



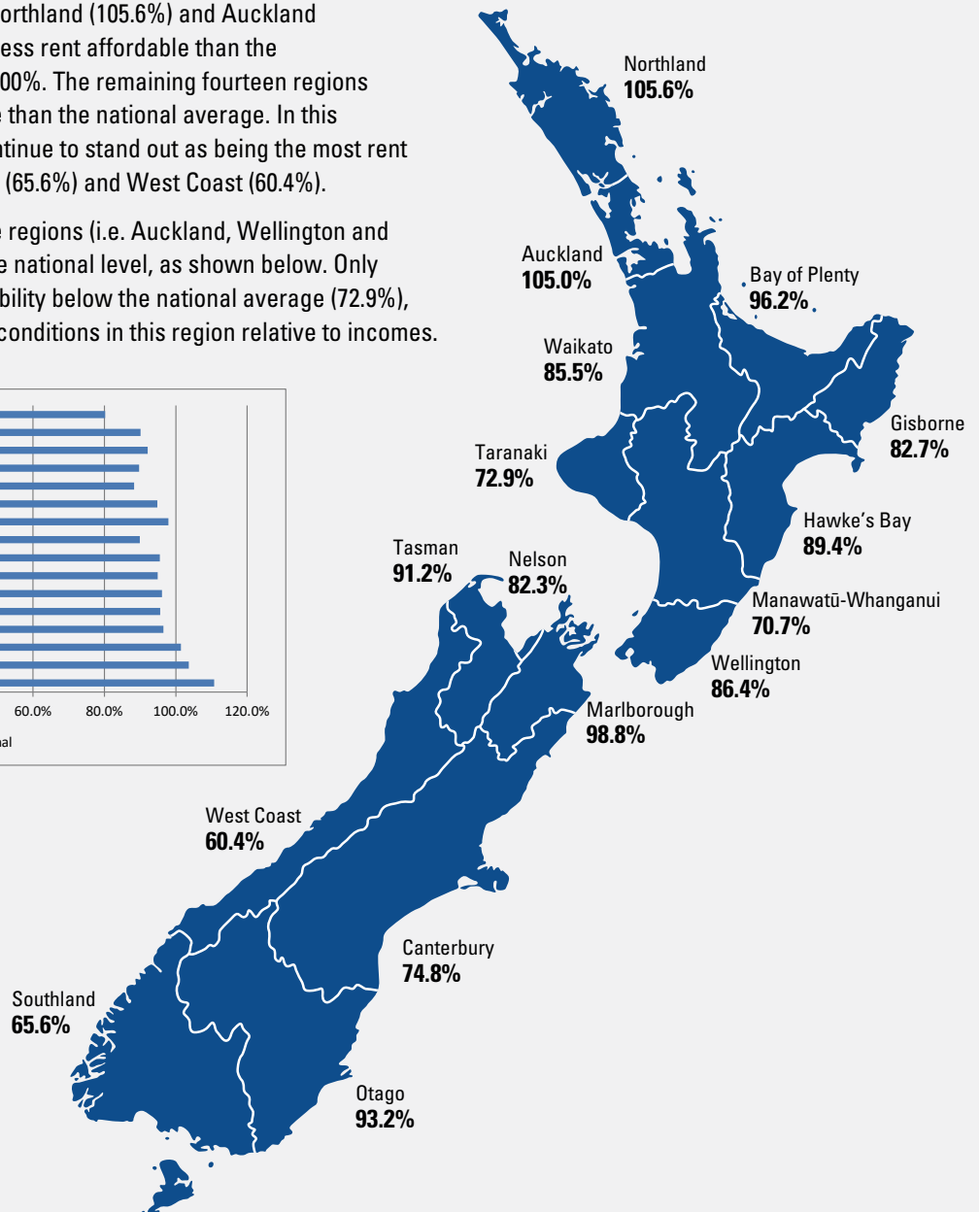
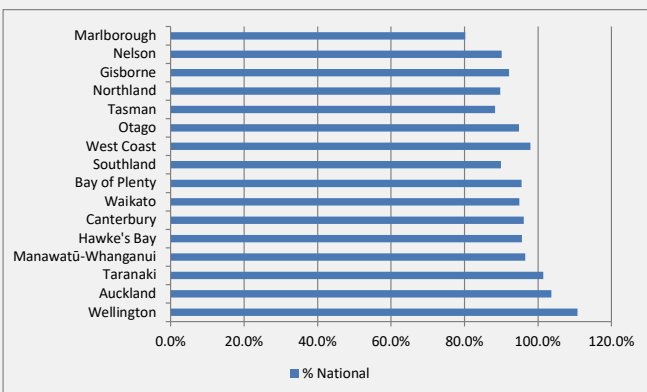
RESIDENTIAL MARKET REPORT

RENTAL REPORT MARCH 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 (December 2020) into the respective geometric mean rents (December 2020). There are now only two regions Northland (105.6%) and Auckland (105%) from last quarter, that are less rent affordable than the national average which is set as 100%. The remaining fourteen regions are 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 (65.6%) and West Coast (60.4%).

In this quarter wages in only three regions (i.e. Auckland, Wellington and Taranaki) continue to be above the national level, as shown below. Only Taranaki continue to have affordability below the national average (72.9%), reflecting more favourable rental conditions in this region relative to incomes.





QUARTERLY CHANGES IN RENTAL AFFORDABILITY SEP 2020 – DEC 2020

Quarterly Change in Indices (September 2020 – December 2020)

	IMPROVEMENT	DETERIORATION
Northland		2.73%
Auckland	2.70%	
Waikato	3.51%	
Bay of Plenty		0.27%
Gisborne		23.97%
Hawke's Bay	1.28%	
Taranaki		8.43%
Manawatu-Whanganui	19.69%	
Wellington	18.32%	
West Coast	19.91%	
Canterbury	7.39%	
Otago	7.03%	
Southland		3.60%
Tasman	2.78%	
Nelson	19.29%	
Marlborough	15.44%	
National	8.97%	

Overall, in this quarter an improvement of 8.97% is observed at the national level. The most significant improvement in affordability was seen in four regions including West Coast (19.91%), Manawatu-Whanganui (19.69%), Nelson (19.29%), Wellington (18.32%) and Marlborough (15.13%) and the most significant decrease in affordability was seen in Gisborne (23.97%).

RENTALS FOR THE MAIN CITIES

The rents over the last quarter (Sep 2020 to December 2020) and year (Dec 2019 to Dec 2020), for the main urban areas, are set out in the table. Over the past quarter, rental changes were decreased in only two regions and increased in remaining fourteen regions, led by Gisborne (24.8% increase) and West Coast (10.9% decrease) and, with a net result of a 9.1% increase for the quarter.

Nationally, rents increased by 10.9% over the year, and this is reflected across fifteen regions except Otago (6.8% decrease). The largest annual rent increases in double digit were recorded in half of the regions for the year.

	Dec 2019	Sept 2020	Dec 2020	Qtrly Change	Annual Change
Northland	\$385	\$399	\$420	5.3%	9.1%
Auckland	\$524	\$534	\$561	5.1%	7.1%
Waikato	\$385	\$401	\$424	5.7%	10.1%
Bay of Plenty	\$446	\$442	\$471	6.6%	5.6%
Gisborne	\$353	\$322	\$402	24.8%	13.9%
Hawke's Bay	\$414	\$426	\$431	1.2%	4.1%
Taranaki	\$343	\$358	\$383	7.0%	11.7%
Manawatu-Whanganui	\$327	\$357	\$380	6.4%	16.2%
Wellington	\$505	\$484	\$526	8.7%	4.2%
West Coast	\$241	\$302	\$269	-10.9%	11.6%
Canterbury	\$352	\$371	\$387	4.3%	9.9%
Otago	\$441	\$429	\$411	-4.2%	-6.8%
Southland	\$280	\$302	\$312	3.3%	11.4%
Tasman	\$387	\$406	\$465	14.5%	20.2%
Nelson	\$375	\$387	\$401	3.6%	6.9%
Marlborough	\$387	\$407	\$427	4.9%	10.3%
National	\$442	\$449	\$490	9.1%	10.9%



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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