



NZ Residential Rental Market

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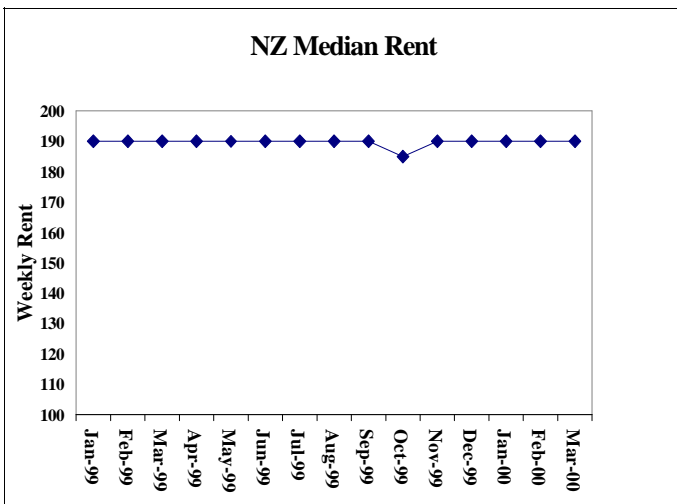
Rents Stay Static

DATA SOURCE This index has been developed from private sector rental data supplied by the Ministry of Housing (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 and Quotable Value NZ statistics.

The National Median Rent

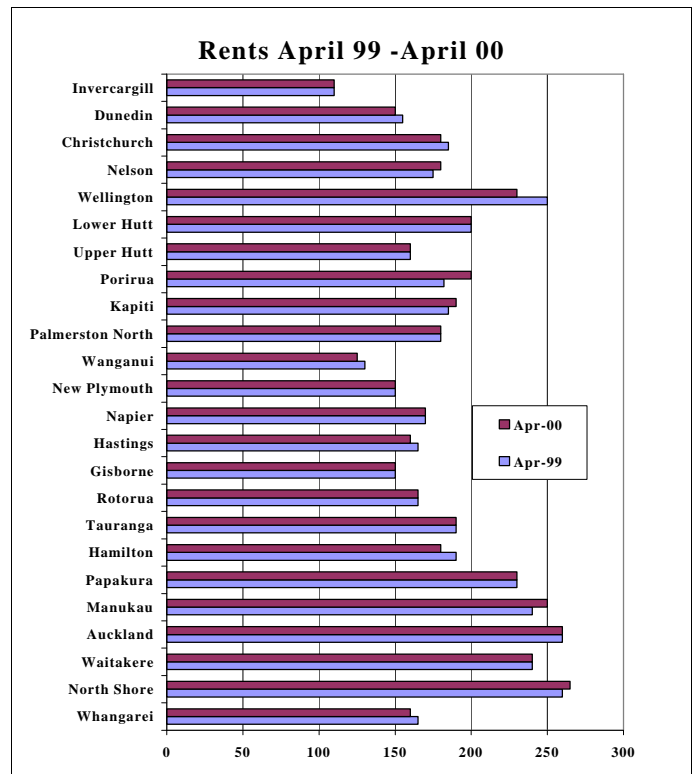
Since the last edition of this publication in March 2000 rents have generally remained static. On a national basis the median level of rent has remained at \$190 per week. Figure 1 tracks the national level of median rents over the period January 1999 through April 2000. A slight dip in the national median rent occurred in October 1999 but the median moved back up to \$190 in November 1999 and has remained at this level.

Figure 1



Snapshots of recent weekly rents for the main urban areas are shown in Figure 2. Once again there was little rental movement over the period April 1999 - April 2000. With the exodus of New Zealanders overseas, mainly to Australia, it seems unlikely that rents will trend upwards, at least in the short term. The announced government intervention regarding state housing rents may put some downward pressure on private sector rents at the bottom end of the market.

Figure 2



Rental Changes Since 1992

On a national basis the average rate of rental increase over the period 1992 - 2000 averaged 3.5 percent per year. Areas showing the largest rental increase over this time were Territorial Local Authorities (TLA's) north of the Bombay Hills, those in the Waikato and Thames Coromandel areas, and TLA's in Taupo and Western Bay of Plenty. Table 1 compares median rents in October 1992 with those for April 2000 for most of the TLA's in New Zealand. A number of smaller TLA's are excluded due to difficulties in using the median statistic with small data sets. South Island centres have shown slow rental growth and are generally below the national average. The static rents in Dunedin are likely to be related to affordability issues in a city with a large student population.

Table 1

Median Rents Over Time			
Area	Rent Oct 1992	Rent April 2000	Percentage Change
Far North	120	160	33
Whangarei	120	160	33
Kaipara	100	135	35
Rodney	160	227	42
North Shore	200	265	33
Waitakere	180	240	33
Auckland	180	260	44
Manukau	190	250	32
Papakura	170	230	35
Franklin	150	220	47
Thames-Coromandel	120	160	33
Hauraki	125	140	12
Waikato	102	137	34
Matamata-Piako	112	150	34
Hamilton	135	180	33
Waipa	140	155	11
South Waikato	100	120	20
Taupo	125	180	44
Western BOP	120	170	42
Tauranga	150	190	27
Rotorua	125	165	32
Whakatane	135	155	15
Kawerau	120	127	6
Opotiki	120	130	8
Gisborne	120	150	25
Hastings	130	160	23
Napier	135	170	26
Central Hawke's Bay	110	125	14
New Plymouth	130	150	15
Stratford	95	120	26
Wanganui	120	125	4
Rangitikei	110	117	6
Manawatu	122	160	31
Palmerston North	150	180	20
Horowhenua	125	130	4
Kapiti	150	190	27
Porirua	180	200	11
Upper Hutt	150	160	7
Lower Hutt	160	200	25
Wellington	180	230	28
Masterton	115	125	9
South Wairarapa	100	130	30
Nelson	150	180	20
Marlborough	130	155	19
Grey	120	130	8
Waimakariri	140	170	21
Christchurch	145	180	24
Ashburton	111	132	19
Timaru	112	120	7
Queenstown Lakes	150	180	20
Dunedin	150	150	0
Southland	75	95	27
Gore	85	110	29
Invercargill	95	110	16
All New Zealand	150	190	27

The Value of Extra Bedrooms

The owners of residential rental properties can sometimes increase their return on investment by adding an extra bedroom to a house. Moving from, say 3 bedrooms to 4 bedrooms results in more effective utilisation of the existing expensive floor space (kitchen and bathroom). Bedroom space is rela-

tively less expensive than most other rooms in a house. It does not require a lot of fittings and fixtures and can be constructed for around 75 percent of the overall cost of a house per m².

Table 2 shows the median rental rates for 2, 3 and 4 bedroom houses in the 9 main cities. The additional rental value of extra bedrooms is greatest in Auckland and Wellington and lowest in Waitakere and Christchurch.

Table 2

April Rents for Houses			
Area	2 Bedroom	3 Bedroom	4 Bedroom
North Shore	252	280	320
Waitakere	217	250	270
Auckland	260	320	412
Manukau	217	260	322
Hamilton	175	210	245
Lower Hutt	195	245	310
Wellington	260	300	390
Christchurch	175	200	240
Dunedin	130	145	210

Massey University Property Foundation

The foundation is established to sponsor research and education in property related matters in New Zealand. The Chairman of Trustees is Mr Gordon Davies. 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. Donna Dowse is the Secretary/Treasurer. She may be contacted on 025 246-2347.

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)
- 8 Wellington Residential Market Outlook (Quarterly)

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