

Property Management *news*

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SURVEY: INVESTORS BECOMING MORE BUSINESS-LIKE



Property investors have learned some lessons from the global financial crisis and are becoming more business-like in their approach, a new survey shows. The idea of buying property for capital appreciation is diminishing and investors are looking for income growth.

The survey shows that while investors had a hard time with tax changes that removed the depreciation allowance, they still feel property stacks up as an investment. The overwhelming majority of those surveyed -- 86 percent -- plan to hold for the long term, according to a survey by ANZ and the NZ Property Investor's Federation, reports *Property Investor* magazine.

Nationally, gross yields for investment properties declined from around 8-9 percent to 4 percent during the housing boom, which forced some investors to subsidize investments from their day jobs, says ANZ economist Khoon Goh. Investors are not willing to do that any longer. To make the sums work, they have been increasing rents, but at levels the market can afford. A growing number of investors are planning future increases - 68 percent plan hikes of up to 5 percent, compared to only 62 percent last year. Keith Niederer, LJ Hooker New Zealand general manager, says investors are becoming savvier.

"People realize they need to treat their property investments as a business. We are seeing more inquiries from mum and dad investors seeking advice, particularly regarding rent levels and how to deal with tenants properly. They know they need to manage effectively to make the business more profitable.

"To maximize returns they need to find and retain good tenants, understand market rents, manage expenses well, and abide by regulations. It complicated and many investors realize they need to do it better, which means spending valuable time. That's where LJ Hooker can assist as we have professional property managers who can handle the hassles for you."

NOTIFY YOUR INSURER ABOUT A CHANGE IN CIRCUMSTANCE



A young couple received a shock when their insurer refused to pay out following a fire that destroyed their rental property, because of an unreported change in occupancy.

The story was covered by Fair Go in August, illustrating the importance of full disclosure in insurance matters. The couple's rental home in Clinton, Otago, was vacant for more than 60 days. They eventually lined up a new tenant and made some repairs, but shortly thereafter the home burned to the ground in an arson fire. The couple was cleared, but the insurer said the property was unmaintained and the couple did not report the lengthy vacancy, representing a change of circumstance that invalidated the contract.

The Insurance Council of New Zealand says you must give your insurer honest, complete, up-to-date information when:

1. You apply for or renew your insurance,
2. You make a claim, or
3. You have a change in circumstance.

This is not a complete list of information they must know. If you have any doubts about what you must disclose to your insurance company, contact them today.

Do you need help managing a rental property or know someone who does? We can provide a complimentary rental assessment.

WE APPRECIATE YOUR REFERRALS!

INVESTORS STILL CAUTIOUS

Nationwide, there is little evidence that property investors are looking to buy, with some regional exceptions, particularly in holiday markets.

The latest BNZ-REINZ survey of real estate agents found only a net 6 percent of agents are seeing more investors in the market nationwide, well below the net 37 percent who report more first home buyer activity.

Some pockets around the country are seeing more investors, however. The survey shows Otago Lakes and Mount Maunganui/Papamoa have the strongest investor activity, with a net 40 percent of agents reporting investor buyers, similar to the figure for Hutt Valley (38.5 percent). Queenstown and Canterbury/Westland and were also active with a net 31 percent of agents reporting investors buying. Other regions with lots of agents seeing investor buyers include Waikato Country (25 percent), Dunedin City and Waitakere City (23 percent each) and Auckland City (20.7 percent).

The lowest areas of investor activity included Kapiti Coast (-33 percent), Christchurch City (-29.5 percent), Whangarei/Northland (-22 percent) and Tauranga (-15.4 percent.)

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