

PROPERTY UPDATE

ISSUE 84 | JUNE 2023



IMPORTANT DATES...



What's happening in our market?

Property sales have been a bit slower in North Dunedin with prices declining over the past 12 months. If you're looking to buy in the area, the median sales price is currently \$735,000 compared to \$520,000 in nearby Dalmore and \$840,000 over in Maori Hill. There have been 21 properties sold in North Dunedin over the past rolling 12 months, totaling \$15.12m with 11 property sales in the past 6 months. Listings for sale are down and properties are currently selling slower than last year at 38 days on market, compared to 25 days 12 months ago. Looking at the last 6 months' sales, 4 were under \$500,000, 5 were in the \$500,000 to \$800,000 range, and 2 over \$900,000. We are still seeing cap rates increasing from around 5% a year ago to closer to the 7% plus range, due to the increase in interest rates and with the removal of interest deductibility.

The Real Estate Institute of New Zealand's (REINZ) May 2023 figures show a lesser rate of decline in annual median prices and sales counts, with stock levels returning to normal levels. As of writing this, realestate.co.nz shows 569 properties for sale in Dunedin City. There were 134 sales in Dunedin City for May 2023 compared to 215 in May 2022. The median sales price has decreased 12% annually from \$650,000 May 2022 to \$575,000 May 2023. The current Days to Sell of 43 days is more than the 10-year average for May which is 39 days.

Fulltime equivalent students at University of Otago

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2023 vs 2022	
						+/-	%
Domestic	17,163	17,327	18,552	18,309	17,632	-677	-3.7%
International full-fee	1752	1396	1051	865	1355	490	56.6%
Total	18,915	18,722	19,603	19,174	18,986	-188	-1.0%



There has been a lot written recently in the Otago Daily Times and elsewhere following the shock announcement by the University of Otago of a large budget shortfall requiring significant redundancies to resolve. Analysis provided by the university for this extraordinary situation is summarised as an unexpected drop in student numbers as a result of poorer UE performance last year, the impact of Covid and higher numbers entering the workforce directly from school. This revelation follows a further surprise from the university that last year, in these uncertain times, it had decided to run a budget deficit in 2023.

The go-to solution to balance the books in a time of inflation is to increase student numbers, but this has not been achieved at the university in 2023. While numbers of international students are starting to swing back up towards pre-covid levels (from 865 in 2022 to a projected 1,355 in 2023), the majority of students at the university are New Zealanders and their numbers are declining (from 18,309 in 2022 to a projected 17,632 in 2023). The overall situation is static student numbers in 2023. The reasons are multiple. The pandemic resulted in some students choosing to leave, for a variety of reasons including sickness or a desire to travel. There is a demographic driver too — resulting in a decline in school leavers in New Zealand, likely to continue until 2025. The overall result is we have stable numbers just above pre-covid levels.



2024 Letting Season

It is the time of year where halls are running 'Flating Talks' where they invite several speakers and run an informative session covering all things 'flating'. There are 15 halls in Dunedin, and it is hoped every hall will run one of these evenings. The feedback received from students afterwards is that they find the information shared hugely beneficial. Being the major sponsor of the Otago Property Investors Association and Clayton on the executive committee, the association is usually invited along, as it's a great opportunity to teach the first-year students about how to find a flat for their second year, the legalities, how to apply, what to be aware of etc.

This year is no different in terms of first years contacting landlords early (some were texting us back in February!) They effectively have a 'right of renewal' as their existing fixed term lease continues past the 'end date' unless they tell us otherwise, no flat can be advertised until the current tenants have given us notice that they do wish to end their fixed term lease. There is a useful form on the Tenancy Services Website under 'Forms and Resources' called 'Notice to end a fixed-term tenancy - Tenant to Landlord'. We normally contact each flat and get this document signed by at least one tenant, preferably more than one. (on a joint tenancy only one tenant is legally required to sign), after they have 'told us' or 'texted us' to say they do not wish to stay on. Simply just telling us, may not constitute 'giving notice', so we believe it is far better to have them sign an official document.

OUSA and the halls are promoting the same message to students, which is to wait until Semester Two before looking for a flat. OUSA have again printed their 'Flating Magazine' which is packed full of useful information for students. As with every other year, halls will not provide any references until Semester Two. Most property managers are not going to start advertising student flats for 2024 until around the last week of July. Our property management team will be releasing the "Get a Room" magazine on the 24th of July this year. If you would like any advice or further information, please don't hesitate to contact us.

<h3>Looking back</h3> <p>(2004)</p>	<h4>828 Cumberland Street</h4>  <p>\$302,000 - 6.8% 5 x \$79pw</p>	<h4>16/783 Great King Street</h4>  <p>\$320,000 - 7.3% 6 x \$75pw</p>	<h4>16 Gladstone Road</h4>  <p>\$247,000 - 6.5% 5 x \$62pw</p>
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Lane Sievwright
021 526 366
siewwright@edinburgh.co.nz

Clayton Sievwright
021 191 5555
siewwright@edinburgh.co.nz

Aimee Marsh
027 209 3440
amarsh@edinburgh.co.nz



RECENTLY SOLD

SOLD!

136 Dundas Street, Campus

🏠 7 🚿 2

Sale Price \$960,000
- 7.2%

Vendor Dunedin
Purchaser Dunedin

SOLD!

4 Mellay Mews, Mosgiel

🏠 3 🚿 2 🚗 2 + OSP

Sale Price \$951,000

Vendor Dunedin
Purchaser Dunedin

SOLD!

24 Henry Street, Maori Hill

🏠 4 🚿 3 🚗 1

Sale Price \$829,000

Vendor Dunedin
Purchaser Dunedin

SOLD!

22-24 Rotoiti Street, Maia

🏠 4 🚿 1 🚗 1 + OSP

Sale Price \$790,000

Vendor Dunedin
Purchaser Dunedin

SOLD!

59A Blacks Road, N.E.V.

🏠 4 🚿 2 🚗 2 + OSP

Sale Price \$725,000

Vendor Dunedin
Purchaser Invercargill

SOLD!

10 Clyde Street, Campus

🏠 5 🚿 1

Sale Price \$696,000
- 6.5%

Vendor Tauranga
Purchaser Christchurch

SOLD!

23 Farley Street, Kaikorai

🏠 3 🚿 1 🚗 1

Sale Price \$620,000

Vendor Dunedin
Purchaser Dunedin

SOLD!

38 & 38A Crown Street, N.E.V.

🏠 9 🚿 4 🚗 OSP

Sale Price \$585,000
- 7.6%

Vendor U.K.
Purchaser Dunedin

SOLD!

78 Stafford Street, Dunedin Central

🏠 5 🚿 3 🚗 2

Sale Price \$475,000
- 6.8% nett

Vendor Waikato
Purchaser Dunedin

SOLD!

40 Murray Street, Mosgiel

🏠 4 🚿 1 🚗 OSP

Sale Price \$400,000

Vendor Dunedin
Purchaser Dunedin

SOLD!

46 Selwyn Street, N.E.V.

🏠 4 🚿 1

Sale Price \$371,000
- 6.4%

Vendor Dunedin
Purchaser Rotorua

SOLD!

1/84 Warrender Street, Campus

🏠 2 🚿 1 🚗 OSP

Sale Price \$284,500

Vendor Dunedin
Purchaser Dunedin

INVESTMENT LISTINGS

191 Carroll Street, Dunedin Central

Multi-unit opportunity with potential

🏠 20 🚿 8 🚗 OSP

Sale Price \$1,499,000 - 9.3% (nett)

Rental \$2,945pw

4A & 4B Lovelock Avenue, Campus

🏠 10 🚿 2 🚗 OSP

Sale Price \$1,195,000 - 7%

Rental \$1,600pw (both flats)

Double the bang for your buck

Located in the heart of campus, walking distance to University faculties, Otago Polytech and Teachers College, these two five-bedroom flats have been a great investment for the owners who built the units in 1996.

The units have been well maintained and have undergone a full external paint over this past summer. Each unit consists of a large open plan living area that opens onto an outdoor area, plus one bedroom and bathroom on the ground floor. The upstairs level has four further bedrooms. All bedrooms come partially furnished and are a generous size.

840 Great King Street, Campus

🏠 5 🚿 5 🚗 OSP

Sale Price \$999,000

Rental \$1,040pw

Student rental at its finest

Located close to eateries, and walking distance to the University, this 2015 - purpose-built executive student property was built with the discerning senior student in mind.

All five bedrooms come furnished, and have their own bathroom. Constructed from permanent materials means it should be very low maintenance going forward.

With an approximate gross annual income of \$66,430 (landlord costs apply), this makes for a good long term investment.

52 Maitland Street, Dunedin Central

"Cashflow is king"

🏠 9 🚿 3 🚗 OSP

Sale Price \$949,000

Rental Appraisal \$1,530pw



26 Chambers Street, N.E.V.

Looking for a quality investment?

6 2

Sale Price \$949,000 - 6%
Rental \$1,100pw



97 Elm Row, Dunedin Central

11 3

Sale Price By Negotiation
Rental potential \$1,482pw

Looking for a three-way income stream split?

This substantial Central City villa in three flats has had numerous upgrades over the years, providing comfortable living for the tenants. Quiet location but still only a short walk to Central City/George Street shops. On the main level one spacious four-bedroom flat rented at \$522 per week. Downstairs a four-bedroom flat rented at \$540 per week. At the rear (main level) is a comfortable three-bedroom flat currently being advertised at \$420 per week. Total potential rental income of \$77,064 per annum across the three flats. Buyers over \$800,000 should inspect!



838 Great King Street, Campus

Nothing like it on campus

4 4 OSP

Sale Price \$799,000 - 5.9% (nett)
Rental \$1,040pw



42 Gladstone Road, N.E.V.

Spectacular renovated investment

5 2 Carport + OSP

Sale Price \$687,000 - 7%
Rental \$925pw



56 Howe Street, Campus

Student brick investment

3 1 OSP

Sale Price Enquiries over \$600,000
Rental \$525pw



26C Duke Street, Campus

5 bedroom student flat

5 2 OSP

Sale Price \$599,000 - 6.5%
Rental \$750pw



740C George Street, Campus

Unlock the potential

3 1 OSP

Sale Price \$595,000 - 4.7%
Rental \$540pw



11 Brook Street, Campus

Kids at Uni 2024?

4 1

Sale Price \$549,000 - 6.1%
Rental \$640pw



8/30 Dowling Street, Dunedin Central

Super convenient city apartment

1 1 1

Sale Price Offers over \$475,000
Rental \$480pw



16 St David Street, Campus

Buy one or buy both

3 1

Sale Price By Negotiation
Rental \$480pw



14 St David Street, Campus

Buy one or buy both

3 1

Sale Price By Negotiation
Rental \$480pw



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RESIDENTIAL LISTINGS



6 Ryehill Street, Calton Hill
Family favourite with sun and views



Sale Price By Negotiation



35 Easter Crescent, Kew
Vendors say sell!



Sale Price By Negotiation
Rental \$535pw



17B Moreau Street, St Kilda
Spacious townhouse – Great location!



Sale Price Enquiries over \$400,000

SECTIONS FOR SALE



3 Rosella Place, Mosgiel

Large titled family section

1,005m² (more or less)

Sale Price Enq over \$449,000



Lot 2, 39 Blackhead Rd, Concord

Section in new subdivision

687m² (more or less)

Sale Price \$400,000



118 Barr Street, Kenmore

Ready to build your dream

625m² (more or less)

Sale Price \$249,000

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