



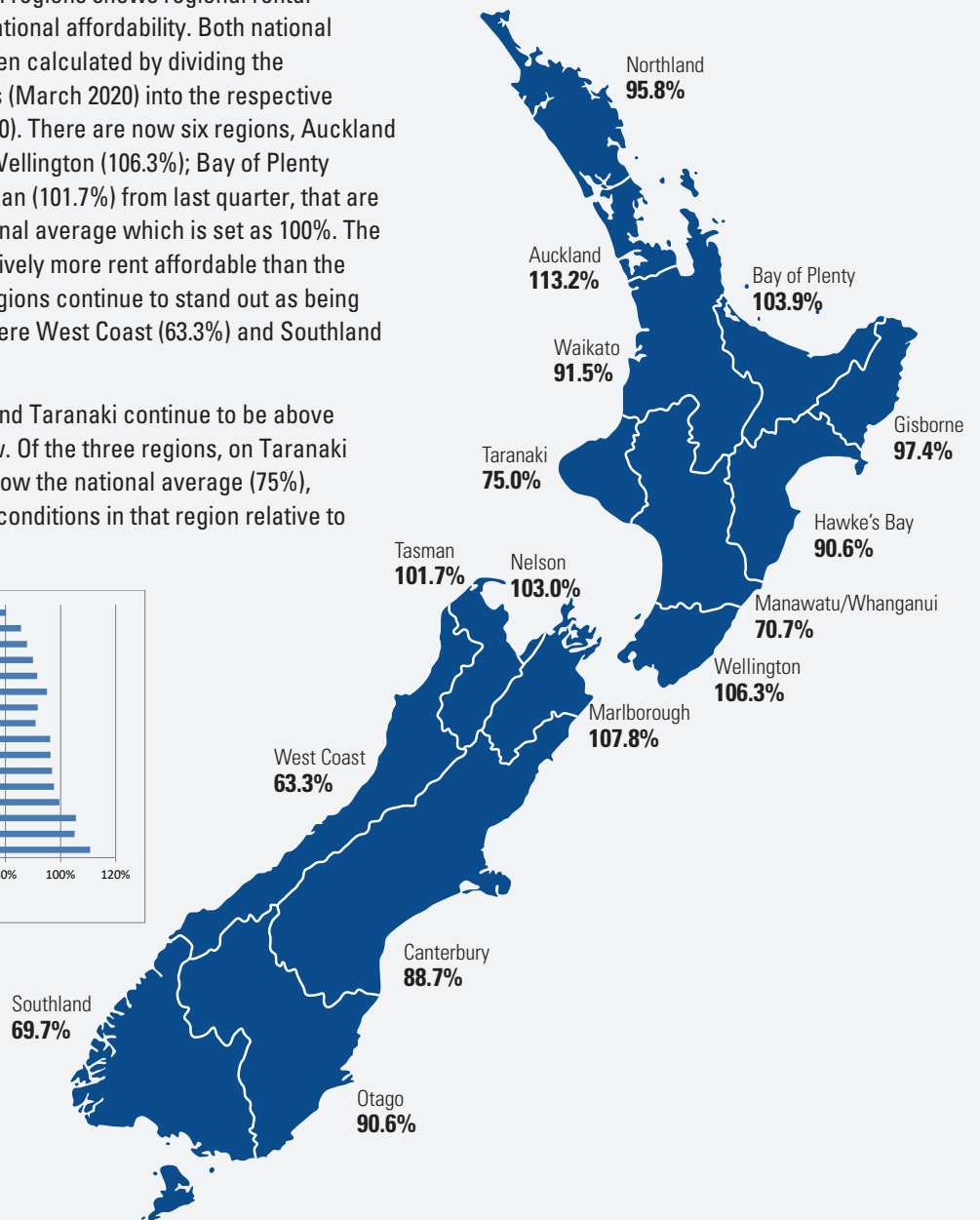
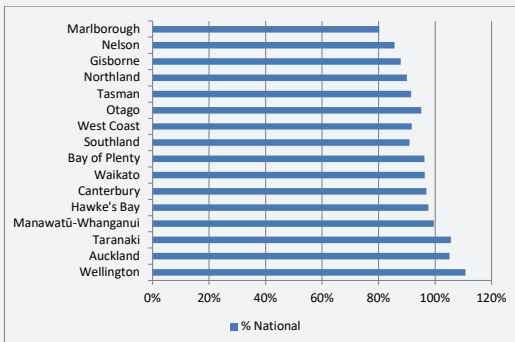
RESIDENTIAL MARKET REPORT

RENTAL REPORT JUNE 2020

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 2020) into the respective geometric mean rents (March 2020). There are now six regions, Auckland (113.2%); Marlborough (107.8%); Wellington (106.3%); Bay of Plenty (103.9%); Nelson (103%) and Tasman (101.7%) from 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. As usual two regions continue to stand out as being the most rent affordable. These were West Coast (63.3%) and Southland (67.7%).

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 (75%), reflecting more favourable rental conditions in that region relative to incomes.





QUARTERLY CHANGES IN RENTAL AFFORDABILITY DECEMBER 2019 – MARCH 2020

Quarterly Change in Indices (December 2019 - March 2020)

	IMPROVEMENT	DETERIORATION
Northland	-0.03%	
Auckland		0.93%
Waikato		1.16%
Bay of Plenty		2.28%
Gisborne		8.95%
Hawke's Bay	-4.78%	
Taranaki		2.84%
Manawatu-Whanganui	-5.65%	
Wellington		4.28%
West Coast		6.36%
Canterbury		10.67%
Otago	-13.07%	
Southland		3.52%
Tasman		6.15%
Nelson		5.14%
Marlborough		3.54%
National		2.09%

Overall, a small deterioration of 2.09% can be seen at national level. The most significant decrease in affordability was seen in Canterbury (10.67%) and Gisborne (8.95%) and the most significant improvement in affordability was in Otago (13.07%), as well as 3 other regions i.e. Manawātū-Whanganui (5.65%), Hawke's Bay (4.78%) and Northland (0.03%).

RENTALS FOR THE MAIN CITIES

The rents over the last quarter (December 2019 to March 2020) and year (March 2019 to March 2020), for the main urban areas, are set out in the table. Over the past quarter, rental changes were decreased in only three regions and increased in remaining thirteen regions, led by Otago (11.8% decrease) and Canterbury (10.2% increase) and, with a net result of a 3.2% increase for the quarter.

Nationally, rents increased by 5.1% over the year, and this is reflected across majority of the regions. The largest annual rent increases in double digit were in Gisborne (31.7%), Southland (19.2%) and West Coast (12%). Auckland showed a slight increase of 2.7% for the year.

	Mar 2019	Dec 2019	Mar 2020	Qtrly Change	Annual Change
Northland	\$366	\$385	\$389	1.0%	6.3%
Auckland	\$523	\$524	\$537	2.5%	2.7%
Waikato	\$382	\$385	\$398	3.4%	4.2%
Bay of Plenty	\$417	\$446	\$451	1.1%	8.2%
Gisborne	\$293	\$353	\$386	9.3%	31.7%
Hawke's Bay	\$382	\$414	\$399	-3.6%	4.5%
Taranaki	\$329	\$343	\$357	4.1%	8.5%
Manawatu-Whanganui	\$290	\$327	\$318	-2.8%	9.7%
Wellington	\$497	\$505	\$531	5.1%	6.8%
West Coast	\$234	\$241	\$262	8.7%	12.0%
Canterbury	\$371	\$352	\$388	10.2%	4.6%
Otago	\$372	\$441	\$389	-11.8%	4.6%
Southland	\$240	\$280	\$286	2.1%	19.2%
Tasman	\$387	\$387	\$420	8.5%	8.5%
Nelson	\$373	\$375	\$398	6.1%	6.7%
Marlborough	\$356	\$387	\$390	0.8%	9.6%
National	\$434	\$442	\$456	3.2%	5.1%



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.

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.

PREPARED BY
Arshad Javed
School of Economics and Finance
Massey University

ENQUIRIES MAY BE ADDRESSED TO:
Massey Communications Team
Phone: 021 660 260
Email: communications@massey.ac.nz

www.masseynews.massey.ac.nz

