

# NZ Residential Rental Market

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## Trends in Rental Volumes

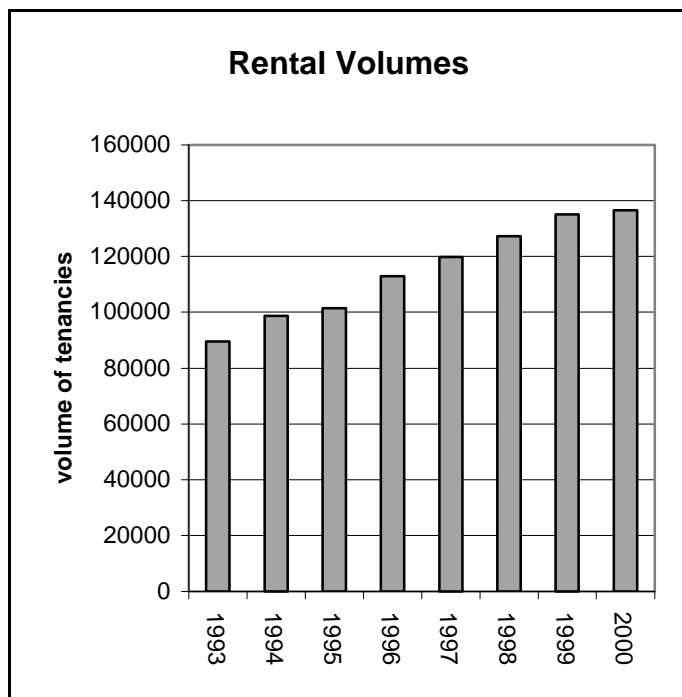
**DATA SOURCE** This index has been developed from private sector rental data supplied by the Ministry of Housing (Bond Centre). Information on wage rates, demographics and the structure of the rental housing stock is drawn from Statistics NZ data. House price information has been extracted from Real Estate Institute and Quotable Value NZ statistics.

### The National Picture

The national volume of private sector tenancies for the eight year period 1993-2000 is shown in Figure 1. During this time there was a 52.5% increase in the volume of private sector tenancies. This represents an annual compound rate of growth of 5.2% and is much higher than the rate of population growth. It is also noticeable that rental volume growth slowed to just over 1% in the 1999-2000 period.

The most obvious explanation is that the rate of home ownership is reducing because more households are choosing to rent. The results of the 2001 Census are expected to confirm the trend towards renting, a trend also emerging in Australia. It is acknowledged that increases in private sector volumes are greater than all over national changes because of the switch of some state houses to the private sector.

Figure 1



### The Cities

Table 1 compares the volume of private sector rental transactions in the 24 main urban centres for 1995 and 2000.

Area	1995	2000	% Difference
Whangarei	1594	2475	55.27
North Shore	5599	7393	32.04
Waitakere	3357	4917	46.47
Auckland	14536	20919	43.91
Manukau	4920	7496	52.36
Papakura	1035	1574	52.08
Hamilton	5651	7541	33.45
Tauranga	3017	4316	43.06
Rotorua	2430	2899	19.3
Gisborne	994	1220	22.74
Hastings	1628	1943	19.35
Napier	1857	2136	15.02
New Plymouth	2175	2317	6.53
Wanganui	1269	1403	10.56
Palmerston North	3338	3817	14.35
Kapiti	858	1350	57.34
Porirua	631	1195	89.38
Upper Hutt	836	1546	84.93
Lower Hutt	2037	3125	53.41
Wellington	6069	9910	63.29
Nelson	1886	2030	7.64
Christchurch	11253	14590	29.65
Dunedin	4350	4819	10.78
Invercargill	1336	1460	9.28

During this 5 year period rental volumes in the main urban centres increased by 36% overall but there were significant differences between cities.

Most of growth was in the Auckland and Wellington regions. Areas showing below average growth were provincial centres in the lower part of the North Island and over all of the South Island. Overall the Auckland region accounts for 37.6% of the rental market by volume.

### By Rental Type

On a national basis over the period 1995-2000 there appears to be a trend away from one and two bedroomed rentals to properties with 3 or more bedrooms. Figure 2 compares rental volumes for 1995 with 2000. The reason for the trend to larger rental properties is related to the supply side. Most rental properties are converted from second hand single family owner-occupied homes situated in the suburbs. The typical home has 3 bedrooms.

Figure 3 compares the national breakdown, by number of bedrooms, with Auckland and Wellington cities. Clearly, the type of accommodation in both Auckland and Wellington is quite different to the national average. The typical rental unit in these cities is a 2 bedroomed property.

Figure 2

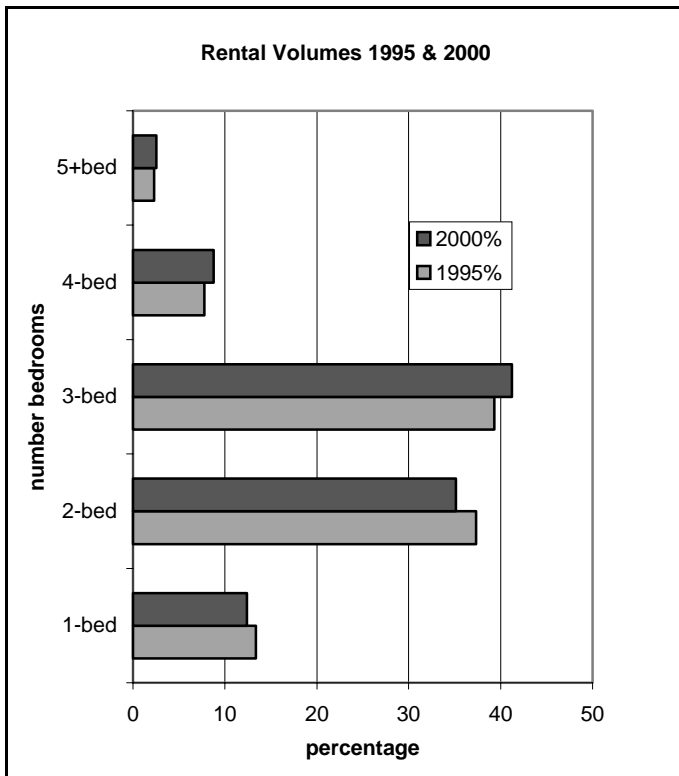
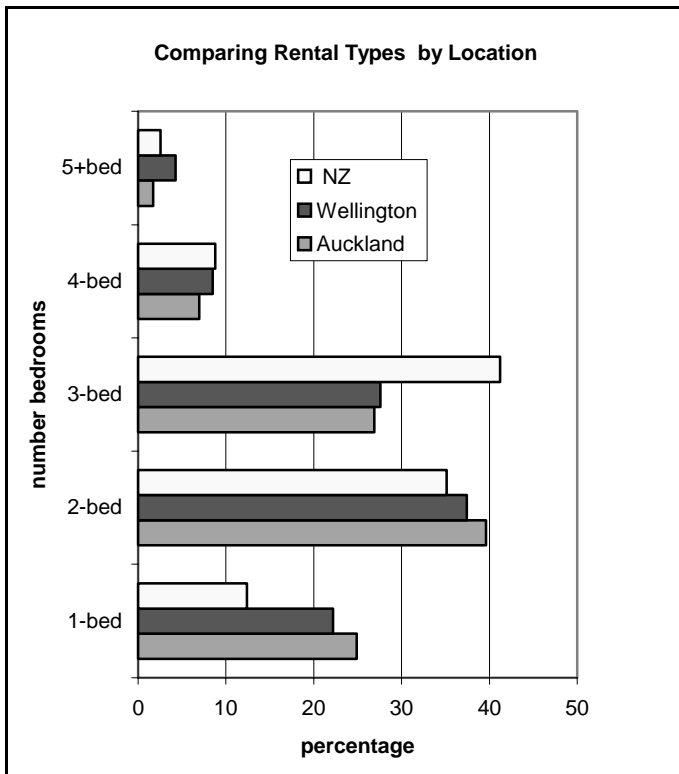


Figure 3



**Rental Levels**

A snapshot of recent rental levels in the main centres is shown in Table 2. The national median rent of \$190 per week has remained unchanged for more than two years. Rental levels in the 24 cities were static over the last six months.

Table 2

	Jul 00	Oct 00	Jan 01
Whangarei	165	165	170
North Shore	260	260	260
Waitakere	240	235	240
Auckland	260	250	260
Manukau	245	237	240
Papakura	220	230	210
Hamilton	180	185	180
Tauranga	190	190	185
Rotorua	165	160	155
Gisborne	150	150	150
Hastings	157	160	165
Napier	175	180	170
New Plymouth	145	150	135
Wanganui	120	125	125
Palmerston North	170	170	175
Kapiti	195	195	190
Porirua	190	200	185
Upper Hutt	182	190	160
Lower Hutt	200	200	200
Wellington	250	260	250
Nelson	175	175	180
Christchurch	180	180	180
Dunedin	150	160	160
Invercargill	110	110	120
All NZ	190	190	190

**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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