



Investor Insight

June 2024

Crockers 
PEOPLE & PROPERTY

EST.1971
crockers.co.nz

Tony Alexander
Independent Economist

MANAGEMENT
BTR
BODY CORP



Rental market eases

Welcome to the latest monthly Investor Insight survey compiled by Crockers Property Management and Tony Alexander. Each month we survey a selection of the many thousands of residential property investors on our databases with a view to gauging how things are changing over time across a wide range of indicators.

For instance, we will track changes in pressures on rents, points of particular concern, plans regarding property purchases and intentions to sell, and shifts in preferences for property types.

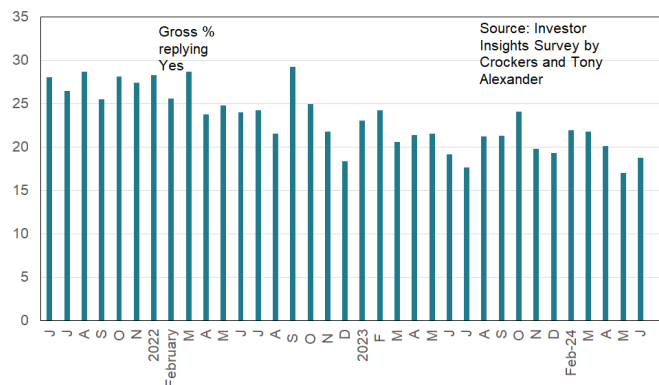
Key points of interest from this month's survey, which received 316 responses include the following.

- Landlords report that it is becoming harder to find good tenants.
- There has been a sizeable drop in the average rent rise which landlords will aim to achieve in the coming year.
- Investors overall still intend being net sellers of property in the near future.

ARE YOU THINKING ABOUT BUYING ANOTHER PROPERTY WITHIN THE NEXT 12 MONTHS?

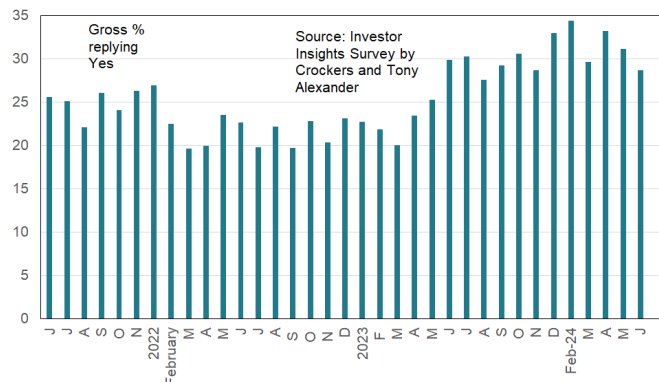
This month's survey has revealed a small recovery in the proportion of existing residential property investors thinking about buying another property to 19% from 17% in May. This is still however the equal lowest such reading in the three years during which our survey has been running.

Are you thinking about buying another property within the next 12 months?



The proportion considering selling within the next 12 months has eased slightly to 29% from 31% last month.

Are you thinking about selling one or all of your properties within the next 12 months?

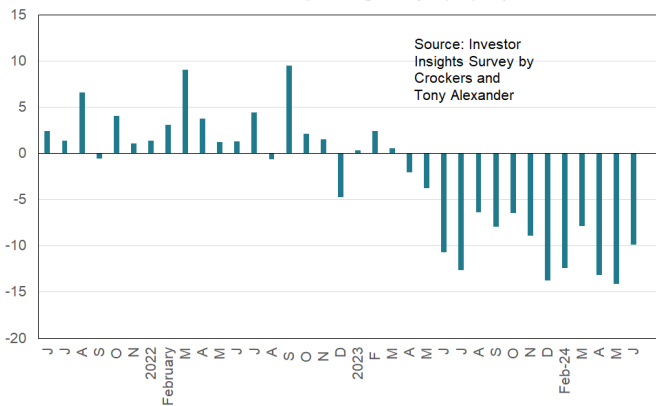


Putting the two measures together we can calculate net buying intentions, and this can give an indication as to whether price pressures are upward or downward from the people who already own residential property investments.

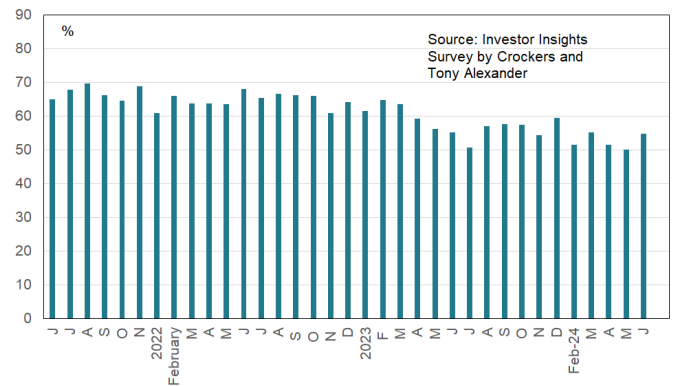
The net proportion of investors thinking about buying a property now stands at -10% from -14% in May. The graph below shows that net selling intentions still remain relatively firm.



Net % of investors planning to buy a property



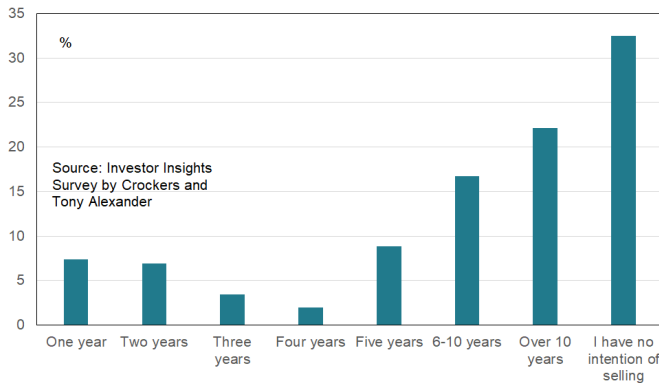
Gross % of investors planning to hold at least ten years or never sell



ROUGHLY HOW LONG DO YOU PLAN KEEPING YOUR INVESTMENT PROPERTY(S) FROM NOW?

There has been a slight recovery this month in the proportion of investors who say they intend holding their property for at least ten years – to 22% from only 17% last month. For no obvious reason, few investors think of holding for another four years.

Roughly how long do you plan keeping your investment property(s) for from now?

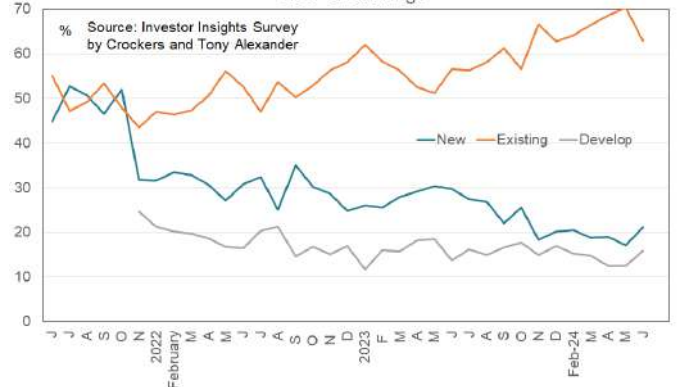


The proportion who would hold for at least ten years of never sell has recovered to 55% from only 50% last month and 51% in April.

IF YOU ARE THINKING ABOUT BUYING ANOTHER PROPERTY WILL IT BE NEW OR EXISTING?

This month there has been a slight dip to 63% from 70% last month in the proportion of those looking to buy who will aim for an existing dwelling. The proportions who would buy new or develop have edged up but it is too early to say that this is a trend away from the aversion to newbuilds which has been underway since late-2021.

If you are thinking about buying another property will it be new or existing?

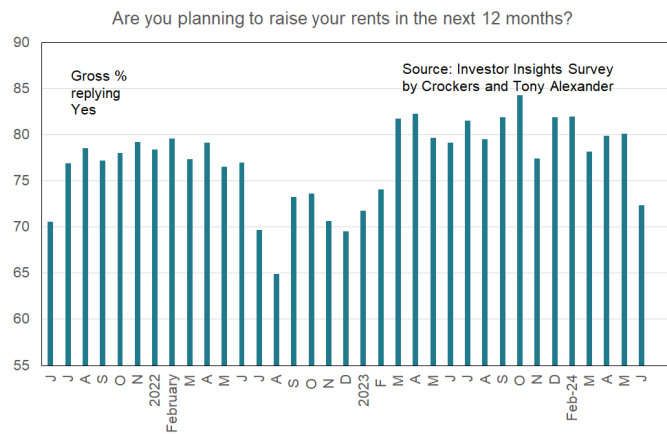


ARE YOU PLANNING TO RAISE YOUR RENTS IN THE NEXT 6 MONTHS?

The proportion of landlords saying they plan to raise their rents over the coming 12 months has decreased to 72% from 80% in May. This is the lowest reading since January 2023 and comes

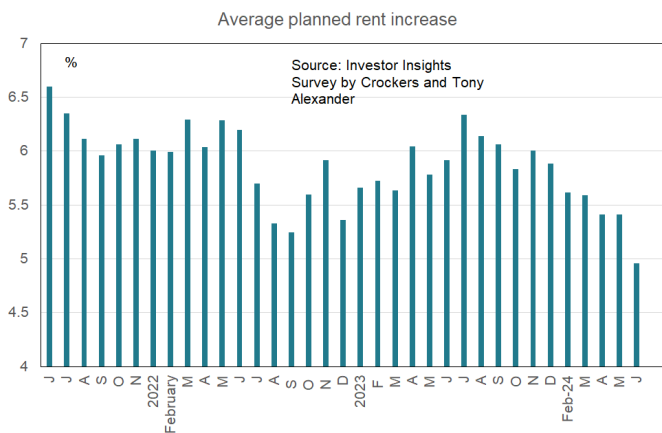


about despite soaring costs for insurance and council rates, still high interest rates, and a population surge over the past three years. Anecdotal evidence suggests many individual and developers who had planned selling their dwellings have instead temporarily placed them in the rental pool until the real estate market improves.



IF YOU PLAN RAISING YOUR RENTS, HOW MUCH BY?

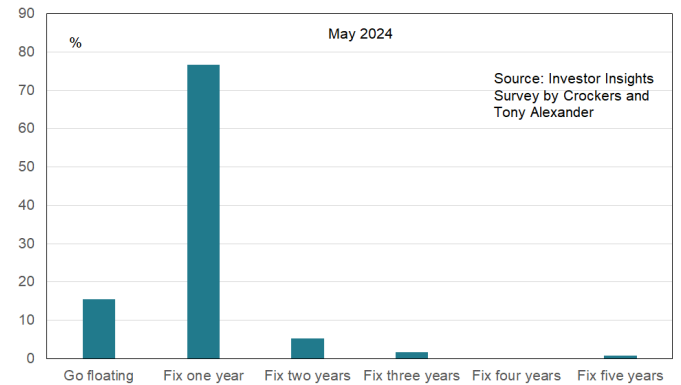
The average rent rise desired by landlords has decreased to 4.9% from 5.4% last month and a peak of 6.3% in July last year. This is the lowest reading on record and is a good sign that inflationary pressures are easing in the economy.



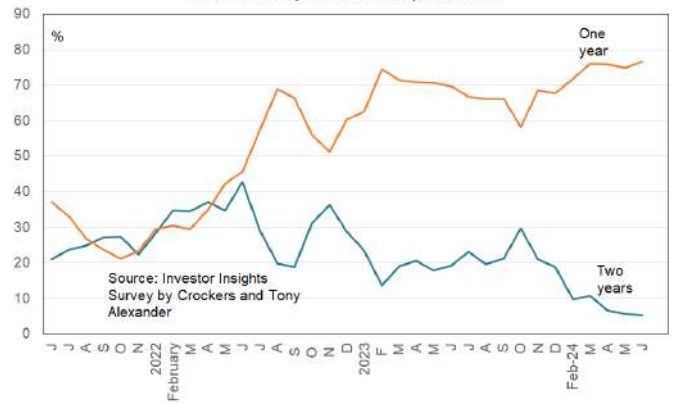
IF YOUR MORTGAGE RATE IS COMING UP FOR RENEWAL IN THE NEAR FUTURE, WHAT ARE YOU THINKING ABOUT DOING?

It remains the case that most borrowers considering their interest rate risk management intend fixing for one year or less.

If your mortgage interest rate period is coming up for renewal in the near future, what are you thinking about doing?

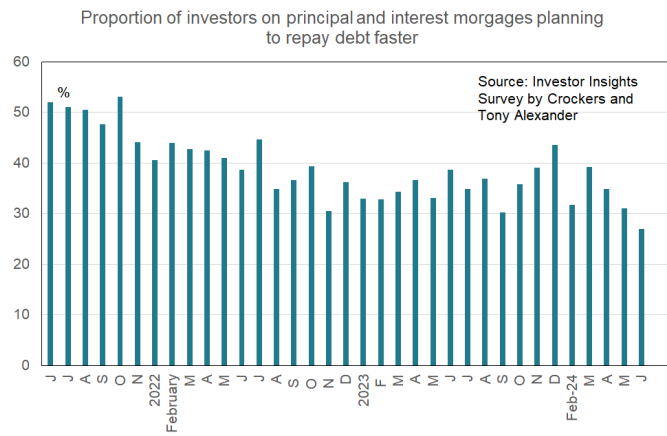


One and two year fixed rate preferences



WHAT ARE YOU THINKING REGARDING THE SPEED WITH WHICH YOU ARE PAYING DOWN PRINCIPAL ON YOUR MORTGAGE?

In a sign that either cash flows do not allow it or that the cost of debt servicing is expected to fall away soon, a decreasing proportion of our survey respondents say that they intend increasing their debt repayments in the near future.



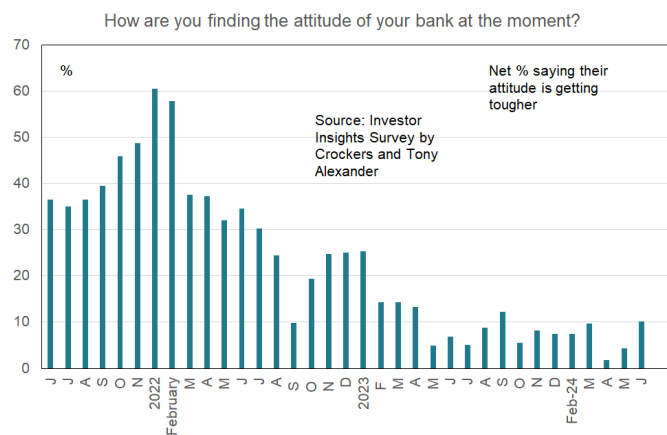
HOW ARE YOU FINDING THE ATTITUDE OF YOUR BANK AT THE MOMENT?

Respondents to this question can choose amongst three options.

- Getting tougher
- Getting more relaxed
- No change, nothing apparent.

We can calculate the net proportion feeling that things are getting tougher and show the result in the following graph.

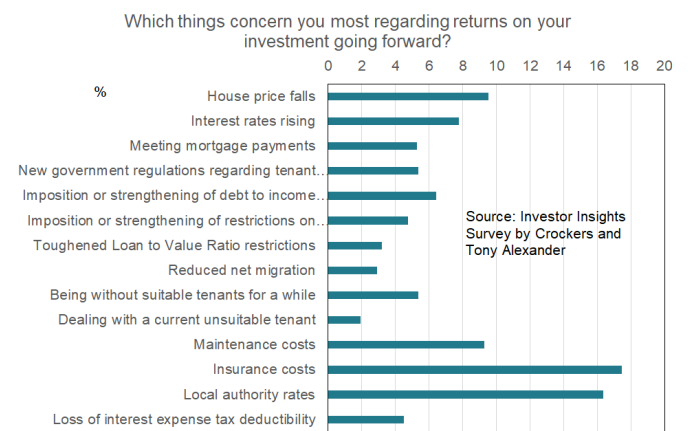
There has been an increase in the proportion of landlords feeling that their bank is becoming less accommodating from just 2% in April to 10% now.



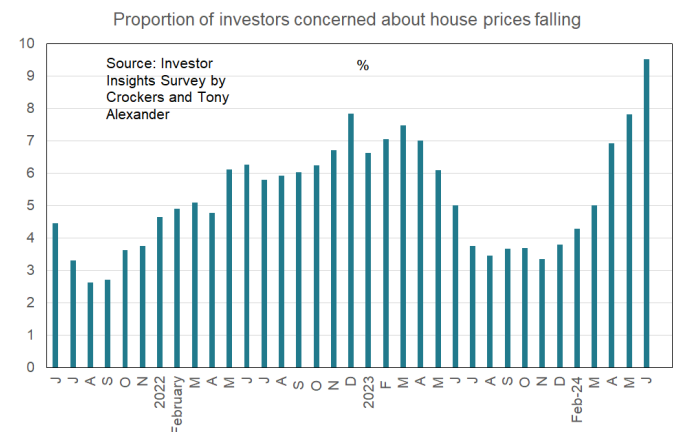
WHICH THINGS CONCERN YOU MOST REGARDING RETURNS ON YOUR INVESTMENT GOING FORWARD?

Respondents are able to choose more than one response to this question and results for all choices are shown in the following graph.

The things which investors are most concerned about are insurance costs, council rates, and house prices falling.



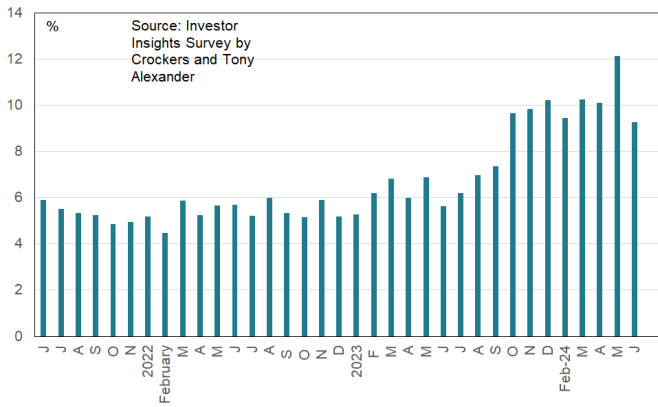
Concerns about house prices have noticeably risen in the past three months.



Worries about maintenance costs have eased but remain relatively high.



Proportion of investors concerned about maintenance costs rising





There were 316 responses received in this month's survey, with respondents located as follows.

Region	%
Northland	1.7
Auckland	44.9
Bay of Plenty	5.4
Waikato	8.3
Hawke's Bay/Gisborne	4.1
Taranaki	1.7
Manawatu-Wanganui	2.7
Wellington	11.1
Nelson, Tas., Marl	2.0
Canterbury	12.0
Dunedin City	3.4
Queenstown Lakes	2.5
Southland	0.1

YOUR PROPERTY, PROPERLY MANAGED

Get in touch to learn about our wrap around services for management, body corporate and BTR needs for your properties and complexes.

MANAGEMENT: pm@crockers.co.nz

- Request a free rental appraisal
- Enquire about stress-free property management for your residential or commercial property

BODY CORP: bc@crockers.co.nz

- Request a free proposal for your Body Corporate
- Find out how Crockers can assist your Residential Society

BUILD-TO-RENT: btr@crockers.co.nz

- Request a free Build-to-Rent proposal
- We assist BTR developers and owners in the design, development and management of their complexes

CROCKERS PROPERTY GROUP

F 0800 CROCKERS (2762 5377)

E property@crockers.co.nz

2 Onslow Avenue, Epsom, Auckland 1023
PO Box 74054, Greenlane, Auckland 1546

Crockers Property Management Ltd
Crockers Body Corporate Management Ltd

MANAGEMENT
BTR
BODY CORP

EST.1971
crockers.co.nz

Crockers 
PEOPLE & PROPERTY