

# Otago leads rental growth pack

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By Miriam Bell Thursday 23 June 2016



Auckland's average weekly rents might be the highest, but new data reveals rental growth in other parts of the country is far stronger.

Median weekly rents around most of the country continue to rise steadily, according to the latest Trade Me Property Rental Index.

In the year to May, the national median weekly rent went up by 4.8% to hit \$440.

Head of Trade Me Property Nigel Jeffries said that typically a rental property was costing tenants \$1000 more per annum than it was a year ago.

"Markets like Auckland, the Bay of Plenty, Waikato and Northland are all experiencing very strong demand for rental properties."

While average weekly rents in Auckland remain the highest in the country at \$520 per week, there has been no movement in rents over the last month.

In April, the city's median weekly rent jumped by \$20 to breach the \$500 mark, but that increase was the first in 10 months.

But Trade Me Property's Index indicates that Auckland's median weekly rent has gone up by 6.1% year-on-year.

As has been widely noted, this increase does not match the increase in the city's sales price over the same period of time.

For example, Trade Me Property's latest asking price data has Auckland's average asking price growing by 12.7% in the year to May.

In comparison to Auckland, regions around the rest of the country have seen much higher year-on-year rises in the median weekly rent.

Leading the pack was Otago, which had an increase of 16.7% in the year to May. This left the region's median weekly rent at \$350.

Jeffries said this was still below the peak rents seen in the region, which tend to emerge in August when the seasonal winter demand kicks in.

Marlborough (up 9.2%), the Bay of Plenty (up 8.8%), Manawatu/Wanganui (up 8%) and the Waikato (up 7.5%) also all saw strong year-on-year growth in their median weekly rent.

Canterbury (down 7%) and Gisborne (down 7.4%) were the only regions in the country to record year-on-year decreases in median weekly rents.

Jeffries said that Canterbury's declining rent was heavily influenced by the weakening Christchurch market.

The Garden City's median weekly rents began a significant downward slide a year ago, he said.

"Christchurch's rent adjustment after the peak of the rebuild began in May 2015 when we saw the median weekly rent fall more than 2% year-on-year.

"We're still seeing that adjustment as supply strengthens, pushing the median weekly rent down to \$400 a week, and back to where it was three years ago."