

PROPERTY INVESTMENT UPDATE

ISSUE 61 | JUNE 2017



Edinburgh
Realty

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LANE SIEVWRIGHT
021 526 366



CLAYTON SIEVWRIGHT
021 191 5555

Assisting vendors/investors since 2003

IMPORTANT DATES...

 <p>KEEP CALM IT'S SECOND SEMESTER</p>	<p>10 July 2017 Second semester classes start</p>
 <p>MID SEMESTER BREAK? DON'T SHOWER FOR TWO WEEKS</p>	<p>26 August 2017 Mid semester break begin</p>
 <p>BACK 2 UNI</p>	<p>4 September 2017 Second semester resumes</p>
 <p>18 October 2017 End for year exams begin</p> <p>11 November 2017 Exams end</p>	

This first phase of enquiry will slowly increase as word gets out around the other halls that leases are being signed and flats are being taken. We expect this phase to quieten down gradually between 2nd June when lectures cease and 21st June when first semester exams finish.

The semester break between 21st June and 10th July, when the second semester classes start is a box of chocolates and can be quite quiet depending on how many students take the opportunity to go home for the break.

We find it is always our best (and highest rent) four and five bedroom flats which are taken first and early. With these students, location is important. From 10th July (all students back on campus) we expect enquiry to pick up and increase as a significant number of flats get signed up through August, September and up to 13th October (lectures end). Between 13th October and 18th October most students will be studying for exams on the 18th. Most four's and five's close in on prime campus will have been taken long before now and interest in six's will have picked up. Once again location is important. If you are not let by now, check your marketing, presentation and room rate. Our own rule of thumb is, we generally expect to be fully let by the end of August. Studios follow a similar pattern but not with the same early urgent activity as flats, due to the small size of the market and the tenant's different requirements. As always, our best advice is to present your property as best you can and market it as available as if you are selling it. These important dates will give you an idea of when you might more easily get access to carry out repairs/improvements without disrupting your students at sensitive times.

Welcome to our 61st investment update...

While it's business as usual in the University Investment market, the letting cycle has kicked off a little earlier this year, and while many seasoned landlords on this mailing list will have a good understanding of the yearly letting cycle, there will be new owners who might not appreciate what is really going on behind the scenes for the next few months. Understanding the different levels of activity over time can mean the difference between getting let early or at the extreme late end of the cycle, ending up empty and struggling to find a self-organised group in January/February.

As with any investment property there is nothing more important than guaranteed future income - your flats value is based on it. Owning an investment property is not the same as owning a private house when it comes to capital gain, for example. The general residential market might see a median price increase of say 12% over the last year. That capital gain would be \$60,000 on a \$500,000 house. If in the same year (or any year for that matter), your investment property rent didn't increase at all - you make no capital gain and there is little point in having your name on the title unless you purchased the property for a family member and sold it with no fixed rental in place, or the return on your money was better than you might get elsewhere.

So how does this unique market and its letting cycle play out in coming months? While there will be slight variations each year, it generally goes a little like this: We started getting enquiries for 2018 in late April and today our own flats are 86% taken. We increased the room rate on 66% of our flats by between \$2 and \$4 per room, depending how early they were taken last year. The majority of our rents are \$154 - \$158. Most early enquiry was from first year students from just a couple of halls.

e sievwright@edinburgh.co.nz
w www.propertyinvestments.nz

WASHING!



At the time of writing this (1 June) it's clearly the first day of winter and washing that would normally be outside in the sun is now littered across bedrooms and lounges right across campus. From the student's perspective, the driers too costly to run and it's too cold to open windows even for a short time to get some of the saturated damp air out of the flat. For some students security is important and they won't leave windows open (especially on ground floors), unless there are security stays fitted (even then they may not). The flat becomes difficult to heat even with the heatpump (that hasn't been serviced since being installed seven years ago) because there is a bucket of water vapourized and suspended in the air. While old loose villas have many cracks in loose fitting windows and doors, plus big volume rooms, more modern double glazed, tightly sealed flats do a great job of holding the damp air inside resulting in condensation running down the windows, making the landlords curtains mouldy and the flat looking cold and damp exactly when prospective students for next year come looking. To a large extent it is primarily a problem created and not managed correctly by the tenants. Unfortunately, any advice generally goes in one ear and out the other.

Any means of reducing condensation needs to be initiated by us as landlords. Options are not cheap. A DVS, HRV or similar system is a good investment (and it works quite well), but have outlets in every room. Providing a covered (archgola or similar) clothes-line in the best spot for winter sun and/or breeze, or have it installed at the front door area so students can get in and out of the flat without getting wet, plus get their washing outside and under cover and not worry about it raining while they're at classes. If you're going past 787A George Street, have a look over the fence – they love it. Expensive but a great selling point when letting.

RECENTLY SOLD



526 GEORGE ST, CAMPUS

🏠 14 🍳 14

SALE PRICE \$2,038,000
YIELD 9.6% gross
VENDOR Dunedin
PURCHASER Auckland



99 CLYDE ST, CAMPUS

🏠 11 🍳 14 🚗 OSP

SALE PRICE \$1,800,000
YIELD 8.6% gross
VENDOR Dunedin
PURCHASER Dunedin



129A FORTH ST, CAMPUS

🏠 16 🍳 4 🚗 OSP

SALE PRICE \$1,321,000
YIELD 9.6% gross
VENDOR Napier
PURCHASER Wanaka



84 QUEEN ST, CAMPUS

🏠 7 🍳 3 🚗 OSP

SALE PRICE \$595,000
YIELD 7.1%
VENDOR Dunedin
PURCHASER Auckland



140 FORTH ST, CAMPUS

🏠 5 🍳 1.5

SALE PRICE \$528,000
YIELD 6.4%
VENDOR Rangiora
PURCHASER Wanaka



29 MALVERN ST, WOODHAUGH

🏠 10 🍳 2 🚗 OSP

SALE PRICE \$515,000
YIELD 10.6%
VENDOR Christchurch
PURCHASER Dunedin



2/791 GREAT KING ST, CAMPUS

🏠 6 🍳 2 🚗 OSP

SALE PRICE \$505,000
YIELD 7.4%
VENDOR Dunedin
PURCHASER Dunedin



30 JAMES ST, N.E.V.

🏠 6 🍳 2 🚗 1+ OSP

SALE PRICE \$415,000
YIELD 8%
VENDOR Queenstown
PURCHASER Karitane



11 DUKE ST, CAMPUS

🏠 5 🍳 1

SALE PRICE \$391,000
YIELD 6.6%
VENDOR Dunedin
PURCHASER Auckland



4 DUKE ST, CAMPUS

🏠 6 🍳 2

SALE PRICE \$360,000
YIELD Vacant
VENDOR United Kingdom
PURCHASER Dunedin



36 TURNER ST, HALFWAY BUSH

🏠 3-4 🍳 1 🚗 1+ OSP

SALE PRICE \$352,000
YIELD Vacant
VENDOR Dunedin
PURCHASER Dunedin



7/93 FILLEUL ST, CENTRAL CITY

🏠 1 🍳 1

SALE PRICE \$287,000
YIELD Vacant
VENDOR Wellington
PURCHASER Dunedin

CURRENT LISTINGS



25A CLYDE ST, CAMPUS

🏠 8 🍳 8 🚗 OSP

High quality studio room units
SALE PRICE \$1,300,000
YIELD 6.5% nett
RENTAL \$2,000pw



844 CUMBERLAND ST, CAMPUS

🏠 9 🍳 2.5 🚗 OSP

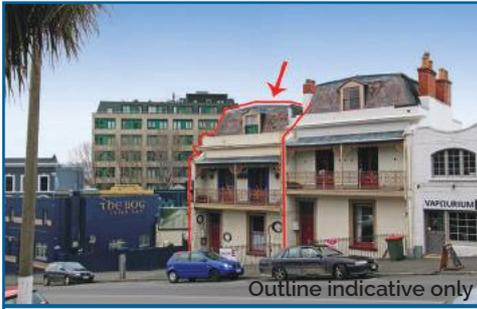
Big property, big income
SALE PRICE \$924,000
YIELD 8% (2018)
RENTAL \$1,422pw (2018)



41 ROYAL TCE, CENTRAL CITY

🏠 11 🍳 2

Your super scheme starts here!
SALE PRICE \$799,000
YIELD 11.75% gross (approx)
RENTAL \$1,940pw



Outline indicative only

16 LONDON ST, CAMPUS

🏠 6 🍳 4

Superb location!

SALE PRICE \$695,000
YIELD 9.2% gross
RENTAL \$1,225pw



84 & 86 CARGILL ST, CENTRAL CITY

🏠 4 🍳 2 🚗 2 + OSP

Ideal rental or townbase
SALE PRICE \$659,000
YIELD N/A
RENTAL \$600pw



120 STAFFORD ST, CENTRAL CITY

🏠 12 🍳 4

Eye catching investment
SALE PRICE \$650,000
YIELD 8.7%
RENTAL \$1,090pw



6A KYLE ST, CAMPUS

🏠 5 🍳 3 🚗 OSP

Superior student investment

SALE PRICE \$630,000
YIELD 6.6%
RENTAL \$800pw



4/543 GEORGE ST, CAMPUS

🏠 5 🍳 2 🚗 OSP

Quality apartment style living

SALE PRICE \$620,000
YIELD 6.5%
RENTAL \$775pw



15 CONSTITUTION ST, CITY

🏠 5 🍳 1.5 🚗 carport

Quality accommodation

SALE PRICE Deadline Sale
YIELD N/A
RENTAL \$700pw



189 CARGILL ST, CENTRAL CITY

🏠 6 🍳 2 🚗 OSP

Impressive character Villa

SALE PRICE \$569,000
YIELD 7.4%
RENTAL \$810pw



8 CONSTITUTION ST, CITY

🏠 4 🍳 2 🚗 1

Inner City location

SALE PRICE \$549,000
YIELD N/A
RENTAL N/A



186 LEITH ST, CAMPUS

🏠 5 🍳 1 🚗 OSP

Perfect for kids at University

SALE PRICE Deadline Sale
YIELD N/A
RENTAL \$650pw



102 ALBANY ST, CAMPUS

🏠 5 🍳 1

Don't miss your opportunity

SALE PRICE \$515,000

YIELD 6.3%

RENTAL \$625pw



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

🏠 4 🍳 4 🚗 OSP

Established rental history

SALE PRICE \$489,000

YIELD 8.4%

RENTAL \$790pw



68 HERIOT ROW, CAMPUS

🏠 8 🍳 3 🚗 OSP

Money to be made here!

SALE PRICE \$495,000

YIELD 8.4%

RENTAL \$800pw



31E DUKE ST, CAMPUS

🏠 6 🍳 2 🚗 OSP

Tidy purpose built investment

SALE PRICE \$486,000

YIELD 7.5%

RENTAL \$702pw



107 NORTH RD, N.E.V.

🏠 6 🍳 2 🚗 OSP

Act Now!

SALE PRICE Neg over \$450,000

YIELD 7.6%

RENTAL \$660pw



94 DUNDAS ST, CAMPUS

🏠 4 🍳 1

Ticks the right boxes!

SALE PRICE \$400,000

YIELD 6.5%

RENTAL \$500pw



40 MALVERN ST, WOODHAUGH

🏠 5 🍳 5 🚗 OSP

Well presented investment

SALE PRICE \$399,000

YIELD 7.5%

RENTAL \$575pw



6 HYDE ST, CAMPUS

🏠 4 🍳 1

Opportunity on Hyde!

SALE PRICE \$395,000

YIELD 6.7%

RENTAL \$512pw



111 RUSSELL ST, CENTRAL CITY

🏠 4 🍳 2

Inner City investment

SALE PRICE Deadline Sale

YIELD N/A

RENTAL \$465pw



14 TITAN ST, CAMPUS

🏠 4 🚿 1 🚗 OSP

Affordable opportunity

SALE PRICE \$329,000

YIELD 6.3%

RENTAL \$400pw



63 SIDEY ST, CALTON HILL

🏠 6 🚿 2 🚗 2

Dual income investment

SALE PRICE \$319,000

YIELD N/A

RENTAL Vacant



100 DUNDAS ST, CAMPUS

🏠 4 🚿 1

Want a starter?

SALE PRICE Offers over \$299,000

YIELD 7%

RENTAL \$400pw



25 FEA ST, DALMORE

🏠 3 🚿 1 🚗 1+OSP

Kids at Uni 2018?

SALE PRICE \$299,000

YIELD 6.1%

RENTAL \$350pw



4/63 ROYAL CRES, ST KILDA

🏠 2 🚿 1 🚗 OSP

Spacious low maintenance townhouse

SALE PRICE \$299,000

YIELD 6.6%

RENTAL \$380pw



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



1/63 ROYAL CRES, ST KILDA

🏠 2 🚿 1 🚗 OSP

Easy care investment

SALE PRICE \$269,000

YIELD 6.3%

RENTAL \$325pw



34 BAKER ST, CAVERSHAM

🏠 3 🚿 1

First home or investment opportunity

SALE PRICE \$195,000

YIELD N/A

RENTAL Vacant