

PROPERTY INVESTMENT UPDATE

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Edinburgh
Realty

Licensed under the Real Estate Agents Act 2008



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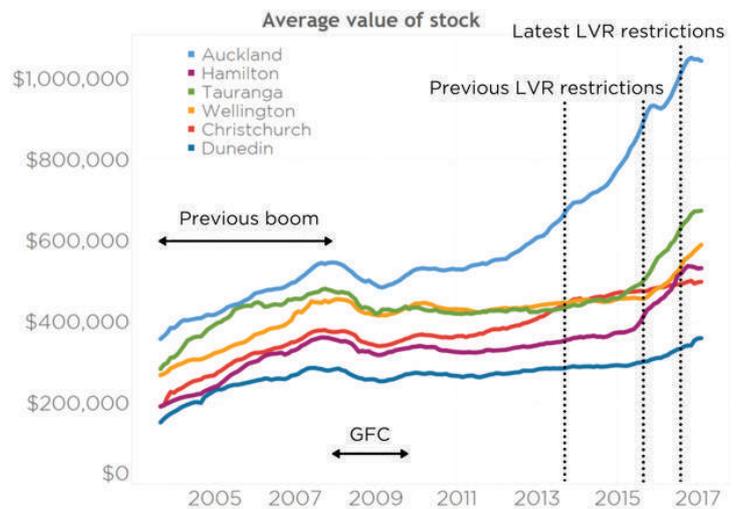
Assisting vendors/investors since 2003

IMPORTANT DATES...

TIME FOR MAINTENANCE - REPAIRS?	14 April 2017 (Good Friday), Mid-semester break begins (10 days)
	24 April 2017 First semester resumes
	2 June 2017 Lectures cease before mid-year examinations 21 June 2017 First semester exams end
	10 July 2017 Second semester classes start

Welcome to our 60th investment update...

What's really going on? Looking at the latest QV house price index confirms that property values are continuing to drop in Auckland, Hamilton and Christchurch, and the rate of increase has slowed considerably in most other areas around the country. The graph below shows the fluctuation in the 6 main centres with their average value of stock over the past 12 years, and highlighting the Global Financial Crisis 2008, previous LVR restrictions and the latest LVR restrictions.



What does it say about Dunedin? The market locally continues to be buoyant with city home values rising 15.6% year on year and a 5.3% increase over the last 3 months. Buyers are still very active and there is good demand across all price ranges with properties selling very quickly with fierce competition, and an increase in multiple offer situations.

Where does the University investment market stand? After the LVR changes back in October last year, we would have to say that enquiries slowed down for the rest of the year while investors came to grips with the changes and what it meant for them. However, then came the New Year! Early January someone flicked a switch and enquiry started flooding in again with investors in buying mode. We have noticed that the majority of active investors are looking in the \$200,000 to \$600,000 price range with fewer in the \$600,000 plus range. In breaking down our 14 sales since our last newsletter in December, 8 were on Campus, with 6 under \$600,000, 1 at \$756,000 and the other at \$950,000. The other 6 sales were outside Campus and ranged between \$230,000 and \$500,000 which indicates in what price range investors are willing and able to purchase now that the 40% LVR rule has been implemented. Buyer enquiry continues to come from right across the country and overseas investors, while local investors still dominate most of the actual sales. While money is still cheap with interest rates relatively low, achieving lower cap rates can still be obtained with high quality well located student accommodation selling with good demand between 6.2% to 7% return. A little bit further out from the core campus area returns still remain around the 7% to 8%.



HOUSE KEEPING

Tenancy agreements - we think most landlords would agree, if at all possible avoid escalating to the Tenancy Tribunal when your tenants don't adhere to their responsibilities as tenants. Every effort should be made to negotiate (professionally and calmly) to avoid what can develop into a time consuming process. If you all head off to the Tribunal, often being technically correct doesn't always morph into a 100% favourable outcome. Best advice is, be fair, reasonable and don't expect to get everything your own way.

If you do end up at mediation or the Tribunal your tenancy agreement will come under scrutiny. Is yours current? We suggest it could be worth going to tenancy.govt.nz to view the "Ministry of Business, Innovation & Employment RTA01 Residential Tenancy Agreement, approved by the office of the Tenancy Tribunal (9 pages).

With limited space here we will draw your attention to one clause which is possibly not well known.

If your flat is in a Unit Title development your Body Corporates operational rules **must** be attached. You might have never seen any. If so you can use the legislation default rules. Go to "tenancy.govt.nz/uta/operational rules". Under Body Corporate Operational Rules see and click on **Unit Titles Regulations 2011**. Click on regulation "**21**" then click on "**Schedule 1**". There are six basic rules. Your Body Corp can revise, add or change these, but they must comply with relevant legislation.

DISCLOSURE - UNIT TITLES

The Unit Titles Act 2010 and the Unit Titles Regulations 2011 introduced new disclosure requirements when selling unit title properties such as flats in a complex. (Your title will state "Stratum in Freehold").

While vendors sometimes find collecting the information required an unexpected chore when selling a unit titled flat, its not only not optional, its a legal requirement with strict time frames for supply and (within limits), gives buyers an option to cancel an agreement if they become unhappy due to timely provision of the information not being adhered to.

At the time of listing your property for sale your real estate agent will ask you for a "**Pre-Contract Disclosure Statement**", (Form 18 of the Unit Titles Regulations 2011 is used), which should be made available prior to marketing and buyer inspections. This is a vendor cost.

Once a Sale and Purchase Agreement has been signed, and prior to settlement, a "**Pre-Settlement Disclosure Statement**" is required. This needs to be certified by the Body Corporate and is a vendors cost.

If "**additional disclosure**" is requested (very seldom) it is organized by the vendor but the cost is reimbursed by the buyer.

This is a fairly simple and not unreasonable process, but if not done properly has the potential to crash a deal and adversely disadvantage the vendors marketing position. As always talk to your real estate agent (who needs to be experienced in the process) and of course your lawyer.



COAL FACE ASSISTANCE

Ever wanted to get in touch with **all** the students in one of your flats, or **all** the students in all your flats? The option we use is a **Group TXT app**. While there are a multitude available we use "**Group SMS go**", (Hongwen Yang) - free download from the App Store.

All you need to do is put your students into your contacts and get the **App**. We load them in with the flat address followed by the year, then the students name ie "93/2017 Donald Trump". That way they all appear under # in your contacts. Right now we have last years as well as this years tenants in contacts. (Can be handy for the changes over Xmas period). You can send a TXT to one student or 100 - easy as. We recently wanted to make all our students aware of the free skips on Campus (dates and locations) - one TXT to all - done in a few minutes. Feedback from students was appreciative and positive plus it got rid of a huge amount of moving in rubbish/packageing.

RECENTLY SOLD



162 DUNDAS ST, CAMPUS

🏠 8 🍳 5 🚗 OSP

SALE PRICE \$950,000
YIELD 7.6%
VENDOR Auckland
PURCHASER Oamaru



143 FORTH ST, CAMPUS

🏠 2 🍳 1 🚗 OSP

SALE PRICE \$756,000
YIELD Vacant
VENDOR Hibiscus Coast
PURCHASER Australia



25 CLYDE ST, CAMPUS

🏠 5 🍳 2 🚗 OSP

SALE PRICE \$591,000
YIELD 6.2%
VENDOR Dunedin
PURCHASER Dunedin



9/700 GT KING ST, CAMPUS

🏠 6 🍳 2 🚗 OSP

SALE PRICE \$590,000
YIELD 7.4%
VENDOR Dunedin
PURCHASER Dunedin



145 NORTH RD, N.E.V.

🏠 6 🍳 1.5 🚗 OSP

SALE PRICE \$500,000
YIELD 7.8%
VENDOR Dunedin
PURCHASER Auckland



98 QUEEN ST, CAMPUS

🏠 4 🍳 1 🚗 OSP

SALE PRICE \$475,000
YIELD 5.7%
VENDOR Te Anau
PURCHASER Auckland



263 HIGH ST, CENTRAL CITY

🏠 8 🍳 2 🚗 OSP

SALE PRICE \$460,000
YIELD 7.2%
VENDOR Australia
PURCHASER Auckland



7 DUKE ST, CAMPUS

🏠 5 🍳 2 🏠 1+ OSP

SALE PRICE \$430,000
YIELD 7.9%
VENDOR Cromwell
PURCHASER Lincoln



1046 GEORGE ST, CAMPUS

🏠 5 🍳 1

SALE PRICE \$390,000
YIELD 6.7%
VENDOR Auckland
PURCHASER Christchurch

CURRENT LISTINGS



27 CHAMBERS ST, N.E.V.

🏠 5 🚿 2

SALE PRICE \$345,000
 YIELD Vacant
 VENDOR New Plymouth
 PURCHASER Papua New Guinea



25A CLYDE ST, CAMPUS

🏠 8 🚿 8 🚗 OSP

Quality studio room investment
 SALE PRICE \$1,425,000
 YIELD 7.3% gross
 RENTAL \$2,000pw



129A FORTH ST, CAMPUS

🏠 16 🚿 4 🚗 OSP

Four flats
 SALE PRICE By negotiation
 YIELD N/A
 RENTAL \$2,445pw



37 CANONGATE, CENTRAL CITY

🏠 4 🚿 1

SALE PRICE \$321,999
 YIELD 6.8%
 VENDOR Dunedin
 PURCHASER Dunedin



23 RAMSAY ST, DALMORE

🏠 4 🚿 1

SALE PRICE \$283,000
 YIELD 7.7%
 VENDOR Dunedin
 PURCHASER Clyde



1037 GEORGE ST, CAMPUS

🏠 9 🚿 2 🚗 2 + OSP

Large character investment
 SALE PRICE \$879,000
 YIELD 7.6%
 RENTAL \$1,287pw



2/97 FILLEUL ST, CAMPUS

🏠 1 🚿 1

SALE PRICE \$299,800
 YIELD Not built
 VENDOR Dunedin
 PURCHASER Dunedin



20 STATION RD, SAWYERS BAY

🏠 2 🚿 1 🚗 OSP

SALE PRICE \$230,000
 YIELD Vacant
 VENDOR Dunedin
 PURCHASER Dunedin



41 ROYAL TCE, CENTRAL CITY

🏠 11 🚿 2

Your super scheme starts here
 SALE PRICE \$829,000
 YIELD 10.5% gross (approx)
 RENTAL \$1,940pw



84 QUEEN ST, CAMPUS

🏠 7 🍳 2 🚗 OSP

Large campus Villa in two flats

SALE PRICE \$710,000

YIELD 6%

RENTAL \$818pw



16 LONDON ST, CAMPUS

🏠 6 🍳 4

Superb location!

SALE PRICE \$695,000

YIELD 9.2% gross

RENTAL \$1,225pw



6A & 6B KYLE ST, CAMPUS

🏠 5 🍳 3 🚗 OSP (each)

Superior student investments

SALE PRICE \$630,000 (each)

YIELD 6.6% (each)

RENTAL \$800pw (each)



189 CARGILL ST, CENTRAL CITY

🏠 6 🍳 2 🚗 OSP

Impressive character Villa

SALE PRICE \$569,000

YIELD 7.4%

RENTAL \$810pw



29 MALVERN ST, WOODHAUGH

🏠 10 🍳 2 🚗 OSP

Need high yield?

SALE PRICE Neg over \$560,000

YIELD 9.75%

RENTAL \$1,050pw



140 FORTH ST, CAMPUS

🏠 5 🍳 1.5

Immaculate campus villa

SALE PRICE \$532,000

YIELD 6.4%

RENTAL \$650pw



30 JAMES ST, N.E.V.

🏠 6 🍳 2 🚗 1+ OSP

Rented until November 2018!

SALE PRICE \$429,000

YIELD 7.8%

RENTAL \$640pw



11 DUKE ST, CAMPUS

🏠 5 🍳 1

2017 rent guaranteed by vendor

SALE PRICE \$416,000

YIELD 6.3%

RENTAL \$500pw



4 DUKE ST, CAMPUS

🏠 6 🍳 2

Vendor guaranteed rent for 2017!

SALE PRICE \$409,000

YIELD 7%

RENTAL \$550pw



40 MALVERN ST, WOODHAUGH

🛏️ 5 🍳 5 🚗 OSP

Well presented investment

SALE PRICE \$399,000

YIELD 7.5%

RENTAL \$575pw



19 CARLYLE ST, N.E.V.

🛏️ 4 🍳 1 🚗 OSP

Call the mortgage broker!

SALE PRICE \$335,000

YIELD 6.5%

RENTAL \$420pw



7/93 FILLEUL ST, CAMPUS

🛏️ 1 🍳 1

Executive inner city living

SALE PRICE \$299,000

YIELD N/A

RENTAL N/A

RESIDENTIAL

While the majority (70%) of our sales are student/residential investments, 30% of our activity is the marketing/sale of private homes throughout Dunedin.

In considering 50% of all our investment vendors/buyers since 2003 have been Dunedin residents we will - where space permits, include some of these sales in this newsletter. These sales will not only be of interest to Dunedin investors, but will hopefully provide out of town investors an insight into the Dunedin residential market.



82 BRAEVIEW CRES, MAORI HILL

🛏️ 3 🍳 2 🚗 2 + OSP

SALE PRICE \$543,000



24A SHANDON RD, VAUXHALL

🛏️ 4 🍳 2 🚗 4 + OSP

SALE PRICE \$680,000



117 CENTENNIAL AVE, HELENSBURGH

🛏️ 3 🍳 2 🚗 1 + OSP

SALE PRICE \$415,000



33 GLENDINING AVE, N.E.V.

🛏️ 3 🍳 1 🚗 OSP

SALE PRICE \$380,000



36 CALDWELL ST, BROCKVILLE

🛏️ 3 🍳 1 🚗 1 + OSP

SALE PRICE \$326,000



39 BALDWIN ST, N.E.V.

🛏️ 3 🍳 1 🚗 OSP

SALE PRICE \$359,000

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