

NZ Residential Rental Market December 2013



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Census 2013

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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.

Renters by Region

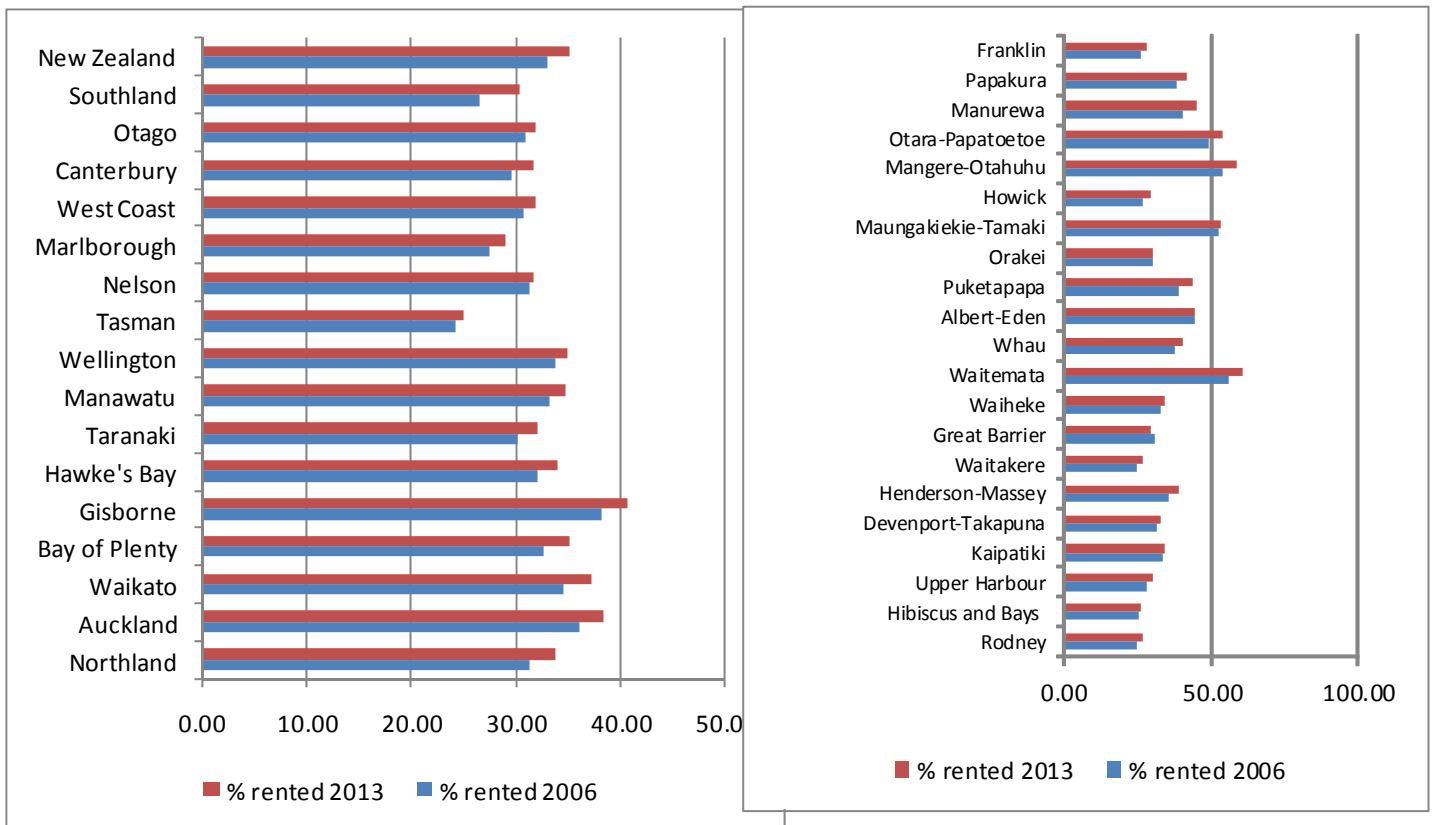
The planned 2011 census was delayed due to the Christchurch earthquakes. Data from the 2013 census has recently been released. The chart below shows the percentage of households by region (2006 and 2013) not owning the house they are occupying. In almost all cases these households are renters. The national percentage of renters increased from 33.1% to 35.2% over the last seven years, possibly a smaller increase than anticipated. There are significant regional differences. Gisborne had the highest regional percentage of renters in 2013 (40.7%). Renters in Southland increased by 14.2% (2006-2013) compared to the New Zealand average of 6.3%. The renting increase in Southland may be a function of a more transient student population in Invercargill and concerns about future house prices in view of economic uncertainty about the aluminium smelter at Bluff. The Auckland regional increase (6.5%) was in line with the national average. The three regions at the top of the South Island showing very little change in renter numbers from 2006-2013.

Auckland Renters

The chart below shows the changes in the percentage of renter households for Auckland City local board areas from 2006-2013. A map of the local area boards can be accessed at; <http://www.aucklandcouncil.govt.nz/SiteCollectionDocuments/Wards%20and%20Boards%20Map.pdf>

The overall trend is the percentage of renter households increased in 90% of the local board areas. A very high percentage of rental households is evident in Waitemata (60.9%), which includes a large student population living in apartments in the central business district. There is also a large and increasing renter population in parts of south Auckland including the Otara-Papatoetoe (53.8%) and Mangere-Otahuhu (58.4%) local board areas.

Low numbers of renter households are evident in the more expensive house priced eastern local boards such as Howick and Orakei. The local board areas north of the Auckland harbour bridge also registered a relatively low percentages of renters..



Rental Levels

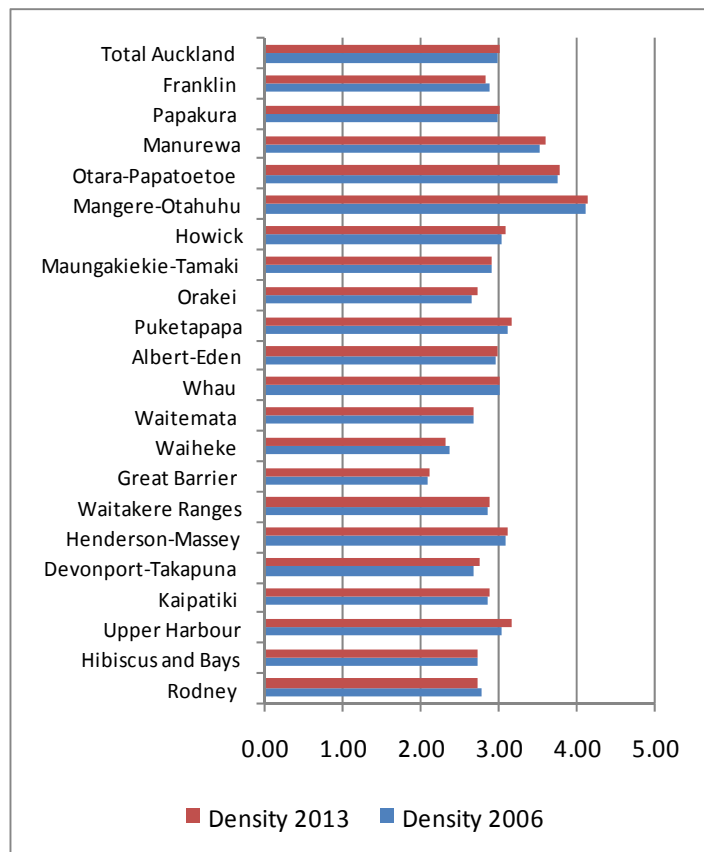
A snapshot of rents itemised by the main urban local authorities is shown in the table in the right hand column. The national level of rent in November 2013 was \$340 per week. This represents a \$10 per week (3%) increase from August 2013. The most significant annual increase in rents was in Christchurch (10.2%). In Auckland City rents have continued to remain subdued, particularly in relation to the rapidly rising Auckland house prices.

Occupancy Rates

There are a number of possible reasons why Auckland rents and house prices have become disconnected, at least in the short/medium term. One reason is people are “doubling up” in Auckland due to affordability issues. Doubling up can mean older children staying longer in the family home before they go flatting. Also, more intensive occupancy of the rental housing stock by current renters. This strategy reduces the demand for rental accommodation and helps to keep the rent per person at an affordable level.

The chart below shows the occupancy rates (2006 and 2013) for dwellings in the Auckland local area boards. It is noticeable the overall occupancy rate for Auckland increased from 2006 to 2013 and is now just over three persons per household (3.04), compared with the national average of 2.7. The 13% increased occupancy over the national average is significant and means Auckland City can get by with approximately 59,000 fewer housing units than if occupancy was at the national average.

Occupancy rates increased in the majority of local board areas in Auckland City. The highest occupancy was in the south Auckland area where the housing type is predominantly three bedroom stand alone bungalows. There are particularly high occupancy rates in Mangere-Otahuhu where the Maori and Pacifica people tend to have larger than average families .



Median Rents

	Nov-12	Aug-13	Nov-13
Whangarei	287	290	290
North Shore	450	460	460
Waitakere	390	400	390
Auckland	410	420	420
Manukau	390	420	420
Papakura	355	390	350
Hamilton	310	320	320
Tauranga	330	340	340
Rotorua	250	250	255
Gisborne	250	260	260
Hastings	260	260	280
Napier	295	300	300
New Plymouth	295	300	320
Wanganui	182	200	210
Palmerston North	275	260	280
Kapiti	327	340	312
Porirua	320	360	352
Upper Hutt	300	290	300
Lower Hutt	300	317	330
Wellington	390	390	390
Nelson	300	300	310
Christchurch	340	360	375
Dunedin	300	260	300
Invercargill	220	220	220
All NZ	325	330	340

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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