



NZ Residential Rental Market

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Survey on Tenure Choice

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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.

Survey Objective

The objective of this mail questionnaire survey was to obtain information from people renting in the private sector about decisions relating to tenure choice. Respondents were asked to identify impediments to ownership (if any) and rank these in order of importance.

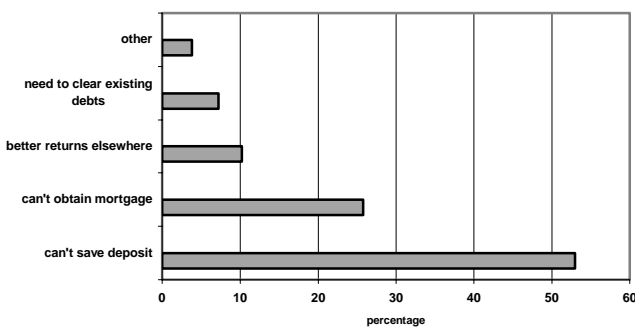
Methodology

A random sample of renters was drawn from the Ministry of Housing (Tenancy Bond Centre) data base. The mail out was done by a third party so the researcher did not have access to the names and addresses in the data base. Around 360 usable responses (18%) were received from Auckland, Wellington, Christchurch and Dunedin.

Results

Respondents were asked to rank the factors causing them to rent rather than own a house under the headings of financial constraints, job constraints and lifestyle constraints. The graph below shows the percentage of respondents ranking items under financial. The responses sum to 100%.

Financial Constraints



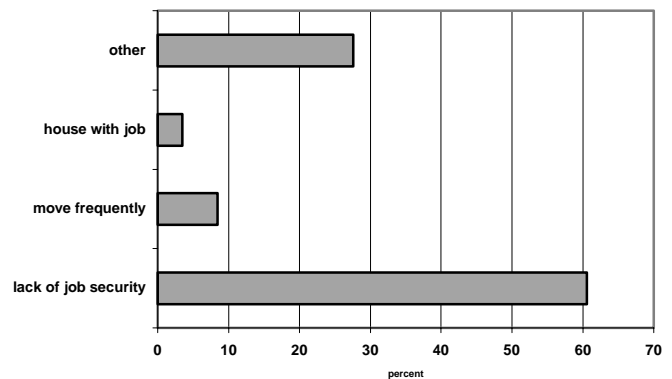
The above responses are linked in some cases. For example, the deposit barrier is the number one financial constraint and is linked to the second constraint, the need to clear existing debts. Only 10% of respondents had not purchased a house because they believed they could obtain better returns elsewhere.

Lack of job security dominated job constraints with 61% of respondents ranking this first. Reasons recorded under "other" were age related issues such as people near retirement, those on welfare or unemployment benefits and people undecided where to put their roots down. The graph at the top right shows the job constraints.

The respondents did not generally rate the need to move

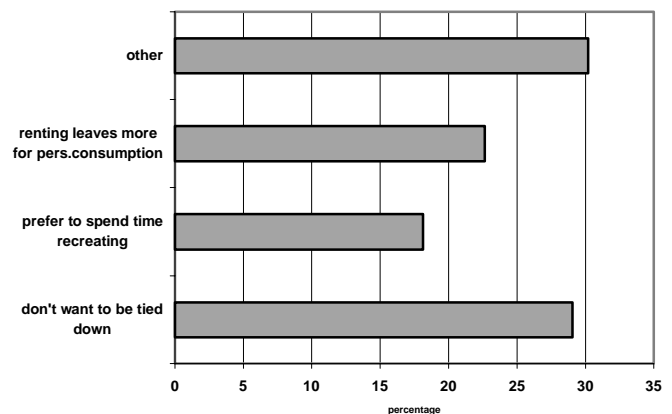
frequently as an important constraint. Less than 10% rating this as their first choice.

Job Constraints



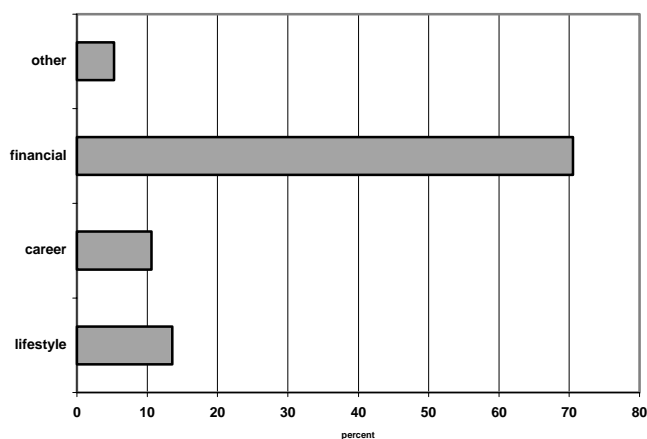
For lifestyle the main issue was the perceived conflict between family time and home ownership. A number of respondents said that in order to maximise their time with the children only one partner could work, usually the male. This meant ownership was out of reach for single income families, except those on high incomes. Other reasons were people not ready to settle down with a partner and those who did not want to take in flat mates in order to pay the mortgage.

Lifestyle Constraints



The respondents were next asked to rank lifestyle, job, financial and other constraints against each other. Financial constraints were ranked the most important (70%). Next came lifestyle at 14%, job 11% and other 5%. The graph below shows the overall rankings.

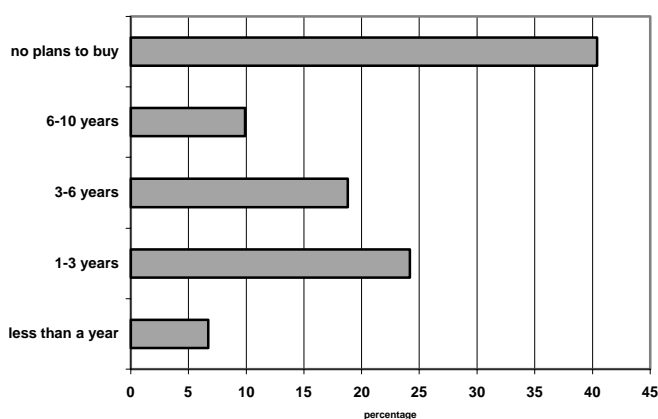
Overall Ranking



The next question asked when was the most likely time people would switch from renting to owning their own home. The results of this question are shown on the graph below. Although 40% had no plans to buy the remaining 60% did plan to buy within the next 10 years and of these half planned to buy in 3 years or less.

As might be expected there was a strong correlation between income and time to buy. This aspect will be explored in more depth in a subsequent issue of this publication.

Most likely time to buy



Rental Levels

A snap shot of rental levels in the main centres and provincial cities is shown in the table on the top right. The national median rent has remained at \$200 per week since November 2001. The most significant rental increases since our April survey was Auckland City (5%).

	July-01	Jan-02	July-02
Whangarei	165	170	165
North Shore	260	270	295
Waitakere	240	240	250
Auckland	270	280	295
Manukau	250	250	250
Papakura	230	237	230
Hamilton	180	190	195
Tauranga	190	200	190
Rotorua	165	165	165
Gisborne	145	150	145
Hastings	160	160	160
Napier	185	175	180
New Plymouth	150	140	150
Wanganui	130	125	130
Palmerston North	165	180	170
Kapiti	195	195	190
Porirua	200	210	180
Upper Hutt	175	180	160
Lower Hutt	195	200	200
Wellington	260	265	260
Nelson	180	185	195
Christchurch	180	185	190
Dunedin	150	165	145
Invercargill	110	125	130
All NZ	190	200	200

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. Claire-Phillips is the Secretary/Treasurer. She may be contacted on (06) 350-5799 Ext 2321 or 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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