

# The Regional Rental Report

Issue 9 - June 2024



The Property Knowledge

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# The Regional Rental Report

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# Regional Population and Rents in New Zealand:

## The Property Professor's View - by Professor Graham Squires

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This study provides big picture 30 year trends of demographics that are partly impacting on the housing stock in New Zealand and its regional composition; particularly in focus is the population pressure on rental price and rental stock. New Zealand's estimated resident population is approximately 5.3 million; the average rental price is approximately \$600 per week, and the average registered rental stock is approximately 400k. We note the total rental stock is approximately 600k when also considering public housing, plus private rental stock that do not register for rental bonds/deposits (MHUD, 2024).

New Zealand has seen almost a 2 million increase in population over the last 30 years from a population of 3.5million in 1991. Over the last 30 years there has been 4 main surges of population in 1996 (60k), 2003 (80k), 2016 (100k) and 2024 (130k). With the post Covid-19 (2020) surge being of significance for the economy and sales/rental market given the cooling of the sales market and rising rental prices.

The demographic composition of the rental market is changing with an ageing population emerging in New Zealand. For instance, the natural population has been steadily declining for over 30 years; with increasing migration activity being a major part of population and demographic change in the last 10 years. Older age groups are living longer, and younger age groups have not been replaced given in-migration population of working age groups.

Regionally, we see the rental demographic change most starkly given the high proportion of increases in rental properties in Auckland, which increased by 119k in 30 years. By contrast, the West Coast increased by 1k rental properties in the same timeframe. Counter to this increase in Auckland stock is the relative 'catch-up' of rental prices by all regions in the last 10 years.

When looking at population driven demand on prices over the 30 year period we see a rising 'Rentier Class' or 'Rentierisation'. This is where the proportion of rental properties relative to total houses available has increased. For example, there is a change from approximately 1/10th of all the registered active housing stock rented in 1994, to approximately 1/5th of all of the registered active housing stock rented in 2024.

This 30 year rentierisation is set against a period of population demand surges (1996, 2003, 2016); including the current high level global migration patterns. Of most interest in this report is the demand pressure on supply which has now increased above the 2016 figure, demonstrating the upward pressure on rental prices, beyond the Covid-19 market corrections.

### Graham Squires

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<https://www.hud.govt.nz/our-focus/homes-for-renters>



# Regional Population and Rents in New Zealand:

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The estimated resident population of an area is derived by:

1. Updating the census usually resident population count (from the most recent census) to take account of net census undercount and residents temporarily overseas on census night; and
2. Updating for births, deaths, net permanent and long-term external migration, and net internal migration between the census date and the date of the estimate.

Birth and death data are obtained from birth and death registration forms, which have a high level of coverage and general accuracy.

Coinciding with the removal of the departure card in November 2018, official measures of international migration are now outcomes-based not intentions-based. This requires measuring the cumulative time spent in or out of New Zealand after people cross the border. For more information see the Migration Data Transformation project.

Internal migration is estimated using a range of symptomatic data including electoral enrolments, school rolls, residential building consents, historical internal migration data, and any relevant information supplied from each local authority.

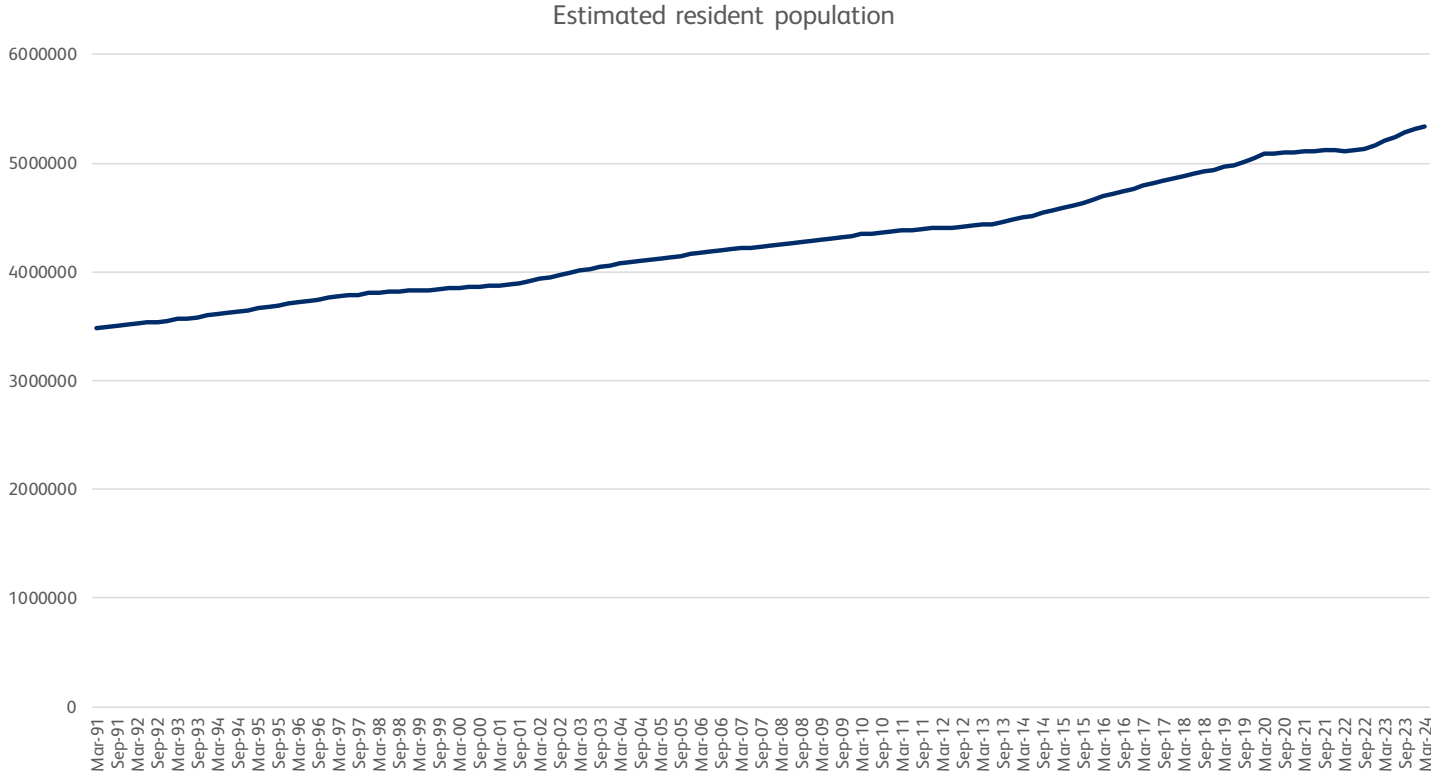
Further information is available on population estimates.

### Source

Statistics New Zealand (SNZ, 2024).

Figure  
**1**

# Annual Population Total NZ, 1991 to 2024



**Some observations**

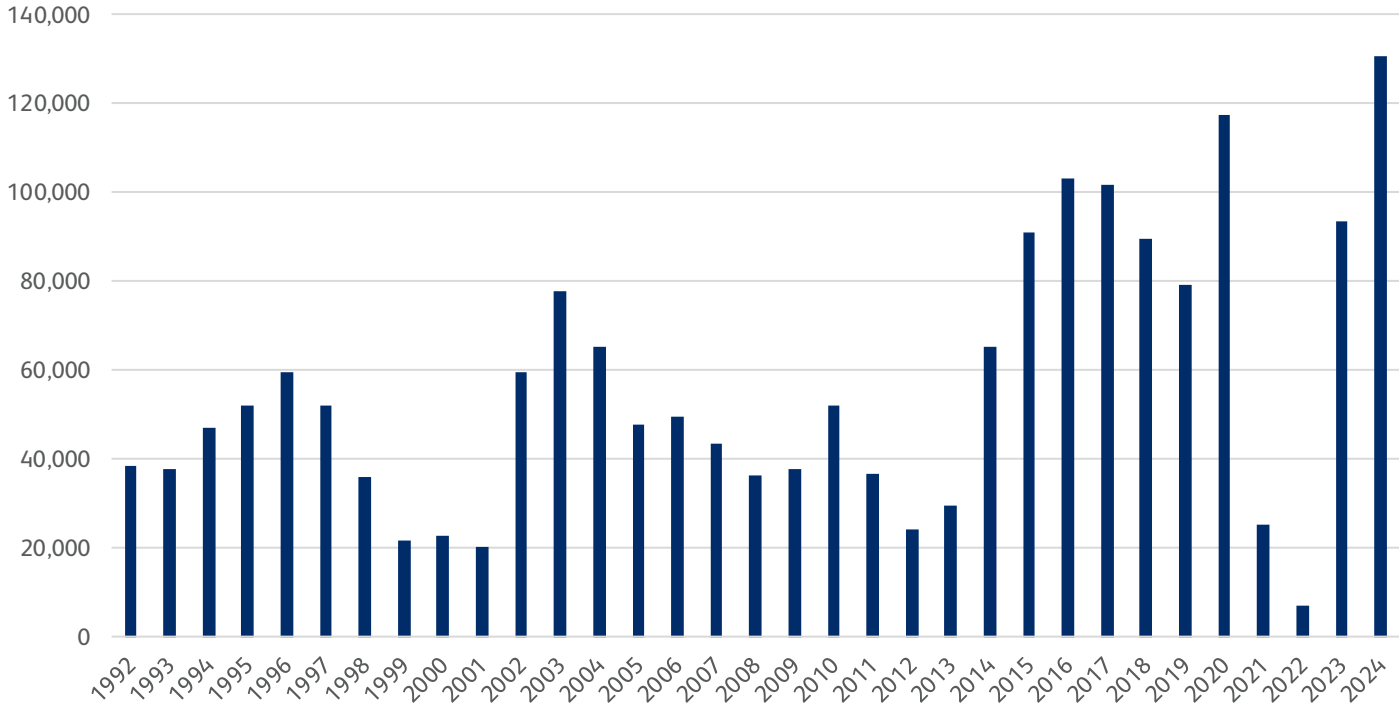
- Almost a 2 million increase in population over the last 30 years for New Zealand; from a baseline of 3.5million in 1991
- Population is at 5.3 million as of March 2024

**Source**

Author, Adapted from Statistics New Zealand (Stats NZ, 2024)

Figure  
**2**

# Annual Population Change; Total NZ, 1991 to 2024



**Some observations**

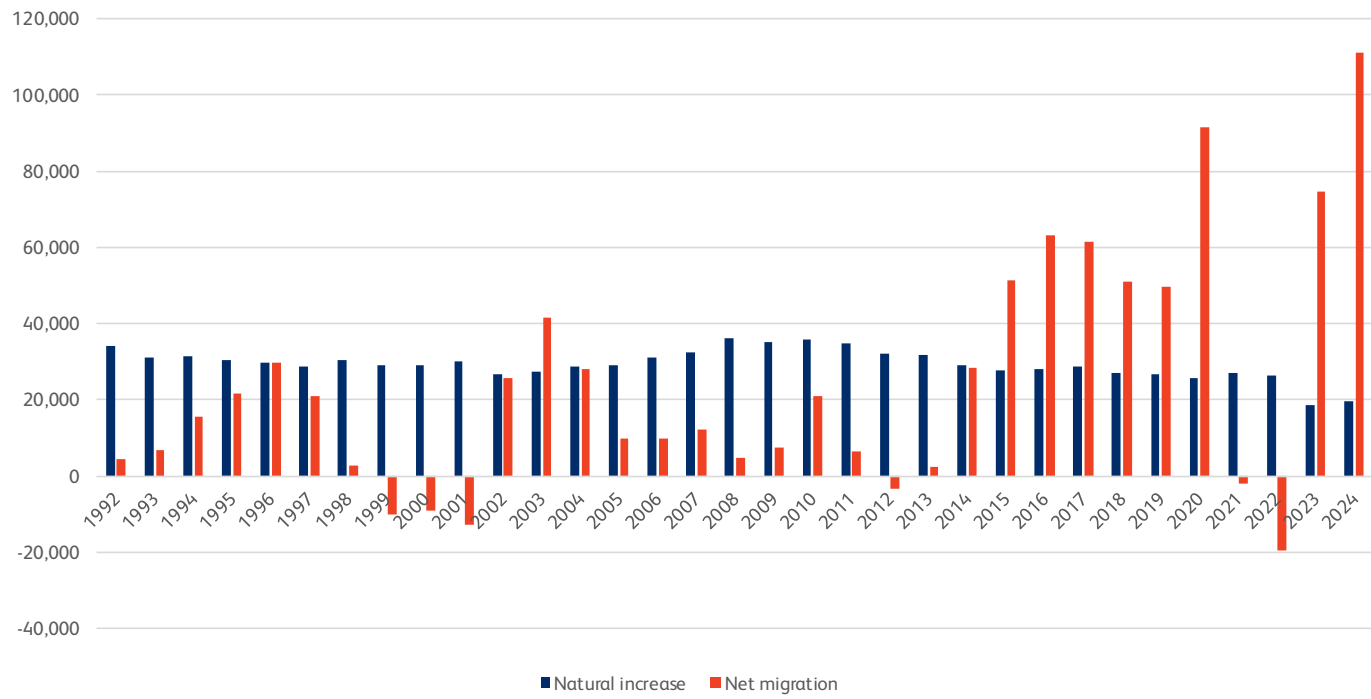
- Population changes illustrated annually indicate the ‘pulse’ of increases in population
- Over the last 30 years there has been 4 main surges of population in 1996 (60k), 2003 (80k), 2016 (100k) and 2024 (130k)
- Note Covid-19 (2020) year increase in population followed by plateau, then surge from 2023/24

**Source**

Author, Adapted from SNZ (2024)

Figure  
3

# Population change as Natural Increase and Net Migration



### Some observations

- Noting that population figures are a combination of death/births and migration
- Natural increase slowly falling over 30 years; with migration activity being a major part of population change in the last 10 years
- 2023 and 2024 are uniquely high relative to the prior timeframe

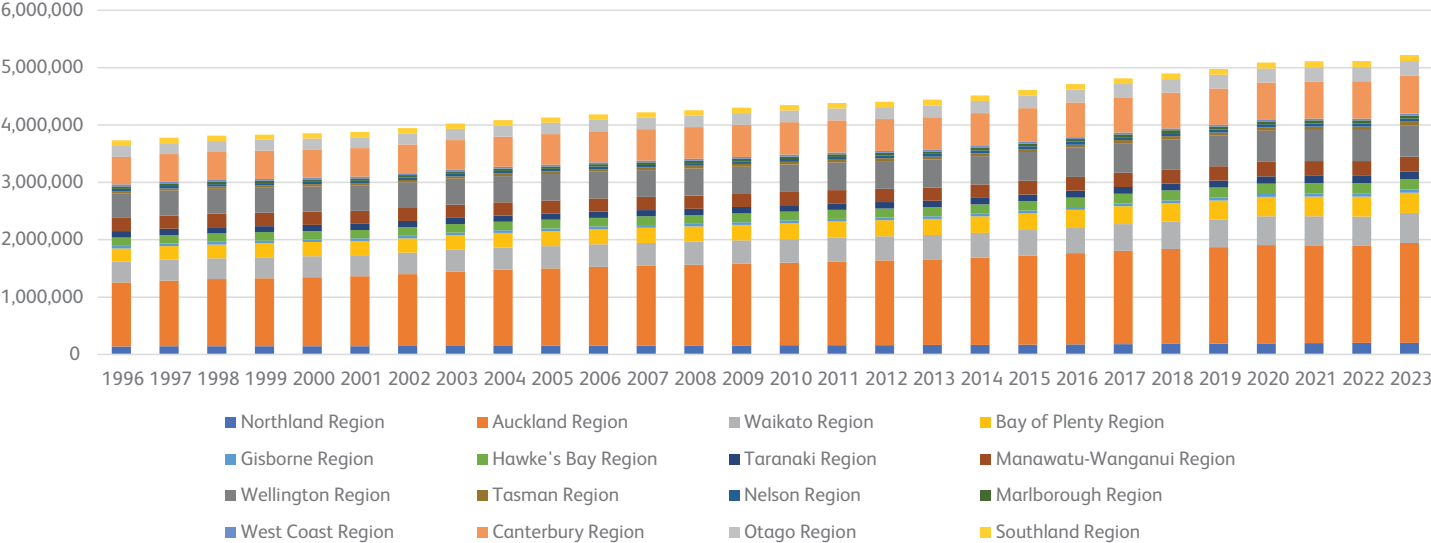
### Source

Author, Adapted from SNZ (2024)



Figure  
4

# Annual Estimated Resident Population for Regional Council Areas. 1996 to 2023



**Some observations**

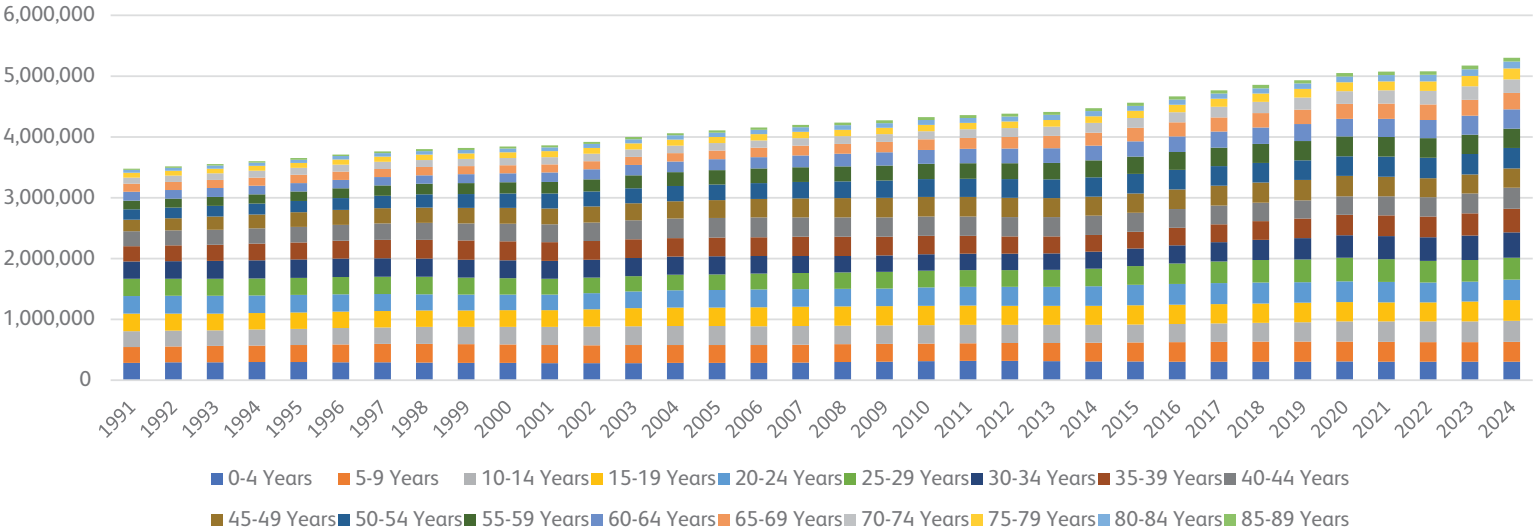
- Increase in absolute terms over the last 30 years observed mostly in urban centres of Auckland, Christchurch and Wellington
- Most change in Auckland increasing from 1.1 million to 1.7 million in almost 30 years

**Source**

Source: Stats NZ (2024)

Figure  
**5**

# Annual Population change in NZ by Age Category, 1991 to 2024



### Some observations

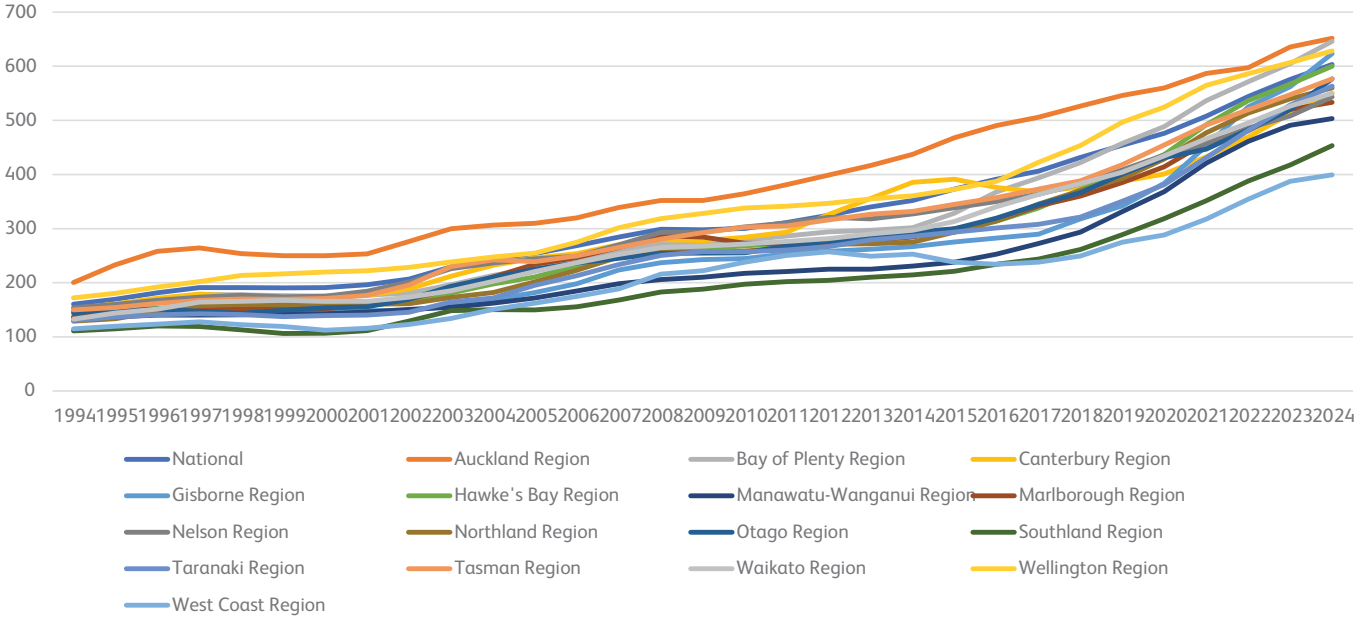
- Whole 2 million population increase over 30+ years experienced in all age categories
- Ageing population trends with older age group categories (at the top of the bars) increasing in population – i.e. older living longer.
- Younger categories under 19 years not increased significantly relative to older age categories above 19 years. – reflecting the decline in natural population (birth/death), and in-migration population of working age categories

### Source

Author, Adapted from SNZ (2024)

Figure  
**6**

# Annual Average Rents Prices by Region in New Zealand (including a National Average) 1994 to 2024



**Some observations**

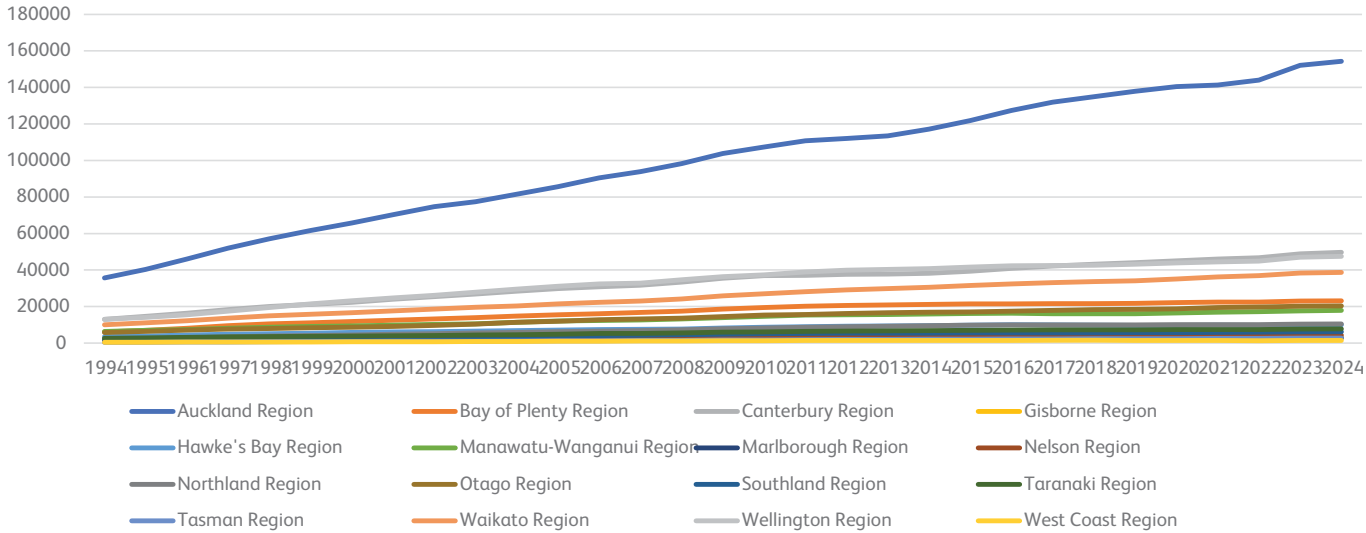
- Rental prices nationally quadrupling (4x) from \$150 per week to \$600 per week over 30 years
- Last 10 years has seen the regions beyond Auckland ‘catch up’ (relatively steeper curve/ climb for non-Auckland regions)
- Bay of Plenty is an interesting sharp increase over the last 10 years given the selling-up out of Auckland (partially for Tauranga retirees)

**Source**

Author, Adapted from Tenancy Services (MBIE, 2024)

Figure  
**7**

# Annual Average Rents Stock Active by Region in New Zealand (including Auckland) 1994 to 2024



**Some observations**

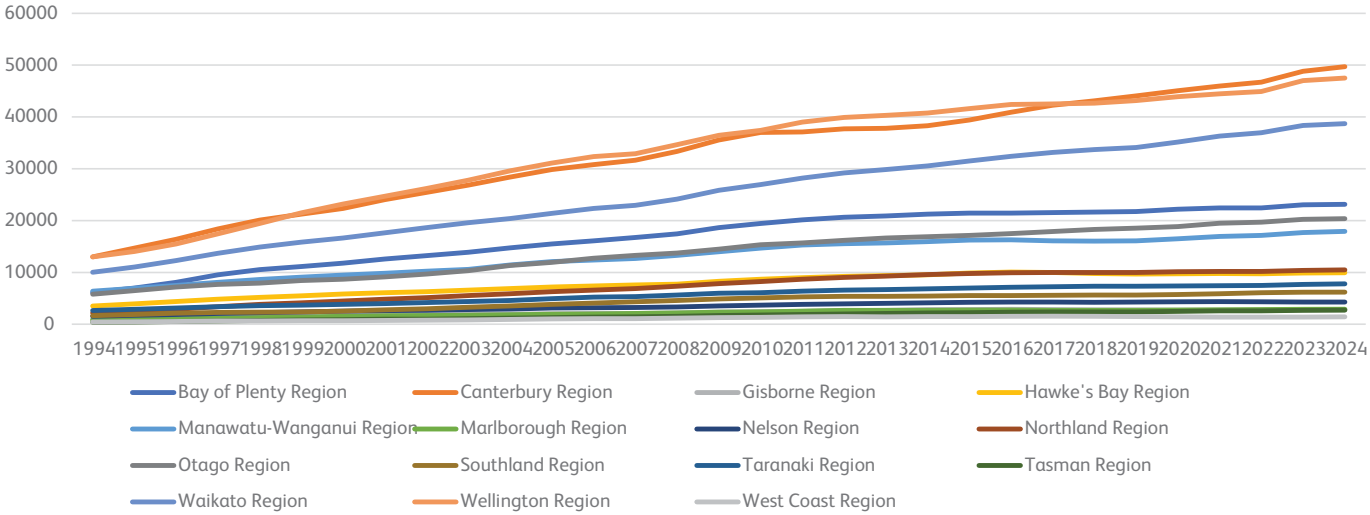
- Stock over the last 30 years sees the rise of the Auckland rental market from 35k registered properties in 1994, to 154k registered properties in 2024 (net increase of 119k properties).
- Next highest regional rental stock increases are in Wellington and Christchurch with additions of approximately 35k over the 30 years.

**Source**

Author, Adapted from Tenancy Services (MBIE, 2024)

Figure  
8

# Annual Average Rents Stock Active by Region in New Zealand (excluding Auckland) 1994 to 2024



**Some observations**

- Canterbury (Christchurch), Wellington, and Waikato (Hamilton-Auckland spillover) next significant proportional rises in rental stock; with Bay of Plenty (Tauranga-Auckland Spillover) not rising relative to these centres given the sharp rise in rental prices
- In contrast West Coast region adds 1k rental stock properties over 30 years (approx. 30 per year).

**Source**

Author, Adapted from Tenancy Services (MBIE, 2024a)

Table  
**1**

# National (New Zealand) Population Change, Rental Prices, and Demand-Side Pressure to Raise Rental Prices (1994 – 2024)

Year	Population change	Rental Price	Ratio of Population to Rental Price*
1994	47,000	160	293
1995	52,200	170	308
1996	59,700	182	329
1997	51,900	191	272
1998	36,000	191	188
1999	21,800	190	114
2000	22,900	191	120
2001	20,400	196	104
2002	59,500	207	288
2003	77,600	229	339
2004	65,400	246	266
2005	47,800	254	188
2006	49,500	269	184
2007	43,300	285	152
2008	36,200	299	121
2009	37,900	298	127
2010	52,200	300	174
2011	36,800	311	118
2012	24,000	325	74
2013	29,500	340	87
2014	65,100	352	185
2015	90,800	373	243
2016	103,200	391	264
2017	101,700	406	250
2018	89,400	432	207
2019	79,200	454	174
2020	117,500	476	247
2021	25,100	508	49
2022	7,000	544	13
2023	93,300	576	162
2024	130,700	603	217

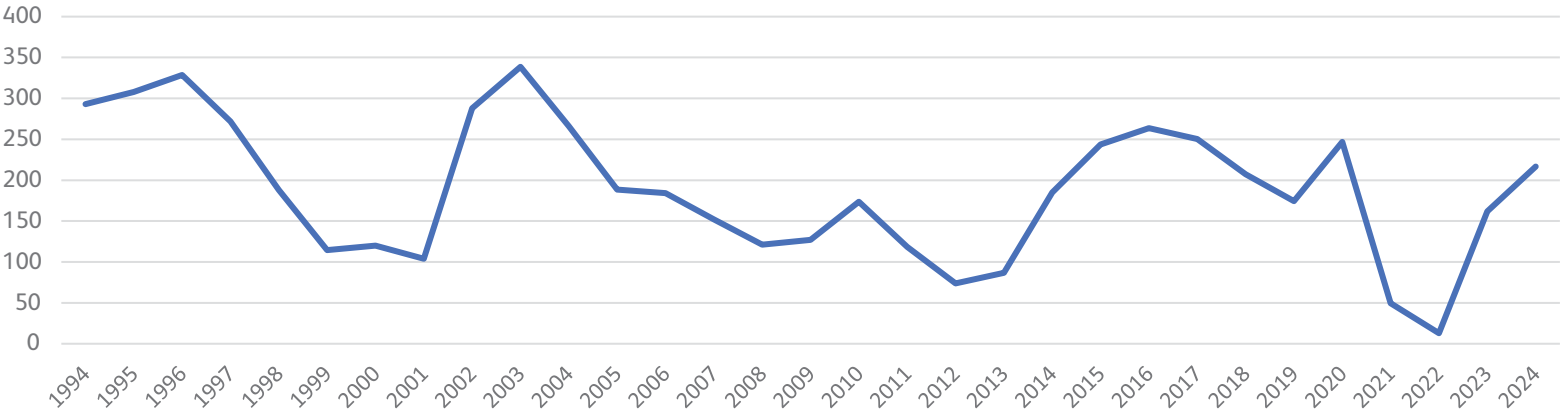
\* Higher Ratio means more demand pressure from population to increase rental price (if supply remains equal)

### Source

Source: Author, Adapted from Tenancy Services (MBIE, 2024a); and SNZ (2024)

Figure  
**9**

# National (New Zealand) Population Change, Rental Prices, and Demand-Side Pressure to Raise Rental Prices (1994-2024)



**Some observations**

- Noting that the number of (private) houses in New Zealand has approximately changed from 1.2 Million to 2.1 Million in 2024 (Increased by 900,000; Nearly Doubled 2x)
- The rental number has changed from approximately 100,000 in 1994 to 400,00 in 2024 (Increased by 300,000; Quadrupled 4x)
- Rental Stock Increase and a rising 'Rentier Class': Meaning the proportion of rental properties relative to total houses available has increased. i.e. change from approximately 1/10th of stock rented in 1994 to approximately 1/5th of stock rented in 2024.

- Population demand pressure has 'pulsed/surged' with ratios peaking in 1996, 2003, 2016
- 2023/2024 is lower ratio than the 2016 surge, so potentially some more population demand pressures, beyond Covid-19 demographic corrections

\* Higher Ratio means more demand pressure from population to increase rental price (if supply remains equal)

**Source**

Author, Adapted from Tenancy Services (MBIE, 2024a); and SNZ (2024)

Table  
**2**

## National (New Zealand) Population Change, Rental Stock, and Supply-Side Pressure to Raise Rental Prices, (1994 to 2024)

Year	Population change	Rental Stock	Ratio of Population to Rental Stock*
1994	47,000	109319	0.43
1995	52,200	122094	0.43
1996	59,700	136833	0.44
1997	51,900	153103	0.34
1998	36,000	166658	0.22
1999	21,800	178117	0.12
2000	22,900	188267	0.12
2001	20,400	200473	0.10
2002	59,500	212101	0.28
2003	77,600	221795	0.35
2004	65,400	233822	0.28
2005	47,800	245714	0.19
2006	49,500	256697	0.19
2007	43,300	264712	0.16
2008	36,200	277227	0.13
2009	37,900	293667	0.13
2010	52,200	304697	0.17
2011	36,800	314504	0.12
2012	24,000	320882	0.07
2013	29,500	325053	0.09
2014	65,100	332270	0.20
2015	90,800	341486	0.27
2016	103,200	351530	0.29
2017	101,700	359360	0.28
2018	89,400	364889	0.25
2019	79,200	370441	0.21
2020	117,500	378219	0.31
2021	25,100	383992	0.07
2022	7,000	389959	0.02
2023	93,300	407302	0.23
2024	130,700	412937	0.32

\* Higher Ratio means more demand pressure from population on the rental stock supply (to potentially increase price)

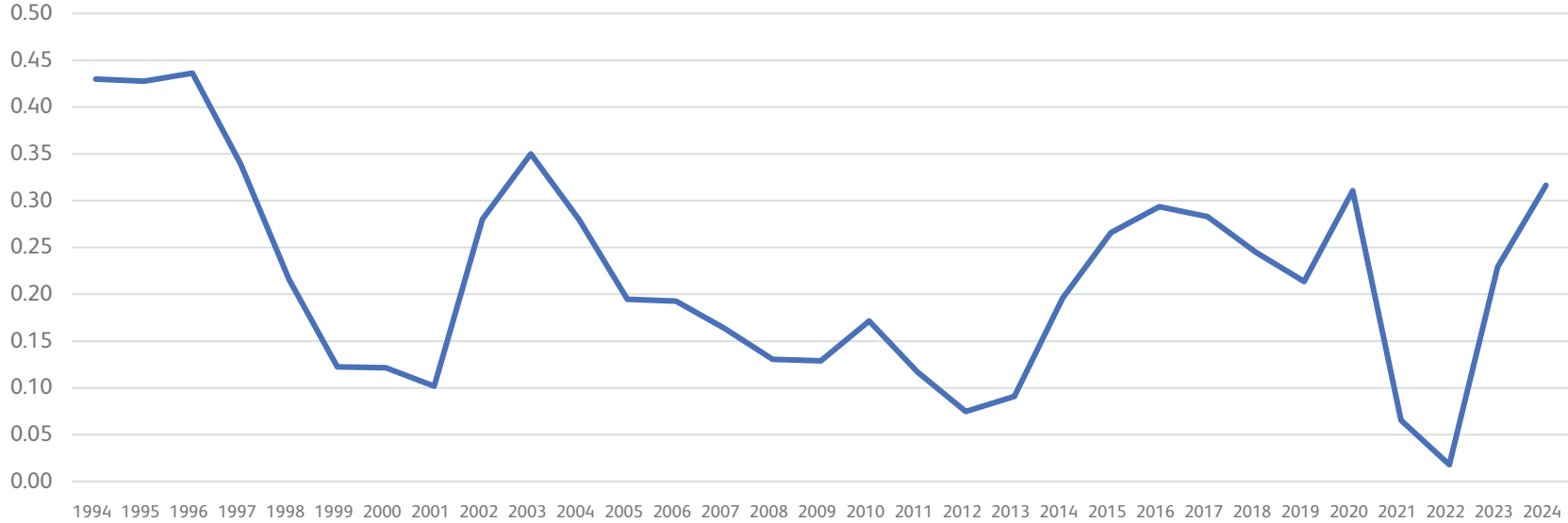
### Source

Source: Author, Adapted from Tenancy Services (MBIE, 2024a); and SNZ (2024)



Figure  
**10**

# National (New Zealand) Population Change, Rental Stock, and Supply-Side Pressure to Raise Rental Prices, (1994 to 2024)



**Some observations**

- Demand side population annual increases from 47k in 1994 to 130k in 2024 are set against supply side rental stock annual increases from 109k rentals in 1994 to 413k rentals in 2024
- Ratio (demand pressure on supply) is now increased above the 2016 figure , demonstrating the upward pressure on rental prices, irrespective of the Covid-19 outlier effects

**Source**

Source: Author, Adapted from Tenancy Services (MBIE, 2024a); and SNZ (2024)

\* Higher Ratio means more demand pressure from population on the rental stock supply w(to potentially increase price)



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