RESEARCH REPORT

Greater Christchurch
Housing Market Assessment

Commissioned by:
Greater Christchurch Recovery Strategic Partners
and the Ministry of Business, Innovation, and Employment

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TABLE OF CONTENTS

1. Executive Summary 5

2. Introduction 10

3. Housing Market Sub-Areas 11

4. Market Demand 12
- 4.1 Introduction 12
- 4.2 Summary of the Key Findings 12
- 4.3 Indicators of Population Growth and Redistribution 14
- 4.4 Greater Christchurch Housing Demand Trends 2007 to 2012 27
- 4.5 Population and Household Projections 34
- 4.6 Sub-Regional Growth in Demand 36
- 4.7 Implications for Underlying Demand by Tenure and Price Point for Greater Christchurch 43
- 4.8 Implications for the Housing Continuum in Greater Christchurch 45
- 4.9 Red Zone Households 49
- 4.10 Demand by Housing Typology 53
- 4.11 Temporary Household Demand 56
- 4.12 The Demand for Housing Support 58
- 4.13 Housing Insecurity 63

5. Housing Supply 64
- 5.1 Introduction 64
- 5.2 Summary of the Key Findings 64
- 5.3 Overview 65
- 5.4 New Dwelling Construction 68
- 5.5 Residential Development Capacity and Vacant Residential Land 74
- 5.6 Current Building Activity 85
- 5.7 Supply of Rental Market Units 87
- 5.8 Temporary Accommodation 96
- 5.9 The Industry's View 98

6. Supply/Demand Balance 104

7. Housing Stock and Market Trends 108
- 7.1 Introduction 108
- 7.2 Summary of the Key Findings 108
- 7.3 Housing Stock 110
- 7.4 Dwelling Sale Price Trends 117
- 7.5 House Price Trends by Zone 125
- 7.6 Rental Prices 128

8. Housing Affordability 134
8.1 Introduction 134
8.2 Summary of the Key Findings 135
8.3 Financial Housing Stress by Demographic Characteristics 137
8.4 Housing Affordability 148
8.5 Housing Market Outlook and Implications for Affordability and Housing Need 155

9. Summary and Implications 169

References **177**

Appendices

1 Overview of the Methodology
2 Demand by sub-zone, Household Composition and Age
3 Housing Demand by Sub-Zone, Tenure, Dwelling Typology and Size
4 Greenfield Priority Areas
5 Profiles of Residential Subdivision
6 Overview of the Housing Market Scenarios 1 to 5

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Report's Effective Date

The majority of the data for this report was collated in March and April 2013.

Commissioned By

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1. Executive Summary

Housing markets are complex and dynamic and do not exist in isolation. They are heavily influenced by population growth, economic factors and macro policy settings. Housing markets form an important part of the economy and their outcomes have a significant impact on the well-being of communities. Improving the understanding of housing market trends will assist local and central Government in making informed decisions and enable the effective monitoring of those decisions. In accordance with your instructions, this report details the housing market assessment for greater Christchurch and provides a sound basis to inform:

- Developing strategic views of housing demand and supply both now and in the future, and how this has changed as a result of the earthquakes;
- Developing a sound approach to planning for the mix of housing required;
- Assisting central and local government to assess the mix and volume of housing types, tenures, and prices required to meet household needs in the areas that make up greater Christchurch, and the extent to which the market is likely to provide this housing under current market settings;
- Assessing the relationship between economic recovery and housing, specifically the location of housing in relation to employment and business activity;
- Identification of key barriers to recovery, market information gaps, and further primary research that may be required; and
- Providing an evidence base and framework for monitoring future housing outcomes.

This assessment and associated analysis provides a forward looking view of the market including the implications for housing affordability and need as part of the framework for the on-going monitoring of housing market outcomes. It focuses on drawing together key trends and findings relating to housing:

- Demand side analysis;
- Supply side analysis;
- Stock and market trends;
- Demand/supply balance and housing market outcomes; and
- Affordability, need, and the implications for the demand for social housing for the greater Christchurch area and summarises a framework for monitoring future housing market outcomes.

Greater Christchurch's housing market is dynamic and changeable as a result of the 2010 and 2011 earthquakes. These events continue to impact on the market and create a high degree of uncertainty of future outcomes. This report provides a snap shot of the market based on the information available.

Housing Demand

The earthquakes have impacted housing demand through changes in the age profile of greater Christchurch, population redistribution within the geographic area, the influx of workers required to assist in the rebuild of greater Christchurch, underlying population growth and the relocation of low income renters outside greater Christchurch. There is likely to be significant short term demand side pressures in greater Christchurch's housing market as a result of the rebuild.

Immediately after the earthquakes the number of people living in greater Christchurch declined as people left for other areas; this was particularly evident in relation to low income renter households, and this decline was at a rate significantly higher than the national trend.

Housing Supply

The earthquakes reduced the housing stock by 7,860 red zoned dwellings and a further 2,100 to 9,100 uninhabitable dwellings outside the red zone. Combined these represent approximately 5% of the housing stock. In response, there has been an increase in development, subdivision and construction activity, and development activity is now approaching levels not seen since the last peak in the housing cycle in the mid-2000s. The number of dwelling consents issued (3,620 in the March 2013 year) is now approaching the levels last experienced at the peak of the previous cycle in 2007. However, the distribution of development activity has changed with less than 45% of building consents issued in the March 2013 year located in Christchurch City, down from 65% in the March 2007 year. This is a reflection of the trend in new residential development activity way from the existing urban area in Christchurch City to greenfield developments on the urban fringe and Waimakariri and Selwyn Districts.

The amount of development capacity available increased significantly with the rezoning of land on the urban fringe. Estimates suggest that total development capacity by 2016 will be over 64,000 dwellings approximately half within the existing Christchurch City urban area. This equates to approximately 25.5 years' worth of supply under a medium growth scenario. While section prices remain relatively stable, escalating costs of construction are increasing building costs. The rapid growth in development capacity has raised concerns within the residential construction industry that there may be an oversupply of sections in two to three years' time. The development of low cost housing has not featured as strongly as is needed in supply to address affordability issues, and there has also been a decline in low cost rental accommodation.

Other supply side trends include:

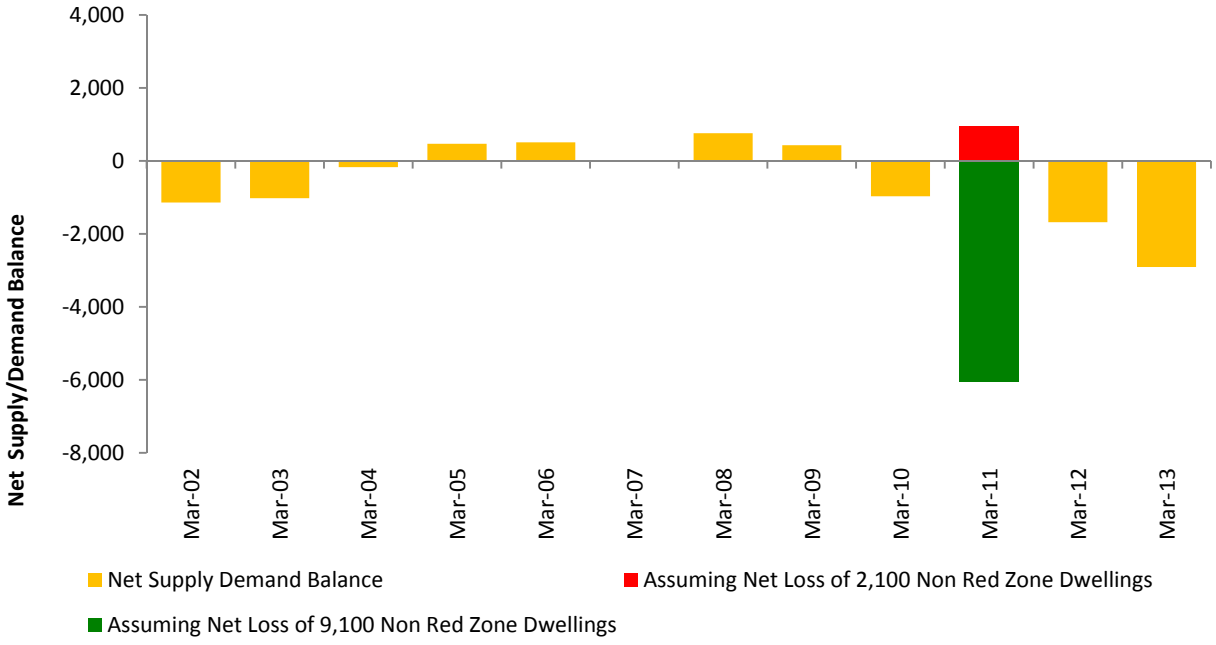
- The Government has been active in providing temporary support including building units for temporarily displaced residents;
- The private sector has provided a limited amount of new temporary accommodation for workers and is predominately relying on the private residential market and commercial accommodation; and
- Social housing providers are repairing and rebuilding their stock back towards pre-earthquake levels.

Supply/Demand Balance

The combined impact of population loss after the earthquakes, loss of housing stock and impact of the rebuild has resulted in a supply shortfall of 4,800 to 13,900 dwellings over the last three years. The imbalance of demand over supply is expected to continue to deteriorate over the next 5 years as a result of stock being temporarily removed from the market as it is repaired and the influx of people participating in the rebuild. Consequently the short term outlook for the market is for house prices and rents to escalate faster than incomes resulting in deteriorating housing affordability. Post rebuild, there may be a risk of readjustment in values and rents as these short to medium term drivers ease.

Figure 1.1 presents the estimated supply/demand balance (annual non-accumulative) between the year ended March 2002 and March 2013 in greater Christchurch. The estimates in Figure 1.1 include two different scenarios for the supply/demand balance in the year ended March 2011. There is some uncertainty over the exact number of non-red zoned uninhabitable dwellings in greater Christchurch. Estimates range from 2,100 to 9,100 with the likely number falling between these two estimates.

Figure 1.1: Supply/Demand Balance for Greater Christchurch (Annual Non-Accumulative)



NB: The analysis is based on data from census, population estimates and projections (Monitoring and Evaluation Research Associates Ltd (MERA) and Statistics New Zealand), building consent data.

Growth in supply was lower than the increase in demand between 2002 and 2004 by approximately 2,300 dwellings. Over the next five years (2005 to 2009) supply exceeded the growth in underlying demand by 2,200 dwellings. Post-earthquakes, a housing shortfall ranging between 4,800 and 11,800 dwellings has accumulated. The shortfall in housing supply is likely to have resulted in increased crowding (more multi-family households), delays in household formation, increased use of temporary accommodation such as camp grounds, and a reduction in the number of unoccupied dwellings.

The supply shortfall is expected to continue to increase over the next two years. The accumulative supply shortfall is expected to peak in 2014 at between 8,900 and 16,000 dwellings (5% and 9% of the total housing stock). This shortfall is likely to have an inflationary impact on house prices and rents. However, on completion of the rebuild there may be a readjustment in values and rents as these short to medium term drivers ease. The need for accommodation for workers temporarily relocating to greater Christchurch during the rebuild will further amplify this cycle. In the short term, the rebuild is likely to increase the accumulative shortfall that already exists.

Housing Affordability and Need

Prior to the 2010 and 2011 earthquakes, housing affordability in greater Christchurch experienced similar declines as those evident in main centres experiencing moderate population growth during the 2000s. Like other urban areas, greater Christchurch's home ownership rates have fallen with younger families experiencing the largest declines in home ownership rates. Consequently, growth in the number of renter households is significantly faster than owner occupier households.

Between 2001 and 2013, household incomes did not increase as quickly as house prices in greater Christchurch, and this resulted in a decline in the affordability of purchasing a dwelling over this period. However, the trend is not the same over the whole time frame. House prices peaked in the mid-2000s and subsequently growth in household incomes has out stripped house price appreciation. Over the last three years, there has been temporary respite in the decline in affordability as a result of low mortgage interest rates and strong growth in household incomes.

Prior to 2011 greater Christchurch's current housing affordability metrics were comparable with the national average statistics. Housing affordability in greater Christchurch is expected to deteriorate over the balance of this decade. The key drivers will be:

- House values and rents have started to escalate since the beginning of 2012 due in part to earthquake related housing supply shortages. This trend is expected to continue over the medium term; and
- Current low interest rates are offsetting some of the impact of higher house prices however they are also expected to increase in the short to medium term;

The number of financially stressed renter households[1] is continuing to increase and renter households earning less than the median household income have the highest proportion of stressed households. Other trends include a disproportionate increase in the number of stressed "retired" and "one parent" renter households. The number of financially stressed renters is expected to continue to increase at a faster rate than the growth in greater Christchurch's underlying population growth. With pressure building in the housing market as a result of growing supply and demand imbalances, housing need[2] is likely to increase significantly in the short term.

[1] Financially stressed households are defined as those that are paying more than 30% of their gross household income in housing costs

[2] Housing need is defined as the sum of financially stressed renters combined with households with housing needs beyond affordability.

Implications

As a result of the earthquakes, greater Christchurch has some unique housing issues. A key concern is to ensure the short term impacts of the rebuild do not create a short term bubble in housing market prices and rents. The private sector has not created a significant amount of temporary stock to cope with this short term demand because the economic feasibility of doing so is marginal. Consequently, there may be opportunities for central and local Government to facilitate an increase in the supply of temporary work accommodation. There are a number of potential strategies and approaches that could assist the greater Christchurch housing market to address housing affordability. These include:

- Supply side interventions such as developing alternative policies to spread the costs of development infrastructure, ensuring there is readily developable capacity to meet changes in demand, limiting the use of restrictive covenants, creating incentives to encourage redevelopment intensification in the existing urban area, developing affordable housing strategies which encourage the growth of the community housing sector. Supply side interventions tend to have a more medium to long term impact on affordability; and
- Demand side interventions such as increasing the accommodation supplement, extending income related rents to community housing providers, and changes to the tax regime applicable to housing.

2. Introduction

Housing markets form an important part of the economy and their outcomes can have a significant impact on the well-being of communities. Improving the understanding of housing market trends will assist local and central Government in making informed decisions and enable the effective monitoring of those decisions. In accordance with your instructions we have prepared our report detailing our housing market assessment relating to greater Christchurch to provide a sound basis to inform:

- Developing strategic views of housing demand and supply both now and in the future, and how this has changed as a result of the earthquakes;
- Developing a sound approach to planning for the mix of housing required;
- Assisting central and local government to assess the mix and volume of housing types, tenures, and prices required to meet household needs in the areas that make up greater Christchurch, and the extent to which the market is likely to provide this housing under current market settings;
- Assessing the relationship between economic recovery and housing, specifically the location of housing in relation to employment and business activity;
- Identification of key barriers to recovery, market information gaps, and further primary research that may be required; and
- Providing an evidence base and framework for monitoring future housing outcomes.

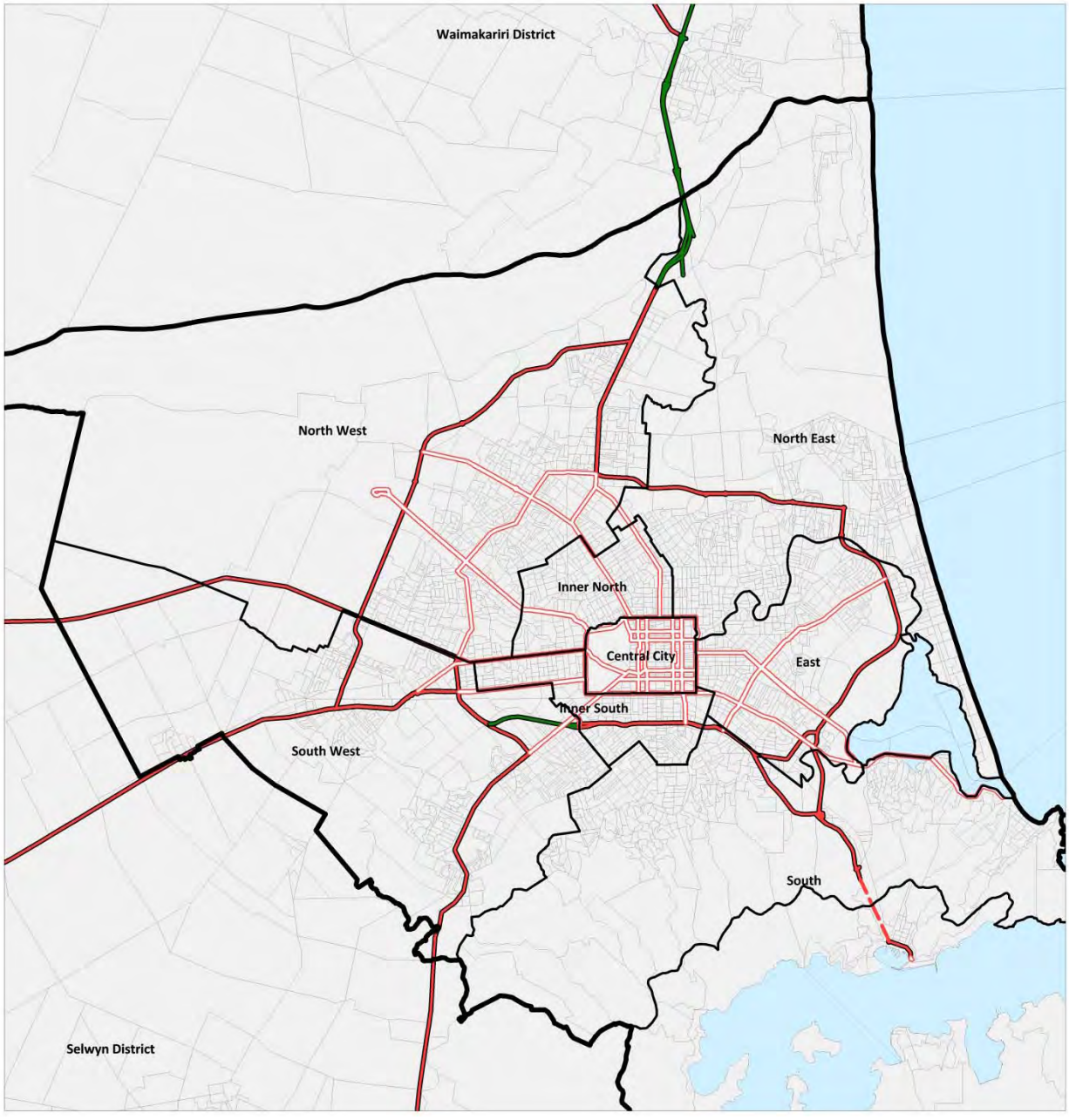
This report sets out detailed analysis of the greater Christchurch housing market with a focus on housing affordability. The analysis also provides forward looking views of the market including the implications for housing affordability and need as part of the framework for the on-going monitoring of housing market outcomes. This housing market assessment specifically requested certain outputs and these have been categorised under the following sections of the report:

- Section 4 - Demand side analysis;
- Section 5 - Supply side analysis;
- Section 6 – Supply/demand balance and housing market outcomes;
- Section 7- Housing stock and market trends;
- Section 8 - Housing affordability, need, and the implications for the demand for social housing; and
- Section 9 - Summary and implications.

3. Housing Market Sub-Areas

For the purposes of this housing market assessment Christchurch City was divided into eight sub-areas. These include north-west, north-east, inner north, central city, east, south-west, inner south, and south. In addition, Waimakariri and Selwyn Districts were also included as separate areas. Figure 3.1 presents the boundaries for each of these areas. These areas coincide with the boundaries used by the Ministry of Business Innovation and Employment (MBIE) in their reports.

Figure 3.1: Housing Market Sub-Areas



Source: MBIE

4. Market Demand

4.1 Introduction

The Canterbury region was struck by a magnitude 7.1 earthquake in September 2010 and another 6.3 earthquake in 22 February 2011 followed by numerous aftershocks. The earthquakes caused extensive property damage which was concentrated in greater Christchurch, an area including Christchurch City and parts of Waimakariri and Selwyn districts. The objective of this section of the report is to provide an overview of housing demand in the greater Christchurch area from 2006. The analysis includes discussion relating to:

- Population estimates and indicators of growth redistribution;
- Greater Christchurch housing demand trends 2007 to 2012;
- Population and household projections;
- Sub-regional growth in demand;
- Implications for the housing continuum in greater Christchurch;
- The demand for social housing;
- Demand for temporary accommodation; and
- The implications for demand by housing typology.

4.2 Summary of the Key Findings

The 2010 and 2011 earthquakes have impacted housing demand through changes in the age profile of greater Christchurch, population redistribution within the geographic area, the influx of workers required to assist in the rebuild of greater Christchurch, underlying population growth and the relocation of low income renters outside greater Christchurch. There is likely to be significant short term demand side pressures in greater Christchurch's housing market as a result of the rebuild.

Immediately after the earthquakes the number of people living in greater Christchurch declined as people relocated out of the city; this was particularly evident in relation to low income renter households, and this decline was at a rate significantly higher than the national trend. In addition, there has been a redistribution of growth across greater Christchurch away from Christchurch City's existing urban area towards greenfield locations on the fringe of the City and in Selwyn and Waimakariri.

The initial impact of the earthquakes on greater Christchurch's population is expected to diminish with time as the rebuild of greater Christchurch gathers momentum. Greater Christchurch like other similar sized centres in New Zealand is experiencing a change in the type of demand. This change is driven in part by the aging of the population and a trend towards more one person and couples without children households. At the same time the decline in housing affordability experienced over the last decade is resulting in a fall in the level of owner occupation (home ownership rate). Consequently, a greater proportion of the growth in demand for housing will come from renter households.

Table 4.1 presents the expected growth in the number of households by tenure in greater Christchurch between June 2011 and June 2031 under the medium growth scenario[3].

Table 4.1: Household Projections by Tenure 2011 to 2031 by Tenure – Medium Growth Scenario

	2011	2016	2021	2026	2031
Owner Occupiers	123,150	128,330	135,420	141,520	147,490
Renter	57,120	62,130	67,130	72,090	76,850
Total	180,270	190,460	202,550	213,610	224,340
Rate of Owner Occupation	68.3%	67.4%	66.9%	66.3%	65.7%

NB: Analysis is based on data from Census, Household Economic Survey (HES), population projections and estimates sourced from MERA and Statistics New Zealand.

Between 2011 and 2031, 45% of the growth in households is projected to come from renter households and 55% from owner occupiers. This trend will continue to place downward pressure on home ownership rates. The fall in home ownership rates is concentrated in households with low incomes, reference people aged 40 years and younger, and household compositions including one person and one parent.

Other key points include:

- Immediately after the earthquakes the number of people living in greater Christchurch declined as people relocated out of the city. Statistics New Zealand Household Economic Survey (HES) results imply that there was a significant fall in the number of low income renter households. Households with incomes less than $30,000 per annum declined by 11,300 or 30% and households earning between $30,000 and $70,000 also fell by 12,800 or 18%. Nationally, the number of renter households earning less than $30,000 followed a similar trend and declined by 10% between 2010 and 2012, however the rate of decline was significantly lower.
- Key price points needed in the market, in terms of what households can affordably pay, are starting to fall behind market rents and prices; and
- Demand from workers shifting temporarily to greater Christchurch to participate in the rebuild will increase demand for private dwellings by between 2,600 and 7,900 dwellings depending on the range of underlying assumptions used in the calculations. This will have a significant impact on the growth in demand over the next five years before the pressure eases as they leave greater Christchurch as the rebuild nears completion.

[3] See Table 4.13 for the population growth scenarios

4.3 Indicators of Population Growth and Redistribution

One of the consequences of the earthquakes has been a disruption in the historical pattern of population growth across the greater Christchurch area in both terms of total population growth and the distribution of growth within the urban area. Table 4.2 presents the trend in the estimated population between June 2006 and June 2011 for population projections completed before and after the 2010 and 2011 earthquakes.

Table 4.2: Estimated Population in June 2006 and June 2011

Area	Pre-Earthquake Population Estimates			Post-Earthquake Population Estimates			Difference
	2006	2011	Change	2006	2011	Change	In Growth
Waimakariri	44,100	49,100	5,000	44,100	48,600	4,500	-500
Christchurch City	361,800	378,900	17,100	361,800	367,900	6,100	-11,000
Selwyn	34,900	40,900	6,000	34,900	41,100	6,200	200
Total	440,800	468,900	28,100	440,800	457,600	16,800	-11,300

Source: Statistics New Zealand & Monitoring Evaluation and Research Associates (MERA)

These projections imply that greater Christchurch has grown at a slower rate than previously projected, with the population 11,300 people lower than the pre-earthquake estimates, and that the majority of the slower growth occurred within Christchurch City. Without the results of the 2013 census, it is difficult to determine the impact of the earthquakes on population redistribution within greater Christchurch. However, there is a number of indicators which can assist in providing an insight into the redistribution of growth across the urban area.

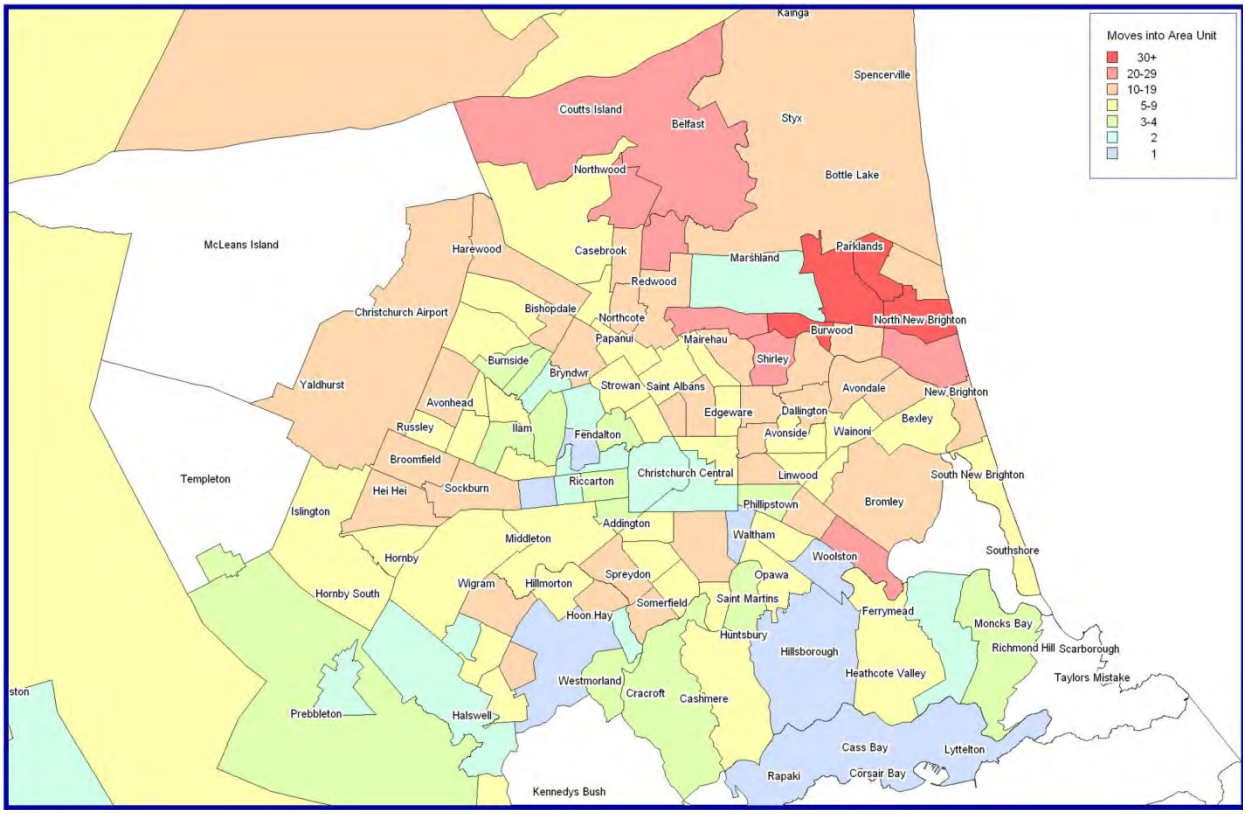
These indicators include:

- Mail redirections of red zone households lodged with NZ post;
- The areas in which red zone owner occupier households (who have settled their claims) have subsequently bought properties;
- The distribution of residential building consents; and
- Any changes in the pattern of business locations, as this may provide a driver for future location decisions as households locate close to their place of work.

These trends are compared with the estimated population change between 2010 and 2012 based on Statistics New Zealand population estimates.

Figure 4.1 presents red zone residents' mail redirections post the 2011 earthquake.

Figure 4.1: Post Office Mail Redirections of Red Zone Households

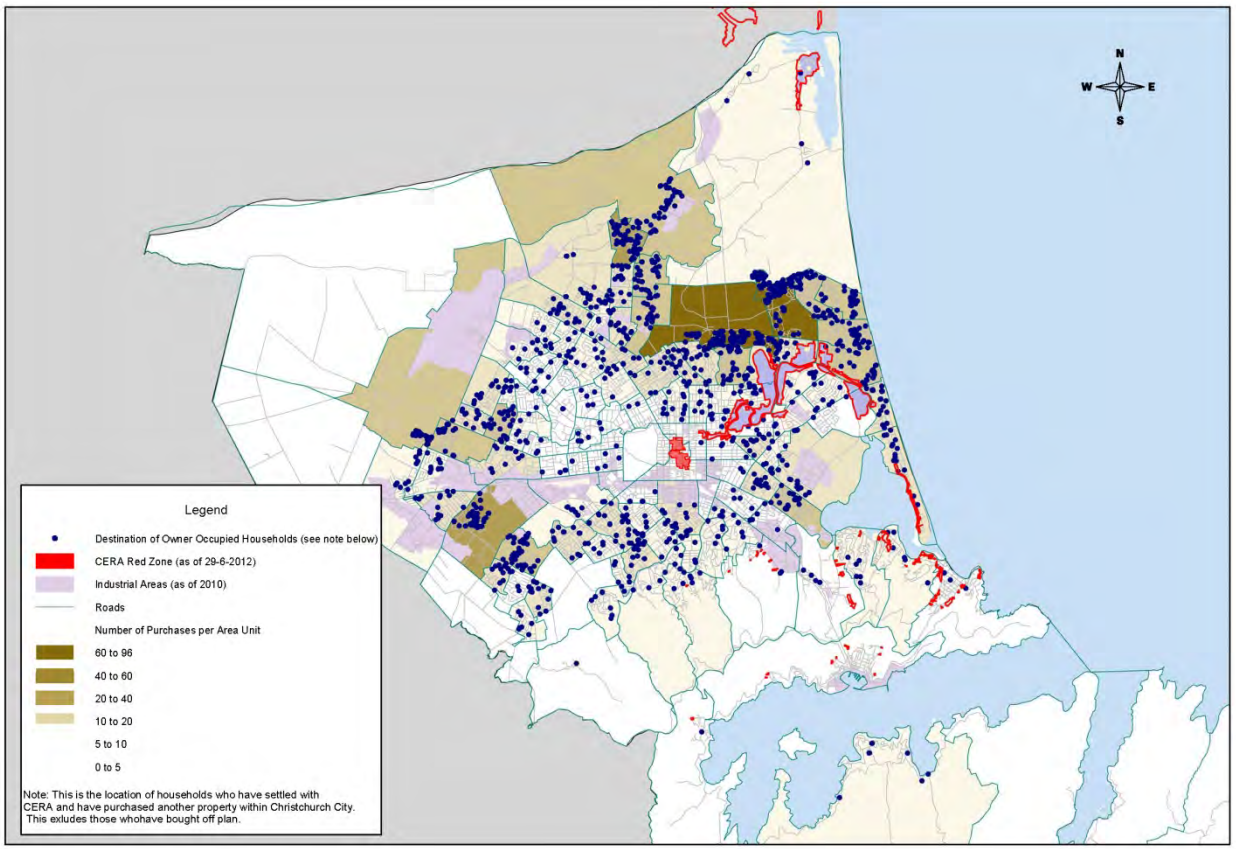


Source: NZ Post

There is a number of clusters reflecting red zone households' relocations. The clusters include areas to the north of the red zone, around Brighton and Burwood, and on the western fringe of Christchurch City.

Figure 4.2 presents the new location of red zone owner occupiers who settled, sold their dwelling and subsequently repurchased another dwelling within Christchurch City. Note that this excludes households purchasing dwellings outside Christchurch City.

Figure 4.2: The Destination of Red Zone Owner Occupier Households (Subsequent Dwelling Purchase)

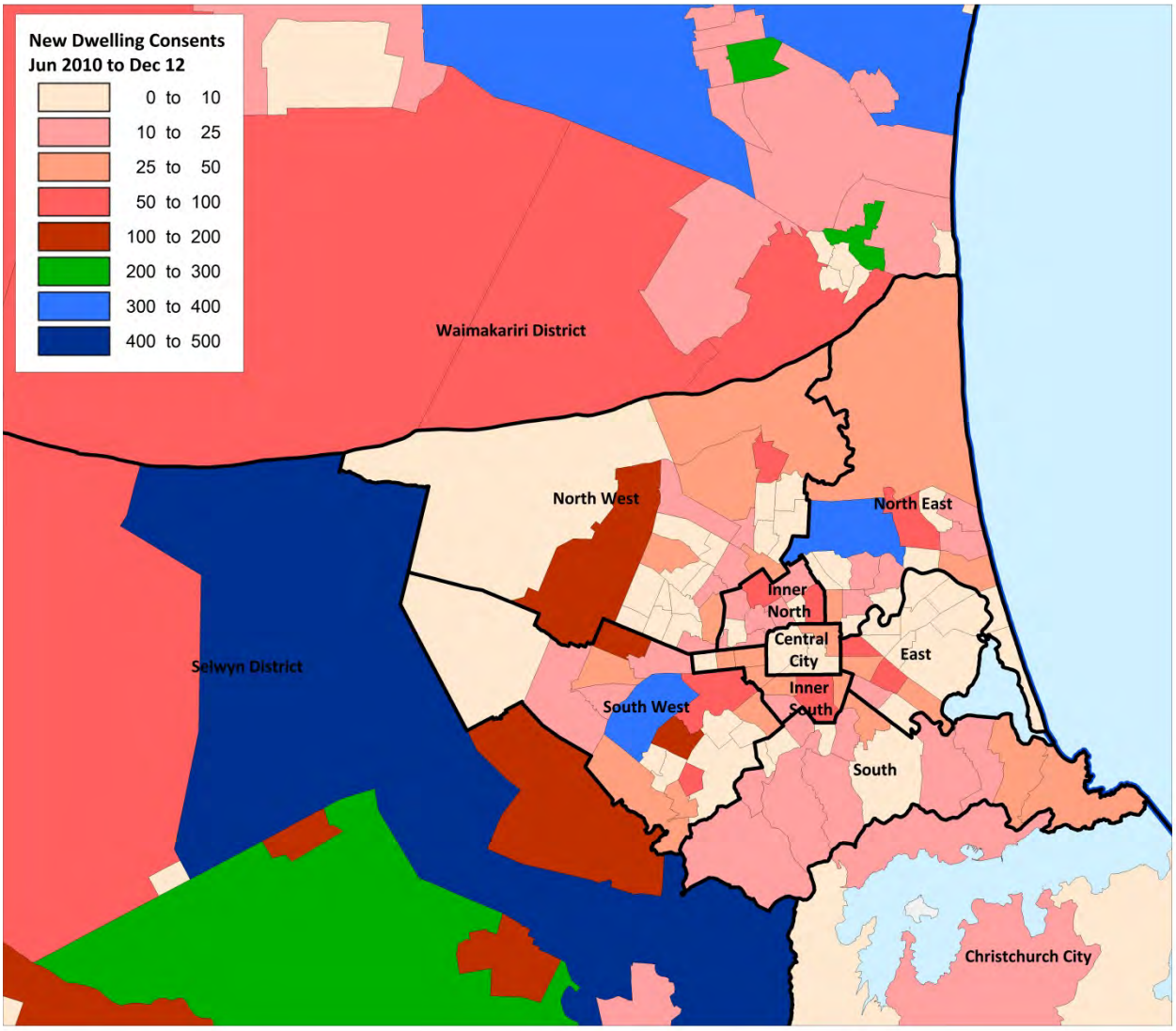


Source: Christchurch City Council

This analysis demonstrates a similar pattern to mail redirections with strong growth to the north of the red zoned areas around Burwood and Brighton as well as a significant concentration of purchases along the western fringe of Christchurch City. This implies a significant proportion of red zone households have been active buying existing dwellings rather than new dwellings within greenfield subdivisions.

Figure 4.3 presents the number of new dwelling consents issued by area unit between June 2010 and December 2012 in greater Christchurch. The pattern of consents provides some insight into the redistribution of effective demand[4] post-earthquakes.

Figure 4.3: New Dwelling Consents Issued



Source: Statistics New Zealand

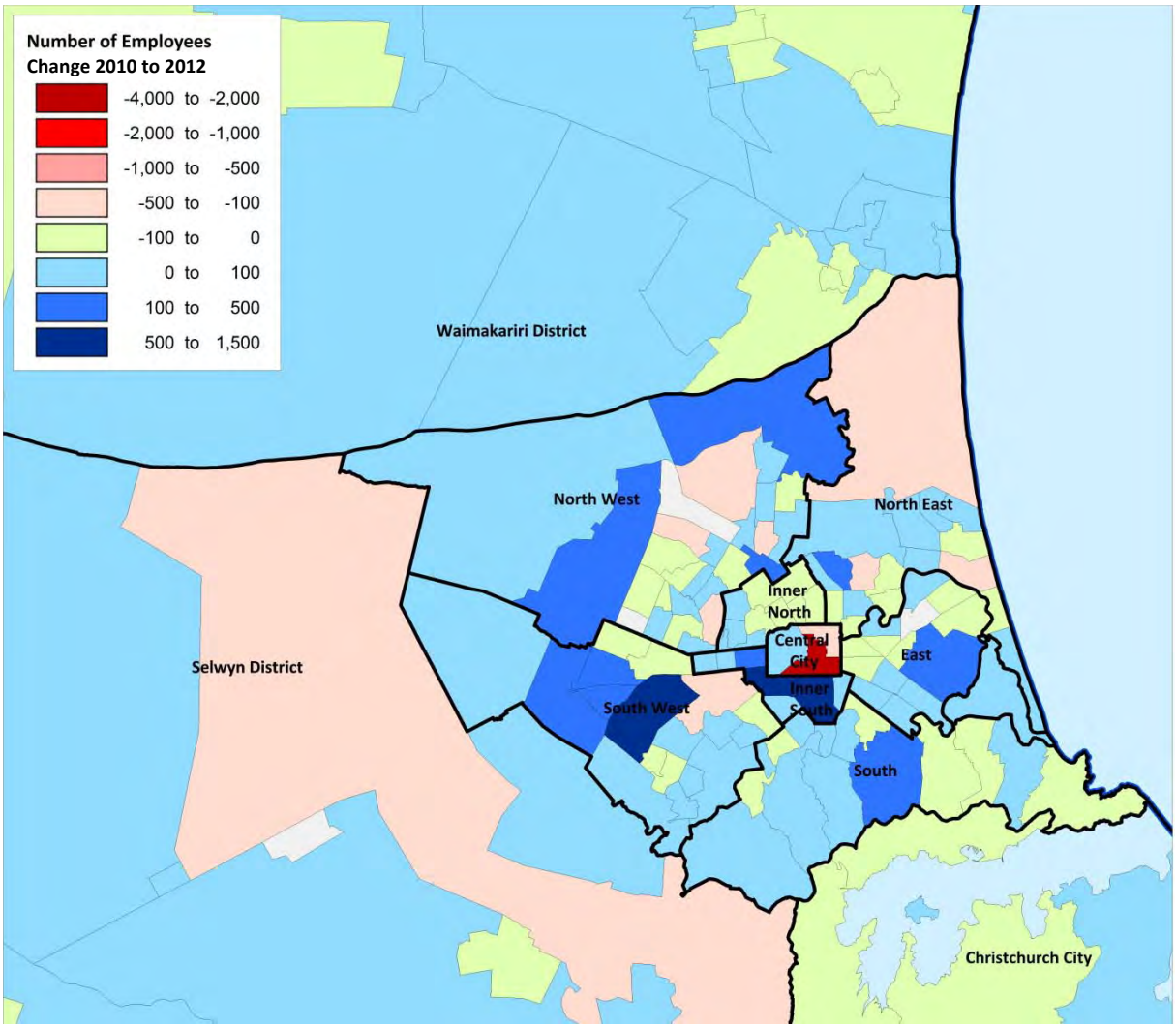
The number of building consents issued since June 2010 presents similar growth patterns and also demonstrates the strong growth in building activity that is occurring in Selwyn District. Christchurch City accounted for approximately half the consents issued with 29% of consents in Waimakariri and 20% in Selwyn District

[4] Effective demand is defined as the market outcome reflecting a range of factors including house prices, population growth, housing aspirations and the cost and availability of credit.

Prior to the earthquake, Christchurch City accounted for 65% of consents issued. Over this short time period there appears to be a redistribution of growth outside Christchurch City. However, with the passage of time it would not be unreasonable for the proportion of growth occurring within Christchurch City to increase as the rebuild of the city gathers pace. Anecdotal market evidence suggests that since December 2012, the majority of development activity continues to be located on greenfield sites of the fringe of Christchurch City and Waimakariri and Selwyn Districts.

Figures 4.4 and 4.5 present the change in the distribution of work (number of employees) and business locations across greater Christchurch between February 2010 and February 2012 respectively.

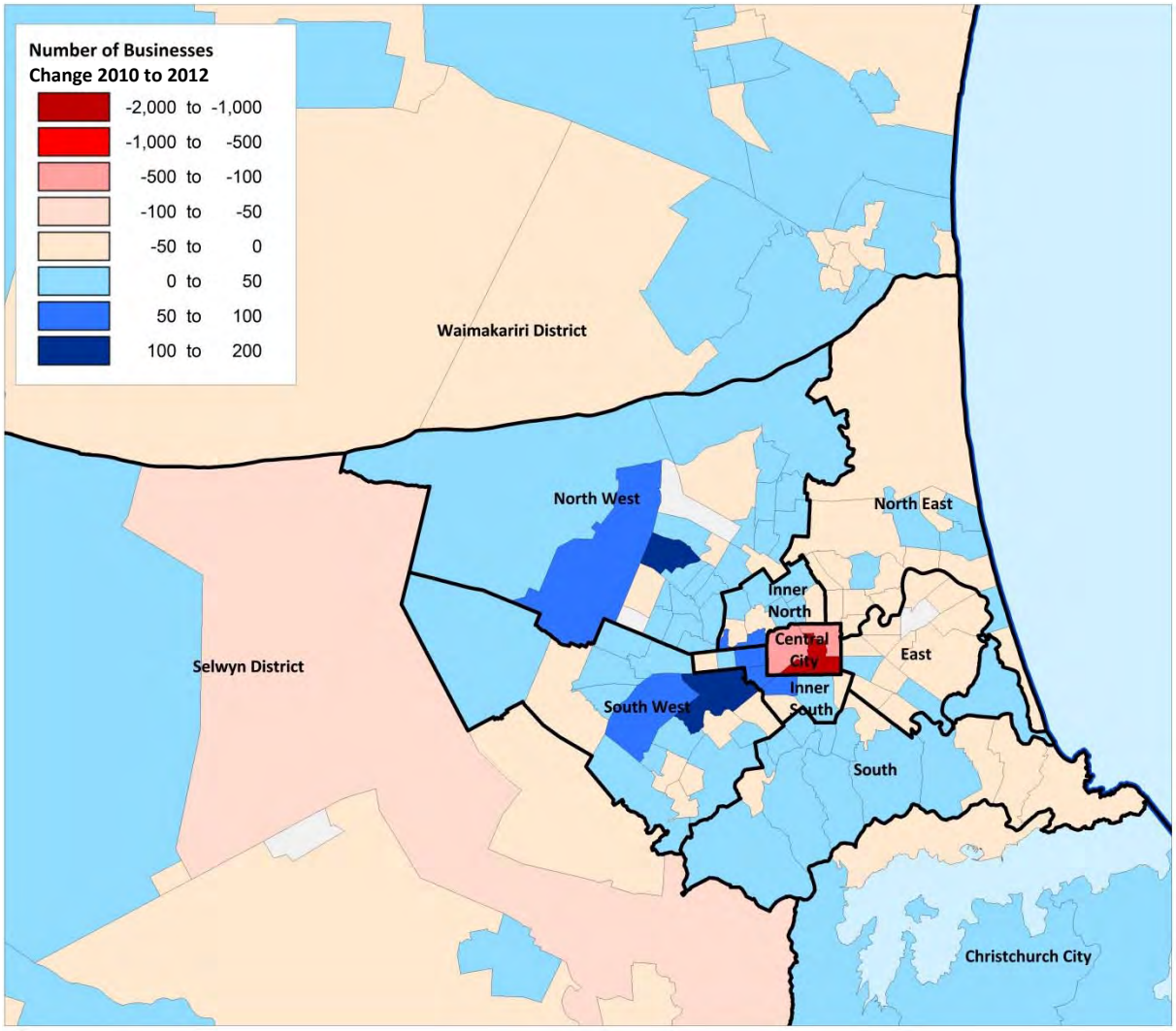
Figure 4.4: Change in the number of Employees February 2010 to February 2012



Source: Statistics New Zealand

Predictably, the central city area experienced large falls in the number of employees. Alternatively, strong growth was experienced in some of the locations just outside the central city such as in Riccarton and areas on the fringe of the city.

Figure 4.5: Change in the Number of Businesses – February 2010 to February 2012



Source: Statistics New Zealand

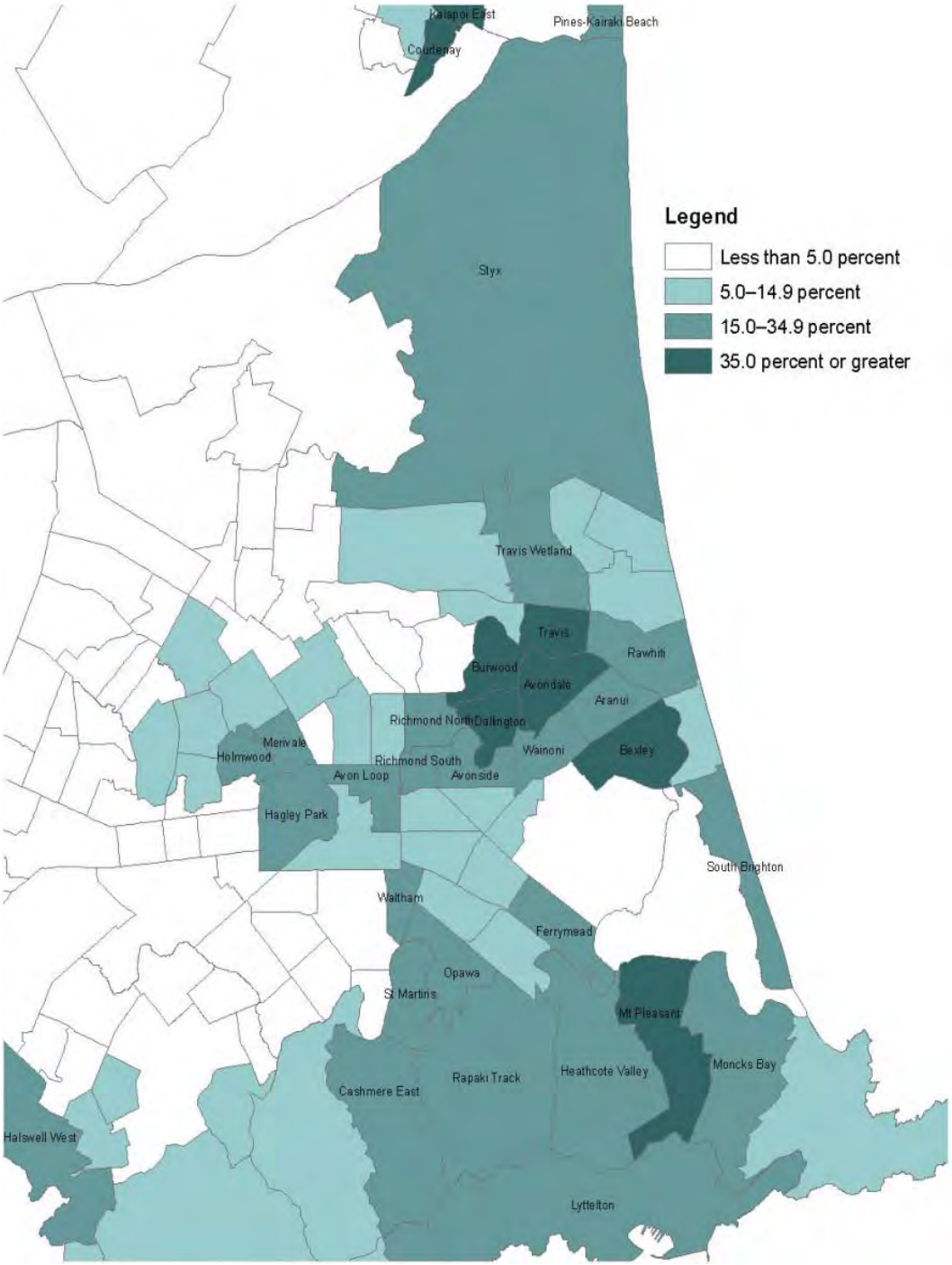
The growth in the number of businesses shows a similar pattern to the growth in the number of employees with a few exceptions. One exception is the stronger growth in employee numbers compared to the number of businesses in the areas immediately south of the CBD suggesting that businesses employing larger numbers of employees relocated to these areas.

Statistics New Zealand investigated additional data sources to assist with their subnational population estimates for Canterbury. This approach reflects the extra challenges in estimating migration flows and local populations given the abrupt local impact of the earthquakes. The data sources informing their estimates include:

- Birth registrations;
- Death registrations;
- International travel and migration from arrival and departure cards completed by passengers arriving in or departing from New Zealand. Note that this refers to external migration only and excludes movements between areas of New Zealand;
- Building consents issued;
- Electoral enrolments which include people who are eligible to vote and who have enrolled to vote;
- Health service data which has information on people using health services, notably via primary health organisations;
- Linked employer-employee data (LEED) administrative tax records from income taxed at source, which includes people who receive a salary, taxable income tested benefit, student allowance, accident compensation, paid parental leave, or NZ Superannuation. (This data set provides high coverage of the population aged 20 years and over and the data can be focused on those with changes of address);
- School rolls which provide information on all children enrolled for primary and secondary education;
- New Zealand Post mail redirections which provide information on the relocation of people and businesses where their mail has been redirected to another location in New Zealand or overseas, either permanently or temporarily;
- Cell phone data which provides information on calls in different time periods classified by location and indications of the movements of cell phone users between areas;
- Residential electricity consumption and connections;
- Electricity consumed by each electricity connection;
- Earthquake Commission rapid dwelling assessments which provide an initial quick assessment of dwelling damage following the Canterbury earthquakes; and
- Territorial authority consultation information from local councils about local developments which can provide insight into factors affecting population change, including opening/closing of major residential complexes (for example retirement villages and hostels).

Figure 4.6 presents a summary of the Earthquake Commission's rapid initial quick assessment of dwelling damage following the Canterbury earthquakes. The results are presented as the percentage of dwellings that experienced damage as a result of the 2010 and 2011 earthquakes.

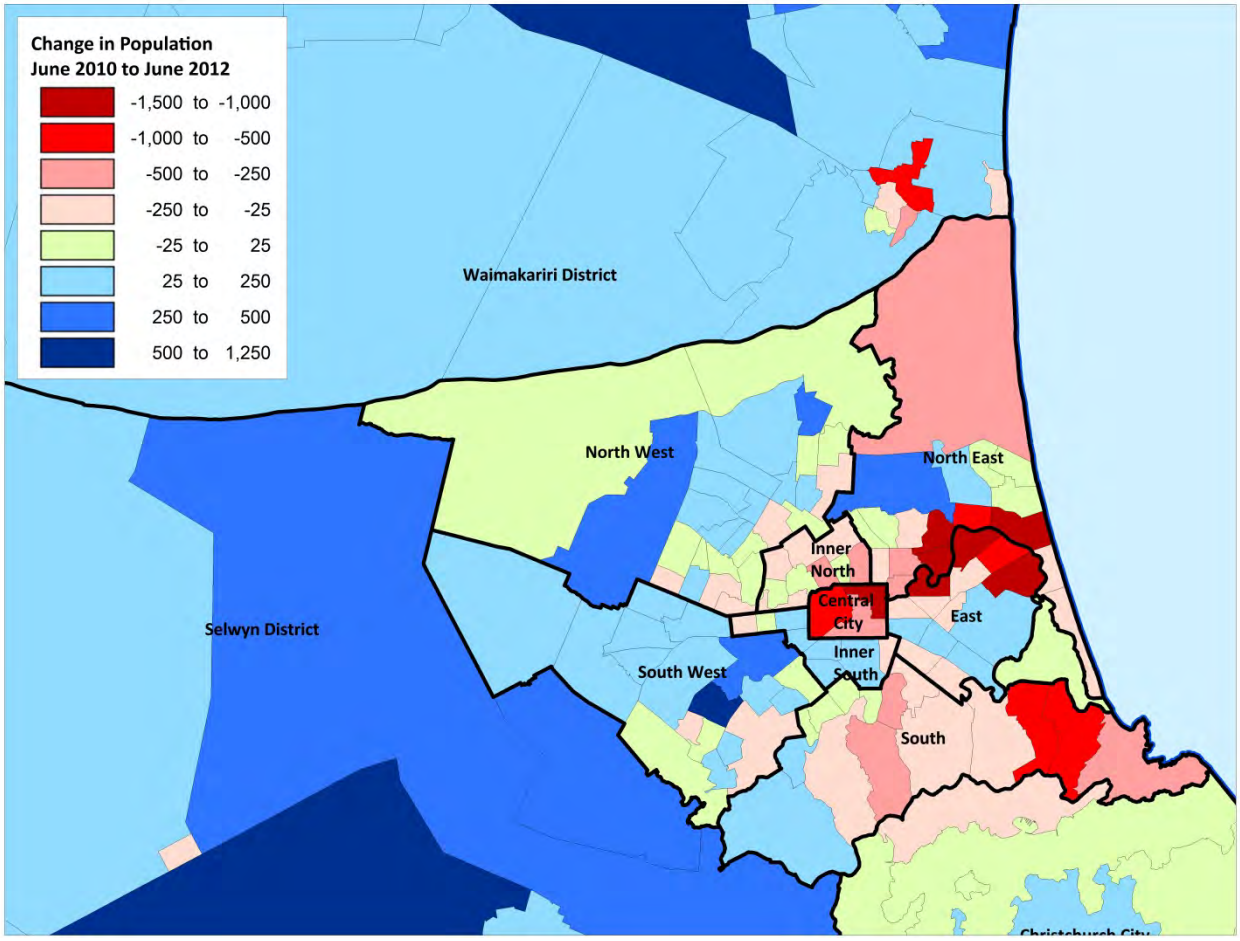
Figure 4.6: EQC's Initial Dwelling Damage Assessments by Area Unit - The Proportion of Dwellings Damaged



Source: Statistics New Zealand

The pattern of damage distribution is broadly consistent with the patterns demonstrated in the previous figures, i.e. households have shifted from these areas to those which suffered the least damage while at the same time a proportion of households appear to have shifted to locations close to where they previously lived. Figure 4.7 presents the estimated change in population by area unit between June 2010 and June 2012 in greater Christchurch which incorporates Statistics New Zealand's assessments of the factors previously listed and the resultant change in population by area units within greater Christchurch.

Figure 4.7: Estimated Change in Greater Christchurch's Usually Resident Population June 2010 to June 2012

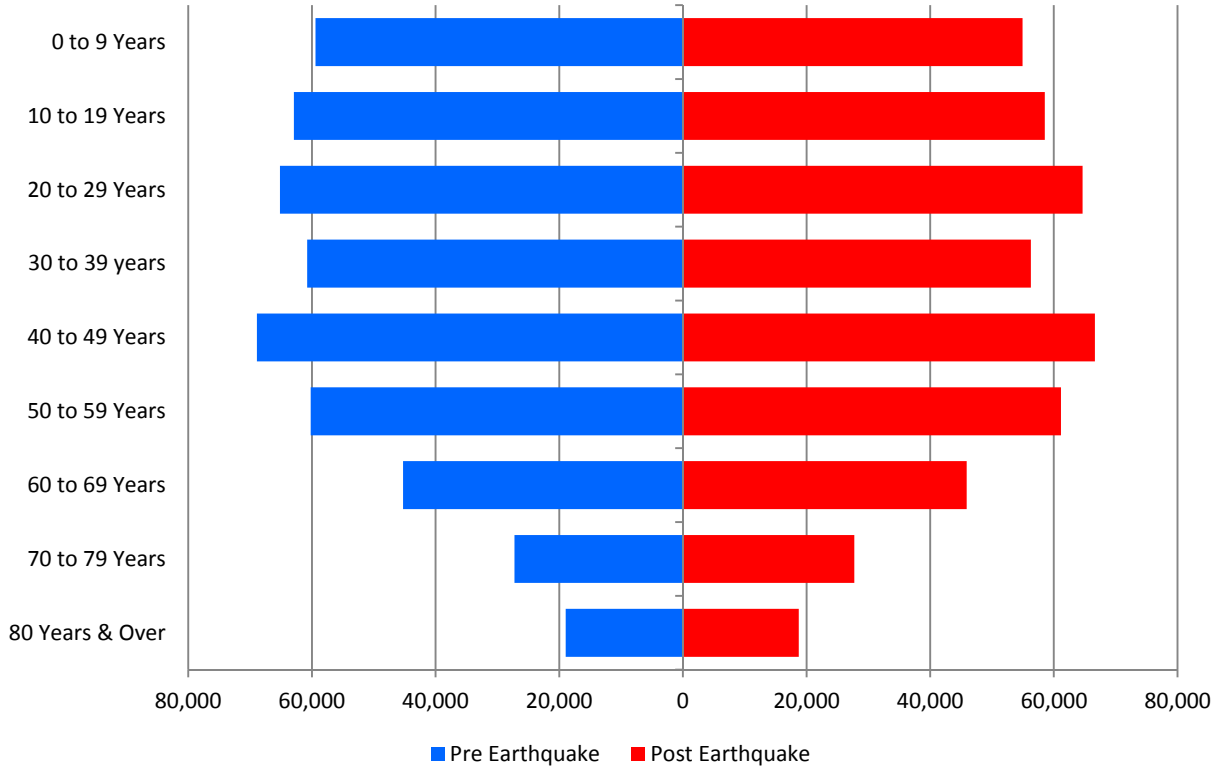


Source: Statistics New Zealand

Not surprisingly the areas which were significantly impacted by the 2010 and 2011 earthquakes have experienced significant declines in their usually resident populations. Areas experiencing strong population growth are consistent with the pattern of growth presented in Figures 4.1 to 4.6.

Figure 4.8 presents the projected age profile of the greater Christchurch area as projected by Statistics New Zealand as at June 2012 prior to the 2010 and 2011 earthquakes and their subsequent estimates post-earthquakes.

Figure 4.8: Greater Christchurch Age Profile as at June 2012 – Pre and Post-Earthquake Population Estimates



Source: Statistics New Zealand

A comparison of these projections imply that there are fewer younger people (aged 19 years or less) and people aged between 30 and 39 years of age living in greater Christchurch post the earthquakes. At the same time, there are more people aged 40 to 49 years and 20 to 29 years of age. The number of people aged 60 years and over has remained relatively constant.

Changes in the level and distribution of greater Christchurch's population impacts on the number of households, and, combined with changes in housing affordability impacts home ownership rates. Table 4.3 presents the estimated post-earthquake population in June 2006 and June 2011 by zone in greater Christchurch.

Table 4.3: Estimated Population, June 2006 and June 2011

Area	June 2006	June 2011	Change
Waimakariri	*44,100*	*48,600*	*4,500*
Chch City Zones			
North West	76,180	79,890	3,710
North East	74,360	74,790	430
Inner North	29,910	29,420	-490
Central City	7,990	6,750	-1,240
East	48,830	47,620	-1,210
South West	47,160	49,880	2,720
Inner South	23,350	25,200	1,850
South	45,620	45,670	50
Christchurch City	*361,800*	*367,900*	6,100
Selwyn	*34,900*	*41,100*	*6,200*
Greater Christchurch	*440,800*	*457,600*	*16,800*

Source: MERA

Approximately 36% of the projected growth occurred within Christchurch City. Waimakariri and Selwyn Districts accounted for 27% and 37% of the total population growth between 2006 and 2011 respectively. Inner north, central city, and east areas within Christchurch City all experienced negative population growth.

Table 4.4 presents the estimated population age structure (number of people) and the change in the age profile between June 2006 and June 2012.

Table 4.4: Sub-Regional Zone's Estimated Age Structure in June 2012 and the Change June 2006 to June 2012

	0 - 9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80 +	Total
Waimakariri	*6,350*	*7,210*	*4,080*	*5,110*	*7,900*	*7,170*	*5,840*	*3,640*	*1,860*	*49,160*
Change 06 to 12	*60*	*680*	*870*	*-1,030*	*660*	*1,120*	*1,360*	*870*	*540*	*5,130*
Chch City Zones										
North West	8,370	11,640	13,205	8,470	10,670	10,695	7,925	5,710	4,165	80,850
Change 06 to 12	-415	-585	2,400	-715	-350	1,400	1,305	485	855	4,380
North East	9,495	8,515	9,285	9,930	10,950	9,805	6,975	3,975	2,800	71,730
Change 06 to 12	-735	-1,065	-205	-2,490	-80	1,035	1,525	-285	150	-2,150
Inner North	2,875	4,070	4,765	3,125	4,370	4,025	2,930	1,640	1,280	29,080
Change 06 to 12	-450	-95	65	-985	-210	185	595	200	-110	-805
Central City	330	470	1,770	1,360	750	585	455	220	210	6,150
Change 06 to 12	0	-275	-960	-65	-155	-235	20	-90	-60	-1,820
East	6,130	5,430	7,510	6,670	6,260	5,800	4,120	2,320	1,600	45,840
Change 06 to 12	-480	-1,295	-495	-885	-645	305	505	-135	140	-2,985
South West	6,345	5,920	7,590	6,825	6,830	6,320	5,200	3,235	2,435	50,700
Change 06 to 12	530	-460	660	-245	165	575	1,310	330	705	3,570
Inner South	2,590	2,675	6,705	4,050	3,030	2,415	1,620	1,075	1,120	25,280
Change 06 to 12	505	-235	0	545	355	365	340	70	-10	1,935
South	5,445	5,465	4,425	4,955	7,365	6,780	5,300	3,030	2,205	44,970
Change 06 to 12	-475	-295	475	-1,600	-175	230	1,110	35	85	-610
Christchurch City	42,510	45,040	55,800	46,270	51,720	47,950	35,860	21,930	16,040	363,120
Change 06 to 12	-1,690	-4,440	1,870	-6,730	-1,150	3,910	7,090	740	1,690	1,290
Selwyn	*6,070*	*6,300*	*4,760*	*4,910*	*7,010*	*6,040*	*4,190*	*2,150*	*830*	*42,260*
Change	*990*	*740*	*1,230*	*-320*	*900*	*1,350*	*1,340*	*800*	*300*	*7,330*
Total	*54,930*	*58,550*	*64,640*	*56,290*	*66,630*	*61,160*	*45,890*	*27,720*	*18,730*	*454,540*
Change 06 to 12	*-640*	*-3,020*	*3,970*	*-8,080*	*410*	*6,380*	*9,790*	*2,410*	*2,530*	*13,750*

Source: MERA

The majority of locations are estimated to have experienced a fall in the number of people aged 19 and younger and people aged 30 to 39 years. The exception is Waimakariri District which is estimated to have experienced an increase in the number of people aged 19 years or less.

Table 4.5 presents the post-earthquake estimated number of households at June 2011 by household composition and the change in the number of households between June 2006 and June 2011 (post-earthquake).

Table 4.5: Household Composition and Estimated Growth June 2006 to June 2011

	Couple Only		Couple with Children		One Parent		One Person		Other	
	Jun 11	Change	Jun 11	Change	Jun 11	Change	Jun 11	Change	Jun 11	Change
Waimakariri	*6,660*	*1,160*	*5,610*	*80*	*1,600*	*130*	*3,810*	*670*	*830*	*70*
Chch City Zones										
North West	8,990	930	8,320	20	3,690	170	7,970	820	2,540	170
North East	8,460	540	8,460	-390	3,100	-20	6,450	330	2,350	40
Inner City	3,570	170	3,210	-160	1,250	-20	3,610	160	1,470	20
Central City	870	-120	180	-70	170	-50	1,260	-160	580	-120
East	4,490	130	3,940	-300	3,030	-90	5,680	190	2,230	-30
South West	5,990	750	5,310	140	2,400	170	4,460	520	1,750	140
Inner South	2,130	160	1,230	-20	1,140	40	3,280	270	1,550	90
South	7,060	680	6,190	-40	1,740	80	5,110	450	1,130	20
Chch City	*41,800*	*2,970*	*36,750*	*-1,170*	*16,500*	*200*	*38,100*	*2,520*	*13,920*	*580*
Selwyn	*6,660*	*1,160*	*5,610*	*80*	*1,600*	*130*	*3,810*	*670*	*830*	*70*
Greater Chch	*55,120*	*5,290*	*47,970*	*-1,010*	*19,700*	*460*	*45,720*	*3,860*	*15,580*	*720*

Source: MERA

The number of households categorised as couple with children is estimated to have declined by 1,010 or 2% over the five year period. This is consistent with the estimated change in the age profile of greater Christchurch where the number of people aged 19 and under and people aged 30 to 39 experienced the largest change in pre and post-earthquake estimates.

4.4 Greater Christchurch Housing Demand Trends 2007 to 2012

The objective of this section of the report is to present recent trends in housing demand for the greater Christchurch area reflecting the quantum and demographic changes in demand. The analysis is based on a customised query of household economic survey (HES) results between 2007 and 2012 and focuses on Christchurch City, and Selwyn and Waimakariri Districts. Care needs to be taken when interpreting the results as the data presented is below the sample design level and therefore sampling errors may be high.

Table 4.6 presents the trend in the number of households by tenure between the HES surveys completed in June 2007, June 2010, and June 2012.

Table 4.6: Number of Households by Tenure between June 2007 and June 2012 – Greater Christchurch[5]

Household	June 2007	June 2010		June 2012	
	No of hhlds	No of hhlds	Change 07 to 10	No of hhlds	Change 10 to 12
Owner occupied	120,600	118,300	-2,300	119,800	1,500
Rented	53,600	63,200	9,600	63,000	-200
Total	174,200	181,500	7,300	182,800	1,300
Home ownership rate	69.2%	65.2%	-4.1%	65.5%	0.4%

Source: Statistics New Zealand HES

The number of owner occupied households fell from 120,600 in 2007 to 119,800 in 2012, a fall of 800 households or 0.7%. Over the same time period the number of renter households increased by 9,400 or 17.5%. These survey results suggest all the growth in households occurring between 2007 and 2012 was driven by renters and this resulted in a decline in the home ownership rate from 69.2% to 65.5% (a fall of 3.7 percentage points). These trends are consistent with the trend in outstanding rental bonds in greater Christchurch as presented in Section 5.7.

In greater Christchurch, the decline in home ownership rates occurred prior to the earthquakes with a small recovery between 2010 and 2012. Nationally, the HES results demonstrate home ownership rates continued to decline between 2010 and 2012 albeit at a slower rate. Nationally, home ownership rates declined from 64.8% in 2010 to 64.6% in 2012, a decline of 0.2 percentage points, and between 2007 and 2010, they fell from 69.6% in 2007 to 64.8% in 2010, a decline of 4.8 percentage points. This trend suggests that the slower post-earthquake population growth was a result of a loss of proportionally more renter rather than owner occupier households.

[5] Note these assessments use data from the HES survey which in terms of the tenure split provides different household counts than the 2006 Census results.

Table 4.7 presents the trend in the number of households by tenure and household income between the HES surveys completed in June 2007, June 2010 and June 2012.

Table 4.7: Number of Households by Tenure and Household Income between the HES Surveys Completed in June 2007, June 2010, and June 2012

Household	Owner Occupied		Rented		Total		Home Ownership Rate	
Income Range	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change
June 2007								
$30,000 or below	23,200		14,800		38,000		61.1%	
$30,001 to $70,000	44,300		27,100		71,400		62.0%	
$70,001 to $100,000	27,900		6,900		34,800		80.2%	
$100,001 & above	25,200		4,800		30,000		84.0%	
Total	120,600		53,600		174,200		69.2%	
June 2010		***07 to 10***		***07 to 10***		***07 to 10***		***07 to 10***
$30,000 or below	15,300	-7,900	17,000	2,200	32,300	-5,700	47.4%	-13.7%
$30,001 to $70,000	39,500	-4,800	24,300	-2,800	63,800	-7,600	61.9%	-0.1%
$70,001 to $100,000	25,100	-2,800	10,500	3,600	35,600	800	70.5%	-9.7%
$100,001 & above	38,400	13,200	11,300	6,500	49,700	19,700	77.3%	-6.7%
Total	118,300	-2,300	63,200	9,600	181,500	7,300	65.2%	-4.1%
June 2012		***10 to 12***		***10 to 12***		***10 to 12***		***10 to 12***
$30,000 or below	18,100	2,800	10,600	-6,400	28,700	-3,600	63.1%	15.7%
$30,001 to $70,000	33,300	-6,200	25,300	1,000	58,600	-5,200	56.8%	-5.1%
$70,001 to $100,000	21,800	-3,300	12,200	1,700	34,000	-1,600	64.1%	-6.4%
$100,001 & above	46,600	8,200	14,900	3,600	61,500	11,800	75.8%	-1.5%
Total	119,800	1,500	63,000	-200	182,800	1,300	65.5%	0.4%

Source: Statistics New Zealand HES

There has been a significant fall in the number of lower income households in greater Christchurch between 2007 and 2012. Households with incomes less than $30,000 per annum declined by 9,300 or 24% and households earning between $30,000 and $70,000 also fell by 12,800 or 18%. At the same time, the number of households earning more than $100,000 increased by 31,500 or 105%. Nationally, the number of renter households earning less than $30,000 followed a similar trend and declined by 10% between 2010 and 2012, however the rate of decline was significantly lower.

Renter households experienced similar trends with the number of households earning less than $30,000 and between $30,000 and $70,000 declining by 4,200 and 1,800 respectively while the number of households earning between $70,000 and $100,000 and over $100,000 increased by 5,300 and 10,100 respectively. The number of owner occupier households fell in all income bands under $100,000 per annum and increased by 21,200 households where incomes were in excess of $100,000. Nationally, the number of renter households earning less than $30,000 also declined (by 10% between 2010 and 2012) however the rate of decline is significantly less than in greater Christchurch which experienced a 38% decline.

Table 4.8 presents the trend in the number of households by tenure and composition between 2007 and 2012.

Table 4.8: Number of Households by Tenure and Composition between 2007 and 2012

Household Composition	Owner Occupied		Rented		Total		Home Ownership Rate	
HES Survey Completed in	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change
June 2007								
Couple only	39,900		9,400		49,300		80.9%	
Couple with child(ren) only	36,700		10,100		46,800		78.4%	
Single parent with child(ren)	8,000		6,900		14,900		53.7%	
One-person household	24,800		14,600		39,400		62.9%	
All other households	11,100		12,700		23,800		46.6%	
Total	120,600		53,600		174,200		69.2%	
June 2010		***07 to 10***		***07 to 10***		***07 to 10***		***07 to 10***
Couple only	43,400	3,500	9,300	-100	52,700	3,400	82.4%	1.4%
Couple with child(ren) only	41,400	4,700	12,800	2,700	54,200	7,400	76.4%	-2.0%
Single parent with child(ren)	4,400	-3,600	6,700	-200	11,100	-3,800	39.6%	-14.1%
One-person household	20,500	-4,300	16,500	1,900	37,000	-2,400	55.4%	-7.5%
All other households	8,500	-2,600	18,000	5,300	26,500	2,700	32.1%	-14.6%
Total	118,300	-2,300	63,200	9,600	181,500	7,300	65.2%	-4.1%
June 2012		***10 to 12***		***10 to 12***		***10 to 12***		***10 to 12***
Couple only	41,600	-1,800	15,800	6,500	57,400	4,700	72.5%	-9.9%
Couple with child(ren) only	37,400	-4,000	11,200	-1,600	48,600	-5,600	77.0%	0.6%
Single parent with child(ren)	5,000	600	5,400	-1,300	10,400	-700	48.1%	8.4%
One-person household	25,400	4,900	13,300	-3,200	38,700	1,700	65.6%	10.2%
All other households	10,400	1,900	17,300	-700	27,700	1,200	37.5%	5.5%
Total	119,800	1,500	63,000	-200	182,800	1,300	65.5%	0.4%

Source: Statistics New Zealand HES

The number of households in all but one parent households increased between 2007 and 2012. The strongest growth was experienced in couple only households which increased by 8,100 (or 16%) households. The number of one parent households fell by 4,500 (or 6%) households. The number of couple only renter households increased by 6,400 (or by 68%), couple with children renter households increased by 1,100 (or by 11%) and, other renter households increased by 4,600 (or by 36%). The number of one parent and one person renter households declined by 1,500 (or 22%) and 1,300 (or 9%) respectively. These trends are similar to the national trend in changes in household composition. Home ownership rates fell for all household composition categories. The highest declines were for all other households (down 9.1 percentage points), couple only households (down by 8.4 percentage points), and one parent households (down 5.6 percentage points).

Table 4.9 presents the trend in the number of households by tenure and the number of people living in the dwelling between the HES surveys completed in June 2007, June 2010 and June 2012.

Table 4.9: Number of Households by Tenure and Household Size between June 2007 and June 2012

Number of people in	Owner Occupier		Rented		Total		Home Ownership Rate	
the households	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change
June 2007								
One-person	24,800		14,600		39,400		62.9%	
Two-person	47,800		17,300		65,100		73.4%	
Three-person	21,000		10,700		31,700		66.2%	
Four-person	16,400		7,500		23,900		68.6%	
Five-person or larger	10,600		3,500		14,100		75.2%	
Total	120,600		53,600		174,200		69.2%	
June 2010		***07 to 10***		***07 to 10***		***07 to 10***		***07 to 10***
One-person	20,500	-4,300	16,500	1,900	37,000	-2,400	55.4%	-7.5%
Two-person	48,100	300	15,800	-1,500	63,900	-1,200	75.3%	1.8%
Three-person	21,200	200	14,700	4,000	35,900	4,200	59.1%	-7.2%
Four-person	20,900	4,500	11,400	3,900	32,300	8,400	64.7%	-3.9%
Five-person or larger	7,600	-3,000	4,800	1,300	12,400	-1,700	61.3%	-13.9%
Total	118,300	-2,300	63,200	9,600	181,500	7,300	65.2%	-4.1%
June 2012		***10 to 12***		***10 to 12***		***10 to 12***		***10 to 12***
One-person	25,400	4,900	13,300	-3,200	38,700	1,700	65.6%	10.2%
Two-person	46,700	-1,400	23,400	7,600	70,100	6,200	66.6%	-8.7%
Three-person	22,200	1,000	11,400	-3,300	33,600	-2,300	66.1%	7.0%
Four-person	18,500	-2,400	6,300	-5,100	24,800	-7,500	74.6%	9.9%
Five-person or larger	7,000	-600	8,600	3,800	15,600	3,200	44.9%	-16.4%
Total	119,800	1,500	63,000	-200	182,800	1,300	65.5%	0.4%

Source: Statistics New Zealand HES

The strongest change in the number of households between 2007 and 2012 was experienced in two person households which declined 5,000 (or 8%). The strongest growth in renter households was in two and four person households which increased by 6,100 (or by 35%) and 5,100 (or by 146%) respectively. The pattern of growth for owner occupier households was more mixed with the number of four person households increasing by 2,100 (or by 13%) and five or more person households declining by 3,600 (or by 34%). This pattern of growth is different from the national trend where the strongest growth was in one person and five or more person households over the same time period.

Home ownership growth patterns between 2007 and 2012 were also mixed with the home ownership rate for two person and five or more person households experiencing a 6.8 and 30.3 percentage point fall respectively, while three person household home ownership rates increased by 6 percentage points.

Table 4.10 presents the trend in the number of households by tenure and age of the reference person between the HES surveys completed in June 2007, June 2010 and June 2012.

Table 4.10: Number of Households by Tenure and Age of Reference Person between June 2007 and June 2012

Household reference	Owner Occupied		Rented		Total		Home Ownership Rate	
person's age	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change
June 2007								
15-34	21,600		26,400		48,000		45.0%	
35-44	23,300		10,000		33,300		70.0%	
45-64	45,100		13,200		58,300		77.4%	
65 and over	30,400		4,000		34,400		88.4%	
Total	120,300		53,600		173,900		69.2%	
June 2010		***07 to 10***		***07 to 10***		***07 to 10***		***07 to 10***
15-34	7,900	-13,700	31,300	4,900	39,200	-8,800	20.2%	-24.8%
35-44	22,700	-600	15,100	5,100	37,800	4,500	60.1%	-9.9%
45-64	56,100	11,000	9,200	-4,000	65,300	7,000	85.9%	8.6%
65 and over	31,500	1,100	7,600	3,600	39,100	4,700	80.6%	-7.8%
Total	118,300	-2,000	63,200	9,600	181,500	7,600	65.2%	-4.0%
June 2012		***10 to 12***		***10 to 12***		***10 to 12***		***10 to 12***
15-34	13,700	5,800	29,600	-1,700	43,300	4,100	31.6%	11.5%
35-44	23,900	1,200	11,100	-4,000	35,000	-2,800	68.3%	8.2%
45-64	48,600	-7,500	13,600	4,400	62,200	-3,100	78.1%	-7.8%
65 and over	33,600	2,100	8,200	600	41,800	2,700	80.4%	-0.2%
Total	119,800	1,500	62,500	-700	182,300	800	65.7%	0.5%

Source: Statistics New Zealand HES

The number of households by tenure and age category demonstrated some trends and these include:

- The number of households aged between 15 and 34 years old declined by 4,700 (or by 10%). The number of households increased in the other three age groups; 35 to 44 years increased by 1,700 (or by 5%); 45 to 64 years increased by 3,900 (or by 7%); and 65 years and over increased by 7,400 (or by 21%). These are different from the national trend. Nationally, there was stronger than average growth for households with reference people aged 65 and over and below average growth in households aged 35 to 45 years when compared to the average growth rate across all households combined;
- The number of renter households increased in all four age groups. The strongest growth was experienced in 65 years and over households which increased by 4,200 (or by 105%) and 15 to 34 year old households which increased by 3,200 (or by 12%). The national trend differed with stronger growth in the number of renter households ranging between 16% and 30% between 2007 and 2012;
- The number of owner occupier households aged between 15 and 34 years declined by 7,900 or by 37% between 2007 and 2012. Two age groups experienced positive growth in numbers and these were owner occupiers households with reference people aged 45 to 64 years and owner occupier households aged 65 years and over which increased by 3,500 (or by 8%) and 3,200 (or by 11%) respectively; and
- Home ownership rates fell for households with the reference person aged between 15 and 34 years, 35 and 44 years and 65 years and over and marginally increased for households with a reference person aged 45 to 64 years (an increase of 0.7 percentage points). Home ownership rates fell by 13.4 and 8.0 percentage points for households with reference persons aged between 15 and 34 years and over 65 years respectively.

Table 4.11 presents the trend in the number of households by tenure and employment status of the reference person between the HES surveys completed in June 2007, June 2010 and June 2012.

Table 4.11: Number of Households by Tenure and Employment Status between June 2007 and June 2012

Employment Status	Owner Occupied		Rented		Total		Home Ownership Rate	
	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change	No of hhlds	Change
June 2007								
Employed	75,700		37,800		113,500		66.7%	
Not Employed & Not Retired	16,600		12,800		29,400		56.5%	
Retired	28,100		3,100		31,200		90.1%	
Total	120,300		53,600		173,900		69.2%	
June 2010		***07 to 10***		***07 to 10***		***07 to 10***		***07 to 10***
Employed	75,200	-500	39,700	1,900	114,900	1,400	65.4%	-1.2%
Not Employed & Not Retired	14,600	-2,000	17,200	4,400	31,800	2,400	45.9%	-10.6%
Retired	28,400	300	6,200	3,100	34,600	3,400	82.1%	-8.0%
Total	118,300	-2,000	63,200	9,600	181,500	7,600	65.2%	-4.0%
June 2012		***10 to 12***		***10 to 12***		***10 to 12***		***10 to 12***
Employed	76,800	1,600	40,900	1,200	117,700	2,800	65.3%	-0.2%
Not Employed & Not Retired	15,100	500	15,000	-2,200	30,100	-1,700	50.2%	4.3%
Retired	27,900	-500	6,600	400	34,500	-100	80.9%	-1.2%
Total	119,800	1,500	62,500	-700	182,300	800	65.7%	0.5%

Source: Statistics New Zealand HES

Between the HES surveys completed in June 2007 and June 2012 the number of households increased in three employment categories with the strongest growth in the number of retired households which increased by 3,300 (or by 11%). The number of employed households also experienced significant growth increasing by 4,200 (or by 4%). The number of renter households increased in all three employment status categories with employed households increasing by 3,100 (or by 8%), not employed and not retired households increasing by 2,200 (or by 17%), and retired households increasing by 3,500 (or by 112%). The national trend was similar. Nationally, the number of not employed and not retired and retired households increased faster than the total growth for all households between June 2007 and June 2012.

The pattern for owner occupied households was mixed. The number of not employed and not retired households and retired households declined by 1,500 (or by 9%) and 200 (or by 1%) respectively. The number of owner occupied employed households increased by 1,100 (or by 1%) over the same time period. Home ownership rates fell for retired households and not employed or retired households by 9.2 and 6.3 percentage points respectively.

4.5 Population and Household Projections

The objective of this section of the report is to present analysis of the difference in the projected population growth between June 2011 and June 2031 using projections published pre and post-earthquakes. Table 4.12 compares projected trends in greater Christchurch's population using projections published pre and post-earthquakes.

Table 4.12: Comparison of Pre and Post-Earthquake Population Projections for Greater Christchurch

Area	Low			Medium			High		
June Years	Pre Quake	Post-Quake	Diff	Pre Quake	Post-Quake	Diff	Pre Quake	Post-Quake	Diff
Waimakariri									
2006	44,100	44,100		44,100	44,100		44,100	44,100	
2011	47,200	47,500	300	49,100	48,600	-500	50,900	49,600	-1,300
2016	49,400	49,600	200	53,200	52,900	-300	57,200	56,300	-900
2021	51,200	51,400	200	57,200	57,200	0	63,400	62,900	-500
2026	52,800	53,000	200	61,100	61,300	200	69,700	69,700	0
2031	54,300	54,200	-100	64,900	65,200	300	76,100	76,400	300
Christchurch City									
2006	361,800	361,800		361,800	361,800		361,800	361,800	
2011	371,900	363,500	-8,400	378,900	367,900	-11,000	385,800	372,400	-13,400
2016	378,200	361,300	-16,900	393,000	375,600	-17,400	408,100	390,000	-18,100
2021	381,300	364,100	-17,200	404,500	389,000	-15,500	428,500	414,000	-14,500
2026	382,500	365,800	-16,700	414,800	401,800	-13,000	448,700	438,300	-10,400
2031	382,200	365,600	-16,600	424,000	413,300	-10,700	468,200	462,000	-6,200
Selwyn									
2006	35,000	34,900		35,000	34,900		35,000	34,900	
2011	39,200	40,000	800	40,900	41,100	200	42,600	42,100	-500
2016	41,600	43,100	1,500	45,200	46,400	1,200	48,900	49,800	900
2021	43,800	45,000	1,200	49,500	50,800	1,300	55,200	56,600	1,400
2026	45,900	46,800	900	53,700	55,300	1,600	61,800	63,700	1,900
2031	47,900	48,600	700	57,900	59,700	1,800	68,400	71,000	2,600

Source: Statistics NZ and MERA

Table 4.12: Comparison of Pre and Post-Earthquake Population Projections for Greater Christchurch Continued

Area	Low			Medium			High		
June Years	Pre Quake	Post-Quake	Diff	Pre Quake	Post-Quake	Diff	Pre Quake	Post-Quake	Diff
Greater Christchurch									
2006	440,900	440,800		440,900	440,800		440,900	440,800	
2011	458,300	451,000	-7,300	468,900	457,600	-11,300	479,300	464,100	-15,200
2016	469,200	454,000	-15,200	491,400	474,900	-16,500	514,200	496,100	-18,100
2021	476,300	460,500	-15,800	511,200	497,000	-14,200	547,100	533,500	-13,600
2026	481,200	465,600	-15,600	529,600	518,400	-11,200	580,200	571,700	-8,500
2031	484,400	468,400	-16,000	546,800	538,200	-8,600	612,700	609,400	-3,300

Source: Statistics New Zealand & MERA

The impact of the earthquakes on the area's population is expected to be greatest on Christchurch City. Population growth in Selwyn and Waimakariri Districts is expected to recover relatively quickly.

4.6 Sub-Regional Growth in Demand

The objective of this section of the report is to present the trend in greater Christchurch's population at a sub-regional level. The areas used are consistent with the sub-regional areas used by the Ministry of Business, Innovation, and Employment (MBIE) in their Housing Pressures in Christchurch Report (2013). Table 4.13 presents the projected sub-regional population growth between June 2006 and June 2031 for Statistics New Zealand's low, medium and high growth scenarios

Figure 4.13: Projected Sub-Regional Population Growth

	June 2006	June 2011	June 2016	June 2021	June 2026	June 2031	Pop Change June 2011 to June 2031	
							Number	Percent
Low scenario								
Waimakariri	*44,100*	*47,500*	*49,600*	*51,400*	*53,000*	*54,200*	*6,700*	*14.1%*
North West	76,180	79,020	79,860	79,270	78,460	77,320	-1,700	-2.2%
North East	74,360	73,900	68,770	70,180	70,540	70,540	-3,360	-4.5%
Inner North	29,910	29,090	28,400	27,850	27,230	26,480	-2,610	-9.0%
Central	7,990	6,600	5,760	5,670	5,610	5,520	-1,080	-16.4%
East	48,830	47,100	43,290	42,300	41,120	39,640	-7,460	-15.8%
South West	47,160	49,220	54,790	58,100	62,200	66,040	16,820	34.2%
Inner South	23,350	24,930	24,920	24,790	24,540	24,210	-720	-2.9%
South	45,620	45,100	44,440	43,730	42,810	41,610	-3,490	-7.7%
Other	8,460	8,540	8,450	8,350	8,260	8,120	-420	-4.9%
Christchurch City	*361,800*	*363,500*	*361,300*	*364,100*	*365,800*	*365,600*	*2,100*	*0.6%*
Selwyn	*34,900*	*40,000*	*43,100*	*45,000*	*46,800*	*48,600*	*8,600*	*21.5%*
Total								
Medium scenario								
Waimakariri	*44,100*	*48,600*	*52,900*	*57,200*	*61,300*	*65,200*	*16,600*	*34.2%*
North West	76,180	79,890	83,170	84,850	86,340	87,540	7,650	9.6%
North East	74,360	74,790	72,970	77,380	80,800	83,970	9,180	12.3%
Inner North	29,910	29,420	29,430	29,570	29,690	29,660	240	0.8%
Central	7,990	6,750	6,100	6,170	6,250	6,340	-410	-6.1%
East	48,830	47,620	45,350	45,530	45,510	45,170	-2,450	-5.1%
South West	47,160	49,880	57,830	63,410	70,050	76,610	26,730	53.6%
Inner South	23,350	25,200	25,730	26,130	26,440	26,690	1,490	5.9%
South	45,620	45,670	46,250	46,920	47,470	47,910	2,240	4.9%
Other	8,460	8,650	8,810	9,030	9,250	9,440	790	9.1%
Christchurch City	*361,800*	*367,900*	*375,600*	*389,000*	*401,800*	*413,300*	*45,400*	*12.3%*
Selwyn	*34,900*	*41,100*	*46,400*	*50,800*	*55,300*	*59,700*	*18,600*	*45.3%*
Total	*440,800*	*457,600*	*474,900*	*497,000*	*518,400*	*538,200*	*80,600*	*17.6%*

Source: Statistics New Zealand & MERA

Figure 4.13: Projected Sub-Regional Population Growth Continued

	June 2006	June 2011	June 2016	June 2021	June 2026	June 2031	Pop Change June 2011 to June 2031	
							Number	Percent
High scenario								
Waimakariri	*44,100*	*49,600*	*56,300*	*62,900*	*69,700*	*76,400*	*26,800*	*54.0%*
North West	76,180	80,780	86,510	90,540	94,450	98,190	17,410	21.6%
North East	74,360	75,740	77,180	84,720	91,420	98,130	22,390	29.6%
Inner North	29,910	29,750	30,460	31,360	32,240	33,060	3,310	11.1%
Central	7,990	6,900	6,440	6,680	6,930	7,160	260	3.8%
East	48,830	48,190	47,380	48,770	50,000	51,000	2,810	5.8%
South West	47,160	50,540	60,920	68,840	78,130	87,550	37,010	73.2%
Inner South	23,350	25,490	26,600	27,590	28,500	29,360	3,870	15.2%
South	45,620	46,230	48,050	50,200	52,460	54,670	8,440	18.3%
Other	8,460	8,780	9,180	9,680	10,240	10,840	2,060	23.5%
Christchurch City	*361,800*	*372,400*	*390,000*	*414,000*	*438,300*	*462,000*	*89,600*	*24.1%*
Selwyn	*34,900*	*42,100*	*49,800*	*56,600*	*63,700*	*71,000*	*28,900*	*68.6%*
Total	*440,800*	*464,100*	*496,100*	*533,500*	*571,700*	*609,400*	*145,300*	*31.3%*

Source: Statistics New Zealand & MERA

The central and east sub regional zones' populations are expected to be among the worst affected areas. Under the medium growth scenario they are the only zones not to have regained their pre-earthquake populations by June 2031. The fastest growth is expected in Waimakariri, north east, south west and Selwyn.

Table 4.14 presents the estimated sub-regional trend in the number of households based on the low, medium and high population projection series. The projected growth in households is a reflection of the underlying demand[6] within the greater Christchurch area.

Table 4.14: Estimated Sub-Regional Growth Households June 2006 to June 2031

	June 2006	June 2011	June 2016	June 2021	June 2026	June 2031	Pop Change June 2011 to June 2031	
							Number	Percent
Low scenario								
Waimakariri	*16,400*	*18,050*	*19,130*	*20,400*	*21,540*	*22,330*	*4,280*	*24%*
North West	29,360	31,020	32,770	33,820	34,590	34,960	3,940	13%
North East	28,280	28,370	25,620	25,860	26,000	25,870	-2,500	-9%
Inner North	12,920	12,960	12,990	13,000	12,970	12,800	-160	-1%
Central	3,580	2,990	2,610	2,560	2,510	2,500	-490	-16%
East	19,450	19,070	17,820	17,580	17,380	17,000	-2,070	-11%
South West	18,150	19,590	22,350	23,900	25,940	27,900	8,310	42%
Inner South	8,790	9,250	9,270	9,270	9,220	9,210	-40	0%
South	20,010	20,020	20,220	20,380	20,440	20,300	280	1%
Christchurch City	*141,970*	*145,240*	*146,120*	*149,010*	*151,700*	*153,220*	*7,980*	*5%*
Selwyn	*12,200*	*14,280*	*15,770*	*16,920*	*17,990*	*18,920*	*4,640*	*32%*
Total	*170,570*	*177,570*	*181,020*	*186,330*	*191,230*	*194,470*	*16,900*	*10%*
Medium scenario								
Waimakariri	*16,400*	*18,510*	*20,880*	*23,080*	*25,120*	*27,030*	*8,520*	*46%*
North West	29,400	31,510	34,030	36,340	37,900	39,440	7,930	25%
North East	28,320	28,820	27,260	28,480	29,410	30,400	1,580	5%
Inner North	12,940	13,110	13,380	13,700	13,890	14,050	940	7%
Central	3,580	3,060	2,720	2,760	2,800	2,850	-210	-7%
East	19,470	19,370	18,710	19,180	19,360	19,460	90	0%
South West	18,190	19,910	23,550	26,190	29,200	32,330	12,420	62%
Inner South	8,790	9,330	9,520	9,750	9,990	10,120	790	8%
South	20,040	21,230	21,690	22,370	22,920	23,090	1,860	9%
Christchurch City	*141,970*	*147,070*	*152,490*	*160,330*	*167,330*	*174,140*	*27,070*	*18%*
Selwyn	*12,200*	*14,690*	*17,100*	*19,150*	*21,150*	*23,170*	*8,480*	*58%*
Total	*170,570*	*180,270*	*190,470*	*202,560*	*213,600*	*224,340*	*44,070*	*24%*

[6] Underlying demand is defined as the projected growth in the number of households

Table 4.14: Estimated Sub-Regional Growth Households June 2006 to June 2031 Continued

	June 2006	June 2011	June 2016	June 2021	June 2026	June 2031	Pop Change June 2011 to June 2031	
							Number	Percent
High scenario								
Waimakariri	*16,400*	*18,970*	*22,570*	*25,840*	*29,040*	*32,230*	*13,260*	*69.9%*
North West	29,360	31,780	35,530	38,800	41,630	44,610	12,830	40.4%
North East	28,280	29,000	28,520	30,740	32,780	34,860	5,860	20.2%
Inner North	12,920	13,240	13,870	14,490	15,030	15,500	2,260	17.1%
Central	3,580	3,110	2,890	2,980	3,120	3,260	150	4.8%
East	19,450	19,510	19,590	20,430	21,200	21,930	2,420	12.4%
South West	18,150	20,090	24,720	28,260	32,540	36,820	16,730	83.3%
Inner South	8,790	9,480	9,870	10,290	10,730	11,150	1,670	17.6%
South	20,010	20,510	21,620	22,960	24,190	25,370	4,860	23.7%
Christchurch City	*141,970*	*148,750*	*159,200*	*171,770*	*184,180*	*196,610*	*47,860*	*32.2%*
Selwyn	*12,200*	*15,150*	*18,380*	*21,330*	*24,310*	*27,490*	*12,340*	*81.5%*
Total	*170,570*	*182,870*	*200,150*	*218,940*	*237,530*	*256,330*	*73,460*	*40.2%*

Source: MERA

Growth in the number of households followed a similar pattern to population growth. The mixture of the projected household growth by age of the occupants, the level of income and household composition will have a significant impact on the type and price of dwellings required. One of the factors that is likely to influence the demand for dwellings is the composition of demand by tenure which will be reflected in demand for properties by owner occupiers and renter households.

Housing market imbalances, such as a supply side shortfall relative to the level of demand and/or a deterioration in housing affordability, may result in slower rates of household formation.

Table 4.15 presents the projected trend in sub-regional home ownership rates. An overview of the methodology used to develop the home ownership rate projections is presented in Appendix One.

Table 4.15: Sub-Regional Home Ownership Rates - June 2006 to June 2031

	June	June 2011		June 2016		June 2021		June 2026		June 2031	
	2006	HOR	Chge	HOR	Chge	HOR	Chge	HOR	Chge	HOR	Chge
Waimakariri	*83.8%*	*80.6%*	*-3.1%*	*79.1%*	*-1.5%*	*78.0%*	*-1.1%*	*76.9%*	*-1.1%*	*76.0%*	*-0.9%*
Chch Sub Zones											
North West	72.7%	68.9%	-3.8%	67.4%	-1.4%	66.7%	-0.8%	66.1%	-0.6%	65.5%	-0.6%
North East	74.7%	71.7%	-3.0%	70.5%	-1.2%	70.0%	-0.4%	69.4%	-0.7%	69.1%	-0.3%
Inner North	61.4%	57.8%	-3.6%	56.5%	-1.3%	56.2%	-0.4%	55.4%	-0.7%	55.1%	-0.3%
Central	28.2%	22.1%	-6.1%	22.1%	0.0%	22.5%	0.4%	22.2%	-0.2%	21.8%	-0.4%
East	60.8%	57.5%	-3.3%	56.1%	-1.4%	55.8%	-0.3%	55.1%	-0.7%	54.4%	-0.7%
South West	73.5%	70.6%	-2.9%	69.0%	-1.6%	68.5%	-0.5%	68.0%	-0.6%	67.4%	-0.6%
Inner South	42.8%	39.4%	-3.3%	37.7%	-1.7%	37.3%	-0.4%	37.3%	0.0%	37.1%	-0.2%
South	82.5%	79.7%	-2.9%	78.0%	-1.7%	77.2%	-0.8%	76.4%	-0.8%	75.8%	-0.6%
Christchurch City	*69.1%*	*65.7%*	*-3.4%*	*64.6%*	*-1.1%*	*64.1%*	*-0.6%*	*63.5%*	*-0.6%*	*62.9%*	*-0.5%*
Selwyn	*82.5%*	*78.5%*	*-4.0%*	*77.5%*	*-0.9%*	*76.7%*	*-0.8%*	*75.7%*	*-1.0%*	*75.1%*	*-0.6%*
Combined Area	*83.8%*	*80.6%*	*-3.1%*	*79.1%*	*-1.5%*	*78.0%*	*-1.1%*	*76.9%*	*-1.1%*	*76.0%*	*-0.9%*

NB: The analysis is based on data from census, population estimates and projections (MERA and Statistics New Zealand)

Home ownership rates (the proportion of households that own the dwelling they live in compared to the number of renter households) are expected to decline across greater Christchurch. This trend is not unique and is similar to the national trend. For example, the decline in home ownership rates measured by the Household Economic Survey suggests home ownership rates in greater Christchurch declined by 3.7 percentage points between June 2007 and June 2012, comparatively, nationally the survey indicated a 5.0 percentage point decline.

The decline in home ownership rates varies with the composition and age of households. The majority of the fall in home ownership rates has been experienced by households with lower incomes, reference people aged less than 40 years of age and compositions reflecting single parent or one person living arrangements.

Table 4.16 presents the implications of the projected change in the trend in home ownership rates on the underlying demand by tenure using the medium household growth scenario.

Table 4.16: Underlying Demand by Tenure – Medium Growth Scenario

	Owner Occupier Households					Renter Households				
	Jun 2011	**Jun 2016**	**Jun 2021**	**Jun 2026**	**Jun 2031**	**Jun 2011**	**Jun 2016**	**Jun 2021**	**Jun 2026**	**Jun 2031**
Waimakariri	*14,920*	*16,520*	*18,000*	*19,320*	*20,540*	*3,580*	*4,360*	*5,080*	*5,800*	*6,500*
North West	21,700	22,950	24,220	25,040	25,830	9,810	11,080	12,110	12,860	13,610
North East	20,660	19,200	19,950	20,410	21,010	8,160	8,050	8,530	9,000	9,390
Inner North	7,580	7,560	7,690	7,700	7,740	5,530	5,810	6,000	6,190	6,310
Central	680	600	620	620	620	2,400	2,120	2,140	2,170	2,220
East	11,140	10,510	10,700	10,670	10,590	8,220	8,210	8,470	8,690	8,880
South West	14,060	16,260	17,960	19,850	21,780	5,850	7,290	8,240	9,350	10,550
Inner South	3,680	3,590	3,640	3,730	3,750	5,650	5,930	6,110	6,270	6,360
South	16,910	16,910	17,270	17,510	17,500	4,320	4,770	5,100	5,410	5,590
Christchurch City	*96,700*	*98,550*	*102,740*	*106,180*	*109,550*	*50,380*	*53,930*	*57,590*	*61,160*	*64,580*
Selwyn	*11,530*	*13,260*	*14,680*	*16,020*	*17,400*	*3,160*	*3,840*	*4,460*	*5,130*	*5,770*
Combined Area	*123,150*	*128,330*	*135,420*	*141,520*	*147,490*	*57,120*	*62,130*	*67,130*	*72,090*	*76,850*

NB: The analysis is based on data from census, population estimates and projections (MERA and Statistics New Zealand)
NB: See Appendix Two for a breakdown of demand by household type and age

The trend in the number of households by tenure is a reflection of the projected growth in the number of households and the projected change in home ownership rates. Owner occupiers are projected to account for 66% of total growth in households between 2011 and 2031 in Waimakariri District, 48% of total growth in Christchurch City, and 69% of total growth in Selwyn District.

Table 4.17 presents the composition of growth by tenure over two time periods, June 2011 to June 2021 and June 2021 to June 2031 using the medium household growth scenario.

Table 4.17: Composition of Growth by Sub Zone, and Tenure

	June 2011 to June 2021					June 2021 to June 2031				
	Owner Occupiers		Renters		Total	Owner Occupiers		Renters		Total
	Hhlds	% Inc	Hhlds	% Inc	% Inc	Hhlds	% Inc	Hhlds	% Inc	% Inc
Waimakariri	*3,080*	*80%*	*780*	*20%*	*3,860*	*2,540*	*64%*	*1,420*	*36%*	*3,960*
Chch City Zones										
North West	2,520	66%	1,270	34%	3,790	1,610	52%	1,500	48%	3,110
North East	-710	87%	-110	13%	-820	1,060	55%	860	45%	1,920
Inner North	110	28%	280	72%	390	50	14%	310	86%	360
Central	-60	18%	-280	82%	-340	0	0%	80	100%	80
East	-440	98%	-10	2%	-450	-110	-37%	410	137%	300
South West	3,900	73%	1,440	27%	5,340	3,820	62%	2,310	38%	6,130
Inner South	-40	-17%	280	117%	240	110	31%	250	69%	360
South	360	44%	450	56%	810	230	32%	490	68%	720
Christchurch City	*6,040*	*63%*	*3,550*	*37%*	*9,590*	*6,810*	*49%*	*6,990*	*51%*	*13,800*
Selwyn	*3,150*	*82%*	*680*	*18%*	*3,830*	*2,720*	*67%*	*1,310*	*33%*	*4,030*
Combined Area	*12,270*	*71%*	*5,010*	*29%*	*17,280*	*12,070*	*55%*	*9,720*	*45%*	*21,790*

NB: The analysis is based on data from census, population estimates and projections (MERA and Statistics New Zealand)

The proportion of growth in renter households increases over time and renter households form a far greater proportion of total growth in the zones located in the middle of Christchurch (inner south, inner north, and central zones). In the period 2021 to 2031 renter households are projected to account for 45% of the total growth in the number of households, up from 29% between June 2011 and June 2021.

4.7 Implications for Underlying Demand by Tenure and Price Point for Greater Christchurch

The objective of this section of the report is to present key housing price points for households in the greater Christchurch area. Table 4.18 presents lower and upper quartiles and median household incomes for renter households in greater Christchurch in June 2007, June 2010 and June 2012 as well as the estimated affordable rents[7].

Table 4.18: Household Incomes, Affordable and Market Rents

HES Survey Completed in	Renter Household Incomes			Affordable Weekly Rentals			Market Rents[8]	
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median
June 2007	$27,419	$48,666	$68,590	$158	$281	$396	$275	$300
June 2008	$26,196	$45,886	$71,806	$151	$265	$414	$295	$320
June 2010	$26,435	$53,992	$81,731	$153	$311	$472	$295	$320
June 2012	$34,227	$62,134	$97,021	$197	$358	$560	$320	$350

Source: Statistics New Zealand – HES and MBIE

Between 2007 and 2012, affordable rents have increased by 25%, 28% and 41% for lower quartile, median, and upper quartile income households respectively, reflecting the growth in renter household incomes. It is likely that median rents increased faster than income between March 2012 and March 2013. Median rents increased by $40 to $390 per week (March 2012 to March 2013), an increase of 11%, which will have impacted rental affordability.

[7] Affordable rent is defined as what a household can pay assuming they spend no more than 30% of their gross household income in housing costs.
[8] Median market rent is for a 3 bedroom standalone dwelling in Christchurch City for the March quarter.

Table 4.19 presents the price a household could afford to pay to purchase a dwelling at a range of income levels between June 2007 and June 2012. The household incomes (all households) used in the analysis include lower quartile income, 80% of median household income, median household income (MHI), 120% of median household income and upper quartile household income. In addition, the analysis demonstrates the difference in affordable purchase price using both the current market one year fixed interest rate and the ten year long term average rate.

Table 4.19: Key Purchase Price Points – Affordable House Prices[9]

Income Level	June 2007			June 2010			June 2012		
	10 Year Average[10]	Market[11]	Difference	10 Year Average	Market	Difference	10 Year Average	Market	Difference
Lower Quartile	$123,700	$108,000	-$15,700	$145,700	$162,400	$16,700	$151,300	$183,900	$32,600
80% MHI	$165,900	$144,900	-$21,000	$201,400	$224,700	$23,300	$224,300	$272,600	$48,300
100% MHI	$207,300	$181,100	-$26,200	$251,800	$280,800	$29,000	$280,300	$340,700	$60,400
120% MHI	$248,900	$217,300	-$31,600	$302,200	$336,900	$34,700	$336,400	$408,900	$72,500
Upper Quartile	$308,300	$269,300	-$39,000	$388,000	$432,700	$44,700	$437,400	$531,700	$94,300

NB: The household income statistics are based on the results of the HES Surveys completed in June 2007, June 2010 and June 2012

Current low interest rates have made housing more affordable in the short term. However, this also creates an affordability trap if interest rates revert to their long term average leaving households who purchased up to their maximum affordable limits with potential income shortfalls when servicing costs increase as loans are reviewed.

[9] The analysis assumes standard bank lending conditions including monthly payments, 25 year table mortgage, 10% deposit, and the household pays no more than 30% of household income in debt servicing costs.
[10] 10 year average first mortgage interest rate.
[11] The market interest rate is the mortgage interest rate currently available from the main trading banks.

4.8 Implications for the Housing Continuum in Greater Christchurch

The objective of this section of the report is to present the result of the analysis of the size of the different segments in greater Christchurch's housing continuum. This section includes:

- Key assumptions used in the analysis;
- Results of the analysis; and
- Summary and conclusions.

There is a number of key assumptions which have a significant impact on the results of the analysis of the composition of the housing continuum in greater Christchurch between 2011 and 2021. They include:

- The growth in the number of households living in greater Christchurch increases in line with the medium growth scenario presented in this report;
- The growth in the number of renter and owner occupied households reflects both the growth in the total number of households and the change in home ownership rates presented in Table 4.16;
- Mortgage interest rates and lending conditions as presented in Table 4.20. In the medium term, mortgage interest rates are expected to trend back towards their long term average of approximately 7.15% per annum;
- Growth in household incomes, residential rents and house prices as presented in Table 4.21. Household incomes and residential rentals are expected to continue to increase at approximately the same rate close to the past long term average growth rates between June 2011 and June 2021. House prices used in the analysis reflect the lower quartile standalone dwelling sale price; and
- The number of social rental housing units[12] increases by 1,000 units between June 2011 and June 2021. The growth in supply incorporates the repair/replacement of social housing units damaged in the earthquakes and growth in the third sector. Implicit is the assumption that the income related rental policy associated with Housing New Zealand Corporation's (Housing New Zealand Corporation) stock remains in place.

These assumptions are consistent with Scenario 2 – medium growth as presented in Appendix 6.

[12] Social housing in the context of this analysis is defined as stock provided by Housing New Zealand Corporation (Housing New Zealand Corporation), Council, and 3rd sector providers. The increase in stock assumes HNZC's portfolio returns to pre-earthquake levels.

Table 4.20 presents a summary of the key assumptions around the calculation of the cost of mortgages to households.

Table 4.20: Key Mortgage Assumptions

Key Inputs	*June 2011*	*June 2021*
Interest rate	5.4%	7.15%
Deposit required	10%	10%
Max % of gross hhld income	30%	30%
Number payments per year	12	12
Term - number of years	25	25

Source: RBNZ and Livingston and Associates Ltd

Table 4.21 presents the key assumptions associated with the growth in household incomes, residential rentals and house prices between June 2011 and June 2021.

Table 4.21: Growth Rate Assumptions

	June 2011 to June 2016	*June 2016 to June 2021*
Growth in household incomes	5.5% pa	5.5% pa
Growth in residential rentals	7% pa	4% pa
Growth in house prices	5% pa	5% pa

Source: Scenario 2 – Appendix 6

The growth rates for household incomes and rentals are broadly in line with their long term average growth rates whilst house price growth assumptions reflect on-going supply/demand pressures and current levels of house price affordability.

The segments included in the analysis are:

- Social housing renters;
- Stressed private sector renters;
- Private sector renters paying less than 30% of their household income in housing costs and unable to buy a dwelling at the lower quartile house sale price;
- Private sector renters who could afford to purchase a dwelling at the lower quartile house price without any assistance;
- Owner occupied households paying more than 30% of household income in housing costs; and
- Owner occupied households paying less than 30% of household income in housing costs.

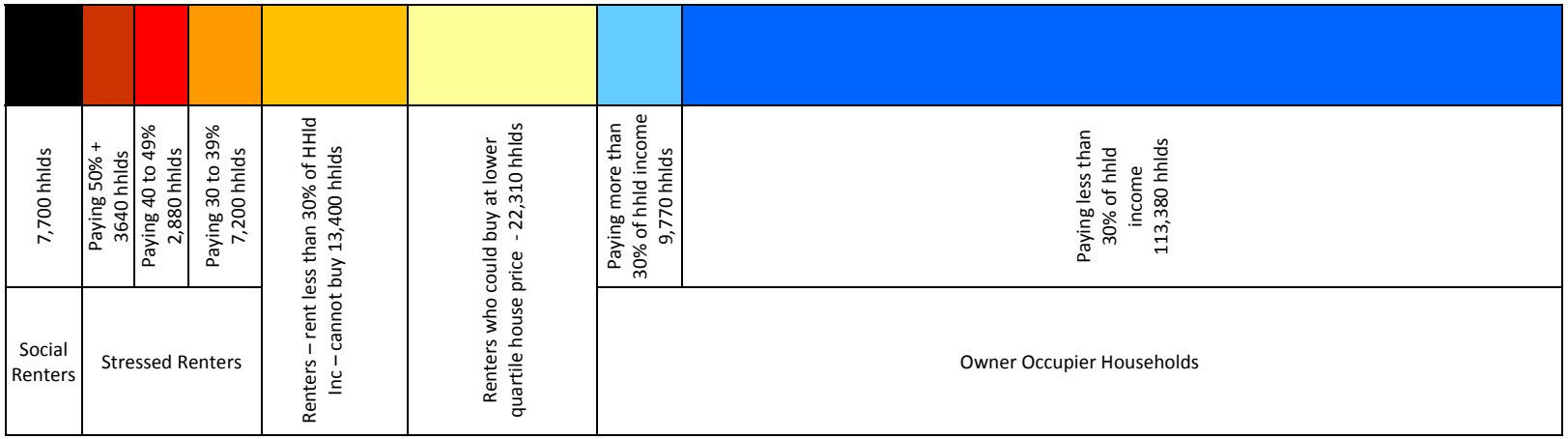
Table 4.22 presents the results of the analysis of greater Christchurch's housing continuum by segment and Figures 4.9 and 4.10 presents the results in graphical format.

Table 4.22: Greater Christchurch's Housing Continuum by Component June 2011 to June 2021

	Renter Households							Owner Occupied Households			Total All Households
	Social Housing	Private Sector Renters					Total Renters	Paying over 30% of hhld inc in housing costs	Paying less than 30% of hhld inc in housing costs	Total	
		Stress Hhlds (Rent as a % of hhld income)			Rent less than 30% hhld Inc						
		Over 50%	40% to 49%	30% to 39%	Cannot buy	Could buy					
No of Hhlds											
June 2011	7,700	3,640	2,880	7,200	13,400	22,310	57,130	9,770	113,380	123,150	180,280
June 2021	9,200	4,400	3,500	8,600	21,900	19,600	67,200	16,248	119,152	135,400	202,600
Growth											
Number	1,500	760	620	1,400	8,500	-2,710	10,070	6,478	5,772	12,250	22,320
% Increase	19%	21%	22%	19%	63%	-12%	18%	66%	5%	10%	12%

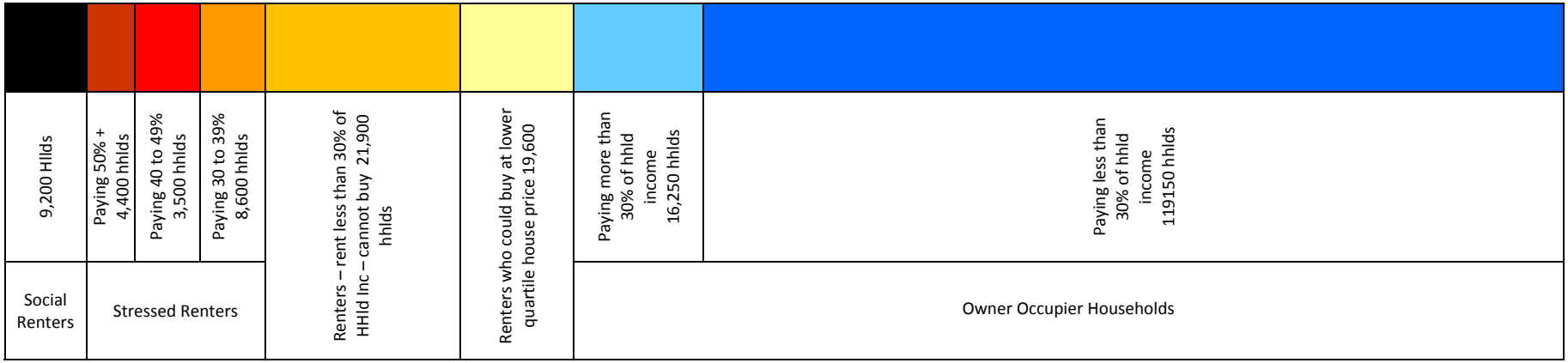
NB: The analysis is based on data from HNZC, MBIE, HES, census, population projections and estimates (Statistics New Zealand and MERA) and RBNZ

Figure 4.9: Greater Christchurch's Housing Continuum – June 2011



NB: The analysis is based on data from HNZC, MBIE, HES, census, population projections and estimates (Statistics New Zealand and MERA) and RBNZ

Figure 4.10: Greater Christchurch's Housing Continuum – June 2021



NB: The analysis is based on data from HNZC, MBIE, HES, census, population projections and estimates (Statistics New Zealand and MERA) and RBNZ

The key drivers for these trends include the expected increase in mortgage interest rates, housing supply shortages as a result of damaged cause by the 2010 and 2011 earthquakes to the housing stock, and the escalation in house values and rents.

The fastest growing segment of the housing continuum is renters paying less than 30% of their household income in housing costs who cannot afford to buy a dwelling. This trend is a result of house prices increasing faster than household incomes. Thus, proportionally fewer renters can afford to buy at the lower quartile house price. The assumption that interest rates will return to their long term average also amplifies this trend.

The majority of the growth in renter households (77% of the total growth in renters) is in households that are paying less than 30% of their household income in rent, however are unable to buy a dwelling at the lower quartile house sale price. The increase in the number of stressed owner occupiers is a reflection of interest rates costs returning to their long term average and as a consequence increasing debt servicing costs. These trends are not unique to greater Christchurch and are a reflection of the market dynamics, where for a variety of reasons, house prices have escalated faster than household incomes and rents.

4.9 Red Zone Households

Red zone families are one group within greater Christchurch that are likely to relocate to other dwellings within the urban area. The red zone was dominated by owner occupied households, with a home ownership rate of 79% (Census 2006). This is approximately 6 percentage points higher than the average for Christchurch City. The profile of families living in the red zone provides some insight into the nature of demand from these families. The analysis excludes non-family households such as one person and households comprised of unrelated people. Table 4.23 presents the number of families in the red zone and compares these with Christchurch City by family income.

Table 4.23: Number of Families by Income - 2006

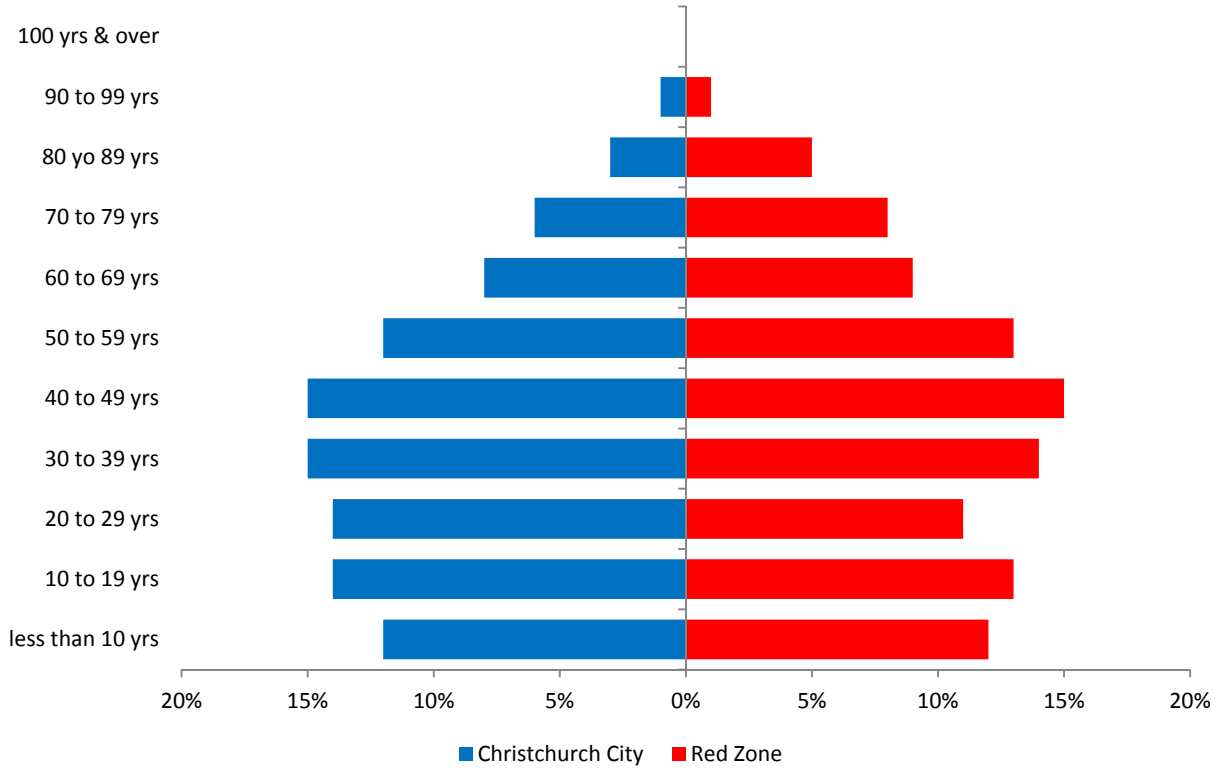
Family Income	Other Zones		Red Zones		Total Christchurch	
	Families	% of Total	Families	% of Total	Families	% of Total
$20,000 or Less	6,921	7.9%	273	6.0%	7,197	7.8%
$20,001 - $30,000	10,251	11.7%	651	14.4%	10,908	11.8%
$30,001 - $50,000	15,093	17.2%	801	17.7%	15,891	17.2%
$50,001 - $70,000	15,216	17.3%	909	20.1%	16,125	17.5%
$70,001 - $100,000	14,742	16.8%	834	18.5%	15,576	16.9%
$100,001 or More	14,835	16.9%	522	11.6%	15,357	16.6%
Not Stated	10,737	12.2%	528	11.7%	11,265	12.2%
Total Families	87,801	100.0%	4,518	100.0%	92,319	100.0%
Median Family Income ($)	$58,200		$56,000		$58,100	
Mean Family Income ($)	$64,700		$60,300		$64,400	

Source: Statistics New Zealand – 2006 Census

Red zone families typically had slightly lower incomes than Christchurch families with proportionally more families earning between $20,000 and $30,000 and $50,000 to $70,000 and fewer earning over $100,000. Median red zone family income was 96% of median Christchurch family income.

Figure 4.11 presents the age profile of red zone and Christchurch City residents.

Figure 4.11: Age Profile of Red Zone and Christchurch City Residents



Red zone residents tend to be older than the residents of other parts of Christchurch, with approximately 23 percent being over 60 years of age, compared to 18 percent for Christchurch City.

Table 4.24 demonstrates red zone families by family composition and compares these results with Christchurch City.

Table 4.24: Red Zone Families by Composition - 2006

Family Type by Number of Children	Other Zones		Red Zones		Total Christchurch City	
	Families	% of Total	Families	Families	% of Total	Families
Couple Without Children	36,768	41.9%	1,938	42.9%	38,706	41.9%
Couple With One Child	13,350	15.2%	732	16.2%	14,079	15.3%
Couple With Two Children	14,586	16.6%	732	16.2%	15,315	16.6%
Couple With Three Children	5,304	6.0%	237	5.2%	5,541	6.0%
Couple With Four or More Children	1,836	2.1%	96	2.1%	1,935	2.1%
One Parent With One Child	9,102	10.4%	450	10.0%	9,552	10.3%
One Parent With Two Children	4,749	5.4%	222	4.9%	4,971	5.4%
One Parent With Three Children	1,506	1.7%	84	1.9%	1,593	1.7%
One Parent With Four+ Children	600	0.7%	24	0.5%	624	0.7%
Total Families	87,801	100.0%	4,518	100.0%	92,319	100.0%

Source: Statistics New Zealand – 2006 Census

The composition of red zone families was similar to Christchurch City. There were slightly more families with one child and slightly fewer families with two children in the red zone. Table 4.25 presents the red zone families by number of people and compares these trends with Christchurch City.

Table 4.25: Red Zone Families by Number of People - 2006

Number of People in Family	Other Zones		Red Zones		Total Christchurch City	
	Families	% of Total	Families	Families	% of Total	Families
Two People	45,870	52.2%	2,388	52.9%	48,261	52.3%
Three People	18,099	20.6%	954	21.1%	19,053	20.6%
Four People	16,092	18.3%	813	18.0%	16,908	18.3%
Five People	5,733	6.5%	255	5.6%	5,988	6.5%
Six People	1,482	1.7%	78	1.7%	1,560	1.7%
Seven People	330	0.4%	21	0.5%	351	0.4%
Eight People	129	0.1%	3	0.1%	135	0.1%
Nine People	36	0.0%	3	0.1%	42	0.0%
Ten People	15	0.0%	0	0.0%	18	0.0%
Eleven or More People	9	0.0%	0	0.0%	9	0.0%
Total Number of People in Family	87,801	100.0%	4,518	100.0%	92,319	100.0%

Source: Statistics New Zealand – 2006 Census

The number of red zone families by size (number of people in the family) is proportionally similar to Christchurch City with slightly more three people and slightly less five people families.

Table 4.26 presents red zone families' ability to pay for housing. This analysis assumes household incomes have increased 3.5% per annum since 2006. The analysis assumes a number of different deposit levels under the purchase option since a proportion of red zone families will be selling their red zone dwellings to purchase elsewhere in greater Christchurch.

Table 4.26: Red Zone Families Ability to Pay for Housing as at March 2013

Red Zone Families[13]			Affordable Rental Range	Affordable Purchase Price Assuming a Range of Deposit Levels		
Family Income	**Number**	**Proportion**	**($ per Week)**	**10%**	**20%**	**30%**
$20k or Less	310	7%	Up to $140	Up to $112,000	Up to $126,000	Up to $144,000
$20k - $30k	740	16%	Up to $210	Up to $168,000	Up to $190,000	Up to $217,000
$30k - $50k	910	20%	Up to $350	Up to $281,000	Up to $316,000	Up to $361,000
$50k - $70k	1030	23%	Up to $500	Up to $393,000	Up to $442,000	Up to $505,000
$70k - $100k	940	21%	Up to $710	Up to $561,000	Up to $632,000	Up to $722,000
$100k or More	590	13%	Up to and Over $710	Up to and over $561,000	Up to and over $632,000	Up to and over $722,000

NB: This analysis is based on data from census, HES, RBNZ, and MBIE

A total of 23% (7% + 16% = 23%) of red zone families can afford to pay up to $210 rent per week. These households are likely to struggle to find suitable accommodation at market rents without significant assistance or alternatively clustering in a dwelling with other families to make the rent more affordable.

The lower quartile house sale price in Christchurch City in the first two months of 2013 was $309,500 and the median $382,000. If it is assumed that the red zone purchasers had a 20% deposit then approximately 42% would not be able to purchase a dwelling at the lower quartile house sale price and 54% would be unable to purchase at the median house sale price. In addition, the median rateable value for a dwelling in the red zone is $308,000 (the effective date of the valuation is July 2007).

Figure 4.2 demonstrated that red zone owner occupier households that have purchased another dwelling within Christchurch City have been spread across the existing urban area with clusters close to the red zone areas. A total of 6,756 red zone households out of a total of eligible 7,418 households have voluntarily accepted the Crown's offer and settled.

[13] The proportion of families in each category reflects the number of families in each income range.

4.10 Demand by Housing Typology

The objective of this section is to present a summary of the implications of the forecast growth in demand on the likely supply of dwellings by type and size. Table 4.27 presents the forecast growth in the total housing demand by size and dwelling type between June 2011 and June 2031.

Table 4.27: Growth in Total Demand by Territorial Authority, Dwelling Type and Size June 2011 to June 2031

June Years	Standalone Dwellings				Multi-Unit Dwellings				Total
	2 or less bdrms	3 bdrm	4 or more bdrms	Total	1 bdrm	2 bdrms	3 or more bdms	Total	
Waimakariri									
2011 to 2016	740	810	150	1,700	160	340	60	570	2,270
2016 to 2021	680	710	120	1,520	170	340	60	570	2,090
2021 to 2026	610	650	120	1,380	180	350	60	590	1,970
2026 to 2031	530	580	120	1,240	180	350	70	590	1,830
Total	2,570	2,750	510	5,830	690	1,390	250	2,330	8,160
Christchurch City									
2011 to 2016	2,150	1,620	190	3,970	520	750	50	1,320	5,290
2016 to 2021	2,720	2,240	310	5,270	750	1,130	120	2,000	7,270
2021 to 2026	2,500	1,920	260	4,680	810	1,100	100	2,010	6,690
2026 to 2031	2,330	1,800	280	4,410	860	1,140	120	2,130	6,540
Total	9,710	7,580	1,050	18,340	2,940	4,120	390	7,450	25,790
Selwyn									
2011 to 2016	690	850	180	1,720	150	350	70	570	2,290
2016 to 2021	620	670	120	1,410	160	320	50	530	1,940
2021 to 2026	570	620	120	1,310	170	330	60	560	1,870
2026 to 2031	560	620	130	1,310	190	370	80	630	1,940
Total	2,450	2,750	540	5,740	660	1,380	260	2,300	8,040
Greater Chch									
2011 to 2016	3,580	3,280	520	7,390	830	1,440	180	2,460	9,850
2016 to 2021	4,020	3,620	550	8,200	1,080	1,790	230	3,100	11,300
2021 to 2026	3,680	3,190	500	7,370	1,160	1,780	220	3,160	10,530
2026 to 2031	3,420	3,000	530	6,960	1,230	1,860	270	3,350	10,310
Total	14,730	13,080	2,100	29,910	4,290	6,890	900	12,080	41,990

NB: This analysis is based on data from census, population projections and estimates (Statistics New Zealand and MERA), building consent data, and HES survey

NB: Detailed projections by sub region and tenure between 20011 and 2031 is presented in Appendix 3

The demand for smaller units, as a proportion of total demand, is projected to increase. This reflects the demographic trend towards older and smaller households over the next twenty years. These trends can take time to emerge as households typically take time to match their dwelling type and size with their need.

Housing preferences including dwelling type, location and quality are complex decisions. Beacon (2010) for example, demonstrated the complexity of the trade-offs households make when choosing a location and how this has implications on tenure choice, dwelling type and quality. Preval et al (2010) demonstrated that younger New Zealanders also have a strong bias to purchase a standalone dwelling in preference to a multi-unit dwelling. Overseas studies such as Vander Hart (1995), and Costa-Font et al (2009) suggest that an aging population may not have a significant impact on housing preferences. Aging households may derive significant benefits from aging in place in order to maintain connections with the local community, social networks and friends and have sufficient space for family when they visit. Thus an aging population may not by itself drive increased demand for smaller dwellings with fewer bedrooms. Table 4.28 presents the forecast growth in the total housing demand by tenure, dwelling type and size between June 2011 and June 2031.

Table 4.28: Growth in Total Demand by Territorial Authority, Tenure, Dwelling Type and Size June 2011 to June 2031

June Years	Standalone Dwellings				Multi-Unit Dwellings				Total
	2 or less bdrms	3 bdrm	4 or more bdrms	Total	1 bdrm	2 bdrms	3 or more bdms	Total	
Waimakariri									
Owner Occupiers									
2011 to 2016	540	530	80	1,150	120	230	30	380	1,530
2016 to 2021	490	460	60	1,020	130	230	30	390	1,400
2021 to 2026	420	410	60	890	120	230	30	380	1,270
2026 to 2031	350	370	70	790	110	220	40	380	1,170
Total	1,790	1,780	280	3,840	480	920	130	1,530	5,370
Renters									
2011 to 2016	200	280	70	560	40	110	30	190	740
2016 to 2021	190	250	60	500	50	110	30	190	690
2021 to 2026	190	240	60	490	60	120	30	210	700
2026 to 2031	190	210	50	450	60	120	30	210	660
Total	780	980	240	1,990	210	470	120	800	2,790
Christchurch City									
Owner Occupiers									
2011 to 2016	1,070	440	-120	1,400	260	270	-70	470	1,860
2016 to 2021	1,620	1,130	50	2,810	440	620	10	1,060	3,870
2021 to 2026	1,400	890	20	2,310	450	550	-10	990	3,300
2026 to 2031	1,300	840	60	2,200	480	570	10	1,060	3,260
Total	5,390	3,310	20	8,710	1,640	2,000	-60	3,580	12,290
Renters									
2011 to 2016	1,080	1,180	310	2,570	260	480	120	860	3,430
2016 to 2021	1,100	1,110	260	2,470	310	520	110	940	3,400
2021 to 2026	1,100	1,030	240	2,370	360	550	110	1,020	3,390
2026 to 2031	1,030	960	220	2,210	380	580	110	1,070	3,280
Total	4,320	4,280	1,030	9,620	1,300	2,120	450	3,880	13,500

NB: This analysis is based on data from census, population projections and estimates (Statistics New Zealand and MERA), building consent data, and HES survey

NB: Detailed projections by sub region and tenure between 2011 and 2031 is presented in Appendix 3

Table 4.28: Growth in Total Demand by Territorial Authority, Tenure, Dwelling Type and Size June 2011 to June 2031 Continued

June Years	Standalone Dwellings				Multi-Unit Dwellings				Total
	2 or less bdrms	3 bdrm	4 or more bdrms	Total	1 bdrm	2 bdrms	3 or more bdms	Total	
Selwyn									
Owner Occupiers									
2011 to 2016	520	600	110	1,230	110	250	40	410	1,640
2016 to 2021	460	450	70	980	120	220	30	370	1,350
2021 to 2026	410	410	60	880	120	230	30	380	1,260
2026 to 2031	400	410	80	890	140	250	40	430	1,320
Total	1,800	1,870	310	3,980	490	950	150	1,590	5,570
Renters									
2011 to 2016	170	250	70	490	40	100	30	160	650
2016 to 2021	170	210	50	430	40	100	20	160	590
2021 to 2026	160	210	60	430	40	110	30	180	610
2026 to 2031	160	210	50	420	50	120	30	200	620
Total	650	880	230	1,760	170	430	110	710	2,470
Greater Chch									
Owner Occupiers									
2011 to 2016	2,130	1,570	70	3,780	490	750	0	1,260	5,030
2016 to 2021	2,570	2,040	180	4,810	690	1,070	70	1,820	6,620
2021 to 2026	2,230	1,710	140	4,080	690	1,010	50	1,750	5,830
2026 to 2031	2,050	1,620	210	3,880	730	1,040	90	1,870	5,750
Total	8,980	6,960	610	16,530	2,610	3,870	220	6,700	23,230
Renters									
2011 to 2016	1,450	1,710	450	3,620	340	690	180	1,210	4,820
2016 to 2021	1,460	1,570	370	3,400	400	730	160	1,290	4,680
2021 to 2026	1,450	1,480	360	3,290	460	780	170	1,410	4,700
2026 to 2031	1,380	1,380	320	3,080	490	820	170	1,480	4,560
Total	5,750	6,140	1,500	13,370	1,680	3,020	680	5,390	18,760

NB: This analysis is based on data from census, population projections and estimates (Statistics New Zealand and MERA), building consent data, and HES survey

NB: Detailed projections by sub region and tenure between 2011 and 2031 is presented in Appendix 3

These forecasts assume that households continue to live in the same dwelling configuration when stratified by age and household composition. In addition, a trend away from standalone to multi-unit dwellings is assumed. The trend towards multi-unit dwellings assumes that 0.5 percentage points more households live in multi-unit accommodation each year. This analysis suggests that for all areas, the majority of the demand over the June 2011 to June 2031 period will be met by standalone dwellings. This trend is consistent with the change in the proportion of dwelling typologies between 2001 and 2009.

4.11 Temporary Household Demand

Temporary household demand can be categorised into two types and these are:

- Households that have to temporarily shift out of their dwelling while it is repaired; and
- Work force relocating to greater Christchurch to assist in the rebuild of the city.

4.11.1 Temporary demand while dwellings are being repaired

The demand for temporary accommodation from households shifting out of their dwelling whilst it is repaired is a source of housing demand. A summary of the current insurance claim and rebuild programme from CERA is as follows:

- 170,000 properties have a damage claim with Earthquake Commission (EQC) or private insurers (private insurers handle those claims over $100,000);
- The task of apportioning damage between EQC and private insurers has almost been completed. Approximately 600 properties are yet to be confirmed as to whether the damage sustained is under or over $100,000 (July 2013);
- To date, 18,500 properties have been confirmed as having claims in excess of $100,000 and 3,600 (19%) of these properties have been repaired, rebuilt or cash-settled by insurers;
- To date, 147,000 properties have been confirmed as being claims under $100,000 and 59,600 (41%) of these properties have been repaired or cash-settled by EQC;
- Insurers and the EQC estimate that all properties will be repaired, rebuilt or cash settled by the end of 2016;
- As at February 2013 there were approximately 7,000 households receiving temporary accommodation assistance from their insurer. When the assistance from their insurer runs out, they can apply to the Ministry of Social Development for a temporary accommodation allowance; and
- Temporary Accommodation Allowance (TAA) paid by Ministry of Social Development to people who need assistance in their accommodation costs totalled 1,011 in August 2012 and this declined to 1,000 non red-zone households in June 2013.

Source: CERA

There is limited detailed information relating to the rate of repair of damaged dwellings. However, Statistics New Zealand also tracked the number of building consents issued which are earthquake related. Applicants for consents are asked to indicate whether the consent is for either repair associated with earthquake damage or a replacement dwelling. Care needs to be taken interpreting these statistics as they rely on the person applying for the consent to appropriately answer whether the application is earthquake related.

The number of residential building consents issued and their total value are presented in Table 4.29.

Table 4.29: Earthquake Related Residential Building Consents

Calendar Year	Number of Consents	Total Value of Consents ($ million)
2010	29	$1.6
2011	683	$53.5
2012	1,877	$195.5
2013 (January Only)	136	$27.4
Total	2,725	$278.1

Source: Statistics New Zealand

These statistics suggest the rate of rebuilding is increasing significantly. It is important to note that these statistics are not complete and rely on applicants indicating the repairs are earthquake related. In addition, dwellings only requiring minor repairs may not need a consent and consequently will not be included in the information presented in the table. It is worth noting that there is a significant gap between the number of consents issued and the number of properties that the EQC indicate have been repaired or cash settled. This suggests that a significant proportion of the repairs/rebuilds have not commenced.

4.11.2 Temporary work force demand

Another source of temporary housing demand will come from work force relocating to greater Christchurch to assist with the rebuild. Market Economics (2013) also modelled the likely demand from the temporary work force for housing over the rebuild period. They estimate that a total of 20,500 workers will be required to assist in the rebuild of both the commercial and residential buildings and infrastructure around greater Christchurch. Other estimates range from 15,000 to 20,000 workers.

These people are likely to be accommodated in a range of accommodation styles encompassing camping grounds, commercial accommodation, dwellings purchased by employers, and private rental stock. Consequently, they will be competing with usually residential greater Christchurch households for stock. Once an allowance has been made for workers accommodated in commercial accommodation and boarding with households in the urban area, Market Economics estimated, under their base scenario that 5,830 private dwellings will be occupied by the temporary work force. Their estimates ranged from 2,640 to 7,890 dwellings required for the temporary work force depending on the assumptions included in the model on the rate of rebuild and the proportion of workers accommodated in private dwellings. These workers will place further pressure on the housing market and are likely to increase housing costs for the existing residents.

4.12 The Demand for Housing Support

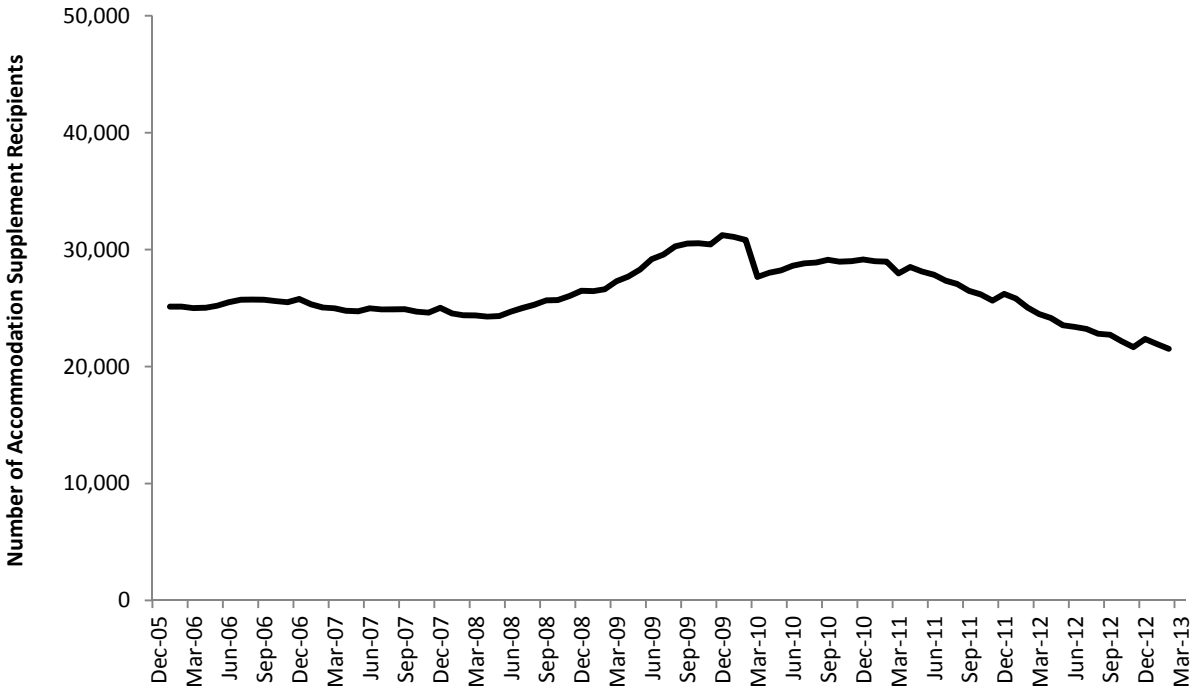
The objective of this section of the report is to summarise the current level of demand for housing support in greater Christchurch. The projected growth in demand for housing support and social housing is included in Section 6. There is a number of areas of housing support provided and these include:

- Accommodation supplement paid to supplement low to medium income households' incomes where they are experiencing housing stress;
- State and local government housing providers renting dwellings to tenants below market rents; and
- Third sector providers (non-government) typically providing below market cost housing.

4.12.1 Accommodation supplement

The accommodation supplement is one of the key housing support payments available to households. Figure 4.12 presents the number of people in greater Christchurch receiving the accommodation supplement between December 2005 and March 2013.

Figure 4.12: Accommodation Supplement Recipients – Greater Christchurch

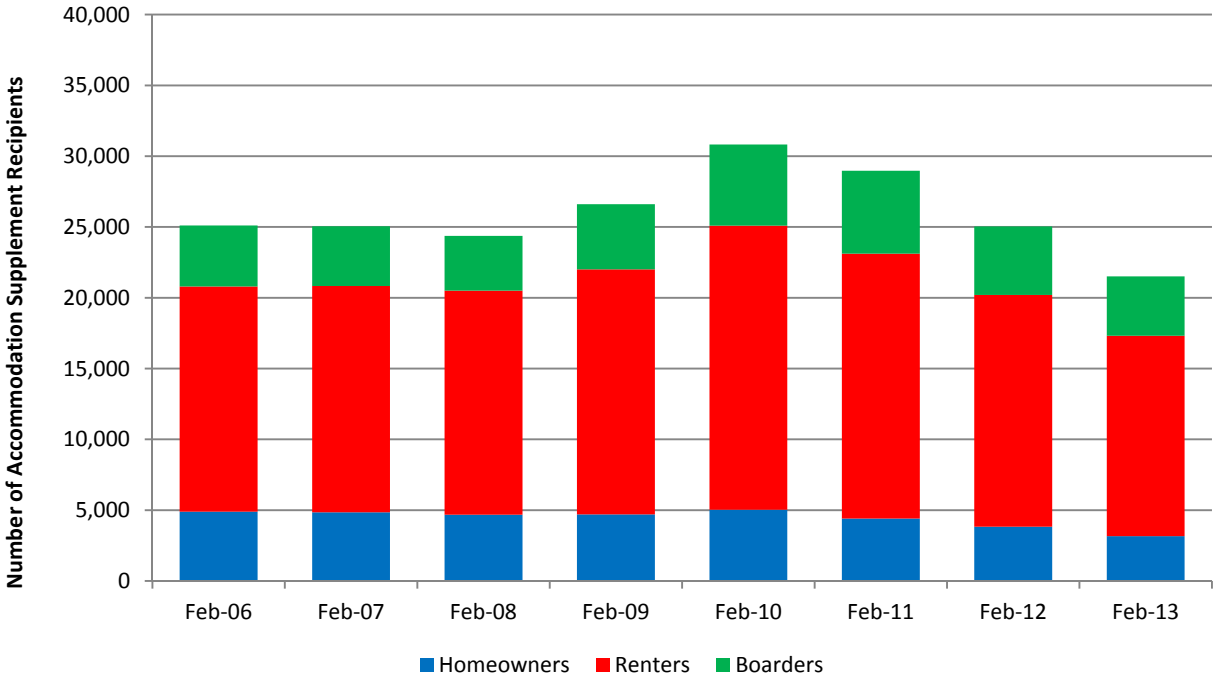


Source: Ministry of Social Development

The total number of people in greater Christchurch receiving the accommodation supplement fell between 2006 and 2013. Over the same time period, the number of people receiving the unemployment benefit also declined. The fall in the number of recipients is likely to be a result of people leaving the region post-earthquakes, more people sharing accommodation and consequently increasing household income relative to housing costs, and the fall in interest rates would also have assisted in decreasing home owners' housing costs.

Figure 4.13 presents the trend in the number of people receiving the accommodation supplement by recipient category.

Figure 4.13: Accommodation Supplement Recipients by Category – Greater Christchurch



Source: Ministry of Social Development

The number of people receiving the accommodation supplement declined in all recipient categories although the majority of the decline was in the number of homeowners receiving the supplement to their income. A possible explanation is that, as a result of the fall in mortgage interest rates occurring over this period, debt servicing costs were reduced. The decline in the number of people receiving the accommodation supplement after the 2011 earthquakes could be due to a number of factors. These include the fall in the number of low income renters in greater Christchurch since the earthquake, higher rates of household incomes growth since 2010, and lower mortgage interest rates decreasing housing costs for owner occupiers.

Table 4.30 presents the number of people in greater Christchurch receiving the accommodation supplement.

Table 4.30: Greater Christchurch Accommodation Supplement Recipients

Date	Owner Occupiers		Renters		Boarders		Total
	Number	Proportion	Number	Proportion	Number	Proportion	Number
Feb-06	4,896	19.5%	15,898	63.3%	4,315	17.2%	25,109
Feb-07	4,850	19.4%	15,982	63.8%	4,214	16.8%	25,046
Feb-08	4,677	19.2%	15,830	64.9%	3,868	15.9%	24,375
Feb-09	4,702	17.7%	17,312	65.1%	4,594	17.3%	26,608
Feb-10	5,036	16.3%	20,063	65.1%	5,725	18.6%	30,824
Feb-11	4,407	15.2%	18,707	64.6%	5,858	20.2%	28,972
Feb-12	3,831	15.3%	16,371	65.4%	4,841	19.3%	25,043
Feb-13	3,169	14.7%	14,146	65.7%	4,201	19.5%	21,516
Chge 06 to 13	-1,727	-4.8%	-1,752	2.4%	-114	2.3%	-3,593
Chge 11 to 13	-1,238	-0.5%	-4,561	1.1%	-1,657	-0.7%	-7,456

Source: Ministry of Social Development

Owner occupiers as a proportion of total accommodation supplement recipients fell by 4.8 percentage points between 2006 and 2013 whilst the proportion of renters and boarders increased by 2.4 and 2.3 percentage points respectively. The fall in the number of people receiving the accommodation supplement started in 2010 and increased in pace over the next two years. The number of households receiving the accommodation supplement is now below 2006 levels. Owner Occupiers experienced the strongest fall in accommodation supplement recipients falling by 37% between February 2010 and February 2013 while over the same time period the number of renters and boarders receiving the accommodation supplement fell by 29% and 27% respectively.

4.12.2 State, Local Government, and Community Providers

Housing New Zealand Corporation (HNZC) maintains a waiting list for its properties, based on levels of assessed housing need. Categories A and B are those applicants with the most urgent housing needs. It is important to note that waiting lists do not include all those with urgent housing needs as some applicants may no longer meet their criteria.

HNZC revised its pre-assessment processes in April 2011 and applicants who are assessed as having high housing needs (A or B categories) remain eligible for state housing. Applicants who are assessed as being able to access and sustain an adequate, suitable, available and affordable alternative to state housing are categorised as having moderate to low needs and are categorised as either C or D applicants. Consequently, the change in the total number of people on the waiting list may not be a true reflection of the trend in the number of people in need of social housing. Rather it reflects the number of people who qualify for housing under agreed government criteria, whereas, other households in need may have their requirements for housing support met under alternative policies such as the accommodation supplement.

Table 4.31 presents the trend in the number of A and B category people on HNZC's waiting list and the number of waiting list applicants on Christchurch City's social housing waiting list.

Table 4.31: Social Housing Provider Waiting List Trends (2009 to 2013)

Year	HNZC's Waiting List			Christchurch City Waiting List Applicants				Total
	A Cat	B Cat	Total	A Cat	B Cat	C & D Cat	Total	
Feb-09	13	271	284	21	49	30	100	384
Feb-10	13	280	293	19	39	15	73	366
Feb-11	18	213	231	26	1	1	28	259
Feb-12	62	278	340	6	15	12	33	373
Feb-13	93	104	197	14	6	2	22	219

Source: Housing New Zealand Corporation, Christchurch City & MBIE

Overall these trends suggest that the total number of people on the waiting lists have declined. However, between February 2013 and August 2013 HNZC's waiting list have increased and now totals 133[14] A category applicants. Category B applicants also increased over the same time period to 211, to give a total waiting list (A and B category applicants combined) of 344. It is interesting to note that the number of HNZC's applicants with the most severe needs (Category A) have increased over the last 12 months suggesting an increase in need. The fall in HNZC's waiting list between February 2012 and February 2013 reflects the completion of repairs to approximately 200 houses which were immediately filled from their waiting list.

Anecdotal evidence also suggests that HNZC is experiencing a significantly slower turnover of tenants post-earthquakes which creates challenges when trying to assist households on their waiting list. In the aftermath of the earthquakes the HNZC's assessment criteria was relaxed for greater Christchurch, leading to an increase in the numbers who qualified for A and B status. This may explain some of the increase between February 2011 and February 2012.

[14] Total applicants as at 9th August 2013 supplied by Housing New Zealand Corporation.

4.12.3 Homelessness

Homeless people also have significant housing need. By their nature it is difficult to obtain an accurate assessment of the number of homeless people. There is a number of organisations supporting people in need of temporary or emergency accommodation. Comcare Charitable Trust assists with the placement of people with mental health issues into accommodation and experienced a 143% increase in demand (number of referrals) between 2010 and 2012. In the month of July 2012 referrals totalled 34. Table 4.32 presents a breakdown of the referees' living arrangements prior to the referral.

Table 4.32: Comcare Referrals – Proportion of total Referrals

	Pre-earthquake	Post-earthquake	Difference
Without Shelter	8%	6%	-2%
Living in temporary accommodation	29%	12%	-17%
Sharing accommodation	59%	71%	+12%
Uninhabitable housing	4%	11%	+7%

Source: MBIE

These trends suggest that these people with high levels of need are crowded into the limited dwellings available and as a consequence the number of referrals from those sharing accommodation increased. Not surprisingly the number of people living in uninhabitable housing also increased. This is likely to be a response to the increase in the number of uninhabitable dwellings after the earthquake. The Christchurch City Mission has also experienced an increase in demand. *"The Christchurch City Mission provides short-term accommodation for men in their 28-bed night shelter. Data recorded by the Christchurch City Mission shows that the number of night shelter beds used per month dipped following the February 2011 earthquake and then increased through the remainder of 2011, peaking in August 2012 at 32% above the pre-earthquake baseline. During 2012, the night shelter's number of beds used was 19% above the pre-earthquake baseline. The average length of stay since the earthquakes increased from the pre-earthquake average of 9.5 to 12.7 nights in the second half of 2012, a 34% increase. This data reinforces qualitative information from the City Mission that men who stay have more complex health problems, both physical and mental, and are staying longer than previously. Due to increased demand, the City Mission has opened a night shelter with 10 beds for single, homeless women."* MBIE (2013)

There is no doubt that the level of homelessness has increased and these people/households form an important sub group of those with housing need beyond affordability. DTZ (2008) estimated the total number of unmet housing need from homeless people at 270 people which accounts for less than 0.1% of greater Christchurch's total population.

4.12.4 Summary

The trends in the number of accommodation supplement recipients and social housing waiting lists suggest demand for social housing has not increased since 2010, however the level of homelessness may have increased.

4.13 Housing Insecurity

Housing insecurity estimates attempt to estimate the number of people living without secure housing[15]. MBIE (2013) provided estimates of the number of people living in insecure housing before and after the 2010 and 2011 earthquakes. Table 4.33 presents the estimated number of people living in insecure housing in greater Christchurch.

Table 4.33: Initial Estimates of the Scale of Insecure Housing in Greater Christchurch

	Low	Medium	High
Living without Shelter or in temporary accommodation	270	270	270
2006 Census estimate of severely overcrowded housing	3,480	3,480	3,480
Insecure housing baseline pre-earthquakes	***3,750***	***3,750***	***3,750***
Estimated increase in the number of people without shelter of in temporary accommodation	135	270	405
Estimated increase in the number of people in severely crowed accommodation	1,625	2,440	3,250
Post-earthquake initial estimate of insecure housing	***5,510***	***6,460***	***7,405***

Source: MBIE (2013)

MBIE's estimates were based on information drawn from census, information from non-government organisations, the estimated reduction in the housing stock, and trends in housing bond data. These estimates suggest that the level of insecure housing could have increased between 47% and 97% and reflect the increased level of housing need in greater Christchurch post 2010 and 2011 earthquakes.

[15] Insecure housing is defined as any person living in situations where there is no other options to acquire safe and secure housing, are without shelter, in temporary accommodation, sharing accommodation with a household, or living in uninhabitable housing.

5. Housing Supply

5.1 Introduction

The objective of this section of the report is to present information on the relative level of housing supply in the greater Christchurch housing market. This section contains the following sections:

- Overview;
- New dwelling construction;
- Residential development capacity and vacant residential land;
- Current building activity;
- Supply of rental market units;
- Temporary accommodation; and
- The industry's view.

5.2 Summary of the Key Findings

The key themes from the supply side analysis include:

- Residential developers and builders have responded to the increased demand with an increase in both development/sub-division and construction activity. The number of dwelling consents issued (3,620 in the March 2013 year) is now approaching the levels last experienced at the peak of the previous cycle in 2007;
- There is a significant amount of development capacity[16] in greenfield areas (potential for 30,617 dwellings) on the fringe of Christchurch City and in Waimakariri and Selwyn Districts. In addition, there is capacity for at least another 33,500 dwellings within Christchurch's urban area. Combined, there is the equivalent of 25.5 years' worth of capacity (greenfield plus infill) assuming the medium growth scenario and including an allowance for replacement of red zone dwellings;
- Housing New Zealand Corporaton (HNZC) is also committed to replace all their properties damaged by the earthquakes and are working towards building 700 replacement dwellings;
- There were over 8,000 vacant residential sections suitable for a single dwelling as at July 2012, although not all of these were available for sale, and this suggests there is a significant number of readily available sites for construction;
- The number of active rental bonds remained at almost the same levels between 2010 and 2013 suggesting that the size of the private rental market has not grown significantly since the earthquakes. Analysis of the number of active bonds suggests the supply of dwellings owned by private sector landlords increased by 23% between 2006 and 2010.

[16] Development capacity is defined as the theoretical maximum number of dwellings that could be developed within an area taking into account the zoning regulations and physical constraints.

- There has been a limited number of low cost dwellings built since the 2011 earthquake. In addition, the supply of low cost rental accommodation has also declined. The rental curve has flattened and reflects the fall in supply of lower cost rental properties. Prior to the first earthquake in 2010, 59% of new rental agreements were for less than $300 per week. By March 2013 the proportion of sub $300 per week rentals had fallen to 32% of all new rents agreed, a decline of 27 percentage points; and
- Results of a survey of market participants suggests developers/builders consider that there is an adequate supply of land for development; there could be a potential for an over-supply of sections in the medium term. Although section prices are not increasing, dwelling prices have escalated as a result of higher building costs. Market sentiment/demand is currently focused on sites outside the urban area and there appears to be a shortage of short term (three to six months) rental accommodation for households temporarily displaced by dwelling repairs.

5.3 Overview

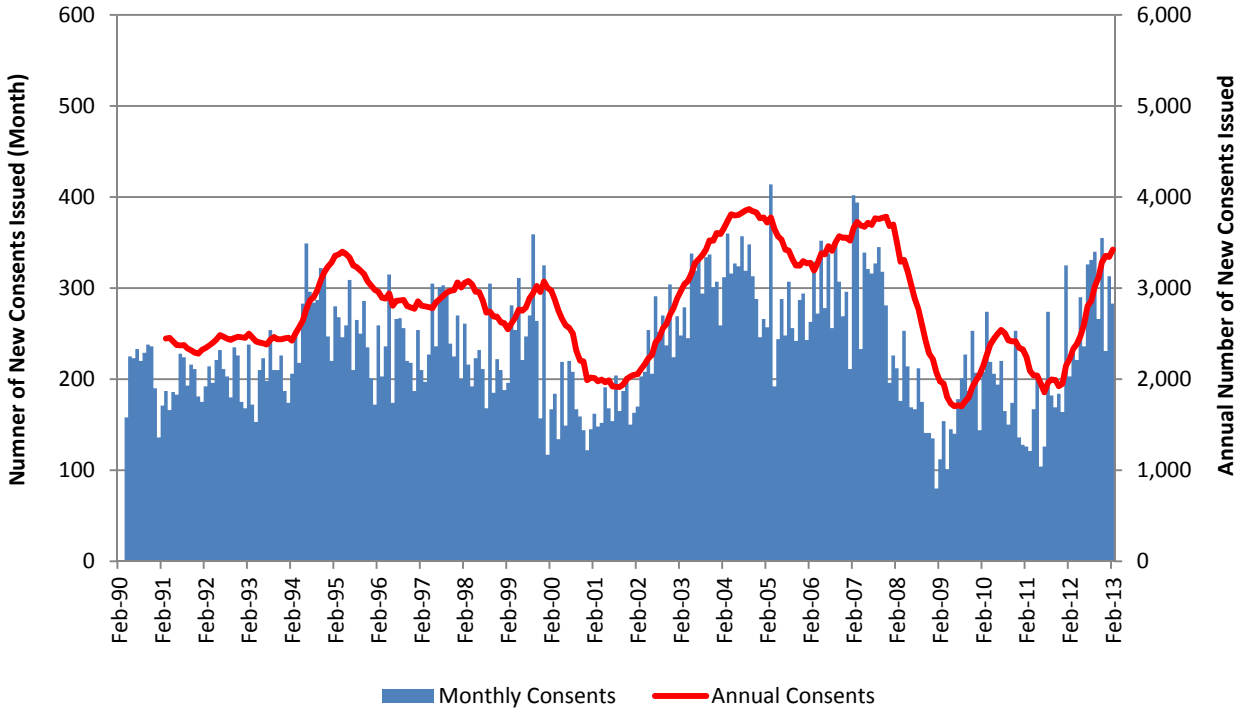
There are approximately 179,240 dwellings[17] in greater Christchurch with 168,450 dwellings within urban areas and the balance of 10,790 dwellings located in the remaining areas (outside the urban area) of Christchurch City, Waimakariri and Selwyn Districts. These estimates exclude 7,860 dwellings which are no longer habitable and located in the red zoned areas. In addition, approximately 91% of all dwellings were damaged by the earthquakes and are in need of some form of repair.

Over the ten year period immediately prior to the earthquakes the annual average number of building consents issued was 2,907 across the three territorial authorities (442 consents in Waimakariri District; 1,938 consents in Christchurch City; and 527 consents in Selwyn District). At the annual average rate of new consents, 2.7 years' worth of new supply was destroyed (red zoned) by the 2010 and 2011 earthquakes. In addition to the red zoned properties it is estimated that there is another 2,100 uninhabited dwelling which are uneconomic to repair.

[17] A profile of the existing dwelling stock is presented in Section 7

Figure 5.1 presents the trend in the number of new residential dwelling consents issued in greater Christchurch between 1990 and 2013.

Figure 5.1: Number of New Building Consents Issued in Greater Christchurch



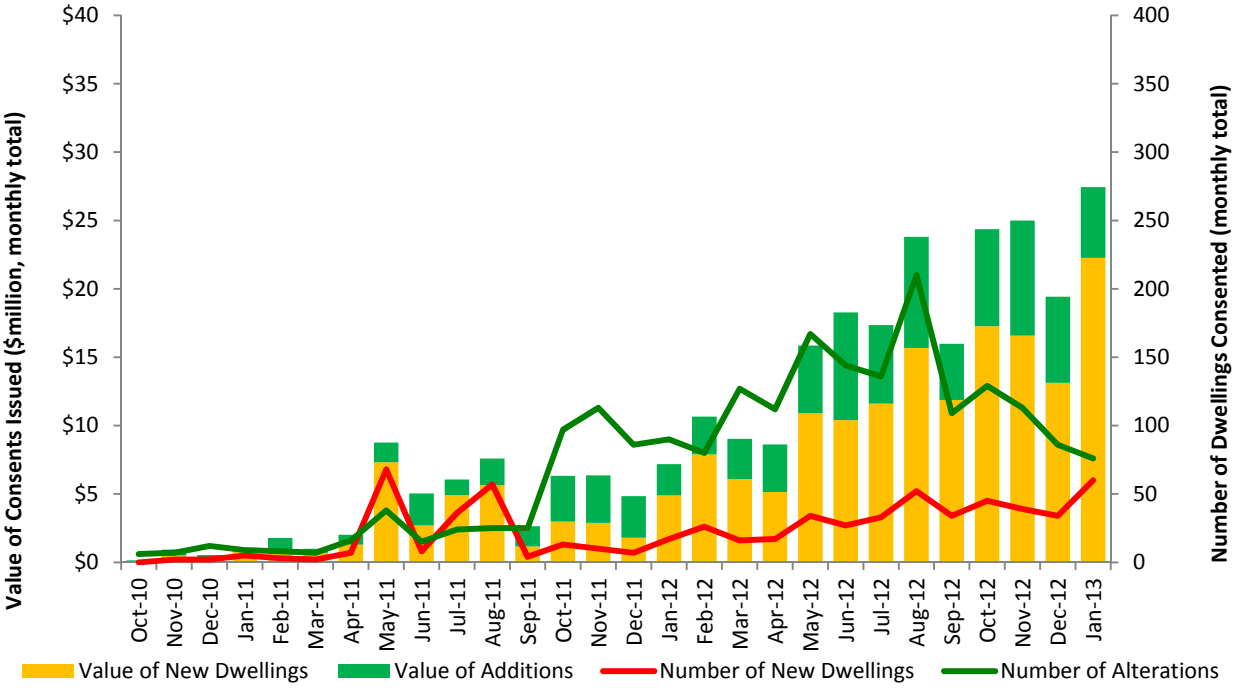
Source: Statistics New Zealand

The level of building consent activity has recovered from the lows of 2008 and 2010 and is now above the long term average. Nationally, building consent activity has increased and the number of consents issued during the year ended March 2013 is 19% higher than in the previous year. In greater Christchurch, consents rose by 85% between the March 2009 year and the March 2013 year.

One of the factors influencing the increase in the number of consents issued has been applications from households wanting to repair damaged dwellings or replace dwellings (whether they are at the same site or in a different location). As part of the consenting process, all applicants are asked if their application is earthquake related. Statistics New Zealand has separately identified these consents.

Figure 5.2 presents the trend in the number and value of earthquake related consents.

Figure 5.2: Greater Christchurch – Earthquake Related Residential Building Consents



Source: Statistics New Zealand

A total of 648 new earthquake related dwelling consents have been issued since the earthquakes and 417 of these consents were issued in the last twelve months at a total value of $148 million (an average cost per dwelling of $355,000). In addition, the number of earthquake alterations and additions undertaken on existing dwellings totalled 2,067 and 1,489 respectively over the last twelve months. The average cost of these alterations and additions was $67,000. It is likely that the rate of earthquake related consents will increase as insurers settle and payout the monies owed to householders.

5.4 New Dwelling Construction

Table 5.1 summarises the annual number of new building consents issued in Christchurch, Waimakariri and Selwyn Districts.

Table 5.1: Annual New Residential Building Consents Issued

Year Ended	Waimakariri		Christchurch		Selwyn		Total
	Number	% of Total	Number	% of Total	Number	% of Total	Consents
Mar-05	578	15%	2,562	68%	635	17%	3,775
Mar-06	541	17%	2,062	65%	590	18%	3,193
Mar-07	458	12%	2,412	65%	856	23%	3,726
Mar-08	574	17%	2,004	61%	712	22%	3,290
Mar-09	327	17%	1,228	63%	398	20%	1,953
Mar-10	402	18%	1,412	62%	451	20%	2,265
Mar-11	453	22%	1,273	61%	366	17%	2,092
Mar-12	655	28%	1,167	50%	511	22%	2,333
Mar-13	1,188	33%	1,559	43%	873	24%	3,620

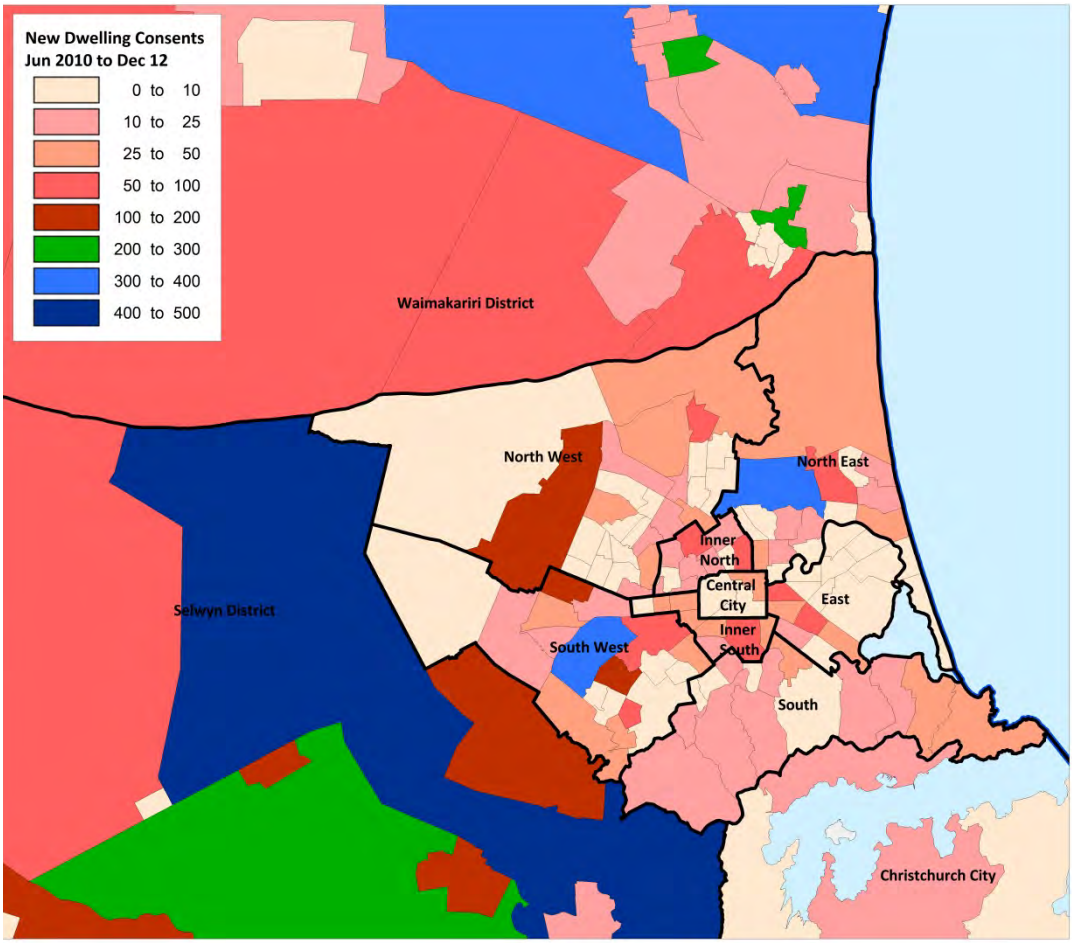
Source: Statistics New Zealand

Over the last 23 years, Christchurch City's share of consents issued across the three local authorities averaged 68.6% and is now at its lowest point ever. This reflects the impact that the 2010 and 2011 earthquakes have had on the distribution of growth around greater Christchurch. Christchurch's share of consents should rebound from the current lows as the rebuild gains momentum.

The decline in Christchurch City's share of new residential consents was already underway prior to 2010 and in 2008 Christchurch City's share of dwelling consents had fallen to 61%, down seven percentage points from 68% in 2005. Over the same time period Waimakariri and Selwyn Districts' share of new consents issued had increased to 17% and 22% respectively, increases of 2 and 5 percentage points respectively.

Figure 5.3 presents the number of new residential building consents by area unit between June 2010 and December 2012.

Figure 5.3: The Number of New Residential Building Consents by Area Unit between June 2010 and December 2012.



Source: Statistics New Zealand

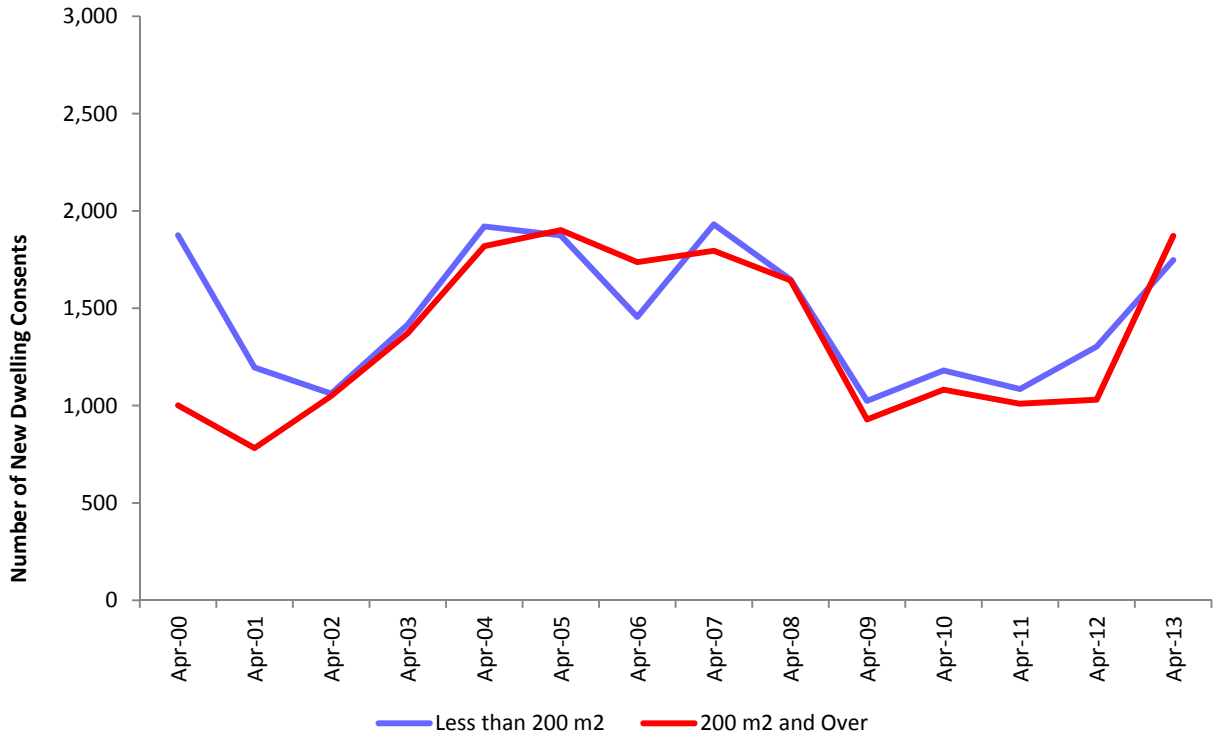
Since June 2010 a large proportion of the building activity occurred either on the fringe of Christchurch City's urban area or in Waimakariri and Selwyn Districts. This pattern of development activity is reflected in Christchurch City's declining share of new dwellings built.

A number of demographic trends in greater Christchurch (discussed in Section 4) may have an impact on the type of dwellings supplied. Over the next 20 years, greater Christchurch's population and mix of households are likely to display:

- Lower rates of homeownership as the number of renter households increases at a faster rate than the number of owner occupiers;
- The number and proportion of households with people aged 65 years and over is likely to increase over the next 20 years;
- The fastest growing household composition will be older couples without children and one person households.

Figure 5.4 presents the trend in the number of new dwelling consents issued in greater Christchurch which have floor areas either larger or smaller than 200 square metres.

Figure 5.4: New Dwelling Consents Greater than or Less than 200 Square Metres



Source: Statistics New Zealand

In the year ended April 2013 52% of the consents were for dwellings with floor areas in excess of 200 square metres. The number of consents less than and greater than 200 square metres have followed a similar trend since 2000. Over the last year the number of larger dwellings has started to increase at a faster pace.

Table 5.2 presents the trend in the number of building consents issued by dwelling size between April 2000 and April 2013

Table 5.2: Number of New Dwelling Consents by Floor Area

Year	Less than 100 m2		100 to 149 m2		150 to 199 m2		200 to 249 m2		250 to 299 m2		300 m2 and Over	
Ended	No	% of Tot	No	% of Tot	No	% of Tot	No	% of Tot	No	% of Tot	No	% of Tot
Apr-02	205	10%	298	14%	558	26%	534	25%	280	13%	235	11%
Apr-03	353	13%	365	13%	698	25%	713	26%	361	13%	298	11%
Apr-04	330	9%	445	12%	1145	31%	1054	28%	449	12%	316	8%
Apr-05	624	17%	424	11%	826	22%	1037	27%	456	12%	408	11%
Apr-06	585	18%	289	9%	582	18%	894	28%	468	15%	375	12%
Apr-07	888	24%	402	11%	641	17%	884	24%	494	13%	417	11%
Apr-08	608	18%	490	15%	549	17%	737	22%	505	15%	401	12%
Apr-09	335	17%	373	19%	316	16%	363	19%	261	13%	305	16%
Apr-10	294	13%	360	16%	526	23%	540	24%	258	11%	284	13%
Apr-11	266	13%	371	18%	448	21%	486	23%	272	13%	251	12%
Apr-12	509	22%	312	13%	482	21%	580	25%	257	11%	193	8%
Apr-13	223	6%	692	19%	833	23%	1006	28%	515	14%	351	10%

Source: Statistics New Zealand

The number of dwelling consents has increased to similar levels experienced at the peak of the last cycle with the exception of consents with floor areas less than 100 square metres.

Table 5.3 presents the trend in the number of building consents issued by dwelling type between April 2004 and April 2013.

Table 5.3: The Trend in the Number of Dwelling Consents Issued by Dwelling Type

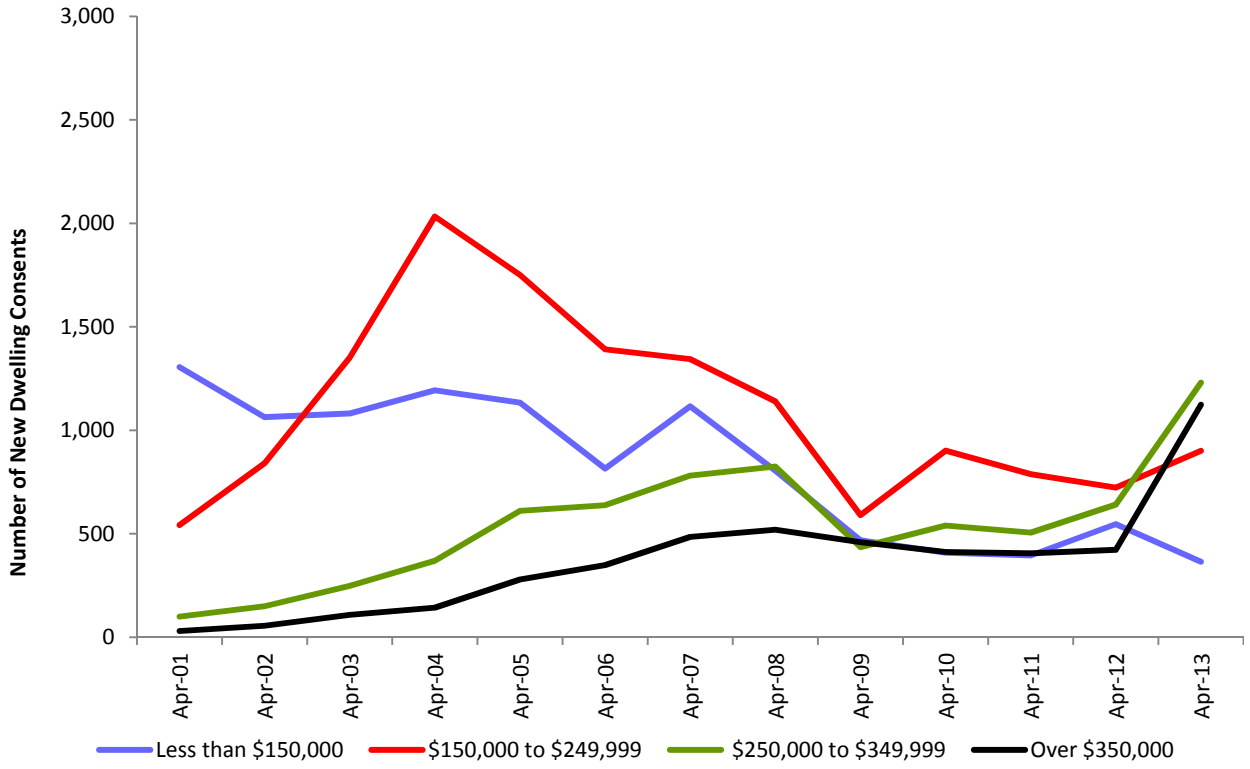
	Apr-04		Apr-06		Apr-08		Apr-10		Apr-11		Apr-12		Apr-13	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Standalone	3,156	84%	2,467	77%	2,398	73%	1,787	79%	1,694	81%	1,881	81%	3,113	86%
Townhouse/flats	408	11%	587	18%	697	21%	364	16%	301	14%	240	10%	284	8%
Apartment 9- units	32	1%	20	1%	14	0%	23	1%	16	1%	3	0%	20	1%
Apartment 10+ units	133	4%	103	3%	172	5%	82	4%	79	4%	204	9%	194	5%
Granny Flats	10	0%	15	0%	9	0%	6	0%	4	0%	5	0%	9	0%
Other	0	0%	1	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	3,739	100%	3,193	100%	3,290	100%	2,262	100%	2,094	100%	2,333	100%	3,620	100%

Source: Statistics New Zealand

Standalone dwellings continue to be the dominant dwelling typology constructed in greater Christchurch. The number and proportion of townhouses and flats has not recovered post-earthquakes. This may reflect a lack of infill occurring in the existing urban areas.

Figure 5.5 presents the trend in the number of medium to low cost (less than $250,000) dwelling consents issued in greater Christchurch.

Figure 5.5: The Number of Medium to Low Cost Dwelling Consents Issued



Source: Statistics New Zealand

The number of mid-price consents ($150,000 to $249,999) peaked in 2004 and has subsequently declined. In more recent times the number of high priced consents (in excess of $350,000) has increased significantly as the post-earthquake momentum has started to build. Low and mid-priced consents have not responded.

Table 5.4 presents the trend in the number of dwelling consents issued by cost and location.

Table 5.4: Number of Dwelling Consents (units) by Cost and Location

	Less than $150,000		$150,000 to $249,999		$250,000 to $349,999		Over $350,000		Total
	No	%	No	%	No	%	No	%	
Waimakariri									
Apr-06	71	13%	264	49%	146	27%	60	11%	541
Apr-08	37	6%	178	31%	213	37%	146	25%	574
Apr-10	39	10%	144	36%	121	30%	98	24%	402
Apr-11	72	16%	135	30%	149	33%	98	22%	454
Apr-12	81	12%	167	25%	264	40%	143	22%	655
Apr-13	43	4%	238	20%	468	39%	439	37%	1,188
Christchurch									
Apr-06	686	33%	783	38%	357	17%	236	11%	2,062
Apr-08	712	36%	706	35%	324	16%	262	13%	2,004
Apr-10	339	24%	576	41%	272	19%	222	16%	1,409
Apr-11	292	23%	549	43%	229	18%	204	16%	1,274
Apr-12	422	36%	414	35%	170	15%	161	14%	1,167
Apr-13	280	18%	486	31%	412	26%	382	24%	1,560
Selwyn									
Apr-06	58	10%	344	58%	135	23%	53	9%	590
Apr-08	56	8%	256	36%	288	40%	112	16%	712
Apr-10	30	7%	182	40%	147	33%	92	20%	451
Apr-11	31	8%	104	28%	128	35%	103	28%	366
Apr-12	44	9%	142	28%	207	41%	118	23%	511
Apr-13	42	5%	177	20%	350	40%	303	35%	872

Source: Statistics New Zealand

There has been a significant change in the types of dwelling consented. In 2006 62% of the new dwelling consents were issued for buildings costing less than $250,000 and in the April 2013 year this had fallen to 24%. Christchurch and Selwyn experienced similar trends with the proportion of sub $250,000 consents falling from 71% to 49% in Christchurch and from 68% to 25% in Selwyn. Fewer sub $250,000 dwellings being built has implications for the supply of affordable new dwellings. The strongest growth has been in the number and proportion of dwelling consents costing more than $350,000. This trend was strongest in Waimakariri and Selwyn.

5.5 Residential Development Capacity and Vacant Residential Land

One of the key influences on the distribution of growth in the number of dwellings is the availability of land appropriately zoned, serviced and subdivided into individual titles. The objective of this section of the report is to present analysis of residential land availability across greater Christchurch. Prior to the 2010 and 2011 earthquakes Christchurch City, Waimakariri and Selwyn District Councils developed an urban growth strategy with the objective of constraining the level of urban sprawl within the region and increasing the housing density. The plan included the increased intensification of the existing built up area within Christchurch City together with an allowance for on-going infill. In total, the plan estimated 45% of growth in households would be met within the existing urban area via intensification and infill. This would accommodate an additional 33,500 dwellings between 2007 and 2041. Profiles of key residential subdivisions are included in Appendix 5.

Table 5.5 summarises the projected growth and therefore the assumed development capacity included in the urban development strategy.

Table 5.5: Urban Development Strategy Assumed Development Capacity Uptake.

	2007 to 2016	2017 to 2026	2026 to 2041	2006 to 2041
Christchurch City				
1a Intensification – Central	3,000	4,000	6,990	13,990
1b Intensification – Rest of City	3,000	5,000	6,510	14,510
2 On-going infill	2,500	1,500	990	4,990
3 Greenfield areas	6,510	7,590	5,580	19,680
Total Christchurch City	15,010	18,090	*20,070*	*53,710*
Selwyn District				
3 Greenfields	3,200	3,400	2,640	9,240
4 Rural residential	700	700	1,050	2,450
5 Rural – rest of strategy area	100	50	50	200
Total Selwyn District	4,000	4,200	3,690	11,890
Waimakariri District				
3 Greenfields	4,150	2,150	1,590	7,890
4 Rural residential	500	500	510	1,510
5 Rural – rest of strategy area	200	100	100	400
Total Waimakariri District	4,850	2,750	2,200	9,800
Total Combined Areas				
1 & 2 Intensification and infill	8,500	10,500	14,490	33,490
3 Greenfields	13,860	13,140	9,810	36,810
4 & 5 Rural & rural residential	1,500	1,350	1,710	4,560
Total	*23,860*	*24,990*	*26,010*	*74,860*

Source: Greater Christchurch Urban Development Strategy and Action Plan (2007)

Post-earthquakes, it is difficult to determine exactly what has happened to the intensification and infill capacity. It is likely that some of the intensification and infill capacity may have been lost.

One of the key barriers to unlocking the redevelopment potential within a city is that the majority of the sites already have buildings on them. Consequently, the economics of intensification are affected by the need to purchase the property including the added value of the existing improvements before demolishing the buildings. The added value of the existing buildings are typically a financial barrier to intensifying the site. However, the earthquakes may provide an opportunity to intensify within the urban area as earthquake damaged buildings are demolished providing vacant sites for redevelopment opportunities.

Table 5.6 presents the residential development capacity in greater Christchurch which combines the infill capacity with current[18] greenfield development capacity estimates.

Table 5.6: Residential Development Capacity

	Existing (2012) and up to 2016	2017 to 2021	2021 to 2028	Total
Greenfield Capacity				
Waimakariri	8,775			8,775
Christchurch City	9,391	9,609	2,180	21,180
Selwyn District	12,451			12,451
Total Capacity	30,617	9,609	2,180	42,606
Intensification and Infill				
Christchurch City	33,500			33,500
Total Combined				
Waimakariri	8,775			8,775
Christchurch City	42,891	9,609	2,180	54,680
Selwyn District	12,451			12,451
Total Capacity	64,117	9,609	2,180	75,906

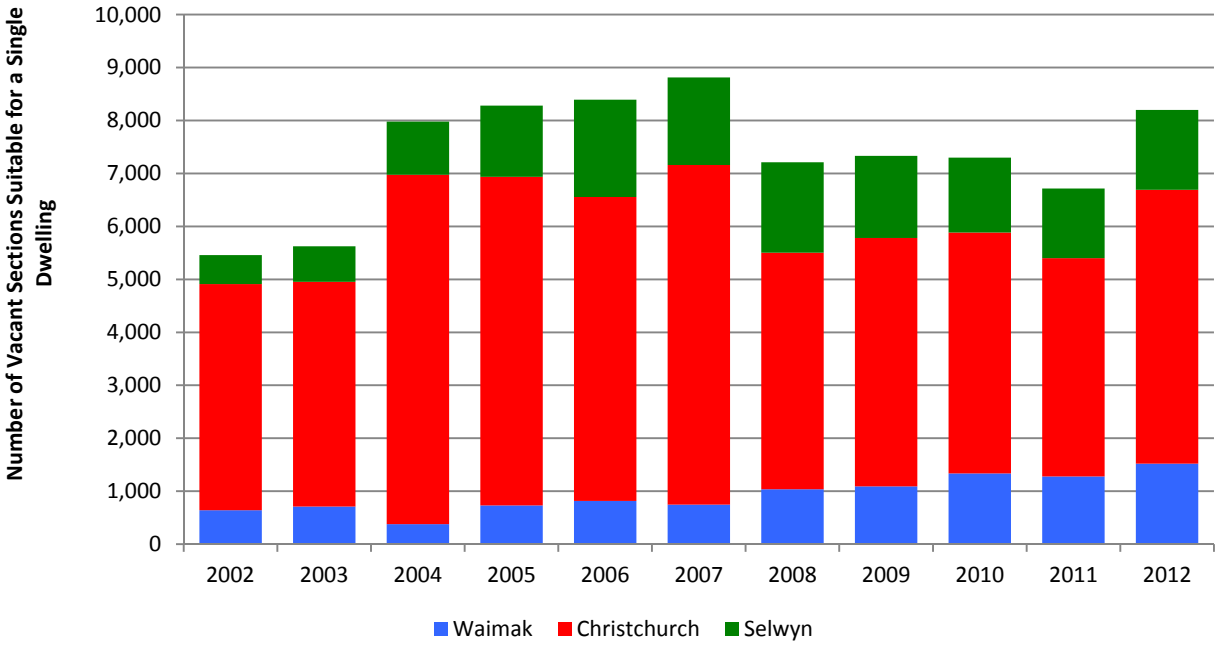
Source: Draft Land Use Recovery Plan (2013) & Greater Christchurch Urban Development Strategy and Action Plan (2007)
NB: Appendix 4 presents the greenfield priority areas and their zoning status.

The estimated infill and intensification capacity included in Table 5.5 is the assessment used in the greater Christchurch urban development strategy and action plan. There are no specific estimates of the brownfield and infill development capacity in Christchurch City after the 2010 and 2011 earthquakes, however, Christchurch City planning staff indicate there is still a large amount of zoned under-utilised development capacity within the existing urban area which developers have not taken advantage of in the past.

[18] Draft Land Use Recovery Plan (2013)

Figure 5.6 presents the trend in the number of vacant residential sections suitable for a single dwelling in greater Christchurch.

Figure 5.6: The Number of Vacant Sections Suitable for a Single Dwelling (July Years)



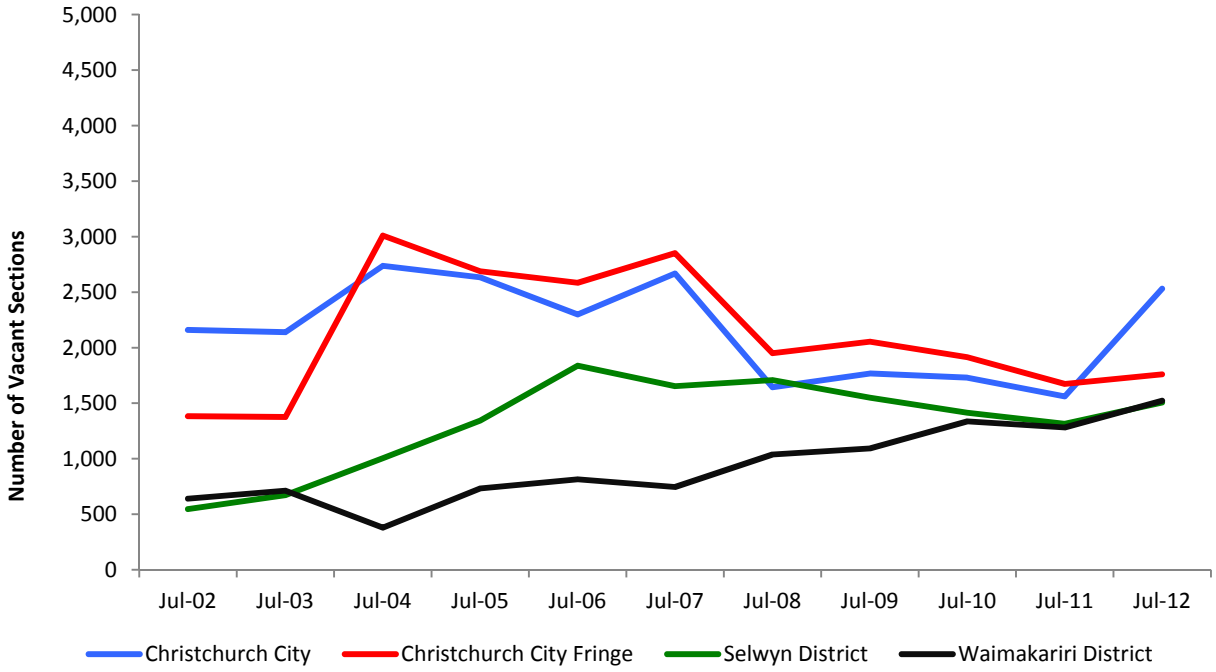
Source: PropertyIQ

The number of vacant residential sections suitable for a single dwelling totalled 8,199 sections as at July 2012 and this is at its highest level since 2007. The majority of the growth in vacant sections occurred in Christchurch City which recorded an increase of 1,052 sections while vacant section numbers increased by 241 and 191 in Waimakariri and Selwyn Districts respectively. If annual demand was assumed to increase by 2,200[19] per annum the number of vacant sections would provide 3.7 years' worth of supply.

[19] Medium growth scenario presented in Section 4.

Figure 5.7 presents the trend in the number of vacant residential sections in Selwyn, Waimakariri, Christchurch City's urban periphery and existing Christchurch City's urban area.

Figure 5.7: Number of Vacant Sections Suitable for a Single Dwelling by Location



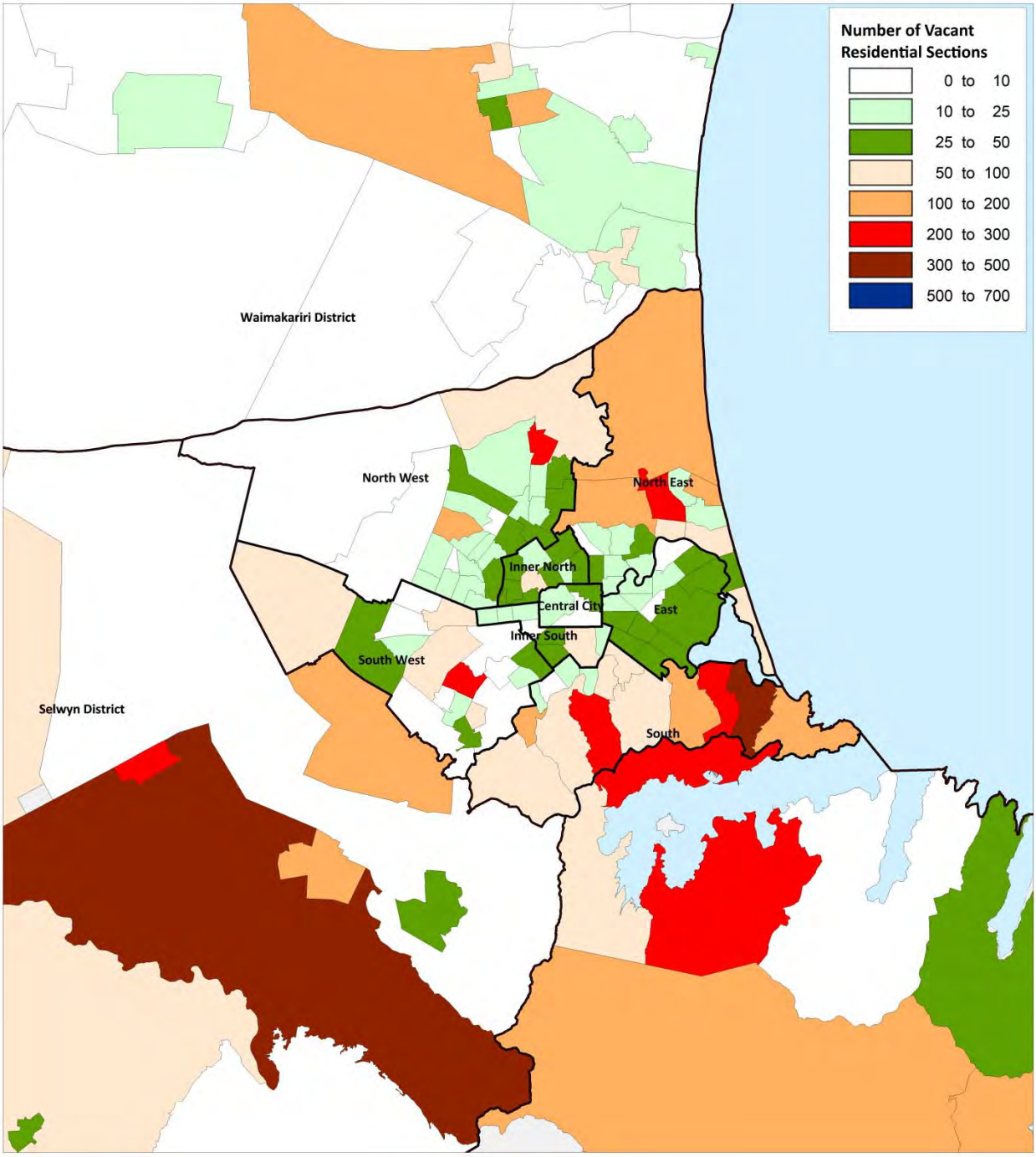
Source: PropertyIQ

There has been a number of trends experienced in the distribution of vacant sections suitable for a single dwelling. These include:

- The number of sections on the fringe of Christchurch City increased significantly between July 2000 and July 2005 and then fell away between July 2007 and July 2009. Anecdotal evidence suggests that the fall in section numbers was a result of a decline in development activity whilst construction of new dwellings continued at a higher rate for another 12 to 18 months, resulting in a fall in vacant section numbers;
- The number of vacant sections in both Waimakariri and Selwyn increased over the last decade reflecting on-going demand and increased development activity;
- The number of vacant sections in Christchurch declined between July 2002 and July 2011 before increasing sharply between July 2011 and July 2012. There is no one explanation for this increase other than a combination of earthquake related effects and responses increasing supply.

Figures 5.8 and 5.9 present the geographic distribution of vacant residential sections across greater Christchurch in July 2007 and July 2012 respectively.

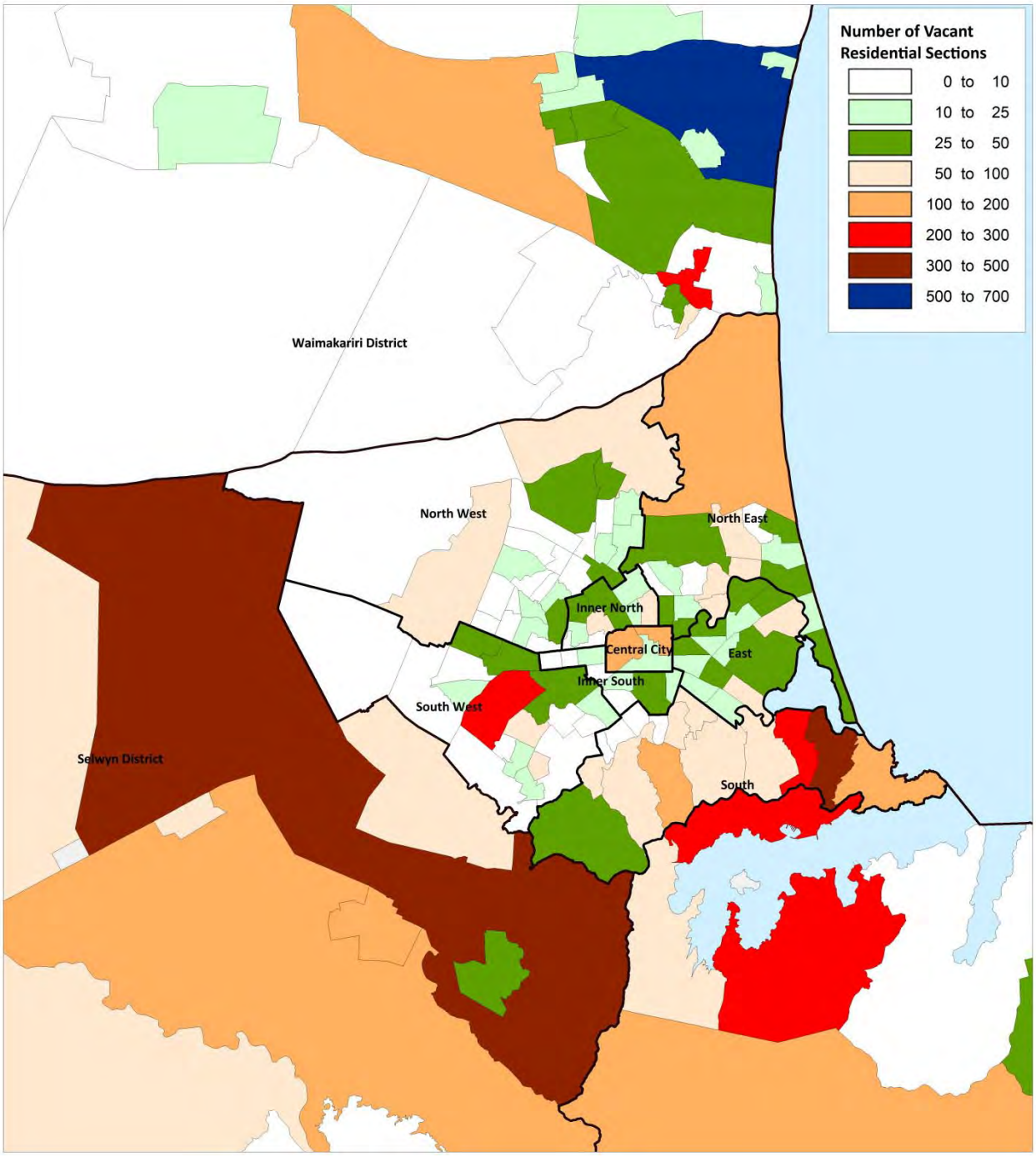
Figure 5.8: Geographic Distribution of Vacant Residential Sections in Greater Christchurch – July 2007



Source: PropertyIQ

A large proportion of Christchurch City's vacant sections in July 2007 were located on the urban fringe of the city and Selwyn also had a significant number of sections close to Christchurch.

Figure 5.9: Geographic Distribution of Vacant Residential Sections in Greater Christchurch – July 2012

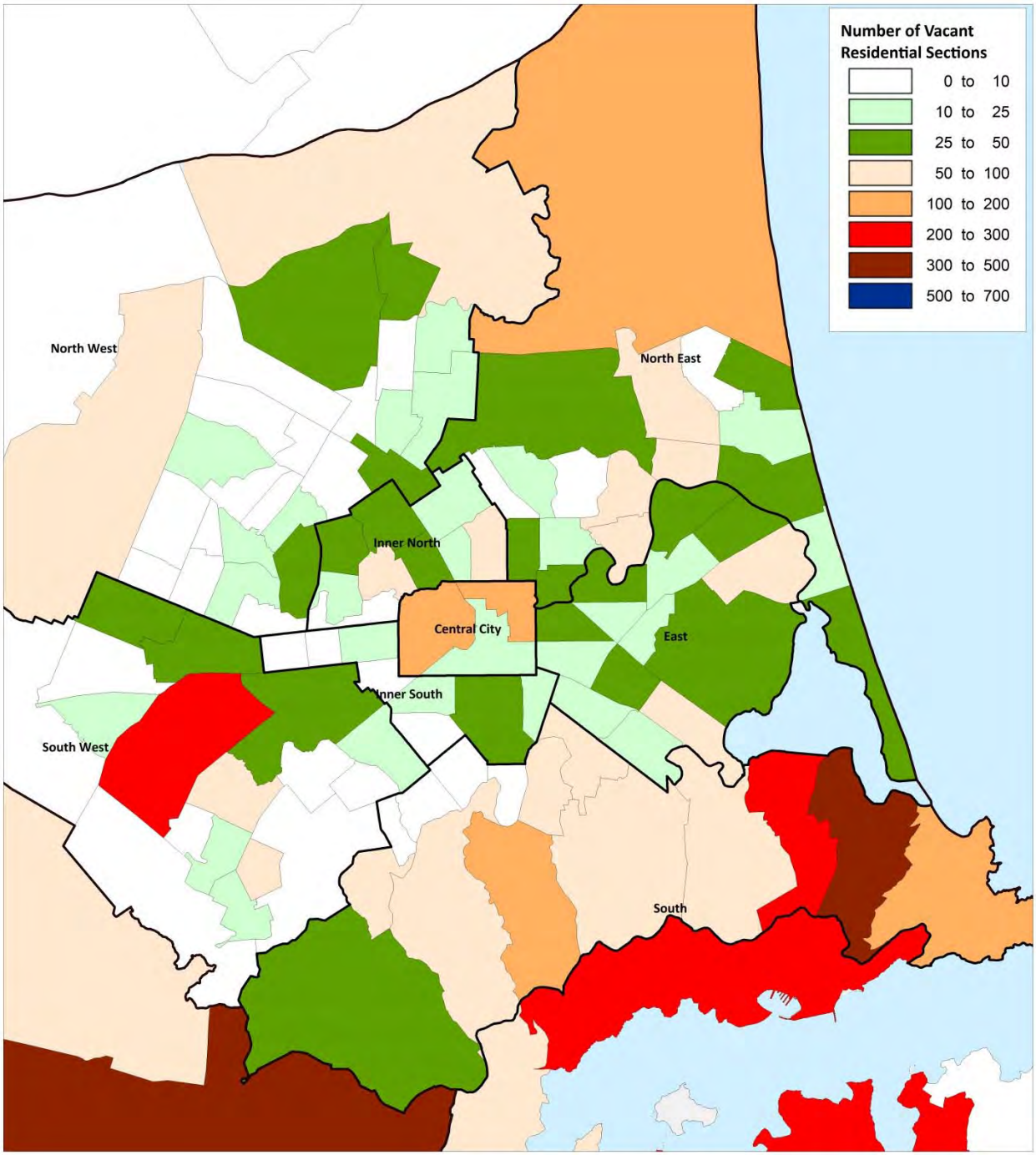


Source: PropertyIQ

The number of vacant sections increased in both Selwyn and Waimakariri as developers increased the supply of sections in anticipation of increased demand.

Figure 5.10 presents the geographic distribution of vacant residential sections in Christchurch City in July 2012.

Figure 5.10: Geographic Distribution of Vacant Residential Sections in Christchurch City – July 2012

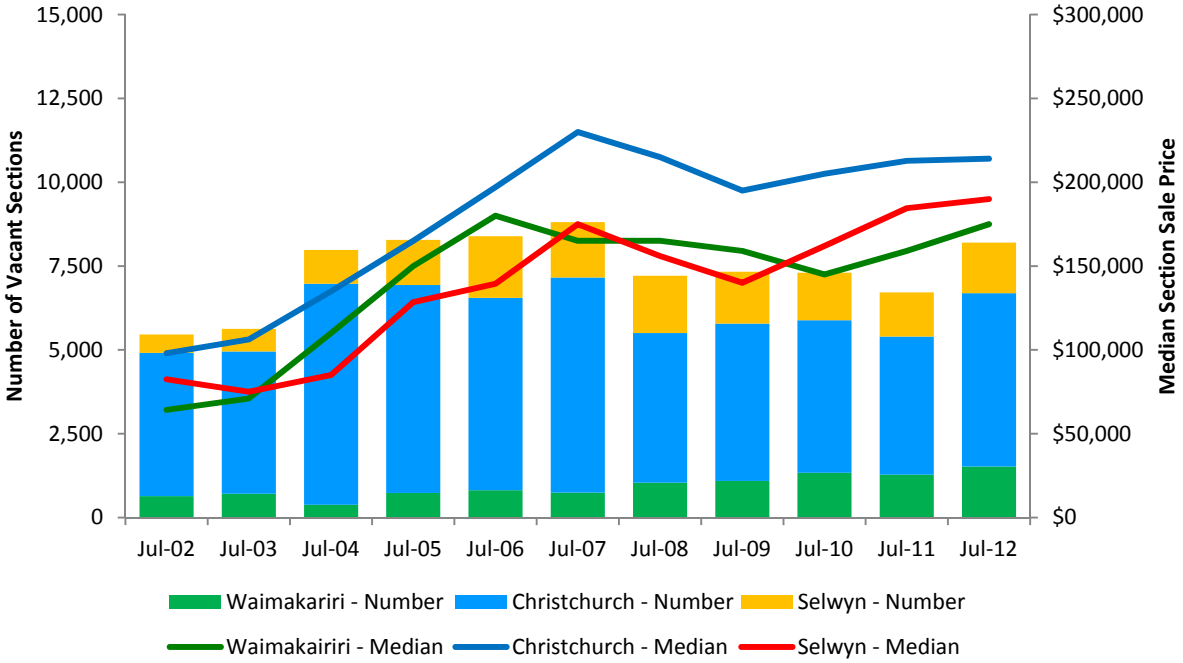


Source: PropertyIQ

The number of vacant sections increased significantly in the central city. This is likely to reflect parcels of land becoming vacant sections after the earthquake. At the same time there continues to be a significant number of vacant sections on the fringe of the urban area.

Figure 5.11 presents the trend in the number and median value of sections suitable for a single dwelling in existing urban areas.

Figure 5.11: Number and Value of Sections within the Existing Urban Areas



Source: PropertyIQ

Anecdotal evidence from developers and builders suggests that affordability pressures are contributing to the slow growth in average section sale prices over the last five years.

Table 5.7 presents the trend in the number and median value of sections in Selwyn, Waimakariri, and Christchurch City's urban periphery, and existing Christchurch City's urban area.

Table 5.7: Trend in the Number and Value of Sections by Location

July Years	Median Section Sale Price[20]			Number of Vacant Residential Sections[21]		
	Waimakariri	Christchurch	Selwyn	Waimakariri	Christchurch	Selwyn
2002	$98,000	$64,250	$82,500	640	4,271	547
2003	$106,250	$71,000	$75,000	712	4,242	672
2004	$135,000	$110,000	$85,000	379	6,596	1,005
2005	$165,000	$150,000	$128,500	733	6,203	1,344
2006	$197,000	$180,000	$139,500	815	5,740	1,838
2007	$230,000	$165,000	$175,000	746	6,413	1,653
2008	$215,000	$165,000	$156,000	1,038	4,465	1,708
2009	$195,000	$159,000	$140,000	1,091	4,692	1,549
2010	$205,000	$145,000	$162,000	1,335	4,551	1,414
2011	$212,750	$159,000	$184,500	1,279	4,121	1,315
2012	$214,000	$175,000	$190,000	1,520	5,173	1,506

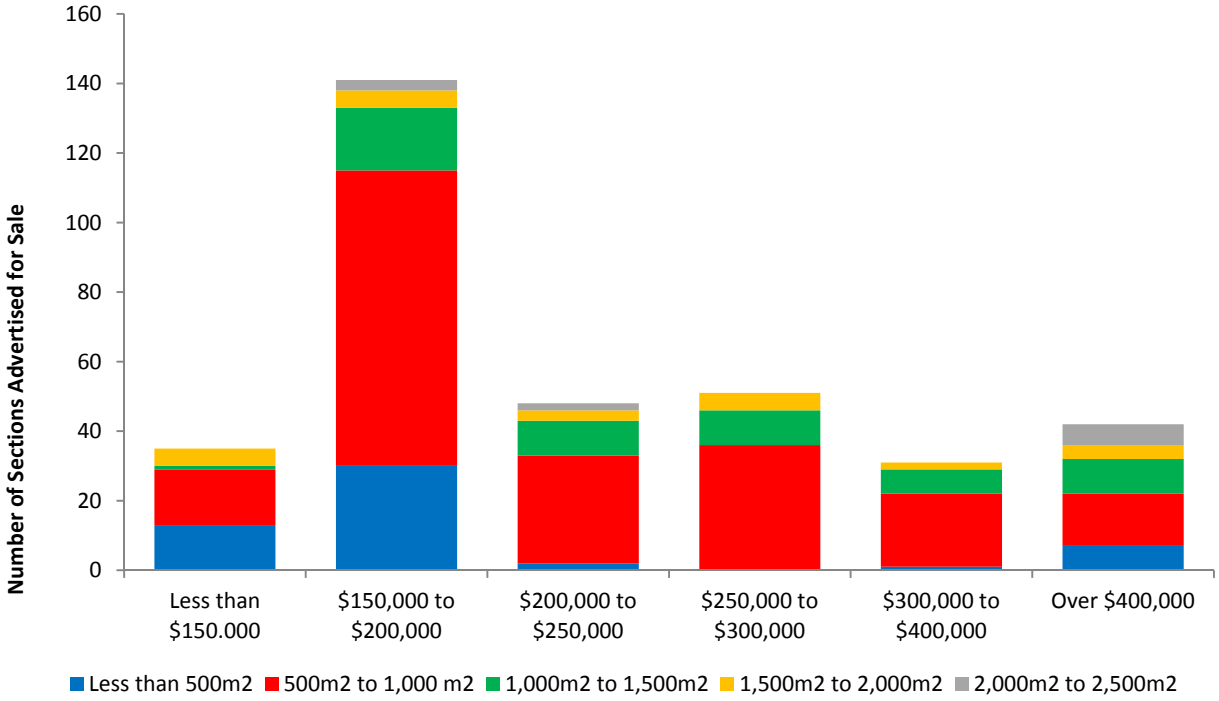
Source: PropertyIQ

Between July 2002 and July 2012, median section sale prices increased by 118% (or $116,000) in Waimakariri, 172% (or $125,750) in Christchurch City, and 130% (or $107,500) in Selwyn District. The increase in section sale prices will have flowed through to higher new dwelling prices increasing the value of land and building packages by approximately $120,000.

[20] Calendar Year
[21] As a 1st July

Figure 5.12 presents the number of vacant sections currently advertised for sale on Trade Me by size.

Figure 5.12: Vacant Sections Advertised for Sale on Trade Me (March 2013)

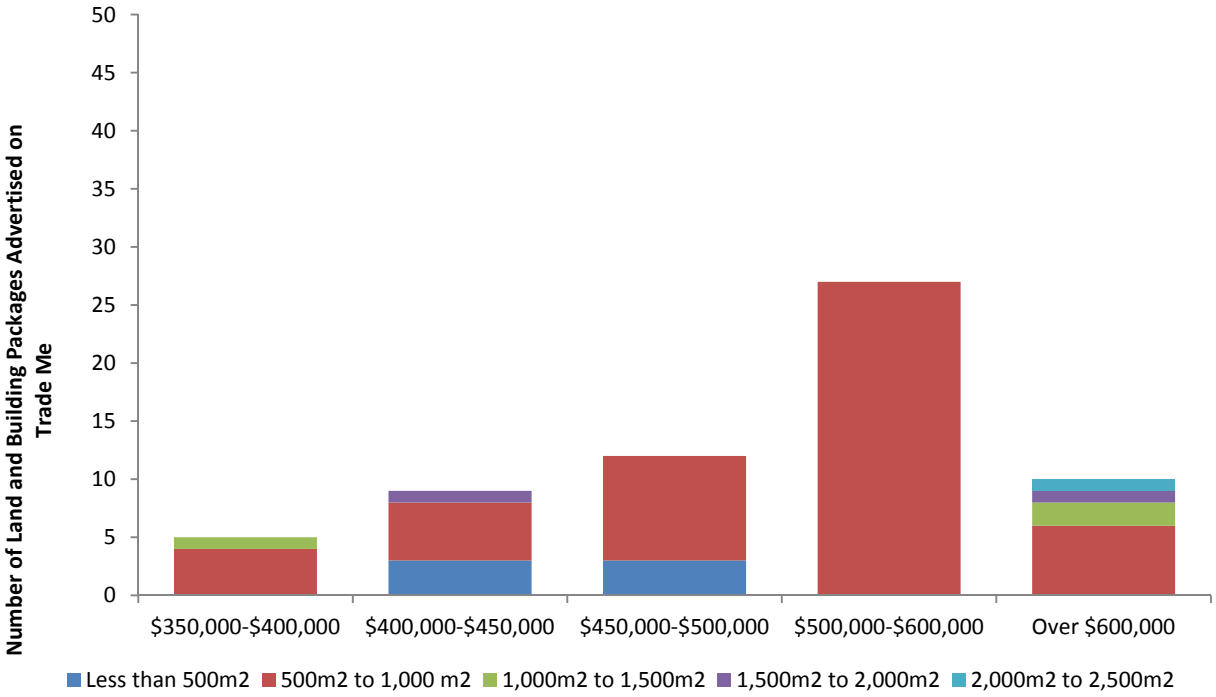


Source: PropertyIQ
NB: Care needs to be taken interpreting these statistics as it is uncertain whether the properties advertised on Trade Me are a representative sample of all sections available on the market.

In total, there were 577 sections advertised for sale on Trade Me in March 2013. Approximately 40% of the sections were advertised at prices between $150,000 and $200,000 and 21% for prices at over $300,000. A total of 66% of all sections were between 500 and 1,000 square metres in land area. In addition, 20% were located in Waimakariri District, 65% in Christchurch City and 15% in Selwyn District.

Figure 5.13 presents the number of land and building packages currently advertised for sale on Trade Me by size.

Figure 5.13: Land and Building Packages Advertised for Sale on Trade Me (March 2013)



Source: PropertyIQ
NB: Care needs to be taken interpreting these statistics as it is uncertain whether the properties advertised on Trade Me are a representative sample of all new land and building packages available on the market.

There were 100 new land and building packages advertised on Trade Me in greater Christchurch in March 2013. A total of 59% were priced at $500,000 or more. The majority of the properties were on sections with land areas between 500 and 1,000 square metres. Waimakariri had the most properties advertised for sale (47%) whilst Christchurch had 33%. Waimakariri land and building packages were predominately priced below $600,000 with 34% priced between $450,000 to $500,000 and 40% between $500,000 and $600,000. The prices were higher in Christchurch City with 35% priced between $500,000 and $600,000 and a further 35% priced over $600,000. Selwyn District has a similar price profile to Christchurch City.

5.6 Current Building Activity

The rebound in residential development activity in greater Christchurch has tested the capacity of the construction sector. A number of mid-sized building companies have grown in size to cope with the increased demand. Table 5.8 presents the trend in the structure of the residential construction sector in the Canterbury region between 2009 and 2013.

Table 5.8: Construction Sector – Canterbury Region

Number of Consents	June 2009 Year			12 Months Ended February 2013		
	No of Builders	Number of Consents	Consents as a % of Total	No of Builders	Number of Consents	Consents as a % of Total
5 or Less		1158	55%		1,473	36%
6 to 9	32	199	9%	25	169	4%
10 to 24	11	156	7%	25	342	8%
25 to 49	9	297	14%	4	150	4%
50 and Over	3	262	12%	12	1,629	40%

Source: What's On

The market share of builders constructing 50 or more units per year has increased from 12% of the total in 2009 to 40% in 2013. The number of larger builders (building 50 or more dwellings per annum) has also increased significantly growing from three in 2009 to 12 in 2013.

Table 5.9 presents the top ten builders in the year ended June 2009 and the 12 months ended February 2013.

Table 5.9: Top Ten Builders – Canterbury Region

Year Ended June 2009			12 Months Ended February 2013		
Rank	Builder	No of Consents	Rank	Builder	No of Consents
1	Stonewood Homes	122	1	Mike Greer Homes	430
2	Horncastle Homes	74	2	Stonewood Homes	254
3	Mike Greer Homes	66	3	Horncastle Homes	176
4	Peter Ray Homes	50	4	Golden Homes	157
5	GJ Gardner Homes	44	5	Ryman Healthcare	108
6	Golden Homes	40	6	Peter Ray Homes	87
7	Benchmark Homes	35	7	Benchmark Homes	86
8	Today Homes	35	8	GJ Gardner	82
9	Versatile/Totalspan	34	9	Jennian Homes	80
10	Enterprise/Renwick	30	10	Versatile/Totalspan	65

Source: What's On

A total of eight of the top ten builders in 2009 were still in the top 10 in 2012. All the builders in the top 10 in 2009 were still active in the market in 2013. The top ten builders accounted for 38% of all consents issued. A number of these builders have grown in size over the last three years. Table 5.10 presents the growth in the size of the top ten builders between 2009 and 2013.

Table 5.10: Growth in Top Ten Builder Output

2013 Ranking	Builder	June 2009 Year	June 2010 Year	June 2011 Year	June 2012 Year	Feb 2013 Year
1	Mike Greer Homes	66	154	113	264	430
2	Stonewood Homes	122	180	139	148	254
3	Horncastle Homes	74	99	66	157	176
4	Golden Homes	40	50	42	95	157
5	Ryman Healthcare			29	47	108
6	Peter Ray Homes	50	71	44	67	87
7	Benchmark Homes	35	40	13	47	86
8	GJ Gardner	44	54	45	50	82
9	Jennian Homes	29	34	61	81	80
10	Versatile/Totalspan	34	28	41	44	65

Source: What's On

Mike Greer Homes has grown to be the largest builder in Canterbury over the last four years. They have increased their output from 66 dwellings in the June 2009 year to 430 in the 12 months ended February 2013. This is an increase of 450% or 364 dwellings. These builders predominately build on greenfield sites with a mixture of land and building packages and constructing dwellings for section owners. Table 5.11 presents the top five builders of consents with an average value of less than $150,000 (low cost) in the February 2013 year.

Table 5.11: Top 5 Low Cost Builders

Builder	Number of Dwelling Consents	Average Floor Area (m2)	% of Total Sub $150,000 Consents
Ryman Healthcare	86	103	21%
Horncastle Homes Ltd	23	101	6%
Versatile/Totalspan	22	79	5%
Mike Greer Homes	21	106	5%
Goodland Builders	19	84	5%
Total	171	98	42%

Source: What's On

Ryman Healthcare was the largest low cost home builder in Canterbury. It is not uncommon for retirement village developers to be the largest low cost builder in a region. Typically they, like other low cost builders, construct smaller units than the majority of builders using standard designs which keep their costs down.

5.7 Supply of Rental Market Units

The objective of this section of the report is to present our analysis of the change in the supply of dwellings in the private rental market in greater Christchurch between 2006 and 2013 with a focus on the period 2010 to 2013. In addition, the inter-relationship between any change in supply and market rents over the same time period is discussed.

There is limited information available on the number of dwellings rented and available for rent in the private rental market since the last census in 2006. The key challenge in trying to model the change in the size of the market over time is to identify a variable that co-varies with the supply of private rental dwellings and is regularly measured. One potential statistic which could be used is the number of active properties (properties with an outstanding bond) held from private sector landlords by the Tenancy Bond Division of the Ministry of Business Innovation and Employment (MBIE). The underlying assumption is that there is a constant relationship between the number of active bonds held and the number of dwellings occupied and available for rent in the private rental market. Table 5.12 presents the trend in the number of active bonds between 2006 and 2013.

Table 5.12: The Number of Active Bonds[22]

	Mar-06	Sep-10	Jan-12	Mar-13
Waimakariri	1,428	1,905	1,950	1,806
Christchurch	28,400	34,407	33,943	34,004
Selwyn	681	1,141	1,232	1,213
Greater Christchurch	30,509	37,453	37,125	37,023
Null bonds [23]	1,269	1,726	2,106	2,510
Total Inc null bonds	31,778	39,179	39,234	39,533

Source: MBIE
NB: Unless stated otherwise, null bonds are excluded from the rest of the analysis.

There were approximately 37,900 households in greater Christchurch renting dwellings from private sector landlords in 2006. This implies 84% (including null bonds) of all private sector households had active bonds in 2006[24]. The number of active bonds has remained at approximately the same level since 2010 suggesting that the size of the private rental market has not grown since the earthquakes. Analysis of the number of active bonds suggests the supply of dwellings owned by private sector landlords increased by 23% between 2006 and 2010.

[22] The dates included in Table 5.12 were used as they reflect key market turning points in activity and price.
[23] Null bonds are defined as a tenancy where the rental amount is recorded as equal to or less than $0, regardless of what the bond amount is. These tenancies could reflect agreements where the rental figure was not completed on the bond lodgement form.
[24] There were a total of 37,600 renter households in greater Christchurch in 2006, and 31,778 active rental bonds equates to 84% of all renter households.

Table 5.13 summarises the trend in the number of active bonds by zone across greater Christchurch between March 2006 and March 2013.

Table 5.13: Trend in the Number of Active Bonds by Zone

Zone	March 06	Sept 2010		Jan 2012		March 2013		Change
	Number	Number	Chge 06 10	Number	Chge 10 to 12	Number	Chge 12 to 13	10 to 13
Waimakariri	*1,428*	*1,905*	*477*	*1,950*	*45*	*1,806*	*-144*	*-99*
South	2,034	2,477	443	2,364	-113	2,386	22	-91
East	4,454	5,479	1,025	5,225	-254	5,383	158	-96
North East	4,578	5,399	821	5,127	-272	5,228	101	-171
North West	4,519	5,678	1,159	6,030	352	5,693	-337	15
South West	2,795	3,477	682	3,770	293	3,770	0	293
Inner North	4,060	4,682	622	4,579	-103	4,563	-16	-119
Central City	2,330	2,788	458	2,096	-692	2,160	64	-628
Inner South	3,639	4,388	749	4,675	287	4,711	36	323
Christchurch City	*28,400*	*34,407*	*6,007*	*33,943*	*-464*	*34,004*	*61*	*-403*
Selwyn	*681*	*1,141*	*460*	*1,232*	*91*	*1,213*	*-19*	*72*

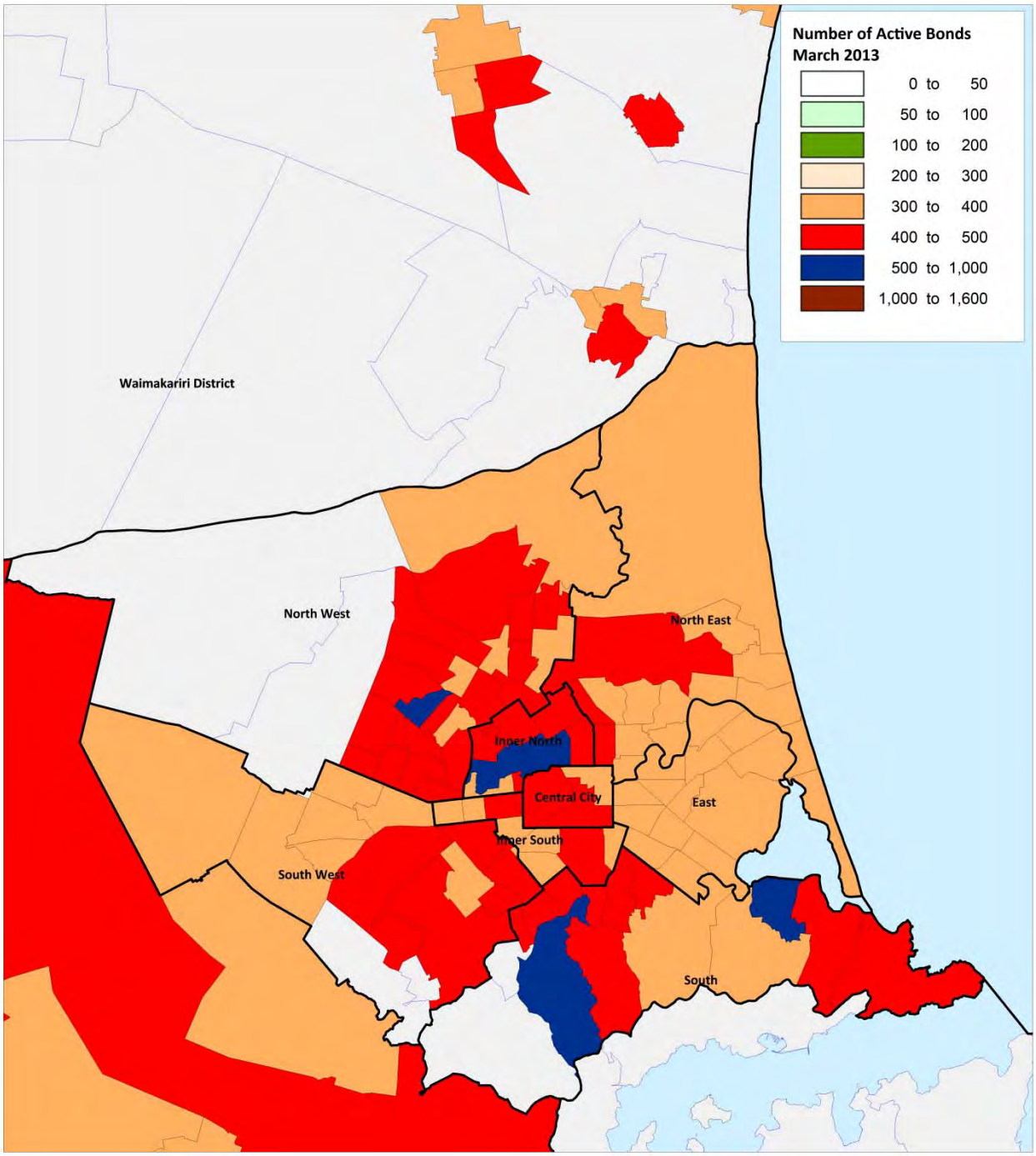
Source: MBIE

Overall the number of active bonds increased across all the sub zones between 2006 and 2013 with the exception of the central city area. Selwyn and the south west experienced a strong percentage growth in active bonds increasing by 78% and 35% respectively. The largest increase in total numbers of active bonds was experienced in north west (up 939 bonds), south west (up 975 bonds) and east (up 939 bonds). The majority of the growth occurred between 2006 and 2010. A number of sub-areas also experienced a fall in the number of active bonds between 2010 and 2013. These included south, east, north east, and the inner north. The north west sub-zone also experienced a fall of 337 active bonds between 2012 and 2013 which reversed the majority of the growth over the previous two years.

Within Christchurch City the number of active bonds increased in the inner south between 2010 and 2013 by 7.3%, and 8.4% in the south west. The number of bonds also increased in Selwyn District by 6.3% and fell by 5.2% in Waimakariri District.

Figure 5.14 presents the number of active bonds by statistical area unit as at March 2013.

Figure 5.14: The Number of Active Bonds as at March 2013

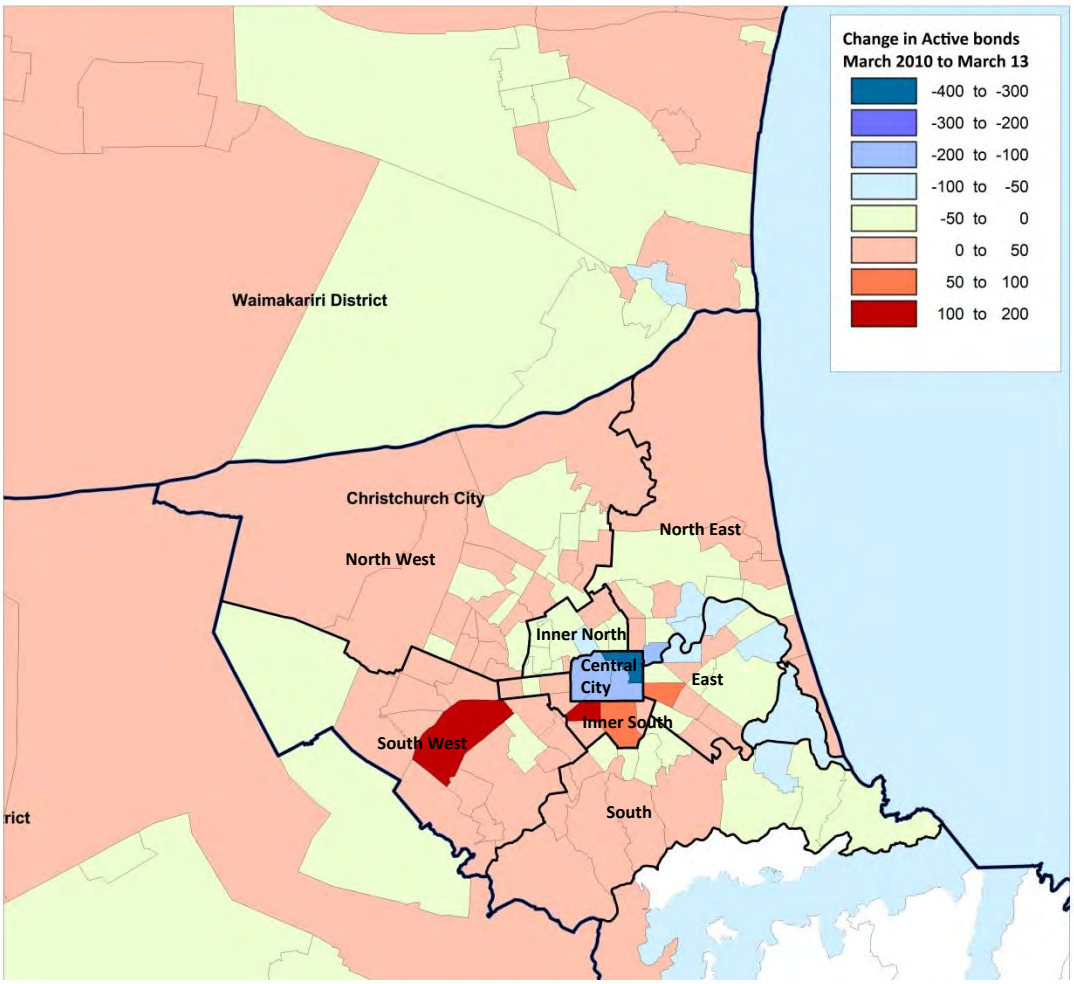


Source: MBIE

The locations with the greatest number of active bonds, and by implication, supply of private rental dwellings are located around the central city area and west along the main routes towards Riccarton, Sockburn, Hornby and Wigram.

Figure 5.15 presents the change in the number of active bonds by statistical area unit between March 2010 and March 2013.

Figure 5.15: Change in the Number of Active Bonds March 2010 to March 2013

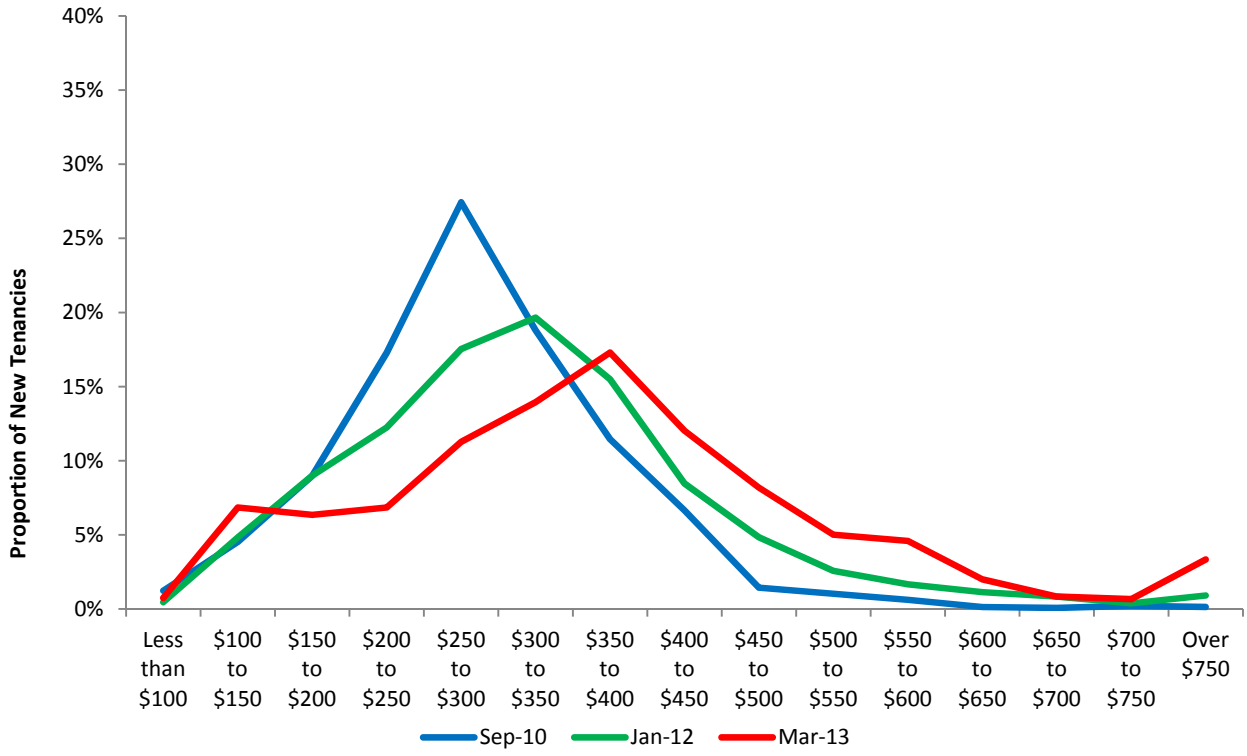


Source: MBIE

The locations experiencing the strongest growth in the number of active bonds, and by implication, growth in the private rental stock, have been in Sydenham to the south of the central city and Wigram to the west. Not surprisingly, the areas which were most affected by earthquake damage recorded significant declines. High new bond numbers may indicate an increase in the number of short term tenancies reflecting demand for accommodation whilst dwellings are being replaced or repaired.

Figure 5.16 presents the proportion of rents by $50 rental bands for Greater Christchurch between September 2010 and March 2013.

Figure 5.16: Greater Christchurch Rental Distribution – September 2010 to March 2013



Source: MBIE

Over the two and a half years between September 2010 and March 2013 the price distribution of residential rents in greater Christchurch has changed. The flattening of the rental curve has resulted in significantly fewer lower cost rental properties. Prior to the first earthquake in 2010, 59% of new rental agreements were for less than $300 per week. By March 2013 the proportion of sub $300 rentals had fallen to 32%, a decline of 27 percentage points.

Table 5.14 presents the trend in the number of new rental bonds by rental range and location as a proxy for the change in the supply of lower price rental properties.

Table 5.14: The Number of New Bonds by Rental Range and Location – March 2006 to March 2013

Rental Range	March 2006		Sept 2010		March 2013	
Location	Bonds	% of Total	Bonds	% of Total	Bonds	% of Total
Sub $300 per week						
South	66	57%	35	32%	12	20%
East	223	91%	169	82%	62	45%
North East	184	78%	117	55%	45	29%
North West	169	62%	94	47%	41	21%
South West	121	72%	72	56%	61	46%
Inner North	169	64%	117	65%	42	25%
Central City	136	80%	84	65%	30	43%
Inner South	206	78%	104	77%	63	37%
Christchurch City	*1274*	*73%*	*792*	*61%*	*362*	*33%*
Selwyn District	*21*	*51%*	*19*	*36%*	*8*	*20%*
Waimakariri District	*77*	*84%*	*56*	*58%*	*14*	*25%*
Total	*1372*	*73%*	*867*	*59%*	*384*	*32%*
$300 to $400 per week						
South	41	35%	46	41%	15	25%
East	21	9%	33	16%	58	42%
North East	48	20%	74	35%	63	41%
North West	80	29%	88	44%	54	28%
South West	43	25%	48	37%	34	25%
Inner North	56	21%	45	25%	37	22%
Central City	33	19%	31	24%	28	40%
Inner South	42	16%	25	19%	54	32%
Christchurch City	*364*	*21%*	*393*	*30%*	*343*	*31%*
Selwyn District	*18*	*44%*	*20*	*38%*	*10*	*25%*
Waimakariri District	*12*	*13%*	*28*	*29%*	*21*	*38%*
Total	*394*	*21%*	*441*	*30%*	*374*	*31%*

Source: MBIE

The number of new rental agreements[25] in March 2013 agreed for under $300 per week was 988 lower than in March 2006, a decline of 72%. This trend continued between 2010 and 2013 where the number of sub $300 rental agreements fell from 867 in 2010 to 384 in 2013. This suggests a significant fall in the supply of new low cost private rental stock in Greater Christchurch with the majority of the change occurring within Christchurch City. Private sector rental properties renting for between $300 and $400 declined by 67, or 15%, over the same time period.

The east experienced the strongest fall in low cost rents with the number of sub $300 and $300 to $400 rental agreements falling by 107 agreements, or 63% in March 2013 when compared to March 2010. This may have been caused by red zoned dwellings made uninhabitable as a result of the earthquakes. Other zones experiencing similar falls include the north east, and inner north zones. All the zones within Christchurch City experienced significant falls in the proportion of new bonds lodged typically ranging between 50% and 65% when compared with March 2010.

Social Housing Providers and short term accommodation

Social housing providers are also an important source of rental stock. Prior to the 2010 and 2011 earthquakes the total size of the social housing stock was estimated at 8,958 dwellings or 5.0% of the total housing stock[26].

Table 5.15 presents the portfolio size of local and central government social rental housing units.

Table 5.15: Local and Central Government Social Housing Stock

	Pre Quake	Post-Quake	Change
Housing New Zealand Corporation[27]	5,968	5,377	-591
Christchurch City Council	2,649	2,189	-460
Waimakariri District Council	123	99	-24
Selwyn District Council	3	3	0
Total	*8,715*	*7,692*	-1,023
3rd sector providers			
Emergency / Short Term	177 beds	175 beds	-2 beds
Short to medium term	79 beds	75 beds	-4 beds
Longer term	448 beds	435 beds	-13 beds
Total 3rd sector	704 beds	685 beds	-19 beds

Source: Social Housing Unit (2012) & HNZC

HNZC estimated their pre-quake portfolio as 6,129 units of which 161 were used by community housing groups (6,129 less 161 provides a total stock of 5,968 units). Of the 5,968 units, 346 were leased properties and the balance was owned by Housing New Zealand Corporation. As at May 2013, a total of 535 units were vacant because of severe earthquake damage and this includes 212 units located in the red zone.

[25] Based on the number of bonds lodged with MBIE
[26] Social Housing Unit (2012)
[27] HNZC provided their stock number while the balance of the data was sourced from the Social Housing Unit (2012).

HNZC is the largest social landlord in the greater Christchurch area with over 5,000 dwellings. Earthquake damage resulted in a 5.7% fall in the number of available units. HNZC's stock is predominately 2 and 3 bedroom dwellings (a combined total of 82%). Christchurch City Council (CCC) is the second-largest social housing provider for low-income tenants in Christchurch. The majority of their units are studios; one and two bedrooms. The number of available units in their portfolio fell by 439 units as a result of earthquake damage.

The organisations' client groups and criteria vary. Housing New Zealand Corporation targets low income high need families and individuals. Christchurch City's client group focuses on older people, those with lower socio-economic status, who have mental illness, or people with physical disability. Waimakariri District's focus is similar to Housing New Zealand Corporation's and targets low income, high need families and individuals. Selwyn District's focus is on older people.

In addition to central and local government there is a number of third sector organisations which also provide social housing. These non-government social housing providers fill an important niche providing housing to high need individuals and families. Their focus includes those with need as a result of mental health issues, low income aged people, people with intellectual and physical disabilities, and low income families. Combined, they currently provide 2.7% of the total social housing stock, or 0.5%, of the total rental stock (private sector and social sector combined).

Table 5.16 presents the profile of the social housing stock by size of the dwellings (number of bedrooms).

Table 5.16: Configuration of the Social Housing Stock (2012)

	Bedsit	1 Bed	2 Bed	3 bed	4 Bed	5 Bed	6+ bed	Total
HNZC[28]	18	559	2559	2398	391	33	10	5,968
Christchurch City	923	1,467	237	16	6	0	0	2,649
Waimakariri District	0	116	0	7	0	0	0	123
Selwyn District	0	3	0	0	0	0	0	3
Total Government	*941*	*2026*	*2796*	*2414*	*397*	*33*	*10*	8,617
Non-Government	26	137	35	10	10	7	18	243
Total	967	2163	2831	2424	407	40	28	8,860

Source: Social Housing Unit (2012) & HNZC

Housing New Zealand Corporation's stock is predominately in two and three bedroom units; 43% and 40% respectively. Local government stock is predominately bedsit and one bedroom units; 33% and 57% respectively.

[28] HNZC provided their pre-earthquake stock numbers while the other providers' stock numbers were sourced from the Social Housing Unit (2012).

Housing New Zealand Corporation's goal is to have returned to their pre-quake stock levels by 31 December 2015 (as per their agreement with central government in February 2013). Their current 10 year strategy for Canterbury includes the reconfiguration of its land holdings resulting in the demolition of 1,350 houses and the rebuild of approximately the same number of dwellings. This will allow Housing New Zealand Corporation to provide modern dwellings in the configuration that best suits their portfolio requirements. The reconfiguration process is also estimated to provide between 1,350 and 2,700 subdivided sections and/or developed dwellings for sale on the private market which will be used to offset the cost of modernising their stock.

Christchurch City intends to retain the same number of rental units they owned pre earthquakes (the same level of services). Prior to the earthquakes, in 2009, they identified units that were 'old and cold' which required an accelerated replacement programme. Christchurch City are currently looking at options to partner with other organisations, facilitating access to new external funding sources to achieve their goal to renew and upgrade their housing stock and bolster the third sector housing providers, benefiting wider social housing provision within Christchurch**.**

Waimakariri District Council's has committed to replace their red zoned housing stock and currently has no plans to expand their social housing portfolio.

The Centre for Sustainable Communities (CSC) is coordinating a partnership of housing providers as part of a '500 (affordable) houses'. They are investigating new ways to provide affordable housing and are attempting to pilot a mixed tenure model including social renters, shared equity and owner occupiers. If successful, the initial development would include 50 to 70 units. Progressing this initiative is reliant on CSC's ability to access funding and development sites.

The New Zealand Housing Foundation is also developing a social/affordable housing complex in Hornby. The development, when completed, will provide approximately 44 units. Ownership of the dwellings would be shared across the New Zealand Housing Foundation (10 dwellings), Salvation Army (10 dwellings), Housing Plus (11 dwellings) and Abbyfield (13 dwellings).

Short term accommodation

An important component of private low-cost accommodation came from providers such as Wigram Lodge, holiday parks, or inner-city bedsits and boarding houses (generally rooms without their own bathrooms or kitchens, suitable for single people). Non-government organisations (NGOs) provide a total estimated supply of 704 beds. This is based on a telephone survey of 23 NGOs in July 2012. There has also been an estimated loss of 254 low-cost inner-city bedsits and flats which traditionally housed single people within the inner-city. Those who are housed by NGOs on a short or medium-term basis are remaining longer in this type of accommodation than before the earthquakes. As a result, NGOs report that they are near or at capacity for housing, and some have set up waiting lists for the first time. This makes it difficult to accommodate people who have new housing needs.

Source: MBIE (2013)

5.8 Temporary Accommodation

The objective of this section of the report is to provide an overview of the temporary accommodation initiatives employed by the private and public sectors. There have been a number of initiatives to provide accommodation for workers locating to greater Christchurch to assist with the rebuild. Large camps were mooted, however they are yet to reach the market. For example:

- Christchurch company JGM Group had planned to build a temporary accommodation site for 200 workers at the Orion site in St Albans, but pulled out of the project earlier in the year; and
- Singapore company Tee International is still working on a project to convert a Riccarton camping ground into a $10 million complex for 300 workers and displaced locals.

Temporary accommodation strategies currently adopted by construction sector organisations include:

- Fulton Hogan has leased 42 houses at Burnham Military Camp to accommodate over 100 workers who are bussed to their work every day. Fulton Hogan uses a wide range of accommodation options around Christchurch including home stays and Burnham Military camp;
- Leighs Construction has leased an old forestry camp 60 kilometres outside Christchurch and houses approximately 70 workers on site;
- Downer have converted a derelict golf club by the airport into worker accommodation for approximately 50 people. They use the private rental market for additional accommodation;
- Fletcher Building has secured a number of private rental properties for housing their employees and their families; and
- Naylor Love Construction is planning a small workers camp on land they currently own.

Government has also been active in supporting housing recovery, which to June 2013 includes:

- The construction of 40 dwellings at Rangers Park to be used as temporary housing for displaced residents in the first instance and then sold as affordable housing once this need has reduced, due for completion between August and November 2013;
- 84 temporary accommodation units at Linwood Park, Kaiapoi Domain and Rawhiti Domain;
- Temporary accommodation assistance for over 2,100 households – for families with children this is $330 per week;
- The Canterbury Earthquake Temporary Accommodation Service (CETAS), which has helped over 2,500 displaced households find temporary accommodation;
- $3.13m spent from the Social Housing Fund in Christchurch in 2011/12, which will see 31 new homes built;
- An additional $21 million set aside for more social housing projects in the region from 2012/13 to 2015/16, matched by $10 million in funding from Canterbury Community Trust;
- Housing New Zealand Corporation committing to repair and rebuild approximately 5,000 of its earthquake damaged occupied properties, including constructing 700 new houses, by December 2015; and
- Directing ECan to produce a Land Use Recovery Plan, which will identify the location, type and mix of residential and business activities necessary for earthquake recovery.

Anecdotal evidence suggests that the market is unlikely to provide sufficient temporary accommodation to support the rebuild. The key challenge from a market perspective is the short-life of temporary accommodation and the large up-front costs. Experience is proving that, in most cases, it is cheaper and less risky for companies to rent existing housing rather than construct new housing.

5.9 The Industry's View

5.9.1 Introduction

This section of the report summarises the results of a series of semi structured telephone interviews[29] conducted with a number of larger developers and associated professionals involved in the development sector with the objective of identifying recent trends in the sector[30]. The survey provides anecdotal evidence regarding sector trends and is not meant to be a statistically significant survey of developers and others. The survey focuses on the current market, constraints in terms of increasing future supply, and what if anything the public sector could do to increase development activity.

More specifically the survey considers:

- Current market trends;
- Whether there is an adequate supply of land for development;
- Current price trends for sections and new dwellings along with the factors influencing price changes;
- Whether there are any factors constraining supply; and
- Developers' views of the potential for further development in the existing urban area and the central city.

5.9.2 Current Market

Key comments on the current state of the market include:

- The market is active and moving forward with a good volume of sales;
- The increasing cost of trades (such as plumbers and electricians) is putting upward pressure on new house prices;
- Prices for sections are steady and may decline over the next two to three years;
- Some developers are signing up people before they have planning approval despite not knowing what they will be able to offer and when;
- Insurance payouts are having an impact on the market. The volume of sales increases when a batch of payouts is made and then market activity falls again;
- It is a good thing the insurance payouts have been drawn out as this has spread the demand for sections and completed houses over a wider time frame;
- Government got it right bringing on large amounts of greenfield land as it stopped section prices increasing, however there may be an over-supply in the future;
- Some developers have indicated that they have not increased the asking prices for sections over the last year even though they thought that they could;
- Land and building packages have increased in price, tracking existing house prices and as a result of increased building costs; and
- A lot of purchasers prefer buying a completed dwelling as they can see exactly what they are getting.

[29] A total of sixteen organisations were contacted and not all organisations responded to all the questions.
[30] The builders and developers included in the survey were all in the top 40 size.

Table 5.17 summarises the respondents' views on the current supply/demand balance for sections in greater Christchurch.

Tale 5.17: Residential Market's Supply/Demand Balance – Residential Sections

	Under Supply	Balanced	Over Supply
Current market	15%	77%	8%
Medium term (next 2 to 3 years)	-	-	100%

Source: Developer Survey Results

Key comments include:

- The Government/CERA had done the right thing making sure there was plenty of land available as it capped the potential rise in section values over the last year and into the future (77% of respondents).

Table 5.18 summarises the respondents' views on the recent movements in section and land and building package sale prices.

Tale 5.18: Residential Market's Sale Prices

	Declined	No Change	Increased
Sections			
Last 12 months		100%	
Next 1 to 2 years	85%	15%	
Land and building packages			
Last 12 months		8%	92%
Next 1 to 2 years		23%	77%

Source: Developer Survey Results

Key comments include:

- The majority of respondents indicated there was an adequate supply of sections on the market and that with all the development activity underway at the moment there could be an oversupply of sites in the short to medium term (2 to 3 years). This could provide challenging market conditions for less experienced, highly leveraged developers (85% of respondents);
- The cost of new dwellings has been tracking up with existing house prices (62% of respondents);
- The cost of trades have increased, putting upward pressure on land and building packages (54% of respondents); and
- The current low interest rates are a key factor supporting current prices. If interest rates went up to over 8% the market would stall (31% of respondents).

Respondents indicated that the following groups were currently active in the market, buying sections and land and building packages:

- Purchasers who had received insurance payouts (100% of respondents);
- Existing home buyers selling their existing dwellings and taking the option to relocate out of Christchurch and, in some cases, downsizing (92% of respondents);
- Builders buying sections to take advantage of the demand for completed dwellings (92% of respondents);
- Investors are active in the market, however they typically have lower price points than owner occupiers (69% of respondents); and
- Risk takers buying damaged dwellings (previous owner having received their payout) repairing the damage and renting the property out to take advantage of the strong rental market (31% of respondents).

The market share between the groups varied significantly with builders typically accounting for more than two thirds of section sales.

Table 5.19 summarises the respondents' views on the current key price points for purchasers considering land and building packages.

Table 5.19: Residential Market's Key Price Points

	Under $400,000	$400,000 to $450,000	$450,000 to $500,000	$500,000 to $550,000	$550,000 to $600,000	Over $600,000
Waimakariri		50%	50%			
Christchurch City			22%	39%	39%	
Selwyn			46%	31%	23%	

Source: Developer Survey Results

Key comments include:

- Affordability is a key concern for purchasers, particularly ones buying after being paid out for their existing dwellings (69% of respondents);
- Waimakariri and Selwyn are seen as more affordable options than Christchurch City (62% of respondents); and
- Current low interest rates are allowing people to buy dwellings at a higher price point when they may have otherwise been priced out of the market (46% of respondents).

Table 5.20 summarises respondents' views on the factors currently restricting the supply side response to changes in demand.

Table 5.20: Factors Restricting Supply Side of the Market

Market constraints Impacting on Supply	% of Respondents
There are no significant pressure points in the market restricting supply	69%
Consenting process causes some delays which are no worse than before the earthquakes	46%
Delays in titles being issued by LINZ	31%

Source: Developer Survey Results

Comments include:

- The view held by most respondents is that there were no significant delays restricting the supply pipeline with more than enough greenfields land appropriately zoned with commitment to the provision of infrastructure;
- Councils are in a catch-22 situation. They need to approve consents quickly without making any mistakes. It is important that they get it right otherwise the result could be problems like leaky homes all over again;
- Councils are struggling to cope with the increased volume of work and need to resource up;
- It is frustrating waiting for titles to be issued by LINZ, particularly when the response is that there will be a delay because of staff training. The houses are finished, people want to occupy them and all that is needed is the title. Perhaps LINZ staff should tell people why they have to wait.

The majority of respondents did not think that the restrictive covenants used by developers were having a significant impact on housing affordability. However, several noted that the minimum floor areas required in some developments have been reduced to allow smaller building and as a consequence have lowed land and building prices. This flexibility was seen as meeting a need for people shifting out of Christchurch, particularly from the eastern suburbs, who could not afford to buy a larger dwelling. In addition, most subdivisions will not allow relocated dwellings. One respondent noted that this was a barrier limiting households' potential for relocating existing red zoned dwellings onto new sections.

Table 5.21 presents respondents' views on why there has been limited development activity within Christchurch City's existing urban area.

Table 5.21: Respondent's Views on the Factors Influencing the Level of Development in the Urban Area

Factors influencing the level of development in the urban area	% of Respondents
Completed units are not as affordable as alternatives on the fringe/Selwyn/Waimakariri	100%
People want to feel safe and there is too much uncertainty around the existing urban area whereas the fringe/Selwyn/Waimakariri are viewed as better safer options	100%
Although Christchurch City Council have improved (RMA perspective) they are more challenging to deal with and more conservative in their approach to the consenting process	46%
Shortage of appropriate sites/shape of sites/fragmented ownership	31%
Cannot make money out of infill/brownfield developments	31%
Christchurch City needs to provide incentives to encourage urban redevelopment	15%
People are looking for locations with good amenities and sense of community hence the preference for Waimakariri and Selwyn	15%

Source: Developer Survey Results

Comments include:

- The demand is stronger on the fringe and outside the city (Selwyn and Waimakariri), (100% of respondents);
- If the councils want developers to build units within the city they need to work with developers rather than adopting a conservative approach and requiring notified consents on everything. This adds to the risks and time delays, (46% of respondents);
- The typical section shape does not help in a lot of areas. They are long and narrow, which makes it hard to design suitable buildings without trying to amalgamate adjoining properties together (31% of respondents);
- Land values and higher building costs mean it is hard to make a profit from infill developments (31% of respondents).

Respondents' views on the central city rebuild include:

- It will take some time before there is a desire from people to move back to the central city as memories are still strong, (85% of respondents);
- There needs to be something to attract people to the centre – like jobs, amenities, or entertainment. In the past Christchurch has had strong communities outside the central city area and this has been peoples' focus rather than the CBD, (62% of respondents);
- People in Christchurch have choice and in the past preferred not to live in apartments. This is unlikely to change in the future, (54% of respondents);
- A different set of skills is needed to develop and sell apartments and developers felt that they were better focusing on their existing skill base which was developing greenfield sections and houses, (54% of respondents);
- Unlike Auckland and Wellington, Christchurch does not have the same commuting delays at peak times so there is less incentive to live in an apartment, (46% of respondents);
- From a developer's perspective it would be risky to undertake a development in the central city. Apartments are expensive to build with unknown demand and holding costs. It is hard to see that there is enough profit in it for the risk. It may be worth looking at development opportunities once the CBD has re-established itself as an employment centre, (38% of respondents); and
- There will be demand for units in the CBD, however how many and when the demand will be strong enough is hard to tell, (38% of respondents).

Other supply side issues identified by respondents include:

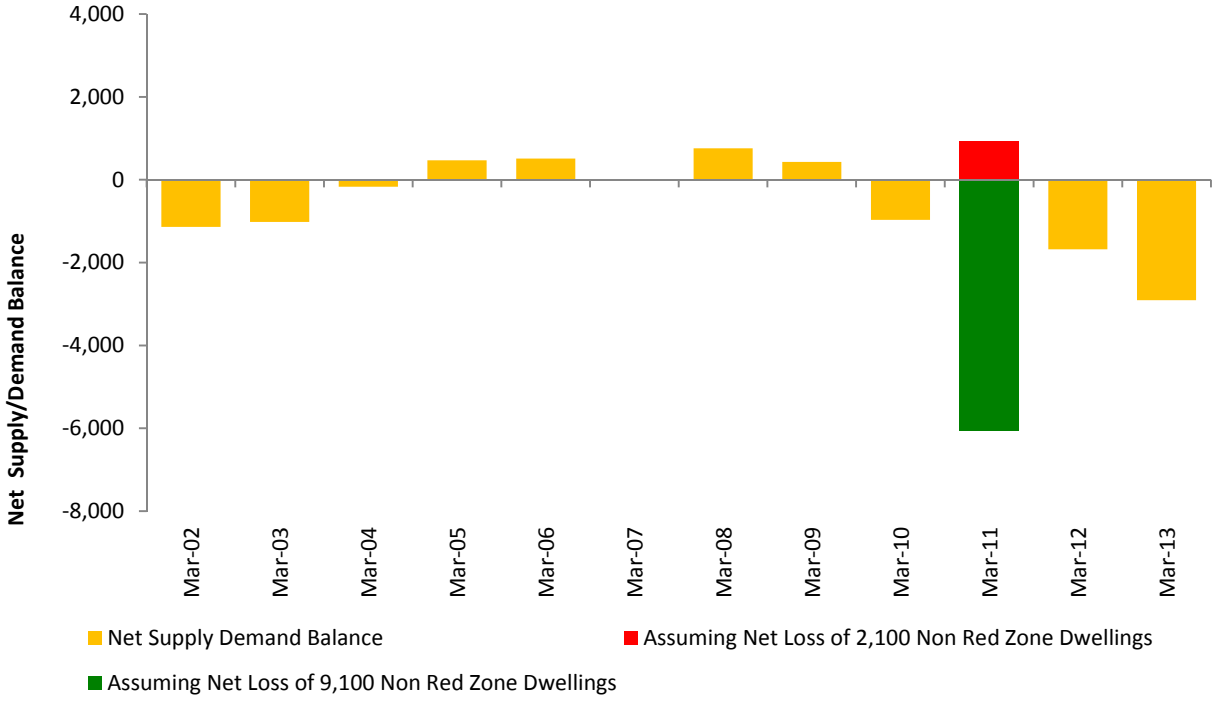
- There are shortages in the rental market appearing particularly for short term rentals of three to six months. People have to pay rents up to $250/$270 per night for accommodation. This is being met partly by insurance although for limited times and can be capped. This is placing pressure on the rental market;
- All the talk of temporary accommodation being available does not seem to have materialised into anything significant;
- There is a significant number of households, particularly those who were living in the eastern suburbs, who have been paid out and do not have enough money to buy an existing or new dwelling. These are typically older households or those whose payout is just not enough. These households will end up back in the rental market if more affordable options are not provided;
- While developers all appreciate that there is a need for development contributions to pay for infrastructure, the process needs to be more transparent. Developers would like to know that the money is being used to actually provide infrastructure rather than just keep rates down or pay for repairs or deferred maintenance; and
- Development contributions are increasing and there must be a better more equitable way to pay for infrastructure.

6. Supply/Demand Balance

The objective of this section of the report is to compare the trends in supply and demand to estimate the net difference over time. The number of residential consents issued is used as a proxy for the increase in supply. Total consent numbers are adjusted to reflect that not all consents issued result in completed dwellings and that there is a number of demolitions occurring every year. Consents are also lagged by twelve months to reflect the time delay between a consent being issued and the completed dwelling being occupied[31]. Growth in underlying demand reflects the change in the number of families and non-family households in greater Christchurch. The supply estimate also includes an adjustment for the number of dwellings which are no longer habitable after the 2010 and 2011 earthquakes.

Figure 6.1 presents the estimated supply/demand balance (annual non-accumulative) between the year ended March 2002 and March 2013 in greater Christchurch. The estimates in Figure 6.1 include two different scenarios for the supply/demand balance in the year ended March 2011. There is some uncertainty over the exact number of non-red zoned uninhabitable dwellings in greater Christchurch. Estimates range from 2,100 to 9,100 with the likely number falling between these two estimates.

Figure 6.1: Supply/Demand Balance for Greater Christchurch (Annual Non-Accumulative)



NB: This analysis is based on data from MBIE, Statistics NZ, and MERA's population and household projections

[31] The delay between a consent being issued and a dwelling being completed is likely to vary significantly over the rebuild period. An average of twelve months has been used in this analysis.

The analysis includes a number of assumptions and these are:

- Red zoned dwellings are vacated (and removed from the stock) progressively between February 2011 and June 2013. This effectively spreads the reduction in the housing stock across a number of years;
- A total of either 2,100 or 9,100 non red zoned dwellings were damaged beyond repair and were rendered uninhabitable after the February 2011 earthquake; and
- An allowance has been made for the temporary reduction in housing stock as dwellings are vacated for repairs.

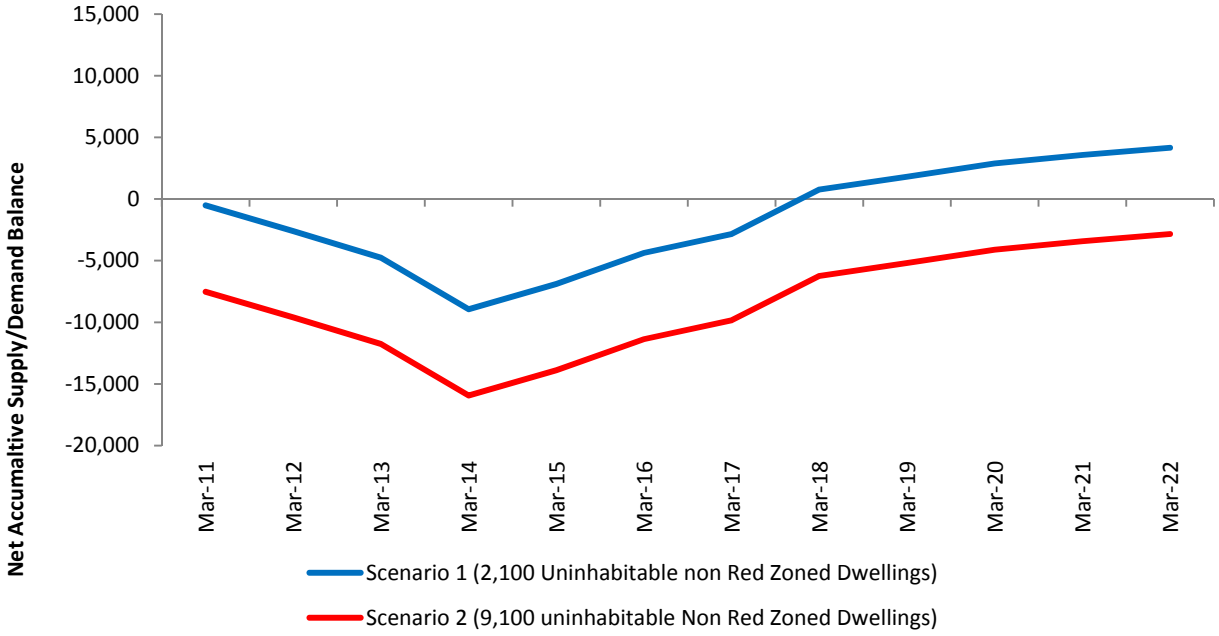
Growth in supply was lower than the increase in demand between 2002 and 2004 by approximately 2,300 dwellings. Over the next five years (2005 to 2009) supply exceeded the growth in underlying demand by 2,200 dwellings. Between 2011 and 2013, a shortfall of between 4,800 and 11,800 dwellings has accumulated.

There was a significant increase in the number of consents issued in the March 2013 year when compared to the March 2012 year (up 56%). This suggests that there will be an increase in supply over the next twelve months and the increase in demand for dwellings from workers relocation to greater Christchurch will more than offset the growth in supply in the short term.

Figure 6.2 presents the annualised impact of the repair of the existing housing stock on supply under two scenarios. This assessment provides an indicative assessment of the potential supply/demand balance based on fixed assumptions. The assumptions include:

- There are either 2,100 (scenario 1) or 9,100 (scenario 2) uninhabited over cap[32] dwellings and these are replaced or repaired at the rate of 100 dwellings per month;
- There are 18,000 occupied over cap dwellings and these are repaired at the rate of 300 dwellings per month;
- Occupied under cap dwellings with repairs estimated to cost between $50,000 and $100,000 are repaired at the rate of 200 dwellings per month;
- Occupied under cap dwellings with repairs estimated to cost less than $50,000 are repaired at the rate of 2,500 dwellings per month; and
- Temporary work force accommodation requirements for private dwellings peaks at approximately 5,600 dwellings in March 2014, which is in line with Market Economics Integrated Model's medium growth scenario.

Figure 6.2: Projected Accumulative Supply Shortfall/Surplus Between March 2011 and March 2022



NB: This analysis is based on data from MBIE, Statistics NZ, Market Economics, MERA's population and household projections

NB: Sourcing accurate detailed information on the housing stock has been challenging including data on the number of over cap dwellings (including the proportion which will be rebuilt or repaired) and the current rate of repair. Consequently, these estimates should be treated as indicative.

[32] Over cap dwellings refer to buildings which require more than $100,000 worth of repairs.

Assuming 3,000 additional new dwellings per year (in addition to replacement and repairs) are constructed on average between March 2013 and March 2021, the accumulative supply short fall peaks in 2014 between 8,900 and 16,000 dwellings (5% and 9% of the total housing stock). This temporary short fall combined with the increased requirements for temporary worker accommodation over this period is likely to have an inflationary impact on house prices and rents.

The peak shortfall could shift further into the future if there are capacity constraints due to labour shortages. Access to appropriate accommodation for temporary workers could be one factor which may result in labour shortages.

A short to medium term housing supply shortfall may result in other adverse outcomes such as crowding and the consequent deterioration in health outcomes. In addition, high rents and house prices may result in slower than projected rates of population growth as people relocate to other locations with lower housing costs.

However, on completion of the rebuild there may be a readjustment in values and rents as these short to medium term drivers ease. The need to accommodate workers temporarily relocating to Christchurch during the rebuild will further amplify this cycle. In the short term, the rebuild is likely to increase the existing accumulative shortfall.

7. Housing Stock and Market Trends

7.1 Introduction

This objective of this section of the report is to provide an overview of greater Christchurch's:

- Housing stock;
- Dwelling sale price trends
- House price trends by zone; and
- Rental price trends.

7.2 Summary of the Key Findings

Greater Christchurch has a total housing stock (excluding red zone dwellings) of 149,431 standalone dwellings and 27,947 multi-unit dwellings, a total of 177,378 (Source; PropertyIQ). A total of 41% of the stock has capital values under $300,000 and a further 28% had values between $300,000 and $400,000. Greater Christchurch when compared to the value distribution in Auckland and Wellington would be classified as a medium value residential market. Values have increased by approximately 17% in Waimakariri, 8% in Christchurch City and 26% in Selwyn District between June 2007 and 2013. Since the earthquakes, dwelling values have increased at a faster rate in greater Christchurch than the national average and faster than Auckland region. This is likely to reflect the supply deficit that has accumulated over the last two and a half years. Market rental rates reflect a similar trend and are now increasing at least as fast as house prices.

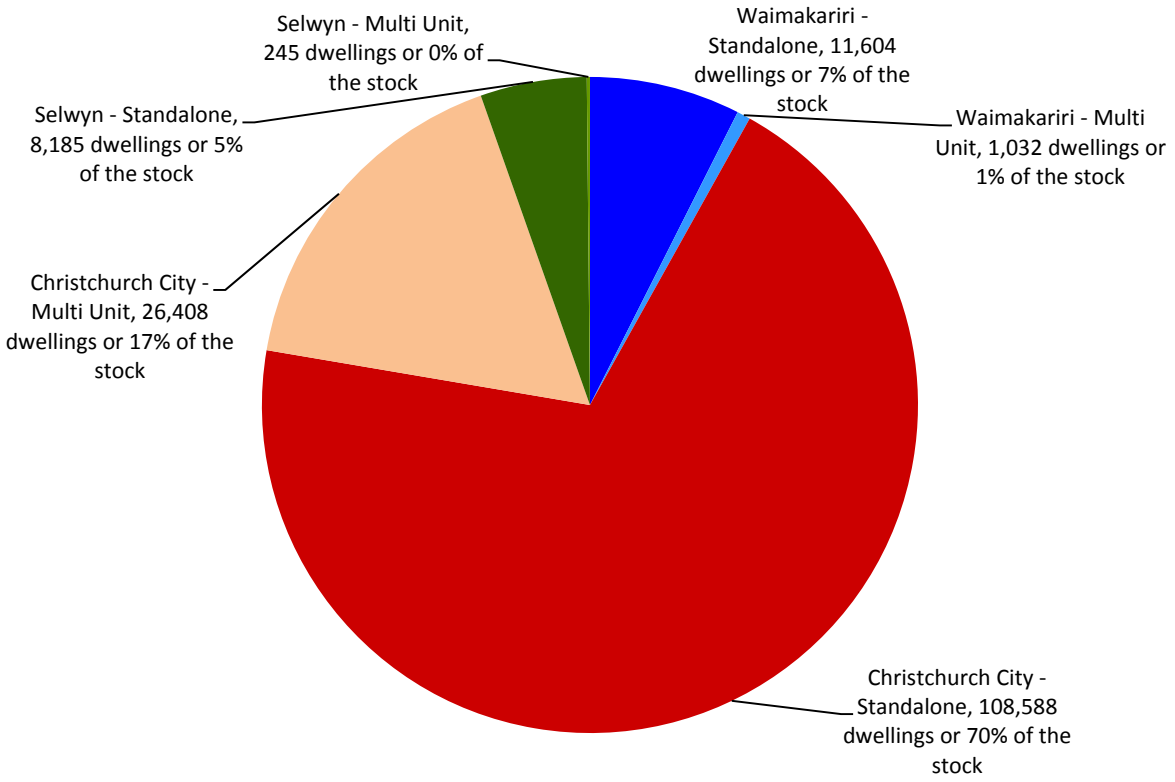
Key points from the analysis include:

- A total of 87% of greater Christchurch's housing stock is located in Christchurch City while Waimakariri accounts for a further 8% and Selwyn District 5% of the total stock;
- Standalone dwellings account for 82% of the total stock while multi-unit dwellings comprise 18% of the total stock. The majority of the multi-unit dwellings are located in Christchurch City;
- Waimakariri and Selwyn District's housing stock is, on average, younger than Christchurch City with 27% and 58% respectively constructed since 2000, compared to 16% in Christchurch City;
- 81.7% of Waimakariri's housing stock has rateable values of less than $400,000, compared to 67.7% in Christchurch City and 50.8% in Selwyn District;
- Selwyn District has proportionally more mid value dwellings (between $400,000 and $600,000 in value) at 39% of their total stock compared to 17.1% in Waimakariri and 22.8% in Christchurch City;
- The strongest growth in median values of standalone dwellings between 2006 and 2012 has occurred in Waimakariri and Selwyn Districts and on the south and western fringes of Christchurch City. Value growth was lowest and in some suburbs negative in the east and north east of the greater Christchurch area;
- The volume of sales in Waimakariri and Selwyn Districts has recovered to levels last experienced between 2004 and 2007. Although the volume of sales has increased in Christchurch City, sales volumes are still approximately half the volume that occurred at the peak of the last cycle;
- Christchurch City dominates the sale of multi-unit dwellings accounting for 93% of all sales in 2012;
- Multi-unit dwelling sale prices are significantly lower than standalone dwellings. The median sale price for a multi-unit dwelling was 72% of the median sale for a standalone dwelling in Waimakariri District in 2012 and 72% and 48% in Christchurch City and Selwyn District respectively;
- Rents increased at a faster rate between 2001 and 2006 when compared to 2006 to 2011. Over the last two years rents have grown at significantly faster rates than the long term average. Rents increased at a slower rate than dwelling values between 2001 and 2011. Over the last two years rents and values have increased at a similar rate; and
- The distribution of rental prices follows a similar pattern to dwelling values. The highest rents are being paid in the inner northern suburbs, and on the southern fringe of Christchurch City as well as in the urban areas of Waimakariri and Selwyn Districts.

7.3 Housing Stock

Figure 7.1 presents the distribution of dwellings by type and local authority area in greater Christchurch.

Figure 7.1: Greater Christchurch's Housing Stock – July 2007



Source: PropertyIQ

A total of 87% of greater Christchurch's housing stock is located in Christchurch City while Waimakariri accounts for a further 8% and Selwyn District 5% of the total stock. Standalone dwellings account for 82% of the total stock while multi-unit dwellings total 18% of the total stock. The majority of the multi-unit dwellings are located in Christchurch City.

Table 7.1 presents the distribution of greater Christchurch's housing stock by the decade in which the dwelling was constructed.

Table 7.1: Standalone Dwelling Stock by Decade Built as at July 2007

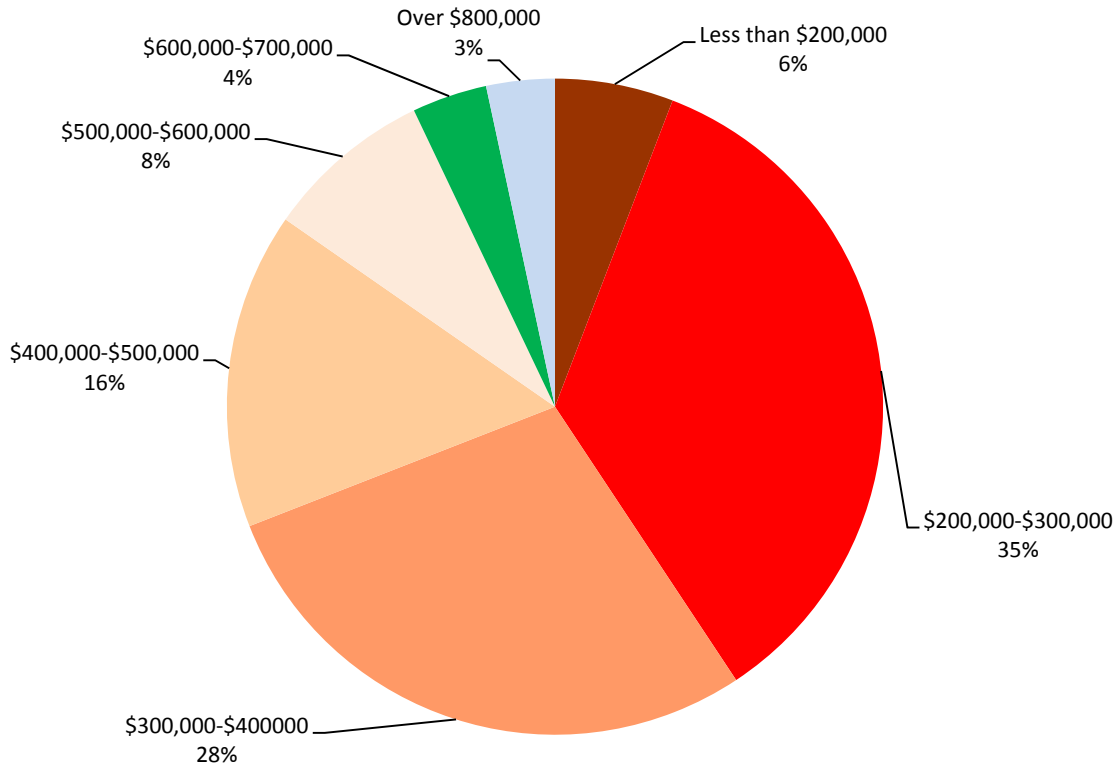
	Prior to 1920	20s & 30s	40s & 50s	60s & 70s	80s & 90s	2000s	Post 2010	Total
Waimakariri								
Red Zoned	23	48	81	198	215	95	4	664
Total Standalone	566	500	1,236	3,033	3,933	2,351	1,017	12,636
Total net of Red Zone	543	452	1,155	2,835	3,718	2,256	1,013	11,972
% of total stock	5%	4%	10%	24%	31%	19%	8%	100%
Christchurch City								
Red Zoned	201	388	1,163	1,698	1,659	798	49	5,956
Total Standalone	7,151	11,316	22,123	40,832	32,040	18,679	2,844	134,985
Total net of Red Zone	6,950	10,928	20,960	39,134	30,381	17,881	2,795	129,029
% of total stock	5%	8%	16%	30%	24%	14%	2%	100%
Selwyn District								
Total Standalone	311	333	526	1,136	1,243	4,038	843	8,430
% of total stock	4%	4%	6%	13%	15%	48%	10%	100%
Combined								
Red Zoned	224	436	1,244	1,896	1,874	893	53	6,620
Total Standalone	8,028	12,149	23,885	45,001	37,216	25,068	4,704	156,051
Total net of Red Zone	7,804	11,713	22,641	43,105	35,342	24,175	4,651	149,431
% of total stock	5%	8%	15%	29%	24%	16%	3%	100%

Source: PropertyIQ

Waimakariri and Selwyn District's housing stock is on average younger than Christchurch City with 27% and 58% constructed since 2000 respectively. Post 2000 dwellings only account for 16% of the stock in Christchurch City. Selwyn District attracted proportionally more of the post 2000 dwellings (28% of the total post 2000 stock) relative to its overall size.

Figure 7.2 presents the value distribution (rateable value) of greater Christchurch's housing stock in July 2007[33].

Figure 7.2: Greater Christchurch's Housing Stock by Value – July 2007



Source: PropertyIQ
NB: The rating valuations in greater Christchurch have not been updated since July 2007

A total of 69% of all dwellings in greater Christchurch have rateable values less than $400,000 and only 3% have values over $800,000.

[33] Note that the rating valuations for greater Christchurch have not been updated since July 2007.

Table 7.2 presents greater Christchurch's housing stock by local authority area, dwelling typology and value range as at July 2007 using the rateable value as a proxy.

Table 7.2: Greater Christchurch's Housing Stock by Value Range – July 2007

Value Range	Waimakariri			Christchurch City				Selwyn		
	Stand	Multi	Total	Ampts	Stand	Multi	Total	Stand	Multi	Total
Less than $100,000	5	0	5	3	30	15	48	4	0	4
$100,000-$200,000	423	410	833	99	2,301	5,304	7,704	308	410	718
$200,000-$300,000	5,225	596	5,821	562	32,249	13,226	46,037	1,371	596	1,967
$300,000-$400000	3,635	26	3,661	415	32,849	4,461	37,725	1,975	26	2,001
$400,000-$500,000	1,810	0	1,810	106	18,348	1,308	19,762	2,318		2,318
$500,000-$600,000	351	0	351	77	10,556	383	11,016	1,279		1,279
$600,000-$700,000	94	0	94	25	4,897	138	5,060	508		508
$700000 to $800000	32	0	32	21	2,597	65	2,683	246		246
$800,000-$900,000	11	0	11	9	1,526	38	1,573	107		107
$900,000-$1 million	8	0	8	8	1,000	20	1,028	46		46
Over $1 million	10	0	10	43	2,235	82	2,360	23		23
Total	11,604	1,032	12,636	1,368	108,588	25,040	134,996	8,185	1,032	9,217
% of Stock (by TA)										
Less than $100,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$100,000-$200,000	3.3%	3.2%	6.6%	0.1%	1.7%	3.9%	5.7%	3.3%	4.4%	7.8%
$200,000-$300,000	41.4%	4.7%	46.1%	0.4%	23.9%	9.8%	34.1%	14.9%	6.5%	21.3%
$300,000-$400000	28.8%	0.2%	29.0%	0.3%	24.3%	3.3%	27.9%	21.4%	0.3%	21.7%
$400,000-$500,000	14.3%	0.0%	14.3%	0.1%	13.6%	1.0%	14.6%	25.1%	0.0%	25.1%
$500,000-$600,000	2.8%	0.0%	2.8%	0.1%	7.8%	0.3%	8.2%	13.9%	0.0%	13.9%
$600,000-$700,000	0.7%	0.0%	0.7%	0.0%	3.6%	0.1%	3.7%	5.5%	0.0%	5.5%
$700000 to $800000	0.3%	0.0%	0.3%	0.0%	1.9%	0.0%	2.0%	2.7%	0.0%	2.7%
$800,000-$900,000	0.1%	0.0%	0.1%	0.0%	1.1%	0.0%	1.2%	1.2%	0.0%	1.2%
$900,000-$1 million	0.1%	0.0%	0.1%	0.0%	0.7%	0.0%	0.8%	0.5%	0.0%	0.5%
Over $1 million	0.1%	0.0%	0.1%	0.0%	1.7%	0.1%	1.7%	0.2%	0.0%	0.2%
Total	91.8%	8.2%	100.0%	1.0%	80.4%	18.5%	100.0%	88.8%	11.2%	100.0%

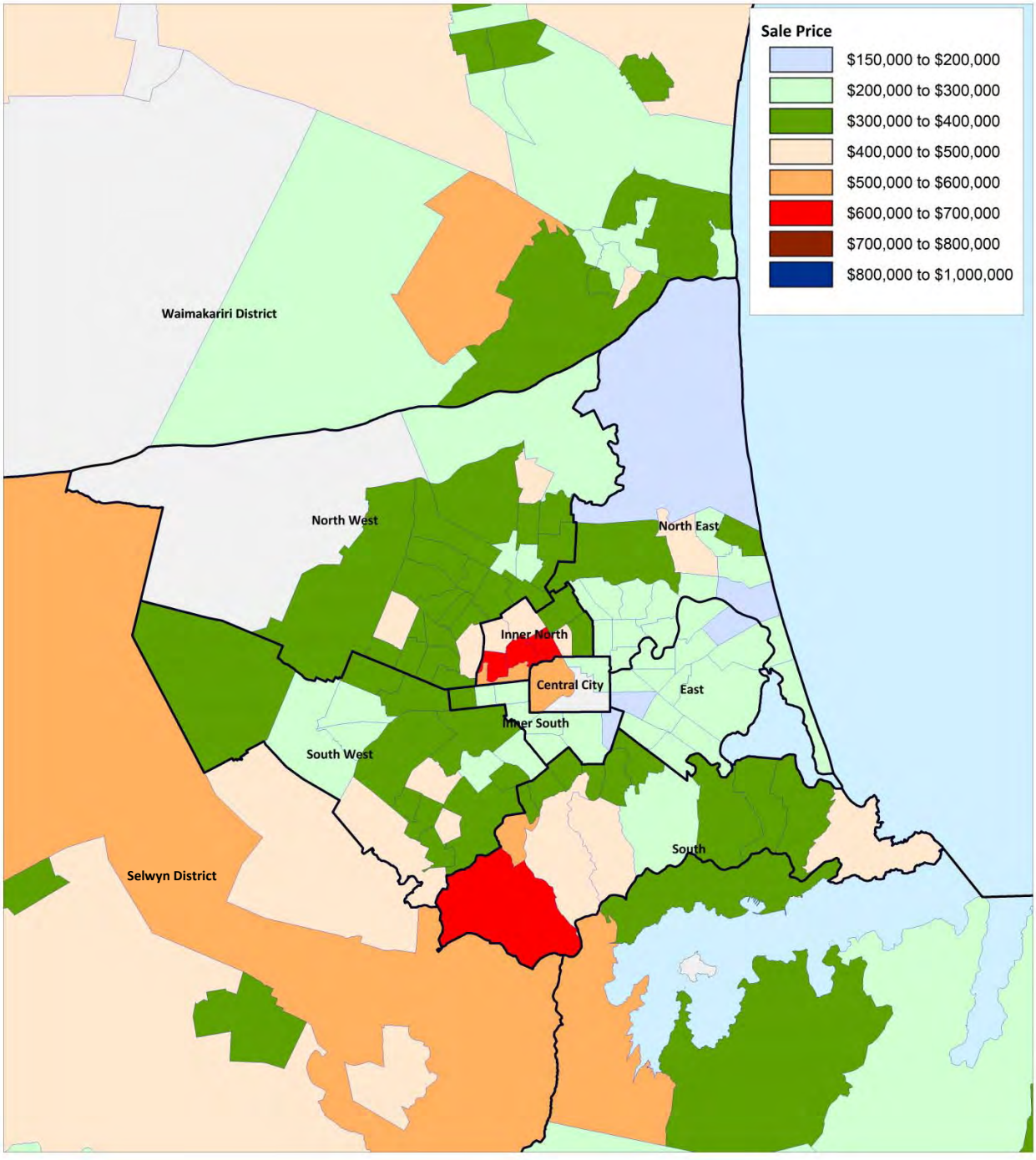
Source: PropertyIQ
NB: The rating valuations in greater Christchurch have not been updated since July 2007

Key points include:

- 81.7% of Waimakariri housing stock has rateable values of less than $400,000, compared to 67.7% in Christchurch City and 50.8% in Selwyn District.
- Selwyn District has proportionally more mid value dwellings (between $400,000 and $600,000 in value) at 39% of their total stock compared to 17.1% in Waimakariri and 22.8% in Christchurch City;
- Christchurch City has both the greatest proportion and number of higher value properties with 4,961 dwellings with values over $800,000 (or 3.7% of total stock) compared to 29 dwellings (or 0.3% of total stock) and 176 dwellings (or 1.9% of total stock) in Waimakariri and Selwyn respectively; and
- Typically multi-unit dwellings have lower value profiles than standalone dwellings.

Figure 7.3 presents the lower quartile sale price of standalone dwellings for the 2012 calendar year.

Figure 7.3: Lower Quartile Standalone Dwelling Sale Price by Location

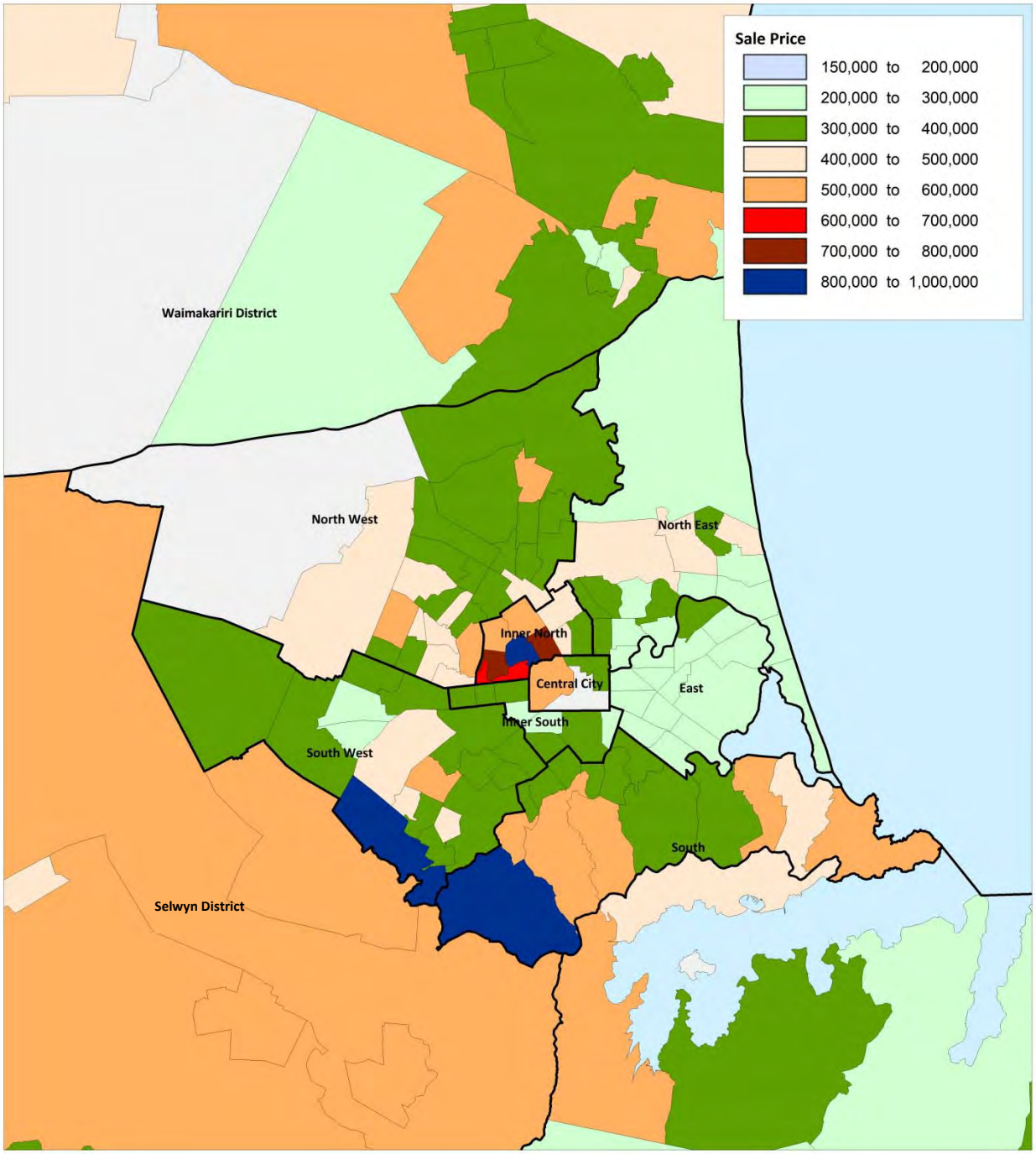


Source: PropertyIQ

The locations with the lowest lower quartile house prices are typically in the eastern and north eastern suburbs. The higher value locations are typically in the inner northern suburbs and fringe city areas.

Figure 7.4 presents the median sale price of standalone dwellings for the 2012 calendar.

Figure 7.4: Median Standalone Dwelling Sale Price by Location

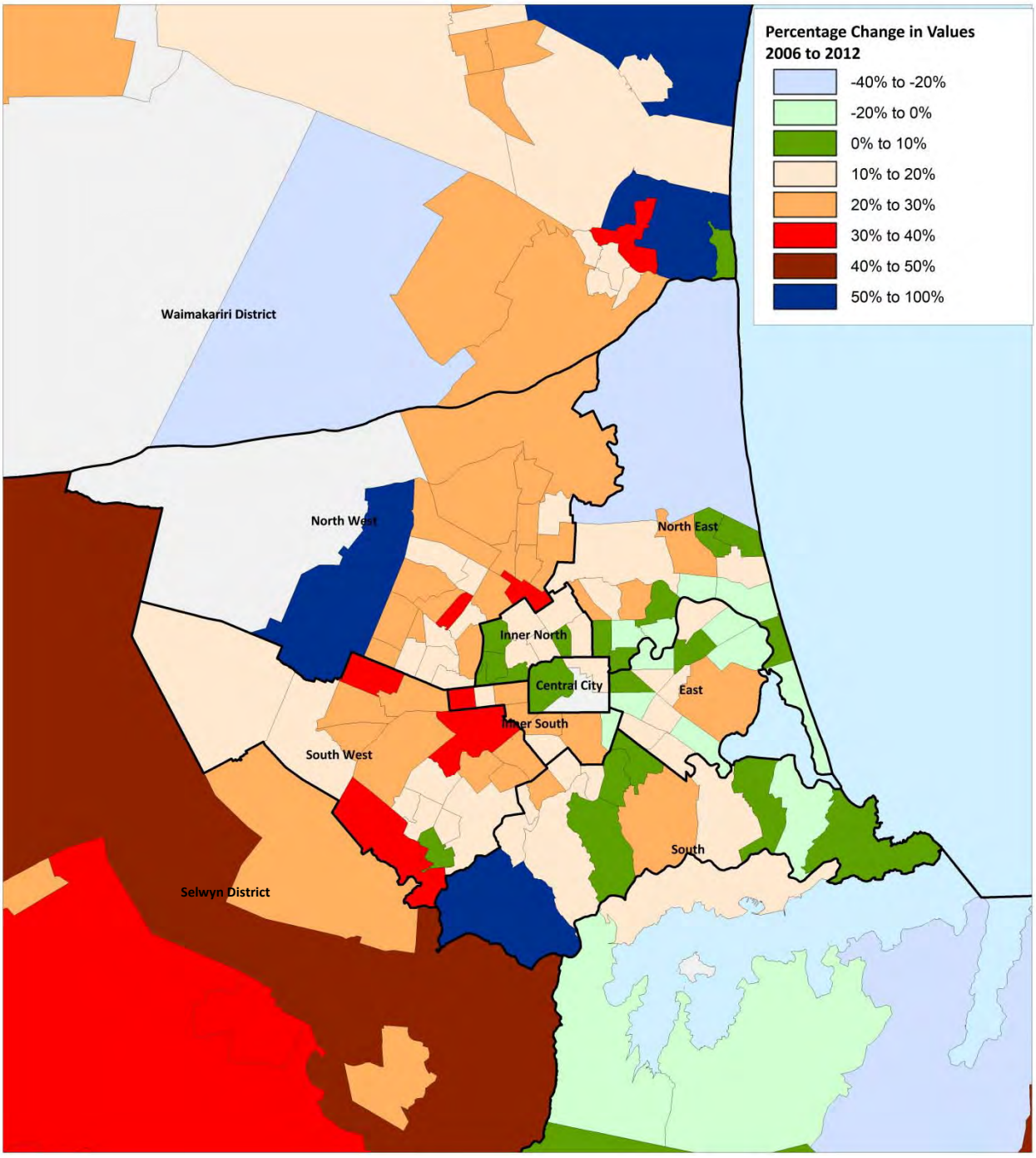


Source: PropertyIQ
NB: The rating valuations in greater Christchurch have not been updated since July 2007

The distribution of median dwelling sale prices follows a similar pattern to lower quartile values.

Figure 7.5 presents the growth in the median sale price of standalone dwellings between the 2006 and 2012 years.

Figure 7.5: Growth in Median Sale Prices of Standalone Dwelling Values 2006 to 2012



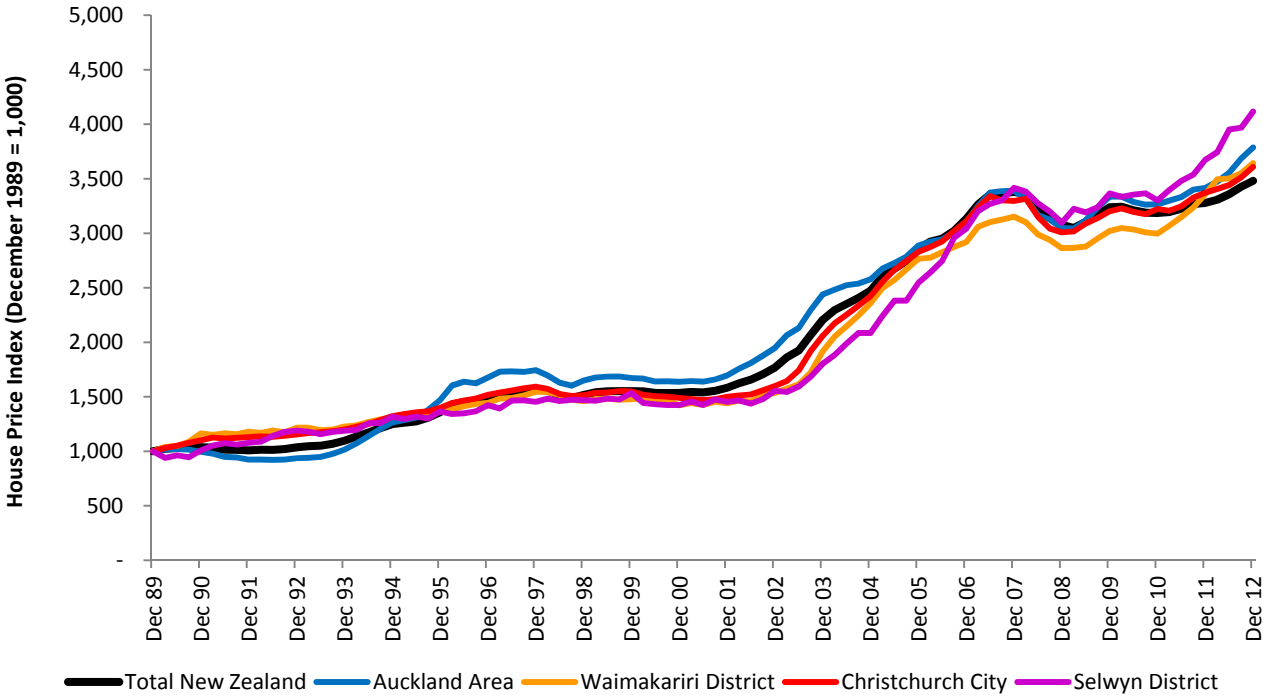
Source: PropertyIQ

The strongest growth in median sale prices of standalone dwellings between 2006 and 2012 has occurred in the Waimakariri and Selwyn Districts and on the south and western fringes of Christchurch City. Value growth was lowest, and in some suburbs negative, in the east and north east of greater Christchurch.

7.4 Dwelling Sale Price Trends

House prices have followed a similar trend to the national average, however, more recently values, particularly in Selwyn and Waimakariri, have increased at a faster rate. Figure 7.6 presents the trend in house values in Christchurch City, Waimakariri and Selwyn Districts and compares these with the trend in the growth in national house values.

Figure 7.6: House Value Growth Trends – 1989 to 2012



Source: PropertyIQ

Selwyn has experienced the strongest growth in dwelling values in greater Christchurch. This is likely to reflect the on-going demand for both existing dwellings and new houses in the district. In addition, property values in Selwyn have also increased faster than Auckland house values.

Table 7.3 presents the annual compounded rate of growth in house values since December 1989.

Table 7.3: Annual Average Compounded House Value Growth Rates – 1989 to 2012

Time Period	New Zealand	Auckland	Wellington	Waimakariri	Christchurch	Selwyn
Dec 11 to Dec 12	6.2%	10.8%	2.5%	8.5%	7.0%	12.1%
Dec 10 to Dec 12	4.5%	7.7%	1.1%	10.3%	5.8%	11.7%
Dec 07 to Dec 12	0.6%	2.2%	-0.5%	2.9%	1.8%	3.8%
Dec 02 to Dec 12	7.0%	6.9%	5.9%	9.0%	8.5%	10.2%
Dec 97 to Dec 12	5.4%	5.3%	5.9%	5.9%	5.6%	7.2%
Dec 92 to Dec 12	6.2%	7.2%	5.9%	5.6%	5.9%	6.4%
Dec 89 to Dec 12	5.6%	6.0%	4.8%	5.8%	5.7%	6.3%

Source: PropertyIQ

In the longer term, dwelling values have trended in line with the national average. Selwyn District has experienced slightly higher longer term growth when compared to the other two local authority areas. Over the last two years, Selwyn and Waimakariri District's house values have increased at a faster rate than that of Auckland. Christchurch City's house value growth rate has been approximately half the rate of Selwyn District value growth.

Tables 7.4 to 7.6[34] present the trend in the number of sales and the lower quartile, median and upper quartile sale prices for standalone dwellings, multi-unit dwellings and vacant residential sections between the 2000 and 2013 calendar years respectively

Table 7.4: The Trend in the Number of Sales and Sale Price of Standalone Dwellings

Calendar Years	Waimakariri District				Christchurch City				Selwyn District			
	No of sales	Lower Quartile	Median	Upper Quartile	No of sales	Lower Quartile	Median	Upper Quartile	No of sales	Lower Quartile	Median	Upper Quartile
2000	631	$116,000	$140,000	$176,000	5,949	$126,000	$158,000	$213,000	140	$110,000	$140,000	$175,000
2001	627	$117,000	$143,000	$180,000	6,665	$126,000	$160,000	$217,000	256	$118,000	$149,450	$187,000
2002	992	$123,000	$151,000	$188,650	9,354	$128,000	$164,000	$227,500	305	$120,500	$161,500	$208,000
2003	1,412	$134,000	$169,000	$220,000	12,015	$147,000	$190,000	$262,000	463	$134,000	$179,000	$241,000
2004	1,234	$175,000	$211,000	$269,000	11,029	$187,000	$236,000	$320,000	485	$181,500	$237,000	$295,000
2005	1,140	$220,000	$260,000	$320,000	10,778	$227,500	$278,000	$371,000	563	$234,000	$290,000	$344,000
2006	1,232	$245,000	$280,000	$352,000	10,075	$250,000	$303,513	$402,000	685	$268,000	$332,000	$381,000
2007	1,142	$266,500	$319,000	$386,700	8,427	$278,000	$333,000	$435,000	723	$294,000	$367,000	$428,000
2008	617	$247,000	$303,000	$376,000	5,587	$270,000	$326,950	$430,000	492	$305,000	$372,000	$440,000
2009	891	$249,000	$296,500	$367,000	6,834	$270,000	$329,000	$428,000	589	$299,000	$362,000	$434,000
2010	618	$254,000	$304,000	$383,000	5,119	$280,000	$342,000	$447,000	494	$309,115	$369,000	$422,000
2011	1,042	$287,000	$355,750	$415,000	4,369	$291,000	$357,000	$467,000	663	$319,000	$394,000	$470,000
2012	1,062	$294,250	$352,000	$439,500	5,824	$303,000	$370,000	$479,000	774	$347,000	$429,000	$519,000
2013 YTD	92	$309,000	$344,000	$431,500	388	$309,500	$382,000	$486,000	62	$344,000	$461,500	$554,000

Source: PropertyIQ

NB: The sales statistics for the zones within Christchurch City are presented in Appendix 6

[34] The year to date (YTD) numbers in the following tables relate to sales that occurred in January and February 2013 and a limited number of March 2013 sales.

Table 7.5: The Trend in the Number of Sales and Sale Price of Multi-Unit Dwellings

Calendar Years	Waimakariri District				Christchurch City				Selwyn District			
	No of sales	Lower Quartile	Median	Upper Quartile	No of sales	Lower Quartile	Median	Upper Quartile	No of sales	Lower Quartile	Median	Upper Quartile
2000	61	$88,000	$100,000	$118,000	1,259	$95,000	$120,000	$152,000	4	$136,000	$137,500	$140,000
2001	58	$81,000	$98,500	$113,000	1,408	$90,500	$117,000	$152,000	3	$85,000	$126,000	$148,000
2002	99	$85,500	$102,000	$119,500	2,226	$93,000	$120,000	$160,000	9	$95,000	$135,000	$152,000
2003	130	$100,000	$121,000	$134,500	2,864	$111,500	$143,000	$187,000	20	$111,000	$131,000	$158,000
2004	112	$132,000	$146,750	$171,000	2,571	$142,000	$173,000	$220,000	16	$124,000	$142,000	$164,000
2005	81	$163,000	$177,000	$196,000	2,644	$170,000	$205,750	$250,000	16	$176,000	$196,000	$218,000
2006	102	$183,000	$206,750	$230,000	2,487	$191,000	$227,500	$275,000	29	$183,000	$196,000	$222,000
2007	103	$195,000	$221,000	$252,000	2,094	$210,000	$250,000	$297,000	19	$163,000	$166,000	$245,000
2008	62	$183,250	$207,000	$237,000	1,368	$202,000	$240,000	$292,000	21	$185,000	$220,000	$254,000
2009	63	$175,000	$205,000	$235,000	1,770	$205,000	$248,000	$307,000	13	$185,500	$215,000	$246,000
2010	87	$205,000	$234,000	$287,000	1,249	$207,500	$252,000	$302,000	12	$200,000	$240,000	$277,000
2011	132	$206,000	$232,125	$293,500	925	$215,000	$255,000	$310,000	11	$190,000	$208,000	$242,000
2012	85	$229,000	$252,000	$274,000	1,348	$218,000	$269,000	$324,500	18	$209,000	$218,250	$284,000
2013 YTD	13	$244,000	$295,000	$342,693	115	$215,000	$287,000	$337,000	0	-	-	-

Source: PropertyIQ

NB: The sales statistics for the zones within Christchurch City are presented in Appendix 6

Table 7.6: The Trend in the Number of Sales and Sale Price of Vacant Residential Sections

Calendar Years	Waimakariri District				Christchurch City				Selwyn District			
	No of sales	Lower Quartile	Median	Upper Quartile	No of sales	Lower Quartile	Median	Upper Quartile	No of sales	Lower Quartile	Median	Upper Quartile
2000	124	$55,000	$64,000	$70,000	763	$73,000	$92,500	$120,000	94	$54,500	$64,984	$84,500
2001	111	$50,000	$61,500	$73,000	894	$78,000	$94,000	$125,000	165	$49,950	$74,500	$85,000
2002	187	$53,000	$64,250	$74,000	1,532	$85,000	$98,000	$148,000	214	$54,000	$82,500	$98,000
2003	545	$65,000	$71,000	$82,000	2,734	$90,000	$106,250	$145,000	344	$54,000	$75,000	$110,000
2004	312	$90,000	$110,000	$123,000	1,499	$112,000	$135,000	$165,000	469	$72,100	$85,000	$129,500
2005	502	$126,000	$150,000	$170,000	1,284	$139,000	$165,000	$207,000	687	$102,500	$128,500	$142,000
2006	628	$159,000	$180,000	$198,000	914	$169,500	$197,000	$260,000	578	$125,000	$139,500	$160,000
2007	331	$152,000	$165,000	$184,000	750	$192,500	$230,000	$280,000	652	$149,500	$175,000	$234,000
2008	82	$155,000	$165,000	$190,000	354	$167,000	$215,000	$267,500	116	$125,000	$156,000	$210,000
2009	216	$130,000	$159,000	$187,000	790	$160,000	$195,000	$229,000	350	$120,000	$140,000	$187,500
2010	214	$131,000	$145,000	$160,000	455	$170,000	$205,000	$240,000	168	$131,500	$162,000	$195,000
2011	509	$145,217	$159,000	$175,000	534	$177,000	$212,750	$250,000	417	$150,000	$184,500	$210,000
2012	193	$158,000	$175,000	$189,000	387	$185,000	$214,000	$282,200	322	$164,347	$190,000	$210,000
2013 YTD	15	$167,000	$265,000	$412,000	28	$150,000	$205,000	$230,000	4	$192,500	$271,250	$455,000

Source: PropertyIQ

NB: The sales statistics for the zones within Christchurch City are presented in Appendix 6

Key points include:

- The volume of standalone residential dwelling sales in Waimakariri and Selwyn Districts have recovered to levels last experienced in 2004 to 2007. Although the volume of sales has increased in Christchurch City, it is still approximately half the volume of the peak of the last cycle;
- Selwyn District has the highest lower quartile, median and upper quartile standalone dwelling sale prices in the 2012 year;
- Higher sale prices occurring in Selwyn are likely to reflect the higher proportion of new standalone dwellings as a percentage of all dwellings sold;
- Christchurch City dominates the sale of multi-unit dwellings accounting for 93% of all sales in 2012; and
- Multi-unit dwelling sale prices are significantly lower than standalone dwellings. The median sale price for a multi-unit dwelling was 72% of the median sale for a standalone dwelling in Waimakariri District in 2012, and 72% and 48% in Christchurch City and Selwyn District respectively.

Table 7.7 presents the change in standalone dwelling sale prices between 2001 and 2012.

Table 7.7: Standalone Dwelling Price Trends

Calendar Years	Sale Prices			Change in Sale Price					
	Lower Quartile	Median	Upper Quartile	Lower Quartile		Median		Upper Quartile	
				Total	Annual	Total	Annual	Total	Annual
Waimakariri									
2001 to 2006	$128,000	$137,000	$172,000	109%	15.9%	96%	14.4%	96%	14.4%
2006 to 2012	$27,750	$33,000	$52,800	11.3%	1.8%	11.8%	1.9%	15.0%	2.4%
2010 to 2012	$40,250	$48,000	$56,500	15.8%	7.6%	15.8%	7.6%	14.8%	7.1%
Christchurch									
2001 to 2006	$124,000	$143,513	$185,000	98%	14.6%	90%	13.7%	85%	13.1%
2006 to 2012	$25,000	$37,000	$44,000	10.0%	1.6%	12.2%	1.9%	10.9%	1.7%
2010 to 2012	$23,000	$28,000	$32,000	8.2%	4.0%	8.2%	4.0%	7.2%	3.5%
Selwyn									
2001 to 2006	$150,000	$182,550	$194,000	127%	17.8%	122%	17.3%	104%	15.3%
2006 to 2012	$53,000	$62,000	$91,000	19.8%	3.1%	18.7%	2.9%	23.9%	3.6%
2010 to 2012	$37,885	$60,000	$97,000	12.3%	6.0%	16.3%	7.8%	23.0%	10.9%

Source: PropertyIQ

Sale price growth for standalone dwellings has been higher in Waimakariri and Selwyn than in Christchurch City. The lower quartile and median sales prices have increased at similar rates.

Table 7.8 presents the change in multi-unit dwelling sale prices between 2001 and 2012.

Table 7.8: Multi-Unit Dwelling Price Trends

Calendar Years	Sale Prices			Change in Sale Price					
	Lower Quartile	Median	Upper Quartile	Lower Quartile		Median		Upper Quartile	
				Total	Annual	Total	Annual	Total	Annual
Waimakariri									
2001 to 2006	$102,000	$108,250	$117,000	126%	17.7%	110%	16.0%	104%	15.3%
2006 to 2012	$34,000	$31,000	$22,000	18.60%	2.9%	15.00%	2.4%	9.60%	1.5%
2010 to 2012	$24,000	$18,000	-$13,000	11.70%	5.7%	7.70%	3.8%	-4.50%	-2.3%
Christchurch									
2001 to 2006	$100,500	$110,500	$123,000	111%	16.1%	94%	14.2%	81%	12.6%
2006 to 2012	$8,000	$19,000	$27,500	4.20%	0.7%	8.40%	1.4%	10.00%	1.6%
2010 to 2012	$10,500	$17,000	$22,500	5.10%	2.5%	6.70%	3.3%	7.50%	3.7%
Selwyn									
2001 to 2006	$98,000	$70,000	$74,000	115%	16.5%	56%	9.3%	50%	8.4%
2006 to 2012	$46,000	$52,250	$39,000	25.10%	3.8%	26.70%	4.0%	17.60%	2.7%
2010 to 2012	$9,000	-$21,750	$7,000	4.50%	2.2%	-9.10%	-4.7%	2.50%	1.2%

Source: PropertyIQ

The lower volume of multi-unit dwellings sold particularly in Waimakariri and Selwyn, tend to make their sale price statistics more volatile than those of Christchurch City. Sale prices have increased at a similar rate in Christchurch City and Waimakariri and at a lower rate in Selwyn District.

Table 7.9 presents the trend in lower quartile and median standalone dwelling sale prices between 2001 and 2012 by Christchurch City sub-zones.

Table 7.9: Sale Price Trends – Christchurch City Sub Zones

Calendar Years	Standalone Dwelling Sale Price Statistics				Percentage Change in Sale Price							
					01 to 06		06 to 10		10 to 12		01 to 12	
	2001	2006	2010	2012	Tot	pa	Tot	pa	Tot	pa	Tot	pa
Lower Quartile												
North East	$119,000	$250,000	$268,000	$282,500	110%	16.0%	7%	1.8%	5%	2.7%	137%	8.2%
North West	$144,000	$275,000	$305,800	$341,000	91%	13.8%	11%	2.7%	**12%**	5.6%	137%	8.2%
Inner North	$173,000	$332,000	$392,000	$387,000	92%	13.9%	18%	4.2%	-1%	-0.7%	124%	7.6%
East	$97,000	$205,500	$220,000	$216,000	112%	16.2%	7%	1.7%	-2%	-0.9%	123%	7.6%
Central City	$142,000	$284,000	$332,000	$339,000	100%	14.9%	17%	4.0%	2%	1.0%	139%	8.2%
Inner South	$103,000	$224,000	$240,000	$275,000	118%	16.8%	7%	1.7%	**15%**	7.1%	**167%**	9.3%
South West	$122,000	$244,000	$270,000	$300,000	100%	14.9%	11%	2.6%	**11%**	5.4%	**146%**	8.5%
South	$151,500	$307,000	$337,000	$340,000	103%	15.2%	10%	2.4%	1%	0.4%	124%	7.6%
Median												
North East	$143,000	$290,000	$317,000	$337,000	103%	15.2%	9%	2.2%	6%	3.1%	136%	8.1%
North West	$176,750	$329,250	$357,000	$404,000	86%	13.3%	8%	2.0%	**13%**	6.4%	129%	7.8%
Inner North	$236,750	$452,000	$522,500	$528,000	91%	13.8%	16%	3.7%	1%	0.5%	123%	7.6%
East	$120,000	$235,000	$255,000	$260,000	96%	14.4%	9%	2.1%	2%	1.0%	117%	7.3%
Central City	$174,000	$337,000	$485,000	$474,000	94%	14.1%	44%	9.5%	-2%	-1.2%	**172%**	9.5%
Inner South	$128,500	$255,000	$284,000	$310,000	98%	14.7%	11%	2.7%	**9%**	4.5%	**141%**	8.3%
South West	$149,500	$284,750	$312,000	$352,000	91%	13.8%	10%	2.3%	**13%**	6.2%	136%	8.1%
South	$198,000	$382,000	$419,000	$412,000	93%	14.0%	10%	2.3%	-2%	-0.9%	108%	6.9%

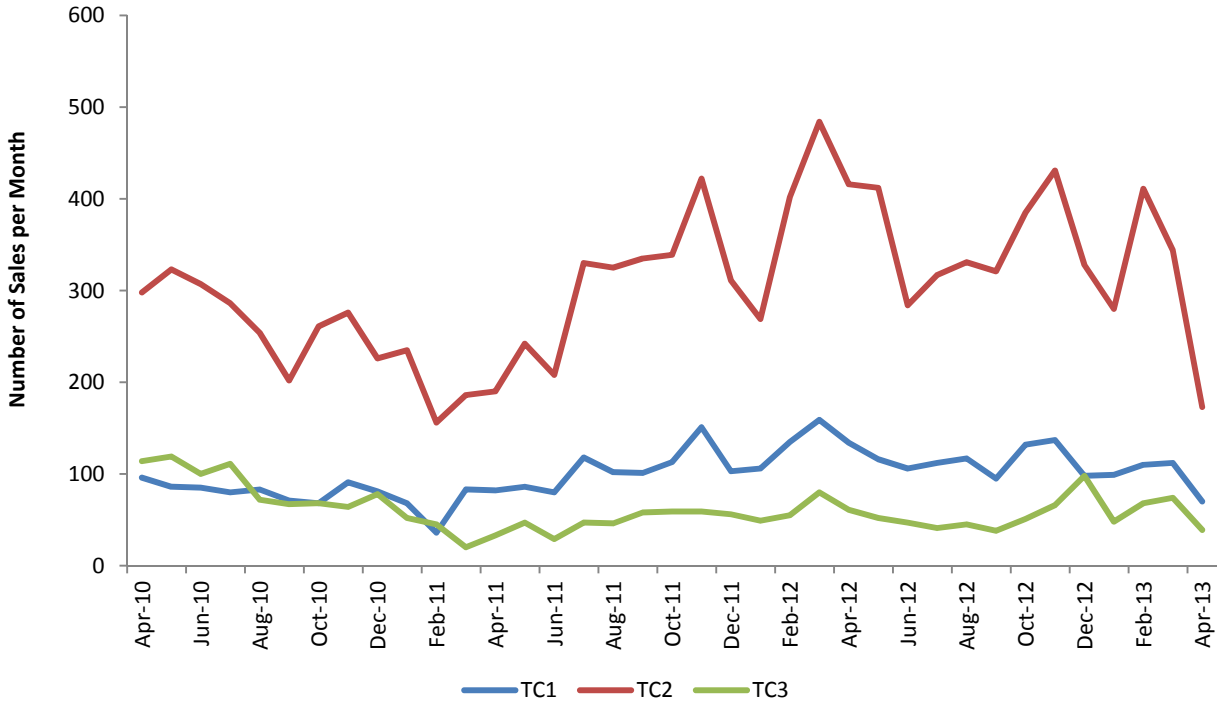
Source: PropertyIQ

The strongest growth in sale prices has occurred in the inner south and south western areas of Christchurch City. In the inner south, the lower quartile sale price increased faster than the median sale price between 2010 and 2012 and this implies a compression of dwelling values.

7.5 House Price Trends by Zone

The volume of sales in greater Christchurch's residential housing market has recovered from the impact of the 2010 and 2011 earthquakes. Figure 7.7 presents the trend in the monthly number of sales of residential dwellings by MBIE technical categories in greater Christchurch between April 2010 and April 2013. Note the fall in the number of sales in April could be caused by the time delays between the sales occurring and the transaction being reported and recorded in PropertyIQ sales system. These time delays are similar across the whole country.

Figure 7.7: Monthly Sales Volumes by MBIE Technical Categories[35]



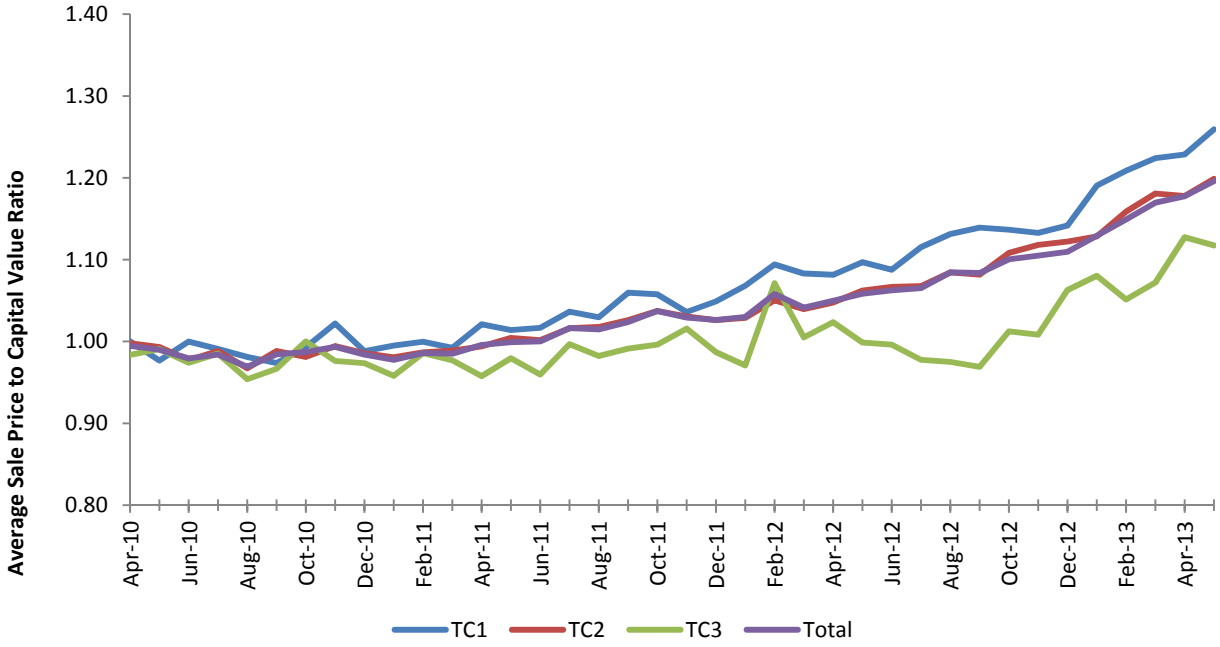
Source: Property IQ

The volume of TC1 and TC2 sales are now higher than the levels experienced prior to the 2010 and 2011 earthquakes. However, although the number of TC3 properties sold has recovered monthly sale volumes are still below pre-earthquake volumes.

[35] MBIE Technical categories (TC1, TC2, and TC3) refer to the likely risk of soil liquefaction during earthquakes. TC1 land has least risk of liquefaction. These technical categories do not include the red zone.

Figure 7.8 presents the trend in property values between April 2010 and April 2013. The value trend is presented as the ratio between the dwelling sale price and the capital value as recorded in their rating valuation.

Figure 7.8: Greater Christchurch Residential Value Trends by Zone



Source: PropertyIQ

The value of TC1 residential dwellings have increased faster than TC2 and TC3 properties. TC3 property values started to increase from September 2012. The value of TC1 properties in April 2013 is 25.9% higher than in April 2010. The value of TC2 and TC3 properties increased by 20.1% and 13.6% respectively, over the same time period.

Table 7.10 presents the trend in the average sale price of residential dwellings in greater Christchurch between April 2010 and April 2013 by zone.

Table 7.10: Average Sale Price of Residential Dwellings by Zone

Month	TC1 Zone		TC2 Zone		TC3 Zone		Combined
	Average Sale Price	Sale Price as a % of Combined	Average Sale Price	Sale Price as a % of Combined	Average Sale Price	Sale Price as a % of Combined	
Apr-10	$340,275	93%	$347,624	95%	$372,699	102%	$365,045
Apr-11	$334,991	83%	$390,176	97%	$490,000	122%	$401,739
Apr-12	$369,139	97%	$374,444	99%	$353,139	93%	$378,805
Apr-13	$402,002	98%	$408,974	99%	$409,869	100%	$411,066

Source: PropertyIQ

Average dwelling sale prices for TC1 and TC2 properties have increased faster than TC3. The average sale price for TC1 properties increased by 18.1% between April 2010 and April 2013, TC2 and TC3 properties' average sale prices increased by 17.6% and 9.9% respectively of the same time period. Note, that although average sale prices and values tend to co-vary they track different statistics. Values trends tend to reflect the movement in all property values over time, whereas sales prices reflect the movement in the prices of those properties sold in any given time frame. Compositional differences between the total housing stock and the properties sold in any period can result in differences in the quantum of movement in values and sale prices.

7.6 Rental Prices

Rental prices have also changed to reflect the on-going balancing in market supply and demand in greater Christchurch. Table 7.11 presents the trend in standalone dwelling rentals in greater Christchurch between 2001 and 2013.

Table 7.11: Standalone Dwelling Rental Trends

March	Lower Quartile Rental ($ per week)						Median Rental ($ per Week)					
Quarters	1 bdrm	2 bdrm	3 bdrm	4 bdrm	5+ bdrm	All	1 bdrm	2 bdrm	3 bdrm	4 bdrm	5+ bdrm	All
Waimakariri												
2001		$137	$165	$188		$160		$160	$180	$200		$180
2006		$200	$230	$283		$225		$220	$260	$320		$254
2007		$220	$245	$300		$240		$237	$267	$350		$275
2008		$220	$275	$320		$270		$240	$295	$380		$300
2009		$210	$270	$305		$265		$240	$290	$370		$300
2010		$226	$280	$305		$265		$240	$300	$375	$505	$300
2011		$225	$290	$360		$280	$180	$245	$310	$395		$320
2012		$260	$300	$400	288	$288		$270	$330	$423		$330
2013		$271	$350	$420		$335		$300	$370	$450		$382
Christchurch												
2001	$125	$160	$180	$220	$240	$180	$135	$175	$200	$250	$300	$210
2006	$150	$220	$260	$300	$375	$260	$172	$250	$290	$350	$420	$300
2007	$150	$235	$275	$320	$400	$270	$177	$255	$300	$365	$450	$310
2008	$175	$250	$295	$350	$420	$295	$197	$275	$320	$385	$465	$330
2009	$150	$245	$290	$350	$441	$290	$195	$270	$320	$399	$480	$330
2010	$156	$245	$295	$350	$440	$290	$180	$275	$320	$400	$490	$330
2011	$177	$262	$300	$365	$460	$300	$220	$290	$330	$410	$520	$345
2012	$199	$270	$320	$390	$475	$320	$270	$300	$350	$430	$545	$369
2013	$207	$298	$350	$425	$555	$350	$250	$330	$390	$480	$600	$410
Selwyn												
2001			$162			$150			$180	$200		$175
2006		$177	$223	$285		$225		$215	$280	$350		$305
2007		$215	$235	$340		$250		$220	$280	$380		$320
2008		$180	$250	$363	$295	$260		$227	$300	$395	$450	$350
2009		$192	$250	$383	$340	$270		$200	$290	$400	$495	$350
2010		$222	$250	$375	$410	$278		$245	$300	$400	$432	$340
2011		$207	$265	$390	$422	$283		$230	$305	$410	$450	$360
2012		$232	$320	$400	$496	$320		$260	$375	$450	$520	$400
2013		$250	$305	$450	$550	$325		$250	$350	$500	$627	$450

Source: MBIE

Table 7.12 presents the trend in standalone dwelling rental growth for three bedroom dwellings in greater Christchurch and Auckland City between 2001 and 2013.

Table 7.12: Standalone Dwelling Rental Growth Rates for 3 Bedroom Dwellings per Week

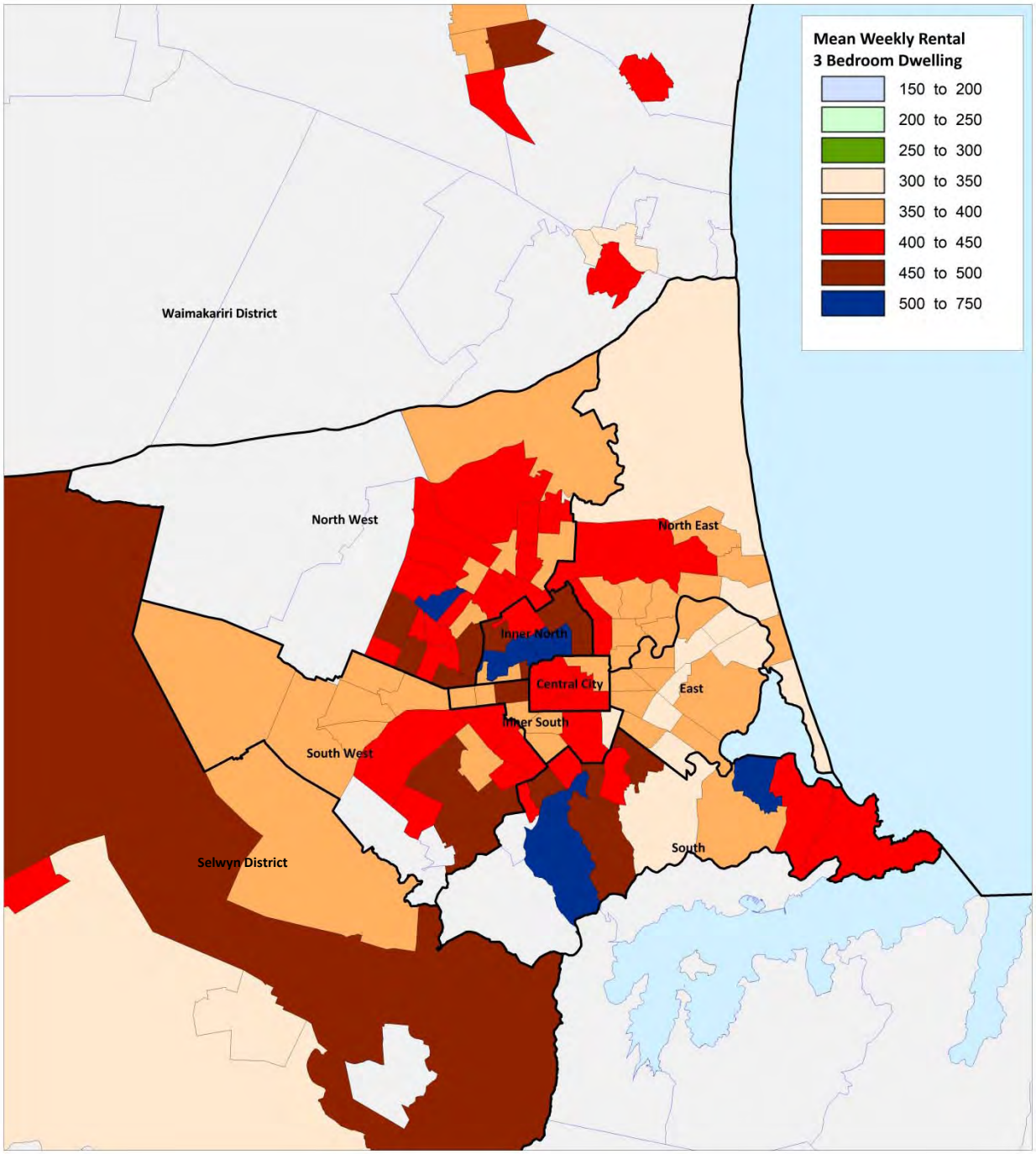
	Lower Quartile Rental Growth per Week				Median Rental Growth per Week			
	$ Increase		% Increase		$ Increase		% Increase	
	Total	Annual	Total	Annual	Total	Annual	Total	Annual
Waimakariri								
2001 to 2006	$65	$13.0	39%	6.9%	$80	$16.0	44%	7.6%
2006 to 2011	$60	$12.0	26%	4.7%	$50	$10.0	19%	3.6%
2011 to 2013	$60	$30.0	21%	9.9%	$60	$30.0	19%	9.2%
Christchurch City								
2001 to 2006	$80	$16.0	44%	7.6%	$90	$18.0	45%	7.7%
2006 to 2011	$40	$8.0	15%	2.9%	$40	$8.0	14%	2.6%
2011 to 2013	$50	$25.0	17%	8.0%	$60	$30.0	18%	8.7%
Selwyn								
2001 to 2006	$61	$12.2	38%	6.6%	$100	$20.0	56%	9.2%
2006 to 2011	$42	$8.4	19%	3.5%	$25	$5.0	9%	1.7%
2011 to 2013	$40	$20.0	15%	7.3%	$45	$22.5	15%	7.1%
Auckland								
2001 to 2006	$65	$13.0	24%	4.3%	$70	$14.0	22%	4.0%
2006 to 2011	$60	$12.0	18%	3.3%	$90	$18.0	23%	4.2%
2011 to 2013	$50	$25.0	13%	6.1%	$45	$22.5	9%	4.6%

Source: MBIE

Rents increased at a faster rate between 2001 and 2006 when compared to 2006 to 2011. Over the last two years, greater Christchurch rents have grown at significantly faster rates than the long term average. Rents increased at a slower rate than values between 2001 and 2011. Over the last two years rents and values have increased at a similar rate. Over the last two years, greater Christchurch three bedroom standalone dwelling weekly rentals have increased at faster rates than rents in comparable dwellings in Auckland City. This rate of growth is likely to be the result of a shortage of supply relative to demand. Although the rate of rental growth has been higher in greater Christchurch, rentals levels are approximately 30% to 40% higher in Auckland City.

Figure 7.9 presents the distribution of the median rental level for a three bedroom standalone dwelling in greater Christchurch in the March 2013 quarter.

Figure 7.9: Three Bedroom Median Rents for a Standalone Dwelling in the March 2013 Quarter

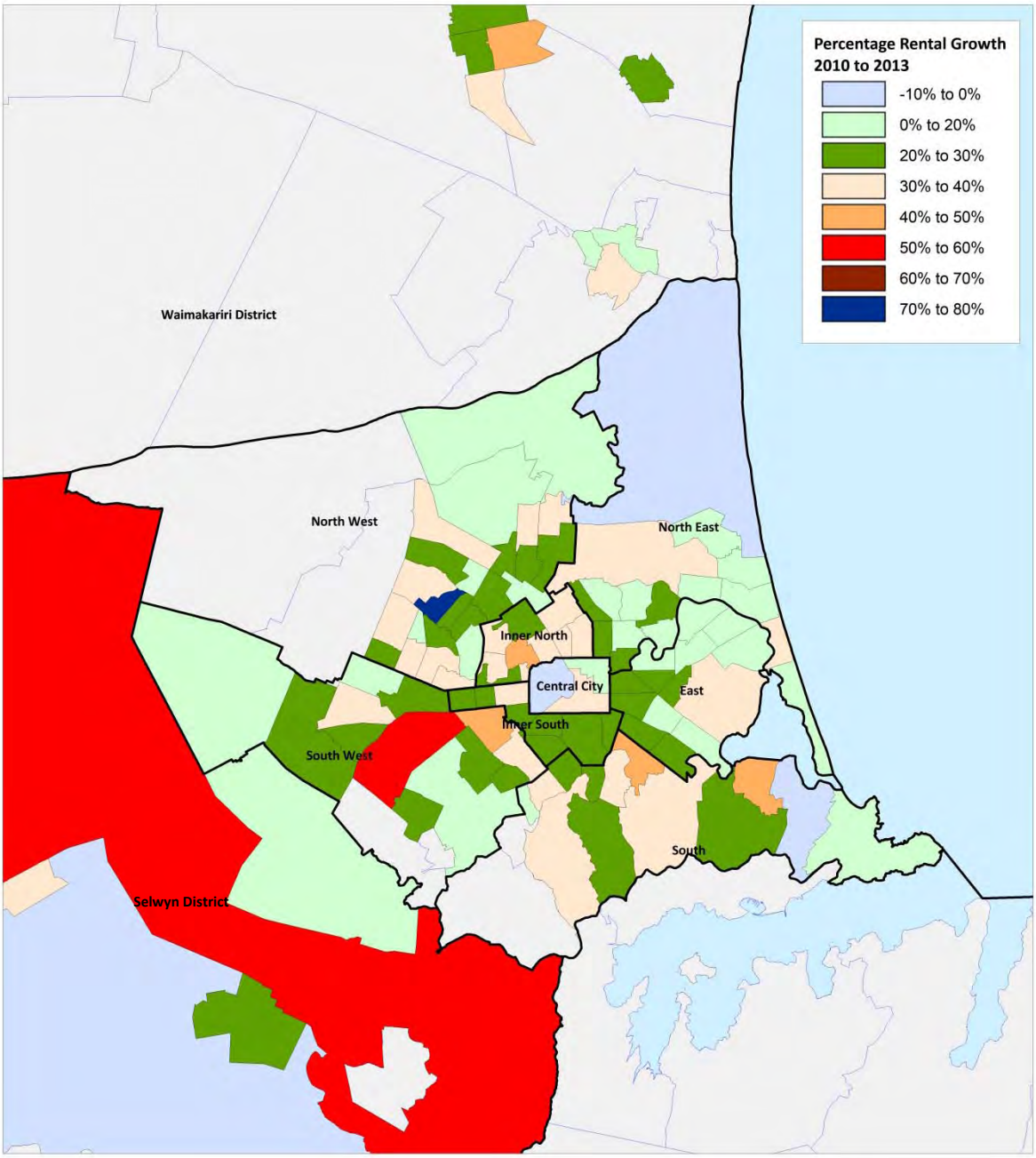


Source: MBIE

The distribution of rental prices follows a similar pattern to the dwelling values. The highest rents are being paid in the inner northern suburbs, and on the southern fringe of Christchurch City as well as in the urban areas of Waimakariri and Selwyn Districts.

Figure 7.10 presents the growth in median rents for a three bedroom standalone dwelling between March 2010 and March 2013.

Figure 7.10: Growth in Median Rents for a Three Bedroom Dwelling – March 2010 and March 2013



Source: MBIE

The strongest growth in rents has been experienced in the urban areas of Selwyn and Waimakariri Districts, the suburbs to the south of the central area and parts of the inner north of Christchurch City. Low or negative rates of growth were experienced in the eastern and north eastern suburbs.

Table 7.13 presents the trend in rents for multi-unit dwelling in greater Christchurch between 2001 and 2013.

Table 7.13: Multi-Unit Dwelling Rental Trends (Rent per Week) – 2001 to 2013

March	Lower Quartile Rental ($ per week)						Median Rental ($ per Week)					
Quarters	1 bdrm	2 bdrm	3 bdrm	4 bdrm	5+ bdrm	All	1 bdrm	2 bdrm	3 bdrm	4 bdrm	5+ bdrm	All
Waimakariri												
2001	$102	$122	$150			$120	$122	$139	$173			$141
2006	$140	$186	$225			$182	$159	$206	$240			$208
2007	$150	$190	$225			$190	$181	$209	$230			$208
2008	$120	$220				$181	$149	$237				$215
2009	$161	$200	$202			$191	$186	$219	$242			$217
2010		$200				$200		$220				$218
2011		$215				$211		$231				$233
2012		$227				$192		$240				$239
2013		$277				$267		$298				$289
Christchurch												
2001	$100	$130	$170	$150	$75	$125	$126	$159	$206	$207	$237	$161
2006	$140	$190	$245	$250	$350	$180	$169	$217	$277	$289	$395	$221
2007	$140	$200	$250	$270	$405	$190	$169	$231	$288	$290	$485	$232
2008	$160	$215	$267	$300	$400	$205	$189	$243	$312	$324	$444	$247
2009	$150	$212	$260	$310	$455	$200	$179	$242	$306	$337	$467	$245
2010	$150	$210	$260	$300	$410	$195	$175	$237	$299	$351	$454	$238
2011	$161	$220	$290	$292	$421	$210	$187	$249	$314	$343	$457	$252
2012	$170	$229	$285	$337	$375	$210	$195	$256	$331	$381	$508	$261
2013	$190	$250	$320	$376	$442	$250	$219	$296	$372	$406	$536	$299

Source: MBIE
NB: There were insufficient transactions in Selwyn for the data to be included in the analysis.

Key points include:

- Multi-unit dwelling rents have followed a similar pattern to standalone dwelling rents; and
- Rents for multi-unit dwellings are 10% to 20% lower than for standalone dwellings with a similar number of bedrooms.

Table 7.14 presents the trend in multi-unit dwelling rental growth for three bedroom dwellings between 2001 and 2013.

Table 7.14: Multi-unit Dwelling Rental Growth Rates for 3 Bedroom Dwellings (Rent per Week)

March Quarter to March Quarter	Lower Quartile Rental Growth per Week				Median Rental Growth per Week			
	$ Increase		% Increase		$ Increase		% Increase	
	Total	Annual	Total	Annual	Total	Annual	Total	Annual
Waimakariri								
2001 to 2006	$64	$12.8	52%	10.4%	$67	$13.4	48%	9.6%
2006 to 2011	$29	$5.8	16%	3.2%	$25	$5.0	12%	2.4%
2011 to 2013	$62	$12.4	29%	5.8%	$67	$13.4	29%	5.8%
Christchurch								
2001 to 2006	$60	$12.0	46%	9.2%	$58	$11.6	36%	7.2%
2006 to 2011	$30	$6.0	16%	3.2%	$32	$6.4	15%	3.0%
2011 to 2013	$30	$6.0	14%	2.8%	$47	$9.4	19%	3.8%

Source: MBIE

Multi-unit dwelling rents have increased at a faster rate in Waimakariri than in Christchurch City over the last two years.

8. Housing Affordability

8.1 Introduction

Housing costs are one of the larger expense items incurred by both renter and owner occupier households and typically tend to be lumpy in nature. Consequently, variations in housing costs can have a significant impact on household budgets and the amount of money available for other expenses. Decline in housing affordability can also result in more frequent tenant movements. For example, Tenants' Protection Association (2013) reported that 35% of tenants reported that they now have to find other accommodation due to not being able to afford rental increases.

The objective of this section of the report is to provide analysis of the relative level of housing stress experienced in greater Christchurch across different demographic groups, recent trends in housing affordability for both renter and owner occupier households, and provide a forward looking view of the housing market based on a number of scenarios and their implications for housing affordability and need. The following areas are covered:

- Financial housing stress by demographic characteristics;
- Housing affordability; and
- Housing market outlook and the implications for housing affordability and need.

Definitions

- "Housing stress" or "financially stressed households" refers to households paying more than 30% of their gross household income in housing costs. The 30% threshold (housing costs as a percentage of gross household income) is a commonly used measure of housing stress. However, it should be noted that this may not always reflect a household's ability to pay. For example, high income households may be able to pay higher percentages of their household income in housing costs and still have sufficient residual income to meet their other expenses;
- "Housing need" refers to those households that are unable to meet their housing needs without some assistance. Housing need encapsulates a number of different groups of households and includes financially stressed households, households whose housing requirements are met by social, third sector and emergency housing and homeless people.
- "Householder's cost of capital" refers to the cost of debt (mortgage interest rates) less the expectation of future gains in dwelling values. The average annual rate of dwelling value growth over the last three years is used as a proxy for the expected rate of future house value growth. The lower the cost of householders' cost of capital the more advantageous it appears to be to buy a dwelling. The householder's cost of capital can be negative when the cost of borrowing is less than the expected rate of capital gain. In summary, if the value of the dwelling is increasing faster than the cost of borrowing and if a household borrowed 100% of the cost of a dwelling ,on paper, the owner would have a positive increase in their wealth after paying their interest costs;
- Affordable rents and sale prices are the prices that households can afford to pay when their housing costs equate to 30% or less of their gross household incomes.

8.2 Summary of the Key Findings

Prior to the 2010 and 2011 earthquakes, housing affordability in greater Christchurch experienced similar declines as those evident in main centres experiencing moderate population growth during the 2000s. Like other urban areas, Christchurch's home ownership rates have fallen with younger families experiencing the largest declines in home ownership rates. Consequently, growth in the number of renter households is significantly faster than owner occupier households.

Between 2001 and 2013, household incomes did not increase as quickly as house prices in greater Christchurch, and this resulted in a decline in the affordability of purchasing a dwelling over this period. However, the trend is not the same over the whole time frame. House prices peaked in the mid-2000s and subsequently growth in household incomes has out stripped house price appreciation. Over the last three years, there has been temporary respite in the decline in affordability as a result of low mortgage interest rates.

Households experiencing the highest level of housing stress had the following characteristics:

- Renter households;
- Gross household incomes of less than $70,000 per annum;
- Household compositions with the highest levels of housing stress were one person and one parent with children;
- Households with the reference person aged 65 years and over had the highest levels of housing stress. In addition, households with the reference person aged between 15 and 34 and 35 and 44 years of age also experienced moderately high levels of housing stress.

The total number of stressed renter households in greater Christchurch declined by 2,300 households between 2010 and 2012. As a proportion of total renters stressed households also fell by three percentage points from 29% in 2010 to 26% in 2012. Over the same time period, the number of stressed renter households increased nationally from 133,500 to 143,000 households and stressed renter households also increased as a proportion of total renters from 34% to 37%. The improvement in stressed renter levels in Christchurch is likely to be caused by the loss of a significant number of low income renter households after the 2010 and 2011 earthquakes. Between 2010 and 2012, the number of low income renter households in greater Christchurch declined at a faster rate than the national average. For example, the number of renter households earning less than $30,000 per annual fell by 6,400 between 2010 and 2012 and over the same time period the number of low income stressed renters fell by 5,500. Low income renter households typically experience high levels of housing stress. The loss of these households has to some extent limited the growth in the number of renter households experiencing housing stress.

Housing affordability is starting to decline in both the renter and ownership markets as a result of accelerating market prices. In recent times rents and prices have started to increase at rates faster than household incomes. Housing affordability is expected to further deteriorate in the medium term as current historically low interest rates increase.

The level of housing need, financially stressed renter households combined with households with needs in addition to affordability (typically met by social housing providers) are also expected to increase over the medium term. Total housing need is projected to increase[36] by 10,710 households between 2011 and 2031, or 535 households per annum. Other need is expected to increase by 3,510 households between 2011 and 2031 or 175 households per annum. Note the objective of the analysis is to demonstrate the impact that the increase in growth in the rental market may have on the number of "other need" households if it is assumed the relationship between the proportion of stressed households and other need remains constant. The analysis does not assume or imply that the current level of social housing (social housing providers have in the past met the housing needs of those households with "other need") is the appropriate level of support that should be provided.

The level of housing need in greater Christchurch is expected to continue to increase. Future growth in housing need is likely to be focused on older, smaller households than in the past. The ways in which this additional need is met is a policy decision for central and local government. In the past the majority of need has been met though the provision of Housing New Zealand Corporation's and Christchurch City Council's housing stock and the Accommodation Supplement.

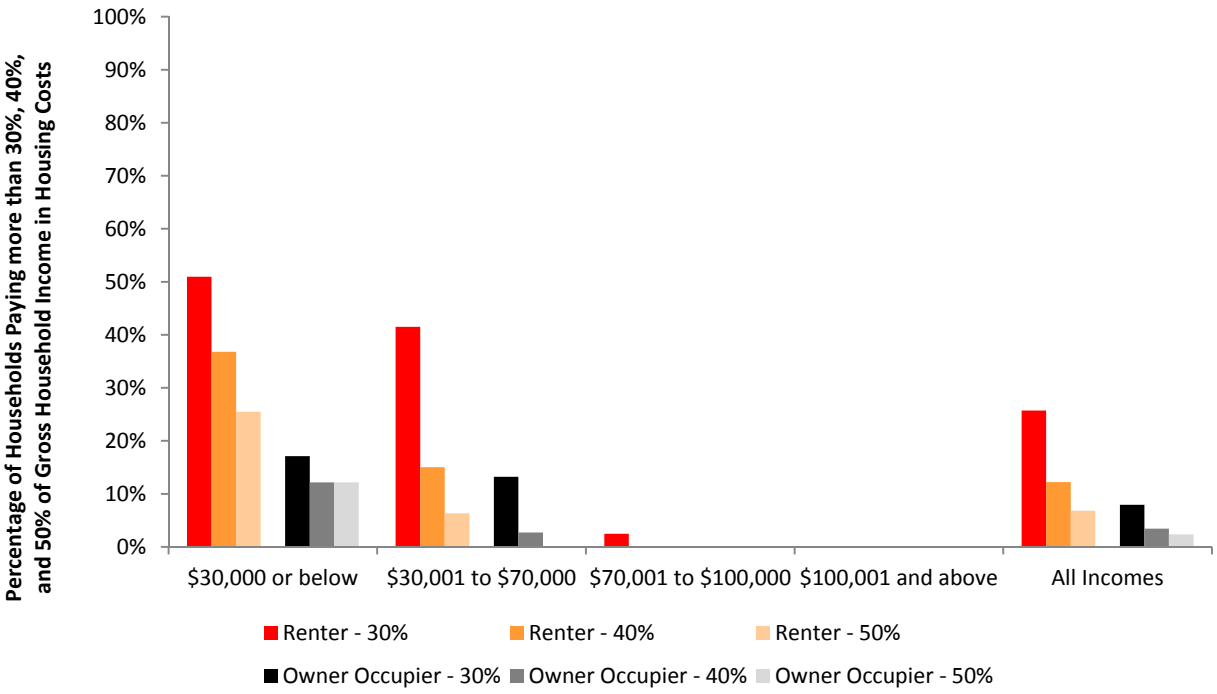
[36] Under Scenario 2 – Medium Growth (see Appendix 6)

8.3 Financial Housing Stress by Demographic Characteristics

The statistics presented in this section of the report are derived from Statistics New Zealand's Household Economic Survey (HES). The statistics relate to a customised data analysis which relates to greater Christchurch only unless otherwise stated. The results of this analysis provide an indicative trend in the level of housing stress. Care needs to be taken when interpreting the results as the data presented is below the sample design level and therefore sampling errors may be high.

The percentages used reflect the proportion of households (both renter and owner occupier households) that are paying more than the quoted percentage of their gross household income in housing costs. For example Figure 8.1 demonstrates that approximately 51% of renter households earning less than $30,000 per annum are paying more than 30% of their household income in housing costs. Figure 8.1 presents the proportion of households paying more than 30%, 40% and 50% of their gross household income in housing costs by tenure and household income in the June 2012 year.

Figure 8.1: Financial Housing Stress by Tenure and Gross Household Income – June 2012 Year



Source: Statistics New Zealand – HES
NB: Results are from the HES Survey completed in the June 2012 year

Lower income renter households have the highest levels of housing stress. Households earning less than $30,000 per annum accounted for 33% of all stressed renter households. Renter households earning between $30,000 and $70,000 accounted for another 65% of the total stressed renter households. As the level of financial stress increases to 40% or more of household income, households with incomes less than $30,000 accounted for approximately half of stressed households. Owner occupiers had relatively lower levels of housing stress when compared to renter households.

Table 8.1 presents the trend in the number and proportion of financially stressed households in the years ended 2007, 2010, and 2012 by tenure and gross household income.

Table 8.1: Financial Housing Stress in 2007, 2010, and 2012 by Tenure and Gross Household Income

Gross Household Income	Renter Households in Housing Stress						Owner Occupied Households in Housing stress					
	June 2007		June 2010		June 2012		June 2007		June 2010		June 2012	
	Number	% of Total[37]	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
$30,000 or below	9,000	61%	10,900	64%	5,400	51%	4,300	19%	2,300	15%	3,100	17%
$30,00-$70,000	5,700	21%	7,300	30%	10,500	42%	9,400	21%	7,300	18%	4,400	13%
$70,001-$100,000	200	3%	300	3%	300	2%	2,800	10%	1,200	5%	-	-
$100,000+	-	-	-	-	-	-	2,100	8%	2,100	5%	-	-
All Incomes	14,900	28%	18,500	29%	16,200	26%	18,600	15%	12,900	11%	9,500	8%

Source: Statistics New Zealand - HES
NB: Results are from the HES Surveys completed in June 2007, June 2010 and June 2012

The proportion and number of stressed renter households earning between $30,000 and $70,000 nearly doubled between 2007 and 2012. At the same time the number of renter households earning less than $30,000 per annum fell from 14,800 in 2007 to 10,600 (a decline of 4,200) in 2012 and the number of stressed renters also fell from 9,000 to 5,400 (a decline of 3,600) over the same time period. Although there was a fall in the number of renter households earning less than $30,000 nationally between 2007 and 2012 (a 7% decline), the rate of decline in greater Christchurch (a fall of 28%) was significantly higher than the national trend. The decline in low income renters reflects migration patterns and benefit numbers immediately following the earthquakes.

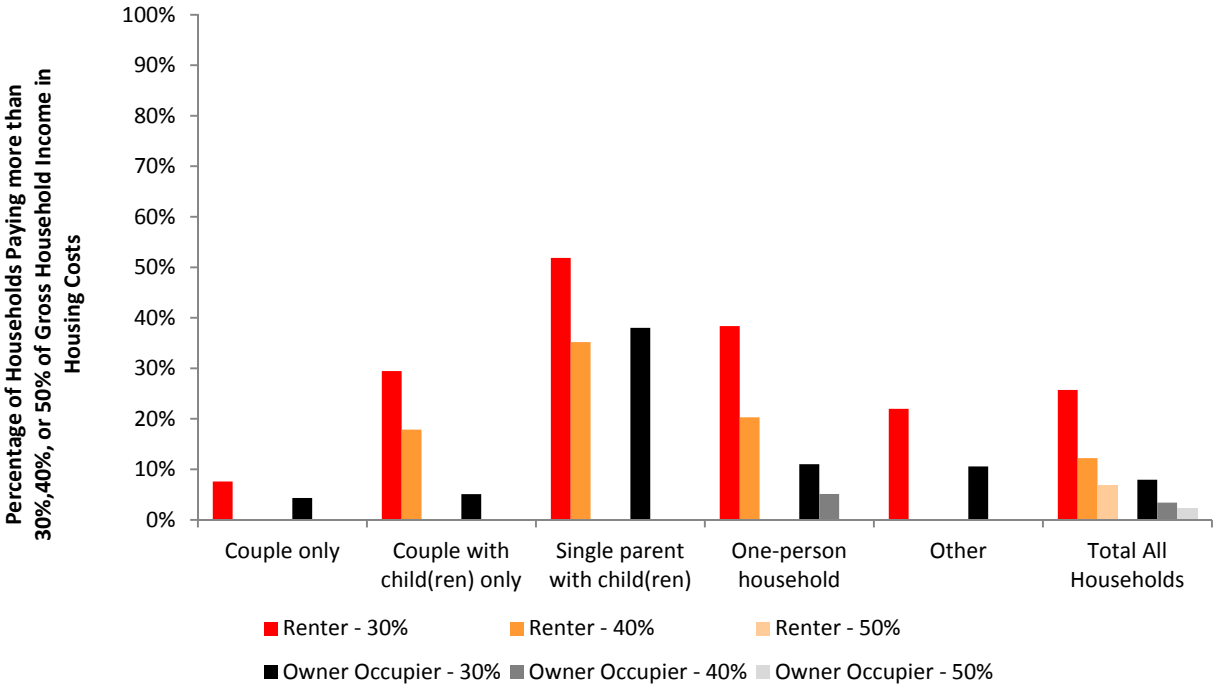
Interest rates declined between 2007 and 2012. For example, fixed one year mortgage interest rates fell from 8.8% in March 2007 to 5.6% in March 2012 and this is likely to have reduced the number of stressed owner occupier households over this period.

[37] **% of Total** equates to the number of stressed households as a percentage of total households in the subgroup. For example 61% of all renter households earning less than $30,000 per annum have housing stress in June 2007 survey results.

Greater Christchurch had lower levels of renter housing stress than the national average. Nationally, 68% of renters earning less than $30,000 were paying more than 30% of their household income in housing costs compared to 51% in greater Christchurch. Housing stress levels were similar for households earning between $30,000 and $70,000. Nationally the level of housing stress for households earning less than $30,000 increased between 2007 and 2012 from 60% of renters in 2007, to 64% of renters in 2010, and to 68% of renters in 2012.

Figure 8.2 presents the proportion of households paying more than 30%, 40% and 50% of their gross household income in housing costs by tenure and household composition in the June 2012 year.

Figure 8.2: Financial Housing Stress by Tenure and Household Composition – June 2012 Year



Source: Statistics New Zealand - HES
NB: Results are from the HES Survey completed in the June 2012 year

The proportion of stressed households was highest in single parent with children (51% of all single parent households) and single person households (38% of all single person households). These households typically have one source of income and tend to have lower incomes. Overall, one person households accounted for 31% of all households paying more than 30% of their household income in housing costs, couples with children accounted for 21% and single parent with children households accounted for 17%.

Table 8.2 presents the trend in the number and proportion of financially stressed households in the years ended June 2007, 2010, and 2012 by tenure and number of people in the household.

Table 8.2: Financial Housing Stress in 2007, 2010, and 2012 by Tenure and Number of People

Household Composition	Renter Households in Housing Stress						Owner Occupied Households in Housing Stress					
	2007		2010		2012		2007		2010		2012	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Couple only	600	6%	200	2%	1,200	8%	3,800	10%	1,500	3%	1,800	4%
Couple & childn	1,400	14%	2,200	17%	3,300	29%	5,700	16%	6,000	14%	1,900	5%
Single parent	3,700	54%	2,500	37%	2,800	52%	1,800	23%	700	16%	1,900	38%
One-person	6,500	45%	7,700	47%	5,100	38%	5,000	20%	2,400	12%	2,800	11%
Other	2,700	21%	5,900	33%	3,800	22%	2,300	21%	2,300	27%	1,100	11%
Total	14,900	28%	18,500	29%	16,200	26%	18,600	15%	12,900	11%	9,500	8%

Source: Statistics New Zealand - HES
NB: Results are from the HES Surveys completed in June 2007, June 2010 and June 2012

The number of single parent stressed renter households fell between 2007 and 2012 from 3,700 to 2,800, a decline of 900 households. Over the same time period the number of one person stressed renter households fell from 6,500 to 5,100, a decline of 1,400 households. Offsetting this decline, the number of other renter households increased from 2,700 to 3,800 an increase of 1,100 households. Couples with children experienced the strongest growth in the relative level of housing stress between 2007 and 2012, increasing from 14% to 29% while the proportion of stressed households fell for single person households, from 45% to 38%, over the same time period. When compared to the national average during the June 2012 year greater Christchurch renter households had:

- Lower levels of housing stress in couple only households (8% compared to the national average of 29% of renter households);
- Higher levels of housing stress in couples with children households (29% compared to the national average of 26% of renter households);
- Lower levels of housing stress in one parent with children households (52% compared to the national average of 64% of renter households); and
- Higher levels of housing stress in one person households (38% compared to the national average of 22% of renter households).

Overall the trend in the relative levels of housing stress in greater Christchurch and nationally by household composition was similar between the June 2007 and June 2012 years.

Table 8.3 presents the trend in the number and proportion of financially stressed households in the years ended 2007, 2010, and 2012 by tenure and number of people in the household.

Table 8.3: Financial Housing Stress in 2007, 2010, and 2012 by Tenure and Number of People

	June 2007		June 2010		June 2012	
	Number	% of Total	Number	% of Total	Number	% of Total
Renters						
1 Person	6,500	45%	7,700	47%	5,100	38%
2 People	2,800	16%	4,000	25%	4,500	19%
3 People	3,100	29%	3,300	22%	3,200	28%
4 People	2,000	27%	2,400	21%	2,300	37%
5 or More	500	14%	1,100	23%	1,100	13%
Total	14,900	28%	18,500	29%	16,200	26%
Owner Occupiers						
1 Person	5,000	20%	2,400	12%	2,800	11%
2 People	6,200	13%	2,400	5%	2,200	5%
3 People	4,200	20%	3,700	17%	2,400	11%
4 People	1,300	8%	2,800	13%	1,700	9%
5 or More	1,900	18%	1,600	21%	400	6%
Total	18,600	15%	12,900	11%	9,500	8%

Source: Statistics New Zealand - HES
NB: Results are from the HES Surveys completed in June 2007, June 2010 and June 2012

The number of stressed two person renter households experienced the strongest growth between 2007 and 2012, increasing from 2,800 to 4,500. Over the same time period the total number of two person renter households[38] also increased from 17,300 to 23,400 an increase of 6,100 households. Although the proportion of housing stress remained approximately the same, the total number of renter households with 5 or more people also experienced strong growth increasing from 3,500 in 2007 to 8,600 households in 2012, representing growth of 5,100 households.

[38] See Table 4.9.

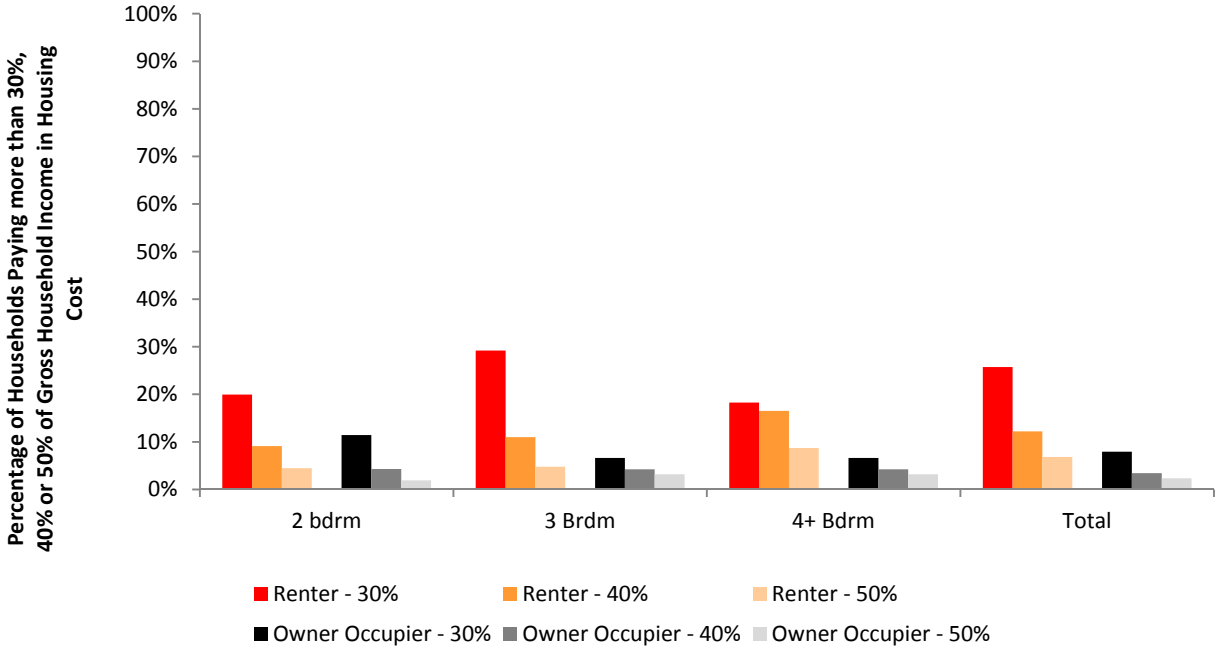
When compared to the national average during the June 2012 year greater Christchurch renter households had:

- Similar levels of housing stress in one person households (38% compared to the national average of 42% of renter households);
- Lower levels of housing stress in two person households (19% compared to the national average of 38% of renter households);
- Lower levels of housing stress in three person households (28% compared to the national average of 40% of renter households);
- Higher levels of housing stress in four person households (37% compared to the national average of 28% of renter households).
- Higher levels of housing stress in one person households (38% compared to the national average of 22% of renter households); and
- Lower levels of housing stress in five person households (13% compared to the national average of 32% of renter households).

Overall the trend in the relative levels of housing stress in greater Christchurch and nationally by household size was similar between the June 2007 and June 2012 years.

Figure 8.3 presents the proportion of households paying more than 30%, 40% and 50% of their gross household income in housing costs by tenure and dwelling size (number of bedrooms) in the June 2012 year.

Figure 8.3: Financial Housing Stress by Tenure and Dwelling Size – June 2012 Year



Source: Statistics New Zealand - HES
NB: Results are from the HES Survey completed in the June 2012 year

Housing stress by the number of bedrooms was lower for rented four or more bedroom dwellings than small dwellings. The variation of housing stress in owner occupier dwellings did not vary significantly.

Table 8.4 presents the trend in the number and proportion of financially stressed households in the years ended June 2007, 2010, and 2012 by tenure and dwelling size (number of bedrooms).

Table 8.4: Financial Housing Stress in 2007, 2010, and 2012 by Tenure and Dwelling Size

No of Bedrooms	Renter Households in Housing Stress						Owner Occupied Households in Housing Stress					
	June 2007		June 2010		June 2012		June 2007		June 2010		June 2012	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
2 bedrooms or less	7,600	28%	10,300	37%	7,900	26%	5,100	19%	2,000	9%	2,400	11%
3 bedrooms	4,300	22%	5,500	20%	6,100	29%	10,600	16%	6,900	12%	4,700	8%
4+ bedrooms	3,000	45%	2,700	34%	2,100	18%	2,800	10%	4,000	10%	2,500	7%
Total	14,900	28%	18,500	29%	16,200	26%	18,600	15%	12,900	11%	9,500	8%

Source: Statistics New Zealand - HES

NB: Results are from the HES Surveys completed in June 2007, June 2010 and June 2012

The level of housing stress in rented four bedroom dwellings fell from 45% of all households to 18% between June 2007 and June 2012 years.

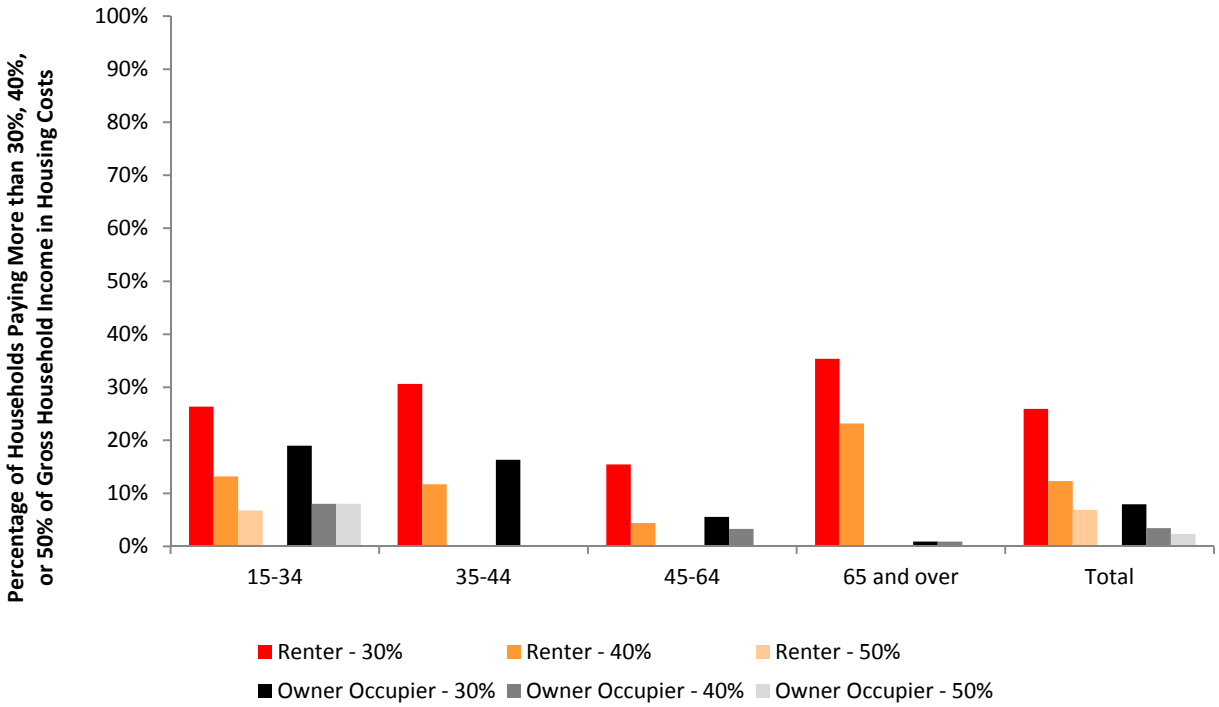
When compared to the national average during the June 2012 year greater Christchurch renter households had:

- Lower levels of housing stress for households living in dwellings with two bedrooms or less (26% compared to the national average of 38% of renter households);
- Lower levels of housing stress for households living in dwellings with three bedrooms (29% compared to the national average of 37% of renter households); and
- Lower levels of housing stress for households living in dwellings with four or more bedrooms (18% compared to the national average of 35% of renter households).

Overall the trend in the relative levels of housing stress in greater Christchurch and nationally by dwelling size was different between the June 2007 and June 2012 years. Nationally, housing stress is increasing in all dwellings sizes.

Figure 8.4 presents the proportion of households paying more than 30%, 40% and 50% of their gross household income in housing costs by tenure and age of the household reference person in the June 2012 year.

Figure 8.4: Financial Housing Stress by Tenure and Age of the Household Reference Person – June 2012 Year



Source: Statistics New Zealand - HES
NB: Results are from the HES Survey completed in the June 2012 year

Table 8.5 presents the trend in the number and proportion of financially stressed households in the years ended June 2007, 2010, and 2012 by tenure and age of the household reference person.

Table 8.5: Financial Housing Stress in 2007, 2010, and 2012 by Tenure and Age (Hhold Reference Person)

Age Range	Renter Households in Housing Stress						Owner Occupied Households in Housing Stress					
	June 2007		June 2010		June 2012		June 2007		June 2010		June 2012	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
15-34	6,500	25%	9,200	29%	7,800	26%	5,500	25%	1,600	20%	2,600	19%
35-44	4,000	40%	3,700	25%	3,400	31%	7,200	31%	5,900	26%	3,900	16%
45-64	3,300	25%	2,200	24%	2,100	15%	3,100	7%	4,500	8%	2,700	6%
65 and over	1,100	28%	3,300	43%	2,900	35%	2,500	8%	900	3%	300	1%
Total	14,900	28%	18,500	29%	16,200	26%	18,300	15%	12,900	11%	9,500	8%

Source: Statistics New Zealand - HES
NB: Results are from the HES Surveys completed in June 2007, June 2010 and June 2012

Key trends include:

- Renter households aged 65 years and older experienced high levels of housing stress with 35% stressed at the 30% level and 23% at the 40% level of household income;
- The total number of renter households aged 65 years and older increased from 4,000 in 2007 to 8,200 in 2012. Over the same time period the total number of renters aged 65 years experiencing housing stress increased from 1,100 to 2,900 and now represent 14% of all stressed renter households up from 7% in 2007; and
- The level of housing stress in owner occupier households was highest in younger age groups although the portion of stressed households declined across all age groups between 2007 and 2012.

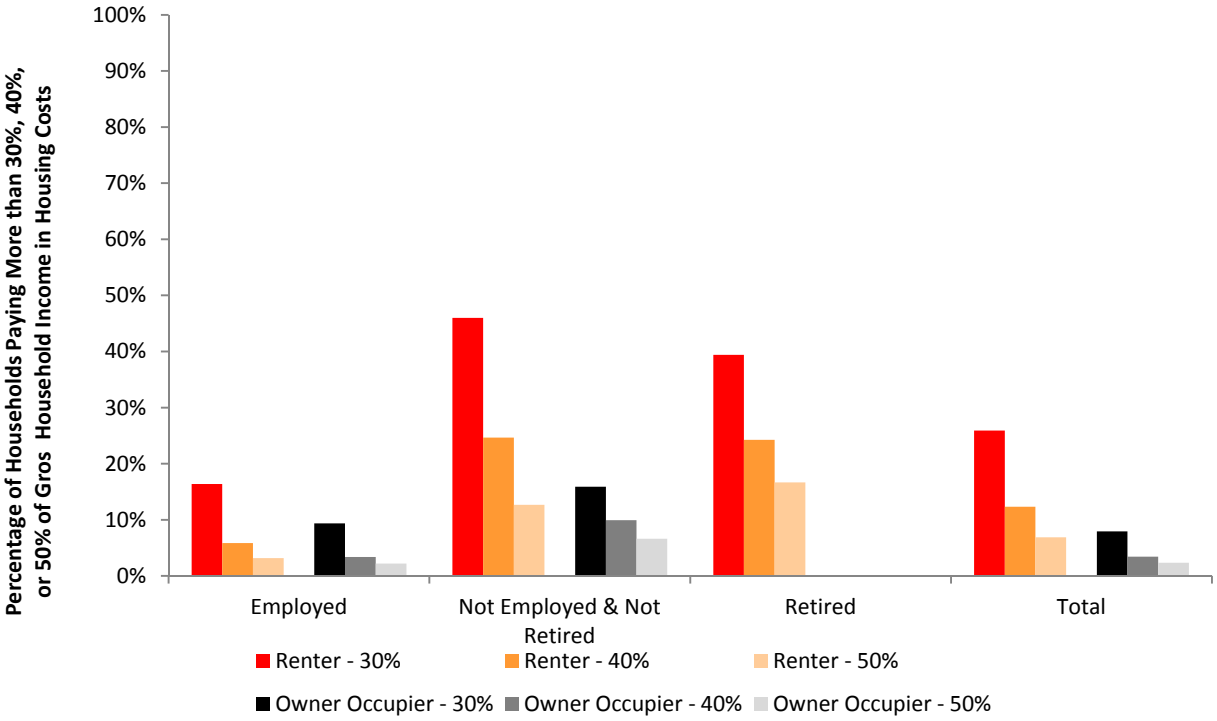
When compared to the national average during the June 2012 year greater Christchurch renter households had:

- Lower levels of housing stress in households with the reference person aged between 15 and 34 years (26% compared to the national average of 36% of renter households);
- Lower levels of housing stress in households with the reference person aged between 35 and 44 years (31% compared to the national average of 40% of renter households);
- Lower levels of housing stress in households with the reference person aged between 45 and 64 years (15% compared to the national average of 32% of renter households); and
- Lower levels of housing stress in households with the reference person aged 65 years and older (35% compared to the national average of 46% of renter households).

When these trends are compared with the trend in housing stress nationally, New Zealand wide levels of housing stress increased for renter households with reference people aged between 15 and 34 years, remained relatively constant for households with reference people aged between 35 and 44 years and 45 and 64 years and fell for renter households aged 65 years and older.

Figure 8.5 presents the proportion of households paying more than 30%, 40% and 50% of their gross household income in housing costs by tenure and household employment status in the June 2012 year.

Figure 8.5: Financial Housing Stress by Tenure and Household Employment Status – June 2012 Year



Source: Statistics New Zealand - HES
NB: Results are from the HES Survey completed in the June 2012 year

Not surprisingly, renter households in which the reference person was not employed and not retired had the highest levels of housing stress. Owner occupier households with the reference person not employed and not retired also had significant levels of housing stress. These results are consistent with the analysis of stress by household income. Factors which imply lower household income (not in employment and retired) are also reflected in higher levels of housing stress.

Table 8.6 presents the trend in the number and proportion of financially stressed households in years ended June 2007, 2010, and 2012 by tenure and the employment status of the household reference person.

Table 8.6: Financial Housing Stress in 2007, 2010, and 2012 by Tenure and Household Employment Status

	Renter Households in Housing Stress						Owner Occupied Households in Housing Stress					
	June 2007		June 2010		June 2012		June 2007		June 2010		June 2012	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Employed	7,200	19%	7,100	18%	6,700	16%	12,800	17%	8,600	11%	7,200	9%
Not Employed & Not Retired	7,200	56%	8,400	49%	6,900	46%	3,300	20%	3,300	23%	2,400	16%
Retired	400	13%	3,000	48%	2,600	39%	2,200	8%	1,000	4%	-	-
Total	14,900	28%	18,500	29%	16,200	26%	18,300	15%	12,900	11%	9,500	8%

Source: Statistics New Zealand – HES
NB: Results are from the HES Surveys completed in June 2007, June 2010 and June 2012

The number of retired renters increased from 3,100 to 6,600 households between 2007 and 2012. At the same time the relative level of housing stress increased from 13% to 39% of retired renter households resulting in a 550% increase in the number of stressed retired renters. Some of this growth may be due to sampling errors.

When compared to the national average during the June 2012 year greater Christchurch renter households had:

- Lower levels of housing stress in households where the reference person was employed (16% compared to the national average of 28% of renter households);
- Lower levels of housing stress in households where the reference person was unemployed and not retired (46% compared to the national average of 51% of renter households);
- Lower levels of housing stress in households where the reference person was retired (39% compared to the national average of 46% of renter households).

When these trends are compared with the trend in housing stress nationally, New Zealand wide levels of housing stress increased for employed renter households, remained relatively constant for not employed and not retired households and was similar for retired renter households.

8.4 Housing Affordability

Housing affordability has deteriorated over the last two decades as household incomes have not increased at the same pace as housing costs and prices. Table 8.7 presents the trend in median household incomes (all households), the lower quartile dwelling sale price (annual averages) and median rents (for a three bedroom dwelling) between 2001 and 2013 for Waimakariri, Christchurch City and Selwyn.

Table 8.7: Trends in Median Household Income[39], House Prices and Rents 2001 to 2013

	Market Statistics				Annual Compounded % Change		
	2001	2006	2011	2013	01 to 06	06 to 11	11 to 13
Waimakariri District							
Median Household Incomes	$46,800	$58,600	$76,100	$80,700	4.6%	5.4%	3.0%
Lower Quartile House sale Price	$117,000	$245,000	$287,000	$309,000	15.9%	3.2%	3.8%
Median Rental ($ per week)	$180	$260	$310	$370	7.6%	3.6%	9.2%
Christchurch City							
Median Household Incomes	$45,100	$57,700	$74,900	$79,500	5.1%	5.4%	3.0%
Lower Quartile House sale Price	$126,000	$250,000	$291,000	$309,500	14.7%	3.1%	3.1%
Median Rental ($ per week)	$200	$290	$330	$390	7.7%	2.6%	8.7%
Selwyn District							
Median Household Incomes	$55,600	$70,400	$91,400	$97,000	4.8%	5.4%	3.0%
Lower Quartile House sale Price	$118,000	$268,000	$319,000	$344,000	17.8%	3.5%	3.8%
Median Rental ($ per week)	$180	$280	$305	$350	9.2%	1.7%	7.1%

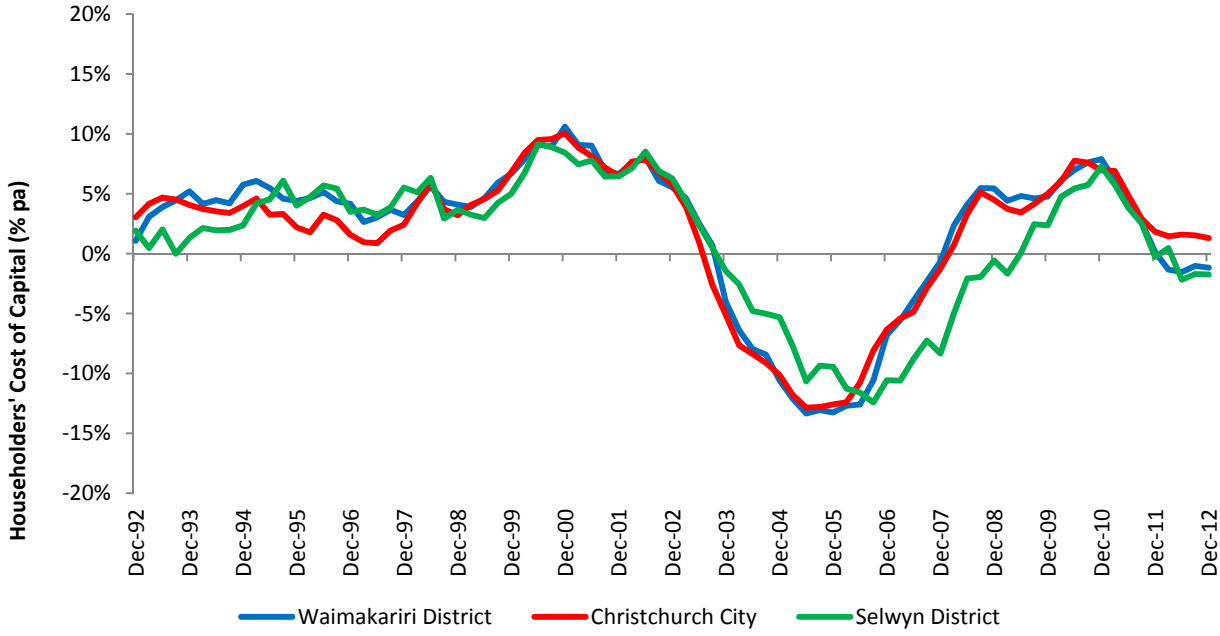
Source: MBIE, PropertyIQ, & Statistics New Zealand

Median household incomes did not increase as quickly as house prices between 2001 and 2013 in all three areas. This has resulted in a decline in the affordability of purchasing a dwelling over this period. However, the trend is not the same over the whole time frame. House prices peaked in the mid -2000s and subsequently growth in median household incomes has out stripped house price appreciation in greater Christchurch.

[39] Household incomes used in this analysis were sourced from 2001 and 2006 census. The 2011 and 2013 household incomes used estimated using the percentage growth in median household incomes for the CERA area based on HES survey results.

The pattern of rental growth compared to median household incomes is more varied. Rents consistently increased faster than median household incomes in Waimakariri. In Christchurch City and Selwyn rents increased faster than incomes between 2001 and 2006 and over the next seven years at a slower rate. Overall, in Christchurch City (between 2001 and 2013) rents increased 20 percentage points faster than household incomes. In Selwyn District the total growth in rents between 2001 and 2013 exceeded median household incomes by 20%. Between 2001 and 2013, renter affordability declined in Waimakariri and Selwyn districts and remained unchanged in Christchurch City. Post-earthquakes the pattern changed, for example the rate of rental growth has been significant higher in all three areas post-earthquakes and has increased at a faster rate than both incomes and house prices. Figure 8.6 presents the trend in the householders' cost of capital[40] for a standalone dwelling between 1991 and 2013.

Figure 8.6: Householders' Cost of Capital, One Year Fixed Mortgage Interest Rates and House Value Growth



Source: RBNZ and PropertyIQ

The householders' cost of capital provides a relative measure of the cost of capital to a home owner and relates the cost of servicing a loan less the expected growth in house prices. Low or negative cost of capital tend to place upward pressure on house prices as the rate of house price appreciation is relatively high compared to the cost of debt. Over the last two years the cost of capital has been negative in Selwyn and Waimakariri Districts and, while it has declined in Christchurch City, remains positive. The difference relates to the higher rates of house price appreciation in Selwyn and Waimakariri relative to Christchurch City over the last three years.

[40] The cost of capital is the difference between the fixed one year mortgage interest rate less the expected rate of capital appreciation of a standalone dwelling. The average rate of capital gain over the last three years for a standalone dwelling is used as a proxy for the expected rate of capital appreciation over the next year.

Table 8.8 presents the trend in the estimated number of financially stressed renter households between 2006 and 2013.

Table 8.8: Number of Financially Stressed Renter Households

	Number of Stressed Renter Households			Stressed Renters as a % of all Renter Households		
	2006	2011	2013	2006	2011	2013
Waimakariri District	1,070	1,070	1,210	35%	29%	30%
Christchurch City	15,690	14,930	15,660	34%	28%	28%
Selwyn District	690	700	770	27%	21%	21%
Total	17,450	16,700	17,640	34%	28%	28%

NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand) , and MBIE.

Strong growth in rents between 2011 and 2013 (a total of 18% over the two years) which was partially offset by above average growth in incomes has resulted in an increase in the number of stressed renter households. Table 8.9 presents the trend in the level of rent that a renter household could afford to pay (using no more than 30% of their gross household income) if they earn either the lower quartile, median or upper quartile household income.

Table 8.9: Affordable Rents

Renter Household Income	Affordable Rent ($ per Week)			Affordable Rents as a % of Median Rent		
	2006	2011	2013	2006	2011	2013
Waimakariri						
Lower Quartile	$200	$259	$275	77%	84%	74%
Median	$249	$324	$343	96%	104%	93%
Upper Quartile	$299	$388	$412	115%	125%	111%
Christchurch City						
Lower Quartile	$207	$268	$284	71%	81%	73%
Median	$258	$335	$355	89%	101%	91%
Upper Quartile	$309	$402	$426	107%	122%	109%
Selwyn District						
Lower Quartile	$276	$359	$381	99%	118%	109%
Median	$346	$449	$476	123%	147%	136%
Upper Quartile	$415	$539	$571	148%	177%	163%

NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand) , and MBIE.

Current rental affordability in Waimakariri and Christchurch City is similar once renter household incomes are taken into account. Rents are less affordable in Waimakariri and Christchurch City compared to Selwyn District. Higher renter household incomes mean renters can afford to pay higher rents relative to the existing market rents. These trends suggest that if there was a shortage of rental stock in Selwyn relative to demand, rents could increase significantly.

In terms of the volume of rents required to satisfy demand at affordable rentals, a quarter of all active rents need to be less than the lower market rent, a further quarter needs to fall between the lower quartile and median rents and another quarter of rents between the median and upper quartile affordable rent.

Table 8.10 presents the trend in the number of renter households unable to affordably pay either the lower quartile or median market rents.

Table 8.10: The Number of Renters Unable to Affordably Pay either the Lower Quartile or Median Market Rent

Rent	Number of Households			As a % of all Renters		
	2006	2011	2013	2006	2011	2013
Waimakariri						
Lower Quartile	1,680	1,690	1,960	54%	46%	49%
Median	1,880	1,780	2,060	61%	48%	51%
Christchurch City						
Lower Quartile	27,640	24,810	26,490	60%	46%	48%
Median	30,440	26,820	28,970	66%	50%	53%
Selwyn District						
Lower Quartile	980	900	1,020	38%	27%	28%
Median	1,300	1,070	1,210	50%	32%	33%

NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand) , and MBIE.

The number of renters unable to affordably pay market rents has increased since 2006 in Selwyn and Waimakariri and declined in Christchurch City. In 2013, Waimakariri needs an additional 1960 rents that are lower than the current lower quartile rent of $350 per week to satisfy the demand for affordable rental accommodation. Christchurch City would require a total of 26,490 properties for lease with rents less than $350 per week and 1,020 properties with rents of less than $305 per week in Selwyn

Table 8.11 presents the trend in the number of renter households unable to buy a dwelling at the lower quartile house sale price, between 2006 and 2013.

Table 8.11: Number of Renter Households Unable to Purchase a Dwelling at the Lower Quartile House Price

	2006	2011	2013
Waimakariri			
Number of households	2,580	2,130	2,150
as a % of renters	83%	57%	53%
as a % of all households	16%	12%	11%
Christchurch City			
Number of households	37,510	30,750	28,960
as a % of renters	81%	57%	53%
as a % of all households	26%	21%	20%
Selwyn District			
Number of households	1,980	1,610	1,570
as a % of renters	76%	48%	43%
as a % of all households	16%	11%	10%

NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand) , and PropertyIQ.

There has not been a large change in the number of renters unable to affordably purchase a dwelling at the lower quartile house price between 2006 and 2013. However, the proportion of renters unable to buy at the lower quartile house price decreased across all three areas.

Table 8.12 presents the trend in the affordable house price and the annual number of dwellings selling for less than the affordable house price.

Table 8.12: Affordable House Price (Price Points)

Household Income	Affordable House Price[41]			Number of Sales Less than Affordable House Price[42]		
Level	2006	2011	2013	2006	2011	2013
Waimakariri						
Lower Quartile	$89,000	$143,000	$168,000	16	16	130
Median	$205,000	$329,000	$388,000	244	420	799
Upper Quartile	$286,000	$458,000	$541,000	836	675	1175
Christchurch City						
Lower Quartile	$84,000	$135,000	$160,000	57	94	643
Median	$202,000	$324,000	$382,000	2,187	3,087	4,571
Upper Quartile	$290,000	$464,000	$548,000	7,621	5,039	6,432
Selwyn District						
Lower Quartile	$125,000	$201,000	$237,000	34	32	39
Median	$247,000	$395,000	$466,000	205	388	369
Upper Quartile	$335,000	$537,000	$634,000	430	527	646

NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and PropertyIQ

Since 2006, which was at or near the top of the last housing cycle, house prices have tended to become more affordable with the key drivers for this trend being strong growth in household incomes and current low mortgage interest rates. Hypothetically, if interest rates increased to their long term average, the number of affordable dwelling sales in Waimakariri District for the March 2013 year for households earning the median household income would fall by 262 sales to 537 (a 33% decline), in Christchurch City the number of affordable sales would fall by 1,296 to 3,275 (a 28% decline) and in Selwyn District the number of affordable sales would fall by 133 to 236 (a 36% decline). The current low mortgage interest rates and growth in household incomes have improved dwelling affordability since 2006. The difference between household income required to buy a dwelling at various price points and median household income has declined.

[41] Affordable house price is the price a household can afford to pay for a dwelling assuming that they have a 10% deposit and pay no more than 30% of their household income in housing costs. In this example three levels of income were used, lower quartile, median and upper quartile household incomes.

[42] Care needs to be taken interpreting these statistics as a number of the lower value properties sold may have had the improvements removed or damaged by the 2010 and 2011 earthquakes and hence the sale prices may reflect the land value rather than the value of a property with both land and a dwelling.

These statistics also provide data on the number of sales properties required at different price points. For example, approximately one quarter of all dwellings would need to be priced under $168,000 to meet all the demand from households earning up to the lower quartile house price, a further quarter would need to be priced between $168,000 and $388,000, and a third quarter would need to be priced between $388,000 and $548,000, while the fourth quarter of sales could be priced over $548,000. The volumes of properties required across the market required at the different affordable price bands to achieve perfect affordability are 4,600 dwellings between each price band in Waimakariri, 37,000 dwellings in Christchurch City, and 3,700 in Selwyn District. Thus in Christchurch City, a total of 37,000 dwellings are required with values less than $160,000, a further 37,000 dwellings with values between $160,000 and $388,000 and another 37,000 dwellings with values between $388,000 and $541,000.

In summary, during the last housing cycle peak in the mid-2000s and in the first half of the decade housing affordability deteriorated particularly for home purchasers. Since 2006 the trend in housing affordability has been mixed. Slower rates of house price appreciation, and higher rates of growth in household incomes coupled with low interest rates have improved affordability. However, the expectation is that this trend will not continue over the next decade. Interest rates are expected to increase in the medium term and the current supply/demand housing deficit is likely to put upward pressure on both rents and house prices which will result in a fall in affordability in the medium term.

8.5 Housing Market Outlook and Implications for Affordability and Housing Need

The objective of this section of the report is to present the implications of the future growth scenarios for housing affordability and need in greater Christchurch. It includes the projected trends in:

- Householders' cost of capital;
- The number of financially stressed renter households;
- The difference between the renter households' median and lower quartile incomes relative to the income required to affordably rent a dwelling at the lower quartile and median market rents;
- The number of households unable to purchase a dwelling at the lower quartile house sale price;
- The difference between the median household income (all households and renter households) relative to the income required to affordably purchase a dwelling at the lower quartile and median house sale prices; and
- Housing need and the implications for dwelling typology.

Five different scenarios are used in this analysis of the future outlook for greater Christchurch's housing market and the implications for housing affordability. Appendix 6 provides a detailed description of the scenarios used. Note that these scenarios are not forecasts of the expected trend in greater Christchurch's housing market, rather they provide a range of outcomes to demonstrate their impact on housing affordability and need. The variables that form the key inputs for housing affordability estimates are:

- Mortgage lending assumptions;
- Growth rate scenarios using the low, medium and high growth projections presented in the Section 4 with two additional variations based on the medium and high growth scenarios. Under these scenarios the proportion of growth occurring within Christchurch City increased;
- House price growth scenario - under the medium growth scenario, the short term growth in house prices is expected to be 5.0% per annum in Christchurch City. The relationship between Waimakariri and Selwyn house prices relative to Christchurch City is not inconsistent with historical averages. However, over the short term (2013 to 2016) house prices in Selwyn and Waimakariri are expected to increase at 2.5% per annum faster than Christchurch City and 1.0% faster between 2016 and 2021. Over the next five years (2021 to 2026) their rate of growth is expected to be 1.0% lower than Christchurch City;
- Rental growth rates - the long term rental growth rates are assumed to track house price growth in the short to medium term under each of the growth scenarios. Beyond 2021 rental growth is expected to be similar to the growth in household incomes; and
- Household income growth rates - household incomes are also expected in increase in Christchurch with income increasing at a faster rate in the short term reflecting labour market pressures.

Table 8.13 summarises the key variables which vary between the scenarios.

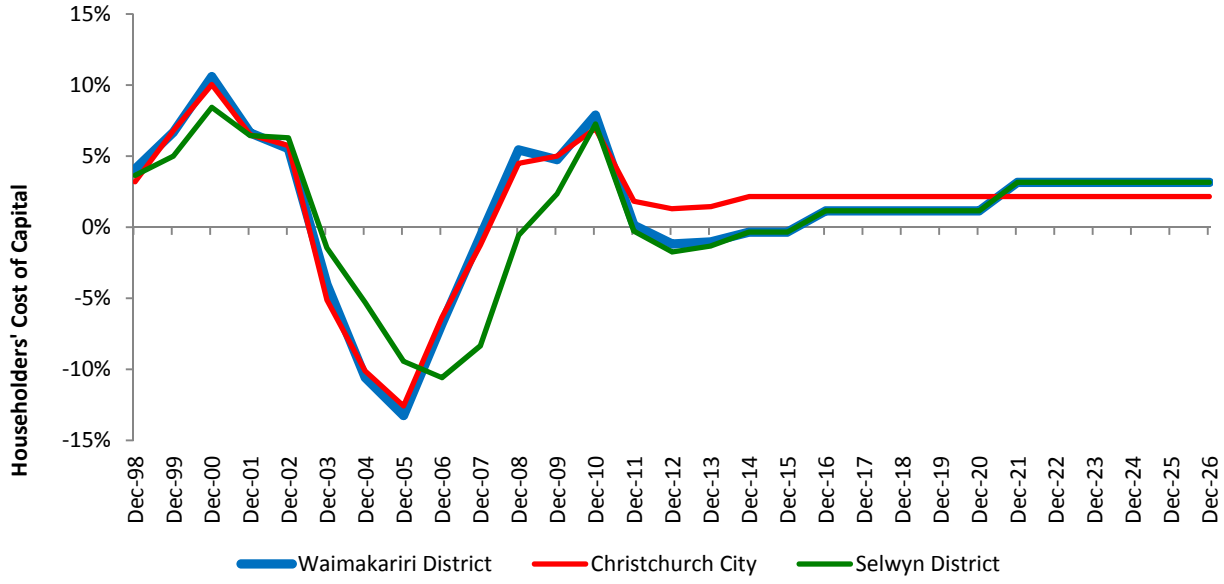
Table 8.13: Scenarios – Annual Growth Rates

	2013 to 2016	2016 to 2021	2021 to 2026	2026 to 2031
House Prices				
Scenario 1	3.00%	3.00%	3.00%	3.00%
Scenario 2	5.00%	5.00%	5.00%	5.00%
Scenario 3	7.00%	7.00%	5.00%	5.00%
Scenario 4	5.00%	5.00%	6.50%	6.50%
Scenario 5	7.00%	7.00%	5.00%	5.00%
Residential Rentals				
Scenario 1	5.00%	4.00%	4.00%	4.00%
Scenario 2	7.00%	4.00%	4.00%	4.00%
Scenario 3	7.50%	5.00%	5.00%	5.00%
Scenario 4	7.50%	5.00%	5.00%	5.00%
Scenario 5	7.50%	5.00%	5.00%	5.00%
Household Income				
Scenario 1	4.00%	4.00%	4.00%	4.00%
Scenario 2	5.52%	5.52%	4.00%	4.00%
Scenario 3	5.52%	5.52%	4.00%	4.00%
Scenario 4	5.52%	5.52%	4.00%	4.00%
Scenario 5	5.52%	5.52%	4.00%	4.00%

NB: See Appendix 6 for a full description of the scenarios

Figure 8.7 presents the projected trend in householders' cost of capital using Scenario 2 (medium growth).

Figure 8.7: Projected Householders' Cost of Capital



NB: The analysis is based on data from PropertyIQ and RBNZ

The variation in the cost of capital across Selwyn, Waimakariri and Christchurch City reflects the difference in the assumed growth in house prices across the three local authority areas.

Table 8.14 presents the future trend in the number of financially stressed renter households between 2011 and 2031 under the five growth scenarios presented in Appendix 6.

Table 8.14: Future Trends in the Number of Financially Stressed Renter Households – 2011 to 2031

	Financially Stressed Renter Households						As a % of All Renters		
	2011	2013	2016	2021	2026	2031	2011	2021	2031
Scenario 1									
Waimakariri	1,070	1,150	1,250	1,380	1,520	1,610	29%	30%	29%
Christchurch City	14,930	15,390	15,570	15,890	16,220	16,370	28%	28%	27%
Selwyn	700	760	790	860	960	1,010	21%	21%	20%
	16,700	17,300	17,610	18,130	18,700	18,990	28%	28%	27%
Scenario 2									
Waimakariri	1,070	1,210	1,390	1,630	1,880	2,140	29%	31%	32%
Christchurch City	14,930	15,660	16,550	17,800	19,030	20,370	28%	29%	30%
Selwyn	700	770	870	1,030	1,200	1,380	21%	22%	22%
	16,700	17,640	18,810	20,460	22,110	23,890	28%	29%	29%
Scenario 3									
Waimakariri	1,070	1,260	1,590	1,970	2,370	2,780	29%	33%	35%
Christchurch City	14,930	15,950	17,860	20,090	22,510	25,010	28%	31%	32%
Selwyn	700	790	990	1,230	1,510	1,790	21%	23%	25%
	16,700	18,000	20,440	23,290	26,390	29,580	28%	30%	32%
Scenario 4									
Waimakariri	1,070	1,210	1,420	1,660	1,930	2,190	29%	31%	32%
Christchurch City	14,930	15,660	17,100	18,770	20,450	22,160	28%	31%	32%
Selwyn	700	770	900	1,050	1,240	1,410	21%	22%	23%
	16,700	17,640	19,420	21,480	23,620	25,760	28%	30%	32%
Scenario 5									
Waimakariri	1,070	1,260	1,590	1,970	2,370	2,780	29%	33%	35%
Christchurch City	14,930	15,950	18,330	21,170	24,260	27,540	28%	32%	36%
Selwyn	700	790	990	1,230	1,510	1,790	21%	23%	25%
	16,700	18,000	20,910	24,370	28,140	32,110	28%	32%	35%

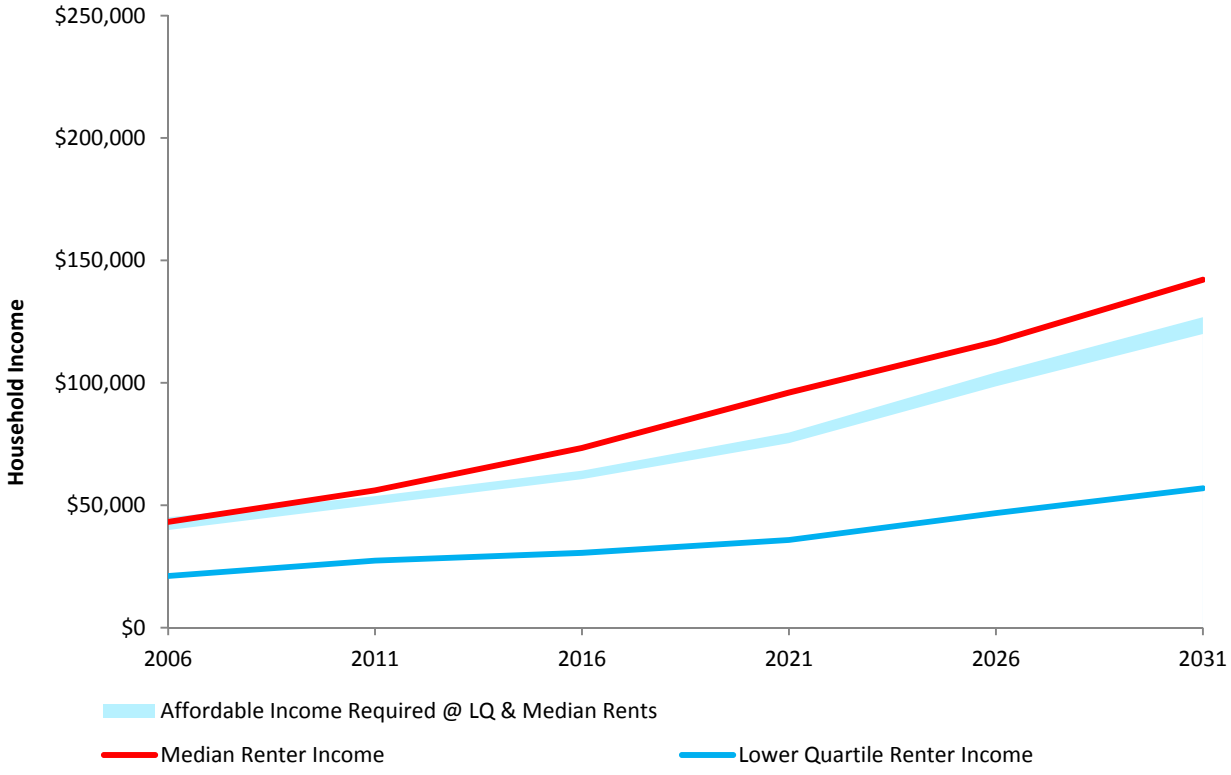
NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand) and MBIE

In the short to medium term, strong demand for rental accommodation is assumed to increase rents faster than incomes resulting in growth in the number and proportion of renter households experiencing housing stress. Single person and one parent with children households are disproportionally over represented in financially stressed renter households.

Between 2011 and 2031 the number of stressed household increases by 7,190 (Scenario 2 – medium growth), approximately 76% of the increase in stressed renters is as a result of growth in the number of renter households and the balance, 24%, because rents increase faster than incomes.

Figures 8.8, 8.9, and 8.10 present the trend in the range of household income required to affordably rent a dwelling assuming the lower quartile and median dwelling market rents and the projected trend in median and lower quartile household incomes for renter households for Waimakariri, Christchurch and Selwyn respectively. This analysis assumes Scenario 2 – medium growth.

Figure 8.8: Waimakariri District - Affordable Rents and Renter Household income

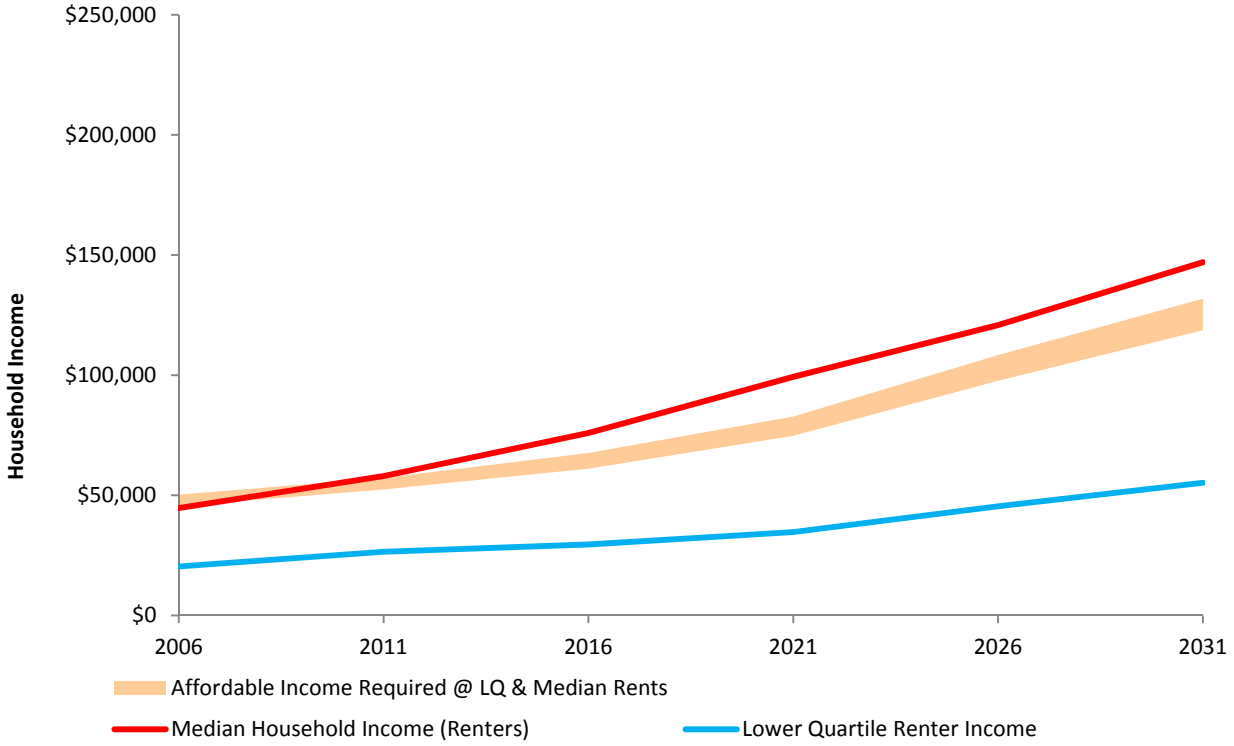


NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and MBIE.

Median household income for renters exceeded the income required to rent a dwelling at the median market rent. However the lower quartile income for renter households was significantly lower than the income required to affordably rent a dwelling at the lower quartile market rent and the gap between the two is expected to increase over time.

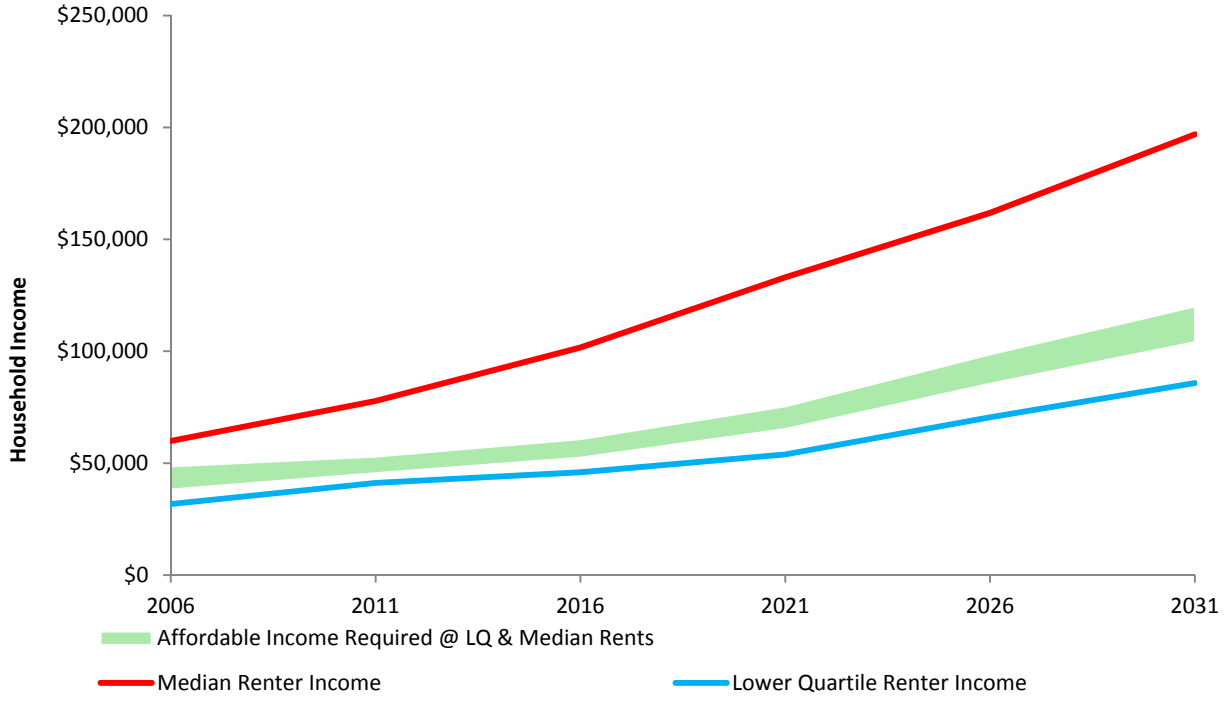
The ratio between lower quartile income for renter households and the income required to affordably rent a dwelling at the lower quartile market rent is projected to fall from 55% in 2011 to 47% in 2031.

Figure 8.9: Christchurch City - Affordable Rents and Renter Household income



NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and MBIE.

Figure 8.10: Selwyn District - Affordable Rents and Renter Household income



NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and MBIE.

The affordable income band, assuming lower quartile and median market rents and that households pay no more than 30% of their income in housing costs, falls between renter households' lower and median household incomes in all three council areas. Rents relative to household incomes are more affordable in Selwyn compared to the other two council areas with the affordable income band closer to renter lower quartile income.

Table 8.15 presents the future trend in the number of renter households unable to affordably purchase a dwelling at the lower quartile house sale price (LQHSP) between 2011 and 2031 under the five growth scenarios presented in Appendix 6.

Table 8.15: Future Trends in the Number of Renter Households Unable to affordably Purchase at LQHSP

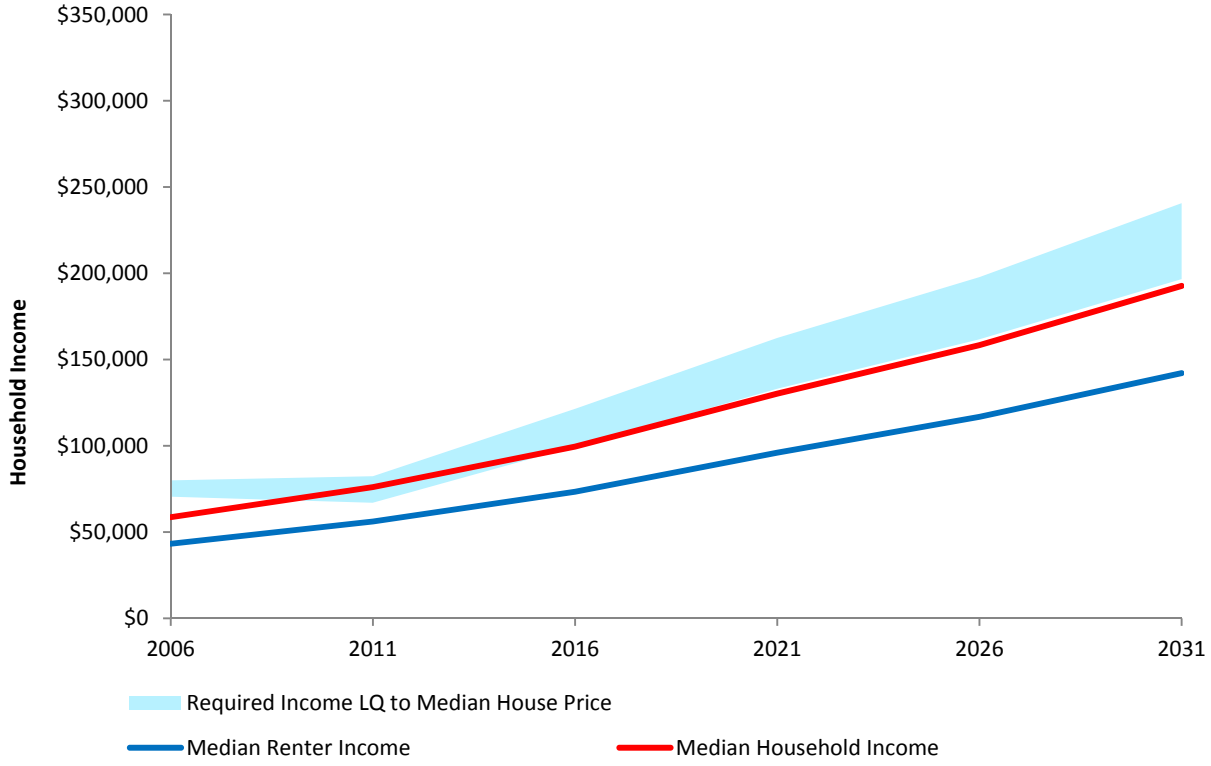
	Renter Households Unable to Buy at the LQ House Sale Price						As a % of All Renters		
	2011	2013	2016	2021	2026	2031	2011	2021	2031
Scenario 1									
Waimakariri	2,130	2,060	2,630	2,960	3,030	3,000	57%	64%	54%
Christchurch City	30,750	28,460	34,090	36,760	39,790	42,750	57%	65%	71%
Selwyn	1,610	1,510	2,100	2,340	2,300	2,200	48%	57%	44%
	34,490	32,030	38,820	42,060	45,120	47,950	57%	64%	68%
Scenario 2									
Waimakariri	2,130	2,150	2,920	3,460	3,940	4,420	57%	66%	65%
Christchurch City	30,750	28,960	34,260	35,820	39,630	43,610	57%	59%	64%
Selwyn	1,610	1,570	2,350	2,830	3,260	3,660	48%	60%	60%
	34,490	32,680	39,530	42,110	46,830	51,690	57%	59%	63%
Scenario 3									
Waimakariri	2,130	2,210	3,280	4,490	5,270	6,050	57%	76%	76%
Christchurch City	30,750	29,490	35,770	38,400	43,620	49,230	57%	59%	64%
Selwyn	1,610	1,620	2,740	3,900	4,610	5,320	48%	73%	74%
	34,490	33,320	41,790	46,790	53,500	60,600	57%	61%	65%
Scenario 4									
Waimakariri	2,130	2,150	2,920	3,460	4,230	5,110	57%	66%	76%
Christchurch City	30,750	28,960	34,260	35,820	39,630	43,610	57%	59%	64%
Selwyn	1,610	1,570	2,350	2,830	3,650	4,490	48%	60%	73%
	34,490	32,680	39,530	42,110	47,510	53,210	57%	59%	65%
Scenario 5									
Waimakariri	2,130	2,210	3,280	4,490	5,690	6,730	57%	76%	85%
Christchurch City	30,750	29,490	35,770	38,400	43,620	49,230	57%	59%	64%
Selwyn	1,610	1,620	2,740	3,900	4,800	5,770	48%	73%	80%
	34,490	33,320	41,790	46,790	54,110	61,730	57%	61%	67%

NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and PropertyIQ

House prices increasing faster than incomes, interest rates returning to their long term average and growth in the number of renters results in an increase in the number of renter households unable to buy a dwelling at the lower quartile house sale price. The growth in the number of households unable to purchase at the lower quartile house sale price ranges from 39% (Scenario 1) to 79% (Scenario 5). Under scenario 2 – (medium growth) approximately 45% of the growth in the number of households unable to purchase at the lower quartile house sale price was a result of the increase in interest rates, 50% as a result of the increase in renter households, and the balance, 5%, due to house prices increasing faster than incomes.

Figures 8.11, 8.12, and 8.13 present the trend in the range of household income required to affordably purchase a dwelling at the lower quartile and median dwelling sale prices and the projected trend in median household income for all households and median household income for renter households for Waimakariri, Christchurch and Selwyn respectively. This analysis assumes Scenario 2 – medium growth.

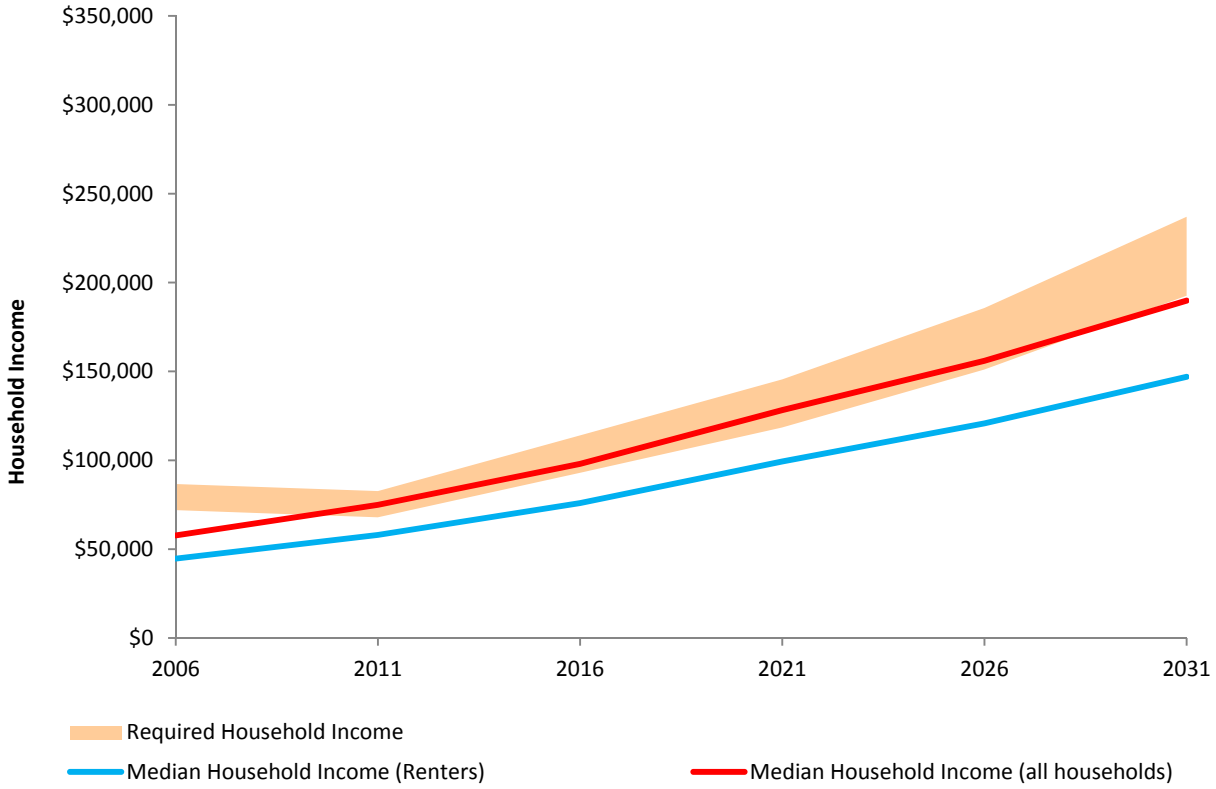
Figure 8.11: Waimakariri District Housing Affordability Trends for Dwelling Purchase



NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and PropertyIQ

Median household income for all households tracks the income required to purchase a dwelling at the LQHSP once interest rates return to their long term average in 2016. Median household income for renter households tracks below the income required to purchase a dwelling at the LQHSP. Between 2016 and 2031 median renter household income is, on average, 73% of the income required to purchase a dwelling at the LQHSP. These estimates are sensitive to changes in interest rates. For example, if interest rates increased from 7.15% to 8.15%, median renter household income as a percentage of the income required to purchase at the LQHSP would fall to an average of 67% between 2016 and 2031.

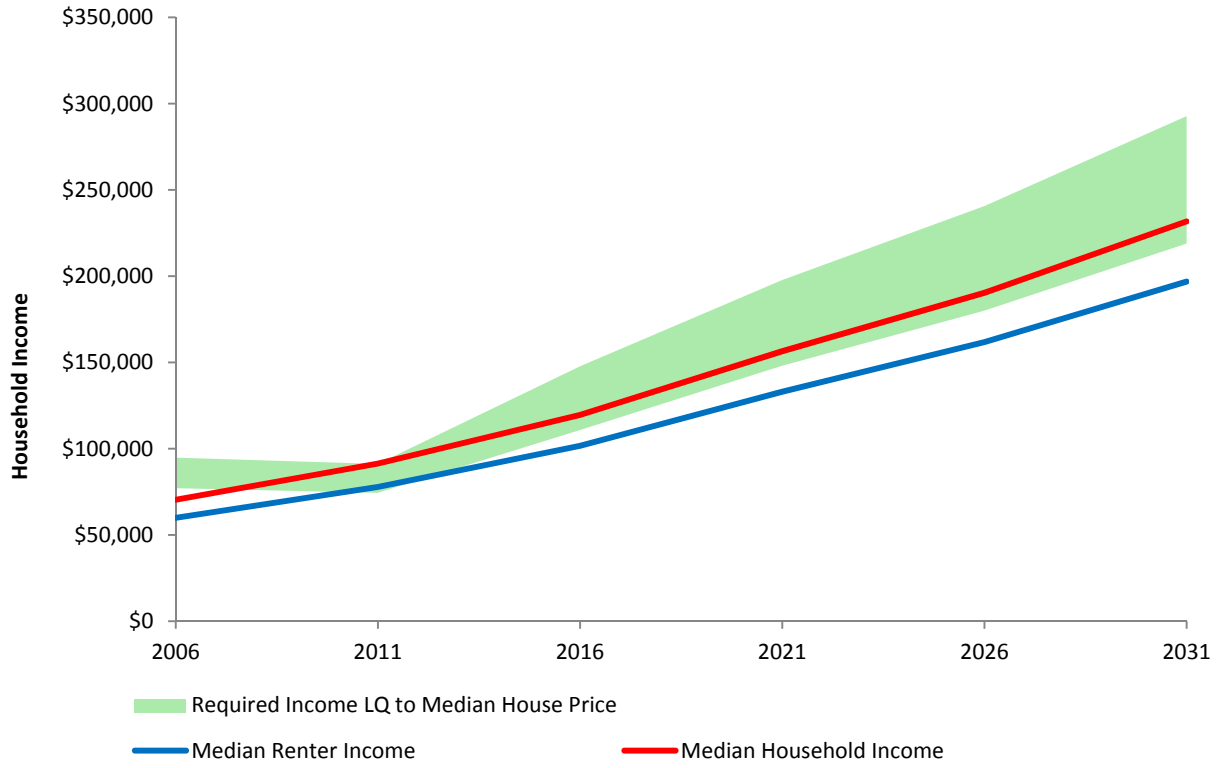
Figure 8.12: Christchurch City Housing Affordability Trends for Dwelling Purchase



NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and PropertyIQ

In Christchurch the relationship between the affordable income required to purchase a dwelling and household incomes follow a similar pattern to Waimakariri, however house prices are slightly more affordable. For example, over the majority of the twenty years between 2011 and 2031 median household incomes (all households) are higher than the income required to purchase a dwelling at the LQHSP. Median renter household incomes, as a percentage of the income required to purchase a dwelling at the LQHSP, averages 81% between 2016 and 2031, 8 percentage points higher than Waimakariri.

Figure 8.13: Selwyn District Housing Affordability Trends for Dwelling Purchase



NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), and PropertyIQ

House prices are more affordable in Selwyn District than in both Christchurch City and Waimakariri, principally because household incomes are higher. Median renter household incomes in Selwyn are estimated to be over 30% higher when compared to Waimakariri and Christchurch City. The median renter household income as a percentage of the income required to purchase a dwelling at the LQHSP in Selwyn District averages 91% between 2016 and 2031, 18 percentage points higher than Waimakariri and 10 percentage points higher than in Christchurch City.

8.5.1 Housing need

Total ***'housing need'*** encapsulates a number of different groups of households and includes the following groups:

- Financially stressed renter households;
- Those households whose housing requirements are met by social, third sector and emergency housing;
- People who are homeless.

Total Housing Need = Financial Housing Stress + Other Need

'Other need' encapsulates those households who because of their circumstances have housing needs in addition to affordability. Other housing need is defined as the number of households, who because of their circumstances are in Housing New Zealand Corporation (HNZC), local authority, third sector and emergency housing, or are homeless.

Table 8.16 presents the analysis of total housing need as at 2011.

Table 8.16: Total Housing Need as at 2011

	Financial Housing Stress (A)	Other Need			Total Housing Need (A + D)	% of All Renters	% of All Households
		HNZC Renters (B)	Other Need (ex HNZC) (C)	Total Other Need (B + C =D)			
Waimakariri	1,100	200	200	400	1,500	40%	8%
Christchurch City	14,900	5,200	2,800	8,000	22,900	43%	16%
Selwyn	700	0	200	200	900	27%	6%
Greater Christchurch	16,700	5,400	3,200	8,600	25,300	42%	14%

NB: Numbers are rounded to the nearest 100
NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), MBIE, and HNZC

The objective of this section is to present the implications of the forecast growth in housing need for social housing. Social housing providers such as Housing New Zealand Corporation, local authorities, and other community housing providers have typically met the majority of the 'other need' housing requirements in the past, with any flow over of demand met by the private rental market. The level of social housing stock provided relative to total households or total housing need is a policy decision for social housing providers.

The objective of this analysis is to attempt to provide an insight into how the requirement for social housing might change over the next 15 to 20 years as a result of the likely changes in the 'other need' category, relative to the existing social housing stock if the current relationship between social housing stock and total housing need over the next 15 to 20 years is maintained.

Table 8.17 presents analysis of the estimated growth in total housing need by financially stressed renter households and other need over the 2011 to 2031 period. These estimates assume:

- Scenario 2 – medium growth;
- The growth in the level of 'other need' is proportionate to the growth in financially stressed renter households;
- There are no significant changes to the financial, structural and institutional environment in which the housing market operates over the next 15 to 20 years; and
- There are no unexpected corrections in the housing market over the next 15 to 20 years.

Table 8.17: Projected Housing Need – 2011 to 2031

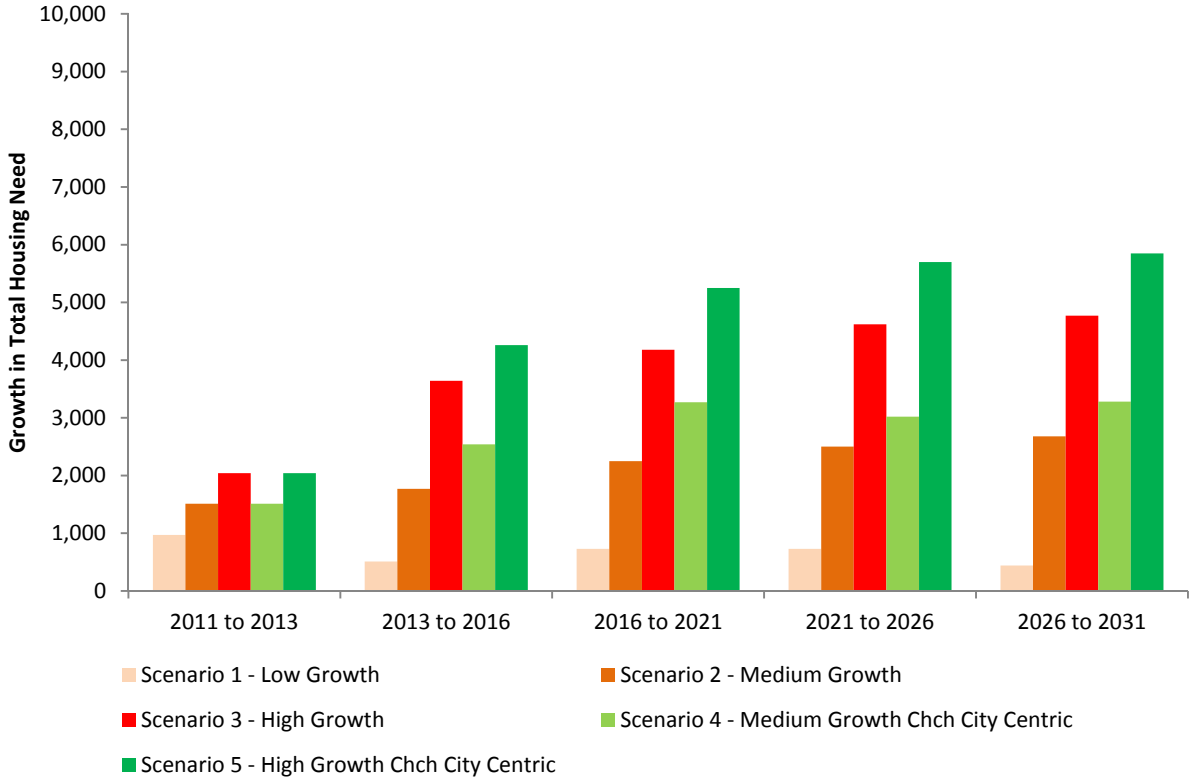
	Waimakariri			Christchurch City			Selwyn District			Greater Christchurch		
	Financial Stress	Other Need	Total Need	Financial Stress	Other Need	Total Need	Financial Stress	Other Need	Total Need	Financial Stress	Other Need	Total Need
2011	1,100	400	1,500	14,900	8,000	22,900	700	200	900	16,700	8,600	25,300
2013	1,210	440	1,650	15,700	8,430	24,130	800	230	1,030	17,710	9,100	26,810
2016	1,400	510	1,910	16,600	8,910	25,510	900	260	1,160	18,900	9,680	28,580
2021	1,600	580	2,180	17,800	9,560	27,360	1,000	290	1,290	20,400	10,430	30,830
2026	1,900	690	2,590	19,000	10,200	29,200	1,200	340	1,540	22,100	11,230	33,330
2031	2,100	760	2,860	20,400	10,950	31,350	1,400	400	1,800	23,900	12,110	36,010
Change												
11 to 13	110	40	150	800	430	1,230	100	30	130	1,010	500	1,510
13 to 16	190	70	260	900	480	1,380	100	30	130	1,190	580	1,770
16 to 21	200	70	270	1,200	650	1,850	100	30	130	1,500	750	2,250
21 to 26	300	110	410	1,200	640	1,840	200	50	250	1,700	800	2,500
26 to 31	200	70	270	1,400	750	2,150	200	60	260	1,800	880	2,680

NB: Numbers are rounded to the nearest 10
NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), MBIE, and HNZC

Total housing need is projected to increase by 10,710 households between 2011 and 2031, or 535 households per annum. Other need is expected to increase by 3,510 households between 2011 and 2031 or 175 households per annum. Note the objective of the analysis is to demonstrate the impact that the increase in growth in the rental market may have on the number of "other need" households if it is assumed the relationship between the proportion of stressed households and other need remains constant. The analysis does not assume or imply that the current level of social housing (social housing providers have in the past met the housing needs of those households with "other need") is the appropriate level of support that should be provided.

Figure 8.14 presents the trend in total need for Greater Christchurch across all five growth scenarios.

Figure 8.14: Greater Christchurch – Total Need 2011 to 2031



NB: Numbers are rounded to the nearest 100
NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), MBIE, and HNZC

The higher the growth in the number of households, the faster the growth in housing need. In addition, under scenarios 4 and 5, the level of need also increases with the higher proportion of growth occurring in Christchurch City. The higher growth within Christchurch City is assumed to place greater pressure on the property market within the city and result in faster rental and house price growth, which in turn will create pressure on the levels of housing need.

Table 8.18 presents the implications of the estimated growth in the total housing need by household age and composition for all dwelling types from 2011 to 2031.

Table 8.18: Growth in Total Need by Dwelling Size 2011 to 2031

	Standalone Dwellings				Multi-unit Dwellings				Total
	2 or less	3	4+	Total	1	2	3+	Total	
Waimakariri									
2011 to 2016	120	150	30	300	20	60	20	100	400
2016 to 2021	80	100	20	200	20	50	0	70	270
2021 to 2026	80	90	20	190	20	40	10	70	260
2026 to 2031	120	120	30	270	50	80	10	140	410
Christchurch City									
2011 to 2016	900	860	230	1,990	230	340	80	650	2,640
2016 to 2021	650	560	130	1,340	190	260	70	520	1,860
2021 to 2026	640	520	120	1,280	230	280	60	570	1,850
2026 to 2031	730	580	120	1,430	290	350	70	710	2,140
Selwyn District									
2011 to 2016	70	100	30	200	10	30	10	50	250
2016 to 2021	40	50	0	90	10	30	0	40	130
2021 to 2026	70	90	30	190	20	50	0	70	260
2026 to 2031	70	80	20	170	20	40	10	70	240
Greater Christchurch									
2011 to 2016	1,090	1,110	290	2,490	260	430	110	800	3,290
2016 to 2021	770	710	150	1,630	220	340	70	630	2,260
2021 to 2026	790	700	170	1,660	270	370	70	710	2,370
2026 to 2031	920	780	170	1,870	360	470	90	920	2,790

NB: Numbers are rounded to the nearest 100
NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), MBIE, and HNZC

These estimates assume that renter households continue to live in the same dwelling configuration when stratified by age and household composition. In addition, a trend away from standalone to multi-unit dwellings is assumed, and that 0.5 percentage point more renter households live in multi-unit accommodation each year.

The above analysis assumes that the future pattern of dwelling type requirement by household type and age continues to reflect current requirements by dwelling type and size. This analysis suggests that for all areas, the majority of requirement over the 2011 to 2031 period will be for standalone dwellings although multi-unit dwellings as a proportion of total housing need related demand will increase from 24% between 2011 and 2016 to 33% between 2021 and 2031. The multi-unit requirement is predominately for one and two-bedroom units and the requirement for standalone dwellings will be predominantly for two and three-bedroom units.

The demand for smaller units, as a proportion of total demand, is projected to increase. This reflects the demographic trend towards older smaller households over the next twenty years. These trends can take time to emerge as households typically take time to match their dwelling type and size with their need.

Again it is important to emphasise that housing preferences including dwelling type, location and quality are complex decisions and that an aging population may not have a significant impact on housing preferences. Aging households may derive significant benefits from aging in place in order to maintain connections with the local community, social networks and friends and have sufficient space for family when they visit. Thus, an aging population may not by itself drive increased demand for smaller dwellings with fewer bedrooms.

In summary, as greater Christchurch continues to expand the level of housing need is also expected to increase. Both financial housing stress, offset to some extent by the Accommodation Supplement, and households with 'other needs', (currently met by Housing New Zealand Corporation, territorial local authorities and other community housing providers), are expected to increase. Future growth in housing need is likely to be focused on older, smaller households than in the past. The ways in which this additional need is met is a social policy decision for central and local government. In the past the majority of need has been met through the provision of Housing New Zealand Corporation housing stock and the Accommodation Supplement. Given the amount of capital required to meet the projected growth in "other need" related demand, the market may struggle to provide sufficient stock to cater for this increase in demand.

9. Summary and Implications

Housing markets are complex, dynamic and do not exist in isolation. They are heavily influenced by population growth, economic factors and macro policy settings. Prior to the 2010 and 2011 earthquakes the greater Christchurch housing market was characterised by strong demand growth, significant house price inflation, growing housing affordability issues for some households, falling home ownership and growing pressures on the rental market. The 2010 and 2011 earthquakes have compounded these trends with a loss of housing stock due to quake damage, redistribution of growth away from Christchurch City to Selwyn and Waimakariri Districts, and influx of people to assist with the rebuild of the city.

This assessment, focused on the period 2011 to 2031, identifies further significant housing demand growth and, in the short term supply issues as the market struggles to provide sufficient stock to cope with the influx of workers, a continued decline in housing affordability, which decreases the propensity of households to be home owners, rising housing need and financial housing stress.

The objective of this section of the report is to summarise some of the key issues relating to this assessment of the future housing demand and need in greater Christchurch. In relation to this, in the context of estimating future housing affordability and need, five agreed scenarios (discussed in Section 8 and Appendix 6) were used to project housing market performance and outcomes between 2011 and 2031. The commentary in this section does not seek to proffer solutions or provide policy advice as this is outside the scope of this assignment.

In summary, greater Christchurch's housing market:

- Has experienced similar declines in housing affordability prior to the 2010 and 2011 earthquakes as other main centres experiencing moderate population growth during the 2000s;
- Has in the past had a growth strategy that sought to promote a compact urban environment and limit the extent of urban sprawl. Opinion is divided between different interest groups as to whether this had a significant impact on housing affordability;
- Like other urban areas, greater Christchurch's home ownership rates have fallen with younger families experiencing the largest declines in home ownership rates. Consequently, the growth in the number of renter households is significantly faster than owner occupier households;
- The level of financially stressed renter households is continuing to increase. Renter households earning less than the median household income have the highest proportion of stressed households. Other trends include the disproportionate increase in the number of stressed "retired" and "one parent" renter households.

The 2010 and 2011 earthquakes have had a significant impact on greater Christchurch's housing markets and a summary of the key issues include:

- The housing stock has been reduced as a result of the earthquake by 7,860 red zoned dwellings and a further 2,100 to 9,100 uninhabitable dwellings outside the red zone. Combined, these represent approximately 5% of the housing stock;
- Immediately after the earthquakes the number of people living in greater Christchurch declined as people relocated out of the city. Statistics New Zealand's household economic survey (HES) results imply that there was a significant fall in the number of low income renter households. Households with incomes less than $30,000 per annum declined by 11,300 or (30%) and households earning between $30,000 and $70,000 also fell by 12,800 (or 18%). Nationally, the number of renter households earning less than $30,000 followed a similar trend and declined by 10% between 2010 and 2012, however the rate of decline was significantly lower. The decline in lower income households mitigated the negative effect of high rental inflation;
- The amount of development capacity available increased significantly with the rezoning of land on the urban fringe. Estimates suggest that by 2016 total development capacity will be over 64,000 dwellings, approximately half within Christchurch's existing urban area. This equates to approximately 29 years' worth of supply under a medium growth scenario;
- The distribution of development activity has changed with less than 45% of building consents issued in the March 2013 year located in Christchurch City, down from 65% in the March 2007 year;
- The level of development activity has also increased and is now approaching levels of activity not seen since the last peak in the housing cycle in the mid-2000s;
- The rapid growth in development capacity has raised concerns within the industry that there may be an oversupply of sections in two to three years' time; and
- The combined impact of population loss after the earthquakes, loss of housing stock and impact of the rebuild has resulted in a supply shortfall of 4,800 to 11,800 dwellings over the last three years. The imbalance of demand over supply is expected to continue to deteriorate over the next 5 years as a result of stock being temporarily removed from the market as it is repaired and the influx of people participating in the rebuild. Consequently, the short term outlook for the market is for house prices and rents to escalate faster than incomes resulting in deteriorating housing affordability. Post rebuild, there may be a risk of readjustment in values and rents as these short to medium term drivers ease.

Housing Affordability and Need

These trends have some significant implications for housing affordability and need. The number of financially stressed renters is expected to continue to increase at a faster rate than the growth in greater Christchurch's underlying population growth.

Table 9.1 presents the expected trend in stressed renter households and total need under the medium growth scenario (Scenario 2) together with the number of renter households unable to purchase a dwelling at the lower quartile house sale price (LQHSP).

Table 9.1: Expected Trends in Housing Affordability

	Number of Renter Households						As a % of Renter Households		
	2011	**2013**	**2016**	**2021**	**2026**	**2031**	**2011**	**2021**	**2031**
Stressed renters	16,700	17,640	18,810	20,460	22,110	23,890	28%	29%	29%
Total housing need	25,300	26,810	28,580	30,830	33,330	36,010	42%	43%	44%
Renters unable to buy at LQHSP	34,490	32,680	39,530	42,110	46,830	51,690	57%	59%	63%

NB: The analysis is based on data from HES, census, population projections (MERA & Statistics New Zealand), MBIE, and PropertyIQ

These estimates present policy makers with some significant challenges. The majority of the expected growth in both financially housing stressed and total need households is expected to be driven by the total growth in the number of renter households, while a smaller portion of the growth is a result of slightly faster growth in rents when compared to household incomes.

Past Governments have responded to the underlying trend in home ownership rates and a decline in housing affordability with a range of policy interventions and measures to both assist households into owning their own dwellings and to support social and community housing rental accommodation initiatives. However, the trend is such that these measures cannot address the housing needs of a substantial group of middle and low income households who do not meet the specified criteria for assistance. Consequently, the majority of the demand for rental accommodation has and will continue to be met by the private sector supported by the Government through the accommodation supplement mechanism. The adequacy of the current support mechanisms may be tested over the next five years as short term pressures build within the market.

Alternatively, housing policy can address the reasons for the decreasing homeownership rates, growth in the number of households experiencing housing market stress, and the decline in housing affordability by examining supply side constraints in the housing market. CERA and councils have worked towards ensuring there is a large amount of development capacity within greater Christchurch. This has increased the opportunity to develop greenfield sites. Councils' role is to ensure that there are sufficient readily developable land areas serviced with infrastructure to reduce supply side sluggishness in the market. In addition, having an enabling and timely consenting process is advantageous.

Short to Medium Term Concerns

Greater Christchurch has some unique issues. One concern is to ensure the short term impacts of the rebuild do not create a short term bubble in house market prices and rents which deflate once the rebuild is complete. To date, the private sector has not created a significant amount of temporary stock to cope with this short term demand, and the economic feasibility is likely to remain marginal. Consequently there may be opportunities for central and local Government to facilitate an increase in the supply of temporary work accommodation.

A short to medium term housing supply shortfall may result in other adverse outcomes such as crowding and the consequent deterioration in health outcomes. In addition, high rents and house prices may result in slower than projected rates of population growth as people relocate to other locations with lower housing costs.

There is a number of conflicting forces and objectives impacting on the greater Christchurch housing market. Prior to the 2010 and 2011 earthquakes, Christchurch's vision was to encourage a compact urban area with the goal of increasing the proportion of development activity occurring within the existing urban area. This trend is unlikely to occur in the short term with strong growth and increased capacity on the fringe of the urban area and in the Waimakariri and Selwyn districts. In addition, demand driven, in part, by purchaser preferences and affordability concerns are reinforcing these trends away from the urban area. Furthermore there is no strategy relating to the provision of affordable dwellings for purchase or affordable rental properties.

Supply Side issues

The purpose of this section is to provide an overview of some potential strategies or policies that could assist in addressing supply side issues. The considerations include:

- There appears to be sufficient greenfields land and sections to meet current demand, however for a variety of reasons redevelopment within the existing urban area is lagging behind greenfield development activity;
- Restrictive covenants on titles may be limiting the opportunity to develop smaller and hence lower cost dwellings;
- There is limited, if any, affordable dwellings being developed; and
- Development costs are currently front loaded on the sub-divider. The cost of the infrastructure currently charged as development contributions could be spread over a longer period of time using different funding mechanisms thus reducing the initial up front cost of the section. Other methods could be used to spread these costs and thus provide infrastructure in a timely manner. These include using council infrastructure bonds to pay for the infrastructure. Development levies, betterment taxes and general rates could then be used to repay these over the life of the infrastructure.

Increase the Redevelopment and Intensification of the Existing Urban Area

Intensification within existing urban areas needs to be made easier and better. This could be done by changing current zoning requirements to determine the places in which intensification and infill can occur as of right and limiting what needs to be notified, therefore providing developers with more certainty. To encourage redevelopment within the central city area, Council could facilitate development by:

- In conjunction with central government establishing an urban development corporation (UDC). The objective would be to help drive the intensification of the central area via the accumulation of land holdings, potentially in partnership with private sector developers. Also compulsory purchase provisions could be considered to drive urban redevelopment and the accumulation of suitable sites;
- Ensuring development is likely to be profitable in the medium term by providing incentives to developers. These could include minimising development contributions and providing land at an affordable price provided pre-agreed outcomes are achieved. These outcomes could include providing affordable housing within the development in conjunction with appropriate housing providers; and
- Developing master plans of the locations with appropriate incentives to encourage development including targeting transport, infrastructure and amenity expenditure to these locations. In addition, stream lined consenting processes should be put in place for development applications which meet or exceed the master plan's bulk, quality and design criteria on a non-notified basis.

In addition, Housing New Zealand Corporation's (HNZC) proposed portfolio redevelopment programme (up to 2,700 dwellings) may provide examples of mixed tenure developments using HNZC's existing land holdings. The redevelopment programme may assist in rejuvenating existing inner city suburbs.

Action 2 of the draft land use recovery plan would require the preparation of a 'floating zone' to enable development within Christchurch. Floating zones can be useful in situations where a community wishes to permit a limited number of specific uses (in this case intensification of land use) but does not wish to map their locations in advance. Another strength of a floating zone is that it would allow increased flexibility for developers to take advantage of opportunities resulting from demolition of buildings as a result of earthquake damage.

The use of under-utilised government and council owned land for residential development could add to the residential density across the urban area. Both local and central government could identify surplus or underutilised land within the urban area which could be developed for residential use. Appropriately located surplus land could be used in conjunction with intensification policies. Alternatively, surplus land could be used in partnership with not-for-profit organisations to assist in achieving affordability goals. For example, land could be made available to not-for-profit organisations that meet agreed affordability criteria and develop the land with payment on the completion of the development. UDCs in partnership with developers could also be used to redevelop these sites.

Restrict the Use of Restrictive Covenants

Covenants used by developers may be resulting in higher new dwelling costs at the low end of the market. Minimum floor area restrictions within developments are reducing the opportunity for some purchasers to build smaller dwellings at lower overall costs. In addition, restrictions on relocating existing dwellings onto new sections within subdivisions may be removing an affordable opportunity for some households. Policies and regulations restricting the use of covenants could increase the supply of lower priced dwellings.

Affordable Housing Strategies

It is likely that there will be limited affordable housing developed without a proactive approach from agencies to assist in facilitating affordable developments. Typically, there has to be some form of subsidy to encourage the provision of affordable housing. These can include providing:

- Low cost capital;
- Providing development sites at affordable prices and/or terms;
- Streamlining consenting processes to reduce time frames required and development risk,
- Minimising development contributions payable by approved affordable housing providers, and
- Providing grants to assist in the cost of the proposal.

Strategies could include the requirement for affordable housing within any central city redevelopment. Polices encouraging the use of under-utilised government and/or council land for partnerships with affordable housing providers could also increase supply of affordable units.

A key goal would be to ensure that construction and land costs are kept to a minimum consistent with other objectives (e.g. ensuring adequate building standard and appropriate land use). This would require planning and regulatory processes that enable the development of residential land, in-fill subdivision and the construction of new dwellings (single or multi-unit). While measures that might deliver a more efficient housing market such as alleviating land-supply bottle necks, more efficient and economically equitable infrastructure provision, planning and building regulation efficiencies would undoubtedly assist affordability for those households in and seeking to leave the intermediate housing market, it may be that a more focused suite of longer term policy solutions is required.

This could include, on the supply side, responses such as increasing the direct supply of affordable housing, both owner occupier and rental, through planning mechanisms, capturing developer planning gain[43] or through leasehold or other initiatives on Crown owned land. A related purpose is to prohibit the use of restrictive covenants that have the effect of excluding affordable or social housing.

[43] Developer planning gain refers to the capital value increment that can accrue to a developer following a change in permitted land use, generally from a lower to higher value use.

Community Housing Sector

Great store has been placed on the emergence of a viable 'community housing sector or not-for-profit sector' to complement the owner market, private rental market and social housing sector. It would appear that this sector requires significant government assistance and/or subsidy. The Social Housing Unit has been active in this sector of the market. In the May 2012 Budget, the Government announced the $104.1 million Social Housing Fund (SHF) to support the growth of non-government housing providers over the three years (2012/13 to 2014/15). This is in addition to the $37.35 million provided in the 2011/12 year. It is likely that a portion of these funds will be utilised in greater Christchurch however competition for resources will be strong particularly from Auckland.

There is a number of strategies that could be employed to assist these organisations in achieving their affordability goals. These include:

- Utilisation of public and local government surplus land as discussed above;
- The provision of working capital via social loans;
- Providing experienced quality operators with relationship managers to assist in streamlining the consenting process; and
- Setting goals for developers proposing developments in master planned intensification areas by providing a proportion of the units for affordable housing and encouraging them to partner with established not-for-profit organisations to achieve these goals.

Demand Side Issues

Demand side strategies could potentially include some adjustment to the incentives around housing investment. Currently 95% of New Zealand's housing stock is owned by the private sector either as owner occupiers or investors. Therefore policy which sought to influence house prices, affordability and home ownership rates by altering the opportunities and incentives available to home buyers and investors may be appropriate.

Housing Market Monitoring Framework

Councils within greater Christchurch need to actively monitor the performance of the housing market and policy outcomes. A range of market data needs to be compiled to assist with the monitoring process. This could include information such as monitoring:

- Land values across the urban area and in particular around any growth boundaries;
- The volume and nature of sales activity at a sub-regional level focused around appropriate housing market boundaries;
- The location, number and price of residential sections being sold along with who is developing the sections;
- The location, volume and price of new dwellings along with who is building the properties;
- The dispersion of house prices over time.
- A range of appropriate affordability indices at a sub-regional level;
- Trends in the real user cost of capital for both owners and renters;
- Tenure change and the relationship to incomes;
- Number of landlords and the number of properties in their portfolio;
- Landlord portfolio returns, vacancy rates and the condition of the rental stock;
- Number of occupants per dwelling and space per person; and
- Key demographic trends.

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Appendix 1:

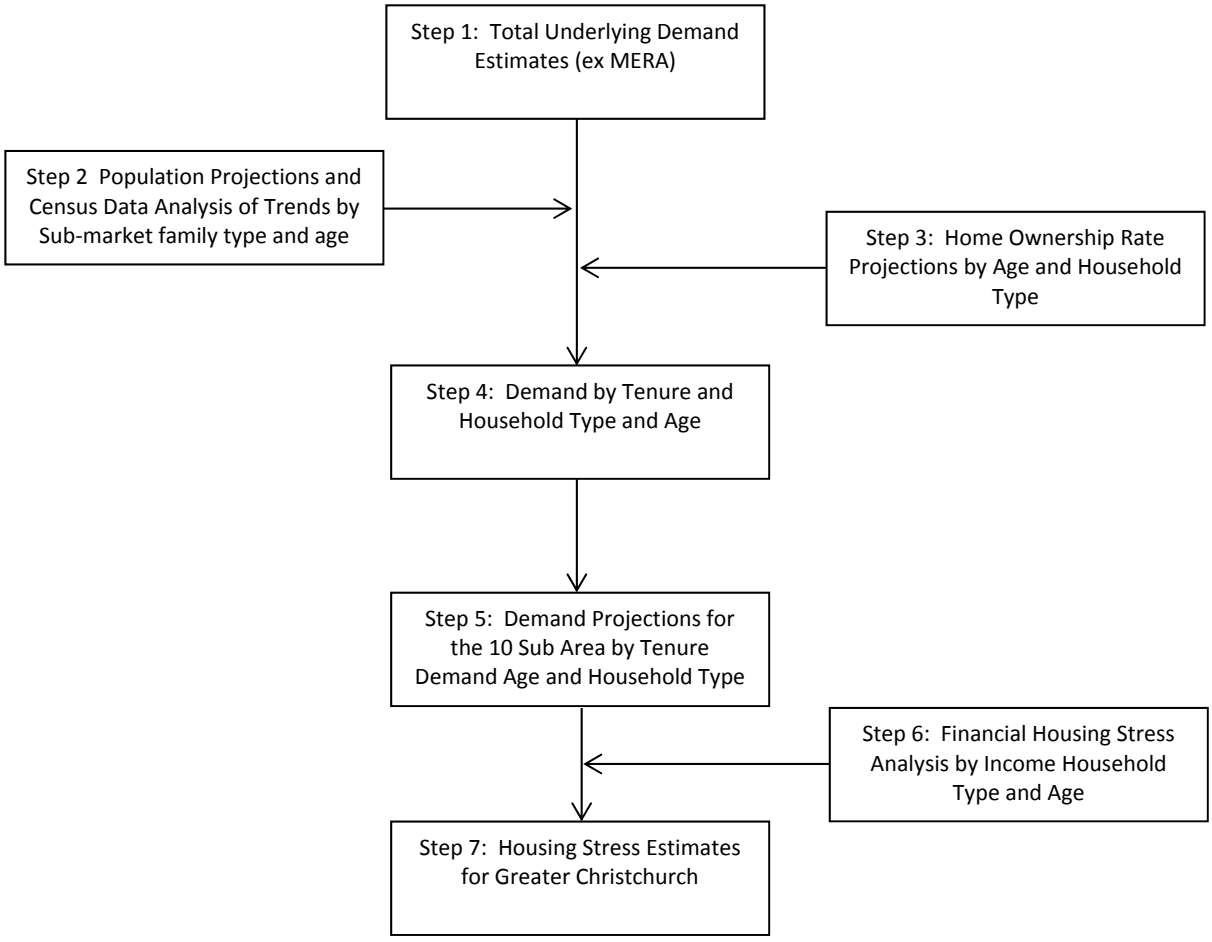
Overview of the Methodology

Housing Demand by Tenure and Household Type Forecast Methodology

The demand forecasts, combined with the composition of the demand (derived from the population projections) then form the basis for the analysis around the composition of the demand by age and household type. MERA provided customised population projections by sub area. Variation in the level of population growth has the most significant impact on demand.

Figure A1.1 presents the stepwise process employed to produce the demand forecasts for each market by tenure, household type and age.

Figure A1.1: Demand Forecasts by Tenure, Household Type and Age



The process involves a combination of quantitative and qualitative input. Household and population projections by age, family type and region are one key input. The population projections used provide a growth in a two dimension matrix around family / household type and age in 5 year steps. This quantitative data is combined with our interpretation of tenure trends by region, age and family type to produce base projections of housing demand by region, tenure and family type. Inherent in the population projections are external and internal migration, deaths and births.

Step 1 – Underlying Demand

The underlying demand for housing was collated from customised population and household projections provided by MERA. The population projections were broken down by sub area, age and household type.

Step 2 – Analysis of Sub-area trends

The pattern of demographic change in the number and type of households (age, household type and tenure) by sub area was estimated by analysing 1996, 2001, and 2006 census data. This analysis forms the basis when combined with the results of step 3 for the household projections by tenure age and household type.

Step 3 – Home Ownership Rate Projections by Age and Household Type

The home ownership rate projections methodology used is consistent with the approach used by the authors in DTZ (2005) and Darroch (2010). This approach uses an age household composition cohort approach that projects forward the change in home ownership rates by age group household composition cohort between 1991 and 2006 taking into account delayed recovery of home ownership rates as these groups age.

The population of households is divided into a three dimensional matrix (age in 5 year steps, household composition and census year). The level of owner occupation by the age/household composition cohort matrix is tracked between 1996 and 2006. The rate of change in the level of owner occupation is projected forward using Statistics New Zealand's age by family and household projections. The results of the analysis were compared to the results from the 2007 to 2011 HES surveys. The rate of change within the matrix was revised where appropriate to take into account the HES analysis.

The output from this step of the analysis is the level of owner occupation by age (in 5 year steps) and household composition for greater Christchurch.

Step 4 – Demand by Tenure, Household Type and Age

Outputs from Steps 2 and 3 are combined to produce overall demand by households, tenure, age and household composition for greater Christchurch. The household projections by age and household composition in steps 1 and 2 are combined with the level of owner occupation assessed in step 2 to produce demand by tenure, age and household composition.

Step 5 – Demand by Sub-Area, Tenure Age, and Household Composition

The underlying demand by sub area was estimated by using the data from step 1 (Sub area household projections by MERA) and combining these with the level of owner occupation matrix by age and household composition matrix for greater Christchurch. The results of the analysis were cross checked against census 2006 results and adjusted to take into account sub area variations in the level of owner occupation.

Step 6 - The Proportion of Stressed Households

The results from HES survey on the level of housing stress for renter households was used as an input to assess housing stress. A matrix of housing stress by household composition and age is used as the starting point for projecting housing stress levels out into the future. Housing stress levels were adjusted to take into account the different rate of growth in household incomes and rents over time. The key output from this analysis is a housing stress matrix by age and household composition, and year,

Step 7 – Housing Stress Estimates for Greater Christchurch

The results of steps 5 and 6 are combined to produce estimates of the number of stressed households by age, and household composition for greater Christchurch.

The age tenure, and household composition projection matrix also forms the basis for the estimates of demand by dwelling typology. The propensity of the different age/household composition cohorts for different dwelling styles (based on analysis from 2006 census) was used to estimate the underlying dwelling typology.

Appendix 2:

Demand by Sub-Zone, Household Composition and Age

Appendix 2: Demand by Sub-Zone, Household Composition and Age

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
North West										
2011										
Couple only	110	2,470	3,890	2,510	8,990					
Couple with	20	3,160	4,910	230	8,320					
One Parent	60	1,350	1,920	360	3,690					
One Person	40	1,310	3,340	3,280	7,970					
Other	340	1,370	450	380	2,540					
Total	570	9,660	14,510	6,760	31,510					
2016										
Couple only	110	2,660	4,300	3,090	10,160	0	190	410	580	1,170
Couple with	20	3,110	4,910	260	8,300	0	-50	0	30	-20
One Parent	60	1,380	2,010	420	3,860	0	30	90	60	170
One Person	50	1,410	3,660	3,810	8,940	10	100	320	530	970
Other	340	1,510	490	440	2,770	0	140	40	60	230
Total	580	10,070	15,370	8,020	34,030	10	410	860	1,260	2,520
2021										
Couple only	120	2,820	4,660	3,690	11,290	10	160	360	600	1,130
Couple with	20	3,140	4,730	280	8,170	0	30	-180	20	-130
One Parent	70	1,400	2,020	490	3,980	10	20	10	70	120
One Person	50	1,550	3,940	4,450	9,990	0	140	280	640	1,050
Other	350	1,570	510	490	2,910	10	60	20	50	140
Total	610	10,480	15,860	9,400	36,340	30	410	490	1,380	2,310
2026										
Couple only	130	2,890	4,780	4,280	12,080	10	70	120	590	790
Couple with	30	3,070	4,500	300	7,900	10	-70	-230	20	-270
One Parent	80	1,400	1,990	560	4,020	10	0	-30	70	40
One Person	60	1,640	4,050	5,150	10,900	10	90	110	700	910
Other	390	1,570	500	530	3,000	40	0	-10	40	90
Total	690	10,570	15,820	10,820	37,900	80	90	-40	1,420	1,560
2031										
Couple only	130	2,990	4,850	4,820	12,780	0	100	70	540	700
Couple with	30	3,000	4,360	290	7,680	0	-70	-140	-10	-220
One Parent	80	1,420	1,940	620	4,050	0	20	-50	60	30
One Person	60	1,730	4,140	5,910	11,840	0	90	90	760	940
Other	370	1,630	500	590	3,090	-20	60	0	60	90
Total	670	10,770	15,790	12,230	39,440	-20	200	-30	1,410	1,540

Source: MERA

Appendix 2: Demand by Sub-Zone, Household Composition and Age Continued

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
North East										
2011										
Couple only	110	2,330	3,660	2,360	8,460					
Couple with	20	3,210	4,990	230	8,460					
One Parent	50	1,140	1,610	300	3,100					
One Person	40	1,060	2,700	2,650	6,450					
Other	310	1,270	420	350	2,350					
Total	530	9,010	13,380	5,890	28,820					
2016										
Couple only	90	2,220	3,590	2,570	8,480	-20	-110	-70	210	20
Couple with	20	2,770	4,380	240	7,400	0	-440	-610	10	-1,060
One Parent	40	1,010	1,470	310	2,820	-10	-130	-140	10	-280
One Person	30	1,000	2,600	2,710	6,350	-10	-60	-100	60	-100
Other	270	1,200	390	350	2,210	-40	-70	-30	0	-140
Total	450	8,200	12,430	6,180	27,260	-80	-810	-950	290	-1,560
2021										
Couple only	100	2,340	3,860	3,060	9,370	10	120	270	490	890
Couple with	20	2,720	4,100	250	7,080	0	-50	-280	10	-320
One Parent	50	990	1,430	340	2,820	10	-20	-40	30	0
One Person	40	1,080	2,750	3,110	6,970	10	80	150	400	620
Other	270	1,210	390	370	2,240	0	10	0	20	30
Total	480	8,340	12,530	7,130	28,480	30	140	100	950	1,220
2026										
Couple only	110	2,390	3,970	3,550	10,020	10	50	110	490	650
Couple with	20	2,610	3,830	250	6,710	0	-110	-270	0	-370
One Parent	50	980	1,390	390	2,810	0	-10	-40	50	-10
One Person	40	1,140	2,820	3,590	7,590	0	60	70	480	620
Other	290	1,200	380	400	2,280	20	-10	-10	30	40
Total	510	8,320	12,390	8,180	29,410	30	-20	-140	1,050	930
2031										
Couple only	100	2,480	4,010	3,990	10,580	-10	90	40	440	560
Couple with	20	2,520	3,650	240	6,430	0	-90	-180	-10	-280
One Parent	50	980	1,350	430	2,810	0	0	-40	40	0
One Person	40	1,200	2,890	4,120	8,260	0	60	70	530	670
Other	280	1,220	380	440	2,320	-10	20	0	40	40
Total	490	8,400	12,280	9,220	30,400	-20	80	-110	1,040	990

Appendix 2: Demand by Sub-Zone, Household Composition and Age Continued

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
Inner North										
2011										
Couple only	40	980	1,550	1,000	3,570					
Couple with	10	1,220	1,900	90	3,210					
One Parent	20	460	650	120	1,250					
One Person	20	590	1,510	1,490	3,610					
Other	190	790	260	220	1,470					
Total	280	4,040	5,870	2,920	13,110					
2016										
Couple only	40	1,000	1,610	1,160	3,810	0	20	60	160	240
Couple with	10	1,130	1,790	100	3,030	0	-90	-110	10	-180
One Parent	20	450	650	140	1,250	0	-10	0	20	0
One Person	20	600	1,560	1,620	3,800	0	10	50	130	190
Other	180	810	260	230	1,490	-10	20	0	10	20
Total	270	3,990	5,870	3,250	13,380	-10	-50	0	330	270
2021										
Couple only	40	1,020	1,670	1,330	4,060	0	20	60	170	250
Couple with	10	1,100	1,660	100	2,870	0	-30	-130	0	-160
One Parent	20	430	620	150	1,220	0	-20	-30	10	-30
One Person	20	630	1,600	1,810	4,060	0	30	40	190	260
Other	180	800	260	250	1,490	0	-10	0	20	0
Total	270	3,980	5,810	3,640	13,700	0	-10	-60	390	320
2026										
Couple only	40	1,010	1,670	1,500	4,220	0	-10	0	170	160
Couple with	10	1,040	1,530	100	2,690	0	-60	-130	0	-180
One Parent	20	410	580	160	1,180	0	-20	-40	10	-40
One Person	20	650	1,600	2,040	4,320	0	20	0	230	260
Other	190	780	250	260	1,480	10	-20	-10	10	-10
Total	280	3,890	5,630	4,060	13,890	10	-90	-180	420	190
2031										
Couple only	40	1,010	1,630	1,620	4,310	0	0	-40	120	90
Couple with	10	990	1,440	100	2,530	0	-50	-90	0	-160
One Parent	20	400	550	170	1,140	0	-10	-30	10	-40
One Person	20	670	1,600	2,290	4,580	0	20	0	250	260
Other	180	780	240	280	1,490	-10	0	-10	20	10
Total	270	3,850	5,460	4,460	14,050	-10	-40	-170	400	160

Source: MERA

Appendix 2: Demand by Sub-Zone, Household Composition and Age Continued

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
Central										
2011										
Couple only	10	240	380	240	870					
Couple with	0	70	110	0	180					
One Parent	0	60	90	20	170					
One Person	10	210	530	520	1,260					
Other	80	310	100	90	580					
Total	100	890	1,210	870	3,060					
2016										
Couple only	10	200	330	240	780	0	-40	-50	0	-90
Couple with	0	60	90	0	150	0	-10	-20	0	-30
One Parent	0	60	80	20	160	0	0	-10	0	-10
One Person	10	180	460	480	1,120	0	-30	-70	-40	-140
Other	60	280	90	80	510	-20	-30	-10	-10	-70
Total	80	780	1,050	820	2,720	-20	-110	-160	-50	-340
2021										
Couple only	10	200	330	260	790	0	0	0	20	10
Couple with	0	60	90	10	150	0	0	0	10	0
One Parent	0	60	80	20	160	0	0	0	0	0
One Person	10	180	460	520	1,160	0	0	0	40	40
Other	60	270	90	80	500	0	-10	0	0	-10
Total	80	770	1,050	890	2,760	0	-10	0	70	40
2026										
Couple only	10	190	310	280	780	0	-10	-20	20	-10
Couple with	0	60	90	10	150	0	0	0	0	0
One Parent	0	60	80	20	160	0	0	0	0	0
One Person	10	180	450	580	1,220	0	0	-10	60	60
Other	60	260	80	90	490	0	-10	-10	10	-10
Total	80	750	1,010	980	2,800	0	-20	-40	90	40
2031										
Couple only	10	190	310	310	810	0	0	0	30	30
Couple with	0	60	90	10	150	0	0	0	0	0
One Parent	0	60	80	20	160	0	0	0	0	0
One Person	10	180	430	610	1,230	0	0	-20	30	10
Other	60	260	80	90	500	0	0	0	0	10
Total	80	750	990	1,040	2,850	0	0	-20	60	50

Source: MERA

Appendix 2: Demand by Sub-Zone, Household Composition and Age Continued

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
East										
2011										
Couple only	60	1,230	1,940	1,250	4,490					
Couple with	10	1,500	2,330	110	3,940					
One Parent	50	1,110	1,570	290	3,030					
One Person	30	930	2,380	2,340	5,680					
Other	300	1,210	390	330	2,230					
Total	450	5,980	8,610	4,320	19,370					
2016										
Couple only	50	1,190	1,920	1,380	4,530	-10	-40	-20	130	40
Couple with	10	1,320	2,090	110	3,530	0	-180	-240	0	-410
One Parent	40	1,000	1,460	310	2,810	-10	-110	-110	20	-220
One Person	30	900	2,330	2,420	5,680	0	-30	-50	80	0
Other	270	1,170	380	340	2,160	-30	-40	-10	10	-70
Total	400	5,580	8,180	4,560	18,710	-50	-400	-430	240	-660
2021										
Couple only	50	1,210	1,990	1,580	4,830	0	20	70	200	300
Couple with	10	1,290	1,940	120	3,350	0	-30	-150	10	-180
One Parent	50	970	1,400	340	2,760	10	-30	-60	30	-50
One Person	30	940	2,390	2,700	6,060	0	40	60	280	380
Other	270	1,170	380	360	2,180	0	0	0	20	20
Total	410	5,580	8,100	5,100	19,180	10	0	-80	540	470
2026										
Couple only	50	1,190	1,980	1,770	5,000	0	-20	-10	190	170
Couple with	10	1,220	1,800	120	3,150	0	-70	-140	0	-200
One Parent	50	940	1,330	370	2,690	0	-30	-70	30	-70
One Person	30	950	2,360	3,000	6,350	0	10	-30	300	290
Other	280	1,140	370	380	2,170	10	-30	-10	20	-10
Total	420	5,440	7,840	5,640	19,360	10	-140	-260	540	180
2031										
Couple only	50	1,190	1,930	1,920	5,100	0	0	-50	150	100
Couple with	10	1,150	1,680	110	2,950	0	-70	-120	-10	-200
One Parent	50	920	1,260	400	2,630	0	-20	-70	30	-60
One Person	30	960	2,310	3,300	6,610	0	10	-50	300	260
Other	260	1,140	350	410	2,170	-20	0	-20	30	0
Total	400	5,360	7,530	6,140	19,460	-20	-80	-310	500	100

Source: MERA

Appendix 2: Demand by Sub-Zone, Household Composition and Age Continued

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
South West										
2011										
Couple only	70	1,650	2,590	1,670	5,990					
Couple with	20	2,020	3,140	140	5,310					
One Parent	40	880	1,250	230	2,400					
One Person	20	730	1,870	1,840	4,460					
Other	230	950	310	260	1,750					
Total	380	6,230	9,160	4,140	19,910					
2016										
Couple only	80	1,950	3,160	2,260	7,450	10	300	570	590	1,460
Couple with	20	2,170	3,430	180	5,790	0	150	290	40	480
One Parent	40	980	1,430	300	2,750	0	100	180	70	350
One Person	30	870	2,250	2,340	5,490	10	140	380	500	1,030
Other	250	1,130	360	330	2,070	20	180	50	70	320
Total	420	7,100	10,630	5,410	23,550	40	870	1,470	1,270	3,640
2021	0									
Couple only	90	2,170	3,570	2,830	8,660	10	220	410	570	1,210
Couple with	20	2,260	3,420	210	5,900	0	90	-10	30	110
One Parent	50	1,040	1,500	360	2,950	10	60	70	60	200
One Person	30	990	2,530	2,860	6,410	0	120	280	520	920
Other	280	1,220	390	380	2,270	30	90	30	50	200
Total	470	7,680	11,410	6,640	26,190	50	580	780	1,230	2,640
2026										
Couple only	100	2,370	3,930	3,520	9,920	10	200	360	690	1,260
Couple with	20	2,370	3,470	230	6,090	0	110	50	20	190
One Parent	60	1,110	1,570	440	3,180	10	70	70	80	230
One Person	40	1,130	2,800	3,560	7,530	10	140	270	700	1,120
Other	320	1,300	420	440	2,480	40	80	30	60	210
Total	540	8,280	12,190	8,190	29,200	70	600	780	1,550	3,010
2031										
Couple only	110	2,620	4,240	4,210	11,170	10	250	310	690	1,250
Couple with	20	2,450	3,560	240	6,260	0	80	90	10	170
One Parent	70	1,190	1,630	520	3,410	10	80	60	80	230
One Person	40	1,280	3,070	4,370	8,760	0	150	270	810	1,230
Other	330	1,440	440	520	2,730	10	140	20	80	250
Total	570	8,980	12,940	9,860	32,330	30	700	750	1,670	3,130

Source: MERA

Appendix 2: Demand by Sub-Zone, Household Composition and Age Continued

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
Inner South										
2011										
Couple only	30	590	920	600	2,130					
Couple with	0	470	730	30	1,230					
One Parent	20	420	590	110	1,140					
One Person	20	540	1,370	1,350	3,280					
Other	210	840	270	230	1,550					
Total	280	2,860	3,880	2,320	9,330					
2016										
Couple only	20	590	950	680	2,240	-10	0	30	80	110
Couple with	0	430	690	40	1,160	0	-40	-40	10	-70
One Parent	20	400	580	120	1,120	0	-20	-10	10	-20
One Person	20	540	1,410	1,470	3,450	0	0	40	120	170
Other	190	840	270	240	1,550	-20	0	0	10	0
Total	250	2,800	3,900	2,550	9,520	-30	-60	20	230	190
2021										
Couple only	20	580	960	760	2,330	0	-10	10	80	90
Couple with	0	430	640	40	1,110	0	0	-50	0	-50
One Parent	20	380	550	130	1,090	0	-20	-30	10	-30
One Person	20	570	1,440	1,630	3,660	0	30	30	160	210
Other	190	840	270	260	1,560	0	0	0	20	10
Total	250	2,800	3,860	2,820	9,750	0	0	-40	270	230
2026										
Couple only	30	570	950	850	2,400	10	-10	-10	90	70
Couple with	0	420	610	40	1,070	0	-10	-30	0	-40
One Parent	20	370	520	150	1,060	0	-10	-30	20	-30
One Person	20	580	1,440	1,840	3,890	0	10	0	210	230
Other	200	820	260	280	1,570	10	-20	-10	20	10
Total	270	2,760	3,780	3,160	9,990	20	-40	-80	340	240
2031										
Couple only	20	570	930	920	2,440	-10	0	-20	70	40
Couple with	0	400	570	40	1,010	0	-20	-40	0	-60
One Parent	20	360	490	160	1,020	0	-10	-30	10	-40
One Person	20	590	1,430	2,040	4,080	0	10	-10	200	190
Other	190	830	260	300	1,570	-10	10	0	20	0
Total	250	2,750	3,680	3,460	10,120	-20	-10	-100	300	130

Source: MERA

Appendix 2: Demand by Sub-Zone, Household Composition and Age Continued

	Number of Households					Change in the Number of Households				
	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total	20 yrs or less	20 to 40 yrs	40 to 64 yrs	65 and over	Total
South										
2011										
Couple only	90	1,940	3,060	1,970	7,060					
Couple with	20	2,350	3,650	170	6,190					
One Parent	30	640	900	170	1,740					
One Person	30	840	2,140	2,100	5,110					
Other	150	610	200	170	1,130					
Total	320	6,380	9,950	4,580	21,230					
2016										
Couple only	80	1,990	3,220	2,310	7,610	-10	50	160	340	550
Couple with	20	2,180	3,450	190	5,830	0	-170	-200	20	-360
One Parent	30	610	890	190	1,710	0	-30	-10	20	-30
One Person	30	850	2,220	2,310	5,410	0	10	80	210	300
Other	140	610	200	180	1,130	-10	0	0	10	0
Total	300	6,240	9,980	5,180	21,690	-20	-140	30	600	460
2021										
Couple only	80	2,050	3,380	2,680	8,200	0	60	160	370	590
Couple with	20	2,110	3,190	190	5,510	0	-70	-260	0	-320
One Parent	30	590	850	200	1,670	0	-20	-40	10	-40
One Person	30	900	2,300	2,600	5,830	0	50	80	290	420
Other	140	620	200	190	1,160	0	10	0	10	30
Total	300	6,270	9,920	5,860	22,370	0	30	-60	680	680
2026										
Couple only	90	2,070	3,430	3,070	8,670	10	20	50	390	470
Couple with	20	2,020	2,970	190	5,210	0	-90	-220	0	-300
One Parent	30	570	800	230	1,620	0	-20	-50	30	-50
One Person	30	940	2,320	2,960	6,260	0	40	20	360	430
Other	150	610	200	210	1,160	10	-10	0	20	0
Total	320	6,210	9,720	6,660	22,920	20	-60	-200	800	550
2031										
Couple only	90	2,080	3,360	3,340	8,870	0	10	-70	270	200
Couple with	20	1,920	2,780	190	4,900	0	-100	-190	0	-310
One Parent	30	560	760	240	1,590	0	-10	-40	10	-30
One Person	30	960	2,310	3,290	6,600	0	20	-10	330	340
Other	140	590	180	210	1,130	-10	-20	-20	0	-30
Total	310	6,110	9,390	7,270	23,090	-10	-100	-330	610	170

Source: MERA

Appendix 3

Housing Demand by Sub-Zone, Tenure, Dwelling Typology and Size

Appendix 3 -Housing Demand by Sub-Zone, Tenure, Dwelling Typology and Size.

	Standalone Dwellings				Multi-Unit Dwellings				Total
	2 or less bdrms	3 bdrm	4 or more bdrms	Total	1 Bdrm	2 Bdrms	3+ Bdrm	Total	
North West									
Total	0	0	0	0	0	0	0	0	0
2011 to 2016	770	840	190	1800	180	350	70	600	2400
2016 to 2021	730	700	130	1560	200	340	50	590	2150
2021 to 2026	560	430	60	1050	180	250	20	450	1500
2026 to 2031	530	410	60	1000	190	260	30	480	1480
Total	2590	2390	430	5410	750	1200	180	2120	7530
Owner Occupiers	0	0	0	0	0	0	0	0	0
2011 to 2016	440	400	60	900	100	180	20	300	1200
2016 to 2021	450	370	40	860	120	190	20	330	1190
2021 to 2026	320	220	10	550	100	130	0	240	790
2026 to 2031	290	190	20	510	110	130	0	240	750
Total	1500	1190	130	2820	430	630	40	1110	3930
Renters	0	0	0	0	0	0	0	0	0
2011 to 2016	330	440	120	900	80	170	50	300	1200
2016 to 2021	290	330	80	700	80	150	40	260	960
2021 to 2026	240	210	50	500	80	110	20	210	710
2026 to 2031	230	220	40	490	80	130	20	240	730
Total	1090	1200	300	2590	320	570	130	1010	3600
North East									
Total	0	0	0	0	0	0	0	0	0
2011 to 2016	-160	-660	-260	-1080	-20	-220	-120	-660	-1740
2016 to 2021	460	340	20	820	130	180	0	610	1420
2021 to 2026	390	230	10	630	130	150	0	520	1150
2026 to 2031	370	240	20	630	140	160	0	590	1220
Total	1070	150	-220	1000	370	270	-110	1050	2050
Owner Occupiers	0	0	0	0	0	0	0	0	0
2011 to 2016	-280	-500	-380	-980	-10	-180	-140	-330	-1310
2016 to 2021	320	190	-10	990	90	110	-10	190	1180
2021 to 2026	230	100	-20	620	70	70	-10	140	750
2026 to 2031	250	140	-10	800	90	100	-10	190	990
Total	510	-60	-410	1420	250	110	-170	190	1600
Renters	0	0	0	0	0	0	0	0	0
2011 to 2016	130	-160	120	-100	-10	-40	20	-330	-430
2016 to 2021	150	140	30	-170	40	70	10	420	250
2021 to 2026	160	130	20	10	50	70	10	380	400
2026 to 2031	120	100	20	-160	50	60	10	400	230
Total	550	210	200	-410	130	160	50	870	450

NB: This analysis is based on data from Census, MERA and Statistics New Zealand's population projections, and building consent data

Appendix 3 -Housing Demand by Sub-Zone, Tenure, Dwelling Typology and Size Continued

	Standalone Dwellings				Multi-Unit Dwellings				Total
	2 or less bdrms	3 bdrm	4 or more bdrms	Total	1 Bdrm	2 Bdrms	3+ Bdrm	Total	
Inner North									
Total	0	0	0	0	0	0	0	0	0
2011 to 2016	140	70	0	210	30	40	0	130	340
2016 to 2021	160	60	-10	210	50	40	-10	170	380
2021 to 2026	120	30	-20	130	40	20	-10	110	250
2026 to 2031	110	20	-10	110	50	20	-10	100	220
Total	530	180	-40	670	170	120	-40	510	1180
Owner Occupiers	0	0	0	0	0	0	0	0	0
2011 to 2016	60	0	0	10	0	0	0	0	10
2016 to 2021	80	10	-20	160	30	20	-10	30	190
2021 to 2026	50	-20	-30	60	20	0	-20	0	60
2026 to 2031	50	-10	-10	50	20	0	-10	20	70
Total	250	-10	-50	280	70	20	-40	50	330
Renters	0	0	0	0	0	0	0	0	0
2011 to 2016	80	70	0	200	30	40	0	120	330
2016 to 2021	70	50	0	50	20	30	0	130	190
2021 to 2026	70	50	10	80	30	30	0	110	190
2026 to 2031	60	20	0	60	20	20	0	90	150
Total	280	190	10	390	110	110	0	460	850
East									
Total									
2011 to 2016	-50	-280	-110	-440	0	-100	-50	-270	-710
2016 to 2021	210	100	0	300	60	60	-10	230	530
2021 to 2026	140	20	-20	130	50	20	-20	110	250
2026 to 2031	100	-10	-20	70	50	10	-20	70	130
Total	400	-180	-160	60	160	-10	-90	140	200
Owner Occupiers	0	0	0	0	0	0	0	0	0
2011 to 2016	-110	-200	-150	-390	0	-70	-60	-130	-520
2016 to 2021	110	30	-20	260	30	20	-10	50	310
2021 to 2026	40	-30	-30	0	10	-10	-20	-10	-10
2026 to 2031	30	-50	-30	-80	20	-20	-20	-30	-110
Total	70	-260	-230	-210	60	-80	-100	-120	-330
Renters	0	0	0	0	0	0	0	0	0
2011 to 2016	70	-90	40	-50	0	-20	0	-140	-190
2016 to 2021	100	70	10	40	30	40	0	180	220
2021 to 2026	100	50	10	130	40	30	0	120	260
2026 to 2031	70	40	10	150	30	30	0	90	240
Total	330	80	70	270	100	70	10	260	530

NB: This analysis is based on data from Census, MERA and Statistics New Zealand's population projections, and building consent data

Appendix 3 -Housing Demand by Sub-Zone, Tenure, Dwelling Typology and Size Continued

	Standalone Dwellings				Multi-Unit Dwellings				Total
	2 or less bdrms	3 bdrm	4 or more bdrms	Total	1 Bdrm	2 Bdrms	3+ Bdrm	Total	
South West	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	0	0	0	0	0	0	0	0	0
2011 to 2016	950	1310	340	2600	200	520	140	1580	4180
2016 to 2021	740	860	190	1790	190	400	90	1250	3040
2021 to 2026	820	960	220	2000	240	500	110	1590	3590
2026 to 2031	840	960	220	2020	280	560	130	1790	3810
Total	3350	4080	970	8400	910	1990	470	6210	14610
Owner Occupiers	0	0	0	0	0	0	0	0	0
2011 to 2016	760	740	570	1470	10	270	210	490	1960
2016 to 2021	490	550	110	2160	120	260	50	430	2600
2021 to 2026	540	590	120	2380	160	320	60	540	2920
2026 to 2031	550	590	120	2390	180	350	70	600	2990
Total	2330	2470	930	8400	470	1200	390	2070	10470
Renters	0	0	0	0	0	0	0	0	0
2011 to 2016	190	560	-240	1130	190	250	-70	1090	2220
2016 to 2021	250	310	80	-370	70	140	40	820	450
2021 to 2026	280	360	100	-390	80	190	50	1050	670
2026 to 2031	290	370	100	-370	100	210	60	1180	810
Total	1010	1610	50	0	430	790	80	4150	4140
Inner South									
Total	0	0	0	0	0	0	0	0	0
2011 to 2016	90	40	0	140	30	20	0	90	230
2016 to 2021	100	60	10	170	30	30	0	120	290
2021 to 2026	100	50	0	150	40	30	0	130	280
2026 to 2031	70	10	-10	80	30	10	-10	80	160
Total	370	170	0	540	130	100	-10	420	950
Owner Occupiers	0	0	0	0	0	0	0	0	0
2011 to 2016	0	-20	-20	-50	0	-10	-10	-20	-60
2016 to 2021	40	10	0	70	10	10	0	20	90
2021 to 2026	30	20	0	100	10	10	0	20	120
2026 to 2031	20	0	-10	40	10	0	0	10	50
Total	90	0	-30	170	30	10	-10	30	200
Renters	0	0	0	0	0	0	0	0	0
2011 to 2016	100	70	20	180	30	30	0	110	290
2016 to 2021	70	50	10	90	20	20	0	100	200
2021 to 2026	70	30	0	60	30	20	0	110	160
2026 to 2031	50	20	0	40	20	10	0	70	110
Total	280	170	30	370	90	90	0	390	760

NB: This analysis is based on data from Census, MERA and Statistics New Zealand's population projections, and building consent data

Appendix 3 -Housing Demand by Sub-Zone, Tenure, Dwelling Typology and Size Continued

	Standalone Dwellings				Multi-Unit Dwellings				Total
	2 or less bdrms	3 bdrm	4 or more bdrms	Total	1 Bdrm	2 Bdrms	3+ Bdrm	Total	
South									
Total	0	0	0	0	0	0	0	0	0
2011 to 2016	250	120	-20	350	60	70	-10	230	580
2016 to 2021	300	160	-10	440	80	90	-10	320	770
2021 to 2026	260	120	-10	370	90	80	-10	320	690
2026 to 2031	160	10	-40	130	70	20	-30	140	260
Total	970	400	-80	1290	300	270	-60	1010	2300
Owner Occupiers	0	0	0	0	0	0	0	0	0
2011 to 2016	140	20	10	30	0	10	0	10	40
2016 to 2021	190	60	-30	440	50	50	-20	90	520
2021 to 2026	160	30	-30	360	60	30	-20	70	430
2026 to 2031	90	-40	-40	50	40	-10	-30	0	60
Total	580	70	-90	880	150	80	-60	170	1050
Renters	0	0	0	0	0	0	0	0	0
2011 to 2016	120	100	-30	320	60	60	-20	220	540
2016 to 2021	110	90	20	10	30	50	10	240	250
2021 to 2026	100	90	20	10	30	50	10	250	260
2026 to 2031	70	50	10	70	30	30	0	130	210
Total	390	340	10	410	150	190	0	840	1250

NB: This analysis is based on data from Census, MERA and Statistics New Zealand's population projections, and building consent data

Note the demographic changes within the central sub-zone have been to grater to produce meaningful projections using the underlying demographic trends.

Appendix 4

Greenfield Priority Areas

Greenfield Priority Areas

Area	Map Ref	By 2016	16 to 21	21 to 28	total	Zoning Status
Christchurch						
Belfast 293		1,300			1,300	Zoned
Highsted – Upper Styx	R6		1,662		1,662	Zoning underway
Belfast Park – East Belfast		200	440		640	Zoned
East Belfast - Remainder	R4		510		510	To be zoned
Highfield	R5	500	1,600		2,100	Zoning underway
Prestons		1,700		600	2,300	Zoned
Russley	R7	98			98	To be zoned
South of Masham	R8	255			255	Zoning underway
Wigram		1,890			1,890	Zoned
Awatea		810	400		1,210	Zoned
Sparks Road	R17		1,810		1,810	Zoning underway
Fulton Hogan – SW Halswell		1,458			1,458	Zoned
SW Halswell – remainder	R13		944	800	1,744	To be zoned
SE Halswell	R15		1,060		1,060	To be zoned
South Halswell	R14			780	780	To be zoned
Henderson basin	R16		1,383		1,383	To be zoned
Christchurch Existing undeveloped zoned land		1,180			1,180	Zoned
Total Christchurch		*9,391*	*9,809*	*2,180*	*21,380*	
Selwyn District						
Rolleston		6,371			6,371	Zoned
Lincoln		4,036			4,036	Zoned
West Melton		702			702	Zoned
Prebbleton	R9 to 12	1,194			1,194	
Rural residential		148			148	Zoned
Total Selwyn District		*12,451*			*12,451*	
Waimakariri District						
Pegasus		825			825	Zoned
Woodend		1,250			1,250	Zoned
Woodend - Freeman	R3	165			165	Zoning underway
Rangiora		2,250			2,250	Partially zoned
Kaiapoi		2,900			2,900	Zoned
Tuahiwi		300			300	To be zoned
Rural residential		1,085			1,085	Zoned
Total Waimakariri District		*8,775*			*8,775*	
Total Greater Christchurch		**30,617**	**9,809**	**2,180**	**42,606**	

Appendix 5

Profiles of Residential Subdivisions

Waimakariri District Development Profiles

Development	Millfield			**Address**	Wards Road, Ohoka	
Status	Underway			**Total Capacity**	131	Dwellings
Land Area	Unavailable			**Density**	Unavailable	
Developers	Millfield Investments Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size m2*	*Typical values*
Stage 1	42	Titles issued	2 available	Stages 1 - 3	3315-6402	Unavailable
Stage 2	43	Titles issued	10 available			
Stage 3	42	Titles issued	3 available			
Stage 4	4	Waiting 224c	3 available	Stage 4	8166-11445	Unavailable
Balance	0					

Description of the development

"The large, semi-rural sections of the Millfield subdivision offer an opportunity to secure a lifestyle far removed from city life yet within easy reach of urban amenities."

Millfield is located in Ohoka - Ohoka is one of the closest country areas to Christchurch, only a 15 minute drive to the CBD and International Airport. Millfield is an easy 7 minute drive from the Northern Motorway. The townships of Rangiora and Kaiapoi are close by, providing ample shopping, dining and community facilities. Ohoka is predominantly farmland, country estates & lifestyle properties that enjoy stunning views of the Southern Alps and foothills. Millfield is also in close proximity to Mandeville Sports Ground; activities include Rugby, Cricket, Tennis, Squash, Horse Riding, Rodeo, Archery and Netball.

The Millfield subdivision offers large sections ranging from 3315 m2 to 6402 m2, plus 4 additional larger sections ranging from 8166 m2 to 11445 m2; all sections are on engineer certified land, with flat building platforms, step reticulated waste water system, water tanks included by vendor and fencing to internal boundaries.

Development	Sovereign Palms			**Address**	Williams Street, Kaiapoi	
Status	Underway			**Total Capacity**	572	Dwellings
Land Area	Unavailable			**Density**	Unavailable	
Developers	Suburban Estates Limited and KB Contracting & Quarries Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size m2*	*Typical values*
Stage 1A	69	Titles issued	1 available	Stage 1A	500 - 805	$160k - $180
Stage 1B	47	Titles issued	7 available	Stage 1B	507 - 870	$160k - $180
Stage 2A	54	Titles issued	19 available	Stage 2A	500 - 774	$160k - $180
Stage 2B	26	Titles issued	7 available	Stage 2B	500 - 710	$160k - $180
Stage 3	56	Titles issued	13 available	Stage 3	375 - 806	$160k - $180
Stage 6	50	Waiting 224c	Not yet released	Stage 6	501 - 801	Not established
Stage 7	32	Titles issued	Not yet released	Stage 7	504 - 915	Not established
				Land & Buildings	*Floor Areas*	*Typical Values*
Balance	238	Future stages				

Description of the development

Two well established locally owned and operated companies joined forces to create Sovereign Palms – residential development experts Suburban Estates Limited partnered with KB Contracting & Quarries Limited.

Sovereign Palms is bordered by a golf course; a recreational reserve with waterways, walkways and cycle tracks; and a well established area of existing high-quality housing. The Sovereign Palms master plan proposes the creation of 572 new residential sites, 252 have already been released for sale of which over 200 have already been absorbed by the market.

The master plan also identifies land for potential future residential development – a very preliminary concept plan exists for an adjoining development named Sovereign Lakes, comprising a possible 334 sections, 40 of which are earmarked for a proposed retirement village plus a large additional development site earmarked as future commercial and / or high density residential.

Development	Silverstream Estates			**Address**	Giles Road, Kaiapoi	
Status	Underway			**Total Capacity**	1118	Dwellings
Land Area	60	ha		**Density**	18.6	Dwellings/ha
Developers	H Investments (NZ) Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size m2*	*Typical values*
Stage 1	117	Titles issued	22 available	Stage 1	300 - 600	$135k - $190k
Stage 2A	89	Titles issued	22 available	Stage 2A	300 - 455	$135k - $190k
Stage 2B	26	Future stage	Not released	Stage 2B	300 - 565	$135k - $190k
Stage 2C	6	Future stage	Not released	Stage 2C	320 - 579	$135k - $190k
Stage 2D	2	Future stage	Not released	Stage 2D	563 - 565	$135k - $190k
Stage 3A	108	Waiting 224c – expected October 2013	74 available	Stage 3A	300 - 475	$135k - $190k
Stage 3B	50	Future stage	Not released	Stage 3B	315 - 600	$135k - $190k
Stage 3C	6	Future stage	Not released	Stage 3C	533 - 535	$135k - $190k
Stage 3D	3	Future stage	Not released	Stage 3D	500 m2	$135k - $190k
Stage 4A	50	Future stage	Not released	Stage 4A	310 - 470	$135k - $190k
Stage 4B	11	Future stage	Not released	Stage 4B	504 m2	$135k - $190k
Balance	650	Future stages				
				Land & Buildings	*Floor Areas*	*Typical Values*
					115 - 129	$399k - $410k
					130 - 144	$399k - $439k
					145 - 165	$429k - $469k
					180 - 215	$499k - $565k

Description of the development

Silverstream was the first greenfields development approved under the Canterbury Earthquake Recovery Act. Silverstream Estates developers say "the speed of the development to date is testament to the focus and commitment of all the parties involved, including CERA, the Waimakariri District Council and Environment Canterbury. All the usual processes were followed and requirements met - but in a fast-tracked framework."

Located just seven minutes north of Christchurch in semi-rural North Canterbury, the development is sited on picturesque land with a pristine stream running throughout, within walking distance of Kaiapoi's riverside shops, schools, eateries and bars. The development will also include abundant green reserves, playgrounds, cycle tracks, stream side walkways with fitness activities and a wide range of convenience shopping, to create a community environment with old fashioned neighbourhood values. This new community has seen strong interest since sections were first released in December 2011, with over 300 of the proposed 1118 sections already released for sale and over 62% of these already being absorbed by the market. Sections are available from $1350000 with house and land building packages from the homebuilders starting from $399,000.

The first major community features, the village green and a riverside jetty, opened in March 2013. Construction is also underway on a 15 shop commercial village, comprising 2,300 m2 ground floor and 1,200 m2 first floor retail and office space. A 'destination' restaurant, café, rural supermarket, medical centre, gymnasium, gift shop and hairdresser are all earmarked in what will be three stylish schist-stone and timber buildings, located adjacent to the village green, jetty and wider public amenity area. In line with a detailed retail assessment, the centre will provide a family-focused destination restaurant as a feature of the complex - one which will serve the wider Waimakariri areas of Kaiapoi, Rangiora, Fernside and Ohoka - scheduled for opening in the first quarter of 2014.

Silverstream features over 14 kilometres of walkways and cycle trails, connecting the whole community - a number of which are already in place - as well as 40% more green space and reserves than required for a development of its size.

Development	Pegasus Town	**Address**	Main North Road, Pegasus	
Status	Underway	**Total Capacity**	1700	Dwellings
Land Area	Unavailable	**Density**	Unavailable	
Developers	Todd Property Group			

Description of the development

Located in Pegasus Bay 25 kilometres north of Christchurch in North Canterbury, Pegasus is just 20 minutes drive from Christchurch International Airport.

Built around a beautifully designed feature lake and extending to the sandy surf beach in Pegasus Bay the town has been designed to offer residents a lifestyle built on a remarkable array of attractions, entertainment and community resources. The centrepiece of the town is a 14 hectare feature lake with 11 sandy and pebbled beaches, a central island in the lake with waterfall, and a unique pedestrian swing bridge to access the island. There is also a surf beach, an 18-hole championship golf course and associated golf club facilities. Its environmentally sensitive design includes 100 hectares of wetlands crossed by boardwalks, trails and waterways.

Development of the town commenced in 2006, all major infrastructure works were completed by 2012 and the remaining part of the project was sold to an Auckland developer in December 2012.

The Pegasus Town development was initially undertaken by Infinity Investment Group, however; Infinity Investment Group had development funding from Bank of Scotland International (BOSI) to complete Pegasus. BOSI got into financial difficulty and was bought out by Lloyds International and the UK Government. During the peak of the European Financial Crisis Lloyds International needed to raise capital and decided to sell the original BOSI Australasian property loan book. The New Zealand part of the loan book was sold to a consortium of Brookfield Australia and Goldman Sachs and contained 22 individual loans, the Pegasus loan being one of them. The consortium offered Pegasus Town Limited the opportunity to buy back its loan at a considerable discount. The process of raising the money to purchase the loan took too long and Pegasus Town Limited was put into receivership as it was unable to pay back that loan in time. By the time Infinity had raised the loan amount, Todd Property Group had already contracted to purchase the loan. Todd Property Group now owns the Pegasus Town project.

There has been little new activity at the site since the new developer took over in December 2012 – and whilst they decide how to move forward with the development there is unfortunately very little current information available.

The development stretches to Pegasus Bay and when completed it will house 5,000-7,000 people in approximately 1,700 dwellings. All civil infrastructure for the area has been completed. More than 600 people are already living in the township with 420 houses either completed, under construction or in the consenting phase. The town is expected to provide job opportunities for 1,400 people and many of the town's key features are being established in the early stages of the development to ensure Pegasus grows as a fully functioning community. Major earthworks and site contouring began in mid-2006, with the first residents having moved into the town in September 2008. The full development is expected to be completed in 2015. The acquisition is Todd Property Group's only current land holding in the South Island and represents confidence in the strength of the residential market in Christchurch.

Development	Ravenswood	**Address**	Main Road North, Woodend
Status	Appropriately zoned - private plan change 05, operative 19 March 2012	**Total Capacity**	1000 Dwellings
Land Area	125 ha	**Density**	8 Dwellings/ha
Developers	Infinity Investment Group		

Description of the development

Ravenswood is a brand new proposed lifestyle development in North Canterbury, located adjacent to the towns of Woodend and Pegasus and just 20 minutes drive from Christchurch.

Comprising 1000 residential lots and a significant commercial centre, "Ravenswood is an ideal location for families. Breathe the fresh country air and take advantage of the superb golf course, school, feature lake, surf beach and extensive recreational reserves with walks and cycle ways - all just minutes away."

The commercial centre proposed includes a village centre, service station, truck stop, fast food outlets, supermarket, home supply and home, services and trade stores.

No information has been made available to date on when this development will commence and what the likely staged release of sections will be.

Development	Covane Mews			**Address**	Kensington Avenue, Rangiora	
Status	Underway			**Total Capacity**	64	Dwellings
Land Area	Unavailable			**Density**	Unavailable	
Developers	Suburban Estates Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1	15	Waiting 224c – expected August 2013	6 available	Stage 1	70m2 - 799 m2	$179k - $189
Stage 2	49	Waiting 224c – expected Feb 2014	28 available	Stage 2	637 m2 - 878	$179k - $189

Description of the development

Covane Mews is located in close proximity to Rangiora's town centre. Rangiora is becoming a gateway for local wineries. It is known for its boutique shopping, café scene and its strength in sports clubs. It also boasts two theatre companies and a number of music, dance and drama clubs.

Covane Mews is proposing to boast "tranquil tree-lined streets, superior homes and boundless opportunities await you in this exclusive subdivision. Become part of a community bound together by its taste for the good life and quaint atmosphere, yet only a short drive from the city of Christchurch."

Covane Mews offers:

- 64 exclusive sections
- Stunning rural and hill views
- Section sizes of at least 650m2
- Smooth asphalt roadways
- Designer cobblestone feature areas
- Flowering cherry, golden elms and maple lined streets
- Breath-taking entrance walls and plantings

Both stages 1 and 2 are available for purchase now with titles expected in August 2013 and February 2014 respectively.

Development	Ruby Views	**Address**	Beach Road, Kaiapoi
Status	Future residential – private plan change 12, operative 1 May 2012	**Total Capacity**	750 Dwellings
Land Area	36.5 ha	**Density**	20.8 Dwellings/ha
Developers	Ruby Views Development Limited		

Description of the development

The proposed Ruby Views development, located in Kaiapoi, went through a number of significant setbacks and hurdles in trying to obtain the plan change required to proceed with the development. This ended up being a 7 year process before the plan change was finally made operative.

The original proposal was for a 750 lot residential subdivision on 52 hectares of land, sections would be a mix of 500 m2, 600 m2 and 700 m2 in size plus 75 units as part of an 'over 55's' village. However, the 52 hectares of land originally applied for under the plan change was scaled back to 36.5 hectares by council. This has forced the developers to re-look at their overall strategy for the site and it is understood this development is currently on hold.

Christchurch City Development Profiles

Development	Wigram Skies			**Address**	Awatea Road, Wigram	
Status	Underway			**Total Capacity**	1890	Dwellings
Land Area	153	ha		**Density**	12.3	Dwellings/ha
Developers	Ngai Tahu Property					
Staging				**Current Values**		
	Sections	*Status*	*For Sale*	*Sections*	*Typical Lot size*	*Typical values*
Stage 1	282	Titles Issued	1 available	Stage 1	314- 907 m2	$190k - $220k
Stage 2A	351		89 available	Stage 2A	252- 742 m2	$199k - $237k
Titles issued for 139 sections Waiting 224c for 133 sections – expected June 2013 Waiting 224c for 79 sections – expected December 2013						
Stage 2B		Business Park 2010 - 2015		*Land & Buildings*	*Floor Areas*	*Typical Values*
Stage 3		2017- 2021		Townhouse	78-111m2	$339k - $399k
				Townhouse	146 m2	$439k
Stage 4		2021 - 2024		Standalone	120- 160 m2	$439k - $505k
Stage 5		2024 - 2028		Standalone	170- 205 m2	$519k - $609k
Balance	1257	Future stages				

Description of the development

Wigram Skies is a new master planned community being built on the site of the former Royal New Zealand Air Forces Wigram Aerodrome, 20 kms from Christchurch CBD.

When complete, this unique, master-planned community will be home to around 4,000 people, spread over approximately 1890 residential sections, the development will also provide leisure, educational and recreational facilities, as well as a business park for residents of Christchurch's South West.

The development has been underway since plan change 12 was made operative for a partial rezoning of the land in 2008, subsequent to this plan change 62 rezoning all of the land within the Wigram Special Zone was made operative in 2011, and the total development is projected to run through to 2028.

Wigram Skies will be made up of three different residential densities – Density A (High) - average section 225m2, Density B (Medium) – average section 350m2 and Density C (Low) – average section 600m2. There is also a proposed Town Centre development which will include some higher density residential living, such as low rise apartments.

Development	Longhurst / Knights Stream (Halswell West)			**Address**	Whincops Road, Halswell	
Status	Underway			**Total Capacity**	1462	Dwellings
Land Area	117	ha		**Density**	12.5	Dwellings/ha
Developers	Fulton Hogan					
Staging				**Current Values**		
Longhurst				***Longhurst***		
	Sections	*Status*	*For Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1	46	Titles issued	7 available	Stage 1	513-1185m2	$210,000
Stage 2	67	Titles issued	7 available	Stage 2	323 - 738 m2	$200,000
Stage 3	29	Titles issued	1 available	Stage 3	316- 787 m2	$200,000
Stage 4A	77	Waiting 224c – expected October 2013	33 available	Stage 4A	306- 766 m2	$220,000
Stage 4B	Approx. 60	Waiting 224c – expected October 2013	Not released	*Land & Buildings*	*Floor Areas* 120- 150 m2 175- 260 m2	*Typical Values* $399k - $489k $550k - $700k
Stage 5	Approx. 140	Pending consents	Not released			
Knights Stream Park				***Knights Stream Park***		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Stage 4	58	Titles issued	Sold out	Stage 4	460 - 626 m2	From $175,000
Stage 5	47	Titles issued	8 available	Stage 5	445- 640 m2	From $187,500
Stage 3A	39	Waiting 224c – expected Mid 2013	4 available	Stage 3A	296- 659 m2	From $170,000
Stage 3B	Approx. 28	Pending consents	Not released	*Land & Buildings*	*Floor Areas* 150- 175 m2	*Typical values* $485k - $530k
Balance	Approx. 871	Future Stages				

Description of the development

Fulton Hogan is the developer of the Halswell subdivisions Longhurst and Knights Stream Park. Spread across the two sites, this development comprises a $250 million master-planned community with over 1400 sections, reserves, a small shopping centre, and two pre-schools. The construction timetable has been brought forward as a result of the recent earthquakes and Fulton Hogan, acting as principal contractor, had the first homes completed and ready for occupancy in mid-2012, following the required plan change 60 being made operative in November 2011.

Handy to the heart of Christchurch, Longhurst and Knights Stream Park offer city side convenience and easy access to SH1, Whincops roads divides the 2 parts of the development. A pre-school is to be built on both sides of the development, together with a number of playgrounds, Longhurst will also be home to a small commercial centre including an integrated health practice and a 9 hectare district park catering for all types of sports is to be developed at the western end of the Knights Stream Park site. Knights Stream is to be reinstated to its original course alongside the District Park and pedestrian access made available.

Development	Prestons			**Address**	Prestons Road, Marshlands
Status	Underway			**Total Capacity**	2500 Dwellings
Land Area	203	ha		**Density**	12.3 Dwellings/ha
Developers	Ngai Tahu Property, CDL Land New Zealand Ltd and Foodstuffs South Island Ltd.				
Staging				**Current Values**	
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size* *Typical values*
Stage 1	200	Waiting 224c – expected Dec 2013	107 available		450-650 m2 $198k - $245k
Balance	2300	Future stages		*Land & Buildings*	*Floor Areas* *Typical Values*
					165-190 m2 $595k - $620k
					200-245 m2 $635k - $690k

Description of the development

Prestons is a new residential subdivision located in the north east of Christchurch, approximately 20 minutes drive from the CBD. The development, designed to be a sustainable urban village, is 203-hectares in size and will become a residential precinct for over 2,500 houses and 8,000 residents. Prestons is a joint venture between Ngāi Tahu Property, CDL Land New Zealand Ltd and Foodstuffs South Island Ltd.

Located beside Burwood, and Waitikiri and Windsor Golf Courses, Prestons is ideally located to connect to public transport, is close to Christchurch city yet is also adjacent to the recreational area of Bottle Lake Forest. Whilst conveniently located close to existing services in the wider community, the Prestons master plan also encompasses the development of a retail area, primary school and open green space park. Within the retail area a New World supermarket and smaller speciality shops, including cafés and restaurants, are proposed.

The first neighbourhood at Prestons is called Korowai and consists of 200 sections ranging in size from 450m2 to 650m2. Overall, the master plan provides for a range of housing densities, Density A – high (townhouses / units), Density B – medium (450m2 to 500m2), Density C (600m2 to 650m2) and Density D (800m2 – 1000m2) – with the vast majority being Density B and Density C.

Development	Yaldhurst Village			**Address**	Yaldhurst Road, Yaldhurst	
Status	Underway			**Total Capacity**	400	Dwellings
Land Area	24.3	ha		**Density**	16.5	Dwellings/ha
Developers	Noble Investments Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Precinct 1 *(house and land)*	77	Waiting 224c – expected June 2013	38 available	Precinct 3	270 785 m2	$160k - $240k
Precinct 3 *(land only)*	39	Waiting 224c –expected late 2013	17 available	*Land & Buildings*	*Floor Areas*	*Typical Values*
				Precinct 1		
				Village Residences	118-186 m2	$405k - $515k
Balance	284	Future stages		*Avenue Houses*	89-129 m2	$295k - $315k
				Street Houses	120-147 m2	$375k - $425k
				Westside	182-203 m2	$575k - $615k
				Lane Houses	113-172 m2	$395k - $505k
				Parkside Terrace	111-158 m2	$375k - $449k

Description of the development

"Village Life is a new, professionally designed development where shops, parks, cafés, supermarket, offices and medical and other services are within easy walking distance of your home, and at the heart of the village lies a vibrant community." Just west of the city, Yaldhurst Village is located within established suburbs on over 60 acres of greenfields land, and upon completion will include more than 26,000 m2 of shops, offices and entertainment venues, together with some 400 professionally designed houses. A few minutes from Christchurch Airport, schools, several major shopping precincts and business parks. Options to purchase land and house packages as well as sections are now available in the first of 4 precincts to be released – the development will be phased over the following 5 years. All homes have freehold titles. In both Yaldhurst Village and Belfast Village, an Owners' Society has been established to promote the objectives of owners, tenants, the developers, and other key stakeholders ("members"). The Societies will be administered by a Committee made up of a representative of the development company (the Manager) and up to nine Village owners that will ensure an enduring and strongly collaborative approach to the management of the Societies, including:

- The promotion and enforcement of bylaws and covenants benefiting members.
- The proper operation, maintenance, repair, renovation, and replacement of the residential communal facilities at the Village; the proper landscaping of all developed properties, parks and reserves; and the levying of members for the purposes of providing funds for meeting the costs and expenses of such work.
- The full and proper use of the residential communal facilities by members.
- Developing and maintaining a secure environment.
- The implementation of competitive service contracts, namely; Telecommunications (including high speed internet, VoIP telephone services, Sky Television), Electricity, Gas, Security and Insurance.
- Liaising with Christchurch City Council Officers for the fair and equitable striking and apportionment of rates levies, given the extent of the communal facilities maintained by residents themselves.

The Village Life commercial centres are planned to include:

- A supermarket, bulk retail and services, a range of specialist artisan food and produce retailers including; butchery, delicatessen, bakery, seafood, green grocer, cheese monger, wine and beverage stores, clothing boutiques, galleries, design stores and speciality retail shops.
- Community and convenience outlets, such as a Post Office, banks, book and stationery shops, hairdresser, pharmacy and sporting goods.
- Cafés, restaurants, bars, gym, pre-school and child-care facilities.
- An extensive medical centre, incorporating doctors, dentists, physiotherapists and other specialists.
- A range of office and commercial premises.

Development	Belfast Village			**Address**	Main North Road, Belfast	
Status	Appropriately zoned – ground works underway			**Total Capacity**	800 - 1000	Sections
Land Area	Unavailable			**Density**	Unavailable	
Developers	Noble Investments Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Precinct 1 *(house and land)*	54	Pending consents	51 available for pre-sale	Precinct 1 *Town Houses*	85 m2 - 182	$349k -
				Avenue	116 m2 - 145	$550k
				Houses	143 m2 - 211	$390k -
				Village	m2	$459k
				Residences		$459k - $625k
Precinct 2 *(land only)*	50	Pending consents	30 available for pre-sale			
				Land & Buildings	*Floor Areas*	*Typical Values*
Balance	696 - 896	Future stages		Precinct 2	288 m2 - 482	$170 - $210k
					803 m2	$800k

Description of the development

"Village Life is a new, professionally designed development where shops, parks, cafés, supermarket, offices and medical and other services are within easy walking distance of your home, and at the heart of the village lies a vibrant community." Located in the North of the city, Belfast Village is positioned to provide access to the best aspects of the city – including a wide choice of retail centres, educational opportunities, and developing business precincts. The real advantage of Belfast Village's location is the development's connection to the many surrounding recreational resources – Clearwater Resort, the Groynes reserves and the Waimakariri River are all within close proximity, and a short drive north to Pegasus Bay beaches, the Waipara food and wine region and Hanmer Springs Thermal Resort. Whilst ground works are only just starting on the site, 54 house and land packages as well as 50 sections are now available to purchase in and early pre-release of some of Precincts 1 and 2, titles for these sections will not likely be issued until mid-2014 – the development will be phased over the following 5 to 8 years. All homes have freehold titles. In both Yaldhurst Village and Belfast Village, an Owners' Society has been established to promote the objectives of owners, tenants, the developers, and other key stakeholders ("members"). The Societies will be administered by a Committee made up of a representative of the development company (the Manager) and up to nine Village owners that will ensure an enduring and strongly collaborative approach to the management of the Societies, including:

- The promotion and enforcement of bylaws and covenants benefiting members.
- The proper operation, maintenance, repair, renovation, and replacement of the residential communal facilities at the Village; the proper landscaping of all developed properties, parks and reserves; and the levying of members for the purposes of providing funds for meeting the costs and expenses of such work.
- The full and proper use of the residential communal facilities by members.
- Developing and maintaining a secure environment.
- The implementation of competitive service contracts, namely; Telecommunications (including high speed internet, VoIP telephone services, Sky Television), Electricity, Gas, Security and Insurance.
- Liaising with Christchurch City Council Officers for the fair and equitable striking and apportionment of rates levies, given the extent of the communal facilities maintained by residents themselves.

The Village Life commercial centres are planned to include:

- A supermarket, bulk retail and services, a range of specialist artisan food and produce retailers including; butchery, delicatessen, bakery, seafood, green grocer, cheese monger, wine and beverage stores, clothing boutiques, galleries, design stores and speciality retail shops.
- Community and convenience outlets, such as a Post Office, banks, book and stationery shops, hairdresser, pharmacy and sporting goods.
- Cafés, restaurants, bars, gym, pre-school and child-care facilities.
- An extensive medical centre, incorporating doctors, dentists, physiotherapists and other specialists.
- A range of office and commercial premises.

Development	Awatea	**Address**	
Status	Appropriately zoned – plan change 5 operative	**Total Capacity**	Sections
		North Awatea	400
		South Awatea	810
Land Area	148 ha	**Density**	8.2 Sections/ha
Developers	Unknown		

Description of the development
Plan change 5, encompassing 148 hectares of land in Awatea, was made operative on 11 July 2011.

The purpose of the Plan Change was to facilitate future urban development within the block of land commonly known as the 'Awatea block'. The Awatea block is a total of 205 hectares in area. Land within the Awatea block was zoned Special Purpose (Awatea), Rural 2, Open Space 3 and Business 7. The approximate areas of land associated with the above, whilst the Awatea block comprises a total area of 205 hectares, only some 148 hectares of land was subject to a change of zoning. The zoning of existing Business 7 and Open Space 3 land within the Awatea block was not subject to this plan change, and as such, remains the same.

The Plan Change assists in meeting a market demand for residential and light industrial development in close proximity to established commercial and recreational services, with convenient access to the central city, in a form that is consistent with the urban growth provisions found within the City Plan. Further, it provides an opportunity for additional housing variety and choice for the City.

The Plan Change rezones approximately 148 hectares of land, currently zoned Special Purpose (Awatea) and Rural 2, to enable further urban development to occur. With regard to the area of land subject to a change of zoning, there are two distinct parts:
1) Approximately 123 hectares of land, currently zoned Special Purpose (Awatea), and
2) Approximately 25 hectares of land of zoned Rural 2 located immediately to the north of, and across Awatea Road, land currently zoned Special Purpose (Awatea).

For the first part, the Plan Change removes the Special Purpose (Awatea) zone and replaces with a combination of Living G (Awatea) and Business 7 zones. For the second part, the Plan Change removes the Rural 2 Zone and replace with a new Living G (Awatea) and Conservation 3 zone.

To ensure that future urban development over the entire 205 hectare Awatea block occurs in a comprehensive and integrated manner, development is subject to an outline development plan.

Development	Belfast Park	**Address**	Main North Road, Belfast
Status	Appropriately zoned – plan change 43 operative	**Total Capacity**	640 Sections
Land Area	64 ha	**Density**	10 Sections/ha
Developers	Unknown		

Description of the development
Plan Change 43 is a private Plan Change to rezone approximately 64 hectares of land from Rural 3 to Living G (East Belfast), providing for a mixed-density residential development along with small areas of commercial and industrial land. The Plan Change was made Operative on the 12 March 2012 and now forms part of the City Plan.

This property is approximately 9km north of the Christchurch CBD located just off the Main North Road and State Highway 1. Belfast Park Limited and Tyrone Estates limited – both controlled by South Canterbury Finance presented the initial private plan change request for this land, subsequent to which SCF went was placed in receivership. Crown Asset Management Limited, through Colliers International, has marketed Belfast Park since November 2011 – to date the fully zoned proposed development site is still for sale, together with an outline development plan for up to 640 residential sections, plus two business zoned sites – significant ground, civil and design works have been completed by the Vendor.

Development	Highfield Park		**Address**		
Status	Plan change 67 – waiting for final plan change approval		**Total Capacity**	2200	Sections
Land Area	260	ha	**Density**	8.7	Sections/ha
Developers	Highfield Park Limited				

Description of the development

Highfield Park is a 260 hectare block to the north of central Christchurch bordered by Redwood to the west; Hills and Hawkins Roads to the east; the Styx River to the north; and Queen Elizabeth Drive to the south. It is readily accessible from major and close to semi-rural amenities like golf courses and the Styx Mill and Groynes recreational reserves. Whilst the proposed development will provides for its own local commercial centres it is also in close proximity to Northlands, Northwood, Merivale and the CBD.

Highfield Park is a community to be built on the north side of Christchurch where all residences will meet new generation standards of design and flexibility. Highfield Park Limited has a vision to set new standards for construction and modern lifestyle opportunities in Christchurch. Each residence built at Highfield Park will meet their 'Lifetime Care' guidelines for liveability, such as; energy and water efficiency, latest technology appliances, communication systems and accessibility.

Green spaces, ease of living, and encouraging a healthy lifestyle are central to the design of the Highfield Park community. The mixture of housing densities will include a wide range of housing types and styles to meet most budgets, retirement living options; two commercial areas – incorporating shops, cafés and childcare centres. The street and walkway layout has been carefully thought out to control the speed of traffic and encourage residents to bike and walk.

The Christchurch City Council resolved on 14 May 2013 to adopt the recommendation that plan change 67 be approved, providing there is sufficient early demand the first houses at Highfield Park will be ready for occupation within about 18 months. Highfield Park will progressively release 2,200 residential sites. All sites will be sold as complete land and building packages, developers expect to be able to offer a full range of living options based on designs that will cater for every segment of the market, from $325,000 to $1,000,000 plus.

Development	Upper Styx (excluding Highsted)	**Address**	Styx Mill Road, Northwood
Status	Plan change 71 - waiting for plan change approval	**Total Capacity**	1660 Sections
Land Area	121 ha	**Density**	13.7 Sections/ha
Developers	Unknown		

Description of the development

To facilitate the progressive and coordinated urbanisation of rural land in the north-east of the City to provide housing for the future needs of the Christchurch community.

Plan Change 71 places a "Future Urban Development Area" (FUDA) notation on Planning Maps 17A, 17B and 24A, to indicate the extent of the Upper Styx area that Proposed Change No. 1 to the Regional Policy Statement (RPS) has identified for Greenfields Residential purposes. The area will retain the existing zoning of Rural 3 with a small area of Cultural 3 but the FUDA notation gives a clear signal that this land is expected to be urbanised during the 2012-2041 period covered by the RPS. The notation is supported by an amendment to Policy 6.3A.1 and a new rule controlling subdivision in the FUDA.

Plan Change 71 also introduces an Outline Development Plan into the City Plan for the Upper Styx area. This Outline Development Plan (ODP), which is a requirement of Proposed Change 1 and will guide future urban development for the area as and when it is rezoned for urban purposes. ODPs aim to ensure that land use change is supported by the provision of infrastructure and community services, that required housing densities are achieved overall, and that the principles of good urban planning and design are woven into new growth areas. These are essential for ensuring that the location, sequencing and funding of development and supporting infrastructure is co-ordinated, particularly where there are multiple landowners involved, as in this area. The ODP for CN3 will ensure connectivity in the design and location of networks such as principal transport linkages, storm water systems, and open space.

Development	Highsted	**Address**	Highsted Road, Northwood
Status	Appropriately zoned – waiting for plan change approval	**Total Capacity**	300 Sections
Land Area	35 ha	**Density**	8.6 Sections/ha
Developers	Highsted Properties Limited		

Description of the development

The purpose of Plan Change 72 is to facilitate urban development (primarily residential) on land at 100, 130/132 and 135 Claridges Road; 225 and 266 Highsted Road; 195 Cavendish Road and 129 and 163 Styx Mill Road, being the land owned by Highsted Properties Limited (the Applicant). The land is made up of four discrete blocks of land which collectively are to be known as "Highsted". The land is within the Future Urban Development Area introduced by Plan Change 71, and is in accordance with Plan Change 71. Plan Change 72 includes a Master Plan for the land in question, setting out the broad pattern of land use and roading proposed. The land will be zoned Living G, providing for a range of housing options with a mix of densities specified. There is also provision for a small area of business land which will form a neighbourhood centre close to Tulett Park.

The majority of the site will be suitable for residential development, within the Living G (Highsted) Zone, three different densities ranges are proposed these being: Residential Density C (450m² - 1,000m²), Residential Density B (300m² - 450m²) and Residential Density A (150m² - 300m²). In addition, 2000m² of gross floor area will be available for commercial use as a local neighbourhood/business node. The proposed commercial area will be zoned Living G at this stage but be subject to the Business 1 zone provisions (Local Centre / District Centre Fringe).

Development	East Belfast	**Address**	132 Radcliffe Road, Belfast
Status	Future residential – plan change required to change land zoning	**Total Capacity**	510 Sections
Land Area	Unavailable	**Density**	Unavailable
Developers	East Belfast Developers		

Description of the development

This property is approximately 9km north of the Christchurch CBD located just off the Main North Road and State Highway 1 – located adjacent to the proposed Belfast Park development land and in close proximity to the Belfast Village development soon to begin earthworks, both of which have been through a successful plan change process to rezone the land for mixed density residential use.

Development	Russley	**Address**	2 Hawthornden Road, Belfast
Status	Future residential – plan change required to change land zoning	**Total Capacity**	98 Sections
Land Area	Unavailable	**Density**	Unavailable
Developers	Russley Developers		

Description of the development

This property is located to the West of Christchurch CBD within already established residential suburbs – located in close proximity to the under construction Yaldhurst Village development.

Selwyn District Development Profiles

Development	Faringdon			**Address**	Goulds Road, Rolleston	
Status	Underway			**Total Capacity**	1055	Dwellings
Land Area	82	ha		**Density**	12.9	Dwellings/ha
Developers	Hughes Developments					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1	91	Titles issued	16 available	Stage 1	400 - 872	Medium from
Stage 2	28	Titles issued	Sold out	Stage 2	636 - 871	$144,000 and
Stage 3	20	Titles issued	Sold out	Stage 3	400 - 475	Large from
Stage 4	40	Waiting 224c	Sold out	Stage 4	585 - 1032	$165,000
Stage 4A	20	Waiting 224c	12 available	Stage 4A	557 - 967	
Stage 5	53	Waiting 224c	Yet to be released	Stage 5	275 - 568	
Balance	803	Future stages		House and land packages available from $438,000.		

Description of the development

"Faringdon is a master planned community featuring wide tree-lined streets and fully serviced building sections with plenty of green space giving residents the room to enjoy a great indoor / outdoor lifestyle."

The Faringdon master plan allows for a potential 1055 residential sections in total, providing a broad range of lot sizes from 275 m2 to 1000 m2 plus, however, the majority of sections are in the medium and low density categories between 400 m2 and 982 m2. Sections are being offered from $144,000 and house and land packages from $438,000.

Since its inception in July 2012, Faringdon has come a long way in a very short with over 200 sections already sold. The Rolleston area is one of the fastest growing regions in New Zealand, strong population growth and increased traffic density has helped lead to the new Southern Motorway project being given the green light to prevent further congestion on roads into Christchurch from the south during peak hour travel times.
The Christchurch Southern Motorway will improve travel times and increase reliability for traffic travelling from the south to Lyttelton Port and the Christchurch Central City.

Developers Hughes Developments recognised the potential of this fast growing region years ago. They are also behind the popular Gainsborough of West Melton (141 lots in total) and Halkett Grove (71 lots in total), two other successful residential developments in The Selwyn District, both of which have almost sold all their sections with just 4 lots still available across the 2 subdivisions.

Development	Preston Downs			**Address**	Preston Avenue, West Melton	
Status	Underway			**Total Capacity**	360	Dwellings
Land Area	63.8	ha		**Density**	5.6	Dwellings/ha
Developers	Gillman Wheelans Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1	44	Titles issued	Sold out	Stage 1	638- 3237 m2	$175k - $245k
Stage 2	34	Titles issued	Sold out	Stage 2	773- 1526 m2	$175k - $245k
Stage 3A	11	Titles issued	Sold out	Stage 3A	749- 1200 m2	$175k - $245k
Stage 3B	35	Titles issued	Sold out	Stage 3B	700- 3868 m2	$175k - $245k
Stage 3C	17	Titles issued	Sold out	Stage 3C	885- 1386 m2	$175k - $245k
Stage 3E	20	Waiting 224c	17 available	Stage 3E	801- 4411 m2	$175k - $245k
Stage 3F	16	Waiting 224c	15 available	Stage 3F	935- 3680 m2	$175k - $245k
Stage 3G	19	Waiting 224c	15 available	Stage 3G	844- 3647 m2	$175k - $245k
Stage 3H	15	Waiting 224c	13 available	Stage 3H	117- 4437 m2	$175k - $245k
Stage 4	42	Titles issued	Sold out	Stage 4	800- 5489 m2	$175k - $245k
Stage 5	44	Titles issued	Sold out	Stage 5	864- 4234 m2	$175k - $245k
Stage 6	13	Titles issued	Sold out	Stage 6	131- 5000 m2	$175k - $245k
Stage 7	20	Titles issued	Sold out	Stage 7	800- 4481 m2	$175k - $245k
Stage 8	30	Titles issued	Sold out	Stage 8	132- 5478 m2	$175k - $245k
Balance	0			*Land & Buildings*	*Floor Areas*	*Typical Values*
				Example 1	211 m2	$639,000
				Example 2	245 m2	$644,000
				Example 3	255 m2	$659,000
				Example 4	243 m2	$839,000
				Example 5	276 m2	$839,000

Description of the development

Preston Downs is a lower density residential subdivision than most happening in the wider Christchurch region with the vast majority of sites being over 1000 m2. With 300 sections sold and just 60 to go – the developers at Preston downs are hoping to have the subdivision complete with all sections sold by the end of 2013 / early 2014. Ten stages are already titled, and the final four stages are being sold off the plan now. These sections are a continuation of the predominate mix that make up the majority of the subdivision ranging between 800 m2 and 5000 m2, with reserves and walkways, titles are expected between August and the start of 2014 for these final sites. One of the sites within Stage 3E (Lot 296) is a large 16818 m2 site earmarked "future development". To date there are no firm plans for this parcel of land at the southern end of Preston Downs development, however, it is located adjacent to an existing BP service station and it is anticipated that proposed future growth of the BP will extend into this area.

Development	Levi Park			**Address**	Levi Road, Rolleston	
Status	Underway			**Total Capacity**	220	Dwellings
Land Area	24	Ha		**Density**	9.2	Dwellings/ha
Developers	Gillman Wheelans Limited					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1	21	Waiting 224c – expected December 2013		Stage 1	580 - 815	From $150000
Stage 2	16	Waiting 224c – expected December 2013		Stage 2	550 - 1164	From $150000
Stage 4	14	Waiting 224c –expected early 2014		Stage 4	750 - 1101	From $150000
Stage 10	48	Waiting 224c –expected early 2014		Stage 10	572 - 1103	From $150000
Balance	121	Future stages				

Description of the development

Levi Park is Gillman Wheelans latest development located on Levi Road in Rolleston. Levi Park will offer a range of sections between 550 m2 and 1300 m2 incorporating plenty of reserves and walkways, with prices starting around $150,000. The average section size in Levi Park is amongst the largest in Rolleston.

Located in the northern end of Rolleston, closest to Christchurch, the location is ideal with only a short drive to local amenities and a 25 minute drive to central Christchurch. Rolleston township has grown rapidly over the past few years. Whilst Levi Park doesn't have a technical category, it is regarded as the equivalent of TC1 land. The developers aim is to provide sections at a price that will interest purchasers amongst an overall subdivision that will entice those to move and feel part of a community environment; nearby amenities include a shopping hub, two supermarkets, schools, buses, cafes and council offices.

The subdivision is spread over 24 hectares of former grazing land and will be released in a series of stages over a 12 to 18 month period with prices. At the entry to Levi Park will be a 'Gateway Reserve' leading on to a central reserve with tennis court and play equipment. 'Pocket Parks' will be located throughout the subdivision ensuring as a whole, the development has a feeling of space. Stages 1, 2, 4 and 10 are now available for sale, with the first three stages nearly sold out, prompting the early release of stage ten. Construction continues to move forward, with the development on target to receive title for stages one and two in December this year, with titles for stages four and ten following on into early 2014.

Development	Park Lane Estates			**Address**	Park Lane, Rolleston	
Status	Underway			**Total Capacity**	291	Dwellings
Land Area	29	ha		**Density**	10	Dwellings/ha
Developers	Park Lane Estates Limited					
Staging				**Current Values**		
	Sections (no)	*Status*	*For Sale*	*Sections*	*Lot size m2*	*Typical values*
Stage 1	41	Titles issued	Sold out	Stage 1	630 - 1240	$156k - $175k
Stage 2	42	Titles issued	Sold out	Stage 2	610 - 935	$156k - $175k
Stage 3	42	Future stage		Stage 3	595 - 1000	Not established
Stage 4	27	Future stage		Stage 4	650 - 875	Not established
Stage 5	56	Future stage		Stage 5	570 - 1015	Not established
Stage 7	42	Waiting 224c – expected August 2013	7 available	Stage 7	555 - 985	$156k - $175k
Stage 8	41	Future stage		Stage 8	625 - 1210	Not established
Balance	0					

Description of the development

Park Lane Estates is located in Rolleston in the Selwyn District Council (SDC) area of Canterbury New Zealand. Rolleston is approximately 19km from Cathedral Square and has been acknowledged as the fastest growing urban area in New Zealand in recent years.

Park Lane is located at the eastern end of Rolleston town approximately 500m from the main service areas. Park Lane subdivision takes on its name of being park like, rural, landscaped featured lanes taking advantage of the excellent Templeton silt loam soil. The development will take place in accordance with the Outline Development Plan (ODP). The first two stages provide lots with a northerly oriented building envelope on average sized sections of 750 m2. Each lot is serviced with full community sewer, potable water, telephone, broadband services. Landscaping is a feature of the development integrating the landscaping with the street landscape and individual allotments.

Potential expansion of the subdivision on an adjoining lot could see a further approximately 40 lots added in a future stage – this has not yet been confirmed and is not part of the original plan or staging. Rolleston has undergone spectacular growth where the population has grown from approximately 835 people in 1996, expanding to some 8500 people within the urban area. As a result of this growth, there was effectively no land zoned for residential development to meet the demand which exists. Over that Period the town has been serviced with significant infrastructure compromising community centre, library, Council headquarters, two supermarkets, one of the highest turnover service stations within New Zealand, and many community amenities such as child care, creche, medical services and the Selwyn Aquatic Centre. There are two primary schools and a high school planned to service the expanding population in the district.

Development	Stonebrook			**Address**	Stonebrook Drive, Rolleston	
Status	Underway			**Total Capacity**	420	Dwellings
Land Area	42	ha		**Density**	10	Dwellings/ha
Developers	CDL Land New Zealand Limited					
Staging				**Current Values**		
	No of sections	*Status*	*For Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1 - 3	90	Titles issued	9 available	Stages 1 - 3	365 - 960	From $120000
Balance	330	Future stages		Balance	300 - 1300	From $120000

Description of the development

Following on from its successful development of Millgate on an adjoining site, CDL Land New Zealand Limited has commenced its latest development in Rolleston; Stonebrook is a 42 hectare master planned residential subdivision that offers a range of freehold residential section sizes. Purchasers have a choice of living – Standard Residential sections (600 m2 – 900 m2 plus), Medium Density sections (400 m2 – 450 m2) or Comprehensive Residential Development Lots for Terraced / Attached Housing Development located along a landscaped Linear Park which will include a running water feature, pedestrian pathways and bridges. Stonebrook will also comprise a Neighbourhood Centre which is tailor-made for a pre-school and café (subject to Council consent and approvals). Stonebrook Stages 1-3 comprising 90 residential lots is currently under construction with titles issued late May 2013.

Development	Rosemerryn			**Address**	Edward Street, Lincoln	
Status	Underway			**Total Capacity**	900	Dwellings
Land Area	92	ha		**Density**	9.8	Dwellings/ha
Developers	Fulton Hogan					
Staging				**Current Values**		
	Sections (No)	*Status*	*For Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1	24	Titles issued	Sold out	Stage 1	659 - 863	From $189000
Stage 2	31	Titles issued	Sold out	Stage 2	513 - 773	From $177500
Stage 3	53	Titles issued	10 available	Stage 3	420 - 734	$172k - $215k
Stage 5	25	Future stage	Not released			
Stage 6	19	Future stage	Not released			
Stage 7	45	Future Stage	Not released			
Stage 8	43	Future stage	Not released			
Balance	660	Future stages				
				Land & Buildings	*Floor Areas*	*Typical Values*
				Example 1	144 m2	$455000
				Example 2	148 m2	$459000
				Example 3	206.5 m2	$575000

Description of the development

Fulton Hogan is the developer behind the 92 hectare, 900 lot, Rosemerryn subdivision in Lincoln. Located 22 kilometres south of Christchurch, this site offers sections ranging in size from 400 m2 to 900 m2 and is also zoned for a 4000 m2 commercial area. An on-site pre-school has also been completed as part of the development, plus numerous parks and reserves.

The development is conveniently situated within easy walking and biking distance from local schools and the Lincoln Township. "Despite being only 20 minutes from central Christchurch, Lincoln still retains a distinctly friendly character and relaxed atmosphere, yet has plenty to offer those accustomed to having every facility on their doorstep. Great coffee, food and shops abound in what can best be described as a rural village lifestyle."

Lincoln also caters for every level of education and its educational facilities are well regarded – two high quality early childhood centres plus the new pre-school recently constructed onsite, Lincoln Primary School for years 1-8, Lincoln High School for years 9-13 offers an excellent curriculum with a wide range of sporting, cultural and educational options and Lincoln University, traditionally an agricultural college, boasts practical skills based degrees, achieving international recognition for its teaching and research activities, and renowned for entrepreneurship, relevance and cutting edge technology.

Development	Te Whariki			**Address**	Tauhinui Avenue, Lincoln	
Status	Underway			**Total Capacity**	900	Dwellings
Land Area	118	ha		**Density**	7.6	Dwellings/ha
Developers	Ngai Tahu Property and Lincoln University					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Ivey Stage 1	83	Titles issued	Sold out	Ivey Stage 1	569 - 838	From $187000
Ivey Stage 2	82	Waiting 224c – expected July 2013	50 available	Ivey Stage 2	497 - 853	$191k - $220k
Balance	735	Future stages				

Description of the development

Te Whāriki is a new rural community located just 20 minutes from Christchurch. Described as a 118 hectare residential park this modern development is dedicated to creating the ultimate family lifestyle. The village design also features a network of 25 kilometres of walking tracks and at least 20 kilometres of on-road and off-road cycle ways. Only 21 kilometres from Christchurch, Lincoln has a permanent population of around 2,700 but this swells to over 7,000 during university term time. The township has numerous facilities available including a New World supermarket, a number of cafés, restaurants and bakeries, a specialist butchery, hardware store, hairdressers, a Westpac, Kiwi Bank and Post Shop, maternity hospital, medical centre, two pharmacies, a library, dental practice plus various gift and fashion boutiques.

Lincoln has a national and international reputation as a leading educational and research community. Pre-schools, primary and secondary schools are a 10 minute walk from Te Whāriki, while the university is adjacent to the site. As well as Lincoln University, there are a number of highly respected research institutes who are also based in the township. This includes AgResearch, Institute for Plant and Food Research, FAR (Foundation for Arable Research), and Landcare Research.

Te Whāriki is a joint venture between Ngāi Tahu Property Limited and Lincoln University. It is a long term investment for both parties who are passionate about developing high quality residential developments that are responsive to the environment. The 118 hectares set aside for the development, known as 'The Dairy Block', has been owned by Lincoln University for the last 100 years. Until six years ago, it was a functioning educational dairy farm, training Lincoln University agricultural students and providing milk for the Christchurch town supply. Five years ago, realising that the dairy block formed a wedge between the University and the existing town, Lincoln University purchased another dairy farm to the northwest. When the dairy block became surplus to their needs, they joined forces with Ngāi Tahu Property with the aim of creating a high quality residential development that would enhance the area and create an integrated, harmonious Lincoln township.

Development	Newman Park			**Address**	Dunns Crossing Road, Rolleston	
Status	Appropriately zoned – subdivision consent approved, awaiting paperwork from council			**Total Capacity**	220	Dwellings
Land Area	Unavailable			**Density**	Unavailable	
Developers	Worthwhile (Rolleston) Limited (Goodland Development Limited)					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Stages 1 - 5	220	Future stages	Not yet released	Stages 1 - 5	650 m2 - 1000	Not established

Description of the development

Newman Park is a proposed new subdivision located in the Rolleston area. Subdivision consent has been approved by Selwyn District Council and the developer, Worthwhile (Rolleston) Limited a subsidiary of parent company Auckland based Goodland Development Limited, are just awaiting paperwork to be finalised before they can begin works on the site. The development will be phased over five stages with a total of 220 new residential sections being created, sections will range in size from 650 m2 to 1000 m2 plus. The developer expects to start work on stage one within the next 2 to 3 months and will be working with local real estate agents to market the sites. Most will be sold as bare land sections whilst there will also be a small number of house and land packages marketed by the developer.

Development	Barton Fields			**Address**	Birchs Road, Lincoln	
Status	Underway			**Total Capacity**	65	Dwellings
Land Area	Unavailable			**Density**	Unavailable	
Developers	BHL Trust Property Developers					
Staging				**Current Values**		
	No of sections	*Status*	*Sections for Sale*	*Sections*	*Lot size*	*Typical values*
Stage 1	35	Titles issued	11 available	Stage 1	565 m2 - 1200	$185k - $265k
Stage 2	30	Future stage		Stage 2	664 m2 - 1250	Not established

Description of the development

Barton Fields is a new subdivision located in Lincoln. The total development will be phased over two stages with a total of 65 new residential sections being created; sections will range in size from 565 m2 to 1250 m2. All sections will be sold as bare land.

Subdivision consent has been approved by Selwyn District Council for both stages one and two; however, at to date only stage one has been released for sale with no firm time frame for stage two. Bayleys are marketing the development and have sold 24 of the 35 sections currently available.

Development	Gateway Estates	**Address**	Telegraph Road, Darfield	
Status	Future residential – awaiting council approval	**Total Capacity**	241	Sections
Land Area	Unavailable	**Density**	Unavailable	
Developers	H Investments (NZ) Limited			

Description of the development

This proposed residential development consists of 241 sections (subject to council approval). Most sections are 600 m2 to 800 m2 and the balance are 1 hectare lifestyle blocks.

Appendix 6

Overview of the Housing Market Scenarios 1 to 5

Housing Market Scenarios

The objective of this appendix is to provide the starting point for discussion on developing a number of scenarios for the future outlook for greater Christchurch's housing market and the implications for housing affordability. The variables included are the key inputs for housing affordability estimates. These include:

- Mortgage lending assumptions;
- Growth rate scenarios;
- House price growth scenarios;
- Rental growth rates; and
- Household income growth rates.

Mortgage Lending Assumptions

Mortgage lending conditions include:

- A 10% deposit;
- 30% of household income is used to service the loan;
- Interest rate is assumed to be the one year fixed mortgage interest rate. Current rates are used up until 2013 and thereafter the ten year average rate is used;
- A 25 year table mortgage is used.

Population growth rates

Three scenarios are used based on the low, medium and high rates of population growth presented in Section 4 of the report. In addition, two other scenarios are included based on the medium and high growth rate options. These assume regulatory authorities introduction regulations and incentives which result in the redistribution of growth within greater Christchurch. Under these scenarios the growth is redistributed to reflect the assumptions included in the regional growth strategy and assumes between:

- 2013 and 2016, 35% of the growth occurs within Christchurch City's metropolitan urban limit (MUL);
- 2016 and 2021, 45% of the growth occurs within the MUL; and
- 2021 and 2028, 55% of the growth occurs within the MUL.

Housing Market Prices

Under the medium growth scenario the short term growth in house prices is expected to be 5.0% per annum in Christchurch City. The relationship between Waimakariri and Selwyn house prices relative to Christchurch City is not out of line with historical averages. However over the short term (2013 to 2016) house prices in Selwyn and Waimakariri are expected to increase at 2.5% per annum faster than Christchurch City and 1.0% faster between 2016 and 2021. Over the next five years their rate of growth is expected to be 1.0% lower than Christchurch City. The growth rates are assumed to be 2.0% per annum higher under the high population growth scenario and 2.0% lower under the low growth scenario.

Table A6.1 summarises the annual growth in house sale prices.

Table A6.1: Annual House Sale Price Growth

	2013 to 2016	2016 to 2021	2021 to 2026	2026 to 2031
Scenario 1	3.00%	3.00%	3.00%	3.00%
Scenario 2	5.00%	5.00%	5.00%	5.00%
Scenario 3	7.00%	7.00%	5.00%	5.00%
Scenario 4	5.00%	5.00%	6.50%	6.50%
Scenario 5	7.00%	7.00%	5.00%	5.00%

Rental Growth Rates

The long term rental growth rates are assumed to track house price growth in the short to medium term under each of the growth scenarios. Beyond 2021 rental growth is expected to be similar to the growth in household incomes. Table A6.2 summarises the annual growth in market rents.

Table A6.2: Annual Rental Growth

	2013 to 2016	2016 to 2021	2021 to 2026	2026 to 2031
Scenario 1	5.00%	4.00%	4.00%	4.00%
Scenario 2	7.00%	4.00%	4.00%	4.00%
Scenario 3	7.50%	5.00%	5.00%	5.00%
Scenario 4	7.50%	5.00%	5.00%	5.00%
Scenario 5	7.50%	5.00%	5.00%	5.00%

Household Incomes

Household incomes are also expected in increase in Christchurch with income have been increasing at a faster rate in the short term reflecting labour market pressures. Table A6.3 summarises the annual growth in household incomes.

Table A6.3: Annual Household Income Growth

	2013 to 2016	2016 to 2021	2021 to 2026	2026 to 2031
Scenario 1	4.00%	4.00%	4.00%	4.00%
Scenario 2	5.52%	5.52%	4.00%	4.00%
Scenario 3	5.52%	5.52%	4.00%	4.00%
Scenario 4	5.52%	5.52%	4.00%	4.00%
Scenario 5	5.52%	5.52%	4.00%	4.00%