NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT – QUARTERLY MONITORING REPORT

October-December 2025

MANAWATŪ DISTRICT COUNCIL

Contents

October-December Snapshot

Residential building activity in the Manawatū District remained steady during the October–December 2025 quarter, with 38 new dwellings consented. This is consistent with recent quarters, where consent numbers have remained within a relatively narrow range. While activity remains low compared to historical peaks, the reduced magnitude of fluctuation suggests a more stable, albeit still low, level of construction activity. This trend reflects broader national patterns.

House prices in the District continue to show signs of stabilisation. The median house price decreased slightly this quarter to $555,000, continuing the gradual easing seen since 2023. Year-on-year trends indicate that while prices have continued to decline, the rate of decrease has slowed. Sales activity has increased steadily throughout 2025, with 124 houses sold this quarter.

Rental prices have remained largely unchanged. Average weekly rents in December 2025 were consistent with the September quarter, continuing the stable trend observed since mid-2023. Limited rental supply in the District is expected to continue supporting relatively stable rental prices compared to larger urban centres.

Housing affordability has remained stable and continues to be more favourable than the national average. The housing affordability ratio has held at around 4.3, while rental affordability has improved slightly, with households spending approximately 21.0% of income on rent, compared to 21.4% nationally.

Information on the housing register was not available for this quarter due to an external data system issue. However, existing data indicates ongoing demand for smaller dwellings, particularly one- and two-bedroom homes.

Business activity in the District continues to grow gradually, with a small increase in the number of business units recorded this quarter. While growth has slowed compared to previous years, it remains consistent with longer-term trends. The proportion of self-employed people has increased slightly in 2025, following a period of gradual decline.

The construction sector showed a slight decline in 2025 following several years of growth, with reductions in both employment and GDP contribution. This reflects national trends, including higher construction costs and reduced investment in the sector.

Overall, the Manawatū District continues to experience stable housing, rental, and business conditions. Current modelling indicates there remains sufficient zoned and developable land to meet projected housing demand across the short, medium, and long term.

Introduction

The NPS-UD states that all tier 1, 2 and 3 local authorities must report quarterly on the demand and development capacity for housing. Subpart 3 of the NPS-UD requires local authorities to monitor the following indicators:

(a) the demand for dwellings

(b) the supply of dwellings

(c) prices of, and rents for, dwellings

(d) housing affordability

(e) the proportion of housing development capacity that has been realised:

  (i) in previously urbanised areas (such as through infill housing or redevelopment); and

  (ii) in previously undeveloped (i.e., greenfield) areas

(f) available data on business land

This quarterly report identifies key trends and changes in the urban environments of the Manawatū District. The Manawatū District has one key urban environment, Feilding, and several rural and semi-rural satellite villages.

The purpose of monitoring reports is to provide input into decision-making that responds to the real-time trends of growth in the District. This ensures that any future development is appropriate and able to sustain communities.

Some data is not available past a certain point, which has resulted in some minor variations for data showing trends over the past 5-7 years. The influence of the Covid-19 pandemic has also impacted data over the past 4 years, which is reflected in this report.

To fill some of the remaining data gaps, the Manawatū District Council is progressing work on a model to estimate the urban area housing development capacity, and the proportion of that development capacity which has been realised. This report includes the first indicative numbers from the first use of an interim prototype model in late 2024, based on existing district plan zonings and settings. A more sophisticated model is currently in development and it is expected that these numbers will vary over time as both a reflection of actual (as opposed to theoretically enabled) development patterns and refinements to the model itself.

Growth Trends

All the following data is based on the Manawatū District unless otherwise stated. The data comes from a range of sources and is accurate at the time of reporting.

Building Consents

Data from building consents indicates the trends for new residential buildings in all parts of the District. These trends are shown below on an annual and quarterly scale. Building consent data has been broken down into house, retirement village unit and townhouses, flats, units, and other dwellings. A total of 38 new dwellings were consented over the October to December 2025 quarter.

Figure 1 shows the new residential building consents at a quarterly scale for the Manawatū District.

There continues to be significant fluctuations in the number of new dwelling building consents over multiple quarters, although the magnitude of volatility since July 2024 has been the lowest since October 2020. This most recent quarter shows a similar number to what has been seen in early 2025. Nationally, the December quarter saw a 9% increase compared to December 2024 quarter. The number of consented dwellings has stayed in that 30-40 range for the last five quarters. Quarter-to-quarter variations happen for several reasons, such as market demand, the nature of developments underway (e.g. a rest home or speculative development by a developer may see consents for multiple dwellings applied for concurrently) interest rates, migration patterns, availability of materials, and the cost of those materials.

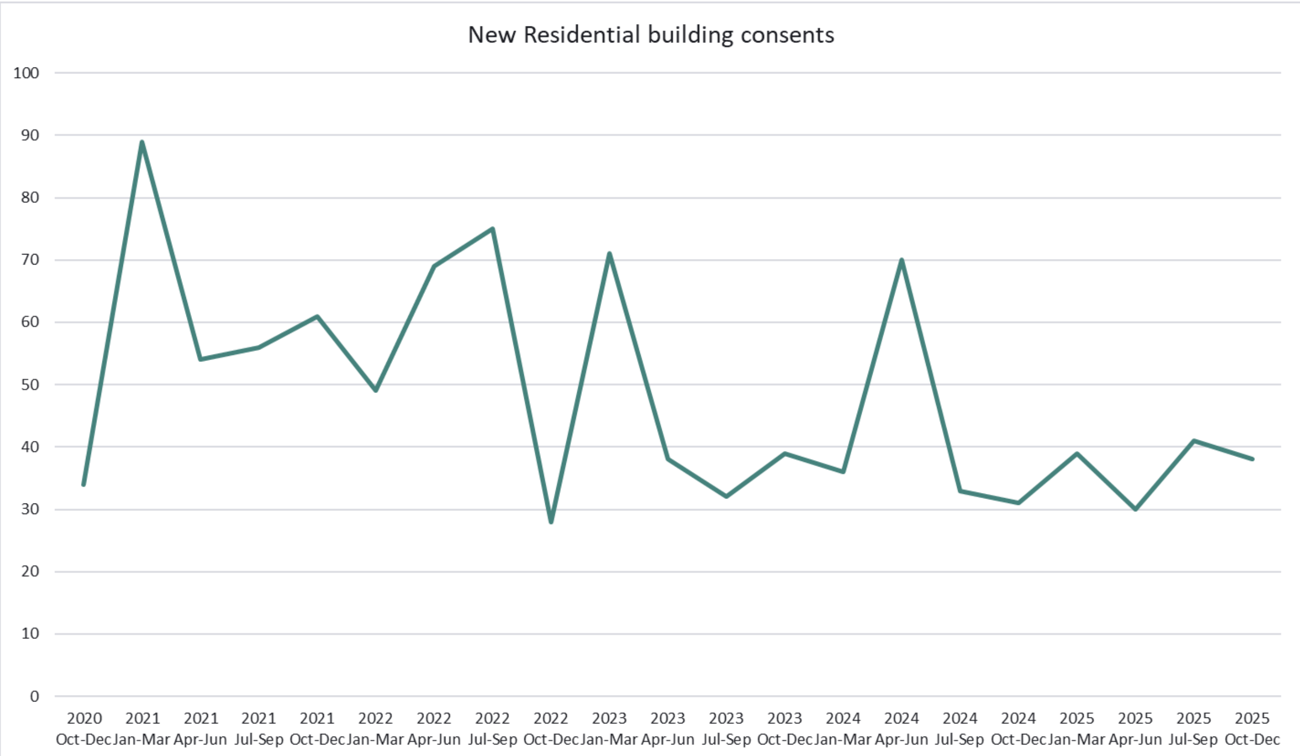

Figure 1: Quarterly consents for new residential buildings (Source: Statistics New Zealand)

Figure 2 shows the new residential building consents on an annual scale for the Manawatū District. Consents for retirement villages units have experienced increases in 2018, 2020, 2021 and 2023 as new units in these types of facilities are built in groups. This trend did not hold for 2024 or 2025, which saw no new retirement units consented.

The significant peak in 2021 was likely due to increase seen in construction after the lockdowns of 2020 and very low interest rates. Activity has since declined between 2021 and 2025 due to market volatility around cost of products and interest rates. The current year has the lowest number of new residential consents since 2015. What will occur in 2026 is unclear. This pattern follows are similar trends to what appears to have been happening nationwide, with a peak in 2022 of 49,538 (when mortgage rates were still at their lowest) to 33,600 in 2024 (following several Reserve Bank rapid wholesale interest rate rises), there has been a slight increase to 36,619 in 2025.

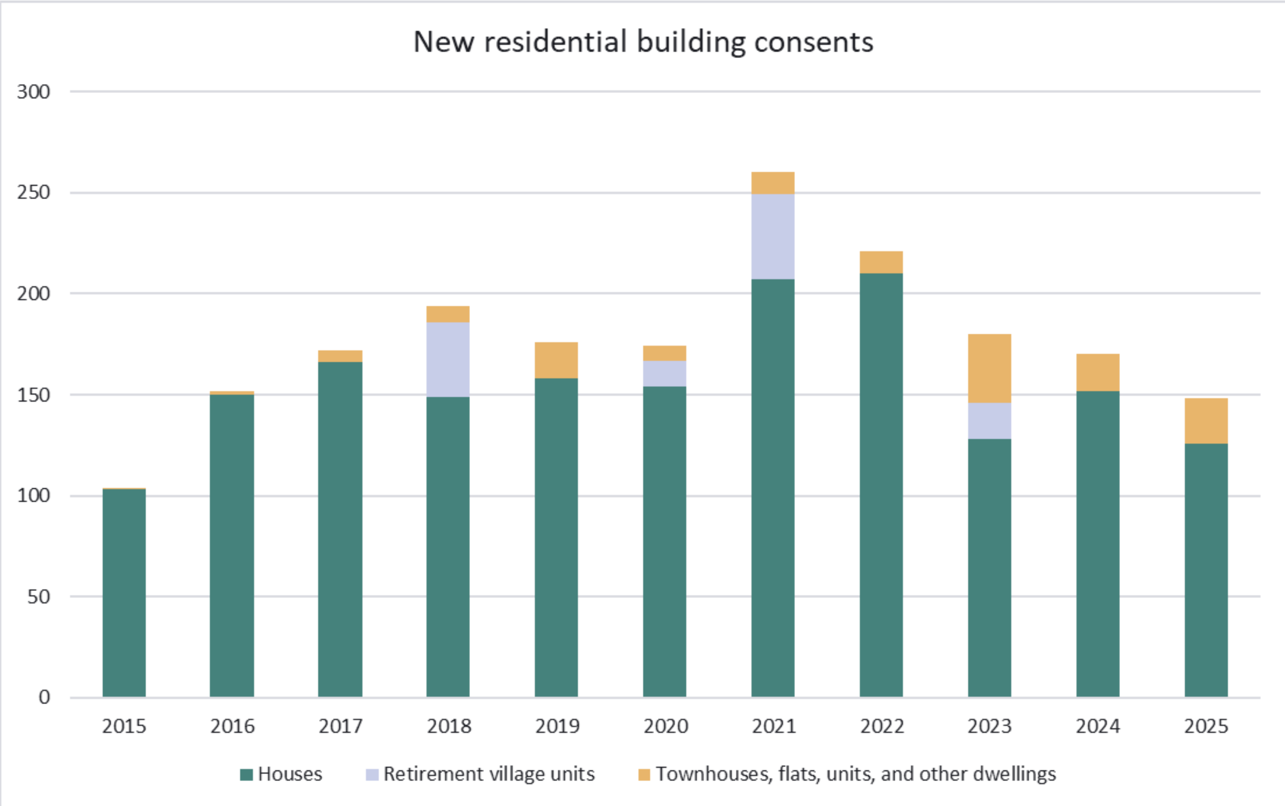

Figure 2: Annual consents for new residential buildings (Source: Statistics New Zealand)

House prices

The median house price data is presented over each quarter. This gives a more accurate representation of the median house prices for the District (as monthly sales numbers can be low and prices highly variable).

Figure 3 shows the median quarterly house price of the Manawatū District. After significant house increases seen between 2020 and 2021 (when interest rates were rapidly cut and government economic stimulatory spending was high) there now seems to be an overall stabilisation of the house market (albeit with some quarterly variations, due to low house sold numbers). The most recent quarter shows a slight decrease on the previous quarter, to $555,000. This trend of a more stable market is seen in the more provincial areas rather than the peaks and lows seen more in the main centres.

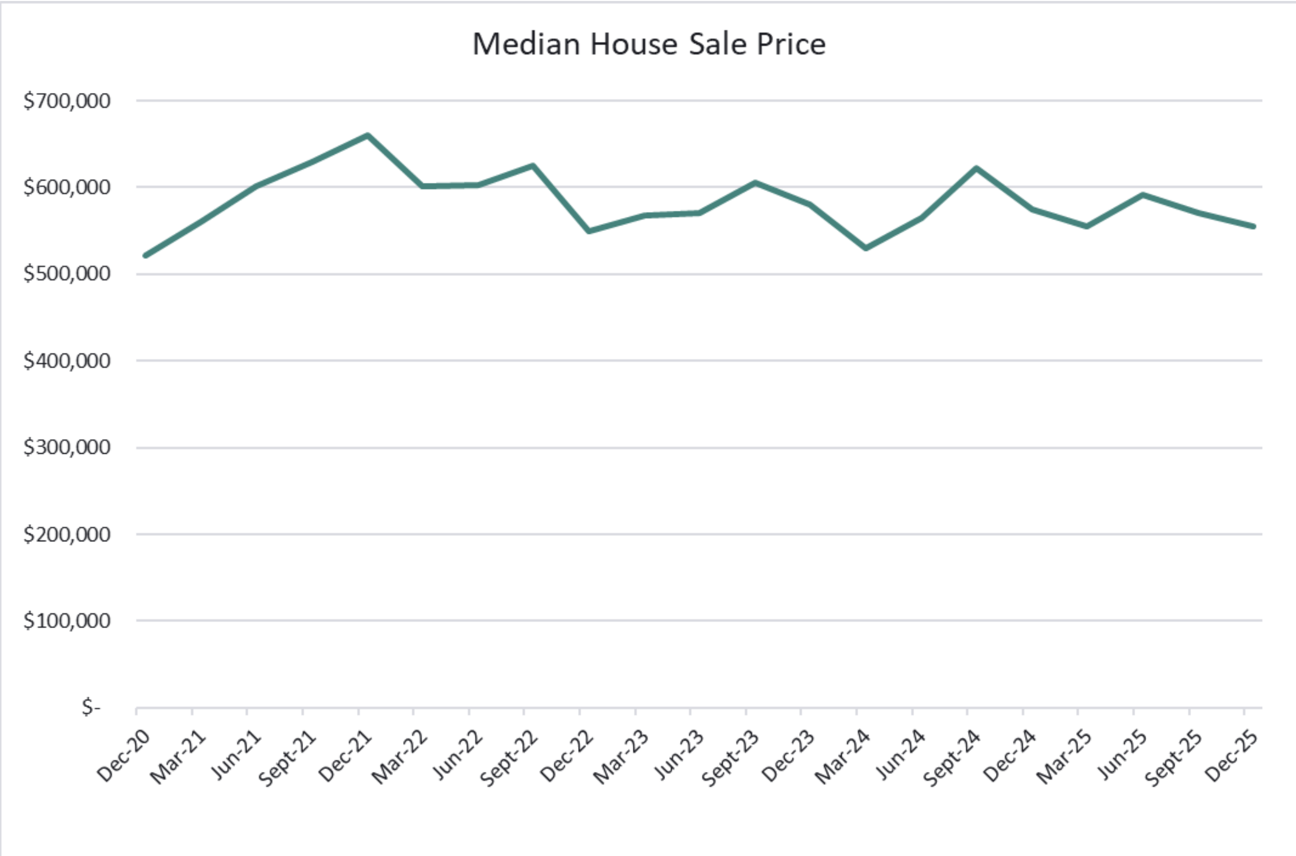

Figure 3: Quarterly median house sale prices (Source: REINZ)

Figure 4 shows the median house price for the Manawatū District year-on-year. Smoothing out the data through annual figures more clearly shows a slow and steady decline in the median sale prices between 2012 and 2023. Consistent with broader national trends, since 2023 there has been a stabilisation of house prices, suggestive of a possible bottoming out of the current cycle. While there has been a further decline between 2023 and 2025, the rate of decrease has slowed, indicating a more stable trend.

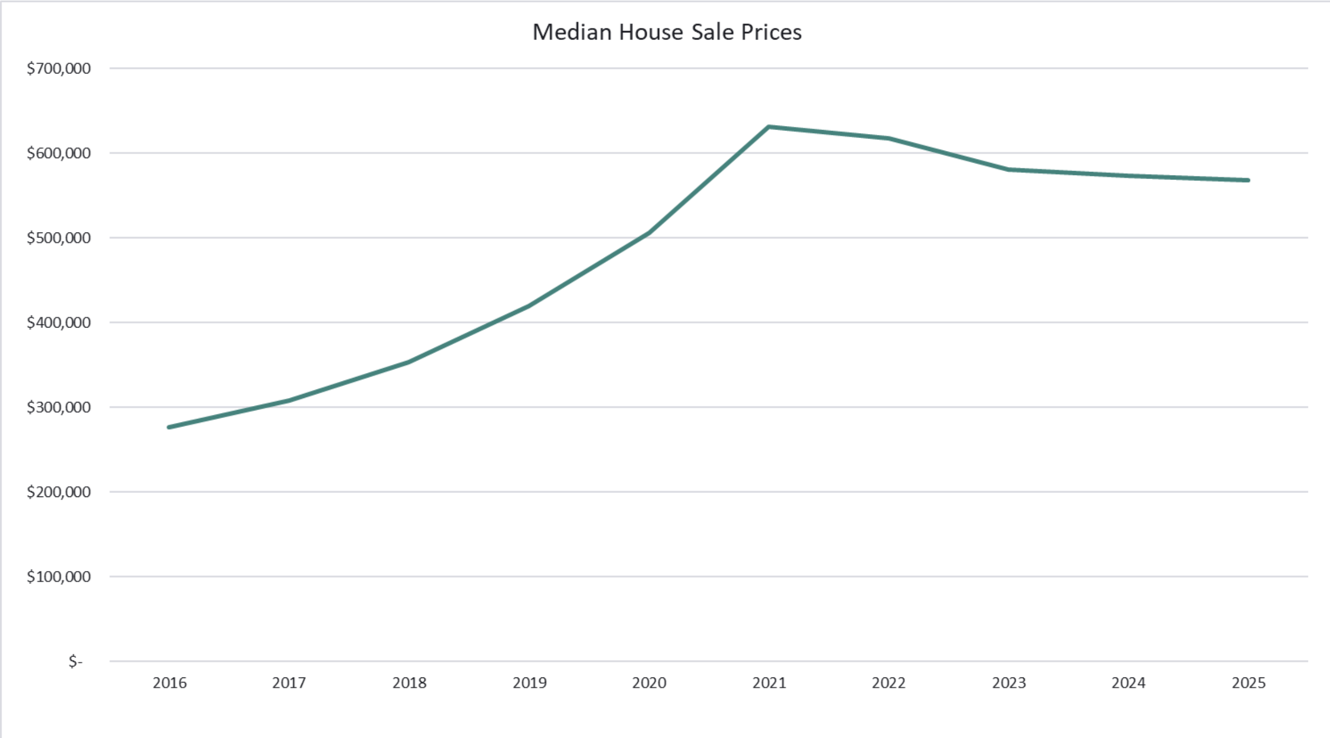

Figure 4: Median house sale price shown yearly (Source: REINZ)

Houses sold

Figure 5 shows the number of houses sold within the Manawatū District per quarter. This most recent quarter shows another small increase, showing a steady increase in house sale over the course of 2025. For the most recent quarter there were 124 houses sold.

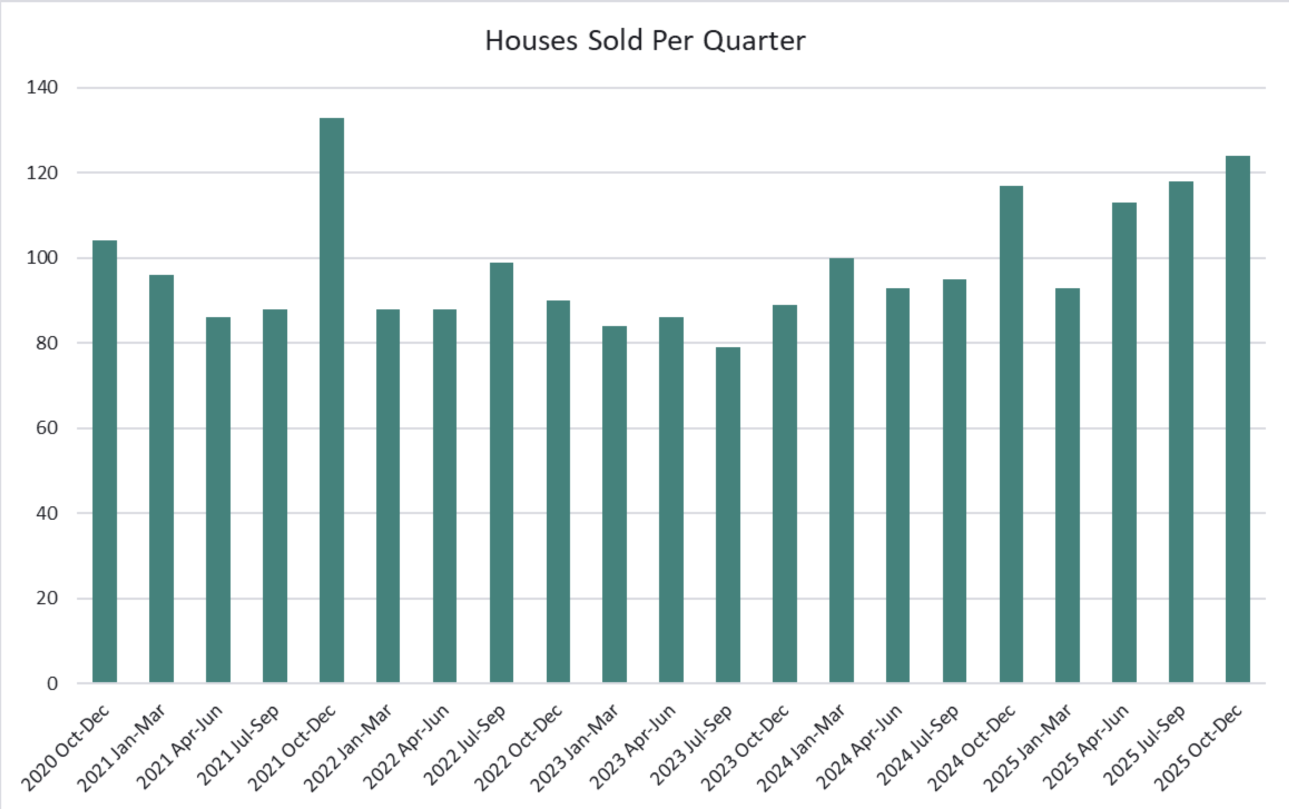

Figure 5: The number of houses sold in each quarter in the Manawatū District (Source: REINZ)

Rental prices

Figure 6 shows the average weekly rent price for each month. The weekly rental price for December 2025 has not changed compared to the September average price. Overall the rental prices in the Manawatū have been mostly stable since mid 2023 with a very small dip in March 2025. Due to the limited supply of rental stock in the District there is unlikely to be a significant decrease in rental prices as seen in the bigger cities.

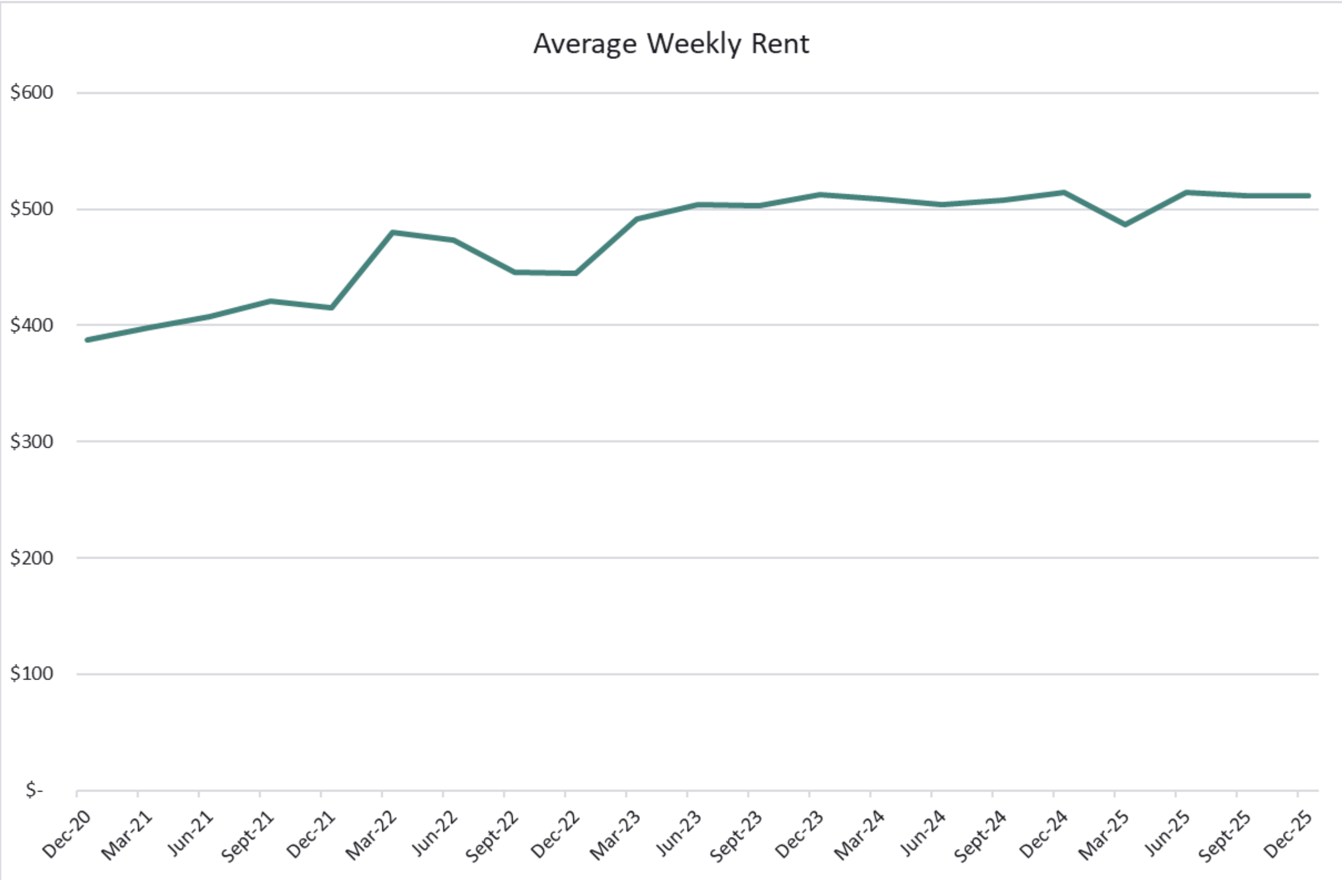

Figure 6: Average rent price shown quarterly (Source: Infometrics)

Figure 7 shows the trend in average weekly rental prices over each year since 2016. Up to 2023 there was an overall steady increase in average weekly rent prices. The trend of steady increase has tapered off in 2024 and 2025 with a slight decrease seen in 2025.

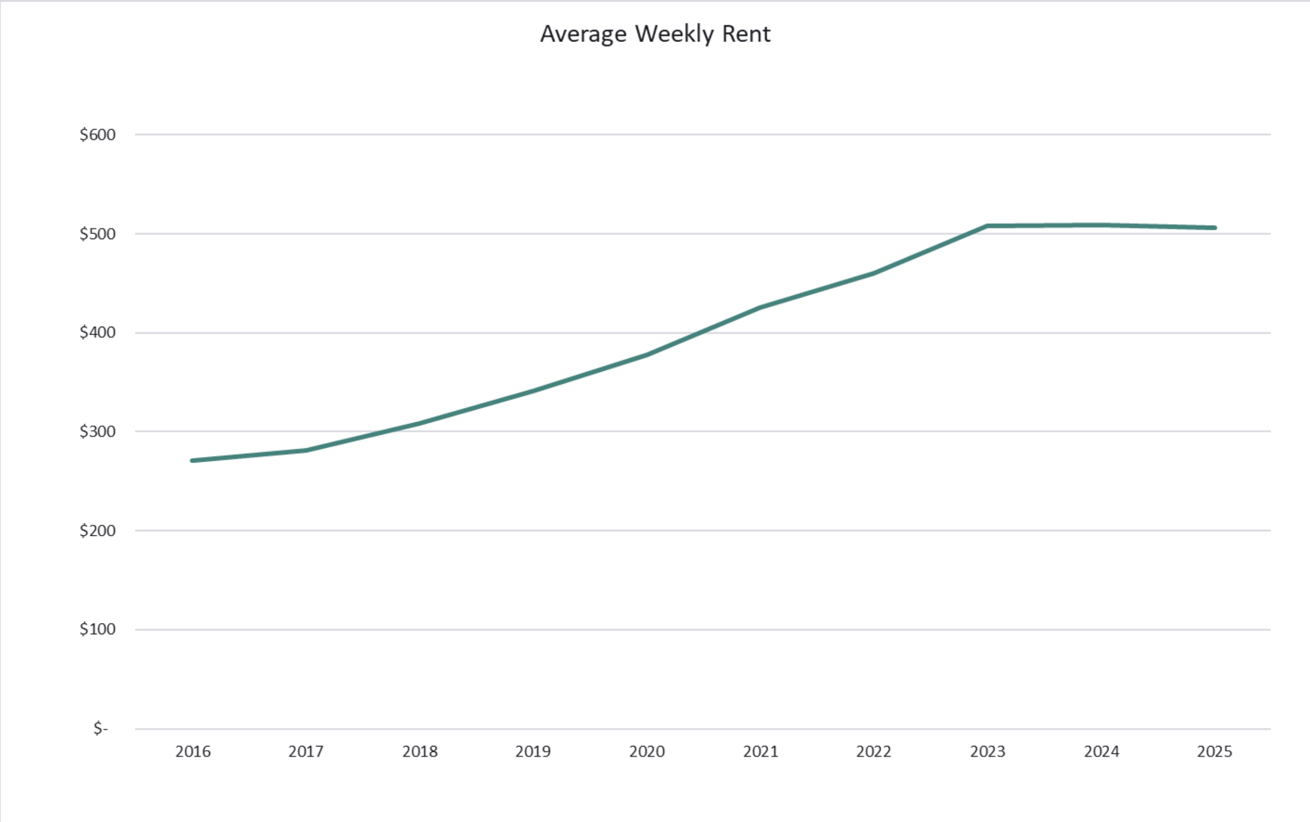

Figure 7: Average rent price shown yearly (Source: Infometrics)

Affordability (for renting and buying)

Figure 8 shows the ratio of average house values to average household incomes.

Housing affordability is measured by comparing average current house values from CoreLogic with Infometrics' estimate of annual average household income. Household incomes are a better measure for housing affordability than individual incomes as it reflects the true ability of a household to afford housing. A higher ratio (value), therefore, suggests that average houses cost a greater multiple of typical incomes, which indicates lower housing affordability.

Unaffordability peaked in December of 2021 when housing prices were at their highest. Since 2021 there has been a slow and steady decline in the ratio showing that housing has become slightly more affordable, with house price increases stabilising while there have been small increases in income. Over the last four quarters Manawatū District's affordability ratio has been relatively stable at around at 4.3 (well below the New Zealand ratio of 6.3).

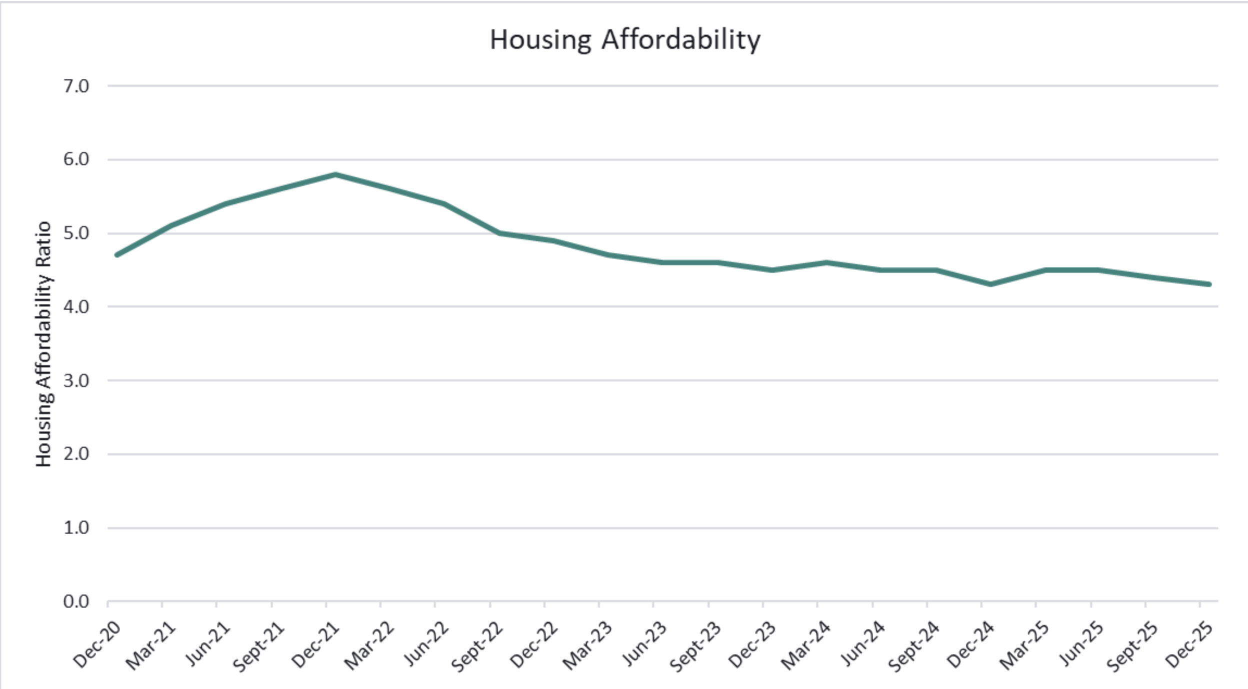

Figure 8: Housing Affordability Ratio (Source: Infometrics)

Figure 9 shows rental affordability. This is measured by comparing average annualised rents from CoreLogic with Infometrics' estimate of annual average household income. Household incomes are a better measure for housing affordability than individual incomes as it reflects the true ability of a household to afford housing.

There was a peak high in December 2023, with 21.8% of income going towards rent at that time. Since that time there has been a slight steady decline, with the current rate sitting at 21.0% Nationally, the rental affordability is at 21.4% of annual household income.

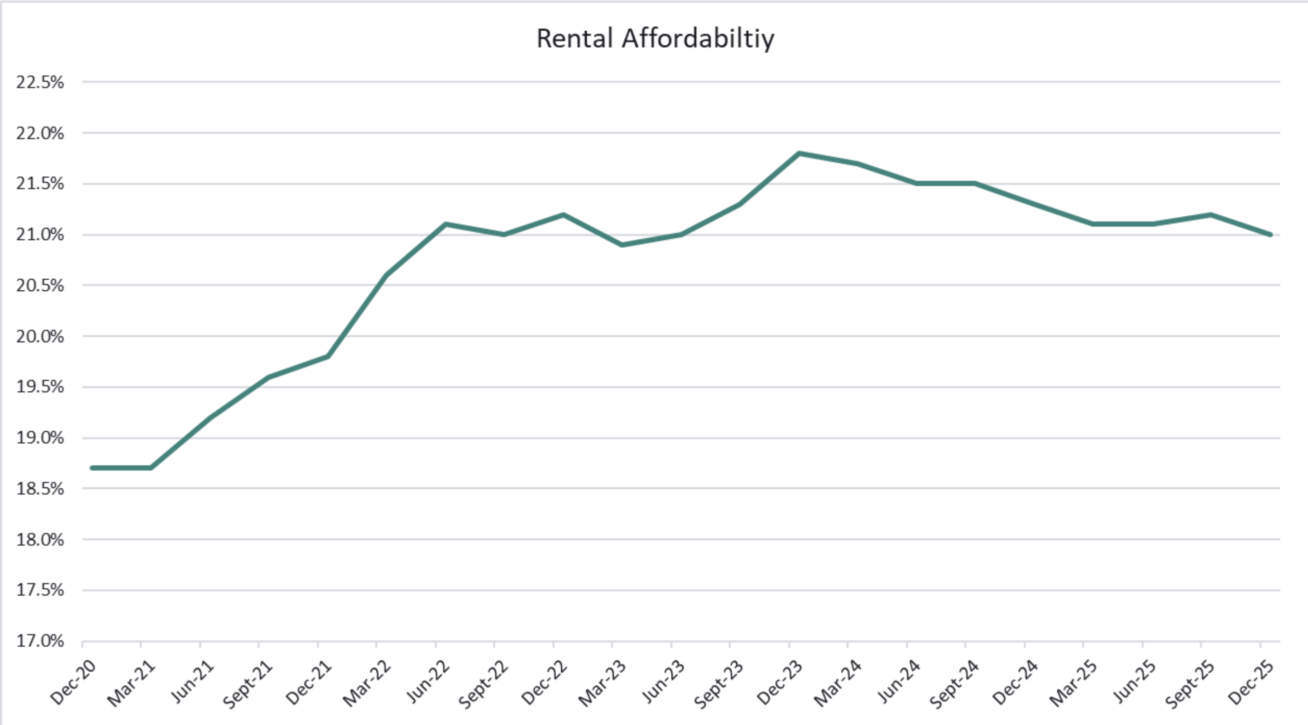

Figure 9: Percentage of annual income going towards rent (Source: Infometrics)

Housing Register

There are 175 Kāinga Ora houses in the Manawatū District and 21 transitional housing places. Figure 10 shows the number of applicants assessed as eligible for social housing on the Ministry of Social Development Housing Register who are ready to be matched to a suitable property. Note that one application is one household and potentially involves more than one person.

Please note this section was not able to be updated for the December quarter due to a MSD data system issue, meaning the Housing register data is not yet available.

The Manawatū Community Trust (MCT) has 205 housing units. They have 30 applicants on their waitlist that meet their eligibility criteria as of August 2025.

Figure 10: Number of applicants on the Housing Register (Source: Ministry of Social Development)

Business

Figure 11 shows the total number of businesses units across the Manawatū District over each quarter. The total number of businesses units continues to see a slight increase quarter-on-quarter, although the rate of increase had slowed since March 2023.

It is worth noting that while these businesses are registered, they may not all be operational currently and not all business would have something like a "physical shop front."

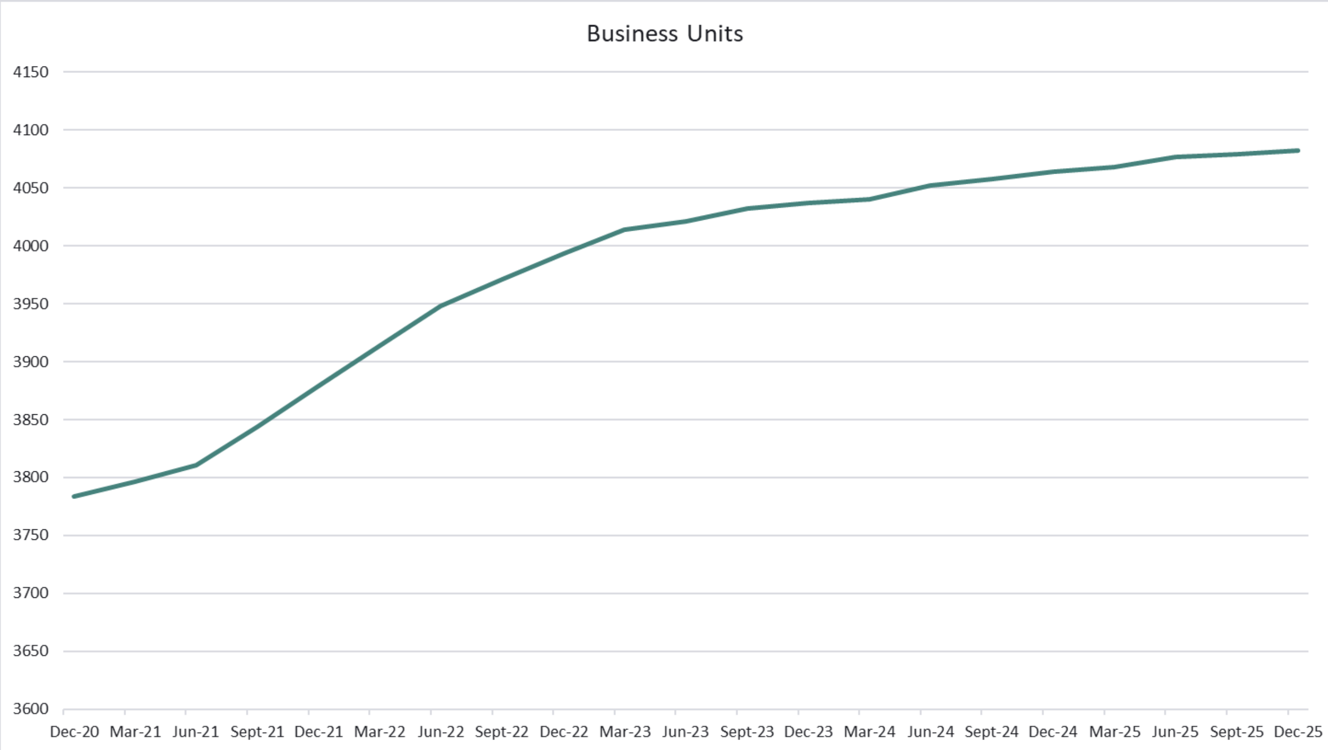

Figure 11: Number of business units in the Manawatū (Source: Infometrics)

Figure 12 shows, on an annualised basis, proportion of people across the Manawatū District who are self-employed. The proportion has had minor variations (within range of 2.1%) since 2016 but had shown a slight overall downward trend until 2024. For 2025 there has been a 0.3% increase compared to 2024.

The industries with the highest proportion of self-employed people are construction services, professional, scientific and technical services, and sheep, beef cattle and grain farming.

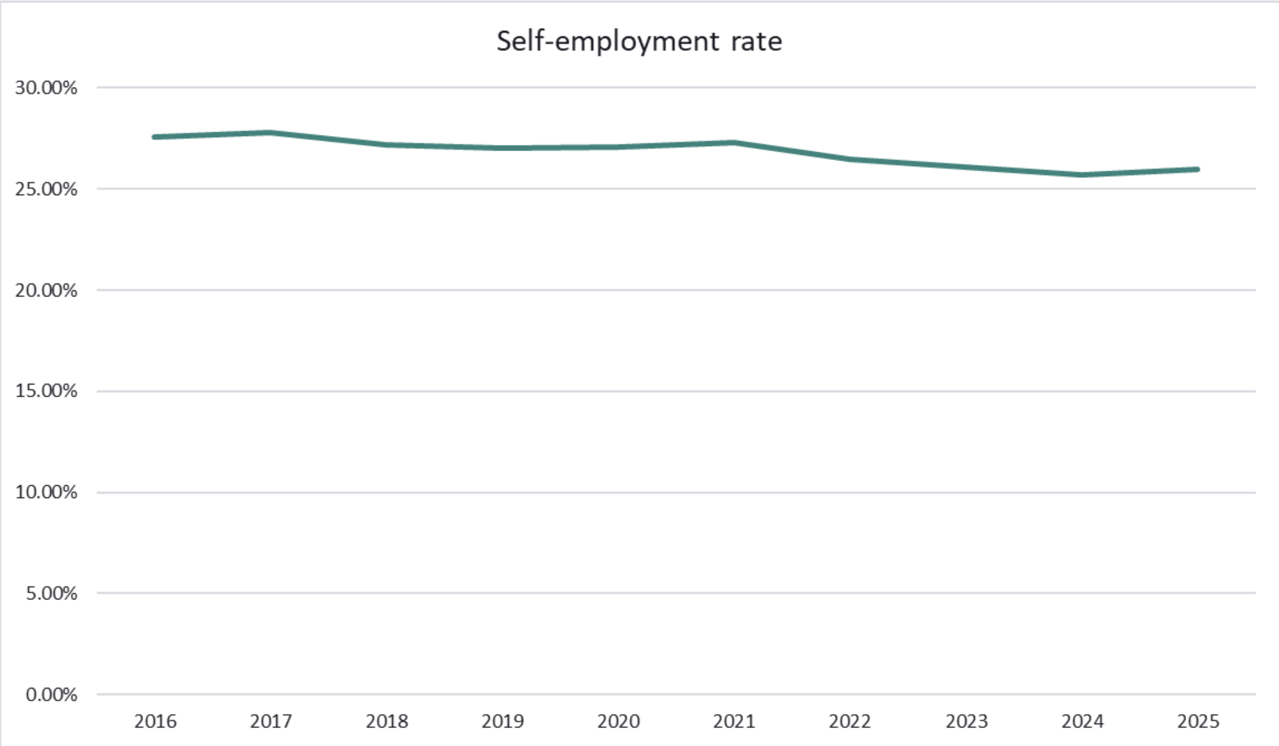

Figure 12: Self-employment rate (Source: Infometrics)

Construction Industry

Figures 13 and 14 show yearly data about the construction industry. Trends in the construction industry provide insight into what might be built in the Manawatū District, although the boom-bust cyclical nature of the construction industry often lags behind the wider economic cycle (e.g. it takes time for companies to recruit additional staff and scale-up during an economic upswing, while the time it takes to complete projects can delay the point at which a downward trend in wider economic conditions impacts on employment numbers).

Both filled jobs and Gross Domestic Product (GDP) in the construction industry within the Manawatū District experienced year-on-year growth through to 2024, followed by a slight decline in 2025. This decline is not unexpected, given national trends, including rising construction costs and reduced investment in the sector. There has been a drop of 27 filled jobs and $10.3 million in GDP between 2024 and 2025.

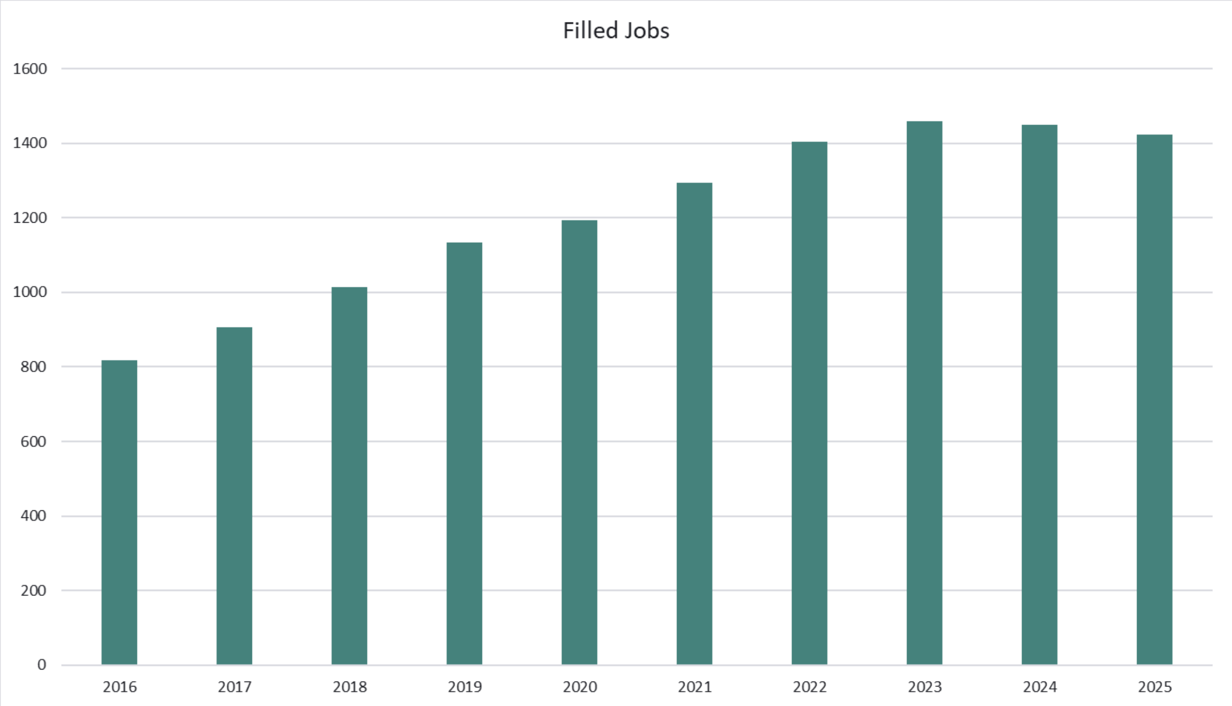

Figure 13: Filled jobs in the construction industry.

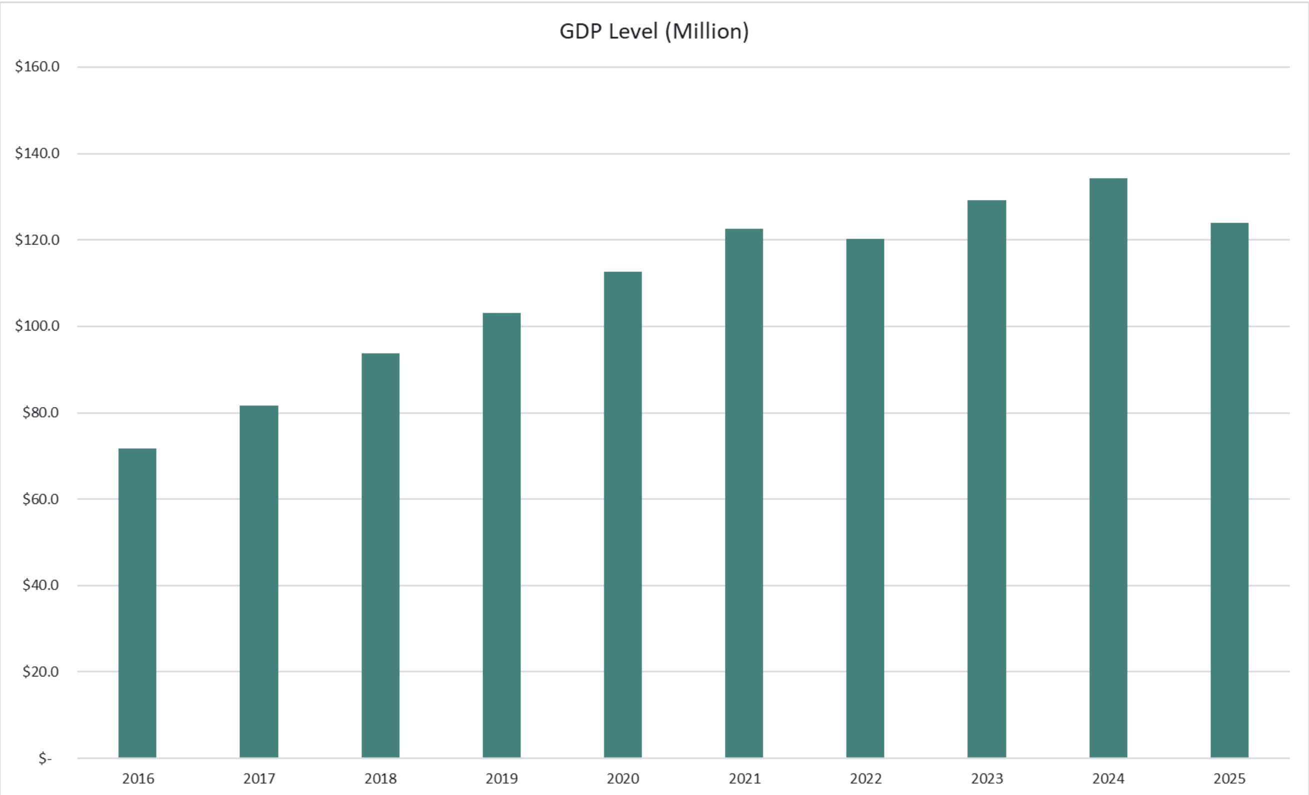

Figure 14: GDP of the construction industry.

Estimates of new remaining new housing capacity

The National Policy Statement on Urban Development 2020 requires all councils to provide at least sufficient development capacity for housing over the short-term (next 3 years), medium-term (next 3-10 year) and long-term (next 10-30 years).

The National Policy Statement strongly encourages smaller ‘tier 3’ councils such as the Manawatū District Council to undertake similar assessments of capacity as larger councils (although there is no legal compulsion on ‘tier 3’ councils to do so).

The consideration of housing capacity has two distinct aspects:

a) understanding how much housing is needed to meet expected population (and business) growth over the short, medium, and long terms; and
b) estimating the how much capacity is currently available (e.g. how many houses can be accommodated on suitably zoned, but vacant, land) to meet the capacity needed.

Household projections prepared for the Manawatū District by Infometrics suggest the number of additional houses required across the district (including a 15% margin to reflect requirements to maintain a competitive supply) is as follows:

Timeframe	Estimated additional houses required to meet demand
Short term (0-3 years)	548
Medium term (3-10 years)	2,017
Long term (10-30 years)	4,343

The Manawatū District Council has undertaken mapping of suitable, zoned, vacant, or developable land. Initial modelling of capacity (undertaken in late 2024) based on that mapping and using development densities permitted under the District Plan suggests there is more than sufficient land to meet anticipated demand for housing.

The modelling indicates that approximately 1,600 houses could be accommodated in the short-term, and over 2,800 in the medium term. Depending on when and whether more land able to be provided with infrastructure in long-term, there is the potential for more than 7,000 houses to be accommodated in areas identified within the District Plan.

Work is underway to create a new version of the model, but the scale of over-supply suggested in the first version of the model indicates there is little risk of a new version finding a shortage of capacity.