



Topics this month • Housing affordability review • CPII Survey Results - rental property warrant of fitness; what do you know about it? • Auckland rental and sales review

## Rental Property Warrant of Fitness: The majority are aware of it and approve of the concept

Just over **half** of our respondents to our latest Crocker's Property Investment Index Survey (CPII) were aware of the **Government's** intention to introduce a **warrant of fitness** certificate for the private rental market sector.

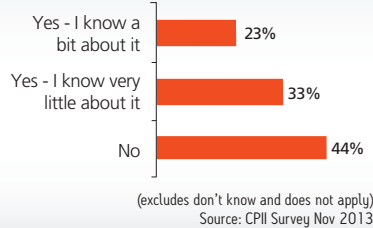
Just under a quarter reported to know a bit about the topic, while others knew very little. Irrespective of any knowledge of the matter, almost two thirds agreed that it was a good idea for the Government to put a WOF in place for private rentals. Despite the majority being in favour of the framework for improved rental standards, only 20% of the total surveyed had taken advantage of the Government subsidy to install insulation or a heat pump, with a further 17% stating additional insulation was not required.

### Awareness of WOF for private rentals

Just over half were aware of the intention for the Government to introduce a warrant of fitness certificate for the private rental market sector. Almost a quarter reported to know a bit about this subject, while 33% were aware but know very little about it.

**Q: Are you aware of the Government's intention to bring in a property warrant of fitness certificate for the private rental market sector?**

#### Awareness of WOF for private rentals



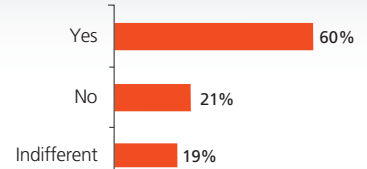
### Approval of WOF on rental properties

The majority (60%) of those questioned agreed that it is a good idea to introduce the

warrant of fitness for the private rental market. Just over 20% did not agree with the WOF concept, and a similar portion (19%) was indifferent about it.

**Q: Do you think this is a good idea, if the Government was to go ahead with a Warrant of Fitness certificate for the private rental market sector?**

#### Approval of WOF concept

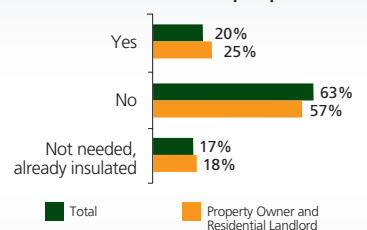


(excludes don't know and does not apply)  
Source: CPII Survey Nov 2013

### Government subsidy for insulation and heat pumps in rental properties

Only a small proportion of those surveyed had taken advantage of the Government subsidy to install insulation or heat pumps in their rental properties. A similar proportion had no need to improve insulation. However, when looking solely at those who are Property Owners and Residential Landlords, the uptake of the offer is slightly higher, 25%.

#### Have you used the Government subsidy offer for insulation/heat pumps?



(excludes don't know and does not apply)  
Source: CPII Survey Nov 2013

**Q: The Government offers a subsidy to install insulation and heat pumps in homes that meet a certain criteria. Have you taken up this scheme for any of your rental properties within the past 4 years?**

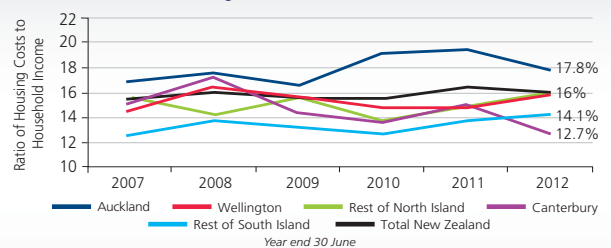
## Housing Affordability Review

The **OECD's** (Organisation for Economic Co-operation and Development) **wellbeing** report *How's Life* shows New Zealand's housing costs as a proportion of income to be the second **highest** in the OECD, second only to Greece. (Source: [www.oecd.org/statistics/howlife.htm](http://www.oecd.org/statistics/howlife.htm)).

When a similar measure is broken down to a regional level, it reveals a significant gap between Auckland and the rest of the country. Since 2010, Aucklanders' have been spending a higher proportion of their income on housing compared to those in other parts of the country, although the gap appears to have closed somewhat in 2012.

Read chart in next column as: in 2012 Aucklanders spent 17.8% of household income on housing costs (includes rents and mortgages, property rates, and building-related insurance) Calculation = Housing Costs / Total Household Income.

#### Ratio of housing costs to total household income



Source: Household Economic Survey (Income): Year ended 30 June 2012. Housing costs to household income ratios, Over all households, by region (Statistics New Zealand)

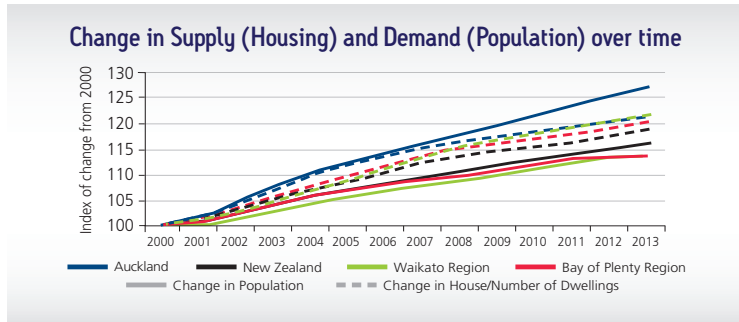
Notes: Housing costs include expenditure on rents and mortgages, property rates, and building-related insurance. Income figures are collected for people aged 15 years and over. Household income is from total regular and recurring income sources, and is gross (before tax) income. Ratios are calculated using the aggregate housing cost amount as a proportion of the aggregate household income amount.

One of the key factors that impacts housing affordability is the supply and demand ratio for housing. By looking at the demand - change in population, and supply - the change in housing (dwellings) over time, a very different trend is seen for Auckland compared to other fast growing regions (Waikato and Bay of Plenty). The rate of population growth of the Auckland population is far greater

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## Housing Affordability Review cont...

than the growth in the number of dwellings, while in other regions, the rate of growth in dwellings is higher than the growth of the population.



**Change in Population = Estimated Resident Population**

Source: Estimated Resident Population for Regional Council Areas (Annual June) (Statistics New Zealand)

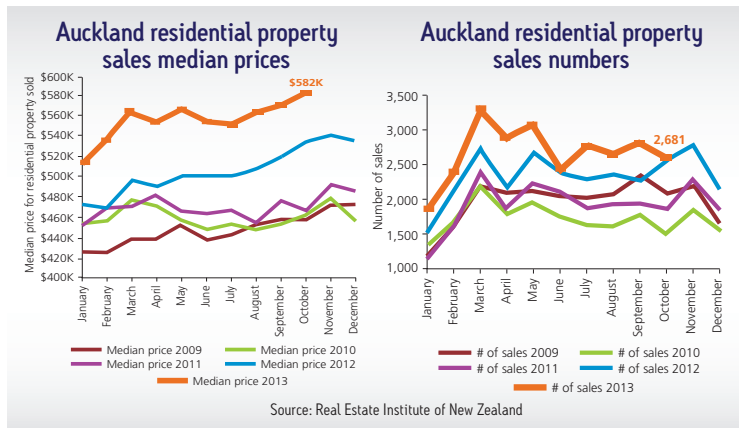
**Change in Housing/Number of Dwellings = 2001 Dwelling Count + Total New Residential Building Consents**

Source: 2001 Census Dwelling Count for Regional Councils (Occupied + Unoccupied) (As at March 2001) (Statistics New Zealand), Building Consents Number, value and floor area by building type, nature and region (Annual-Sep) (Statistics New Zealand)

## Auckland Sales & Rental Update

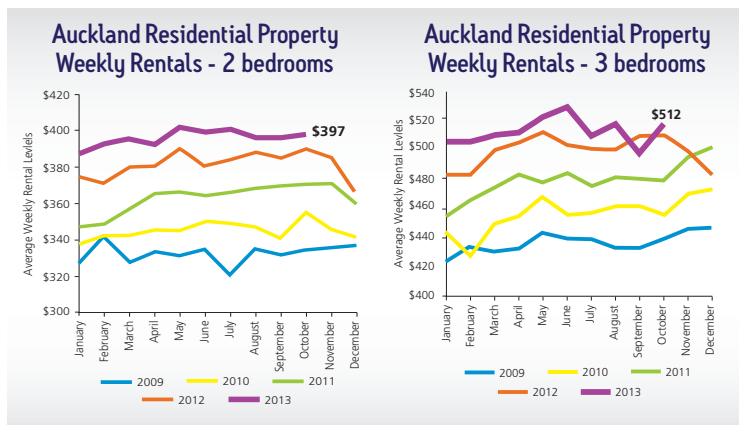
### Median Auckland Prices and Sales Figures

The median sales numbers in Auckland again continue to remain stable averaging around 2,700 for the last 4 months (a normal winter plateau effect). Meanwhile, over the same 4 month period median sales prices have steadily increased, reaching an all time high in October of \$582k.



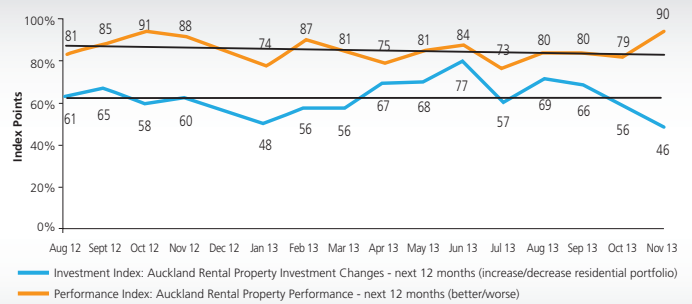
### 3-bed Auckland rental prices stabilise

Prices for 2-bedroom rentals in Auckland have remained stable over the last 3 months, as have those at a national level. The average price of a 3-bedroom rental in Auckland has returned to a more typical price of \$512 after an abnormally low month in September (due to the suburb of Devonport having no bonds received for the month of September).



## Crockers Property Investment Index

The Crockers Property Investment Performance Index has increased dramatically this month, after being stable for the previous 3 months. However the Property Investment Index falls for a second month in a row, now at the lowest level we have seen, similar to what was seen in January 2013. This shows that despite the expected returns from existing properties continuing to increase, likelihood to invest in new properties continues to fall. This suggests that property investors may be rethinking future investments, possibly because of the reduced yields to be enjoyed from inflated prices.



### Expected Rental Property Investment Performance – Next 12 Months

This month there was a decline in the proportion of those expecting the performance of their property investments to worsen, down to 4% from 8% last month. This low level was last seen in October 2012. The proportion expecting the performance of their property investments to remain the same has stabilised at relatively high levels (63%). The proportion of those expecting the performance of their investments will increase, has increased very slightly on last month to 34%. Overall this depicts a small increase in the proportion of property investors expecting better performance from their investments.

### Planned Rental Property Investment Changes – Next 12 Months

For the second month in a row we see an increasing trend in those expecting to make no change to their investments in the next 12 months (73%) and we also see a continued decline in those expecting to increase their investments (now at the lowest level we have seen, 13%).

**Residential property gains appeal** Amongst those planning to invest in rental properties, we again see a steady trend in people wanting to invest in 'other residential' properties (63%). This month we see a continued yet small decline in those intending to invest in Central CBD properties (16% vs. 18% month ago), with more expecting to invest in apartments in other areas (16%) – the cheaper costs of apartments no doubt contributing to their increased attraction.

## Crockers Property Managers continue to excel

**Congratulations** to our Property Managers who have **completed** and have been certified their **NZQA** accredited qualification, New Zealand Certificate in Residential Property Management.

Crockers Property Management Ltd is licensed under the Real Estate Agents Authority (REAA) and is a member of the Real Estate Institute of New Zealand (REINZ); our Property Managers undergo regular training and development workshops to ensure our clients are receiving the highest form of **service** and knowledge available to them.