



RESIDENTIAL MARKET REPORT

RENTAL REPORT SEPTEMBER 2024

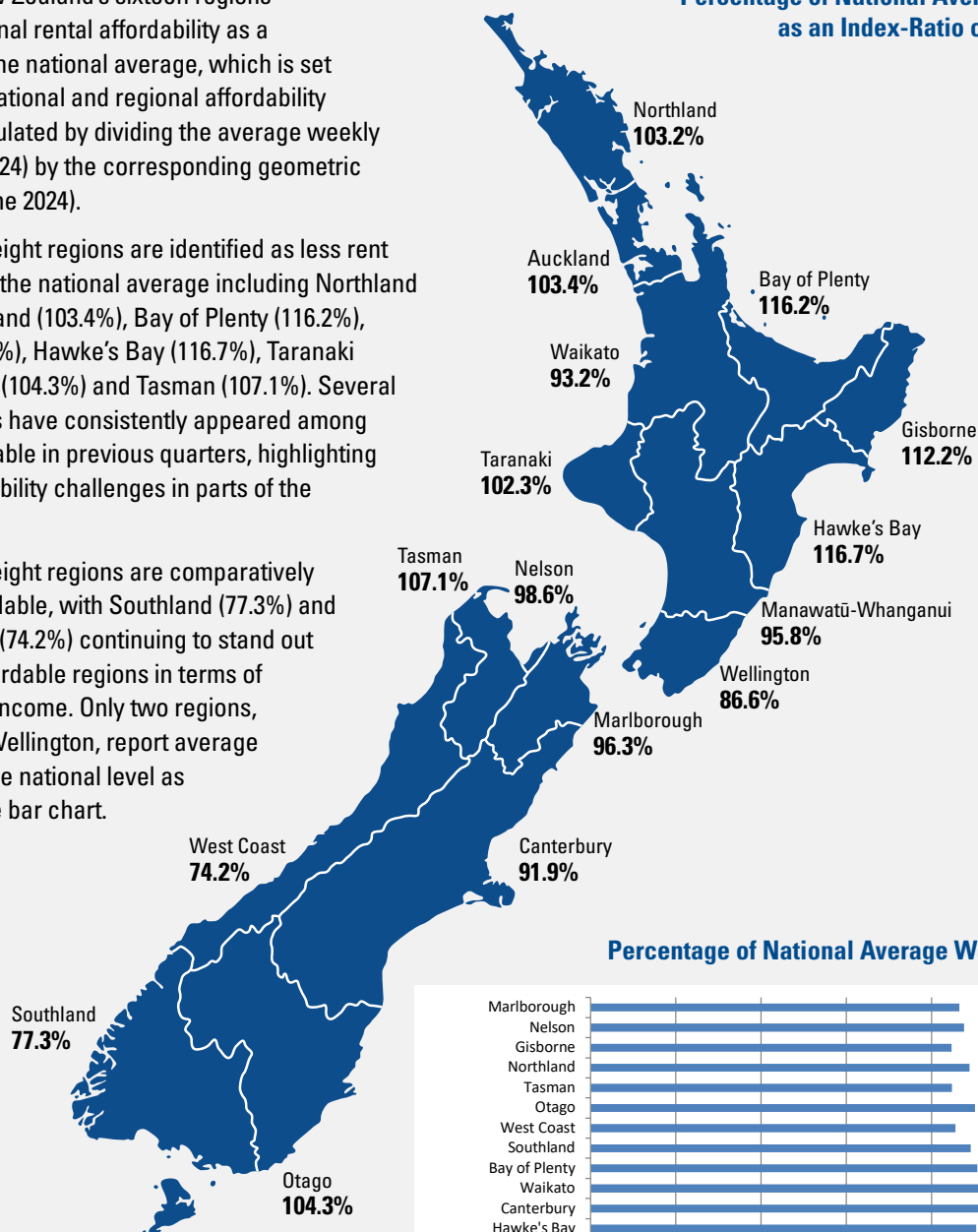
REGIONAL RENTAL MARKET AFFORDABILITY

The map of New Zealand's sixteen regions illustrates regional rental affordability as a percentage of the national average, which is set at 100%. Both national and regional affordability have been calculated by dividing the average weekly wages (June 2024) by the corresponding geometric mean rents (June 2024).

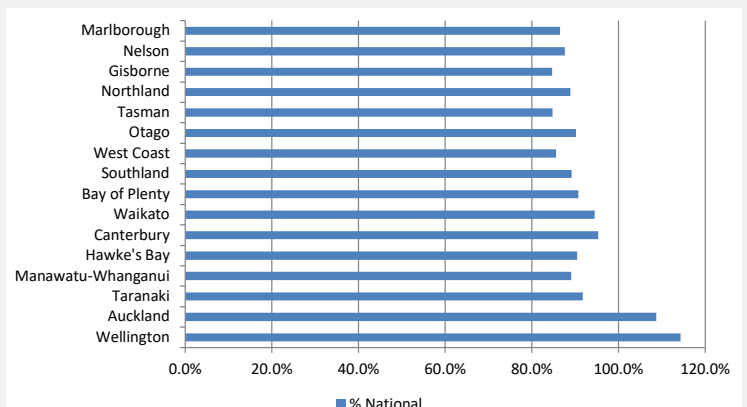
In this quarter, eight regions are identified as less rent affordable than the national average including Northland (103.2%), Auckland (103.4%), Bay of Plenty (116.2%), Gisborne (112.2%), Hawke's Bay (116.7%), Taranaki (102.3%), Otago (104.3%) and Tasman (107.1%). Several of these regions have consistently appeared among the least affordable in previous quarters, highlighting ongoing affordability challenges in parts of the country.

The remaining eight regions are comparatively more rent affordable, with Southland (77.3%) and the West Coast (74.2%) continuing to stand out as the most affordable regions in terms of rent relative to income. Only two regions, Auckland and Wellington, report average wages above the national level as illustrated in the bar chart.

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 INDEX

MARCH 2024 – JUNE 2024

Quarterly Change in Indices (March 2024 – June 2024)

| | IMPROVEMENT | DETERIORATION |
|--------------------|-------------|---------------|
| Northland | 0.29% | |
| Auckland | | 0.45% |
| Waikato | 1.82% | |
| Bay of Plenty | 1.02% | |
| Gisborne | 7.46% | |
| Hawke's Bay | | 1.10% |
| Taranaki | 1.41% | |
| Manawatu-Whanganui | 0.65% | |
| Wellington | 2.40% | |
| West Coast | 15.21% | |
| Canterbury | 1.06% | |
| Otago | | 6.63% |
| Southland | 6.61% | |
| Tasman | 4.65% | |
| Nelson | 0.34% | |
| Marlborough | 14.17% | |
| National | 0.88% | |

Overall, a slight improvement of 0.88% in rental affordability was observed at the national level during this quarter. At the regional level, thirteen regions recorded improvements, while the remaining three regions experienced a decline. Notably, the West Coast region recorded a significant 15.21% improvement in rental affordability, primarily driven by a reduction in average rents.

REGIONAL RENTALS

The table (right) presents rental changes across Aotearoa New Zealand's main regions over both the quarter (March 2024 to June 2024) and the year (June 2023 to June 2024). Over the past quarter, five regions recorded rental increases, while the remaining eleven regions experienced declines, resulting in a net national decrease of 0.2%. The most significant quarterly decline was observed in the West Coast, with a drop of 16.7%. On an annual basis, national rents increased by 4.8%, with most regions recording positive growth. The largest annual increases were recorded in Hawke's Bay 14.8% and the West Coast 11.3%.

These figures indicate continued upward pressure on rental markets nationwide, with particularly strong growth evident in several regional areas over the year.

| | June 2023 | March 2024 | June 2024 | Qtrly Change | Annual Change |
|--------------------|-----------|------------|-----------|--------------|---------------|
| Northland | \$513 | \$519 | \$525 | 1.2% | 2.3% |
| Auckland | \$619 | \$637 | \$643 | 0.9% | 3.9% |
| Waikato | \$478 | \$510 | \$504 | -1.2% | 5.4% |
| Bay of Plenty | \$569 | \$609 | \$603 | -1.0% | 6.0% |
| Gisborne | \$560 | \$583 | \$543 | -6.9% | -3.0% |
| Hawke's Bay | \$526 | \$581 | \$604 | 4.0% | 14.8% |
| Taranaki | \$486 | \$547 | \$537 | -1.8% | 10.5% |
| Manawatu-Whanganui | \$474 | \$485 | \$488 | 0.6% | 3.0% |
| Wellington | \$564 | \$570 | \$566 | -0.7% | 0.4% |
| West Coast | \$326 | \$436 | \$363 | -16.7% | 11.3% |
| Canterbury | \$477 | \$504 | \$501 | -0.6% | 5.0% |
| Otago | \$502 | \$507 | \$538 | 6.1% | 7.2% |
| Southland | \$386 | \$414 | \$394 | -4.8% | 2.1% |
| Tasman | \$531 | \$542 | \$519 | -4.2% | -2.3% |
| Nelson | \$476 | \$499 | \$494 | -1.0% | 3.8% |
| Marlborough | \$511 | \$551 | \$476 | -13.6% | -6.8% |
| National | \$546 | \$573 | \$572 | -0.2% | 4.8% |

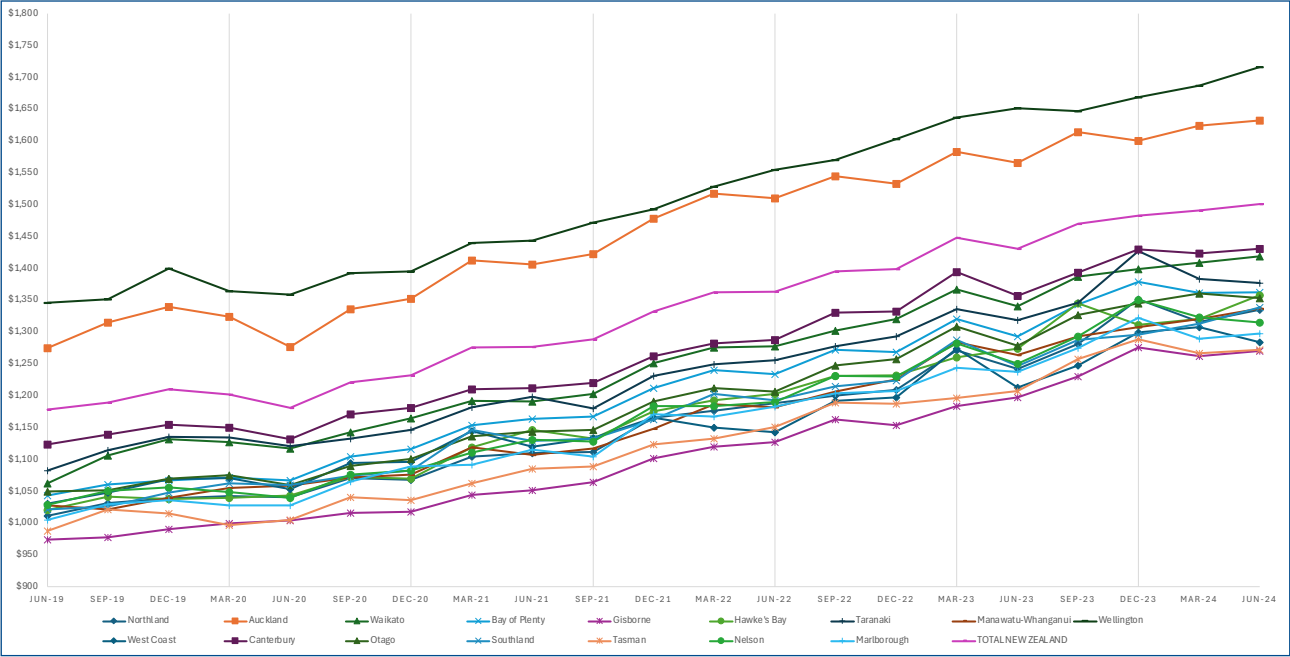


Quarter and annual changes in average weekly earnings

| | 3-month change (%) | 3-month change (\$) | 12-month change (%) | 12-month change (\$) |
|--------------------|-----------------------|------------------------|------------------------|-------------------------|
| Northland | 1.4% | \$19.03 | 7.5% | \$93.14 |
| Auckland | 0.5% | \$7.90 | 4.3% | \$66.90 |
| Waikato | 0.7% | \$9.30 | 5.8% | \$77.57 |
| Bay of Plenty | 0.0% | \$0.45 | 5.3% | \$69.11 |
| Gisborne | 0.6% | \$8.18 | 6.1% | \$72.72 |
| Hawke's Bay | 2.8% | \$37.33 | 6.6% | \$83.86 |
| Manawatu-Whanganui | -0.4% | \$5.83 | 4.5% | \$59.11 |
| Taranaki | 1.3% | \$16.91 | 5.8% | \$73.25 |
| Wellington | 1.7% | \$29.44 | 3.9% | \$64.62 |
| Tasman | -1.8% | \$23.63 | 5.9% | \$71.36 |
| Nelson | 0.5% | \$6.75 | 5.4% | \$73.66 |
| Marlborough | -0.5% | \$6.52 | 5.9% | \$74.94 |
| West Coast | 1.9% | \$25.01 | 7.4% | \$92.01 |
| Canterbury | 0.4% | \$5.37 | 5.4% | \$64.92 |
| Otago | -0.7% | \$8.83 | 5.1% | \$64.03 |
| Southland | 0.6% | \$8.35 | 4.9% | \$60.48 |
| All Regions | 0.7% | \$10.66 | 5.0% | \$70.87 |

Average incomes across New Zealand increased slightly by 0.7% over the quarter from March 2024 to June 2024. Among the sixteen regions, eleven recorded an upward trend in wages, while the remaining five experienced a decline or no change, reflecting a mixed quarterly performance. On an annual basis (June 2023 to June 2024), average incomes increased across all sixteen regions. The most significant yearly growth was recorded in the Northland region, where average wages rose by 7.5%, representing an increase of \$93.14. These figures reflect continued national income growth, while also highlighting ongoing regional disparities in wage trends, particularly evident in the quarterly variations.

Quarterly Average Earnings June 2019 – June 2024
(Source: Statistics New Zealand, Monthly Employment Indicator)





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).

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.

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The REAU delivers cutting-edge academic consultancy for a wide range of public, private, not-for-profit, and partnership-based projects. As Director of the REAU, Dr Arshad Javed is available to speak to the media on issues related to home and rental affordability, offering expert insights in his role as both a critic and conscience of society.

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