



# RESIDENTIAL MARKET REPORT

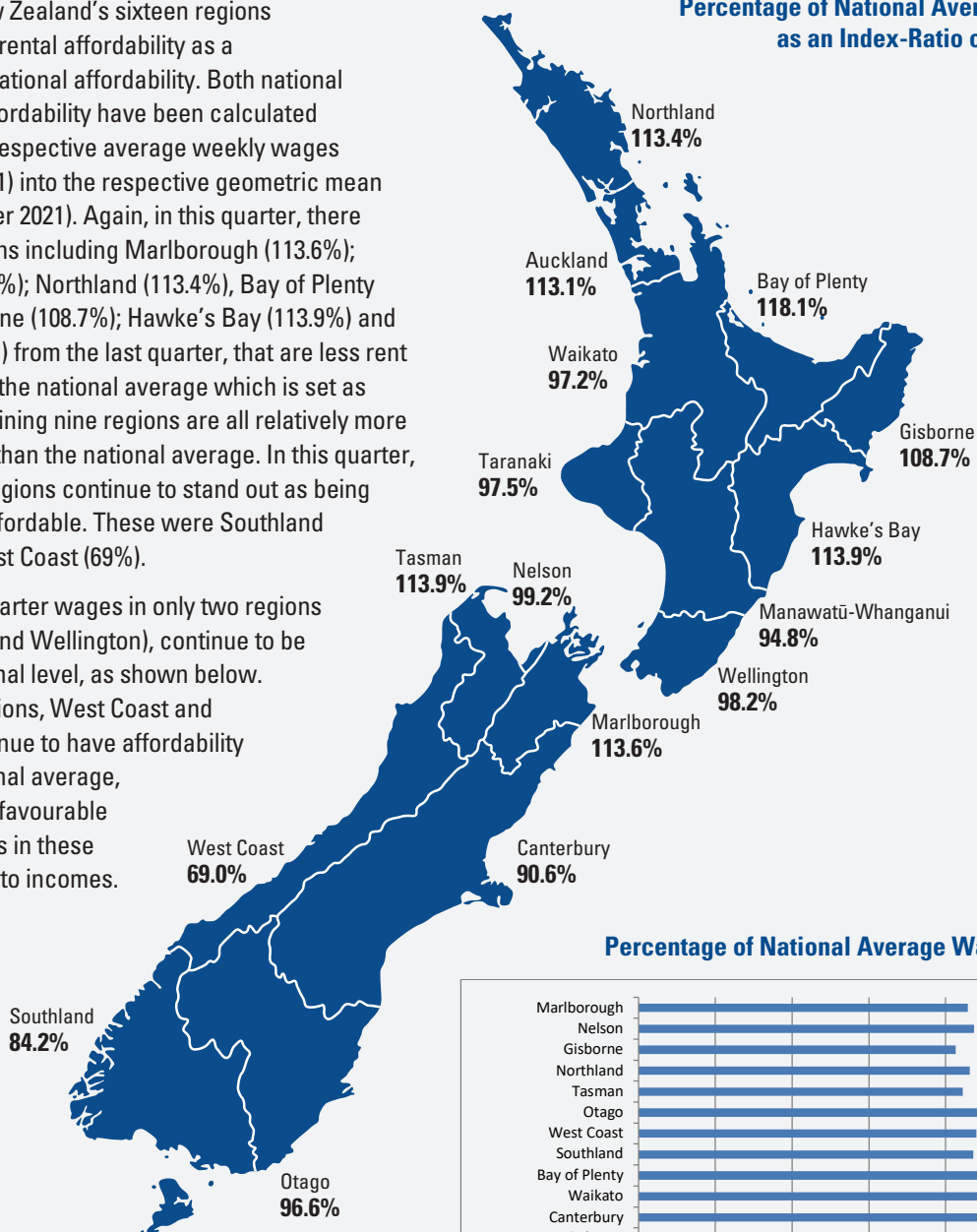
## RENTAL REPORT DECEMBER 2021

### REGIONAL RENTAL MARKET AFFORDABILITY

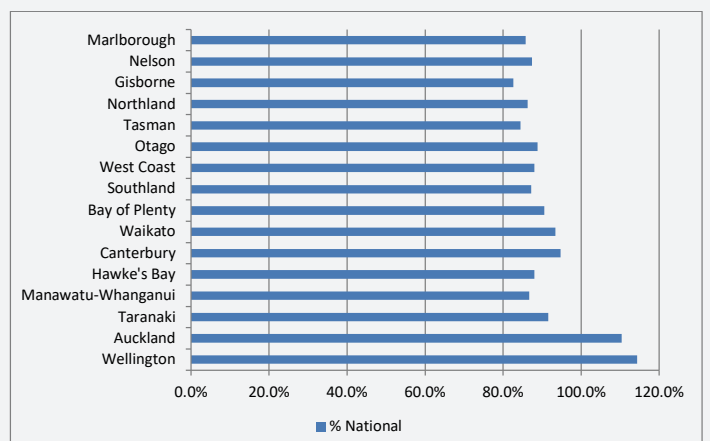
The map of New Zealand's sixteen regions shows regional rental affordability as a percentage of national affordability. Both national and regional affordability have been calculated by dividing the respective average weekly wages (September 2021) into the respective geometric mean rents (September 2021). Again, in this quarter, there are seven regions including Marlborough (113.6%); Auckland (103.3%); Northland (113.4%), Bay of Plenty (118.1%); Gisborne (108.7%); Hawke's Bay (113.9%) and Tasman (113.9%) from the last quarter, that are less rent affordable than the national average which is set as 100%. The remaining nine regions are all relatively more rent affordable than the national average. In this quarter, there are two regions continue to stand out as being the most rent affordable. These were Southland (84.2%) and West Coast (69%).

Again, in this quarter wages in only two regions (i.e., Auckland and Wellington), continue to be above the national level, as shown below. Of the three regions, West Coast and Southland continue to have affordability below the national average, reflecting more favourable rental conditions in these regions relative to incomes.

Percentage of National Average by Region: as an Index-Ratio of Wages/Rents



Percentage of National Average Wages by Region





## QUARTERLY CHANGES IN RENTAL AFFORDABILITY JUNE 2021 – SEPTEMBER 2021

### Quarterly Change in Indices (June 2021 – September 2021)

|                    | IMPROVEMENT | DETERIORATION |
|--------------------|-------------|---------------|
| Northland          |             | 2.90%         |
| Auckland           |             | 5.61%         |
| Waikato            |             | 1.42%         |
| Bay of Plenty      |             | 0.52%         |
| Gisborne           |             | 3.95%         |
| Hawke's Bay        | 0.50%       |               |
| Taranaki           |             | 11.64%        |
| Manawatu-Whanganui | 0.14%       |               |
| Wellington         |             | 2.32%         |
| West Coast         |             | 1.32%         |
| Canterbury         |             | 3.13%         |
| Otago              | 3.38%       |               |
| Southland          |             | 10.45%        |
| Tasman             | 2.82%       |               |
| Nelson             | 6.43%       |               |
| Marlborough        |             | 11.61%        |
| National           | 3.52%       |               |

Overall, in this quarter a slight improvement of 3.52% is observed at the national level. There were five regions showing some improvement and remaining eleven regions showing decrease in affordability.

## RENTALS FOR THE MAIN CITIES

The rents over the quarter (June 2021 to September 2021) and year (September 2020 to September 2021), for the main urban areas, are set out in the table. Over the past quarter, rental changes were decreased in four regions (last quarter in six regions) and increased in the remaining twelve regions with a net result of 2.7% decrease for the quarter.

Nationally, rents increased by 5.6% over the year, and this is reflected across fourteen regions except West Coast (-4.6%) and Otago (-5.1%). The largest annual rent increases in double digit were recorded in nine regions including Northland (16.3%), Auckland (10.9%), Bay of Plenty (14.7%), Gisborne (32.3%), Hawke's Bay (11.5%), Taranaki (18.2%), Southland (15.2%) and Tasman (12.3%).

|                    | Sept 2020 | June 2021 | Sept 2021 | Qtrly Change | Annual Change |
|--------------------|-----------|-----------|-----------|--------------|---------------|
| Northland          | \$399     | \$450     | \$464     | 3.1%         | 16.3%         |
| Auckland           | \$534     | \$554     | \$592     | 6.9%         | 10.9%         |
| Waikato            | \$401     | \$420     | \$430     | 2.4%         | 7.2%          |
| Bay of Plenty      | \$442     | \$503     | \$507     | 0.8%         | 14.7%         |
| Gisborne           | \$322     | \$405     | \$426     | 5.2%         | 32.3%         |
| Hawke's Bay        | \$426     | \$483     | \$475     | -1.7%        | 11.5%         |
| Taranaki           | \$358     | \$385     | \$423     | 9.9%         | 18.2%         |
| Manawatu-Whanganui | \$357     | \$387     | \$390     | 0.8%         | 9.2%          |
| Wellington         | \$484     | \$510     | \$532     | 4.3%         | 9.9%          |
| West Coast         | \$302     | \$281     | \$288     | 2.5%         | -4.6%         |
| Canterbury         | \$371     | \$392     | \$407     | 3.8%         | 9.7%          |
| Otago              | \$429     | \$421     | \$407     | -3.3%        | -5.1%         |
| Southland          | \$302     | \$317     | \$348     | 9.8%         | 15.2%         |
| Tasman             | \$406     | \$467     | \$456     | -2.4%        | 12.3%         |
| Nelson             | \$387     | \$442     | \$411     | -7.0%        | 6.2%          |
| Marlborough        | \$407     | \$418     | \$462     | 10.5%        | 13.5%         |
| National           | \$449     | \$487     | \$474     | -2.7%        | 5.6%          |



## DATA SOURCES

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 New Zealand (REINZ) and Quotable Value (QV) NZ statistics.

## TERMINOLOGY

Geometric mean rents are used in this publication as a better measure of rental trends than median and average rents because rents at the top end of the market are down weighted. For example, take three numbers 2,3, and 6.

The average is 3.66, the median is 3 and the geometric mean is 3.3. To calculate the geometric mean multiply the three numbers together and then calculate the cubed root.

## THE 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 also established a Real Estate Analysis Unit.

The Foundation works closely with the Property Studies Group at Massey University.

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