

STRICTLY EMBARGOED UNTIL 9:00AM, THURSDAY 21 MARCH 2024

Build to Rent housing surges forward with nearly 3,400 homes in pipeline

Key points:

- According to research conducted by Property Council New Zealand, as of 31 December 2023 there have been 1,307 Build to Rent homes delivered across New Zealand.
- There are 850 Build to Rent homes under construction and a further 3,395 in the development pipeline.
- Auckland is currently leading the way with 1,096 units completed, a further 742 under construction and 3,350 in the development pipeline.
- The main legislative hurdles to greater investment in Build to Rent are the Overseas Investment Act and depreciation settings.
- Property Council New Zealand will be tracking the progress of Build to Rent development around the country on a quarterly basis via <https://www.buildtorentnz.co.nz/where-is-btr>

Today's launch of a dedicated Build to Rent (BTR) tracker, designed to track the quarterly progress of BTR projects, marks the first time we're able to benchmark and measure the status of this exciting new housing model, says Property Council New Zealand chief executive Leonie Freeman.

Produced in collaboration with JLL, Colliers, Savills, CBRE and Bayleys, the purpose of the tracker is to highlight the opportunity of Build to Rent in providing quality, long-term rentals for Kiwis across New Zealand.

As of 31 December 2023, there are 850 Build to Rent homes under construction across Aotearoa, with a further 3,395 in the development pipeline. Meanwhile, 1,307 Build to Rent homes have been delivered.

"While Auckland is certainly leading the way with 1,096 units completed, a further 742 under construction and 3,350 in the development pipeline, we see huge opportunity for Build to Rent to help alleviate the pressure on rental markets in places like Queenstown, Wellington and Tauranga", says Freeman.

"Build to Rent not only has the potential to deliver significant new housing supply in our cities, it has the potential to transform smaller centres where tight rental markets have made finding a home – particularly one that offers options for long-term occupancy – very difficult for renters.

"In Australia and the United Kingdom, Build to Rent is the fastest growing type of residential accommodation. We know there is an appetite for similar growth and investment here, however, potential overseas investors are currently being hampered by restrictive and uncertain regulations. Getting these settings right is critical to enabling growth in the Build to Rent sector.

"From a legislative standpoint, we believe we are more than halfway to truly unlocking Build to Rent in Aotearoa. Last term saw the establishment of an asset class and the restoration of interest deductibility. The new government has recently honoured their commitment to introduce

amendments to the Overseas Investment Act into Parliament as soon as possible. Alongside this, access to depreciation for Build to Rent properties and ensuring the Residential Tenancies Act is fit-for-purpose remain crucial.

“This combination of legislative levers will help fuel new housing supply, giving Kiwi renters far greater choice and security of tenure.

“At the end of the day, it’s all about certainty. The more certainty we can give potential investors, the more likely they are to invest in Build to Rent in New Zealand, and the more housing options renters will have. This goes for both overseas investors and hardworking Kiwis whose KiwiSaver funds are invested in the sector – it really is a win-win-win situation”, says Freeman.

“Back in 2021, our modelling suggested that with the correct settings in place, Property Council’s members could deliver up to 25,000 new homes over a decade. The best time to do something was yesterday, the second-best time to act is today”.

ENDS.

For further comment please contact:

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NOTES TO THE EDITOR

Q3 2023: Top Six Regions Leading the Build to Rent Charge in New Zealand

Ranking	Region	Complete	Under construction	In the Pipeline
1	Auckland	1,096	742	3,350
2	Wellington	41	108	0
3	Waikato	69	0	0
4	Canterbury	59	0	0
5	Bay of Plenty	0	0	45
6	Otago	42	0	0
	Total	1,307	850	3,395

What do we define as Build to Rent?

For the purpose of this tracker, we have defined Build to Rent as purpose-built or adapted long-term rental developments. We are tracking developments of over twenty units (as per the Government's definition) and under single management. We include purpose built or adapted rental schemes owned or managed by a Community Housing Provider or Iwi, for the market. We have excluded most developments built prior to 2018, any development with communal kitchens, any development that is Council owned or leased, or sold to or leased out to Kāinga Ora – Homes and Communities, as well as any hotel rooms or serviced apartments. Figures are current as of 31 December 2023.

What is Build to Rent (BTR)?

BTR properties are large, multi-unit residential developments typically owned by corporate investors and managed by specialist operators.

They are generally located in city centres within walking distance of key transport links but can also be located in the regions. These developments are owned by large-scale corporate investors and managed by specialist operators.

A hallmark of Build to Rent is professional management, with brilliant amenities often available onsite, offering residents bespoke lifestyle options for as long as they want to stay. It is a paradigm shift – the tenant becomes the customer, and the rental is the service. Amenities like on-site maintenance staff, lounges, gyms, and lobby cafés are attractive drawcards.

Build to Rent is a sustainable approach to living, with a clear focus on achieving positive environmental outcomes. This is often reflected in sustainable approaches to construction as well as a focus on achieving high Homestar and Greenstar ratings. One way of reducing our emissions is to encourage high quality intensification of our housing supply. Build to Rent is typically located in or near towns, cities and key public transport routes.

Build to Rent offers the ability to stay long-term, allowing residents to confidently put down roots neighbourhood and build a community.

Living in a Build to Rent development means living in a quality home where maintenance requests will be dealt with promptly, and where service and quality is of utmost importance. After all, the tenant is the customer.

Residents get high-quality, convenient living without the costs associated with buying; investors get stable rental revenues without the hassle of managing new leases every six months. Build to Rent offers residents long-term contractual certainty, so they can put down roots and be part of a community.

Find out more at <https://www.buildtorentnz.co.nz>

For further information please contact:

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