Summary

- This occasional paper reviews information about the numbers of homes being rented and the rents charges in the Waimakariri District and greater Christchurch provided by the Ministry of Business, Innovation and Employment's (MBIR) Tenancy Service. It also reports on the numbers of homes advertised as available for rent on the Trade Me and Real Estate NZ websites in early May 2015.

- Between April 2012 and March 2015 there was an increase in the number of active bonds in the Waimakariri District held by MBIE's Tenancy Service by 216 (11 percent). The lowest level of active bonds recorded during the period was for March 2013.

- The six month rolling average (mean) rent in the Waimakariri District the period from April 2012 to March 2015 increased from $345.67 to $440.77 or by 27.5 percent.

- In the six months October 2014 to March 2015 249 new bonds for tenancies in the Waimakariri District were lodged with MBIE Tenancy Services, with 47 percent of these for three bedroomed homes and 25 percent each for two and four bedroomed homes.

- During the first week of May 2015 there were 87 homes available to rent in the District listed on the Trade Me website and 47 listed on the Real Estate NZ website. Of these 40 percent of those on the Trade Me website and 34 percent of those on the Real Estate website were three bedroomed homes. Prices generally reflected those identified for recent bonds lodged with Tenancy Services.

- Average (mean) rents across greater Christchurch increased significantly between April 2013 and March 2015, with the Selwyn District recording a 27.6 percent increase, the Waimakariri District a 27.5 percent increase and Christchurch City a 23.6 percent increase.

- Upper quartile rents in the Selwyn District have been higher than those in Christchurch City or the Waimakariri District during the period April 2012 to March 2015. The percentage increases for the upper quartile rents over this period were greater for Christchurch (26.8 percent) and Waimakariri (25.8 percent), than for Selwyn (20.7 percent).

- Lower quartile rents in Christchurch City have been lower than for those in the Waimakariri District and Selwyn District during the period April 2012 to March 2015. The percentage increases for lower quartile rents over this been period have been greater for Selwyn (46.9 percent) and Waimakariri (30.7 percent) than for Christchurch (16.2 percent).
1 Introduction

The purpose of this occasional paper is to review the available data with respect to rental accommodation in the Waimakariri District in April 2015. The main source of information is from the MBIE Tenancy Services.

The information published by MBIE Tenancy Services relates to bond money that is deposited with the government. Bond data relates to “active bonds” and “bonds received”. The rent data published is presented in terms of “mean rent”, “median rent”, and “upper quartile” and “lower quartile” rents. Market rent information is also provided for rental accommodation by the number of bedrooms.

For Waimakariri the information about bonds and rents is presented for Rangiora and Kaiapoi and for the rest of the District. MBIE indicates that the identification of localities is based on the 2001 Area Units, which means that a significant proportion of the new housing that is available for rent in Kaiapoi and Rangiora may well be classified as part of rural Waimakariri, because these properties are in areas that were part of larger rural Area Units in 2001 and are now included in smaller urban Area Units.

2 Trends in Active Bonds for Waimakariri

Since January 2011 the number of active bonds lodged with Tenancy Services fluctuated from 2020 at the beginning of the year to peak at 21020 in July 2011, and to fall to 1962 in April 2013. Figure 1 shows the number of active bonds held by MBIE at the beginning of each month between April 2012 and March 2015.
Figure 1 shows that there was an 11 percent increase in the number of active bonds held for rental properties in the Waimakariri District at March 2015 compared with April 2012. During this period the number of active bonds held by Tenancy Services fluctuated, with the lowest number of 1884 in March 2013, followed by 1896 in June 2013 and 1899 in August 2013.

Between August 2013 and March 2014 there was a relatively sharp increase in the number of active bonds held of 126, which represents an increase of 6.6 percent. This was followed by an increase of 102 or 5.0 percent between June 2014 and October 2014.

It should be noted that the MBIE data relates to active bonds, which are the private tenancies for which the Ministry holds bond money on behalf of tenants. The number of people in rental accommodation in the District recorded at the 2013 Census held in the first week of March suggests that many more households were living in rental accommodation in the District than is indicated by the active bond data. The Census data also includes people living in social housing provided by the Housing New Zealand Corporation and the Waimakariri District Council, as well as farm employees and their families living in “on farm” accommodation.

3 Mean rents for Waimakariri District

Figure 2 shows the mean or average rent for the District for the period April 2012 to March 2015.
The mean rent is calculated from the bonds lodged during the previous six months, and therefore represents a rolling average. It should also be noted that it does not take into account any increased charge by landlords to existing tenancies during the period.

At April 2012 the mean rent for the District was $345.67, and by March 2015 the mean rent was $440.77 or an increase of $95.10 (27.5 percent).

4 Waimakariri District bonds deposited 1 October 2014 – 31 March 2015

The MBIE Tenancy Services also provides information about the number of bonds lodged and the median, upper and lower quartile rents recorded during the previous six months. Table 1 shows the number of bonds issued for the Waimakariri District as a whole by the number of bedrooms in the homes involved with these tenancies for the period 1 October 2104 to 31 March 2015.

| Table 1 Waimakariri District bonds recorded 01.10.14 to 31.03.15 and bedrooms |
|---------------------------------|-----------------|-----------------|
| **Bedrooms** | **Number of bonds** | **Percentage of bonds** |
| 2 bedrooms | 64 | 25.6 |
| 3 bedrooms | 117 | 47.2 |
| 4 bedrooms | 63 | 25.2 |
| 5 bedrooms | 5 | 2.0 |
| **Total** | **249** | **100.0** |

Source: MBIE Tenancy Services

Table 1 shows that 73 percent of the rental homes for which bonds were deposited with MBIE in the six months from 1 October 2014 to 31 March 2015 had either two or three bedrooms. Of the 64 homes with two bedrooms 27 (42.2 percent) were classified as flats with the balance classified as houses.

Table 2 shows the median and the upper and lower quartile amounts for rents in the Waimakariri District for the number of bedrooms for these tenancies. The table distinguishes between the new tenancies established in Kaiapoi and Rangiora from those the rest of the District.
Table 2 shows some differences between the rentals for lodged bonds for tenancies in Kaiapoi and Rangiora during the period and those for the balance of the District. Of these there were lower rentals for the limited number of 2 bedroom flats for which bonds were lodged outside of Kaiapoi and Rangiora when compared with those for the District’s two main urban areas. At the other end of the scale the rentals for the limited number of five bedroom homes outside of Kaiapoi and Rangiora covered a wide price range. The median and upper quartile rentals for four bedroom homes in the balance of the District were also higher than for Kaiapoi and Rangiora. The differences for three bedroom homes were less, with the lower quartile and medium prices for the balance of the District higher than for Kaiapoi and Rangiora, while the higher quartile price was higher for the balance of the District, but only by $15.00 per week.

When considering these differences in prices it is important to appreciate that MBIE is using Statistics NZ’s 2001 Area Units to determine the boundaries of Kaiapoi and Rangiora, which means that any rental properties for which bonds were lodged in the period under review will be grouped with those for the balance of the District. It is only recently that the Fernside Area Unit has been divided, with the area between the older part of Rangiora and Lehmans Road separated an is now identified as the Lehmans Area Unit.

5 Properties listed for rent May 2015

A review of the homes available for rent in the Waimakariri District listed on the Trade Me and Real Estate NZ websites in early May 2015 show varied results. Table 3 shows the number of homes by number of bedrooms listed on each website.
Table 3

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>Trade Me website</th>
<th>Real Estate NZ website</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>1 bedroom</td>
<td>8</td>
<td>9.2</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>11</td>
<td>12.6</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>35</td>
<td>40.3</td>
</tr>
<tr>
<td>4 bedrooms</td>
<td>27</td>
<td>31.0</td>
</tr>
<tr>
<td>5 or more bedrooms</td>
<td>6</td>
<td>6.9</td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Trade Me and Real Estate NZ websites

Table 3 shows that the Trade Me website had substantially more homes listed as available for rent in the Waimakariri District compared with the Real Estate NZ website. The Trade Me website also had a higher percentage of three bedroom home available when compared with the Real Estate NZ website.

The range of prices being asked for homes with different numbers of bedrooms on each website would appear to be similar. The range of homes with one bedroom was from $180 to $300 per week; for two bedrooms from $270 to $360 per week; for three bedrooms $390 to $520 per week; and for four or more bedrooms from $445 to $650 per week. In addition, there were a limited number of rural properties with larger gardens and surrounding land for which the weekly rental stated was higher than this indicative range.

No attempt was made to match the two sets of homes listed to establish the number listed on one website and not listed on the other. The conclusion that can be drawn from the website search is that there are at least 87 homes available for rent in the District in early May 2015 when the search was undertaken, and that the prices quoted were generally in line with those indicated by MBIE based on bonds lodged in the six months October 2014 to March 2015. The only difference would appear to be at the top end of the price range for larger homes, some of which are on small holdings in the rural area. In addition it should be noted that from the photographs supplied on the websites, it would appear that a considerable number of the large homes being offered for rental have been completed recently and my never have been occupied.

6 Mean rents for greater Christchurch April 2012 – March 2015

With the damage to many homes in the area as the result of the earthquakes, followed by the red zoning of approximately 7,400 homes and the need for short term accommodation for the people required to leave their homes while repairs were carried out, there has been an acute shortage of rental accommodation. As a result of the increasing demand for rental accommodation there has been an increase in the level of average rents recorded by the MBIE Tenancy Service over the period since April 2012.
Figure 3 shows the mean rents for the three territorial authorities which constitute greater Christchurch under the Canterbury Earthquake Recovery Authority jurisdiction.

![Figure 3: Greater Christchurch - mean rents April 2012 - March 2015](image)

Source: MBIE Tenancy Services

At the beginning of the period the average Christchurch rental was $338.25, the Waimakariri average rental $345.67 or 2.2 percent higher than Christchurch, and the Selwyn average rental was $373.71 or 10.5 percent higher than Christchurch.

By March 2015 the Selwyn average rental had increased to 476.72, or an increase of $103.01 (27.6 percent). The Waimakariri average rental was $440.77, or an increase of $95.10 (27.5 percent) and similar to that for Selwyn. The average for Christchurch was $418.13, or an increase $79.88 or 23.6 percent. At the end of the period, therefore, the average rental for Selwyn was $35.46 or 10.5 percent higher than Christchurch, and the average rental for Waimakariri was $22.64 or 4.4 percent higher than Christchurch.

7 Range of rentals for greater Christchurch for 1 April 2012 to 1 March 2015

MBIE Tenancy Services has posted long-range data for the upper and lower quartile rentals for all New Zealand’s territorial authorities. Figure 4 shows the upper quartile rents for Christchurch City and the Selwyn and Waimakariri Districts for the period April 2012 to March 2015.
At the beginning of the period the upper quartile the Christchurch rental was $406.49, the Waimakariri upper quartile rental was $399.43 or slightly lower than for Christchurch and the Selwyn upper quartile rental was $461.18 or 13.4 percent higher than for Christchurch.

By March 2015 the Selwyn upper quartile rental was $556.34 or an increase of $95.16 (20.7 percent). The Waimakariri upper quartile rental was $502.18 or an increase of $102.75 (25.8 percent). The upper quartile rental for Christchurch was $515.29 or an increase of $108.80 (26.8 percent). At the end of the period, therefore, the upper quartile rental for Selwyn was $41.05 or 8.0 percent higher than for Christchurch, and the upper quartile rental for Waimakariri was $13.11 or 2.4 percent lower than for Christchurch.

8 Lower quartile rentals for greater Christchurch for April 2012 to March 2015

MBIE Tenancy Services has posted long-range data for the lower quartile rentals for all New Zealand’s territorial authorities. Figure 5 shows the lower quartile rents for Christchurch City, the Selwyn and Waimakariri Districts for the period April 2012 to March 2015.
At the beginning of the period the lower quartile rental for Christchurch was $245.57, the lower quartile rental for Waimakariri was $279.91 or 14.0 percent higher than for Christchurch, and the Selwyn lower quartile rental was $259.11 or 5.4 percent higher than for Christchurch.

By March 2015 the Selwyn lower quartile rental was $380.33 or an increase of $121.22 (46.9 percent). The Waimakariri lower quartile rental was $365.74 or an increase of $85.83 (30.7 percent). The Christchurch lower quartile rental was $285.26 or an increase of $39.69 (16.2 percent). At the end of the period, therefore, the lower quartile rental for Selwyn was $95.07 or 33.3 percent higher than for Christchurch, and the lower quartile rental for Waimakariri was $80.48 or 28.2 percent higher than for Christchurch.

9 Conclusion

Throughout the period the average rent for the Selwyn District has been higher than for those in Christchurch City and the Waimakariri District, although the extent to which these rents are higher than those for the other two territorial authorities has varied during the period. The movement in rentals for the upper quartile has been of similar amounts across the three territorial authorities ranging from $95.16 to $108.80, but for Selwyn this represents a smaller percentage increase than for the other two territorial authority areas. For the lower quartile, prices have increased more sharply for Selwyn and Waimakariri compared with Christchurch, with Selwyn recording the greatest increase of $121.22 (46.9 percent) and Waimakariri with an increase of $85.83 percent (30.7 percent).
In part the differences recorded for the three territorial authorities can be attributed to differences in the housing stock. The Selwyn District has experienced very rapid growth in new home construction and a high proportion of the homes in this District are relatively new and relatively large. The Waimakariri District has also experienced significant growth and development in recent years which means that it too has a significant proportion of new houses, but a greater number of older homes mainly in its four urban areas, Kaiapoi, Rangiora, Woodend and Oxford.

While Christchurch has experienced some new home construction on the periphery of the urban area and limited infill and redevelopment within the established urban area, it is likely that there were a greater proportion of older homes for rental in the City than in the Districts. Despite the loss of a considerable amount of lower quality accommodation in the City as the result of the earthquakes, the higher proportion of older homes in the City may be attributable to the more limited increase in the lower quartile rents being charged in 2015 in Christchurch compared with the Selwyn and Waimakariri Districts.