National Policy Statement on Urban Development Capacity

Nelson-Tasman Monitoring Report April - June 2018

Summary

The National Policy Statement on Urban Development Capacity (NPS-UDC) requires local authorities within a Medium or High Growth Area to ensure they are well-informed about urban development activity by monitoring property market indicators on a quarterly basis.

The most recent Statistics New Zealand population projections for Main Urban Areas (September 2017) confirm that Nelson Urban Area remains at medium growth at 9.95% between 2013 and 2023.

This is the fifth quarterly monitoring report prepared jointly by Nelson and Tasman staff to report to both Nelson City and Tasman District Councils and covers the period April to June 2018. The indicators that are monitored in this report are housing supply, demand, prices and affordability, new sections created, and building and resource consents for both housing and business.

This edition of the monitoring report will present a short summary of the housing supply, demand and pricing which has remained largely unchanged from the last monitoring report. The main focus of this monitoring report will be on the newer price efficiency indicators introduced by MBIE and discusses the details and validity of each of these for Nelson and Tasman.

Updates on current trends in Nelson and Tasman can be summarised as follows:

The data that is collected to measure housing supply, demand and pricing naturally varies between quarters. While it is useful to monitor these datasets on a quarterly basis, care needs to be taken when looking for trends in the data over such a short period. Any changes to the trends in the data are unlikely to be seen and reliably assessed until there has been a consistent change for at least 12 months.

As a result, while there have been localised movements in the data over the last three months, there have been no changes in the overall trends.

As far as quarterly changes go, the following observations can be made:

- Dwelling sales price growth has flattened slightly
- Home affordability remains an issue with the Nelson/Tasman/ Marlborough region being the third least affordable in the country
- The number of building consents for new dwellings remains relatively steady in Nelson and Richmond

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Introduction

This is the fifth quarterly monitoring report implementing the National Policy Statement on Urban Development Capacity (NPS-UDC) for the Nelson Urban Area. The report provides updated data and analysis of changes to the housing market for the June 2018 quarter (1 April to 30 June 2018).

The NPS-UDC requires local authorities within a Medium or High Growth Area to ensure they are well-informed about demand for housing and business development capacity, urban development activity and outcomes. Local authorities are required to monitor a range of indicators on a quarterly basis including:

a. Prices and rents for housing, residential land and business land by location and type; and changes in these prices and rents over time;
b. The number of resource consents and building consents granted for urban development relative to the growth in population; and
c. Indicators of housing affordability.

The NPS-UDC also requires local authorities to use information provided by indicators of price efficiency in their land and development markets from December 2017. The indicators include price differentials between zones to understand how well the market is functioning and when additional development capacity might be needed.

The Ministry of Business, Innovation, and Employment (MBIE) and the Ministry for the Environment's (MfE) dashboard of data[1], which this report partly relies on, is updated approximately 8 weeks after the quarter ends, hence the reports lag on this basis.

Nelson Urban Area

The "Nelson Urban Area", as defined by Statistics New Zealand's classification of urban areas includes most of Nelson City's area and the following area units in Tasman - Richmond East and West, Aniseed Hill, Bell Island, Best Island, Hope and Ranzau. Due to the nature of the source data, some of the results contained within this report relate to the whole of both Territorial Authorities and some relates to the Nelson Urban Area only. Figure 1 shows the boundary of the Nelson Urban Area in relation to the local authority boundaries.

Population Trends

Statistics New Zealand completed its progressive update of population projections for urban areas in September 2017. For the Nelson Urban Area this concluded that population growth forecast between 2013 and 2023 has risen to 9.95%, as compared with 8.5% in 2016[2]. This means the Nelson Urban Area is still classified as 'medium growth', according to the NPS, falling just below the ten percent threshold defining 'high growth' urban areas. The NPS-UDC notes that the definition of high and medium growth urban areas is a transitional definition and will be reviewed and amended before the end of 2018.

[1] https://mbienz.shinyapps.io/urban-development-capacity/

[2] Source – Proposed National Policy Statement on Urban Development Capacity Consultation Document, MfE & MBIE (2016)

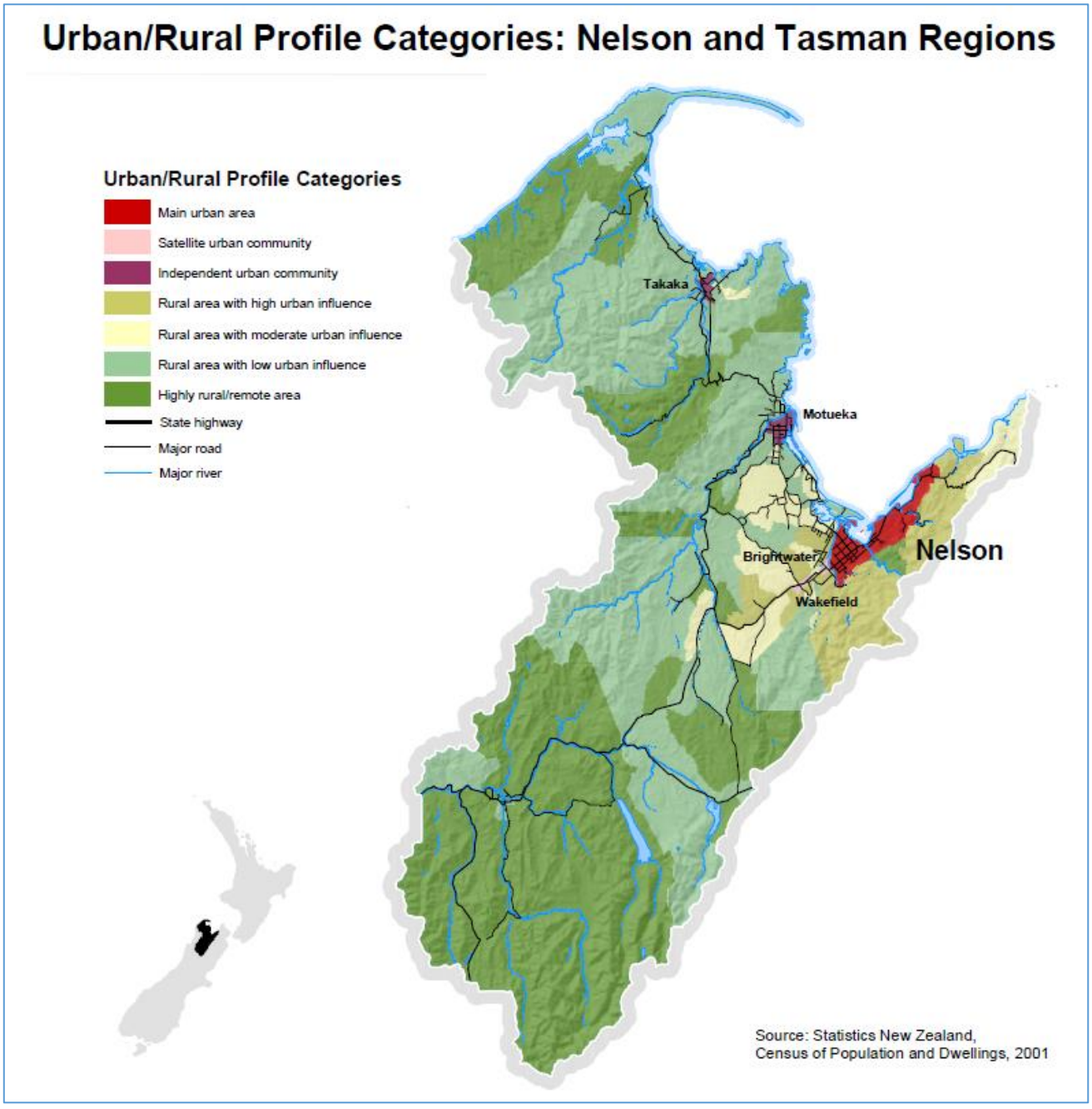


Figure 1: Nelson Urban Area in dark red

The New Zealand Treasury's Analytics and Insights team have recently developed the 'Insights' web app using data from Statistics New Zealand's Integrated Data Infrastructure (IDI) [3]. The Insights web app provides an estimate of regional population change between censuses. A summary of key population trends between the last census in 2013 and the most recent data from 2016 are shown in Table 1 below.

Nelson City (4.2%) and Tasman District (4.6%) both have a growth rate slightly less than the New Zealand average of 4.8%. However, the contribution that internal and external migration made to each region's growth rate differed significantly. For Nelson City, overseas migrants were the main source of population growth between 2013-2016 (3.1%), while for Tasman District internal migration was the main source (2.4%). Therefore, the net gain in overseas migrants made up three-quarters of Nelson's population growth between 2013 and 2016, compared with a third of Tasman's population growth. Tasman had a greater gain

[3] https://insights.apps.treasury.govt.nz/

from internal New Zealand migration. Both districts have a similar increase or decrease due to natural causes (births and deaths) and New Zealanders returning from overseas.

The data presented in Insights was developed by linking administrative information across government agencies. The data will not always be accurate, particularly when presented at a very detailed level. The results from the population change tools are based on the estimated New Zealand resident population and are as at the end of June each year.

	Nelson City	Tasman District
Net & Internal Migration	**4.2%** increase in the population of Nelson City between 2013 and 2016 from 48,711 to 50,760 (an increase of 2,049). This compares to an increase of 4.8% for all NZ. Migration within NZ contributed 0.6% (an increase of 309) to this increase.	**4.6%** increase in the population of Tasman District between 2013 and 2016 from 48,399 to 50,610 (an increase of 2,211). This compares to an increase of 4.8% for all NZ. Migration within NZ contributed 2.4% (an increase of 1,152) to this increase.
Births & Deaths	**1,542** children were born in Nelson City between June 2013 and June 2016 while 1,212 people died. This represents a natural increase of 330 or 0.7%, compared to a natural increase of 1.7% across New Zealand.	**1,347** children were born in Tasman District between June 2013 and June 2016 while 1,077 people died. This represents a natural increase of 270 or 0.6%, compared to a natural increase of 1.7% across New Zealand.
External Migration – Overseas Migrants	**1,983** overseas migrants arrived in Nelson City between 2013 and 2016, while 453 left. This represents an increase of 1,530 or 3.1% of the population, compared to a 3.5% increase nationally. The largest source of migrants was India, with 273 arrivals.	**1,014** overseas migrants arrived in Tasman District between 2013 and 2016, while 285 left. This represents an increase of 729 or 1.5% of the population, compared to a 3.5% increase nationally. The largest source of migrants was the United Kingdom, with 171 arrivals.
Net Migration – New Zealanders	**1,143** New Zealanders arrived in Nelson City by 2016 after living overseas in 2013, while 1,197 departed NZ by 2016 after living in Nelson City in 2013. This represents a decrease of 54 or 0.1% of the Nelson City population, compared to a decrease of 0.4% across NZ.	**1,071** New Zealanders arrived in Tasman District by 2016 after living overseas in 2013, while 951 departed NZ by 2016 after living in Tasman District in 2013. This represents an increase of 120 or 0.2% of the Tasman District population, compared to a decrease of 0.4% across NZ.

Table 1: Estimates of regional population change between censuses (NZ Treasury[4])

[4] Source: https://insights.apps.treasury.govt.nz/

Residential Development Trends

Market Indicators

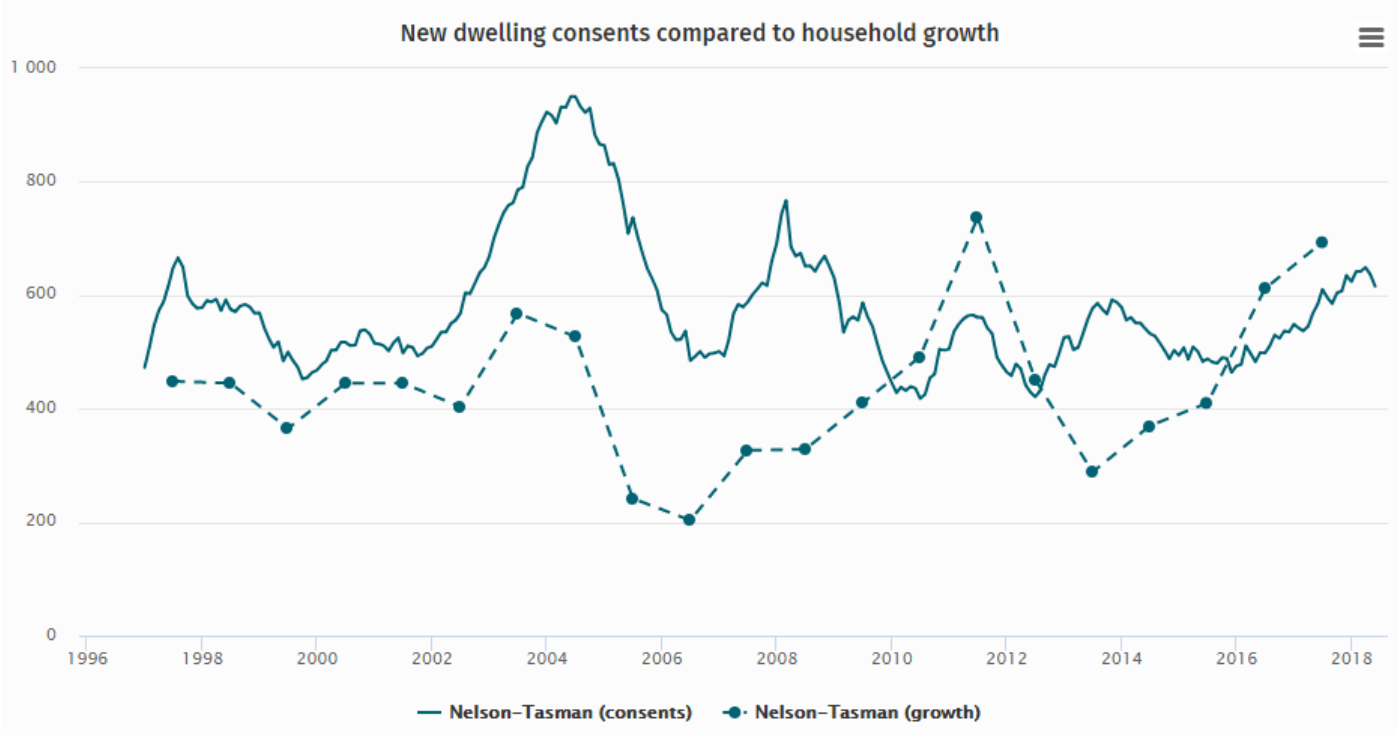
The purpose of monitoring the market indicators is to support analysis and understanding of local housing markets by local authorities and support implementation of the NPS-UDC. The MBIE and MfE have provided local authorities with a range of market indicators that local authorities are required to monitor under policy PB6 of the NPS-UDC. It is important that these indicators are not considered in isolation but instead are used together to build up an overview of the supply/demand relationship in the Nelson Urban Area.

1. Demand and Supply

Household growth is used within the MBIE/MfE dashboard as a proxy for determining demand. It is calculated from the estimated resident population, divided by the local average houshold size. The actual resident population and household numbers are confirmed after each Census. Previous Census's have resulted in revisions of Nelson's population estimates by +/- 4% and Tasman's by +/- 2%.

The number of new dwelling consents is used within the dashboard as a proxy for determining supply. Both sets of data for supply and demand are sourced from Statistics New Zealand and lag by six months to account for the time taken from consenting to completion (presented as a 12 month rolling average).

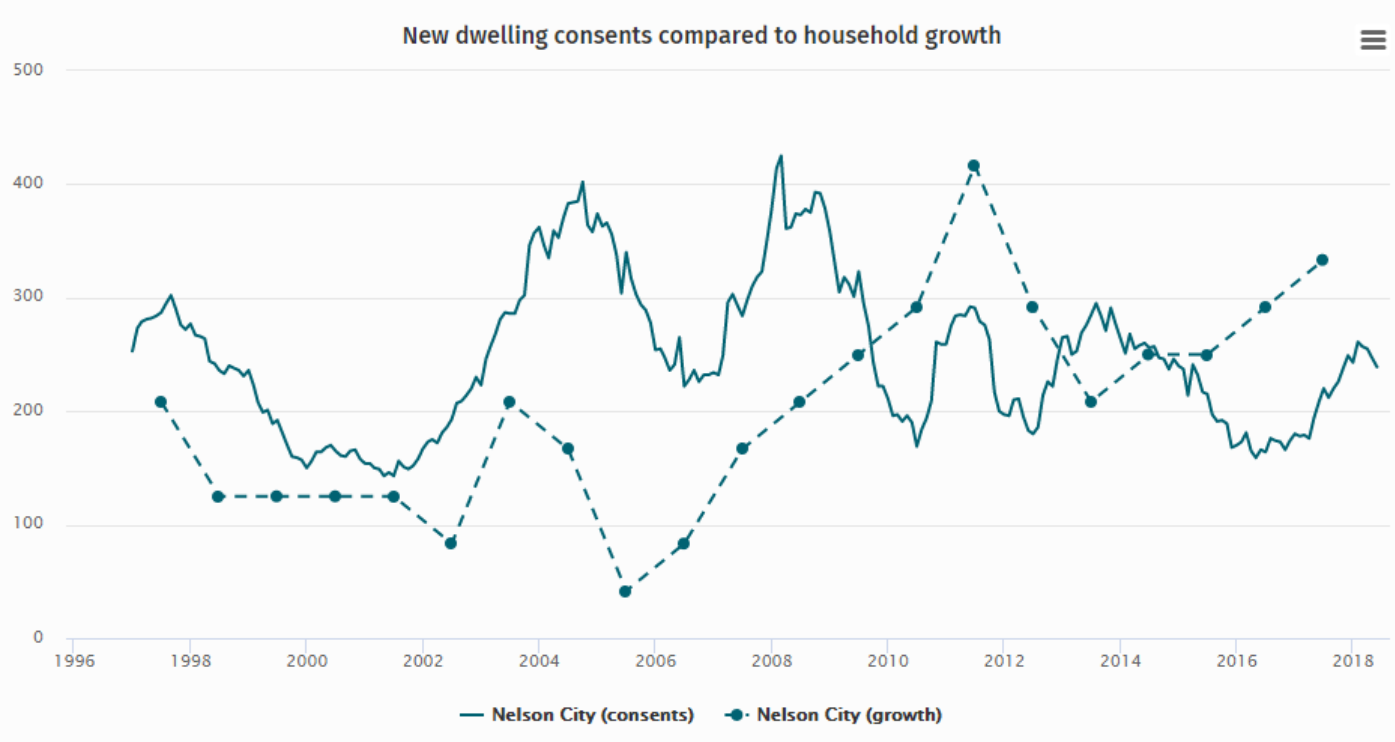
Over the last two decades, Nelson and Tasman have generally had sufficient new housing to meet household growth (Graph 1). However, since 2016, consents for new dwellings in Nelson do not appear to be keeping up with household growth (Graph 2). Despite Tasman's increase in new dwellings exceeding household growth in the region (Graph 3), an apparent overall under-supply in the combined Nelson-Tasman market could be one contributor to the significant increase in house prices in the last two years (Graph 4).



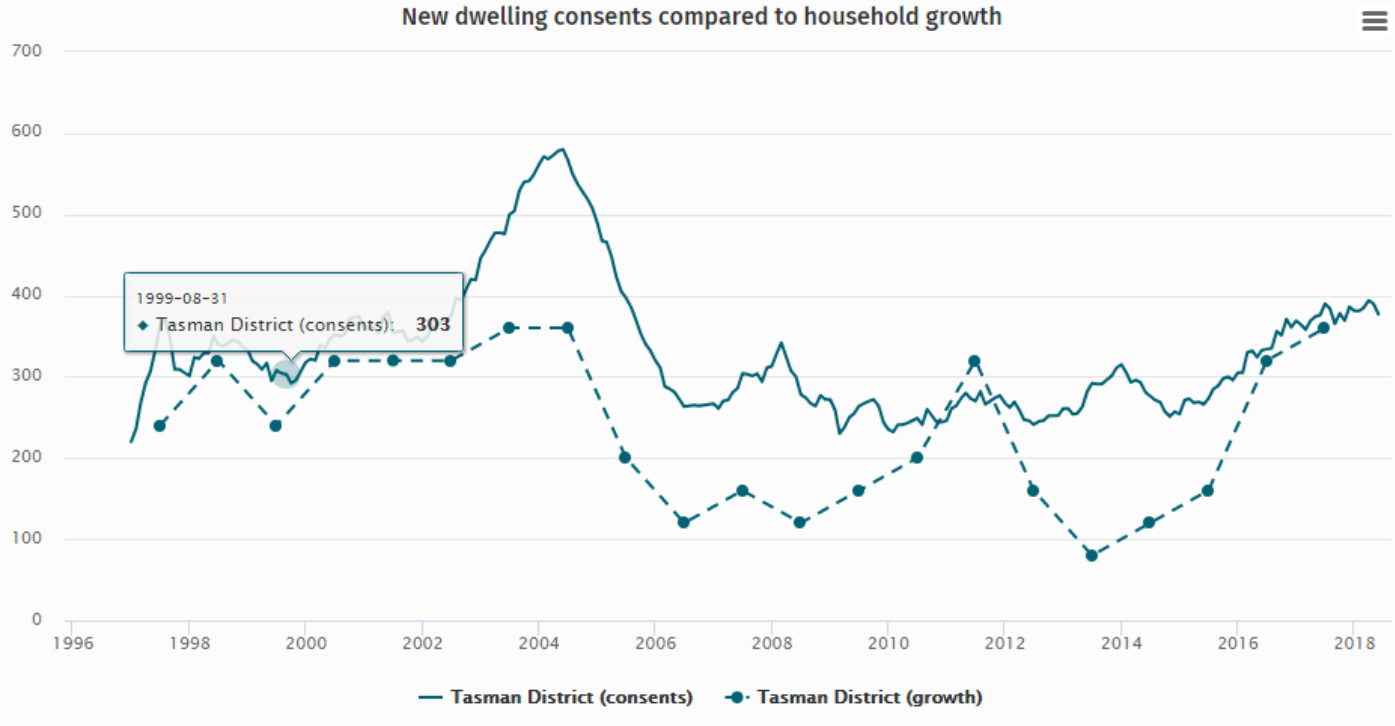
Graph 1. New dwelling consents compared to household growth – Nelson-Tasman Regions Combined.

The apparent shortage of new housing in Nelson is despite an estimated nine years' worth of available dwelling capacity. This is land that is zoned, serviced or planned to be serviced, and feasible for residential development.

In reality there are a number of market dynamics involved that affect the supply of affordable housing, including cost of infrastructure, financing packages for low income home owners, the market's limited provision of smaller housing, timing of release of land by developers/owners, and building costs.



Graph 2. New dwelling consents compared to household growth – Nelson City

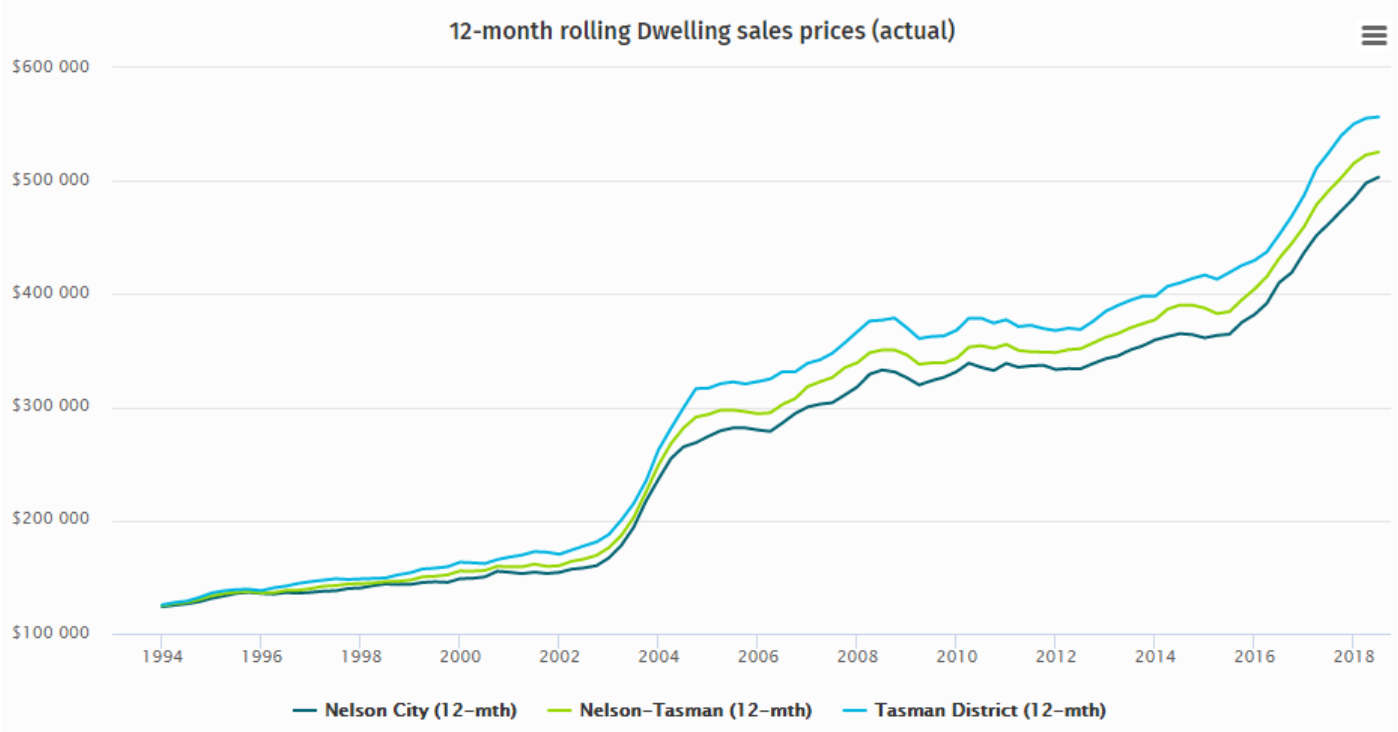


Graph 3. New dwelling consents compared to household growth –Tasman District

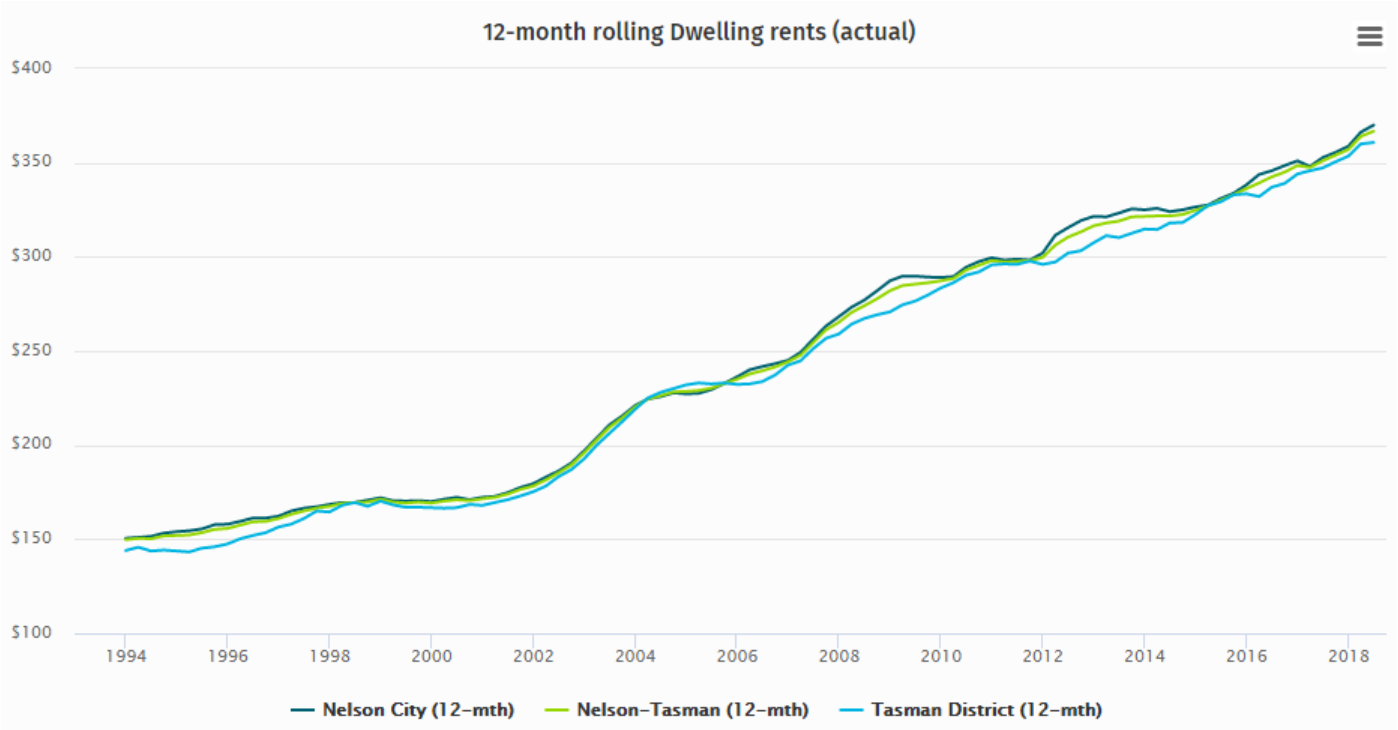
2. Prices and rents

Housing prices continue to increase over time in both Nelson and Tasman Districts (Graph 4). The median sale price for the year ended June 2018 was $503,250 in Nelson and $556,500 in Tasman.

Residential rents continue to increase at a slower rate than house prices over time (Graph 5). This increase may suggest that there is a shortfall in housing which is also affecting the rental market.



Graph 4: Dwelling sales prices – actual, rolling average, Nelson-Tasman combined, Nelson City, Tasman District



Graph 5: Dwelling rents – actual, rolling average, Nelson-Tasman combined, Nelson City, Tasman District

3. Housing Affordability

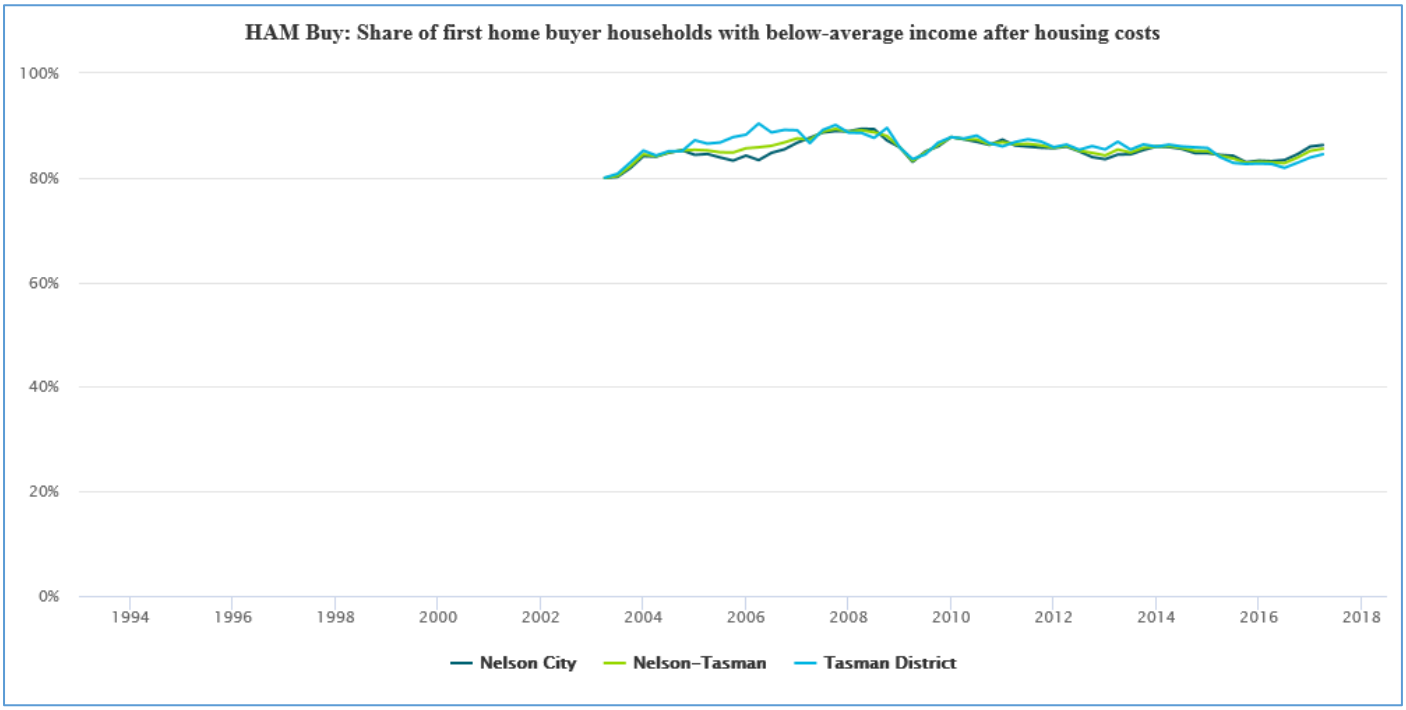
MBIE Housing Affordability Measures

The MBIE derived Housing Affordability Measures (HAM), HAM Buy and HAM Rent, measure trends in affordability of house prices and rents relative to income. The HAM uses data on household incomes of rental households, house prices, and rents. The HAM is designed to map shifts in affordability over time, showing whether there are more or fewer households that have more or less income left over after paying for their housing costs.

The HAM Buy measure for Nelson and Tasman Districts has not been updated since the last monitoring report.

The data from the March monitoring report has been included for reference. The data covering the period up to March 2017 is shown in Graph 6. The measure indicates that for the year to March 2017, 86.3% of first-home buyer households in Nelson, and 84.5% for Tasman, could not comfortably afford a typical 'first-home' priced house. This is defined as the lower quartile price point of housing in the area. For Nelson this indicates that there has been a 3.1% increase since March 2016 in the number of first-home buyer households who could not comfortably afford a typical 'first-home' priced house and a 1.9% increase for Tasman.

The HAM Rent measure for Nelson and Tasman Districts indicates that at March 2017, 68.1% of rental households in Nelson, and 65.1% for Tasman, cannot comfortably afford typical rents, being below the 2013 national affordability benchmark (Graph 7). For both Nelson and Tasman there has been little to no change in this measure since March 2016.



Graph 6: HAM Buy: Share of first-home buyer households below the affordability benchmark, Nelson-Tasman combined, Nelson City, Tasman District

Graph 7: HAM Rent: Share of renting households below the affordability benchmark, Nelson-Tasman combined, Nelson City, Tasman District

Massey University Aggregate Home Affordability Index

HOME AFFORDABILITY INDEX				PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 12 MONTHS		PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 3 MONTHS	
Region	May 2017	February 2018	May 2018	Improvement	Decline	Improvement	Decline
Northland	22.7	21.14	22.6	0.3%			7.0%
Auckland	35.0	34.63	34.1	2.6%		1.6%	
Waikato/Bay of Plenty	23.0	22.79	23.2		1.2%		1.9%
Hawke's Bay	17.5	19.58	18.0		2.7%	8.1%	
Taranaki	14.5	14.05	13.5	6.7%		4.0%	
Manawatu/Whanganui	12.8	13.38	14.2		10.6%		6.0%
Wellington	20.9	21.14	21.9		4.4%		3.4%
Nelson/Marlborough	23.3	22.77	23.2	0.8%			1.7%
Canterbury/Westland	19.2	19.00	18.5	3.7%		2.7%	
Otago	15.0	15.70	16.3		8.9%		4.0%
Central Otago Lakes	40.1	40.78	36.1	10.0%		11.5%	
Southland	11.3	10.62	10.9	2.9%			3.0%
New Zealand	23.6	22.57	23.9		1.1%		5.8%

Table 2: Home Affordability Index (Massey University[5])

The Massey Home Affordability Index (June 2018) shows that the Nelson-Tasman-Marlborough regional cluster continues to experience affordability challenges.

The index this quarter shows a 1.7% decline in home affordability in the 3 months to the end of June 2018 in Nelson/Marlborough although there has been a slight (0.8%) improvement over the 12 months to June 2018. Based on this index the region is now the third least affordable region in New Zealand along with Waikato/Bay of Plenty.

As with the HAM, the Massey Home Affordability Index takes into account the cost of borrowing as well as house prices and wage levels. The mortgage interest rate figures are drawn from Reserve Bank New Zealand data. The Reserve Bank series is based on a 2-year fixed new residential average mortgage interest rate which was revised from 5.08% to 5.05. Unlike the HAM measure, the income data provided directly from Statistics New Zealand is for both renting and owner-occupier households. Housing prices are released by the Real Estate Institute of New Zealand (REINZ).

The combination of this data provides the opportunity to calculate a reliable and useful summary index. The lower the index the more affordable the housing. The index allows for comparisons over time and between regions of relative housing affordability in New Zealand.

[5] Source: Home Affordability Report - Quarterly Survey June 2018

Council data

In addition to the MBIE data, both Nelson and Tasman councils have additional data on residential development trends which can provide further detail on the type and location of development. The following measures are for the Nelson Urban Area, the parts of Nelson and Tasman that are within the Nelson Urban Area, and for the whole of each District.

4. Building Consents Issued

The number of building consents issued for new dwellings in Nelson and Richmond has remained relatively steady. Table 4 details the number of new dwellings granted building consent every quarter over the last 18 months.

	Quarter					
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Nelson Urban Area	83	95	96	75	132	124
NCC area units within Main Urban Area	50	63	62	54	63	75
TDC area units within Main Urban Area	33	32	34	21	69	49
NCC – all District	51	63	62	54	63	75
TDC – all District	83	100	110	78	116	102

Table 4. Building consents for new dwellings, actual numbers (Statistics New Zealand[6])

[6] Source: Statistics New Zealand Website – Building Consents Issued: June 2018

5. Yield of serviced residential sites from residential zoned land

Numbers of new sections can vary significantly between quarters, as it is a relatively short period of time to measure.

Nelson

Nelson has seen 42 sections created in the June 2018 quarter. On a 12-month basis, there were 154 sections created in the year ending June 2018, compared with 158 in the previous year.

Tasman

Tasman's figures represent only the area units which fall within the Nelson Urban Area only which essentially are Richmond and Hope. The number of new vacant lots decreased in this area for this quarter to just 3 lots.

	Quarter							
	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
NCC area units within Main Urban Area	53	4	73	28	38	35	39	42
TDC area units within Main Urban Area (Richmond/ Hope)	Jul 16- Dec 16 29		63	0	0	64	70	3

	Year ended June 2017	Year ended June 2018
Nelson Urban Area	250	291

Table 5: Summary of residential resource consents.

6. Resource Consents for residential units

Nelson

In the June 2018 quarter, there were 11 resource consents for residential subdivisions. These consents were to create 36 new residential lots.

Tasman

In the June 2018 quarter, there were 5 resource consents granted for residential subdivisions within the Main Urban Area, yielding 8 new lots.

Non-residential Development Trends

7. Building Consents Issued for New Buildings – Total Floor Area (m2)

	Quarter					
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Nelson Urban Area	15,243	2,100	14,861	2,910	9,216	3,933
NCC area units within urban area	10,126	2,076	14,279	1,206	2,934	1,700
TDC area units within urban area	5,117	24	582	1,704	6,282	2,233
All Nelson City	10,126	2,076	14,279	1,206	2,934	1,700
All Tasman District	5,782	2,185	4,348	4,620	27,578	2,718

Table 5: Summary of non-residential resource consents.

This data is for consents for new buildings that are either commercial buildings, or factories, industrial, and storage buildings, or hotels, motels, boarding houses, and prisons.

8. Yield of serviced industrial/commercial sites from industrial/commercial zoned land

Nelson

There were seven titles issued in the three months ending June 2018 for new industrial or commercial sites.

Tasman

For the three months ending March 2018, there were no titles issued for commercial/industrial subdivision in the Main Urban Area.

9. Resource Consents for industrial/commercial units

Nelson

In the June 2018 quarter, there were no commercial units consented for subdivision.

Tasman

In the June 2018 quarter, there were no commercial/industrial subdivision consents granted in the Main Urban Area.

Price Efficiency Indicators

From 31 December 2017 high and medium growth Local Authorities are required to use a set of price efficiency indicators (along with other evidence) to inform planning decisions (NPS-UDC policy PB7).

The price efficiency indicators are:

Price – Cost ratio (homes)

Land ownership concentration

Rural-urban land value differential

Industrial zone differential

Price – Cost Ratio indicator (homes)

The price-cost ratio is the gap between house prices and construction costs in the Nelson Urban Area for standalone dwellings i.e. the cost of the land.

The indicator assumes that if the cost of land is significant and/or increasing, relative to buildings costs, there is a shortage of sections relative to demand.

The price-cost ratio is 1.5 when the cost of a section (land) comprises one third of the house price. Therefore, the 1.5 price-cost ratio is used as a benchmark for assessment as it signals that supply of land is relatively responsive to demand. If sufficient development opportunities exist, the ratio should be below 1.5 most of the time. It should be noted that the 25% construction cost buffer also allows for construction costs being undervalued on the Building Consent application form.

The ratio is updated every 12 months so no additional information is available from the last quarterly report. The summary from the last report is included below for reference.

The latest 2017 ratio (1.55) puts the combined Nelson Urban Area just above the 'acceptable' threshold for supply of land being responsive to demand. However, it is also noted that the ratio has risen during a time which coincides with nationally high house prices, and demand for housing.

The fact that the ratio is increasing may explain why developers and/or building companies are building relatively large expensive homes – since the land value is increasing, the capital value has to also be relatively high to make the development viable for a developer.

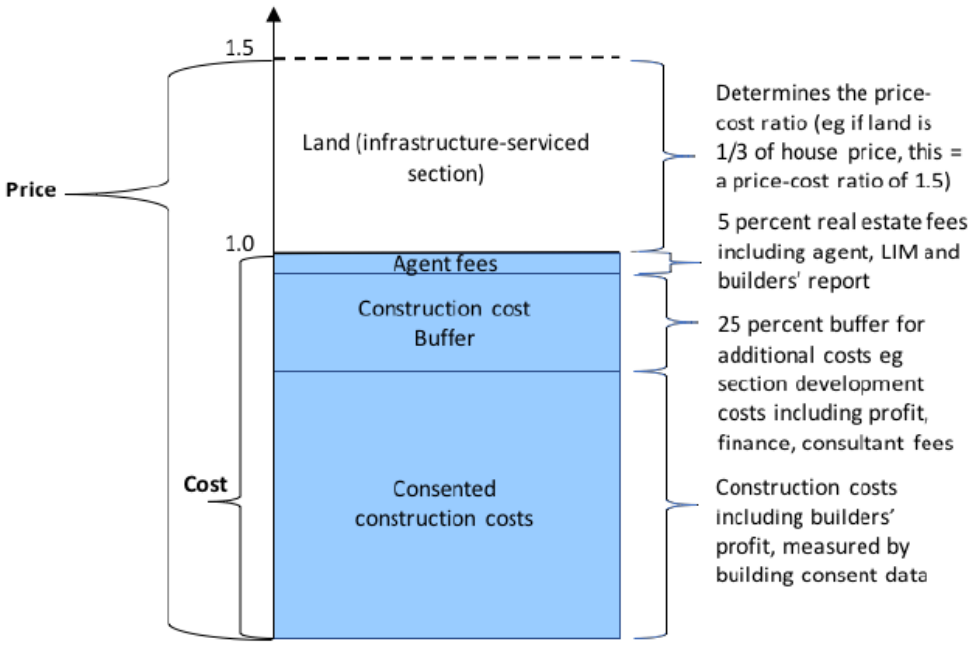
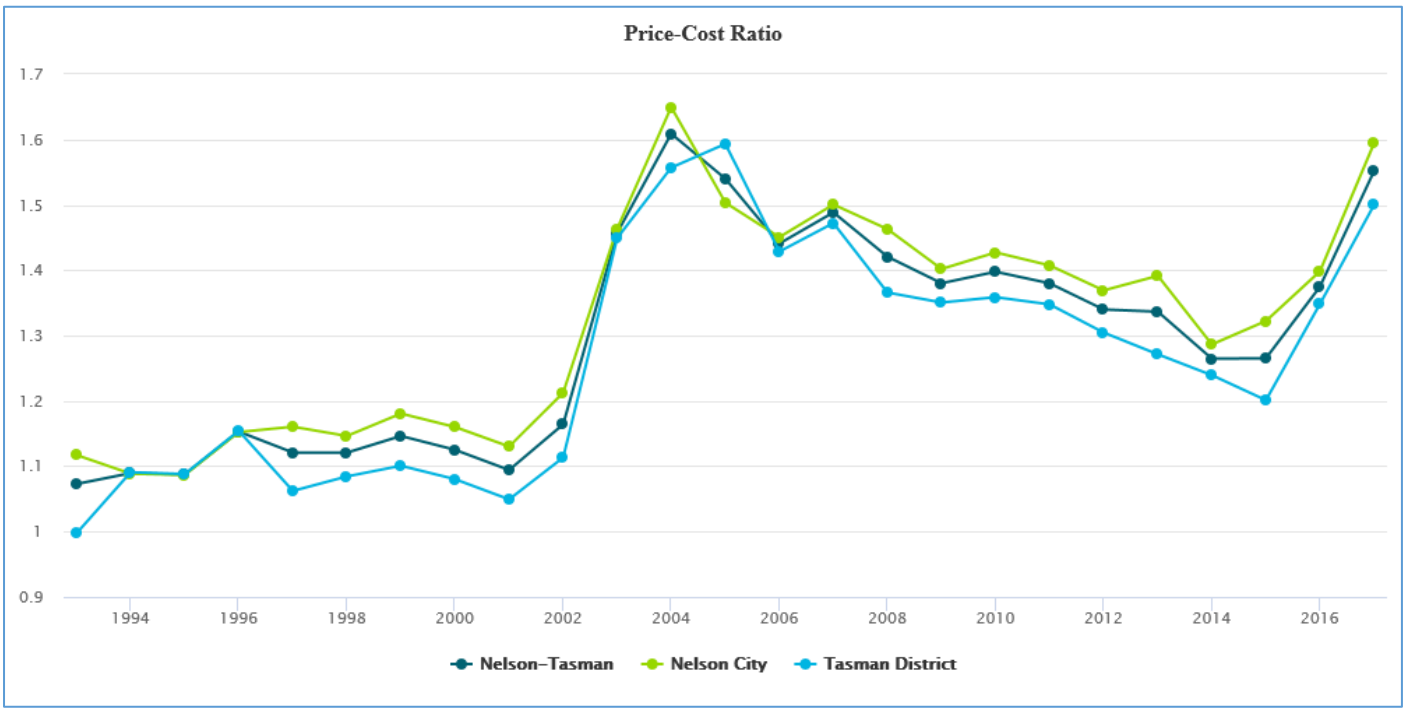


Figure 2: The Components of the Price-Cost Ratio (Source: MBIE)



Graph 8: Price-Cost Ratio, Nelson-Tasman combined, Nelson City, Tasman District

This indicator provides useful insight into the part land development plays in the overall cost of finished housing. It is recommended that this indicator continues to be reported on every quarter.

Land ownership concentration

The land ownership concentration measures the distribution of residentially zoned land that is undeveloped amongst the number of owners. This measure is an attempt to describe how close to a monopoly a particular area operates in with regard to the ownership of undeveloped land. For example, if all of the land was owned by one person, they could choose to release land slowly to the market to keep prices artificially high. At the other end of

the scale, if undeveloped land is spread amongst a large number of owners, the market maybe more competitive with lower section prices.

Table 6 below shows a summary of the ten largest land ownerships in the Nelson Urban Area.

Urban area	Rank	Area (ha)	Title count	Owner number	Market share
Nelson	1	99.3	25	Owner 1	20.30%
Nelson	2	58.1	4	Owner 2	11.90%
Nelson	3	35.1	55	Owner 3	7.20%
Nelson	4	31.5	11	Owner 4	6.40%
Nelson	5	19.6	4	Owner 5	4.00%
Nelson	6	17.5	2	Owner 6	3.60%
Nelson	7	14.6	1	Owner 7	3.00%
Nelson	8	14.1	4	Owner 8	2.90%
Nelson	9	12.2	11	Owner 9	2.50%
Nelson	10	11.6	1	Owner 10	2.40%

Table 6: Undeveloped residentially zoned land – Ownership concentration

Table 6 shows that around 65% of the undeveloped residentially zoned land is owned by just ten people or companies with the largest land holding being 20.3%. These landowners are all in Nelson, with the exception of parcel ranked 10 which is in Richmond. The other large landowners in Richmond do not have landholdings residentially zoned that are large enough to feature in the top ten for this indicator. It is worth noting that it is common for some of these land owners to own multiple properties but hold them under a different company name for each. The MBIE tool does not take this into account for this indicator.

It is difficult to determine the level of ownership concentration that will begin to have an effect on section prices but for comparison, the Nelson Urban Area is in the top three worst areas for a large amount of land being held by a small number of owners along with Napier and Hamilton.

This indicator provides useful insight into the part ownership concentration plays in the release of land for development and the trends in land price. It is recommended that this indicator continues to be reported on every quarter to allow a long term trend to be established.

Rural-urban land value differential

The Rural-urban land value differential is intended to provide a measure of whether additional rural land should be rezoned for urban land use. The rationale is that if enough land is zoned urban then there will be a smooth transition in land value per square metre on the boundary between rural and urban land.

Figure 2 below shows the boundary between the urban and rural zones for the Nelson Urban Area. It is important to note the elongated shape of the urban zoned land as this has a large effect on the distribution of land values in the urban area. Of particular note is that the centre of the urban area is located somewhere around Stoke.

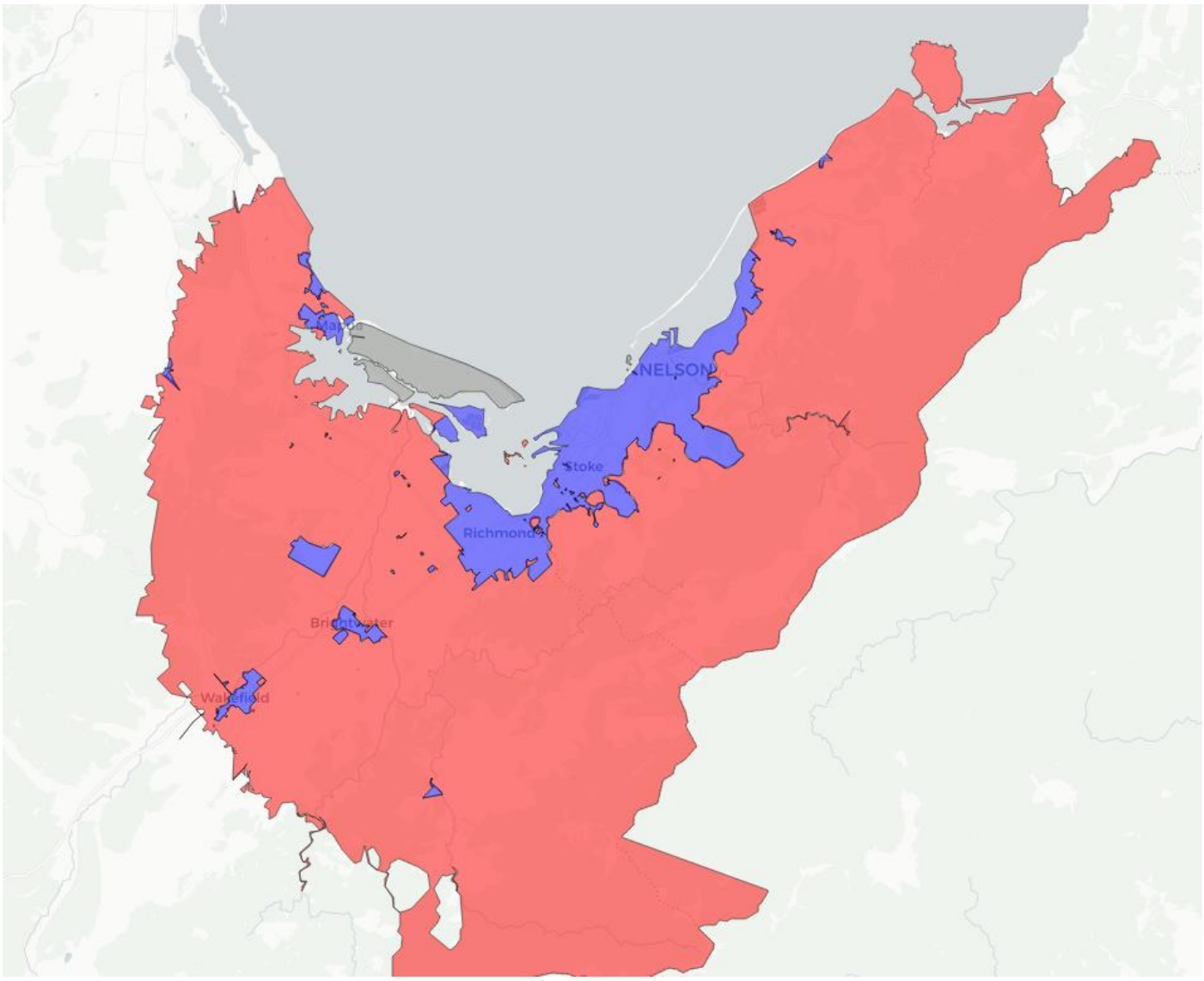
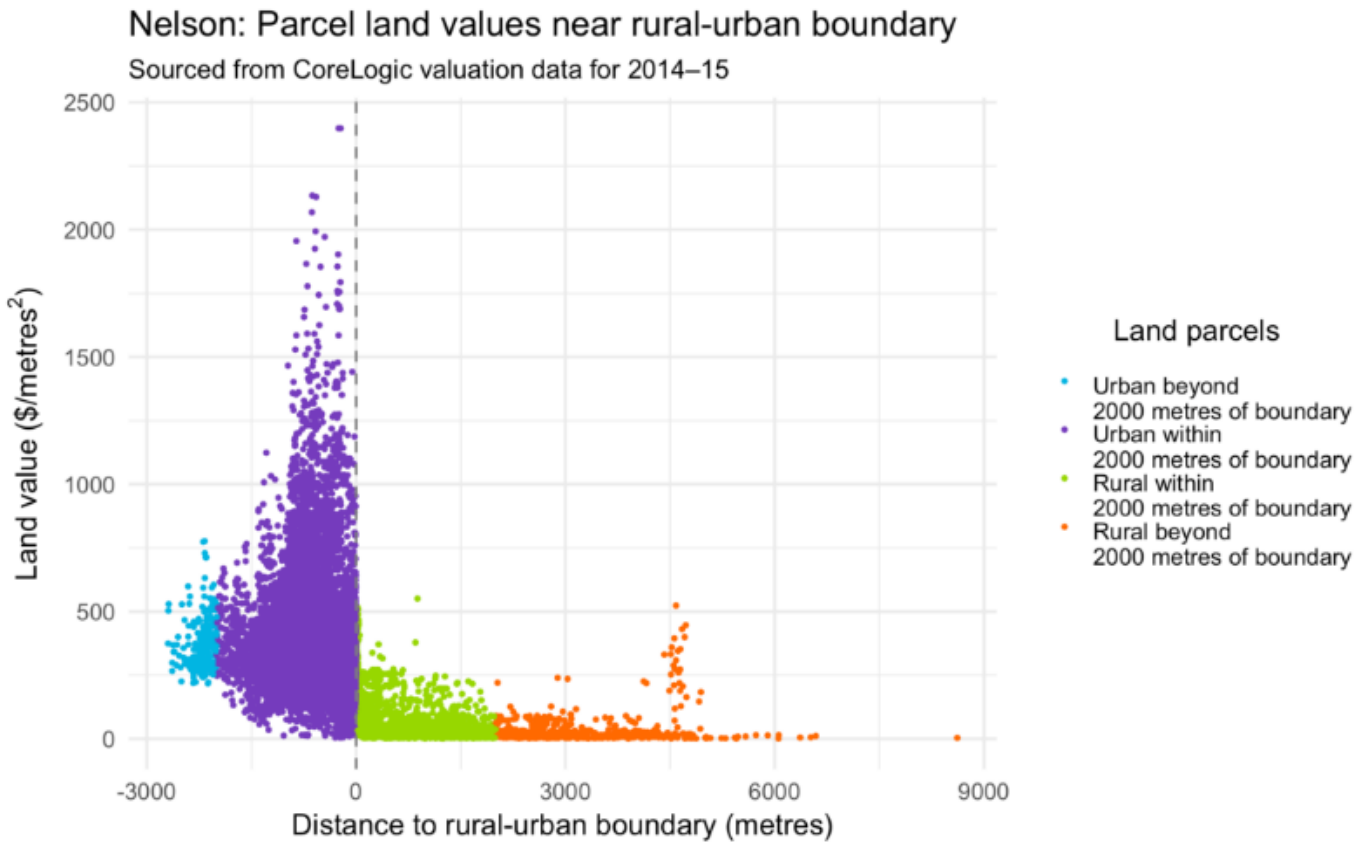


Figure 2: Rural/Residential boundary

Graph 9 below shows the distribution of land values throughout the Nelson Urban Area based on the distance from the rural/urban boundary. The dashed vertical line represents the boundary with urban land on the left and non-urban land on the right.



Graph 9: Parcel land values near rural/urban boundary

Graph 9 shows that there is a large differential in land value at the boundary between the urban and rural zones. This is not surprising given that typically, the urban boundary runs along the edge of a geographical feature that makes the rural land not feasible to develop. For example, almost the full eastern edge of the urban boundary sits close to the base of steep slopes and as a result, higher value development of the rural land is not likely regardless of any zoning.

The other unique aspect of this measure for the Nelson Urban Area is that it shows that the urban land closest to the centre of the area is of lower value than the areas closer to the rural/urban boundary. When the elongated shape of the Nelson Urban Area is taken into account, this is not surprising as the centre of the shape does not coincide with the highest value residential land. The measure would make more sense in a place like Christchurch or Hamilton where the centre of the urban area sits in the middle of a circle or square urban area.

This affordability measure is therefore not particularly useful in describing the issues that Nelson and Tasman face around housing affordability due to its simplistic logic. It is proposed that this measure is not reported on in the future as it is not fit for purpose in the context of the Nelson Urban Area.

Industrial zone differential

The Industrial Zone Differential indicator is intended to measure the differential in land values across the boundary between industrial land and land zoned for other uses. This is very similar to the urban/rural differential but with a much smaller dataset. As a result, the robustness of the indicator is questionable, even though officers spent considerable time with MBIE's consultants ensuring that the zoning patterns are correct, since they were based on

CoreLogic zoning codes (valuation information 2014 updated to 2017 levels) to define the land use types.

Figures 3 and 4 below show the industrial land uses in the Nelson Urban Area. The area captured starts in the Nelson Urban Area and buffers that contiguous area by 10km, therefore extending to Wakefield.

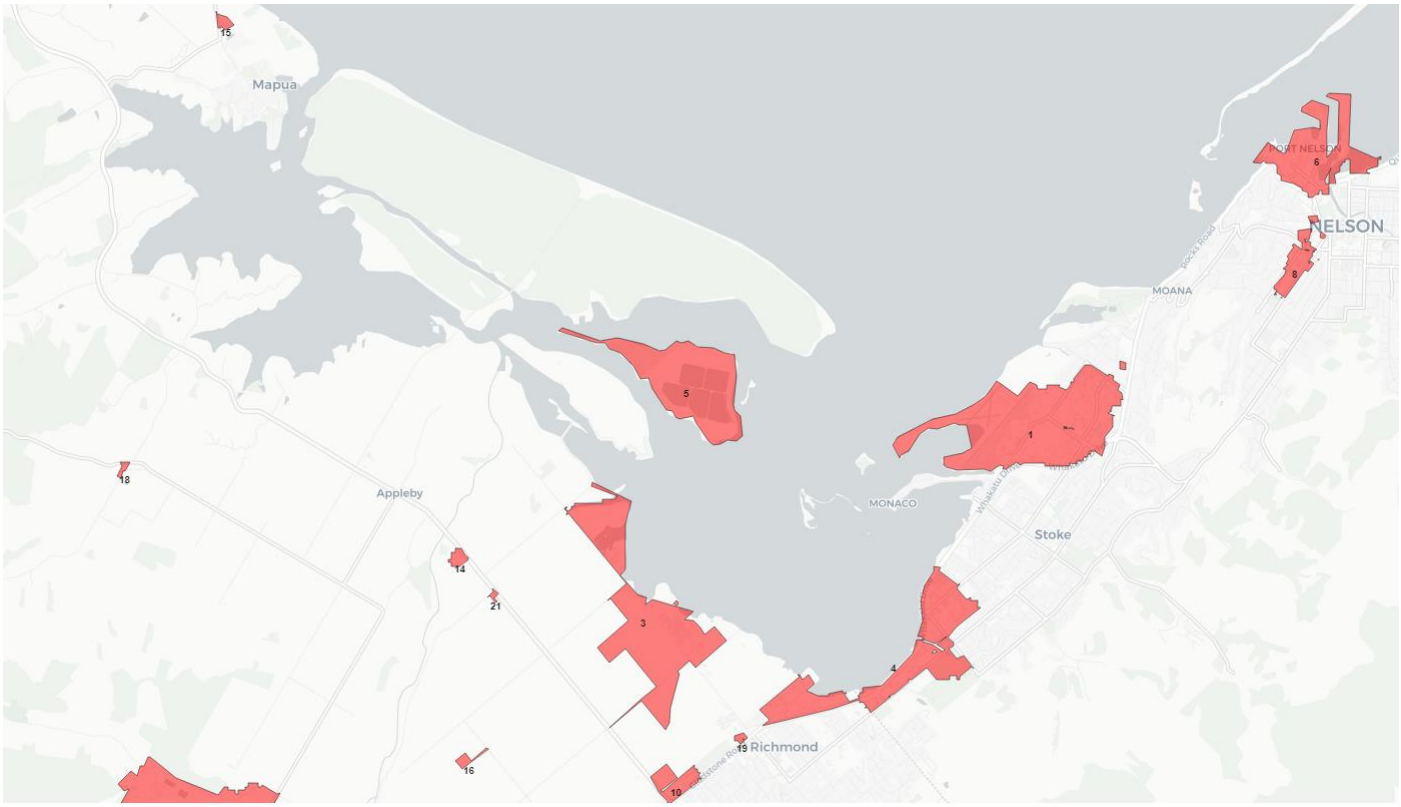


Figure 3: Industrial land use areas (Northern areas)

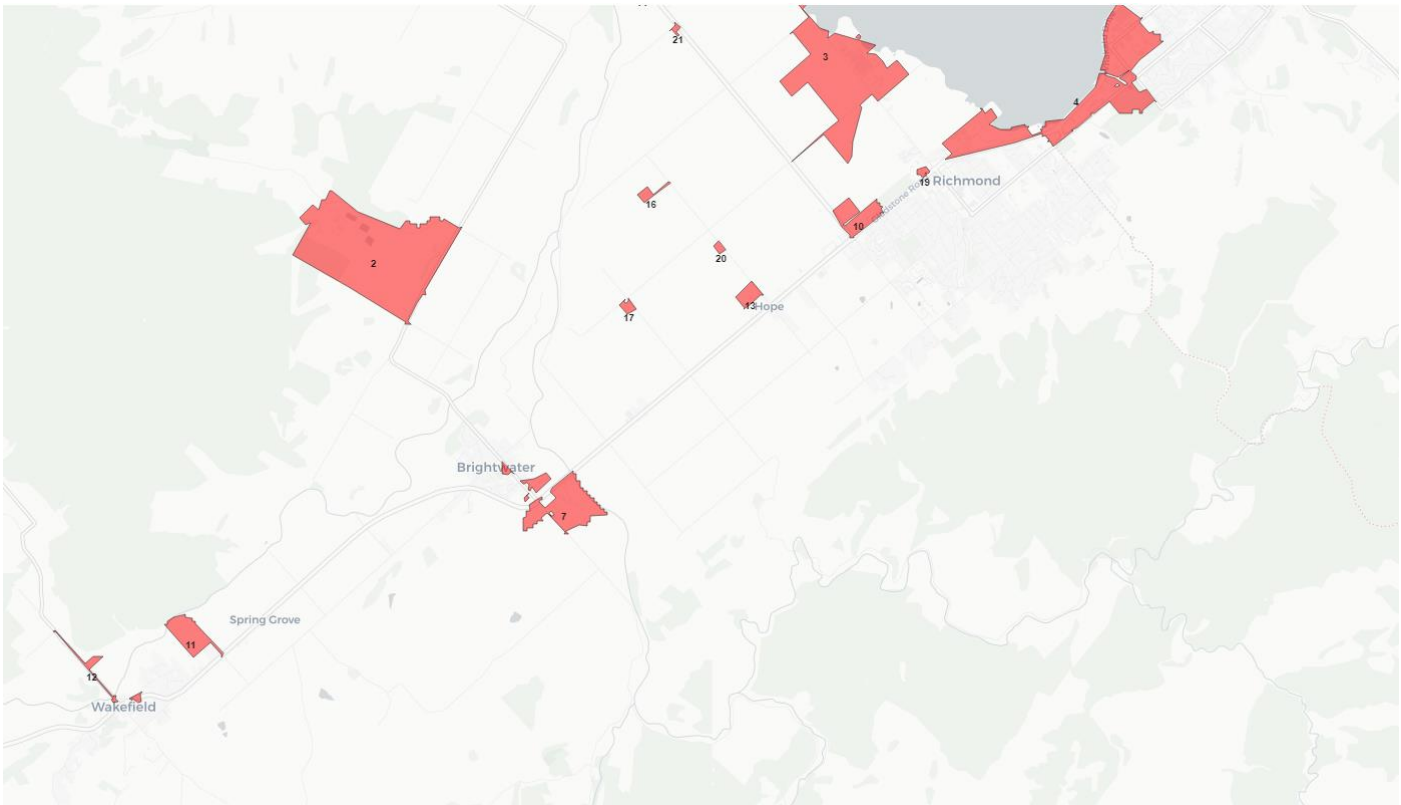


Figure 3: Industrial land use areas (Southern areas)

As a result of some of the areas being small or having very few parcels to assess the land value for, not all of the areas can be assessed in a statistically robust manner. Table 7 below summarises the land values either side of the industrial area boundaries throughout the Nelson Urban Area. Only areas with statistically robust results are included in this table.

Zone #	Adjacent non-industrial zone	Number of industrial parcels	Average industrial land value ($/m2)	Number of non-ind parcels	Average non-ind land value ($/m2)	Difference in land value ($/m2)	Ratio of land values
1	residential	135	177	726	285	-109	0.619
2	rural	3	5	12	10	-5	0.505
3	commercial	30	86	13	51	35	1.682
3	rural	28	64	20	14	50	4.704
4	commercial	53	134	65	297	-162	0.453
4	residential	108	183	610	282	-99	0.65
4	rural	43	295	3	80	215	3.678
7	residential	10	78	235	234	-156	0.332
8	commercial	59	382	80	741	-359	0.516
8	residential	97	363	582	242	120	1.498
10	residential	31	131	305	389	-258	0.336
11	rural	2	8	33	64	-57	0.117
13	rural	2	27	60	63	-36	0.431
15	rural	11	130	6	22	108	5.934
19	commercial	4	239	51	298	-58	0.804
19	residential	4	239	23	347	-108	0.69

Table 7: Industrial differential – summary data

Table 7 above shows that the differential in land value between industrial land and the neighbouring zones is highly variable. Where the difference in land value is shown as positive and the ratio of land values is greater than one and the industrial land is of higher value than the neighbouring land. If the difference is negative the opposite is true.

The following broad trends are observed:

- For industrial areas that border rural land, the differential can be positive or negative. Where it is negative, the adjoining rural land is typically earmarked for future higher density development and therefore cannot be classified as "rural" in the traditional sense. Where the differential is negative (the rural land is worth less than the industrial land), the rural land is of a more typical "farm" type activity with little expectation of future development.
- In general, residential land is worth more than industrial land. If the purpose of the indicator is to be applied then potentially some of the industrial land should be rezoned to residential land. This highlights one of the problems with adopting this indicator as without the industrial activity in the region, and residential in its place, the economy is likely to suffer with less employment for example.
- Zone 8 seems to be an anomaly of some sort with the industrial land being worth more per square metre than the neighbouring residential land. This may be a result of the industrial activity in this area being a higher density, light industrial and even commercial in nature as well as the close proximity to the port and Nelson centre city.

This indicator seems to reflect local nuances on the whole and is of limited value. It is proposed that this measure is not reported on in future as it is not fit for purpose in the context of the Nelson Urban Area.