

BEFORE THE SELWYN DISTRICT COUNCIL

Under	the Resource Management Act 1991
In the matter of	Proposed Plan Change 72 to the Operative Selwyn District Plan: Prebbleton
And	Trices Road Rezoning Group (The Applicant)

BRIEF OF EVIDENCE OF CHRISTOPHER FRANCIS JONES (REAL ESTATE)

Duncan Cotterill

Solicitor acting: Katherine Forward/Derek McLachlan
PO Box 5, Christchurch 8140

Phone +64 3 546 6223

Fax +64 3 546 6033

Katherine.forward@duncancotterill.com

Derek.mclachlan@duncancotterill.com

STATEMENT OF EVIDENCE OF CHRIS JONES

INTRODUCTION

1. My full name is Christopher Francis Jones. I am a licensed real estate agent. I have 20 years' experience in real estate specifically in the Selwyn District and 12 years' experience selling down residential subdivisions South and South West of Canterbury. I have sold over 2,500 sections within this time.
2. I have extensive experience selling sections and houses within Prebbleton. Some larger developments in recent years include The Woodlands Development (approximately 40 sections), Pemberley Estate (approximately 22 sections) and the Village Estates (approximately 60 sections).
3. I am familiar with the plan change application (PC72) prepared by Trices Road Rezoning Group (The Applicant) to rezone approximately 28.7ha of land on the southern edge of Prebbleton and bound by Trices, Hamptons and Birchs Roads, from the Inner Plains to Living 3 and Living Z to enable approximately 290 residential sites. I understand that the Applicant has recently revised its proposal to provide for Living Z zoning across the entire site in accordance with the recommendations made by the 42A Report.

CODE OF CONDUCT

4. While this is a Council hearing, I confirm that I have prepared this evidence in accordance with the Code of Conduct for Expert Witnesses Code of Conduct for Expert Witnesses contained in Part 7 of the Environment Court Practice Note 2014. The issues addressed in this statement of evidence are within my area of expertise except where I state that I am relying on the evidence or advice of another person. The data, information, facts and assumptions I have considered in forming my opinions are set out in my evidence. I have not omitted to consider material facts known to me that might alter or detract from the opinions I have expressed.

SCOPE OF EVIDENCE

5. My Evidence will address the housing market in Prebbleton, including the high levels of demand that presently exist, and the lack of supply coming onto the market. In the preparation of this evidence, I have also reviewed the economic evidence of Mr Colegrave (Economics) and Mr Sellars (Valuation) and refer to their evidence where relevant.

PREBBLETON HOUSING MARKET - DEMAND

6. Under the pressures of the current market, I am fielding calls daily from prospective purchasers seeking listings or information on when sections will be available to the public. I have a number of developers, builders, investors and home owner clients who are wanting to buy development land in Prebbleton. The competition is fierce. I have not been able to provide them any positive news on when a significant supply of sections may become available. As discussed below, this situation in Prebbleton is particularly dire.
7. Prebbleton is the third largest township in the Selwyn district, behind Rolleston and Lincoln respectively (as quoted in the 2018 census) and is undergoing considerable growth. The population of Prebbleton township increased by 62.8% between 2013 and 2018 to 4,515 residents. Mr Colegrave has identified that the population has already reached 5020 in 2021, exceeding all Statistic NZ predictions.¹ Growth in Prebbleton is inevitable, and is only being constrained by the supply of new sections.
8. Historically, Prebbleton has served a slightly different market than what is proposed by PC72. One of the key attractions of the Prebbleton market was the low-density rural environment of the townships where there are very few two-level residential dwellings. This is demonstrated by the fact that majority of sections within Prebbleton are sized within the 800-899m² range.² Only 4.9% of the Prebbleton housing stock within Prebbleton is below 500m².³ However, these large lots are a hangover from the post-earthquake recovery development which saw the early development of Prebbleton exhibit a large number of sections at the 4000m²-5000m² size.
9. In more recent times, the feedback I have received from prospective purchasers is that the opportunity to secure a section in a desirable location is of higher priority than the size of the section itself. While larger sites would sell, the demand for this section size bracket has been outstripped by demand for smaller sections. These enquires inform me that the greatest need for residential rezoning is for housing between 400m²-700m², in that it provides both choice and affordability to those purchasers looking to reside in the Selwyn District. The demand for these size sections is demonstrated by the rapid section sales of the Prevalles development (Living Z). In this regard, I consider the proposed Living Z zoning to be more consistent with market demand than rural or rural residential zoning.
10. With respect to rural residential living, in my experience the smaller very low-density residential lots are preferred – 2000m²- 3000m² rather than 5000m² – 1 ha. These are more affordable and manageable than larger sites. They provide an open spacious character that can accommodate a large garden and outdoor recreation facilities such as a swimming pool

¹ Evidence of Mr Colegrave at [19]

² Evidence of Mr Sellars at [6.4]

³ Ibid

and/or tennis court but without the need for some kind of very low-level rural use to maintain the balance surplus land.

11. Generally, those moving to Prebbleton are 2-3rd generation homeowners, often at the 'family stage' requiring space for their children. Prebbleton has been an attractive market because it provides the stand-alone home, but within commuting distance to inner Christchurch. It is common for the purchasers to have some employment in the Selwyn District but given the ease of the commute to inner Christchurch, it is no longer a deterrent for those who do work in the Christchurch city centre. Another common cliental are those at the 'retirement' end of the spectrum, who are looking for a low-maintenance new-build options, with higher spec construction to provide easy warmth, heating, and maintenance. The price of sections/houses in Prebbleton has often been a prohibitive factor for first-home buyers, so I wouldn't categorise them as a main purchaser within the Prebbleton market.
12. Prebbleton also contains amenities that can service the needs of growing population which are attractive to a prospective purchaser. For example, the new commercial development that is currently under construction on Springs Road, and another proposed commercial development at the corner of Springs Road and Toswill Road will provide healthcare facilities, doctors, chemist, gym, retail shops, cafes and restaurants. The newly built Fresh Choice supermarket is the only supermarket in Prebbleton and in a short space of time has proven to be very popular and well supported by the locals.
13. Furthermore, there are two retirement villages, currently approved and under construction. Bupa Ashford Village has a potential residency of 230 people and the Summerset Village (under construction) with a potential residency of 450 people. In my experience, my elderly clients have had to move away from their home and family to another suburb to cater for their needs as they grow older. Prebbleton can now provide those amenities for those in their later years.
14. Mr Sellars describes the Prebbleton market as "*...a dysfunctional market where there is virtually no supply or choice with uncompetitive market practices being adopted by vendors and extreme price escalation.*"⁴ This accurately describes my experience of the market in recent times, where lack of housing supply has allowed vendors to dictate the market. For example, The Prevelles subdivision located on Toswill Road opposite the Domain offered 122 sections. All three stages have been sold by ballot due to unprecedented demand. All have been sold prior to infrastructure and services being provided on site. Stage One is currently being built on, and Stage Two is currently having the infrastructure and services developed, with Stage Three yet to be started.

⁴ Ibid at [4.4]

15. Historically, it was common for sections to be sold by set price, but ballot sales became popular due to the sheer demand for sections (as noted above, the Prevalles development was sold via ballot). For individual sections, existing houses or smaller developments, auctions and deadline sales are preferred. While properties may be 'passed-in' at auction, they sell shortly after following discussions with prospective purchasers. This is a reflection on the high reserve price vendors are placing on their properties prior to auctions, rather than a lack of demand.
16. The average section price in Prebbleton has also increased by approximately 100% in the last 12 months alone. Mr Sellars also demonstrates this within his evidence where he identifies two comparable sales within the Prebbleton District. Both sections are within the Prevelles subdivision discussed above.⁵ I agree with Mr Sellar's position that these levels of price escalation are extreme even in the buoyant market and provide clear indication of a constrained supply.⁶
17. While there has been a clear movement towards smaller sections, those who move out to townships such as Prebbleton still seek a high amenity outcome. That high amenity outcome may be compromised if land is developed to the scale anticipated within the Housing Enabling Bill (to three storeys). PC72 forms an opportunity to provide a well-designed development that respects the existing Prebbleton environment. The *housing quality vs housing supply* balance may not be struck under the requirements of the Housing Enabling Bill. The concerns with the potential outcomes of the Housing Enabling Bill are also shared by Mr Sellars.⁷
18. As prices have increased over recent years, I have observed a trend of purchasers moving further away from central Christchurch to find affordable sections. Often a primary objective is to secure a stand-alone home, as opposed to a townhouse. In the past, this meant moving to townships such as Prebbleton, Rolleston, and Lincoln. However, as housing supply within these townships have been exhausted, many purchasers have settled further afield in areas such as Leeston, Darfield or even Rakaia. We are now seeing a large increase in demand in these areas. Many of these purchasers must still travel to Central Christchurch, which is an inefficient use of infrastructure, particularly from a carbon footprint perspective. It makes sense for the transportation network to be used efficiently, by locating townships within proximity to existing connections. PC72 is a great example of locating development close to existing infrastructure, reducing the demand for sections further afield. I have read the s42A author's summation at 246, which is consistent with my own observations of the market:

⁵ Ibid at [6.28]-[6.30]

⁶ Ibid at [6.31]

⁷ Ibid at [9.4]-[9.7]

“Conversely it is likely to result in higher overall emissions than if that growth was accommodated via infill within Christchurch. I am not convinced that the townhouse infill market in inner Christchurch is readily interchangeable or able to be substituted for stand-alone family sized homes in townships such as Prebbleton. To me they appear to be largely separate markets, a point recognised in the Greater Christchurch Housing Capacity study. Should substitution occur through a lack of capacity within the Inner Plains townships, in my view it is more likely that future homeowners who are seeking a new detached family home are more likely to go further afield to take advantage of the zoned capacity in Outer Plains townships such as Leeston or Darfield as opposed to substituting for a townhouse in St Albans or Riccarton.”

[my emphasis]

PREBBLETON HOUSING MARKET – SUPPLY

19. My recent experience is that the supply of residential sections in Prebbleton is non-existent. This is demonstrated in Mr Sellars Evidence,⁸ which identifies only 46 vacant sections available within Prebbleton. Of these, only 3 are currently for sale.
20. This is then compiled by the lack of sections likely to come on-line within the foreseeable future. Mr Sellars has identified a total of 88 sections currently under development.⁹ The majority of these are contained within the Prevalles development, of which all 64 sections have already been sold. While we can expect some secondary market sales before or just post construction, it will not be sufficient to service the high levels of demand. There is no guarantee that these sections will even become available to the public again.
21. In 2020, there were 105 new residential dwellings were issued building consent in Prebbleton.¹⁰ This number is likely to decline in 2021 because of the lack of developed residential land being available. I do not consider a decrease in the number of building consents issued to be caused by lack of demand of the market at all, rather simply that there are no new sections made available for development. While the number of consents may have stabilised, the corresponding demand has not.
22. From my experience, people are far more likely to pay increased prices where there is a lack of available zoned land. Where there is zoned land, even if a developer chooses to hold onto it and not develop, people are less likely to purchase sections and houses at inflated prices. There is at least some certainty for purchasers that sections will come on-line again in the future. For lack of a better phrase– the market can be driven by a ‘fear of missing out’. Unfortunately, because there is no certainty that sections will come available, it is inevitable

⁸ Ibid at [7.3]

⁹ Ibid at [7.4]

¹⁰ Ibid at [6.7]

that section prices will continue to inflate as they have done over recent years. It is not unforeseeable that house and land packages within Prebbleton could reach one million within the short-term future. This is what we are seeing in markets such as Halswell where house and land packages for 400m² - 500m² sections are selling for \$900,000.

23. Mr Sellars also provides detail on the available sections in the broader Selwyn context. These findings are particularly concerning as they demonstrate a lack of supply throughout four main townships within Selwyn (Prebbleton, Lincoln, Rolleston, and West Melton).¹¹ Again, this is consistent with my own observations of the market – there is a complete lack of supply.

SUMMARY OF POSITION

24. The feedback that I am receiving from prospective purchasers is that there are high levels of demand within the Selwyn District generally, but also the Prebbleton township specifically, as it provides for high amenity sections within the standard to medium density range.
25. A particularly concerning aspect of Mr Sellars evidence is that while the section size has decreased significantly in Prebbleton since the initial Christchurch rebuild, the price of sections has continued to rise exponentially. This is consistent with what I am experiencing on the ground. I consider that this continued price inflation can only be resolved by bringing more sections to the market and PC72 forms an important part of the puzzle of responding to the housing supply crisis.
26. PC72 provides an opportunity for 290 high quality sections (or potentially more if the Tuff and Drinnan land is now included within the proposal). I consider PC72 to be a significant opportunity for Selwyn District to start addressing the housing supply shortage being experienced throughout the Selwyn District, while importantly for my Prebbleton cliental, ensuring high quality outcomes.

14 January 2021

Christopher Jones

¹¹ Ibid at [8.2]