



PROPERTY INVESTMENT UPDATE

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Edinburgh Realty

Licensed under the Real Estate Agents Act 2008



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Assisting vendors/investors since 2003

IMPORTANT DATES...

	19 June 2019 First semester exams end
	8 July 2019 Second semester begins
	24 August 2019 Mid-semester break begins
	2 September 2019 Second semester resumes

Welcome to our 69th investment update...

In this update we take a look at yields, briefly touch on mum and dads thinking about buying a flat for their son/daughter for next year and the letting cycle as it ramps up for another year - but first this quarters activity.

\$25.7 million for 36 sales with 5 sales over \$1 million. Same quarter last year \$15.7 million from 25 sales. Rolling YTD sales - \$67.7 million with 12 sales over \$1 million. While the results are our sales and they don't paint a complete picture of all activity on campus, they do account for a large portion of all sales and it would be fair to say the campus investment market is busier than it's ever been.

Sales yields are creeping down and now yields around 6% to 6.5% are not uncommon for well located, quality properties. Average condition properties in average locations, but still on campus are around 6.5% to 7% depending on all the usual considerations. New build and recently new built apartments have been very popular with a wide range of buyers - Airbnb, son/daughter use, owner occupier, family use, straight rental, town-base and are generally snapped up with sales yields of 5% - 6% not uncommon.

Of course yields can be driven by location desirability and are only part of the equation in establishing a properties value. Bottom line is, yields have come down (price up relative to rental income), due in part to exceptionally low interest rates, investors with increased equity in their homes and flats (if they've put the rent up!), LVR restrictions relaxed, mum/dads with substantial capital gains (increased equity) on their family home allowing them to borrow more at historically low interest rates with the ability to lock in at 3.89% / 4.45% for 3-5 years and be cashflow positive/neutral with the option of selling when their son/daughter graduates in 2-3 years time, or hold as a safe, easily let investment for a full 5 years to avoid the Bright Line Test.

This is the time of year mum/dads should be actively checking out all properties for sale that come on to the market before they get signed up and let for 2020. If the budget is say \$500,000, how many options can they expect to have? Flats are currently well underway letting for 2020 and most will be signed up to groups by the end of September. During July-August-September last year we sold 26 properties. Of those only 6 were viable options. The other 20 were either not on campus, studio room properties, 1x2 bedroom apartments, development opportunities, attached flats and multi flats on one title.

With those 6 viable options mums/dads would be competing with investors. Some relevant sales from the last six months are: 100 year old 3 bedroom - \$340,000, modern attached 4 bedroom - \$475,000, 90 year old Terrace 5 bedroom - \$510,000 and classic standalone 5 bedroom villa - \$567,000, all on campus.

Things to consider: How many flatmates does your son/daughter want to live with. Each extra flatmate will add (very roughly) \$100,000+ to the price. ie. a 4 bedroom might cost \$118,000/room where as a 5 bedroom might cost \$113,000/room. \$118,000 at 4% (fixed for 3 years) = \$90pw interest only. If the flatmates pay \$150/rm the profit is \$60pw on that one room. Of course there's rates, insurance etc, but if the equity is available it all works. Another consideration is will your son/daughters potential flatmates want to move into your choice of flat with your son/daughter. If not - and we've seen it happen, your son/daughter might end up going with them to another flat! It's critical to listen to them about what they want in a perfect world and how close to that you can get, with still getting their buy-in.

Need a chat with some one who's seen it all?
Lane or Clayton will be happy to chat and assist.

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Below is our Property Management divisions student flats and studio rooms, as at 28th May 2019.

	All student flats	Re-signed for 2020	New groups signed for 2020	All studio rooms	Re-signed for 2020	Newly signed for 2020
Campus	185 (60%)	20 (11% x 185)	8	268	56 (21% x 268)	3
Off Campus	122 (40%)	25 (21% x 122)	1	69	20 (29% x 69)	0
Totals	307	45 (15% x 307)	9	337	76 (23% x 337)	3

Most of the early groups signing leases have a spending limit of \$160. As usual 3's and 4's are getting snapped up early closely followed by 5's. 6's have been a little slower to ramp up but that's fairly normal, unless your 6 is in a recognized popular central street centered on Central Library. Of note is this years high level of re-signs. 61% of our own flats have re-signed.

Edinburgh's early re-signs are 15% of flats and 23% of Studio Rooms (29th May). These are very positive numbers and indicate the tenants are happy with their lot, both in quality of property, location and management style.

See enclosed a copy of the first edition of our "Get a Room" publication, advertising all student properties managed by Edinburgh. Call our team to discuss all management services we provide.

SOLD SINCE LAST NEWSLETTER

\$25,791,850



530 LEITH ST, CAMPUS

🏠 30 🍳 10

SALE PRICE \$2,790,000

YIELD 8.4%

VENDOR Dunedin

PURCHASER Dunedin



44 PARK ST, CAMPUS

🏠 13 🍳 9 🚗 OSP

SALE PRICE \$2,750,000

YIELD N/A

VENDOR Dunedin

PURCHASER Dunedin



105 CLYDE ST, CAMPUS

🏠 11 🍳 4 🚗 OSP

SALE PRICE \$1,600,000

YIELD 6.8%

VENDOR Dunedin

PURCHASER Auckland



27 ANZAC AVE, CITY

🏠 13 🍳 4 🚗 OSP

SALE PRICE \$1,350,000

YIELD 7.5%

VENDOR Mapua

PURCHASER Auckland



22-24 STAFFORD ST, CITY

SALE PRICE \$1,250,000

YIELD N/A

VENDOR Dunedin

PURCHASER Dunedin



27 PITT ST, CAMPUS

🏠 11 🍳 4 🚗 1 🚗 OSP

SALE PRICE \$888,000

YIELD N/A

VENDOR Dunedin

PURCHASER Dunedin



2/7 UNION ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$636,000
YIELD 4.8%
VENDOR Dunedin
PURCHASER Central Otago



1/7 UNION ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$635,000
YIELD 4.8%
VENDOR Dunedin
PURCHASER Waitati



3/7 UNION ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$635,000
YIELD 4.8%
VENDOR Dunedin
PURCHASER Dunedin



4/7 UNION ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$635,000
YIELD 4.8%
VENDOR Dunedin
PURCHASER Balclutha



Drone photo taken from above the property

311 RATTRAY ST, CITY

🏠 4 🚿 2 🚗 OSP

SALE PRICE \$600,000
YIELD N/A
VENDOR Auckland
PURCHASER Dunedin



Red outline indicative only

1/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000
YIELD 5.1%
VENDOR Dunedin
PURCHASER Dunedin



Red outline indicative only

2/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000
YIELD 5.1%
VENDOR Dunedin
PURCHASER Auckland



Red outline indicative only

3/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000
YIELD 5.2%
VENDOR Dunedin
PURCHASER Wanaka



Red outline indicative only

4/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000
YIELD 5.2%
VENDOR Dunedin
PURCHASER Dunedin



Drone photo taken from above the property

5/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000

YIELD 5.2%

VENDOR Dunedin

PURCHASER Auckland



6/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000

YIELD 5.1%

VENDOR Dunedin

PURCHASER Havelock North



Drone photo taken from above the property

7/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000

YIELD 5.2%

VENDOR Dunedin

PURCHASER Whakatane



8/581 GEORGE ST, CAMPUS

🏠 3 🚿 3 🚗 OSP

SALE PRICE \$595,000

YIELD 5.2%

VENDOR Dunedin

PURCHASER Wanaka



117 LEITH ST, CAMPUS

🏠 4 🚿 2

SALE PRICE \$550,000

YIELD 5.1%

VENDOR Dunedin

PURCHASER Dunedin



47 DUKE ST, CAMPUS

🏠 5 🚿 1 🚗 OSP

SALE PRICE \$517,300

YIELD 6.8%

VENDOR Wellington

PURCHASER Kingswell



Red outline indicative only
Drone photo taken from above the property

115 CARROLL ST, CITY

🏠 4 🚿 2 🚗 OSP

SALE PRICE \$512,000

YIELD N/A

VENDOR Waipu

PURCHASER Central Otago



Red outline indicative only
Drone photo taken from above the property

117 CARROLL ST, CITY

🏠 4 🚿 2 🚗 OSP

SALE PRICE \$505,000

YIELD N/A

VENDOR Waipu

PURCHASER Central Otago



Red outline indicative only
Drone photo taken from above the property

121 CARROLL ST, CITY

🏠 4 🚿 2 🚗 OSP

SALE PRICE \$505,000

YIELD N/A

VENDOR Waipu

PURCHASER Central Otago



49 HOWE ST, CAMPUS

🏠 4 🚿 1

SALE PRICE \$502,000
YIELD 6%
VENDOR Dunedin
PURCHASER Auckland



Red outline indicative only
Drone photo taken from above the property

119 CARROLL ST, CITY

🏠 4 🚿 2 🚗 OSP

SALE PRICE \$499,000
YIELD N/A
VENDOR Waipu
PURCHASER Dunedin



Red outline indicative only

6B COSY DELL RD, CAMPUS

🏠 4 🚿 2 🚗 OSP

SALE PRICE \$459,000
YIELD 6.6%
VENDOR Dunedin
PURCHASER Christchurch



4A DUKE ST, CAMPUS

🏠 3 🚿 1 🚗 OSP

SALE PRICE \$451,000
YIELD 4.9%
VENDOR Dunedin
PURCHASER Auckland



Drone photo taken from above the property

157 QUEEN ST, CAMPUS

🏠 5 🚿 2

SALE PRICE \$430,000
YIELD 7%
VENDOR Queenstown
PURCHASER Dunedin



Red outline indicative only

6C COSY DELL RD, CAMPUS

🏠 4 🚿 2 🚗 OSP

SALE PRICE \$430,000
YIELD 7%
VENDOR Auckland
PURCHASER Christchurch



Red outline indicative only

176A LEITH ST, CAMPUS

🏠 2 🚿 1 🚗 OSP

SALE PRICE \$391,550
YIELD 4.8%
VENDOR Alexandra
PURCHASER Dunedin



19 MALVERN ST, WOODHAUGH

🏠 4 🚿 1

SALE PRICE \$390,000
YIELD 6.9%
VENDOR Clyde
PURCHASER Invercargill



178 MIDDLETON RD, CORSTORPHINE

🏠 5 🚿 2 🚗 OSP

SALE PRICE \$385,000
YIELD N/A
VENDOR Australia
PURCHASER Dunedin



4 RUSSELL ST, CITY

🏠 3 🚿 1

SALE PRICE \$346,000
YIELD N/A
VENDOR Auckland
PURCHASER Invercargill



1 AFTON TERRACE, N.E.V.

🏠 2 🚿 1 🚗 1 🚗 OSP

SALE PRICE \$290,000
YIELD N/A
VENDOR Christchurch
PURCHASER Dunedin



19 CLARK ST, CITY

SALE PRICE \$100,000
YIELD N/A
VENDOR Dunedin
PURCHASER Oamaru

CURRENT LISTINGS



26 LEES ST, CITY

🏠 5 🚿 1

Inner City investment
SALE PRICE \$375,000
YIELD 6.9%
RENTAL \$500pw



28A MACLAGGAN ST, CITY

🏠 2 🚿 1 🚗 OSP

Easy care investment
SALE PRICE Offers over \$360,000 considered
YIELD N/A
RENTAL \$380pw



53 SERPENTINE AVE, CITY

🏠 3 🚿 1

Entry level investment
SALE PRICE Deadline Sale
YIELD N/A
RENTAL \$350pw

PROPERTY



WANTED

“Opportunity to sell in a hot market”

- With good interest from buyers, low interest rates and a lack of properties for sale, the recipe for achieving a great result is here now. We have disappointed buyers waiting.
- All price brackets, multi-unit, stand-alone, purpose-built or older villas.

If you're considering selling and would like a free, no obligation appraisal, or just a chat, please don't hesitate to call us.

View our current listings online www.propertyinvestments.nz

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