

# NZ Residential Rental Market

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Digital Commons

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**DATA SOURCE** This publication has been developed from private sector rental data supplied by the Ministry of Business Innovation and Employment (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.

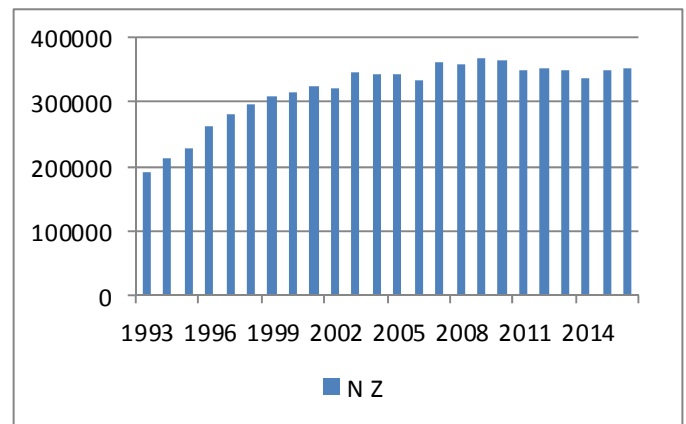
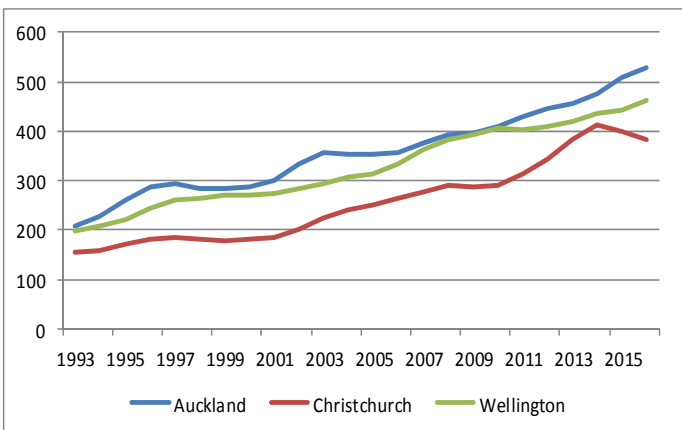
The Ministry of Business Innovation and Employment (MBIE) has recently made more Bond Centre data freely available to the public under a creative commons licence. This move should lead to increased transparency in the private sector residential rental market. This publication utilises some of this data.

**Rental Comparisons**

The chart below compares the growth in average weekly rents for Auckland, Wellington and Christchurch over the period 1993-2016. Auckland and Wellington rents tracked together for most of the period but over the last six years greater demand pressure in Auckland resulted in an upward divergence. The effects of the Christchurch earthquakes also show up in the rental data with a strong growth in rents after 2011 due to the number of damaged houses and then a reduction in rents after

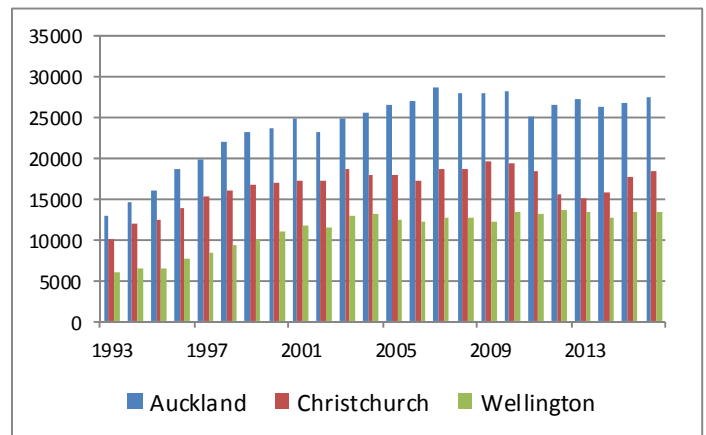
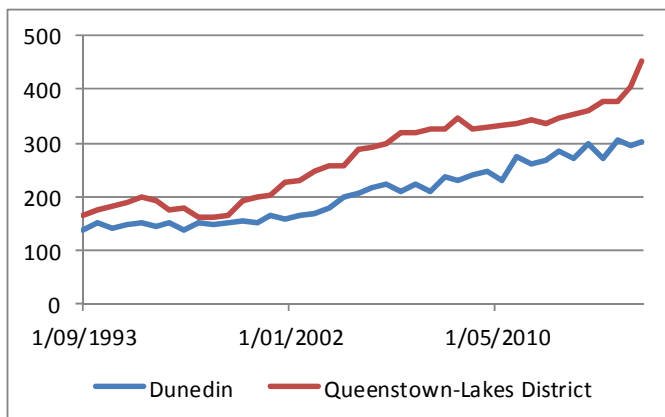
**Bond Data**

The first chart below maps the total national annual tenancy bonds over the period 1993-2016. Initially there were issues with some landlords not complying with the residential tenancy legislation and not depositing bond money with MBIE. This may partly account for the steep increase in bonds from 1993-2000. The levelling off in the number of bonds over the last decade is puzzling, but probably due to a reduced turnover rate for rental housing. Thus even though more people are renting they are staying longer in each tenancy.



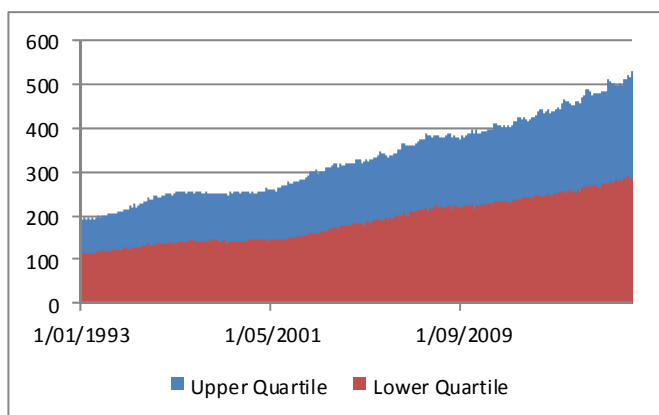
The next chart shows the total annual number of bonds for Auckland, Wellington and Christchurch from 1993-2016. Auckland and Wellington mirror the national trend with Christchurch reflecting a sharp downturn after the 2011 earthquake.

Rental growth 1993-2016 in weekly rents for Dunedin and the Queenstown-Lakes District is shown below. During this period Queenstown had strong population growth compared to relatively modest growth in Dunedin.

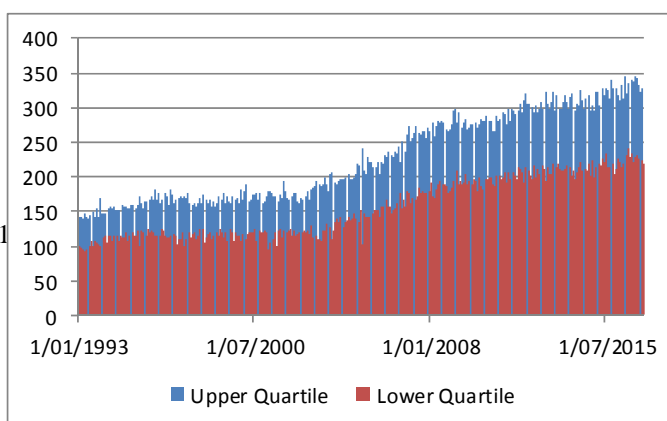


## Upper Quartile/Lower Quartile Rents

The first chart below measures the national level of upper and lower quartile weekly rents from 1993-2016. Upper quartile rents increased by 181% over this period compared to 157% for lower quartile rents. This suggests affordability issues at the lower end may slow down rental increases in lower quartile rents.



The next chart utilises upper and lower quartile rental data for the Gisborne district over the period 1993-2016 and shows similar results to the national picture. In this case the upper quartile rents increase by 132% and lower quartile by



## Rental Levels

The table in the right hand column shows the geometric mean weekly rents for the main New Zealand cities over the last year. During this period the national geometric mean rent increased to \$392 per week. Readers should note that in previous publications in this series median rents were used. The geometric mean is now used by MBIE and is similar to the median.

Queenstown has been added to the list of cities included in the table and after North Shore and Auckland has the highest rental levels in New Zealand. Queenstown rents showed a year on year increase of 10.2%.

Geometric Mean Rents	Feb-16	Nov-16	Feb-17
Whangarei	320	321	344
North Shore	516	524	543
Waitakere	439	462	468
Auckland	497	493	511
Manukau	458	474	482
Papakura	455	455	444
Hamilton	322	348	347
Tauranga	383	417	423
Rotorua	282	294	307
Gisborne	262	281	267
Hastings	299	317	303
Napier	314	342	371
New Plymouth	336	313	318
Wanganui	217	222	219
Palmerston North	272	294	289
Kapiti	360	369	332
Porirua	394	377	415
Upper Hutt	312	324	334
Lower Hutt	324	347	347
Wellington	432	403	460
Nelson	315	319	323
Christchurch	387	349	364
Dunedin	320	327	314
Queenstown	448	455	494
Invercargill	200	235	221
All NZ	376	382	392

## 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 Emeritus 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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