

MARKET REPORT: Rental Properties Early 2016

by Lisa East

What's the latest on rental properties in your area? While there's been some [recent reports that rents have dropped back to January 2015 levels](#), we're seeing the exact opposite, with tenant demand increasing in the main centres where we operate.

Our Auckland, Wellington and Christchurch teams are responsible for managing more than 1,200 investment properties and have their ear to the ground when it comes to just what is happening in the market. So here's our take on where the rental market is headed and what rents are doing.



AUCKLAND

Overall we're seeing rents increasing in Auckland. Following the introduction of new lending restrictions in late 2015, targeted at Auckland investors, many are now choosing to buy outside of the city. Because of this we are seeing a reduced supply of freshly purchased rentals, resulting in more tenant competition for the properties that are available.

We believe demand in Auckland will continue to increase throughout 2016, putting upward pressure on rents. In this kind of market, we make sure we review rents regularly to achieve the best rents possible for our landlords, while at the same time retaining quality tenants.

Despite the proliferation of high-density properties in the city, the most popular properties to rent still tend to be well-maintained, 3-4 bedroom freestanding homes in close proximity to local hubs. Access to public transport, shops, schools and motorways is always very important to tenants.

WELLINGTON

In recent months we have seen rents moving upwards as demand continues to outstrip supply. This has been a welcome change after a few years of low, or no increases. Wellington city prices have risen by as much as \$50 per week for quality 3 bedroom properties and, in the Hutt Valley, rents have increased by \$20-\$30 per week. We expect both areas to continue on this upward trend over 2016.

Motivated by rising rents, investors from overseas and Auckland are making their presence felt in the Wellington market. As a result, house prices in the capital are increasing too.

Hutt Valley has not seen the same level of growth, with many investors holding out for Transmission Gully to be completed in 2020, as they see values and rents increasing once the new highway north is completed. They will increase, but it is 3+ years away!

CHRISTCHURCH

While the Christchurch rental market has been relatively steady for the past 6 months, some particular areas have seen a good increase in weekly rents. Modern 3-4 bedroom houses in the Wigram, Aidanfield, and Halswell areas have generally had a rental increase of around \$30 or more per week recently.

Over winter the market will probably tighten a little, with rents dropping back ever so slightly on some rentals – in particular, older homes. Towards the end of the year we expect to see rents beginning to increase again.

Homes that rent well in Christchurch are always more modern dwellings – 4+ bedrooms, with two living areas and good heating. In areas like Rolleston, we often see homes like this rented out after just one viewing.

Another area where we're seeing an increase in demand is 2 bedroom units or apartments close to the city centre. While rents dropped back slightly on these urban units towards the end of 2015, we're seeing increasing interest in that style of living, particularly for younger renters. There will be much more of this type of property available over the next few years as new developments are completed.

If you're looking for quality property management for your investment property, [talk to our Iron Bridge Property Management teams](#) in each of these regions.

Looking to invest? We've got you covered too with a highly trained team of investment property specialists – [contact us](#) to find out more.