

BRIEF | Future Cities

What Census 2023 tell us about Auckland apartments

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The initial results of the Census undertaken on 7 March 2023 were released on 29 May 2024. These results tell us how the volume of housing stock has changed since the previous Census undertaken on 6 March 2018 and details the changing demographic structure of New Zealand. This CBRE brief investigates what the data tells us about the Auckland apartment market.

Change in # of dwellings

+64,836

Apartments comprised 19% of new supply

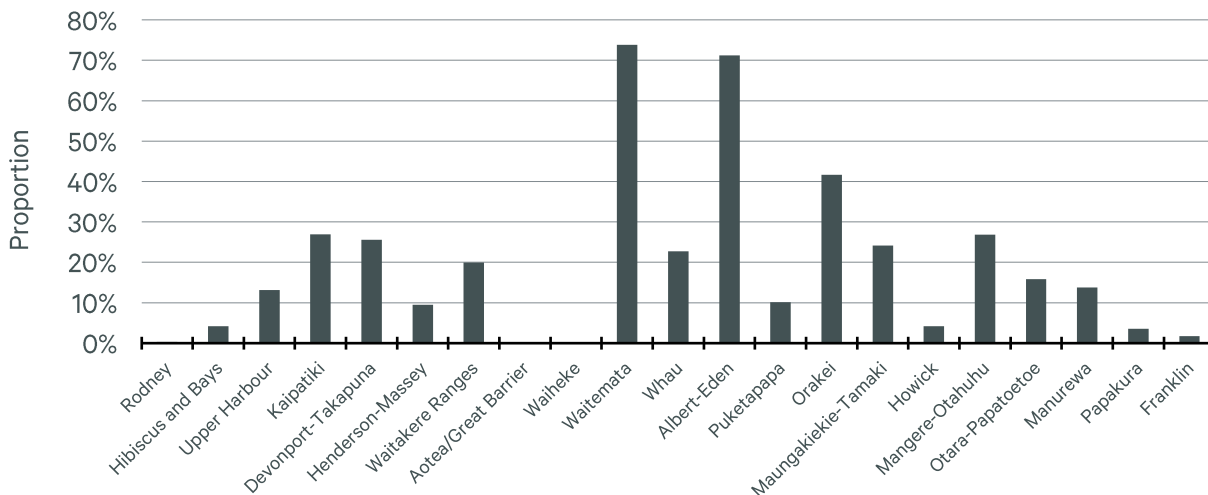
CBRE data shows that there were 12,301 apartments completed in Auckland between the two Census dates. Based on a housing stock uplift of 64,836 dwellings, 19% of new housing supply was apartments.

Apartment supply 2018-2023

+12,301

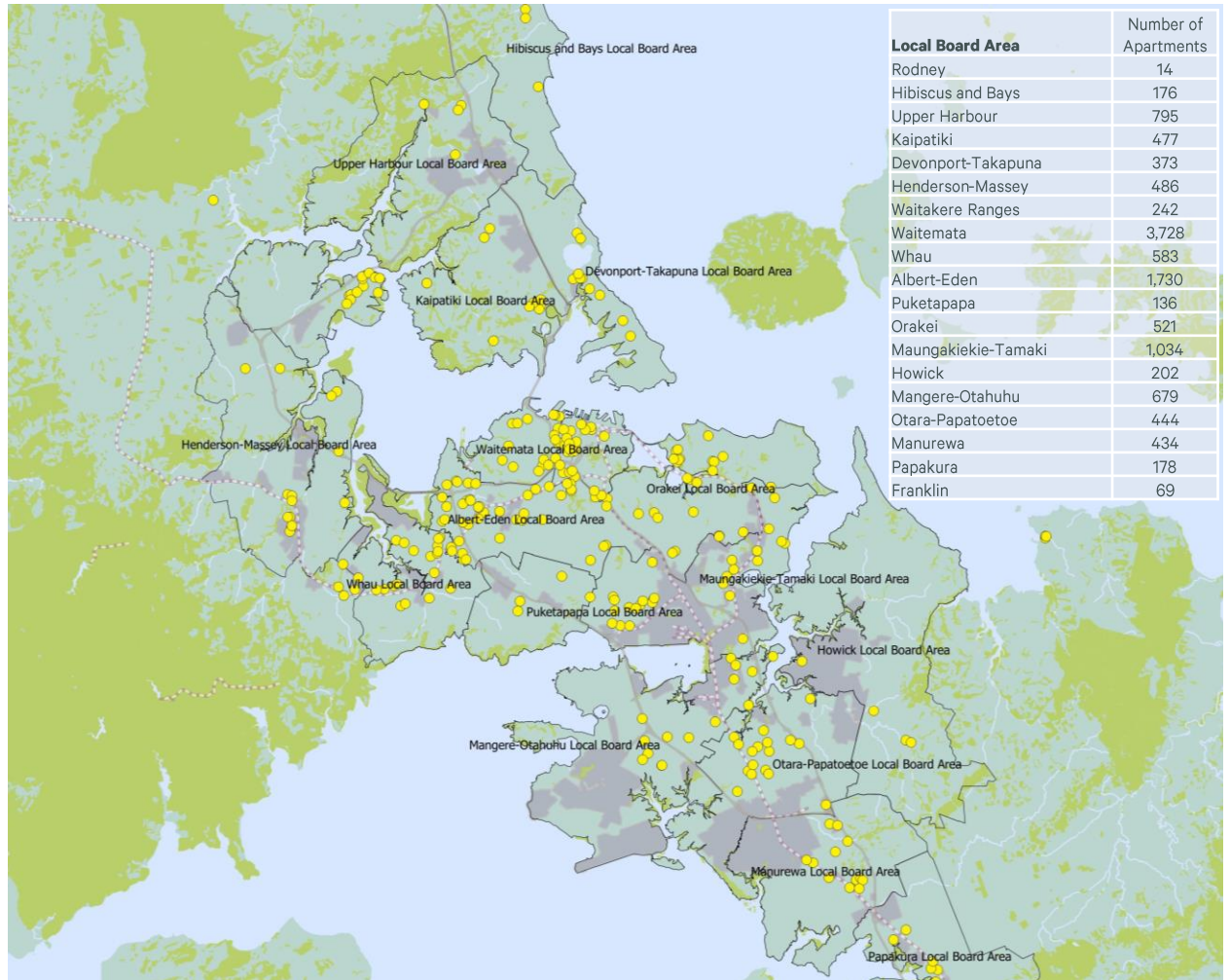
There was significant variation between local boards with some having a low proportion of apartments and some having a high proportion. Zoning has played a part in determining this outcome, however development economics and challenges facing developers during this time has a stronger impact.

FIGURE 1: Apartments as a proportion of new housing supply (Census 2018 to 2023)



Source: Statistics NZ, CBRE

FIGURE 2: Auckland apartment supply by local board (Census 2018 to 2023)



Source: CBRE

Population change contributes to loss of density

Despite growth in housing stock for each local board, and a concentration of denser housing supply in the Auckland isthmus, four centrally located local boards have experienced a decline in the usually resident population count between the 2018 and 2023 Census dates. These local boards are Kaipatiki, Waitemata, Albert-Eden, and Orakei, with a combined 4,575 fewer people.

Higher dwelling count and lower population count reduces the average density of people per household. In the Waitemata local board, the average number of people per dwelling has declined from 2.77 people per household to 2.70. However, higher dwelling counts have been enough to offset the population gain in all other local boards except Aotea/Great Barrier. In 20 out of 21 local boards, there are fewer people per dwelling between the 2018 and 2023 Census dates.

Local boards with pop. loss

4

Local boards with less density

20 out of 21

It is no coincidence that the four centrally located local boards which experienced population loss also contain some of the most expensive housing in the country. An anomaly is Waitemata local board which also includes 21,529 CBD apartments that are weighted towards the smaller and cheaper end of the scale. The CBD has been affected by Covid related population loss with closed borders meaning reduced demand for apartments from new migrants and foreign student residents. The CBD population has been in recovery mode since.

The four local boards with population loss gained 6,456 new apartments between the 2018 and 2023 Census dates. While the net supply addition would be slightly lower due to demolition of older housing on these development sites, it is reasonable to assume a population increase with net additional supply. The fact that it did not points to an excess of demand over supply putting ownership prices beyond the realms of affordability for many households. The households who can afford existing housing in these areas are increasingly likely to be older, and therefore smaller, compared to younger family households. For the smaller new build dwellings in these areas, it is likely that they are owned or rented by households without children.

This is backed up by the age data in Census 2023. Younger family households are increasingly likely to settle in the urban fringes where appropriately sized dwellings are cheaper than their centrally located equivalent. In those four central local boards, the number of children aged 0 to 19 totalled 78,030 in 2018. In 2023, it totalled 75,474 (-3.3%). In comparison, local boards with greenfield development have seen a significant increase in the number of resident children. There were 52,680 0-19 year olds in Upper Harbour and Howick local boards in 2018, however by 2023 this had grown to 58,512 (+11.1%).

Auckland's population make up and distribution is impacted by broader demographic trends of an ageing population and a below replacement birth rate. These long-term demographic trends interplay with housing cost to affect settlement patterns. Auckland has also experienced negative net internal migration to other parts of the country for several years, something which came to a head during Covid when external net migration was not able to outweigh this, and Auckland's population fell for two consecutive years. The trend has since reversed with record migration driving a 2.8% population growth rate in the year to June 2023.

Our analysis of the Census data indicates that for the central residential areas of Auckland, demand has exceeded supply, manifesting in high property prices that are affordable to older, smaller households, but less so to family households. This indicates immediate opportunity for downsizer apartment development. Property prices in desirable areas have held up relative to the cost of new build owner occupier units which makes them compelling, and the local demographic is changing to one that is amenable to apartment living. More centrally located apartments for the existing local population would free up larger houses for families and go some way to reverse what is becoming an entrenched economic divide in Auckland housing.

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