

Mind the Gap

Current and Future Housing Supply in Auckland

Presented by David Norman
Chief Economist, Auckland Council
16 August 2018

Visit www.aucklandcouncil.govt.nz – Chief Economist Unit

Chief
Economist
Unit



Disclaimer

The views expressed in this presentation do not necessarily reflect those of Auckland Council.

What I'm covering

- Estimating the current shortfall
- What we're building and how it's changed
- Affordability challenges
- A scenario of growth

Mind the gap: Current and future housing supply in Auckland

Chief
Economist
Unit

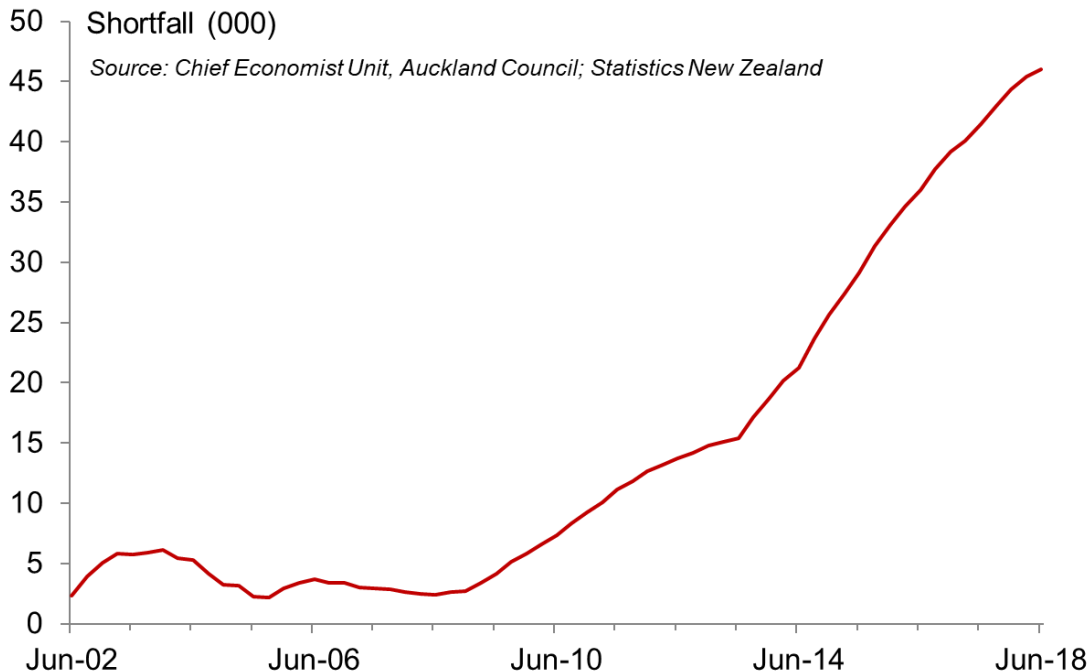
Auckland
Council
Te Kaunihera o Tamaki Makaurau



Estimating the current shortfall

- RBNZ: 50,000 mid-2017
- MBIE: 45,000 at end of 2017
- CEU: now at over 46,000

Estimated housing shortfall, Auckland, 2002 to 2018

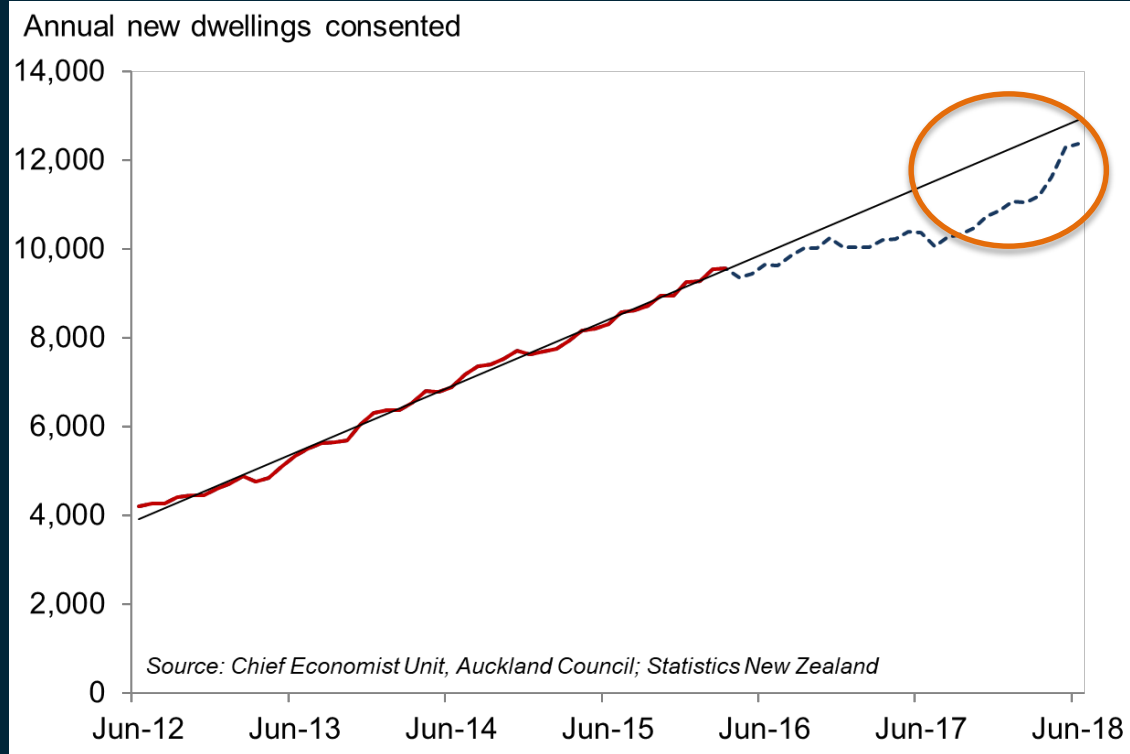


Mind the gap: Current and future housing supply in Auckland



What we're building

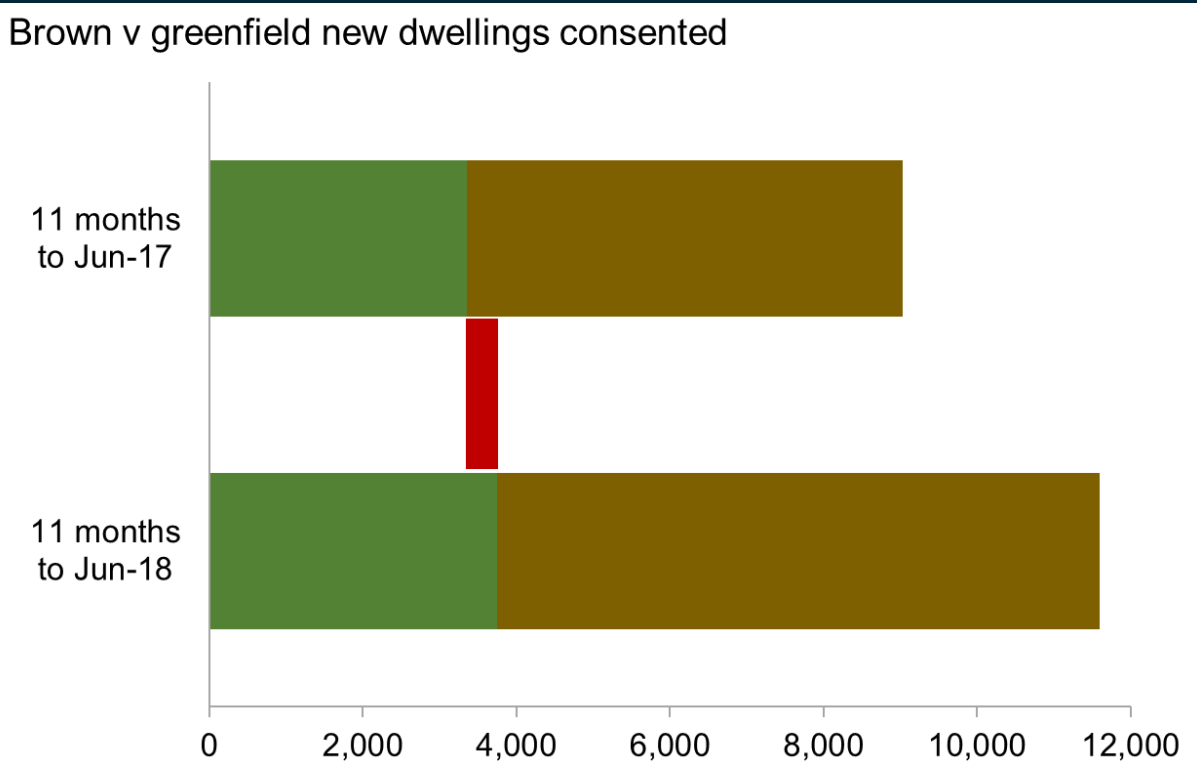
- 5.9% p.a. growth in 15 months to Aug-17
- 2nd wind: August 2017
- Consents: 11 months to June 2018: 11,595 (+25%) y/y
- CCCs: 8,838 (+28%)



Mind the gap: Current and future housing supply in Auckland



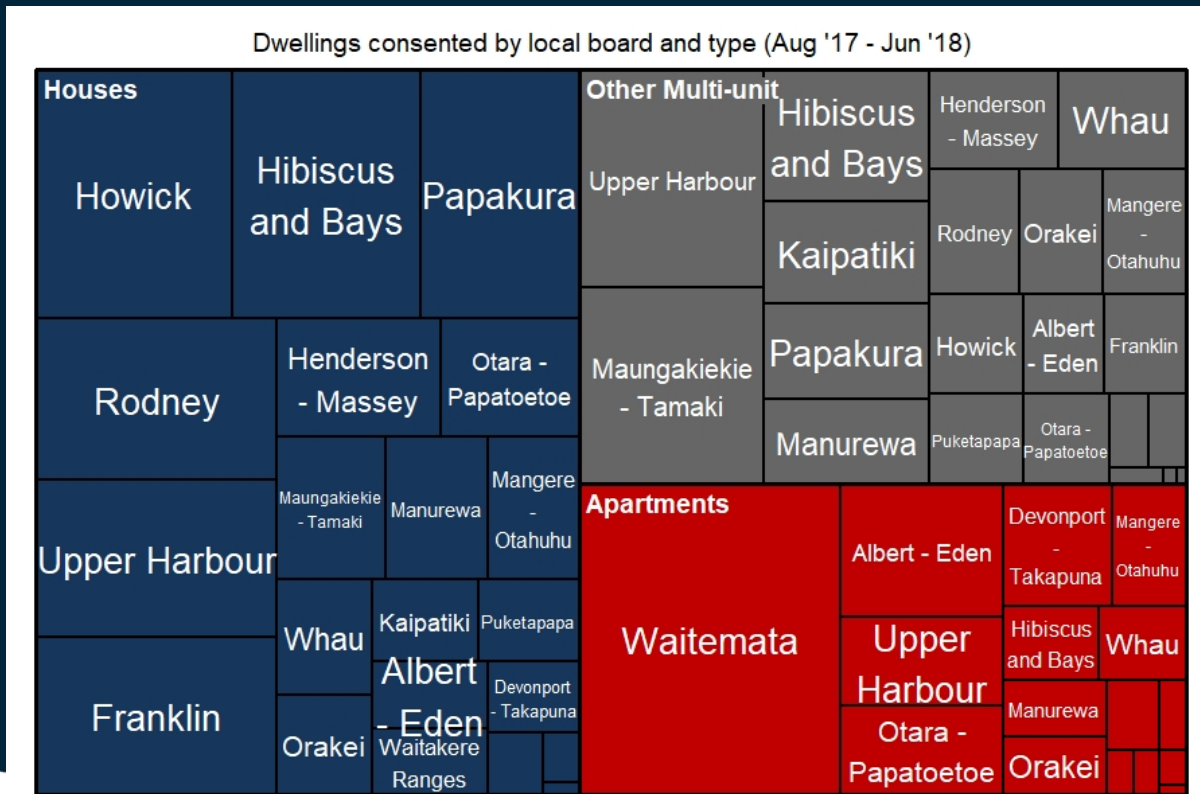
Where *growth* is: brown v green



Source: Chief Economist unit, Auckland Council; Statistics New Zealand

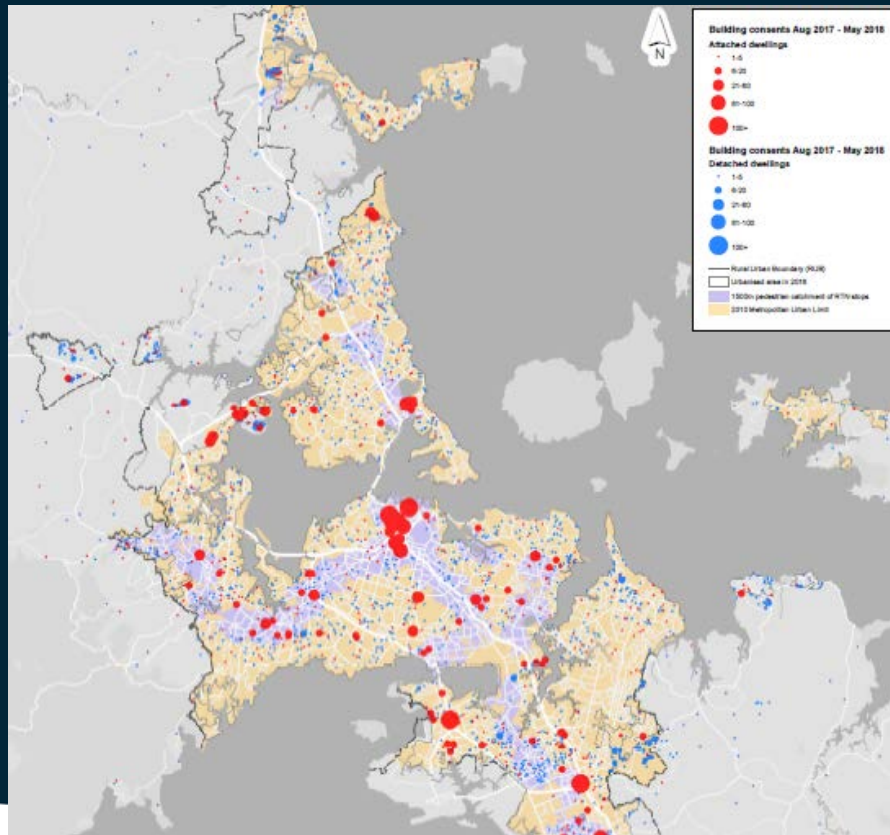
Mind the gap: Current and future housing supply in Auckland

Where *growth* is: local boards and type



Mind the gap: Current and future housing supply in Auckland

Where *growth* is: rapid transit access

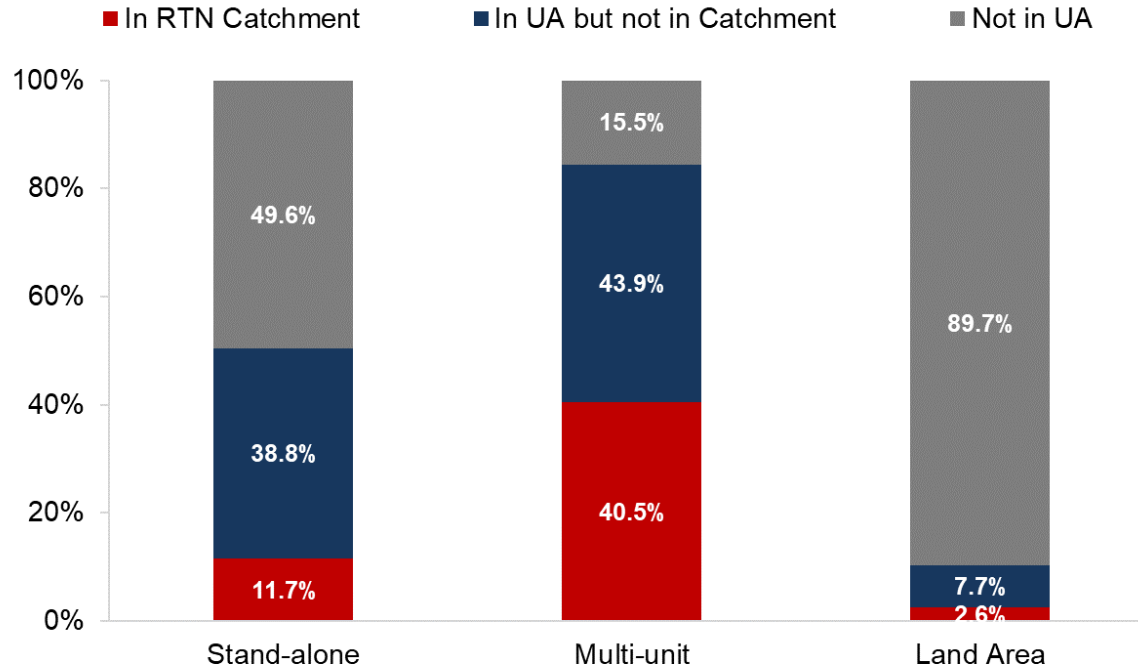


Mind the gap: Current and future housing supply in Auckland



Where *growth* is: rapid transit access

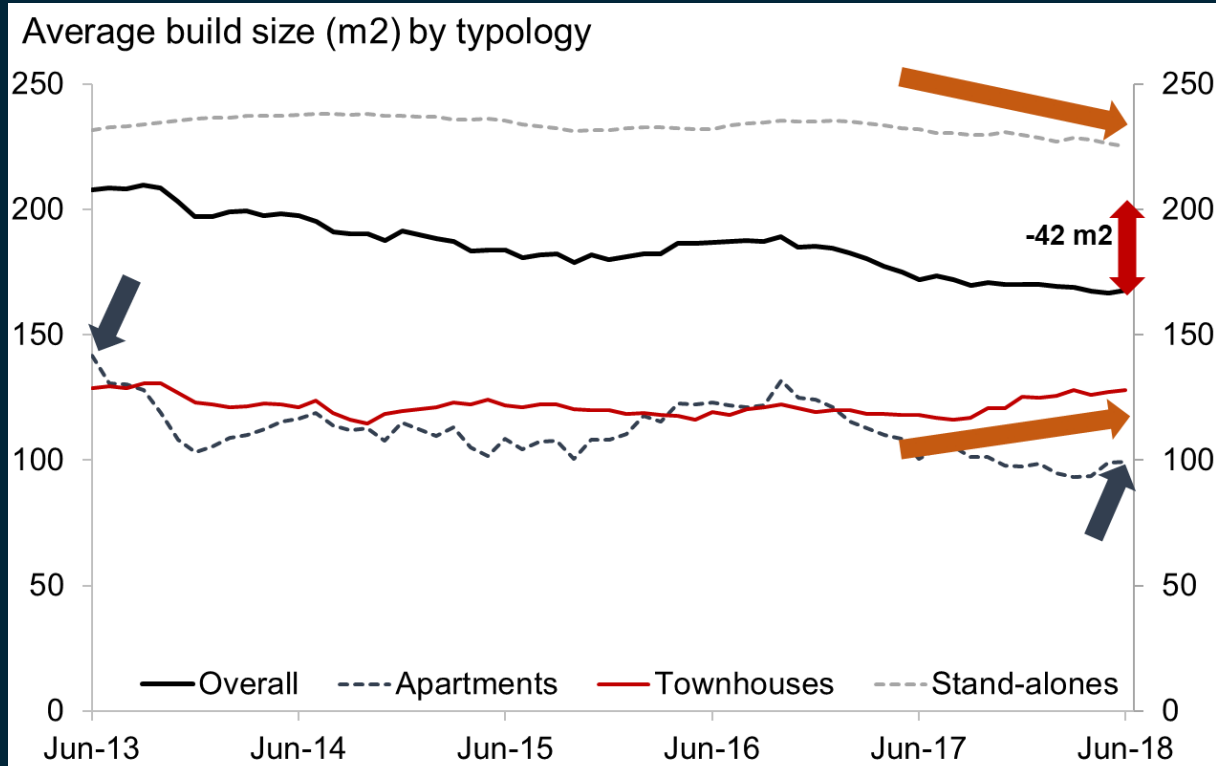
Dwellings consented by type and area, 11 months to June 2018



Source: Chief Economist Unit, Auckland Council

Mind the gap: Current and future housing supply in Auckland

What we're building: size

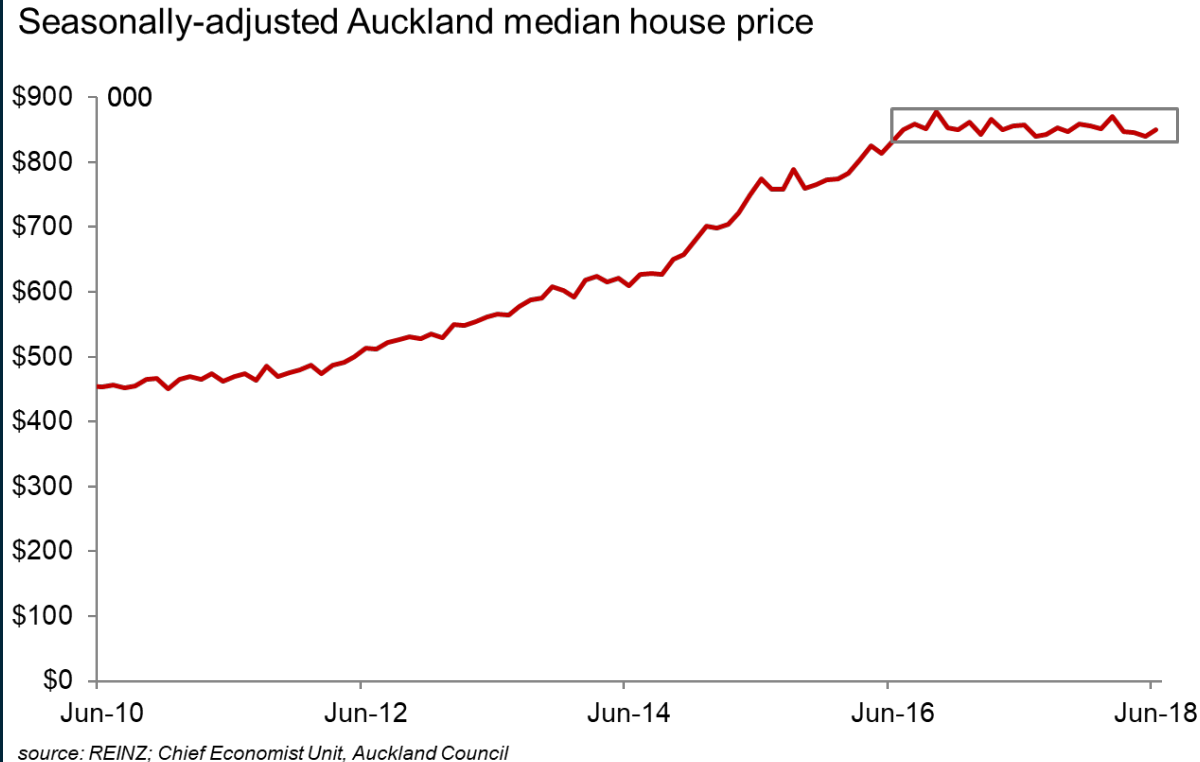


Source: Chief Economist Unit, Auckland Council; Statistics New Zealand

All change: Update on the Auckland economy and the road ahead

Affordability challenges

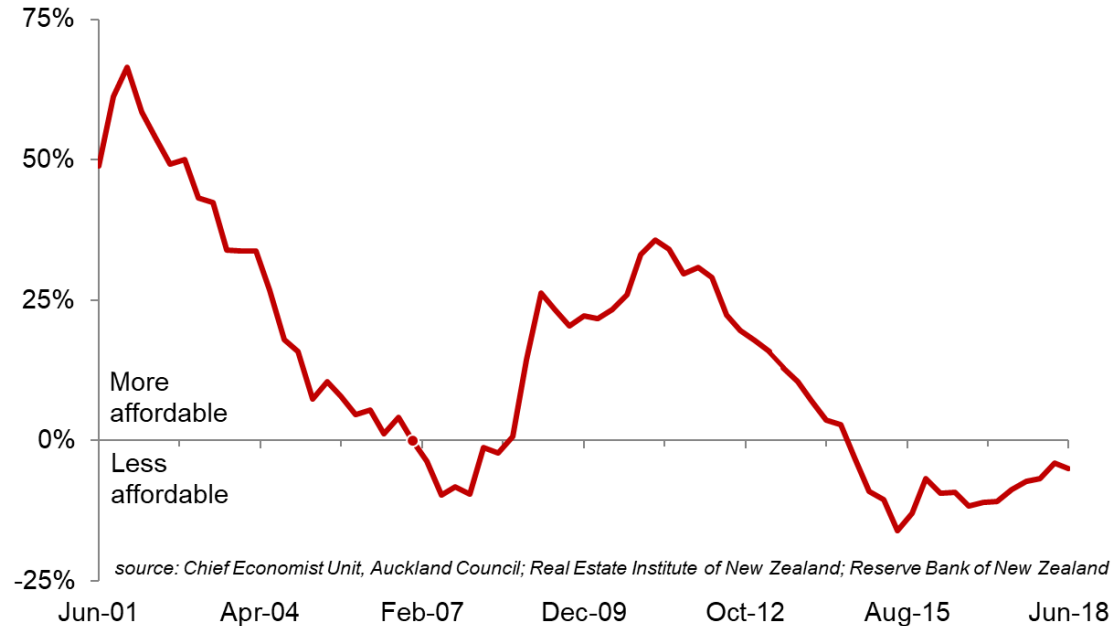
- House prices hover in narrow band



Affordability challenges

- “most affordable” in 3.5 years
- Why flat prices and why not lower?

SAM median house price affordability relative to December 2006

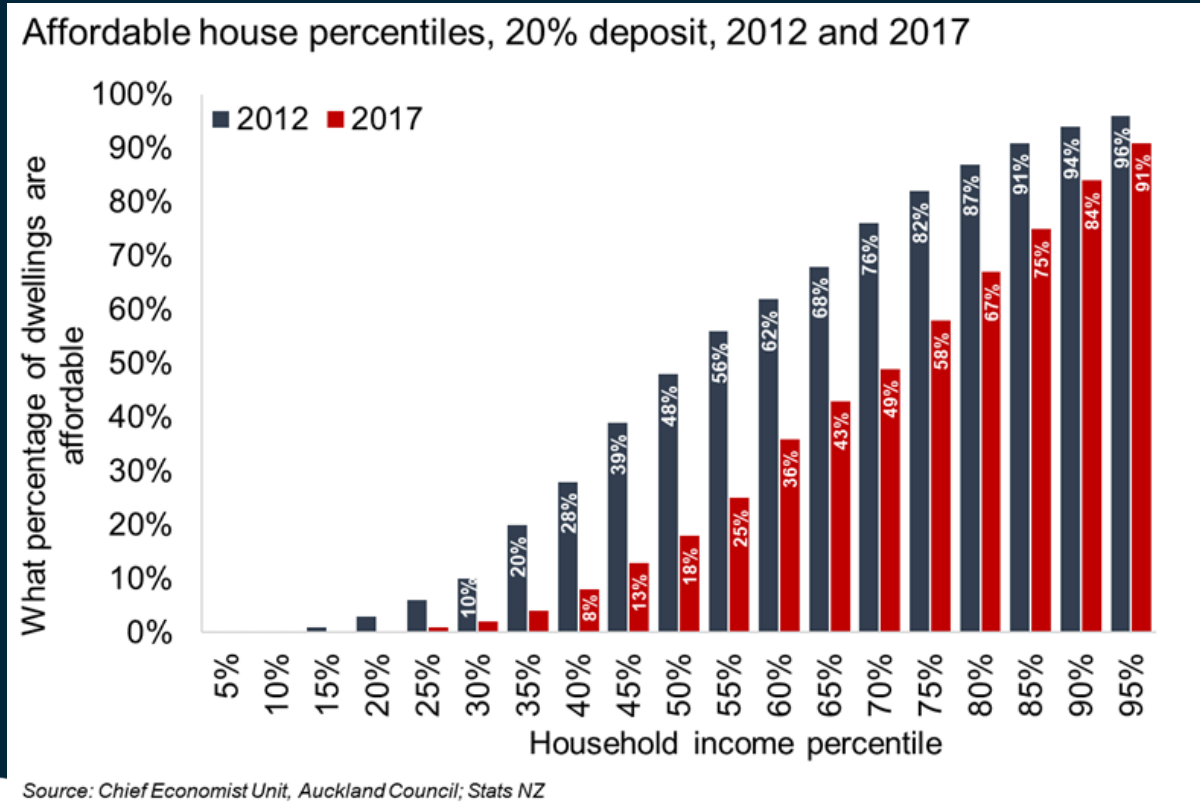


Affordability challenges

Offsetting factors including:

- LVRs on investors
- foreign money
- weaker economic growth
- Unitary Plan
- Mix of types of housing being built

Affordability challenges



All change: Update on the Auckland economy and the road ahead



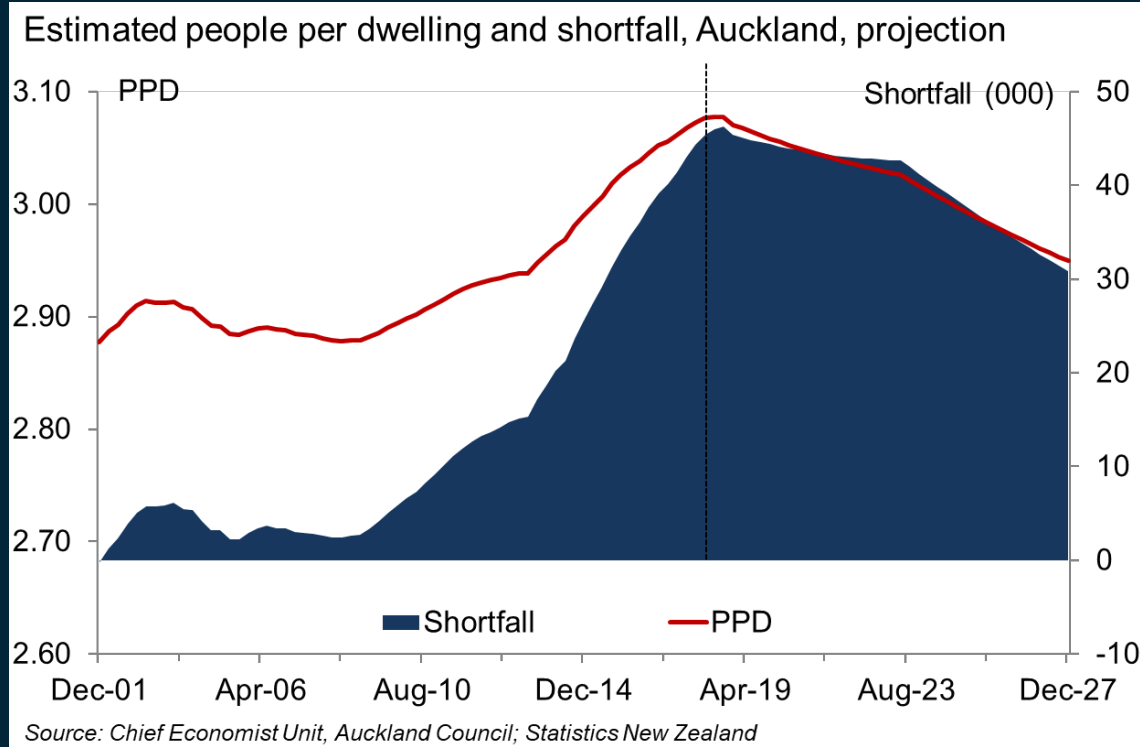
Affordability challenges

Household income		Affordable house		Corresponding house percentile	
Percentile	Income	10% deposit	20% deposit	10% deposit	20% deposit
40	\$80,300	\$443,000	\$499,000	5%	8%
45	\$90,500	\$499,000	\$562,000	8%	13%
50	\$97,300	\$537,000	\$604,000	11%	18%
55	\$106,800	\$589,000	\$663,000	16%	25%
60	\$119,500	\$659,000	\$742,000	25%	36%

Source: Chief Economist unit, Auckland Council; Statistics New Zealand

A scenario of growth

- Raise housing delivery by 20%
- Reduce annual population growth rate by 25%
- Still 30,000 short in 9 years' time



Any questions?



Mind the gap: Current and future housing supply in Auckland

Chief
Economist
Unit

