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QUEENSTOWN LAKES DISTRICT COUNCIL

Quarterly Monitoring Report

National Policy Statement on Urban Development Capacity

June 2018

Published: April 2019

Contents

Data Sources and Ongoing Monitoring

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

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

1 Executive Summary

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

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

a) Prices and rents for housing, residential land and business land by location and type; and changes in these prices and rents over time;
b) The number of resource consents and building consents granted for urban development relative to the growth in population; and
c) Indicators of housing affordability (Policy B6).

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

QLD still has the highest median house prices of all the high growth areas in New Zealand[2] ($934,940 YE June 2018), having recently surpassed Auckland[3]. House prices are rising in all high growth areas except Greater Christchurch, highlighting that QLD is not alone in dealing with rising prices. However, the rate of growth in house prices in QLD is significant, increasing by 64,471 (7%) in the last year alone.

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

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

been reducing steadily since 2016 (down to 218 for the year ending June 2018 – a 11% reduction on the same time a year ago)[4].

The overall size of the district's dwelling estate is growing steadily, although growth in Arrowtown Ward is limited as a result of little vacant capacity remaining inside the urban growth boundary. Overall, there were 757 new dwellings in the district in the year ending June 2018, reaching a total estate of 16,697 dwellings. A spatial breakdown of that growth has not been prepared, but it is expected that the major share of growth has occurred in greenfield areas like Northlake, Kirimoko, Shotover Country, Remarkables Park and Jack's Point. In Queenstown, Special Housing Areas have also contributed to this growth. There were 975 new dwelling consents issued in those same 12 months (a record level compared to the previous three years). This indicates that supply increases in the next 12 months (allowing for construction time) will again be high. Supply of new dwellings appears to be closely aligned with growth of resident households – the key driver of demand being growth due to immigration.

Similar to house prices, rent prices in QLD are also rising rapidly and have recently surpassed Auckland to be the highest rents of the high growth areas. The average rent (across all housing types) is now $569 per week (up $55/week on the previous year). Arrowtown is the most expensive ($632/week on average) followed by Queenstown ($608/week). Wanaka is cheapest in relative terms, but still high nationally at $503/week. Conversely, the ease of moving from renting to home ownership is consequently easiest in Arrowtown and hardest in Wanaka in terms of the step-up in costs from renting to potential mortgage payments. However, this transition remains difficult or out of reach for a significant number of residents due in part to the districts lower than average wages.

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

Alternatively, first home affordability in QLD is in the middle of the range of all high growth areas (June 2017), but equally, all high growth areas show very low levels of affordability for this market segment. Data suggests it has been gradually improving since 2005, but as of June 2017 87% of first home buyers would have a below average residual income after paying housing costs. Given that QLD has income levels below the national average[5] (as used for this particular indicator), this result is expected to under-represent the situation for first home buyers in the district.

Monitoring of development capacity[6], price and rent patterns, population growth, resource and building consent numbers and housing affordability indicators shows that QLD is

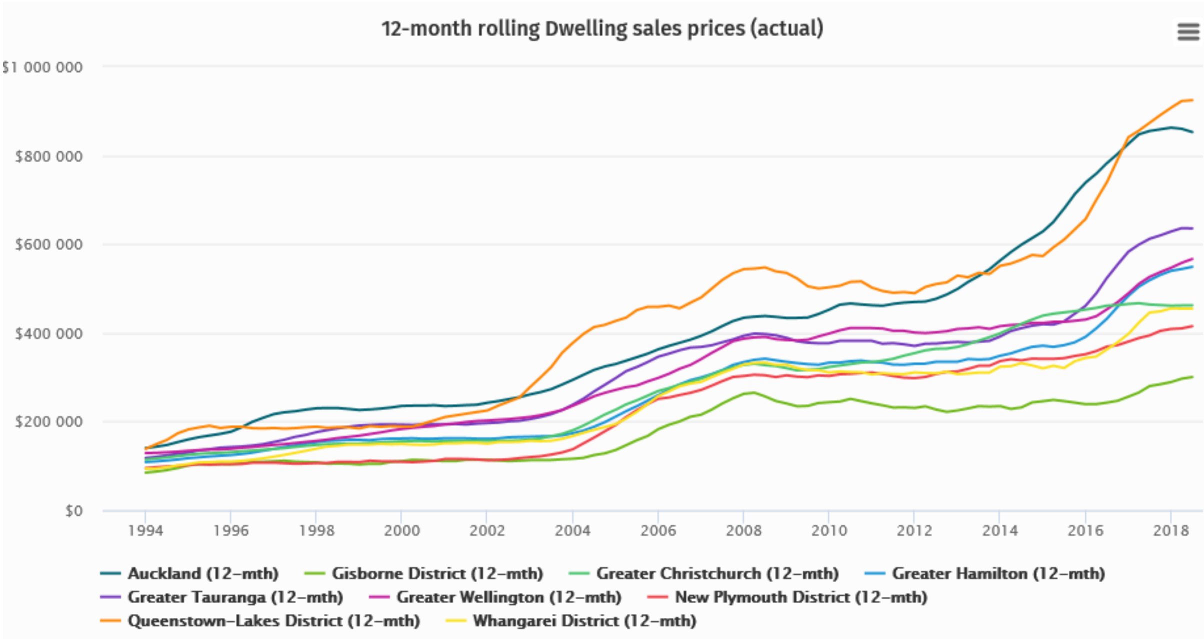
[4] Equivalent data on section sales has not been sourced but is especially relevant in QLD.
[5] Largely driven by the large hospitality sector.
[6] Covered in detail in the 2017 Housing and Business Development Capacity Assessment Reports.

experiencing significant levels of growth and faces some of the most significant challenges in terms of the cost of housing (and also commercial/industrial land and space). The next quarterly report (September 2018) will provide an update of these local indicators.

2 Sales Prices, Housing Stock, Rents and Affordability

2.1 Sales Prices – Wider Context

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



Latest Results:

- The 12 month rolling average dwelling sales price data shows that QLD sales prices remain (on average) the highest in the country.
- At June 2018, the medium house price for QLD was $934,940, while the Auckland medium house price was slightly less on $852,500.
- With the exception of Auckland and Tauranga all high growth areas had positive growth in sales prices in the last 12 months (i.e. since June 2017). The QLD average house price has increased by 7% in that time. Only Greater Wellington and Gisborne District had a higher percentage increase in prices in that period (7.6% and 7.3% respectively). Greater Hamilton increased at the same % as Queenstown. By contrast, Auckland prices decreased by 0.3% and Greater Christchurch prices showed almost no change (-0.33%).
- In dollar terms, the growth over the last 12 months was highest in QLD ($61,471), followed by Greater Wellington ($40,250) and Greater Hamilton (up $30,125). While Tauranga decreased in price by $23,000.

Commentary:

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

2.2 Sales Prices

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

Latest Results:

- In the year ending June 2018, the medium house price for QLD was $934,940 compared to $873,469 in June 2017, this is a 7.04% ($61,471) increase over that YE period.
- There is also an increase of 1.44% ($13,315) above the previous quarter (March 2018).
- Medium dwelling prices are highest in the Queenstown Ward ($973,940, YE June 2018) and lowest in the Wanaka Ward ($844,375).
- Over the last 12 months, prices have continued to increase in Arrowtown (8%, $70,875) and Queenstown (7%, $60,000) and in Wanaka (7%, $53,750). These growth rates have slowed down since the same period in 2017.
- Since the last quarter (March 2018) there has been a 0.9% (-$9,125) decrease in prices in Arrowtown, a 2.37% increase ($22,500) in Queenstown Ward and a -0.9% decrease (-$8,000) in the Wanaka Ward.

Commentary:

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

2.3 Dwellings Sold

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

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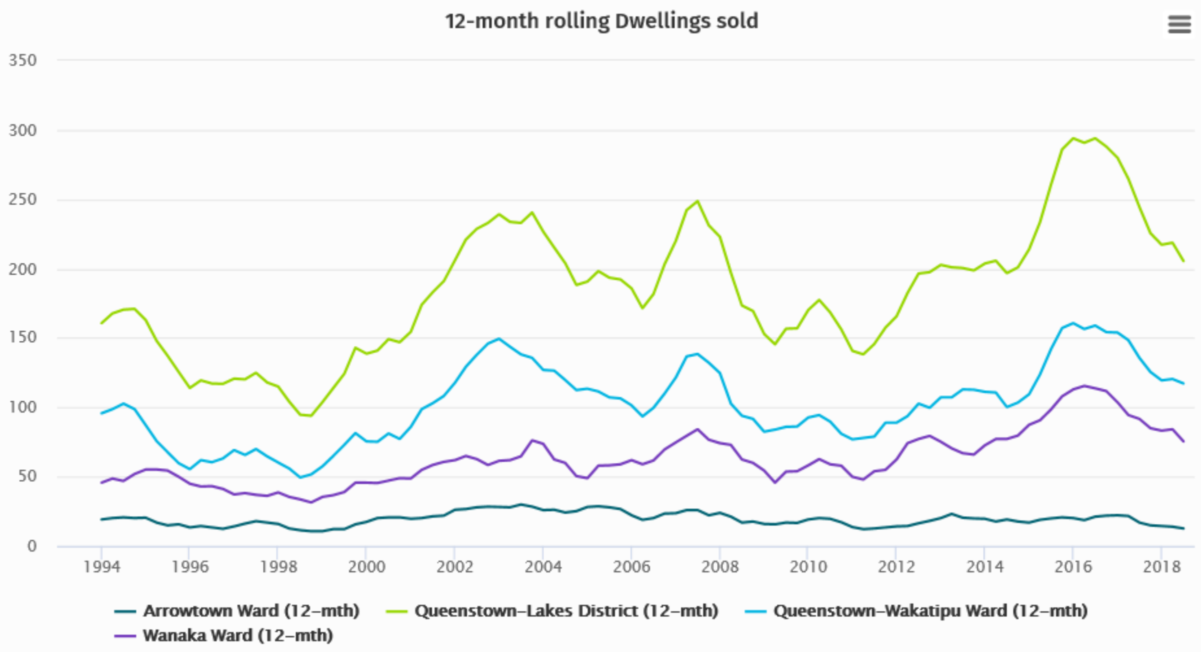


Latest Results:

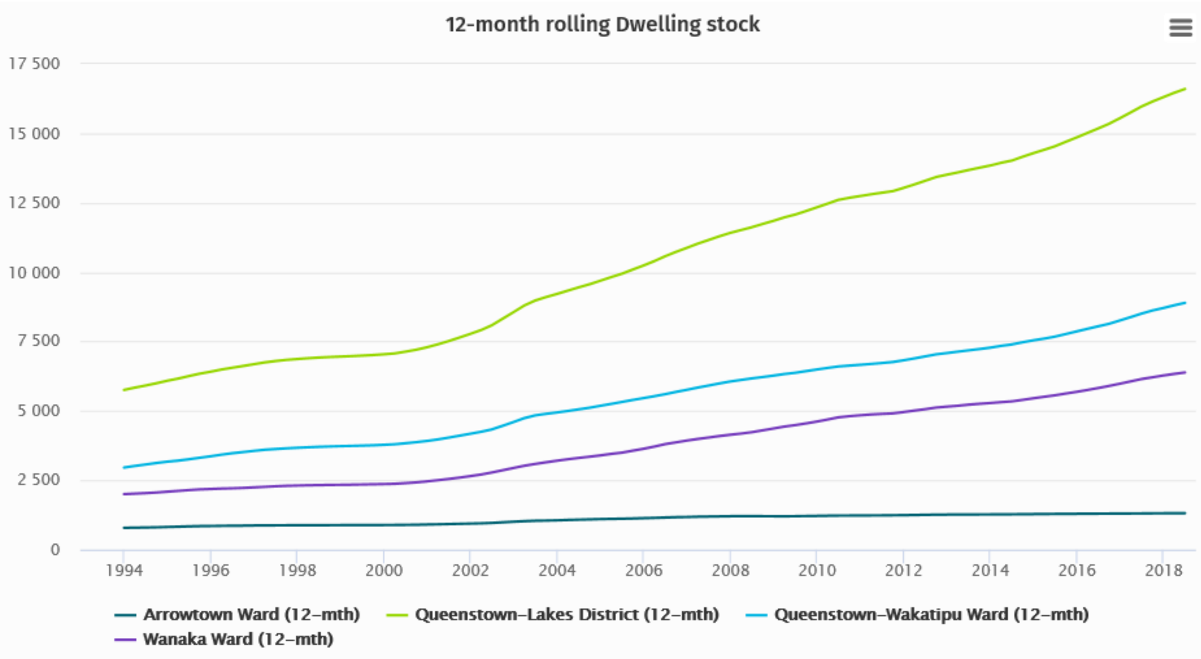
- In the June 2018 quarter, the total number of dwellings sold in QLD was 218.
- This is a decrease of 1% (3 less dwellings sold) compared to the previous quarter (March 2018) and a 11% decrease (27 less dwellings sold) compared to the same time a year ago.
- Over the last 12 months, the count of dwellings sold in Queenstown Ward has decreased from 139 (June 2017) to 125 (YE June 2018) (down 10%). In Wanaka, the count has decreased from 92 to 81 (down 11%) and Arrowtown has decreased from 17 to 13 (down 24%).

Commentary:

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

2.4 Housing Stock

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



Latest Results:

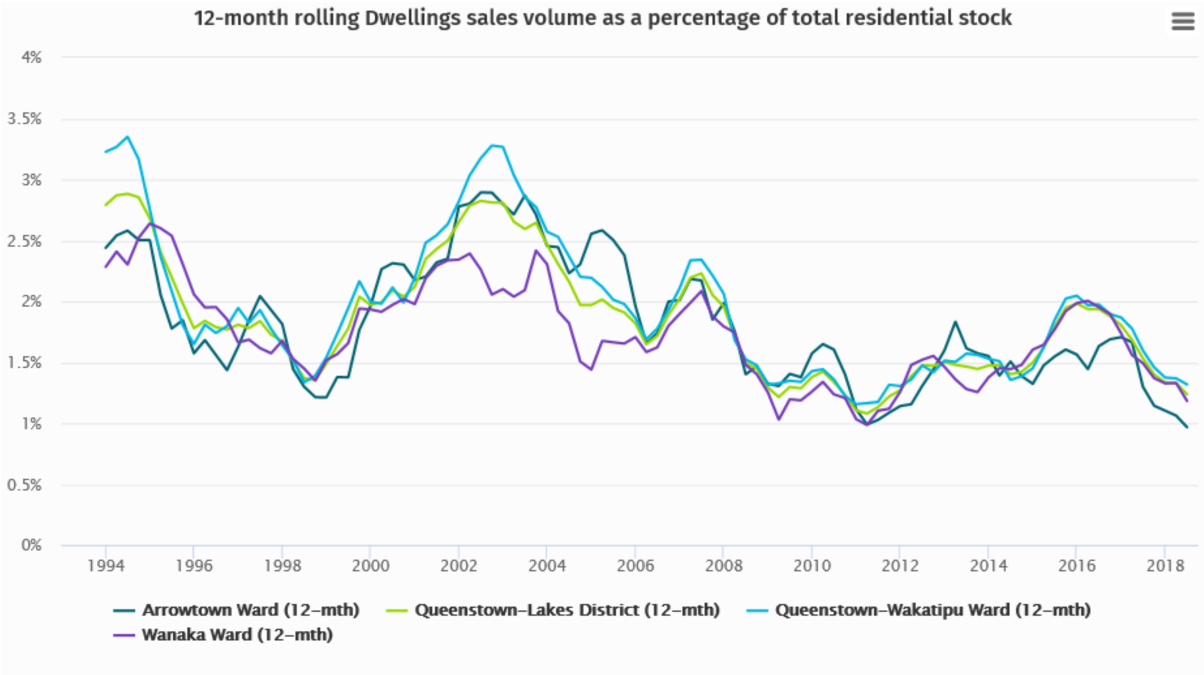
- In the year ending June 2018, the total number dwellings in QLD was 16,697.
- This is an increase of 0.5% (79 more dwellings) compared to the previous quarter (YE March 2018) and a 5 % increase (757 more dwellings) compared to the same time a year ago.
- Over the last 24 months, the count of dwellings in the Queenstown Ward has increased from 8,051 (YE June 2016) to 8,490 (YE June 2017) to 8,952 (YE June 2018) (up 901 additional dwellings). In Wanaka, the count has increased from 5,827 to 6,142 to 6,428 (up 601 additional dwellings) and Arrowtown has increased by 18 dwellings to reach 1,317 over this same period.

Commentary:

The increase in the average sales price, the availability of land and the high demand for property are the key factors that impact on this trend. The growth of the District's overall housing stock continues to increase at a steady rate although the Arrowtown Ward has contributed very little to this growth (relative to the other Wards) due to limited vacant capacity within its urban growth boundary. Queenstown Ward makes up 53.58% of the total dwelling stock, while Wanaka and Arrowtown make up 38.47% and 7.95% respectively. Over time, it is expected that Arrowtown will account for a relatively smaller share of the total given the significant greenfield and infill growth capacity enabled in Wanaka and Queenstown.

2.5 Dwelling Sales as Share of Dwelling Stock

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



Latest Results:

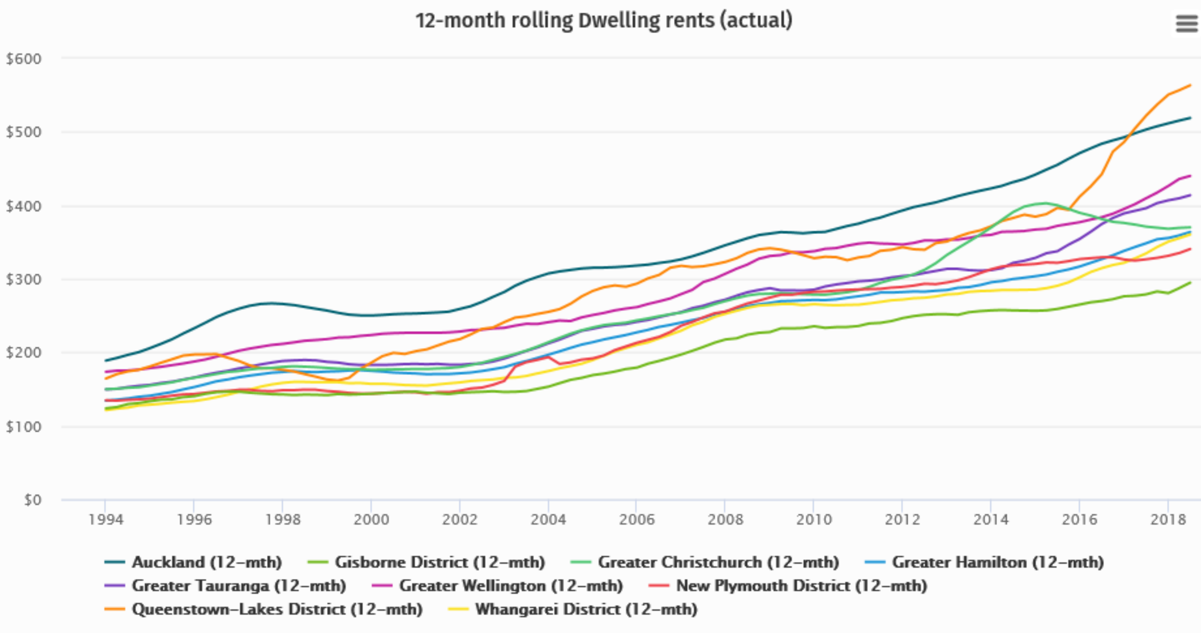
- In the year ending June 2018, the total number dwellings sold in QLD as a share of the dwelling stock was 1.306%.
- This is down on the previous quarter (March 2018) of 1.335%. The same time a year and 2 years ago (June 2017 and 2016 respectively), the percentage share was higher again on 1.534% and 1.938%. This is 13th quarter in a row of decline (i.e. since the last peak December 2015).
- The latest figures for Wanaka and Queenstown are very similar to the district overall (1.252% and 1.389% respectively). Arrowtown continues recent trends of a lower share of dwellings bought and sold (1.006% (June 2018).

Commentary:

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

Dwelling Rents – Wider Context

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



Latest Results:

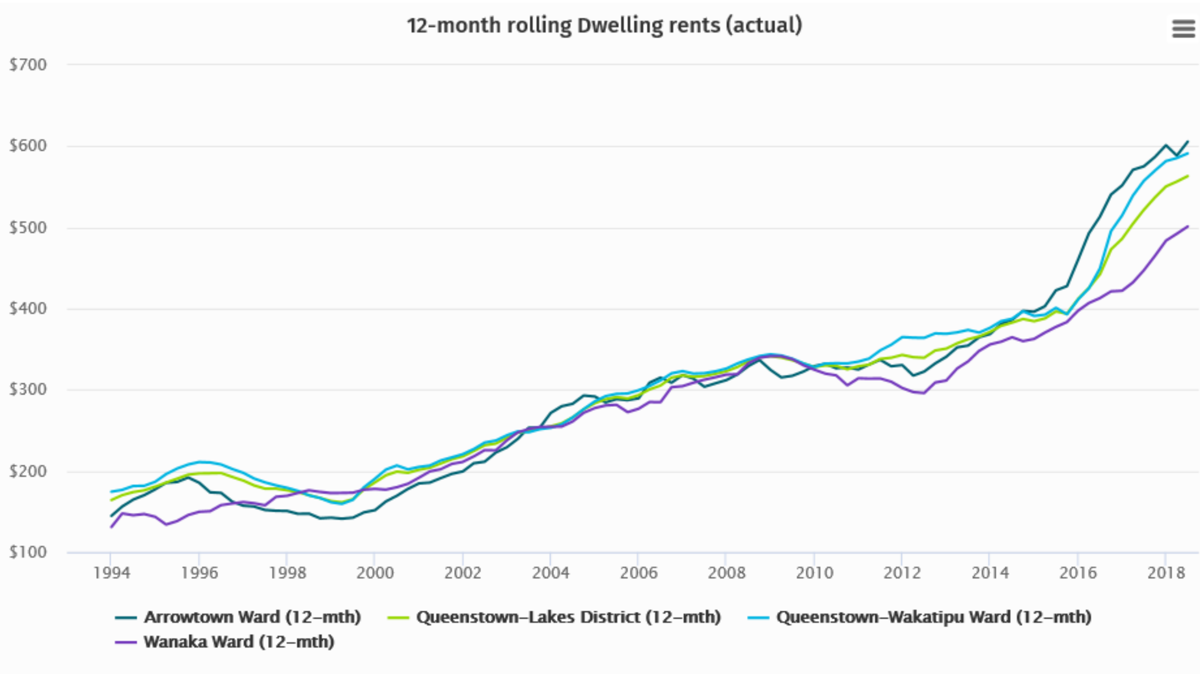
- All high growth areas except for Greater Christchurch have shown a general increasing rental trend in the 12 months ending June 2018.
- QLD rents have surpassed average rents in Auckland since March 2017.
- In June 2018, average rents in Auckland are $519, while QLD average rents are $569. Over the past 12 months the rental gap has extended by $55. All other high growth areas have average rents below $450 per week.
- Percentage growth in average weekly rents over the last 12 months has been led by QLD with a significant 11% (noting this was an 18.1% increase from June 2016/2017). This compares with the next highest growth rate of 7.5% per annum (YE June) in Greater Whangarei and 5.7% in Gisborne. Rents increased by just 3.9% in Auckland over that period.
- In dollar terms, average rent increased by $55 per week over the last 12 months. In the 2016 to 2017 the increase was $80. The level of increase has generally reduced in all high growth areas.
- In Whangarei they experienced a $25 increase, Greater Hamilton experienced a $1 increase and Auckland Gisborne a $19 increase per week.

Commentary:

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

2.6 Dwelling Rents

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



Latest Results:

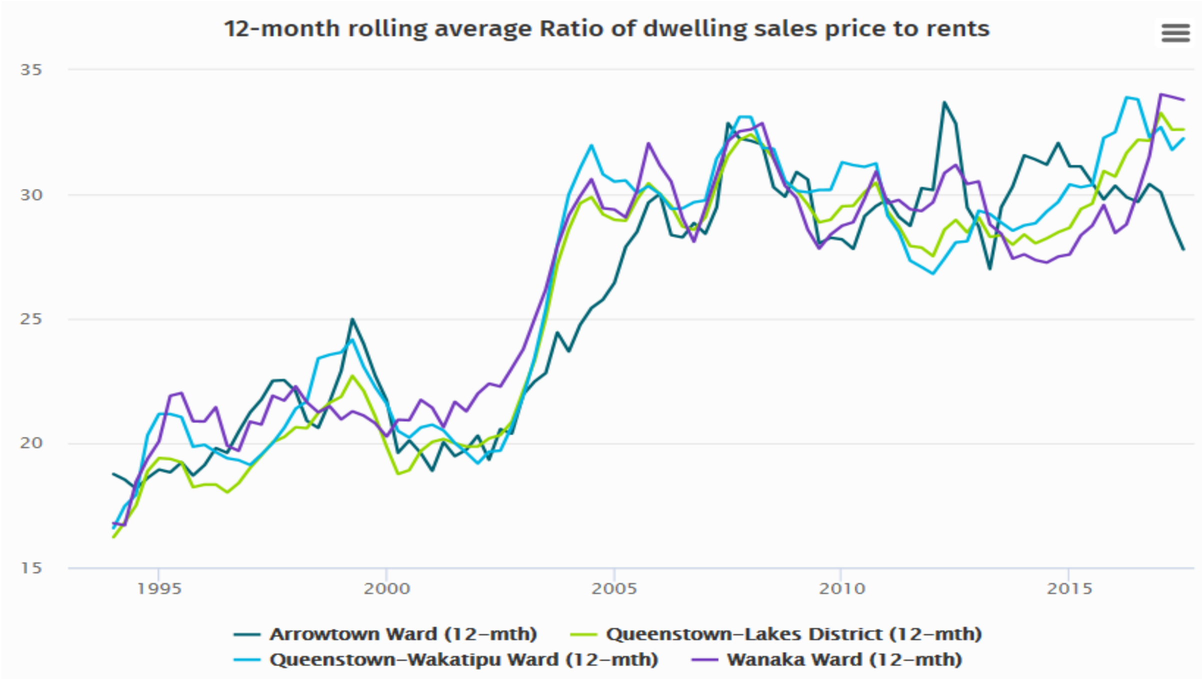
- The average weekly dwelling rent in QLD currently stands at $569. This is up $13 per week (2%) compared to the previous quarter (March 2018). Compared to the same time 12 months ago (June 2017), average weekly rent has increased by $55 or 11%.
- Rent in Wanaka is still below the district average at $503 per week, but has shown the fastest rate of increase over the 12 month period (15%, up $66 compared to the same time a year ago (June 2017)). Queenstown Ward has increased at a slightly slower rate over that period (8%, up $46), with Arrowtown showing a slightly higher trend compared to Queenstown (up 11% or $64).
- Average rent in Queenstown Ward currently sits at $608 and is only slightly lower than Arrowtown ($632 per week).

Commentary:

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

Sales Prices to Rent Ratio

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



Latest Results:

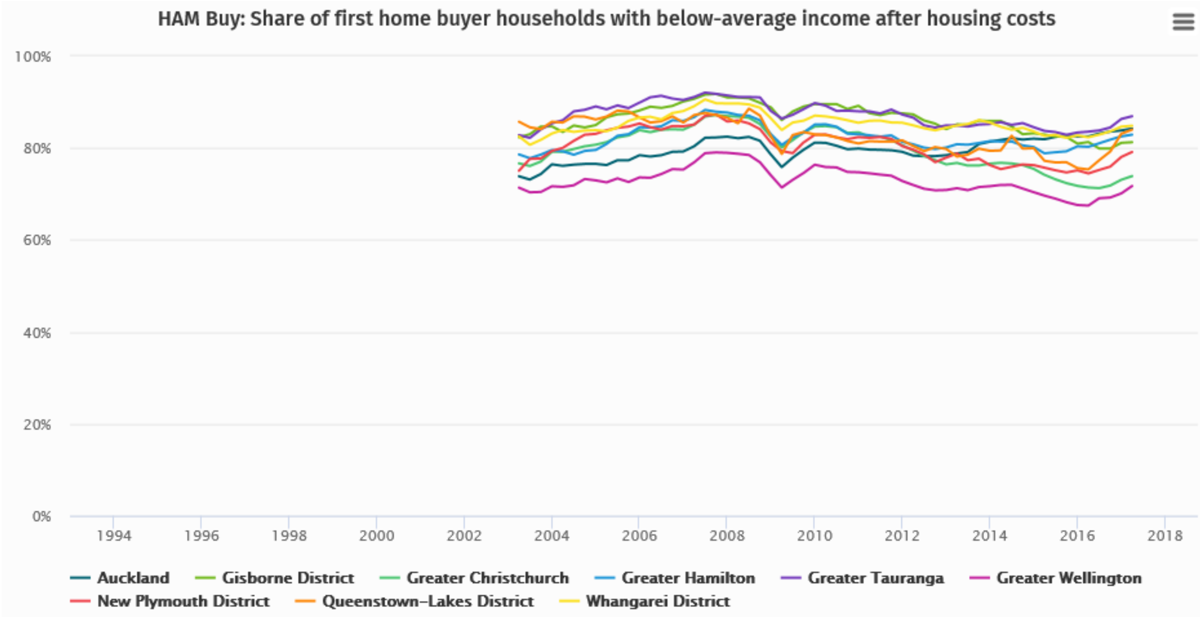
- The QLD current price to rent ratio is approximately 31.618 (decreasing slightly from the previous quarter (March 2018) where it was 31.882. Compared to the same time a year ago (June 2017), the average ratio is down (from 32.693) (that is, the gap between renting and buying has decreased very slightly).
- Wanaka remains the hardest place to transition from renting to home ownership. The current ratio is 32.365 (June 2018). The gap between renting and buying has decreased in Queenstown Ward in the last year (30.873) and has also decreased in Arrowtown (29.514) in that same period.

Commentary:

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

2.7 Housing Affordability Measure - Buy – Wider Context

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



Latest Results: (There is a 12-month lag in this indicator - current data is for June 2017).

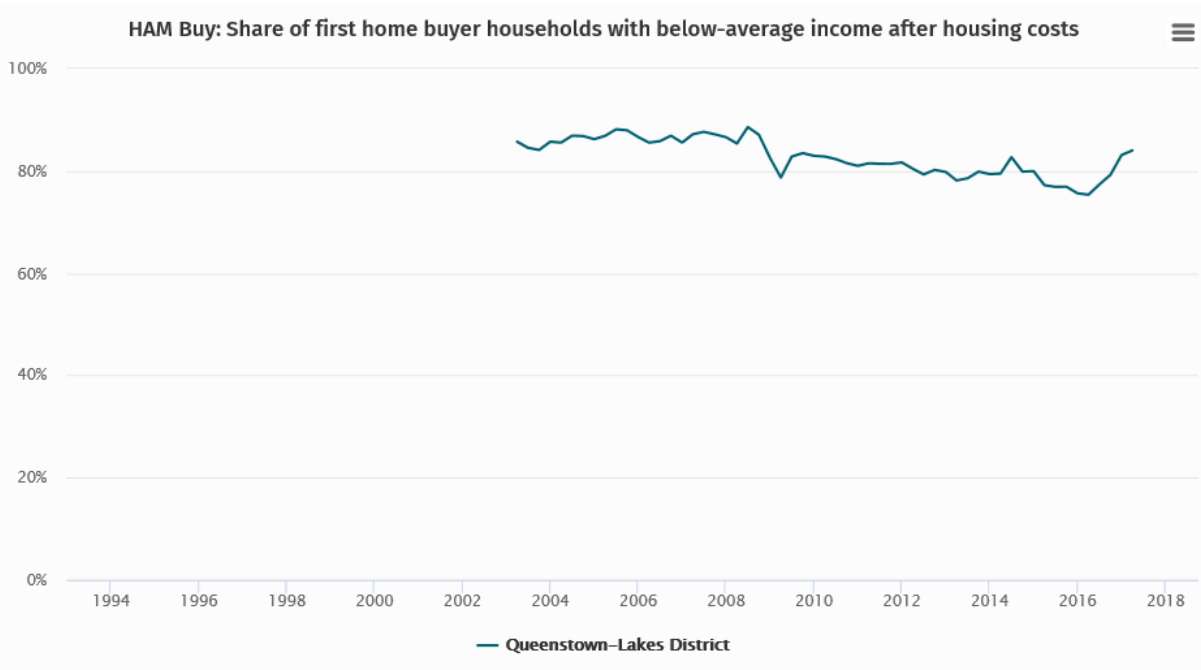
- The latest data shows that Greater Tauranga still has the highest share (86.910% compared to 83.926% in June 2017) of first home buyer households that would have a below average residual income after paying housing costs, followed by Whangarei (84.848%) and Auckland (84.226%).
- By comparison, the share in QLD is 87%, which has increased by 8.69% from June 2016 (77.350%), with all other high growth areas having relatively better affordability for first home buyers, with the Greater CHCH (73.895%) and Greater Wellington (71.740%) being the most affordable.
- QLD has the highest annual increase in percentage points of the high growth areas (6.65% since June 2017).

Commentary:

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

2.8 Housing Affordability Measure – Buy

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



Latest Results: (There is a 12-month lag in this indicator - current data is for June 2017).

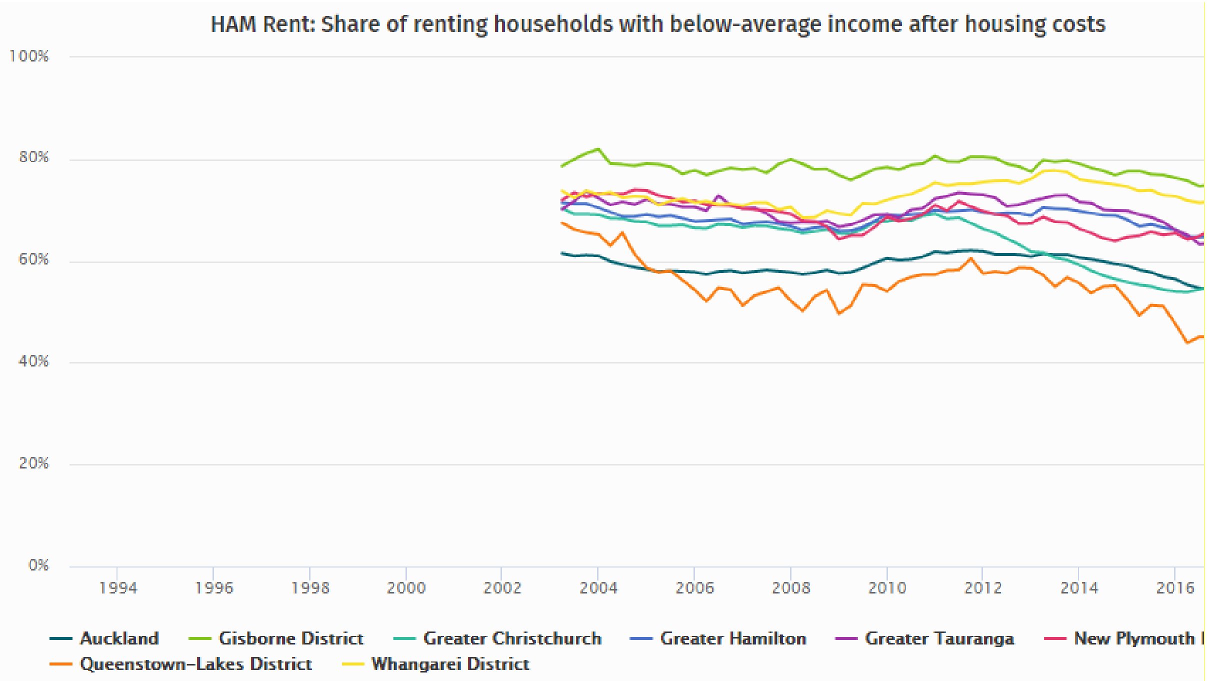
- The latest data shows that on average across QLD, 87% of first home buyer households would have a below average residual income after paying for housing costs.
- This percentage share has risen since June 2016.
- Compared to the same time a year ago (June 2016), the percentage has risen by 8.69 percentage points (from 78%).

Commentary:

As above, this indicator needs to be interpreted with care as the average NZ income does not reflect local earning conditions in QLD – where the average income is generally lower. There has been variability in this indicator over the time series with frequent ups and downs, although a generally improving trend is evident for first home buyer affordability since 2005. Overall, this indicator shows that affordability for first home buyers is low across QLD.

2.9 Housing Affordability Measure - Rent – Wider Context

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



Latest Results: (There is a 12-month lag in this indicator - current data is for March 2017).

- The latest data shows that on average Gisborne has the highest share (74.941%) of renting households that would have a below average residual income after paying for housing costs, followed by Whangarei with 70.932% and New Plymouth (66.845%).
- By comparison, the share in QLD is 42.33%, still the lowest of the high growth areas.
- Rental affordability has improved over the last 12 months for the majority of the high growth areas with the exception of QLD, Greater CHCH and New Plymouth.

Commentary:

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

2.10 Housing Affordability Measure – Rent

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

Latest Results: (There is greater than a 12-month lag in this indicator - current data is for June 2017).

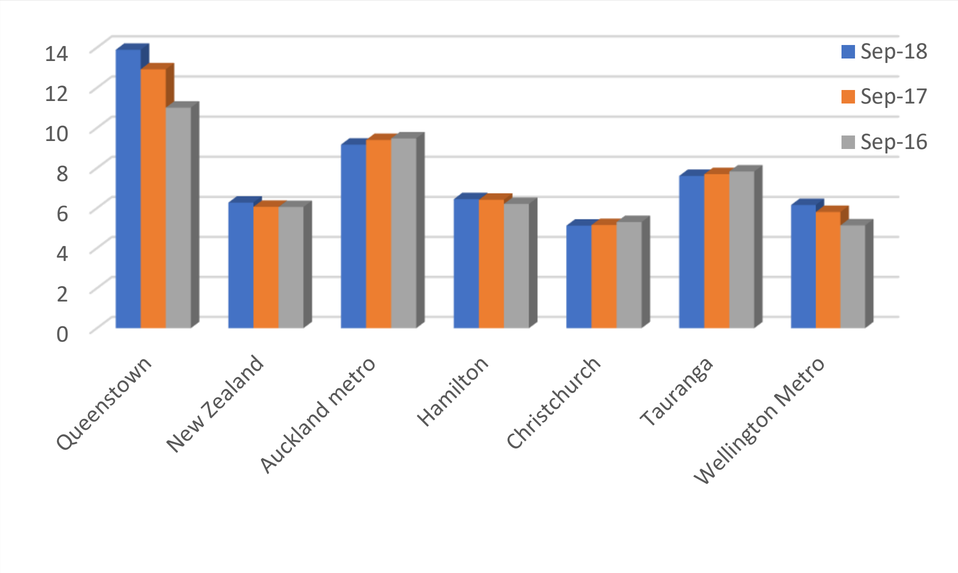
- The latest data shows that on average across QLD, 42.33% of renting households would have a below average residual income after paying for housing costs.
- This percentage share has decreased in the last quarter by -0.21 percentage points (from 42.54% in March 2017- the lowest level since the time series began in March 2003).
- Compared to the same time a year ago (June 2016), the percentage has decreased by -3.24 percentage points (from 45.57%).

Commentary:

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

2.1 House Price to Income – Wider Context

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



(Source: https://www.interest.co.nz/property/house-price-income-multiples, September 2018)

Latest Results:

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

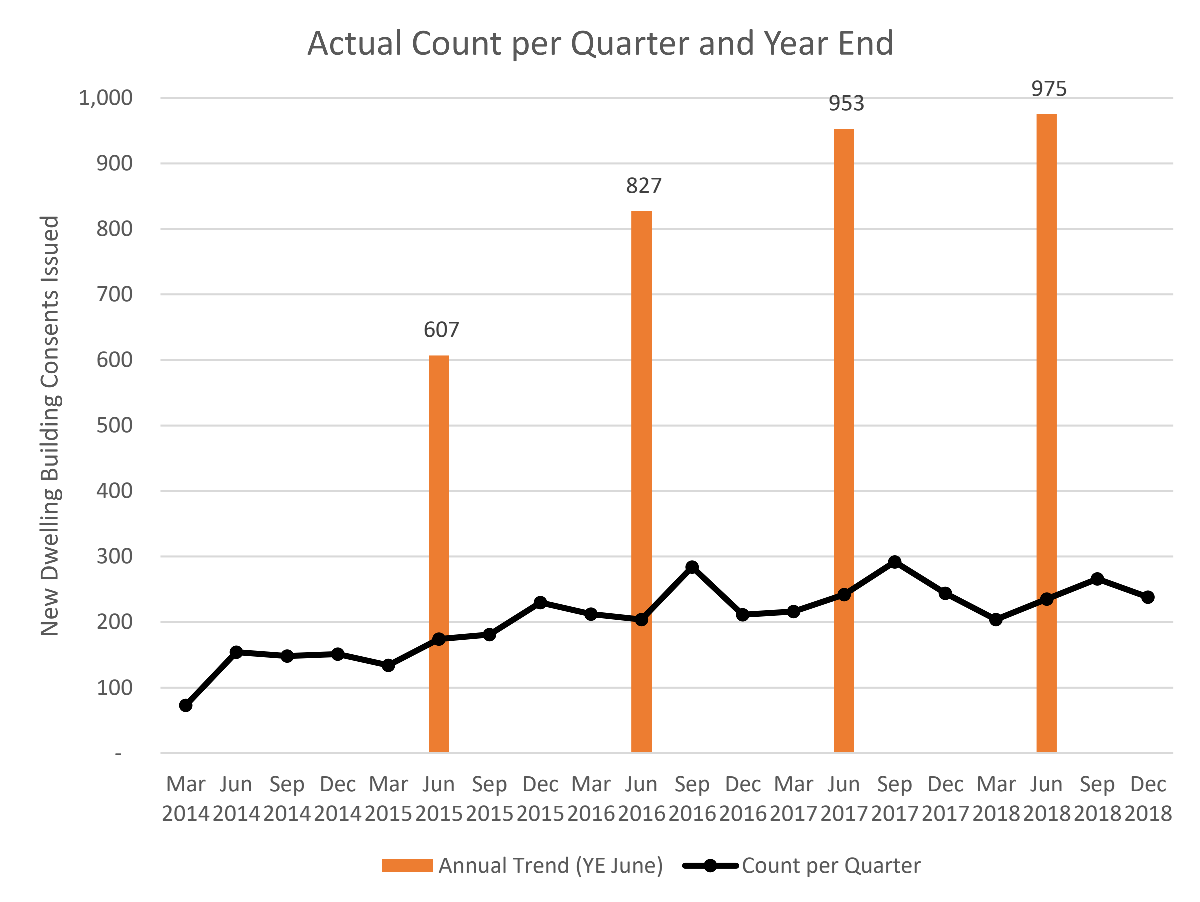
Commentary:

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

3 Building Consents

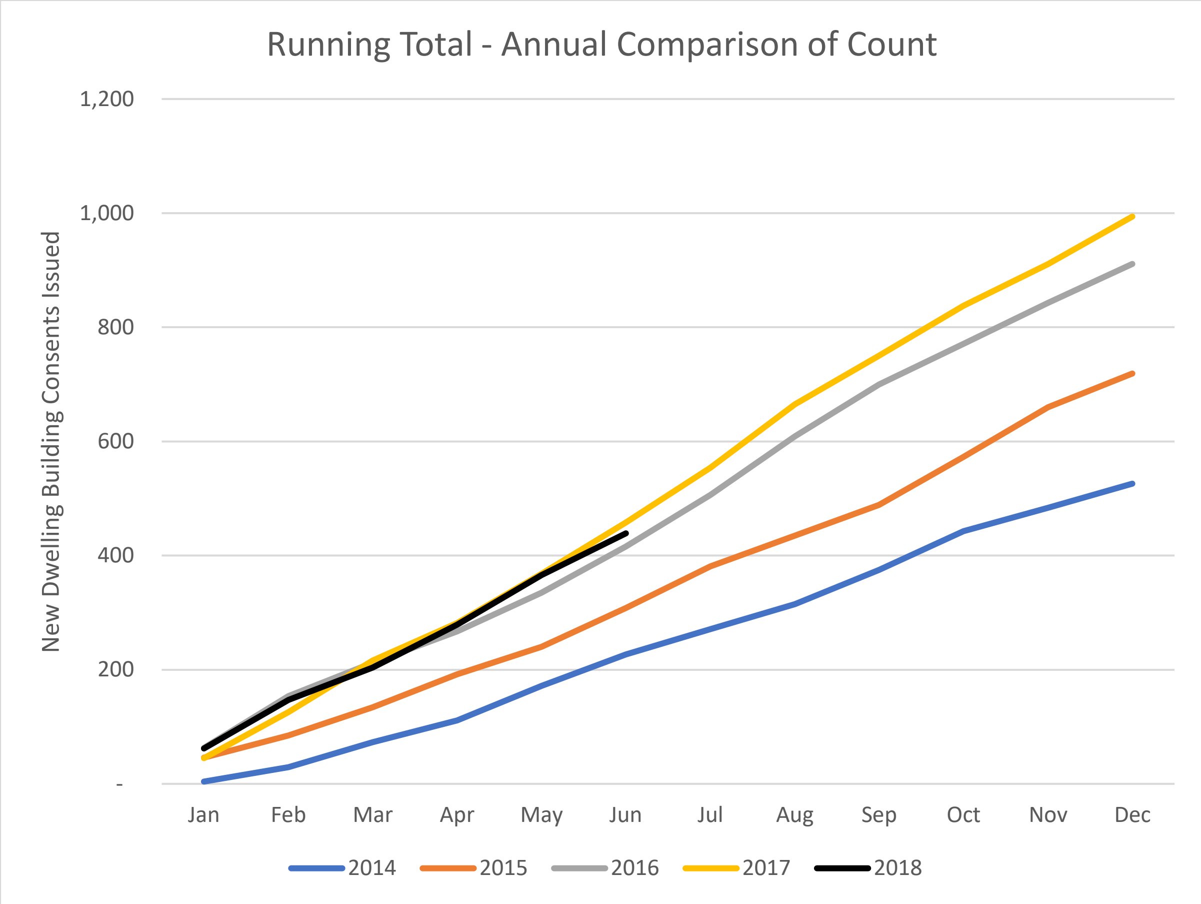
3.1 New Dwelling Consents Issued

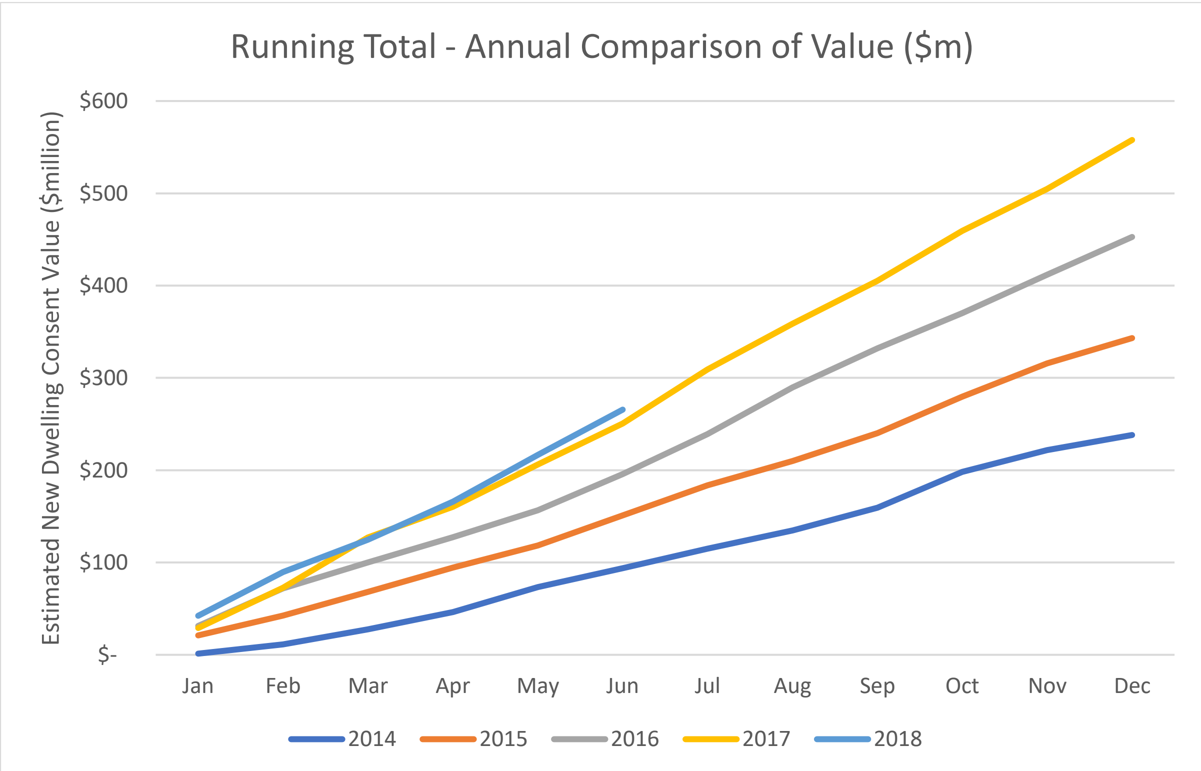
About this indicator: This indicator tracks the actual count of new dwelling building consents issued by QLDC each quarter and year (compiled from total district monthly data). Estimated value of consents is also monitored.



Latest Results:

- There were 235 new dwelling consents issued in the June 2018 quarter. This is 31 more consents issued compared to the March 2018 quarter (12%).
- This is down on the same quarter a year ago (June 2017) where there were 242 dwelling consents issued.
- Over the last 12 months (YE June 2018), there have been a total of 975 new dwelling consents issued. This is an increase of 22 consents (4%) compared to the previous year (953 in YE June 2017).
- In terms of the estimated value of new dwelling consents, the total value in the June 2018 quarter was approximately $266m, which is above the equivalent quarter in 2017 ($250m) and well above the same quarter in earlier years.
- The average value of new dwelling consents issued in June 2017 was $672,260. This was approximately $49,075 higher than in March 2017 ($579,876, up 11%).


Running Total - Annual Comparison of Count
New Dwelling Building Consents Issued
1,200
1,000
800
600
400
200
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2014
2015
2016
2017
2018

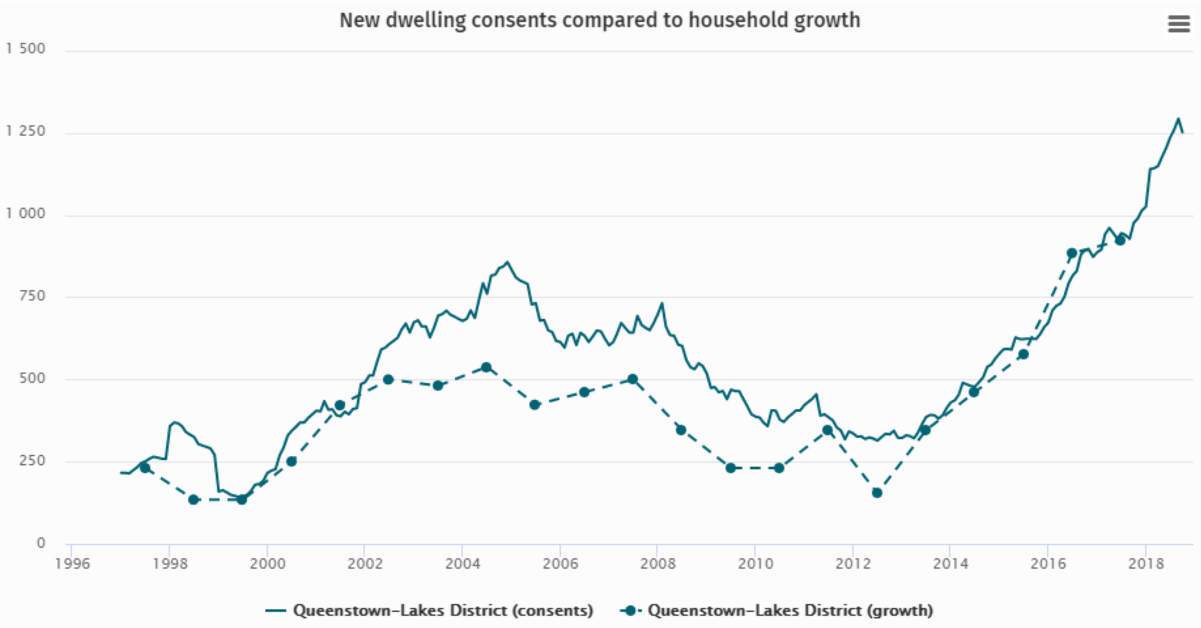

Running Total - Annual Comparison of Value ($m)
Estimated New Dwelling Consent Value ($million)
$600
$500
$400
$300
$200
$100
$-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2014
2015
2016
2017
2018

Commentary:

The count of dwelling consents in 2018 was close to those in 2015, 2016 & 2017. As at June 2018, the running total suggests there is going to be a slightly lower overall count for the full year compared to 2017 if current trends continue. In value terms however, so far in 2018, the annual trend of increasing dwelling consent values continues.

3.2 New Dwelling Consents vs Household Growth

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



Latest Results:

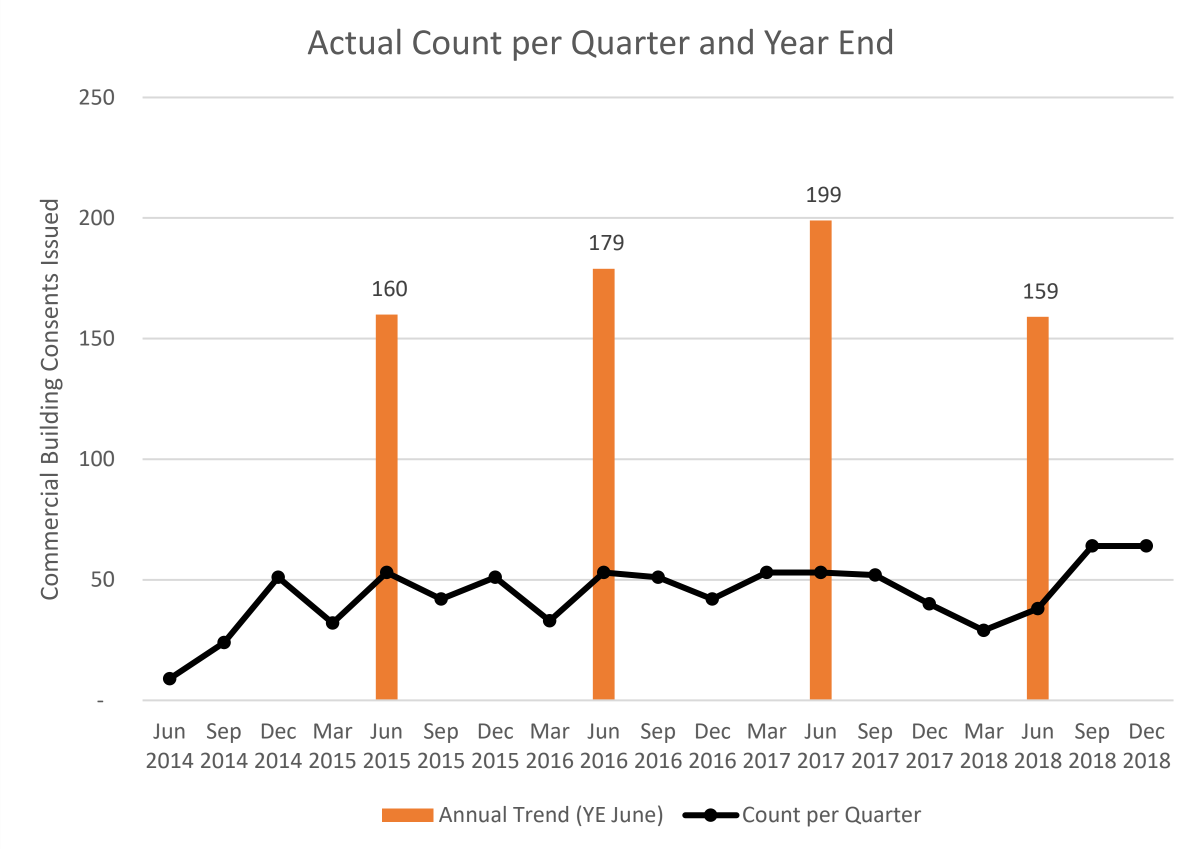
- This indicator contains new dwelling consents and estimated household growth up to June 2017. Due to built-in lags, care is needed when comparing new dwelling consent data with the previous indicator.
- The results show sharp increase in dwelling supply relative to the previous month (YE June 2017, but equally, there have been ups and downs in the rolling average of supply in the previous few months, so this may be a short-lived climb.
- Relative to the June 2017 household growth estimate, supply of new dwellings is only marginally higher (975 additional dwelling consents compared to 923 additional resident households over the last 12 months).

Commentary:

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

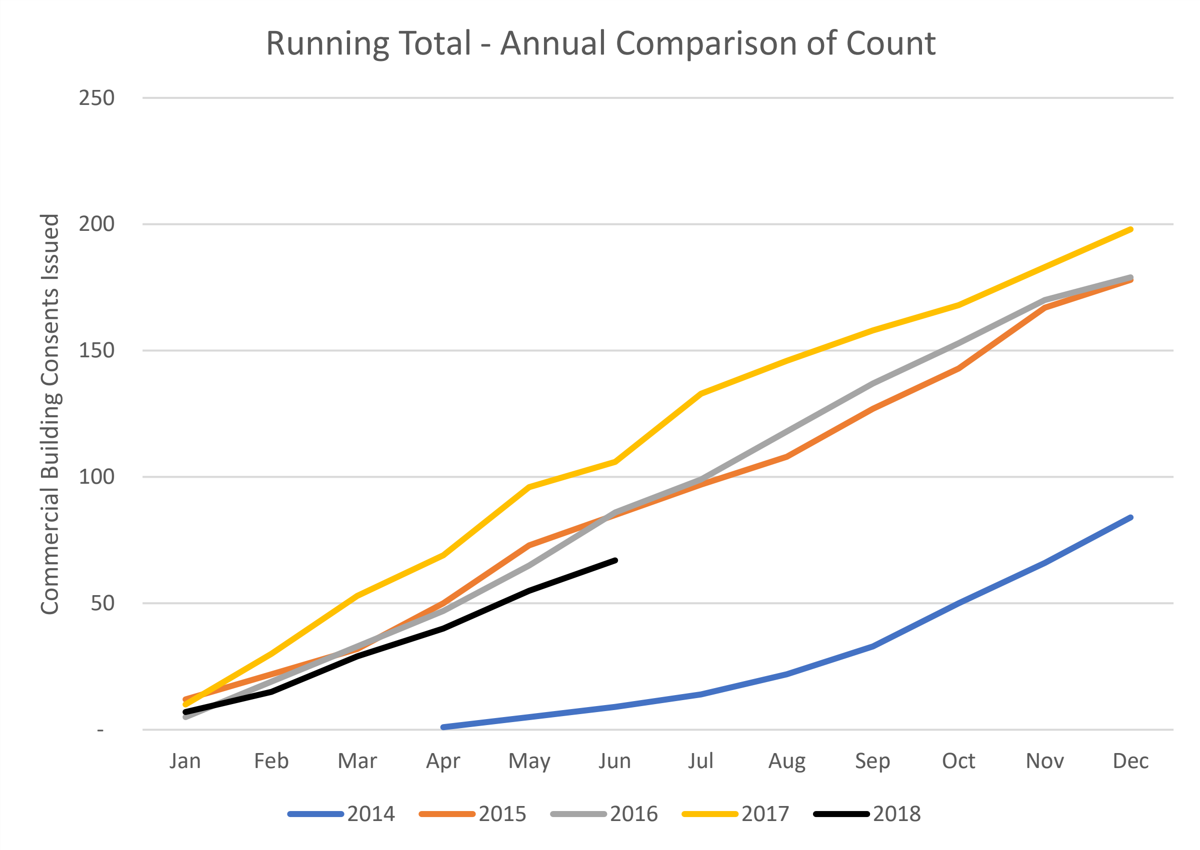
3.3 Commercial Building Consents Issued

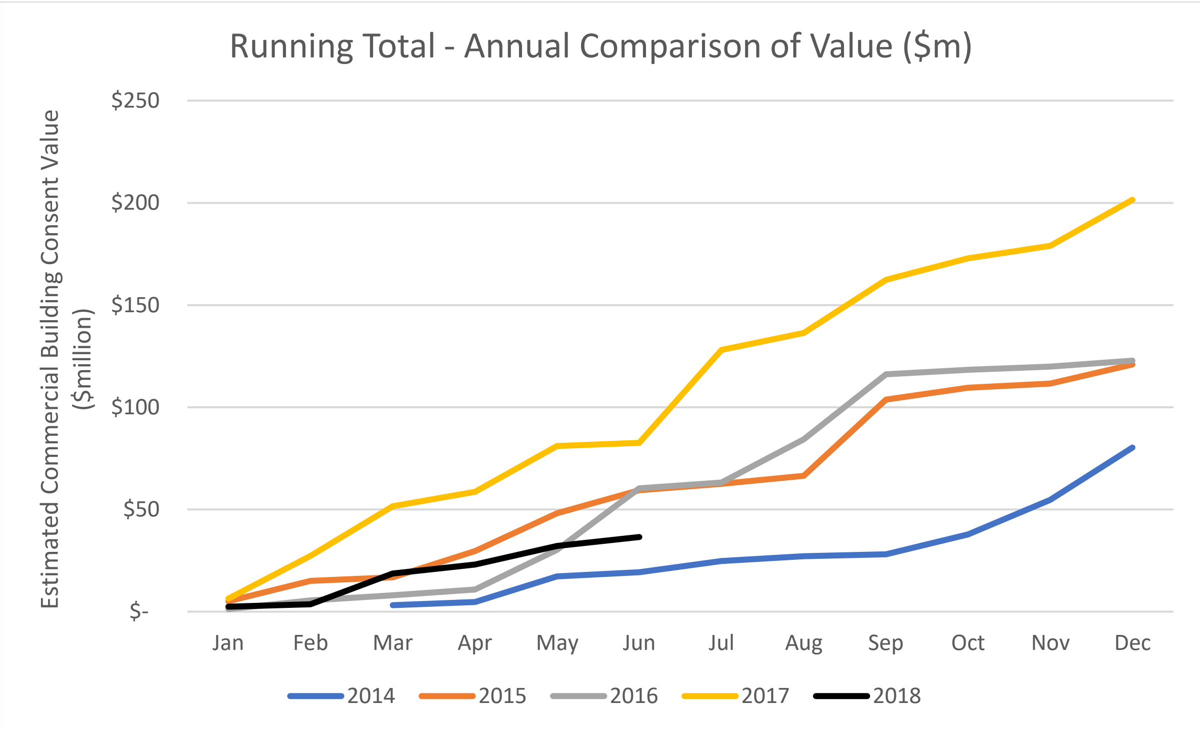
About this indicator: This indicator tracks the actual count of commercial building consents issued by QLDC each quarter and year (compiled from total district monthly data). Estimated value of consents is also monitored.



Latest Results:

- There were 38 commercial building consents issued in the June 2018 quarter. This is the less than the count of consents issued in the March 2018 quarter.
- This is also less than the June quarter a year ago (June 2017) where there were also 38 commercial building consents issued.
- Over the last 12 months (YE June 2018), there have been a total of 159 commercial building consents issued. This is a decrease of 40 consents (21%) compared to the previous year (199 in YE June 2017).
- In terms of the estimated value of commercial building consents, the total value in the June 2018 quarter was approximately $37m, significantly less than the equivalent quarter in 2017 ($83m).
- The average value of commercial building consents issued in June 2018 was $358,583. This was approximately $772,439 lower than the March 2018 average ($1,081,023, down 88%).





Commentary:

Commercial buildings have a less steady supply increase and are heavily influenced by a smaller number of large developments in new greenfield or brownfield commercial zones. Consent value is strongly influenced by the type of consent with greater variability in commercial consents than residential consents. So far (i.e. as at June), 2018 the count and value of commercial consents issued is lower than in the previous three years.