

Christchurch rental supply under huge pressure

Tenants hunting for rental property in Christchurch will be finding it tough going at present, with supply down 40 per cent compared to a year ago.

Brendon Skipper, head of Trade Me Property, said supply had started to contract as far back as September 2010 and had never recovered. "When the first major earthquake struck, we saw supply begin to come under pressure, and the February 2011 earthquake exacerbated the shortage. Supply has continued to plummet, and the current level of rental inventory for the city is the lowest we have seen for years."

As expected, demand was extremely high in Christchurch too, with landlords fielding a massive 42 per cent increase in the number of enquiries from potential tenants. "It is a classic case of supply and demand, and is now flowing through to rent," Mr Skipper said. "We've seen the average asking rent go up 15 per cent in Christchurch, well ahead of the national increase of 4 per cent."

His advice for prospective tenants was to have all references, bonds and forms at the ready, as landlords had the luxury of choosing tenants who were low maintenance and easy to deal with.

The national picture

Elsewhere, the rental picture is much tamer. Overall listing supply is down 7 per cent across the country, with Wellington (down 12%) and Hamilton (down 9%) prominent. Supply remains strong in the student cities of Palmerston North (up 13%) and Dunedin (up 17%), and demand is steady.

Across New Zealand, the average asking rent was up by 4 per cent compared to a year ago, underpinned by Christchurch but also reflecting a 7 per cent increase in central Auckland.

Mr Skipper said although more listings were coming onto Trade Me Property, they were "not sticking around" for long. "So far this year, about a quarter of all listings in Auckland, Wellington and Christchurch were onsite for six days or less, which is great for landlords but another indicator of that strong tenant demand."

A prediction

Mr Skipper said there were signs that pressure in the rental market was pushing prospective tenants to consider the option of buying a house. "Looking at our property for sale activity, we can see demand from potential buyers has increased by 13 per cent over the quarter, while sales inventory remains flat."

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Rentals: Quarterly comparison for Q1*

Area	Jan-Mar 2012 vs Jan-Mar 2011		
	Supply (listings)	Average rent	Demand (enquiries)
Central Auckland	3%	7%	0%
Manukau	- 1%	1%	4%
North Shore	- 8%	3%	4%
Waitakere	- 11%	5%	18%
Christchurch	- 40%	15%	42%
Palmerston North	13%	5%	8%
Dunedin	17%	4%	2%
Hamilton	- 9%	1%	15%
Wellington	- 12%	0%	13%
Lower Hutt	1%	-3%	-2%
National Total	- 7%	4%	9%

*Note

- Excludes apartments
- Supply is based on total listings onsite, not new listings.

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Contact: Paul Ford
Investor Relations, Trade Me
Phone 04 803 2611
Email investors@trademe.co.nz