

## ***What's happening with the rental market?***

by Adam Smith

The property market certainly keeps us on our toes. As residential sales market starts to ease, the rental market has started to pick up – particularly in Auckland.

While it's great news for property investors, the increase in demand is leaving some prospective tenants feeling left in the lurch. If that sounds like you, make sure to check out our tips for securing a rental property below.



### **What's happening out there?**

TradeMe's just-released [Rent Price Index](#) shows in the year to March 2017 that Auckland rents are up 3% from the same time last year, to \$515 per week. In Wellington, rents are up a significant 9.8%, to \$450 per week. While in Christchurch, rents have continued to soften. The median rent is down 6% from last year, to \$395 per week, as the post-earthquake rental market finds its new equilibrium.

### **What's causing the change?**

There are a number of factors causing the upswing in the rental property market across most of the country. These include:

- Less rental stock available – restrictions on investor buyers means there are fewer properties being purchased for the intention of renting
- Prospective buyers having to continue renting – the growth in property prices has made it unaffordable for many would-be-buyers to purchase a home
- Impact of migration – there has been a record number of migrants arriving to live in New Zealand, and many of these people are now looking to rent

### **Rents are increasing**

The increased demand for rental properties has brought with it an increase in rent rates. Our property management team are seeing an average rise of 5% per property – often more, in the case of Auckland and Wellington rentals.

Well-maintained, three to four bedroom freestanding homes close to local amenities are commanding premium rates.

### **Regional changes**

At Iron Bridge, we manage over 1,200 rental properties. Which means we're well placed to observe the trends emerging in the rental property market.

## *Auckland*

Auckland is a dream scenario for property investors:

- Demand for rental properties is now very strong across almost all housing types and locations
- The impact of the changing state of the residential sales market, along with the increase in net migration, means this buoyancy seems likely to continue throughout 2017
- Such high levels of demand go hand-in-hand with increasing rent rates

In this kind of environment, we make sure we review rents regularly to achieve the optimal rates possible for our landlord clients, while at the same time retaining quality tenants.

## *Wellington*

Rents are continuing to rise in Wellington:

- Demand has increased markedly over the last six months
- There's been an influx of people looking to rent, particularly in the last few months, partly due to an increase in the number of students studying in Wellington
- The shortage in rental stock has been exacerbated by some property investors opting to use Airbnb instead of a traditional tenancy scenario

It's a 'perfect storm' situation and prospective tenants are finding the market to be fiercely competitive.

Our advice for Wellington property investors would be to avoid the lure of short-term gains which make alternative options, like Airbnb, seem so appealing. These may have [some potentially serious long-term implications](#).

## *Christchurch*

Christchurch is bucking the trend somewhat due to the different supply/demand impacts following on from the earthquakes:

- Rents are reducing, as there's now a greater availability of rental properties
- However, we've noticed that interest has picked up after Easter. The number of rentals we have available is now trending down.

Our advice for Christchurch property investors is that quality properties that are well presented and priced right from the outset are still able to be tenanted easily.

### **Looking to rent? Our top tips**

If you're looking to rent, we know it's not an easy position to be in. At Iron Bridge Property Management, we meet with prospective tenants daily and there are some simple ways you can stand out from the crowd:

- Dress the part – first impressions count
- Show you're responsible – that starts with showing up on time
- Check the property meets your requirements – but don't appear too demanding
- Prepare a smart CV of your rental history, especially if you have pets – yes, really!
- Be prepared for the credit check – it's a very good sign

You can read more about these tips [in our recent blog](#).

### **Get the right advice**

It certainly seems an ideal time to be a property investor, as long as you can raise the finance. However, make sure you act wisely by seeking the right advice to maximise your returns over the long term. With the current conditions, that may involve getting a rental appraisal and determining how best to manage the process of a rent increase.

**If you'd like to a free rental appraisal, [get in touch](#) with our team at Iron Bridge Property Management. Or, if you're looking to rent, take a browse through [our listings](#).**