

Rental listings stay strong, rental demand stays soft

The New Zealand rental market picture shows stronger supply and weakening demand in almost all regions, according to Trade Me Property's analysis of the final quarter of 2012.

Head of Trade Me Property Brendon Skipper said the national scenario was very similar to what was seen in the September quarter. "We saw available listings increase by 8 per cent year-on-year, led by double digit growth in Manukau, North Shore, Wellington, and Hamilton.

"The average number of enquiries per listing echoes last quarter's findings, down by 5 per cent compared to the same period in 2011. As a result, the asking price for rentals is up by only 3 per cent, considerably below QV's recently reported 5.7 per cent increase in house prices.

"Interest from prospective tenants remains weak particularly in Auckland City, where it is down by 28 per cent in the CBD and down 22 per cent in Mt Eden. Flat asking prices and double-digit house price increases are causing rental yields to rapidly decline, marking a return to the conditions observed during the last rental boom."

Mr Skipper said market conditions would continue to place downward pressure on weekly asking rents. "A lot of landlords outside Christchurch are wrestling over-supplied rental markets, and may need to drop asking rents when they get back from the New Year break to lure tenants. The exception here will be those with student-friendly properties in university towns like Dunedin and Palmerston North as the annual flat-hunting missions get underway."

The Christchurch picture

Mr Skipper said the Christchurch rental market continued to "do its own thing" and remained at odds with the rest of the country. "The long-term impact of the earthquake on rental stock continues to bite, with listings down 18 per cent on a year ago. Good properties remain in hot demand with the average level of enquiry up 22 per cent compared to last year, and asking rents are up a massive 26 per cent. We're not expecting anything to change here in the foreseeable future."

Impact of "for sale"

The number of live listings in the For sale category was flat compared to the same period last year, down 2 per cent, while the level of enquiry from prospective buyers was up a healthy 13 per cent year-on-year.

"The combination of strong competition amongst buyers and a low supply of well-priced listings may force a lot of buyers back into the rental market," Mr Skipper said. "Auckland is one to continue to keep an eye on here – there is nothing to suggest prices will abate any time soon."

-ends-

More info: Tables of data follow

Contact: Brendon Skipper, Trade Me, DDI 04 803 2607

Tables: Rentals on Trade Me Property

Notes

- Data is for houses and apartments
- "Supply" is based on total listings onsite, not new listings
- "Demand" is based on the average number of enquiry emails received per listing

1. Quarterly comparison for Q4: By city

City	Oct-Dec 2012 vs Oct-Dec 2011		
	Supply (%)	Ave rent (%)	Demand (%)
Auckland	+8	- 2	- 18
Manukau	+24	+3	- 6
North Shore	+15	+4	- 9
Waitakere	+2	+3	- 3
Christchurch	-18	+26	+22
Palmerston North	+1	+2	-3
Dunedin	+9	+7	-7
Hamilton	+11	+5	+4
Wellington	+13	no change	-7
Lower Hutt	+5	+1	-4
National total	+8	+3	- 5
National total (excluding Canterbury)	+10	+1	-8

2. Quarterly comparison for Q4: Top 5 suburbs by listing numbers

City	Suburb	Oct-Dec 2012 vs Oct-Dec 2011		
		Supply (%)	Ave rent (%)	Demand (%)
Auckland	Central	+2	- 1	- 28
	Mt Eden	+24	+1	- 22
	Remuera	+21	- 3	- 17
	Epsom	+7	+1	+1
	Mt Wellington	+23	- 2	- 16
Christchurch	Riccarton	- 26	+21	+10
	Central	- 42	+26	+57
	St Albans	- 23	+21	+32
	Merivale	+5	+18	+25
	Linwood	- 30	+24	+52
Wellington	Central	+19	+2	- 9
	Newtown	- 1	+4	- 3
	Mt Cook	+33	- 8	- 6
	Te Aro	- 12	- 6	+2
	Karori	+9	+4	- 34