



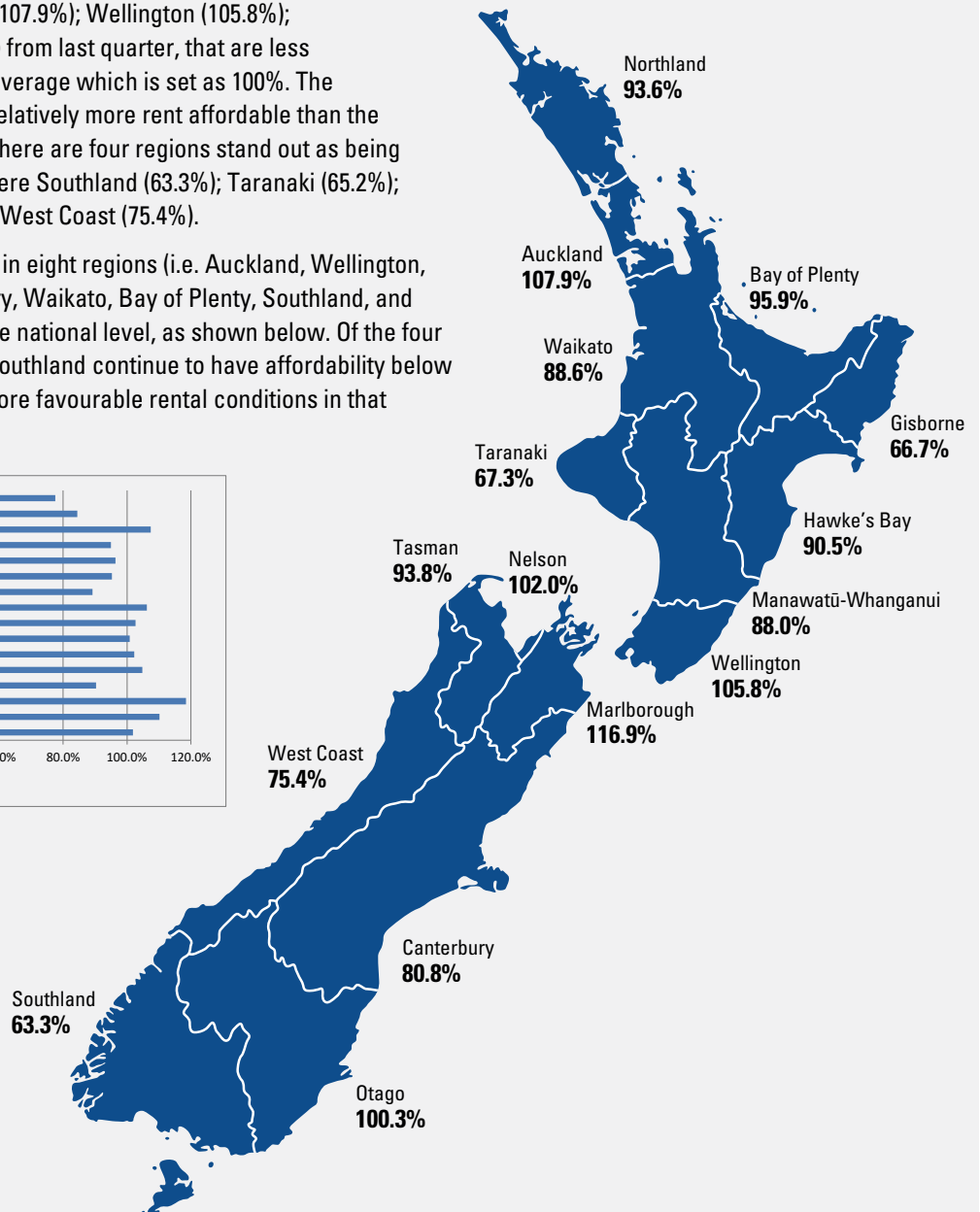
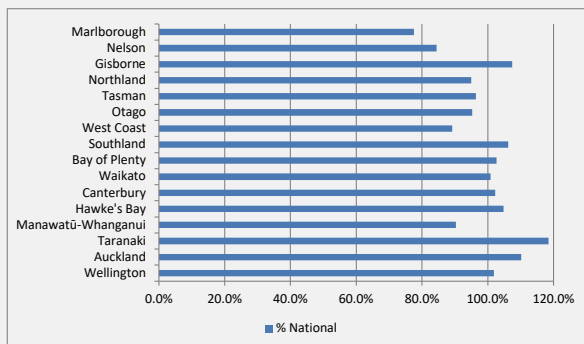
RESIDENTIAL MARKET REPORT

RENTAL REPORT DECEMBER 2020

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 2020) into the respective geometric mean rents (September 2020). There are now five regions, Marlborough (116.9%); Auckland (107.9%); Wellington (105.8%); Nelson (102%) and Otago (100.3%) from last quarter, that are less rent affordable than the national average which is set as 100%. The remaining eleven regions are all relatively more rent affordable than the national average. In this quarter, there are four regions stand out as being the most rent affordable. These were Southland (63.3%); Taranaki (65.2%); surprisingly Gisborne (66.7%) and West Coast (75.4%).

Surprisingly in this quarter wages in eight regions (i.e. Auckland, Wellington, Taranaki, Hawke's Bay, Canterbury, Waikato, Bay of Plenty, Southland, and Gisborne) continue to be above the national level, as shown below. Of the four regions, Gisborne, Taranaki and Southland continue to have affordability below the national average, reflecting more favourable rental conditions in that region relative to incomes.





QUARTERLY CHANGES IN RENTAL AFFORDABILITY JUNE 2020 – SEP 2020

Quarterly Change in Indices (June 2020 – September 2020)

	IMPROVEMENT	DETERIORATION
Northland	3.21%	
Auckland	3.11%	
Waikato	0.56%	
Bay of Plenty	2.69%	
Gisborne	24.88%	
Hawke's Bay		0.73%
Taranaki	10.90%	
Manawatu-Whanganui		21.78%
Wellington		15.27%
West Coast		13.54%
Canterbury	1.02%	
Otago		3.14%
Southland	9.49%	
Tasman	6.84%	
Nelson	1.17%	
Marlborough		5.82%
National		3.95%

Overall, in this quarter a small deterioration of 3.95% is observed at the national level. The most significant improvement in affordability was seen in Gisborne (24.88%) and Taranaki (10.90%) and the most significant decrease in affordability was seen in Manawatu-Whanganui (21.78%), as well as in five other regions including Wellington (15.27%) and West Coast (13.54%).

RENTALS FOR THE MAIN CITIES

The rents over the last quarter (June 2020 to Sep 2020) and year (Sep 2019 to Sep 2020), for the main urban areas, are set out in the table. Over the past quarter, rental changes were decreased in only four regions (last quarter in seven regions) and increased in remaining twelve regions, led by Gisborne (11.8% decrease) and Hawke's Bay (6.2% increase) and, with a net result of a 0.9% increase for the quarter.

Nationally, rents increased by 4.2% over the year, and this is reflected across fifteen regions except Nelson (2.5% decrease). The largest annual rent increases in double digit were recorded in West Coast (15.7%), Southland (12.7%) and Manawatu-Whanganui (10.2%). Auckland and Wellington showed a slight increase of 2.1% and 4.1% respectively for the year.

	Sept 2019	June 2020	Sept 2020	Qtrly Change	Annual Change
Northland	\$375	\$399	\$399	0.0%	6.4%
Auckland	\$523	\$536	\$534	-0.4%	2.1%
Waikato	\$379	\$390	\$401	2.8%	5.8%
Bay of Plenty	\$433	\$432	\$442	2.3%	2.1%
Gisborne	\$312	\$365	\$322	-11.8%	3.2%
Hawke's Bay	\$391	\$401	\$426	6.2%	9.0%
Taranaki	\$332	\$353	\$358	1.4%	7.8%
Manawatu-Whanganui	\$324	\$339	\$357	5.3%	10.2%
Wellington	\$465	\$473	\$484	2.3%	4.1%
West Coast	\$261	\$290	\$302	4.1%	15.7%
Canterbury	\$364	\$358	\$371	3.6%	1.9%
Otago	\$416	\$421	\$429	1.9%	3.1%
Southland	\$268	\$289	\$302	4.5%	12.7%
Tasman	\$398	\$435	\$406	-6.7%	2.0%
Nelson	\$397	\$404	\$387	-4.2%	-2.5%
Marlborough	\$374	\$401	\$407	1.5%	8.8%
National	\$431	\$445	\$449	0.9%	4.2%



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.

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 also established a Real Estate Analysis Unit.

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

Visit Real Estate Analysis Unit (REAU) at:
http://www.massey.ac.nz/massey/learning/colleges/college-business/school-of-economics-and-finance/research/reau/reau_home.cfm

Visit The Property Foundation at:
<https://propertyfoundation.co.nz/>

SCHOOL OF ECONOMICS AND FINANCE MASSEY UNIVERSITY

Massey University has three campuses, located in Palmerston North, Wellington and Auckland, in New Zealand. The University has an enrolment of 33,000 students with approximately 13,000 business students. There are five schools within the Massey Business School.

IMPORTANT DISCLAIMER

No person should rely on the contents of this report without first obtaining advice from a qualified professional person. This report is made available on the terms and understanding that Massey University and the authors of this report are not responsible for the results of any actions taken on the basis of information in this report, nor for any error in or omission from this report.

PREPARED BY
Arshad Javed
School of Economics and Finance
Massey University

ENQUIRIES MAY BE ADDRESSED TO:
Massey Communications Team
Phone: 021 660 260
Email: communications@massey.ac.nz

www.masseynews.massey.ac.nz

