



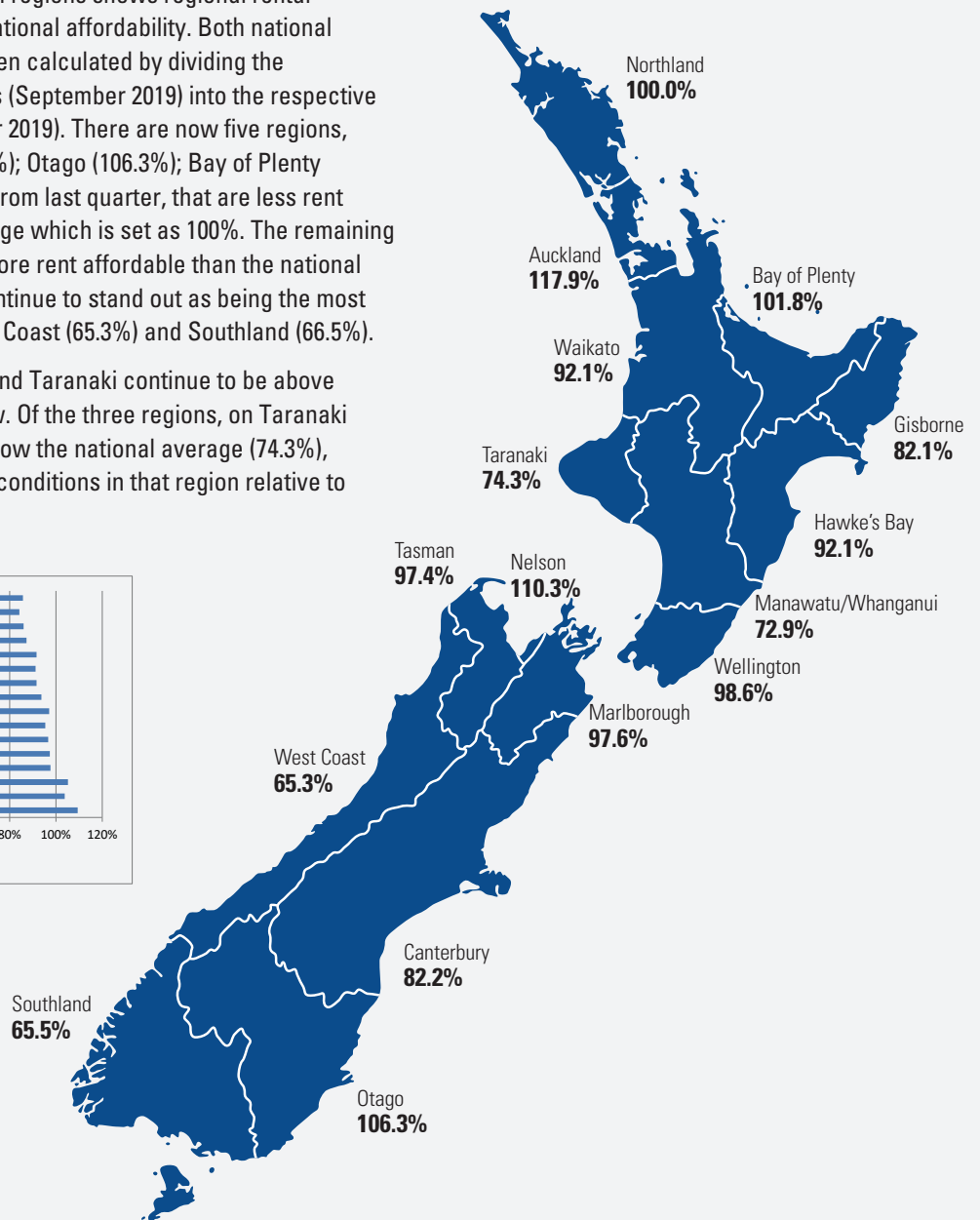
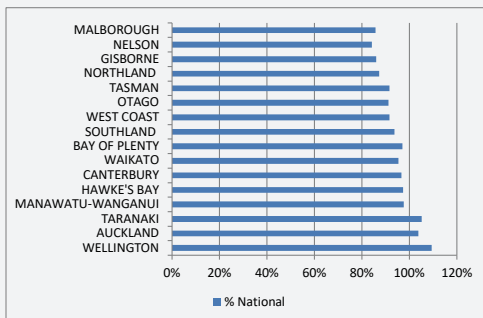
RESIDENTIAL MARKET REPORT

RENTAL REPORT NOVEMBER 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 (September 2019) into the respective geometric mean rents (September 2019). There are now five regions, Auckland (117.9%); Nelson (110.3%); Otago (106.3%); Bay of Plenty (101.8%); and Northland (100.0%) 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. As usual two regions continue to stand out as being the most rent affordable. These were West Coast (65.3%) and Southland (66.5%).

Wages in Auckland, Wellington, and Taranaki continue to be above the national level, as shown below. Of the three regions, on Taranaki continues to have affordability below the national average (74.3%), reflecting more favourable rental conditions in that region relative to incomes.





QUARTERLY CHANGES IN RENTAL AFFORDABILITY JUNE 2019 TO SEPTEMBER 2019

Quarterly Change in Indices (June 2019 - September 2019)

	IMPROVEMENT	DETERIORATION
Northland		3.12%
Auckland		2.22%
Waikato	-0.18%	
Bay of Plenty	-1.26%	
Gisborne	-5.31%	
Hawke's Bay		0.50%
Taranaki		2.94%
Manawatu-Whanganui		1.98%
Wellington	-5.01%	
West Coast	-2.31%	
Canterbury	-7.90%	
Otago		8.09%
Southland		1.31%
Tasman	-7.36%	
Nelson		8.40%
Marlborough	-7.64%	
National	-0.46%	

Overall, a small improvement of 0.46% can be seen at national level. The most significant decreases in affordability were seen in Nelson (8.40%) and Otago (8.09%), and the most significant improvement in affordability was in Canterbury (7.90%), as well as 2 regions i.e. Bay of Plenty and West Coast sitting in the 1-2% improvement range.

RENTALS FOR THE MAIN CITIES

The rents over the last quarter and year (September 2018 to September 2019), for the main urban areas, are set out in the table. Over the past quarter, rental changes were modestly decreases in half of regions and slightly increases in remaining half regions, led by Nelson (7.0%↑) and Otago (6.9%↓), with a net result of a 0.5% decrease for the quarter.

Nationally, rents increased by 3.9% over the year, and this is reflected across all regions. The largest annual rent increases in double digit were in Nelson (24.1%), Tasman (13.1%), Southland (12.6%), and Marlborough (10.0%). Auckland again showed a modest increase of 1.6% for the year.

	Sept 2018	June 2019	Sept 2019	Qtrly Change	Annual Change
Northland	\$352	\$379	\$375	-1.1%	6.5%
Auckland	\$515	\$529	\$523	-1.1%	1.6%
Waikato	\$361	\$378	\$379	0.3%	5.0%
Bay of Plenty	\$402	\$420	\$433	3.1%	7.7%
Gisborne	\$296	\$328	\$312	-4.9%	5.4%
Hawke's Bay	\$368	\$394	\$391	-0.8%	6.3%
Taranaki	\$317	\$333	\$332	-0.3%	4.7%
Manawatu-Whanganui	\$298	\$312	\$324	3.8%	8.7%
Wellington	\$430	\$461	\$465	0.9%	8.1%
West Coast	\$237	\$275	\$261	-5.1%	10.1%
Canterbury	\$334	\$348	\$364	4.6%	9.0%
Otago	\$399	\$447	\$416	-6.9%	4.3%
Southland	\$238	\$270	\$268	-0.7%	12.6%
Tasman	\$352	\$393	\$398	1.3%	13.1%
Nelson	\$320	\$371	\$397	7.0%	24.1%
Marlborough	\$340	\$379	\$374	-1.3%	10.0%
National	\$415	\$433	\$431	-0.5%	3.9%



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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