



RESIDENTIAL MARKET REPORT

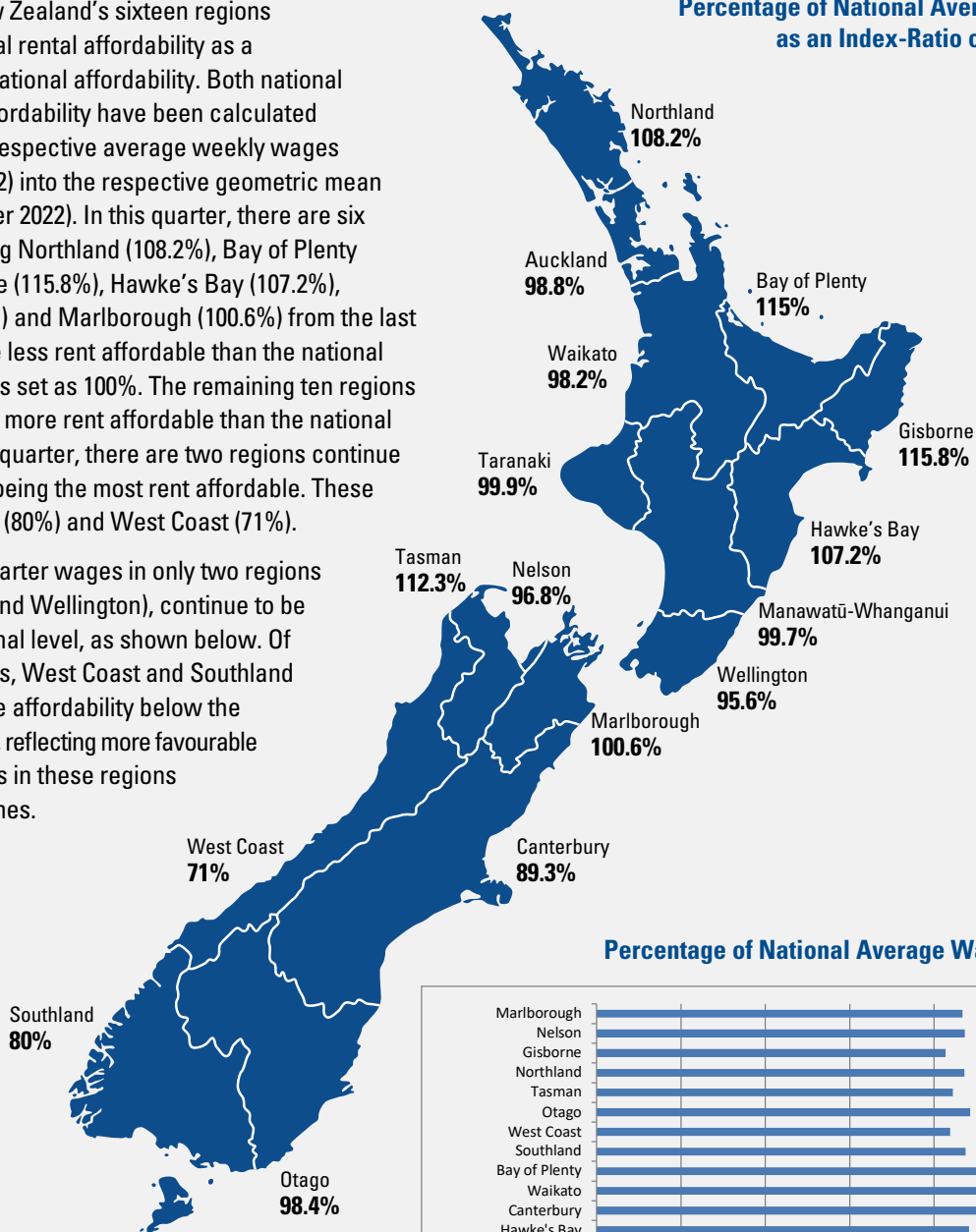
RENTAL REPORT DECEMBER 2022

REGIONAL RENTAL MARKET AFFORDABILITY

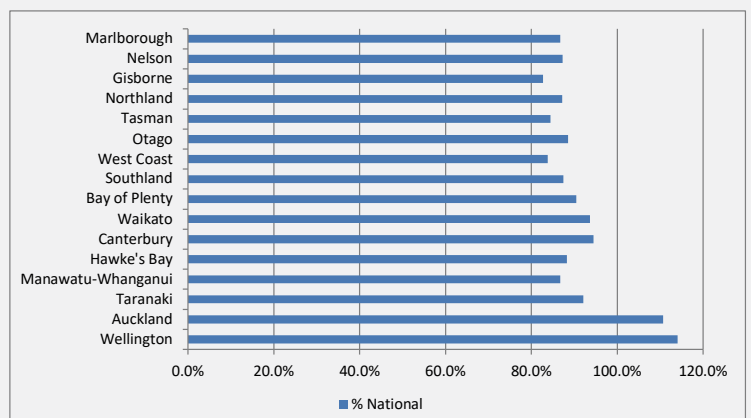
The map of New Zealand's sixteen regions showing regional rental affordability as a percentage of national affordability. Both national and regional affordability have been calculated by dividing the respective average weekly wages (September 2022) into the respective geometric mean rents (September 2022). In this quarter, there are six regions including Northland (108.2%), Bay of Plenty (115%), Gisborne (115.8%), Hawke's Bay (107.2%), Tasman (112.3%) and Marlborough (100.6%) 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 are two regions continue to stand out as being the most rent affordable. These were Southland (80%) and West Coast (71%).

Again, 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.

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 SEPTEMBER 2021 – DECEMBER 2021

Quarterly Change in Indices (June 2022 – September 2022)

| | IMPROVEMENT | DETERIORATION |
|--------------------|-------------|---------------|
| Northland | 6.64% | |
| Auckland | 4.49% | |
| Waikato | | 2.42% |
| Bay of Plenty | 1.77% | |
| Gisborne | 10.12% | |
| Hawke's Bay | 8.29% | |
| Taranaki | | 1.30% |
| Manawatu-Whanganui | | 4.59% |
| Wellington | | 0.32% |
| West Coast | 10.74% | |
| Canterbury | 2.77% | |
| Otago | 5.96% | |
| Southland | 0.96% | |
| Tasman | 2.23% | |
| Nelson | 5.51% | |
| Marlborough | 6.79% | |
| National | 2.10% | |

Overall, again in this quarter a slight improvement of 2.10% is observed at the national level. There were twelve regions showing some improvement and remaining four regions showing deterioration in rental affordability.

REGIONAL RENTALS

The rents over the quarter (June 2022 to September 2022) and year (September 2021 to September 2022), for the main urban areas, are set out in the table. Over the past quarter, rental changes were decreased in eight regions (last quarter in seven regions) and increased in the remaining eight regions with a net result of 0.2% increase for the quarter.

Nationally, rents increased by 8.2% over the year, and this is reflected across all regions except Auckland and Marlborough. The largest annual rent increases in double digit percentage were recorded in four regions including Gisborne (16.2%) and Manawatu-Whanganui (13.3%).

| | Sep 2021 | June 2022 | Sep 2022 | Qtrly Change | Annual Change |
|--------------------|----------|-----------|----------|--------------|---------------|
| Northland | \$464 | \$506 | \$477 | -5.7% | 2.8% |
| Auckland | \$592 | \$574 | \$561 | -2.3% | -5.2% |
| Waikato | \$430 | \$450 | \$470 | 4.4% | 9.3% |
| Bay of Plenty | \$507 | \$531 | \$538 | 1.3% | 6.1% |
| Gisborne | \$426 | \$534 | \$495 | -7.3% | 16.2% |
| Hawke's Bay | \$475 | \$517 | \$485 | -6.2% | 2.1% |
| Taranaki | \$423 | \$455 | \$469 | 3.1% | 10.9% |
| Manawatu-Whanganui | \$390 | \$414 | \$442 | 6.8% | 13.3% |
| Wellington | \$532 | \$545 | \$552 | 1.3% | 3.8% |
| West Coast | \$288 | \$334 | \$311 | -6.9% | 8.0% |
| Canterbury | \$407 | \$435 | \$437 | 0.5% | 7.4% |
| Otago | \$407 | \$464 | \$451 | -2.8% | 10.8% |
| Southland | \$348 | \$354 | \$357 | 0.8% | 2.6% |
| Tasman | \$456 | \$486 | \$491 | 1.0% | 7.7% |
| Nelson | \$411 | \$448 | \$438 | -2.2% | 6.6% |
| Marlborough | \$462 | \$469 | \$445 | -5.1% | -3.7% |
| National | \$474 | \$512 | \$513 | 0.2% | 8.2% |

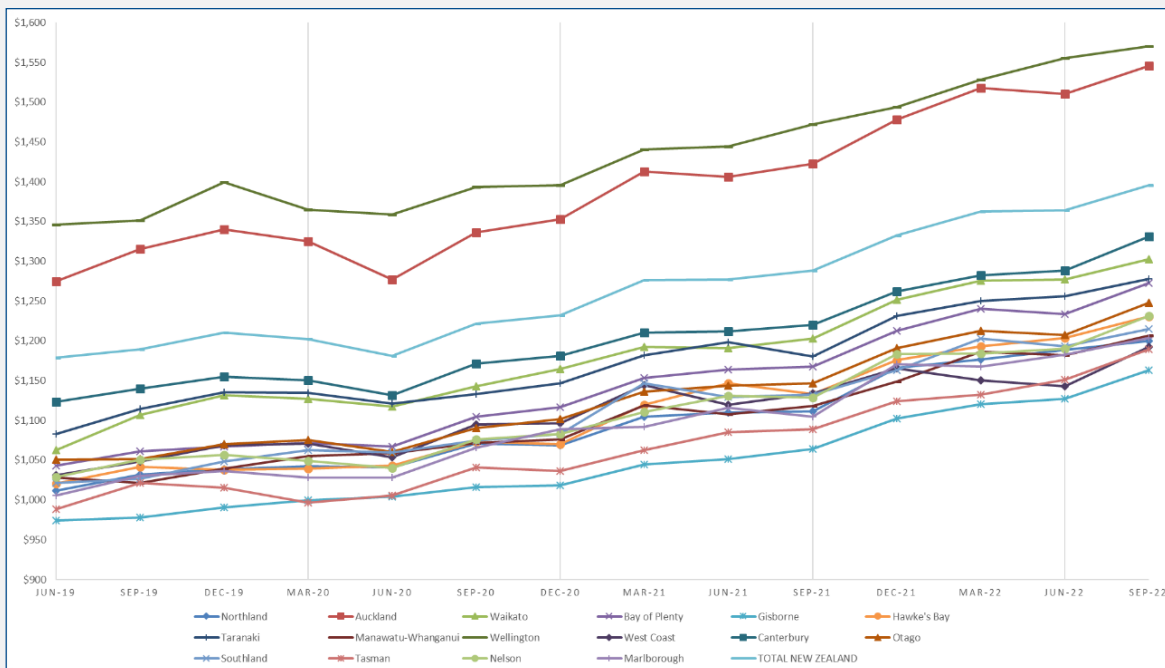


Quarter and annual changes in average weekly earnings

| | 3-month change (%) | 3-month change (\$) | 12-month change (%) | 12-month change (\$) |
|--------------------|--------------------|---------------------|---------------------|----------------------|
| Northland | 1.0% | \$11.54 | 7.9% | \$88.24 |
| Auckland | 2.3% | \$35.22 | 8.6% | \$122.36 |
| Waikato | 2.0% | \$25.26 | 8.3% | \$99.68 |
| Bay of Plenty | 3.1% | \$38.76 | 9.0% | \$105.26 |
| Gisborne | 3.1% | \$35.27 | 9.3% | \$98.60 |
| Hawke's Bay | 2.3% | \$27.55 | 8.6% | \$97.73 |
| Manawatu-Whanganui | 1.8% | \$22.05 | 8.3% | \$97.41 |
| Taranaki | 2.1% | \$24.57 | 8.0% | \$88.92 |
| Wellington | 1.0% | \$14.96 | 6.7% | \$98.24 |
| Tasman | 4.3% | \$49.38 | 5.2% | \$58.57 |
| Nelson | 3.3% | \$42.75 | 9.0% | \$110.39 |
| Marlborough | 3.4% | \$40.48 | 8.8% | \$101.01 |
| West Coast | 1.8% | \$21.81 | 7.3% | \$82.41 |
| Canterbury | 3.3% | \$38.37 | 9.2% | \$100.44 |
| Otago | 3.5% | \$41.32 | 9.1% | \$102.77 |
| Southland | 1.8% | \$21.18 | 9.0% | \$99.04 |
| All Regions | 2.3% | \$31.94 | 8.3% | \$107.14 |

Average incomes have increased slightly by 2.3% during the quarter (June 2022 to September 2022) and all sixteen regions are showing an increasing trend. The yearly results (September 2021 to September 2022) show that incomes have increased in all sixteen regions. The greatest increase in wages has for the last quarter occurred in Tasman (4.3% or \$49.38) and Otago (3.5% or \$41.32).

Quarterly Average Earnings June 2019 – September 2022 (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.

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New Zealand Residential Rental Market Report: Quarterly Survey Q4 2022

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