

BEFORE THE INDEPENDENT HEARINGS PANEL

THE PROPOSED WAIKATO DISTRICT PLAN (STAGE 1)

UNDER
IN THE MATTER OF

the Resource Management Act 1991 ("RMA")
Hearing submissions and further submissions on the
Proposed Waikato District Plan (Stage 1) Hearing 3.
Topic 3: Strategic Objectives

BY

KONING FAMILY TRUST AND MARTIN KONING
Submitter (658 and FS1329)

Statement of Evidence by Samuel Elliott Foster on behalf of
Koning Family Trust and Martin Koning

Dated: 11 October 2019

1. INTRODUCTION

Qualification and experience

- 1.1 My name is Samuel Elliott Foster. I am a Senior Planner at Bloxam Burnett & Olliver (BBO), a firm of consulting engineers, planners and surveyors based in Hamilton. I have been employed by BBO since 2017.
- 1.2 I hold the qualifications of a Bachelor of Planning (hons) and a Master of Urban Design (hons) from the University of Auckland and have been practicing as a planner for over 6 years. I am a full member of the New Zealand Planning Institute and a member of the Resource Management Law Association.
- 1.3 In relation to this hearing I am presenting expert planning evidence on behalf of the submitters, being the Koning Family Trust and Martin Koning regarding the Strategic Objectives of the Proposed Waikato District Plan (PDP).
- 1.4 The submissions that are relevant to this hearing relate to two submission points made to the notified version of the proposed district plan. Firstly, in relation to 4.1.5 Policy – Density which seeks to manage development density in the Waikato District and secondly in relation to 4.1.8 Policy – Raglan which provides the policy framework for growth and development in Raglan.
- 1.5 I am familiar with the statutory framework that is relevant to the development of the Proposed Waikato District Plan and have experience in district plan reviews, plan changes and private plan changes, having authored multiple s42A reports relating to Hamilton City Council's latest district plan review, private plan changes in the Waikato District and a Council led plan change in the Waipa District.
- 1.6 I prepared the submission on behalf of the Koning Family Trust and Martin Koning to the notified version of the Proposed Waikato District Plan.
- 1.7 I confirm that have read the "Code of Conduct for Expert Witnesses" contained in the Environment Court's Consolidated Practice Note 2014 and have complied with them in preparing evidence for this proceeding. Except where I state that I am relying on evidence of another person, this written evidence is within my area of expertise. I

have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in this evidence.

Scope of evidence

- 1.8 I am presenting planning evidence solely in relation to the relief sought by submissions to the Strategic Objectives of the PDP. My evidence covers:
- a) Changes sought to 4.1.5 Policy – Density; and
 - b) Changes sought to 4.1.8 Policy – Raglan.
- 1.9 In preparing this evidence I have read the opinions expressed through the reporting officers Section 42A report and further submissions made that relate to the relevant submission points. I will address these in this evidence.

2. RELIEF SOUGHT

4.1.5 Policy – Density

- 2.1 The notified version of the PDP seeks to achieve a minimum density of 12-15 households per hectare in the residential zone and 8-10 households per hectare in the Village Zone where public reticulated services can be provided. These densities are embedded in the Waikato Regional Policy Statement (WRPS), from the Future Proof Growth Strategy (Future Proof) as average gross density targets that are to be achieved over time¹. The purpose of which is to achieve a more compact urban form over time through the promotion of development density targets.
- 2.2 The concept of a more compact urban form is supported and is considered to be appropriate in terms of ensuring efficiency of land development, construction of infrastructure and concentrating urban development. While this is a desirable outcome, development is also required to respond to its geographic and topographical context. This means that the stated densities may not always be able to be achieved due to development constraints present on a site. This can become more difficult where the plan seeks to maintain the form and contour of the land and avoid the importation of clean fill as included in 4.2.15 Policy - Earthworks.

¹ Waikato Regional Policy Statement Policy 6.15 Density targets for Future Proof area.

- 2.3 The challenges in achieving the density targets of Future Proof are recognised in the Future Proof document where it recognises that topographical, geographic and physical constraints may constrain development in towns such as Pokeno, where this is explicitly stated².
- 2.4 The reporting officer considers that the wording of 4.1.5 as notified is generic enough to apply across the entire zone and therefore addresses density targets for both greenfield and infill development. The analysis of the requested change is brief, and it appears to be inferred that the density targets in the district plan are to be applied uniformly across the zones throughout the district, rather than on a case by case for a general subdivision application in a particular location.
- 2.5 If the interpretation of the policy is intended to be general, then I accept that no changes are required to the policy. If, however there is uncertainty in how the policy is to be implemented throughout the Residential and Village Zone, then in my opinion, amendments should be made to better clarify the interpretation of the policy to ensure flexibility in response.

4.1.18 Policy – Raglan

- 2.6 4.1.18 Policy - Raglan sits within the Strategic Objectives and Policies of the Chapter 4: Urban Environment and provides specific direction on the character and growth of Raglan. As notified the policy for Raglan provides for infill and redevelopment of existing sites, a variety of housing densities and maintaining connections between the town centre, the Papahua Reserve and Raglan Wharf. The policy also sought to restrict the medium-term future growth of Raglan to the Rangitahi Peninsula.
- 2.7 The Koning Family Trust and Martin Koning have sought amendments to this policy to provide for growth to occur in areas other than Rangitahi. The submission is made on the basis that the current policy position is contrary to the intent and direction of the National Policy Statement: Urban Development Capacity which seeks to create competition in the market and ensure territorial authorities in high growth areas provide adequate capacity for growth. A number of submissions have been made seeking the diversification of growth areas in Raglan for a number of reasons, including housing affordability and ensuring locals are able to purchase in Raglan.

² Future Proof Growth Strategy 2017 – 6.2 Growth Management Areas - Pokeno

2.8 The reporting officer has considered the submissions made on this policy and has rejected the amendments sought on the basis that the Waikato Regional Policy Statement restricts growth in Raglan to urban growth limits. He considers that submissions seeking to diversify growth areas in Raglan are therefore contrary to the policy direction of the WRPS. On this basis, the reporting officer has recommended changes to the policy that further restrict development in Rangitahi to the medium and long term. These changes have only served to further restrict the growth of Raglan to one location, under the control of one developer, for a longer period of time.

2.9 As part of the later stages of the Proposed District Plan hearings; the Konings will be presenting comprehensive expert evidence on the appropriateness of their land on the southern edge of Raglan for future residential development. While this is not a matter for this strategic policy stage of the hearing, this information is provided to give the commissioners confidence that the proposed change to the strategic provisions will be followed by site-specific analysis.

2.10 Section 75 of the RMA requires a district plan to give effect to any Regional Policy Statement, and it is on this basis that the proposed amendments have been dismissed. The WRPS, in particular Policy 6.14 Adopting Future Proof land use pattern embeds the urban limits of the 2009 Future Proof Growth Strategy which are shown in Map 6.2 and are labelled as indicative only. Table 6-1 sets out the timing and population for growth areas. Policy 6.14 also includes alternative release criteria where growth is required outside of the Map 6.2 and Table 6-1. It is noted that the Rangitahi Peninsula is outside of the urban limits embedded in the WRPS, showing that these are not definitive boundaries for urban development.

2.11 WRPS Policy 6.19 Review of Future Proof map and tables provides the framework for updating the Future Proof maps and tables should they become outdated within the life of the RPS. In 2015, Future Proof began a two-stage review of Future Proof acknowledging that a higher growth rate than expected had occurred and a review of the growth strategy was required. Stage One of that document was released in November 2017. This update included updated population and household growth tables and wider indicative urban limits.

2.12 Stage 2 of the Future Proof update is still being undertaken, and the RPS has not been updated to reflect changes made. It is my

understanding that the recently announced Auckland to Hamilton Corridor has delayed progress to this phase of the project. The indicative urban limits of the updated 2017 Future Proof Strategy for Raglan are much wider and now include a large portion of land that is outside of the current WRPS limits.

- 2.13 On the basis that Future Proof has included un-zoned land within Raglan in the latest version of the Future Proof indicative urban limits, it is considered that the growth of Raglan outside of Rangitahi meets the alternative land release criteria to be consistent with the Future Proof land use pattern³.
- 2.14 While there are more detailed criteria embedded in the WRPS in relation to the rezoning of land, it does not, in my opinion, require the strategic growth policies of a district plan to explicitly restrict growth to one location, particularly if that approach would provide for only one growth location for the medium and long term, a period of up to 30 years.
- 2.15 The update to Future Proof, while not embedded in the WRPS has been identified within the notified version of the PDP in 4.1.3 Policy – Location of development which seeks to locate urban growth areas only where they are consistent with the Future Proof Strategy Planning for Growth 2017 (emphasis added). The promotion of the updated Future Proof Strategy within the Strategic Policy Framework of the PDP, which includes broader indicative urban limits throughout the district, including Raglan, shows that Council considers the older 2009 Strategy to be out of date and to be superseded by the more recent 2017 growth strategy. It is therefore inconsistent to unduly restrict growth on the basis of an indicative map in the WRPS in one area, whilst promoting development relying on the updated version of the same map in another within the same planning document.
- 2.16 Section 75 of the RMA also requires District Plans to give effect to any National Policy Statement. Of particular relevance is the National Policy Statement: Urban Development Capacity (NPS:UDC). The NPS:UDC provides direction to high growth areas, in which Waikato District is included, to ensure there is adequate capacity for residential and commercial growth. The NPS UDC has a particular

³ Policy 6.14 g) Waikato Regional Policy Statement

focus on ensuring that local authorities, through their planning, both:

- enable urban environments to grow and change in response to the changing needs of the communities, and future generations; and
- provide enough space for their populations to happily live and work. This can be both through allowing development to go “up” by intensifying existing urban areas, and “out” by releasing land in greenfield areas.

2.17 One of the key aspects of the NPS:UDC preamble, which is to be used in interpreting the document, is that competition is important for land and development markets. This is based on the theory that supply will meet demand at a lower price when there is competition. The key features of a competitive land and development market include providing ample and multiple development opportunities. In my opinion, the reporting officer’s recommendation to restrict growth to only occurring in Rangitahi for the medium and long term conflicts with this principle as the Rangitahi Peninsula is held by one developer. It is acknowledged that the policy also provides for infill, however this relies on being able to intensify existing residential areas, and individual properties being subdivided or demolished and replaced. That reliance would result in less certainty of land supply for residential growth.

2.18 The NPS:UDC also requires councils to respond to projected demand to ensure there is adequate development capacity in the short medium and long term. Where councils are in high growth areas, such as Waikato District, demand projections must include a margin of at least an extra 20% in the short to medium term and 15% in the long term. The Future Proof Area Housing Development Capacity Assessment 2017 Report provides the required housing development capacity assessment for the sub-region. It shows a capacity to demand deficit in Raglan and Ngarunui Beach. On this basis, even with the zoned land at Rangitahi, there will be a long-term deficiency in the Raglan market. It is therefore considered that the proposed restriction on growth to only Rangitahi in the medium and long term is inconsistent with the intent of the NPS:UDC. A copy of this report is included as Appendix 1 to this evidence. The residential supply/demand issues will be addressed in detail by the report’s author when the re-zoning submissions are heard.

- 2.19 The WRPS was prepared prior to the NPS:UDC and therefore has not been prepared in accordance with the NPS: UDC as required under s61 of the RMA. As the WRPS has not been prepared in accordance with the document, it can be considered that the WRPS is not the final document to be adhered to when addressing urban growth and development.
- 2.20 On the basis of the above, it is considered that the recommendations of the reporting officer relating to 4.1.18 Policy – Raglan and in particular the restriction of the growth of Raglan are inappropriate. It is considered that:
- (a) The reasoning behind the recommendation takes an overly simplistic view of the requirement to give effect to the direction of the WRPS;
 - The urban limit maps are only indicative and reflect the Future Proof Growth Strategy 2009.
 - The WRPS provides for alternative and additional land release where it is consistent with the Future Proof Principles.
 - The update Future Proof Growth Strategy 2017 has widened indicative urban limits, including in Raglan in response to unprecedented growth in the Waikato. By default, this confirms additional growth areas are consistent with the principles of Future Proof.
 - (b) The recommendations are inconsistent with Strategic Objectives included in 4.1.3 Policy – Location of Development.
 - (c) The recommendations are inconsistent with the intent and directions of the NPS:UDC in that they stymie competition and restrict future growth of Raglan where there has been shown to be a deficit between projected demand and supply.



Samuel Foster

(on behalf of Koning Family Trust and Martin Koning)

11 October 2019

Appendix 1
Raglan Residential Market Assessment
Phase 1
Property Economics

PROPERTY **E**CONOMICS



**RAGLAN RESIDENTIAL
MARKET ASSESSMENT
PHASE 1**

Client: Koning Family Trust

Project No: 51734

Date: September 2018

SCHEDULE

Code	Date	Information / Comments	Project Leader
51734.2	Sept 2018	Report	Tim Heath / Phil Osborne

DISCLAIMER

This document has been completed, and services rendered at the request of, and for the purposes of Koning Family Trust only.

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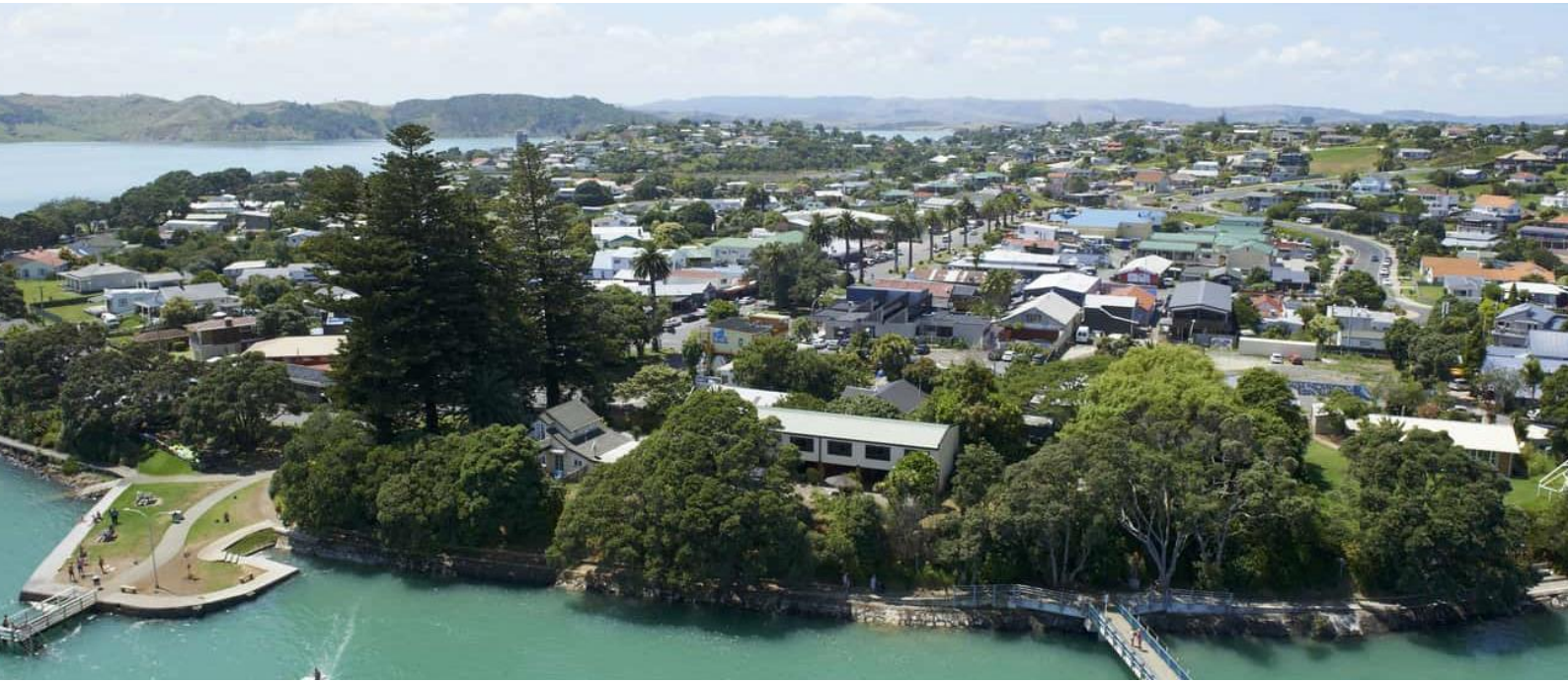
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1. INTRODUCTION

Property Economics has been engaged by Bloxam Burnett & Olliver Limited, on behalf of the Koning Family Trust, to undertake a residential assessment of the localised and wider Raglan market in order to ascertain the residential market potential and opportunities for their proposed residential development on the southern urban fringe of Raglan.

The purpose of this initial research phase is to provide the Koning Family Trust with relevant market intelligence to assist in determining the merits of the proposed development from an economic perspective. It will also be useful to assist in making more informed decisions regarding the feasibility and '*pitch*' of the proposed residential development

1.1. INFORMATION & DATA SOURCES

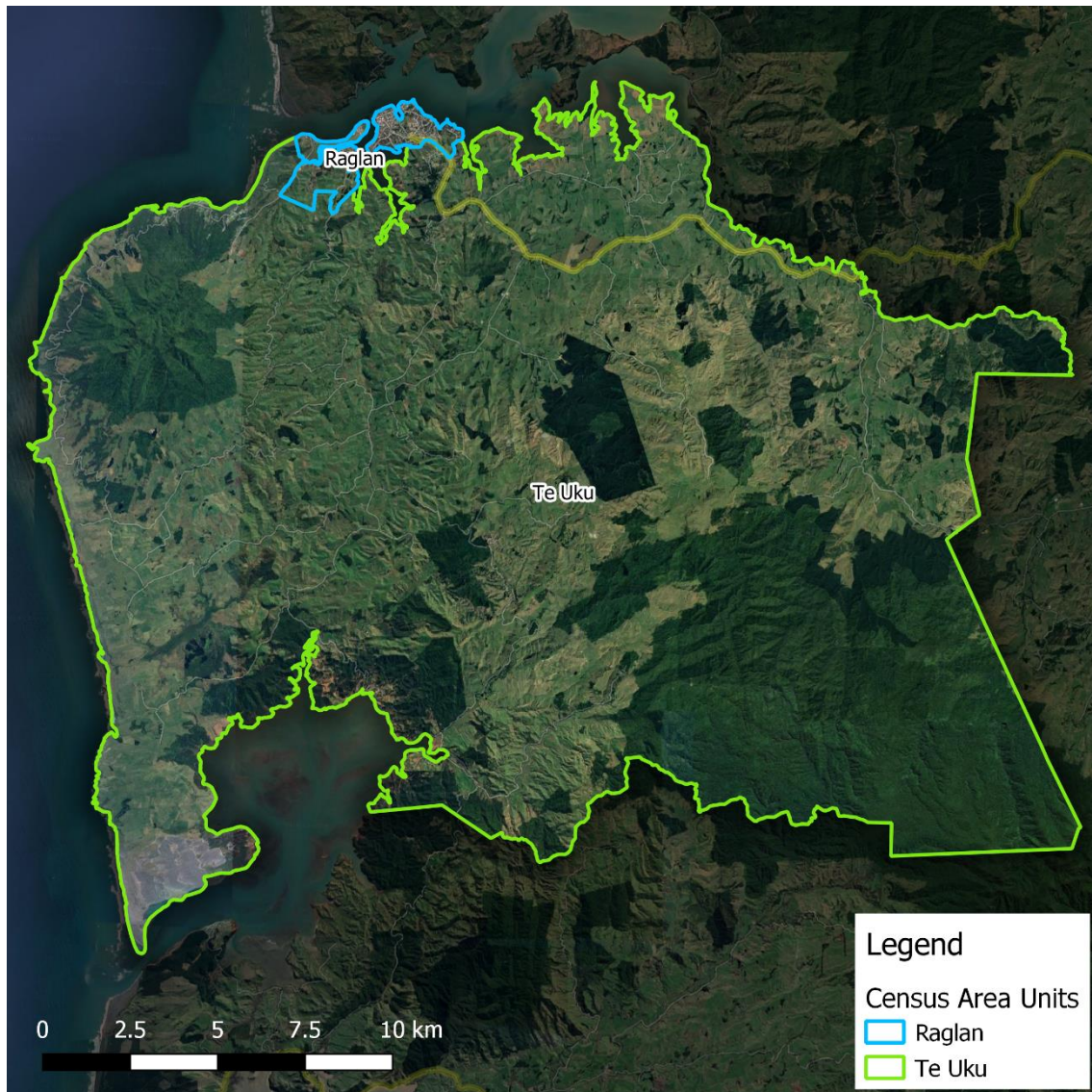
Information has been obtained from a variety of data sources and publications Property Economics consider to be reliable and credible, including:

- Census of Population and Dwellings 2013 – Statistics NZ (extrapolated to 2018 by Property Economics)
- Household and Population Projections (latest Medium Series) – Statistics NZ
- Dwelling Sales Volume – MBIE
- Residential Sales Price Data – MBIE
- Residential Consent Data – Statistics NZ
- International Migration Data – Statistics NZ
- Key Property Metrics – Real Estate Agencies
- Commercial Consent Data – Statistics NZ

2. RAGLAN MARKET OUTLINE

The analysis in this report will be based on the two Census Area Units (CAU) of Raglan and Te Uku, with Figure 1 outlining the geographic extent of this study area.

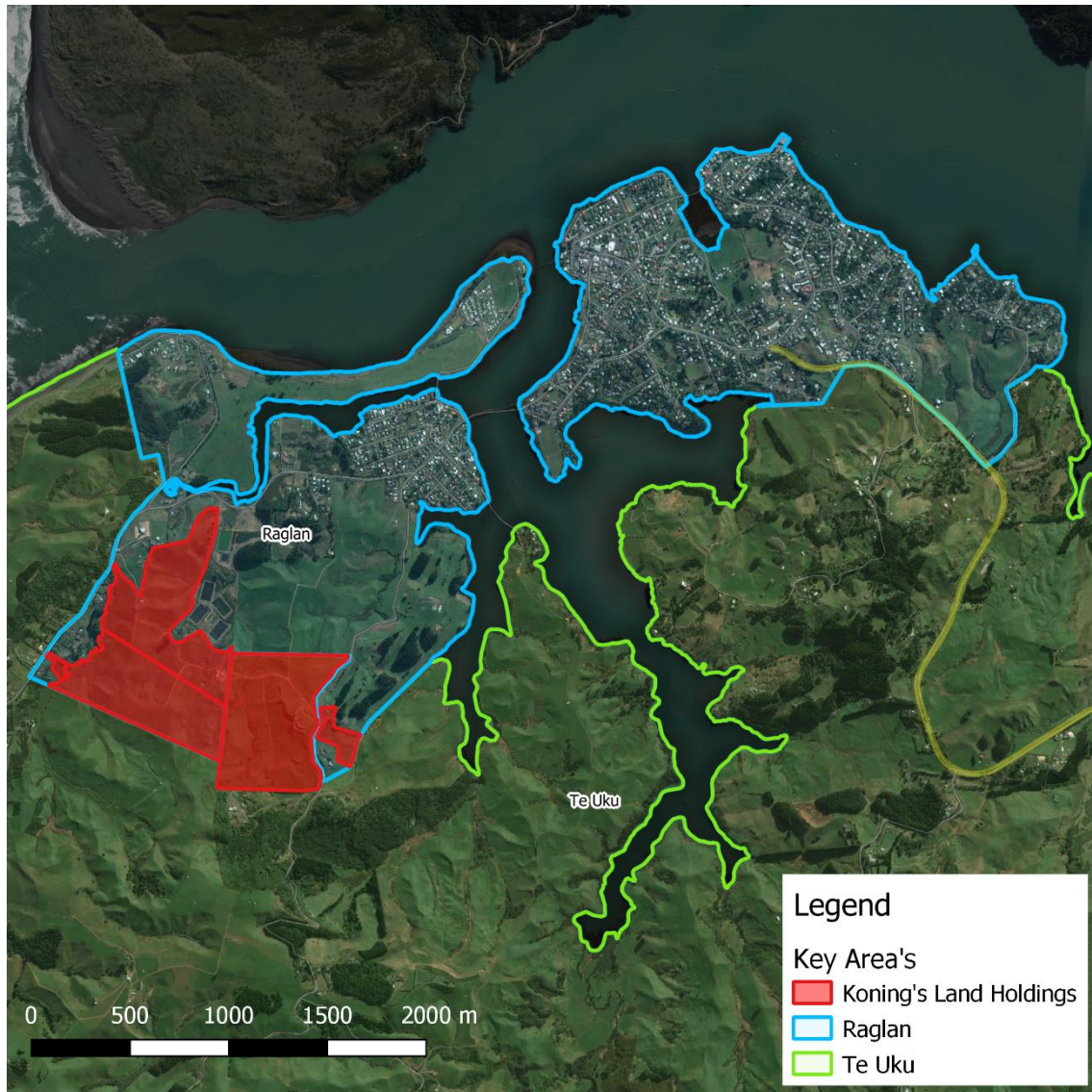
FIGURE 1: RAGLAN AND TE UKU AREA UNITS



Source: Property Economics, NZTA, Google Earth

Identified in Figure 2 is the Raglan township and the site of the proposed residential development in the context of the Raglan urban environment. The proposed development is located at the south-western end of the Raglan CAU and is within close proximity to the existing urban environment and the west coast beaches.

FIGURE 2: RAGLAN TOWNSHIP AND DEVELOPMENT SITE



Source: Property Economics, NZTA, Google Earth

3. RAGLAN RESIDENTIAL MARKET TRENDS

This section outlines historic residential trends in the Raglan market. This is useful in analysing the current state of the Raglan residential market and how this has changed over time. Included in the analysis is:

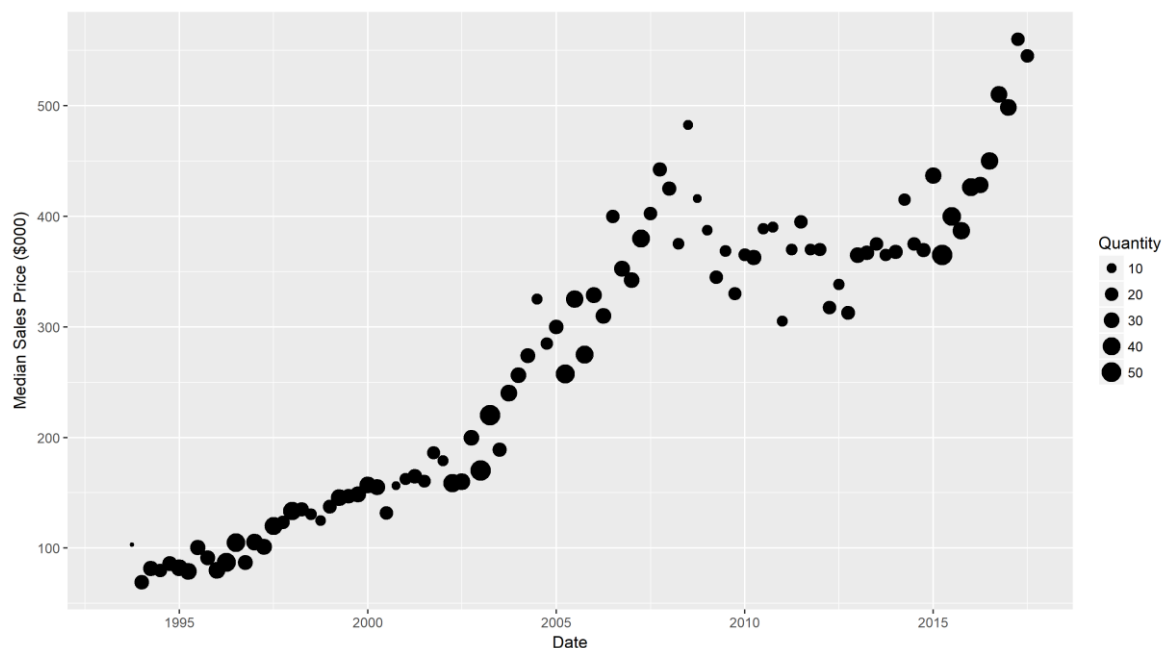
- Median sales price
- Mean rent and yields
- Sales volume

The analysis encompasses data over the last 24 years (1993-2017). Comparisons of Raglan against the wider Waikato District as well as Hamilton City are given to provide context within the wider market.

3.1. MEDIAN SALE PRICE ANALYSIS

This section outlines growth in residential median sales price within the Raglan, Waikato and Hamilton City markets. Figure 3 gives the median sales price in Raglan over the last 24 years, taken from quarterly snapshots. The size of the points in the graph represents the quantity of dwellings sold within each quarter, illustrating the change in sales quantity within the market as prices have grown.

FIGURE 3: RAGLAN MEDIAN SALES PRICE GROWTH (\$1000's)



Source: Property Economics, MBIE

Median residential sales prices in Raglan have grown from around \$75,000 in 1993 to around \$550,000 in 2017 representing a current median average 630% above the 1993 base year. Prior to 2000 there was sustained but slow growth within the Raglan market as sales quantities were high but growth slow. Post 2000 growth in sales prices began to accelerate until they peaked around \$450,000 in 2008.

Following the (2008) GFC sale rates slowed and the quantity of dwellings sold per quarter decreased significantly, slowing growth in median sales prices. From 2008-2015 the median sale price fluctuated between a \$350,000-\$400,000 price band, with low sales. Since 2015 however as the economic recovery 'kicked in' growth has been rapid with high turnover in the market and median sales price increasing from around \$400,000 in 2015 to \$550,000 in 2017. The last 3 years represent a time of significant demand for residential product in Raglan as the economy has recovered from the effects of the GFC and has been fuelled by the lack of new supply on the market over the 2008-2015 period.

It is this current \$550k price point that provides the most useful guide point to any residential product in the proposed development in Raglan. Residential product above the \$550k price point would represent a higher risk proposition, while below this price would lead to a higher demand profile for any residential stock. This is influenced by the 'back' or holiday home market also.

Figure 4 gives the nominal median sales price growth in Raglan in the context of the wider Waikato and Hamilton City markets.

FIGURE 4: RAGLAN MEDIAN SALES PRICE GROWTH CONTEXT



Source: Property Economics, MBIE

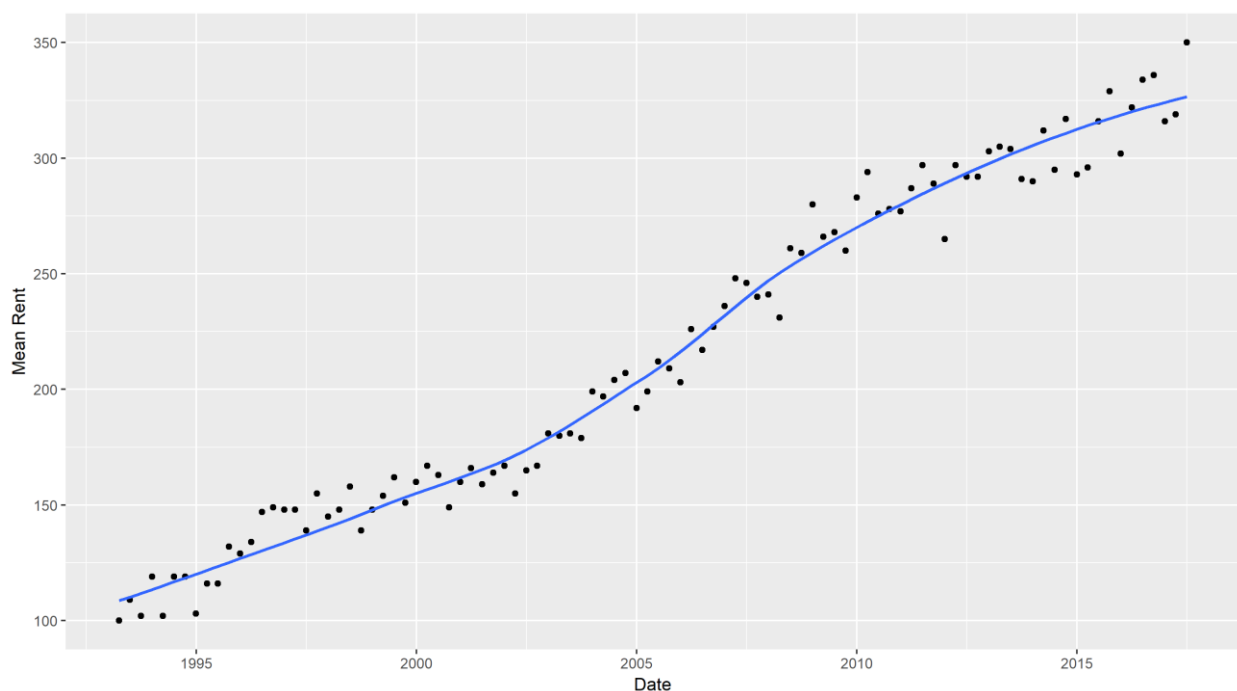
The median sales price in Raglan is currently above the Hamilton City market, but below the wider Waikato District market. The median sales price in Hamilton is just over \$500,000 while it is just under \$600,000 in the wider Waikato market predominantly due to slightly larger site sizes comparatively.

Overall, as a smaller market Raglan follows the same trends as the larger Hamilton and Waikato markets, with slow growth in median sales price prior to 2000, increasing sharply between 2000-2008 until the GFC slowed down the market until 2015 from when it recovered with a boom. The Raglan market grew earlier than the wider market in terms of median sales price between 2000-2008, however returned to the same timings during the 2008-2015 period.

3.2. MEAN RENT ANALYSIS

This section outlines growth in nominal mean residential rents within the Raglan, Waikato and Hamilton City markets. Figure 5 gives the mean residential rents in Raglan over the last 24 years, taken from a quarterly snapshot. A smoothed trend line is also given to illustrate the growth over time.

FIGURE 5: RAGLAN MEAN NOMINAL RESIDENTIAL RENT (\$)



Source: Property Economics, MBIE

Mean nominal rents in Raglan have grown from just over \$100 per week in 1993 to just under \$350 per week in 2017. Mean rents have consistently been increasing over time, with the fastest growth rates experience around the mid 2000's. Supply and availability of rental stock is an important influence on this market.

Figure 6 gives the mean rents in Raglan compared to the wider Hamilton and Waikato markets.

FIGURE 6: WIDER MARKET MEAN NOMINAL RESIDENTIAL RENT (\$)



Source: Property Economics, MBIE

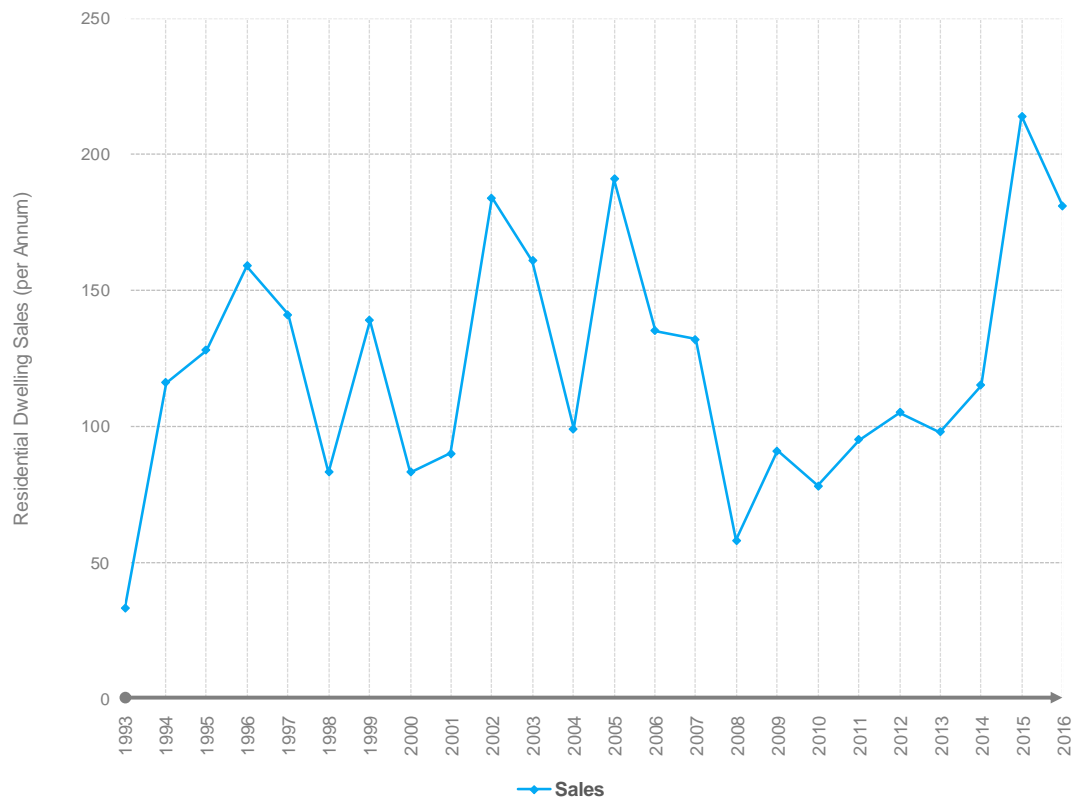
Raglan, Hamilton City and the wider Waikato District market all have comparable mean residential rents in 2017 around \$350. Over time it has followed a distinct trend where Hamilton City and Raglan both had higher mean rents than the wider Waikato market, with Hamilton City having a higher mean rent than Raglan.

However, since 2010 the disparity in rents between the areas has decreased, resulting in a converging of mean rents. This is likely due to the spread in residential demand across the country reaching beyond denser urban areas as people are priced out of urban markets and forced to seek cheaper dwelling accommodation further afield. Also people have a greater appetite to travel further by placing a higher value on 'lifestyle locations' such as Raglan and pushing up demand in these locations.

3.3. SALES VOLUME ANALYSIS

Figure 7 shows the temporal sales volume trends over the 2000 - 2016 period within the assessed market on an annualised basis, showing at a finer grain level the trend in the number of annualised residential sales over the assessed period.

FIGURE 7: ANNUAL AVERAGE RESIDENTIAL DWELLING SALES VOLUME (2000-2016)



Source: Property Economics, MBIE

The Raglan market fluctuates in close alignment to the property cycles and has followed a sales trend that is primarily reflective of national trends, indicating sale volumes are dependent on the state of the economy and holiday home demand.

The following breakdown dissects the market fluctuations a bit more:

- 1993-1997: Solid growth building up to the 1997 stock market crash.
- 1998-2002: Relatively flat period as fall out from the 1997 stock market crash and lack of liquidity in the market.
- 2002 - 2005: Strong upsurge in residential sales (as a recovery from the 1997 stock market crash sets in).
- 2005 - 2007: High levels of residential sales fluctuating until a gradual downturn from 2007.

- 2008 – 2010: GFC correction period, and sales volumes and new residential activity / development in general (new supply) falls sharply. Sales remained low and slow waiting for the economic / market recovery to 'kick in'.
- 2010 – 2013: Residential sales volumes '*bottom out*' and bounce back with slow but sustained increase in activity and demand.
- 2013 – Present: Rapid growth from 2013-2015 as residential market booms in Raglan with high demand. Slight decrease in 2016 however still remains very high sales combined with a lack of new stock built over the preceding 5 years.

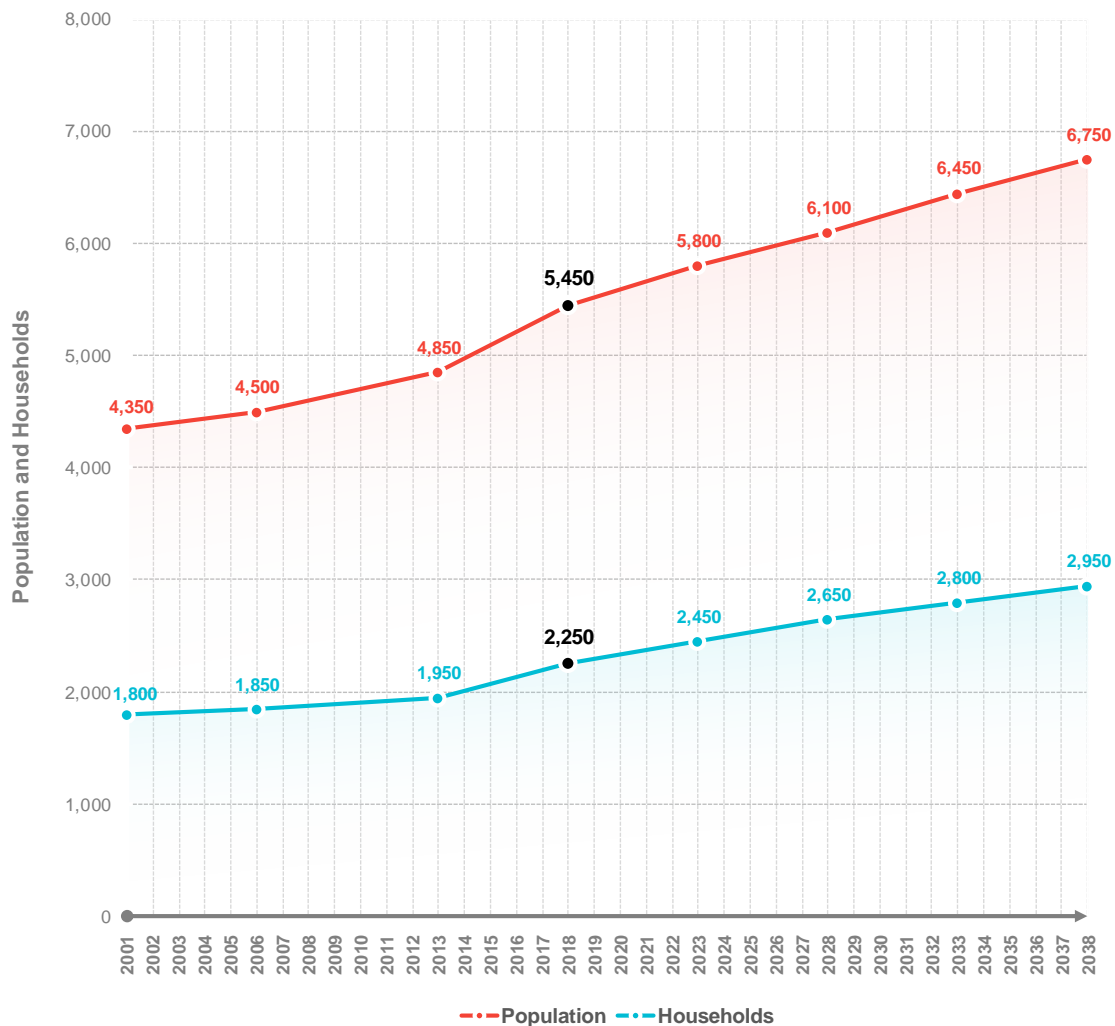
4. PROJECTED POPULATION AND HOUSEHOLD GROWTH

This section of the report assesses the population and household growth projections within the Raglan and Te Uku Area Units. As discussed in Section 1 these two Area Units are being assessed as the 'Raglan market' as the development site is within both Area Units, as well as the fact that the Raglan residential area extends beyond the Raglan Area Unit. These projections are derived from the Property Economics Residential Growth Model with the base inputs being the most recent Statistics New Zealand medium series projections and residential building consent data 2000 - 2018.

Figure 8 displays the population and household growth projections for Raglan's core economic market. Raglan has a current estimated usually resident population base of 5,450 people and 2,250 households (rounded). Both the population and number of households are forecast to grow by a net 24% and 31% respectively by 2038.

Figure 8 also indicates that growth in the number of households is forecast to increase at a faster proportional rate (31% over the forecast period) than the population (24% over the forecast period) due to a projected fall in the person per dwelling ratio over the forecast period. This trend is not isolated to the identified catchment but projected to occur across the whole country due to an aging population, smaller families and a higher proportion of 'split' or single households.

FIGURE 8: RAGLAN MEDIUM FORECAST POPULATION AND HOUSEHOLD GROWTH



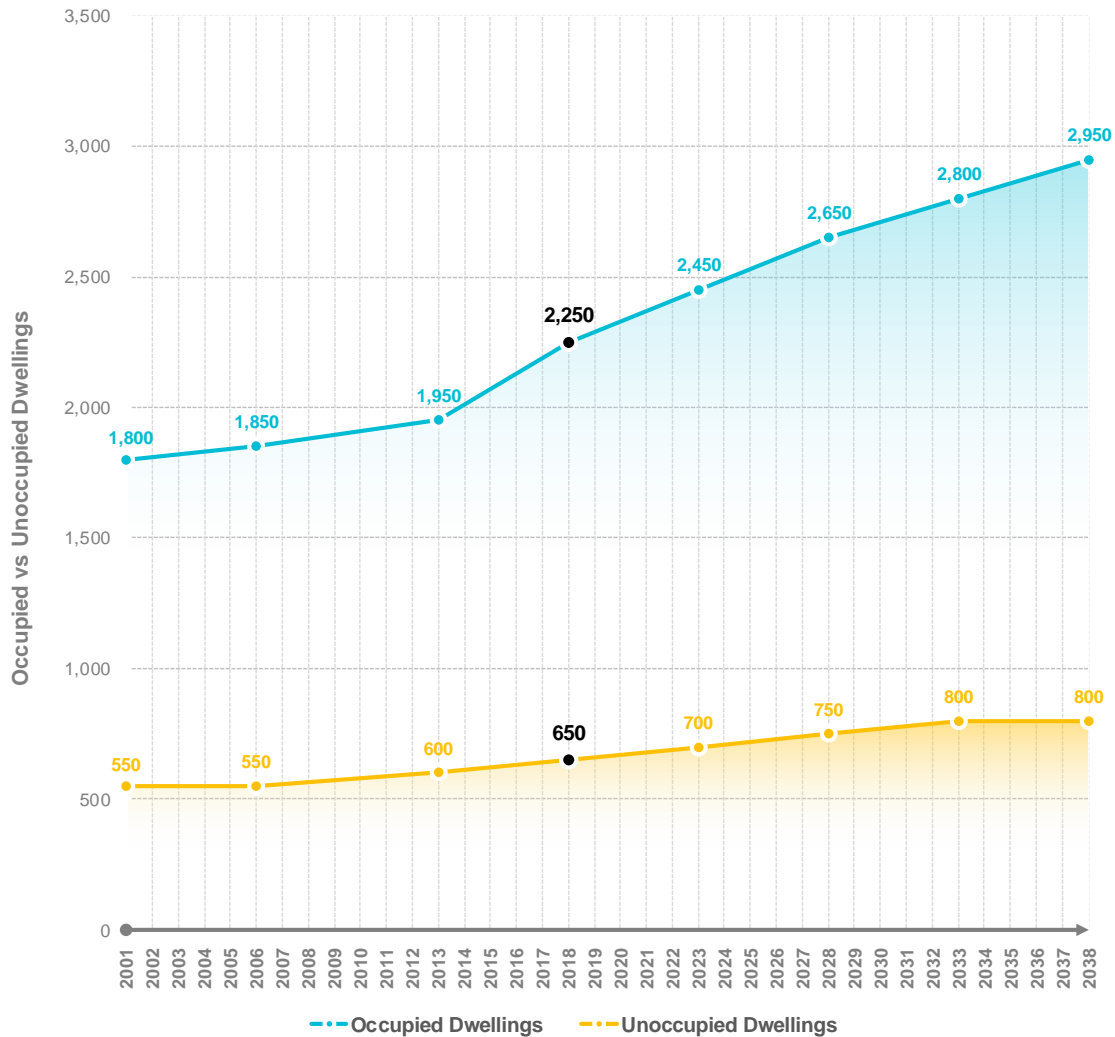
Source: Property Economics, Statistics NZ

Net population growth over the forecast period is projected to equate a total of 1,300 people, at an average net growth rate of around 65 people per annum.

For the purpose of this report, Property Economics considers the impact of the bach / holiday home market for Raglan important for assessing residential demand as this forms an important component of Raglan's housing stock and future demand. The household growth in Figure 8 is derived from the usually occupied resident dwelling measurement from the most recent Statistics NZ data, this therefore excludes the stock of holiday homes.

Figure 9 assesses the forecast growth of usually occupied vs usually unoccupied dwellings in Raglan. The usually unoccupied dwellings gives a measure of the holiday home market in Raglan as a proportion of the entire residential market.

FIGURE 9: RAGLAN OCCUPIED & UNOCCUPIED DWELLING FORECAST



Source: Property Economics, Statistics NZ

The number of occupied dwellings as outlined in Figure 8 already, is forecast to increase from 2,250 to 2,950, with the number of unoccupied dwellings forecast to increase from 650 to 800 (rounded). The proportion of unoccupied dwellings against occupied dwellings is taken from the most recent Census data on occupied dwellings by Area Unit.

The proportion of dwellings usually occupied for the Raglan and Te Uku Area Units is given below in Figure 10. Raglan has a higher proportion of usually unoccupied dwellings compared to Te Uku, indicating the concentration of the holiday home market toward the township of Raglan.

FIGURE 10: PROPORTION OF DWELLINGS USUALLY OCCUPIED BY AREA UNIT

Area Unit	2001	2006	2013
Raglan	73%	72%	71%
Te Uku	85%	84%	84%

Source: Property Economics, Statistics NZ

This gives a total dwelling requirement in Raglan of around 850 new dwellings to accommodate potential growth. This is considered a conservative estimate as it adopts the Medium growth scenario and represents around 28% of Raglan's current housing stock.

Under the High growth scenario, Raglan is estimated to require an additional 1,150 new dwellings to accommodate projected growth in the usually resident population and holiday home markets. Actual demand is considered likely to fall within this band.

5. RESIDENTIAL GROWTH RATES

This section outlines the growth of the Raglan residential supply through assessing the number of residential building consents granted in the study area between 2000-2017.

Figures 11 to 13 show the aggregated residential building consent data and then breaks this down by nominal consent value and sqm for the Raglan market.

This provides an overview of on-the-ground development and investment that has occurred over the last 17 years with insight into the scale and scope of activity in terms of new residential development.

FIGURE 11: RAGLAN NEW RESIDENTIAL BUILDING CONSENTS 2000-2017

Year	Number of Buiding Consents		
	Standalone	Terraced	Total
2000	24	2	26
2001	29	1	30
2002	27	2	29
2003	25	2	27
2004	31	1	32
2005	28	1	29
2006	21	3	24
2007	29	3	32
2008	31	3	34
2009	20	1	21
2010	39		39
2011	20	1	21
2012	33	1	34
2013	34	1	35
2014	27	1	28
2015	41	1	42
2016	42	1	43
2017	47		47
Average	30	2	32
Total (2000-2017)	548	25	573

Source: Property Economics, Statistics NZ

Figure 11 shows that, as expected, standalone product has dominated the residential market in Raglan in terms of new development. Since 2000, 548 standalone building consents have been consented, with only 25 terraced consents, this translates to 96% of all residential consents being standalone dwellings.

Looking at the trend of consents it shows a clear upswing in development and investment over the last 3 years. This comes at a time of significant sales price growth and therefore represents growth in both the demand, and flow on trigger to increase supply of residential product in the market. To highlight this recent upsurge, between the years of 2015-2017 130 standalone consents have been granted, with 47 alone in 2017 (56% more than the annual average over the last 17 years).

According to forecasts in the preceding sections, approximately 700 new dwellings are required to accommodate the usually resident population, with approximately 150 new dwellings required to service tourist holiday home accommodation in the area, totalling 850 new dwellings required (Medium scenario). This averages a required 43 new dwellings per year.

FIGURE 12: RAGLAN NEW RESIDENTIAL BUILDING CONSENT VALUE 2000-2017 (\$)

Year	Value of Building Consents		
	Standalone	Terraced	Total
2000	2,399,000	37,000	2,436,000
2001	5,142,105	40,000	5,182,105
2002	4,788,910	70,000	4,858,910
2003	4,087,300	103,000	4,190,300
2004	4,743,336	75,000	4,818,336
2005	5,773,007	30,000	5,803,007
2006	5,993,749	470,000	6,463,749
2007	5,805,737	136,800	5,942,537
2008	8,161,588	495,000	8,656,588
2009	4,536,984	50,000	4,586,984
2010	10,891,494		10,891,494
2011	5,496,438	6,000	5,502,438
2012	10,332,287	200,000	10,532,287
2013	8,751,664	154,000	8,905,664
2014	8,336,369	170,000	8,506,369
2015	14,245,496	100,000	14,345,496
2016	15,148,306	120,000	15,268,306
2017	18,182,391		18,182,391
Average	7,934,231	141,050	8,059,609
Total (2000-2017)	142,816,161	2,256,800	145,072,961

Source: Property Economics, Statistics NZ

Figure 12 shows the nominal value of residential consents granted in the study area, showing a finer grain look at the scale and type of development that has occurred. The trend shows that not only is the number of residential developments increasing, but also the value of the

developments. In 2000 there were 24 standalone consents granted, at a total value of \$2.4m, equating to an average of \$100,000 per development. In 2017 there were 47 standalone consents granted, at a total value of \$18.2m, equating to an average of \$387,000 per development. This reflects the increase in quality of residential stock developed in the market, as well as the rise in build costs.

FIGURE 13: RAGLAN NEW RESIDENTIAL BUILDING CONSENT AREA 2000-2017 (SQM)

Year	Building Consents Floorspace (sqm)		
	Standalone	Terraced	Total
2000	2,970	68	3,038
2001	5,895	50	5,945
2002	5,464	157	5,621
2003	4,597	100	4,697
2004	5,361	69	5,430
2005	5,198	51	5,249
2006	4,307	450	4,757
2007	4,849	109	4,958
2008	6,101	350	6,451
2009	3,346	63	3,409
2010	6,754		6,754
2011	3,888	5	3,893
2012	6,631	147	6,778
2013	6,090	100	6,190
2014	4,767	94	4,861
2015	8,256	64	8,320
2016	7,984	62	8,046
2017	9,150		9,150
Average	5,645	121	5,753
Total (2000-2017)	101,608	1,939	103,547

Source: Property Economics, Statistics NZ

Figure 13 shows the floorspace consented for the residential developments outlined above. Again, it shows that residential development has boomed in the last 3 years, with the increasing trend of development. Interestingly, while the number and value of consents have been increasing, the size of each development does not have an increasing trend over time. The floorspace attribute to each development has fluctuated between approximately 150-200sqm over time, with an average of 185sqm per development. Therefore improved quality is driving the market rather than increased size.

6. SUMMARY

A summary of the residential market analysis is given below:

- House prices in Raglan and the wider Waikato market have increased significantly over the last 3 years with the median house price in Raglan currently around \$550,000, up from \$400,000 in 2015.
- The quantity of dwellings sold per quarter has also increased since 2015 after the economy recovers from the GFC. The rise in demand for housing has increased turnover and caused the rapid increase in median sale price.
- Usually resident population base in the Raglan core market (Raglan and Te Uku Area Units) is projected to increase from 5,450 to 6,750 by 2038 under the Medium growth scenario, an average net growth rate of 65 people per annum.
- To accommodate the projected usually resident population growth, the core market will require approximately 700 new dwellings. Based on current market trends and preferences the majority of these new dwellings should be standalone houses.
- In addition to accommodating the usually resident population in Raglan, there is a significant market for holiday homes as tourists visit the area. There are currently an estimated 650 dwellings serving this market. To accommodate future demand this will have to increase by approximately 150 dwellings by 2038. This is assuming the number of holiday homes as a proportion of the entire residential market in Raglan will remain relatively constant over time.
- Building consent data shows that residential development has boomed in the last 3 years, with 130 standalone developments consented since 2015. This is on par with forecast requirements of 850 new dwellings over the next 20 years, averaging 43 dwellings required per year to accommodate both the usually resident population as well as the tourist market.
- Applying the High growth scenario, Raglan is estimated to require an additional 1,150 new dwellings to accommodate projected market growth (usually resident and holiday home markets) by 2038.