



2 Johnson St, Waitara Proposed Private Plan Change

Economic assessment

19 September 2018 – draft final

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consulting



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Economic assessment

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1 Introduction

1.1 Background

Hareb Investments Limited (HIL) proposes to lodge an application for a Private Plan Change (PPC) to rezone the property at 2 Johnston St, Waitara from rural to residential. The land has been identified as a Future Urban Development area since March 2013, and HIL now wishes to develop the land for residential purposes.

1.2 Objective

Market Economics Ltd was commissioned by HIL to undertake an assessment of the potential economic and urban form implications of the PPC. That assessment is undertaken with reference to:

- The particulars of the proposed residential development;
- Historic demographic trends in the District, and in Waitara in particular;
- District growth projections; and
- The policy environment set down in the National Policy Statement on Urban Development Capacity (NPS-UDC);

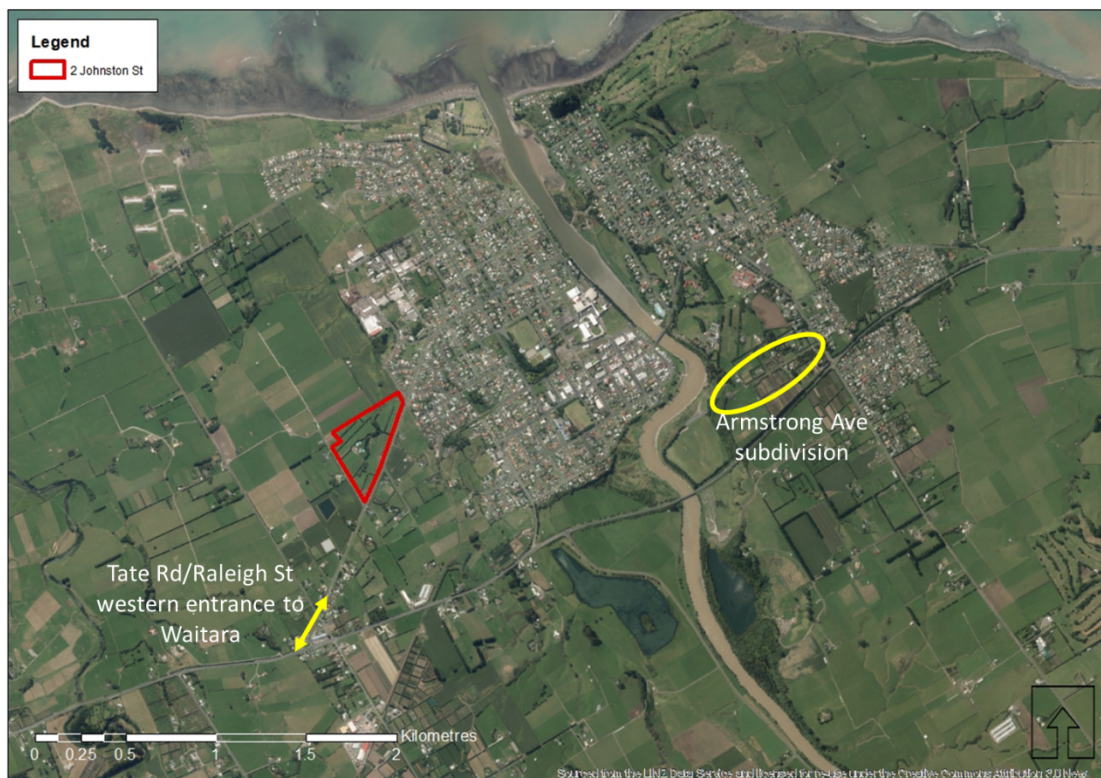
That context sets the framework for the effects assessment provided in section 5, which considers how the PPC would fit into the New Plymouth residential land market given existing and planned future supply and growth projections.

2 Proposed development

2.1 Location

The proposal is to rezone, by way of a Private Plan Change (PPC), 2 Johnston St, Waitara. The Site is currently identified for Future Urban Development (FUD), in the New Plymouth District Plan, being in proposed Area D (Waitara). The underlying zoning is rural, and the property is currently leased for grazing. The property is some 11.3ha in gross area, and under the proposal would accommodate around 110-120 residential lots, of varying sizes, predominantly 500-700m² lots, although buffered around the northern and western edges of the development by slightly larger lots of up to 1,000m².

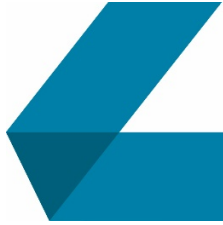
Figure 2.1: Location of proposed development



2.2 Attributes

The Site has a number of attributes which recommend it as a future residential development site:

- The Site fronts Raleigh St, which is one of four entrances to Waitara off State Highway 3, and the entrance closest to New Plymouth. NZTA has plans to upgrade SH3 around Waitara, with a focus on those four access points. Some of the key changes proposed are to limit right in and right out turns for traffic visiting and leaving Waitara. That will mean that after the works there will be only two roads that allow access to SH3 westbound (towards New Plymouth) from Waitara – a new roundabout at Tate St that will feed into



the southern end of Raleigh St, and a roundabout at Princess St, north of the Waitara River. That is likely to increase vehicle usage on Raleigh St, and make development in the area more attractive, given greater accessibility of SH3 from the site relative to other parts of Waitara.

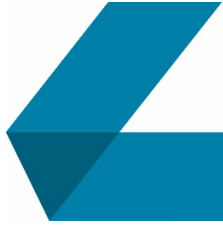
- Dwellings would be new, and there are very few new dwellings available for purchase in Waitara. A review of online listings¹ in September 2018 identified 32 listings for dwellings in urban Waitara, of which only seven were new. Those seven were all house and land packages, being the last remaining lots for sale in the Armstrong Ave development that is discussed below.
- The site is freehold land, unlike large parts of Waitara which are leasehold, and therefore subject to development constraints. The residential property listings reviewed make frequent mention of this issue.²
- A greenfields site in one ownership that is able to be developed cohesively, and masterplanned. The site would provide for around 110-120 lots, providing a tranche of capacity at once which is more easily able to accommodate that amount of new development than if that were to be spread across multiple infill sites.
- The development will be able to provide a range of dwelling typologies, including smaller 1-2 bedroom units and standalone houses, catering to what is perceived by the applicant to be a perceived shortage of dwelling supply in multiple different housing types in Waitara.
- The Site is elevated, with an attractive outlook toward the ocean.
- The Site is adjacent to the existing Waitara urban area, and therefore would promote a contiguous urban form.
- Within a broader District context, land values in Waitara are generally lower than in New Plymouth or Bell Block, but still easily commutable, and therefore new residential property in Waitara is attractive to people working in New Plymouth, particularly those wishing to buy at the more affordable end of the scale, such as first home buyers.
- An extension of the New Plymouth Coastal Walkway through to Waitara has been confirmed, which will increase commuting options to non-vehicular modes, further increasing attractiveness of the town to New Plymouth.

It is likely that many of these attributes contributed to the current FUD classification, although we understand that the FUD status is proposed to be removed from the Site.

We understand that if the PPC application is successful, the developer intends to develop and sell residential properties in the area as soon as possible. That is not necessarily true of other FUD or infill candidate properties in Waitara. Those other options for accommodating growth in Waitara indicate development potential, but that potential may not be realised, especially in the near term, and especially if owners are unmotivated to or financially incapable of developing their properties. The applicant is active

¹ <https://www.realestate.co.nz>

² Including titles such as "Don't Worry, it's Freehold!"(<https://www.realestate.co.nz/3386821>)



in infill redevelopment in Waitara, and is pursuing the PPC based in part on its observations about a lack of market-ready supply in Waitara, and the declining viability of infill developments in Waitara. The proposed development would be the only greenfields subdivision in Waitara, given that the Armstrong Ave subdivision is essentially sold out now, and there are no other similar developments extant (apart from the 7 lot Nukuroa Close subdivision opposite the Fire Station).

3 New Plymouth housing environment

This section summarises the state of the housing environment in Waitara and New Plymouth, to provide context for the current application. The assessment covers both population/households and employment/businesses, as their fortunes have been intertwined in Waitara’s recent past.

3.1 Historic and current environment

This subsection summarises changes in demography and business demography that have occurred since the 1990s, with a focus on the period since 2000 as the time most comparable to contemporary datasets.

3.1.1 Waitara

The 1990s were a time of some economic struggle for Waitara. The town’s largest employer at the time was the freezing works, which employed somewhere between 1,000 and 1,500 people at its peak, in a town with a total population of 6,400-6,600.³ Redundancies from the freezing works began in 1989, before the works were closed in 1995, increasing local and District unemployment. It took some time for the town to recover from the closure, and in the early 2000s the population had dipped to under 6,300, before returning to pre-closure highs by the 2013 Census.

Statistics NZ estimated there to be 2,570 households in Waitara in 2001, nearly 2,800 by mid-2013, and 2,850 in 2018 (Figure 3.1). That represented growth of 11%, a very modest increase since 2001, but in the context of Waitara’s difficult economic times in the 1990s, a reflection of positive change in the town.

Figure 3.1: New Plymouth District household counts (as at June, Statistics NZ estimates)

	2001	2006	2013	2018*	Growth 2001-18		Growth 2013-18	
					n	%	n	%
Households								
Waitara	2,570	2,640	2,760	2,850	280	11%	90	3%
Rest of NPDC	24,470	25,740	28,240	30,250	5,780	24%	2,010	7%
NPDC total	27,040	28,380	31,000	33,100	6,060	22%	2,100	7%
Waitara share of NPDC	9.5%	9.3%	8.9%	8.6%	4.6%		4.3%	
Employment								
Waitara	1,160	1,330	1,530	1,560	400	34%	30	2%
Rest of NPDC	29,760	35,720	37,560	38,640	8,880	29%	1,080	3%
NPDC total	30,920	37,050	39,090	40,200	9,280	30%	1,110	3%
Waitara share of NPDC	3.8%	3.6%	3.9%	3.9%	4.3%		2.7%	

* most recent column is 2018 for households, 2017 for employment (2018 employment is not yet published)

That household growth was supported by employment growth, which grew much faster than households (34% for Waitara employment growth compared to 11% for household growth). Waitara’s employment growth was dominated by several key sectors:

³ 1986 and 1991 NZ Census.

- Construction: Employment grew from less than 50 employees in 2000 to 130 in 2010, and 250 in 2017.
- Accommodation and Food Services: growth of 38 MECs (10%).
- Transport, Postal and Warehousing: +53 MECs (14%).
- Manufacturing: +41 MECs (11%). This includes the ANZSCO plant which opened in 2005 and now employs nearly 140 MECs⁴, although which was partially offset by employment declines in other manufacturing businesses, including those engaged in poultry processing and the manufacturing of chemicals and vehicle parts.

There has been growth in most other sectors, albeit much slower than in those four key sectors. There were decreases in employment in several sectors, although all were very small, with the largest being only 16 MECs (Arts and Recreation Services).

There are two other large employment nodes nearby: the Methanex plant at Motunui (3km east of Waitara) employs around 150 MECs, and the New Plymouth Airport (7km west) also employs around 150 MECs, and employment at both has been relatively stable since 2000. Together these employment opportunities provide a much more positive economic environment than was present in 1990s Waitara.

The 2006 and 2013 Censuses recorded the workplace of Waitara residents, and that workplace destination changed little between the Censuses. In 2013 32% of the people living in Waitara that work in the District worked in Waitara, 34% worked in New Plymouth, 4% at the Airport or Motunui, and 30% elsewhere in the District.⁵ The high proportion that commute to New Plymouth indicates that Waitara is easily commutable to New Plymouth.

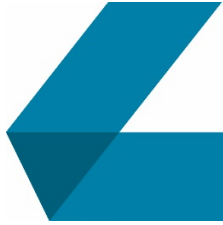
3.1.2 New Plymouth District

Household growth in New Plymouth District was twice as fast as in Waitara between 2001 and 2018 (22% vs 11%), with over 6,000 new households now living in the District compared to 2001. That equates to growth of 360 households per year, of which Waitara's share was 16. Since 2018 household formation rates have increased, averaging 400 a year across the District, and 18 in Waitara. Waitara was home to 9.5% of the District households in 2001, and with more rapid growth in other parts of the District that has now fallen to 8.6%. These historic shares of District growth that have been directed to Waitara should not be considered as a constraint to future growth, and it may be appropriate that Waitara attracts a different share of growth in the future than it has historically, especially if historic growth was constrained by an absence of residential land supply.

District employment was 30,900 in 2001, and grew significantly to 39,100 by 2013, and is now over 40,000 (Figure 3.1). By way of comparison, Waitara's employment growth since 2001 has been slightly higher than the District's. Waitara has consistently employed 3.5-4.0% of the District's workforce.

⁴ Modified employment count, a measure of employment that includes both working proprietors and paid employees, derived from Statistics NZ Business Directory and Linked Employer-Employee Data. Business demography presented in this report is from that source unless otherwise specified.

⁵ <http://archive.stats.govt.nz/datavisualisation/commuterview/index.html?url=/datavisualisation/commuterview/index.html#>



3.2 Projected growth

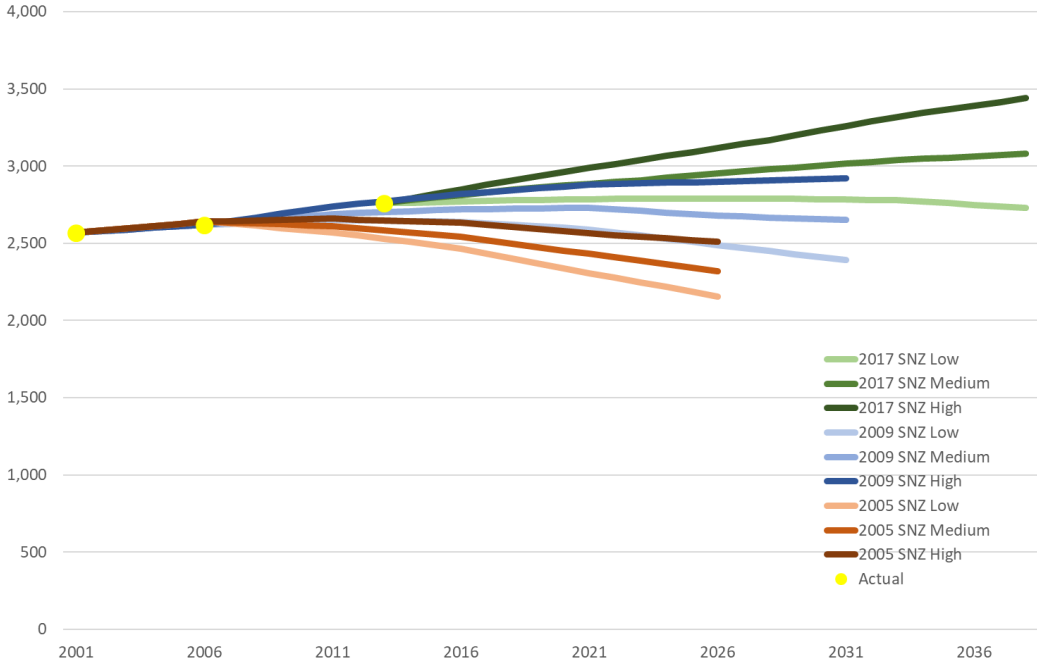
This section reviews historic growth projections for Waitara⁶ and the District that have been published by Statistics NZ. This section focusses on households, rather than population, as the demographic unit most closely linked to housing demand. Household projections are not a core dataset for Statistics NZ (SNZ), which focusses more on population projections. However, SNZ does publish household projections on request, and these are derived from population projections and average household size relationships from Census data.

SNZ has published three main⁷ sets of household projections since 2004, each following a Census, and lagging the Census by three to four years. These three projections sets are compared below, to understand how growth expectations for Waitara and New Plymouth District have changed over time.

3.2.1 Waitara

The first set of projections was published in 2005, and estimated that there were then around 2,600 households resident in Waitara. All three projection scenarios (low, medium and high growth) projected a decline in household numbers between the recent Census (2001) and the horizon of the dataset (2026), with a 16% drop in household numbers under the low scenario, 10% drop under medium and 2% drop under the high scenario (Figure 3.2).

Figure 3.2: Waitara Household Projections (Statistics NZ)



⁶ Quantitative assessment in this report defines Waitara as the two Census Area Units of Waitara East and Waitara West.

⁷ Occasional updates have been available to be consistent with population projections, although these interim projections differ little from the parent projections.



The next projections were published in 2009, and were slightly more optimistic about future growth. There were then estimated to be somewhere between 2,600 and 2,700 households resident in Waitara, and that was projected to decrease only under the low scenario (by 9%), with increase under the medium (1%) and high (12%) scenarios by 2031.

The most recent projections were published in 2017, and based on the 2013 Census. Those were again more optimistic, with the low growth scenario projecting a decrease of only 1%, the medium growth scenario for growth of 12%, and the high scenario projecting 25% growth in Waitara by 2038.

So over the course of the three projection series, SNZ's expectations for growth expected in Waitara increased significantly. Initially (2005) the most optimistic projection indicated there might be 2,500 households in Waitara by the end of the projections, and (by extrapolation) ongoing declines thereafter. Now a consistent increase in household numbers are projected, and by the end of the projection series there are expected to be over 3,500 households in Waitara. Even the most pessimistic (low) projection in the 2017 series is now significantly higher than the most optimistic scenario from the 2005 projections, and also higher than both the low and medium scenarios from the 2009 projections.

SNZ appears to have consistently underestimated how much growth is likely in Waitara. That does not, of course, provide any certainty about what future growth in Waitara will actually look like, and although the current projections are for growth under the medium and high scenarios, a decline in household numbers will still be possible. However, this analysis of the historic projection series indicates that for the purposes of growth planning, it more appropriate to plan for a future in which household counts lie somewhere between the current projection's medium and high growth scenarios.

We note that the projections do not represent a cap on growth in any area, and a change in policy direction or zoning rules, such as that open up new land to development, may drive growth that is not anticipated by SNZ. In Waitara, for example, the proposed development would likely result in the town growing faster than anticipated by SNZ.

One good example of there being greater demand in the market than is reflected in the SNZ projections is the case of the development on Armstrong Ave, off the Princess St entrance to Waitara. There, two subdivisions totalling 79 sections have been created, resulting in most of the larger subdivision being built or under construction (47 sites were sold in the first 18 months), with resource consent gained in February for the second, smaller subdivision (23 lots).⁸ That development provided a point of difference in the Waitara (and New Plymouth) markets, and its popularity resulted in a large increase in the year-on-year value of consented residential construction work in Waitara.

3.2.2 New Plymouth District

It is unlikely that the proposed redevelopment would result in increased household growth in the District, rather a more likely outcome would be that it would result in a redistribution of the growth projected. For that reason, the appropriate projections to consider when assessing the potential impact of the proposal on the residential property market are the District projections, rather than the Waitara town projections.

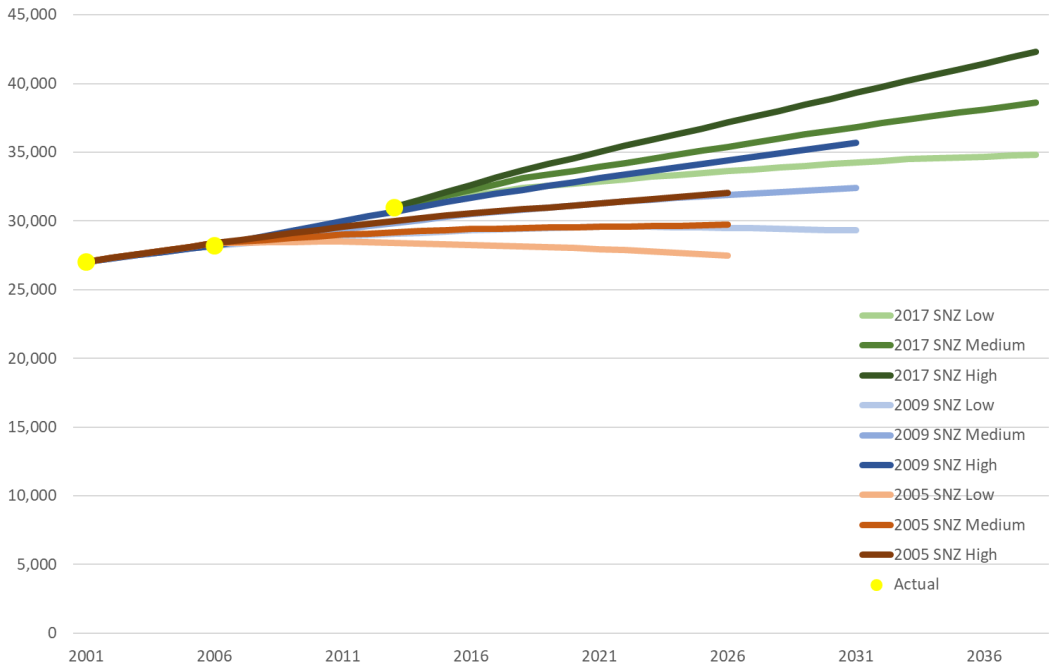
⁸ <https://www.stuff.co.nz/business/101198976/husband-and-wife-property-developers-linked-to-20-million-boost-in-small-taranaki-towns-housing-stock>



SNZ’s historic projections for the District have shown very similar trends to those discussed in relation to Waitara (Figure 3.3). That is unsurprising, because SNZ construct projections using a top-down approach, so taking total District growth and spreading it around the District with input from the Council and other sources. An upward revision of the District total between projection sets will then likely result in an upward revision in most parts of the District, and that is what has occurred in New Plymouth and Waitara.

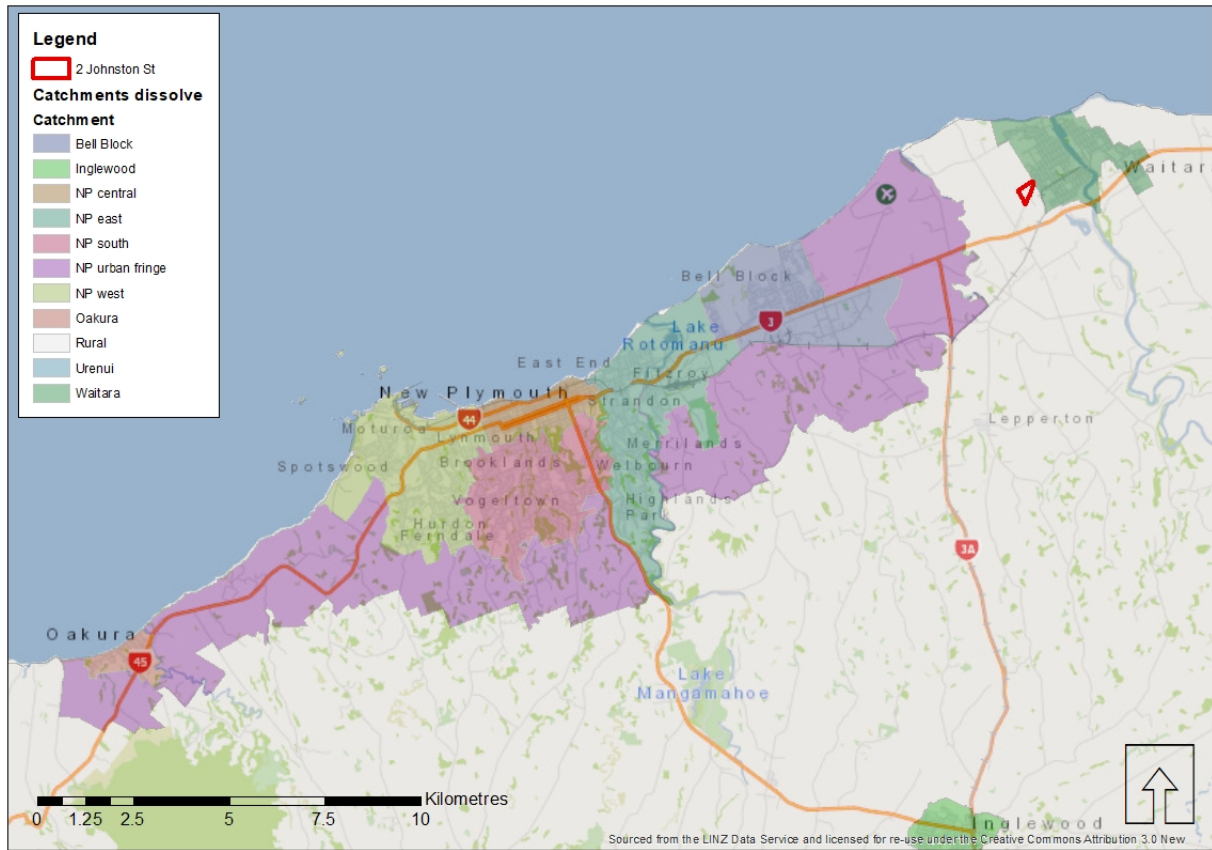
The upwards revision of District household projection between 2005 and 2009, and again to 2017, has resulted in a similar upwards revision for Waitara, as discussed in section 3.2.1. As for Waitara, the historic projection series indicates that for the purposes of growth planning, it more appropriate to plan for a future in which household counts lie somewhere between the current projection’s medium and high growth scenarios.

Figure 3.3: New Plymouth District Household Projections (Statistics NZ)



Some 81% of current households are within easily commutable distance of New Plymouth, defined for the purposes of this assessment as Urban New Plymouth, from Oakura to Waitara, and inland to Upper Vogeltown/Highlands Park (Figure 3.4). Excluded from this “commutable NP” are Urenui, Inglewood and the large rural areas inland of New Plymouth. The catchments are defined using CAUs, meaning the area between the Airport and Waitara is excluded from this commutable catchment as it is part of a large CAU that extends far inland. This commutable catchment is projected to continue to be home to at least 80% of the future District population, albeit that the non-commutable areas are projected to experience slightly faster growth to 2038.

Figure 3.4: New Plymouth residential housing market catchments



The SNZ projections are for the current 33,100-33,700⁹ households present in the District to increase by between 2,900 and 4,300 in the next decade (2018-2028), and a similar amount the following decade. By 2038 SNZ project that there will be 38,600 to 42,300 households resident in the District. Growth over the next two decades is projected to be relatively consistent, at around 275-430 households per year (medium to high range) (Figure 3.5).

Figure 3.5: SNZ New Plymouth District household projections (2013(base)–2038 Update)

Growth scenario	2018	2023	2028	2033	2038	Growth 2018-38		
						n	%	Avg. ann.
Commutable NP								
Medium	26,700	27,700	28,600	29,600	30,400	3,700	14%	185
High	27,400	29,000	30,600	32,300	33,900	6,500	24%	325
NPDC total								
Medium	33,100	34,500	36,000	37,400	38,600	5,500	17%	275
High	33,700	35,900	38,000	40,200	42,300	8,600	26%	430

⁹ Two different 2018 estimates are presented (Medium and High scenarios), as they diverge from a 2013 starting point, because 2018 is not the base year for the projections, but an intermediate year.



For the commutable NP catchment, growth of 3,700-6,500 households is projected, which would result in an increase from the current c.27,000 households to between 30,400 and 33,900 households, or 185-325 per year.



4 NPS-UDC

This section focusses on the parts of the National Policy Statement – Urban Development Capacity (NPS-UDC) that relate to accommodating residential growth, given the objectives of this report, and then presents some key indicators sourced from the government’s online dashboard that is provided for Councils to monitor growth pressures.

4.1 Background

Urban economies accommodate the vast majority of population and business activity and capture the majority of growth. Providing for that growth in an efficient manner is vital for the national economy. To this end central government has released the NPS-UDC that requires high growth Councils (in the first instance) to assess their growth futures and the commercially feasible capacity enabled under their District Plans to ensure that future growth can be provided for.

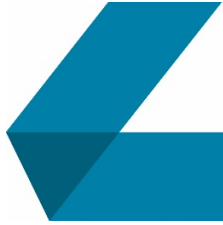
Local authorities have an important role to play in the operation of their economy, primarily through planning for growth. Ensuring that there are sufficient opportunities for development means that businesses and households can be accommodated in appropriate locations without undue constraint. The NPS-UDC contains a number of objectives and policies that aim to achieve that outcome.

As a high growth Council within the NPS-UDC definition, NPDC’s NPS-UDC assessment is required to be complete by the end of 2018, and output is not yet available for application on growth-related projects such as this one. Once complete the Council’s assessment should present an assessment of future demand and supply (capacity) to establish the adequacy of zoned capacity, which will inform whether additional land is required to be provided to adequately cater for growth. The report will therefore be of assistance in establishing the merits of applications such as the Waitara PPC.

4.2 Objectives and policies

New Plymouth District Council is classified as a High Growth Urban Area in the NPS-UDC, meaning all objectives and policies in the NPS-UDC apply to NPDC. Of relevance to this assessment are a number of objectives and policies that aim to promote an environment in which there is adequate capacity of a range of different dwelling types and locations to provide for future demand. Some of the key objectives and policies are:

- OA2: Urban environments that have sufficient opportunities for the development of housing and business land to meet demand, and which provide choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations
- PA1: Local authorities shall ensure that at any one time there is sufficient housing and business land development capacity

- 
- PA3 a): Decision makers shall have particular regard to providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations.

4.3 Indicators

The Ministry of Business, Innovation and Employment (MBIE) and the Ministry for the Environment (MfE) together provide a dashboard¹⁰ to help high and medium growth local authorities to give effect to the NPS-UDC, particularly policies PB6 and PB7:

- PB6: To ensure that local authorities are well-informed about demand for housing and business development capacity, urban development activity and outcomes, local authorities shall 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 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.
- PB7: Local authorities shall use information provided by indicators of price efficiency in their land and development market, such as price differentials between zones, to understand how well the market is functioning and how planning could affect this, and when additional development capacity might be needed.

Indicators provided in the dashboard are:

- Residential building consents compared to changes in household numbers
- Dwelling sales prices, rents and a ratio between sales and rents
- Dwelling sales volumes as a percentage of total residential stock
- Land value as a percentage of capital value
- The Housing Affordability Measure (HAM)
- A range of price efficiency indicators.

These indicators can be used to understand recent trends in residential development, and to show emerging pressures on residential land supply. These trends manifest through factors such as increasing land prices and costs of renting, and decreasing housing affordability. From the dashboard, pressures on residential land supply are evident in all of the high growth Councils¹¹, most notably in Auckland and Queenstown, but also in New Plymouth.

¹⁰ <https://mbienz.shinyapps.io/urban-development-capacity/>

¹¹ Greater Auckland, Greater Hamilton, Greater Christchurch, Greater Tauranga, Queenstown, New Plymouth and Whangarei.



In New Plymouth these pressures are evident from the following indicators¹²:

- Sales prices have been increasing at an average of 6.3% per year since the start of 2015, the fastest percentage growth since the rapid growth between 2002 and 2007 which saw values nearly triple in five years (Figure 4.1). As recently as 2011 average District sales prices were only \$300,000, breaking through \$350,000 in 2015 and most recently (September) reaching \$420,000. Waitara sales price growth very closely reflects total District growth, albeit the former are consistently only about 65-70% as great as the latter.
- Rents have been increasing at an average of 2.6% per year since the start of 2015, close to the long-run average (Figure 4.2). Trends in dwelling rents reflect sales price trends, although rents have shown a more consistent growth since the early 2000s, without the post-Global Financial Crisis plateau of the period 2008-2012 that affected sales prices.
- The relationship between sales and rents was relatively stable between 2009 and 2015 for both the District and Waitara, although since 2015 sales price growth has been stronger than rental growth (Figure 4.3).

Figure 4.1: Nominal dwelling sales prices¹³

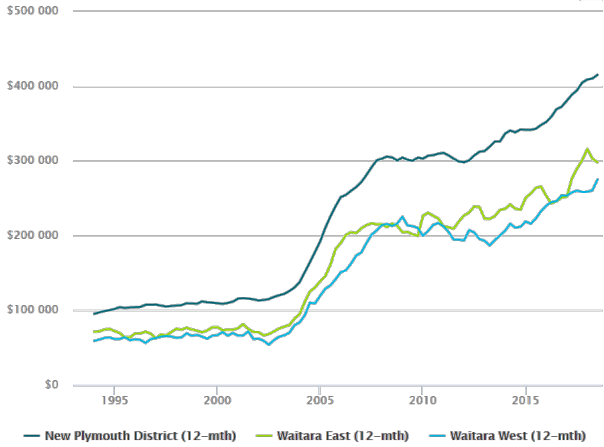
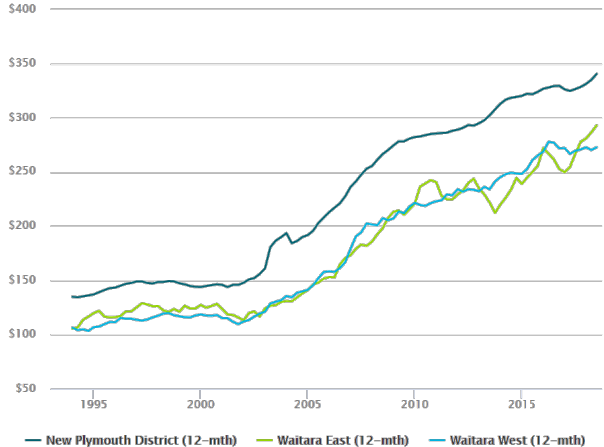


Figure 4.2: Nominal dwelling rents¹⁴



¹² Unless otherwise stated data in the text relates to the District total, and is in the same form as the data in the following charts (i.e. nominal, rolling average, etc.). Data referred to extends to September 2018, although the charts only present data to June 2018.

¹³ Median sales price of residential dwellings, presented in nominal terms (not inflation adjusted). Data sourced from CoreLogic

¹⁴ Mean rents as reported in new rental bonds lodged with MBIE, presented in nominal terms (not inflation adjusted).

Figure 4.3: Ratio of dwelling sales price to rents

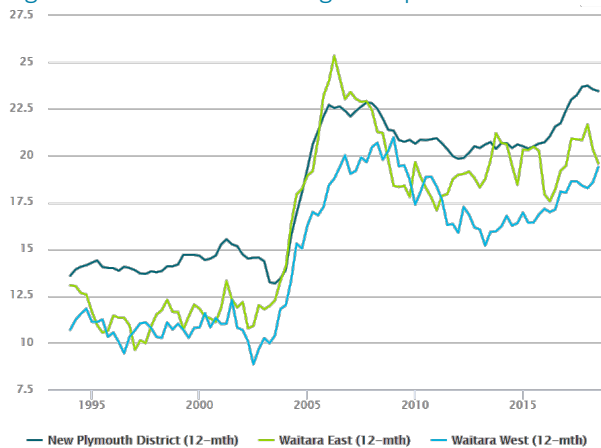
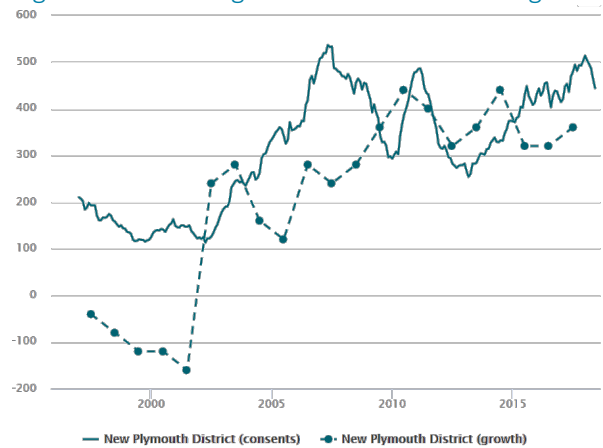


Figure 4.4: Dwelling consents cf. household growth¹⁵



- New residential dwelling consents have increased significantly in the last five years. The annual low in the last 10 years was 254 consents in 2012¹⁶, and the most recent data was 444 consents in the year to May 2018 (Figure 4.4). Household growth has been consistently between 300 and 450 per year since 2009, a level which is projected to persist into the future (section 3.2.2). Notwithstanding the limitations inherent in this data¹⁷, it indicates the District is in a period of strong household growth that is supporting high numbers of consents.
- High demand is reflected in recent land value growth. Average land values increased 27% between the two most recent valuations (2013 and 2016¹⁸), a \$45,000 increase (Figure 4.5). Growth in the two preceding periods was much lower, at \$6,000-\$8,000 in each block of three years (4-5%). Waitara has experienced similar growth, including 23% recently (2013-2016), although average land values in Waitara (around \$115,000) remain far behind the District average (\$210,000). That land value differential is not a function of large rural lifestyle lots outside Waitara, with land values in most parts of urban New Plymouth well over \$150,000 per lot, and many well over \$200,000.
- Both Waitara and District overall have experienced ongoing and strong lifts in land value relative to capital value. Strong growth in land values in Waitara between 2001 and 2007 saw that share increase from close to 10% to 44-46% now, close to the District average of 48% (Figure 4.6).

¹⁵ This compares demand (using Statistics NZ estimates of household growth as a demand proxy) against supply (using new residential dwelling consents), to show responsiveness of supply. Consents are lagged by six months to account for built time

¹⁶ 12 months to February 2013

¹⁷ We note that the relationships presented in Figure 4.4 are subject to uncertainty, because the household estimates are derived from population using average District household size, and the population estimates are subject to uncertainty as not all residents are regularly enumerated. Further, consents are not adjusted for non-completions or demolitions.

¹⁸ Data is presented every three years, in line with the government's valuation cycle.

- While both land values and capital values have been lower in Waitara than the District average for the extent of the data period, the two values now show a similar relativity to the District, indicating that the Waitara market has matured.

Figure 4.5: Average land value of dwellings

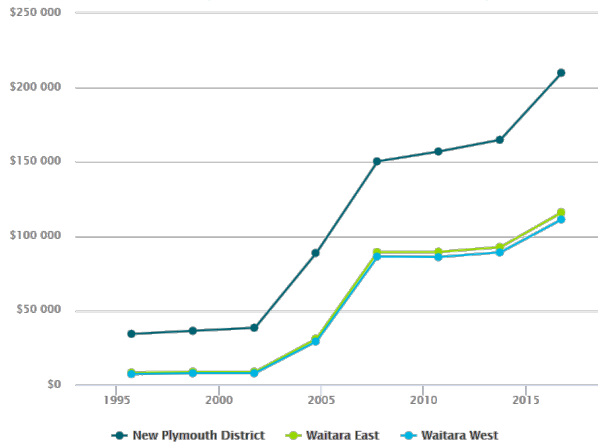
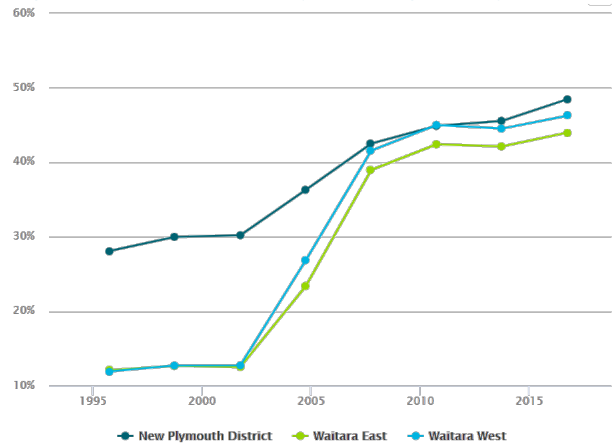


Figure 4.6: Land value as percentage of capital value



- District dwelling stock has shown a strong and consistent increase since 2000, growing on average 1.8-1.9% per year over that time (Figure 4.7). Waitara dwelling stock grew consistently also, although much slower, at 0.7-0.8% per year (Figure 4.8).

Figure 4.7: New Plymouth District dwelling stock

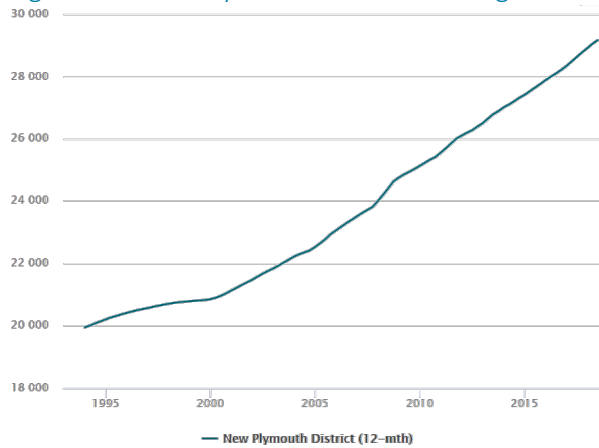
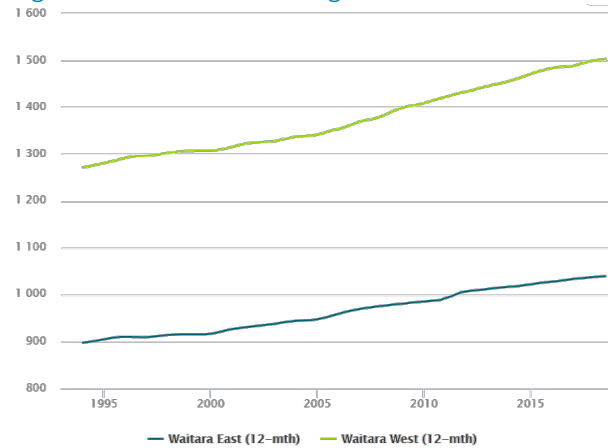


Figure 4.8: Waitara dwelling stock



5 Effects of the proposal

The proposal is for the creation of 110 residential lots. To understand the potential effect of the proposal on the residential land market in New Plymouth, that quantum is placed in a District, and sub-District context in this section.

5.1 Share of growth

As assessed above in section 3.2.2, growth of 3,700-6,500 households is projected for the commutable NP catchment defined. That equates to average annual growth of 185 to 325 households, every year out to 2038 (the horizon of the SNZ projections). If a broader catchment is considered, that average annual growth is higher, at 275-430 households per year across the entire District. The commutable catchment represents a more appropriate comparator for this growth, given the common accessibility of that catchment to urban New Plymouth, and the relatively poorer accessibility of other areas.

To place the proposed development in context, four scenarios are presented, taking into account different growth scenarios (medium and high) and different sell-down periods for the lots that would be created in the development, which is assumed to yield 115 lots.¹⁹ The PPC area would take up 7% of all household growth in the commutable catchment under a high growth scenario assuming the lots take five years to sell, or 12% if they sell within three years. If growth occurs as projected under the medium scenario, those shares would be 12-21%. That means that even under a relatively rapid sell down period of three years, and growth near the lower end of that projected, 80% of growth in the commutable catchment would occur in areas away from the proposed development (Figure 5.1). Those assumed sell down rates (three to five years) are comparable to those achieved in the Armstrong Ave subdivision discussed in section 3.2.1.

Figure 5.1: Share of Commutable NP catchment growth directed to proposed development

PPC selldown (years) >>		5	3	5	3
Growth scenario >>		High	High	Medium	Medium
Catchment	Annual household growth	Fastest growth		Slowest growth	
Commutable NP	185 - 325	7%	12%	12%	21%
NPDC total	275 - 430	5%	9%	8%	14%

There are several things to bear in mind when interpreting these shares:

- Not all lots would necessarily be sold within the period assumed, and of lots sold, not all would necessarily be built on in the period, making the estimates given conservatively high.

¹⁹ Taken as the mid-point of 110-120. If that 115 lots were to vary slightly, such as some larger lots being replaced by more, smaller lots, there would be an effect on the share of growth calculated. That share would vary in direct proportion to the change in lot numbers, so 10% more lots would take up 10% more growth, and a 15% share of catchment growth (for example) under the smaller number of lots would translate into a 15% x 1.10 = 16.5% share of catchment growth under the larger number of lots.

- If lots in the proposed development are sold at the faster end of the range presented, and so take up a larger proportion of catchment growth, that would indicate strong demand for the particular type of product offered, and that the PPC land was filling a gap in the residential market that is not well supplied at present. If sell down is nearer the slower end of the range presented, the share of growth directed to the PPC land would be lower.
- It is less likely that sell down of the PPC lots would be fast in a medium growth environment, or slow in a high growth environment, and more likely that the share of growth would be near the middle of the range presented.
- If the sell down is at the faster end of the range presented, the share of growth taken up would be at the higher end, however that market share would be for only a relatively short time. The proposal would not be reliant on capturing a high share of catchment growth for a long time, instead would attract only a low share of growth for a short time.

Expanding on that last point, the assessment of historic growth in Figure 3.1 indicated that Waitara has captured 8-10% of the District's household growth since 2001. The mid-range rates indicated in Figure 5.1 are 8-9% of District growth, indicating that the proposal would result in a similar proportion of growth being directed to Waitara over the next 3-5 years as has been the case historically, notwithstanding any other significant new developments that might get underway in this time and some continued infill. If the proposed development proceeds, there would still be capacity for infill to continue in Waitara, subject to the anecdotal shortages in supply that have been discussed in section 2.2.

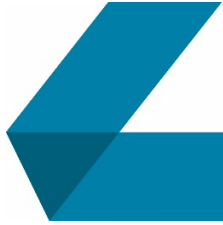
5.2 Effects on Waitara

The proposed development would be expected to have a number of positive effects on Waitara:

- The development would increase the town's population, albeit by only around 4%, thereby increasing local retail spending capacity which would support local Waitara businesses. Some of that increase might occur in the absence of the proposal, however it is likely that the proposal would at least accelerate the arrival of new households in the town.
- The proposal would provide increased housing choice in Waitara, through the provision of new dwellings in a town where most of the housing stock is now at least 40 years old.
- Dwellings would compete favourably on price with similar dwellings elsewhere in New Plymouth, given the cheaper land in Waitara (where land is at least \$50,000 a lot cheaper than in urban New Plymouth)²⁰, offering potential for new types of residents to move into the town.
- The applicant intends the development to accommodate a number of different housing types, including smaller (1-2 bedroom) dwellings, increasing housing choice within Waitara.

It is uncertain whether the proposal would result in any slowdown of infill development in Waitara. As discussed, there is an anecdotal shortage of infill supply, but notwithstanding that, the proposal and infill

²⁰ From MBIE indicators data discussed in section 4.3.



opportunities will target slightly different markets, with likely different price points, dwelling size and amenity and locational characteristics. The proposal would be likely to attract many new households to Waitara that would not otherwise consider living in the town, given the shortage of new dwellings there. That likelihood is supported by the example of the Armstrong Ave subdivision discussed in section 3.2.1, which has proven very successful over the course of the last two years.

5.3 Effects on New Plymouth

The size of the proposed development would not require a very large proportion of Waitara's projected growth in order to be viable, and nor would it be expected to take up a disproportionate share of the growth projected for New Plymouth. At 8-9% of New Plymouth District growth over the next 3-5 years, the PPC development would be generally in keeping with the share of District growth Waitara has captured historically.

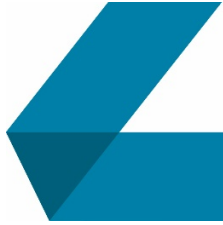
To place the proposed development in context, consider two scenarios:

- Where 30% of all District growth is provided through infill redevelopment. That is a high share in the context of rates achieved in other urban areas in New Zealand and would be expected to represent the upper end of infill development that might be achievable in the District. Under that scenario, 70% of growth, or 190-300 (medium to high growth range) dwellings per year would need to be provided for in greenfields developments. That equates to 1.75-2.75 developments the size of the proposed Waitara subdivision being occupied every year for the next two decades (33-52 in total over 20 years). Put another way, the proposed development would take up only 2-3% of greenfields development in the District over the next two decades.
- Where a more achievable share of 15% of District dwelling growth occurs as infill. Under that scenario, that would require 2.0 to 3.2 developments the size of the proposed Waitara subdivision being occupied every year for the next two decades (41-65 in total), and the proposed development would take up less than 2% of greenfields development in the District over the next two decades.

In that context the proposed development is very unlikely to adversely affect the residential development occurring elsewhere in New Plymouth, as there would still be sufficient demand in other places to support infill development to meet District planning objectives, greenfield development in a range of other places, and both greenfields and infill development in Waitara.

Further, the PPC would assist NPDC to meet its NPS-UDC obligations to provide adequate development capacity to accommodate growth. The PPC would create one of the larger residential subdivisions in the residential land market in New Plymouth at present, with many subdivisions being less than 10 lots. From a September review of online property listings²¹, there are around 250 vacant lots for sale within residential subdivisions in the commutable New Plymouth catchment:

²¹ From trademe.co.nz

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- Five are subdivisions that originally had more than 20 lots²², although many of these have less than 10 lots remaining. A number of these were part of staged releases of larger parent developments.
 - Three subdivisions of 10-20 lots²³
 - Eleven subdivisions of 3-9 lots.

At SNZ's projected growth of 185-325 households per year, those developments would provide for somewhere around a year's growth, and so indicatively might be all sold within 12 months from now, when a completely new set of subdivisions would be required. Some of the developments listed are stages of larger developments, and so offer ongoing capacity, however many are not, and the level of vacant supply identified indicates that new supply will need to emerge to meet projected market demand.

²² Sycamore Grove in Vogeltown (32 lots originally); Honeyfield Dr in Whalers Gate (25); Balance St in Vogeltown (23); The Green in Bell Block (35); Fairways Estate in Bell Block (26); Twin Lakes, Keene Dr in Bell Block (36); Cyrus St, Whalers Gate (40)

²³ Garrett Drive in Whalers Gate; Desmond Place in Bell Block; Tapuae Country Estate in Oakura



6 Conclusion

New Plymouth District, and the urban fringe around New Plymouth, is experiencing relatively strong growth in household numbers, with consequent pressure on land and house prices. There are few large residential developments in the District underway to accommodate this growth, with the largest being those around Whaler's Gate and elsewhere on the southern periphery of New Plymouth and in Bell Block. The total supply by all lots in these developments currently on the market equates to around a year's growth at current growth rates.

The proposed residential development at 2 Johnston St would create 110-120 residential lots, and at expected sell down rates would account for less than 10% of District household growth over a three to five year period. The proposal would provide a range of lots sizes and be intended to accommodate a range of dwelling types. The additional supply would likely be the only greenfields residential development in Waitara if it comes to the market within the next two years, given the absence of any other developments at present. That is perhaps surprising, given the popularity of the recent subdivision at Armstrong Ave in eastern Waitara where most of the development, nearly 50 lots, was sold in the first 18 months.

Waitara offers a point of differentiation to other locations within the District, with lower land prices enabling purchasers to afford more home for the same money, and allowing entry to the new property market at lower price points than is possible in urban New Plymouth. Waitara is easily commutable to New Plymouth, and has the capacity to accommodate a proportion of the District's future growth similar to, or larger than has been the case historically. Even if Waitara takes a higher share of future growth, there will still be a need for many large residential developments elsewhere in the New Plymouth housing catchment to be created over the next two decades, and ongoing infill housing.

The PPC would create growth within that catchment that is consistent with historic patterns of growth, and assist Council being able to meet its NPS-UDC requirements to provide sufficient opportunities for the development of housing to meet demand, and provide a range of dwelling types and locations. The PPC would have predominantly positive economic and urban form effects for both Waitara and New Plymouth, and therefore represent a positive change to the operative Plan. Notwithstanding that the current FUD status of the Site is proposed to be removed, the PPC would also be consistent with Council's recent vision for residential development.