

# The Regional Rental Report

Issue 10 - September 2024



The Property Knowledge

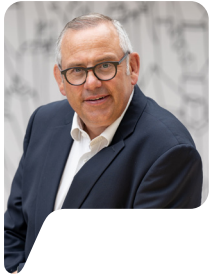
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# The Regional Rental Report

## Issue 10 - September 2024

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# New Zealand Rental Stock, Dwellings and Population: A 30 Year Review

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

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Microeconomic drivers of population demand, and dwelling supply, have some influence on the rental housing market and tenure composition.

Here we look at a wider 30 year understanding of rented dwelling changes in terms of both its market share and actual dwelling numbers. We also consider dwelling numbers in relation to the changing population base over (and within) this 30-year time period. In doing so, we find some interesting and practical knowledge points when making decisions on how the rental market is impacted upon.

For the findings we see total dwellings push over the 2,000,000 mark in New Zealand for the first time. This has been a largely uniform rise over the last 30 years, with a slight steeper incline over the last 10 years, with the addition of around 350,000 units.

Over the 30-year period we see owner-occupier dwellings % share declining from 74% to 65%; Private Rental dwellings % share increase from 23% to 32%; and 'Provided Free' remaining at 3%. Interestingly for rentals, are that despite this 30 year wider increase in rental dwellings, the % Tenure share hasn't moved much in the last 10 years: Owner-Occupied 65%-65%; Rented 32%-32%.

When highlighting differences in active net rental stock determined by bonds (rental deposit), over 30 years we see a uniform addition, year of year, of no more than 18,000 rentals. The peak in 2024 is 412,937 active rental bonds lodged. This rental stock by active bonds lodged, is different to the much larger rental dwellings count sitting at 644,600 in 2024.

When adding population change, we can see the addition of 2 million residents over the last 30 years for New Zealand. In the more recent 10-year period, we see: (1) a steeper incline of population from 2014 onwards; and (2) a unique step annual increase of 130,600 residents between 2023 and 2024. Further, in the last 10 years, when converting tenure % 'relative' to actual 'absolute' numbers, we see the owner-occupier tenure having the steepest rise in population by 540,988 residents, and private renters experiencing a uniform rise by 268,404 residents.

Finally, in combining dwellings and population over 30 years, the population of residents per dwelling has fallen from 2.78 to 2.65. Trends have largely been falling until a post GFC (2007-08) increase in population relative to new dwellings,; as well as a post Covid-19 (2020) fall in population relative to new dwellings. The latest year population rise of 130,000+, will be an interesting Micro demand driver to watch over the next year. Particularly, as simultaneous Macro drivers take hold, such as changes in employment and growth, given sectoral-structural government changes. As well as globally influenced shifts in inflation and interest rates.

### References:

SNZ. (2024). Population Estimates. SNZ - Statistics New Zealand. <https://infoshare.stats.govt.nz/Default.aspx> MBIE. (2024). Rental Bond Data. Tenancy Services:

MBIE – Ministry of Business, Innovation, and Employment. <https://www.tenancy.govt.nz/about-tenancy-services/data-and-statistics/rental-bond-data/>

### Terminology Defined:

**Dwellings:** A building or part thereof designed and used principally as a self-contained residence.

**Owner Occupied:** Tenure 'owner-occupied' includes dwellings owned and lived in, by individuals or family trusts

**Rented:** House that is rented out privately

**Provided Free:** Tenure 'provided free' includes dwellings provided free to households by individuals, private trusts, businesses, and government agencies.

**Rental Bonds:** The sum of money withheld (often by a government agency) that a landlord can ask tenants to when they move into a property

**Population:** Count of residents including natural counts (births/deaths) and migration counts



# Addressing New Zealand's Housing Imbalance

## The General Manager's View - by David Faulkner, Property Brokers

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Professor Graham Squires' research into the ratio of residential dwellings to population in New Zealand highlights a critical issue facing the housing market. As the population continues to grow, the supply of housing has struggled to keep pace, leading to an increasing gap between the number of homes available and the number of people needing them. This imbalance is particularly evident in urban centres such as Auckland, Wellington, and Christchurch, where demand for housing has significantly outstripped supply.

This shortage of residential dwellings relative to the population will have long-term consequences for rental prices. With more people competing for fewer homes, landlords can charge higher rents, and tenants will find it increasingly difficult to secure affordable housing. The pressure on the rental market is exacerbated by factors such as immigration, limited land availability, and regulatory hurdles that slow down the construction of new homes.

New Zealand Housing Minister Chris Bishop has introduced the highly controversial Fast-track Approvals Bill aimed at accelerating the development of housing and critical infrastructure projects. The bill is designed to cut through the red tape that has historically slowed down the consenting process. By fast-tracking approvals, Bishop hopes to address the country's housing crisis, boost economic growth, and create jobs.

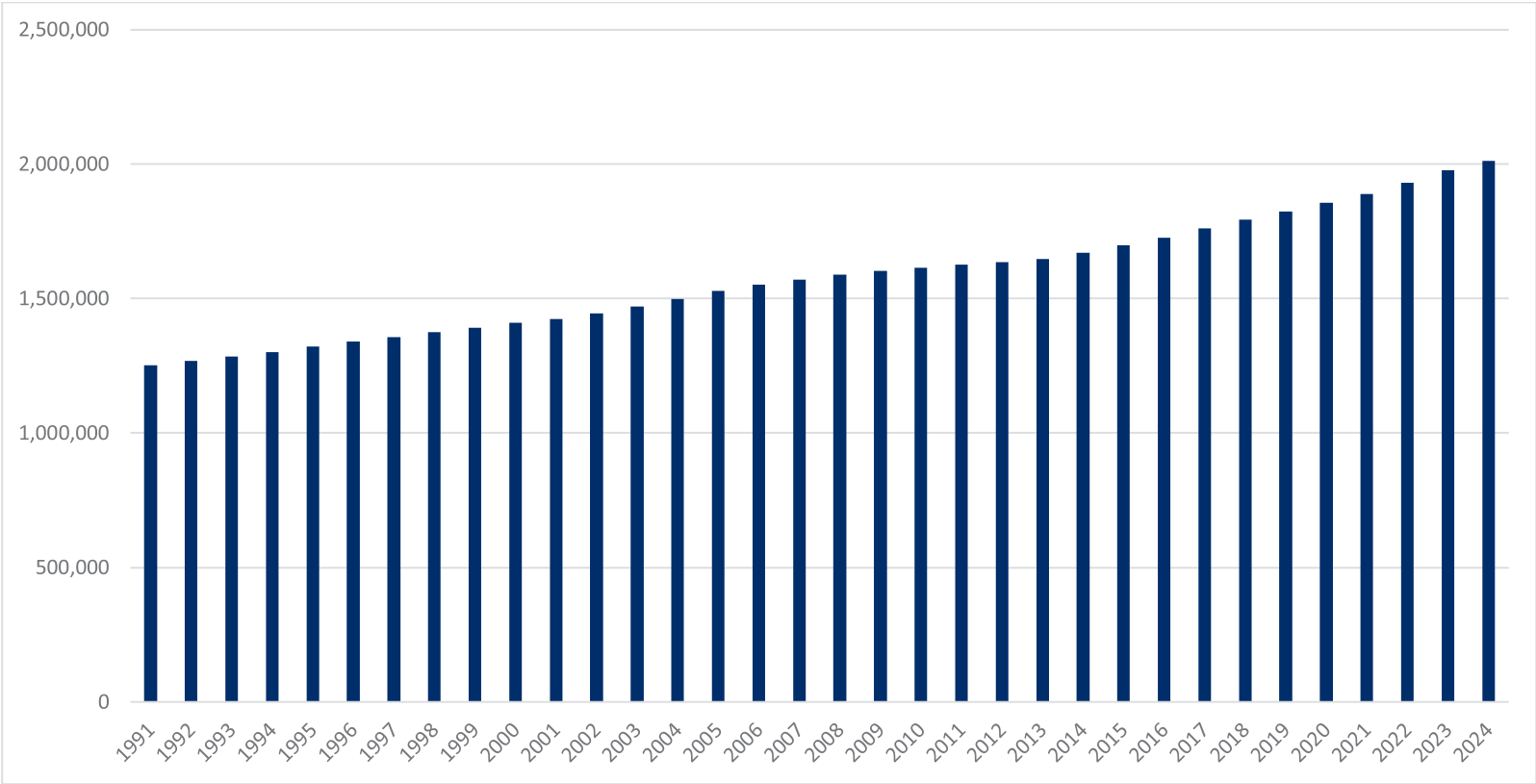
There is no doubt that making it easier to build would certainly assist. Professor Squires research indicates that without substantial intervention, the imbalance between population growth and housing supply is likely to persist. The consequences of this could be far-reaching, particularly for lower-income households who are most vulnerable to rent increases. Although rents have started to slow down, we have seen more people priced out of the private rental market, leading to increased demand for social housing and government support. This particularly impacts Māori and Pasifika communities.

To mitigate these effects, we need a multi-faceted approach that includes increasing the supply of residential dwellings, implementing policies to encourage affordable housing development, and addressing the regulatory barriers that hinder construction. Additionally, improving infrastructure and public transport links could help distribute population growth more evenly across the country, reducing pressure on the rental market in urban areas. There is also a place for Build to Rent which is gaining popularity overseas.

The ratio of residential dwellings to population is a key factor influencing the rental market in New Zealand. If left unaddressed, the current shortage of housing could lead to sustained increases in rental prices, exacerbating inequality and putting more strain on the economy. Comprehensive policy changes and investment in housing are essential to ensure long-term stability in the rental market.

Figure  
**1**

# Total Dwellings in New Zealand 1991 to 2024



### Some observations

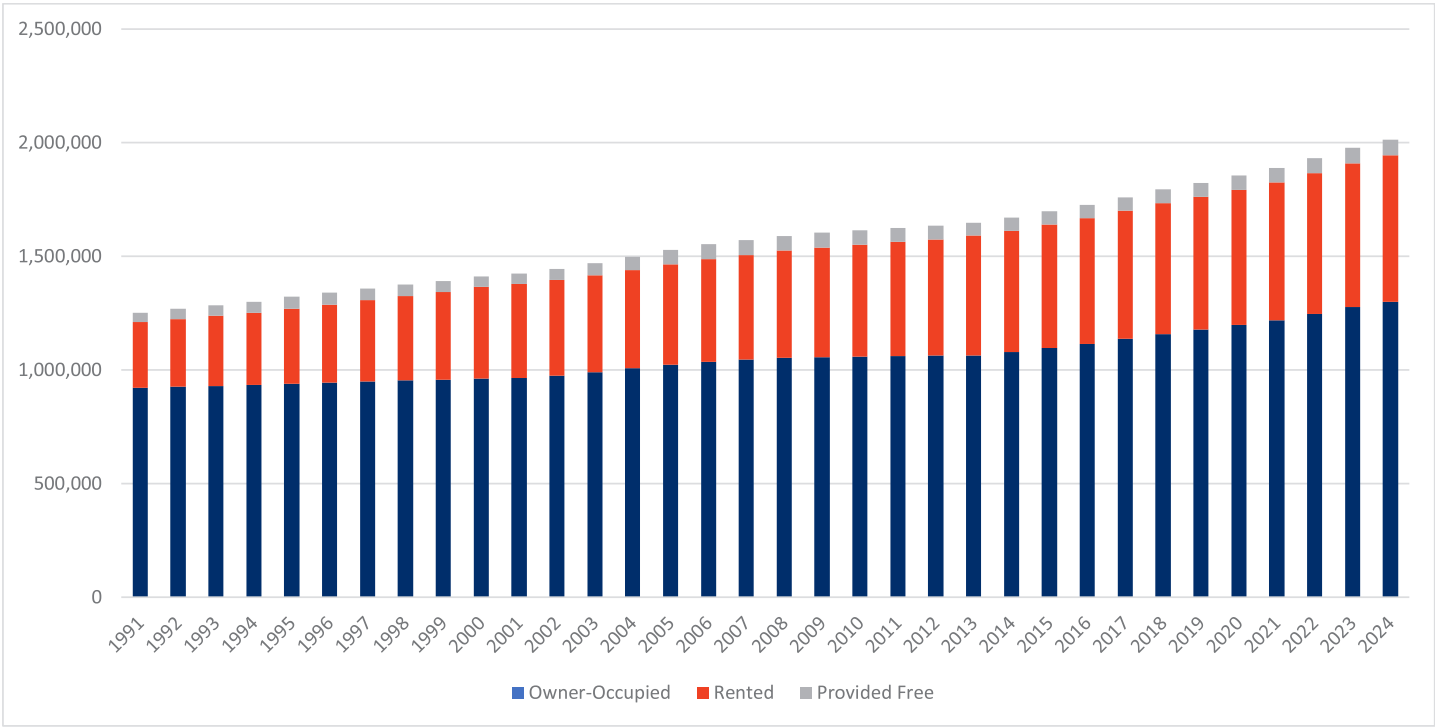
- Total dwellings in 2024 push over the 2,000,000 mark for New Zealand
- A largely uniform increase over 30 years, with slight plateau post 2007-08 Global Financial Crisis (GFC) to 2013
- 10 year addition of dwellings of 341,800 = 1,670,600 in 2014 to 2,012,400 in 2024

### Source

SNZ 2004

Figure  
2

# Tenure Breakdown of Dwellings in New Zealand 1991 to 2024



### Some observations

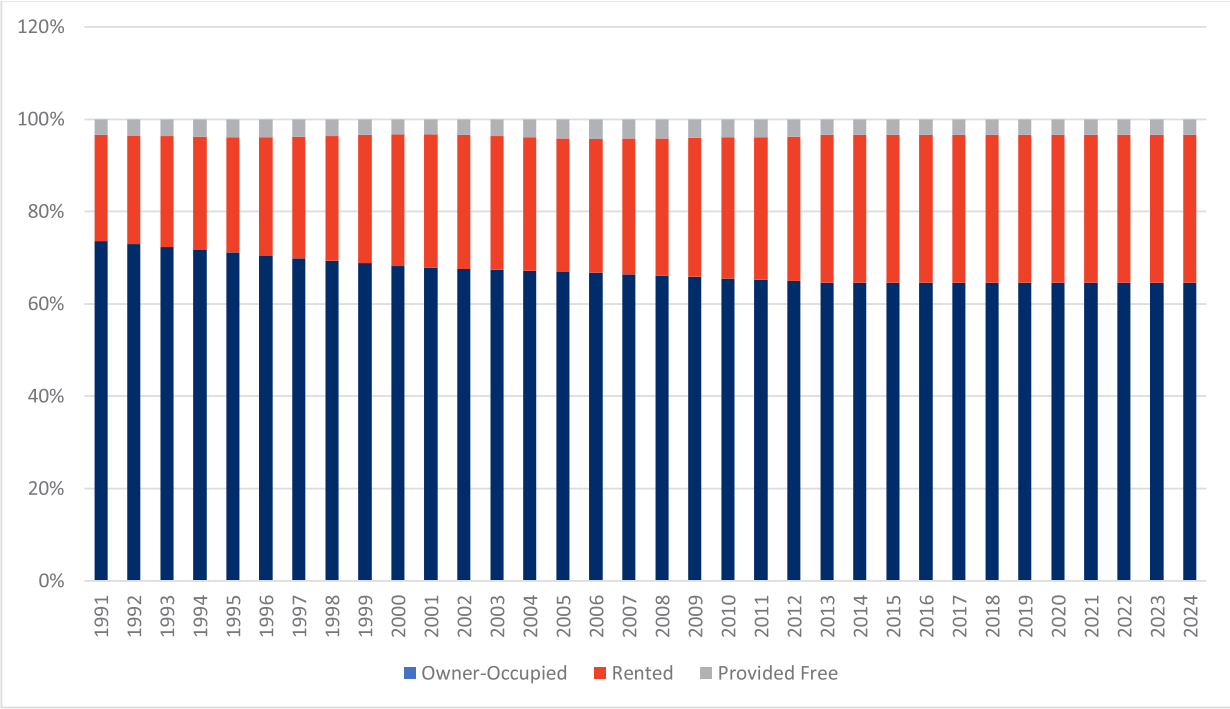
- Owner-occupier dwellings rise 30 years circa **376,800 dwellings**. From 922,100 to 1,298,900
- Rented dwellings rise 30 years circa **355,900 dwellings**. From 288,700 to 644,600
- Provided Fee (largely public housing) rise 30 years circa **27,200 dwellings**. From 41,800 to 69,000

### Source

SNZ 2004

Figure  
**3**

# Percentage Share Tenure Breakdown of Dwellings in New Zealand 1991 to 2024



**Some observations**

- Owner-occupier dwellings % share declining over 30 years from 74% to 65%
- Private Rental dwellings % share increase over 30 years from 23% to 32%
- 'Provided Free' remained at 3% with not much % movement over 30 year period
- % Tenure share hasn't moved much in the last 10 years: Owner-Occupied 65%-65%; Rented 32%-32%; Provided Free 3%-3%

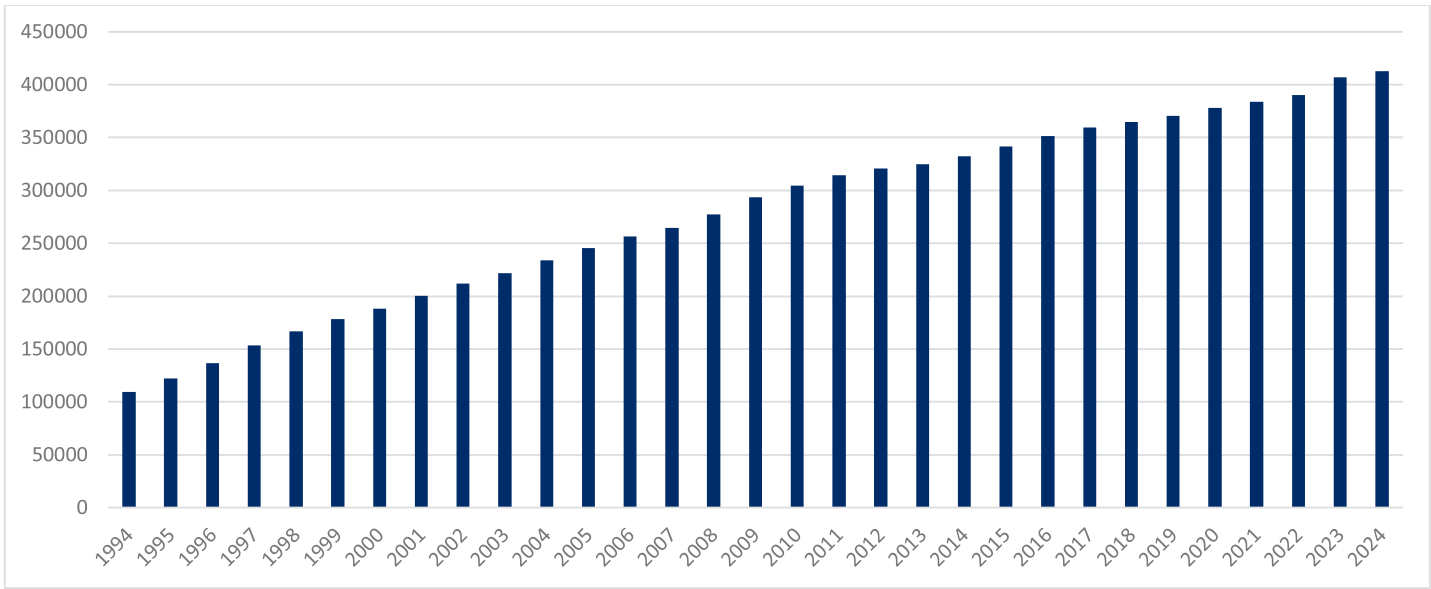
**Source**

SNZ 2004



Figure  
**4**

# Rented Stock in New Zealand 1991 to 2024 (with registered Bonds; Tenancy Services, MBIE)



**Some observations**

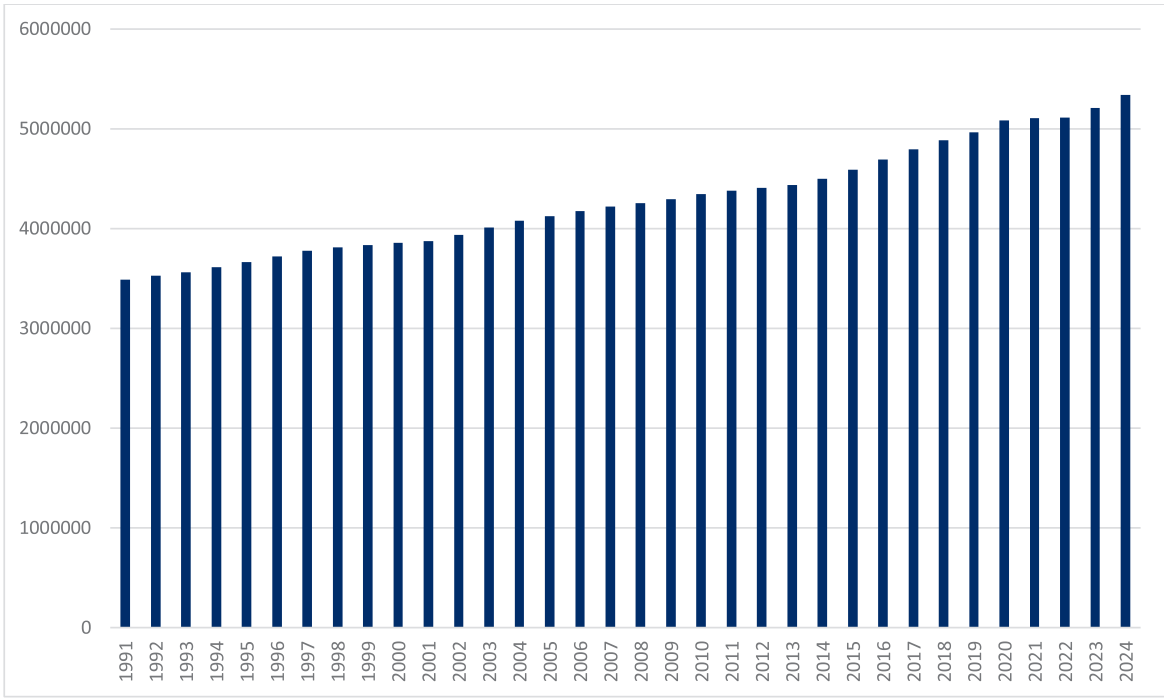
- A general trend of 10,000 to 15,000\*\* rentals per year additional net new rentals as net bonds lodged (\*\*18,000 net increase in 2023)
- 30 year uniform increase of 303,618 additional rental properties as Net Bonds lodged with Tenancy Services (MBIE, 2024) from 109,319 in 1991 to 412,937 in 2024

**Source**

MBIE 2004

Figure  
**5**

# Annual Population Total New Zealand, 1991 to 2024



### Some observations

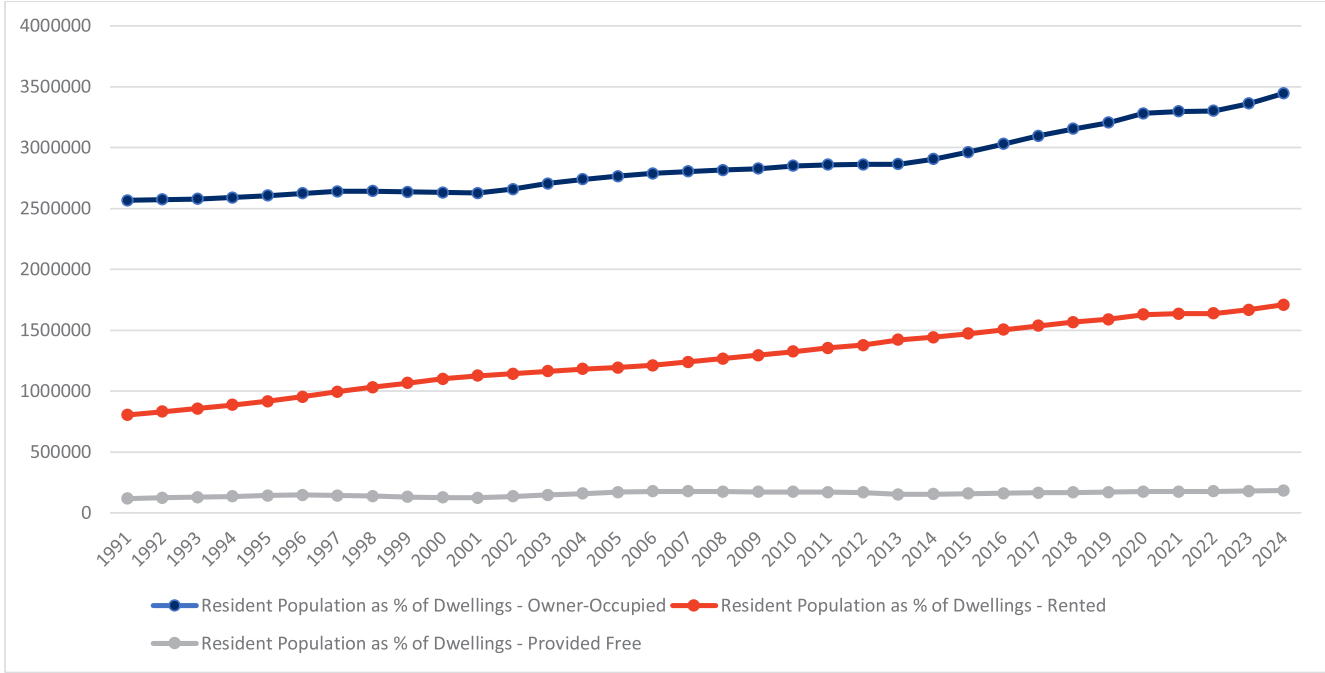
- Almost a 2 million increase in population over the last 30 years for New Zealand; from 3.5million in 1991 to 5.3 million in 2024
- Steeper incline of population from 2014 onwards
- Unique step annual increase of 130,600; from 5,208,300 in 2023 to 5,338,900 in 2024

### Source

Adapted from Statistics New Zealand (Stats NZ, 2024)

Figure  
**6**

# Resident Population Total Count, from % of Dwellings; New Zealand, 1991 to 2024



**Some observations**

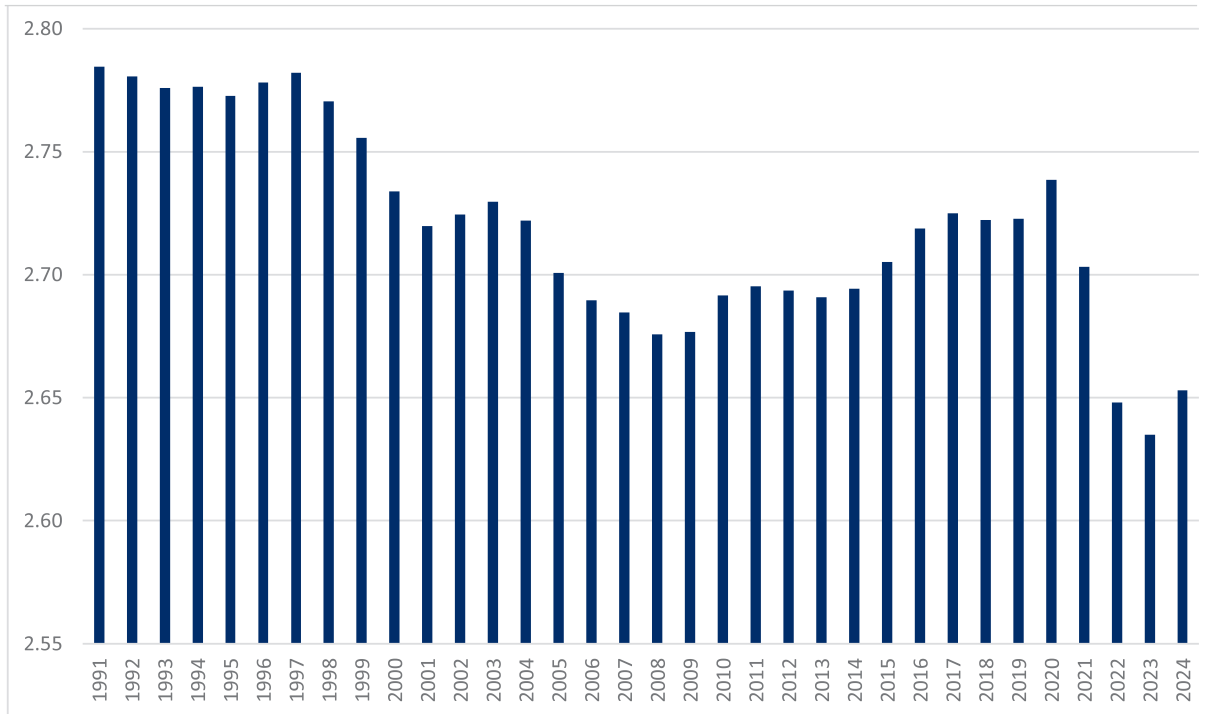
- **Owner-Occupier** steepest tenure rise in population over the last 10 years by **540,988** (2,904,996 in 2014 TO 3,445,984 in 2024)
- **Private Renter uniform rise** in population over the last 10 years by **268,404** (1,441,721 in 2014 TO 1,710,125 in 2024)

**Source**

Adapted from Statistics New Zealand (Stats NZ, 2024)

Figure  
**7**

# Population Residents per Dwelling: Total Dwellings and Annual Population Ratios New Zealand, 1991 to 2024



### Some observations

- Over 30 year period we see population residents per dwelling falling from 2.78 people per dwelling in 1991 TO 2.65 per dwelling in 2024
- Falling of Population per dwelling 1991 to 2007-08 (GFC) 2.78 to 2.68; steady return rise post-GFC until Covid 2020; until 2024 current sharp increase in population, thus increasing number of residents per dwelling

### Source

Adapted from Statistics New Zealand (Stats NZ, 2024)



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