

January 2024

Availability of rental accommodation in Cromwell



Report commissioned by Central Otago
District Council

Prepared by: Benje Patterson
Benje Patterson | People & Places
www.benjepatterson.co.nz
January 2024

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1. Contents

- 2. Executive summary.....2
- 3. Changes in Cromwell’s rental stock over recent years3
- 4. Changes in Cromwell’s population over recent years5
- 5. Estimating Cromwell’s gap in rental housing.....6
- 6. Rental availability in Cromwell’s commuter belt.....7

2. Executive summary

This report has been commissioned by Central Otago District Council to analyse data related to the supply of rental housing in Cromwell. The findings of this report demonstrate that increases to the supply of rental housing in Cromwell over recent years have been insufficient to keep up with population growth. Moreover, the data shows that other major towns within a commutable distance of Cromwell are also facing similar experiences of having a limited availability of rental accommodation. These observations support anecdotal reports from employers that a limited supply of rental accommodation has been impeding their access to workers.

Specific considerations within this report include:

- How has the supply of rental accommodation in Cromwell changed over recent years?
- How has the supply of rentals compared to Cromwell's population growth over the same period?
- What is the gap between new rentals entering the rental stock, and the number of rentals needed to keep up with demand from population growth?
- Are other major towns within a commutable distance of Cromwell facing similar challenges with regards to the supply of rental accommodation?

The data provided in this report goes up to 2023, with historical trends dating back to 2018. Modelling has been informed by data drawn from Statistics New Zealand (Census and Subnational Population Estimates), as well as from rental bonds data available through the Ministry of Business, Innovation and Employment's (MBIE's) Tenancy Services.

2.1. Key findings

- The availability of rental houses is particularly important to Cromwell residents. The 2018 Census showed that approximately one in every three Cromwell households lived in a home they didn't own, compared to one in every four households across Central Otago as a whole.
- But since 2018 there has been a deterioration to the availability of rental houses. Between 2018 and 2023, Cromwell's population expanded by 23%, while its rental stock lifted by a smaller 17%.
- The smaller increase in Cromwell's rental stock compared to its population meant the number of active rental houses for every 1,000 residents in Cromwell fell from 92.1 in 2018 to 87.6 by 2023.
- To have maintained the per capita availability of rental houses in Cromwell at least at its 2018 level, there would need to have been 33 more homes being rented in 2023 than there actually were. This 33-home difference represents a rental gap in Cromwell's availability of rental houses.
- The limited availability of rental houses in Cromwell is a challenge shared within a commuter belt of Cromwell that encompasses the major towns of Alexandra, Clyde, and Queenstown/Wānaka.
- Population growth in Queenstown/Wānaka was particularly unbalanced compared to increases in the supply of rental houses over recent years. Queenstown/Wānaka's population expanded by 24% between 2018 and 2023, while its rental stock lifted by a smaller 18% over the same period.
- To maintain the per capita availability of rental houses across Alexandra, Clyde, Queenstown and Wānaka at least at its 2018 level, there would need to have been 266 more homes being rented in 2023 in these places than there actually were. This 266-home difference over recent years represents a rental gap across Cromwell's commuter belt, and it sits in addition to Cromwell's own 33-home rental gap.

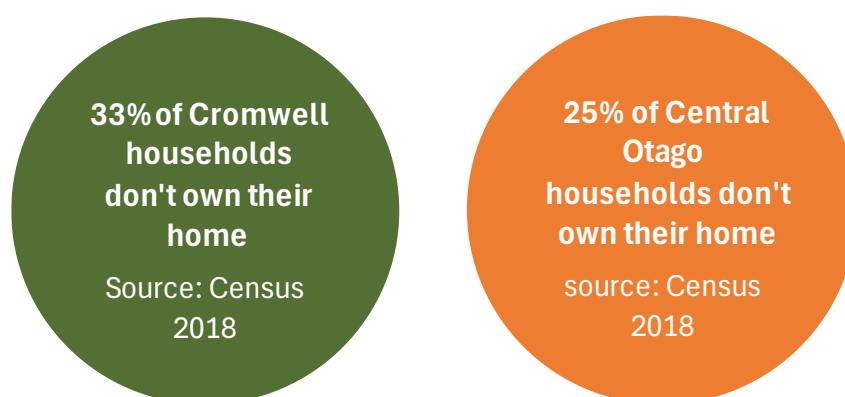
3. Changes in Cromwell's rental stock over recent years

This section gives baseline understandings into changes in Cromwell¹'s rental stock over recent years.

3.1. The importance of rental accommodation in Cromwell

A ready availability of rental accommodation in Cromwell is particularly important because Cromwell residents are more likely to live in a home they do not own compared to the average across all of Central Otago. Previous Census data showed that approximately one in every three Cromwell households lived in a home they didn't own, compared to one in every four households across Central Otago as a whole².

Figure 1



In total at the 2018 Census there were 702 households in Cromwell living in a home they didn't own.

3.2. Recent growth in the supply of rental accommodation

Census 2018 data is helpful for gaining a baseline understanding of the proportion of Cromwell households who don't own their home and so are likely to rent, but it is somewhat out of date when it comes to examining recent growth trends in the supply of new rental houses entering the rental pool up to 2023. To look at this more recent growth in the supply of rental accommodation between 2018 and 2023, it is best to consider data from MBIE regarding the number of rental bonds which have been lodged with Tenancy Services.

Table 1 on the following page shows how these rental bonds have evolved year by year since 2018³.

¹ Throughout this report Cromwell has been defined as comprising Cromwell East and Cromwell West, which align to Statistics New Zealand Statistical Area 2 boundaries and are consistent across different government data sources used in this report.

² Census 2018 has been used as a benchmark for the proportion of households who do not own their home.

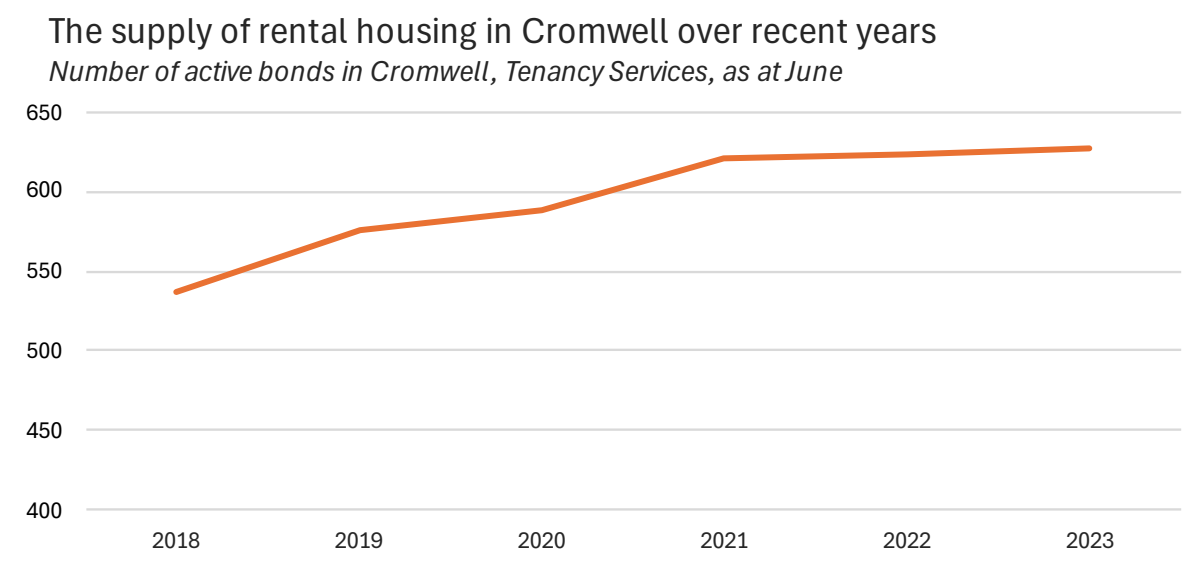
³ You will notice that the 537 active rental bonds in 2018 is somewhat lower than the 702 households identified in Census 2018 as not owning the home in which they live. Some of these differences can be due to multiple households living within a single rental property under one bond, while in other situations a bond may not have been lodged or charged in the first place (for example, if it is the property of an employer, or a friend or family member).

Table 1

| How many rental houses in Cromwell are there? | |
|---|--------------|
| Number of active rental bonds in Cromwell, Tenancy Services, as at June | |
| Year | Active bonds |
| 2018 | 537 |
| 2019 | 576 |
| 2020 | 588 |
| 2021 | 621 |
| 2022 | 624 |
| 2023 | 627 |
| Five-year total growth (2018-23) | 16.8% |
| One-year total growth (2022-23) | 0.5% |

An analysis of rental bonds data shows that the number of tenanted rental houses in Cromwell increased by 17% over the five years to June 2023. Most of this growth occurred before 2021, with the number of rental houses rising by a mere 0.5% between 2022 and 2023.

Graph 1



4. Changes in Cromwell’s population over recent years

This section considers changes in Cromwell’s population over recent years.

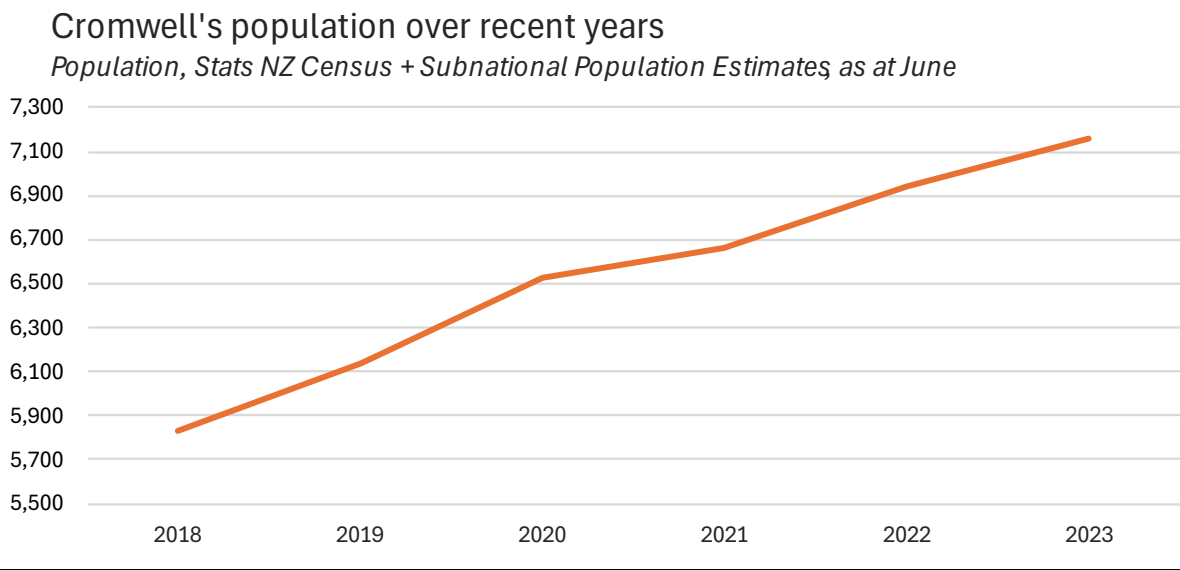
The population of Cromwell has increased significantly over recent years. Cromwell’s population was estimated at 5,830 people in 2018, while by 2023 Cromwell’s population was estimated to have increased to 7,160 people.

Table 2

| How has Cromwell's population evolved over recent years? <i>Cromwell's population, Statistics NZ Census & Subnational Population Estimates, as at June</i> | |
|---|------------|
| Year | Population |
| 2018 | 5,830 |
| 2019 | 6,140 |
| 2020 | 6,530 |
| 2021 | 6,660 |
| 2022 | 6,940 |
| 2023 | 7,160 |
| Five-year total growth (2018-23) | 22.8% |
| One-year total growth (2022-23) | 3.2% |

Cromwell’s population expanded by 23% over the five years to June 2023, with population growth over the last year between 2022 and 2023 sitting at 3.2%pa.

Graph 2



5. Estimating Cromwell's gap in rental housing

This section compares changes in the supply of rental housing in Cromwell against demand from changes in Cromwell's population. This comparison is used to estimate the gap between new rentals entering the rental stock and the number of rentals needed to keep up with population growth over recent years.

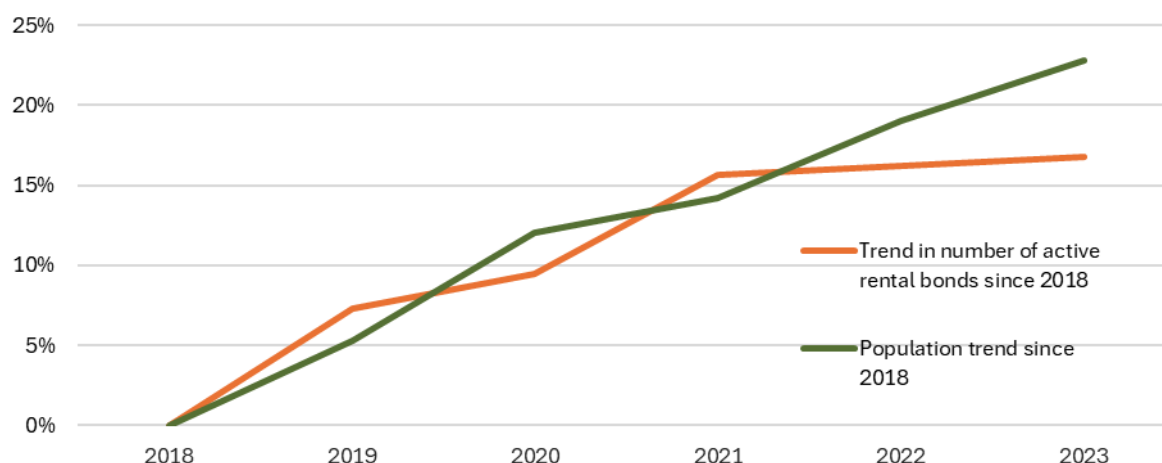
Changes in the supply of rental houses in Cromwell has been insufficient to keep up with population growth. Between 2018 and 2023, Cromwell's population expanded by 23%, while its rental stock lifted by a smaller 17%.

This divergence has primarily occurred since 2021. Until 2021, rental bond numbers were growing fast enough to match population growth, but rental supply growth has since slowed significantly. In 2023, the supply of rental houses crept up just 0.5%, while in the same year there was 3.2% population growth.

Graph 3

Comparing trends in rentals and population in Cromwell

Cumulative total percentage change since 2018 in Cromwell



Put differently, in 2018 there were 92.1 active rental housing bonds in Cromwell for every 1,000 residents, while by 2023 that figure had fallen to 87.6 active rental bonds for every 1,000 residents.

To maintain the availability of rental houses in Cromwell at its 2018 level (92.1 rental houses for every 1,000 residents), there would have needed to have been 660 active rentals across Cromwell in 2023, however, the data shows there were actually only 627 houses with active rental bonds. The 33-home difference between these figures can be thought of as Cromwell's rental gap.

Table 3

How many additional rentals would be needed to meet population growth?

Actual rentals (2023) vs rentals needed to offset population growth since 2018

| | Cromwell |
|---|------------|
| Actual supply: Actual active rental bonds in 2023 | 627 |
| Implied demand: rentals needed in 2023 to offset population growth since 2018 | 660 |
| Difference (negative number shows rental gap) | -33 |

Further evidence of limited rental availability can be seen by looking at TradeMe rental listings. A listings search showed just four houses are currently available to rent in Cromwell (as at 28/01/24).

6. Rental availability in Cromwell's commuter belt

This section considers rental availability in major towns from which people could commute to Cromwell. The intent is to demonstrate that a limited availability of rental properties in Cromwell is a challenge shared with neighbouring towns. The towns specifically considered include Alexandra, Clyde, and Queenstown/Wānaka⁴ – these areas can be reached with commutes of 60 minutes or less.

6.1. Commuting into Cromwell is widespread

Commuting data is hard to find, with Census 2018 being the most recent dataset. Census 2018 showed there were 375 people who travelled to Cromwell daily for work from beyond its immediate surrounds⁵.

Of the 375 daily commuters to Cromwell recorded at the 2018 Census, 171 came from Alexandra, 51 came from Clyde, and a further 48 came from Queenstown Lakes (Queenstown/Wānaka).

6.2. Rental housing supply within Cromwell's commuter belt

The number of tenanted rental houses in Alexandra expanded by 9.2% over the five years to June 2023, while Clyde's inched up by 4.2% (three additional rentals off a low base) over the same period. In comparison, Cromwell recorded a 17% increase across the same five-year period. As with Cromwell, Alexandra's increase predominantly occurred between 2022 and 2023.

Rental houses in Queenstown/Wānaka lifted by 18% from 2018 to 2023. This increase appears rapid, however, as is evident from the next section, it was still insufficient to keep pace with population growth.

Table 4

| How many rental houses are there across major towns in Cromwell's commuter belt? <i>Number of active bonds, Tenancy Services, as at June</i> | | | | |
|---|-------------|-------------|-----------------------|--------------|
| Year | Alexandra | Clyde | Queenstown/ Wānaka | Cromwell |
| 2018 | 360 | 72 | 4,017 | 537 |
| 2019 | 360 | 69 | 4,068 | 576 |
| 2020 | 369 | 75 | 4,095 | 588 |
| 2021 | 369 | 72 | 4,452 | 621 |
| 2022 | 366 | 72 | 4,500 | 624 |
| 2023 | 393 | 75 | 4,725 | 627 |
| Five-year total growth (2018-23) | 9.2% | 4.2% | 17.6% | 16.8% |
| One-year total growth (2022-23) | 7.4% | 4.2% | 5.0% | 0.5% |

6.3. Population growth in Cromwell's commuter belt

Population growth in Alexandra and Clyde (8.7% and 6.8% respectively) across the five years to June 2023 was slower than that recorded in Cromwell (23%). In comparison, Queenstown/Wānaka's population expanded by almost one quarter (24%) across the same five-year period.

⁴ These areas have been defined using Statistics New Zealand geographical boundaries. Alexandra consists of the Alexandra North and Alexandra South statistical areas, while Clyde is comprised of the Clyde statistical area. Queenstown/Wānaka uses the Queenstown Lakes District territorial authority boundary.

⁵ This statistic excludes people living immediately beside Cromwell (eg. Bannockburn & Pisa Moorings).

Table 5

| How has population evolved across major towns in Cromwell's commuter belt? <i>Population, Statistics NZ Census & Subnational Population Estimates, as at June</i> | | | | |
|--|-------------|-------------|-----------------------|--------------|
| Year | Alexandra | Clyde | Queenstown/ Wānaka | Cromwell |
| 2018 | 5,630 | 1,180 | 42,500 | 5,830 |
| 2019 | 5,720 | 1,190 | 44,800 | 6,140 |
| 2020 | 5,940 | 1,240 | 47,700 | 6,530 |
| 2021 | 5,950 | 1,240 | 48,200 | 6,660 |
| 2022 | 6,010 | 1,250 | 48,900 | 6,940 |
| 2023 | 6,120 | 1,260 | 52,800 | 7,160 |
| Five-year total growth (2018-23) | 8.7% | 6.8% | 24.2% | 22.8% |
| One-year total growth (2022-23) | 1.8% | 0.8% | 8.0% | 3.2% |

6.4. Estimating the rental gap in Cromwell's commuter belt

Changes in the supply of rental houses in Alexandra has just kept pace with population growth over recent years. Between 2018 and 2023, Alexandra's rental stock lifted by 9.2%, which is just above population growth of 8.7%. However, other parts of Cromwell's commuter belt saw smaller increases in the supply of rental houses compared to population growth.

Population growth in Queenstown/Wānaka was particularly unbalanced compared to increases in the supply of rental houses over recent years. Between 2018 and 2023, Queenstown/Wānaka's population expanded by 24%, while its rental housing stock lifted by a smaller 18%.

The smaller increase in Queenstown/Wānaka's rental stock compared to its population growth meant the number of rental houses for every 1,000 residents in Queenstown/Wānaka fell from 94.5 in 2018 to 89.5 by 2023. Per capita rental availability in Cromwell and Clyde also slipped (from 92.1 to 87.6 and from 61.0 to 59.5 respectively), while in Alexandra it inched up from 63.9 to 64.2 rentals per 1,000 residents.

Table 6

| How many additional rentals are needed to meet population growth in Cromwell's commuter belt? <i>Actual rentals in 2023 vs rentals needed to account for population growth since 2018</i> | | | | |
|--|-----------|-----------|-----------------------|------------|
| | Alexandra | Clyde | Queenstown/ Wānaka | Cromwell |
| Actual supply (2023): Active rental bonds | 393 | 75 | 4,725 | 627 |
| Implied demand: Rentals needed | 391 | 77 | 4,991 | 660 |
| Difference (<0 means rental gap) | 2 | -2 | -266 | -33 |

To maintain the per capita availability of rental houses across Alexandra, Clyde, Queenstown and Wānaka at least at its 2018 level, there would need to have been 266 more homes being rented in 2023 than there actually were. This 266-home difference over recent years represents a rental gap across Cromwell's commuter belt, on top of Cromwell's own 33-home rental gap.

