



Southland Housing Assessment For The Southland Housing Action Forum

Supply and Demand

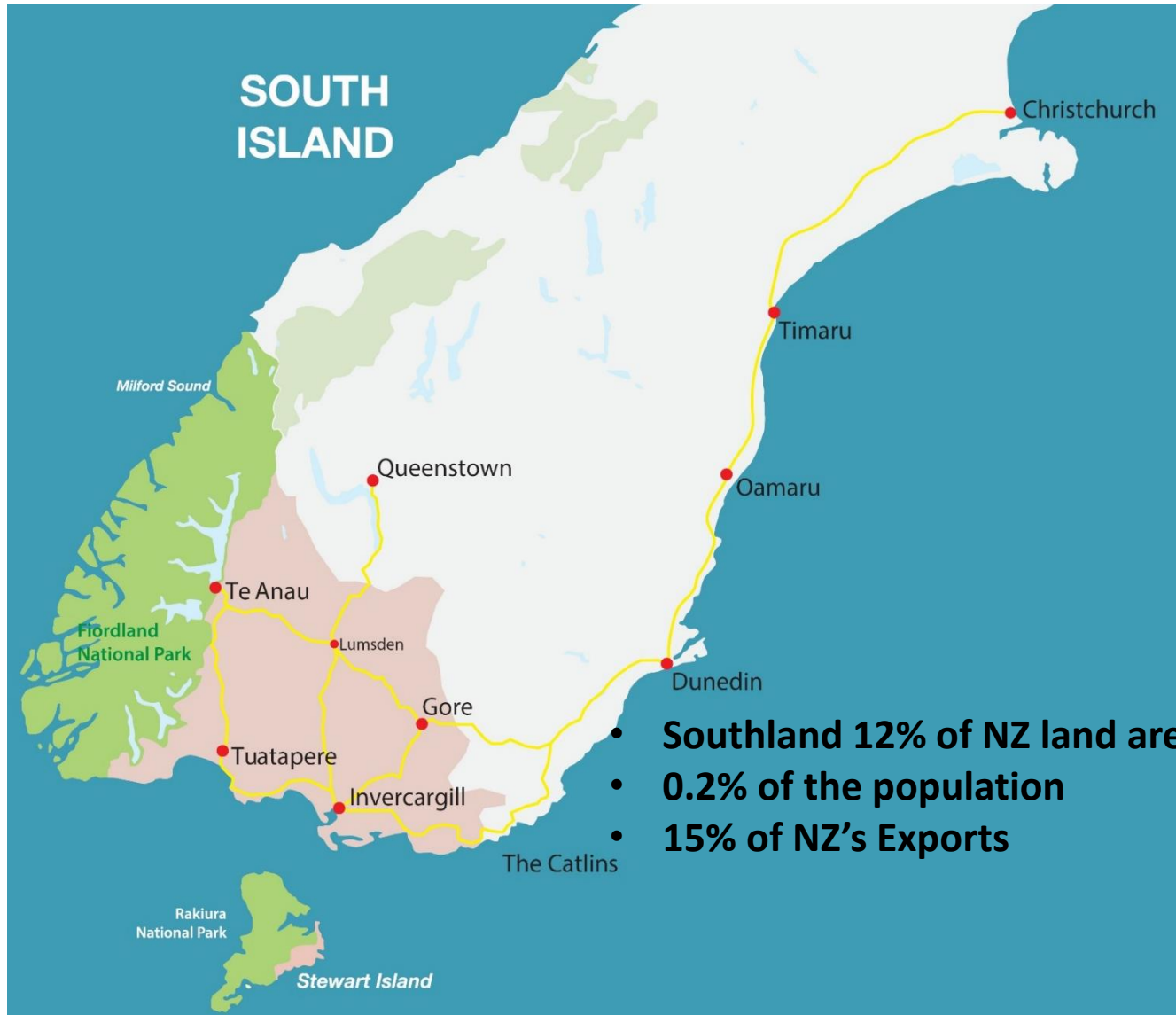
15 November 2018

Presentation by Steve Canny
Venture Southland GM Business and
Strategic Projects

Background - Southland Housing Action Forum

- June 2014 Southland Labour Market Strategy
- July 2016 Invercargill Social Housing Forum
- May 2017 Southland Community Housing Strategy Report
- June 2017 onwards - Southland Community Housing Group – facilitation of report recommendations
- July 2018 Southland Housing Action forum initiated
- September 2018 Southland Housing situational Analysis
- Nov 2018 Southland Housing Assessment

Southland's Contribution to the National Economy



- **Southland 12% of NZ land area**
- **0.2% of the population**
- **15% of NZ's Exports**

Population 93,400 2013
Population 98,400 2018 (MBIE)

Key Research Findings - Summary

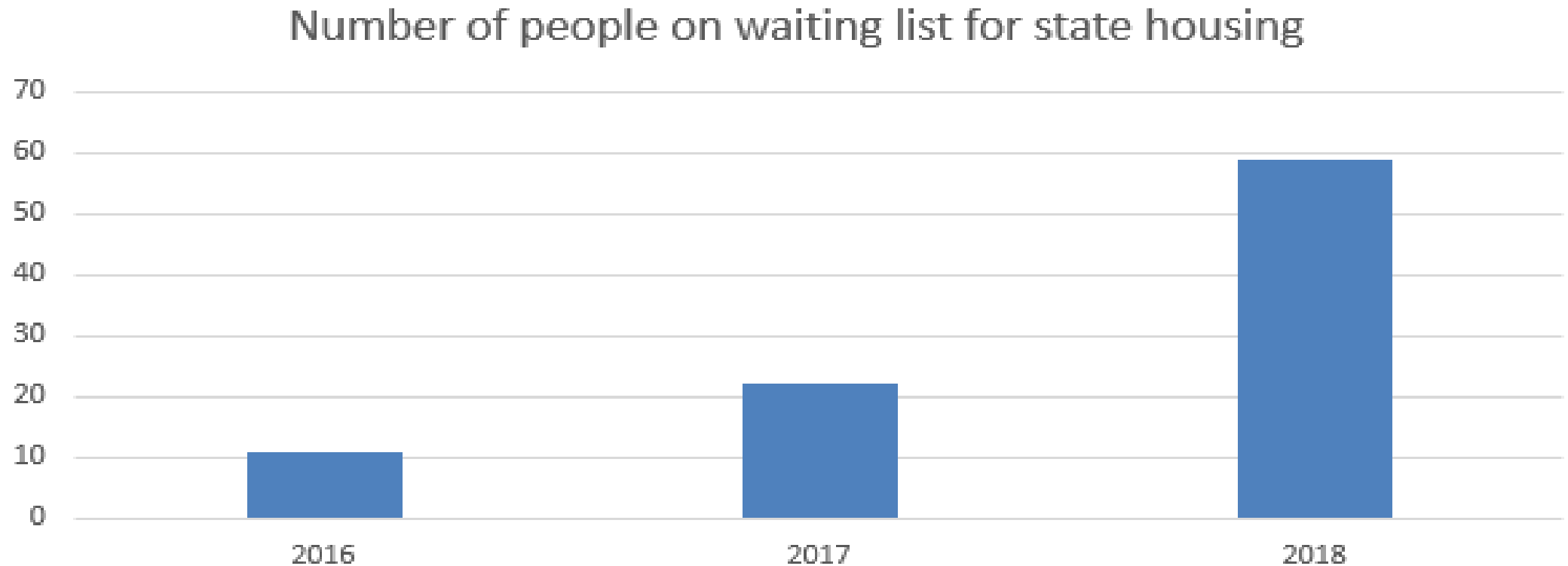
- **“Our housing stock is overfull”** - Population growth is driving increased demand for housing in all sectors 1.1% CAG
- **“There is Market Failure”**- in Social and emergency housing a minimum of **142 houses need now**
- **Refugee resettlement requires additional housing** 77 houses in the next 3 years
- **That the rapid growth in Airbnb** is significantly impacting on the availability on the availability of rental housing 553 houses converted to AirBNB estimated **400 removed from the rental pool**
- **Landlords of rental accommodation are selling down rental stocks** to avoid compliance costs
- **First home buyers are experiencing problems finding homes** or suitable and affordable homes
- **There is a lack of suitable consented residential property available for new builds**
- **‘Baby Boomers’**- The aging population is driving a demand for newer, smaller, warmer, accessible housing
- **Business growth and planned construction** projects are placing pressure on permanent, seasonal and temporary housing and commercial accommodation - **7000 new jobs, 2500 new construction Jobs**
- **There is a local lack of builders and sub trades**

Market Changes Oct 2017 to Oct 2018

DEMAND/CONSTRAINT INDICATORS

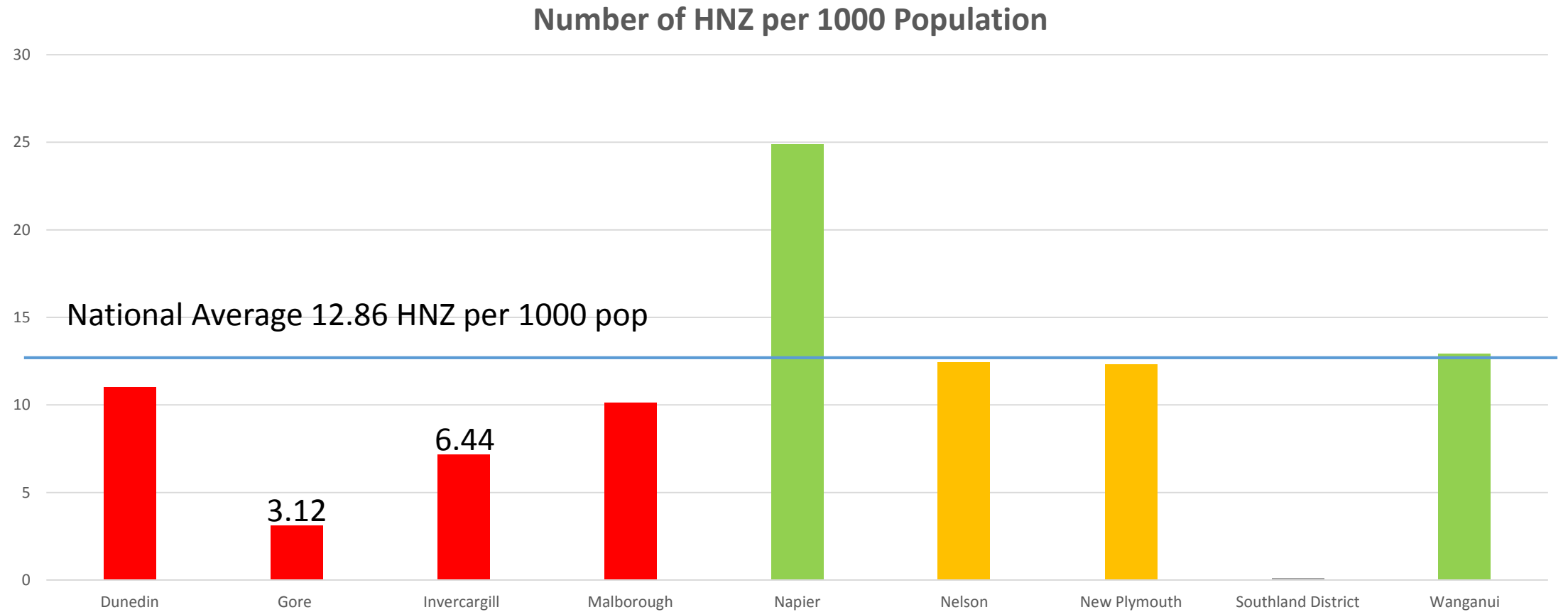
- **“We are Full!”** - Research shows that the housing demand significantly exceeds existing housing stock
- **8.5% Increase in median house price** for October 2018 was \$255,000 up from \$240,000 in August, \$249,000 in June, and up 8.5% from this time last year.
- **Largest Increase in Sales Volume** - Southland was one of the regions with largest increase in sales volume: +32.9% (from 146 to 194 – an additional 48 houses).
- **Southland continued to have the biggest fall in inventory** (-25.0% from 612 to 459 – 153 fewer properties).
- **Southland had the lowest median days to sell of just 24** – down from 28 in October last year. Source ([REINZ Residential Property Data](#) – November 2018)

Increasing Demand for State Housing



As at Nov 2018 - 82 Applicants in Southland

Level of Housing Investment



New Homes

PROJECTED BUILDS

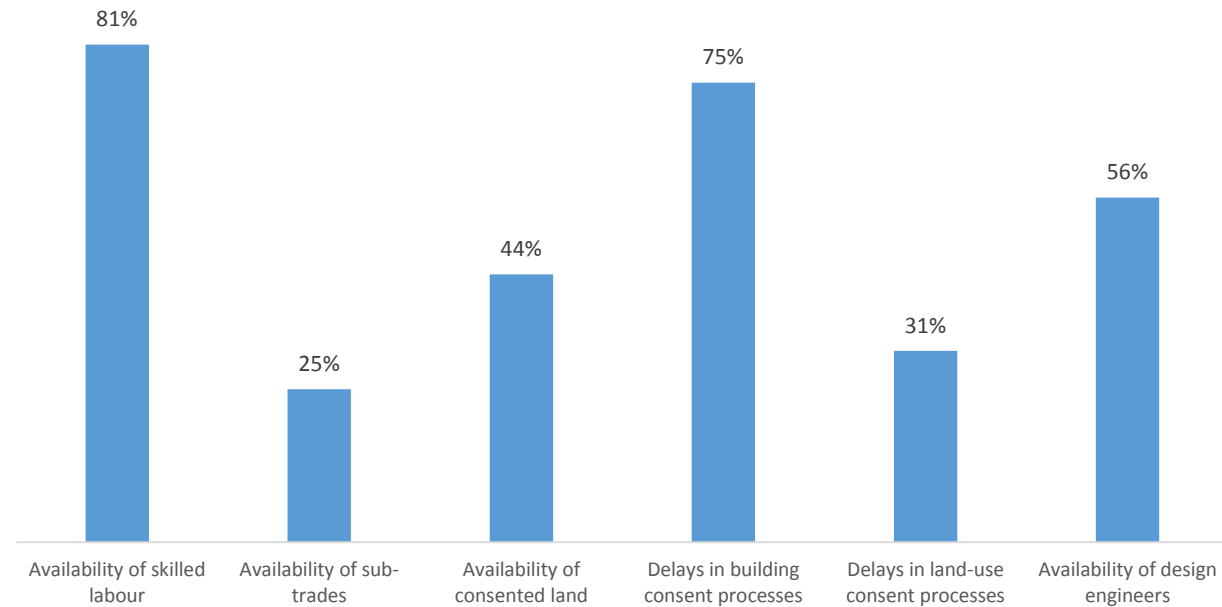
- 144 houses will be built in the next 12 months
- 225 sections across Southland are expected to get consent in the next 12 months

	Invercargill City	Bluff	Gore/ Eastern Southland	Winton/ Central Southland	Riverton/ Western Southland	Te Anau/ Fiordland	Lumsden/ Northern Southland	The Catlins	Stewart Island
Houses to be built in next 12 months	71		26		22	9			16
Sections to be consented in next 12 months	72	18	16	14	25	43	16	11	11

New Homes

SUPPLY

- **Lack of Builders and Sub-Trades** - While demand for house building is currently high, most common barriers to meeting the demand is the availability of skilled labour for 81%, closely followed by delays in planning building consent processes for 75%.
- **Policy, regulatory and planning setting need alignment**



Housing impact on business

- Southland produces and processes **15% of all of New Zealand's Tradable Exports**
- 43% of businesses said there are aware of their staff experiencing difficulties accessing rental accommodation
- 54% are aware of their staff experiencing difficulties buying a home
- **50% plan to increase their staff in the next year.*- a minimum of 7010 Jobs estimate that 33% new to the region**
- Assumption – 33% of the new staff are from outside of Southland, therefore **2313 new houses are required.**
- Currently there are new construction projects to the value of **\$500m requiring up to 2500 workers**
- **There is a significant shortage** of builders and sub-trades
- Rapid Tourism growth is creating **worker accommodation shortage in Te Anau and the Fiordland Basin as well as locations such as Rakiura Stewart Island**

**Southland Business Survey 2018*

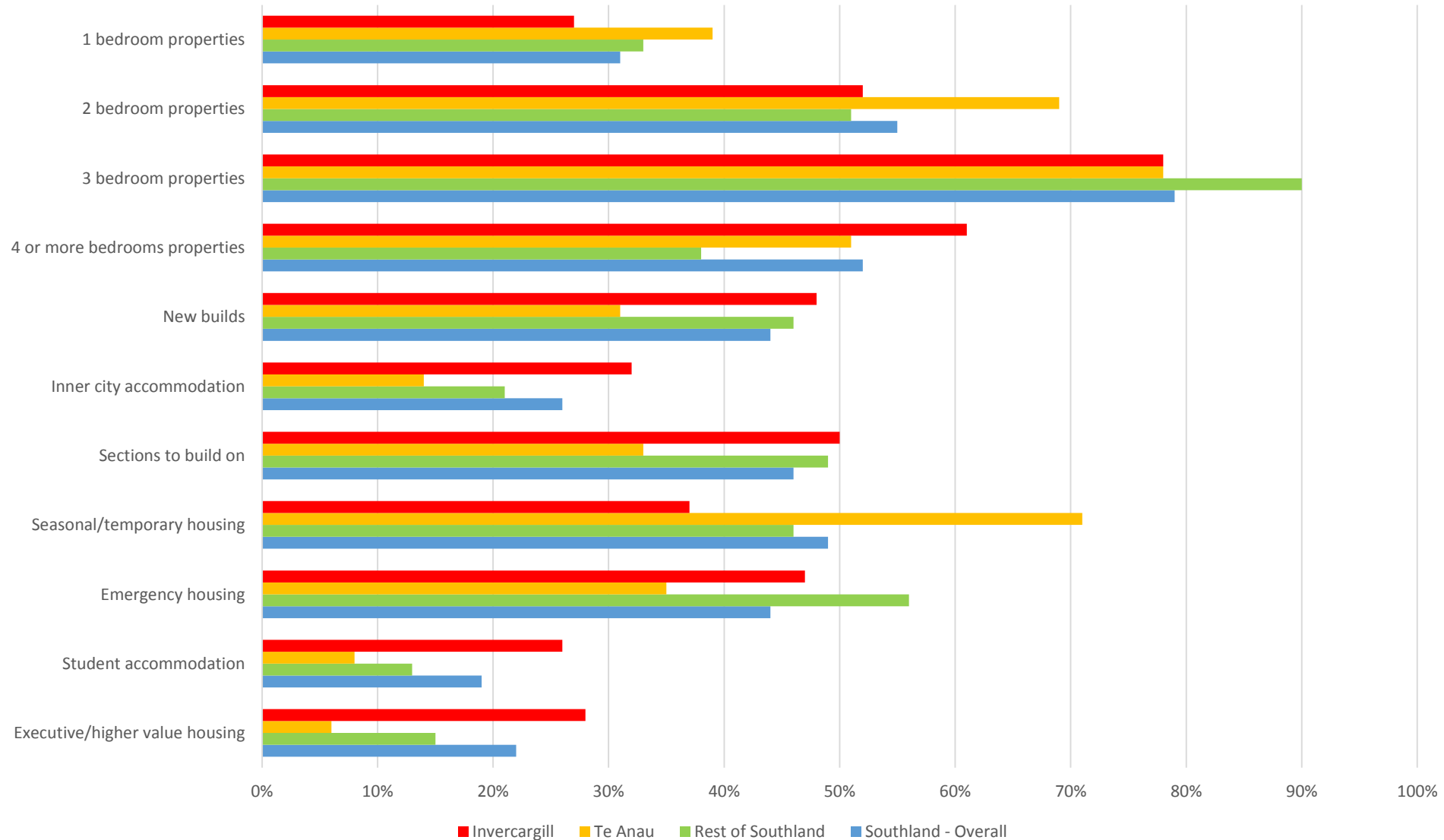
How many houses do we need?

Type	Number of houses needed
Rentals (residential homes)	352
Social/emergency housing (incl refugees)	142
New employees from outside Southland	2,300*1
Population growth	486 p.a.*2
Total	2,800 new homes required in 2019

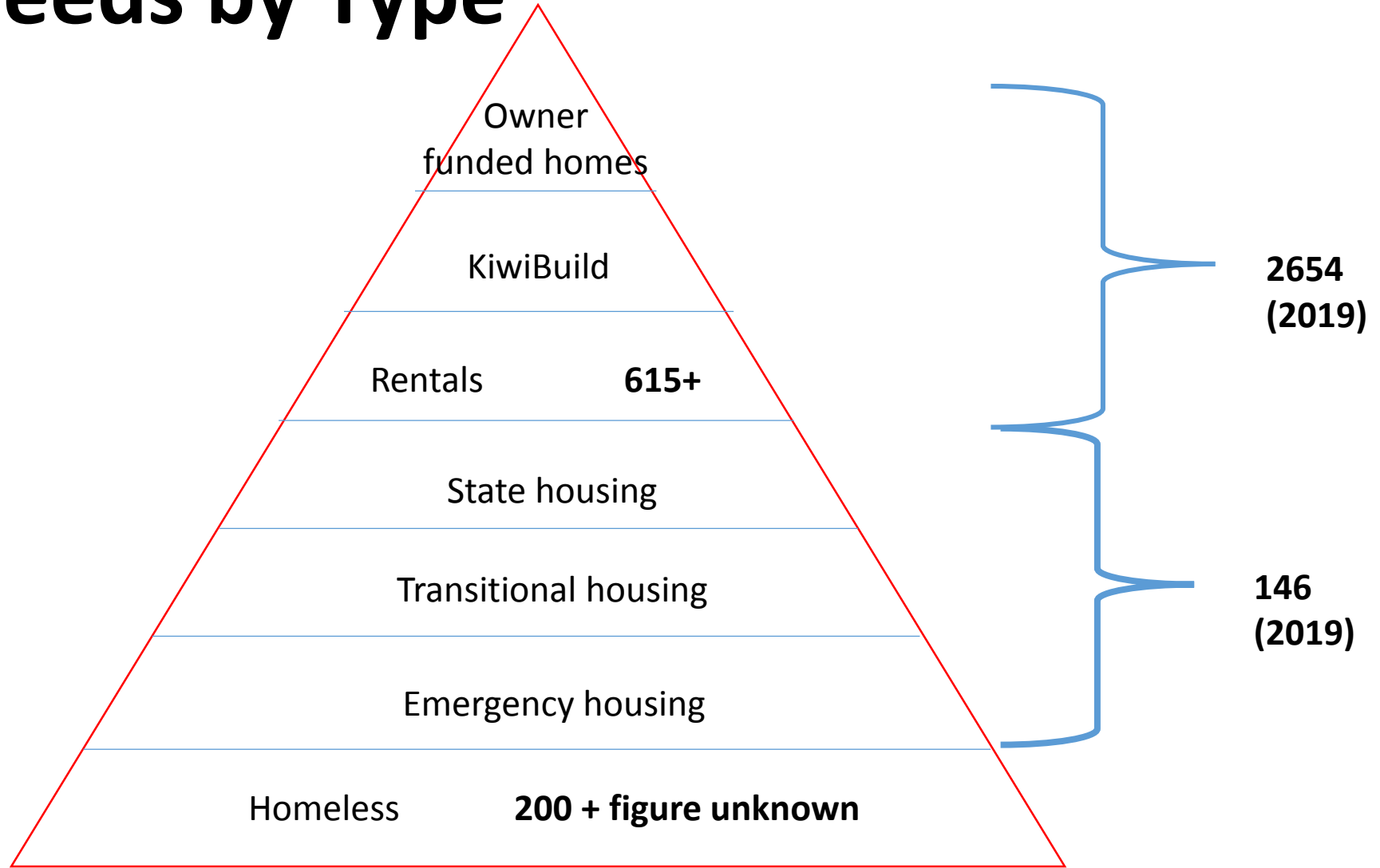
*1 projected work demand and tourism demand - 50% of Business are recruiting 7000 jobs 33% of employees new to the region (Southland Business Survey 2018)

*2 486 p.a. until 2025 to service population targeted growth

Types of Houses Required By Location



Housing Needs by Type



Southland Housing Challenge - Summary

- **Housing needs have out-stripped available Housing**
- **Social and Emergency housing is an acute issue with waiting lists that are growing rapidly year on year**
- **We have a need to build 2,800 homes within the next year and almost 500 houses per year for at least the next 5 years**
- **We are impacted by lack of Social and Emergency housing investment by previous governments means that we have an immediate need for at least 140 houses Social and Emergency houses**
- **Southland Invercargill have far fewer Housing NZ Homes/Social Housing homes by comparison to other similar Cities and Regions 6.44 houses per 1000 population which is half the national average at 12.86 houses per 1000 pop**
- **We need all state sector agencies to work with us to find a solution to our challenges and**
- **'Front Load' The Government's to build 40 new homes to allow these to be built in the coming year* but we need at least 100 additional homes**

Where to from here?

- **We want to discuss solutions! - We would like Government to work with us to find an integrated solution to the challenge of servicing our growing and aging population**