**

[4] Consent Monitoring Dashboard - https://qldc.maps.arcgis.com/apps/dashboards/414132222389444ca772142f7f08cf4c
[5] Jacks Point and Henley Downs
[6] Shotover Country, Bridesdale, Queenstown Country Club & Lake Hayes Estates

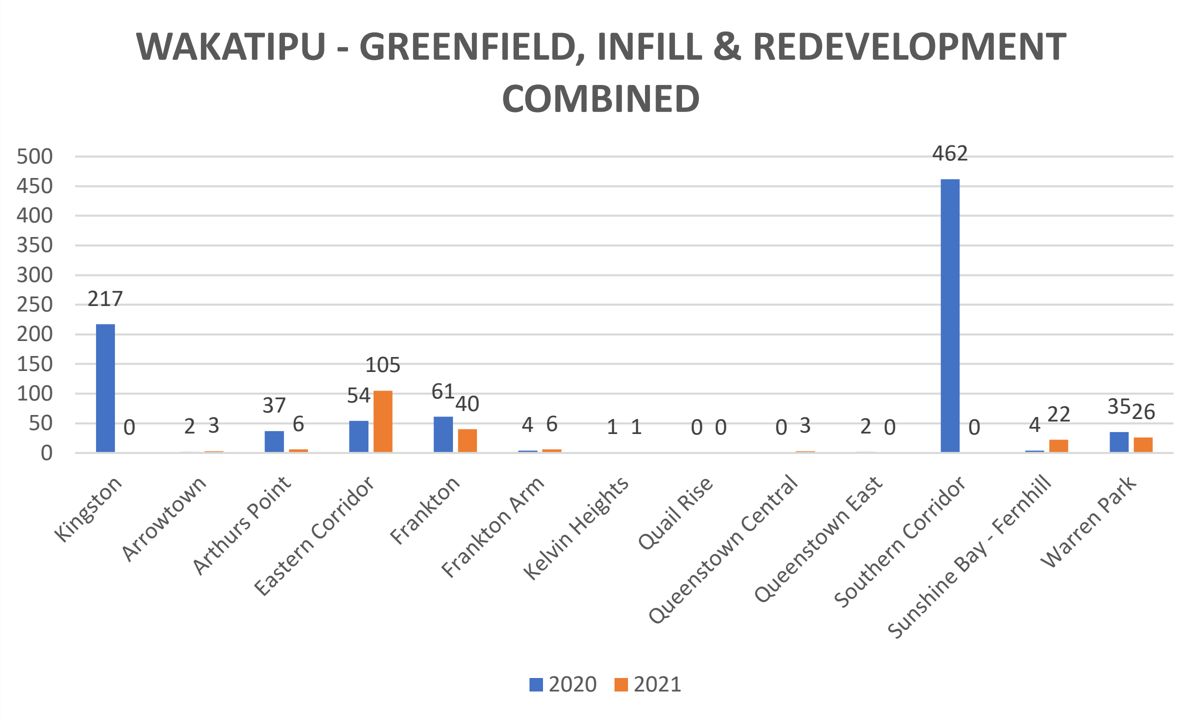
Latest Results for the year ending 2021:

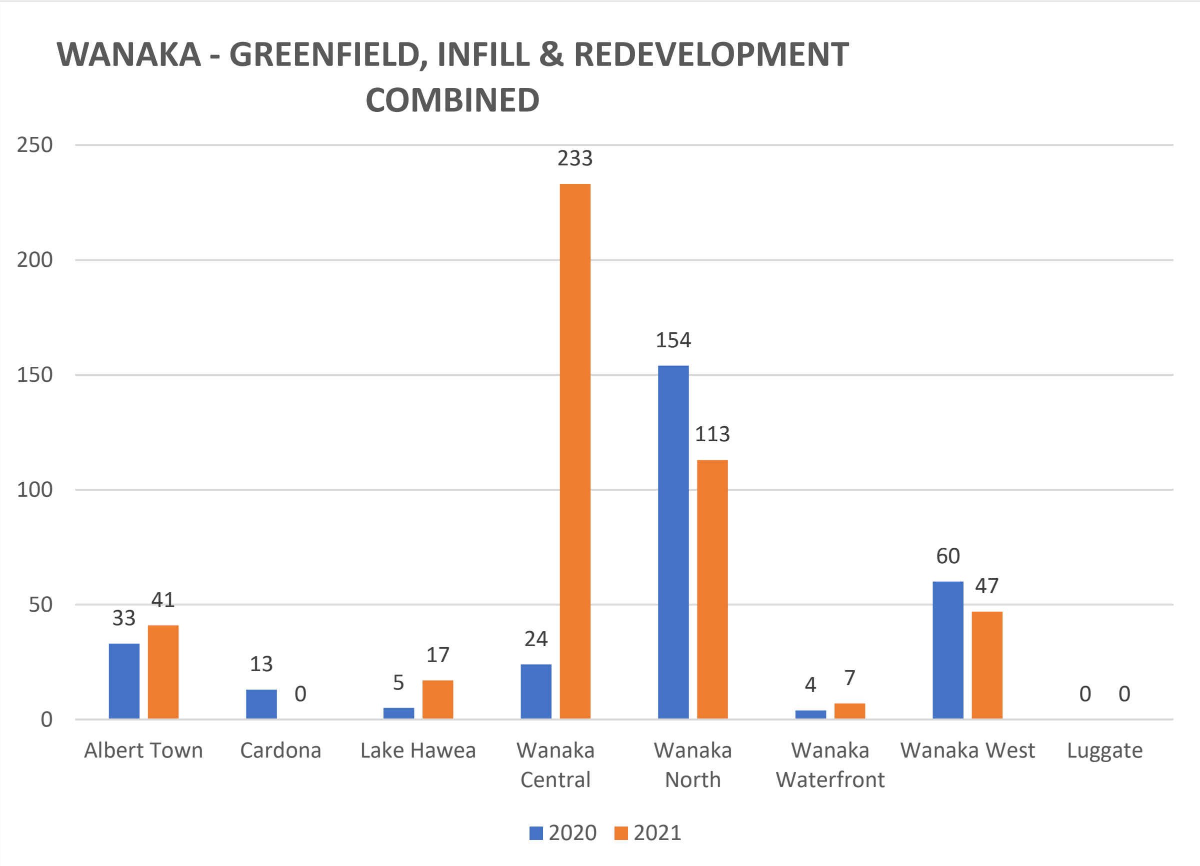
Overall:

- 109 residential subdivision consents with a cumulative total of 670 lots consented.
- 31% of development approved is within the Whakatipu Ward compared with 69% in the Upper Clutha.
- Greenfield development accounts for 90% of new residential lots or units created, with infill at 9% and redevelopment 1%.
- The Wanaka Central SA2 area (Orchard Road and Pembroke) accounted for 36% of greenfield, totalling 225 residential sections, followed by the Eastern Corridor SA2 (Queenstown Country Club) at 17% (104 lots).
- Infill accounts for 9.7% of development, with the largest amount occurring within the Albert Town SA2 (12 lots) areas.
- Redevelopment accounts for 1% of development, with the largest amounts occurring in Wanaka Waterfront SA2 (2 lots) and Arrowtown SA2 (1 lot)

2021 comparison to 2020

- More residential subdivision consents consented (109 vs 107), however the cumulative total of 2021 is far less than the number of lots consented in 2020 (670 compared to 1172).
- The Upper Clutha ward now accounts for the majority of subdivision development within the area (60% compared to 40%). 60% of development occurred in the Wakatipu in 2020.
- Greenfield development continues to account for the majority of development, 90% (compared to 88%) of new residential lots or units created, with infill at 10% and redevelopment 0.4% (similar to 2020).
- Upper Clutha (Wanaka Central SA2) area accounts for the majority of Greenfield Development (37%). In 2020 it was the Wakatipu Ward (Southern Corridor SA2 at 55%).
- Infill accounts for 9.7% of development, in 2020 it was 9%. The Upper Clutha continues to account for the majority of infill development (71%), in 2020 it was 61%.
- Redevelopment accounts for 1% of development, this has reduced from 7% in 2020.



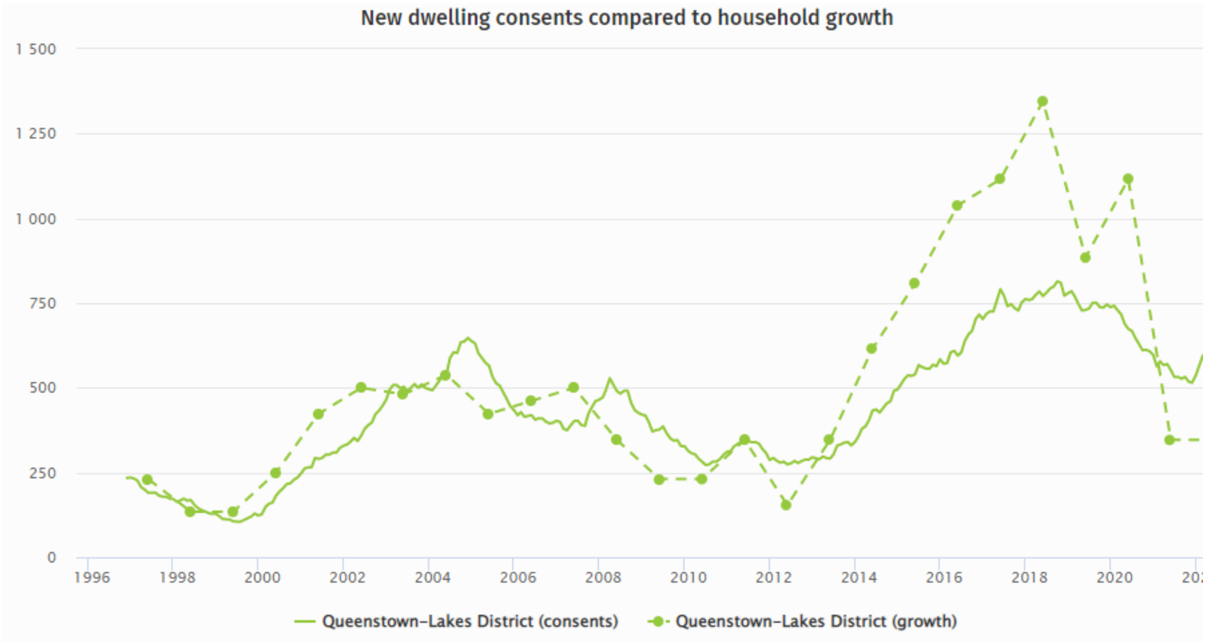


Commentary:

Greenfield development accounts for the majority of new residential development, with the majority occurring within the Upper Clutha. Infill and redevelopment only account for 12% of all new residential sections or units created, with the majority of infill occurring within the Upper Clutha, redevelopment only accounts for 1% of overall development and is occurring mainly in the Upper Clutha. As this is the second year of data, it is to early to comment on what trends are occurring, however, anecdotally, the majority of development has always occurred within the Wakatipu Ward, so December 2022 & 2023 data will identify whether there has now been a shift.

3.3 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.



About this indicator: This indicator contains new dwelling consents up to December 2021 and estimated household growth up to December 2021. Due to built in lags, care is needed when comparing new dwelling consent data with the previous indicator.

Latest Results:

- Up until 2018, consents and growth had relatively kept pace (with consents levels just under actual growth)
- By December 2021, there is a sharp decrease in actual household dwelling growth from its high point in 2018 whilst consent growth climbs to its highest recoded levels.
- From that high point, growth does not appear to be keeping pace with actual demand (consents).

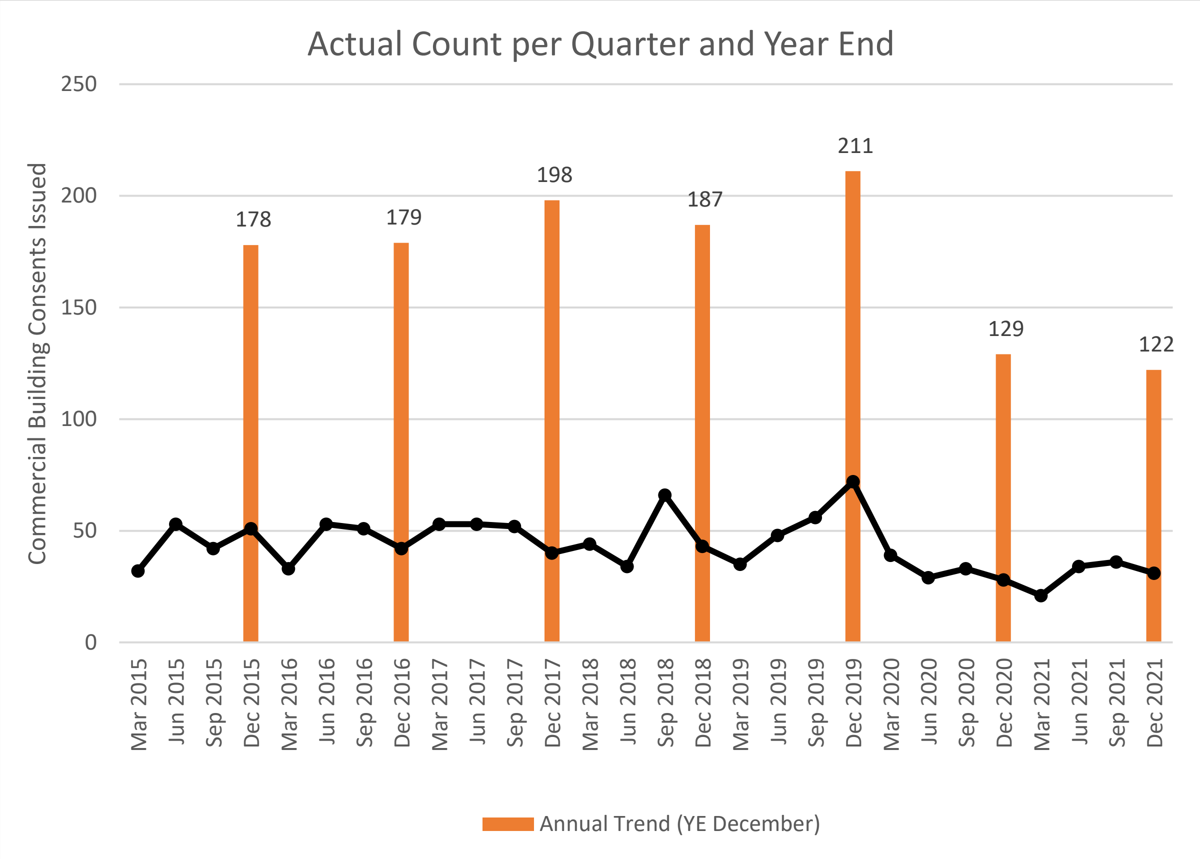
- This drop in consent applications, is likely due to the residual effects of Covid-19 and may reflect the lack of international visitors to the district (see commentary below).

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.

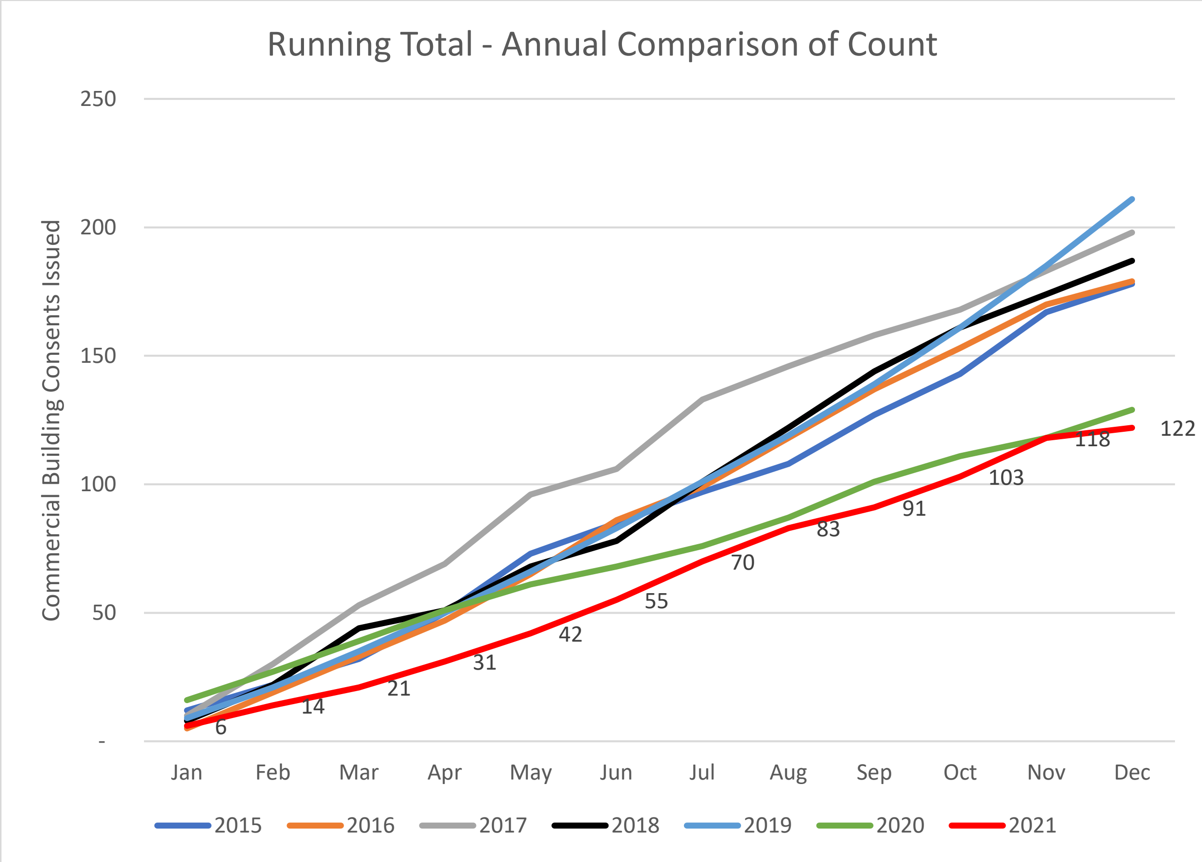
3.4 Commercial Building Consents Issued

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.

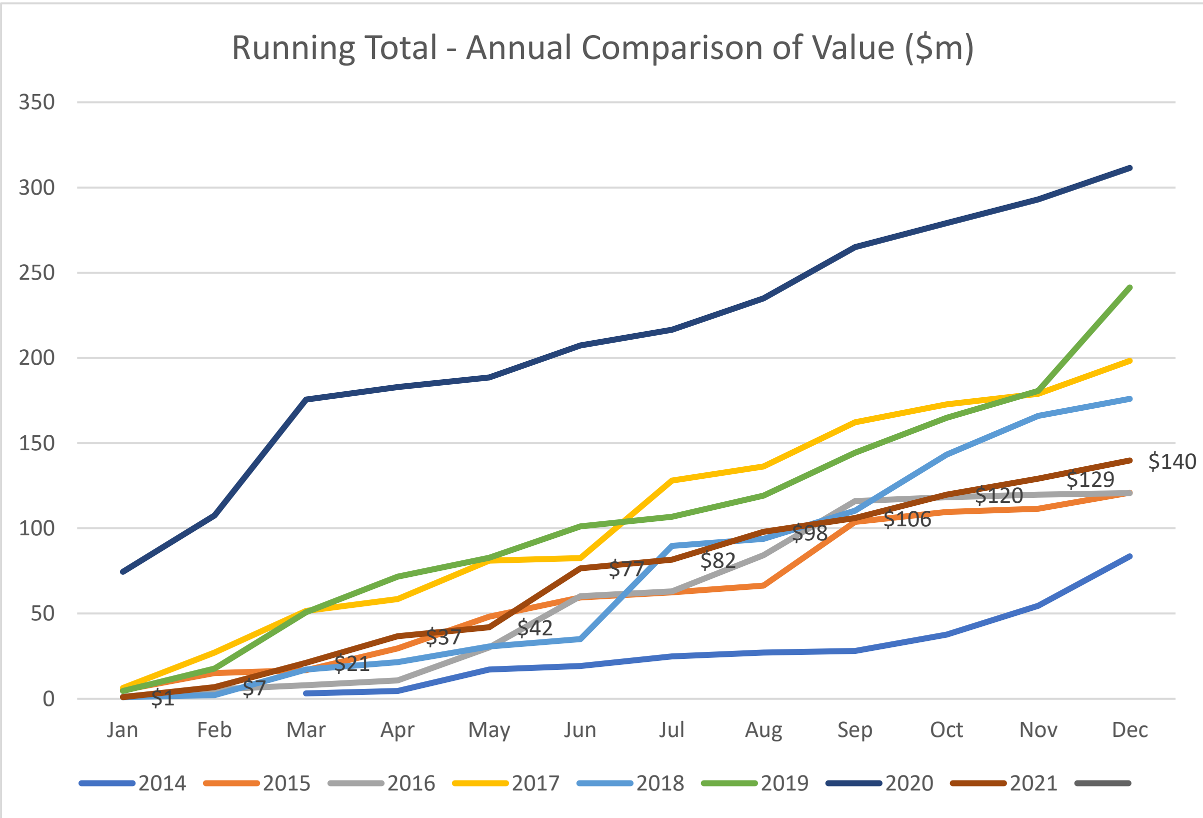


Latest Results:

- There were 31 commercial building consents issued in the December 2021 quarter. This is 5 less consents issued compared to the September 2021 quarter (-14%).
- This is an increase when compared to a year ago (December 2020) where there were 28 commercial building consents issued.
- Over the last 12 months (YE December 2021), there have been a total of 122 commercial building consents issued. This is a decrease of 7 consents (-5%) compared to the previous year (129 in YE December 2020).
- The average **value of consents** for the December 2021 quarter was approximately $34m, a decrease on the December quarter in 2020 ($46m).
- The average **value of a commercial build** issued in the December 2021 quarter was $1,089,879. This was approximately $572,310 (-53%) lower than the average value in the December 2020 and $272,631 lower than the previous quarter (September 2021).



Running Total - Annual Comparison of Count
Commercial Building Consents Issued
250
200
150
100
50
-
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
6
14
21
31
42
55
70
83
91
103
118
122
2015 2016 2017 2018 2019 2020 2021



Running Total - Annual Comparison of Value ($m)
350
300
250
200
150
100
50
0
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
$1
$7
$21
$37
$42
$77
$82
$98
$106
$120
$129
$140
2014 2015 2016 2017 2018 2019 2020 2021

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. Overall, 2021 is much lower than the count and value of all commercial consents issued in 2021 and also when compared to 2017 onwards generally. The initial increase in 2017 prices was attributed to the increased levels of development in Frankton Flats and Three parks. The decrease is both as a result of the impacts of Covid as well as an indication that developers have concerns around the details and impacts of new government's policies and/or affordability and pricing constraints which can be drivers in slowing down growth.