

Rent or buy report for October 2018 - New Zealand

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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To buy or to rent

The purpose of this Report is to help you decide when to move from renting to owning. The indicators in here show whether you should continue to rent-and-save-for-a-deposit, or when the time is right to buy.

For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 27.3% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 26.8% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 0.5% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 0.5%

It takes a typical household 3.6 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$34.35 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in New Zealand was \$1,605.96 in October, up from \$1,603.06 last month and up from \$1,571.61 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in New Zealand was \$430 per week, up from last month's \$425 and up from last year's \$380 per week.

In October, it takes 26.8% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 26.5% and up from last year's 24.2%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$17.18 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$390,000 will require a weekly mortgage payment of \$367.77. This is up from last month's \$357.85 and up from the \$350.59 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$70.42 per week.

This is equivalent of 27.3% of the after-tax income of a first buyer household income. This is up from last year's 26.8%.

Rent or buy report for October 2018 - Northland

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 26.5% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 25.0% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.5% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 1.5%

It takes a typical household 3.2 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.14 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Northland was \$1,512.34 in October, up from \$1,509.63 last month and up from \$1,480.20 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Northland was \$379 per week, up from last month's \$361 and up from last year's \$306 per week.

In October, it takes 25.0% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 23.9% and up from last year's 20.6%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$47.96 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$360,000 will require a weekly mortgage payment of \$337.70. This is up from last month's \$327.64 and up from the \$289.74 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$63.05 per week.

This is equivalent of 26.5% of the after-tax income of a first buyer household income. This is up from last year's 23.8%.

Rent or buy report for October 2018 - Auckland

22 November 2018

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Market overview

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Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 47.4% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 33.2% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 14.2% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 14.2%

It takes a typical household 7.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.21 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Auckland was \$1,630.94 in October, up from \$1,628.22 last month and up from \$1,598.72 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Auckland was \$542 per week, up from last month's \$519 and up from last year's \$477 per week.

In October, it takes 33.2% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 31.9% and up from last year's 29.9%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$16.78 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$662,000 will require a weekly mortgage payment of \$682.98. This is up from last month's \$680.34 and down from the \$699.76 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$89.63 per week.

This is equivalent of 47.4% of the after-tax income of a first buyer household income. This is up from last year's 49.4%.

Rent or buy report for October 2018 - Waikato

22 November 2018

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 28.5% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 24.2% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 4.2% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 4.2%

It takes a typical household 3.6 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$33.72 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Waikato was \$1,579.07 in October, up from \$1,576.22 last month and up from \$1,545.35 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Waikato was \$383 per week, down from last month's \$386 and up from last year's \$340 per week.

In October, it takes 24.2% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 24.5% and up from last year's 22.0%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$3.51 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$400,000 will require a weekly mortgage payment of \$380.90. This is up from last month's \$380.88 and down from the \$384.41 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$68.93 per week.

This is equivalent of 28.5% of the after-tax income of a first buyer household income. This is up from last year's 29.3%.

Rent or buy report for October 2018 - Hawkes Bay

22 November 2018

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Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 27.3% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 27.9% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 0.6% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -0.6%

It takes a typical household 3.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.26 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Hawkes Bay was \$1,474.97 in October, up from \$1,472.33 last month and up from \$1,443.71 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Hawkes Bay was \$411 per week, up from last month's \$359 and up from last year's \$321 per week.

In October, it takes 27.9% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 24.4% and up from last year's 22.2%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$42.73 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$357,000 will require a weekly mortgage payment of \$336.97. This is up from last month's \$318.73 and up from the \$294.24 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$65.02 per week.

This is equivalent of 27.3% of the after-tax income of a first buyer household income. This is up from last year's 24.8%.

Rent or buy report for October 2018 - Manawatu/Wanganui

22 November 2018

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 18.3% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 20.2% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.9% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -1.9%

It takes a typical household 1.8 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.74 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Manawatu/Wanganui was \$1,537.90 in October, up from \$1,535.13 last month and up from \$1,505.15 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Manawatu/Wanganui was \$310 per week, down from last month's \$312 and up from last year's \$270 per week.

In October, it takes 20.2% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 20.3% and up from last year's 18.0%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$41.69 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$250,000 will require a weekly mortgage payment of \$232.92. This is up from last month's \$208.23 and up from the \$191.23 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$48.14 per week.

This is equivalent of 18.3% of the after-tax income of a first buyer household income. This is up from last year's 15.9%.

Rent or buy report for October 2018 - Taranaki

22 November 2018

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The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 20.2% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 21.2% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.0% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -1.0%

It takes a typical household 2.8 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.74 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Taranaki was \$1,537.90 in October, up from \$1,535.13 last month and up from \$1,505.15 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Taranaki was \$326 per week, down from last month's \$330 and up from last year's \$280 per week.

In October, it takes 21.2% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 21.5% and up from last year's 18.6%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$11.89 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$275,550 will require a weekly mortgage payment of \$256.72. This is up from last month's \$224.61 and up from the \$244.83 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$54.62 per week.

This is equivalent of 20.2% of the after-tax income of a first buyer household income. This is up from last year's 19.9%.

Rent or buy report for October 2018 - Wellington

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The rent or buy results for October:

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In October 2018, it takes 30.2% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 27.1% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 3.0% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 3.0%

It takes a typical household 3.5 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$33.31 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Wellington was \$1,677.12 in October, up from \$1,674.30 last month and up from \$1,643.81 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Wellington was \$455 per week, down from last month's \$473 and up from last year's \$424 per week.

In October, it takes 27.1% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 28.2% and up from last year's 25.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$66.79 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$450,000 will require a weekly mortgage payment of \$433.80. This is down from last month's \$435.89 and up from the \$367.01 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$71.89 per week.

This is equivalent of 30.2% of the after-tax income of a first buyer household income. This is up from last year's 26.7%.

Rent or buy report for October 2018 - Nelson

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging furthers and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 35.1% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 25.9% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 9.2% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 9.2%

It takes a typical household 4.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.58 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Nelson was \$1,530.83 in October, up from \$1,528.08 last month and up from \$1,498.25 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Nelson was \$397 per week, up from last month's \$392 and up from last year's \$360 per week.

In October, it takes 25.9% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 25.7% and up from last year's 24.0%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$79.79 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$470,500 will require a weekly mortgage payment of \$465.77. This is down from last month's \$531.75 and up from the \$385.98 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$72.21 per week.

This is equivalent of 35.1% of the after-tax income of a first buyer household income. This is up from last year's 30.6%.

Rent or buy report for October 2018 - Canterbury

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 25.1% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 23.7% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.3% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 1.3%

It takes a typical household 3.8 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$34.90 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Canterbury was \$1,628.92 in October, up from \$1,625.97 last month and up from \$1,594.02 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Canterbury was \$386 per week, up from last month's \$371 and up from last year's \$360 per week.

In October, it takes 23.7% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 22.8% and up from last year's 22.6%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$1.31 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$363,200 will require a weekly mortgage payment of \$338.38. This is up from last month's \$327.56 and up from the \$337.07 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$69.68 per week.

This is equivalent of 25.1% of the after-tax income of a first buyer household income. This is up from last year's 25.5%.

Rent or buy report for October 2018 - Bay of Plenty

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

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However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 31.9% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 30.4% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.5% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 1.5%

It takes a typical household 3.9 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.57 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Bay of Plenty was \$1,488.10 in October, up from \$1,485.44 last month and up from \$1,456.54 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Bay of Plenty was \$453 per week, unchanged from last month's \$453 and unchanged from last year's \$453 per week.

In October, it takes 30.4% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 30.5% and down from last year's 31.1%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$13.65 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$420,000 will require a weekly mortgage payment of \$409.13. This is down from last month's \$412.91 and up from the \$395.48 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$65.99 per week.

This is equivalent of 31.9% of the after-tax income of a first buyer household income. This is up from last year's 31.6%.

Rent or buy report for October 2018 - Otago

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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To buy or to rent

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However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 25.2% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 22.7% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 2.5% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 2.5%

It takes a typical household 2.9 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.48 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Otago was \$1,526.58 in October, up from \$1,523.84 last month and up from \$1,494.10 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Otago was \$347 per week, up from last month's \$342 and up from last year's \$295 per week.

In October, it takes 22.7% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 22.4% and up from last year's 19.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$24.82 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$348,000 will require a weekly mortgage payment of \$324.22. This is up from last month's \$299.48 and up from the \$299.40 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$59.82 per week.

This is equivalent of 25.2% of the after-tax income of a first buyer household income. This is up from last year's 24.0%.

Rent or buy report for October 2018 - Southland

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

The logo for interest.co.nz is displayed in white text on a dark blue rectangular background.

To buy or to rent

The purpose of this Report is to help you decide when to move from renting to owning. The indicators in here show whether you should continue to rent-and-save-for-a-deposit, or when the time is right to buy.

For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 14.5% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 14.1% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 0.3% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 0.3%

It takes a typical household 1.8 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$33.31 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Southland was \$1,562.00 in October, up from \$1,559.19 last month and up from \$1,528.69 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Southland was \$221 per week, unchanged from last month's \$221 and unchanged from last year's \$221 per week.

In October, it takes 14.1% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 14.2% and down from last year's 14.5%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$23.63 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$199,000 will require a weekly mortgage payment of \$185.40. This is down from last month's \$187.18 and up from the \$161.77 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$40.79 per week.

This is equivalent of 14.5% of the after-tax income of a first buyer household income. This is up from last year's 13.2%.

Rent or buy report for October 2018 - Auckland City

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging furthers and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 46.6% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 36.2% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 10.5% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 10.5%

It takes a typical household 6.7 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.21 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Auckland City was \$1,630.94 in October, up from \$1,628.22 last month and up from \$1,598.72 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Auckland City was \$590 per week, unchanged from last month's \$590 and unchanged from last year's \$590 per week.

In October, it takes 36.2% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 36.2% and down from last year's 36.9%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$52.55 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$650,000 will require a weekly mortgage payment of \$669.01. This is down from last month's \$683.85 and up from the \$616.46 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$91.53 per week.

This is equivalent of 46.6% of the after-tax income of a first buyer household income. This is up from last year's 44.3%.

Rent or buy report for October 2018 - North Shore

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging furthers and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 58.0% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 36.3% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 21.7% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 21.7%

It takes a typical household 8.8 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.21 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in North Shore was \$1,630.94 in October, up from \$1,628.22 last month and up from \$1,598.72 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in North Shore was \$592 per week, up from last month's \$580 and up from last year's \$572 per week.

In October, it takes 36.3% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 35.6% and down from last year's 35.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$80.41 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$795,000 will require a weekly mortgage payment of \$837.87. This is up from last month's \$794.98 and down from the \$918.28 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$107.94 per week.

This is equivalent of 58.0% of the after-tax income of a first buyer household income. This is up from last year's 64.2%.

Rent or buy report for October 2018 - Manukau

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

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However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 44.3% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 27.6% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 16.7% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 16.7%

It takes a typical household 6.9 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.21 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Manukau was \$1,630.94 in October, up from \$1,628.22 last month and up from \$1,598.72 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Manukau was \$450 per week, unchanged from last month's \$450 and unchanged from last year's \$450 per week.

In October, it takes 27.6% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 27.6% and down from last year's 28.1%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$40.56 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$625,000 will require a weekly mortgage payment of \$639.89. This is down from last month's \$678.00 and down from the \$680.45 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$82.63 per week.

This is equivalent of 44.3% of the after-tax income of a first buyer household income. This is up from last year's 47.7%.

Rent or buy report for October 2018 - Waitakere

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

The purpose of this Report is to help you decide when to move from renting to owning. The indicators in here show whether you should continue to rent-and-save-for-a-deposit, or when the time is right to buy.

For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 49.2% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 31.9% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 17.3% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 17.3%

It takes a typical household 7.2 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.21 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Waitakere was \$1,630.94 in October, up from \$1,628.22 last month and up from \$1,598.72 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Waitakere was \$520 per week, unchanged from last month's \$520 and up from last year's \$495 per week.

In October, it takes 31.9% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 31.9% and up from last year's 31.0%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$12.21 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$690,000 will require a weekly mortgage payment of \$715.59. This is up from last month's \$668.64 and up from the \$703.38 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$86.65 per week.

This is equivalent of 49.2% of the after-tax income of a first buyer household income. This is up from last year's 49.4%.

Rent or buy report for October 2018 - Tauranga

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

The logo for interest.co.nz is displayed in white text on a dark blue rectangular background.

To buy or to rent

The purpose of this Report is to help you decide when to move from renting to owning. The indicators in here show whether you should continue to rent-and-save-for-a-deposit, or when the time is right to buy.

For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 41.2% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 31.5% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 9.8% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 9.8%

It takes a typical household 4.3 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.46 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Tauranga was \$1,525.82 in October, up from \$1,523.08 last month and up from \$1,493.36 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Tauranga was \$480 per week, down from last month's \$485 and up from last year's \$460 per week.

In October, it takes 31.5% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 31.8% and up from last year's 30.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$73.74 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$540,000 will require a weekly mortgage payment of \$546.80. This is up from last month's \$510.79 and up from the \$473.06 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$82.34 per week.

This is equivalent of 41.2% of the after-tax income of a first buyer household income. This is up from last year's 37.2%.

Rent or buy report for October 2018 - Wellington

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 32.6% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 28.9% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 3.7% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 3.7%

It takes a typical household 4.3 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$38.66 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Wellington was \$1,903.51 in October, up from \$1,900.24 last month and up from \$1,864.85 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Wellington was \$550 per week, down from last month's \$595 and down from last year's \$590 per week.

In October, it takes 28.9% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 31.3% and down from last year's 31.6%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$47.17 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$539,000 will require a weekly mortgage payment of \$525.35. This is up from last month's \$511.49 and up from the \$478.18 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$95.13 per week.

This is equivalent of 32.6% of the after-tax income of a first buyer household income. This is up from last year's 30.8%.

Rent or buy report for October 2018 - Lower Hutt

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 31.8% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 29.2% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 2.6% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 2.6%

It takes a typical household 3.2 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.24 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Lower Hutt was \$1,631.84 in October, up from \$1,629.12 last month and up from \$1,599.60 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Lower Hutt was \$477 per week, down from last month's \$493 and up from last year's \$445 per week.

In October, it takes 29.2% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 30.3% and up from last year's 27.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$100.64 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$462,000 will require a weekly mortgage payment of \$450.26. This is up from last month's \$438.39 and up from the \$349.62 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$68.55 per week.

This is equivalent of 31.8% of the after-tax income of a first buyer household income. This is up from last year's 26.1%.

Rent or buy report for October 2018 - Christchurch City

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 27.3% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 25.9% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.4% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 1.4%

It takes a typical household 3.9 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$34.75 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Christchurch City was \$1,622.64 in October, up from \$1,619.70 last month and up from \$1,587.89 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Christchurch City was \$420 per week, unchanged from last month's \$420 and unchanged from last year's \$420 per week.

In October, it takes 25.9% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 25.9% and down from last year's 26.5%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$1.68 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$375,000 will require a weekly mortgage payment of \$349.37. This is up from last month's \$343.47 and up from the \$347.69 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$94.05 per week.

This is equivalent of 27.3% of the after-tax income of a first buyer household income. This is up from last year's 27.8%.

Rent or buy report for October 2018 - Whangarei

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

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To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 27.4% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 26.0% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.4% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 1.4%

It takes a typical household 3.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$34.60 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Whangarei was \$1,616.40 in October, up from \$1,613.48 last month and up from \$1,581.80 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Whangarei was \$420 per week, up from last month's \$400 and up from last year's \$395 per week.

In October, it takes 26.0% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 24.8% and down from last year's 25.0%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$35.83 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$400,000 will require a weekly mortgage payment of \$378.69. This is up from last month's \$361.22 and up from the \$342.86 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$64.12 per week.

This is equivalent of 27.4% of the after-tax income of a first buyer household income. This is up from last year's 25.7%.

Rent or buy report for October 2018 - Hamilton City

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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To buy or to rent

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 32.7% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 27.1% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 5.6% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 5.6%

It takes a typical household 4.3 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$33.58 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Hamilton City was \$1,573.15 in October, up from \$1,570.32 last month and up from \$1,539.57 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Hamilton City was \$427 per week, down from last month's \$430 and up from last year's \$390 per week.

In October, it takes 27.1% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 27.4% and up from last year's 25.3%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$18.80 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$447,000 will require a weekly mortgage payment of \$435.95. This is down from last month's \$463.20 and down from the \$454.75 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$79.05 per week.

This is equivalent of 32.7% of the after-tax income of a first buyer household income. This is up from last year's 34.6%.

Rent or buy report for October 2018 - Rotorua

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 23.6% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 24.1% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 0.4% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -0.4%

It takes a typical household 2.5 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$33.44 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Rotorua was \$1,567.23 in October, up from \$1,564.41 last month and up from \$1,533.80 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Rotorua was \$377 per week, down from last month's \$387 and up from last year's \$350 per week.

In October, it takes 24.1% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 24.7% and up from last year's 22.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$51.17 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$340,000 will require a weekly mortgage payment of \$316.77. This is down from last month's \$340.75 and up from the \$265.60 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$53.30 per week.

This is equivalent of 23.6% of the after-tax income of a first buyer household income. This is up from last year's 20.8%.

Rent or buy report for October 2018 - Gisborne

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 18.6% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 26.3% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 7.8% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -7.8%

It takes a typical household 2.2 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.45 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Gisborne was \$1,367.81 in October, up from \$1,365.16 last month and up from \$1,336.36 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Gisborne was \$360 per week, up from last month's \$350 and up from last year's \$270 per week.

In October, it takes 26.3% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 25.6% and up from last year's 20.2%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$3.64 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$220,000 will require a weekly mortgage payment of \$204.97. This is down from last month's \$262.05 and down from the \$208.61 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$48.88 per week.

This is equivalent of 18.6% of the after-tax income of a first buyer household income. This is up from last year's 19.2%.

Rent or buy report for October 2018 - Napier

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 32.9% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 29.5% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 3.4% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 3.4%

It takes a typical household 3.7 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.39 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Napier was \$1,480.81 in October, up from \$1,478.16 last month and up from \$1,449.42 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Napier was \$437 per week, up from last month's \$430 and up from last year's \$395 per week.

In October, it takes 29.5% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 29.1% and up from last year's 27.3%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$58.50 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$425,000 will require a weekly mortgage payment of \$415.84. This is up from last month's \$388.60 and up from the \$357.34 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$71.47 per week.

This is equivalent of 32.9% of the after-tax income of a first buyer household income. This is up from last year's 29.5%.

Rent or buy report for October 2018 - Hastings

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 25.1% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 29.2% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 4.1% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -4.1%

It takes a typical household 3.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.26 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Hastings was \$1,474.97 in October, up from \$1,472.33 last month and up from \$1,443.71 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Hastings was \$430 per week, up from last month's \$380 and up from last year's \$350 per week.

In October, it takes 29.2% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is up from last month's 25.8% and up from last year's 24.2%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$20.98 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$325,000 will require a weekly mortgage payment of \$302.79. This is down from last month's \$330.43 and down from the \$323.77 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$66.80 per week.

This is equivalent of 25.1% of the after-tax income of a first buyer household income. This is up from last year's 27.0%.

Rent or buy report for October 2018 - Palmerston North

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 23.9% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 22.5% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.4% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 1.4%

It takes a typical household 2.7 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$35.02 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Palmerston North was \$1,634.06 in October, up from \$1,631.11 last month and up from \$1,599.05 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Palmerston North was \$367 per week, down from last month's \$370 and up from last year's \$355 per week.

In October, it takes 22.5% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 22.7% and up from last year's 22.2%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$32.87 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$351,500 will require a weekly mortgage payment of \$327.48. This is up from last month's \$313.52 and up from the \$294.61 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$62.93 per week.

This is equivalent of 23.9% of the after-tax income of a first buyer household income. This is up from last year's 22.3%.

Rent or buy report for October 2018 - Whanganui

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 15.1% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 19.7% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 4.5% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -4.5%

It takes a typical household 1.5 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.01 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Whanganui was \$1,422.49 in October, up from \$1,419.96 last month and up from \$1,391.49 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Whanganui was \$280 per week, down from last month's \$300 and up from last year's \$275 per week.

In October, it takes 19.7% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 21.1% and up from last year's 19.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$34.18 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$187,000 will require a weekly mortgage payment of \$174.22. This is up from last month's \$173.14 and up from the \$140.04 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$41.19 per week.

This is equivalent of 15.1% of the after-tax income of a first buyer household income. This is up from last year's 13.0%.

Rent or buy report for October 2018 - New Plymouth

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 26.4% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 24.9% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.5% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 1.5%

It takes a typical household 3.7 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.18 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in New Plymouth was \$1,514.02 in October, up from \$1,511.30 last month and up from \$1,481.84 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in New Plymouth was \$377 per week, down from last month's \$380 and up from last year's \$355 per week.

In October, it takes 24.9% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 25.1% and up from last year's 24.0%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$17.09 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$350,000 will require a weekly mortgage payment of \$326.15. This is up from last month's \$299.48 and up from the \$309.06 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$74.27 per week.

This is equivalent of 26.4% of the after-tax income of a first buyer household income. This is up from last year's 25.8%.

Rent or buy report for October 2018 - Porirua

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 31.8% of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 28.0% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 3.8% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 3.8%

It takes a typical household 4.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.89 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Porirua was \$1,591.59 in October, up from \$1,588.95 last month and up from \$1,558.70 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Porirua was \$445 per week, down from last month's \$470 and up from last year's \$442 per week.

In October, it takes 28.0% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 29.6% and up from last year's 28.4%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$62.30 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$443,000 will require a weekly mortgage payment of \$430.42. This is down from last month's \$525.68 and up from the \$368.12 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$75.40 per week.

This is equivalent of 31.8% of the after-tax income of a first buyer household income. This is up from last year's 28.4%.

Rent or buy report for October 2018 - Kapiti Coast

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

To buy or to rent

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For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 35.8% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 29.8% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 6.0% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 6.0%

It takes a typical household 4.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$33.83 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Kapiti Coast was \$1,494.21 in October, up from \$1,491.53 last month and up from \$1,460.37 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Kapiti Coast was \$445 per week, down from last month's \$455 and down from last year's \$450 per week.

In October, it takes 29.8% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 30.5% and down from last year's 30.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$66.08 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$470,250 will require a weekly mortgage payment of \$467.65. This is up from last month's \$422.81 and up from the \$401.57 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$66.60 per week.

This is equivalent of 35.8% of the after-tax income of a first buyer household income. This is up from last year's 32.0%.

Rent or buy report for October 2018 - Nelson

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

The logo for interest.co.nz is displayed in white text on a dark blue rectangular background.

To buy or to rent

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging furthers and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 35.1% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 28.1% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 7.1% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 7.1%

It takes a typical household 4.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.58 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Nelson was \$1,530.83 in October, up from \$1,528.08 last month and up from \$1,498.25 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Nelson was \$430 per week, down from last month's \$450 and up from last year's \$420 per week.

In October, it takes 28.1% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is down from last month's 29.4% and up from last year's 28.0%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$79.79 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$470,500 will require a weekly mortgage payment of \$465.77. This is down from last month's \$531.75 and up from the \$385.98 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$72.21 per week.

This is equivalent of 35.1% of the after-tax income of a first buyer household income. This is up from last year's 30.6%.

Rent or buy report for October 2018 - Timaru

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

The logo for interest.co.nz is displayed in white text on a dark blue rectangular background.

To buy or to rent

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However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 21.2% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 23.6% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 2.4% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -2.4%

It takes a typical household 3.1 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.48 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Timaru was \$1,484.47 in October, up from \$1,481.82 last month and up from \$1,452.99 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Timaru was \$350 per week, unchanged from last month's \$350 and unchanged from last year's \$350 per week.

In October, it takes 23.6% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 23.6% and down from last year's 24.1%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$9.56 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$280,000 will require a weekly mortgage payment of \$260.87. This is down from last month's \$266.73 and down from the \$270.43 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$53.47 per week.

This is equivalent of 21.2% of the after-tax income of a first buyer household income. This is up from last year's 22.3%.

Rent or buy report for October 2018 - Queenstown-Lakes District

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage

The logo for interest.co.nz is displayed in white text on a dark blue rectangular background.

To buy or to rent

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However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging furthers and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 58.7% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 32.8% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 26.0% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 26.0%

It takes a typical household 7.7 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$32.48 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Queenstown-Lakes District was \$1,526.58 in October, up from \$1,523.84 last month and up from \$1,494.10 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Queenstown-Lakes District was \$500 per week, unchanged from last month's \$500 and unchanged from last year's \$500 per week.

In October, it takes 32.8% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 32.8% and down from last year's 33.5%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$22.22 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$750,000 will require a weekly mortgage payment of \$791.28. This is down from last month's \$882.72 and down from the \$813.50 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$105.22 per week.

This is equivalent of 58.7% of the after-tax income of a first buyer household income. This is up from last year's 61.5%.

Rent or buy report for October 2018 - Dunedin

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



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To buy or to rent

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 27.9% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 24.3% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 3.6% more of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is 3.6%

It takes a typical household 3.2 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.65 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Dunedin was \$1,428.65 in October, up from \$1,426.11 last month and up from \$1,397.00 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Dunedin was \$347 per week, unchanged from last month's \$347 and unchanged from last year's \$347 per week.

In October, it takes 24.3% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 24.3% and down from last year's 24.8%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$38.33 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$356,000 will require a weekly mortgage payment of \$337.87. This is up from last month's \$320.80 and up from the \$299.54 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$60.38 per week.

This is equivalent of 27.9% of the after-tax income of a first buyer household income. This is up from last year's 25.7%.

Rent or buy report for October 2018 - Invercargill

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for October:

It's better to rent at present (but depends on city).

In October 2018, it takes 15.9% of a typical household's take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes 17.3% of household take-home pay to make the median rent on a 3 bedroom house.

That means in October 2018, it takes 1.4% less of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for October is -1.4%

It takes a typical household 2.0 years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for October:

Rental affordability

There has been a \$31.59 increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in Invercargill was \$1,489.13 in October, up from \$1,486.46 last month and up from \$1,457.54 in October 2017. (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in Invercargill was \$257 per week, unchanged from last month's \$257 and unchanged from last year's \$257 per week.

In October, it takes 17.3% of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is unchanged from last month's 17.3% and down from last year's 17.6%

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$31.50 since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in October.

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In October, two years fixed mortgage rate of 4.47% and a lower-quartile house price of \$209,000 will require a weekly mortgage payment of \$194.72. This is up from last month's \$187.18 and up from the \$163.22 that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$41.85 per week.

This is equivalent of 15.9% of the after-tax income of a first buyer household income. This is up from last year's 14.0%.

Rent or buy report for October 2018 -

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for :

It's better to rent at present (but depends on city).

In 2018, it takes % of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes % of household take-home pay to make the median rent on a 3 bedroom house.

That means in 2018, it takes % of your household income to afford the mortgage than to rent. Of course, this assumes you have saved the deposit to afford a mortgage, and that may well be another big barrier for many.

Rent or buy differential for is %

It takes a typical household years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for :

Rental affordability

There has been a \$ increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in was \$ in , from \$ last month from \$ in . (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

Median rent for a 3 bedroom house in was \$ per week, from last month's \$ and from last year's \$ per week.

In , it takes % of your after tax income as a first home buyer household to pay the median rent of a 3 bedroom house. This is from last month's % and from last year's %

Home loan affordability (HLA) with costs

The weekly mortgage payment has increased by \$ since last year.

HLA measures of the percentage of after tax income needed to service the mortgage of a lower quartile house bought in .

Factors that determine this figure includes house price, interest rate, income, rates, insurance and maintenance.

In , two years fixed mortgage rate of % and a lower-quartile house price of \$ will require a weekly mortgage payment of \$. This is from last month's \$ and from the \$ that was required the same month last year.

In addition to the mortgage payment, this analysis also includes the household costs of rates, insurance and maintenance, amounting to \$ per week.

This is equivalent of % of the after-tax income of a first buyer household income. This is up from last year's %.

Rent or buy report for October 2018 -

22 November 2018

A monthly assessment of renting a property versus taking out a mortgage



interest.co.nz

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Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for :

It's better to rent at present (but depends on city).

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Market overview

The national median house selling price has increased to \$562,000 in October, increase from \$559,000 the previous month. Annually, the growth is recorded at 6.0% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 14.3%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 7.4% annually to \$390,000 at the national level. In Wellington, this category rose to 18.4%.

At the national level, median rents for a three-bedroom house are \$430/week, up from \$380/week last year.

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At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks

The rent or buy results for :

It's better to rent at present (but depends on city).

In 2018, it takes % of a typical households take-home pay to service the mortgage and related household costs on a lower quartile priced house.

But it also takes % of household take-home pay to make the median rent on a 3 bedroom house.

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Rent or buy differential for is %

It takes a typical household years (with a saving rate of 20%) to save a 20% deposit, as now required by most banks.

The key drivers for :

Rental affordability

There has been a \$ increase in after tax income over the last year.

The median weekly after tax income for a first-home buyer household in was \$ in , from \$ last month from \$ in . (A first-home buyer household comprises one male and one female, both working full-time. They are both aged between 25 and 29 years old and have no children)

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