

One of the advantages of the scheme is that it could put skilled people to work who would otherwise leave the country or go on the unemployment benefit. Besides costing the taxpayer nothing the new residents would benefit from reduced household expenditure on energy related items including commuting and heating costs.

House Size

A problem with a market based solution to housing supply is new housing is almost exclusively being built by property developers and the more affluent section of the community. This has resulted in a substantial increase in the size of new single family stand-alone houses. Statistics NZ data shows the average size of a new house in 1991 was 139m² and by 2006 this had increased by 37% to 191m².

Would it be better to build smaller houses and put the resources being saved into more productive opportunities such as the export sector? Of course there are all sorts of freedom of choice issues in this and the voting population is unlikely to agree to having their own new houses limited in size. However, if taxpayer money is involved then there are good reasons why the size of new housing should be moderated and the land used to its highest and best use.

Tenure

Ideally state rental houses should be seen by tenants as a stepping stone into eventual home ownership and not as a life time right to subsidised occupancy. Perhaps then there is an argument for limiting the amount of time more affluent tenants can occupy state houses? Currently the relatively low occupancy rates in some state houses results in a misallocation of resources for approximately 2600 homes. It also seems likely that state house tenants paying market rents (around 6000) are likely to be in the best financial position to purchase the houses they are renting.

Rental Levels Generally Flat

Over the last quarter the national private sector median weekly rent decreased by 1.67% bringing it back to \$295 per week, the May 2008 level. The weakness in the rental market is also reflected in only a 1.72% annual increase in the national median weekly rent. This increase is below the rate of inflation and increases in wage growth. Anecdotal evidence suggests rents are being held down by low net migration, an increase in the supply of houses available for rent due to the downturn in house prices and worries about unemployment rising. The table at the top right hand column on this page shows rental levels in the main cities over the survey period.

Median Rents

	Nov-07	Aug-08	Nov-08
Whangarei	270	270	270
North Shore	370	395	380
Waitakere	320	330	330
Auckland	350	350	350
Manukau	330	350	350
Papakura	300	312	320
Hamilton	280	282	290
Tauranga	295	300	300
Rotorua	220	230	220
Gisborne	230	240	240
Hastings	250	270	260
Napier	270	280	282
New Plymouth	240	280	270
Wanganui	190	190	180
Palmerston North	250	250	260
Kapiti	275	280	280
Porirua	300	320	280
Upper Hutt	220	285	280
Lower Hutt	290	300	300
Wellington	350	360	350
Nelson	270	292	282
Christchurch	290	295	285
Dunedin	250	220	250
Invercargill	180	190	195
All NZ	290	300	295

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 established a Real Estate Analysis Unit to operate out of both Massey University's Palmerston North and Albany campuses. The secretary of the Foundation is Donna Dowse, Phone (06) 357-4032.

Massey University Real Estate Analysis Unit

The primary objective of the Massey University Real Estate Analysis Unit (MUREAU) is to provide reliable property information to the property industry, the land related professions and the public.

The Director of MUREAU is Professor RV (Bob) Hargreaves. MUREAU also offers a consulting service for individual clients. MUREAU publications, free on request are:

- 1 The AMP Banking Home Affordability Report (Quarterly)
- 2 Rural Real Estate Market Outlook (Quarterly)
- 3 Auckland Commercial Market Outlook (Quarterly)
- 4 Christchurch Commercial Market Outlook (Quarterly)
- 5 Wellington Commercial Market Outlook (Quarterly)
- 6 Auckland Residential Market Outlook (Quarterly)
- 7 Christchurch Residential Market Outlook (Quarterly)
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