



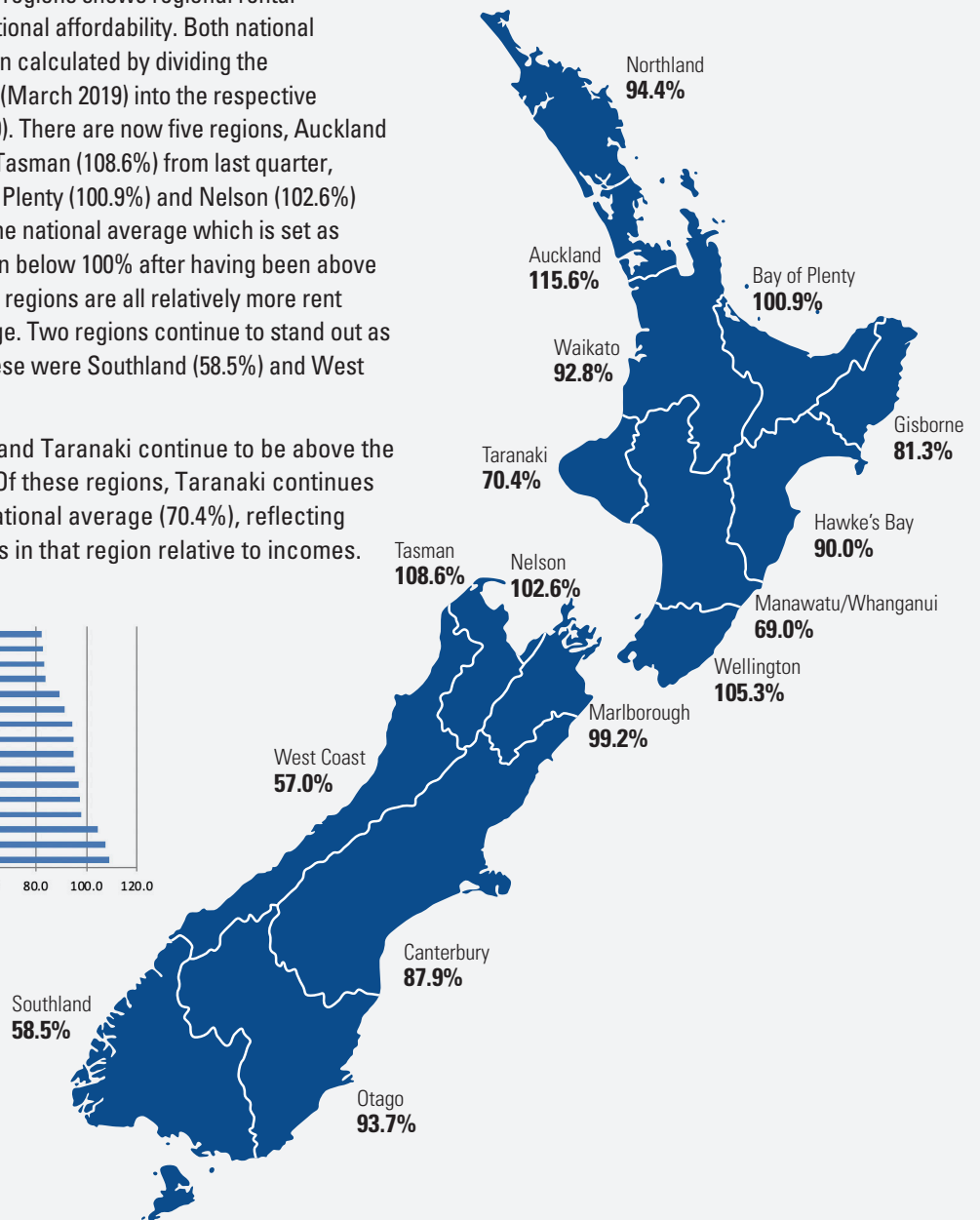
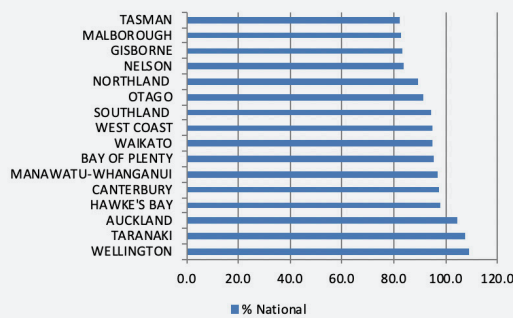
RESIDENTIAL MARKET REPORT

RENTAL REPORT JUNE 2019

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 (March 2019) into the respective geometric mean rents (March 2019). There are now five regions, Auckland (115.6%); Wellington (105.3%) and Tasman (108.6%) from last quarter, plus two additional regions, Bay of Plenty (100.9%) and Nelson (102.6%) that are less rent affordable than the national average which is set as 100%. Northland had dropped down below 100% after having been above last quarter. The remaining eleven regions are all relatively more rent affordable than the national average. Two regions continue to stand out as being the most rent affordable. These were Southland (58.5%) and West Coast (57.0%).

Wages in Auckland, Wellington, and Taranaki continue to be above the National level, as shown below. Of these regions, Taranaki continues to have affordability below the national average (70.4%), reflecting more favourable rental conditions in that region relative to incomes.





QUARTERLY CHANGES IN RENTAL AFFORDABILITY DECEMBER 2018 TO MARCH 2019

Quarterly Change in Indices (Dec 2018 - March 2019)

	IMPROVEMENT	DETERIORATION
Northland	-4.68%	
Auckland	-2.57%	
Waikato		2.10%
Bay of Plenty		2.49%
Gisborne	-6.23%	
Hawke's Bay	-2.94%	
Taranaki		0.37%
Manawatu-Whanganui	-5.85%	
Wellington		3.03%
West Coast	-14.14%	
Canterbury		3.98%
Otago	-4.10%	
Southland	-4.66%	
Tasman	-0.36%	
Nelson		8.07%
Marlborough		7.08%
National		1.05%

Overall, it can be seen that the quarterly trend is for a modest deterioration at a national level of 1.05%. However, as with the previous quarter, this modest change is a result of the averaging effect of more significant levels of improvement and deterioration in a number of regions. The most significant decreases in affordability were seen in Nelson (8.07%) and Marlborough (7.08%), and the most significant improvement in affordability was in West Coast (14.14%), as well as 5 regions sitting in the 4-6% improvement range.

RENTALS FOR THE MAIN CITIES

The rents over the quarter (to March 2019) and year (from March 2018 to March 2019) are set out in the table below. Over the past quarter, rental changes were evenly split across the country with half of the 12 seeing decreases, led by west Coast (11.4% decrease) and Waikato (4.9% increase), with a net result of a 2.4% increase for the quarter.

Nationally, rents increased by 5.6% over the year, and this is reflected across all regions with the only region recording an annual decline in rents being Gisborne (2.0% decrease). The largest annual rent increases were in Nelson (14.4%), Wellington (10.7%) and Waikato (10.4%). Auckland again showed a modest increase of 1.9% for the year, a continuation of its slowdown of the previous quarter.

	Mar 2018	Dec 2018	Mar 2019	Qtrly Change	Annual Change
Northland	\$343	\$377	\$366	-2.9%	6.7%
Auckland	\$516	\$529	\$523	-1.1%	1.4%
Waikato	\$346	\$364	\$382	4.9%	10.4%
Bay of Plenty	\$385	\$407	\$417	2.5%	8.3%
Gisborne	\$299	\$319	\$293	-8.2%	-2.0%
Hawke's Bay	\$350	\$380	\$382	0.5%	9.1%
Taranaki	\$309	\$328	\$329	0.3%	6.5%
Manawatu-Whanganui	\$266	\$296	\$290	-2.0%	9.0%
Wellington	\$449	\$478	\$497	4.0%	10.7%
West Coast	\$223	\$264	\$234	-11.4%	4.9%
Canterbury	\$362	\$355	\$371	4.5%	2.5%
Otago	\$340	\$381	\$372	-2.4%	9.4%
Southland	\$236	\$247	\$240	-2.8%	1.7%
Tasman	\$356	\$399	\$387	-3.0%	8.7%
Nelson	\$326	\$369	\$373	1.1%	14.4%
Marlborough	\$331	\$345	\$356	3.2%	7.6%
National	\$411	\$424	\$434	2.4%	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.

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.

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SCHOOL OF ECONOMICS AND FINANCE MASSEY UNIVERSITY

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