

NZ's rental growth hotspots

Tuesday 20 September 2016 *By Miriam Bell*

Landlords with a focus on cash flow might want to look out of Auckland and towards one of the five regional markets experiencing stellar rental growth.

Trade Me Property's latest rental data is out and it shows Auckland rents are stagnating with year-on-year growth of just 0.3%.

Head of Trade Me Property Nigel Jeffries said Auckland's median weekly rent had fallen from a record high of \$520 in May.

"Auckland's median weekly rent was \$500 again this month, and we've seen rents hover around this figure most of this year."

Further, the city's average asking price went up by \$88,000 in the last year, but median weekly rents went up by just \$1 in the same period.

Jeffries said that while landlords have seen the value of their properties increase markedly, it looks like it's been a challenge to leverage that via rental increases.

"That might be tough for landlords with hefty mortgages to contend with, but tenants will be pleased to have some respite."

Even Auckland's apartment market has seen an easing in median weekly rents. In August they were down on July, by \$10, to \$460 per week.

In comparison, Trade Me Property's data shows many regional markets are experiencing very healthy year-on-year rental growth.

Jeffries said that, of the 12 regions to see rental growth compared to last year, Auckland was at the bottom of the list.

"Our largest city is seeing growth outstripped by the Bay of Plenty and Manawatu, with both regions seeing huge double-digit rental growth in the last year."

New Zealand's top five regions for rental growth were:

1. Bay of Plenty (up 20%)
2. Gisborne (up 19.6%)
3. Manawatu / Wanganui (up 17.0%)
4. Northland (up 11.5%)
5. Southland (up 11.1%)

Wellington (up 10.5%) and Otago (up 9.6%) were also strong performers.

Jeffries said the Bay of Plenty's market was the most challenging for tenants, given the huge 20% jump in median weekly rents over the past year.

"Tenants in the Bay of Plenty are paying approximately \$3,500 more a year for their rental property than they were a year ago.

"The region's median weekly rent has hit \$420 a week, which is the same median weekly rent as we see in Wellington."

Meanwhile, only Canterbury (down 4.8%), West Coast (down 12.5%) and Taranaki (down 0.7%) reported year-on-year decreases in median weekly rent.