



# Investment Types - Is Property Safe as Houses?

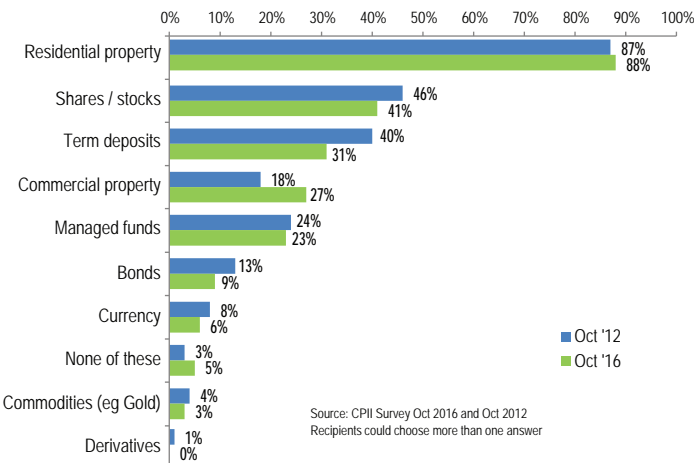
Despite New Zealand's relative economic prosperity, there is clearly an uncertain global economic context with questions hanging over Brexit, the Trump win, the anti-globalisation backlash as well as the health of the world economy (NB this survey was conducted prior to the recent earthquakes). Investment risk is naturally a major topic of interest and is undoubtedly helping fuel the current Auckland housing boom. So in this month's Crockers Property Investment Index (CPII) survey in association with IPSOS we asked investors' a few questions about the perceived risks and benefits of the main investment types available.



## Investments Held

Not surprisingly, given the nature of the Crockers sample, the clear majority, 88%, have residential property investments. At a distant 2nd and 3rd place respectively were shares (41%) and term deposits (31%). Compared to October 2012 the types of investments held have remained relatively constant. The largest changes in investment types held were commercial property (a 9-point increase) and term deposits (a 9-point decrease).

**Investment Types Held**



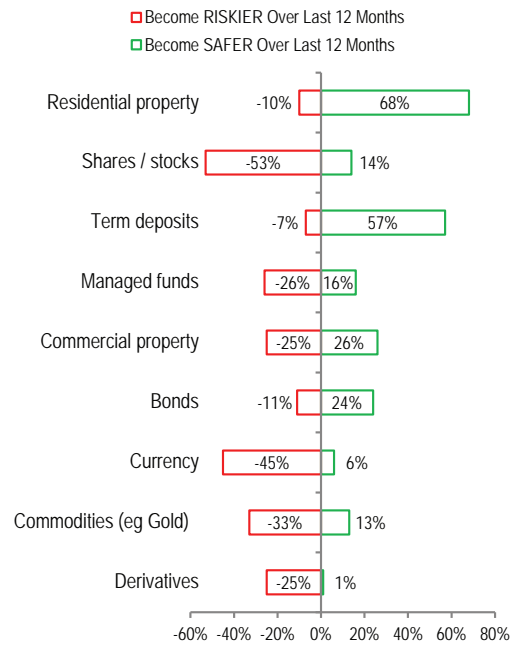
## Riskiness of Investment Types

We asked our sample to nominate the three investment types they regard as becoming safer over the last 12 months, and also those that they perceive to have become riskier.

As shown, shares, currency and managed funds are much more likely to be regarded as having become riskier. On the other hand, term deposits and commercial property are widely regarded as becoming safer in the last 12 months. There are mixed feelings about the riskiness of residential property; however, the net effect suggests that the market generally believes that such investments have become safer over the past year.

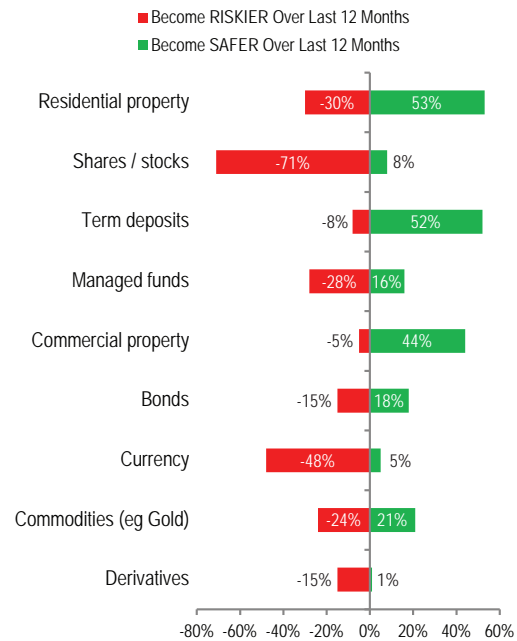
Compared to the results in October 2012, there are fewer consensus regarding the riskiness of residential property. This is evident in the increase in those who believe it has become riskier coupled with a decrease in the proportion who believe it has become safer in the last year. Notably, there has been a substantial increase in the proportion of respondents who regard commercial property as being a safer investment compared to 2012.

**Riskiness of Investment Options (Oct 2012)**



Source: CPII Survey Oct 2012. Recipients could choose more than one answer

**Riskiness of Investment Options (Oct 2016)**



Source: CPII Survey Oct 2016. Recipients could choose more than one answer

**Market Research**

*Everything Property!*



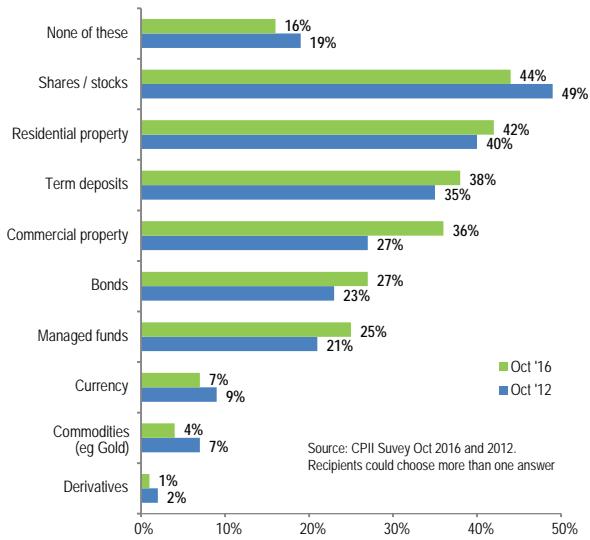
## Economy Builders

One of the common criticisms of the New Zealand residential property market (particularly the lack of capital gains tax) is that it is a 'non-productive' investment that sees significant wealth locked into property and investment capital diverted from potentially more productive options such as shares. So we asked our sample what they thought were investment options that should be encouraged by the Government in order to improve the New Zealand economy.

Investing in the share market was the most commonly cited, with 44% believing it needed more government support of some kind. This was followed by residential property investment (42%), term deposits (38%) and commercial property (36%).

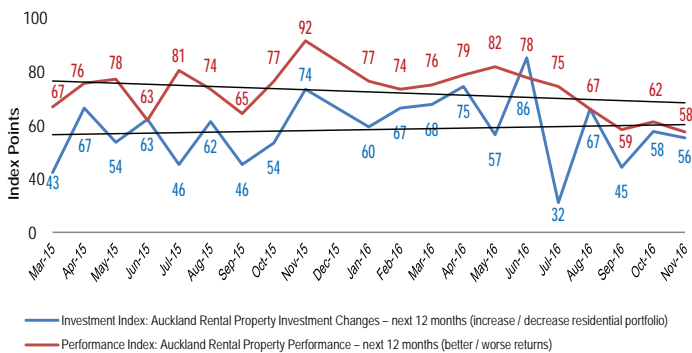
The proportion of respondents who believe commercial property should be encouraged by the Government experienced the largest increase, jumping a substantial 9 points, while shares / stocks have fallen 5 points since 2012.

Investment Types to Improve the NZ Economy



## Crockers Property Investment Index

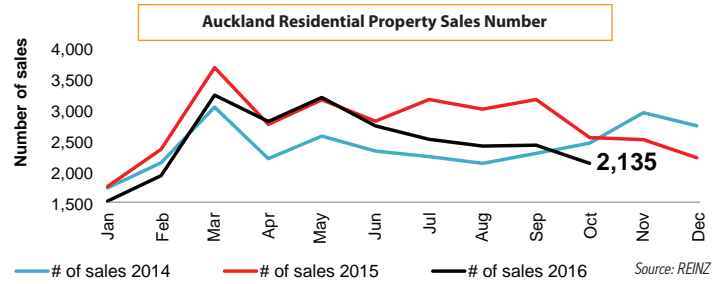
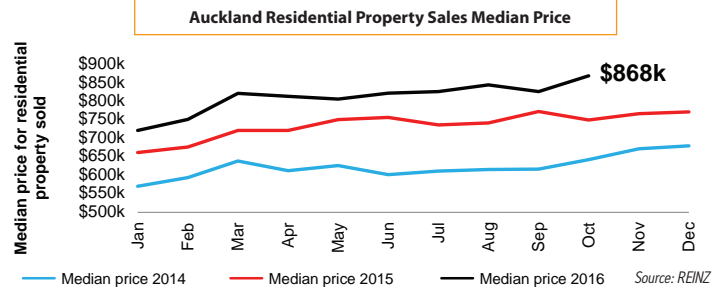
This month the Auckland Rental Property Performance Index has eased, with only slight decreases in the proportion of investors who expect their returns to improve over the next 12 months and also in the proportion of those who think their returns will get worse. The Index still remains at lower levels compared to the past 18 months.



## Auckland Sales & Rental Update

### Auckland Median Prices and Sales Numbers

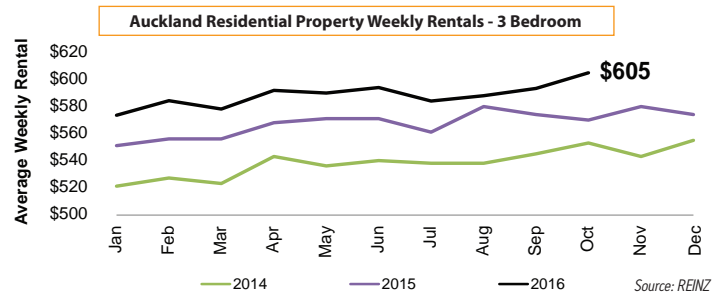
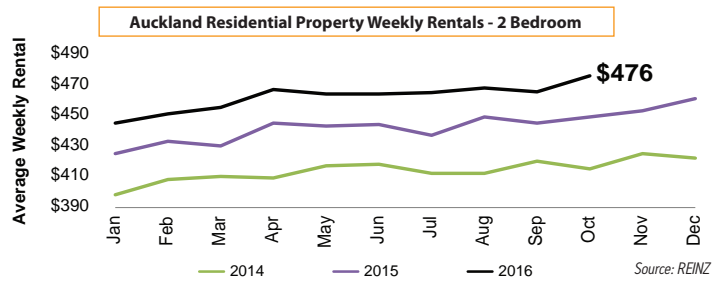
The Median Sales price has jumped substantially from \$825,000 to a new high of \$868,000. Meanwhile, sales volume has again eased slightly in October and is 16% below the volume of sales for the same period last year.



### Auckland Rental Prices

This month Auckland rents for a 2-bedroom residential property have increased from \$466 to \$476 per week, while 2-bedroom rents across New Zealand have also increased from \$375 to \$390 per week. This has resulted in the Auckland 2-bedroom premium easing slightly to 22%.

Rents for 3-bedroom properties in Auckland have increased from \$593 to \$605 per week, while 3-bedroom rents across New Zealand have increased from \$440 to \$460 per week. As 3-bedroom rents across have increased more across New Zealand than in Auckland this month, the Auckland 3-bedroom premium has reduced slightly from 35% to 32%. The growth in the 2-3-bedroom properties is testament to the sustained appetite for Auckland properties amid continued population growth and relative economic prosperity.



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