

STRICTLY EMBARGOED UNTIL 5AM, FRIDAY 22 OCTOBER 2021

25,000 planned build-to-rent homes at risk due to government policy

New data from Property Council New Zealand suggests that over 6,100 build-to-rent homes could be in the market within two years if the Government loosens the reins on the legislative barriers holding the sector back. Further analysis suggests this number could swell to over 25,000 new homes within a decade.

“This government has said time and again that they are focused on delivering more affordable housing, but history has shown that the private sector is often much better placed to build sustainably and at scale,” says Property Council chief executive Leonie Freeman.

Unlike a standard residential development, where units are built for individual sale, build-to-rent (BTR) developments are designed and built specifically as long-term rentals. The properties are owned by institutional investors and managed by specialist operators, while tenants are treated as customers, enjoying the benefits of living in high-quality, tailored apartments with secure long-term accommodation and the freedom to give notice when they choose.

“We like to call it ‘renting for the Netflix generation’,” says Freeman, “where rent is treated as any other pay-as-you-go service, like Spotify or Netflix. Tenants can plug-in and plug-out of amenities as their life unfolds. They aren’t buying the house – they’re buying the living experience.

“A survey of Kiwi BTR developers shows that there are 853 BTR units either currently under construction or completed across 21 sites, with an average of just over 40 units per development.

“Over the next two years we’re estimating that with the right policy settings this figure could explode to over 6,100 units across nearly 40 sites. These are credible, planned BTR developments that are currently in the pipeline for delivery, greatly expanding New Zealand’s rental stock.

“With government support, the BTR sector has the potential to deliver over 25,000 homes in just 10 years. Our members – who are primarily large scale commercial and residential developers and owners – tell us that delivery of these developments rely on several changes to government policy, including;

1. Better clarity on the Overseas Investment Act, which could currently disincentivise large institutional investment in Build-to-Rent in New Zealand.
2. Further definition of BTR as its own asset class – similar to that of student accommodation or retirement villages – which would make it exempt from recent interest deductibility changes. Reclassifying BTR as a commercial asset class would also change depreciation application and provide a genuine incentive to help unleash large numbers.

“BTR has real potential to house more New Zealanders comfortably, quickly and affordably. But if we want large-scale BTR to be unlocked, then the Government needs to stop blocking the path to progress and accept that this could be a simple solution to help ease Aotearoa’s housing woes,” says Freeman.

ENDS

For further comment please contact:

Leonie Freeman | Chief Executive | 027 436 6526 | leonie@propertynz.co.nz

NOTES TO THE EDITOR

About Property Council New Zealand

Property Council is the leading advocate for New Zealand's largest industry - property.

Property Council New Zealand is the one organisation that collectively champions property, bringing together members from all corners of the property eco system to advocate for reduced red tape that enables development.

Property is New Zealand's largest industry, making up 15% of economic activity. As a sector, we employ 9% of New Zealand's workforce and contribute over \$41.2 billion to GDP.

A not-for-profit organisation, the Property Council connects over 10,000 property professionals, championing the interests of 550 member companies.

Our membership is broad and includes some of the largest commercial and residential property owners and developers in New Zealand. The property industry comes together at our local, national and online events, which offer professional development, exceptional networking and access to industry-leading research.

Our members shape the cities and spaces where New Zealanders live, work, play and shop.

www.propertynz.co.nz

For further information please contact:

Kelly Taylor | Head of Communications | 021 5757 02 | kelly@propertynz.co.nz

For further comment please contact:

Leonie Freeman | Chief Executive | 027 436 6526 | leonie@propertynz.co.nz