

Tenants get some relief as rents stall

Kiwi tenants have reason to smile as the pressure on the New Zealand rental market eases. The median weekly rent across the country has stubbornly refused to move from \$420 per week for the fifth month in a row. Even in Auckland, where record selling prices are daily news, median rents refuse to break through to \$500 per week – sticking at \$495 per week for the second month in a row.

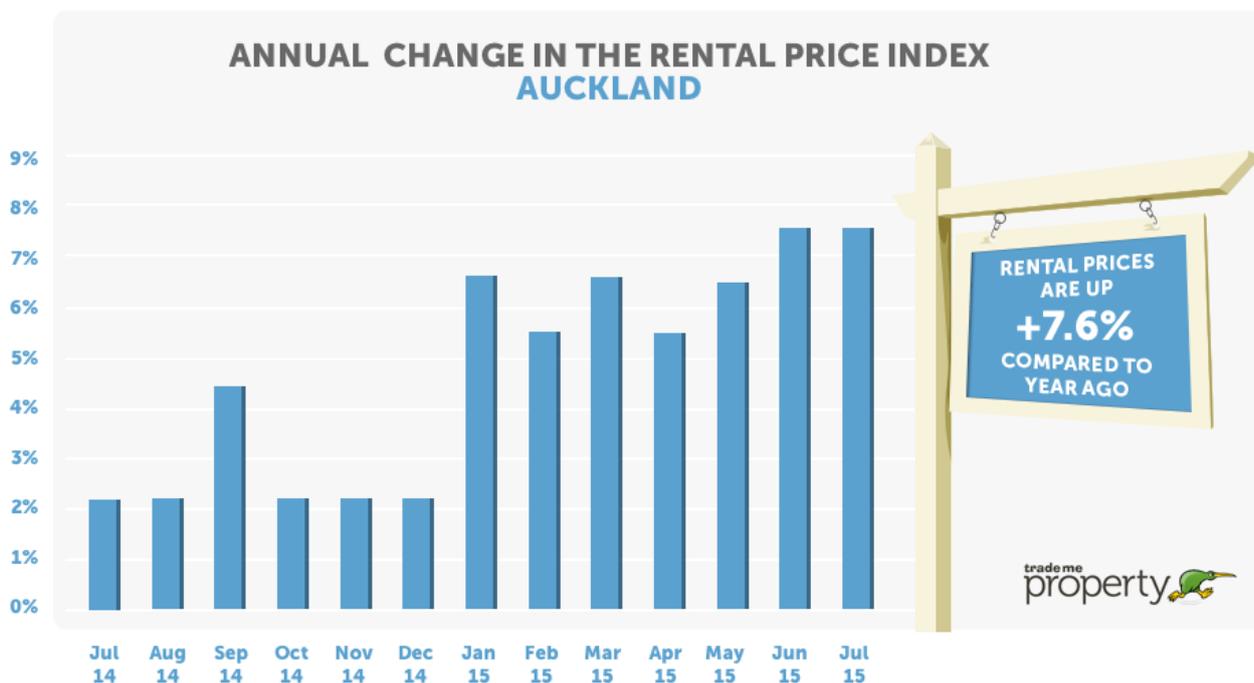
Head of Trade Me Property, Nigel Jeffries, said demand had eased from earlier in the year. “While median weekly rents have risen by a shade over six per cent over the last year, the majority of that increase was seen at the end of 2014 and earlier this year. We’re seeing the rental market slowing down across the country, which I’m sure is welcome news to tenants in the market.”

The Trade Me Property Rental Price Index measures trends in median weekly rents for residential properties on Trade Me Property rented out by real estate property managers and private landlords over the past month. Around 11,000 rental properties are let out via Trade Me Property each month.

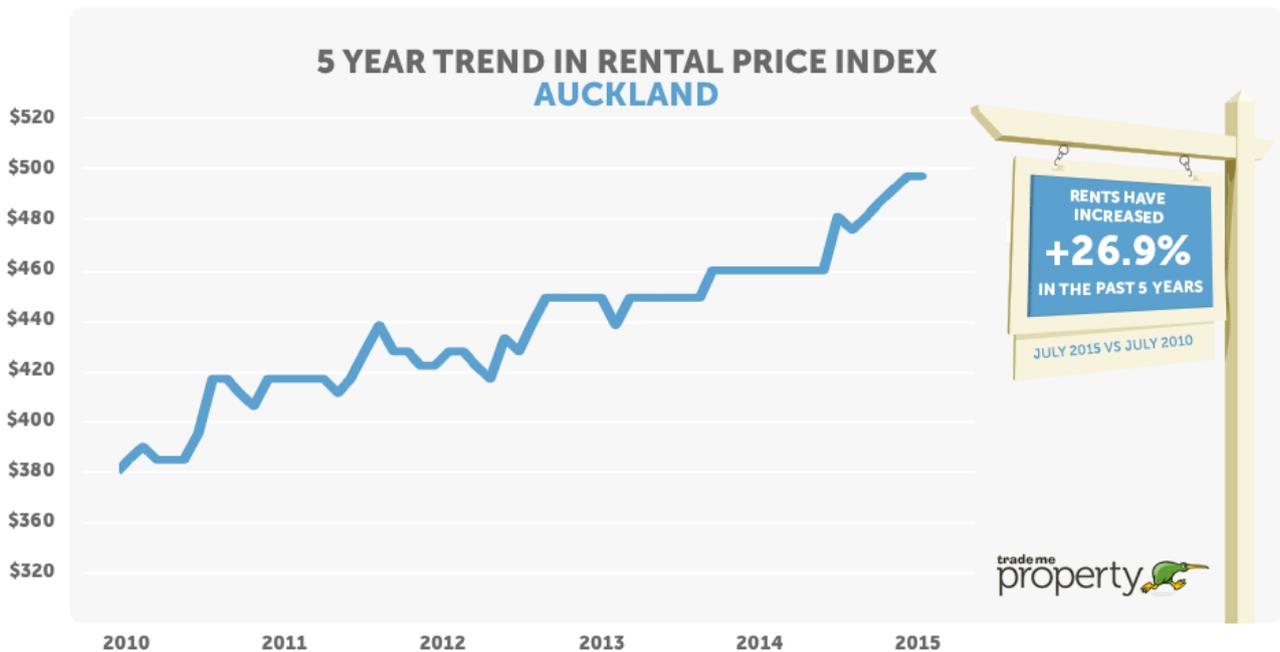
Auckland stalls

Auckland’s median weekly rent indicates demand pressure in the City of Sails is easing.

“Median weekly rents in Auckland have risen by almost eight per cent over the past 12 months, up from \$460 per week to \$495 per week,” Mr Jeffries said. “But the vast majority of this rise occurred at the start of the year when rents stepped up from \$460 per week to \$480 per week in January. Since then the weekly rent has only seen small incremental increases – a clear indication of lessening demand pressures and a healthier supply of rental properties.”



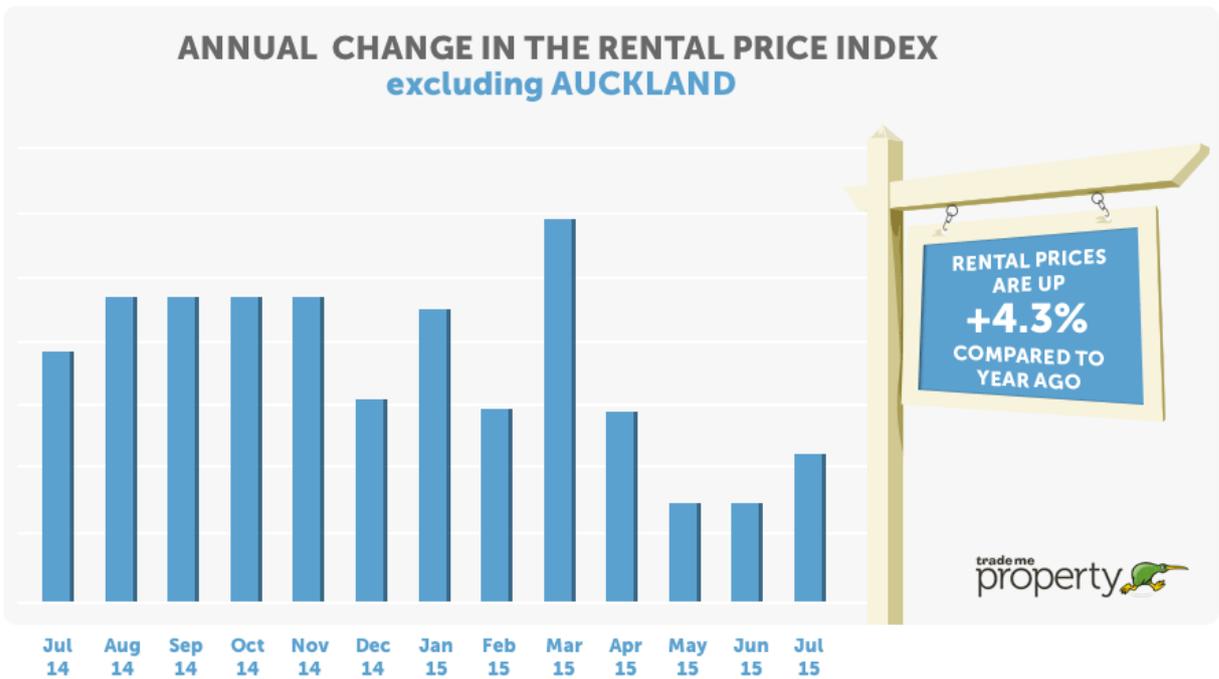
Mr Jeffries said that while Auckland rents have stalled, they have grown “impressively” over the last five years. “The median Auckland weekly rent has risen 27 per cent since July 2010, up from \$395 per week to \$495 per week last month. For tenants that means they’ve seen \$5,460 added to the median annual cost of renting an Auckland property. The rental increase is a drop in the bucket compared to the additional \$280,000 which has been added to the average asking price of an Auckland property over the same time period.”



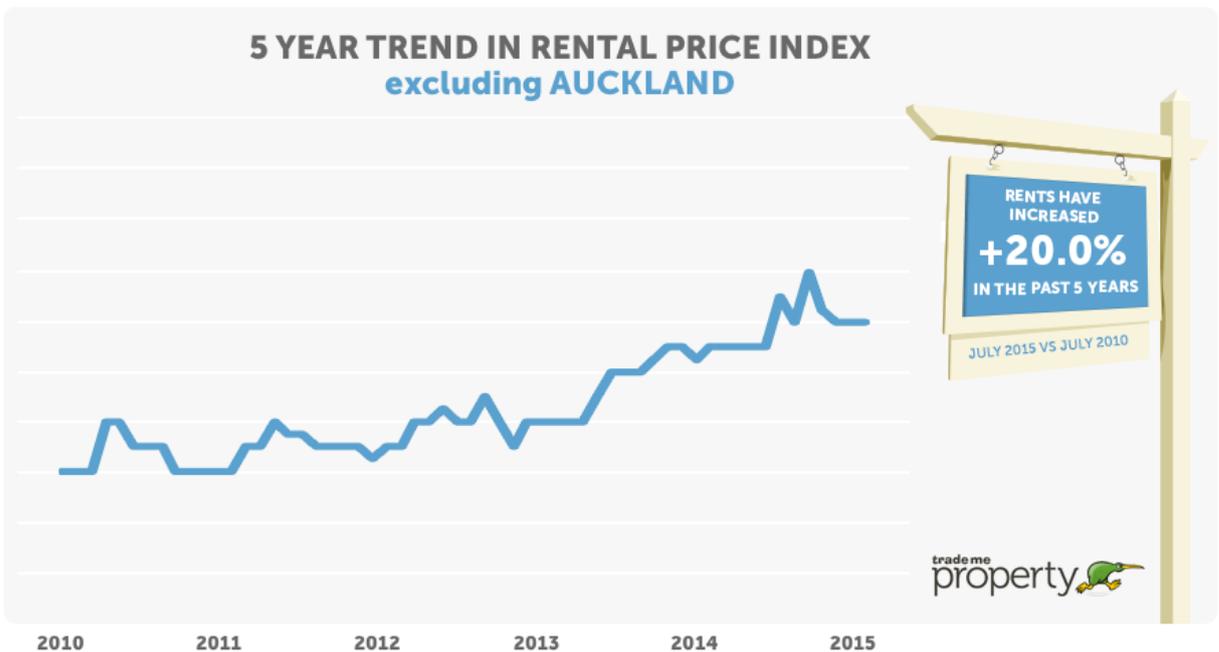
Quieter than quiet across (the rest of) the nation

Outside Auckland, the median weekly rent for a property across the country was unchanged from June, staying at \$360 per week. In March rents rose to \$380 per week but have since fallen back, indicating a lack of demand-led inflation.

The annual change in rents outside of Auckland now sits at 4.3 per cent, adding \$780 to the annual cost of renting a property.



Median weekly rent for a property outside of Auckland has increased by 20 per cent over the past five years from \$300 per week in July 2010 to \$360 per week last month. The bulk of this increase occurred in 2013/14 when rents rose from \$300 per week to \$350 per week.



Ups, downs and plateaus in the regions

While the numbers are showing a subdued New Zealand rental market, it is a mixed bag in the regions. “Rents are showing an interesting picture around the country,” Mr Jeffries said. “Seven regions had increases of five per cent or higher, two had an annual fall, while three were unchanged.”

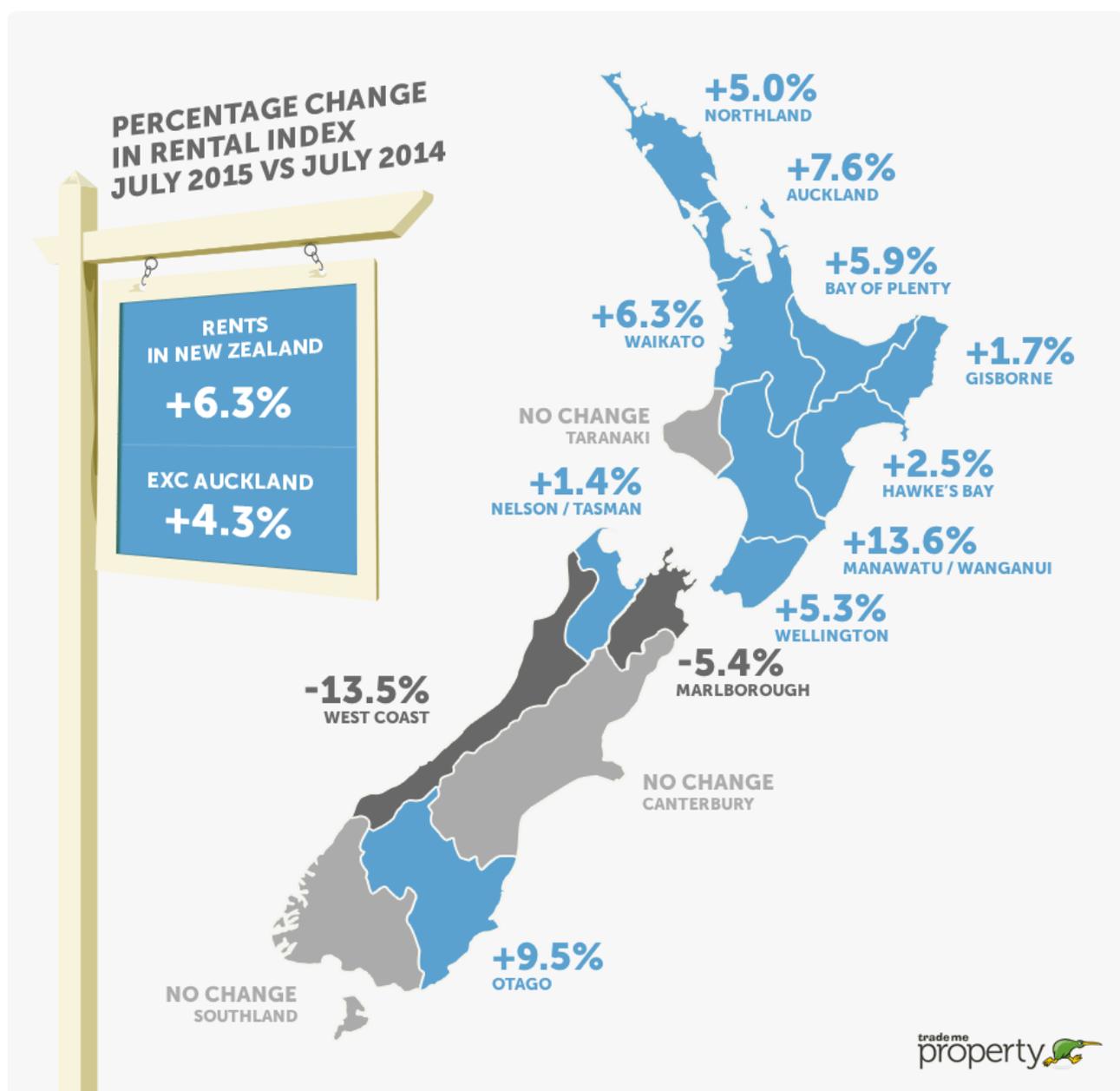
Manawatu/Wanganui showed the largest rise of the past year, up 13.6 per cent to \$250 per week, up from \$220 per week just a year ago.

Otago took an unexpected leap from \$300 per week in June to \$345 per week in July, representing a 9.5 per cent rise over the past year. This level represents a new high for the region which had been reporting falls in annual rents for the past 2 months.

Mr Jeffries wonders if the ‘The Auckland Effect’ could be behind the performance of rents in the Waikato and Bay of Plenty where median rents rose 5.9 per cent and 6.3 per cent respectively. “There’s speculation that Aucklanders are investing in regions like the Waikato and Bay of Plenty which may explain why median weekly rents in these regions continue to increase.”

The Canterbury region continues to rollercoaster with median weekly rents in July the same as a year ago (\$425 per week) after peaking at \$485 per week in March.

Wellington continues to edge upward with median weekly rents up 5.3 per cent over the past year to \$400 per week in July, continuing a run of small incremental annual rent increases.



By size: Christchurch continues in subdued territory

Last month the June data showed median weekly rent for all properties unchanged or declining year-on-year in Christchurch, and the story remains the same in July with falls across the board. This is very different from a year ago when annual increases in rents were recorded in double digits, another clear indication that the rebuild peak has been crested and the Christchurch rental market is slowly settling into its new reality.

Meanwhile in Auckland, 3 and 4-bedroom homes are showing stronger growth in median rents than smaller properties. Small houses (1 and 2 bedrooms) are at \$400 per week, up just 2.6 per cent compared to last year, while medium-sized homes (3 and 4 bedrooms) are up to \$550 per week representing a 10 per cent rise.

In Wellington, large houses (5+ bedrooms) increased dramatically to a median weekly rent of \$740 per week. Mr Jeffries said there has been a great deal in fluctuation in this category and that this month's increase looked to be a market adjustment rather than a likely future trend for large houses in the capital.

Table 1: Median weekly rent by property size & region: July 2015 vs July 2014

	All Properties	Large houses 5+ bedroom	Medium houses 3-4 bedroom	Small houses 1-2 bedroom
New Zealand	\$420 + 6.3%	\$680 + 4.6%	\$460 + 4.5%	\$330 + 3.1%
New Zealand excluding Auckland	\$360 + 4.3%	\$590 + 1.7%	\$395 + 5.3%	\$290 + 3.6%
Auckland	\$495 + 7.6%	\$750 + 8.7%	\$550 + 10.0%	\$400 + 2.6%
Wellington	\$400 + 5.3%	\$740 + 29.8%	\$450 + 3.4%	\$350 + 9.4%
Christchurch	\$430 - 2.3%	\$650 - 5.1%	\$480 - 2.0%	\$350 No Change

Kiwis happy to be off the quarter acre

The compact living options presented in apartments, townhouses or units continue to see a stronger demand than traditional houses. Rents for these property types are typically lower, but rising nationally at 8.3 per cent year-on-year (and at 6.5 per cent year-on-year excluding Auckland).

Auckland apartments continue to hold onto the peak of weekly rent at \$450 – unchanged over the past four months and representing a 9.8 per cent rise as compared to July last year.

As with the rental market for houses in Christchurch, townhouses and units in the Garden City also show year-on-year falls in weekly rents, down 1.7 per cent for townhouses and down 3 per cent for units.

Table 2: Median weekly rent by property type & region: July 2015 vs July 2014

	All Urban Properties	Apartments	Townhouse	Units
New Zealand	\$390 + 8.3%	\$410 + 5.1%	\$454 + 6.9%	\$330 + 4.8%

New Zealand excluding Auckland	\$330 + 6.5%	\$360 No Change	\$400 + 6.7%	\$270 + 3.8%
Auckland	\$430 + 7.5%	\$450 + 9.8%	\$565 + 13.0%	\$395 + 5.3%
Wellington	\$375 + 7.1%	\$420 + 2.4%	\$420 + 5.7%	\$300 + 6.2%
Christchurch	\$380 + 2.6%	\$375 + 1.4%	\$442 - 1.7%	\$320 - 3.0%

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NOTES

- **About the Trade Me Property Rental Price Index:** This is the first report to provide a timely and comprehensive monthly insight into the rental market covering price trends by type and size of property across New Zealand. The index is produced from Trade Me Property data of properties that have been rented in the month by property managers and private landlords. On average over 11,000 properties are rented each month and the report provides a comprehensive insight into this part of the property market for tenants, landlords and investors. The index is calculated using *the median rent* in the month, this being an accurate statistical assessment of the current rent being charged by landlords and property managers.
- **More info:** For information about the differences between the Trade Me Property data and bond data collected by Tenancy Services, please read this post by Dr Lucy Telfar-Barnard from the University of Otago: <http://onetwothreehome.org.nz/2015/05/11/how-high-is-the-rent/>
- **Regional data:** If you are after information for a particular region, please email Logan Mudge via mediaenquiries@trademe.co.nz and we will see what we can unearth for you. We can also provide the graphs and tables.

CONTACT

Nigel Jeffries is available for interviews. To tee up a time that suits, please email Logan Mudge via mediaenquiries@trademe.co.nz or phone (04) 803 2607.