

Rent Price Analysis in New Zealand

Introduction

This report analyses rent prices in New Zealand in 2022 to 2024 based on more than 14,500 listings. The objective was to identify key drivers of rent prices on the market across various types of properties, evaluate the impact and create a forecast for the short-term future. Both regression and time-series forecasting were applied.

The data was “synthetically” generated for the educational purposes.

Key Insights

- **Overall Rent Trends**

The **average rent price** across the dataset is **NZD\$635.80**.

Over 3 years, the prices **remained stable** with **minor fluctuations** between NZD\$633.73-637.40

- **Influencers of Rent Prices**

The applied multiple linear regression model **explains one-third** of the variance in rental prices, which is reasonable given the **limited predictors**.

Statistically significant predictors of rent prices for “**House**” and “**Townhouse**” property types, which **add NZD\$95 and NZD\$50 to the price** compared to the apartment type.

Region and **distance to CBD** **do not have an impact** as predictors of **rental prices**.

Positive correlation was identified by the number of **bedrooms**, which **increases rent** prices.

- **Property type and Regional Differences**

“**House**” is the most **expensive** type (mean NZD\$682), “**apartments**” the most **affordable** (mean NZD\$588).

Regional average are very **close**, which means region **is not a strong determinant** of rent.

- **Forecasting ARIMA**

Based on historical data and current trends, the **New Zealand rental market** is expected to **be fairly stable** over the **next six months** due to results of analysis (**NZD\$3-4 fluctuations** and **0.6% of error**), with **prices expected to remain** at around NZD\$636, with **minimal fluctuations**.

Recommendations

1. “**Houses**” deliver the highest rent prices and make it the most profitable property type.
2. Regional location is less important than property type and size, suggesting prioritize property characteristics over geography.
3. Since the rental market is stable landlords can offer fixed rent prices.

Conclusion

The analysis reveals that property type and bedrooms are the strongest predictors of rent in New Zealand, while region and distance to the city centre demonstrated a minor impact. Houses are significantly more expensive than apartments and townhouses, and rent levels are consistent across five cities.

The ARIMA model confirmed market stability, with rents expected to remain around \$636 over the next half-year, with minimal fluctuations.

Overall, the findings highlight that the New Zealand rental market is stable and predictable in the short term.