

What tenants really want

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“Periodic tenancies” are the most popular rental arrangement, new Barfoot & Thompson data shows.

By Miriam Bell

Of late, tenant advocates have been calling for lengthy default terms for fixed-term tenancies to try and increase rental security.

But Barfoot & Thompson’s new rental tenure data shows that it is “periodic tenancies” – rather than fixed term tenancies – which are the preferred form of rental arrangement.

Director Kiri Barfoot said this was probably because they provide flexibility.

“Periodic tenancies are effectively ongoing, but can be reviewed or exited, with the required notice, by either party at any time.”

In rental arrangements, there are a lot of variables involved, with many different individual circumstances and, therefore, many different lengths of tenancy desired on both sides, she said.

The data shows the average tenancy lasts for two years, although length of tenancy trends do vary across suburbs and some property types.

Barfoot said inner-city properties, which are often apartments and most popular with short-term renters such as students, have a much quicker turnover at just shy of 17 months.

This contrasts to the city fringe suburbs, South Auckland and the North Shore which are popular with families and lead with average tenancies of between 25 and 26 months.

NZ Property Investors Federation executive officer Andrew King said the Barfoot & Thompson data showed that long tenure options are available for those tenants who want it.

“In our experience, most tenants prefer periodic tenancies to fixed term ones. They prioritise flexibility through just needing to give three weeks’ notice to leave over certainty of tenure. “

He said that, although there is a push to provide longer tenancy security for tenants, it could lead to problems.

“There is a danger that this will be applied in such a way that it restricts what the majority of tenants actually want and restricts owners’ ability to sell a property if they need to.”

In King’s view, the Barfoot & Thompson research confirms that the market, while not being 100% perfect, is working well for tenants.

Meanwhile, Barfoot also said that landlords play a major role in Auckland’s housing.

But flexibility and communication were critical to being able to respond to the wide range of tenant needs, she said.

“While the data is relatively steady, the rentals sector is changing and evolving. Continued dialogue, at both policy-making and individual levels, is needed to ensure the right balance is being reached for both landlords and tenants.”

For example, security of tenure is currently a hot topic.

Barfoot said it often relates to the ability to make a home “your own” through such things as redecorating or home improvements.

That is also something that can be helped by open lines of communication, she said.

“It’s a two way street. Landlords willing to accommodate such requests, or fund improvements, will likely find their properties are more attractive to tenants and potentially draw better weekly rents as a result.”