



Investor Insight

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Crockers 
PEOPLE & PROPERTY

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Steady readings over summer

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.

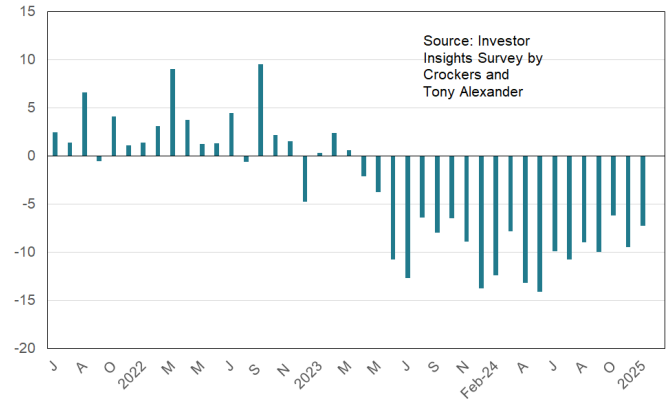
Key points of interest from this month's survey, which received 354 responses include the following.

- Net interest from existing landlords in buying more property remains muted and for those with purchasing interest the demand is largely for properties already on the ground.
- Compared with a year ago there has been a sharp deterioration in the ease with which investors say they can find a good tenant.
- Worries have recently grown regarding house prices falling and interest rates rising.

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

A net 7% of investors at the start of 2025 have reported in our survey that they are planning to sell a property over the coming year. This is consistent with results in recent months and still slightly leaves in place the mild improvement in this measure of market interest underway since the middle of 2024. But things are a long way from where they were over 2021-22 when more investors planned to buy than sell. Investor interest currently is still muted.

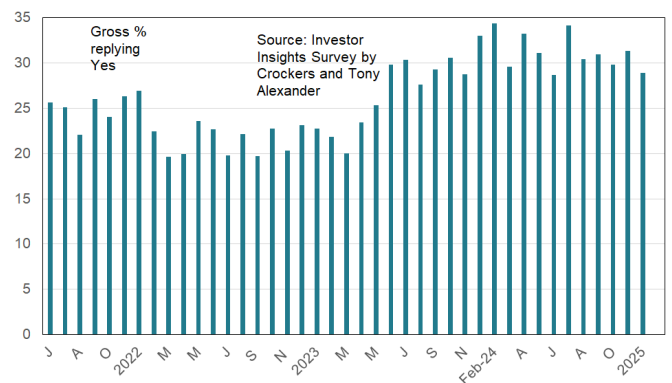
Net % of investors planning to buy a property



We can look at gross selling and buying intentions to see whether the improvement underway in recent months results from more investors saying they want to buy and/or more saying they no longer want to sell.

The gross proportion of investors thinking about selling a residential property has edged down this month to 29% from 31% in November. But as the graph shows this cannot be interpreted as the start of an improving trend. The interest of investors in selling rose over the middle part of 2023 shortly after more first home buyers entered the housing market and that selling interest into this stronger demand remains.

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



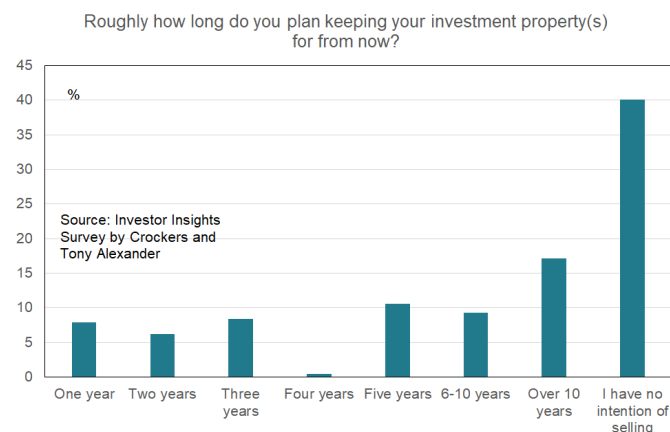


As was the case in our last survey two months ago a gross 22% of investors say they plan buying a property in the next 12 months. This measure has recovered from low levels towards the middle of last year but is no longer on an upward trend. This housing cycle is so far not being driven by investor demand.



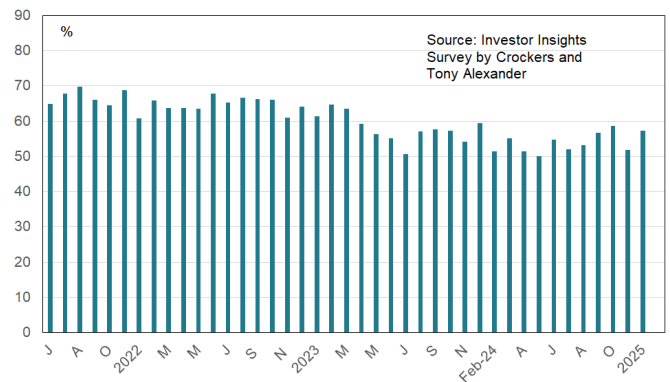
ROUGHLY HOW LONG DO YOU PLAN KEEPING YOUR INVESTMENT PROPERTY(S) FROM NOW?

A gross 40% of investors have no plans to sell their property and just 8% would sell within one year.



The proportion planning to hold for at least ten years or never sell stands at 57%, which is up from 52% in November but still slightly below the average since our survey started in early 2021 of 60%.

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

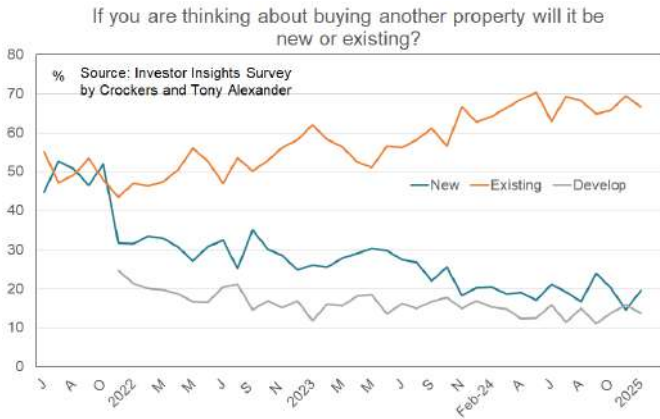


IF YOU ARE THINKING ABOUT BUYING ANOTHER PROPERTY WILL IT BE NEW OR EXISTING?

New Zealand needs more houses but the costs of construction have soared in recent years with hefty extra requirements (costs) being imposed by central and local governments. The end results may be better quality (apart from over-heating townhouses in Auckland and according to a some "prison-like" townhouses in parts of Christchurch), but affordability has been permanently impaired.

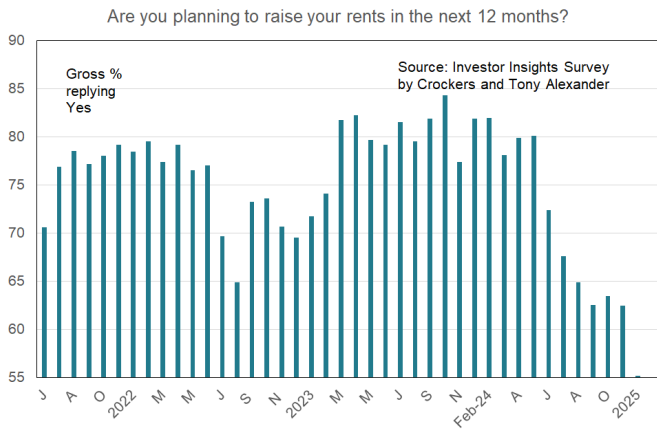
For those investors thinking about purchasing a property in the coming year (22%) only 19% would purchase something new and 14% would develop a property themselves.

As the following graph shows interest in one's own development fell away over 2022 and has stayed down while interest in purchasing a new-build fell from the end of 2021 to the end of 2023 and has stayed low since. Interest in purchasing an existing property has trended up and shows no sign of turning. This suggests one should be cautious in interpreting some recent media stories regarding rising interest in new-builds.



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

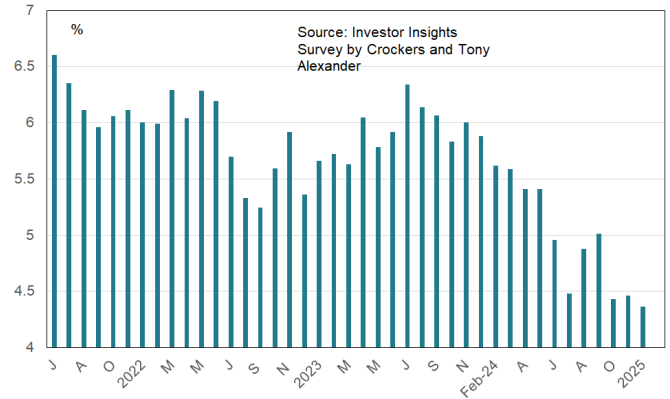
A gross 55% of investors have reported that they plan to raise their rents over the coming year. This measure fell quite sharply in the middle of 2024 and shows no sign of lifting. That is good for tenants and inflation.



IF YOU PLAN RAISING YOUR RENTS, HOW MUCH BY?

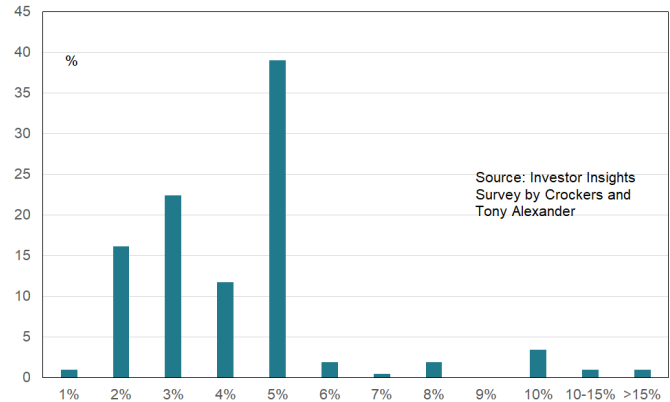
The average rent rise planned by landlords if they can achieve it is 4.3% compared with 4.4% in November and 5.6% just under a year ago.

Average planned rent increase



This graph shows the rent rises planned by investors.

If you plan raising your rents, how much by?



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

Respondents to this question can choose amongst three options.

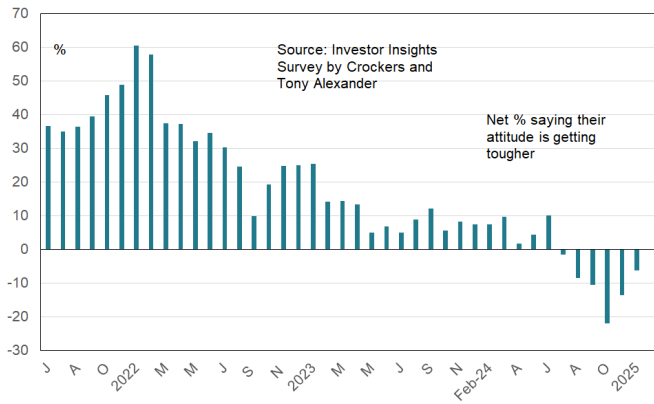
- Getting tougher
- Getting more relaxed
- No change, nothing apparent.

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

A net 6% of landlords have reported that their bank attitude towards finance is improving. This is less strong than the 22% of October but still in positive territory for borrowers (shown as negative readings in our graph).



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

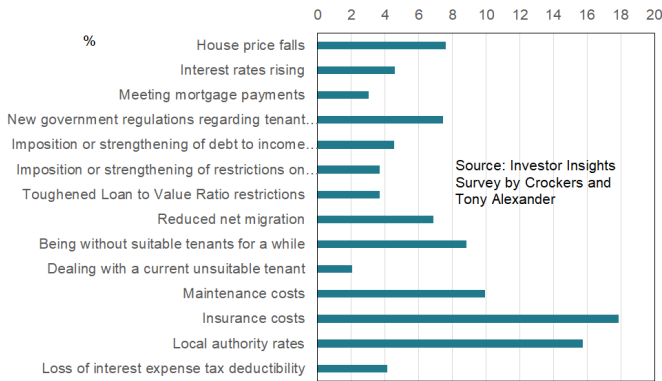


WHICH THINGS CONCERN YOU MOST REGARDING RETURNS ON YOUR INVESTMENT GOING FORWARD?

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

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

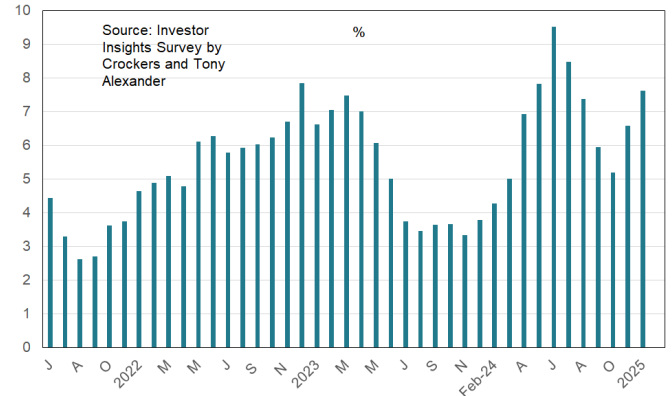
Which things concern you most regarding returns on your investment going forward?



Looking at some of the individual areas of concern we see the following. Worries about prices falling undertook a rise in November which we described here as “unusual”. But they have lifted again in this month’s survey therefore there was nothing unusual about the earlier move. Investors have become less confident that this cycle will produce firm house price rises and

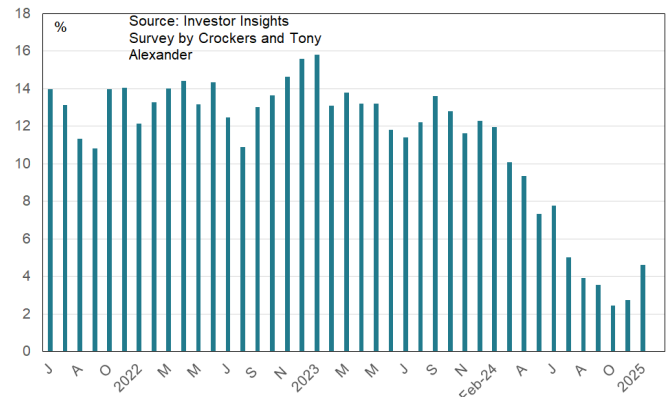
appear disbelieving of recent data showing improvement (REINZ numbers – other sources not really).

Proportion of investors concerned about house prices falling



Worries about interest rates going up have increased and this appears logical in light of the inflation risks I have been highlighting in recent months and the decreasing scope for much additional easing of monetary policy in New Zealand.

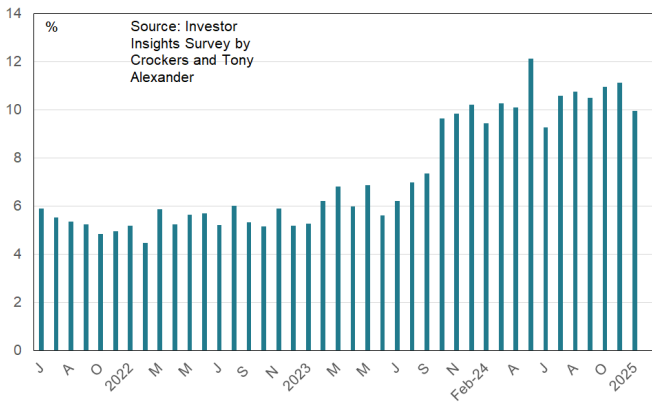
Proportion of investors concerned about interest rates rising



Worries about ongoing maintenance cost rises increased in the second half of 2023 and remain elevated.

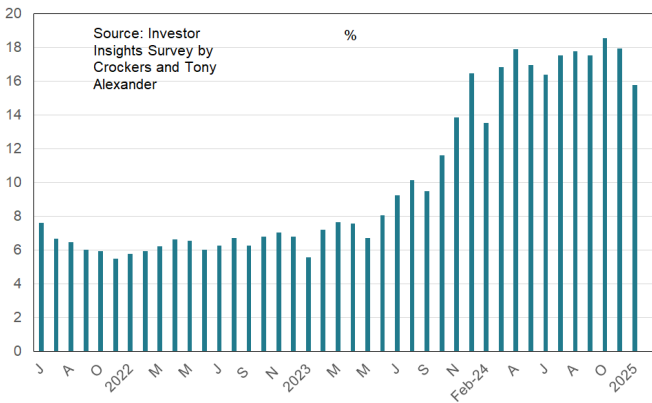


Proportion of investors concerned about maintenance costs rising



Not as elevated however as worries about council rates rises.

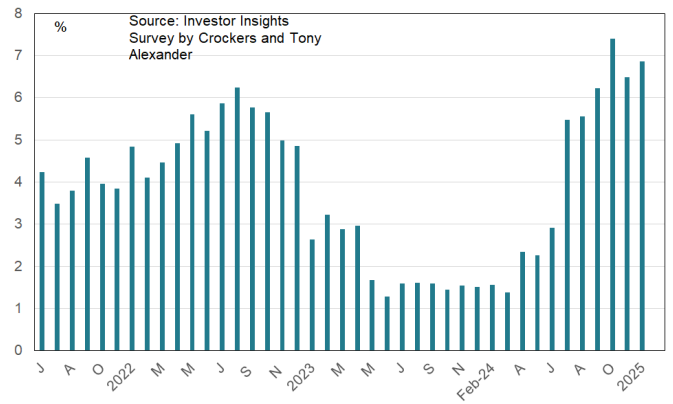
Proportion of investors concerned about council rates



Insurance cost worries have plateaued. It will be interesting to see if they decline now that some brokers are indicating increases driven by offshore reassessments of NZ risk appear to have ended. Then again, the California wildfires will have some reinsurance cost impact over 2025-26.

Migration worries are elevated now that net flows have substantially pulled back from the record levels of 2023.

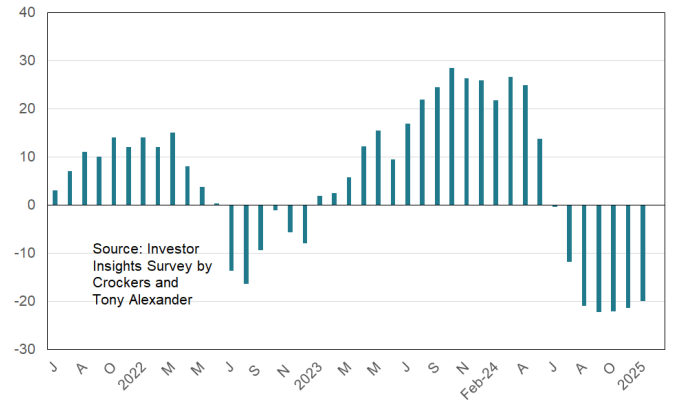
Proportion of investors concerned about reduced net migration



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

Since May last year more investors have said it is hard to find a good tenant than have reported that things are easy. The situation is distinctly different from early-2024.

Net % of investors finding it easy to secure good tenants





There were 354 responses received in this month's survey, with respondents located as follows.

Region	%
Northland	2.3
Auckland	50.0
Bay of Plenty	5.4
Waikato	6.8
Hawke's Bay/Gisborne	3.7
Taranaki	1.4
Manawatu-Wanganui	2.8
Wellington	10.7
Nelson, Tas., Marl	1.8
Canterbury	10.2
Dunedin City	1.7
Queenstown Lakes	2.5
Southland	0.3

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- Enquire about stress-free property management for your residential or commercial property

BODY CORP: bc@crockers.co.nz

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BUILD-TO-RENT: btr@crockers.co.nz

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- We assist BTR developers and owners in the design, development and management of their complexes

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