

## Overall rent increases less than inflation

“December rental statistics from the Bond Centre have been released. It is evident that rental prices over the whole of New Zealand have increased by less than 5.1% in the year to November 22 at a time when overall inflation rose to 7.2%,” said Sue Harrison, President of the NZ Property Investors’ Federation (NZPIF). “It was also at a time when landlords’ insurance costs are increasing by 17% above last year and when landlords are having to cope with the adverse impact of the Government’s ongoing changes around the mortgage interest deductibility rules for residential rental property”.

Landlords who are members of nationwide Property Investors Associations generally keep in mind the difficulties being faced by their tenants, with food prices currently increasing at an even faster rate than their rents. They firmly believe that cost of living situation of many tenants could be seriously improved if the extra taxes recently introduced onto private housing owners who provide their rental accommodation were removed.

Looking at Auckland and Wellington separately, there is still a stark difference between these major cities and the rest of New Zealand.

Auckland rents have actually fallen slightly by 0.3% over 2022, with most of this occurring in the student apartment areas of the Central CBD. Wellington rents only increased by 0.6%, again mostly due to the Central area which fell by 2.7%.

However, excluding Auckland and Wellington, the picture for the rest of New Zealand is not so encouraging. Rents for the rest of New Zealand have increased by 8.3% over 2022. This may be a result of preparing for upcoming tax and interest rate increases or the effect of supply and demand issues.

Christchurch and Hawkes Bay had the largest rental price increases last year, at 10.9% and 10.1% respectively. Next was Invercargill at 8.5%, Dunedin on 6.9% and Palmerston North on 6.8%.

“When the figures for the beginning of 2023 are published, it will be interesting to see if rental prices in the Auckland and Wellington Central areas have since increased and if the increase in migration has affected the level of rents.” said Harrison.

*Note: The NZPIF Rental Report uses Tenancy Bond data and average*

About the NZPIF.

*The New Zealand Property Investors’ Federation is the parent body for affiliated Property Investors Associations representing approximately 7000 property owners and is responsible for educating and supporting landlords to ensure New Zealanders have access to high quality rental properties*

For more information please contact

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