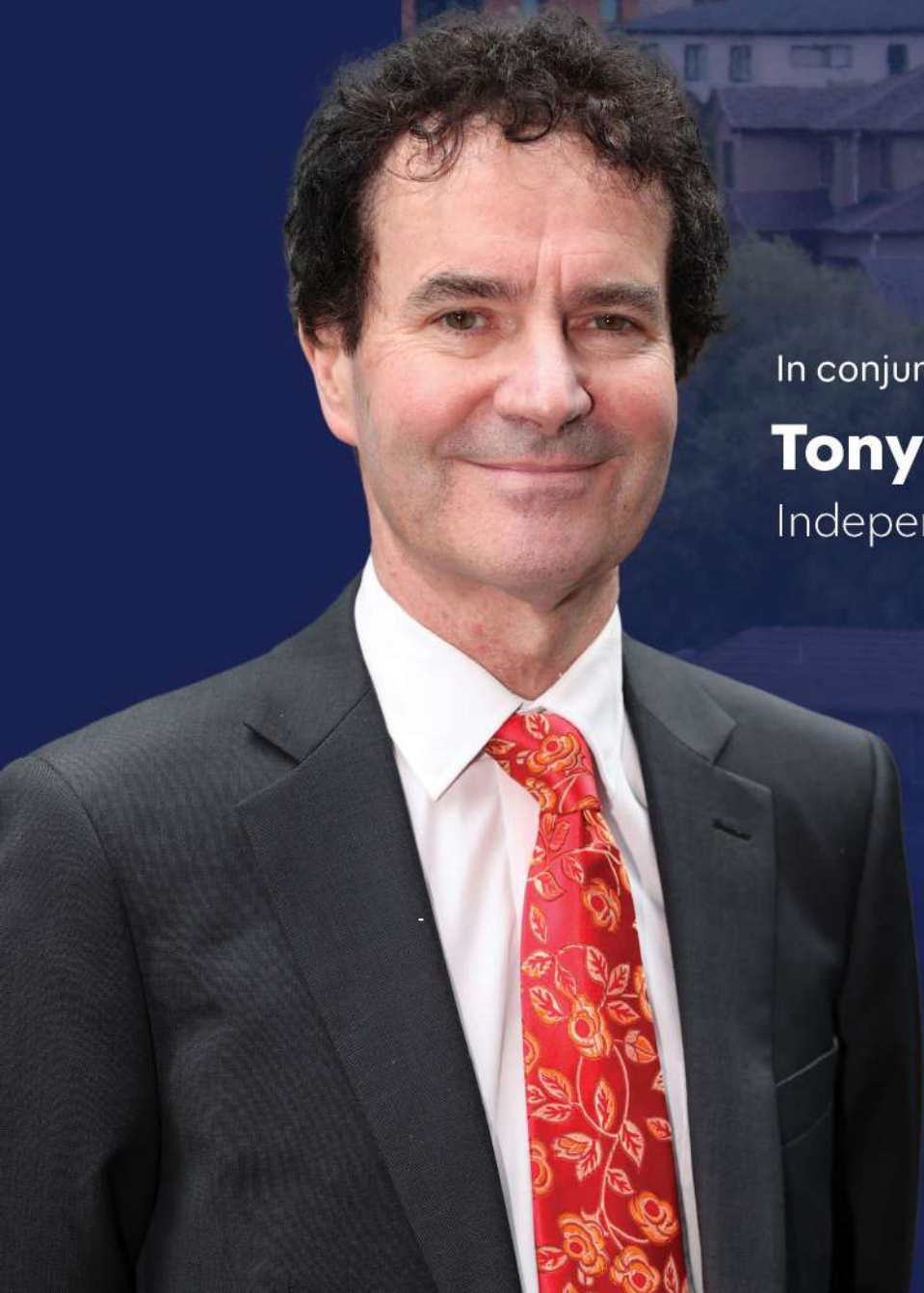


2025
March

Crockers 
PEOPLE & PROPERTY

Investor Insight



In conjunction with

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 266 responses include the following.

- Landlords firmly feel that banks are willing to provide finance should they seek it.
- It is becoming increasingly difficult for landlords to secure good tenants.
- Interest from existing investors in purchasing another property has pulled back slightly over the past month.

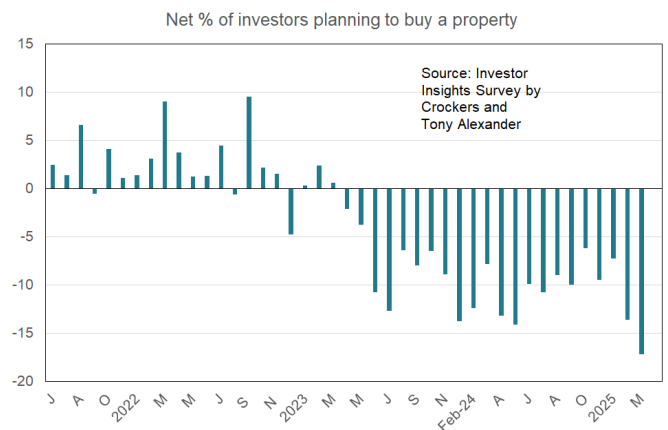
ARE YOU THINKING ABOUT BUYING ANOTHER PROPERTY WITHIN THE NEXT 12 MONTHS?

There is good evidence from a number of sources including my monthly survey of real estate to show that there is rising interest in purchasing property from investors. However, in this survey here we capture the plans of those who already own property and a different dynamic appears to be in play.

A net 17% of existing landlords indicate that they intend selling a property over the coming 12 months. This results from a gross 18% saying they will buy more and a gross 35% saying they will sell. This is the most negative result since our survey started in June 2021 and it helps explain why rising demand from all types of

buyers currently is not translating into a string of house price rises around the country – vendor supply is also rising.

This is a healthy development for the residential real estate market but leaves the balance of power mainly in the hands of buyers around the country.



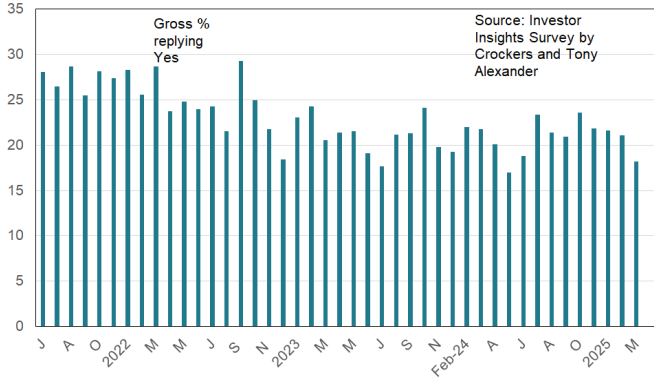
This graph shows the recent bump upward in the proportion of existing investors looking to sell a property.



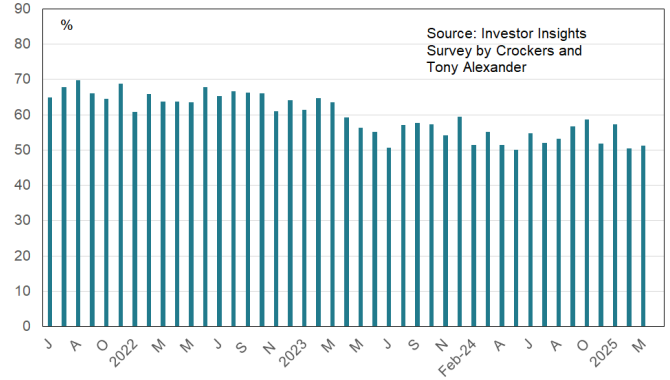
This graph however shows a bump down recently in the proportion of existing investors looking to buy.



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



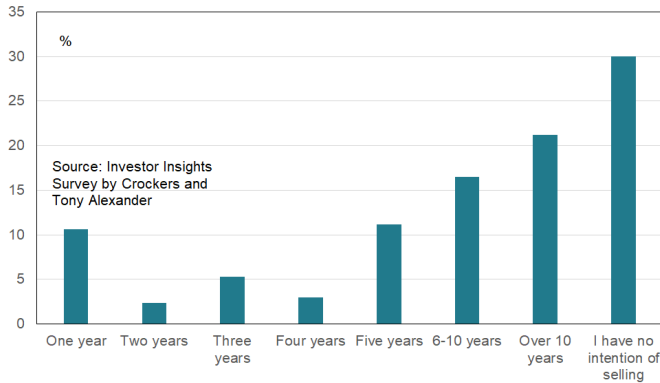
Gross % of investors planning to hold at least ten years or never sell



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

Our first graph in this section as usual shows the proportion of existing investors who intend holding their property for the various time periods shown along the horizontal axis. Note the intention to hold long-term.

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

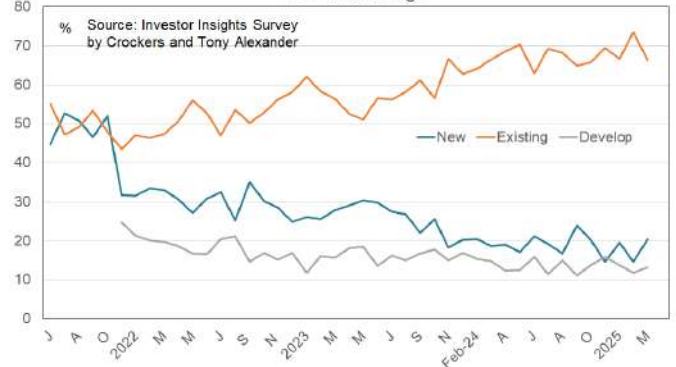


However, when we focus in on the proportion who will hold for at least another ten years or never sell we can see that there is a downward trend underway. This will likely reflect a combination of the aging of our sample base along with increasing costs of operating a rental business encouraging some landlords to focus their attention elsewhere.

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

Last month we noted a distinct drop in the proportion of investors looking to buy who reported that they would purchase a new property – to just 15% from 19% at the end of last year. That proportion has now recovered to 20%. If we smooth over the month to month volatility seen in the following graph then it is looking like this measure might have bottomed out. If so this is positive for the house construction sector – though not yet in the sense of rising orders for new builds.

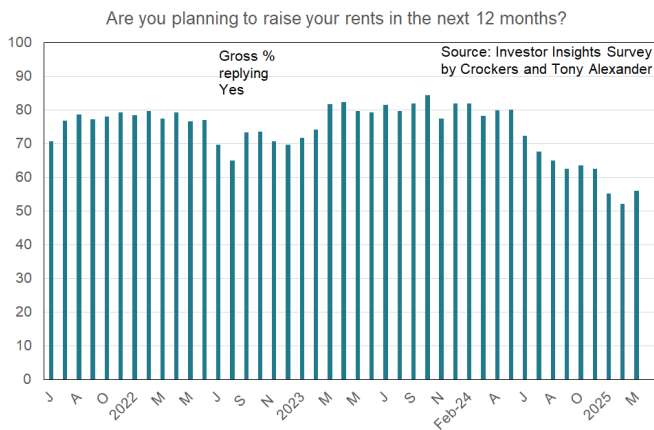
If you are thinking about buying another property will it be new or existing?





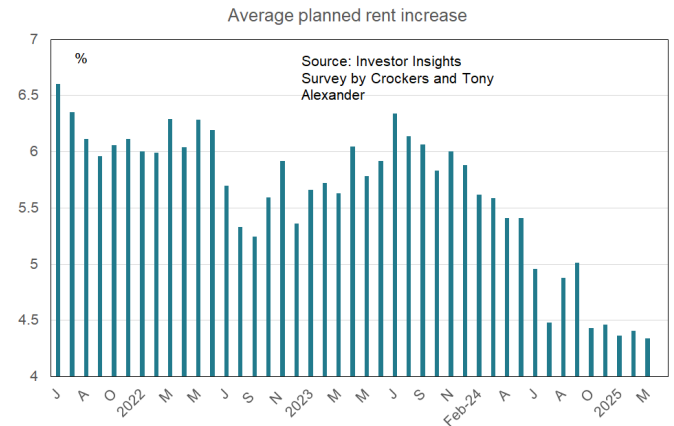
ARE YOU PLANNING TO RAISE YOUR RENTS IN THE NEXT 6 MONTHS?

There has been a blip upward this month in the proportion of investors who say that they intend raising their rents over the next 12 months – to 56% from 52% last month. However, recent nationwide data show that rents are falling because there is an over-supply of rental accommodation. So, many landlords may find themselves unable to extract the rent rises which they are currently planning.

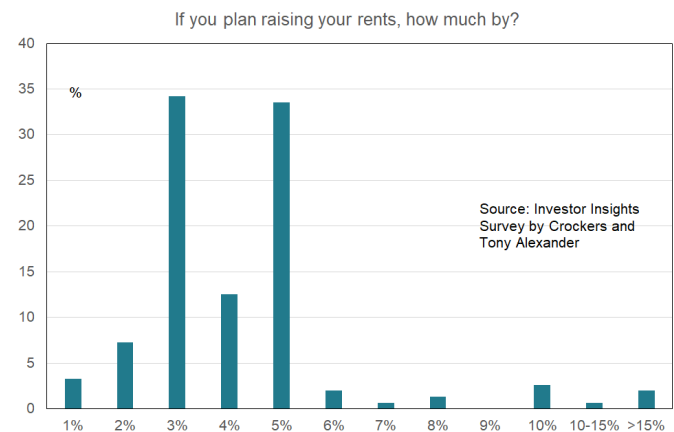


IF YOU PLAN RAISING YOUR RENTS, HOW MUCH BY?

On average landlords report plans to raise their rents in the coming year by 4.3%. This result is consistent with others since July if we allow for a small downward trend. The risk is this trend accelerates in the near future as awareness of the fact of falling rents in the market at the moment grows.



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.

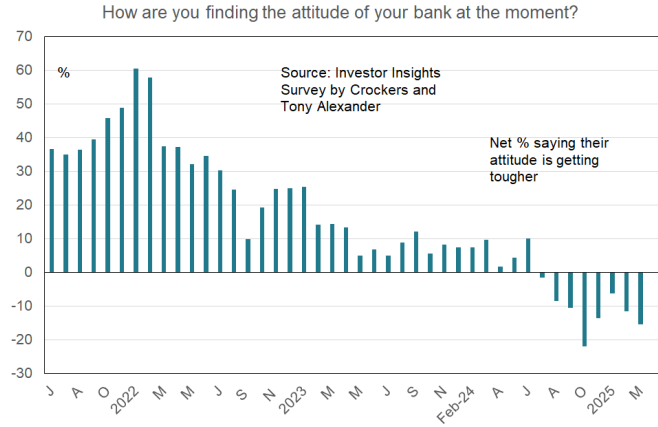
- Getting tougher
- Getting more relaxed
- No change, nothing apparent.

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

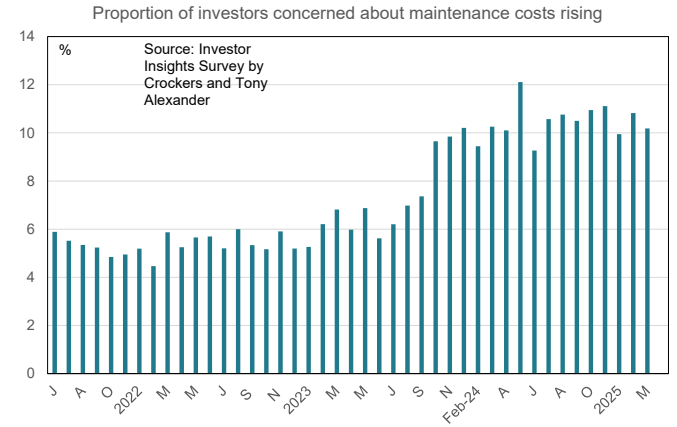
A strong net 15% of landlords have this month reported that they feel banks are becoming more willing to advance credit if sought. This measure underwent a substantial improvement during the



September quarter last year and media recently have been openly discussing the increased competition between banks for mortgage business.



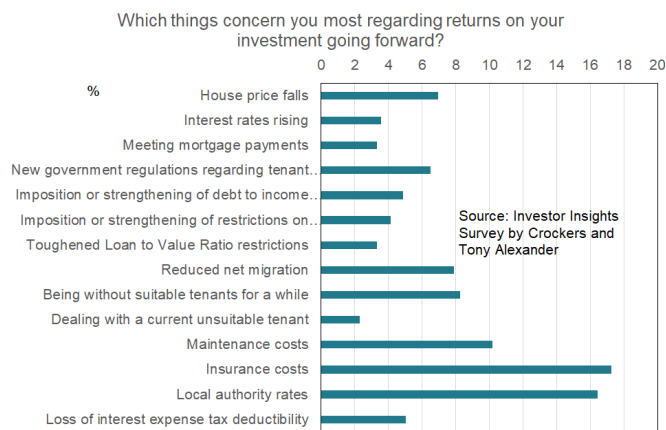
Concerns about maintenance costs rose firmly in 2023 and remain high.



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

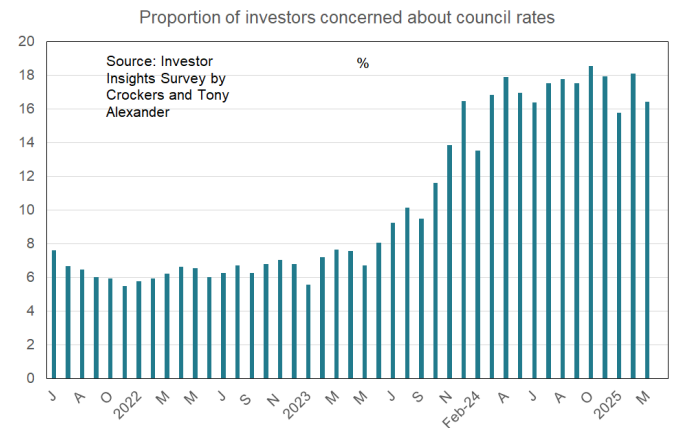
Respondents are able to choose more than one response to this question and results for all choices are shown in the following graph.

The biggest concerns of landlords continue to be insurance, council rates, then maintenance costs.

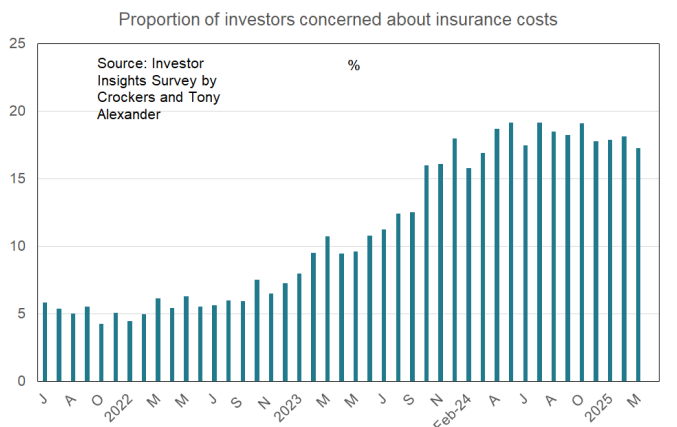


Looking at some of the individual areas of concern we see the following.

Worries about council rates might be slightly easing off but remain elevated.

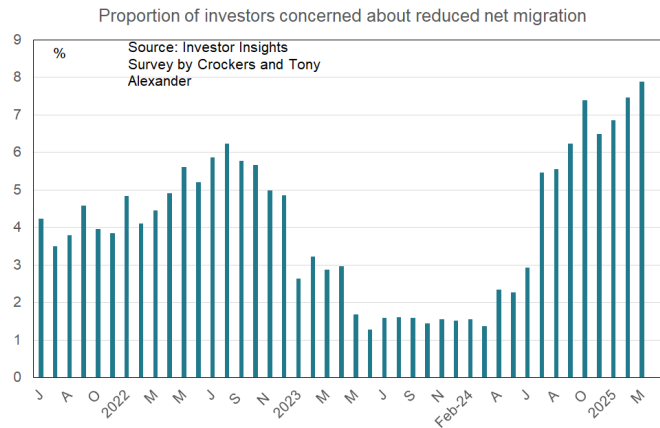


Insurance cost concerns might also be easing but only at the extreme margin.

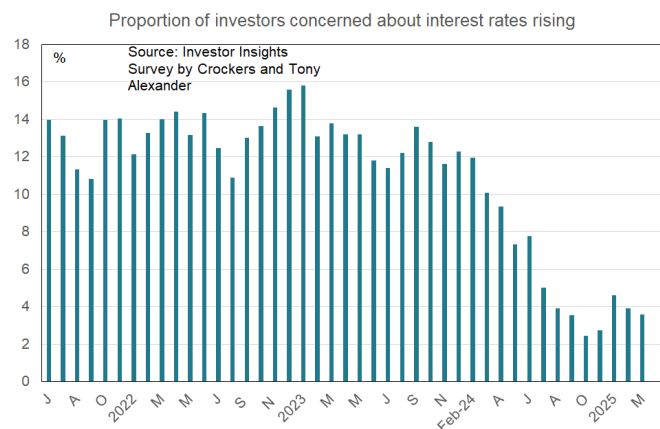




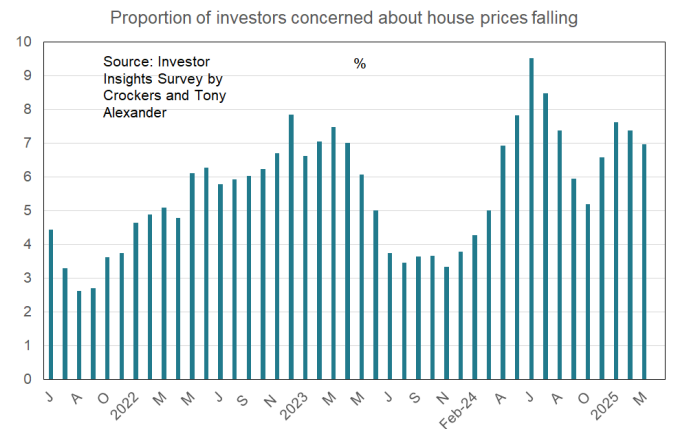
One area of concern growing in importance is the feeling that net migration flows are becoming too small.



The period of easing concern regarding interest rates came to an end in November last year. Lower financing costs have probably now largely been factored in by borrowers.

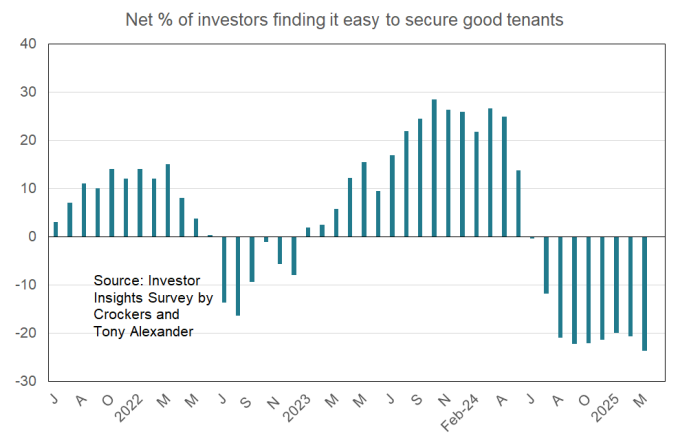


The level of concern about house prices falling jumped early in 2024 and still remains relatively high. This reflects the fact that this housing cycle so far has not produced sustained price gains.



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

A record net 24% of investors this month have reported that it is difficult to find a good tenant. This is a strong reversal from a year ago when a net 27% said that finding a good tenant was easy.





There were 266 responses received in this month's survey, with respondents located as follows.

Region	%
Northland	2.2
Auckland	38.0
Bay of Plenty	6.6
Waikato	12.9
Hawke's Bay/Gisborne	3.3
Taranaki	1.5
Manawatu-Wanganui	2.6
Wellington	13.7
Nelson, Tas., Marl	2.9
Canterbury	9.6
Dunedin City	5.5
Queenstown Lakes	1.1
Southland	0.1

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