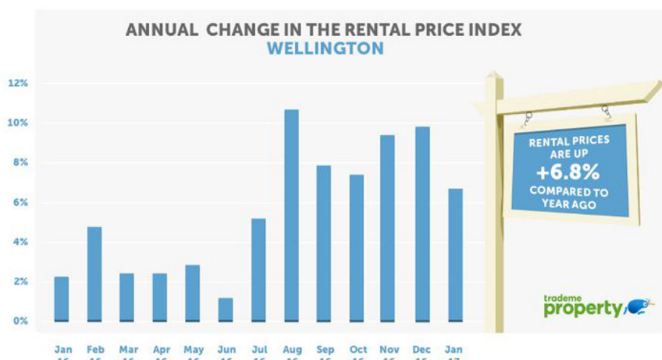


# MANY CHOICES. ONE STAR.



## PROFESSIONALLY SPEAKING APRIL EDITION

### Capital's Rental Drought sends Rents to New High: Trade Me



Record-breaking rents in the capital have topped the \$500 median for the first time, with rents around the Wellington region not far behind.

According to January figures from Trade Me, the region's rental shortage has boosted median weekly rents to a new record of \$480 a week, up 6.8 per cent on a year ago. It was being pushed up by demand in Wellington city, where rents had jumped even more, to \$520, up from \$485 last year.

Head of Trade Me property Nigel Jeffries confirmed Wellington had seen a sharp drop in the number of properties available for rent, with advertisements down 70 per cent from last year on its website. "A flat in Wellington received almost 100 inquiries within hours of being listed, and 350 inquiries in a week. It's a story that property managers around the capital can probably relate to right now." Jeffries believed a major factor in the fall of available stock were the higher deposit levels which bank borrowers had to meet to take out a mortgage. Would-be first-home buyers were staying longer in their rentals. At the same time, promotional bodies had done a great job in attracting more people, particularly students, into the city. "It's a double whammy. The supply and stock's constricted to a greater degree than there has been in the past and there's greater demand."

However, he said rental peaks were usually seasonal, and there could be some relief as autumn approached. Apartments or small houses had the fastest-growing rents in the country with the average rent for an apartment in Wellington city jumping to \$470 from \$450 in 2016.

Rentals listed on Trade Me in the \$500 to \$600 range for Wellington city display dozens of one and two bedroom units, flats and apartments

in downtown Wellington and surrounding inner city suburbs such as Mt Victoria, Thorndon and Mt Cook. But a detached house in that range is scarce and getting three or more bedrooms means looking further afield.

Among a handful of standalone dwellings listed was a three-bedroom house in Houghton Bay for \$510, a three-bedroom house in Northland for \$520, and a four-bedroom house in Tawa for \$598. Nationally, rent rose a more moderate 3.4 per cent higher than they did last January, at a time of year when many people are moving and rents are raised.

"While these figures are pretty modest in the face of spiralling house prices, this level of inflation is far above the level of consumer and wage inflation and is a struggle for those feeling stuck in the rental market," Jeffries said.

Regionally, however, rents fluctuated widely, jumping 12.5 per cent in Hawkes Bay, 11.4 per cent in Waikato, and 8.5 per cent in Northland. All three regions have enjoyed strong interest from property investors compared to their biggest neighbour, Auckland, which faces higher lending restrictions designed to slow that market down.

Rents in Auckland increased only 4 per cent, suggesting to some economists that renters are unable to pay much more and landlords have been satisfied with capital gains. Along with Wellington and Northland, another region to break new ground was Manawatu, where median rents hit a new high of \$300, up 7.1 per cent.

Not all tenants faced a higher accommodation bill. Rents continued to fall in Gisborne, the West Coast and Canterbury, declining 6.9 per cent, 9.4 per cent and 3.7 per cent respectively. The appetite for smaller living quarters was also a continuing theme. Rents on urban properties including townhouses and units rose 2.5 per cent to \$410, but apartments rose 6 per cent to \$445.

Auckland apartments regained some momentum after shooting up early last year, with the median weekly rent at \$480, nearly 7 per cent higher than last year. Wellington apartments also edged higher



## Is the Wairarapa the "New Wellington?"



For only the second time\* in our 10-year history of recording statistics, realestate.co.nz can report that nationally, the number of new residential listings in March exceeded the number of new listings for the month of February.

Real-time statistics from New Zealand's biggest property listing site, show that this was led by the main regions of Auckland, Waikato, Wellington and Canterbury where new listings were up by double-digit growth compared to the same time the previous year. The Wairarapa also recorded double-digit growth in new property listings.

"March this year paints quite an interesting picture," says realestate.co.nz spokesperson Vanessa Taylor.

"It could well be that after the volatile nature of 2016, potential sellers have taken on board that the market has been relatively flat in the past few months.

"If they've been talking about making a move on the property ladder, whether up, down, or even out of the region, they may have more confidence that their next purchase will be in the context of a more stable price environment," she says.

While the seat of power sits in New Zealand's capital city of Wellington, all eyes are on the Wairarapa.

In March the Wairarapa was the "hottest" region in New Zealand, topping the chart with a 33.6 per cent leap in demand due to limited total stock in the area.

In both Wellington and the Wairarapa new listings were slightly up compared to the same time in 2016 (11.8 per cent and 11.3 per cent respectively).

However, the total number of houses on the market compared to the same month a year ago (March 2016) was dramatically different in the two regions.

The Wairarapa recorded the biggest drop in residential stock (down 44 per cent), while Wellington levels fell by 4.7 per cent.

"The Wellington region has been a tight market for some time, with fewer listings compared to other main centres.

"Potential buyers in the lower half of the North Island are being savvy when it comes to comparing opportunities," says Vanessa Taylor.

"With the Wairarapa relatively close to the capital and asking prices on average a third cheaper, it could well be the peoples' choice over the Wellington region," she says.

\*The first time was March 2014 *Source - realestate.co.nz*



Karori, Wellington City



Karori, Wellington City

