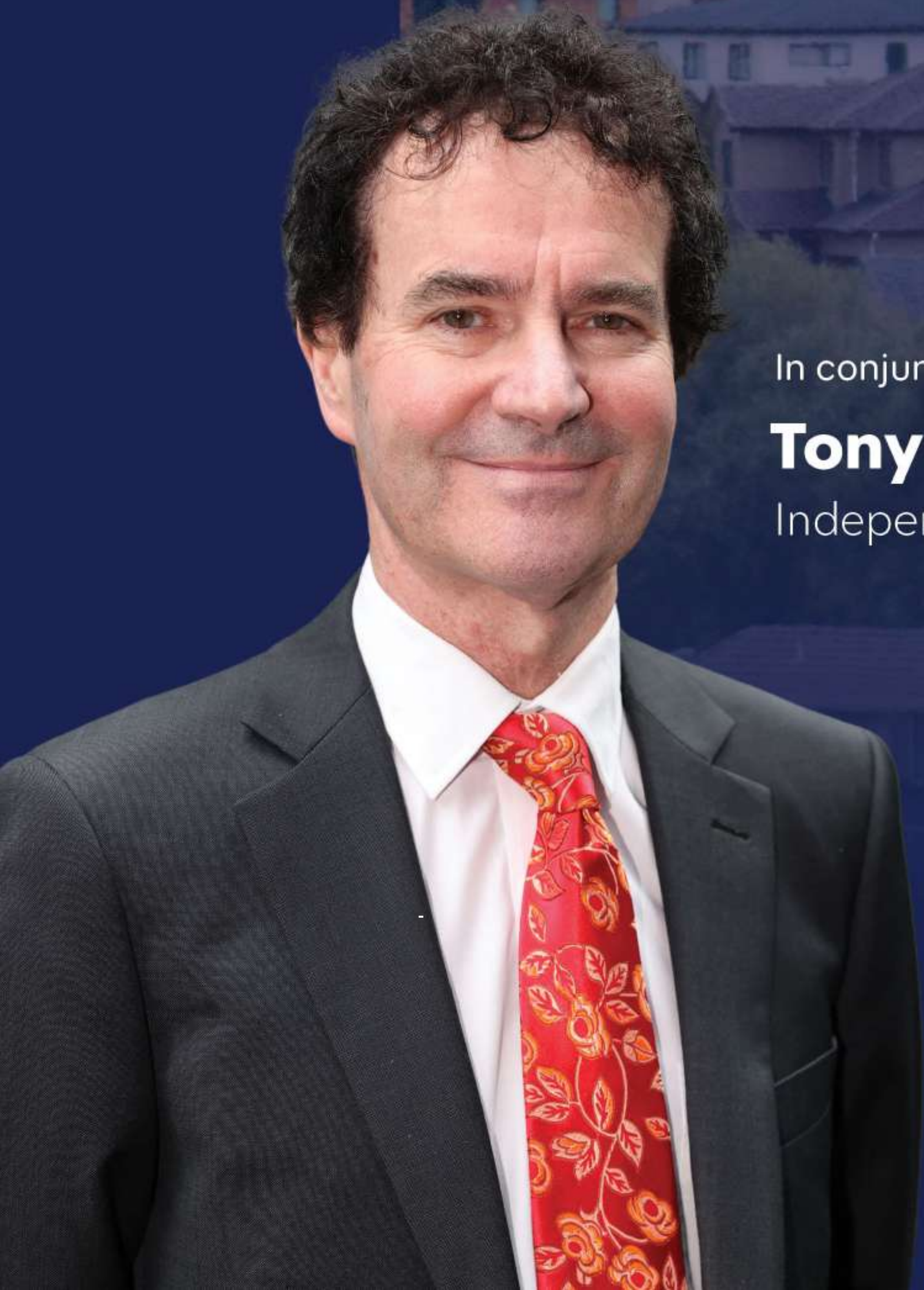
2025
May

Crockers
PEOPLE & PROPERTY

Investor Insight



In conjunction with
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Tenant availability is a deepening problem for landlords

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.

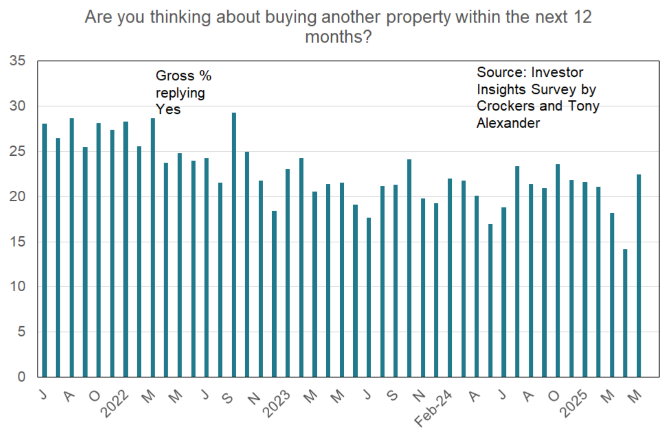
For instance, we will track changes in pressures on rents, points of particular concern, and plans regarding property purchases and intentions to sell.

Key points of interest from this month's survey, which received 296 responses include the following.

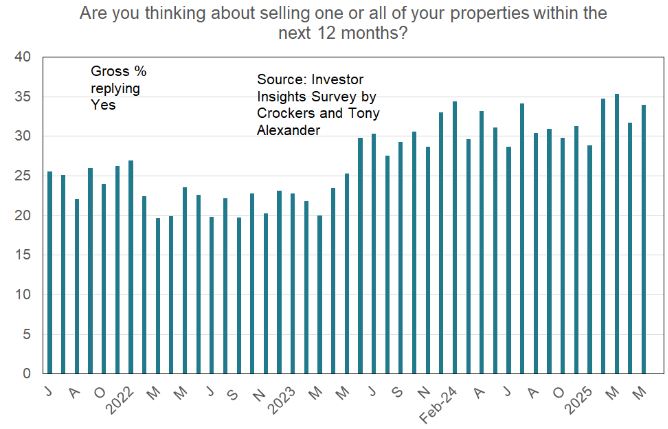
- A record net 33% of landlords are now finding it hard to get a good tenant. A year ago, a net 14% found it easy.
- Deep concerns remain about insurance costs and council rates.

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

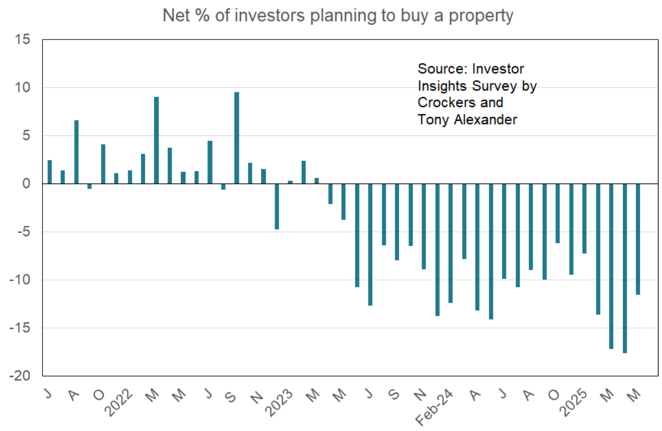
There has been a firm recovery this month in the proportion of our survey respondents indicating that they are contemplating buying another property within the next 12 months – to 22% from just 14% last month and 18% in March.



There has also been a rise this month in the proportion of investors saying they are thinking of selling – but just to 34% from 32%.



The net result when we put these two measures together is a reduction this month in net selling intentions from 18% to 12%. This is the least weak result since January.



Why might purchasing intentions have improved so much over the month? There has not been a shift in interest rate expectations and there has been an easing in talk of rising house prices. Most media articles have been about flat house prices with declines still occurring in many locations. There has been no sign of a surge in tenant numbers.

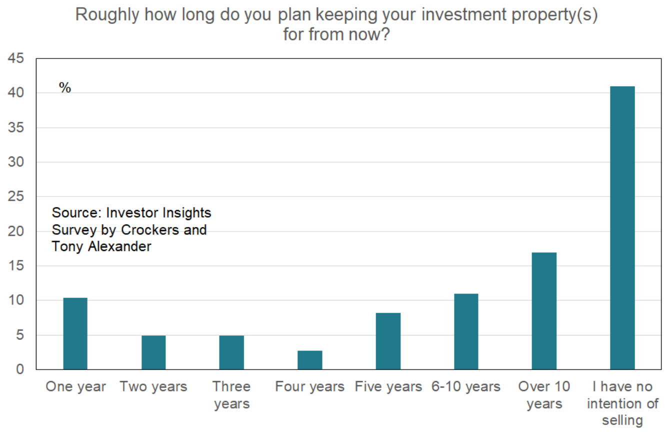
One factor in play may be the ready availability of tenant-ready properties caused by the surge in construction and resulting over-supply of townhouses in some locations.

Or maybe this month's improvement is just a statistical blip and the best comment to make could be that at -12% investors overall (existing ones at least) are still saying they intend on average reducing their exposure for now to residential property assets.

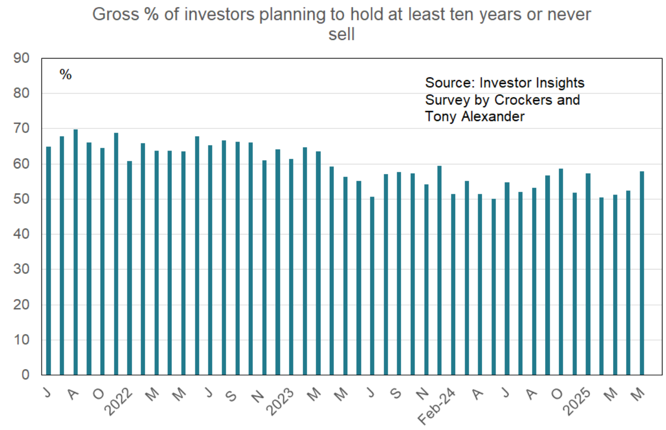
ROUGHLY HOW LONG DO YOU PLAN KEEPING YOUR INVESTMENT PROPERTY(S) FROM NOW?

Each month we ask existing investors how long they intend holding their properties for. The results don't tend to change all that much between months. But we keep this question in as a gauge of overall investor presence in the residential property market. Specifically, are increasing costs causing a structural shift away from housing as an investment/retirement asset?

This first graph shows the proportion of landlords saying they will hold their property for the period of time shown.



This second graph shows the proportion planning to hold for at least ten years or to never sell. We focus on this as a gauge of the underlying trend in holding desires. We can see that there was a structural shift down in holding plans over 2023, driven perhaps one might think by the impact of rising interest rates. But if this were true then the falls in interest rates from mid-2024 might be causing the structural shift down to reverse. That has not happened.

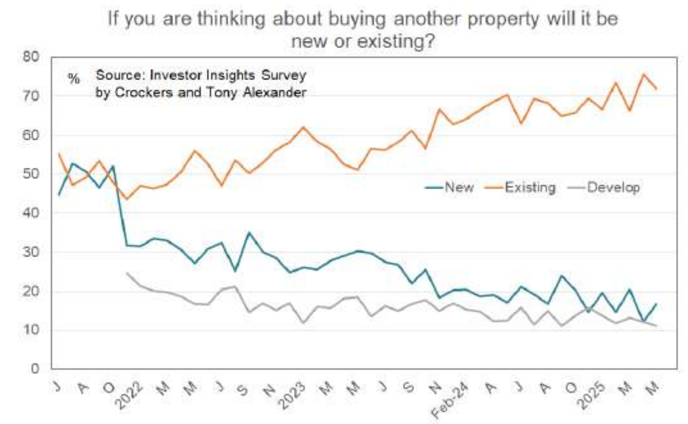


Looking through the tendency of this series to blip up every month or so we can say that there is no fresh structural change underway since mid-2023 in long-term residential property holding desires.

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

There is an upward trend in the proportion of people looking to buy again who say they will give preference to a property already in place. I don't consider this trend is as yet interuppted despite the proportion reporting this preference easing slightly this month to 72% from a record 76% last month.

This is a far cry from the low of 46% recorded early in 2022.

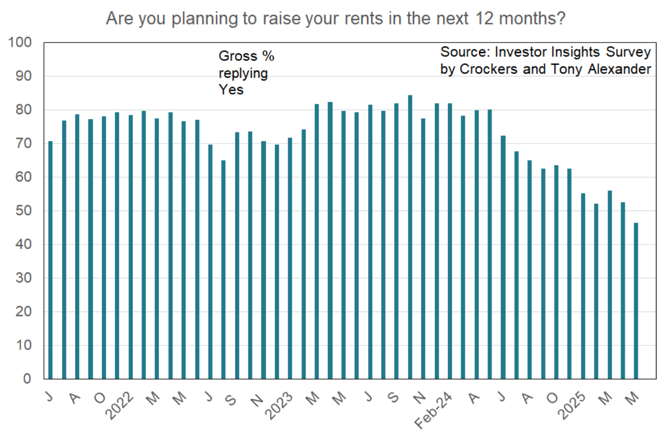


The proportion of those buying who would prefer to buy new or develop a property themselves has been trending down for almost three and a half years now.

The interesting thing is that in spite of this preference for buying an existing property the number of consents issued for new dwellings to be built has stabilised near 33,000 from a year ago. There clearly is demand for new housing even if this demand is not much coming from existing investors. That leaves new investors, social housing providers, first home buyers, and owner-occupiers.

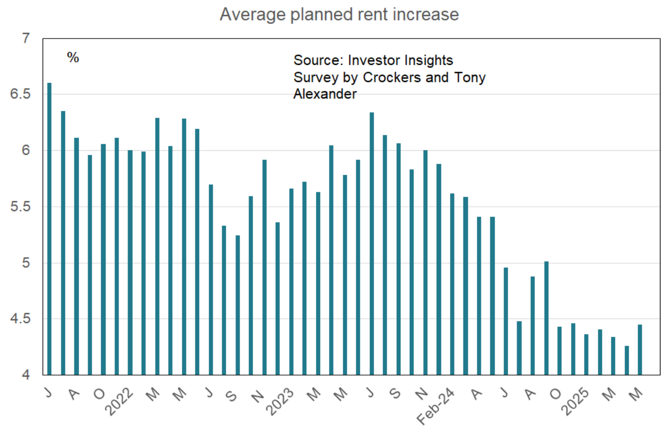
ARE YOU PLANNING TO RAISE YOUR RENTS IN THE NEXT 6 MONTHS?

There has been a strong downward trend in the proportion of landlords indicating that they will raise their rents in the coming year since June 2024. This month a record low 47% indicated they plan raises as compared with 80% a year ago. The change is quite dramatic.

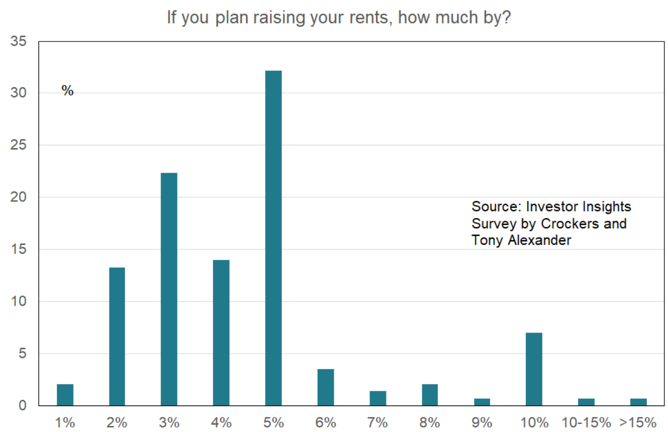


IF YOU PLAN RAISING YOUR RENTS, HOW MUCH BY?

For the moment I will treat as a statistical blip the sharp rise in average planned rent increases over the coming year to 4.4% from 4.2% last month. The more meaningful change is the decline from 5.4% a year ago.



This graph shows the proportion of investors targeting different degrees of rent increases.



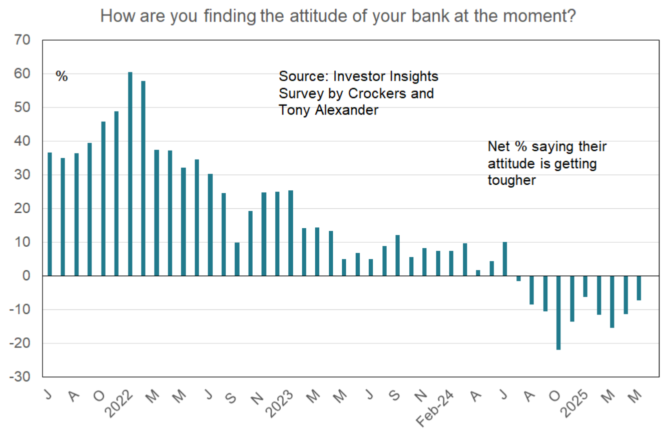
HOW ARE YOU FINDING THE ATTITUDE OF YOUR BANK AT THE MOMENT?

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.

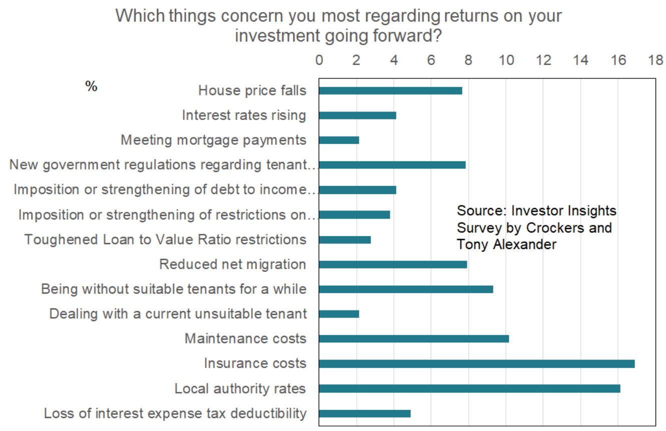
On average landlords feel that their banks are becoming more accommodating of credit requests and in issues of debt management. A net 7% feel things are improving whereas a year ago a net 4% felt that banks were becoming less willing to lend.



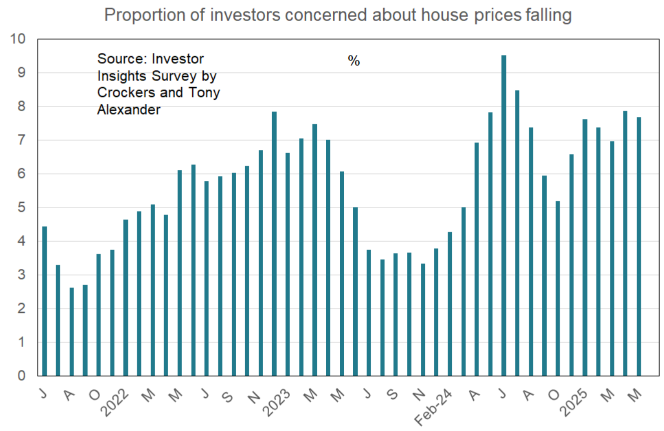
WHICH THINGS CONCERN YOU MOST REGARDING RETURNS ON YOUR INVESTMENT GOING FORWARD?

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

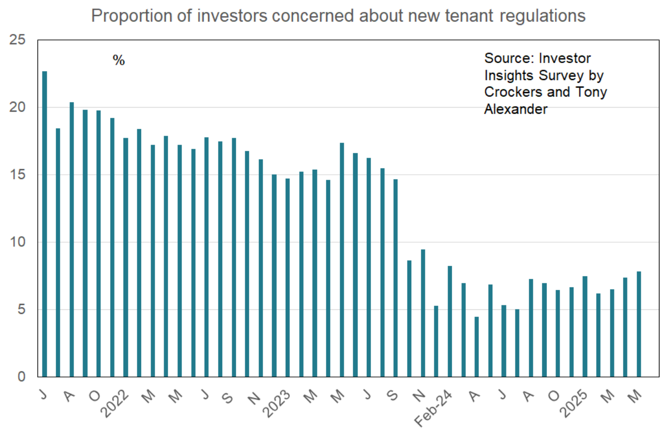
Broadly since 2023 landlords have rated three things as their greatest concerns – insurance, rates, and maintenance costs. Now, for the first time in our survey since late-2023 there is a new third most serious area of concern – being without a tenant for a while.



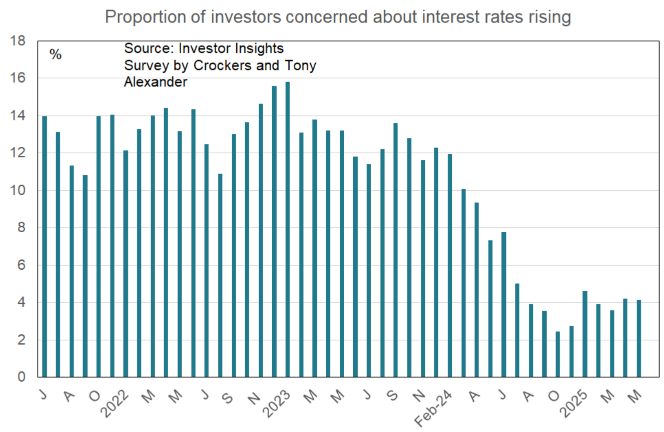
Looking at some of the individual areas of concern we see the following. Worries about house prices falling have risen to near 8% of investors being concerned from just 5% in October. This level of concern is where it was a year ago before the decline in interest rates started.



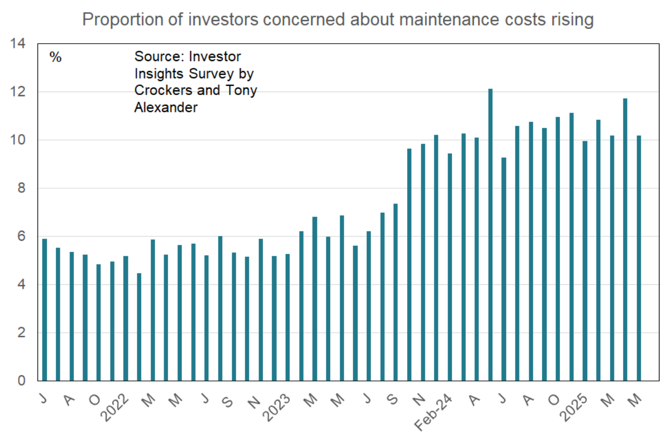
Interestingly, over the past few months there has been a slow creep upward in the proportion of investors concerned about tenant regulations. The move is not large, but it might be tied to feelings about the outcome of next year's general election.



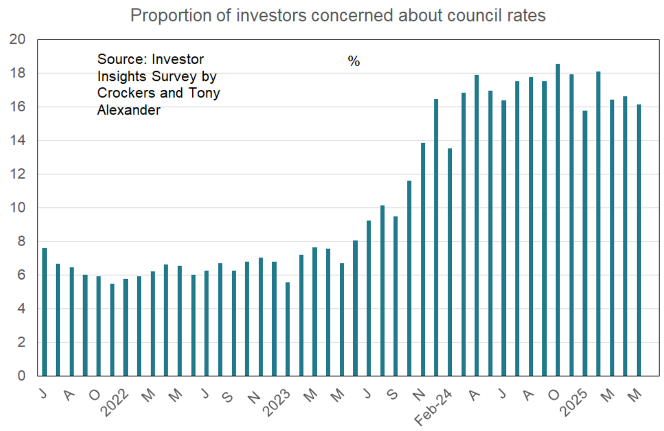
Few investors are concerned about interest rates rising.



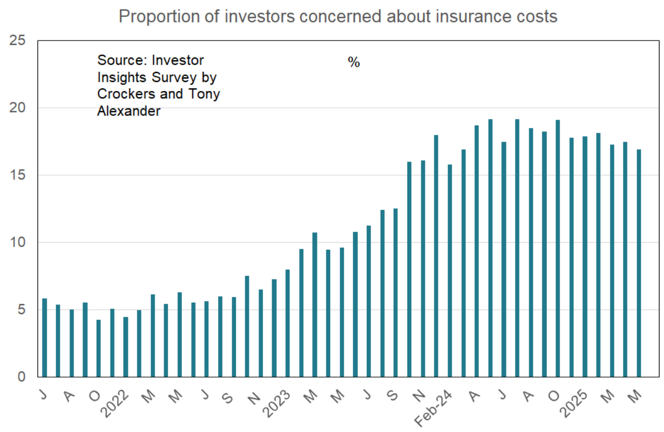
The proportion of investors worried about maintenance costs rising has been stable at an elevated level since late in 2023.



The same goes for concerns about council rates where concerns are held by 16% of landlords.

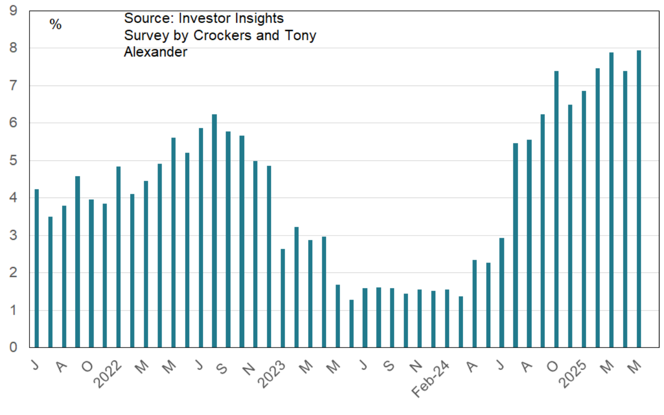


A further interesting development is the slow edging down in concerns about insurance costs.



In contrast however stands the surge in worries about weak migration – which data from Statistics NZ tell us is continuing to deteriorate.

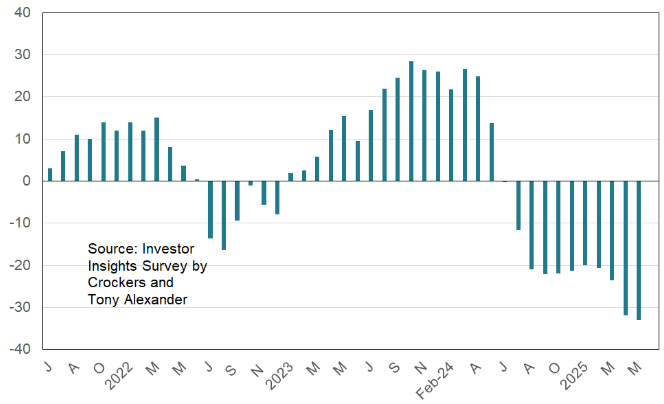
Proportion of investors concerned about reduced net migration



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

For the fourth month in a row a record has been set in the proportion of investors feeling that it is hard to find a good tenant. That net proportion now stands at 33% from 32% last month. A year ago, a net 14% said that it was easy to find a good tenant. This measure has changed more than any other in our survey this past year.

Net % of investors finding it easy to secure good tenants



There were 296 responses received in this month's survey, with respondents located as follows.

Region	%
Northland	1.4
Auckland	43.6
Bay of Plenty	6.2
Waikato	10.3
Hawke's Bay/Gisborne	4.1
Taranaki	2.7
Manawatu-Wanganui	2.4
Wellington	12.0
Nelson, Tas., Marl	2.0
Canterbury	10.3
Dunedin City	3.8
Queenstown Lakes	0.7
Southland	0.3

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