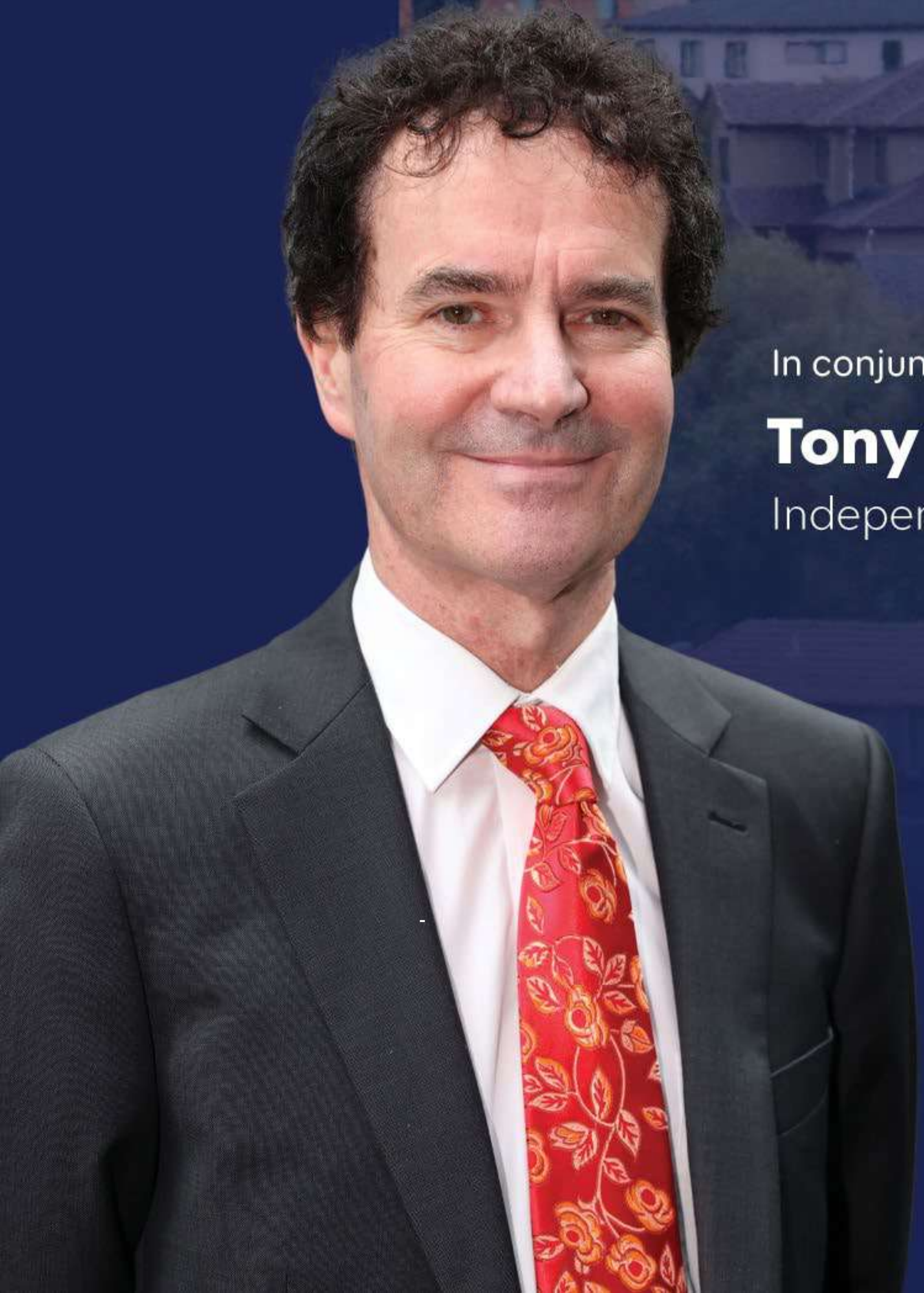
2025
October

Crockers
PEOPLE & PROPERTY

Investor Insight



In conjunction with
Tony Alexander
Independent Economist

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Higher interest in new builds

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.

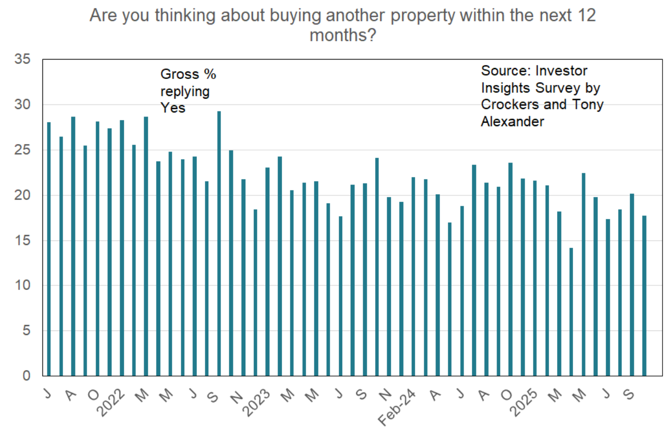
Key points of interest from this month's survey, which received 274 responses, include the following.

- A near record net proportion of landlords say that it is difficult to secure good tenants.
- The average amount by which property investors plan to raise rents in the coming year continues to slowly ease.
- For those looking to make a fresh purchase there has been a rise in interest in a new property.

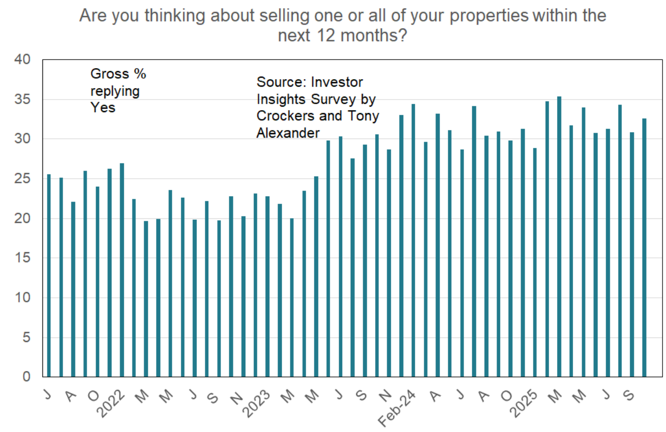
ARE YOU THINKING ABOUT BUYING ANOTHER PROPERTY WITHIN THE NEXT 12 MONTHS?

This month has brought a small decline in the proportion of existing landlords thinking about buying another property – down to 18% from 20% in September. This is where the level of interest was in August however, so there is no trend rise or decline underway in this important measure at the moment.

The main change in desire to buy happened throughout 2022 – as seen in the following graph when one looks beyond the monthly blips up and down.

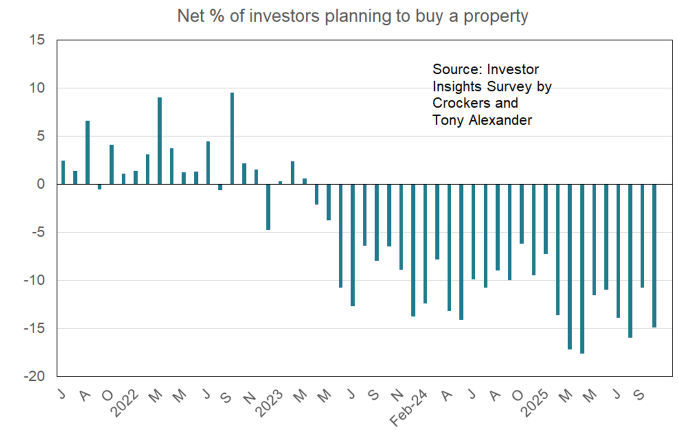


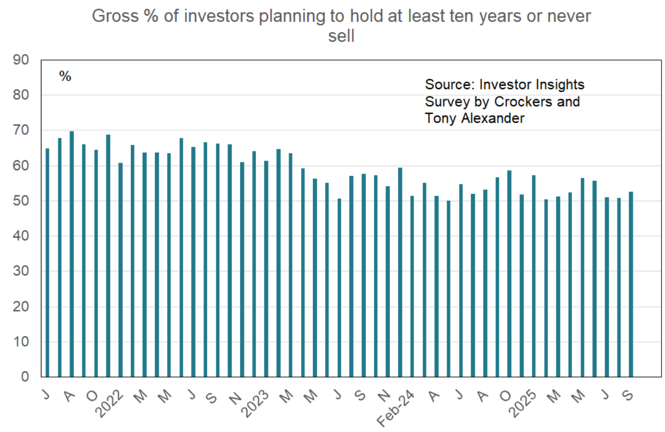
The proportion of investors looking to sell a property in the next 12 months edged back up this month to 33% from 31% in September. The graph clearly shows no trend change in this selling measure since the rise recorded over 2023.



Offsetting these two readings against each other we get a net 15% of existing landlords indicating intentions of selling property in the coming year. While this is up from 11% in September it is close to the 16% result of August. Again, no fresh trend change in this measure is apparent.

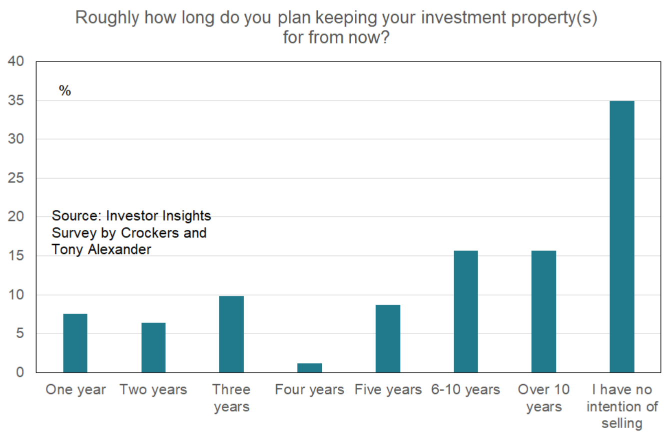
The important thing this continues to tell us is that almost three years down the track from first home buyers entering the market firmly, investors have yet to sustainably follow.





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

The following graph shows the proportions of landlords saying they will keep their properties for the periods of time measured along the horizontal axis. Interest in just a very short-term holding period of less than five years continues to be low.



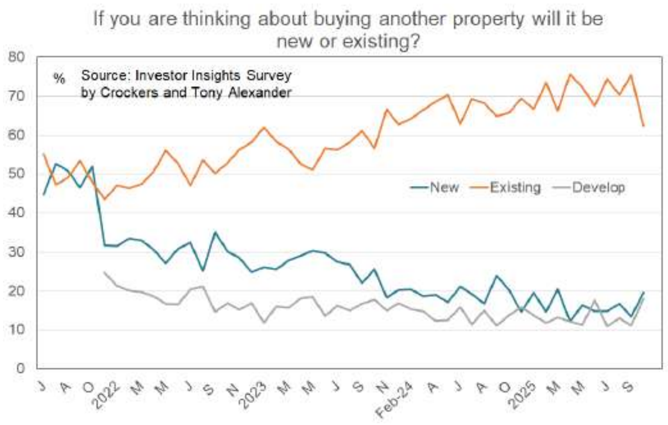
The proportion who will either never sell or will hold for longer than a decade sits at 51% which is consistent with most other readings of this measure since late-2023.

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

The orange line in the graph below shows the proportion of landlords looking to make a purchase in the coming year who would buy an existing property. This proportion has been trending upward since the start of 2022. But this month the measure has dipped firmly to 62% from 76% last month.

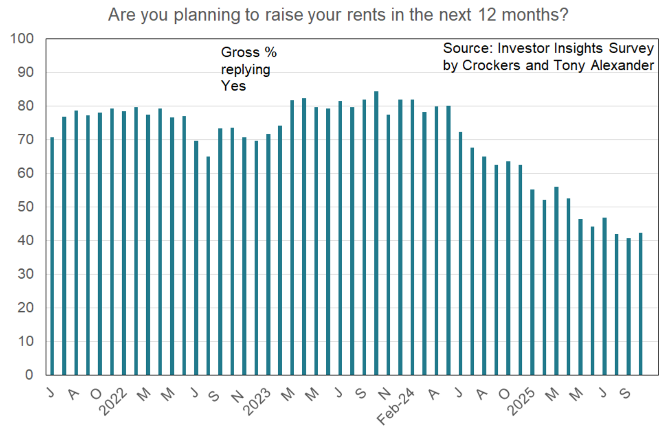
This feels like it may be a statistical aberration. However, the benefit of this retreat is seen in an even spread of gains for the other two categories of purchasing a new-build or undertaking one's own development.

That suggests that while caution in interpretation is required, this may be one of the early signs we expect to see emerge in response to falling interest rates driving a rise in residential construction around the country.



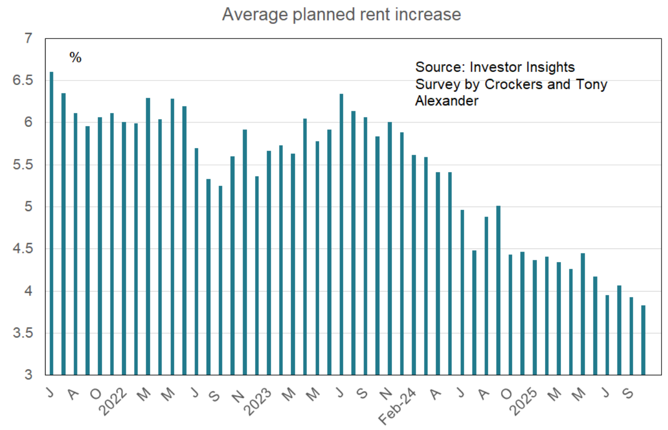
ARE YOU PLANNING TO RAISE YOUR RENTS IN THE NEXT 6 MONTHS?

Just a net 42% of landlords say they plan raising their rents in the coming year. This is essentially the same proportion as seen in September as well as August. As such, and considering some earlier small rises which did not continue, it seems best to stay with a view that rent raising ability continues to ease off for landlords as they face a market for tenants not in their favour.

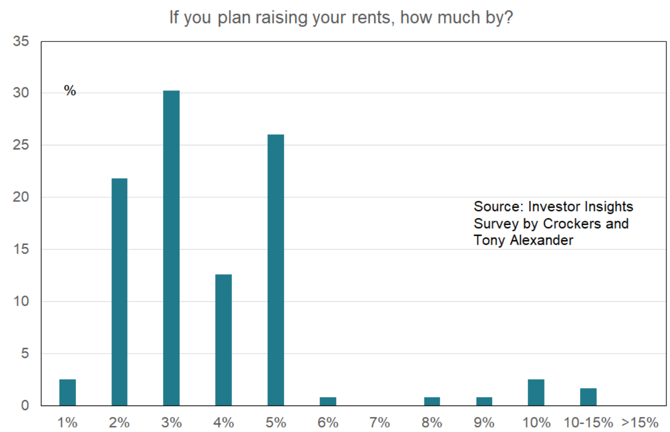


IF YOU PLAN RAISING YOUR RENTS, HOW MUCH BY?

The average rise in rents which landlords would like to achieve in the coming year has eased slightly to 3.8% from 3.9% in September and 4.1% in August. The trend in this measure remains decidedly downward and that is a problem for landlords when we consider the strong increases underway in the costs of running a rental business – as discussed below.



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



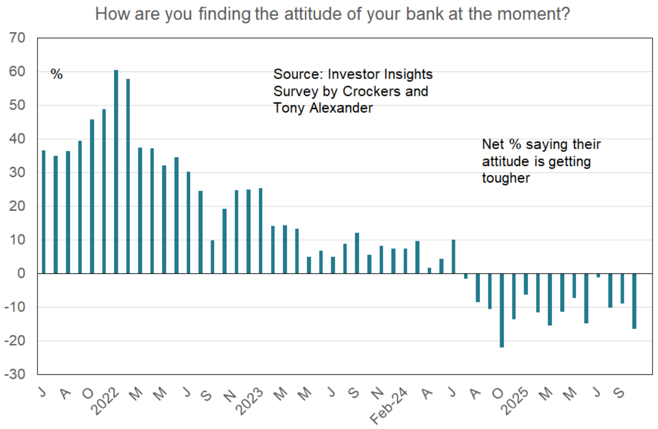
HOW ARE YOU FINDING THE ATTITUDE OF YOUR BANK AT THE MOMENT?

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.

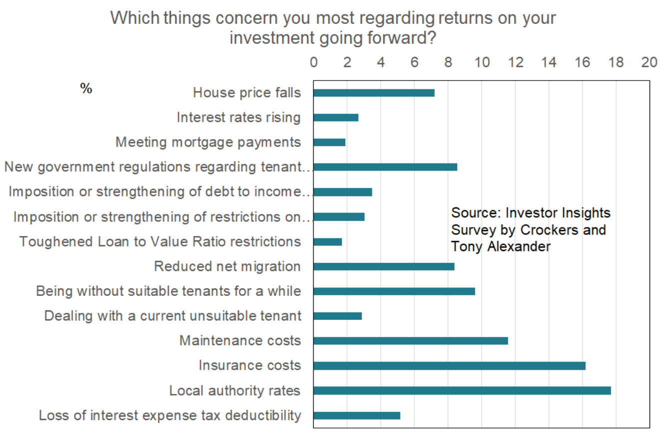
A strong net 16% of landlords feel that their financiers are willing to advance equired funds. This is the second firmest such result on record for our survey and tells us that banks have moved a long way from the credit crunch days of 2021 – 2023.



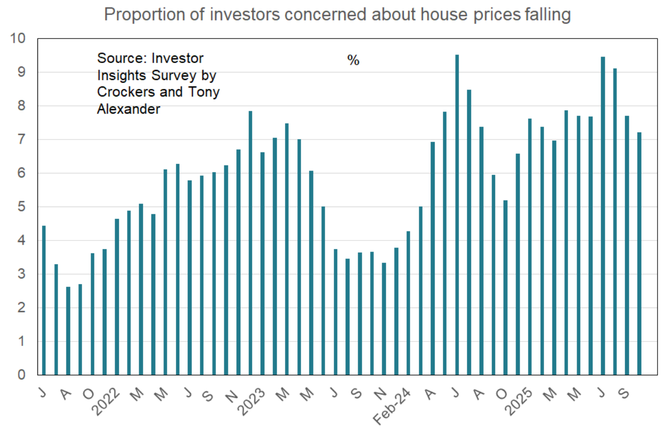
WHICH THINGS CONCERN YOU MOST REGARDING RETURNS ON YOUR INVESTMENT GOING FORWARD?

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

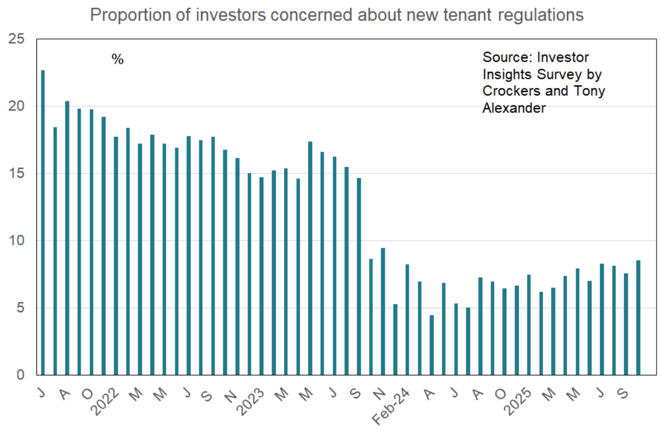
Top concerns are still council rates, insurance costs and maintenance costs.



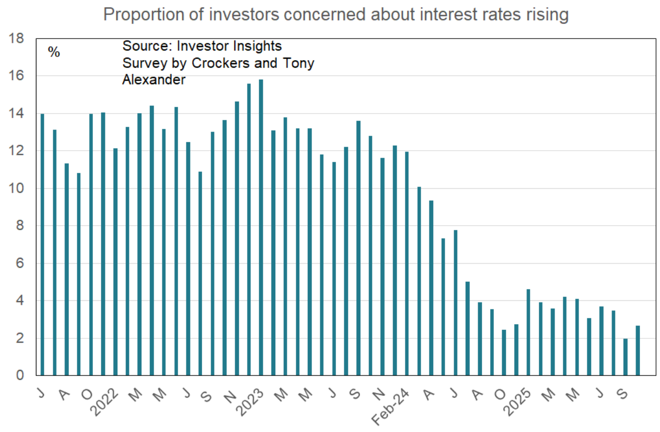
There has been a slight easing over the past two months in the proportion of landlords worried that house prices will fall.



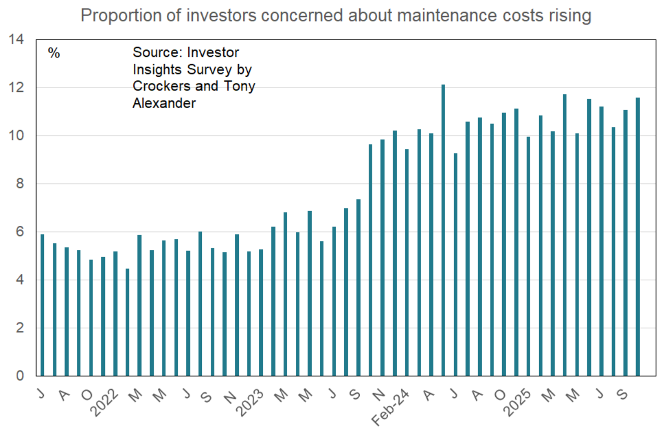
But there is a very slow drift up in worries about tenant regulations – something we have not written much about for the past couple of years because of the easing in some regulations after the late-2023 general election.



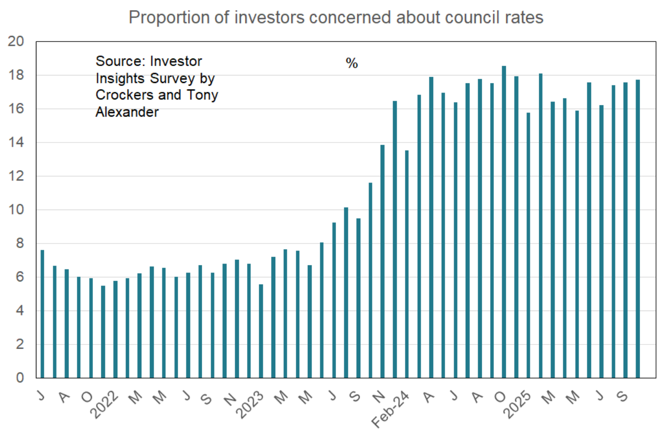
Interest rates are of little concern.



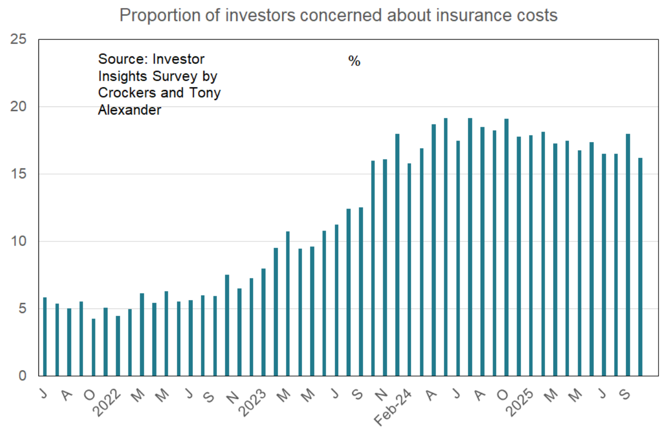
But worries about the cost of maintaining one's rental properties remain as high as ever.



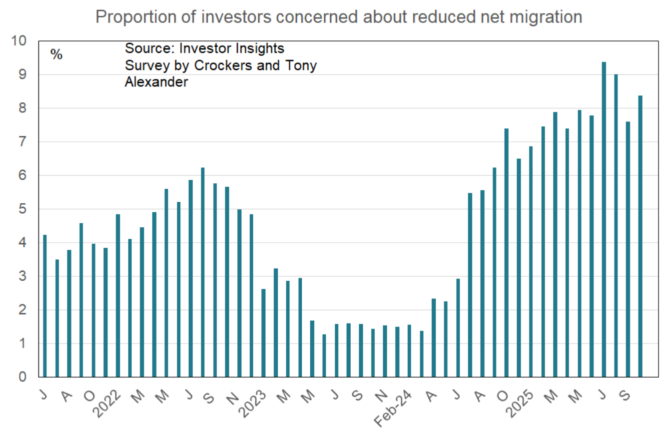
High also remain worries about ever-escalating council rates.



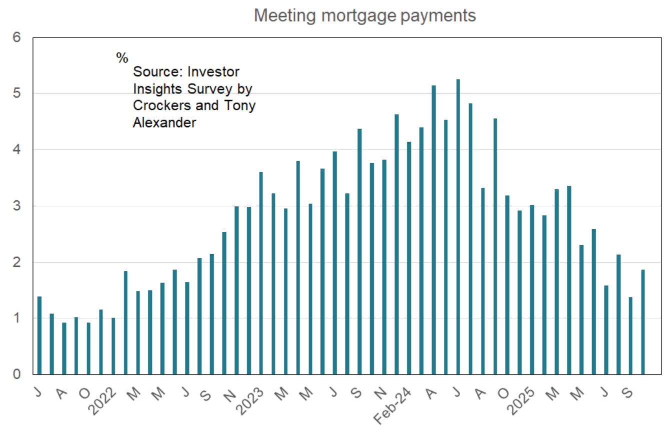
But there is a very mild easing underway in concerns about insurance costs, possibly as evidence comes in that some premiums are lower this year than last year.



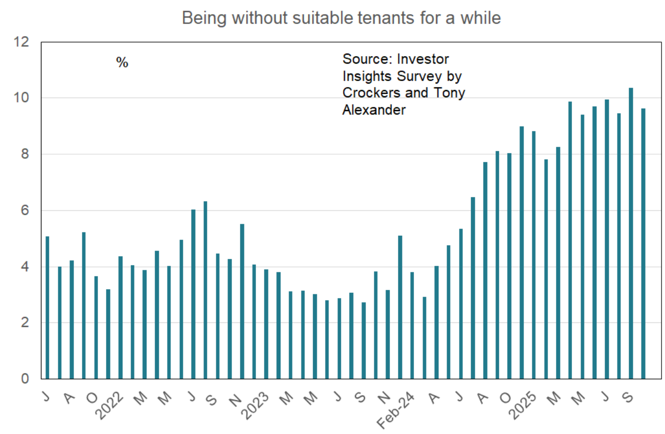
There is high awareness and concern about the weak net migration flows New Zealand is currently experiencing.



Few concerns exist about meeting mortgage payments.



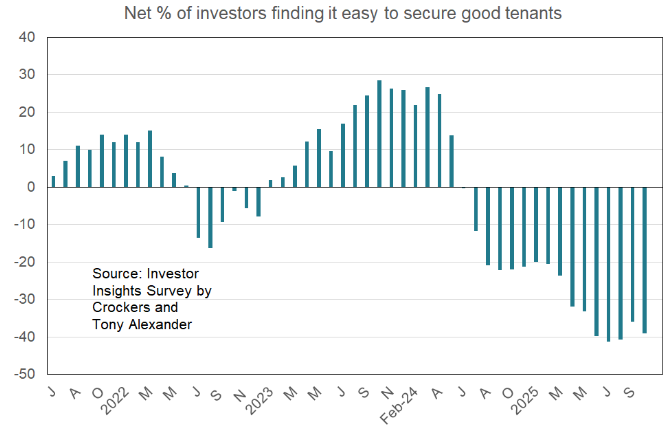
But commensurate with increasing difficulties being experienced in securing a good tenant, concerns about having an empty property for some time are firm.



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

This month a net 39% of existing property investors have reported that they are finding it difficult to secure a good tenant. The graph shows that while this is worse than the net 36% of September the trend deterioration in this measure ended in July.

Regardless, the overall situation is one in which tenants face a good range of options to secure accommodation (not necessarily in all locations), even if the rents they pay are high by past standards.



There were 274 responses received in this month’s survey, with respondents located as follows.

Region	%
Northland	0.7
Auckland	40.5
Bay of Plenty	6.9
Waikato	10.6
Hawke's Bay/Gisborne	5.1
Taranaki	2.2
Manawatu-Wanganui	2.9
Wellington	10.9
Nelson, Tas., Marl	3.5
Canterbury	10.9
Dunedin City	4.0
Queenstown Lakes	1.8
Southland	0.4

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CROCKERS PROPERTY GROUP
F 0800 CROCKERS (2762 5377)
E property@crockers.co.nz

525 Manukau Road, Epsom, Auckland 1023
PO Box 74054, Greenlane, Auckland 1546

Crockers Property Management Ltd
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