

Residential and Commercial Property

Key Information	Why is this Useful?	What is Happening?
Total capital value of properties in Christchurch City.	This measures the value of Christchurch's land and buildings.	↑ Between the 1995 and 1998 valuations the total capital value of residential properties in Christchurch City increased by around 10 per cent from \$17.5 billion to \$19.2 billion.
Value of building consents issued.	The construction sector reacts rapidly to economic change. A rise or fall in the value of building consents issued can be used as an indicator of change in the local and national economy.	↓ During the year to June 1999 the Christchurch City Council processed a total of 9,270 building consents with a total declared value of \$487,564,475. This compared with a total of 8,054 consents during the previous year which had a value of \$504,042,026.
Number of residential house sales.	Real estate market activity reflects both consumer confidence and wider economic conditions. It is affected by factors such as national interest rates, levels of savings and investment, and population growth.	↑ House sales were up 28 per cent in the six months to June 1999 after two years of decline.
Amount of new business floor space.	This is an indicator of economic vitality and confidence in the economy as investment in commercial property is more likely to occur when economic conditions are favourable.	● New business floor space in the City peaked at 226,481m ² in 1998.

Other Related Sections: Population Growth, Land Use, The Built Environment, Amenity, Economic Activity and Business Confidence, Central City.

Capital Value of Properties

The latest property valuation for Christchurch City was carried out in 1998 by Quotable Value New Zealand Ltd (formally Valuation New Zealand)¹¹. At this time the City comprised a total of 131,535 properties, up 5 per cent from the previous revaluation in 1995. The total capital value of properties was \$24,647,374,800. This is an increase of 10 per cent since 1995 (Table 3.9).

The total land value of Christchurch properties was \$12,753,478,080 in 1998, a rise of 21 per cent since the previous valuation.

The majority (116,703 or 89 per cent) of properties in the City were residential. Between the 1995 and 1998 valuations the total capital value of residential properties increased by around 10 per cent from \$17,509,793,350 to \$19,211,004,500. The capital value of commercial properties increased by just over 6 per cent between valuations. Industrial property values grew by 13 per cent while, at 15 per cent, rural properties had the largest increase (Table 3.9 and Figure 3.9).

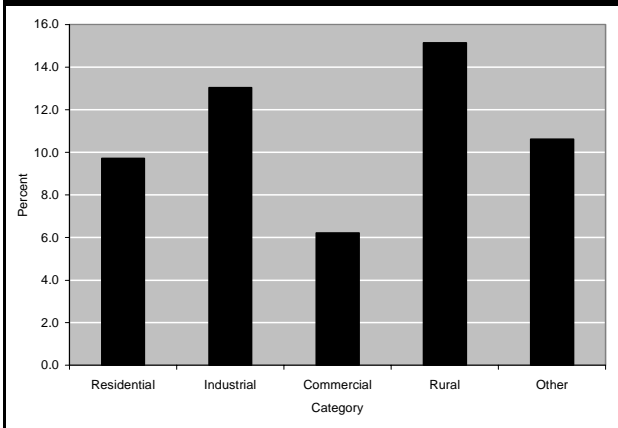
Table 3.9 Gross Capital Value of Properties In Christchurch City

Category	Number of Properties 1998	1995 Capital Value	1998 Capital Value	Numeric Change 1995-1998	% Change 1995-1998
Residential	116,703	\$17,509,793,350	\$19,211,004,500	\$1,701,211,150	9.7
Industrial	4,640	\$1,720,749,900	\$1,945,025,305	\$224,275,405	13.0
Commercial	3,640	\$2,855,096,500	\$3,032,478,993	\$177,382,493	6.2
Rural	1,968	\$681,430,600	\$784,603,600	\$103,173,000	15.1
Other	4,584	\$1,880,304,450	\$2,079,891,925	\$199,587,475	10.6
Total	131,535	\$24,647,374,800	\$27,053,004,323	\$2,405,629,523	9.8

Source: Quotable Value New Zealand, Valuation Data.

¹¹ The capital value of a property is the basis on which the Council's rates are levied. If a property's valuation has increased by less than the average for its property type (eg 10% in the case of residential at the 1998 revaluation) then its rate would not be affected by the revaluation. If the valuation change for a property is more than the city wide average its rates will increase.

Fig 3.9 Gross Capital Value Per Cent Change between the 1995 and 1998 Valuations



Source: Quotable Value New Zealand, Valuation Data

Value of Construction¹²

During the year to June 1999 the Christchurch City Council processed a total of 9,270 building consents with a total declared value of \$487,564,474. This exceeded the previous year's total of 8,054 consents which had a value of \$504,042,025. The decline in value is due to the reduction in very large projects requiring consent during 1999.

In 1999 the total declared value of residential building consents issued for new dwellings in Christchurch was \$215,363,755. This was down from \$218,301,656 during the June 1998 year.

The value of commercial and industrial consents also declined in 1999. This coincided with a drop in new business floor space earmarked for construction in business zones during that year (Table 3.10).

	1997/98	1998/99
New Dwellings	218,301,656	215,363,755
Commercial	103,305,071	81,430,896
Industrial	35,467,453	41,317,543
All Other	146,967,845	149,452,280
Total	504,042,025	487,564,474

Source: Christchurch City Council.

Residential Property Sale

Residential Houses

The average real price¹³ of residential houses in Christchurch increased from \$130,566 in June 1990 to \$171,144 in June 1999 (June 1999 dollars). This represented a 31 per cent increase in the average price

¹² Also see the Built Environment section in Part 2 of this report
¹³ ie inflation adjusted. This enables comparison over time.

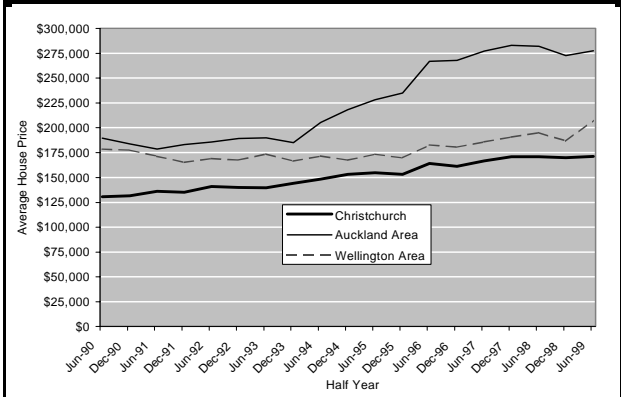
of houses in Christchurch during this period.

During the same period average house prices in the Auckland area increased by 46 per cent, from \$189,635 to \$277,642, while in Wellington prices rose by only 16 per cent from \$178,451 to \$207,569 (Figure 3.10).

Between 1990 and 1999, 72,941 residential houses changed hands in Christchurch compared with 160,249 and 53,316 in the Auckland and Wellington areas respectively.

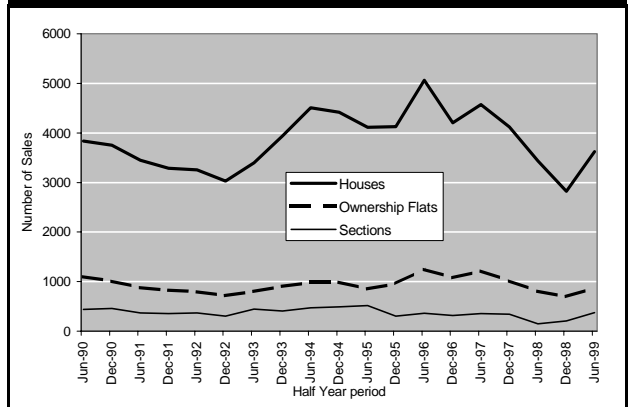
House sales volume in Christchurch peaked during 1996, reflecting the combined effect of an expanding population and a rapidly growing economy. The property market then slumped during 1997 and 1998. June 1999 figures show that the market recovered somewhat. Sales rose by 28.4 per cent over the six months to December 1998, with low mortgage interest rates encouraging buyers (Figure 3.11). However, this rise may be short-lived as recent and imminent interest rate rises are likely to dampen buyer enthusiasm.

Table 3.10 Average Residential House Sale Price (Inflation Adjusted)



Source: Quotable Value New Zealand, Urban Property Sales Statistics. Inflation adjusted by CCC.

Fig 3.11 Number of Sales in Christchurch by Type



Source: Quotable Value New Zealand, Urban Property Sales Statistics.

PART 3. THE CITY'S ECONOMY

Ownership Flats

The average real price of an ownership flat in Christchurch increased from \$105,519 in June 1990 to \$134,630 in June 1999 (June 1999 dollars), a 28 per cent increase.

Average sale prices in Auckland increased by 37 per cent during the 1990s from \$160,365 to \$220,445. Wellington experienced considerably lower growth than Auckland and Christchurch with only a 17 per cent increase in the price of flats from \$131,374 to \$153,783 (Figure 3.12).

The volume of ownership flat sales in Christchurch last decade peaked in June 1996 then generally decreased through to December 1998. As with the residential housing market, sales picked up in June 1999 with a 27 per cent increase over the previous six-month period (Figure 3.11).

Residential Sections

Average section prices in Christchurch grew markedly in the 1990s. During the period June 1990 to June 1999, the average section price increased from \$58,214 to \$100,646 (June 1999 dollars) or 73 per cent in real terms (Figure 3.13). The growth in the average sale price in Christchurch was significantly higher than that recorded in both Auckland (45 per cent from \$85,445 to \$124,165) and Wellington (5 per cent from \$64,188 to \$67,187) at the same time. This

Table 3.11a New Floor Space in Business Zones 1992-1994 (Year to June) (m²)

Zone	1992	1993	1994
Central Commercial + B1	5,343	4,685	13,305
Central Industrial + B2 & B3	7,636	11,729	38,941
Suburban Commercial	12,628	8,696	41,729
Suburban Industrial	46,243	46,113	84,172
Total	71,850	71,223	178,147

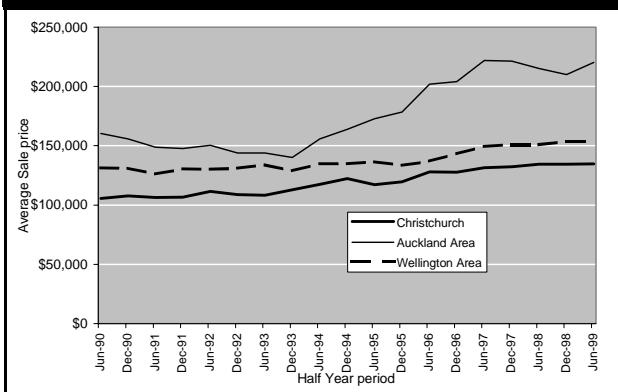
Source: Christchurch City Council, Building Consent Database.

Table 3.11b New Floor Space in Business Zones 1995-1999 (Year to June) (m²)

Zone	1995	1996	1997	1998	1999
Central	6,299	30,015	14,247	75,891	9,343
Central	44,898	34,398	13,239	16,035	19,312
Suburban	7,800	30,349	1,842	18,828	9,738
Suburban	115,007	129,362	129,335	115,727	113,747
Total	174,004	224,124	158,663	226,481	152,140

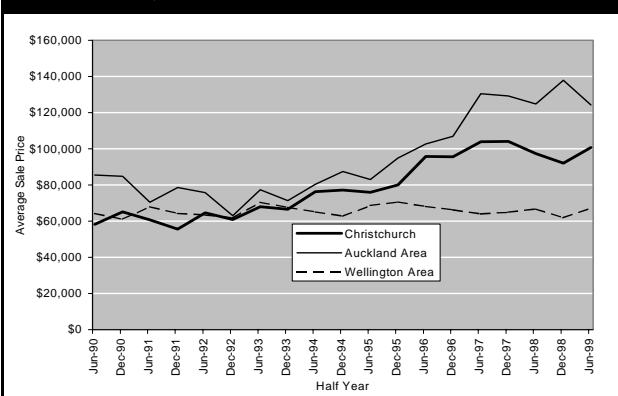
Source: Christchurch City Council, Building Consent Database.

Table 3.12 Average Residential Ownership Flat Sale Price (Inflation Adjusted)



*Source: Quotable Value New Zealand, Urban Property Sales Statistics. Inflation adjusted by CCC.

Table 3.13 Average Residential Section Sale Price (Inflation Adjusted)



Source: Quotable Value New Zealand, Urban Property Sales Statistics. Inflation adjusted by CCC.

may reflect a variety of issues including the availability of land for building.

Overall, 7,022 sections were sold in Christchurch between June 1990 to June 1999 (Figure 3.11). Average section prices in the City peaked at \$103,997 in December 1997 and fluctuated slightly during 1998 and 1999 (Figure 3.13). This may indicate that average prices have now stabilised at around \$100,000.

New Business Floor Space

New business floor space in Christchurch generally occurs within central commercial and central industrial zones and suburban commercial and suburban industrial zones. Some commercial floor space is also built in other zones.

During the latter half of the 1990s there was considerable commercial building activity in Christchurch City. This included additions to existing premises and new construction. The amount of new business floor space peaked at 226,481m² in 1998. Building activity in the Central City

commercial zone, particularly the construction of the new multi-storey Farmers building, was the main contributor to the comparatively high 1998 figure.

The majority (62 per cent) of new business floor space during the 1990s was built in suburban industrial zones, with warehouse type construction accounting for much of the total (Tables 3.11a and 3.11b).

City-wide, high profile developments during the 1990s included the Westpac Trust Centre, the Convention Centre and the Canterbury University expansion, plus a number of new shopping malls and mall refurbishments.