

The Regional Rental Report

March 2023



The Property Knowledge

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Brokers

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Tenancy Tribunal: breaking down the data with David Faulkner



Unfortunately, disputes are inevitable between landlords and tenants alike. In our first regional rental report of 2023, we decided to take a good look at what disputes make their way through to the Tenancy Tribunal.

In 2020, Tenancy Services started to provide quarterly reports on applications made to the Tenancy Tribunal by landlords and tenants. The information provides a valuable breakdown regarding the types of disputes detailed in those applications. Data includes applications made to the Tribunal and Mediation and Fastrack, the dispute resolution process provided by Tenancy Services outside the Tenancy Tribunal.

This data is relevant because the first quarter of disputes occurred just before our first lockdown, which was from the 25th of March 2020 through to the 13th of May 2020. However, during this period and through to September 2020, legislation was updated to ensure that tenants could only have their tenancies terminated due to rent arrears if the tenants were more than 60 days in arrears. Normally, you can get termination for rent arrears when a tenant becomes 21 days or more in arrears.

The change in the number of applications made by landlords in Quarter 2 of 2020 plummeted due to landlords not being able to terminate tenancies due to this amendment. Interestingly, post-lockdown and removal of the temporary amendments to the RTA (Residential Tenancies Act) that protected tenants, we did not see a surge in applications to the Tribunal.

In Q1 of 2020, a total of 6,239 applications were made by landlords. This was over 85% of all applications. In Q2 of 2020, this plummeted to 3,083, a drop of over 50% of applications made by landlords. Surprisingly, between Q2 2020 and Q2 2022, the average amount of quarterly applications made to the Tenancy Tribunal by landlords was 3,755, still down on the first quarter numbers of 2020. However, things may be changing.

In Q3 and Q4 of 2022, we are starting to see an upward trend in landlords' applications; the main source of these applications is rent arrears. The cost of living and rising inflation will pressure households, which is why we may be seeing an increase in rent arrears disputes. Since records began in Q1 of 2020, rent arrears disputes make up over ¾ of all landlord disputes. If you eliminate rent arrears, the number of disputes drops dramatically.

Four of every five applications to the Tenancy Tribunal are made by landlords, whilst tenants make up one in five applications. As tenants' rights have increased, you would have thought that we would see an increase in tenants exercising their rights through the Tribunal. Many things have changed in recent times to improve tenants' rights.

- Implementation of Healthy Homes standards.
- Increased tenant security means landlords cannot end a tenancy without a valid reason.
- Stronger compliance enforcement through the Tenancy and Compliance Investigation Team and harsher penalties.
- Name suppression in the Tenancy Tribunal.

With tenants' rights improving, one would have thought that we would see an increase in applications being made by tenants to the Tribunal. Surprisingly, we have seen a minor change in the number of applications lodged. In Q1 of 2020, we saw 1050 tenant applications. In Q4 of 2022, we saw 1090 applications, and throughout the three years, the numbers have mostly stayed the same, with an average of 1079 applications per quarter. What we are seeing is an increase in tenant applications around Healthy Homes. In 2020, Healthy Homes hardly got a mention, yet in 2022, 1308 applications made by tenants were for non-compliance with Healthy Homes.

Finally, tenants are far more likely to seek compensation and damages through their applications to the Tribunal. Nearly 18% of all tenant applications seek compensation compared to 11.6% of landlords.

02

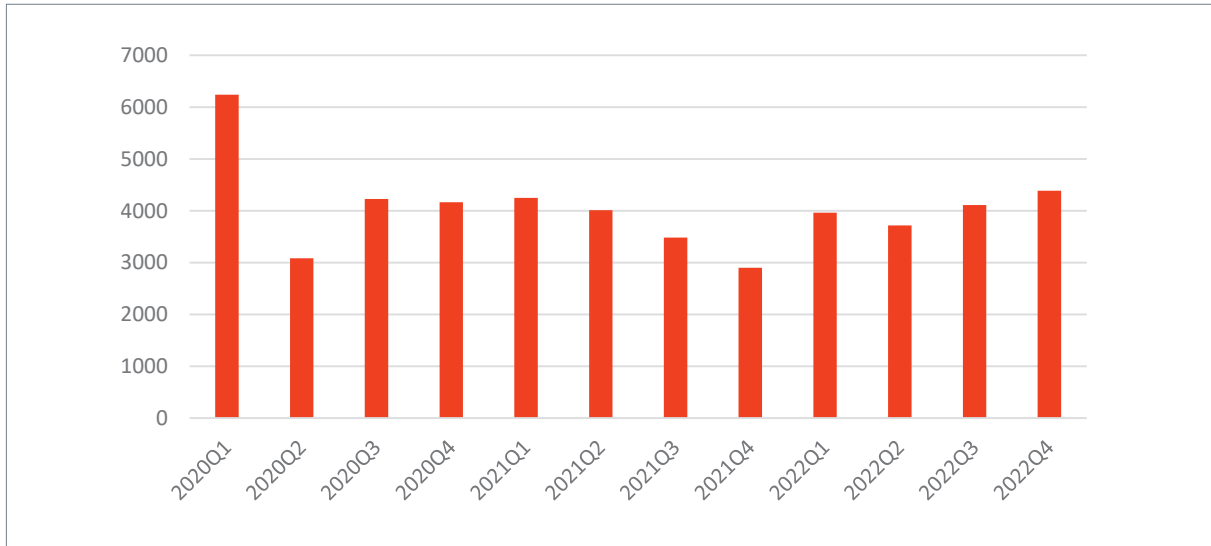
Applications to the Tenancy Tribunal



2.1 Landlord Applications to the Tenancy Tribunal

- After initial 2020 Q1 fall we see a regular cyclical pattern

Figure 1: Number of **Landlord Applications** to the Tenancy Tribunal

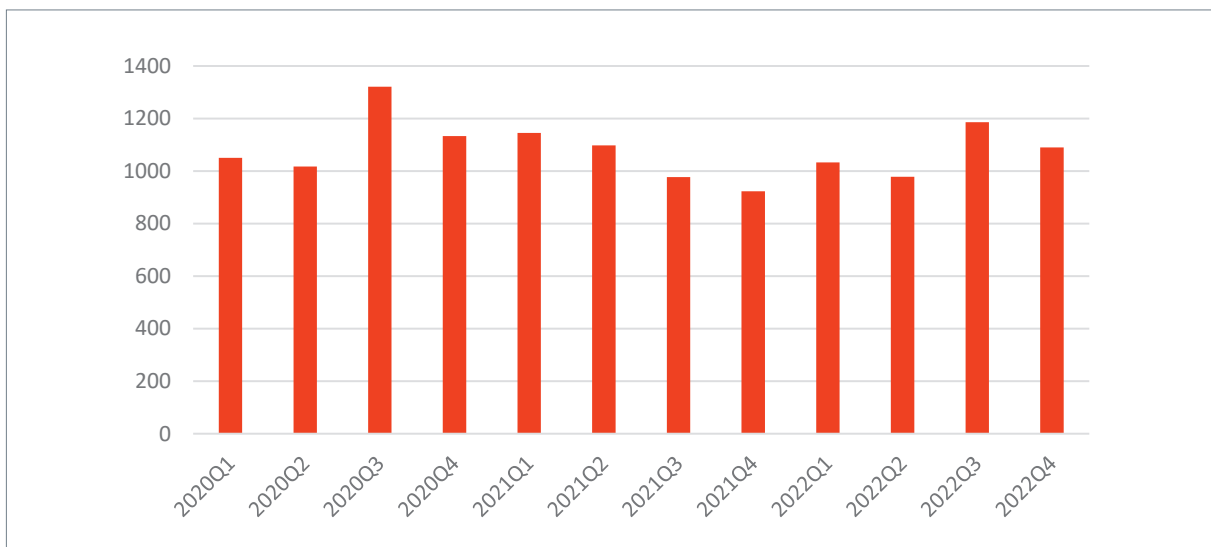


Source: Tenancy Services; Adapted by Authors

2.2 Tenant Applications to the Tenancy Tribunal

- After Covid-19 outbreak spike in 2020Q2, we see 2020Q3 fall in applications, then steady rise since 2021 Q4

Figure 2: Number of **Tenant Applications** to the Tenancy Tribunal

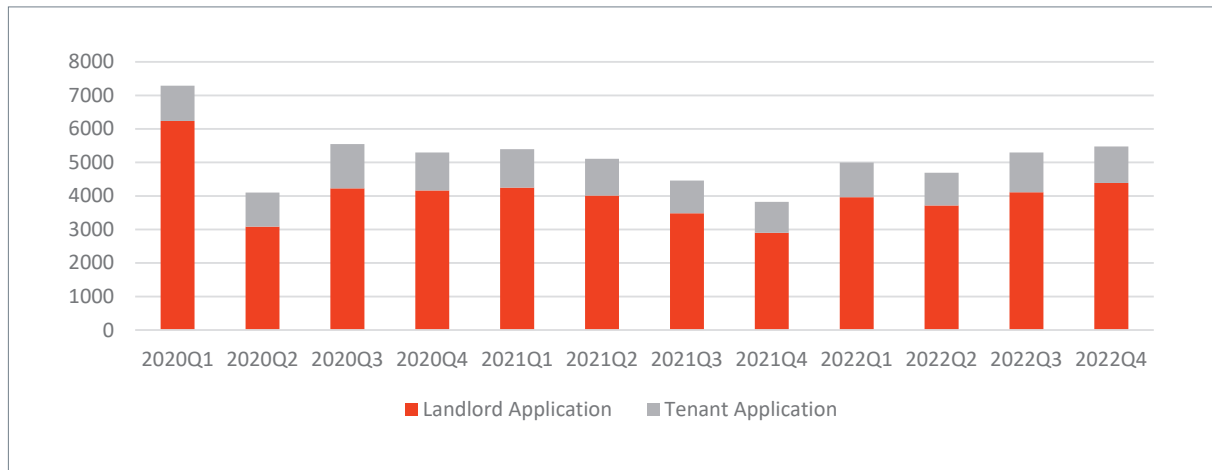


Source: Tenancy Services; Adapted by Authors

2.3 Tenant and Landlord Applications to the Tenancy Tribunal

- No significant change in relative percentage of tenant and landlord applications

Figure 3: Number of **Tenant and Landlord Applications** to the Tenancy Tribunal

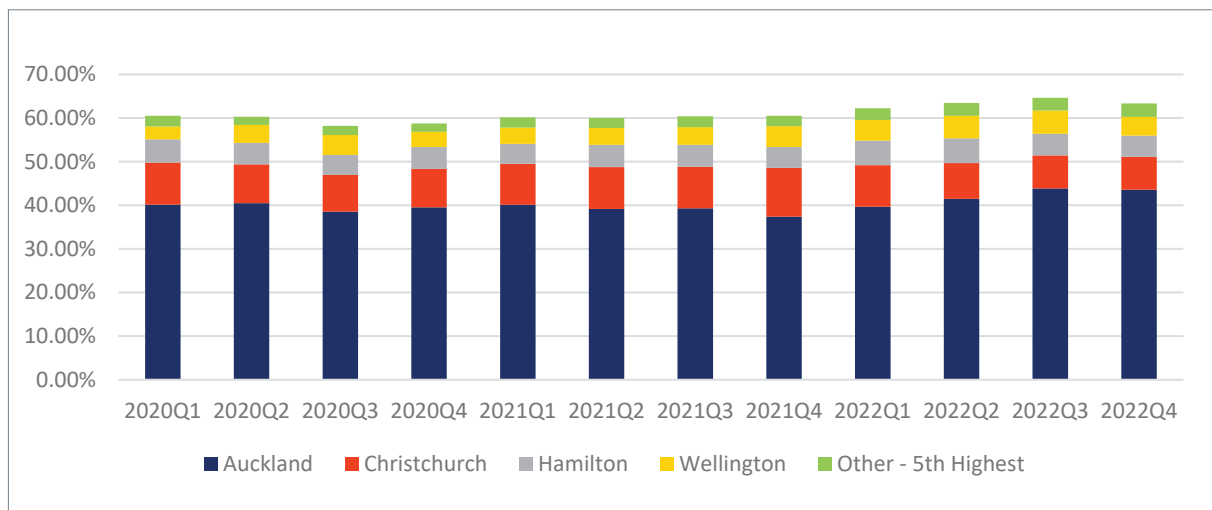


Source: Tenancy Services; Adapted by Authors

2.4 District of Tenancy Application to the Tenancy Tribunal

- Slight increase in share of Auckland applications, slight fall in Christchurch share

Figure 4: % District of Tenancy Application to the Tenancy Tribunal



Source: Tenancy Services; Adapted by Authors

03

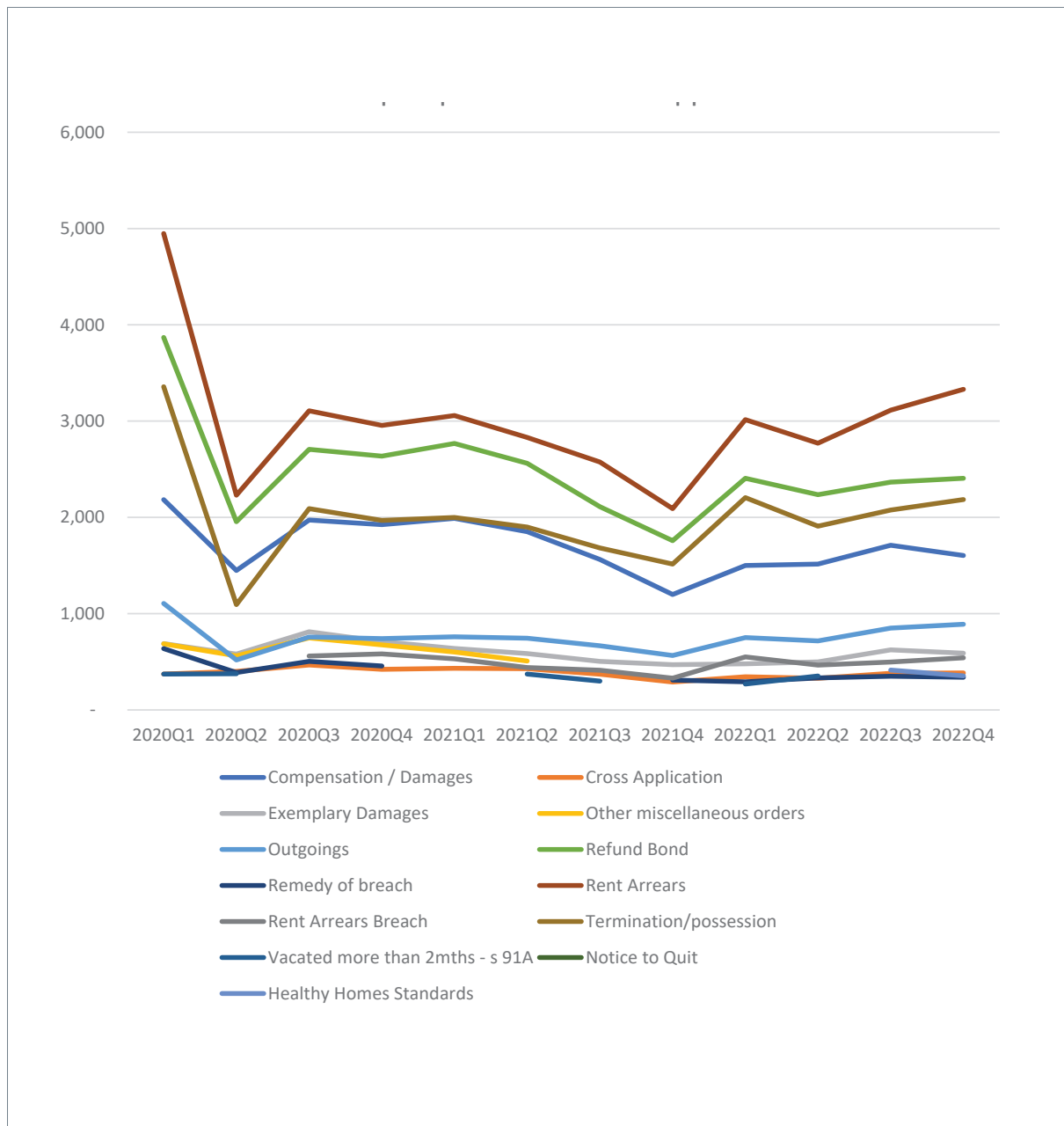
Disputes Detailed in Applications to the Tenancy Tribunal



3.1 Overall (Landlord and Tenant): Top % Disputes Detailed in Applications to the Tenancy Tribunal

Rent Arrears as the highest category of landlord dispute

Figure 5: Overall (Landlord and Tenant): Top % Disputes Detailed in Applications to the Tenancy

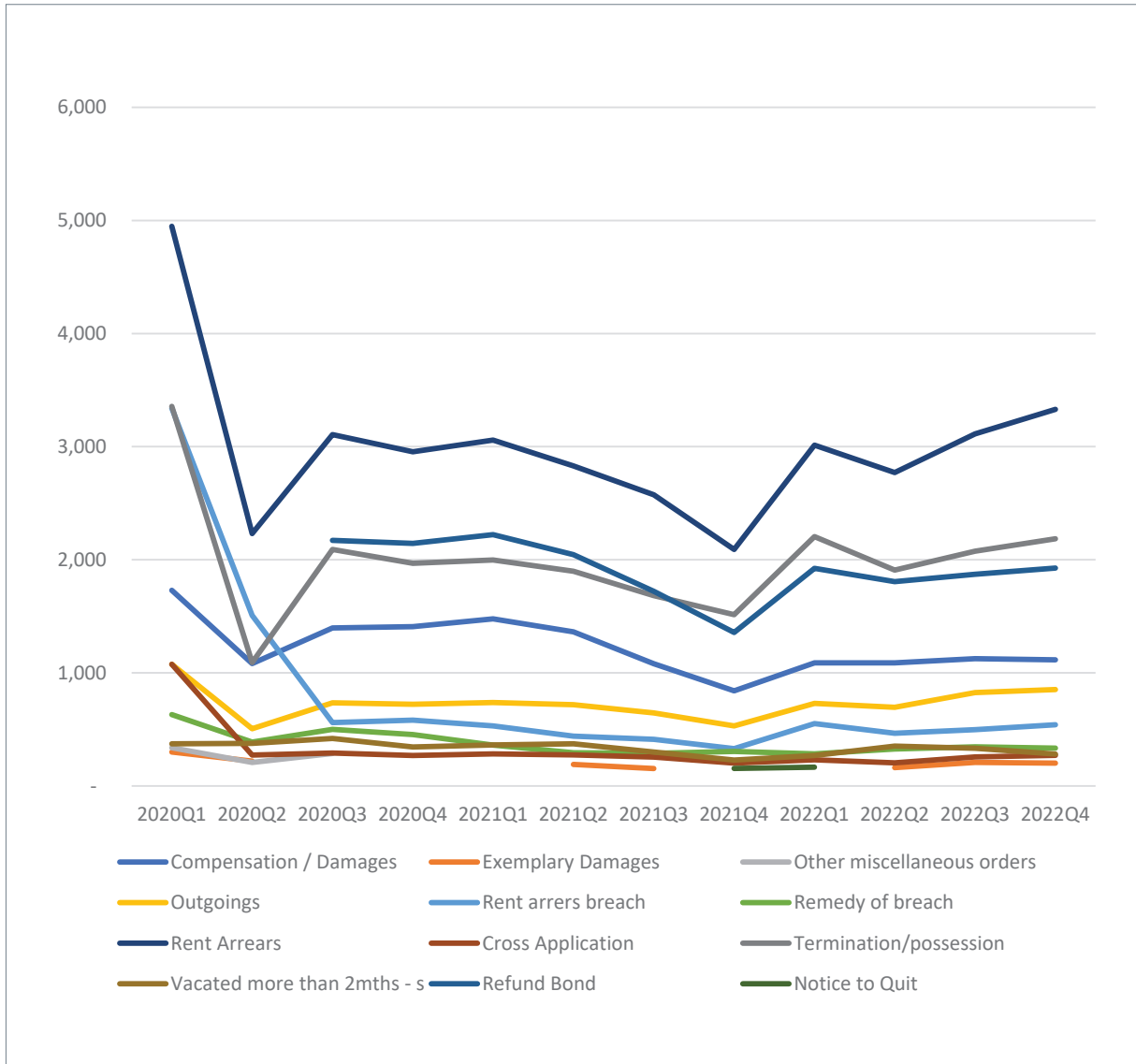


Source: Tenancy Services; Adapted by Authors

3.2 Landlords: Disputes Detailed in Applications to the Tenancy Tribunal

- Termination and possession risen to become 2nd highest category

Figure 6: Landlords: Top % Disputes Detailed in Applications to the Tenancy Tribunal

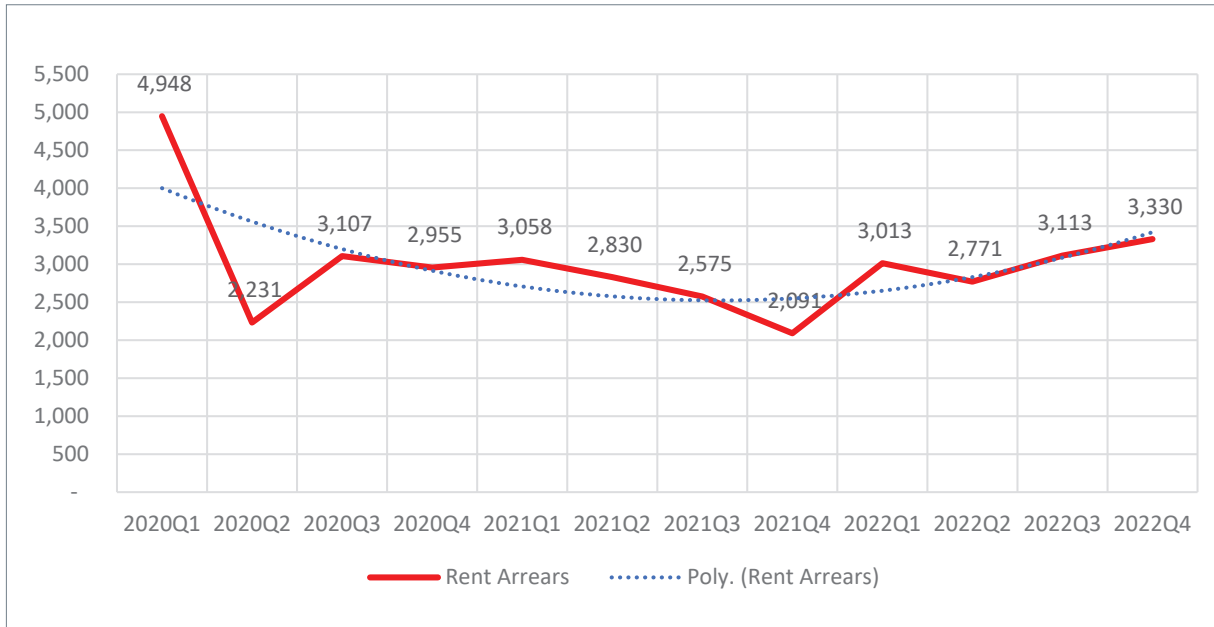


Source: Tenancy Services; Adapted by Authors

3.3 Landlords Disputes on RENT ARREARS Detailed in Applications to the Tenancy Tribunal

- Rent arrears beginning to become a rising category for applications

Figure 7: Rent Arrears Applications by Landlords per Quarter

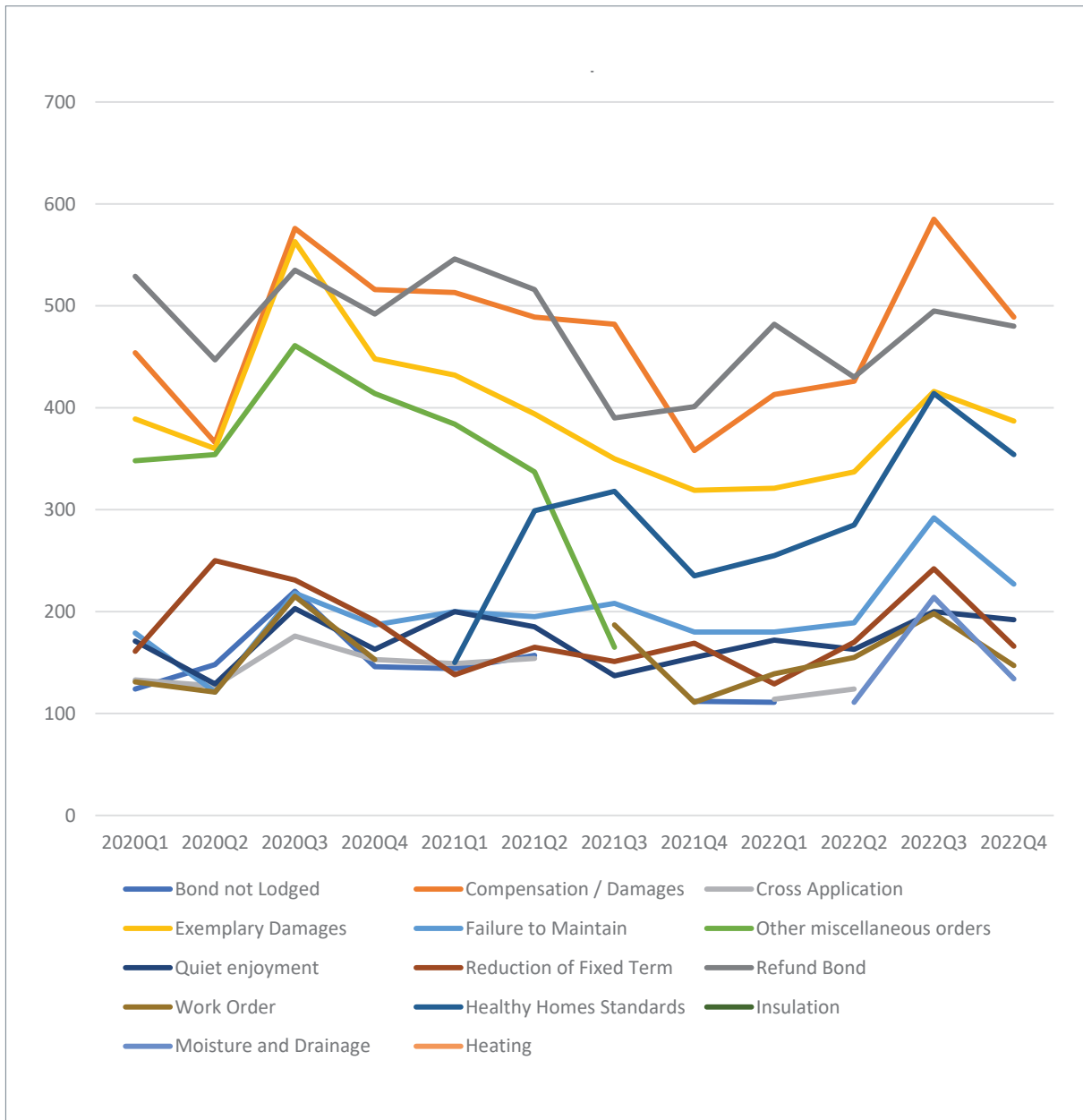


Source: Tenancy Services; Adapted by Authors

3.4 Tenants: Disputes Detailed in Applications to the Tenancy Tribunal

- Damages and Refund of Bond are highest categories
- Healthy homes category on rise since 2021Q1 data tracking

Figure 8: Tenants: Top % Disputes Detailed in Applications to the Tenancy Tribunal



Source: Tenancy Services; Adapted by Authors



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