



RESIDENTIAL MARKET REPORT

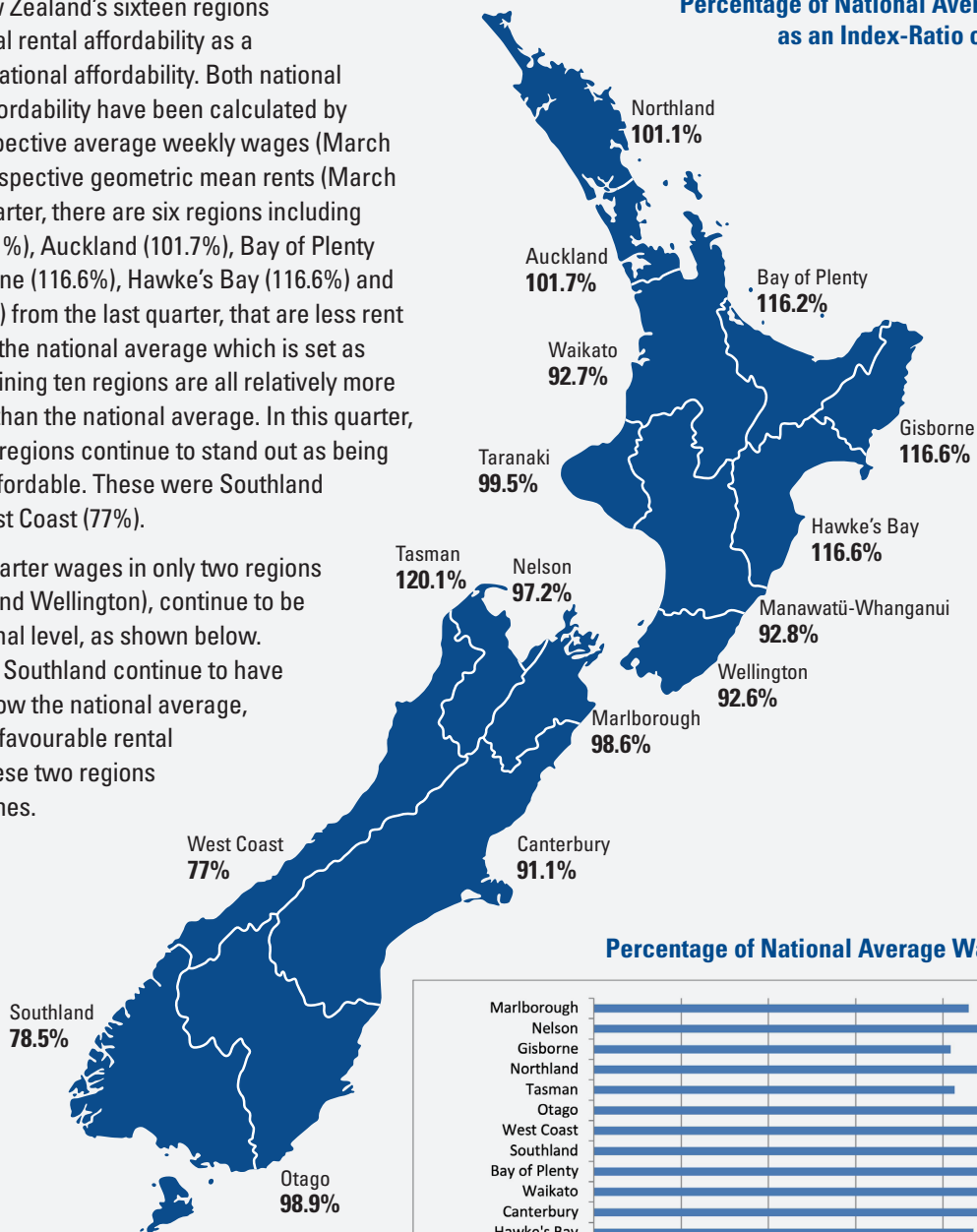
RENTAL REPORT JUNE 2023

REGIONAL RENTAL MARKET AFFORDABILITY

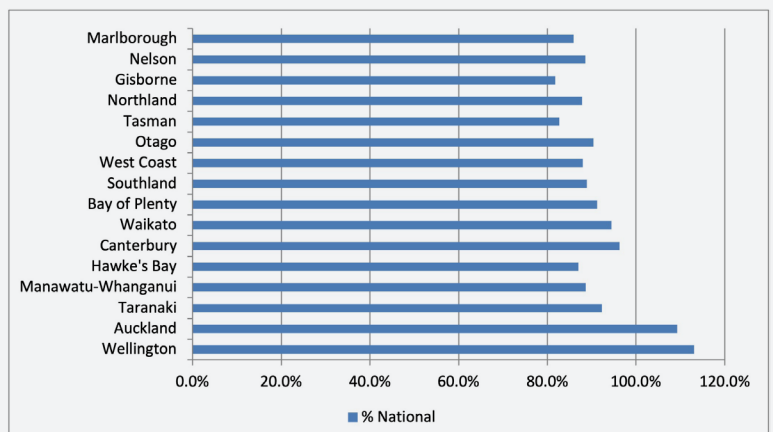
The map of New Zealand's sixteen regions showing regional rental affordability as a percentage of national affordability. Both national and regional affordability have been calculated by dividing the respective average weekly wages (March 2023) into the respective geometric mean rents (March 2023). In this quarter, there are six regions including Northland (101.1%), Auckland (101.7%), Bay of Plenty (116.2%), Gisborne (116.6%), Hawke's Bay (116.6%) and Tasman (120.1%) from the last quarter, that are less rent affordable than the national average which is set as 100%. The remaining ten regions are all relatively more rent affordable than the national average. In this quarter, there were two regions continue to stand out as being the most rent affordable. These were Southland (78.5%) and West Coast (77%).

Again, in this quarter wages in only two regions (i.e., Auckland and Wellington), continue to be above the national level, as shown below. West Coast and Southland continue to have affordability below the national average, reflecting more favourable rental conditions in these two regions relative to incomes.

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 DECEMBER 2022 – MARCH 2023

Quarterly Change in Indices (December 2022 – March 2023)

| | IMPROVEMENT | DETERIORATION |
|--------------------|-------------|---------------|
| Northland | 8.17% | |
| Auckland | 1.32% | |
| Waikato | 3.65% | |
| Bay of Plenty | 0.75% | |
| Gisborne | 6.71% | |
| Hawke's Bay | 0.36% | |
| Taranaki | 1.00% | |
| Manawatu-Whanganui | 7.08% | |
| Wellington | 1.74% | |
| West Coast | 4.72% | |
| Canterbury | 11.07 | |
| Otago | 0.15% | |
| Southland | 0.97% | |
| Tasman | | 1.32% |
| Nelson | 4.27% | |
| Marlborough | 11.34% | |
| National | 2.84% | |

Overall, in this quarter a slight improvement of 2.84% is observed at the national level. There were fifteen regions showing improvement and only one region showing some deterioration in rental affordability.

REGIONAL RENTALS

The rents over the quarter (December 2022 to March 2023) and year (March 2022 to March 2023), for the main urban areas, are set out in the table. Over the past quarter, rental changes were increased in all regions with a net result of 4.1% increase for the quarter.

Nationally, rents increased by 3.1% over the year, and this is reflected across all regions except Auckland and Wellington. The largest annual rent increases in double digit were recorded in five regions including Gisborne (16.8%) and West Coast (14%).

| | Mar 2022 | Dec 2022 | Mar 2023 | Qtrly Change | Annual Change |
|--------------------|----------|----------|----------|--------------|---------------|
| Northland | \$453 | \$494 | \$477 | -3.4% | 5.3% |
| Auckland | \$583 | \$586 | \$597 | 1.9% | 2.4% |
| Waikato | \$438 | \$471 | \$470 | -0.2% | 7.3% |
| Bay of Plenty | \$522 | \$551 | \$569 | 3.3% | 9.0% |
| Gisborne | \$450 | \$535 | \$512 | -4.3% | 13.8% |
| Hawke's Bay | \$518 | \$535 | \$545 | 1.9% | 5.2% |
| Taranaki | \$452 | \$482 | \$493 | 2.3% | 9.1% |
| Manawatu-Whanganui | \$420 | \$454 | \$442 | -2.6% | 5.2% |
| Wellington | \$576 | \$560 | \$562 | 0.4% | -2.4% |
| West Coast | \$328 | \$359 | \$364 | 1.4% | 11.0% |
| Canterbury | \$428 | \$506 | \$471 | -6.9% | 10.0% |
| Otago | \$437 | \$462 | \$480 | 3.9% | 9.8% |
| Southland | \$358 | \$360 | \$375 | 4.2% | 4.7% |
| Tasman | \$503 | \$522 | \$533 | 2.1% | 6.0% |
| Nelson | \$426 | \$463 | \$462 | -0.2% | 8.5% |
| Marlborough | \$477 | \$498 | \$455 | -8.6% | -4.6% |
| National | \$514 | \$534 | \$537 | 0.6% | 4.5% |



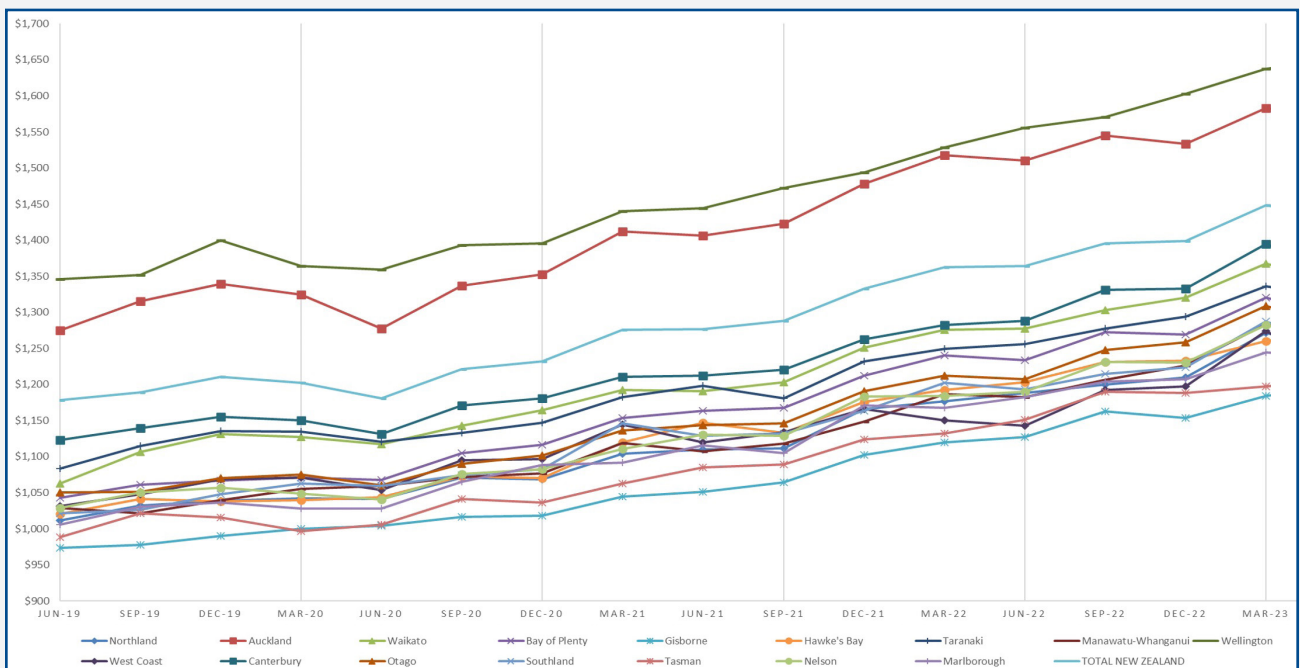
Quarter and annual changes in average weekly earnings

| | 3-month change (%) | 3-month change (\$) | 12-month change (%) | 12-month change (\$) |
|--------------------|--------------------|---------------------|---------------------|----------------------|
| Northland | 5.1% | \$62.26 | 8.1% | \$95.39 |
| Auckland | 3.2% | \$49.73 | 4.3% | \$65.16 |
| Waikato | 3.6% | \$47.05 | 7.2% | \$91.57 |
| Bay of Plenty | 4.0% | \$51.33 | 6.5% | \$80.50 |
| Gisborne | 2.6% | \$29.80 | 5.7% | \$63.78 |
| Hawke's Bay | 2.2% | \$27.62 | 5.7% | \$67.49 |
| Manawatu-Whanganui | 3.3% | \$42.87 | 6.9% | \$86.67 |
| Taranaki | 4.8% | \$58.50 | 8.3% | \$98.11 |
| Wellington | 2.1% | \$34.26 | 7.1% | \$109.22 |
| Tasman | 6.4% | \$76.89 | 10.8% | \$124.21 |
| Nelson | 4.7% | \$62.16 | 8.7% | \$111.96 |
| Marlborough | 4.1% | \$51.04 | 8.0% | \$96.51 |
| West Coast | 5.2% | \$63.51 | 7.0% | \$84.79 |
| Canterbury | 0.8% | \$9.21 | 5.7% | \$64.68 |
| Otago | 4.2% | \$52.05 | 8.3% | \$97.92 |
| Southland | 3.0% | \$36.81 | 6.6% | \$76.83 |
| All Regions | 3.5% | \$48.96 | 6.3% | \$85.69 |

Average incomes have increased slightly by 3.5% during the quarter (December 2022 to March 2023) and all sixteen regions are showing an increasing trend in the wages. The yearly results (March 2022 to March 2023) show that incomes have increased in all sixteen regions. The greatest increase in wages has for the last quarter occurred in Tasman (6.4% or \$76.89).

Quarterly Average Earnings June 2019 – March 2023

(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) 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.

THE 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.

AUTHORED BY
Arshad Javed
Property Group,
Real Estate Analysis Unit (REAU)
School of Economics and Finance
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>