

# PROPERTY INVESTMENT UPDATE

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## Edinburgh Realty

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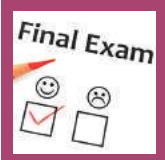
## IMPORTANT DATES...



13 October 2017  
Second semester classes cease



18 October 2017  
End of year exams start



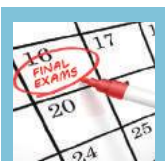
11 November 2017  
End of year exams finish



13 November 2017  
Pre Christmas Summer school starts



15 December 2017  
Pre Christmas Summer school finishes



16 December 2017  
Pre Christmas Summer school exams

## Welcome to our 62<sup>nd</sup> investment update...

As the weather picks up and we move into the second semester break (26 August - 4 September) it's a good time to take stock of current market activity and letting cycle. While it would be easy to produce a newsletter full of interesting facts about markets throughout the country, this information is available from more websites and magazines than ever before and has no relevance to investing in Otago Campus. This is not a market that can be compared to the current high capital gains/low relative yields (cash flow) of the likes of Auckland and Queenstown where substantial profits have been made as long as you had the ability and legs to fund the holding period of your purchase at the boom time of those markets. Although a superb way of making big money over what can be a very short time frame it is a method of operating that is beyond the means of most investors who need to trade off speculative gains for smaller steady gains of more niche proven markets.

While its interesting to know first home buyers country wide borrowed 1.5% more in July (up \$10 million to \$699 million) compared to July 2016 and investors borrowed 49.3% less (\$2.095 billion - July 2016, down a whopping \$1.033 billion to \$1.062 billion in July 2017), its not information that will make you money for an early/easy retirement.

In the general market, timing is everything. If you are a would be investor but not all that well informed and might struggle with picking when a market might peak or fall, you could (as many have ) get lucky and make a killing or conversely time your purchase at an unstainable peak, get it wrong and lose your shirt.

The University market doesn't boom or bust. If the last few decades are anything to go by it just ticks over year after year with only around 3% of owners selling each year leaving the other 97% consolidating their capital gains through rental increases.

We meet many buyers from outside Dunedin who are attracted by the better returns (cashflows, yields) here than in their home towns. Otago Campus as an investment market sits comfortably between dynamic markets like Auckland and Queenstown where entry level can be out of reach for most investors and timing can be critical to risk/profit and less buoyant markets where over supply/demand ratios force vendors to market at high yields to attract a buyer but with little likelihood of any meaningful capital gain.

Not all investors we meet are over concerned about capital gain. Some have money and simply want to park it up at a better (but safe) return than at a

bank. While the yeild range can go from 4-5% in one market to 10-12% in another, Otago Campus has for decades remained in a tight average yeild band, fluctuating generally no more than 1% either side of 7%. Why? The basics are simple - we don't have boom or bust cycles, supply is always tight and buyer interest is consistently high. Is it possible to lose money investing in a student flat? Over the years we have seen a handful accomplish that but it takes considerable lack of effort and you really need to be asleep at the wheel.

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# RENTAL UPDATE



We mentioned in our last newsletter 86% of our own flats were signed up by early June. Our last flat was taken on 27 July.

Our Property Management Division is a fairly good reflection of market activity managing 260 flats and 211 studio rooms spread across Campus, North East Valley, Leith Valley and Central City. As at 29 August taken figures are, Campus flats 82%, other fringe locations 76%, Campus Studios 59%, other fringe studios 61%.

There are now very few students from Halls still looking. Current first year flatters have only just started looking a couple of weeks ago for their second year flat. This cycle, only 10% of our own groups signed up to return to the same flat. This can vary from none returning to (last year) 30% returning.

While there can be quite a difference between what students can afford to pay for rent a fairly general overview this year would suggest **\$135** is very achievable, **\$145-\$150** is easily possible if you present your flat well. \$150 and above will generally require to be well located, kitted out, designed and well presented. Students seem unable to imagine beyond the state of the flat when they view it. Presentation is critical to signing the deal as is doing the viewing yourself and selling your product.

Every landlord who rents their own property (ie not managed) should check their insurance policy and read the fine-print to confirm their insurers requirements with regard to reference checks.

While Trade Me and the University Accommodation Office provide an excellent platform for marketing your flat we haven't included what's still available from those sources because landlords often forget or are a bit slow in removing their flats when they are taken and the picture they reflect can be less than accurate.

## RECENTLY SOLD



**41 ROYAL TCE, CENTRAL CITY**

🛏️ 11 🚿 2

SALE PRICE \$770,000  
YIELD 8.6% nett of all costs  
VENDOR Dunedin  
PURCHASER Auckland



**6/543 GEORGE ST, CAMPUS**

🛏️ 6 🚿 2 🚗 1

SALE PRICE \$605,000  
YIELD 7.1%  
VENDOR Dunedin  
PURCHASER Dunedin



**4/543 GEORGE ST, CAMPUS**

🛏️ 5 🚿 2 🚗 OSP

SALE PRICE \$600,000  
YIELD 6.7%  
VENDOR Dunedin  
PURCHASER Cambridge



**189 CARGILL ST, CENTRAL CITY**

🛏️ 6 🚿 2 🚗 OSP

SALE PRICE \$550,000  
YIELD 7.6%  
VENDOR Dunedin  
PURCHASER Auckland



**102 ALBANY ST, CAMPUS**

🛏️ 5 🚿 1

SALE PRICE \$486,000  
YIELD 6.7%  
VENDOR Milton  
PURCHASER Dunedin



**186 LEITH ST, CAMPUS**

🛏️ 5 🚿 1 🚗 OSP

SALE PRICE \$485,500  
YIELD 7%  
VENDOR Dunedin  
PURCHASER Wellington



**21 LOCHEND ST, MUSSELBURGH**

🏠 7 🍳 2 🚗 1+OSP

SALE PRICE \$480,000  
YIELD 7.6%  
VENDOR Dunedin  
PURCHASER Wanaka



**11/73 BUCCLEUGH ST, N.E.V.**

🏠 4 🍳 4 🚗 OSP

SALE PRICE \$480,000  
YIELD 8.6% gross  
VENDOR Indonesia  
PURCHASER Christchurch



**31E DUKE ST, CAMPUS**

🏠 6 🍳 2 🚗 OSP

SALE PRICE \$470,000  
YIELD 7.8%  
VENDOR Dunedin  
PURCHASER Lawrence



**68 HERIOT ROW, CAMPUS**

🏠 8 🍳 3 🚗 OSP

SALE PRICE \$450,000  
YIELD 9.2%  
VENDOR Christchurch  
PURCHASER Dunedin



**94 DUNDAS ST, CAMPUS**

🏠 4 🍳 1

SALE PRICE \$395,000  
YIELD 6.6%  
VENDOR Australia  
PURCHASER Queenstown



**1 AGNEW ST, CAMPUS**

🏠 4 🍳 1

SALE PRICE \$390,000  
YIELD 6.8%  
VENDOR Dunedin  
PURCHASER Auckland



**167C DUNDAS ST, CAMPUS**

🏠 5 🍳 2

SALE PRICE \$388,000  
YIELD 8%  
VENDOR Lawrence  
PURCHASER Dunedin



**167B DUNDAS ST, CAMPUS**

🏠 5 🍳 2

SALE PRICE \$385,000  
YIELD Vacant  
VENDOR Christchurch  
PURCHASER Dunedin



**6 HYDE ST, CAMPUS**

🏠 4 🍳 1

SALE PRICE \$381,000  
YIELD 7%  
VENDOR Dunedin  
PURCHASER Wellington



**3 AGNEW ST, CAMPUS**

🏠 4 🍳 1

SALE PRICE \$381,000  
YIELD 7.5%  
VENDOR Dunedin  
PURCHASER Dunedin



**111 RUSSELL ST, CENTRAL CITY**

🏠 4 🍳 2

SALE PRICE \$335,000  
YIELD 10.9%  
VENDOR Clyde  
PURCHASER Dunedin



**25 FEA ST, DALMORE**

🏠 3 🍳 1 🚗 1+ OSP

SALE PRICE \$305,000  
YIELD 6%  
VENDOR Auckland  
PURCHASER Dunedin



**14 TITAN ST, CAMPUS**

🏠 4 🍳 1 🚗 OSP

SALE PRICE \$301,000  
YIELD 6.9%  
VENDOR Australia  
PURCHASER Dunedin



**4/63 ROYAL TCE, ST KILDA**

🏠 2 🍳 1 🚗 OSP

SALE PRICE \$299,000  
YIELD 6.6%  
VENDOR Dunedin  
PURCHASER Dunedin



**100 DUNDAS ST, CAMPUS**

🏠 4 🍳 1

SALE PRICE \$281,000  
YIELD 7.4%  
VENDOR Australia  
PURCHASER Wanaka



Outline indicative only

**1/63 ROYAL TCE, ST KILDA**

🏠 2 🍳 1 🚗 OSP

SALE PRICE \$265,000  
YIELD 6.4%  
VENDOR Dunedin  
PURCHASER Dunedin



**53A BRADSHAW ST, SOUTH DUNEDIN**

🏠 2 🍳 1 🚗 OSP

SALE PRICE \$210,250  
YIELD 5.4%  
VENDOR Dunedin  
PURCHASER Dunedin



**53B BRADSHAW ST, SOUTH DUNEDIN**

🏠 2 🍳 1 🚗 OSP

SALE PRICE \$210,250  
YIELD 5.6%  
VENDOR Dunedin  
PURCHASER Dunedin

# CURRENT LISTINGS

## EXCITING NEW DEVELOPMENT



**432 GREAT KING ST, CAMPUS**

**Expressions of interest invited**

1 bedroom apartments priced from \$349,000

2 bedroom apartments priced from \$529,000

Photos are artistic impressions only



**25 CLYDE ST, CAMPUS**

🏠 8 🍳 8 🚗 OSP

Quality studio room investment

SALE PRICE \$1,300,000

YIELD 8.24% gross 2018

RENTAL \$2,060pw (2018)



**844 CUMBERLAND ST, CAMPUS**

🏠 9 🍳 2.5 🚗 OSP

Big property, big income

SALE PRICE \$924,000

YIELD 8% (2018)

RENTAL \$1,422pw (2018)



**25A LONDON ST, CENTRAL CITY**

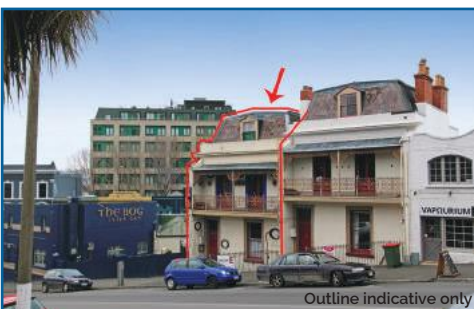
🏠 5 🍳 5 🚗 OSP

Superior Studio Accommodation

SALE PRICE \$920,000

YIELD Approx 7% nett

RENTAL \$1,465pw



Outline indicative only

**16 LONDON ST, CAMPUS**

🏠 6 🍳 4

Superb location!

SALE PRICE \$695,000

YIELD 9.1% gross

RENTAL \$1,210pw



**84 & 86 CARGILL ST, CENTRAL CITY**

🏠 4 🍳 2 🚗 2 + OSP

Ideal rental or townbase

SALE PRICE \$599,000

YIELD 5.2%

RENTAL \$600pw



**15 CONSTITUTION ST, CITY**

🏠 5 🍳 1.5 🚗 carport

Pride of ownership investment

SALE PRICE \$567,500

YIELD 6.4%

RENTAL \$700pw



### 4 HYDE ST, CAMPUS

🏠 5 🍳 1

What an opportunity!

SALE PRICE \$539,000

YIELD 6.5%

RENTAL \$675pw



### 8 CONSTITUTION ST, CITY

🏠 4 🍳 2 🚗 1

Inner City location

SALE PRICE \$525,000

YIELD 5%

RENTAL \$500pw (2018)



### 150 DUNDAS ST, CAMPUS

🏠 5 🍳 2 🚗 OSP

Ticks the right boxes!

SALE PRICE \$519,000

YIELD 6.8%

RENTAL \$675pw



### 151 DUNDAS ST, CAMPUS

🏠 5 🍳 1

Colonial street appeal

SALE PRICE \$499,000

YIELD 7%

RENTAL \$675pw



### 158 QUEEN ST, CAMPUS

🏠 5 🍳 1.5

Great sun and views

SALE PRICE \$426,000

YIELD 7.5% (2018)

RENTAL \$615pw (2018)



### 40 MALVERN ST, WOODHAUGH

🏠 5 🍳 5 🚗 OSP

Well presented investment

SALE PRICE \$399,000

YIELD 7.5%

RENTAL \$575pw



Outline indicative only

### 3/63 ROYAL CRES, ST KILDA

🏠 2 🍳 1 🚗 OSP

Downsizing?

SALE PRICE \$299,000

YIELD 6.6%

RENTAL \$380pw



### 2/63 ROYAL CRES, ST KILDA

🏠 2 🍳 1 🚗 OSP

Quality Townhouse

SALE PRICE \$269,000

YIELD 6.3%

RENTAL \$325pw



### 69 LAW ST, CAVERSHAM

🏠 3 🍳 1 🚗 1

Ready to invest?

SALE PRICE \$259,000

YIELD 7%

RENTAL \$350pw

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