

Investor Insight

September 2024

Crockers 
PEOPLE & PROPERTY

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Tony Alexander
Independent Economist

MANAGEMENT
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Good tenants in short supply

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.

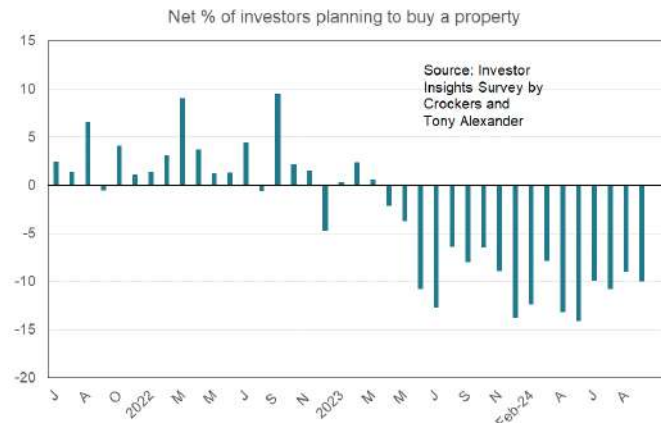
For instance, we will track changes in pressures on rents, points of particular concern, and plans regarding property purchases and intentions to sell.

Key points of interest from this month's survey, which received 348 responses include the following.

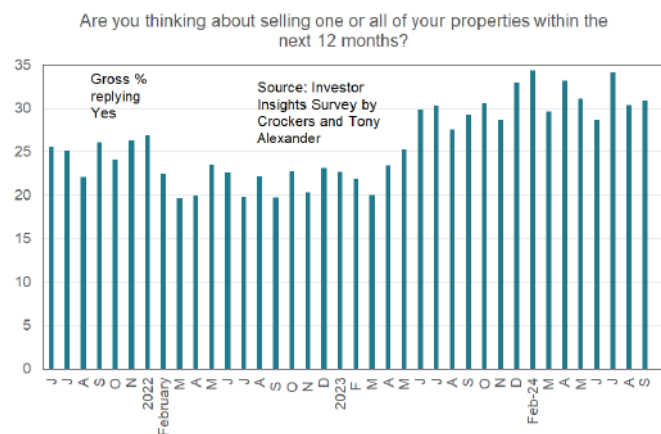
- A record net 22% of investors have said that it is difficult to find good tenants. A year ago, a net 24% said it was easy.
- Very few investors thinking about purchasing a property are considering developing a project themselves.
- Plans for raising rents continue to decline.
- Bank credit is however perceived as becoming more readily available.

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

A net 10% of our respondents this month have reported that they are thinking about buying a property in the next 12 months. This reading has moved by very little since the deterioration after June last year. As yet the sea change in expectations for interest rates is not having a noticeable impact on net purchasing plans.



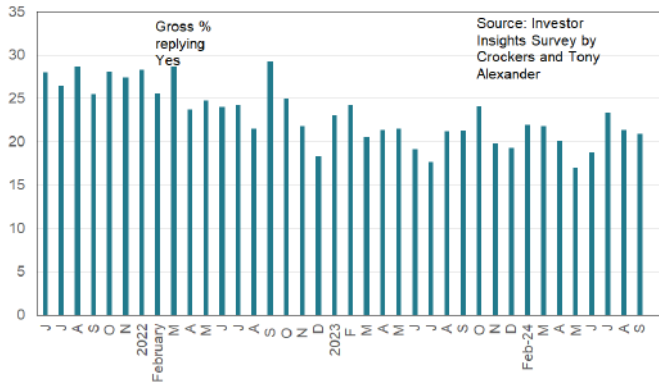
A gross 31% compared with 30% last month say they are thinking about selling in the next 12 months. As this next graph shows, this reading is consistent with most others since the middle of last year.



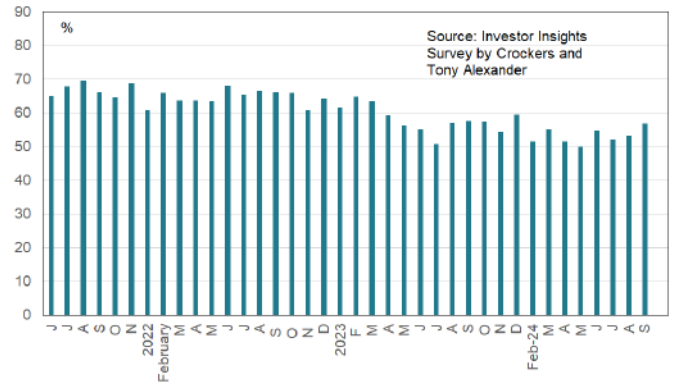
And the gross 21% of existing investors thinking about making a purchase is consistent with other results since the start of 2023. Therefore, the thing that has changed in the past near two year period has been a lift mid-2023 in the plans of investors to sell their property or properties – not buy one or more extra.



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



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



This is a development consistent with the ending of the recovery in the residential real estate market last year as a wave of vendors eventually swamped the extra first home buyers who entered the market from early in 2023.

This suggests to us that the extra selling which emerged last year is coming from those who had been planning to hold for a long period of time.

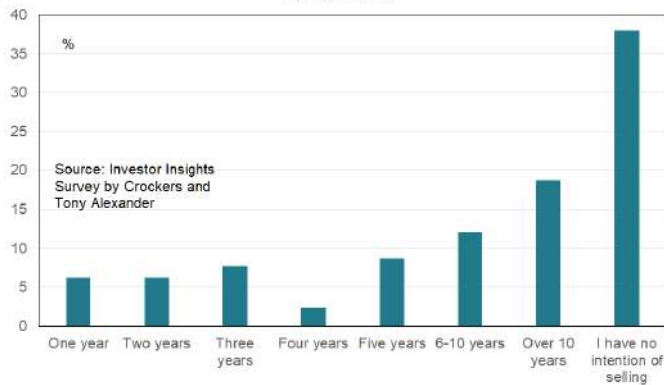
ROUGHLY HOW LONG DO YOU PLAN KEEPING YOUR INVESTMENT PROPERTY(S) FROM NOW?

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

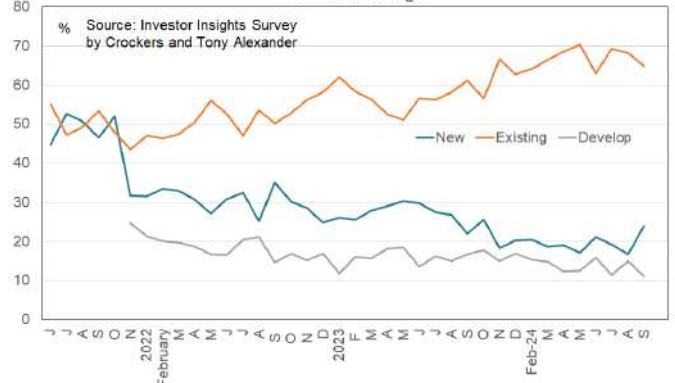
Only 6% of investors say they plan keeping their property for less than a year and 12% in total for less than two years. Most plan continued long-term ownership.

For those existing property investors who are thinking about making a purchase the willingness to develop something oneself has declined to a new record low of just 11%. Interest in new properties has risen to 24% from 17% last month and it will be interesting to see how this measure develops. If this rise continues it may signal that we are approaching an improvement in orders for new dwellings and this will be greeted positively by the currently struggling residential construction sector.

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



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

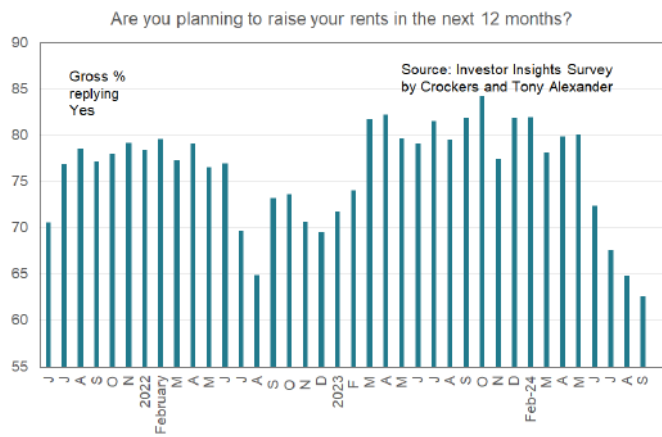


The proportion indicating that they intend holding for at least ten years or never selling stands at 57% which is consistent with other results since mid-2023 when thoughts of selling increased as discussed above.

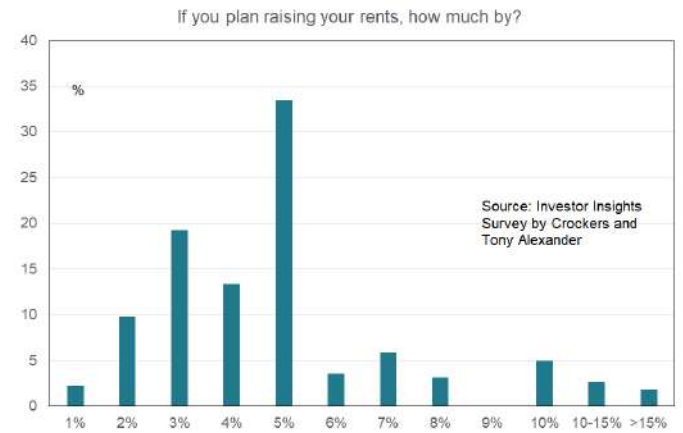


ARE YOU PLANNING TO RAISE YOUR RENTS IN THE NEXT 6 MONTHS?

The decline in the proportion of investors saying they plan to raise their rents in the coming six months has been quite stark. From 80% in May this reading now is at a record low of 63%. This is good for inflation and of course tenants.



This graph shows the rent rises planned by investors. 33% say they will raise their rents by 5%.



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

Respondents to this question can choose amongst three options.

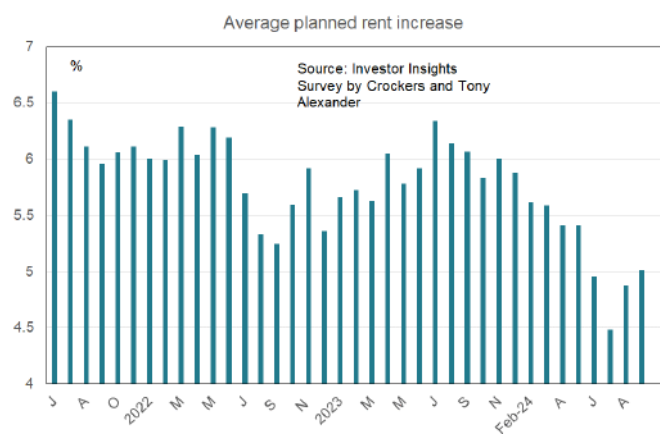
- Getting tougher
- Getting more relaxed
- No change, nothing apparent.

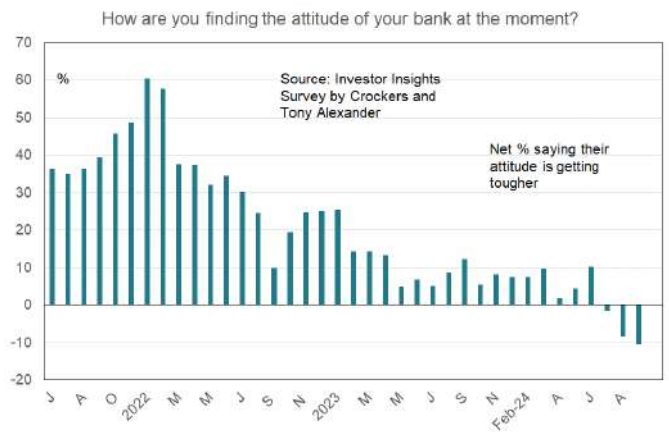
We can calculate the net proportion feeling that things are getting tougher and show the result in the following graph.

A record net 10% of investors this month have reported that they are finding their bank more accommodating of credit requests. This is an important development because it was the credit crunch which developed over 2021 that hit the residential real estate market hard before interest rates moved to painful levels.

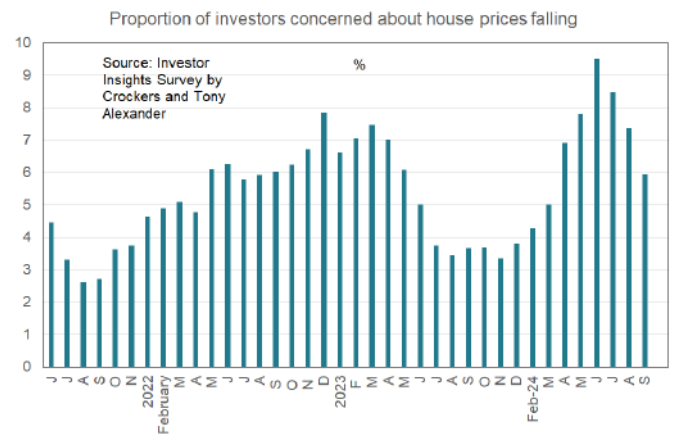
IF YOU PLAN RAISING YOUR RENTS, HOW MUCH BY?

On average, the rent rise planned by those anticipating rises has risen to 5% this month from a low of 4.5% in July.





providing the country's rental accommodation as much as the media would have one believe.



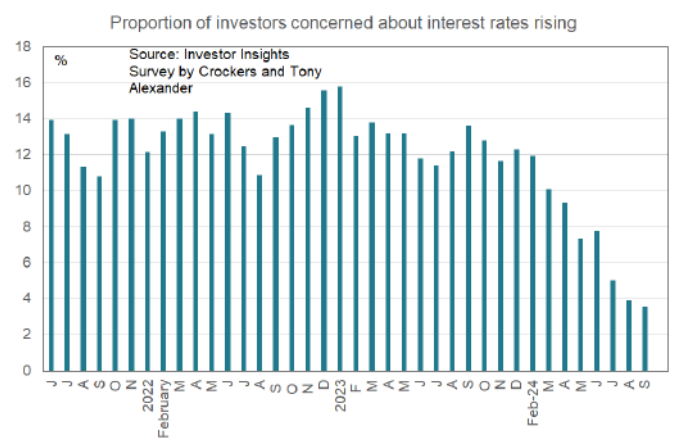
WHICH THINGS CONCERN YOU MOST REGARDING RETURNS ON YOUR INVESTMENT GOING FORWARD?

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

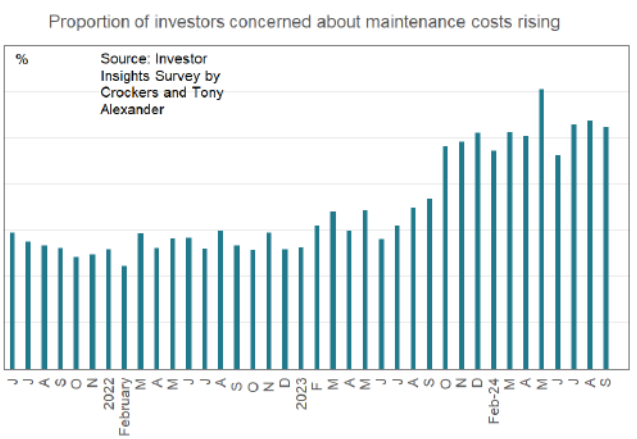
Insurance costs and council rates are by far the greatest concerns held by property investors.



Concerns about interest rates have fallen away quite sharply.



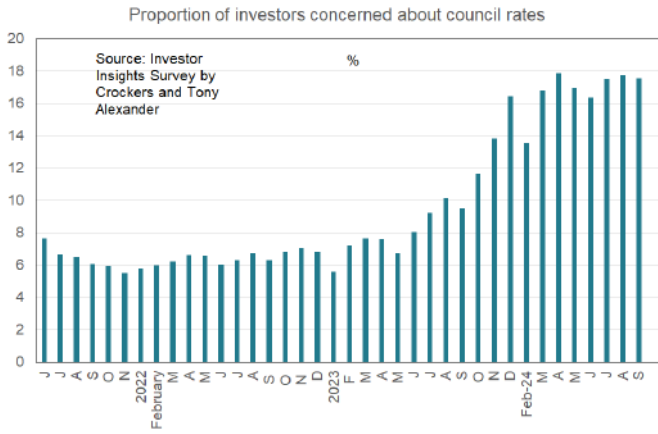
Maintenance cost worries jumped in the second half of 2023 and have stayed high ever since.



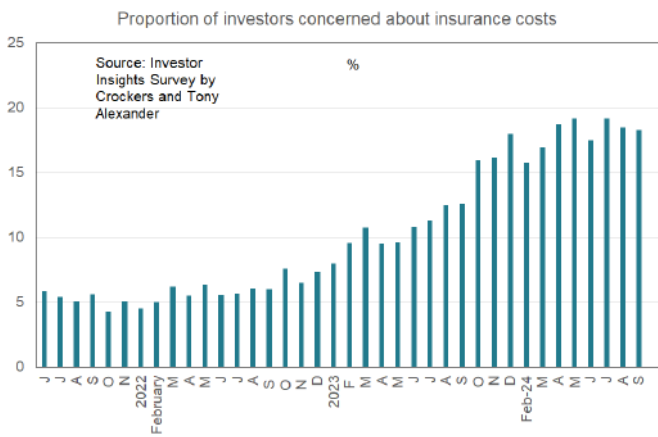
Looking at some of the individual areas of concern we see the following. First, worries about house prices falling are held by just 6% of investors, down from the peak of almost 10% in June. It is worth noting how few investors are concerned about immediate house price movements. Short-term property valuation changes do not occupy the minds of those



Worries about council rates jumped in the latter part of last year and remain highly elevated.

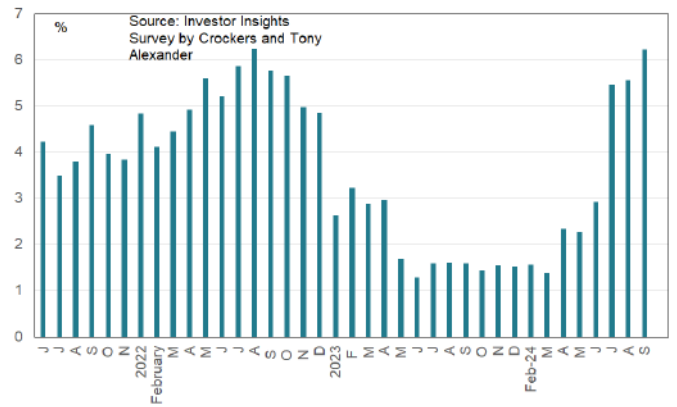


Insurance cost concerns have been trending up since the middle of 2022, but these concerns seem to have plateaued for now.



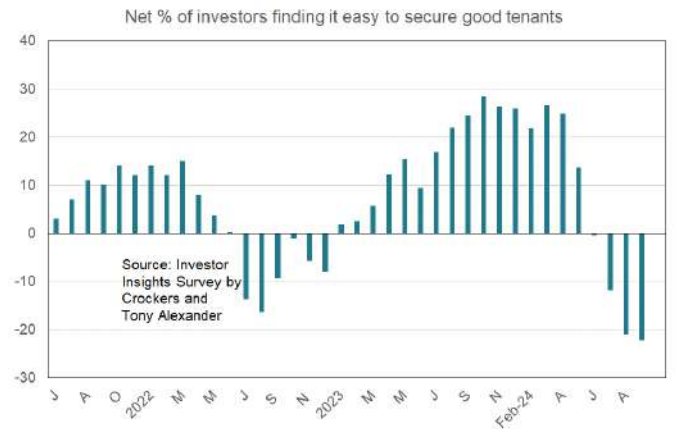
Investors are attuned to developments in migration flows and news of the net flow falling away sharply is becoming an increasing area of concern.

Proportion of investors concerned about reduced net migration



HOW EASY IS IT TO FIND GOOD TENANTS AT THE MOMENT?

A record net 22% of our survey respondents this month from 21% last month have reported that it is hard to find good tenants. The change from less than a year ago is quite stark.





There were 348 responses received in this month's survey, with respondents located as follows.

Region	%
Northland	1.4
Auckland	42.2
Bay of Plenty	6.6
Waikato	8.6
Hawke's Bay/Gisborne	3.4
Taranaki	1.4
Manawatu-Wanganui	1.4
Wellington	12.6
Nelson, Tas., Marl	3.8
Canterbury	11.8
Dunedin City	4.0
Queenstown Lakes	2.3
Southland	0.3

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- 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

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