

NZ Residential Rental Market

March 2014



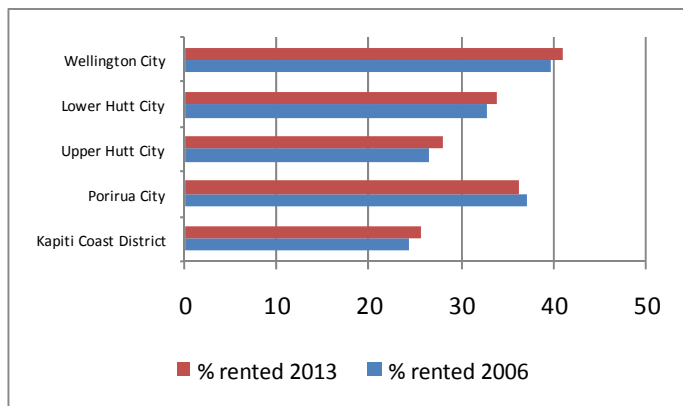
Quarterly Survey Volume 17, Number 1

Wellington Renters

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DATA SOURCE This index has been developed from private sector rental data supplied by the Department of Building and Housing (Bond Centre). Information on wage rates, demographics and the structure of the rental housing stock is drawn from Statistics NZ data. House price information has been extracted from Real Estate Institute and Quotable Value NZ statistics.

The 2013 census revealed some changes in the percentage of rental housing in the Wellington area. The first chart below shows the percentage of rental housing in the main Wellington local authority areas for both 2006 and 2013. The overall Wellington regional trend followed the national trend of a small increase (around 2%) in the percentage of rental properties since 2006. The highest percentage of rental properties was in Wellington City followed by Porirua City.

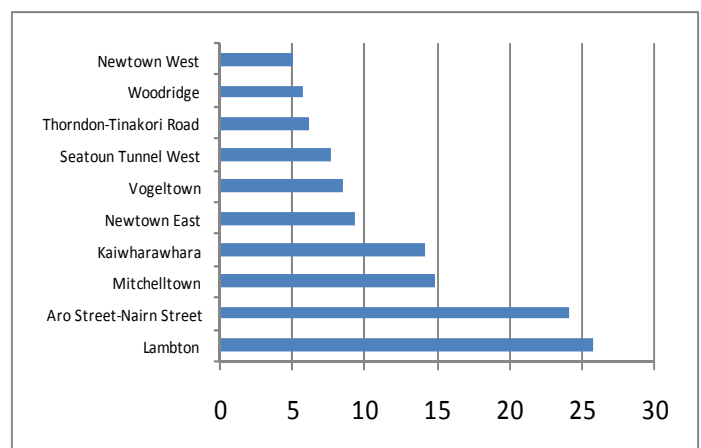


The second chart below shows the percentage of rental housing owned by private sector landlords in each of the Wellington local authority areas. Government and local authority ownership of rental housing, typically social housing, is high in both Wellington and Porirua cities.



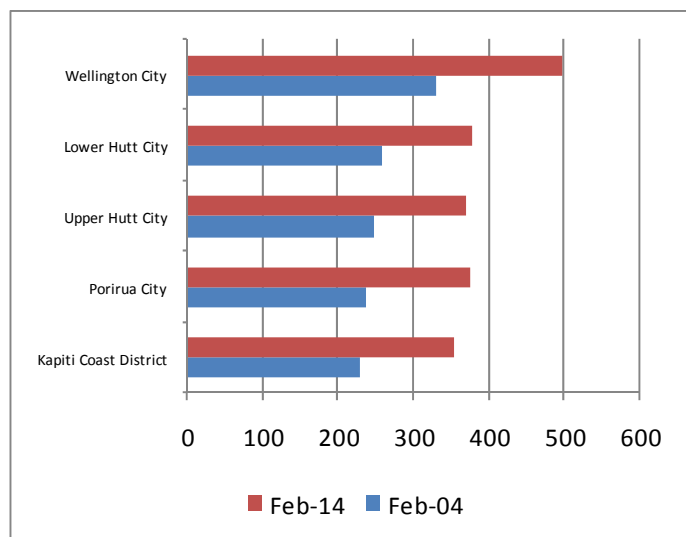
Occupancy

The occupancy trend in Wellington City between 2006 and 2013 was for the area units close to the central business district to show increases in the number of residents per housing unit. (Area units are a measure used by Statistics NZ and comprise a suburb, or part suburb, with a population of 3000 to 5000 people). Area units in the more distant suburbs often registered decreased occupancy rates. This followed the same trend noted in Auckland in the last edition of this publication. Occupancy rates in Wellington City averaged 2.66 persons per household unit in 2013, a 2.1% increase since 2006. Of course the occupancy rate per household unit also depends on the type of housing in the area unit. In the suburbs three bedroom houses dominate whereas in the inner city two bedroom apartments are typical. The highest area unit occupancy rates were 3.35 in Miramar West and 3.34 in Adelaide. The chart below shows the ten Wellington City area units (excluding the marina areas) with the greatest percentage increase in occupancy per household unit from 2006 to 2013. No doubt this trend is partly a result of issues with central city housing affordability, more central city two bedroom apartment developments and the commuting time savings made possible by living close to the central city. Demographic changes also play a part in household occupancy rates. In the suburbs houses are more likely to be occupied by families with children. Over time the children move away from home leaving the home occupied by just one or two people. Conversely central city housing is typically occupied by families without children and younger mobile workers and students.



Wellington House Rents

The chart below takes snapshots of the median rents for regional three bedroom houses in February 2004 and again in February 2014. Wellington City house rents are around \$120 per week higher than the other regional cities. No doubt this differential is mainly a reflection of the location advantages enjoyed by Wellington City renters. Interestingly the percentage rate of increase in house rents over the last decade is similar for all five local authorities..



Rental Levels

A snapshot of rents itemised by the main urban local authorities is shown in the table in the right hand column. The national level of rent in February 2014 was \$350 per week. This represents a \$10 per week (2.9%) increase since February 2013. Christchurch showed a 12.6% increase in median rents over the last year. Rents in Christchurch are now approaching the levels in Auckland and Wellington.

Median Rents	Feb-13	Nov-13	Feb-14
Whangarei	270	290	290
North Shore	460	460	490
Waitakere	380	390	405
Auckland	420	420	430
Manukau	405	420	415
Papakura	365	390	390
Hamilton	320	320	322
Tauranga	340	340	345
Rotorua	240	250	250
Gisborne	250	260	270
Hastings	280	280	280
Napier	295	300	302
New Plymouth	305	320	305
Wanganui	200	210	200
Palmerston North	260	280	265
Kapiti	300	312	350
Porirua	345	352	340
Upper Hutt	260	300	300
Lower Hutt	320	330	340
Wellington	400	390	435
Nelson	320	310	350
Christchurch	355	375	400
Dunedin	285	300	295
Invercargill	220	220	215
All NZ	340	340	350

Massey University Property Foundation

The Foundation is established to sponsor research and education in property related matters in New Zealand. Funding is obtained through sponsorship from corporations and firms within the property industry. The Foundation has established a Real Estate Analysis Unit to operate out of both Massey University's Palmerston North and Albany campuses.

Massey University Real Estate Analysis Unit

The primary objective of the Massey University Real Estate Analysis Unit (MUREAU) is to provide reliable property information to the property industry, the land related professions and the public.

The Director of MUREAU is Professor RV (Bob) Hargreaves. MUREAU also offers a consulting service for individual clients. MUREAU publications available on the internet are:

- 1 The Home Affordability Report (Quarterly)
- 2 NZ Residential Rental Market Report (Quarterly)

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