

Market Demand Analysis Response for Commissioners PC81

I am responding to questions raised by Commissioners yesterday, in my capacity as the coordinating author and co-lead of the [Market Demand Analysis](#), prepared by The Urban Advisory.

Purpose of the MDA is outlined in [Section 1.2](#).

It was prepared to support the plan change for the Dargaville Racecourse redevelopment, in particular the development financial feasibility study prepared by The Property Group which formed part of the Economic Impact Assessment. It also provided advice to the Tripartite group about the viability of their intended development approach / intent.

Analysis completed in 2021, in early stages of Covid-19 pandemic.

Note that the NPS-HPL didn't exist at the time of preparing the MDA and so it wasn't designed to address it. However this analysis is now useful for that purpose, I'll speak to each of your questions.

The Market Demand Analysis report included:

- Housing demand analysis ([Section 4, from page 15](#))
- Commercial and Industrial demand analysis ([Section 5, from page 23](#))
- Community Consultation summary ([Appendix 2](#))
- Housing Demand Survey Summary ([Appendix 3](#))
- Retirement living insights ([Appendix 4](#))

Housing shortage in Dargaville

Purpose of our analysis

- To inform urban design response to respond to demand and achieve desired housing outcomes (built form, typologies, integration with open space and other amenities) which inform planning provisions.
- To inform build rates/GFA for the development feasibility study, including housing typologies proposed.

How did we determine there was a housing shortage - Methodology

- Considered both qualitative and quantitative data sources to understand housing demand, including the tradeoffs and priorities for housing among residents, and experiences in the current housing market. ([all sources listed on page 9](#))
- Completed an online Housing Demand Survey ([Appendix 3](#)). There were 83 responses, considered high for a community the size of Dargaville.
- Retirement Living Focus Group research ([Appendix 4, from page 112](#)), with 22 local participants.
- Market research from local residential real estate agents and REINZ on sales ([Page 22, Table 3 & 4](#))

- Analysis of 2018 Census data, and Tenancy NZ data
- Sentiments from early engagement with community, and later community consultation (refer section 4.1, page 16), including:
 - “[...]comments on] lack of supply and choice available in Dargaville currently and ...concerns about younger residents being priced out of the local market to an increasing extent... having enough options for existing locals as well as the influx of Auckland residents who had been able to cash in on high house sale prices and move to Dargaville for the lifestyle/larger home and land package.”
 - “Retirement age residents are unable to downsize... a gap in the market... locals wishing to downsize are faced with a shortfall of options. This is the result of the limited number of new homes created in Dargaville over several years.”
- Sentiments from the Tripartite group and their rationale for the proposed development:
 - Demand for retirement living from Dargaville Community Development Board
 - One of the tripartite group, Te Rūnanga o Ngāti Whātua, operates Kahui Tu Kaha which is a community housing provider. They had anecdotal insights of housing demand from this work (Refer Property Group Report, 2021 on Finlayson Park development proposal), and sought for the development proposal to provide for these needs. At the time of preparing the plan change, they were preparing to do a survey to understand whānau housing aspirations. Strategic iwi aspirations for housing considered.
- I considered a 2021 report by The Property Group for Te Rūnanga o Ngāti Whātua which concluded that “Dargaville is no longer considered an affordable housing market, as house and rent prices have increased significantly over the past 10 years” (page 18 of MDA).

Analysis of this developed a picture of the Demand for Housing in Dargaville (Section 4, from page 16)

- General consensus of housing shortage in Dargaville.
- Shortage of **affordable** housing
 - Shortage of available rental properties highlighted (and few property listings overall). Need more supply to prevent further price escalation.
- Mismatch of housing stock with household needs (size/ typology).
- Increasing number of **smaller households** and an aging population.
- Demand for a mix of housing options and typologies, including smaller units.
- General consensus is that additional **retirement living options** are needed in Dargaville.
- This plan changes has sought to respond to housing shortage and offer greater housing choice (different tenures, typologies, esp medium density). (page 24, insights summary)
- **We didn’t respond to or calculate a specific figure for the overall housing shortage in Dargaville, but considered that this analysis of housing demand supported the development proposal and the amount of housing and types of housing proposed on site.**

- Price points and rental rates used in development feasibility were informed by this demand analysis, assisting the development of a financially viable proposition that would respond to known housing needs and aspirations.

Size of shortage / how did it eventuate

- Predicted population growth in Dargaville is anticipated to put pressure on both the rental and home ownership markets - affordability. (page 18 MDA)
- Low dwelling growth hasn't kept pace with population growth.
 - Between 2013 and 2018, Dargaville saw 13% population growth. This far exceeded the 2% dwelling growth over the same period. Consequently, house prices climbed 60.5% over the three years to 30 June 2017, and have continued to climb, and the town now has a shortage of available rental properties (from Kaipara, Place, People and Key Trends Kaipara District Environmental Scan 2020.)
- Migration contributes to population growth and housing market dynamics, especially where local income is lower than people from outside of Dargaville buying into the community.
- **Note that this analysis was prepared in 2021, and has not considered the current market conditions.**

Business capacity

Purpose of our analysis

- To understand market demand for commercial and industrial space, including rates/GFA to be used for the development feasibility study.

How did we determine there was demand for Industrial:

- Refer Section 5 of MDA, from page 25.
- Key rationale was the Kaipara Spatial Plan 2050. From their community and stakeholder engagement and consultation, KDC identified the need for more industrial land in Dargaville and proposed rezoning of the Awakino Point area including racecourse site as Light industrial.
- Understand broader economic context, strategies and indicators
 - High unemployment and demand for housing to accommodate workers (data from Infometrics).
 - Providing for more industrial capacity is consistent with local and regional economic development growth strategy Kaipara Kai (section 5.1.2, page 28), which is likely to increase demand for specialist industrial premises (e.g. ancillary fruit processing).
 - Page 14 notes the emerging Māori economy in Northland, contributing to demand for commercial and industrial land in centres like Dargaville. Including Te Rūnanga o Ngāti Whātua activities.
- Market research with commercial estate agents, REINZ (limited sales data, Table 6) and valuers (Section 5.1, page 25).

- Early engagement, business owners shared experiences of the market for industrial and commercial property in Dargaville.
 - Identified the development challenges in existing industrial-zoned land (consenting for bespoke fit-out, coastal hazard flooding extent [Figure 6, page 26](#)). By contrast, makes the racecourse a market attractive site for light industrial.
 - local trend of land use change in rural areas, less dairy farming activities (especially around Racecourse site) as farms transition to beef, chickens and seasonal cropping. Only one dairy farm off Awakino Point North Road now.

Note this was prepared in the early stages of Covid-19 pandemic, and before the NPS-HPL was notified.

How much capacity is there in the existing urban area?

- As mentioned, the MDA did not assess capacity within the existing urban area.
- Refer to planner, Ms Anich, for comment on infill development and existing subdivision rules in Kaipara District Plan as relates to Dargaville.
- Some relevant data is included in our [MDA](#):
 - [Section 4.2 of MDA](#) notes there are approximately 1,818 private dwellings in Dargaville, 201 unoccupied.
 - [Page 19](#) - The Dargaville unoccupancy rate (9.9%) is lower in comparison to Kaipara (26%), for Dargaville this reflects normal rates of vacant dwellings; those under renovation, awaiting new owners or tenants etc.
- I have already mentioned the purpose of our market demand analysis. It did not analyse vacant land across Dargaville.
- That said, the Dargaville Community Development Board did share insights about a previous site for a retirement village proposal, but was not able to progress on that site.
- From our market research, recent subdivisions of 5+ units largely occurred in urban fringe greenfield areas (e.g. Phoenix Heights).

How many new houses a year are built in Dargaville

- MDA provided some high level data, relevant in 2021, to understand market supply of housing. Our analysis wanted to understand existing market activity - number of houses, but also development metrics like square metre rates (\$), GFA, rental yield).
 - Important to note that market statistics only demonstrate choices made by what the market has provided (or not). Does not reveal trade offs and unrealised demand - housing survey and retirement living focus groups sought to understand these trade-offs, so that the plan change could respond appropriately.
- [Page 21](#), heading Building Consents: The number of building consents per 1,000 people has decreased in Kaipara District from 2018 to 2020. Just over 6 per 1,000 people in 2020, down from 10 per 1,000 in 2018.

- In the MDA, we found a few examples of new development. One proposal by Kahui Tu Kaha (consented but not built - Finlayson Park) and another small subdivision (Phoenix Heights)

How has the growth of Dargaville been predicted

- Census 2018 data used in our analysis in 2021.
- Our report noted that in 2018, there were 4,794 residents in Dargaville. To 2051, the population is expected to grow by over 1,090 new residents (5884 total) with an increasingly older population. Approximately 530 households.
- Makes sense that the 2022 growth estimate 5,214 (2022) to 6,167 (to 2054) in s42A report to 2054 is slightly larger, but broadly consistent in magnitude.
- Predicted population growth in Dargaville is anticipated to put pressure on both the rental and home ownership markets - including affordability. (page 18 MDA)
 - Between 2013 and 2018, Dargaville saw 13% population growth. This far exceeded the 2% dwelling growth over the same period. Consequently, house prices climbed 60.5% over the three years to 30 June 2017, and have continued to climb, and the town now has a shortage of available rental properties (from Kaipara, Place, People and Key Trends Kaipara District Environmental Scan 2020.)

Do the site characteristics affect how it fits into meeting demand

- Refer to Mr Heuser's hearing response about hypothetical 50 separate sites versus one large site, transaction costs higher with multiple sites.
- Broadly recognised by Tripartite Group that a site of this size available for development, and with willing developer, is rare (e.g. past efforts to develop a retirement village)
- Being out of flood plain is a notable site feature that makes it attractive for new light industrial land, but also housing development (Figure 6)
- Site has good accessibility to State Highway 14 which is beneficial for industrial development.

Kainga Ora

- Didn't engage with Kāinga Ora directly
- Through the tripartite group we are aware of Kahui Tu Kaha projects, working to provide affordable rental as a CHP.
- For example, Page 19 - 112 public housing tenancies in Kaipara, 56 pensioner dwellings. (From Property Group 2021 Report for development feasibility for Ngāti Whātua Finlayson PARK proposal in Dargaville)
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Successful urban papakāinga on non-Maori land.

- From my experience, and it is broadly appreciated in Māori housing sector, getting finance for development on General Title is simpler than on Whenua Māori, though resource consent is more challenging on general title. (e.g. refer to Te Tai Tokerau Papakāinga Toolkit Māori Housing Toolkit)
- The urban design recommendations I provided and the proposed planning provisions have sought to provide for papakāinga-style development through Multi-Unit Residential Developments (e.g. refer TDA-GRA-R17 Multi Unit Residential Development)
- Examples of general title papakāinga
 - Hone & Miriama Turner Trust Papakāinga (Auckland Design Manual case study) - intergenerational, redevelopment of urban site in Ngāruawahia.
 - Ngāti Hinewera Ahu Whenua Trust papakāinga (transferred to General Title to make financing easier) - refer to TPK guide to papakāinga housing.