

# Investor Insight

March 2024

**Crockers**   
PEOPLE & PROPERTY

EST.1971  
[crockers.co.nz](http://crockers.co.nz)

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BODY CORP





## Tenants readily available

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.

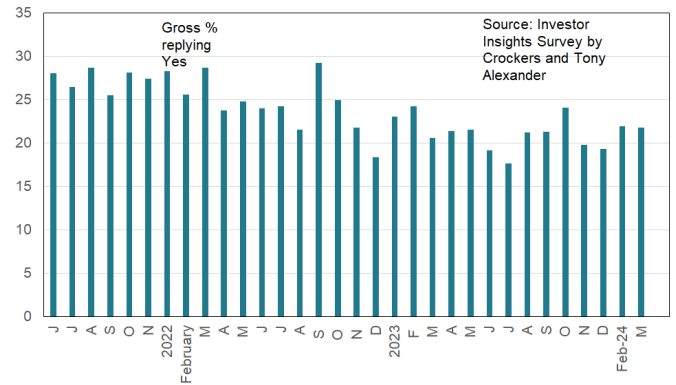
Key points of interest from this month's survey, which received 324 responses include the following.

- A strong net 27% of investors report that it is easy to find good tenants. This is the second strongest reading on record.
- Investors have decreasing interest in either purchasing a new dwelling or building one in their own development.

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

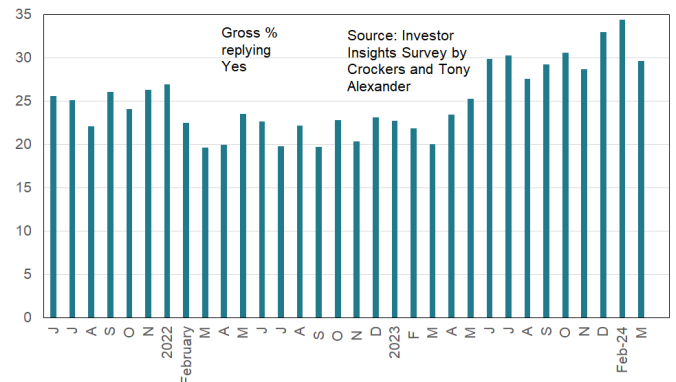
A gross 22% of our survey respondents this month have reported that they are thinking of buying a property in the coming year. This is unchanged from our February survey and consistent with other results since the second half of 2022. There is no indication here that investors are reacting to the coming change in interest expense deductibility by lifting their purchase plans.

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



A gross 30% have said they are thinking about selling in the next 12 months. This is down from 34% in February but consistent with most other results since the middle of last year. Back then this measure lifted and perhaps that is because signs of strength in the real estate market and newly rising prices encouraged some people who had held off from selling to enter the market as vendors. The data on the stock and flow of fresh property listings would certainly suggest this is the case.

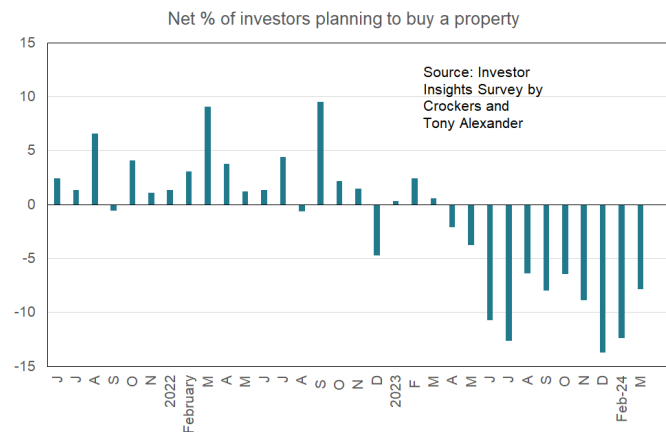
Are you thinking about selling one or all of your properties within the next 12 months?



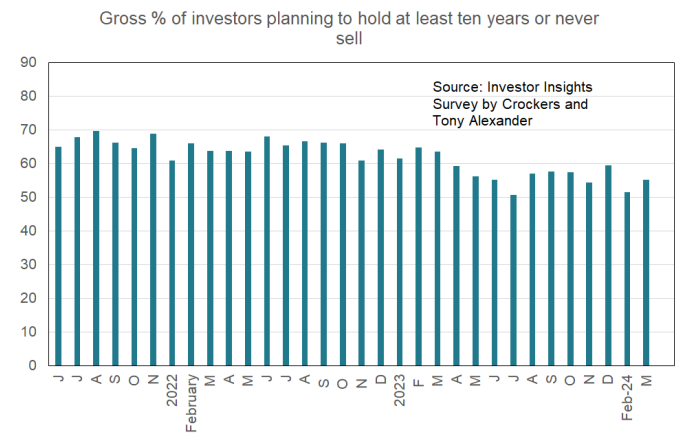
Putting the two measures together we can calculate net buying intentions, and this can give an indication as to whether price pressures are upward or downward from the people who already own residential property investments.



The net proportion of our existing investor base looking to purchase a property has remained firmly negative this month at -8%. This however is an improvement from -12% in February and -14% in December last year. It would seem too early to call this an improving trend – or more accurately a less negative one.

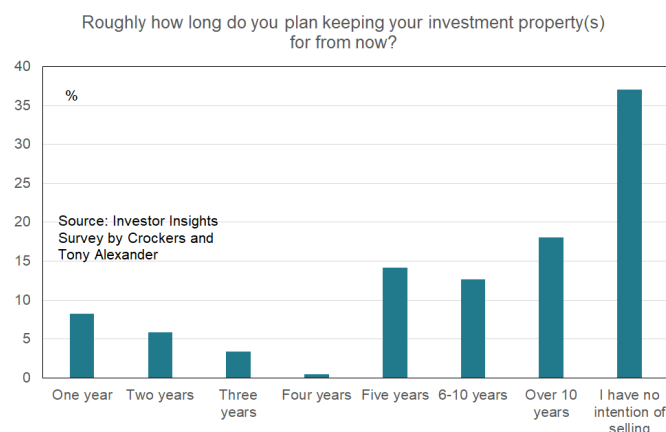


The proportion who report that they plan to hold their property for at least ten years or to never sell rose this month to 55% from 52% last month. But as this following graph shows, it would seem premature to call this an improving trend.



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

As has been the case for all of our surveys in this series, the strong majority of investors plan keeping their properties for an extended period. Only 8% of people plan selling within a year.



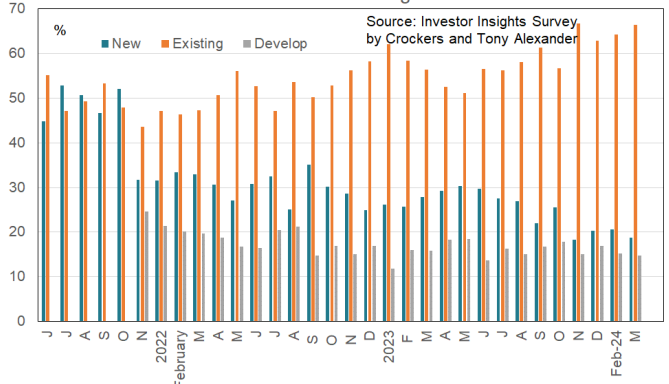
### IF YOU ARE THINKING ABOUT BUYING ANOTHER PROPERTY WILL IT BE NEW OR EXISTING?

Each month since our survey started in early-2021 we have asked people thinking about buying whether they would purchase something already built or something new. Late in 2021 we split the new option into buying new and undertaking the development oneself because back then a great number of people were becoming developers.

What the graph here clearly shows via the orange columns is an upward trend in the proportion of potential buyers who are only interested in an existing property. The proportion who will develop themselves declined in the first half of 2022 but has shown no trend since then. However, the proportion of buyers who would purchase something new built by someone else (the dark blue columns) is plumbing new depths.



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

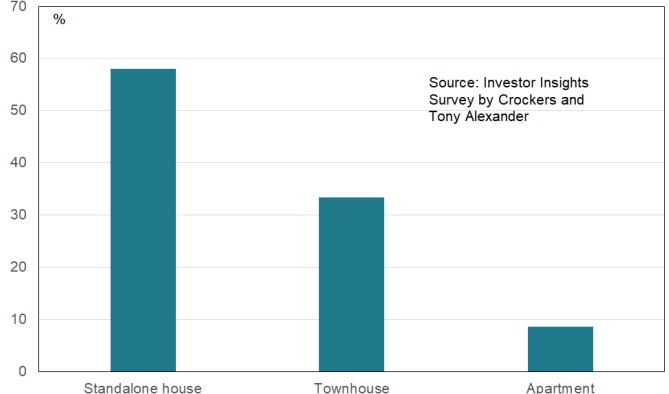


This helps explain the falling over of some developers, and the special offers some are making to move stock.

**WHAT TYPE OF PROPERTY IS PREFERRED?**

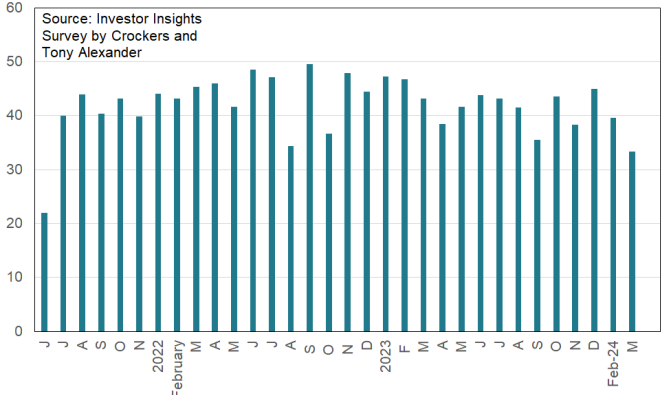
For those investors looking at buying a new property the preference as always is for a standalone house.

If it is a NEW property you're looking to buy, what type?



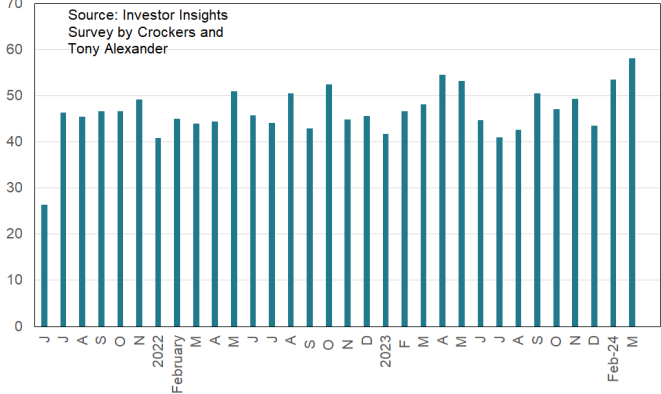
Demand for a new townhouse is continuing to fall away – perhaps assisted most recently by stories of over-heating properties.

Gross % of investor buyers seeking a new TOWNHOUSE



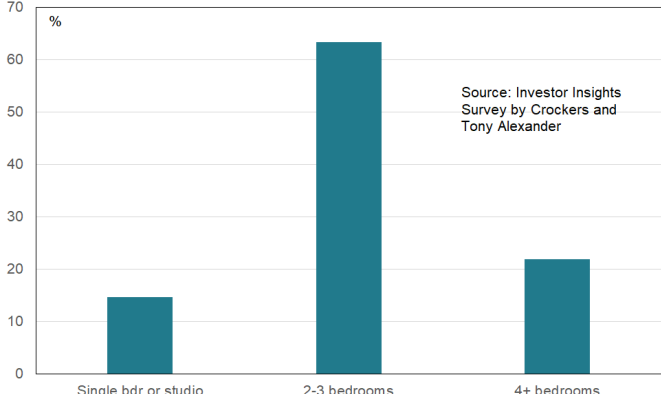
The new standalone house preference in contrast is rising. Hence the divergent outlook for 2024-25 between multi-unit property developers and group home builders.

Gross % of investor buyers seeking a new STANDALONE HOUSE



For those looking at buying new the preference is for a property with 2-3 bedrooms.

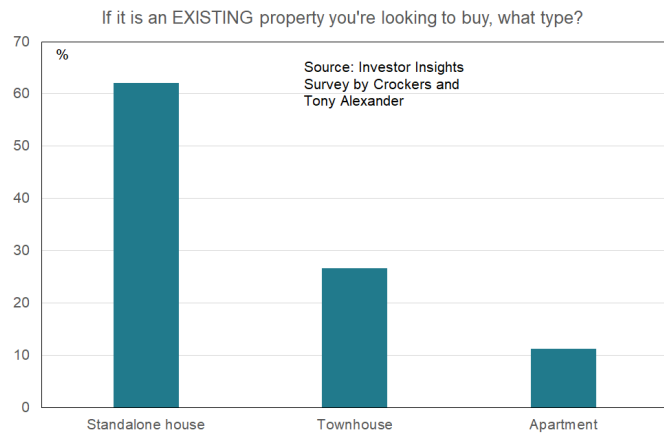
If it is a NEW property you're looking to buy, what type?



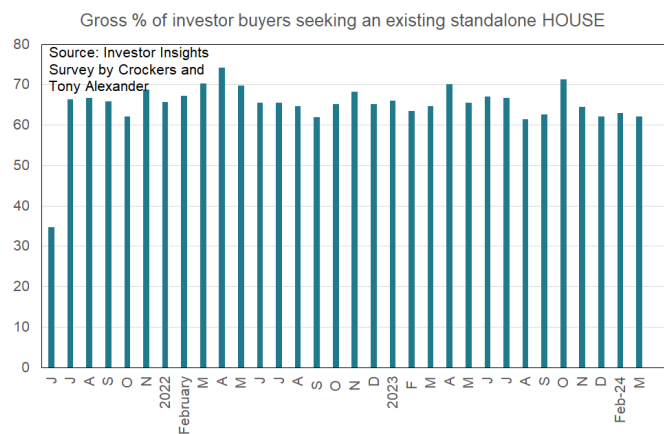




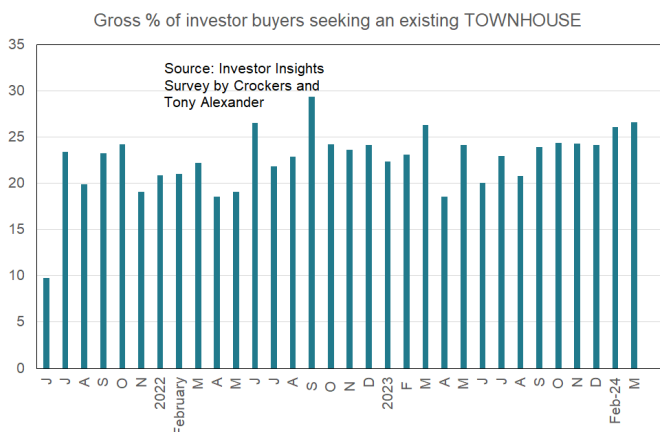
For the investors planning on buying an existing property the preference is also a standalone house.



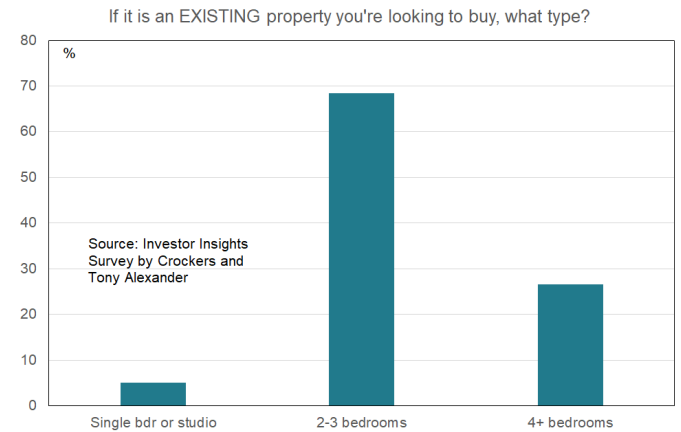
This preference is relatively steady.



The preference for an existing townhouse, small as it is, does show an upward trend.

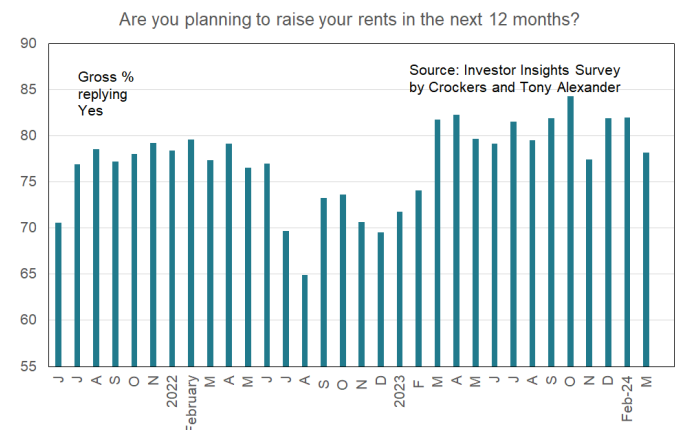


As is the case for new properties, the preference is 2-3 bedrooms.



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

The proportion of landlords saying they plan raising their rents lifted firmly in the first half of last year but since then has plateaued.

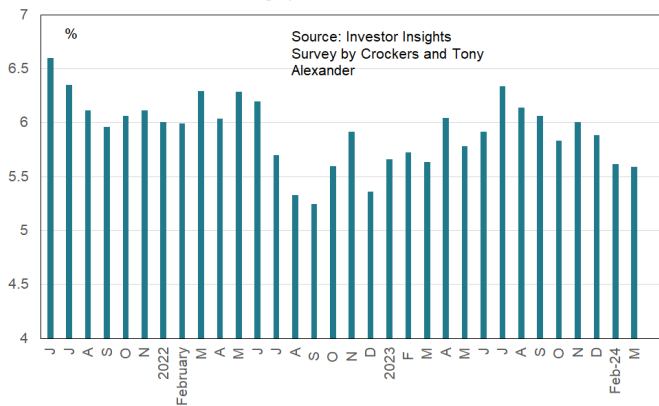


### IF YOU PLAN RAISING YOUR RENTS, HOW MUCH BY?

The average desired rent increase has remained at 5.6% and there is a small downward trend in place since the middle of last year. Given the strong rises in costs for insurance and rates alongside strong demand driven by the population surge, this trend may reflect declining inflation generally.



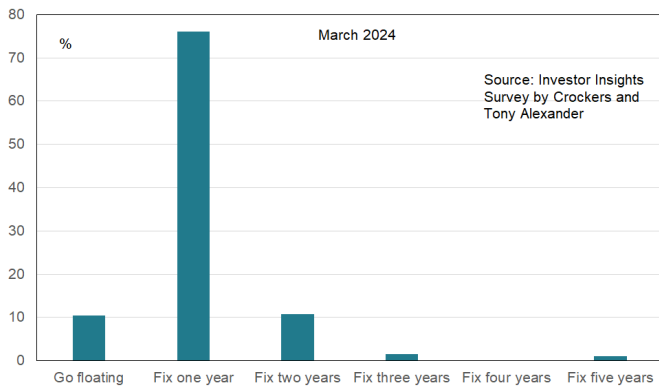
Average planned rent increase



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

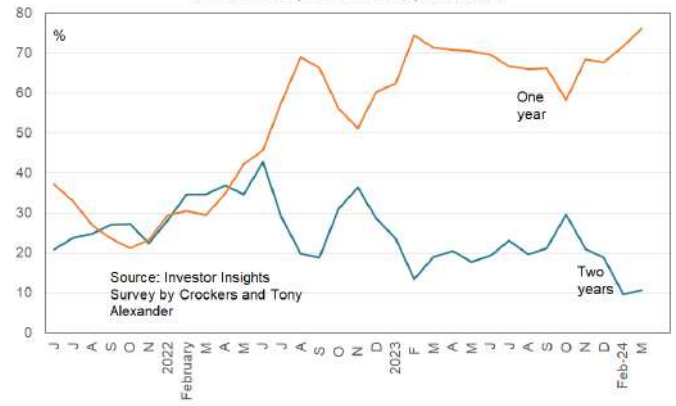
Investors continue to very strongly favour fixing their mortgage interest rate for only a short period of time.

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



The preference for fixing one year (or less) continues to rise.

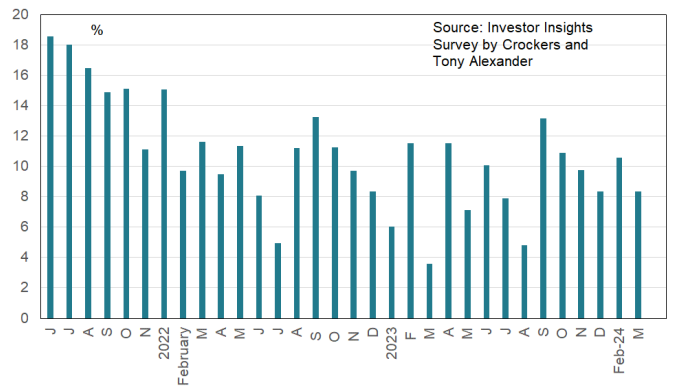
One and two year fixed rate preferences



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

There is no upward trend in the proportion of investors on interest-only mortgages who plan to switch to repayment of some of their debt.

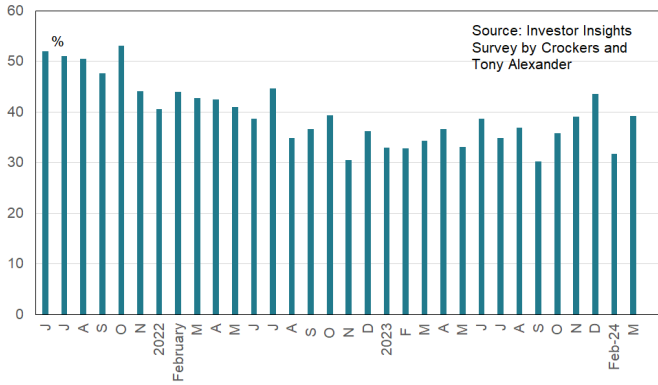
Proportion of investors on interest-only planning to start repaying principal



There may however be a small lift underway in the proportion already repaying principal saying they will repay more.

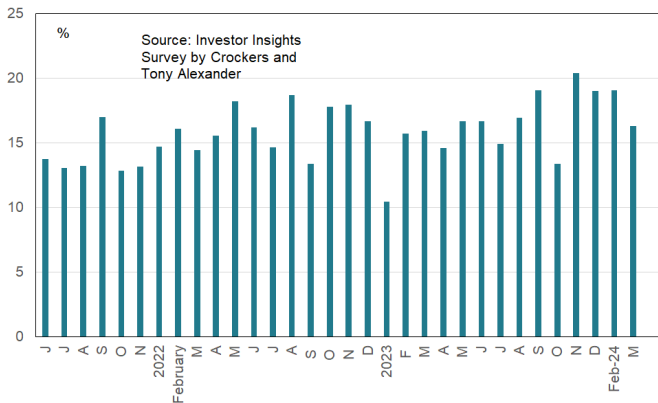


Proportion of investors on principal and interest mortgages planning to repay debt faster



There is little new to report with regard to the proportion of existing landlords who do not have a mortgage. That proportion has sat near 15% for a long time.

Proportion of investors who do not have a mortgage



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

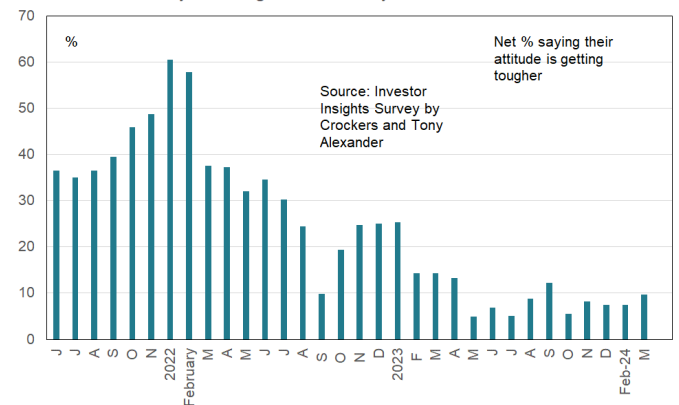
Respondents to this question can choose amongst three options.

- 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 is a slow upward trend underway in the proportion of investors reporting that their bank is becoming more willing to lend. But the movement is inconsequential in the context of the sharp decline in perceived (and actual) credit availability from the crunch late in 2021 initiated by the Reserve Bank and government.

How are you finding the attitude of your bank at the moment?

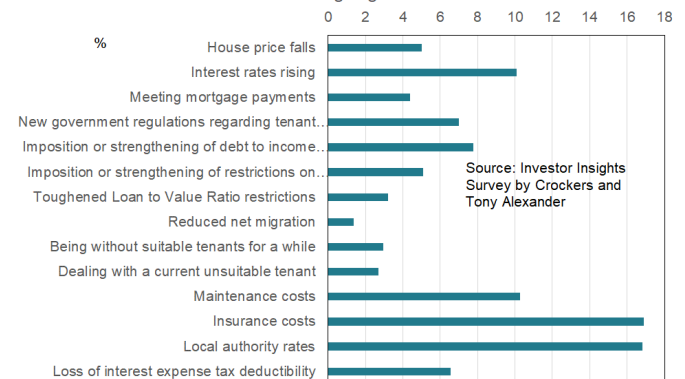


### WHICH THINGS CONCERN YOU MOST REGARDING RETURNS ON YOUR INVESTMENT GOING FORWARD?

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

Investors continue to report that they are highly concerned about costs of insurance and council rates.

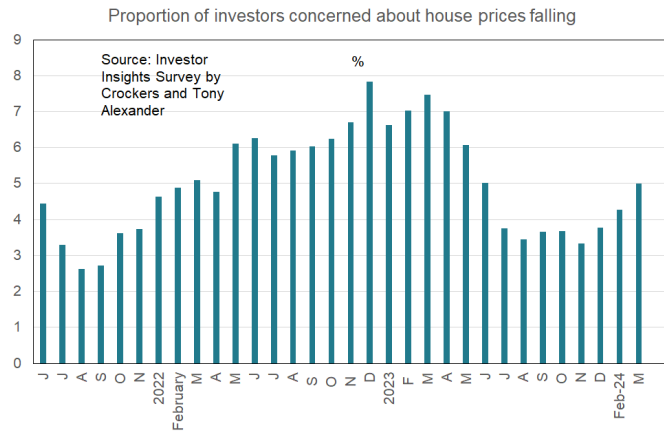
Which things concern you most regarding returns on your investment going forward?



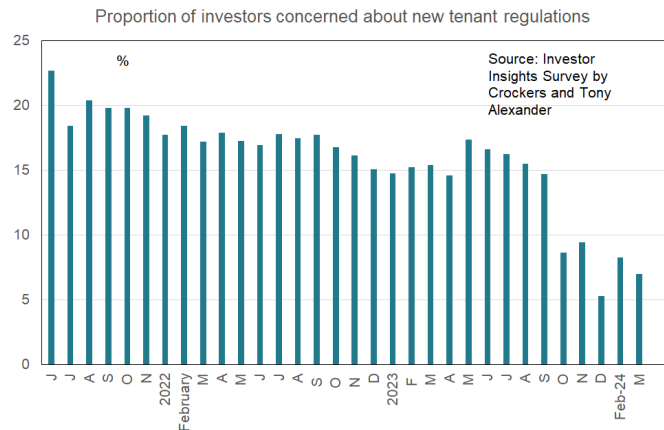




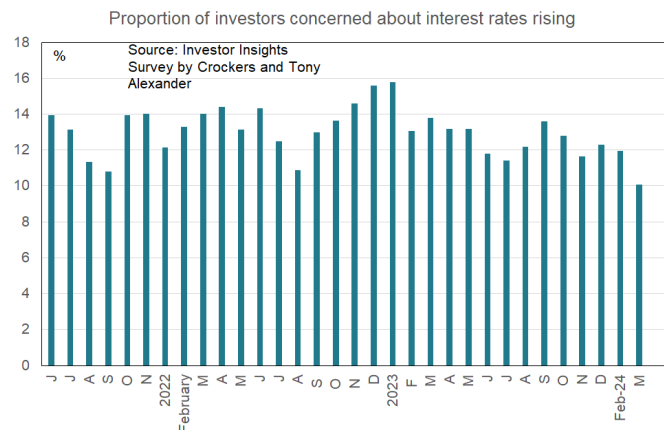
The proportion concerned about house prices falling has been rising in recent months as data on the real estate market have flattened out.



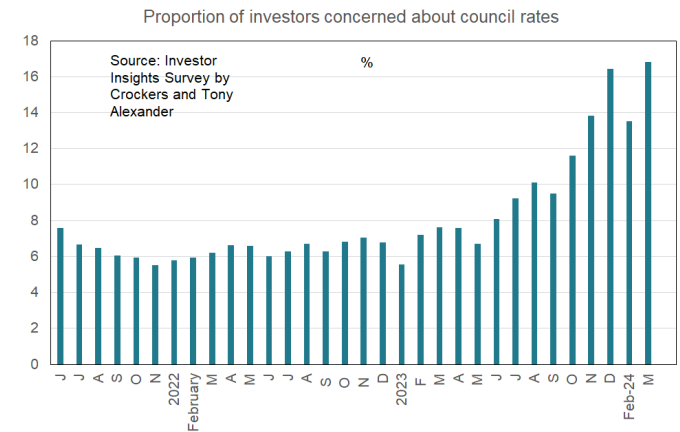
Worries about new tenant regulations eased substantially with the change in government last year.



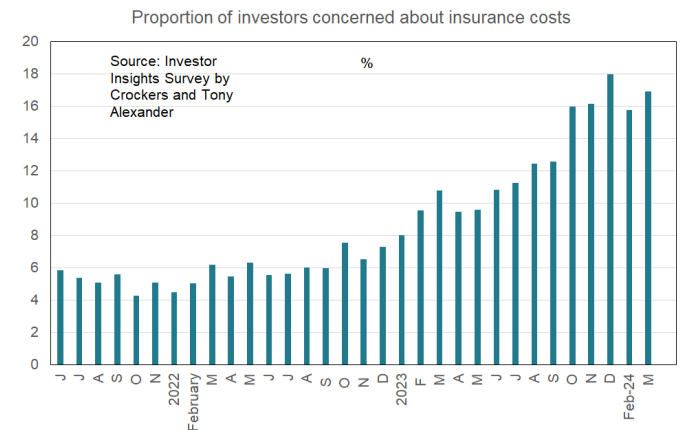
Interest rate concerns are slowly ebbing.



Worries about council rates have been high since about October last year. With stories continuing about very large rises in rates one imagines this concern will remain for a long time and have an impact on both rents and the willingness of people to provide rental accommodation.



Insurance cost concerns continuing to be high.



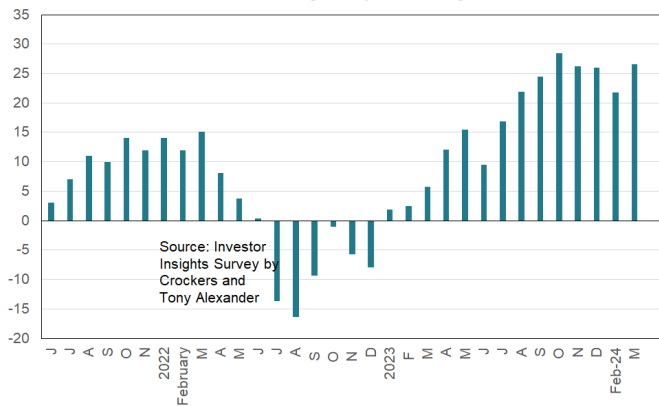
### HOW EASY IS IT TO FIND GOOD TENANTS AT THE MOMENT?

A strong net 27% of our respondents this month have said that they are finding it easy to get good tenants.





Net % of investors finding it easy to secure good tenants

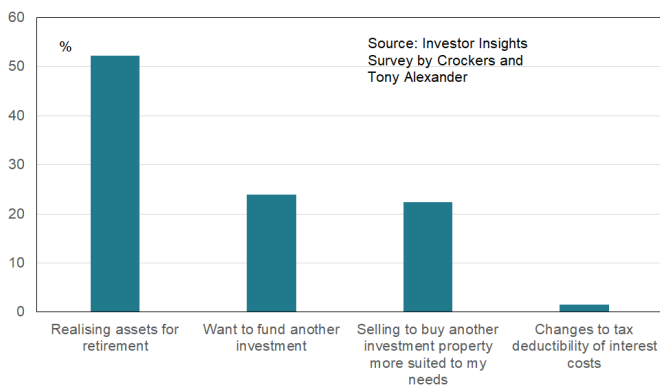


The rental market is relatively tight and investors have good ability to choose the tenants they will be most happy with. The population boom alongside net investor intentions of selling property, falling dwelling construction, and return of international tourists suggests that the potentially shrinking number of people providing long-term rental accommodation will have increasing ease in selecting tenants as time goes by.

**IF YOU ARE GOING TO SELL YOUR PROPERTY(S) SOON, WHAT IS THE PRIMARY MOTIVATION?**

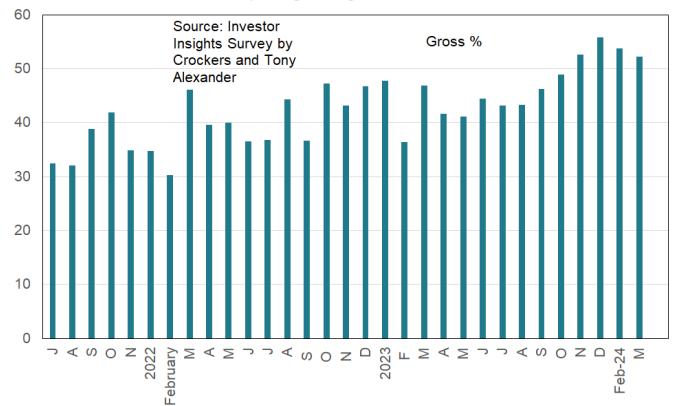
The primary motivation for those selling as ever remains preparing for or funding retirement.

If you are going to sell your property(s) soon, what is the primary motivation?



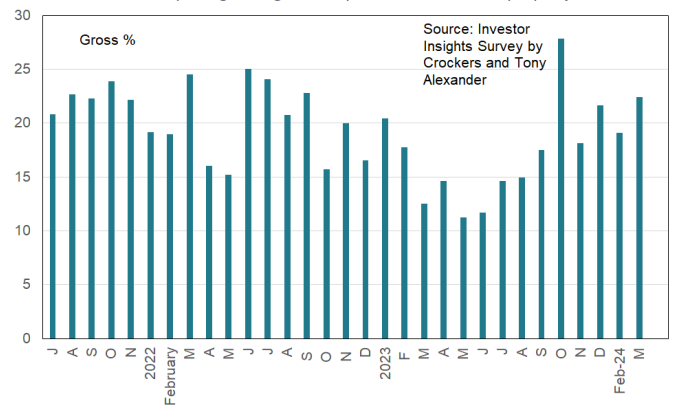
There was a step up in this reason late last year.

Contemplating selling to fund retirement



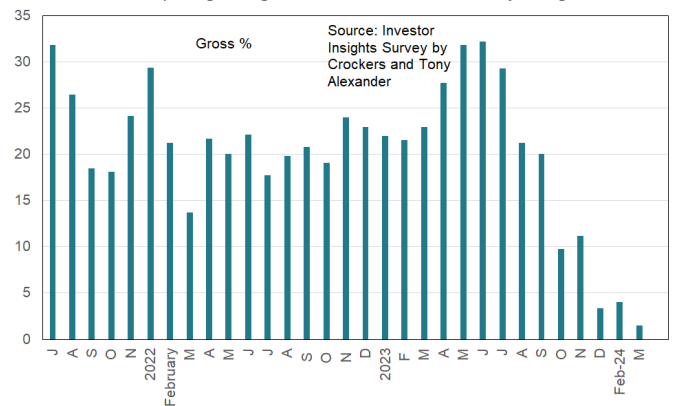
The proportion selling in order to purchase another property has been trending up since the middle of 2023.

Contemplating selling to fund purchase of another property



With tax rules changing it is unsurprising that now almost no investor cites the earlier loss of expense deductibility as reason for selling.

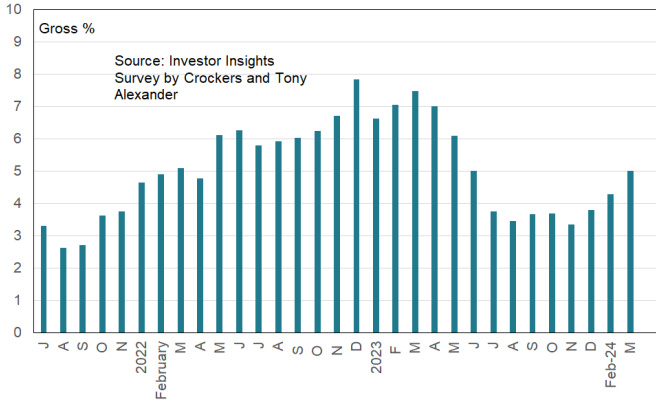
Contemplating selling because of the tax deductibility changes





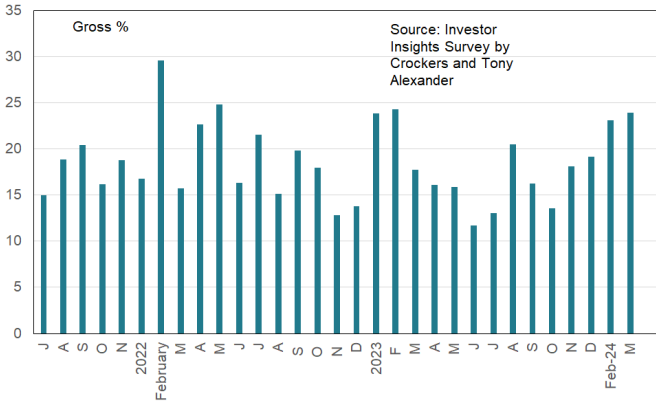
A few more investors are planning to sell because their price expectations have deteriorated.

Contemplating selling because of price decline worries



Shifting their funds into another asset is rising in relevance.

Contemplating selling to fund purchase of a different asset



There were 324 responses received in this month's survey, with respondents located as follows.

Region	%
Northland	1.5
Auckland	41.8
Bay of Plenty	7.3
Waikato	7.6
Hawke's Bay/Gisborne	3.0
Taranaki	1.8
Manawatu-Wanganui	2.4
Wellington	12.1
Nelson, Tas., Marl	1.5
Canterbury	15.2
Dunedin City	4.5
Queenstown Lakes	0.6
Southland	0.3



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