



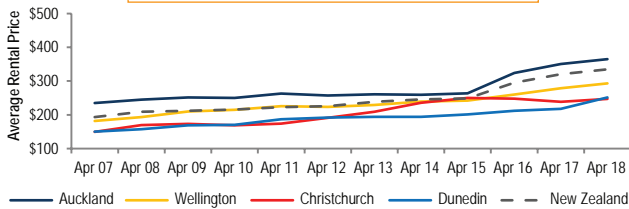
# Apartment Review of the 4 Metros

## Rentals Across New Zealand

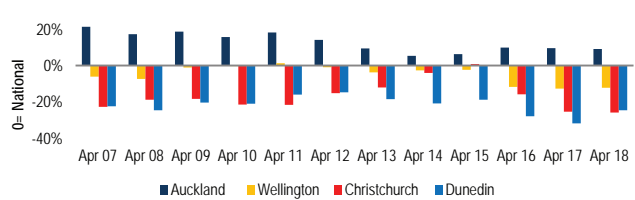
The average rental price for 1-bedroom rentals in Auckland saw a large increase in 2015. While the price is still rising, the acceleration has decreased in recent years and it currently sits at \$365 for the year ending April 2018. Wellington 1-bedroom rental prices have continued to increase and sit at \$293 for the year ending April 2018. Christchurch rental prices have started to re-stabilise after a peak which was caused by the undersupply of rentals after the Canterbury earthquakes. Meanwhile Dunedin 1-bedroom rental prices have had a sharp increase in the past year as a result of a decreasing number of properties available on the rental market.

The pattern seen in 1-bedroom rentals is also very similar to that for 2-bedroom rentals. However, this year the average Wellington 2-bedroom rental price (\$398) has surpassed the New Zealand average (\$395). Christchurch and Dunedin 2-bedroom rental prices show similar movements to 1-bedroom prices, with Christchurch stabilising and Dunedin showing an increase. Auckland 2-bedroom rental prices continue to steadily increase, reflected by the high demand to live in New Zealand's largest city.

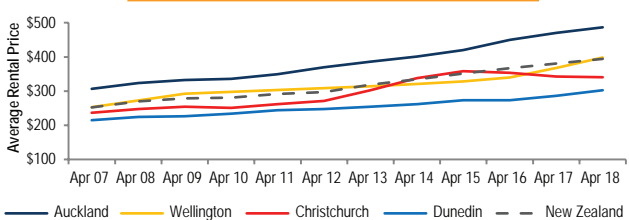
**Average Rental Price - 1 Bedroom**  
12-Month Rolling Average



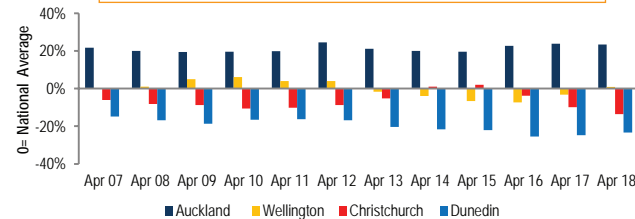
**Differential Between City and Average NZ Rental Prices - 1 Bedroom**  
12-Month Rolling Average



**Average Rental Price - 2 Bedroom**  
12-Month Rolling Average



**Differential Between City and Average NZ Rental Prices - 2 Bedroom**  
12-Month Rolling Average

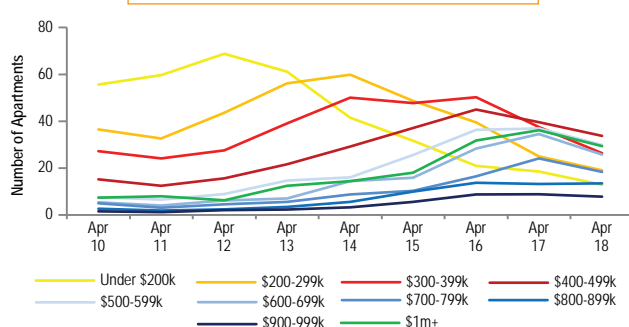


Source: REINZ

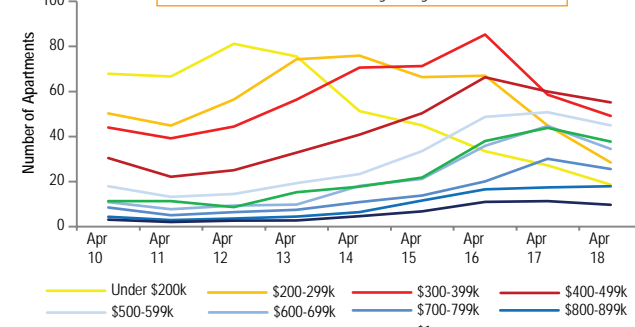
## Sale Price & Number of Sales Distribution

After 2012 there was a sharp increase in the number of apartments selling above \$500k. However, this has started to decrease in the past year, reflecting the other measures discussed above that indicate how the market is stabilising. This decrease in the number of mid-to-high-price apartment sales (\$500k+) has not had an effect on the number of lower-priced apartment sales (under \$500k), as they continue to become less common. The data for both Auckland and New Zealand indicates that there has been a decrease in availability of apartments over the past year, reflecting the overall shortage of affordable housing in New Zealand.

**Auckland Apartment Sales Distribution**  
12-Month Rolling Average



**NZ Apartment Sales Distribution**  
12-Month Rolling Average



Source: REINZ

Market Research

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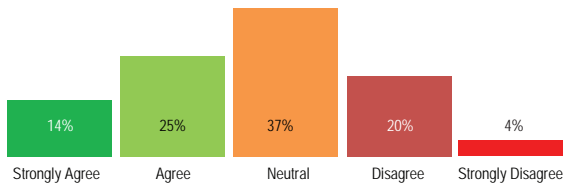
# Letting Fees

The new government has proposed to prohibit letting fees, with the intention to reduce the price barriers that might make it harder for some tenants to find a suitable rental, and to encourage consistency in the rental market by ensuring tenants do not face different up-front costs depending on who they rent through.

In our latest Crockers Property Investment (CPII) survey in association with Ipsos, we asked survey participants about letting fees in response to this government's proposed bill. When investors were asked whether they believed that prohibiting letting fees would promote consistency in the rental market, 39% agreed that it would promote consistency in the rental market, whilst 24% believed that these outcomes would not be achieved, indicating that investors who believe that the bill will achieve its intended outcome are in the minority.

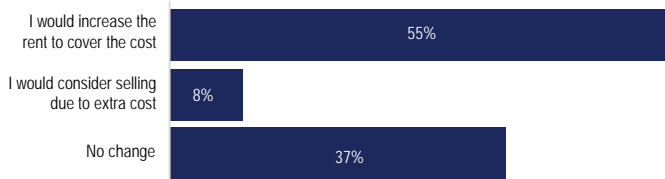


Letting Fees will Promote Consistency in the Rental Market



Some commentators believe that if the bill were passed and the law implemented, the cost of owning an investment property will increase. Those was borne out in our survey responses, in which 55% of investors said they would increase the rent to cover the increased cost, whilst 37% would absorb the cost.

Consequence of Letting Fees Being Removed



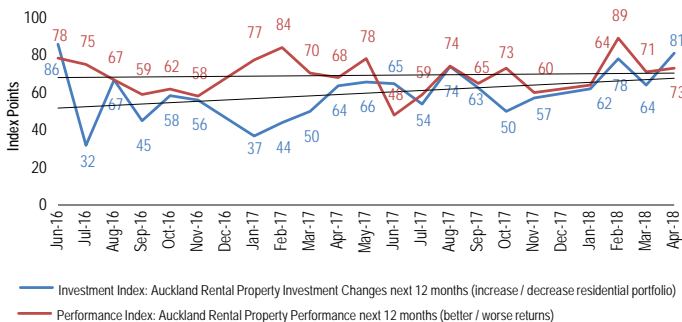
Note: Excludes 'does not apply' answers.

Source: CPII Survey May 2018

# Crockers Property Investment Index

This month the **Auckland Rental Property Investment Index** is largely unchanged, although the long term upward trend continues.

In contrast, the **Auckland Rental Property Performance Index** has decreased this month, due to fewer investors expecting 'better' returns, and more expecting the 'same' returns.

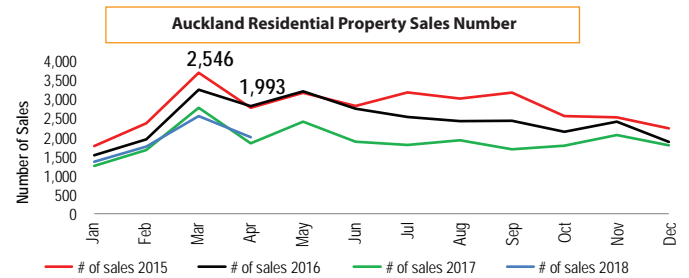
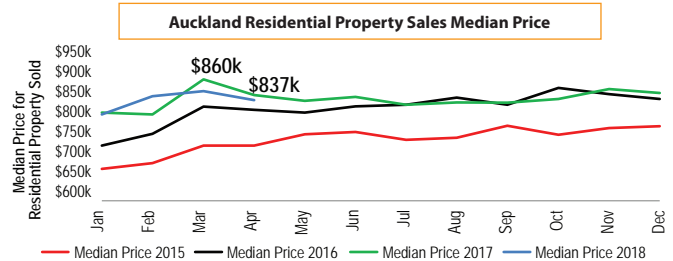


Source: CPII Survey May 2018

# Auckland Sales & Rental Update

## Auckland Median Prices & Sales Numbers

The median sales price for Auckland residential properties has decreased from \$860,000 in March to \$837,000 in April. Meanwhile, sales volume has also decreased from 2,546 to 1,993. This reflects the seasonal decline that occurs between March and April every year.

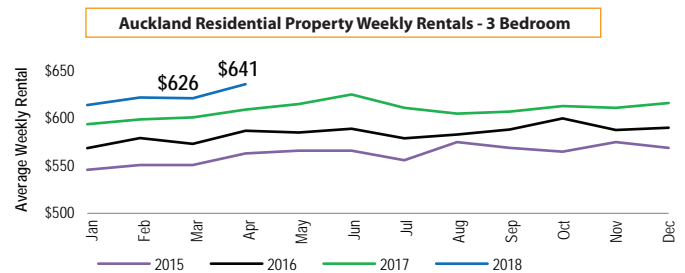
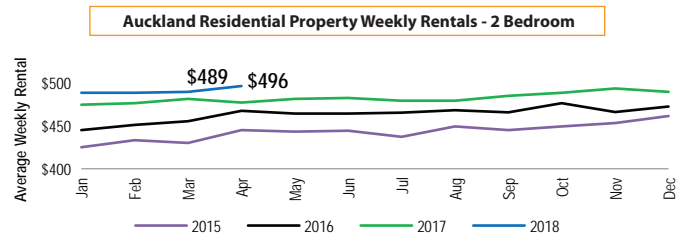


Source: REINZ

## Auckland Rental Prices

The average Auckland rent for 2-bedroom residential properties has increased this month from \$489 to \$496, while the average 2-bedroom rental across New Zealand has remained stable at \$400. This has resulted in the Auckland 2-bedroom premium increasing to 24%.

The average rent for 3-bedroom properties in Auckland has increased from \$626 to \$641, whilst average 3-bedroom rents across New Zealand have decreased from \$480 to \$470. This is a result of Wellington 3-bedroom rental prices decreasing from \$527 to \$520 after a spike in March. Consequently, Auckland's 3-bedroom premium has increased to 36% this month, currently at its highest point since September 2017.



Source: REINZ

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