

Changes in the structure of the private rental market 1996 to 2023

Report 2 of 6 - "Private rental market trends 1996 to 2023"

Ian Mitchell

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Livingston and Associates Ltd, funded by the Building Research Levy





1222 Moonshine Road
RD1, Porirua 5381
Private Bag 50 908
Porirua 5240
New Zealand
branz.nz

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1. Executive summary

1.1 Introduction

The overall objective of this research project is to build our understanding of how the private rental market has performed since the major reforms of the early 1990s, establish whether there is a mismatch between what the market has delivered in terms of housing rental stock and low and moderate-income households' ability to affordably occupy these units, and the extent to which policy, regulatory and investment settings might be expected to mitigate current market limits. This is one of six research reports focused on the private rental market as part of a research programme funded by the Building Research Levy and led by Livingston and Associates Ltd in conjunction with CRESA. This report was completed by Livingston and Associates Limited.

Other reports include:

- Trends in the size of the intermediate housing market (can work – can't buy) between 1991 and 2025 (completed by Livingston and Associates Ltd);
- Housing and proposed 'Granny Flat' provisions New Zealand as a potential housing market solution (completed by CRESA);
- The international build to rent (BTR) experience focused on organisations involved in delivery, sources of financing, tenant segments serviced, tenant outcomes, typology and location of supply and the regulatory framework designed to stimulate supply (completed by CRESA);
- A review of evidence of the societal and economic impacts of housing stress and under-supply of affordable housing (completed by CRESA); and
- Livingston and Associates Ltd and CRESA collaborated on the final report which summarised our analysis of the implications of our findings in a housing market and policy context.

1.2 Private rental market trends

New Zealand's private rental market has grown (from 161,925 households in 1996 to 445,782 in 2023, an increase of 175%) and evolved since the early 1990s due in part to the decline in housing affordability, particularly for first home buyers¹, and the reforms introduced the successive governments in the late 1980s and early 1990s.

¹ Livingston and Associates Ltd (2025): The intermediate housing market 1991 to 2025. A report funded by BRANZ via The Building Research Levy.



Table 1.1 summarises key housing market statistics nationally and in our key metropolitan centres between 1996 and 2023.

Table 1.1: Key housing market statistics nationally and in our key metropolitan centres between 1996 and 2023

	Total households	Rate of owner-occupation	Private renter households	Median household income	Median house sale price	Median market rent	Geometric mean market rent
Auckland							
1996	353,757	69.2%	47,109	\$42,200	\$205,000	\$260	\$258
2023	539,490	59.5%	161,883	\$116,800	\$958,000	\$630	\$608
Chge 96 to 23	1.6% pa	-9.7% pts	4.7%	3.8% pa	5.9% pa	3.3% pa	3.2% pa
Greater Hamilton							
1996	63,435	67.4%	9,723	\$36,100	\$134,000	\$179	\$168
2023	110,232	60.1%	30,933	\$102,000	\$750,000	\$538	\$492
Chge 96 to 23	2.1% pa	-7.3% pts	4.4%	3.9% pa	6.6% pa	4.2% pa	4.1% pa
Greater Tauranga							
1996	41,778	67.3%	5,721	\$30,000	\$150,000	\$176	\$176
2023	75,291	71.2%	17,367	\$93,600	\$846,000	\$640	\$615
Chge 96 to 23	2.2% pa	3.9% pts	4.2%	4.3% pa	6.6% pa	4.9% pa	4.7% pa
Greater Wellington							
1996	134,600	69.5%	18,246	\$43,900	\$140,000	\$201	\$204
2023	174,700	65.4%	44,856	\$119,100	\$772,000	\$595	\$567
Chge 96 to 23	1.0% pa	-4.1% pts	3.4%	3.8% pa	6.5% pa	4.1% pa	3.9% pa
Greater Christchurch							
1996	138,348	76.3%	17,493	\$33,400	\$131,000	\$179	\$172
2023	201,762	69.1%	47,346	\$94,900	\$675,000	\$522	\$486
Chge 96 to 23	1.4% pa	-7.2% pts	3.8%	3.9% pa	6.3% pa	4.0% pa	3.9% pa
Total NZ							
1996	1,268,100	70.7%	197,900	\$23,230	\$154,000	\$180	\$184
2023	1,780,500	66.0%	475,900	\$97,000	\$770,000	\$572	\$547
Chge 96 to 23	1.3% pa	-4.7% pts	3.3%	5.4% pa	6.1% pa	4.4% pa	4.1% pa

Source: Statistics New Zealand, MHUD,

Greater Tauranga’s housing market grew at the fastest pace between 1996 and 2023 followed by Greater Hamilton, Auckland followed by Greater Hamilton experienced the fastest annual average compounded growth in the number of private renter households. With the exception of Auckland, median household incomes increased at a slower pace than median rents. Median house sale prices increased at a faster pace than median household incomes in all the markets listed above.

These market indicators demonstrate some of the key metrics influencing the private rental market in each of these locations.



Figure 1.1 presents the proportion of private renters by household income quintile for the region in 2023.

Figure 1.1: The proportion of private rentals by regional household income quintiles in 2023



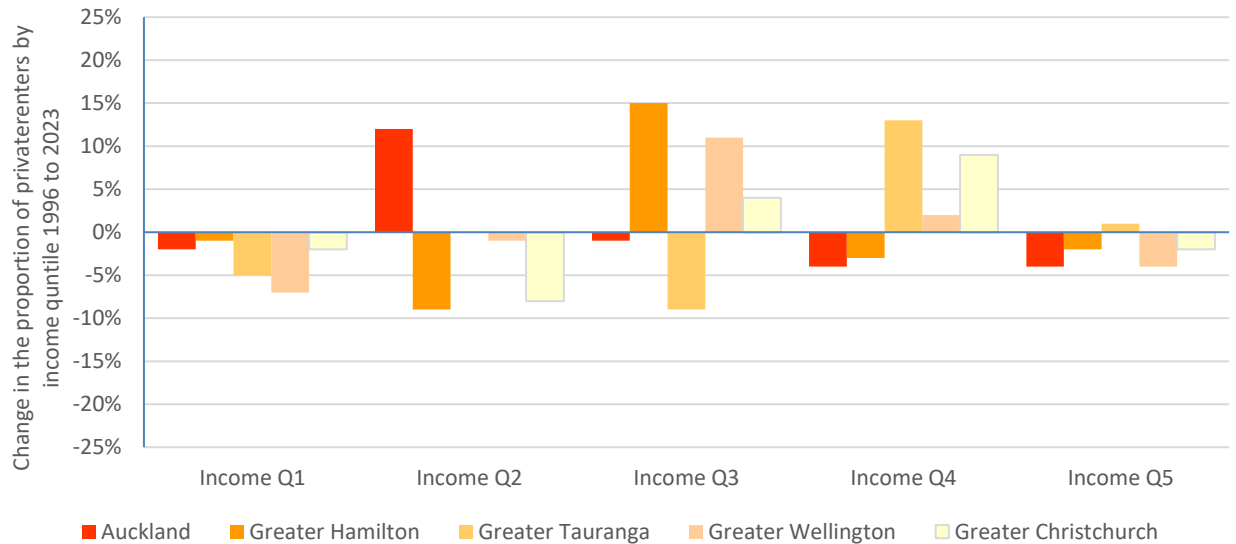
Source: Statistics New Zealand

Greater Wellington private renters had a lower proportion of households in income quintile 1 compared to the other metropolitan areas. Greater Hamilton private renters had a higher proportion of households in income quintile 3 compared to the other metropolitan areas. Greater Tauranga and Christchurch private renters had a higher proportion of households in income quintile 4 compared to the other metropolitan areas. Auckland and Greater Wellington private renters had a higher proportion of households in income quintile 5 compared to the other metropolitan areas.



Figure 1.2 presents the change in the proportion of private rentals by regional household income quintiles between 1996 and 2023.

Figure 1.2: The change in the proportion of private rentals by regional household income quintiles between 1996 and 2023.



Source: Statistics New Zealand

Between 1996 and 2023, the income profile of private renters changed. The proportion of private renters in quintile 5 fell in all housing markets and, with the exception of Greater Tauranga, the proportion of private renters in Quintile 1 also fell. Nationally, the proportion of private renters in household income quintile 3 increased from 15% in 1996 to 40% of all private renters or from 24,336 renter households in 1996 to 177,933 households (an increase of 630%). This trend varied across our main housing markets.



Table 1.2 presents the number and proportion of renter households within each income quintile for the housing market.

Table 1.2: The number and proportion of private renter households by income quintile in 1996 and 2023

	Quintile 1		Quintile 2		Quintile 3		Quintile 4		Quintile 5		Total
	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	
Auckland											
1996	11,031	23%	7,080	15%	11,682	25%	8,337	18%	8,979	19%	47,109
2023	33,678	21%	42,921	27%	38,304	24%	23,376	14%	23,604	15%	161,883
Chge 96 to 23	205%	-2% pts	506%	12% pts	228%	-1% pts	180%	-4% pts	163%	-4% pts	244%
Gtr Hamilton											
1996	2,040	21%	2,802	29%	2,643	27%	1,335	14%	903	9%	9,723
2023	6,063	20%	6,258	20%	12,927	42%	3,399	11%	2,286	7%	30,933
Chge 96 to 23	197%	-1% pts	123%	-9% pts	389%	15% pts	155%	-3% pts	153%	-2% pts	218%
Gtr Tauranga											
1996	1,344	23%	1,068	19%	1,569	27%	1,314	23%	426	7%	5,721
2023	3,195	18%	3,351	19%	3,183	18%	6,231	36%	1,407	8%	17,367
Chge 96 to 23	138%	-5% pts	214%	0% pts	103%	-9% pts	374%	13% pts	230%	1% pts	204%
Gtr Wellington											
1996	2,613	14%	4,320	24%	2,277	12%	4,038	22%	4,998	27%	18,246
2023	3,345	7%	10,170	23%	10,113	23%	10,983	24%	10,245	23%	44,856
Chge 96 to 23	28%	-7% pts	135%	-1% pts	344%	11% pts	172%	2% pts	105%	-4% pts	146%
Gtr Christchurch											
1996	3,738	21%	5,118	29%	2,697	15%	4,377	25%	1,563	9%	17,493
2023	9,138	19%	10,080	21%	8,982	19%	15,930	34%	3,216	7%	47,346
Chge 96 to 23	144%	-2% pts	97%	-8% pts	233%	4% pts	264%	9% pts	106%	-2% pts	171%

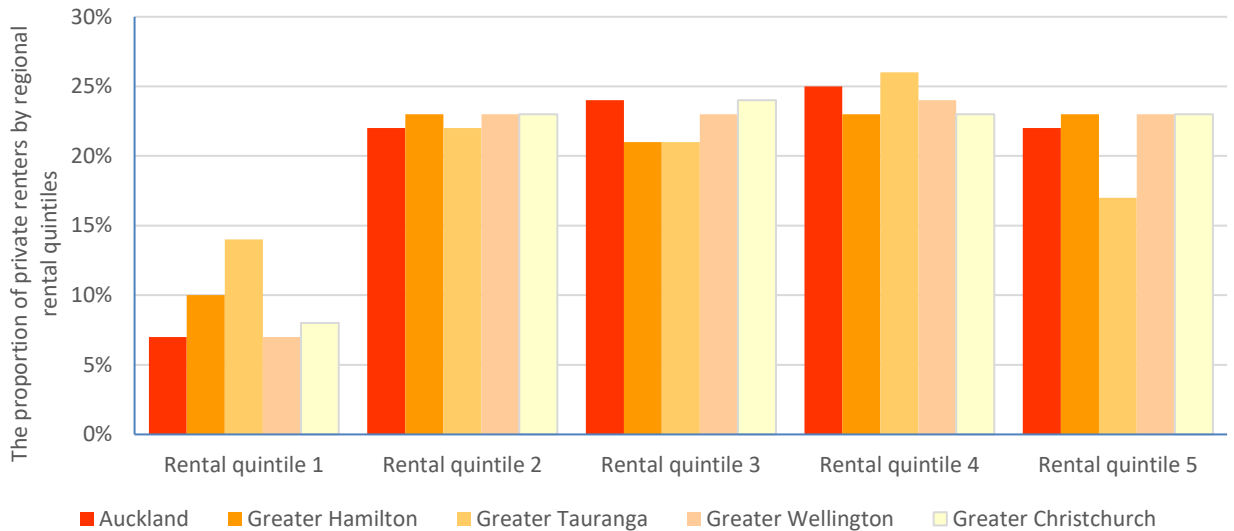
Source: Statistics New Zealand

The number of Auckland’s private renters in income quintile 2 grew faster than the overall average for the region between 1996 and 2023. In contrast, in Greater Hamilton, Wellington and Christchurch the number of private renters in income quintile 3 grew significantly faster than the overall market average. The number of Greater Tauranga’s private renters increased at the fastest pace in income quintiles 2 and 5 between 1996 and 2023. With the exception of Greater Tauranga, the number of private renters in income quintile 1 grew at a slower rate than the overall market.



Figure 1.3 presents the proportion of private rentals by regional rental quintiles in 2023.

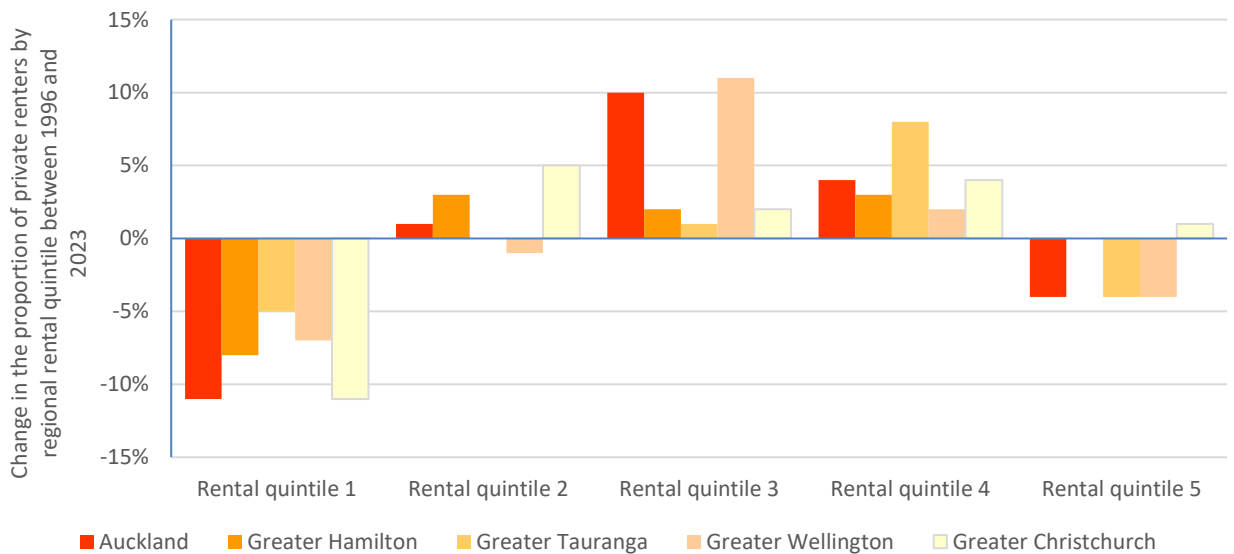
Figure 1.3: The proportion of private rentals by regional rental quintiles in 2023



Source: Statistics New Zealand

Greater Tauranga had proportionally more private rental properties in rental quintile 1 than the other four metropolitan areas and proportionally less in rental quintile 5. Figure 1.4 presents the change in the proportion of private rentals by regional rental quintiles between 1996 and 2023.

Figure 1.4: The change in the proportion of private rentals by regional rental quintiles between 1996 and 2023.



Source: Statistics New Zealand



All metropolitan areas experienced a fall in the proportion of private rental dwellings in rental quintile 1 between 1996 and 2023.

Table 1.3 presents the trend in number and proportion of private renter households by rental quintile between 1996 and 2023.

Table 1.3: the number and proportion of private renter households by rental quintile in 1996 and 2023

	Rental Quintile 1		Rental Quintile 2		Rental Quintile 3		Rental Quintile 4		Rental Quintile 5		Total
	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	
Auckland											
1996	8,418	18%	10,053	21%	6,462	14%	10,098	21%	12,078	26%	47,109
2023	11,106	7%	35,688	22%	39,036	24%	40,173	25%	35,880	22%	161,883
Chge 96 to 23	32%	-11% pts	255%	1% pts	504%	10% pts	298%	4% pts	197%	-4% pts	244%
Gtr Hamilton											
1996	1,764	18%	1,992	20%	1,815	19%	1,899	20%	2,253	23%	9,723
2023	3,231	10%	7,143	23%	6,399	21%	7,026	23%	7,134	23%	30,933
Chge 96 to 23	83%	-8% pts	259%	3% pts	253%	2% pts	270%	3% pts	217%	0% pts	218%
Gtr Tauranga											
1996	1,098	19%	1,284	22%	1,116	20%	1,041	18%	1,182	21%	5,721
2023	2,499	14%	3,819	22%	3,576	21%	4,527	26%	2,946	17%	17,367
Chge 96 to 23	128%	-5% pts	197%	0% pts	220%	+1% pts	335%	8% pts	149%	-4% pts	204%
Gtr Wellington											
1996	2,613	14%	4,320	24%	2,277	12%	4,038	22%	4,998	27%	18,246
2023	3,345	7%	10,170	23%	10,113	23%	10,983	24%	10,245	23%	44,856
Chge 96 to 23	28%	-7% pts	135%	-1% pts	344%	11% pts	172%	2% pts	105%	-4% pts	146%
Gtr Christchurch											
1996	3,276	19%	3,210	18%	3,867	22%	3,324	19%	3,816	22%	17,493
2023	3,810	8%	10,905	23%	11,139	24%	10,782	23%	10,710	23%	47,346
Chge 96 to 23	16%	-11% pts	240%	5% pts	188%	2% pts	224%	4% pts	181%	1% pts	171%

Source: Statistics New Zealand

Between 1996, and 2023, the number of private rentals in rental quintile 1 increased in each metropolitan area, however, the rate of growth was lower than the market average. The number of private renter dwellings in rental quintiles 3 and 4 grew at a faster rate than the market average in each of the five main metropolitan centres between 1996 and 2023.



Table 1.4 presents the proportion of private renters paying more than 30% of their gross household income in rent by regional income quintiles in 1996 and 2023.

Table 1.4: The proportion of private renters paying more than 30% of their gross household income in rent by regional income quintiles in 1996 and 2023

	Income quintile 1	Income quintile 2	Income quintile 3	Income quintile 4	Income quintile 5	Total private renters
Auckland						
1996	95%	72%	34%	8%	3%	43%
2023	96%	78%	25%	4%	1%	47%
Chge 96 to 23	1% pts	6% pts	-9% pts	-4% pts	-2% pts	4% pts
Gtr Hamilton						
1996	92%	54%	12%	2%	1%	38%
2023	95%	80%	26%	1%	0%	46%
Chge 96 to 23	3% pts	26% pts	14% pts	-1% pts	-1% pts	8% pts
Gtr Tauranga						
1996	90%	74%	25%	2%	1%	42%
2023	94%	85%	66%	11%	0%	50%
Chge 96 to 23	4% pts	11% pts	41% pts	9% pts	-1% pts	8% pts
Gtr Wellington						
1996	92%	37%	8%	4%	1%	31%
2023	94%	70%	24%	5%	1%	44%
Chge 96 to 23	2% pts	33% pts	16% pts	1% pts	0% pts	13% pts
Gtr Christchurch						
1996	93%	59%	17%	4%	1%	41%
2023	94%	79%	37%	4%	0%	43%
Chge 96 to 23	1% pts	20% pts	20% pts	0% pts	-1% pts	2% pts
Total NZ						
1996	91%	57%	21%	7%	2%	39%
2023	94%	77%	30%	3%	1%	45%
Chge 96 to 23	3% pts	20% pts	9% pts	-4% pts	-1% pts	6% pts

Source: Statistics New Zealand

With the exception of private renters in Auckland, the proportion paying more than 30% of their gross household income in rent (stressed private renter) increased more than the overall market average for households in income quintile 2 and 3 with only small changes in the proportion of stressed private renters in income quintiles 1, 4 and 5. Overall the proportion of stressed private renters in Auckland was higher in income quintiles 2 and 3 in 1996 than the other main metropolitan centres. By 2023 this difference had disappeared and may reflect private renter affordability deteriorated prior to 1996 in Auckland.



The demographic characteristics of private renter households changed between 1996 and 2023. Key trends across all of the metropolitan areas included:

- Proportionally fewer private renters with reference people aged less than 40 years and proportionally more aged 50 years and over; and
- Proportionally more one person households and proportionally less one parent households in household income quintile 3. There were also proportionally more couples with children particular in higher rental quintile dwellings.

In summary, there has been a number of structural changes in the private rental market between 1996 and 2023. Over the last 27 years the number of private renters increased by approximately 140% or 3.3% per annum. The strong growth in the number of private renters has resulted in a corresponding increase in the number of private rental dwellings. The growth in the number of rental properties in rental quintile 1 was significantly lower than the growth in the number of private renters with incomes in household income quintile 1.

This suggests there was a shortage of lower cost dwellings for lower-income households. Effectively a higher proportion of private renters with incomes in quintile 1 would have had to rent dwellings in rental quintile 2. This is reflected in the growth in the proportion of stressed quintile 1 private renters (increased from 91% to 94% between 1996 and 2023). The highest increases in the proportion of stressed private renters between 1996 and 2023 was for households with income in quintile 2 renting properties in quintiles 2 and 3 and households in income quintile 3 renting dwellings in rental quintiles 3 and 4.

In conclusion, the affordability outcome (changes in the proportion of stressed renters) for private renter households deteriorated for households in income quintiles 1, 2, and 3. By 2023, 94% of private renters in income quintile 1 were stressed (up from 91% in 1996), 77% in income quintile 2 (up from 57% in 1996) and 30% in income quintile 3 (up from 21% in 1996). At the same time, the proportion of stressed private renters in income quintiles 4 and 5 fell between 1996 and 2023. This trend shows a lack of low-cost rental properties available to low to moderate-income households.



2. Introduction

The private rental market has played a critical role in New Zealand's housing market providing accommodation for low to moderate-income households. Between 1986 and 2018, size of the stock owned by private property investors increased by 191% although the total dwelling stock only increased by 53%. Rental dwellings were largely acquired from the existing housing stock. This is reflected in the age and comparatively poorer performance of the rental stock. Despite the expansion of the private rental stock, rents are not well aligned to the needs of low and moderate-income households. In 2023, 45% of private renter households paid more than 30% of their gross household income in rent compared to 19% in 1996².

The overall objective of this research project is to build our understanding of how the private rental market has performed since the major reforms of the early 1990s, establish whether there is a mismatch between what the market has delivered in terms of housing rental stock and low and moderate-income households' ability to affordably occupy these units, and the extent to which policy, regulatory and investment settings might be expected to mitigate current market limits.

This research project is led by Livingston and Associates Ltd in conjunction with CRESA. The results of our analysis are presented in a series of reports. Livingston and Associates Ltd completed analysis of:

- Trends in the size of the intermediate housing market (can work – can't buy) between 1991 and 2025; and
- The changes in the structure of the private rental market between 1996 and 2023.

CRESA has completed a review of the literature focused on:

- Housing and proposed 'Granny Flat' provisions New Zealand as a potential housing market solution;
- The international build to rent (BTR) experience focused on organisations involved in delivery, sources of financing, tenant segments serviced, tenant outcomes, typology and location of supply and the regulatory framework designed to stimulate supply; and
- A review of evidence of the societal and economic impacts of housing stress and under-supply of affordable housing.

Livingston and Associates Ltd and CRESA collaborated on the final report which summarised our analysis of the implications of our findings in a housing market and policy context.

This report presents Livingston and Associates Ltd's analysis on the changes in the structure of the private rental market between 1996 and 2023 and includes a national overview and trends by the main metropolitan centres.

² Cabinet Paper (2024) – Fixing the housing crisis. Office of the Minister of Housing Infrastructure and RMA Reform.



2.1 Data sources and definitions

Customised census datasets were used in this analysis of the changes in the structure of the private rental market between 1996 and 2023. There are significant data issues developing time series using census data in New Zealand due to changes in the methodology, the way the data has been collected, how different questions within the census have been asked, and variable response rates. For example, there has been a shift away from the completion of paper census forms to online forms, increased use of administrative data, and changes in the way household tenure questions have been asked. These changes have been made with good intentions either to improve the accuracy of the data collected or to manage the total census cost. However, it does mean the results of this analysis should be treated as indicative rather than absolute.

Some key definitions include:

- Market rent – the price at which a dwelling would let for on the open market as at the specified date;
- Passing rent – the contract rent paid by a household;
- Lower to moderate-income households are households with income in quintiles 1 and 2.
- Private renter – household renting their property from a private person, trust, or business.
- Intermediate housing market - private renter households with at least one member in paid employment who are unable to affordably buy a dwelling at the lower quartile house sale price (can work – can't buy);
- Affordably buy or rent – household pays no more than 30% of their gross household income to either service their mortgage or pay their rent.

This analysis also divides private renter households by quintiles. The quintiles used reflect either the household income or dwelling rentals within the housing market specified area quintiles.

Housing market boundary definitions include:

- Auckland – Auckland unitary authority area;
- Greater Hamilton – combined Hamilton City, Waikato District and Waipa District Council areas;
- Greater Tauranga – combined Tauranga City and Western Bay of Plenty District council areas
- Greater Wellington – combined Kāpiti Coast District, Upper Hutt, Lower Hutt, Porirua and Wellington City Council areas;
- Greater Christchurch – combined Christchurch City, Waimakariri and Selwyn District Council areas.



3. National overview

3.1 Introduction

New Zealand, like other neoliberal west democracies, has experienced a decline in housing affordability over the last three decades. A significant amount of commentary and government policy has focused on the decline in first home buyer affordability. Report 1 of this series demonstrates the impact with the growth of the intermediate housing market³ in New Zealand and as a consequence of growth in the number of private renters. As the rate of owner-occupation has declined, the growth in the number of households living in dwellings they do not own has increased proportionally faster than owner occupiers.

Table 3.1 presents the trend in the rate of owner-occupation, number of owner occupiers, not owned and private renter households between 1996 and 2023.

Table 3.1: The trend in the rate of owner-occupation, number of owner occupiers, not owned and private renter households between 1996 and 2023

	All households	Rate of owner occupation	Number of owner occupiers ⁵	Not owned households ⁴	
				Total not owned	Private renters
1996	1,268,100	70.7%	896,200	371,900	197,900
2001	1,344,300	67.8%	911,000	433,300	264,500
2006	1,454,200	61.5%	893,600	560,600	299,600
2013	1,549,900	64.8%	1,003,600	546,300	355,600
2018	1,664,300	64.5%	1,073,600	590,700	440,000
2023	1,780,500	66.0%	1,175,500	605,000	475,900
Change 96 to 23	+40%	-4.7% pts	+31%	+63%	+140%

Source: Statistics New Zealand

The number of households living in dwellings they do not own has increased at double the rate as the growth in owner occupiers. Low nonresponse rates to the type of landlord question in earlier census results may cause an overestimate in the growth in the number of private renters. However, with the low level of investment in social housing between 1996 and 2023 relative to the growth in the number of households living in not owned dwellings would suggest the rate of growth number of private renter households would be even higher than those living in not owned dwellings. Table 3.2 presents the number and proportion of renter households by landlord type and rental quintile in 1996, 2006, 2013, and 2023.

³ Private renter households with at least one member in paid employment who are unable to affordably buy a dwelling at the lower quartile house sale price – Can work – can't buy.

⁴ Not owned includes a range of households living in private dwellings include those who rent their dwellings from social, private and employer landlords.

⁵ Owner-occupiers include households with fully or partial ownership interest and include those owned via a family trust.



Table 3.2: The number and proportion of renter households by landlord type and rental quintile

	Rental quintile 1		Rental quintile 2		Rental quintile 3		Rental quintile 4		Rental quintile 5		Total tenure stated		No landlord stated		Total	
	Hhlds	% of quintile	Hhlds	% of quintile	Hhlds	% of quintile	Hhlds	% of quintile	Hhlds	% of quintile	Hhlds	% of quintile	Hhlds	% of quintile	Hhlds	% of quintile
1996																
Private	40,550	58%	31,610	67%	36,220	66%	39,320	69%	45,010	84%	192,690	68%	5,160	54%	197,850	68%
Social	23,680	34%	12,950	27%	16,150	29%	14,600	26%	5,790	11%	73,160	26%	2,980	31%	76,140	26%
Total stated	64,230	93%	44,550	94%	52,370	95%	53,910	95%	50,800	94%	265,850	94%	8,140	85%	273,990	94%
Not Stated	5,190	7%	2,940	6%	2,880	5%	2,880	5%	3,040	6%	16,930	6%	1,430	15%	18,360	6%
Total	69,410	100%	47,490	100%	55,250	100%	56,790	100%	53,840	100%	282,780	100%	9,570	100%	292,350	100%
2006																
Private	27,580	36%	67,280	82%	66,830	88%	67,260	91%	64,450	93%	293,410	78%	6,190	57%	299,600	77%
Social	45,800	60%	9,770	12%	4,340	6%	2,210	3%	990	1%	63,100	17%	3,490	32%	66,590	17%
Total stated	73,370	96%	77,050	94%	71,170	94%	69,470	94%	65,440	94%	356,500	94%	9,680	89%	366,180	94%
Not Stated	2,910	4%	5,070	6%	4,370	6%	4,410	6%	4,120	6%	20,890	6%	1,190	11%	22,080	6%
Total	76,280	100%	82,120	100%	75,550	100%	73,880	100%	69,560	100%	377,390	100%	10,880	100%	388,260	100%
2013																
Private	39,450	44%	80,660	84%	70,130	89%	86,820	91%	71,770	93%	348,830	80%	6,730	40%	355,560	78%
Social	48,210	54%	13,930	15%	7,580	10%	7,920	8%	5,040	7%	82,680	19%	9,780	58%	92,460	20%
Total stated	87,660	99%	94,590	99%	77,710	99%	94,730	99%	76,810	99%	431,510	99%	16,510	97%	448,020	99%
Not Stated	1,240	1%	1,180	1%	780	1%	870	1%	610	1%	4,670	1%	460	3%	5,120	1%
Total	88,900	100%	95,770	100%	78,490	100%	95,600	100%	77,420	100%	436,170	100%	16,970	100%	453,140	100%
2023																
Private	46,340	41%	116,530	91%	99,780	97%	102,840	98%	107,390	98%	472,880	84%	3,060	48%	475,940	84%
Social	66,770	59%	11,740	9%	3,230	3%	2,490	2%	1,990	2%	86,220	15%	1,190	19%	87,410	15%
Total stated	113,110	100%	128,270	100%	103,010	100%	105,340	100%	109,380	100%	559,100	100%	4,250	67%	563,350	100%
Not Stated	380	0%	110	0%	30	0%	20	0%	30	0%	560	0%	2,060	33%	2,620	0%
Total	113,490	100%	128,370	100%	103,040	100%	105,350	100%	109,410	100%	559,660	100%	6,310	100%	565,970	100%

Source: Statistics New Zealand



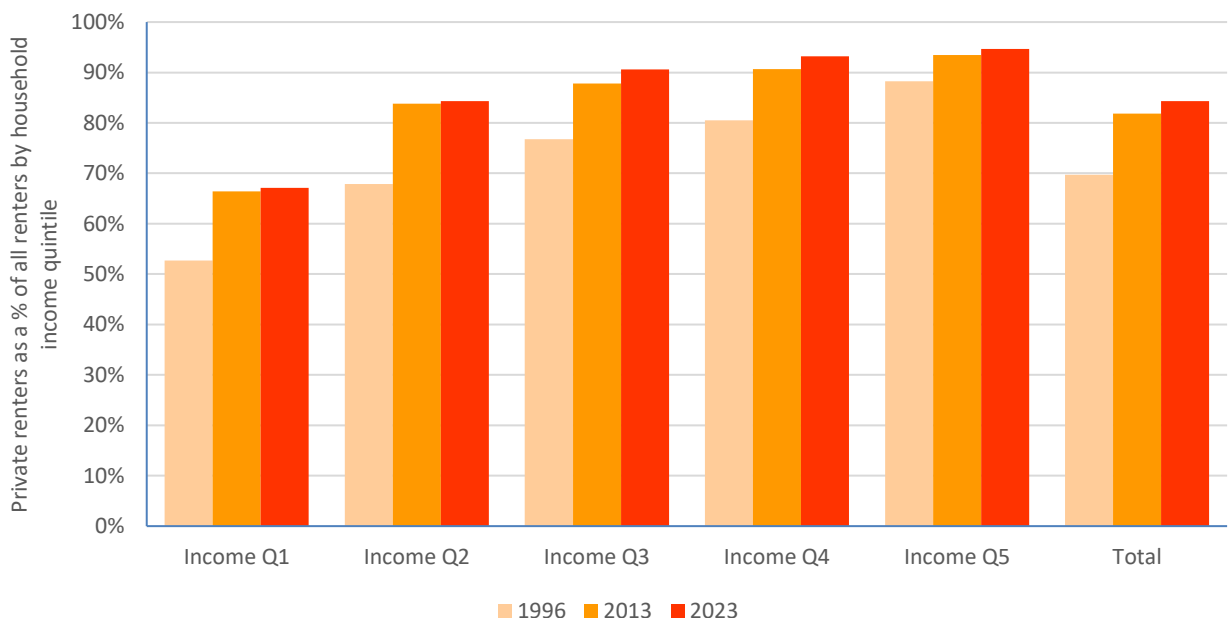
The structure of the rental market changed between 1996 and 2023. The number of private rental properties increased from 197,850 in 1996 to 475,940 in 2023, an increase of 140%. Over the same time period, the number of rented properties with social landlords increased by only 15%. Social landlord’s share of the rental market increased for properties in rental quintile 1 from 34% in 1996 to 59% in 2023. Social landlord’s share by rental quintile fell:

- From 27% of all rental properties in rental quintile 2 in 1996 to 9% in 2023;
- From 29% of all rental properties in rental quintile 3 in 1996 to 3% in 2023;
- From 26% of all rental properties in rental quintile 4 in 1996 to 2% in 2023; and
- From 11% of all rental properties in rental quintile 5 in 1996 to 2% in 2023.

The number and proportion of low-cost private rental properties (those in rental quintile 1) only increased by 5790 between 1996 and 2023 (an increase in 14%). This sector of the market has become increasingly dominated by social landlords.

Private renters as a proportion of total households have increased over the last 27 years. With the strong growth in private renter households, the dynamics in terms of their income profiles and the cost of the properties they occupy have also changed. Figure 3.1 presents private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023.

Figure 3.1: Private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023



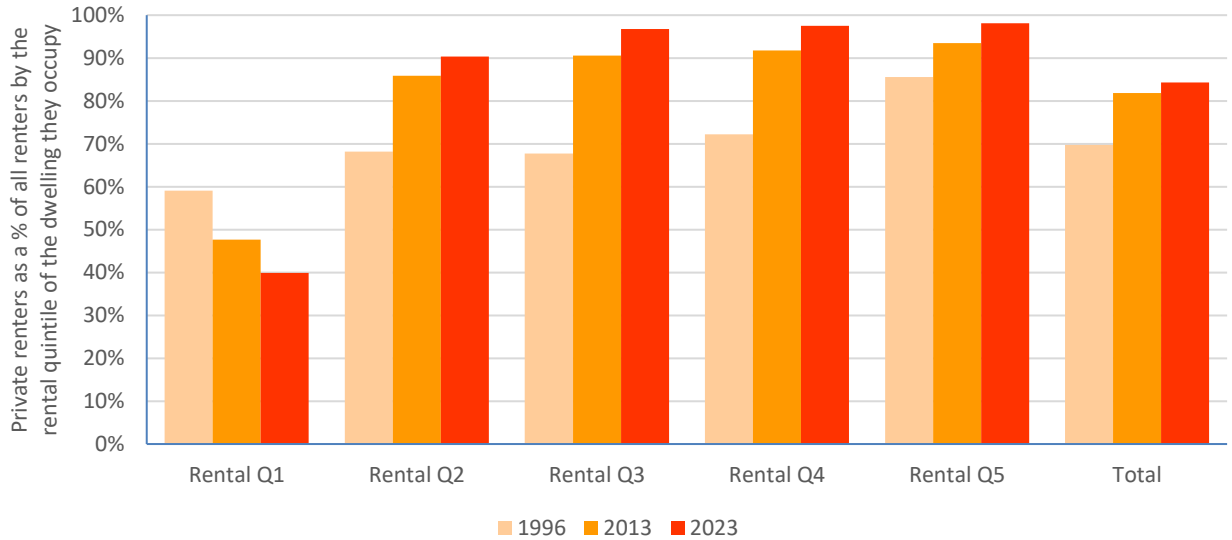
Source: Statistics New Zealand

Between 1996 and 2023, private renter households as a percentage of all renter households increased in all 5 household income quintiles.



Figure 3.2 presents private renter households as a percentage of total renter households by rental income quintile in 1996, 2013 and 2023.

Figure 3.2: Private renter households as a percentage of total renter households by rental quintile in 1996, 2013 and 2023



Source: Statistics New Zealand

Between 1996 and 2023, private renter households as a percentage of all renter households increased in all 5 rental quintiles except quintile 1, where as a proportion of total renters they fell from 59% in 1996 to 40% in 2023.



Table 3.3 presents the change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile.

Table 3.3: The change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile

	Income Q1	Income Q2	Income Q3	Income Q4	Income Q5	Total
1996						
Rental Q1	46%	69%	74%	63%	61%	59%
Rental Q2	55%	68%	78%	82%	83%	68%
Rental Q3	53%	63%	75%	81%	86%	68%
Rental Q4	57%	65%	75%	83%	87%	72%
Rental Q5	69%	78%	85%	90%	95%	86%
Total	53%	68%	77%	81%	88%	70%
2013						
Rental Q1	34%	61%	71%	72%	68%	48%
Rental Q2	85%	86%	87%	86%	82%	86%
Rental Q3	89%	91%	91%	92%	90%	91%
Rental Q4	88%	91%	92%	93%	93%	92%
Rental Q5	86%	92%	92%	95%	96%	93%
Total	66%	84%	88%	91%	93%	82%
2023						
Rental Q1	29%	46%	53%	53%	60%	40%
Rental Q2	91%	91%	91%	87%	86%	90%
Rental Q3	96%	97%	97%	96%	95%	97%
Rental Q4	97%	98%	98%	98%	97%	98%
Rental Q5	94%	98%	98%	99%	99%	98%
Total	67%	84%	91%	93%	95%	84%
change 96 to 23						
Rental Q1	-17% pts	-23% pts	-21% pts	-9% pts	-1% pts	-19% pts
Rental Q2	36% pts	23% pts	13% pts	5% pts	3% pts	22% pts
Rental Q3	43% pts	34% pts	22% pts	15% pts	9% pts	29% pts
Rental Q4	40% pts	33% pts	23% pts	15% pts	10% pts	25% pts
Rental Q5	24% pts	20% pts	13% pts	9% pts	4% pts	13% pts
Total	14% pts	16% pts	14% pts	13% pts	6% pts	15% pts

Source: Statistics New Zealand

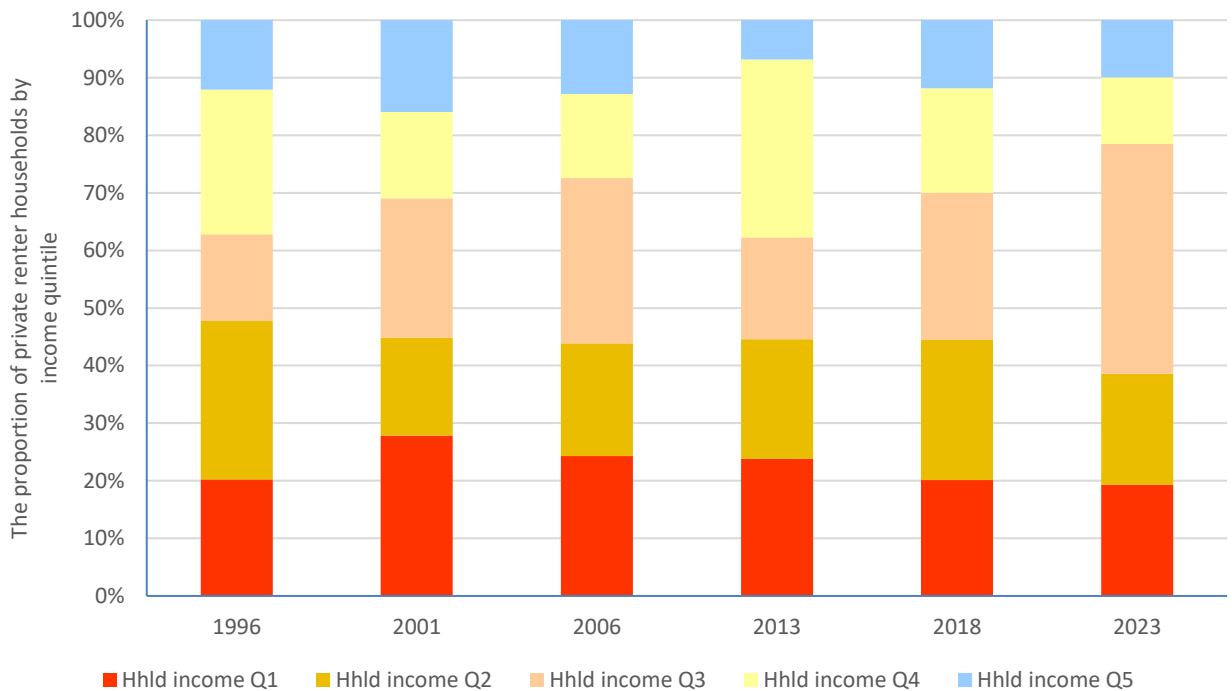
The private rental market’s overall share increased by 15% points from 70% to 84% between 1996 and 2023. Note that in 1996, 5.3% of renter households did not identify their landlord classification and this fell to 0.1% in 2023 which adds a degree of uncertainty over the extent of the trend. The private rental market’s share fell for households renting dwellings in rental quintile 1 (across all household income quintiles) and increased for the balance of the renter market. The strongest growth in the private rental markets share was for households in income quintile 1 renting dwellings in rental quintiles 2 (up 36% points), 3 (up 43% points) and 4 (up 40% points).



3.2 National overview - Structure of the private rental market

Growth in the number of private renter households has also had an impact on their characteristics. Figure 3.3 presents the trend in private renter households (as a % of total private renters) by income quintile between 1996 and 2023.

Figure 3.3: The trend in private renter households (as a % of total private renters) by income quintile between 1996 and 2023



Source: Statistics New Zealand

Changes in the composition of private renter households by income reflect changes in first home buyer affordability as interest rates, house sale prices and household incomes have changed over the last three decades. However, there are now proportionally more households in income quintile 3 than in 1996 and proportionally fewer in income quintiles 1 and 2. There are also fewer private renters in income quintile 4.



Table 3.4 presents the number of private renter households by household income and rental quintiles from 1996 to 2023.

Table 3.4: The number of private renter households by household income and rental quintiles from 1996 to 2023

Rental Quintiles	Hhld Income Q1		Hhld Income Q2		Hhld Income Q3		Hhld Income Q4		Hhld Income Q5		Total	
	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total
1996												
Q1	11,034	7%	11,967	7%	5,229	3%	5,517	3%	1,374	1%	35,121	22%
Q2	6,840	4%	9,309	6%	4,524	3%	5,403	3%	1,032	1%	27,108	17%
Q3	6,000	4%	9,123	6%	5,442	3%	8,238	5%	1,914	1%	30,717	19%
Q4	4,905	3%	8,028	5%	5,193	3%	10,776	7%	3,861	2%	32,763	20%
Q5	3,948	2%	6,210	4%	3,948	2%	10,749	7%	11,361	7%	36,216	22%
Total	32,727	20%	44,637	28%	24,336	15%	40,683	25%	19,542	12%	161,925	100%
2006												
Q1	9,660	4%	5,685	2%	6,063	2%	1,890	1%	975	0%	24,273	10%
Q2	21,276	8%	14,643	6%	16,098	6%	4,479	2%	1,809	1%	58,305	23%
Q3	14,286	6%	13,062	5%	19,470	8%	7,542	3%	3,165	1%	57,525	23%
Q4	9,915	4%	10,266	4%	18,759	7%	11,157	4%	6,798	3%	56,895	23%
Q5	6,030	2%	5,598	2%	11,973	5%	11,487	5%	19,620	8%	54,708	22%
Total	61,167	24%	49,254	20%	72,363	29%	36,555	15%	32,367	13%	251,706	100%
2018												
Q1	14,229	4%	11,787	3%	7,497	2%	3,297	1%	1,158	0%	37,968	10%
Q2	29,595	8%	31,596	8%	23,118	6%	9,291	2%	2,769	1%	96,369	25%
Q3	14,694	4%	21,348	5%	23,202	6%	12,105	3%	3,363	1%	74,712	19%
Q4	13,038	3%	20,490	5%	29,805	8%	25,104	6%	11,145	3%	99,582	25%
Q5	7,245	2%	10,428	3%	15,972	4%	21,516	5%	27,921	7%	83,082	21%
Total	78,801	20%	95,649	24%	99,594	25%	71,313	18%	46,356	12%	391,713	100%
2023												
Q1	15,021	3%	10,176	2%	12,969	3%	2,265	1%	1,800	0%	42,231	9%
Q2	31,695	7%	28,203	6%	39,564	9%	6,255	1%	3,402	1%	109,119	24%
Q3	16,815	4%	20,763	5%	43,827	10%	8,571	2%	4,203	1%	94,179	21%
Q4	12,828	3%	16,140	4%	45,924	10%	14,427	3%	8,256	2%	97,575	22%
Q5	9,591	2%	10,779	2%	35,649	8%	20,055	4%	26,604	6%	102,678	23%
Total	85,950	19%	86,061	19%	177,933	40%	51,573	12%	44,265	10%	445,782	100%

Source: Statistics New Zealand

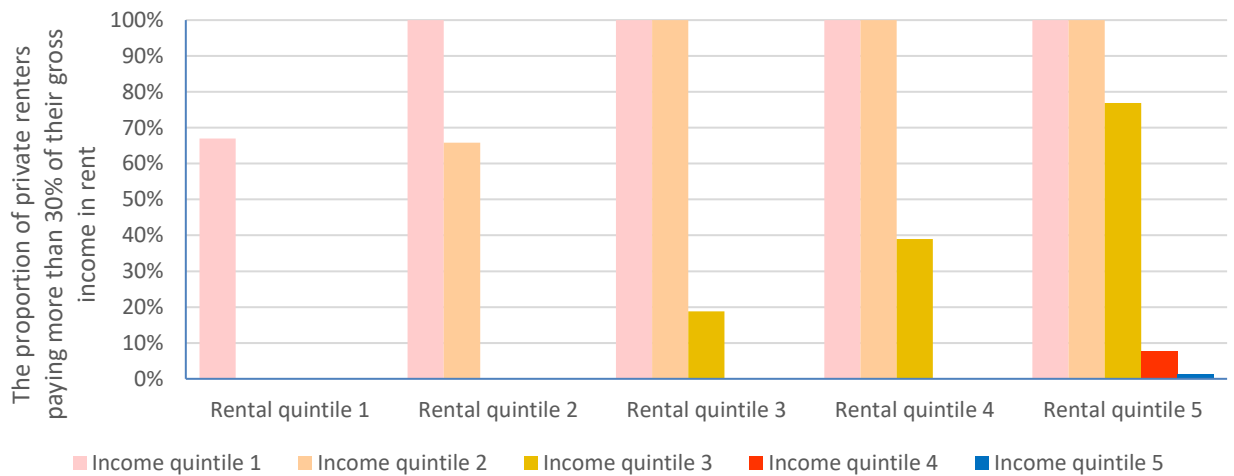
The structure of the private rental market changed between 1996 and 2023. The number of quintile 1 rental properties in the private rental market increased from 35,121 in 1996 to 42,231 in 2023, an increase of 20%. Over the same time frame the number of rental quintile 2 properties in the private market increased by 303%, the number of properties quintile 3 rental by 207%, the number of rental quintile 4 properties by 198% and the number of rental quintile 5 properties by 184%. As a consequence, rental quintile 1 properties as a percentage of all private rentals fell from 22% in 1996 to 9% in 2023 and properties in rental quintile increased from 17% of all private rentals to 24% in 2023 and properties in rental quintile 3 increased from 19% of all private rentals to 21% in 2023.



3.3 National overview - Affordability outcomes

The decline in the proportion of lower cost rentals has an impact on lower-income renter households' ability to affordably pay their passing rent. Figure 3.4 presents the proportion of private renter households paying more than 30% of their gross household income in rent in 2023.

Figure 3.4: The proportion of private renter households paying more than 30% of their gross household income in rent in 2023



Source: Statistics New Zealand

A higher proportion of lower-income households are paying more than 30% of their gross household income in rent. Only 33% of households in income quintile 1 and in dwellings with rents in rental quintile 1 were paying 30% or less than their household income in rent. Private renter households in income quintile 2 fared slightly better with no households paying more than 30% of their income in rental quintile 1, while 66% of those occupying dwellings in rental quintile 2 paid more than 30% of their gross income in rent.



Table 3.5 presents the proportion of private renters paying more than 30% of their gross household income in rent in 1996 and 2023.

Table 3.5: The proportion of private renters paying more than 30% of their gross household income in rent in 1996 and 2023

	Income quintile 1	Income quintile 2	Income quintile 3	Income quintile 4	Income quintile 5	Total
1996						
Rental quintile 1	72%	9%	0%	0%	0%	26%
Rental quintile 2	100%	40%	0%	0%	0%	39%
Rental quintile 3	100%	68%	0%	0%	0%	40%
Rental quintile 4	100%	100%	21%	0%	0%	43%
Rental quintile 5	100%	100%	100%	25%	3%	47%
Total	91%	57%	21%	7%	2%	39%
2023						
Rental quintile 1	67%	0%	0%	0%	0%	24%
Rental quintile 2	100%	66%	0%	0%	0%	46%
Rental quintile 3	100%	100%	19%	0%	0%	49%
Rental quintile 4	100%	100%	39%	0%	0%	48%
Rental quintile 5	100%	100%	77%	8%	1%	48%
Total	94%	77%	30%	3%	1%	45%
Change 96 to 23						
Rental quintile 1	-5%	-9%	0%	0%	0%	-2%
Rental quintile 2	0%	26%	0%	0%	0%	7%
Rental quintile 3	0%	32%	19%	0%	0%	9%
Rental quintile 4	0%	0%	18%	0%	0%	5%
Rental quintile 5	0%	0%	-23%	-17%	-2%	1%
Total	4%	20%	9%	-4%	-1%	7%

Source: Statistics New Zealand

The biggest change in the proportion of private renter households paying more than 30% of their gross income in rent between 1996 and 2023 were for households in income in quintile 2 and renting dwellings in quintiles 2 (up from 40% of households in 1996 to 66% in 2023) and 3 (up from 68% of households in 1996 to 100% in 2023). A similar trend occurred for private rent households in income quintile 3. Between 1996 and 2023 the proportion of private renters in income quintile 3, renting in rental quintile 3 and paying more than 30% of their gross income in rent increased from 0% to 19% and those renting in rental quintile 4 increased from 21% in 1996 to 39% in 2023.



3.4 National overview - Summary

In summary, there has been a number of structural changes in the private rental market between 1996 and 2023. Over the last 27 years the number of private renters increased by approximately 140% or 3.3% per annum. The strong growth in the number of private renters has resulted in a corresponding increase in the number of private rental dwellings. The growth in the number of rental properties in rental quintile 1 was significantly lower than the growth in the number of private renters with incomes in household income quintile 1.

This suggests there was a shortage of lower cost dwellings for lower-income households. Effectively a higher proportion of private renters with incomes in quintile 1 would have had to rent dwellings in rental quintile 2. This is reflected in the growth in the proportion of stressed quintile 1 private renters (increased from 91% to 94% between 1996 and 2023). The highest increases in the proportion of stressed private renters between 1996 and 2023 was for households with income in quintile 2 renting properties in quintiles 2 and 3 and households in income quintile 3 renting dwellings in rental quintiles 3 and 4.

In conclusion, the affordability outcome (changes in the proportion of stressed renters) for private renter households deteriorated for households in income quintiles 1, 2, and 3. By 2023, 94% of private renters in income quintile 1 were stressed (up from 91% in 1996), 77% in income quintile 2 (up from 57% in 1996) and 30% in income quintile 3 (up from 21% in 1996). At the same time the proportion of stressed private renters in income quintile 4 and 5 fell between 1996 and 2023. These trends simply a lack of low-cost rental properties available to low to moderate-income households.



4. Auckland

4.1 Introduction

Auckland is New Zealand’s largest and fastest growing housing market with approximately 540,000 households. Like the rest of the country, housing affordability has declined particularly for first home buyers and the rate of owner-occupation declined from 69.2% in 1996 to 59.5% in 2023. Table 4.1 presents key housing market metrics between 1996 and 2023.

Table 4.1: Auckland - Trends in house sale prices, market rents and household incomes

	Total hhlds in private dwellings	Median household income	Median dwelling sale price	Rental market bond data				
				No of active bonds	Lower Quartile	Median rent	Upper quartile	Geometric mean
Jun-96	353,757	\$42,200	\$205,000	45,864	\$220	\$260	\$310	\$258
Jun-01	389,661	\$49,000	\$220,000	70,149	\$210	\$250	\$315	\$259
Jun-06	433,647	\$63,400	\$377,000	90,351	\$270	\$320	\$390	\$323
Jun-13	469,500	\$76,500	\$537,000	113,439	\$350	\$420	\$520	\$424
Jun-18	496,458	\$93,900	\$839,000	134,751	\$440	\$520	\$645	\$522
Jun-23	539,490	\$116,800	\$958,000	152,706	\$510	\$630	\$750	\$608
% change between 1996 and 2023								
Total	53%	177%	367%	233%	132%	142%	142%	136%
Annual ave	1.6%	3.8%	5.9%	4.6%	3.2%	3.3%	3.3%	3.2%

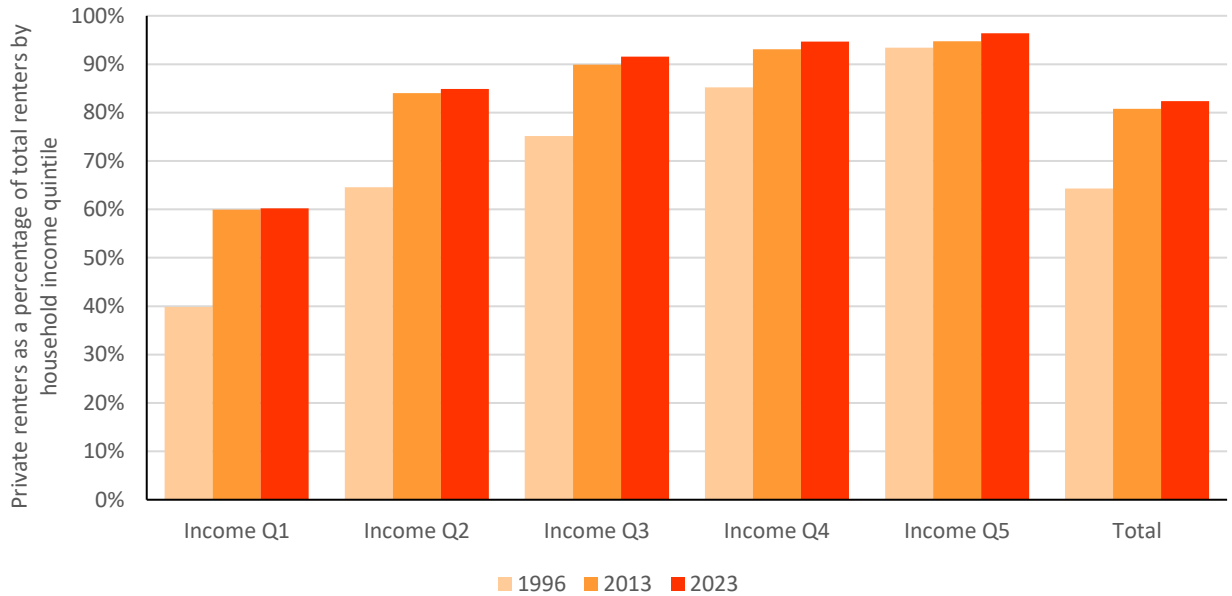
Source: HUD and Statistics New Zealand

Auckland, like the rest of the country, has experienced a decline in first home buyer housing affordability since the beginning of the 1990s with dwelling sale prices increasing faster than household incomes. The number of households renting their dwelling has also increased between 1996 and 2023. The trend in rental market affordability is less certain. Between 1996 and 2023, median household income increased at an annual compounded rate of 3.8% per annum, while median market rents increased by 3.3% per annum. However, this does not take into account any change in the composition of renter households. For example, potentially as the affordability of households buying their first dwelling declined a higher proportion of higher income households may have continued to rent impacting renter household income distribution and hence over time the implied rate of income growth.

Private renters as a proportion of total households have increased over the last 27 years. With the strong growth in private renter households the dynamics in terms of their income profiles and the cost of the properties they occupy have also changed. Figure 4.1 presents private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023.



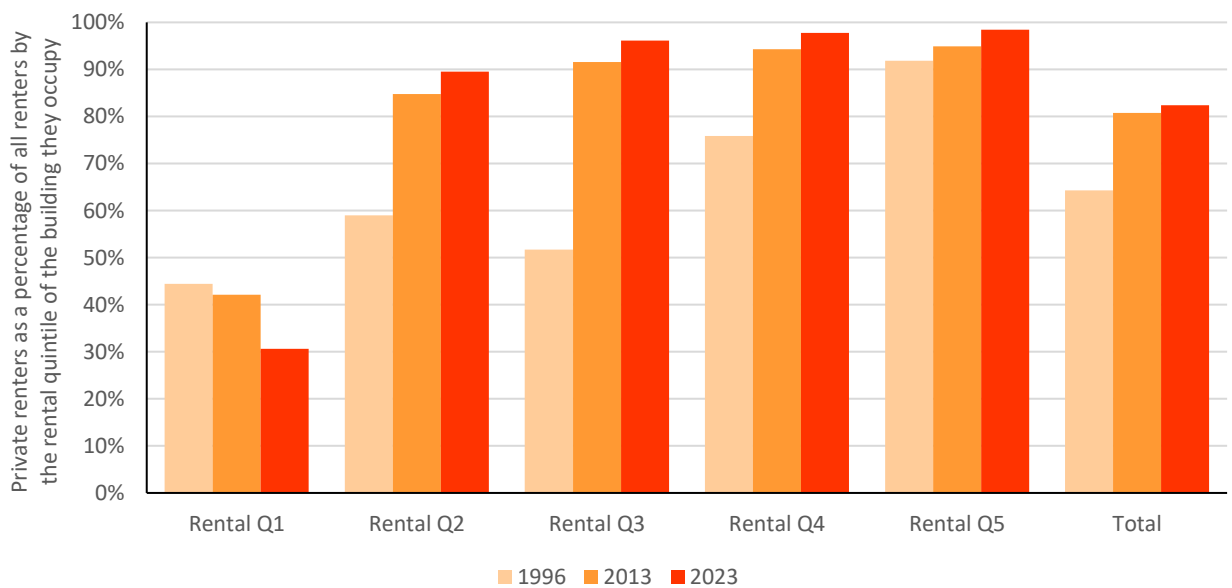
Figure 4.1: Private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023



Source: Statistics New Zealand

Between 1996 and 2023, private renter households as a percentage of all renter households increased in all five household income quintiles. Figure 4.2 presents private renter households as a percentage of total renter households by the rental quintile of the dwelling they occupy in 1996, 2013 and 2023.

Figure 4.2: Private renter households as a percentage of total renter households by rental quintile of the dwelling they occupy in 1996, 2013 and 2023



Source: Statistics New Zealand



Between 1996 and 2023, private renter households as a percentage of all renter households increased in all five rental quintiles except quintile 1, while a proportion of total renters, they fell from 58% in 1996 to 28% in 2023.

Table 4.2 presents the change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile.

Table 4.2: The change in Auckland’s private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile

	Income Q1	Income Q2	Income Q3	Income Q4	Income Q5	Total
1996						
Rental Q1	44%	72%	74%	62%	62%	58%
Rental Q2	49%	60%	72%	78%	79%	63%
Rental Q3	48%	55%	65%	77%	77%	61%
Rental Q4	69%	71%	80%	88%	91%	79%
Rental Q5	78%	86%	90%	92%	95%	90%
Total	53%	67%	75%	81%	88%	70%
2013						
Rental Q1	27%	48%	53%	53%	60%	38%
Rental Q2	85%	86%	87%	87%	84%	86%
Rental Q3	85%	89%	90%	91%	88%	89%
Rental Q4	86%	90%	92%	94%	93%	91%
Rental Q5	87%	92%	93%	96%	96%	94%
Total	61%	81%	87%	91%	93%	80%
2023						
Rental Q1	23%	32%	34%	37%	49%	28%
Rental Q2	93%	92%	92%	88%	85%	92%
Rental Q3	96%	97%	97%	96%	95%	97%
Rental Q4	97%	98%	98%	98%	98%	98%
Rental Q5	95%	98%	99%	99%	99%	98%
Total	66%	84%	90%	92%	94%	83%
Change 96 to 23						
Rental Q1	-21% pts	-40% pts	-39% pts	-26% pts	-14% pts	-29% pts
Rental Q2	45% pts	32% pts	20% pts	10% pts	6% pts	29% pts
Rental Q3	48% pts	42% pts	32% pts	20% pts	18% pts	36% pts
Rental Q4	28% pts	27% pts	18% pts	10% pts	7% pts	19% pts
Rental Q5	17% pts	12% pts	9% pts	7% pts	4% pts	8% pts
Total	13% pts	17% pts	14% pts	10% pts	5% pts	13% pts

Source: Statistics New Zealand

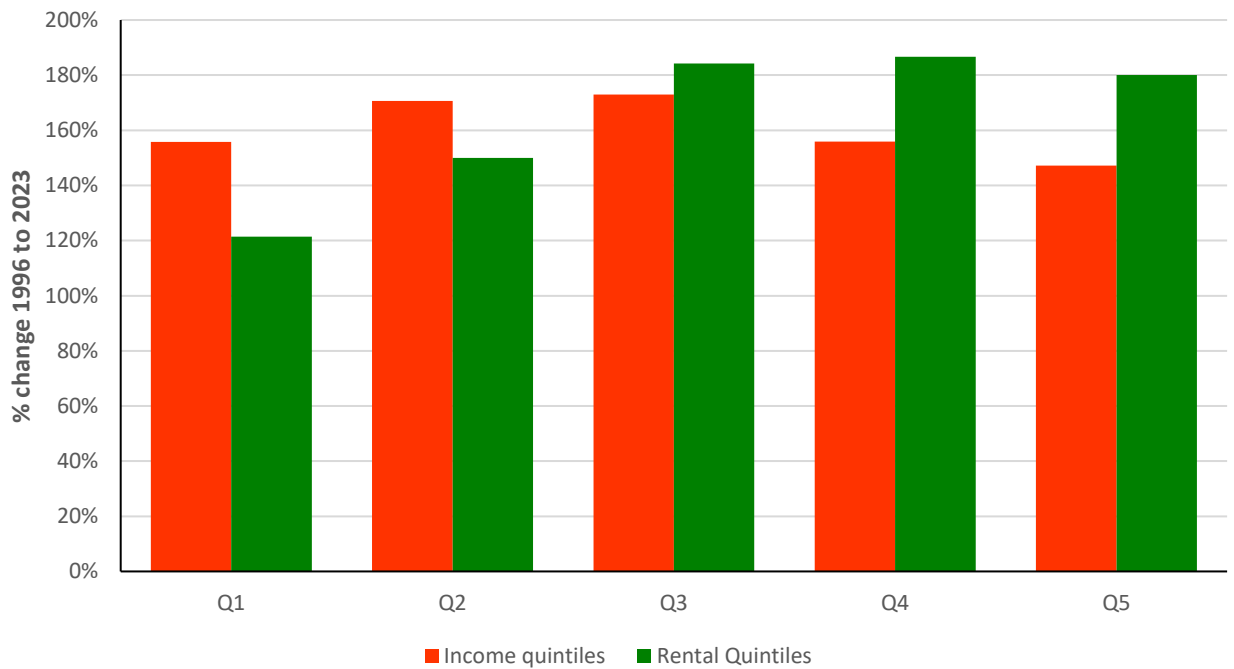


The private rental market’s overall share increased by 15% points from 70% to 83% between 1996 and 2023. Note that in 1996 5.3% of renter households did not identify their landlord classification and this fell to 0.1% in 2023 which adds a degree of uncertainty over the extent of the trend. The private rental market’s share fell for households renting dwellings in rental quintile 1 (across all household income quintiles) and increased for the balance of the renter market. The strongest growth in the private rental markets share was for households in income quintile 1 renting dwellings in rental quintiles 2 (up 45% points), 3 (up 48% points) and households in income quintile 2 renting dwellings in rental quintile 2 (up 32% points) and 3 (up 42% points).

4.2 The structure of Auckland’s private rental by household income and rental quintiles

Figure 4.3 presents the percentage change in Auckland’s household incomes and passing rents by quintile between 1996 and 2023.

Figure 4.3: The percentage change in household incomes and passing rent quintiles 1996 to 2023



Source: Statistics New Zealand

Between 1996 and 2023 household incomes quintile 1 and 2 increased faster than rental quintiles 1 and 2. Over the same time period rental quintiles 3, 4 and 5 increased faster than household income quintiles 3, 4 and 5.



Table 4.3 presents the number and proportion of renter households within each income quintile for the housing market.

Table 4.3: the number and proportion of private renter households by income quintile

	Quintile 1		Quintile 2		Quintile 3		Quintile 4		Quintile 5		Total
	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	
1996	11,031	23%	7,080	15%	11,682	25%	8,337	18%	8,979	19%	47,109
2001	14,136	21%	16,938	26%	18,876	29%	8,094	12%	7,806	12%	65,850
2006	15,357	19%	21,561	26%	14,400	18%	14,337	18%	16,074	20%	81,729
2013	18,795	19%	26,262	26%	28,185	28%	16,482	16%	10,353	10%	100,077
2018	23,847	18%	31,809	23%	24,060	18%	30,624	23%	25,242	19%	135,582
2023	33,678	21%	42,921	27%	38,304	24%	23,376	14%	23,604	15%	161,883

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of renter households in income quintiles 1 and 2 increased from a combined 38% (23% plus 15%) in 1996 to 48% (21% plus 27%) in 2023.



Table 4.4 presents the number of private renter households by household income and rental quintiles from 1996 to 2023.

Table 4.4: The number of private renter households by household income and rental quintiles from 1996 to 2023

Rental Quintiles	Hhld Income Q1		Hhld Income Q2		Hhld Income Q3		Hhld Income Q4		Hhld Income Q5		Total	
	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total
1996												
Q1	3,069	7%	1,761	4%	2,169	5%	894	2%	525	1%	8,418	18%
Q2	2,700	6%	1,827	4%	3,045	6%	1,725	4%	756	2%	10,053	21%
Q3	1,548	3%	1,047	2%	1,842	4%	1,281	3%	744	2%	6,462	14%
Q4	2,163	5%	1,389	3%	2,535	5%	2,220	5%	1,791	4%	10,098	21%
Q5	1,551	3%	1,056	2%	2,091	4%	2,217	5%	5,163	11%	12,078	26%
Total	11,031	23%	7,080	15%	11,682	25%	8,337	18%	8,979	19%	47,109	100%
2006												
Q1	2,232	3%	1,998	2%	822	1%	537	1%	372	0%	5,961	7%
Q2	5,346	7%	7,356	9%	4,005	5%	2,484	3%	1,143	1%	20,334	25%
Q3	4,020	5%	6,342	8%	4,374	5%	4,020	5%	2,253	3%	21,009	26%
Q4	2,145	3%	3,513	4%	3,027	4%	3,720	5%	3,282	4%	15,687	19%
Q5	1,614	2%	2,352	3%	2,172	3%	3,576	4%	9,024	11%	18,738	23%
Total	15,357	19%	21,561	26%	14,400	18%	14,337	18%	16,074	20%	81,729	100%
2018												
Q1	3,420	3%	2,544	2%	1,005	1%	882	1%	525	0%	8,376	6%
Q2	8,208	6%	10,542	8%	6,216	5%	4,989	4%	1,587	1%	31,542	23%
Q3	5,586	4%	8,331	6%	6,885	5%	7,599	6%	2,826	2%	31,227	23%
Q4	4,335	3%	6,975	5%	6,681	5%	10,476	8%	6,900	5%	35,367	26%
Q5	2,298	2%	3,417	3%	3,273	2%	6,678	5%	13,404	10%	29,070	21%
Total	23,847	18%	31,809	23%	24,060	18%	30,624	23%	25,242	19%	135,582	100%
2023												
Q1	4,785	3%	3,039	2%	1,608	1%	795	0%	879	1%	11,106	7%
Q2	11,148	7%	12,729	8%	7,608	5%	2,694	2%	1,509	1%	35,688	22%
Q3	7,890	5%	12,054	7%	11,184	7%	5,271	3%	2,637	2%	39,036	24%
Q4	6,216	4%	9,873	6%	11,127	7%	7,509	5%	5,448	3%	40,173	25%
Q5	3,639	2%	5,226	3%	6,777	4%	7,107	4%	13,131	8%	35,880	22%
Total	33,678	21%	42,921	27%	38,304	24%	23,376	14%	23,604	15%	161,883	100%

Source: Statistics New Zealand

The structure of the private rental market changed between 1996 and 2023. The number of quintile 1 rental properties in the private rental market increased from 8,418 in 1996 to 11,106 in 2023, an increase of 32%. Over the same time frame the number of rental quintile 2 properties in the private market increased by 255%, the number of properties quintile 3 rental by 504%, the number of rental quintile 4 properties by 298% and the number of rental quintile 5 properties by 197%. As a consequence, rental quintile 1 properties as a % of all private rentals fell from 18% in 1996 to 7% in 2023 and properties in rental quintile 3 increased from 14% of all private rentals to 24% in 2023.



Table 4.5 presents the proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023.

Table 4.5: The proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023

	Hhld In Q1	Hhld In Q2	Hhld In Q3	Hhld In Q4	Hhld In Q5	Total
1996						
Rental Q1	36%	21%	26%	11%	6%	100%
Rental Q2	27%	18%	30%	17%	8%	100%
Rental Q3	24%	16%	29%	20%	12%	100%
Rental Q4	21%	14%	25%	22%	18%	100%
Rental Q5	13%	9%	17%	18%	43%	100%
Total	23%	15%	25%	18%	19%	100%
2023						
Rental Q1	43%	27%	14%	7%	8%	100%
Rental Q2	31%	36%	21%	8%	4%	100%
Rental Q3	20%	31%	29%	14%	7%	100%
Rental Q4	15%	25%	28%	19%	14%	100%
Rental Q5	10%	15%	19%	20%	37%	100%
Total	21%	27%	24%	14%	15%	100%
Change 96 to 23						
Rental Q1	7%	6%	-11%	-3%	2%	
Rental Q2	4%	17%	-9%	-10%	-3%	
Rental Q3	-4%	15%	0%	-6%	-5%	
Rental Q4	-6%	11%	3%	-3%	-4%	
Rental Q5	-3%	6%	2%	1%	-6%	
Total	-3%	11%	-1%	-3%	-4%	

Source: Statistics New Zealand

Between 1996 and 2023, the proportion of private renter households with lower household incomes (income quintiles 1 and 2) has increased as a proportion of households in lower rental quintile dwellings. For example, private renter households in income quintile 1 increased as a proportion of all households in rental quintile Q1 from 36% in 1996 to 43% in 2023 and from 27% of occupants in rental quintile 2 in 1996 to 31% in 2023.



4.3 Auckland private renters’ affordability outcomes

Table 4.6 presents the estimated number and proportion of renters able to affordably pay the rent at the top of income thresholds quintile 1, 2, and 3.

Table 4.6: the estimated number and proportion of renters able to affordably pay the rent (passing rent) at the top of income thresholds quintile 1, 2, and 3

	Income private renters with incomes at the top of Q1 (20 th percentile)		Income private renters with incomes at the top of Q2 (40 th percentile)		Income private renters with incomes at the top of Q3 (60 th percentile)	
	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)
1996	6,280	13%	22,010	47%	37,610	80%
2001	4,070	6%	28,870	44%	53,360	81%
2006	5,120	6%	42,460	52%	67,950	83%
2013	6,660	7%	41,510	41%	80,100	80%
2018	6,770	5%	44,790	33%	110,060	81%
2023	9,570	6%	63,380	39%	132,000	82%

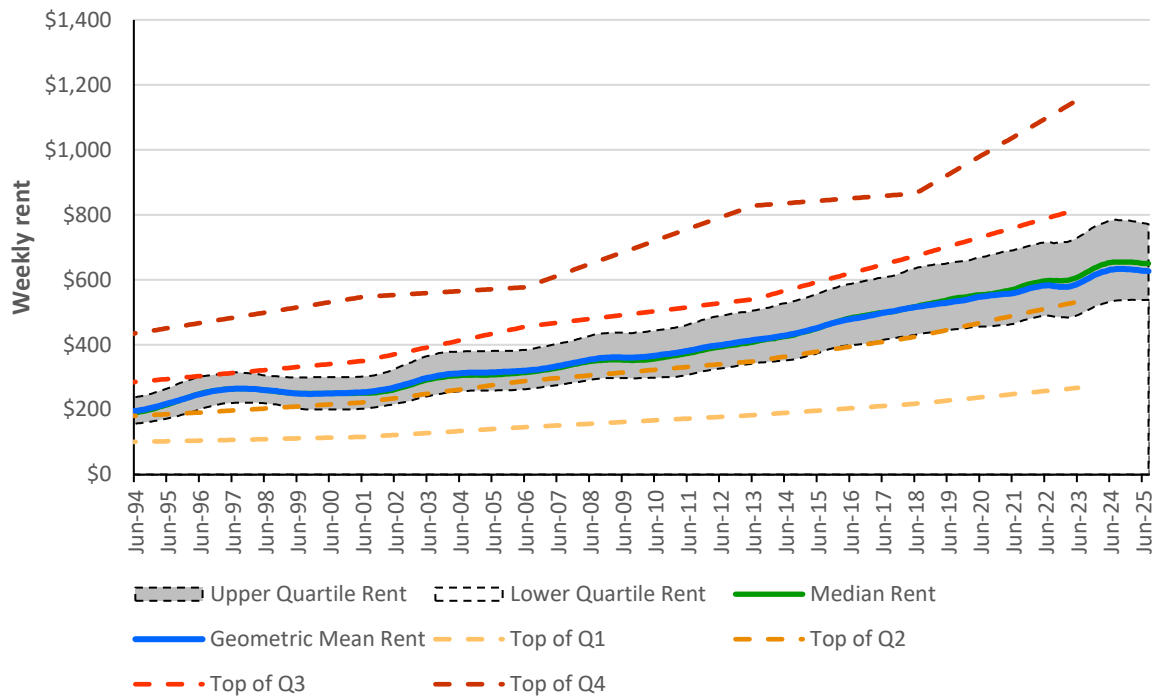
Source: Modelled on data from Statistics New Zealand

In 1996, only 13% of passing rents were affordable to private renters with incomes at the top of income quintile 1 (20th percentile) and this declined to 6% in 2023. For private renter households with household incomes at the top of income quintile 2 (40th percentile) the proportion able to affordably pay their passing rent fell from 47% in 1996 to 39% in 2023.



Figure 4.4 presents the trend in the lower quartile, median, upper quartile and geometric mean market rents (12 month moving average) along with the rental households with incomes at top of household income quintile 1 (20th percentile), 2 (40th percentile), 3 (60th percentile), and 4 (80th percentile) can affordably pay (assuming no more than 30% of gross household income is used to pay the rent).

Figure 4.4: Auckland – the trend in market rental affordability for private renter households



Source: Calculated from data sourced from HUD and Statistics New Zealand

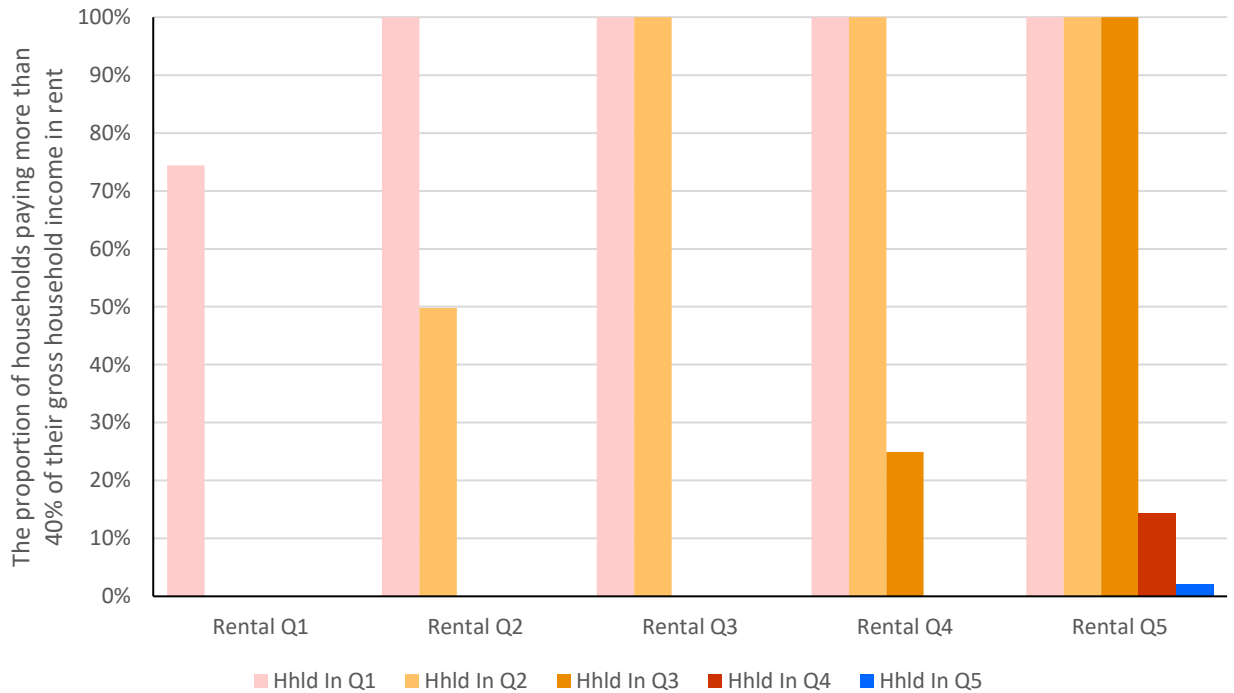
Over the last three decades the ability of private renters with incomes at the top of the household income quintile 2 (20th percentile) has tracked close to the market lower quartile rent. For example, in 1996 the lower quintile market rent⁶ was \$202 per week while private renters with incomes at the top of quintile 2 (40th percentile) could affordably pay rent of \$191 per week. By 2023, the lower quartile market rent had increased to \$510 per week while private renters with incomes at the top of quintile 2 (40th percentile) could affordably pay rent of \$530 per week.

⁶ Annual monthly moving average



Figure 4.5 presents the proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023.

Figure 4.5: The proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023



Source: Statistics New Zealand

Private renter households with incomes in the lower-income quintiles have a higher proportion of households paying more than 30% of their gross household income in rent. The proportion of private renters paying more than 30% of their gross household income in rent is higher in the higher rental quintile dwellings.



Table 4.7 presents the proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles.

Table 4.7: The proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles

Rental Quintiles	Household income quintiles					Total
	Q1	Q2	Q3	Q4	Q5	
1996						
Q1	81%	11%	0%	0%	0%	32%
Q2	100%	79%	0%	0%	0%	41%
Q3	100%	100%	30%	0%	0%	49%
Q4	100%	100%	51%	0%	0%	48%
Q5	100%	100%	100%	29%	5%	46%
Total	95%	72%	34%	8%	3%	43%
2006						
Q1	78%	5%	0%	0%	0%	31%
Q2	100%	50%	0%	0%	0%	44%
Q3	100%	100%	0%	0%	0%	49%
Q4	100%	100%	47%	0%	0%	45%
Q5	100%	100%	100%	26%	5%	40%
Total	97%	74%	25%	6%	3%	44%
2013						
Q1	85%	15%	0%	0%	0%	37%
Q2	100%	67%	0%	0%	0%	52%
Q3	100%	100%	5%	0%	0%	52%
Q4	100%	100%	28%	0%	0%	46%
Q5	100%	100%	100%	16%	4%	48%
Total	97%	80%	27%	6%	3%	48%
2023						
Q1	74%	0%	0%	0%	0%	32%
Q2	100%	50%	0%	0%	0%	49%
Q3	100%	100%	0%	0%	0%	51%
Q4	100%	100%	25%	0%	0%	47%
Q5	100%	100%	100%	14%	2%	47%
Total	96%	78%	25%	4%	1%	47%
1996 to 2023						
Q1	-7%	-11%	0%	0%	0%	0%
Q2	0%	-29%	0%	0%	0%	8%
Q3	0%	0%	-30%	0%	0%	2%
Q4	0%	0%	-26%	0%	0%	-1%
Q5	0%	0%	0%	-15%	-3%	1%
Total	2%	6%	-9%	-3%	-2%	4%

Source: Statistics New Zealand

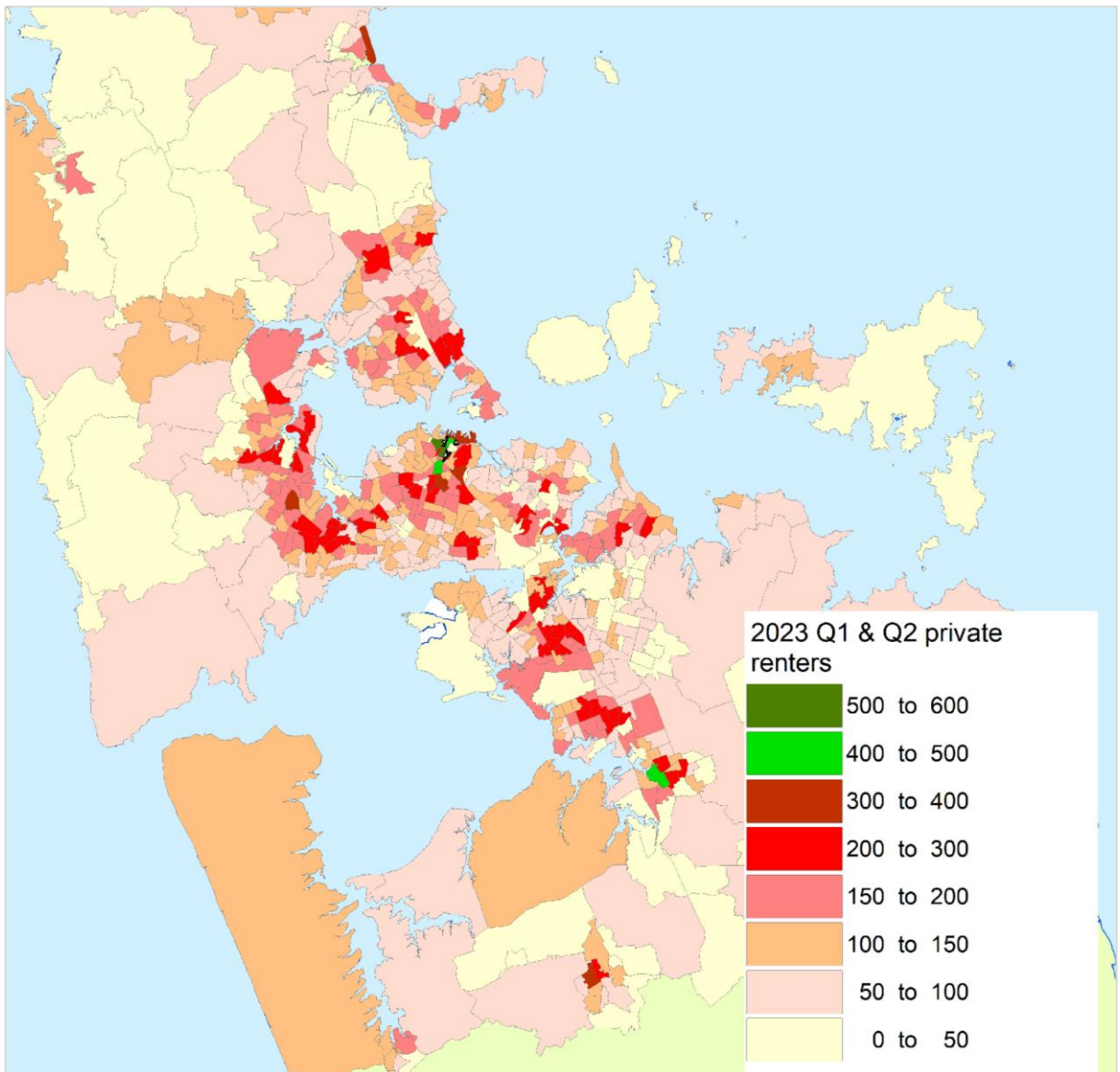


The proportion of private renters paying more than 30% of their gross income in rent increased for rental quintiles 1, 2, and 3 increased for households in income quintile 1 and fell for those in income quintiles 3, 4 and 5.

4.4 Auckland - Geographical distribution of low to moderate-income private renters

Figure 4.6 presents the number of private renter households (quintile 1 and 2 household incomes) by statistical area 2 boundaries (SA2) in 2023.

Figure 4.6: The number of private renter households (quintile 1 and 2 household incomes) in 2023



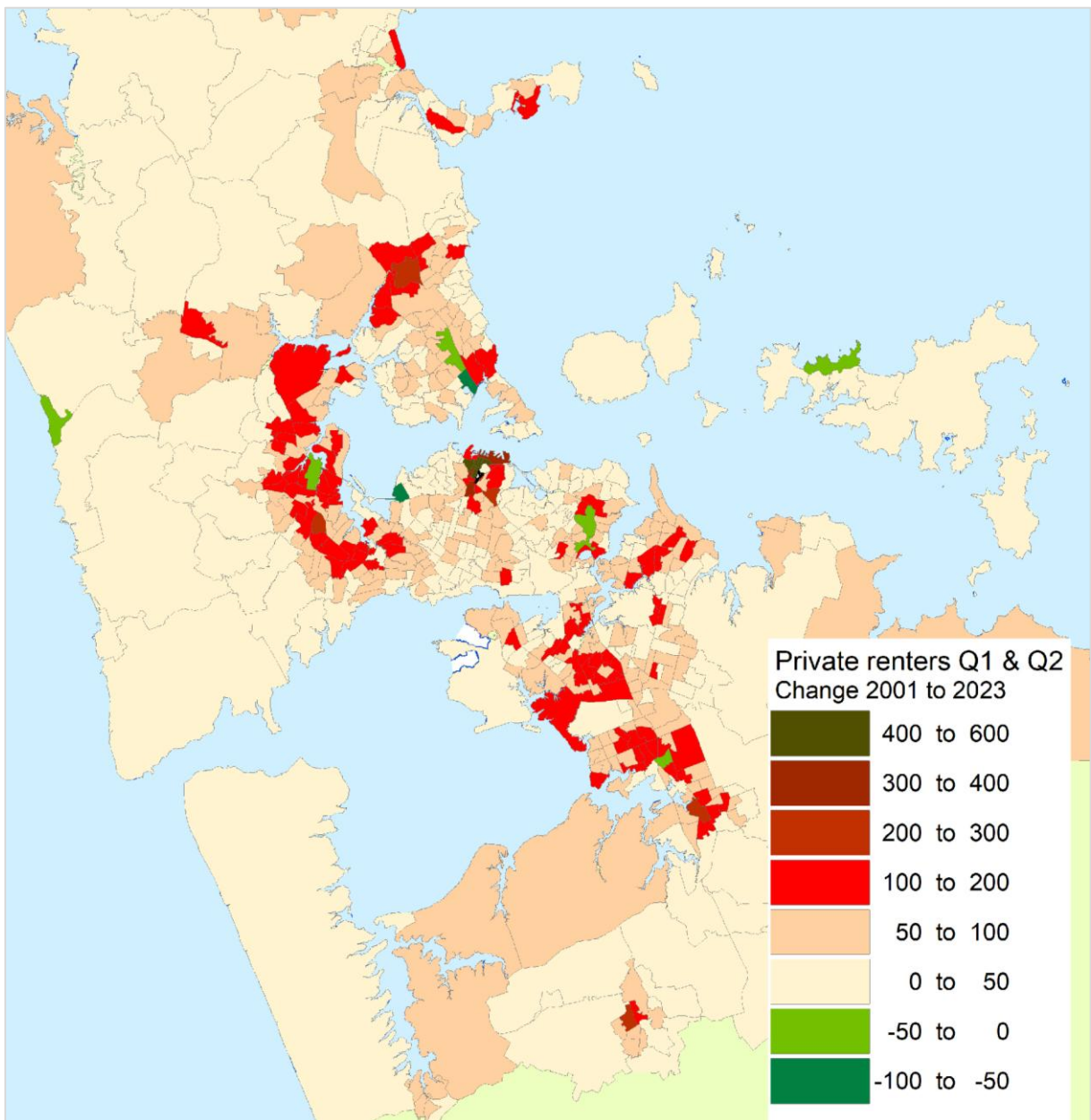
Source: Statistics New Zealand



The suburbs with the highest number of private renter households with incomes in quintiles 1 and 2 in 2023 included Symonds Street West and North West, Anzac Ave, Hobson Ridge Central and North, Victoria Park, Queen Street South, Shortland Street, Papakura Central, Mt Eden, Newmarket, Orewa Central, Henderson East, Pukekohe West, St Johns East, Ōtāhuhu and Papatoetoe.

Figure 4.7 presents the change in the number of private renter households (quintile 1 and 2 household incomes) by SA2 boundaries between 2001 and 2023.

Figure 4.7: The change in the number of private renter households (quintile 1 and 2 household incomes) between 2001 and 2023

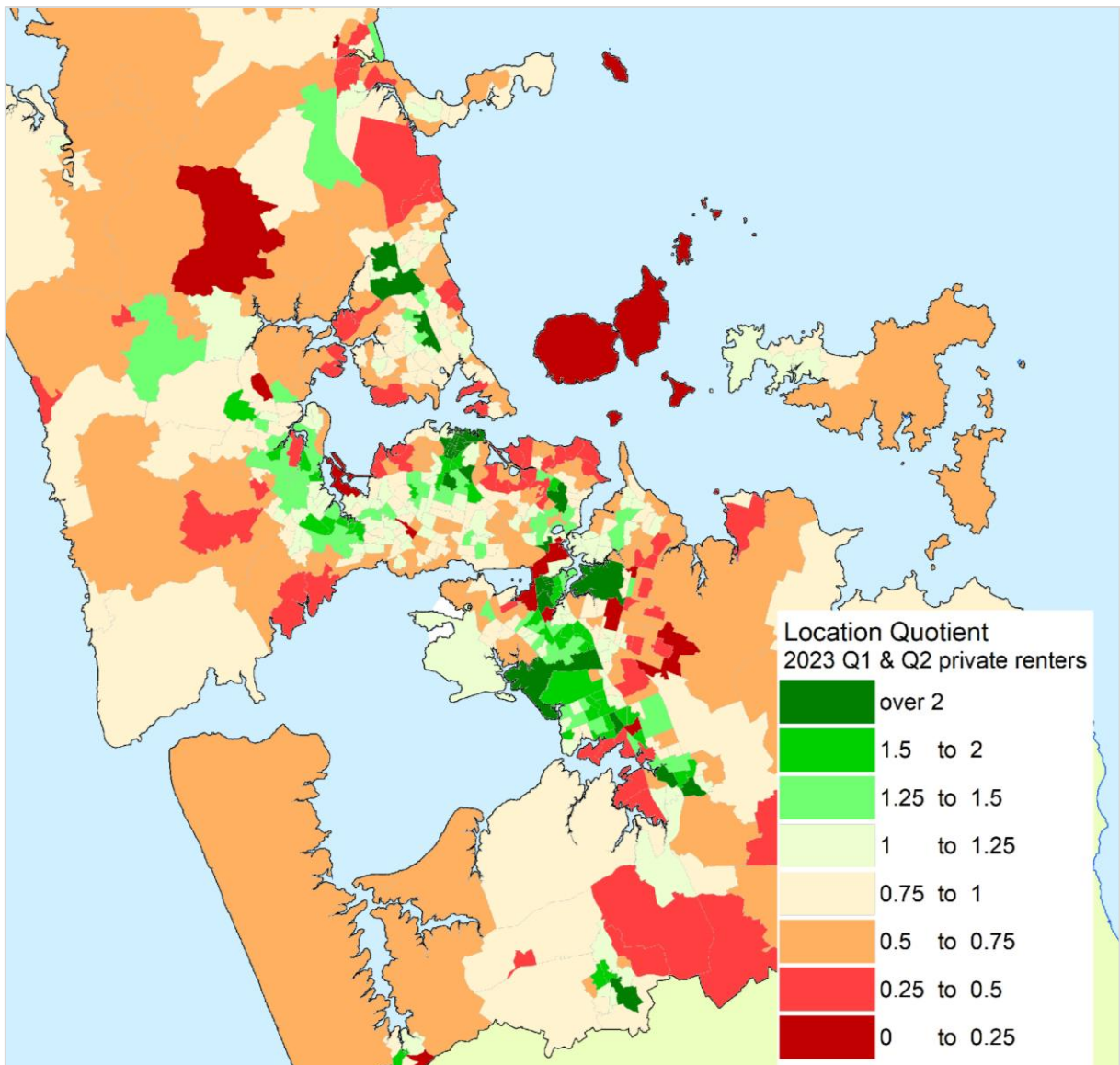


Source: Statistics New Zealand



The suburbs with the highest change number of private renter households with incomes in quintiles 1 and 2 in between 2001 and 2023 included the Papakura Central, Newmarket, Albany Central, Henderson East, Pukekohe West, Hobson Street Ridge, Eden Terrace, Quay Street, Queen Street, Shortland Street, Victoria Park, Anzac Ave, and Symonds Street. Areas experiencing a fall in the number of Q1 and Q2 private renters included Pt Chevalier, Henderson, Lincoln East, Muriwai, and Panmure. Figure 4.8 presents the location quotient⁷ for private renters households by SA2 boundaries with income quintiles 1 and 2 in 2023.

Figure 4.8: Location quotient for households with income quintiles 1 and 2 private renters in 2023



Source: Statistics New Zealand

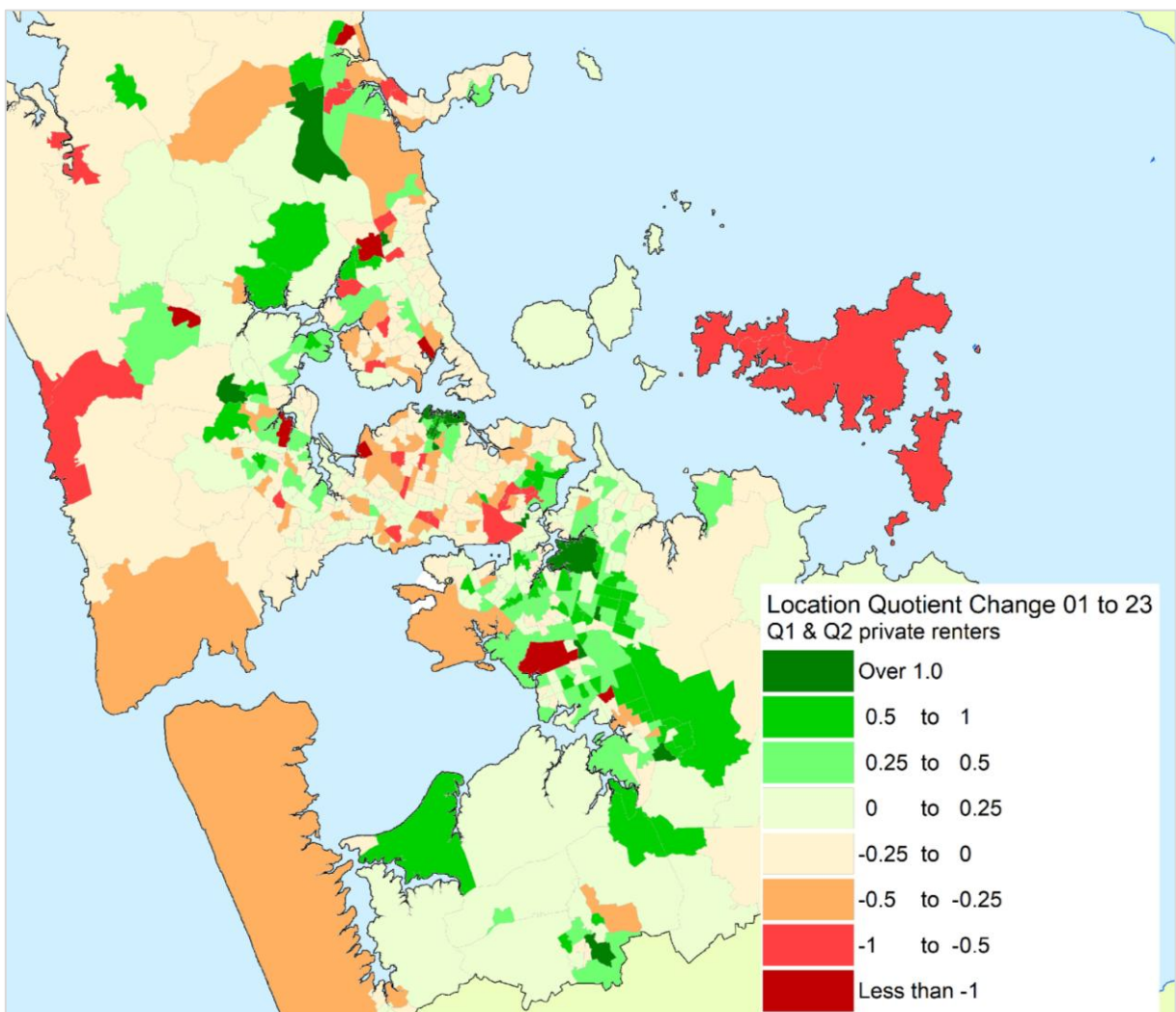
⁷ The location quotient is a measure of the relative density of household income quintile Q1 and Q2 renters relative to the housing market average. Location quotient is calculated by $((\text{number of Q1 \& Q2 private renters in the SA2}) / (\text{all households in the SA2})) / ((\text{The number of Q1 \& Q2 private renters in the housing market}) / (\text{all households in the housing market}))$. Values greater than 1 identify densities higher than the housing market average and values less than 1 lower densities.



The locations with the highest densities of private renter households with income in quintiles 1 and 2 were in East Tamaki, Ōtāhuhu Central, Albany Central, Quay Street, Shortland Street, Hobson Ridge, Anzac Ave, Pukekohe Central, Manukau Central, Panmure, Glenn Innes, Queen Street, and Symonds Street.

Figure 4.9 presents the change in the location quotient between 2001 and 2023 for private renters households with income quintiles 1 and 2 by SA2 boundaries.

Figure 4.9: Change in the location quotient between 2001 and 2023 for private renters households with income quintiles 1 and 2



Source: Statistics New Zealand

The areas which experienced increased location quotients included the Anzac Ave, Wiri East, College Hill, Queen Street, Symonds Street, Grafton West, Dairy Flat, Donegal West, Oteha West, Quay Street, Pukekohe Central, The Strand, Massey Red Hills, East Tamaki, Hobson Ridge, and Symonds Street. The location quotient fell in Henderson Lincoln East, Akoranga, Albany Central, Point Chevalier, Wiri West, and Kumeu-Huapai South.



4.5 Auckland - Private renter demographics by rental quintile

Table 4.8 presents private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023.

Table 4.8: Private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023

	Couples with Children	Couples without children	One parent	Multi-family	One person	Other	Not Stated	Total
Rental quintile 1								
1996	16%	20%	10%	1%	42%	9%	1%	100%
2006	13%	19%	9%	2%	49%	7%	0%	100%
2018	11%	18%	8%	2%	43%	10%	6%	100%
2023	12%	14%	9%	3%	40%	13%	8%	100%
Change 96 to 23	-4% pts	-6% pts	-1% pts	2% pts	-2% pts	4% pts	7% pts	0% pts
Rental quintile 2								
1996	20%	30%	15%	2%	21%	11%	1%	100%
2006	21%	22%	16%	2%	32%	7%	0%	100%
2018	20%	22%	13%	2%	29%	6%	7%	100%
2023	17%	22%	11%	2%	33%	7%	7%	100%
Change 96 to 23	-3% pts	-8% pts	-4% pts	0% pts	12% pts	-3% pts	6% pts	0% pts
Rental quintile 3								
1996	26%	26%	20%	3%	12%	11%	0%	100%
2006	28%	23%	23%	4%	14%	8%	0%	100%
2018	30%	22%	18%	3%	12%	8%	7%	100%
2023	29%	22%	17%	4%	14%	8%	6%	100%
Change 96 to 23	3% pts	-4% pts	-3% pts	0% pts	2% pts	-3% pts	6% pts	0% pts
Rental quintile 4								
1996	30%	23%	21%	4%	8%	13%	0%	100%
2006	32%	23%	20%	5%	9%	10%	0%	100%
2018	35%	20%	15%	6%	8%	10%	7%	100%
2023	35%	19%	17%	6%	8%	9%	6%	100%
Change 96 to 23	6% pts	-4% pts	-4% pts	1% pts	0% pts	-4% pts	5% pts	0% pts
Rental quintile 5								
1996	31%	23%	12%	5%	6%	22%	1%	100%
2006	34%	23%	12%	6%	7%	19%	0%	100%
2018	34%	19%	10%	9%	7%	15%	6%	100%
2023	35%	17%	11%	10%	6%	16%	5%	100%
Change 96 to 23	4% pts	-6% pts	-1% pts	5% pts	0% pts	-6% pts	4% pts	0% pts

Source: Statistics New Zealand

Key trends between 1996 and 2023 included the proportion of private renter households with composition of:

- Couples with children households in rental quintiles 1 and 2 and increased in 3, 4 and 5;
- Couples without children and one parent households fell in all rental quintiles; and



- One person households fell in rental quintile 1 and increased strongly in quintile 2 with moderate growth in rental 3.

Table 4.9 presents private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023.

Table 4.9: Private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023.

	1996	2006	2018	2023	Change 96 to 23
Rental quintile 1					
Less than 30 yrs	34%	22%	17%	19%	-15% pts
30 to 39 yrs	28%	24%	15%	18%	-10% pts
40 to 49 yrs	15%	19%	13%	12%	-3% pts
50 to 64 yrs	14%	19%	20%	17%	4% pts
65 yrs +	10%	16%	27%	16%	6% pts
Not stated	0%	0%	8%	18%	18% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 2					
Less than 30 yrs	37%	28%	20%	19%	-18% pts
30 to 39 yrs	38%	31%	24%	24%	-14% pts
40 to 49 yrs	13%	20%	17%	15%	2% pts
50 to 64 yrs	9%	15%	19%	17%	8% pts
65 yrs +	3%	7%	11%	12%	9% pts
Not stated	0%	0%	8%	13%	13% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 3					
Less than 30 yrs	42%	31%	24%	20%	-22% pts
30 to 39 yrs	32%	33%	29%	28%	-3% pts
40 to 49 yrs	15%	21%	19%	18%	2% pts
50 to 64 yrs	9%	12%	15%	16%	7% pts
65 yrs +	2%	3%	5%	7%	5% pts
Not stated	0%	0%	8%	11%	11% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 4					
Less than 30 yrs	41%	30%	23%	20%	-21% pts
30 to 39 yrs	34%	34%	29%	29%	-5% pts
40 to 49 yrs	16%	22%	21%	20%	4% pts
50 to 64 yrs	8%	11%	16%	15%	8% pts
65 yrs +	2%	2%	4%	4%	2% pts
Not stated	0%	0%	7%	11%	11% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 5					
Less than 30 yrs	39%	29%	25%	24%	-15% pts
30 to 39 yrs	32%	32%	25%	25%	-8% pts
40 to 49 yrs	20%	25%	23%	22%	2% pts
50 to 64 yrs	8%	13%	17%	17%	9% pts
65 yrs +	1%	2%	4%	4%	2% pts
Not stated	0%	0%	7%	9%	9% pts
Total	100%	100%	100%	100%	0% pts

Source: Statistics New Zealand



Between 1996 and 2023 the proportion of younger private renters fell while the proportion of households with older reference people increased.

4.6 Auckland summary

Over the last 27 years the number of private renter households increased by approximately 243%, or 4.73% per annum. The strong growth in the number of renters has resulted in a corresponding increase in the number of private rental dwellings. Between 1996 and 2023, the growth in the number of rental properties in rental quintile 1 (an increase of 32%) was significantly lower than the growth in the number of private renters with incomes in household income quintile 1 (an increase of 205%).

This suggests there was a shortage of lower cost dwellings for lower-income households. Effectively a higher proportion of private renters with incomes in quintile 1 would have had to rent dwellings in rental quintile 2. This is reflected in the growth in the proportion of stressed quintile 1 private renters (increased from 95% to 96% between 1996 and 2023) and an overall increase from 43% of private renters in 1996 to 47% in 2023. There is a lack of low-cost rental properties available to low to moderate-income households.

In conclusion, the structure of Auckland's private rental market has evolved between 1996 and 2023 with a decline in private renter households' ability to affordably rent a dwelling, and low-income private renters increasingly living in low quintile rental dwellings and with increased concentration in fringe western and northern urban area suburbs, the central city and south Auckland.



5. Greater Wellington

5.1 Introduction

Greater Wellington⁸ housing market is the third largest in New Zealand and has experienced moderate growth and now totals approximately 174,000 households. Like the rest of the country, housing affordability has declined particularly for first home buyers and the rate of owner-occupation has declined from 69.5% in 1996 to 65.4% in 2023. Table 5.1 presents key housing market metrics between 1996 and 2023.

Table 5.1: Greater Wellington – trends in house sale prices, market rents and household incomes

	Total hhlds in private dwellings	Median household income	Median dwelling sale price	Rental market bond data				
				No of active bonds	Lower Quartile	Median rent	Upper quartile	Geometric mean
Jun-96	134,600	\$43,900	\$140,000	14,562	\$159	\$201	\$262	\$204
Jun-01	141,200	\$50,500	\$197,500	23,469	\$178	\$232	\$289	\$228
Jun-06	151,700	\$63,100	\$324,000	31,203	\$145	\$211	\$320	\$223
Jun-13	159,400	\$78,000	\$397,000	38,226	\$286	\$361	\$449	\$351
Jun-18	167,500	\$93,100	\$582,000	40,338	\$340	\$447	\$555	\$426
Jun-23	174,700	\$119,100	\$772,000	44,190	\$472	\$595	\$739	\$567
% change between 1996 and 2023								
Total	30%	171%	451%	203%	197%	196%	182%	178%
Annual ave	1.0%	3.8%	6.5%	4.2%	4.1%	4.1%	3.9%	3.9%

Source: HUD and Statistics New Zealand

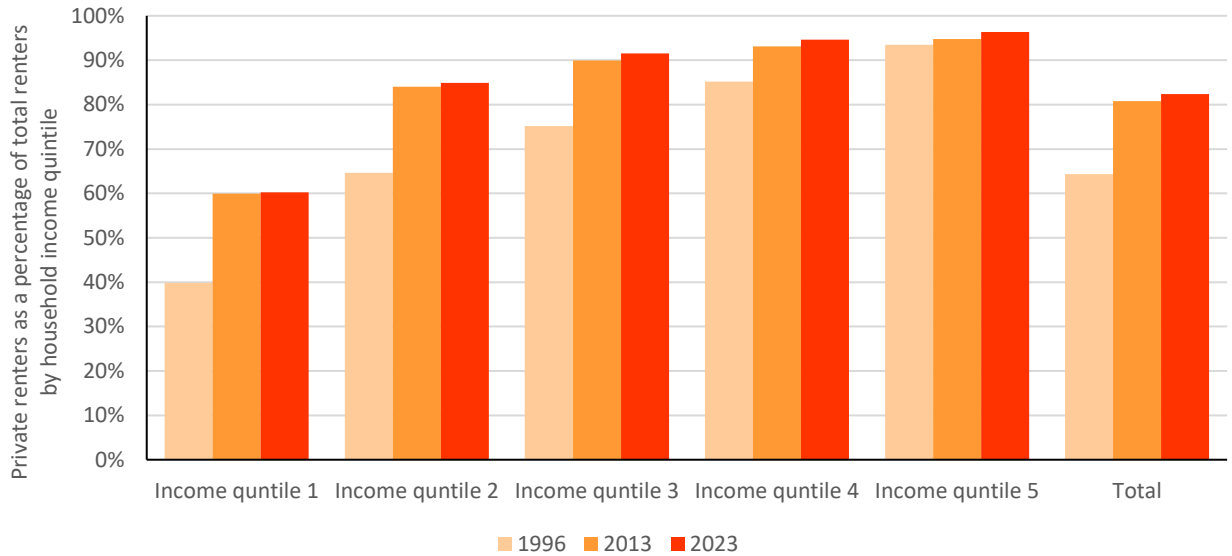
Greater Wellington, like the rest of the country, has experienced a decline in first home buyer housing affordability since the beginning of the 1990s with dwelling sale prices increasing faster than household incomes. The number of households renting their dwelling has also increased between 1996 and 2023. Between 1996 and 2023 median household income increased at an annual compounded rate of 3.8% per annum whereas median rents increased by 4.1%. However, this does not take into account any change in the composition of renter households. For example, potentially as the affordability of households buying their first dwelling declined a higher proportion of higher-income households may have continued to rent, impacting renter household income distribution and hence over time the implied rate of income growth.

Private renters, as a proportion of total households, have increased over the last 27 years. With the strong growth in private renter households, the dynamics in terms of their income profiles and the cost of the properties they occupy have also changed. Figure 5.1 presents private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023.

⁸ Greater Wellington equates to Kāpiti District and Porirua, Upper Hutt, Lower Hutt and Wellington City Councils' areas combined.



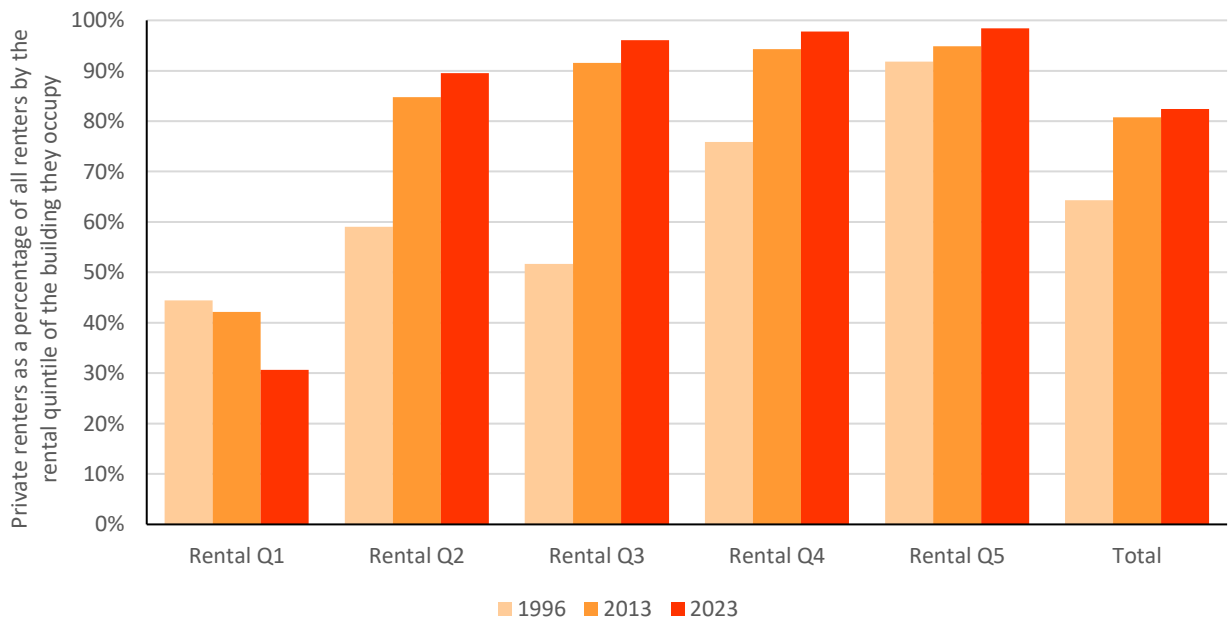
Figure 5.1: Private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023



Source: Statistics New Zealand

Between 1996 and 2023, private renter households as a percentage of all renter households increased in all 5 household income quintiles. Figure 5.2 presents private renter households as a percentage of total renter households by the rental quintile of the dwelling they occupy in 1996, 2013 and 2023.

Figure 5.2: Private renter households as a percentage of total renter households by rental quintile of the dwelling they occupy in 1996, 2013 and 2023



Source: Statistics New Zealand



Between 1996 and 2023, private renter households, as a percentage of all renter households, increased in all five rental quintiles except quintile 1, while as a proportion of total renters they fell from 44% in 1996 to 31% in 2023.

Table 5.2 presents the change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile.

Table 5.2: The change in Greater Wellington’s private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile

	Income Q1	Income Q2	Income Q3	Income Q4	Income Q5	Total
1996						
Rental Q1	30%	59%	66%	67%	70%	44%
Rental Q2	42%	64%	73%	77%	77%	59%
Rental Q3	35%	51%	62%	72%	80%	52%
Rental Q4	53%	72%	81%	89%	90%	76%
Rental Q5	73%	88%	92%	95%	97%	92%
Total	40%	65%	75%	85%	93%	64%
2013						
Rental Q1	32%	60%	65%	73%	71%	42%
Rental Q2	83%	85%	88%	83%	89%	85%
Rental Q3	90%	91%	92%	93%	91%	92%
Rental Q4	91%	94%	95%	95%	95%	94%
Rental Q5	89%	95%	95%	96%	96%	95%
Total	60%	84%	90%	93%	95%	81%
2023						
Rental Q1	23%	38%	44%	51%	65%	31%
Rental Q2	88%	90%	91%	93%	89%	90%
Rental Q3	95%	96%	97%	97%	95%	96%
Rental Q4	96%	98%	98%	98%	98%	98%
Rental Q5	94%	99%	99%	99%	99%	98%
Total	60%	85%	92%	95%	96%	82%
change 96 to 23						
Rental Q1	-7% pts	-21% pts	-22% pts	-16% pts	-5% pts	-14% pts
Rental Q2	46% pts	26% pts	18% pts	15% pts	12% pts	31% pts
Rental Q3	60% pts	45% pts	35% pts	24% pts	15% pts	44% pts
Rental Q4	43% pts	26% pts	17% pts	9% pts	8% pts	22% pts
Rental Q5	21% pts	11% pts	7% pts	4% pts	3% pts	7% pts
Total	20% pts	20% pts	16% pts	9% pts	3% pts	18% pts

Source: Statistics New Zealand

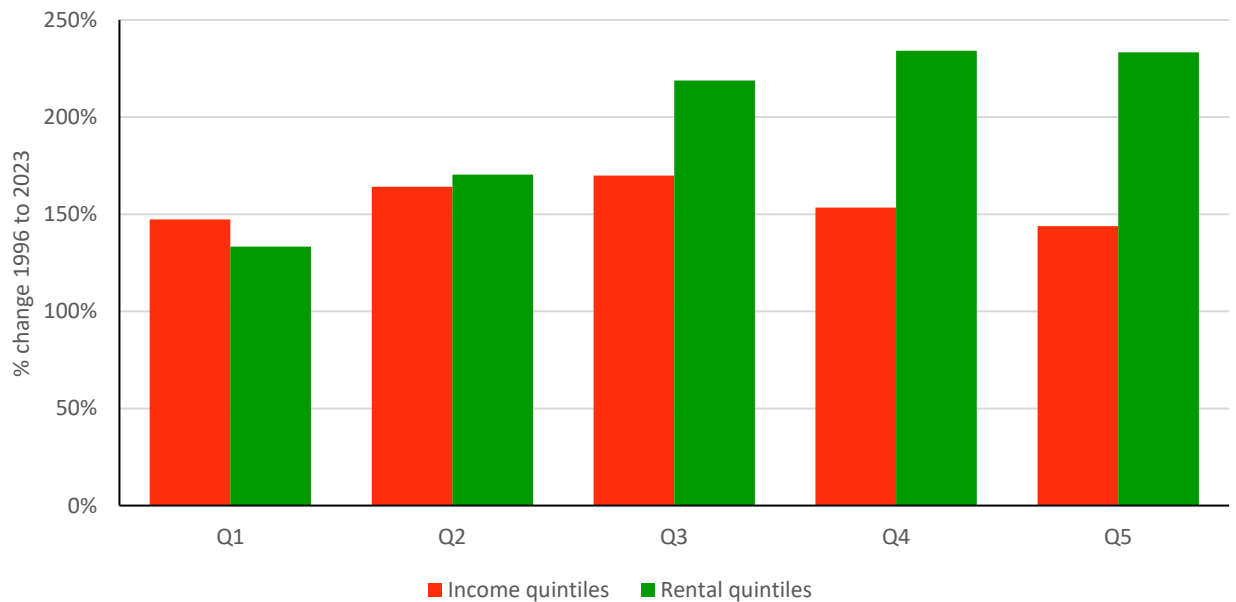


The private rental market’s overall share increased by 18% points from 64% to 82% between 1996 and 2023. Note that in 1996 5.3% of renter households did not identify their landlord classification and this fell to 0.1% in 2023 which adds a degree of uncertainty over the extent of the trend. The private rental market’s share fell for households renting dwellings in rental quintile 1 (across all household income bands) and increased for the balance of the renter market. The strongest growth in the private rental markets share was for households in income quintile 1 renting dwellings in rental quintiles 2 (up 46% points), 3 (up 60% points) and 4 (up 43% points). Households in income quintile 2 and renting in rental quintile 3 also increased their market share by 45% points.

5.2 The structure of Greater Wellington’s private rental by household income and rental quintiles

Figure 5.3 presents the percentage change in Greater Wellington’s household incomes and passing rents by quintile between 1996 and 2023.

Figure 5.3: The percentage change in household incomes and passing rent quintiles 1996 to 2023



Source: Statistics New Zealand

Between 1996 and 2023 household income quintile 1 increased faster than rental quintile 1. Over the same time period, rental quintiles 2, 3, 4 and 5 increased faster than household income quintiles 2, 3, 4 and 5.



Table 5.3 presents the number and proportion of renter households within each income quintile for the housing market.

Table 5.3: the number and proportion of private renter households by income quintile

	Quintile 1		Quintile 2		Quintile 3		Quintile 3		Quintile 5		Total
	No	% of total	no	% of total	no	% of total	no	% of total	no	% of total	
1996	2,613	14%	4,320	24%	2,277	12%	4,038	22%	4,998	27%	18,246
2001	1,410	6%	4,890	21%	5,745	24%	5,706	24%	6,012	25%	23,763
2006	1,929	7%	5,844	20%	8,154	28%	6,114	21%	7,248	25%	29,289
2013	3,813	11%	6,633	20%	8,508	25%	7,878	23%	7,119	21%	33,951
2018	2,634	6%	8,934	22%	9,501	23%	9,948	24%	9,645	24%	40,662
2023	3,345	7%	10,170	23%	10,113	23%	10,983	24%	10,245	23%	44,856

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of renter households in income quintiles 1 and 2 fell from a combined 38% (14% plus 24%) in 1996 to 30% (7% plus 23%) in 2023. At the same time private renters in income quintile 3 increased from 12% in 1996 to 23% in 2023.



Table 5.4 presents the number of private renter households by household income and rental quintiles from 1996 to 2023.

Table 5.4: The number of private renter households by household income and rental quintiles from 1996 to 2023

Rental Quintiles	Hhld Income Q1		Hhld Income Q2		Hhld Income Q3		Hhld Income Q4		Hhld Income Q5		Total	
	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total
1996												
Q1	966	5%	1,008	6%	237	1%	354	2%	48	0%	2,613	14%
Q2	1,131	6%	1,758	10%	576	3%	795	4%	60	0%	4,320	24%
Q3	525	3%	720	4%	309	2%	687	4%	36	0%	2,277	12%
Q4	600	3%	1,107	6%	519	3%	1,617	9%	195	1%	4,038	22%
Q5	390	2%	702	4%	423	2%	2,154	12%	1,329	7%	4,998	27%
Total	3,612	20%	5,295	29%	2,064	11%	5,607	31%	1,668	9%	18,246	100%
2006												
Q1	879	3%	627	2%	225	1%	126	0%	72	0%	1,929	7%
Q2	1,743	6%	2,352	8%	1,005	3%	531	2%	213	1%	5,844	20%
Q3	1,638	6%	2,712	9%	1,803	6%	1,341	5%	660	2%	8,154	28%
Q4	633	2%	1,305	4%	1,296	4%	1,590	5%	1,290	4%	6,114	21%
Q5	495	2%	915	3%	846	3%	1,464	5%	3,528	12%	7,248	25%
Total	5,388	18%	7,911	27%	5,175	18%	5,052	17%	5,763	20%	29,289	100%
2018												
Q1	1,194	3%	825	2%	279	1%	213	1%	123	0%	2,634	6%
Q2	2,655	7%	3,366	8%	1,593	4%	999	2%	321	1%	8,934	22%
Q3	1,758	4%	2,919	7%	2,202	5%	2,007	5%	615	2%	9,501	23%
Q4	1,008	2%	1,944	5%	2,151	5%	3,165	8%	1,680	4%	9,948	24%
Q5	846	2%	1,194	3%	1,101	3%	2,388	6%	4,116	10%	9,645	24%
Total	7,461	18%	10,248	25%	7,326	18%	8,772	22%	6,855	17%	40,662	100%
2023												
Q1	1,545	3%	942	2%	456	1%	201	0%	201	0%	3,345	7%
Q2	3,114	7%	3,897	9%	2,016	4%	750	2%	393	1%	10,170	23%
Q3	1,767	4%	3,303	7%	3,066	7%	1,329	3%	648	1%	10,113	23%
Q4	1,353	3%	2,694	6%	3,258	7%	2,199	5%	1,479	3%	10,983	24%
Q5	975	2%	1,521	3%	1,986	4%	2,052	5%	3,711	8%	10,245	23%
Total	8,754	20%	12,357	28%	10,782	24%	6,531	15%	6,432	14%	44,856	100%

Source: Statistics New Zealand

The structure of the private rental market changed between 1996 and 2023. The number of quintile 1 rental properties in the private rental market increased from 2,613 in 1996 to 3,345 in 2023, an increase of 28%. Over the same time frame the number of rental quintile 2 properties in the private market increased by 135%, the number of rental quintile 3 dwellings increased by 344%, the number of rental quintile 4 properties by 172% and the number of rental quintile 5 properties by 105%. As a consequence, rental quintile 1 properties as a percentage of all private rentals fell from 14% in 1996 to 7% in 2023 and properties in rental quintile 3 increased from 12% of all private rentals to 23% in 2023.



Table 5.5 presents the proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023.

Table 5.5: The proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023

	Hhld Income Q1	Hhld Income Q2	Hhld Income Q3	Hhld Income Q4	Hhld Income Q5	Total
1996						
Rental Q1	37%	39%	9%	14%	2%	100%
Rental Q2	26%	41%	13%	18%	1%	100%
Rental Q3	23%	32%	14%	30%	2%	100%
Rental Q4	15%	27%	13%	40%	5%	100%
Rental Q5	8%	14%	8%	43%	27%	100%
Total	20%	29%	11%	31%	9%	100%
2023						
Rental Q1	46%	28%	14%	6%	6%	100%
Rental Q2	31%	38%	20%	7%	4%	100%
Rental Q3	17%	33%	30%	13%	6%	100%
Rental Q4	12%	25%	30%	20%	13%	100%
Rental Q5	10%	15%	19%	20%	36%	100%
Total	20%	28%	24%	15%	14%	100%
Change 96 to 23						
Rental Q1	9%	-10%	5%	-8%	4%	
Rental Q2	4%	-2%	6%	-11%	2%	
Rental Q3	-6%	1%	17%	-17%	5%	
Rental Q4	-3%	-3%	17%	-20%	9%	
Rental Q5	2%	1%	11%	-23%	10%	
Total	0%	-1%	13%	-16%	5%	

Source: Statistics New Zealand

Between 1996 and 2023, the proportion of private renter households with lower household incomes (income quintile 1) have increased as a proportion of households in lower rental quintile dwellings. For example, private renter households in income quintile 1 increased as a proportion of all households in rental quintile 1 from 37% in 1996 to 46% in 2023 and from 26% of occupants in rental quintile 2 in 1996 to 31% in 2023.



5.3 Greater Wellington - Private renters' affordability outcomes

Table 5.6 presents the estimated number and proportion of renters able to affordably pay the rent at the top of income thresholds quintile 1 (20th percentile), 2 (40th percentile), and 3 (60th percentile).

Table 5.6: The estimated number and proportion of renters able to affordably pay the rent (passing rent) at the top of income thresholds quintile 1, 2, and 3

	Income private renters with incomes at the top of Q1 (20 th percentile)		Income private renters with incomes at the top of Q2 (40 th percentile)		Income private renters with incomes at the top of Q3 (60 th percentile)	
	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)
1996	1,950	11%	8,180	45%	14,320	78%
2001	1,360	6%	9,480	40%	18,990	80%
2006	1,660	6%	14,050	48%	23,960	82%
2013	2,910	9%	14,480	43%	27,880	82%
2018	2,130	5%	13,050	32%	32,190	79%
2023	2,880	6%	17,810	40%	36,320	81%

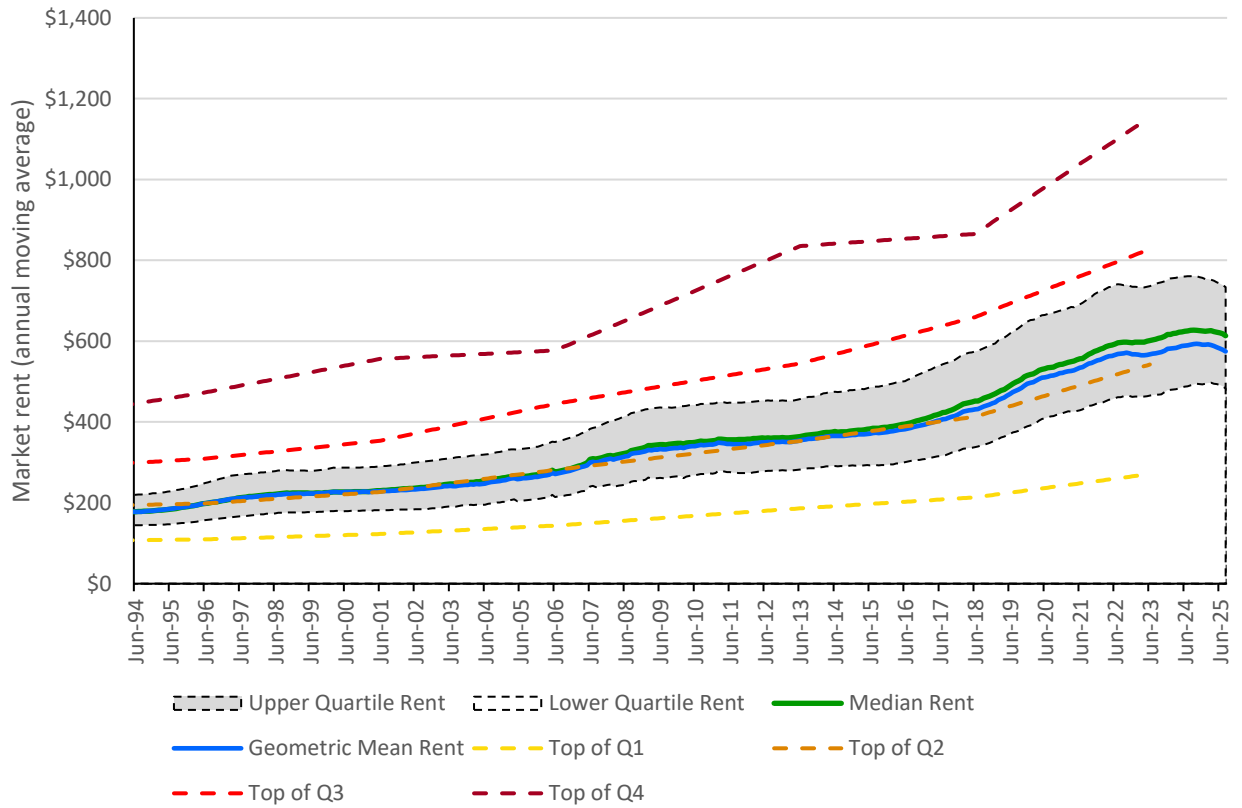
Source: Statistics New Zealand

In 1996 only 11% of passing rents were affordable to renters with incomes at the top of income quintile 1 (20th percentile) and this declined to 6% in 2023. For private renter households with incomes at the top of income quintile 2 (40th percentile) the proportion able to affordably pay their passing rent fell from 45% in 1996 to 40% in 2023.



Figure 5.4 presents the trend in the lower quartile, median, upper quartile and geometric mean market rent (12 month moving average) along with the rental households with incomes at household income 1 (20th percentile), 2 (40th percentile), (60th percentile) and 4 (80th percentile) quintile boundaries can affordably pay (assuming no more than 30% of gross household income is used to pay the rent).

Figure 5.4: Greater Wellington – the trend in market rental affordability for private renter households



Source: Calculated from data sourced from HUD and Statistics New Zealand

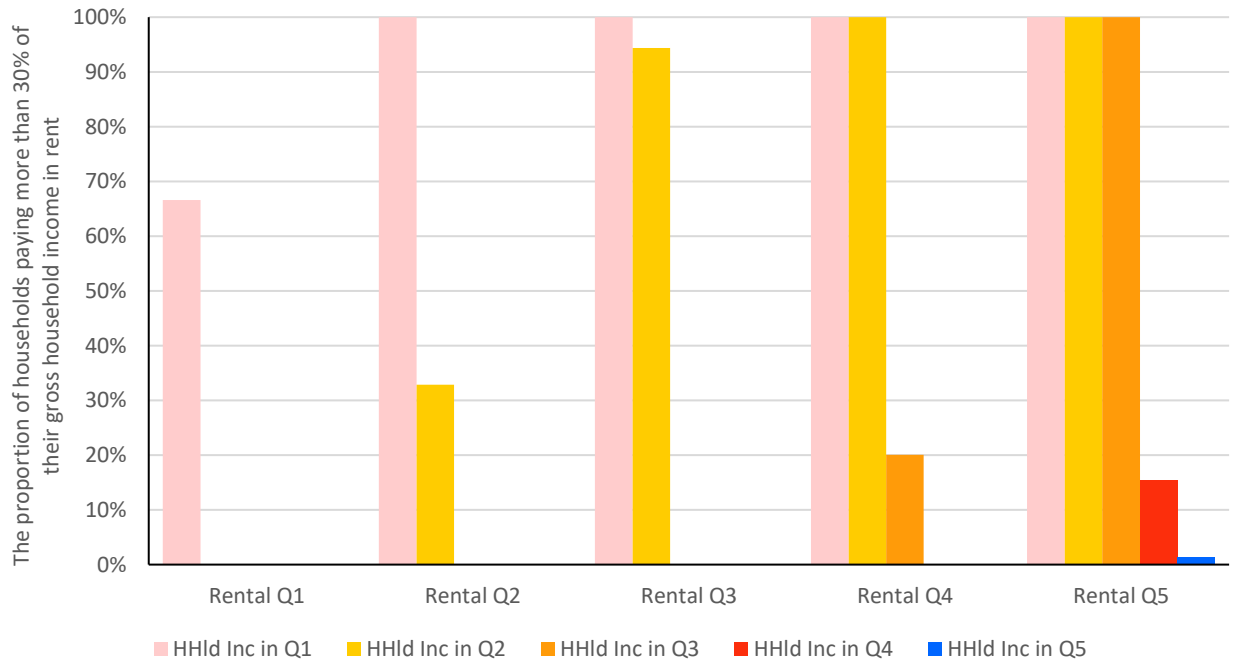
Over the last three decades the ability of private renters with incomes at the top of the household income quintile 2 (40th percentile) has tracked close to the market lower quartile rent. For example, in 1996 the lower quartile market rent⁹ was \$156 per week or 75% of what a household with an income at the top of quintile 2 (40th percentile) could affordably pay. By 2023, the lower quartile market rent had increased to \$465 per week, or 86% of what private renters with incomes at the top of quintile 2 (40th percentile) could affordably pay.

⁹ Annual monthly moving average



Figure 5.5 presents the proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023.

Figure 5.5: The proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023



Source: Statistics New Zealand

Private renter households with incomes in the lower-income quintiles have a higher proportion of households paying more than 30% of their gross household income in rent. The proportion of private renters paying more than 30% of their gross household income in rent is higher in the higher rental quintile dwellings.



Table 5.7 presents the proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles.

Table 5.7: The proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles

Rental Quintiles	Household income quintiles					Total
	Q1	Q2	Q3	Q4	Q5	
1996						
Q1	71%	0%	0%	0%	0%	26%
Q2	100%	13%	0%	0%	0%	32%
Q3	100%	44%	0%	0%	0%	37%
Q4	100%	65%	0%	0%	0%	33%
Q5	100%	100%	41%	9%	2%	30%
Total	92%	37%	8%	4%	1%	31%
2006						
Q1	71%	0%	0%	0%	0%	32%
Q2	100%	16%	0%	0%	0%	36%
Q3	100%	51%	0%	0%	0%	37%
Q4	100%	100%	0%	0%	0%	32%
Q5	100%	100%	87%	15%	2%	34%
Total	95%	50%	14%	4%	1%	35%
2013						
Q1	78%	0%	0%	0%	0%	40%
Q2	100%	35%	0%	0%	0%	44%
Q3	100%	80%	0%	0%	0%	43%
Q4	100%	100%	19%	0%	0%	34%
Q5	100%	100%	92%	13%	2%	40%
Total	94%	61%	18%	5%	1%	40%
2023						
Q1	67%	0%	0%	0%	0%	31%
Q2	100%	33%	0%	0%	0%	43%
Q3	100%	94%	0%	0%	0%	48%
Q4	100%	100%	20%	0%	0%	43%
Q5	100%	100%	100%	15%	1%	47%
Total	94%	70%	24%	5%	1%	44%
1996 to 2023						
Q1	-4%	0%	0%	0%	0%	5%
Q2	0%	19%	0%	0%	0%	12%
Q3	0%	51%	0%	0%	0%	11%
Q4	0%	35%	20%	0%	0%	10%
Q5	0%	0%	59%	6%	0%	18%
Total	2%	32%	16%	1%	-1%	13%

Source: Statistics New Zealand



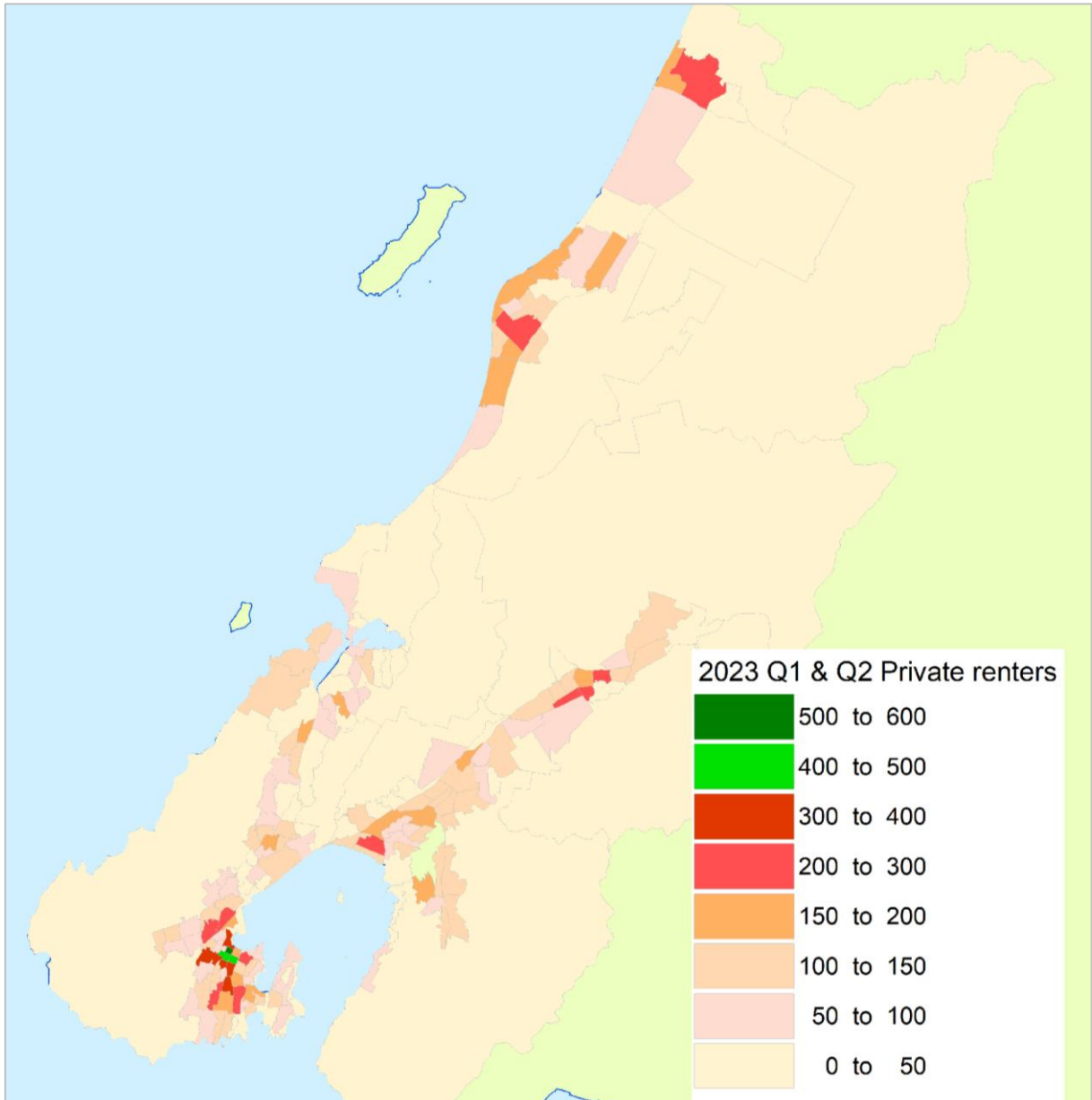
The proportion of private renters paying more than 30% of their gross income in rent increased for rental quintiles 1, 2 and 3. Affordability deteriorated significantly for private renters in income quintiles 2 and 3. For private renters in income quintile 2 the proportion of households paying more than 30% of their income in rent increased from 37% in 1996 to 70% in 2023. Comparable numbers of stressed private renters in income quintile 3 increased from 8% in 1996 to 24% in 2023.



5.4 Wellington – the geographical distribution of low to moderate-income renters

Figure 5.6 presents the number of private renter households (quintile 1 and 2 household incomes) by statistical area 2 boundaries (SA2) in 2023.

Figure 5.6: The number of private renter households (quintile 1 and 2 household incomes) in 2023



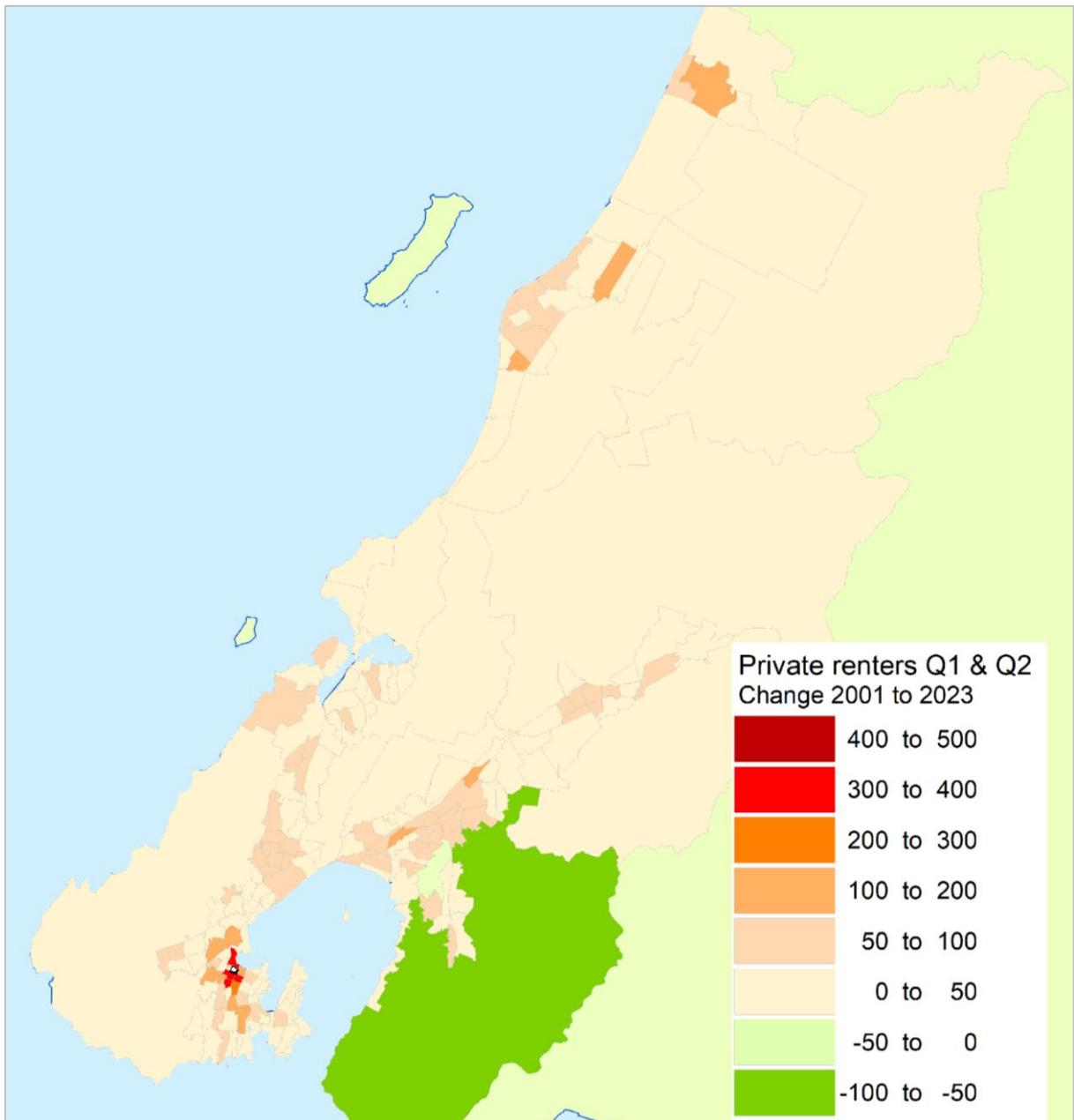
Source: Statistics New Zealand

The suburbs with the highest number of private renter households with incomes in quintiles 1 and 2 in 2023 included Wellington City’s inner suburbs, Petone, Upper Hutt and parts of the Kāpiti Coast.



Figure 5.7 presents the change in the number of private renter households (quintile 1 and 2 household incomes) by SA2 boundaries between 2001 and 2023.

Figure 5.7: The change in the number of private renter households (quintile 1 and 2 household incomes) between 2001 and 2023



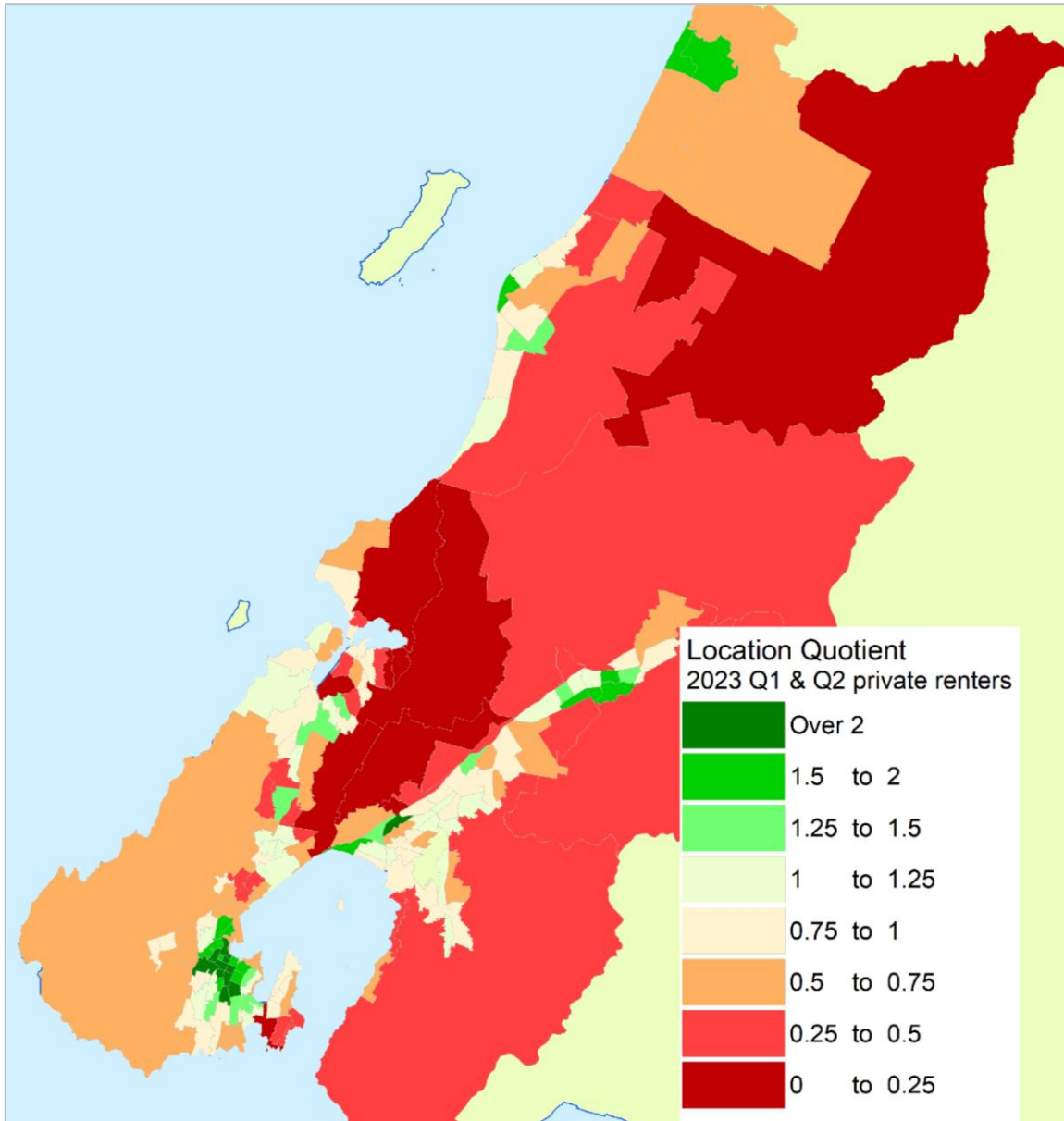
Source: Statistics New Zealand

The suburbs with the highest change number of private renter households with incomes in quintiles 1 and 2 between 2001 and 2023 included the inner city suburbs of Wellington City.



Figure 5.8 presents the location quotient¹⁰ for private renters' households by SA2 boundaries with income quintiles 1 and 2) in 2023.

Figure 5.8: Location quotient for households with income quintiles 1 and 2 private renters in 2023.



Source: Statistics New Zealand

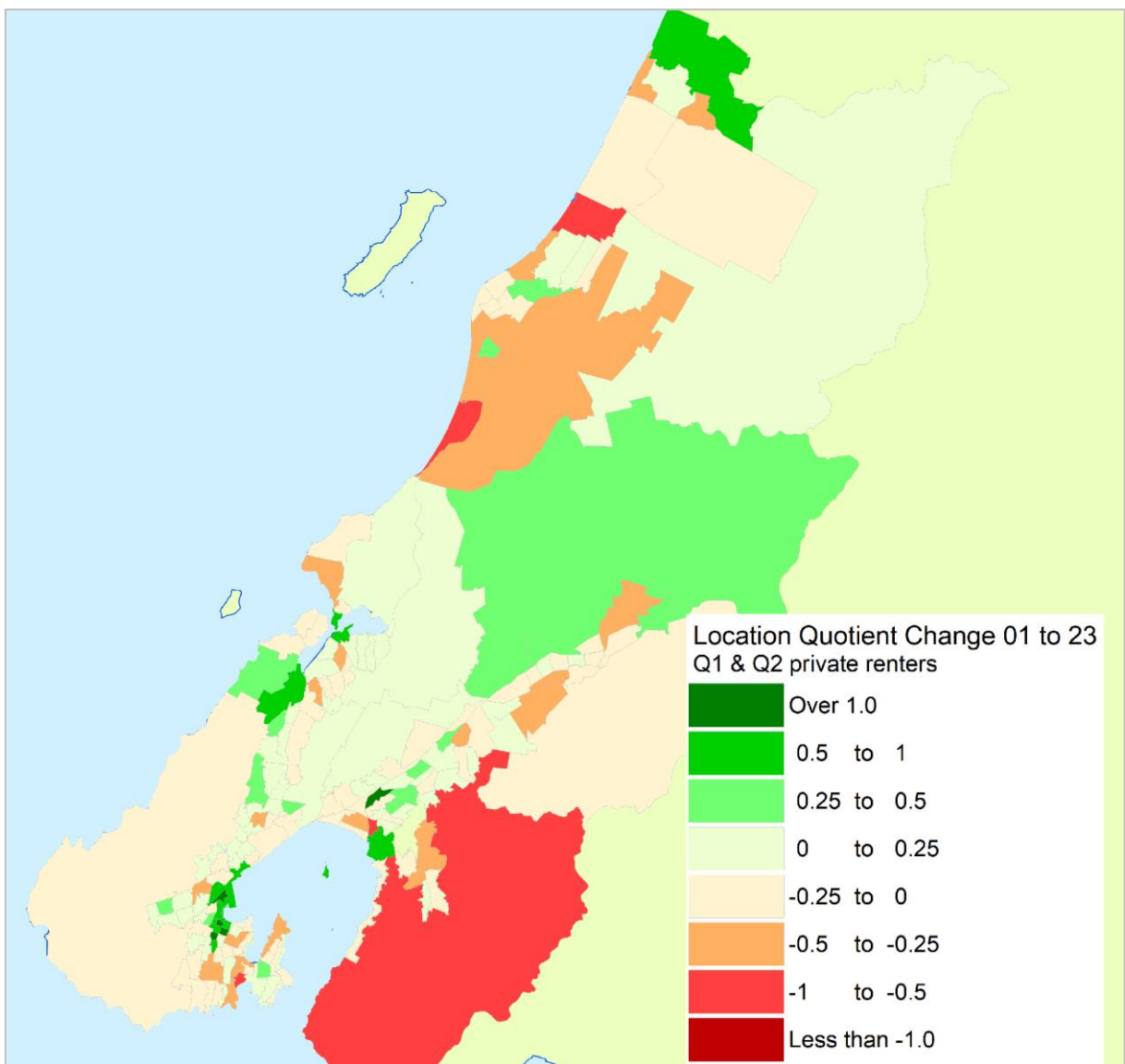
¹⁰ The location quotient is a measure of the relative density of household income quintile Q1 and Q2 renters relative to the housing market average. Location quotient is calculated by $((\text{number of Q1 \& Q2 private renters in the SA2}) / (\text{all households in the SA2})) / ((\text{The number of Q1 \& Q2 private renters in the housing market}) / (\text{all households in the housing market}))$. Values greater than 1 identify densities higher than the housing market average and values less than 1 lower densities.



The suburbs with the highest concentration of low to moderate-income private renters in 2023 included Wellington City’s inner areas (not all are suburbs) (Thorndon, Kelburn, Central, Dixon Street, Vivian West, Courtenay, Mt Cook, Mt Victoria, Newtown and Rongotai SA2s), Upper Hutt (Trentham, Brentwood and central SA2s) and parts of the Kāpiti Coast (Ōtaki and Paraparaumu Beach West SA2s).

Figure 5.9 presents the change in the location quotient between 2001 and 2023 for private renters’ households with income quintiles 1 and 2 by SA2 boundaries.

Figure 5.9: Change in the location quotient between 2001 and 2023 for private renters households with income quintiles 1 and 2.



Source: Statistics New Zealand



The suburbs with the largest increases in the relative density of low to moderate-income renters between 2001 and 2023 were Mt Cook North, Vivian East, Dixon Street East, and Thorndon South. The suburbs with the largest decrease in the relative density of low to moderate-income renters between 2001 and 2023 were Peka Peka, Paraparaumu Central and Paekākāriki on the Kāpiti Coast, Moera in Lower Hutt City, and Lyall Bay in Wellington City.



5.5 Greater Wellington - Private renter demographics by rental quintile

Table 5.8 presents private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023.

Table 5.8: Private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023

	Couples with Children	Couples without children	One parent	Multi-family	One person	Other	Not Stated	Total
Rental quintile 1								
1996	9%	17%	8%	0%	52%	10%	1%	100%
2006	7%	14%	7%	0%	61%	8%	0%	100%
2018	7%	16%	6%	0%	53%	12%	5%	100%
2023	8%	13%	8%	1%	47%	14%	8%	100%
Change 96 to 23	-1% pts	-4% pts	0% pts	1% pts	-6% pts	5% pts	7% pts	0% pts
Rental quintile 2								
1996	12%	30%	13%	1%	30%	13%	1%	100%
2006	12%	20%	15%	1%	44%	7%	0%	100%
2018	14%	19%	14%	2%	39%	7%	5%	100%
2023	12%	19%	11%	1%	43%	7%	6%	100%
Change 96 to 23	0% pts	-10% pts	-2% pts	1% pts	12% pts	-6% pts	6% pts	0% pts
Rental quintile 3								
1996	17%	29%	20%	1%	16%	14%	0%	100%
2006	22%	23%	23%	2%	20%	9%	0%	100%
2018	23%	23%	18%	2%	20%	7%	5%	100%
2023	20%	28%	14%	2%	20%	10%	6%	100%
Change 96 to 23	4% pts	-2% pts	-6% pts	1% pts	4% pts	-4% pts	6% pts	0% pts
Rental quintile 4								
1996	21%	30%	17%	2%	9%	19%	0%	100%
2006	23%	31%	16%	2%	13%	15%	0%	100%
2018	27%	28%	13%	2%	12%	12%	5%	100%
2023	27%	26%	14%	3%	10%	14%	5%	100%
Change 96 to 23	6% pts	-4% pts	-2% pts	1% pts	1% pts	-5% pts	5% pts	0% pts
Rental quintile 5								
1996	22%	26%	8%	3%	7%	33%	1%	100%
2006	20%	27%	7%	2%	8%	35%	0%	100%
2018	20%	25%	6%	4%	8%	31%	6%	100%
2023	20%	22%	7%	5%	6%	34%	5%	100%
Change 96 to 23	-1% pts	-4% pts	-1% pts	2% pts	-1% pts	1% pts	5% pts	0% pts

Source: Statistics New Zealand

Key trends between 1996 and 2023 included the proportion of:

- Couples with children increased in rental quintiles 3 and 4 and fell slightly in 1 and 5;
- Couples without children fell across all rental quintiles;
- One parent households fell in all rental quintiles except quintile 1; and
- One person households fell in quintile 1 but increased strongly in rental quintiles 2 and 3.



Table 5.9 presents private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023.

Table 5.9: Private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023

	1996	2006	2018	2023	Change 96 to 23
Rental quintile 1					
Less than 30 yrs	43%	23%	18%	18%	-24% pts
30 to 39 yrs	26%	22%	14%	13%	-13% pts
40 to 49 yrs	13%	19%	14%	11%	-1% pts
50 to 64 yrs	11%	19%	23%	19%	9% pts
65 yrs +	8%	18%	24%	18%	11% pts
Not stated	0%	0%	7%	19%	19% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 2					
Less than 30 yrs	44%	32%	22%	20%	-23% pts
30 to 39 yrs	36%	29%	24%	23%	-12% pts
40 to 49 yrs	11%	18%	17%	15%	3% pts
50 to 64 yrs	7%	15%	20%	19%	12% pts
65 yrs +	2%	6%	11%	11%	9% pts
Not stated	0%	0%	6%	11%	11% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 3					
Less than 30 yrs	53%	36%	26%	26%	-27% pts
30 to 39 yrs	29%	33%	29%	29%	0% pts
40 to 49 yrs	11%	18%	19%	15%	4% pts
50 to 64 yrs	5%	10%	15%	14%	9% pts
65 yrs +	2%	3%	5%	5%	4% pts
Not stated	0%	0%	5%	11%	11% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 4					
Less than 30 yrs	51%	37%	27%	27%	-25% pts
30 to 39 yrs	30%	35%	31%	30%	1% pts
40 to 49 yrs	13%	18%	20%	17%	5% pts
50 to 64 yrs	6%	9%	13%	13%	7% pts
65 yrs +	1%	1%	3%	3%	2% pts
Not stated	0%	0%	5%	10%	10% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 5					
Less than 30 yrs	50%	48%	44%	43%	-7% pts
30 to 39 yrs	30%	27%	24%	22%	-8% pts
40 to 49 yrs	14%	16%	15%	15%	1% pts
50 to 64 yrs	6%	7%	10%	10%	4% pts
65 yrs +	1%	1%	2%	2%	1% pts
Not stated	0%	1%	6%	9%	9% pts
Total	100%	100%	100%	100%	0% pts

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of younger private renter across all rental quintiles fell and at the same time increased for households with older reference people. The trend was strongest in rental quintiles 1 and 2.



5.6 Greater Wellington summary

Over the last 27 years the number of private renter households increased by approximately 145% or 3.3% per annum. The strong growth in the number of renters has resulted in a corresponding increase in the number of private rental dwellings. Between 1996 and 2023, the growth in the number of rental properties in rental quintile 1 (an increase of 28%) was significantly lower than the growth in the number of private renters with incomes in household income quintile 1 (an increase of 142%).

This suggests there was a shortage of lower cost dwellings for lower-income households. Effectively a higher proportion of private renters with incomes in quintile 1 would have had to rent dwellings in rental quintile 2. This is reflected in the growth in the proportion of stressed quintile 1 private renters (increased from 92% to 94% between 1996 and 2023). The highest increases in the proportion of stressed private renters between 1996 and 2023 was for households with income in quintile 2 renting properties in quintiles 2, 3, and 4 and households in income quintile 3 renting dwellings in rental quintiles 4 and 5.

In conclusion, the affordability outcome (changes in the proportion of stressed renters) for private renter households deteriorated for households in income quintiles 1, 2, and 3. By 2023, 94% of private renters in income quintile 1 were stressed (up from 92% in 1996), 70% in income quintile 2 (up from 37% in 1996) and 24% in income quintile 3 (up from 8% in 1996). At the same time the proportion of stressed private renters in income quintiles 4 and 5 either increased slightly or fell between 1996 and 2023. These trends reflect a lack of low-cost rental properties available to low to moderate-income households.



6. Greater Christchurch

6.1 Introduction

Greater Christchurch’s housing market is the second largest in New Zealand and has experienced moderate growth and now totals approximately 201,762 households. Like the rest of the country, housing affordability has declined particularly for first home buyers and the rate of owner-occupation has declined from 73.3% in 1996 to 69.1% in 2023. The 2010/2011 earthquakes occurred in this study period and it is likely they had a significant impact on the rental market both in terms of the composition of demand and the stock of rental dwellings.

Table 6.1 presents the trend in key housing market metrics between 1996 and 2023.

Table 6.1: Greater Christchurch – trends in house sale prices, market rents and household incomes

	Total hhlds in private dwellings	Median household income	Median dwelling sale price	Rental market bond data				
				No of active bonds	Lower Quartile	Median rent	Upper quartile	Geometric mean
Jun-96	138,348	\$33,400	\$131,000	14,598	\$141	\$179	\$209	\$172
Jun-01	147,792	\$37,500	\$150,000	21,423	\$141	\$180	\$214	\$173
Jun-06	161,058	\$49,500	\$283,000	27,045	\$211	\$261	\$300	\$248
Jun-13	162,624	\$67,500	\$392,000	32,973	\$286	\$366	\$444	\$351
Jun-18	181,038	\$77,800	\$458,000	37,779	\$315	\$384	\$445	\$363
Jun-23	201,762	\$94,900	\$675,000	43,926	\$438	\$522	\$606	\$486
% change between 1996 and 2023								
Total	46%	184%	415%	201%	211%	192%	190%	183%
Annual ave	1.4%	3.9%	6.3%	4.2%	4.3%	4.0%	4.0%	3.9%

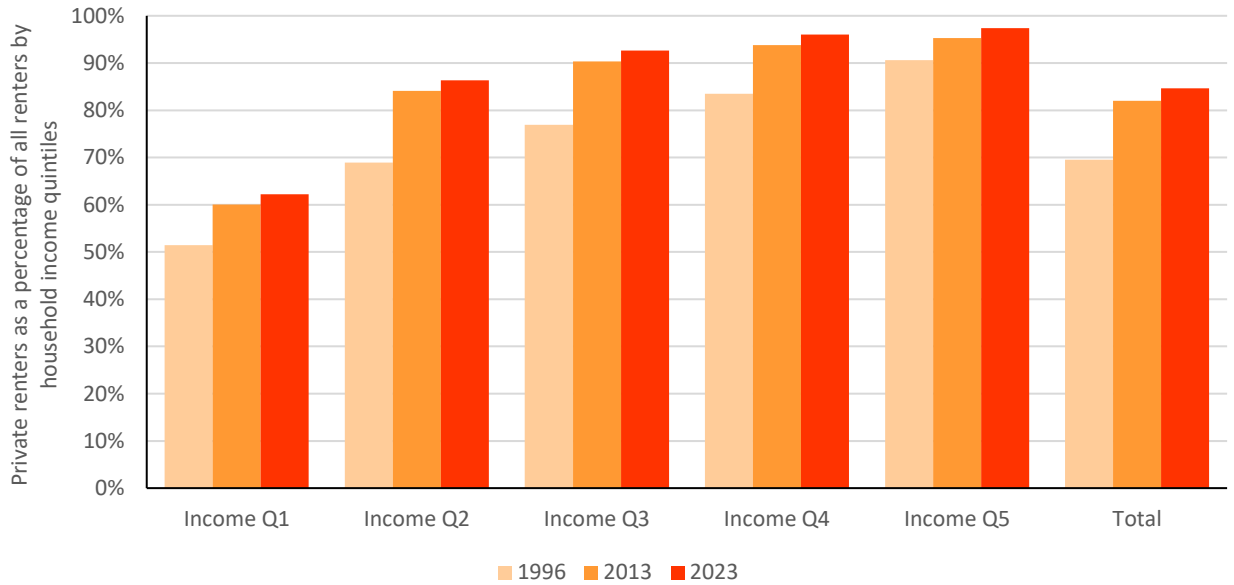
Source: HUD and Statistics New Zealand

Greater Christchurch, like the rest of the country, has experienced a decline in first home buyer housing affordability since the beginning of the 1990s with dwelling sale prices increasing faster than household incomes. The number of households renting their dwelling has also increased between 1996 and 2023. The trend in rental market affordability mixed with median household incomes increased at a similar pace to rents with the exception of lower quartile market rents which increased by 211% (between 1996 and 2023) compared to median household incomes which increased by 184%. However, this does not take into account any change in the composition of renter households.

Private renters as a proportion of total households have increased over the last 27 years. With the strong growth in private renter households the dynamics in terms of their income profiles and the housing costs of the properties they occupy have also changed. Figure 6.1 presents private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023.



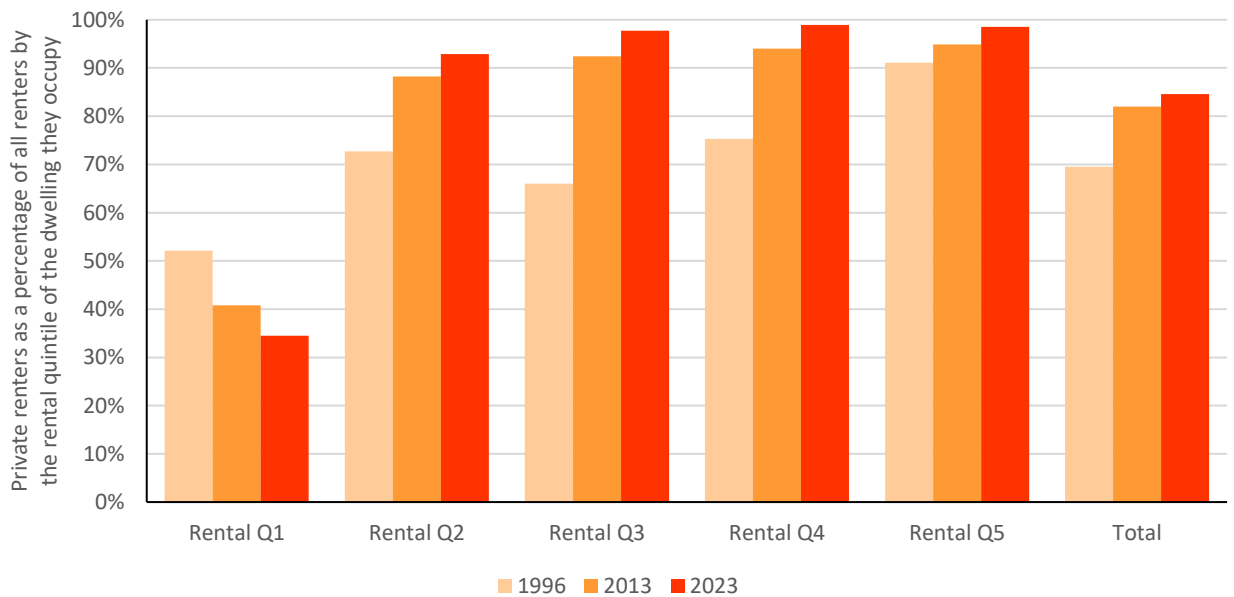
Figure 6.1: Private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023



Source: Statistics New Zealand

Between 1996 and 2023, private renter households as a percentage of all renter households increased in all five household income quintiles. Figure 6.2 presents private renter households as a percentage of total renter households by the rental quintile of the dwelling they occupy in 1996, 2013 and 2023.

Figure 6.2: Private renter households as a percentage of total renter households by rental quintile of the dwelling they occupy in 1996, 2013 and 2023



Source: Statistics New Zealand



Between 1996 and 2023, private renter households as a percentage of all renter households increased in all five rental quintiles except quintile 1 while as a proportion of total renters they fell from 52% in 1996 to 35% in 2023.

Table 6.2 presents the change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile.

Table 6.2: The change in Greater Christchurch’s private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile

	Income Q1	Income Q2	Income Q3	Income Q4	Income Q5	Total
1996						
Rental Q1	39%	64%	69%	62%	70%	52%
Rental Q2	62%	73%	79%	87%	76%	73%
Rental Q3	51%	62%	73%	81%	87%	66%
Rental Q4	65%	68%	76%	85%	90%	75%
Rental Q5	76%	90%	91%	95%	96%	91%
Total	51%	69%	77%	84%	91%	70%
2013						
Rental Q1	27%	56%	69%	75%	77%	41%
Rental Q2	89%	88%	88%	91%	84%	88%
Rental Q3	91%	93%	92%	92%	96%	92%
Rental Q4	93%	93%	94%	95%	94%	94%
Rental Q5	87%	95%	94%	96%	97%	95%
Total	60%	84%	90%	94%	95%	82%
2023						
Rental Q1	22%	43%	54%	67%	84%	35%
Rental Q2	93%	92%	93%	93%	94%	93%
Rental Q3	98%	98%	98%	98%	95%	98%
Rental Q4	98%	99%	99%	99%	99%	99%
Rental Q5	93%	99%	99%	99%	99%	99%
Total	62%	86%	93%	96%	97%	85%
change 96 to 23						
Rental Q1	-17% pts	-22% pts	-15% pts	5% pts	14% pts	-18% pts
Rental Q2	31% pts	20% pts	14% pts	6% pts	18% pts	20% pts
Rental Q3	46% pts	36% pts	25% pts	17% pts	8% pts	32% pts
Rental Q4	34% pts	31% pts	23% pts	14% pts	9% pts	24% pts
Rental Q5	17% pts	9% pts	7% pts	4% pts	3% pts	7% pts
Total	11% pts	17% pts	16% pts	13% pts	7% pts	15% pts

Source: Statistics New Zealand

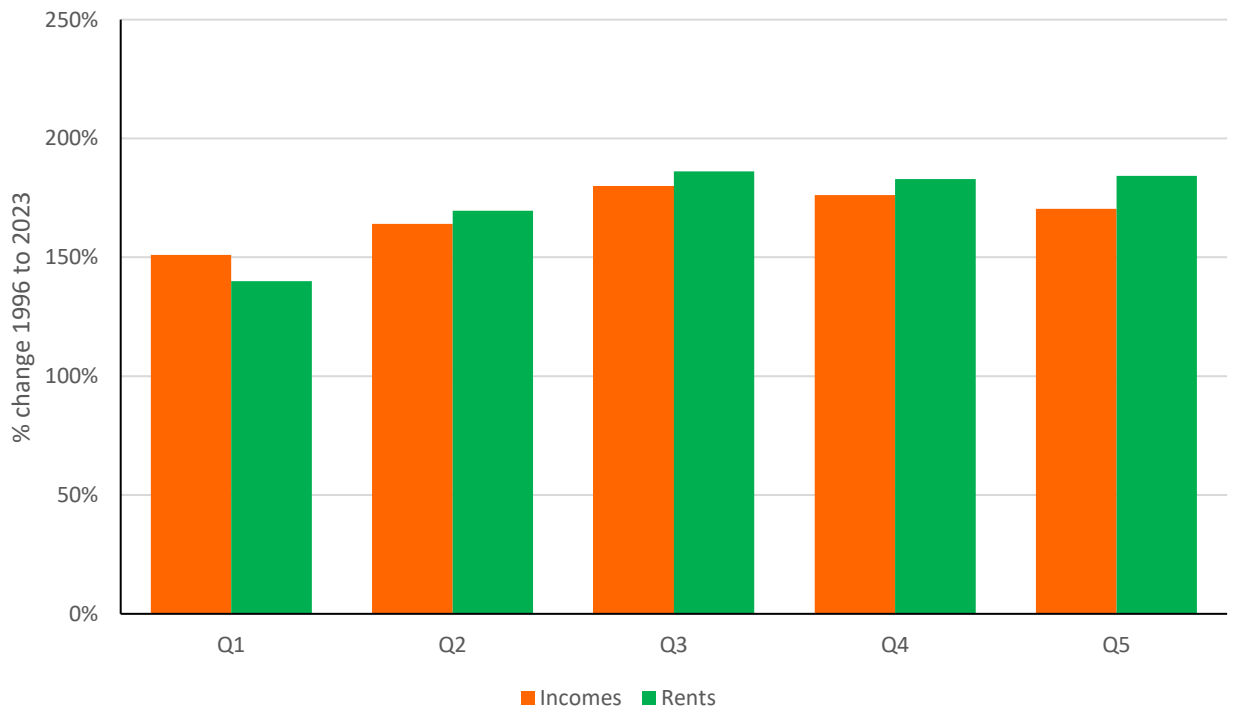


The private rental market’s overall share increased by 18% points from 70% to 85% between 1996 and 2023. Note that in 1996 5.3% of renter households did not identify their landlord classification and this fell to 0.1% in 2023 which adds a degree of uncertainty over the extent of the trend. The private rental market’s share fell for households renting dwellings in rental quintile 1 (across household income quintiles 1, 2 and 3) and increased for the balance of the renter market. The strongest growth in the private rental market’s share was for households in income quintile 1 renting dwellings in rental quintiles 2 (up 31% points), 3 (up 46% points) and 4 (up 34% points). Private renters in income quintile 2 and renting in rental quintile 3 also increased market share by 36% points.

6.2 The structure of Greater Christchurch’s private rental by household income and rental quintiles

Figure 6.3 presents the percentage change in Greater Christchurch’s household incomes and passing rents by quintile between 1996 and 2023.

Figure 6.3: The percentage change in household incomes and passing rent quintiles 1996 to 2023



Source: Statistics New Zealand

Between 1996 and 2023 household incomes quintile 1 increased faster than rental quintile 1. Over the same time period rental levels in quintiles 2, 3, 4 and 5 increased faster than household income quintiles 2, 3, 4 and 5.



Table 6.3 presents the number and proportion of renter households within each income quintile for the housing market.

Table 6.3: The number and proportion of private renter households by income quintile

	Quintile 1		Quintile 2		Quintile 3		Quintile 4		Quintile 5		Total
	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	
1996	3,738	21%	5,118	29%	2,697	15%	4,377	25%	1,563	9%	17,493
2001	4,452	19%	6,714	29%	5,799	25%	3,369	15%	2,808	12%	23,142
2006	4,431	16%	8,061	30%	8,097	30%	3,849	14%	2,514	9%	26,952
2013	5,826	19%	6,111	20%	12,195	40%	4,347	14%	2,238	7%	30,717
2018	8,355	21%	8,736	22%	11,355	28%	7,857	19%	4,134	10%	40,437
2023	9,138	19%	10,080	21%	8,982	19%	15,930	34%	3,216	7%	47,346

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of renter households in income quintiles 1 and 2 fell from a combined 50% (21% plus 29%) in 1996 to 40% (19% plus 21%) in 2023.



Table 6.4 presents the number of private renter households by household income and rental quintiles from 1996 to 2023.

Table 6.4: The number of private renter households by household income and rental quintiles from 1996 to 2023

Rental Quintiles	Hhld Income Q1		Hhld Income Q2		Hhld Income Q3		Hhld Income Q4		Hhld Income Q5		Total	
	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total
1996												
Q1	1,233	7%	1,101	6%	393	2%	453	3%	96	1%	3,276	19%
Q2	801	5%	1,206	7%	537	3%	600	3%	66	0%	3,210	18%
Q3	750	4%	1,218	7%	714	4%	1,026	6%	159	1%	3,867	22%
Q4	531	3%	816	5%	570	3%	1,083	6%	324	2%	3,324	19%
Q5	423	2%	777	4%	483	3%	1,215	7%	918	5%	3,816	22%
Total	3,738	21%	5,118	29%	2,697	15%	4,377	25%	1,563	9%	17,493	100%
2006												
Q1	768	3%	756	3%	498	2%	153	1%	78	0%	2,253	8%
Q2	1,542	6%	2,505	9%	1,689	6%	462	2%	144	1%	6,342	24%
Q3	840	3%	1,992	7%	2,064	8%	705	3%	237	1%	5,838	22%
Q4	618	2%	1,545	6%	1,974	7%	1,038	4%	432	2%	5,607	21%
Q5	663	2%	1,263	5%	1,872	7%	1,491	6%	1,623	6%	6,912	26%
Total	4,431	16%	8,061	30%	8,097	30%	3,849	14%	2,514	9%	26,952	100%
2018												
Q1	1,392	3%	909	2%	681	2%	342	1%	177	0%	3,501	9%
Q2	2,778	7%	2,673	7%	2,415	6%	987	2%	222	1%	9,075	22%
Q3	1,866	5%	2,223	5%	3,090	8%	1,674	4%	354	1%	9,207	23%
Q4	1,488	4%	1,905	5%	3,339	8%	2,745	7%	1,089	3%	10,566	26%
Q5	831	2%	1,026	3%	1,830	5%	2,109	5%	2,292	6%	8,088	20%
Total	8,355	21%	8,736	22%	11,355	28%	7,857	19%	4,134	10%	40,437	100%
2023												
Q1	1,473	3%	912	2%	516	1%	735	2%	174	0%	3,810	8%
Q2	3,102	7%	3,117	7%	2,154	5%	2,301	5%	231	0%	10,905	23%
Q3	2,007	4%	2,604	5%	2,478	5%	3,696	8%	354	1%	11,139	24%
Q4	1,437	3%	1,947	4%	2,238	5%	4,491	9%	669	1%	10,782	23%
Q5	1,119	2%	1,500	3%	1,596	3%	4,707	10%	1,788	4%	10,710	23%
Total	9,138	19%	10,080	21%	8,982	19%	15,930	34%	3,216	7%	47,346	100%

Source: Statistics New Zealand

The structure of the private rental market changed between 1996 and 2023. The number of quintile 1 rental properties in the private rental market increased from 3,276 in 1996 to 3,810 in 2023, an increase of 16%. Over the same time frame the number of rental quintile 2 properties in the private market increased by 240%, the number of rental quintile 3 properties by 188%, the number of rental quintile 4 properties by 224% and the number of rental quintile 5 properties by 181%. As a consequence, rental quintile 1 properties as a percentage of all private rentals fell from 19% in 1996 to 8% in 2023 and properties in rental quintile 2 increased from 18% of all private rentals to 23% in 2023.



Table 6.5 presents the proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023.

Table 6.5: The proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023

	Hhld Income Q1	Hhld Income Q2	Hhld Income Q3	Hhld Income Q4	Hhld Income Q5	Total
1996						
Rental Q1	38%	34%	12%	14%	3%	100%
Rental Q2	25%	38%	17%	19%	2%	100%
Rental Q3	19%	31%	18%	27%	4%	100%
Rental Q4	16%	25%	17%	33%	10%	100%
Rental Q5	11%	20%	13%	32%	24%	100%
Total	21%	29%	15%	25%	9%	100%
2023						
Rental Q1	39%	24%	14%	19%	5%	100%
Rental Q2	28%	29%	20%	21%	2%	100%
Rental Q3	18%	23%	22%	33%	3%	100%
Rental Q4	13%	18%	21%	42%	6%	100%
Rental Q5	10%	14%	15%	44%	17%	100%
Total	19%	21%	19%	34%	7%	100%
Change 96 to 23						
Rental Q1	1%	-10%	2%	5%	2%	
Rental Q2	3%	-9%	3%	2%	0%	
Rental Q3	-1%	-8%	4%	7%	-1%	
Rental Q4	-3%	-6%	4%	9%	-4%	
Rental Q5	-1%	-6%	2%	12%	-7%	
Total	-2%	-8%	4%	9%	-2%	

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of private renter households with income in quintile 1 living in rental quintiles 1 and 2 increased. Relative to the changes in their overall proportionality, private renter households in income quintiles 2, 3 and 4 occupied proportionally fewer rental quintile 1 and 2 dwellings. Private renters in income quintile 5 proportionally occupied more rental quintile 1 and 2 dwellings and fewer 4 and 5 quintile dwellings.



6.3 Greater Christchurch - Private renter’s affordability outcomes

Table 6.6 presents the estimated number and proportion of renters able to affordably pay the rent at the top of income thresholds quintile 1 (20th percentile), 2 (40th percentile), and 3 (60th percentile).

Table 6.6: The estimated number and proportion of renters able to affordably pay the rent (passing rent) at the top of income thresholds quintile 1, 2, and 3

	Income private renters with incomes at the top of Q1 (20 th percentile)		Income private renters with incomes at the top of Q2 (40 th percentile)		Income private renters with incomes at the top of Q3 (60 th percentile)	
	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)
1996	3,430	20%	11,430	65%	16,310	93%
2001	4,370	19%	15,380	66%	21,110	91%
2006	5,100	19%	17,970	67%	25,090	93%
2013	5,620	18%	22,070	72%	29,050	95%
2018	8,190	20%	23,790	59%	37,250	92%
2023	8,760	19%	25,760	54%	44,930	95%

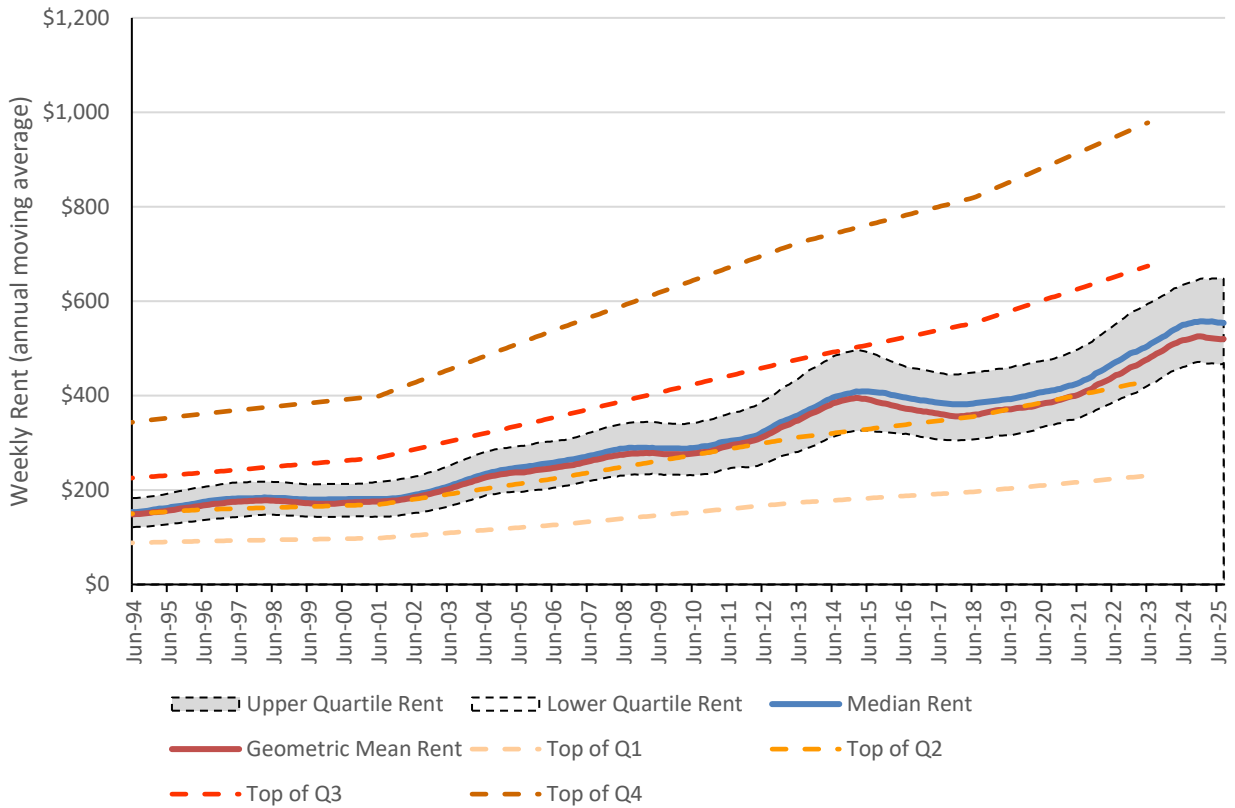
Source: Statistics New Zealand

In 1996, 20% of passing rents were affordable to renters with incomes at the top of income quintile 1 (20th percentile) and this declined slightly to 19% in 2023. For private renter households with incomes at the top of quintile 2 (40th percentile) the proportion able to affordably pay their passing rent fell from 65% in 1996 to 54% in 2023.



Figure 6.4 presents the trend in the lower quartile, median, upper quartile and geometric mean market rents (12 month moving average) along with the rental households with incomes at household income 1 (20th percentile), 2 (40th percentile), 3 (60th percentile), and 4 (80th percentile) quintile boundaries that can affordably pay (assuming no more than 30% of gross household income is used to pay the rent).

Figure 6.4: Greater Christchurch – The trend in market rental affordability for private renter households



Source: Calculated from data sourced from HUD and Statistics New Zealand

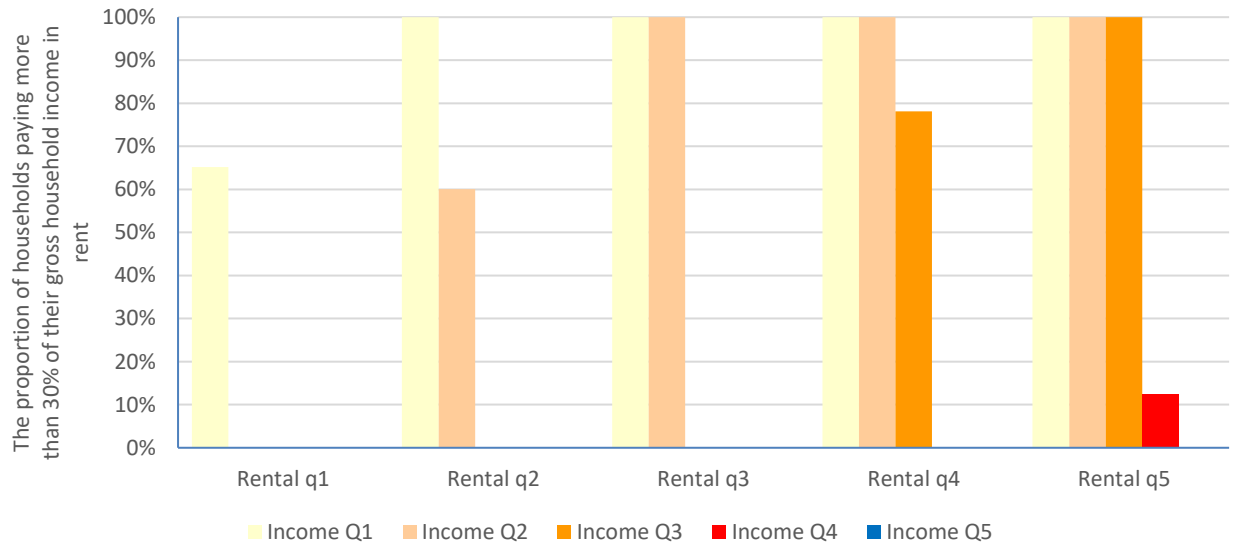
Over the last three decades the ability of private renters with incomes at the top of the household income quintile 2 (40th percentile) has tracked close to the market lower quartile rent. For example, in 1996 the lower quartile market rent¹¹ was \$141 per week or 143% of what a household with an income at the top of quintile 1 (20th percentile) could affordably pay. By 2023 the lower quartile market rent had increased to \$438 per week, or 183% of what private renters with incomes at the top of quintile 1 (20th percentile) could affordably pay.

¹¹ Annual monthly moving average



Figure 6.5 presents the proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023.

Figure 6.5 The proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023



Source: Statistics New Zealand

Private renter households with incomes in the lower-income quintiles have a higher proportion of households paying more than 30% of their gross household income in rent. The proportion of private renters paying more than 30% of their gross household income in rent is higher in the higher rental quintile dwellings.



Table 6.7 presents the proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles.

Table 6.7: The proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles

Rental Quintiles	Household income quintiles					Total
	Q1	Q2	Q3	Q4	Q5	
1996						
Q1	77%	9%	0%	0%	0%	32%
Q2	100%	40%	0%	0%	0%	40%
Q3	100%	69%	0%	0%	0%	41%
Q4	100%	100%	0%	0%	0%	41%
Q5	100%	100%	94%	14%	2%	48%
Total	93%	59%	17%	4%	1%	41%
2006						
Q1	78%	0%	0%	0%	0%	26%
Q2	100%	49%	0%	0%	0%	44%
Q3	100%	86%	0%	0%	0%	44%
Q4	100%	100%	15%	0%	0%	44%
Q5	100%	100%	54%	4%	1%	44%
Total	96%	71%	16%	1%	1%	42%
2013						
Q1	75%	1%	0%	0%	0%	32%
Q2	100%	55%	0%	0%	0%	44%
Q3	100%	100%	3%	0%	0%	41%
Q4	100%	100%	24%	0%	0%	40%
Q5	100%	100%	59%	5%	3%	40%
Total	95%	72%	19%	2%	2%	40%
2023						
Q1	65%	0%	0%	0%	0%	25%
Q2	100%	60%	0%	0%	0%	46%
Q3	100%	100%	0%	0%	0%	41%
Q4	100%	100%	78%	0%	0%	48%
Q5	100%	100%	100%	12%	0%	45%
Total	94%	79%	37%	4%	0%	43%
1996 to 2023						
Q1	-12%	-9%	0%	0%	0%	-7%
Q2	0%	20%	0%	0%	0%	6%
Q3	0%	31%	0%	0%	0%	0%
Q4	0%	0%	78%	0%	0%	7%
Q5	0%	0%	6%	-2%	-2%	-4%
Total	2%	20%	20%	0%	-1%	3%

Source: Statistics New Zealand

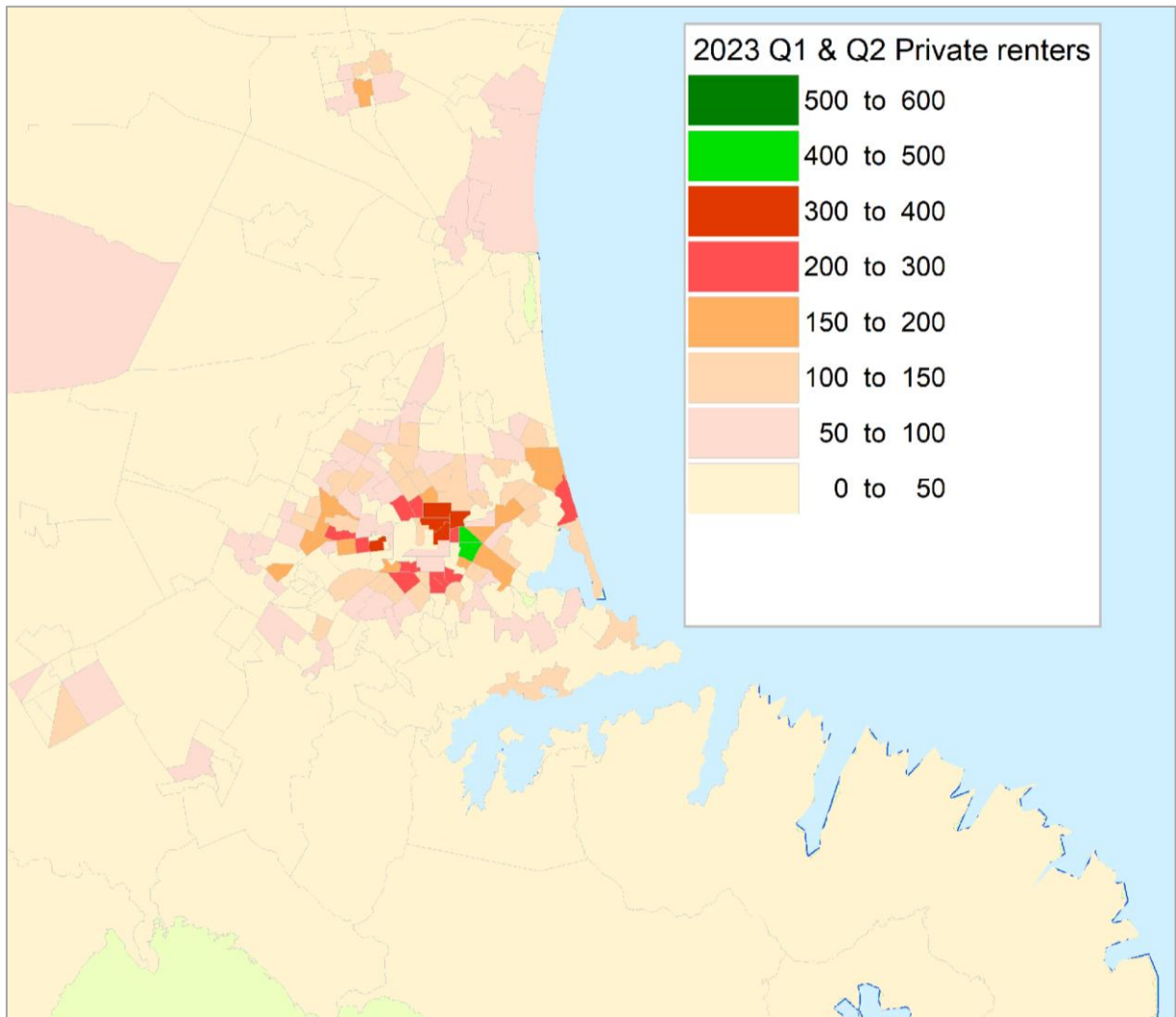


The largest increases in the proportion of households paying more than 30% of their gross household income in rent between 1996 and 2023 were for households in income quintile 1 renting dwellings in rental quintiles 2 and 3 and households in income quintile 3 renting dwellings in rental quintile 4.

6.4 Greater Christchurch – The geographical distribution of low to moderate-income private renters

Figure 6.6 presents the number of private renter households (quintile 1 and 2 household incomes) by statistical area 2 boundaries (SA2) in 2023.

Figure 6.6: The number of private renter households (quintile 1 and 2 household incomes) in 2023

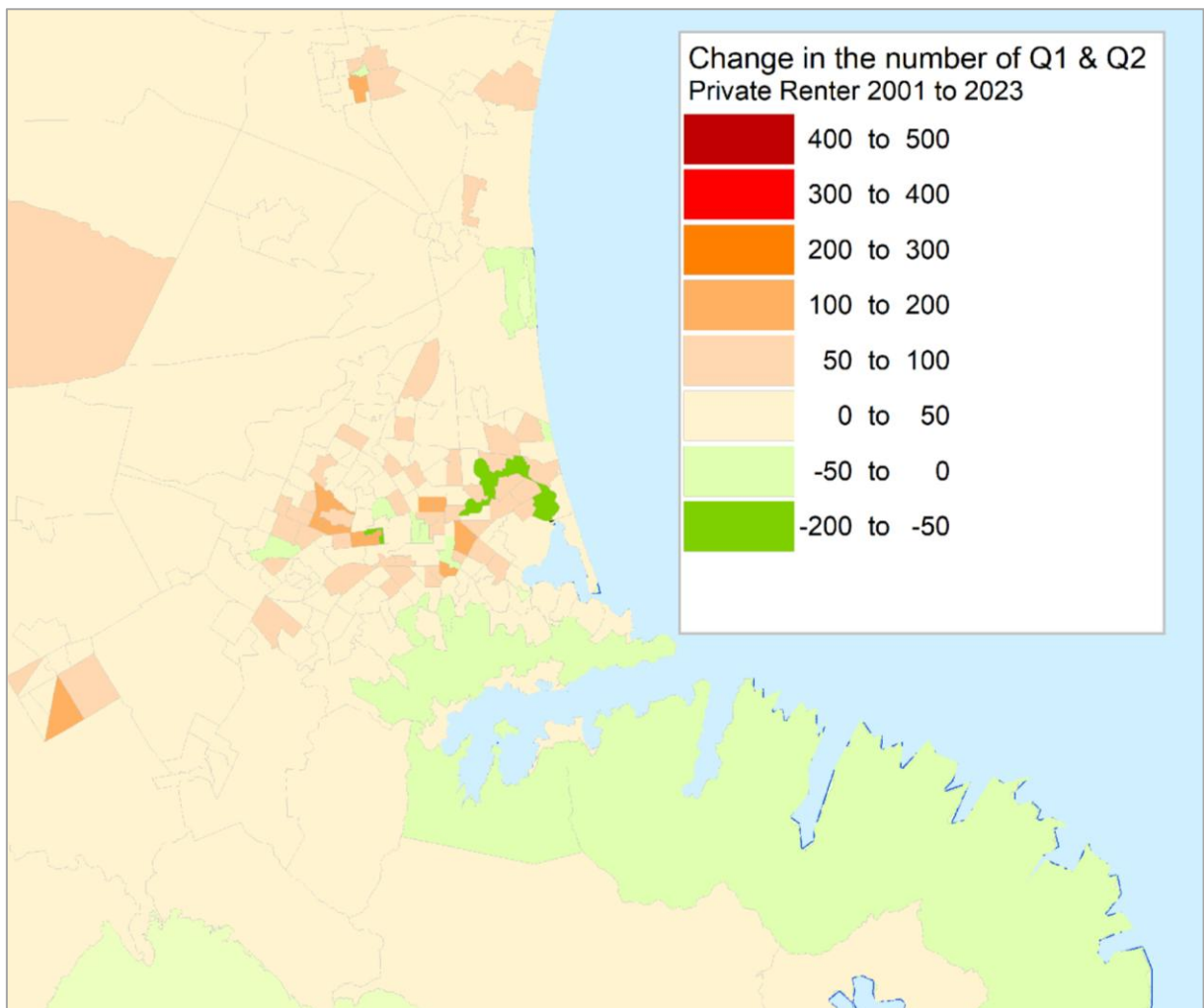


Source: Statistics New Zealand



The suburbs with the highest number of private renter households with incomes in quintiles 1 and 2 in 2023 included Riccarton South and North, Edward South, Richmond South, Stanmore and Sydenham South and North. Figure 6.7 presents the change in the number of private renter households (quintile 1 and 2 household incomes) by SA2 boundaries between 2001 and 2023.

Figure 6.7: The change in the number of private renter households (quintile 1 and 2 household incomes) between 2001 and 2023



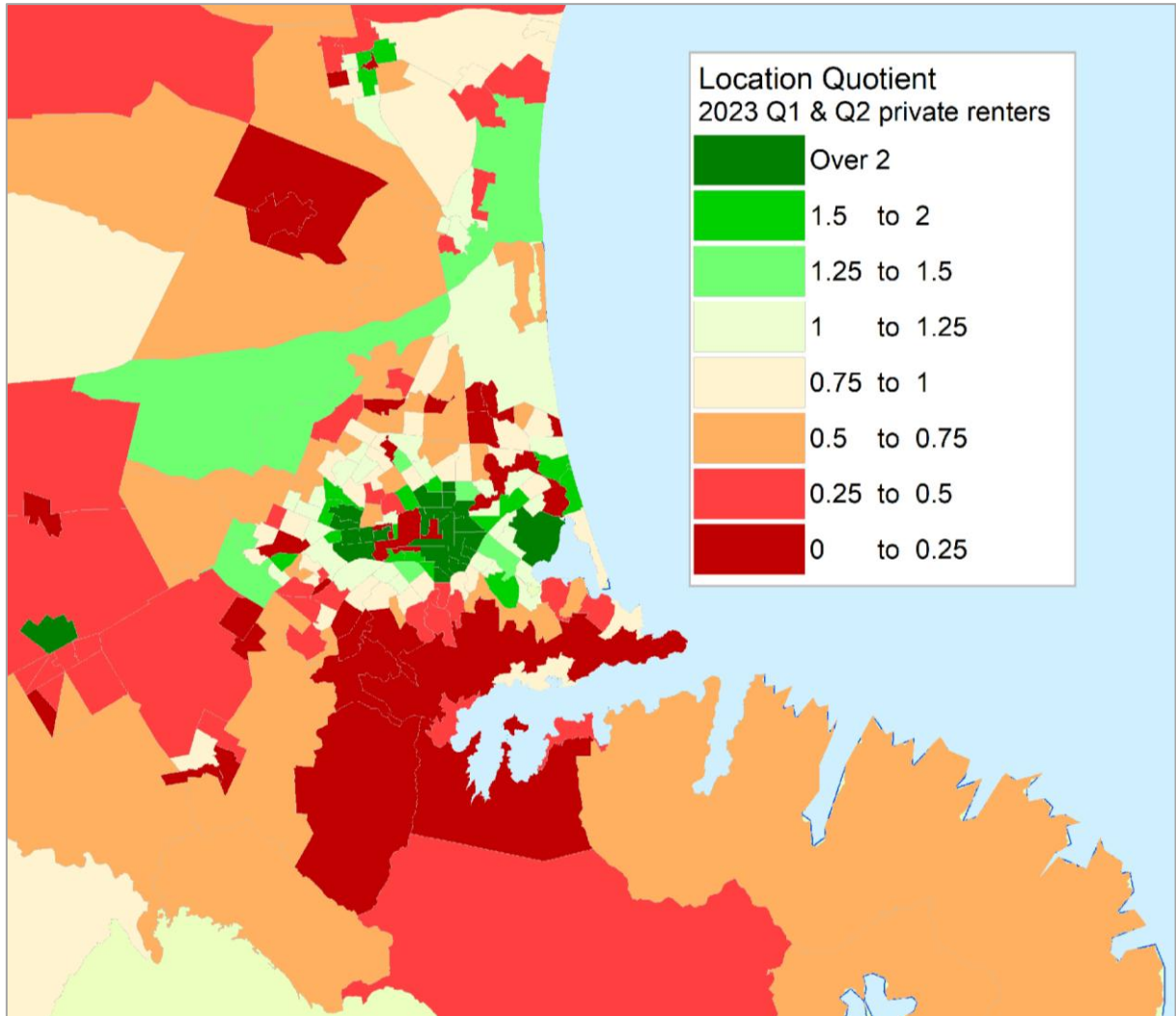
Source: Statistics New Zealand

The suburbs with the highest change number of private renter households with incomes in quintiles 1 and 2 in between 2001 and 2023 included Riccarton North and South, Waltham, Lilybrook, St Albans East, Linwood Central, Ilam North and South, Edward South Faringdon, Bush Inn, and Philipstown.



Figure 6.8 presents the location quotient¹² for private renters households by SA2 boundaries with income quintiles 1 and 2 in 2023.

Figure 6.8: Location quotient for households with income quintiles 1 and 2 private renters in 2023



Source: Statistics New Zealand

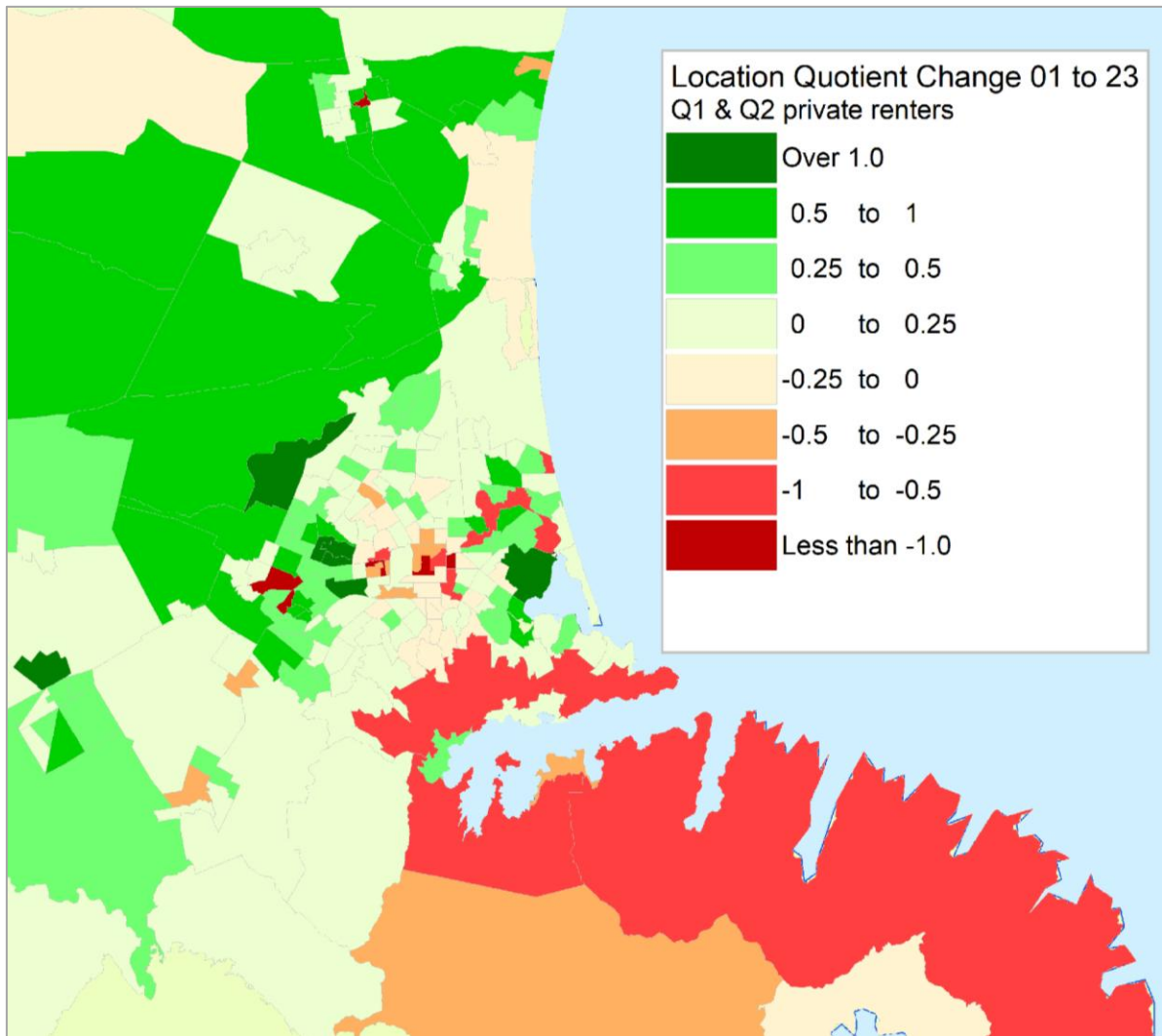
The locations with the highest densities of private renter households with income in quintiles 1 and 2 were Philipstown, Bush Inn, Christchurch Central East, Edward South Faringdon, Richmond South, Stanmore, Ilam, Linwood Central, Middleton, Sydenham Central and Bromley North.

¹² The location quotient is a measure of the relative density of household income quintile Q1 and Q2 renters relative to the housing market average. Location quotient is calculated by $((\text{number of Q1 \& Q2 private renters in the SA2}) / (\text{all households in the SA2})) / ((\text{The number of Q1 \& Q2 private renters in the housing market}) / (\text{all households in the housing market}))$. Values greater than 1 identify densities higher than the housing market average and values less than 1 lower densities.



Figure 6.9 presents the change in the location quotient between 2001 and 2023 for private renters households with income quintiles 1 and 2 by SA2 boundaries.

Figure 6.9: Change in the location quotient between 2001 and 2023 for private renters households with income quintiles 1 and 2



Source: Statistics New Zealand

The areas which experienced increased location quotients included the Ravenswood, Ilam South, Middleton, Ilam University, and Bush Inn. The location quotient fell in Riccarton Central, Hornby Central, Awatea, Rangiora Central, Stanmore, and Craigieburn.



6.5 Greater Christchurch - Private renter demographics by rental quintile

Table 6.8 presents private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023.

Table 6.8: Private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023

	Couples with Children	Couples without children	One parent	Multi-family	One person	Other	Not Stated	Total
Rental quintile 1								
1996	10%	17%	7%	0%	52%	11%	1%	100%
2006	11%	16%	5%	0%	56%	9%	0%	100%
2018	11%	17%	5%	1%	45%	13%	6%	100%
2023	10%	14%	5%	1%	45%	17%	8%	100%
Change 96 to 23	-1% pts	-3% pts	-2% pts	1% pts	-7% pts	6% pts	7% pts	0% pts
Rental quintile 2								
1996	10%	28%	13%	0%	30%	18%	0%	100%
2006	11%	22%	16%	1%	40%	9%	0%	100%
2018	15%	22%	12%	1%	35%	8%	5%	100%
2023	15%	20%	12%	1%	38%	8%	5%	100%
Change 96 to 23	6% pts	-8% pts	-2% pts	1% pts	9% pts	-9% pts	4% pts	0% pts
Rental quintile 3								
1996	18%	29%	21%	1%	14%	16%	0%	100%
2006	20%	25%	24%	1%	17%	12%	0%	100%
2018	23%	25%	18%	2%	18%	9%	5%	100%
2023	23%	24%	18%	2%	18%	10%	5%	100%
Change 96 to 23	5% pts	-5% pts	-3% pts	1% pts	3% pts	-6% pts	5% pts	0% pts
Rental quintile 4								
1996	22%	24%	24%	2%	7%	20%	0%	100%
2006	26%	24%	24%	2%	9%	14%	0%	100%
2018	30%	22%	17%	3%	10%	12%	5%	100%
2023	29%	23%	18%	3%	10%	13%	4%	100%
Change 96 to 23	6% pts	-1% pts	-5% pts	1% pts	4% pts	-8% pts	4% pts	0% pts
Rental quintile 5								
1996	24%	19%	11%	3%	5%	35%	0%	100%
2006	31%	21%	14%	3%	6%	24%	0%	100%
2018	33%	18%	10%	6%	6%	21%	4%	100%
2023	30%	19%	13%	5%	6%	23%	4%	100%
Change 96 to 23	6% pts	0% pts	2% pts	2% pts	1% pts	-12% pts	4% pts	0% pts

Source: Statistics New Zealand

Key trends between 1996 and 2023 included:

- The proportion of couples with children increased in all rental quintiles except quintile 1.
- The proportion of couples without children fell in all rental quintiles.
- The proportion of one parent households fell in all quintiles except quintile 5.
- The proportion of couples with children increased in all rental quintiles except quintile 1.



Table 6.9 presents private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023.

Table 6.9: Private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023

	1996	2006	2018	2023	Change 96 to 23
Rental quintile 1					
Less than 30 yrs	39%	26%	23%	23%	-16% pts
30 to 39 yrs	25%	21%	17%	16%	-8% pts
40 to 49 yrs	14%	18%	14%	11%	-3% pts
50 to 64 yrs	12%	18%	19%	17%	5% pts
65 yrs +	11%	16%	19%	16%	6% pts
Not stated	0%	0%	8%	17%	17% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 2					
Less than 30 yrs	45%	31%	23%	17%	-28% pts
30 to 39 yrs	32%	27%	22%	22%	-11% pts
40 to 49 yrs	11%	19%	16%	14%	4% pts
50 to 64 yrs	7%	16%	20%	21%	13% pts
65 yrs +	4%	8%	12%	15%	11% pts
Not stated	0%	0%	7%	11%	11% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 3					
Less than 30 yrs	52%	37%	28%	23%	-29% pts
30 to 39 yrs	26%	30%	27%	28%	2% pts
40 to 49 yrs	12%	17%	18%	16%	4% pts
50 to 64 yrs	8%	12%	15%	15%	7% pts
65 yrs +	2%	4%	6%	8%	5% pts
Not stated	0%	0%	6%	11%	11% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 4					
Less than 30 yrs	51%	39%	29%	27%	-24% pts
30 to 39 yrs	29%	32%	28%	28%	-1% pts
40 to 49 yrs	13%	18%	19%	18%	5% pts
50 to 64 yrs	6%	9%	14%	14%	8% pts
65 yrs +	1%	2%	4%	4%	3% pts
Not stated	0%	0%	5%	9%	9% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 5					
Less than 30 yrs	53%	39%	32%	34%	-19% pts
30 to 39 yrs	24%	27%	23%	23%	-1% pts
40 to 49 yrs	15%	21%	22%	18%	3% pts
50 to 64 yrs	6%	11%	15%	14%	7% pts
65 yrs +	1%	1%	3%	3%	2% pts
Not stated	0%	0%	5%	8%	8% pts
Total	100%	100%	100%	100%	0% pts

Source: Statistics New Zealand



Between 1996 and 2023 the proportion of younger private renters across all rental quintiles fell and at the same time increased for households with older reference people. The trend was strongest in rental quintiles 1 and 2.

6.6 Greater Christchurch - summary

Over the last 27 years the number of private renter households increased by approximately 171% or 3.8% per annum. The strong growth in the number of renters has resulted in a corresponding increase in the number of private rental dwellings. Between 1996 and 2023, the growth in the number of rental properties in rental quintile 1 (an increase of 16%) was significantly lower than the growth in the number of private renters with incomes in household income quintile 1 (an increase of 144%).

This suggests there was a shortage of lower cost dwellings for lower-income households. Effectively, a higher proportion of private renters with incomes in quintile 1 would have had to rent dwellings in rental quintile 2. This is reflected in the growth in the proportion of stressed quintile 1 private renters (increased from 93% to 94% between 1996 and 2023). The highest increases in the proportion of stressed private renters between 1996 and 2023 was for households with income in quintile 2 renting properties in quintiles 2 and 3 and households in income quintile 3 renting dwellings in rental quintiles 4.

In conclusion, the affordability outcome (changes in the proportion of stressed renters) for private renter households deteriorated for households in income quintiles 1, 2, and 3. By 2023, 94% of private renters in income quintile 1 were stressed (up from 93% in 1996), 79% in income quintile 2 (up from 56% in 1996) and 37% in income quintile 3 (up from 17% in 1996). At the same time the proportion of stressed private renters in income quintiles 4 and 5 either stayed the same or fell between 1996 and 2023. These trends reflect a lack of low-cost rental properties available to low to moderate-income households.



7. Greater Hamilton

7.1 Introduction

Greater Hamilton’s housing market is the fourth largest in New Zealand and has experienced moderate growth and now totals approximately 110,000 households. Like the rest of the country, housing affordability has declined particularly for first home buyers and the rate of owner-occupation has declined from 67.4% in 1996 to 60.1% in 2023. Table 7.1 presents the trends in key housing market metrics between 1996 and 2023.

Table 7.1: Greater Hamilton - Trends in house sale prices, market rents and household incomes

	Total hhlds in private dwellings	Median household income	Median dwelling sale price	Rental market bond data				
				No of active bonds	Lower Quartile	Median rent	Upper quartile	Geometric mean
Jun-96	63,435	\$36,100	\$134,000	8,526	\$131	\$179	\$202	\$168
Jun-01	68,535	\$40,800	\$153,000	12,249	\$132	\$174	\$210	\$168
Jun-06	76,302	\$53,800	\$285,000	15,366	\$199	\$254	\$302	\$248
Jun-13	89,943	\$66,100	\$317,000	20,694	\$255	\$307	\$363	\$294
Jun-18	99,294	\$77,800	\$529,000	24,660	\$310	\$390	\$470	\$370
Jun-23	110,232	\$102,000	\$750,000	28,761	\$413	\$538	\$626	\$492
% change between 1996 and 2023								
Total	74%	183%	460%	237%	215%	201%	210%	193%
Annual ave	2.1%	3.9%	6.6%	4.6%	4.3%	4.2%	4.3%	4.1%

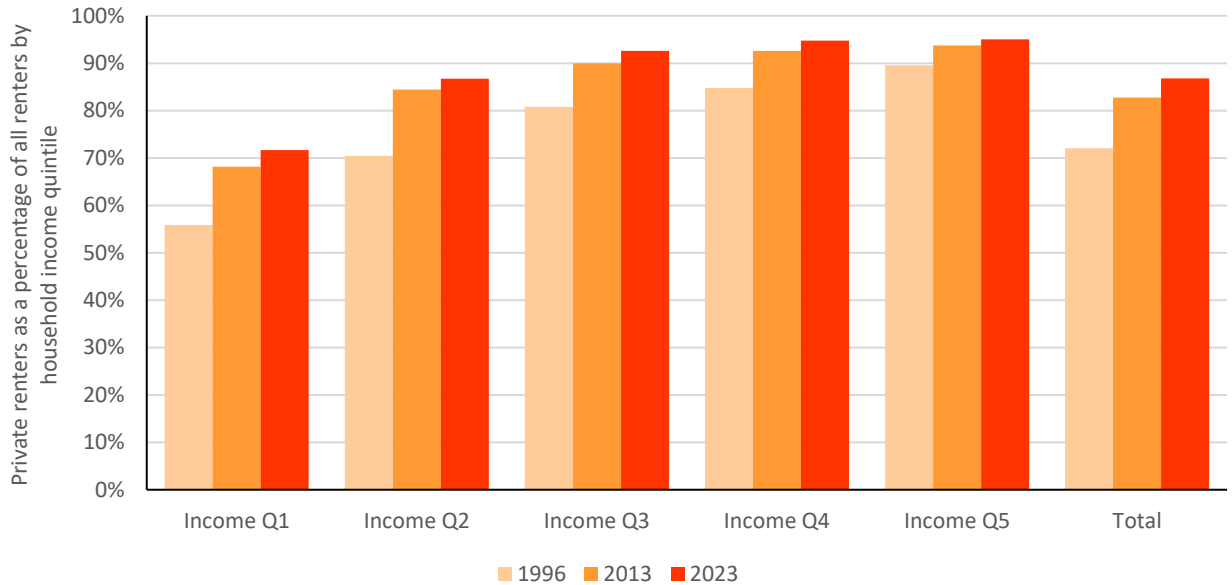
Source: HUD and Statistics New Zealand

Greater Hamilton has experienced a decline in housing affordability since the beginning of the 1990s with dwelling sale prices increasing faster than household incomes. The number of households renting their dwelling has also increased between 1996 and 2023. Between 1996 and 2023 median household income increased at an annual compounded rate of 3.9% per annum whereas median rents increased by 4.2%.

Private renters as a proportion of total households has increased over the last 27 years. With the strong growth in private renter households the dynamics in terms of their income profiles and the cost of the properties they occupy have also changed. Figure 7.1 presents private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023.



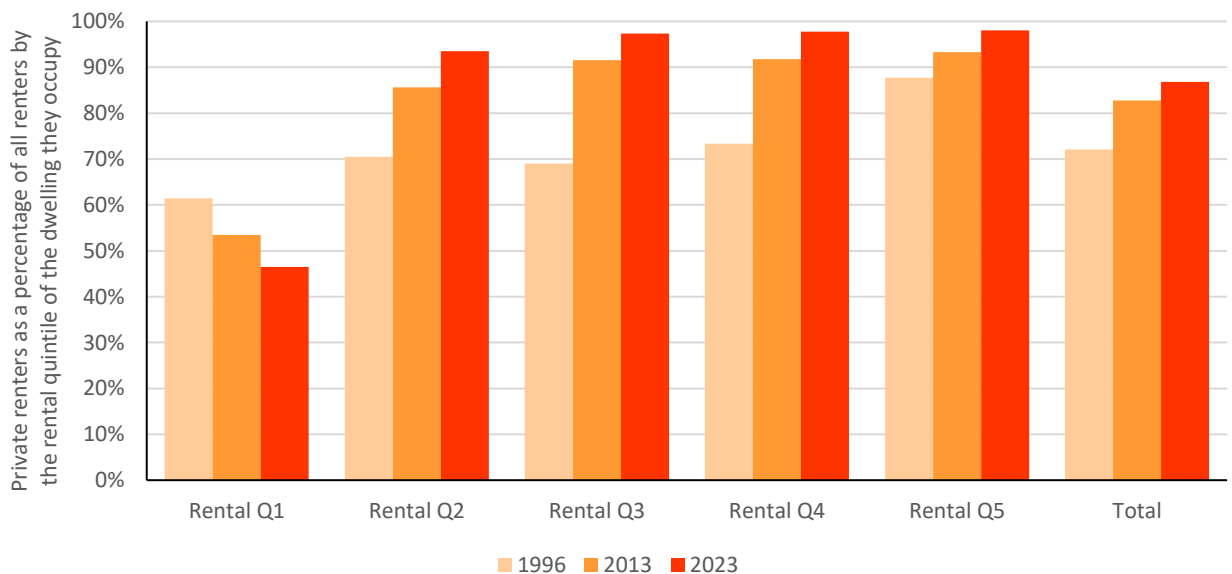
Figure 7.1: Private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023



Source: Statistics New Zealand

Between 1996 and 2023, private renter households as a percentage of all renter households increased in all five household income quintiles. Figure 7.2 presents private renter households as a percentage of total renter households by the rental quintile of the dwelling they occupy in 1996, 2013 and 2023.

Figure 7.2: Private renter households as a percentage of total renter households by rental quintile of the dwelling they occupy in 1996, 2013 and 2023



Source: Statistics New Zealand



Between 1996 and 2023, private renter households as a percentage of all renter households increased in all five rental quintiles except quintile 1 while as a proportion of total renters they fell from 61% in 1996 to 46% in 2023. Table 7.2 presents the change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile.

Table 7.2: The change in Greater Hamilton’s private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile

	Income Q1	Income Q2	Income Q3	Income Q4	Income Q5	Total
1996						
Rental Q1	45%	72%	79%	69%	70%	61%
Rental Q2	58%	72%	78%	81%	94%	70%
Rental Q3	57%	63%	78%	85%	90%	69%
Rental Q4	60%	65%	79%	87%	88%	73%
Rental Q5	79%	83%	90%	92%	94%	88%
Total	56%	70%	81%	85%	90%	72%
2013						
Rental Q1	39%	64%	78%	82%	77%	53%
Rental Q2	83%	85%	87%	92%	83%	86%
Rental Q3	89%	92%	93%	94%	89%	92%
Rental Q4	90%	91%	93%	92%	93%	92%
Rental Q5	87%	93%	93%	94%	97%	93%
Total	68%	84%	90%	93%	94%	83%
2023						
Rental Q1	37%	49%	58%	63%	66%	46%
Rental Q2	92%	94%	95%	93%	92%	93%
Rental Q3	96%	98%	98%	97%	95%	97%
Rental Q4	97%	97%	98%	98%	98%	98%
Rental Q5	94%	99%	98%	99%	99%	98%
Total	72%	87%	93%	95%	95%	87%
Change 96 to 23						
Rental Q1	-9% pts	-23% pts	-21% pts	-5% pts	-5% pts	-15% pts
Rental Q2	34% pts	21% pts	17% pts	13% pts	-1% pts	23% pts
Rental Q3	40% pts	35% pts	20% pts	12% pts	5% pts	28% pts
Rental Q4	37% pts	32% pts	19% pts	11% pts	10% pts	24% pts
Rental Q5	16% pts	16% pts	9% pts	7% pts	5% pts	10% pts
Total	16% pts	16% pts	12% pts	10% pts	5% pts	15% pts

Source: Statistics New Zealand

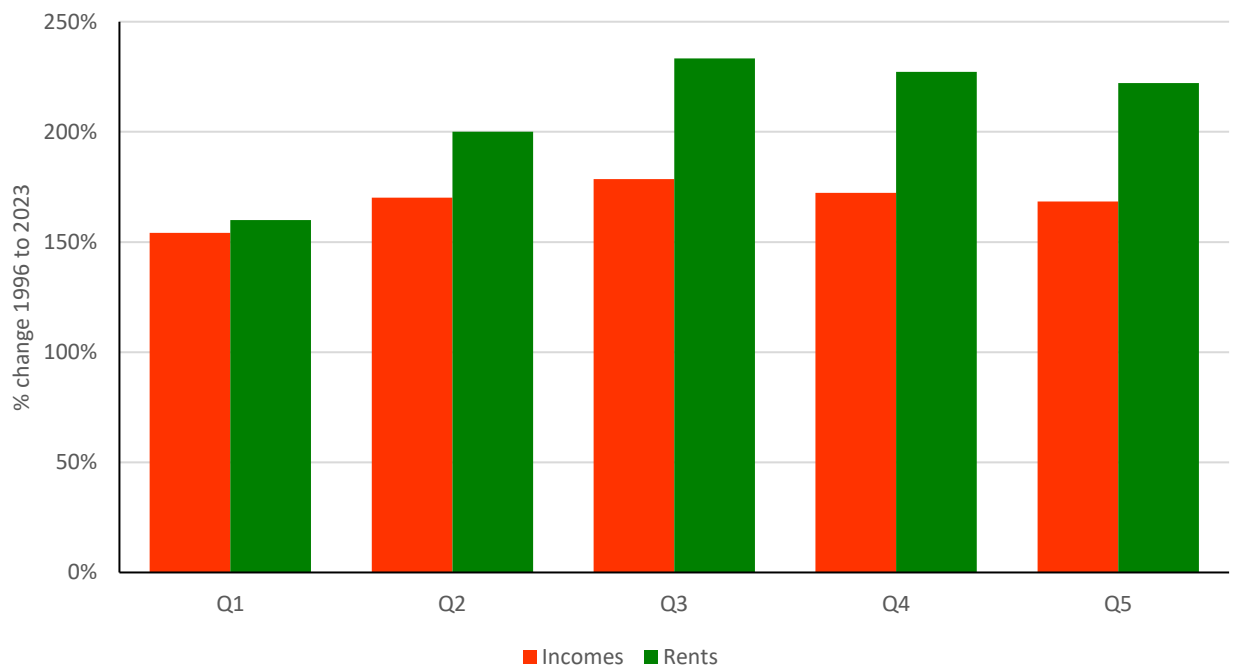


The private rental market’s overall share increased by 15% points from 72% to 87% between 1996 and 2023. Note that in 1996 5.3% of renter households did not identify their landlord classification and this fell to 0.1% in 2023 which adds a degree of uncertainty over the extent of the trend. The private rental market’s share fell for households renting dwellings in rental quintile 1 (across all household income bands) and increased for the balance of the renter market. The strongest growth in the private rental market’s share was for households in income quintile 1 renting dwellings in rental quintiles 2 (up 34% points), 3 (up 40% points) and 4 (up 37% points). Private renters in income quintile 2 and renting in rental quintile 3 and 4 also had large increases in market share up 35% points and 32% points respectively.

7.2 The structure of Greater Hamilton’s private rental by household income and rental quintiles

Figure 7.3 presents the percentage change in greater Hamilton’s household incomes and passing rents by quintile between 1996 and 2023.

Figure 7.3: The percentage change in household incomes and passing rent quintiles 1996 to 2023



Source: Statistics New Zealand

Between 1996 and 2023 household incomes across all income quintiles increased at a lower rate than rental quintiles 1 to 5.



Table 7.3 presents the number and proportion of renter households within each income quintile for the housing market.

Table 7.3: The number and proportion of private renter households by income quintile

	Quintile 1		Quintile 2		Quintile 3		Quintile 4		Quintile 5		Total
	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	
1996	2,040	21%	2,802	29%	2,643	27%	1,335	14%	903	9%	9,723
2001	3,744	29%	2,331	18%	3,210	25%	1,911	15%	1,587	12%	12,783
2006	3,732	25%	3,075	20%	4,485	30%	2,235	15%	1,548	10%	15,075
2013	4,683	24%	4,281	22%	7,329	38%	2,139	11%	858	4%	19,290
2018	6,786	25%	6,000	22%	7,233	27%	4,626	17%	2,163	8%	26,808
2023	6,063	20%	6,258	20%	12,927	42%	3,399	11%	2,286	7%	30,933

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of renter households in each income quintile varied over time. In income quintile 1 the proportion of private renters increased between 1996 and 2001 and then declined to a similar level in 2023 as in 1996. Private renters as a proportion of income quintile 2 fell from 29% in 1996 to 20% in 2023. The proportion of private renters in income quintile 3 increased from 27% in 1996 to 42% in 2023.



Table 7.4 presents the number of private renter households by household income and rental quintiles from 1996 to 2023.

Table 7.4: The number of private renter households by household income and rental quintiles from 1996 to 2023

Rental Quintiles	Hhld Income Q1		Hhld Income Q2		Hhld Income Q3		Hhld Income Q4		Hhld Income Q5		Total	
	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total
1996												
Q1	561	6%	621	6%	366	4%	138	1%	78	1%	1,764	18%
Q2	516	5%	681	7%	519	5%	186	2%	90	1%	1,992	20%
Q3	396	4%	510	5%	546	6%	252	3%	111	1%	1,815	19%
Q4	282	3%	504	5%	594	6%	345	4%	174	2%	1,899	20%
Q5	285	3%	486	5%	618	6%	414	4%	450	5%	2,253	23%
Total	2,040	21%	2,802	29%	2,643	27%	1,335	14%	903	9%	9,723	100%
2006												
Q1	675	4%	402	3%	450	3%	162	1%	84	1%	1,773	12%
Q2	1,203	8%	846	6%	936	6%	312	2%	159	1%	3,456	23%
Q3	768	5%	717	5%	984	7%	390	3%	141	1%	3,000	20%
Q4	603	4%	636	4%	1,074	7%	549	4%	237	2%	3,099	21%
Q5	483	3%	474	3%	1,041	7%	822	5%	927	6%	3,747	25%
Total	3,732	25%	3,075	20%	4,485	30%	2,235	15%	1,548	10%	15,075	100%
2018		0%		0%		0%		0%		0%		0%
Q1	1,386		888		630		303		117		3,324	
Q2	2,151	8%	1,758	7%	1,659	6%	576	2%	156	1%	6,300	24%
Q3	1,377	5%	1,332	5%	1,635	6%	849	3%	213	1%	5,406	20%
Q4	1,137	4%	1,191	4%	1,827	7%	1,236	5%	411	2%	5,802	22%
Q5	735	3%	831	3%	1,482	6%	1,662	6%	1,266	5%	5,976	22%
Total	6,786	25%	6,000	22%	7,233	27%	4,626	17%	2,163	8%	26,808	100%
2023												
Q1	1,224	4%	711	2%	987	3%	177	1%	132	0%	3,231	10%
Q2	1,974	6%	1,869	6%	2,643	9%	441	1%	216	1%	7,143	23%
Q3	1,134	4%	1,515	5%	3,012	10%	504	2%	234	1%	6,399	21%
Q4	1,023	3%	1,299	4%	3,306	11%	891	3%	507	2%	7,026	23%
Q5	708	2%	864	3%	2,979	10%	1,386	4%	1,197	4%	7,134	23%
Total	6,063	20%	6,258	20%	12,927	42%	3,399	11%	2,286	7%	30,933	100%

Source: Statistics New Zealand

The structure of the private rental market changed between 1996 and 2023. The number of quintile 1 rental properties in the private rental market increased from 1,764 in 1996 to 3,231 in 2023, an increase of 83%. Over the same time frame the number of rental quintile 2 properties in the private market increased by 259%, the number of properties in rental quintile 3 increased by 253%, the number of rental quintile 4 properties by 270% and the number of rental quintile 5 properties by 217%. As a consequence, rental quintile 1 properties as a percentage of all private rentals fell from 18% in 1996 to 10% in 2023.



Table 7.5 presents the proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023.

Table 7.5: The proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023

	Hhld In Q1	Hhld In Q2	Hhld In Q3	Hhld In Q4	Hhld In Q5	Total
1996						
Rental Q1	32%	35%	21%	8%	4%	100%
Rental Q2	26%	34%	26%	9%	5%	100%
Rental Q3	22%	28%	30%	14%	6%	100%
Rental Q4	15%	27%	31%	18%	9%	100%
Rental Q5	13%	22%	27%	18%	20%	100%
Total	21%	29%	27%	14%	9%	100%
2023						
Rental Q1	38%	22%	31%	5%	4%	100%
Rental Q2	28%	26%	37%	6%	3%	100%
Rental Q3	18%	24%	47%	8%	4%	100%
Rental Q4	15%	18%	47%	13%	7%	100%
Rental Q5	10%	12%	42%	19%	17%	100%
Total	20%	20%	42%	11%	7%	100%
Change 96 to 23						
Rental Q1	6%	-13%	10%	-2%	0%	
Rental Q2	2%	-8%	11%	-3%	-1%	
Rental Q3	-4%	-4%	17%	-6%	-2%	
Rental Q4	0%	-8%	16%	-5%	-2%	
Rental Q5	-3%	-9%	14%	1%	-3%	
Total	-1%	-9%	15%	-3%	-2%	

Source: Statistics New Zealand

Between 1996 and 2023, the proportion of private renter households with lower household incomes (income quintiles 1 and 2) have increased as a proportion of households in lower rental quintile dwellings. For example, private renter households in income quintile 1 increased as a proportion of all households in income quintile 1 from 36% in 1996 to 43% in 2023 and from 27% of occupants in rental quintile 2 in 1996 to 31% in 2023.



7.3 Greater Hamilton - Private renters' affordability outcomes

Table 7.6 presents the estimated number and proportion of renters able to affordably pay the rent at the top of income thresholds quintile 1, 2, and 3.

Table 7.6: The estimated number and proportion of renters able to affordably pay the rent (passing rent) at the top of income thresholds quintile 1, 2, and 3

	Income private renters with incomes at the top of Q1 (20 th percentile)		Income private renters with incomes at the top of Q2 (40 th percentile)		Income private renters with incomes at the top of Q3 (60 th percentile)	
	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)
1996	1,980	20%	8,260	85%	9,210	95%
2001	4,000	31%	9,580	75%	11,800	92%
2006	4,410	29%	12,470	83%	14,160	94%
2013	4,670	24%	16,470	85%	18,720	97%
2018	6,640	25%	19,250	72%	25,330	94%
2023	5,740	19%	21,020	68%	29,180	94%

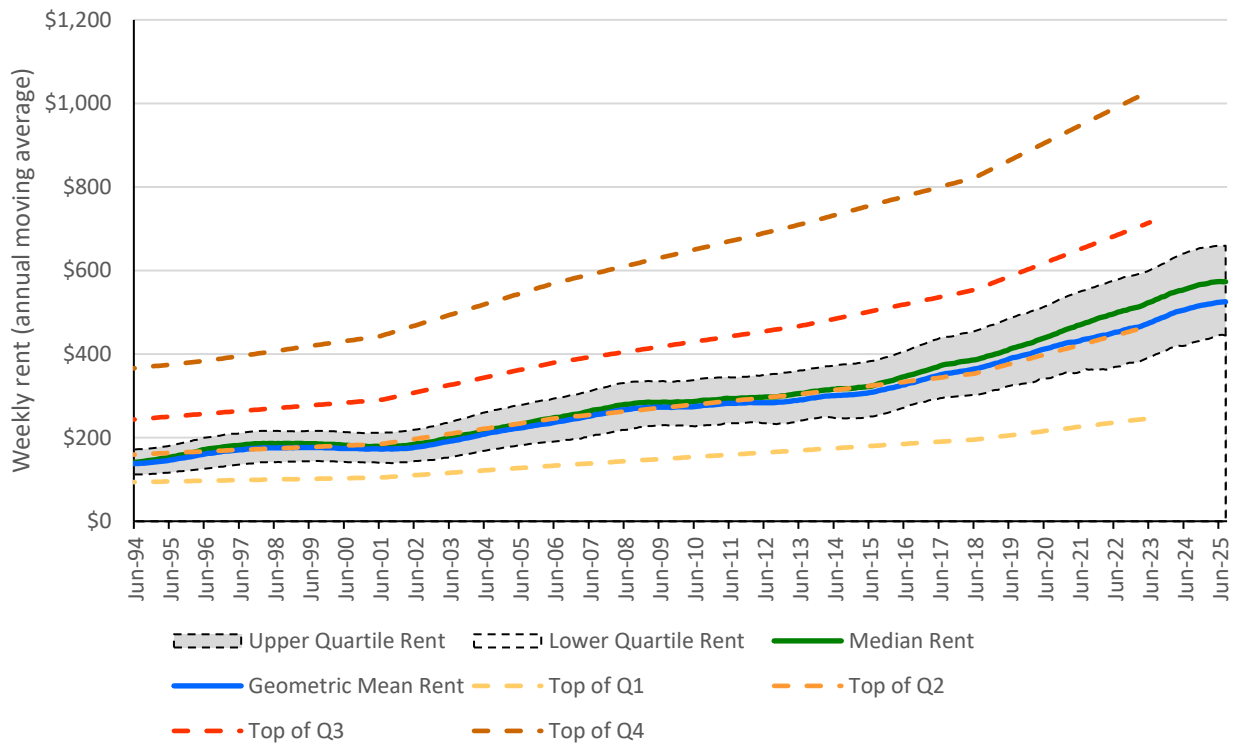
Source: Statistics New Zealand

In 1996 20% of passing rents were affordable to renters with incomes at the top of quintile 1 and was 19% in 2023. For private renter households with incomes at the top of quintile 2 the proportion able to affordably pay their passing rent fell from 85% in 1996 to 68% in 2023.



Figure 7.4 presents the trend in the lower quartile, median, upper quartile and geometric mean market rents (12 month moving average) along with the rental households with incomes at household income 1 (20th percentile), 2 (40th percentile), 3 (60th percentile), and 4 (80th percentile) quintile boundaries can affordably pay (assuming no more than 30% of gross household income is used to pay the rent).

Figure 7.4: Greater Hamilton – The trend in market rental affordability for private renter households



Source: Calculated from data sourced from HUD and Statistics New Zealand

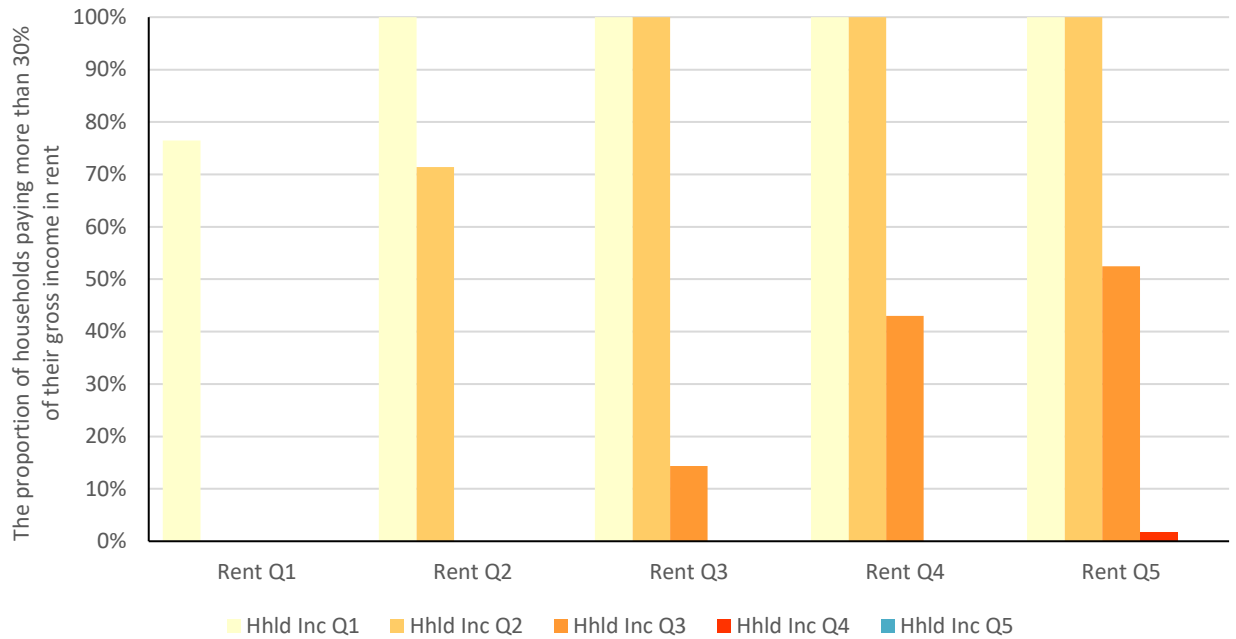
Over the last three decades the ability of private renters with incomes at the top of the household income quintile 2 (40th percentile) has tracked close to the market lower quartile rent. For example, in 1996 the lower quartile market rent¹³ was \$126 per week or 130% of what a household with an income at the top of quintile 1 (20th percentile) could affordably pay. By 2023 the lower quartile market rent had increased to \$393 per week, or 159% of what private renters with incomes at the top of quintile 1 (20th percentile) could affordably pay. For private renter households with incomes at the top of income quintile 2 (40th percentile) the lower quartile rental was 75% of what they could affordably pay in 1996 and by 2023 this had increased to 84%.

¹³ Annual monthly moving average



Figure 7.5 presents the proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023.

Figure 7.5: The proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023



Source: Statistics New Zealand

Private renter households with incomes in the lower-income quintiles have a higher proportion of households paying more than 30% of their gross household income in rent. The proportion of private renters paying more than 30% of their gross household income in rent is higher in the higher rental quintile dwellings.

Table 7.7 presents the proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles.



Table 7.7: The proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles

Rental Quintiles	Household income quintiles					Total
	Q1	Q2	Q3	Q4	Q5	
1996						
Q1	70%	0%	0%	0%	0%	22%
Q2	100%	35%	0%	0%	0%	38%
Q3	100%	61%	0%	0%	0%	39%
Q4	100%	98%	0%	0%	0%	41%
Q5	100%	100%	51%	5%	1%	49%
Total	92%	54%	12%	2%	1%	38%
2006						
Q1	56%	0%	0%	0%	0%	21%
Q2	99%	17%	0%	0%	0%	39%
Q3	100%	74%	0%	0%	0%	43%
Q4	100%	100%	8%	0%	0%	43%
Q5	100%	100%	52%	1%	1%	40%
Total	92%	58%	14%	1%	0%	39%
2013						
Q1	73%	0%	0%	0%	0%	29%
Q2	100%	39%	0%	0%	0%	44%
Q3	100%	99%	0%	0%	0%	49%
Q4	100%	100%	19%	0%	0%	46%
Q5	100%	100%	41%	1%	0%	39%
Total	94%	67%	13%	1%	0%	43%
2023						
Q1	76%	0%	0%	0%	0%	29%
Q2	100%	71%	0%	0%	0%	46%
Q3	100%	100%	14%	0%	0%	48%
Q4	100%	100%	43%	0%	0%	53%
Q5	100%	100%	52%	2%	0%	44%
Total	95%	80%	26%	1%	0%	46%
1996 to 2023						
Q1	7%	0%	0%	0%	0%	7%
Q2	0%	37%	0%	0%	0%	9%
Q3	0%	39%	14%	0%	0%	9%
Q4	0%	2%	43%	0%	0%	12%
Q5	0%	0%	1%	-3%	-1%	-5%
Total	4%	26%	15%	-1%	-1%	8%

Source: Statistics New Zealand

The largest increase in the proportion of private renters paying more than 30% of their gross income in rent was for those in income quintile 2 renting dwellings with rents in quintiles 2 and 3, private renters in income quintile 3 and renting dwelling with rents in quintiles 3 and 4.



7.4 Greater Hamilton - Private renter demographics by rental quintile

Table 7.8 presents private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023.

Table 7.8: Private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023

	Couples with Children	Couples without children	One parent	Multi-family	One person	Other	Not Stated	Total
Rental quintile 1								
1996	9%	17%	8%	0%	52%	10%	1%	100%
2006	19%	18%	8%	0%	44%	7%	0%	100%
2018	14%	16%	7%	0%	47%	8%	6%	100%
2023	12%	12%	7%	1%	41%	11%	13%	100%
Change 96 to 23	3% pts	-5% pts	-1% pts	1% pts	-11% pts	2% pts	12% pts	0% pts
Rental quintile 2								
1996	12%	30%	13%	1%	30%	13%	1%	100%
2006	18%	21%	17%	2%	33%	9%	0%	100%
2018	19%	18%	16%	1%	30%	8%	7%	100%
2023	16%	18%	14%	2%	33%	8%	9%	100%
Change 96 to 23	4% pts	-12% pts	1% pts	1% pts	2% pts	-5% pts	8% pts	0% pts
Rental quintile 3								
1996	17%	29%	20%	1%	16%	14%	0%	100%
2006	24%	20%	28%	2%	16%	9%	0%	100%
2018	25%	19%	23%	2%	15%	7%	7%	100%
2023	24%	20%	22%	3%	14%	9%	8%	100%
Change 96 to 23	7% pts	-10% pts	2% pts	2% pts	-1% pts	-6% pts	8% pts	0% pts
Rental quintile 4								
1996	21%	30%	17%	2%	9%	19%	0%	100%
2006	30%	19%	30%	3%	7%	10%	0%	100%
2018	30%	17%	22%	3%	10%	9%	6%	100%
2023	30%	18%	22%	4%	9%	10%	7%	100%
Change 96 to 23	9% pts	-12% pts	5% pts	2% pts	-1% pts	-9% pts	7% pts	0% pts
Rental quintile 5								
1996	22%	26%	8%	3%	7%	33%	1%	100%
2006	30%	21%	16%	5%	6%	20%	0%	100%
2018	34%	17%	14%	6%	7%	15%	5%	100%
2023	37%	15%	16%	7%	5%	14%	5%	100%
Change 96 to 23	16% pts	-11% pts	8% pts	4% pts	-2% pts	-19% pts	5% pts	0% pts

Source: Statistics New Zealand

Between 1996 to 2023 the key trends included:

- The proportion of couples with children households increased in all rental quintiles particularly 3, to 5.
- The proportion of couples without children fell in all rental quintiles;
- The proportion of one person renters fell strongly in rental quintile 1.



Table 7.9 presents private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023.

Table 7.9: Private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023

	1996	2006	2018	2023	Change 96 to 23
Rental quintile 1					
Less than 30 yrs	43%	27%	21%	18%	-24% pts
30 to 39 yrs	26%	24%	16%	14%	-12% pts
40 to 49 yrs	13%	18%	15%	11%	-2% pts
50 to 64 yrs	11%	16%	22%	18%	7% pts
65 yrs +	8%	15%	18%	16%	8% pts
Not stated	0%	0%	8%	23%	23% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 2					
Less than 30 yrs	44%	33%	23%	18%	-26% pts
30 to 39 yrs	36%	27%	21%	20%	-16% pts
40 to 49 yrs	11%	19%	17%	14%	2% pts
50 to 64 yrs	7%	15%	19%	19%	12% pts
65 yrs +	2%	6%	11%	13%	11% pts
Not stated	0%	0%	9%	17%	17% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 3					
Less than 30 yrs	53%	37%	27%	23%	-30% pts
30 to 39 yrs	29%	29%	25%	24%	-5% pts
40 to 49 yrs	11%	19%	18%	15%	4% pts
50 to 64 yrs	5%	12%	15%	15%	10% pts
65 yrs +	2%	3%	7%	7%	6% pts
Not stated	0%	0%	8%	15%	15% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 4					
Less than 30 yrs	51%	38%	29%	25%	-26% pts
30 to 39 yrs	30%	31%	27%	28%	-2% pts
40 to 49 yrs	13%	19%	19%	16%	4% pts
50 to 64 yrs	6%	9%	14%	13%	8% pts
65 yrs +	1%	2%	4%	4%	3% pts
Not stated	0%	0%	7%	13%	13% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 5					
Less than 30 yrs	50%	41%	29%	25%	-24% pts
30 to 39 yrs	30%	27%	25%	27%	-3% pts
40 to 49 yrs	14%	21%	22%	21%	7% pts
50 to 64 yrs	6%	9%	15%	13%	7% pts
65 yrs +	1%	1%	3%	3%	2% pts
Not stated	0%	0%	6%	11%	11% pts
Total	100%	100%	100%	100%	0% pts

Source: Statistics New Zealand

Between 1996 and 2023 there was a strong trend across all rental quintiles with a fall in the proportion of younger private renters and an increase in the proportion of households with older reference people.



7.5 Greater Hamilton – summary

Over the last 27 years the number of private renter households increased by approximately 218% or 4.4% per annum. The strong growth in the number of renters has resulted in a corresponding increase in the number of private rental dwellings. Between 1996 and 2023, the growth in the number of rental properties in rental quintile 1 (an increase of 83%) was significantly lower than the growth in the number of private renters with incomes in household income quintile 1 (an increase of 197%).

This suggests there was a shortage of lower cost dwellings for lower-income households. Effectively a higher proportion of private renters with incomes in quintile 1 would have had to rent dwellings in rental quintile 2. This is reflected in the growth in the proportion of stressed quintile 1 private renters (increased from 92% to 95% between 1996 and 2023). The highest increases in the proportion of stressed private renters between 1996 and 2023 was for households with income in quintile 2 renting properties in quintiles 2 and 3 and households in income quintile 3 renting dwellings in rental quintiles 3 and 4.

In conclusion, the affordability outcome (changes in the proportion of stressed renters) for private renter households deteriorated for households in income quintiles 1, 2, and 3. By 2023, 95% of private renters income quintile 1 were stressed (up from 92% in 1996), 80% in income quintile 2 (up from 54% in 1996) and 26% in income quintile 3 (up from 12% in 1996). At the same time the proportion of stressed private renters in income quintile 4 and 5 fell between 1996 and 2023. These trends reflect a lack of low-cost rental properties available to low to moderate-income households.



8. Greater Tauranga

8.1 Introduction

Greater Tauranga’s housing market is the fifth largest in New Zealand and has experienced moderate growth and now totals approximately 75,000 households. Like the rest of the country, housing affordability has declined however the rate of owner-occupation increased from 67.3% in 1996 to 71.2% in 2023. This in part reflects the strong inward migration (domestic and overseas) into the housing market and migrant’s strong purchasing power. Table 8.1 presents the trend in key housing market metrics between 1996 and 2023.

Table 8.1: Greater Tauranga - Trends in house sale prices, market rents and household incomes

	Total hhlds in private dwellings	Median household income	Median dwelling sale price	Rental market bond data				
				No of active bonds	Lower Quartile	Median rent	Upper quartile	Geometric mean
Jun-96	41,778	\$30,000	\$150,000	4,254	\$160	\$176	\$195	\$176
Jun-01	48,765	\$33,900	\$185,000	7,035	\$163	\$188	\$215	\$186
Jun-06	55,389	\$45,900	\$345,000	9,345	\$234	\$264	\$302	\$258
Jun-13	61,641	\$55,800	\$365,000	12,306	\$288	\$329	\$372	\$327
Jun-18	68,901	\$70,200	\$617,000	13,086	\$403	\$465	\$535	\$447
Jun-23	75,291	\$93,600	\$846,000	14,634	\$569	\$640	\$710	\$615
% change between 1996 and 2023								
Total	80%	212%	464%	244%	256%	264%	264%	249%
Annual ave	2.2%	4.3%	6.6%	4.7%	4.8%	4.9%	4.9%	4.7%

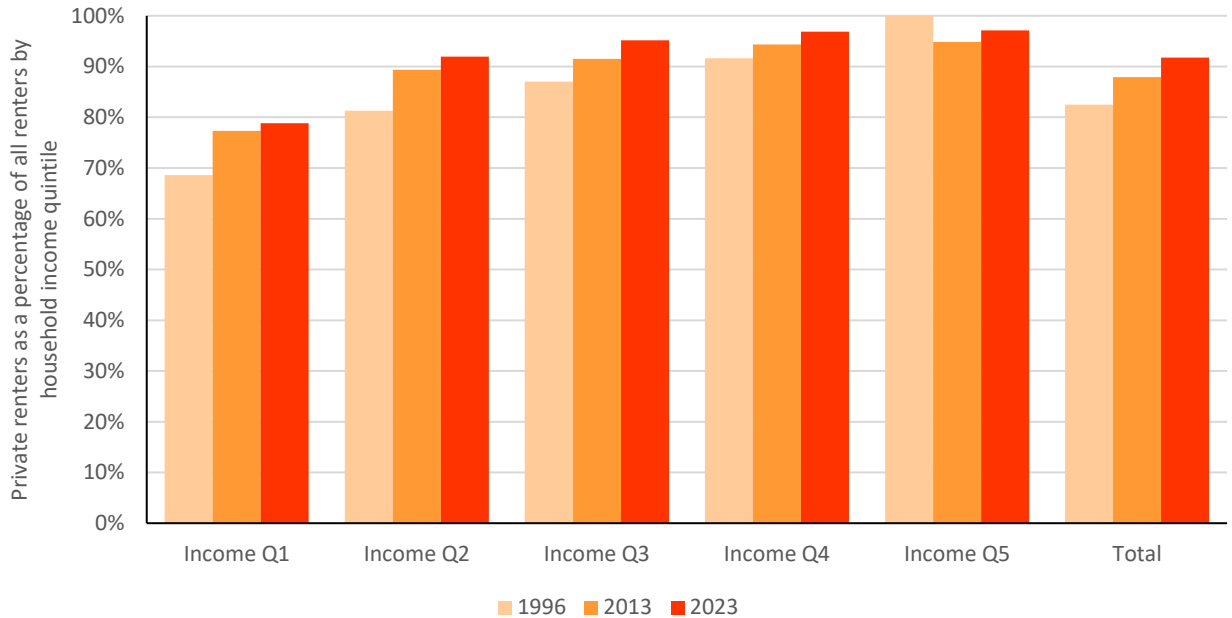
Source: HUD and Statistics New Zealand

Greater Tauranga like the rest of the country has experienced a decline in housing affordability since the beginning of the 1990s with dwelling sale prices increasing faster than household incomes. The number of households renting their dwelling has also increased between 1996 and 2023. Between 1996 and 2023 median household income increased at an annual compounded rate of 4.3% per annum whereas median rents increased by 4.9%.

Private renters as a proportion of total households have increased over the last 27 years. With the strong growth in private renter households the dynamics in terms of their income profiles and the cost of the properties they occupy have also changed. Figure 8.1 presents private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023.



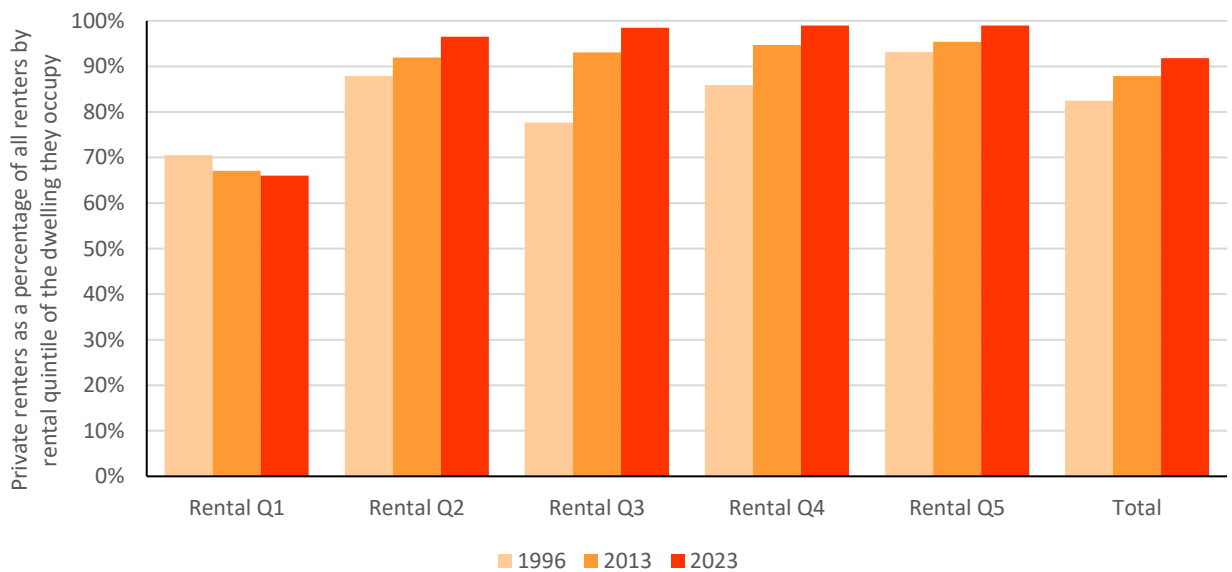
Figure 8.1: Private renter households as a percentage of total renter households by household income quintile in 1996, 2013 and 2023



Source: Statistics New Zealand

Between 1996 and 2023, private renter households as a percentage of all renter households increased in all five household income quintiles. Figure 8.2 presents private renter households as a percentage of total renter households by the rental quintile of the dwelling they occupy in 1996, 2013 and 2023.

Figure 8.2: Private renter households as a percentage of total renter households by rental quintile of the dwelling they occupy in 1996, 2013 and 2023



Source: Statistics New Zealand



Between 1996 and 2023, private renter households as a percentage of all renter households increased in all 5 rental quintiles except quintile 1, while as a proportion of total renters they fell from 11% in 1996 to 66% in 2023. Table 8.2 presents the change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile. Table 8.2 presents the change in the private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile.

Table 8.2: The change in Greater Tauranga’s private rental market’s share of the overall rental market by income quintile of the renter household and the rental quintile

	Income Q1	Income Q2	Income Q3	Income Q4	Income Q5	Total
1996						
Rental Q1	56%	79%	85%	80%	100%	71%
Rental Q2	78%	87%	94%	95%	100%	88%
Rental Q3	67%	74%	78%	89%	100%	78%
Rental Q4	77%	81%	88%	93%	100%	86%
Rental Q5	85%	89%	91%	96%	100%	93%
Total	69%	81%	87%	92%	100%	82%
2013						
Rental Q1	56%	73%	82%	88%	88%	67%
Rental Q2	92%	93%	92%	92%	91%	92%
Rental Q3	91%	96%	93%	93%	93%	93%
Rental Q4	93%	96%	94%	96%	96%	95%
Rental Q5	90%	96%	95%	96%	96%	95%
Total	77%	89%	92%	94%	95%	88%
2023						
Rental Q1	53%	70%	77%	82%	88%	66%
Rental Q2	96%	97%	97%	96%	94%	97%
Rental Q3	98%	98%	99%	99%	97%	99%
Rental Q4	99%	99%	99%	99%	99%	99%
Rental Q5	95%	100%	100%	99%	99%	99%
Total	79%	92%	95%	97%	97%	92%
change 96 to 23						
Rental Q1	-3% pts	-9% pts	-8% pts	2% pts	-12% pts	-5% pts
Rental Q2	19% pts	10% pts	3% pts	1% pts	-6% pts	9% pts
Rental Q3	31% pts	25% pts	21% pts	9% pts	-3% pts	21% pts
Rental Q4	22% pts	18% pts	11% pts	6% pts	-1% pts	13% pts
Rental Q5	10% pts	11% pts	9% pts	4% pts	-1% pts	6% pts
Total	10% pts	11% pts	8% pts	5% pts	-3% pts	10% pts

Source: Statistics New Zealand

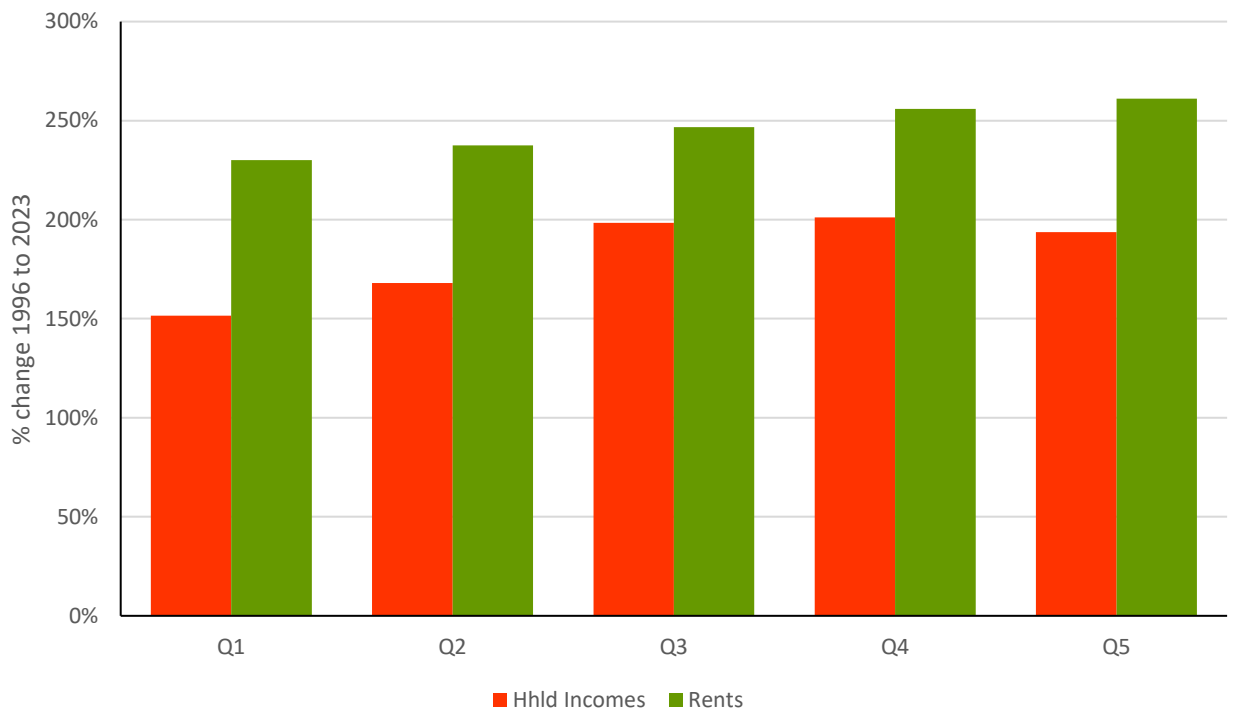
The private rental market’s overall share increased by 10% points from 82% to 92% between 1996 and 2023. Note that in 1996 5.3% of renter households did not identify their landlord classification and this fell to 0.1% in 2023 which adds a degree of uncertainty over the extent of the trend. The private rental market’s share fell for households renting dwellings in rental quintile 1 (across all household income bands except income quintile 4) and increased for the balance of the renter market. The strongest growth in the private rental market’s share was for households in income quintile 1 renting dwellings in rental quintile 3 (up 31% points).



8.2 Greater Tauranga - The structure of the private rental by household income and rental quintiles

Figure 8.2 presents the percentage change in Greater Tauranga’s household incomes and passing rents by quintile between 1996 and 2023.

Figure 8.2: The percentage change in household incomes and passing rent quintiles 1996 to 2023



Source: Statistics New Zealand

Between 1996 and 2023 household incomes increased at a slower rate than the growth in passing rent quintiles 1 to 5.



Table 8.3 presents the number and proportion of renter households within each income quintile for the housing market.

Table 8.3: The number and proportion of private renter households by income quintile

	Quintile 1		Quintile 2		Quintile 3		Quintile 4		Quintile 5		Total
	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	
1996	1,344	23%	1,068	19%	1,569	27%	1,314	23%	426	7%	5,721
2001	1,641	20%	2,448	30%	1,047	13%	2,106	26%	822	10%	8,064
2006	1,770	17%	2,304	23%	1,884	19%	3,261	32%	909	9%	10,128
2013	3,324	26%	1,743	14%	3,723	29%	2,253	18%	1,710	13%	12,753
2018	3,129	21%	3,978	26%	3,996	26%	2,721	18%	1,266	8%	15,090
2023	3,195	18%	3,351	19%	3,183	18%	6,231	36%	1,407	8%	17,367

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of renter households in income quintiles 1 and 2 increased from a combined 42% (23% plus 19%) in 1996 to 37% (18% plus 19%) in 2023. The proportion of private renters in income quintile 3 fell from 27% in 1996 to 18% in 2023 while those in income quintile 4 increased from 23% in 1996 to 36% in 2023.



Table 8.4 presents the number of private renter households by household income and rental quintiles from 1996 to 2023.

Table 8.4: The number of private renter households by household income and rental quintiles from 1996 to 2023

Rental Quintiles	Hhld Income Q1		Hhld Income Q2		Hhld Income Q3		Hhld Income Q4		Hhld Income Q5		Total	
	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total
1996												
Q1	381	7%	255	4%	297	5%	141	2%	24	0%	1,098	19%
Q2	345	6%	285	5%	381	7%	231	4%	42	1%	1,284	22%
Q3	261	5%	213	4%	312	5%	273	5%	57	1%	1,116	20%
Q4	216	4%	174	3%	300	5%	276	5%	75	1%	1,041	18%
Q5	141	2%	141	2%	279	5%	393	7%	228	4%	1,182	21%
Total	1,344	23%	1,068	19%	1,569	27%	1,314	23%	426	7%	5,721	100%
2006												
Q1	531	5%	465	5%	285	3%	315	3%	39	0%	1,635	16%
Q2	495	5%	627	6%	450	4%	519	5%	81	1%	2,172	21%
Q3	360	4%	558	6%	471	5%	645	6%	117	1%	2,151	21%
Q4	246	2%	420	4%	414	4%	888	9%	180	2%	2,148	21%
Q5	138	1%	234	2%	264	3%	894	9%	492	5%	2,022	20%
Total	1,770	17%	2,304	23%	1,884	19%	3,261	32%	909	9%	10,128	100%
2018												
Q1	768	5%	624	4%	309	2%	135	1%	54	0%	1,890	13%
Q2	1,047	7%	1,290	9%	975	6%	468	3%	135	1%	3,915	26%
Q3	513	3%	795	5%	888	6%	456	3%	141	1%	2,793	19%
Q4	492	3%	822	5%	1,029	7%	801	5%	288	2%	3,432	23%
Q5	309	2%	447	3%	795	5%	861	6%	648	4%	3,060	20%
Total	3,129	21%	3,978	26%	3,996	26%	2,721	18%	1,266	8%	15,090	100%
2023												
Q1	897	5%	579	3%	393	2%	519	3%	111	1%	2,499	14%
Q2	939	5%	918	5%	792	5%	1,026	6%	144	1%	3,819	22%
Q3	525	3%	771	4%	759	4%	1,353	8%	168	1%	3,576	21%
Q4	543	3%	744	4%	828	5%	1,989	11%	423	2%	4,527	26%
Q5	291	2%	339	2%	411	2%	1,344	8%	561	3%	2,946	17%
Total	3,195	18%	3,351	19%	3,183	18%	6,231	36%	1,407	8%	17,367	100%

Source: Statistics New Zealand

The structure of the private rental market changed between 1996 and 2023. The number of quintile 1 rental properties in the private rental market increased from 1,098 in 1996 to 2,499 in 2023, an increase of 128%. Over the same time frame the number of rental quintile 2 properties in the private market increased by 197%, the number of properties in rental quintile 3 increased by 220%, the number of rental quintile 4 properties by 335% and the number of rental quintile 5 properties by 149%. As a consequence, rental quintile 1 properties as a percentage of all private rentals fell from 19% in 1996 to 14% in 2023 and rental quintile 4 properties increased from 18% of all private rentals to 26% in 2023.



Table 8.5 presents the proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023.

Table 8.5: The proportion of private renter households living in rental quintile dwellings 1 to 5 by household income quintiles in 1996 to 2023

	Hhld In Q1	Hhld In Q2	Hhld In Q3	Hhld In Q4	Hhld In Q5	Total
1996						
Rental Q1	35%	23%	27%	13%	2%	100%
Rental Q2	27%	22%	30%	18%	3%	100%
Rental Q3	23%	19%	28%	24%	5%	100%
Rental Q4	21%	17%	29%	27%	7%	100%
Rental Q5	12%	12%	24%	33%	19%	100%
Total	23%	19%	27%	23%	7%	100%
2023						
Rental Q1	36%	23%	16%	21%	4%	100%
Rental Q2	25%	24%	21%	27%	4%	100%
Rental Q3	15%	22%	21%	38%	5%	100%
Rental Q4	12%	16%	18%	44%	9%	100%
Rental Q5	10%	12%	14%	46%	19%	100%
Total	18%	19%	18%	36%	8%	100%
Change 96 to 23						
Rental Q1	1%	0%	-11%	8%	2%	
Rental Q2	-2%	2%	-9%	9%	0%	
Rental Q3	-9%	2%	-7%	13%	0%	
Rental Q4	-9%	0%	-11%	17%	2%	
Rental Q5	-2%	0%	-10%	12%	0%	
Total	-5%	1%	-9%	13%	1%	

Source: Statistics New Zealand

Between 1996 and 2023, the proportion of private renter households with lower household incomes (income quintiles 1 and 2) have increased as a proportion of households in lower rental quintile dwellings. For example, private renter households in income quintile 1 increased as a proportion of all households in income quintile 1 from 36% in 1996 to 43% in 2023 and from 27% of occupants in rental quintile 2 in 1996 to 31% in 2023.



8.3 Greater Tauranga – Private renters’ affordability outcomes

Table 8.6 presents the estimated number and proportion of renters able to affordably pay the rent at the top of income thresholds quintile 1 (20th percentile), 2 (40th percentile), and 3 (60th percentile).

Table 8.6: The estimated number and proportion of renters able to affordably pay the rent (passing rent) at the top of income thresholds quintile 1, 2, and 3

	Income private renters with incomes at the top of Q1 (20 th percentile)		Income private renters with incomes at the top of Q2 (40 th percentile)		Income private renters with incomes at the top of Q3 (60 th percentile)	
	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)	No of affordable rentals (passing rents)	% of total rentals (passing rents)
1996	1,220	21%	3,240	57%	5,380	94%
2001	1,330	16%	4,110	51%	7,380	92%
2006	1,460	14%	4,410	44%	9,380	93%
2013	2,600	20%	4,710	37%	11,220	88%
2018	2,400	16%	6,110	40%	13,910	92%
2023	2,210	13%	5,170	30%	16,010	92%

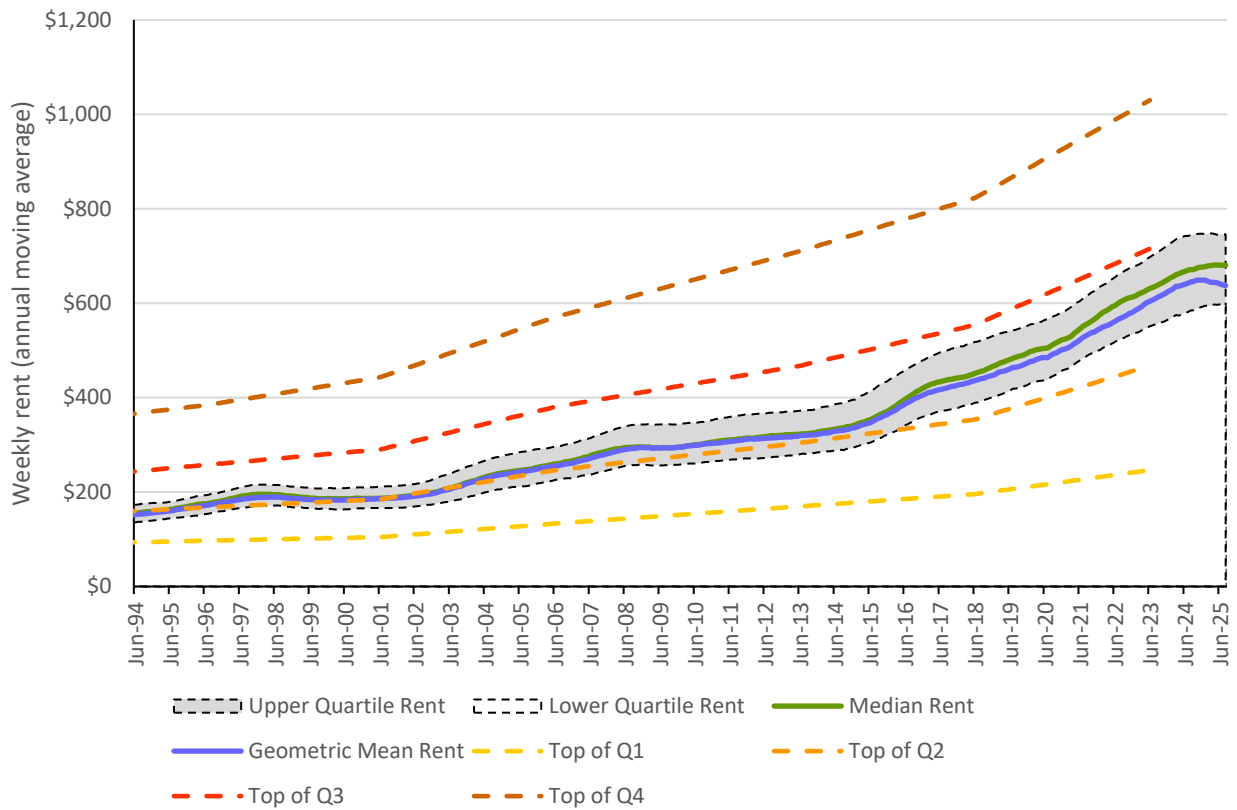
Source: Statistics New Zealand

In 1996 only 11% of passing rents were affordable to renters in income quintile 1 (20th percentile) and this declined to 6% in 2023. For private renter households in income quintile 2 (40th percentile) the proportion able to affordably pay their passing rent fell from 45% in 1996 to 40% in 2023.



Figure 8.3 presents the trend in the lower quartile, median, upper quartile and geometric mean market rents (12 month moving average) along with the rental households with incomes at household income 1 (20th percentile), 2 (40th percentile), 3 (60th percentile), and 4 (80th percentile) quintile boundaries can affordably pay (assuming no more than 30% of gross household income is used to pay the rent).

Figure 8.3: Greater Tauranga – The trend in market rental affordability for private renter households



Source: Calculated from data sourced from HUD and Statistics New Zealand

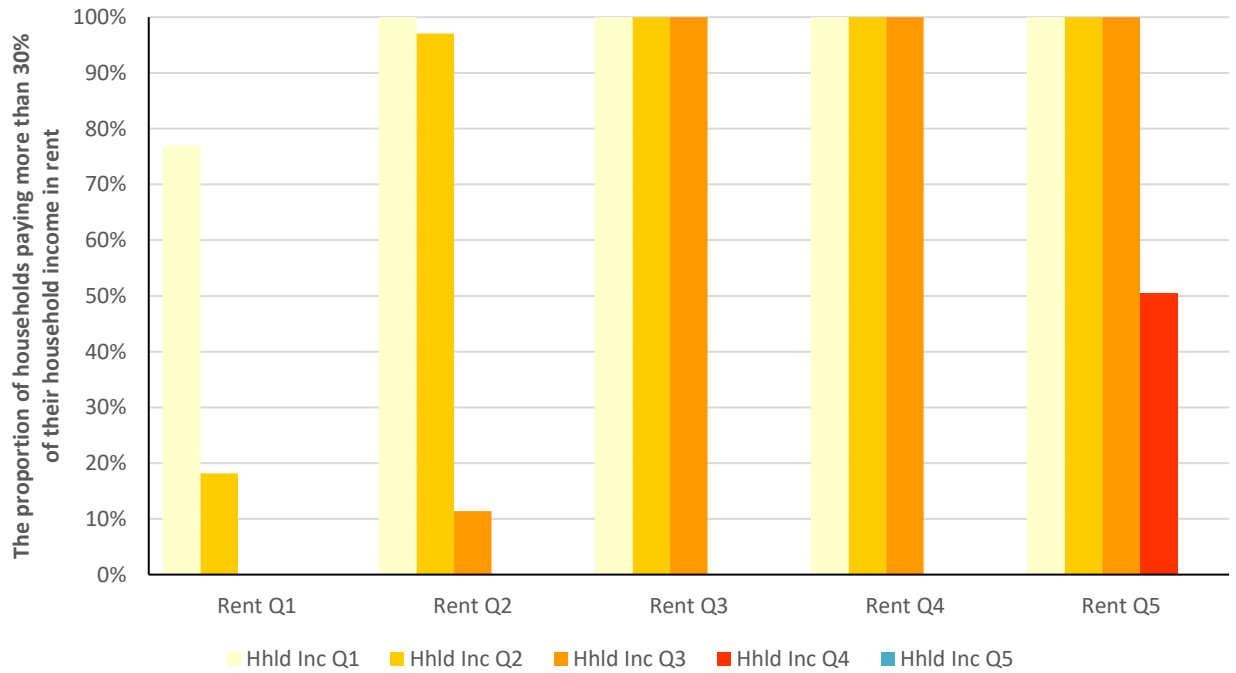
Over the last three decades the ability of private renters with incomes at the top of the household income quintile 2 has tracked close to the market lower quartile rent. For example, in 1996 the lower quartile market rent¹⁴ was \$141 per week or 143% of what a household with an income at the top of quintile 1 (20th percentile) could affordably pay. By 2023 the lower quartile market rent had increased to \$438 per week, or 183% of what private renters with incomes at the top of quintile 1 (20th percentile) could affordably pay. For private renter households with incomes at the top of income quintile 2 (40th percentile) the lower quartile rental was 83% of what they could affordably pay in 1996 (median rent was and this increased to 98% in 2023).

¹⁴ Annual monthly moving average



Figure 8.4 presents the proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023.

Figure 8.4: The proportion of private renters paying more than 30% of their gross household income in rent by income and rental quintile in 2023



Source: Statistics New Zealand

Private renter households with incomes in the lower-income quintiles have a higher proportion of households paying more than 30% of their gross household income in rent. The proportion of private renters paying more than 30% of their gross household income in rent is higher in the higher rental quintile dwellings.



Table 8.7 presents the proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles.

Table 8.7: The proportion of private renter households paying more than 30% of their gross household incomes in rent between 1996 and 2023 by income and rental quintiles

Rental Quintiles	Household income quintiles					Total
	Q1	Q2	Q3	Q4	Q5	
1996						
Q1	65%	15%	0%	0%	0%	26%
Q2	100%	78%	0%	0%	0%	44%
Q3	100%	100%	16%	0%	0%	47%
Q4	100%	100%	39%	0%	0%	49%
Q5	100%	100%	83%	5%	3%	46%
Total	90%	74%	25%	2%	1%	42%
2006						
Q1	80%	18%	0%	0%	0%	31%
Q2	100%	86%	0%	0%	0%	48%
Q3	100%	100%	32%	0%	0%	50%
Q4	100%	100%	75%	0%	0%	46%
Q5	100%	100%	100%	14%	1%	38%
Total	94%	80%	39%	4%	1%	43%
2013						
Q1	78%	18%	0%	0%	0%	38%
Q2	100%	99%	13%	0%	0%	55%
Q3	100%	100%	35%	0%	0%	55%
Q4	100%	100%	67%	0%	0%	51%
Q5	100%	100%	94%	15%	0%	43%
Total	94%	83%	42%	4%	0%	49%
2023						
Q1	77%	18%	0%	0%	0%	32%
Q2	100%	97%	11%	0%	0%	50%
Q3	100%	100%	100%	0%	0%	57%
Q4	100%	100%	100%	0%	0%	47%
Q5	100%	100%	100%	50%	0%	58%
Total	94%	85%	66%	11%	0%	50%
1996 to 2023						
Q1	12%	3%	0%	0%	0%	6%
Q2	0%	19%	11%	0%	0%	6%
Q3	0%	0%	84%	0%	0%	10%
Q4	0%	0%	61%	0%	0%	-2%
Q5	0%	0%	17%	45%	-3%	13%
Total	4%	11%	40%	9%	-1%	7%

Source: Statistics New Zealand

The proportion of private renters paying more than 30% of their gross income in rent increased for rental quintiles 1, 2, and 3.



8.4 Greater Tauranga – Private renter demographics by rental quintile

Table 8.8 presents private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023.

Table 8.8: Private renter households (as a % of total private renters) by rental income quintile and household composition in 1996, 2006, 2018 and 2023

	Couples with Children	Couples without children	One parent	Multi-family	One person	Other	Not Stated	Total
Rental quintile 1								
1996	17%	20%	12%	0%	41%	6%	0%	100%
2006	13%	19%	10%	0%	50%	5%	0%	100%
2018	10%	18%	7%	0%	47%	6%	8%	100%
2023	13%	14%	11%	2%	40%	8%	11%	100%
Change 96 to 23	-4% pts	-6% pts	-1% pts	2% pts	0% pts	1% pts	11% pts	0% pts
Rental quintile 2								
1996	17%	25%	18%	0%	23%	12%	0%	100%
2006	17%	22%	21%	1%	29%	8%	0%	100%
2018	19%	19%	18%	2%	28%	6%	7%	100%
2023	19%	19%	17%	2%	28%	7%	8%	100%
Change 96 to 23	2% pts	-7% pts	-1% pts	2% pts	5% pts	-5% pts	8% pts	0% pts
Rental quintile 3								
1996	25%	21%	28%	1%	11%	10%	0%	100%
2006	25%	21%	29%	1%	14%	8%	0%	100%
2018	27%	21%	22%	2%	15%	6%	5%	100%
2023	26%	21%	20%	3%	15%	9%	6%	100%
Change 96 to 23	1% pts	0% pts	-7% pts	2% pts	4% pts	-2% pts	6% pts	0% pts
Rental quintile 4								
1996	27%	21%	30%	1%	6%	11%	0%	100%
2006	32%	21%	28%	2%	7%	8%	0%	100%
2018	32%	20%	22%	3%	9%	7%	5%	100%
2023	32%	20%	20%	4%	8%	9%	6%	100%
Change 96 to 23	6% pts	-1% pts	-10% pts	3% pts	2% pts	-2% pts	6% pts	0% pts
Rental quintile 5								
1996	37%	20%	17%	1%	5%	12%	0%	100%
2006	40%	22%	14%	4%	6%	12%	0%	100%
2018	40%	18%	14%	5%	8%	9%	5%	100%
2023	39%	17%	16%	5%	6%	10%	4%	100%
Change 96 to 23	1% pts	-3% pts	-1% pts	4% pts	1% pts	-2% pts	4% pts	0% pts

Source: Statistics New Zealand

Between 1996 and 2023 the proportion of one person households increased in rental quintiles 2 and 3 by 5 and 4 percentage points respectively. The proportion of couples with children also increased strongly in rental quintile 4. The proportion of one parent households in rental quintiles 3 and 4 fell by 7 and 10 percentage points respectively.



Table 8.9 presents private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023.

Table 8.9: Private renter households (as a % of total private renters) by rental income quintile and age of the household reference person in 1996, 2006, 2018 and 2023

	1996	2006	2018	2023	Change 96 to 23
Rental quintile 1					
Less than 30 yrs	33%	20%	12%	12%	-21% pts
30 to 39 yrs	24%	23%	11%	12%	-13% pts
40 to 49 yrs	14%	19%	12%	10%	-4% pts
50 to 64 yrs	12%	17%	21%	19%	8% pts
65 yrs +	17%	21%	34%	21%	4% pts
Not stated	0%	0%	10%	26%	26% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 2					
Less than 30 yrs	39%	27%	19%	13%	-26% pts
30 to 39 yrs	30%	25%	21%	20%	-11% pts
40 to 49 yrs	14%	21%	17%	14%	0% pts
50 to 64 yrs	9%	18%	21%	21%	11% pts
65 yrs +	7%	8%	14%	15%	8% pts
Not stated	0%	0%	8%	17%	17% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 3					
Less than 30 yrs	44%	33%	23%	19%	-25% pts
30 to 39 yrs	31%	28%	26%	26%	-5% pts
40 to 49 yrs	14%	21%	20%	17%	3% pts
50 to 64 yrs	8%	13%	16%	17%	9% pts
65 yrs +	3%	5%	9%	8%	6% pts
Not stated	0%	0%	7%	14%	14% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 4					
Less than 30 yrs	43%	31%	21%	21%	-22% pts
30 to 39 yrs	33%	32%	28%	28%	-5% pts
40 to 49 yrs	16%	23%	23%	19%	3% pts
50 to 64 yrs	9%	12%	17%	14%	6% pts
65 yrs +	0%	2%	6%	5%	5% pts
Not stated	0%	0%	6%	12%	12% pts
Total	100%	100%	100%	100%	0% pts
Rental quintile 5					
Less than 30 yrs	34%	24%	21%	19%	-15% pts
30 to 39 yrs	34%	34%	26%	29%	-5% pts
40 to 49 yrs	21%	26%	25%	23%	2% pts
50 to 64 yrs	9%	14%	17%	15%	6% pts
65 yrs +	3%	2%	5%	4%	1% pts
Not stated	0%	0%	5%	10%	10% pts
Total	100%	100%	100%	100%	0% pts

Source: Statistics New Zealand

Between 1996 and 2023, there are proportionally fewer younger households and a greater proportion of older households across all income quintiles. The trend is strongest in rental quintiles 1 and 2.



8.5 Greater Tauranga – summary

Over the last 27 years the number of private renter households increased by approximately 203% or 4.2% per annum. The strong growth in the number of renters has resulted in a corresponding increase in the number of private rental dwellings. Between 1996 and 2023, the growth in the number of rental properties in rental quintile 1 (an increase of 127%) was significantly lower than the growth in the number of private renters with incomes in household income quintile 1 (an increase of 137%).

This suggests there was a shortage of lower cost dwellings for lower-income households. Effectively a higher proportion of private renters with incomes in quintile 1 would have had to rent dwellings in rental quintile 2. This is reflected in the growth in the proportion of stressed quintile 1 private renters (increased from 90% to 94% between 1996 and 2023). The highest increases in the proportion of stressed private renters between 1996 and 2023 was for households with income in quintile 2 renting properties in quintiles 2 and households in income quintile 3 renting properties in rental quintiles 3 and 4 and households in income quintile 2 renting properties in rental quintile 5.

In conclusion, the affordability outcome (changes in the proportion of stressed renters) for private renter households deteriorated for households in income quintiles 1, 2, and 3. By 2023, 94% of private renters income quintile 1 were stressed (up from 90% in 1996), 85% in income quintile 2 (up from 74% in 1996) and 66% in income quintile 3 (up from 25% in 1996). At the same time the proportion of stressed private renters in income quintile 5 fell between 1996 and 2023. These trend reflects a lack of low-cost rental properties available to low to moderate-income households.