



**first
national**
G R O U P

**Media Release
July 28, 2010**

Magnetic Auckland affects provincial vacancies

Auckland is enjoying high demand for residential tenancies and rents are increasing while many places in the rest of the country are experiencing the opposite, First National's quarterly property management survey shows.

The survey, for the three months to mid July, measures property management vacancy rates, rent movement and demand/supply experienced by First National's property managers based at 70 offices around New Zealand.

Across all of First National's approx 6500 property managements nationwide, vacancy rates increased to 8.4%, compared to 6.3% at the same time last year.

Rentwise, overall the average rent movement was a half percent drop (-0.5%) but the median rent movement across all properties managed was zero.

However regional variations showed a significant split between two of New Zealand's major cities – Auckland and Christchurch – with strong rental demand and the rest of the country with weakening demand.

Regionally Auckland was by far the strongest performer with average vacancy rates for the properties managed by First National down to 1.6% from 2.4% at the same time last year. All property managers in that region reported rent increases of between 5% and 7%.

First National Group general manager John Stewart said regional job losses could be behind domestic migration to Auckland as national immigration numbers were currently in decline.

"Many immigrants move to New Zealand's regional towns. Without them, the northward drift for work is more visible."

Stewart noted Christchurch was also experiencing consistently high demand and had low vacancy rates but had not changed significantly compared to the same time last year. Despite media recently predicting a rent increase in Christchurch, many landlords were yet to see this occur, he said.

"The big picture appears to be that more people are moving to Auckland and Christchurch and fewer people are moving into the regions," Stewart said.

"Industry views on the seeming over-supply of rental and lease properties in Wellington, particularly of apartments, reflect in the main a gross lowering of the

number of people contracted to Government and major corporates this past couple of years," he added.

"An oversupply of rental accommodation and decreases in rent prices in the regional towns and cities provide opportunities for those affected negatively by the recession.

As always, some towns will buck the trend and experience stronger demand than others, but the only region as a whole to show strong positive movement (ie decreasing vacancies and increasing rents) was Auckland.

- Northland had some inter-regional variance but overall vacancy rates were up by 5% to 19% and rents had dropped by 5% compared with the same time last year.
- Bay of Plenty vacancy rates had dropped slightly (1%) year on year to 10.2% but rents were also down and property managers reported demand was strongest for low end properties.
- Taranaki's vacancy rates had all increased compared to the same time last year but none were above the Group's national average.
- Marlborough's vacancy rates were affected by the viticulture industry's struggles and had increased to 10% from 7.5% at the same time last year.
- Central Otago's vacancy rates were on par with the same time last year but Southland's vacancy rates had doubled to twice the Group's national average.
- Vacancy rates in regional Canterbury were static, with pressure coming on rents.
- Wellington reported an oversupply of residential rentals across the board and an abundance of inner city apartments, with associated rent declines of around 5%.

First National Group has around 70 offices nationwide and manages around 6500 rental properties throughout New Zealand on behalf of landlords.

Note: First National does not have offices in Dunedin so this city's trends were not included in the survey.

For more information please contact

**John Stewart
General Manager
First National Group (NZ)
(027) 222 2756**