

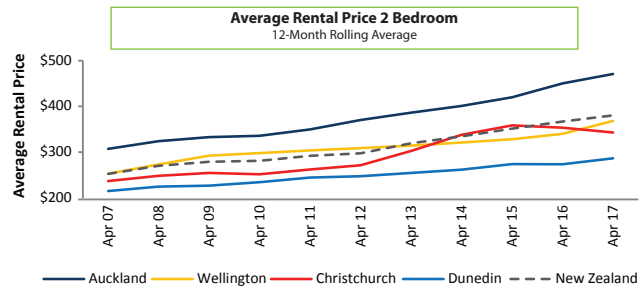
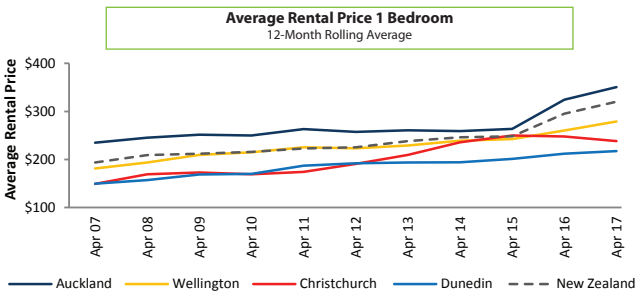


Apartment Metro Review

Rentals Across New Zealand

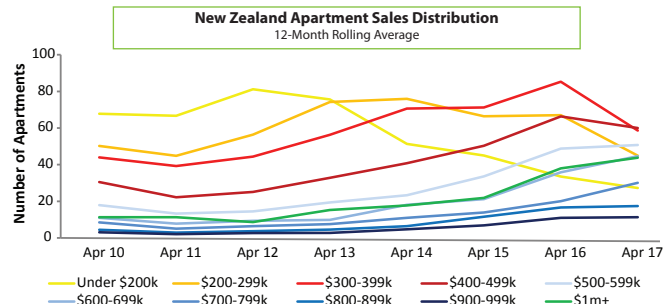
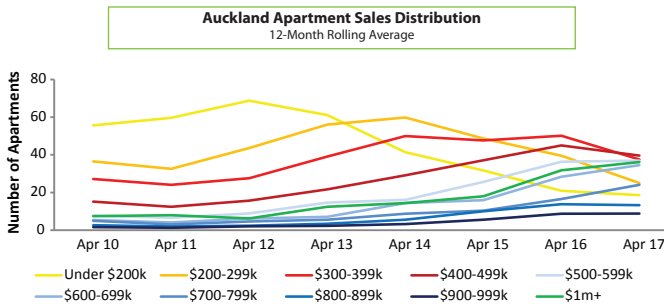
The average rental price for a 1-bed apartment in Auckland has seen a sizeable increase since 2015; meanwhile average rental prices in Wellington have increased steadily albeit at a slower pace. Over the same period 1-bed apartment rents have been steady in Dunedin and have declined in Christchurch. This has flowed through to the larger price differentials across the 4 metro areas, with Auckland maintaining a sizeable 1-bed rental price premium over the national average. The price differential in Wellington, Christchurch and Dunedin has declined further below the national average.

This pattern is also reflected in 2-bed apartment rental prices over the same period. Auckland has seen a steady increase in the average rental price while Dunedin has remained relatively stable and Christchurch has seen a decline. Over the past 12-months, Wellington's 2-bed apartment rental price grew the fastest nationally. The flow-on effect on price differentials over the past 2 years means Auckland's 2-bed premium over the national average has increased slightly. The differentials for Christchurch and Dunedin have all declined and are below the national (Auckland-skewed) average, while Wellington's differential has narrowed over the past 12-months.



Sale Price and Number of Sales Distribution

Both the number and share of mid-to-top-price (\$500k+) Auckland apartment sales have increased sharply since the year-to April 2012 amid Auckland's brisk population growth, economic prosperity and rising residential property prices. Over the same period, there have been sharp declines in the number of lower-price (\$200k and under) apartment sales in Auckland. The trends are also reflected at the National level (Auckland-skewed).

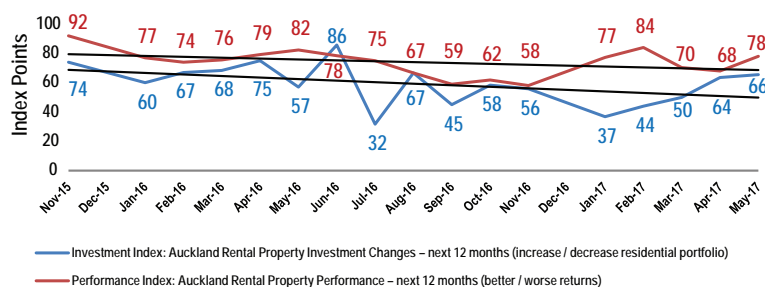


Market Research
Everything Property!

Crockers Property Investment Index

This month the **Auckland Rental Property Investment Index** has improved for the fourth consecutive month, reflecting a considerable increase in the proportion of investors who plan to increase their property investments and only a modest increase in the proportion planning to divest, leaving a net gain.

The **Auckland Rental Property Performance Index** saw a recovery this month. This strengthening is due to a sizeable increase in proportion of investors who believe their property investments will perform better over the next 12 months coupled with no change in the proportion of those who believe their investments will perform worse.



Source: CPII Survey May 2017



How good would \$1,000 look in your bank account? Find out more at crockers.co.nz/connect

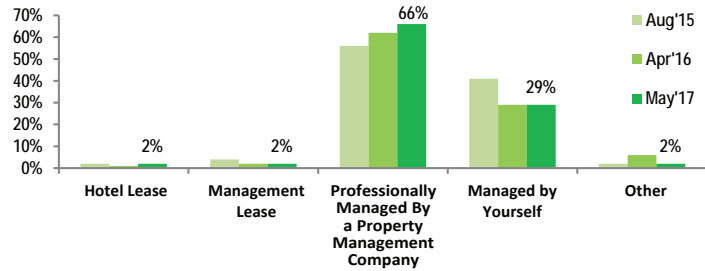
Apartment Management and Investment Options

Professional Property Management is Most Preferred for Investment Apartments



When buying an investment apartment, the majority of investors surveyed in the Crockers Property Investment Index (CPII) survey in association with IPSOS prefer to use a professional property management company. Most of the rest prefer managing their investment apartment(s) themselves – this has been consistent over the years. In interpreting these answers we have to bear in mind that as the sample was sourced from Crocker's newsletter recipients, that a bias towards preferring property managers is expected.

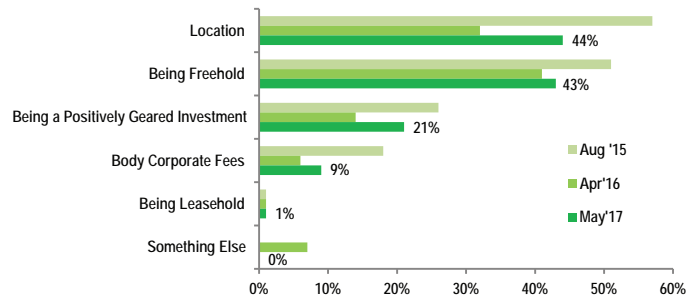
If you were to buy an investment apartment, which one of these options would you consider more favourably?



Location, Freehold and... Gearing

The most important factors in buying an investment apartment are location and freehold. Compared with 2016, the importance of location has increased although still some way off 2015 levels. Positive gearing became more important in 2016 while freehold and body corporate fees saw modest increases in 2017.

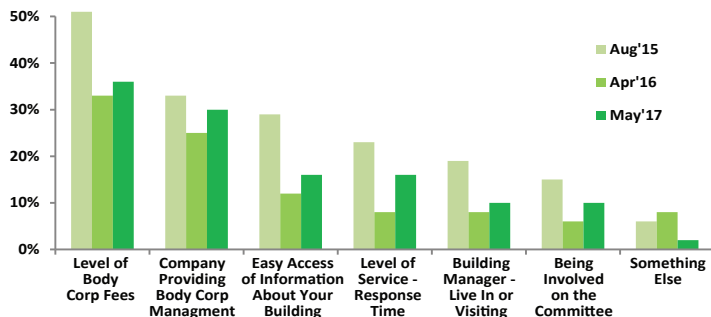
If you were to buy an investment apartment, which out of the following would be the most important factor to you?



Body Corporate Fees Overshadow Service

Body Corporate Fees are a major consideration for investors in apartments, followed by which company is providing the Body Corporate Management; with easy access to information about the building a distant-third. Relatively few considered the level of service (16%), building manager (10%) and being on the Committee (10%) to be especially important factors.

When buying an investment apartment, you become part of a Body Corporate. Which of the following Body Corporate factors would be most important to you?

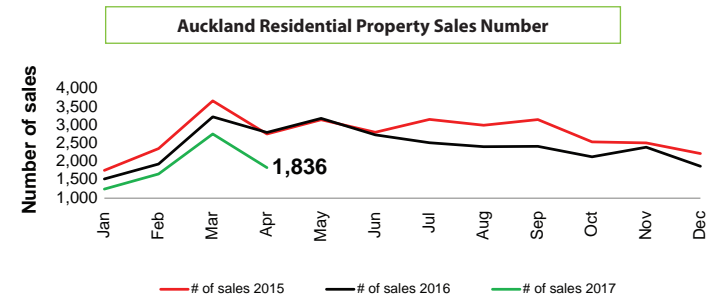
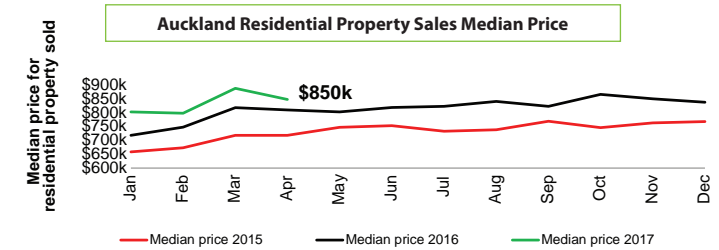


Source: CPI Survey Aug 15, Apr 16, May 17

Auckland Sales & Rental Update

Auckland Median Prices and Sales Numbers

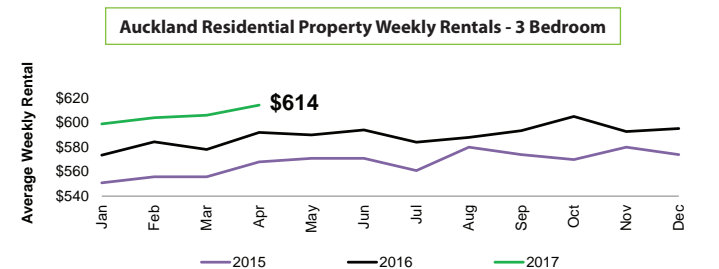
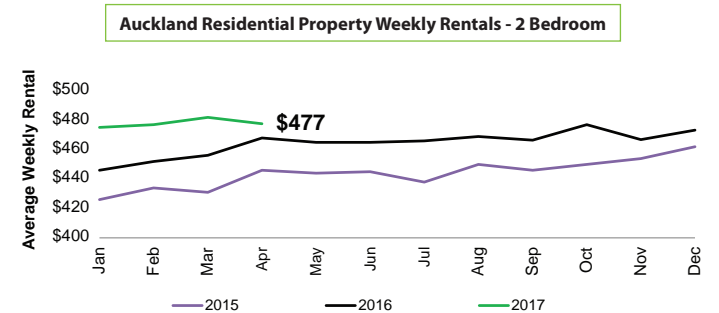
The median sales price eased in April from \$890,000 to \$850,000 but despite the decline April's price is 5% higher than the same time in 2016. Meanwhile, sales volumes have declined from 2,761 to 1,836 and although this follows the normal April trend, sales volumes are 35% lower than at the same point in 2016.



Auckland Rental Prices

Over the past month, average Auckland rents for a 2-bedroom residential property decreased slightly from \$481 to \$477. New Zealand 2-bedroom rents also decreased slightly over the same period from \$395 to \$390. The Auckland 2-bedroom premium has held steady at 22% in April.

Rents for 3-bedroom properties in Auckland increased from \$606 to \$614 in April, while 3-bedroom rents across New Zealand remained steady at \$460. This has resulted in the Auckland 3-bedroom premium increasing slightly to 34% in April.



Source: REINZ

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