



PROPERTY MANAGEMENT FOCUS

Trade Me stats show rental demand increases

There is good news for landlords across much of the country with rental demand from tenants up 13% on a year ago, according to the latest analysis of Trade Me Property's house rental listings in the three months from October to December.

Head of Trade Me Property, Brendon Skipper, said the trend of strong tenant demand had continued. "In the September quarter, we saw the number of enquiries from tenants was up 10% on 2010. This quarter it's up to 13% with Christchurch and three corners of the Auckland Super City driving the growth."

In the Auckland region, demand from prospective tenants increased significantly in Manukau (+25%), Waitakere (+20%) and North Shore (+19%), while the Central City (+9%) lagged the national average.

THE CHRISTCHURCH PICTURE

Mr Skipper said some Christchurch landlords had experienced "extraordinarily high" levels of enquiry. "The shortage of quality properties in the areas least affected by the quakes is underpinning this activity. There's been a dip of 32% in the number of properties listed compared to the same period last year, so it's no surprise to see demand is up a massive 45%."

With demand outstripping supply, average rents in Christchurch had risen 10%, well ahead of the national average of 3%, but still "on par" with central Auckland's 9% rise.

BUCKETHEADS AND SCARFIES

On the supply side, the number of total listings across the country was

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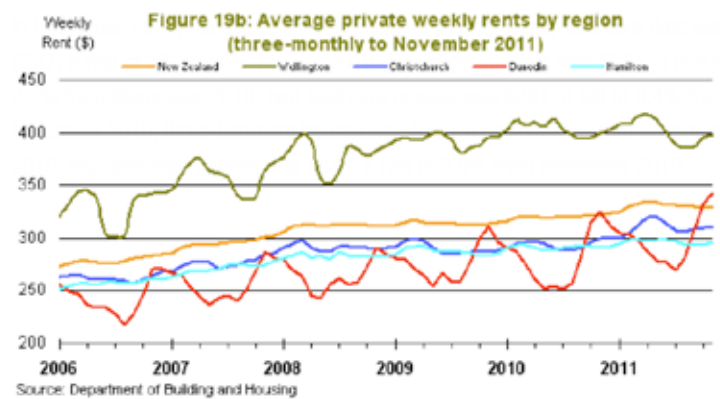
National Rents Generally Steady

In November 2011, the average weekly rent for new private tenancies in New Zealand was \$333, a rise of 2.8% from November 2010. This follows a rise of 1.9% in both October and September 2011 compared to the same months in 2010.

Overall, national rents have remained steady, with very modest rental increases observed in various regions. In November 2011, the average weekly market rent for Central Auckland was \$444, a rise of 7.8% from November 2010; North Auckland was \$430, a fall of 0.9% from November 2010; South Auckland was \$395, a rise of 6.5% from September 2010.

Wellington market rents remain down from year-ago levels with the average weekly rent for November 2011 was \$398, a 4.1% fall from November 2010 while market rents in Christchurch have slightly increased in November 2011 by 1.7% compared to November 2010.

In November 2011, the average weekly market rent in the other major centres for Christchurch was \$305, a rise of 1.7% from November 2010; Dunedin was \$355, a rise of 9.5% from November 2010; Hamilton was \$296, a rise of 2.4% from November 2010.



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down 6%, with all major metropolitan regions experiencing a decline in numbers except the “studentville’s” of Palmerston North (+8%) and Dunedin (+28%). New listings increased 3% on last year, but the average listing duration decreased.

“As demand heats up, available houses are being filled quicker – that’s consistent with the strong demand we’re seeing. Landlords in these cities will be eagerly awaiting the return of the Otago and Massey students in the coming weeks – and students look set to have plenty of flat options to choose from as they get organised for the first semester of 2012,” says Mr Skipper.

Behind Christchurch (-32%), the biggest declines in listing numbers came in Wellington (-20%) and on Auckland’s North Shore (-14%).

SNAPSHOT: THE 2011 YEAR IN RENTALS

Across 2011, the number of rental properties listed was up marginally (2%) compared to 2010. Nationally, the average rent being asked by landlords increased by 3% over the year, and the number of enquiries fielded by landlords from prospective tenants was up 7%.

Mr Skipper said 2012 was shaping up as an interesting year for the rental market. “The past year has been home to momentous events including the devastation in Christchurch, and then more recently the Rugby World Cup. Both affected the

rental market in significant ways, and in the case of Christchurch will continue to do so the foreseeable future.

If demand remains at its current levels, the flow-on impact is likely to be bad news for tenants as landlords will be able to capitalise on strong demand for their properties with increased rents.”

He said landlords with well-presented properties would always attract good quality tenants. “With over 13,000 rental listings onsite at the moment there’s plenty of choice for tenants, but the tidiest and best priced properties will always be snatched up quickly.”

(Source: trademe.co.nz)

Market Closeup

Fixed rate 1 year (avg of all NZ bank offerings).....	5.75%
Floating Rate as at 13/01/12 (avg of all NZ bank offerings).....	5.74%
NZD/USD.....	\$0.8106 (24/01/12)
Average National Weekly Rent (new private tenancies).....	\$333
Average National House Price (Harcourts).....	\$420,619

(Source: interest.co.nz; Harcourts Group Ltd; Department of Building and Housing)

Did you know?

- Government expenditure was \$294.4 million on Accommodation Supplements (AS) and \$142.2 million on Income-Related Rent Subsidies (IRR) in the June 2011 quarter. AS and IRR are the two primary ways that the government assists low-income families with obtaining affordable housing.
- Waiting list priority for Housing New Zealand Corporation (HNZC) housing is determined by

several factors, and applicants are divided into four groups that reflect different levels of need. The households on the waiting list for HNZC housing in June 2011 for: ‘A’ priority was 402, up from 366 in March 2011 and ‘B’ priority was 3,352, down from 3,588 in March 2011.

- The Accommodation Supplement is available through the Ministry of Social Development for people in private accommodation (i.e. not in social housing) who meet the income criteria. Recipients can then use the AS to offset some of the cost of their board, rent or mortgage payment.

- The Income-Related Rental Subsidy is paid to Housing New Zealand Corporation by the Government to subsidise the rent of Housing New Zealand Corporation tenants on low incomes (that is below the single living-alone rate of New Zealand Superannuation, after tax, for single tenants and below the married couple rate of New Zealand Superannuation, after tax, for all other tenants).

(Source: Department of Building and Housing)