

Appendix 4: Analysis of New Residential Construction and Land Availability



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Analysis of New Residential Construction and Land Availability

Prebbleton Selwyn District

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Client

Birchs Village Limited

Summary

This report has been commissioned to provide an analysis of new residential construction and land availability in the township of Prebbleton, Selwyn District, for the purposes of understanding what the current demand for new housing in the township is and what it is likely to be over the next three to five years.

Unless otherwise stated, the data, tables and graphs in this report have been compiled from the Monthly Building consent reports for new residential dwellings as provided by the Selwyn District Council

Spreadsheets containing the specific data sets and analysis have been made available supplementary to this report

Other information, including Census numbers and Occupied Dwelling numbers have been taken from Statistics New Zealand, via <https://www.stats.govt.nz/> and <http://nzdotstat stats govt nz/>

Maps and geographical boundaries have been taken from <https://statsnz.maps.arcgis.com/>

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Table of Contents

About this Report	2
Prebbleton	4
Current Population	6
Projected Population Growth.....	8
Occupied Dwellings	14
New Residential Construction	15
Potential for continued growth in Residential Construction	17
Demand for Land	20
Increase in the demand for housing affordability	20
Increasing Commercial and Industrial Business Activity	20
Government Policies	20
Subdivisions and Developments in Prebbleton	21
ODP Area 4 + new developments	23
New Residential Construction in Prebbleton	25

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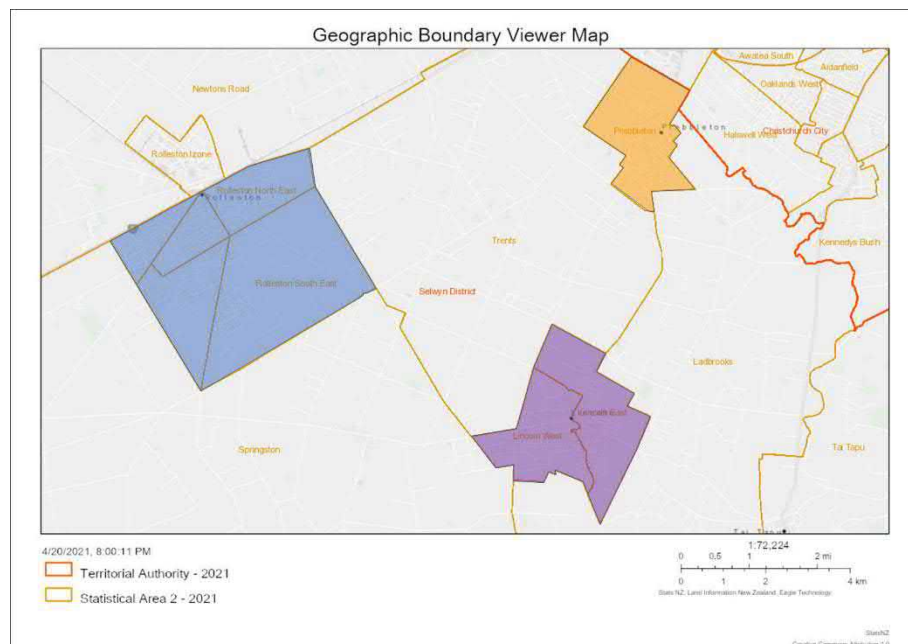
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Prebbleton

Prebbleton is the third learest township in the Selwyn district, behind Rolleston and Lincoln respectively



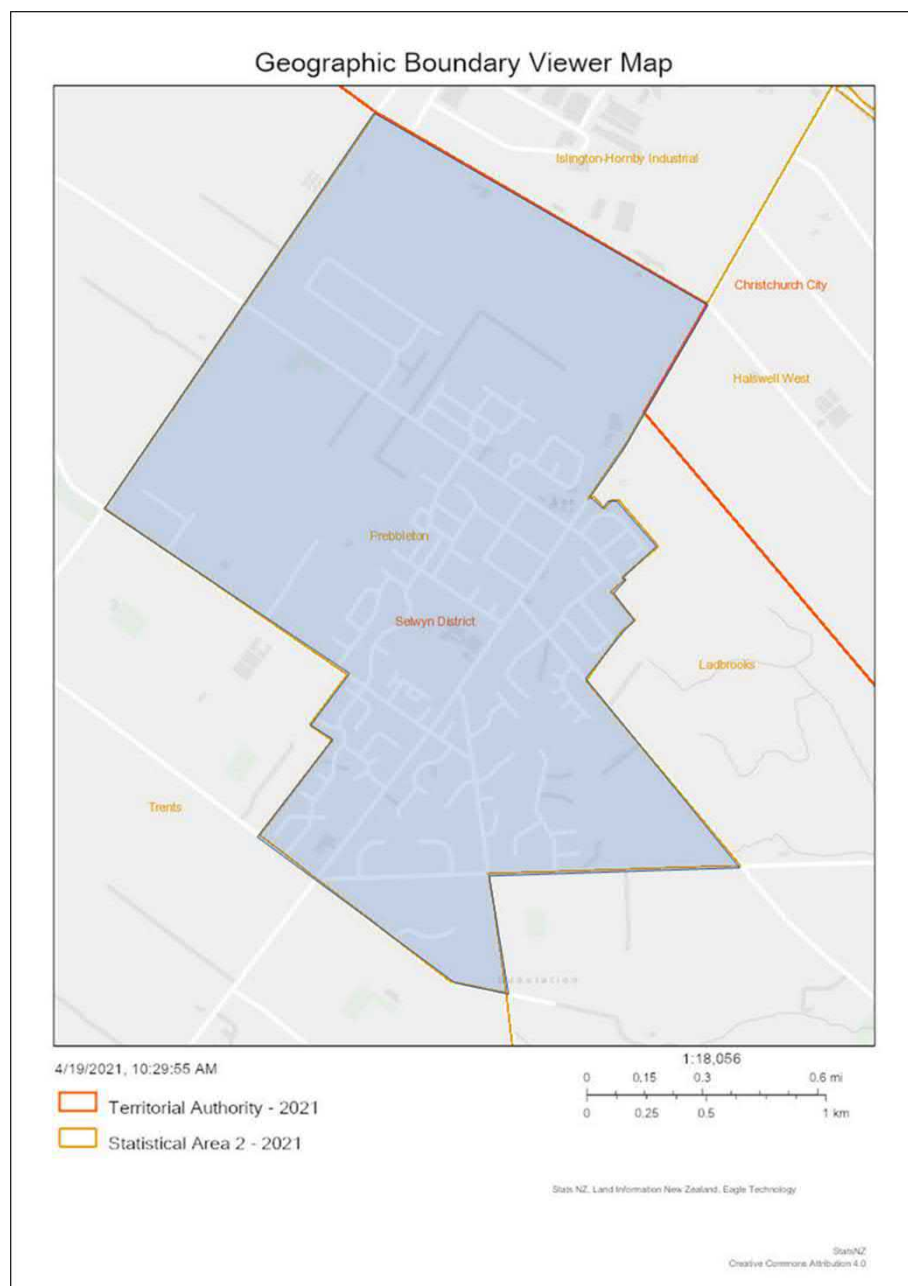
Source: Statistics New Zealand

At the 2018 Census, Prebbleton was reported as having a population of 4,515 residents, which is slightly smaller than the combined population of Merivale and Fendalton (4,902) in Christchurch and Woodend (5,421) in Waimakariri

The geographical area of the township covers approximately 5.10 Sq km (510 Ha), and at the 2018 census reported a total of 1,539 dwellings

Traditionally, Prebbleton has been seen as a “country town”, despite being located less than 3 km south of Halswell in Christchurch. This is partly driven by its historical background as a mainly farming and rural community, but also for its larger residential sections and lifestyle blocks.

Since the 2010 and 2011 Christchurch earthquakes, Prebbleton, like much of the broader Selwyn district, has seen a significant growth in population and the subsequent demand for new residential housing.



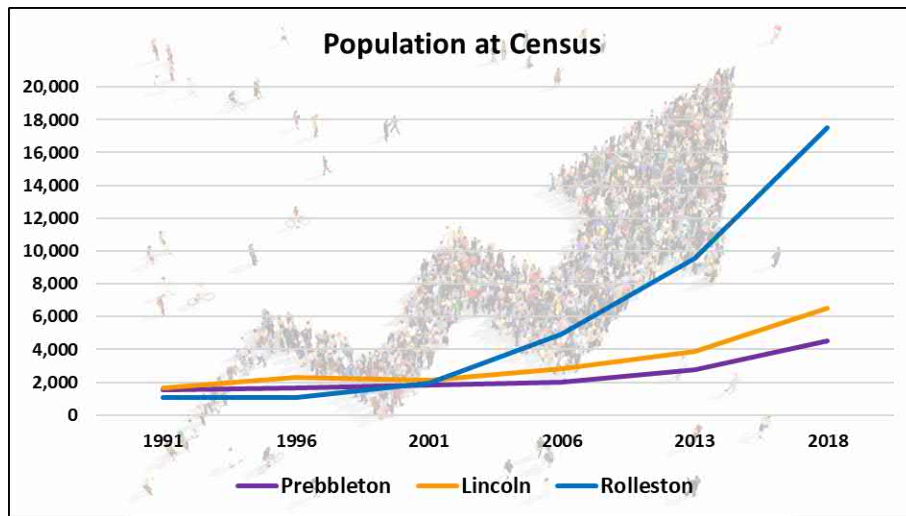
Source: Statistics New Zealand

This has put pressure on existing residential zoned land and seen the development of a number of new greenfield subdivisions and the application for rezoning of several blocks of land for residential development.

This report looks at the number of new residential dwellings that have been consented across the Prebbleton township in recent years, as well as the corresponding population growth, with the aim of trying to understand the potential ongoing demand of development across the township

Current Population

The graph and tables below have been compiled from Census data from Statistics New Zealand



Population at Census			
Year	Prebbleton	Lincoln	Rolleston
1991	1,515	1,629	1,044
1996	1,674	2,319	1,053
2001	1,833	2,139	1,974
2006	2,001	2,820	4,959
2013	2,772	3,867	9,555
2018	4,515	6,510	17,499

Source: Statistics New Zealand

In addition to reporting on population figures at Census time, Statistics New Zealand provide annual population estimates. These figures, based on information such as births and deaths, school rolls and migration numbers allow for an indicative analysis of population changes in between census results.

Estimated Population			
	Prebbleton	Lincoln	Rolleston
2019	4,850	7,500	19,860
2020	4,970	8,130	21,870

Source: Statistics New Zealand

From 2001 (well before the earthquakes), all three Selwyn townships started to see an increase in population. This was in part driven by increased net migration into New Zealand, but also from a limited supply of new subdivision development in neighbouring Christchurch, which saw new opportunities in the district.

Interestingly, in the early 1990's, Rolleston was the smallest of the three townships, however from the early 2000's this situation changed dramatically, with the population of Rolleston surpassing that of Lincoln and Prebbleton, and (as can be seen in the graph and table above) at the 2018 census had a population of approximately 60% more than Prebbleton and Lincoln combined

In 2000 the population of Prebbleton represented approximately 3.7% of the total population of the Selwyn District. By 2010 the population of Prebbleton had climbed to approximately 6.1% of the Districts population. In 2020 it is estimated that the population of Prebbleton is around 7.3% of the total population in the District.



Prebbleton 1964



Prebbleton 2018

Projected Population Growth

Statistics New Zealand and the Selwyn District Council have recently released updated figures estimating the projected population growth for the District through to 2048. These projections are measured in five year blocks to coincide with Census reporting.

Population growth projections are made using a range of Low, Medium and High numbers (as possible scenarios for growth). For the purposes of statistical analysis, the medium range is usually accepted as the most likely outcome.

Looking at the population numbers of the Selwyn District since 2001 (reference to the data in the chapter above), the actual growth has far outstripped even the most optimistic projections over the past ten years. Land development and residential construction across the District has accelerated following the earthquakes of 2010 and 2011 and is currently at an all time high. There is an extremely high level of confidence across the construction sector fuelled by both population growth and broader economic activity in the District.

For this reason, I have chosen to base the following population projections on the high range of numbers provided by Statistics New Zealand.

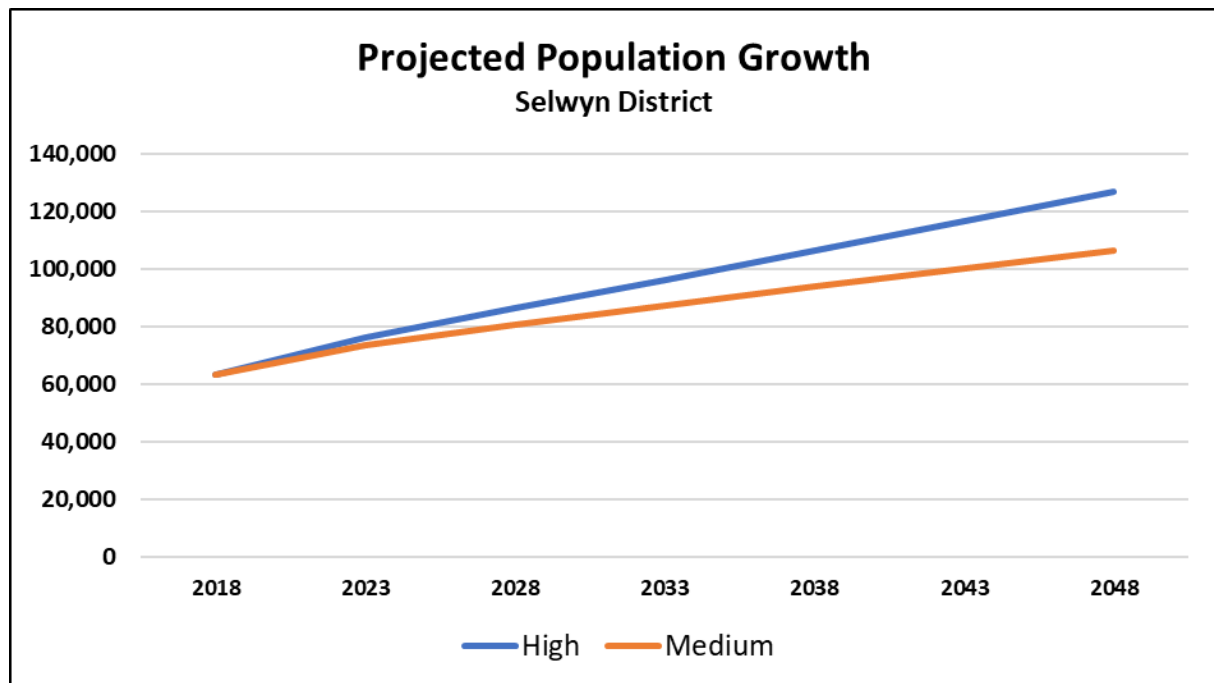
At this time neither Statistics New Zealand nor the Selwyn District Council have broken down these population projections into individual statistical areas (SA2 / townships), it is expected that this level of analysis will not be available until the end of this year (2021).

Please Note: The analysis of the projected population growth figures for Prebbleton included in this report have been based on the high range level of projected growth figures (as provided by Statistics New Zealand) and have used the current population percentage of the township compared to the population of the whole of Selwyn District.

The table and graph below show the projected population of the Selwyn District, in five year blocks, from 2018 to 2048.

As has been described above, given the significant level of residential construction and the increase in the estimated population growth over the past five years across the District, the high level estimates of growth have been used to anticipate growth in the demand for new residential dwellings in this report

	Projected Population Growth (Selwyn District)						
	2018	2023	2028	2033	2038	2043	2048
High	63,300	76,300	86,300	96,400	106,500	116,600	126,700
Medium	63,300	73,500	80,500	87,200	93,900	100,400	106,500



Source: Statistics New Zealand

For the purposes of this report, I have taken the projected population growth numbers for the periods 2019 to 2023 and 2024 to 2028 and broken them down to a yearly analysis.

This period of five to ten years reasonably represents the extent of any current and proposed residential development in the District. Projected population for any time frame further out than this is simply subject to too many variables with respect to changes in the market, the economy and other factors that would influence the residential construction sector.

The starting point for population projections is the estimated population of Selwyn District of 63,300 as at 30 June 2018 (as provided by Statistics New Zealand).

Please Note: This number is slightly higher than the population number recorded on Census night (60,561) and is adjusted by Statistics New Zealand to account for:

- residents missed or counted more than once by the census (net census undercount)
- residents temporarily overseas on census night
- births, deaths, and net migration between census night and the reference period
- reconciliation with demographic estimates at the youngest ages

The information below sets out how the annual projected population growth figures have been derived.

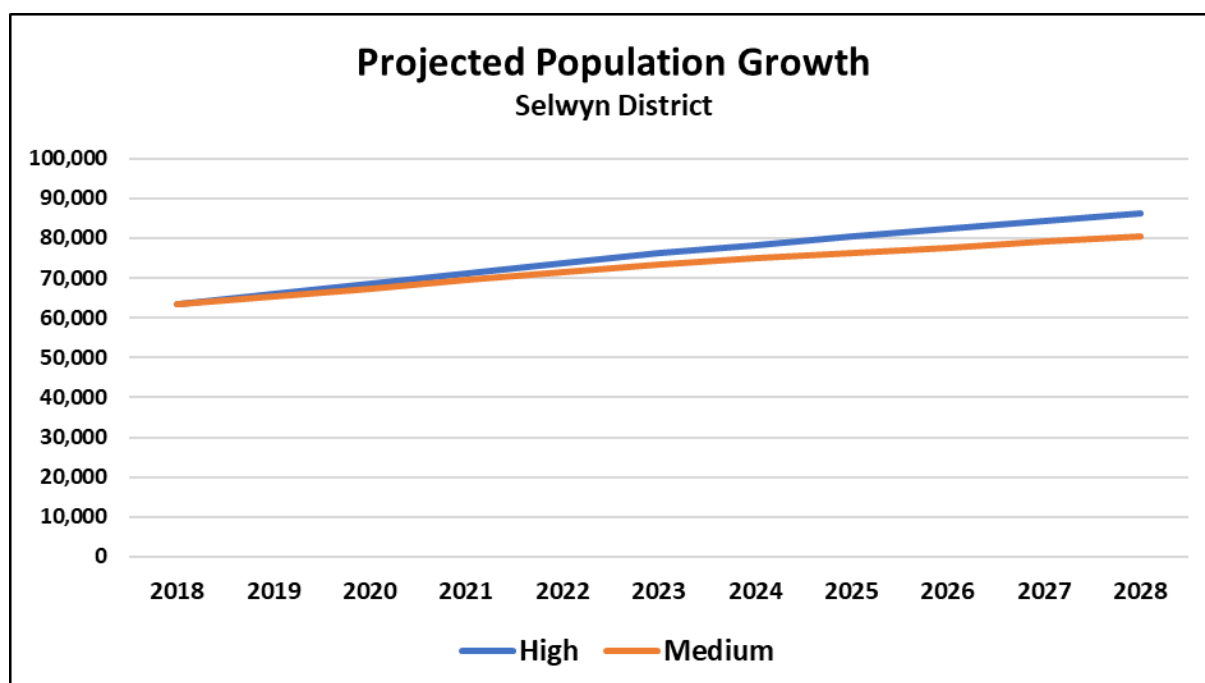
In 2023, the high level of projected population for Selwyn District is 76,300. This is a projected increase of 13,000 (from the 63,300 estimated population in 2018), which equates to an average increase of 2,600 people per annum for this five year period

In 2028, the high level of projected population for the Selwyn District is 86,300. This is a projected increase of 10,000 (from the 76,300 projected population in 2023), which equates to an average increase of 2,000 people per annum for this five year period

The table and graph below represent the medium level and high level average annual figures for projected population growth across the Selwyn District on an annual basis from 2018 to 2028 as per the information highlighted above.

Projected Population Growth (Selwyn District)											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
High	63,300	65,900	68,500	71,100	73,700	76,300	78,300	80,300	82,300	84,300	86,300
Medium	63,300	65,340	67,380	69,420	71,460	73,500	74,900	76,300	77,700	79,100	80,500

Source: Blackburn Management



Source: Statistics New Zealand. Population Growth Projections by Blackburn Management

From 2020 to 2023 the population of the Selwyn District is expected to increase from 68,500 to 76,300. This is an increase of more than 11% over this three year period or approximately 3.6% annually.

From 2023 to 2028 the population of Selwyn District is expected to increase from 76,300 to 86,300, which is also an estimated 13% increase over this five year period but just an average of 2.6% annually.

According to Statistics New Zealand, in 2020, the (adjusted) estimated population of the Selwyn District is shown as 69,700, as shown in the table below.

Population Estimates (Selwyn District)							
2013	2014	2015	2016	2017	2018	2019	2020
46,700	49,600	53,100	56,400	60,000	63,300	66,300	69,700

Source: Statistics NZ

This is 1,200 people more than the average growth projection of 68,500 based on the high level projections detailed in the graph and table above.

The reason for this difference between the two figures can most likely be attributed to the extra-ordinary level of growth in the District in recent years, which has seen the estimated population of the District increase at a faster rate than anticipated.

However, in an attempt to keep the projections as calculated and the explanations simple, I have chosen to use the projected population figure of 68,500 (for 2020) as set out below.

This reinforces the use of the high level population projections and suggests that growth over the next five years could be even higher than indicated.

The table below shows the medium and high numbers for estimated population growth in the Selwyn District from 2018 to 2028, simply to give a comparison.

From 2017 to 2020 the population of Prebbleton has been approximately 7.3% of the total population of the Selwyn District. This percentage has increased from approximately 6.1% in 2009 and 2010 and from approximately 3.7% in 1999 and 2000.

For the purposes of this report the projected population of Prebbleton from 2020 to 2028 has been estimated at 7.3% of the overall population of Selwyn District, which is likely to be a conservative estimate

The table below shows the projected population of Prebbleton, as 7.3% of the total population of the Selwyn District and is based on the high level projections

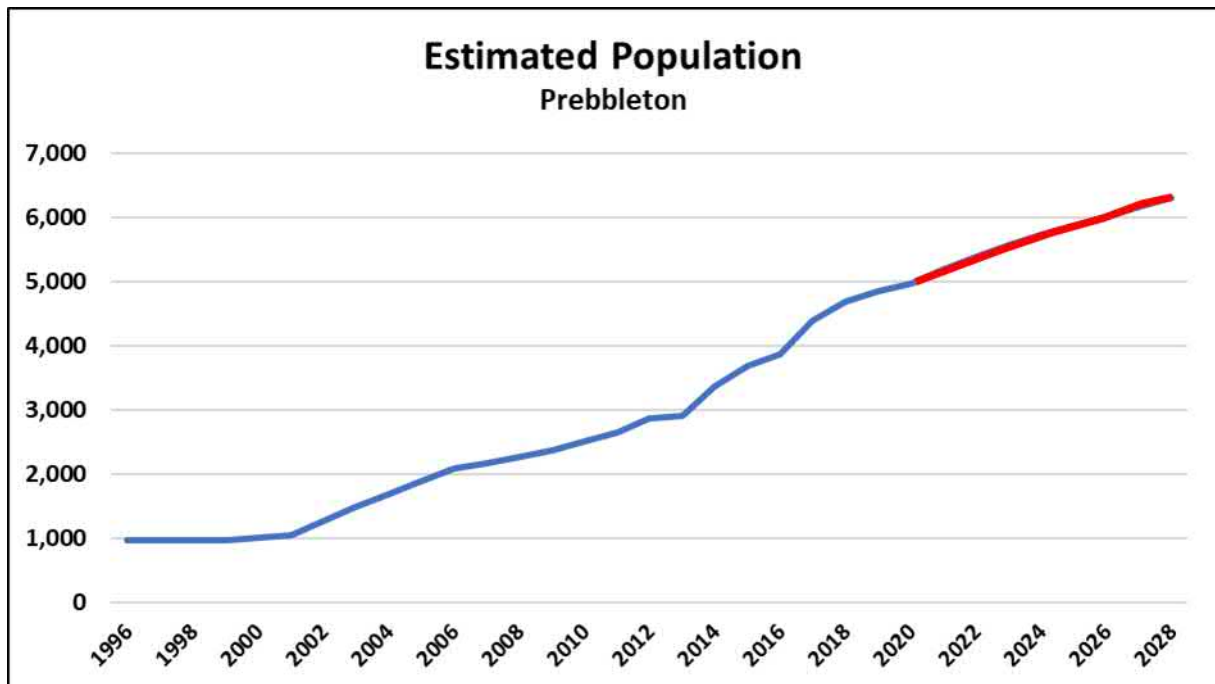
	Estimated Population Growth								
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Selwyn High	68,500	71,100	73,700	76,300	78,300	80,300	82,300	84,300	86,300
Selwyn Medium	67,380	69,420	71,460	73,500	74,900	76,300	77,700	79,100	80,500
Prebbleton (@ 7.3%)	5,001	5,190	5,380	5,570	5,716	5,862	6,008	6,154	6,300

Source: Statistics New Zealand Population Growth Projections by Blackburn Management

The graph below shows the estimated population of Prebbleton (in Blue) from 1996 to 2020, along with the projected population growth from 2021 to 2028 (in Red).

Based on this information, it is predicted that the population of Prebbleton will increase by more than 1,100 residents between 2021 and 2028.

As has been stated above, it is believed that this is a conservative estimate and the overall growth in both the Selwyn District and Prebbleton township in particular will be higher than these numbers suggest.



Source: Statistics New Zealand Population Growth Projections by Blackburn Management

One factor not taken into account with regard to these population projections is the development of two large scale Rest Home facilities being built in Prebbleton.

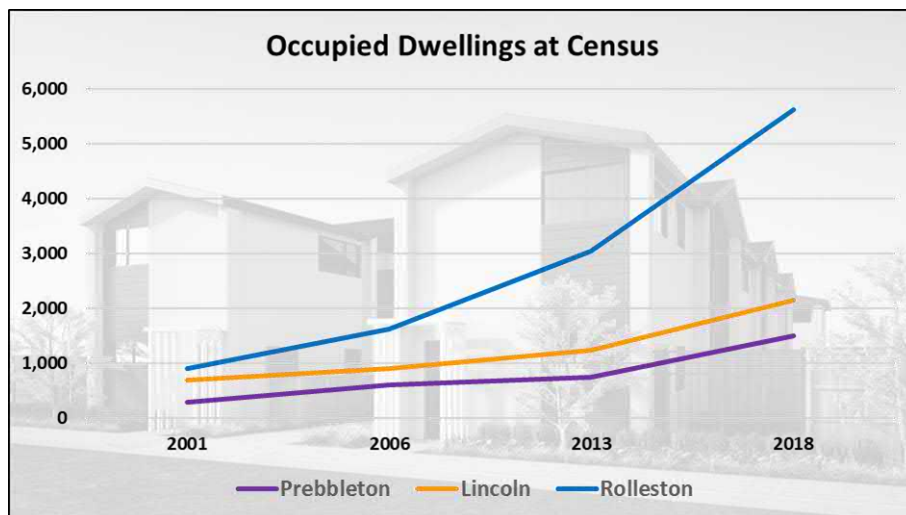
The Bupa Ashford retirement village is located on Stationmasters Way. It is proposed that this development will provide approximately 101 independent villas, a 56-bed care home and 16 serviced apartments. The potential residency of this development could be upward of 230 people. The construction of this rest home is currently underway with completion expected in 2022.

The Summerset Retirement Village is planned for the old Meadow Mushrooms site on Springs Road. It is proposed that this development will have approximately 290 dwellings, including two and three-bedroom villas, serviced apartments, rest home and hospital level care. The potential residency of this development could be upward of 450 people. Construction of this rest home is expected to start in 2022 and with residents moving in by early 2023.

Between these two developments it is estimated that there will be as many as 700 new residents in Prebbleton within the next two to three years, although this is in a different demographic age bracket from proposed new residential developments.

Occupied Dwellings

In order to understand the number of new dwellings being constructed (with respect to current and projected growth), we need to also consider the current number of dwellings in the township and how this compares to neighbouring areas.



Occupied Dwellings at Census			
Year	Prebbleton	Lincoln	Rolleston
2001	282	696	900
2006	591	906	1,617
2013	735	1,230	3,033
2018	1,497	2,148	5,625

Source: Selwyn district Council / Blackburn Management

Much the same as population numbers, there has been considerable growth in the number of occupied dwellings in these three townships.

Accurate data is hard to find prior to 2001, however this 17 year period shows definite trends and it is clear to see that following the earthquakes in 2010 and 2011 that the number of dwellings increased at a greater rate than the previous periods.

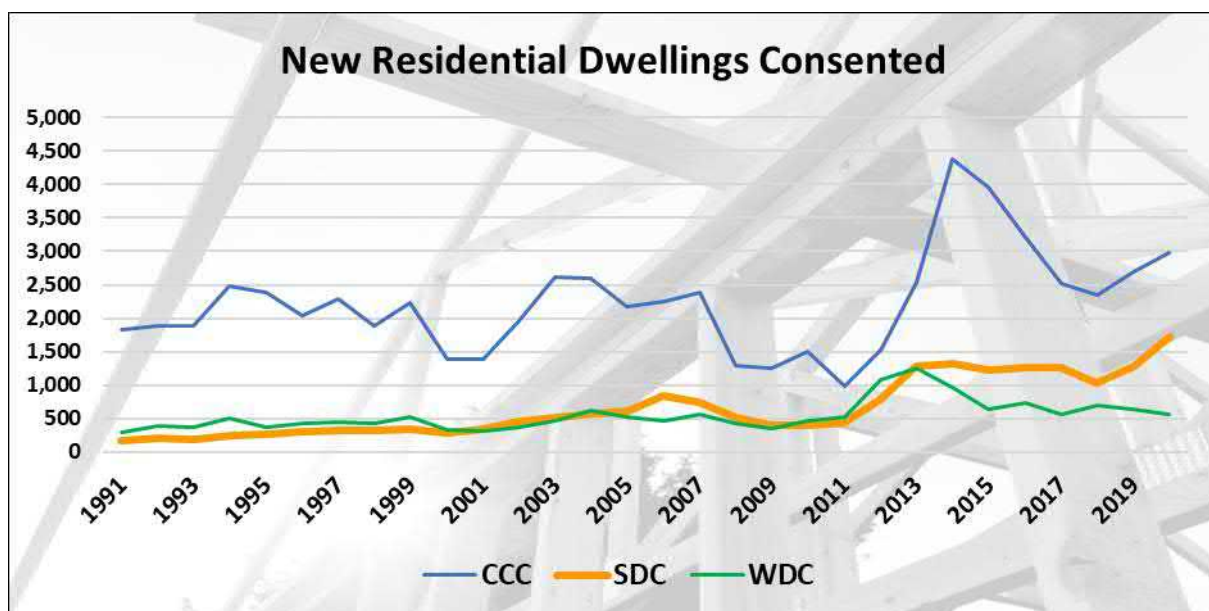
Although Rolleston has accelerated well ahead of the other two townships, both Prebbleton and Lincoln have grown at relatively similar levels.

New Residential Construction

The graph below shows the number of new residential dwellings consented across Christchurch City, Selwyn and Waimakariri Districts over the past 30 years

From the early 1990s through to the peak of the earthquake rebuild in 2013, the number of new dwellings being consented in Selwyn and Waimakariri were relatively similar

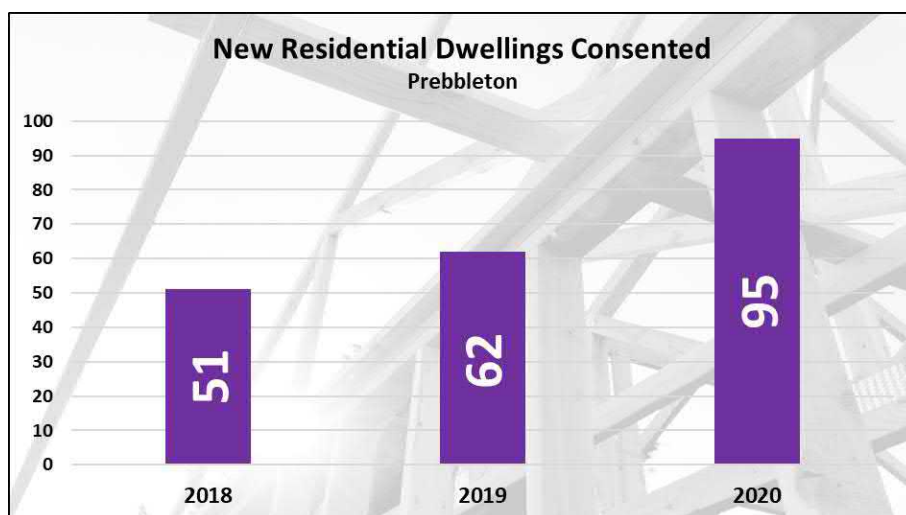
However, while both Christchurch and Waimakariri experienced a significant fall off in new houses (as was always to be expected), Selwyn numbers remained consistent, and apart from a slight dip in 2018, the current level of new construction in the District is well above that of the peak of the rebuild.



Source: Statistics New Zealand

In 2020 there were a total of 1,572 new dwellings consented across the Selwyn District. This was a 25% increase over the 1,254 dwellings consented in 2019.

The numbers through for the first three months of 2021 show a similar trend of continued growth in residential construction across the District.



Source: Selwyn District Council / Blackburn Management

In 2020, there were 95 new residential dwellings consented in Prebbleton. This was an increase of 53% over the 62 new dwellings consented in 2019. This is substantially ahead of the 25% growth in new dwellings measured across the whole District.



Compare this to Lincoln, where there was a 23% increase in the number of dwellings consented (2020 compared to 2019) and Rolleston where there was a 41% increase in the number of dwellings consented.

Despite being the smallest number of new dwellings consented across the three townships, Prebbleton had the greatest percentage increase, which reflects an increasing demand for housing in the township.

It is expected that the number of new residential dwellings being consented in Prebbleton in 2021 may begin to decline due to the current lack of developed residential land being available.

Potential for continued growth in Residential Construction

New residential construction is primarily driven by three main factors:

- 1 Population growth
2. Replacement of older dwellings
3. Change in Household Occupancy (smaller average number of occupants per household)

In general terms, new residential construction in Selwyn is primarily taking place in greenfield subdivision developments. Although there are some older houses in these townships which are slowing being replaced, this only accounts for a tiny percentage of the overall number of new dwellings being built and is not a key driver of growth in the Selwyn District.

Similarly, with the change in Household Occupancy. Long term trends show that there is general decrease in the number of persons per household, largely driven by:

- Aging population and the need for an increased number of Elderly Person Housing (which are typically one and two bedroom units)
- Smaller families and people choosing to have families later in life
- An increase in singles and couple's occupancy (more common in metropolitan areas)



Prebbleton Village 1962. Looking South along Springs Road

Currently the average household occupancy in Prebbleton is just over 3 persons per household and this number has been relatively consistent over the past five years.

The two new rest home developments will have a noticeably smaller occupancy per household, potentially around an average of 1.5 to 1.7 persons per household. However, as these numbers are specific to these two developments they can be separated out and this will not directly have an impact on household occupancy across the rest of the township

The reality is that although over time this number is getting smaller, the impact on the need for more dwellings on a short term basis (three to five years) is negligible

Which brings us to Population growth.

Unfortunately, long term predictions (more than ten years) for population growth are almost always wrong. Simply because there are too many factors and variables that impact on different aspects of the drivers behind the modelled numbers

Even here there are two areas to consider: external migration into and out of the Country and internal migration from one region to another

A few examples of influences on external migration might include:

- Government migration policy
- External economic influences
- Unexpected global pandemics

A few examples of influences over internal migration might include:

- Availability of land (or lack thereof)
- Cost of construction
- Access to commercial and business opportunities
- Interest rates and other economic incentives (or disincentives as the case may be)
- Birth and death rates

As has been described above, the level of growth in the Selwyn District and particularly the township of Prebbleton over recent years has been significantly higher than projections.

It is projected that over the next five to ten years that the popularity of both the District and the township of Prebbleton will continue to grow and therefore so will the demand for residential housing, which in turn demands the development of new residential subdivisions

There are a number of predictors (which are more current and timelier) that can give us confidence in the short term window of how the demand for new housing might play out

These would include:

- Demand for forward land purchases from Group Home Builders
- Increased demand for affordable and social housing
- Increasing commercial and industrial business activities
- Government and Council policies with regard to building and development regulations



The Village Estates Subdivision Tosswill Road Prebbleton 65 sections, fully sold out in 2019

So, what does all this mean for the potential demand for new housing in Prebbleton?

Demand for Land

There is no question that building companies are struggling to find land. Most large and volume based builders are purchasing land up to two years in advance so that they have a guaranteed pipeline of work. Almost all current subdivision developments across the Selwyn District are fully subscribed and although there are a number of new developments under construction at this time, demand is significantly greater than supply.

Increase in the demand for housing affordability

The cost of land is the most significant contributor to the overall cost of new housing. By making more greenfield subdivision developments possible, this will increase the supply which in turn will have a positive impact on land prices, therefore increasing housing affordability.

Increasing Commercial and Industrial Business Activity

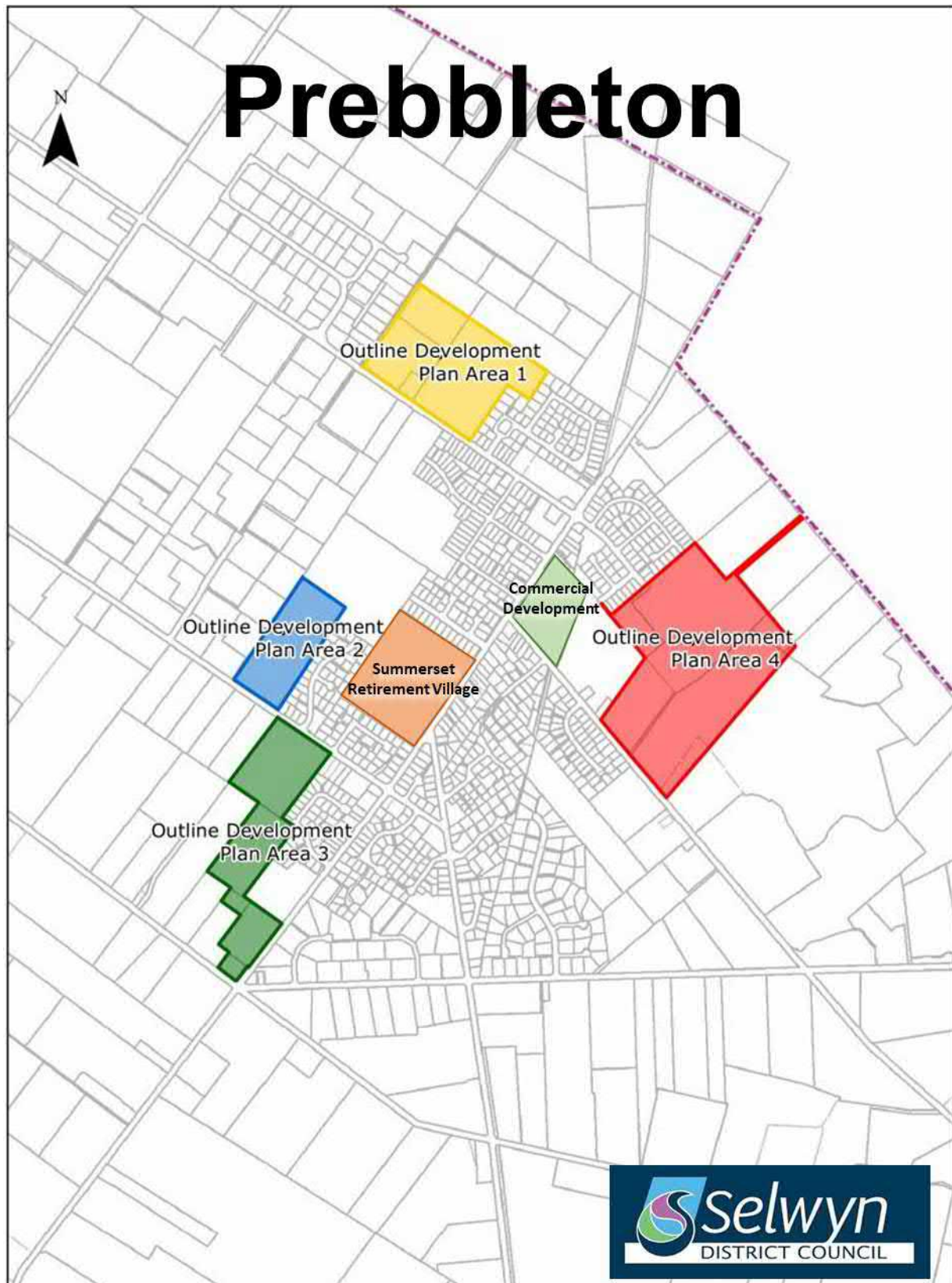
The completion of the new Southern Motorway from Christchurch to Selwyn is seen as a positive factor in the continued growth of both residential living but also commercial activity in Selwyn.

Developments such as iZone and iPort as well as the redevelopment of the Rolleston town centre will see more people choosing to live and work in all areas of Selwyn.

Government Policies

Recent announcements by the New Zealand Government have been aimed at increasing the number of houses being built. A significant number of these policies are focused on providing funds for infrastructure development and reducing compliance regulations and costs with regard to make land available for development.

As these policies come into effect, this should see more developments being undertaken, which will have a flow on effect to new construction numbers.



The map above shows the Selwyn District Council Outline Development Plan areas for Prebbleton as at 2018. Additional developments of Somerset Retirement village and the Prebbleton Village Commercial development have also been included

Outline Development Plan Area 1

Fully developed and Sold Out

Outline Development Area 2

Fully developed and Sold Out

ODP Area 3

Fully developed and Sold Out

ODP Area 4

Village Estates 65 Residential Sections. Fully developed and Sold Out

Prevelles 120 Residential Sections Fully Sold Out

Bupa Ashford RV 110 EPH, mostly stand alone villas / townhouses. Under development, not available to private builders

Meadow Mushrooms site

Summerset RV Proposed 290 units, including stand alone villas, serviced apartments, rest home and hospital level units Construction scheduled to start in 2022.

Currently there are no residential sections available in Prebbleton Despite two new greenfield subdivision developments (Village Estates and Prevelles, with almost 200 sections) being released to the market in the past 12 months, these have been fully sold out

A search of www.realestate.co.nz and <https://www.trademe.co.nz/a/property/> show that there are no residential sections available to purchase anywhere in Prebbleton at this time



Map of Central Prebbleton showing residential, rest home and commercial development

Given the overall growth in the demand for new residential housing across the whole of the Selwyn district, the demand for new residential subdivisions is at an all-time high

Prebbleton, with its close proximity to Halswell and Christchurch is seeing levels of growth (as a percentage of current households) greater than that of Rolleston and Lincoln

In 2020, Halswell had more new residential dwellings consented than any other suburb in Christchurch. In 2018, the population of Halswell exceeded that of Rangiora. As land and new subdivisions are becoming harder to find in neighbouring Christchurch, the natural progression is to move further out, and Prebbleton is now a highly desirable settlement, so close to Christchurch.

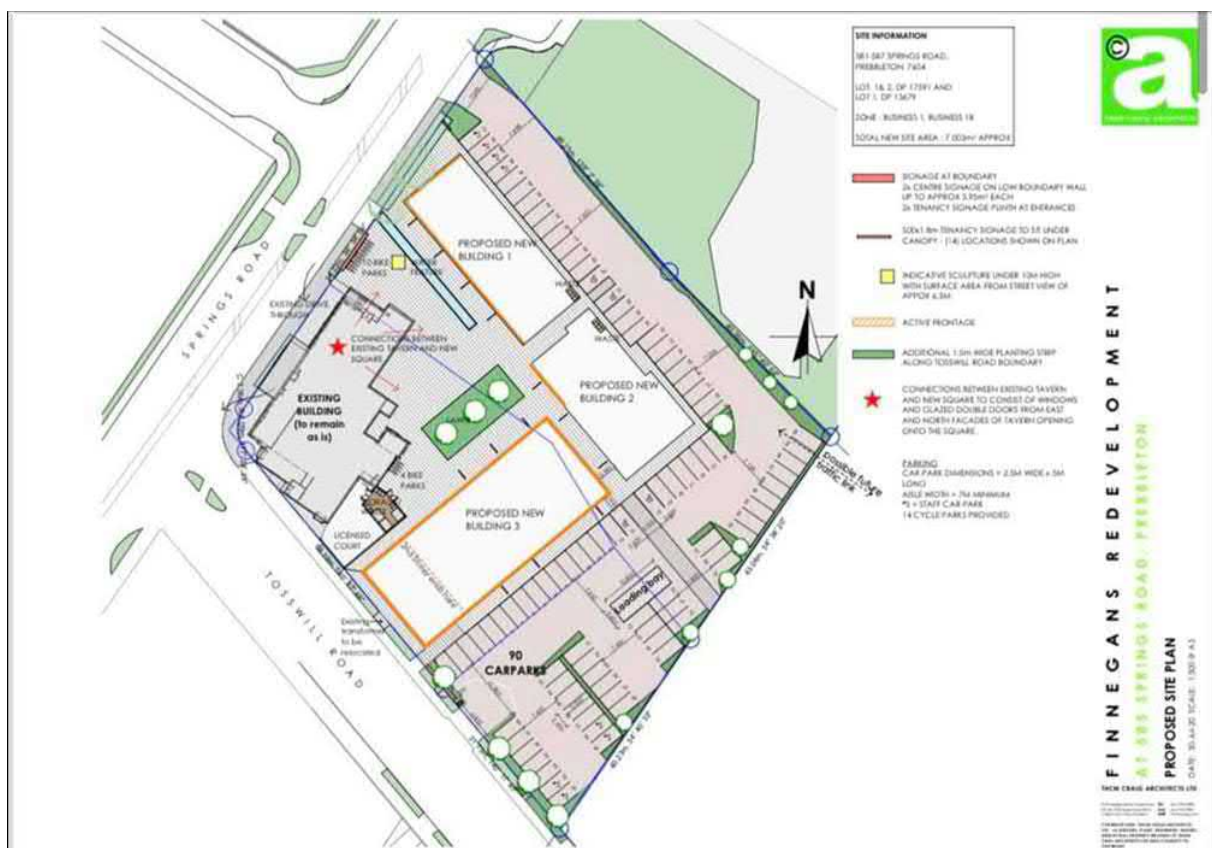
The new commercial development on the corner of Springs Road and Tosswill Road has already seen the opening of a Fresh Choice Supermarket in July 2020, and work is well underway on a shopping centre that will include more than a dozen new retail outlets, a proposed Health Hub and Motel development.

These developments are in direct response to the increasing population of the Prebbleton township over the past few years. Ironically, the increased commercial activity will only further fuel the demand for residential development

Outside of the two Retirement Villages under development (Bupa and Summerset) there is currently no further residential zoned land available in the township

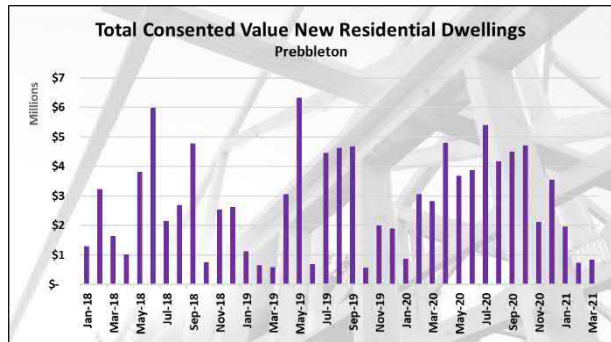
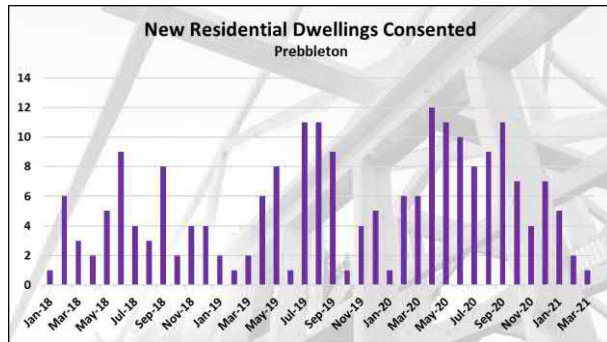
Given that it can take anywhere from two to three years to bring a new subdivision to the market (once it has been rezoned), the lack of land currently available will certainly restrict growth and construction in the township

It is the conclusion of this report that consideration should be given to the application for the rezoning of the proposed Birchs Village development



Development Plans for Prebbleton Village Commercial Development

New Residential Construction in Prebbleton

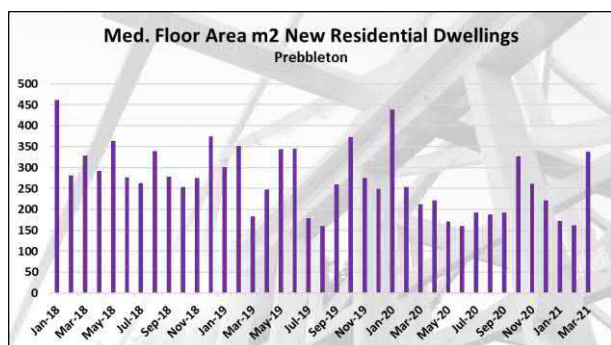
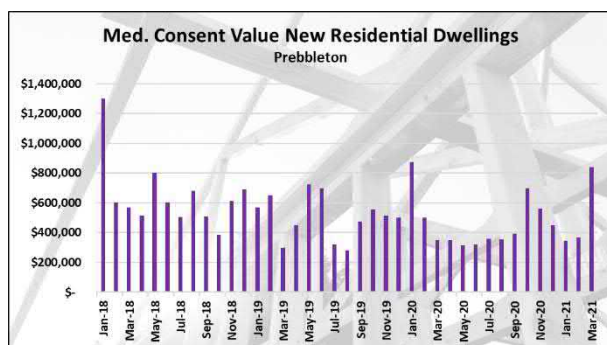


Source: Selwyn District Council / Blackburn Management

Over the past three years in Prebbleton, the number of new dwellings being consented has climbed steadily, which is reflected equally in the overall increase in the total value of dwellings consented in the township. In 2020, the 95 new dwellings consented was a 53% increase over the 62 dwellings consented in 2019.



However, in contrast to the increasing number of dwellings being consented, both the median value of dwellings consented and the median size of dwellings is noticeably falling.



The table below shows the number and values of new residential dwellings consented in Prebbleton over the past three years.

As has been described above, while the number and overall value of dwellings is increasing, the median consented value and median size of dwellings is falling.

New Residential Dwellings Consented Prebbleton					
	Dwellings Consented	Total Value Dwellings	Med Consent Value	Med. \$ per m2	Med. Floor Area
Jan-18	1	\$ 1,300,000	\$ 1,300,000	\$ 2,814	462
Feb-18	6	\$ 3,233,195	\$ 602,500	\$ 2,110	281
Mar-18	3	\$ 1,650,440	\$ 568,504	\$ 1,588	328
Apr-18	2	\$ 1,025,426	\$ 512,713	\$ 1,764	292
May-18	5	\$ 3,809,450	\$ 799,000	\$ 2,001	363
Jun-18	9	\$ 5,971,322	\$ 605,000	\$ 2,133	277
Jul-18	4	\$ 2,158,114	\$ 504,057	\$ 1,934	263
Aug-18	3	\$ 2,693,360	\$ 680,000	\$ 2,006	339
Sep-18	8	\$ 4,777,216	\$ 507,929	\$ 1,836	279
Oct-18	2	\$ 765,000	\$ 382,500	\$ 1,580	253
Nov-18	4	\$ 2,532,850	\$ 610,000	\$ 1,971	276
Dec-18	4	\$ 2,625,024	\$ 688,267	\$ 1,835	375
Jan-19	2	\$ 1,133,825	\$ 566,913	\$ 1,882	301
Feb-19	1	\$ 650,000	\$ 650,000	\$ 1,852	351
Mar-19	2	\$ 596,000	\$ 298,000	\$ 1,626	183
Apr-19	6	\$ 3,053,906	\$ 448,640	\$ 1,884	248
May-19	8	\$ 6,332,390	\$ 725,000	\$ 2,174	345
Jun-19	1	\$ 700,000	\$ 700,000	\$ 2,023	346
Jul-19	11	\$ 4,448,741	\$ 321,502	\$ 1,804	178
Aug-19	11	\$ 4,624,677	\$ 282,816	\$ 1,802	161
Sep-19	9	\$ 4,670,789	\$ 473,385	\$ 1,794	259
Oct-19	1	\$ 555,000	\$ 555,000	\$ 1,488	373
Nov-19	4	\$ 1,995,000	\$ 512,500	\$ 1,868	275
Dec-19	5	\$ 1,893,000	\$ 500,000	\$ 1,703	249
Jan-20	1	\$ 875,000	\$ 875,000	\$ 1,998	438
Feb-20	6	\$ 3,066,972	\$ 500,000	\$ 2,015	253
Mar-20	6	\$ 2,815,500	\$ 350,000	\$ 1,837	213
Apr-20	12	\$ 4,800,000	\$ 350,000	\$ 1,674	222
May-20	11	\$ 3,690,750	\$ 315,000	\$ 1,908	171
Jun-20	10	\$ 3,884,140	\$ 318,530	\$ 2,092	161
Jul-20	8	\$ 5,398,850	\$ 357,500	\$ 2,007	193
Aug-20	9	\$ 4,165,000	\$ 352,836	\$ 2,000	188
Sep-20	11	\$ 4,504,032	\$ 394,000	\$ 1,806	192
Oct-20	7	\$ 4,714,400	\$ 700,000	\$ 1,795	327
Nov-20	4	\$ 2,121,709	\$ 562,500	\$ 1,859	261
Dec-20	7	\$ 3,560,890	\$ 450,000	\$ 2,045	221
Jan-21	5	\$ 1,962,247	\$ 344,000	\$ 2,041	172
Feb-21	2	\$ 732,500	\$ 366,250	\$ 2,266	162
Mar-21	1	\$ 840,000	\$ 840,000	\$ 2,439	337

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Technical Memo

To:	Birch's Village	From:	Fraser Colegrave
Date:	Monday, April 11, 2022	Pages:	6 (including this page)
Subject:	Response to Section 92 Request for Proposed Plan Change 79 in Selwyn		

Birch's Village,

Thank you for contacting me about this matter. I understand Council has issued a Request for Further (RFI) under section 92 of the RMA for plan change (PC79). I also understand plans have been recently revised to now accommodate a realistic development of approximately 527 – 1581 dwellings under the proposed Living MD Prebbleton zoning, a preschool, and a limited amount of retail under Business 1 zoning.

Amongst other things, the RFI queries the need for the proposal given (i) expected demand, and (ii) the additional capacity proposed via plan changes 68 and 72. This memo sets out my draft response, which I will elaborate on in subsequent stages of the plan change process.

Structure of Memo

The remainder of this memo is structured as follows:

1. Economic issues raised in Request for Further Information (RFI).
2. Current and future demand for housing in Prebbleton
3. Need for additional capacity on a districtwide basis
4. Need for additional capacity at the sub-district level
5. Accommodating a preschool and small amount of retail for local shops
6. Summary and conclusion

Economic Issues Raised in the RFI

The excerpt below shows the economic issue raised in the RFI, and which forms the scope of this memo.

Figure 1: Economic Issue Raised in RFI Addressed by this Memo

- 2) The economic assessment predicts conservatively that Prebbleton will increase by 1,100 residents between 2021 and 2028. This equates to approximately 450 new households at 2.5 people per household. Council has already accepted for notification PC68 and PC72 which between them provide for over 1,000 new units. Whilst these two private plan changes have yet to be heard, in the event that they are both accepted, it would appear that they will provide more than twice the necessary capacity identified in the economic report.

Can you provide commentary on the level of necessary capacity in both Prebbleton (if one or both of these other two plan changes are accepted), and more widely across the Inner Plains townships and noting the additional capacity anticipated through the Future Urban Development Areas ('FUDAs') shown in PC1 to the Canterbury Regional Policy Statement and the recent approval of subdivision consent for a large part of the Rolleston FUDA through the EPA fast track process.

Current and Future Demand for Housing in Prebbleton

The economic assessment lodged with the plan change application projects demand for an additional 450 households to 2028, or about 65 new dwellings per annum. This may be conservative, and recent market indicators suggest demand is much stronger than this.

For example, NPSUD data show that the average Prebbleton house price increased 42% from \$674k to \$960k over the last 3 months. That said, this price hike may just reflect a spike in the sale of very large or expensive homes, which distort comparisons with prior periods. Accordingly, the NPSUD publishes another price index that explicitly controls for variation in the types of dwellings sold over time to reveal the real underlying trends. According to that, Prebbleton house prices increased by 21% increase over just the last 3 months. Clearly, there is strong current market demand for living in Prebbleton.

More generally, I note demand projections simply extrapolate recent trends in population/dwelling growth and often significantly underestimate the true rate because they fail to capture “latent” demand. This is market demand that could not be satisfied previously due to a lack of market opportunity. For example, recent work by Gary Sellers for PC67 found there had been no sections available in Prebbleton since March this year. As a result, recent population growth in and around Prebbleton naturally understates “true demand”, because that demand was unable to manifest due to a dearth of supply. I commonly encounter this in high growth areas.

To gauge likely future demand, we must first identify the specific housing submarket in which Prebbleton falls. In my experience, Prebbleton is usually considered to form a distinct housing submarket with West Melton, which are both similar distances from Rolleston and have traditionally catered for larger homes on larger sections (although this is evolving). For example, an October 2021 memo by Ben Baird for the Council estimated demand for an additional 1,859 dwellings in West Melton & Prebbleton over the next 3 to 10 years, and an additional 5,530 over the next 30 years, including NPSUD competitiveness margins. These equate to annual demand of 186 dwellings to 2031, and 184 per annum from 2031 to 2051. I return to these figures below.

Need for Additional Capacity on Districtwide basis

I recently provided economic evidence for PC73 in Rolleston, which included a detailed assessment of district dwelling supply/demand over the short, medium, and long terms.

My analysis adopted the supply/demand data published in the 2021 Housing Capacity Assessment (HCA) for the Greater Christchurch Partnership, and then made a series of revisions to reflect various supply and demand issues. Then, it reconciled my revised supply/demand figures to identify any shortfalls over the short, medium, and longer terms. My revised estimates are set out below, and indicate that there will significant shortfalls of district dwelling capacity over all three timeframes.

Table 1: Revised Dwelling Supply/Demand Estimates

Scenario 1: Excluding Future Urban Development Areas (FUDAs)				
<u>Timeframes</u>	<u>Feasible Capacity</u>	<u>Likely Market Supply</u>	<u>Demand incl buffer</u>	<u>Surplus/Shortfall</u>
Short Term	4,090	2,454	3,886	-1,432
Medium term	5,764	4,323	11,819	-7,496
Long term	5,764	5,187	30,438	-25,251
Scenario 2: Including Future Urban Development Areas (FUDAs) @ 12.5 hh/ha				
<u>Timeframes</u>	<u>Feasible Capacity</u>	<u>Likely Market Supply</u>	<u>Demand incl buffer</u>	<u>Surplus/Shortfall</u>
Short Term	4,090	2,454	3,886	-1,432
Medium term	5,764	4,323	11,819	-7,496
Long term	10,656	9,591	30,438	-20,847
Scenario 3: Including Future Urban Development Areas (FUDAs) @ 15 hh/ha				
<u>Timeframes</u>	<u>Feasible Capacity</u>	<u>Likely Market Supply</u>	<u>Demand incl buffer</u>	<u>Surplus/Shortfall</u>
Short Term	4,090	2,454	3,886	-1,432
Medium term	5,764	4,323	11,819	-7,496
Long term	11,756	10,581	30,438	-19,857

Even when the various private plan changes mooted for the district's townships are included, there is still a significant shortfall over the long term. For example, Table 2 shows that these private plan changes add nearly 10,500 additional dwellings if all are accepted (including PC79). This is significantly less than the long-term supply shortfall of nearly 20,000 dwellings identified just above.

Table 2: Capacity of Proposed Private Plan Changes

Plan Change	Inside FUDA /	Total Dwellings
63 – Darfield	Yes	440
64 – Rolleston	Yes	969
67 – West Melton	No	131
68 – Prebbleton	No	820
69 – Lincoln	No	2,000
70 – Rolleston	Yes	800
71 – Rolleston	Partially	440
72 – Prebbleton	No	295
73 – Rolleston	No	2,100
74 – West Melton	No	130
75 – Rolleston	Yes	280
76 – Rolleston	Yes	150
77 – West Melton	No	525
78 – Rolleston	Yes	750
79 – Prebbleton	No	1581 ¹
Total		10,463

Need for Additional Capacity on Sub-District Basis

I now drill down to consider the need for additional capacity in the Prebbleton and West Melton housing submarket. To assist, the table below reproduces the projected demand and supply for

¹ Being the upper limit of the realistic development scenario

additional dwellings in Prebbleton and West Melton according to a recent Council memo.² It reveals a significant shortfall over both the medium and longer terms. In fact, medium term demand is ten times higher than capacity, while long term demand is about 30 times higher.

Table 3: Supply/Demand Balance for Prebbleton and West Melton

Additional Dwellings	Medium Term	Long Term
Capacity	181	181
Demand	1,859	5,530
Surplus/Shortfall	-1,678	-5,349

Next, I compiled a list of the proposed plan changes for Prebbleton and West Melton and identified their plan-enabled capacity. Then, I derived their likely contributions to future market supply over the three NPSUD timeframes. These likely market supply figures are intended to provide a more meaningful measure of capacity against which to assess demand. They are defined to equal:

- 20% of plan enabled capacity over the short term;
- 75% of plan enabled capacity over the medium term; and
- 90% of plan enabled capacity over the long term.

Table 4: Plan Enabled Capacity and Likely Market Supply of Private Plan Changes

Private Plan Changes	Plan Capacity	Likely Market Supply		
		Short Term	Medium Term	Long Term
68 - Prebbleton	820	164	615	738
72 - Prebbleton	295	59	221	266
79 - Prebbleton	1,581 ³	316	1,186	1,423
67 - West Melton	131	26	98	118
74 - West Melton	130	26	98	117
77 - West Melton	525	105	394	473
Total	3,482	696	2,612	3,135

My short-term likely supply figures reflect the fact that these plan changes are not yet decided, let alone ready for development, so only a fraction of their capacity will be available over the short term to 2024. The medium and longer term likely supply figures, conversely, mostly reflect other market factors/constraints that naturally limit the rate of future supply relative to plan enabled capacity. They include:

- *Developer intentions* - some landowners have no clear intention to develop, especially over the short- to medium-term, nor to sell their land to others who may wish to develop it.
- *Tax implications* – greenfield land-owners are liable for taxes on recent land value uplifts caused by rezoning. These taxes are greatest in the first year following the rezoning, but gradually diminish over time and then cease 10 years later. In some cases, efforts to avoid or minimise these taxes could cause land to be withheld from the market for up to a decade.

² Ben Baird, Growth Planning in Selwyn District, Technical Memo, 1 October 2021.

³ Being the upper limit of the realistic development scenario

- *Land banking and drip-feeding* – other landowners intend to develop in future, but are currently withholding supply to capitalise on inevitable land price inflation, while some are drip-feeding supply to maintain prices and hence maximise returns.
- *Site constraints* – the Council’s capacity estimates appear to consider only potential infrastructure constraints and therefore overlook other factors that affect developability, such as site contamination or awkward site shape/topography.
- *Operational capacity* – some landowners face operational capacity constraints, which limit the number of new residential lots that they can supply per annum.
- *Financing* – similarly, some landowners face financing constraints that limit supply.

Given these various factors, future market supply is usually only a modest share of plan enabled capacity, especially over the short term. Further, when my estimates of the likely supply provided by the various plan changes is added to the shortfalls identified in Ben Baird’s memo, there is enough capacity to meet demand over the medium term if all plan changes are granted (including PC79). However, even then, there is still a significant shortfall projected over the longer term.

Table 5: Sub-Market Supply and Demand Including Private Plan Changes

Additional Dwellings	Medium Term	Long Term
Capacity	181	181
Demand	1,859	5,530
Surplus/Shortfall	-1,678	-5,349
Likely Plan Change Supply	2,612	3,135
Revised Surplus/Shortfall	934	-2,214

I also note that, while Prebbleton is often grouped with West Melton as a separate submarket (as noted above), it arguably also forms its own distinct housing market. This, in turn, reflects Prebbleton's proximity to, and easy accessibility from, Christchurch City. In short, because Prebbleton is located so close to the city, it benefits from the growth and development of nearby areas there (such as Halswell). In addition, Prebbleton is well serviced by relatively frequent and reliable public transport services to/from the city. Plus, it has an urban outlook to the east but a rural one to the west, so it effectively gets “the best of both worlds.” For these reasons, I consider Prebbleton to comprise its own housing market, despite often being grouped in with West Melton.

Accommodating a preschool and small amount of retail for local shops

The latest plans include a preschool, which I understand will accommodate up to 100 pupils, and a small amount of retail to enable local shops. I consider both to be important additions to the plans. First, the preschool will make the area more attractive to people with young families (thereby increasing demographic diversity and inclusion), while – in many cases – also enabling young families to drop children off without the need for vehicle travel. Similarly, the provision of a small amount of convenience retail and household services onsite will improve the attractiveness of the development

while also enabling future households to meet (some of) their daily needs without the need for private motor vehicle travel. Moreover, given the small size of the proposed commercial area, I consider that it will remain clearly subservient to the higher-order KACs, and thus not challenge their health, vitality, roles, or functions.

Conclusion

Large-scale property development has very long lead times (of several years) before any new housing can be built. This reflects the need to first secure the new rezoning, prepare the land for development, obtain all necessary subdivision and land use consents, install local infrastructure, connect it to trunk mains, subdivide the land into lots, and then sell the lots to enable construction. Given these very long lead times, planning to meet the district's longer-term requirements must start now so that there remains at least sufficient capacity to keep pace with growth in demand. Accordingly, I consider that there is a clear and pressing need for PC79 to be granted, particularly given the significant long-term capacity shortfalls discussed herein.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fraser Colegrave', with a stylized, flowing script.

Fraser Colegrave

Managing Director

Insight Economics Limited