

# PROPERTY INVESTMENT UPDATE



**Edinburgh  
Realty**

Licensed under the Real Estate Agents Act 2008



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**Assisting vendors/investors since 2003**

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DECEMBER  
2016

## IMPORTANT DATES...



**Dec 2016/Jan 2017**

Christmas office hours  
Close: 12pm, 23rd December  
Open: 9am, 9th January  
Clayton on call throughout holidays



**9 January 2017**

Summer School Starts



**20-24 February 2017**

'O' Week Commences



**27 February 2017**

First Semester Classes Start

## 2016 - LOWER YIELDS - HIGHER PRICES

Much like the rest of the country the Otago student flat market has profited from cheap mortgage funds, increased buyer enquiry and a shortage of properties available for sale. "Campus" sales yields have trended down slightly with more flats selling under the historically accepted 7% benchmark. Quality, well located flats are now regularly selling between 6% and 7% while average properties requiring work to get the room rate up remain in the 7's.

Recent LVR restrictions have taken some buyers out of the market - especially those with multiple properties geared to maximise the old 80% gearing ceiling. The loss of these buyers will be temporary and has been offset by increased interest from equity rich Auckland buyers looking for better yields than they can get locally. Overseas interest remains steady.

While enquiry across all price ranges remains positive there is currently huge demand for "Fringe" properties in the "Gardens" and close in North East Valley, around \$300,000. Anything on Campus up to 450K to 600K will attract good interest. We have buyers waiting for specific property types across all price ranges.

Moving into 2017 we continue to stand out as a safe, reliable, profitable option for investors by providing stable letting history of full year leases well in advance, an enviable supply of tenants, proven yield returns better than most other areas, all located on a tight supply of land only minutes walk to all the amenities of a large city.

We would like to extend a thank you to all vendors, investors, buyers, friends and industry professionals who we have had the pleasure of working with during 2016.

All the very best to you and your families for a fantastic Christmas, safe, relaxing holiday period and a prosperous New Year.

We look forward to an equally hectic 2017.

Lane, Clayton & Mandy



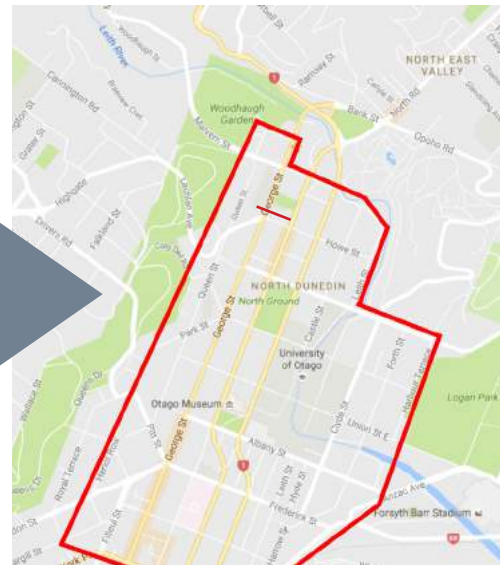
# BY THE NUMBERS

In March 2014 #48, we took a look at annual REINZ sales statistics for North and Central Dunedin. The area we call "Campus" and consider to be the heart of student flat investing, is not statistically recognized as a suburb. The schedule here is an update of #48 and reconfigured to cover from 2007 to present (15 Nov 2016) ie. YTD.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
(1)	92	63	90	56	55	61	59	64	87	72+
(2)	208	144	181	133	127	164	142	204	224	227+
(3)	44.2%	43.7%	49.7%	42.1%	43.1%	37.2%	41.5%	31.4%	38.8%	31.7%

(1) Campus Sales (2) Dunedin North + Dunedin Central (3) % of (1) to (2)

Our own sales remain steady at around 70% of all Campus Sales.



## LETTING

One attraction in investing on Otago Campus is the landlords ability to secure a full 12 months lease well in advance of the current lease expiring. We gave an example of some of our own room rates in issue #57. This year our flats were let by end of August. In driving around Campus there appears to be a number of "To Let" signs and we are only four weeks from Christmas. Most flats are either empty or 1 or 2 students left.

The likelihood of getting a full group this year is now reduced. It is (from experience) difficult to find a full group in Jan/Feb. The most likely outcome is a group of individuals. If you are not let at this time - what went wrong? We've covered this many times in previous newsletters - see #53, #54, #57, #58 etc (available to view on our website).

By way of interest this is where our Property Management division is (8th Nov).

Still Avail	Campus	Fringe	Leith	N.E.V.	Other	Taken
Flats	20	6	2	4	6	85%
Studios	21	4	3	4	6	75%

Earlier on 5th September - 75% flats taken, 59% Studios taken.

## WHY DEADLINE?

With a Deadline Sale the property is offered for sale with no price. ie we are selling a property - not a price. No one can say it's too expensive. The property will inspect on its own merits and the buyer will decide how much they will pay. Because they will usually only get one chance at making their offer it is always recommended it be their best and final. Offers can and usually have conditions. ie reports, finance, lim etc. Some offers are cash (unconditional). All offers are to be made on a particular date and are then considered by the owner, who has the right to choose any one of them or negotiate with the one who is closest to their expectations. A buyer is able to make an offer at any time during the marketing and it is considered at the discretion of the owner, either accepted, negotiated or simply turned down. An early offer can trigger other buyers to offer early creating a multiple offer situation; basically bringing the deadline date forward. Does the owner consider early offers or wait until all buyers have seen the property? Advice from an experienced agent is critical at this point. In a Tender, offers can only be made for consideration at the Tender date. ie no prior offers.

Rarely two buyers making offers on a Deadline Sale property offer the same amount and can be (we've seen it) \$150,000 apart on a 500K - 600K property. Deadline Sale gives conditional buyers an opportunity to make offers where as Auction buyers need to be unconditional ie cash - no conditions.



# RECENTLY SOLD

## 5 DRUMMOND STREET CAMPUS



🏠 6 🚿 2

SALE PRICE \$520,000  
YIELD 7.5%  
VENDOR DUNEDIN  
PURCHASER AUSTRALIA

## 59 SLIGO TERRACE ROSLYN



🏠 4 🚿 1

SALE PRICE \$440,000  
YIELD 7.1%  
VENDOR DUNEDIN  
PURCHASER DUNEDIN

## 237C MORAY PLACE DUNEDIN CENTRAL



🏠 2 🚿 2

SALE PRICE \$430,000  
YIELD VACANT  
VENDOR DUNEDIN  
PURCHASER CHRISTCHURCH

## 13/97 FILLEUL STREET CAMPUS



🏠 1 🚿 1

SALE PRICE \$330,000  
YIELD VACANT (not built)  
VENDOR DUNEDIN  
PURCHASER ALEXANDRA

## 97 FORFAR STREET MOSGIEL



🏠 3 🚿 1 🚗 1 + OSP

SALE PRICE \$297,000  
YIELD 5.6%  
VENDOR DUNEDIN  
PURCHASER DUNEDIN

## 82 & 100 GLADSTONE RD DALMORE



🏠 5 🚿 2

SALE PRICE \$280,000  
YIELD VACANT (project)  
VENDOR DUNEDIN  
PURCHASER DUNEDIN

## 74 HARGEST CRESCENT ST CLAIR



🏠 4 🚿 2 🚗 OSP

SALE PRICE \$280,000  
YIELD 7.5%  
VENDOR DUNEDIN  
PURCHASER ARROWTOWN

## 45 MALVERN STREET WOODHAUGH



🏠 4 🚿 2 🚗 OSP

SALE PRICE \$260,500  
YIELD 8.4%  
VENDOR WESTPORT  
PURCHASER AUCKLAND

## 24 RAMSAY STREET DALMORE



🏠 4 🚿 1 🚗 OSP

SALE PRICE \$232,000  
YIELD 8.5%  
VENDOR HASTINGS  
PURCHASER AUCKLAND

# CURRENT LISTINGS

## 493C LEITH STREET CAMPUS



🏠 1   🛀 1

SALE PRICE    \$200,000  
YIELD            6.9%  
VENDOR        DUNEDIN  
PURCHASER    DUNEDIN

## DEVELOPMENT POTENTIAL

44 Park Street  
Campus



🏠 13   🛀 9   🚗 OSP

FOR SALE        \$2,995,000  
YIELD            N/A (land included)  
RENTAL          \$2,470pw

## SUPERIOR INVESTMENT

12 Forth Street  
Campus



🏠 15   🛀 5   🚗 OSP

FOR SALE        By Negotiation  
YIELD            N/A  
RENTAL          \$2,704pw

## 21D CLARK STREET DUNEDIN CENTRAL



SALE PRICE    \$160,000 + GST (if any)  
YIELD            7.5% (carparks)  
VENDOR        DUNEDIN  
PURCHASER    WAIUKU

## CHARACTER INVESTMENT

1037 George Street  
Campus



🏠 9   🛀 2   🚗 2 + OSP

FOR SALE        \$899,000  
YIELD            7.45% (2017)  
RENTAL          \$1,287pw

## LOOKING FOR QUALITY?

6 A & B Kyle Street  
Campus



🏠 5   🛀 3   🚗 OSP  
(each apartment)

FOR SALE        \$750,000 (each)  
YIELD            5.5% (2017)  
RENTAL          \$800pw

## 118C MACANDREW RD SOUTH DUNEDIN



🏠 2   🛀 1   🚗 OSP

SALE PRICE    \$154,000  
YIELD            6.6%  
VENDOR        GLENORCHY  
PURCHASER    DUNEDIN

## SUPERB LOCATION!

16 London Street  
Campus



🏠 6   🛀 4

FOR SALE        \$695,000  
YIELD            8.6% gross (2016)  
RENTAL          \$1,155pw

## NEED HIGH YIELD?

29 Malvern Street  
Woodhaugh



🏠 10   🛀 2   🚗 OSP

FOR SALE        \$605,000  
YIELD            9% (2017)  
RENTAL          \$1,050pw

### IMPRESSIVE CLASSIC VILLA

189 Cargill Street  
Dunedin Central



🏠 6    🚿 2    🚗 OSP

FOR SALE    \$599,000  
YIELD        7% (2017)  
RENTAL      \$810pw

### TIDY PURPOSE BUILT

9/700 Great King Street  
Campus



🏠 6    🚿 2    🚗 OSP

FOR SALE    \$599,000  
YIELD        7.3% (2017)  
RENTAL      \$840pw

### MULTI INVESTMENT

84 & 86 Cargill Street  
Dunedin Central



🏠 4    🚿 2    🏠 2 + OSP

FOR SALE    \$595,000  
YIELD        5.2%  
RENTAL      \$600pw

### QUIET INNER CITY LOCATION

182 Maitland Street  
Dunedin Central



🏠 4    🚿 1    🏠 1 + OSP

FOR SALE    \$525,000  
YIELD        N/A  
RENTAL      N/A

### LOW MAINTENANCE UNIT

809F Great King Street  
Campus



🏠 6    🚿 2    🚗 OSP

FOR SALE    \$459,000  
YIELD        7.8% (2016)  
RENTAL      \$690pw

### SENSIBLE INVESTING!

7 Duke Street  
Campus



🏠 5    🚿 2    🏠 1 + OSP

FOR SALE    \$449,000  
YIELD        7.5% (2016)  
RENTAL      \$650pw

### CHARMING TERRACE FLAT

1052 George Street  
Campus



**SOLD**

🏠 5    🚿 2

FOR SALE    \$445,000  
YIELD        7.3% (2017)  
RENTAL      \$625pw

### WELL LOCATED FLAT

167B Dundas Street  
Campus



🏠 5    🚿 2

FOR SALE    \$445,000  
YIELD        7.7% (2016)  
RENTAL      \$660pw

### OPPORTUNITY KNOCKS

26 Hyde Street  
Campus



🏠 5    🚿 1

FOR SALE    \$435,000  
YIELD        7.2% (2017)  
RENTAL      \$600pw

### SPACIOUS TOWNHOUSE

4/63 Royal Crescent  
St Kilda



🏠 2    🛁 1    🚗 OSP

FOR SALE    \$329,000  
YIELD    5.5% (2016)  
RENTAL    \$350pw

### QUALITY TOWNHOUSE

2/63 Royal Crescent  
St Kilda



🏠 2    🛁 1    🚗 OSP

FOR SALE    \$279,000  
YIELD    6% (2016)  
RENTAL    \$320pw

### ENTRY LEVEL INVESTMENT

18 Station Road  
Sawyers Bay



🏠 2    🛁 1    🚗 OSP

FOR SALE    Deadline Sale  
YIELD    N/A  
RENTAL    \$230pw

### READY TO INVEST?

20 Station Road  
Sawyers Bay



🏠 2    🛁 1    🚗 OSP

FOR SALE    Deadline Sale  
YIELD    N/A  
RENTAL    N/A

### EASY CARE ENTRY LEVEL

493A Leith Street  
Campus



🏠 1    🛁 1    🚗 OSP

FOR SALE    \$189,000  
YIELD    7.1% (2017)  
RENTAL    \$260pw

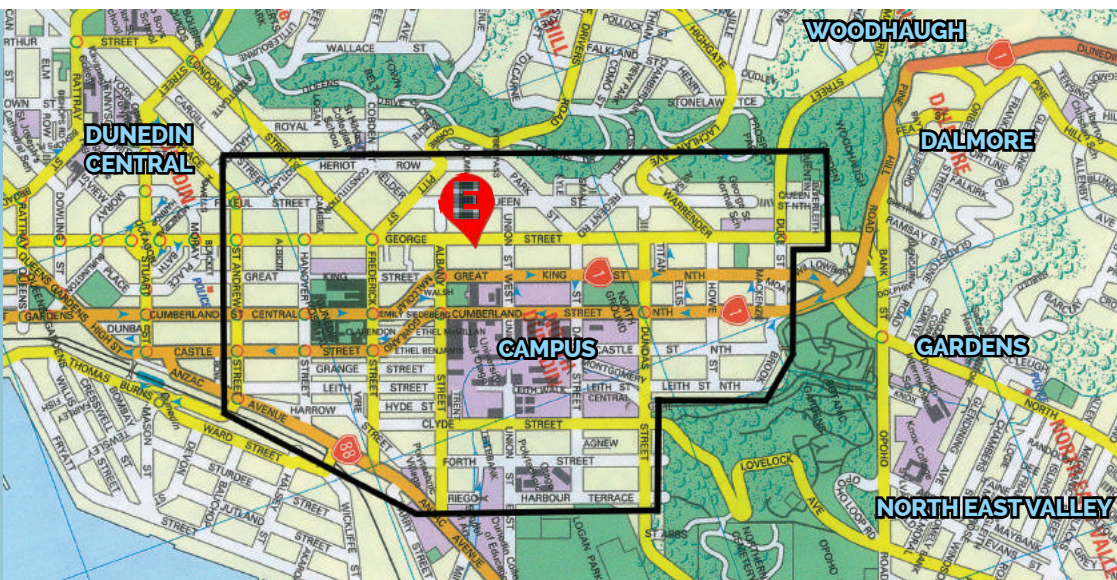
### WANT A STARTER?

493B Leith Street  
Campus



🏠 1    🛁 1    🚗 OSP

FOR SALE    \$189,000  
YIELD    7.1% (2017)  
RENTAL    \$260pw



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