



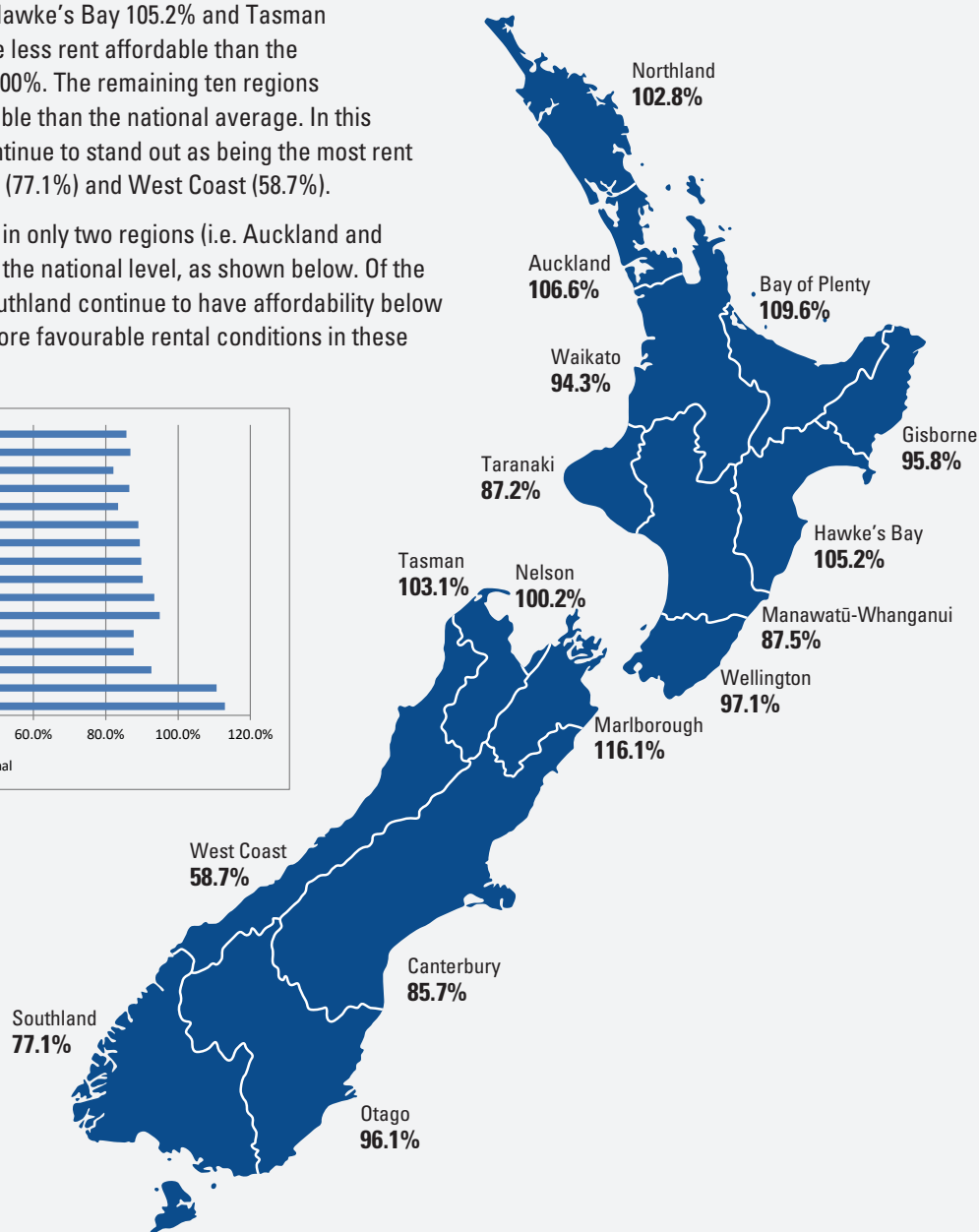
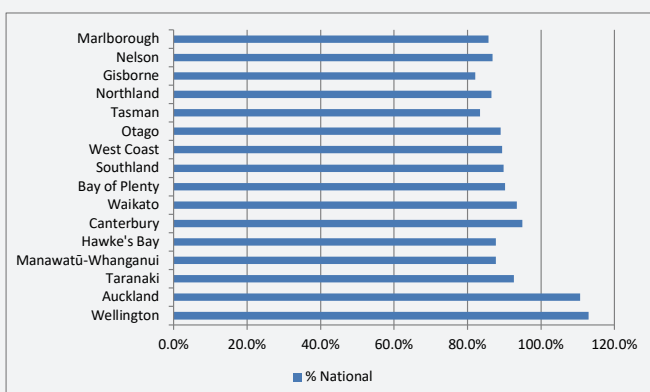
RESIDENTIAL MARKET REPORT

RENTAL REPORT JUNE 2021

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 2021) into the respective geometric mean rents (March 2021). There are now six regions including Marlborough (116.1%); Auckland (106.6%); Northland (102.8%), Bay of Plenty (109.6%); Hawke's Bay 105.2% and Tasman (103.1%) 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. In this quarter, there are two regions continue to stand out as being the most rent affordable. These were Southland (77.1%) and West Coast (58.7%).

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





QUARTERLY CHANGES IN RENTAL AFFORDABILITY DEC 2020 – MAR 2021

Quarterly Change in Indices (December 2020 – March 2021)

	IMPROVEMENT	DETERIORATION
Northland		8.21%
Auckland		2.79%
Waikato		11.66%
Bay of Plenty		15.39%
Gisborne		17.24%
Hawke's Bay		19.20%
Taranaki		21.02%
Manawatu-Whanganui		25.32%
Wellington		13.70%
West Coast	-1.64%	
Canterbury		15.93%
Otago		4.33%
Southland		19.01%
Tasman		14.41%
Nelson		23.16%
Marlborough		8.53%
National		11.20%

Overall, in this quarter a large deterioration of 11.20% is observed at the national level. There was only one region West Coast showing slight improvement and remaining fifteen regions showing significant decrease in affordability.

RENTALS FOR THE MAIN CITIES

The rents over the last quarter (Dec 2020 to March 2021) and year (March 2020 to March 2021), for the main urban areas, are set out in the table. Over the past quarter, rental changes were decreased in seven regions (last quarter in only two regions) and slightly increased in the remaining nine regions with a net result of a 2.4% decrease for the quarter.

Nationally, rents increased by 4.8% over the year, and this is reflected across twelve regions except Gisborne (2.6%), Wellington (1.3%), West Coast (4.2%) and Tasman (2.1%). The largest annual rent increases in double digit were recorded in four regions including Hawke's Bay (10.5%), Manawatu-Whanganui (15.4%), Southland (15.7%) and Marlborough (11.3%). Auckland showed a moderate increase of 5% for the year.

	Mar 2020	Dec 2020	Mar 2021	Qtrly Change	Annual Change
Northland	\$389	\$420	\$425	1.2%	9.3%
Auckland	\$537	\$561	\$564	0.5%	5.0%
Waikato	\$398	\$424	\$421	-0.7%	5.8%
Bay of Plenty	\$451	\$471	\$473	0.4%	4.9%
Gisborne	\$386	\$402	\$376	-6.5%	-2.6%
Hawke's Bay	\$399	\$431	\$441	2.3%	10.5%
Taranaki	\$357	\$383	\$386	0.8%	8.1%
Manawatu-Whanganui	\$318	\$380	\$367	-3.4%	15.4%
Wellington	\$531	\$526	\$524	-0.4%	-1.3%
West Coast	\$262	\$269	\$251	-6.7%	-4.2%
Canterbury	\$388	\$387	\$389	0.5%	0.3%
Otago	\$389	\$411	\$409	-0.5%	5.1%
Southland	\$286	\$312	\$331	6.1%	15.7%
Tasman	\$420	\$465	\$411	-11.6%	-2.1%
Nelson	\$398	\$401	\$416	3.7%	4.5%
Marlborough	\$390	\$427	\$434	1.6%	11.3%
National	\$456	\$490	\$478	-2.4%	4.8%



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.

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

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SCHOOL OF ECONOMICS AND FINANCE MASSEY UNIVERSITY

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