



RESIDENTIAL MARKET REPORT

RENTAL REPORT MARCH 2024

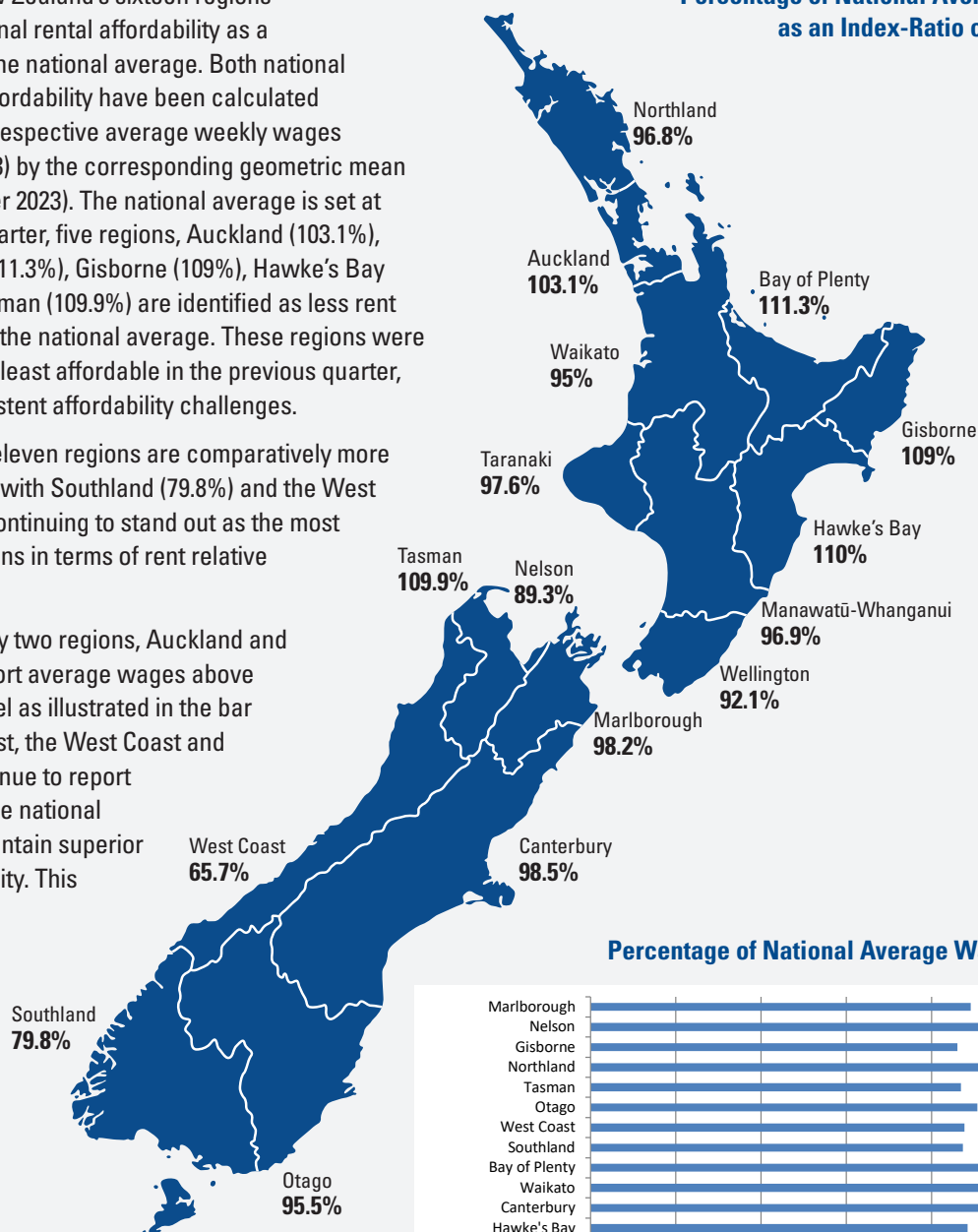
REGIONAL RENTAL MARKET AFFORDABILITY

The map of New Zealand's sixteen regions illustrates regional rental affordability as a percentage of the national average. Both national and regional affordability have been calculated by dividing the respective average weekly wages (December 2023) by the corresponding geometric mean rents (December 2023). The national average is set at 100%. In this quarter, five regions, Auckland (103.1%), Bay of Plenty (111.3%), Gisborne (109%), Hawke's Bay (110%), and Tasman (109.9%) are identified as less rent affordable than the national average. These regions were also among the least affordable in the previous quarter, indicating persistent affordability challenges.

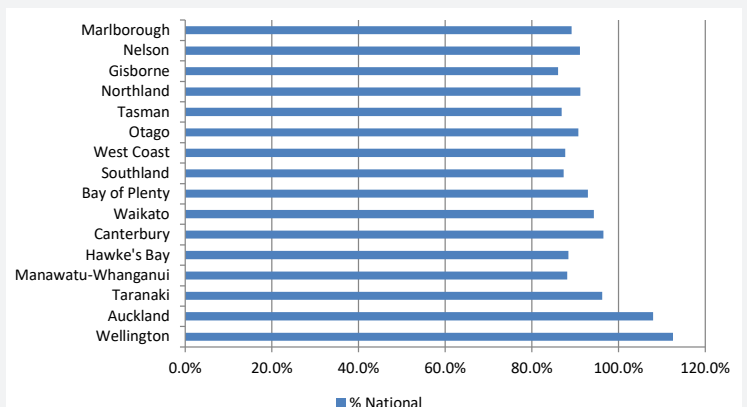
The remaining eleven regions are comparatively more rent affordable, with Southland (79.8%) and the West Coast (65.7%) continuing to stand out as the most affordable regions in terms of rent relative to income.

Once again, only two regions, Auckland and Wellington, report average wages above the national level as illustrated in the bar chart. In contrast, the West Coast and Southland continue to report wages below the national average yet maintain superior rental affordability. This reflects more favourable rental conditions relative to incomes in these two regions.

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 SEPTEMBER 2023 – DECEMBER 2023

Quarterly Change in Indices (September 2023 – December 2023)

	IMPROVEMENT	DETERIORATION
Northland	8.45%	
Auckland		2.93%
Waikato		2.72%
Bay of Plenty	0.57%	
Gisborne	8.12%	
Hawke's Bay		1.86%
Taranaki	5.15%	
Manawatu-Whanganui		2.63%
Wellington		4.62%
West Coast		6.22%
Canterbury		10.96%
Otago	0.16%	
Southland		0.64%
Tasman		6.49%
Nelson	5.63%	
Marlborough	6.35%	
National		2.33%

Overall, a slight deterioration of 2.33% in rental affordability was observed at the national level this quarter. At the regional level, seven regions recorded an improvement in rental affordability, while the remaining nine regions experienced a decline, indicating a mixed pattern of change across the country.

REGIONAL RENTALS

The table (right) presents rental changes across New Zealand's main regions over both the quarter (September 2023 to December 2023) and the year (December 2022 to December 2023).

Over the past quarter, eleven regions recorded rental increases, resulting in a net national increase of 3.2%. The most significant quarterly increases, both in double digits, were observed in the West Coast (10.7%) and Canterbury (13.9%).

On an annual basis, national rents rose by 8.1%, with increases recorded in all regions except the West Coast, which experienced a 7.5% decline. The largest annual increases, also in double digits, were recorded in Taranaki (12.4%) and Southland (11.7%). These figures highlight continued variability in rental trends across regions, with some areas experiencing strong growth while others, like the West Coast, are seeing notable declines.

	Dec 2022	Sept 2023	Dec 2023	Qtrly Change	Annual Change
Northland	\$494	\$527	\$509	-3.4%	3.0%
Auckland	\$586	\$629	\$642	2.1%	9.6%
Waikato	\$471	\$499	\$517	3.6%	9.8%
Bay of Plenty	\$551	\$585	\$597	2.1%	8.3%
Gisborne	\$535	\$568	\$541	-4.8%	1.1%
Hawke's Bay	\$535	\$565	\$561	-0.7%	4.9%
Taranaki	\$482	\$539	\$542	0.6%	12.4%
Manawatu-Whanganui	\$454	\$475	\$493	3.8%	8.6%
Wellington	\$560	\$564	\$598	6.0%	6.8%
West Coast	\$359	\$300	\$332	10.7%	-7.5%
Canterbury	\$506	\$481	\$548	13.9%	8.3%
Otago	\$462	\$494	\$500	1.2%	8.2%
Southland	\$360	\$397	\$402	1.3%	11.7%
Tasman	\$522	\$505	\$551	9.1%	5.6%
Nelson	\$463	\$476	\$469	-1.5%	1.3%
Marlborough	\$498	\$520	\$505	-2.9%	1.4%
National	\$534	\$559	\$577	3.2%	8.1%



Average incomes across New Zealand increased slightly by 0.9% over the quarter from September 2023 to December 2023. Out of the sixteen regions, fourteen showed an upward trend in wages, while Auckland and Hawke's Bay recorded a slight decline during this period. On an annual basis (December 2022 to December 2023), average incomes increased in all sixteen regions. The most significant yearly increase was observed in the Northland region, where average wages rose by 11.8%, equivalent to an increase of \$142.42. These figures suggest continued, albeit uneven, growth in incomes across the country, with regional disparities persisting in both quarterly and annual trends.

[illegible]



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.

REAL ESTATE ANALYSIS UNIT (REAU):

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.

Visit Real Estate Analysis Unit (REAU) at:
<https://www.massey.ac.nz/about/colleges-schools-and-institutes/massey-business-school/research-at-massey-business-school/business-research-centres-groups-special-interest-groups/real-estate-analysis-unit/>

SCHOOL OF ACCOUNTANCY, ECONOMICS AND FINANCE | TE KURA HUIINGA TAHUA

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.

AUTHORED BY
Arshad Javed
Property Group,
Real Estate Analysis Unit (REAU)
School of Accountancy, Economics and
Finance | Te Kura Huinga Tahua
Massey University



ENQUIRIES MAY BE ADDRESSED TO:
Massey Communications Team
Phone: 021 660 260
Email: communications@massey.ac.nz
Website: <https://www.massey.ac.nz>