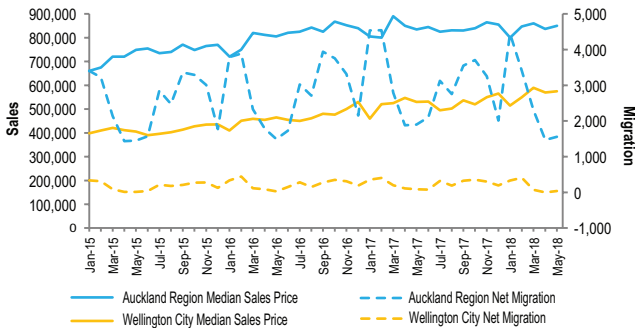




# Net Migration Flows & House Prices – Is There a Connection?

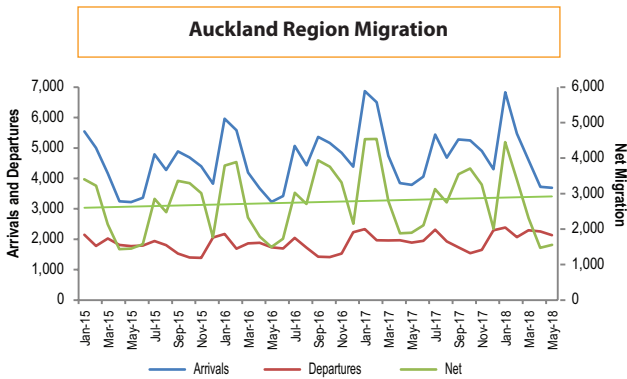
Recent migration data from Statistics New Zealand indicates that net migration has started to ease, as there has been an increase in non-New Zealanders leaving the country, although arrivals remain at a steady level<sup>1</sup>.

Using net migration figures from Statistics New Zealand and sales data from REINZ, we can compare long-term median sales prices with net migration figures to see if net migration has any influence on sales prices. There is a clear decrease in net migration in the months of May and December every year. We hypothesise that the May slowdown reflects northern hemisphere immigrants being reluctant to sell their properties in their winter, and the January slowdown reflecting people's reluctance to immigrate at Christmas.



Source: Real Estate Institute of New Zealand / Department, Median Sales Prices, Jan 2015–May 2018

Source: Stats NZ Net Migration, Permanent and Long-Term Migration by Country of Residence, Citizenship and NZ Area (Monthly) Jan 2015–May 2018



Source: Stats NZ Net Migration, Permanent and Long-Term Migration by Country of Residence, Citizenship and NZ Area (Monthly) Jan 2015–May 2018

Drilling down on Auckland, seasonal shifts indicate that when net migration is at its highest level (January), Auckland median sales prices are traditionally experiencing their post-Christmas summer decline. However, the February uptick could logically be attributed in part to immigrants 'settling in' after their move and buying in February.

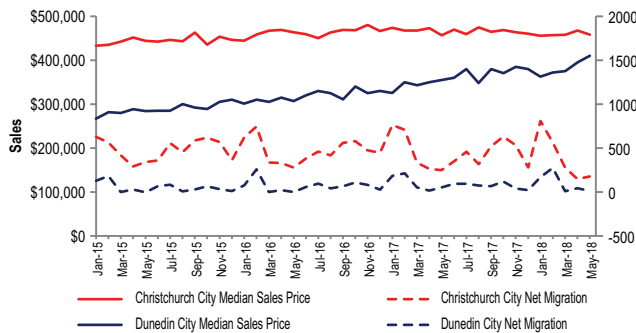
Overall, Auckland has experienced a 29% increase in median sales prices since January 2015. Over the same period, net migration has contributed approximately 8% to Auckland's population<sup>2</sup>; which indicates that median sales prices have increased at over three times the rate of migration and that the last government's stance that property price rises merely reflected a supply and demand imbalance was partially incorrect.

Similarly, since January 2015, Wellington median house price has increased 44%, while net migration's contribution to Wellington's population has increased by approximately 2% over the same period<sup>3</sup>.

Looking at the South Island, in Christchurch we see a growth in the median house price of 6% since January 2015, while net migration has contributed approximately 5% to Christchurch's population<sup>4</sup> over the same period.

In Dunedin, the median house price has increased by 54% from January 2015, while net migration has contributed approximately 2% to Dunedin's population<sup>5</sup>.

All these results confirm how property investment has provided very good returns for investors, and that the Kiwibuild programme designed to increase the supply of affordable homes will not be a 'silver bullet' on its own.



Source: Real Estate Institute of New Zealand / Department, Median Sales Prices, Jan 2015–May 2018

Source: Stats NZ Net Migration, Permanent and Long-Term Migration by Country of Residence, Citizenship and NZ Area (Monthly) Jan 2015–May 2018

<sup>1</sup> [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=36&objectid=12055555](https://www.nzherald.co.nz/business/news/article.cfm?c_id=36&objectid=12055555)

<sup>2</sup> Based on an Auckland population of 1,415,550 from the 2013 Census (Stats NZ) [http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request\\_value=13170&tabname=>](http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request_value=13170&tabname=>)

<sup>3</sup> Based on a Wellington population of 471,315 from the 2013 Census (Stats NZ) [http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request\\_value=14322&tabname=>](http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request_value=14322&tabname=>)

<sup>4</sup> Based on a Christchurch population of 341,469 from the 2013 Census (Stats NZ) [http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request\\_value=14758&tabname=>](http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request_value=14758&tabname=>)

<sup>5</sup> Based on a Dunedin population of 120,249 from the 2013 Census (Stats NZ) [http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request\\_value=15022&tabname=>](http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/quickstats-about-a-place.aspx?request_value=15022&tabname=>)

**Market Research**

Everything Property!



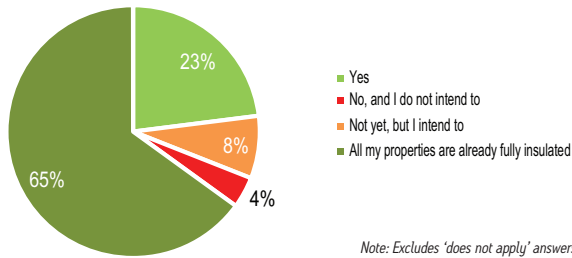
# Homes Insulated in Response to the Act

As of 1st July, 2019, the new Healthy Homes Act requires landlords to ensure that any new tenancy must be properly insulated or contain a heating source that is able to keep the home warm and dry. This month in our latest CPII Survey in association with IPSOS we asked our investors if they had insulated their properties in response to the act.



Encouragingly, 65% of respondents already had all their rental properties insulated. Only 12% of investors have not currently insulated their home.

## Have You Insulated Any of Your Uninsulated Rental Properties in Response to This Act?

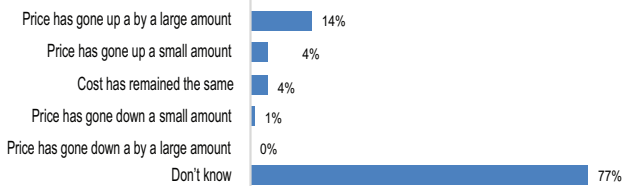


Note: Excludes 'does not apply' answers

## Price of Insulation

Respondents were also asked if they had noticed any price fluctuations after various news outlets reported that insulation providers had increased their prices up by the same amount of the government subsidy – essentially meaning that the providers are pocketing the subsidy. Overall, among property investors there is a level of unawareness of the price of insulation. However, 18% of investors have noticed a price increase, suggesting that there may be evidence of price gouging in the market for insulation.

## Noticed Any Price Fluctuations

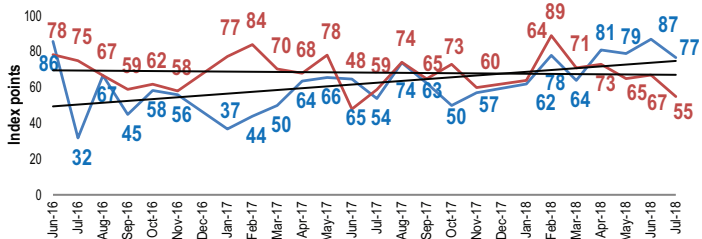


Source: CPII Survey July 2018

# Crockers Property Investment Index

This month the **Auckland Rental Property Investment Index** has decreased, as a result of an increase in those looking to sell off some of their investment portfolio.

The **Auckland Rental Property Performance Index** has also decreased this month, as more investors believe the performance of the Auckland rental property market over the next 12 months will get worse.



— Investment Index: Auckland Rental Property Investment Changes - next 12 months (increase / decrease residential portfolio)  
 — Performance Index: Auckland Rental Property Performance - next 12 months (better / worse returns)

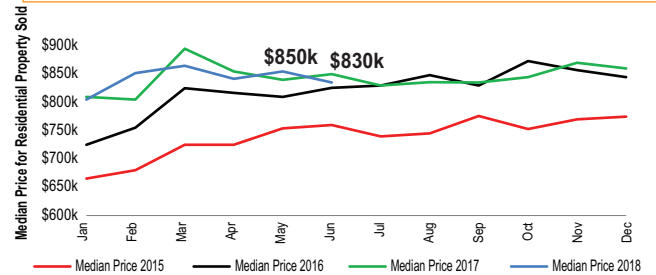
Source: CPII Survey July 2018

# Auckland Sales & Rental Update

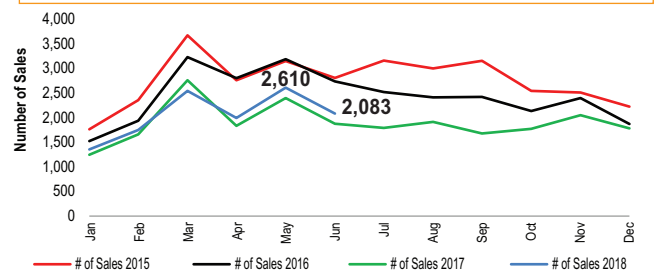
## Auckland Median Prices & Sales Numbers

The median sales price for Auckland residential properties decreased from \$850,000 in May to \$830,000 in June. Meanwhile, sales volume also decreased from 2,610 to 2,083. This reflects the winter slowdown that we see every year in both median sales price and volume, yet prices are still lower than this time last year, whereas sale volumes are slightly higher.

### Auckland Residential Property Sales Median Price



### Auckland Residential Property Sales Number



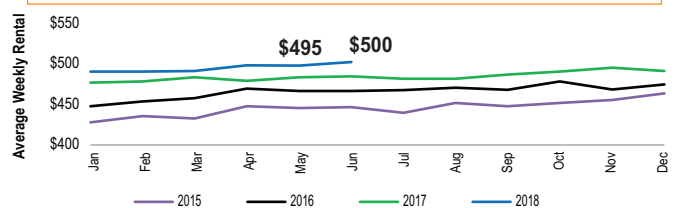
Source: REINZ

## Auckland Rental Prices

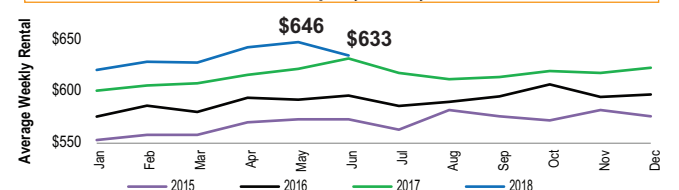
The average Auckland rent for 2-bedroom residential properties has reached \$500 this month, while the average 2-bedroom rental across New Zealand has remained stable at \$410. This has resulted in the Auckland 2-bedroom premium increasing from 21% to 22%.

The average rent for 3-bedroom properties in Auckland has taken a sharp decrease this month from \$646 to \$633, whilst average 3-bedroom rents across New Zealand have remained stable at \$480. Consequently, the Auckland 3-bedroom premium has also decreased slightly to 32% this month.

### Auckland Residential Property Weekly Rentals - 2 Bedroom



### Auckland Residential Property Weekly Rentals - 3 Bedroom



Source: REINZ

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